



# Economic Impact Assessment

Westfield Parramatta and Gateway Office Tower

July 2012

urbis

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# Executive Summary

The key findings and conclusions of the Economic Impact Assessment (EIA) for Westfield Parramatta's proposed expansion are summarised in the points below:

## PARRAMATTA CBD AND PROPOSED WESTFIELD DEVELOPMENT

- Westfield Parramatta is located within the Parramatta CBD and provides almost 140,000 sq.m of leasable floorspace. The centre serves as a major retail destination in western Sydney.
- Parramatta CBD is one of three Regional Cities in Sydney and is regarded as the second CBD of Sydney. Parramatta CBD is centrally positioned in western Sydney with excellent links to road and public transport infrastructure and has one of the largest concentrations of office floorspace outside of the Sydney CBD. The Parramatta CBD is the retail, leisure and entertainment, health, education and cultural centre for the West Central Sub-Region.
- Westfield Parramatta is strategically located in the centre of Parramatta CBD, linked with the Parramatta Transport Interchange and in close proximity to the major city office buildings. The broad role of the Parramatta CBD and larger workforce provides the Westfield Parramatta with one of the largest trade areas of any Australian shopping centre.
- Westfield Parramatta is proposing an expansion of retail floorspace and development of an office building:
  - The first stage of the development involves the addition of 24,504 sq.m of retail floorspace (with 2016 as the first year of trade) including:
    - A discount department store;
    - Mini-majors totalling 8,540 sq.m;
    - Approximately 6,700 sq.m of specialty shop floorspace;
    - A new Woolworths supermarket which replaces an existing Woolworths store on Level 5.
  - In addition to the new retail floorspace, the second stage of the development involves construction of a 20 storey, 35,000 sq.m, A Grade office building at the south-western corner of Church Street and Argyle Street. The office building is expected to be ready for occupation in 2021.

## RETAIL ECONOMIC IMPACT ASSESSMENT

- The current resident population of Parramatta's trade area is estimated at approximately 663,400, as of June 2012. Over the next four years this figure is expected to grow by some 27,500, and over the forecast period (2012-26) it is expected to increase by approximately 67,800 residents. This represents a per annum growth rate of approximately 0.7% over the forecast period.
- The current retail expenditure market generated by the trade area population is estimated at approximately \$6.9 billion. Over the next four years this figure is expected to grow by almost \$660 million to \$7.6 billion. Over the forecast period (2012-26) the trade area retail market is expected to increase by approximately \$2.1 billion to nearly \$9.0 billion residents. (Figures stated are in \$2012 and exclude GST).

- In the year to May 2012, Westfield Parramatta achieved a retail turnover of approximately \$602 million. Of this amount \$448 million was derived from the trade area, representing a market share of 6.5%. The remaining centre turnover – \$154 million – is sourced from beyond the trade area, and equates to 26% of the centre's total turnover. This is a high proportion and volume of business to be derived from areas outside of the trade area, and is attributable to the regional role of the Parramatta CBD, and the centre's strategic location and access to a large worker/visitor market in the Parramatta CBD.
- The proposed retail expansion addresses need and demand for more retail floorspace in the Parramatta CBD reflecting:
  - Forecast market growth in the trade area. Over the period to 2026, trade area residents are estimated to generate demand for an additional 213,000 sq.m of retail floorspace (excluding bulky goods floorspace), including an additional 73,000 sq.m by 2016. The proposed expansion of Westfield Parramatta therefore will be integral in addressing growing demand for retail floorspace and account for only a share of growth, i.e. 25% by 2016.
  - Given its scale and strategic location, Westfield Parramatta will need to continue to play a critical role in driving the retail performance of the Parramatta CBD and ensuring Parramatta is positioned as the highest order centre in suburban Sydney (and ahead of other regional cities such as Liverpool and Chatswood). The ongoing expansion and growth of the retail offer at Westfield Parramatta is therefore integral to enhancing Parramatta's role as the second CBD in Sydney and achieving a key objective of the *Metropolitan Strategy*.
  - The increase in shopper activity at Westfield Parramatta will have flow-on benefits for other businesses and facilities in the CBD. The development therefore will likely be a catalyst for other development in the town CBD. In particular, the proximity and connectivity of the Westfield centre to Civic Place will provide support for this future development.
- The trade area is currently supplied by a network of regional, sub-regional, and supermarket centres throughout the trade area. Most of these centres are located within 'Strategic', 'Major' or 'Town' centres, or smaller local activity centres as designated in the Sydney Metropolitan Strategy. In addition to these centres there is a range of 'strip' type retailing, along with other forms of retail such as Auburn Costco. The Parramatta CBD, including Westfield Parramatta serves as the highest order and main shopping destination in western Sydney.
- Given the wide draw of Westfield Parramatta, the impacts of the proposed expansion of retail floorspace are expected to be widely dispersed across a broad range of centres throughout western Sydney. The trading impacts of the proposed expansion of Westfield Parramatta – which is estimated to generate an additional \$129 million in retail turnover for the centre in 2016 (\$2012, excluding GST) – is expected to result in a general one-off impact on other centres of -1.3%. Market growth would more than offset this one-off impact and the retail turnover of other centres would, on average, increase in real terms by 8% between 2012 and 2016.
- The trading impacts are manageable and would not result in an adverse impact on any one centre. The proposed retail expansion of Westfield Parramatta will therefore occur in an environment where existing centres can be expanded or improved and the market can support other new developments.

## OFFICE ECONOMIC IMPACT ASSESSMENT

- There is an economic need and market demand for the proposed 35,000 sq.m office building reflecting:
  - The Westfield Gateway office tower can be supported by the market and addresses a need for A Grade office buildings in the Parramatta CBD. Parramatta is currently undersupplied in quality office floorspace, when compared with other major office markets. An insufficient level of available higher grade office space, decreasing vacancy levels and increasing rents all indicate good overall demand for A Grade office floorspace in the Parramatta CBD.



- The Westfield Gateway office tower will likely account for no more than 2 years of demand and likely about a third of available demand to 2021 (beyond already committed projects). Demand therefore will exist for other projects such as Civic Place and several mooted developments.
- In addition, the development will make an important contribution to the realisation of the strategic goals for the Parramatta CBD, including enhancement of its role as a major employment hub and second CBD of Sydney, and achievement of employment targets as set out for the Central West Sub-Region. The office development will also provide employment opportunities for a growing population and workforce in western Sydney.
- The growth of the Parramatta CBD as a larger employment hub will also provide greater choices of employment in western Sydney and reduce the need for workers to travel significant distances to other employment nodes (such as the Sydney CBD).
- Without the provision of more high quality (A Grade) office floorspace such as the proposed Westfield development, Parramatta will fail to attract quality “strategic” tenants and employers for the local worker market and achieve the strategic objectives set out for Parramatta.
- Furthermore, the Westfield development is one of the better strategic sites in the Parramatta CBD and represents an ideal location for a new office development.

## OTHER STRATEGIC CONSIDERATIONS

- Westfield Parramatta and the proposed Gateway tower will be ideally located in the CBD to concentrate activity around the Parramatta Transport Interchange, providing a range of facilities in a highly accessible area, limiting the decentralisation of activities and reducing the overall environmental impacts on the region by utilising existing infrastructure.
- The Westfield retail and office developments will be an important contributor to strengthening the role of the Parramatta CBD as a regional city and Sydney’s second CBD as well as revitalising and growing its role as a major white collar employment node.
- The \$405 million project will have a significant impact on the creating short term and long term jobs. The construction of the office tower and expansion of retail facilities in the centre will create around 1,740 jobs equivalent for one year while the new retail and office floorspace will yield 2,760 workers. Multiplier effects, for example as wages of the workers filter through the economy, would increase the employment generation even further.

## CONCLUSION

- In summary, the proposed expansion of Westfield Parramatta and Gateway office tower is an appropriate development that should be supported given it addresses market need and demand for additional retail and office floorspace in Parramatta, provides new employment opportunities for the growing workforce in western Sydney, achieving its strategic goals (notably its role as the second CBD in Sydney and employment targets) and enhances a transit oriented development around the major Parramatta Transport Interchange. Overall, the Westfield development will provide a demonstrable net community benefit.

# Introduction

Westfield Parramatta is located on the corner of Church Street and Argyle Street in the Parramatta CBD. The centre is designated as a Regional Strategic Centre in the Sydney Metropolitan Strategy and the Parramatta CBD is one of three Regional Cities in Sydney.

Westfield is proposing the development of a new retail level, high rise commercial office building, additional car parking and activation to the Argyle Street façade at ground level at the Westfield Parramatta property.

This economic impact assessment (EIA) outlines an independent assessment of the need, demand and impact of the proposed expansion of retail floorspace at Westfield Parramatta and, in a separate assessment, the proposed development of a 35,000 sq.m 'A' Grade office building at the corner of Argyle Street and Church Street.

The EIA for the proposed retail expansion of the centre refers to the addition of 24,504 sq.m of leasable retail floorspace on a new Level 6 of the centre. The retail development is expected to be completed in late 2015 with calendar year 2016 the likely opening year of trade. The development features:

- A discount department store;
- Mini-majors totalling 8,540 sq.m;
- Approximately 6,700 sq.m of specialty shop floorspace;
- A new Woolworths supermarket which replaces an existing Woolworths store on Level 5.

The retail expansion will form Stage 1 of a two staged development which is to also include the development of a new 20 storey A Grade office tower at the south-western corner of Church Street and Argyle Street. The 4.5 star rated office building is expected to be completed by 2021. The separate EIA for the office building therefore assesses the need, demand and impact of this development in 2021.

## OBJECTIVES

The primary objectives of the retail and office development EIAs are as follows:

- Assess the market need and demand for the proposed expansion of retail floorspace and development of an office tower.
- Assess the economic impacts associated with the retail and office developments including the effects on the retail and broader commercial functions of the Parramatta city centre and the broader centres hierarchy in the region of relevance as well as other economic effects/community benefits that may eventuate such as employment generation, improved access to retail shops and services, improved access to employment opportunities locally and concentration of activity in strategic centres, near public transport.
- Assess how the proposed retail and office developments would support regional strategies for Parramatta and the West Central Subregion of Sydney, from an economic perspective, including employment targets, intended role of the City Centre, and strategies for activity centres.



## KEY ASSUMPTIONS

In undertaking the analysis in this report, a number of important assumptions are made, as follows:

- The current composition and performance of Westfield Parramatta is as outlined in Section 1.3.1 and Section 5 of this report, respectively, based on the tenancy data provided by Westfield for the year ended May 2012.
- The proposed retail and office expansion scheme, in terms of layout and major store locations, are as per the plans provided by Westfield provided in the Appendix A.
- There are no major shocks to the Australian or New South Wales economies over the forecast period.
- Population and retail expenditure forecasts are as outlined in Section 3 of this report.
- The existing and future retail centres hierarchy is as outlined in Section 4 of this report.
- The first year of trade for the proposed new retail level (6) at Westfield Parramatta is the year ending December 2016. The office building is completed by 2021.

## DEFINITIONS

The following definitions have been adopted for the purposes of this report:

- **Retail** refers to the Australian Bureau of Statistics (ABS) definition adopted for the purposes of the 1991/92 Retail and Services Census, with some minor exclusions. This definition includes Total Shopfront Retailing less garden supplies and marine equipment. Motor vehicle and related retailers are also excluded. This definition has been adopted for the purposes of detailing the retail market using the ABS Household Expenditure Survey (HES), and also for categorising shopping centre turnover and tenancy details.
- **Non-Retail** therefore refers to various store types, services and expenditure categories, not included in the appropriate Australian & New Zealand Standard Industrial Classification (ANZSIC) included within the scope of the latest Retail and Services Census. The non-retail component includes the following tenancy types:
  - Amusements
  - Appliance Rental
  - Auto Accessories
  - Banks and Building Societies
  - Cinemas
  - Equipment Hire
  - Financial and Property Services
  - Garden Supplies
  - Lottery & Gaming
  - Marine Equipment
  - Medical and Dental Services
  - Offices
  - Post Office
  - Travel Agency

In addition to the above tenant types which are quite often found in shopping centres, facilities such as garden supplies, builders supplies, and similar businesses which are predominantly wholesale, are usually treated entirely as non-retail stores, despite the fact that a proportion of the business may be retail orientated.

- The **Food & Groceries (F&G)** market refers to the market relevant to supermarkets, and comprises spending on take home food and groceries. Some non-supermarket traders, including fresh food specialties, milk bars and convenience stores and to a limited extent non-food stores such as Discount Department Stores (DDSs), also compete for F&G spending. The F&G category includes food items only and therefore does not include the general merchandise items sold in supermarkets. The F&G category also excludes spending on liquor. Where a specific supermarket competes for bottled liquor spending, the analysis takes this component into account separately.

- The **Department Store Type Merchandise (DSTM)** market specifically refers to the market relevant to department stores and DDSs. It comprises expenditure on department store and DDS type merchandise, all of which is included in the defined retail market. More specifically it comprises expenditure on:

- Clothing and Accessories including all clothing, footwear, clothing accessories, jewellery and cosmetics.
- Furniture, Floor Coverings and Major Electrical including all furniture, floor coverings, televisions, refrigerators, and other large electrical appliances.
- General Merchandise including books, printed material, toys, hardware items, small electrical appliances, bikes, photographic equipment, etc.

This category excludes spending on food items which these stores also stock, such as confectionery, soft drinks, tobacco, tea and coffee and other consumable items.

- **Analysis Years.** Analysis throughout this report relates to calendar years (ending December) except for 2012 which is year ending June.

## ABBREVIATIONS

ABS	Australian Bureau of Statistics
ANZSIC	Australian & New Zealand Standard Industrial Classification
CCD	Census Collector District
DDS	Discount Department Store
ERP	Estimated Resident Population
F&B	Food and Beverage
F&G	Food and Grocery
GLA	Gross Leasable Area
GST	Goods and Services Tax
HES	Household Expenditure Survey
MAT	Moving Annual Turnover
SLA	Statistical Local Area
SMKT	Supermarket

## GOODS AND SERVICES TAX (GST)

The spending market and turnover estimates presented in this report are exclusive of GST.

## MARKETINFO

Retail spending estimates provided in this report are based on the MarketInfo 2010 micro simulation model developed by MDS Market Data Systems. MarketInfo 2010 is based on the Household Expenditure Survey and Australian National Accounts. Given that the estimates are based on survey data they will be subject to sampling variability.

# 1 Centre Location and Description

The first section provides an outline of the locational attributes of Westfield Parramatta and examines the current composition of the centre, the role and function it plays as a high order centre in the region and the proposed development.

## 1.1 REGIONAL CONTEXT

Parramatta is located 24 kms west of Sydney CBD and is strategically located to serve the West Central Sub-Region of Sydney which includes the Local Government Areas of Parramatta, Holroyd, Auburn, Fairfield and Bankstown (refer to Map 1.1).

The Parramatta CBD benefits from convenient access and good exposure to road, rail and bus networks, making the city centre easily accessible from the western suburbs of Sydney and further afield.

The Parramatta CBD is linked with several major road arterials, including the M4 Western Motorway, Great Western Highway, Cumberland Highway and Parramatta Road.

Parramatta CBD is also a major public transport node with the Parramatta Transport Interchange located on the main western railway line, linking Parramatta to Olympic Park to the north-east, Sydney CBD to the east and Blacktown, Penrith and the Blue Mountains to the west. The interchange provides connection with local bus networks to Liverpool and Rouse Hill, for example.

The RiverCat ferry service also provides another public transport option to and from Parramatta.

## 1.2 SCALE OF ROLE OF PARRAMATTA CBD

Parramatta CBD is one of three Regional Cities in Sydney and, as per the *Sydney Metropolitan Strategy*, is regarded as the second CBD of Sydney, given its strategically central position in western Sydney and having one of the largest concentrations of office floorspace outside of the Sydney CBD. The Parramatta CBD is the employment, retail, leisure and entertainment, health, education and cultural centre for the West Central Sub-Region.

In addition to the significant concentration of retail and office facilities, the Parramatta CBD includes a wide range of services including: Parramatta Health Services, Arthur Phillip High School, Parramatta Public School, Rowland Hassall Public School, NSW Police Services headquarters, Military Museum, Parramatta Riverside Theatres, the Justice Precinct (Children's Court, Attorney Generals Department, Commonwealth Law Courts) and major offices of the Australian Taxation Office and Office of State Revenue.

Parramatta's primary role is as a commercial hub. The city centre's industry structure provides employment focussed in finance, insurance, accounting, law, business service, government administration and health sectors. The city centre provides employment for around 30,000 people and is a major employment generator for the region and is the third largest office market (estimated at 685,000 sq.m) outside the Sydney CBD.

Parramatta is the highest order retail centre for West Central Sub-Region. The Parramatta CBD provides over 165,000 sq.m of retail floorspace including:

- Westfield Parramatta (Myer, David Jones, Target, Kmart, Coles and Woolworths) 115,000 sq.m
- Parramall Shopping Centre (IGA) 2,600 sq.m
- Remaining City Centre (ALDI, Coles, Officeworks & JB Hi Fi) 47,000 sq.m







## 1.3 WESTFIELD PARRAMATTA

Westfield Parramatta is located on a strategic site towards the southern end of the Parramatta CBD and is linked with the Church Street shopping strip and Parramatta rail station. (Refer Map 1.2). The centre is located on a site bounded by Argyle, O'Connell, Campbell and Church Streets.

Westfield Parramatta includes an underground pedestrian arcade connecting Westfield Parramatta to the main concourse level of Parramatta Railway Station. A recent survey conducted by Taverner Research at Westfield Parramatta indicated almost a third of shoppers (31%) access the centre via public transport, (rail and bus) a significantly higher level than typical for most shopping centres.

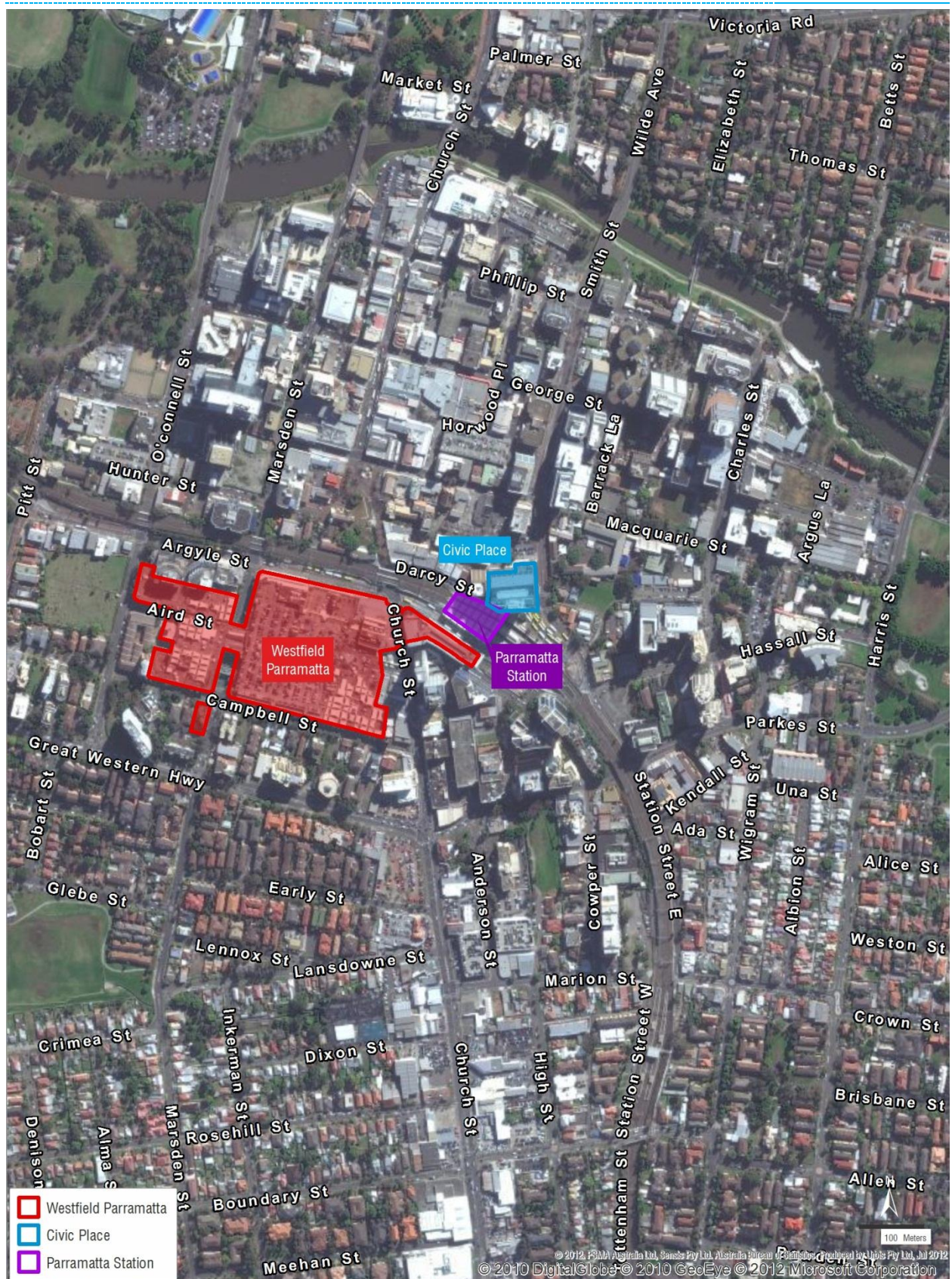
The Westfield centre is located on the opposite side of the Parramatta rail station to the proposed Civic Place development. The proximity and potential connectivity of the Westfield Parramatta centre to this site will help activate and support usage of Civic Place which is envisaged as a mixed use development including 65,000 sq.m of commercial office space, 60,000 sq.m of residential uses, 35,000 sq.m of retail floorspace, 3,000 sq.m of entertainment and leisure facilities and 5,000 sq.m of community facilities and public space.

