

Eastern Creek Quarter – Stage 3

Economic Impact Assessment

PREPARED FOR

Frasers Property Retail Holdings Pty Ltd as trustee of the FPR (Eastern Creek No. 3) Trust

December 2020



macroplan

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Executive summary

Site context

The 34 hectare Eastern Creek Quarter site is situated to the north of the Great Western Highway between Rooty Hill Road South and the M7 Motorway. Church Street marks the site's northern boundary. The site forms part of the Western Sydney Parklands and is located within the Blacktown Local Government Area. It is located approximately 1.5 km south east of Rooty Hill Station.

Eastern Creek Quarter and purpose of report

This Economic Impact Assessment has been prepared for Frasers Property Australia to support a State Significant Development Application (SSDA) submitted to the Department of Planning, Industry and Environment (DPIE) relating to Lot 3 of the Eastern Creek Quarter Site at Rooty Hill Road South, Eastern Creek. The application seeks Concept Plan approval for the staged construction of a new factory outlet centre at Lot 3 with supporting food and beverage tenancies, and ancillary entertainment and recreation usages. This report examines the potential for a factory outlet centre as part of Stage 3 development at Eastern Creek Quarter and will include assessments of supportable floorspace, economic benefits and anticipated trading impacts on the relevant network of surrounding retail facilities. The Appendix of this report provides an analysis of the existing development consent for Stage 3 developments at Eastern Creek Quarter, comparing the current approved specialised retail concept and the proposed factory outlet development in terms of sales potential, trading impacts and employment generation.

Trade area analysis

- Population levels within the defined main trade area for a factory outlet development at Eastern Creek Quarter is forecast to grow strongly over the forecast period. At mid-2020, the main trade area population is estimated at almost 1.14 million (including 318,000 in the key primary sector) and is projected to reach almost 1.34 million at 2031, reflecting an average annual growth rate of 1.5% over the forecast period.
- The apparel expenditure capacity generated by the main trade area population (which is the key expenditure category of factory outlet centres), is forecast to grow from \$1.6 billion at 2020 to \$1.9 billion at 2031, at an average annual growth rate of 1.9% over the forecast period.

Competition

A factory outlet development at Eastern Creek Quarter is likely to compete mostly with other factory outlet centres throughout Sydney, and to a lesser degree traditional shopping centres with a critical mass of apparel retailers, i.e. regional centres and sub-regional centres. The most relevant competitive factory outlet centres include the recently opened Fashion Spree Liverpool and the strong performing DFO Homebush. In terms of traditional retail centres, regional centres which are likely to bear some competitive influence on the factory outlet development at Eastern Creek Quarter include Westpoint Blacktown, Westfield Parramatta and Westfield Penrith.

Economic benefits

The proposed factory outlet development will result in a range of economic benefits, particularly for residents of the main trade area. The key positive impacts will include the following:

- Alleviating some of the undersupply of factory outlet floorspace in Sydney, particularly Western Sydney;
- Creating greater choice for consumers, particularly for discount fashion;
- Synergy with surrounding infrastructure – potentially attracting a similar customer profile to those visiting the Sydney Zoo and Bungarribee Park at large; and
- Providing an employment stimulus – with a factory outlet development projected to support over 500 ongoing jobs. In addition, the development could support 555 direct jobs during the construction phase (based on a construction cost of \$130 million, including fit out works, infrastructure and other associated costs), while further jobs in the broader community would also be created from supplier induced multiplier effects during this period (based on the appropriate ABS input/output multipliers).

Economic impacts

The likely impacts on traditional retail centres are considered to be well within the reasonable bounds of normal competition, estimated to average around 2% for higher order centres in the Blacktown LGA. Impacts at this level are considered almost negligible and immaterial and would not in any way threaten the viability of any retailer in the area. The factory outlet development at Eastern Creek Quarter is projected to impact the surrounding factory outlet centres by no more than 4%, which is considered minor and unlikely to materially affect the viability of these centre or inhibit their ability to continue to effectively serve their respective catchments.

Comparison between factory outlet and large format retail use

Our analysis demonstrates that a greater range of economic and social benefits are likely to arise from a factory outlet centre as part of Stage 3 developments at Eastern Creek Quarter, compared to a large format retail centre (as approved under the current development consent). These include alleviating the undersupply of factory outlet floorspace, interacting with the other Stages of development at Eastern Creek Quarter and the surrounding infrastructure, creating greater choice for consumers through price competition and reducing leakage expenditure. The development is expected to have some trading impacts on existing traditional retail and factory outlet facilities in the region, but are greater for large format retail centres in the surrounding area, if a large format retail development was to proceed. Therefore, it is concluded that a greater net community benefit will result from the factory outlet development compared to a large format retail centre.

Summary

The high profile nature of the subject site is considered an ideal location for a factory outlet centre, which would have the potential to serve a large proportion of Western Sydney. A quality facility would also result in some reduction in the amount of retail expenditure escaping the municipality, while also being able to serve the visitor market, attracting spend into the area.

The analysis in this report demonstrates that a range of economic and social benefits are likely to arise from a factory outlet centre development at Eastern Creek Quarter. These include alleviating the undersupply of factory outlet floorspace, interacting with the surrounding infrastructure, creating greater choice for consumers through price competition and reducing leakage expenditure. The development is expected to have some trading impacts on existing traditional retail and factory outlet facilities in the region, however, the trading impacts will not be such as to threaten any existing facility's ability to continue operating successfully. Therefore, it is concluded that a net community benefit will result from the development of a factory outlet centre at Eastern Creek Quarter.

Introduction

This Economic Impact Assessment has been prepared for Frasers Property Australia to support a State Significant Development Application (SSDA) submitted to the Department of Planning, Industry and Environment (DPIE) relating to Lot 3 of the Eastern Creek Quarter Site at Rooty Hill Road South, Eastern Creek. The application seeks Concept Plan approval for the staged construction of a new retail outlet centre at Lot 3 with supporting food and beverage tenancies, and ancillary entertainment and recreation usages. This report presents an independent assessment of the market potential for a factory outlet development at Eastern Creek Quarter (Stage 3), as well as examine the potential benefits and trading impacts on competitive centres in the surrounding region arising from the development.

The report is structured as follows:

- **Section 1** details the locational context of the subject site and the Eastern Creek Quarter development.
- **Section 2** provides an analysis of the likely trade area available to be served by the Eastern Creek Quarter factory outlet development, including current and projected population levels, the socio-demographic profile of the population, and the estimated current and future retail expenditure capacity of trade area residents.
- **Section 3** provides an overview of the competitive context in which the factory outlet centre at Eastern Creek Quarter will operate.
- **Section 4** details the quantum of supportable floorspace and sales potential of a factory outlet centre at Eastern Creek Quarter.
- **Section 5** outlines the potential economic benefits and trading impacts that can be anticipated following the factory outlet centre at Eastern Creek Quarter.
- **Appendix** examines the trade area, sales potential and anticipated trading impacts arising from the development of a large format retail centre at Eastern Creek Quarter under the current development consent, assessed against HillPDA's Economic Impact Assessment for the subject site.

Section 1: Site and development context

This section of report details the locational context of the subject site and the Eastern Creek Quarter development.

1.1 Site and regional context

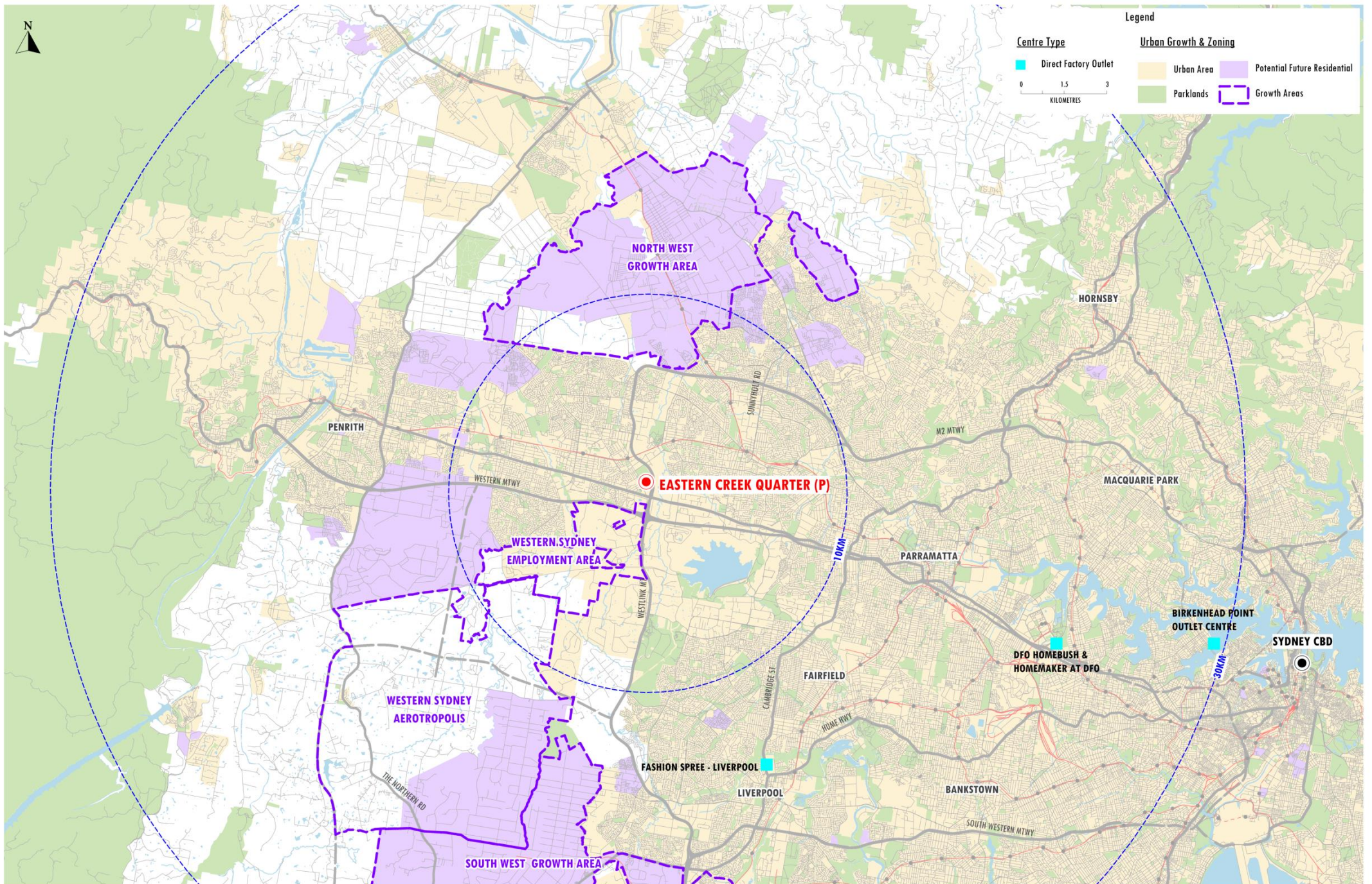
The 34 hectare Eastern Creek Quarter site is situated to the north of the Great Western Highway between Rooty Hill Road South and the M7 Motorway. Church Street marks the site's northern boundary. The site forms part of the Western Sydney Parklands and is located within the Blacktown Local Government Area, approximately 35 km from the Sydney CBD (refer Map 1.1).

This State Significant Development Application (SSDA) relates to Lot 3 of the Eastern Creek Quarter site, which is the final lot proposed to be developed. It is located in the northern part of the site and encompasses an area of approximately 7.29 hectares (refer Figure 1.1).

The high-profile nature of the Eastern Creek Quarter site enables strong regional connectivity, making it an ideal site for a retail development which draws from a broad and wide-ranging area. The Great Western Highway is a major thoroughfare in the region, providing access to Parramatta in the east and Penrith to the west. The Westlink M7 links the subject site to significant growth area to the south and north and connects to the M4 Motorway, M2 Motorway at Baulkham Hills and M5 Motorway at Prestons. The subject site possesses excellent exposure to passing traffic and is connected to emerging resident populations to the north (the North West Growth Area), north-west (Penrith Lakes, Jordan Springs) and south west (Western Sydney Aerotropolis and the South West Growth Area).

The locality surrounding Eastern Creek Quarter is undergoing significant development creating a number of destination family attractions and employment hubs (refer Map 1.2). Located opposite the subject site on the eastern side of the Westlink M7, the \$15 Bungaribee Park is a 200 hectare recreational and parklands, which was completed in 2017. In addition, the \$45 million development of the adjoining Sydney Zoo was completed in late 2019 and is expected to draw almost 750,000 visitors per year. In conjunction with the surrounding locality, which also contains attractions such as the Western Sydney Parklands, Raging Waters, Featherdale Sydney Wildlife Park and the Western Sydney Wanderers Centre of Football, the development of Eastern Creek Quarter is expected to solidify the status of the area as a hub of leisure, recreation and tourism activities.

Located in the south-eastern portion of the Westlink M7 Motorway and M4 Western Motorway, the Western Sydney Parklands Trust is developing the Light Horse Interchange Business Hub, which is planned to encompass 157,000 sq.m of industrial and light industrial floorspace, as well as 8,000 sq.m of ancillary commercial floorspace. Likely land uses for the business hub include advanced manufacturing, freight and logistics and warehouse and distribution facilities. This development follows the recent completion of Calibre Industrial Park by Mirvac, a 22-hectare site to the west of Wallgrove Road and the north of the Western Highway which provides 120,000 sq.m of industrial floorspace and houses tenants such as CEVA Logistics, Miele and Sheldon and Hammond.

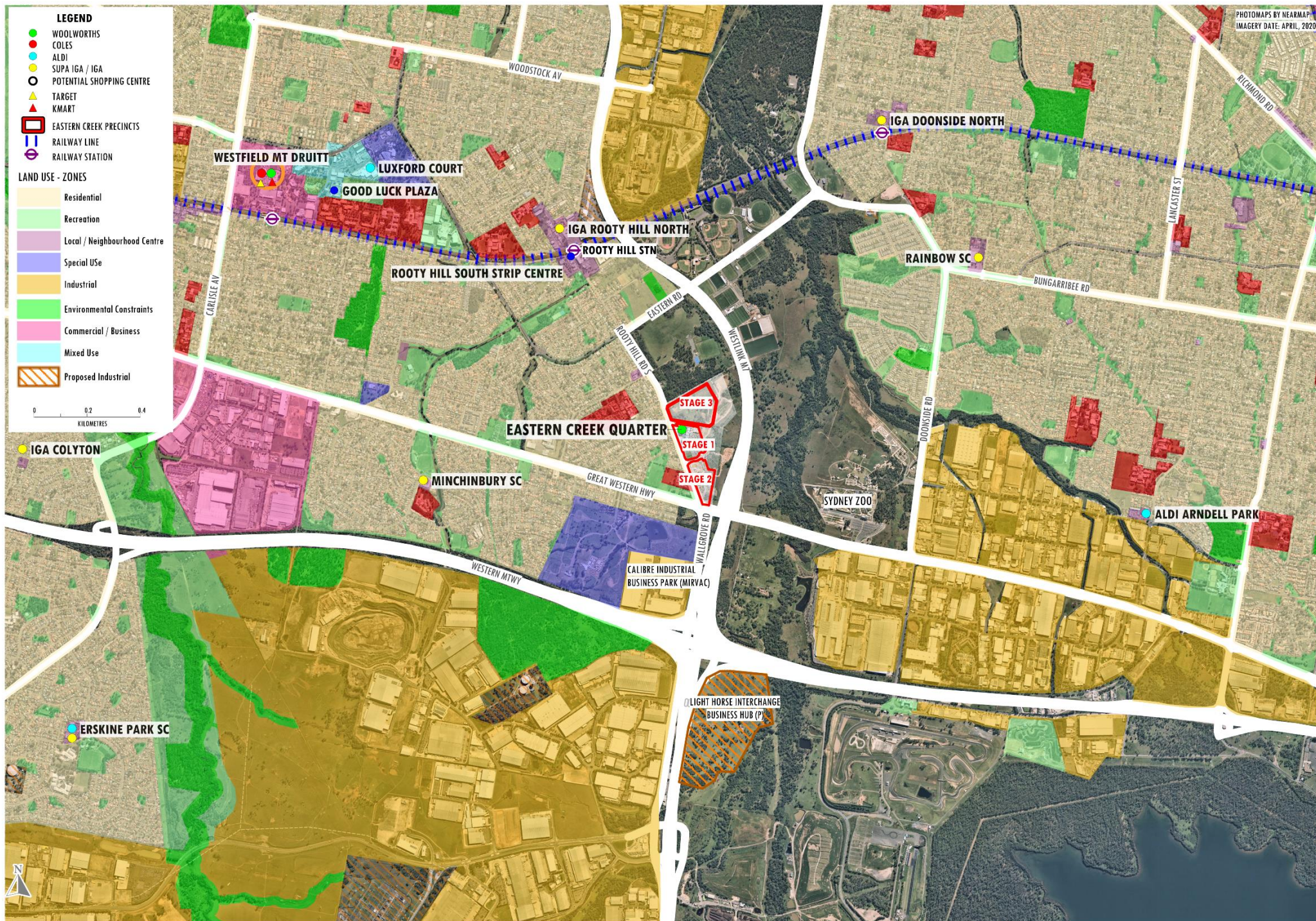


Map 1.1: Eastern Creek
Regional context



Figure 1.1: Site location

Source: Nearmap



Map 1.2: Eastern Creek
Site location

1.2 Planned development

Table 1.1 provides a summary of the current development consent for Eastern Creek Quarter granted by the NSW Minister of Planning in 2015 and later modified by the Independent Planning Commission, acting as a delegate for the Minister of Planning and Public Spaces (2019).

