Sydney Metro City & Southwest: Waterloo Over Station Development

Metro Quarter: Economic Impact Assessment Report

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1.0 Executive summary

This Economic Impact Assessment (EIA) presents an independent assessment of the need and demand for retail facilities at the Metro Quarter within the Waterloo State Significant Precinct (SSP). The report addresses the potential economic and community impacts that might result from the proposed development at the subject site, including an analysis of the likely impacts on other nearby retail centres and the net economic effect of the project (e.g. net value added, net jobs created) and its wider economic benefits.

This report builds on previous work undertaken by MacroPlan, which considered the amount of retail and ancillary floorspace the Metro Quarter project could support. The previous work recommended the provision of 8,000 square metres (sq.m) of retail and ancillary non-retail gross leasable area (GLA) across the Metro Quarter as well as the provision of additional community-related floorspace. A total provision of 12,000 square metres GLA (retail and other) has been recommended for the station podium areas.

The impact analysis undertaken as part of this report has considered the cumulative presence of other existing and planned centres in the vicinity of Waterloo and finds that:

- The highest percentage 'trade' impact from the provision of new retail services at the Metro Quarter is expected to be absorbed by the existing retail facilities in the immediate area at Waterloo, at around 5.7 percent, which represent $1.6 million (in today's dollars).
- The largest dollar impact on a specific centre/precinct is expected to be absorbed by the Redfern Precinct, at around $3.1 million (or 2.7 percent), given its proximity and range of services offered (noting that the majority of this impact would be absorbed by the Woolworths supermarket).
- The impacts on the next closest surrounding centres at Alexandria and Dank Street, Waterloo are estimated at around 2 – 3 percent (or $2.5 million each).
- Impacts on Green Square Town Centre/Emerald City and Zetland/East Village are estimated at around 1 – 2 percent (or around $2 – 2.5 million each).
- Other centres range from 0 – 1 percent, as many of these centres only draw very thin market shares from the available main trade area at present. Impacts across these centres are considered to be negligible.
- Around 20 percent 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.

In regard to retail trade, the following benchmark impacts are generally regarded as acceptable:

- Impacts of between 10 percent and 15 percent are considered by the industry to be significant but acceptable;
- Impacts between 5 percent and 10 percent are considered relatively moderate; and
- Impacts of less than 5 percent are generally considered negligible.

In this light, the impacts presented above are unlikely to seriously impact the viability of any of the nearby centres considered. Also, the stated impacts are temporary in nature and will dissipate in time with strong population and retail expenditure growth across the main trade area.

The Metro Quarter OSD project will help to meet a clearly identified market gap for supermarket facilities across the main trade area and will augment the existing centres' hierarchy, without any expected reduction in the level of service provision across the catchment.

Further, the project will not prevent or affect any new or planned centres from establishing across the region and will help service the employment base at the Metro Quarter.

The project is expected to generate around 400 operational (ongoing) jobs and is estimated to sustain more than 550 construction jobs, including around 214 jobs created directly and a further 342 resulting from multiplier induced effects.

The project is further estimated to generate an industry value-added (IVA), incorporating its commercial and residential components, of more than $64m (in 2016/17 terms).

In the absence of the proposed development, the previous uses of the Metro Quarter (i.e. pre-demolition) are estimated to have generated an IVA of around $12m. An increase in IVA of $52m is therefore projected and attributable to the project.

The project will also generate a number of non-quantifiable social and environmental benefits.

2.0 Introduction

2.1 Purpose of this report

This report accompanies a concept State Significant Development Application (concept SSD Application) submitted to the Department of Planning and Environment (DPE) pursuant to Part 4 of the *Environmental Planning and Assessment Act 1979* (EP&A Act). The concept SSD Application is made under Section 4.22 of the EP&A Act.

This report should be read in conjunction with the Nominated State Significant Precinct (SSP) Study – Waterloo, submitted to the Minister for Planning (The Minister) in July 2018. That study proposes new planning controls to facilitate the development proposed.

Sydney Metro is seeking to secure concept approval for over station development (OSD) above and adjacent to Waterloo Station comprising a podium and three taller buildings which include commercial, residential, and community land uses. The concept SSD Application seeks consent for a building envelope and use for residential, retail, commercial, entertainment, community and recreational purposes, maximum building height, maximum gross floor area (GFA), pedestrian and vehicular access, circulation arrangements and associated car parking and the strategies and design parameters for the future detailed design of development.

Sydney Metro proposes to procure the construction of the OSD as part of an integrated station development package, which would result in the combined delivery of the station, OSD and public domain improvements. The station and its public domain elements form part of a separate planning approval for Critical State Significant Infrastructure (CSSI) approved by DPE on 9 January 2017.

As the development is within a rail corridor, is associated with railway infrastructure and is for "commercial premises or residential accommodation" with a Capital Investment Value of more than $30 million, the project is identified as State Significant Development (SSD) pursuant to Schedule 1, 19(2)(a) of the *State Environmental Planning Policy (State and Regional Development) 2011* (SRD SEPP).

This report has been prepared to address the Metro Quarter impacts and specifically respond to the Secretary's Environmental Assessment Requirements (SEARs) issued for the concept SSD Application on 29th June 2018 which state that the Environmental Impact Statement (EIS) is to address the following requirements:

Reference	SEARs Requirement	Where Addressed
2. Land Use and Infrastructure	• *include details and justifications for the proposed mix of land uses and floor space.*	• *Section 3*
2. Land Use and Infrastructure	• *demonstrate that the proposal will meet the strategic objectives as identified in the relevant government policies and the … economic needs of the Waterloo State Significant Precincts (including Waterloo Metro Quarter and Waterloo Estate Precincts) and the wider area. This shall include an assessment of the proposal's economic … impacts to:* ○ *demonstrate retail, services and employment needs of future residents and workers of the development will be met.* ○ *illustrate the … economic impacts of the development to the wider area, including nearby local centres.*	• *Sections 4-7, with specific comment on the trading and economic impacts of the project provided in Section 7*

2.2 Overview of the Sydney Metro in its context

Sydney Metro is Australia's biggest public transport project. A new standalone metro railway system, this 21st century network will deliver 31 metro stations and 66 kilometres of new metro rail for Australia's biggest city — revolutionising the way Sydney travels. Services start in the first half of 2019 on Australia's first fully-automated railway.

Sydney Metro was identified in *Sydney's Rail Future*, as an integral component of the *NSW Long Term Transport Master Plan*, a plan to transform and modernise Sydney's rail network so it can grow with the city's population and meet the future needs of customers. In early 2018, *the Future Transport Strategy 2056* was released as an update to *the NSW Long Term Transport Master Plan* and *Sydney's Rail Future*. Sydney Metro City & Southwest is identified as a committed initiative in the *Future Transport Strategy 2056*.

Sydney Metro is comprised of three projects:

Sydney Metro Northwest — formerly the 36 kilometres North West Rail Link. This $8.3 billion project is now under construction and will open in the first half of 2019 with a metro train every four minutes in the peak.

Sydney Metro City & Southwest — a new 30 kilometres metro line extending the new metro network from the end of Sydney Metro Northwest at Chatswood, under Sydney Harbour, through the CBD and south west to Bankstown. It is due to open in 2024 with an ultimate capacity to run a metro train every two minutes each way through the centre of Sydney.

Sydney Metro West – a new underground railway connecting the Parramatta and Sydney central business districts. This once-in-a-century infrastructure investment will double the rail capacity of the Parramatta to Sydney CBD corridor and will establish future capacity for Sydney's fast growing west. Sydney Metro West will serve five key precincts at Westmead, Parramatta, Sydney Olympic Park, The Bays and the Sydney CBD. The project will also provide an interchange with the T1 Northern Line to allow faster connections for customers from the Central Coast and Sydney's north to Parramatta and the Sydney CBD.

Sydney's new metro, together with signalling and infrastructure upgrades across the existing Sydney suburban rail network, will increase the capacity of train services entering the Sydney CBD – from about 120 an hour currently to up to 200 services beyond 2024. That's an increase of up to 60 per cent capacity across the network to meet demand.

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Figure 2.1: Sydney Metro alignment map

Sydney Metro City & Southwest includes the construction and operation of a new metro rail line from Chatswood, under Sydney Harbour through Sydney's CBD to Sydenham and on to Bankstown through the conversion of the existing line to metro standards.

The project also involves the delivery of six (6) new metro stations, including at Waterloo, together with new underground platforms at Central. Once completed, Sydney Metro will have the ultimate capacity for a train every two minutes through the CBD in each direction - a level of service never seen before in Sydney.

On 9 January 2017, the Minister approved the Sydney Metro City & Southwest - Chatswood to Sydenham application lodged by TfNSW as a CSSI project (reference SSI 15_7400).

The CSSI Approval includes all physical work required to construct the CSSI, including the demolition of existing buildings and structures on each site. Importantly, the CSSI Approval also includes provision for the construction of below and above ground structures and other components of future OSD (including building infrastructure and space for future lift cores, plant rooms, access, parking and building services, as relevant to each site). The rationale for this delivery approach, as identified within the CSSI application is to enable the OSDs to be more efficiently built and appropriately integrated into the metro station structures.

The EIS for the Chatswood to Sydenham alignment of the City & Southwest project identified that the OSD would be subject to a separate assessment process.

Since the CSSI Approval was issued, Sydney Metro has lodged four modification applications to amend the CSSI Approval as outlined below:

- Modification 1 - Victoria Cross and Artarmon Substation which involves relocation of the Victoria Cross northern services building from 194-196A Miller Street to 50 McLaren Street together with inclusion of a new station entrance at this location referred to as Victoria Cross North. The modification also involves the relocation of the substation at Artarmon from Butchers Lane to 98 – 104 Reserve Road. This modification application was approved on 18 October 2017.
- Modification 2 - Central Walk which involves additional works at Central Railway Station including construction of a new eastern concourse, a new eastern entry, and upgrades to suburban platforms. This modification application was approved on 21 December 2017.
- Modification 3 - Martin Place Station which involves changes to the Sydney Metro Martin Place Station to align with the Unsolicited Proposal by Macquarie Group Limited (Macquarie) for the development of the station precinct. The proposed modification involves a larger reconfigured station layout, provision of a new unpaid concourse link and retention of the existing MLC pedestrian link and works to connect into the Sydney Metro Martin Place Station. It is noted that if the Macquarie proposal does not proceed, the original station design remains approved. This modification application was approved on 22 March 2018.
- Modification 4 - Sydenham Station and Sydney Metro Trains Facility South which incorporated Sydenham Station and precinct works, the Sydney Metro Trains Facility South, works to Sydney Water's Sydenham Pit and Drainage Pumping Station and ancillary infrastructure and track and signalling works into the approved project. This modification application was approved on 13 December 2017.

The CSSI Approval as modified allows for all works to deliver Sydney Metro between Chatswood and Sydenham Stations and also includes the upgrade of Sydenham Station.

The remainder of the City & Southwest alignment (Sydenham to Bankstown) proposes the conversion of the existing heavy rail line from west of Sydenham Station to Bankstown to metro standards. This part of the project, referred to as the Sydenham to Bankstown upgrade, is the subject of a separate CSSI Application (Application No. SSI 17_8256) for which an EIS was exhibited between September and November 2017. A Response to Submissions and Preferred Infrastructure Report was submitted to DPE in June 2018 for further exhibition and assessment. This application is subject to assessment and determination by DPE, taking into consideration a further Response to Submissions Report which was submitted to DPE in September 2018.

2.3 Nominated State Significant Precinct - Waterloo

Following the decision to locate a metro station at Waterloo, the Minister determined that parts of Waterloo are of State planning significance which should be investigated for urban renewal through the SSP process. Study requirements for such investigations were issued by the Minister on 19 May 2017.

Investigation of the Precinct is being undertaken by UrbanGrowth NSW Development Corporation (UrbanGrowth NSW), in partnership with Sydney Metro and the Land and Housing Corporation (LAHC). The outcome of the SSP process will be new planning controls that will enable future development applications for renewal of the Precinct.

The Precinct includes two separate but contiguous and inter-related parts:

- The Waterloo Metro Quarter (the Metro Quarter)
- The Waterloo Estate (the Estate)

A separate SSP Study for the Metro Quarter was lodged in July 2018 in advance of the SSP Study for the Estate to provide a planning framework for the construction of OSD within the Metro Quarter. The staged submission of the Metro Quarter SSP Study also facilitates the proposed development to be delivered concurrently with the metro station, as an integrated station development.

As this concept SSD Application relies upon the planning framework proposed in the Metro Quarter SSP Study, it is anticipated that the SSP Study and the EIS for the SSD Application will be exhibited concurrently.

2.4 Planning relationship between Waterloo Station and the OSD

While Waterloo Station and the OSD will form an integrated station development, the planning pathways defined under the EP&A Act require separate approval for each component of the development. In this regard, the approved station works (CSSI Approval) are subject to the provisions of Part 5.1 of the EP&A Act (now referred to as Division 5.2) and the OSD component is subject to the provisions of Part 4 of the EP&A Act.

For clarity, the approved station works under the CSSI Approval included the construction of below and above ground structures necessary for delivering the station and also enabling construction of the integrated OSD. This includes but is not limited to:

- demolition of existing development
- excavation
- integrated station and OSD structure (including concourse and platforms)
- lobbies
- retail spaces within the station building
- public domain improvements associated with the station
- access arrangements including vertical transport such as escalators and lifts
- space provisioning and service elements necessary to enable the future development of the OSD, such as lift cores, plant rooms, access, parking, retail, utilities connections and building services.

The vertical extent of the approved station works above ground level is defined by the 'transfer level' level (which for Waterloo is defined by approximately RL 33.1 over the northern station box and RL 35.1 over the southern station box), above which would sit the OSD. An example of this delineation is illustrated in **Figure 2.2.2**.

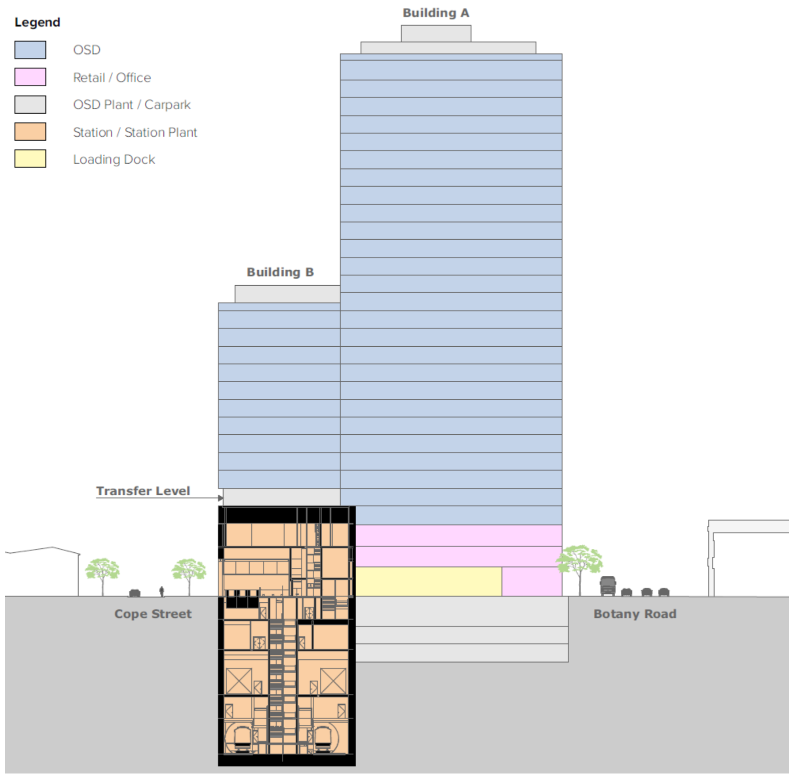


Figure 2.2: Delineation between the Metro station and OSD

It is noted that the structural and service requirements and space provisioning to support OSD vary from station to station. For example, based on the current level of design, Waterloo Station is not expected to provide for OSD lobbies, end of trip facilities and plant rooms. However, the detailed design may be amended to incorporate these elements as part of the integrated station development.

The CSSI Approval also establishes the general concept for the ground plane of Waterloo Station including access strategies for commuters, pedestrians and workers. In this regard, the main pedestrian access to the station would be via an entry located at the corner of Raglan and Cope Streets. The station design has continued to be developed having regard to its integration with the Metro Quarter OSD, and as a result, a second entrance to the station is to be provided from a proposed public plaza adjacent to Cope Street. Retail uses (approved under the CSSI Approval) would be located on the ground floor of the station development along the Cope Street frontage of the site.

Since the issue of the CSSI Approval, Sydney Metro has undertaken design work to determine the technical requirements for the structural integration of the OSD with the station. This level of design work, together with the planning and design undertaken for the remainder of the Metro Quarter has informed the concept proposal for the OSD. It is noted that ongoing design development of the works to be delivered under the CSSI Approval would continue with a view to developing an Interchange Access Plan (IAP) and Station Design Precinct Plan (SDPP) for Waterloo Station to satisfy Conditions E92 and E101 of the CSSI Approval. The detailed design for the Metro Quarter would continue to evolve having regard to the IAP and SDPP.

Public domain improvement works immediately adjacent to Waterloo Station would be delivered as part of the CSSI Approval to support pedestrian movements between transport modes (including to new and relocated bus stops, bike parking on Cope Street, and taxi and kiss-and-ride bays on Cope Street), while other public domain works within the Metro Quarter are proposed as part of the OSD. Final details of public domain works for the OSD will be provided with the detailed SSD Application(s) following finalisation of the SDPP and IAP for the CSSI Approval.

