

Locomotive Workshop, ATP, Eveleigh

Economic Impact Assessment

October 2017



MacroPlan Dimasi

MELBOURNE

Level 16

330 Collins Street

Melbourne VIC 3000

(03) 9600 0500

BRISBANE

Level 15

111 Eagle Street

Brisbane QLD 4000

(07) 3221 8166

PERTH

Level 1

89 St Georges Terrace

Perth WA 6000

(08) 9225 7200

SYDNEY

Level 52

19 Martin Place

Sydney NSW 2000

(02) 9221 5211

GOLD COAST

Level 2

89 - 91 Surf Parade

Broadbeach QLD 4218

(07) 3221 8166

Prepared for: Mirvac

MacroPlan Dimasi staff responsible for this report:

James Turnbull, National Manager – Retail

Fraser Brown, Manager – Retail

Table of contents

Executive summary	i
Introduction	vi
Section 1: Site context and proposed development	1
1.1 Site location and context	1
1.2 Proposed development scheme	6
1.3 Comparison with other precincts	13
Section 2: Trade area analysis	17
2.1 Resident trade area	17
2.2 Worker trade area	29
2.3 Other customer segments	36
Section 3: Competitive context	38
3.1 Existing supply	38
3.2 Supply competition	42
Section 4: Retail floorspace and market gap analysis	45
4.1 Projected supermarket demand and market gap	45
4.2 Projected retail floorspace demand	49
4.3 Summary	51
Section 5: Estimated trading impacts	52
5.1 Purpose of impacts assessment	52
5.2 Indicative sales performance	53
5.3 Potential trading impacts	54
Section 6: Other economic benefits	61
6.1 Employment benefits	61
6.2 Other community benefits	63

Executive summary

- The Australian Technology Park (ATP) is a modern, specialised business park, located on the southern side of the inner west railway line. The Locomotive Workshop, which is the subject of this report, is situated at the northern end of ATP.
- The broader area, including Eveleigh, Waterloo, Redfern, Zetland and Ashmore is currently, undergoing significant urban regeneration and intensification. At present this area is under supplied in terms of retail floorspace, in particular supermarket/everyday stores.
- The development at the subject site is proposed to include around 7,339 sq.m of floorspace, including a 2,032 sq.m supermarket offering, 1,337 sq.m of retail specialty floorspace, 750 sq.m of activated exhibition and cultural heritage space blended with retail, 571 sq.m of exhibition interpretation space and 2,649 sq.m of non-retail floorspace. While the provision of floorspace within the Locomotive Workshop represents only around 5% of total floorspace at ATP, it is a key activator of the precinct, and will service residents, workers and visitors.
- The proposed offer will not be a traditional “shopping centre”, rather it will involve elements of production, education, manufacturing, wholesale and dining in a setting that is sympathetic to the heritage significance of the building. The critical mass of facilities proposed will create a focal point for the surrounding residents and workers, capitalising on the site’s proximity to public transport.
- The proposed retail offer being considered at the subject site is explicitly designed to attract visitors to the precinct to enable the heritage value to be more broadly realised than it would otherwise be. The combination of factors will activate both the Locomotive Workshop and Innovation Plaza.
- The proposed retail mix will include everyday offerings (inc. supermarket and specialty retail) that will serve of surrounding community of workers, residents, students as well as other visitors. The proposed offer is not intended to be activated intermittently, like

event style retail (e.g. weekend markets), as this tends to have much greater impact on the days of operation, typically in the form of traffic congestion and parking impacts on local residents.

- In our view, specialty retail that will help to activate the Innovation Plaza cannot be sustained successfully in a non-residential precinct without an everyday anchor tenant such as a supermarket or a larger food offering.
- Other anchors have been considered, but are unsuitable. Cinemas are essentially an evening activator only and typically form part of a larger more established offer – noting there are cinemas at Newtown and some being developed at Green Square Town Centre and Central Park Mall. Hence not driving the day traffic into the Locomotive Workshop during the day to support the specialty retail.
- Department and discount department stores (DDS) require considerably larger floorplates, and tend to co-locate with non-food uses in shopping centres as opposed to local neighbourhood precincts.
- The proposed retail at ATP has the potential to service four customer segments, namely local residents; nearby workers; students; and other visitors.
- The resident main trade area population is estimated at 34,660 as at June 2017, including 7,260 residents in the key primary sector, and is projected to grow to 56,360 by 2031, reflecting an average annual growth rate of 3.5%.
- Based on information from the ABS and Transport for NSW, the worker trade area population is currently estimated at 8,340 persons, including 3,710 workers in the key primary sector. The worker trade area population is estimated to grow at an average annual rate of 7.6% to reach 23,390 by 2031, with the majority of this growth driven by the development of commercial and retail facilities within ATP.
- There are a number of competitive retail facilities throughout the broader area, including higher order facilities such as Broadway SC and Marrickville Metro; supermarket based centres such as East Village and Dank Street Plaza; and strip and street based retail precincts such as Alexandria, Redfern, Erskineville and Redfern.

- We have identified a main trade area supermarket floorspace gap of 4,235 sq.m at present, which would increase to 7,940 sq.m by 2031, even with the addition of the proposed supermarket facilities at the subject site and the Ashmore Street precinct, as well as allowing for the approved small supermarket at Building 2 (i.e. for CBA).).
- At 2017, the resident main trade area generates demand for 92,500 sq.m of retail floorspace. By 2031, total retail floorspace demand from the resident main trade area is estimated to grow by 73%, to 156,700 sq.m.
- The worker trade area population generates demand for around 4,700 sq.m of retail floorspace. Over the period to 2031, worker trade area retail floorspace demand is estimated to grow by around 210%, or around 10,000 sq.m, to 14,530 sq.m by 2031.
- Having regard for some trade area overlap of around 6% (i.e. people who are residents and workers in the main trade area), the total retail floorspace demand of the combined resident and worker trade area populations is estimated to increase from 96,900 in 2017 to 173,300 by 2031, reflecting total growth of around 79%.
- **The proposed 4,119 sq.m of retail floorspace proposed at the Locomotive Workshop subject site accounts for around 4.3% of total floorspace demand at 2021 and 2.4% of total floorspace demand at 2031. Furthermore, the proposed retail floorspace at the subject site accounts for around 5.4% of retail floorspace demand growth between 2017 and 2031, indicating that the additional facilities proposed at the subject site can easily be absorbed by the market.**
- Based on our analysis, the small supermarket approved at the Building 2 site is not sufficient in scale to meet the significant market gap for supermarket floorspace at the ATP. We understand that a larger floorplate cannot be accommodated on the Building 2 site due to the grade change within this site.
- One of the key objectives of any redevelopment of the Locomotive Workshop is to enable the heritage value to be 'unlocked' through visitation. Retail will be a key driver of visitation to the precinct, in particular supermarket or a larger food offering retail, because it generates significant and frequent visitation. A key established anchor such as

supermarket retail is also fundamental to attracting other specialty retailers, including food and beverage type retailers and bespoke maker/seller type operations.

- The key anchor tenant, such as a supermarket, will help to drive activation through the ATP 18 hours a day, 7 days a week, particularly given that the subject site is generally disconnected from most of the surrounding residential area (i.e. set-back 100 – 200m into ATP). Sufficient car-parking will be an important component to achieve this, and will help to minimise customers parking in the streets in the surrounding area. Dedicated car-parking will not only service the anchor tenants, but the supporting specialty tenants as well.
- Connectivity of the car-parking to the retail at the Locomotive Workshop through travellers will be a fundamental threshold requirement to attract retail tenants, in particular a supermarket anchor tenant. Without this immediate connection, in our view, an anchor tenant would be unlikely to locate at the Locomotive Workshop, leading to a much inferior retail outcome, and a reduced appreciation (through visitation) of the heritage value of the site.
- Critical success factors for a retail offer include critical mass, functionality, mix/diversity, anchor tenants, and accessibility (including hours of operation, parking, and connectivity).
- We estimate that the proposed retail centre at the Locomotive Workshop subject site could achieve sales in the order of \$33.9 million in 2020/21, expressed in constant \$2016/17.
- The largest impact on a specific centre/precinct is expected to be absorbed by the Alexandria Precinct, at around 6.4% or \$5.9 million, given its proximity and offer (noting that the majority of this impact would be absorbed by the Woolworths supermarket), while impacts on all other centres across the region are expected to be below 5.5%.
- The impacts on other centres range from 0.5% - 5.3%, and many of these centres only draw very thin market shares from the available main trade area at present because they contain small independent supermarkets and small offers in general; and serve a different role and function to the proposed retail development at the subject site.

- The development is estimated to support around 212 net additional jobs on site, as well as around 85 jobs across the broader supply chain. Based on a construction cost of \$48 million, around 534 temporary construction jobs are expected to be created as a result of the proposed development of the convenience component of the centre, including on-site construction jobs.

Introduction

This report presents an independent assessment of the need for retail facilities at the Locomotive Workshop at Australian Technology Park (ATP), and the potential economic and community impacts that might result from such a development at the subject site.

This report has been prepared in accordance with instructions received from Mirvac and is structured as follows:

- **Section 1** reviews the local and regional context of the subject site including an assessment of the surrounding facilities in the immediate locality and major infrastructure projects of relevance, and provides an overview of the proposed development being considered at the subject site.
- **Section 2** examines the various market segments that could potentially be served by retail facilities at the subject site; provides estimates of current and anticipated population levels within the resident and worker trade areas; analyses the socio-demographic profile of the trade area populations; and assesses the current and future estimated retail expenditure volumes generated by the trade areas.
- **Section 3** reviews the competitive context within which retail facilities at the subject site would operate, including all proposed competitive facilities across the region.
- **Section 4** provides an assessment of the market gap for supermarket floorspace across the main trade area, as well as the future growth in retail floorspace demand across the resident and worker trade areas
- **Section 5** presents our estimates of potential sales volumes that could be achieved by retail facilities at the subject site; examines the potential trading impacts on the surrounding retail/centres hierarchy; then discusses the implications of these impacts.
- **Section 6** considers other economic and community impacts associated with convenience based retail development at the subject site.

Section 1: Site context and proposed development

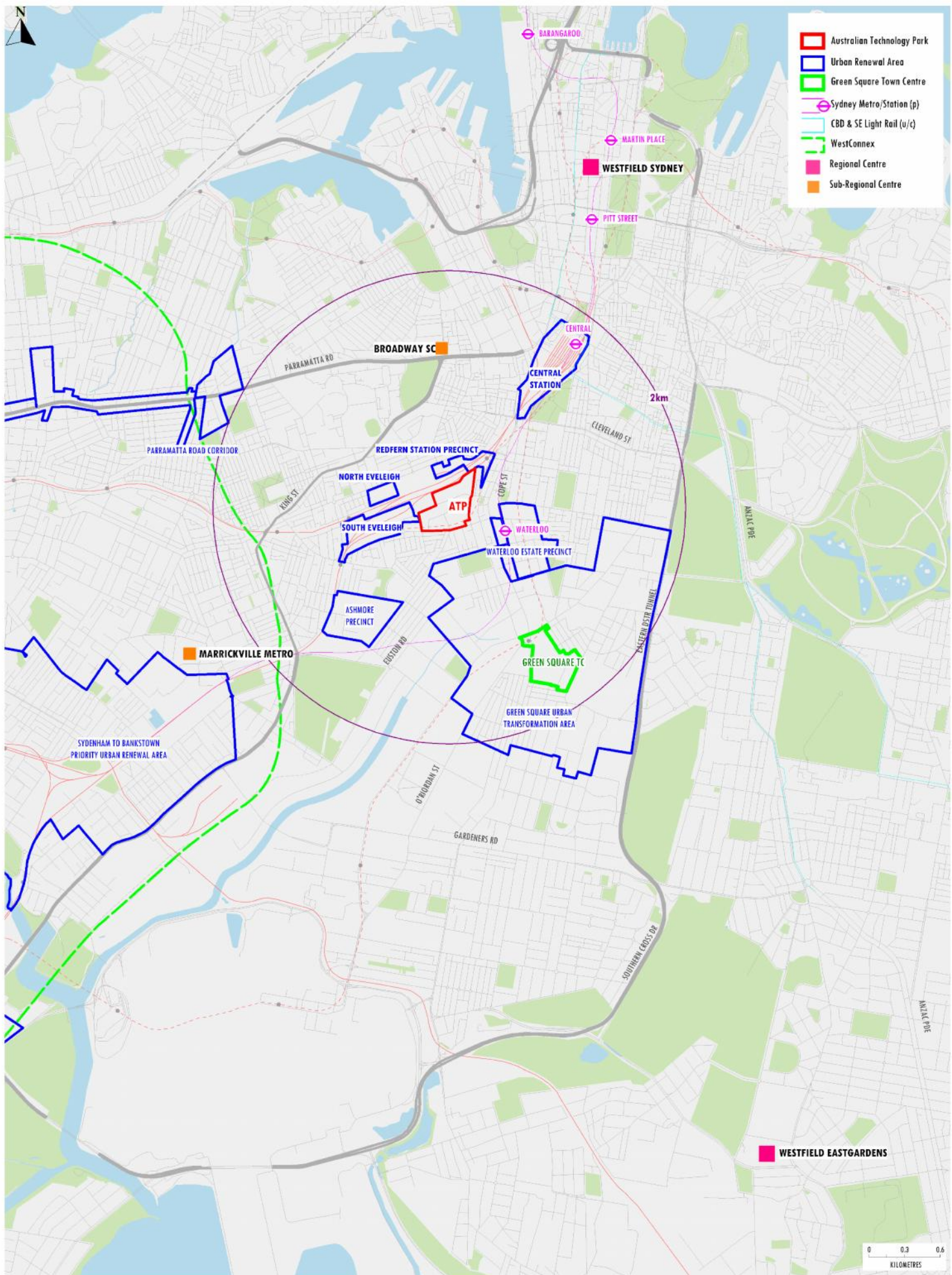
This section of the report reviews the local and regional context of the subject site including an assessment of the surrounding facilities in the immediate locality and major infrastructure projects of relevance, and provides an overview of the proposed development being considered at the subject site.

