Appendix 15 – Retail Impact Assessment

263-271 PENNANT HILLS ROAD, CARLINGFORD

Retail Impact Assessment

URBIS

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EXECUTIVE SUMMARY

Subject Development

The proposed development will include around 723 residential apartments, an 800 sq.m childcare centre and up to 2,600 sq.m of ground floor retail floorspace, including a metro-style supermarket of around 1,600 sq.m.

The planning proposal seeks to amend the provisions of Parramatta Local Environmental Plan 2023 (PLEP) for land at Nos. 263-271 & 277-281 Pennant Hills Road, Carlingford ('site'). The Planning Proposal seeks to amend the zoning, height of buildings development standard and Floor Space Ratio (FSR) development standard as they apply to the subject site, and will also seek to amend Clause 24 of Schedule 1 "Additional Permitted Use". The subject site is well located on the north and west side of Pennant Hills Road and provides more efficient and safe access for the surrounding community.

Trade Area Analysis

Given the scale of retail development, the trade area that could potentially be served is relatively tight in its definition. We have analysed the onsite market, being those that will live in the subject development, as well as a primary trade area that generally extends 500 metres from the subject site.

The trade area population is forecast to grow from around 12,400 at present, to 18,560 by 2038. The majority of growth is expected to occur over the next five years, including residential development on the subject site.

The spending capacity of the trade area population is estimated to grow from $216 million in 2023 to $384 million by 2038 (constant dollars, including GST), reflecting an average annual growth rate of 3.9%. Food retail spending, which is of the most relevant to supermarket developments, is forecast to grow by $37 million over the next five years, enough to support a full-line supermarket.

Competitive Context

In terms of competitive context, the closest competitive facilities include Carlingford Court, a major sub-regional shopping centre, and Carlingford Village, a convenience-based centre. There is also a limited range of street-based retail along Pennant Hills Road, estimated to total around 3,000 sq.m, including Bunnings. The street based retail specialty offer is generally of a low quality and offers low levels of amenity for surrounding residents.

Beyond the immediate area, large convenience-based retail facilities are located at North Rocks, Eastwood and Epping. There are also smaller, standalone facilities across the broader area, including at Oatlands, Rydalmere and Ermington.

There are a range of proposed competitive developments at Telopea, Eastwood, and Melrose Park which are located beyond the trade area but will increase the level of competition within the broader region.

Floorspace Demand Assessment

The Parramatta LGA is significantly under supplied in terms of supermarket floorspace and ranks 28th out of Sydney's 34 LGAs in terms of floorspace provision. At 20.5 sq.m per 100 residents, the Parramatta LGA is 25% lower than the Sydney benchmark and 42% below the national average.

A review of the future floorspace demand of trade area residents indicates that total floorspace demand is estimated to grow from around 26,570 sq.m at present to 40,390 sq.m in 2029 (when the retail component of the development is assumed to commence trading). Over the longer term, total floorspace demand is expected to reach around 43,170 sq.m, meaning the trade area will demand an additional 16,600 sq.m between 2023 and 2038.

At 2,600 sq.m of retail floorspace, the proposed retail development will only meet a small proportion (around 6%) of total floorspace demand by 2029, and only 16% of the total growth in demand between 2023 and 2038, addressing some of the current undersupply in the Parramatta LGA.

Turnover Potential and Estimated Impacts

It is estimated that in 2029, the proposed development could achieve approximately $21.7 million (in constant $2023) in turnover, of which the supermarket will contribute around $13.6 million. In 2029, the proposed development is expected to achieve a market share of just 3.6% of the primary trade area and a 18.1% market share of onsite resident spending. The remainder of trade area resident spending will be captured by other retailers in Carlingford, Telopea, North Rocks and other centres across Sydney.

A retail impact assessment was undertaken to determine the probable impact on retail turnover at various existing and proposed centres, as a result of the proposed development. In 2029, the proposed development is forecast to draw $18.1 million from key centres surrounding the subject site (around -1.7% impact on all identified centres), as well as $3.6 million (around 17% of total impact) from other centres in Greater Sydney. All impacts on key existing and proposed centres are less than 4%, indicating that the subject developed will have a minimal impact on the commercial performance of these centres. In 2029, the total overall trading performance of existing centres is estimated to be 10.4% higher than current levels in real $2023 dollars (higher in nominal terms), even accounting for the proposed development.

The remaining spending capacity of the on-site market (i.e. the 82% of spending that isn't captured by the subject site), at around $30 million is greater than the total impact across all centres, showing that the residential component of the subject development is supporting increased spending across the broader market. Given the scale of development, current under provision of supermarket floorspace across the LGA and future retail floorspace demand, the provision of supermarket and ground floor specialty tenancies is appropriate to serve the on-site market as well as local residents by providing a high quality and high amenity shopping location.

The analysis confirms that there is sufficient growth within the market to accommodate 2,600 sq.m of retail floorspace at the subject site, in particular the proposed supermarket, without adversely impacting the viability of existing and proposed retail centres, namely due to the substantial population growth forecast across the trade area and the moderate scale of proposed development.

Economic Benefits

The economic benefits assessment models the potential economic benefits achievable during the construction phase and ongoing operational phase of the proposed development.

During the construction period, the retail development would generate an estimated 927 additional jobs, including 387 direct jobs and 540 indirect jobs over a two-year construction period. Most of these direct jobs will be in the construction sector. Additionally, the construction phase will generate approximately $301.5 million in Gross Value Added (GVA) to the economy, including $129.3 million in direct GVA and $172.2 million in indirect GVA.

Upon completion of the development, the ongoing operational phase of the retail uses would support a total of 146 additional jobs, including 113 direct and 33 indirect jobs. The operational phase has the potential to deliver $15.2 million in total gross value add to the economy annually, which includes $9.7 million in direct annual GVA and $5.4 million in indirect annual GVA.

Other economic benefits that the proposed development will deliver include providing choice and convenience for local residents, by providing greater breadth and depth of food and beverage facilities, as well as convenience retail. Increasing competition amongst retailers in the area can strengthen the quality of the retail offer in the area, catalysing ongoing investment across the surrounding centres to the benefit of the broader community.

INTRODUCTION

This report has been prepared by Urbis on behalf of Meriton to assess the need and demand for, and impact of, a small format supermarket and ground floor retail at the subject site at 263-283 Pennant Hills Road, Carlingford.

The report is presented in six sections, outlined as follows:

- **Section 1** reviews the site context within the Carlingford Town Centre and outlines the proposed development

- **Section 2** presents a trade area analysis for the subject development, outlining the current and future population and spending capacity within the trade area, as well as the socio-demographic profile

- **Section 3** outlines the current and proposed future competitive context within which the subject site will operate

- **Section 4** presents a need and demand assessment for supermarket and retail uses at the subject site, considering provisioning benchmarks and retail floorspace demand

- **Section 5** outlines the estimated turnover potential of the subject development as well as the estimated potential impacts on the surrounding hierarchy of centres

- **Section 6** outlines the economic benefits associated with the subject retail development.

1. SITE CONTEXT AND PROPOSED DEVELOPMENT

This section of the report reviews the site context within the Carlingford Town Centre and outlines the proposed development.

