Entertainment Quarter

Economic Impact Assessment

March 2009

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Prepared for Colonial First State Property Management (CFSPM)

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Executive Summary

1. The Entertainment Quarter (EQ) is a unique, family entertainment centre that incorporates a variety of entertainment and retail uses, as well as a number of employing businesses. Permanent attractions include two cinema complexes, bowling, restaurants, cafes, pubs, weekly village markets and retail shops. Occasional exhibitions are also organised which help generate additional activity and exposure for the retail elements. EQ also benefits greatly from the activity generated by adjoining attractions such as the sports stadium, sports facilities, entertainment venues and Centennial Park.

2. Due to the nature of the surrounding uses and the facilities provided within the Entertainment Quarter, the centre functions very differently to a traditional retail centre, and does not fit neatly into a standard retail hierarchy. As a result, it serves a variety of market segments who use different facilities in the precinct in different ways. For example, children's activities attract young families from the local resident market; visitors from across the rest of Sydney and beyond are attracted during special events in the vicinity; while on-site workers provide a further market.

3. A State Environment Planning Policy (SEPP) limits the total floorspace of the former Moore Park Showgrounds to 144,000 sq.m. The master plan approved in May 1996, and through subsequent amendments, gives a total floorspace of 123,813 sq.m, 73,500 sq.m of which is allocated to the Working Film Studio and 50,313 sq.m allocated to EQ. CFSPM are seeking approval for the remaining development potential within the statutory limit (20,170 sq.m of the 144,000 sq.m) and a redistribution of floorspace from the Working Studio precinct to EQ. The additional floorspace to be reallocated from the Working Studio to EQ, and for which approval is sought, is 26,187 sq.m

4. EQ serves various markets including :

   - A local resident trade area where there are around 600,000 residents within a 15 minute drive of the centre, generating a very large retail spending base.
   - Residents from across the rest of the Sydney metropolitan area, as well as intrastate, interstate and international visitors represent a second market for EQ which is again quite sizable and driven by use of the EQ facilities during special events in the local precinct.
   - There is a large working population in close proximity, including within the EQ facilities as well as the adjacent working studios and commercial precinct.

5. The inner eastern and southern suburbs of Sydney are well provided with a variety of activity centres. Some of those centres include the significant retail and commercial offer within Bondi Junction, as well as the very popular Oxford Street strip in Paddington. Generally, these centres within this network serve different purposes to each other, providing broad variety in the type of retail and entertainment facilities available to the community.

6. The Entertainment Quarter is a vastly different centre to most traditional centres due to a number of key factors including :

   - A small retail provision of just over 6,000 sq.m[1] currently
   - Retail uses that are ancillary to the other entertainment facilities within EQ and the surrounding precinct
   - The entertainment focus of EQ which is different to almost all other centres

[1] The retail provision in this report includes retail specialty shops and mini majors, including food catering outlets such as restaurants, cafes, and take-away food. It does not include bars, taverns or other drinking establishments e.g. Bavarian Beer Café, or entertainment uses e.g. Strike Bowling.

- While EQ does serve a local market to an extent, the vast majority of activity is generated when there are other events in the local area, ensuring EQ serves a very broad market
- EQ appeals to certain market segments, in particular children and young families. Most other centres have a broader market appeal, and do not focus on the young family market, or any other specific segment for that matter.

7. The role played by EQ will result in the proposed expansion of facilities having a minimal impact on other retail centres. While it is difficult to precisely estimate the magnitude of impact, it is clear that the impact on retail facilities of the expansion to EQ is expected to be less than -0.5%. Impacts of this magnitude will largely go unnoticed by retailers. EQ serves a vastly different role to other traditional centres and this combined with the broader area served by the centre will mean the impact on any one centre will be negligible.
8. The proposed expansion of facilities at the Entertainment Quarter has further community benefits including the generation of additional employment, both ongoing within the centre and during the construction phase; providing a greater range of facilities generating enhanced appeal for a broader range of users; and strengthening this precinct as an important entertainment destination for Sydney-siders and other visitors.
9. Overall, we conclude that the proposed expansion of facilities at the Entertainment Quarter will have a negligible impact on other centres within the hierarchy. Due to the unique role served by EQ the benefits of continued development far outweigh any minor competitive effects. The entertainment role played by the EQ is important for Sydney, and particularly for the broader usage of the sporting, leisure and entertainment precinct around Moore Park.
10. In response to the Director-General's requirements, it is established that "the additional retailing impact on surrounding centres/retail areas, including Bondi Junction and Oxford Street" will be negligible.

1 Development Context

The Entertainment Quarter is located in Moore Park, in Sydney's inner east, around 3 km south-east of the Central Business District (CBD) and 2 km west of Bondi Junction.

1.1 Regional Context

The region contains some of Sydney's wealthiest suburbs, and the concentration of shopping, entertainment, restaurants, parks and beaches attract a young, affluent population and visitors from throughout Sydney and beyond.

Key destinations include Oxford Street, Bondi Junction and Double Bay (shopping, bars, cafes), Centennial Park, Aussie Stadium and the Sydney Cricket Ground, Kings Cross (bars/night life), Randwick Racecourse and Bondi, Woolloomooloo, Darlinghurst, Surry Hills (restaurants).

Public transport through the inner eastern suburbs is generally confined to bus services concentrated along Oxford Street and New South Head Road, supported by a rail line running through Edgecliff to Bondi Junction and a ferry service linking Double Bay and Rose Bay to Circular Quay. The Eastern District Highway (which passes directly below (to the west) of Moore Park) is the main road link to Sydney airport from the CBD.

1.2 Moore Park

Moore Park is a small precinct comprising the former Moore Park showgrounds and Moore Park golf course.

Moore Park is bordered to the east by Centennial Park, a significant 189 ha of open space located within inner eastern Sydney. To the west, Moore Park borders the suburbs of Surry Hills, a former working class and densely populated inner suburb now containing some of Sydney's best restaurants, and Redfern, a focus for redevelopment by the State Government aimed at reducing the concentration of poverty. Redfern lies at the northern edge of a large industrial precinct extending south through the suburbs of Waterloo, Zetland, Rosebery and Alexandria. South-east of Moore Park and on Anzac Parade, Randwick Racecourse is Sydney's premier horse racing track.

The Royal Agricultural Society and Royal Easter Show relocated from Moore Park to Homebush in the mid 1990s. Following their departure, Fox Studios assumed the lease for the former Moore Park Showgrounds in 1996. Fox Studios has helped to generate a State (and National) interest in film related activities so that Moore Park has become a focus for screen production, broadcast and related arts organisations.

A number of other developments and improvements have occurred since which have helped to consolidate Moore Park as a major entertainment precinct.

Major attractions in Moore Park include:

- The Entertainment Quarter, a unique family entertainment centre.
- The Sydney Cricket Ground (SCG), which hosts cricket and football (AFL) matches throughout the year, and the Sydney Football (Aussie) Stadium, which hosts rugby union, rugby league and soccer matches during winter months.
- Royal Hall Industries and Byron Kennedy Hall (function venues for hire) and the Hordern Pavilion, an entertainment venue which hosts concerts and performances.
- Centennial Parkland Equestrian Centre.
- Sports facilities including the NSW Cricket Academy/Indoor Cricket Centre, Parkland Sports Centre (Tennis, Netball, Basketball)
- Moore Park Golf Club

1.3 The Entertainment Quarter

The Entertainment Quarter is a unique, family entertainment centre that incorporates a variety of entertainment and retail uses as well as a number of employing businesses.

Permanent attractions include two cinema complexes, bowling, restaurants, cafes, pubs, weekly village markets and retail shops. Occasional exhibitions are also organised which help to generate additional activity and exposure for retail elements.

EQ benefits greatly from activity generated by adjoining attractions such as the sports stadiums, sports facilities, entertainment venues, and Centennial Park.

