

# Marrickville Metro, Sydney

## Economic Impact Assessment

May 2010



**Pitney Bowes Business Insight**

SYDNEY

Level 7, 1 Elizabeth Plaza

North Sydney NSW 2060

(02) 9437 6255

MELBOURNE

Level 20, 40 City Road (HWT)

Southbank VIC 3006

(03) 9694 3300

**Prepared for: AMP Capital Shopping Centres**

**Pitney Bowes Business Insight staff responsible for this report:**

Tony Dimasi, Managing Director, Strategy & Analytics

Jessica Commins, Client Services Manager

Channa de Silva, Consultant

Belinda Bentley, Consultant

# Table of contents

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Executive summary .....	i
Introduction .....	v
Section 1: Site location and proposed development .....	1
Regional and local context	1
Site location	2
Existing centre and proposed development	5
Section 2: Strategy and planning framework.....	7
2.1 Sydney Metropolitan Strategy	7
2.2 Draft South Subregion Strategy	8
2.2 Draft Centres Policy	10
2.3 Marrickville Urban Strategy	11
2.4 Draft Marrickville Comprehensive LEP (2010)	12
Section 3: Trade area analysis .....	13
3.1 Trade area definition	13
3.2 Trade area population	17
3.3 Socio-demographic profile	25
3.4 Trade area spending	29
3.4.1 Methodology	29
3.4.2 Expenditure estimates	30

Section 4: Competitive context .....	35
4.1 Main trade area retail floorspace	35
4.1.1 Strip retail precincts	37
4.2 Tertiary sector retail floorspace	51
4.2.1 Sub-regional centres (tertiary trade area)	52
4.2.2 Supermarket centres	52
4.2.3 Strip retail	53
4.3 Significant retail facilities beyond the trade area	53
4.4 Proposed retail facilities	55
4.4.1 Sub-regional centres	56
4.4.2 Supermarket centres	57
4.4.3 Proposed facilities beyond the trade area	58
Section 5: Forecast centre sales and likely impacts.....	61
5.1 Existing centre sales and market shares	62
5.2 Projected centre sales and market shares	64
5.3 Determinants of likely impacts	67
5.3.1 Retail demand considerations	67
5.3.2 Retail supply considerations	69
5.4 Assessment of likely impacts	70
5.4.1 Consideration of broad trading impacts	71
5.4.2 Centre/retail strip specific impacts	74
5.4.3 Impacts beyond the defined trade area	78
5.5 Net community benefit	80
Section 6: Conclusions.....	83

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## Executive summary

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- i. Marrickville Metro currently comprises some 22,933 sq.m of floorspace (GLA), including a retail component of 21,061 sq.m. The centre is provided over a single level and anchored by a Kmart discount department store, and Woolworths and Aldi supermarkets. Over 9,000 sq.m of mini-major and retail specialty and non-retail floorspace is also provided at the centre.
- ii. The proposed expansion of Marrickville Metro aims to significantly enhance the retail offer of the existing centre, and includes the addition of approximately 19,853 sq.m of new retail floorspace, including a second discount department store and an additional full line supermarket. Once completed, the expanded Marrickville Metro would be a double discount department store based centre, exceeding 44,000 sq.m in size and including a retail component of around 40,914 sq.m. The centre will also include over 3,000 sq.m of non-retail (eg. Banks, medical centres, real estate agents), commercial and community facilities, which will be conveniently located to serve the needs of the local population.
- iii. The total population within the trade area served by Marrickville Metro is currently estimated at 222,370 persons, including over 97,000 residents in the main trade area. Over the period to 2021, the total trade area population is projected to reach 246,445 residents, including 105,770 residents within the main trade area and 42,215 persons within the key primary sector.
- iv. The socio-demographic profile of Marrickville Metro's total trade area is characterised by a slightly older average age (37.2 years); residents earning more on both a per capita and per household basis than the comparable Sydney metropolitan benchmarks; a high proportion of overseas born residents and less family-oriented households than is typical in Sydney metropolitan areas.

