



# Eastern Creek Business Hub

## Economic Impact Assessment

Prepared for

Western Sydney  
Parklands Trust

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**Hill PDA**

ABN 52 003 963 755  
3<sup>rd</sup> Floor 234 George Street Sydney  
GPO Box 2748 Sydney NSW 2001  
t. +61 2 9252 8777  
f. +61 2 9252 6077  
e. [sydney@hillpda.com](mailto:sydney@hillpda.com)  
w. [www.hillpda.com](http://www.hillpda.com)



## QUALITY ASSURANCE

### REPORT CONTACT:

**Tom Duncan**

Senior Consultant

BA (Hons) Human Geog, MA Town and Country Planning, MRTPI

Email: [thomas.duncan@hillpda.com](mailto:thomas.duncan@hillpda.com)

### QUALITY CONTROL:

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

### REVIEWED BY



**Victoria Tompsett**

Principal Property Economics and Quality Assurance Manager

B. Land Econ./B. Arts International Studies

[Victoria.Tompsett@hillpda.com](mailto:Victoria.Tompsett@hillpda.com)

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## LIST OF ABBREVIATIONS

Australian Bureau of Statistics	ABS
Bureau of Transport Statistics	BTS
Development Application	DA
Economic Impact Assessment	EIA
NSW Department of Planning and Infrastructure	DP&I
Gross Floor Area	GFA
Gross Lettable Area	GLA
Local Environmental Plan	LEP
Large Format Retail	LFR
Local Government Area	LGA
Main Trade Area	MTA
Property Council of Australia	PCA
Primary Trade Area	PTA
State Environmental Planning Policy	SEPP
Shopping Centre News	SCN
Statistical Division	SD
Square metre	sqm
Secondary Trade Area	STA
Transport Data Centre	TDC

## DEFINITION OF TERMS

**Accessibility** – Refers to the extent to which people have access to employment, goods and services, either through proximity or transport links to places.

**Gross Floor Area** – Gross Floor Area (GFA) is Gross Lettable Area plus common mall spaces (including amenities), centre management area and plant rooms. In a typical indoor centre with at least one department store and supermarket the GLA makes up around 72% to 75% of the GFA.

**Gross Lettable Area** – Gross Lettable Area (GLA) is the common measure used for lease and for other descriptive purposes in retail centres and shops. It is usually defined as the total area of the lease and includes back of house, storage, offices and mezzanine levels but usually excludes loading docks and common mall spaces. GLA is more commonly used in the industry because it defines the area of the lease. Shopping centre owners Report rents and turnover figures on the leased area and benchmarking is usually made on the GLA. For the purpose of Hill PDA's demand modelling all floor areas expressed are in GLA.

**Household** – One or more persons that usually reside in the same private dwelling.

**Large Format Retail** – There is no universal definition of large format retail and the term is somewhat ambiguous. For the purposes of this EIA we have understood the term to loosely mean a retail unit of greater than 10,000sqm.

**Local Centres** – These are centres of a small scale. They consist of Town Centres, Villages and Neighbourhood Centres.

**Main Trade Area** – The Primary and Secondary Trade Areas combined.

**Primary Trade Area** – The geographical area where residents spend the majority of their shopping for that particular item or items at the subject centre.

**Secondary Trade Area** – The area from which the retail store would account for a sizeable proportion of expenditure by residents but is not the primary destination for such expenditure.

**Statistical Division** – A Statistical Division (SD) is an Australian Standard Geographical Classification (ASGC) defined area which represents a large, general purpose, regional type geographic area. SDs represent relatively homogeneous regions characterised by identifiable social and economic links between the inhabitants and between the economic units within the region, under the unifying influence of one or more major towns or cities. They consist of one or more Statistical Subdivisions (SSDs) and cover, in aggregate, the whole of Australia without gaps or overlaps. They do not cross State or Territory boundaries and are the largest statistical building blocks of States and Territories.

**Trade Area** – The area from within which a centre or retail facility will draw the majority of its trade.

**Travel Zone** – a small geographic area used as the basis for Bureau of Transport Statistics (formerly Transport Data Centre) modelling and data analysis. Travel Zones provide a level of analysis between Census Collection District (CD) and Statistical Local Areas (SLA) as defined by the Australian Bureau of Statistics.

# 1. EXECUTIVE SUMMARY

This Economic Impact Assessment has been prepared on behalf of the Western Sydney Parklands Trust with regards to proposed retail, bulky goods and large format retail uses on land at the Eastern Creek Business Hub. The Hub forms part of the Western Sydney Parklands Rooty Hill Precinct. The Economic Impact Assessment responds to the Director General Requirement's (DGRs) issued for the site (19 March 2012) insofar as these relate to Economic Impact (key issue 6 of the DGRs).

## The Proposal

The current scheme seeks permission for a staged development application involving 9,500sqm (GFA) of retail centre floorspace and 43,300sqm (GFA) of bulky goods and large format retail floorspace. It has been assumed that Stage 1 would be developed by 2016, with Stage 2 to be developed in the next ten years (i.e. by 2022).

**Table 1 - Eastern Creek Business Hub Concept Proposal – Retail Uses**

Stage	Retail Use	Floorspace (GFA)
1	Retail Centre	9,500sqm
	Large Format Retail	14,000sqm
	Bulky Goods	10,000sqm
2	Bulky Goods	19,300sqm
<b>Total</b>		<b>52,800sqm</b>

Source: Eastern Creek Business Hub EIS-05(B), Architectus (August 2012)

## Demand for Proposed Retail Floorspace

A 9,500sqm (GFA) convenience retail centre is proposed for the site. The intention is to provide for a Village Centre which may accommodate a supermarket and speciality shops to service the immediate local community. Hill PDA has identified that the Subject Site could accommodate a centre of 7,700sqm and 8,900sqm (GLA) inclusive of a full line 4,000sqm (GLA) supermarket together with a range of specialty stores.

The proposal considers a further 43,300sqm (GFA) of bulky goods and large format retail floorspace. Hill PDA's assessment indicates that there is sufficient unmet demand within the identified trade area to support the mix of uses proposed, including the large format retail unit for which there is no comparable provision in the trade area at the current time.

Note that there is no universal definition of large format retail premises and the term is somewhat ambiguous although it can be understood as referring to a physically large retailer. At a large scale large format retailers include single warehouse type retail stores typically greater than 10,000sqm and drawing from a large catchment. Examples of such retailers include Costco, Bunnings, IKEA, Masters and Harvey Norman. However, in many cases these are accommodated under the definition of bulky goods premises. As a result, if the site could not attract such a retailer, other bulky goods type tenants should be secured and would be appropriate.

### **Economic Impact of Proposed Retail Uses**

Our assessment of the economic impact of the proposed development concludes that it would deliver a net positive impact to residents in Blacktown City and beyond. It will deliver a range of positive benefits such as responding to identified need, creating jobs, widening choice for consumers etc. without jeopardising the viability or viability of any existing or proposed retail centres or clusters in the surrounding area.

Retail turnover generated from the Subject Site will be redirected from competing centres and was estimated as follows:

- Retail centre turnover of \$62.5m in 2016 upon its first full year of operation (when Stage 1 is fully developed);
- Stage 1 bulky goods turnover of \$32.5m in 2016, with an additional \$65.4m of bulky goods turnover in 2022 upon the implementation of Stage 2; and
- Large format retail turnover of \$80.3m in 2016<sup>1</sup>.

In order to assess the redirection of turnover, Hill PDA customised our bespoke gravity model. We note that beyond identifying the redirection of trade what would result from the proposed development, it is not the role of the planning system to consider competition between individual traders.

The model indicates that the \$175.3m in retail turnover in 2016 would be redirected from a range of centres. In absolute dollar terms, the largest redirection will be from Mount Druitt (\$42.4), followed by Blacktown (\$25.3m) and St Marys (\$12.0m).

However consideration of economic impacts in 2016 determines immediate or point in time impacts only. Due to growth in population and real retail spend over time all centres will enjoy growth in trade, and as a result the impacts on these centres lessen over time.

Most centres in the surrounding area will experience insignificant adverse economic impacts as a result of the proposed development or will enjoy some growth in trade from 2011 to 2016, within the exception of Homebase Prospect, Seven Hills and Rainbow Shopping Centre. Homebase Prospect is expected to experience a moderate loss in turnover over time although this is largely due to the proposed bulky goods expansions in Minchinbury rather than the proposed development itself. The impacts will be lessened if any of these mooted developments did not proceed.

The trading shift impacts on Seven Hills and Rainbow Shopping Centre over the 2011 to 2016 period are considered to be low to moderate and would be within the normal competitive impact range. The Blacktown City Council Commercial Centres Strategy (2007) notes that Rainbow Shopping Centre has a 'good performance' with low vacancies and high retail turnover density and therefore it would be able to absorb the forecast levels of economic impacts without prejudicing commercial viability.

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<sup>1</sup> Note: The Costco Liverpool Economic Impact Assessment assumes a turnover of \$120m (\$2010) in 2013 based on information provided by Costco. This has been rebased to 2009 prices based on historic CPI data then increase by 0.65% per annum to 2016.



Furthermore, it should be recognised that the estimated turnover of the retail components are only a small proportion of total available household expenditure in the trade areas. They allow for significant expenditure to still be captured by other centres.

In this regard, we should note that retail centre turnover of \$62.5m in 2016 is equivalent to just 17.3% of total household expenditure in the trade areas that year, with the remaining 82.7% of expenditure being captured by other centres in the locality and by higher order centres.

Similarly, bulky goods turnover of \$32.5m in 2016 is only 3.7% of available bulky goods expenditure in the trade areas that year, with the remainder being captured by other locations. In 2022 when Stage 2 is implemented, total bulky goods turnover on site is equivalent to just 10.2% of total household bulky goods expenditure that year. This remains only a small proportion of total available expenditure.

### **Other Economic Benefits of the Proposal**

The proposal will result in a range of economic benefits including:

- Supporting the aims of the Metropolitan Plan for Sydney 2036 (2010), the NSW Draft Centres Policy (2009), the Draft SEPP (Competition) (2010), the Draft North West Subregional Strategy (2007), Blacktown City Council's Commercial Centres Strategy (2007) and Blacktown City 2025 (2008) by creating jobs, encouraging competition and contributing towards economic development without undermining the defined retail hierarchy;
- Whilst the Blacktown Planning Strategy (2012) and Blacktown Commercial Centres Study (2012) have yet to be endorsed, the proposed development would be in accordance with our understanding of the content of these documents;
- Widening choice for residents in the retail and bulky goods sectors. This would have positive impacts on pricing and reduce the need for residents to travel;
- Having the potential to support other centres through linked trips and combined shopping trips;
- Supporting local businesses by delivering bulky goods and large format retail floorspace which is likely to cater for the trade related market;
- Providing a direct investment of \$129m through the development process which equates to an economic contribution of some \$370m once multiplier impacts are considered;
- Supporting an estimated 516 job years<sup>2</sup> directly and a further 1,604 indirectly during the construction process;
- Supporting an estimated 1,021 permanent full and part time jobs under operation (full development); and
- The investment of \$129m at the Eastern Creek Business Hub would represent a sign of confidence in the local market and potentially stimulate further investment in the area.

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<sup>2</sup> One job year equals one full time job for one year

## 2. INTRODUCTION

### 2.1 The Need for the Economic Impact Assessment

Hill PDA has been commissioned by the Western Sydney Parklands Trust to undertake an Economic Impact Assessment (EIA) related to the proposed development of the Eastern Creek Business Hub in Rooty Hill. The primary land use components comprise

- A convenience retail centre which may accommodate a supermarket and speciality shops to service the immediate local community; and
- Bulky goods/large format retail which may accommodate warehouse style retail such as a garden centre, home goods and hardware outlets.

It is understood a Development Application (DA) will be submitted under the EP&A Act 1979 for:

- A Concept Plan proposal for the proposed Eastern Creek Business Hub including site layout, activities, building envelopes, design guidelines; and
- First Stage approval for super lot subdivision and early work to accommodate future development.

