



# Eastlakes Town Centre Development

## Economic Impact Assessment

Prepared for

Crown Prosha Joint  
Venture

July 2012

**Hill PDA**

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



## QUALITY ASSURANCE

### REPORT CONTACT:

**Tom Duncan**

Senior Consultant

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

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

### QUALITY CONTROL

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

### REVIEWED BY

A handwritten signature in black ink, appearing to read 'Sarah Hill', with a large, stylized 'S' at the beginning.

July 2012

**Sarah Hill**

Practice Manager, Hill PDA

PHD Candidate, (Sydney University)

Master of Urban and Regional Planning Hons. (Sydney University)

Bachelor of Science (Sydney University)

Justice of the Peace

Member of Australian Planning Institute

Member of Royal Town Planning Institute

Email: [sarah.hill@hillpda.com](mailto:sarah.hill@hillpda.com)

### REPORT DETAILS:

Job Ref No: C11050

Version: Final

Date Printed: 4/07/2012 3:07:00 PM

File Name: C11050 Eastlakes Shopping Centre EIA (Final) July 2012

## CONTENTS

<b>1.</b>	<b>EXECUTIVE SUMMARY .....</b>	<b>9</b>
<b>2.</b>	<b>INTRODUCTION .....</b>	<b>12</b>
2.1	Subject Site .....	12
2.2	Proposed Redevelopment .....	13
2.3	Structure of the Study .....	14
<b>3.</b>	<b>RELEVANT PLANNING CONSIDERATIONS .....</b>	<b>15</b>
3.1	State and Regional Planning Policies .....	15
3.2	Local Plans and Policies .....	18
<b>4.</b>	<b>DEMOGRAPHIC PROFILE .....</b>	<b>20</b>
4.1	Existing Demographic Characteristics .....	20
4.2	Population Forecasts .....	21
4.3	Existing Household Characteristics .....	21
4.4	Employment Profile .....	23
4.5	Forecast Employment Growth .....	24
4.6	Income Profile .....	25
4.7	Key Findings .....	26
<b>5.</b>	<b>HOUSING SUPPLY, COST AND AFFORDABILITY .....</b>	<b>27</b>
5.1	Housing Supply .....	27
5.2	Housing Cost .....	29
5.3	Housing Affordability .....	31
5.4	Other Economic Implications of Housing Affordability .....	36
5.5	Key Findings .....	37
<b>6.</b>	<b>STRATEGIC CENTRES ANALYSIS .....</b>	<b>39</b>
6.1	Retail and Commercial Centres Hierarchy .....	39
6.2	Randwick & Kingsford Specialised Centre .....	40
6.3	Green Square Planned Major Centre .....	40
6.4	Town Centres .....	41
6.5	Eastgardens Stand Alone Shopping Centre .....	42
6.6	Village Centres .....	43
6.7	Small Village Centres .....	44
6.8	Neighbourhood Centres .....	44
<b>7.</b>	<b>RETAIL DEMAND .....</b>	<b>46</b>
7.1	Trade Area Identification .....	46
7.2	Population Growth in the Trade Area .....	48
7.3	Future Resident Population .....	49
7.4	Household Expenditure .....	49
7.5	New Residents .....	50
7.6	Total Retail Spend Available .....	51
7.7	Capture Rates .....	51
7.8	Demand Verses Supply .....	53

<b>8.</b>	<b>RETAIL IMPACTS &amp; BENEFITS.....</b>	<b>54</b>
8.1	Estimated Turnover of the Retail Component.....	54
8.2	Turnover Impacts.....	55
8.3	Policy Impacts .....	56
8.4	Other Retail Impacts.....	57
<b>9.</b>	<b>ECONOMIC IMPACTS OF HOUSING .....</b>	<b>59</b>
9.1	Housing Supply .....	59
9.2	Housing Cost & Affordability.....	59
9.3	Housing Sizes.....	62
9.4	Providing Homes Close to Jobs and Services.....	63
9.5	Economic Impacts of New Residents .....	63
9.6	Residential Economic Impacts .....	63
<b>10.</b>	<b>OTHER ECONOMIC IMPACTS.....</b>	<b>65</b>
10.1	Provision of Serviced Apartments.....	65
10.2	Construction Employment Generation.....	65
10.3	Operations Generated Employment .....	67
10.4	Investment Stimulus .....	68
<b>11.</b>	<b>FLOORSPEACE MIX .....</b>	<b>69</b>
11.1	Mix of Land Uses.....	69
11.2	Commercial Office Floorspace .....	69
11.3	Amalgamation of Sites.....	70

## LIST OF FIGURES

Figure 1 - The Subject Site .....	12
Figure 2 - Subject Site in the Wider Area .....	13
Figure 3 - Private Dwelling Completions and Approvals in NSW versus Victoria Sep 1987 – Sep 2011 ...	28
Figure 4 - Median Market Rent for 2 Bedroom Dwellings September 2009 to September 2011 .....	30
Figure 5 - Median House Price (Sales \$'000) September 2009 to June 2011 .....	30
Figure 6 - Retail Hierarchy around the Subject Site.....	40
Figure 7 - Trade Area for Eastlakes Shopping Centre .....	48

## LIST OF TABLES

Table 1 - Dwelling and Job Targets to 2036 (2010) .....	15
Table 2 - Summary of General Demographic Characteristics for the City of Botany Bay 2001 - 2006.....	21
Table 3 - Summary of Forecast Population Growth 2006 - 2036 .....	21
Table 4 - 2006 ABS Household Characteristics for City of Botany Bay, Sydney SD and NSW .....	23
Table 5 - Labour Force Characteristics of the City of City of Botany Bay Resident Workforce 2006 .....	24
Table 6 - Forecast Employment Change by Industry 2006 – 2036, City of Botany Bay.....	25
Table 7 - Weekly Household Incomes 2006 .....	26

Table 8 - Number of Households in Housing Stress (Rental) 2006 .....	33
Table 9 - Number of Households in Housing Stress (Purchase) 2006 .....	34
Table 10 - Number of Residents Receiving CRA and in Housing Stress 2001 - 2010 .....	35
Table 11 - Centres Hierarchy .....	39
Table 12 - Population Projections and Growth in the Trade Area .....	48
Table 13 - Proposed Residential Unit Mix .....	49
Table 14 - Total Expenditure Forecast by Broad Commodity Type (\$m2009) .....	50
Table 15 - Trade Area Forecast Household Expenditure by Retail Store Type (\$m2009) .....	50
Table 16 - Trade Area Forecast Household Expenditure by Retail Store Type including Residents of the Proposed Development (\$m2009) .....	51
Table 17 - Capture Rates and Retained Expenditure (\$m2009) .....	52
Table 18 - Demand for Floorspace in the Study Area (sqm GLA) .....	52
Table 19 - Demand for Retail Floorspace at Eastlakes Shopping Centre from the Trade Area (sqm GLA) .....	53
Table 20 - Retail Floorspace Demand verses Supply at Eastlakes Shopping Centre.....	53
Table 21 - Snapshot of Hill PDA Household Income Affordability Calculator .....	60
Table 22 - Anticipated Sales Price Range for Proposed Residential Units .....	61
Table 23 - Proposed Residential Unit Mix .....	62
Table 24 - Construction Multipliers .....	66
Table 25 - Construction Employment .....	67

## LIST OF ABBREVIATIONS

Australian Bureau of Statistics	ABS
Bureau of Transport Statistics	BTS
Census Collection District	CCD
NSW Department of Planning and Infrastructure	DP&I
Gross Floor Area	GFA
Gross Lettable Area	GLA
Hectares	Ha
Local Environmental Plan	LEP
Local Government Area	LGA
Property Council of Australia	PCA
State Environmental Planning Policy	SEPP
Shopping Centre News	SCN
Statistical Division	SD
Square metre	sqm
Transport Data Centre	TDC
Travel Zone	TZ

## DEFINITION OF TERMS

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

**Big Gun Centre** – A Shopping Centre as centres with a Gross Lettable Area in excess of 45,000sqm (as defined by Shopping Centre News), which contain a department store/s, discount department store/s, supermarket/s and specialties. In 2011 there were 91 Big Gun Centres in Australia.

**Census Collection District (CCD)** – the smallest geographic area defined in the Australian Standard Geographical Classification (ASGC). It can be defined as an area which one census collector can cover delivering and collecting census forms in a specified period. On average there are about 150 - 250 dwellings per CCD.

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

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

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

**Little Gun Centre** – A Shopping Centre with a Gross Lettable Area in excess of 20,000sqm but less than 45,000sqm (as defined by Shopping Centre News). There are currently 103 Little Gun Centres in Australia.

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

**Mini Gun Centre** – A Shopping Centre with a Gross Lettable Area in excess of 6,000sqm but less than 20,000sqm (as defined by Shopping Centre News). There are currently 166 Mini Gun Centres in Australia.

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

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

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



# 1. EXECUTIVE SUMMARY

## **Introduction (Chapter 1)**

This Economic Impact Assessment ('the Study') has been prepared by Hill PDA on behalf of the Crown Prosha Joint Venture. It considers the economic implications which arise from the proposed Eastlakes Shopping Centre development, Gardeners Road, Eastlakes and responds to the Director-General's Requirements related to this proposed development.

The Eastlakes Shopping Centre and adjacent retail uses currently provide in the order of 11,530sqm (gross lettable area) of retail and community floorspace. The proposed development comprises a mix of uses including an additional 922sqm of net lettable retail floorspace taking total provision on the site to 12,452sqm (gross lettable area) in addition to community floorspace, 361 residential units, 82 serviced apartments, new pedestrian and vehicular access, parking and servicing arrangements and landscaping works.

## **Demographic Profile (Chapter 4)**

Demographic characteristics within the Trade Area of the proposed retail component and the City of Botany Bay Local Government Area (LGA) are reviewed. This reveals that the resident population in both areas is more likely to reside in group households and less likely to be family households compared to the Sydney Metropolitan Area. The Trade Area and the LGA both exhibit a much higher proportion of residents renting their properties compared to the Sydney Metropolitan Area. Residents are also more likely to be employed in blue collar professions which reflects the presence of Port Botany and Sydney Airport within the City of Botany Bay.

## **Housing Supply, Cost and Affordability (Chapter 5)**

The State Governments target of an additional 12,000 dwellings in the LGA by 2036<sup>1</sup> is recognised in the Study. Examination of NSW Treasury data indicates that constrained housing supply in NSW has a number of economic impacts to the broader economy. It has been shown to curtail population growth, contribute towards higher house prices and impede the performance of the construction industry and the NSW economy as a whole.

Lack of housing affordability and choice is identified as an important issue in the locality, with the City of Botany Bay recording a greater than average proportion of very low, low and moderate income households experiencing housing purchase stress. Small residential dwellings (i.e. studio and 1 bedroom dwellings) are in greatest demand by households experiencing housing stress, and these units are also the most affordable. House prices in the LGA are likely to rise further to 2015 when Stage 1 of the proposed development would be completed.

There is a need to increase supply of housing in the City of Botany Bay, broaden housing choice and promote housing affordability.

## **Strategic Centre Analysis (Chapter 6)**

The Study recognises that Eastlakes is defined as a Town Centre in the retail hierarchy of the East Subregion. It must be considered in the context of other centres in the surrounding area including the Green Square Planned

---

<sup>1</sup> Source: Sydney Metropolitan Plan for Sydney 2036, Department of Planning and Infrastructure (December 2010)

Major Centre to the north, the Town Centres of Randwick and Maroubra Junction to the northeast and southeast respectively, Eastgardens Stand Alone Shopping Centre to the south and various village and neighbourhood centres in the more localised area.

### **Retail Demand (Chapter 7)**

The Trade Area for Eastlakes Shopping Centre comprises the suburbs of Eastlakes, Mascot, Daceyville and Rosebery, the eastern part of the suburb of Kingsford and a small part of the Kensington suburb south of Day Avenue. Eastlakes provides the only full line supermarket in this Trade Area and the only Aldi store. It is therefore likely to capture the majority of supermarket and grocery store related expenditure generated by residents of the Trade Area.

The proposed Eastlakes redevelopment is assumed to commence trading in 2015, subject to approval of the development. Residents in the Trade Area, including new residents who would reside on the Subject Site post-development, are forecast to generate some \$472m of retail expenditure in 2015. It is conservatively estimated that some \$133m (or 28%) of this would be available to be captured by retail facilities at Eastlakes. Based on industry benchmark target turnover rates this equates to over 15,400sqm of floorspace demand. There is a clear need for the proposed 922sqm retail floorspace expansion which would leave sufficient demand to support growth in other village and neighbourhood centres in the Trade Area.

### **Retail Impacts & Benefits (Chapter 8)**

For the purposes of assessing retail impact, it is assumed that planned and permitted retail development at Green Square Major Centre, Beaconsfield and Victoria Park would be implemented and trading by 2015. Note that as the development is staged, it is unlikely that all of the proposed retail floorspace would be operational by 2015. As such, our assessment of retail impact represents a maximum impact scenario.

The forecast turnover of the additional retail floorspace proposed at Eastlakes is \$6.2m in 2015. The retail impact assessment demonstrates that the proposed retail expansion can be justified on the basis of expenditure growth to 2015 alone. The modelling has indicated that greatest impact in terms of absolute dollars would fall upon Eastgardens, which is trading strongly, and Green Square. The proportional impact on these centres and all other centres in the surrounding area are insignificant. Insignificant impacts can be absorbed by centres without jeopardising the trading position of the centres or threatening vitality and viability.

Notwithstanding this, new residents who would be accommodated on the Subject Site post-development would generate an estimated \$5m of retail expenditure in 2015 increasing to \$11 in 2021. Given that only a small proportion of this (up to 28%) is assumed to be available for capture by retail facilities on the Subject Site, the majority would be available to be captured other retail centres such as Eastgardens or Green Square. As such any diverted trade from other centres would be less than the additional expenditure which these centres could potentially capture as a result of new residents on the Subject Site post-development. On this basis, the proposed development would have a net positive impact on the trading levels of Eastgardens and Green Square.

Other retail related benefits of the proposed development are noted including: increasing consumer choice; encouraging price competition between retailers; reducing the need for travel; and improved retail facilities for residents of the Trade Area.

### **Economic Impacts of Housing (Chapter 9)**

The Study recognises the economic contribution which would be made by the residential component of the proposed development. The provision of housing would contribute 1.6% towards meeting the housing target for the East Subregion set in the Metropolitan Plan for Sydney 2036 and 6% towards meeting the City of Botany Bay housing target as established by the draft East Subregional Strategy. In doing so it would help to underpin the growing economy in the City of Botany Bay by providing homes close to the employment opportunities provided at Port Botany, Sydney Airport and Green Square, and by reducing commuting times.

By providing some 43% of the proposed dwellings as studio or 1 bed units, the proposed development would contribute towards increasing housing choice and affordability in the local area. The median price point of the proposed residential units (\$531,000) would be well below the forecast average dwelling sales price in the City of Botany Bay in 2015 (\$759,000) by some \$228,000 or 30%. The proposed development therefore provides a significant quantum of residential properties at the lower, more affordable end of the housing market.

### **Other Economic Impacts (Chapter 10)**

Employment impacts of the proposed development would occur during and post-construction. During construction the estimated \$222m capital construction costs would equate to some \$636m in total with economic multipliers and could support 3,650 job years in the wider economy<sup>2</sup>. Once the development has been completed an estimated 36 operational additional jobs would be provided on site over and above current employment levels.

The investment of this scale in Eastlakes could also serve to raise the profile of the suburb, increase the commercial attractiveness of the area, support confidence in the local market and may act as a catalyst to stimulate further redevelopment in the surrounding area.

### **Floorspace Mix (Chapter 11)**

The Study acknowledges that the proposed development represents efficient and effective economic use of an inner city location. The proposed residential uses in particular would make a significant contribution towards economic growth and would spread investment and economic growth south from Green Square. Although a development scheme which incorporated the adjoining sites would be desirable, amalgamating a larger site has not proved possible and this proposed development represents the best case scenario for increasing the economic contribution of the Subject Site.

---

<sup>2</sup> Note: A job year is the provision of one full-time job for one full year

## 2. INTRODUCTION

Hill PDA was commissioned by Crown Prosha Joint Venture to undertake an Economic Impact Assessment (hereafter referred to as ‘the Study’) relating to the proposed Eastlakes Shopping Centre development, Gardeners Road, Eastlakes. The Study forms part of a Project Application under Part 3A of the EP&A Act seeking consent for the construction of a mixed use retail and residential development at the Eastlakes Shopping Centre.

The need for the Study has arisen as a result of the Director-General’s Requirements (DGRs) dated 5<sup>th</sup> April 2011 which state that:

*“The EA [Environmental Assessment] shall address the economic impact of the proposal and include an investigation into the impact upon surrounding retail/ commercial centres (including current approvals and having regard to the hierarchy of centres in the relevant regional strategy)”.*

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

### 2.1 Subject Site

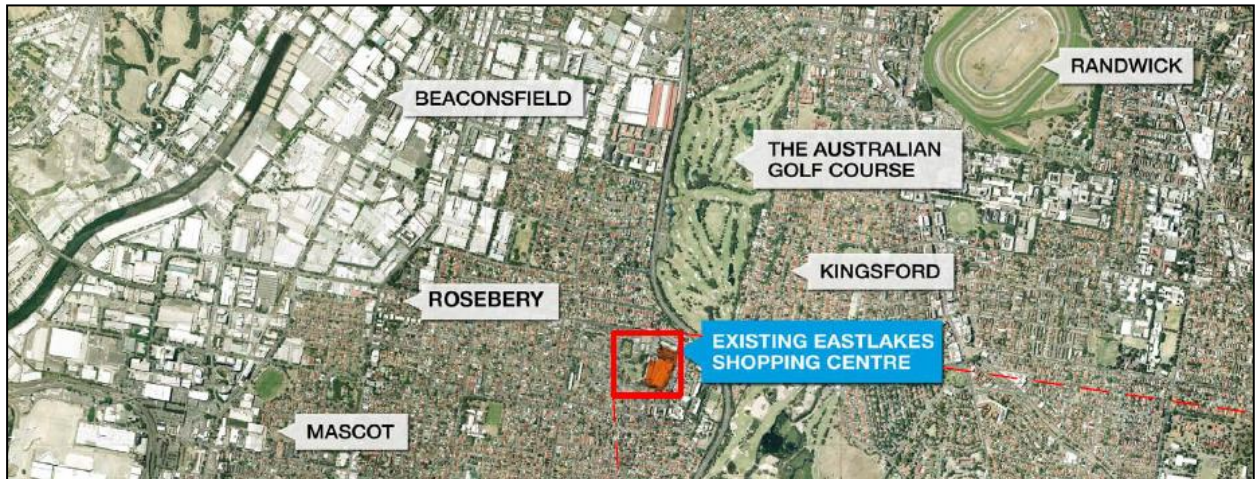
The site which is subject to this application, hereafter referred to as ‘the Subject Site’, comprises the Eastlakes Shopping Centre and adjacent retail and car parking uses at Gardeners Road, Eastlakes. It is located in the City of Botany Bay Local Government Area (LGA). The immediate location of the Subject Site, and its location in the wider area, is depicted in orange in the figures below.

