



Bringelly Road Business Hub

Retail Demand and Economic Impact Assessment

Prepared for the Western Sydney Parklands Trust

December 2014

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ABBREVIATIONS AND DEFINITIONS

ABS Australian Bureau of Statistics

ANZSIC Australian and New Zealand Standard Industrial Classification

BG Bulky Goods

The NSW Standard Instrument Local Environmental Plan defines ‘bulky goods premises’ as:

“a building or place used primarily for the sale by retail, wholesale or auction of (or for the hire or display of) bulky goods, being goods that are of such size or weight as to require:

- *a large area for handling, display or storage, and*
- *direct vehicular access to the site of the building or place by members of the public for the purpose of loading or unloading such goods into or from their vehicles after purchase or hire,*
- *and including goods such as floor and window supplies, furniture, household electrical goods, equestrian supplies and swimming pools, but does not include a building or place used for the sale of foodstuffs or clothing unless their sale is ancillary to the sale or hire or display of bulky goods.”*

BRBH Bringelly Road Business Hub

BTS Bureau of Transport Statistics

DCP Development Control Plan

DDS Discount Department Store

DP&E NSW Department of Planning and Environment

EIA Economic Impact Assessment

ELDM Employment Lands Demand Model

FSR Floor Space Ratio

GDP Gross Domestic Product

GFA Gross Floor Area

GLA Gross Lettable Area

GLAR Gross Lettable Area Retail

GMA Greater Metropolitan Area

Ha Hectares

HES Household Expenditure Survey (ABS)

JTW Journey to Work

LEP Local Environmental Plan

LFR Large Format Retail

State planning guidelines for NSW do not have a universally accepted definition for Large Format Retailing (LFR).

For the purpose of this Study, and in particular for the purpose of the supply demand modelling, we have defined LFR as fabrics and soft goods, sports and camping stores, DIY and hardware, furniture, floor coverings, homewares, domestic and electrical appliances.

Examples of retailers that are commonly associated with large format retail include Harvey Norman, Bunnings, Masters Home Improvement, IKEA, Freedom, Fantastic Furniture, Snooze, Beacon Lighting, JB Hi-Fi, Good Guys, OZ Design Furniture, Forty Winks and Barbeques Galore. The LFR Association (former Bulky Goods Retailers Association) also classifies Auto accessories, office supplies and pet supplies as LFR.

LGA	Local Government Area
MAT	Moving Annual Turnover
MTA	Main Trade Area
NLA	Net Leasable Area
PCA	Property Council of Australia
SEPP	State Environmental Planning Policy
SCN	Shopping Centre News
Sqm	Square metre
STA	Secondary Trade Area
SWGC	South West Growth Centre
TZ	Travel Zone
WSPT	Western Sydney Parklands Trust

EXECUTIVE SUMMARY

HillPDA was commissioned by the Western Sydney Parklands Trust (WSPT) to assess demand for, and the likely impacts of, a business hub in Horningsea Park adjacent to Sydney's South West Growth Centre (SWGC).

The 22ha proposed business hub site, hereafter referred to as the Bringelly Road Business Hub (BRBH), is located at the intersection of Cowpasture Road and Bringelly Road. The WSPT proposes to develop the BRBH site for large format retail (LFR) and light industrial. The proposed amount of LFR floorspace is 50,000sqm with the first retailers proposed to open their doors in 2017-18¹.

For the purposes of this assessment we have defined LFR as:

A building or place used primarily for the sale by retail, wholesale or auction of (or for the hire or display of) goods that are of such size or weight as to require a large area for handling, display or storage and direct vehicular access to the site of the building or place by members of the public for the purpose of loading or unloading of such goods.

The type of merchandise for sale, display and/or hire includes furniture and floor coverings, DIY and hardware, homewares, electrical products, whitegoods and home entertainment equipment, fabrics and soft furnishings, sports and camping goods. Stores that predominantly sell foods and apparel are excluded unless the sale of these items are ancillary.

On this basis, this Study quantifies the likely growth in demand for LFR in addition to any potential impacts the proposed BRBH might have to existing and planned centres within the locality as well as existing out-of-centre retailers and bulky goods clusters.

The Growing Demand for Retail Floorspace

As a preliminary part of this assessment we have considered the existing and growing demand for retail within the vicinity of the BRBH Site. Our assessment has given particular consideration to the site's location adjacent to the South West Growth Centre (SWGC). The SWGC is forecast to experience a net population increase of 300,000

New households generate high demand for homemaker products that are largely provided by large format retailers.

The South West Growth Centre is forecast to experience a net population growth of 300,000 people (110,000 new dwellings) in addition to new retail centres and employment lands.

¹ The first full year of trading has been assumed to end in mid-2018

people (110,000 new dwellings) in addition to new retail centres and employment lands².

The BRBH's main trade area (MTA) is defined more broadly as the South West Region (the LGAs of Liverpool, Campbelltown, Camden and Wollondilly) although it is likely that some retail sales will come from households beyond the MTA depending on the type of retailers that occupy the space.

Of particular importance, the population of the MTA is projected to more than double from 410,516 residents in 2006 to 932,750 in 2036, equivalent to an additional 522,234 residents or a 127% increase. Residents in the MTA generated \$5.4b of retail expenditure in 2012 across all retail store types. This is expected to grow to more than \$14b from 2012 to 2036.

This translates into demand for over 1.2m sqm of additional retail floorspace in the South West Subregion over the 2012 to 2036 period. A quarter of this space (300,000sqm) is required for LFR.

The forecast undersupply of LFR floorspace in the Region in 2016 is 27,000sqm Gross Lettable Area (GLA). This is forecast to increase further to 155,000sqm by 2026 without additional supply. The BRBH is uniquely positioned to meet some of this unmet LFR demand yet leave ample floorspace to allow complementary LFR developments within Leppington North and Gregory Hills over time.

On this basis, Part A of this Study has ascertained that there is significant growth in demand for LFR in the South West Region, largely emerging out of population growth in the SWGC. The BRBH presents a prime opportunity and location to meet some of this demand. LFR occupiers may otherwise encounter difficulties securing alternative sites in the Region.

The State planning framework seeks to facilitate the growth of existing centres and the development of new centres in line with demand. Overall economic impacts on the role and function of other existing and planned retail centres is a consideration in assessing new retail centres. Impacts of proposed new retail centres on individual retailers are not relevant considerations, rather these impacts are considered a matter of competition.

The population of the BRBH's Main Trade Area is projected to more than double from 410,516 residents in 2006 to 932,750 in 2036, equivalent to an additional 522,234 residents or a 127% increase.

On the basis of population growth alone, demand for retail floorspace will grow by 1.2m sqm alone from 2012 to 2036. A quarter of this space (300,000sqm) is required for LFR.

² <http://growthcentres.planning.nsw.gov.au/TheGrowthCentres/SouthWestGrowthCentre.aspx>

Likely Impacts to Existing Centres

In light of the significant existing and growing demand for LFR in the South West Region and the location merits of the BRBH site, the WSPT proposes the development of 50,000sqm of LFR floorspace. It is proposed that the development application for the BRBH will be staged with Stage 1 constituting up to 30,000sqm by 2017-18 and Stage 2 a further 20,000sqm by 2019-2020.

On this basis we have considered the potential impacts to:

1. Existing and planned centres in the retail hierarchy; as well as
2. Retail clusters located in 'out of centre' locations.

It is assumed that the proposed BRBH Stage 1 will have its first year of trading in 2017-18. In that year all existing centres and LFR clusters are expected to be trading at, at least 90% of the level they would have traded at if BRBH Stage 1 had not been constructed. In other words, the difference in trading levels between the scenarios (with BRBH Stage 1 and without) is estimated to be no greater than 10%.

Importantly any such impacts or difference in trading between the scenarios would dissipate over time owing to the notable rate and extent of population growth (and in turn retail demand) forecast to occur in the MTA. As a consequence by 2018 all existing centres and LFR clusters would experience positive growth in turnover from 2014.

More specifically, expenditure in LFR would increase in the trade area by \$360m between 2014 and 2021. With an expected turnover of approximately \$175m by 2020, the proposed LFR would meet approximately half of this growth in demand. Beyond 2021 there would be significantly more growth in demand that could be accommodated by alternative locations such as Leppington (i.e. a further 45,000sqm would be required between 2021 and 2026).

By 2020 all retail centres and out-of-centre LFR localities are expected to trade at 15% greater than their 2014 trading levels even with the operation of the proposed 50,000sqm BRBH.

By 2020 all retail centres and out-of-centre LFR localities are expected to trade at 15% greater than their 2014 trading levels even with the operation of the proposed 50,000sqm BRBH.

Potential Impacts to Planned Centres

A number of new centres have been planned to meet the needs of the South West Region's rapidly growing population including the proposed Edmondson Park Town Centre and North Leppington Major Centre.

Edmondson Park will be developed in two stages. NSW Urban Growth recently sought expressions of interest from the market for Stage 1 which is likely to provide a single supermarket with specialty retail. The second stage is likely to incorporate an additional supermarket and possibly a discount department store. The future major centre for the suburb of Leppington North, to be located to the south of Bringelly Road, will be staged over time as the SWGC grows over the next three and half decades. This centre will eventually provide more than 100,000sqm of retail space including department stores, supermarkets, apparel stores and the like.

These centres will be traditional retail centres located in close proximity to the associated train stations with limited retail offer in LFR categories. For this reason, the potential for competition between the BRBH site and the Leppington North Major Centre and Edmondson Park Town Centre is expected to be minor and likely to be more complementary rather than competitive.

Notwithstanding the above, the masterplan for Leppington North provides for bulky goods on 25ha of land north of the major centre on the north side of Bringelly Road. The timing of the delivery of this land for bulky goods uses is unknown at this stage but is most likely to be post 2021. Whilst there would be competition between the LFR on this site and the BRBH site, our assessment finds that growth in demand for retail floorspace over the next decade and a half would support the development of LFR on both of these sites as well as the existing cluster at The Crossroads. By 2021 the South West Region will demand over 70,000sqm more LFR than what is immediately planned for. By 2026 that will increase to 140,000sqm.

The BRBH is likely to be delivered earlier than the LFR land zoned within Leppington North and serve the needs of the earlier residents of the SWGC, prior to a sufficient population being achieved to support the financial and commercial viability of LFR land at Leppington North. In doing so, we consider that it would complement rather than detract from the planned Leppington North Major

By 2021 the Southwest Region will demand over 70,000sqm more LFR than what is immediately planned for. By 2026 that will increase to 140,000sqm.

Even with the proposed BRBH development of 50,000sqm, all centres and retail clusters would experience growth in trade from 2014 to 2018 as a result of the significant growth in demand from new households.

Centre, both as the Leppington North Major Centre is intended to be largely a traditional retail centre and as the BRBH will be a draw for future residents in the time prior to the development of the Leppington North Major Centre.

Additional Economic Benefits

In addition to meeting the growing demand for LFR space, there are several additional economic benefits that would be generated by the proposed development of the BRBH as summarized below.