Hill PDA has undertaken an independent assessment of the economic impacts of developing the site for retail uses in accordance with the Director General Requirements (DGRs) issued for the site (19 March 2012) which state under key issue 6 “Economic Impact” that the EIA should:

*“Address the economic implications the potential land uses will have on the trade area and viability of existing nearby commercial areas within the trade catchment of the proposed hub, including Evans Road, Rooty Hill, Doonside, Arndell Park, Plumpton and the existing bulky goods retailing at Homebase Prospect and Hometown Minchinbury. The Economic Impact Study shall clearly identify its catchment area to enable an assessment of the issue within the catchment to be addressed”.*

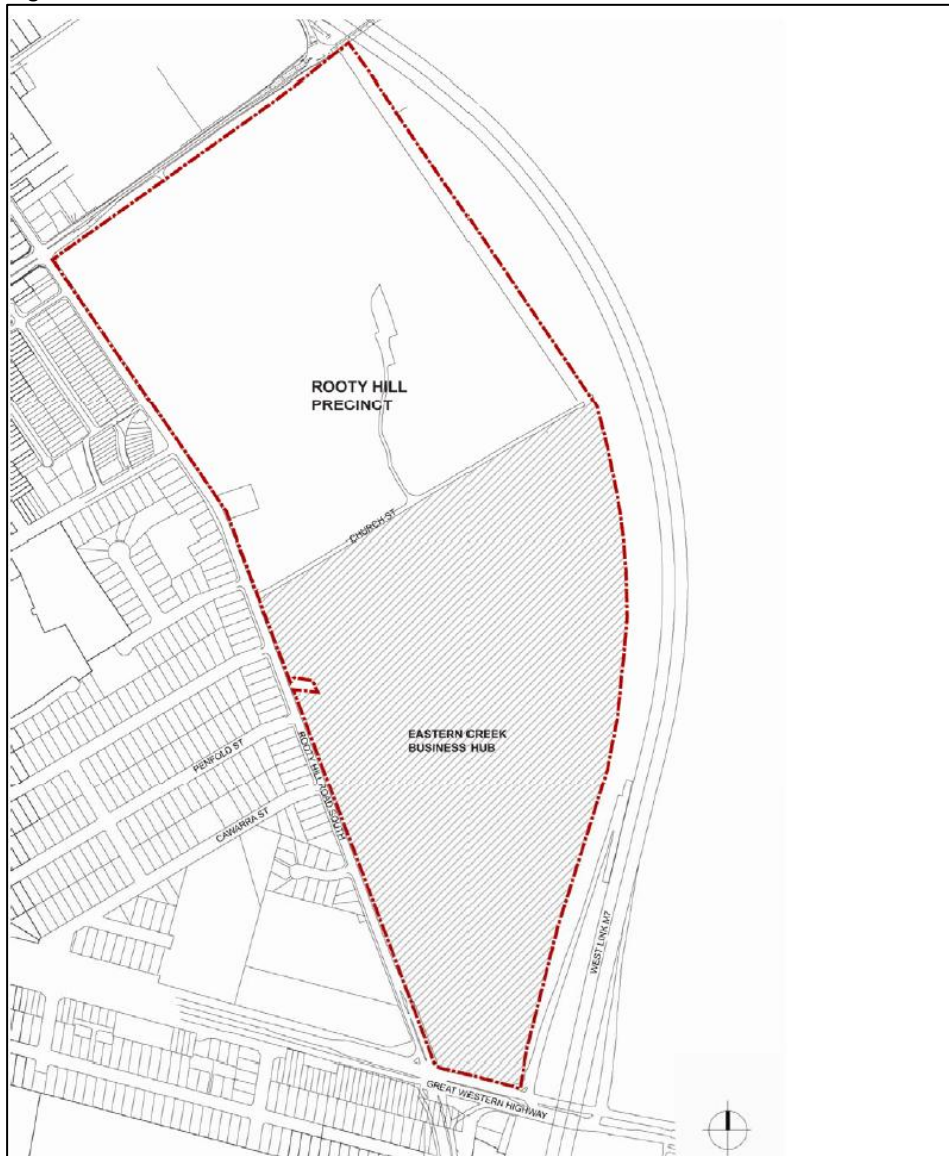
Note that this EIA considers economic issues only. It does not consider any other issues related to the proposed development such as transportation, urban design, residential amenity etc. These issues are discussed elsewhere in the Environmental Impact Statement which accompanies the Development Application submission.

### 2.2 The Subject Site

The 34ha site is located within the Western Sydney Parklands Rooty Hill Precinct, in Blacktown Local Government Area (LGA). The site fronts Rooty Hill Road South which also provides the main access points into the site. Whilst the site is bound by the M7 Motorway to the east, there is no direct access onto the Motorway from the site.

The site is around 40km west of Sydney CBD and around 1.5km south of Rooty Hill Railway Station. Low density residential largely surrounds the site to the west, together with the Creek Primary School. The Eastern Road Sports, Bungarabee and Wallgrove Precincts of the Parklands are located to the north, east and south-east respectively.

The hatched area of the following plan is the Eastern Creek Business Hub which is the subject of this EIA.

**Figure 1 - Eastern Creek Business Hub**

Note: The boundary of the Rooty Hill Precinct is shown as a red line. The hatched area is the Eastern Creek Business Hub which is the subject of this EIA.  
 Source: Western Sydney Parklands Eastern Creek Business Hub Request for DGRs Final (February 2012)

## 2.3 The Proposal

The current scheme seeks permission for a Staged DA involving the following elements:

- Concept plan approval for development including site layout, activities, building envelopes and design guidelines; and
- Stage 1 super lot subdivision and early works (e.g. landscaping, drainage, landscaping etc).

Based on the schematic drawings<sup>3</sup>, the retail component of the proposed development comprises the following elements:

Stage 1 - South of Beggs Street (easement):

- Retail Centre floorspace of approximately 9,500sqm GFA;
- Large Format Retail floorspace of around 14,000sqm GFA; and
- Bulky Goods of approximately 10,000sqm GFA.

Stage 2 - North of Beggs Street (easement):

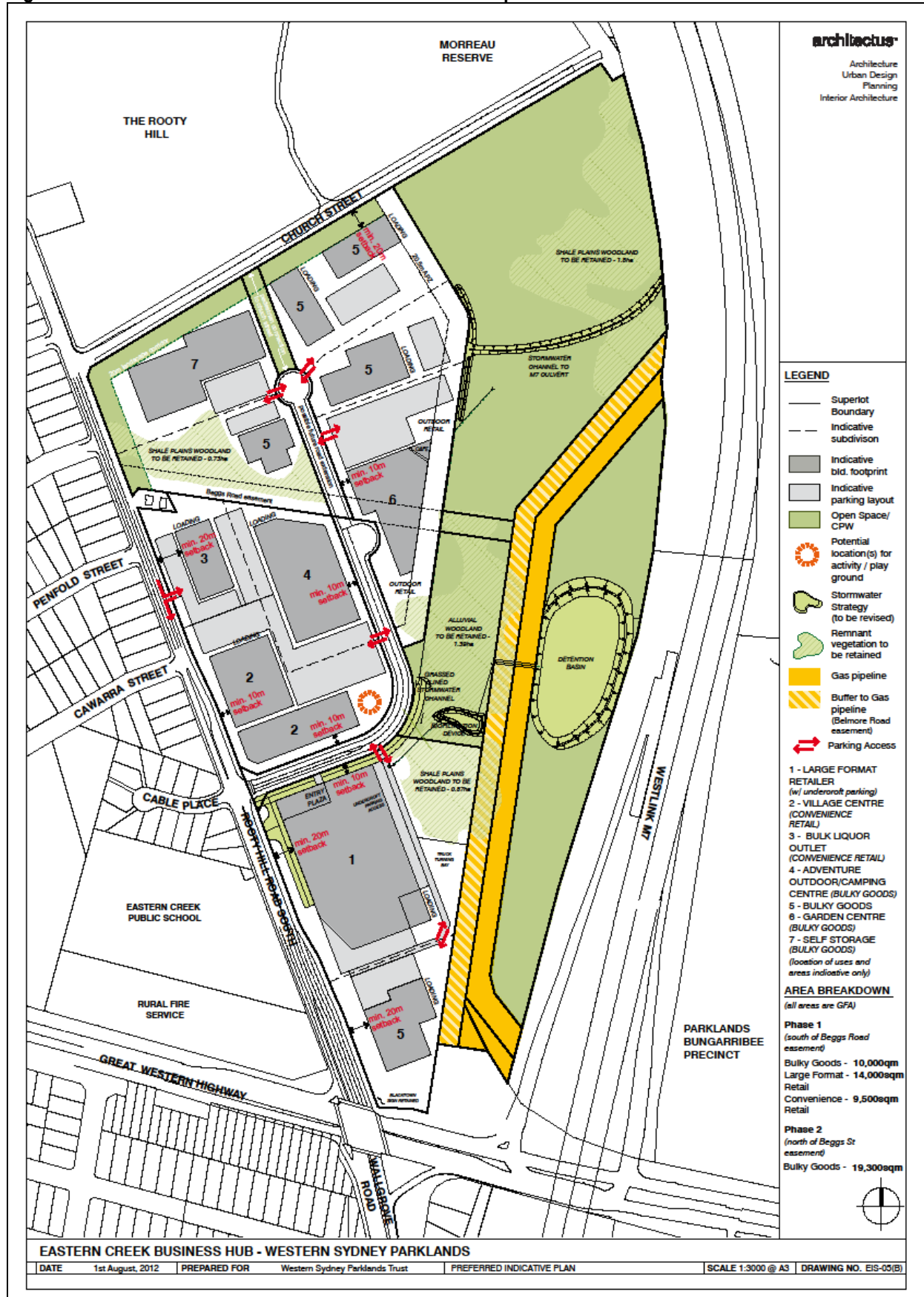
- Bulky goods of approximately 19,300sqm GFA.

The indicative layout associated to the proposal is provided in the following plan.

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<sup>3</sup> Source: Drawing No. SK06 (A), Architectus (April 2012)

Figure 2 - Eastern Creek Business Hub Indicative Development Plan



Source: Eastern Creek Business Hub EIS-05(B), Architectus (August 2012)

## 2.4 Structure of the Assessment

The EIA is set out in the following manner:

- Chapter 3 examines relevant planning considerations and other information which is required to be taken into account during the economic assessment of the proposed development;
- Chapter 4 identifies the existing hierarchy of retail centres and facilities in the surrounding area to the Subject Site and considers permitted and planned retail developments;
- Chapter 5 undertakes retail centre demand modelling to identify the extent of demand for floorspace within the defined trade areas for the retail centre component of the proposed development;
- Chapter 6 undertakes bulky goods demand modelling to identify the extent of demand for floorspace within the defined trade areas for the bulky goods and LFR components of the proposed development;
- Chapter 7 uses a gravity model to consider the distribution of the retail impacts of the proposed development on existing and planned retail centres and facilities; and
- Chapter 8 concludes the EIA by identifying a range of positive economic impacts which would eventuate from the proposed development.



### 3. PLANNING & POLICY REVIEW

This Chapter considers the planning policy context for the site and its surroundings based on State and Subregional planning guidelines. The purpose of the EIA is to consider the economic impacts of the proposed development only, and therefore this Chapter does not consider issues to do with land use zoning.

#### 3.1 State Planning Policy

##### Metropolitan Plan for Sydney 2036 (2010)

The Metropolitan Plan for Sydney 2036 was released by the Department of Planning & Infrastructure (DP&I) in December 2010. The Plan aims to shape the future growth of Sydney to 2036 by ensuring a more resilient, compact, connected, multi-centred and sustainable city. The Metropolitan Plan combines land use and transport planning by integrating the Metropolitan Transport Plan, which was published for consultation earlier in 2010.



The Plan aims to address key challenges facing Sydney amongst which includes managing a growing and changing population, providing more jobs closer to home, more efficient transport delivery, climate change and maintaining our global competitiveness. These challenges are addressed through strategic directions.

The Plan anticipates Sydney's population will reach close to 6 million by 2036. To accommodate this population growth, land use service provision and infrastructure capacity must be planned to provide for 769,000 additional homes and 760,000 additional jobs.

**Table 2 - Dwelling and Job Targets to 2036 (2010)**

Subregion	New Dwelling Additions Target 2006 to 2036	% Share	New Employment Growth Target 2006 to 2036	% Share
Sydney City	+ 61,000	7.9%	+114,000	15.0%
East	+ 23,000	3.0%	+31,000	4.1%
South	+ 58,000	7.5%	+52,000	6.8%
Inner West	+ 35,000	4.6%	+25,000	3.3%
Inner North	+ 44,000	5.7%	+62,000	8.2%
North	+ 29,000	3.8%	+15,000	2.0%
North East	+ 29,000	3.8%	+23,000	3.0%
West Central	+ 96,000	12.5%	+98,000	12.9%
<b>North West</b>	<b>+169,000</b>	<b>22.0%</b>	<b>+145,000</b>	<b>19.1%</b>
South West	+155,000	20.2%	+141,000	18.6%
Central Coast	+ 70,000	9.1%	+54,000	7.1%
<b>Total</b>	<b>+769,000</b>	<b>100.0%</b>	<b>+760,000</b>	<b>100.0%</b>

Source: Metropolitan Plan for Sydney 2036, NSW Department of Planning and Infrastructure. Note: the Subject Site is located in the North West Subregion

##### Draft North West Subregional Strategy (2007)

The Draft North West Subregional Strategy (December 2007) sets the framework for planning and development in the North West Subregion over the 2006 to 2031 period. The draft Subregional Strategy targets the generation of

130,000 new jobs in the North West Subregion by 2031. Of these some 45,000 (35%) are to be provided in Blacktown LGA.

### **NSW Draft Centres Policy (2009)**

Over the past few years there has been a growing awareness and investigation of barriers to competition in Australia, particularly in the retail industry. As a result of these investigations the Australian Government directed state governments and planning authorities to review the flexibility of planning regulations and policies regarding retail development. In response the NSW Department of Planning (as was, now the Department of Planning and Infrastructure or DP&I) released the draft Centres Policy in April 2009.

The Draft Centres Policy focuses around six key principles. The principles relate to:

1. The need to reinforce the importance of centres and clustering business activities;
2. The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
3. The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
4. Councils should zone sufficient land to accommodate demand including larger retail formats;
5. Centres should have a mix of retail types that encourage competition; and
6. Centres should be well designed to encourage people to visit and stay longer.

Whilst the Draft Centres Policy indicates that the preferred location for new retail and commercial development is in centres, it recognises that there may be exceptions to this approach.

Specifically in regard to bulky goods premises, the draft Centres Policy recognises that such outlets often require large areas for the handling, display or storage of goods, or direct vehicular access by members of the public to the site to load or unload goods. Bulky goods operators are therefore attracted to locations that offer lower site costs offsetting lower retail turnovers relative to floor area.

The Draft Policy has been publicly exhibited and the DP&I is currently reviewing submissions. The six key principles are discussed in more detail below.

#### *Principle 1: Retail and Commercial Activity should be Located within Centres*

The first principle of the Draft Centres Policy reinforces the longstanding strategy to concentrate the predominant share of retail and business floorspace within town centres. The clustering of uses within centres is justified for environmental and economic reasons. By way of example, focusing uses within centres makes efficient use of existing infrastructure, can improve business efficiency and productivity and allow for a range of uses to be provided meeting consumer needs.