1.1 Site location and context

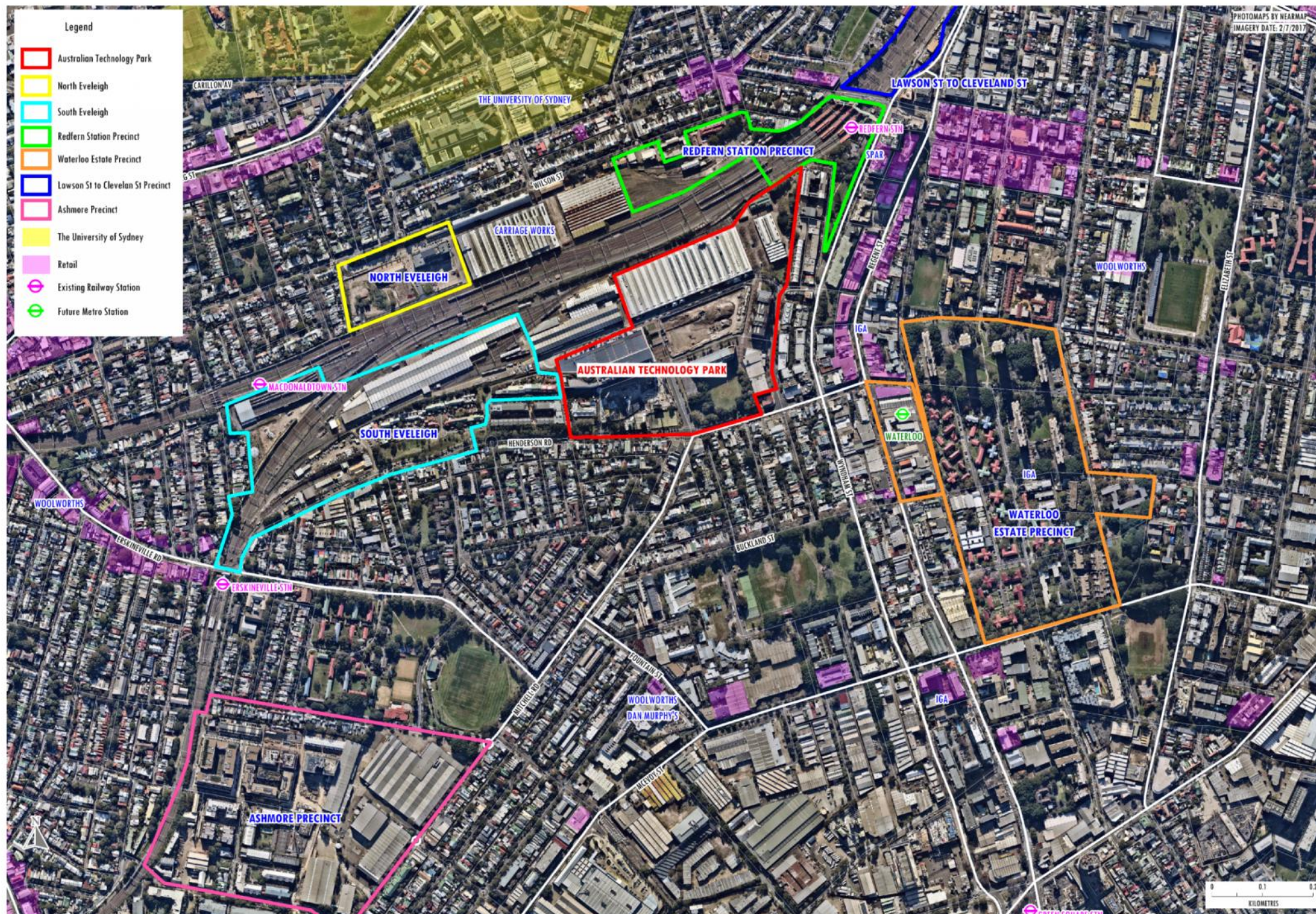
The Australian Technology Park (ATP) is a modern, specialised business park, located on the southern side of the inner west railway line. From its inception, the precinct was utilised as workshops for the railway network, evolving into a location for markets, convention centres to its current use as a high-tech business park with commercial office and function centre uses. ATP is situated around 2 km south of the Sydney central business district (CBD) (refer Map 1.1).

Map 1.2 illustrates the local context of ATP and in particular, the Locomotive Workshop, which is the subject of this report. The Locomotive Workshop is currently used for functions and events, and also accommodates commercial uses. Bays 1 and 2 include a static display of the remaining heritage items from the workshop, as well as the blacksmith. The key features of relevance in the local area include:

- Redfern, Macdonaldtown and Erskineville Railway Stations
- The future Waterloo Metro Station
- University of Sydney
- The existing commercial buildings on the ATP site, which contain around 75,000 sq.m of floorspace, including NIC (which is utilised by four universities), NICTA (which is occupied by CSIRO), Sydney University Biomedical Building, Channel 7 and Transport Management Centre.
- Woolworths supermarkets at Alexandria and Redfern
- Carriageworks



Map 1.1: Australian Technology Park, Sydney
Regional context



Map 1.2: Australian Technology Park
Site location

Map 1.2 also illustrates ATP's location and the site of the CBA development, which is expected to accommodate a further 10,000 workers within ATP upon completion in 2020. The CBA development will accommodate around 100,000 sq.m of commercial floorspace and 3,000 sq.m of retail and ancillary floorspace upon completion in 2020. The CBA development, including both the commercial office and retail floorspace, has already received development approval. The retail offer within the CBA buildings will be primarily orientated to the immediate CBA workforce, but will also help drive this as a 7 day offering to the local residents, students and visitors.

Surrounding development

The Central to Eveleigh Urban Transformation and Transport Program (C2E) includes three projects, comprising five precincts of government land, including Redfern to Eveleigh (Redfern Station, North Eveleigh, and South Eveleigh), Waterloo and Central Station.

The Redfern to Eveleigh component has the potential to yield in excess of 1,400 dwellings over the next 15 years.

The Waterloo precinct will be serviced by a new rail station (i.e. Waterloo Metro Station) as part of the Sydney Metro – City & Southwest rail project which is providing services extending to Bankstown. It is estimated that more than 5,000 additional dwellings will be accommodated in the Waterloo precinct over the long term, in addition to future integrated planning with the site of the new Waterloo metro station.

The C2E forms part of a broader inner-city urban transformation area which includes the Green Square Urban Renewal Area (URA) and the Ashmore precinct, as well as sites beyond these designated precincts.

These areas have already undergone significant change, and are expected to include tens of thousands of new dwellings over the next few decades, including:

- Ashmore precinct: 2,000 – 3,000 additional dwellings
- Green Square URA: 15,000 – 20,000 additional dwellings

- C2E: 10,000+ additional dwellings (including approx. 5,000 net additional at Waterloo).

The Locomotive Workshop subject site is zoned Business Zone – Business Park under the SEPP (MD) 2005 Redfern-Waterloo Authority Sites document. The objectives of the Business Zone – Business Park are as follows:

- a) to establish business and technology parks to encourage employment generating activities that provide for a wide range of business, technology, educational and entertainment facilities in the Zone,
- b) to support development that is related or ancillary to business, technology or education,
- c) to support development for retail uses that primarily serve the needs of the working population in the Zone and the local community,
- d) to ensure the vitality and safety of the community and public domain,
- e) to ensure buildings achieve design excellence,
- f) to promote landscaped areas with strong visual and aesthetic values to enhance the amenity of the area.

The proposed development, detailed in the next sub-section, is therefore consistent with the zone objectives and will help drive and attract small business, technology, educational and entertainment facilities, all while serving local residents and workers. The existing retail floorspace approved within ATP will primarily service the current and future workers.

1.2 Proposed development scheme

Figure 1.1 illustrates the plans for the ATP, including the CBA office towers (approved) and the Locomotive Workshop (the subject of the analysis this report), while Figures 1.2 and 1.3 detail the proposed layout of the Locomotive Workshop offer.

The retail component of the Locomotive Workshop (as highlighted on the diagram) is located in Bays 3 – 4a and part of the northern Bays 1 and 2, together with the area of activation along Innovation Plaza. In basic terms, it is envisioned that this offer will accommodate a market, convenience retailing, food and beverage outlets and non-retail services (e.g. medical, allied health, fitness).

Table 1.1 details the proposed composition of the retail facilities at the Locomotive Workshop subject site. In total, around 7,339 sq.m of retail and ancillary non-retail floorspace is proposed within the eastern component of the Locomotive Workshop, including a 2,032 sq.m market offering, 1,337 sq.m of retail specialty floorspace at ground floor and 3,490 sq.m of non-retail floorspace at Level 1. There is also retail and non-retail heritage exhibition and interpretation spaces proposed, totalling 1,321 sq.m.

Table 1.1 ATP Locomotive Workshop - Proposed composition	
Category	GFA (sq.m)
Supermarket	2,032
Retail specialty	1,337
Blended Heritage exhibition and interpretation space (retail)	<u>750</u>
Total retail	4,119
Heritage exhibition and interpretation space (non-retail)	571
Non-retail	<u>2,649</u>
Total offer	7,339
Source: MacroPlan Dimasi	

The vision for the offer includes food specialties, which may also have a hybrid food production function (e.g. bakery, coffee roaster etc.) as well as food catering (i.e. cafes and restaurants). The offer will not be a traditional “shopping centre” rather it will be a retail precinct that creates a significant point of difference in the market, allowing production, education, manufacturing, wholesaling and dining – a fully immersive and operating precinct for businesses, residents, workers and visitors.

The provision of retail facilities in the Locomotive Workshop represents around 5% of overall floorspace at ATP, and is ancillary to the predominantly office usage of the precinct, however retail facilities in the Locomotive Workshop is an important activator for the site, and will encourage longer dwell times at ATP, connecting local residents, workers and visitors within a setting that is sympathetic to the heritage value of the building.

The proposed retail offer being considered at the subject site is explicitly designed to attract visitors to the precinct to enable the heritage value to be more broadly realised than it would otherwise be. The combination of retail, commercial and improved heritage setting will activate both the Locomotive Workshop and Innovation Plaza.

The proposed retail mix will include everyday offerings (inc. supermarket and specialty retail) that will serve of surrounding community of workers, residents, students as well as other visitors. The proposed offer is not intended to be activated intermittently, like event style retail (e.g. weekend markets), as this tends to have much greater impact on the days of operation, typically in the form of traffic congestion and parking impacts on local residents.

In our view, specialty retail that will help to activate the Innovation Plaza cannot be sustained successfully in a non-residential precinct without an everyday anchor tenant such as a supermarket. Other anchors have been considered, but are unsuitable. Cinemas are essentially an evening activator only and typically form part of a larger more established offer – noting there are cinemas at Newtown and some being developed at Green Square Town Centre and Central Park Mall.

Department and discount department stores (DDS) require considerably larger floorplates, and tend to co-locate with non-food uses in shopping centres as opposed to local neighbourhood precincts. Other household goods/homewares type retailers.

The existing retail offer throughout ATP is limited, and the approved retail within the CBA development will be fragmented and will primarily service the convenience needs of the immediate worker population. The development within the Locomotive Workshop will create a critical mass of facilities that will activate the area, capitalising on the site's proximity to public transport connections.

Based on our analysis, the small supermarket approved at the Building 2 site is not sufficient in scale to meet the significant market gap for supermarket floorspace at the ATP. We understand that a larger floorplate cannot be accommodated on the Building 2 site due to the grade change within this site.

One of the key objectives of any redevelopment of the Locomotive Workshop is to enable the heritage value to be 'unlocked' through visitation. Retail will be a key driver of visitation to the precinct, in particular supermarket retail or large food offering, because it generates significant and frequent visitation. A key established anchor, such as a supermarket, is also fundamental to attracting other specialty retailers, including food and beverage type retailers and bespoke maker/seller type operations.

This key anchor tenant, such as a supermarket, will help to drive activation through the ATP 18 hours a day, 7 days a week, particularly given that the subject site is generally disconnected from most of the surrounding residential area (i.e. set-back 100 – 200m into ATP). Sufficient car-parking will be an important component to achieve this, and will help to minimise customers parking in the streets in the surrounding area. Dedicated car-parking will not only service the anchor tenants, but the supporting specialty tenants as well.

Connectivity of the car-parking to the retail at the Locomotive Workshop through travellers will be a fundamental threshold requirement to attract retail tenants, in particular a supermarket anchor tenant. Without this immediate connection, in our view, an anchor tenant would be unlikely to locate at the Locomotive Workshop, leading to a much inferior retail outcome, and a reduced appreciation (through visitation) of the heritage value of the site.

Critical success factors for a retail offer include critical mass, functionality, mix/diversity, anchor tenants, and accessibility (including hours of operation, parking, and connectivity).

Figure 1.1

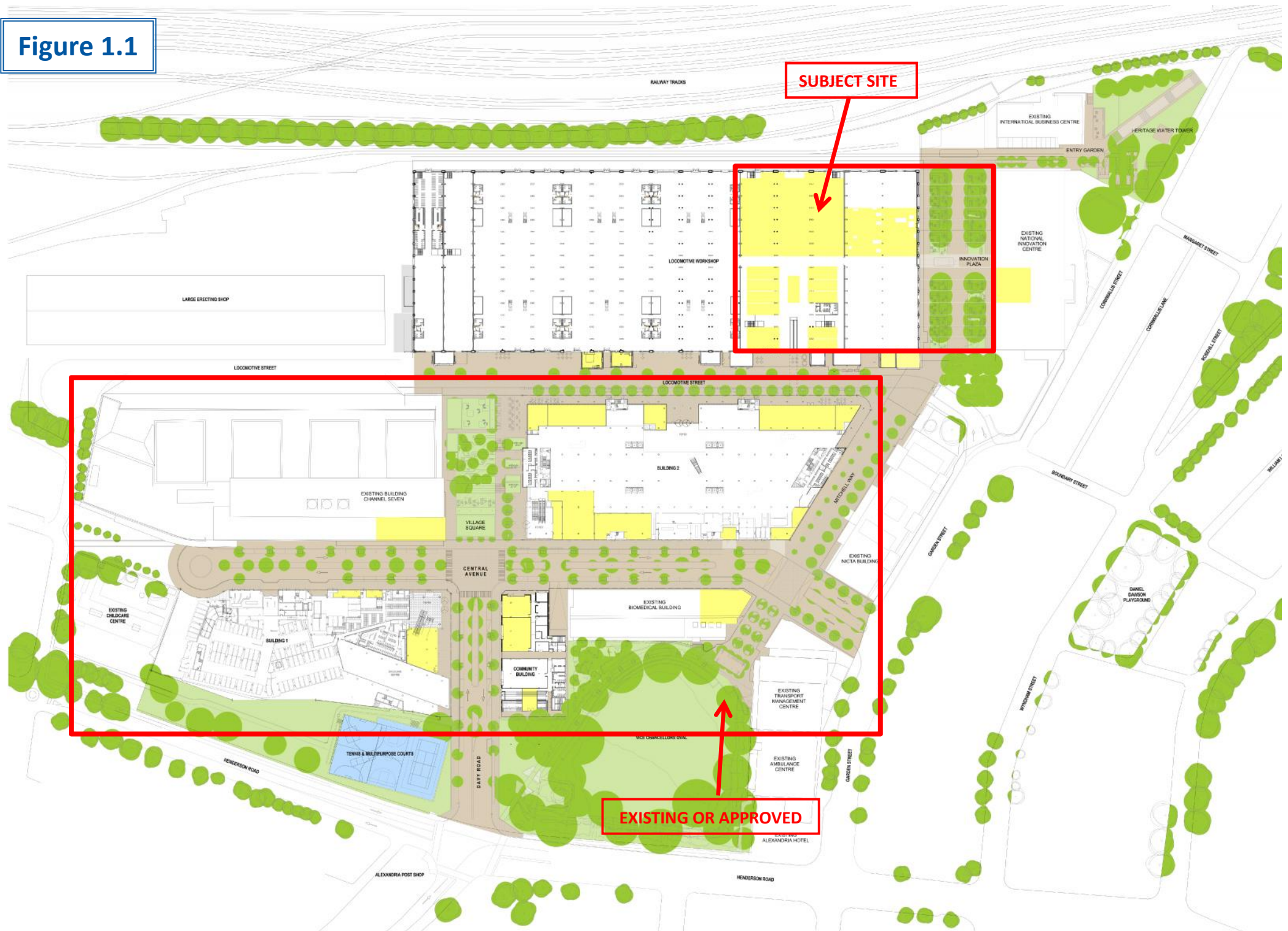


Figure 1.2

Lease expiry 2019 to 2023 (options)