1.1. SITE CONTEXT

Carlingford is located in the City of Parramatta LGA, approximately 22 km north-west of the Sydney CBD.

As shown in Map 1, the Carlingford Town Centre stretches for 600 metres along Pennant Hills Road which is also the suburb's major arterial road and transport corridor. The Town Centre comprises two main shopping complexes, namely Carlingford Court and Carlingford Village, as well as street-based and large format retailing.

There are a range of education facilities within the local area, as well as commercial and civic services. While there are high density residential buildings within and adjacent to the town centre, the majority of the suburb is predominantly low-density housing.

Pennant Hills Road provides direct access to Cumberland Highway, the M2 motorway and North Connex, connecting the suburbs to the Sydney CBD, Parramatta CBD, Macquarie Park, The Hills District and the northern suburbs. The T6 Carlingford-Clyde railway line has been permanently closed and will be converted to light rail by 2024. The 12 km Parramatta Light Rail will connect Carlingford and Westmead via Parramatta CBD, passing through major town centres and universities. The new light rail will increase connectivity to the surrounding suburbs and enhance access to public transport for residents.

There are also several bus routes connecting Carlingford to Epping, Meadowbank Wharf, Macquarie Park, Pennant Hills, Rouse Hill and Blacktown.

The subject site is 27,987 sq.m in size, and located on the corner of Pennant Hills Road and Marsden Road at the southern end of the Town Centre. The site is bounded by Shirley Street to the north and west, and Pennant Hills Road to the east. The northern site adjoins medium-density residential buildings and some detached dwellings. It is within 500 metres of the future light rail station where most existing high-density apartment buildings are located. Being on the northern and western side of Pennant Hills Road provides efficient and safe access for the surrounding community.

1.2. PROPOSED DEVELOPMENT

The site plan is shown in Figure 1. The subject site is proposed to accommodate the following mix of uses:

- 723 residential units
- 1,600 sq.m metro style supermarket
- 1,000 sq.m of other retail premises
- An 800 sq.m childcare centre
- 3,000 sq.m community centre and library

The site is divided into six precincts connecting to the future light rail stops, Shirley Street and Pennant Hills Road through a network of pedestrian paths.

The planning proposal seeks to amend the provisions of Parramatta Local Environmental Plan 2023 (PLEP) for land at Nos. 263-271 & 277-281 Pennant Hills Road, Carlingford ('site'). The Planning Proposal seeks to amend the zoning, height of buildings development standard and Floor Space Ratio (FSR) development standard as they apply to the subject site, and will also seek to amend Clause 24 of Schedule 1 "Additional Permitted Use". Specifically, the following changes are proposed:

- Zoning: Rearrange, consolidate and improve the location and relationship of the RE1 Public Recreation and R4 High Density Residential zones as they apply to the site

- Building Height: Establish a maximum building height of 48m along Shirley Street and within the north-eastern corner of the site, and 105m building height along Pennant Hills Road

- Floor Space Ratio: Increase the maximum FSR of the site to 3.6:1, where zoned R4 High Density

- Schedule 1 Additional Permitted Uses: Amend Clause 24 of Schedule 1 to allow for a maximum gross floor area of parts of the building used for business premises, food and drink premises, recreation facilities (indoor) and shops, to be 2,600m sq.m.

Figure 1: Proposed Masterplan

Source: Fender Katsalidis

Map 1: Carlingford Town Centre Local Context

Source: Urbis

2. TRADE AREA ANALYSIS

This section of the report presents a trade area analysis for the subject development, outlining the current and future population and spending capacity within the trade area, as well as the socio-demographic profile of trade area residents.

2.1. TRADE AREA DEFINITION

The trade area for a retail facility is defined based on several factors, including but not limited to:

- The scale and tenant mix at the facility
- Accessibility, including road and public transport
- Geography and physical barriers
- The type and scale of competing centres
- Other co-located uses that can drive visitation.

The trade area defined for the subject site, as illustrated on Map 2, has regard for the localised catchment that the proposed metro scale supermarket and ancillary specialty stores are likely to draw from. The shaded trade area below is referred to as the 'primary' and we have separately assessed the on-site resident uplift from residential development on the subject site. Collectively these two sectors are known as the total trade area.

The defined trade area are bounded by:

- Moseley, Darwin and Ross Streets to the north
- Pennant Parade and Tomah Street to the east
- Natural vegetation (bushland) and Homelands Avenue to the south
- Baker Street to the west.