#### *Principle 2: Centres should be able to Grow and New Centres Form*

The Draft Centres Policy identifies that areas experiencing significant increases in population and real income must be dynamic and respond to “prevailing market demands” through the extension of existing centres or the growth of new ones. **Principle 3: Market Determines Need for Development, Planning Regulates Location and Scale**

The third principle of the Draft Centres Policy identifies that the market is best placed to determine demand for retail and commercial development. Accordingly, the role of the planning system is not to assess the appropriateness of development on the basis of demand, but rather to make an assessment as to the external costs and benefits.



*Principle 4: Ensuring the Supply of Floorspace Accommodates Market Demand*

The fourth principle of the Draft Centres Policy emphasises the importance of competition between retailers. The key intention of this principle is to create better quality, cheaper and more accessible goods for all consumers through enhanced competition. To support opportunities for greater competition, the Draft Policy requires councils to ensure that there is sufficient zoned land to enable additional (and new) large format retailers to enter the NSW retail market.

*Principle 5: Support a Wide Range of Retail and Commercial Premises and Contribute to a Competitive Retail Market*

Principle 5 of the Draft Centres Policy states that, subject to meeting the appropriate location and design criteria, the zoning and development assessment process should not consider impacts between existing and proposed retailers as a planning consideration.

Whilst the Principle seeks to extract the matter of individual business impact from planning assessment (in keeping with the findings of various Land and Environment Cases) the effect of a proposed development to the function and vitality of existing and planned centres will remain as an important local issue.

*Principle 6: Contributing to the Amenity, Accessibility, Urban Context and Sustainability of Centres*

Principle 6 of the Draft Centres Policy highlights the importance of design quality, development layout, connectivity and integration. The Policy recognises that good design supports the vitality and function of a town centre as well as the viability and success of a retail development. Accordingly good quality design is in the interests of planning authorities, retailers and consumer alike.

**Draft SEPP (Competition) (2010)**

Following a review undertaken by the DP&I and the Better Regulation Office into how economic growth and competition were impacted by the planning system, a new Draft State Environmental Planning Policy (SEPP) has been prepared and was placed on public exhibition in July 2010.

The proposed state-wide planning policy removes artificial barriers on competition between retail businesses. The new Draft SEPP proposes:

- The commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications;
- The likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself; and
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

## 3.2 Local Planning Policy

### **Blacktown City 2025 (2008)**

This document is Council's long term strategic plan which will guide development within Blacktown City over the next 15 years and beyond. It was adopted in 2008. 8 Strategic Directions are identified within Blacktown City 2025. Of relevance to this EIA the 'Vibrant Commercial Centres' strategy aims by 2025:

- *"To deliver two major CBDs (Blacktown City and Mount Druitt) as well as supporting town and neighbourhood centres strategically located throughout the City's residential areas. All centres are accessible, vibrant and safe and meet the needs of the community."*

The "Smart Economy" strategy aims by 2025:

- *"To work with industry to identify strategic economic opportunities that will help underpin sustainable economic growth..."*

### **Blacktown Planning Strategy (2012)**

It is understood that the Blacktown Planning Strategy, as currently being developed by Council, will recognise that over the 2012 to 2036 period Blacktown's largest growth industry (by number of jobs) and highest employment generating industry will be retail trade.

The Strategy recognises population growth and increased levels of affluence as drivers of demand for retail floorspace, with anticipated growth in demand equivalent to an additional 579,000sqm across the LGA by 2036. Of this, the greatest demand is anticipated to be for supermarkets and grocery stores, bulky goods stores and personal and household retailing.

The Blacktown Planning Strategy is expected to promote jobs in the retail industry as:

- There is substantial anticipated growth in retail floorspace demand;
- The industry is a significant employment generator for the LGA;
- 60% of residents employed in retail leave Blacktown for employment.

### **Blacktown Commercial Centres Strategy (2007)**

This Strategy undertakes a review of existing centres and the retail hierarchy in Blacktown LGA and makes recommendations to support and improve retail centres in the future. It also provides recommendations which seek to enable Council to respond to future retail development and applications in an informed manner.

The Strategy records that in order to meet forecast commercial land demand in Blacktown City an additional 288 hectares of land will be required by 2031. Current (2007) supply of vacant commercial land is estimated at 102 hectares, meaning that existing land supply is expected to be exhausted by 2013/14 and therefore zoning additional commercial land will be required, together with increasing densities in existing commercially zoned areas.

The relevant recommendations of the Strategy are as follows:

**“1. Strategic Framework and Centres Hierarchy**

*I. Ensure that retail development is pursued in line with the recommended retail hierarchy...*

**4. Out-of-Centre Development**

*I. Undertake a comprehensive demand and supply analysis of large format ('out-of-centre') commercial and retail land in Blacktown LGA. In light of study findings, ensure the identification and provision of land in suitable locations well ahead of anticipated demand to ensure that the general direction of large format retail and commercial development is appropriately contained at or peripheral to Blacktown's centres.*

*II. Update the large format retail demand and supply analysis on a regular basis (say every two years) to ensure applicability in light of continually evolving retail / commercial development trends.*

*III. Establish assessment criteria to determine the net community benefit / cost of proposed out-of-centre retail / commercial development in Blacktown LGA. Once established, formalise the assessment criteria in Council policy. Review assessment criteria on a regular basis (say every two years) to ensure applicability in light of continually evolving retail / commercial development trends. The assessment criteria could incorporate consideration of, among other things, employment outcomes and infrastructure utilisation as well as implications for managing travel demand. Criteria must also address the potential effect on public and private investment in centres and the economic performance of the LGA's centres. Finally it must consider the implications for the provision of a diversity of services and facilities in Blacktown's centres.”*

**Blacktown Commercial Centres Study (2012)**

The Blacktown Commercial Centres Study, as currently being prepared for Council, will replace the 2007 Commercial Centres Strategy. Council has indicated the 2012 Study will recognise population growth as driving future retail activity in Blacktown, although this will be partially mitigated by the lower socio-economic status of the resident population. The changing demographic character of residents will drive the type of retail floorspace needed in the future.

Broad development principles for centres within the updated Study will include the likes of:

- Diversity – Creating centres with a range of commercial and retail uses and integrated employment;
- Vibrant and vital centres – Providing a range of day-time and night-time activities and good public transport links;
- Economic functioning – Recognising the important economic function performed by centres and supporting this function by: providing sufficient land for economic advancement; supporting meaningful and sustainable employment outcomes; encouraging employment self-containment; providing an identifiable network of retail locations in the LGA; and providing retail at sustainable levels to meet identified requirements;
- Planning and urban design – Providing centres which are well designated, encourage growth and consolidation of retail and commercial activity in centres, have a synergy of uses, discourage the demand for isolated out-of-centre development and so on;
- Linkages and networks – Emphasising links through the provision of public transport, cycling and walking as a mode of transport;

- Ecological sustainability – Incorporating the principles of ecologically sustainable development;
- Flexibility – Ensuring flexibility for future centre planning within a recognised, integrated network without compromising other key planning principles.

It is anticipated that the 2012 Study will recommend that:

- Future convenience centres should have major road access and visibility. This would encourage strong performance by allowing capture of passing trade and enabling the centre to serve a wider catchment.
- Neighbourhood/ local convenience centres should be accompanied by a retail needs assessment demonstrating that the proposed development would be viable within a defined catchment, and that existing facilities are inadequate to provide for the local convenience needs of residents.
- Bulky goods operations should be confined to B5 Business Development zones, but care should be taken to ensure that such operations do not impact on traditional centres in such a way that viability is jeopardised.

## 4. COMPETITIVE RETAIL ENVIRONMENT

This Chapter examines the retail hierarchy of impact to the proposal, in order to determine the extent of existing and planned future retail provision including the size and characteristics of the existing retail centres of influence within Rooty Hill and surrounds. Understanding the extent of existing provision is also crucial in quantifying the economic impacts which may eventuate from the proposed development on centres and retail facilities.

### 4.1 Retail Centre Hierarchy

The table below identifies the defined role and hierarchy of relevance to proposed retail provision on the Subject Site based on the Draft North West Subregional Strategy.

**Table 3 - Retail Centres Hierarchy**

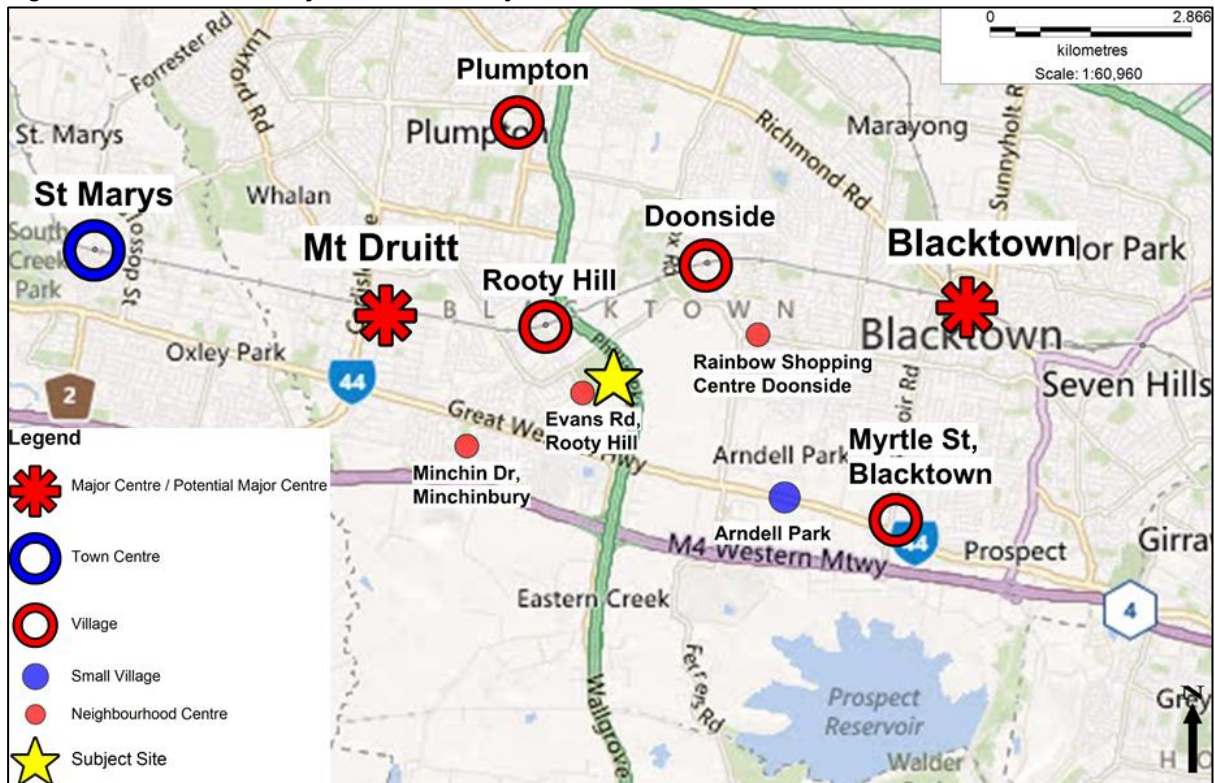
Centre Typology	Characteristics	Centres
Major Centre/ Potential Major Centre	Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.	Blacktown, Mt Druitt (Potential)
Town Centre	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination.	St Marys
Village	A strip of shops and surrounding residential area within a 5 to 10 minute walk contains a small supermarket, hairdresser, take-away food shops. Contain between 2,100 and 5,500 dwellings.	Plumpton, Rooty Hill, Doonside, Myrtle Street Blacktown
Small Village	A small strip of shops and adjacent residential area within a 5 to 10 minute walk. Contain between 800 and 2,700 dwellings.	Holbeche Road Blacktown (Arndell Park)
Neighbourhood Centre	One or a small cluster of shops and services. Contain between 150 and 900 dwellings.	Minchin Drive Minchinbury; Evans Road Rooty Hill; Rainbow Shopping Centre Doonside.

Source: Draft North West Subregional Strategy (2007), Department of Planning and Infrastructure

The location of these centres in relation to the Subject Site is shown in the following map. A brief outline of the above centres and surrounding bulky goods clusters are provided in the following sections of this Chapter.



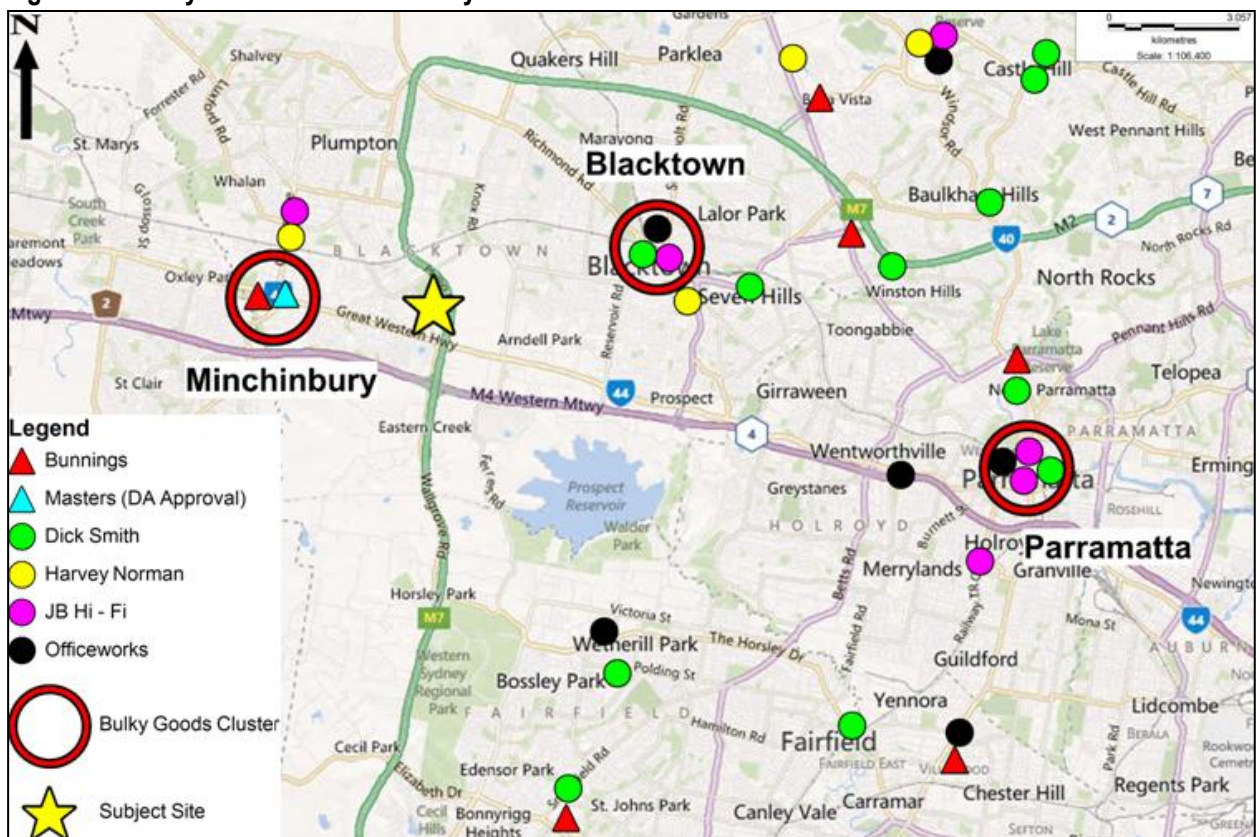
Figure 3 - Retail Hierarchy around the Subject Site



Source: Map produced by Hill PDA using MapInfo 11.0 software and Microsoft Bing © 2011 Microsoft Corporation

The location of surrounding bulky goods clusters, including key retailers, is shown in the map below.