EQ contains around 51,000 sq.m of leasable floorspace. Of this, retail floorspace comprises around 12% or 6,400 sq.m. Roughly a third of this space is food catering (restaurants and cafés) and another third to apparel retailers (refer to Table 1.1). Note that the definition of retail uses includes specialty shops and mini majors, including food catering, but excluding entertainment related uses such as Strike Bowling, Lollipops Playground, The Fox and Lion Hotel and the Bavarian Beer Café.

Some 26,600 sq.m, or 52%, is occupied by film, TV, media and other related industries in commercial office and studio space.

The Australian Film Television and Radio School opened at EQ in May 2008, offering short and award courses and employing around 30 staff to teach both full time and part time students.

The Entertainment Quarter, Composition, December 2008 **Table 1.1**

Product Category	Leasable Floor Area Sq.m	% of Property
Retail		
Mini-Majors	1,492	2.9%
Specialty Shops:		
Food Retail	268	0.5%
Food Catering	2,052	4.0%
Apparel	2,074	4.1%
Bulky	180	0.4%
Homewares	19	0.0%
Leisure/General Retail	302	0.6%
Personal Services	13	0.0%
Total Specialty Shops	4,908	9.6%
Total Retail	**6,400**	**12.5%**
Cinemas	11,000	21.5%
Entertainment[1]	4,000	7.8%
Other Non Retail	3,086	6.0%
Commercial	25,817	50.5%
Vacant	849	1.7%
Total Centre	**51,152**	**100.0%**

1. Entertainment includes Strike Bowling, Lollipops Playground, The Fox and Lion and the Bavarian Beer Café

Source: CFSPM; Urbis

While removed from major public transport routes, EQ is linked to the regional road network through Anzac Parade, Moore Park Road and South Darling Street which links to the Eastern Distributor Freeway, the main access route between the CBD and Sydney International Airport. Carparking is available directly west of EQ in addition to 2,130 car park spaces located within the centre.

Both the use of EQ and the type of visitors it attracts can fluctuate depending on the time of day, day of the week, whether major sporting and entertainment events are on, or the level of activity in Fox Studios. The major elements can attract quite diverse crowds which are generally unlike other traditional centres.

Due to the nature of surrounding uses and the facilities provided within the Entertainment Quarter, the centre functions very differently to a traditional retail centre, and does not fit neatly into a standard retail hierarchy. As a result, it serves a variety of market segments who use different facilities in the precinct in different ways. For example, EQ serves a local resident market who are drawn by facilities such as the market, cinemas, and children's activities in particular. People within this market segment will visit EQ at various times throughout the week, although predominantly on weekends and market days.

The next group of EQ users are drawn to the precinct during special events. Various events and activities are hosted at Entertainment Quarter and surrounding facilities throughout the year, ranging from large sporting events at the Sydney Cricket Ground to exhibitions and performances at various events spaces or the Hordern Pavilion, through to major film openings secured at the cinema complex. EQ users visiting during these event times will be attracted from across the Sydney metropolitan area, as well as attracting visitors from intrastate, interstate and overseas.

The broader Sydney metropolitan market and tourists will use a variety of facilities at EQ in conjunction with the event that is on, including the cafes and restaurants and often the social meeting places such as the Fox and Lion Hotel and the Bavarian Bier Café. The frequency of visiting for these patrons is not consistent throughout the year, and is entirely dependent on the events that are occurring within the Entertainment Quarter and surrounding precinct.

The final major market segment are the on-site workers in the commercial space at EQ, and also in the adjacent working studios. The on-site workers are generally drawn by the cafes, restaurants and hotels, as well as the market which is held on a Wednesday during the week.

Due to the nature of the users of EQ, and their various purposes of visitation, the traditional retail shops such as the clothing and homewares outlets, operate as a complementary offer to the main attractors, with sales peaking in line with busy times for other major events. The traditional retail facilities are generally not the main purpose for visiting the Entertainment Quarter as they would be in other nearby centres such as Oxford Street in Paddington or Bondi Junction.

2 Proposed Development

CFSPM are seeking to gain approval for an additional 26,187 sq.m of floor area within the Entertainment Quarter.

2.1 Planning Context

CFSPM applied to the Minister for Planning for approval of a Concept Plan which seeks to amend the approved Master Plan applying to the former Moore Park Showground (May 1996).

The Minister for Planning has confirmed the amendment to the Master Plan is a major project for the purposes of State Environmental Planning Policy (Major Projects) 2005 and Part 3A of the Environmental Planning and Assessment Act, 1979.

In confirming the amendments to 'major project' status, the Director-General (14 March 2008) stipulated some environmental assessment requirements that include potential economic impacts of the proposal:

- The proposed retail uses shall be directed to be ancillary and complementary to the 'entertainment' nature of the site and precinct and not a regional/subregional retail attraction.
- An Economic Impact Assessment (EIA) is required to address the economic impact of the retail/commercial component of the development and include an investigation into the impact upon the retail, commercial and residential industry within the locality and having regard to the hierarchy of centres in the relevant regional strategy.

State Environment Planning Policy No. 47 limits the total floorspace of the former Moore Park showgrounds to 144,000 sq.m. The Master Plan approved in May 1996, and through subsequent amendments, gives approval for total floorspace of 123,813 sq.m; 73,500 sq.m allocated to the professional ("Working") film studio (Fox Studios Australia) and 50,313 sq.m allocated to EQ.

CFSPM has reached agreement with Fox Studios Australia to reallocate some of the potential developable floorspace from the Working Studios precinct to the EQ precinct. To proceed, an amendment to the existing approved Master Plan is required.

CFSPM are seeking approval for the remaining development potential within the statutory limit (20,187 sq.m of the 144,000 sq.m) and a redistribution of floorspace from the Working Studio precinct to EQ. The net additional floorspace to be re-allocated from the Working Studios precinct to EQ, and for which approval is sought, is 26,187 sq.m. This would take EQ to 76,500 sq.m total floorspace.

2.2 Specific Development Sites

The Concept Plan identifies nine new buildings within which the additional 26,187 sq.m could potentially be contained and would be the subject of separate future applications (refer to Table 2.1 and Figure 2.1).

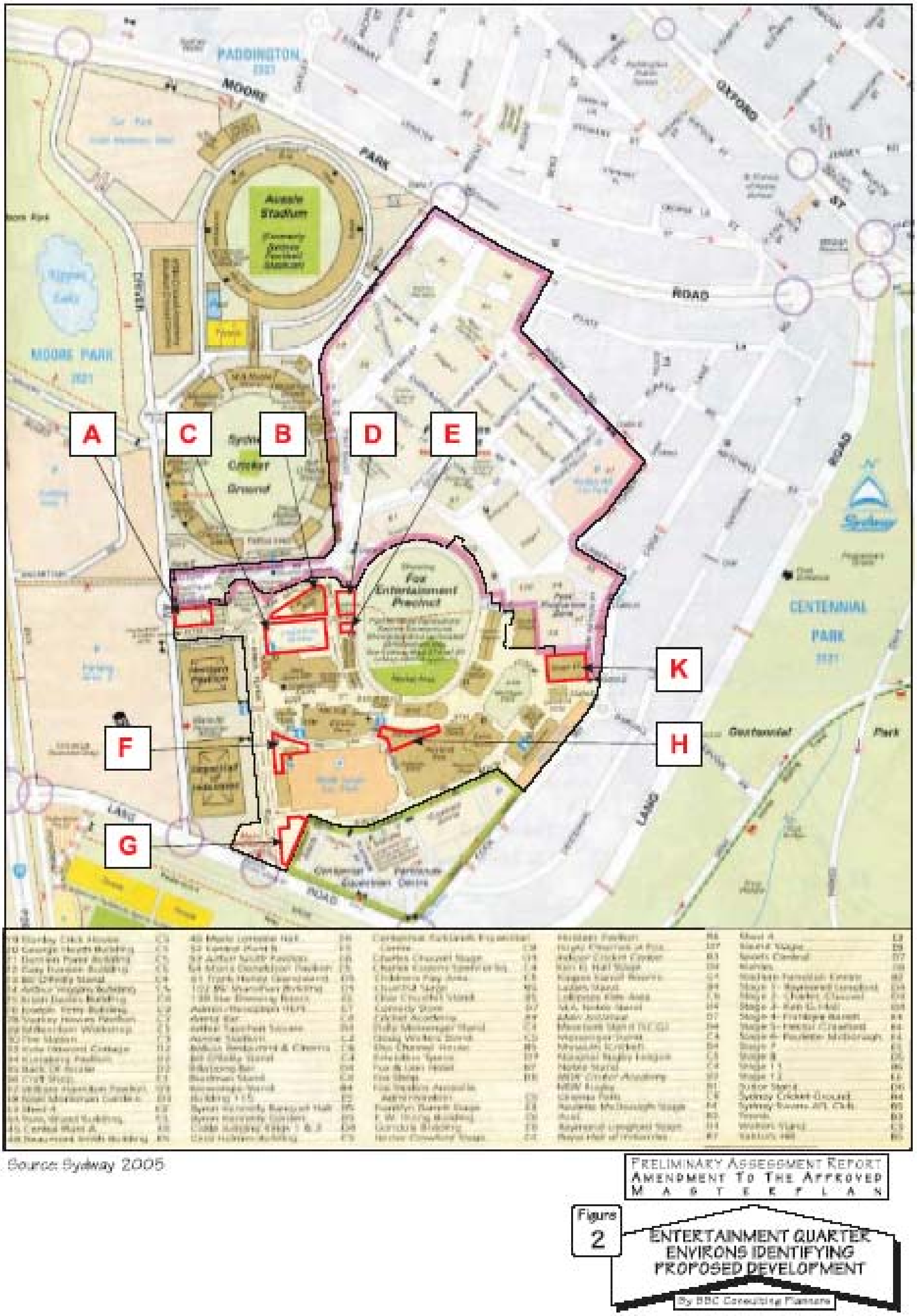
At this stage, specific uses within each building to be redeveloped have not been determined. The uses will be determined at a later date and form part of the future separate applications. As required however, the uses will be ancillary and complementary to the entertainment focus of the precinct.