- v. Marrickville Metro is the only existing centre within its main trade area offering significant comparison shopping facilities. When compared with the typical retail hierarchy provided in Australian metropolitan catchments, the retail provision within the Marrickville Metro main trade area is particularly sparse. The main trade area is generally characterised by an under-supply of comparison shopping facilities, and an over-supply of localised retail shopping strips.
- vi. The retail strips contained within the Marrickville Metro main trade area contain extremely low representations of national brand retailers. The majority of retail tenants, rather, are independent operators, the most successful of which provide very targeted, often ethnically oriented convenience shopping facilities for local residents. The higher levels of vacancies on the strips located most distantly from Marrickville Metro are observed to be a factor of over-supply and lower quality retail floorspace, rather than any adverse competitive or economic stimulus.
- vii. The composition of the retail offer within and beyond Marrickville Metro's tertiary trade area sectors is more representative of a typical retail hierarchy, with a substantially greater provision of comparison shopping facilities. As such, an expanded Marrickville Metro would be expected to compete more directly with these more distantly located facilities, than with the lower-order strip retail provided within the main trade area.
- viii. Marrickville Metro achieved total annual sales for the year to December 2009 of \$204.7 million including GST. This represents a total trade area market share of 6.2%, including 7.6% of the available food spending and 4.5% of non-food spending generated by trade area residents. The centre's main trade area market share is higher, at 12.4% (16.8% of food spending and 7.0% of non-food expenditure).
- ix. An expanded Marrickville Metro is forecast to achieve annual sales in 2012/13 (in constant 2008/09 dollars, including GST) of \$316.9 million, \$112.2 million more than the existing centre's sales. On this basis, the expanded centre's total trade area market share is forecast to increase to 8.9% (9.3% food, 8.4% non-food). Market shares within the centre's main trade area are forecast at 17.0% in total, reflecting a 20.1% share of food spending and 13.4% of non-food expenditure by trade area residents.

- x. Market research conducted at the centre by research consultancy twoblindmice in 2008 highlights the demand within the local community for additional retail facilities at Marrickville Metro. Furthermore, the current strength of the supermarket facilities within the main trade area (with estimated average sales densities in excess of \$13,000 per sq.m), suggests there is additional demand for supermarket floorspace at Marrickville Metro.
- xi. The proposed expansion of Marrickville Metro is likely to provide a number of tenants (particularly national brand retailers), who are not currently represented within the trade area. Such tenants would be unlikely to seek premises on the retail strips within the trade area, due to the lack of comparison retail provisions on any one of these strips, and generally lesser quality retail space that they offer.
- xii. A consideration of the broad trading impacts expected to be generated by the expansion of Marrickville Metro suggest that
  - a. Projected sales levels for existing retailers throughout the trade area in 2013 (following the centre's proposed expansion) would be on average 9.8% higher than the current estimated 2008/09 sales
  - b. As compared with the sales volume which all other retailers in the main trade area are projected to achieve in 2013 if the expansion does NOT proceed, the post-development sales volume would be on average 3.4% lower.

These impacts are considered to be within the normal bounds of competition.

- xiii. The two predominant retail formats currently offered within the Marrickville Metro main trade area, namely shopping centre and retail strip, currently co-exist comfortably. There is no reason to expect this relationship will not continue after Marrickville Metro is expanded. Illawarra and Marrickville Roads are expected to experience the greatest trading impact (-5%) as a result of the proposed expansion, but this will not threaten their ongoing viability.

- xiv. More than half of the forecast uplift in Marrickville Metro's sales likely to be generated by the proposed expansion is expected to come from the retention of trade area residents' expenditure, which would otherwise be directed to retail facilities located beyond the defined trade area. The expanded Marrickville Metro is likely to take on a more comprehensive role in the retail hierarchy, meeting a greater range of trade area residents' comparison shopping needs than does the centre's current offer. This is a reflection of the current lack of higher order shopping facilities within the trade area, rather than an unusually extensive reach of the expanded centre.
- xv. In addition to providing a wider range of shopping facilities to trade area residents, the proposed expansion of Marrickville Metro will also result in a range of very important economic benefits, including additional employment, and improved amenity for local residents.



## Introduction

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Marrickville Metro is a successful sub-regional shopping centre located in the inner west Sydney suburb of Marrickville. This report presents an independent assessment of the demand and market scope for the expansion of Marrickville Metro, and also considers the likely economic impacts that would result from the expansion of the centre.