Improvements to the Westfield Parramatta centre and development of the Civic Place will contribute to enhancing the vitality of the Parramatta CBD and attracting more jobs and visitors to Parramatta.

### 1.3.1 CURRENT CENTRE COMPOSITION

Westfield Parramatta first opened in 1975 and has undergone a number of major renovations and expansions since. The most recent development of Westfield Parramatta included the construction of the retail concourse which links Westfield Parramatta with the Parramatta Transport Interchange. The expansion added approximately 70 new specialty shops, an upgraded façade and more than 200 car spaces. The redevelopment also added an entertainment and lifestyle precinct, including a concourse of restaurants and cafés and an 11-screen Greater Union cinema complex with three Gold Class theatres. This link has been a success, improving the accessibility of the Parramatta rail station and enhancing a link between the station and the southern side of the Parramatta CBD centred around Church Street.

Westfield Parramatta is a regional based shopping centre with almost 140,000 sq.m of gross leasable area (GLA). The centre is anchored by Myer and David Jones department stores, Target and Kmart discount department stores (DDSs) and Coles and Woolworths supermarkets. Other majors at the centre include a Toys R Us store and the Hoyts cinema complex. Table 1.1 outlines the composition of Westfield Parramatta as at May 2012.





## Centre Scale and Composition

WESTFIELD PARRAMATTA, MAY 2012

TABLE 1.1

Tenant Type	GLA Sq.m	% of Property
Myer	28,272	20.4%
David Jones	12,905	9.3%
Target	8,438	6.1%
Kmart	6,592	4.8%
Woolworths	4,622	3.3%
Coles	2,637	1.9%
Other Majors <sup>1</sup>	3,370	2.4%
<b>Total Majors</b>	<b>66,835</b>	<b>48.2%</b>
<b>Mini-Majors</b>	<b>14,653</b>	<b>10.6%</b>
<b>Specialty Shops :</b>		
Food	7,812	5.6%
Non-Food	<u>26,664</u>	<u>19.2%</u>
<b>Total Retail Specialties</b>	<b>34,476</b>	<b>24.9%</b>
Non-Reporting/Non-Retail	12,080	8.7%
Cinemas	6,396	4.6%
Entertainment	4,147	3.0%
<b>Total Property</b>	<b>138,587</b>	<b>100.0%</b>
<b>Shopping Centre - Retail</b>	<b>115,965</b>	<b>83.7%</b>

1. The other major in the centre is Toys R Us

2. Other reporting categories includes lotto, travel, automotive accessories and pad sites

Source : Westfield; Urbis

### 1.3.2 SCALE AND ROLE OF WESTFIELD PARRAMATTA

Westfield Parramatta currently serves a broad trade area extending around 10 km from the centre, covering most of the West Central Sub-Region. The geographic extent of the trade area is one of the largest in Australia and is reflective of the centre's strategic location in the Parramatta CBD, at the intersection of major road and public transport networks as well as its compelling retail and services offer.

Consequently, Westfield Parramatta serves a trade area resident population 25% larger than the average for Top 10 regional centres in Australia. Based on data from the Shopping Centre News Big Guns 2012, in terms of total GLA, Westfield Parramatta is fourth largest shopping centre in Australia. In addition to the resident population the centre also services the local 30,000 strong worker population which is significantly greater than available to most other centres across country.

The large resident and worker populations and broad geographic draw of the Parramatta CBD provides one of the largest markets available to a collection of retail facilities in Australia which in turn supports one of the largest provisions of retail floorspace in a single location.

Given its scale and strategic location, Westfield Parramatta will need to continue to play a critical role in driving the retail performance of the Parramatta CBD and ensuring Parramatta is positioned as the highest order centre in suburban Sydney (and ahead of other regional cities such as Liverpool and Chatswood). The ongoing expansion and growth of the retail offer at Westfield Parramatta is therefore integral to enhancing Parramatta's role as the second CBD in Sydney and achieving a key objective of the *Sydney Metropolitan Strategy*.

### 1.3.3 PROPOSED DEVELOPMENT

Westfield is currently proposing redevelopment of Westfield Parramatta with expanded retail floorspace, additional carparking and an adjacent high-rise office building. The development is expected to have a construction cost of \$405 million.

The proposed development comprises:

- Addition of a sixth level to Westfield Parramatta Shopping Centre (24,504 sq.m of retail GLA);
- Additional car spaces located in new car parks above the proposed retail and in modifications to the existing car parks. The total provision will increase to around 5,000 spaces;
- “Gateway” commercial tower on the corner of Argyle St and Church Street (35,000 sq.m of commercial GLA);
- Activation and revitalisation of the public domain on the corner of Argyle Street and Church Street.

The development is proposed to occur in two stages:

- Stage 1 – retail and car parking level;
- Stage 2 –commercial office building and public domain improvements.

The proposed retail expansion of Westfield Parramatta is summarised in Table 1.2. The proposed expansion includes the addition of:

- A new Discount Department Store;
- A relocated Woolworths supermarket;
- A large mini-major backfilling the existing Woolworths area on level 5 and additional mini-majors totalling 8,540 sq.m;
- Approximately 6,700 sq.m of specialty shop floorspace.

TABLE 1.2 – PROPOSED RETAIL EXPANSION

TENANT TYPE	NET ADDITIONAL RETAIL GLA
Major Tenants	9,285 sq.m
Mini-majors	8,540 sq.m
Specialty stores	6,679 sq.m
<b>Total</b>	<b>24,504 sq.m</b>

The full set of plans outlining the modifications of existing levels of the Parramatta property and development of new levels and the office building, i.e. Levels 5 through to 8, are shown in Appendix A.

## 2 Planning Framework

### 2.1 STATE PLANNING FRAMEWORK

The City of Cities: A Plan for Sydney's Future is the metropolitan strategy for Sydney providing a broad framework to secure Sydney's place in the global economy by promoting and managing growth. The report identifies strategic centres in Sydney that are to be the focus of economic development and priority locations for State and local infrastructure investment. Under the metropolitan centres policy for Sydney, strategic centres are defined to include:

- Global Sydney, encompassing Sydney CBD and North Sydney, with nationally and internationally significant businesses, entertainment and cultural facilities;
- Regional Cities, providing a focus for cultural, shopping and business services;
- Specialised Centres of high value economic activity; and
- Major Centres, major shopping, civic and recreation centres around public transport nodes.

The strategy identifies Parramatta as one of three Regional Cities in Sydney (Parramatta, Penrith and Liverpool).

### 2.2 WEST CENTRAL SUB-REGIONAL STRATEGY

The ten Sub-Regional strategies for Sydney translate the actions and objectives for metropolitan Sydney from the Metropolitan Strategy into strategies for groupings of local government areas and the many communities of Sydney.

The West Central Sub-Region is defined to include the Local Government Areas of Parramatta, Holroyd, Auburn, Fairfield and Bankstown. The West Central Strategy has identified five strategic centres including one Regional City – Parramatta. Under the strategy Regional Cities are designated to be the focal point where large, growing regions can access good jobs, shopping, health, education, recreation and other services and not have to travel more than one hour per day – reflecting the greater metropolitan strategy objectives.

The objectives of the West Central Sub-Regional Strategy for centres and corridors are:

1. Provide places and locations for all types of economic activity and employment across the Sydney Region;
2. Increase densities in centres whilst improving liveability;
3. Cluster businesses and knowledge-based activities in strategic centres;
4. Concentrate activities near public transport;
5. Protect and strengthen the primary role of economic corridors.

The future objectives for Parramatta specifically include a strengthened role as a Regional City and revitalised office, retail, public space and cultural facilities and residential.

The proposed Westfield Parramatta project will assist in meeting the objectives of the West Central Sub-Regional strategy. The proposed development will be a significant generator of local based jobs for Parramatta. Employment targets set in the strategy establish a capacity target of 61,000 new jobs for the West Central region, including 27,000 new jobs in Parramatta. The proposed Westfield project will generate employment in both retail and white collar office employment assisting in meeting the additional 27,000 jobs target for Parramatta.

The proposed development will also create opportunities for new business and knowledge-based activities to develop in the Parramatta CBD assisting in meeting the third objective of the strategy.

The new Standard Instrument LEP limits retail and office activity to core commercial and mixed use zones, business development zones and in some circumstances enterprise corridors. This is to assist in concentrating retail land uses in centres, rather than encroaching on industrial land with out of centre developments that reduce the potential for employment in industrial uses on this land.

It is appropriate that the future retail needs of the West Central region are met through further development of the Parramatta CBD. The Westfield Parramatta proposal, in particular, will concentrate development adjacent to public transport thus will improve the sustainability of the centre, encourage greater use of public transport infrastructure and reduce the need to travel by car to undertake shopping and services thereby reducing environmental impacts. As illustrated earlier, almost a third of shoppers at Westfield Parramatta arrive by public transport.

The expansion of retail and commercial facilities at Westfield Parramatta will also be integral in ensuring the growing retail needs of residents and workers are adequately met and the highest order role of the Parramatta CBD is reinforced as the second Sydney CBD within the metropolitan centres hierarchy. The flow-on benefits that can be provided by expansion of Westfield Parramatta (from an increased number of shoppers, workers and visitors attracted to the Parramatta CBD) can also be catalyst for other development and achievement of employment targets and economic activity set out for the Parramatta CBD.

## 2.3 SUMMARY

In summary, a key objective of the Sydney Metropolitan Strategy is for Parramatta to firmly establish its role as the second CBD of Sydney. This role is achieved through developments that entrench the Parramatta CBD as the main retail destination in western Sydney and broaden commercial activity with strategic 'office' employment.

In this context, the proposed expansion of retail and commercial facilities at the Westfield property will address an economic need for a greater range of retail and office floorspace in the Parramatta CBD and satisfy other strategic objectives including contribution to achieving employment targets, reinforcement of an established transit oriented development and greater usage of public transport infrastructure.

## 3 Retail Market Analysis

### 3.1 TRADE AREA DEFINITION

The trade area served by Westfield Parramatta is based on an exit survey conducted at the centre by Taverner Research in April 2010. The definition of the trade area is also influenced by the pattern of urban development throughout the region, the region's retail supply network, transport infrastructure affecting access and connectivity to the centre, and geographical barriers such as rivers and parkland.

The trade area, which comprises eight sectors – a primary, four secondary, and three tertiary – covers a broad area of Sydney's west. As discussed previously in this report, Westfield Parramatta serves one of the largest trade areas of any regional shopping centre in Australia.

The centre's extensive draw is related to Westfield Parramatta's location within the Parramatta CBD which plays a significant strategic role in western Sydney and is supported by transport connectivity with the broader region and a large worker population. The extent of the trade area is also related to the centre's relative strength as a higher order retail destination within the region; its nearest regional shopping centre competition is approximately 10 kms away.

### 3.2 RESIDENT POPULATION

#### 3.2.1 TRADE AREA POPULATION

Table 3.1 details the historic and forecast population for each sector of Westfield Parramatta's trade area. Population growth is the key driver of retail expenditure growth and has been estimated for each trade area sector based on the following information:

- Population projections prepared in April 2010 by the New South Wales Department of Planning for Statistical Local Area (SLA) for the period 2006 – 2036.
- Forecast ID population projections prepared by ID consulting from 2006 – 2036 for the Auburn, Bankstown, Blacktown, Fairfield, Parramatta, and the Hill Shire LGAs.
- Residential dwelling forecasts for the period 2011 – 2020 from the NSW Department of Planning and Infrastructure 2010/11 Metropolitan Development Program Report.
- Research into major residential developments currently underway or proposed within the trade area.
- Estimated Resident Population (ERP) in 2011 for Statistical Local Areas (SLA).
- Estimated Resident Population (ERP) in 2010 for Census Collector Districts (CCD), which provides an accurate measure of the historic trade area population at the small area level.
- ABS New Dwelling Approval (NDA) data up to June 2011.

Most of the main trade area has been long established in its current urban/sub-urban built form, and therefore infill and brownfield development has, and will continue to be, the region's predominant form of new dwelling supply. Development activity of this type has tended to be in the form of industrial conversions and medium-to-high density apartment complexes, with much of it centred around the region's existing transport and civic infrastructure.

While there is a large amount of greenfield development occurring in Sydney's west, much of it lies beyond the boundaries of the trade area.

With increasing residential densities within the main trade area, and residential demand driven by the growing employment opportunities and the increasing housing stock, population growth is expected to remain relatively consistent over the next five years, although growth is expected to taper but still add about 4,000 residents per annum over the next 10-15 year period.

The key characteristics of the trade area growth, as it detailed in Table 3.1, can therefore be summarised below:

- The trade area's resident population, estimated at approximately 663,500 as at June 2012, is expected to grow to approximately 731,000 by 2026; representing a per annum growth rate of 0.7%.
- The main trade area's resident population currently accounts for approximately 363,300 residents and is expected to grow by a further 42,300 over the next 15 years, to a total of nearly 406,000. This represents a per annum growth rate of 0.8% over the forecast period.
- Growth over the coming five years is expected to be stronger however, at approximately 1.3% per annum in the main trade area, and 0.7% per annum across the tertiary sectors of the trade area.

## Trade Area Population

WESTFIELD PARRAMATTA

TABLE 3.1

Trade Area Sector	Estimated Residential Population <sup>1</sup>				Forecast Population		
	2001	2006	2011	2012	2016	2021	2026
Primary	92,240	99,740	113,200	114,690	120,660	125,430	129,590
Secondary	211,350	222,520	245,550	248,920	262,400	269,920	276,330
<b>Main Trade Area</b>	<b>303,590</b>	<b>322,260</b>	<b>358,750</b>	<b>363,610</b>	<b>383,060</b>	<b>395,350</b>	<b>405,920</b>
Tertiary	275,350	277,310	297,820	299,820	307,870	317,280	325,350
<b>Total Trade Area</b>	<b>578,940</b>	<b>599,570</b>	<b>656,570</b>	<b>663,430</b>	<b>690,930</b>	<b>712,630</b>	<b>731,270</b>

### Average Annual Change (No.)

	2001-06	2006-11	2011-12	2012-16	2016-21	2021-26
Primary	1,500	2,692	1,490	1,493	954	832
Secondary	2,234	4,606	3,370	3,370	1,504	1,282
<b>Main Trade Area</b>	<b>3,734</b>	<b>7,298</b>	<b>4,860</b>	<b>4,863</b>	<b>2,458</b>	<b>2,114</b>
Tertiary	392	4,102	2,000	2,013	1,882	1,614
<b>Total Trade Area</b>	<b>4,126</b>	<b>11,400</b>	<b>6,860</b>	<b>6,875</b>	<b>4,340</b>	<b>3,728</b>

### Average Annual Change (%)

	2001-06	2006-11	2011-12	2012-16	2016-21	2021-26
Primary	1.6%	2.6%	1.3%	1.3%	0.8%	0.7%
Secondary	1.0%	2.0%	1.4%	1.3%	0.6%	0.5%
<b>Main Trade Area</b>	<b>1.2%</b>	<b>2.2%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>0.6%</b>	<b>0.5%</b>
Tertiary	0.1%	1.4%	0.7%	0.7%	0.6%	0.5%
<b>Total Trade Area</b>	<b>0.7%</b>	<b>1.8%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.6%</b>	<b>0.5%</b>

<sup>1</sup> As at June.

Source : ABS Cdata 1991, 1996, 2001 and 2006; ABS, Regional Population Growth, Australia 2010-2011 (32 18.0);

New South Wales Department of Planning, Statistical Local Area Population Projections, 2006-2036 (April 2010); Urbis



### 3.2.2 SOCIO-ECONOMIC PROFILE

The socio-economic characteristics of Westfield Parramatta's trade area – based on the ABS Census of Population and Housing 2011 – are provided in Table 3.2.

Due to the trade area's significant size, it incorporates areas that often significantly differ from one another socio-economically. The trade area can be broken into three broad socio-demographic 'sectors', which are summarised, relative to the Sydney average, as follows:

- The **'northern' sector**, which comprises the tertiary north and secondary north trade area sectors. This sector's residents typically have higher incomes, more detached houses (which are more likely to be owned outright), a high proportion of families, a low proportion of young adults, and a low degree of ethnicity. In short, this sector is highly established and affluent.
- The **'southern' sector**, comprising the secondary south and tertiary south, is almost the polar opposite of the 'Hill' sector. It has low incomes – with a large proportion in the lowest income bracket – a high proportion of young families, a high proportion of renters and unit/apartment living and a high degree of ethnicity.
- The **'central' sector**, comprising the primary, secondary east, secondary west and tertiary north-west trade area sectors. This sector represents a broad socio-demographic mix, although generally represents a mix of characteristics apparent in both the 'southern' and 'northern' sectors. Households are generally lower income across all sectors, although the secondary east is the most affluent. The western trade area sectors typically have more detached housing, more families and a higher rate of home purchasing, whereas the primary and secondary east are more 'urban', with less detached housing, less families with children and a higher proportion of young adults in the primary.

The mix of socio-economically diverse residents will have varying retail needs and use a wide variety of shopping centres and retailers. The range of centres in the western region of Sydney and the unique offer and amenity they provide all play important roles for the varying groups of residents in the region.