For the purposes of analysis in this report, we have generally assumed that there will be roughly a pro-rata increase in each type of facility, in line with the existing allocation of space. In practice, there will be some exceptions to this to prevent duplication of facilities, and also to enable new entertainment uses to be developed. For example, a hotel may be an appropriate new addition to the precinct.

The Entertainment Quarter, Proposed Floorspace			Table 2.1
Building	Site Area Sq.m	Current Use	Potential Floor Space Sq.m
A	660	Vacant	950
B	1,518	Film related commercial offices	5,600
C	2,038	Coach car park	8,007
D	500	Vacant	1,000
E	230	Children's playground	460
F	805	Vacant	4,830
G	1,050	Service yard	1,900
H	580	Nil	1,160
K	1,643	Film related development	4,980
Total	**9,024**		**28,887**
Demolition of existing structures			2,700
Net Floorspace Change			**+26,187**

Source: BBC Consulting Planners; Urbis

Figure 2.1 – Entertainment Quarter Concept Plan and Proposed Development Buildings



3 Catchment Analysis

Due to the nature of the Entertainment Quarter offer and its position in the Moore Park precinct, it serves a variety of distinct markets that are drawn to the centre for a number of reasons. The relevant markets can perhaps be summarised as follows :

1. Local Resident Trade Area
2. Remainder of Sydney (purpose or events driven)
3. Other Tourists
4. On site workers

3.1 Local Resident Trade Area

Although EQ does have very broad appeal as a destination for people across a large area, various components of the offer mean that a large proportion of visitors, particularly outside event times, are residents from the local area. The regular markets (three times a week), cinemas and children's entertainment facilities in particular attract the local resident market.

For the purposes of our analysis, we have defined a local resident catchment based on a 15 minute drive time area. This has been split into five minute and ten minute drive time sectors. Note that the drivetime assumes off-peak travel conditions, which is when most residents visit EQ. This catchment is shown in Map 3.1 and generally covers the eastern suburbs of Sydney, into the City.

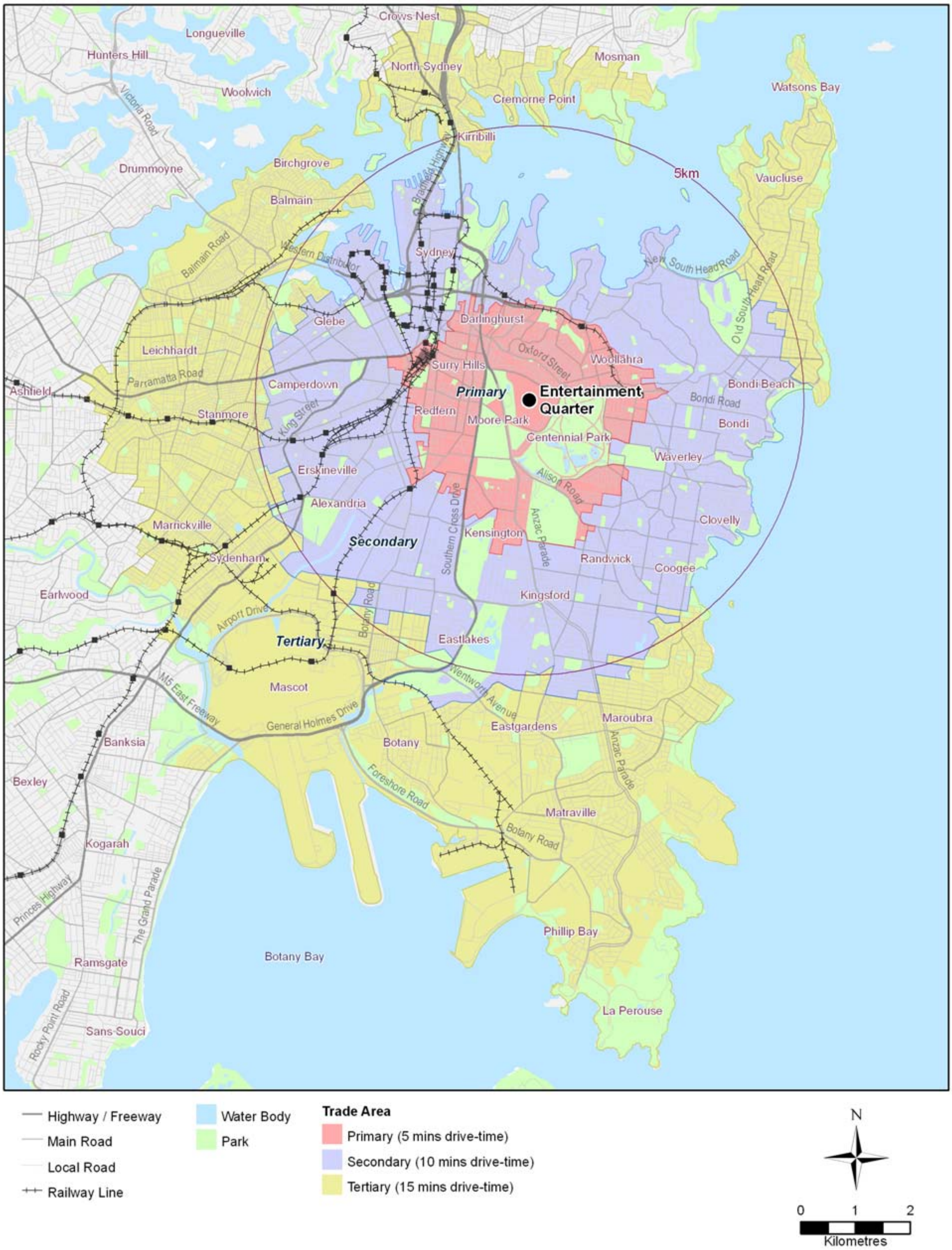
3.1.1 Population

It is estimated that around 83,000 people currently reside within five minutes drive time of EQ (refer to Table 3.1). A further 270,000 people reside within 5-10 minutes drive time of the location, and a further 246,000 people reside within 10-15 minutes drive time. In total, it is estimated 600,000 people reside within 15 minutes drive time of EQ.

