

Bonnyrigg Living Communities Project

Assessment of retail potential

October 2018



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Executive summary

- MacroPlan has been commissioned to inform the potential amount of retail and non-retail floorspace considered supportable at the Bonnyrigg Estate (The Estate), located in the Fairfield LGA, approximately 36 km west of the Sydney CBD.
- The Estate was designed to create new social and private housing by redesigning, renewing and reinvigorating an existing 81-hectare public housing estate in Bonnyrigg. The Estate is planned to accommodate 3,000 dwellings at capacity, with 70% of the housing to be privately owned and 30% designated as social housing.
- The main trade area population is forecast to reach 10,640 at 2031 when The Estate reaches a capacity of almost 8,500 residents. The retail expenditure generated by the main trade area population is projected to increase from \$55 million at 2018 to \$142 million at 2031, reflecting an average growth rate of 7.5% per annum.
- Bonnyrigg Plaza (Big W, Woolworths) and Rigg Place Plaza (Aldi) are located on the boundary of the estate and are likely to be the main food, grocery and convenience-oriented shopping destination of the main trade area. Future retail facilities within The Estate are likely to support these centres providing for the top-up grocery and food-catering needs of its catchment.
- Our analysis of retail floorspace demand generated by the main trade area population indicates that the scale of retail floorspace supportable at The Estate is estimated between 1,300 - 1,800 sq.m including a 700 - 1100 sq.m convenience store, 450 sq.m of food-catering floorspace, equating to around 3-4 tenancies and a small provision of convenience-oriented specialties.
- The recommended scale of the retail at The Estate will predominantly serve the top-up food and convenience-oriented needs of residents within The Estate. Bonnyrigg Town Centre and Rigg Place Plaza are likely to remain the core weekly shopping destinations of the existing and future residents of The Estate. Retail developed on The Estate may well

complement the offer at these centres, providing a local and convenient offer surrounding modern and clean open spaces for residents of The Estate.

- We agree with the general location of the retail in the north-eastern corner of the site, closer to Bonnyrigg Plaza and generally coinciding with the delivery of the higher density living. Clustering of the retail should be promoted in the design to maximise its viability, taking full advantage of the 'Village Green' and adjacent parkland.
- The sales potential for an 800 sq.m convenience store/food store is estimated at \$3.6 million, reflecting a sales productivity level of \$4,500 per sq.m. The retail specialty stores have an estimated sales potential of \$3.65 million, with total retail sales potential estimated at \$7.25 million.

Introduction

This report presents an independent economic assessment of the market potential for retail and non-retail floorspace at the Bonnyrigg Estate, situated in the Greater Western region of Sydney.

The report has been prepared in accordance with instructions received from NSW Land and Housing Corporation, and is structured as follows:

- **Section 1** details the site location and surrounding context of the subject site and provides an overview of the Bonnyrigg Estate masterplan.
- **Section 2** presents an analysis of the trade area expected to be served by retail facilities at the Bonnyrigg Estate, including existing and projected population levels, the socio-demographic profile and the retail expenditure generated by the trade area population.
- **Section 3** discusses the relevant competitive retail environment in the surrounding region.
- **Section 4** outlines the expected demand for retail floorspace generated by the Bonnyrigg Estate trade area population.
- **Section 5** assessed the optimal scale and mix for retail and non-retail facilities for the site, as well as an assessment of the sales and rent potential of the recommended uses.
- **Section 6** provides our concluding remarks and recommendations for the retail and non-retail development at The Estate.

Section 1: Site context and masterplan overview

This section of the report details the site location and surrounding context of the subject site and provides an overview of the Bonnyrigg Estate masterplan.

1.1 Site location and regional context

The Estate is an 81 hectare site located within the suburb of Bonnyrigg, situated within the Fairfield Local Government Area, approximately 36 km west of the Sydney CBD (refer Map 1.1).

The Estate is bounded by Humphries Road, Cabramatta Road, Elizabeth Drive, Bonnyrigg Avenue and Edensor Road and is situated immediately east of the Big W and Woolworths anchored Bonnyrigg Plaza, which is the main retail component of the Bonnyrigg Town Centre (refer Map 1.2).

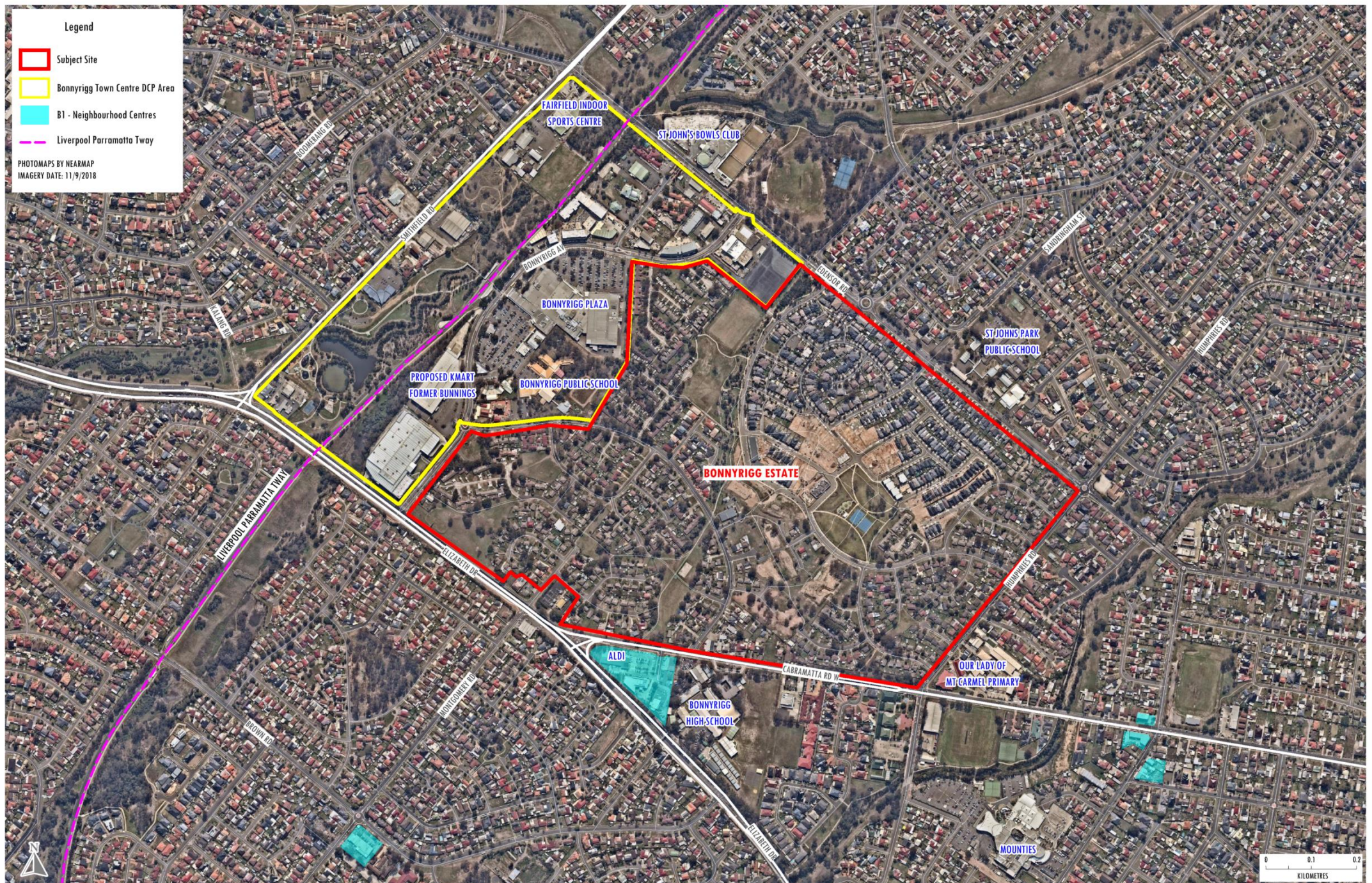
The Estate was originally established as a large housing estate, which consisted of 930 dwellings at 2006, 90% of which were public housing. In 2007, the NSW Government granted approval for a Concept Plan for a renewal of the estate, which after a number of modifications, is planned to deliver 3,000 dwellings. The redevelopment is planned to possess a 70% mix of private dwellings (2,100 dwellings) and a 30% mix of social housing (900 dwellings).

The Estate is situated in close proximity to the Smithfield Road arterial, which provides regional access to the Cumberland Highway to the north-east, while Elizabeth Drive provides access to the Westlink M7 to the west.

The Bonnyrigg Estate is also served by a number of public transport facilities, including the T80 Liverpool to Cabramatta service via the T-Way, with the route running adjacent to Bonnyrigg Avenue. The nearest train station is located at Cabramatta, which is serviced by the Airport, Inner West & South and Bankstown Lines.



Map 1.1: Bonnyrigg Living Communities Project
Regional context



Map 1.2: Bonnyrigg Living Communities Project
Site location

1.2 Bonnyrigg Living Communities Project

The Bonnyrigg Living Communities Project (The Bonnyrigg Estate) is a NSW Government initiative to redevelop and revitalise the subject Bonnyrigg Renewal Area. In all, there are 18 stages of residential development, which is planned to yield 3,000 dwellings, comprised of 2,100 private dwellings and 900 social housing units.