# Key Socio-Economic Characteristics of the Trade Area Population, 2011

WESTFIELD PARRAMATTA

TABLE 3.2

Characteristics	Primary TA	North	East	South	West	Total	Main TA	North	South	West	Tertiary Total	Total TA	Sydney Average	Australia Average
<b>Household Income</b>														
\$Nil	2%	1%	2%	2%	1%	2%	2%	1%	2%	1%	2%	2%	2%	2%
\$1-\$26,000	11%	8%	12%	14%	10%	12%	12%	6%	17%	11%	13%	12%	10%	12%
\$26,000-\$52,000	26%	22%	24%	33%	25%	28%	27%	18%	36%	26%	29%	28%	24%	29%
\$52,000-\$78,000	19%	15%	15%	18%	17%	17%	18%	14%	18%	18%	17%	17%	16%	17%
\$78,000 - \$104,000	15%	13%	13%	12%	14%	13%	13%	14%	11%	14%	13%	13%	13%	13%
\$104,000 - \$130,000	9%	11%	10%	8%	11%	10%	10%	11%	7%	11%	9%	9%	9%	9%
\$130,000-\$156,000	8%	11%	11%	5%	9%	8%	8%	14%	4%	8%	7%	8%	11%	9%
\$156,000-\$182,000	5%	9%	6%	3%	6%	5%	5%	10%	2%	5%	5%	5%	6%	5%
\$182,000-\$208,000	2%	4%	3%	2%	2%	3%	2%	5%	1%	2%	2%	2%	3%	2%
\$208,000 plus	3%	6%	5%	2%	4%	4%	3%	8%	2%	3%	3%	3%	6%	4%
Average Household Income	\$80,088	\$101,192	\$91,042	\$68,773	\$87,115	\$82,224	\$81,487	\$111,997	\$61,722	\$81,332	\$78,631	\$80,201	\$94,428	\$82,357
Var'n from Sydney Avg.	-15.2%	7.2%	-3.6%	-27.2%	-7.7%	-12.9%	-13.7%	18.6%	-34.6%	-13.9%	-16.7%	-15.1%	0.0%	-12.8%
Var'n from Australian Avg.	-2.8%	22.9%	10.5%	-16.5%	5.8%	-0.2%	-1.1%	36.0%	-25.1%	-1.2%	-4.5%	-2.6%	14.7%	0.0%
Average Household Size	2.6	2.8	2.7	3.1	2.9	2.9	2.8	2.9	3.1	2.9	3.0	2.9	2.7	2.6
<b>Per Capita Income (Persons aged 15 - 64) (%)</b>														
\$Neg/Nil	13%	13%	12%	15%	12%	14%	14%	12%	14%	12%	13%	13%	12%	10%
\$1 - \$20,800	23%	19%	23%	33%	22%	27%	26%	19%	37%	24%	29%	27%	22%	24%
\$20,800 - \$41,600	23%	19%	20%	25%	22%	23%	23%	18%	25%	24%	24%	23%	21%	23%
\$41,600 - \$78,000	28%	27%	27%	21%	30%	25%	26%	27%	19%	29%	24%	25%	26%	27%
\$78,000 +	12%	21%	17%	6%	14%	12%	12%	24%	5%	11%	10%	11%	19%	16%
Avg. Per Cap. Income (aged 15-64)	\$40,197	\$50,430	\$45,516	\$30,245	\$42,963	\$38,634	\$39,156	\$54,120	\$27,916	\$39,193	\$36,986	\$38,171	\$48,077	\$45,060
Per Capita Income Var'n	-16.4%	+4.9%	-5.3%	-37.1%	-10.6%	-19.6%	-18.6%	+12.6%	-41.9%	-18.5%	-23.1%	-20.6%	+0.0%	-6.3%
<b>Age Distribution</b>														
Aged 0-14	18%	20%	19%	21%	21%	21%	20%	21%	21%	21%	21%	20%	19%	19%
Aged 15-19	5%	7%	6%	7%	6%	7%	6%	7%	7%	7%	7%	6%	6%	7%
Aged 20-34	33%	17%	22%	27%	22%	23%	26%	19%	21%	23%	21%	24%	22%	21%
Aged 35-49	21%	21%	24%	19%	21%	21%	21%	23%	21%	21%	21%	21%	22%	21%
Aged 50-64	13%	19%	17%	15%	17%	17%	16%	19%	17%	17%	17%	16%	17%	18%
Aged 65-79	7%	13%	9%	7%	10%	9%	8%	10%	9%	8%	9%	8%	9%	10%
Aged 80+	3%	4%	4%	3%	3%	3%	3%	3%	4%	3%	3%	3%	4%	4%
Average Age	34	39	37	34	37	36	36	37	36	36	36	36	37	38
Dependency Ratio <sup>1</sup>	28%	37%	31%	32%	34%	33%	31%	33%	34%	32%	33%	32%	32%	33%
<b>Dwelling Structure</b>														
Separate House (%)	37%	82%	60%	59%	75%	66%	56%	75%	65%	83%	74%	64%	61%	76%
Semi-detached (%)	13%	9%	19%	13%	16%	14%	14%	16%	17%	10%	14%	14%	13%	10%
Flat, Unit or apartment (%)	49%	9%	20%	28%	9%	20%	30%	9%	17%	7%	12%	22%	26%	14%
Other Dwelling (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
<b>Household Composition (%)</b>														
Couples with no children	24%	28%	23%	20%	25%	23%	23%	27%	18%	23%	21%	22%	24%	27%
Family with children <15	29%	32%	32%	33%	34%	33%	32%	34%	34%	34%	34%	33%	29%	28%
Family with children >15	14%	21%	19%	21%	21%	21%	19%	22%	24%	21%	22%	20%	18%	15%
Total Family (with children)	44%	52%	51%	55%	55%	54%	50%	56%	57%	55%	56%	53%	47%	43%
Group Household	5%	2%	3%	4%	2%	3%	4%	2%	3%	3%	2%	3%	4%	4%
Lone Person	24%	17%	22%	19%	18%	19%	21%	14%	20%	19%	18%	20%	23%	24%
Other	2%	1%	1%	2%	1%	2%	2%	1%	2%	1%	2%	2%	1%	1%
<b>Housing Status</b>														
Owner <sup>2</sup>	20%	42%	27%	29%	34%	32%	28%	35%	30%	29%	31%	29%	31%	33%
Purchaser <sup>2</sup>	29%	40%	38%	31%	39%	35%	33%	46%	30%	40%	37%	35%	36%	36%
Renter <sup>2</sup>	50%	16%	35%	39%	26%	32%	38%	18%	39%	30%	32%	35%	32%	30%
<b>Car Ownership</b>														
% 0 Cars	17%	5%	10%	16%	8%	12%	14%	3%	16%	11%	12%	13%	12%	9%
% 1 Car	49%	32%	37%	42%	38%	39%	42%	31%	40%	38%	38%	40%	40%	37%
% 2 Cars +	34%	63%	52%	42%	54%	50%	44%	66%	44%	51%	51%	47%	48%	54%
<b>Birthplace</b>														
Australian Born	44%	66%	58%	46%	59%	54%	51%	65%	44%	59%	53%	52%	64%	74%
Overseas Born	56%	34%	42%	54%	41%	46%	49%	35%	56%	41%	47%	48%	36%	26%
• Asia	32%	18%	24%	22%	19%	21%	25%	17%	28%	18%	22%	23%	14%	8%
• Europe	5%	7%	5%	4%	9%	6%	5%	7%	6%	7%	7%	6%	9%	9%
• Other	20%	9%	13%	28%	13%	19%	20%	10%	22%	16%	18%	19%	14%	9%

1. Dependency ratio refers to the proportion of the population between 0-14 and over 65 years.

2. 'Other' Tenure Types have not been included.

3. As a percentage of household income.

Source : ABS Census of Population and Housing 2011, Cdata 2011; Urbis

### 3.3 RETAIL SPENDING FORECAST

The total size of the trade area retail market is determined by the trade area's resident population and per capita retail expenditure. These provide an estimate of the current market that the proposed development could draw trade from. The spending numbers detailed in this section are presented exclusive of GST and in constant 2012 dollars.

#### 3.3.1 METHODOLOGY AND DEFINITIONS

Per capita retail spending estimates have been derived using *MarketInfo* 2010, a widely used micro-simulation model by MDS Market Data Systems Pty Ltd. This model is based on information from the national ABS Household Expenditure Survey (HES), the Census of Population and Housing, as well as other information sources such as the ABS National Accounts. The model combines propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending estimates per capita on a small area basis (i.e. the Census Collection District (CCD) level).

The growth in the retail market is forecast having regards to:

- Real growth in per capita spending levels, driven by income growth and overall wealth effects (assumed to be approximately 1.1% in 2013, 1.6% in 2014, 1.4% in 2015, 1.2% in 2016, & 1.1% thereafter, with different rates for each product group).
- Growth in the trade area population – previously identified – averaging approximately 0.7% p.a. between 2012 and 2026.
- Retail Price Inflation (RPI), which is the component of the Consumer Price Index (CPI) that related to retail goods and services (excluded in this instance through use of constant \$2012).

#### 3.3.2 PER CAPITA RETAIL SPENDING

Table 3.3 presents per capita retail expenditure estimates for the total trade area. These are used as the basis for estimating the total retail expenditure market as shown in the subsequent section.

In general, per capita expenditure across the trade area is lower than both the average for Australia as a whole and Sydney. This is consistent with the generally lower incomes in the trade area.

#### Per Capita Retail Expenditure,

WESTFIELD PARRAMATTA TRADE AREA, 2012 (\$2012, EXCLUDING GST)

TABLE 3.3

Product Group	Westfield Parramatta			Var'n From Benchmarks (%)	
	Aust.	Sydney	Trade Area	Aust.	Sydney
Food Retail	5,230	5,202	4,872	-7%	-6%
Food Catering	1,316	1,681	1,353	3%	-20%
Apparel	1,094	1,110	936	-14%	-16%
Homewares	850	846	713	-16%	-16%
Bulky	1,093	1,008	868	-21%	-14%
General/Leisure	1,412	1,483	1,276	-10%	-14%
Services	430	514	409	-5%	-20%
<b>Total Retail Spending</b>	<b>11,425</b>	<b>11,844</b>	<b>10,428</b>	<b>-9%</b>	<b>-12%</b>
DSTM Spending	4,449	4,447	3,793	-15%	-15%
Food	6,546	6,883	6,226	-5%	-10%
Non-Food	4,879	4,961	4,202	-14%	-15%

Source: MDS, *MarketInfo* 2010; ABS, *Australian National Accounts: National Income, Expenditure and Product Accounts* (5206.0); Urbis

### 3.3.3 TOTAL RETAIL SPENDING

Per capita retail expenditure has been combined with the resident population estimates provided in section 3.2 to provide an estimate of the size of the trade area retail expenditure market.

As at June 2012, the total retail market is estimated at approximately \$6.9 billion (\$2012, excluding GST). This is forecast to grow to just over \$9 billion (\$2012, excluding GST) by 2026. Over the next four years the market is expected to grow by approximately 2.0% per annum to a total of nearly \$7.6 billion (\$2012, excluding GST).

### Retail Spending Growth

WESTFIELD PARRAMATTA, 2012-2, \$2012M (EXCLUDING GST)

TABLE 3.4

Year	Primary TA	Secondary Trade Area					Main TA	Tertiary Trade Area			Tertiary Total	Total TA
		North	East	South	West	Total		North	South	North West		
2012	<b>1,216.5</b>	450.0	557.6	1,081.5	513.2	2,602.3	<b>3,818.8</b>	705.8	1,212.7	1,181.0	3,099.6	<b>6,918.4</b>
2016	<b>1,345.7</b>	488.2	638.1	1,187.7	569.5	2,883.6	<b>4,229.3</b>	779.0	1,304.2	1,263.9	3,347.1	<b>7,576.4</b>
2021	<b>1,485.5</b>	530.5	704.7	1,289.9	623.4	3,148.5	<b>4,634.1</b>	845.9	1,424.8	1,386.3	3,657.0	<b>8,291.1</b>
2026	<b>1,633.5</b>	574.4	776.1	1,398.7	679.5	3,428.7	<b>5,062.2</b>	916.7	1,546.4	1,523.0	3,986.1	<b>9,048.3</b>
<b>Average Annual Growth<sup>1</sup></b>												
2012-16	<b>2.3%</b>	1.8%	3.0%	2.1%	2.3%	2.3%	<b>2.3%</b>	2.2%	1.6%	1.5%	1.7%	<b>2.0%</b>
2016-21	<b>2.0%</b>	1.7%	2.0%	1.7%	1.8%	1.8%	<b>1.8%</b>	1.7%	1.8%	1.9%	1.8%	<b>1.8%</b>
2021-26	<b>1.9%</b>	1.6%	1.9%	1.6%	1.7%	1.7%	<b>1.8%</b>	1.6%	1.7%	1.9%	1.7%	<b>1.8%</b>
2012-26	<b>2.1%</b>	1.7%	2.3%	1.8%	2.0%	1.9%	<b>2.0%</b>	1.8%	1.7%	1.8%	1.7%	<b>1.9%</b>
<b>Share of Total Trade Area</b>												
2012	<b>17.6%</b>	6.5%	8.1%	15.6%	7.4%	37.6%	<b>55.2%</b>	10.2%	17.5%	17.1%	44.8%	<b>100.0%</b>
2016	<b>17.8%</b>	6.4%	8.4%	15.7%	7.5%	38.1%	<b>55.8%</b>	10.3%	17.2%	16.7%	44.2%	<b>100.0%</b>
2021	<b>17.9%</b>	6.4%	8.5%	15.6%	7.5%	38.0%	<b>55.9%</b>	10.2%	17.2%	16.7%	44.1%	<b>100.0%</b>
2026	<b>18.1%</b>	6.3%	8.6%	15.5%	7.5%	37.9%	<b>55.9%</b>	10.1%	17.1%	16.8%	44.1%	<b>100.0%</b>

1. Assumes per cap growth of 1% in 2013, 16% in 2014, 14% in 2015, 12% in 2016, & 1% thereafter, with different rates for each product group.

2. Current year is financial year; Forecast years are calendar years

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

### 3.4 WORKER POPULATION

In addition to the trade area's resident population and retail expenditure market, Westfield Parramatta's central position within the Parramatta CBD and integration with the Parramatta rail station provides the centre will good access to the Parramatta city centre's worker population. Table 3.5 provides a comparison of similar centres within Sydney to provide context as to the size of the Parramatta worker population. Each city centre's boundary is defined, for this purpose, as the travel zones which incorporate each city centres' contiguous retail/commercial areas (and any adjacent travel zones that provide a significant source of employment).

TABLE 3.5 –WORKER POPULATION OF CITY CENTRES, 2006

CENTRE	ESTIMATED WORKER POPULATION (2006)
Hurstville	6,128
Blacktown	9,435
Liverpool	13,527
Bondi	8,746
Chatswood	17,785
<b>Parramatta</b>	<b>29,492</b>

Parramatta's designation as a 'Regional City' is apparent here by its strong worker population. This worker population is significantly larger than other major commercial centres throughout Sydney, and confirms that the role of Westfield Parramatta is not only focussed on serving its immediate residential catchment, but also a large worker population. Exit Survey results from Taverner Research – which indicate that almost one-fifth of shoppers work locally, of which approximately half are understood to reside beyond the boundaries of the shopping centre trade area – support this conclusion.

The wide geographic draw and turnover of Westfield Parramatta is therefore strongly supported by Parramatta CBD workers, a market that will continue to grow as the Parramatta CBD expands.

## 4 Retail Supply

This section provides a summary of the existing and proposed retail centres hierarchy of relevance to Westfield Parramatta. Given the wide geographic draw of Westfield Parramatta the centre competes with a broad range of centres throughout western Sydney.

### 4.1 EXISTING RETAIL CENTRES

Table 4.1 and Map 4.1 summarise both the current and proposed retail centres, located in and around the trade area, that provide the main competition for Westfield Parramatta. The table indicates that there is a well-developed supply of regional, sub-regional, and supermarket centres throughout the trade area. Most of these centres are located within 'Strategic', 'Major' or 'Town' centres, or smaller local activity centres as designated in the Sydney Metropolitan Strategy.

The major form of higher order retail supply throughout the region comes in the form of six regional shopping centres – Westfield Parramatta, Westpoint Blacktown, Castle Towers, Westfield Liverpool, Centro Bankstown, and Macquarie Centre – each anchored by at least one department store, discount department store and supermarket. All regional centres are located outside of the trade area, with the exception of Westpoint Blacktown, rendering Westfield Parramatta a central focus of retail throughout the trade area.

Within the Parramatta City Centre itself – regarded under the Sydney Metropolitan Strategy as a Regional City – retail supply is effectively limited to either Westfield Parramatta, or the CBD retail/commercial area, summarised below:

- **Westfield Parramatta** – an integral component to the Parramatta CBD area, Westfield Parramatta is a large regional shopping centre with approximately 116,000 sq.m retail GLA. The centre is currently anchored by two department stores (David Jones and Myer); two DDSs (Target and Kmart) and two supermarkets (Coles and Woolworths). Westfield Parramatta represents the largest concentration of higher order retailing in the trade area, with a strong focus on apparel and other discretionary categories.
- **Parramatta CBD** – the commercial area north of the rail line, centred on Church St, although extending east and west to form a contiguous commercial area, has an estimated retail floorspace of approximately 46,000 sq.m. The largest component of this are food catering uses (e.g. take-away food shops, cafes and restaurants), however, services and apparel shops are also present in reasonably significant quantity. There are a number of vacancies in this area of the CBD, a factor of issues with the quality of shopping environment, carparking and distance from the office market and Parramatta rail station.

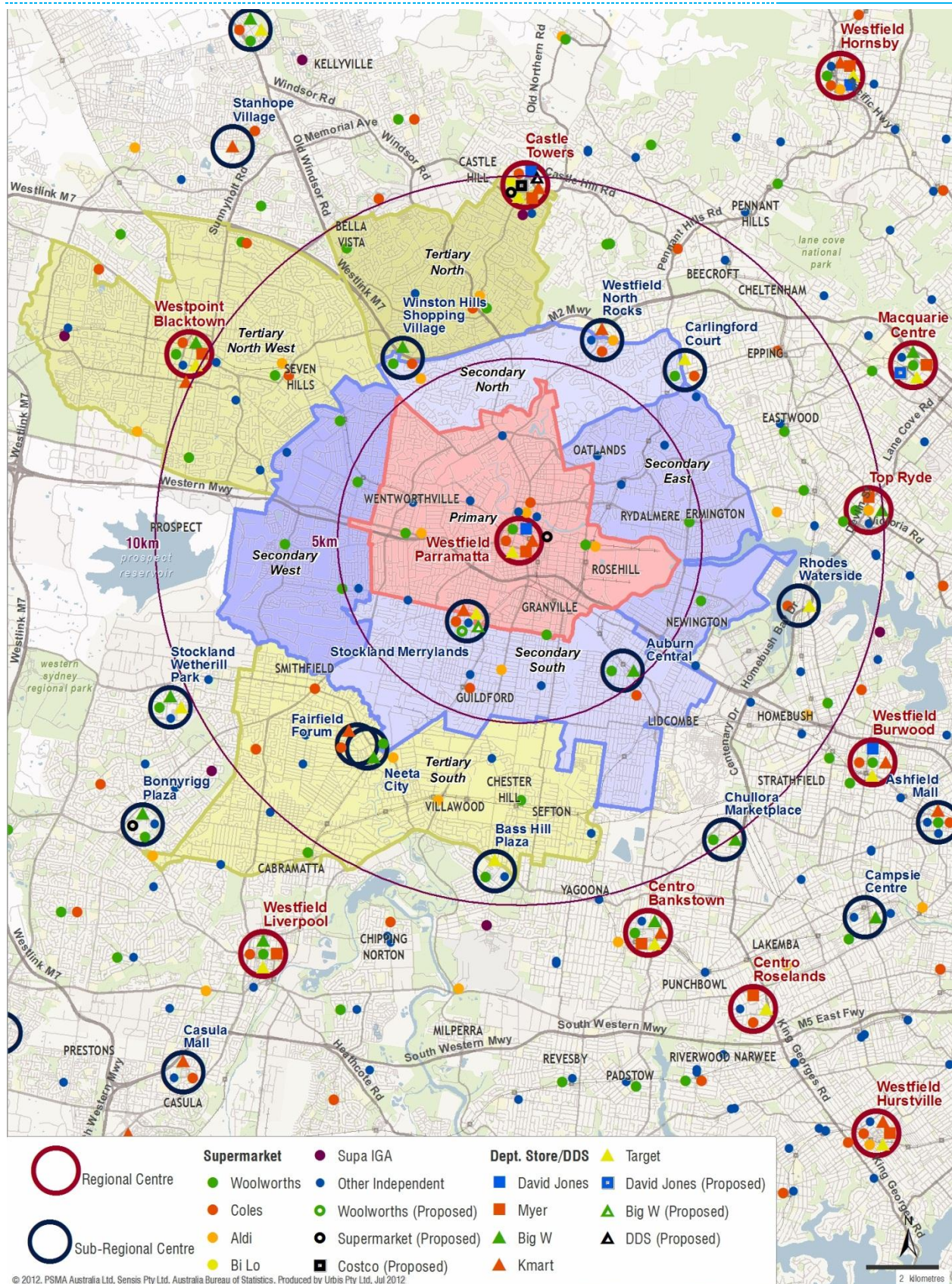
Outside of the Parramatta City Centre, there are five sub-regional centres either within or on the border of the main trade area (i.e. Merrylands, Auburn, North Rocks, Carlingford Court and Winston Hills). Beyond this are two sub-regional centres within the tertiary south sector (i.e. Fairfield Forum and Neeta City both in Fairfield town centre). These centres are anchored by at least one discount department store and at least one supermarket, and fulfil both higher order and convenience retail needs of their respective catchments. These centres would typically serve a trade area extending up to 5 kms from the centre but can extend further depending on extent of competition and scale and range of offer.

The only other form of higher order retail development of competitive relevance to Westfield Parramatta is the Costco store in Auburn. This store is located 6 kms by road from Parramatta and would have catchment extending into the trade area of Westfield Parramatta.

Within the primary trade area sector there are three supermarket centres and four mid to large scale freestanding supermarkets (usually located within established shopping precincts). Only supermarket centres/stores within the primary sector are of the relevance to the impact analysis as neighbourhood centres typically have highly localised draws, fulfilling mainly convenience needs of their respective local catchments. They are detailed in Table 4.1 below.

In addition to shopping centre type retailing, a large amount of local, neighbourhood and traditional retail 'strips' exist throughout the trade area. These forms of retail typically serve very localised catchments and have a strong focus on convenience. Their retail offer is often more of a complement to larger forms of retail – i.e. shopping centres – and will therefore not be significantly impacted by developments at Westfield Parramatta.