Figure 4 - Bulky Goods Retail Hierarchy



Source: Map produced by Hill PDA using MapInfo 11.0 software and Microsoft Bing © 2011 Microsoft Corporation

## 4.2 Blacktown Major Centre

Blacktown Major Centre is located approximately 7.2km east of the Subject Site. It comprises some 138,510sqm occupied commercial (retail, office and other uses) floorspace<sup>4</sup> and, in addition to its role in the provision of retail goods and services performs an important employment, administrative and educational role for its catchment population.

Westpoint Blacktown is the largest shopping centre within Blacktown comprising some 84,900sqm (GLA) of retail floorspace in addition to leisure uses (8,400sqm)<sup>5</sup>. It is anchored by Myer (15,400sqm), Big W (8,400sqm) and Target (6,500sqm) and contains a Woolworths (4,500sqm), Coles (4,200sqm) and Franklins (1,800sqm).

Westpoint Blacktown recorded a turnover of \$453.1m for 2011<sup>6</sup>, equivalent to turnover of \$5,336/sqm (excluding leisure uses). This ranks the centre 73 out of 81 similar sized centres in Australia (i.e. providing more than 45,000sqm). The reported turnover for the centre is some 17% below the median for comparable sized centres.

Outside of Westpoint, within Blacktown Major Centre, there is approximately 30,000sqm of retail strip shopfronts together with a stand-alone Kmart discount department store (7,980sqm)<sup>7</sup>.

Blacktown Major Centre contains in the order of 37,000sqm of bulky goods floorspace according to industry sources.

## 4.3 Mount Druitt Potential Major Centre

Mount Druitt is identified as a Potential Major Centre in the Draft North West Subregional Strategy. This reflects its growth potential and its educational and medical role. It is situated approximately 3km north-west of the Subject Site and contains in the order of 108,800sqm of commercial floorspace<sup>4</sup>.

Westfield Mount Druitt dominates retail provision in the centre providing around 52,000sqm of retail floorspace<sup>5</sup> including Kmart (8,500sqm), Target (7,300sqm), Coles (3,700sqm) and Woolworths (4,000sqm). The centre is performing well having recorded turnover of \$378.7m in 2011, equating to \$7,290/sqm or 8% above the median for similar sized centres (\$6,758/sqm)<sup>8</sup>. This ranks the centre 19 out of the 87 similar sized centres in Australia (i.e. greater than 45,000sqm) and indicates is superior performance compared to Westpoint Blacktown.

Outside of Westfield Mount Druitt, we understand that there is an Aldi supermarket (1,350sqm) in addition to some 11,000sqm of strip retail floorspace<sup>7</sup>.

Mount Druitt also includes a large bulky goods cluster in the order of 6,000sqm of bulky goods floorspace which includes Dick Smith, Harvey Norman, Autobarn and JB Hi-Fi<sup>7</sup>.

<sup>4</sup> Source: Blacktown City Commercial Centres Strategy (November 2007)

<sup>5</sup> Source: Property Council of Australia Shopping Centre Directory 2011/2012

<sup>6</sup> Source: Shopping Centre News Big Guns 2011

<sup>7</sup> Source: Convenience Centre and Bulky Goods Retail – Development Potential Study, MacroPlan Dimasi (March 2012)

<sup>8</sup> Source: Shopping Centre News Big Guns 2011

## 4.4 St Marys Town Centre

St Marys Town Centre comprises approximately 63,600sqm of retail and commercial floorspace<sup>9</sup> and is situated around 8km west of the Subject Site.

St Marys Village Shopping Centre provides 16,000sqm of retail floorspace including a Woolworths supermarket (4,100sqm)<sup>5</sup>. The Shopping Centre recorded a total turnover of \$93.39m in 2011<sup>10</sup> equivalent to \$5,864/sqm. This ranked the centre 129 out of 166 similar sized centres nationally (between 6,000sqm and 20,000sqm).

Other retail floorspace in St Marys includes strip retail on Queen Street (19,000sqm)<sup>7</sup>, an Aldi supermarket (1,200sqm) and the Station Plaza which provides 6,580sqm of floorspace including a Coles supermarket (3,460sqm)<sup>5</sup>.

## 4.5 Village Centres

### Plumpton Village Centre

Plumpton is a large Village Centre around 5.8km north of the Subject Site and comprises Plumpton Marketplace.

Plumpton Marketplace provides around 15,600sqm<sup>5</sup> of retail floorspace and is anchored by Big W (6,900sqm), Woolworths (3,980sqm), and Dick Smith (500sqm). It recorded a turnover of \$143.61m (\$9,125/sqm) in 2011<sup>11</sup>, ranking the centre 53 out of 166 similar sized centres (between 6,000sqm and 20,000sqm) in Australia. The centre recorded turnover of \$9,125/sqm, being 7% above the median (\$8,503/sqm).

### Rooty Hill Village Centre

The Rooty Hill Village Centre comprises strip retail to the north and south of Rooty Hill rail station around 1.5km north of the Subject Site. Retail facilities are focused either side of Rooty Hill Road North and Rooty Hill Road South and in total the centre provides around 16,700sqm of vacant and occupied commercial floorspace<sup>4</sup>.

Rooty Hill Road North contains around 10,000sqm of shopfront floorspace<sup>12</sup>, of which around 7,500sqm relates to retail uses. The centre contains a Thrifty Link Hardware store of around 500sqm. The residual floorspace in the centre is provided in Rooty Hill Road South and includes an IGA supermarket of around 750sqm<sup>12</sup>.

### Doonside Village Centre

Doonside is around 3.8km north-east of the Subject Site adjacent to Doonside rail station. It provides approximately 3,300sqm<sup>4</sup> of commercial floorspace including a Friendly Grocer convenience store (200sqm<sup>12</sup>) and a small hardware store (270sqm<sup>12</sup>).

<sup>9</sup> Source: St Marys Town Centre Strategy, Penrith City Council (July 2006)

<sup>10</sup> Source: Shopping Centre News Mini Guns 2011

<sup>11</sup> Source: Shopping Centre News Mini Guns 2011

<sup>12</sup> Source: Measured using Nearmap



**Myrtle Street, Prospect**

This centre is anchored by a Woolworths supermarket of 3,350sqm<sup>7</sup> and is located approximately 5.3km west of the Subject Site. A further 650sqm of retail floorspace is provided elsewhere in this centre outside of the supermarket.

**Holbeche Road Small Village Centre (Arndell Park)**

Holbeche Road comprises a Small Village Centre at the intersection of Holbeche Road and Walters Road approximately 4.3km east of the Subject Site. It contains an ALDI supermarket of 1,300sqm in addition to 1,700sqm of other retail floorspace<sup>12</sup>.

## 4.6 Neighbourhood Centres

**Minchin Drive, Minchinbury**

Minchinbury Shopping Centre provides in the order of 2,500sqm of retail floorspace including an IGA of 250sqm<sup>12</sup>. It is located approximately 2.5km south-west of the Subject Site.

**Evans Road, Rooty Hill**

The Evans Road Neighbourhood Centre is located opposite the Subject Site to the north and contains around 1,500sqm of retail floorspace<sup>12</sup>. It is a small parade of strip shops which includes cafés, take-away food stores, a lawn mower retailer, a bottle shop and a pet store<sup>13</sup>. A Mobil petrol station is located at the corner of Evans Road and Rooty Hill Road South.

**Rainbow Shopping Centre, Doonside**

Rainbow Shopping Centre is located adjacent to Rosenthal Street in Doonside, around 3.9km north-east of the Subject Site. It contains an IGA supermarket of 3,000sqm and around 1,500sqm of other retail floorspace<sup>12</sup>.

## 4.7 Bulky Goods Clusters

Bulky goods clusters outside of the centres previously mentioned include:

- Homebase Prospect – situated adjacent to the intersection of the Great Western Highway and Prospect Highway approximately 6km east of the Subject Site. It provides in the order of 25,000sqm<sup>5</sup> of floorspace and anchor tenants comprise Fantastic Furniture (5,560sqm), Paul's Warehouse (2,790sqm), The Good Guys (2,720sqm), Big Brand Outlet (1,660sqm), Bing Lee (1,560sqm) and Beacon Lighting (750sqm).
- Seven Hills – contains in the order of 15,000sqm of bulky goods floorspace including Dick Smith and Bunnings<sup>7</sup>;
- Wetherill Park – contains approximately 20,000sqm of bulky goods floorspace including Dick Smith and Officeworks<sup>7</sup>. A bulky goods retail centre of 12,309sqm has been granted DA consent at Wetherill Park<sup>14</sup>;

<sup>13</sup> Source: Google Streetview

<sup>14</sup> Source: Stockland Wetherill Park, Sydney Stage 4 expansion Economic Impact Assessment, Pitney Bowes (December 2010)

- Parramatta – various bulky goods and big box retailers throughout the Parramatta and the North Parramatta area;
- Penrith – various bulky goods and big box retailers throughout Penrith, generally focussed along Mulgoa Road.

In addition, a number of bulky goods facilities and stores are located in Minchinbury fronting the Great Western Highway, around 5km from the Subject Site. The Minchinbury bulky goods area provides in the order of 46,000sqm of bulky goods floorspace<sup>7</sup> which includes a freestanding Bunnings warehouse on Minchinbury Road (12,000sqm<sup>15</sup>) and Minchinbury Hometown (around 19,000sqm<sup>16</sup>).

Anecdotally, it is understood the Minchinbury bulky goods precinct is a good example of a poor performing precinct (excluding the Bunnings store). Hill PDA has identified the following reasons for this:

- Older nature of the existing buildings;
- Limited passing traffic, due the operation of the Westlink M7 and M4 Motorways which carries the majority of commuter traffic between the far west suburbs (Penrith, Mt Druitt), the middle suburbs (Parramatta) and the Sydney CBD; and
- Competition with major bulky goods centres at Penrith (western end of the M4 motorway), Castle Hill and Liverpool (north and south respectively along the Westlink M7 Motorway), Prospect, Parramatta and Auburn, east of the Subject Site along the M4 Motorway. All of which are larger precincts.

## 4.8 Proposed Development

The following proposed and pipeline developments are of note:

- DA approval exists for a 18,000sqm Minchinbury Homemaker Centre at the intersection of the Great Western Highway and Carlisle Avenue<sup>17</sup>.
- A 13,500sqm Masters home improvement store at Minchinbury was granted DA approval by the Sydney West Joint Regional Planning Panel in 2011<sup>18</sup>.
- The Huntingwood West Employment Precinct immediately south of the Subject Site may incorporate a neighbourhood centre which would serve the needs of local workers only. According to the Concept Plan for the site, individual shops would not exceed 250sqm each<sup>19</sup>.

<sup>15</sup> Source: BWP Trust Annual Report 2011

<sup>16</sup> Source: Valad Opportunity Fund No. 11

<sup>17</sup> Source: Cordell's 2012

<sup>18</sup> Source: Report to Sydney West Joint Regional Planning Panel, Blacktown City Council (November 2011)

<sup>19</sup> Source: Concept Plan (Volume 1), Employment Lands Huntingdon, The Planning Group (November 2006)

## 5. RETAIL CENTRE DEMAND

This Chapter considers demand for a convenience retail centre on the Subject Site by analysing demand and supply in a defined trade area. For the purposes of this assessment, the centre is assumed to comprise a Village Centre under the definition in the Metropolitan Plan for Sydney 2036 which is “...a group of shops and services for daily shopping, with a mix of uses and good links with the surrounding neighbourhood”.

Characteristics of a Village Centre are:

- Retail premises and services for daily shopping, such as supermarkets, butchers, banks, hairdressers, cafes, restaurants, and take away food shops, as well as child care centres, schools and other compatible activities in the immediate vicinity;
- Typically containing up to 5,500 dwellings within the walking catchment of the centre with medium density housing;
- Serviced by strategic bus and local bus networks as a minimum; and
- A walking catchment radius of approximately 400–600 metres<sup>20</sup>.