Map 2: Retail Trade Area
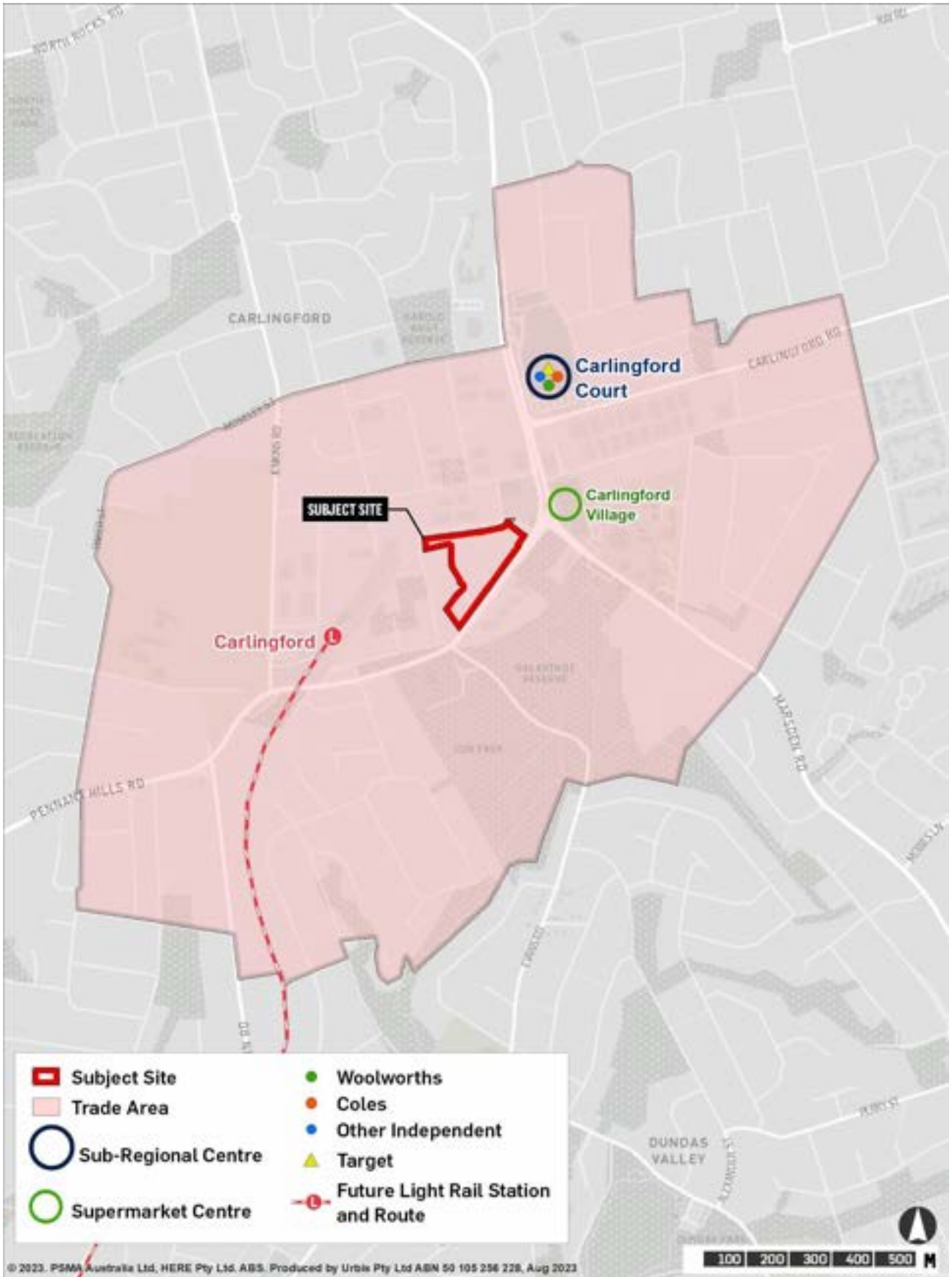
Source: Urbis

2.2.   TRADE AREA POPULATION

The population projections for the trade area have regard to the following sources:

▪ Historical population and dwelling approval data, provided by the ABS

▪ The 2022 Estimate of Resident Population (ERP), published annually by the ABS

▪ Travel Zone-level population projections published by Transport for NSW (TZP22)

▪ Proposed residential developments, sourced from Cordell Connect.

Chart 1 and Table 1 show that as of 2023, the trade area population is estimated at 12,405 residents.

The 5-year average growth rate for the trade area is forecast to reach 7.8% per annum between 2023 and 2028, or an average of 1,136 residents annually. In addition to the 723 units proposed at the subject site, population growth within the catchment will be driven by a further 15 projects currently under construction or in the planning phase. These projects are anticipated to deliver over 1,500 units over the next five years.

Population growth is anticipated to slow to a moderate 0.2% per annum between 2028 and 2033. By 2038, the trade area is estimated to grow to 18,560 residents, representing an additional 6,150 residents from 2023.

Chart 1: Retail Trade Area Population
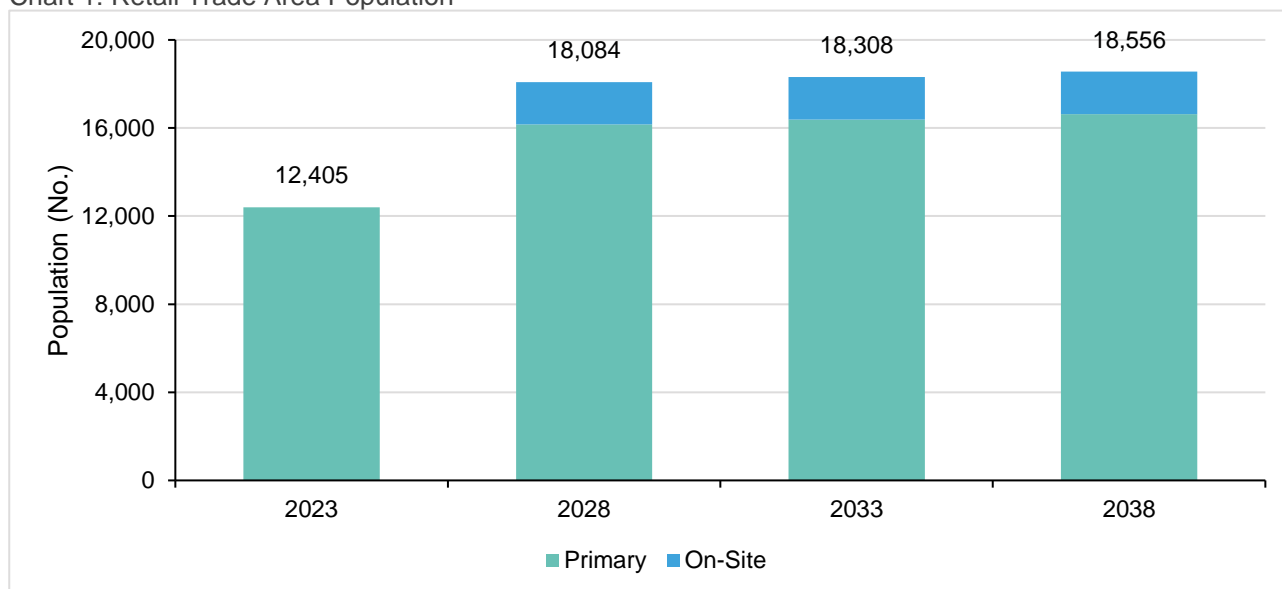
Source: ABS; Cordell Connect; TfNSW; Urbis

Table 1: Annual Population Growth Rate, 2023-38

	2023-28	**2028-33**	**2033-38**
Total Trade Area	7.8%	0.2%	0.3%

Source: ABS; Cordell Connect; TfNSW; Urbis

2.3.   TRADE AREA DEMOGRAPHICS

A summary of demographic indicators for the trade area, based on data from the 2021 Census, are shown in Table 2. The key features of the trade area resident population include:

▪ Average household income and per capita income in the primary trade area are 14% and 19% lower than the Greater Sydney average, respectively.

- The trade area residents represent a slightly younger demographic with an average age of 33.9 years, compared to the Greater Sydney average of 38.4 years. This is largely driven by a higher than average proportion of residents aged 25-39 years and below 14 years, and lower than average proportion of those aged 55 and over.

- There is an average of 2.9 persons per household, which is slightly above the 2.7 person average across Sydney. This is attributed to the large proportion of family households, which comprise 59% of all households in the primary trade area, compared to 47% across Sydney.

- Approximately 15% of the trade area's households own their homes outright, which is lower than the Sydney average of 29%.

- Approximately 74% of trade area workers are white-collar workers, which is above the Sydney average of 68%.

Table 2: Retail Trade Area Socio-Demographic Profile

	Primary Trade Area	Greater Sydney
Household Income:		
$Nil	3%	2%
$1-$21,000	4%	4%
$21,000-$52,000	16%	18%
$52,000-$78,000	16%	13%
$78,000 - $130,500	29%	23%
$130,500-$208,500	21%	20%
$208,500 plus	11%	20%
Average Household Income	$120,900	$140,500
Var'n from Sydney Avg.	-14%	
Average Household Size	2.9	2.7
Per Capita Income:		
Per Cap. Income	$41,100	$50,600
Var'n from Sydney Avg.	-19%	
Age Distribution:		
% 0-14 years	24%	18%
% 15-24 years	9%	12%
% 25-39 Years	28%	23%
% 40-54 Years	20%	20%
% 55-64 Years	8%	11%
% 65+ Years	10%	15%
Average Age	33.9	38.4
Dependency Ratio	51%	51%
Household Composition (%):		
Family with children <15	43%	28%
Family with children >15	15%	18%
Other Family	1%	1%
Family Households	59%	47%

|		
Non-Family Households	41%	*53%*
Average Household Size	2.9	*2.7*
Housing Tenure:		
% Owned Outright	15%	*29%*
% Owned With a Mortgage	31%	*34%*
% Rented	54%	*37%*
Occupation:		
% Managers and Professionals	50%	*45%*
% Other White Collar	24%	*23%*
% Blue Collar Occupations	19%	*23%*

Source: ABS Census (2021); Urbis

2.4. TRADE AREA SPENDING

Chart 2 highlights the variations between the trade area and the Greater Sydney average on per capita retail spending. Average per capita spending across the total trade area is around 4% below the average for Greater Sydney, although variations differ across product groups. Across most categories, per capita retail spending is between 4% to 15% lower in the primary trade area compared to the Greater Sydney average. Spending on food catering is on par with the Sydney average and electronics is 6% above benchmark. Total food and non-food spending is 3% and 5% below the Greater Sydney average, respectively.