Growth in population levels within the 15 minute drive time area are expected to be strongest between 2008 and 2011, totalling around 7,800 people or 1.3% per annum, after which they are expected to slowly moderate over the following ten years. This is relatively similar growth to that anticipated across Sydney.

Population growth is expected to be strongest within 10 minutes drive of EQ, peaking at 1.7% between 2008 and 2011, reflecting opportunities for infill development and preference for higher density living.

Map 3.1 – 15 Minute Local Resident Drivetime Area



Entertainment Quarter Trade Area Population, 1991-2021								Table 3.1
	Estimated Resident Population[1]							
	Actual					Forecast		
Drive Time Area	1991	1996	2001	2006	2008	2011	2016	2021
5 Minutes Drive	**63,500**	**71,500**	**71,980**	**80,500**	**83,224**	**87,310**	**93,008**	**96,150**
5-10 Minutes Drive	207,400	220,700	240,440	261,000	270,097	283,741	301,129	310,910
Within 10 Minutes Drive	**270,900**	**292,200**	**312,420**	**341,500**	**353,320**	**371,051**	**394,137**	**407,061**
10-15 Minutes Drive	226,900	230,900	237,650	242,030	245,752	251,335	257,455	260,142
15 Minutes Drive	**497,800**	**523,100**	**550,070**	**583,530**	**599,072**	**622,386**	**651,592**	**667,202**
		Average Annual Change (No.)						
		1991-96	1996-01	2001-06	2006-08	2006-11	2011-16	2016-21
5 Minutes Drive		**1,600**	**96**	**1,704**	**1,362**	**1,362**	**1,140**	**628**
5-10 Minutes Drive		2,660	3,948	4,112	4,548	4,548	3,477	1,956
Within 10 Minutes Drive		**4,260**	**4,044**	**5,816**	**5,910**	**5,910**	**4,617**	**2,585**
10-15 Minutes Drive		800	1,350	876	1,861	1,861	1,224	537
15 Minutes Drive		**5,060**	**5,394**	**6,692**	**7,771**	**7,771**	**5,841**	**3,122**
		Average Annual Change (%)						
		1991-96	1996-01	2001-06	2006-08	2006-11	2011-16	2016-21
5 Minutes Drive		**2.4%**	**0.1%**	**2.3%**	**1.7%**	**1.6%**	**1.3%**	**0.7%**
5-10 Minutes Drive		1.3%	1.7%	1.7%	1.7%	1.7%	1.2%	0.6%
Within 10 Minutes Drive		**1.5%**	**1.3%**	**1.8%**	**1.7%**	**1.7%**	**1.2%**	**0.6%**
10-15 Minutes Drive		0.4%	0.6%	0.4%	0.8%	0.8%	0.5%	0.2%
15 Minutes Drive		**1.0%**	**1.0%**	**1.2%**	**1.3%**	**1.3%**	**0.9%**	**0.5%**

1. as at June
Source : ABS Cdata 1991, 1996, 2001 and 2006; ABS, Regional Population Growth, Australia, Electronic Delivery (3218.0.55.001); Transport and Population Data Centre (TPDC), NSW SLA Population Projections, 2001 to 2031, 2005 Release; Urbis

3.1.2 Socio-Demographic Characteristics

The eastern suburbs of Sydney contain some of Sydney's most affluent suburbs which have attracted two important and influential market segments:

- High wealth families in suburbs such as Woollahra, Double Bay, Bellevue Hill and Vaucluse
- Affluent young singles and couples in inner city suburbs such as Surry Hills, Darlinghurst and Paddington or popular coastal areas such as Bondi and Bronte.

These residents, given above average income levels and life-style choice tend to demonstrate high levels of discretionary spending, particularly on retail, entertainment and recreation.

Table 3.1 summarises the key socio-economic characteristics of residents within five, ten and fifteen minute drive of EQ. Overall, residents in these areas exhibit the following characteristics:

- High per capita income levels
- Small household sizes with fewer families and more single/couple households
- Despite smaller average household size, household income levels are well above average
- A high proportion of households rent rather than owning or in the process of purchasing their home.

Overall, the region within 15 minutes drive of EQ is home to a large population base, with high levels of disposable income which translate to high levels of retail spending.

It should be noted, that while young, affluent singles and couples are predominant in the local area, the customer profile of EQ does not necessarily reflect this. Due to the entertainment focus, and particularly the activities provided for children, the customer base is more heavily weighted to young families. Further development of EQ may look to broaden this base and appeal to the young singles/couples which are the core of the local market.

Entertainment Quarter Key Socio-Economic Characteristics of the Trade Area Population, 2006 Table 3.2

Characteristics	**5 Minutes Drive**	5-10 Minutes Drive	**10 Minutes Drive**	10-15 Minutes Drive	**15 Minutes Drive**	**Sydney Average**
Household Income						
$Nil	2%	3%	3%	2%	2%	2%
$1-$26,000	16%	15%	15%	15%	15%	17%
$26,000-$52,000	19%	20%	20%	19%	20%	23%
$52,000-$88,400	21%	22%	22%	22%	22%	25%
$88,400 plus	42%	40%	40%	42%	41%	33%
Average Household Income	$89,964	$86,571	$87,411	$91,327	$89,116	$78,617
Var'n from Sydney Avg.	*+14.4%*	*+10.1%*	*+11.2%*	*+16.2%*	*+13.4%*	*n.a.*
Average Household Size	2.0	2.1	2.1	2.3	2.2	2.7
Per Capita Income (Persons aged 15 - 65)						
$Nil	9%	10%	10%	8%	9%	11%
$1 - $20,800	18%	20%	19%	20%	20%	26%
$20,800 - $41,600	20%	21%	21%	22%	21%	26%
$41,600 - $83,200	32%	31%	31%	31%	31%	27%
$83,200 +	22%	18%	19%	19%	19%	11%
UR Avg. Per Capita Income	$53,434	$48,255	$49,484	$49,892	$49,652	$38,939
UR Per Capita Income Var'n	*+37.2%*	*+23.9%*	*+27.1%*	*+28.1%*	*+27.5%*	*n.a.*
Average Age	38	37	37	38	38	37
Dependency Ratio[1]	20%	22%	21%	27%	24%	32%
Housing Status						
Owner[2]	21%	23%	23%	29%	25%	33%
Purchaser[2]	22%	22%	22%	27%	24%	34%
Renter[2]	56%	54%	54%	43%	50%	32%
Household Structure						
Families[2]	47%	53%	52%	63%	56%	73%
Couples with Children	10%	13%	12%	18%	14%	24%
Couples without Children	31%	33%	32%	35%	34%	37%
Single Parents	6%	7%	7%	9%	8%	12%
Singles	40%	35%	36%	30%	34%	23%
Non-family group	13%	12%	12%	7%	10%	4%
Car Ownership						
% 0 Cars	33%	29%	30%	19%	26%	14%
% 1 Car	47%	47%	47%	47%	47%	40%
% 2 Cars +	20%	24%	23%	34%	27%	46%
Labour Force						
Labour Force Participation	73%	72%	72%	70%	71%	66%
% Unemployed	4%	5%	5%	4%	4%	5%
% White Collar Industries	88%	85%	86%	82%	84%	73%
Birthplace						
Australian Born	57%	57%	57%	64%	60%	66%
Overseas Born	43%	43%	43%	36%	40%	34%

1. Dependency ratio refers to the proportion of the population between 0-14 and over 65 years.
2. 'Other' not included, children under 15 only.
3. As a percentage of household income.
Source : ABS Census of Population and Housing 2006, Cdata 2006; Urbis

3.1.3 Retail Market Spending

Trade area retail spending has been derived using *MarketInfo 2004*, a micro simulation model developed by MDS Market Data Systems Pty Ltd. This model is based on information from the Australian Bureau of Statistics (ABS) Household Expenditure Survey (HES), the Census of Population and Housing and other information sources (e.g. ABS National Accounts, Australian Taxation Statistics). Per capita spending estimates have been derived at the Census Collector District (CCD) level.