Table 1.1 Eastern Creek Quarter - Current development consent		
Land Use	Existing Concept Plan GFA (sq.m)	Utilised GFA Stage 1 & 2 (sq.m)
Specialised Retail Premises	39,400	10,637
Recreational facility (indoor)	3,000	0
Vehicle Repair Station	400	0
<u>Convenience Retail</u>	<u>10,754</u>	10,599
• Supermarket	3,794	
• Specilaty shops/ small business	6,960	
Childcare centre	1,200	708
Circulation	1,684	1684
Total	56,438	23,628
Source: Frasers Property; MacroPlan		

A Woolworths anchored neighbourhood centre opened at Eastern Creek Quarter in June 2020. The 3,794 sq.m supermarket is supported by a number of convenience-oriented specialties, while also accommodating a fitness centre and medical centre to serve the needs of the growing community. Stage 2 of Eastern Creek Quarter has been granted approval for the development of 'specialised retail premises', which could accommodate a major tenant of 1,810 (plus 200 sq.m of outdoor display); 19 specialised retail premises which total around 8,300 sq.m, a tyre sales and service centre of 400 sq.m, a café and a fast food restaurant pad site.

A 'specialised retail premise' refers to a building or place the principal purpose of which is the sale, hire or display of goods which are of a weight, size or quantity, that requires:

- a large area for handling, display or storage, or
- direct vehicular access to the site of the building or place by members of the public for the purpose of loading or unloading such goods into or from their vehicles after purchase or hire,
- but does not include a building or place used for the sale of foodstuffs or clothing unless their sale is ancillary to the sale, hire or display of other goods referred to in this definition.

Examples of goods that may be sold at specialised retail premises include automotive parts and accessories, household appliances and fittings, furniture, homewares, office equipment, outdoor and recreation equipment, pet supplies and party supplies. It is important to note that the general composition and offer between a specialised

retail premise and large format retail significantly overlap, with the size of the tenancy, the main distinguishing feature.

While Stage 3, which is the subject assessment of this report, has been granted development consent to expand upon the specialised retailing of Stage 2, Frasers Property have proposed the development of a factory outlet centre in place of specialised retailing uses.

The proposed SSDA seeks Concept Plan approval for a new retail outlet centre at Lot 3 of the Eastern Creek Quarter site. The Concept Plan will establish the following framework to guide the future detailed design of the Lot 3 development:

- Land uses, including retail (factory outlet), food and drink premises, amusement centre and indoor recreation facility;
- Building footprints, including basement, with a maximum height of 12 metres;
- A maximum GFA of 39,500m² at Lot 3 which will be staged as follows:
 - Phase A: 29,500 sq.m
 - Phase B: 10,000 sq.m
- Upgrade of Church Street for vehicular access, including traffic signals at the Church Street/Rooty Hill Road South intersection;
- Modifications to the Cable Place/Rooty Hill Road South/Site Access intersection; and
- Modifications to the Francis Street/Eastern Road/Rooty Hill Road South intersection.

It is also proposed to seek consent for a series of early works including:

- Removal of up to 0.73 ha of Cumberland Plains Woodlands in the south west corner of the site;
- Bulk earthworks within Lot 3; and
- Extension of the internal access road to connect to the basement car park.

The proposed outlet centre at Lot 3 will necessitate the inclusion of conditions of consent which requires the modification of SSD 5175 (the existing Concept Plan for the broader ECQ site) to amend the overall allocation of GFA and associated uses, relevant Concept Plans and the existing Design Guidelines. This report is based on the Concept Plan prepared by i2C shown on Figure 1.2.

Table 1.2 details the proposed Gross Leasable Area (GLA) of the development by use. It is important to note that the analysis provided throughout this report is based on GLA (unless explicitly stated otherwise), which is considered the industry standard in assessing the level of supportable retail, sales productivity (sales per sq.m) and trading impacts which can be anticipated to arise from the subject development. GLA refers to the amount of floorspace available to be rented, including the trading floor, back-of-house areas and storage. Gross Floor Area (GFA) on the other hand, refers to the total floorspace contained within a development, and includes floorspace designated for amenities and centre circulation.

Development of Stage 3A is planned to contain a retail GLA of 18,500 sq.m, comprised of 16,150 sq.m of factory outlet floorspace, 1,200 sq.m of supporting food & beverage floorspace, 1,080 sq.m of tenant storage and an assumed rate of 120 sq.m of kiosk space. An additional 1,500 sq.m is also planned for entertainment uses (which is considered a non-retail use), with the total GLA for Stage 3A totalling 20,000 sq.m. It is important to note that factory outlet floorspace in this report refers to centre floorspace tenanted by predominantly discounted apparel/fashion stores, but can also contain discounted offers across the household goods, leisure and general retail categories.

A subsequent expansion of 9,327 sq.m in GLA is planned to be delivered as part of Stage 3B, primarily building upon the provision of factory outlet uses at the centre, while also increasing the food and beverage amenities, in anticipation of a greater level of visitation at the centre. In total, Stage 3 developments at Eastern Creek Quarter is planned to contain a GLA of 29,327 sq.m, with 23,530 sq.m (equivalent to 80% of total GLA) designated for factory outlet uses.

This report examines the potential for a factory outlet centre as part of Stage 3 developments at Eastern Creek Quarter and will include assessments of supportable floorspace, economic benefits and anticipated trading impacts on the relevant network of surrounding retail facilities. The Appendix of this report provides an analysis of the existing development consent for Stage 3 developments at Eastern Creek Quarter, comparing the current approved specialised retail concept and the proposed factory outlet development in terms of sales potential, trading impacts and employment generation.

Table 1.2
Eastern Creek Quarter Stage 3 - Indicative Factory Outlet Centre floorspace by use

Use/category	Stage 3A (sq.m)	Stage 3B (sq.m)	Total Stage 3 (sq.m)
Factory Outlet	16,150	7,380	23,530
Food and beverage	1,150	705	1,855
Kiosk*	120	131	251
Tenant storage/kiosks	<u>1,080</u>	<u>1,111</u>	<u>2,191</u>
Total retail	18,500	9,327	27,827
Entertainment*	1,500	-	1,500
Total GLA	20,000	9,327	29,327

***The split in floorspace between Stage 3A and 3B is yet to be determined and a provision of 120 sq.m and 131 sq.m has been assumed respectively, for the purposes for this assessment.*

*** Classified as a non-retail use*

Source: Frasers Property; MacroPlan



Figure 1.2

Section 2: Trade area analysis

This section of the report provides an analysis the likely trade area available to be served by the Eastern Creek Quarter factory outlet development, including current and projected population levels, the socio-demographic profile of the population, and the estimated current and future retail expenditure capacity of trade area residents.

2.1 Trade area definition

The extent of the trade area or catchment that is served by any shopping centre, or retail facility, is shaped by the interplay of a number of critical factors. These factors include:

- i. The relative attraction of the retail facility or centre, in comparison with alternative competitive retail facilities of the same /relevant type. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.
- ii. The proximity and attractiveness of competitive retail facilities. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a retail facility is effectively able to serve.
- iii. The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a centre, or retail facility.
- iv. Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual centre, or retail facility.

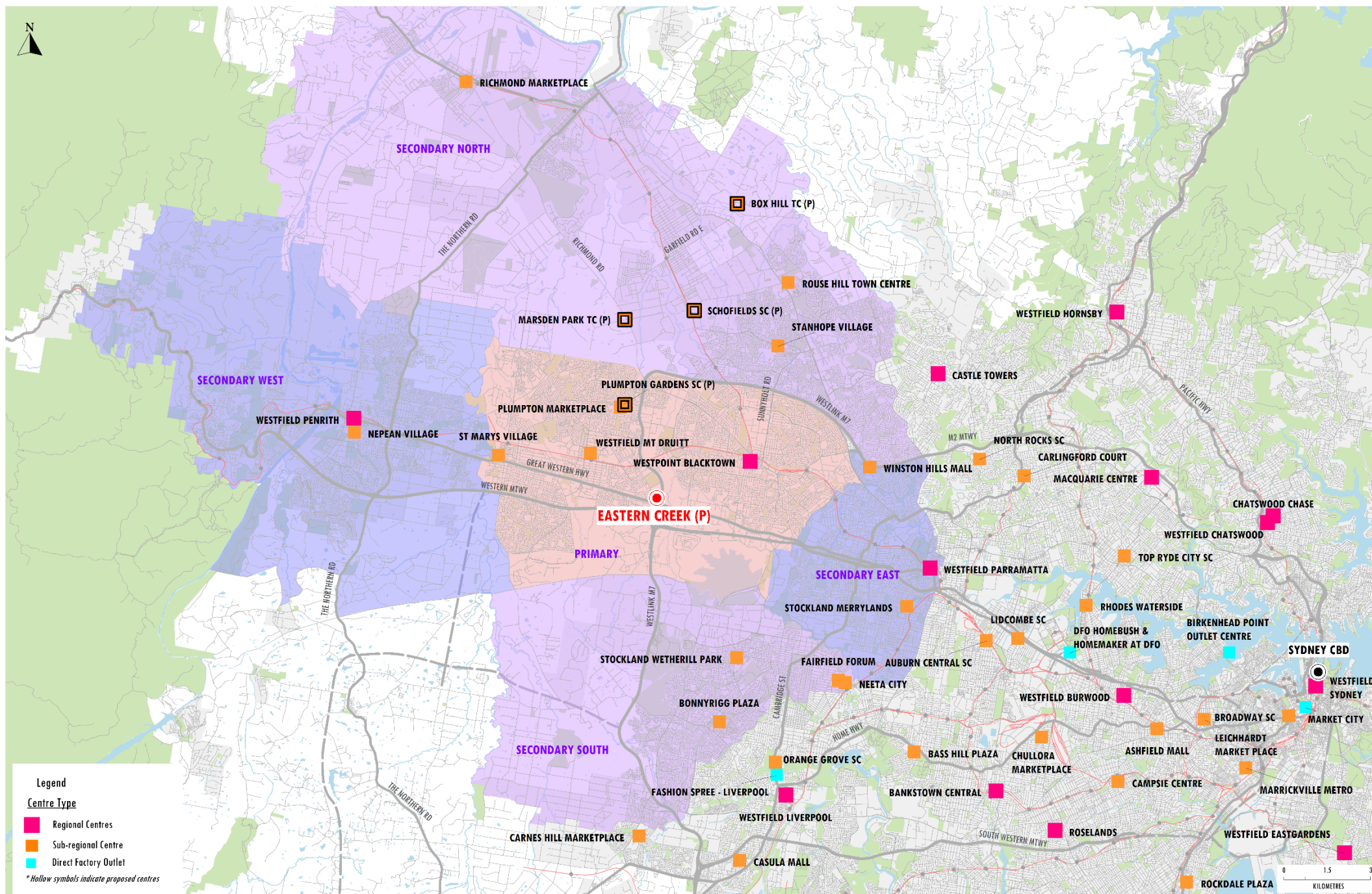
The trade area defined for Stage 3 of the Eastern Creek Quarter development reflects the following:

- The high-profile location of the site, with regional accessibility provided by the M7 Westlink, the Great Western Highway and the M4 Motorway;
- The planned composition of the centre. Stage 1 of Eastern Creek Quarter is planned to contain a neighbourhood centre, while Stage 2 is centred around a large format retail development. Stage 3, the subject assessment of this report is planned to encompass a critical mass of factory outlet retailers, with the overall development planned to accommodate a comprehensive retail offering; and
- The location of competitive retail facilities in the surrounding region, including factory outlet centres, Large Format retail centres and traditional regional/sub-regional shopping centres.

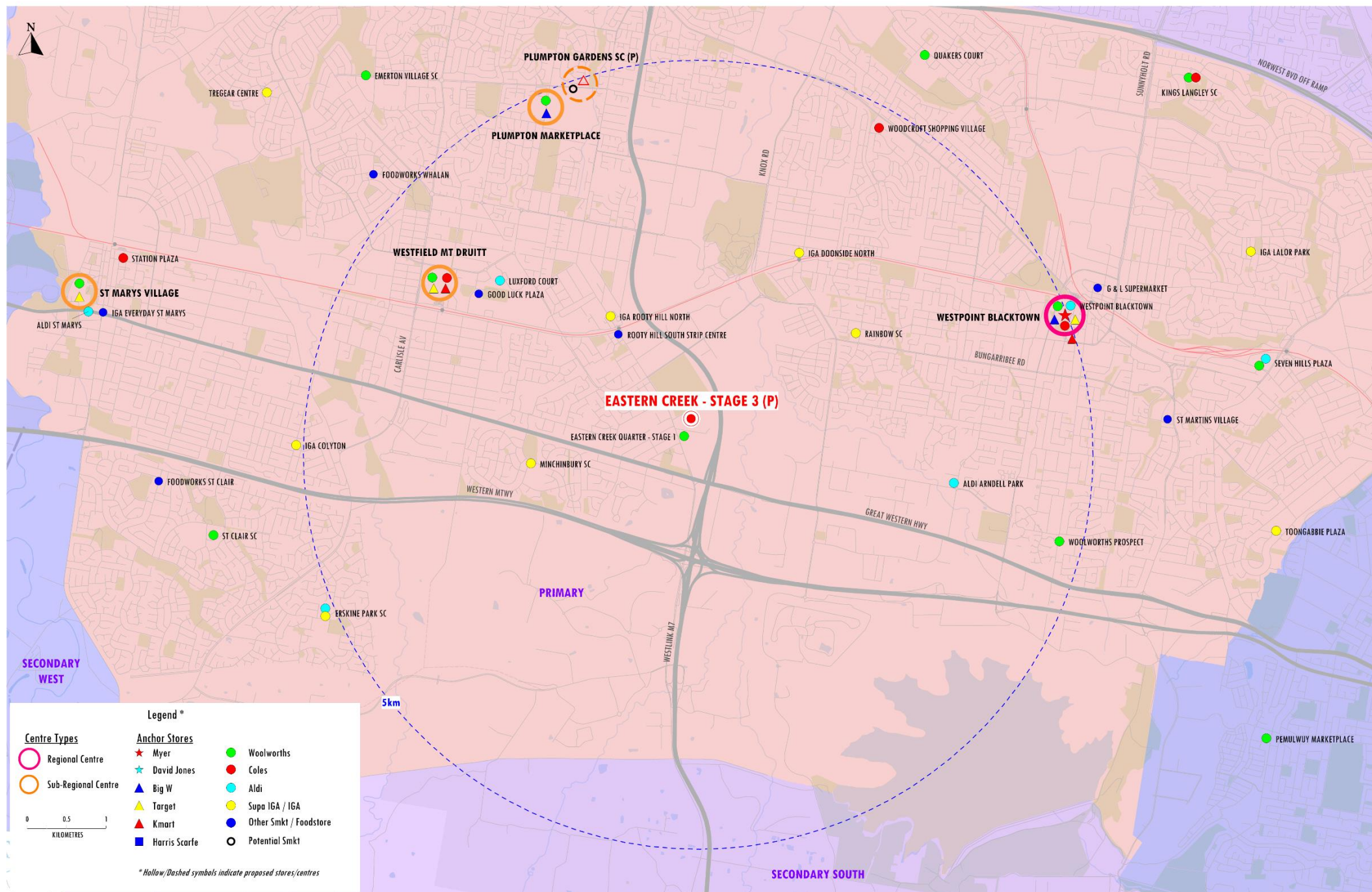
The trade area has been defined to include a primary sector and four secondary sectors, as shown on Map 2.1 (while Map 2.2, which illustrates the retail context of the primary sector). The sectors defined are described as follows:

- The **primary sector** contains the southern half of the Blacktown LGA, as well as the St Mary's growth area to the west and the more established Erskine Park and St Clair region to the southwest of the subject site.
- The **secondary north sector** contains the designated North West Growth Area of Sydney, as well as the adjoining region to the west which includes the town of Richmond, extending approximately 28 km north-west of the subject site.
- The **secondary east sector** encompasses parts of the Cumberland and Parramatta LGAs, extending approximately 13 km east of the subject site.
- The **secondary south sector** contains the majority of the Fairfield LGA and also part of Penrith and Liverpool, extending approximately 15 km south of the subject site.
- The **secondary west sector** contains the majority of Penrith City, and parts of the Blue Mountains LGA.

The combination of the primary and the secondary sectors is referred to as the main trade area throughout this report. The trade area defined is broad and wide-ranging and is reflective of the potential destination draw of the centre, which is expected to provide a Regional/District – level offering for Western Sydney.



Map 2.1: Eastern Creek
Main trade area and competition



Map 2.2: Eastern Creek
Primary trade area and competition

2.2 Trade area population

Table 2.1 details the recent and projected resident population levels for the defined trade area. The population estimates and forecasts are based on the following sources:

- Australian Bureau of Statistics (ABS) Census of Population and Housing (2011, 2016);
- ABS Dwellings Approvals and Estimated Residential Population Data (2016 – 2019);
- NSW Department of Planning, Industry and Environment population projections, 2019
- Transport for NSW (tfNSW) population projections by Travel Zones;
- Forecast .id projections for Blacktown City (updated October 2017), the Hills Shire (October 2017), City of Parramatta (October 2017) and the Cumberland Council area (September 2017).
- Investigations of residential developments in the main trade area and surrounding areas conducted by this office.