Strong population growth and per capita spending growth are expected to drive retail spending through to 2038. Based on the estimates for population and per capita spending, Table 3 shows that the total retail spending market generated by the trade area residents is estimated at $216 million in 2023. Food retail (food and groceries plus liquor) is the category of most relevance to supermarkets and accounts for 40% of trade area spending today.

Total trade area resident spend is forecast to grow to $384 million by 2038, representing average annual growth of $11 million across the trade area, or around 3.9% per annum over the 15-year period. Trade area food retail spend is forecast to grow by $37 million dollars in real terms over the next five years, enough to support another full-line supermarket.

Chart 2: Total Trade Area Retail Spending Per Capita, 2023
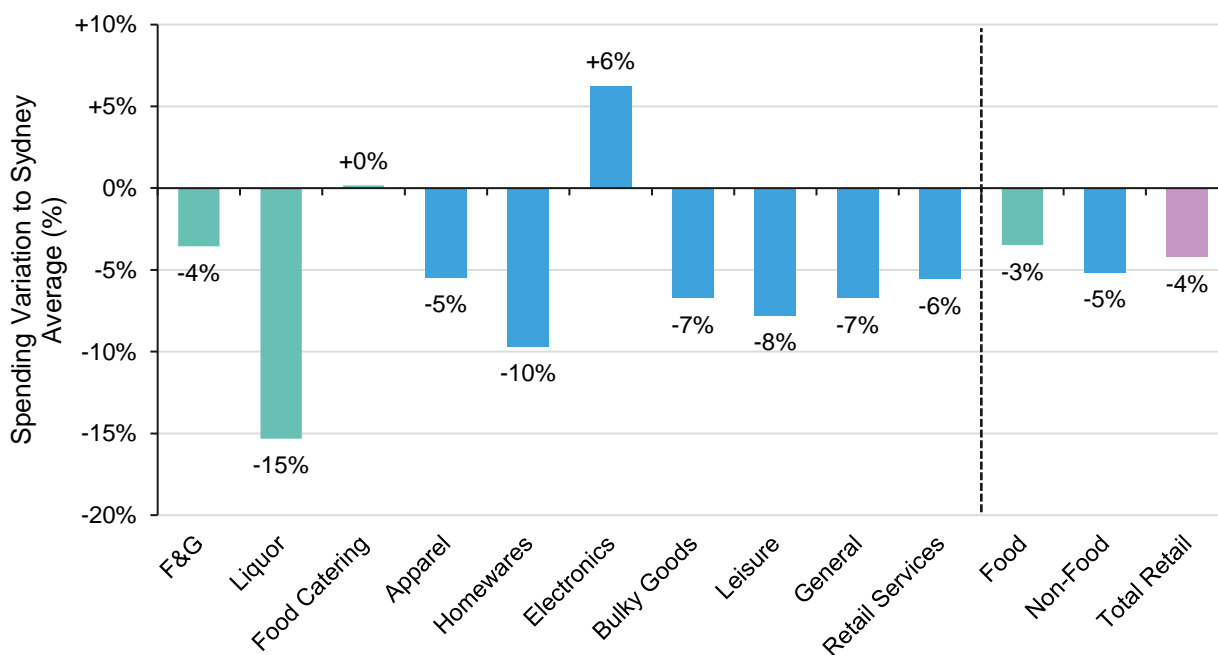
Table 3: Total Trade Area Retail Spending ($Millions, incl. GST and excl. Inflation)

Total Trade Area:	Food Retail	Food Catering	Non-Food Retail	Total Retail	Annual Growth
2023	87.0	36.6	92.3	**216.0**	
2028	123.8	54.9	138.3	**317.0**	8.0%
2033	133.6	62.9	161.7	**358.2**	2.5%
2038	136.7	68.3	179.3	**384.3**	1.4%

3. COMPETITIVE CONTEXT

This section of the report outlines the current and proposed future competitive context within which the subject site will operate.

3.1. EXISTING COMPETITION

3.1.1. Carlingford Town Centre

The subject site is located at the southern end of Carlingford Town Centre, which includes two shopping centres:

▪ **Carlingford Court** is a sub-regional shopping centre, anchored by a Target discount department store, Coles and Woolworths supermarkets and provides more than 70 specialty stores. The total floorspace is approximately 33,000 sq.m. Non-retail uses include Fitness First, banks, a post office, medical and health uses. The centre also provides around 1,400 car spaces.

▪ **Carlingford Village** provides 11,300 sq.m of floorspace, with key features including an Asian grocer, a food court and a medical centre. There are approximately 14 tenancies within the centre.

There are also a range of street-based retail offer along Pennant Hills Road, which mostly comprises cafés, restaurants, takeaway outlets, convenience retail and a Bunnings warehouse. There is an estimated 3,000 sq.m of retail floorspace in street fronting retail along Pennant Hills Road. The street based retail specialty offer is generally of a low quality and offers low levels of amenity for surrounding residents. There is also a small shopping strip near the former Carlingford station, approximately 700 m from the Carlingford Town Centre.

In total, the Carlingford Town Centre is estimated to have approximately 47,300 sq.m of retail floorspace.

3.1.2. Surrounding Competition

Beyond the Carlingford Town Centre, other key retail competition within the Parramatta LGA include:

▪ **North Rocks Shopping Centre** provides approximately 20,000 sq.m of retail floorspace with Aldi, Coles and Kmart as major tenants. It has 71 specialty shops including restaurants, café, fitness centre and personal services.

▪ **Eastwood Town Centre** is the largest town centre nearby which comprises Eastwood Shopping Centre, and Eastside Garden Shopping Centre and a substantial number of street-based retail shops. Eastwood Shopping Centre has approximately 15,200 sq.m of retail space across 30 specialty stores and is anchored by a Woolworths supermarket. Eastside Gardens offers 2,700 sq.m of retail floorspace and has an ALDI supermarket, a Korean supermarket and a restaurant offer. There are other grocery stores, convenience stores and small-scale supermarket scattered across the town centre.

▪ **Epping Town Centre** has commercial and retail uses, centred around Epping Train Station. Epping has around 13,000 sq.m of retail floorspace, the majority of which is concentrated to the west of the station. This includes a 3,850 sq.m Coles supermarket and street-based retail shops. In addition to these centres, The Langston was completed in early 2022, delivering 2,100 sq.m of retail and commercial floorspace. The public plaza includes a 520 sq.m IGA, cafes, restaurants and several specialty shops.