### 5.1 Trade Area Identification

The Trade Area served by any retail centre/facility is determined by the consideration of:

- The strength and attraction of the centre and/or store as determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre/facility;
- Competitive retail centres, particularly their proximity to the subject centre/facility and respective sizes, retail offer and attraction;
- The location and accessibility of the centre/facility, including the available road and public transport network and travel times; and
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

The terms Primary Trade Area (PTA) and Secondary Trade Area (STA) are used by Hill PDA and are defined as:

- Primary Trade Area - the geographical area where residents spend the majority of their shopping for that particular item or items at the subject centre; and
- Secondary Trade Area - the area from which the retail store would account for a sizeable proportion of expenditure by residents but is not the primary destination for such expenditure.

The PTA and STA together are referred to as the Main Trade Area (MTA).

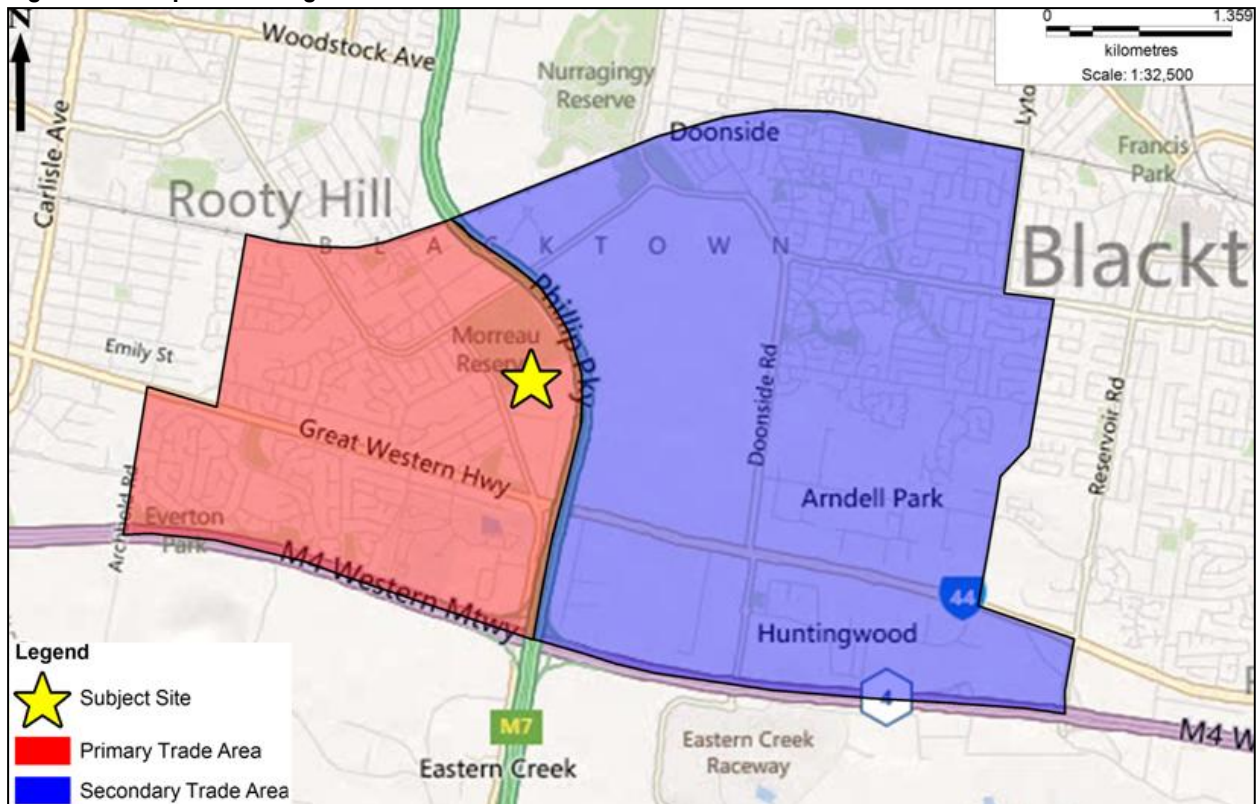
<sup>20</sup> Source: Appendix 4: Centre Types, Metropolitan Plan for Sydney 2036, Department of Planning and Infrastructure (December 2010)

Based on the above, a trade area for the proposed Village Centre has been defined as comprising:

- A Primary Trade Area which comprises the suburbs of Minchinbury and Rooty Hill. The PTA straddles the Great Western Highway and is generally limited to the north by the alignment of the railway. The PTA currently does not contain any full-line supermarkets and given the location of the Subject Site and its ease of accessibility, it is would become the primary convenience shopping destination within this area. Westfield Mount Druitt will restrict the extent of the PTA to the north and west, although it performs a higher order shopping role. The M4 Western Motorway forms a barrier to south.
- A Secondary Trade Area defined as encompassing the suburbs of Eastern Creek and Doonside, and parts of Arndell Park and Huntingwood. It is bounded to the north by the railway line, to the east by Reservoir Road, to the south by the Western Motorway and to the west by the Westlink M7. Retail provision on the Subject Site is likely to capture some convenience related expenditure from the identified STA although at a lower level due to the greater distances involved and physical barriers such as the Western Sydney Parklands and employment precincts like Huntingwood and Arndell Park. Furthermore, the STA is better served by the ALDI supermarket on the eastern edge of the STA, and the full line Woolworths supermarket in Prospect.

The extent of this trade area is depicted in the figure below.

**Figure 5 - Proposed Village Centre Trade Area**



Source: Map produced by Hill PDA using MapInfo 11.0 software and Microsoft Bing © 2011 Microsoft Corporation

## 5.2 Population and Demographics of the Trade Area

An analysis of the socio-demographic characteristics of the MTA based on 2006 ABS Census data reveals the following:

- The per capita income of residents in the MTA at \$22,403 was some 28% below the Sydney Metropolitan average (\$30,969);
- The household income in the MTA was below the Sydney Metropolitan average by 15% at \$70,035 compared to \$82,406;
- The MTA contained larger household sizes and younger residents compared to the Sydney Metropolitan average;
- A greater proportion of households in the MTA owned or were in the process of purchasing their dwelling than the Sydney Metropolitan average;
- The MTA contained a greater proportion of non-Australian born residents than the Sydney Metropolitan average; and
- The MTA contained a greater proportion of households with dependent children compared to the Sydney Metropolitan area.

The Western Sydney Parklands Trust has previously commissioned some analytical retail work related to the Subject Site from MacroPlan Dimasi (MPD)<sup>21</sup>. Based on this work the MTA had a population of some 30,525 persons in 2011 (15,245 in the PTA, 15,280 in the STA) which is forecast to increase to 34,225 persons by 2026 (16,395 in the PTA, 17,830 in the STA). This equates to an average growth of 1% per annum between 2006 and 2026.

These population projections are based on:

- Australian Bureau of Statistics (ABS) Census Data and Dwelling Approvals;
- NSW Department of Planning and Infrastructure Household and Population projections;
- Department of Health and Ageing Population Projections; and
- Proposed development of the Bunya residential estate by Landcom which falls into the STA and is equivalent to 2,200 additional persons over the next 6-7 years.

To validate these population projections, Hill PDA considered population projections from Blacktown City Council and the NSW Bureau of Transport Statistics (October 2009).

Our comparison indicates that the MPD population projections are reasonable and are broadly consistent with Council projections. Although the MPD projections are greater than the BTS projections, this is likely to be due to the addition of 2,200 residents in the proposed Bunya residential estate which is.

<sup>21</sup> Source: Convenience Centre and Bulky Goods Retail – Development Potential Study, MacroPlan Dimasi (March 2012)

## 5.3 Resident Expenditure

Based on MPD data retail spend per capita was equivalent to \$10,862 for the MTA in 2010/11. This equates to total available retail expenditure of \$329m in 2011 increasing to \$425m by 2026, based on the population estimates previously outlined in the MTA.

This estimated resident expenditure is largely in-line with Hill PDA's analysis of per capita retail spend in 2011 based on Marketinfo 2009 data. It is therefore considered to be reasonable and has been adopted in this EIA.

## 5.4 Retail Floorspace Demand

### Demand for Supermarket Floorspace

Based on MPD data, around \$152m of food and liquor related expenditure was generated by residents in the MTA in 2011. Based on the population distribution in the MTA<sup>22</sup> this equates to around \$76m in both the PTA and the STA. Total food and liquor expenditure generated by residents in the MTA is forecast to increase to \$198m by 2026 (in constant 2010/11 dollars). This is equivalent to \$95m in the PTA, \$103m in the STA<sup>23</sup>.

As defined in the Metropolitan Plan for Sydney 2036, a village centre should, in addition to other retail uses, accommodate a supermarket consistent. In our view a full-line supermarket on the Subject Site could expect to capture around 70% of total food and liquor spend generated by residents in the PTA (\$53.2m in 2011) given current lack of provision.

Capture rates from the STA will be considerably lower given existing provision in this area including an ALDI supermarket on the eastern edge of the STA, and a full line Woolworths supermarket in Prospect just outside the eastern boundary of the STA. Those residents in the STA who work in the likes of Minchinbury and travel east along the Great Western Highway during PM peak times are more likely to use retail provision on the Subject Site due to ease of access. This is as compared to residents of the STA who work in the likes of Huntingwood, Arndell Park or elsewhere. Overall, 10% of the food and liquor generated by residents in the MTA is assumed to be available to support a supermarket on the Subject Site (\$7.6m in 2011).

Therefore, an estimated \$60.8m of food and liquor would be available to support a supermarket on the Subject Site from residents in the MTA in 2011.

In our view a supermarket in the MTA would have a target turnover level of \$9,000/sqm in the context of the socio-demographic characteristics of the trade area. Metropolitan supermarkets are currently trading at between \$9,000/sqm and \$11,000/sqm<sup>24</sup>. Therefore, on the basis of captured spend in 2011, additional supermarket floorspace of over 6,750sqm is supportable within the MTA. The quantum of supportable floorspace would increase over time as a result of population and expenditure growth.

<sup>22</sup> Note: Estimated population in the PTA was 15,245 persons and 15,280 persons in the STA in 2011

<sup>23</sup> Note: Forecast population in the PTA is 16,395 persons in 2026, and 17,830 persons in the STA in 2026

<sup>24</sup> The ABS Retail Survey in 1998-99 recorded supermarkets trading at an average of \$7,666/sqm across Australia. To June 2011 CPI growth has been 45.8%, and hence based on 2011 dollars, average sales were \$11,176/sqm. Generally it is known in the industry that Woolworths supermarkets trade the highest, followed by Coles and that Franklins and IGAs are lower. Target turnover is assumed to increase by 0.65% per annum.



A supermarket on the Subject Site could also expect to capture additional retail spend from workers in surrounding employment land precincts. Workers on average spend around \$2,000 to \$3,000 on retail goods and services close to their place of work, representing around 15% to 25% of total personal expenditure. However, this amount can vary considerably depending upon the range and availability of retail outlets. The presence of worker expenditure will add further turnover to retail provision on the Subject Site and assist in its sustainability.

It is also likely that a supermarket on the Subject Site may capture some turnover from passing trade. Based on Hill PDA's experience, a supermarket based centre on an arterial road has the ability to capture a further 5% to 20% of expenditure from passing trade dependent on the extent of traffic and the individual attributes of the centre (e.g. availability of petrol and convenience retailing).

Within this context the provision of a full-line supermarket of approximately 4,000sqm (GLA) on the Subject Site is appropriate, supportable and in response to identified need. Given the extent of demand for food and liquor floorspace identified, a liquor outlet is also supportable in this location addition to the proposed supermarket and could be provided as part of the specialty store floorspace considered below.

### **Demand for Specialty Store and Commercial Floorspace**

In terms of demand for specialty floorspace to support the supermarket, based on the role of a Village Centre a range of specialty shops and services are appropriate. Again it is likely that the capture of spend by the specialty stores will be different from the PTA as compared to the STA.

This is largely as residents in the PTA will be within a walkable catchment and are likely to use the centre for top-up shopping as much as for regular food and grocery shopping. By comparison residents in the STA are likely to use provision on the Subject Site less, and may only visit the specialty stores as part of a combined trip to the supermarket.

That said, typically in a Village Centre anchored by a large supermarket, the supermarket would comprise around half the floor area. Assuming the provision of a full line supermarket as proposed, Hill PDA would assume specialties of around 2,500sqm to 3,500sqm (GLA). This brings retail centre floorspace on the Subject Site to 6,500sqm - 7,500sqm (GLA).

Hill PDA considers based on a gap analysis of retail provision within the trade area a liquor outlet such as Dan Murphy's would be appropriate as part of a Village Centre on the Subject Site given the lack of provision in the wider area and identified need. The nearest Dan Murphy's stores to the Subject Site are located in Blacktown and Colyton.

It is unlikely stand-alone commercial buildings would either be in demand or be viable on the Subject Site unless it was for the purposes of a medical centre or government office. Furthermore, the role for such development is better suited to the role and function of larger centres. Notwithstanding this, the Subject Site can provide local commercial support services (i.e. smaller suites for local businesses like doctors, travel agents, banks etc.). A medical centre (around 300sqm), community library branch and childcare centre may also be appropriate.

As a rule of thumb an additional 10% to 15% of specialty stores should be provided to accommodate non-retail commercial users (real estate agents, medical services, travel agents, banks) with a further 3% to 4% of specialty stores assumed to be vacant at any one time. This would increase demand to between 7,700sqm and 8,900sqm (GLA) of shopfront centre floorspace on the Subject Site.

## 5.5 Implications for the Subject Site

The current scheme proposes a 9,500sqm (GFA) convenience retail centre which may accommodate a supermarket and speciality shops to service the immediate local community. The provision of this floorspace to service the immediate local community is justified in terms of forecast retail demand from the trade area.

The economic impact of this component of the proposal is undertaken in Chapter 7 of this report.



## 6. BULKY GOODS DEMAND

This Chapter considers demand for bulky goods and related floorspace on the Subject Site by analysing demand and supply in a defined trade area.