2.5 The site

2.5.1 Location

The site is located within the City of Sydney Local Government Area (LGA).

The Metro Quarter comprises land to the west of Cope Street, east of Botany Road, south of Raglan Street and north of Wellington Street. The heritage listed Waterloo Congregational Church located at 103–105 Botany Road is within this block but is not part of the site.

The site has an approximate area of 1.287 hectares (refer to Figure 2.3).

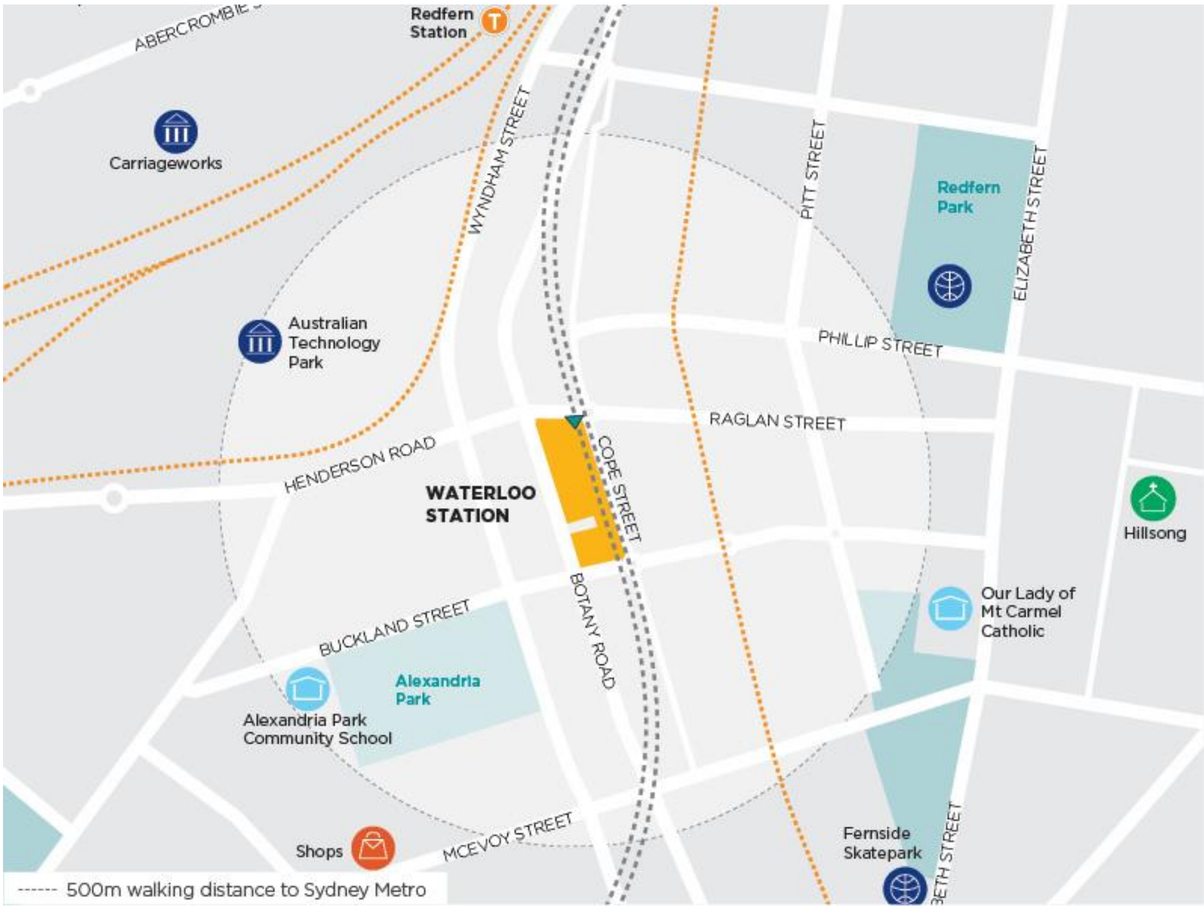


Figure 2.3: Waterloo Station location plan

2.5.2 Site context

The Metro Quarter is located in Redfern Street Village (see Figure 4) in the City of Sydney LGA approximately 3.3 kilometres south of Sydney CBD, 1 kilometre north of Green Square and less than 1 kilometre south of Redfern Station.

Directly east is the Waterloo Estate, which is owned by the NSW Government and is under the management of NSW LAHC. The Waterloo Estate comprises 2,012 social housing dwellings and a small number of private dwellings in medium and high density forms, ranging from single storey attached dwellings to apartment buildings of up to thirty storeys.

The Metro Quarter is less than 1 kilometre south-east of the Australian Technology Park (ATP), a technology micro-cluster that currently contains around 3,000 – 3,500 workers with a range of businesses in technology and creative industries; and a start-up/business incubator hub. It is set to grow into a business park that will soon accommodate new premises currently under construction (i.e. Commonwealth Bank Australia (CBA) has committed to two major office towers).

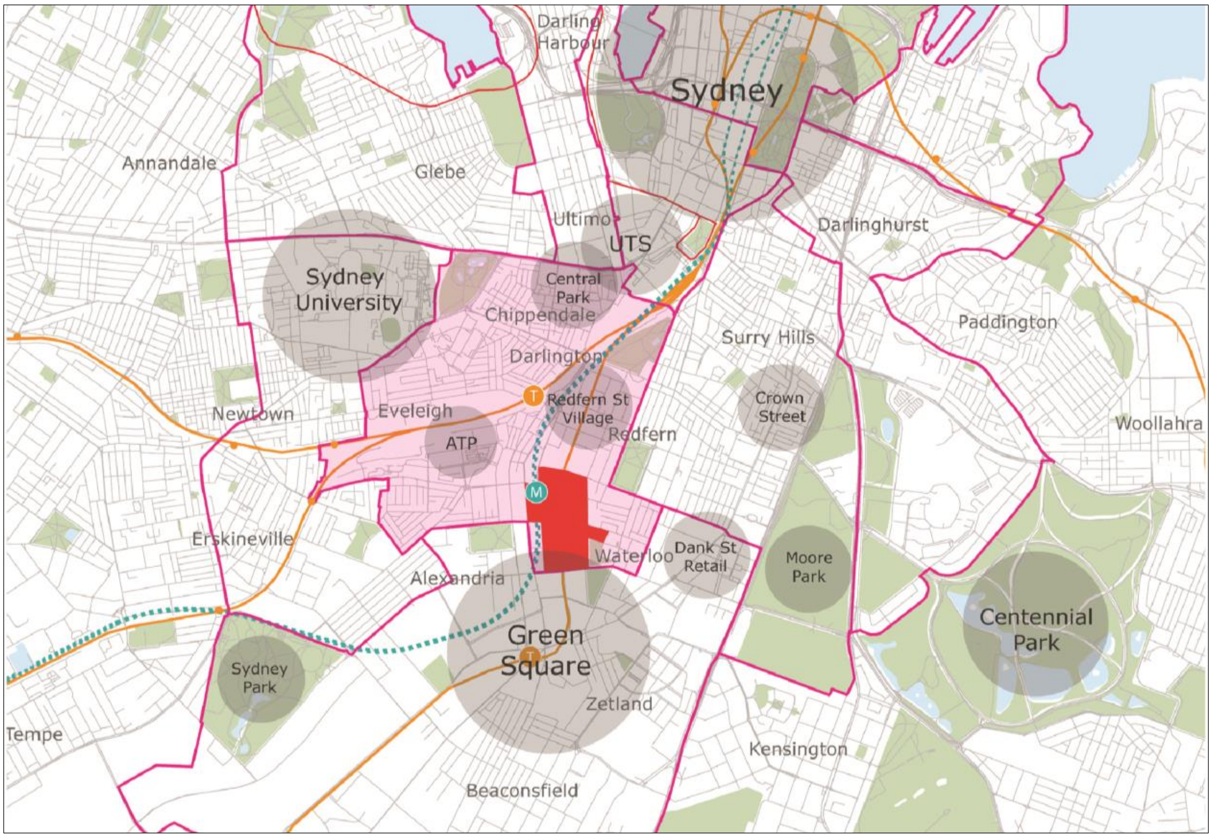


Figure 2.4 Location and site plan of the Waterloo State Significant Precinct (in red) and Redfern Street Village (in pink)

Figure 2.5 Nominate State Significant Precinct - Waterloo

The site comprises the following properties:

• 136B Raglan Street	Lot 4 DP 215751
• 59 Botany Road	Lot 5 DP 215751
• 65 Botany Road	Lot 1 DP814205
• 67 Botany Road	Lot 1 DP228641
• 124-128 Cope Street	Lot 2 DP228641
• 69-83 Botany Road	SP75492
• 130-134 Cope Street	Lot 12 DP399757
• 136-144 Cope Street	Lots A-E DP108312
• 85 Botany Road	Lot 1 DP27454
• 87 Botany Road	Lot 2 DP27454
• 89-91 Botany Road	Lot 1 DP996765
• 93-101 Botany Road	Lot 1 DP433969 & Lot 1 DP738891
• 156-160 Cope Street	Lot 31 DP805384
• 107-117A Botany Road	Lot 32 DP805384 & Lot A DP408116
• 119-121 Botany Road	Lot 1 DP205942 & Lot 1 DP436831
• 170-174 Cope Street	Lot 2 DP205942

The buildings and structures on the site are now demolished in accordance with the CSSI Approval with the exception of one building which is being used to support construction.

2.6 Overview of the proposed development

This concept SSD Application follows the submission of a SSP Study which supports a proposal to amend existing controls to facilitate the proposed development. The concept SSD Application will in turn comprises the first stage of seeking SSD development consent for the Waterloo OSD project. It will be followed by a future detailed SSD Application(s) for the design and construction of the OSD built form.

This concept SSD Application seeks approval for the planning and development framework and strategies to inform the future detailed design of the OSD. It specifically seeks approval for:

- maximum building envelopes, including maximum building heights, street-wall heights and ground and upper level setbacks
- a maximum gross floor area (GFA) of 68,750 square metres, comprising:
  - approximately 56,200 square metres GFA of residential accommodation, providing for approximately 700 dwellings, including 5 to 10 percent affordable housing and 70 social housing dwellings
  - approximately 3,905 square metres GFA of retail premises and entertainment facilities
  - approximately 8,645 square metres GFA for business and commercial premises and community, health service and recreational facilities (indoor), including at least 2,000 square metres of floor space for community uses
- a three storey podium and a free standing building located within a public plaza, accommodating non-residential land uses
- residential uses above podium level in various building forms including three taller buildings of 23, 25 and 29 storeys (Reduced Level (RL) 96.9, 104.2 and 116.9 metres AHD respectively)
- use of OSD space provisioning within the footprint of the CSSI Approval
- public domain works, including open spaces, through-site links, footpaths, provision for cycle facilities and enhanced pedestrian crossings and roads
- car parking for up to 427 vehicles
- cycle parking to support residential and non-residential land uses and visitors to the Metro Quarter. Approval is also being sought for space within the future basement for a bike hub which would also support future bike parking for Waterloo Station
- loading, vehicular and pedestrian access arrangements
- strategies for utilities and services provision
- strategies for managing stormwater and drainage
- a strategy for the achievement of ecologically sustainable development

- a public art strategy
- provision for future signage zones
- a design excellence framework
- the future subdivision of parts of the OSD footprint (if required).

It is noted that the Sydney Metro comprises GFA of approximately 8,415 square metres on the site, approved under CSSI Approval. The total GFA for the integrated station development, including the station GFA is approximately 77,165 square metres, which is equivalent to an FSR of approximately 6:1.

Key parameters of the concept proposal based on the current level of design development are indicated at Figure 6 and Figure 7.

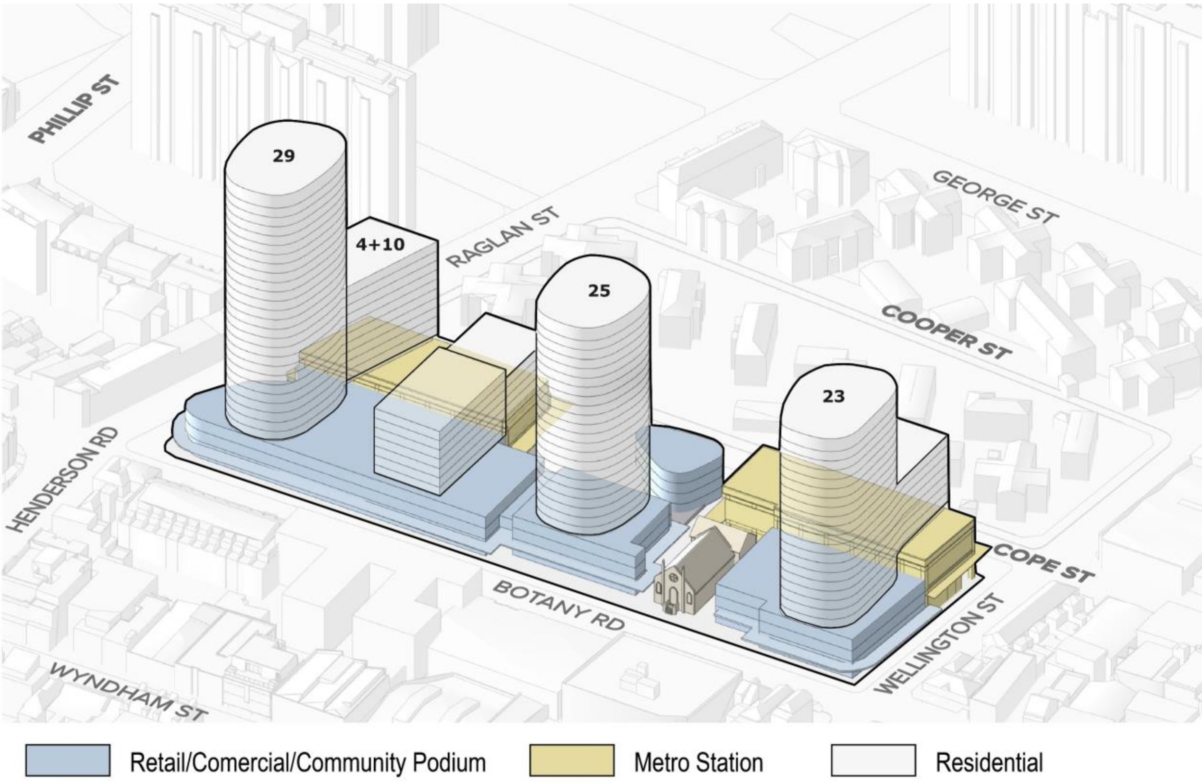


Figure 2.6 Proposed massing, viewed from the west

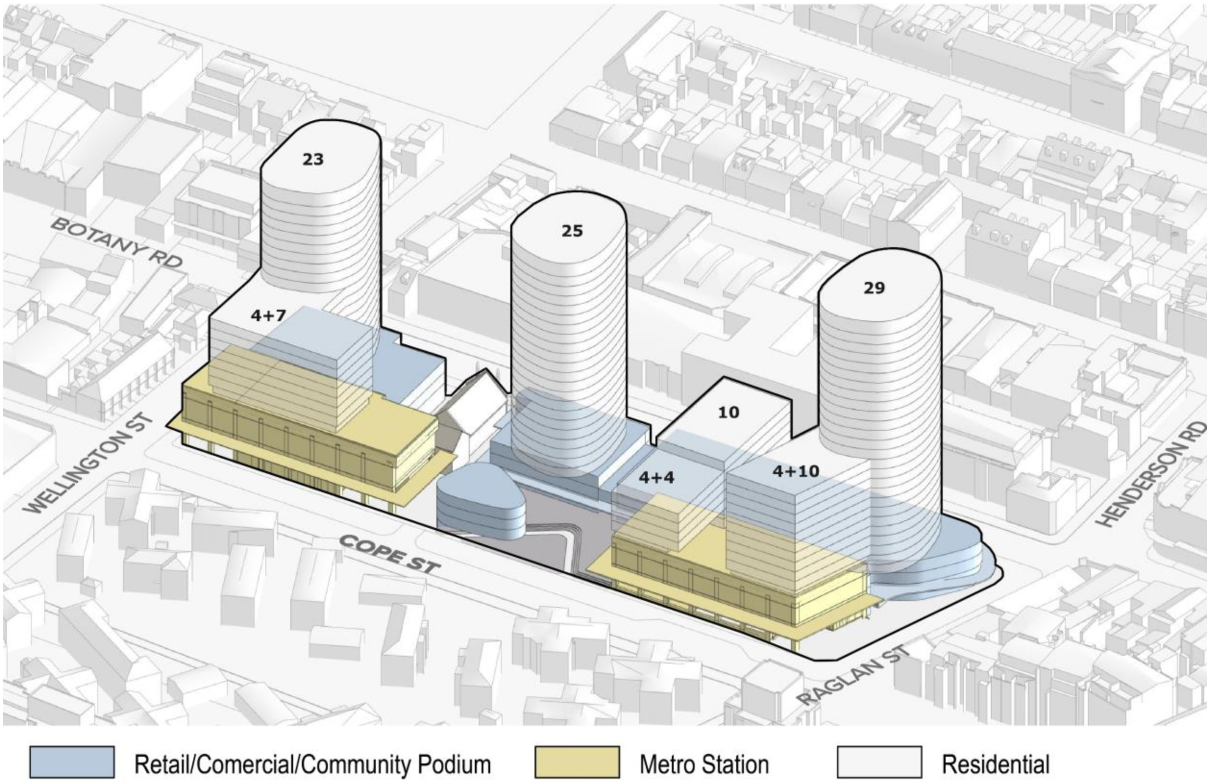


Figure 2.7 Proposed massing, viewed from the east

The proposal is a significant opportunity to contribute to the urban renewal process for the Waterloo SSP. The objective to deliver the Metro Quarter project as soon as reasonably possible after completion of the Sydney Metro works (earmarked to open 2024) would ensure buildings within the Metro Quarter are occupied to support maximum patronage of the proposed metro station.