- 50,000sqm of the LFR component of the proposed development would provide 208 job years directly in construction. Job years provided both directly and indirectly, through production induced and consumption induced multiplier impacts would total 765³.
- The LFR component of the proposed development would provide approximately 667 full time and part time jobs in retail operations (based on 1 job per 75sqm of retail space)⁴ on site upon completion. Total salaries resulting from the LFR component would equate to approximately \$23m and the industry value add (contribution to GDP) would be in the order of \$29m per annum.
- The BRBH is well located and suited to LFR uses and supporting the need of the expanding SWGC. The BRBH site is in single ownership at a major gateway into the Region near the intersection of two arterial roads (Cowpasture Road and Bringelly Road).
- To achieve its Charter the WSPT must establish a sustainable income stream to fund operations and improvements to picnic areas, playgrounds, cycling and walking track networks and sporting facilities, as well as help restore and expand natural habitat throughout the Parklands. The proposed development would assist in providing that income stream to the benefit of the Parklands and its users.

³ One job year equates to one job for one person for 12 months

⁴ ABS Retail Survey 1998-99

1 STUDY PURPOSE AND APPROACH

The Western Sydney Parklands Trust (WSPT) proposes to develop a business hub on Bringelly Road near the intersection with Cowpasture Road, Horningsea Park to include 50,000sqm of large format retail (LFR). LFR for the purposes of this Study has been defined in the list of abbreviations and definitions in the introduction of this Study (Please refer to pages 4 and 5).

HillPDA was engaged to firstly assess the growth in demand for retail floorspace within the South West Region to better understand the scale of demand for LFR floorspace.

Secondly we were engaged to consider what impact a 50,000sqm LFR proposal would have to existing and planned centres in the locality. For completeness we have also considered the potential impacts of the proposal to out of centre retailers and retail clusters as well as its broader economic benefits.

On the basis of these instructions we have prepared this Study in two parts as follows.

Part A – Retail Demand Assessment – this part provides an overview of existing and planned centres that are located within the BRBH’s trade areas so as to inform the market demand and supply analysis and determine the current and future need for retail floorspace.

Part B – Economic Impact Assessment – this part assesses the likely economic impacts of the proposed development to existing and proposed retail centres in the locality of the BRBH. This part also considers the potential economic benefits of the proposal.

The Subject Site

The 22ha Bringelly Road Business Hub (BRBH) site is located on Bringelly Road near the intersection with Cowpasture Road. The site is located on the eastern side of the planned suburb of Leppington North, adjacent to the South West Growth Centre (SWGC) in the LGA of Liverpool. Cowpasture Road is a major existing arterial route and Bringelly Road will become the main east-west arterial road for Leppington as well as the main entry point into the northern half of the South West Growth Centre.

Our review of the BRBH site has identified a number of geographic and ownership characteristics that support its suitability for retail uses including:

- Its immediate location - which provides a high degree of exposure to passing traffic from two arterial roads;
- Its broader location - which provides a high degree of accessibility to a wide trade area (including Liverpool and Campbelltown LGAs as well as the wider South West Region) that will increasingly require home related retail as new homes are built; and
- Its single ownership - which would result in not only a more timely development outcome but a more viable one.

Exploring the last point further, the financial viability of a LFR development can be challenging owing to the relatively lower returns compared to other land uses (such as general retail and residential uses). This challenge is in part addressed by the site's single ownership that overcomes the difficulties of land fragmentation to the provision of LFR in the South West Region.

Figure 1- The BRBH Site Location



Source: HillPDA produced with MapInfo 11.0 software and Microsoft Bing (c) 2011 Microsoft Corporation



Part A

Retail Demand Assessment

This part provides an overview of existing and planned centres that are located within the BRBH's trade area so as to inform the market demand and supply analysis and determine the current and future needs for retail floorspace.

2 EXISTING AND PLANNED CENTRES

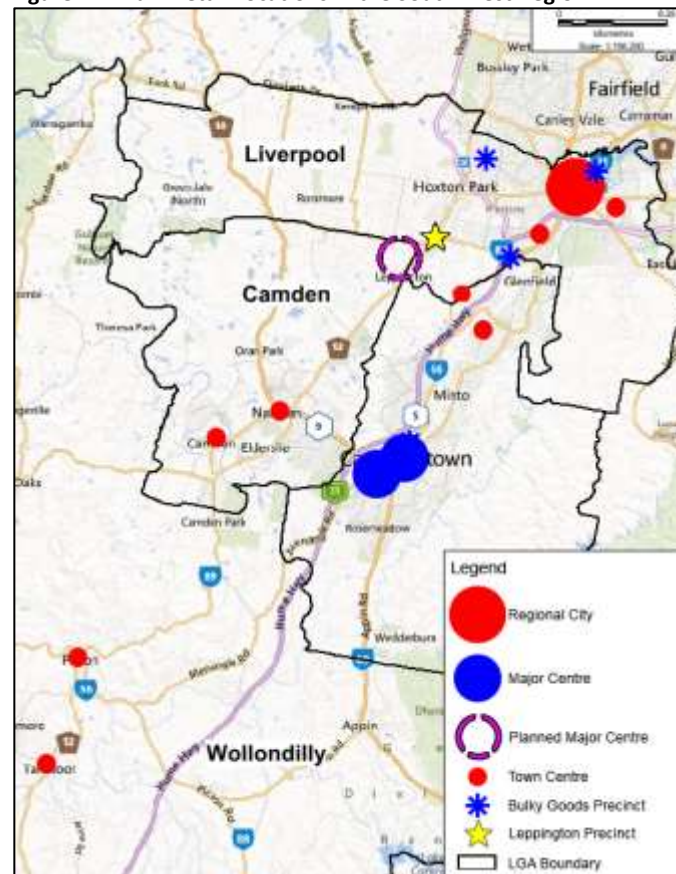
This Chapter profiles the existing location, role and function of the larger retail centres in the South West Region (defined as the LGAs of Liverpool, Campbelltown, Camden and Wollondilly).

The purpose of this Chapter is to gain an understanding of the location and nature of existing and planned future retail provision, identify market gaps and levels of undersupply so as to better understand the role the BRBH could perform within this context.

Retail Hierarchy Overview

Figure 4 depicts the location and categorisation of the main retail centres in the South West Region. Note that by 'main retail centres' we refer to the larger centres which are classified as 'Major Centres' in the hierarchy (or higher) by the draft South West Subregional Strategy. Town centres and the main LFR clusters in the Subregion are also identified. LFR clusters are not identified in planning policy as 'centres' but nevertheless are an important component of the retail landscape.

Figure 2 - Main Retail Locations in the South West Region



Source: HillPDA, MapInfo 11.0

Liverpool Regional City

Liverpool Major Centre or CBD is the only Regional City in the South West Region and is one of three in the Sydney Metropolitan Area.

Over and above the role of the centre in providing retail goods and services Liverpool Major Centre serves important employment, administrative and educational functions. Based on HillPDA's 2011 floorspace survey Liverpool CBD provides approximately 150,000sqm of gross leasable area (GLA)⁵ retail and commercial shopfront floorspace (including vacant floorspace)⁶. Westfield Liverpool accounts for 84,200sqm GLA⁷ retail and commercial floorspace in Liverpool CBD.

Liverpool CBD draws from a wide trade area which includes all of Liverpool and Fairfield LGAs and part of Campbelltown LGA. It is anticipated that the role of Liverpool CBD will change over time. Initially as the SWGC is developed, Liverpool CBD will experience growth in the available pool of retail expenditure as population in the trade area grows.

In the long term Liverpool may face some competition from Leppington North Major Centre but nevertheless expenditure in the Liverpool CBD is expected to increase due to population growth across the LGA.

Major Centres

Campbelltown Macarthur

Campbelltown Macarthur is the largest centre, and the only Major Centre, in the Macarthur Region (Campbelltown, Camden and Wollondilly LGAs). In addition to providing retail goods and services the centre also performs a range of employment, education, administrative, medical and civic functions. The centre provides in the order of 202,000sqm GLA of shopfront retail and commercial

⁵ Note: 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.

⁶ Note: This has been adjusted downwards in this Study compared the figure quoted in the Liverpool Retail Centres Hierarchy Review (Hill PDA, 2012) to reflect the reduction in floorspace recorded by in the NSW/ ACT Property Council of Australia Shopping Centre Database for Westfield Liverpool from 94,500sqm in 2011/12 to 84,200sqm in 2012/13

⁷ Source: NSW/ ACT Property Council of Australia Shopping Centre Database 2012/13

floorspace⁸. The majority of this floorspace is provided in two purpose built shopping centres: Macarthur Square (94,650sqm) and Campbelltown Mall (41,000sqm).

Campbelltown Macarthur also contains Brands on Sale discount factory outlet located on Queen Street. This outlet provides an additional 16,000sqm of fashion outlet retail floorspace (gross floor area or GFA⁹) as well as 2,000sqm GFA of LFR floorspace¹⁰.

Leppington North (Planned)

Leppington North which includes the Planned Leppington Major Centre will be the principal new centre serving the SWGC. The development of the centre is anticipated to commence in 2016 although it is likely to be developed over a number of stages in line with growth in demand¹¹. When fully developed it is anticipated that Leppington North will accommodate at least 120,000sqm of retail and commercial floorspace¹² in addition to LFR floorspace along Bringelly Road. The centre will also provide a civic precinct including a TAFE campus, community and health care facilities.

Leppington North will serve a catchment largely encompassing the SWGC and the suburbs of Liverpool LGA west of the M7, an area which will eventually accommodate more than 300,000 residents.

The main LFR precinct in Leppington North is planned for the north side of Bringelly Road, immediately north of the major centre. The purpose of this precinct will be to accommodate LFR premises that require large floor areas (compared to other retail store types).

Some areas fronting Cowpasture Road and Camden Valley Way are also identified by the 'Austral and Leppington North Precincts Post Exhibition Report' Final Indicative Layout Plan¹³ to be zoned B5 Business Development. In our view, given the isolated nature of these precincts and the limited connectivity to the retail core of Leppington, they are likely to be developed for business and warehousing uses (also permissible by the B5 Business Development zone) rather than LFR.

⁸ Source: Hill PDA floorspace survey January 2013

⁹ Note: 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.