Being strongly influenced by household income levels, retail spending levels within 15 minutes drive of EQ are very high (refer to Table 3.3), averaging close to $14,000 per annum in 2008, or 17% above the Sydney average (25% above the Australian average). It should be noted that the definition of retail spending used here excludes entertainment spending such as cinema admissions, bowling and other amusements. These are defined separately in Table 3.4. Interestingly, cinema spending in the local area is very high.

Table 3.5 shows the level of total retail spending level generated by residents within 15 minutes drive, both currently and forecast over coming years. Total retail spending is currently estimated at $8.2 billion, which is expected to grow to $8.4 billion by 2011.

Entertainment Quarter Retail Spending Per Capita, 2008 ($2008, ex GST) **Table 3.3**

Trade Area Sector	**Retail Spending Per Capita** $	**Var'n from Benchmarks** Australia %	Sydney %
Within 5 min Drive	**14,607**	**+31.4%**	**+23.8%**
5-10 min Drive	13,825	+24.4%	+17.1%
Within 10 min Drive	**14,009**	**+26.0%**	**+18.7%**
10-15 min Drive	13,589	+22.3%	+15.1%
Within 15 min Drive	**13,836**	**+24.5%**	**+17.2%**
Benchmarks			
Australia Average	11,115	n.a.	-5.8%
Sydney Average	11,802	+6.2%	n.a.

Source: MDS, MarketInfo 2004; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

Entertainment Quarter Average Spending Per Capita, 2008 ($2008, ex GST)					**Table 3.4**
	EQ Drive Time Area			**Sydney**	15 Minute Var'n
Product Group	5 Minutes	10 Minutes	15 Minutes		to Syd.
	$	$	$	$	%
Food Retail	4,773	5,379	5,360	4,849	+11%
Food Catering	1,413	2,240	2,171	1,619	+34%
Apparel	1,265	1,609	1,599	1,348	+19%
Homewares	859	1,152	1,103	845	+30%
Bulky	1,268	1,297	1,304	1,249	+4%
General/Leisure	1,519	1,851	1,824	1,517	+20%
Services	439	482	475	373	+27%
Total Retail Spending	**11,536**	**14,009**	**13,836**	**11,802**	**+17%**
Cinema Admissions	89	83	79	56	+41%
Amusements	8.4	8.1	7.5	5.7	+33%
Bowling	9	10	11	15	-27%

Source: MDS, MarketInfo 2004; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

Entertainment Quarter Retail Spending by Trade Area, 2008-2016 ($2008, ex GST)			**Table 3.5**
Year		**EQ Drive Time Area**	
(end June)	5 Minutes	10 Minutes	15 Minutes
	$M	$M	$M
2008	1,205	4,904	8,230
2011	1,241	5,058	8,400
2016	1,411	5,741	9,397
2021	1,569	6,380	10,346
Average Annual Growth[1]			
2008-11	1.0%	1.0%	0.7%
2011-16	2.6%	2.6%	2.3%
2011-21	2.4%	2.3%	2.1%
2008-21	2.1%	2.0%	1.8%

1. Assumes average annual per capita growth of -0.2% in 2008-2012 and 1.4% thereafter, with different growth rates for each product group.
Source: MDS, MarketInfo 2004; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

3.2 Remainder of Sydney

As detailed earlier, due to the nature of the Entertainment Quarter offer and its proximity to other nearby activity generators, visitors from across the Sydney metropolitan area will use EQ from time to time, driven by the other events that happen in the precinct such as sporting events, exhibitions or other shows. These visitors will make use of the eating and drinking establishments in particular before or after other events. As a result, this market served by EQ is extremely broad. The retail facilities for example only capture a very small share of spending from across the broader Sydney metropolitan area, where the population is around 4.3 million, and the residents generate retail spending in the order of $50 billion.

3.3 Other Visitors

Like visitors from the broader Sydney metropolitan area, the events held at EQ and the surrounding area attract other visitors from intrastate, interstate and overseas. Again this a very broad market from which the Entertainment Quarter draws business.

Sydney attracts a tremendous number of domestic and international visitors each year. Tourism Australia estimates there were around 110 million overnight visitors to Sydney in the year ending September 2008. Just under 85 million, or around three quarters, of overnight visits were accommodated in inner and eastern suburbs (refer to Table 3.6).

Given the concentration of entertainment venues and metropolitan attractors in Moore Park, it is fair to assume a proportion of the spending by these visitors is directed to these venues and facilities, with a share, albeit small, directed to the EQ.

Sydney, Annual Overnight Visits (Domestic and International), September 2008 **Table 3.6**

	Overnight visits ('000)[1]			Share of
Region	Domestic	International	Total	Sydney
Inner and Eastern Suburbs[2]	63,525	21,003	84,528	77%
Total Sydney Statistical Division	85,463	24,505	109,968	-

1. Year ending September 2008
2. Defined as the area within the Sydney, Randwick, Waverley and Woollhara LGAs.
Source : Tourism Australia; Urbis

3.4 On-site workers

There is a sizable worker population within the Moore Park local precinct. Workers, who are generally there during week days, will use some of the cafes, restaurants and hotels, and are understood to often visit the market when it is held each Wednesday.

The employment base in the area includes freight air commercial areas. There is a large amount of commercial floorspace within the Fox Studios complex. Employment levels within the studios fluctuates, however, when there are a number of major movies or projects in production at the same time, employment levels can be quite high.

The film and television studios and other commercial areas within the Entertainment Quarter itself also have a significant employment base which is currently estimated at around 400 staff across all uses. While the worker market is obviously smaller than the other segments served by facilities at the Entertainment Quarter, they still generate a proportion of trade and differentiates EQ from other more traditional retail centres.

4 Retail Centres Hierarchy

The inner eastern suburbs of Sydney have a concentration of strong retail, dining and entertainment venues spread across a range of locations. The key centres are described below, including their position within the nominated retail hierarchy.

Sydney CBD is termed a Global City in the Sydney Metropolitan Strategy, being the primary focus for business, professional services, specialised health, education, shopping and tourism and a recreational and entertainment destination for the Sydney region, of both national and international significance.

The Sydney CBD contains around 550,000 sq.m of retail floorspace, including Myer and David Jones flagship stores, as well as an extensive range of specialty retailers, from high end to budget retailers. The CBD therefore serves a variety of needs from everyday shopping through to household comparison shopping, and also contains a strong entertainment offer. A number of recent developments will contribute to the appeal of the CBD. These include:

- a consolidation of four Westfield owned retail centres (Central Plaza, Centrepoint, Skygarden and Imperial Arcade);
- Ivy a new $150 million entertainment precinct on George Street;
- the refurbishment of the Queen Victoria Building; and
- an expansion of the Mid City Centre.

Bondi Junction is classified as a Major Centre in the draft sub-regional strategy for East Sydney, where a Major Centre is defined as a major shopping and business centre serving a sub-regional population usually containing a ‘full scale’ shopping mall, council offices, high rise offices and residential buildings, central communities and a minimum of 8,000 jobs.

Based on this description, Bondi Junction could be considered at the upper end of this classification, containing around 109,000 sq.m of retail floorspace (around 475 shops), over 20,000 sq.m of office space and a concentration of high rise residential buildings.

Bondi Junction is dominated by Westfield Bondi, one of the strongest regional shopping centres in Australia, and Eastgate Shopping Centre a sub-regional shopping centre. A number of retailers are also located along Oxford Street and Oxford Street Mall, as well as other surrounding streets.

Oxford Street, Paddington is classified as a Village type centre in the Sydney City draft sub-regional strategy. The Paddington Markets, situated on Oxford Street, are classified as a Metropolitan Attractor.

While Oxford Street, Paddington corresponds with definition of a Village Centre, being normally a strip of shops and surrounding residential area within a 5 to 10 minute walk and contain between 2,100 and 5,500 dwellings, the centre’s appeal extends across a broad region of Sydney as a unique shopping location.