The Eastern Creek Quarter main trade area population is estimated at almost 1.14 million at mid-2020, including close to 318,000 in the key primary sector. The main trade area population is projected to reach almost 1.34 million at 2031, reflecting an average annual growth rate of 1.5% over the period.

The Covid-19 pandemic has introduced significant uncertainty in the Australian economy and the resulting rate of population growth in the main trade area is likely to be below that of the level anticipated, at least in the short term. On one hand, market uncertainty has led many households to deferring long term buying decisions in the property market, reducing demand for residential product. Furthermore, reduced net migration, both domestically and internationally, which had been the key driver of Sydney's population, particularly for Greater Western Sydney, is also likely to have dampening effect on the residential market.

On the other hand, record low interest rates as well as a programme state and federal government schemes incentivising demand seek to act as a buffers against a downturn. These policy initiatives, which are particular relevant for the Eastern Creek Quarter main trade area, whose greenfield development is underpinned by first home buyers and/or young families, include:

- The First Home Owners Grant, which encompasses a \$10,000 contribution to the purchase price of a new home up to \$750,000;
- The First Home Buyers Assistance Scheme – which grants a full or partial waiver of stamp duty of up to \$800,000 in purchase price;
- The Homebuilder Grant - a \$25,000 grant for singles earning less than \$12,500 per annum and couples up to \$200,000 per annum, building new homes below \$750,000 in value; and
- The First Home Loan Deposit Scheme - with the government guaranteeing up to 15% of the property purchased, allowing first home owners to purchase without paying lender's insurance with as a little as 5% deposit.

Assuming that an effective vaccine is widely distributed and freedom of movement becomes increasingly unconstrained, population growth is projected to approach forecast levels over the medium and long term particularly given the Reserve Bank has signalled interest rates will remain low for a sustained period. In the intervening period, purchasing decisions may be delayed in the short term and push out to future period, where there is greater certainty, security of employment and confidence in the wider economy.

Table 2.1
ECQ Factory Outlet Centre trade area population, 2011-2031*

Trade area sector	Estimated population			Forecast population		
	2011	2016	2020	2021	2026	2031
Primary	289,440	307,870	317,870	320,370	330,370	337,870
Secondary sectors						
• North	196,850	227,800	255,800	263,300	305,800	353,300
• East	176,290	195,940	211,940	215,940	235,940	255,940
• South	158,560	171,830	177,830	179,330	186,830	194,330
• West	<u>154,040</u>	<u>167,730</u>	<u>175,730</u>	<u>177,730</u>	<u>186,730</u>	<u>194,230</u>
Total secondary	685,740	763,300	821,300	836,300	915,300	997,800
Main trade area	975,180	1,071,170	1,139,170	1,156,670	1,245,670	1,335,670

Average annual growth (no.)						
Trade area sector	2011-16	2016-20	2020-21	2021-26	2026-31	
Primary	3,686	2,500	2,500	2,000	1,500	
Secondary sectors						
• North	6,190	7,000	7,500	8,500	9,500	
• East	3,930	4,000	4,000	4,000	4,000	
• South	2,654	1,500	1,500	1,500	1,500	
• West	<u>2,738</u>	<u>2,000</u>	<u>2,000</u>	<u>1,800</u>	<u>1,500</u>	
Total secondary	15,512	14,500	15,000	15,800	16,500	
Main trade area	19,198	17,000	17,500	17,800	18,000	

Average annual growth (%)						
Trade area sector	2011-16	2016-20	2020-21	2021-26	2026-31	
Primary	1.2%	0.8%	0.8%	0.6%	0.4%	
Secondary sectors						
• North	3.0%	2.9%	2.9%	3.0%	2.9%	
• East	2.1%	2.0%	1.9%	1.8%	1.6%	
• South	1.6%	0.9%	0.8%	0.8%	0.8%	
• West	<u>1.7%</u>	<u>1.2%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>0.8%</u>	
Total secondary	2.2%	1.8%	1.8%	1.8%	1.7%	
Main trade area	1.9%	1.6%	1.5%	1.5%	1.4%	

*As at June

Source: ABS Census 2016; NSW DPIE 2019; NSW Transport Performance and Analytics 2016Forecast.id; Macroplan

2.3 Socio-demographic profile

Table 2.2 and Chart 2.1 detail the socio-demographic profile of residents within the defined main trade area as sourced from the 2016 ABS Census of Population and Housing. The profile is compared with benchmarks for metropolitan Sydney and Australia, with the key points to note including the following:

- Average income levels for the main trade area population are lower than the metropolitan Sydney benchmark.
- The average age of main trade area residents, at 35.6 years, is below the metropolitan Sydney average of 37.5 years. This reflects the high representation of children in the trade area and a much lower than average proportion of elderly residents.
- Total home ownership levels throughout the main trade area are above the metropolitan Sydney average, underpinned by households who own their homes with a mortgage at 40%, compared to benchmark levels of 34%.
- Approximately 60% of residents in the trade area are Australian born, while almost 20% of residents are Asian born, both in line with the metropolitan Sydney benchmark.
- Traditional families (i.e. couples with dependent children) are the most common family type throughout the main trade area at 52%, while the proportion of lone person households is below benchmark levels.

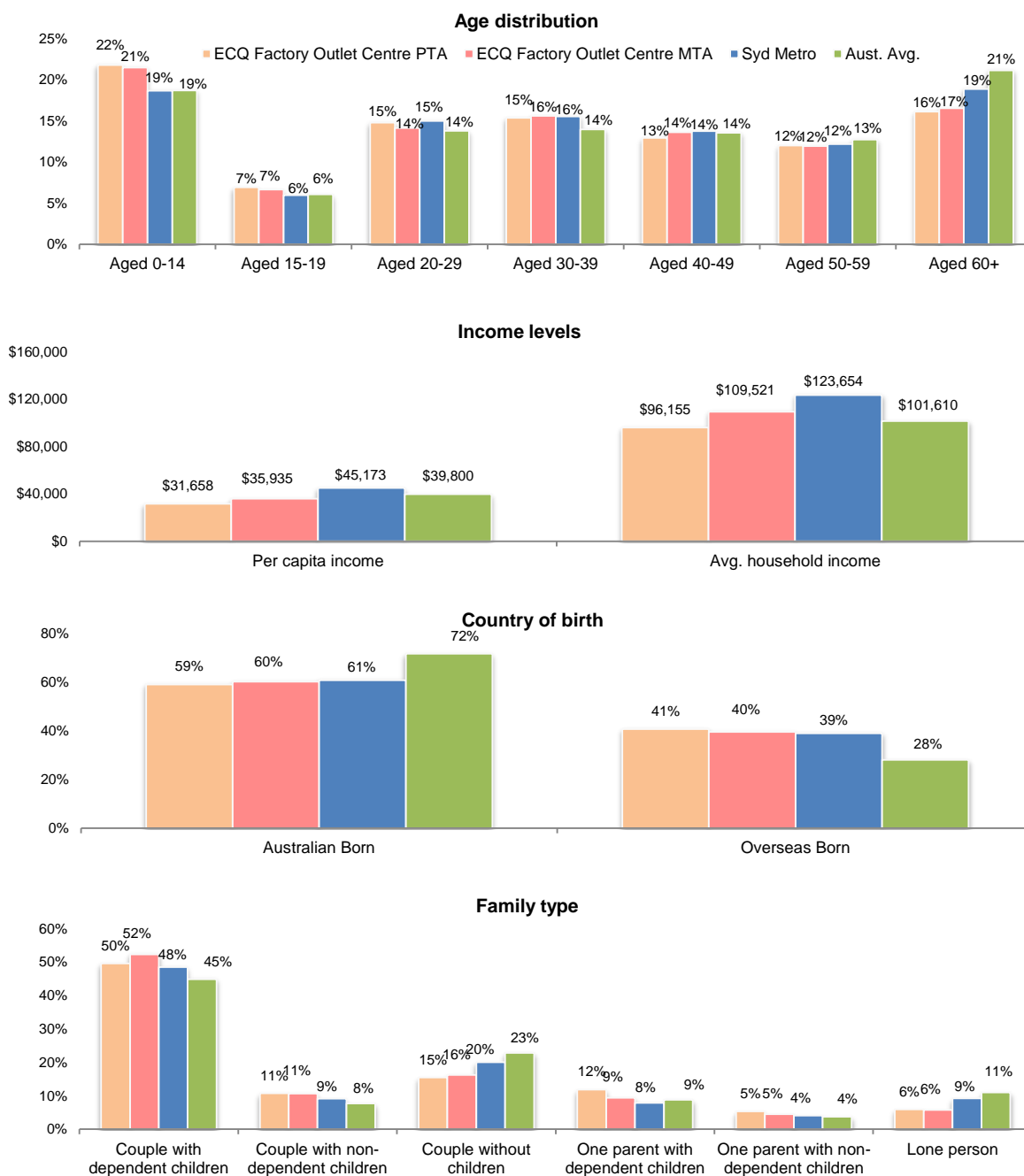
In summary, the trade area is characteristic of an outer growth area in Sydney, comprised of traditional families in their early life stages who are attracted by the relative affordability of housing and lifestyle in the area.

Table 2.2
ECQ Factory Outlet Centre main trade area - socio-demographic profile, 2016

Census item	Primary sector	North	Secondary sectors			Main TA	Syd Metro avg.	Aust. avg.
			East	South	West			
Per capita income	\$31,658	\$44,235	\$35,456	\$30,012	\$39,142	\$35,935	\$45,173	\$39,800
Var. from Syd Metro bmark	-29.9%	-2.1%	-21.5%	-33.6%	-13.4%	-20.5%		
Avg. household income	\$96,155	\$141,750	\$103,341	\$101,744	\$107,491	\$109,521	\$123,654	\$101,610
Var. from Syd Metro bmark	-22.2%	14.6%	-16.4%	-17.7%	-13.1%	-11.4%		
Avg. household size	3.0	3.2	2.9	3.4	2.7	3.0	2.7	2.6
<u>Age distribution (% of population)</u>								
Aged 0-14	21.8%	23.0%	20.9%	20.0%	21.2%	21.5%	18.7%	18.7%
Aged 15-19	6.9%	7.1%	5.1%	7.4%	6.6%	6.7%	6.0%	6.1%
Aged 20-29	14.8%	12.5%	15.3%	14.5%	13.4%	14.1%	15.0%	13.8%
Aged 30-39	15.4%	15.5%	19.5%	13.0%	14.5%	15.6%	15.5%	14.0%
Aged 40-49	12.9%	15.6%	12.5%	13.4%	13.7%	13.6%	13.7%	13.5%
Aged 50-59	12.0%	11.9%	10.2%	13.7%	12.1%	11.9%	12.2%	12.7%
Aged 60+	16.1%	14.5%	16.6%	18.0%	18.5%	16.5%	18.9%	21.1%
Average age	35.2	34.7	35.6	36.8	36.5	35.6	37.5	38.6
<u>Housing status (% of households)</u>								
Owner (total)	<u>63.7%</u>	<u>76.4%</u>	<u>57.7%</u>	<u>70.7%</u>	<u>71.8%</u>	<u>67.6%</u>	<u>64.2%</u>	<u>67.4%</u>
• Owner (outright)	24.8%	26.3%	26.0%	33.3%	29.0%	27.3%	30.0%	31.9%
• Owner (with mortgage)	38.9%	50.1%	31.7%	37.4%	42.8%	40.3%	34.2%	35.5%
Renter	35.9%	23.2%	41.3%	29.0%	27.7%	31.9%	35.1%	31.8%
<u>Birthplace (% of population)</u>								
Australian born	59.2%	65.6%	49.2%	48.1%	80.2%	60.3%	60.9%	71.9%
Overseas born	<u>40.8%</u>	<u>34.4%</u>	<u>50.8%</u>	<u>51.9%</u>	<u>19.8%</u>	<u>39.7%</u>	<u>39.1%</u>	<u>28.1%</u>
• Asia	21.2%	19.2%	30.8%	17.5%	6.0%	19.5%	19.1%	11.2%
• Europe	6.5%	6.8%	5.8%	9.1%	8.8%	7.2%	9.6%	9.6%
• Other	13.1%	8.5%	14.3%	25.2%	5.0%	13.0%	10.4%	7.4%
<u>Family type (% of population)</u>								
Couple with dep't child.	49.6%	59.7%	53.5%	50.6%	48.2%	52.3%	48.5%	44.8%
Couple with non-dep't child.	10.7%	10.3%	8.7%	15.2%	9.5%	10.7%	9.1%	7.7%
Couple without child.	15.4%	15.4%	17.3%	13.5%	19.8%	16.3%	20.1%	22.8%
One parent with dep't child.	11.8%	6.7%	7.5%	10.3%	9.9%	9.4%	7.9%	8.8%
One parent w non-dep't child	5.3%	3.0%	4.3%	5.7%	4.3%	4.5%	4.1%	3.7%
Lone person	5.9%	4.2%	7.3%	3.7%	7.5%	5.8%	9.2%	11.0%
<u>Car ownership</u>								
% 0 Cars	26.5%	23.4%	5.1%	14.2%	10.0%	17.2%	11.4%	7.7%
% 1 Car	41.8%	42.9%	30.4%	43.5%	40.3%	39.8%	38.5%	36.1%
% 2 Cars	22.3%	23.8%	40.7%	30.1%	35.8%	29.6%	34.0%	37.5%
% 3 Cars	6.2%	6.5%	14.8%	8.2%	9.5%	8.7%	10.5%	12.2%
% 4 plus Cars	3.3%	3.3%	9.1%	3.9%	4.5%	4.7%	5.7%	6.5%

Source: ABS Census of Population & Housing, 2016; Macroplan

Chart 2.1
ECQ Factory Outlet Centre main trade area - socio-demographic profile, 2016



Source: ABS Census of Population & Housing, 2016; Macroplan

2.4 Retail expenditure

Macroplan estimates retail expenditure capacity generated by the main trade area residents based on information sourced from Market Data Systems (MDS), which utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information. MarketInfo data is a relatively accurate measure of available retail expenditure and is widely used in the retail industry.

Chart 2.2 illustrates the average per capita retail expenditure capacity of main trade area residents for the year 2019/20, and compares these estimates with the average for metropolitan Sydney and Australia. All expenditure estimates are presented inclusive of GST. Total per capita retail expenditure for main trade area residents is estimated at \$13,369 in 2019/20, which is below the Sydney metropolitan average of \$15,004 per annum.

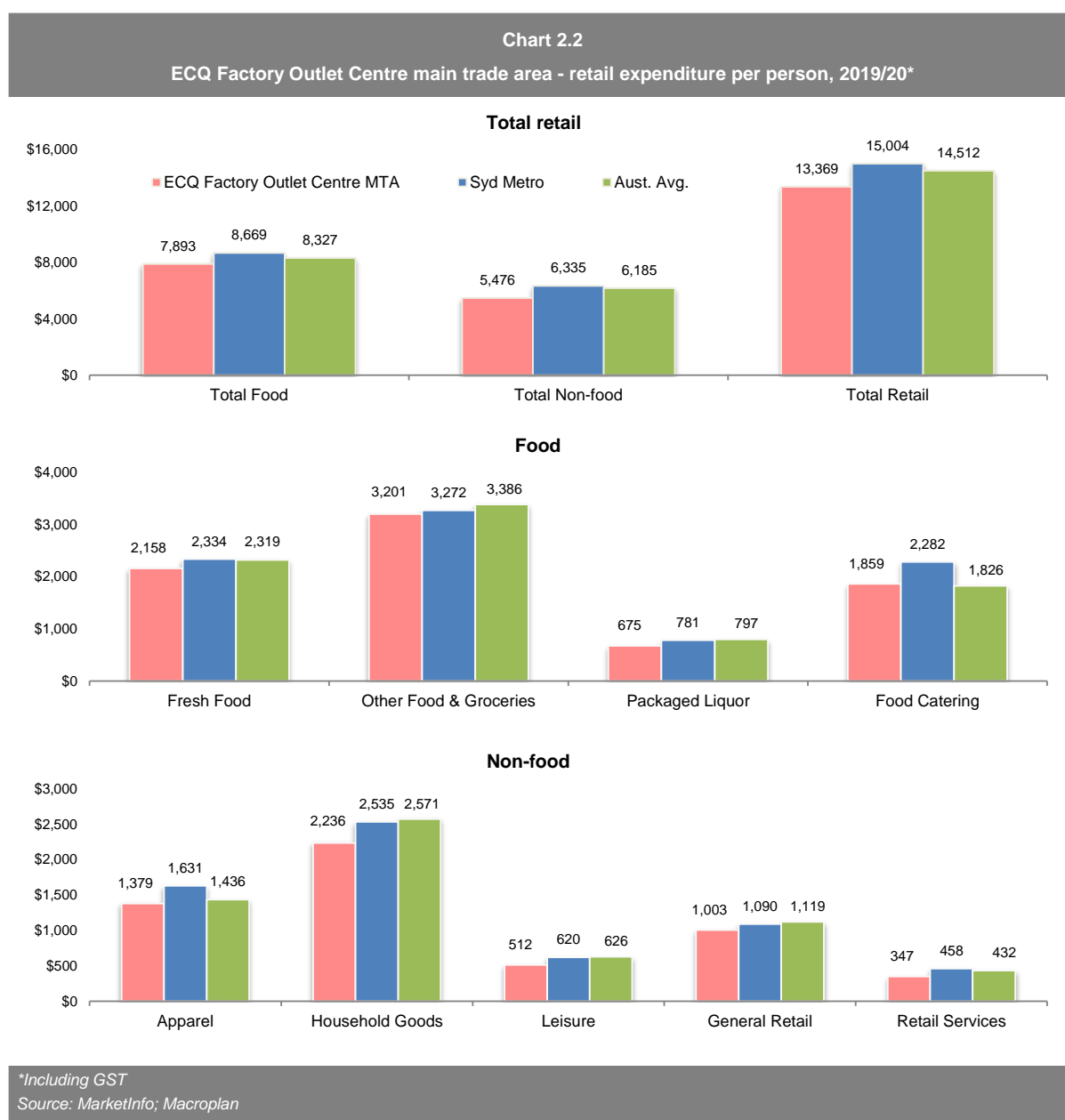


Table 2.3 presents projections of total retail spending generated by the main trade area population over the period from 2020 to 2031, while Table 2.4 details the estimated retail spending capacity of the main trade area by retail category. Spending forecasts are presented in constant 2019/20 dollars, (i.e. excluding inflation) and include GST.

