

10 March 2021

Ms. Emily Dickson,
Department of Planning Industry and the Environment,
Locked Bag 5022,
Parramatta NSW 2124

Dear Emily,

Re: SSD-10457 – Eastern Creek Retail Outlet Centre

This submission has been prepared in response to the exhibition of State Significant Development Application (SSDA) No. 10457 relating to the proposed Eastern Creek Retail Outlet Centre at Lot 3 of the Eastern Creek Quarter (ECQ) site at Rooty Hill.

The ECQ site comprises 4 lots. SSD-10457 seeks to utilise the provisions of Section 4.17 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) to amend the original Concept approval for the site under SSD 5175 as far as it relates to Lot 3 of the ECQ site.

In this regard, we understand SSD-10457 seeks approval for the following:

- Land uses, including retail (factory outlet), ancillary food and drink premises and recreation facilities;
- A building footprint, including basement, with a maximum height of 12m across the site;
- A maximum total gross floor area (GFA) of 39,500m² on Lot 3 which will be staged as follows:
 - Phase A: 29,500m²
 - Phase B: 10,000m²
- A concept landscape design;
- Design Guidelines;
- Road upgrades to Church Street for vehicular access, including traffic signals at the Church Street/Rooty Hill Road South intersection;
- Modifications to the Cable Place/Rooty Hill Road South/ECQ internal access road intersection; and
- Modifications to the Francis Street/Eastern Road/Rooty Hill Road South intersection.

Also proposed under SSD-10457 are the following early works:

- The removal of up to 0.73 ha of Cumberland Plains Woodlands endangered ecological community in the south west corner of the site;

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- Bulk earthworks within Lot 3; and
- Extension of the internal access road to connect to the basement car park of Lot 3.

Vicinity Centres has reviewed the Environmental Impact Statement (EIS) and associated documents currently available to view on the Major Projects website and object to the proposal on the following grounds:

- Economic impact associated with proposed land use and extent of GFA increase sought.
- Traffic impacts.
- Documentation inconsistencies.

Economic Impacts

An Economic Impact Assessment (EIA) was prepared by Macroplan to support the SSDA.

The key objectives of this report were to determine whether there was market potential for the proposed outlet centre and whether the impacts on other activity centres were manageable as well as provide an overview of the economic benefits associated with the proposed development.

In reviewing the analysis outlined in the EIA report and its key findings and conclusions and through consideration of other analysis, Vicinity Centres is of the opinion that there is not a clear demonstrable market need and demand in Eastern Creek for what would be one of the largest outlet centres in Australia when fully developed (i.e., 28,000 sq.m), particularly over the next 10-15 years.

This view is based on several key points of contention / concern with the Macroplan analysis and conclusions:

- The assessed potential trading levels for the outlet centre are well below benchmarks for outlet centres and at levels that are unlikely to support the viability of the centre.
- The trade area defined for the outlet centre is too broad in its definition and includes areas that serve as core markets for other outlet centres in Western Sydney, i.e., DFO Homebush and Liverpool Fashion Spree. As the potential for the Eastern Creek outlet centre is largely based on the market provided by the trade area, a smaller trade area would further reduce the viability of the outlet centre.
- An 18,500 sq.m outlet centre would unlikely achieve a minimum sustainable trading threshold of \$7,000 per sq.m until after 2039. Sufficient market demand therefore is unlikely to be achieved for more than 15 years after the proposed opening year of trade.
- With the market unable to adequately support the proposed first stage of the outlet centre (18,500 sq.m) by 2024 and the trade area market forecast to grow by 12% from 2024 to 2030, the full development of the centre to 28,000 sq.m by 2030 (+50% relative to the first stage) would also not be supportable.
- The trading impacts of the Eastern Creek outlet centre are significantly understating the impact on other outlet centres in Sydney, notably DFO Homebush and Fashion Spree in Liverpool. The EIA

report indicates that the Eastern Creek outlet centre would mostly compete with other outlet centres however the outlet centres in Sydney are assessed to account for only 20% of the total trading impacts.

Outlet Centres – A Niche Retail Market

Outlet retailing is a niche segment of the retail market providing a unique shopping experience based around discounted branded merchandise. In this regard, outlet centres are highly competitive with each other and compete for a relatively small share of the retail market.