¹⁰ Source: Campbelltown City Council (email dated 04/01/2013)

¹¹ "Retail floorspace capacity and staging project in the Austral, Leppington and Oran Park Precincts" by HillPDA for NSW Growth Centres May 2010

¹² Source: Leppington Major Centre Indicative Layout Plan (2011)

¹³ Source: Austral and Leppington North Precincts Post Exhibition Report, NSW DP&I (2012)

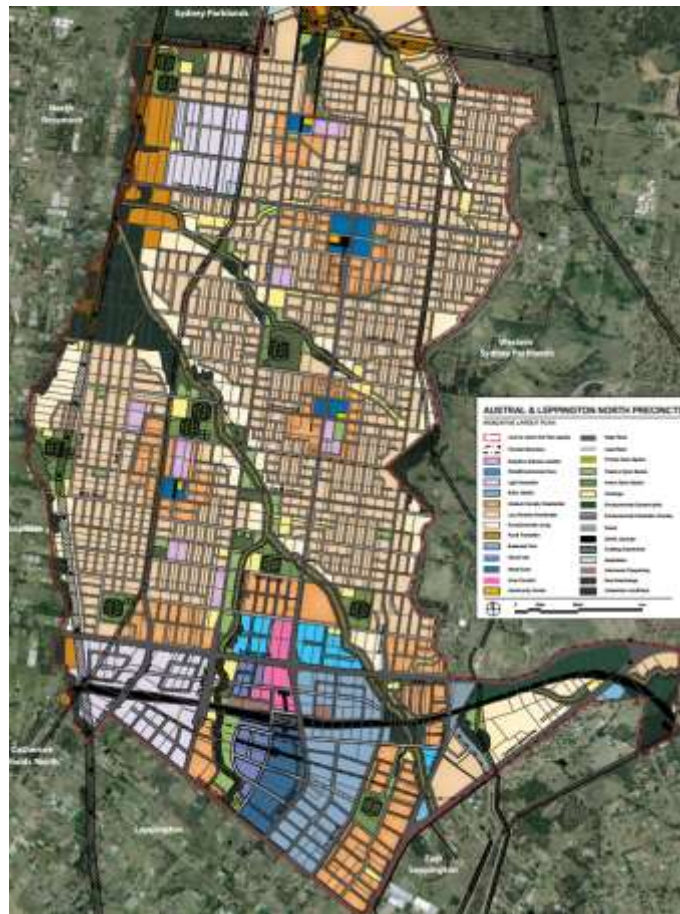
In total some 25ha of land is identified for LFR uses in Leppington North excluding the BRBH¹⁴. The timing of the delivery of this land for LFR uses is unknown at this stage however it is not unreasonable to expect that delivery will be beyond 2021 given the sizeable catchment which LFR operators typically require in order to be commercially viable.

In Leppington North a LFR cluster of 60,000sqm to 70,000sqm is likely to require approximately 20ha of land. This large land requirement is reflective of the low site coverage required for LFR retailers and the high demands for at grade car parking, access, servicing and loading space. In addition other uses (non-retail) can also be attracted to, and accommodated in the LFR precinct including recreational uses (for example tenpin bowling, laser skirmish, golf simulations), places of public worship (such as Hillsong Church in Norwest) etc. The close proximity of the train station will increase the attractiveness and appropriateness of Leppington North to accommodate these uses.

It is not clear at this stage whether delivery of Leppington North will be left to the private sector and individual landowners or whether it will be co-ordinated by a government agency to ensure that larger land plots are delivered to the market.

¹⁴ Source: East Leppington Employment and Retail Study, NSW Department of Planning & Infrastructure (2013)

Figure 3 – Austral and Leppington North Indicative Layout Plan



Source: Department of Planning and Environment – Light Blue Bulky Goods

Town Centres

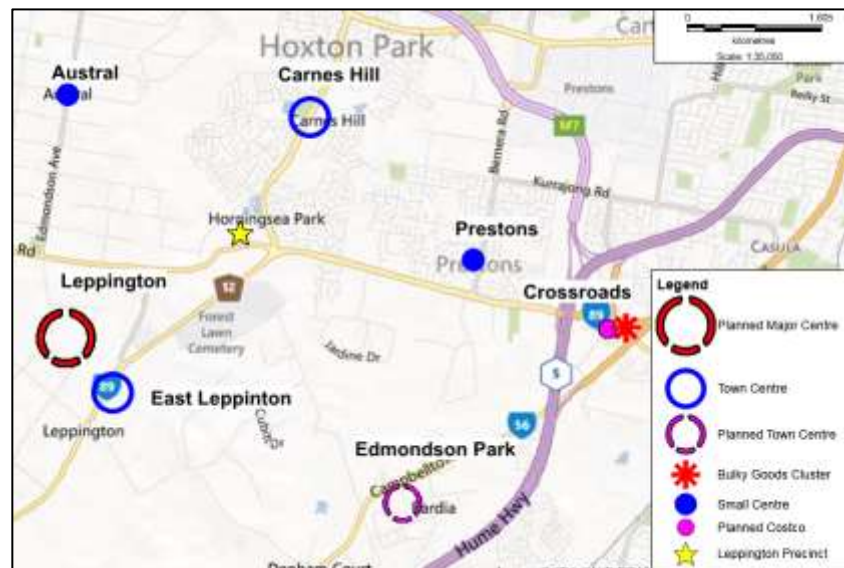
The three main town centres of relevance in the locality include Carnes Hill and the planned centres for Edmondson Park and East Leppington.

Carnes Hill Town Centre has 17,300sqm of retail floorspace and is situated approximately 1.8km to the north of the BRBH¹⁵. It is anchored by a Big W discount department store and a 4,500sqm Woolworths Supermarket. It is one of the best performing centres of its size achieving a turnover of \$145m (\$8,416/sqm) in 2013-14 making it the 9th highest turnover of all 144 similar sized centres reported in Australia¹⁶.

¹⁵ Source: Hill PDA floorspace survey 2005

¹⁶ Shopping Centre News Mini Guns 2014 (centres 6,000 to 20,000sqm GLA)

Figure 4 - Retail Hierarchy around the BRBH



Source: Map produced by HillPDA using MapInfo 11.0 software and Microsoft Bing (c) 2011 Microsoft Corporation

East Leppington Town Centre (Planned) will provide a maximum of 15,000sqm of retail floorspace to serve residents mainly in the East Leppington precinct. It will be located on Camden Valley Road approximately 3km (a 3 minute drive) south of the BRBH¹⁷.

Edmondson Park Town Centre (Planned) is proposed to be built near the train station and staged with a supermarket and specialty retailers in Stage 1. Stage 2 is likely to be completed around 2025 and include a second supermarket and a possible discount department store¹⁸. Total floor area is expected to be 25,000sqm GLA¹⁹. Note that there are very few stores, if any, that would meet the definition of LFR in the above centres.

LFR Clusters

In addition to the existing and planned centres above, the following section profiles existing 'out of centre' LFR clusters and centres in the locality.

Crossroads

The Crossroads Homemaker Centre is located on Camden Valley Way in Casula. It provides some 50,300sqm GLA of LFR floorspace²⁰. Anchor tenants include Bunnings (12,560sqm), Kmart Garden Super

¹⁷ Source: Googlemaps

¹⁸ East Leppington Employment & Retail Study DP&1 2013

¹⁹ Liverpool Council

²⁰ Source: NSW/ ACT Property Council of Australia Shopping Centre Database 2012/13

Centre (4,145sqm), The Good Guys (2,898sqm), Freedom Furniture (2,235sqm) and Bing Lee (1,689sqm). A Costco large format retail unit on land at Beech Road, Crossroads has recently been completed. The Costco occupies a total GLA of a little over 13,000sqm²¹.

Given the quantum of retail floorspace provided at Crossroads it serves a trade area incorporating Liverpool LGA in addition to the northern part of Campbelltown LGA. It is well positioned to capitalise on the market which will be created by the growth of the SWGC and is expected to capture some of this future demand.

Warwick Farm

The Warwick Farm Homemaker Centre is located on Sappho Road providing approximately 15,655sqm of LFR floorspace²². Retailers represented in Warwick Farm include Fantastic Furniture, Lincraft, Supercheap Auto, KFC, Hungry Jacks and SuperFurn.

Orange Grove Stand Alone Shopping Centre

Megacentra Liverpool is located on Orange Grove Road at Warwick Farm. The centre has a total floor area of approximately 30,500sqm GLA floorspace²³. It is anchored by Harvey Norman (10,147sqm) and Domayne (3,496sqm). The weekend markets site is located adjacent to the Megacentra and provides in the order of 19,000sqm. The reuse of this building for the purposes of a discount outlet centre has been approved by Liverpool Council.

On the 28th of November 2012, Liverpool City Council resolved to change the status of Orange Grove to a 'Stand Alone Centre'²⁴. This was resolved to facilitate a wider range of retail uses at Orange Grove to include ALDI, Kmart and other non-LFR retailers.

Blaxland Road

To the north of Campbelltown Macarthur CBD, Blaxland Road comprises a large area of industrial zoned land which includes a significant component of LFR floorspace estimated at some 55,700sqm²⁵. LFR retailers in this area include Harvey Norman, Domayne, Fantastic Furniture, Toys R Us, Forty Winks, The Good

²¹ Source: Liverpool Retail Centres Hierarchy Review Version 2, Hill PDA (July 2012)

²² Source: Hill PDA floorspace survey December 2011

²³ Source: NSW/ ACT Property Council of Australia Shopping Centre Database 2012/13

²⁴ Source: Minutes of the Ordinary Meeting Held on 28 November 2012, Liverpool City Council

²⁵ Source: Campbelltown LGA Bulky Goods Retail Study, Hill PDA (2006)

Guys, Retravisson and Bing Lee. There is also a Bunnings store in Campbelltown CBD.

Gregory Hills

Gregory Hills is a new LFR precinct located at the intersection of Camden Valley Way and Gregory Hills Drive in Camden LGA. Some 100ha of land is zoned in this area as IN1 General Industrial and B5 Business Development. The B5 Business Development zoning permits LFR retailing. We understand that, in response to representations from landowners, Camden Council has removed a restriction on the total size of bulky goods floorspace permissible in this location.

Gregory Hills is 12km to the south of Leppington and over time will develop a separate trade area from Leppington as it will largely serve demand emerging out of the southern part of the SWGC. Currently the precinct provides a Masters home improvement centre of 13,500sqm of which some 7,800sqm GLA is main floor retail area (the residual GLA comprises a café, outdoor furniture, delivery and trade sales area)²⁶. Adjacent to Masters is a planned homemaker centre of 30,000sqm GLA. Stage 1 is currently under construction and due for completion in late 2014²⁷.

