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Dear Tim

Subject: Eastern Creek Business Hub - Section 96 Modification

We refer to your instructions relating to the above matter. Development consent SSD 5175 was granted by the NSW Minister for Planning on 7 January 2015 for the Eastern Creek Business Hub Staged Development Application. The development consent approved a concept proposal for a new retail centre comprising 52,800 sqm gross floor area to accommodate 'retail premises', 'bulky goods premises', 'large format retail' and 'business premises'.

The development consent restricts the WSPT to the following maximum GFA:

Land Use	**Maximum GFA (sqm)**
Bulky goods	29,300
Large format retail	14,000
Bulky goods + Large Format Combined	43,300
Supermarket	4,000
Specialty shops/small business	5,500
Supermarket and Specialty shops Combined	9,500
TOTAL	52,800

The proposed modification seeks flexibility to transfer floor areas – from large format to bulky goods and from supermarket space to specialty shops and small businesses. The resultant maximum floor spaces would be as follows:

Land Use	Maximum GFA (sqm)
Large format retail (up to 2 stores)	14,000
Bulky goods + Large Format Combined	43,300
Supermarket	4,000
Supermarket and Specialty shops Combined	9,500
TOTAL	52,800

The impacts assessed in the earlier report were based on several assumptions.

Firstly it was assumed that Stage 1 would comprise the supermarket, specialty retail, large format stores and 10,000sqm of bulky goods and would be complete in 2016. Stage 2 would include 19,300sqm of additional bulky goods and be completed by 2022. In the revised assessment we have amended the opening date to 2017 given that this is now the most optimistic date achievable. The purpose of this addendum is to test whether the impacts will be increased or reduced as a result of the changes.

Secondly it was assumed that the large format store(s) would have a significant component of food, groceries and beverages. The approval granted restricted the large format store(s) of selling food and beverages and so we have removed this from the revised impact modelling. We have assumed the large format store(s) would be a combination of apparel and bulky goods.

The other main assumption is that the proposed land uses will trade at close to industry benchmark levels as documented in Chapter 7 of the earlier report. Again we have not amended these assumptions.

Table 9 in our report is shown following. This showed the impacts from Stage 1 of the proposal as measured by shifts in trade from competing centres. The impacts on each centre was measured as both an immediate percentage loss in trade and a shift in trade over time from 2011 to 2016 having regard to population growth in the broad area over time.

Table 9 from the HillPDA Report, August 2012 (also Table 7.5 in the April 2014 Supplementary Report)

Retail Centre	Distance from Subject Site (km)	1 Approx. Retail Floor Space	2 Turnover in 2011	3 Turnover in 2016 without Proposal	Turnover in 2016 with Proposal	4 Immediate Shift in Turnover	5 % Shift in Turnover in 2016	6 Shift in turnover from 2011 to 2016	7 % Shift in turnover from 2011 to 2016
Stage 1 Proposal		**30,050**	**-**	**-**	**175.3**	**175.3**	**-**	**-**	**-**
Blacktown	7.2	141,500	705.0	759.9	734.6	-25.3	-3.3%	29.6	4.2%
Mount Druitt	3.0	70,350	470.0	526.6	484.2	-42.4	-8.1%	14.2	3.0%
St Marys	8.0	42,500	257.8	288.8	276.8	-12.0	-4.2%	19.0	7.4%
Plumpton Marketplace	5.8	15,600	143.6	160.9	149.8	-11.1	-6.9%	6.2	4.3%
Rooty Hill	1.5	7,500	48.6	54.5	48.2	-6.3	-11.5%	-0.4	-0.9%
Doonside	3.8	1,500	9.3	10.4	9.6	-0.7	-7.2%	0.4	4.0%
Myrtle Street, Prospect	5.3	4,000	32.6	36.5	31.1	-5.4	-14.7%	-1.4	-4.4%
Holbeche Road, Arndell Park	4.3	3,000	22.1	24.7	21.8	-2.9	-11.9%	-0.3	-1.3%
Minchin Drive, Minchinbury	2.5	2,500	16.8	18.8	17.3	-1.5	-7.7%	0.6	3.4%
Evans Road, Rooty Hill	0.5	1,500	9.1	10.2	9.1	-1.1	-10.7%	0.0	0.0%
Rainbow Shopping Centre	3.9	4,500	35.1	39.4	32.7	-6.7	-17.0%	-2.4	-7.0%
Homebase Prospect	6.0	25,000	90.4	84.3	79.1	-5.1	-6.1%	-11.2	-12.4%
Minchinbury Precinct	5.0	46,000	133.0	199.1	185.4	-13.6	-6.8%	52.4	39.4%
Seven Hills (Bulky Goods)	11.0	15,000	51.5	50.7	48.7	-2.0	-3.9%	-2.8	-5.4%
Wetherill Park	10.0	20,000	68.7	100.0	95.8	-4.2	-4.2%	27.1	39.4%
Other Localities	-	-	-	-	-	-35.1	-	-	-
TOTAL	**-**	**400,450**	**2,093.6**	**2,364.7**	**2,399.7**	**0.0**	**1.5%**	**306.2**	**14.6%**