Figure 1.1 illustrates the masterplan of the Bonnyrigg Estate. Stages 1-3 encompasses 367 new residential dwellings which have been constructed, and an additional 8 privately owned dwellings which have been retained. Stages 4-7 contains an additional 346 dwellings which has been granted development approval, co-locating with 34 privately owned retained dwellings. The majority of these stages are characterised by 1 and 2 storey detached dwellings with some additional row housing and low scale (3 storey) apartment blocks.

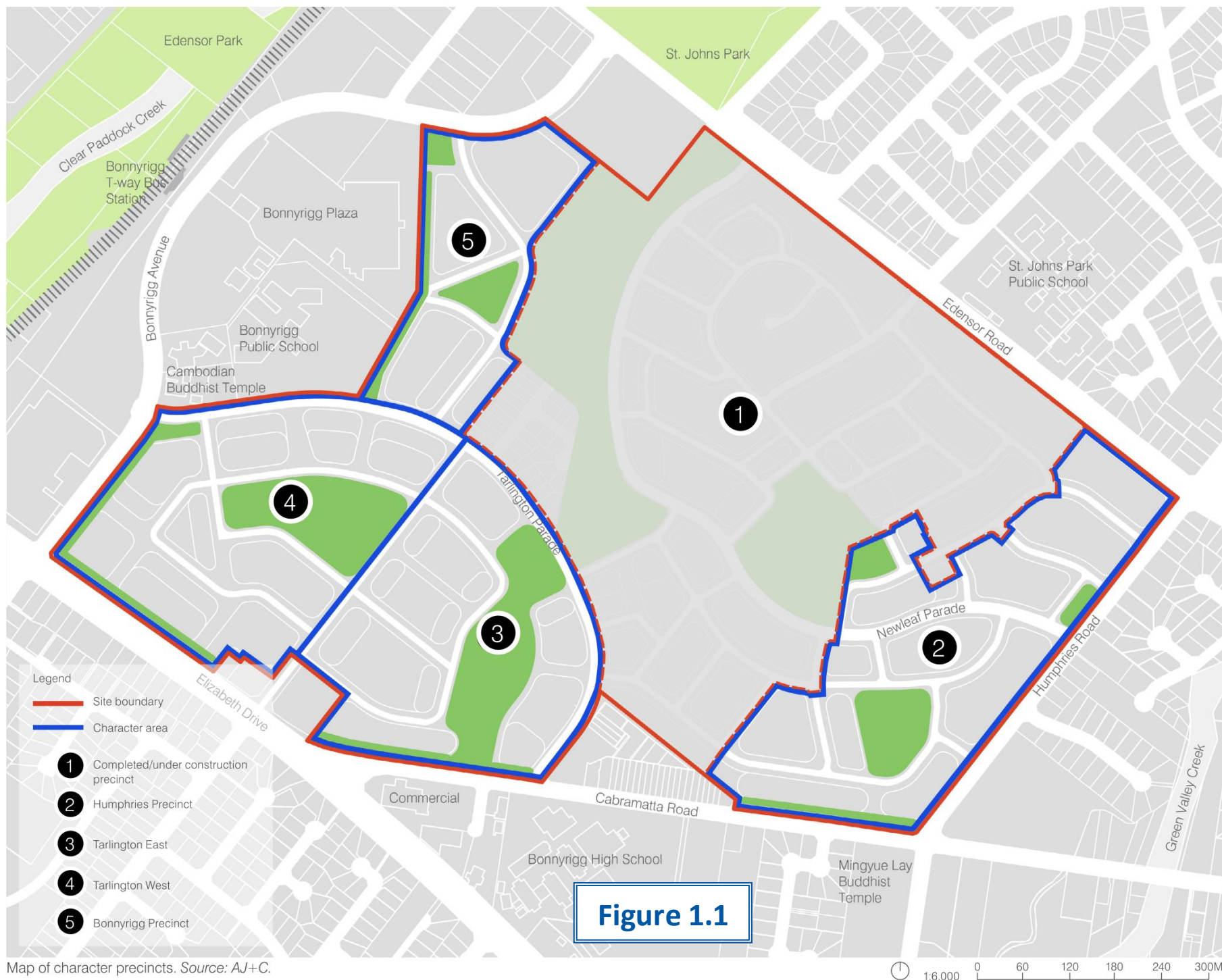
Subsequent stages of development include:

- The Humphries Road precinct (Stages 8-11), which is situated east of the development in Stages 1-7. The residential densities of this precinct will also predominantly encompass 1 and 2 storey dwellings, in line with the developments of preceding stages. In high profile sites of the precinct fronting Cabramatta Road, Humphries Road and the Hilltop Park and Junior Play open spaces, residential densities will rise to up to 4 storeys.
- The Tarlington East precinct (part of Stages 14-16) which provides a transition in scale between more suburban developments to the east and denser areas closer to Bonnyrigg Town Centre. The precinct encompasses the 2.2 hectare Upper Valley Creek Park, with densities restricted to 4 storeys east of the park, and rising to 6 storeys, west of the park.
- The Tarlington West precinct (part of Stages 17-18) is planned to possess a distinct urban feel, with direct connections to the Bonnyrigg Town Centre and Bonnyrigg Public School. Apartments of up to 4-6 storeys are planned for this precinct, as well as a large new Community Park.

- The north-eastern quarter of the site, the Plaza Precinct (part of Stages 12-13) will have high quality urban spaces fronted by active ground floor frontages and considered pedestrian flows that will support the growth of the adjacent town centre. Residential densities with heights up to 6 storeys will be consistent with the proximity to services, transport and open space amenity. Two new parks will be created including a new active urban plaza – Bonnyrigg Square - onto Bonnyrigg Avenue and a 'Village Green' that provides a substantial open space directly adjacent to the town centre as a focal point for the community.

An area of approximately 3,000 sq.m has been allocated in the concept plans to accommodate flexibly designed commercial, retail and community uses. Of this, a total of 993 sq.m of community uses have been identified as an essential component of the development, specifically, community function space, community halls, and office spaces. 700 sq.m of this community space will be catered for within the existing planning commitments, attributed to a new facility to be located in the heart of the Bonnyrigg Estate.

This report will assess the location, scale and mix of supportable retail uses within The Estate, which has been preliminarily planned to be accommodated within ground floor tenancies fronting Bonnyrigg Square and the Village Green. Given the proximity of Bonnyrigg Plaza and the Aldi anchored Rigg Place Plaza, retail facilities at the Bonnyrigg Estate is most likely to support these shopping destinations in serving the existing and future residents of the Bonnyrigg Estate comprised of food and beverage, café and convenience-oriented retail uses.



Map of character precincts. Source: AJ+C.

1:6,000 0 60 120 180 240 300M

Section 2: Trade area analysis

This section of the report presents an analysis of the trade area expected to be served by retail facilities at the Bonnyrigg Estate, including existing and projected population levels, the socio-demographic profile and the retail expenditure generated by the trade area population.

2.1 Trade area definition

The extent of the trade area or catchment that is served by any shopping centre, or retail facility, is shaped by the interplay of a number of critical factors. These factors include:

- i. The relative attraction of the retail facility or centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and car-parking, including access and ease of use.
- ii. The proximity and attractiveness of competitive retail tenants, or centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre or retail facility is effectively able to serve.
- iii. The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre, or retail facility.
- iv. Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre, or retail facility.

The trade area defined for the proposed retail facilities at the Bonnyrigg Estate takes into consideration the following:

- The location of existing retail centres throughout the surrounding area, including Bonnyrigg Plaza (Big W, Woolworths) and Rigg Place Plaza (Aldi), which are likely to be the main grocery shopping destinations for the existing and future residents of the Bonnyrigg Estate; and
- The potential scale and function of the proposed retail facilities, which are likely to encompass small food and beverage, café and convenience-oriented components.

The trade area defined for the Bonnyrigg Town Centre is illustrated on the attached Map 2.1, and is defined to include a primary sector and three secondary sectors, described as follows:

- The **primary sector** encompasses the Bonnyrigg Estate;
- The **secondary north east sector** contains the southern parts of St Johns Park, and is generally bounded by Edensor Road to the south and Knapton Street to the west.
- The **secondary south east sector** covers the southern parts of Bonnyrigg and is generally bounded by Humphries Road and Cabramatta Road to the north and Elizabeth Drive to the west.

In combination, the primary and secondary sectors form the main trade area for the proposed retail facilities at the Bonnyrigg Estate.

2.2 Trade area resident population

Table 2.1 details the recent and projected resident population levels for the defined trade area. The population estimates and forecasts are based on the following sources:

- Australian Bureau of Statistics (ABS) Census of Population and Housing (2011, 2016);
- ABS Dwellings Approvals and Estimated Residential Population Data (2016 – 2017);
- The NSW Transport Performance and Analytics population projections;
- Investigations of residential developments in the Bonnyrigg Estate and surrounding areas as conducted by this office

The Bonnyrigg Estate is planned to deliver 3,000 dwellings, 70% or 2,100 of which are planned to be private owned, while the remaining 30% or 900 dwellings are designated as social housing. At capacity, the Bonnyrigg Estate is projected to accommodate around 8,500 residents (UTS:IPPG, Social Infrastructure Needs Analysis – Bonnyrigg Renewal Area).

Stages 1-3 of the residential development at The Estate encompasses 367 residential dwellings which have been constructed as well as an additional 8 private dwellings which have been retained. Stages 4-7, contains an additional 346 dwellings which have been approved, which will co-locate with 34 retained privately owned dwellings. These stages are characterised by 1 and 2 storey detached dwellings with some additional row housing and low scale (3 storey) apartment blocks. Stages 4-7 are expected to be completed and occupied by 2021, adding an estimated 1,050 residents to the estate.