The trading success of outlet centres is therefore reliant on them having access to a large catchment with minimal overlap of trade areas with other outlet centres. Securing large catchments also requires a scale of centre that establishes it as a destination for this form of shopping. The scale of centre and available market go hand in hand in supporting the market potential and viability of any one outlet centre.

Centres that underperform are deficient in both or to a large extent in one of these success drivers. This is an important consideration in the review of the proposed Eastern Creek outlet centre.

Market Need and Demand for Eastern Creek Outlet Centre Has Not Been Demonstrated

Based on a review of the analysis outlined in the Macroplan EIA report and other research it is highly questionable as to whether there is sufficient market need and demand in support of the proposed Eastern Creek outlet centre.

1. Unviable Trading Level

In the Macroplan report the potential trading level of the proposed 18,500 sq.m outlet centre is assessed at approximately \$5,400 per sq.m in 2024, which is based on the centre capturing around a 5% market share of apparel spending from the defined trade area.

We note that Macroplan provides no specific details but rather broad comments on the market shares that underpin the turnover estimate for the Eastern Creek outlet centre. Further details on the market shares and estimates of the amount of turnover that would be sourced from beyond the trade area would enable better determination of whether the assumptions supporting the turnover level are appropriate. Nevertheless, in a reasonably competitive market with two competing outlet centres in the western market, i.e., DFO Homebush and Fashion Spree in Liverpool, a market share of 5% would be high when comparing with the typical shares achieved by outlet centres in similar market conditions.

A turnover productivity of \$5,400 per sq.m is well below benchmarks for a successful outlet centre and estimated to be approximately 36% less than the average for outlet centres in Australia and over 40% less than the average turnover productivity of outlet centres within Vicinity Centres' DFO portfolio. Refer to Table 1.

At the assessed trading level, the proposed Eastern Creek outlet centre would unlikely be viable. This indicates that there is insufficient market demand to support the outlet centre.

Table 1 – Eastern Creek Trading Level vs. Benchmarks

	Average Trading Level (\$ psm.)
Eastern Creek Outlet Centre	5,403
<i>Var'n from Outlet Centre Average (%)</i>	-36%
Outlet Centre Average*	8,400

* Estimate based on analysis undertaken by Urbis

2. Trade Area Definition Too Broad – Lower Trading Potential

In absence of any supporting evidence used to define the trade area in the Macroplan report, separate analysis has been undertaken to understand the relative customer draw of DFO Homebush and Fashion Spree at Liverpool and test the appropriateness of the trade area definition for the Eastern Creek outlet centre.

Based on analysis of Human Movement Data (HMD), drawing on the pings from mobile phone devices, it is concluded that the trade area defined for the proposed Eastern Creek outlet centre is too broad in definition and includes areas that are core markets for competing outlet centres.

From Map 1 and Table 2 the following is noted:

- Area A, which is located immediately north-west of the Fashion Spree outlet centre, is an essential market for the centre. The market penetration achieved by the Fashion Spree centre (visits per capita) is 340% higher in Area A relative to the average penetration rate for the Eastern Creek trade area as a whole. This is not surprising given the significantly shorter drive time and distance to Fashion Spree from Area A relative to Eastern Creek.
- Similarly, Area B, which is located to the west of DFO Homebush, is an important market for the DFO Homebush centre. Market penetration rates achieved by DFO Homebush from Area B is 80% higher than the average for the whole of the trade area of the Eastern Creek outlet centre. The drive times and distance to DFO Homebush from Area B are also significantly less than to the Eastern Creek centre.

Given the proximity of these markets to the Fashion Spree and DFO Homebush outlet centres, the high market penetration rates, and that the centres are inbound to these markets, both Area A and Area B should not be included in the trade area for the Eastern Creek outlet centre.