The Metro Quarter would contain a mix of uses including residential, commercial, retail, community facilities and services and cultural opportunities sufficient for daily life to be provided for within the wider neighbourhood and to support the activation of the precinct. This would help make Waterloo one of the most connected and attractive inner-city places to live, work and visit.

3.0 Scope of current assessment

The specific matters that this report must address are outlined in the Secretary's Environmental Assessment Requirements (SEARs) issued for the concept SSD Application on 29th June 2018, as provided below:

> ***2. Land Use and Infrastructure***
>
> *The EIS shall:*
>
> - *include details and justifications for the proposed mix of land uses and floor space.*
> - *…*
> - *demonstrate that the proposal will meet the strategic objectives as identified in the relevant government policies and … economic needs of the Waterloo State Significant Precincts (including Waterloo Metro Quarter and Waterloo Estate Precincts) and the wider area. This shall include an assessment of the proposal's economic … impacts to:*
>   - *demonstrate retail, services and employment needs of future residents and workers of the development will be met.*
>   - *illustrate the social and economic impacts of the development to the wider area, including nearby local centres.*
>   - *…*

The SEARs provide a frame for the assessment that is undertaken in this report.

This report provides an independent assessment of the economic impact of proposed retail and non-retail floorspace at the Metro Quarter, with specific regard to the potential trading impacts on nearby existing and planned centres.

The previous findings which have informed this current economic impact assessment are outlined in this chapter, as is the current scope of investigation and evaluation.

3.1 Previous findings

In relation to the proposed mix of land uses and their allocated floor space, previous work undertaken by MacroPlan for the Metro Quarter State Significant Precinct (SSP) - Economic, Retail and Services Study identified that:

- The retail and ancillary non-retail planned for the Metro Quarter should be designed primarily to meet the needs of local residents and workers; both existing and future; but also potentially draw people in from across the broader region through uses that activate the precinct in the evenings and on weekends.
- The local community is diverse and consists of young working professionals, Aboriginal peoples, persons in social housing, students and other workers, thus the mix of retail and services offered should cater to this diverse community.

In framing the amount of retail and non-retail ancillary floorspace that should be provided at the Metro Quarter, MacroPlan's previous report had regard for the specific needs of the Waterloo catchment population (including current and forecast residents and workers) and existing/planned retail provisions at other high-density residential locations across metropolitan Sydney[1].

Previous work has also considered the spread of retail and related services across the broader Waterloo SSP Study Area (incorporating both the Metro Quarter and the Waterloo Estate).

In each scenario presented by the previous work, the recommendations for the Metro Quarter site are the same. Recommendations for the Waterloo Estate, however, vary according to the amount of dedicated customer car-parking that might be accommodated. Planning for the Waterloo Estate will be discussed in more detail in a separate report for the Waterloo Estate.

The recommended mix for the Metro Quarter is shown in Table 3.1.

Over 8,000 square metres of retail and ancillary non-retail GLA has been recommended across the Metro Quarter plus provision for additional community-related uses (co-work space and community facilities).

A total provision of 12,000 square metres GLA (retail and other) is recommended for the station podium areas.

[1] For example, Potts Point/Macleay Street accommodates around 10,000 – 15,000 square metres (sq.m) of retail/commercial GLA – excluding Kings Cross; Wentworth Point which has 7,000 dwellings at present and just 2,000 sq.m of retail/commercial GLA – with around 15,000 – 20,000 sq.m expected once it is built out; and Wolli Creek which contains around 10,000 sq.m of retail/commercial GLA and around 10,000 sq.m additional space expected as it builds out.

Category	GLA (sq.m)	Indicative/Potential Tenants
Convenience retail - majors		
Supermarket	1,250	*e.g. Woolworths Metro, Potts Point (NSW)*
Total majors	**1,250**	
F&B / Convenience retail - mini-majors		
Food hall for dine-in and take-away + bar/restaurant (dine in) and/or	800	*e.g. Coffee (multiple), Sushi, Chatime, sandwich, street food, juice bar, Berg'n, New York (New York, USA); Young Henrys; The Local Taphouse (Darlinghurst)*
Mini-major retail	500	*e.g. Priceline/Terry White Chemmart/Discount Variety Store*
Total mini-majors	**1,300**	
Retail / other specialties		
Fresh food	100	*e.g. Bakery, health food, vitamins, Bread & Butter Project*
Beauty	250	*e.g. Beauty Library, Tokyo (JPN)*
Convenience	400	*e.g. Newsagency/pharmacy/Specsavers/florist/Mister Minit*
Basement entertainment space or non-high traffic / non-retail use	700	*e.g. entertainment space; destinational retail or that which does not require high footfall (Rivers apparel)*
Total retail/other specialties	**1,450**	
Total retail	**4,000**	
Ancillary non-retail		
Gym/sports (large format)	1,000	*e.g. Floyd Mayweather Gym*
Fitness/health studio	600	*e.g. 24-hr operator like an Anytime, Snap, Jetts*
Retail services – banks / insurance / comm./services	1,200	*e.g. Bupa, NAB, real estate agent, Flight Centre, Aust. Post*
Medical centre/allied health	1,200	*e.g. Alternative/pharmacy; Restore Wellness (St Leonards)*
Total non-retail	**4,000**	
Total retail & non-retail	**8,000**	
Office/Community Uses		
Commercial / co-working space	2,000	*e.g. 'WeWork', Hub, Spaces*
Community services	2,000	*e.g. Community centre, health, arts, child care*
Total office/community uses	**4,000**	
TOTAL	**12,000**	

Table 3.1 Metro Quarter– recommended retail & ancillary non-retail GLA

Source: MacroPlan Dimasi

3.2 Current assessment

The following chapters of this report re-examine the various conditions relevant to economic need for the proposed development, including the local catchment conditions, competing supply of comparable uses, the demand generated by local residents, workers and passing traffic, as well as the likely consequent impacts on other centres throughout the surrounding region.

This report builds on previous work undertaken by MacroPlan, which considered the amount of retail and ancillary floorspace the project could accommodate, and quantifies and distributes the likely impact of the project on other existing centres, including how the project integrates with the existing (and proposed future) retail network; as well as the net economic effect of the project (e.g. net value added, net jobs created) and its wider economic benefits.

This is necessary to ensure that the Economic Impact Assessment (EIA) presents an independent and up-to-date assessment of the need and demand for retail facilities at the Metro Quarter.

Sections 4 – 7 address these concerns, as described below:

- **Section 4** examines the various customer segments that could potentially be served by retail and ancillary non-retail facilities at the Metro Quarter; 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. This section also considers other customer segments of relevance (e.g. students, commuters, beyond trade area visitors).
- **Section 5** examines the surrounding competitive retail environment of relevance to the Waterloo SSP, including proposed/planned facilities.
- **Section 6** provides an assessment of the retail floorspace demand generated by main trade area residents and workers, including an assessment of the market gap for additional supermarket floorspace across the resident main trade area, and concludes with estimates of the potential sales that could be achieved by the proposed retail development.
- **Section 7** presents estimates of likely trading impacts on the surrounding retail network and discusses their implications; it also examines the broader economic impacts of the project, including its employment generation and other economic and social benefits.

4.0 Trade area analysis

This section of the report examines the various customer segments that could potentially be served by retail and ancillary non-retail facilities at the Metro Quarter; 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. This section also considers other customer segments of relevance (e.g. students, commuters, beyond trade area visitors).

4.1 Residential trade area

Trade area definition

The extent of the trade area or catchment that is served by any shopping centre, or retail offer, is shaped by the interplay of several critical factors, including:

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

ii. The proximity and attractiveness of competitive retail precincts or centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre or retail facility is effectively able to serve.

iii. The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers can access a shopping centre, or retail facility.

iv. Significant physical barriers which are difficult to negotiate and can act as delineating boundaries to the trade area served by an individual shopping centre, or retail facility.

The Metro Quarter forms part of a broader inner-city urban transformation area which includes the Green Square urban renewal area (URA), Central to Eveleigh (C2E), the Ashmore precinct (Erskineville), as well as sites beyond these designated precincts (Refer Maps 4.1 and 4.2). 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: 3,000+ additional dwellings.
- Green Square URA: 20,000+ additional dwellings (30,000 total dwelling).

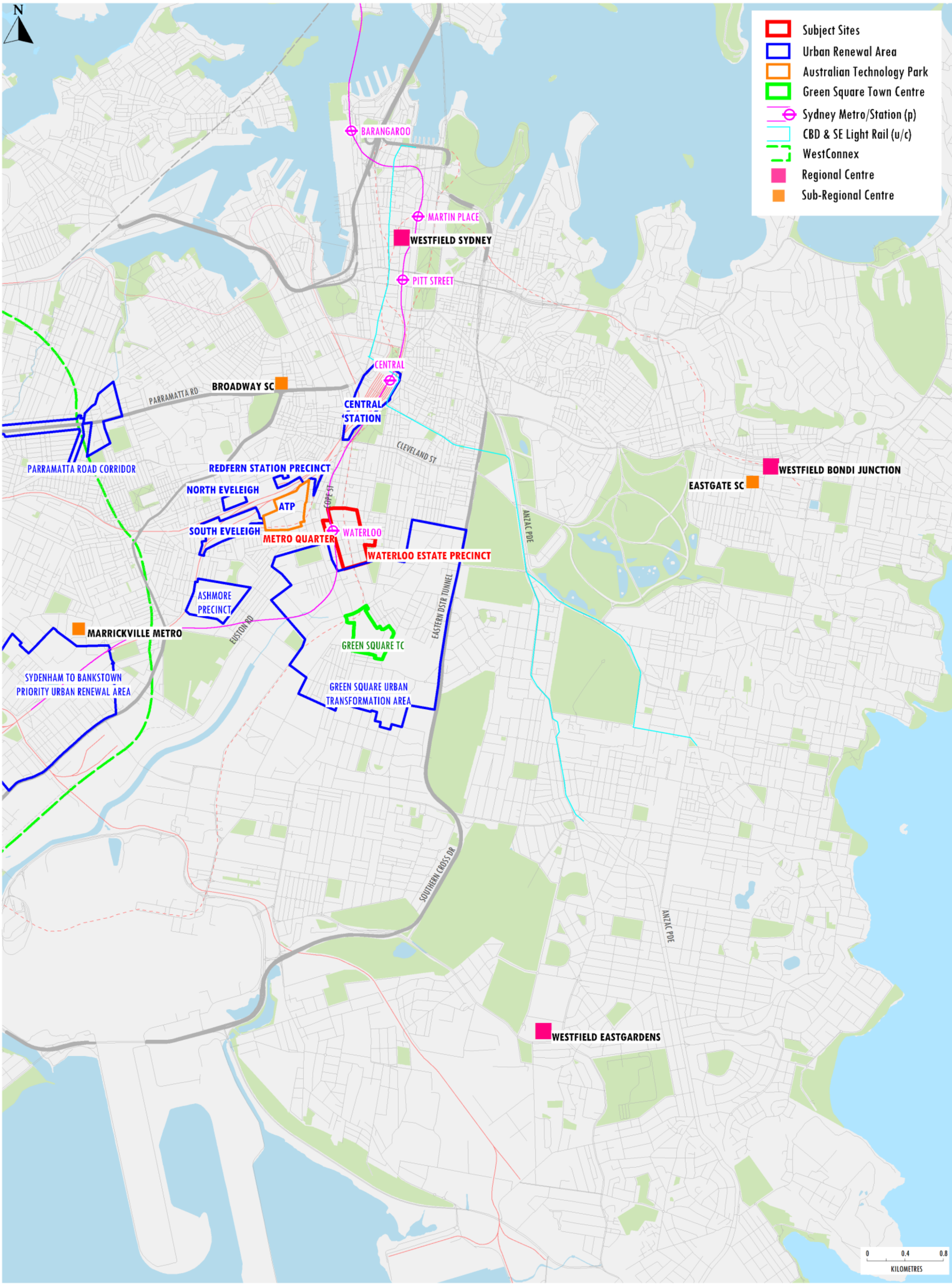
- C2E: 10,000+ additional dwellings (including 5,700 net additional at Waterloo SSP).

Map 4.3 illustrates the extent of the trade area that could potentially be served by retail and ancillary non-retail facilities across the Waterloo SSP, including the Metro Quarter. In relation to this trade area, we have regard to the following:

- The high-density nature of the proposed redevelopment of the precinct.
- The surrounding competitive supermarket facilities (including future proposed facilities) in Surry Hills, Danks Street, East Village, Green Square, and Alexandria.
- The surrounding network of higher order retail facilities, such as Broadway Shopping Centre (SC), the Sydney CBD, Westfield Bondi Junction, Westfield East Gardens, Marrickville Metro etc.
- The expected household composition of residents (e.g. lower than average car-ownership).
- The surrounding road and rail network.
- Statistical boundaries, from which detailed data can be aggregated. This is part of the reason why the trade area is split along Botany Road/Regent Street.

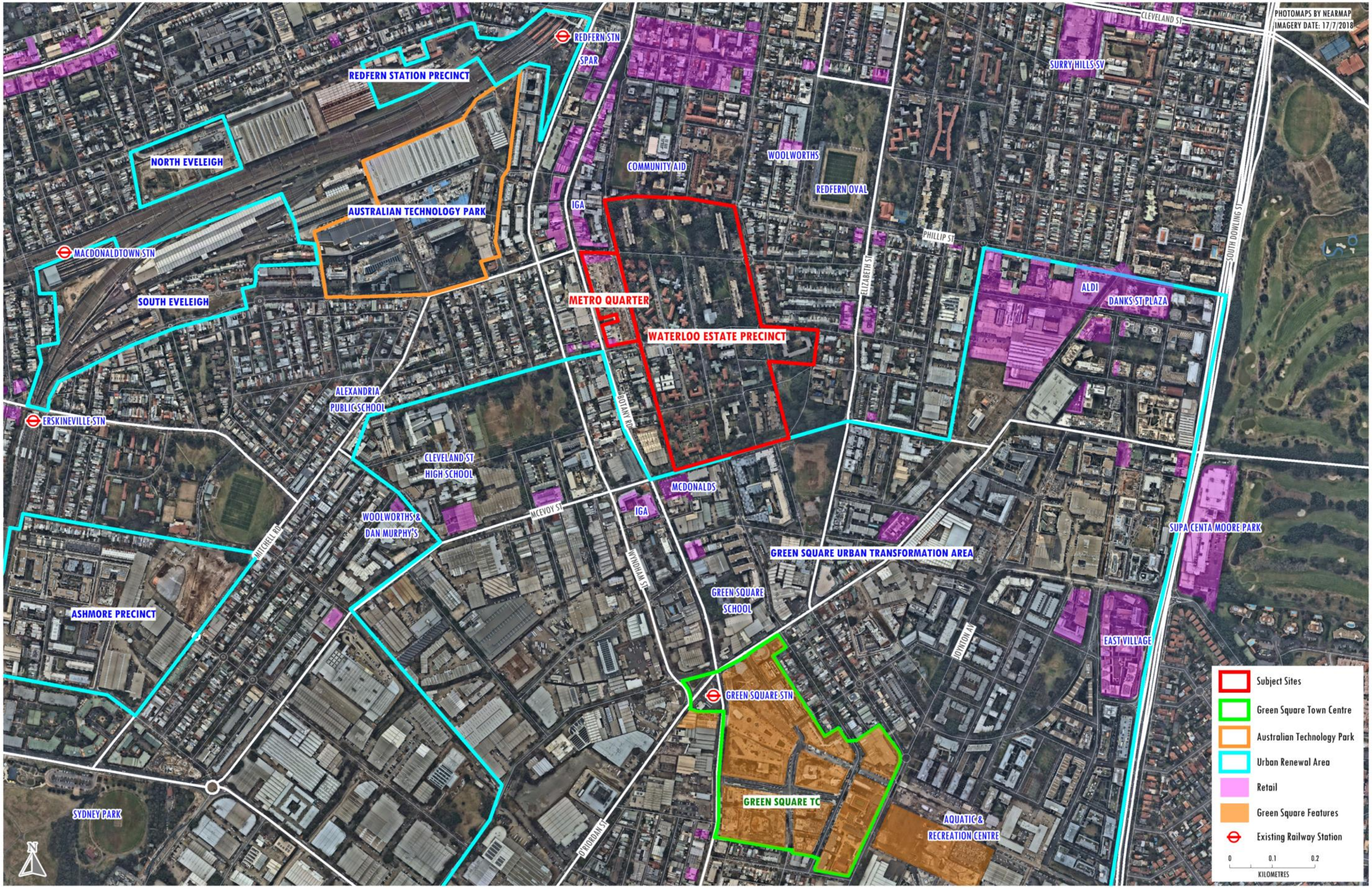
The trade area has been defined to include one primary sector and one secondary sector described as follows, and is referred to as the residential main trade area in the remainder of this report:

- The **primary sector** includes the Metro Quarter and extends north to Cleveland Street, west to Botany Road/Regent Street, south to Allen Street/Powell Street, and east to Young Street, including parts of Redfern, Waterloo, Alexandria and Surry Hills.
- The **secondary sector** extends west of the subject site to around Bowden Street/Fountain Street/Brandling Street, north to the T2/T3/T4 Sydney suburban rail line, and south to Mandible Street including parts of Alexandria and the ATP.