The remaining residential provision of 2,200 dwellings at the Bonnyrigg Estate is forecast to be developed and be completed between 2031 to 2036. For the purposes of this assessment, a 10-year development period to 2030 and full occupation by 2031 has been used. This equates to a yearly sales rate of 230 dwellings, or an average monthly sales rate of 19 dwellings, which is generally consistent with the sales rates in residential estates of outer ring locations in Sydney and Melbourne.

Two macroeconomic factors which could lengthen the development timeline of the Bonnyrigg Estate is first, the expected rises in interest rates over the medium term to pre-GFC /normalised levels. The RBA's cash rate has remained at a historically low 1.5% since October 2016, and any increases in this rate (which is expected in the medium term) could dampen appetite and price potential borrowers out of the housing market.

Secondly, the housing type planned for the remaining precincts in the Bonnyrigg Estate contain a sizeable high-density component. While high-density housing has gained significant traction in capital city metropolitan areas, this has largely been confined to inner and middle ring locations, while the prevailing housing type in outer ring locations has remained low density detached dwellings. This may affect the demand for high-density residential product at the Bonnyrigg Estate, with potential buyers in outer ring locations typically valuing detached dwellings with land.

There is limited growth projected to occur in the secondary sectors over the forecast period, with no significant infill developments currently planned for the area. Overall, the main trade area population is projected to reach 10,640 at 2031.

Table 2.1
The Bonnyrigg Estate trade area population, 2011-2031*

| Trade area sector | Estimated population | | | Forecast population | | |
|------------------------|----------------------|--------------|--------------|---------------------|--------------|---------------|
| | 2011 | 2016 | 2018 | 2021 | 2026 | 2031 |
| Primary | 2,570 | 3,100 | 3,600 | 4,680 | 6,580 | 8,480 |
| Secondary sectors | | | | | | |
| • Nth-east | 1,230 | 1,210 | 1,230 | 1,260 | 1,310 | 1,360 |
| • Sth-west | <u>720</u> | <u>800</u> | <u>800</u> | <u>800</u> | <u>800</u> | <u>800</u> |
| Total secondary | 1,950 | 2,010 | 2,030 | 2,060 | 2,110 | 2,160 |
| Main trade area | 4,520 | 5,110 | 5,630 | 6,740 | 8,690 | 10,640 |

| Trade area sector | Average annual growth (no.) | | | | |
|------------------------|-----------------------------|------------|------------|------------|------------|
| | 2011-16 | 2016-18 | 2018-21 | 2021-26 | 2026-31 |
| Primary | 106 | 250 | 360 | 380 | 380 |
| Secondary sectors | | | | | |
| • Nth-east | -4 | 10 | 10 | 10 | 10 |
| • Sth-west | <u>16</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total secondary | 12 | 10 | 10 | 10 | 10 |
| Main trade area | 118 | 260 | 370 | 390 | 390 |

| Trade area sector | Average annual growth (%) | | | | |
|------------------------|---------------------------|-------------|-------------|-------------|-------------|
| | 2011-16 | 2016-18 | 2018-21 | 2021-26 | 2026-31 |
| Primary | 3.8% | 7.8% | 9.1% | 7.1% | 5.2% |
| Secondary sectors | | | | | |
| • Nth-east | -0.3% | 0.8% | 0.8% | 0.8% | 0.8% |
| • Sth-west | <u>2.1%</u> | <u>0.0%</u> | <u>0.0%</u> | <u>0.0%</u> | <u>0.0%</u> |
| Total secondary | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% |
| Main trade area | 2.5% | 5.0% | 6.2% | 5.2% | 4.1% |

*As at June

Source: ABS Census 2016; NSW Transport Performance and Analytics 2016; MacroPlan Dimasi

2.3 Socio-demographic profile

Table 2.2 and Chart 2.1 detail the socio-demographic profile of residents within the defined main trade area as sourced from the 2016 ABS Census of Population and Housing. The profile is compared with benchmarks for metropolitan Sydney and Australia, with the key points to note including the following:

- Main trade area residents earn incomes which are significantly below the metropolitan Sydney benchmark, though average incomes are likely to increase as redevelopment of the area continues.
- The age distribution of the trade area population is generally in line with the metropolitan Sydney average, although the trade area possesses a slightly above average representation of children and teenagers, as well as residents in the over 50 years old.
- The level of home ownership in the main trade area is below the metropolitan Sydney average. This is driven mainly by the underrepresentation of home owners in the primary sector where the majority of the homes are government owned. We expected greater private home ownership levels as the Bonnyrigg Estate continues to be developed into a mixed tenure estate.
- Australian born residents account for over 43% of the main trade area population, with residents born in Asian accounting for close to 36%, which is almost double the rate of the Sydney metropolitan average.
- Traditional families (i.e. households comprising couples with dependent children), is the most prevalent family type, accounting for 40% of households in the main trade area, which is followed by single parents with dependent children (20%).

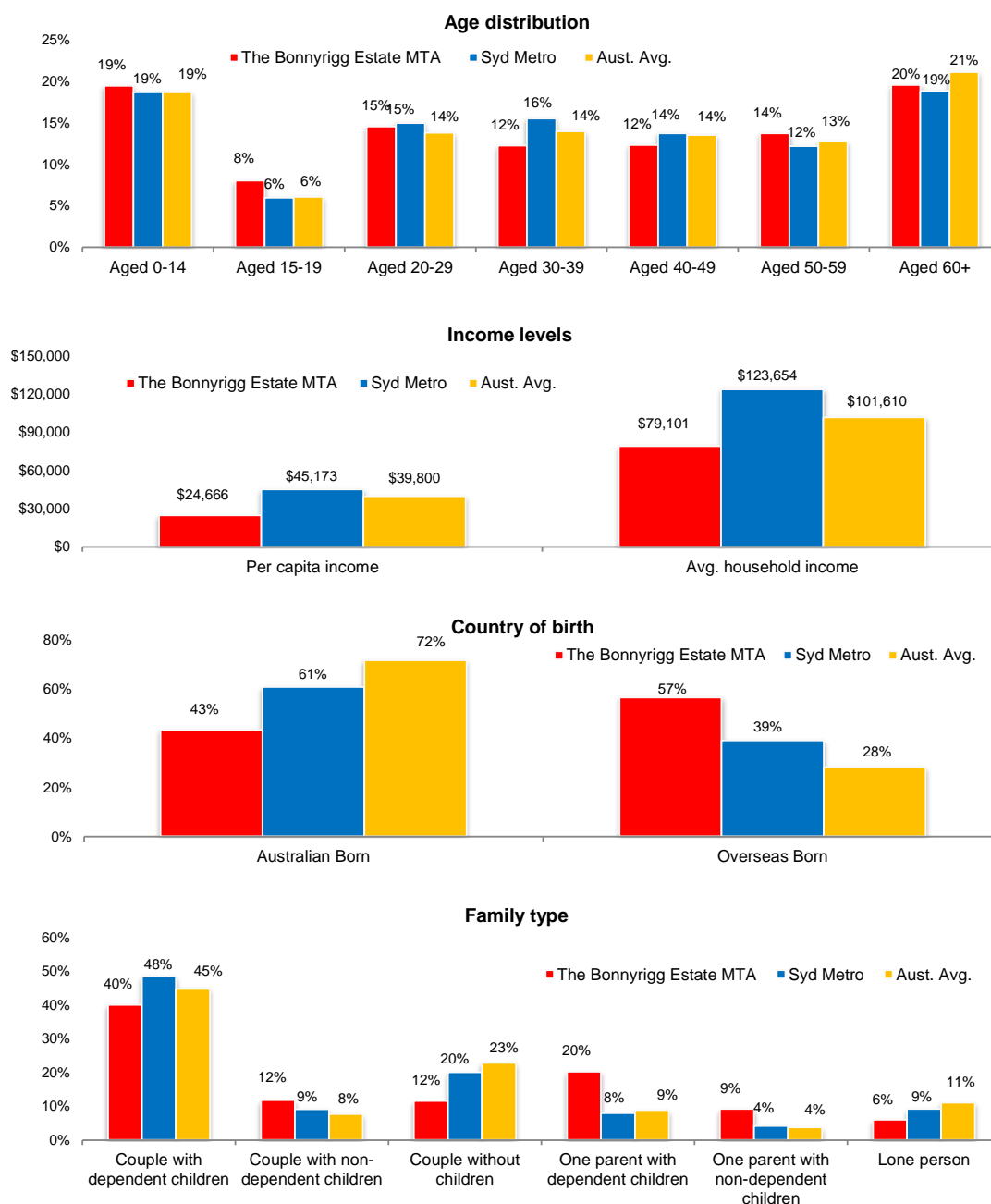
Overall, the socio-demographic profile of the main trade area population reflects the high number of public housing in the area, though the profile of residents will evolve substantially in the future as the area undergoes redevelopment.

