

13 September 2017

Dear Vanessa

## **Subject: Eastern Creek Business Hub – Stage 1**

This letter summarises the likely economic impacts prepared to support a modification to Concept Plan SSD 5175 which will support a concurrent SSD application (SSD 8588) for the detailed design of Lot 2 (Stage 1) of the Eastern Creek Business Hub. This assessment references plans ("Proposed Site Plan – Stage 1 DA05 Rev A" prepared by i2C) submitted as part of the detailed design DA which are attached for reference.

The conventional retail space in Stage 1 was approved with a GFA of 9,500sqm. In the earlier economic impact assessment (EIA) report prepared by HillPDA it was assumed that 7,750sqm of this space would be occupied retail space (gross leasable space retail or GLAR as defined by Property Council of Australia) half of which would be taken up by a large format supermarket and half by specialties. The balance of the 9,500sqm would comprise amenities, common area, manager's office and non-retail occupiers.

I have viewed the i2C drawing. It shows 9,400sqm of leasable floor area. This includes two tenancies that are non-retail – the gymnasium and the medical centre. The centre provides a 4,000sqm supermarket, 15 food retailers (1,650sqm), liquor store (200sqm) a mini-major store (580sqm), pharmacy (350sqm), 16 non-food specialty shops (1,700sqm) and three kiosks. If we assume all of these shops are occupied by retailers then total leasable retail floor space would be 8,500sqm. This is around 750sqm more space than assumed in the earlier EIA – an increase of 9.7%.

The additional space is justifiable for the following reasons:

1. The maximum increase in retail floor space at 750sqm is equivalent to 7 specialty shops – an insignificant level given the large volume of retail space (more than 400,000sqm) within a 10

kilometre distance by road from the subject site. Centres within 10km distance include:

Blacktown	140,000
Mount Druitt	70,000
St Marys	43,000
Plumpton Marketplace	16,000
Rooty Hill	7,500
Rainbow Doonside	4,500
Homebase Prospect	25,000
Minchinbury Precinct	46,000
Wetherill Park	20,000
Others	28,000

2. The earlier EIA assumed an opening date for Stage 1 in 2016. The most likely date will be some three or four years later. The City of Blacktown's population grew almost 12% from 2011 to 2016 and is expected to grow a further 11% to 2021 (NSW Transport Performance and Analytics).
3. This growth has translated to an improvement in retail sales in the locality over time. For example in terms of retail turnover density (RTD) measured by Moving Annual Turnover (MAT \$/sqm) Westfield Mt Druitt was ranked 69 out of 80 "Big Gun" centres in Australia<sup>1</sup>. Its turnover was 16% below the median. By 2009 its ranking had moved up to number 37 amongst the 82 "Big Gun" centres in Australia. Its \$MAT/sqm was 1.1% above the median. Since then its ranking has continued to climb moving up to twelfth position by 2016. It's now achieving \$8,160/sqm which is 17% above the national median.
4. Due to population growth Blacktown LGA will need to provide almost 20,000sqm of additional retail space every year to keep up with demand<sup>2</sup>.

In this context the minor variation on the subject site is inconsequential.

1. Big Guns are defined by the Shopping Centre News as centres with a gross leasable retail floor space of more than 45,000sqm. Moving Annual Turnover (MAT) refers to total retail sales from 1 January 2016 to 31 December 2016 from all retail tenants including cinemas and other entertainment but excludes revenue from professional suites and offices, storage, financial institutions, gaming venues and medical services.

2. From 2016 to 2026 Blacktown's population is expected to increase by 83,000 (averaging 8,300 more people every year (Forecast.ID). Demand for retail floor space is currently around 2.3sqm per person which calculates to more than 19,000sqm per annum. Using trend extrapolation demand could be even higher at around 23,000sqm per annum due to growth in affluence (real retail spend per capita) of around 1% per annum since 1986.

Furthermore the trading impacts on existing centres would be no higher (and likely to be very marginally lower) than previously forecast.

Sincerely

A handwritten signature in black ink, appearing to read 'Adrian Hack', with a stylized, cursive script.

**ADRIAN HACK**

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