The report is presented in six sections as follows:

- **Section 1** details the location of Marrickville Metro as well as its regional and local context. The proposed expansion scheme for the centre is also outlined.
- **Section 2** reviews the strategy and planning documents of relevance to the proposed expansion.
- **Section 3** examines the trade area which is likely to be served by an expanded Marrickville Metro. This section also includes the current and projected population and retail spending levels within the trade area, as well as the socio-demographic profile of the trade area population.
- **Section 4** outlines the competitive environment within which the expanded Marrickville Metro would operate, including both existing and proposed competitive developments in the region.
- **Section 5** outlines our assessment of the sales potential for the expanded centre and presents an Economic Impact Assessment for the proposal. The likely trading impacts on other retailers within the region are considered, as are the employment and other economic effects of the proposed expansion.
- **Section 6** outlines the conclusions of this analysis.

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## Section 1: Site location and proposed development

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### Regional and local context

Marrickville Metro is a successful sub-regional shopping centre located in the inner west Sydney suburb of Marrickville, some 6 km from the Sydney Central Business District (CBD) (refer Map 1.1).

Marrickville is generally located to the north of the Cooks River and is one of the largest suburbs within the Local Government Area (LGA) of Marrickville, which contains some of Sydney's oldest suburbs. The Marrickville LGA currently contains a substantial population of around 76,000 residents, despite being one of Sydney's smallest LGAs, totalling only 17 square kilometres.

Historically, the manufacturing sector has been a key source of employment in Marrickville, and the manufacturing industry is still well represented in the region today. There has, however, been a shift away from this industry in recent times, with growth in service industries catering for the needs of businesses and inner city residents.

The Sydney Airport, which is located in close proximity to most suburbs within the Marrickville LGA, is also a major employment generator throughout the region. According to the *Sydney Airport Masterplan 2009*, Sydney Airport owns approximately 31 hectares of land in the Marrickville LGA, which may be developed to create additional jobs in the future.

The commercial hub of Marrickville is located along Marrickville and Illawarra Roads and contains a substantial provision of administrative, educational and community facilities. A sizable provision of strip retailing is also provided in this precinct, and is dominated by independent, often ethnically-targeted, convenience-based shops including cafes, grocery stores and non-retail services such as medical centres and financial institutions.

The suburb of Marrickville is highly accessible from both a regional and local perspective, with many local arterial routes such as the Princes Highway, Canterbury Road and Enmore Road providing easy vehicular access. Public transport access to the locality is also good, with the suburb being serviced by around 10 bus routes operated by Sydney Buses, and the Marrickville Railway Station, a terminus of CityRail's Bankstown line.