Table 2.2
The Bonnyrigg Estate main trade area - socio-demographic profile, 2016

| Census item | Primary sector | Secondary sectors | | Main TA | Syd Metro avg. | Aust. avg. |
|---|----------------|-------------------|--------------|--------------|----------------|--------------|
| | | Nth-east | Sth-west | | | |
| Per capita income | \$20,904 | \$30,946 | \$29,728 | \$24,666 | \$45,173 | \$39,800 |
| <i>Var. from Syd Metro bmark</i> | -53.7% | -31.5% | -34.2% | -45.4% | | |
| Avg. household income | \$62,866 | \$104,546 | \$116,044 | \$79,101 | \$123,654 | \$101,610 |
| <i>Var. from Syd Metro bmark</i> | -49.2% | -15.5% | -6.2% | -36.0% | | |
| Avg. household size | 3.0 | 3.4 | 3.9 | 3.2 | 2.7 | 2.6 |
| <u>Age distribution (% of population)</u> | | | | | | |
| Aged 0-14 | 20.9% | 15.5% | 19.9% | 19.5% | 18.7% | 18.7% |
| Aged 15-19 | 9.1% | 6.2% | 6.9% | 8.1% | 6.0% | 6.1% |
| Aged 20-29 | 14.6% | 16.0% | 12.3% | 14.6% | 15.0% | 13.8% |
| Aged 30-39 | 12.6% | 11.3% | 12.7% | 12.3% | 15.5% | 14.0% |
| Aged 40-49 | 12.6% | 13.1% | 10.2% | 12.4% | 13.7% | 13.5% |
| Aged 50-59 | 13.7% | 14.6% | 12.7% | 13.7% | 12.2% | 12.7% |
| Aged 60+ | 16.6% | 23.4% | 25.2% | 19.6% | 18.9% | 21.1% |
| Average age | 35.7 | 40.4 | 41.0 | 37.6 | 37.5 | 38.6 |
| <u>Housing status (% of households)</u> | | | | | | |
| Owner (total) | <u>20.2%</u> | <u>88.3%</u> | <u>80.4%</u> | <u>43.4%</u> | <u>64.2%</u> | <u>67.4%</u> |
| • Owner (outright) | 5.9% | 58.0% | 38.0% | 21.9% | 30.0% | 31.9% |
| • Owner (with mortgage) | 14.2% | 30.4% | 42.4% | 21.5% | 34.2% | 35.5% |
| Renter | 79.5% | 11.7% | 19.6% | 56.4% | 35.1% | 31.8% |
| <u>Birthplace (% of population)</u> | | | | | | |
| Australian born | 43.8% | 45.8% | 38.1% | 43.4% | 60.9% | 71.9% |
| Overseas born | <u>56.2%</u> | <u>54.2%</u> | <u>61.9%</u> | <u>56.6%</u> | <u>39.1%</u> | <u>28.1%</u> |
| • Asia | 35.1% | 31.5% | 45.4% | 35.8% | 19.1% | 11.2% |
| • Europe | 2.9% | 10.5% | 5.1% | 5.1% | 9.6% | 9.6% |
| • Other | 18.2% | 12.2% | 11.5% | 15.7% | 10.4% | 7.4% |
| <u>Family type (% of population)</u> | | | | | | |
| Couple with dep't child. | 36.8% | 41.2% | 54.6% | 40.0% | 48.5% | 44.8% |
| Couple with non-dep't child. | 8.8% | 20.8% | 10.5% | 11.8% | 9.1% | 7.7% |
| Couple without child. | 9.6% | 16.2% | 13.1% | 11.5% | 20.1% | 22.8% |
| One parent with dep't child. | 25.5% | 10.0% | 11.8% | 20.2% | 7.9% | 8.8% |
| One parent w non-dep't chil | 10.5% | 7.2% | 6.1% | 9.2% | 4.1% | 3.7% |
| Lone person | 7.5% | 3.0% | 3.1% | 6.0% | 9.2% | 11.0% |
| <u>Car ownership</u> | | | | | | |
| % 0 Cars | 14.8% | 3.4% | 7.3% | 11.3% | 11.4% | 7.7% |
| % 1 Car | 43.7% | 31.7% | 20.6% | 38.0% | 38.5% | 36.1% |
| % 2 Cars | 27.4% | 34.5% | 37.6% | 30.3% | 34.0% | 37.5% |
| % 3 Cars | 11.5% | 19.4% | 21.8% | 14.6% | 10.5% | 12.2% |
| % 4 plus Cars | 2.6% | 11.1% | 12.7% | 5.8% | 5.7% | 6.5% |

Source: ABS Census of Population & Housing, 2016; MacroPlan Dimasi

Chart 2.1
The Bonnyrigg Estate main trade area - socio-demographic profile, 2016



Source: ABS Census of Population & Housing, 2016; MacroPlan Dimasi

2.4 Retail expenditure

The estimated retail expenditure capacity of the main trade area population is sourced from MarketInfo, which is developed by Market Data Systems (MDS) and utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information. The MarketInfo estimates for spending behaviour prepared independently by MDS are used by a majority of retail/property consultants.

Chart 2.2 provides a summary of the per capita retail spending levels of the trade area population, compared with benchmarks for metropolitan Sydney and Australia. Per capita spending for total retail by trade area residents is estimated at \$10,030, which is significantly below the average for metropolitan Sydney. This reflects that retail spending is particularly low in the primary sector, though this will increase as the area continues to be redeveloped. All spending figures presented in this report are expressed including GST.

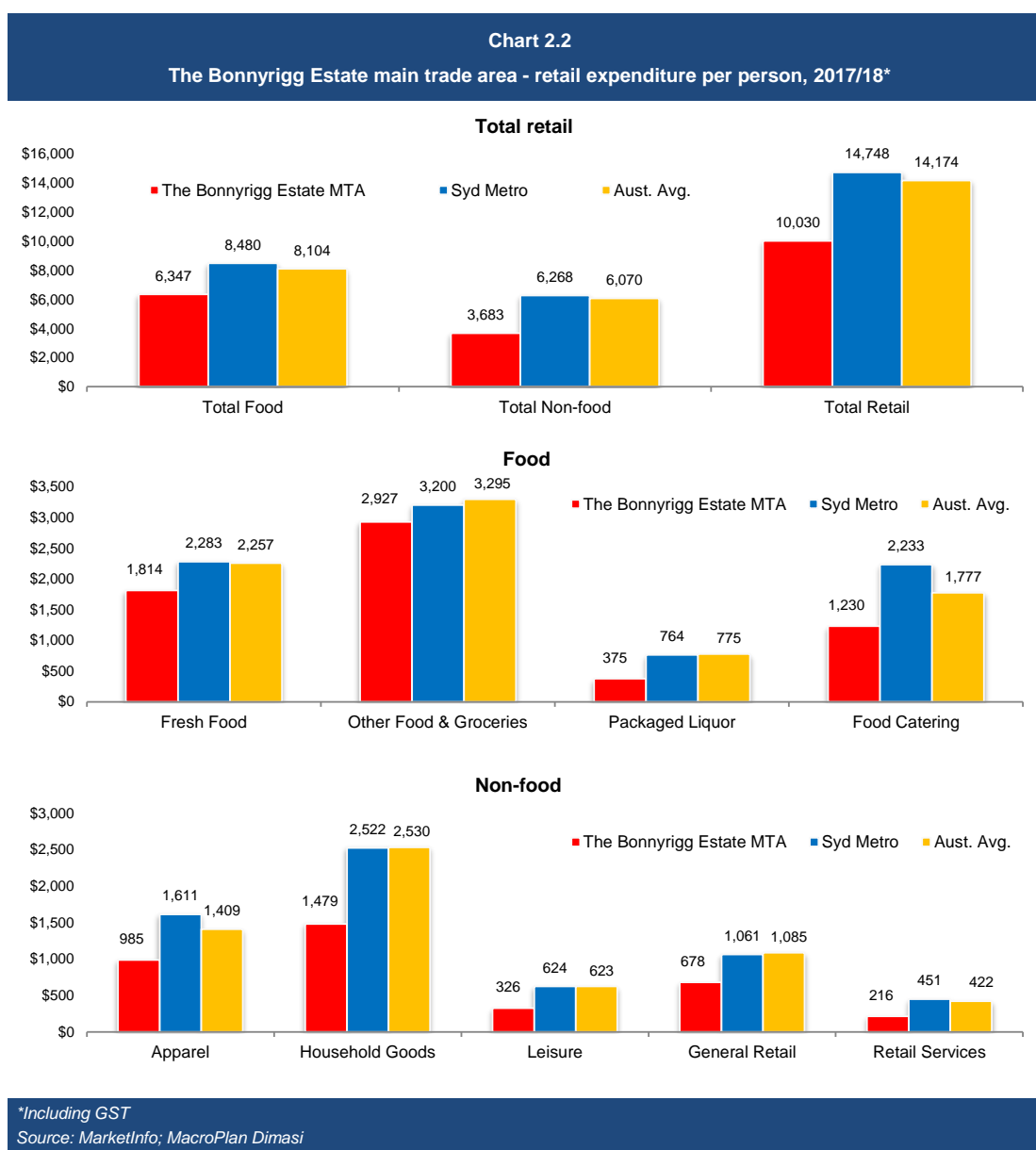


Table 2.3 and Chart 2.3 present estimates of retail expenditure capacity of trade area residents over the forecast period from 2018 to 2031. An allowance has been made to account for the changing expenditure profile of the Bonnyrigg Estate as development progresses, with the move to set the social housing provision at 30%, likely to result in increases in per capita expenditure on retail. The retail expenditure generated by the main trade area population is projected to increase from \$55 million at 2018 to \$142 million at 2031, reflecting an average growth rate of 7.5% per annum.