**Figure 1 - The Subject Site**



Source: Rice Daubney



**Figure 2 - Subject Site in the Wider Area**

Source: Rice Daubney

The Subject Site current provides a total of 11,530sqm Net Lettable Area (GLA)<sup>3</sup> retail floorspace which comprises of:

- The existing Eastlakes Shopping Centre, which provides a gross floor area (GFA) of 13,100sqm and a net lettable area of approximately 10,200sqm<sup>4</sup>;
- The former McDonald's restaurant (300sqm) on Evans Avenue (currently occupied by Family Needs); and
- Around 1,030sqm of retail floorspace provided in retail units south of Gardeners Road.

It also encompasses 250 adjacent surface level car parking spaces associated with the Eastlakes Shopping Centre, and basement and roof top parking on the south of the site. The Eastlakes Shopping Centre is presently anchored by Woolworths (3,130sqm) and Aldi (1,390sqm) supermarkets and contains 58 specialty retailers<sup>5</sup>. It also provides some community related floorspace.

## 2.2 Proposed Redevelopment

The development currently proposed on the Subject Site seeks approval for:

- Approximately 12,453sqm GLA retail floorspace<sup>6</sup>;
- 361 residential units;
- 82 serviced apartments;
- New pedestrian and vehicle access, parking and servicing arrangements; and
- Landscaping works.

<sup>3</sup> Source: Rice Daubney

<sup>4</sup> Source: Property Council of Australia Shopping Centre Database

<sup>5</sup> Source: Property Council of Australia Shopping Centre Database

<sup>6</sup> Source: Rice Daubney

The detailed mix of retail floorspace is yet to be determined at this stage although it is still likely to be anchored by two supermarkets. The additional retail floorspace is expected to be used to provide further supermarket and specialty floorspace, as well as community floorspace.

## 2.3 Structure of the Study

The Study is set out in the following manner:

- Chapter 3 examines relevant planning considerations which are required to be taken into account during the economic assessment of the proposed development of the Subject Site;
- Chapter 4 analyses the demographic characteristics of the City of Botany Bay benchmarked against the Sydney Metropolitan Area and NSW. It examines future employment trends against which the proposed development should be considered.
- Chapter 5 examines issues of housing supply, affordability and cost in the Eastlakes locality to provide a context within which to assess the residential related economic impact of the proposed development at a later stage of this Study;
- Chapter 6 undertakes a review of existing and planned centres surrounding the Subject Site to understand the role of Eastlakes Shopping Centre within the retail hierarchy and to identify retail centres upon which potential retail impacts will need to be considered;
- Chapter 7 defines a Trade Area for the retail component of the proposed development and assesses demand for retail floorspace in the Trade Area as a result of expenditure and population growth. The need for the proposed development is also established;
- Chapter 8 focuses on the retail component of the proposed development and considers the associated impact and hierarchical implications should it be permitted;
- Chapter 9 considers and quantifies (where possible) economic impacts of the residential component the proposed development. The Chapter recognises the economic contribution residential dwellings can have to the wider economy;
- Chapter 10 considers other economic benefits of the proposed development which include employment generated through the construction process and post-development, and the potential to stimulate investment in the wider area; and
- Chapter 11 concludes the Study by establishing why the proposed development makes efficient and effective economic use of the development potential offered by the Subject Site.

### 3. RELEVANT PLANNING CONSIDERATIONS

This Chapter considers the planning policy context for the Subject Site and its surroundings based on State, Regional, Subregional and local planning policies, strategies and guidance.

#### 3.1 State and Regional Planning Policies

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

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



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

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

**Table 1 - Dwelling and Job Targets to 2036 (2010)**

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

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

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

Over the past few years there has been a growing awareness and investigation of barriers to competition in Australia, particularly in the retail industry. As a result of these investigations the Australian Government directed state governments and planning authorities to review the flexibility of planning regulations and policies regarding

retail development. In response the NSW Department of Planning (as was, now the Department of Planning and Infrastructure or DoPI) released the draft Centres Policy in April 2009.

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

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

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

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

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

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

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

The Draft Centres Policy identifies that areas experiencing significant increases in population and real income must be dynamic and respond to “prevailing market demands” through the extension of existing centres or the growth of new ones.

*Principle 3: Market Determines Need for Development, Planning Regulates Location and Scale*

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

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

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



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

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

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

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

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

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

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

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

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

**Draft East Subregional Strategy (2007)**

The Draft Sydney East Subregional Strategy (2007) sets the framework for planning and development in the Sydney East Subregion for the next 25 years. The Draft Subregional Strategy includes directions and actions for the following matters that are relevant considerations for the Study:

- The draft Subregional Strategy targets the generation of 25,100 new jobs in the East Subregion by 2031. Of these, some 16,700 (67%) are to be provided in the City of Botany Bay;

- One of the seven key directions in the Draft Strategy is to “support the future role of retail centres” and “to reinforce existing retail centres”;
- The Draft Subregional Strategy sets a target of 20,000 new dwellings in the Subregion and 6,500 new dwellings in the City of Botany Bay by 2031; and
- One of the seven key directions in the Draft Strategy is to “improve housing choice” in the Subregion. Key actions are to focus residential development around centres, jobs, transport and services, and provide a mix of housing including housing for seniors and people with a disability, and more affordable housing.

## 3.2 Local Plans and Policies

### **Botany Bay Planning Strategy 2031 (2009)**

The Botany Bay Planning Strategy 2031 addresses the draft East Subregional Strategy dwelling and job targets and provides a framework for growth and development in the City of Botany Bay to 2031.

The Botany Bay Planning Strategy 2031 has nine principles and seven key strategic directions which are relevant considerations for the planning of future uses and the proposed redevelopment of the Subject Site.

The nine (9) principles in the Strategy are as follows.

1. *Enhance existing and future urban character, improve amenity and protect areas of cultural and environmental significance.*
2. *Promote the sustainable use of resources and enhancement of the natural ecosystems in City of Botany Bay.*
3. *Develop synergies between the global and local economy.*
4. *Contain and intensify Airport and Port related activities around these nodes.*
5. *Retain employment uses that are not directly related to the Airport and Port but provide critical services to the East Subregion.*
6. *Consolidate residential activity in and around existing centres and support their revitalisation.*
7. *Separate regional and local traffic rail and road movements.*
8. *Ensure that future urban development is guided by principles of good urban design and built form.*
9. *Improve quality of, and access to, open space in the LGA.*

The seven (7) Strategic Directions are:

1. *Enhancing Housing Choice and Liveability*
2. *Revitalising Botany Road and Traditional Centres*
3. *Managing Growth in the Eastern Centres*
4. *Reviving the Local Economy*
5. *Maintaining Sydney Airport as a Global Gateway*
6. *Maintaining Port Botany as a Global Gateway*

## 7. Protecting the Natural Environment

In relation to 'the Eastern Centres' (which include Eastlakes), the Planning Strategy advises that role of Council should be to manage growth and to increase the supply of residential and retail. It recognises that:

*"More comprehensive redevelopment and renewal at Eastlakes will depend on a major reconfiguration of the subdivision and relationship between retail and residential uses."*

## 4. DEMOGRAPHIC PROFILE

In order to identify the likely economic impacts of the proposed development it is essential to understand the characteristics of the local population and workforce. This Chapter provides an overview of the key demographic characteristics within the City of Botany Bay which forms a basis for assessing economic impacts later in the Study.

The main sources of data used to inform this Chapter are the Australian Bureau of Statistics (ABS) Census Data (2001 and 2006), population and employment projections from the Bureau of Transport Statistics (BTS) and housing data compiled by Housing NSW.

For retail modelling purposes a 'Trade Area' has been defined and is explained in Section 7.1 of the Study. This area comprises the suburbs of Eastlakes, Mascot, Daceyville and Rosebery, the eastern part of the suburb of Kingsford and a small part of the Kensington suburb south of Day Avenue. Demographic analysis for the Trade Area is also undertaken where information is available.

### 4.1 Existing Demographic Characteristics

At the 2006 Census the population of the City of Botany Bay was 35,993 persons. Over the period 2001 to 2006 the population of the LGA increased by 1.2% or 0.24% per annum, which is significantly lower than the population growth recorded in both the Sydney Statistical Division (4.34%) and NSW (3.77%). Importantly, housing growth in City of Botany Bay over the same period was 7.0% which is significantly higher than the rate of population growth (1.2%) and shows that new housing development has exceeded population growth. The rate of housing growth in the City of Botany Bay was also greater than that recorded in both the Sydney Statistical Division (SD) and NSW over the 2001 to 2006 period (6.3% and 6.1% respectively). This finding is a likely indication of the increasing number of smaller dwellings and households in the City of Botany Bay.

In 2006 the average household size in the Trade Area was 2.7 persons per household which is comparable to the average for Sydney SD. The average household size for the City of Botany Bay was slightly lower at 2.6 persons, comparable to the NSW average.

Indicatively, the median age of residents within City of Botany Bay in 2006 (37 years of age) indicates an older age profile than the Sydney SD (35 years). However, the Trade Area exhibited a median age which was comparable to that of Sydney SD. The proportion of the resident population aged less than 15 years in both the Trade Area (15.9%) and in the City of Botany Bay (18.2%) was lower than that of the Sydney SD (19.5%) and NSW (19.8%). This population characteristic may be explained by the central location of the LGA and the fact that a greater proportion of families tend to predominate in more suburban locations, particularly where there is an abundance of more traditional detached dwelling types.

**Table 2 - Summary of General Demographic Characteristics for the City of Botany Bay 2001 - 2006**

Demographic Topics	Trade Area*	City of Botany Bay	Sydney SD	NSW
Population Growth 2001-2006	-	1.18%	4.34%	3.77%
No of Dwellings 2001-2006	-	6.95%	6.27%	6.11%
Average Household Size (2006)	2.7	2.6	2.7	2.6
Median Age	35	37	36	37
% of people under 15 years	15.9%	18.2%	19.5%	19.8%

Source: ABS 2001 and 2006 Census Data

\* Note that ABS time series data is not available for the Trade Area

## 4.2 Population Forecasts

The ABS conservatively forecasts that the Sydney Metropolitan Area will gain an additional 1.5 million residents by 2036 thus raising concerns as to how and where Sydney could grow to accommodate this growth. The higher end of the forecast is 1.9 million additional residents by 2036.

The most recent population forecasts released for the Trade Area and for the City of Botany Bay by the Bureau of Transport and Statistics (BTS) are shown in the table below. These are consistent with the population projections published by the DoPI in April 2010 but provide such data at a more refined spatial scale, that of the Travel Zone (TZ)<sup>7</sup>. Note that TZs do not align precisely with suburb boundaries and therefore the population of the City of Botany Bay in 2006 differs from that recorded in the 2006 ABS Census data and noted above.

Based on the BTS forecasts the population within the Trade Area was 29,966 residents in 2006. This is forecast to increase by 16,188 residents to 46,154 residents in 2031. The population of the City of Botany Bay was 37,680 residents in 2006. The population in the LGA is forecast by the BTS to increase to 50,069 residents by 2036.

Table 3 compares the average growth rates per annum over the 2006 to 2036 period. It suggests that the Trade Area will experience the greatest level of population growth of 1.45% per annum compared to the City of Botany Bay (0.95% per annum), Sydney SD (1.12% per annum) and NSW (0.96% per annum).

**Table 3 - Summary of Forecast Population Growth 2006 - 2036**

	2006	2036	Population growth 2006-2036	Average Annum Growth Rate (%)
Trade Area	29,966	46,154	16,188	1.45%
City of Botany Bay	37,680	50,069	12,389	0.95%
Sydney SD	4,282,000	5,982,100	1,700,100	1.12%
NSW	6,816,100	9,066,100	2,250,000	0.96%

Source: Hill PDA, BTS (Trade Area/ City of Botany Bay), NSW Planning (Sydney SD/ NSW)

## 4.3 Existing Household Characteristics

Household characteristics for the purposes of the Study have been derived from the ABS 2006 Census data. The data indicates that the average proportion of households who either owned or were in the process of purchasing

<sup>7</sup> Note: a Travel Zone is a small geographic area used as the basis for Bureau of Transport Statistics (formerly Transport Data Centre) modelling and data analysis. Travel Zones provide a level of analysis between Census Collection District (CD) and Statistical Local Areas (SLA) as defined by the Australian Bureau of Statistics.

their dwellings in both the Trade Area (54.6%) and in the City of Botany Bay (56.0%) in 2006 was significantly lower than that recorded for the Sydney SD (65.0%) and NSW (66.7%).

Accordingly, the proportion of households stated as renting within both the Trade Area (41.4%) and the City of Botany Bay (39.3%) was higher than the average recorded within the Sydney SD (31.3%) and NSW (29.5%). The high proportion of rental accommodation may be a reflection of the inner city location of the Trade Area and LGA, and their proximity to key employment nodes and a range of institutions including universities.

Complementing these statistics, the proportion of dwellings described as Flat-Unit-Apartments within the Trade Area (45.0%) and in the City of Botany Bay (42.0%) were significantly greater when compared to the 2006 census areas of Sydney SD (23.9%) and NSW (17.7%). The proportion of dwellings recorded as Town Houses was also greater in the City of Botany Bay (15.0%) than the Sydney SD (11.9%) and NSW (9.7%), indicating the propensity towards higher density living, although the proportion of Townhouses were somewhat lower in the Trade Area (11.6%). Balanced against this characteristic was the lower proportion of dwellings nominated as Separate Houses in the Trade Area (42.9%) and in the City of Botany Bay (42.3%) when compared to the Sydney SD (63.6%) and NSW (71.4%).

Examination of the household structure in the Trade Area and in the City of Botany Bay aids in the interpretation of the home ownership results. It is clear that the proportion of family households in the Trade Area (69.1%) and in the City of Botany Bay (70.3%) were significantly below those of the Sydney SD (72.7%) and NSW (72.1%). The proportion of lone person households in the Trade Area (24.1%) and the City of Botany Bay (25.5%) was consequently greater than that in Sydney SD (23.1%) and NSW (24.2%). The proportion of group households in both the Trade Area (6.8%) and in the City of Botany Bay (4.2%) was well above the averages recorded for Sydney SD (4.2%) and NSW (3.7%).

The ABS data sourced below indicates that the proportion of family households with children recorded for both the Trade Area (46.9%) and the City of Botany Bay (48.3%) was below that recorded for the Sydney SD (49.3%).

**Table 4 - 2006 ABS Household Characteristics for City of Botany Bay, Sydney SD and NSW**

	Trade Area	City of Botany Bay	Sydney SD	NSW
<b>Home Ownership</b>				
Owned or Being Purchased	54.6%	56.5%	65.0%	66.7%
Rented	41.4%	39.3%	31.3%	29.5%
Other/Not Stated	4.0%	4.2%	3.7%	3.8%
<b>Household Structure</b>				
Family Households	69.1%	70.3%	72.7%	72.1%
Lone Person Households	24.1%	25.5%	23.1%	24.2%
Group Households	6.8%	4.2%	4.2%	3.7%
<b>Family Type*</b>				
Couple family w. children	46.9%	48.3%	49.3%	46.2%
Couple family w/o children	32.1%	30.7%	33.2%	36.0%
One parent family	16.8%	18.3%	15.6%	16.1%
Other family	4.2%	2.7%	1.9%	1.7%
<b>Dwelling Type</b>				
Separate house	42.9%	42.3%	63.6%	71.4%
Townhouse	11.6%	15.0%	11.8%	9.7%
Flat-Unit-Apartment	45.0%	42.0%	23.9%	17.7%
Other dwelling	0.4%	0.7%	0.6%	1.1%
Not stated	0.0%	0.0%	0.1%	0.1%

\* Please note these are the proportion family households only, not the proportion of households overall

Source: ABS Census 2006

## 4.4 Employment Profile

As of 2006 the labour force in the Trade Area (6.4%) was characterised as having a greater unemployment rate when compared to the Sydney SD (5.3%) and NSW (5.9%). The unemployment rate for residents in the City of Botany Bay (5.4%) was also marginally greater than the Sydney SD average.

The representation of residents employed as Professionals and Managers within both the Trade Area (28.3%) and the LGA (23.5%) were well below the average recorded for the Sydney SD (35.0%) and NSW (32.7%). The proportion of Machinery Operators and Drivers within the Trade Area (7.4%) and the LGA (9.1%) was higher than the Sydney SD (5.7%) and NSW (6.1%).

Despite the close proximity of the City of Botany Bay to Sydney CBD and its proliferation of professional services, the figures described above and shown in Table 5 below indicate that the resident population of the Trade Area and the wider LGA was, at the time of the 2006 census, largely employed in industries that relate to the Port of Botany, Sydney Airport and associated employment lands. The high proportion of residents employed in sales, clerical and administrative work may also be a reflection the presence of a number of retail centres in the LGA such as Eastlakes, Eastgardens, Maroubra Junction and Randwick, as well as the local student population attending universities such as UNSW.