²⁶ Source: Cordells 2013

²⁷ Source: HomeCentre Gregory Hills

3 RETAIL DEMAND ASSESSMENT

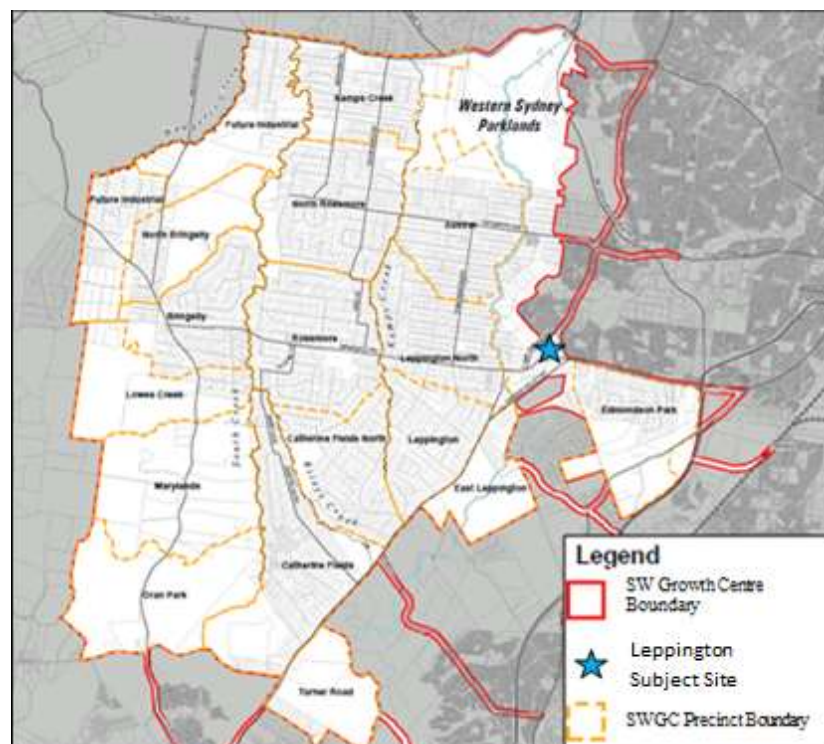
This Chapter explores the existing and growing demand for LFR in the locality. Whilst a high level of demand is generated by existing residents in the South West Region, significant growth in demand will occur as a result of urban expansion related to the SWGC. These new households in particular will generate high demand for homemaker products that are largely provided by large format retailers.

South West Growth Centre

The SWGC is located within the LGA boundaries of Liverpool, Camden and Campbelltown. Once complete the SWGC will accommodate 110,000 new dwellings and 300,000 residents in addition to new retail centres and employment lands²⁸.

The SWGC comprises 18 separate precincts which are presently being planned and will be released for development in stages. The location of these precincts is depicted in the following figure.

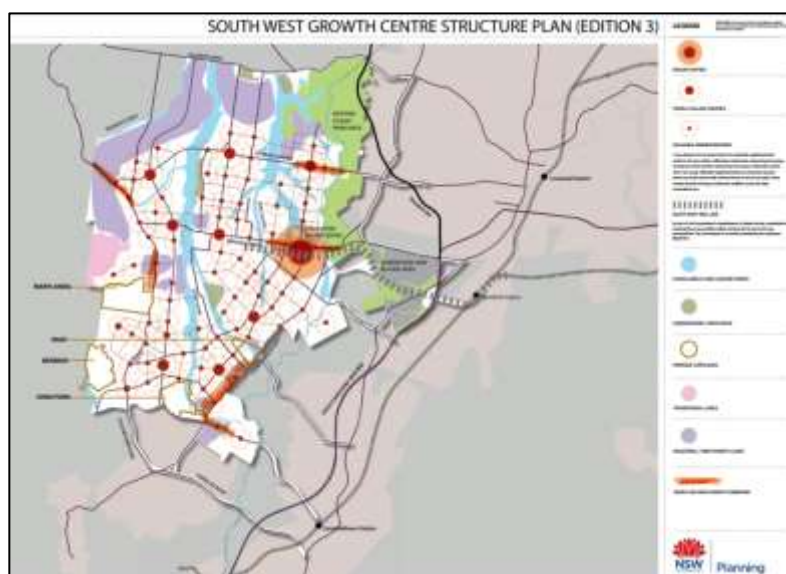
Figure 5 - Sydney Region Growth Centres Precinct Boundaries Map - SWGC



Source: Sydney Region Growth Centres Precinct Boundaries Map - South West Growth Centre, DP&E, amended by HillPDA (2013)

²⁸ Source: <http://growthcentres.planning.nsw.gov.au/TheGrowthCentres/SouthWestGrowthCentre.aspx>

Figure 6 - South West Growth Centre Structure Plan



Source: Department of Planning and Environment

Edmondson Park, Oran Park and Turner Road are the first precincts to be released to the market. Precinct planning for Austral, Leppington and Leppington North as well as parts of Catherine Fields have been advanced to rezoning. The anticipated size and composition of the precincts is shown in Table 1.

Table 1 - The South West Growth Centre Precinct(s)

Precinct(s)	Dwelling (dwg) / Population (pop) Targets	Retail Centres	Employment Land
Austral and Leppington North	17,350 dwg 54,000 pop	Leppington Major Centre Community services 3 Neighbourhood Centres	220 hectares of employment land
Bringelly	5,000 dwg 14,000 pop	1 Town Centre Several Neighbourhood Centres	
Catherine Fields	5,000 dwg 14,000 pop	1 Town Centre Several Neighbourhood Centres	Employment areas
Catherine Fields North	9,500 dwg 26,000 pop	1 Town Centre Several Neighbourhood Centres	Employment areas
East Leppington	4,450 dwg 14,700 pop	Neighbourhood Centre	
Edmondson Park	6,000 dwg 18,000 pop	1 Town Centre	
Kemps Creek	1,000 dwg 2,500 pop		
Leppington	9,000 dwg 24,000 pop	1 Town Centre Several Neighbourhood Centres	
Lowes Creek	2,000 dwg 5,000 pop	Several Neighbourhoods	Employment areas
Marylands	9,000 dwg 25,000 pop	Several Neighbourhood Centres	Employment areas
North Bringelly	5,000 dwg 14,000 pop	1 Town Centre Several Neighbourhood Centres	
North Rossmore	6,500 dwg 18,000 pop	1 Town Centre Several Neighbourhood Centres	
Oran Park	7,540 dwg 21,500 pop	1 50,000sqm Town Centre 2 Neighbourhood Centres	18ha of employment land
Rossmore	9,000 dwg 25,000 pop	1 Town Centre Several Neighbourhood Centres	Employment areas
Turner Road	2,000 dwg 12,000 pop	15,000sqm Town Centre	96ha of employment land
Employment Precinct	2 future employment precincts these have "yet to be released for planning"		

Source: The South West Growth Centres, the Department of Planning and Environment 2014

Trade Area Identification

A trade area can be defined as the area within which a proposed centre or facility will draw the majority of its trade and will be the main destination for the type of role or function that it performs.

The trade area served by any retail centre/ facility is determined by consideration of:

- The strength and attraction of the centre/ facility as determined by factors such as the composition, layout, ambience/atmosphere and car parking;
- 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 starting point for undertaking retail demand modelling is to define a trade area for the proposed centre / facility. Population projections for the trade area over the period of analysis must then be sourced.

The trade area for the BRBH would vary depending upon the operator(s) but given the nature of LFR operators a trade area for the BRBH would be extensive in comparison to the trade area for other retail operators such as a newsagent, takeaway shop, supermarket etc. For the purposes of this Study we have defined the trade area to comprise the whole of the South West Region which comprises the four LGAs of Liverpool, Campbelltown, Camden and Wollondilly.

Demographic Characteristics

Demand for retail floorspace is dependant not only on the number of households in an area but also on the demographic characteristics of those households. To inform this component of the Study, the demographic characteristics of the Region have been analysed to derive implications for retail market demand.

The demographic analysis has been based on information derived from the 2011 ABS Census. Please refer to Appendix A *Demographic*

Analysis for further details of the demographic characteristics of the trade area.

In summary the analysis finds that residents in the Region are likely to be younger and live in larger households relative to residents across Greater Sydney. Whilst residents in the South West Region are more likely to be employed in blue collar professions and have incomes below median levels (when compared to Greater Sydney) they are more likely to be home owners and reside in detached properties.

These demographic characteristics indicate that retail expenditure may well be currently below average levels across the Region compared to Greater Sydney. However owing to existing family structures, residents may have a proportionally greater need for family and dwelling related items and a greater demand for affordable retail types / formats such as those delivered by LFR.

Population Growth

The latest population projections published by the NSW Bureau of Transport Statistics (BTS) are the August 2012 release. These are 2006 ABS Census based and cover the period to 2036. The BTS forecasts for the South West Region are shown in the following table. Note that these include allowances for the future population of the SWGC.

Table 2 - Population Projections for the South West Region

LGA	2006	2011	2016	2021	2026	2031	2036	Change 2006-36	Growth /ann (%)
Camden	50,940	63,158	99,299	129,111	178,910	229,323	261,886	210,946	5.6%
Campbelltown	147,440	157,887	172,647	191,286	209,770	228,161	245,699	98,259	1.7%
Liverpool	170,915	194,099	215,168	249,250	281,029	309,951	355,040	184,125	2.5%
Wollondilly	41,221	45,992	49,766	54,839	59,665	64,766	70,125	28,904	1.8%
Total Subregion	410,516	461,136	536,880	624,486	729,374	832,201	932,750	522,234	2.8%

Source: NSW Population Projections (August 2012 release), NSW Bureau of Transport Statistics

The Region is projected to experience significant population growth between 2006 and 2036. The population of the Region will more than double from 410,516 residents over this period to 932,750 in 2036, equivalent to an additional 522,234 residents or a 127% increase.

Household Expenditure

To forecast demand over the 2012 to 2036 period household expenditure was sourced from:

The South West Region generated \$5.4bn of retail expenditure in 2012 across all retail store types with expenditure likely to grow to \$14.3bn by 2036.

- ABS Household Expenditure Survey (HES) 2003-04 (updated to 2009) which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2012 database which is generated by combining and updating data from the Population Census and the ABS HES using 'microsimulation modelling techniques'.

MarketInfo combines the data from the Census, HES and other sources to derive total household expenditure by commodity type. This data, which was validated using taxation and national accounts figures, quantifies around 12 to 14% more expenditure than the ABS HES Survey. Household expenditure by commodity type is then applied to population forecasts for the trade area to determine total demand for retail floorspace.

To convert expenditure by commodity type to retail sales by store type, HillPDA used the results of the ABS Retail Survey 1998-99 (Cat No. 8624.0). The ABS Retail Survey 1998-99 provides a cross tabulation of store type (defined by ANZIC) by commodity type. Multiplying the percentages in the cross tabulation by total dollars spent generates household expenditure by retail store type.

Applying the population forecasts to the Marketinfo 2012 expenditure estimates for the South West Subregion the following tables indicate total expenditure generated by retail store type.

Table 3 - Forecast Expenditure by Retail Store Type (\$2013 in millions)

YEAR	2012	2016	2026	2036
Supermarkets & Grocery Stores	1,752	2,153	3,264	4,656
Specialty Food Stores	398	489	741	1,057
Fast-Food Stores	358	440	667	952
Restaurants, Hotels and Clubs*	422	519	786	1,122
Department Stores	385	473	717	1,023
Apparel Stores	399	490	743	1,059
LFR**	864	1,063	1,611	2,298
Other Personal & Household Goods Retailing	676	831	1,260	1,797
Selected Personal Services***	132	162	245	350
Total Retailing	5,385	6,620	10,033	14,314

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** LFR including includes fabrics and soft goods, sports and camping stores, DIY and hardware and bulky goods such as furniture, floor coverings, housewares and electrical appliances.