## 4.2 PROPOSED CENTRES

The following major retail developments either currently underway, or proposed, are expected to have an impact upon the existing retail network:

- **Stockland Merrylands Redevelopment** – currently under construction, will result in an estimated net increase of approximately 17,900 sq.m of retail floorspace to the existing shopping centre. The expansion is to include a DDS and Woolworths supermarket, and is expected to be completed in late 2012.
- **Macquarie Centre Expansion** – Macquarie Centre is expected to expand by approximately 29,400 sq.m in 2014. The expansion is proposed to include a David Jones department store and a broader range of fashion and complementary retailing.
- **Stockland Wetherill Park Expansion** – Stockland Wetherill Park is approved to expand by an estimate 7,400 sq.m retail floorspace, comprising several mini-majors and specialty stores. The expansion is expected in 2014.
- **Castle Towers Stage 3** – An expansion of the Castle Towers centre is planned to include an additional DDS and supermarket, and large amount of specialty floorspace. The retail component of this expansion is estimated at approximately 47,000 sq.m. The expansion is expected to be completed in 2015. Development of a Costco store is also proposed.
- **Bonnyrigg Plaza** – Bonnyrigg Plaza is approved to expand by an estimated 9,300 sq.m of retail floorspace, comprising a supermarket and specialty stores, in 2015.
- **Church Street Mixed Development** – Located within Parramatta's CBD, the Church Street Mixed Development, a residential complex, is proposed to include a small supermarket and several specialty shops. The development is expected to be completed in 2016.



# Shopping Centre Supply

KEY COMPETITIVE CENTRES TO WESTFIELD PARRAMATTA IN THE WESTERN REGION OF SYDNEY

TABLE 4.1

Centre	Retail GLA <sup>1</sup> (Sq.m)	Dist. <sup>2</sup> From Centre (km.)	Trade Area Sector	Major Tenants	
				Food	Non Food
<b>Regional Shopping Centre</b>					
Westfield Parramatta	116,000	-	PTA	Woolworths (4,622 sq.m), Coles (2,637 sq.m)	Myer (28,272 sq.m), David Jones (12,905 sq.m), Kmart (6,592 sq.m), Target (8,438 sq.m)
Westpoint Blacktown	79,000	15.0	TNWT	Woolworths (4,456 sq.m), Coles (4,209 sq.m), Franklins (1,836 sq.m)	Myer (15,405 sq.m), Big W (8,418 sq.m), Target (6,511 sq.m)
Centro Bankstown	71,000	14.0	Beyond	Woolworths (4,000 sq.m), Franklins (2,185 sq.m)	Myer (10,150 sq.m), Big W (8,044 sq.m), Kmart (7,771 sq.m), Target (6,900 sq.m)
Castle Towers	99,900	11.0	TNTA/Beyond	Coles (4,366 sq.m), Bi-Lo (4,256 sq.m)	Myer (21,295 sq.m), David Jones (16,070 sq.m), Kmart (7,427 sq.m), Target (7,276 sq.m)
Westfield Liverpool	73,600	16.0	Beyond	Coles (3,876 sq.m), Woolworths (3,659 sq.m)	Myer (18,766 sq.m), Target (8,291 sq.m), Big W (8,250 sq.m)
<b>Sub-Regional Shopping Centre</b>					
Auburn Central	16,500	5.5	SSTA	Woolworths (3,650 sq.m)	Big W (7,159 sq.m)
Stockland Merrylands	30,400	3.5	SSTA	Coles (3,600 sq.m), Franklins (1,800 sq.m)	Kmart (7,200 sq.m), Target (6,100 sq.m)
Neeta City	19,100	9.5	TSTA	Woolworths (4,000 sq.m)	Big W (6,900 sq.m)
Fairfield Forum	13,200	9.0	TSTA	Coles (3,100 sq.m)	Kmart (4,900 sq.m)
Bonnyrigg Plaza	19,200	15.5	Beyond	Woolworths (4,000 sq.m), Franklins (2,700 sq.m)	Big W (8,400 sq.m)
Stockland Wetherill Park	35,000	13.0	Beyond	Woolworths (4,300 sq.m), Franklins (3,300 sq.m)	Big W (8,100 sq.m), Target (7,000 sq.m)
Winston Hills Shopping Village	20,500	11.0	TNTA	Woolworths (4,000 sq.m), Coles (3,700 sq.m)	Big W (8,000 sq.m)
Westfield North Rocks	19,500	8.0	SNTA	Coles (2,300 sq.m), Franklins (1,600 sq.m), Aldi (1,300 sq.m)	Kmart (7,300 sq.m)
Carlingford Court	26,300	8.0	Beyond	Woolworths (3,900 sq.m), Coles (3,500 sq.m)	Target (8,000 sq.m)
Bass Hill Plaza	19,700	11.0	Beyond	Woolworths, (4,100 sq.m), Franklins (2,400 sq.m)	Target (8,200 sq.m)
<b>Supermarket Centre/Freestanding Stores<sup>3</sup></b>					
Wentworthville Plaza	6,300	4.0	PTA	Woolworths (3,900 sq.m)	-
Wentworthville Aldi	1,300	4.0	PTA	Aldi (1,320 sq.m)	-
Entrada Centre	2,000	2.0	PTA	Coles (1,400 sq.m)	-
Rosehill Woolworths	2,350	2.0	PTA	Woolworths (2,350 sq.m)	-
Rosehill Aldi	1,300	2.5	PTA	Aldi (1,300 sq.m)	-
Parramatta Aldi	1,300	0.5	PTA	Aldi (1,300 sq.m)	-
Wentworthville Mall	5,200	4.5	PTA	Franklins (2,300 sq.m)	-
<b>Proposed Competition</b>					Expected Timing
Stockland Merrylands (u/c)	17,900	3.5	SSTA	Woolworths	Big W Late 2012
Macquarie Centre Expansion (p)	29,400	18.5	Beyond	-	David Jones 2014
Stockland Wetherill Park Expansion (a)	7,400	13.0	Beyond	-	- 2014
Castle Towers Stage 3 (p)	46,900	11.0	TNTA/Beyond	Supermarket	DDS, Costco 2015
Bonnyrigg Plaza (a)	9,300	15.5	Beyond	Supermarket	- 2015
Church Street Mixed Development (p)	2,700	1.0	PTA	Supermarket	- 2016

1. PCA, Australian Shopping Centre Database 2012 for current centres

2. Distance measured by most direct road route

3. Only primary trade area supermarket centres/stores have been included

(p) = proposed; (u/c) = under construction; (a) = approved

Source : PCA, Australian Shopping Centre Database 2012 ; Urbis

## 5 Existing Centre Performance

This section of the report outlines the current performance of Westfield Parramatta. The trading performance of the centre is compared with the performance of regional shopping centres in Australia. The average performance of Australian regional centres is sourced from the 2011 edition of the Urbis Retail Averages.

### 5.1 TURNOVER PERFORMANCE

Westfield Parramatta provides some 140,000 sq.m of leasable space of which approximately 116,000 sq.m is occupied by reporting retail tenants. In the year to May 2012, these retailers generated approximately \$602 million in moving annual in retail turnover, at an average trading level of \$5,193 per square metre (refer Table 5.1 below). The total centre's turnover (including non-retail turnover) for the same period was approximately \$654 million.

Table 5.1 also illustrates the turnover performance of Westfield Parramatta shopping centre compared with the average turnover and productivity of Australian regional centres, as sourced from the *2011 Urbis Retail Averages*.

As one of Australia's leading regional centres Westfield Parramatta has a significantly larger provision of retail floorspace compared with the average for Australia regional centres i.e. 61%. Consequently the turnover level achieved by the centre is also well above the Australian regional centres average, \$602 million compared with \$444 million respectively.

Compared with the 10 highest turnover regional centres in the country, Westfield Parramatta's retail turnover is 15% less.

#### Retail GLA and Turnover

WESTFIELD PARRAMATTA VS REGIONAL CENTRES AVERAGE (EX GST)

TABLE 5.1

	Unit	Westfield Parramatta	Regional Centres Average <sup>1</sup>	Top 10 Regional Centres Average <sup>1</sup>	<u>W'field Parramatta Var'n from:</u> All Regionals    Top 10	
Retail Floorspace	sq.m	115,965	72,141	107,422	+61%	+8%
Retail Turnover	\$M	602.2	443.6	712.0	+36%	-15%
Average Trading Level	\$/sq.m	5,193	6,150	6,628	-16%	-22%

Note: Turnover excludes GST

1. Turnover per sq.m is based on annualised turnover estimates for tenants in the centre at May 2012

2. Turnover data for Australian Regionals are for the year to June 2011 from Urbis Retail Averages 2010/11 and exclude GST.

Source: Westfield; Urbis, Urbis Retail Averages 2010/11

### 5.2 MARKET SHARE PERFORMANCE

Based on an estimated geographic distribution of trade, from an exit survey at the centre in April 2010, the current market shares achieved by the Westfield Parramatta centre is derived. This analysis is summarised in Table 5.2. Key points to note regarding the centre's market shares include the following:

- Westfield Parramatta is estimated to capture a 6.5% share of all expenditure on retail goods and services by total trade area residents. This consists of a 2.9% market share of food expenditure, and 11.8% market share of non-food expenditure.
- The market shares achieved from the secondary and tertiary sectors (i.e. 6.7% and 1.2%) are relatively low compared to benchmarks. Regional centres typically achieve market shares of around 6-12% from the secondary sectors and 2-4% from the tertiary sectors.
- The lower than average market shares captured by Westfield Parramatta indicates that there exists potential to increase market share and for the centre to better serve its trade area market

- An estimated 26% of business at Westfield Parramatta comes from outside the total trade area, illustrating the wide geographic draw of the centre. As discussed earlier the centre draws from one of largest shopping centre trade areas in Australia and in addition attracts a significant proportion of business beyond this area. This reflects the regional role the centre plays in western Sydney and also the strong worker population in the Parramatta CBD utilising the centre. As a result of the centre's wide draw the impacts of any development of the centre will also be widely dispersed and are not likely to significantly impact any one centre.

## Centre Market Shares, 2012

WESTFIELD PARRAMATTA , \$2012 EXCL GST

TABLE 5.2

Sector	Resident Spending (\$M)			Estimated Market Shares			Centre Turnover(\$M) <sup>1</sup>		
	Food	Non-Food	Total	Food	Non-Food	Total	Food	Non-Food	Total
Primary Trade Area	723.3	493.2	1,216.5	9.9%	33.6%	19.5%	71.8	165.8	237.6
Secondary Trade Area	1,547.2	1,055.1	2,602.3	2.6%	12.7%	6.7%	40.6	134.0	174.5
<b>Main Trade Area</b>	<b>2,270.5</b>	<b>1,548.4</b>	<b>3,818.8</b>	<b>4.9%</b>	<b>19.4%</b>	<b>10.8%</b>	<b>112.3</b>	<b>299.8</b>	<b>412.1</b>
Tertiary Trade Area	1,860.1	1,239.5	3,099.6	0.4%	2.3%	1.2%	7.6	28.2	35.8
<b>Total Trade Area</b>	<b>4,130.6</b>	<b>2,787.8</b>	<b>6,918.4</b>	<b>2.9%</b>	<b>11.8%</b>	<b>6.5%</b>	<b>120.0</b>	<b>328.0</b>	<b>447.9</b>
Turnover Beyond Trade Area				18.4%	28.0%	25.6%	27.0	127.3	154.3
<b>Total Centre (Retail)</b>							<b>147.0</b>	<b>455.3</b>	<b>602.2</b>

<sup>1</sup>Annualised estimated of Westfield Parramatta's Turnover at May2012

Source : Urbis

## 6 Retail Need, Demand and Impact Assessment

This section of the report examines the need and demand for the proposed expansion of Westfield Parramatta.

### 6.1 RETAIL FLOORSPACE DEMAND

In order to assess the capacity for the market to support the proposed retail expansion of Westfield Parramatta, it is relevant to evaluate the current and future growth in demand for retail floorspace.

The analysis excludes demand for bulky goods given the vast majority of this spending is directed to centres and retailers not directly competitive with the offer provided in Westfield Parramatta and the balance of the Parramatta CBD. Department stores and DDSs, in particular, do sell a range of furniture and large appliances therefore some bulky goods spending is directed to the Westfield centre but only a minor amount.

The analysis of demand for retail floorspace generated by residents is undertaken for the trade area of Westfield Parramatta given this is the most relevant market for the centre. This analysis uses the following inputs:

- The estimated total retail expenditure by trade area residents. This is estimated by applying forecast population to spend per capita estimates sourced from *MarketInfo*. In the year to June 2012, there were approximately 663,500 people living in the trade area. These residents are estimated to have spent \$6.3 billion on retail goods and services (excluding bulky goods).
- Average trading levels (turnover per sq.m), derived from industry performance benchmarks for the food and non-food sectors, which are then applied to the size of the market to estimate floorspace demand in each category. The average trading level (turnover per square metre) applied to the available spending market is approximately \$6,500 per sq.m (\$2012, excluding GST).
- The average turnover productivity rate is assumed to increase by about 0.5% per annum over the forecast period to account for improving productivity due to real growth in incomes and wealth.
- An allowance for the growth in online retailing on the demand for retail floorspace.

#### 6.1.1 TRADE AREA RETAIL FLOORSPACE DEMAND

Table 6.1 provides an estimate of the current and future demand for retail floorspace (excluding bulky goods) by residents of Westfield Parramatta's trade area.

The analysis demonstrates that:

- In 2012, there was demand among trade area residents for approximately 973,000 sq.m of retail floorspace (excluding bulky goods floorspace).
- The demand for retail floorspace by trade area residents is forecast to increase to 1.19 million sq.m by 2026, representing a net increase of 212,700 sq.m over the next 14 years.
- The proposed Westfield expansion will add a net additional 24,504 sq.m. As demonstrated earlier in Section 5.2, Westfield Parramatta draws around 26% of centre turnover from beyond the trade area. Therefore, approximately 74% of Westfield Parramatta's retail floorspace is supported by trade area residents, with the remainder of floorspace supported by residents living outside of the trade area. In total, 18,133 sq.m of the expansion would be supported by trade area resident spending, the remainder by resident spending from beyond the trade area.



- The proposed expansion, if completed in 2016, would account for only 25% of the total growth in trade area retail floorspace demand between 2012 and 2016. This leaves approximately 75% of the growth in demand available to support improving performance of other centres and addition of new retail facilities within and beyond the trade area. As market growth continues, this proportion declines and is estimated at a lower 13% in 2021.
- Also, in 2016, the additional floorspace supported by trade area residents would account for less than 2% of all retail floorspace demand.

## Retail Floorspace Demand

WESTFIELD PARRAMATTA TRADE AREA, 2012 - 2026

TABLE 6.1

	Unit	2012	2016	2021	2026
<b>Trade Area Market</b>					
Population <sup>1</sup>	No.	663,446	690,925	712,624	731,273
Spending Market (Excluding Bulky Goods)	(\$2012 M)	6,343	6,920	7,551	8,218
<b>Total Retail Demand (Ex. Bulky Goods)</b>					
Average Trading Productivity	\$psm	6,520	6,610	6,770	6,930
Total GLA Demand	Sq.m	973,000	1,046,200	1,116,000	1,185,700
GLA Demand Growth	Sq.m		73,200	143,000	212,700
<b>Westfield Parramatta Expansion</b>					
Total Retail GLA	Sq.m		24,504	24,504	24,504
GLA supported by TA residents (74%)	Sq.m		18,133	18,133	18,133
Share of Demand Growth <sup>2</sup>	%		24.8%	12.7%	8.5%
Share of Total Demand	%		1.7%	1.6%	1.5%

1. Population figure comprises main and tertiary sectors

2. Based on assumption that 74% of Parramatta's retail GLA is supported by trade area residents

Source : ABS Retail Industry ; Urbis

### 6.1.2 TRADE AREA DDS DEMAND

The proposed expansion of Westfield Parramatta includes the addition of a DDS. This store will enhance the centre's ability to fulfil the trade area residents' non-food shopping needs and provide consumers with improved choice when shopping at DDSs and for non-food items, particularly apparel, homewares, toys and cosmetics.

The DDS demand analysis is based on the trade area of Westfield Parramatta. There are currently 13 DDSs within the trade area. They include:

- Westfield Parramatta – Kmart, Target
- Stockland Merrylands – Kmart, Target
- Auburn Central – Big W
- Carlingford Court – Target
- Westfield North Rocks – Kmart
- Winston Hills Shopping Village – Big W
- Neeta City and Fairfield – Big W and Kmart
- Blacktown – Big W, Kmart and Target

There are several more DDSs in centres near the border of the trade area including DDSs at Castle Towers, the Rhodes Waterside centre and Bass Hill Plaza as well as stores at Bonnyrigg Plaza and Wetherill Park. These stores would be used sparingly or not at all by most trade area residents.

Table 6.2 examines the trade area market's capacity to support an additional DDS. In Sydney there is approximately 53,000 people per DDS which indicates a supply of DDS floorspace well below the average across all capital cities in Australia (i.e. 42,000 people per DDS). There is therefore a general under supply of DDSs in Sydney and a greater number of DDSs could be supported based on the size of the market today.

In the trade area there is approximately 51,000 people per DDS which is similar to the Sydney average but indicates a supply relative to population well below that of other capital cities. Given the favourable socio-economic profile of residents in the trade area and benchmark provisions, there is capacity to support a broader range of DDSs in the trade area.

The addition of a DDS at Merrylands and Westfield Parramatta would increase the provision of DDSs in the trade area to 15 stores or approximately 46,000 people per DDS by 2016. This new supply would bring the provision of DDSs in the trade area region closer to but still above the average across all capital cities in Australia. This is a more than sustainable supply of DDSs and indicates market support for the proposed addition of a DDS at Westfield Parramatta. Future population growth would continue to expand the market for DDSs and other forms of retailing.

## DDS Capacity

WESTFIELD PARRAMATTA TRADE AREA, 2012 - 2026

TABLE 6.2

	Unit	2012	2016 <sup>1</sup>	2021	2026
Trade Area Resident Population	No.	663,446	690,925	712,624	731,273
<b><u>Existing and Proposed Supply</u></b>					
Number of DDSs	No.	13	14	14	14
Population per DDS	Sq.m	51,000	49,400	50,900	52,200
<b><u>Existing and Proposed Supply (with new DDS at Westfield Parramatta)</u></b>					
Number of DDSs	No.	13	15	15	15
Population per DDS	Sq.m	51,000	46,100	47,500	48,800

1. Addition of DDS at Westfield Parramatta and DDS at Stockland Merrylands (currently under construction)

Source : Urbis

## 6.2 MARKET POTENTIAL FOR EXPANSION

The turnover potential of the proposed expansion of Westfield Parramatta is now assessed. The turnover potential is based on review of the current performance of the centre, future market capacity and consideration of industry benchmarks in terms of achievable market shares and trading densities (turnover per square metre). The turnover potential of the centre expansion is assessed only for the retail floorspace of the centre, i.e. excluding non-retail reporting tenants such as cinemas, travel agents, etc.

Currently Westfield Parramatta generates about \$602 million in retail turnover at an average turnover productivity of \$5,193 per sq.m. Market shares captured to achieve this turnover are an average of 19.5% across the primary trade area, 10.8% across the main trade area and 6.5% across the trade area. Some 25.6% of turnover is sourced from outside of the trade area. The market shares achieved from the trade area are lower than average for major regional centres such as Parramatta.

Without expansion Westfield Parramatta's retail turnover has the potential to increase to approximately \$637 million, which takes into account forecast market growth and impacts of other retail developments allowed for in this analysis (e.g. expansion of Stockland Merrylands and Castle Towers). Market shares would fall to about 6.3% across the trade area, including 10.4% in the main trade area.

The proposed expansion of the centre will add approximately 24,504 sq.m of retail floorspace. Having regard to the tenant composition of the expansion, which includes a DDS, several mini-majors and around 6,700 sq.m of specialty shops, and some diversion of trade from existing retailers in the centre, the additional floorspace has the potential to increase centre retail turnover by \$129.4 million, including \$16.7 million in food turnover and \$112.7 million in non-food turnover (refer Table 6.3). The average turnover productivity of the additional floorspace would be about \$5,280 per sq.m (\$2012).

As shown in Table 6.3 the resulting market shares would be an additional 3.4% from the primary trade area, 2.1% from the main trade area and 1.3% from the total trade area. Additional turnover would also be drawn from beyond the trade area, including turnover from workers in the Parramatta CBD.