Oxford Street, Paddington (defined as between The Circle and South Dowling Street) contains an estimated 26,000 sq.m of retail floorspace (around 130 shops) and is a major fashion destination in Sydney, particularly contemporary designer fashion (apparel retailers make up half of all shops in the strip). A number of bars, cafes and pubs also line Oxford Street in Paddington.

Paddington Markets, open every Saturday, contain 240 stalls selling a range of products including fashion, jewellery, homewares, art and beauty and health products. The Paddington Markets are recognised as a Metropolitan Attractor in the Sydney City draft sub-regional strategy, drawing visitors from across the metropolitan region, interstate and internationally.

Crown Street, Surry Hills, is an emerging retail precinct that is developing to cater to the inner suburban local market. While the strip centre includes traditional supermarket and fresh food components, along with a diverse mix of cafes and restaurants, in recent years, the area has developed an eclectic mix of apparel and accessories, homewares and gift retailers.

Kings Cross, designated a Town Centre in the draft sub-regional strategy for East Sydney, is predominantly an entertainment destination by virtue of a concentration of nightclubs, bars, pubs and other late night venues. The centre also contains a number of hotels, restaurants, take-away, and some convenience retail.

Double Bay is an affluent harbour-side suburb with a sizeable retail precinct containing a Woolworths supermarket and around 250 shops. There is a strong focus on apparel, food and beverages retailers, including quality fashion and homewares retailers, targeted at and mainly supported by the local affluent population base, workers and visitors staying in several hotels located in the town centre.

Green Square Town Centre is proposed to become the commercial, retail and cultural hub of the Green Square Urban Renewal Area, Australia's largest urban renewal project comprising of 278 hectares of predominantly industrial land. City of Sydney envisage the Town Centre, covering 13.74 hectares, will contain shops, restaurant, entertainment, cultural and community activities to cater for around 5,500 residents and 7,000 workers.

Overall, the retail hierarchy in the region provides for a number of activity centres which all generally serve different roles to each other and are complementary, providing for a broad range of retail experiences to meet the needs of the community.

5 Effect of Development

Taking into account market positioning and nature of the Entertainment Quarter offer, this section considers the likely effects of the proposed development, including the likely impact on other key centres in the retail hierarchy, and other benefits accruing to the community as a result of further expansion.

5.1 Market Position

The Entertainment Quarter is a vastly different centre to most traditional retail centres, as described in earlier sections of this report. The different role played by EQ will result in the proposed expansion of facilities having a minimal impact on other retail centres. Some of the features of EQ that will contribute to a minimal impact of development are summarised below:

- Small Retail Provision
  - Traditional retail facilities represent only a very small component of the EQ offer (around 12% or just over 6,000 sq.m currently). At Bondi Junction and Oxford Street, Paddington, as well as other centres in the region, traditional retail shops are the predominant use. Offices and other commercial uses such as the dance school and film studios, are only minor components of these other centres. As a result, a large component of the proposed expansion will not be directly competitive with these other important centres in the retail hierarchy.
- Retail Uses are Ancillary
  - The retail uses that do exist within the EQ are largely ancillary to the other entertainment facilities such as the cinemas and hotels. These retail facilities are not a destination in their own right. Their trade is driven by the attraction created by other uses in the precinct.
- The Entertainment Focus
  - EQ maintains a strong entertainment theme or focus, driven by some of the key facilities such as the cinemas, the market which operates three days a week, and particular tenants such as the Bavarian Bier Café and the Fox and Lion. While Bondi Junction and Oxford Street offer some competitive facilities in this entertainment field, they are not the focus of those centres due to their much broader retail base. As a result, expansion of entertainment and similar uses at the Entertainment Quarter will not detrimentally affect the role of the other retail centres.
- A Destinational Centre
  - While EQ does serve a local market to an extent, the vast majority of activity in the precinct is generated when there are events in the local area such as at the Hordern Pavilion or the SCG. At these times, people are drawn from across Sydney to visit EQ. Therefore, the market available to EQ is so broad that the effect on other individual centres is minimal.
- Differentiated Market Segment Appeal
  - Due to the type of facilities offered, EQ appeals to certain market segments in particular. For example, young families are attracted by the playground, Lollipop's Playland and the Kidz Zoo, combined with other children oriented entertainment. Other major retail centres generally have a different focus, appealing to a broader segment range, but typically young families are not their key market segment.

As a result of the distinct attributes of EQ, the centre holds a very different position in the hierarchy. Given there is assumed to be broadly a pro-rata increase in the types of uses provided at EQ following expansion, thereby maintaining the entertainment focus of the development, EQ will continue to serve that alternative role. The development will therefore have a minimal impact on the performance of those other centres, and will not impact on the role that they serve.

5.2 Retail Impact on Other Centres

It is difficult to precisely quantify the likely dollar impact of the proposed development on other centres, particularly given a very broad draw of the centres such as EQ, Bondi Junction and Oxford Street in Paddington. However, some simple calculations highlight that a negligible impact is most likely to result.

5.2.1 General Impact

Currently, around 12% of floorspace at EQ is retail facilities. Assuming broadly a pro-rata increase in the types of uses provided following development, the increase in traditional retail facilities would be in the order of 3,221 sq.m. For the purposes of analysis here, we will assume the increase in retail space is a higher 5,000 sq.m. Assuming a typical average turnover level per sq.m for this space of around $5,000 per sq.m, total turnover of around $25 million will be required to be generated to support that additional space.

In the context of a local market within a 10 minute drive of EQ of around $4.9 billion of retail spending by 2011, the additional turnover generated by the new space at EQ represents only 0.5% of the total available retail market within 10 minutes drive assuming that 100% of the additional turnover originated from residents of this area. It is likely that less than 100% would come from within 10 minutes in which case the overall impact would be less than -0.5%.

In other words, assuming a pro-rata impact on other retailers serving that market, all retailers serving that 10 minute drive market would be impacted by just -0.5% on average, relative to what they would have otherwise achieved without the EQ development. Given continued market growth in ensuing years, such an impact on other retailers is negligible.

Even if it was assumed that all of the additional space at EQ of 26,000 sq.m was to be allocated to traditional retail uses, an average turnover of $5,000 per sq.m would result in $130 million of additional turnover. This would still only represent 2.6% of the spending of residents in a 10 minute drive of EQ. This value represents an unrealistic extreme worse case scenario, which in any event is still a minor impact.

The simple estimates and calculations detailed above also represent an upper limit on impact as EQ draws much of its business from residents living beyond a 10 minute drive, particularly during special events. If we conservatively estimate that 30% of the retail business at EQ is generated by residents living beyond a 10 minute drive, only $17.5 million of the additional turnover would be required to be generated from residents within that 10 minute drive ($25 million x 70% = $17.5 million). Again as a share of the $4.9 billion of retail spending generated by residents within 10 minutes drive, this is a market share of only 0.36%. This market share captured by the new retailing at EQ represents the average percentage impact on all other retailers serving that market. Clearly this level of impact is negligible.

5.2.2 Impact on Specific Centres

While it is clear that the new retailing at EQ will capture very small market shares, and that the average impact on retailers serving that market will be very minor, the Director General has stipulated that the impact on certain key centres within the retail hierarchy should be considered:

> *The proposed retail uses shall be directed to be ancillary and complementary to the "Entertainment" nature of the site and precinct and not a regional/subregional retail attraction. A retail economic study shall be submitted analysing the additional retailing impact on surrounding centres/retail area, including Bondi Junction and Oxford Street, Paddington.*

> *The EA shall address the economic impact of the proposal and include an investigation into the impact upon the retail, commercial and residential industry within the locality and having regard to the hierarchy of centres in the relevant regional strategy.*
>
> *Director-General Requirements. Section 75F of the Environmental Planning Assessment Act 1979.*

As detailed earlier in this section, the Entertainment Quarter plays a very different role to these centres with very little direct competition. However, in order to estimate the range of impact likely on these two key centres, an impact analysis is presented in Table 5.1. The analysis presented in this table utilises a generally accepted method referred to as the pro-rata market share impact approach, whereby the market share and therefore performance of other centres is impacted in direct proportion to the increase in market share generated by the subject centre.