Table 2.3
The Bonnyrigg Estate main trade area - retail expenditure (\$M), 2018-2031*

| Year ending June | Primary sector | Secondary sectors | | Main TA |
|--------------------------------------|-------------------|-------------------|----------|------------|
| | | Nth-east | Sth-west | |
| 2018 | 33 | 14 | 9 | 55 |
| 2019 | 36 | 14 | 9 | 60 |
| 2020 | 41 | 15 | 9 | 65 |
| 2021 | 46 | 15 | 10 | 70 |
| 2022 | 51 | 16 | 10 | 76 |
| 2023 | 56 | 16 | 10 | 82 |
| 2024 | 62 | 17 | 10 | 89 |
| 2025 | 68 | 17 | 10 | 96 |
| 2026 | 74 | 18 | 11 | 103 |
| 2027 | 81 | 18 | 11 | 110 |
| 2028 | 87 | 19 | 11 | 117 |
| 2029 | 94 | 19 | 12 | 125 |
| 2030 | 101 | 20 | 12 | 133 |
| 2031 | 109 | 21 | 12 | 142 |
| <u>Average annual growth (\$M)</u> | | | | |
| 2018-2031 | 5.9 | 0.5 | 0.3 | 6.7 |
| <u>Average annual growth (%)</u> | | | | |
| 2018-2031 | 9.7% | 3.2% | 2.4% | 7.5% |
| *Inflated dollars & including GST | | | | |
| Source: MarketInfo; MacroPlan Dimasi | | | | |

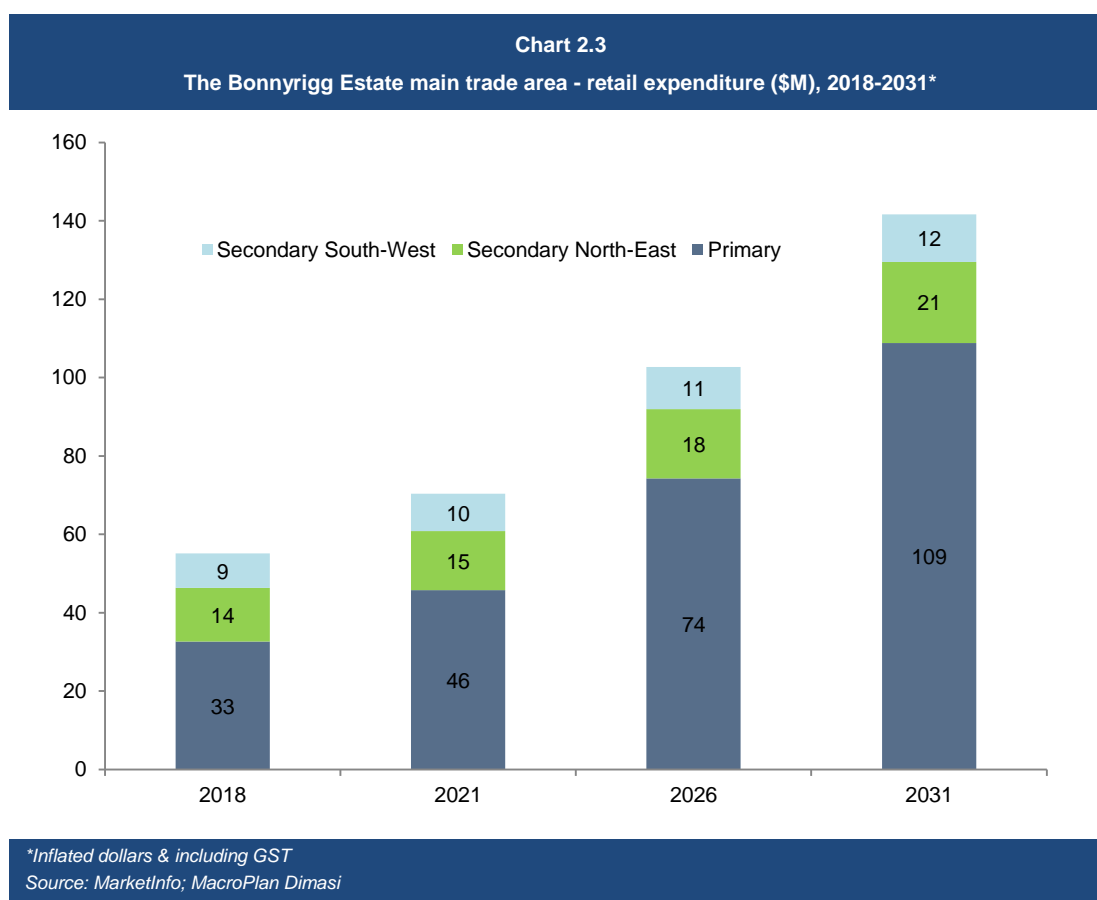


Table 2.4 presents the retail spending capacity of the main trade area population across key retail categories. FLG expenditure (food, liquor and groceries), which is the main expenditure category for supermarkets and convenience stores, is estimated at \$28 million at 2018 and is forecast to increase to \$74 million at 2031, reflecting average growth of 7.7% per annum. Food-catering the main expenditure category for cafes, restaurants and takeaway food tenancies, is projected to reach \$20 million at 2031.

Table 2.4
The Bonnyrigg Estate main trade area - retail expenditure by category (\$M), 2018-2031*

| Year ending June | FLG | Food catering | Apparel | Household goods | Leisure | General retail | Retail services | Total retail |
|------------------------------------|------|---------------|---------|-----------------|---------|----------------|-----------------|--------------|
| 2018 | 28 | 7 | 5 | 8 | 2 | 4 | 1 | 55 |
| 2019 | 30 | 7 | 6 | 9 | 2 | 4 | 1 | 60 |
| 2020 | 33 | 8 | 6 | 9 | 2 | 4 | 1 | 65 |
| 2021 | 36 | 9 | 7 | 10 | 2 | 5 | 1 | 70 |
| 2022 | 39 | 10 | 7 | 11 | 2 | 5 | 2 | 76 |
| 2023 | 42 | 11 | 8 | 12 | 3 | 5 | 2 | 82 |
| 2024 | 46 | 12 | 8 | 12 | 3 | 6 | 2 | 89 |
| 2025 | 49 | 13 | 9 | 13 | 3 | 6 | 2 | 96 |
| 2026 | 53 | 14 | 10 | 14 | 3 | 7 | 2 | 103 |
| 2027 | 57 | 15 | 10 | 15 | 3 | 7 | 2 | 110 |
| 2028 | 61 | 16 | 11 | 16 | 4 | 8 | 2 | 117 |
| 2029 | 65 | 18 | 11 | 17 | 4 | 8 | 3 | 125 |
| 2030 | 69 | 19 | 12 | 18 | 4 | 8 | 3 | 133 |
| 2031 | 74 | 20 | 13 | 19 | 4 | 9 | 3 | 142 |
| <u>Average annual growth (\$M)</u> | | | | | | | | |
| 2018-2031 | 3.5 | 1.0 | 0.6 | 0.8 | 0.2 | 0.4 | 0.1 | 6.7 |
| <u>Average annual growth (%)</u> | | | | | | | | |
| 2018-2031 | 7.7% | 8.7% | 6.9% | 6.7% | 7.0% | 7.0% | 7.1% | 7.5% |

**Inflated dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

Retail expenditure category definitions:

- FLG: take-home food and groceries, as well as packaged liquor.
- Food catering: expenditure at cafes, take-away food outlets and restaurants.
- Apparel: clothing, footwear, fashion accessories and jewellery.
- Household goods: giftware, electrical, computers, furniture, homewares and hardware goods.
- Leisure: sporting goods, music, DVDs, computer games, books, newspapers & magazines, stationery and photography equipment.
- General retail: pharmaceutical goods, cosmetics, toys, florists, mobile phones and pets.
- Retail services: hair & beauty, optical goods, dry cleaning, key cutting and shoe repairs.

Section 3: Competitive context

This section outlines the competitive environment in which the proposed retail facilities at The Estate will operate, with existing and proposed centres detailed on Table 3.1 and shown on the previous Map 2.1.

| Table 3.1 The Bonnyrigg Estate - schedule of major retail facilities | | | |
|---|-------------------|--|--|
| Centre | Retail GLA (sq.m) | Major traders | Dist. by road from The Bonnyrigg Estate (km) |
| Bonnyrigg Plaza | 21,000 | Big W, Woolworths | - |
| Kmart Bonnyrigg (p) | 5,200 | Kmart (p) | - |
| Bonnyrigg SC | 2,500 | Aldi | - |
| Edensor Park Plaza | 6,000 | Coles | 2.4 |
| Greenfield Park SC | 3,750 | IGA | 2.5 |
| Stockland Wetherill Park | 57,000 | Big W, Target, Woolworths, Coles | 4.2 |
| Westfield Liverpool | 72,000 | Myer, Big W, Target, Woolworths, Coles | 5.5 |

Source: Property Council of Australia; MacroPlan Dimasi

Bonnyrigg Plaza is the main retail component of the Bonnyrigg Town Centre and is a sub-regional centre encompassing around 21,000 sq.m of retail floorspace. The centre is anchored by a Big W discount department store and Woolworths supermarket and contains over 50 specialties with a particular focus on groceries and convenience-oriented retail, as well as containing a small provision of nationally branded apparel. The centre is currently undergoing a redevelopment which will see the addition of a new food court, fresh food precinct and al fresco dining area. Bonnyrigg Plaza would be the main shopping destination for current and future residents of the Bonnyrigg Estate, serving their weekly food, grocery and convenience oriented needs, as well as their non-food/discount department store needs.