Architect SISSONS ARCHITECTS Studio 5, 81 Alexander St, Crows Nest, NSW 2065 Tel. 02 9460 8002	NLA AREA TABLE			Client		Project		Drawing Title		
		L00	L01	total areas (sq.m)	MIRVAC	LOCOMOTIVE WORKSHOP 2 Locomotive St, Eveleigh NSW 2015		PROPOSED PLAN SSDA COMBINED - GROUND FLOOR		
	COMMERCIAL	11,212	9,326	20,538						
	RETAIL	3,653	2,621	6,274						
	HERITAGE INTERPRETATION / EXHIBITION	148	513	661	Scale 1 : 400 @A1 (Half Scale @ A3)	Rev Date 10/11/17	North 	Project No. 16-002	Drawing No. SA-AR-DWG-BB-B4-0290	Rev D
	BLACKSMITH	1,577	0	1,577						
	TOTAL NLA	16,590	12,460	29,050						

Figure 1.3



Architect:
SISSONS ARCHITECTS
Studio 5, 81 Alexander St, Crows Nest, NSW 2065
Tel. 02 9460 8002

NLA AREA TABLE	L00	L01	total areas (sq.m)
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Client:
MIRVAC

Scale
1 : 400 (B1)
[Half Scale (B3)]

Rev Date
10/11/17



Project
LOCOMOTIVE WORKSHOP
2 Locomotive St, Eveleigh NSW 2015

Drawing Title
PROPOSED PLAN SSDA COMBINED -
FIRST/SECOND FLOOR

Project No.
16-002

Drawing No.
SA-AR-DWG-BB-B4-0291

Rev
E

1.3 Comparison with other precincts

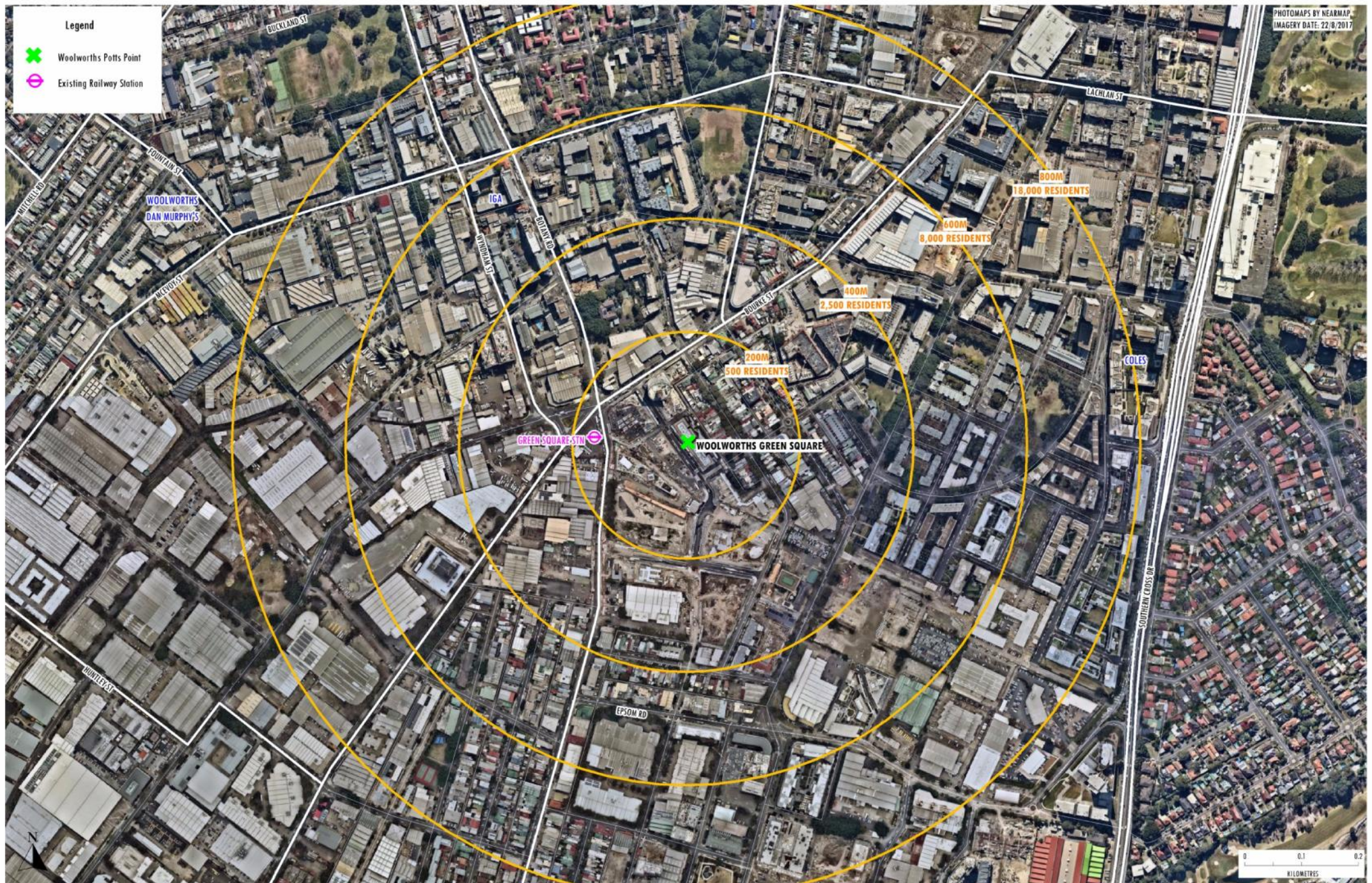
Maps 1.3 – 1.5 present a comparison of the Locomotive Workshop subject site with two other high density locations across Sydney, i.e. Potts Point and Green Square Town Centre. These two locations have supermarket anchors with limited car-parking (i.e. limited to street based parking). There are very few examples across Sydney, and indeed Australia, of solid supermarkets (i.e. 2,000 sq.m+) without dedicated car-parking. Indeed, excepting CBD locations these two and Central Park Mall are the only two examples we have identified.

The respective Woolworths supermarkets at Green Square and Potts Point are located immediately adjacent to high density residential development.

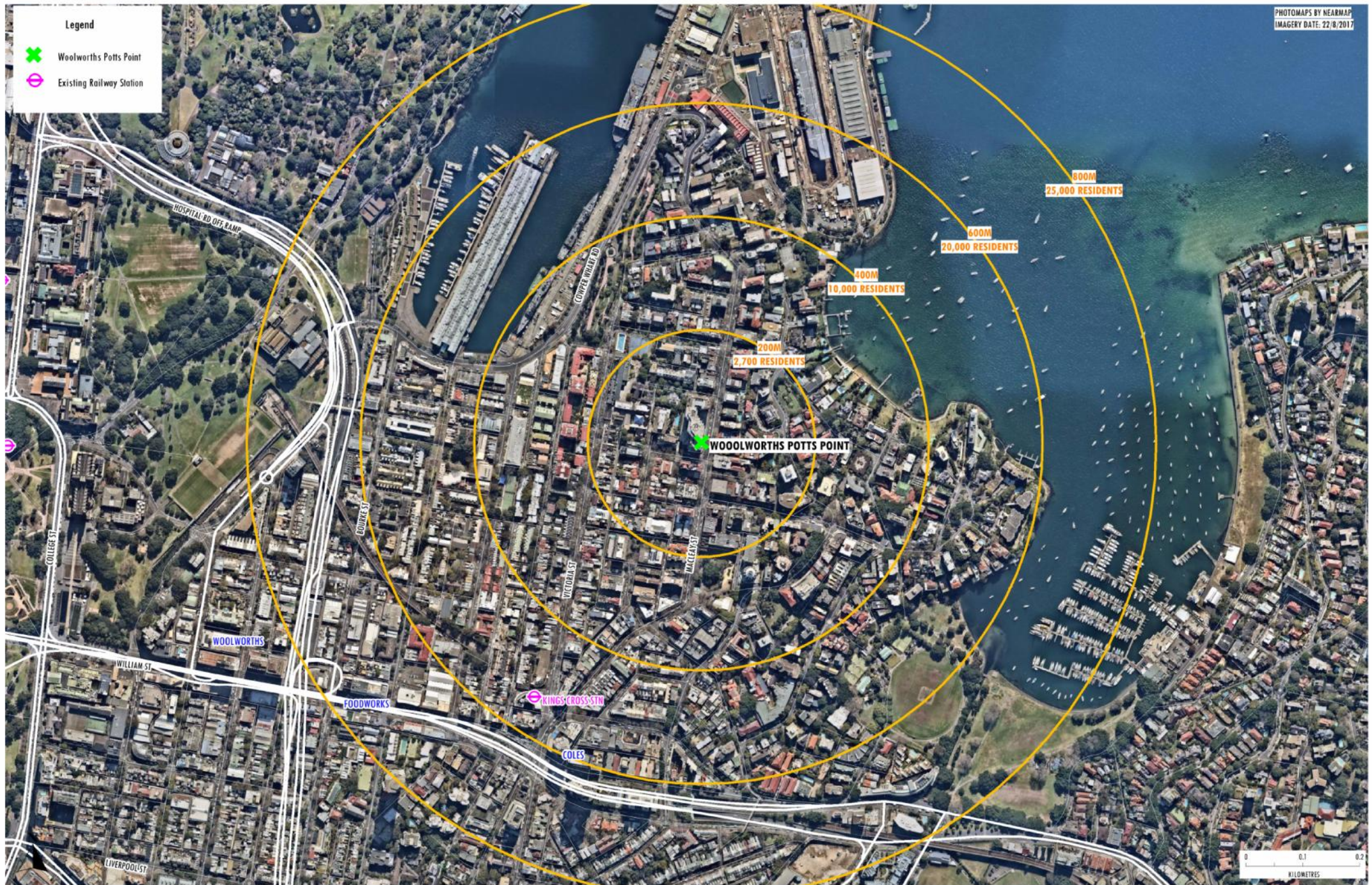
There is around 2,700 residents within 200m of Woolworths at Potts Point and around 10,000 within 400m. At Green Square, the town centre is in its infancy, and based upon observations, initial trading at the centre is subdued. The site however is located immediately amongst future high density residential development.

The Locomotive Workshop site on the other hand is located inboard from the surrounding residential development in the region and is disconnected to the north by the railway line. There is a small amount of residential within 200m along Garden Street, with only around 500 persons estimated to live within 200m. There is a similar amount of residential population within 400m of the subject site, than is at Green Square, however, Green Square immediate population will increase significantly over the next 5 – 10 years, whereas the immediate 400m radius around the Locomotive Workshop is only expected to yield a relatively minor amount of additional population.





Map 1.4: Green Square
Population density context



Map 1.5: Potts Point
Population density context

Section 2: Trade area analysis

This section of the report examines the various market segments that could potentially be served by retail facilities at the subject site; provides estimates of current and anticipated population levels within the resident and worker trade areas; analyses the socio-demographic profile of the trade area populations; and assesses the current and future estimated retail expenditure volumes generated by the trade areas.

There are a number of customer segments that have been identified as the future customers of the retail facilities at the ATP Locomotive Workshop, these include:

- **Local residents** – this customer segment includes residents within the immediate surrounding area who would access retail facilities at the subject site;
- **Nearby workers** - this customer segment includes the current and future workers within the ATP precinct, as well as surrounding workers who can access the site within a relatively short walk;
- **Students** – this includes students of Sydney University who would potentially utilise the retail facilities at the ATP Locomotive Workshop to socialise and study; and
- **Other visitors** – this includes residents from the broader local area (i.e. Alexandria, Surry Hills, Newtown and Mascot), as well as broader metropolitan Sydney residents.

2.1 Resident trade area

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

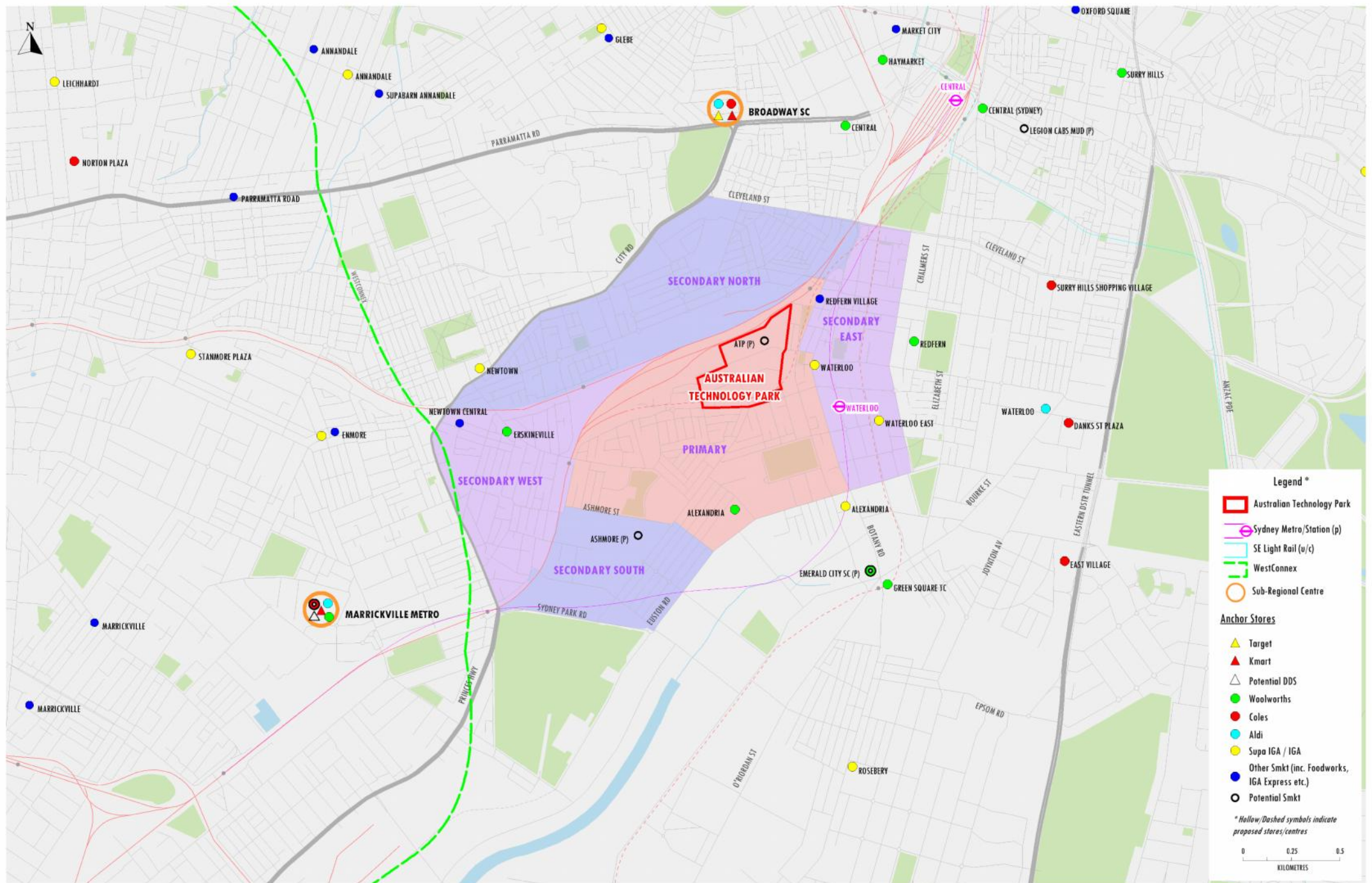
- The relative attraction of the precinct, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular precinct are primarily its scale composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and car-parking, including access and ease of use.

- The proximity and attractiveness of competitive retail centres and facilities. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a retail centre is effectively able to serve.
- The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a retail centre.
- Significant physical barriers which are difficult to negotiate, and act as delineating boundaries to the trade area served by an individual retail centre.