*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

Forecast assumes 1.1% real growth in retail spend per capita per annum in line with historic trend since 1986.

The above table indicates that residents in the South West Region generated \$5.4bn of retail expenditure in 2012 across all retail store types. On the basis of the referenced population projections, retail expenditure is projected to grow to \$14.3bn by 2036.

Demand for Retail Floorspace

Demand for retail floorspace is then derived by applying target turnover rates (or industry benchmarks²⁹) to the amount of retail sales generated by households in the defined trade areas by retail store type. The assumed target turnover rates are shown in the following table. Note that these are consistent with those used to inform the Liverpool Retail Centres Hierarchy Study which HillPDA completed for Liverpool City Council in 2012.

Table 4 - Industry Benchmark Turnover Levels in 2014 (\$2013)

Retail Store Type	Target Turnover (\$/sqm) [^]
Supermarkets & Grocery Stores	11,000
Specialty Food Stores	9,500
Fast-Food Stores	8,500
Restaurants, Hotels and Clubs*	5,000
Department Stores	3,500
Clothing Stores	6,000
LFR**	3,600
Other Personal & Household Goods	4,700
Selected Personal Services***	3,500

Note: * Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** LFR including includes fabrics and soft goods, sports and camping stores, DIY and hardware and bulky goods such as furniture, floor coverings, houseware and electrical appliances.

*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

[^] Source: Various including ABS Retail Survey 1998-99 indexed to 2013 dollars, Shopping Centre News, Urbis Retail Averages, various consultancy studies and HillPDA research. Target turnover levels are expected to increase at a rate of 0.6% per annum in line with the historic trend.

The result of this method is the determination of demand for retail floorspace by retail store type in the trade area over the 2012 to 2036 period. The table below calculates retail floorspace demand by applying target turnover rates to retail expenditure.

²⁹ Note: 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

Table 5 - Forecast Retail Floorspace Demand (sqm)

Store Type	Growth*	2012	2016	2026	2036	Net Growth 2012-2036
Supermarkets & Grocery Stores	0.5%	159,241	191,903	276,698	375,554	216,313
Specialty Food Stores	0.5%	41,869	50,457	72,752	98,744	56,875
Fast-Food Stores	0.5%	42,141	50,784	73,224	99,385	57,244
Restaurants, Hotels and Clubs	0.5%	84,392	101,702	146,640	199,030	114,638
Department Stores	0.5%	109,900	132,442	190,963	259,188	149,288
Clothing Stores	0.5%	66,418	80,042	115,409	156,641	90,223
LFR*	0.5%	240,099	289,347	417,199	566,251	326,152
Other Personal & Household Goods	0.5%	143,837	173,339	249,932	339,224	195,388
Selected Personal Services	0.5%	37,592	45,303	65,320	88,657	51,065
Total Retailing	0.5%	925,488	1,107,498	1,596,861	2,167,370	1,241,882

* An Allowance for Real Growth in Retail Store Turnover Density (\$/sqm/ annum)

Over 1.2m sqm of additional retail floorspace will be demanded by residents in the South West Region over the 2012 to 2036 period. The demand for LFR (which, for the purpose of the demand modelling, has been defined as fabrics and soft goods, sports and camping stores, DIY and hardware and bulky goods such as furniture, floor coverings, houseware and electrical appliances) is expected to increase from the current level of 240,000sqm to more than 560,000sqm by 2036.

Existing and Planned Supply

On the basis of the information provided in Chapter 2 of this Study, HillPDA estimates that around 247,000sqm of LFR is currently provided in the South West Region as follows:

- 123,500sqm GLA in Liverpool LGA located in Crossroads, Orange Grove, Hoxton Park and Warwick Farm³⁰;
- 93,600sqm GLA in Campbelltown LGA provided along Blaxland and Campbelltown Roads in the suburbs of Campbelltown and Leumeah³¹; and
- 30,000sqm GLA in Camden LGA provided at Northern Road / Narellan Road and in Gregory Hills³².

³⁰ Source: NSW/ ACT Property Council of Australia Shopping Centre Database 2012/13, Hoxton Park Masters Store 14,000sqm and Costco at Crossroads, 13,000sqm

³¹ Source: Campbelltown LGA Bulky Goods Retail Study, Hill PDA (2006)

³² Source: Source: Re: Turner Road Precinct - Independent Peer Review of Bulky Goods Retail Analysis, Hill PDA (2011)

There is no significant LFR floorspace presently provided in Wollondilly LGA. Planned and/or approved LFR floorspace in the South West Subregion at the time of preparing this Study include:

- Approximately 60,000sqm of LFR floorspace at Leppington North. The timing of this is unknown but is expected to be beyond 2021, possibly not until 2026 or later. This LFR cluster is likely to be developed in several stages as this land is in fragmented ownership which provides an added risk to development;
- A 30,000sqm GLAR Homemaker Centre at Gregory Hills of which Stage 1 (9,600sqm) currently under construction is due to be completed in December 2014; and
- The proposal by Camden Valley Business Units to construct a staged bulky goods centre containing 13 units for a variety of LFR and commercial tenancies comprising 10,667sqm. This is proposed to be completed by 2015³³.

Gap in LFR Demand and Supply

The table below compares forecast demand for LFR floorspace to existing and planned future supply to determine residual (unmet) demand over the period. Note that the timing of pipeline LFR supply is unknown but the data presented below represents our best current estimates.

Table 6 - LFR Demand v Supply in the South West Subregion (GLA sqm)

Retail Store Type	2012	2016	2026	2036
LFR Demand***	240,100	289,300	417,200	566,300
Existing Supply 2014	247,000	247,000	262,000	342,000
Planned Supply Additions		15,000*	80,000**	
Total Supply	247,000	262,000	342,000	342,000
Residual Demand****	-6,900	27,300	75,200	224,300

* Assumes extant DA for the Narellan Homemaker centre (and 50% is taken up by bulky goods retailers) and the first stage of Gregory Hills will be completed by 2016

** Assumes the balance of Gregory Hills and Leppington North completed by 2026.

*** LFR including includes fabrics and soft goods, sports and camping stores, DIY and hardware and bulky goods such as furniture, floor coverings, , houseware and electrical appliances.

**** Demand less supply – negative number denotes oversupply.

NB: Figures have been rounded to the nearest 100.

Based on our high-level demand and supply modelling, even with planned LFR floorspace additions there would be an undersupply of LFR floorspace in the South West Subregion of 27,000sqm GLA by 2016.

³³ Cordells connect

This is forecast to increase further to an undersupply of 155,000sqm by 2026 although we can expect around 80,000sqm in Gregory Hills and Leppington North will meet some of this demand. Even accounting for this additional supply, by 2026 there will still be a shortfall of more than 70,000sqm without additional supply.

Given that we do not expect LFR floorspace in Leppington North to be provided until beyond 2021 and in light of the projected residential growth in the SWGC over the next 10 years, there is scope for the BRBH to meet some of the estimated 70,000sqm of unmet LFR floorspace demand in the South West Subregion over the period to 2026.

As discussed in Chapter 1, the BRBH site in particular is well suited to LFR operators. Depending upon the operator, such a store would derive trade because of its likely wide category of retail merchandise including outdoor furniture and whitegoods.

In the context of the significant growth in retail expenditure forecast in the South West Region between 2012 and 2026 (+\$4.6bn) we anticipate that there would be sufficient scope to accommodate more than 70,000sqm LFR based on growth in the South West Region alone.

Furthermore, we expect a large “Do-it-Yourself” (DIY) retailer of 20,000sqm or more could have a trade area that extends beyond the defined South West Region to include the Southern Highlands, Fairfield and Bankstown LGAs and possibly the Illawarra Region. This could provide a trade area encompassing around a million people.

Conclusion

The resident population of the South West Region is forecast to significantly increase resulting in growing demand for LFR (including bulky goods) floorspace. HillPDA estimates this unmet demand will equate to approximately 155,000sqm by 2026.

Whilst 80,000sqm of this may be accommodated at Gregory Hills and Leppington North there would still be a shortfall of more than 70,000sqm in 2026 without additional supply. The BRBH is uniquely positioned to meet some of the estimated 70,000+sqm of unmet LFR floorspace demand in the South West Region over the period to 2026.



Part B

Economic Impact Assessment

Part A of this Study established the significant forecast growth in demand for LFR to meet the needs of South West Sydney's growing population. This second Part of the Study assesses the economic impacts of a proposed 50,000sqm LFR development, particularly on existing and proposed retail centres in the locality of BRBH.

4 RETAIL IMPACT ASSESSMENT

Part A of this Study established the significant forecast growth in demand for LFR to meet the needs of South West Sydney's growing population. This second Part of the Study assesses the potential economic impact of a proposed 50,000sqm LFR development at the BRBH site to existing and proposed retail centres in the locality³⁴.

Relevant Statutory Considerations

Overall economic impacts on the role and function of other existing and planned centres is a consideration in assessing new centres, however impacts on individual retailers are not relevant, rather they are a matter of competition.

A detailed summary of the planning policy and legislative review of relevance to the proposed development is provided in Appendix B of this Study. The following summarises the main findings.

State planning frameworks seek to facilitate the viability and growth of existing centres and the development of new centres in line with market forces and demand. Overall economic impacts on the role and function of other existing and planned centres is a consideration in assessing new centres, however impacts on individual retailers are not relevant, rather they are a matter of competition.

Metropolitan and Subregional planning policy seeks to support economic development, competition, productivity gains and employment growth. New retail centres are thus viewed positively subject to impacts on existing and planned centres.

Where development consent is required, the consent authority is obliged to consider the relevant economic and social impacts of the proposal in the locality. In terms of assessing economic impacts, previous Court judgments such as *Fabcot Pty Ltd v Hawkesbury City Council (1997) 93 LGERA 373* and *Cartier Holdings Pty Ltd v Newcastle City Council and Anor [2001] NSWLEC 170* provide some guidance as to what may be relevant issues to consider.

The NSW Land and Environment Court has stated that consent authorities should not consider competition between individual stores as a relevant consideration in its assessment of development applications for retail development as this is a matter of fair trading. Consent authorities should however concern themselves with impacts in the locality.

³⁴ The EP&A Act (1979) does not definitively define locality, however for the purpose of this assessment we have assumed it to be the defined trade areas.

In addition to impacts on existing centres it is also a relevant matter to consider impacts on planned centres. See:

- *Stadurn Pty Limited v Blacktown City Council [2004] NSWLEC 348;*
- *ROI Properties Pty Ltd v Council of the City of Sydney [2011] NSWLEC 1023;* and
- *Humphrey & Edwards v City of Sydney 12009] NSWLEC 1075*

Estimated Turnover of Proposal

For the purposes of this Study HillPDA has tested the scenario of a staged development with 30,000sqm in Stage 1 achieving its first year of trading in 2017-18 and a further 20,000sqm in Stage 2 achieving its first year of trading in 2019-20 – two years after Stage 1.