### 6.1 Trade Area Identification

It is recognised that trade areas for different bulky good retail types will vary considerably. For example, the proposed Costco at Crossroads (13,638sqm) in Liverpool is assumed to serve a 30-minute drive time which contains approximately 780,000 people (of which 480,000 people are in the primary trade area)<sup>25</sup>. This compares to the trade area for a typical Masters home improvement centre (13,000sqm to 14,000sqm) which generally contains around 300,000 to 400,000 persons<sup>26</sup>.

The methodology informing the identification of a retail trade area is outlined in Section 5.1 of this EIA. A Main Trade Area for bulky goods retailing on the Subject Site is defined as follows:

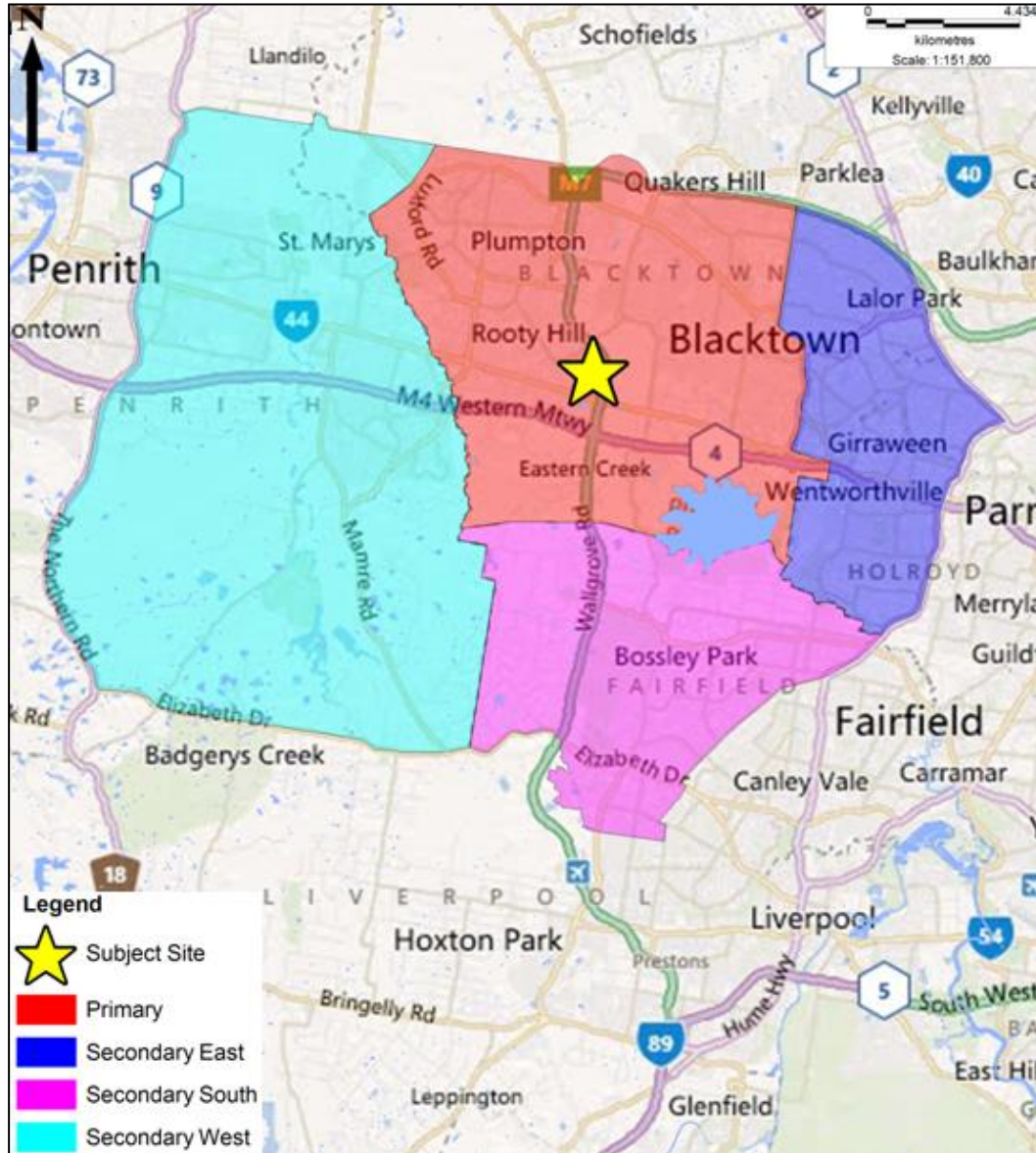
- Primary - southern part of the Blacktown LGA including the suburbs of Eastern Creek, Minchinbury, Huntingwood, Doonside and extending to Oakhurst and Hassall Grove in the north.
- Secondary East - extends 5km to the east and includes the suburbs of Greystanes, Kings Langley, Lalor Park, Seven Hills, Toongabbie, Girraween, Pendle Hill, Pemulwuy and parts of Smithfield.
- Secondary South – comprising the western portion of Fairfield LGA including the suburbs of Wetherill Park and Horsley Park.
- Secondary West - comprising the eastern side of the Penrith LGA including the suburbs of St Clair, Claremont Meadows, Werrington, St Marys and Erskine Park.

The extent of this trade area is depicted in the following map.

<sup>25</sup> Source: Costco Liverpool Economic Impact Assessment, Essential Economics, March 2011

<sup>26</sup> Source: Various Masters Economic Impact Assessments, Hill PDA (2011 and 2012)

Figure 6 - Proposed Bulky Goods and Large Format Retail Store Trade Area



Source: Map produced by Hill PDA using MapInfo 11.0 software and Microsoft Bing © 2011 Microsoft Corporation

In defining this trade area, Hill PDA notes the following:

- The potential to attract bulky goods expenditure from residents beyond the MTA to the south is likely to be limited given the distances involved and the extent of existing and planned future bulky goods floorspace in this area. Significant bulky goods provision is planned as part of the South West Growth Centre (e.g. Leppington Major Centre and Crossroads), and therefore the extent to which residents would be prepared to travel from this area to Eastern Creek to purchase bulky goods is likely to be limited.
- The potential to attract spend from MTA to the north is likely to be limited particularly due to the 50,000sqm of bulky goods floorspace planned at Marsden Park<sup>27</sup> which will include a Bunnings and possibly an IKEA. There is also considerable bulky goods provision in the likes Castle Hill, Rouse Hill Major Centre and Baulkham Hills which are meeting the immediate needs of these residents.

<sup>27</sup> Source: Cordell's Construction Data (2012)

- The strength of existing provision in the likes of Penrith, Castle Hill, Parramatta and Auburn will limit the extent of the bulky goods MTA to the east and west.

In terms of the proposed large format retail (LFR) unit, as previously indicated typically Costco serves residents in a wide trade area extending to around a 30 minute drive time from the store. On this basis the defined bulky good MTA is expected to be comparable to the trade area served by the provision of a LFR store on the Subject Site.

## 6.2 Population and Demographics of the Trade Area

Based on the 2006 ABS Census, Hill PDA notes that the MTA contained:

- Below average levels of affluence compared to the Sydney Metropolitan area with both per capita income and average household income below average (by 25% and 15% respectively);
- A younger demographic than the Sydney Metropolitan area;
- A greater proportion of households who were home owners compared to the Sydney Metropolitan area; and
- A greater proportion of couple families within dependent children than the Sydney Metropolitan area.

Based on previous MPD data for the site<sup>28</sup>, the MTA had a population of 460,080 persons in 2011, increasing to 500,230 persons by 2026. Population projections were calculated using the following data sources:

- Australian Bureau of Statistics (ABS) Census Data and Dwelling Approvals;
- NSW Department of Planning and Infrastructure Household and Population projections;
- Department of Health and Ageing Population Projections;
- Proposed developments including the Bunya residential estate, Doonside Pipeworks, Nelson's Ridge, Greystanes Estate, the WELL Precinct, and St Mary's ADI site; and
- Planned dwelling growth targets for the North West and South West Growth Centres.

## 6.3 Resident Expenditure

MPD data indicates that total homemaker retail spend available within the MTA is \$830m in 2011, increasing to \$1,033m by 2026. This equates to expenditure of \$1,804 per capita for homemaker-type goods in 2011.

This resident expenditure estimate is largely in-line with Hill PDA's analysis of per capita bulky goods spend in 2011 based on Marketinfo 2009 data. It is therefore considered reasonable and has been adopted for the purposes of this EIA.

<sup>28</sup> Source: Convenience Centre and Bulky Goods Retail – Development Potential Study, MacroPlan Dimasi (March 2012)

## 6.4 Bulky Goods Floorspace Demand

The table below compares demand for bulky goods retail floorspace in the MTA to existing and planned future supply. To calculate floorspace demand, a target bulky goods floorspace turnover of \$3,500/sqm has been used which is assumed to increase by 0.65% per annum.

**Table 4 - MTA Demand versus Supply for Bulky Goods Floorspace**

	2011	2014	2016	2021	2026
Bulky Goods Expenditure (\$m)*:					
Primary Trade Area	305	315	325	351	378
Secondary East Trade Area	222	232	242	266	292
Secondary West Trade Area	181	185	191	207	223
Secondary South Trade Area	122	124	126	132	139
<b>Total Bulky Goods Expenditure (\$m)</b>	<b>830</b>	<b>856</b>	<b>884</b>	<b>956</b>	<b>1,032</b>
Floorspace Turnover (\$/sqm)	3,500	3,569	3,615	3,734	3,857
<b>Total Bulky Goods Demand (sqm GLA)</b>	<b>237,143</b>	<b>239,864</b>	<b>244,521</b>	<b>256,007</b>	<b>267,550</b>
Bulky Goods Supply (sqm)**:					
Existing	167,500	167,500	167,500	167,500	167,500
Pipeline	-	46,809	46,809	46,809	46,809
<b>Total Bulky Goods Supply (sqm GLA)</b>	<b>167,500</b>	<b>214,309</b>	<b>214,309</b>	<b>214,309</b>	<b>214,309</b>
<b>Supply less Demand (sqm)</b>	<b>-69,643</b>	<b>-25,555</b>	<b>-30,212</b>	<b>-41,698</b>	<b>-53,241</b>

Source: \* Source: MPD (March 2012) based on the same trade area boundaries as Hill PDA's analysis. \*\* Source: Various, including Cordell's Construction Data (2012), Hill PDA (2012), other consultancy reports and includes 23 John Hines Avenue, Minchinbury Homemaker Centre, Masters Minchinbury and Wetherill Park Bulky Goods Centre.

Based on the above, by 2014 there will be an undersupply of 25,600sqm (GLA) of bulky goods floorspace in the MTA. By 2016 this would increase to over 30,000sqm of floorspace and nearly 41,700sqm by 2021.

## 6.5 Implications for the Subject Site

Whilst it is recognised that significant bulky goods clusters have emerged in the trade areas and broader region, the characteristics of the Subject Site do make such a use possible. The key requirements for a successful bulky goods centre or cluster include:

- Having a large and extensive trade area;
- Being in a central position in the trade area or near the main entry point of a large trade area;
- Cheap and plentiful land to enable plentiful parking, loading and unloading facilities; and
- Being located on a major road with high visibility and accessibility.

Bulky goods development is generally encouraged within existing commercial centres, which helps ensure centre vitality, viability and a sustainable form of development that will not 'crowd out' industrial users from industrial land. However, there may be special circumstances where the location of bulky goods may be considered outside town centres such as an existing large bulky goods cluster with good highway/main road frontage. Both these factors benefit bulky goods on the Subject Site if convenience retail is also included.

In terms of bulky goods provision, there is a demonstrated need for bulky goods floorspace from the MTA in 2014 and beyond.

Staging of a bulky goods development is somewhat more complex than a traditional retail centre, mainly due to the larger size of bulky goods retailers. At a minimum, a successful bulky goods cluster / homemaker centre will require an anchor tenant of around 5,000sqm (GLA), with several supporting bulky goods specialties up to 1,000sqm each. A destination bulky goods centre is typically a minimum of 20,000sqm (GLA) in order to be viable.

The main risk to bulky goods on the Subject Site particularly in the short term, is that most of the main bulky goods retailers/anchors already exist or are planned for sites within close proximity to the subject. This includes Bunnings (existing) and Masters (permitted) 4km to the west on the Great Western Highway, Dick Smith at Mount Druitt (4km) and Plumpton (5km), and Harvey Norman at Mount Druitt (4km) and Blacktown (7km).

In addition there is DA approval for an 18,000sqm Minchinbury Homemaker Centre at the intersection of the Great Western Highway and Carlisle Avenue which has greater visibility, and is likely to limit bulky goods potential on the Subject Site in the short term.

An alternative option would be to accommodate a large format retailer such as Costco or IKEA. These retailers are actively seeking and developing sites within Sydney. These retailers demand a destination status and draw from a large trade area similar to that of bulky goods. However, visibility is less important (although still highly desirable), and given they lack competition; they are able to corner the market in their particular area. That said, if the site could not attract such a retailer, other bulky goods type tenants would be secured and appropriate.

It is recognised that a 13,638sqm Costco store is proposed at Crossroads in Liverpool LGA, but given the distance between it and the Subject Site there may be scope for another Costco store at Eastern Creek. There are no IKEA stores within the surrounding area at the current time, although we are aware that IKEA have acquired a site at 840 Richmond Road, Marsden Park.

## 7. RETAIL IMPACT ASSESSMENT

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

This section assesses the impact of the retail components of the proposal on existing retail centres in the locality. The EPA & Act (1979) is not clear on what is meant by locality, however for the purpose of this assessment we have assumed it to be the trade areas or the geographical influence of the proposal.

Note that the impact of the proposed development on the existing centres hierarchy is considered in Chapter 8.