Having regard to the above, Map 2.1 illustrates the trade area that is expected to utilise the proposed retail facilities at the ATP Locomotive Workshop development. The trade area includes one primary sector and four secondary sectors, described as follows:

- The **primary sector** is bounded by the railway line to the north and west, Botany Road to the east and McEvoy Street and Ashmore Streets to the south includes the ATP subject site, as well as the South Eveleigh precinct and parts of Alexandria and Erskineville.
- The **secondary north sector** extends to Cleveland Street and King Street in the north and west and includes parts of Eveleigh, Redfern, Darlington and Newtown.
- The **secondary east sector** extends to Cleveland Street in the north, Pitt Street in the east and McEvoy Street to the south and includes parts of Redfern and Waterloo.
- The **secondary south sector** extends to Sydney Park Road to the south and includes the Ashmore Street Urban Renewal Precinct.
- The **secondary west sector** extends west to King Street and includes parts of Newtown and Erskineville.

In combination, the primary and secondary sectors are referred to as the **resident main trade area** throughout the remainder of this report.



Map 2.1: Australian Technology Park
Resident trade area and competition

Table 2.1 details the current and projected population levels within the defined resident main trade area. These estimates are based on a range of data and information sources, including the following:

- Australian Bureau of Statistics Census of Population and Housing (2006, 2011 and 2016);
- Australian Bureau of Statistics Estimated Resident Population (ERP);
- Australian Bureau of Statistics New Dwelling Approval Data (2011 - 2016);
- NSW DPE Household and Population projections (2006 - 2036);
- NSW Bureau of Transport Statistics (BTS) population projections – small area;
- Other investigations of future residential development, undertaken by MacroPlan Dimasi.

The resident main trade area population is estimated at 34,660 as at June 2017, including 7,260 residents in the key primary sector. Over the most recent intercensal period (2011-2016), the main trade area population increased at an average rate of 3.0% per annum, or around 940 persons per annum.

Population growth is expected to be driven by residential intensification projects throughout the main trade area, including Eveleigh, Waterloo and Ashmore Street precincts.

Having regard for the above, the resident main trade area population is estimated to grow at an average annual rate of 3.5% to reach 56,360 by 2031. The primary sector population is estimated to grow to around 9,560 by 2031.

Table 2.1
ATP trade area population, 2006-2031*

Trade area sector	Estimated population			Forecast population			
	2006	2011	2016	2017	2021	2026	2031
Primary	5,280	6,140	7,070	7,260	8,060	9,060	9,560
Secondary sectors							
• North	6,530	6,740	7,220	7,320	8,920	10,170	11,170
• East	6,050	6,950	8,890	9,280	10,080	12,080	15,830
• South	3,890	4,470	5,070	5,190	6,590	10,090	12,590
• West	<u>4,410</u>	<u>4,730</u>	<u>5,460</u>	<u>5,610</u>	<u>6,210</u>	<u>6,710</u>	<u>7,210</u>
Total secondary	20,880	22,890	26,640	27,400	31,800	39,050	46,800
Main trade area	26,160	29,030	33,710	34,660	39,860	48,110	56,360
Trade area sector	Average annual growth (no.)						2026-31
	2006-11	2011-16	2016-17	2017-21	2021-26	2026-31	
Primary	172	186	190	200	200	100	
Secondary sectors							
• North	42	96	100	400	250	200	
• East	180	388	390	200	400	750	
• South	116	120	120	350	700	500	
• West	<u>64</u>	<u>146</u>	<u>150</u>	<u>150</u>	<u>100</u>	<u>100</u>	
Total secondary	402	750	760	1,100	1,450	1,550	
Main trade area	574	936	950	1,300	1,650	1,650	
Trade area sector	Average annual growth (%)						2026-31
	2006-11	2011-16	2016-17	2017-21	2021-26	2026-31	
Primary	3.1%	2.9%	2.7%	2.6%	2.4%	1.1%	
Secondary sectors							
• North	0.6%	1.4%	1.4%	5.1%	2.7%	1.9%	
• East	2.8%	5.0%	4.4%	2.1%	3.7%	5.6%	
• South	2.8%	2.6%	2.4%	6.2%	8.9%	4.5%	
• West	<u>1.4%</u>	<u>2.9%</u>	<u>2.7%</u>	<u>2.6%</u>	<u>1.6%</u>	<u>1.4%</u>	
Total secondary	1.9%	3.1%	2.9%	3.8%	4.2%	3.7%	
Main trade area	2.1%	3.0%	2.8%	3.6%	3.8%	3.2%	

*As at June

Source: ABS Census 2016; NSW Department of Planning and Environment 2016; MacroPlan Dimasi

Table 2.2 details the socio-demographic profile of the resident main trade area population, benchmarked against the averages for metropolitan Sydney and Australia, based on the results of the 2016 ABS Census of Population and Housing. The key points to note include the following:

- Main trade area residents earn per capita incomes that are 42.3% above the metropolitan Sydney average, with average household incomes being 5.5% above the respective benchmark. The average household size across the main trade area (2.0) is significantly lower than the Sydney average (2.7), therefore average household incomes are only marginally higher than the respective benchmark.
- The average age of main trade area residents, at 36.3 years, is below the average for metropolitan Sydney (37.5 years), reflecting the above average proportion of residents aged 20-39 years (+21% compared with Sydney average).
- Rental households account for 62.7% of main trade area households, which is 27.6% above the Sydney average (35.1%), reflecting the high proportion of young professionals and students living in rental accommodation.
- Couples without children are the predominant household type in the main trade area, accounting for 36.7% of main trade area households, which is more than 16% higher than the metropolitan Sydney average (20.1%). The proportion of lone person households in the main trade area (25.5%) is more than double the respective benchmark for metropolitan Sydney (9.2%). This reflects around 4,000 lone person households in the main trade area as at 2016.

In summary, the socio-demographic profile of the resident main trade area is reflective of an urban, inner city population, consisting of young, professional singles and couples. Inner city residents tend to have larger than average disposable incomes, and therefore a greater propensity to spend on food catering.

Table 2.2
ATP main trade area - socio-demographic profile, 2016

Census item	Primary sector	North	Secondary sectors			Main TA	Syd Metro avg.	Aust. avg.
			East	South	West			
Per capita income	\$68,674	\$57,749	\$53,229	\$75,757	\$66,527	\$62,977	\$44,247	\$40,116
<i>Var. from Syd Metro bmark</i>	55.2%	30.5%	20.3%	71.2%	50.4%	42.3%		
Avg. household income	\$147,740	\$122,533	\$93,868	\$152,673	\$149,716	\$127,826	\$121,118	\$102,415
<i>Var. from Syd Metro bmark</i>	22.0%	1.2%	-22.5%	26.1%	23.6%	5.5%		
Avg. household size	2.2	2.1	1.8	2.0	2.3	2.0	2.7	2.6
<u>Age distribution (% of population)</u>								
Aged 0-14	11.5%	6.9%	5.8%	10.8%	11.7%	8.9%	18.7%	18.7%
Aged 15-19	2.0%	5.6%	2.5%	1.3%	3.0%	3.0%	6.0%	6.1%
Aged 20-29	22.5%	40.3%	23.9%	22.7%	22.6%	27.1%	15.0%	13.8%
Aged 30-39	25.9%	19.8%	21.4%	35.0%	22.9%	24.4%	15.5%	14.0%
Aged 40-49	16.7%	10.8%	12.7%	17.3%	17.7%	14.6%	13.7%	13.5%
Aged 50-59	11.3%	8.3%	11.6%	7.5%	12.4%	10.2%	12.2%	12.7%
Aged 60+	10.1%	8.2%	22.0%	5.4%	9.8%	11.7%	18.9%	21.1%
Average age	36.1	32.8	41.8	33.9	36.0	36.3	37.5	38.6
<u>Housing status (% of households)</u>								
Owner (total)	48.3%	29.8%	21.3%	46.7%	50.9%	36.8%	64.2%	67.4%
• Owner (outright)	14.4%	12.6%	6.3%	10.7%	18.2%	11.7%	30.0%	31.9%
• Owner (with mortgage)	33.9%	17.2%	15.0%	36.1%	32.7%	25.1%	34.2%	35.5%
Renter	51.3%	69.4%	77.9%	53.0%	49.1%	62.7%	35.1%	31.8%
Other	0.4%	0.8%	0.8%	0.3%	0.0%	0.5%	0.7%	0.8%
<u>Birthplace (% of population)</u>								
Australian born	66.8%	54.8%	47.4%	61.5%	69.6%	58.9%	60.9%	71.9%
Overseas born	33.2%	45.2%	52.6%	38.5%	30.4%	41.1%	39.1%	28.1%
• Asia	8.9%	23.4%	21.7%	11.7%	6.7%	15.5%	19.1%	11.2%
• Europe	13.6%	11.5%	17.7%	16.7%	15.3%	14.8%	9.6%	9.6%
• Other	10.7%	10.3%	13.3%	10.1%	8.4%	10.8%	10.4%	7.4%
<u>Family type (% of households)</u>								
Couple with dep't child.	31.2%	25.8%	14.3%	27.9%	36.6%	25.5%	48.5%	44.8%
Couple with non-dep't child.	2.6%	2.6%	1.6%	1.9%	2.4%	2.2%	9.1%	7.7%
Couple without child.	37.2%	33.0%	35.0%	46.0%	34.3%	36.7%	20.1%	22.8%
One parent with dep't child.	7.0%	4.4%	5.9%	2.9%	5.2%	5.2%	7.9%	8.8%
One parent w non-dep't child.	3.3%	1.7%	4.4%	1.2%	2.5%	2.8%	4.1%	3.7%
Other family	1.3%	2.1%	2.9%	1.6%	2.0%	2.1%	1.2%	1.1%
Lone person	17.3%	30.3%	35.8%	18.5%	16.9%	25.5%	9.2%	11.0%

Source: ABS Census of Population & Housing, 2016; MacroPlan Dimasi

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

Chart 2.1 details the estimated per capita retail expenditure of the main trade area population, by retail category, as at 2016/17, and provides comparisons with the benchmarks for metropolitan Sydney and Australia. All retail expenditure estimates detailed in this report are inclusive of GST. The key points to note include the following:

- Estimated total per capita retail expenditure is around 24% higher than the metropolitan Sydney average.
- Estimated per capita expenditure on fresh food, other food and groceries, which are key expenditure categories of relevance to supermarket retailing, is around 6% above average.
- Estimated per capita expenditure on food catering (i.e. takeaway food, cafes and restaurants) is significantly higher (+57%) than the metropolitan Sydney average.
- Estimated per capita expenditure on discretionary retail categories is well above average (+25%), reflecting the affluent nature of the trade area population.

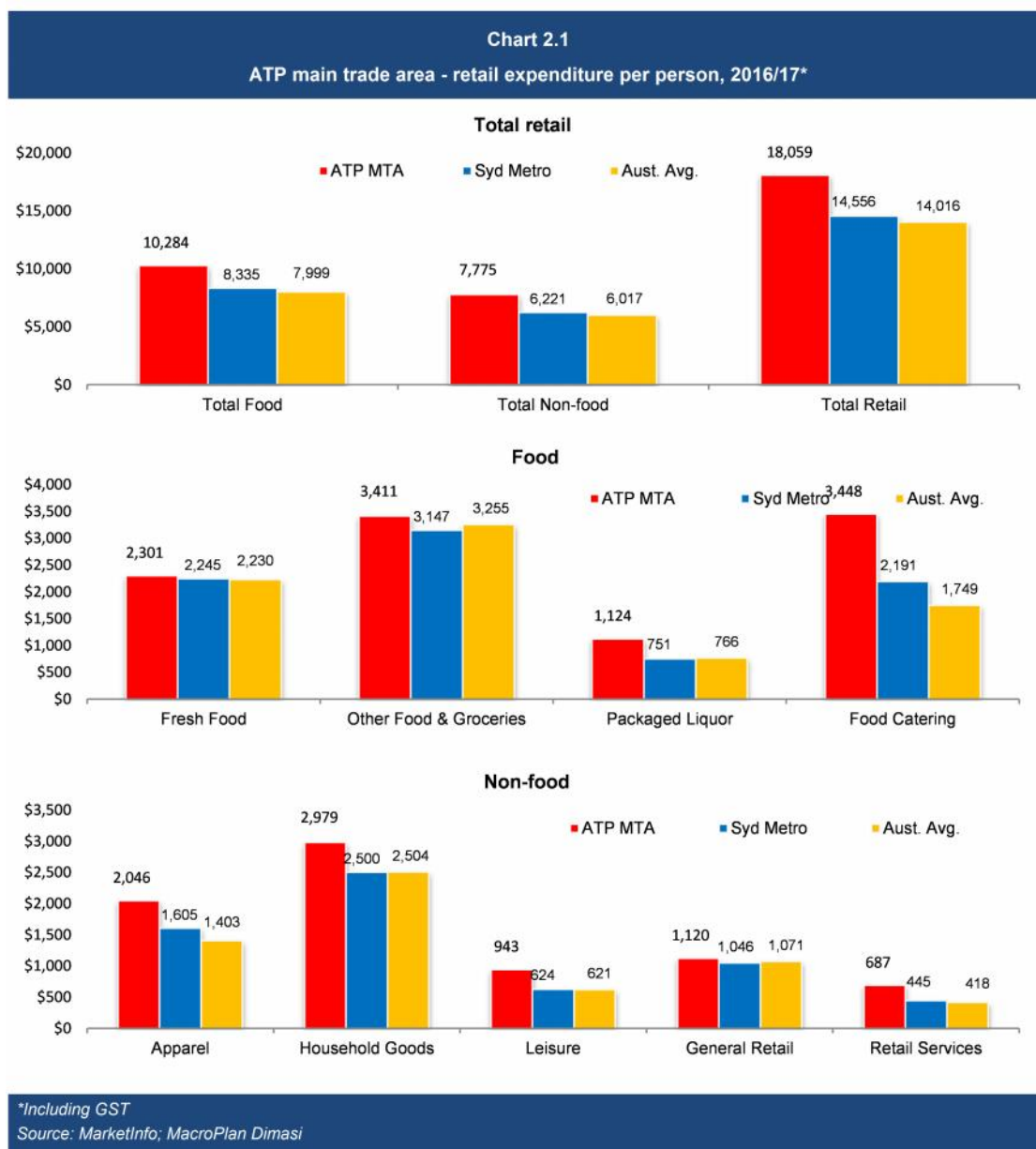


Table 2.3 presents the estimated total retail expenditure of the main trade area population, by trade area sector, over the period 2017 to 2031. All expenditure forecasts presented throughout this report are expressed in constant 2016/17 dollars (i.e. excluding inflation).

The retail expenditure market is estimated to grow from \$617 million in 2017 to \$1.15 billion by 2031, reflecting an average annual growth rate of 4.5%. This average annual growth rate comprises two components, as follows:

- Residential population growth, which is estimated to average 3.5% per annum; and
- Real growth in per capita expenditure, which is expected to average 1.0% per annum over the forecast period.

Table 2.4 then presents projections of main trade area retail expenditure on a retail category basis, for the period 2017-2031. FLG expenditure (take-home food, packaged liquor and groceries) is estimated at \$233.7 million, accounting for around 38% of all retail expenditure, and is estimated to grow to \$528.3 million by 2031, reflecting total growth of 4.6%. Food catering expenditure is estimated to grow particularly strongly over the forecast period, reaching \$296.0 million by 2031, an increase of around 150%.