## Net Additional Turnover

WESTFIELD PARRAMATTA 2016, \$2012 EXCL GST

TABLE 6.3

	Resident Spending (\$M)			Market Share Potential			Turnover Potential (\$M)		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
<b>Primary Trade Area</b>	776.6	569.2	1,345.7	1.0%	6.7%	3.4%	8.2	38.2	46.3
Secondary Trade Area	1,663.7	1,219.9	2,883.6	0.3%	3.1%	1.5%	5.0	37.5	42.5
<b>Main Trade Area</b>	<b>2,440.3</b>	<b>1,789.1</b>	<b>4,229.3</b>	<b>0.5%</b>	<b>4.2%</b>	<b>2.1%</b>	<b>13.2</b>	<b>75.7</b>	<b>88.8</b>
Tertiary Trade Area	1,949.2	1,397.9	3,347.1	0.1%	0.6%	0.3%	1.0	8.5	9.5
<b>Total Trade Area</b>	<b>4,389.4</b>	<b>3,186.9</b>	<b>7,576.4</b>	<b>0.3%</b>	<b>2.6%</b>	<b>1.3%</b>	<b>14.2</b>	<b>84.2</b>	<b>98.4</b>
<i>Plus Turnover From Beyond TA</i>				15%	25%	24%	2.5	28.5	31.1
<b>Centre Retail Turnover (\$M)</b>							<b>16.7</b>	<b>112.7</b>	<b>129.4</b>

Source : Urbis

Total retail turnover at Westfield Parramatta therefore is expected to increase to \$760 million, including \$164 million in food turnover and \$597 million in non-food turnover, as shown in Table 6.4. Centre market shares would increase to 7.5% across the whole trade area and including 12.4% from the main trade area and 22.1% from the primary trade area. These market shares are within the range achieved by major regional shopping centres.

## Centre Retail Turnover (Post Expansion)

WESTFIELD PARRAMATTA, 2016 (\$2021, EXCL. GST)

TABLE 6.4

	Resident Spending (\$M)			Market Share Potential			Turnover Potential (\$M)		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area	776.6	569.2	1,345.7	10.3%	38.3%	22.1%	79.9	218.1	298.0
Secondary Trade Area	1,663.7	1,219.9	2,883.6	2.7%	14.9%	7.9%	45.6	181.3	226.9
<b>Main Trade Area</b>	<b>2,440.3</b>	<b>1,789.1</b>	<b>4,229.3</b>	<b>5.1%</b>	<b>22.3%</b>	<b>12.4%</b>	<b>125.5</b>	<b>399.4</b>	<b>524.9</b>
Tertiary Trade Area	1,949.2	1,397.9	3,347.1	0.4%	2.7%	1.4%	8.6	37.7	46.3
<b>Total Trade Area</b>	<b>4,389.4</b>	<b>3,186.9</b>	<b>7,576.4</b>	<b>3.1%</b>	<b>13.7%</b>	<b>7.5%</b>	<b>134.1</b>	<b>437.1</b>	<b>571.2</b>
<i>Plus Turnover From Beyond TA</i>				18%	27%	25%	29.5	159.7	189.3
<b>Centre Retail Turnover (\$M)</b>							<b>163.6</b>	<b>596.9</b>	<b>760.5</b>

Source : Urbis

## 6.2.1 SUMMARY OF RETAIL NEED AND DEMAND

In summary, there is a market need and sufficient demand to support the expansion of Westfield Parramatta given:

- The centre serves one of the largest trade areas of any centre in Australia and has access to one of the largest suburban worker markets.
- Market growth is forecast to increase trade area resident demand for retail floorspace by 8% or 73,000 sq.m between 2012 and 2016 (the expected opening year of the development) and 15% or 143,000 sq.m to 2021. There is a need for an expansion of retail facilities to serve this growth in retail demand.
- The Westfield Parramatta expansion will account for only a small share of the growth in demand, i.e. 24% from 2012 to 2016 and this share decreases as the market continues to expand beyond 2016.
- The expansion will contribute to consolidating the role of the Parramatta CBD as the main retail and commercial hub in western Sydney and second CBD in Sydney as set out in the Metropolitan Strategy.
- The centre is strategically located in the Parramatta CBD and serves a link with the Parramatta train station and the Church Street shopping strip. This centre therefore has access to a high number of pedestrian movements in the CBD and will encourage use of public transport.

## 6.3 OVERVIEW OF IMPACT ASSESSMENT APPROACH

The approach adopted by Urbis in assessing the economic impacts and other effects of the proposed expansion of Westfield Parramatta can be summarised by the following steps:

- A market assessment, including a review of competition and the likely future demand for the proposed expansion (Sections 3-4).
- An assessment of the turnover potential of the expansion proposal earlier in (Section 6).
- An assessment of the possible impacts on the trading performance of other activity centres, including those centres located throughout the Centre's trade area as well as of those of regional importance beyond the trade area (Section 4).

## 6.4 DESCRIPTION OF ECONOMIC IMPACTS

For the purposes of this report "economic impact" on specific centres is defined to mean the probable reduction in retail turnover at various activity centres resulting from the introduction of new competition in the form of a new or expanded shopping centre. The reduction in turnover usually relates to a reduced turnover volume as a consequence of the subject proposal.

Having established an appropriate definition of "economic impacts", the issue of how to express probable impacts in a meaningful way is also of importance.

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

This latter measure is important because it shows the change in the centre's current turnover compared to forecast turnover, after the impact of any assumed competitive developments, and recognising that growth in the market, from population growth and/or real spending growth per capita, can offset in whole or part the effects of new competition.

Therefore the relevant measures are considered to be two-fold:

- **Turnover impact** representing the reduction in turnover as a result of new competition, compared with the turnover which would otherwise have been achieved by a particular centre.
- **Turnover change** represents the anticipated overall increase or decrease in turnover for a centre in the forecast year (i.e. 2016) as compared with the current situation (i.e. 2012). This measure reflects the potential negative impact of new competitive developments, counteracted to varying degrees by the positive effects of underlying growth in turnover which would otherwise be achieved by the centre in question. That is, this measure allows for the positive effect of market growth and impacts from all development (and not just the proposed expansion of Westfield Parramatta).

These measures of impact and change are adopted in this report and the relevant calculations are found in the remainder of this section.

The proposed development of Westfield Parramatta is assumed to be completed and open for trading at the beginning of the 2016 calendar year. The impacts assessed in this report are therefore based on the turnover volumes generated by centres in that year.

## 6.5 COMPETITIVE IMPACTS

Prior to discussing our assessment of the impacts of the proposed expansion on other retailing in the West Central region, this sub-section provides a discussion of the nature of impacts and the response of retailers in a normal competitive environment.

In order to present a detailed assessment of the likely trading impact of the retail component of the proposed development, it is useful in the first instance to clarify the objectives of the analysis, and also to understand what is or is not possible from an analysis of this type.

It is not possible in any impact assessment to estimate precisely what will be the trading impacts on any specific individual retailers. The impact on any one individual retailer, or any group of retailers in a given location, will depend on many factors, including current performance levels, the degree of dependence of one store on another and the competitive response of traders and centre owners/managers in the area.

It is our view, therefore, that an impact assessment can reasonably be expected to provide an indication of the trading environment and average trading conditions which retailers are likely to operate within, and implications for likely turnover declines or turnover gains, 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 simply 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 actions these retailers take individually and collectively, will partly determine their own eventual impact and the extent of any flow-on effects to other retailers.

Therefore, whether or not the introduction of the subject development proposal will have a greater or lesser impact on other key retail centres throughout the region will in large depend on the extent and effect of the competitive response. Those responses may involve design improvements, consolidation, landscaping and other improvements to the physical appearance and ambience of each centre, and are important considerations which can strengthen the appeal and trading performance of centres likely to be impacted.

There are two main types of competitive response:

- centre level; and
- individual retailer level.



At the centre level, improvements may typically include:

- centre refurbishment or redevelopment;
- tenancy re-mixing; and
- marketing and promotional events.

At the individual retailer level, the response may include:

- store refurbishment;
- enhancing customer service;
- improved merchandise planning and product offering;
- advertising; and
- pricing changes.

All of these factors need to be borne in mind when considering the likely impact of any additional retailer into an existing retail network. The existing retailers are not passive participants, but rather will play a dynamic and major role in the eventual impact which they will experience.

It is also important to recognise that the relevance of an economic impact assessment in planning terms essentially relates to the broader issue of Net Community Benefit (NCB), which includes consideration of the sustainability of existing and planned centres in the activity centre network.

The effects of new competition on individual businesses are not a relevant planning consideration in most situations. 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 new development does not fundamentally undermine the viability and role of existing and planned centres, particularly their role as community focal points for a range of needs.

### 6.5.1 GENERAL IMPACTS

Table 6.5 outlines an analysis of the average impact of the expansion of the Westfield Parramatta centre by 24,504 sq.m of net additional retail floorspace in terms of the proportion of turnover that will be diverted from other centres and stores that serve the trade area population. This analysis is presented for the year 2016.

The key points to note from this analysis are as follows:

- This assessment is undertaken based on the Westfield Parramatta total trade area. The retail spending market used is the total retail spending market.
- Retail spending by total trade area residents is forecast to grow by \$658 million between 2012 and 2016.
- The expansion of Westfield Parramatta is estimated to capture \$98 million in retail turnover from trade area retail spending.

Other retailers serving the total trade area therefore would still have access to \$560 million of the forecast growth in the market between 2012 and 2016. As a consequence the turnover derived by retailers from the trade area resident retail expenditure would be some 8% (in real terms) higher than the current 2012 level.

The one-off impact of -1.3% on total trade area retail spending market at other centres would be more than offset by market growth to 2016 and that market growth would support the quantum of floorspace proposed to be added at Westfield Parramatta as well as other developments. The proposed retail expansion of Westfield Parramatta is therefore catering to the growing demand for retail floorspace.

WESTFIELD PARRAMATTA EXPANSION, \$2012 EXCL GST

TABLE 6.5

Source : Urbis

Potential economic impacts on specific centres from the proposed expansion of Westfield Parramatta are now estimated and discussed.

Shopper behaviour is related to the satisfaction of particular requirements, and decisions regarding where to shop are based on the sum total of a number of judgements, including relative accessibility, the availability of particular traders, convenience, variety, carparking, and others. As a result, residents like to spread their purchases across a wide variety of shopping centres and areas, and to use the full range of facilities available to satisfy particular needs.

The method of analysis used to assess the impacts on individual centres from a retail development is based on a “competitive usage” model. This model is based on the principle that if shoppers choose to direct some of their retail expenditure to the subject development proposal then they will reduce their expenditure at other centres in direct proportion to their usage of each centre or location, as reflected by each centre’s market share from the various trade area sectors.

The assessment of impacts on specific retail centres relies upon an understanding of the existing turnover and level of usage of centres in the study area and beyond. The model attempts to estimate the degree to which various shopping locations within and beyond the trade area are used for retail shopping, by allocating a proportion of turnover to each trade area sector (i.e. source of sales). These estimates result in market share calculations for each competitive centre, and thereby form the basis of which the impact of the proposed retail development is distributed to all other centres used by residents of the trade area for retail shopping.

It is also relevant to consider the dollar impacts in relation to the turnover that would potentially be generated by these and other shopping centres over the intervening period. The impact analysis therefore details the turnover loss, or net impact, which is expected for each centre/location, expressed as a reduction in turnover and as a percentage of the turnover level for each centre in 2016.

The centre specific analysis is presented in Table 6.6 and the main findings are as follows:

- [illegible]

- These centres have a tenant mix and retail offer most similar to Westfield Parramatta. Given Stockland Merrylands is located closest to Westfield Parramatta it is expected to accrue the largest impact.
- Market growth and expansions/improvements to several centres would be expected to offset these impacts, as evidenced the higher turnover in 2016 these centres are estimated to achieve relative to their 2012 level. Most of these centres, are undergoing or are planning major expansions. These expansions and improvements will strengthen their respective market positions and help to mitigate the impact of the Westfield Parramatta expansion.
- The local centres within the primary trade area are expected to experience impacts between -1% and -2%. These are minor impacts that will be quickly offset by future market growth.

In summary, the impacts are manageable and would not result in an adverse impact on any one centre. The proposed retail expansion of Westfield Parramatta is expected to capture only 1.3% of trade area resident retail spending and market growth will offset the one-off impacts and provide an environment where existing centres can be expanded or improved and the market can support new developments.

## Trading Impact on Specific Centres

WESTFIELD PARRAMATTA EXPANSION, 2016 (\$2012 EXCL GST)

TABLE 6.6

Shopping Area	Est. Retail Turnover (\$M) <sup>1</sup>			Turnover Incr./Decr. (\$M)		IMPACT	
	Existing	Pre-Exp <sup>1</sup>	Post Exp.	Existing	Pre-Exp	Relative to:	
	2012	2016	2016	2012	2016	2012	2016
	(1)	(2)	(3)	(4)=(3)-(1)	(5)=(3)-(2)	(6)=(4)/(1)	(7)=(5)/(2)
Parramatta CBD (excl. Westfield)	240.5	254.2	250.4	+9.9	-3.8	+4.1%	-1.5%
Westpoint Blacktown	376.6	397.1	391.6	+15.0	-5.5	+4.0%	-1.4%
Castle Towers	571.3	906.0	893.8	+322.6	-12.1	+56.5%	-1.3%
Macquarie Centre	442.5	613.9	609.2	+166.7	-4.7	+37.7%	-0.8%
Centro Bankstown	377.0	404.3	402.5	+25.5	-1.8	+6.8%	-0.4%
Westfield Liverpool	399.4	428.7	427.2	+27.8	-1.4	+7.0%	-0.3%
Bonnyrigg Plaza	88.7	144.1	143.8	+55.0	-0.3	+62.0%	-0.2%
Stockland Wetherill Park	225.7	281.1	279.1	+53.4	-2.0	+23.7%	-0.7%
Stockland Merrylands	156.8	247.6	234.7	+77.9	-12.9	+49.7%	-5.2%
Auburn Central	113.8	121.2	118.2	+4.4	-3.0	+3.9%	-2.4%
Winston Hills Shopping Village	158.6	163.0	159.9	+1.3	-3.2	+0.8%	-1.9%
Westfield North Rocks	118.5	125.1	123.2	+4.7	-1.9	+3.9%	-1.5%
Carlingford Court	160.7	170.0	167.8	+7.1	-2.2	+4.4%	-1.3%
Bass Hill Plaza	92.4	97.7	97.3	+4.9	-0.4	+5.3%	-0.4%
Neeta City	58.9	62.4	61.3	+2.4	-1.0	+4.1%	-1.6%
Fairfield Forum	54.8	57.8	57.1	+2.3	-0.7	+4.2%	-1.2%
Blacktown Kmart	24.0	25.5	25.1	+1.1	-0.4	+4.6%	-1.5%
Rosehill WW & ALDI	37.9	39.8	39.2	1.3	-0.6	+3.3%	-1.6%
Wentworthville	95.0	99.2	97.7	+2.7	-1.6	+2.8%	-1.6%
<b>Total Above Centres</b>	<b>3,793.1</b>	<b>4,638.6</b>	<b>4,579.2</b>	<b>+786.1</b>	<b>-59.4</b>	<b>+20.7%</b>	<b>-1.3%</b>
<b>New Additions</b>							
Church Street Mixed Development	0.0	23.6	23.1	+0.0	-0.5	n.a.	-2.1%
<b>Total All Above Centres<sup>3</sup></b>	<b>3,793.1</b>	<b>4,662.2</b>	<b>4,602.3</b>	<b>809.1</b>	<b>-59.9</b>	<b>+21.3%</b>	<b>-1.3%</b>
Other centres					-69.5		
<b>Total Competing Centres</b>					<b>-129.4</b>		

1. Year ending June

2. Turnover CHANGE is a comparison to current 2012 turnover

Turnover IMPACT is a comparison to expected turnover would otherwise be in the forecast year if the subject development did not occur.

3. Excludes Westfield Parramatta

Source : Property Council of Australia, Shopping Centre Directory 2012; Shopping Centre News, 'Big Guns 2012', Little & Mini Gun 2011; Urbis

## 7 Office Assessment

This section of the report provides an assessment of the need and demand for the proposed Westfield Gateway Office tower.

### 7.1 PROPOSED DEVELOPMENT

Stage two of the proposed Westfield development includes development of the Westfield Gateway commercial tower on the corner of Argyle St and Church Street. The tower will provide 35,000 sq.m of office floorspace in an A Grade 4.5 Green star building and is proposed to open in 2021.

The development will provide quality floorspace on a premium CBD site that is expected to be attractive to tenants and will assist in meeting demand for A Grade floorspace in Parramatta. The development will also include works to activate and revitalise the public domain area on the corner of Argyle Street and Church Street.

### 7.2 OFFICE MARKET OVERVIEW

The following section provides an overview of the Parramatta office market, reviewing supply of office floorspace, quality, rents and net absorption (take up rates). This information is largely sourced from the *Office Market Report, January 2012* published by the Property Council of Australia.

#### 7.2.1 OFFICE FLOORSFAC SUPPLY

Parramatta CBD currently provides 685,000 sq.m of office floorspace making it the third largest office market outside the Sydney CBD, after North Ryde (808,000 sq.m) and North Sydney (860,000 sq.m). The Parramatta CBD has been growing as an employment area with office floorspace increasing by 14% over the last five years.

Major employers in the area include a number of federal and NSW government departments for example the Department of Attorney General & Justice, Road Traffic Authority, Sydney Water, NSW Police Headquarters, NSW Fair Trading as well as private companies such as CBHS Health Fund, Deloitte, QBE, Landcom, and Coleman & Grieg.

When compared with other suburban Sydney CBDs, such as North Sydney, North Ryde and Chatswood, Parramatta provides an above average proportion of lower quality C and D grade floorspace and a more limited range of A and B grade stock (refer Chart 7.1).

For example, North Ryde provides almost exclusively A and B grade stock, i.e. 97%. Around three quarters of North Sydney's Floorspace is B grade or higher and Chatswood provides 83% B grade or higher. Comparatively 57% of the Parramatta's office stock is A or B grade.

Compared with the majority of suburban office markets Parramatta has the largest supply of D grade floorspace and also a sizeable supply of C grade stock. Older and lower grade office stock tends to be more inefficient from economic and layout perspectives and attracts less demand and mainly lower order services oriented occupiers. There is limited economic viability for the conversion of older lower-grade office stock to meet modern workplace requirements and in many cases older stock becomes obsolete and is replaced or converted to other uses such as residential.

Quality modern and higher grade office floorspace can provide:

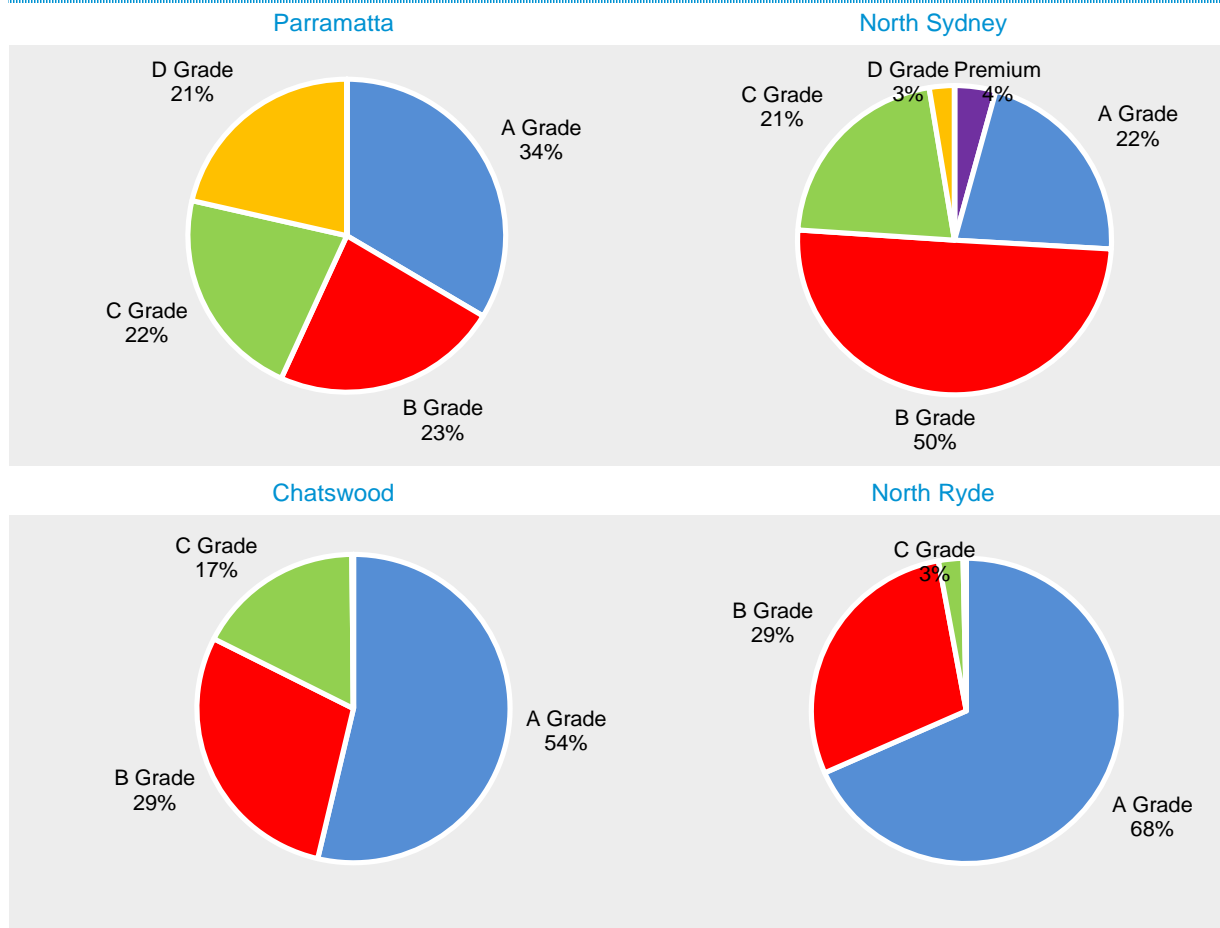
- High levels of sustainability through incorporation of latest energy and water efficiency designs and features.
- Larger floorplates which are more compatible with the needs of major corporates and organisations and 'strategic' office uses.
- Open efficient workspace layouts that can accommodate higher workspace ratios therefore reduce tenancy costs.