1 Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys, MacroPlan Dimasi (March 2012)
2 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.
3 Allows for population growth of 1% per annum and real growth in retail spend per capita of 1.3% per annum in line with historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes)
4 Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. no Stage 1 development).
5 Immediate percentage shift is shift in turnover divided by the turnover in 2010 without the development proceeding.
6 This is the shift in turnover from 2011 to 2016 after the opening of the new development.
7 This is shift in turnover from 2011 to 2016 divided by the based turnover in 2011.

To appreciate the impact from the proposed amendment we have assumed a Stage 1 development as follows:

Large Format Store	5,000sqm
Bulky Goods	19,000sqm
Supermarket	2,000sqm; and
Specialty Retail / Small businesses	7,500sqm

This is a transfer of 9,000sqm from large format retailing to bulky goods and 2,000sqm is transferred from the supermarket to general or specialty retailing. Total retail sales from Stage 1 are estimated to reduce from $175m to $132m. This is because retail turnover density

(RTD) (measured by $/sqm) of supermarkets is around 60% higher than specialty retail and the RTD of large format stores is also around 60% higher than bulky goods based on industry benchmarks.

The revised impacts are forecast as follows.

Likely Impacts from the Section 96 Modifications

Retail Centre	Distance from Subject Site (km)	1 Approx. Retail Floor Space	2 Turnover in 2011	3 Turnover in 2017 without Proposal	Turnover in 2017 with Proposal	4 Immediate Shift in Turnover	5 % Shift in Turnover in 2017	6 Shift in turnover from 2011 to 2017	7 % Shift in turnover from 2011 to 2017
Stage 1 Proposal					131.8	131.8			
Blacktown	7.2	141,500	705.0	778.1	755.8	-22.3	-2.9%	50.8	7.2%
Mount Druitt	3.0	70,350	470.0	538.7	512.2	-26.5	-4.9%	42.2	9.0%
St Marys	8.0	42,500	257.8	295.5	289.8	-5.6	-1.9%	32.0	12.4%
Plumpton Marketplace	5.8	15,600	143.6	164.6	159.1	-5.5	-3.4%	15.5	10.8%
Rooty Hill	1.5	7,500	48.6	55.8	51.9	-3.9	-6.9%	3.2	6.7%
Doonside	3.8	1,500	9.3	10.6	10.2	-0.5	-4.3%	0.9	9.7%
Myrtle Street, Prospect	5.3	4,000	32.6	37.3	35.6	-1.7	-4.6%	3.1	9.4%
Holbeche Road, Arndell Park	4.3	3,000	22.1	25.3	24.2	-1.1	-4.3%	2.1	9.7%
Minchin Drive, Minchinbury	2.5	2,500	16.8	19.2	18.3	-0.9	-4.6%	1.6	9.4%
Evans Road, Rooty Hill	0.5	1,500	9.1	10.5	9.2	-1.2	-11.9%	0.1	1.0%
Rainbow Shopping Centre	3.9	4,500	35.1	40.3	38.0	-2.2	-5.5%	2.9	8.3%
Homebase Prospect	6.0	25,000	90.4	86.6	79.5	-7.0	-8.1%	-10.8	-12.0%
Minchinbury Precinct	5.0	46,000	133.0	202.5	184.0	-18.5	-9.2%	50.9	38.3%
Seven Hills (Bulky Goods)	11.0	15,000	51.5	52.1	49.3	-2.7	-5.2%	-2.2	-4.3%
Wetherill Park	10.0	20,000	68.7	101.7	96.0	-5.7	-5.6%	27.3	39.8%
Other Localities	-			.	.	-26.4	.	.	.
TOTAL	**-**	**400,450**	**2,093.6**	2,418.6	2,445.0	0.0	1.1%	351.4	16.8%

1 Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys, MacroPlan Dimasi (March 2012)

2 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.