Table 2.3 ATP main trade area - retail expenditure (\$M), 2017-2031*						
Year ending June	Primary sector	North	Secondary sectors			Main TA
			East	South	West	
2017	134.8	129.6	140.8	106.7	105.3	617.3
2018	139.7	135.0	146.8	112.3	109.1	642.9
2019	144.7	143.2	151.2	120.3	113.0	672.5
2020	149.9	151.9	155.9	129.0	117.0	703.6
2021	155.4	161.1	160.7	138.2	121.1	736.4
2022	160.7	168.8	166.9	150.0	124.8	771.2
2023	166.1	175.0	174.7	164.9	127.9	808.5
2024	171.6	181.3	182.8	181.3	131.1	848.2
2025	177.3	187.9	191.4	199.3	134.4	890.3
2026	183.3	194.7	200.4	219.1	137.8	935.2
2027	188.2	201.0	211.6	236.0	141.2	978.0
2028	192.0	206.8	225.5	249.0	144.6	1,017.9
2029	195.9	212.7	240.4	262.8	148.0	1,059.8
2030	199.9	218.8	256.2	277.3	151.6	1,103.8
2031	204.0	225.1	273.0	292.7	155.3	1,150.0
<u>Average annual growth (\$M)</u>						
2017-2031	4.9	6.8	9.4	13.3	3.6	38.0
<u>Average annual growth (%)</u>						
2017-2031	3.0%	4.0%	4.8%	7.5%	2.8%	4.5%
*Constant 2016/17 dollars & including GST Source: MarketInfo; MacroPlan Dimasi						

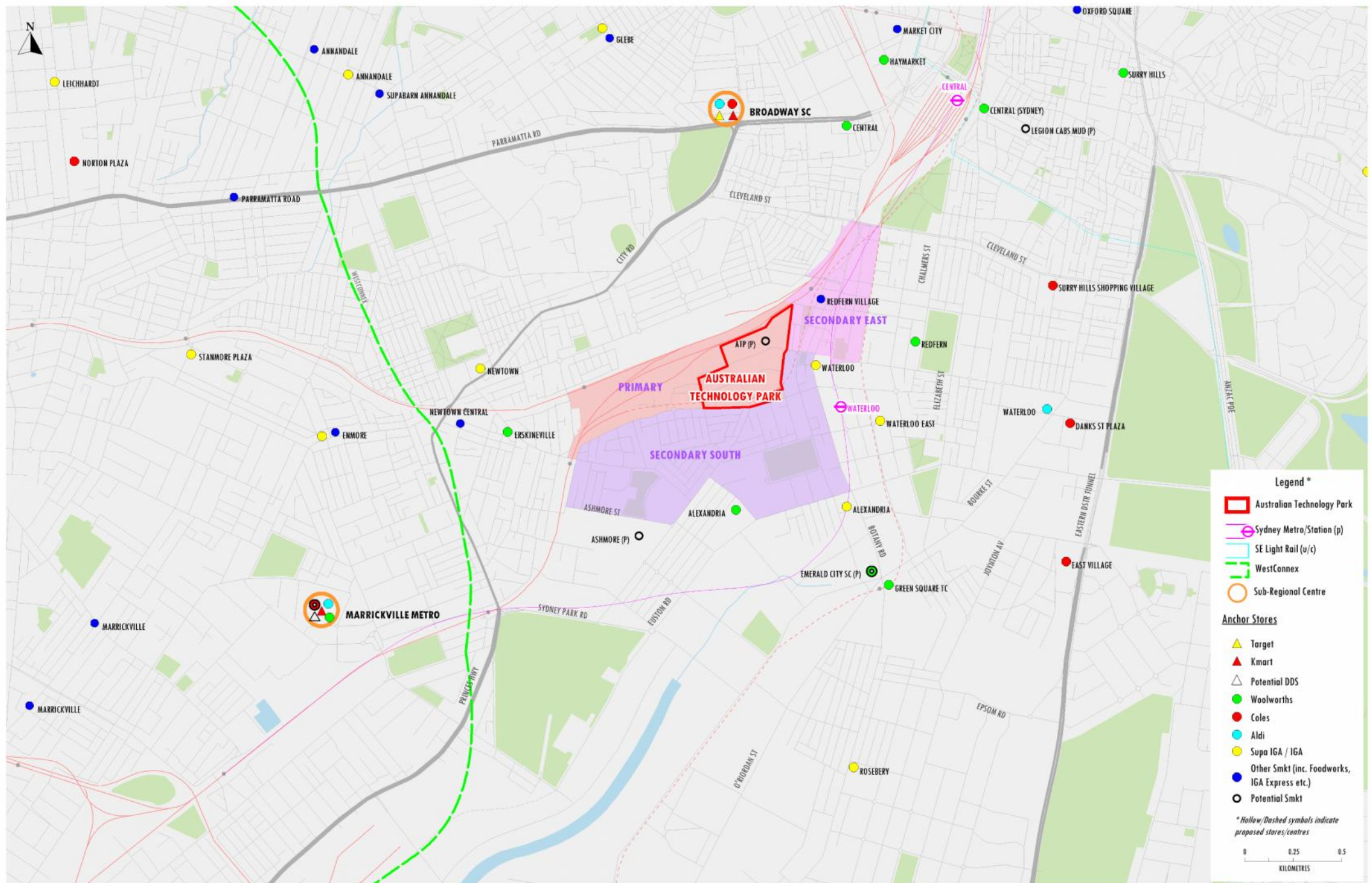
Table 2.4 ATP main trade area - retail expenditure by category (\$M), 2017-2031*								
Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
2017	233.7	117.8	69.9	101.8	32.2	38.3	23.5	617.3
2018	243.5	123.4	72.5	105.8	33.4	39.7	24.5	642.9
2019	254.7	129.9	75.6	110.5	34.8	41.3	25.6	672.5
2020	266.4	136.8	78.8	115.4	36.3	43.1	26.9	703.6
2021	278.7	144.1	82.1	120.5	37.8	44.9	28.2	736.4
2022	291.9	151.9	85.7	126.0	39.5	46.8	29.5	771.2
2023	306.0	160.3	89.5	131.7	41.2	48.8	31.0	808.5
2024	321.0	169.3	93.5	137.8	43.1	50.9	32.5	848.2
2025	336.9	179.0	97.8	144.3	45.0	53.2	34.2	890.3
2026	353.8	189.3	102.3	151.2	47.1	55.6	36.0	935.2
2027	370.2	199.2	106.5	157.7	49.0	57.9	37.6	978.0
2028	385.7	208.5	110.2	163.6	50.8	59.9	39.2	1,017.9
2029	402.1	218.3	114.2	169.8	52.6	62.1	40.8	1,059.8
2030	419.3	228.6	118.3	176.3	54.5	64.3	42.5	1,103.8
2031	437.3	239.5	122.5	183.1	56.5	66.7	44.2	1,150.0
2032	455.0	250.3	126.7	189.8	58.5	69.0	46.0	1,195.2
2033	472.2	260.9	130.7	196.2	60.3	71.2	47.7	1,239.2
2034	490.1	272.1	134.8	202.9	62.2	73.4	49.4	1,285.0
2035	508.8	283.7	139.1	209.8	64.2	75.8	51.2	1,332.7
2036	528.3	296.0	143.5	217.0	66.3	78.2	53.2	1,382.5
<u>Average annual growth (\$M)</u>								
2017-2031	14.5	8.7	3.8	5.8	1.7	2.0	1.5	38.0
<u>Average annual growth (%)</u>								
2017-2031	4.6%	5.2%	4.1%	4.3%	4.1%	4.0%	4.6%	4.5%
*Constant 2016/17 dollars & including GST Source: MarketInfo; MacroPlan Dimasi								

2.2 Worker trade area

Map 2.2 illustrates the defined worker trade area that is expected to be served by retail facilities at the ATP Locomotive Workshop. The trade area comprises three sectors, as follows:

- The **primary sector** is bounded by the railway line to the north, Cornwallis Street to the east, Henderson Road to the south and Burren Street to the west and includes the ATP subject site, as well as the South Eveleigh precinct.
- The **secondary east sector** extends to Cleveland Street in the north, George Street in the east, and Phillip Street to the south and includes part of Redfern.
- The **secondary south sector** extends to Botany Road to the east, Ashmore Road and McEvoy Street to the south and the railway line to the west and includes parts of Erskineville and Alexandria.

In combination, these three sectors are referred to as the worker trade area throughout this report.



Map 2.2: Australian Technology Park
Worker trade area and competition

Table 2.5 details the estimated current and projected worker population over the period to 2031. Based on information from the ABS and Transport for NSW, the worker trade area population is currently estimated at 8,340 persons, including 3,710 workers in the key primary sector.

Table 2.5 ATP worker trade area population, 2011-2031*						
Trade area	Estimated population		Forecast population			
	2011	2016	2017	2021	2026	2031
Primary sector	3,050	3,600	3,710	14,510	16,460	17,210
Secondary sectors						
• East	2,000	2,250	2,390	2,950	3,450	3,700
• South	<u>2,180</u>	<u>2,230</u>	<u>2,240</u>	<u>2,280</u>	<u>2,380</u>	<u>2,480</u>
Total secondary	4,180	4,480	4,630	5,230	5,830	6,180
Worker trade area	7,230	8,080	8,340	19,740	22,290	23,390
Trade area	Average annual growth (no.)					
	2011-16	2016-17	2017-21	2021-26	2026-31	
Primary sector	110	110	2,700	390	150	
Secondary sectors						
• East	50	140	140	100	50	
• South	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>20</u>	
Total secondary	60	150	150	120	70	
Worker trade area	170	260	2,850	510	220	
Trade area	Average annual growth (%)					
	2011-16	2016-17	2017-21	2021-26	2026-31	
Primary sector	3.4%	3.1%	40.6%	2.6%	0.9%	
Secondary sectors						
• East	2.4%	6.2%	5.4%	3.2%	1.4%	
• South	<u>0.5%</u>	<u>0.4%</u>	<u>0.4%</u>	<u>0.9%</u>	<u>0.8%</u>	
Total secondary	1.4%	3.3%	3.1%	2.2%	1.2%	
Worker trade area	2.2%	3.2%	24.0%	2.5%	1.0%	
*As at June						
Source: ABS Worker Population Profile 2011; Transport for NSW; MacroPlan Dimasi						

Growth in the worker trade area population will primarily be driven by the development of new CBA offices at ATP, adjacent to the Locomotive Workshop, as well as additional commercial and retail development throughout ATP and the Locomotive Workshop. The CBA

development is expected to accommodate around 10,000 workers upon completion, in addition to the retail workers across the CBA buildings and Locomotive Workshop. Additional space within the Locomotive Workshop is planned to be converted to commercial and tech floorspace, which will also drive a significant employment outcome.

The worker trade area population is estimated to grow at an average annual rate of 7.6% to reach 23,390 by 2031, including 17,210 workers in the key primary sector.

Table 2.6 then details the socio-demographic profile of the worker trade area population, based on data sourced from the 2011 ABS Census, as the employment data from the 2016 Census is not yet available. We note that the worker profile within this trade area has likely changed since 2011, and will likely change significantly in the future as 10,000 CBA workers, across various teams, will locate at ATP by 2020. As such, we have also presented the profile of workers within Sydney Olympic Park at 2011, where CBA currently has a significant workforce.

The key points to note include the following:

- The average age of worker trade area workers, at 40.7 years, was marginally lower than the metropolitan Sydney average. The workforce within Sydney Olympic Park was significantly younger than the metropolitan Sydney average.
- Professionals account for 39% of worker trade area workers, including 53% of workers within the primary sector.
- The average income earned by worker trade area workers was around 24% above the metropolitan Sydney average.
- At 2011, private car was the most utilised mode of transport to work for worker trade area workers, at 43.7%. Train utilisation was more than double the metropolitan Sydney average, at 32%, reflecting the proximity of Redfern and Macdonaldtown railway stations. We would anticipate that public transport utilisation has increased since 2011, especially on the train network.

Table 2.6
ATP worker trade area - Worker population profile, 2011

Characteristics	Primary sector	Secondary sectors		Total Worker TA	Syd Metro avg.	Syd Olympic Park
		East	South			
<u>Gender</u>						
Male	52.3%	57.7%	60.6%	56.2%	52.0%	59.3%
Female	47.7%	42.3%	39.4%	43.8%	48.0%	40.7%
<u>Age distribution</u>						
Aged 15-19	0.6%	1.8%	1.0%	1.1%	4.2%	3.0%
Aged 20-29	21.9%	22.6%	20.3%	21.6%	21.3%	26.2%
Aged 30-49	57.4%	53.2%	51.5%	54.6%	47.5%	52.7%
Aged 50-64	18.8%	20.9%	24.0%	20.9%	24.0%	17.0%
Aged 65+	1.2%	1.5%	3.1%	1.8%	3.1%	1.1%
Average age	40.2	40.3	41.9	40.7	41.0	38.7
<u>Occupation</u>						
Managers	15.9%	17.1%	16.9%	16.5%	14.2%	19.9%
Professionals	53.3%	31.0%	25.2%	39.0%	27.3%	31.7%
Clerical and service workers	18.2%	31.0%	24.1%	23.4%	26.2%	31.4%
Sales workers	2.2%	5.3%	8.2%	4.8%	9.3%	4.0%
Tradespersons and technicians	8.8%	7.5%	14.7%	10.2%	11.0%	8.3%
Labourers & transport workers	1.5%	8.2%	10.9%	6.1%	12.0%	4.7%
<u>Personal income</u>						
Less than \$20,799	1.9%	9.2%	11.4%	6.6%	13.6%	8.1%
\$20,800 - \$41,599	6.8%	17.5%	25.5%	15.1%	24.3%	12.1%
\$41,600 - \$64,999	21.0%	29.5%	28.8%	25.6%	25.5%	24.9%
\$65,000 - \$103,999	39.8%	27.8%	24.2%	32.0%	22.3%	29.0%
\$104,000 or more	30.5%	16.0%	10.1%	20.6%	14.3%	25.8%
Average income	102,927	74,571	63,324	83,735	67,257	89,025
<u>Mode of transport</u>						
Train	36.3%	40.0%	18.1%	32.0%	14.2%	19.3%
Tram (& light rail)	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Bus	1.4%	2.9%	3.0%	2.3%	6.0%	3.4%
Car driver	41.2%	30.6%	52.0%	41.5%	53.5%	61.7%
Car passenger	2.1%	2.0%	2.6%	2.2%	4.4%	3.6%
Bicycle	2.4%	2.2%	2.3%	2.3%	0.8%	0.9%
Other	7.5%	10.1%	8.5%	8.5%	8.0%	2.6%
Non travel	9.2%	12.2%	13.6%	11.3%	13.0%	8.3%

Source: ABS Worker Population Profile 2011, MacroPlan Dimasi

To understand the potential retail expenditure capacity of the worker trade area, we have adopted the retail expenditure profile of the top 10 residential areas where the majority of the worker trade area workers live. This area accounts for around 51% of the workforce and includes SA3s of Marrickville – Sydenham – Petersham, Sydney Inner City, Eastern Suburbs – North, Eastern Suburbs – South, Bankstown, Hurstville, Kogarah – Rockdale, Leichhardt, Strathfield – Burwood – Ashfield and Sutherland – Menai – Heathcote.

The proportion of a person's annual retail expenditure which is spent at or near place of work can vary depending on the retail offer that is available, and by retail category. For example, workers in the Sydney CBD, who have a much better access to a broader range of retail options, spend a much higher proportion of their annual retail expenditure at/near their place of work.