Map 4.1: Waterloo

Regional context



Map 4.2: Metro Quarter

Site location

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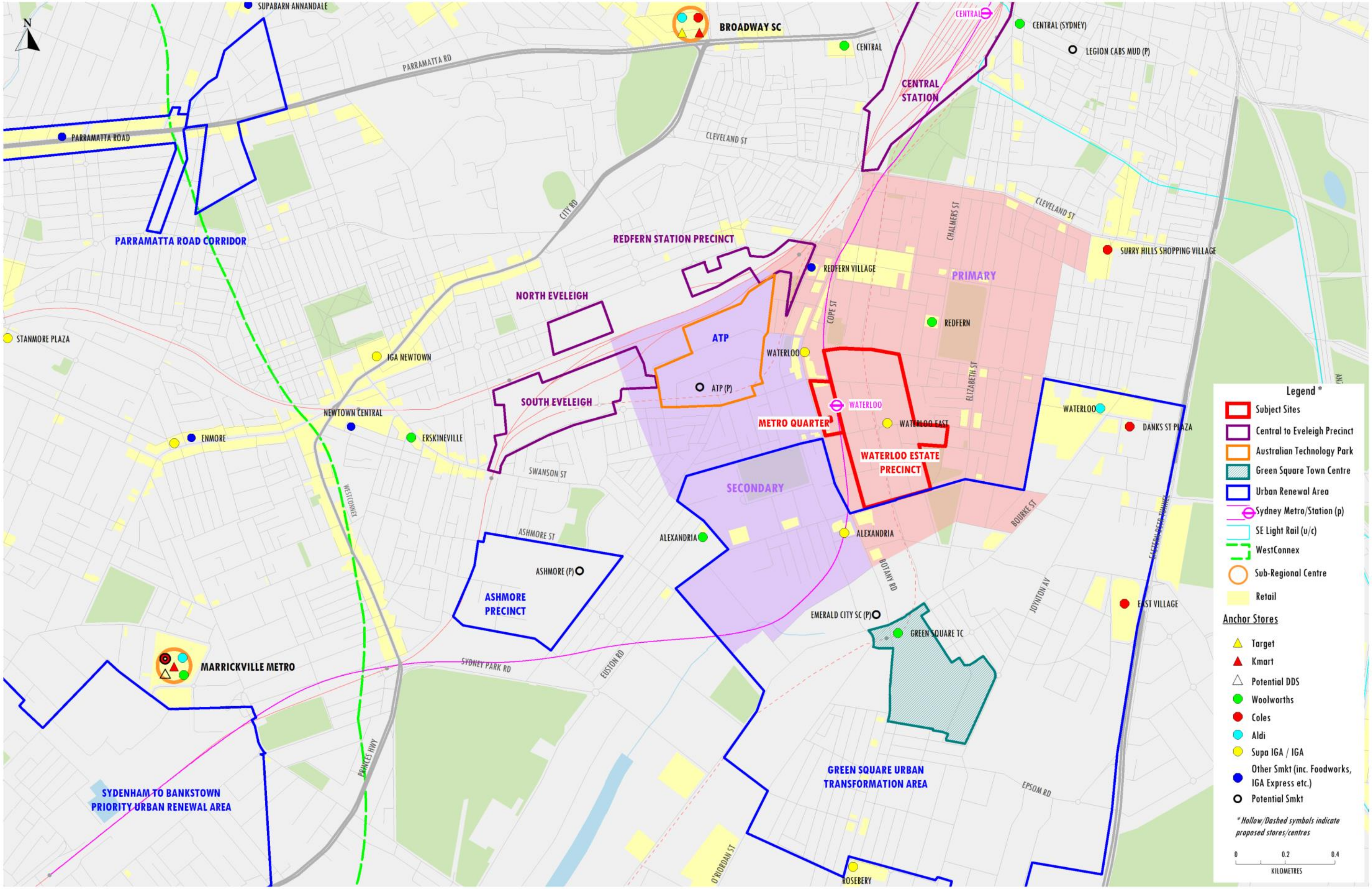


Map 4.3: Metro Quarter

Resident trade area and competition

Trade area population

Table 4.1 details the current and projected population levels within the residential main trade area. This information has been collected from a range of sources, including the following:

- ABS Census of Population and Housing (2011 and 2016);
- ABS Dwelling Approvals Data (2011 - 2016);
- ABS Estimated Residential Population Data (ERP) (2011 - 17);
- NSW DPE Household and Population projections (2006 - 36);
- NSW Transport Performance and Analytics (TPA) population projections – small area;
- Forecast.id (residential projections – across the Waterloo SSP and surrounds);
- UrbanGrowth NSW (in relation to likely timing/take-up within the site); and
- Other investigations of future residential development, undertaken by this office.

Over the most recent intercensal period (2011-2016), the main trade area population increased from around 16,980 to 19,630, at an average of 2.9 percent per annum (or 530 people per annum), while the key primary sector increased from 13,210 to 15,040 at an average of 2.6 percent per annum (or 366 people per annum). The main trade area population was estimated at 20,870 people as of June 2018, including 16,240 people in the primary sector.

Population growth within the defined main trade area will essentially be driven by the future growth within the Waterloo SSP itself, which is broadly distributed across the two precincts as follows:

- The **Metro Quarter** is expected to accommodate around 700 residential dwellings around the train station, including up to 10 percent affordable housing and 10 percent social housing.
- The **Waterloo Estate precinct** will incorporate most of the additional dwellings, with a target of approximately 7,000 new dwellings (i.e. a net addition of 5,000 dwellings over and above the existing 2,000 social housing dwellings within this precinct). The indicative mix consists of social housing, affordable housing and private dwellings.

Other significant housing development projects located within the residential main trade area include:

- **Lawson Square:** Located within the primary trade area on the block of Regent Street, Redfern Street, Gibbons Street and Lawson Square. This proposed development comprises two mixed-use towers including 156 residential units.

- **11 Gibbons Street:** The Future Living Consortium recently acquired the former City of Sydney's council depot on Gibbons Street as part of a scheme to develop social and affordable housing. Under the agreement between Council and the Consortium approximately 150 units will be developed.
- **'88onRegent':** A Development Approval has been granted for a 56-unit development at 88 Regent Street.

Having regard to the above, the main trade area population is expected to increase to 33,980 people by 2036, representing an average annual growth rate of 2.8 percent, an increase of around 70 – 75 percent. The primary sector population (which forms the significant majority of the residential main trade area) is estimated to increase by 91 percent by 2036 to reach 28,790 persons, equivalent to average annual growth of 3.3 percent.

Table 4.1
Metro Quarter trade area population, 2011-2036*

	Estimated population				Forecast population		
Trade area sector	2011	2016	2018	2021	2026	2031	2036
Primary	13,210	15,040	16,240	18,040	21,290	25,540	28,790
Secondary	3,770	4,590	4,630	4,690	4,790	4,990	5,190
Main trade area	**16,980**	**19,630**	**20,870**	**22,730**	**26,080**	**30,530**	**33,980**
		Average annual growth (no.)					
Trade area sector		2011-16	2016-18	2018-21	2021-26	2026-31	2031-36
Primary		366	600	600	650	850	650
Secondary		164	20	20	20	40	40
Main trade area		**530**	**620**	**620**	**670**	**890**	**690**
		Average annual growth (%)					
Trade area sector		2011-16	2016-18	2018-21	2021-26	2026-31	2031-36
Primary		2.6%	3.9%	3.6%	3.4%	3.7%	2.4%
Secondary		4.0%	0.4%	0.4%	0.4%	0.8%	0.8%
Main trade area		**2.9%**	**3.1%**	**2.9%**	**2.8%**	**3.2%**	**2.2%**

**As at June*
Source: ABS Census 2016; NSW Department of Planning and Environment 2016; MacroPlan Dimasi

Socio-demographic profile

Table 4.2 details the socio-demographic profile of the residential main trade area population, compared with the benchmarks for greater Sydney, sourced from the 2016 ABS Census of Population and Housing. The key points to note regarding the characteristics of the residential main trade area population include the following:

- The average per capita income of the main trade area population is around 17 percent above the metropolitan Sydney average, however, because the average household size is much smaller than average (1.8 versus 2.7 persons per household), the average per household income of the main trade area population is around 21 percent below average. The secondary sector population is quite affluent, with average per capita and per household, significantly above average (61 percent and 22 percent above respectively).
- Around 45 percent of main trade area (TA) residents, and 55 percent of secondary sector residents are aged 20 - 39 years (versus the metropolitan Sydney average of around 30 percent). There is a relatively low proportion of children and teenagers (10 percent, compared to the Sydney average of 25 percent) and a high proportion of persons aged above 60 years, particularly in the primary sector (i.e. social housing tenants) at 23 percent compared to the Sydney average of 19 percent.
- There is an exceptionally high proportion of rental households across the main trade area, with more than 70 percent of households renting in 2016. This is driven by a 77 percent share in the primary sector. Home ownership levels in the secondary sector are much higher (45 percent) than the primary sector, but still well below the metropolitan Sydney average (64 percent), a share which has fallen since the 2011 ABS Census.
- The proportion of Australian born residents (54 percent) across the main trade area is below the metropolitan Sydney average of 61 percent. There is a high proportion of European born residents across the main trade area generally, with around 17 percent of the primary sector population European born.
- Given the social housing and higher-density nature of the trade area, the proportion of lone person households across the main trade is significantly above the metropolitan Sydney average at 32 percent, wih many single and double bedroom apartments. The Sydney average is 9 percent. In the primary sector this proportion is 35 percent.
- The proportion of ‘typical family’ households (i.e. couples with dependent children) in the main trade area is very low (17.5 percent) compared with the metropolitan Sydney average of 48.5 percent. On the other hand, the proportion of couples with no children (i.e. predominantly working professionals) is much higher than average at 33 percent versus 20 percent.

- The share of households with zero car ownership in the main trade is around 12 percent, which is identical to the Sydney average. The share within the secondary sector is around 20 percent.

Table 4.2

Metro Quarter main trade area - socio-demographic profile, 2016

Census item	Primary sector	Secondary sector	Main TA	Greater Sydney avg.	Aust. avg.
Per capita income	$46,837	$72,656	$52,873	$45,173	$39,800
Var. from Syd Metro bmark	*3.7%*	*60.8%*	*17.0%*		
Avg. household income	$83,803	$151,050	$97,794	$123,654	$101,610
Var. from Syd Metro bmark	*-32.2%*	*22.2%*	*-20.9%*		
Avg. household size	1.8	2.1	1.8	2.7	2.6
Age distribution (% of population)					
Aged 0-14	6.9%	9.1%	7.4%	18.7%	18.7%
Aged 15-19	2.5%	1.9%	2.4%	6.0%	6.1%
Aged 20-29	21.5%	26.2%	22.6%	15.0%	13.8%
Aged 30-39	19.9%	28.5%	21.9%	15.5%	14.0%
Aged 40-49	13.3%	15.0%	13.7%	13.7%	13.5%
Aged 50-59	12.7%	9.6%	12.0%	12.2%	12.7%
Aged 60+	23.2%	9.6%	20.0%	18.9%	21.1%
Average age	42.5	35.8	40.9	37.5	38.6
Housing status (% of households)					
Owner (total)	22.4%	45.2%	27.2%	64.2%	67.4%
• Owner (outright)	7.5%	11.4%	8.3%	30.0%	31.9%
• Owner (with mortgage)	14.9%	33.9%	18.8%	34.2%	35.5%
Renter	76.6%	54.6%	72.0%	35.1%	31.8%
Birthplace (% of population)					
Australian born	50.9%	62.2%	53.6%	60.9%	71.9%
Overseas born	49.1%	37.8%	46.4%	39.1%	28.1%
• Asia	19.4%	12.3%	17.8%	19.1%	11.2%
• Europe	16.8%	14.1%	16.2%	9.6%	9.6%
• Other	12.9%	11.3%	12.5%	10.4%	7.4%
Family type (% of population)					
Couple with dep't child.	15.1%	26.5%	17.5%	48.5%	44.8%
Couple with non-dep't child.	2.4%	2.3%	2.4%	9.1%	7.7%
Couple without child.	30.8%	42.4%	33.2%	20.1%	22.8%
One parent with dep't child.	8.2%	5.5%	7.6%	7.9%	8.8%
One parent w non-dep't child.	5.6%	2.7%	5.0%	4.1%	3.7%
Lone person	35.1%	19.0%	31.8%	9.2%	11.0%
Car ownership					
% 0 Cars	50.1%	22.2%	44.3%	11.4%	7.7%
% 1 Car	40.3%	56.5%	43.7%	38.5%	36.1%
% 2 Cars	7.8%	18.1%	10.0%	34.0%	37.5%
% 3 Cars	1.5%	2.8%	1.7%	10.5%	12.2%
% 4 plus Cars	0.3%	0.3%	0.3%	5.7%	6.5%

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

Retail expenditure capacity

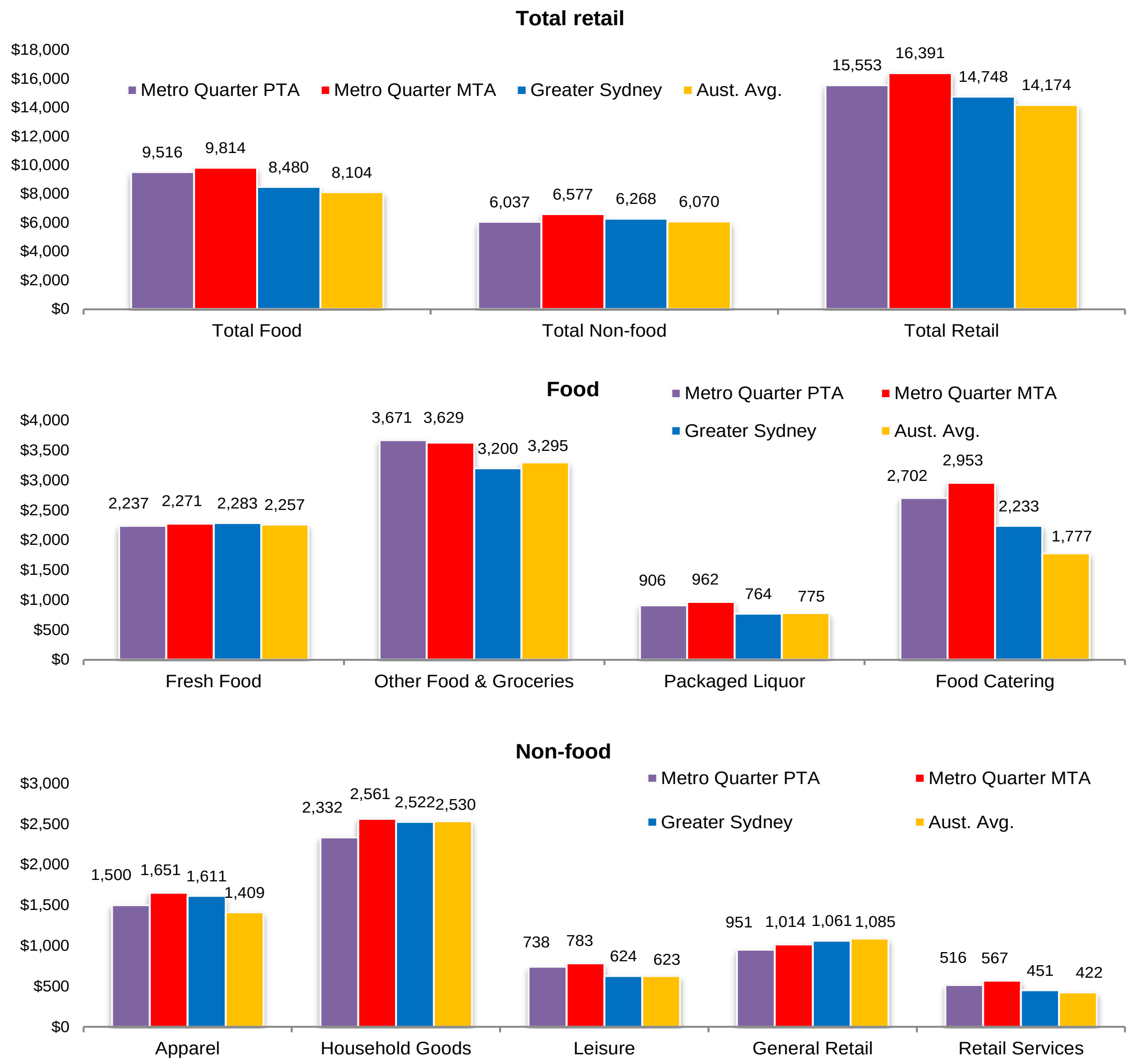
The estimated retail expenditure capacity of the main trade area population is sourced from MarketInfo, which is developed by Market Data Systems (MDS) and utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model considers information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, census data and other information. The MarketInfo estimates for spending behaviour prepared independently by MDS are used widely across the retail industry by many retail/property consultants.

Chart 4.1 illustrates the per capita retail expenditure of the residential main trade area population, compared with the benchmarks for metropolitan Sydney and Australia. All expenditure figures presented in this report are expressed in constant 2017/18 dollars and are inclusive of GST. We note the following:

- Estimated per capita retail expenditure across the main trade area is 11% above average, with primary sector per capita expenditure around 5% above average and secondary sector per capita expenditure 31 percent above average.
- Estimated per capita expenditure on fresh food and other groceries, which are key categories of relevance to supermarkets, is around 8 percent above average across the main trade area.
- Estimated per capita expenditure on food and beverage (F&B)/food catering is around 32 percent above average, which is reflective of the high proportion of 20 – 39 year olds and relatively affluent nature of the population broadly across the main trade area. We note that the social housing tenants represent only a fraction (10 – 15 percent) of the total population across the main trade area.
- Estimated per capita expenditure on non-food retail categories is around 5 percent above average, with leisure and retail services well above average (25 – 26 percent).