The retail expenditure capacity of the main trade area is estimated to grow from \$15.1 billion at 2020 to \$19.3 billion at 2031, at an average annual growth rate of 2.2% over the forecast period. The key components underpinning this growth is the population growth of the main trade area, which is projected to increase at an average annual rate of 1.5%, while an allowance has been made for real growth in per capita retail expenditure which is expected to average between 0.6-0.7% per annum over the forecast period.

The apparel expenditure capacity of the main trade area, which is the main expenditure category for factory outlet centres, is estimated to grow from \$1.6 billion at 2020 to \$1.9 billion at 2031, at an average annual growth rate of 1.9% over the forecast period.

Table 2.3						
ECQ Factory Outlet Centre main trade area - retail expenditure (\$M), 2020-2031*						
Year ending June	Primary sector	North	East	South	West	Main TA
2020	3,943	3,775	2,732	2,083	2,583	15,116
2021	4,002	3,911	2,804	2,115	2,631	15,463
2022	4,059	4,059	2,877	2,148	2,678	15,820
2023	4,113	4,217	2,950	2,181	2,723	16,184
2024	4,168	4,377	3,024	2,215	2,770	16,553
2025	4,223	4,539	3,100	2,249	2,817	16,927
2026	4,279	4,703	3,176	2,283	2,864	17,304
2027	4,332	4,876	3,253	2,318	2,910	17,689
2028	4,382	5,060	3,332	2,353	2,953	18,081
2029	4,433	5,247	3,411	2,389	2,998	18,477
2030	4,485	5,436	3,491	2,425	3,042	18,878
2031	4,537	5,627	3,572	2,461	3,088	19,284
<u>Average annual growth (\$M)</u>						
2020-2031	54.0	168.3	76.3	34.4	45.9	378.8
<u>Average annual growth (%)</u>						
2020-2031	1.3%	3.7%	2.5%	1.5%	1.6%	2.2%
*Constant 2019/20 dollars & including GST Source: MarketInfo; Macroplan						

Table 2.4
ECQ Factory Outlet Centre main trade area - retail expenditure by category (\$M), 2020-2031*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
2020	6,822	2,102	1,559	2,528	579	1,134	393	15,116
2021	6,983	2,159	1,589	2,582	590	1,158	402	15,463
2022	7,149	2,218	1,620	2,637	602	1,183	411	15,820
2023	7,318	2,278	1,651	2,694	614	1,208	421	16,184
2024	7,489	2,340	1,683	2,751	626	1,233	431	16,553
2025	7,662	2,402	1,715	2,809	639	1,259	441	16,927
2026	7,838	2,466	1,747	2,867	651	1,285	451	17,304
2027	8,017	2,531	1,779	2,926	664	1,311	461	17,689
2028	8,199	2,598	1,812	2,987	676	1,338	471	18,081
2029	8,383	2,666	1,845	3,047	689	1,365	482	18,477
2030	8,570	2,734	1,879	3,109	702	1,392	492	18,878
2031	8,759	2,805	1,912	3,171	715	1,420	503	19,284
<u>Average annual growth (\$M)</u>								
2020-2031	176.1	63.9	32.1	58.5	12.4	26.0	10.0	378.8
<u>Average annual growth (%)</u>								
2020-2031	2.3%	2.7%	1.9%	2.1%	1.9%	2.1%	2.3%	2.2%

*Constant 2019/20 dollars & including GST
Source: MarketInfo; Macroplan

Retail expenditure category definitions:

- FLG: take-home food and groceries, as well as packaged liquor.
- Food catering: expenditure at cafes, take-away food outlets and restaurants.
- Apparel: clothing, footwear, fashion accessories and jewellery.
- Household goods: giftware, electrical, computers, furniture, homewares and hardware goods.
- Leisure: sporting goods, music, games, books, newspapers & magazines, stationery and photography equipment.
- General retail: pharmaceutical goods, cosmetics, toys, florists, mobile phones and pets.
- Retail services: hair & beauty, optical goods, dry cleaning, key cutting and shoe repairs.

Section 3: Competitive context

This section of the report provides an overview of the competitive context in which the subject factory outlet centre will operate.

A factory outlet development at Eastern Creek Quarter is likely to compete with other factory outlet centres in the surrounding region, as well as traditional shopping centres with a critical mass of apparel retailers, i.e. regional centres, and to a lesser extent, sub-regional centres.

Table 3.1 presents a summary of the factory outlet centres in Sydney, while Table 3.2 presents the relevant competitive higher order centres in the surrounding region (with the locations of these facilities illustrated on Map 2.1 and Map 2.2 respectively. The key points to note are summarised below.

Table 3.1 Eastern Creek Quarter - Stage 3 - schedule of factory outlet centres			
Centre	Retail GLA (sq.m)	Offer	Dist. by road from ECQ (km)
Within trade area			
Fashion Spree - Liverpool	15,000	59 predominantly national fast fashion and casual apparel tenants	20.0
Beyond trade area			
DFO Homebush	29,880	110 international, luxury and mid-market apparel retailers, 15 large format stores	25.0
Birkenhead Point	35,000	Coles, Aldi, 10 homemaker mini-majors apparel and outlet outlet specialties	34.0
Source: SCN Shopping Centre News; Vicinity; Property Council of Australia; MacroPlan			

Table 3.2
Eastern Creek Quarter Stage 3 - schedule of major traditional retail facilities

Centre	Retail GLA (sq.m)	Major traders	Dist. by road from ECQ (km)
Within trade area			
<u>Regional centres</u>			
Westpoint Blacktown	82,500	Myer, Target, Big W, Coles, Woolworths, Aldi	7.2
Westfield Parramatta	137,700	David Jones, Myer, Kmart, Target, Coles, Woolworths	16.5
Westfield Penrith	76,000	Myer, Big W, Target, Woolworths, Aldi	21.6
<u>Sub-regional centres</u>			
Westfield Mt. Druitt	60,000	Kmart, Target, Woolworths, Coles	4.3
Plumpton Marketplace	16,000	Big W, Woolworths	5.7
Plumpton SC (p)	15,000	dds (p), smkt (p)	6.0
St. Mary's Village	15,700	Target, Woolworths	9.0
Stockland Wetherill Park	71,500	Big W, Target, Coles Woolworths	12.1
Stanhope Village	18,000	Kmart, Coles, Aldi	12.6
Nepean Village	23,000	Kmart, Coles	
<u>Rouse Hill TC</u>			15.0
• Rouse Hill TC (existing)	56,600	Big W, Target, Woolworths, Coles	
• Rouse Hill TC (p)	29,000	ds (p), smkt (p)	
Stockland Merrylands	59,600	Big W, Target, Kmart, Coles, Woolworths, Aldi	15.9
Bonnyrigg Plaza	21,000	Big W, Woolworths	16.6
Winston Hills SC	24,500	Big W, Woolworths, Coles, Aldi	17.4
Fairfield Forum	18,000	Kmart, Coles, Aldi	17.7
Neeta City	20,000	Big W, Woolworths	18.7
Carnes Hill Marketplace	17,200	Big W, Woolworths	19.3
Richmond Marketplace	16,500	Big W, Woolworths	25.8
Beyond trade area			
Westfield Liverpool	83,400	Myer, Target, Big W, Coles, Woolworths	20.9
<u>Castle Towers</u>			24.6
• Castle Towers (existing)	101,900	David Jones, Myer, Kmart, Target, Coles, Aldi	
• Castle Towers (p)	-	dds (p), smkt (p)	
Westfield Burwood	63,200	David Jones, Kmart, Target, Coles, Woolworths	28.1
Macquarie Centre	135,500	David Jones, Myer, Big W, Target, Woolworths, Aldi	37.3
Westfield Hornsby	99,800	David Jones, Myer, Kmart, Target, Woolworths, Aldi	38.4

Source: Property Council of Australia; Shopping Centre News; MacroPlan

Outlet centres

- Fashion Spree Liverpool is a recently new factory outlet development, situated on Orange Grove Road in Warwick Farm, approximately 20 km south-east of the subject site. The centre contains close to 60 predominantly fast fashion/streetwear apparel retailers (Glue, H&M, Bonds Outlet, Just Jeans, Supre, Converse), across 15,000 sq.m of floorspace.
- DFO Homebush is one of the most successful factory outlet developments in Australia and is located around 25 km east of the subject site. The two-level centre contains over 100 outlet retailers, including a large provision of luxury and high-end brands (such as Burberry, Coach, Zegna, Max Mara, Mulberry, Salvatore Ferragamo, Armani), mid-market luxury international labels (such as Calvin Klein, Guess, Hugo Boss, Ted Baker, Michael Kors), as well as a provision of prominent casual apparel retailers.
- DFO Homebush also contains a sizable large format retail component, encompassing 15 large format retailers including JB Hi-Fi Home, Adairs, Adventure Megastore, Oz Design Furniture and Snooze. The centre achieved a very strong MAT of \$331.4 million in 2019, at a sales productivity rate of \$12,413 per sq.m.
- Located around 33 km east of the subject development, Birkenhead Point Outlet Centre is a hybrid development, which in addition to a significant provision of factory outlet apparel floorspace, contains Coles and Aldi supermarkets. According to SCN Little Guns, the centre recorded sales of \$299 million in 2019, at an average sales productivity of \$10,406 per sq.m.

Traditional retail centres

- Westpoint Blacktown is a large regional centre encompassing 82,500 sq.m of retail floorspace, located approximately 7.2 km north east of Eastern Creek Quarter. The centre is anchored by a Myer department store, Target and Big W dds, as well as Coles and Woolworths supermarkets. According to SCN Big Guns 2019, the centre achieved an MAT of \$522.99 million at a sales productivity level of \$6,439 per sq.m, and a specialty sales productivity level of \$9,406 per sq.m.

Westpoint Blacktown contains an extensive provision of mini-major tenants, including JB Hi-Fi, Daiso, T K Maxx, Best&Less and rebel. The centre encompasses over 70 apparel stores (equivalent to an estimated 10,000 sq.m), and possesses a particular focus on low price point/ fast fashion for teenagers and young adults (such as Factorie, Forever New, Jay Jays, Jeanswest and Platypus), a range of womenswear targeting the suburban mum (Millers, Suzanne Grae and Rockmans) and childrenswear (Cotton On Kids, Carter's Osh Kosh and Best and Less). There are also close to 60 food & beverage retailers, comprised of fast food operators (such as KFC, McDonald's and Hungry Jack's), food court/takeaway options (such as Donut King, Ali Baba and Sandwich Chefs), cafes (such as Gloria Jean's Coffee, Jamaica Blue and the Coffee Club) and casual dining restaurants such as Nando's, Hogs Breath Café and Mad Mex.

- Located approximately 16.5 km east of Eastern Creek Quarter, Westfield Parramatta, is a regional centre encompassing 137,700 sq.m of retail floorspace, and is anchored by David Jones and Myer department stores, Kmart and Target dds, as well as Coles and Woolworths supermarkets. According to SCN Big Guns, Westfield Parramatta achieved a MAT of \$834.55 million at a sales productivity level of \$6,822 per sq.m, and a specialty sales productivity level of \$12,215 per sq.m. The centre contains a large apparel provision, possessing close to 130 apparel stores in the centre, which are mainly centred around low price point/ fast fashion for teenagers and young adults (such as Valleygirl, General Pants Co, Factorie, Bardot, Glue and Industrie), mid-market

apparel (Witchery, Tony Bianco, Oroton, Aquila) and streetwear/athleisure (Nike, Glue, General Pants Co.). There are also a number of jewellery retailers (such as Bevilles, Eternity Jewellers, Gregory Jewellers, Goldmark and Michael Hill Jewellers) and prominent international fashion retailers (such as Uniqlo, Superdry and Victoria's Secret). As is typical for regional Westfield Centre, food and beverage is a key emphasis. There are close to 100 food catering operators, comprised fast food (such as McDonald's, Hungry Jack's and KFC), food court offerings (such as Roll'd, Oporto, Soul Origin and Subway), cafes (Gloria Jean's coffee, Starbucks and the Coffee Emporium) and a number of casual dine-in restaurants (such as Pappa Rich, Grill'd and Chefs Gallery).

- Westfield Penrith is a regional centre encompassing a retail GLA of 76,000 sq.m, located approximately 21.6 km west of Eastern Creek Quarter, anchored by a Myer department store, Big W and Kmart dds, as well as Coles and Woolworths supermarkets. According to SCN Big Guns, Westfield Penrith recorded a MAT of \$676.14 million at a sales productivity level of \$8,244 per sq.m, and a specialty sales productivity level of \$12,109 per sq.m. Westfield Penrith features approximately 100 apparel stores, mostly comprising fast fashion offerings (such as Valleygirl, Supre, Bardot and Country Road), streetwear/athleisure (Glue, General Pants Co.), jewellery retailers (York Jewellers, Prouds the Jewellers, Pandora and Michael Hill) and footwear retailers (such as Ziera, Wittner and R.M. Williams). There are also 64 food catering stores operating within the centre, mainly comprising fast food (such as McDonald's and KFC), food court offerings (such as Ali Baba, Subway, Donut King and Sushi Hub), cafes (such as The Coffee Club, The Coffee Emporium, Muffin Break and Café LeLunar) and dine-in restaurants (such as The Bavarian, Rashay's Casual Dining, Grill'd and Coco Cubano).
- Westfield Mt. Druitt is a large sub-regional centre encompassing a retail Gross Leasable Area (GLA) of 60,000 sq.m, located approximately 4.3 km north-west of the Eastern Creek Quarter, and is anchored by Kmart and Target dds, as well as Woolworths and Coles supermarkets. According to SCN Big Guns, Westfield Mt. Druitt recorded a MAT of \$676.14 million at a sales productivity level of \$8,005 per sq.m, and a specialty sales productivity level of \$8,948 per sq.m. Westfield Mt. Druitt is comprised of a more ad hoc provision of almost 60 apparel retailers (equivalent to an estimated 6,000 sq.m), with Millers, Collette, Footlocker, Strandbags and Pandora the most prominent operators. There are 44 food catering retailers operating within the centre, mainly comprising fast food outlets (such as McDonald's, Hungry Jacks, Subway and KFC) as well as food court offerings (such as Soul Origin, Yiro'Yio, Hero Sushi and Donut King) and cafes (such as Café Lelunar, Jamaica Blue, Gloria Jean's Coffee and Starbucks).

It has been noted that the \$1.49 billion Mt. Druitt CBD revamp has recently been approved by the State Government. The project is planned to deliver 2,800 new apartments, as well as a mix of cafes, restaurants, other retail and commercial uses. This revitalisation is unlikely to bear a strong competitive influence on the factory outlet centre at Eastern Creek Quarter, as it will likely have a food & beverage focus. Any competitive fashion tenants are likely to be provided more ad hoc, without a critical mass or scale to have a competitive bearing on the subject centre.

- Stockland Wetherill Park is a large sub-regional shopping centre encompassing a retail GLA of 71,500 sq.m, located 12.1 km south east of the Eastern Creek quarter, anchored by a Big W and Target dds and Coles and Woolworths supermarkets. According to SCN Big Guns, Stockland Wetherill Park recorded a MAT of \$381.83 million, at a sales productivity level of \$6,627, and a specialty sales productivity level of \$9,091. There are 63 apparel retailers operating in the shopping centre, with a focus on low-end fast fashion retailers (such as Jay Jays, Just Jeans, Bardot, Forever New and Dotti), menswear (Connor, Industrie, Politix) footwear retailers (such as Foot Locker, Platypus, Sketchers and Novo Shoes) and jewellers (such as Prouds, Pandora,

Atlas Jewellers and Michael Hill). Stockland Wetherill Hill also features 44 food catering retailers, mainly comprising fast food (such as McDonald's, KFC and Subway), food court offerings (such as Soul Origin, Hokka Hokka, Curry Delight and Ataman Kebab) and cafes (such as Gloria Jean's Coffee, The Coffee Emporium, Café Cherry Beans and Blue Star Café), as well as a small range of dine-in restaurants (such as Mr. Chen Chinese Restaurant, Nando's, The Bavarian and Savanas Restaurant).