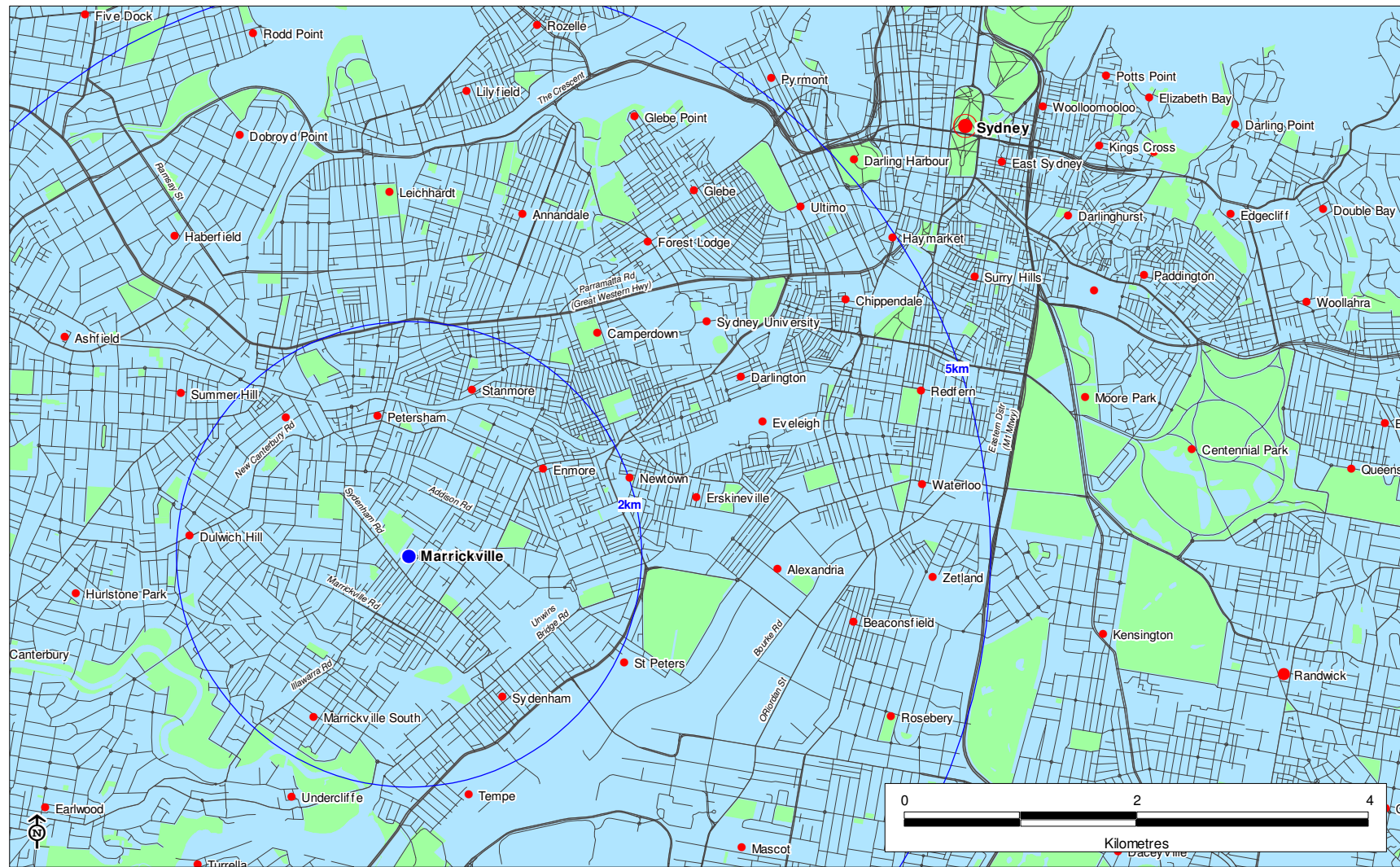
### Site location

As illustrated on Map 1.2, Marrickville Metro is located at the north western corner of Smidmore and Murray Streets. The centre is bounded by Victoria Road to the north, Murray Street to the east, Smidmore Street to the south and Bourne Street to the west.

The centre is easily accessible via the local road network, which provides multiple connections to major arterial routes including Enmore Road, King Street and the Princess Highway.

A substantial provision of some 1,100 free car parking spaces is provided on the rooftop of the centre. Access to the centre from the rooftop carpark is provided via travelators.