3 Allows for population growth of 1% per annum and real growth in retail spend per capita of 1.3% per annum in line with historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes)

4 Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. no Stage 1 development).

5 Immediate percentage shift is shift in turnover divided by the turnover in 2010 without the development proceeding.

6 This is the shift in turnover from 2011 to 2017 after the opening of the new development.

7 This is shift in turnover from 2011 to 2017 divided by the based turnover in 2011.

Please note that the impacts shown in the above two tables are maximum impacts. They provide the two maximum “bookend” values to adequately describe and quantify impacts.

The table following provides a side by side comparison of the impacts at:

- "point in time" in 2016 (original) and 2017 (revised); and
- the shift in trading levels over time

between the:

- original proposal; and
- the hypothetical scenario under the Section 96 modification.

Retail Centre	Distance from Subject Site (km)	Immediate Impacts: Original Proposal (in 2016)	Immediate Impacts: Possible from Sec 96 Changes (in 2017)	Shift in Trade: Original Proposal 2011-16	Shift in Trade: Possible from Sec 96 Changes 2011-17
Blacktown	7.2	-3.3%	-2.9%	4.2%	7.2%
Mount Druitt	3.0	-8.1%	-4.9%	3.0%	9.0%
St Marys	8.0	-4.2%	-1.9%	7.4%	12.4%
Plumpton Marketplace	5.8	-6.9%	-3.4%	4.3%	10.8%
Rooty Hill	1.5	-11.5%	-6.9%	-0.9%	6.7%
Doonside	3.8	-7.2%	-4.3%	4.0%	9.7%
Myrtle Street, Prospect	5.3	-14.7%	-4.6%	-4.4%	9.4%
Holbeche Road, Arndell Park	4.3	-11.9%	-4.3%	-1.3%	9.7%
Minchin Drive, Minchinbury	2.5	-7.7%	-4.6%	3.4%	9.4%
Evans Road, Rooty Hill	0.5	-10.7%	-11.9%	0.0%	1.0%
Rainbow Shopping Centre	3.9	-17.0%	-5.5%	-7.0%	8.3%
Homebase Prospect	6.0	-6.1%	-8.1%	-12.4%	-12.0%
Minchinbury Precinct	5.0	-6.8%	-9.2%	39.4%	38.3%
Seven Hills (Bulky Goods)	11.0	-3.9%	-5.2%	-5.4%	-4.3%
Wetherill Park	10.0	-4.2%	-5.6%	39.4%	39.8%

As shown in the above table the impacts from the proposed change are diminished on all centres except for the bulky goods precincts – Minchinbury, Seven Hills and Homebase Prospect. The impacts on these localities will be a little stronger due to the increase in the bulky goods component.

The above table shows the range of maximum immediate impacts on each centre which ultimately will be depended on the retail mix.

The above impacts are still within a range that is generally considered acceptable. The only locality that will experience a moderately adverse impact (as measured by a shift of trade from 2011 to 2017) is Homebase Prospect. Please note however that around half of this impact is due to the proposed additions to (expansion of) Minchinbury and Wetherill Park.

Furthermore Homebase Prospect is an “out-of-centre” B5 zoned area surrounded largely by industrial uses. It is not “in-centre” location like Blacktown and Mount Druitt and Rooty Hill. The impacts on the “in-centre” locations are all diminished as a result of the proposed amendment.

The immediate impact on Evans Road has slightly increased by around 1%. This is because the centre has no supermarket – only specialty stores and two small bulky goods stores. Hence the shift away from supermarket retailing and towards specialties and bulky goods stores has had a slightly stronger impact on Evans Road. The impact over time has improved by around 1% due to an additional one year delay in the opening of the business hub.

If we add a further year of growth in the trade area, given that 2018 is a more likely opening date, then the trade impacts are diminished by a further 2% approximately.

We believe these impacts are within an acceptable range of competitiveness. Within any centre the likelihood of a major or anchor retailer closing, as a result of the proposal, is virtually zero. The likelihood of any specialty store closing is possible but low. However the closure of a specialty store is unlikely to have any measurable impact on the retail centre. Given the growth and shift in trade estimates over time, any vacancies are likely to be short term.

I trust this clarifies any concern that the Department may have on the impacts of the revised mix.

Sincerely

Adrian Hack
BTP (Hons), MLE, MPIA
Principal, HillPDA