Map 1 – Fashion Spree and DFO Homebush Customer Draw

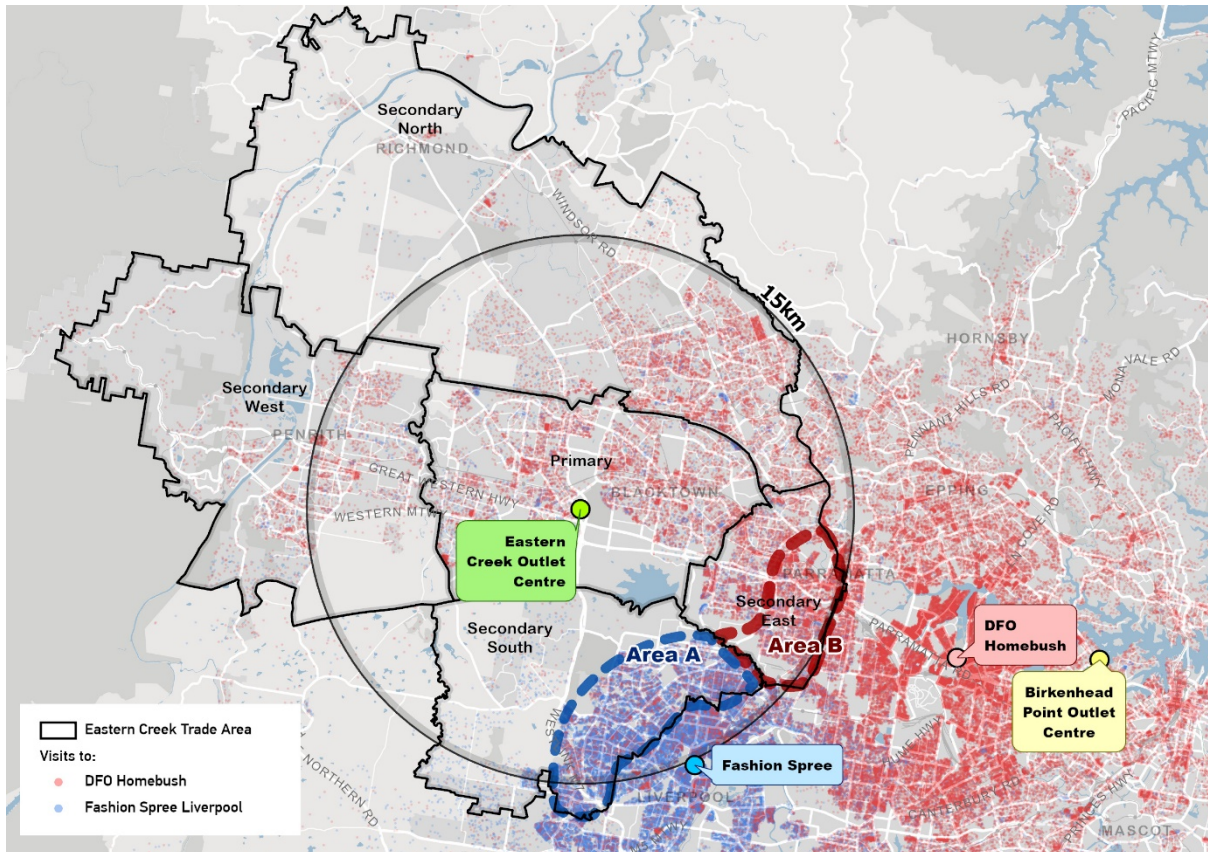


Table 2 – Eastern Creek Trade Area - Areas A & B – Accessibility and Market Penetration of Competing Outlet Centres

	Area 'A'			Area 'B'		
	Drive Distance (km)	Drive Time (min)	Market Penetration Var'n to Trade Area Average*	Drive Distance (km)	Drive Time (min)	Market Penetration Var'n to Trade Area Average*
Centre:						
Eastern Creek Outlet Centre	18	22	n.a.	15	18	n.a.
Fashion Spree Liverpool	6	13	+342%	13	21	n.a.
DFO Homebush	23	25	n.a.	11	10	+82%

*Based on visits per capita in relation to Eastern Creek Trade Area

Excluding these areas would reduce the trade area population by around 26%, or 295,000 people in 2020 and 295,000 or 24% less people in 2026. The estimated population of the revised Eastern Creek trade area is based on the assumption that all of the forecast growth occurs in the remaining part of the trade area.