Using Bondi Junction as an example through Table 5.1, the market share impact approach and the resultant outcome are described below:

- As established earlier in this report, there is an estimated 127,500 sq.m of retail space within Bondi Junction, including Westfield Bondi Junction, the Eastgate Centre, and other facilities within the surrounding streets. Total turnover generated by retail facilities in Bondi Junction is estimated at around $1,018 million currently.
- Based on the estimated distribution of turnover by the drivetime areas (relative to EQ), total turnover at Bondi Junction is split by area, including an allowance for business generated from beyond the EQ 15 minute drivetime (row 4).
- By dividing the turnover from each area by the resident spending in that area, the market share for Bondi Junction within each sector is calculated (row 5).
- With market growth over the period to 2011, and assuming Bondi Junction maintains its market share during that time, turnover at the centre should increase to $1,045 million by 2011 ($ 2009).
- The addition of further retail space at the Entertainment Quarter will capture some market share, subsequently reducing the market share achieved by retailers at Bondi Junction. For example, the 12.67% share achieved by Bondi Junction within a 5 minute drive of EQ will be reduced by the 0.81% market share capture of EQ in that sector (row 17: 12.67% x (100%-0.81%) = 12.57%). However, when the calculation is done across the 15 minute drivetime from EQ, the total market share captured by the additional retailers at EQ will just be 0.24% and as such the market share of Bondi Junction will decrease marginally.
- At the bottom of Table 5.1, the relative impacts of the proposed expansions to retail facilities at EQ are detailed. This indicates that the impact on all Bondi Junction retailers will be just $3 million or -0.3% relative to what those facilities would otherwise have done without the EQ development.
- However, most importantly, with continued growth in the market, despite a small impact from additional competitive facilities at EQ, turnover at Bondi Junction in total will be higher than it is currently. This indicates, that on average, retailers will not have their viability reduced, and will remain open and serving the same role as they do currently.

It is clear from this analysis that the impact on retail facilities resulting from the expansion to EQ will be minimal, and in all likelihood much less than -0.5%. Impacts of this magnitude would largely go unnoticed by retailers. EQ serves a vastly different role to other traditional centres. Combined with the broad area served by the centre, the impact on any one centre or precinct will be negligible.

Importantly, the role that other centres serve within the retail hierarchy will remain unchanged, with centres such as Bondi Junction, and Oxford Street, Paddington remaining strong, vibrant and sustainable, consistent with the strength of these centres currently.

EQ Development Impact on Other Activity Centres									Table 5.1
			Drivetime Areas						
	Row Reference	Unit	5 min	5-10 min	10-15 min	**15 min**	Beyond 15 min	**Total**	
Retail Spending									
2008	(1)	$M	1,205	3,699	3,326	**8,230**			
2011	(2)	$M	1,241	3,818	3,342	**8,400**			
2008 Turnover/Shares									
Bondi Junction									
Proportion of Turnover	(3)	%	15.0%	55.0%	15.0%	**85.0%**	15.0%	**100.0%**	
Turnover	(4)	$M	152.7	559.9	152.7	**865.3**	152.7	**1,018.0**	
Market Share	(5)=(4)/(1)	%	12.67%	15.13%	4.59%	**10.51%**			
Oxford Street (Paddington)									
Proportion of Turnover	(6)	%	35.0%	30.0%	20.0%	**85.0%**	15.0%	**100.0%**	
Turnover	(7)	$M	68.3	58.5	39.0	**165.8**	29.3	**195.0**	
Market Share	(8)=(7)/(1)	%	5.66%	1.58%	1.17%	**2.01%**			
2011 Turnover/Shares Pre-Development									
Bondi Junction									
Turnover	(9)=(10)x(2)	$M	157.3	577.8	153.4	**888.5**	156.8	**1,045.3**	
Market Share	(10)	%	12.67%	15.13%	4.59%	**10.58%**			
Oxford Street (Paddington)									
Turnover	(11)=(12)x(2)	$M	70.3	60.4	39.2	**169.8**	30.0	**199.8**	
Market Share	(12)	%	5.66%	1.58%	1.17%	**2.02%**			
2011 Turnover/Shares Post-Development									
EQ New Retail Components									
Proportion of Turnover	(13)	%	40.0%	30.0%	10.0%	**80.0%**	20.0%	**100.0%**	
Turnover	(14)	$M	10.0	7.5	2.5	**20.0**	5.0	**25.0**	
Market Share	(15)=(14)/(2)	%	0.81%	0.20%	0.07%	**0.24%**			
Bondi Junction									
Turnover	(16)=(17)x(2)	$M	156.0	576.7	153.3	**885.9**	156.3	**1,042.3**	
Market Share	(17)=(5)x(100%-(15)	%	12.57%	15.11%	4.59%	**10.55%**			
Oxford Street (Paddington)									
Turnover	(18)=(19)x(2)	$M	69.7	60.3	39.2	**169.1**	29.8	**199.0**	
Market Share	(19)=(8)x(100%-(15)	%	5.62%	1.58%	1.17%	**2.01%**			
Impacts									
Bondi Junction				Bondi Junction		Oxford Street			
$ Impact Vs 2011 Pre-Development		$M		-3.0		-0.8			
% Impact Vs 2011 Pre-Development		%		-0.3%		-0.4%			
$ Impact Vs 2008 Current		$M		24.3		4.0			
% Impact Vs 2008 Current		%		2.4%		2.0%			

1. Percentage impact on turnover generated from within a 15 minute drive of EQ.

Source : Shopping Centre Council of Australia; Urbis

5.3 Impact of the Bondi Junction Development

In 2004, Westfield completed development of Westfield Bondi Junction, a major expansion (some 62,100 sq.m) consolidating three separate properties, namely Bondi Junction Plaza, Bondi Carousel and the freestanding Grace Bros department store. This is an interesting Case Study as to the actual effect of major retail development on competitive centres. It should be noted that the Westfield development is vastly more directly competitive with other nearby traditional centres than the EQ expansion will be, and vice versa of course.

The Westfield development has been highly successful, drawing shoppers from throughout the eastern suburbs of Sydney, and also the inner central and northern suburbs, with turnover now exceeding $800 million per annum. Despite the attractiveness of the development and the expectation that it could detrimentally impact on other retail facilities in Bondi Junction, this does not appear to have been the case. While there has been some changeover in tenants in the rest of the Bondi Junction Central Business Area, and there are still very few vacancies, in fact the strength of the centre as a whole has been considerably enhanced by the redevelopment. The centre still serves the role it always has within the retail hierarchy.

Likewise, the Westfield development appears to not have had a substantial impact on the success of Oxford Street, initially. Retail rents along Oxford Street, Paddington suffered post development of Westfield Bondi Junction, being 10%-20% below the rents attracted prior to the development. However, after the initial impact (which essentially reduced rents from extreme highs to very high levels), the strip has continued to develop. Despite the strong apparel offer at Bondi Junction, Oxford Street in Paddington has one of the most extensive collections of mid to high end fashion retailers in the country. Now Oxford Street continues to rank as one of the highest rent shopping strips in Australia and the strongest in Sydney (according to the latest Sydney retail monitor from CB Richard Ellis), with a vacancy rate of less than 2%. This confirms that centres such as Oxford Street and others, although directly competitive retail precincts, do differentiate themselves and, as a consequence, usually manage the impacts of competitive projects quite well.

Given that the expansion of Entertainment Quarter will be much smaller than Bondi Junction, with only a small component allocated to traditional retail space, combined with the broad and varied market the various centres serve, the impact of the expansion on other local centres is expected to be minimal.

5.4 Impact of Other Development Components

The impact of the other components that will form the EQ expansion, such as entertainment related office space and other commercial facilities cannot reasonably be measured in numerical terms. However, logically, other centres such as Bondi Junction and Oxford Street will again not suffer any noticeable or lasting effect from the proposed EQ development.