**Table 5 - Labour Force Characteristics of the City of City of Botany Bay Resident Workforce 2006**

Labour Force Industry	Trade Area	City of Botany Bay	Sydney SD	NSW
Managers	9.5%	8.5%	12.5%	12.8%
Professionals	18.8%	15.0%	22.5%	19.9%
Community & Personal Services Workers	8.2%	8.6%	7.6%	8.1%
Clerical and Administrative Workers	16.1%	17.3%	15.8%	14.5%
Sales Workers	9.9%	9.5%	9.0%	9.1%
Technicians & Trade Workers	11.5%	13.2%	12.0%	12.8%
Machinery Operators & Drivers	7.4%	9.1%	5.7%	6.1%
Labourers & Related Workers	9.7%	11.0%	7.6%	9.0%
Inadequately described or N.S.	2.5%	2.4%	2.0%	1.8%
Unemployed	6.4%	5.4%	5.3%	5.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS Census 2006

## 4.5 Forecast Employment Growth

For the purposes of our examination of employment growth we will focus on the wider City of Botany Bay area only. A wider spatial area is required when considering employment because residents will be more likely to travel over larger distances for work. As such, the LGA is considered a more appropriate spatial level at which to consider this issue rather than the trade area. According to BTS employment forecasts it is envisaged that over the period 2006 to 2031 approximately 17,504 jobs will be generated within the City of Botany Bay.

Table 6 shows forecast employment growth by sector for the LGA over the 2006 to 2036 period. It is evident that the LGA will see a moderate increase (35%) in job numbers over the period with the strongest performing sectors in terms of additional jobs created being Retail Trade, Transport, Postal and Warehousing, Accommodation and Food Services and Rental, Hiring and Real Estate Services. Combined these sectors are expected to generate in excess of 13,470 new jobs or almost three quarters of all the new jobs over the period.

Overall the Machinery and Equipment Manufacturing sector is expected to perform the strongest in terms of proportional growth with a predicted 107% increase (745 actual jobs) over the 2006 to 2036 period. The greatest proportional decline is forecast for the Textile, Leather, Clothing and Footwear Manufacturing sector with a loss of 350 jobs (-84%) over the same period.



**Table 6 - Forecast Employment Change by Industry 2006 – 2036, City of Botany Bay**

Industry	2006	2036	Change	% Change
Agriculture, Forestry and Fishing	25	46	21	82%
Mining	5	4	-1	-19%
Food Product Manufacturing	1,167	1,142	-25	-2%
Beverage and Tobacco Product Manufacturing	964	920	-44	-5%
Textile, Leather, Clothing and Footwear Manufacturing	415	66	-350	-84%
Wood Product Manufacturing	104	38	-66	-63%
Pulp Paper and Converted Paper Product Manufacturing	299	75	-224	-75%
Printing, including the Reproduction of Recorded Media	551	649	98	18%
Petroleum and Coal Product Manufacturing	21	9	-12	-57%
Basic Chemical and Chemical Product Manufacturing	495	415	-80	-16%
Polymer Product and Rubber Product Manufacturing	61	16	-45	-74%
Non-Metallic Mineral Product Manufacturing	69	56	-13	-19%
Primary Metal and Metal Product Manufacturing	167	190	23	14%
Fabricated Metal Product Manufacturing	127	57	-70	-55%
Transport Equipment Manufacturing	287	242	-46	-16%
Machinery and Equipment Manufacturing	694	1,439	745	107%
Furniture and Other Manufacturing	668	813	145	22%
Electricity, Gas, Water and Waste Services	87	75	-12	-14%
Construction	1,445	1,655	210	15%
Wholesale Trade	3,352	3,190	-163	-5%
<b>Retail Trade</b>	<b>3,516</b>	<b>5,091</b>	<b>1,576</b>	<b>45%</b>
<b>Accommodation and Food Services</b>	<b>2,595</b>	<b>4,568</b>	<b>1,973</b>	<b>76%</b>
<b>Transport, Postal and Warehousing</b>	<b>22,989</b>	<b>31,919</b>	<b>8,930</b>	<b>39%</b>
Information Media and Telecommunications	526	271	-255	-48%
Financial and Insurance Services	554	459	-95	-17%
<b>Rental, Hiring and Real Estate Services</b>	<b>950</b>	<b>1,941</b>	<b>991</b>	<b>104%</b>
Professional, Scientific and Technical Services	1,120	1,665	545	49%
Administrative and Support Services	1,487	2,441	954	64%
Public Administration and Safety	1,544	2,147	603	39%
Education and Training	527	709	181	34%
Health Care and Social Assistance	906	1,282	376	41%
Arts and Recreation Services	281	254	-26	-9%
Other Services	1,363	2,578	1,215	89%
Unclassified	1,069	1,514	445	42%
<b>Total Employment</b>	<b>50,432</b>	<b>67,936</b>	<b>17,504</b>	<b>35%</b>

Source: BTS Employment Forecasts October 2009 Release – Coloured cells emphasise key growth sectors

## 4.6 Income Profile

As of the 2006 Census, the median weekly household income in the Trade Area was \$991 and in the City of Botany Bay it was slightly higher at \$995. This is significantly lower than that recorded for the Sydney SD (\$1,154) and NSW (\$1,036). A notably higher proportion of households in both the Trade Area and the City of Botany Bay

were also earning in the lowest income bracket when compared to the Sydney SD and a correspondingly lower proportion in the highest income bracket (+\$2,500 / week). This data is presented in Table 7 below.

This lower household income profile could in part be indicative of the type of industries generating employment in the Trade Area and in the wider City of Botany Bay (i.e. largely blue collar industrial and service jobs) as well as the historical nature of the area as a lower socioeconomic city fringe location. The lower median household income may also be reflective of some of the demographic characteristics of the resident population i.e. its older median age (therefore there may be a higher proportion of residents who are retired and receiving a pension as income) and students (therefore there may be a greater share of households with part time or casual workers who are studying).

**Table 7 - Weekly Household Incomes 2006**

Weekly Household Income	Trade Area	City of Botany Bay	Sydney SD	NSW
\$0-\$349	18.4%	17.5%	12.8%	14.9%
\$400-\$799	19.4%	19.9%	17.9%	21.2%
\$800-\$1,399	21.2%	22.1%	20.8%	21.5%
\$1,400-\$2,499	19.0%	19.3%	21.2%	19.1%
\$2,500+	10.3%	9.5%	16.0%	12.0%
Partial income stated	8.5%	8.1%	8.6%	8.3%
All incomes not stated	3.2%	3.5%	2.7%	2.9%
<b>Median Weekly Household Income</b>	<b>\$991</b>	<b>\$995</b>	<b>\$1,154</b>	<b>\$1,036</b>

Source: ABS Census Data 2006

## 4.7 Key Findings

Based on the analysis provided in this Chapter, the Trade Area and the wider City of Botany Bay may be characterised by:

- A lower proportion of family households and a higher proportion of group households;
- A lower proportion of children resulting in an increased demand for and provision of smaller dwellings;
- A higher proportion of Flat-Unit-Apartment dwellings and a greater propensity towards residents renting when compared to alternative areas in Sydney and NSW;
- A resident population largely employed in industries associated with the Port of Botany, Sydney Airport and associated employment lands in addition to local retail and service uses; and
- Median household incomes which were below average compared to the Sydney SD.

The City of Botany Bay is expected to support the growth of 17,504 jobs by 2036 (+35%) with significant actual growth in the Retail Trade, Transport, Postal and Warehousing, Accommodation and Food Services and Rental, Hiring and Real Estate Service industries.

## 5. HOUSING SUPPLY, COST AND AFFORDABILITY

This Chapter explores the supply of housing within Sydney and the City of Botany Bay. It examines the implication of constrained housing supply on the cost of housing and housing affordability for households. Housing affordability is relevant to the Study because a lack of affordability provides an economic barrier preventing households locating in their preferred area or within close proximity of their workplace. The economic impact of the proposed development upon housing supply, cost and affordability is considered in Chapter 9 of the Study.

### 5.1 Housing Supply

Despite the rapidly growing demand for housing across NSW and government targets to address the growing need, the provision of new housing in recent years has been low. Some sources report that Sydney is experiencing its lowest rate of housing growth in 50 years<sup>8</sup> with the gap between housing demand and supply becoming increasingly worse.

According to Access Economics, NSW has slumped from contributing more than one third of new housing in Australia to less than a fifth in a single decade, with little indication that this trend will change in the short term. To exemplify this point, between 2007 and 2008 only 15,000 additional dwellings were built in the Sydney Statistical Division (SD) in comparison to 32,000 between 1999 and 2000<sup>9</sup>.

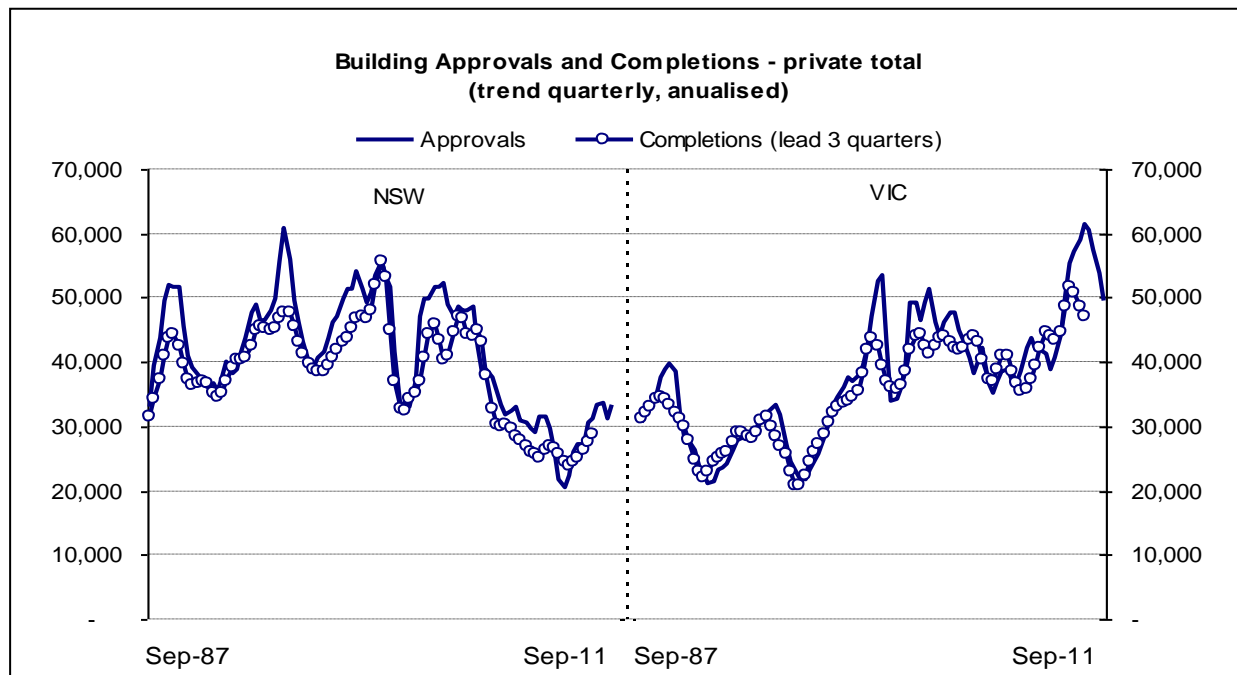
Housing completions in NSW peaked in 1999-2000 but have since fallen by 47%<sup>10</sup>. Over the same period, private completions across Australia increased by 26% implying that NSW is not keeping pace with other States in terms of housing developments.

Private dwelling completions and approvals between 1987 and 2011 for NSW and Victoria are shown in Figure 3. This data indicates that house price completions in 2011 were actually lower than those in 1987. By contrast, in Victoria over the same period house completions rose from around 30,000 per year to a little under 50,000 per year in 2011.

<sup>8</sup> Rents to soar as housing crisis worsens, Daily Telegraph March 25, 2009

<sup>9</sup> Metropolitan Strategy Review, Sydney Towards 2036

<sup>10</sup> Source: NSW Treasury

**Figure 3 - Private Dwelling Completions and Approvals in NSW versus Victoria Sep 1987 – Sep 2011**

Source: NSW Treasury/ABS data

A report by the federal government's National Housing Supply Council found that as Australia's strong population growth continues to accelerate, the combined housing shortfall could nationally reach 500,000 homes and apartments by 2029. Meanwhile research by the former Chief Economist for ANZ, Saul Eslake revealed that in 2009 there were just 333 dwellings completed across Australia for every 1,000 additional residents – less than half the rate of ten years ago. Despite Sydney having the greatest share of Australia's population, housing starts in Sydney have been outstripped by Adelaide and Melbourne.

### **Impacts of Housing Supply on the Economy**

The persistent downturn in housing supply has a number of short and long term impacts on the economy and on the Budget:

- Impact on house prices and inflation – A mismatch between housing supply and demand has led to sustained house price growth in NSW. Sydney has persistently had the highest house prices in the country, with the median house price in Sydney for the June quarter 2011 being approximately \$645,000, compared to \$590,000 in Melbourne<sup>11</sup>;
- Labour supply and population growth – Restrained housing supply and higher house prices have been shown to reduce overseas migration and increase interstate out-migration. This in turn impacts upon population growth rates. Research has found that periods of relatively high house prices in NSW have been associated with a decline in the share of total Australian migration<sup>12</sup>. Lower population growth directly and indirectly impacts upon the economic growth of NSW<sup>13</sup>; and

<sup>11</sup> Source: Real Estate Institute of Australia

<sup>12</sup> Source: NSW Treasury, See 2011-12 Budget Paper 6, page 2-6

<sup>13</sup> Source: NSW Treasury

- Impact on the construction industry – A reduction in housing supply has resulted in a direct impact on the construction industry. The decline in building investment has contributed to the under-performance of the NSW economy relative to other States<sup>14</sup>. For example, a 2010 study prepared by BIS Shrapnel and the Urban Taskforce found that the construction of an additional 8,000 dwellings per annum would have directly increased gross state product by an estimated 0.5-0.6 per cent per annum<sup>15</sup>.

### **Policy Guidance**

As a response, planning policy legislation supports the provision of additional housing within Sydney and the East Subregion. As indicated in Chapter 3 the Sydney Metropolitan area requires +769,000 dwellings over the 2006 to 2036 period<sup>16</sup>, of which +23,000 dwellings are expected to be accommodated in the East Subregion. This equates to a requirement to build a minimum of 767 dwellings per annum between 2006 and 2036 in the East Subregion.

The draft Subregional Strategy (2007) sets a lower target of +20,000 new dwellings being required in the East Subregion between 2006 and 2031, of which the City of Botany Bay targets +6,500 new dwellings.

Chapter B of the Sydney Metropolitan Strategy 2036 is entitled '*Growing and Renewing Centres*'. As with the other topic specific Chapters in the Strategy, Chapter B sets out a number of key actions which should be considered and incorporated within good planning proposals. Of particular note is Action B1.3 which states that 80% of all new housing should be located within the walking catchments of existing and planned centres of all sizes with good public transport.

Chapter D '*Housing Sydney's Population*' seeks to deliver more housing to keep pace with population growth and to address housing affordability. The average size of households across the metropolitan area is expected to decrease from 2.6 to 2.5 persons creating demand for more and smaller housing options.

Chapter D also indicates that for larger centres such as town and major centres, higher density residential development should be encouraged. This is because areas with high accessibility and amenity are better suited to larger population concentrations.

Residential uses in urban areas are promoted by the Strategy through Action D1.1 which seeks to locate at least 70% of new housing within existing urban areas and up to 30% of new housing in new release areas.

## **5.2 Housing Cost**

The impact of low housing supply in comparison to high demand has been to drive the cost of housing upwards. Figure 4 over the page shows that median weekly rents have increased across NSW over the past three years and that the City of Botany Bay has historically provided more affordable rental units when compared to the Sydney SD (yet more expensive than the NSW average).

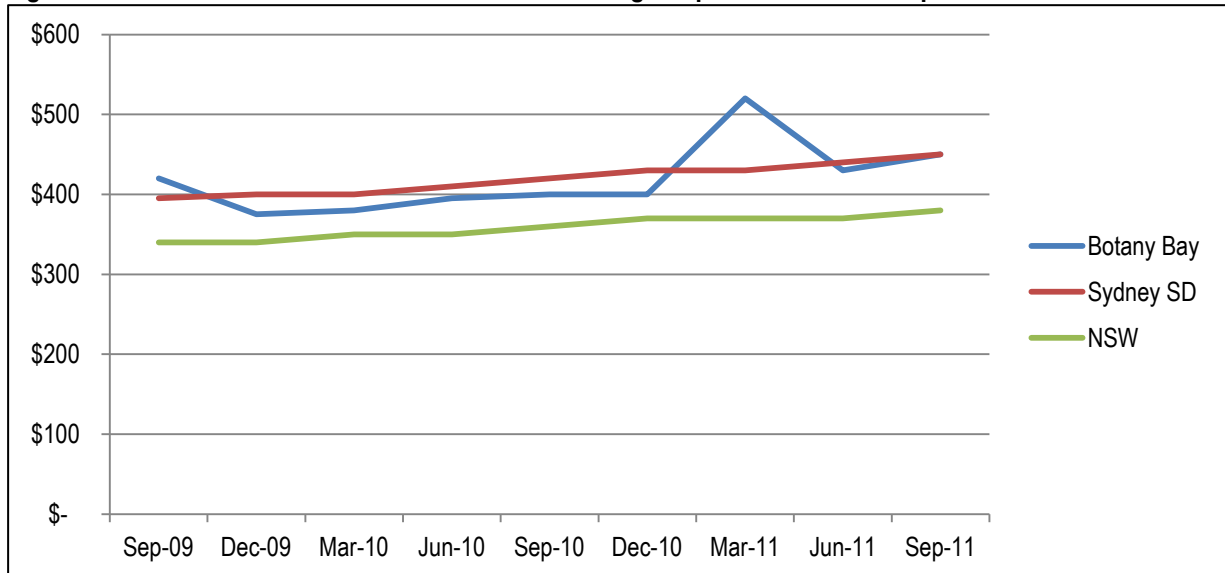
<sup>14</sup> Source: NSW Treasury

<sup>15</sup> Source: BIS Shrapnel/Urban Taskforce, *Going Nowhere: How the planning system and development levies are ruining NSW*, 2010

<sup>16</sup> Source: Metropolitan Plan for Sydney 2036

Recent data shows however that this trend may be changing as the median weekly rent for the LGA. The first quarter of 2011 saw the median weekly rent for the LGA (\$520) rise above that of the Sydney SD (\$430). However this emerging trend may be a reflection of new higher quality product being released to the market or the growing attraction of the area and its gentrification.

