

7 February 2023

Department of Planning and Environment  
Locked Bag 5022  
Parramatta NSW 2124

**Attention: Anthony Richardson**

Dear Anthony,

**Re: SSD-46561712 - 157 BALACLAVA ROAD, MACQUARIE PARK**

We refer to the above State Significant Development Application (SSDA) at 157 Balaclava Road, Macquarie Park (SSD-46561712) lodged with the Department of Planning and Environment (DPE) and that is currently on public notification.

AMP Capital (AMPC) is a significant long-term manager of the Macquarie Shopping Centre on behalf of its owners: AMP Macquarie Pty Ltd and AMP Capital Funds Management Limited. Macquarie Centre is a significant regional shopping centre in Sydney on 11.25 hectares of land.

This letter forms a submission to the SSDA. AMPC request that DPE take our comments into account in assessing the SSDA, in particular:

- We request that DPE require the applicant to undertake a retail/economic impact assessment of the proposed 7,000m<sup>2</sup> of retail (including a full line supermarket) on Macquarie Centre and other centres within 5km of the site. AMPC request the opportunity to review this retail impact assessment prior to DPE determining the SSDA.
- In addition, having regard to the provisions of the Ryde Macquarie Park Development Control Plan (DCP) 2014 for the Macquarie Park Corridor (which recognises the importance of Macquarie Centre as the retail core of Macquarie Park), AMP Capital recommends that DPE requests the applicant to address the suitability of the site for 7,000m<sup>2</sup> of retail, including a full line supermarket.

## 1. BACKGROUND

SSD-46561712 relates to the site at 157 Balaclava Road, Macquarie Park, which currently accommodates an existing aged care and retirement village, covering a significant area of approximately 6.4 hectares. The site is located in close proximity to Macquarie Shopping Centre, which is approximately 600m north east of the site.

The SSDA seeks approval for a Masterplan (Concept SSDA) for the renewal of BaptistCare's significant landholding at 157 Balaclava Road, Macquarie Park. Specifically, consent is sought for the following in this Concept SSDA:

- A mixed use development comprising a maximum GFA of 190,000m<sup>2</sup> dedicated to a range of land uses including:
  - Student Housing;
  - Seniors Housing;
  - Build to Rent;
  - Retail;
  - Residential;
  - Mixed uses including commercial and allied health; and
  - A school.
- Maximum building heights and GFA for each development block;
- Public domain landscape concept, including parks, streets and pedestrian connections; and
- Vehicular and intersection upgrades.

The retail component of the development will include a number of minor retail tenancies that will be provided along internal street frontages fronting the main plaza area as well as Epping Road. Retail tenancies are intended to accommodate convenience retail for the future mixed use precinct and may include cafes, shops and a mini-major / supermarket. The proposed GFA for the retail land use is approximately 7,000m<sup>2</sup>.

## 2. KEY MATTERS TO BE ADDRESSED

### 2.1. ECONOMIC IMPACT OF THE PROPOSED SUPERMARKET

The EIS for SSD-46561712 is supported by an Economic Impact Assessment. The Economic Impact Assessment, has been informed by a Retail Demands Assessment prepared by Macroplan in October of 2022. This Retail Demands Assessment is referenced throughout the EIA however has not been provided. The EIA states:

*A review of the retail demand assessment prepared by Macroplan (October, 2022) highlights that within the defined retail trade area, there were some 58,670 estimated residents as of June 2021. This population is forecast to increase to 80,033 persons by 2036, and reflects an increase in total retail expenditure capacity of \$82.5 million per annum over the forecast period. In total, retail expenditure is forecast to increase from \$912 million in 2021, to \$2.15 billion by 2036, increasing the expenditure capacity for retail goods and services by local residents.*

*The retail demand assessment (Macroplan 2022) notes that there are six (6) key competitive supermarkets within the MTA, including 3 stores at Macquarie Centre*

*(Coles, Woolworths and Aldi), as well as Coles at Lachlan Square Village, and IGA Cox Road Mall. The retail demand assessment (Macroplan 2022) assumes that the Woolworths supermarket at Marsfield will be relocated to the site in 2029 and form part of the proposed 7,000m<sup>2</sup> of retail GFA.*

*Overall, the retail demand assessment (Macroplan 2022) outlines that there is significant retail floorspace demand in Macquarie Park and that the BaptistCare Macquarie Park site has capacity to support up to 7,000m<sup>2</sup> by 2030, including around 4,100m<sup>2</sup> of FLG floorspace, including a full-line supermarket.*

*Retail facilities at the subject site would be well supported by on-site and surrounding residents, students, and the Macquarie Park workforce which is forecast to grow significantly in the coming year.....*

The assessment of economic impacts within the Social and Economic Impact Assessment 2022 (SEIA) that supports the SSDA is limited to economic benefits and a summary of the retail demand. Beyond a short summary at Section 9.3.4 of the SEIA there is no detailed assessment of the impact of the proposed quantum/type of retail uses (including a full line supermarket) on Macquarie Centre and other centres within 5km of the site. This prevents AMPC from accurately understanding the potential impact that the proposed development will have to Macquarie Centre.