- Rouse Hill TC is a large sub-regional shopping centre encompassing a retail GLA of 56,600 sq.m, located 15 km north east of the Eastern Creek Quarter, anchored by a Big W and Target dds and Woolworths and Coles supermarkets. GPT Group, the owners of Rouse Hill TC, announced plans to expand the shopping centre, proposing an additional 29,000 sq.m of retail GLA and the addition of a new dds and supermarket. Rouse Hill TC recorded a MAT of \$435.57 million at a sales productivity level of \$7,987, and a specialty sales productivity level of \$8,753 per sq.m. There are 59 apparel retailers operating within centre, which mainly comprise fast fashion, mid-market retailers and athleisure/streetwear (such as Bardot, City Beach, Cotton On, Dotti, General Pants Co and Jay Jays) and jewellers (such as Prouds, Pandora, Forever Jewellers and Carati Jewellers). There are also 44 food catering retailers operating within the centre, with a particular focus on food court/takeaway food type tenancies (such as Sushi Tabi, Dumpling Project, Seoul Street Food and Fogo Brazilia) and dining (the Bavarian, Outback Jacks, Lusso Italian Restaurant).
- Located in the Blacktown LGA, Plumpton Marketplace is a single discount department store centre, anchored by Big W and a Woolworths supermarket. Despite its sub-regional status, the centre provides a strong focus on serving the main food, grocery and convenience-oriented needs of residents in the surrounding region. The centre encompasses a small provision of apparel retailers (equivalent to an estimated 1,500 sq.m), which includes Millers, Crossroads and Strandbags the key retailers.
- Also located in the Blacktown LGA, Stanhope Village is a Kmart anchored single discount department store centre, which also contains Coles and Aldi supermarkets. Like Plumpton Marketplace, the centre aims to serve the weekly food, grocery and convenience-oriented needs of surrounding residents and contains a generally limited apparel offer (with Cotton On, Crossroads and Noni B the key retailers).
- There are also a number of additional smaller sub-regional shopping centres within the trade area. However, due to the smaller scale of their apparel offer, it is unlikely these centres will bear a strong competitive influence on the factory outlet development at Eastern Creek Quarter.

Section 4: Supportable factory outlet floorspace and centre sales potential

This section of the report details the quantum supportable floorspace and the subsequent sales potential of a factory outlet centre at Eastern Creek Quarter.

In order to be able to consider the question of potential economic benefits and impacts that may arise from Stage 3 developments at Eastern Creek Quarter, the first step is to quantify the level of sales which the proposed centre can reasonably expect to achieve. This section therefore, considers the floorspace demand for factory outlet floorspace and homemaker/large format retail floor space. Subsequently, this section then outlines the possible composition for the centre and provides an assessment of the level of retail sales Stage 3 developments at Eastern Creek Quarter could reasonably achieve.

4.1 Factory outlet retail floorspace demand analysis

This sub-section firstly provides a floorspace demand analysis for the factory outlet component of the Eastern Creek Quarter development. Modelling retail demand for a given area is imprecise and depends on a range of factors. Therefore, the demand analysis presented in this section should be viewed as indicative.

Table 4.1 details the total estimated amount of retail floorspace demand generated by residents in the main trade area. This demand would be served by varying degrees retail facilities located within and also beyond the trade area. The floorspace figures are calculated by applying an average Retail Turnover Density (RTD) to the estimated available retail sales volume by category. The RTD is the level of sales per sq.m which retailers in each category typically achieve. Adopted RTD for the most relevant categories of factory outlet centres include apparel, at \$4,750 per sq.m, food catering, at \$7,000 per sq.m, while the overall average for retail is estimated at around \$6,700 per sq.m.

Our analysis shows that the estimated retail floorspace demand by trade area residents is to increase **by almost 460,000 sq.m** over the period to 2031. In particular, demand for apparel floorspace, the most relevant category for factory outlet centres is projected to increase by almost 53,000 sq.m over the same period.

Year ending June	FLG	Food catering	Total food	Apparel	H'hold goods	Leisure	General retail	Retail services	Total non-food	Total retail
2020	718,137	311,417	1,029,550	328,195	581,080	92,609	162,010	71,378	1,235,270	2,264,820
2021	731,414	318,269	1,049,680	332,837	590,500	93,985	164,611	72,679	1,254,610	2,304,290
2022	745,040	325,332	1,070,370	337,625	600,219	95,398	167,291	74,021	1,274,550	2,344,920
2023	758,850	332,531	1,091,380	342,470	610,081	96,826	170,007	75,384	1,294,770	2,386,150
2024	772,736	339,804	1,112,540	347,294	619,942	98,251	172,723	76,752	1,314,960	2,427,500
2025	786,698	347,152	1,133,850	352,097	629,804	99,673	175,439	78,125	1,335,140	2,468,990
2026	800,737	354,576	1,155,310	356,880	639,665	101,092	178,154	79,504	1,355,300	2,510,610
2027	814,928	362,126	1,177,050	361,704	649,639	102,520	180,898	80,900	1,375,660	2,552,710
2028	829,272	369,802	1,199,070	366,569	659,727	103,958	183,670	82,315	1,396,240	2,595,310
2029	843,694	377,558	1,221,250	371,413	669,815	105,393	186,442	83,735	1,416,800	2,638,050
2030	858,194	385,393	1,243,590	376,236	679,903	106,826	189,213	85,161	1,437,340	2,680,930
2031	872,774	393,307	1,266,080	381,038	689,991	108,255	191,985	86,591	1,457,860	2,723,940
RTD*	9,500	6,750	8,700	4,750	4,350	6,250	7,000	5,500	5,000	6,700

*Retail Turnover Density - Turnover (\$) per sq.m in 2019, growth assumed at 0.5% p.a
Source: MarketInfo; Macroplan

Table 4.2 outlines the indicative quantum of retail floorspace which is estimated to be supportable as part of a factory outlet centre development at Eastern Creek Quarter.

A strong destination offer allows outlet centres draw business thinly across broad regions, i.e. they attract a low market share of available expenditure and, therefore, require an extensive area from which to draw such a market share in order to generate a large enough sales volume to sustain the necessary critical mass of stores. Our analysis of trade areas served by Australia's outlet centres indicates that for a truly successful outlet centre a main trade area population of at least 300,000 is required, and that a greater level, say 400,000 plus, is highly desirable.

Two basic factors contribute to the low market shares of total available expenditure typically achieved by outlet centres, namely:

- First, apart from the supporting role of food catering stores, outlet centres are almost entirely focused on non-food retail expenditure, which accounts for only about half of total retail expenditure.
- Second, within the total non-food categories, outlet centres operate almost exclusively in the apparel and household goods segments, which typically generate 80% of total centre sales. Apparel expenditure, defined to include clothing and footwear (including sporting apparel), fashion accessories and jewellery, generally accounts for 25%-30% of total non-food retail expenditure, or 10%-15% of all retail expenditure. Therefore, outlet centres are more specialised centres catering to a limited part of the broad retail market.

For the purposes of this assessment, the planned factory outlet centre at Eastern Creek Quarter is expected to possess a destination offer encompassing a critical mass of apparel retailers, incorporating mostly mid-market domestic and international brands across fashion, athleisure, footwear, bags and accessories, as well as jewellery. This has the potential create a point of relative differentiation and cost competitiveness to other factory outlet centres and regional shopping centres in the surrounding region. In this scenario, it is estimated that the factory

outlet development could retain close to 5% of apparel expenditure in the main trade area. This level of retention is forecast to support almost 20,000 sq.m of apparel floorspace at the subject development in 2024 (the assumed first full year of trade).

Food catering retention rates in the main trade area are estimated to be 0.4% of its respective expenditure market in the main trade area. Food and beverage tenancies act as a complementary offer/amenity to the main apparel component in direct factory outlet centres, increasing the dwell time of visitors. Taking 2024 as an example, over 1,600 sq.m of food catering floorspace is considered supportable at the centre.

The factory outlet development is also likely to support some household goods, general retail, leisure and retail services uses, with retention of expenditure generated by the main trade area population expected to average between 0.25% - 1.0% across these categories. Household goods, the most significant of these categories could support over 2,000 sq.m at 2024, highlighting the potential for a Williams and Sonoma or Zara Home mini-major for example. FLG expenditure is likely to be directed towards existing and future supermarket facilities, including Stage 1 of the Eastern Creek Quarter development, which is comprised of a neighbourhood centre, anchored by a full-line Woolworths supermarket.

Across the total retail spectrum, the proportion of available retail expenditure which can reasonably be retained by a factory outlet centre at Eastern Creek Quarter is estimated to average almost 1% across the main trade area, which is typical of factory outlet centres, which draw low market shares from a wide-ranging and broad trade area.

Our analysis indicates that at 2024, the factory outlet component of the subject development could support over 26,000 sq.m of retail floorspace, including almost 20,000 sq.m of apparel floorspace, over 1,600 sq.m of food catering (e.g. cafés and restaurants), around 2,100 sq.m of household goods and an additional 2,600 sq.m of non-food floorspace (across the general retail, leisure and retail services categories). This breakdown of retail category is generally consistent with what is seen at factory outlet centres, which typically contains around 20 - 30% of retail floorspace dedicated to non-apparel, i.e. food and beverage, homewares/giftwares, general retail and retail services. At 2024, Stage 3A of Eastern Creek Quarter, which is planned to encompass a GLA of 18,500 sq.m (excluding entertainment uses, which is considered a non-retail use) is considered viable, with supportable floorspace at the subject site easily exceeding the amount which is planned. It is also noted that a centre of this scale, role and function can support the planned 1,500 sq.m of entertainment floorspace, which could act to increase the draw and subsequent dwell time of visitors to the centre.

The amount of retail floorspace supportable at the subject development is also forecast to increase to almost 28,700 sq.m at 2031, reflecting the strong population growth occurring in the surrounding region. Consequently, any expansion of the factory outlet centre up to this level, which is 10,200 sq.m more than the 18,500 sq.m proposed as part of Stage 3A, is considered supportable. Stage 3B, which is planned to expand the factory outlet centre by 9,327 sq.m, bringing the total retail GLA of the centre to almost 28,000 sq.m, is considered supportable around 5 to 6 years (2029/2030) after the development of Stage 3A. It is also noted that an expansion of the planned scale will intensify the retail draw of the overall factory outlet centre, allowing the development to capture a slightly higher share of expenditure in its trade area, which enables Stage 3B to be supported earlier than what is suggested.

Table 4.2										
ECQ Factory Outlet Centre - indicative supportable floorspace by category (sq.m), 2020 -2031										
Year ending June	FLG	Food catering	Total food	Apparel	H'hold goods	Leisure	General retail	Retail services	Total non-food	Total retail
% retail expenditure retained										
Primary	0.0%	0.6%	0.2%	6.5%	0.6%	1.3%	1.3%	0.5%	2.3%	1.3%
Secondary	<u>0.0%</u>	<u>0.3%</u>	<u>0.1%</u>	<u>4.5%</u>	<u>0.2%</u>	<u>0.8%</u>	<u>0.5%</u>	<u>0.2%</u>	<u>1.4%</u>	<u>0.8%</u>
Main TA	0.0%	0.4%	0.1%	5.0%	0.3%	0.9%	0.7%	0.3%	1.6%	1.0%
2020	0	1,509	1,510	18,869	1,992	937	1,291	224	23,310	24,820
2021	0	1,540	1,540	19,120	2,018	950	1,309	227	23,630	25,170
2022	0	1,571	1,570	19,377	2,045	963	1,327	231	23,940	25,510
2023	0	1,603	1,600	19,636	2,072	976	1,345	234	24,260	25,860
2024	0	1,636	1,640	19,894	2,099	989	1,363	238	24,580	26,220
2025	0	1,668	1,670	20,150	2,126	1,002	1,381	242	24,900	26,570
2026	0	1,701	1,700	20,406	2,153	1,015	1,399	245	25,220	26,920
2027	0	1,735	1,730	20,662	2,179	1,028	1,416	249	25,530	27,260
2028	0	1,768	1,770	20,919	2,206	1,041	1,434	253	25,850	27,620
2029	0	1,802	1,800	21,174	2,232	1,054	1,452	256	26,170	27,970
2030	0	1,836	1,840	21,429	2,258	1,067	1,469	260	26,480	28,320
2031	0	1,871	1,870	21,682	2,285	1,080	1,487	264	26,800	28,670
Source: MarketInfo; Macroplan										

4.2 Assessment of sales potential

Table 4.3 presents an assessment of sales potential for a factory outlet centre development at Eastern Creek Quarter, based on concept plans presented in Section 1.1 of this report. The key determinant of which was considered in assessing the sales potential was the likely composition of the centre, which needs to create a point of differentiation to the surrounding factory outlet centres and the surrounding traditional regional and sub-regional centres. There is a significant gap in the region for mid-market apparel brands which have both strong domestic and international appeal. While there may be some inevitable overlap between the more low-end Fashion Spree Liverpool and the more upmarket DFO Homebush, a mid-market offer containing a critical mass of fashion labels with strong brand power is likely to create a destinational factory outlet draw at Eastern Creek Quarter. For the purposes of this assessment, it is assumed that all the planned factory outlet floorspace is utilised as such

Approximately 25% of floorspace are assessed for non-apparel uses, encompassing retailers across food catering, household goods, general retail, leisure and retail service categories, which is a composition typical of factory outlet centres in Australia.

Based on the above factors, a factory outlet centre at Eastern Creek Quarter, encompassing 18,500 of retail GLA is projected to achieve \$100 million in turnover for its first full year of trade in 2024, at an average sales productivity rate of \$5,403 per sq.m.

It is important to note that for a factory outlet centre, a sizable proportion of sales, in the order of 30% - 40%, are generated by visitors i.e. customers from beyond the trade area. This reflects the destinational draw of a factory outlet centre, its unique and specialised discounted offer, the relative strength of the brands which tenant the centre and the availability and offer of other factory outlet centres. Eastern Creek Quarter is likely to draw day trip visitors from across metropolitan Sydney based on its destinational offer, although the relative frequency of these visitors to the centre is likely lower than that of the main trade area population due to its distance. The subject development is also well-positioned to capture tourism inflows from the Western Sydney International (Nancy-Bird Walton) Airport, once it opens in 2026.

Table 4.3 Eastern Creek Quarter - Factory outlet centre sales potential, 2024			
Retail category	GLA (sq.m)	Forecast sales	
		Est. sales (\$M)	Sales per sq.m (\$)
Food & Liquor	0	0.0	9,000
Food catering	1,150	9.1	8,000
Apparel	13,050	65.3	5,000
Household goods	2,000	10.0	5,000
Leisure	600	3.6	6,000
General	1,200	9.0	7,500
<u>Retail Services</u>	<u>500</u>	<u>3.0</u>	<u>6,000</u>
Total*	18,500	100	5,403
* Excludes a planned entertainment tenancy of 1,500 sq.m, which is considered a non-retail use			
Source: MacroPlan			

Section 5: Economic impact considerations

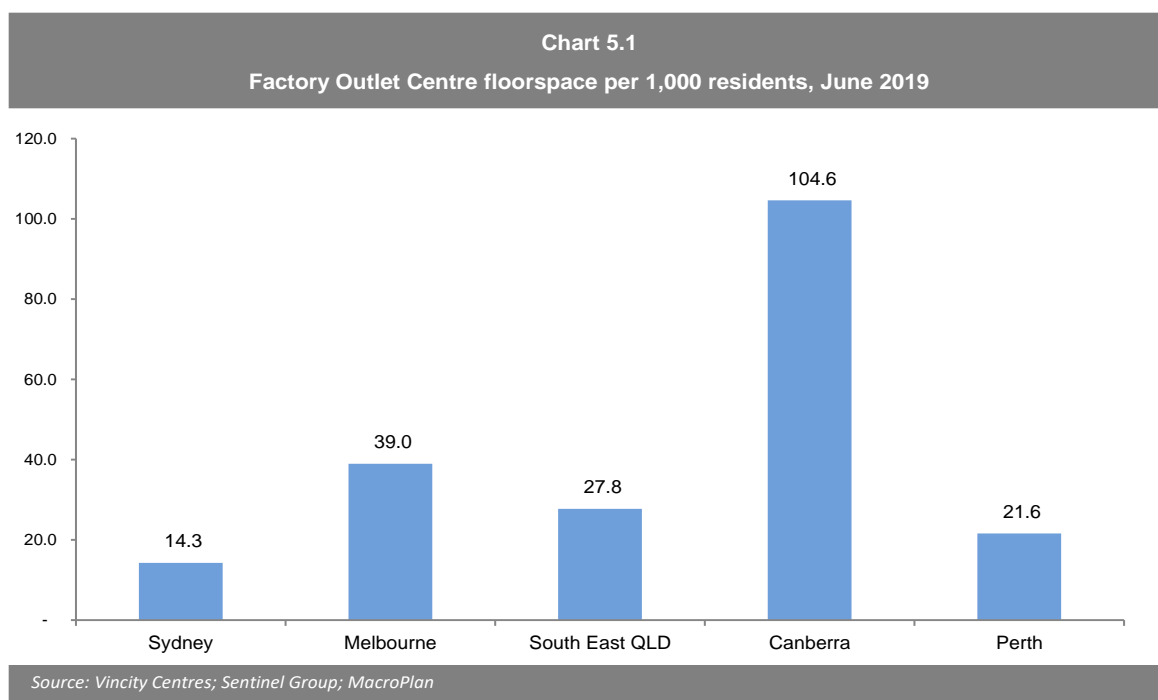
This section of the report outlines the potential economic benefits and trading impacts that can be anticipated following the factory outlet centre at Eastern Creek Quarter.