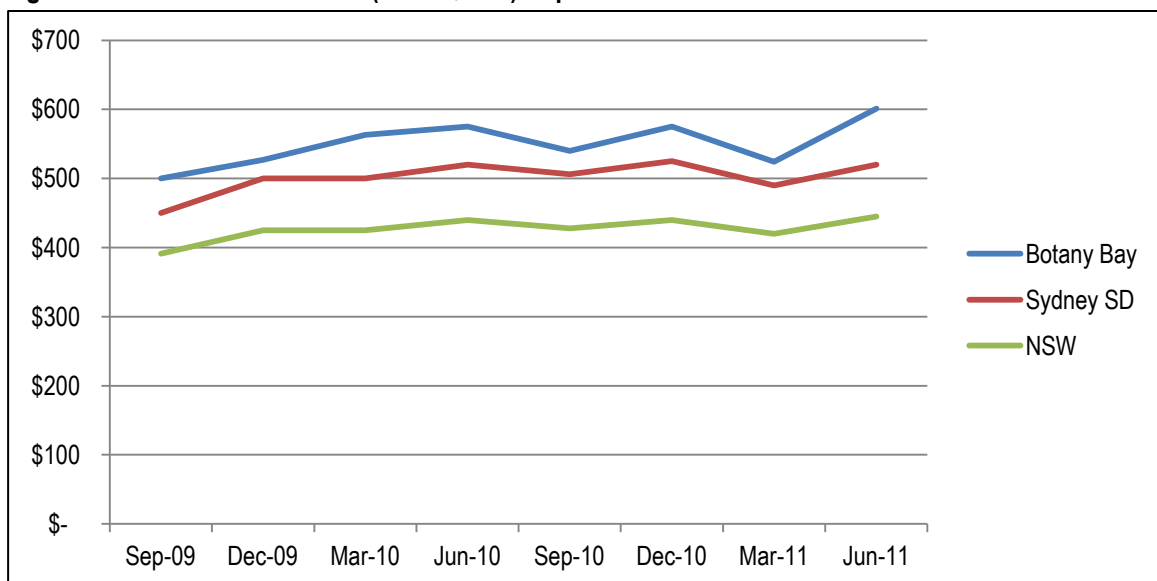
**Figure 4 - Median Market Rent for 2 Bedroom Dwellings September 2009 to September 2011**



Source: Housing NSW Sales and Rents Reports

Unlike the rental data for units, the cost of purchasing a dwelling in the City of Botany Bay has been consistently greater than both the Sydney SD and NSW, and this gap appears to be widening (Figure 5). This is likely to result from a combination of factors including the lower proportion of separate houses available in the area compared to units and the highly central location of the LGA thus its greater land value compared to other parts of Sydney.

**Figure 5 - Median House Price (Sales \$'000) September 2009 to June 2011**



Source: Housing NSW Sales and Rents Reports

House sales prices in the City of Botany Bay increased from \$537,500 in December 2009, an increase of 12% to June 2011 which compares to a corresponding increase of 4.5% over this period for the broader Sydney SD. The

cost of housing within the City of Botany Bay therefore appears to be increasing significantly faster than the rate for Sydney.

## 5.3 Housing Affordability

Housing NSW broadly defines affordable housing as “housing that is appropriate to the needs of a household and within their means to pay for it”. A common measure of housing affordability therefore relates to the cost of purchasing or renting housing compared to the capacity of households to pay for it. This measure is used to assess the availability of affordable housing within a given area.

In economic terms, a lack of affordable leads to a range of knock-on macro and micro economic implications to the Sydney and NSW economies as well as individuals through increased travel times, work efficiency and productivity loss through increased congestion.

### Policy Guidance

The need for affordable housing within Sydney is identified at all levels of planning policy.

The Metropolitan Plan for Sydney 2036 (2010) recognises that the increasing population of Sydney coupled with declining household sizes is ‘...creating demand for more – but smaller, more affordable – homes’. The need to improve housing affordability particularly for those on low to moderate incomes is seen to be a significant and growing problem within Sydney. The Metropolitan Plan (Chapter D) states that:

*“Broader housing initiatives in this plan, such as promoting small dwellings in the existing urban area, will contribute to better affordability if there is a plentiful supply of lower cost homes and more housing generally.”<sup>17</sup>*

Increasing the number of smaller homes and streamlining the planning process to make it easier to develop additional housing in urban areas are noted as two ways of achieving this outcome. The Metropolitan Plan goes on to state that “housing is strongly linked to economic performance and the ability to provide employers with a strong labour force”.

As noted in Chapter 3 of the Study, the Draft East Subregional Strategy (2007) seeks to improve the supply of affordable housing and increase housing choice. An objective of the Botany Bay Planning Strategy 2031 (2009) include to provide a greater range of housing types (objective 1.5), including affordable housing.

State Environmental Planning Policy No. 65 (SEPP65) - Design Quality of Residential Flat Development was introduced by the DoPI in 2002. It contains 10 guidelines which seek to improve the design of residential flat buildings. Principle 9: Social dimensions and housing affordability states that:

*“Good design responds to the social context and needs of the local community in terms of lifestyles, affordability, and access to social facilities.*

<sup>17</sup> Source: Metropolitan Plan for Sydney 2036, NSW Department of Planning and Infrastructure

*New developments should optimise the provision of housing to suit the social mix and needs in the neighbourhood or, in the case of precincts undergoing transition, provide for the desired future community.*

*New developments should address housing affordability by optimising the provision of economic housing choices and providing a mix of housing types to cater for different budgets and housing needs.”*

SEPP65 also notes that economic capacity is an important consideration in determining the appropriate design of housing and that this is dependent on the ability of a locality to support change. It states that “...it is important to balance the interests of the public domain and the community’s goals with realistic commercial expectations, market demands, real estate and development profit”<sup>18</sup>. Such factors include changing market demands, regional placement and local business opportunities.

Further guidance is provided within the Residential Flat Design Code which contains detailed information concerning how development proposals can achieve the 10 design quality principles identified in the SEPP65. It recommends the following minimum apartment sizes as a guide to Councils to ensure that affordable housing sizes are not excluded from an area:

- 1 bedroom apartment – 50sqm;
- 2 bedroom apartment – 70sqm;
- 3 bedroom apartment – 95sqm.

The City of Botany Bay sets out alternative minimum unit sizes in Development Control Plan No. 35 (DCP35) - Multi Unit Housing and Residential Flat Building as follows:

- Studio – 60sqm;
- 1 bedroom apartment – 75sqm;
- 2 bedroom apartment – 100sqm;
- 3 bedroom apartment – 130sqm.

Note that the minimum unit sizes in the DCP35 exceed those contained within SEPP65 and therefore may exclude housing within the affordable range.

Furthermore, DCP35 states that “the combined total number of studio units and one-bedroom apartments/dwellings shall not exceed 25% of the total number of apartments/ dwellings within any single site area.”<sup>19</sup>

---

<sup>18</sup> Source: Residential Flat Design Code Appendix 1: SEPP 65 Design Quality Principles

<sup>19</sup> Source: DCP No. 35 for Multi Unit Housing and Residential Flat Buildings, City of Botany Bay Council, March 2004 (Amended August 2004)



### The Need for Affordable Housing

Housing NSW identifies the City of Botany Bay as having a 'Moderate High' need for affordable housing. This designation has been based on a range of different methods of analysis, including an assessment of the number or proportion of households within the area in 'housing stress'.

Housing stress is likely to occur when lower income households are required to pay more than 30% of their gross income on housing costs (either housing rent or mortgage costs). It is important to note that for higher income earners there may be greater capacity to pay this proportion of income on housing costs.

When determining affordable housing needs, the proportion of households within given income brackets is compared to an area's median income (that is, the household income at which half the households have more income and half the households have less income). This analysis helps to define the proportion of:

**Very low income households in area:** households with less than 50% of the area's median income;

**Low income households:** households with incomes between 50% and 80% of the median income;

**Moderate income households:** households with between 80% and 120% of the median income; and

**Higher income households:** households exceeding 120% of the given area's median.

### Rental Housing Stress

Analysis of the proportion / number of households within these categories compared to the local housing market median dwelling prices determines the number of households in housing stress. Table 8 below provides a summary of this assessment based on ABS Census data (household income) and Housing NSW market analysis (median rents).

The analysis finds that the proportion of households in very low, low and moderate income groups in the City of Botany Bay which are experiencing rental stress is above that for NSW but broadly comparable (i.e. +/- 1 percentage point) to that recorded for Sydney SD. It is notable that nearly all very low income households (94%) and the majority of low income households (60%) are experiencing housing stress.

**Table 8 - Number of Households in Housing Stress (Rental) 2006**

	City of Botany Bay	Sydney SD	NSW
<b>No. of Very Low Income Households in Rental Stress</b>	698	65,475	107,187
<b>Total Renters (Very Low Income Households)</b>	743	70,708	119,167
<b>% of Very Low Income Households in Rental Stress</b>	94%	93%	90%
<b>No. of Low Income Households in Rental Stress</b>	463	36,611	59,117
<b>Total Renters (Low Income Households)</b>	774	60,192	103,734
<b>% of Low Income Households in Rental Stress</b>	60%	61%	57%
<b>No of Moderate Income Households in Rental Stress</b>	226	22,500	28,085
<b>Total Renters (Moderate Income Households)</b>	885	71,229	107,261
<b>% of Moderate Income Households in Rental Stress</b>	31%	32%	26%

Source: Housing NSW, ABS Census 2006

### **Purchase Housing Stress**

With respect to housing for purchase, analysis indicates a greater proportion of households in the City of Botany Bay LGA are experiencing housing purchase stress than is typical in Sydney SD. The greatest discrepancy is in low income households of whom 66% are experiencing home purchase stress compared to 60% in the Sydney SD and 52% in NSW. The proportion of moderate income households in home purchase stress is 5 percentage points greater than that for Sydney SD, and the proportion of very low income earners in home purchase stress is 4 percentage points greater.

**Table 9 - Number of Households in Housing Stress (Purchase) 2006**

	City of Botany Bay	Sydney SD	NSW
<b>No of Very Low Income Households in Home Purchase Stress</b>	290	37,523	58,052
<b>Total Purchasers (Very Low Income Households)</b>	331	45,244	75,431
<b>% of Very Low Income Households in Home Purchase Stress</b>	87%	83%	77%
<b>No of Low Income Households in Home Purchase Stress</b>	330	36,896	56,504
<b>Total Purchasers (Low Income Households)</b>	502	61,558	109,211
<b>% of Low Income Households in Home Purchase Stress</b>	66%	60%	52%
<b>No of Moderate Income Households in Home Purchase Stress</b>	397	42,610	62,323
<b>Total Purchasers (Moderate Income households)</b>	841	100,539	172,581
<b>% of Moderate Income Households in Home Purchase Stress</b>	47%	42%	36%

Source: Housing NSW, ABS Census 2006

### **Commonwealth Rent Assistance**

Another assessment of the need for affordable housing focuses on data from Centrelink relating to the number of people within the locality receiving Commonwealth Rent Assistance (CRA). Recipients of CRA are eligible for government support as they are on low or very low incomes yet reside in locations where the rent they are required to pay exceeds a reasonable proportion of their income. Notwithstanding this the proportion of public housing stock in the City of Botany Bay (10.1% of all housing stock) is well above that in the Greater Metropolitan Region (4.8%).

With respect to CRA recipients, as shown in Table 10 below, as of 2010 there were 1,803 residents within the Greater Area receiving support of which most (52%) were in housing stress. This ratio represents a decline from 61% of CRA recipient households experiencing housing stress in 2001. Nevertheless, it comprises an above average proportion of households when compared to Sydney SD (50%) and NSW (43%).

**Table 10 - Number of Residents Receiving CRA and in Housing Stress 2001 - 2010**

	City of Botany Bay	Sydney SD	NSW
Total CRA recipients 2001	1,575	176,897	327,872
CRA recipients in Housing Stress 2001	959	97,011	149,378
Proportion in Stress	61%	55%	46%
Total CRA recipients 2006	1,619	174,892	324,411
CRA recipients in Housing Stress 2006	818	80,141	126,825
Proportion in Stress	51%	46%	39%
Total CRA recipients 2009	1,760	191,650	353,776
CRA recipients in Housing Stress 2009	915	93,208	148,364
Proportion in Stress	52%	49%	42%
Total CRA recipients 2010	1,803	203,104	374,123
CRA recipients in Housing Stress 2010	932	101,851	161,025
Proportion in Stress	52%	50%	43%

Source: Australian Government Housing Data Set June 2001, June 2006, June 2009 & June 2010

### **Housing Stress Summary**

Based on the above data, Housing NSW notes that there the private rental market in the City of Botany Bay is not catering well for smaller households in particular, with the majority of those experiencing housing stress being single person households (51%) followed by single parents (20%). This issue is also seen to adversely impact upon young and elderly residents. The level of housing stress is recognised as being attributable to a lack of suitably sized and configured units (i.e. smaller units) to meet local demands.

Housing NSW notes a particular need for more one-bedroom and studio apartments to broaden housing choice and meet the needs of the community through different stages of the housing cycle, given that single person households represent the majority of households in housing stress<sup>20</sup>. Smaller dwellings which are targeted towards low income earners are in particular need.

Housing NSW also attributes the level of housing stress to a lack of affordable housing for purchase for low and moderate income earners. While purchase affordability is tight across the whole of Sydney, it is extremely difficult for lower income earners to afford housing in the City of Botany Bay and there is an above average proportion of low and moderate income purchasers in housing stress in Botany Bay. As a result these lower income workers, who provide critical services to the community, may increasingly be priced out of the local housing market, forced to pay more than 30% of their income in rent or purchase costs, or to locate some distance from jobs and services (at high personal and economic cost).

### **Affordable Housing Supply and Price**

Housing NSW also assesses housing affordability based on the proportion of dwellings available within an area for rent and purchase for very low, low and moderate income households. As of December 2011, the average proportion of dwellings that were theoretically affordable for households in the City of Botany earning 80% of the median income (low income earners) for rent was 8% - well below the Sydney SD average of 14% and the NSW

<sup>20</sup> Source: Information on Botany Housing Market, Housing NSW

average of 27%. The proportion of affordable rental stock for low income earners has fallen significant (from 18%) in December 2009.

With respect to affordable dwellings available for purchase, as of December 2011 the proportion of dwellings theoretically available for low income households in the City of Botany Bay was 1%. This compared to 2% in Sydney SD and 7% in NSW.

As indicated previously Housing NSW data indicates that the majority of CRA recipients in housing stress are single person households, frequently young people, students and elderly people on lower incomes. This equates to an acute and increasing need for one-bedroom housing stock to meet the needs of single person households. The need for smaller dwellings, which are the most affordable types of dwellings, is also emphasised by the Metropolitan Plan for Sydney 2036<sup>21</sup> as a result of changing household types and declining household sizes. Indeed, ABS Census data indicates that the average size of households in the City of Botany Bay declined from 2.7 persons per dwelling in 1996 to 2.6 persons per dwelling in 2006. Over the same period the proportion of single person households increased from 23% to 25%. This trend is set to continue.

Given that small residential dwellings are most affordable to households, an increase in the provision of one-bedroom properties will assist in widening access to the housing market to households of all income types.

## 5.4 Other Economic Implications of Housing Affordability

Locating new and higher density housing in appropriate areas can generate economic benefits for the associated communities. Studies indicate that providing jobs and services close to home has a positive influence on mental health by reducing the stress associated with traffic congestion<sup>22</sup>. Reduced traffic congestion and the need to travel in turn reduces travel times, which provides an economic benefit in that the time which would otherwise be spent travelling can be put to alternative productive use. It also lowers travel costs for households, workers and businesses.

Another key issue linked to housing affordability is retaining the supply of key or essential workers, while also ensuring these workers have access to accommodation options closer to their employment (in line with strategic policies). The retention of a diverse local labour force is a particularly important matter for specialised centres such as Sydney Airport and Port Botany that play a critical role in supporting Sydney's broader economy.

The workers employed in service industries (such as sales assistants, cleaners, administrators) cannot command the salary expectations of some professions however they are equally required to access jobs and housing within the City of Botany. This is an issue when housing prices in inner city areas significantly exceed the affordability of low to moderate income households as discussed previously.

A Social Study by AHURI into the connection between housing affordability and labour shortages across Australia found that the incidence of housing affordability problems amongst working households was highest for those working in Sydney and particularly inner Sydney. Prior to 2001, the AHURI Study found that the mismatch

<sup>21</sup> See Chapter D, Metropolitan Plan for Sydney 2036, Department of Planning and Infrastructure (2010)

<sup>22</sup> Woodcock, J, Edwards P, Tonne C et al. Public health Benefits of Strategies to Reduce Greenhouse Gas Emissions: Urban Land Transport. Lancet 2009.

between housing costs and staff wages in inner city areas of Sydney was addressed through a range of methods including commuting from more affordable areas (this was the case for the majority of workers), reliance on a higher income partner to afford to live in inner/ central Sydney and finally the relocation of lower income households to more affordable areas.

However, post the 2001 housing boom, even these methods of overcoming the issue have become increasingly difficult as property values continue to grow across the whole of Metropolitan Sydney. The issue is exacerbated for industries that depend on shift workers who need to reside in close proximity to their work as they cannot rely on public transport because it does not correlate with the hours of their work.

In light of the above it is apparent that the pressures on lower income households will grow if the current supply of affordable housing is not addressed. This is an issue that will particularly affect the City of Botany as some of the strongest employment growth to 2036 is anticipated to be in Retail Trade (+5,091), Transport Postal and Warehousing (+31,919) and Accommodation and Food Services (+4,568) all of which are industries which traditionally have a large proportion of workers within the lower to middle income brackets (See Table 6, Chapter 4).