Typically, workers spend around 30 – 50% of their total retail expenditure capacity near their place of work, however we have applied a more conservative assumption because the retail offer is not expected to be comprehensive (i.e. it will not accommodate significant non-food or discretionary retail facilities). We estimate that workers within the defined worker trade area could potentially spend approximately 25 - 30% of their total retail expenditure near their place of work.

Table 2.7 presents the total retail expenditure capacity of trade area workers near their place of work, by retail category, over the period 2017 to 2031. . All expenditure estimated in this report are expressed in constant 2016/17 dollars and are inclusive of GST.

Therefore, the total available retail expenditure generated by the worker trade area population is estimated to grow from \$36.7 million at 2017 to \$122.0 million by 2031, reflecting an average annual growth rate of 9.0%.

Table 2.7
ATP worker trade area - retail expenditure by category (\$M), 2017-2031*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
<i>Share near work**</i>	~~35%~~	~~60%~~	~~5%~~	~~5%~~	~~15%~~	~~15%~~	~~45%~~	~~29%~~
2017	18.1	12.8	0.7	1.1	0.9	1.3	1.9	36.7
2018	20.2	14.4	0.8	1.2	1.0	1.4	2.2	41.2
2019	24.7	17.7	1.0	1.5	1.2	1.8	2.6	50.5
2020	31.0	22.3	1.2	1.8	1.5	2.2	3.3	63.4
2021	39.8	28.7	1.6	2.4	1.9	2.8	4.3	81.4
2022	46.2	33.5	1.8	2.7	2.2	3.2	4.9	94.6
2023	47.8	34.9	1.9	2.8	2.2	3.3	5.1	98.0
2024	49.4	36.3	1.9	2.9	2.3	3.4	5.3	101.5
2025	51.2	37.7	2.0	3.0	2.4	3.5	5.5	105.2
2026	53.0	39.2	2.0	3.1	2.4	3.6	5.7	109.0
2027	54.4	40.5	2.1	3.2	2.5	3.7	5.8	112.2
2028	55.5	41.5	2.1	3.2	2.5	3.8	5.9	114.5
2029	56.6	42.5	2.1	3.3	2.6	3.8	6.1	117.0
2030	57.7	43.6	2.2	3.3	2.6	3.9	6.2	119.4
2031	58.8	44.7	2.2	3.4	2.6	3.9	6.3	122.0
<u>Average annual growth (\$M)</u>								
2017-2031	2.9	2.3	0.1	0.2	0.1	0.2	0.3	6.1
<u>Average annual growth (%)</u>								
2017-2031	8.8%	9.3%	8.3%	8.5%	8.3%	8.3%	8.8%	9.0%
*Constant 2016/17 dollars & including GST Source: MarketInfo; MacroPlan Dimasi								

2.3 Other customer segments

Students

As detailed in the previous sections, ATP is located within proximity of Sydney University, although pedestrian access is constrained by the railway lines. Nonetheless, Redfern Station, which is located a short walk from ATP is a major transport hub for students attending Sydney University, and there is a significant student population residing in the surrounding area.

Sydney University accommodates in excess of 58,500 students. Total student enrolments have grown at around 2.7% per annum over recent years.

Students at Sydney University and UTS utilise retail centres such as Broadway SC and Central Park as 'break out' spaces, and are key customer segments for these centres.

The provision of free Wi-Fi, open space and incubator facilities could potentially attract students to ATP to study and socialise, however, the lack of direct access is considered a major constraint.

Tourists

Sydney is the most popular tourist destination in Australia for both international and domestic visitors. According to Tourism Research Australia (TRA), the Sydney tourism region accommodated approximately 13.1 million overnight visitors in the year to March 2017.

There were approximately 32.6 million visitors to Sydney in the year to March 2017, including 3.7 million international visitors, 9.4 million domestic overnight visitors and 19.5 million domestic daytrip visitors.

Over the past decade, the volume of international and domestic overnight visits has increased by 3.3% and 2.1% per annum, respectively, while domestic daytrip visits have increased by around 1.9% per annum.

According to TRA, there is a solid outlook for tourism visitor growth across NSW, with international visitor nights forecast to grow by 5.1% per annum and domestic visitor nights expected to grow by 2.8% per annum over the long term.

The strong growth in international visitation is expected to be driven by a more sustainable level for the Australian dollar; an increasing middle class in Asia; new flight routes; an excellent international reputation, in particular for food and wine; and improved tourism infrastructure (e.g. hotels).

Increasingly, tourists – particularly those visiting Australia, travel for food based experiences and will seek out attractions across Sydney.

Other metropolitan Sydney visitors

As alluded to previously, destinational anchors and precincts can draw patronage from a broad region. Tramsheds, Kensington Street and Danks Street in Sydney, and James Street in Brisbane, are good example of a destinational precincts that attracts visitors from well beyond their localised residential and worker trade areas (including broader metropolitan residents and tourists).

The reinterpretation of the heritage of the site will help to create vibrancy in the precinct beyond the typical 9 – 5pm workday.

Such a destinational and unique offer, incorporating production, education, retail and dine in elements, is envisioned for the Locomotive Workshop within ATP. This type of offer would attract residents from broader metropolitan Sydney, these customers however, will not be core customers and frequency of visitation is expected to be significantly lower than that of the immediate resident and worker populations.

The primary focus for the proposed retail facilities at the Locomotive Workshop will be local residents and workers. However, given the heritage significant of the Locomotive Workshop and the intended retail and service offer, there is a significant opportunity to draw a destination visitor population from a broader metropolitan region.

Section 3: Competitive context

This section of the report reviews the competitive context within which retail facilities at the subject site would operate, including all proposed competitive facilities across the region.

3.1 Existing supply

Table 3.1 details the major retail facilities of relevance to future retail facilities at the subject site, while the previous Map 2.1 illustrates the locations of these centres. The retail precincts/centres most relevant to the subject site are summarised as follows:

- **Existing Australia Technology Park** currently contains a limited retail offer consisting of four cafes and temporary food stalls/catering for events held in the Locomotive Workshop. Most of the retail demand generated by workers within this precinct would currently be met by retail facilities off-site. The existing offer does not engage with the surrounding worker or resident population, and the precinct, at present, lacks activation.
- The **Waterloo precinct** along Botany Road (north of McEvoy Street) and the northern side of McEvoy Street contains an estimated 4,000 sq.m of retail floorspace, including the small IGA X-Press on Wellington Street within the Waterloo SSP and the small, well-presented IGA supermarket on Botany Road near Chapel Lane. The surrounding retail offer contains several vacancies. We expect this retail offer will gradually improve/evolve over the medium to longer term, as this area gentrifies.
- The **Redfern precinct** includes the area around Redfern Street and Regent Street east of Redfern Railway Station, which contains an estimated 20,000 sq.m of retail floorspace. The Redfern Street part of this precinct is a vibrant destination with a mix of bars, take away food shops, restaurants, cafes, retail services, other convenience retail as well as some medical/health facilities, community uses, government services and commercial businesses. There is a small SPAR supermarket forming part of a retail asset near Club Redfern and the NSW Police station, and there is a 2,200 sq.m Woolworths supermarket at the eastern end of the precinct on Chalmers Street near the Salvation Army building.

- The **Alexandria precinct** includes the retail strip south of the subject precinct along Botany Road; the southern side of McEvoy Street including the small IGA supermarket; and **Fountain Street** which contains a recently opened Woolworths supermarket (2,317 sq.m) adjacent to the Dan Murphy's liquor store as well as the 21 Fountain Street retail and commercial asset which contains a Campos Coffee Shop, Bread & Circus, Salt Meats Cheese, a medical centre and a range of other retail and non-retail businesses.
- **Elizabeth Street (Redfern/Surry Hills)** contains an estimated 4,000 sq.m of retail floorspace generally consisting of cafes, restaurants, small convenience shops, as well as pubs and some retail services.
- The **Erskineville** precinct, which includes the retail and commercial uses around Erskineville Road, Swanson Street and the Princes Highway south of King Street, generally consisting of cafes, restaurants, bars/pubs, general retail and a small 950 sq.m Woolworths supermarket, totalling around 10,000 - 15,000 sq.m.
- **King Street, Newtown** is one of Sydney's largest strip retail precincts with more than 300 retail tenants distributed between Carillon Avenue and Newtown Station totalling around 30,000 sq.m. King Street is an iconic retail/entertainment destination containing an eclectic retail/commercial mix and serving multiple customer segments including residents, students, workers, visitors and broader metropolitan Sydney residents, however the precinct only contains small supermarkets.
- Part of Stage 1 of the **Green Square Town Centre** is now open (opened June 2017), including a 2,000 sq.m Woolworths supermarket. Additional stages are under construction and are discussed further in this section of the report.
- **Crown Street/Baptist Street (Surry Hills)** contains an estimated 20,000 – 25,000 sq.m of retail floorspace as well as a mix of community and commercial/non-retail floorspace, generally distributed between Foveaux Street and Surry Hills SC. The Surry Hills SC is anchored by a Coles supermarket of 3,100 sq.m and is a popular convenience shopping centre, with around 5,000 sq.m of retail GLA (with around 160 car-spaces). We expect it will be refurbished/improved over the medium-long term, as an approval was passed at Gateway in May 2017.

- **Cleveland Street (Redfern)** contains a mix of cafes, restaurants, pubs, general retail and service station facilities which are generally allocated to the estimates within the Elizabeth Street precinct or Crown Street/Baptist Street precinct.
- The **Danks Street, Waterloo** precinct contains an estimated 9,500 sq.m of retail floorspace including the 4,000 sq.m Danks Street Plaza shopping centre, which contains a 2,500 sq.m Coles supermarket and around 10 – 12 specialty shops served by 100 basement car-parks. This precinct also includes an Aldi supermarket and street/strip retailing along Danks Street and Bourke Street. There is also surrounding medical, community and commercial businesses/services.
- The **Zetland** precinct is dominated by the highly successful East Village shopping centre, which is integrated with surrounding residential units above. The centre contains a 3,800 sq.m Coles supermarket, and around 50 mini-major and specialty retail shops totalling around 10,000 sq.m, as well as 750 carparking spaces. The centre contains more than 30,000 sq.m of total retail and commercial floorspace, including a large Audi showroom, a large VirginActive gym, medical facilities and commercial office space. There is also some street/strip retail at the base of other buildings in Zetland, although this is of small scale.
- Higher order retail facilities/centres are located at Broadway SC, Sydney CBD and Marrickville Metro.

The broader retail environment is competitive, and the proposed mix of offer at the Locomotive Workshop would create a significant point of difference in the market, creating a space for retail and community, and bringing together residents, workers and visitors in a unique heritage setting close to public transport.

Table 3.1
ATP - schedule of surrounding retail facilities

Centre	Retail GLA (sq.m)	Major traders	Dist. by road from ATP (km)*
<u>Waterloo</u>	<u>4,000</u>		1.0
• Botany Street	2,500	IGA	
• Other	1,500	McEvoy Street	
<u>Redfern</u>	<u>15,000</u>		1.2
• Woolworths Redfern	2,200	Woolworths	
• Redfern Village	1,500	SPAR	
• Other	11,300	Strip retail along Regent Street, Redfern Street	
<u>Alexandria</u>	<u>12,500</u>		1.4
• Woolworths	2,300	Woolworths	
• IGA	950	IGA	
• Other	9,250	Strip retail along McEvoy Street, Fountain Street, Botany Street	
• Other	3,000	Inlcudes retail strips around Danks Street and Bourke Street	
Erskineville/St Peters	5,000		1.8
<u>Chippendale</u>	<u>15,350</u>		
• Central Park Mall	12,350	Woolworths	
• Other	3,000	Inlcudes retail strips around Broadway, Kensington Streets	
<u>Waterloo</u>	<u>3,000</u>		2.2
• Aldi Waterloo	2,500	Aldi	
• Danks St Plaza	4,000	Coles	
<u>Surry Hills</u>	<u>21,100</u>		2.3
• Surry Hills SC	5,600	Coles	
• Crown Street	14,500	About Life	
• Other	1,000	Strip retail along Elizabeth Street	
Broadway SC	45,000	Kmart, Target, Coles, Aldi	2.6
Newtown	35,000	IGA, Foodworks, Strip retail along King Street	3.0
<u>Zetland</u>	<u>11,500</u>		3.1
• East Village SC	10,500	Coles	
• Other	1,000	Inlcudes retail strips around Joynton Park	
Marrickville Metro	20,000	Kmart, Woolworths, Aldi	3.9

Source: Property Council of Australia; MacroPlan Dimasi

3.2 Supply competition

The Zetland/Waterloo/Green Square area is undergoing massive transformation, which has seen several new retail facilities open over the past 2 – 3 years, including the likes of East Village, Woolworths at Fountain Street, and very recently, the first stage of the Green Square Town Centre. New retail facilities are expected to be developed over the next 5 – 10 years to match the rapid population growth. Additional approved and mooted retail facilities across the surrounding region include:

- The **approved CBA development in ATP** will support around 3,000 sq.m of retail floorspace, including health and wellbeing orientated facilities, convenience retailing for immediate workers as well as some food catering floorspace. This development will primarily service the worker population, and will be complemented by the proposed offering at Locomotive Workshops.
- **Central to Eveleigh** is a major urban renewal project expected to support significant residential, commercial and retail development stretching from Central Station to West Eveleigh. The timing and scale of development within this corridor is generally uncertain, with some precincts having previously obtained preliminary concept approval for retail facilities – although many years ago.
- Concept approval has previously been granted for a large supermarket and convenience retail facilities in the Redfern Station precinct north of the railway line (around Wilson Street). However as this area develops, in the context of other retail developments and given the site's constraints, it may be that this area supports only small scale retail, with a focus on high density residential development.
- The **Green Square Town Centre** has approval for up to 15,623 sq.m of retail GFA, which will be developed in stages over the medium term. The first four stages (to be developed over the next 4 years) are expected to consist of 8,000 – 8,500 sq.m of retail floorspace as well as a mooted 2,500 sq.m 6-screen cinema complex.
- **Emerald City**, at 296-298 Botany Road (i.e. immediately adjacent to the Green Square Town Centre on the Gazcorp site), is a proposed mixed use development consisting of 8,915 sq.m of retail and 2,331 sq.m of commercial floorspace plus two levels of basement

car-parking, with an approval that will lapse by November 2018. A revised DA application was submitted for a modification to the project in December 2015, that included a reduction in the 6,605 sq.m of retail floorspace, including a 3,885 sq.m supermarket (we understand that Woolworths will be the supermarket operator) and two levels of car-parking.

- **Green Square Urban Renewal Area:** there is already some existing ground level retail (generally food related) at the base of several of the residential towers in the surrounding area. There will be additional retail of this form provided at several future developments over the short, medium and long term (e.g. Infinity by Crown proposes around 2,000 sq.m or so of ground level retail/commercial floorspace). Most of these individual developments are not expected to provide a retail offer of significance.
- Stockland recently undertook exclusive due diligence in regards to the **City Ford site** near the Green Square Town Centre. This site has a mixed use zoning, and under present controls, could support around 25,000 sq.m of mixed use development. Pending acquisition, we expect that Stockland (or any other developer) would look to undertake some retail development as part of a mixed-use offer at the site.
- To the north-east, the **Surry Hills Shopping Village** was acquired by new owners in 2015 with a view to redeveloping the centre and augmenting the site with residential apartments. A Gateway application for a mixed use development consisting of 170 apartments and a net addition of 2,500 sq.m of retail (and ancillary non-retail) floorspace was made in April 2016 and was passed with conditions in May 2017.
- The **Ashmore precinct** is a major mixed use development in Erskineville, which has concept approval for 2,000+ dwellings. It is likely that a development of this size will include significant retail amenity, potentially including a supermarket, cafes and restaurants, and convenience oriented specialty retailers. A recent media article indicates that Greenland is looking to develop around 4,500 sq.m of retail and commercial uses in the first phase of the project, with relatively limited dedicated retail parking, which tends to indicate that only a small-medium size supermarket (i.e. up to 2,000 sq.m) is being considered.