With a high proportion of C and D grade office stock it is apparent that the Parramatta CBD is not well positioned to attract quality tenants and develop further as a major office hub in western Sydney. It is necessary that a greater range of B to A Grade office stock is provided within the Parramatta CBD to facilitate its strategic objectives as a major employment centre.

## Office Supply by Grade

PARRAMATTA COMPARED WITH OTHER SUBURBAN CBD MARKETS, 2012

CHART 7.1



Source : 'Office Market Report January 2012', Property Council of Australia; Urbis

Net supply additions to office floorspace in Parramatta have averaged around 16,300 sq.m per year since 2006 (Chart 7.2). The majority of this (77%) is additions in A Grade stock. This includes new buildings and the upgrading of existing building such as 100 George Street.

Net additions to the market over the last two years have been limited, with no A Grade space added since 2009. As a consequence and with a regrading of previously classified A Grade stock to lower grades (as discussed later in this section) the vacancy rate for A Grade office has fallen to historically low levels.



## Net Office Floorspace Additions

PARRAMATTA CBA, A GRADE AND OTHER GRADES 2001-2011<sup>1</sup>

CHART 7.2



1. Calendar Year

Source : 'Office Market Report January 2012', Property Council of Australia; Urbis

### 7.2.2 DEMAND

#### NET ABSORPTION

Net absorption is an indicator of the change in the amount of occupied office stock over the year and is illustrative of demand for floorspace.

As detailed earlier in Chart 7.2, there have been limited additions to the building stock over the past two years. As a result of the limited new supply, net absorption has also been relatively low over the last two years. However, net absorption rates illustrate that quality office floorspace supply added to the Parramatta market is quickly absorbed.

Over the past 15 years, on average, around 11,000 sq.m of office floorspace has been absorbed each year in Parramatta.

Chart 7.3 illustrates net absorption for total floorspace and A Grade floorspace. Vacancy levels for total floorspace and A Grade stock are also shown for the period 2001 to 2011.

Over the last decade net additions in stock have been absorbed by the market and vacancy rates overall for Parramatta have steadily dropped since 2008, particularly in A Grade floorspace where the overall trend has been declining vacancy rates over the last decade. This trend demonstrates that good levels of demand exist for quality A Grade floorspace.

It should be noted that the chart shows a significant drop in A Grade office space in 2007. Rather than a lack of absorption of A Grade stock this reflects a regrading or reclassification of Parramatta office stock that no longer meets the definition of A Grade floorspace. The significant drop in the A Grade vacancy rate of A Grade stock from 2007 to 2008 also reflects this reclassification of office floorspace. Total net absorption rates for this year illustrate the overall absorption of 53,000 sq.m of floorspace demonstrating a strong level of demand for office space.

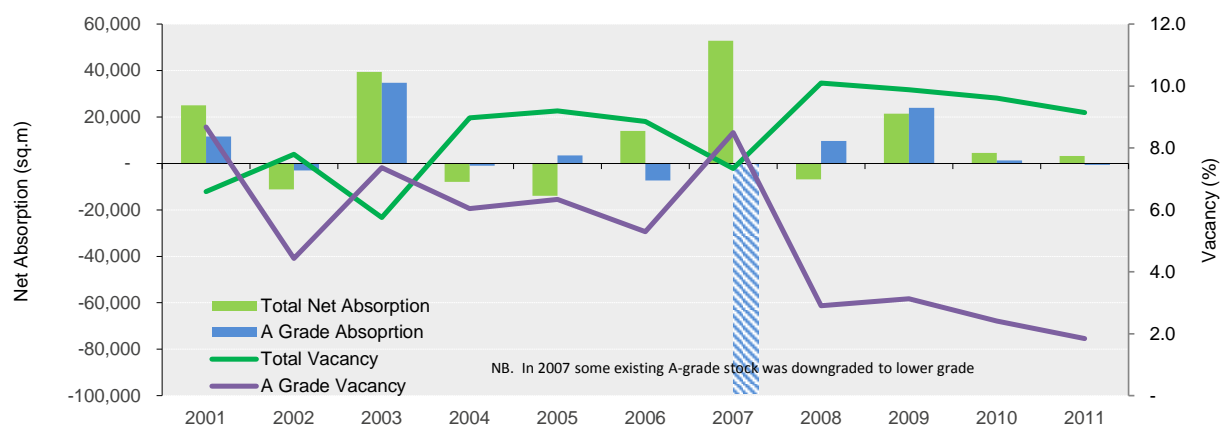
As at January 2012, 9.1% of Parramatta's office space was vacant as shown in Chart 7.4. Vacancy levels in Parramatta are generally comparable with other Sydney office markets, e.g. Sydney CBD 9.6%, Chatswood 10.7% and North Sydney 7.2%. The vacancy rate within A Grade space is low at only 2.1%, which is similar to North Sydney (1.9%) but significantly less than the Sydney CBD (8.9%) and North Ryde (5.4%). As detailed earlier both North Sydney and Parramatta have a relatively low supply of A Grade stock which is a key factor behind the low vacancy rate.

Analysis of vacancy rates by grade in Chart 7.5 indicates that the majority of vacant space is in C and D grade stock as tenants show a 'flight to quality' towards A and B grade stock. B Grade stock vacancy is also low at 4.5%, driven in part by the lack of a sufficient supply in A Grade stock in Parramatta.

## Office Floorspace Net Absorption

PARRAMATTA 2001-2011<sup>1</sup>

CHART 7.3



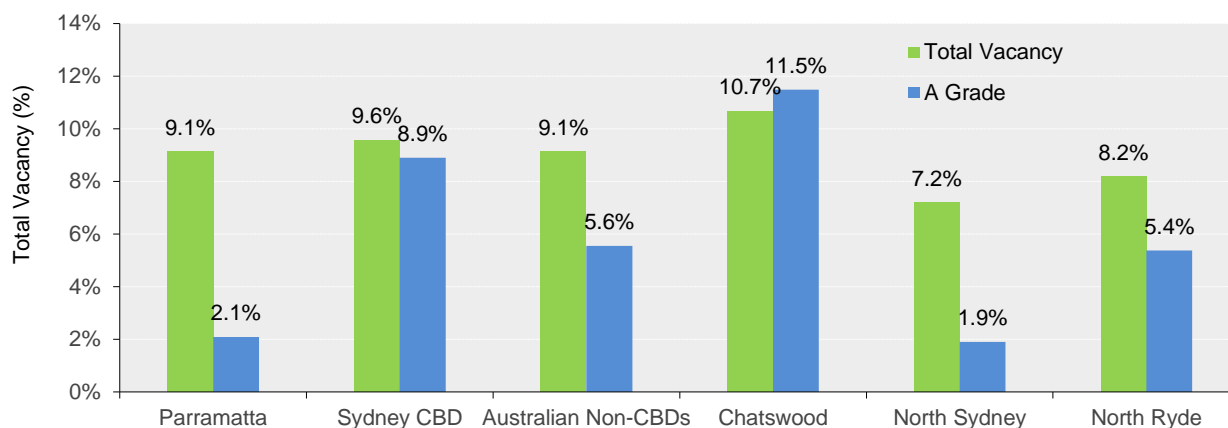
1. Calendar Year

Source : 'Office Market Report January 2012', Property Council of Australia; Urbis

## Office Vacancy Rates

PARRAMATTA COMPARED WITH OTHER OFFICE MARKETS

CHART 7.4



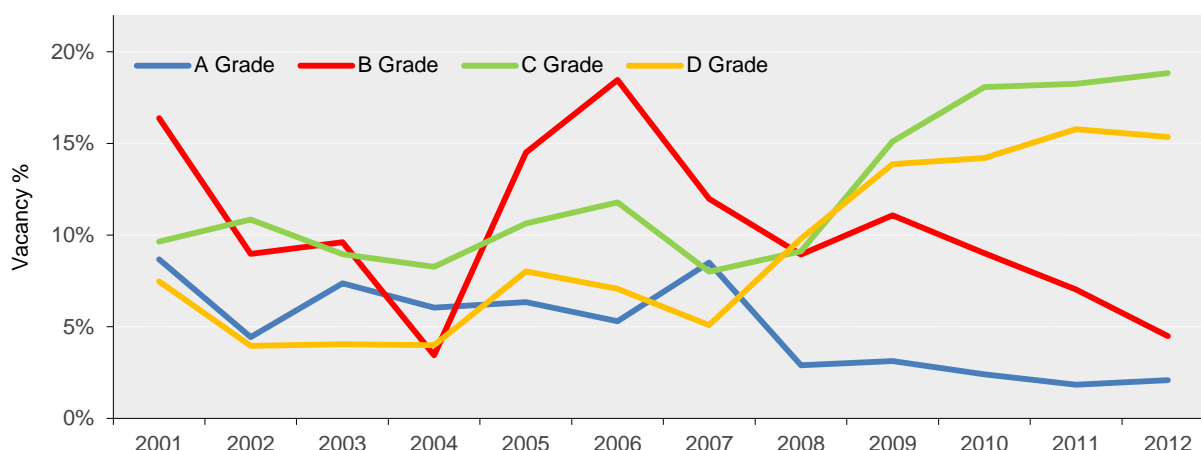
1. Calendar Year

Source : 'Office Market Report January 2012', Property Council of Australia; Urbis

## Office Vacancy Rate by Grade

PARRAMATTA CBD

CHART 7.5



1. As at January

Source : 'Office Market Report January 2012', Property Council of Australia; Urbis

## OFFICE RENTS

Rents are also an indicator of the demand for office space in an area. A review of the current rents attracted by Parramatta CBD illustrates solid average rents when compared with other key Sydney office markets. Rents are comparable with those achieved at Chatswood and North Ryde but below those achieved in North Sydney. New Grade A stock in Parramatta is achieving a premium.

Rents in Parramatta have been achieving solid growth. As at April 2012, A Grade gross face rents have increased to \$453 per sq.m, representing annual growth of 6.8% over the last 12 months<sup>1</sup>. Incentives over this period have decreased 4% and as such effective rent increases are 10.7%<sup>2</sup>.

Given the limited additional supply proposed over the next two to three years, and that proposed new additions are mostly pre-committed, vacancy rates in Parramatta are expected to remain low and rents are likely to increase further due to demand outstripping supply, particularly A Grade space.

REGION	GRADE	AVERAGE NET FACE RENTS (\$/sq.m pa)	
		LOW	HIGH
Parramatta	New A	\$430	\$480
	A	\$340	\$385
	B	\$285	\$310
North Sydney	Prime	\$580	\$725
	A	\$460	\$580
	B	\$350	\$450
Chatswood	A	\$360	\$480
	B	\$280	\$320
North Ryde/Macquarie Park	A	\$305	\$320
	B	\$250	\$280

Source: Colliers International, 'Sydney Metropolitan Office Research and Forecast Report', First half 2012

<sup>1</sup> Knight Frank, Parramatta Office Market Overview April 2012

<sup>2</sup> Ibid

### 7.2.3 SUMMARY

A review of the metrics of the Parramatta office market indicates solid demand for A Grade floorspace in Parramatta. Parramatta is currently undersupplied in quality office floorspace, when compared with other major office markets. An insufficient level of available higher grade office space, decreasing vacancy levels and increasing rents all indicate good overall demand for A Grade office floorspace in the Parramatta CBD.

## 7.3 OFFICE NEED, DEMAND AND IMPACT ASSESSMENT

### 7.3.1 OFFICE WORKER MARKET GROWTH

Underlying demand for office floorspace is driven by economic growth and, in particular, white collar employment growth. Parramatta CBD had a worker market of 29,492 people at the time of the 2006 Census of Population and Housing. Around 18,000 workers are employed in white collar office type industries. For the purposes of this report this is defined to include Information, Media and Telecommunications, Finance & Insurance Services, Rental Hiring and Real Estate Services, Administrative & Support Services and Public Administration and Safety.

The office workers of Parramatta CBD come from a wide area throughout western Sydney, highlighting the importance of the Parramatta CBD as a major employment hub. An office worker catchment area for the Parramatta CBD has been defined for this report and includes parts of the local government areas of Holroyd, Parramatta, Blacktown, Baulkham Hills, Penrith, Fairfield and part of Bankstown. Map 7.1 illustrates the Parramatta CBD worker catchment area. Based on Journey to Work data prepared by the ABS, this area accounts for around 64% of Parramatta CBD workers, with the remaining 36% of workers drawn from a wider area reflecting the regional role Parramatta serves. The catchment therefore is representative of the core office worker catchment of the Parramatta CBD.

In 2011, there were approximately 97,000 office type workers in the Parramatta CBD catchment. Taking into account forecast population growth, Table 7.1 outlines the likely growth in the pool of office workers living in the catchment. The office worker market is estimated to increase to almost 120,000 people in 2026, representing an average increase of 1.3% per annum or a total increase of 21% over the period.

#### Office Worker Market

PARRAMATTA REGION 2011-2026<sup>1</sup>

TABLE 7.1

	Office Workers <sup>1</sup> (No.)	Growth p.a. (%)
2011	96,985	2.0%
2016	104,682	1.5%
2021	111,380	1.2%
2026	117,998	1.2%

1. Information, Media & Telecommunications; Financial & Insurance Services; Rental Hiring and Real Estate Services; Administrative & Support Services & Public Administration & Safety

Source : 2006 Census of Population and Housing; Urbis

Additional office floorspace will be required to meet the employment demand generated by this worker market. On application that 17 sq.m of office floorspace will be required per worker, notionally, the additional 21,000 workers in this market will generate demand for an additional 360,000 sq.m of office floorspace.

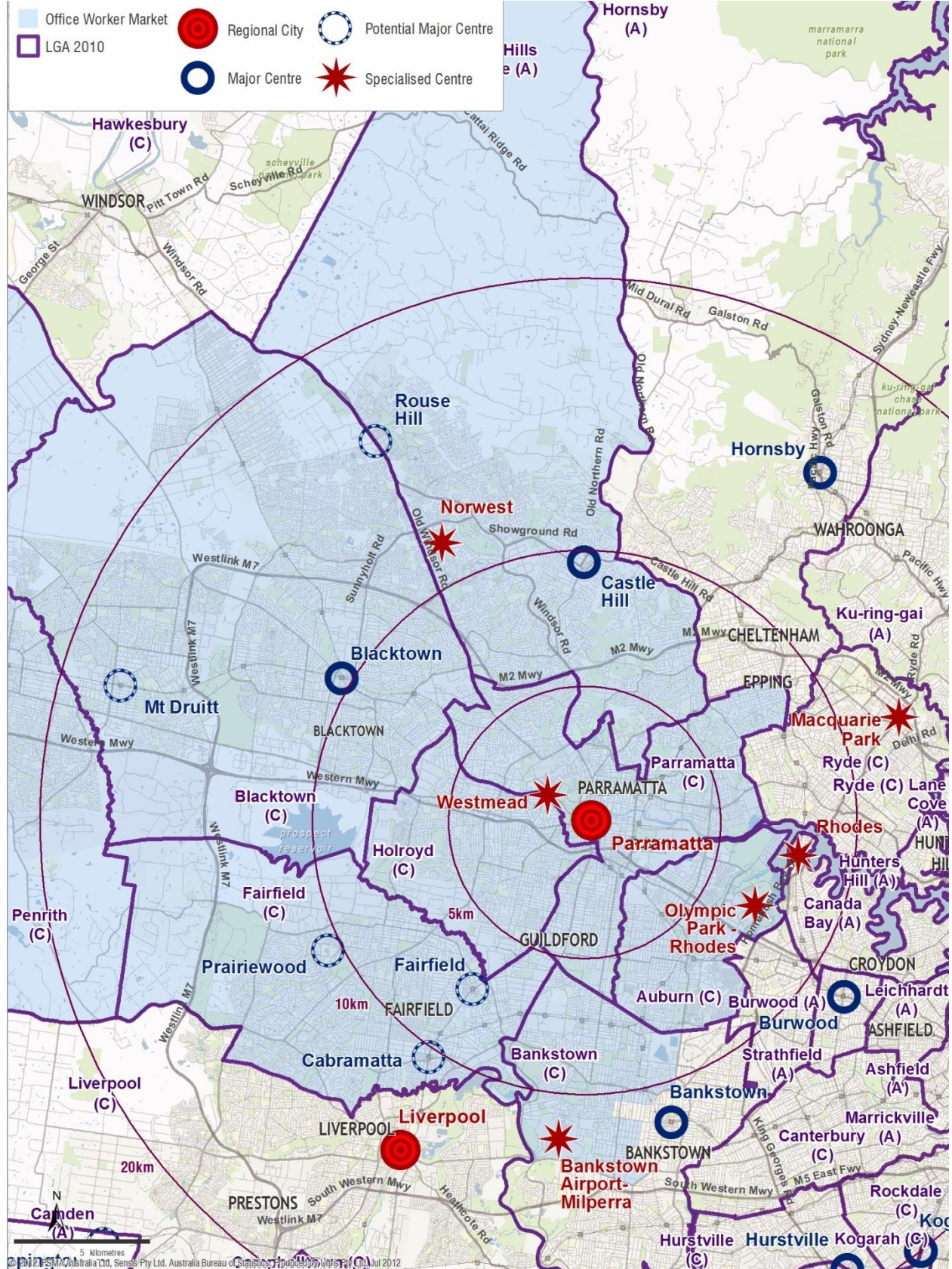
Given its proximity to this market and strategic higher order role in western Sydney, the Parramatta CBD will need to play a key role in satisfying and accommodating the growing local workforce and demand for office floorspace. New office buildings such as the proposed Westfield development as well as other planned projects will be integral in attracting businesses and providing employment options for the growing number of residents in western Sydney.



# Office Worker Catchment

PARRAMATTA CBD

MAP 7.1





### 7.3.2 PROPOSED SUPPLY ADDITIONS – PARRAMATTA CBD

There are a number of new office buildings proposed in Parramatta CBD.

Office buildings currently under construction include:

- Eclipse on Hassall Street. The office tower will provide 28,294 sq.m of A Grade floorspace over 20 floors. As a good indicator of demand for office space in Parramatta, the building is 80% pre-committed to Landcom, Deloitte and QBE. While there is likely to be some vacancy created by these companies vacating their existing space, this will be limited as Landcom's 330 Church Street will be redeveloped into residential and Deloitte's 10 Smith Street is mooted to be backfilled by an existing tenant who is showing interest in expanding<sup>3</sup>. The QBE space is yet to be determined.

Significant other additions to the market are not likely until 2014 onwards. A number of proposed office buildings have approval including :

- 142 Macquarie Street – Nationwide News will be the owner occupier/developer of a proposed 11,980 sq.m 5 floor office building. The development is expected to start construction soon and includes demolition of the existing Parramatta Advertiser site.
- A 12 level office tower providing 11,966 sq.m of Grade A office space is proposed at 89 George Street. The site is for sale with development approval.

Mooted developments include:

- Leighton is proposing a 16 storey office building on the corner of Church and Macquarie Streets providing 27,581 sq.m including retailing on levels 1 and 2. Planning proposal submitted but awaiting Gateway decision by Department of Planning and Infrastructure.
- DEXUS has plans to develop 19,730 sq.m of Grade A office space over 14 levels. The project has development approval but the project is deferred indefinitely.
- Civic Place is envisaged as a mixed use development including 65,000 sq.m of commercial office space, 60,000 sq.m of residential uses, 35,000 sq.m of retail floorspace, 3,000 sq.m of entertainment and leisure facilities and 5,000 sq.m of community facilities and public space. At this stage the development has been delayed following the developer pulling out of the project.

A general high level of pre-commitment has been established for development of A Grade floorspace in Parramatta CBD, indicating good demand for quality space. As a result, the developments proposed over the next few years should not have a significant effect on increasing vacancy levels and will be absorbed by demand for office floorspace.