If workers have to move significant distances to access more affordable housing options, making a daily commute costly and unrealistic, there is a real risk that major employers and providers of key services may struggle to find suitable staff to meet operational needs or alternatively provide higher wages thereby increasing costs. In this respect a Study by economists Bruno S. Frey and Alois Stutzer found,

*“that commuters who live an hour away from work would need to earn 40% more money than they currently do to be as satisfied with their lives as non-commuters”<sup>23</sup>*

## 5.5 Key Findings

This Chapter has identified that:

- Housing supply in NSW is constrained and is being significantly outstripped by growth in demand resulting from population increases and declining household size. Constrained housing supply in NSW has a number of economic impacts to the broader economy and has been shown to curtail population growth, contribute towards higher house prices and impede the performance of the construction industry and the NSW economy as a whole;
- The LGA is forecast to experience a net increase of over 12,000 residents between 2006 and 2036 which will equate to increasing demand for housing;
- Constrained housing supply has lead to an increasingly expensive local housing market for residents in Sydney. This issue is particularly pertinent in the City of Botany Bay which has above average house prices compared to Sydney SD and a faster rate of house price increases;

<sup>23</sup> Back to the City, Ania Wieckowski, Harvard Business Review, May 2010

- Increasing housing costs in turn have reduced the affordability of housing in the City of Botany Bay. The City of Botany Bay has a 'moderate high' need for affordable housing, with an above average proportion of housing purchase properties in housing stress for very low, low and moderate income households;
- There is a need for one-bed units in particular to broaden housing choice and provide for the needs of the community through different stages of the housing cycle; and
- A lack of housing affordability can restrict the ability of key workers to locate close to their place of work, leading to a range of negative economic impacts such as reduced health, increased congestion and pollution, commuting times etc.

## 6. STRATEGIC CENTRES ANALYSIS

This Chapter analyses the existing centres hierarchy within the area surrounding the Subject Site. It identifies the role, function, location and the retail offer provided by each of these centres. This is important in determining the Trade Area for the Eastlakes Shopping Centre and in determining the economic impact that may result from the retail component of the proposed development on the Subject Site on other centres.

### 6.1 Retail and Commercial Centres Hierarchy

The table below identifies the retail hierarchy around Eastlakes as derived from the draft East and Sydney City Subregional Strategies. Given the location of the Subject Site adjacent to the boundary of the East and the Sydney City Subregions, the retail hierarchy must be considered within the wider strategic context.

Note that the table includes only those centres which may be utilised by residents of the Trade Area of the Eastlakes Shopping Centre. The inclusion of centres or otherwise has been determined based on the role, function and size of centres and their distance to Eastlakes and surrounding suburbs.

**Table 11 - Centres Hierarchy**

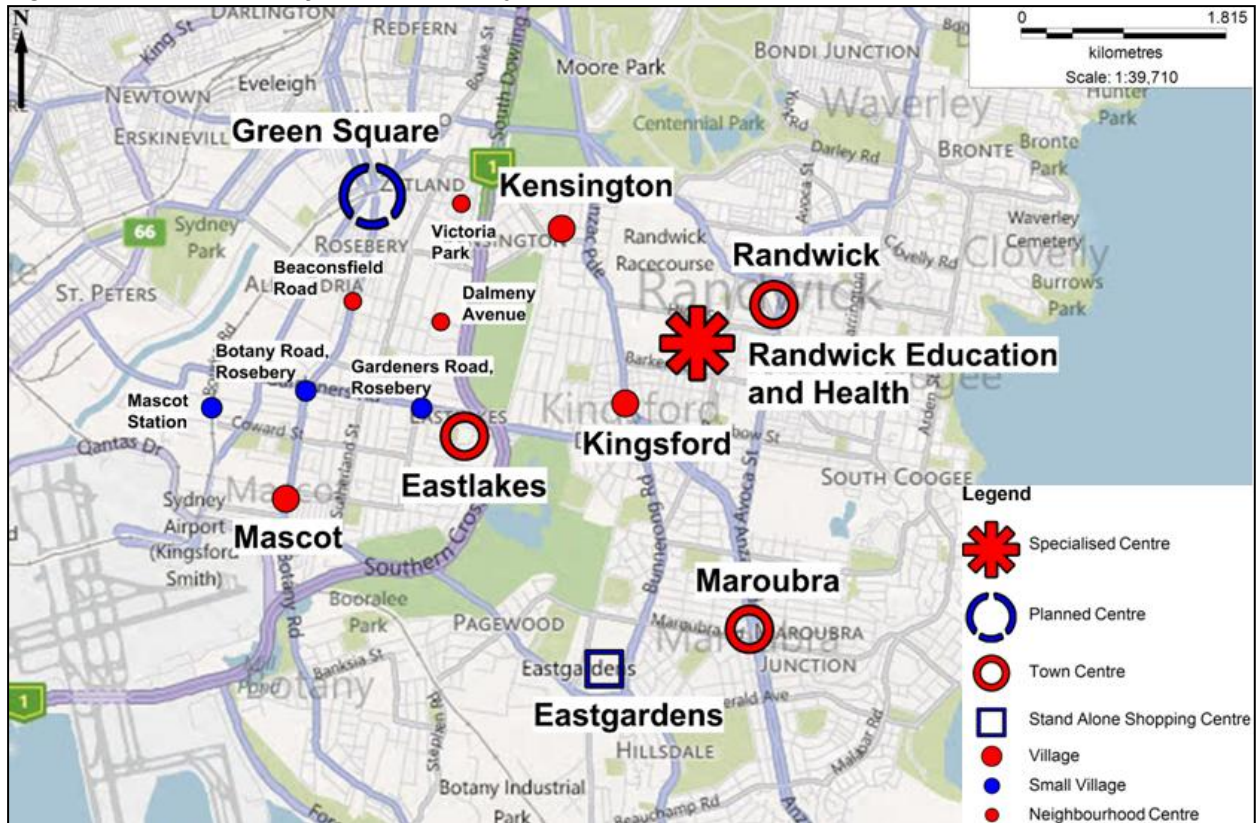
Centre Typology	Characteristics	Centres
Specialised Centre	Areas containing major airports, ports, hospitals, universities, research and business activities. These perform a vital economic and employment role which generate metropolitan-wide benefits.	Randwick Education & Health Centre
Planned Major Centre	Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.	Green Square
Town Centre	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination.	Eastlakes, Maroubra Junction, Randwick
Stand Alone Shopping Centre	Internalised, privately owned centres located away from other commercial areas, containing many of the attributes of a Town Centre but without housing or public open space—may have potential to become a traditional town centre in the long-term.	Eastgardens
Village	A strip of shops and surrounding residential area within a 5 to 10 minute walk contains a small supermarket, hairdresser, take-away food shops. Contain between 2,100 and 5,500 dwellings.	Kensington, Kingsford, Mascot
Small Village	A small strip of shops and adjacent residential area within a 5 to 10 minute walk. Contain between 800 and 2,700 dwellings.	Botany Rd Rosebery, Gardeners Rd Rosebery
Neighbourhood Centre	One or a small cluster of shops and services. Contain between 150 and 900 dwellings.	None within the catchment of Eastlakes

Source: Draft East Subregional Strategy (2007) and Draft Sydney City Subregional Strategy (2008), Department of Planning and Infrastructure



The location of these centres in relation to Eastlakes Shopping Centre is shown below.

**Figure 6 - Retail Hierarchy around the Subject Site**



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

The centres identified in this Section are considered on an individual basis for the remainder of this Chapter.

## 6.2 Randwick & Kingsford Specialised Centre

Randwick and Kingsford are together defined as a Specialised Centre given the agglomeration of strategically important education and health related uses which they contain. Facilities present in this centre include the University of NSW, the Prince of Wales Hospital, the Royal Hospital for Women and the Children's Hospital.

Whilst this centre performs an important employment and service related function for the Sydney Metropolitan area, it contains little retail floorspace and therefore has not been considered further in the Study.

## 6.3 Green Square Planned Major Centre

Green Square is identified as a Potential Major Centre in the Draft Sydney City Subregional Strategy. It is anticipated that when fully operational this centre will support approximately 26,000sqm<sup>24</sup> of retail floorspace including a discount department store and a full-line supermarket. It is located approximately 3.3km (by road) and a 5 minute drive<sup>25</sup> north-east of the Subject Site.

<sup>24</sup> Source: Green Square and Southern Areas Retail Study, September 2008, Jones Lang Lasalle

<sup>25</sup> Source: Google maps



A series of policy documents, including a Planning Proposal for the Town Centre and Draft Town Centre DCP are currently being progressed by the City of Sydney Council. No development application seeking retail floorspace in Green Square Town Centre has yet been submitted, although a DA is expected in the near future.

Furthermore Gazcorp has received DA approval for the development of some 11,470sqm of retail floorspace, which includes a supermarket, on a site adjacent to the Planned Major Centre to the northwest.

## 6.4 Town Centres

### **Eastlakes**

Eastlakes Shopping Centre comprises the Subject Site upon which the development subject to this Study is proposed.

The existing shopping centre in Eastlakes dates from the 1960's and provides in the order of 13,100sqm GFA<sup>26</sup>/ 10,200sqm GLA<sup>27</sup> retail floorspace. It is a double-supermarket shopping centre anchored by a full-line Woolworths (3,130sqm) and an Aldi (1,390sqm)<sup>28</sup>. The residual 5,680sqm of retail floorspace is provided in 58 specialty retailers<sup>29</sup> which include tenants such as Liquorland, Australia Post, KFC, St George Bank and Go-Lo.

Additional retail floorspace is provided in a freestanding line of retail units north of the Eastlakes Shopping Centre and south of Gardeners Road. This provides a further 1,030sqm of retail floorspace<sup>30</sup>. The former McDonald's restaurant fronting Evans Drive, which is now occupied by Family Needs, provides a further 300sqm of floorspace.

In total therefore Eastlakes centre provides approximately 11,530sqm GLA of retail floorspace at the current time.

### **Maroubra Junction**

This Town Centre is situated approximately 4.5km and 7 minutes by car<sup>31</sup> south east of the Subject Site. It comprises a linear centre focused around the Anzac Parade and Maroubra Road Junction. Maroubra Junction has had a difficult history resulting from strong impacts from the development of Eastgardens. However the redevelopment of the old Stockland centre into Pacific Square has been very successful as indicated by the trading figures recorded by Shopping Centre News (SCN).

The Pacific Square Shopping Centre provides approximately 14,000sqm GLA floorspace<sup>32</sup> of which around 11,500sqm is used for retail purposes. It is anchored by Coles (3,392sqm) and Aldi (1,425sqm) supermarkets<sup>33</sup> and contains a further 59 retail specialties. It also contains a Fitness First gymnasium. According to SCN,

<sup>26</sup> Source: Part 3A request for Director General's Environmental Assessment Requirements for Eastlake Shopping Centre, JBA Planning. 18<sup>th</sup> February 2011

<sup>27</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>28</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>29</sup> Source: Part 3A Request for Director General's Environmental Assessment Requirements for Eastlakes Shopping Centre, JBA Planning 18<sup>th</sup> February 2011

<sup>30</sup> Source: Nearmap

<sup>31</sup> Source: Google maps

<sup>32</sup> Source: SCN Mini Guns 2011

<sup>33</sup> Source: Property Council of Australia Shopping Centre Directory

Maroubra Plaza achieved a turnover of \$134.37m for the August 2010 to July 2011 period. This equates to a turnover per sqm of \$13,320/sqm. This ranks the centre 11<sup>th</sup> nationally out of the 166 Mini-Gun centres classified by SCN<sup>34</sup>, or some 78% above the median turnover per sqm level.

Maroubra Plaza is a smaller shopping centre which forms part of Maroubra Junction. It provides some 2,200sqm of retail floorspace including a Franklins supermarket of 1,000sqm<sup>35</sup>.

Additional strip retail is located along Anzac Parade and Maroubra Road.

### **Randwick**

Retail provision in Randwick is dominated by two purpose built shopping centres: Randwick Plaza and Royal Randwick.

The Royal Randwick provides some 14,870sqm of floorspace<sup>36</sup> and is anchored by Food for Less, Go-Lo and Best & Less. It includes a further 60 specialties which include Fitness First, Cotton On and Australia Post. According to SCN the centre recorded a turnover of \$86.21m for the August 2010 to July 2011 period or \$9,588/sqm<sup>37</sup>. This is some 28% greater than the Mini-Guns median and ranks the centre 47<sup>th</sup> of the 166 Mini-Gun centres in Australia. This shows that the centre is trading strongly.

Randwick Plaza is a smaller shopping centre providing around 4,410sqm of retail floorspace<sup>38</sup>. It is anchored by a Coles supermarket of 3,080sqm and contains a further 16 specialty retailers including a Liquorland. It also contains a bowling alley. No published data is available regarding the trading performance of this centre.

Further strip retail is located along Belmore Road which joins the two shopping centres.

Randwick Town Centre is situated approximately 3.8km and 7 minutes drive<sup>39</sup> north east of the Subject Site.

## **6.5 Eastgardens Stand Alone Shopping Centre**

Westfield Eastgardens comprises a purpose built shopping centre of some 83,980sqm floorspace<sup>40</sup>, of which an estimated 74,800sqm is used for retail purposes<sup>41</sup>. It is the largest retail centre within the City of Botany Bay. Anchor tenants are Myer (11,600sqm), Kmart (8,800sqm), Target (8,780sqm), Big W (7,910sqm), Coles (4,680sqm), Woolworths (4,170sqm), Franklins (1,890sqm) and Rebel Sport (1,200sqm). In addition to the retail component the centre also features a Hoyts Cinema and a Gymnasium.

<sup>34</sup> Note: a Mini-Gun is defined by SCN as a shopping centre with a GLA in excess of 6,000sqm but less than 20,000sqm

<sup>35</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>36</sup> Source: SCN Mini Guns 2011

<sup>37</sup> Source: SCN Mini Guns 2011

<sup>38</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>39</sup> Source: Google maps

<sup>40</sup> Source: SCN Big Guns 2011

<sup>41</sup> Source: Property Council of Australia Shopping Centre Directory

At present Westfield Eastgardens is performing strongly. It recorded a turnover of \$517m for 2010 or \$7,260/sqm<sup>42</sup>. In floorspace turnover terms this ranks the centre 22<sup>nd</sup> out of the 91 Big Gun centres in Australia<sup>43</sup> recorded by SCN, with a floorspace turnover which is 11% above the Big Guns median.

Eastgardens is located approximately 4.6km and 8 minutes drive<sup>44</sup> southeast of Eastlakes.

## 6.6 Village Centres

### **Kensington**

Kensington Village Centre is located north east of the Subject Site some 3km or 6 minutes drive distant<sup>45</sup>. Retailing in this centre is focused upon Anzac Parade. It includes an independent department store, Peter's of Kensington, which occupies around 4,000sqm floorspace in addition to a limited convenience goods offer. It provides an array of comparison goods, personal services, cafes and fast food and take away outlets.

### **Kingsford**

Kingsford Village Centre fronts Anzac Parade and is located around 2.1km or 4 minutes drive<sup>46</sup> to the east of the Subject Site. This centre contains an IGA supermarket of approximately 540sqm<sup>47</sup> in addition to a range of strip retailers providing goods and services to a local catchment. Retail provision includes small scale comparison and convenience retailers, personal services such as banks and real estate agents, take away and fast food outlets and so on.

### **Mascot**

Mascot is defined as a Village Centre and is situated approximately 2.2km and 5 minutes drive<sup>48</sup> southwest of the Subject Site. Retail provision is focused upon Botany Road and the centre contains an IGA supermarket of some 720sqm GFA<sup>49</sup> in addition to strip retail serving localised shopping needs. It contains a Best & Less store, a number of bank branches, a range of personal services, take-away and fast food outlets, cafes, comparison goods stores and convenience stores (liquor stores, newsagencies, butchers, bakeries etc.). Anecdotally the centre appears to be trading well.

---

<sup>42</sup> Source: SCN Big Guns 2011

<sup>43</sup> Note A Big Gun is a Shopping Centre as centres with a Gross Lettable Area in excess of 45,000sqm (as defined by Shopping Centre News), which contains a department store/s, discount department store/s, supermarket/s and specialties

<sup>44</sup> Source: Google maps

<sup>45</sup> Source: Google maps

<sup>46</sup> Source: Google maps

<sup>47</sup> Source: Nearmap

<sup>48</sup> Source: Google maps

<sup>49</sup> Source: Nearmap

## 6.7 Small Village Centres

### **Botany Road Rosebery**

This Small Village Centre is located 1.5km and 3 minutes drive<sup>50</sup> west of the Subject Site at the intersection of Gardeners Road and Botany Road. It comprises a modest sized centre providing predominately services and some limited convenience and comparison goods for a localised catchment. It includes a ten-pin bowling facility fronting Gardeners Road. The limited convenience offer includes a small Coles Express unit of around 200sqm<sup>51</sup> located in a Shell petrol filling station on Botany Road.

### **Gardeners Road Rosebery**

Gardeners Road Rosebery Small Village Centre is located 1.1km and 2 minutes drive<sup>52</sup> west of the Subject Site. Retail provision in this centre is located on the southern side of Gardeners Road. The centre appears to be performing well in its role providing localised retail goods and services. It provides a small convenience offer including butcheries, bakeries and a fruit market. It also contains a small Woolworths store of 210sqm<sup>53</sup> located in a Caltex petrol filling station.

### **Mascot Station**

Mascot Station Small Village Centre is located around 2.7km or 5 minutes drive<sup>54</sup> west of Eastlakes Shopping Centre. It contains little retail or commercial floorspace at the current time. However, we note that the Botany Bay Planning Strategy 2031 (2009) recommends elevating the role of Mascot Station to that of a Town Centre<sup>55</sup> with commensurate retail and commercial development including an anchor supermarket.

The elevated role of Mascot Station is justified on the basis of its development as a transit orientated activity centre serving the surrounding residential population and local workers. As such, the prospect of supporting additional retail development on the site is unlikely to compete with the modest additional retail floorspace proposed at Eastlakes, which performs a different role serving a different residential catchment.

## 6.8 Neighbourhood Centres

### **Dalmeny Avenue, Rosebery**

This Neighbourhood Centre serves the immediate residential population within walking distance of it. At time the Study was undertaken it contained 6 retail units serving a localised shopping role. It performs a different role to that of Eastlakes and is unlikely to compete with it. The centre is located 1.2km north or 4 minutes drive from the Subject Site<sup>56</sup>.

---

<sup>50</sup> Source: Google maps

<sup>51</sup> Source: Hill PDA estimate 2012

<sup>52</sup> Source: Google maps

<sup>53</sup> Source: Nearmap

<sup>54</sup> Source: Google Maps

<sup>55</sup> Source: Botany Bay Planning Strategy 2031, SGS Economics and Planning 2009

<sup>56</sup> Source: Google maps

### **Beaconsfield**

This centre is focused on Botany Road and contains localised retail and service provision. The retail offer includes an IGA supermarket of 250sqm<sup>57</sup> located at the corner of Botany Road and Queens Street. It is 2.2km or 5 minutes drive northwest of the Subject Site<sup>58</sup>.