- **Marrickville Metro** has approval for a significant expansion, allowing up to 39,700 sq.m. Stage 1 of this expansion is planned to occur on an old industrial site south of Smidmore Street that it expected to include an additional supermarket and convenience based retail.
- The **Central Park Mall** will accommodate a new Palace Cinemas complex in late 2017 and some additional retail floorspace is expected to be provided as part of the **Central Park** precinct being undertaken by Frasers Property, with 9 tenancies currently on the market in the Duo tower. However, nothing of significant scale (i.e. comparable to existing offer) is expected.

Section 4: Retail floorspace and market gap analysis

This section of the report provides an assessment of the market gap for supermarket floorspace across the main trade area, as well as the future growth in retail floorspace demand across the resident and worker trade areas

4.1 Projected supermarket demand and market gap

Typically, there is one full-line/large supermarket provided per 8,000 – 9,000 persons across Australia, equivalent to around 340 sq.m per 1,000 persons.

If all of the supermarket floorspace in the main trade area is aggregated (including smaller supermarkets under 500 sq.m), there is approximately 6,670 sq.m of supermarket floorspace, which equates to around 193 sq.m per 1,000 persons. This is around 43% below the Australian average rate of provision for supermarket floorspace (for all supermarkets in excess of 500 sq.m), and around 27% below the typical provision across metropolitan Sydney (265 sq.m per 1,000 persons).

As a further point of qualification, Sydney is severely (and chronically) under supplied in terms of supermarket floorspace per capita. The average across other major Australian capital cities (ex-Sydney) is around 335 – 340 sq.m per 1,000 residents.

In Table 4.1 we have considered the future growth in supermarket floorspace demand and the potential additional supply of supermarket floorspace within the main trade area to determine a 'market gap' for supermarket facilities. For the purposes of calculating the estimated gap we have undertaken the following steps:

- Estimated the current and future population within the resident main trade area, disaggregated by trade area sector over the period 2017 – 2031.
- Estimated per capita expenditure on take-home food and groceries (F&G) using MarketInfo data, for each trade area sector.

- Allowed for 72.5% of F&G expenditure to be directed to supermarkets. This estimate is consistent with national benchmarks for comparable areas (i.e. outer suburban areas of major Australian cities), and allows for the remaining 27.5% to be allocated to smaller foodstores, food specialty stores and other general retail stores.
- Multiplied per capita F&G expenditure directed to supermarkets by the main trade area population to determine the total available F&G expenditure market directed to supermarkets by this population.
- Allowed for 6% of supermarkets' turnover to comprise general merchandise (i.e. non-food) retail items, which is typical across supermarkets nationally.
- We note this analysis does not include expenditure on packaged liquor, which often forms part of supermarket GLA and reported sales at supermarkets in NSW, and thus presents a conservative scenario.
- Estimated the likely net retention of available supermarket expenditure across the main trade area as a whole (on average). We have first allowed for an outflow of 50% of total supermarket expenditure, i.e. 50% of supermarket expenditure generated by main trade area residents is estimated to be retained within the trade area. We have then allowed for inflow of demand from customers who live beyond the resident main trade area, accounting for workers, students and visitors, which we have estimated at 30%.
- The total main trade area supermarket expenditure pool is then translated into estimated supermarket floorspace demand by dividing by an average sales productivity rate. We have applied an average retail turnover density (RTD) rate for supermarkets in 2017 of \$10,000 per sq.m, which is consistent with the national average for all types of supermarket retailing including stores within shopping centres; stand-alone facilities; Woolworths and Coles stores; Aldi stores; and independent supermarkets (e.g. IGA, Foodworks etc.).
- We consider a sales productivity rate of \$10,000 per sq.m would reflect a successful and profitable average trading level. We have also allowed for some real growth in this applied sales productivity rate of around 0.5% per annum from 2017 onwards.

Based on the above methodology, Table 4.1 shows that there is demand for about 10,900 sq.m of supermarket floorspace across the main trade area in 2017, which is projected to increase by around 1,900 sq.m by 2021 and by 8,150 sq.m by 2036, to reach 19,055 sq.m.

We have assumed that the proposed 2,032 sq.m supermarket at the subject site would open by mid-2020 (i.e. its first full financial year of trading would be FY2020/21), and have also allowed for the small supermarket approved at Building 2 at ATP and a 2,000 sq.m supermarket at the Ashmore Precinct.

By subtracting supermarket floorspace supply from estimated demand, we have identified an existing market gap of 4,235 sq.m of supermarket floorspace across the main trade area at present, which would increase to 7,950 sq.m by 2031, even with the addition of the proposed supermarkets within trade area.

Table 4.1
ATP - Estimated supermarket market gap (2017 - 2031)

Indicator/factor	2017	Year ending June		2031	Tot. growth 2017-31
		2021	2026		
<u>Est. pop. Resident MTA</u>					
Primary sector	7,260	8,060	9,060	9,560	2,300
Total secondary sectors	<u>27,400</u>	<u>31,800</u>	<u>39,050</u>	<u>46,800</u>	<u>19,400</u>
Main trade area	34,660	39,860	48,110	56,360	21,700
<u>F&G spend per capita (\$)*</u>					
Primary sector	5,742	5,976	6,280	6,601	
Total secondary sectors	<u>5,705</u>	<u>5,935</u>	<u>6,248</u>	<u>6,577</u>	
Main trade area	5,713	5,944	6,254	6,581	
<u>Est. F&G spend (\$M)*</u>					
Primary sector	41.7	48.2	56.9	63.1	21.4
Total secondary sectors	<u>156.3</u>	<u>188.7</u>	<u>244.0</u>	<u>307.8</u>	<u>151.5</u>
Main trade area	198.0	236.9	300.9	370.9	172.9
<u>Est. supermarket spend (\$M)</u>					
F&G expenditure to smkt at 72.5% (\$M)	72.5%	72.5%	72.5%	72.5%	
6% of smkt sales from GM	<u>6.0%</u>	<u>6.0%</u>	<u>6.0%</u>	<u>6.0%</u>	
Total smkt exp. MTA residents (\$M)	152.7	182.7	232.1	286.1	133.3
<u>Avg. MTA retention rates & share from BTA</u>					
MTA smkt retention rate	50%	50%	50%	50%	
Beyond trade area (% of total)	30%	30%	30%	30%	
Total available smkt exp. In MTA (\$M)	109.1	130.5	165.8	204.3	95.2
<u>Est. smkt floorspace demand (sq.m)</u>					
RTD @ \$10,000 increasing at 0.5% p.a.	\$10,000	\$10,202	\$10,459	\$10,723	
Smkt floorspace demand across MTA (sq.m)	10,908	12,794	15,848	19,055	8,147
<u>Est. supermarket supply (sq.m)</u>					
Existing	6,673	6,673	6,673	6,673	
<u>Proposed</u>					
• Locomotive Workshop		2,032	2,032	2,032	
• CBA Building		400	400	400	
• Ashmore Precinct		<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	
Total supply	6,673	11,105	11,105	11,105	4,432
Est. smkt market gap (sq.m)	4,235	1,689	4,743	7,950	

*Constant 2016/17 dollars & including GST

Source: MarketInfo; NSW BTS; MacroPlan Dimasi

4.2 Projected retail floorspace demand

Table 4.2 translates the retail expenditure capacity of the resident main trade area and worker trade area populations (from Section 2 of this report) to retail floorspace demand, using relevant retail turnover densities for each respective retail category.

At 2017, the resident main trade area generates demand for 92,500 sq.m of retail floorspace, including 23,400 sq.m of FLG floorspace and 16,840 sq.m of food catering floorspace. By 2031, total retail floorspace demand is estimated to grow by 73%, to 156,700 sq.m.

The worker trade area population generates demand for around 4,700 sq.m of retail floorspace, including around 1,800 sq.m of FLG floorspace and 1,800 sq.m of food catering floorspace. Over the period to 2031, worker trade area retail floorspace demand is estimated to grow by around 210%, or around 10,000 sq.m, to 14,530 sq.m by 2031. Worker trade area food catering floorspace demand is estimated to grow by around 4,100 sq.m.

According to Transport for NSW, approximately 6% of the worker trade area population also resides in the resident main trade area. Therefore, having regard for this trade area overlap, the total retail floorspace demand of the combined resident and worker trade area populations is estimated to increase from 96,900 in 2017 to 173,300 by 2031, reflecting total growth of around 79%.

The analysis presented in Table 4.2 shows significant growth in retail floorspace demand over the forecast period from both the resident and worker trade areas. The proposed addition of 4,119 sq.m of retail floorspace at the subject site could easily be supported by the additional retail floorspace demand, even when considering the already approved 2,997 sq.m within the CBA buildings, which will primarily service the worker market.

The proposed 4,119 sq.m of retail floorspace proposed at the Locomotive Workshop subject site accounts for around 4.3% of total floorspace demand at 2021 and 2.4% of total floorspace demand at 2031. Furthermore, the proposed retail floorspace at the subject site accounts for around 5.4% of retail floorspace demand growth between 2017 and 2031,

indicating that the additional facilities proposed at the subject site can easily be absorbed by the market. This analysis also considers that all specialty floorspace is utilised for retail (as mentioned previously, some of this retail specialty space could be utilised for production/wholesaling) and therefore presents a 'worst-case' scenario.

Table 4.2								
ATP - resident main trade area and worker trade area - total retail floorspace demand (sq.m), 2017-31								
Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
RTD - 2017*	10,000	7,000	6,000	4,000	6,000	6,500	6,000	6,674
RESIDENT MAIN TRADE AREA								
2017	23,368	16,835	11,653	25,460	5,369	5,891	3,916	92,492
2021	27,323	20,179	13,420	29,540	6,182	6,767	4,599	108,010
2026	33,826	25,851	16,298	36,136	7,505	8,181	5,732	133,529
2031	40,784	31,906	19,046	42,693	8,786	9,570	6,874	159,659
<u>Average annual growth (\$M)</u>								
2017-2031	1,244	1,077	528	1,231	244	263	211	4,798
<u>Total growth</u>								
2017-2031	17,416	15,072	7,393	17,233	3,417	3,679	2,958	67,167
WORKER TRADE AREA								
2017	1,805	1,826	121	270	144	199	322	4,688
2021	3,899	4,024	256	577	305	422	696	10,180
2026	5,063	5,356	325	740	387	535	904	13,309
2031	5,487	5,949	343	792	409	566	979	14,525
<u>Average annual growth (\$M)</u>								
2017-31	263	294	16	37	19	26	47	703
<u>Total growth</u>								
2017-31	3,682	4,123	222	522	265	366	657	9,837
COMBINED TRADE AREAS (allowing for overlap**)								
Total 2017	25,064	18,551	11,767	25,713	5,505	6,078	4,219	96,899
Total 2031	45,941	37,498	19,369	43,437	9,170	10,102	7,795	173,312
Growth 17-31	20,877	18,947	7,602	17,724	3,665	4,023	3,575	76,414
*RTD grown at 0.5% per annum								
**Based on TfNSW employment data, around 6% of workers in the worker trade area live in the resident main trade area								
Source: MarketInfo; MacroPlan Dimasi								

4.3 Summary

The key points to note regarding the findings of the retail floorspace and market gap analysis include the following:

- The provision of supermarket floorspace within the main trade area equates to around 193 sq.m per 1,000 persons, which is significantly lower (-43%) than the Australia average rate of provision of around 340 sq.m per 1,000 person, and is around 27% below the typical provision across metropolitan Sydney (265 sq.m per 1,000 persons).
- We have calculated that there is demand for about 10,900 sq.m of supermarket floorspace across the main trade area in 2017, which is projected to increase by 8,150 sq.m by 2036, to reach 19,055 sq.m. Having regard to the existing supply there is a current market gap of around 4,235 sq.m. Even considering the proposed additions to supply throughout the trade area (including at the subject site), there is estimated to be a supermarket floorspace undersupply of around 7,950 sq.m by 2031.
- At present, the resident main trade area generates demand for 92,500 sq.m of retail floorspace, while the worker trade area population generates demand for around 4,700 sq.m of retail floorspace.
- By 2031, total retail floorspace demand generated by the resident trade area is estimated to grow by 73%, to 156,700 sq.m, while within the worker trade area, retail floorspace demand is estimated to grow by around 210% to 14,530 sq.m by 2031.
- The proposed 4,119 sq.m of retail floorspace proposed at the Locomotive Workshop subject site would account for just 2.4% of total floorspace demand at 2031 and accounts for around 5.4% of retail floorspace demand growth between 2017 and 2031.

The above points indicate that there is demand for retail facilities within the trade area, and that the facilities proposed at the subject site can easily be absorbed by the market.

Section 5: Estimated trading impacts

This section of the report presents our estimates of potential sales volumes that could be achieved by retail facilities at the subject site; examines the potential trading impacts on the surrounding retail/centres hierarchy; then discusses the implications of these impacts.

5.1 Purpose of impacts assessment

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

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect across the surrounding competitive network based on the retail development that is being considered as part of the proposed Locomotive Workshop redevelopment.

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

5.2 Indicative sales performance

Table 5.1 presents indicative estimates of the potential sales that could be achieved by the retail offer outlined earlier in section 1 of this report. The development is proposed to be completed by mid-2020, and therefore, for the purposes of assessing the potential trading impacts on the surrounding retail network, we have modelled the sales potential in the centre's first full year of trade, which would be 2020/21. Sales estimates are presented in constant 2016/17 dollar terms and include GST.

In estimating the sales potential we have had regard to all of the information set out in the previous sections of the report, and in particular the following:

- The existing provision and estimated trading levels of retail facilities across the trade area, and surrounding region.
- The available primary sector population, the main trade area population, and retail expenditure capacity of this population, in particular the available food & grocery expenditure.
- The contribution from the worker market, as well as students, visitors and residents from broader metropolitan Sydney.
- Typical sales productivity industry benchmarks, for each retail format/category, forming part of the recommended mix.

As shown in Table 5.1, we estimate that the proposed retail offering at the Locomotive Workshop subject site could achieve sales in the order of \$33.9 million in 2020/21, expressed in constant \$2016/17. These estimates have regard to the proposed expansions/redevelopments across the surrounding region that have been identified in Sub-section 3 of this report.

Table 5.1
ATP Locomotive Workshop - Estimated sales performance, 2020/21

Category	GFA (sq.m)	Estimated sales*	
		(\$M)	(\$/sq.m)
Supermarket	2,032	20.3	10,000
Retail specialty	1,337	8.7	6,500
Heritage interpretation (retail)	<u>750</u>	<u>4.9</u>	<u>6,500</u>
Total retail	4,119	33.9	8,227
Heritage interpretation (non-retail)	571	n.a.	n.a.
Non-retail	<u>2,649</u>	n.a.	n.a.
Total centre	7,339	n.a.	n.a.