Kmart have lodged an application for the development of a store at the former Bunnings Warehouse site, with Bunnings moving to a larger adjacent tenancy. This development, if it proceeds, is likely to increase the appeal of the Bonnyrigg Plaza, given the very close proximity:

- Within the secondary trade area (so within the main trade area), **Rigg Place Plaza**, is a small, convenience based centre located on Cabramatta Rd on the southern boundary of the Bonnyrigg Estate. The centre is anchored by an Aldi supermarket and is supported by a small provision of specialty retail which includes a pharmacy, a patisserie store, a beauty salon, Thai restaurant, Vietnamese grocer, Pizza Hut, and KFC. Non-retail facilities at the centre include a radiologist, dentist and auto accessories outlet. Rigg Place Plaza is likely the main centre providing a discount supermarket operator for existing and future residents of the Bonnyrigg Estate.

Two other neighbourhood centres are situated beyond the main trade area:

- **Edensor Park Plaza** is a Coles anchored supermarket-based centre, which is supported by around 20 predominantly convenience-oriented specialties.
- **Greenfield Park** – is anchored by a Vic's Fresh IGA supermarket and is supported by a small provision of retail specialties which includes fresh food, a pharmacy, a newsagency, takeaway food, a café and an Asian restaurant. The main non-retail uses at the centre include a medical and dental clinic.

In the surrounding region, the main higher order centres include:

- **Stockland Wetherill Park**, which is a sub-regional centre located 4.2 km north of The Estate. The Centre is anchored by Big W and Target discount department stores, as well as Woolworths and Coles supermarkets, and contains an extensive range of food-catering and apparel specialties. Due to the scale and role of the centre, it is unlikely to bear significant competitive influence on retail facilities at the Bonnyrigg Estate.

- **Westfield Liverpool**, which is the key retail centre within the broader Liverpool City Centre. The City Centre is undergoing a transformation as the Liverpool City Council pursues its strategic goal of positioning Liverpool as the main commercial centre in South West Sydney. Westfield Liverpool is a regional centre, encompassing approximately 72,000 sq.m of retail floorspace and is anchored by a Myer department store, Big W and Target discount department stores and Woolworths and Coles supermarkets. The centre possesses a wide-ranging trade area and recorded sales of \$500 million for the 2017 calendar year, at \$7,187 per sq.m (*SCN Big Guns 2018*).

Section 4: Retail floorspace demand analysis

This sub-section of the report outlines the expected demand for retail floorspace generated by the Bonnyrigg Estate trade area population. Modelling retail demand for a given area or centre is imprecise and depends on a range of factors. Therefore, the floorspace demand analysis presented in this sub-section should be viewed as indicative.

Table 4.1 outlines the indicative amount of retail floorspace estimated to be supportable at the Bonnyrigg site over the forecast period. Retail facilities at the Bonnyrigg Estate would mainly serve the top-up grocery, convenience retail and food-catering needs of residents within the estate. The proposed retail facilities at the Bonnyrigg Estate has the potential to retain a moderate proportion of the fresh food, take-home liquor and grocery (FLG), as well as food-catering spending of local residents, while it would retain lower proportions of the other retail categories. The expected retention rates by retail category in the primary sector are estimated to be around 12.5% for FLG expenditure and 20% for food-catering, taking into account the existing and future provision of retail facilities in the surrounding area. In other words, primary sector residents are estimated to direct one eighth of their FLG spend to future retail facilities within the Bonnyrigg Estate, with seven eighth of their FLG spend expected to be directed to other retail facilities in the area.

The retention rates predominantly reflect the notion that residents in the Bonnyrigg Estate are likely to utilise the Woolworths supermarket at Bonnyrigg Plaza and the Aldi supermarket at Rigg Place Plaza for their main weekly grocery shopping. Given the proximity of these retail anchors, it is likely that FLG-oriented retail facilities at the Bonnyrigg Estate will serve a more top-up and convenience-oriented role.

In addition, the proposed facilities at the Bonnyrigg Estate are unlikely to draw expenditure for apparel, household goods and leisure which are usually directed towards higher-order centres, or in the case of household goods also to large-format retail facilities. The proposed facilities is also only likely to draw modestly from the general and retail services provision, adding to the convenience-oriented offer future retail within The Estate.

According to this analysis, over 1,000 sq.m of retail floorspace is supportable within the Bonnyrigg Estate at 2024, including 870 sq.m of food-based floorspace and 160 sq.m of non-food floorspace. At capacity, this analysis indicates that around 1,450 sq.m of retail floorspace is potentially supportable at the within the Bonnyrigg Estate at 2031, including an 800 sq.m foodstore/convenience store, as well as almost 450 sq.m of food-catering floorspace, equating to around 3-4 tenancies.

We therefore estimate the scale of retail supportable at The Estate to be within the 1,000 – 1,450 sq.m range.

| Table 4.1 The Bonnyrigg Estate - indicative supportable floorspace by category (sq.m), 2018-2031 | | | | | | | | | | |
|---|--------------|------------------|---------------------|-------------|-----------------|-------------|-------------------|--------------------|--------------------|--------------------|
| Year endin June | FLG | Food catering | Total food | Apparel | H'hold goods | Leisure | General retail | Retail services | Total non-food | Total retail |
| <u>% retail expenditure retained</u> | | | | | | | | | | |
| Primary | 12.5% | 20.0% | 14.3% | 0.0% | 0.0% | 0.0% | 15.0% | 10.0% | 2.6% | 8.8% |
| Secondary | <u>10.0%</u> | <u>10.0%</u> | <u>10.0%</u> | <u>0.0%</u> | <u>0.0%</u> | <u>0.0%</u> | <u>15.0%</u> | <u>10.0%</u> | <u>2.3%</u> | <u>5.9%</u> |
| Main TA | 11.7% | 16.2% | 12.9% | 0.0% | 0.0% | 0.0% | 15.0% | 10.0% | 2.5% | 7.8% |
| 2018 | 398 | 177 | 570 | 0 | 0 | 0 | 88 | 24 | 110 | 680 |
| 2019 | 423 | 192 | 620 | 0 | 0 | 0 | 93 | 25 | 120 | 740 |
| 2020 | 453 | 210 | 660 | 0 | 0 | 0 | 98 | 26 | 120 | 780 |
| 2021 | 482 | 229 | 710 | 0 | 0 | 0 | 103 | 28 | 130 | 840 |
| 2022 | 513 | 249 | 760 | 0 | 0 | 0 | 109 | 29 | 140 | 900 |
| 2023 | 544 | 271 | 820 | 0 | 0 | 0 | 114 | 31 | 150 | 970 |
| 2024 | 576 | 294 | 870 | 0 | 0 | 0 | 120 | 32 | 150 | 1,020 |
| 2025 | 607 | 317 | 920 | 0 | 0 | 0 | 126 | 34 | 160 | 1,080 |
| 2026 | 639 | 342 | 980 | 0 | 0 | 0 | 131 | 35 | 170 | 1,150 |
| 2027 | 671 | 361 | 1,030 | 0 | 0 | 0 | 136 | 37 | 170 | 1,200 |
| 2028 | 703 | 381 | 1,080 | 0 | 0 | 0 | 142 | 38 | 180 | 1,260 |
| 2029 | 735 | 402 | 1,140 | 0 | 0 | 0 | 147 | 40 | 190 | 1,330 |
| 2030 | 768 | 422 | 1,190 | 0 | 0 | 0 | 153 | 41 | 190 | 1,380 |
| 2031 | 800 | 445 | 1,245 | 0 | 0 | 0 | 162 | 43 | 205 | 1,450 |

Source: MarketInfo; MacroPlan Dimasi

Section 5: Assessment of centre potential

This section provides an assessment of the scale, mix and the preferred location of retail floorspace expected to be supportable at The Estate, as well as the sales and rent potential for the recommended facilities.

The potential scale of any particular retail facility be it an individual store or a collection of stores provided in a shopping centre or precinct, is determined by a combination of the following factors:

- The quality of the facility, with particular regard to the major trader/traders which anchor the centre; the strength of the tenancy mix relative to the needs of the catchment which it seeks to serve; the physical layout and ease of use; the level of accessibility and ease of parking; and the atmosphere/ambience of the centre.
- The size of the available catchment which the centre seeks to serve. This factor sets the upper limit of the sales potential able to be achieved by the centre or store.
- The location and strengths of competitive retail facilities and the degree to which those alternative facilities are able to effectively serve the needs of the population within the relevant trade area.

The key considerations for the potential scale of proposed retail facilities within the Bonnyrigg Estate include the following:

- The available population within the catchment, which is projected to reach 10,640 at 2031, including the completed Estate, which is projected to accommodate 8,500 residents at capacity.
- The location of retail facilities which are internalised within the estate. This affects the profile of such tenancies, which are not exposed to either passing foot or vehicular traffic, limiting the draw of these retailers to capture customers beyond its trade area.

- The changing socio-demographic profile of the area, with 70% of the dwellings at the Bonnyrigg Estate to be privately owned.
- The scale and quality of existing retail facilities in the surrounding area, particularly Bonnyrigg Plaza and Rigg Place Plaza, which are likely to remain the core weekly grocery shopping destinations.

5.1 Retail floorspace potential

Convenience store

A full scale supermarket is typically provided for every 8,000 – 10,000 residents in metropolitan locations. The current and future resident population of the trade area is already adequately served by the Woolworths supermarket at Bonnyrigg Plaza and the Aldi supermarket at Rigg Place Plaza. In addition, the trade area population is not expected to surpass 10,000 until 2030.