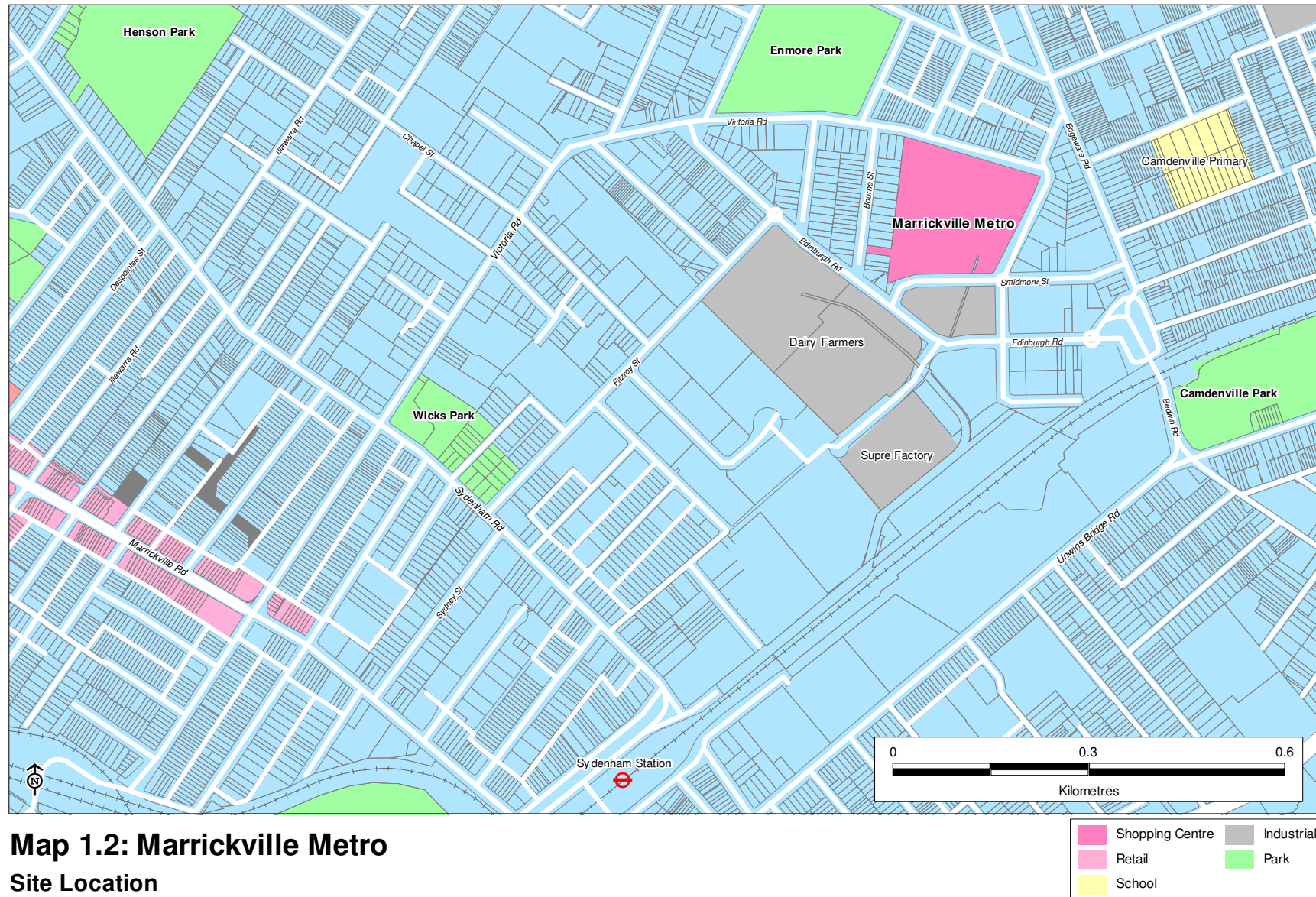
Regular bus services to the centre locality are provided from Bondi Junction (352 and 355), Dulwich Hill (448) and the Sydney CBD (308, 423 and 426).



**Map 1.1: Marrickville**  
Regional Context



## Section 1: Site location and proposed development



## Existing centre and proposed development

Marrickville Metro currently comprises some 22,933 sq.m of floorspace (GLA), including a retail component of 21,061 sq.m. The centre is provided over a single level and anchored by a Kmart discount department store of 7,311 sq.m, Woolworths and Aldi supermarkets totalling 6,117 sq.m, and mini-major tenants (retail tenants of at least 400 sq.m) totalling 1,138 sq.m. Over 8,000 sq.m of retail specialty and non-retail floorspace is also provided at the centre.

As summarised in Table 1.1 below, the proposed expansion of Marrickville Metro aims to significantly enhance the retail offer of the existing centre. It includes the addition of approximately 19,853 sq.m of new retail floorspace, including a second discount department store (7,448 sq.m) and an additional 4,300 sq.m full-line supermarket (a supermarket of at least 3,000 sq.m).

Once completed, the expanded Marrickville Metro would be a double discount department store based centre, exceeding 44,000 sq.m in size and including a retail component of around 40,914 sq.m. The centre will also include over 3,000 sq.m of non-retail (eg. banks, medical centres, real estate agents), commercial and community facilities, which will be conveniently located to serve the needs of the local population.