**Including GST and expressed in constant \$2016/17
Source: MacroPlan Dimasi*

5.3 Potential trading impacts

The following factors are typically considered when assessing the potential impacts of a new retail development on each existing facility or centre:

- The distance of the (impacted) centre, or retail precinct, by road, from the proposed development.
- The size of the centre or precinct, in terms of total retail floorspace.
- The role and function of the centre or precinct.
- The size, number and brand of key anchors in each centre or precinct, in particular supermarkets.
- The relative accessibility and relative convenience compared with the proposed retail development.
- The estimated performance of the centre/precinct (in current sales) and future performance (in the impact year), accounting for any future developments in the region that may also impact on the future sales of existing centres.

- The share of available expenditure which the precinct attracts from the identified main trade area of the proposed development. A precinct may not be situated in the identified trade area of the proposed development but its main trade area may extend to include parts, or all, of the trade area. For example, the trade area for large regional shopping centre typically includes several hundred thousand persons (e.g. Westfield Bondi Junction). Such a trade area is likely to include (partially or completely) trade areas for smaller convenience based centres, sub-regional centres, retail strips and stand-alone supermarkets.

The following key principles are then relied on when assessing the dollar (and percentage) impacts that are likely to be absorbed by existing facilities/centres:

- The greatest impacts are typically absorbed by the closest comparable centres. For example, a new Coles/IGA supermarket is generally likely to impact the closest nearby Coles/IGA supermarket respectively to the greatest extent, followed by impacts on other comparable large supermarkets, and at the lower end of the spectrum, on smaller scale supermarkets/food stores, which serve much more limited roles.
- Impacts on small scale, local supermarkets/food stores, tend to be relatively smaller in scale, as these stores normally attract a small market share of available main trade area expenditure and perform a different role and function in the hierarchy, often serving the local walkable catchments surrounding them, and/or serving more specialised/discerning needs (e.g. a small Foodworks foodstore).

Methodology

Table 5.2 presents a summary of the key metrics for the surrounding centres of relevance to the proposed development. This table includes the following:

- Column (1) shows the distance of each centre/precinct from the subject site.
- Column (2) shows the amount of retail floorspace at the centre/precinct and column (3) shows the amount of supermarket floorspace at each centre/precinct.
- Column (4) outlines the brand/s of supermarket tenants at the centre/precinct.
- Column (5) outlines the estimated sales for the year 2016/17, for each centre/precinct.
- Column (6) presents an estimate of the proportion of sales for each centre/precinct that is generated from the main trade area population. This provides the starting point for the allocation of sales redirected to the new development at the subject site.
- Column (7) presents an estimate, for each centre/precinct, of the volume of sales generated from the defined main trade area. Column (7) is calculated by multiplying Column (6) by Column (5). This column represents the total amount estimated to be spent by residents of the main trade area at each identified centre/precinct.
- Column (8) shows, for each centre/precinct, the proportion of sales drawn by the centre/precinct from the main trade area as a percentage of the total sales drawn from the main trade area by all identified centres/precincts in the analysis. **Column (8) is calculated by dividing each entry in Column (7) by the sum total of Column (7).**

Table 5.3 builds upon the analysis in Table 5.2, setting out an assessment of the likely order of trading impact on each of the identified centres/precincts, showing:

- The estimated floorspace (GLA) and sales volume for each centre/precinct as at 2016/17.
- The estimated sales volume for each centre/precinct at 2020/21 assuming no development at the subject site, but accounting for cumulative impacts from other developments.
- The estimated sales volume for each centre/precinct at 2020/21 after allowing for the proposed development at the subject site at 2020/21.
- The consequent estimated trading impact, measured both as a sales volume and a percentage impact, on each centre/precinct.

Table 5.2 ATP Locomotive Workshop - Estimated MTA expenditure patterns at identified centres*								
Centre	Distance from site (km)	Retail GLA (sq.m)	Smkt GLA (sq.m)	Major smkt brands Brand (name)	Est. centre sales (\$M) 2016/17 (5)	Est. sales from trade area % of tot. (6)	Share of available MTA retail exp. to identified centres (\$M) (7) (%)	(8)
Sub-regional/higher order centres								
Broadway SC	2.6	45,000	5,678	Coles, Aldi	551.1	6.5%	35.8	15.5%
Marrickville Metro	3.9	20,000	5,767	WOW, Aldi	234.6	10.0%	23.5	10.1%
Supermarket based centres and street/strip retail precincts								
Newtown Town Centre	3.0	35,000	2,658	IGA, Ind	220.6	10.0%	22.1	9.5%
Erskineville Precinct	1.8	5,000	950	WOW	33.8	40.0%	13.5	5.8%
Redfern Precinct	1.2	15,000	3,400	IGA, Ind, WOW	103.6	40.0%	41.4	17.9%
Waterloo Precinct	1.0	4,000	1,200	IGA (x2)	28.8	66.0%	19.0	8.2%
Alexandria Precinct**	1.4	12,500	3,264	IGA, WOW	64.9	50.0%	32.4	14.0%
Central Park/Ultimo	2.3	12,500	2,045	WOW (x2), IGA	83.2	10.0%	8.3	3.6%
Danks St/East Village	2.2	21,000	8,132	Coles (x2), Aldi	237.7	15.0%	35.7	15.4%
Green Square***	1.7	<u>2,500</u>	<u>2,000</u>	WOW	<u>0.0</u>	<u>0.0%</u>	<u>0.0</u>	<u>0.0%</u>
Total identified centres		172,500	35,094		1,558.3	14.9%	231.7	100.0%
*Including GST and expressed in constant \$2016/17								
**Current sales figure does not include Woolworths Alexandria, which opened in early 2017								
*** GSTC stage one opened in mid-2017.								
Source: Shopping Centre News; MacroPlan Dimasi								

Table 5.3							
ATP Locomotive Workshop - estimated impact on specific centres, 2020/21 (\$M)*							
			Est. sales (20/21)*		Est. impacts (2020/21)		
	Retail	Est. sales	Without	With	Dist. Of		
	GLA	2016/17	dev't.**	dev't.	impacts	Est. impacts	
Centre	(sq.m)	\$M	\$M	\$M	(%)	\$M	%
Sub-regional/higher order centres							
Broadway SC	45,000	551.1	592.8	590.1	8.0%	2.7	0.5%
Marrickville Metro^	20,000	234.6	328.0	325.7	7.0%	2.4	0.7%
Supermarket based centres and street/strip retail precincts							
Newtown Town Centre	35,000	220.6	242.3	239.8	7.5%	2.5	1.0%
Erskineville Precinct	5,000	33.8	32.0	30.3	5.0%	1.7	5.3%
Redfern Precinct	15,000	103.6	113.6	109.4	12.5%	4.2	3.7%
Waterloo Precinct	4,000	28.8	31.4	30.6	2.5%	0.8	2.7%
Alexandria Precinct^^	12,500	64.9	92.1	86.2	17.5%	5.9	6.4%
Central Park/Ultimo	12,500	83.2	91.6	90.8	2.5%	0.8	0.9%
Danks St/East Village	21,000	237.7	230.0	226.6	10.0%	3.4	1.5%
Green Square***	2,500	0.0	72.0	70.3	5.0%	1.7	2.4%
Proposed centres							
Ashmore	4,500	n.a.	28.4	27.5	2.5%	0.8	3.0%
Sub-total	177,000	1,558	1,854	1,827	80.0%	27.1	1.5%
Other centres/elsewhere					20.0%	6.8	
Total est. sales					100.0%	33.9	

*Including GST and expressed in constant \$2016/17

**Also accounts for cumulative direct competitive impacts from other developments (e.g. GSTC, Marrickville Metro, Ashmore and Eveleigh)

***Stage 1 of GSTC opened in mid 2017. Full c14,000 sq.m town centre assumed to open by 2021.

^Centre is proposed to be expanded to include a Coles supermarket and food related retail.

^^Allows for Woolworths Alexandria sales by 2020/21 as store only commenced trading in early 2017

Source: Shopping Centre News; MacroPlan Dimasi

Results and implications

In summary, the impact assessment in Table 5.3 shows the following:

- The impact analysis has regard to proposed developments or expansions at Green Square Town Centre, Marrickville Metro, CBA Buildings at ATP and Ashmore Precinct. That is, the analysis considers the cumulative impacts of other approved developments and developments under construction.
- The largest impact on a specific centre/precinct is expected to be absorbed by the Alexandria Precinct, at around 6.4% or \$5.9 million, given its proximity and offer (noting

that the majority of this impact would be absorbed by the Woolworths supermarket), while impacts on all other centres across the region are expected to be below 5.5%.

- The impacts on other centres range from 0.5% - 5.3%, and many of these centres only draw very thin market shares from the available main trade area at present because they contain small independent supermarkets and small offers in general; and serve a different role and function to the proposed retail development at the subject site.
- Impacts across all other centres are expected to be negligible.
- Around 20% of the potential impacts are estimated to be absorbed by other non-identified centres/precincts across broader Sydney. The other non-identified centres/precincts share of impacts is reflective of the contribution of the worker trade area and other customer segments (i.e. tourist, students and other metropolitan Sydney residents), which is expected to be significant at the subject site.

Consideration of trading impacts

The key points to note regarding the estimated impacts across the surrounding network of centres, as presented in Table 5.3, include the following:

- The retail sector is dynamic, and the development of new retail facilities is linked to evident undersupply and/or growth in population. New players, new centres, new competition will seek to enter any retail hierarchy where there is a market gap and/or future population growth to support such development.
- In regards to retail trading impacts, the following thresholds are generally considered by the industry:
 - Impacts between 10% and 15% are considered by the industry to be significant but acceptable;
 - Impacts between 5% and 10% are considered relatively moderate; and
 - Impacts less than 5% are generally considered minor/negligible. However, other factors such as the current trading performance; expansions of centres; potential loss of services to the community; expected growth in the region; and overall net community benefit should be considered.

- In any case, the impacts presented above are temporary in nature, with impacts across all centres expected to dissipate within one to two years, given the projected population and retail market growth within the trade area.
- It is stressed, however, as already noted previously in this report, that the impact assessment set out above should be regarded purely as a guide as to the likely order of trading impacts on the various existing centres. What is far more important in this instance is the fact that the main trade area is significantly under-provided with retail facilities, and therefore, any resultant trading impacts from the improvement in the provision of such facilities, particularly new, modern shopping facilities, is not in reality a negative economic impact as such – rather, it is an addition to net community benefit, for all the reasons set out in this report. There is more than ample available demand for all existing facilities to continue to trade successfully and viably – all they need to do is reasonably meet the needs and aspirations of trade area residents.
- There is a clearly demonstrated undersupply of supermarket floorspace within the main trade area which means that either the existing supermarkets are all trading strongly (above average) or there is significant leakage from the main trade area, or a combination of both.
- Other smaller centres and standalone offers, as explained above, perform a different role and function to a supermarket anchored neighbourhood centre. Given that such centres would only draw a small share of the available main trade area expenditure, the estimated impacts on these centres is expected to be minimal.

In summary, the proposed development at the subject site will help to meet a clearly identified market gap for supermarket facilities across the main trade area; will augment the existing centres hierarchy without resulting in any reduction in the level of service provision across the surrounding region; and will not prevent/affect any new/planned centres from establishing across the region. The development of the proposed retail facilities at the subject site will help service the employment base at ATP, which is a key objective of the zoning of the site.

Section 6: Other economic benefits

This section of the report considers other economic and community impacts associated with convenience based retail development at the subject site.

6.1 Employment benefits

The development of the proposed retail component at the ATP Locomotive Workshop will result in additional on-going employment on site, as well as further jobs throughout the supply chain, including those in industries servicing the retail tenants at the site, such as transport workers, wholesalers and the like. Furthermore, the construction phase of the project will support temporary construction related employment, and additional temporary jobs through the broader economic supply chain (i.e. multiplier impacts).

In estimating the various employment benefits, we have relied upon various data sources including information from major supermarket operators, the ABS, state and local government agencies, as well as 30 years of experience in preparing assessments of this nature.

Table 6.1 illustrates the estimated potential on-site employment that could potentially be created if the retail component of the proposed development at the subject site were to proceed as outlined in sub-section 1.2 of this report. As shown, we estimate an additional 340 jobs could be created on site once the supermarket based development is fully operational. Making an allowance of around 10% for employment being redirected from other centres, the proposed development could result in a net addition of 212 jobs. This could support a further 85 jobs across the broader supply chain.

Furthermore Table 6.2 shows that based on construction costs of around \$48 million, around 534 temporary construction jobs (inc. 205 direct and 328 indirect) are expected to be created as a result of the proposed development of the convenience component of the centre, including on-site construction jobs.

Table 6.1 ATP Locomotive Workshop - estimated centre employment levels			
Type of use	Estimated employment per '000 sq.m	Centre name	
		GLA (sq.m)	Employment (persons)
Supermarket	35	2,032	71
Specialty shops*^	25	2,087	52
Non-retail^	35	<u>3,220</u>	<u>113</u>
Total centre		7,339	236
Net increase¹			212
1. Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 10% of the total increase			
* Employment density of specialty space accounts for space that is proposed to be utilised for production/wholesaling			
^Include heritage interpretation space			
Source: Mirvac; MacroPlan Dimasi			

Table 6.2 ATP Locomotive Workshop - estimated future additional centre employment levels*				
Original stimulus	Direct employment (long-term)	Direct employment (const'n period)	Supplier employment multiplier effects	Total
Centre employment ¹	212		85	297
Construction of project (\$48m. est. capital costs)		205	328	534
				Job years ²
* Employment totals include both full-time and part-time work				
1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development				
2. Indicates the estimated number of jobs over the life of the construction project, for the equivalent of one year				
Source: Mirvac; MacroPlan Dimasi				

Wages & salaries income

The creation of permanent employment on site will translate to additional wages and salaries associated with these jobs. Based on an average income for retail workers (full and part-time) of around \$36,000 per annum (source: ABS average weekly earnings November 2016), we estimate that the project could generate around \$7.6 million in wages and salaries income benefits for the on-site workers per annum. A proportion of this could be directed towards local retail, entertainment and business services.

Furthermore, of the 'direct' construction workforce (which includes those associated with the project in through first-round effects), around 30 - 40% would comprise on-site construction workers. Based on an average income of \$75,100 for construction workers per annum, this would equate to \$5.4 million in wages and salaries income benefits for the on-site workers per annum, a proportion of which could be directed towards local retail, entertainment and business services.

6.2 Other community benefits

The proposed development at the subject site would generate a range of other economic benefits, in particular the following:

- Creating an iconic nationally and internationally recognised precinct within an area of significant heritage value.
- The retail offer would be a driver for a successful innovation hub. Amenity and on-site facilities are fundamental drivers of successful precincts, attracting and retaining workers, businesses and clients.
- Increased choice and amenity for the population of the resident main trade area and worker trade area, as well as likely increased competition for the benefit of consumers.
- More convenient access to new food and grocery shopping facilities, and other supporting retail and non-retail services, to serve both the current residents of the main trade area and future residents.

- Provision of convenience based retail for the on-site workers within the immediate vicinity and those that would form part of the new broader development.
- Reduced travel distances, leading to savings on time and fuel for main trade area residents and workers, due to a greatly improved provision of retail and ancillary non-retail facilities at the local level.
- Additional convenience and lifestyle retail facilities that would augment the retail hierarchy (i.e. there would be no reduction in the surrounding retail facilities).
- Stimulating opportunities for small businesses to open premises within the Locomotive Workshop and precinct.
- Providing jobs near people's homes and consequent economic multiplier impacts, which will boost the local economy.
- Creating a new focal point within the surrounding residential community, that also services the worker and student market and becomes a destinational retail and leisure precinct.
- Servicing local worker and residential need, but also creating broader economic multipliers by attracting visitation from a broader area.