There are also smaller, supermarket-based centres and offers at Oatlands, Rydalmere and Ermington.

3.2. PROPOSED COMPETITION

Within 5 km of the subject site, there are three key developments of relevance, including:

▪ **Telopea –** NSW Land and Housing Corporation (LAHC) have issued a draft Masterplan for a transformation of a 13-hectare Telopea site. The project will add a new retail precinct with a new supermarket, food and beverage, and specialty retail. Although the project is set to be completed over a 15-year period, the development will likely be completed in stages and we have assumed a portion of the retail will be delivered in 2026.

- **Eastwood** – Eastwood Shopping Centre redevelopment is expected to be completed in 2027. The development will add 11,103 sq.m of retail space and 3,600 sq.m of commercial space to accommodate a major supermarket, specialty retail, restaurant, medical centre and gymnasium.

- **Melrose Park** – Melrose Park Village is the final stage of Melrose Park North at 657-661 Victoria Road which will add approximately 1,000 sq.m of retail floorspace in 2027 with a supermarket, liquor shop and pharmacy. Melrose Park Central at 38-42 Wharf Road is currently in the concept application stage with approximately 10,500 sq.m of retail GFA.

Map 3: Existing and Proposed Competition
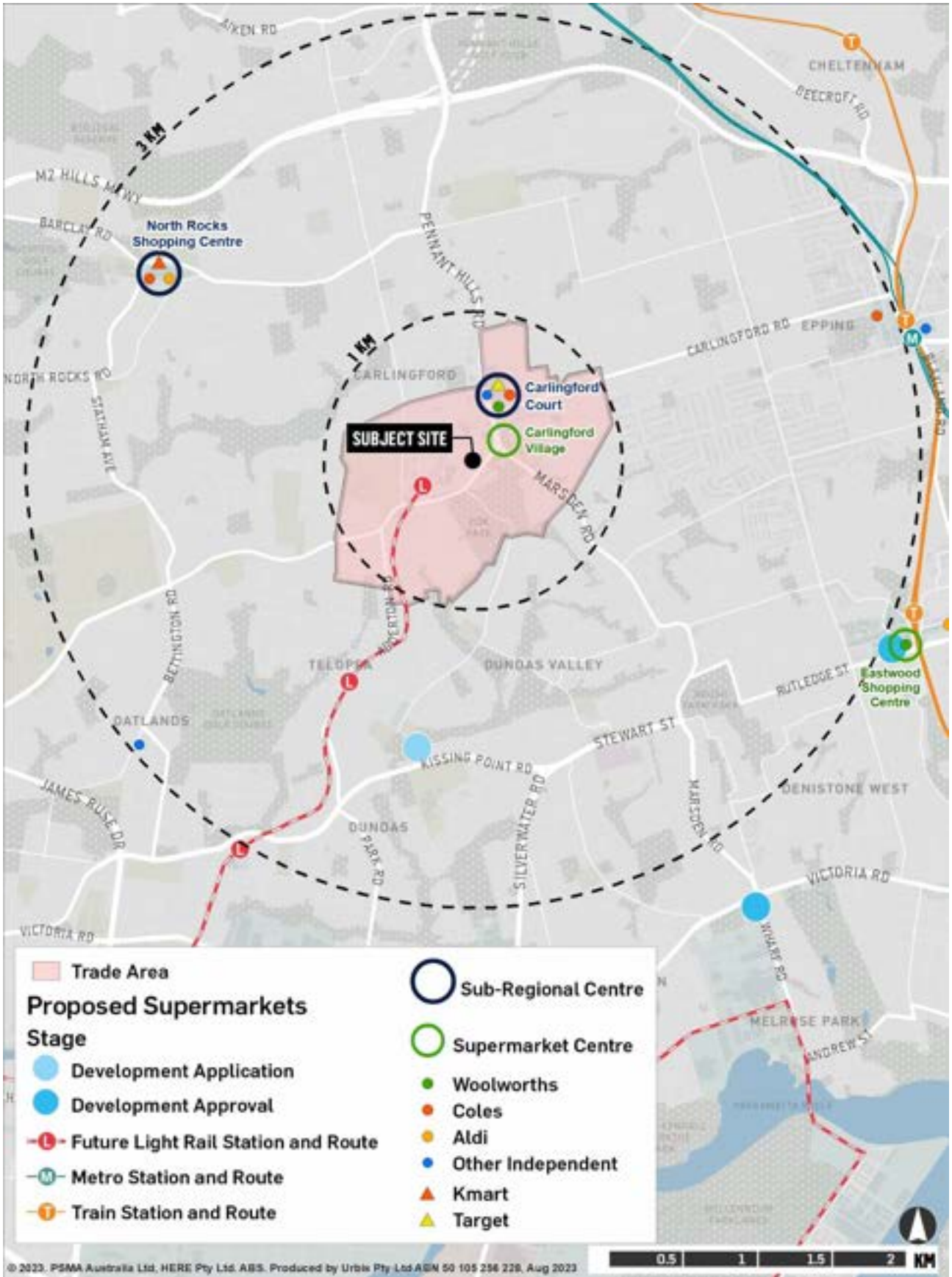
Source: Cordell, Urbis

4.   NEED AND DEMAND ASSESSMENT

This section of the report analyses the level of demand for retail floorspace, particularly supermarket floorspace, that will be generated by the trade area residents.

Analysing demand helps to give an indication of the likely turnover for a new retail development and helps to determine whether a proposed development can be supported. To analyse demand, factors such as population growth, income growth, available supply and retail expenditure are considered.

As part of the assessment criteria, it is necessary to establish the need and demand for the proposed retail development. The proposed development will include 2,600 sq.m of retail floorspace, including a 1,600 sq.m supermarket.

The proposed development is expected to be completed in 2028. We have assumed that 2029 is the impact year on the retail hierarchy as it is the first full financial year of operation. In our view, an appropriate principle to be applied when assessing the market potential for any retail development can be described as follows:

> *"The residents of an area should be provided with the broadest range of conveniently located retail facilities and services which the market can support, at the earliest possible time without jeopardising the sustainability of other centres in the network which are adequately fulfilling customer needs."*

Of course, other planning considerations relating to the proposal will also be important in determining whether to give planning consent, including traffic, parking provision, amenity and various community benefit considerations. However, as far as the economic aspects are concerned, the above statement represents a practical principle to apply in a market economy which encourages competition and focuses on customer needs and convenience.

4.1.   SUPERMARKET PROVISION BENCHMARKING

Chart 3 below outlines the current level of supermarket floorspace provision across Greater Sydney, by LGA. As shown, the Parramatta LGA has a large under-provision of supermarket floorspace, at 20.5 sq.m per 100 residents, relative to the Sydney average of 27.5 sq.m per 100 residents. Greater Sydney is also undersupplied relative to the national average of 35.4 sq.m per 100 residents. Combining the undersupply of supermarket floorspace across Parramatta with the high population growth expected in the trade area over the short term demonstrates there is a clear need for additional supermarket floorspace.