Bondi Junction and Oxford Street have commercial space as a secondary function within the Centre. The moderate increase in the provision of commercial space at EQ will have virtually no impact on the amenity or role of these centres. Due to the entertainment focus of EQ, new facilities are likely to be ancillary and complementary to the entertainment uses. There will be a synergy between and the types of facilities that currently exist. These entertainment related uses will not necessarily be those that would be attracted to Bondi Junction or Oxford Street. EQ is competing in a different market to those centres and the effect of the development on the role of those centres will virtually be non-existent.

One possible use within the additional floorspace at EQ could be the development of an accommodation hotel. This is something that is not currently provided on the site or in the immediate vicinity. Again this is a use which has synergies with the rest of the centre, complements the centre’s role as an entertainment hub.

The EQ site has particular attributes that would make it attractive for a hotel development. It is situated between the airport and the city, therefore making it attractive as a business meeting place or conference venue.

- It is located close to entertainment and sporting venues, much like the accommodation facilities at Homebush.
- Centennial Park nearby provides aspect as a place to stay
- There is a requirement from on-site office workers for accommodation from time to time, particularly when overseas films are being made at Fox Studios.

For these reasons, a hotel can be developed on the site and fit in with existing and proposed uses. However it will not detract from other facilities in the region. Other Activity Centres such as Bondi Junction and Oxford Street have some small hotel facilities, however the reasons for staying in hotels in these locations is different to the appeal of EQ.

5.5 Other Benefits

5.5.1 Employment Effects

The expansion of the Entertainment Quarter as proposed, would have a substantial positive impact on employment levels, both locally and in the broader economy. The employment generated directly would be as a result of two separate main components, namely:

- The full time and part time employment of staff in the complex itself.
- The construction project.

In addition to these direct effects, the former of which would be lasting effects and the latter limited to the construction period, there would also be flow-on effects resulting from the initial employment and injection of income into the economy. These are known as multiplier effects.

As Table 5.2 indicates, assuming a pro-rata increase in uses, the proposed expansion would result in the amount of shopping complex floorspace (excluding office/commercial space) accommodated on the site increasing by 3,221 sq.m relative to existing levels (i.e. including both retail and non-retail uses), in addition to the increase in office and other entertainment space.

The employment generated by the range of uses in this part of the complex will vary according to each type of use, with the more labour intensive outlets such as specialty shops generating greater employment demand than some other components (on a per sq.m basis). We estimate that the additional retail space would generate employment for around 196 people on a full time, part time and casual basis.

In addition, the commercial/office space and other uses will generate additional employment of around 1,020 jobs over existing employment, assuming an allocation of 15 sq.m per employee, with other entertainment uses a further 328 jobs.

In total, therefore, ongoing and direct employment created with the Entertainment Quarter, over and above existing employment levels, is estimated at 1,500 jobs.

We understand from CFSPM that the construction program related to the proposed redevelopment is expected to involve a Capital Investment Value of around $90 million. When other costs involved in development are taken into account, the total cost to complete the proposed development could be in the order of $100 million. On this basis, using National Accounts Data, it is estimated that the construction phase would generate employment of 485 job years (i.e. the equivalent of 485 workers with a job for one year regardless of the construction time frame). With a longer development period of say 18 months to 2 years, the number of actual jobs created would be a lesser number, but for a longer period.

Entertainment Quarter Expansion - Direct Employment Impact of Proposal			Table 5.2
	Employment Per '000 Sq.m	**Additional EQ Floorspace**	
Type of Use	Industry Average	GFA [1] (Sq.m)	Employment (Persons)
Occupied Specialty Shops	60.7	3,221	196
Total Retail Facilities		**3,221**	**196**
Other Office/Commercial	66.7	15,293	1,020
Other Entertainment Uses	42.7	7,673	328
Total Property [2]		**26,187**	**1,543**

1. Assumes a pro-rata increase in floorspace of uses.
2. Excludes additional management, cleaning & security staff
Source : Urbis

In addition to the direct employment generated by the construction program and the ongoing complex employment, there are other effects that would be felt throughout the local, and national economies. These multiplier effects are a result of increased demand for materials, services and products from a whole range of suppliers and subsequently as a result of increased consumption generated by the wages of new employees. These multiplier effects are often referred to as first round and second round effects and production and consumption induced effects.

The multiplier factors are calculated by the ABS from National Accounts Data and the multipliers are used to establish the expected total increase in employment resulting from the initial direct effect. The results are provided in Table 5.3 below.

Entertainment Quarter Expansion - Total Employment Impact of Proposal			Table 5.3
Development Option/ Type of Employment	Direct Employment	Supplier Employment *Multiplier Effects*	Total Jobs [1,2]
Construction Phase	485	764	1,249
Employment Increase [3]			
Retail Uses	196	156	351
Office/Commercial	1,020	2,224	3,243
Other Entertainment	328	261	589
Total	2,028	3,404	5,432

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

The direct employment generated by the development, as previously noted, is estimated at 485 job years from the construction project, with around 1,543 ongoing net additional jobs in the complex, including the retail and other components. A total of some 2,028 jobs can therefore be directly attributed to the expansion of EQ.

The multiplier effects would take the complex employment increase to over 350 ongoing jobs as a result of the retail uses and 3,832 extra jobs as a consequence of the other uses. Some 1,250 jobs for the equivalent of one year would result from the construction phase of the project, although it is important to note that these are not necessarily lasting employment opportunities or indeed employment opportunities that accrue solely to the local area.

Clearly the employment impacts and the positive benefit to the community from the proposed redevelopment of EQ would be quite substantial.

5.5.2 Improved Facilities

It is proposed expansion of the Entertainment Quarter will create a greater critical mass of retail, commercial and other entertainment related facilities. This generates an enhanced appeal for a broader range of users, including those from the local area, but also increases the attractiveness of the venue for a broader tourist market.

5.5.3 Sustainable Entertainment Offer

Due to the increased appeal of a broadened offer, the Entertainment Quarter will be a more sustainable precinct and will have greater appeal outside of the existing peak event related times. This will help to sustain these types of facilities in this precinct, which is an important entertainment destination for Sydney siders and other visitors.

5.6 Conclusion

Overall, we conclude from the analysis in this report that the proposed expansion of facilities at the Entertainment Quarter will have a negligible impact on other centres within the hierarchy. Due to the unique role served by EQ, the benefits of continued development far outweigh any minor competitive impacts. The entertainment role played by the EQ is important for Sydney, and particularly for the broader usage of the sporting, leisure and entertainment precinct around Moore Park. In response to the Director General's requirements, it is established that "*the additional retailing impact on surrounding centres/retail area, including Bondi Junction and Oxford Street, Paddington*" will be negligible.

Definitions

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

1. **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.

2. **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	▪ Garden Supplies
▪ Appliance Rental	▪ Lottery & Gaming
▪ Auto Accessories	▪ Marine Equipment
▪ Banks and Building Societies	▪ Medical and Dental Services
▪ Cinemas	▪ Offices
▪ Equipment Hire	▪ Post Office
▪ Financial and Property Services	▪ 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.

3. 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.

4. **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.

5. **Financial Years**. Analysis throughout this report relates to financial years (ending June) unless otherwise specified.

Abbreviations

The following abbreviations are used in this report :

ABS	Australian Bureau of Statistics
ANZSIC	Australian & New Zealand Standard Industrial Classification
DDS	Discount Department Store
DSTM	Department Store Type Merchandise
F&G	Food & Groceries
GLA	Gross Leasable Area
GST	Goods and Services Tax
HES	Household Expenditure Survey
EQ	Entertainment Quarter

Goods and Services Tax (GST)

The tax package has had differential effects on turnover by various categories of retailers as a result of changes in prices and consumer demand.

These effects have been estimated by Urbis and from 2001 the spending market and turnover forecasts presented in this report are exclusive of GST.

MarketInfo

Spending estimates provided in this report are based on the MarketInfo 2004 micro simulation model developed by MDS Market Data Systems. MarketInfo 2004 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.