5.1 Economic and social benefits

The continued development of Eastern Creek Quarter is likely to result in a range of economic impacts. From a trading point of view, impacts may be experienced by some competitive facilities located in the surrounding region, and the likely extent of these trading impacts is considered further later in the report. On the other side of the equation, the proposed development will result in a range of economic benefits, particularly for residents of the main trade area. The key positive impacts will include the following:

1. Providing a factory outlet development, with factory outlet floorspace undersupplied in the surrounding region and Sydney at large

Factory Outlet retail floorspace is significant underprovided in Sydney, compared with other capital cities. While metropolitan Sydney possess an edge in population (5.3 million at June 2019), there are currently only three factory outlet centres, compared with Melbourne (population of 5.1 million in 2019), which contains six factory outlet centres. As illustrated on Chart 5.1, Melbourne accommodates almost 3 times the number of factory outlet floorspace compared with Sydney. Such a development at Eastern Creek Quarter would alleviate some of the undersupply gap in Sydney for factory outlet centres, and would be particularly well placed to serve Western Sydney.



2. Improving shopping choice for residents, based on price competition

The development will provide a far greater choice of apparel shopping for residents in the surrounding area, challenging incumbent traditional retail centres through price competition. The proposed factory outlet component would provide the trade area residents with greatly improved shopping choice and convenience, particularly for their apparel needs, likely reducing escape expenditure from the main trade area for the apparel category.

3. Synergy with surrounding infrastructure: The recent completion of Sydney Zoo is expected to attract almost 750,000 visitors per annum. The development of a factory outlet component at Eastern Creek Quarter is considered complementary to Bungarribee Park and Sydney Zoo, (as well as a raft of other attractions such as Western Sydney Parklands, Raging Waters, Featherdale Sydney Wildlife Park and the Western Sydney Wanderers Centre of Football) which are like to draw young families as a key part of its customer demographic. The close proximity of these facilities to Eastern Creek Quarter could provide positive foot-traffic flows in both directions, where the Eastern Creek Quarter factory outlet centre draw in visitors whose primary reason for their trip to the area is to visit Sydney Zoo for example. Given that both the factory outlet centre and Sydney Zoo will draw visitors from across Greater Sydney, there are likely some synergies which could be tapped into with the development of a factory outlet centre at Eastern Creek, with each of these attractors acting in combination to draw a higher level of overall visitation to the area.

4. Reduction of escape expenditure

A factory outlet centre at Eastern Creek Quarter would result in some reduction in retail expenditure (particularly apparel and homeware) escaping the municipality. Such as a development could potentially result in a reduction of spend towards facilities outside of Blacktown LGA and redirect expenditure on fashion, footwear, accessories and homewares towards Eastern Creek Quarter.

A destinational factory outlet/ leisure centre at Eastern Creek Quarter would also result in an increase in the amount of retail expenditure being directed to facilities within Blacktown from people residing outside the municipality. As an example, residents of Penrith are likely to shop at a factory outlet centre at Eastern Creek Quarter, rather than travelling to DFO Homebush, while some tourist spending would also be expected to be captured by the centre. A destinational draw could also attract customers across metropolitan Sydney and/or regional and interstate visitors.

5. Creating local employment opportunities

The subject development would create a number of jobs, both for construction and related industries during the construction phase, and ongoing jobs when the centre is completed. The additional employment creation is discussed further in the following sub-section.

5.2 Employment stimulus

This sub-section provides estimates of the employment levels likely to be created by the Stage 3 Eastern Creek Quarter development. The methodology used in estimating the number of potential new jobs at the centre is regularly used in retail economic impact assessments. The purpose is to provide a general indication of the number of jobs potentially created from the development.

Table 5.1 details the employment likely to be created by the Eastern Creek Quarter by proposed use. Based on the scale and nature of floorspace to be developed as part of Stage 3A, we estimate a factory outlet centre can support 514 ongoing jobs. It may be argued however, that some job losses will occur at other centres as a result of the proposed development at Eastern Creek Quarter. In estimating the net employment opportunities, we have allowed for 5% of employment that is likely to be created at the future subject centre to be absorbed in job losses at other centres, resulting in a projected net employment increase of 488 jobs.

Table 5.1 Eastern Creek Quarter Factory Outlet Centre - estimated retail employment levels*			
Type of use	Estimated employment per '000 sq.m	Eastern Creek Quarter - Stage 3	
		GLA (sq.m)	Employment (persons)
Factory Outlet Centre ¹	25	17,350	434
Food and beverage	50	1,150	58
Entertainment	15	<u>1,500</u>	<u>23</u>
Total centre retail¹		20,000	514
Net increase²			488
* Employment totals include both full-time and part-time work			
1. Includes tenant storage and kiosks			
Source: MacroPlan			

The subject development will also create a number of new jobs during the construction and related industries during the construction phase, and for the economy generally once they are completed. Table 5.2 provides an estimation of both direct and indirect employment that would arise from the development of a factory outlet centre at Eastern Creek Quarter. Based on an estimated construction cost of the project of \$130 million (which also includes fit out works, infrastructure and other associated costs), we estimate that approximately 555 direct jobs would be created during the construction phase of the project.

Further jobs in the broader community would also be created from supplier induced multiplier effects during this period (based on the appropriate ABS input/output multipliers). Jobs created include both full-time and part-time positions.

Table 5.2				
Eastern Creek Quarter Factory Outlet Centre - estimated future additional centre employment levels*				
	Direct employment (long-term)	Direct employment (const'n period)	Supplier employment multiplier effects	Total
<u>Factory Outlet Centre</u>				
Centre employment ¹	514		206	719
Construction of project (\$130m. in estimated costs)		<u>555</u>	<u>890</u>	<u>1,445</u>
Factory Outlet Total	514	555	1,095	2,164
* Employment totals include both full-time and part-time work				
1. Indicates the estimated number of additional ongoing jobs as a result of the proposed development				
Source: MacroPlan				

5.3 Consideration of trading impacts

The purpose of an impact assessment is to provide guidance as to whether or not there is likely to be a net community benefit or disbenefit from any proposed development. In particular, if there is a real possibility of some existing facilities potentially being impacted to such a degree that they may be lost to the community and if the service or services provided by those facilities are not at the very least replaced by the proposed new facilities, then a community disbenefit could result.

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect across the surrounding competitive network if a factory outlet centre was developed at Eastern Creek Quarter.

These estimates provide indications as to whether the scale of the proposed retail development is reasonable and whether any surrounding centres are likely to be at risk to the extent that the community would suffer a net disbenefit, attributable to the proposed development. In considering the likely trading impacts on any individual centre or individual retailer, it must first be acknowledged that such estimation can only realistically expect to provide a broad indication of likely outcomes, since there are many factors which can change in response to any new retail development, and which will have a bearing on the consequent outcomes. The competitive response of each relevant centre or trader is one such factor, as are further redevelopments/improvements which one or more of the competitive network of centres might implement.

The following factors are of relevance/importance when assessing the potential impacts of a new development on each existing facility or centre:

- The distance of the (impacted) centre, or retail precinct, by road, from the proposed development.
- The size of the centre or precinct, in terms of total retail floorspace.
- The quality of the offer, and brands of those operators.
- The role and function of the centre or precinct.
- Relative accessibility and relative convenience compared with the proposed retail development.

- The estimated performance of the centre/precinct (in current sales) and future performance (in the impact year), accounting for any future developments in the region that may also impact on the future sales of existing centres.
- The share of available expenditure which the centre/precinct attracts from the identified main trade area of the proposed development. A centre may not be situated in the identified trade area of the proposed development but its main trade area may extend to include parts, or all, of the trade area.

The above factors need to be taken into account in determining the likely broad trading impacts and subsequent consequences arising from the proposed centre on other retail facilities in the surrounding region. The following analysis presents an indicative projection of the anticipated impacts on other shopping centres in the surrounding area. Such projections can be considered indicative only for the simple reason that it is very difficult to predict with certainty the precise impact on any one retailer or any other centre that will result from the change of retail structure serving a particular region.

The impacted centre or retailer has a number of possible actions which it may be able to take that may mitigate the extent of the impact or may eliminate it all together. Expansions and improvements may be undertaken at other centres throughout the region, and all of those factors can change the nature of the impact of the new centre being developed.

Impacts on higher order traditional retail and factory outlet centres

Table 5.3 details the estimated trading impacts on factory outlet and traditional retail centres in the surrounding area, while Table 5.4 details the estimated trading impacts by the retail category of higher order centres within the Blacktown LGA.

The analysis shows that some retail facilities located within the surrounding region are likely to experience minor impacts following the factory outlet centre development at Eastern Creek Quarter. The estimated impacts on traditional retail centres are considered to be well within the reasonable bounds of normal competition, and, at averaging around 2.1% for centres in the Blacktown LGA, and a minor 1.2% for higher order centres in the main trade area, would not in any way threaten the viability of any retailer in the area.

The factory outlet development at Eastern Creek Quarter is projected to impact the surrounding factory outlet centres by no more than 4%, with DFO Homebush and Fashion Spree Liverpool both projected to absorb impacts of around 3.7% respectively. This level of impact is considered minor and is not sufficiently material to impact the viability of the centre or inhibit the destination draw of DFO Homebush, which allows the centre to serve a broad catchment.

When examining the impacts on higher order centres in the Blacktown LGA, the most impacted categories are that of apparel and household goods, as well as discount department stores and mini-majors, which typically contains provisions of apparel and households goods. The estimated impacts peak at around 4 - 5% for the most impacted retail categories, which again, is considered relatively minor, and unlikely to threaten the going concern of any one retailer. Such small impacts are forecast because of the particular nature of factory outlet developments, which serves a wide-ranging trade area with small impacts dispersed across a broad area.

To an extent, the significant population growth occurring throughout the surrounding region, will mitigate these trading impacts, allowing retailers in the main trade area would achieve more sales, in real terms, in 2023/2024 compared with the current levels, even following the development of the Eastern Creek Quarter.

Table 5.3 Eastern Creek Quarter Factory Outlet Centre - estimated impact on specific centres (\$M)*								
Centre	GLA (sq.m)	Est. sales 2019/20	Est. 2023/24 sales		Impact 2024		Change 2020-24 (%)	
			No dev't	With dev't	\$M	%	No dev't	With dev't
Within trade area (Blacktown LGA)								
Westpoint Blacktown	82,500	537	567	555	-12.0	-2.1%	5.7%	3.5%
Westfield Mt. Druitt	60,000	412	435	425	-10.1	-2.3%	5.7%	3.2%
Plumpton Marketplace	16,000	173	182	179	-3.4	-1.9%	5.7%	3.7%
Stanhope Village	<u>18,000</u>	<u>181</u>	<u>205</u>	<u>201</u>	<u>-3.9</u>	<u>-1.9%</u>	<u>13.3%</u>	<u>11.2%</u>
Total Blacktown LGA	176,500	1,302	1,390	1,361	-29.4	-2.1%	6.8%	4.5%
Westfield Parramatta	137,700	853	926	912	-13.6	-1.5%	8.6%	7.0%
Westfield Penrith	76,000	680	730	722	-7.8	-1.1%	7.2%	6.1%
St. Mary's Village	15,700	94	99	97	-1.9	-1.9%	5.7%	3.7%
Stockland Wetherill Park	71,500	387	411	408	-2.9	-0.7%	6.3%	5.6%
Nepean Village	23,000	251	269	266	-2.2	-0.8%	7.2%	6.3%
Rouse Hill TC	56,600	456	529	524	-4.9	-0.9%	15.9%	14.9%
Stockland Merrylands	59,600	387	429	428	-0.9	-0.2%	10.7%	10.5%
Bonnyrigg Plaza	21,000	122	129	129	-0.7	-0.6%	6.3%	5.7%
Winston Hills SC	24,500	252	279	278	-0.9	-0.3%	10.7%	10.3%
Fairfield Forum	18,000	90	96	96	-0.6	-0.6%	6.3%	5.7%
Neeta City	<u>20,000</u>	<u>80</u>	<u>86</u>	<u>86</u>	<u>-0.6</u>	<u>-0.7%</u>	<u>7.3%</u>	<u>6.6%</u>
Total within trade area	700,100	4,953	5,372	5,305	-66	-1.2%	8.4%	7.1%
Beyond trade area								
DFO Homebush	29,880	322	380	366	-13.9	-3.7%	18.0%	13.7%
Fashion Spree - Liverpool	15,000	90	106	102	-3.9	-3.7%	17.0%	12.7%
Birkenhead Point	35,000	301	354	351	-2.6	-0.7%	17.5%	16.6%
Other beyond					-13.6			
Total beyond trade area					-34			
Total					-100			
*Constant 2018/19 dollars & including GST								
** Due to the uncertain development timing of Plumpton SC, the impact on this development has not been assessed								
Source: Shopping Centre News; PCA; Company annual reports; MacroPlan								

Table 5.4
Eastern Creek Quarter Factory Outlet Centre - estimated impact on Blacktown LGA centres (\$M)*

Centre	GLA	Est. sales	Est. 2023/24 sales		Impact 2024		Change 2020-24 (%)	
	(sq.m)	2019/20	No dev't	With dev't	\$M	%	No dev't	With dev't
Within trade area (Blacktown LGA)								
<u>Westpoint Blacktown</u>	<u>82,500</u>	<u>537</u>	<u>567</u>	<u>555</u>	<u>-12.0</u>	<u>-2.1%</u>	<u>5.7%</u>	<u>3.5%</u>
• DDS Anchors	15,000	54	59	56	-2.2	-3.7%		4.6%
• Mini-majors	20,000	103	111	108	-3.6	-3.2%		5.2%
• Food catering	1,500	18	20	20	-0.4	-1.9%		6.6%
• Apparel	10,000	82	89	86	-3.4	-3.8%		4.6%
• Household goods	1,000	6	7	6	-0.2	-3.4%		5.0%
• Retail services	2,500	21	22	22	-0.2	-1.0%		7.6%
• Other	32,500	253	275	273	-2.1	-0.8%		7.8%
<u>Westfield Mt. Druitt</u>	<u>60,000</u>	<u>412</u>	<u>435</u>	<u>425</u>	<u>-10.1</u>	<u>-2.3%</u>	<u>5.7%</u>	<u>3.2%</u>
• DDS Anchors	16,000	62	67	65	-2.3	-3.4%		5.0%
• Mini-majors	4,500	56	61	58	-2.7	-4.4%		3.9%
• Food catering	2,000	26	29	28	-0.6	-2.0%		6.5%
• Apparel	6,000	51	56	53	-2.5	-4.5%		3.8%
• Household goods	500	3	3	3	-0.1	-3.3%		5.0%
• Retail services	1,000	7	7	7	-0.1	-1.0%		7.5%
• Other	30,000	207	225	223	-1.9	-0.8%		7.7%
<u>Plumpton Marketplace</u>	<u>16,000</u>	<u>173</u>	<u>182</u>	<u>179</u>	<u>-3.4</u>	<u>-1.9%</u>	<u>5.7%</u>	<u>3.7%</u>
• DDS Anchors	7,000	28	31	30	-1.0	-3.3%		5.0%
• Mini-majors	-	-	-	-	-	-		-
• Food catering	1,200	15	16	16	-0.3	-1.8%		6.7%
• Apparel	1,000	9	10	9	-0.4	-4.6%		3.6%
• Household goods	-	-	-	-	-	-		-
• Retail services	800	5	5	5	-0.1	-1.0%		7.6%
• Other	6,000	116	126	124	-1.6	-1.2%		7.3%
<u>Stanhope Village</u>	<u>18,000</u>	<u>181</u>	<u>205</u>	<u>201</u>	<u>-3.9</u>	<u>-1.9%</u>	<u>13.3%</u>	<u>11.2%</u>
• DDS Anchors	6,000	23	27	26	-1.2	-4.4%		16.3%
• Mini-majors	-	-	-	-	-	-		-
• Food catering	2,000	23	28	27	-0.5	-1.8%		19.5%
• Apparel	1,500	12	15	14	-0.8	-5.2%		15.3%
• Household goods	-	-	-	-	-	-		-
• Retail services	800	5	6	5	-0.1	-1.1%		20.3%
• Other	<u>7,700</u>	<u>119</u>	<u>144</u>	<u>143</u>	<u>-1.3</u>	<u>-0.9%</u>		20.5%
Total Blacktown LGA	176,500	1,302	1,390	1,361	-29.4	-2.1%	6.8%	4.5%

*Constant 2019/20 dollars & including GST

** Due to the uncertain development timing of Plumpton SC, the impact on this development has not been assessed
Source: Shopping Centre News; PCA; Company annual reports; MacroPlan

Impacts from food and beverage component

The planned provision of food and beverage facilities as part of Stage 3A at the centre will serve patrons visiting the centre. The scale of food and beverage floorspace, at 1,150 sq.m, is considered reasonable for such a centre. As a point of comparison, this level of food and beverage floorspace is akin to the average provision at sub-regional shopping centres, which generally average between 20,000 – 25,000 sq.m of total retail floorspace.

It is also important to note that while centres in the surrounding locality such as Westfield Mt.Druitt or supermarket/local centres at Rooty Hill do contain food and beverage (or food catering) components, it is unlikely to be impacted due to the differing roles these centres play and the function of a food-catering offer within these centres. For example, if residents from the main trade area visited the planned factory outlet centre at Eastern Creek Quarter, and bought coffee and lunch as part of their visit, this is unlikely to influence their food and beverage purchases when shopping for their supermarket needs at Westfield Mt. Druitt, or convenience-oriented needs at centres in Rooty Hill. In both instances, food catering specialties at existing centres work to complement the core function of the centre and are not draws in themselves. It is anticipated these facilities will continue to act as an amenity to the core shopping offer of its respective centre, with very little impact from the development of Eastern Creek Quarter.