### 7.1 Staging of the Proposal

The current scheme seeks permission for a Staged DA involving 9,500sqm (GFA) of retail centre floorspace and 43,300sqm of bulky goods and large format retail floorspace as indicated below.

**Table 5 - Eastern Creek Business Hub Concept Proposal – Retail Uses**

Stage	Retail Use	Floorspace (GFA)
1	Retail Centre	9,500sqm
	Large Format Retail	14,000sqm
	Bulky Goods	10,000sqm
2	Bulky Goods	19,300sqm
<b>Total</b>		<b>52,800sqm</b>

Source: Eastern Creek Business Hub EIS-05(B), Architectus (August 2012)

The staging of development is not yet known. As a result, it has been assumed that Stage 1 would be developed by 2016, with Stage 2 to be developed in the next ten years (i.e. by 2022).

### 7.2 Estimated Turnover of the Proposal

#### Convenience Retail Centre

For the purposes of this EIA, Hill PDA has assumed a 9,500sqm (GFA) centre would result in 7,750sqm of gross lettable area (GLA). Whilst the exact retail mix of the proposed retail centre on the Subject Site has not yet been determined, for the purpose of quantifying economic impact, a likely floorspace mix has been assumed based on:

- Demand identified in Chapter 5 of this EIA; and
- Hill PDA's industry knowledge about centres of this size.



As a result, the following table applies industry benchmark target turnover rates to the assumed retail mix to quantify turnover in 2016, when it is assumed the new retail centre will commence operations. Note that the target turnover rates include an allowance of 0.65% per annum to allow for growth in real retail spend<sup>29</sup>.

**Table 6 - Retail Centre Floorspace Mix and Turnover in 2016**

Retailer Type	Floorspace (sqm) GLA	Target Turnover (\$/sqm)		Turnover (\$m) 2016
		2011	2016	
Supermarket	4,000	9,000	9,296	37.2
Mini Major (e.g. liquor store)	1,500	9,000	9,296	13.9
Specialty Retail	2,000	5,500	5,681	11.4
Shopfront Commercial	250	-	-	-
<b>Total</b>	<b>7,750</b>	<b>-</b>	<b>-</b>	<b>62.5</b>

Note: Benchmark turnover rates derived from various sources including Urbis Retail Averages, ABS Retail Survey 1998-99 escalated at CPI to \$2009, Shopping Centre News, Hill PDA and various consultancy studies. The trading level of the proposed supermarket reflects the demographic constitution of the trade area. An assumed floorspace turnover increase of 0.65% per annum in line with historic trends.

The above table indicates the proposed retail centre is estimated to achieve a turnover of \$62.5m in 2016 upon its first full year of operation.

### **Bulky Goods Retail**

Hill PDA has assumed that 29,300sqm of gross floor area would equate to around 26,400sqm of gross lettable area (GLA) based on the nature of the bulky goods floorspace proposed.

A target turnover rate of \$3,500/sqm has been applied to the proposed bulky goods component. This is forecast to increase 0.65% per annum and results in turnover of \$32.5m in 2016 upon its first full year of operation. Stage 2 is estimated to turnover \$65.4m upon its first full year of operation in 2022.

**Table 7 - Bulky Goods Turnover 2016 and 2022**

	Stage 1 - 2016	Stage 2 - 2022*
Additional Floorspace (sqm GLA)	9,000	17,400
Target Turnover (\$/sqm)	3,615	3,759
<b>Total Turnover (\$m)</b>	<b>32.5</b>	<b>65.4</b>

\* Not cumulative. Applies to additional floorspace only. The gravity model takes account of cumulative impacts from both stages.

Note: Benchmark turnover rates derived from various sources including Urbis Retail Averages, ABS Retail Survey 1998-99 escalated at CPI to \$2009, Shopping Centre News, Hill PDA and various consultancy studies. Assumed floorspace turnover increase of 0.65% per annum in line with historic trends.

### **Large Format Retail**

There is no universal definition of large format retail (LFR) and the term is somewhat ambiguous although it can be understood as referring to a physically large retailer. At a large scale LFRs include single warehouse type retail stores typically greater than 10,000sqm and drawing from a large catchment. Examples of such retailers include Costco, Bunnings, IKEA, Masters and Harvey Norman. However, in many cases these are accommodated under the definition of bulky goods premises.

<sup>29</sup> This is in line with historic trends. Expenditure per capita has increased at around 1.3% to 1.4% above CPI every year since 1986. Around half of this increase has translated into an increase in retail floorspace per capita (from 1.8sqm in the 1980s to around 2.1-2.2sqm today). The balance of the increase in expenditure has translated into a real increase in turnover per square metre rates.

With this in mind, it is understood the end occupant for this component is envisaged as retailer selling a mixture of food and non-food goods. That said, a tenant has not yet been confirmed and if not secured, that space could be occupied by a homemaker centre, hardware retailer or other bulky goods retailer.

In any case, based on estimated revenue by commodity type for the proposed Costco in Liverpool<sup>30</sup> and assuming a 14,000sqm (GFA) store would result in around 13,300sqm (GLA), turnover of the LFR component is estimated at \$120.5m in 2016, increasing to \$125.3m in 2022.

Of total turnover 67% (\$80.3m) is assumed to be household related with the remaining 33% (\$40.3m) related to business/trade expenditure. This allocation is based on Costco membership patterns, where membership is available to both households and businesses<sup>31</sup>.

Furthermore, of total turnover 69% is related to food, liquor and grocery products and 12% towards bulky goods and homewares. The remainder is related to other commodity types such as apparel, homewares, cafes, retail services and leisure goods.

**Table 8 - Large Format Retail Turnover in 2016**

Commodity Type	Allocation of Total Sales		Allocation to Households	
	Proportion of Sales*	Turnover (\$m)	Proportion of Sales*	Turnover (\$m)
Food, Liquor and Groceries	69%	83.2	65%	54.1
Bulky Goods/Homewares	12%	14.5	75%	10.8
Non-Retail	2%	2.4	0%	-
Remainder	17%	20.5	75%	15.4
<b>Total</b>	<b>100%</b>	<b>120.5</b>	<b>67%</b>	<b>80.3</b>

Note: The above includes growth in real turnover of 0.65% per annum \*Source: based on data from Costco Liverpool Economic Impact Assessment, Essential Economics (March 2011).

## 7.3 Redirection of Turnover

Based on the above assumptions, total retail turnover on site will equate to \$175.3m in 2016 due to the implementation of Stage 1 of the proposal. This turnover will be redirected from competing centres.

In order to assess the redirection of turnover, Hill PDA prepared a bespoke gravity model. The main principles in the gravity model are that:

1. Like for like stores compete with one another. That is a grocery/ food retailer will compete with existing grocery/ food retailers in the locality, and likewise with specialty stores;
2. The level of redirected expenditure from a centre is directly proportional to the turnover of that centre. Hence more expenditure will be drawn from a centre that has higher trading levels;
3. The level of redirected expenditure from a centre is indirectly proportional to the distance from the Subject Site in terms of drive time. This is based on the premise that shoppers will try to minimise distance, time and travel costs when travelling to undertake shopping – particularly “chore” shopping (predominantly for food, groceries and other regular items); and

<sup>30</sup> Note: The Costco Liverpool Economic Impact Assessment assumes a turnover of \$120m (\$2010) in 2013 based on discussions with Costco. This has been rebased to 2009 prices based on historic CPI data then increased by 0.65% per annum to 2016.

<sup>31</sup> Costco Liverpool Economic Impact Assessment, Essential Economics (March 2011)



4. Impacts of trade and business related sales are not included in the gravity models. Trade related expenditure is likely to be redirected from a wide variety of destinations, many of which are wholesale and trade warehouses located in industrial areas. As such, they have not been included here.

The following gravity model table indicates that the \$175.3m in retail turnover of Stage 1 in 2016 would be redirected from a range of centres. In absolute dollar terms, the largest redirection from centres will be from Mount Druitt (-\$42.4), followed by Blacktown (-\$25.3m) and St Marys (-\$12.0m).

**Table 9 - Redirection of Expenditure from Existing Centres in 2016**

Retail Centre	Distance from Subject Site (km)	1 Approx. Retail Floor Space	2 Turnover in 2011	3 Turnover in 2016 without Proposal	4 Turnover in 2016 with Proposal	5 Immediate Shift in Turnover	6 % Shift in Turnover in 2016	7 Shift in turnover from 2011 to 2016	8 % Shift in turnover from 2011 to 2016
<b>Stage 1 Proposal</b>		<b>30,050</b>	<b>-</b>	<b>-</b>	<b>175.3</b>	<b>175.3</b>	<b>-</b>	<b>-</b>	<b>-</b>
Blacktown	7.2	141,500	705.0	759.9	734.6	-25.3	-3.3%	29.6	4.2%
Mount Druitt	3.0	70,350	470.0	526.6	484.2	-42.4	-8.1%	14.2	3.0%
St Marys	8.0	42,500	257.8	288.8	276.8	-12.0	-4.2%	19.0	7.4%
Plumpton Marketplace	5.8	15,600	143.6	160.9	149.8	-11.1	-6.9%	6.2	4.3%
Rooty Hill	1.5	7,500	48.6	54.5	48.2	-6.3	-11.5%	-0.4	-0.9%
Doonside	3.8	1,500	9.3	10.4	9.6	-0.7	-7.2%	0.4	4.0%
Myrtle Street, Prospect	5.3	4,000	32.6	36.5	31.1	-5.4	-14.7%	-1.4	-4.4%
Holbeche Road, Arndell Park	4.3	3,000	22.1	24.7	21.8	-2.9	-11.9%	-0.3	-1.3%
Minchin Drive, Minchinbury	2.5	2,500	16.8	18.8	17.3	-1.5	-7.7%	0.6	3.4%
Evans Road, Rooty Hill	0.5	1,500	9.1	10.2	9.1	-1.1	-10.7%	0.0	0.0%
Rainbow Shopping Centre	3.9	4,500	35.1	39.4	32.7	-6.7	-17.0%	-2.4	-7.0%
Homebase Prospect	6.0	25,000	90.4	84.3	79.1	-5.1	-6.1%	-11.2	-12.4%
Minchinbury Precinct	5.0	46,000	133.0	199.1	185.4	-13.6	-6.8%	52.4	39.4%
Seven Hills (Bulky Goods)	11.0	15,000	51.5	50.7	48.7	-2.0	-3.9%	-2.8	-5.4%
Wetherill Park	10.0	20,000	68.7	100.0	95.8	-4.2	-4.2%	27.1	39.4%
Other Localities	-	-	-	-	-	-35.1	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>400,450</b>	<b>2,093.6</b>	<b>2,364.7</b>	<b>2,399.7</b>	<b>0.0</b>	<b>1.5%</b>	<b>306.2</b>	<b>14.6%</b>

1 Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys, MacroPlan Dimasi (March 2012)

2 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.

3 Allows for population growth of 1% per annum and real growth in retail spend per capita of 1.3% per annum in line with historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes)

4 Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. no Stage 1 development).

5 Immediate percentage shift is shift in turnover divided by the turnover in 2010 without the development proceeding.

6 This is the shift in turnover from 2011 to 2016 after the opening of the new development.

7 This is shift in turnover from 2011 to 2016 divided by the based turnover in 2011.

There are no universal measures of significance of economic impact. There are references in various consultancy reports and statements in the Land & Environment Court which suggest that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high, and above 15% is a strong or significant impact.

The greatest relative impacts of the proposal relate to small surrounding centres and results predominately from the impacts of supermarket type floorspace. As a proportion of turnover, the greatest impacts are forecast to be on Rainbow Shopping Centre Doonside (-17.0%), Myrtle Street Prospect (-14.7%), Holbeche Road Arndell Park (11.9%), Rooty Hill Village Centre (-11.5%), and Evans Road Rooty Hill (-10.7%). Although the amount of expenditure redirected from these centres is more modest, such turnover represents a greater proportion of their total trading level given their comparatively low turnovers.

Furthermore, we note that the Blacktown Commercial Centres Strategy (2007) records that Rainbow Shopping Centre has a 'good performance' (i.e. with low vacancies and high retail turnover density). As such it could accommodate this level of impact without the commercial viability of the centre being jeopardised.

Whilst these centres are forecast to experience moderately high impacts in 2016, these are immediate or point in time impacts. Due to growth in real retail spend over time, all centres will enjoy growth in trade, and as a result the impact on these centres lessens (see Column 7). For example the impact on Rainbow Shopping Centre and Evans Road will lessen to -7.0% and -0% respectively by 2016. This level of trading impact is within the normal competitive impact range.

It should be noted that the gravity model assumes pipeline or mooted development will proceed with proposed expansions in Minchinbury and Wetherill Park realised prior to 2016 – hence why there is considerable variation in impacts between these centres. Homebase Prospect is expected to experience a moderate loss over time however this is largely due to the proposed bulky goods expansions in Minchinbury. The impacts will be lessened if any of these mooted developments did not proceed.

All other centres will experience insignificant adverse impacts or will enjoy some growth in trade from 2011 to 2016.

In any case, over time the economic impacts would be lessened further as a result of expenditure and population growth in the trade area. The following table shows that even with the additional Stage 2 of bulky goods, all centres and retail destinations will experience a real (non-inflated) increase in trading levels from 2016 to 2022. Hence such impacts could be absorbed without jeopardising the viability of these centres.