We note that the role of this centre will grow over time to that of a Small Village to provide retail floorspace in the order of 2,500sqm<sup>59</sup>, as recommended in the Green Square and Southern Areas Retail Study (September 2008).

### **Victoria Park**

Victoria Park has yet to function as a retail centre but is subject to an extant DA approval for 8,565sqm of retail floorspace which will be anchored by a full line Coles supermarket. This development is currently under construction. Victoria Park is situated approximately 3km and 6 minute drive time<sup>60</sup> north of Eastlakes.

---

<sup>57</sup> Source: Nearmap

<sup>58</sup> Source: Google maps

<sup>59</sup> Source: Green Square and Southern Areas Retail Study , Hassell/ JLL, September 2008

<sup>60</sup> Source: Google maps

## 7. RETAIL DEMAND

This Chapter defines a Trade Area for the Eastlakes Shopping Centre based on the retail component of the proposed development. It subsequently undertakes retail demand modelling within this Trade Area to determine the level of demand for retail floorspace in the Trade Area over the 2011 to 2021 period. Demand over this period is compared to supply to derive the extent of additional need for retail floorspace.

We should note that it is only necessary to consider the increase in retail floorspace which will occur as a result of the proposed development i.e. 922sqm. This is because, in the absence of the proposed development, the existing retail floorspace provided on the Subject Site of approximately 11,530sqm GLA would continue to trade. The majority of the retail floorspace proposed (93%) comprises simply replacement floorspace for that which already exists, and therefore the impacts of this floorspace would be similar to that which already exists.

Note that the composition of the additional retail floorspace proposed is not known at this stage, although it will constitute some community floorspace and a component of non-retail uses. For the purposes of the Study we have adopted a cautious approach which assumes that all of the proposed additional floorspace would be used for retail purposes. We have estimate trading levels based on a generic retail sales turnover which is in line with industry benchmarks.

### 7.1 Trade Area Identification

The Trade Area served by any retail centre/facility is determined by a number of factors including:

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

Given that the increase in retail floorspace proposed on the Subject Site is modest (i.e. a floorspace increase of 9% floorspace), we are of the view that the Trade Area which would eventuate from the proposed development would be the same as that for the existing Eastlakes Shopping Centre, although the amount of retail expenditure captured from this area would increase.

We have conservatively defined one Trade Area for the purposes of this Study. The key attractors to Eastlakes Town Centre are its dual supermarkets of Woolworths and Aldi. It is therefore likely to perform a predominately convenience based role and attract residents from the Trade Area for their daily and weekly food and grocery shopping needs.

Based on the distribution of retail facilities and in particular supermarkets in the surrounding area we have defined a Trade Area for the Eastlakes Shopping Centre which comprises the suburbs of Eastlakes, Mascot, Daceyville

and Rosebery, the eastern part of the suburb of Kingsford and a small part of the Kensington suburb south of Day Avenue. This area contains no other full-line supermarkets and only limited smaller supermarket facilities restricted to a number of IGA stores and small Coles/ Woolworths stores located in petrol filling stations. Eastlakes Shopping Centre is easily accessible from this Trade Area.

For the purposes of defining this Trade Area we have assumed that the supermarkets at Victoria Park (under construction) and Green Square (yet to be approved) and other ones in the area will have commenced trading by the time the proposed development at Eastlakes is implemented. These facilities will restrict the Trade Area to the north.

The extent of the Trade Area to the east is restricted by Randwick to the northeast (dual full line supermarket centre) and Eastgardens to the southeast (dual full line supermarket centre and contains a Franklins). We understand that vehicular access to Randwick is somewhat congested and note the higher order role of Eastgardens as a comparison goods shopping destination. As such, residents in the east of the Trade Area are likely to direct a significant proportion of their convenience goods related expenditure to the Subject Site.

The Trade Area to the west and southwest is bounded Sydney Airport and associated employment uses. To the southeast it is bounded by Southern Cross Drive and The Lakes golf course. These uses form barriers to the extent of Trade Area to the west, south and southeast.

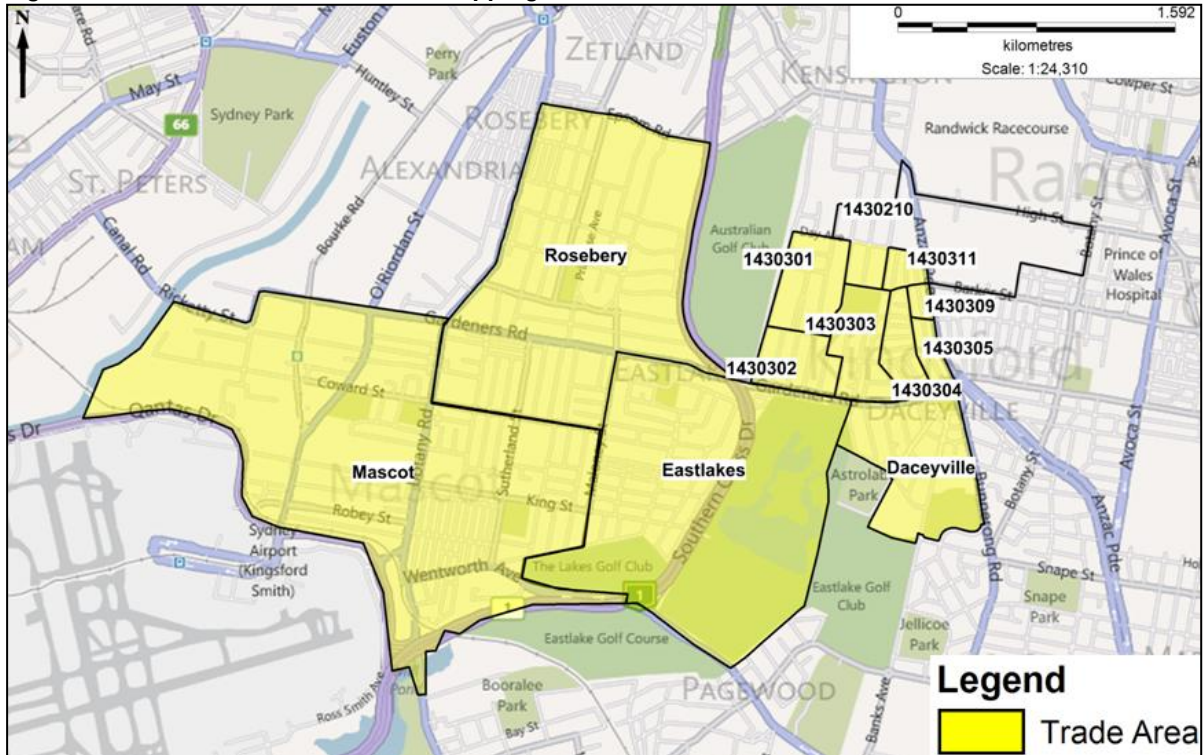
The Trade Area has been constructed using suburbs and census collection districts (CCDs)<sup>61</sup>. The extent of the Trade Area is shown in the figure below.

---

<sup>61</sup> Note: Collection districts are the smallest geographic area defined in the Australian Standard Geographical Classification (ASGC). It can be defined as an area which one census collector can cover delivering and collecting census forms in a specified period. On average there are about 150 - 250 dwellings per CCD



Figure 7 - Trade Area for Eastlakes Shopping Centre



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

The shopping centre will also draw a small proportion of expenditure from beyond this trade area from residents who may visit the centre more infrequently or through passing trade. We have not defined this tertiary trade area for the purposes of this Study.

## 7.2 Population Growth in the Trade Area

For the purposes of retail modelling population forecasts for the Trade Area have been derived from the BTS. Note that TZs do not correlate exactly with either the CCDs or the suburbs which constitute the Trade Area. As such the table below apportions the TZs to the suburbs or CCDs (which constitute the 'remainder of the Trade Area') as best as possible based on a judgement of the proportion of the TZ which falls within the suburb or CCD.

Table 12 - Population Projections and Growth in the Trade Area

	Forecast Population				Growth 2006-2021	
	2006	2011	2016	2021	Persons	Pro Rata Per Annum
Daceyville	1,343	1,409	1,439	1,510	167	0.78%
Eastlakes	6,922	7,137	7,193	7,444	522	0.49%
Mascot	8,917	11,015	11,234	11,604	2,687	1.77%
Rosebery	7,836	9,699	11,369	12,815	4,979	3.33%
Remainder of the Trade Area	4,948	5,087	5,282	5,342	394	0.51%
<b>Total Trade Area</b>	<b>29,966</b>	<b>34,347</b>	<b>36,517</b>	<b>38,715</b>	<b>8,749</b>	<b>1.72%</b>

Source: Bureau of Transport Statistics October 2009 (released April 2010)

Based on BTS data the Trade Area contained 30,000 residents in 2006 and the population is predicted to increase to almost 39,000 persons by 2021. The majority of the forecast population growth is attributable to the Rosebery suburb.

Note that these population totals are indicative only and are used to calculate population growth rates for the purposes of retail modelling. Forecast population for the purposes of retail modelling is derived from Marketinfo 2009 estimates which differ marginally from those calculated by the BTS.

## 7.3 Future Resident Population

The proposed development seeks consent for 361 apartment dwellings. The split of residential dwellings planned comprises:

**Table 13 - Proposed Residential Unit Mix**

	Unit Sizes (sqm)	Number of Units	Proportion of Total Units
1 bed/ studio units	52 – 74	154	43%
2 bed/ duplex units	69 – 125	196	54%
3 bed units	51 – 117	11	3%
<b>Total</b>	<b>52 – 125</b>	<b>361</b>	<b>100%</b>

Source: Rice Daubney

For the purposes of the Study it is assumed the average occupancy rates across all units of two persons per dwelling. This is comparable with the average occupancy rate of all flats, units and apartments in four or more storey blocks in the City of Botany Bay as derived from the 2006 ABS Census. Applying two residents per household to 361 dwellings equates to an estimated 722 additional persons who would be accommodated on the Subject Site post-development.

Residential dwellings on the site would be developed in a number of stages. For the purposes of the expenditure modelling in this Chapter it is assumed that half of the proposed residential units would be completed and occupied by 2015 and all would be completed and occupied by 2021.

## 7.4 Household Expenditure

### Household Expenditure

Household expenditure was sourced from:

- ABS Household Expenditure Survey which provides household expenditure by broad commodity type by household income quintile; and
- The MarketInfo 2009 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using “microsimulation modelling techniques”.

MarketInfo combines the data from the Census, HES and other sources to derive total HES by commodity type. This data, which was validated using taxation and national accounts figures, quantifies around 14% more expenditure than the ABS HES Survey.

For the purposes of retail expenditure modelling, average per capita expenditure is expected to increase by around 1.3% per annum as a result of increasing affluence and in line with historic trends<sup>62</sup>.

<sup>62</sup> Expenditure per capita has increased at around 1.3% to 1.4% above CPI every year since 1986 (ABS Retail Sales, CPI and Population Estimates)

Note that we have, for the purposes of the Study, assumed that the redevelopment of Eastlakes Shopping Centre would be fully implemented and would have achieved a settled pattern of trading by 2015. We have therefore adopted 2015 as the 'test' year for our supply and demand modelling. As the development would be staged it is unlikely that all of the proposed retail floorspace would be operational by 2015. As such our assessment of retail impact represents a maximum impact scenario and the actual impacts are likely to be less than that quantified in this Section.

**Table 14 - Total Expenditure Forecast by Broad Commodity Type (\$m2009)**

	2011	2015	2021
Food, Groceries & Liquor take-away	139.1	153.7	178.0
Food Catered	60.9	67.4	78.2
Apparel	30.9	34.1	39.4
Bulky Goods	52.2	57.7	66.9
Other Personal & Household Goods	98.8	109.2	126.5
Personal Services	12.8	14.2	16.5
<b>Total Trade Area</b>	<b>394.7</b>	<b>436.4</b>	<b>505.5</b>

\* Excludes Liquor on Premises and Cinema Expenditure

The ABS Retail Survey 1998-99 (Cat No. 8624.0) provides a cross tabulation of store type (defined by ANZIC), by commodity type. Multiplying the percentages in the cross tabulation by total dollars spent generates household expenditure by retail store type. Turnover by retail store type generated by household expenditure is provided in the table over the page.

**Table 15 - Trade Area Forecast Household Expenditure by Retail Store Type (\$m2009)**

	2011	2015	2021
Supermarkets & Grocery Stores	123.9	136.9	158.4
Specialty Food Stores	40.5	44.8	51.8
Fast-Food Stores	35.0	38.8	44.8
Restaurants, Hotels and Clubs*	38.3	42.4	49.3
Department Stores	34.6	38.3	44.3
Clothing Stores	21.6	23.9	27.6
Hardware and Bulky Goods	53.7	59.3	68.6
Other Personal & Household Goods Retailing	61.8	68.3	79.0
Selected Personal Services**	12.8	14.2	16.5
<b>Total Main Trade Area</b>	<b>422.3</b>	<b>466.9</b>	<b>540.3</b>

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

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

## 7.5 New Residents

The proposed development includes additional dwellings which do not appear to be accounted for in the BTS population growth forecasts<sup>63</sup>. These new dwellings will contain residents who will create demand for further retail floorspace in the Trade Area.

The indicative scheme proposes 361 dwellings which we estimate could accommodate up to 722 residents based on an occupancy rate of 2 persons per household consistent with the City of Botany Bay averages. For the

<sup>63</sup> Based on review of 'TDC Population Forecasts, October 2009 Data Release, Technical Documentation

purposes of expenditure modelling it is assumed that half of the proposed dwellings would be developed and occupied by 2015 and all would be developed and occupied by 2021.

The average per capita expenditure rate in the Trade Area at 2015 is forecast at \$12,797 as derived from Marketinfo 2009 data. However, new residents of the development are likely to be more affluent than existing residents given that they have sufficient means to purchase or to rent a new build residential unit. As such, for the purposes of calculating retail spend attributable to these residents we have assumed that the per capita spend would be some 15% higher than existing residents.

Using this methodology, it is estimated that new residents of the Eastlakes Shopping Centre redevelopment will generate retail expenditure of \$5m in 2015, increasing to \$11m in 2021 as a result of further residential development and expenditure growth. For the purposes of this Study it is assumed that their retail spend by retail store type will be distributed in the same manner as existing residents in the Trade Area i.e. only a small proportion of the retail expenditure generated would be captured on the Subject Site (explored further in Section 7.6 below).

Guests staying in the 82 serviced accommodation units would also create additional expenditure to support local retail businesses, although we have not sought to quantify expenditure from this source in the Study.

## 7.6 Total Retail Spend Available

The table below summarises the total available expenditure in the Trade Area, including an allowance for new residents in the proposed development.

**Table 16 - Trade Area Forecast Household Expenditure by Retail Store Type including Residents of the Proposed Development (\$m2009)**

	2011	2015	2021
Supermarkets & Grocery Stores	123.9	138.5	161.7
Specialty Food Stores	40.5	45.3	52.9
Fast-Food Stores	35.0	39.2	45.7
Restaurants, Hotels and Clubs*	38.3	42.9	50.3
Department Stores	34.6	38.7	45.2
Clothing Stores	21.6	24.2	28.2
Hardware and Bulky Goods	53.7	60.0	70.0
Other Personal & Household Goods Retailing	61.8	69.1	80.7
Selected Personal Services**	12.8	14.4	16.8
<b>Total</b>	<b>422.2</b>	<b>472.2</b>	<b>551.6</b>

\* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling) \*\* Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

## 7.7 Capture Rates

Table 16 indicates the total quantum of expenditure generated by residents in the Trade Area. Only a proportion of this expenditure will be available to be retained by a redeveloped Eastlakes Shopping Centre. As the only retail destination with a full-line supermarket and an Aldi store in the Trade Area it is likely to capture a significant proportion of the supermarket and grocery store expenditure by residents of this area. However, it will not capture any expenditure directed towards department stores or hardware and bulky goods items given that the

redeveloped centre will not provide any floorspace in these retail store types. For this reason assumed capture rates have been applied to the total retail expenditure generated in the Trade Area to determine the quantum of spend available to support retail facilities at Eastlakes.

The table below shows the capture rates which could be achieved by a redeveloped Eastlakes Shopping Centre by retail store type. We should reiterate that these reflect a redeveloped shopping centre and do not necessarily equate with the capture rates that the existing centre may be achieving.

**Table 17 - Capture Rates and Retained Expenditure (\$m2009)**

	Capture Rate	2011	2015	2021
Supermarkets & Grocery Stores	65%	80.5	90.0	105.1
Specialty Food Stores	60%	24.3	27.2	31.7
Fast-Food Stores	10%	3.5	3.9	4.6
Restaurants, Hotels and Clubs*	5%	1.9	2.1	2.5
Department Stores	0%	0.0	0.0	0.0
Clothing Stores	5%	1.1	1.2	1.4
Hardware and Bulky Goods	0%	0.0	0.0	0.0
Other Personal & Household Goods Retailing	10%	6.2	6.9	8.1
Selected Personal Services**	10%	1.3	1.4	1.7
<b>Total Trade Area</b>	<b>28%</b>	<b>118.8</b>	<b>132.8</b>	<b>155.1</b>

\* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling) \*\* Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

In order to determine the amount of retail floorspace which this demand could support, target turnover rates based on industry benchmarks are applied. The industry benchmarks assumed for the purposes of the Study are shown in the table below. These are forecast to increase by 0.65% per annum<sup>64</sup>.

**Table 18 - Demand for Floorspace in the Study Area (sqm GLA)**

Store Type	2011	2015	2021
Supermarkets & Grocery Stores	10,000	10,263	10,669
Specialty Food Stores	7,500	7,697	8,002
Fast-Food Stores	7,500	7,697	8,002
Cafes and Restaurants**	4,500	4,618	4,801
Department Stores	3,500	3,592	3,734
Clothing Stores	5,000	5,131	5,335
Hardware and Bulky Goods	3,500	3,592	3,734
Other Personal & Household Goods Retailing	4,500	4,618	4,801
Selected Personal Services	3,200	3,284	3,414

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

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

Table 19 applies these target turnover rates (Table 18) to the captured expenditure forecast previously (Table 17) to determine the amount of retail floorspace which could be supported at a redeveloped Eastlakes Shopping Centre.