The store types considered in this study are hypothetical and may include DIY/hardware, furniture, floor coverings, whitegoods, computer and electrical goods, fabrics and soft furnishings, camping and sports goods, auto accessories and the like. We would expect these stores in their first year of trading to achieve retail sales averaging \$3,300/sqm generally in line with industry averages.

For the purpose of the impact assessment we have further assumed that the LFR excludes other store types such as department stores, apparel stores, food stores, personal services and the like. This is not to say that apparel, food and personal services would not be sold but only that they would be ancillary sales in accordance with the LFR definition. Total retail sales in Stage 1 are expected to be \$99m (measured in 2013 dollars).

By 2019-20 we expect the turnover levels to increase to approximately \$3,500/sqm. Total retail sales for Stages 1 and 2 are therefore expected to be around \$175m.

Loss of Trade to Existing Centres

The retail sales captured by the BRBH would be redirected from competing centres and LFR clusters. Note that this turnover should be viewed in the context of growth in LFR expenditure in the trade area between 2014 and 2021 which is anticipated to be around \$360m – more than 40% growth. The proposed BRBH is therefore considered justifiable based on growth alone and would not be reliant upon redirecting significant trade away from existing centres.

In order to provide a robust impact assessment HillPDA has prepared a bespoke gravity model to examine the extent of trade redirected from existing centres and retail clusters. The model works on the principle that the level of redirected expenditure from a centre / retail cluster will be proportional to the level of turnover of the centre / retail cluster and indirectly proportional to the distance from the Subject Site based on the premise that shoppers prefer to minimise travel time and costs. The results of the bespoke gravity model are presented in the following table.

Impact Assessment – Shift in Turnover from Competing Centres

	Stage 1 in 2018 = 30,000sqm									Stage 2 in 2020 = 20,000sqm						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space*	Turnover in 2014	Turnover in 2018 without Proposal	Turnover in 2018 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2018	Shift in turnover from 2014 to 2018	% Shift in turnover from 2014 to 2018	Turnover in 2020 without Stage 2	Turnover in 2020 with Stage 2	Shift in Turnover	% Shift in Turnover in 2020	Shift in turnover from 2018 to 2020	% Shift in turnover from 2018 to 2020	% Shift in turnover from 2014 to 2020
Proposed Centre					99.0	99.0		99.0		104.9	175.0	70.1		76.0		
Major and Town Centres																
Liverpool CBD	10.8	120,000	615.0	697.6	695.0	-2.6	-0.4%	80.0	13.0%	743.0	741.2	-1.8	-0.2%	46.2	6.6%	20.5%
Campbelltown/Macarthur CBD	18.0	182,000	1130.0	1281.7	1277.0	-4.7	-0.4%	147.0	13.0%	1365.0	1361.8	-3.3	-0.2%	84.8	6.6%	20.5%
Carnes Hill Town Centre	2.3	17,200	141.0	161.2	160.6	-0.6	-0.4%	19.6	13.9%	172.3	171.9	-0.4	-0.2%	11.4	7.1%	21.9%
Casula	7.2	20,100	170.0	192.8	192.2	-0.6	-0.3%	22.2	13.0%	205.3	204.9	-0.4	-0.2%	12.7	6.6%	20.5%
Narellan Town Centre	14.6	34,400	235.0	301.2	300.8	-0.4	-0.1%	65.8	28.0%	341.0	340.7	-0.3	-0.1%	39.9	13.3%	45.0%
TOTAL CENTRES		373,700	2291.0	2634.5	2625.5	-9.0	-0.3%	334.5	14.6%	2826.7	2820.5	-6.2	-0.2%	195.0	7.4%	23.1%
Industrial and Bulky Goods Zones																
The Crossroads	5.3	55,000	265.0	307.9	290.8	-17.1	-5.6%	25.8	9.7%	331.8	320.0	-11.9	-3.6%	29.2	10.0%	20.7%
Warwick Farm	13.2	16,000	48.0	54.7	51.1	-3.6	-6.6%	3.1	6.4%	58.3	55.8	-2.5	-4.2%	4.8	9.4%	16.4%
Orange Grove	12.4	30,500	96.0	109.3	103.4	-6.0	-5.5%	7.4	7.7%	116.6	112.5	-4.1	-3.5%	9.2	8.9%	17.2%
Hoxton Park Airport	4.9	14,000	47.0	55.8	50.9	-5.0	-8.9%	3.9	8.2%	60.9	57.4	-3.5	-5.7%	6.5	12.8%	22.1%
Hoxton Park Industrial	7.4	14,000	42.0	49.9	45.9	-4.0	-8.0%	3.9	9.3%	54.4	51.6	-2.8	-5.2%	5.7	12.4%	22.8%
Campbelltown Industrial	15.7	82,600	305.0	369.3	346.6	-22.7	-6.1%	41.6	13.7%	406.4	390.3	-16.1	-4.0%	43.7	12.6%	28.0%
Gregory Hills Business Pk	11.4	22,500	55.0	83.5	77.7	-5.8	-7.0%	22.7	41.2%	102.9	98.3	-4.6	-4.5%	20.6	26.5%	78.7%
Narellan Industrial Area	13.9	14,500	44.0	56.4	52.8	-3.6	-6.5%	8.8	19.9%	63.8	61.2	-2.7	-4.2%	8.4	16.0%	39.1%
TOTAL		249,100	902.0	1086.8	1019.0	-67.8	-6.2%	117.0	13.0%	1195.2	1147.1	-48.1	-4.0%	128.1	12.6%	27.2%
Other Localities						-22.3						15.8				
TOTAL ABOVE		622,800	3193.0	3721.3	3743.6	0.0	0.6%	550.6	17.2%	4126.8	4142.6	0.0	0.4%	399.0	10.7%	29.7%

1. Average Driving distance in each direction in km derived from Googlemaps.
2. Sources: Various including Shopping Centre News, PCA Shopping Centres Directory, HillPDA Floorspace Surveys.
3. Sources: Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and HillPDA Estimate.
4. Allows for population growth and real growth in retail spend per capita of 1.1% per annum in line with historic trend since 1986 (HillPDA from ABS Retail Sales, population estimates and CPI indexes).
5. The turnover of localities following the proposed development. The forecast turnover of the proposed development is distributed between localities based on distance and size.
6. Immediate shift in turnover is the difference between the development and the do nothing options (i.e. Column 4 minus Column 5).
7. Immediate percentage shift is shift in turnover divided by the turnover in 2014 without the development proceeding.
8. This is the shift in turnover from 2014 to 2021 after the opening of the new development.
9. This is shift in turnover from 2013 to 2018 divided by the base turnover in 2014.
10. Turnover in 2020 without Stage 2.
11. Turnover in 2020 with Stage 2 (additional 20,000sqm).
- 12-15. The impacts of Stage 2 only.
16. The percentage shift in turnover from 2014 to 2020 following the completion of Stages 1 and 2.

Note that the estimated retail floor areas in the above table are total floor areas (GLAR) - not just LFR. However the impacts on the major and town centres are generally confined to stores that sell like-for-like bulky goods including hardware, houseware, furniture, floor coverings, electrical goods, outdoor furniture, auto accessories, fabrics and soft furnishings and sports and camping goods. This is why the impacts on major and town centres is considerably lower than they are on LFR and “out-of-centre” clusters.

Note also that the impact model assumes that 22.5% of the turnover captured by the hypothetical centre would be redirected from other destinations not listed in the gravity model including outlets beyond the trade area.

The greatest proportional impact is forecast to be to the retailer at Hoxton Park Airport (Masters) and retailers at the Hoxton Park Industrial area (Bunnings and Officeworks). This is to be expected given the nature of these standalone retailers and their close proximity to the BRBH.

The impact on The Crossroads at Casula is lessened due to the wider range of goods on offer – mainly from Costco which does not directly compete with the proposed BRBH.

Note that over time the impacts reduce significantly owing to the significant growth in retail expenditure generated by the trade area discussed in Part A of this Study. By 2018, each of the existing centres and retail clusters in the locality are expected to be trading above their 2014 levels notwithstanding the impacts from the proposal.

Significance of Impact

There are no standard measures of significance of economic impact. There are however references in various consultancy reports suggest that a loss of trade below 5% would be considered insignificant, 5% to 10% would be low to moderate, 10% to 15% would be moderate to high, and above 15% would be a strong or significant impact.

Generally impacts of up to 10% are considered to be within the normal competitive range, although this is dependent upon the trading performance of the centre in question and / or the level of population growth in a trade area. That is, if a centre or retail cluster is trading very strongly, it has a greater tolerance to accept an economic impact than if it is trading poorly.

Columns 6 and 7 in the above table indicate the immediate or ‘point in time’ trading impact of the proposed development in 2017-18. Point of time impact is the difference between the “development” option and the “do nothing” option in this first year of trading. At this point in time, no centre or retail cluster is expected to experience trading levels more than 10% below the “no development” scenario. As would be expected, in proportional terms Hoxton Park Airport and industrial area would experience the strongest difference in trading levels being 8% to 9% lower than the “do nothing” scenario. As explored above, this degree of impact is not considered significant³⁵.

Impacts over Time

Columns 8 and 9 demonstrate that even with the proposed BRBH LFR Stage 1 development of 30,000sqm, all centres and retail clusters in the locality of the BRBH would experience growth in trade from 2014 to 2018 as a result of the significant growth in demand from new households³⁶.

As stated above growth in LFR expenditure in the four LGAs that make up the trade area would amount to around \$360m from 2014 to 2021.

In all likelihood the proposal would capture between \$160m and \$190m in retail sales by 2020 (say \$175m depending on the retail mix) which is just under half of the growth in demand generated by the trade area. The balance will be captured by the existing centres and LFR outlets. Over time additional floor space will be required to meet further growth at expanding and planned centres such as Leppington.

Even with the proposed BRBH development of 50,000sqm, all centres and retail clusters would experience growth in trade from 2014 to 2018 as a result of the significant growth in demand from new households.

Impacts on Proposed Centres

A number of new centres have been planned to meet the needs of the South West Region’s rapidly growing population including the proposed Edmondson Park Town Centre and North Leppington Major Centre.

³⁵ The impacts could vary depending on the ultimate retail mix at BRBH.

³⁶ Assuming no further increase in supply.

By 2021 the Southwest Region will demand over 70,000sqm more LFR than what is immediately planned for. By 2026 that will increase to 140,000sqm.

Edmondson Park will be developed in two stages. NSW Urban Growth recently sought expressions of interest from the market for Stage 1 which is likely to provide a single supermarket with specialty retail. The second stage is likely to incorporate an additional supermarket and possibly a discount department store. The future major centre for the suburb of Leppington North, to be located to the south of Bringelly Road, will be staged over time as the SWGC grows over the next three and half decades. This centre will eventually provide more than 100,000sqm of retail space including department stores, supermarkets, apparel stores and the like.