Chart 4.1

Metro Quarter main trade area - retail expenditure per person, 2017/18*



Including GST
Source: MarketInfo; MacroPlan Dimasi

Table 4.3 details the estimated retail expenditure capacity of the residential main trade area population, by sector, over the period 2018 – 2036. These estimates are presented inclusive of GST and in constant 2017/18 dollars (i.e. excluding inflation).

The retail expenditure capacity generated by the main trade area population is estimated at around $337 million as at June 2018 and is estimated to increase to around $644 million by 2036, at an average annual rate of 3.7 percent, in real terms. This market growth is made up of the following components:

- Population growth of 2.8 percent per annum; and
- Real per capita spending growth of 0.9 percent per annum.

The retail expenditure capacity of the primary sector is estimated to more than double from $248 million at 2018 to $525 million by 2036, at an average annual rate of 4.3 percent.

Table 4.4 presents the estimated retail expenditure, by retail category, across the main trade area for the period 2018 – 2036. Take-home food, groceries and packaged liquor (FLG) expenditure accounts for 42 percent of total retail expenditure at 2018 and is expected to increase from $141 million in 2018 to $275 million by 2036, at an average annual growth rate of 3.8 percent. Food catering accounts the second highest proportion of retail expenditure at 18 percent, followed by household goods at 16 percent.

Table 4.3 Metro Quarter main trade area - retail expenditure ($M), 2018-2036*			
Year ending June	**Primary sector**	**Secondary sector**	**Main TA**
2018	248	89	337
2019	260	90	350
2020	272	92	363
2021	284	93	377
2022	297	94	391
2023	310	95	405
2024	324	97	420
2025	338	98	436
2026	352	99	451
2027	368	101	469
2028	386	103	489
2029	404	105	509
2030	423	106	529
2031	442	108	550
2032	459	110	570
2033	475	112	588
2034	492	114	606
2035	508	116	625
2036	525	118	644
Average annual growth ($M)			
2018-2036	15.4	1.6	17.0
Average annual growth (%)			
2018-2036	4.3%	1.6%	3.7%

**Constant 2017/18 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

Table 4.4
Metro Quarter main trade area - retail expenditure by category ($M), 2018-2036*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	**Total retail**
2018	141	61	34	53	16	21	12	337
2019	147	63	35	55	17	22	12	350
2020	153	66	36	56	17	22	13	363
2021	158	69	37	58	18	23	13	377
2022	165	72	39	60	18	24	13	391
2023	171	75	40	62	19	25	14	405
2024	178	78	41	65	20	25	15	420
2025	184	81	42	67	20	26	15	436
2026	191	84	44	69	21	27	16	451
2027	199	88	45	71	21	28	16	469
2028	207	92	47	74	22	29	17	489
2029	216	97	48	77	23	30	18	509
2030	225	101	50	80	24	31	18	529
2031	235	105	52	83	25	32	19	550
2032	243	110	53	86	26	33	20	570
2033	251	114	55	88	26	34	20	588
2034	259	118	56	91	27	35	21	606
2035	267	122	58	93	28	36	22	625
2036	275	126	59	96	28	37	22	644
Average annual growth ($M)								
2018-2036	7.5	3.6	1.4	2.4	0.7	0.9	0.6	17.0
Average annual growth (%)								
2018-2036	3.8%	4.2%	3.1%	3.4%	3.2%	3.2%	3.6%	3.7%

**Constant 2017/18 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

Retail expenditure category definitions:

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

4.2 Worker trade area

Trade area definition

The worker trade area has been generally defined taking into account the area that would represent a comfortable walking distance to the Metro Quarter. This area is the same as the residential trade area and includes the ATP. The worker trade area that could potentially be served by retail facilities at the subject site consists of a primary sector and one secondary sector and is illustrated on Map 4.4.

Worker population

Table 4.5 details the estimated current and future population within the worker trade area over the period 2011 – 2036. The worker trade area population was estimated at 17,310 workers as at June 2018, including 8,330 workers in the primary sector and around 8,980 workers in the secondary sector. The ATP contains around half of the secondary sector workforce at present.

The worker population is expected to more than double over the forecast period, driven by major new office development in the ATP, while growth in the primary sector is expected to be more moderate, including new commercial/employment floorspace within the subject precinct itself. We also note the following:

- **The Australian Technology Park (ATP)**, which currently contains around 3,000 – 3,500 workers including the Seven Network, a range of businesses in technology and creative industries and a start-up/business incubator hub.

  Mirvac secured the development rights to develop a major land parcel within the ATP in 2015 and is proposing to develop three new commercial and mixed-use buildings and possibly repurpose the heritage listed locomotive workshop. The Commonwealth Bank Australia (CBA) has committed to two major office buildings, which will comprise around 93,000 square metres of floorspace, with a potential workforce of around 10,000 people, which could be accommodated by 2020. This development will include community facilities such as a child care centre, gym and small-scale convenience retail and F&B tenants. Furthermore, Mirvac has acquired the old Locomotive Sheds in the north of the ATP, abutting the train line and plans to redevelop/retrofit this for employment generating uses. Upon completion the ATP could support well in excess of 15,000 workers.

- The Redfern commercial/retail precinct around Redfern Street contains more than 5,000 workers.

- Some additional retail and employment uses could be accommodated within the Redfern Station precinct as part of the Central to Eveleigh Urban Transformation and Transport

Program (C2E) over the medium to long term, although we do not expect anything of significant scale.

- The subject precinct (based on recommendations later in this report) could potentially support new workers in the retail and ancillary non-retail facilities that could potentially establish within the precinct over time.

Having regard to the above, as well as projections by the NSW Transport Performance and Analytics and forecast.id (as part of the consultant working group on this project) we estimate the worker population within the main trade area could potentially reach 30,510 by 2026 and 34,760 by 2036 (an increase of around 117 percent). The primary sector worker population could potentially increase by around 56 percent or so, from around 8,330 to 13,030 by 2036.

Table 4.5

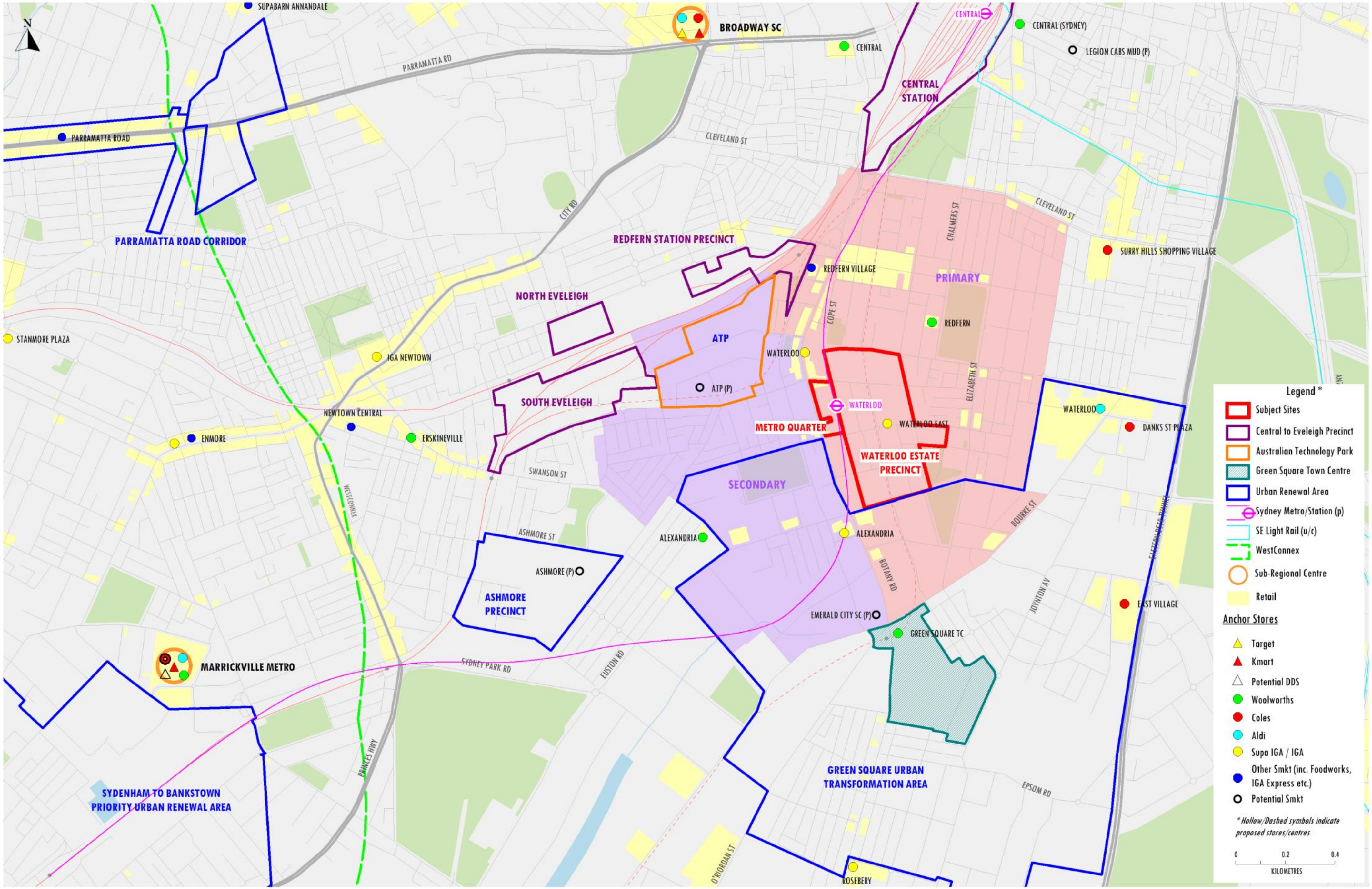
Metro Quarter worker trade area population, 2011-2036*

	Estimated population**			**Forecast population**			
Trade area	2011	2016	2018	2021	2026	2031	2036
Primary Sector	7,050	8,030	8,330	8,780	10,530	12,280	13,030
Secondary Sector	5,400	7,980	8,980	14,980	19,980	20,980	21,730
Worker trade area	**12,450**	**16,010**	**17,310**	**23,760**	**30,510**	**33,260**	**34,760**
				Average annual growth (no.)			
Trade area		2011-16	2016-18	2018-21	2021-26	2026-31	2031-36
Primary Sector		200	150	150	350	350	150
Secondary Sector		520	500	2,000	1,000	200	150
Worker trade area		**720**	**650**	**2,150**	**1,350**	**550**	**300**
				Average annual growth (%)			
Trade area		2011-16	2016-18	2018-21	2021-26	2026-31	2031-36
Primary Sector		2.6%	1.9%	1.8%	3.7%	3.1%	1.2%
Secondary Sector		8.1%	6.1%	18.6%	5.9%	1.0%	0.7%
Worker trade area		**5.2%**	**4.0%**	**11.1%**	**5.1%**	**1.7%**	**0.9%**

**As at June*

***Growth between 2011 and 2016 may also reflects improved place of work estimates in 2016*

Source: ABS Worker Population Profile 2016; BTS forecast 2017; MacroPlan Dimasi



Map 4.4: Metro Quarter

Worker trade area and competition

MacroPlanDimasi

Socio-demographic profile

Table 4.6 details the socio-demographic profile of the worker trade area population, based on data sourced from the 2016 ABS Census. The key points to note include the following:

- The average age of worker trade area workers, at 39.5 years, was marginally lower than the greater Sydney average (40.2 years).
- Professionals account for 33 percent of worker trade area workers, which is higher than the greater Sydney average of 28 percent.
- The worker population is generally more affluent than the average worker across greater Sydney, with the average incomes around 8 percent above average. In the secondary sector average incomes are around 14 percent above average.

Around 31 percent of workers catch the train to work (well above the metropolitan Sydney average of 16 percent), with the proportion of those travelling by car (42 percent), about 14 percent below the greater Sydney average.

Table 4.6

Metro Quarter worker trade area - Worker population profile, 2016

Characteristics	Primary sector	Secondary Sector	Worker TA	Greater Sydney avg.
Gender				
Male	50.2%	55.0%	52.6%	52.2%
Female	49.8%	45.2%	47.5%	47.8%
Age distribution				
Aged 15-19	2.2%	1.2%	1.7%	4.2%
Aged 20-29	25.5%	22.8%	24.2%	21.7%
Aged 30-49	48.4%	53.0%	50.7%	47.0%
Aged 50-64	20.7%	20.3%	20.5%	23.4%
Aged 65+	3.2%	2.7%	2.9%	3.7%
Average age	39.2	39.7	39.5	40.2
Occupation				
Managers	18.8%	17.8%	18.3%	14.3%
Professionals	29.8%	35.5%	32.7%	27.5%
Clerical and service workers	26.7%	20.3%	23.5%	25.1%
Sales workers	9.6%	7.3%	8.4%	9.4%
Tradespersons and technicians	10.7%	15.4%	13.1%	16.5%
Labourers & transport workers	4.5%	3.7%	4.1%	7.2%
Personal income				
Less than $20,799	7.2%	5.4%	6.3%	10.4%
$20,800 - $41,599	18.6%	14.2%	16.4%	21.3%
$41,600 - $64,999	27.0%	24.6%	25.8%	25.3%
$65,000 - $103,999	28.8%	31.4%	30.1%	25.0%
$104,000 or more	18.4%	24.4%	21.4%	18.1%
Average income	78,778	87,627	83,190	76,838
Mode of transport				
Train	32.9%	29.6%	31.2%	16.5%
Tram (& light rail)	0.1%	0.0%	0.0%	0.1%
Bus	5.1%	3.5%	4.3%	6.1%
Car driver	36.2%	43.1%	39.6%	52.4%
Car passenger	2.8%	2.8%	2.8%	3.8%
Bicycle	2.2%	2.3%	2.2%	0.7%
Other	10.8%	9.9%	10.3%	8.0%
Non travel	10.0%	8.8%	9.4%	12.3%

Source: ABS Worker Population Profile 2016, MacroPlan Dimasi

Retail expenditure

Table 4.7 presents estimates of the potential retail expenditure generated by the worker trade area population over the period 2018 to 2036. Estimates of expenditure are based off the retail expenditure profile of the residential area from which the significant majority of workers are drawn. All expenditure estimated in this report is expressed in constant 2017/18 dollars and are inclusive of GST.

The proportion of a person's total annual retail expenditure directed to retail facilities at or near one's place of work generally ranges between 25 percent and 50 percent, depending on location and the size/range of retail facilities available. In CBD environments with solid retail offers, like the Sydney CBD or Parramatta CBD for example, the rate tends to be at the upper end of this range, while in suburban industrial estates, this share is likely to be lower than 25 percent.

Given the surrounding workforce composition, and the existing and possible retail provision at the Metro Quarter, we have applied a rate of around 35 - 40 percent to the total annual retail expenditure generated by workers across the trade area, to estimate the 'available' worker retail expenditure market at or near one's place of work. We estimate this market to be around $87 million in 2018, and is projected to grow to $199 million ($2017/18) by 2036, equivalent to growth of around 4.7 percent per annum (in real terms), or total growth of around 130 percent.

We note there would be some overlap in the worker trade area and the defined residential customer segments identified earlier (i.e. these groups are not mutually exclusive), although because the surrounding worker population is drawn from a widely dispersed area, and the residential trade area is tightly defined, this proportion would be relatively small.

Table 4.7 Metro Quarter trade area - retail expenditure ($M), 2018-2036*							
						Avg. ann. Growth	
Factor	2018	2021	2026	2031	2036	($M)	(%)
Estimated population							
Primary Sector	8,330	8,780	10,530	12,280	13,030	n.a.	2.5%
Secondary Sector	8,980	14,980	19,980	20,980	21,730	n.a.	5.0%
Worker Main trade area	**17,310**	**23,760**	**30,510**	**33,260**	**34,760**	n.a.	**3.9%**
Avg. Ann Growth		*2,150*	*1,350*	*550*	*300*		
*Estimated total annual retail expenditure ($m)***							
Primary Sector	138.9	150.6	187.6	229.9	257.9	6.6	3.5%
Secondary Sector	93.3	153.5	223.6	250.8	272.2	9.9	6.1%
Total ann.retail exp. by workers ($M)	**232.2**	**304.1**	**411.3**	**480.7**	**530.1**	**16.5**	**4.7%**
Esiamted avaliable retail expenditure near place of work							
Est. share of exp. near place of work	37.5%	37.5%	37.5%	37.5%	37.5%		
Primary Sector	52.1	56.5	70.4	86.2	96.7	2.5	3.5%
Secondary Sector	35.0	57.6	83.9	94.0	102.1	3.7	6.1%
Avaliable retail exp. near work ($m)	**87.1**	**114.0**	**154.2**	**180.2**	**198.8**	**6.2**	**4.7%**

**Constant 2017/18 dollars & including GST*
***Annual retail expenditure per worker is based of a proxy residential trade area (i.e. the surrounding local resident trade area)*
Source: NSW BTS; Marketinfo; Macroplan Dimasi

4.3 Other customer segments

In addition to the residential population within the defined residential main trade area and the workers within the defined worker trade area, a proportion of business for any retail and ancillary non-retail tenants at the subject precinct will be generated from beyond these customer segments.