<sup>64</sup> This is in line with historic trends. Expenditure per capita has increased at around 1.3% to 1.4% above CPI every year since 1986. Around half of this increase has translated into an increase in retail floorspace per capita (from 1.8sqm in the 1980s to around 2.1-2.2sqm today). The balance of the increase in expenditure has translated into a real increase in turnover per square metre rates.

**Table 19 - Demand for Retail Floorspace at Eastlakes Shopping Centre from the Trade Area (sqm GLA)**

Store Type	2011	2015	2021
Supermarkets & Grocery Stores	8,054	8,769	9,852
Specialty Food Stores	3,240	3,532	3,965
Fast-Food Stores	467	510	572
Cafes and Restaurants**	426	464	524
Department Stores	-	-	-
Clothing Stores	216	236	264
Hardware and Bulky Goods	-	-	-
Other Personal & Household Goods Retailing	1,373	1,496	1,680
Selected Personal Services	400	437	493
<b>Total</b>	<b>14,175</b>	<b>15,444</b>	<b>17,351</b>

\* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling) \*\* Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

The table above indicates that approximately 14,200sqm of retail floorspace could be supported at Eastlakes in 2011. This is forecast to increase to approximately 15,400sqm in 2015 and 17,350sqm in 2021 post-development. Supermarket and grocery store related floorspace accounts for the largest proportion of demand of any of the retail store types and nearly 8,800sqm of supermarket and grocery store floorspace is forecast to be demanded at Eastlakes by 2015.

## 7.8 Demand Verses Supply

The table below compares the supply of retail floorspace in the Trade Area to demand in order to determine the residual need for additional retail floorspace at Eastlakes. Given that the final split of retail floorspace which would be provided in Eastlakes is not known at this stage, demand and supply has been considered for all retail store types cumulatively.

**Table 20 - Retail Floorspace Demand verses Supply at Eastlakes Shopping Centre**

	Supply	Demand			Residual Demand		
		2011	2015	2021	2011	2015	2021
<b>Pre-Development (2011)*</b>							
Total Retail Floorspace (sqm GLA)	11,530	14,175	15,440	17,343	2,645	3,914	5,821
<b>Post-Development (2015)</b>							
Total Retail Floorspace (sqm GLA)	12,452	14,175	15,440	17,343	1,723	2,992	4,899

\* Note: Pre development demand excludes that emanating from new residents of the Eastlakes redevelopment (Table 15)

Table 20 demonstrates that there is a clear need for the proposed development and that it will assist in catering for the demand from existing and future residents of the Trade Area for additional retail floorspace.

If the proposed development were implemented and commenced trading in 2015 as anticipated, then there would still be residual demand for more than 2,990sqm of retail floorspace over and above the 922sqm expansion proposed. This unsatisfied residual demand will be available to support growth in other retail centres in the Trade Area instead such as Mascot, Kingsford and the neighbourhood centres located along Gardeners Road in line with the retail hierarchy.



## 8. RETAIL IMPACTS & BENEFITS

This Chapter considers the retail impacts of the retail component of the proposed development on existing and proposed centres in the surrounding area. It considers whether the proposed development would lead to an unacceptable impact upon existing and planned centres in the retail hierarchy or jeopardise their trading position. Assessing the impact on retail/ commercial centres having regard for the Metropolitan Plan for Sydney 2036 and the hierarchy of centres in the regional strategy is a key requirement of the Study stipulated by the DGRs (under 'Key Issues', Point 5. 'Economic Impact Assessment').

### 8.1 Estimated Turnover of the Retail Component

In considering retail impact, it is only necessary to consider the additional retail floorspace proposed given that in the absence of redevelopment the existing shopping centre would continue to trade as it is.

The final type of retail floorspace to be provided by the additional 922sqm of shopfront floorspace is not known at this stage. In order to gain an indication of the amount of retail expenditure which this could capture we have applied a generic floorspace turnover of \$6,500 per sqm at 2011 based on industry benchmarks. This is assumed to increase by 0.65% per annum consistent with the methodology outlined in Section 7.4.

On this basis, the proposed development is assumed to capture some \$6.2m of additional retail expenditure in 2015 increasing to \$6.4m in 2021<sup>65</sup>. Note that this assumes that all of the proposed floorspace is operational by 2015, which is unlikely given the proposed staging. It also assumes that all of the additional floorspace proposed would be used for retail purposes rather than non-retail uses such as banks, travel agents etc. which are likely to occupy some this floorspace<sup>66</sup>. On this basis this is a high impact assessment of the likely turnover in 2015.

We note that additional residents on the Subject Site following the proposed development would generate some \$5m in retail expenditure in 2015 and \$11m in 2021. However, given that retail floorspace on the Subject Site would capture only proportion of this additional spend the residual turnover increase would be derived from residents of the wider Trade Area.

We note that as a result of new residents on the Subject Site the proposed development would have a net positive impact upon the trading levels of existing centres. This is because it would facilitate the presence of a quantum of additional retail expenditure available in the Trade Area, which could be captured by other centres, which would be greater than the amount of expenditure which it would redirect from these centres. Nevertheless, in accordance with the DGRs the impact upon existing and future centres which would result from the proposed development has been quantified below.

<sup>65</sup> Based on real turnover increase of 0.65% per annum per sqm

<sup>66</sup> Note: Non-retail commercial shopfront uses typically occupy around 15% of specialty floorspace in any given centre



## 8.2 Turnover Impacts

The turnover impacts of the proposed development should be considered in the context of forecast growth in retail expenditure in the Trade Area over the 2011 to 2021 period. Table 16 in the previous Chapter indicated that even without the additional residential population resulting from the proposed development retail expenditure generated by households of the Trade Area would increase by some \$50m between 2011 and 2015 and by \$129m between 2011 and 2021. The additional retail expenditure captured by the expanded Eastlakes Shopping Centre accounts for just 12% of the growth to 2015 and 5% of the growth to 2021.

Even considered in the context of the expenditure which Eastlakes alone is expected to be able to capture post-development, the expenditure growth to 2015 (as indicated in Table 17 in Chapter 7) is \$14m and to 2021 it is \$36m. As such, the proposed development would account for only 44% of expenditure growth to 2015 and 18% of expenditure growth to 2021. The residual majority of the unsatisfied expenditure growth would be available to support new retail facilities in other centres in the Trade Area and beyond.

This is based on the expenditure available to be captured by Eastlakes only, which accounts for little more than a quarter (28%) of the total expenditure generated by households of the Trade Area and on the Subject Site itself. As such the proposed development does not rely on reducing the levels of 'leaked' expenditure by residents of the Trade Area to other centres and can be justified on the basis of retained expenditure only. The majority of expenditure generated by residents of the Trade Area will thus continue to be available to support existing and future centres outside of the Trade Area such as Green Square, Victoria Park etc.

On this basis the proposed development would not adversely impact upon the vitality or viability of any existing centres because it would be deriving trade from expenditure growth only, not diverting trade from existing centres.

To demonstrate this quantitatively we have calculated retail impact using the Hill PDA gravity model. The main principles in the gravity model are that:

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

The gravity model indicates that the proposed retail extension would draw the most trade from that which would otherwise be directed towards Eastgardens (\$1.8m) and Green Square (\$1.1m). Residual expenditure is distributed between the other retail centres listed. We note that Eastgardens is trading strongly at the current time, as are Randwick and Maroubra Junction (as detailed in Chapter 5 of the Study).

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

On this basis, the impact on all existing and planned centres would be less than 5% i.e. insignificant. Indeed only one centre, Kingsford, records an impact of greater than 1% (at 1.5%). Insignificant impacts can be absorbed by centres without jeopardising the trading position of the centres or threatening vitality and viability if they are trading well. These are point in time impacts which would diminish over time as a result of expenditure growth.

Note that the gravity model assumes that Green Square and Victoria Park will be completed and will have commenced trading prior to opening of Eastlakes. We note that these centres are located in a high residential growth area and any loss in turnover as a result of the proposed development at Eastlakes will easily be mitigated in the short-term by population growth. We also reiterate that this is a maximum impact scenario which assumes that all of the proposed retail floorspace is implemented and operational by 2015.

Notwithstanding this, as previously indicated new residents who would be accommodated on the Subject Site post-development would generate some \$5m of retail expenditure in 2015 and over \$11m in 2021. In the longer term any diverted trade would be less than the additional expenditure which these centres could potentially capture as a result of new residents on the Subject Site post-development. As such, the proposed development would have a net positive impact on the trading levels of Eastgardens and Green Square.

## 8.3 Policy Impacts

Planning policy considerations relevant to the retail component of the proposed development at Eastlakes were examined in Chapter 3 of this Study. The contribution of the proposed development towards each is considered in this Section.

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

The proposed development would provide additional retail and residential uses within an existing centre. It would strengthen the role of a defined Town Centre with modest retail development which reflects its status in the retail hierarchy. On this basis the proposed development supports the aims and objects of the Metropolitan Plan for Sydney 2036 in this regard.

The development of additional retail floorspace would contribute towards meeting the requirement for new retail floorspace in the Sydney Metropolitan area over the 2006 to 2036 period.

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

The proposed development accords with the NSW Draft Centres Policy as it focuses new retail development on an existing centre and proposes a modest expansion of 922sqm retail floorspace (8% larger than the existing shopping centre) which is commensurate with the Town Centre role of Eastlakes. It will facilitate the location of new retail occupiers within the centre which will encourage competition and will enable the centre to enhance its

retail offer to local residential and therefore capture more trade. It will also support the role of other centres in the surrounding area by increase the quantum of retail expenditure available for them to capture.

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

The proposed development is consistent with the draft SEPP (competition) as it allows for competition between retailers and leaves it to the market to decide what is commercial viable on the Subject Site. This Study has demonstrated that proposed expansion of retail floorspace on the Subject Site would lead to a net positive impact upon existing retailers in existing and future defined centres within the Trade Area and beyond. Beyond the overall level of trade impacts it is not the role of the planning system to examine impact on individual traders in these centres.

#### **Draft East Subregional Strategy (2007)**

The draft East Subregional Strategy seeks to support and reinforce the role of existing centres which accords with the outcome of the proposed development. By creating additional employment generating uses both during and after construction it will assist the Subregion in achieving its targets for additional jobs by 2031. This is explored in greater detail in Chapter 9 of the Study

#### **Botany Bay Planning Strategy 2031 (2009)**

The proposed development accords with the Botany Bay Planning Strategy 2031 given that it would meet the advice contained therein to provide comprehensive redevelopment and renewal at Eastlakes, which enhances relationships between retail and residential land uses.

## 8.4 Other Retail Impacts

### **Consumer Choice**

Other retail impacts of the proposed development are as follows:

- **Consumer Choice** – the proposed development would increase choice for residents of the Trade Area by providing additional retail floorspace to cater for their shopping needs.
- **Increased Competition** – by creating additional retail floorspace in the Trade Area the proposed development will ensure retailers and prices remain competitive to the benefit of consumers. Providing a new retail facility on the Subject Site will enable Eastlakes better compete with the two Town Centres located within close proximity, Randwick and Maroubra Junction, both of which accommodate recently redeveloped shopping centres.
- **Reduced need for residents to travel** – by providing additional retail floorspace in an existing shopping centre and increasing choice, the proposed development will contribute towards Ecologically Sustainable Development by reducing the need for residents to travel to other retail destinations to purchase goods and services.

- **Improved retail facilities** – local residents will benefit from having access to a brand new retail facility which will make more efficient and effect use of retail floorspace and circulation space than the existing dated retail facility.

## 9. ECONOMIC IMPACTS OF HOUSING

The proposed development would provide approximately 361 residential dwellings on the Subject Site for an estimated 722 residents. All of these constitute additional dwellings given that none are provided on the Subject Site. This Chapter considers the economic impacts of the proposed dwellings within the context of the housing supply, cost and affordability issues considered in Chapter 5.

### 9.1 Housing Supply

The addition of some 361 residential dwellings through the proposed development will assist in easing housing affordability within the City of Botany Bay and in the Eastlakes suburb in particular. The proposed development is entirely consistent with the policy aims to concentrate new residential development within centres, and to support the provision of housing choice through smaller dwellings to reflect changing household characteristics.

The proposed development would contribute 1.6% towards meeting the housing target for the East Subregion set in the Metropolitan Plan for Sydney 2036 and 6% towards meeting the City of Botany Bay housing target set in the draft East Subregional Strategy. In doing so it would help underpin the growing economy in the LGA and provide more homes close to the employment opportunities provided at Botany Port, Sydney Airport, Green Square and Sydney CBD.

Importantly, the Eastlakes Shopping Centre redevelopment would also provide a significant increase in the number of market dwellings (+361 dwellings) representing a 13% increase on existing stock in the Eastlakes suburb (based on 2006 ABS Census data) and a 2% increase for the City of Botany Bay overall. The additional supply would also assist in reducing the tightness of the market and widen housing choice.

Our analysis has indicated that need is particularly acute for very low and low income earning households, and demand is strongest for studio and 1 bed apartments. Such unit sizes cater for the household types which have the greatest propensity to be in housing stress i.e. single person and single parent households. As identified by Housing NSW, the housing market in the City of Botany is currently not catering for demand.

The proposed redevelopment of the Subject Site would not result in a loss of any housing accommodation but rather a net increase in dwellings, making a true contribution to local and regional supply.

### 9.2 Housing Cost & Affordability

As noted by Housing NSW, the increasing costs of housing may in part be a reflection of a lack of housing stock diversity (i.e. dwelling type, number of bedrooms, price point and tenure)<sup>67</sup>. However housing diversity alone cannot guarantee housing affordability, particularly for households earning very low and low incomes.

To exemplify this point we have prepared a model referred to as the Household Income Affordability Calculator (as shown in Table 21). The model profiles household income bands based (indexed to 2015 dollars) and the

<sup>67</sup> Information on Botany Housing Market, Housing NSW

level of rent / debt that each household income level could pay dependant on key variables (i.e. interest, deposit and disposable income).

Table 7 in this Study indicated that the median household weekly incomes in the Trade Area and the City of Botany Bay in 2006 were \$991 and \$995 respectively, or \$51,532 and \$51,740 per annum. ABS data indicates that the average weekly individual earnings have increased by 20% (or aggregate per annum growth of 4.3%) over the 2006 to 2011 period<sup>68</sup>. Assuming the same rate of median household income growth, and projecting income growth forward to 2015 (the point at which the proposed residential units in Stage 1 are assumed to reach the market) at 4.3% per annum, the median household income in the Trade Area in 2015 is estimated at \$75,272 and in the City of Botany Bay at \$75,576.

**Table 21 - Snapshot of Hill PDA Household Income Affordability Calculator**

<b>Assumption</b>	<b>10%</b>	<b>Deposit</b>			
<b>Assumption</b>	<b>7.1%</b>	<b>Lending rate</b>			
<b>Assumption</b>	<b>25</b>	<b>Term (years)</b>			
<b>Household Income</b>	<b>Ownership<sup>A</sup></b>	<b>Monthly Payment</b>	<b>Principal Loan</b>	<b>Deposit</b>	<b>Home Affordability</b>
\$20,000	30%	\$500	\$70,109	\$7,790	\$77,899
\$25,000	35%	\$729	\$102,243	\$11,360	\$113,603
\$30,000	35%	\$875	\$122,691	\$13,632	\$136,324
\$35,000	37%	\$1,079	\$151,319	\$16,813	\$168,133
\$40,000	38%	\$1,267	\$177,610	\$19,734	\$197,345
\$45,000	40%	\$1,500	\$210,328	\$23,370	\$233,698
\$50,000	40%	\$1,667	\$233,698	\$25,966	\$259,664
\$55,000	40%	\$1,833	\$257,068	\$28,563	\$285,631
\$60,000	40%	\$2,000	\$280,438	\$31,160	\$311,597
\$65,000	40%	\$2,167	\$303,807	\$33,756	\$337,564
\$70,000	40%	\$2,333	\$327,177	\$36,353	\$363,530
<b>\$75,000</b>	<b>40%</b>	<b>\$2,500</b>	<b>\$350,547</b>	<b>\$38,950</b>	<b>\$389,497</b>
\$80,000	40%	\$2,667	\$373,917	\$41,546	\$415,463
\$85,000	40%	\$2,833	\$397,287	\$44,143	\$441,429
\$90,000	40%	\$3,000	\$420,656	\$46,740	\$467,396
\$95,000	40%	\$3,167	\$444,026	\$49,336	\$493,362
\$100,000	40%	\$3,333	\$467,396	\$51,933	\$519,329
\$105,000	40%	\$3,500	\$490,766	\$54,530	\$545,295
\$110,000	40%	\$3,667	\$514,136	\$57,126	\$571,262
\$115,000	40%	\$3,833	\$537,505	\$59,723	\$597,228
\$120,000	40%	\$4,000	\$560,875	\$62,319	\$623,195
\$125,000	40%	\$4,167	\$584,245	\$64,916	\$649,161
\$130,000	40%	\$4,333	\$607,615	\$67,513	\$675,127
\$135,000	40%	\$4,500	\$630,984	\$70,109	\$701,094

<sup>68</sup> Source: 6302.0 - Average Weekly Earnings, Australia, Feb 2011, ABS (May 2011)

\$140,000	40%	\$4,667	\$654,354	\$72,706	\$727,060
\$145,000	40%	\$4,833	\$677,724	\$75,303	\$753,027
\$150,000	40%	\$5,000	\$701,094	\$77,899	\$778,993
\$155,000	40%	\$5,167	\$724,464	\$80,496	\$804,960
\$160,000	40%	\$5,333	\$747,833	\$83,093	\$830,926

Source: Hill PDA

^ Note: Proportional ownership operates on an increasing scale as higher earning households have a greater ability to pay a greater proportion of their income on a mortgage without adversely impacting on their quality of life

The Housing Affordability Calculator shows that in 2015 with a median household income of \$75,000 per annum, a 10% deposit, 7.1% lending rate and a 25 year lending term, a household could service a loan of \$2,500 per month and therefore purchase a property for approximately \$389,000. This means that half of all households in both the Trade Area and the City of Botany Bay could not afford to purchase a dwelling at above this price.

By applying the aggregate per annum median house price increase in the City of Botany Bay over the March 2001 to March 2010 period (6% per annum based on ABS data) to the median dwelling price in 2011 (\$601,000), the median dwelling price could reach \$759,000 in 2015. This is nearly double the price at which households earning the median incomes can afford to purchase without being in housing stress.