Chart 3: Supermarket Provision Benchmarks
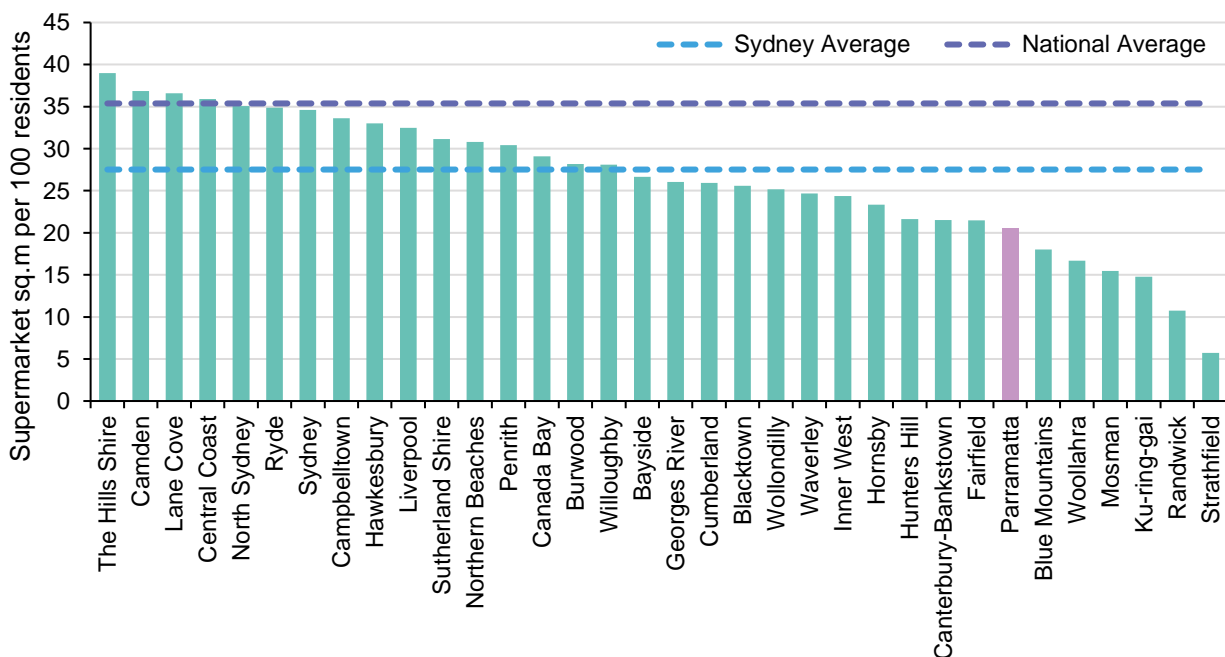
Source: ABS, Urbis

4.2.   TRADE AREA RETAIL FLOORSPACE DEMAND

This section of the report analyses the level of demand for retail floorspace to be generated by the trade area residents. Analysing demand gives an indication of the likely turnover for a new retail development and helps determine whether a proposed development can be supported by the market.

Table 4 presents our assessment of the future demand for retail floorspace to be generated by residents in the trade area, as well as the supportable level of floorspace provision within an area beyond the trade area. The adopted methodology is as follows:

- Firstly, the current and future spending capacity of the trade area is assessed.

- Total floorspace demand is then calculated by dividing the total resident spend market by an appropriate average trading level (sales productivity) for each retail category.

- A share of demand has also been allocated for trade that will be generated from beyond the total trade area (20%), e.g. from local workers who live beyond the trade area and visitors.

There are a range of indicators of demand for additional retailing at the subject site, including:

- There is significant expenditure within the trade area and beyond. The trade area resident spending market is projected to increase from $216 million in 2023 to $384 million by 2038 (in constant $2023 dollars i.e., excl. inflation).

- Total floorspace demand generated by the resident market is estimated to grow from around 26,570 sq.m in 2023 to 40,390 sq.m in 2029. The proposed retail development at the subject site would account for only 6% of floorspace demand by 2029, a small share in the broader retail hierarchy.

- Over the longer term, the trade area will generate demand for an additional 16,600 sq.m between 2023 and 2038, reaching a total of 43,170 sq.m at the end of the period. At 2,600 sq.m, the proposed retail will account for only 16% of the growth in demand over the next 15 years.

- The relatively minor share of demand that can be captured by the proposed development reflects its modest scale and the need for additional retail floorspace in the trade area, particularly over the next five years.

Table 4: Total Retail Floorspace Demand, 2023-2038

	Total Trade Area Spend ($M)
2023	$216
2029	$339
2033	$358
2038	$384
	Average Trading Level ($/sq.m)*
ATL (2023)	$10,200
ATL (2029)	$10,500
ATL (2033)	$10,800
ATL (2038)	$11,100
	Supportable Floorspace Demand** (sq.m)
2023	26,570
2029	40,390
2033	41,550
2038	43,170

*Grown at 0.5% p.a. to reflect real per capita spending growth
**Includes 20% of demand coming from beyond the trade area
Source: ABS Marketinfo, Urbis

4.3. SUMMARY

In relation to the proposed inclusion of a supermarket and ground floor retail uses at the subject site we note the following:

- The proposed supermarket will assist in addressing the substantial undersupply of supermarket floorspace within the Parramatta LGA

- There is sufficient future floorspace demand over the short, medium and long term to accommodate the proposed development on the subject site, which will account for only 6% of total retail floorspace demand by 2029 and 16% of the growth in demand to 2038.

Supermarket and ground floor retail facilities at the subject site will address an immediate need for future on-site residents by providing convenient top-up shopping amenity close to home and reducing the need for people to drive to undertake daily or top-up shopping.

5. TURNOVER AND RETAIL IMPACT ASSESSMENT

This section of the report outlines the estimated turnover potential of the subject development as well as the estimated potential impacts on the surrounding hierarchy of centres.

5.1. SUBJECT SITE TURNOVER POTENTIAL

An impact assessment can provide a reasonable indication of the likely trading environment and average trading conditions which retailers are likely to operate within, and implications for likely turnover decline or turnover gain, on average, for the retailers involved. Because an impact assessment seeks to forecast how groups of people are likely to alter their shopping behaviour in response to a given change in the competitive environment, it is not possible to be so precise as to estimate exactly what will happen to each individual retailer, or each group of retailers in each location.

The impact on any one individual retailer, or any small group of retailers in a given location, would depend on many factors, some of which are within their control. For example, the impact of the proposed supermarket on the performance of existing supermarkets in the trade area will depend very much upon their competitive response (e.g. pricing policy, promotions, refurbishment etc.).

The actions which each of these retailers take will determine the eventual impact on each of them, and furthermore the actions which they each take will also determine the eventual impact on the other retailers involved.

All of these factors need to be kept in mind when considering the likely impact of any relocation and expansion of a retailer within the existing retail network. Existing retailers are not passive participants, but rather will play a major role in the eventual impact which they will experience.

Urbis' retail turnover forecast for the proposed centre is based on extensive benchmarking against the Urbis Shopping Centre Benchmarks and our extensive experience in the assessment and evaluation of shopping centres and retail precincts throughout Australia and internationally.

The turnover forecasts consider existing and proposed retail competition as well as key design factors associated with retail – location, car parking, proximity to public transport, exposure, accessibility and likely tenant mix.