There is significant need for further office space development in Parramatta CBD in the future recognising:

- Approved office developments will provide around 52,000 sq.m of floorspace in total but with the majority of this space pre-committed and will be taken up by latent demand, it will not add a significant amount of available new A Grade floorspace. The vacancy rate for A Grade space is therefore expected to remain low. Beyond these committed projects, developments such as Gateway tower proposed by Westfield, will be required to address demand for A Grade office space in Parramatta.
- Population growth and strategic objectives to increase employment in western Sydney creates a need for new office space to service western Sydney and support Parramatta as the second CBD in Sydney. Without the provision of more high-quality office floorspace Parramatta will fail to attract quality tenants and employers for the local worker market and will fail to achieve the strategic objectives set out for Parramatta.

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<sup>3</sup> Ibid

- In the core worker catchment of Parramatta CBD, the number of office workers will likely grow by in excess of 20% over the next 15 years, indicating good long term potential for further office floorspace in Parramatta. Workers of this catchment will be seeking employment options close to home but also businesses that align with their career aspirations. The provision of higher grade office space will be integral in attracting businesses and organisations that can meet the differing needs of the worker market and support the higher order role of the Parramatta CBD.
- Net absorption has been demonstrated to average around 11,000 sq.m a year, but this level of net absorption is to an extent restricted by the supply in the market over recent years as illustrated by declining vacancy rates. Reflecting the high amount of lower grade office space in the Parramatta CBD (and continuing obsolescence of this space) and general growth in the office worker market, we expect that going forward the Parramatta CBD could support the addition of more than 15,000 sq.m of new office stock per year. Beyond the next 2-3 years there is limited committed office development proposed to meet this ongoing demand.
- The Westfield Gateway office tower therefore will likely account for no more than 2 years of demand and likely about a third of available demand to 2021 (beyond committed developments). Demand therefore will exist for other projects such as Civic Place and the mooted developments mentioned earlier.

### 7.3.3 WESTFIELD GATEWAY – STRATEGIC CONSIDERATIONS

The Westfield Gateway development will provide 35,000 sq.m of office floorspace and is likely to generate around 2,000 office based jobs. The Westfield Gateway Tower will be ideally located in the Parramatta CBD adjacent to the Parramatta Transport Interchange, providing concentrated employment around public transport.

As demonstrated the approved office developments in Parramatta are likely to assist with meeting the short term demand for office floorspace in Parramatta over the next 2-3 years (i.e. around 50,000 sq.m). Beyond this period there is a lack of committed office floorspace to meet demand for office floorspace and continue to grow Parramatta as a major employment destination.

The proposed Westfield Gateway tower, and its planned opening in 2021, will satisfy a need for further A Grade new office developments in the Parramatta CBD beyond these committed projects.

The Westfield office development therefore would contribute a proportion of the future demand for A Grade office space and other projects will be necessary to ensure the Parramatta CBD continues to satisfy growing market demand.

The Westfield Gateway office tower promotes a number of key strategic objectives of the Parramatta CBD, including:

- The Parramatta CBD is designated as the second CBD of Sydney and major employment hub in the metropolitan strategy. New office developments, particularly higher quality A Grade buildings, will be necessary to attract organisations and increase employment to a level that consolidates the Parramatta CBD as the second major commercial centre in Sydney.
- The new tower will assist in revitalising Parramatta CBD ensuring the centre retains its role as a strategic regional centre for the West Central region and as a major employment destination. The West Central Subregion has an employment target of 61,000 people by 2031 and Parramatta local government area is targeted to provide an additional 27,500 jobs by 2031. The proposed Westfield Gateway tower will assist Parramatta in meeting these employment targets and providing a place of employment for the growing western Sydney market.
- The growth of the Parramatta CBD as a larger employment hub will also provide greater choices of employment in western Sydney and reduce the need for workers to travel significant distances to other employment nodes (such as the Sydney CBD).
- The development will concentrate activities in an existing activity centre, reducing the overall environmental impacts on the region by utilising existing infrastructure of the road and public transport network.

- The proposed office tower will integrate with Westfield Shopping Centre and will have flow on benefits to the retailing in the surrounding area. It will concentrate activity around the transport interchange and act as a catalyst to attract other office development to the area surrounding the Transport Interchange (e.g. Civic Place).
- The Westfield tower will provide A Grade office floorspace and will assist in attracting quality tenants and employers to Parramatta CBD.

## 7.4 CONCLUSIONS

In summary, the Westfield Gateway office tower can be supported by the market and addresses a need for quality A Grade office buildings in the Parramatta CBD.

In addition, the development will make an important contribution to the realisation of the strategic goals for the Parramatta CBD including enhancement of its role as a major employment hub and second CBD of Sydney, achievement of employment targets as set out for the Central West Sub-Region, reinforcement of an established transit oriented development and greater use of public transport.

Furthermore, the Westfield development is one of the better strategic sites in the Parramatta CBD and represents an ideal location for a new office development.

## 8 Economic and Community Benefits

### 8.1 EMPLOYMENT

Parramatta is a major employment hub in the western suburbs of Sydney with a workforce of 41,500 (30,000 in the CBD). The Sydney Metropolitan Strategy outlines a target of 60,000 jobs in the Parramatta CBD by 2031 (or about 20,000 more than provided today).

The proposed Westfield development will assist in meeting the regional planning objectives for employment providing employment in both retail and white collar jobs, solidifying the role of Parramatta as a strategic centre. With its close location to a major transport node providing both bus and rail interchanges these jobs will be provided in an area with excellent access to public transport services.

The employment effects assessed in this report are those generated in terms of the full time and part time staff, although the construction of the project would also generate around 1,740 jobs equivalent for one year.

#### 8.1.1 RETAIL EMPLOYMENT EFFECTS

The proposed retail development would result in the addition of 24,504 sq.m of leasable floorspace. The employment generated by the range of uses in the new centre will vary according to each use. As shown in Table 8.1, it is estimated that the development would generate employment of 824 full-time and part-time workers. Allowing for 15% of this employment to be redirected from other locations and from within the existing centre, the net additional employment is estimated to be almost net additional 701 full-time and part-time workers

#### Direct Retail Employment Impact of Proposal

WESTFIELD PARRAMATTA

TABLE 8.1

Type of Use	Westfield Parramatta Expansion	
	GLA (Sq.m)	Employment (Persons)
Majors	9,285	218
Mini-Majors	8,540	201
Specialty Shops	<u>6,679</u>	<u>405</u>
<b>Total Property</b>	<b>24,504</b>	<b>824</b>
<b>Total Property (allowing for 15% transfer)</b>		<b>701</b>

Source : Urbis

In addition to the additional direct employment generated from the ongoing operation of the expanded centre, there are multiplier effects felt throughout the local, state and national economies. These multiplier effects are a result of increased demand for materials, services and products from a whole range of suppliers, as a result of increased consumption generated by the wages of new employees. In economic terms, it represents the absorption of excess supply in other parts of the economy driven by an increase in aggregate demand in the retail industry.

Indirect employment impacts are measured using employment multipliers derived from the Australian National Accounts Input-Output tables, 1996-97. When using these multipliers, a number of issues need to be kept in mind:

- The multipliers reflect how the economy was structured in 1996-97. Since then, the structure of the economy has changed, and the actual impacts are likely to have changed.
- The multipliers are based on a static view of the economy, and do not consider price changes driven by changes in demand. This means that results from Input-Output multiplier analysis are likely to represent the upper bound of employment impacts.

- The multipliers are national multipliers, not regional. Therefore, while many of the directly created jobs will be filled by locals, many of the indirect jobs are likely to be filled elsewhere.

While it is important to keep these assumptions in mind, it remains the case that the proposed development will have a positive direct employment impact in the local region. While more difficult to measure precisely, there will also be significant positive indirect employment impacts for the region as a whole.

- The Input-Output multipliers (discussed above) are used to calculate the employment impacts presented in Table 8.2. Overall the construction phase and operational phase of the proposed expansion would generate 1,562 jobs and around 1,914 indirect jobs as a result of multiplier effects. Overall, this assessment indicates that the proposed development will generate employment benefits of close to 3,500 jobs throughout the economy, including 1,258 jobs provided on an annual basis. As mentioned earlier, the direct and indirect construction jobs are short term and refer to equivalent of one year of employment.
- Clearly, the employment impacts and the positive benefit to the community from the proposed development would be relatively substantial. Many of these ongoing positions are likely to be taken by local residents.
- The 701 ongoing jobs in the shopping centre will provide a significant contribution to the employment target set for the Parramatta CBD.

## Total Employment<sup>1</sup> Impact of Retail Development

WESTFIELD PARRAMATTA

TABLE 8.2

Development Option/ Type of Employment	Direct Employment	Supplier Employment <i>Multiplier Effects</i>	Total Jobs <sup>2</sup>
Construction Phase	861	1,356	2,217
Centre Employment Increase <sup>3</sup>	701	558	1,258
<b>Total</b>	<b>1,562</b>	<b>1,914</b>	<b>3,476</b>

1. Total Employment - full-time, part-time and casual

2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects. Jobs are for the equivalent of one year of employment.

3. Indicates the estimated number of ongoing jobs as a result of the proposed expansion (ie the floorspace increase)

Source : Urbis

### 8.1.2 OFFICE EMPLOYMENT EFFECTS

The 35,000 sq.m Westfield Gateway office building is expected to provide employment for about 2,060 workers and the construction of the office building will also create 880 jobs equivalent for one year. Multiplier effects would more than double the employment creation.

The office workers would also have positive flow-on benefits for businesses and services in the Parramatta CBD, including cafes, restaurants and take-away food outlets, banks, hairdressers, drycleaners as well as community facilities, gyms, etc. The office workers therefore are integral in generating daytime activity in the CBD and providing support for the range of services provided in the CBD.

## 8.2 OTHER BENEFITS

The proposed development would also have a number of specific benefits for consumers including the following:



- **Convenience** – The expansion will consolidate retail facilities in the Parramatta CBD which already effectively serves the area. The additional range of shops and services builds on the CBD's existing offer, enabling:
  - businesses to benefit from cross-usage; and
  - the residents to benefit from greater convenience.

The overall level of provision of retail services and facilities is improved by the proposed development.

- **Choice** – Further to the above it is also clear that the subject development proposal will improve the choice available to local consumers, potentially bringing a new DDS to the area and a more extensive range of specialties and mini-majors.
- **Competition** – A potential consequence of the additional shopping facilities, including the third DDS, new mini-majors and specialty shops, is increased price competition among the retailers, thus possibly leading to cheaper prices for consumers

The NSW Centres Policy aims to proactively set out the broad spatial pattern of growth to provide certainty for public investment, while allowing flexibility for existing centres to grow and new centres to form. This approach to managed growth helps to reduce emissions from travel by locating trip generating development in places that reduce the reliance on cars, encourage multi-purpose trips and provide suitable accessibility by public transport or on foot.

The proposed Westfield Parramatta expansion would also lead to increased concentration of activities in the Parramatta CBD, which already has significant investment in infrastructure. Concentration of activities in the CBD would lead to resource savings and more efficient use of the existing infrastructure.

As discussed earlier the concentration of business activities (retail and business) in the CBD will encourage collaboration, competition and innovation amongst businesses as directed by the West Central strategy.

## 9 Conclusions

The key conclusions regarding the need, demand and impact assessment of the proposed expansion of Westfield Parramatta are as follows:

### SHOPPING CENTRE EXPANSION

- The completion of the retail development at Parramatta by 2016 is appropriate in scale and can be supported by the market.
- The proposed shopping centre expansion addresses a need for new retail floorspace in the region as it addresses market growth occurring and forecast to continue in the region. The expansion introduces another DDS and a significantly broader range of shops that will bring added choice for consumers (both residents and local workers) and significantly improve their access to retail goods and services.
- Market growth forecast for the trade area will more than accommodate the proposed additional turnover likely to be achieved by the Westfield Parramatta expansion and as such no centre is expected to be impacted at unsustainable levels and all centres are expected achieve higher turnover levels in 2016 than achieved today.
- The proposed expansion is not expected to adversely impact the role, function and viability of other centres but rather enhance the retail offer available to the community.
- The increase in shopper activity at Westfield Parramatta will have flow-on benefits for other businesses and facilities in the CBD. The development therefore will likely be a catalyst for other development in the Parramatta CBD. In particular, the proximity and connectivity of the Westfield centre to the Civic Place will provide support for this future development.

### OFFICE BUILDING

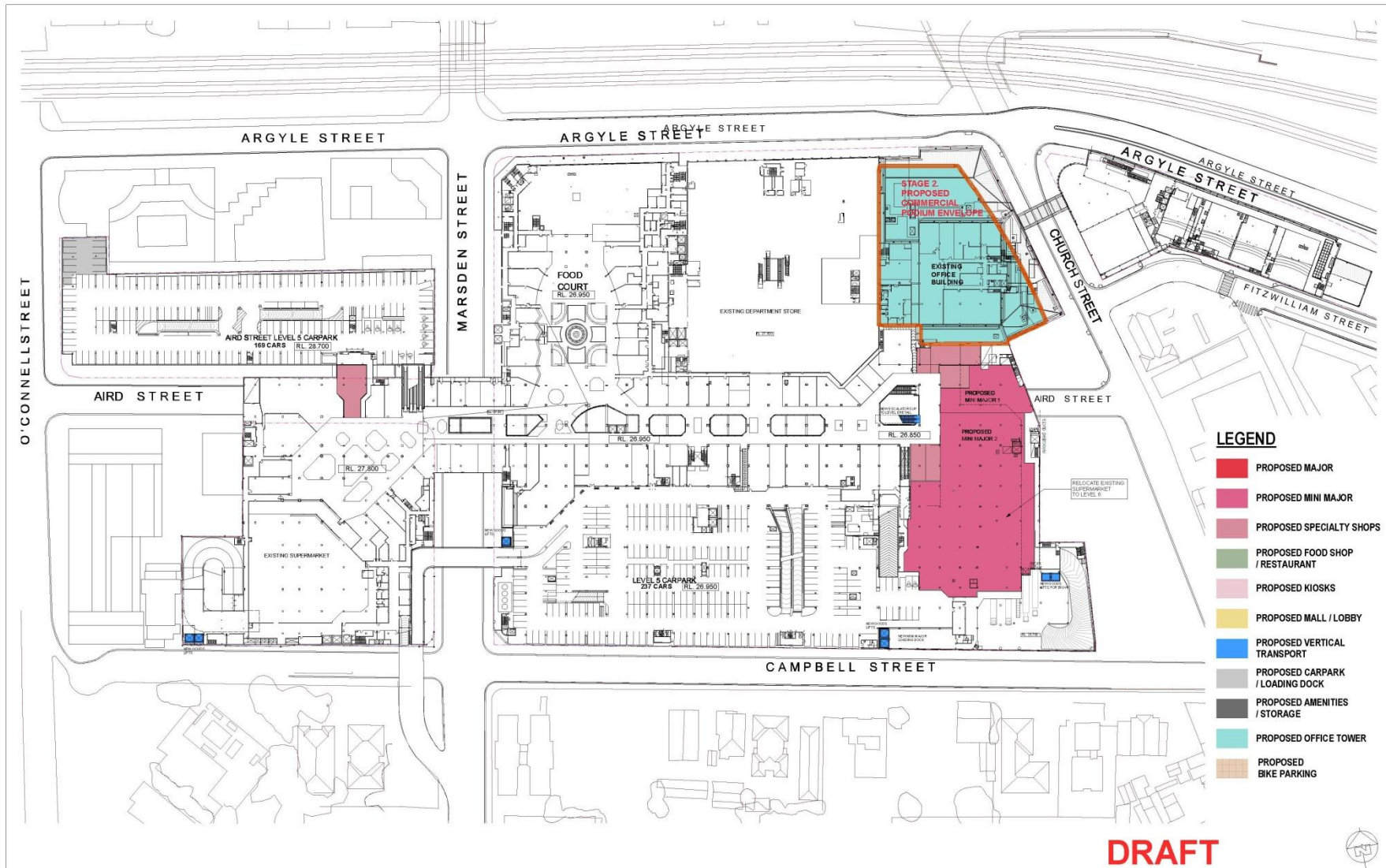
- The proposed Gateway office tower will provide A Grade office space in Parramatta addressing the demand for quality office space supported by the growing office workforce in western Sydney there will be sufficient market demand for office floorspace to support the Westfield office building as well as other planned development.
- In addition, the development will make an important contribution to the realisation of the strategic goals for the Parramatta CBD including enhancement of its role as a major employment hub and second CBD of Sydney, achievement of employment targets as set out for the Central West Sub-Region, reinforcement of an established transit oriented development and greater use of public transport.
- Furthermore, the Westfield development is one of the better strategic sites in the Parramatta CBD and represents an ideal location for a new office development.

### OTHER

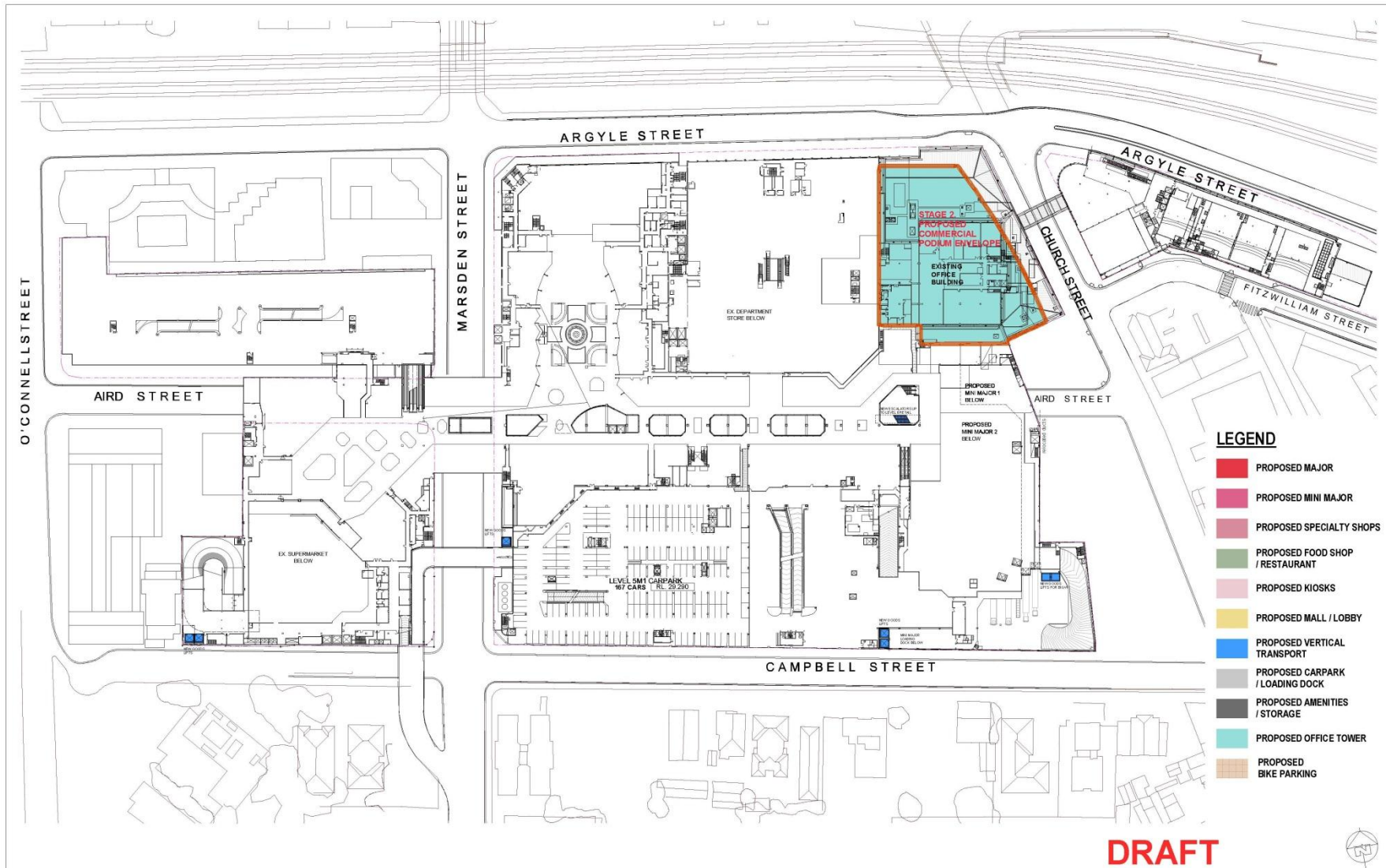
- Westfield Parramatta and the proposed Gateway tower will be ideally located in the CBD to concentrate activity around the Parramatta Transport Interchange, providing a range of facilities in a highly accessible area, limiting the decentralisation of activities and reducing the overall environmental impacts on the region by utilising existing infrastructure.
- The Westfield retail and office developments will be an important contributor to strengthening the role of the Parramatta CBD as a regional city and second CBD of Sydney as well as revitalising and growing its role as a major white collar employment node.
- The \$405 million project will have a significant impact on the creating short term and long term jobs. The construction of the office tower and expansion of retail facilities in the centre will create around 1,740 jobs equivalent for one year while the new retail and office floorspace will yield 2,760 workers. Multiplier effects, for example as wages of the workers filter through the economy, would increase the employment generation even further.