Waterloo Station will be located closer to parts of the ATP than the current Redfern Station and a solid proportion of workers within the ATP (which is within the defined worker trade area), and indeed other trade area workers may utilise the rail station on a frequent basis.

Some of the other major employment precincts in the surrounding region include the following:

- The **Alexandria industrial precinct** is one of the largest clusters of large format/bulky goods retail in metropolitan Sydney and one of the biggest industrial precincts in the inner-middle rings, arguably forming part of the larger economic corridor that connects to Port Botany and Sydney Airport/Mascot. This precinct (defined as the area from McEvoy Street to Gardeners Road east of Botany Road) contains major tenants such as Bunnings, Harvey Norman; major mixed tenant assets like the Sydney Corporate Park; some corporate headquarters; and general manufacturing/warehousing facilities. Overall this precinct supports a workforce in excess of 20,000 workers.
- The **small industrial node around Danks Street**, including the retail/commercial offer supports a workforce of around 2,000 workers.
- The **University of Sydney** is the closest major university and is only a short distance from Redfern Station, which is less than 1 kilometres from the north-west corner of the Waterloo SSP. The University of Sydney has more than 50,000 enrolled students and supports more than 6,000 staff. The adjacent Royal Prince Alfred Hospital supports almost 7,000 workers.

It is expected along with people from the worker and resident trade areas Waterloo Station will likely be utilised by other commuters that fall outside these defined areas.

In addition, a quality/attractive offer, with distinguishing features is likely to attract patronage from beyond the immediate residential and worker customer segments. Some of the retail strips around Redfern and Alexandria are popular with local students and indeed residents from the broader local area (i.e. Alexandria, Surry Hills, Newtown and Mascot), as well as broader metropolitan Sydney residents.

Furthermore, there might be tourists who visit the precinct, although this demand would be relatively small in comparison with the consistent and growing demand from the key residential and worker trade area populations.

5.0 Competitive context

This section of the report examines the surrounding competitive retail environment of relevance to the Waterloo SSP, including proposed/planned facilities.

5.1 Existing retail competition

Table 5.1 details the main retail facilities of competitive relevance to potential retail development at the subject precinct whilst the previous Map 4.1 illustrates their locations (as well as other surrounding centres). The following points are noted in relation to the surrounding competitive retail offer within the main trade area:

- The **Waterloo precinct** along Botany Road (north of McEvoy Street) and the northern side of McEvoy Street contains an estimated 4,000 square metres of retail floorspace, including the small IGA X-Press on Wellington Street within the Waterloo Estate SSP and the small IGA supermarket on Botany Road near Chapel Lane. The retail offer is relatively run-down and of low quality, and contains several vacancies. This retail offer will gradually improve/evolve over the medium to longer term, as this area develops.
- The **Redfern precinct** includes the area around Redfern Street and Regent Street east of Redfern Railway Station, which contains an estimated 20,000 square metres 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 square metres Woolworths supermarket at the eastern end of the precinct on Chalmers Street near the Salvation Army building. There is also a small retail offer in **Redfern/Darlington** west of the Redfern train station that includes a small provision of cafes, take-away shops, restaurants and pubs.
- 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. The latter includes 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, as well as a recently opened Woolworths supermarket (2,317 square metres) adjacent to the Dan Murphy's liquor store located just beyond the trade area. This precinct comprises around 12,500 square metres of total retail floorspace.

- **ATP** currently contains a limited retail offer consisting of just a few cafes and temporary food stalls/catering for events held in the old locomotive sheds. Most of the retail demand generated by workers within this precinct would currently be met by retail facilities off-site. This will change over time as the Mirvac CBA project is completed, which will contain convenience and F&B retail on the ground level, as well as the redevelopment of the locomotive sheds.

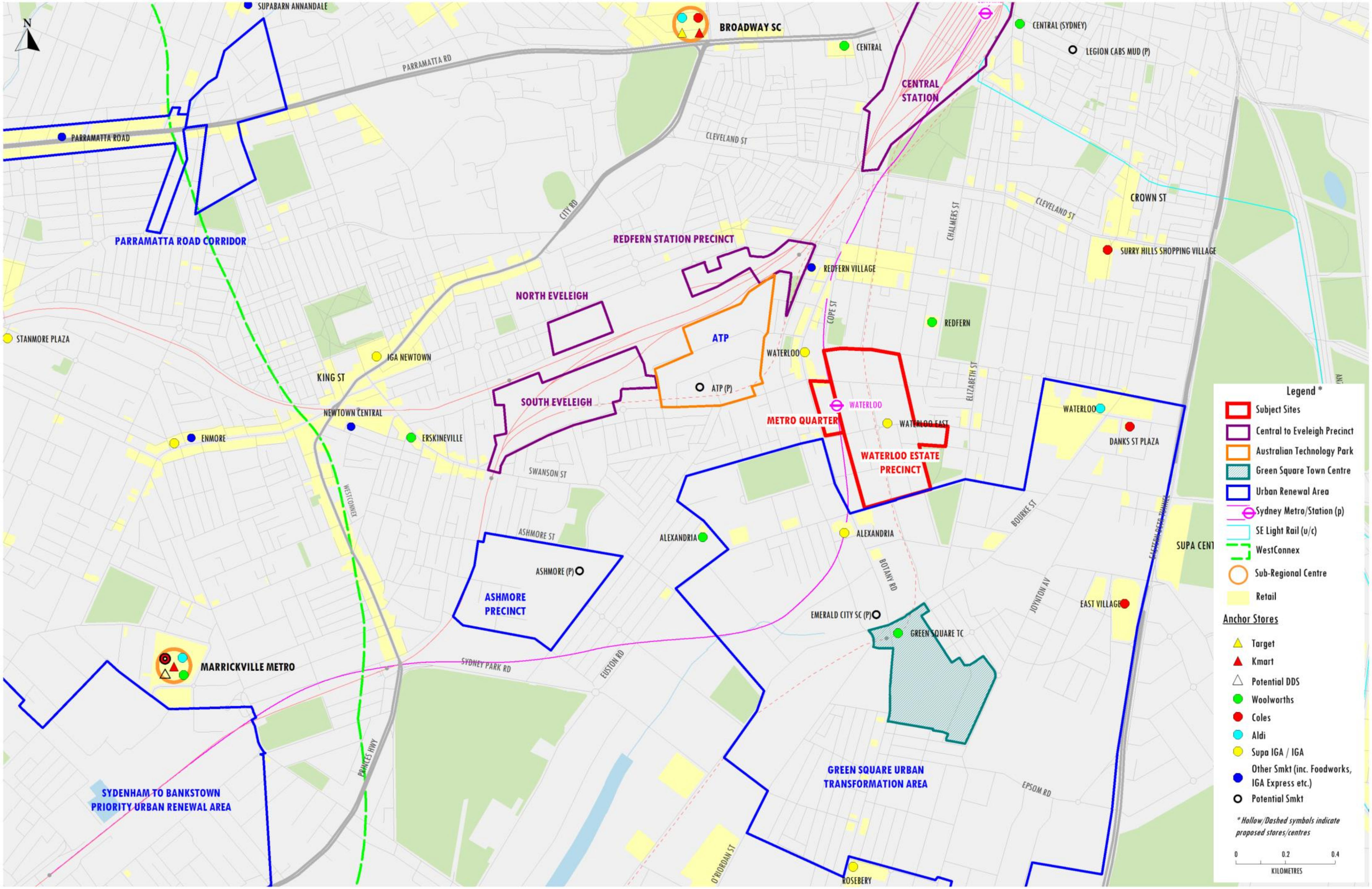
In addition to the above, there is a solid provision of retail facilities/precincts in the area immediately beyond the extent of the main trade area, which is summarised as follows:

- **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 square metres of retail floorspace including the 4,000 square metres Danks Street Plaza shopping centre, which contains a 2,500 square metres 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 **Erskineville/St Peters** 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 square metres Woolworths supermarket, totalling around 12,500 square metres.
- The **Chippendale precinct** includes Central Park Mall is a multi-level shopping centre with around 12,000 square metres of occupied retail floorspace, including a 2,000 square metres Woolworths supermarket and a specialty mix heavily oriented towards food catering, as well as a new Palace Central cinema, with 10 screens and 3 platinum cinemas. There is also a solid street based retail offer along Kensington Street, with a focus on restaurants/dining of around 4,000 square metres.
- **Crown Street/Baptist Street (Surry Hills)** contains an estimated 22,500 square metres 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 square metres and is a popular convenience shopping centre, with around 5,000 square metres of retail GLA. It is expected that this centre will be refurbished/improved over the medium-long term, as an approval was passed at Gateway in May 2017.
- **Elizabeth Street (Redfern/Surry Hills)** contains an estimated 4,000 square metres of retail floorspace generally consisting of cafes, restaurants, small convenience shops, as well as pubs and some retail services. There is also around an estimated commensurate amount of commercial/non-retail floorspace in this precinct.

- Part of Stage 1 of the **Green Square Town Centre** is now open, including a 2,000 square metres Woolworths supermarket plus supporting specialty floorspace. This component of the town centre opened during June 2017. Additional stages are under construction and are discussed further in this section of the report.
- There is an estimated 2,000 square metres of retail around Mitchell Road near **Sydney Park** to the west of the Metro Quarter, an area which is expected to support additional retail facilities in the future as the Ashmore precinct is regenerated.
- The northern portion of the suburb of **Roseberry**, incorporates a small provision of retail floorspace approximately 3,500 square metres in size. The offering is anchored by small IGA supermarket which is supported by a limited range of food catering, general retail and retail services tenant, as well as a range of non-retail tenants.
- 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 square metres Coles supermarket, and around 50 mini-major and specialty retail shops totalling around 10,000 square metres. The centre contains more than 30,000 square metres of total retail and commercial floorspace, including a large Audi showroom, a large 'Virgin Active' 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.
- **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 square metres. 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.
- Higher order retail facilities/centres are located at Broadway SC, Marrickville Metro and Sydney CBD (including Westfield Sydney).

Table 5.1 Metro Quarter - schedule of competing major retail facilities			
Centre	Retail GLA (sq.m)	Major traders	Dist. by road from Metro Quarter SSP (km)
Within trade area			
Waterloo	*4,000*		-
• SSP Study Area	500	IGA X-Press (Waterloo Estate Precinct) and some on Metro site	
• Botany Road	2,500	IGA	
• Other	1,000	McEvoy Street	
Redfern	*20,000*		0.6
• Woolworths Redfern	2,200	Woolworths	
• Redfern Village	1,500	SPAR	
• Other	16,300	Strip retail along Regent Street, Redfern Street, Abercrombie Street	
Alexandria	*12,500*		0.7
• IGA	1,500	IGA	
• Other	7,500	Strip retail along McEvoy Street, Fountain Street, Botany Road	
• Fountain St (beyond TA)	3,500	Woolworths, Dan Murphy's	
Beyond trade area			
Redfern	1,000	Strip retail along Cleveland Street	1.1
Waterloo	*9,500*		1.2
• Aldi Waterloo	2,500	Aldi	
• Danks St Plaza	4,000	Coles	
• Other	3,000	Includes strip retail around Danks Street and Bourke Street	
Green Square TC	2,000	Woolworths	1.2
Erskineville/St Peters	*12,500*		1.5
• Woolworths	950	Woolworths	
• Other	11,550	Strip retail along Erskineville Road and King Street	
Chippendale	*16,000*		1.5
• Central Park Mall	12,000	Woolworths	
• Other	4,000	Includes strips retail around Broadway, Kensington Streets	
Surry Hills	*26,500*		1.8
• Surry Hills SC	5,000	Coles	
• Crown Street	17,500	About Life	
• Elizabeth Street	4,000	Strip retail along Elizabeth Street	
Sydney Park	2,000	Strip retail along Mitchell Road	1.9
Rosbery	3,500	IGA	2.1
Zetland	*11,500*		2.2
• East Village SC	10,000	Coles	
• Other	1,500	Includes strip retail around Joynton Park	
Broadway SC	40,000	Kmart, Target, Coles, Aldi	2.4
Newtown	30,000	IGA, Foodworks, Strip retail along King Street	2.6
Marrickville Metro	20,700	Kmart, Woolworths, Aldi	3.7

Source: Property Council of Australia; Corelogic Cordell Connect; MacroPlan Dimasi



Map 5.1: Metro Quarter

Surrounding competition

MacroPlanDimasi

5.2 Proposed retail competition

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

- CEUTTP (which includes the subject precinct) 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 small scale retail only.
- The Mirvac CBA development in the ATP, which will see around 93,000 square metres of commercial office floorspace developed, is expected to be accompanied by some small-scale retail floorspace. It is understood that the CBA buildings could support around 3,000 square metres of retail floorspace including a small supermarket and a focus on F&B/food catering. A child care centre and gym are proposed in addition to the retail offer (taking the total retail/ancillary commercial offer to around 5,000 square metres). A Development Application has also been recently submitted to enable some retail/commercial uses to be developed within the Locomotive Sheds which incorporates approximately 4,000 square metres of retail floorspace, including a 2,000 square metres supermarket. These developments have been allowed for in the following impact assessment.
- The Green Square Town Centre has approval for up to 15,623 square metres of retail GFA, which will be developed in stages over the medium term, and has been included in the impact assessment in this report. The first, stage which incorporates a Woolworths supermarket was recently completed, with an additional mixed development to the immediate north (Ovo by Mirvac) nearing completion, which will provide a total of approximately 3,100 square metres of retail floorspace. The town centre over the subsequent stages (to be developed over the next 3 years or by late 2021/early 2022) are expected to incorporate additional retail floorspace as well as a 2,500 square metres 6-screen cinema complex, with the following projects are either already under construction or approved:
  - Uno Green Square (110-115 Portman Street) – 700 square metres of retail floorspace

- Site 9A – 200 square metres of retail floorspace
- 501-515 Botany Road (site 10A-10B and 11A-11B) – 800 square metres of retail floorspace
- Infinity (303 Bourke Street) – 1,800 square metres of retail floorspace
- 77-97 Portman Street – 3,500 square metres of retail floorspace

Other community facilities will be provided within the Green Square Town Centre over time. The $18 million community and cultural precinct is due to open in 2017 and will include a creative centre, a community shed, child care centre and a park. Additional community uses such as a leisure centre, library etc are expected to be provided over time.

- 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. Most of these individual developments are not expected to provide a retail offer of significance.
- 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, A revised development application was recently approved in April 2018, that included 6,605 square metres of retail floorspace, including a 3,885 square metres supermarket (understood to be operated by Woolworths) and two levels of car-parking, as well as the demolition of the existing structures. It is assumed that demolition and development of this project will proceed over the short term.
- 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 planning proposal for a mixed-use development consisting of 170 apartments and a net addition of 2,500 square metres of retail (and ancillary non-retail) floorspace will, if approved, likely result in redevelopment over the next 5 years or so. The proposed retail component is planned to consist of a 4,200 square metres supermarket and 3,625 square metres of other specialty and mini-major floorspace over two levels. Furthermore, two development approvals are in place at 249 Devonshire Street and 276 Devonshire Street which provide a total of 1,400 square metres of retail floorspace which are expected to be completed by mid-2019. These developments are allowed for within the impact assessment.
- The Ashmore precinct is a major mixed-use development in Erskineville, which has concept approval for 2,000+ dwellings. Development approvals have been granted for two separate applications, with the first an early works package incorporating site clearing, and preparation of construction which is well underway. The second approval

details the plans for the construction of the initial stages which is set to commence in early 2019 and be completed by early to mid-2021, incorporating 4,500 square metres of retail floorspace, which has been included in the impact assessment in this report.

Further to the west, Marrickville Metro has approval for a significant expansion of up to 16,000 square metres including a possible second discount department store (DDS). Stage 1 of this expansion is planned to occur on a site across the road and is likely to include a new supermarket and convenience and food related retail. The first stage is expected to be completed over the next few years, and the larger expansion, if it proceeds, is expected to occur over the next five to ten years.

6.0 Retail market demand and sales potential

This section of the report provides an assessment of the retail floorspace demand generated by main trade area residents and workers, including an assessment of the market gap for additional supermarket floorspace across the resident main trade area, and concludes with estimates of the potential sales that could be achieved by the proposed retail development.

6.1 Proposed development composition

Table 6.1 outlines the recommended mix for the Metro Quarter. Over 8,000 square metres of retail and ancillary non-retail floorspace is recommended across the Metro Quarter plus provision for new office/co-work space and community facilities. A total provision of 12,000 square metres floorspace (retail, non-retail, other) is recommended for the station podium areas. This is based on the assumption that this site will contain a relatively low amount of customer car-parking.

For the purpose of this assessment it is assumed that the retail floorspace within the Metro Quarter precinct includes 3,300 square metres of supermarket, food and beverage (F&B), convenience retail and retail specialties, as well as a 700 square metres basement, totalling 4,000 square metres of total retail floorspace.

The proposed development is assumed to be open by mid-2024 (FY2023/24), with the first year of trade estimated in FY2024/25.