Table 3 - Trade Area Population

	<u>2020</u>	<u>2026</u>	<u>2031</u>
Eastern Creek (Macroplan)	1,139,170	1,210,070	1,335,670
Eastern Creek (Revised)	844,230	915,130	1,040,730
Revised Var'n to Macroplan	-26%	-24%	-22%

The revised trade area population in 2026 would be around 30% less than the average for outlet centres in Australia (1.3 million).

A smaller trade area market would have implications for the trading potential of the centre and a lower turnover level would be expected. In all likelihood, the reduction in the extent of the trade area could reduce the turnover productivity to an even less viable level of potentially around \$5,100 per sq.m.

3. Insufficient Market Demand to Support Sustainable Trading Levels

On the basis of a trading level of \$5,100 per sq.m in 2024 and drawing on the trade area market growth forecasts provided in Macroplan in the EIA report, a minimum sustainable trading threshold of \$7,000 per sq.m is unlikely to be achieved until after 2039. Market demand in support of the Eastern Creek outlet centre therefore could be more than 15 years after the proposed opening year of trade in 2024.

Table 4 – Future Trading Level (Const. \$, incl. GST)

	Average Trading Level (\$ psm.)			
	2024	2029	2034	2039
Trade Area Market Growth*		+10%	+20%	+31%
Eastern Creek Outlet Centre (Average Trading Level \$ psm.)	5,100	5,591	6,105	6,660

* Based on trade area apparel spending growth as outlined in the Macroplan EIA report

4. Scale of Outlet Centre Not Supportable

The analysis has indicated that there is unlikely to be sufficient market demand to support an 18,500 sq.m outlet centre within the next 15-20 years.

With the market unable to adequately support the proposed first stage of the outlet centre (18,500 sq.m) by 2024 and the trade area market forecast to grow by 12% from 2024 to 2030, the full development of the centre to 28,000 sq.m by 2030 (+50% relative to the first stage) would also not be supportable.

The notion outlined by Macroplan in the EIA report that a larger centre would simply grow the available market to a level that would support the 28,000 sq.m Eastern Creek outlet centre is not plausible and doesn't provide justification for the full (two stages of) development. This ignores the key issue that the market is not large enough to sustain the proposed outlet centre, even with significantly higher and unachievable market shares.

The issue of the supportability of the proposed scale of centre is further highlighted by the fact that with 28,000 sq.m it would be one of the largest outlet centres in Australia, despite the Eastern Creek centre having a trade area market 30% smaller than the average for outlet centres.

Trading Impacts Understated

In the EIA report, the trading impact of an 18,500 sq.m outlet centre at Eastern Creek on other outlet centres is estimated at 3.7% for DFO Homebush and Fashion Spree (Liverpool) and a lower 0.7% for Birkenhead Point. These three outlet centres would account for only one fifth of the total diversion of trade from other centres and retailing. Despite Macroplan indicating that *"A factory outlet development at Eastern Creek Quarter is likely to compete mostly with other factory outlet centres throughout Sydney..."* (page 1 of the EIA report), about 80% of the impact of the outlet centres is estimated to be on non-outlet centres.

Analysis undertaken by Urbis estimates the impact on DFO Homebush from the Stage 3A development of an 18,500 sq.m outlet centre is likely to be closer to 7% or twice the Macroplan estimate.

Furthermore, if the Stage 3B expansion of the outlet centre was brought forward from 2030 the combined effect of Stage 3A and 3B on DFO Homebush could be in the order of 10%, a level of impact that could potentially have adverse impacts on affected centres.

The sizeable diversion of retail trade and in turn shopper visits from the range of activity centres in the western region of Sydney, including regional centres, sub-regional centres and neighbourhood centres, will have flow-on disbenefits for the activity in these centres. The impacts on these important community centres will be far higher than would be case with the original concept approval for the Eastern Creek site providing large format retailing (recognising this form of retailing is largely located outside of activity centres). This relative level of impact on activity centres appears to have not been factored into the consideration of net community benefit of the outlet centre proposal.

Conclusion

The review of the Macroplan EIA and consideration of other analysis and research highlights that there is unlikely to be sufficient market demand to support the proposed outlet centre at Eastern Creek. This also raises questions as to whether there is a market need for the proposed development.