To determine the subject site's potential turnover, the following assumptions were made:

- The residential component of the development will be delivered in 2028, with onsite retailers commencing a full year of trade in 2029

- Trade area population growth and retail spending is forecast as per Section 2.2 and 2.4

- The proposed development will proceed as described in this report, thereby providing residents, workers and visitors in the trade area with an enhanced level of retail provision compared to what is currently available

- The assessment takes into consideration the size and likely strength of the proposed development, having regard to the tenants, location considerations and the extent, composition and quality of competing retail facilities

- The on-site retail offer is expected to include a mix of food retailing, food catering, retail services and leisure/general tenancies. This assumed mix is tailored to the demand and convenience needs of future trade area residents and visitors and aims to create a balanced retail offer.

Table 5 shows the estimated composition and performance of the proposed development. Potential turnover is calculated by analysing the quantum of retail expenditure available in the trade area in relation to the current retail supply, and by carefully reviewing the design attributes of the development. All turnover figures are expressed in constant 2023 dollars, excluding inflation and including GST.

Urbis estimates that in 2029, the proposed development may achieve sales in the order of $21.7 million (in constant $2023). Of this, the supermarket is expected to generate the majority of turnover with $13.6 million at an average trading level of $8,500 per square metre.

The retail specialties, comprising liquor, food catering, leisure/general, and retail services are estimated to achieve around $8.1 million in retail turnover, at an average of $8,100 per sq.m.

Table 5: Subject Site Retail Composition and Turnover, 2029

	GLA (sq.m)	Estimated Turnover ($M)	Estimated Turnover ($/sq.m)
Majors:			
Supermarket	1,600	13.6	$8,500
Total Majors	**1,600**	**13.6**	**$8,500**
Retail Specialties:			
Liquor	150	1.7	$11,500
Food Catering	400	3.0	$7,500
Leisure/General	300	2.3	$7,500
Retail Services	150	1.1	$7,500
Total Retail Specialties	**1,000**	**8.1**	**$8,100**
Total Retail	**2,600**	**21.7**	**$8,346**

Source: Urbis

Table 6: Subject Site Food and Non-Food Market Shares, 2029

	Market Size ($M) Food	Market Size ($M) Non-Food	Market Size ($M) Total Retail	Turnover ($M) Food	Turnover ($M) Non-Food	Turnover ($M) Total Retail	Market Share (%) Food	Market Share (%) Non-Food	Market Share (%) Total Retail
Primary	170.2	132.9	303.1	8.8	2.0	10.9	5.2%	1.5%	3.6%
On-Site	20.2	15.8	36.0	5.3	1.2	6.5	26.1%	7.7%	18.1%
Total Trade Area	**190.4**	**148.7**	**339.1**	**14.1**	**3.2**	**17.4**	**7.4%**	**2.2%**	**5.1%**
Beyond				3.6	0.8	4.3	*20%*	*20%*	*20%*
Total				**17.8**	**3.9**	**21.7**			

Source: Urbis

As shown in Table 6, the proposed development is expected to achieve a market share of just 3.6% of the primary trade area and a 18.1% market share of on-site resident spending in 2029. Overall, the proposed development is estimated to achieve a 5.1% market share of available trade area spending in 2029.

In addition to trade area residents, the proposed development will also draw business from outside of the trade area. It is estimated that around 20% of the development's turnover will come from beyond the trade area. Trade from beyond the trade area is likely to be derived by a combination of sources including:

- Persons who work in the immediate area but live outside the trade area. We note there are around 2,500 workers within a 800 metre radius of the subject site.

- The ~4,200 people that live outside the trade area but within walking distance (800 metres) of the subject site.

- Broader Sydney residents who do not live within the trade area and are visiting friends or relatives

- Passing trade.

5.2. RETAIL IMPACT ASSESSMENT

For the purposes of this report "economic impact" on specific retail centres is defined to mean the probable change in retail turnover at various shopping centres resulting from the introduction of new competition in the form of a new or expanded/refurbished shopping centre.

The reduction in turnover relates to a reduced turnover relative to if status quo had been maintained (i.e. if the centre's competitive circumstances remained unchanged).

As discussed in this section, in our view it is appropriate to express the impact on particular shopping centres or activity centres as a percentage of their potential turnover in the opening year of the proposed centre, as well as comparing impacts with the estimated trading situation at each centre prior to the development occurring.

This latter measure is important because it shows the extent to which conditions prior to development will be sustained even after the impact of competitive developments, recognising that growth in the market, from population growth or real spending growth per capita, can offset in whole or part the effects of new competition.

Therefore, the relevant measures are two-fold:

- Turnover impact representing the reduction in turnover as a result of new competition, compared with turnover which would otherwise have been achieved by a particular centre under the status quo

- Turnover change represents the anticipated overall increase or decrease in turnover for a centre in the forecast year compared with the situation before development. This measure reflects the combination of the impact of new competitive developments, counteracted by any underlying growth in turnover which would be achieved by the centre anyway.

The effects of new competition on individual businesses are not a relevant planning consideration. The relevant consideration in planning terms relates to the ongoing ability of centres to continue to provide for the needs of the community which they serve, and to ensure that a new development does not fundamentally undermine the viability and role of existing and planned centres.

Urbis continually monitors the performance of retail properties and is adept at identifying the strengths and weaknesses of particular centres using a range of performance indicators. Our expertise is demonstrated in the trust the industry places in us to create the annual Urbis Shopping Centre Benchmarks, the industry benchmark standard for comparing the turnover and rental performance of a range of shopping centres, based on analysis of approximately 465 shopping centres annually.

Turnover estimates for competing centres are derived from a number of sources including the Urbis Shopping Centre Benchmarks, the Shopping Centre Council Directory, Shopping Centre News "Big Guns, Little Guns and Mini Guns" reports.

Turnover growth for competing centres has been assessed having regard to:

- Market growth across the Parramatta and broader LGAs, based on population and per capita spending growth projections

- Potential for market share erosion for some centres due to broader competition from new development across the trade area as well as online trading effects

- The impact of the proposed retail developments within the trade area on existing centres

- The overall competitive positioning of each centre

- Long term growth trends for shopping centres.

Table 7 overleaf details the quantum of expenditure the proposed development is estimated to capture from competing centres and from other centres.

Table 7: Distribution of Potential Impacts, 2029 ($2023, incl. GST)

	Retail Turnover ($2023M)			Post Impact vs. Before Impact		Post Impact vs. Current	
	Current (2023)	'Before Impact' (2029)	'Post Impact' (2029)	($M)	(%)	($M)	(%)
Existing Centres:							
Carlingford Court + Carlingford Village	322.6	346.8	333.4	-13.4	-3.9%	+10.8	+3.1%
Eastwood Town Centre	224.3	264.3	262.3	-2.0	-0.7%	+38.0	+14.4%
North Rocks Shopping Centre	163.6	187.0	185.3	-1.7	-0.9%	+21.7	+11.6%
Epping Town Centre	104.6	120.2	119.5	-0.7	-0.6%	+14.8	+12.4%
Oatlands	8.0	8.4	8.4	-0.0	-0.3%	+0.3	+4.0%
The Langston Epping	16.3	18.2	18.2	-0.1	-0.3%	+1.9	+10.6%
Total Existing Centres	**839.5**	**944.8**	**927.1**	**-17.7**	**-1.9%**	**+87.6**	**+10.4%**
Proposed Centres:							
Melrose Park		6.4	6.4	-0.0	-0.4%		
Eastwood Shopping Centre		56.2	56.0	-0.2	-0.4%		
Telopea Communities Plus		35.7	35.5	-0.1	-0.4%		
Total Proposed Centres		**98.3**	**97.9**	**-0.4**	**-0.4%**		
Other Centres				*-3.6*			
Total Impact				**-21.7**			

Source: Urbis

Table 7 demonstrates that:

- In its first full year of trading (2029), the proposed development is forecast to draw $18.1 million from key centres and $3.6 million (around 17% of total impact) from other centres across the Parramatta region and Greater Sydney.