Table 6.1 Metro Quarter - Recommended scale and composition, retail & ancillary non-retail GLA		
Category	GLA (sq.m)	% of Retail
Major tenants		
Supermarket	1,250	31.3%
Mini-majors		
• Food hall (dine-in, take-away, bar/restaurant)	800	20.0%
• General retail (Discount Chemist/Priceline, Discount Variety)	500	12.5%
• Basement (lower foot traffic e.g. Rivers apparel)	700	17.5%
Total mini-major	2,000	50.0%
Retail specialties		
Fresh food (FLG)	100	2.5%
Convenience (leisure, general, retail service)	650	16.3%
Total retail spec.	750	18.8%
Total centre - retail	**4,000**	**100.0%**
Ancillary non-retail		
Gym/sports (large format)	1,000	
Fitness/health studio	600	
Services (Bank, insurance, real estate, travel agent, PO)	1,200	
Medical centre/allied health	1,200	
Childcare	800	
Total non-retail	4,800	
Office/commercial/co-working space	2,000	
Community services	1,200	
Total centre	**12,000**	
Source: UrbanGrowth NSW; MacroPlan Dimasi		

6.2 Retail floorspace demand

Table 6.2 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 over the period 2018 to 2036, by applying average sales productivity levels for each respective retail category. It is assessed that:

- Average growth in the sales productivity levels is 0.5 - 1 percent per annum (i.e. 0.75 percent), in real terms. This increase in the denominator results in an implied increase in per capita retail floorspace demand of around 0.25 percent per annum over the period to 2036 – i.e. a marginal increase, which allows for the effects of technological change across the retail sector.
- At 2018, the resident main trade area generates demand for 50,840 square metres of retail floorspace, including 14,850 square metres of food, liquor and grocery (FLG) floorspace and 9,340 square metres of food catering floorspace. By 2036, total retail floorspace demand is estimated to grow by 65 percent, to 156,700 square metres (i.e. around 1,850 square metres per annum). Not all of this demand would be, or should be retained within the Waterloo SSP. Much of this demand will be directed to higher order regional and sub-regional retail facilities across the surrounding region, including the Sydney CBD, Broadway SC, major larger format precincts/centres (e.g. Supa Centa Moore Park); and near people's place of work.
- The worker trade area population generates demand for around 12,780 square metres of retail floorspace at or near their place of work, including around 2,750 square metres of FLG floorspace and 5,000 square metres of food catering floorspace. Over the period to 2036, worker trade area retail floorspace demand is estimated to grow by around 107 percent, or around 13,610 square metres, to 26,390 square metres by 2036.
- Based on 2016 employment data, approximately 5 percent 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 63,000 square metres in 2018 to 109,160 square metres by 2036, reflecting total growth of around 73 percent.

The analysis presented in Table 6.2 shows significant growth in retail floorspace demand over the forecast period from both the resident and worker trade areas.

The proposed 4,000 square metres of retail floorspace proposed at the Locomotive Workshop subject site accounts for around 4.7 percent of total floorspace demand at 2026 and 3.7 percent of total floorspace demand at 2036. Furthermore, the proposed retail floorspace at the subject site accounts for around 8.7 percent of retail floorspace demand growth between 2018 and 2036, indicating that the additional facilities proposed at the subject site can easily be absorbed by the market.

Table 6.2 Metro Quarter main trade area - Estimated retail floorspace by retail category (sq.m), 2018-2036								
Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	**Total retail**
*Avg. productivity rate**	*9,500*	*6,500*	*6,000*	*4,000*	*6,000*	*6,000*	*7,000*	*6,700*
				RESIDENT MAIN TRADE AREA				
2018	14,849	9,341	5,659	13,165	2,682	3,476	1,666	**50,837**
2021	16,306	10,352	6,085	14,265	2,891	3,745	1,819	**55,462**
2026	18,944	12,228	6,836	16,229	3,260	4,220	2,094	**63,811**
2031	22,399	14,713	7,822	18,808	3,743	4,843	2,457	**74,784**
2036	25,346	16,994	8,596	20,929	4,120	5,330	2,768	**84,083**
Average annual growth ('000 sq.m)								
2018-2036	583	425	163	431	80	103	61	**1,847**
Total growth ('000 sq.m)								
2018-2036	10,496	7,654	2,937	7,764	1,438	1,854	1,102	**33,245**
				WORKER TRADE AREA				
2018	2,747	4,992	556	1,220	982	1,420	864	**12,781**
2021	3,017	6,817	737	1,630	1,302	1,882	1,162	**16,547**
2026	3,694	9,304	958	2,144	1,691	2,444	1,548	**21,782**
2031	4,331	10,675	1,046	2,370	1,846	2,669	1,733	**24,671**
2036	4,679	11,624	1,084	2,487	1,913	2,766	1,841	**26,393**
Average annual growth ('000 sq.m)								
2018-2036	107	368	29	70	52	75	54	**756**
Total growth ('000 sq.m)								
2018-2036	1,932	6,632	528	1,266	931	1,347	977	**13,613**
				COMBINED TRADE AREAS (allowing for overlap**)				
Total 2018	17,459	14,083	6,187	14,324	3,615	4,824	2,487	**62,979**
Total 2036	29,790	28,037	9,625	23,292	5,938	7,958	4,517	**109,157**
Growth 2018-2036	12,331	13,954	3,438	8,967	2,323	3,133	2,030	**46,177**

**Average productivity rate for 2018 assumed to grow at 0.75% per annum*

***Based on emloyment data, around 5% of workers in the worker trade area living in the residential trade area*

Source: MarketInfo; MacroPlan Dimasi

6.3 Supermarket demand and market gap

The population within the main trade area is expected to grow from 20,870 people at 2018 to almost 34,000 by 2036. There is generally one full-line/large supermarket provided per 8,000 – 9,000 persons across Australia, equivalent to around 340 square metres per 1,000 persons. However it should be noted, that Sydney is severely (and chronically) under supplied in terms of supermarket floorspace per capita.

If all of the supermarket floorspace in the main trade area is aggregated (including smaller supermarkets under 500 square metres), there is approximately 5,500 square metres of supermarket floorspace, which equates to around 266 square metres per 1,000 persons. This is around 22 percent below the Australian average rate of provision for supermarket floorspace (for all supermarkets in excess of 500 square metres).

Table 6.3 considers the future growth in supermarket floorspace demand and the potential additional supply of supermarket floorspace within the resident main trade area to determine a 'market gap' for supermarket facilities. For the purposes of calculating the estimated gap, the following steps have been taken:

- Estimate of the current and future population within the resident main trade area, disaggregated by trade area sector over the period 2018 – 2036.
- Estimate of per capita expenditure on take-home food and groceries (F&G) using MarketInfo data.
- Allowance for 72.5 percent (i.e. 70 – 75 percent) of F&G expenditure to be directed to supermarkets. This estimate is consistent with national benchmarks for comparable areas (i.e. suburban areas of major Australian cities), and allows for the remaining 27.5 percent (i.e. 25 – 30 percent) to be allocated to smaller foodstores, food specialty stores and other general retail stores (e.g. service stations etc.).
- Multiplied per capita F&G expenditure directed to supermarkets by the resident main trade area population to determine the total available F&G expenditure market directed to supermarkets by this population.
- Allowance for 6 percent of supermarkets' turnover to comprise general merchandise (i.e. non-food) retail items, which is typical across supermarkets nationally.
- 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.
- Application of a suitable retention rate of available supermarket expenditure across the main trade area. Estimates allow for an outflow of 50 percent of total supermarket expenditure, i.e. 50 percent of supermarket expenditure generated by main trade area

residents is estimated to be retained within the trade area. They also allow for inflow of demand from customers who live beyond the resident main trade area, accounting for workers, students and visitors, which are estimated at 30 percent.

- 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 2018 of $10,000 per square metres, 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.).
- A sales productivity rate of $10,000 per square metres would reflect a successful and profitable average trading level. Estimates also allow for some real growth in this applied sales productivity rate of around 0.5 percent per annum from 2018 onwards.

Based on the above methodology, Table 6.3 shows that there is demand for about 7,770 square metres of supermarket floorspace across the main trade area in 2018, which is projected to increase by over 6,500 square metres by 2036, to reach 14,300 square metres.

By subtracting supermarket floorspace supply from estimated demand, an existing market gap of 2,222 square metres of supermarket floorspace is identified across the main trade area at present, which would increase to 5,047 square metres by 2031, even with the addition of the proposed supermarkets within trade area.

Table 6.3 Metro Quarter main trade area - Est. supermarket floorspace market gap (2018 - 2036)*						
Factor	2018	2021	2026	2031	2036	**Tot. growth 2018-36**
Population and supermarket expenditure						
Main trade area (MTA) population	20,870	22,730	26,080	30,530	33,980	**13,110**
F&G Spend per capita ($)	$5,899	$6,139	$6,454	$6,784	$7,130	
Total F&G exp. ($M)	$141.1	$164.6	$198.8	$243.0	$283.9	**$142.8**
F&G expenditure to smkts at 72.5% ($M)	$102.3	$119.3	$144.1	$176.2	$205.8	
6% of smkt sales from GM ($M)	$6.5	$7.6	$9.2	$11.2	$13.1	
Total smkt exp. MTA residents ($M)	**$108.8**	**$126.9**	**$153.3**	**$187.5**	**$219.0**	**$110.2**
MTA smkt retention rate	50%	50%	50%	50%	50%	
Beyond trade area (% of total)	30%	30%	30%	30%	30%	
Total available smkt exp. in MTA ($M)	**$77.7**	**$90.7**	**$109.5**	**$133.9**	**$156.4**	**$78.7**
Supermarket floorspace demand and market gap						
RTD @ $9,500 increasing at 0.5% p.a.	$10,000	$10,151	$10,407	$10,670	$10,939	
Supportable smkt floorspace (sq.m)	7,772	8,932	10,523	12,549	14,297	**6,525**
Supermarket supply (sq.m)**	5,550	8,000	9,250	9,250	9,250	
Future supply						
• *ATP****		2,450				
• *Waterloo Metro Quarter - subject site*****			*1,250*			
Total supermarket gap (sq.m)	**2,222**	**932**	**1,273**	**3,299**	**5,047**	

**Constant 2017/18 dollars & including GST*
***Includes IGA x2 at Waterloo; Woolworths, IGA and indepdent at Redfern; and IGA at Alexandria*
****Include 2,000 sq.m supermarket and 450 sq.m supermarekt at ATP by 2021*
****Include 1,250 sq.m supermarket at Waterloo Metro Quarter by 2026*
Source: MarketInfo; MacroPlan Dimasi

The estimation of the market gap is also useful in enabling reasonable conclusions to be drawn as to the likely impact of any particular new development. If, within the area that the proposed development is most likely to serve, there is an identified market gap, then it logically follows that the impacts on existing facilities within that area will be able to be comfortably absorbed, and certainly it follows that there is sufficient demand available to sustain the existing facilities as well as the new proposal/s.

This does not necessarily mean that there would be no impact however it does mean that there is market scope for both the existing facilities and the proposed new facilities to trade successfully.

6.4 Estimated sales potential (and market shares)

Table 6.4 summarises the estimated sales potential of the proposed retail development and market shares associated with these sales. As previously stated, it is assumed that the proposed development would have its first full year of trade in the financial year 2024/25. Sales estimates are in constant 2017/18 dollars and include GST.

In estimating the sales potential for the proposed development, regard is had to 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 6.4, the proposed retail development would potentially achieve a sales volume of $31.1 million at 2024/25, taking into account existing and planned retail competition.

Table 6.4

Metro Quarter - Centre sales potential by retail category, 2020/21*

Category	Metro Quarter		
	GLA	Est. sales	
	(sq.m)	($'000)	($/sq.m)
Supermarket	1,250	12,500	10,000
Mini-majors & retail specialties**	2,750	18,563	6,750
Total centre - retail	**4,000**	**31,063**	**7,766**
Ancillary non-retail***	4,800	n.a.	n.a.
Office/commercial/co-work	2,000	n.a.	n.a.
Community services/uses	1,200	n.a.	n.a.
Total centre - retail	**12,000**	**n.a.**	**n.a.**

**Constant 2017/18 dollars & including GST*
***Assumes retail use/s in the 700 sq.m basement*
***Includes gym/fitness, services (banks, insurance, etc.), medical and allied health and childcare*
Source: MacroPlan Dimasi

Table 6.5 presents the estimated market shares which the proposed development would be required to achieve in order to deliver the sales potential estimated in Table 6.3. Overall, market share of available retail expenditure within the main trade area is estimated at 5.0 percent.

It is also expected that 30 percent of sales turnover is generated from beyond the defined main trade area, accounting for surrounding workers, students and commuters. This is considered appropriate for this type of location.

Table 6.5
Metro Quarter - Estimated market shares, 2024/25*

Trade area	**Retail spend** ($M)	**Centre sales** ($M)	**Market share** (%)
Main TA	435.6	21.7	5.0%
Sales from beyond TA		9.3	
Total centre sales		**31.1**	

**Constant 2017/18 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

7.0 Economic impacts and need implications

This section of the report presents estimates of likely trading impacts on the surrounding retail network and discusses the implications of these impacts. It also examines the net community benefits associated with the project, including its employment generation and other economic and social benefits.

7.1 Purpose of assessing trading impacts

The purpose of an impact assessment is to provide guidance as to whether or not the community is likely to be advantaged or disadvantaged from any proposed development.

In order to understand whether any particular centre may be impacted, the specific retail impacts that are expected across the surrounding competitive network are estimated.

These estimates provide indications as to whether the scale of the proposed retail development is reasonable. 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 to an existing centre.

7.2 Impacts methodology

The following factors are typically considered when assessing the potential impacts of a new supermarket based 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 amount of supermarket floorspace, and brands of these supermarkets.
- The role and function of the centre or precinct.
- Relative accessibility and relative convenience compared with the proposed retail development.
- The estimated performance of the centre/precinct (in current sales) and future performance (in the impact year), accounting for any future developments in the region that may also impact on the future sales of existing centres.
- The share of available expenditure which the centre/precinct attracts from the identified main trade area of the proposed development. A centre may not be situated in the identified trade area of the proposed development but its main trade area may extend to include parts, or all, of the trade area. For example, the trade area for a large regional shopping centre typically includes several hundred thousand persons. 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 Woolworths supermarket is generally likely to impact the closest nearby Woolworths supermarket to the greatest extent, followed by impacts on other comparable large supermarkets (e.g. Coles), and at the lower end of the spectrum, by 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).

Table 7.1 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 or store from the subject site.
- Column (2) shows the amount of retail floorspace at the centre and column (3) shows the amount of supermarket floorspace at the centre.
- Column (4) outlines the brand/s of key supermarket tenants at the centre.
- Column (5) outlines the estimated sales for the year 2017.
- Column (6) presents an estimate of the proportion of sales for each centre 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, 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.
- Column (8) shows, for each centre, the proportion of sales drawn by the centre from the main trade area as a percentage of the total sales drawn from the main trade area by all identified centres in the analysis. Column (8) is calculated by dividing each entry in Column (7) by the sum total of Column (7).

Table 7.1

Metro Quarter - Estimated sales distribution of specific centres in region, 2018*

Centre	Distance from site (km) (1)	Floorspace (sq.m) Total GLA (sq.m) (2)	Smkt. GLA (sq.m) (3)	Supermarket Brand (4)	Est. centre sales ($M) (2018) (5)	Est. % sales drawn from MTA (%) (6)	Est. % sales drawn from MTA ($M) (7)	Share of available MTA retail exp. to identified centres (%) (8)
Regional/sub-regional centres								
Broadway SC	2.4	40,000	5,700	Coles, Aldi	631.0	5.0%	31.5	8.8%
Marrickville Metro	3.7	20,700	5,800	Woolworths, Aldi	231.0	7.5%	17.3	4.8%
Supermarket based centres and street/strip retail precincts								
Waterloo Precinct	-	4,000	1,200	IGA (x2)	28.8	70.0%	20.2	5.6%
Redfern Precinct	0.6	20,000	3,400	Woolworths, SPAR	120.0	55.0%	66.0	18.4%
Alexandria Precinct	0.7	12,500	3,300	Woolworths, IGA	78.6	50.0%	39.3	11.0%
Dank Street, Waterloo	1.2	9,500	4,400	Coles, Aldi	99.7	40.0%	39.9	11.1%
Green Square TC	1.2	2,000	2,000	Woolworths	20.0	30.0%	6.0	1.7%
Erskineville/St Peters	1.5	12,500	1,000	Woolworths	78.8	10.0%	7.9	2.2%
Chippendale Precinct	1.5	16,000	2,000	Woolworths	106.1	10.0%	10.6	3.0%
Surry Hills Precinct	1.8	26,500	3,200	Coles	184.4	30.0%	55.3	15.4%
Sydney Park	1.9	2,000	0		12.0	10.0%	1.2	0.3%
Roseberry Precinct	2.1	3,500	200	IGA	22.9	5.0%	1.1	0.3%
Zetland/East Village	2.2	11,500	4,100	Coles	142.8	30.0%	42.8	12.0%
Newtown Precinct	2.6	30,000	5,700	IGA, Foodwork	190.6	10.0%	19.1	5.3%
Total identified centres		**210,700**	**42,000**		**1,946.5**		**358.2**	**100%**
Share of sales directed to nearby centres from MTA residents							**18.4%**	

**Constant 2017/18 dollars & including GST*
Source: PCA, MacroPlan Dimasi

Table 7.2 builds upon the analysis in Table 7.1, setting out an assessment of the likely order of trading impact on each of the identified centres, showing:

- The estimated floorspace (GLA) and sales volume for each centre as at 2017/18.
- The estimated sales volume for each centre at 2024/25 assuming no development at the subject site, but accounting for cumulative impacts from other developments.
- The estimated sales volume for each centre/precinct at 2024/25 after allowing for the proposed development at the subject site at 2024/25.
- The consequent estimated trading impact, measured both as a sales volume and a percentage impact, on each centre/precinct.