Analysis from Table 5.4 shows that food catering impacts are no greater than 2% on respective food and beverage specialties at higher order centres within the Blacktown LGA, while small impacts of a similar scale are anticipated at food and beverage specialties operating at supermarket based/local centres in locality surrounding the subject site. Therefore, the proposed 1,150 sq.m of food and beverage floorspace as part of Stage 3A at Eastern Creek Quarter, is not expected to have any significant impact on surrounding shopping or strip centres in the region.

Implications of expansion – Stage 3B

Analysis from Section 4 of this report showed that an expansion of 9,327 sq.m is supportable, around 5 to 6 years after the development of Stage 3A. The analysis also noted that the expansion will likely intensify the retail draw and could allow the centre to retain marginally higher market shares within the trade area, with Stage 3B supportable slightly earlier than previously suggested.

The planned expansion of the factory outlet centre is not expected to materially impact surrounding higher-order and factory outlet centres, mainly due to two overriding and interlinked factors. The first, is that the planned expansion is relatively small, accounting for around a third of the planned GLA of the total expanded centre. Any trading impacts on competitive centres will therefore be dispersed across a wide-ranging area, with the scale of the impacts considered negligible on any specific centre. Secondly, the projected population growth of the main trade area will result in an increase in retail expenditure, and more importantly for factory outlet centres, an increase in the apparel expenditure capacity of the main trade area, providing a buffer against any adverse impacts felt as a result of the expansion of Eastern Creek Quarter. It is considered that the volume of population growth forecast for the trade area could successfully absorb the planned Stage 3B expansion into the supply of the retail facilities serving the catchment.

Impact on local centres

Table 5.5 presents a supply audit of all enclosed or strip supermarket-based centres within 5 km of the Eastern Creek Quarter site, while their locations are illustrated on Map 2.2. The purpose of these centres is to serve the weekly or daily top-up food grocery and convenience-oriented needs residents in the surrounding area. This is clearly reflected in the scale and composition of these centres, which in addition to the supermarket anchor, the most common supporting uses include fresh food specialties (such as green grocers, butchers, delicatessens, fishmongers), chemists, newsagencies, pharmacies and hairdressers. Supermarket based centres/strip also typically contain a number of non-retail tenancies such as Australia Post outlets, banking branches, fitness centres and real estate agents, which solidify the draw of the centre. There is a generally very limited provision of apparel and homewares retailers, if any, which would form the core offer of a factory outlet development at Eastern Creek Quarter. The only supermarket-based centre/strip to contain an apparel or homewares specialty within 5 km of Eastern Creek Quarter is at Erskine Park Shopping Centre, which encompassed a workwear/tradeswear retailer, which is a different market segment to the likely factory outlet fashion offer at Eastern Creek Quarter.

A factory outlet development at Eastern Creek Quarter would have a negligible and immaterial impact on supermarket-based centres/strips in the surrounding area. This reflects the very different function and composition of retailers at supermarket-based centres, compared with the discretionary discounted offer at factory outlet centres.

Table 5.5				
Schedule of competing supermarket-based/local centres within 5 km of Eastern Creek Quarter				
Centre	Retail GLA (sq.m)	Total no. of retail specs	No. of apparel/ homewares specs	Major trader
<u>Supermarket based centres</u>				
Aldi Arndell Park	4,000	10	0	Aldi
Colyton	2,200	9	0	IGA
Doonside North - Hill End Road strip	3,000	15	0	IGA
Erskine Park SC	6,100	18	1	Aldi, IGA
Good Luck Plaza	5,500	10	0	Independent supermarket
Luxford Court	2,200	8	0	Aldi
Minchinbury SC	2,200	7	0	IGA
Rainbow SC	4,200	5	0	Supa IGA
Rooty Hill North - Rooty Hill Rd. N	4,500	30	0	IGA
Rooty Hill South Strip - Evans Road	1,500	6	0	-
Woodcroft Village	4,500	19	0	Coles
Woolworths Prospect	3,500	0	0	Woolworths
Source: Property Council of Australia; MacroPlan				

5.4 Comparison between factory outlet and large format retail uses

The analysis in this report shows that both a factory outlet (refer Section 4) and large format retail (refer Appendix) development are both considered supportable at Eastern Creek Quarter. In comparing the two uses, the following points are important to note:

- A number of key large format retail anchors are well represented in the region, which could constrain the potential of any large format retail development at Eastern Creek Quarter. There are two Bunnings locations (at Blacktown and Minchinbury) situated in close proximity and it is unlikely that the subject site could accommodate another Bunnings Warehouse location. Similarly, an IKEA outlet is located at Marsden Park, and it would be unlikely that another IKEA could locate to Eastern Creek Quarter given its stores typically require a catchment of 1 million residents. Consequently, the likely inability of these prominent retailers in the large format retail market to locate to Eastern Creek Quarter would affect the ability of the site to attract a critical mass of core large format retail operators to the subject site, affecting the point of difference offer of such a centre.
- On the other hand, a factory outlet centre development could potentially synergise with Stages 1 and 2 of the Eastern Creek Quarter development, intensifying the draw of the overall precinct. A factory outlet development co-locating with the Woolworths anchored neighbourhood centre developed in Stage 1 and the specialised retail/large format uses approved in Stage 2, is likely to form a comprehensive shopping destination with positive flow on effects between the different stages of the development.
- A factory outlet centre could also better interact with the surrounding infrastructure – potentially attracting a similar family visitor profile to those visiting the Sydney Zoo and Bungarribee Park at large.
- As detailed in sub-Section 5.1, a factory outlet centre will also alleviate some of the undersupply of factory outlet centre floorspace in metropolitan Sydney. On a more regional level, a well-executed factory outlet development, would result in some reduction in the amount of retail expenditure escaping the municipality (particularly for apparel/fashion expenditure), while also drawing and being able to serve tourists to the area.
- The development of a large format retail centre at the subject would have a much smaller implication on amount of retail expenditure leakage in the municipality. This mostly reflects that there are numerous existing large format retail centres throughout western Sydney, including four major centres within Blacktown LGA.
- A large format retail development although supportable, is likely to inflict levels of trading impacts which are higher on some individual centres compared with a factory outlet development, although at levels which is unlikely to threaten the on-going viability of these centres. A factory outlet development at Eastern Creek Quarter is projected to impact the surrounding factory outlet centres by no more than 4%, and between 4% to 5% for impacted retail categories (such as apparel, household goods) at higher order centres within the Blacktown LGA.
- In comparison, the estimated impacts on the surrounding network of competitive large format retail centres peak at between 5% to 7% for Homemaker Prospect, M-Centre Minchinbury and Blacktown Megacentre. While this level of impact would not threaten the ongoing viability of the centres, the impact is greater compared to a factory outlet development.

- The development of a factory outlet centre will generate a greater provision of employment at the centre, jobs throughout the construction process and induce greater supplier employment multiplier effects, compared to the development of a large format retail centre at Eastern Creek Quarter (refer Appendix).

The analysis in this report demonstrates that a greater range of economic and social benefits are likely to arise from the development of a factory outlet centre at Eastern Creek Quarter, compared to a large format retail centre. The key benefits include, alleviating the undersupply of factory outlet floorspace, interacting with the other stages of development at Eastern Creek Quarter and the surrounding infrastructure, creating greater choice for consumers through price competition for apparel/fashion shopping and reducing leakage expenditure. The development is expected to have some trading impacts on existing traditional retail and factory outlet facilities in the region, but these trading impacts are expected to be greater for large format retail centres in the surrounding area, if a large format retail development was to proceed. Therefore, it is concluded that a greater net community benefit will result from the factory outlet development compared to a large format retail centre.

5.5 Summary and net community benefit

The following presents a summary of our analysis and concluding remarks:

- Eastern Creek Quarter occupies a very high-profile site near the intersection of the Great Western Highway and Westlink M7. The location ensures that future facilities at the site have strong regional connectivity with the ability to serve Penrith to the west; the North West Priority growth area (including Marsden Park and Schofields) to the north; parts of Parramatta to the east; and parts of the Fairfield and Liverpool LGAs to the south. The subject site is ideally suited to provide destination retail facilities such as a Factory Outlet Centre, which typically require access to a very broad customer base (at least 300,000 - 400,000 residents) to be sustainable.
- The trade area population is estimated at a very substantial 1.14 million residents at 2020, including almost 318,000 in the primary sector. The population of the defined catchment is projected to reach almost 1.34 million at 2031, reflecting an average annual growth rate of 1.5% over the forecast period. The apparel expenditure capacity of the main trade area is estimated to grow from \$1.6 billion at 2020 to \$1.9 billion at 2031, at an average annual growth rate of 1.9% over the forecast period.
- The development of a factory outlet centre at the subject site would result in a range of economic and consumer benefits, including alleviating some of the undersupply of factory outlet floorspace in Sydney. As a broad comparison, Melbourne has six factory outlet centres, compared with only three in Sydney.
- A factory outlet centre at Eastern Creek Quarter would also greatly increase shopping choice and convenience for consumers in western Sydney, particularly for discount fashion. It would also provide a destination retail experience for tourists and other visitors to the area. It would be well placed to interact with surrounding infrastructure – potentially attracting a similar consumer profile to those visiting the Sydney Zoo and Bungarribee Park at large.
- A major retail development at the subject site would create a number of new jobs for the construction and related industries during the construction phase, as well as ongoing jobs once it is completed. Based on industry benchmarks given the uses of the proposed centre, the Stage 3A development at Eastern Creek Quarter is projected to create a net increase of 488 jobs.

- The potential impacts from a factory outlet centre at Eastern Creek Quarter are expected to be relatively modest and well within the reasonable bounds of normal competition. This reflects the nature of the planned development, and the fact the centre would impact mostly on only the apparel and leisure retailers at surrounding shopping centres. Detailed analysis shows that DFO Homebush and Fashion Spree Liverpool are projected to experience trading impacts estimated at 3.7% respectively, while higher order centres within the Blacktown LGA are projected to absorb a 2.1% impact. Impacts at this level are considered minor and is unlikely to threaten the on-going viability of these centres or inhibit their draw. If a large format retail development, under the current development consent were to proceed, it is likely to have a greater impact on the network of competitive centres in the surrounding area.
- Given that there are no major factory outlet centres in the Blacktown LGA, a factory outlet centre at the subject site would result in some reduction in retail expenditure (particularly apparel and homeware) escaping the municipality. At present, residents of Blacktown must travel outside the municipality to access major factory outlet centres, such as DFO Homebush and Fashion Spree Liverpool, both of which are located at least 20 km from the subject site.
- A major factory outlet centre at Eastern Creek Quarter would also result in an increase in the amount of retail expenditure being directed to facilities within Blacktown from people residing outside the municipality. As an example, residents of Penrith could potentially shop at a factory outlet centre at Eastern Creek Quarter, rather than travelling to DFO Homebush, while some tourist spending would also be expected to be captured by the centre.
- The subject site is considered ideal for a factory outlet centre, which would have the potential to serve a large proportion of western Sydney. The development of the centre would greatly increase shopping choice for residents and is expected to have only modest impacts on surrounding centres. A quality facility would result in some reduction in the amount of retail expenditure escaping the municipality, while also being able to serve tourists in the area.
- The analysis in this report demonstrates that a range of economic and social benefits are likely to arise from a factory outlet centre development at Eastern Creek Quarter. These include alleviating the undersupply of factory outlet floorspace, interacting with the surrounding infrastructure, creating greater choice for consumers through price competition and reducing leakage expenditure. The development is expected to have some trading impacts on existing traditional retail and factory outlet facilities in the region, however, the trading impacts will not be such as to threaten any existing facility's ability to continue operating successfully. Therefore, it is concluded that a net community benefit will result from the development factory outlet centre at Eastern Creek Quarter.

Appendix

The Appendix of this report provides an analysis of the potential for Stage 3 development at Eastern Creek Quarter based on the existing development consent, which allows for the development of an additional 20,000 – 25,000 sq.m of 'special retail premise' floorspace. This assessment is undertaken to provide a point of comparison between the currently approved specialised retail concept/large format retail and the proposed factory outlet development in terms of sales potential, trading impacts and employment generation.

Comparison to Hill PDA's Economic Impact Assessment for Eastern Creek Quarter (2012)

In August 2012, HillPDA prepared an Economic Impact Assessment for the proposed Eastern Creek Business Hub which at that time, was envisaged to have two broad stages. The first stage was a centre comprising 9,500 sq.m of conventional retail and 24,000 sq.m of bulky goods and large format stores opening in 2016. The second stage was to include 19,300 sq.m of bulky goods opening in 2022.

Since then, the concept design has been amended on one hand, while on the other, the trade area has experienced strong population growth, and a number of competitive large format retail facilities have been developed in the intervening period. Despite this, there are a number of consistent themes and conclusions which emerge in comparing the sales potential and trading impacts arising from the Stage 2 development of a 19,300 sqm bulky goods/large format retail centre as detailed in the Economic impact Assessment, prepared by HillPDA and the assessment of large format retail centre based on the current development consent provided in this Appendix. The main points to note are summarised as follows:

- The sales potential of any large format retail centre at Eastern Creek Quarter is likely to capture only a small percentage of the available large format retail expenditure generated by the trade area population. This highlights the broad trade area a critical mass of large format retail facilities is likely to serve.
- There is a consistent undersupply for large format retail floorspace over the forecast period and that this unmet demand is sufficient to support the scale of proposed large format retail uses.
- At 2022, (the assumed first year of trade for the bulky goods/large format retail development), the development of a bulky goods centre for what is referred to as Stage 2 in Hill PDA's assessment, is projected to have the greatest impact on the large format retail facilities at Minchinbury and Homebase Prospect, which is estimated at 7.4% and 6.5% respectively. This level of impact is marginally higher (although still in line) with the analysis undertaken by Macroplan, which shows large format retail centres in the Blacktown LGA such as M-Centre Minchinbury and surrounds, Homebase Prospect and Blacktown Megacentre are expected to be impacted by around 5.5% to 6.7% (refer to later in the Appendix for further details).
- It is noted that anticipated trading impacts are lower on the relevant network of competitive centres if a factory outlet centre were to proceed at as part of Stage 3 developments at Eastern Creek Quarter (where impacts peak at 3.7% for any specific centre), compared to a scenario in which a large format retail centre under the current development current is developed.

Large format retail trade area and competition

Appendix Map 1 illustrates the trade area defined trade area for Stage 3 development at Eastern Creek Quarter, overlayed with the competitive network of large format retail facilities, while Appendix Table 1 provides a summary of these facilities.

Appendix Table 1			
Eastern Creek Quarter - Stage 3 - schedule of competitive large format retail facilities			
Large Format Retail Centres	Retail GLA (sq.m)	Major traders	Dist. by road from ECQ (km)
Within trade area			
<u>Primary</u>			
• Homemaker Prospect	26,000	Snooze, The Good Guys	7.8
• M-Centre Minchinbury	19,500	Betta Home Living	8.9
• Blacktown Megacentre	22,000	Harvey Norman, Baby Bunting	9.6
<u>Secondary North</u>			
• Home Hub Marsden Park and surrounds	65,000	Bunnings, Snooze, Forty Winks, JB Hi-Fi The Good Guys, Home Consortium, IKEA	9.0
<u>Secondary East</u>			
• The Junction	4,500	Officeworks, King Living	22.0
<u>Secondary West</u>			
• Penrith Homemaker Centre	55,000	Bunnings, Harvey Norman, JB Hi Fi Domayne, Snooze	19.6
<u>Secondary South</u>			
• Greenway Supa Centre	15,500	Spotlight, The Good Guys, Officeworks	10.8
Beyond trade area			
• Primewest Auburn Mega Mall	30,000	Freedom, Fantastic Furniture, The Good Guys Snooze	18.2
• The Grove Homemaker	30,000	Domayne, Harvey Norman, Snooze	19.2
• Castle Hill Homemaker Centre	12,500	Fantastic Furniture,	19.8
• Castle Hill Supa Centre	50,000	Harvey Norman, The Good Guys, Freedom Snooze, Officeworks, JB Hi Fi	20.1
• Crossroads Homemaker Centre	48,000	Bunnings, Good Guys, Freedom Fantastic Furniture	21.9
• Bankstown Home	17,000	Baby Bunting, The Good Guys, Snooze	31.5
Free standing Bunnings Warehouse			
<u>Primary</u>			
• Bunnings Blacktown	16,000		5.7
• Bunnings Minchinbury	17,000		8.9
• Bunnings Seven Hills	13,500		13.8
<u>Secondary North</u>			
• Bunnings Marsden Park	14,500		9.1
• Bunnings McGraths Hill	9,500		21.9
<u>Secondary East</u>			
• Bunnings Northmead	12,000		14.6
<u>Secondary South</u>			
• Bunnings Bonnyrigg	6,750		14.6
• Bunnings Hoxton Park	12,500		15.7
<u>Secondary West</u>			
• Bunnings North Penrith	12,500		19.2
• Bunnings Valley Heights	2,500		34.5
Source: MacroPlan			

Large format expenditure

Appendix Chart 1 illustrates the average per capita large format retail/homemaker expenditure capacity of main trade area residents for the year 2019/20, and compares these estimates with the average for metropolitan Sydney and Australia.

Per capita large format retail spend for main trade area residents is estimated at \$2,561 in 2019/20, which is below the Sydney metropolitan average of \$2,771.