Lack of car parking and the small trade area give further reason to there being no demand for a full scale supermarket.

That being said however, the floorspace demand analysis generated from The Estate trade area population, detailed in the previous section, indicates that a convenience store of around 700 - 1100 sq.m is considered supportable within The Estate. Such a tenancy is likely to play a different role from the existing supermarkets in the surrounding area in serving the top-up and on-the-go food based needs residents within The Estate. An ideal location of a convenience store within The Estate would be on ground floor retail surrounding the Village Green which is planned to link to Bonnyrigg Plaza and the public transport nodes within the Town Centre.

Specialty shops

A convenience store at The Estate is expected to be able to support a limited range of retail specialty shops. The amount of sustainable specialty space will depend on a range of issues, likely to be centred on food and beverage, as well as non-food convenience-oriented retail.

Following are possible retail stores by retail category:

- Food catering – This category includes take-away food stores, cafes and restaurants. Around 3 - 4 catering tenants are expected to be supportable within the estate in support of the small convenience store at the Village Green, including two cafés and two takeaway food tenancies (e.g. Chinese, pizza, fast food outlet). The cafes would ideally have strong points of difference with alternative cuisines, i.e bakery/patisserie/café, or a health food offer, for example. In our view they would all benefit from being located close to each other to reinforce the retail spend in one general location and take advantage of the locational benefits of the Village Green and its connection to the Bonnyrigg Town Centre.
- General retail – We believe a small pharmacy could be attracted, particularly if a medical centre can also be attracted.
- Retail Services – Service retail is likely to work in this location, for instance a hairdresser, beauty/nail operator.

Table 5.1 following provides a summary of the potential scale and composition of retail uses considered supportable at Estate and also assesses the sales potential for the recommended retail uses, which have regard to the proposed centre composition, the available retail expenditure and the competitive framework within which the facilities will operate. These forecasts assume that the level of private home ownership in the area increases rapidly towards 70% of all dwellings in the area over the medium term.

| Table 5.1 | | | |
|--|----------------------|--|--------------|
| Bonnyrigg Estate - Potential composition and sales potential by retail category* | | | |
| Category | Retail GLA (sq.m) | Est. sales potential (‘000s) (\$/sq.m.) | |
| <u>Major tenants</u> | | | |
| Convenience store | 800 | 3,600 | 4,500 |
| <u>Retail specialties</u> | | | |
| Food catering | 450 | 2,700 | 6,000 |
| Leisure | 60 | 270 | 4,500 |
| General | 100 | 500 | 5,000 |
| Retail services | <u>40</u> | <u>180</u> | <u>4,500</u> |
| Total retail spec. | 650 | 3,650 | 5,615 |
| Total retail | 1,450 | 7,250 | 5,000 |
| <i>*Includes GST</i> | | | |
| <i>Source: MacroPlan Dimasi</i> | | | |

The recommended scale of the retail at the Bonnyrigg Estate will predominantly serve the top-up food and convenience-oriented needs of residents within the estate. Bonnyrigg Town Centre and Rigg Place Plaza are likely to remain the core weekly shopping destinations of the existing and future residents of the Bonnyrigg Estate. Retail developed on The Estate will complement the offer at these centres, providing a local and convenient offer surrounding modern and clean open spaces for residents of the Estate.

The sales potential for an 800 sq.m convenience store/food store is estimated at \$3.6 million, reflecting a sales productivity level of \$4,500 per sq.m. The retail specialty stores have an estimated sales potential of \$3.65 million, with total retail sales potential estimated at \$7.25 million.

Table 5.2 outlines the indicative gross rents that could potentially be achieved by the identified uses for retail facilities at the Bonnyrigg Estate.

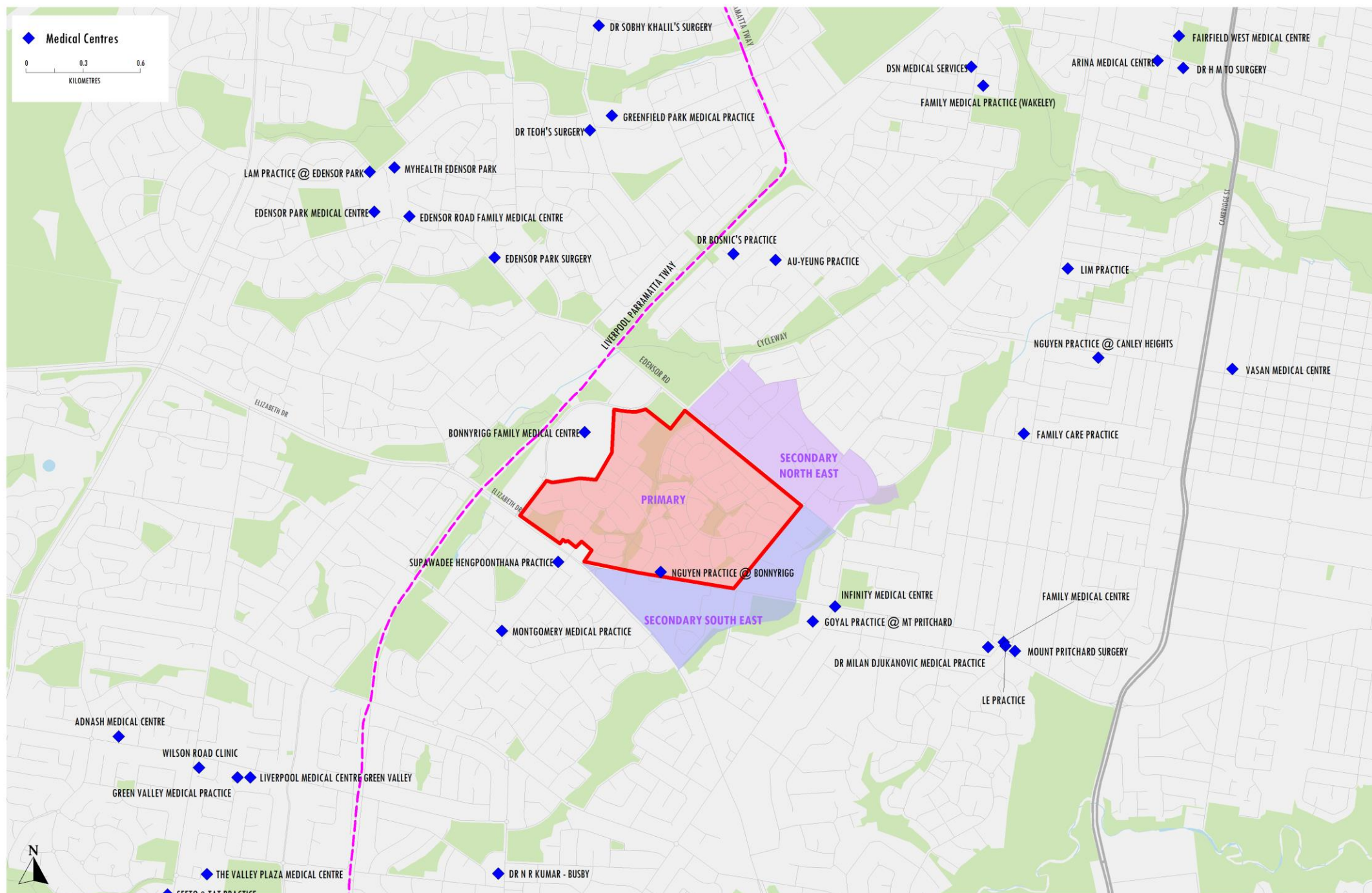
Table 5.2
Bonnyrigg Estate - Rental potential by retail category

| Category | Retail GLA (sq.m) | Gross rents (‘000s) | Gross rents (\$/sq.m.) | Occ. Cost ratio (%) |
|-----------------------------|----------------------|------------------------|---------------------------|------------------------|
| <u>Major tenants</u> | | | | |
| Convenience store/foodstore | 800 | 414 | 518 | 11.5% |
| <u>Retail specialties</u> | | | | |
| Food catering | 450 | 338 | 750 | 12.5% |
| Leisure | 60 | 36 | 608 | 13.5% |
| General | 100 | 63 | 625 | 12.5% |
| Retail services | <u>40</u> | <u>27</u> | <u>675</u> | <u>15.0%</u> |
| Total retail spec. | 650 | 463 | 713 | 12.7% |
| Total retail | 1,450 | 877 | 605 | 12.1% |