Table 7.2

Metro Quarter - Estimated impacts on specific centres, 2024/25*

			Est. Sales (2024/25)			**Est. Impacts (2024/25)**	
Centre	GLA (sq.m)	Est. sales 2018 $M	Without dev.** $M	With dev. $M	Dist. Of impacts (%)	Est. Impacts $M	%
Regional/sub-regional centres							
Broadway SC	40,000	631.0	624.1	621.9	7.0%	-2.2	-0.3%
Marrickville Metro**	31,000	231.0	302.1	300.9	4.0%	-1.2	-0.4%
Supermarket based centres and street/strip retail precincts							
Waterloo Precinct	4,000	28.8	27.3	25.8	5.0%	-1.6	5.7%
Redfern Precinct	20,000	120.0	116.3	113.2	10.0%	-3.1	-2.7%
Alexandria Precinct	12,500	78.6	75.2	72.7	8.0%	-2.5	-3.3%
Dank Street, Waterloo	9,500	99.7	94.9	92.4	8.0%	-2.5	-2.6%
Green Sq TC/Emerald City**	22,200	20.0	139.3	136.9	7.5%	-2.3	-1.7%
Erskineville/St Peters	12,500	78.8	72.9	72.3	2.0%	-0.6	-0.9%
Chippendale Precinct	16,000	106.1	101.6	101.0	2.0%	-0.6	-0.6%
Surry Hills Precinct**	29,300	184.4	247.2	244.9	7.5%	-2.3	-0.9%
Sydney Park	2,000	12.0	11.6	11.6	0.0%	0.0	0.0%
Roseberry Precinct	3,500	22.9	21.1	21.1	0.0%	0.0	0.0%
Zetland/East Village	11,500	142.8	130.2	127.8	8.0%	-2.5	-1.9%
Newtown Precinct	30,000	190.6	190.6	189.4	4.0%	-1.2	-0.7%
Proposed centre							
ATP	7,000		46.6	45.2	4.5%	-1.4	-3.0%
Ashmore	4,500		28.4	27.6	2.5%	-0.8	-2.7%
Sub-total	**244,000**	**1,946.5**	**2,154.7**	**2,132.0**	**80.0%**	**-24.9**	**-1.2%**
Other centres					20.0%	-6.2	
Total est. sales potential new centre					**100.0%**	**31.1**	

**Constant 2017/18 dollars & including GST*
*** Assumes future developments in the pipeline are approved, and allows for an allocation of impact on this future network (e.g. Green Sq TC/Emerald City, Surry Hills, Marrickville Metro, ATP and Ashmore)*
Source: MacroPlan Dimasi

In summary, this impact assessment shows the following:

- The impact analysis has regard to proposed developments or expansions at Green Square Town Centre including Emerald City, Marrickville Metro, CBA Buildings and the old Locomotive Sheds at ATP, redevelopment of the Coles centre at Surry Hills and the Ashmore Precinct. That is, the analysis considers the cumulative impacts of other approved developments and developments under construction.
- Given its proximity, the highest percentage impact is expected to be absorbed by the existing retail facilities in the immediate area at Waterloo, at around 5.7 percent, which represent $1.6 million.
- The largest dollar impact on a specific centre/precinct is expected to be absorbed by the Redfern Precinct, at around $3.1 million (or 2.7 percent), given its proximity and offer (noting that the majority of this impact would be absorbed by the Woolworths supermarket).
- The impacts on the next closest surrounding centres at Alexandria and Dank Street, Waterloo are estimated at around 2 – 3 percent (or $2.5 million each).
- Impacts on Green Square Town Centre/Emerald City and Zetland/East Village are estimated at around 1 – 2 percent (or around $2 – 2.5 million each).
- Other centres range from 0 – 1 percent, as many of these centres only draw very thin market shares from the available main trade area at present. Impacts across these centres are considered to be negligible.
- Around 20 percent 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.

7.3 Consideration of trading impacts

The key points to note regarding the estimated impacts across the surrounding network of centres, as presented in Table 7.2, 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 centres 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 percent and 15 percent are considered by the industry to be significant but acceptable;
  - Impacts between 5 percent and 10 percent are considered relatively moderate; and
  - Impacts less than 5 percent 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. The strong population and retail expenditure growth of the main trade area is also likely to ameliorate trading impacts at centres over time, as impacted centres return to the current level of trading performance sooner.
- 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 consequence 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. Based on the market gap analysis in this report, an additional

supermarket at the subject site could be accommodated within the main trade area, where the proposed development would help to retain supermarket expenditure that presently escapes from the main trade area, reducing unnecessary trips throughout the local area.

- The project's prominent location co-located with Waterloo Station is likely to capture trade from beyond the trade area (i.e. commuters/passing motorists, workers, etc. who would be inclined to use the retail facilities because they are convenient, and who may not otherwise have directed expenditure to retail facilities within the region). These potential customers may substitute shopping trips with other centres/retail offers across a broad area.

- These estimated impacts across the identified centres are considered to be within an acceptable range of around 3 – 6 percent on other centres in the main trade area (i.e. Waterloo, Redfern and Alexandria precincts); around 2 percent on Dank Street, Waterloo and Green Square Town Centre/Emerald City; and less than 1 percent on other centres. This reflects the relatively small provision of retail floorspace proposed at Metro Quarter. When considered in the context of the size, performance and role and function of surrounding centres, these impacts would be highly unlikely to result in a material reduction of retail service provision in nearby centres.

- The proposed development is likely to result in minor impacts on surrounding centres only, and this will not affect the future viability of these centres, including future proposed centres. Analysis shows that the proposed development concept is of an appropriate scale and composition in the context of the existing and planned centres hierarchy, and would in fact enhance the retail hierarchy that services the area.

In summary, the proposed development will:

- help to meet a clearly identified market gap for supermarket facilities across the main trade area;
- augment the existing centres hierarchy without resulting in any reduction in the level of service provision across the surrounding region;
- not prevent/affect any new/planned centres from establishing across the region; and will
- help service the employment base at the Metro Quarter.

7.4 Need assessment

Economic Need

Overall, it is generally recognised and accepted that redevelopment of the Metro Quarter provides an opportunity for a range of local retail and ancillary non-retail uses to be provided in order to service the existing and future local community needs. The following outlines the economic need for the proposed development at the subject site:

- There are almost 21,000 persons in the main trade area at 2018, which is expected to reach almost 34,000 persons by 2036. Population growth within the main trade area, particularly within the primary sector, will drive additional demand for retail facilities to cater to this growing population.
- There is demand for about 7,800 square metres of supermarket floorspace across the main trade area in 2018, which is projected to increase by 6,500 square metres by 2036, to reach 14,300 square metres. Having regard to the existing supply there is a current market gap of around 2,200 square metres.
- By 2036, total retail floorspace demand generated by the resident trade area is estimated to grow by 65 percent, to 84,100 square metres, while within the worker trade area, retail floorspace demand is estimated to grow by around 107 percent to 26,400 square metres by 2036.
- The proposed 4,000 square metres of retail floorspace proposed at the Metro Quarter SSP would account for just 3.7 percent of total floorspace demand at 2036 and accounts for around 8.7 percent of retail floorspace demand growth between 2017 and 2036.
- Therefore this proposal addresses a current (and growing) market gap for supermarket and traditional retail facilities within the main trade area.
- Further, the scale of the indicative proposed development is reasonable, where the proposed retail and non-retail facilities at the subject site are also of a scale and function that will cater for the day-to-day shopping and local service needs of local residents, workers and commuters, as well as students, tourists and wider Sydney residents.
- The small market share required to support the proposed retail floorspace from within the main trade area, which is estimated at around 5 percent, means that around 95 percent of all expenditure generated by residents in the main trade area would be directed to other retail facilities, including centres located outside the trade area.
- In addition to retail floorspace, non-retail tenants, which are destinational in nature and can potentially attract trade from beyond the main trade area, are generally provided at supermarket based centres. Centres tend to also support an additional 1,000 square metres of other uses, however some centres support much more non-retail floorspace

than this, which could include travel agents, post offices, masseuses, professional suites, insurance services, banks, car services (e.g. car wash, tyre & auto) and the like.

At the Metro Quarter it is expected that around 4,000 square metres of ancillary/non-retail floorspace will be provided (including medical services, a gymnasium, banks and insurance services and health centres). A further 4,000 square metres of floorspace is expected to be allocated to community uses, including child care (2,000 square metres) and office/co-work space (2,000 square metres). The need for such services is discussed in the following:

- Medical and allied health services – with a growing proportion of individual expenditure going to healthcare costs, medical facilities are increasingly important uses in centres around Australia. They play an important role in generating a steady flow of people to a region seven days a week, with obvious benefits for retailers and commercial establishments in an adjacent centre. Health facilities attract all population segments, though the most important customer groups are likely to be elderly residents and young families.

  There is typically one general practitioner (GP) provided per 1,000 persons across Australia, although this ratio varies depending on location, with provision rates in regional areas and growth areas typically lower (i.e. one GP for every 1,000 – 1,500 residents), and higher in metropolitan locations (i.e. one GP per 750 – 1,000 persons). In this context, the population across the main trade area, currently generates demand for around 22 GPs, and this is expected to increase to 34 by 2036, an increase of around 12 GPs.

  Allied health uses, including dentists, physiotherapists, pathologists, orthodontists and the like, tend to be underpinned by a solid medical centre offer, bolstering the location proposition for such tenants. This provides further potential for a large medical centre to anchor a mix of ancillary medical/allied health services at the subject site.

- Child care – locating this type of facility close to employment/activity centres capitalises on the generally ‘time poor’ nature of parents of young children, many of whom are likely to value the convenience of a childcare centre adjacent to Waterloo Station, their workplace or retail facilities.

- Gymnasium/fitness facilities – with an existing local resident and worker base, this would be a suitable location to accommodate gymnasium and fitness uses. The collocation with Waterloo Station will allow significant patronage during the day as well as weekends/evenings.

- Offices/commercial/co-work – such floorspace would generally suit small personal/entrepreneurial businesses, such as accountants, lawyers, architects, as well as start-ups, and will increase the on-site daytime population base able to be served by the other retail and non-retail facilities. In particular, this population would represent an added customer segment providing further sales support to the catered food component at the subject site.

- Community uses – an appropriate use given the diverse local community which consists of young working professionals, Aboriginal peoples, persons in social housing, students and other workers.

The subject site is ideally located to accommodate proposed retail and non-retail facilities. Specifically, the location of the subject site on a prominent future metro station supports both a local residential and worker catchment as well as a passing traffic/commuters. These catchment conditions have been assessed throughout this report and have been determined as suitable in terms of size and demand capacity/potential to support the proposed use onsite.

Community need

The proposed development at the subject site would generate a range of community need drivers, in particular the following:

- Increased choice and amenity for the population of the main 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 and workers of the main trade area and future residents and workers, as well as other customer segments.
- Reduced travels distances, leading to savings on time and fuel for main trade area residents, due to a much better provision of food and grocery shopping facilities at the local level. A reduction in travel times and distances generates related benefits, including reduced vehicle wear and tear, fuel costs, pollution, traffic congestion, risks of car accidents, and more time can be spent either working, socialising or undertaking other activities.
- Providing additional retail and non-retail facilitates to service a growing residential growth area, without reducing the level of service provision anywhere else, nor preventing any future development from establishing across the region.
- Changes in consumer shopping patterns/habits such as the increased frequency of supermarket trips, where the proposed supermarket at the subject site will add to the convenience of residents, workers and commuters within the main trade area.
- Opportunities for small businesses to open premises within the neighbourhood centre.
- Providing jobs near people's homes and consequent economic multiplier impacts, which will boost the local economy.

Based on the analysis and implications presented throughout this report, MacroPlan consider there is sufficient demand, as well as economic and community need to support the proposed development of retail and non-retail facilities at the Metro Quarter.

7.5 Employment impacts

The proposed retail and non-retail development at the Metro Quarter 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, relevant data and information from various sources is relied upon (e.g. supermarket operators, the ABS, State and local government agencies, as well as 30 years of experience in preparing assessments of this nature).

Table 7.3 illustrates the estimated net increase in direct on-site retail and non-retail employment that could potentially be created if the proposed development at the subject site were to proceed. As shown, it is estimated that an additional 454 jobs could be created on site once the development is fully operational. Making an allowance of around 10 percent for employment being redirected from other centres, the proposed development could result in a net addition of 408 jobs. This could support a further 163 jobs across the broader supply chain.

In addition, Table 7.4 shows that the construction phase of the project is estimated to sustain about 556 jobs, including around 214 jobs created directly and a further 342 resulting from multiplier induced effects.

Table 7.3 Metro Quarter - Estimated employment impacts			
Scenario	Estimated employment per '000 sq.m	GLA (sq.m)	Employment (persons)
Supermarket	30.0	1,250	38
Mini-majors and specialties	35.0	2,750	96
Ancillary non-retail/office/community	40.0	8,000	320
Total centre	**37.8**	**12,000**	**454**
Net employment increase*			**408**

** Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 10% of the total increase*
Source: MacroPlan Dimasi

Table 7.4 Metro Quarter - estimated future additional centre employment levels*					
Original stimulus	Direct employment (long-term)	Direct employment (const'n period)	Supplier employment multiplier effects	Total	
On-site employment[1]	408		163	572	
Construction of project		214	342	556	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: UrbanGrowth NSW; MacroPlan Dimasi

7.6 Economic benefit assessment

Economic A redeveloped Metro Quarter

In its redeveloped form, the Metro Quarter will comprise a mix of service industries and residential living.

In isolation, the retail and non-retail services supported at the Metro Quarter will employ about 400 people, generating an IVA of close to $41m.

The value of residential living will reflect the value which residents attach to this location. Whereas the average value-added per dwelling in NSW is $18,000 (2016/17), reflecting the higher rents in inner Sydney, the average value-add for inner Sydney apartments is nearer to $30,000. However, given the frequency and speed of metro services, locations in proximity to metro stations are expected to attract a premium, and a higher premium than applies to normal rail stations.

Transport benefits from the Sydney Metro:

The Waterloo Station is part of the Sydney Metro City & Southwest project, which has been separately assessed and approved on the basis of the many economic benefits attributable to the transport aspects of the project. These are substantial in their breadth and include improved transport efficiencies (e.g. reduced road congestion, commuter time savings), improved labour efficiencies (e.g. increased worker shed capacity, travel time reductions), environmental improvements (e.g. increased walking, reduced car pollution) and social benefits (e.g. reduced road traffic accidents). This assessment of retail and non-retail floorspace needs and the economic impacts of the Metro Quarter does not aim to specifically assess all of these wider transport-related benefits as they are considered to be principally attributable to the broader Sydney Metro City & Southwest project.

7.7 Other benefits

In addition to the benefits mentioned above, there are several other benefits that have not been quantified in this report. These wider economic benefits specifically attributable to the Metro Quarter are discussed in the following subsections.

Economic KPIs

In understanding the economic importance of the development, it is relevant to highlight the strong correlation of economic infrastructure with output growth, productivity, expenditure/ income, employment and private sector investment. Specific derived benefits include:

- Increased expenditure: e.g. worker / visitor/ private expenditure, generated by the construction and ongoing operation of the precinct
- Investment stimulus: e.g. enhanced private investment, increased land values, encouragement of landlords to redevelop neglected or underutilised property for higher and better use.
- Employment generation: i.e. identified employment impacts through construction and operational phases of the project; plus the induced employment that is attracted to the area through its improved amenity, helping to both attract and retain new workers.
- Transport-related benefits: i.e. generated through a centralised population, reduced vehicle movements and enhanced commuter and community safety generated through 'activating' the station precinct, evening trading etc.

Social KPIs

Social considerations regarding the implementation of the development have been based on local issues such as impacts on actual and perceived levels of safety, and other social equity issues such as accessibility. Amenity is also addressed in this analysis, reflecting current planning objectives and community aspirations for the site and Waterloo in general. Specific social benefits of the project are attributed to:

- Health, Wellbeing and Safety: e.g. a reduction in the level/ perceptions of crime, pedestrian and vehicle accidents as well as the health and wellbeing benefits promoted by the development.
- Accessibility and connectivity: e.g. enhanced pathways, connectivity, linkages between local precincts.
- Social cohesion: the benefits the development provides to enhancing connections and fostering a sense of belonging between members of the community.
- Safety: Activating the station precinct during the day and night will help to provide both active and passive surveillance and reduce the incidence of crime.
- Service accessibility: including locally required services (e.g. supermarket, banking and medical services) - supporting existing and new residents.

Environment KPIs

The positive environmental impacts associated with a greater use of rail are more attributable to the broader Sydney Metro City & Southwest project, rather than explicitly linked to the Metro Quarter, e.g. the project's capacity to reduce energy consumption and a lesser reliance on fossil fuels. Importantly, however, at a local level, the project will encourage walkability and use of public transport options, helping to reduce traffic congestion and improve air quality.

8.0 Economic impact conclusions

The Metro Quarter OSD project has been found to have a negligible impact on the trading viability of other nearby centres.

In particular, the project will help to meet a clearly identified market gap for supermarket facilities across the main trade area and will augment the existing centres hierarchy, without any reduction in the level of service provision across the catchment.

Further, the project will not prevent/affect any new/planned centres from establishing across the region and will help service the employment base at Metro Quarter.

The project is expected to generate around 400 additional operational jobs and is estimated to sustain over 550 construction jobs, including around 214 jobs created directly and a further 342 resulting from multiplier induced effects.

The project will also generate a number of non-quantifiable social and environmental benefits including improved accessibility and connectivity, enhanced precinct safety and improved air quality resulting from a greater use of public transport.