Appendix Table 2 presents projections of large format/homemaker spending generated by the main trade area population over the period from 2020 to 2031. The large format expenditure capacity of the main trade area is estimated to grow from \$2.9 billion at 2020 to \$3.6 billion at 2031, at an average annual growth rate of 2.1% over the forecast period.



*Including GST

Source: MarketInfo; MacroPlan

Appendix Table 2						
Eastern Creek Quarter main trade area - homemaker expenditure (\$M), 2020-2031*						
Year ending June	Primary sector	North	Secondary sectors			Main TA
			East	South	West	
2020	713.2	788.6	498.5	384.6	510.5	2,895.4
2021	722.4	815.3	510.6	389.8	518.9	2,957.0
2022	731.2	844.6	522.7	395.0	527.1	3,020.6
2023	739.4	875.8	535.0	400.3	535.1	3,085.6
2024	747.7	907.3	547.3	405.7	543.1	3,151.1
2025	756.1	939.1	559.8	411.0	551.2	3,217.2
2026	764.5	971.1	572.4	416.4	559.4	3,283.8
2027	772.4	1,005.1	585.1	421.9	567.2	3,351.7
2028	779.8	1,041.0	597.9	427.4	574.6	3,420.7
2029	787.2	1,077.3	610.8	432.9	582.0	3,490.3
2030	794.7	1,113.9	623.9	438.5	589.5	3,560.5
2031	802.2	1,150.8	637.0	444.2	597.1	3,631.4
<u>Average annual growth (\$M)</u>						
2020-2031	8.1	32.5	12.5	5.4	7.9	66.5
<u>Average annual growth (%)</u>						
2020-2031	1.1%	3.5%	2.3%	1.3%	1.5%	2.1%
*Constant 2019/20 dollars & including GST Source: MarketInfo; MacroPlan						

Recent trends in bulky goods and homemaker centre development

The supply of floorspace in the homemaker/large format retail category has grown very rapidly in Australia over the past two decades. This growth has been strongly correlated with increases in home prices, as well as general economic growth in Australia.

Prior to the mid-1990s, throughout most parts of Australia, there was little such floorspace, and homemaker centres were rare, with only a handful of such facilities being available throughout the country. A long period of strong economic growth and house price increases, commencing in the early 1990s, saw an explosion in demand for homemaker/bulky goods. At the same time, technology improvements and innovation resulted in significant decreases in the costs of popular homemaker items, particularly for home entertainment/electronic goods. This combination sparked significant interest in the development of homemaker centres during the late 1990s and through to the 2008 GFC.

Homemaker centres were developed as attractive destinations for customers shop for big ticket comparison items, in particular furniture, whitegoods, electronics, entertainment products and other similar items. These purpose built homemaker centres, typically developed on large sites with frontages to major highways, are highly visible and easily accessible by a regional and broad population base, where a critical mass of similar large format retailers can be conveniently co-located. In addition, ample provisions of easily accessible carparking mean that the goods can be easily placed in the car direct from the store, if they are not delivered directly. The collection of a number of homemaker/bulky goods retailers at the one site makes comparison shopping convenient for customers, creating a critical mass for the centre with a wide-ranging draw.

Research undertaken by the office has found the average amount of floorspace per capita nationally in such homemaker/bulky goods retail facilities is estimated to have increased from less than 0.2 sq.m to around 0.6 sq.m today, and subject to future trends, it can reasonably be expected that this provision will increase further at different times in the future.

Other factors which have also generated increases in the demand for and provision of homemaker/large format retail floorspace are the entry into the Australian market of new retailers and the emergence of new retail formats. The Bunnings format, which has grown enormously over the past two decades, is one such example. While many Bunnings stores were initially built at 6,000 or 7,000 sq.m, or even less, it is now more typically the case that they are built at 12,000 – 16,000 sq.m.

In the period following the 2008 GFC, the Australian retail sector remained strong during 2009, but then weakened considerably in 2010 and 2011. The homemaker/bulky goods categories of the retail market were particularly impacted, reflecting changes in consumers' purchasing behaviours (as they sought to reduce borrowings, which had been extended enormously during the pre GFC growth period), and also a re-adjustment in house prices. Over more recent years, however, these factors have begun to stabilise, with house prices again growing, especially in Sydney and Melbourne, while there has also been significant greenfield development in the metropolitan areas of these capital cities.

Large format retail floorspace demand

Appendix Table 3 examines the bulky goods/large format retail expenditure market demand generated by Eastern Creek Quarter main trade area population, and then compares this demand with the existing supply of bulky goods/large format retail floorspace. The result is the estimated current and future market gap for bulky goods/large format retail floorspace within the region.

Demand side

In calculating the estimated homemaker floorspace demand, we have undertaken the following steps:

- Estimated the current and future population levels within the main trade area, as previously identified in Section 2 of this report. The defined trade area population is estimated at 1.14 million at 2020 and is projected to increase to 1.34 million by 2031.
- Estimated the per capita expenditure levels on large format retail items using MarketInfo data and multiplied this by the main trade area population to determine the large format retail expenditure capacity of the population. At 2020, this expenditure capacity was estimated at \$2.9 billion and is projected to increase to \$3.6 billion by 2031.
- Estimated the potential amount of the total large format retail expenditure generated by the main trade area population, which could be retained within the main trade area, given an appropriate provision of such facilities therein and taking into account the alternative facilities located beyond the trade area.
- The available net retained expenditure market is then translated into floorspace demand by dividing by an appropriate retail turnover density (RTD). Generally, large format stores across Australia generate sales in the order of \$3,000-\$4,000 per sq.m. Trading levels can vary greatly depending upon the retail tenant type (e.g. electrical goods traders generally achieve an average trading level which is above this range, while furniture traders and hardware stores typically trade below this level). We have applied an average RTD for

homemaker retail floorspace of \$3,550 per sq.m in 2020, which we consider is an appropriate and profitable average trading level, and representative of an appropriate supply position.

- We have then allowed for an increase in the average RTD over time, reflecting the historic increases in turnover levels of homemaker facilities. We have applied a moderate increase of around 0.5% per annum over the forecast period.
- Taking the above into account, main trade area residents generated demand for around 448,000 sq.m of large format retail floorspace at 2020, and this demand is forecast to increase to 484,000 sq.m by 2031. At 2024, the assumed first full year of trade for the development, the large format retail floorspace demand generated by residents of the main trade area is estimated at 435,200 sq.m.
- Many large format retailers also service a commercial (i.e. trade) market and the line between retail and wholesale is slightly blurred in this regard. Bunnings Warehouses, for example, have large dedicated 'trade' departments which comprise around 20% or more of total floor area. We have estimated that on average commercial business demand contributes an additional 10% of total homemaker demand within the trade area.
- Total large format retail demand (household and commercial) within the main trade is therefore estimated at 448,000 sq.m at 2020, increasing to 479,000 sq.m by 2024 and 532,500 sq.m by 2031.

Supply side

The key points to note regarding the existing supply of homemaker floorspace within the trade area are as follows:

- There is currently an estimated supply of large format retail floorspace of some 324,250 sq.m within the main trade area precincts and centres, as detailed in Section 3 of this report. The largest homemaker centres/precincts in the main trade area are Home Hub Marsden Park (65,000 sq.m) and the Penrith Homemaker Centre (55,000 sq.m). An additional 60,000 sq.m of large format retail floorspace is estimated to be provided ad hoc throughout the trade area.
- Within the primary sector, the most extensive homemaker/large format retail facilities are located at Homemaker Prospect (26,000 sq.m), M-Centre Minchinbury (19,500 sq.m) and Blacktown Megacentre (22,000 sq.m).
- Not all of this supply is provided by dedicated large format retail precinct, with a proportion of the supply of large format retail floorspace being addressed by traditional retail stores such as discount department stores, mini-majors and some non-food specialty stores, as well as ad hoc.

Analysis

- The analysis shows that there is some undersupply of large format retail facilities within the main trade area at 2020. However, as previously noted in sub-Section 5.4 of this report, a number of key large format retail anchors are well represented in the region, which could firstly, affect the ability of Eastern Creek Quarter to attract these major tenants, and in turn, impact the potential of non-anchor large format tenants as they will not have the added benefit of positive foot traffic flows generated by anchor tenants.
- Large format retail floorspace is also relatively low turnover space. A figure of \$3,550 per sq.m has been assumed as the average retail turnover density in this report, at 2020, as an average across all of the large format retail floorspace provided within the main trade area. If, for a period of time, a lower average turnover level were to apply, taking \$3,000 per sq.m as an example, then that would still represent quite an acceptable

situation for large format goods retailers, again particularly given the rapid growth environment which will see that average turnover level increase steadily year on year.

- The demand/supply analysis shows that there is theoretically scope for a large format retail development at Eastern Creek Quarter to be successfully absorbed into the supply of large format retail facilities within the region. However, the area is well supplied with large format retail centres, and while there is a 'gap' identified in the region, a range of key anchors would need to be secured for a large format retail centre to be supportable at the subject site. If a development at Eastern Creek Quarter were to proceed without such anchors, the draw of such a centre would pale in comparison to competitive centres in the surrounding area ts.
- Without prominent anchor tenants at Eastern Creek Quarter, the catchment and overall sales potential of any large format retail development at Eastern Creek Quarter is constrained, impacting its long term viability.

Appendix Table 3				
Eastern Creek Quarter main trade area - estimated supply and demand of large format retail facilities, 2020 -2031				
Factor	2020	Year ending June		
		2024	2026	2031
Resident population	1,139,170	1,210,070	1,245,670	1,335,670
Total large format expenditure (\$m)*	2,895	3,151	3,284	3,631
<u>Net retained</u> large format retail expenditure (\$m)*	1,448	1,576	1,642	1,816
Assumed retail turnover density (\$ per sq.m)**	3,550	3,620	3,660	3,750
Resident large format retail demand (sq.m)	407,800	435,200	448,600	484,200
Commercial/trade expenditure (\$m)*	144.8	157.6	164.2	181.6
Commercial/trade demand (sq.m)	<u>40,800</u>	<u>43,500</u>	<u>44,900</u>	<u>48,400</u>
Total est. large format retail f'space demand (sq.m)#	448,600	478,700	493,500	532,600
Large format retail floorspace supply (sq.m)	384,250	384,250	384,250	384,250
Trade area under (-)/over (+) supply#	-64,350	-94,450	-109,250	-148,350
*Constant 2018/19 dollars & including GST				
**Assumed real growth of 0.5% p.a				
# Includes demand from both households and businesses				
Source: MarketInfo; MacroPlan				

Large format retail potential

Appendix Table 4 provides an analysis of the estimated market share and sales potential which could be achieved by a large format retail development at Eastern Creek Quarter in 2024.

While Macroplan estimates the Eastern Creek Quarter site could support over 25,000 sq.m of large format retail floorspace, in order for a large format precinct to operate successfully, the centre needs to incorporate a critical mass of prominent and noted retailers which can co-locate to provide an integrated one-stop destination for such shopping purposes. Without the presence of top-tier anchors such as Bunnings and IKEA, who are unlikely to locate to the subject site, given their existing locations in the surrounding area, the draw and sales potential of the development would be detrimentally affected. That being said, potential sales for the large format retail centre are estimated at around \$91 million in 2024, which for the purposes of this assessment, a 'typical' mix of large format retailers has been assumed, with some anchor tenants, although takes into account that the likes of Bunnings and IKEA are unlikely to locate to the subject site.

Appendix Table 4			
Eastern Creek Quarter Stage 3 - Large format retail sales potential, 2024			
Sector	Large format retail spend (\$M)	Est. sales (\$M)	Market share
Primary	747.7	41.1	5.5%
Secondary North	907.3	13.6	1.5%
Secondary East	547.3	10.9	2.0%
Secondary South	405.7	8.1	2.0%
Secondary West	<u>543.1</u>	<u>8.1</u>	<u>1.5%</u>
MTA	3,151	81.9	2.6%
Trade from beyond MTA (@10%)		9.1	
Large format retail sales potential		91.0	
Average trading levels (\$/sq.m)		\$3,600	
Indicative large format retail f'spacee supportable		25,290	
Source: MacroPlan			

Trading Impacts

Appendix Table 5 details the large format retail centres/precincts that can be anticipated following the development of Eastern Creek Quarter.

The trading impacts arising from a large format retail centre would also, like a factory outlet development at Eastern Creek Quarter, be within the reasonable bounds of normal competition. However, given the nature of the competitive framework, and particularly the presence of a number of large format retail centres in the surrounding area, the impacts would be larger on individual centres. The three major large format retail centres in the established part of Blacktown – Homemaker Prospect, M-Centre Minchinbury precinct and Blacktown Megacentre – are all expected to be impacted by between 5.5% - 6.7%. While this level of impact would not threaten the ongoing viability of the centres, the impact is greater compared to a factory outlet development.

For the remaining surrounding network of large format retail centres/precincts, trading impacts are estimated at around 5% or below, which is considered relatively minor.

The development of a large format retail centre at the subject would have a much smaller implication on amount of retail expenditure leakage in the municipality, compared to a factory outlet centre development. This mostly reflects that there are numerous existing large format retail centres throughout western Sydney, including four major centres within Blacktown LGA.

Appendix Table 5								
Eastern Creek Quarter Stage 3 - Large Format Retail - estimated impact on specific centres (\$M)*								
Centre	GLA	Estimated 2019/20	Estimated 2023/24		Impact 2024		Change 2020-24 (%)	
			No dev't	With dev't	\$M	%	No dev't	With dev't
Within trade area								
Homemaker Prospect	26,000	96	104.0	97.0	-7.0	-6.7%	8.8%	1.5%
M-Centre Minchinbury and surrounds	40,000	163	177.8	168.1	-9.7	-5.5%	8.8%	2.9%
Blacktown Megacentre	22,000	90	97.8	91.3	-6.5	-6.6%	8.8%	1.6%
Marsden Park	65,000	265	311.3	302.5	-8.8	-2.8%	17.3%	14.0%
Penrith Homemaker Centre	28,000	114	126.5	123.0	-3.5	-2.8%	10.6%	7.5%
Greenway Supa Centre	15,500	63	69.1	65.6	-3.5	-5.1%	9.2%	3.7%
The Junction	12,000	49	55.7	54.2	-1.5	-2.7%	13.6%	10.5%
Total within trade area	208,500	841	942.2	902	-40.5	-4.3%	12.0%	7.2%
Beyond trade area								
Primewest Auburn Mega Mall	24,000	98	112.7	110.5	-2.2	-2.0%	15.0%	12.8%
The Grove Homemaker	30,000	123	140.9	138.2	-2.7	-1.9%	15.0%	12.8%
Castle Hill Homemaker Centre	12,500	51	60.2	57.5	-2.7	-4.5%	18.0%	12.7%
Castle Hill Supa Centre	50,000	204	241.0	231.0	-10.0	-4.2%	18.0%	13.1%
Crossroads Homemaker Centre	48,000	196	231.3	229.1	-2.2	-1.0%	18.0%	16.9%
Bankstown Home	<u>17,000</u>	69	80.5	79.7	-0.8	-1.0%	16.0%	14.8%
Other homemaker centres					-13.9			
Total beyond trade area					-34.5			
Other shopping centres					-16.0			
Total	208,500	841	942	902	-91.0			
*Constant 2019/20 dollars & including GST Source: MacroPlan								

Employment generation

Appendix Table 6 presents a comparison of the employment likely to be created by Stage 3 of the Eastern Creek Quarter development by proposed use, assuming a comparable GLA. Based on the amount and nature of floorspace to be included in the proposed development, we estimate that a factory outlet development can support over 500 ongoing jobs. This compares to the 300 jobs a large format retail development is projected to support, resulting in a difference of over 200 on-going jobs. This clearly shows that a factory outlet development would create more of an employment stimulus than a large format retail development at Eastern Creek Quarter.

Appendix Table 6 Eastern Creek Quarter - Comparison of employment generation by use*			
Type of use	Estimated employment per '000 sq.m	Eastern Creek Quarter - Stage 3 GLA (sq.m)	Employment (persons)
Factory Outlet Centre ¹	25	17,350	434
Food and beverage	50	1,150	58
Entertainment	15	<u>1,500</u>	<u>23</u>
Total centre retail¹		20,000	514
Large Format Retail	15	20,000	300
Difference			214
* Employment totals include both full-time and part-time work			
1. Includes tenant storage and kiosks			
Source: MacroPlan			

Appendix Table 7 provides a comparison of the estimates of both direct and indirect employment that would arise from a factory outlet and a large format retail development at Eastern Creek Quarter. Based on an estimated construction cost of the project, the factory outlet centre construction phase could generate an estimated 555 direct construction jobs compared to 171 if the large format retail development were to proceed, while also inducing greater supplier employment multiplier effects.

Appendix Table 7					
Eastern Creek Quarter Stage 3 - estimated future additional centre employment levels*					
	Direct employment (long-term)	Direct employment (const'n period)	Supplier employment multiplier effects	Total	
<u>Factory Outlet Centre</u>					
Centre employment ¹	514		206	719	
Construction of project (\$130m. in estimated costs)		<u>555</u>	<u>890</u>	<u>1,445</u>	Job years ²
Factory Outlet Total	514	555	1,095	2,164	
<u>Large Format Centre</u>					
Centre employment ¹	300		120	420	
Construction of project (\$40m. in estimated costs)		<u>171</u>	<u>274</u>	<u>445</u>	Job years ²
Large format retail total	300	171	394	865	
Difference (Total)	214	384	701	1,300	
* Employment totals include both full-time and part-time work 1. Indicates the estimated number of additional ongoing jobs as a result of the proposed development Source: MacroPlan					