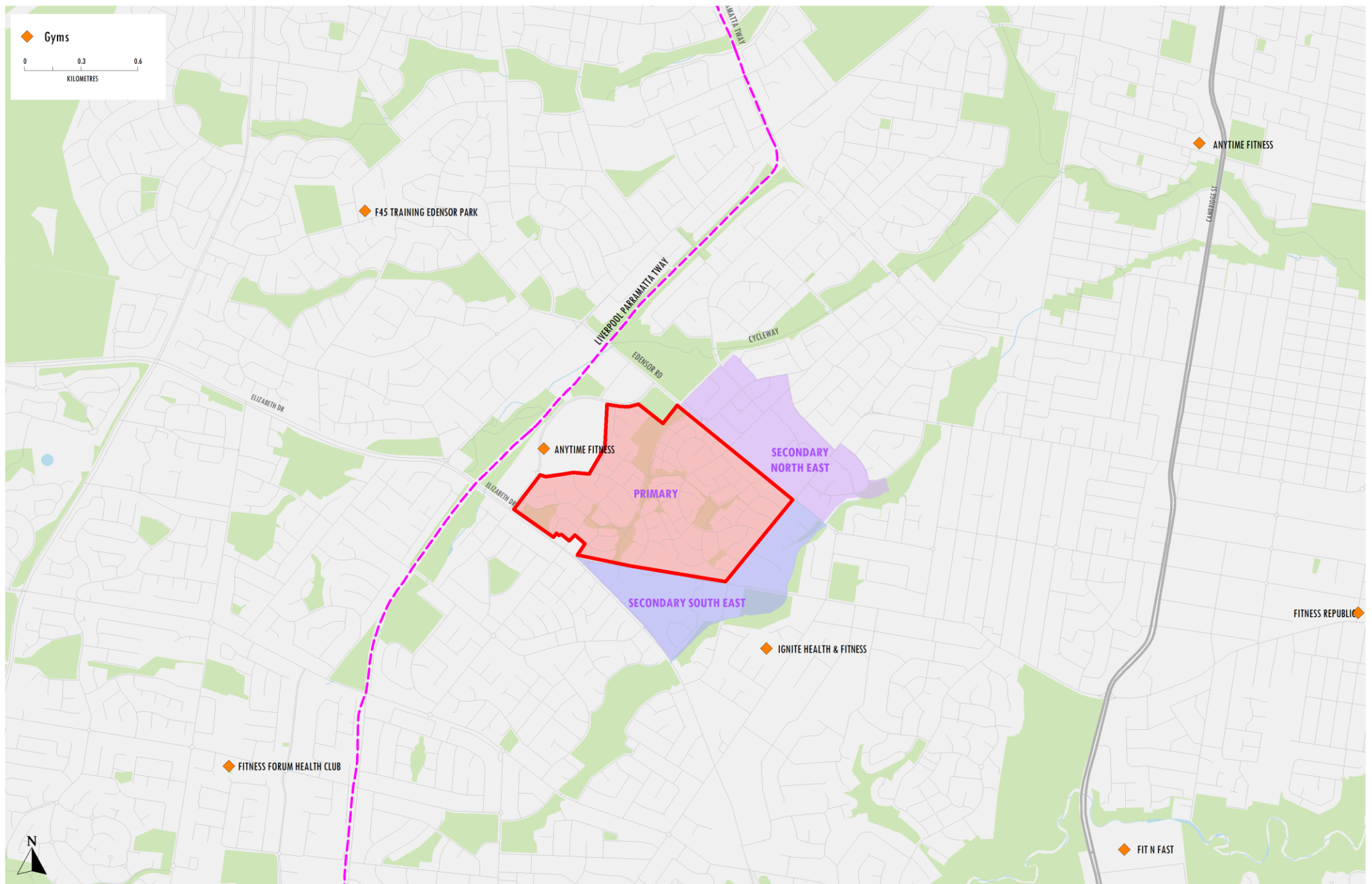
Source: MacroPlan Dimasi

5.2 Non-retail uses potential

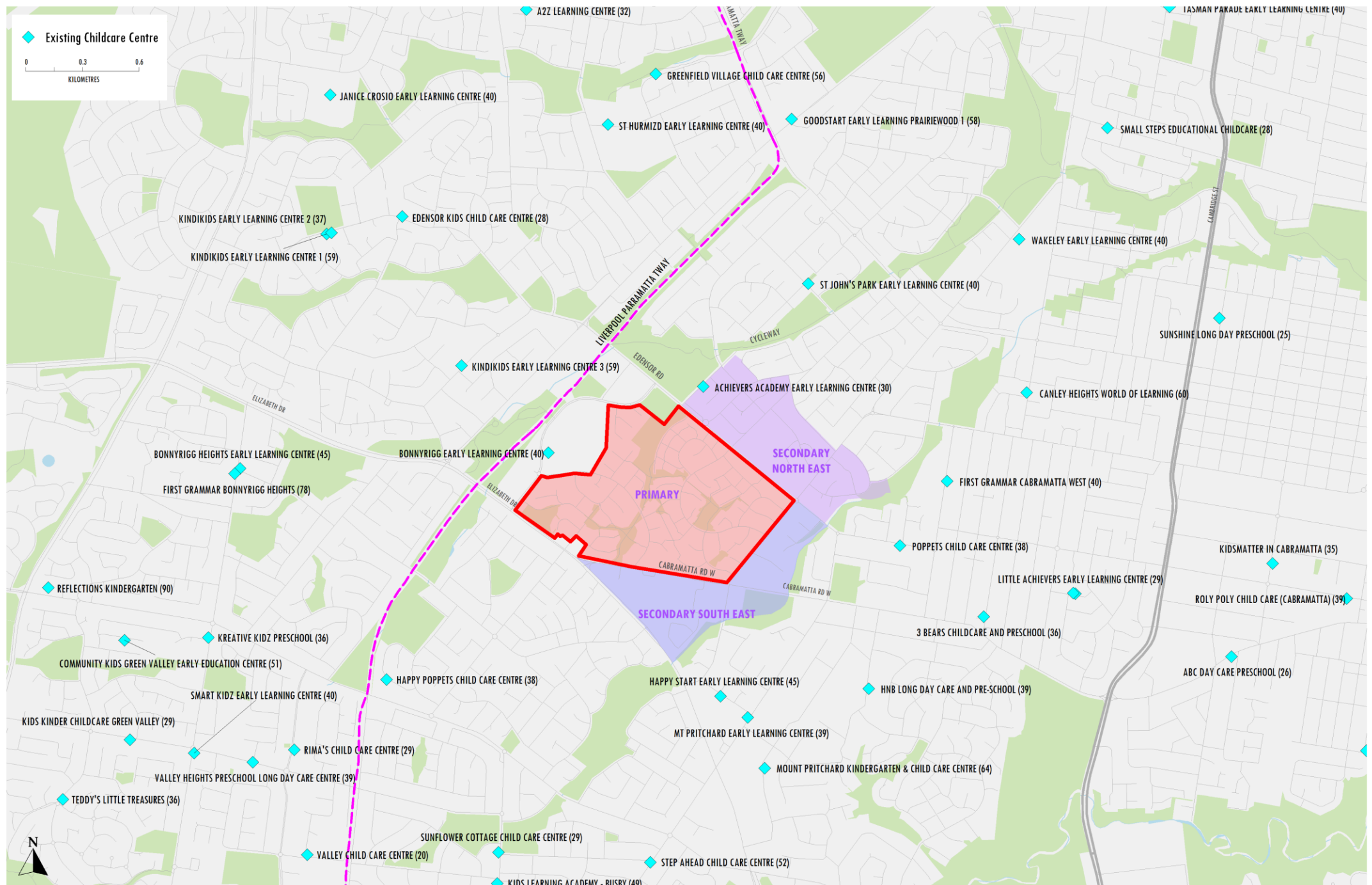
Maps 5.1- 5.3 illustrate the locations of medical centres, childcare centres and gymnasiums in the local area. Given the small scale of the retail component at The Estate, there is considered very limited demand for small scale non-retail shopfronts. Potential non-retail uses at The Estate must give consideration to uses which complement the Bonnyrigg Town Centre or fill gaps of services currently not provided within the Town Centre. However, the Bonnyrigg Town Centre surrounds already provide an adequate provision of medical centres (Bonnyrigg Family Medical Centre, Nguyen Practice @ Bonnyrigg), gyms (Anytime Fitness) and childcare centres, Bonnyrigg Early Learning Centre. Due to the proximity of these facilities, it is unlikely that such uses could be accommodated within The Estate, especially given that if such uses were looking to locate to the Bonnyrigg, they would generally consider a vacant tenancy within the Bonnyrigg Town Centre first. The Estate however, could potentially support a real estate agent, servicing the residential development within The Estate.



Map 5.1: Bonnyrigg
Medical centres



Map 5.2: Bonnyrigg
Fitness centres/gymnasium facilities



Map 5.3: Bonnyrigg
Childcare centres

Section 6: Conclusions

Of the total 3,000 sq.m of retail, non-retail and community use space currently allocated for The Estate, slightly over 2,000 sq.m is allocated to retail.

As a result of our understanding of The Estate, the trade area, the proposed staging, the floorspace demand study and our experience with these type of Estates, our view is that between 1,300 - 1,800 sq.m is ultimately a more appropriate and supportable quantum of retail. We envisage the retail composition being a 700 - 1100 sq.m convenience store, 450 sq.m of food-catering floorspace, equating to around 3-4 tenancies, and a small provision of convenience-oriented specialties. Retail at The Estate will predominantly serve the top-up food and convenience-oriented needs of residents within The Estate. Bonnyrigg Plaza and Rigg Place Plaza are likely to remain the principal weekly shopping destinations of the existing and future residents of The Estate. Retail developed on The Estate may well complement the offer at these centres, providing a local and convenient retail in a new, clean, safe environment.

It is recommended the general location of retail within The Estate should be situated within the Plaza Precinct, in close proximity to the Bonnyrigg Plaza and Town Centre and generally coinciding with the delivery of the higher density living. This will help underpin the retail, which can in turn activate the adjacent parkland, in particular the proposed 'Village Green.' We believe the retail activation zones should be more 'clustered', providing a central focus point within The Estate and providing better amenity and shopper appeal.

We agree with the general location of the retail in the north-eastern corner of the site, closer to Bonnyrigg Plaza and generally coinciding with the delivery of the higher density living. Clustering of the retail should be promoted in the design to maximise its viability, taking full advantage of the 'Village Green' and adjacent parkland.