In 2018, the DPE engaged respected retail economist Peter Leyshon of Leyshon Consulting, to undertake a peer review of a then draft proposed land use definition, Neighbourhood Supermarket. The draft definition would have permitted 1,500sqm supermarkets in every B1 zone. The Leyshon report, entitled 'The NSW Review Of Proposed Retail Definition ~ Neighbourhood Supermarket' identifies 1,500sqm as a 'medium scale' supermarket and includes the following commentary:

*In some instances, B1 zones may be considered by Coles and Woolworths, particularly in inner urban areas where sites for larger format stores are difficult to achieve. Both major chains are introducing 'metro' style stores in CBDs and inner urban areas; these stores tend to have a footprint of less than 1,000m<sup>2</sup>.*

Whilst the floorspace of the full line supermarket is unclear, the SEIA states the site has capacity to support up to 7,000m<sup>2</sup> of retail by 2030, with around 4,100m<sup>2</sup> of FLG floorspace, including a full-line supermarket. This retail floorspace could easily accommodate more than a 'metro style' supermarket offering or a neighbourhood supermarket.

### **Will this have an impact?**

The Leyshon report confirmed that a 1,500m<sup>2</sup> supermarket could influence the Centre hierarchy, noting that:

*A supermarket of 1,500m<sup>2</sup> developed in a Neighbourhood Centre would require a catchment population of up to 20,000 people if it was competing with other nearby national chain supermarkets. Supermarkets of 1,500m<sup>2</sup> in Neighbourhood Centres would have the potential to compete robustly with larger national chain supermarkets located in the same or adjoining suburbs ...*

*Consideration also has been given to the potential impact which would result from development of a neighbourhood supermarket of up to the maximum proposed size of 1,500m<sup>2</sup> ...in this example a neighbourhood supermarket of 1,500m<sup>2</sup> achieving annual sales of between \$9 and \$12 million (\$2017) potentially could have an impact of between -9.0% and -12.0% on the combined sales of the theoretical Coles, Woolworths and Aldi stores. In our experience, an impact ranging between -9.0% and -12.0% would be classed as being in the medium/high category of impact although unlikely insufficient to result in the closure of any one of three hypothetical competitive supermarkets.*

*Nevertheless, such an outcome would involve a significant redirection of supermarket spending away from larger centres..... toward a small neighbourhood centre.*

Based on the Leyshon advice, the DPE decided to reduce the maximum floorspace for Neighbourhood Supermarkets to 1,000m<sup>2</sup>. Whilst the Leyshon advice was clearly focussed on the impacts of 1,500m<sup>2</sup> supermarket in B1 zones on existing centres, it is reasonable to draw parallels to the proposed supermarket (which is indicated to be a full line supermarket and consequently could be significantly larger) and conclude that the proposed supermarket could 'compete robustly' with existing centres (including the nearby Macquarie Centre) and could involve a 'significant redirection of supermarket spending' toward the site.

DPE should not consent to the proposal without requiring the applicant to prepare a more detailed economic assessment including a specific retail impact assessment on Macquarie Centre and other centres within 5km of the site.

## **2.2. CONSISTENCY WITH PLANNING POLICIES**

Macquarie Centre is a significant regional shopping centre in Sydney on 11.25 hectares of land. This significance is recognised by the North District Plan, which identifies Macquarie Centre as a key land use within the Macquarie Park Corridor and an integral part of one of the largest strategic centres in the district. Similarly, the Ryde Development Control Plan 2014 (RDCP 2014) identifies the importance of Macquarie Centre as a regional shopping centre. Specifically, the DCP recognises Macquarie Centre as the retail core of Macquarie Park in its urban structure plan and states:

*The Macquarie Shopping Centre - NSW second largest shopping mall – has a regional catchment and anchors the Retail Core. This DCP will seek to reinforce the role of the shopping centre as a regional attractor and hub for recreation facilities for families and youth – which currently include one of only two ice skating rinks in Sydney, cinemas and restaurants. The DCP will also encourage the shopping centre to create a vibrant street interface.*

Whilst, it is understood that DCPs are not a mandatory matter of consideration in the assessment of SSDAs by virtue of clause 2.10 of the Planning Systems SEPP, it is commonplace to do so and the EIS already considers other controls in RDCP 2014. Further, the recognition of the importance of Macquarie Centre as the retail core of Macquarie Park in various planning policies is not acknowledged or addressed.

The proposal provides very little detail on the impact of the proposed quantum of retail uses (including a full line supermarket) on centres. The EIS should be amended to provide a more thorough assessment of the proposed supermarket and retail uses and demonstrate the economic impact on Macquarie Centre and other centres within 5km of the site.

Further, given its close proximity to an important regional shopping centre, the applicant should address the suitability of the BaptistCare site for 7,000m<sup>2</sup> of retail, including a full line supermarket.

### 3. CONCLUSION

AMP Capital requests DPE to obtain, and make available for review, an economic impact assessment including specifically a retail impact assessment of the proposed quantum of retail (including full line supermarket) on Macquarie Centre and other centres within 5km of the site.

DPE is also requested to require the applicant to provide further assessment of the appropriateness of the proposed full line supermarket use in this location, having regard to the important role of the nearby Macquarie Shopping Centre as the retail core of Macquarie Park and a regional shopping centre.

We thank you for the opportunity to make this submission. Should you have any queries, please contact me at [Ben.Matthews@ampcapital.com](mailto:Ben.Matthews@ampcapital.com).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ben Matthews', with a stylized, flowing script.

Ben Matthews  
**Divisional Investment & Development Manager**  
**AMP Capital**