Given the cost of land, construction and other economic factors, it would be extremely difficult to provide housing within Eastlakes or the wider City of Botany Bay for this value or below. Accordingly, based on ABS household income data, it would not be possible for very low or low income households to purchase a property without government assistance or some other form of subsidy.

We understand from discussions with our client that the price points anticipated for the proposed residential units currently are as follows:

**Table 22 - Anticipated Sales Price Range for Proposed Residential Units**

	<b>Sales Price Range</b>	<b>Median Price</b>	<b>Number of Units</b>
1 bed/ studio units	\$380,000 - \$480,000	\$430,000	154
2 bed/ duplex units	\$550,000 - \$650,000	\$600,000	196
3 bed units	\$650,000 - \$800,000	\$725,000	11
<b>Total</b>	<b>-</b>	<b>\$531,288</b>	<b>361</b>

Source: Crown Prosha Joint Venture, Rice Daubney

The proposed development would cater for households in the moderate income range with a high component of studio and 1-bedroom units which are the most affordable.

Based on the forecast average price of dwellings in the City of Botany Bay in 2015 (\$759,000), it is clear that all of the dwellings are likely to be well below the average dwelling price with the median price point (\$531,000) being some \$228,000 or 30% lower than the average house price. The proposed units are therefore at the lower, more affordable end of the residential market in terms of price and are more likely to be affordable to local residents than the 'average' house currently on the market.

In summary, based on our household income affordability calculator, we anticipate that the Eastlakes redevelopment would provide affordable housing options for the moderate household income band in addition to the growing market of new residents to the area. It would provide market housing at a significantly lower sales price than average for the City of Botany Bay.



Whilst the development would provide a range of housing affordability's in keeping with policy requirements, it is unlikely to address the needs of the full spectrum of household incomes i.e. the very low and low income households. This is because as it is not possible to develop and sell new housing at a cost that is affordable to these households. This is acknowledged in SEPP65 where it states that economic capacity is an important consideration in determining appropriate design.

## 9.3 Housing Sizes

The table below provides a comparison between the proposed residential unit sizes compared to the SEPP65 and DCP35 standards<sup>69</sup>.

**Table 23 - Proposed Residential Unit Mix**

	SEPP65				DCP35			
	Equal to or greater than guidance		Number less than guidance		Equal to or greater than guidance		Number less than guidance	
	No.	%	No.	%	No.	%	No.	%
1 bed units/ studios	154	48%	0	0%	6	26%	148	44%
2 bed units/ duplex	161	50%	35	90%	17	74%	179	53%
3 bed units	7	2%	4	10%	0	0%	11	3%
<b>Total</b>	<b>322</b>	<b>89.2%</b>	<b>39</b>	<b>10.8%</b>	<b>23</b>	<b>6.4%</b>	<b>338</b>	<b>93.6%</b>

Source: Rice Daubney

Table 23 indicates that overall 11% of the residential units proposed fall below the minimum size thresholds recommended by SEPP65, and 94% fall below those contained in the DCP35. It should be noted that our client is applying for a Project Application under Part 3A and local planning policy legislation does not apply.

Chapter 5 of the Study considered rental and housing prices in the City of Botany compared to Sydney SD and NSW. It demonstrated that house prices in particular were greater in the City of Botany than average for Sydney SD or NSW, and that this gap in house price differentiation is increasing.

Chapter 5 also considered housing affordability in detail and demonstrated that the City of Botany Bay has an above average proportion of households in housing purchase stress. It demonstrated a need to improve affordability in the Eastlakes locality, broaden housing choice and increase housing supply. The need for small (i.e. studio and 1-bed) dwellings in particular in the City of Botany Bay is recognised by Housing NSW which records that the largest proportion of households experiencing housing stress are single-person households. The growing need for smaller dwellings is reflected in the ABS Census data over the 1996 to 2006 period which demonstrates an increasing proportion of single person households in the City of Botany Bay and a declining household occupancy rate. Smaller dwellings are also the most affordable.

Whilst it is recognised that some of the residential units fall below the minimum unit sizes recommended in SEPP65, any requirement to increase the size of these units would adversely impact upon the ability to deliver affordable properties and it would lessen the number of units which could be provided, therefore lessening the contribution of the proposed development towards meeting housing needs in the area. Furthermore SEPP65

<sup>69</sup> Note: The Subject Site is zoned 3(a) under the Botany Bay LEP 1995. DCP35 does not apply to land zoned 3(a) under the Botany Bay LEP 1995 however it has been used for the purposes of comparison.

recognises that the provision of housing in an area should respond to the needs of the local community, as the proposed development does.

In this regard the proposed development comprises predominately (97%) studio, 1-bed 2-bed duplex and 2-bed units i.e. smaller dwellings. Small apartment dwellings are the most affordable types of dwellings and therefore the proposed development would assist in providing housing affordability in Eastlakes. As established by Section 9.2 the majority of the proposed residential units would be offered at prices well below the average sales price for the area and this will make them more affordable.

## 9.4 Providing Homes Close to Jobs and Services

As a mixed use proposal, the redevelopment of the Subject Site would help to create a vibrant and active in town centre providing an opportunity for residents to work and live on site or reside in close proximity to jobs in the wider area. Employment hubs located close to the Subject Site include Sydney Airport, Port Botany and the future retail and commercial centre of Green Square. It thus has the potential to contribute to reducing the amount of carbon emissions and the significant health costs (estimated at \$600 million to \$1.5 billion in Sydney alone) associated with vehicle emission incurred every year<sup>70</sup>.

By increasing the supply of residential dwellings the proposed development has the potential to contribute towards ensuring that workers in the local area are can reside in the local area. This will help to ensure that commuting times for workers are reduced and therefore aid in avoiding the potential negative impacts associated with long commutes as considered above.

## 9.5 Economic Impacts of New Residents

The accommodation of some 722 new residents as part of the proposed development would create support for local businesses over and above the additional retail floorspace proposed as part of the shopping centre. Given that our retail modelling assumed that nearly three-quarters (72%) of the retail expenditure generated by residents in the Trade Area is directed to retail centres other than Eastlakes, the majority of this expenditure will support other centres such as Green Square and Victoria Park, and so assist in the wider objectives of planning policy.

## 9.6 Residential Economic Impacts

The proposed development of 361 residential units as part of the proposed development at Eastlakes would have a range of positive economic impacts. It would:

- Make an important contribution towards meeting the City of Botany's, the East Subregion and the Sydney Metropolitan Area's dwelling targets;
- By increasing the supply of market housing the proposed development would assist in ensuring housing choice within the City of Botany Bay and may assist in easing residential affordability;

---

<sup>70</sup> Premier's Council for Active Living

- Provide housing within an existing centre which will support jobs in that centre and provide trade for retailers within it and in the wider area, including the planned centre at Green Square; and
- Provide more homes closer to the major employment hubs of Sydney Airport and Port Botany.

Economic impacts to the broader economy resulting from the proposed residential development include supporting the role of the strategically important employment hubs at Port Botany, Sydney Airport and Green Square by increasing the supply of housing locally and assisting in reducing commuting times for workers. It would also support the role of Eastlakes Town Centre and other existing and planned centres in the wider area including Green Square Major Centre by increasing the amount of retail expenditure available for them to capture.

As indicated in Chapter 5 of the Study a lack of housing supply has been shown to restrict the economic performance of NSW, lead to higher house prices and restrict population growth. In contributing towards and increased supply of housing and housing choice the proposed development would assist in supporting the broader NSW economy.

## 10. OTHER ECONOMIC IMPACTS

The proposed development would provide a mix of retail, residential and serviced apartment floorspace. This Chapter of the Study considers wider economic impacts of the proposed development which would eventuate, over and above retail and residential impacts, related to increased employment implications and stimulating investment.

### 10.1 Provision of Serviced Apartments

Demand for serviced accommodation has increased significantly in recent years, and this trend is expected to continue in the future<sup>71</sup>. The strength of demand for serviced apartments is attributed by IBIS world to the greater amount of space and facilities which such accommodation offers compared to more traditional hotel and motel accommodation.

The Project Application includes provision for 82 serviced apartments<sup>72</sup>. Given the location of the Subject Site the users of serviced apartment accommodation are likely to comprise business travellers and tourists wishing to stay near the airport, business travellers or workers visiting locations in the surrounding area including Green Square and the Port of Botany, and visitors visiting family and friends in the local area.

In catering for business travellers serviced apartment accommodation would support the economy of the City of Botany Bay and in the broader East and Sydney City Subregions by enhancing the ability of workers to stay close to their destinations (e.g. the Port of Botany, Sydney Airport etc.) and increasing choice in the serviced accommodation sector. It would complement and support the role of nearby employment hubs by catering for demand from business travellers for over-night accommodation.

Temporary residents on the Subject Site who utilise the serviced apartments would also create additional expenditure which is available to be captured by local businesses on-site and in the surrounding expenditure, particularly in areas such as food and groceries, toiletries, meals out etc. Serviced accommodation uses are entirely consistent with the role of Eastlakes Town Centre.

Serviced apartment accommodation would also create additional employment at Eastlakes and diversify the range of employment options available. It would increase night-time activity within and around the centre, which in addition to economic benefits to local business, and increase pedestrian footfall and natural surveillance

### 10.2 Construction Employment Generation

The proposed development would generate employment in two ways – through construction and through additional on-site operations once it has been developed. We understand from discussions with the client that the capital cost of the proposed development will be in the order of \$222m<sup>73</sup>.

<sup>71</sup> Source: IBIS World Industry Report H5715 Serviced Apartments in Australia (September 2011)

<sup>72</sup> Note: A 'serviced apartment' is understood to comprise establishments that operate self-contained apartments for short-term (one to six nights), medium-term (seven days to one month) and long-term (longer than one month) stays, containing a kitchen or kitchenette and commonly a lounge or dining facilities

<sup>73</sup> Source: Eastlakes Shopping Centre Redevelopment: Certificate of Cost, Newton Fisher & Associates Pty Ltd

## **Multiplier Effects**

There are two types of multipliers:

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

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

The results of applying these multipliers are shown below.

**Table 24 - Construction Multipliers**

	Production Induced Effects				Total
	Initial Effects	First Round Effects	Industrial Support Effects	Consumption Induced Effects	
Output multipliers	1	0.466	0.438	0.962	2.866
Output (\$million)	\$222	\$103	\$97	\$214	\$636

It should be noted these will not all be 'local' effects. Many of the construction materials, for example, will be sourced regionally, nationally or internationally so the spin-off benefits will not be felt locally. However some of these effects will be felt within the surrounding area and local businesses are likely to receive a boost from the presence of additional workers in the area during construction.

## **Construction Related Employment**

Four full time construction positions for 12 months are created for every \$1m of construction work undertaken according to IBIS World. Based on the estimated construction costs, the proposed development would directly support 888 years (one full time job per year of construction) as result of the construction process. These are direct jobs, however there will also be additional jobs created through economic multipliers.

The 1996-97 ANA Input-Output Tables identified employment multipliers for first round, industrial support and consumption induced effects of 0.33, 0.45 and 2.33 respectively for every job year in direct construction.

**Table 25 - Construction Employment**

	Production Induced Effects				Total
	Direct Effects	First Round Effects	Industrial Support Effects	Consumption Induced Effects	
Multipliers	1	0.33	0.45	2.33	4.11
Employment No. per \$million	4.00	1.32	1.80	9.32	16.44
Total job years created	888	293	400	2,069	3,650

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

As shown above, for every \$1 million in construction cost, a total of 16.4 job years could be generated in the economy (jobs directly in construction and in multiplier impacts). As with construction multipliers, it should be acknowledged that only a proportion of these will be provided at the local level.

### **Worker Expenditure**

There is very little available data concerning the level of expenditure generated by workers close to the place of work. There is anecdotal evidence suggesting that as much as 15% of total household expenditure is spent close to the place of work but the true figure is greatly influenced by a number of factors – the main one being the level of retail offer.

On this basis the additional number of workers who would be present in the Trade Area as a result of the Eastlakes development scheme would further increase the level of retail expenditure available for Eastlakes and other centres in the Trade Area to capture.

## **10.3 Operations Generated Employment**

The proposed development would create an additional 922sqm of shopfront retail floorspace upon completion and would provide 82 serviced apartments.

Based on an assumed worker ratio of 45sqm per worker for the retail component and 1 worker per 5 rooms for the serviced apartment component<sup>74</sup>, the proposed development would support an estimated 36 full and part time jobs (20 retail related, 16 serviced apartment related) post-development. These are additional jobs, over and above the number of jobs currently provided on-site which would be re-provided after the redevelopment.

The additional jobs provided on the Subject Site post-development will make a contribution towards meeting the targets for the additional provision of jobs in the City of Botany Bay and in the East Subregion set by strategic planning documents previously explored. It is also prudent to note that employment in the retail trade sector in the City of Botany Bay is forecast to grow significant over the next 25 years, and the proposed development therefore supports this growth sector.

It will also increase job choice in the Trade Area and the City of Botany Bay and could make a modest contribution towards lowering the rate of unemployment, which at the time of the 2006 census was above average compared to the Sydney SD.

<sup>74</sup> Based on Hill PDA estimate

## 10.4 Investment Stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment will in turn stimulate and attract further investment to the immediate area. It will assist in elevating the profile of the area which will encourage additional investment in the future.

The investment of \$222m in the Eastlakes Shopping Centre would represent a sign of confidence in the local market and would provide a new, high specification retail centre which is likely to attract interest from investors and retailers alike. The proposed development has the potential to act as a catalyst, stimulating redevelopment on adjacent lands. These lands are strata-titled, and despite the efforts of Crown International it was not possible to include these sites as part of this development. However, the implementation of this development would make investment in these adjoining sites more commercially attractive.

In addition the proposed development would help to support jobs in the local economy and create spin-off investment which would benefit local industries, businesses and residents. Additional demand generated by residents of the proposed development would further increase the commercial attractiveness of the area to businesses.



# 11. FLOORSPACE MIX

The last Chapter of the Study considers, in the context of the analysis undertaken in the preceding Chapters, the proposed floorspace mix on the Subject Site. It considers alternative uses which could be provided as part of the scheme and establishes why the current proposal makes efficient and effective economic use of the land.

## 11.1 Mix of Land Uses

The proposed development comprises a mix of uses including approximately 12,452sqm GLA of retail floorspace, 361 residential apartments which will accommodate 722 residents, 82 serviced apartments and community floorspace. This land use mix is consistent with planning policy aims given that it concentrates retail and residential uses on an existing town centre.

As the Study has established, the proposed development would make an important contribution towards the economy not just within Eastlakes itself but in the wider City of Botany Bay and beyond through the provision of residential and serviced apartments, not just through the strengthening of a key retail centre in the hierarchy. It would spread investment and economic growth south from Green Square and make efficient and effective use of an inner city location.

## 11.2 Commercial Office Floorspace

Shopfront commercial office floorspace is likely to be provided as part of the 12,452sqm GLA retail floorspace proposed for the redeveloped shopping centre which would include such uses as banks, travel agents, medical uses and so on. Typically such uses make up around 5% to 10% of retail shopfront space in a retail centre i.e. 623sqm to 1,254sqm in this case. The proposed development will therefore make a contribution towards the provision of commercial floorspace in this locality.

Furthermore, home working is a growing trend across Sydney with the ABS Method of Transport to Work survey (2006) indicating that 3.9% of working residents in the Sydney area work from home. According to the ABS November 2005 Locations of Work Survey, the types of work carried out at home are far more varied than those made possible as a result of using the internet. They vary across a wide range of activities including small scale production (especially garment manufacture) professional services, personal services (i.e. hairdressing), sales work and other forms of self-employment. The provision of 361 new dwellings as part of the proposed redevelopment would further support commercial employment in Eastlakes.

Residential uses would also support commercial floorspace which will be provided at Green Square in the future. This is because new residents locating on the Subject Site will require access to jobs, as well as retail goods and services. Although employment in the City of Botany is industrial focused, some new residents would likely be employed in commercially related occupations and these jobs could be provided at Green Square. Green Square, as a future Major Centre within which a significant quantum of commercial floorspace will be developed, is a more appropriate location for commercial floorspace to be provided than Eastlakes.

Notwithstanding this, we note that the Subject Site has no history of accommodating commercial floorspace other than shopfront commercial uses, having functioned as a retail centre development since the 1960's. Although demand for commercial floorspace across Sydney is forecast to grow over the next 25 years, reflecting broader shifts in the economy, within the City of Botany Bay the key growth sectors in terms of employment numbers, based on BTS data (see Section 4.5 of the Study) are 'Transport, Postal and Warehousing', 'Accommodation and Food Services' and 'Retail Trade' i.e. non-commercial uses. This reflects the greater industrial focus of the LGA and the presence of Sydney Airport and Port Botany.

## 11.3 Amalgamation of Sites

We are aware that a more comprehensive scheme which incorporates a larger site including the residential blocks situated adjacent to Evans Avenue would enable a greater quantum of development to be achieved and a more holistic approach towards capitalising on the location of the shopping centre.

Despite the best endeavours of the proponents the acquisition of adjacent sites has not been possible and was not commercially viable. This is attributable to adjacent sites being strata-titled, in private ownership and actively occupied by residents.

The alternative to developing the Subject Site without the inclusion of the additional sites is no redevelopment whatsoever which would be the worse case scenario for the area. The no development scenario would lead to no increase in jobs, no rejuvenation of the established retail offer and no additional dwellings which are much needed and which will assist in ensuring residential affordability. At the very least waiting for other sites in the wider area to become available will significantly delay redevelopment of Eastlakes Shopping Centre and delay realisation of the associated economic benefits.

As previously noted in Section 10.3 the proposed development has the potential to stimulate investment in the surrounding area as a result of raising the profile of Eastlakes and increasing the commercial viability of investing within it. The best case scenario from an economic perspective is therefore that the proposed development is permitted rather than the Subject Site remaining in its existing form.

## DISCLAIMER

This report is for the confidential use only of the party to whom it is addressed (the client) for the specific purposes to which it refers. We disclaim any responsibility to any third party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report and its attached appendices are based on estimates, assumptions and information sourced and referenced by Hill PDA and its sub consultants. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the attached financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.

This report does not constitute a valuation of any property or interest in property. In preparing this report we have relied upon information concerning the subject property and/or proposed development provided by the client and we have not independently verified this information excepted where noted in this report.