These centres will be traditional retail centres located in close proximity to the associated train stations with limited retail offering in LFR categories. For this reason, the potential for competition between the BRBH site and the Leppington North Major Centre and Edmondson Park Town Centre is expected to be minor and BRBH is likely to be more complementary to these planned centres rather than competitive.

Notwithstanding the above, the masterplan for Leppington North provides for bulky goods on 25ha of land north of the major centre on the north side of Bringelly Road. The timing of the delivery of this land for bulky goods uses is unknown at this stage but is most likely to be post 2021. Whilst there would be competition between the LFR on this site and the BRBH site, our assessment finds that growth in demand for retail floorspace over the next decade and a half would support the development of LFR on both of these sites as well as the existing cluster at The Crossroads at Casula. By 2021 the South West Region will demand over 70,000sqm more LFR than what is immediately planned for. By 2026 that will increase to 140,000sqm.

The BRBH is likely to be delivered earlier than the LFR land zoned within Leppington North and serve the needs of the earlier residents of the SWGC, prior to a sufficient population being achieved to support the financial and commercial viability of LFR land at Leppington North. In doing so, we consider that it would complement rather than detract from the planned Leppington North Major Centre, both as the Leppington North Major Centre is intended to be largely a traditional retail centre and as the BRBH will be a draw for future residents in the time prior to the development of the Leppington North Major Centre.

5 ADDITIONAL ECONOMIC AND OTHER BENEFITS

The proposed development would generate a range of additional economic benefits as summarised in this concluding Chapter.

Construction Benefits

Construction Multiplier Impacts

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia³⁷. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

- **Production induced:** which is made up of:
 - first round effect: which is all outputs and employment required to produce the inputs for construction; and
 - an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect; and
- **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 report is ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.6463, \$0.6734 and \$0.9891 respectively to every dollar of construction.

HillPDA has estimated the construction cost of the BRBH to be in the order of \$73m based on \$1,000/sqm for construction³⁸, \$4,000 per car space (1 space per 35sqm of retail GFA), an allowance of 15% of the above costs for on-site works, loading areas, landscaping and external works and say \$200/sqm for fitout.

³⁷ Source: IBIS World Construction Industry Report 2011

³⁸ Refer to Rawlinsons Construction Handbook 2014

The table below quantifies associated economic multipliers resulting from the construction process.

Table 7 - Construction Multipliers (\$m)

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.6463	0.6734	0.9891	3.3088
Output (\$million)	\$73.0	\$47.2	\$49.2	\$72.2	\$241.5

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

The estimated direct construction costs would generate a further \$47m of activity in production induced effects and \$49m in consumption induced effects. Total economic activity generated by construction is therefore estimated at \$241m.

In this respect it is important to note that multiplier effects are national, and not necessarily local. The ABS states that:

“Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.”

In particular the multiplier impacts can leave the impression that resources would not have been used elsewhere in the economy had the development not proceeding. In reality many of these resources would have been employed elsewhere. It should also be noted, as stated in the NSW Treasury guidelines, 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”³⁹.

Notwithstanding this, the construction industry provides considerable added value to the Australian economy.

³⁹ 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

Construction Related Employment

It is estimated that the equivalent of 2.85 construction positions over 12 months are created for every one million dollars of construction work undertaken⁴⁰. Based on \$73m construction cost, 208 job years⁴¹ would be directly generated by the proposed development as shown in the table below.

Table 8 - Construction Employment

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.64	0.70	1.34	3.68
Employment No. per \$million	2.85	1.83	1.98	3.81	10.48
Total job years created	208	134	145	278	765

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0) adjusted by CPI to 2012.

The ABS Australian National Accounts: Input-Output Tables 2008-09 identified employment multipliers for first round, industrial support and consumption induced effects of 0.64, 0.70 and 1.34 respectively for every job year in direct construction. Including the multiplier impacts the proposed development is estimated to generate a total of 765 job years directly and indirectly.

Other Construction Impacts

The construction process may lead to short-term impacts in the locality such as increased traffic, noise and dust. These potential impacts would be managed via mitigation measures and conditions of the development consent for Stage 1 and Stage 2 of the development. They are addressed more fully in the EIS.

⁴⁰ Source: ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

⁴¹ Note: One job year equals one full-time job for one full year

Post Construction Employment and Value Add

Employment in Retail Operations

We estimate a total of 667 full time and part time jobs in retail operations following the completion of both stages of development. This is based on a rate of one job per 75 square metres of GLA⁴².

Salaries

IBIS World Industry Report 2011 forecast average employee wages per staff in 2013-14 for various store types⁴³. Based on this annual wage per staff the combined worker salary is estimated to be approximately \$23m.

Industry Value Add

Industry value add refers to the market value of goods and services produced by an industry minus the cost of goods and services used in the production process, which leaves the gross product of the industry⁴⁴. An industry's value add relates to its contribution towards gross domestic product. Based on 18% of gross revenue we estimate the industry value add to be \$29m per annum.

Benefits of the Subject Site for LFR

The attributes of the BRBH are ideally suited towards LFR floorspace. It represents a viable location for accommodating such uses from a commercial and financial perspective and, given that the BRBH is in single ownership and has no existing development, could be delivered to the market expediently.

This Study has ascertained that there is significant growth in demand for LFR in the South West Region, largely emerging out of population growth in the SWGC. The SWGC makes provision for two LFR clusters inside. LFR floorspace within Leppington North is expected to cater to demand from residents in the north of the SWGC whilst Gregory Hills will meet demand from residents in the southern parts of the SWGC. However we do not expect LFR floorspace in Leppington North to be built until there is a sizable local population in that immediate locality which realistically, is likely to be around 2026.

⁴² Average for hardware, furniture and electrical goods stores (ABS Retail Surveys 1991 and 1998-99)

⁴³ IBS Business Services Australia – Various retail industry reports including hardware, furniture and domestic appliances.

⁴⁴ Ibid

By 2036 there will be ample demand for additional LFR floorspace over and above that planned for SWGC. Indeed our high-level estimates calculate that even accounting for existing and planned LFR floorspace there will be an undersupply of 200,000sqm by 2036. As such, demand for additional LFR floorspace is established and the question becomes where it could and should be accommodated.

The BRBH presents a prime opportunity to meet some of this LFR demand. The BRBH could also accommodate LFR occupiers who may otherwise encounter difficulties securing sites in Leppington North. Early development of LFR uses in this location would serve the demand of early residents in the SWGC and facilitate access to retail facilities for them.

Moreover the BRBH may present a better opportunity to provide a location for larger scale LFR uses than planned bulky goods land within Leppington North as land within Leppington North is fragmented and subject to multiple ownership. This can be an issue for LFR floorspace given that large quantum increases are required necessitating large amounts of land. For example, a 13,000sqm Bunnings or Masters store requires a site of 3ha or more⁴⁵ and the delivery of a 30,000sqm homemaker centre could require 10ha or more with road frontage of at least 300m. Without the consolidation of multiple lots, Leppington North would be restricted to development with smaller scale buildings. The single ownership of the BRBH compared to fragmented ownership of sites within Leppington North is a distinct advantage in ensuring the deliverability of LFR. The BRBH presents a more certain option for the delivery of LFR.

The benefits of providing LFR floorspace in this location at an early stage include its ability to:

- Cater for LFR demand emerging out of early residents of the SWGC. In doing so it may assist the SWGC to attract potential residents;
- Offer a location for LFR operators which may encounter difficulties in finding suitable (commercially and financially viable) sites within the SWGC or the wider South West Region;
- Deliver LFR uses on prime land ideally suited towards such uses;

⁴⁵ Source: Masters Economic Impact Assessment Frenchs Forest, Hill PDA (2012)

- Avoid issues of land fragmentation which may be encountered with delivering LFR land in Leppington North, therefore presenting a lower risk option;
- Maximise the opportunities presented on this gateway site to the SWGC;
- Increase choice and competition in the retail sector and allow more convenient access to retail for existing and future residents;
- Represent a sign of confidence in the future of the SWGC;
- Advance the delivery of infrastructure which in-turn enables the advancement of residential development in the locality; and
- Support direct and indirect employment through the construction process and permanent operations.

Benefits to Western Sydney Parklands

The WSPT is a NSW State Government self-funded statutory authority established in 2008 to plan, develop, manage and fund more than 5,000 hectares of Western Sydney Parklands (**Parklands**) as a multi-purpose, open space corridor to meet the needs of the Western Sydney community.

The Trust is tasked with expanding public access to the Parklands and securing a strong funding base for ongoing operations, maintenance and improvements. The Trust must ensure that the Parklands remain welcoming and inclusive for all, are managed sustainably and importantly are economically viable over the long term⁴⁶.

To achieve its statutory functions, the Trust aims to establish a sustainable income stream to fund operations and improvements to picnic areas, playgrounds, cycling and walking track networks and sporting facilities, as well as help restore and expand natural habitat throughout the Parklands. The subject proposal would assist in providing that income stream to the benefit of the Parklands and its users across Western Sydney.

⁴⁶ Annual Report 2013-14

APPENDIX A DEMOGRAPHIC ANALYSIS

Demand for retail floorspace is dependant not just on the number of households in an area but also on the demographic characteristics of those households. To inform this Study an analysis of the demographic characteristics of the Subregion was undertaken to provide a basis for retail market demand. This is based on information derived from the 2011 ABS Census.

The following table provides details the population and dwelling characteristics for the LGAs which constitute the South West Subregion and the Subregional total. This is benchmarked against Greater Sydney⁴⁷.

Table 9 - Subregional Population and Dwelling Characteristics (2011)

Characteristic	Camden LGA	Campbell-town LGA	Liverpool LGA	Wollondilly LGA	South West Subregion	Greater Sydney
Population and Dwellings						
Total Population	56,720	145,968	180,142	43,261	426,091	4,391,676
Total Private Dwellings	18,806	51,279	58,563	15,038	143,686	1,720,333
Occupied Private Dwellings	17,873	49,417	55,958	13,951	137,199	1,640,199
Occupied Private Dwellings (%)	95%	96%	96%	93%	95%	95%
Average Household Size	3.0	2.9	3.2	3.0	3.0	2.7
Age Distribution						
0-14	24%	22%	23%	23%	23%	19%
15-29	20%	23%	22%	19%	22%	21%
30-44	23%	20%	22%	21%	21%	23%
45-59	18%	20%	19%	21%	20%	19%
60-74	10%	11%	10%	12%	11%	12%
75+	4%	4%	4%	4%	4%	6%
Median Age	34	33	33	36	33	36

Source: ABS Census 2011

⁴⁷ Note: Greater Sydney is based on the ABS Greater Capital City Statistical Areas (GCCSAs) for Sydney— The GCCSAs represent the socio-economic extent of each of the eight State and Territory capital cities The GCCSAs combined with the 'Rest of State' regions cover the whole of Australia without gaps or overlaps and aggregate directly to State/Territory.