At the very least, consideration should be given to delaying the timing of the development until such time that the market can adequately support the outlet centre, which is likely more than 10 years beyond the proposed 2024 opening year. Analysis also indicates that there is unlikely to be sufficient demand in the long term to support the proposed Stage 3B expansion of the outlet centre, indicating any outlet centre development should be contained to Stage 3A.

The proposed outlet centre development would have significantly greater impacts on key community activity centres relative to the approved large format retail concept plan for the Eastern Creek site.

Traffic Impacts

The amending concept proposal for Lot 3 seeks to increase the number of car spaces provided on the site from approximately 323 car spaces approved as part of the approved concept plan to 1,350 car spaces.

The approved concept plan parking provision was based on the Blacktown DCP rate of 1 space per 60sqm of bulky goods floor space.

The proposed parking provision is based on Transport for NSW Guidelines which suggest the provision of 4.3 spaces per 100sqm of GLA for retail centres of this size.

The traffic and parking impacts associated with the proposal have been assessed by GTA Consultants, as discussed in their letter at **Appendix A** of this submission.

GTA have identified the following issues, particularly regarding the assessment presented in the Traffic and Transport Report prepared by CBRK:

Car Parking

- The proposed car parking rate (4.6 car spaces per 100sqm GLA) is comparatively low when compared to other factory outlet retail centres in NSW, VIC and QLD.
- GTA consider it possible that car parking demands associated with the proposed development may exceed the available supply, which could have a consequential (and detrimental) impact on the operation of the adjacent road network during peak periods.
- It is recommended that the appropriateness of the proposed car parking rate be closely considered by DPIE and TfNSW.

Traffic Impacts

- The traffic impact assessment completed by CBRK adopts many assumptions that GTA would not adopt if they were completing the assessment.

- Most notably, it is expected that the traffic generation of the proposed development during the weekday PM is likely to be closer to three times the rate adopted by CBRK. The difference in traffic generation assumption appears to stem from CBRK's view that factory outlet retail is similar to bulky goods retail. To the contrary, GTA contends that factory outlets are more aligned – in terms of car parking provision and traffic generation – to traditional shopping centres, if not higher in many instances.
- The CBRK report identifies that two surrounding intersections currently operate near or at capacity at weekday peak hour, being the Rooty Hill Road South/Eastern Road/Francis Road intersection and the Great Western Highway/Rooty Hill Road South/Wallgrove Road intersection.
- The impact of a change in the traffic generation assumption, coupled with other relatively technical and minor assumption differences, is significant, with traffic analysis completed by GTA indicating that a significantly greater traffic impact than is documented in the CBRK report can be expected under post-development conditions at the Rooty Hill Road South / Eastern Road and Rooty Hill Road South / Great Western Highway intersections.
- The analysis prepared by GTA indicates that mitigating road works above and beyond those nominated by CBRK will likely be required at these intersections to accommodate development generated traffic, particularly given that the results presented are only for 2025 immediate post-development conditions and make no allowance for additional traffic volume growth beyond this period.

Based on the analysis carried out by GTA we consider that the proposed development will have significantly greater impacts on the surrounding road network than those presented in the report prepared by CBRK.

Documentation Inconsistencies

The existing GFA distribution described in the EIS prepared by Ethos Urban is inconsistent with the GFA distribution shown for Phase 1 and 2 on the concept plans prepared by i2c.

There are further inconsistencies between these two documents and the approved GFA distribution as amended by Modification 6 to SSD-5175 (the latest modification to modify the GFA in the conditions of consent).

The inconsistencies across the SSD documentation may result in an insufficient assessment of the impacts associated with the proposed development and should therefore be requested to be amended to reflect the correct information.

Conclusion

From a review of the SSD documentation available on the Major Projects website, we believe there is not sufficient market evidence to support a development of this scale based on the analysis provided in the Macroplan advice. The scale of the proposal is far too large for the market and will generate other adverse impacts, particularly in regard to traffic generation.

We therefore request that DPIE consider refusing the proposal or requiring it to be significantly reduced.

Vicinity Centres would welcome the opportunity to discuss SSD-10457 and the matters outlined above with DPIE. Please feel free to contact the undersigned should you have any questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read "W Taylor". The signature is fluid and cursive, with the first letter of the last name being a large, stylized 'T'.

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