Table 10 - Redirection of Expenditure from Existing Centres in 2022

		1	2	3	4	5	6	7	
		Approx. Retail Floor Space	Turnover in 2016	Turnover in 2022 without Proposal	Turnover in 2022 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2022	Shift in turnover from 2016 to 2022	% Shift in turnover from 2016 to 2022
Retail Centre	Distance from Subject Site (km)								
Stage 2 Bulky Goods					65.4	65.4			
Stage 1 (existing in 2022)		30,050	175.3	175.3	166.8	-8.5	-4.9%	-8.5	-4.9%
Total Eastern Creek	-	30,050	175.3	175.3	232.2	56.9	32.4%	56.9	32.4%
Blacktown	7.2	141,500	735.8	813.4	805.6	-7.7	-1.0%	69.8	9.5%
Mount Druitt	3.0	70,350	485.0	555.9	552.9	-3.0	-0.5%	67.9	14.0%
St Marys	8.0	42,500	277.0	317.5	317.5	0.0	0.0%	40.5	14.6%
Plumpton Marketplace	5.8	15,600	150.2	172.2	171.9	-0.2	-0.1%	21.7	14.5%
Rooty Hill	1.5	7,500	48.2	55.2	55.2	0.0	0.0%	7.0	14.6%
Doonside	3.8	1,500	9.7	11.1	11.0	-0.1	-1.0%	1.3	13.5%
Myrtle Street, Prospect	5.3	4,000	31.3	35.9	35.9	0.0	0.0%	4.6	14.6%
Holbeche Road, Arndell Park	4.3	3,000	21.9	25.1	25.1	0.0	0.0%	3.2	14.6%
Minchin Drive, Minchinbury	2.5	2,500	17.3	19.8	19.8	0.0	0.0%	2.5	14.6%
Evans Road, Rooty Hill	0.5	1,500	9.1	10.4	10.3	-0.1	-1.4%	1.2	13.0%
Rainbow Shopping Centre	3.9	4,500	33.0	37.8	37.8	0.0	0.0%	4.8	14.6%
Homebase Prospect	6.0	25,000	80.0	74.7	69.8	-4.9	-6.5%	-10.2	-12.7%
Minchinbury Precinct	5.0	46,000	187.7	265.1	245.6	-19.5	-7.4%	57.9	30.9%
Seven Hills (Bulky Goods)	11.0	15,000	49.1	49.3	47.2	-2.1	-4.2%	-1.9	-3.9%
Wetherill Park	10.0	20,000	96.5	133.6	127.6	-6.1	-4.5%	31.1	32.2%
Other Localities						-13.1			
TOTAL	-	400,450	2,407.1	2,752.4	2,765.4	0.0	0.5%	358.3	14.9%

1 Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys, MacroPlan Dimasi (March 2012)

2 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.

3 Allows for population growth of 1% per annum and real growth in retail spend per capita of 1.3% per annum in line with historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes)

4 Immediate shift in turnover. This is difference between the development and the do nothing option (i.e. do nothing option is no Stage 1 or Stage 2 and 2022).

5 Immediate percentage shift is shift in turnover divided by the turnover in 2010 without the development proceeding.

6 This is the shift in turnover from 2011 to 2016 after the opening of the new development.

7 This is shift in turnover from 2011 to 2016 divided by the based turnover in 2011.

It should be noted that our methodology is likely to over-emphasise the economic impacts of additional supermarket and grocery floorspace, given that this includes the food and grocery component of the large format retail development.

In reality, the food and grocery related expenditure which the LFR attracts would be drawn from a much larger trade area than that of the convenience retail centre component of the proposal. Therefore its impacts and redirection of turnover would be spread thinly between larger numbers of centres than those listed in the gravity model.

Nevertheless there will be some adverse impacts of the proposed development on existing centres in the immediate locality predominately resulting from the Village Centre floorspace proposed. To some extent this reflects the relatively modest turnovers which such centres have. Whilst the proposed development may challenge some of the individual retailers, the impacts are unlikely to jeopardise the commercial viability of any centre.

In support of this, it should be recognised that the estimated turnover of the retail components are only a small proportion of total available retail expenditure in the resident trade areas. They allow for significant expenditure to still be captured by other centres.

The retail centre turnover of \$62.5m in 2016 is equivalent to 17.3% of total household expenditure in the trade areas that year (\$361m), with the remaining 82.7% of expenditure to be captured by other and higher order centres.

Similarly, bulky goods turnover of \$32.5m in 2016 is only 3.7% of available bulky goods expenditure in the trade areas that year, with the remainder to be captured by other clusters and centres. In 2022 when Stage 2 is implemented, total bulky goods turnover on the Subject Site (\$99.2m) is equivalent to just 10.2% of total bulky goods expenditure spend that year (\$972m). This remains only a small proportion of total available expenditure.

Beyond this, it is not the role of the planning system to consider competition between individual traders. In our view the wider positive economic impacts of the proposed development in terms of responding to need, creating jobs, widening choice for consumers (etc.) outweigh the negative impacts on a smaller number of centres, none of which would experience a strong or significant impact.

The presence of workers on the Subject Site during the construction process may also provide a short-term boost to local traders. These workers represent additional retail expenditure available to be captured by retail facilities locally, particularly with respect to catering and convenience store facilities.

## 8. OTHER ECONOMIC IMPACTS

This Chapter considers other economic impacts associated with the proposed development. The impact of the proposed development within the context of the retail hierarchy is considered under the 'Blacktown Council's Commercial Centres Strategy' in Section 8.1 below.

### 8.1 Policy Impacts

Planning policy considerations relevant to this EIA are detailed in Chapter 3. The proposed development would provide the following economic contributions towards the aims of these policies:

#### **Metropolitan Plan for Sydney 2036**

- It would assist in meeting demand for additional retail floorspace generated by population growth; and
- It would provide additional employment and therefore contribute towards achieving the target of 145,000 new jobs in the North West Subregion by 2036.

#### **NSW Draft Centres Policy (2009)**

- It would cluster retail and bulky goods uses in one location and would constitute a flexible approach by allowing new centres to form;
- It leaves it to the market to determine what are the most appropriate retail uses on the Subject Site;
- It would provide a mix of retail types including large format retail which responds to forecast demand; and
- It would encourage competition in the retail and bulky goods sectors by allowing new retail facilities and potentially new retailers not currently represented to enter Blacktown LGA.

#### **Draft SEPP (Competition) (2010)**

- By providing new retail floorspace and new types of retailers it would support competition in this locality; and
- The retail impact of the proposed development is not likely to prejudice the commercial viability of existing centres in the surrounding area. Beyond this, it is not the role of the planning system to consider the trading impacts on individual retailers.

#### **Draft North West Subregional Strategy (2007)**

- It would contribute towards the target of creating an additional 45,000 new jobs in Blacktown LGA between 2006 and 2031.

#### **Blacktown Planning Strategy (2012)**

- The Blacktown Planning Strategy recommends supporting jobs in the retail industry to cater not only for growing retail floorspace demand from residents, but also as a means for supporting employment

opportunities and job retention. The proposed development would support these aims by providing new retail floorspace and new retail jobs to meet the skills of residents.

#### **Blacktown Council's Commercial Centres Strategy (2007)**

- The Commercial Centres Strategy recognises that the LGA has insufficient commercial land within it to accommodate likely demand and therefore there may be a need to zone additional land for commercial purposes beyond 2014. The proposed development is therefore in response to this identified undersupply of commercial land and is in accordance with the recommendations of the Strategy.
- With reference to out-of-centre development, the Strategy advocates providing land in suitable locations well ahead of anticipated demand, an outcome which the proposed development is seeking to achieve.
- The proposed development is a highly accessible location and capitalises of the vehicular links located close to the Subject Site to provide a high level of employment. These criteria would form part of the net community benefit/ costs test advocated in the Strategy towards assessing such development, although the components of such a test have not yet been defined by Council.

#### **Blacktown Commercial Centres Strategy (2012)**

- The proposal is consistent with the recommended attributes for centres (i.e. major road access and a high level of visibility which allows it to serve passing trade and a wide catchment area).
- This Economic Impact Assessment comprises a retail needs assessment which has demonstrated sufficient unmet demand for retail floorspace as proposed and that the economic impacts of the centre would not jeopardise the trading position of surrounding centres.

## **8.2 Increasing Consumer Choice**

The provision of additional retail floorspace on the Subject Site would widen the retail offer in the identified trade areas to the benefit of local residents. In doing so it would increase choice for residents, encourage price competition between retailers and reduce the need for residents to travel to destinations further away in order to shop at the retailers provided. This is consistent with the principles of Ecologically Sustainable Development.

The proposed development has the potential to encourage new retailers not currently present in the Rooty Hill area to locate within it. If such retailers are secured, it would attract a greater proportion of shopping trips to the area and a greater proportion of the expenditure generated by local residents could be retained within it.

If residents are attracted into the area from beyond the trade area, who would not otherwise shop in this locality, the proposal has the potential to support other existing centres in the wider area through spin-off trade or linked shopping trips. If, for example, a resident from outside of the trade area is attracted into the area to shop due to a particular bulky goods retailer, they may also visit other bulky goods locations nearby such as in the Minchinbury Precinct or Homebase Prospect. Alternatively, they may combine a trip with a visit to Blacktown City Centre.



## 8.3 Construction Impacts

The proposed development would generate employment in two ways – through construction and through on-site operations. It is understood that the capital cost of the proposed development will be in the order of \$129m.

### Construction Related Employment

Four full time construction positions for 12 months are supported for every \$1m of construction work undertaken according to IBIS World. Based on the estimated construction costs, the proposed development would support an estimate 516 job years in construction (one full time job per year of construction) over the project's construction period. These are direct jobs in construction, however there will also be additional jobs created through economic multipliers.

### Construction Multiplier Effects

There are two types of construction multiplier effects being:

- Production induced: which is made up of:
  - first round effect: which is all outputs and employment required to produce the inputs for construction; and
  - industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect.
- Consumption induced: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this assessment is ABS and Australian National Accounts: Input-Output Tables 1996-97 (ABS Catalogue 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.466, \$0.438 and \$0.962 respectively to every dollar of construction.

**Table 11 - Construction Employment**

	Production Induced Effects				Total
	Direct Effects	First Round Effects	Industrial Support Effects	Consumption Induced Effects	
Multipliers	1	0.33	0.45	2.33	4.11
Employment No. per \$million	4.00	1.32	1.80	9.32	16.44
Total job years created	516	170	232	1,202	2,121

Data Sources: Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2), IBIS World Industry Report E Construction (September 2011) (adjusted by Hill PDA)

As shown above, for every \$1million in construction cost, a total of 16.4 job years could be generated in the economy (jobs directly in construction and in multiplier impacts). Therefore, the proposal could support an additional 1,604 jobs in the broader economy.

The 1996-97 ANA Input-Output Tables identified output multipliers for first round, industrial support and consumption induced effects of 0.33, 0.45 and 2.33 respectively for every job year in direct construction. Therefore, the table below indicates the \$129m of construction costs associated with the project, would support a further \$117m in production induced effects and \$127m in consumption induced effects.

**Table 12 - Construction Multipliers**

	Production Induced Effects				Total
	Initial Effects	First Round Effects	Industrial Support Effects	Consumption Induced Effects	
Output multipliers	1	0.466	0.438	0.962	2.866
Output (\$million)	\$129	\$60	\$57	\$124	\$370

Data Sources: Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2), IBIS World Industry Report E Construction (September 2011) (adjusted by Hill PDA)

It should be noted these will not all be 'local' effects. Many of the construction materials, for example, will be sourced regionally, nationally or internationally so the spin-off benefits will not be felt locally. In this regard the NSW Treasury guidelines state that:

*"Direct or flow on jobs will not necessarily occur in the immediate vicinity of the project – they may be located in head office of the supplier or in a factory in another region or State that supplies the project<sup>32</sup>".*

Notwithstanding this, some of these effects will be felt within the surrounding area and local businesses are likely to receive a boost from the presence of additional workers in the area during construction.

## 8.4 Operations Generated Employment

The proposed development would support permanent employment opportunities once fully operational. Employment has been estimated on the following basis:

**Table 13 - Operations Generated Employment Post-Development**

Retail Use	Jobs per sqm*	Floorspace (sqm GLA)	Total Jobs Created
<b>Village Centre</b>			
Supermarket	1:21.3sqm	4,000	187
Mini-Major (Bulky Liquor Outlet)	1:50sqm	1,500	30
Specialty Retail	1:30sqm	2,000	66
Non-Retail Floorspace	1:25sqm	250	10
<b>Sub-Total Village Centre</b>	-	<b>7,750</b>	<b>293</b>
Bulky Goods	1:65sqm	26,400	406
Large Format Retail	1:41.3sqm^	13,300	322
<b>Total Jobs</b>	-	-	<b>1,021</b>

\* Job per square metre of GLA. Sourced from the ABS Retail Census and Hill PDA Research (2012)

^ Source: Costco Liverpool Economic Impact Assessment, Essential Economics, March 2011

The retail uses proposed on the Subject Site could support a combination of approximately 1,021 permanent full and part time jobs upon completion in a range of retail store types. Given that no jobs are provided on the Subject Site currently, these represent additional jobs. These jobs would contribute towards achieving the employment targets for Blacktown LGA and the North West Subregion over the next 20 years.

Direct jobs associated with the proposed development would predominately be related to shopfloor staff. These jobs are typically flexible and can therefore assist in securing work for young first-time entrants to the job market, older members of the workforce, mothers returning to the workforce etc. We should also note that the newer

<sup>32</sup> Source: Office of Financial Management Policy & Guidelines Paper: Policy & Guidelines: Guidelines for estimating employment supported by the actions, programs and policies of the NSW Government (TPP 09-7) NSW Treasury

format bulky goods retailers in Australia are increasingly seeking to improve their market share by offering skilled employees on site, for example Masters home improvement store provide tradies in-house to advise customers. As such the proposed development could assist in widening the range of jobs available to local residents.

Multiplier jobs which would be supported would be in a wide range of industries such as transport and logistics, building, design, architecture, catering etc.

## 8.5 Investment Stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment will in turn stimulate and attract further investment to the immediate area. It will assist in elevating the profile of the area which will encourage additional investment in the future. The investment of \$129m at the Eastern Creek Business Hub would represent a sign of confidence in the local market.

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