From the above table it can be determined that:

- The estimated resident population in the Subregion was 426,091 persons in 2011. Liverpool LGA had the greatest population of 180,142 (42% of the Subregional total) followed by Campbelltown LGA, Camden LGA and Wollondilly LGA;
- Average household sizes in the Subregion were greater than those recorded for Greater Sydney; and
- The South West Subregion generally recorded a lower median age than that for Greater Sydney and it also contained a comparably greater proportion of young residents (aged under 30) and a lesser proportion of elderly residents (aged 60 or older).

The following table details household characteristics for the South West Subregion compared to Greater Sydney.

Table 10 - Subregional Household Characteristics (2011)

Characteristic	Camden LGA	Campbelltown LGA	Liverpool LGA	Wollondilly LGA	Southwest Subregion	Greater Sydney
Home Ownership						
Owned or Being Purchased	79%	67%	66%	81%	69%	65%
Rented	19%	30%	30%	16%	27%	32%
Other	2%	3%	4%	3%	3%	3%
Household Structure						
Family Households	84%	79%	82%	82%	83%	73%
Lone Person Households	14%	19%	16%	16%	15%	23%
Group Households	2%	2%	2%	2%	2%	4%
Family Type						
Couple family w. children	55%	49%	57%	52%	53%	49%
Couple family w/o children	30%	27%	24%	33%	27%	33%
One parent family	14%	22%	18%	14%	19%	16%
Other family	1%	2%	1%	1%	1%	2%
Dwelling Type						
Separate house	93%	81%	75%	95%	81%	61%
Townhouse	6%	15%	12%	3%	11%	13%
Flat-Unit-Apartment	2%	4%	13%	2%	7%	26%

Source: ABS Census 2011

The data presented above indicates that:

- A greater proportion of households in the Subregion owned or were in the process of purchasing their homes compared to Greater Sydney;

- Family households dominated household structure in the Subregion and were prevalent in greater proportions than for Greater Sydney. The Subregion contained a correspondingly lower proportion of lone person households;
- Couple families with children accounted for over half of all family types in the Subregion. Campbelltown LGA recorded the lowest proportion of families with children and was comparable to the Greater Sydney average (49%); and
- The vast majority of dwellings in the Subregion were separate dwellings which accounted for a significantly greater proportion of total dwellings than in Greater Sydney. There were comparatively few flat-unit-apartment dwellings within the Subregion.

The following table identifies the employment and income characteristics for the residents within the Subregion and for Greater Sydney.

Table 11 - Subregional Employment and Income Characteristics (2011)

Characteristic	Camden LGA	Campbelltown LGA	Liverpool LGA	Wollondilly LGA	Southwest Subregion	Greater Sydney
Labour Force by Occupation						
Managers	12%	8%	9%	12%	10%	13%
Professionals	17%	13%	14%	14%	14%	24%
Technicians & Trade Workers	15%	14%	15%	17%	15%	11%
Community & Personal Services Workers	9%	10%	9%	9%	9%	8%
Clerical & Administrative Workers	17%	17%	16%	15%	16%	15%
Sales Workers	10%	9%	8%	8%	9%	8%
Machinery Operators & Drivers	8%	10%	10%	9%	10%	5%
Labourers	7%	10%	10%	9%	9%	7%
Inadequately described or N.S.	1%	2%	2%	2%	2%	2%
Unemployment	4%	7%	7%	5%	6%	6%
Weekly Household Income						
\$0-\$599	13%	18%	19%	18%	18%	18%
\$600-\$1,249	19%	25%	24%	25%	23%	21%
\$1,250-\$2,499	34%	19%	30%	19%	31%	27%
\$2,500-\$3,999	20%	17%	13%	17%	14%	18%
\$4,000+	4%	8%	3%	8%	3%	5%
Partial income stated	8%	2%	8%	2%	8%	8%
All incomes not stated	2%	11%	3%	11%	3%	2%
Median Weekly Household Income	\$1,727	\$1,251	\$1,299	\$1,478	\$1,358	\$1,447

Source: ABS Census 2011

From the above table, the following can be determined:

- A greater proportion of working residents in the Subregion were employed in white collar occupations such as ‘mangers’ and ‘professionals’ and fewer were employed in blue collar occupations such as ‘labourers’ and ‘machinery operators & drivers’ comparative to Greater Sydney;
- Unemployment in the most populous LGAs in the Subregion was above the Greater Sydney average rate; and
- With the exception of Camden LGA the Subregion contained a higher proportion of low earning households with an income of less than \$1,250/ week compared to Greater Sydney. Reflective of this, the median weekly household income for most residents in the Subregion was below that for Greater Sydney.

In summary the demographic analysis has indicated that residents in the Subregion are likely to be younger and live in larger households relative to residents in Greater Sydney. Whilst residents in the South West Subregion are more likely to be employed in blue collar professions and households to have below median incomes comparative to Greater Sydney, they are also more likely to be home owners and reside in detached properties. These demographics indicate that residents have lower disposable incomes on average when compared to Greater Sydney. This would imply that retail expenditure on average would be lower across the Subregion compared to Greater Sydney, although they may have a proportionally greater need for family and dwelling related items and a greater demand for affordable retail types / formats such as those delivered by bulky goods and LFR.

APPENDIX B PLANNING POLICY CONTEXT

This Section examines a range of planning policy documents to determine the main implications on existing and future land use planning within the South West Subregion.

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 government and planning authorities to review the flexibility of planning regulations and policies regarding retail development. In response the Department of Planning, as it was known then, released the NSW draft Centres Policy in April 2009.

The NSW draft Centres Policy focuses around six key principles as described in the following table.

Table 12 - NSW Draft Centres Policy Key Principles

Principle	Direction	Description
1	Retail and commercial activity should be located within centres.	Reinforces the longstanding strategy to concentrate the predominant share of retail and business floor space 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 to meet consumer needs.
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 2 of the Draft Centres Policy notes that increases in population and real incomes and a constantly changing and evolving economy means that the planning system needs to respond dynamically to prevailing market demand.
3	Market determines need for development, planning regulates location and scale.	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. It also notes that the planning system should be flexible and enable new centres to form which may mean that new centres may form and compete with more established centres.
4	Ensuring the supply of floor space accommodates market demand.	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.
5	Support a wide range of retail and commercial premises and contribute to a competitive retail market.	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.
6	Contributing to the amenity, accessibility, urban context and sustainability of centres.	Centres should be well designed for functionality, providing ambience, convenience and accessibility and well integrated with surrounding land uses.

Source: NSW Draft Centres Policy, NSW Department of Planning and Infrastructure (2009)

NSW Draft Competition SEPP (2010)

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

The proposed state-wide planning policy removes artificial barriers on competition between retail businesses. The 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.

Metropolitan Plan for Sydney 2036 (2010)

The Metropolitan Plan for Sydney 2036 (**the Plan**) was released by the Department of Planning and Infrastructure in December 2010. The Plan aims to shape the future growth of Sydney to 2036 ensuring a more resilient, compact, connected, multi-centred and sustainable city. The Metropolitan Plan integrates 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 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 by 2036. Of



these an additional +155,000 dwellings and +141,000 jobs are to be provided in the South West Subregion.

The Plan forecasts that an additional 10 million sqm of additional commercial floorspace and 5 million sqm of additional retail floorspace will be required across Sydney by 2036 in order to cater for employment growth and increasing demand.

Draft Metropolitan Strategy for Sydney to 2031 (2013)

The NSW Department of Planning and Infrastructure published the draft Metropolitan Strategy for Sydney to 2031 ('the draft Strategy') for consultation in March 2013 however, the draft strategy has not been formally adopted. It seeks to achieve the following outcomes:

- Balanced growth;
- A liveable City;
- Productivity and prosperity;
- Healthy and resilient environment; and
- Accessibility and connectivity.

The draft Strategy seeks to promote and facilitate growth which acknowledges market considerations and which integrates transport, infrastructure and land use. Job growth will thus be concentrated on Metropolitan areas. An additional +625,000 new jobs across Sydney by 2031 is targeted and minimum job targets are set across the Subregions in Sydney to achieve this.

The draft Strategy defines the South West Subregion as comprising the LGAs of Bankstown, Camden, Campbelltown, Fairfield, Liverpool and Wollondilly. Within this area a minimum of +469,000 residents, +141,000 houses and +134,000 jobs are targeted by 2031. This includes planning for at least +64,000 new dwellings by 2031 as part of the SWGC.

Key objectives relevant to this Study include:

- **Objective 7:** Deliver well-designed and active centres that attract investment and growth – Providing well designed new centres where they are needed.
- **Objective 15:** Provide for a good supply of retail space – Facilitating sufficient floorspace supply to meet demand growth and ensuring that viable options are provided.
- **Objective 26:** Improve accessibility and connectivity for centres and for new urban areas – Maintaining a network of local

centres, supported by public transport and with well integrated pedestrian routes.

Metropolitan priorities for the South West Subregion include to support new employment growth in the SWGC and to strengthen the role of Liverpool Regional City.

Draft South West Subregional Strategy (2007)

The Department of Planning and Infrastructure's Draft South West Subregional Strategy relates to the LGAs of Camden, Campbelltown, Liverpool and Wollondilly.

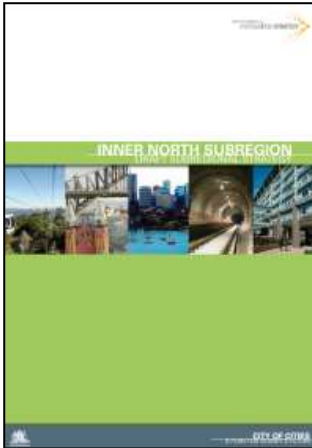
The Draft Subregional Strategy provides a number of targets, aims and objectives to be achieved by 2031. These include planning for over 89,000 new jobs, of which +35,000 jobs (39% of the Subregional total) are to be accommodated in the Liverpool LGA.

The Draft Subregional Strategy seeks to focus the majority of new economic development on defined Strategic Centres. Enterprise Corridors are recognised as supporting the role of strategic centres by accommodating start-up businesses, showrooms, building supplies, small retail outlets and bulky goods clusters which do not always 'fit' in Strategic Centres.

We also note that, in line with the Metropolitan Plan for Sydney 2036, the Draft Subregional Strategy requires more than 155,000 new dwellings be accommodated in the South West of Sydney over the lifespan of the Strategy (2004–2031). The major contributor to this growth in dwellings will be the SWGC.

Liverpool Retail Hierarchy Review Version 2, July 2012 (2012)

HillPDA completed the Retail Hierarchy Review for Liverpool City Council in July 2012. The Review assessed future demand and supply for retail floorspace within the LGA over the 2011 to 2031 period and made recommendations as to how future retail need should be distributed across centres. The Review excluded that part of the Liverpool LGA which forms part of the SWGC.



QUALITY ASSURANCE

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Quality Control

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

Reviewed by:

HillPDA



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Dated: 14/10/14

Report Details

Job Ref No: C14272
Version: Final
File Name: Bringelly Road Business Hub Retail Demand and
Economic Impact Assessment 14Oct14F
Date Printed: 14/10/2014

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