In summary, the proposed expansion of Westfield Parramatta and Gateway tower is an appropriate development that should be supported given it will address market demand for additional retail and office floorspace in Parramatta, provides new employment opportunities for the growing workforce in western Sydney, contributes to the Parramatta CBD achieving its strategic goals and facilitates a transit oriented development around the major Parramatta transport interchange. Overall, the development will provide a demonstrable net community benefit.

# Appendix A      Proposed Plans







**DRAFT**



## WESTFIELD PARRAMATTA PART 3A PROPOSED LEVEL 5M1 FLOOR PLAN

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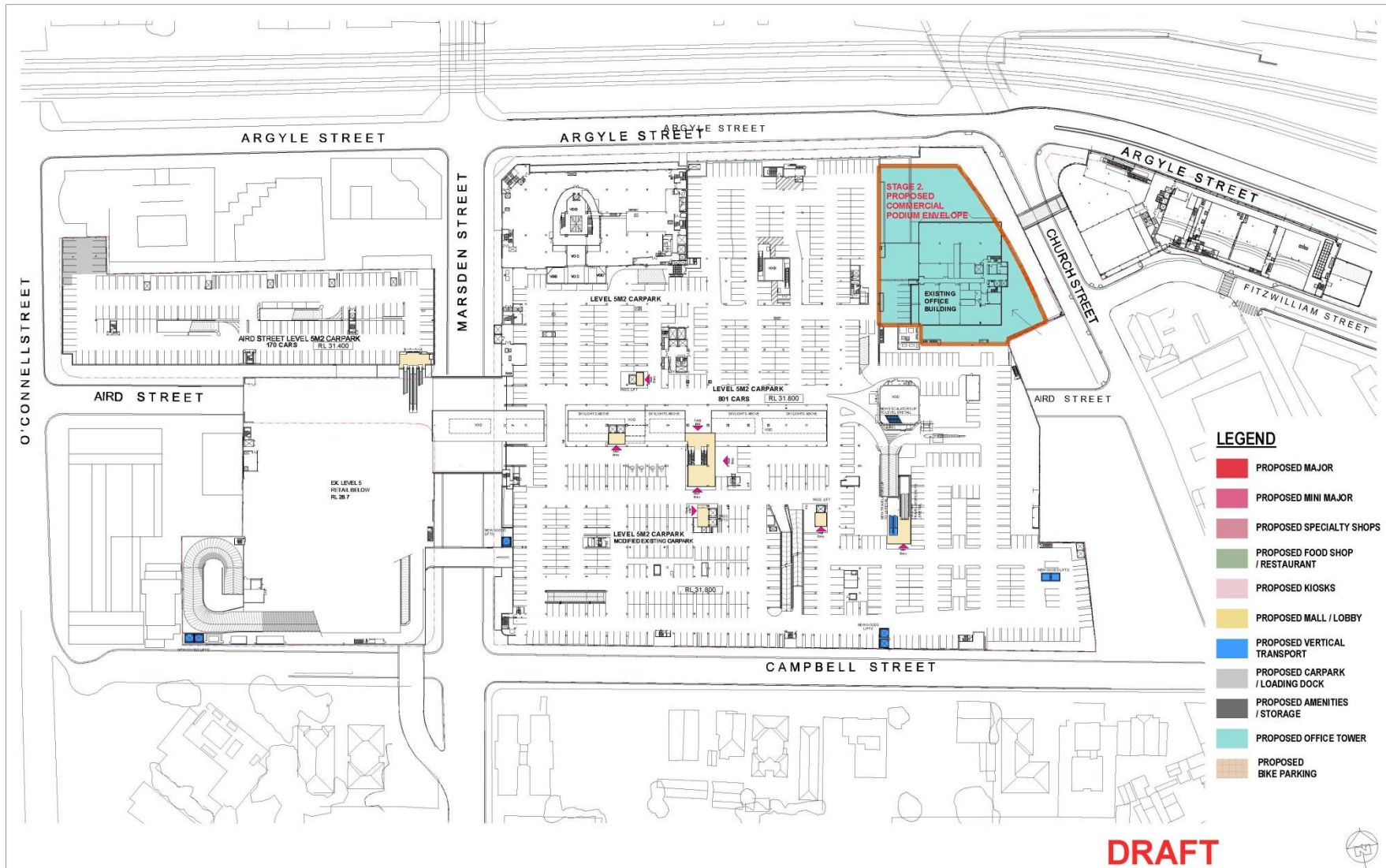
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DWG NO: DA-01-5208

REV: C



Westfield



Westfield  
RETAIL TRUST

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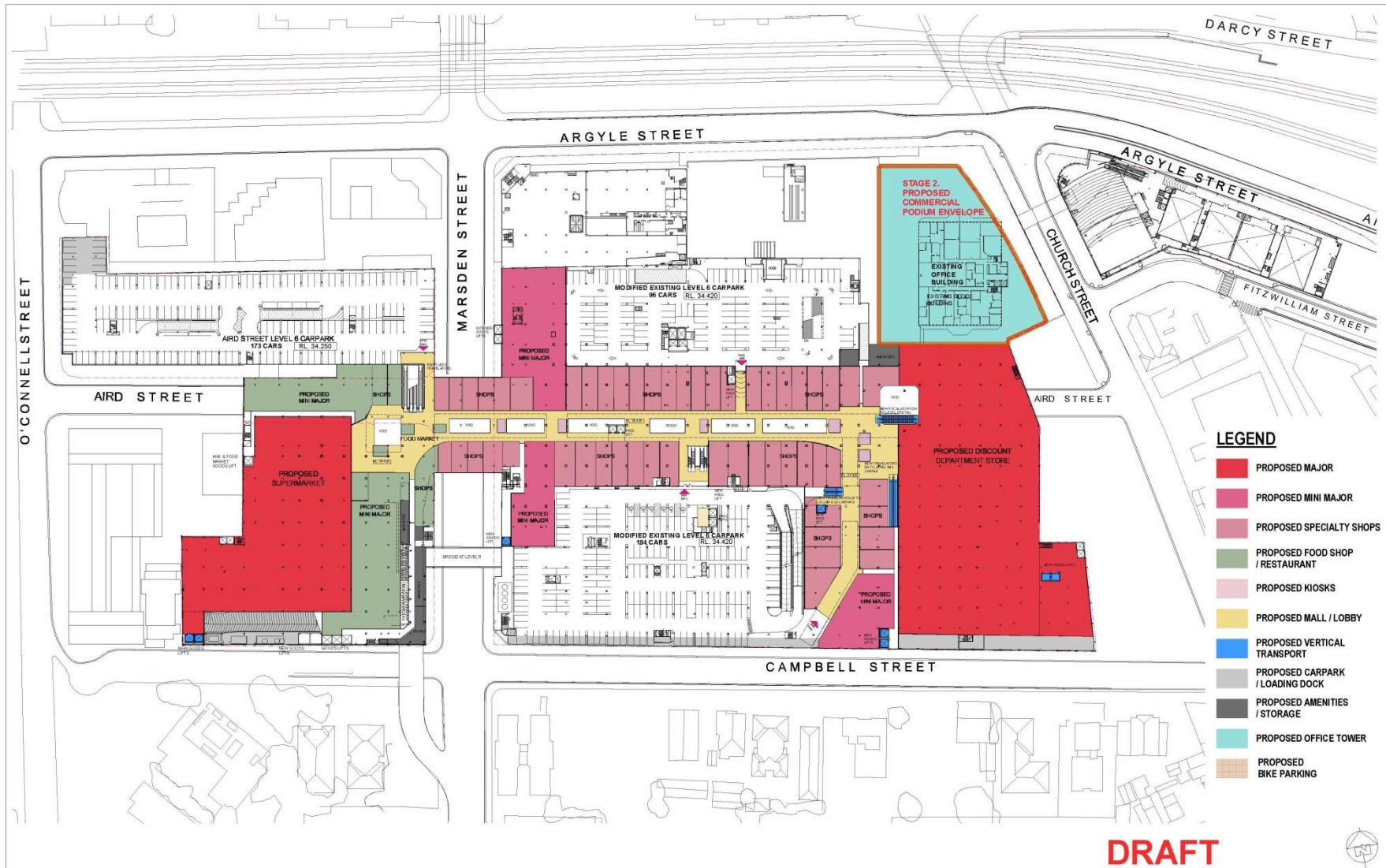
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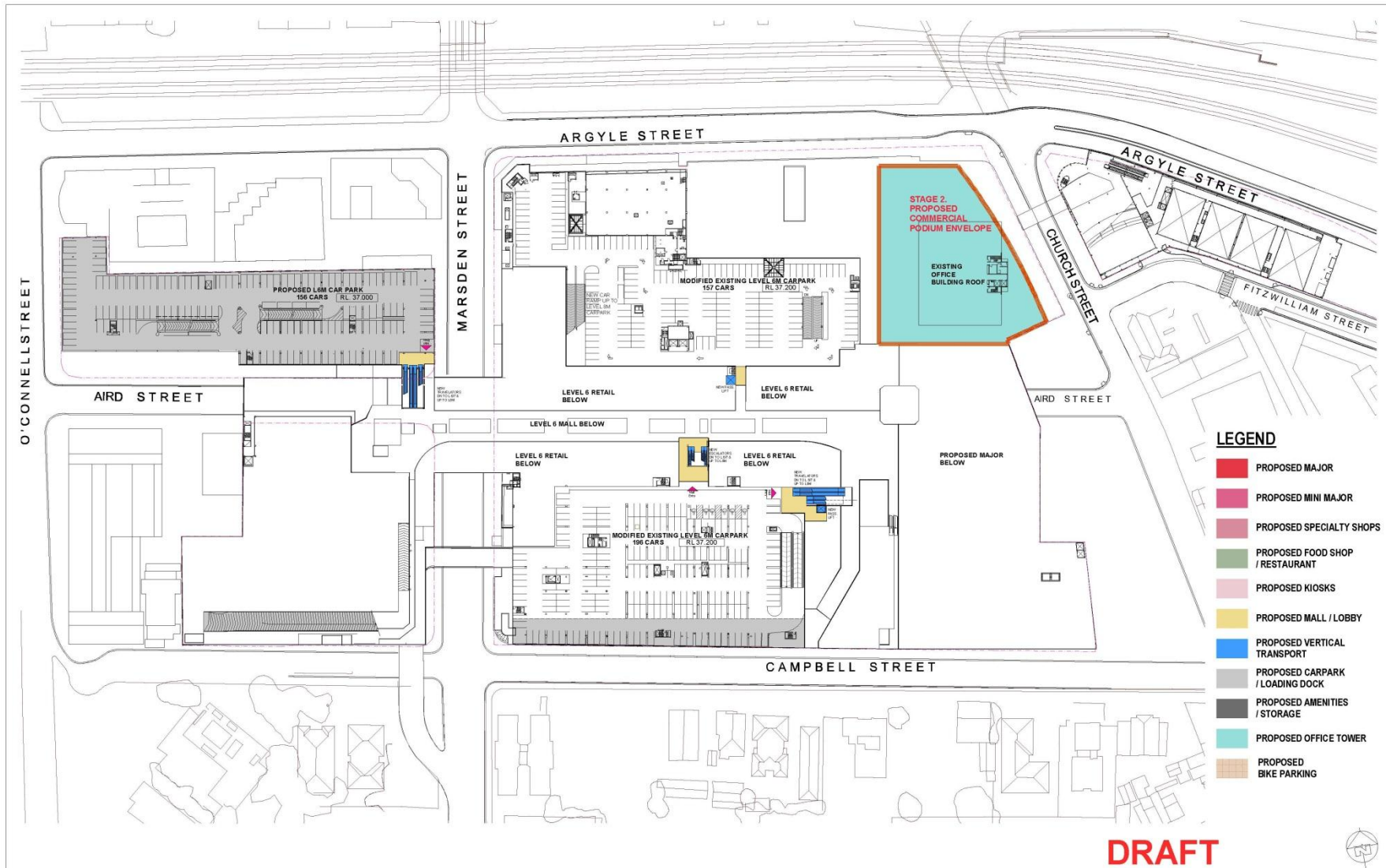
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## WESTFIELD PARRAMATTA PART 3A PROPOSED LEVEL 5M2 FLOOR PLAN







**DRAFT**



## WESTFIELD PARRAMATTA PART 3A PROPOSED LEVEL 6M FLOOR PLAN

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DATE: August 2012

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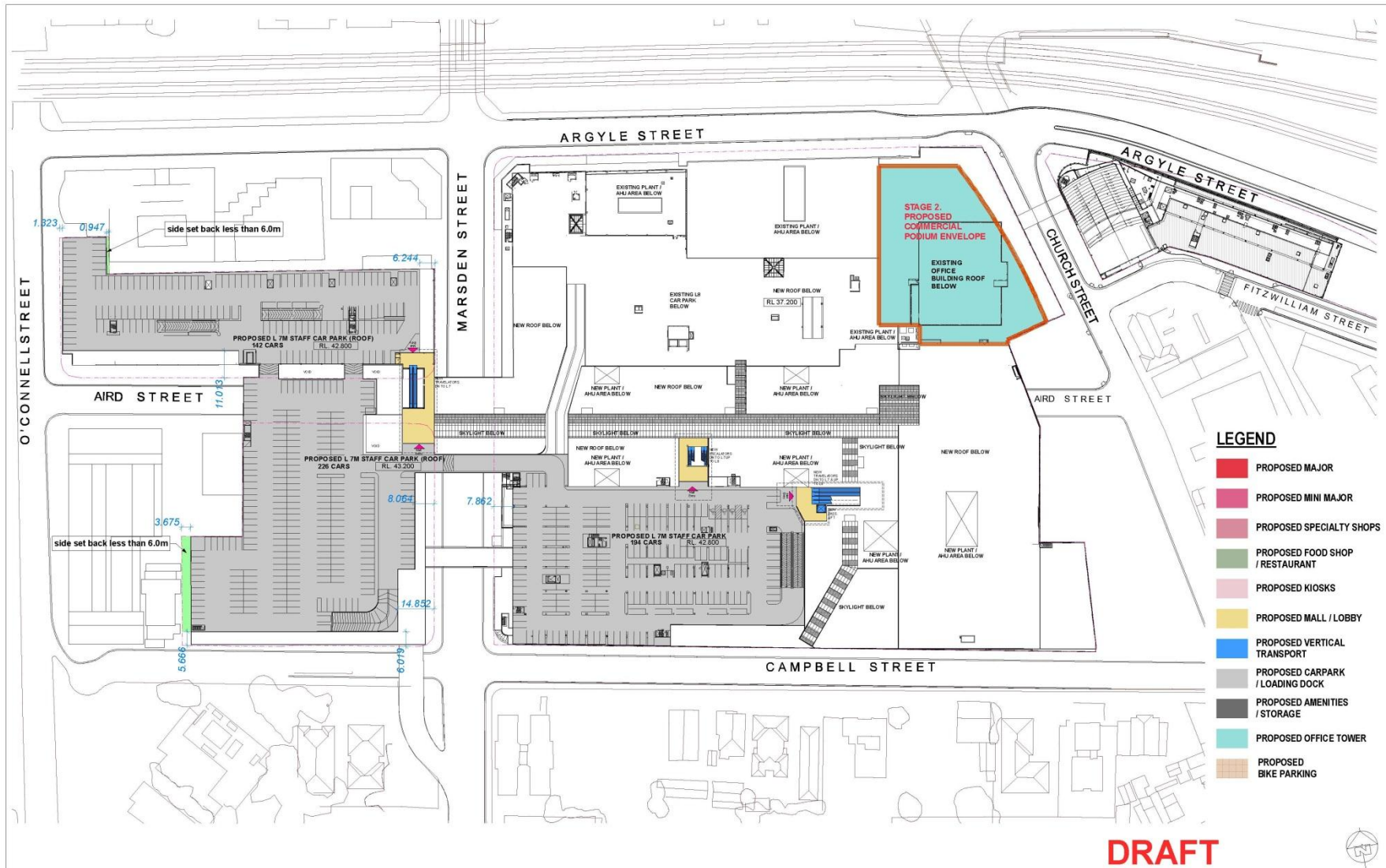
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SCHEME: PA-2012-SCH11-Y3

DATE: August 2012

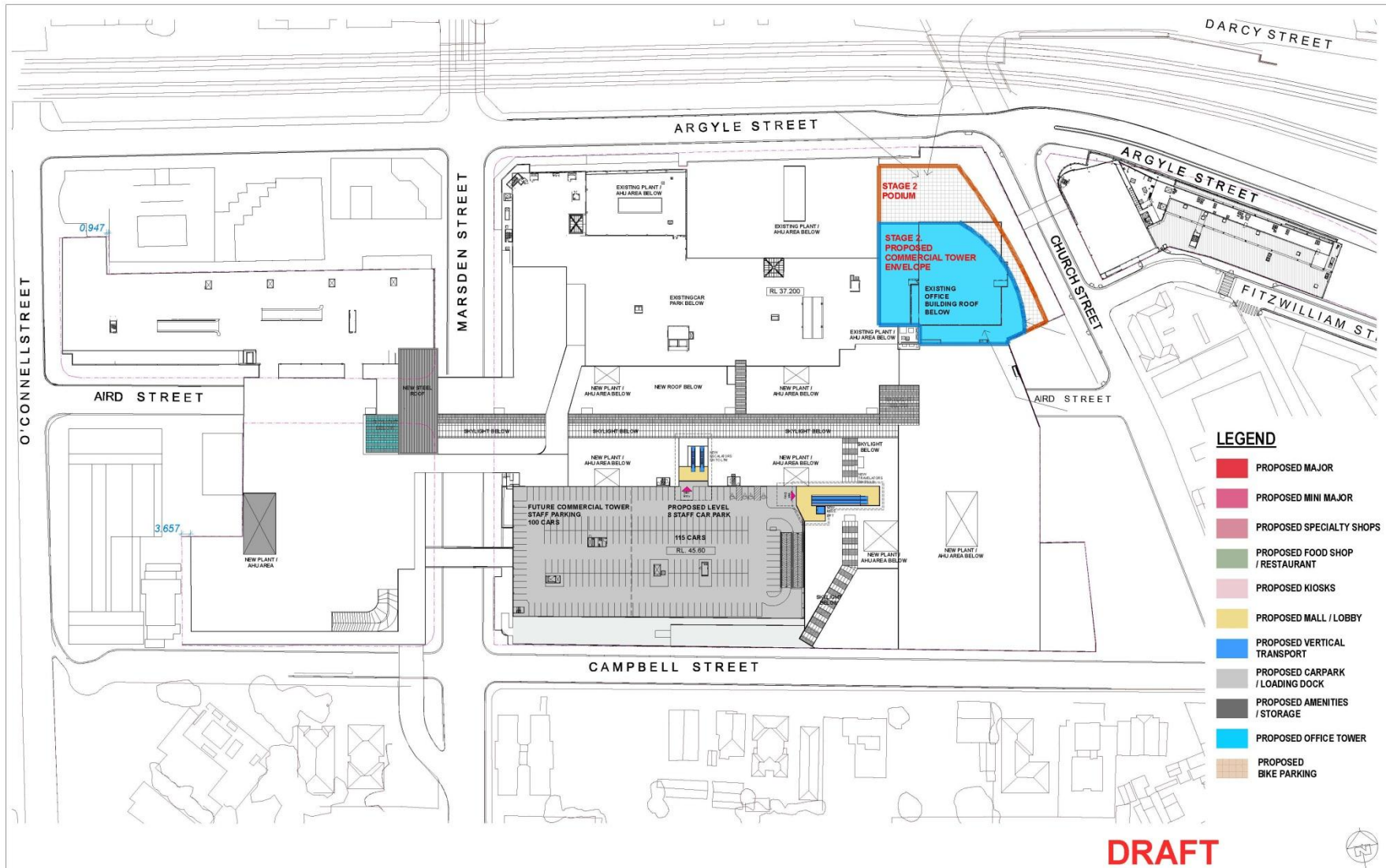
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DWG NO: DA-01-5213

REV: C

# WESTFIELD PARRAMATTA PART 3A PROPOSED LEVEL 7M FLOOR PLAN



Westfield



Westfield  
RETAIL TRUST

SCHEME: PA-2012-SCH11-Y3

DATE: August 2012

SCALE: 1:1000 @ A2

JOB NO: D6727

DWG NO: DA-01-5214

REV: C

# WESTFIELD PARRAMATTA PART 3A PROPOSED LEVEL 8 FLOOR PLAN

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