- All impacts from the proposed development are less 4%, indicating that the subject development is unlikely to undermine the commercial viability of any of the existing or proposed centres in the retail hierarchy.

- In 2029, the total overall trading performance of existing centres is estimated to be 10.4% higher than current levels in real $2023 dollars (higher in nominal terms), even accounting for the proposed development.

- The remaining spending capacity of the on-site market (i.e. the 82% of spending that isn't captured by the subject site), at around $30 million is greater than the total impact across all centres, showing that the residential component of the subject development is supporting increased spending across the broader market.

- The analysis confirms that there is sufficient growth within the market to accommodate the proposed development without adversely impacting the viability of existing and proposed retail centres, namely due to the substantial population growth forecast across the trade area and the moderate scale of proposed development.

5.3. SUMMARY

Therefore, the development of the proposed retail facility at the subject site will have no material negative impact on the surrounding network of centres, yet has positive benefits in terms of addressing undersupply, catering to future demand, creating amenity and economic benefits such as employment.

6. ECONOMIC BENEFITS ASSESSMENT

Property development projects provide economic benefits to a local economy and wider region during both the development phase and during the ongoing operation or working life of the project. Direct economic benefits during the development phase are identified in the form of expenditure, economic growth and employment benefits. These direct benefits in turn generate flow on (multiplier or indirect) benefits which also benefit the regional and state economies.

The Economic Benefit Assessment (EBA) uses REMPLAN to model the potential economic benefits associated with the proposed development. REMPLAN is an Input Output model that captures inter-industry relationships within an economy. It can assess the area's specific direct and flow on implications across industry sectors in terms of employment, wages and salaries, output and value added (Gross State Product).

The potential economic benefits of the proposed development have been quantified in terms of value-add expenditure generation and employment generation:

- **Expenditure Generation –** Estimation of the direct and indirect expenditure impacts resulting from the proposed development. This estimates value added expenditure impacts to the regional and state economies during both the development and operating phases

- **Employment Creation –** Estimation of the direct and indirect employment impacts resulting from the proposed developments. This estimates employment impacts using standard industry jobs per sq.m benchmarks and regional employment multipliers for New South Wales.

Key points regarding the workings and terminology of the model are as follows:

- REMPLAN uses either the value of investment or employment generation as the primary input. For this analysis, the value of total upfront investment has been used as the key input to assess the benefits of the construction phase, whereas future employment at the centre is the input to assessing the on-going economic benefits of the operational phase

- Outputs from the model include direct and indirect employment and value added (i.e. economic growth) generated through the project

- Employment generated includes all full-time and part-time jobs created over the life of the construction phase; or in terms of the on-going operations, total on-going jobs generated

- Both the direct and indirect benefits are modelled for employment and value added

- Direct refers to the effect felt within the industry where the investment is being made. For example, during the construction phase, new direct jobs are created within the construction industry.

Indirect effects are:

- Those felt within businesses that supply goods to the industries directly affected (industry effects)

- Those felt by businesses that benefit from the wages that are earned and spent by those employed within the industries directly affected (consumption-induced effects).

For the purposes of this analysis, consumption-induced effects have been excluded. Consumption-induced effects are prone to overstating the benefits of a particular investment as they overestimate the impact of wage and salary increases in the local economy. This is an accepted conservative industry practice.

The following sub-sections present a summary of benefits for these two phases. In our analysis we have assessed the net additional retail floorspace and subsequent economic benefits from the supermarket and specialty stores.

6.1. ECONOMIC AND EMPLOYMENT BENEFITS

6.1.1. Construction Phase

It is estimated that the proposed development will have a 2-year construction period, with completion in 2028. The proposed development is estimated to require project expenditure of approximately $440.7 million during construction across all uses.

Based on economic modelling using REMPLAN, Table 8 shows that the construction of the proposed development would generate 927 total jobs, including multiplier effects, over the construction period, including 387 direct jobs and 540 indirect jobs. Most of the new direct jobs will be in the construction sector. Indirect jobs associated with the construction are expected to be mostly in manufacturing.

The significant capital investment required for the construction of the proposed development will generate significant uplift in economic activity. We have used the REMPLAN model to assess the potential economic contributions of the construction of the proposed development in terms of Gross Value Added (GVA).

The construction phase will generate a total GVA of $301.5 million to the NSW economy during the 2-year construction period, including $129.3 million in direct GVA and $172.2 million in indirect GVA.

Table 8: Construction Employment Generation and Gross Value Added

	Direct	Indirect	Total
Project Expenditure ($M)	$440.7	-	**$440.7**
Avg Employment Per Annum (Total Jobs)	387 jobs over 2 years	540 jobs over 2 years	**927 jobs over 2 years**
Value Added ($M)	$129.3	$172.2	**$301.5**

Source: REMPLAN Economy; Urbis

6.1.2. Operational Phase

Table 9 shows that, upon completion of the development, the ongoing operations will support new jobs and generate value added to the economy. The ongoing phase will generate a total net increase of 146 jobs, including 113 direct and 33 indirect jobs. Direct jobs are associated with the future uses on the subject site.

The operation of the proposed development also has the potential to deliver $15.2 million in direct and indirect annual gross value add to the economy, comprising $9.7 million in direct annual GVA and $5.4 million indirect annual GVA.

Table 9: Ongoing Operations Employment Generation and Gross Value Added

	Direct	Indirect	Total
Avg Employment Per Annum (Total Jobs)*	113	33	**146**
Avg Value Added Per Annum ($M)*	$9.7	$5.4	**$15.2**

* Calculated over a 20-year timeframe commencing upon completion of the first stage of development
Source: REMPLAN Economy; Urbis

6.2.   OTHER ECONOMIC BENEFITS

Providing choice and convenience to consumers is a key consideration in the requirement for new retail space and other uses. Demand for floorspace is not simply a function of relative floorspace provision. Community benefit is created through increased convenience and choice in the type of stores/uses offered, and the range of goods and services able to be provided through the provision of multiple options.

The proposed development would enhance local residents' choice by providing greater breadth and depth of convenience retail and food and beverage facilities.

An outcome of the additional retail floorspace, is increased competition amongst retailers within the area, thus possibly leading to enhanced service levels and better-quality offerings that provide an improved experience for consumers. This strengthens the overall retail offer across all centres / precincts and acts as a catalyst for ongoing investment and improvement of centres generally, to the benefit of the broader community.

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