**Table 1.1**

**Marrickville Metro - Proposed Composition**

Tenant/ Category	Existing Centre		Additional	Proposed Centre	
	GLA (sq.m)	% of Total	GLA (sq.m)	GLA (sq.m)	% of Total
<u>Majors</u>					
DDS(s)	7,311	31.9%	7,448	14,759	33.2%
Supermarket(s)	<u>6,117</u>	<u>26.7%</u>	<u>4,300</u>	<u>10,417</u>	<u>23.5%</u>
Total Majors	13,428	58.6%	11,748	25,176	56.7%
Mini-majors*	1,138	5.0%	2,141	3,279	7.4%
Retail Specialties	<u>6,495</u>	<u>28.3%</u>	<u>5,964</u>	<u>12,459</u>	<u>28.1%</u>
<b>Total Retail</b>	<b>21,061</b>	<b>91.8%</b>	<b>19,853</b>	<b>40,914</b>	<b>92.1%</b>
Non-retail**	1,572	6.9%	1,917	3,489	7.9%
Vacancies	<u>300</u>	<u>1.3%</u>	<u>-300</u>	<u>0</u>	<u>0.0%</u>
<b>Total Centre</b>	<b>22,933</b>	<b>100.0%</b>	<b>21,470</b>	<b>44,403</b>	<b>100.0%</b>

\* Retail tenants with GLA => 400sqm

\*\*Includes travel agents.

Source : AMP; Pitney Bowes Business Insight



## Section 2: Strategy and planning framework

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Since 2005, the NSW State Government has released a number of planning and policy documents to provide a framework for the development of new and existing centres in NSW. The relevant documents include the Sydney Metropolitan Strategy entitled *City of Cities: A Plan for Sydney's Future* (December 2005), Sydney Metropolitan Strategy Review entitled *Sydney Towards 2036* (March 2010), Draft Subregional Strategies for 10 subregions and the *NSW Draft Centres Policy* (April 2009).

### 2.1 Sydney Metropolitan Strategy

The *Metropolitan Strategy* (December 2005) outlines a broad framework vision for the future growth of the Sydney metropolitan area to 2031. The strategy proposes the concentration of growth in centres by identifying housing and employment capacity targets for Sydney's subregions and strategic centres. Sydney's population is anticipated to grow by 1.1 million persons between 2004 and 2031, and reach 5.3 million people by that date. To cater for this growth, the NSW Government has predicted the following capacity targets:

- 640,000 new dwellings
- 500,000 more jobs
- 6.8 million sq.m of additional commercial floorspace
- 3.7 million sq.m of additional retail floorspace

The NSW Department of Planning recently released a Metropolitan Strategy Review discussion paper, as part of a five yearly review of the 2005 Metropolitan Strategy. This discussion paper reviews the changes that have occurred in the past five years (including an upward revision of the population forecasts included in the 2005 Strategy), and aims to develop a sustainable plan to meet housing and employment growth challenges in Sydney to 2036. The discussion paper is currently on exhibition for public comment until April 2010. Once finalised, it is understood that the reviewed Metropolitan Strategy will be consolidated with the *Metropolitan Transport Plan* (also on exhibition) into a single transport and land use plan titled *The Metropolitan Plan*.

### 2.2 Draft South Subregion Strategy

The *Draft South Subregional Strategy* (November 2007) forms part of the NSW Government's Metropolitan Strategy. Subregional planning aims to translate objectives and actions from the Metropolitan Strategy to provide a planning framework for local councils and the development of their Local Environmental Plans (LEPs).

The South Subregion is one of ten Subregions, which covers the Sydney metropolitan area, and includes the Local Government Areas (LGAs) of Canterbury, Hurstville, Kogarah, Marrickville, Rockdale and the Sutherland Shire. It is estimated that the subregion contains approximately 650,000 residents and employs over 190,000 workers. The Marrickville LGA is forecast to experience substantial residential and employment growth with an additional 4,150 new dwellings and 19,000 new jobs anticipated over the period to 2031.

The key points to note from the Draft South Subregional Strategy, in relation to Marrickville Metro, are detailed below:

- Marrickville Metro is identified as a 'Village Centre' under the 'centre hierarchy' classification established by the NSW Department of Planning. A Village is defined as a Local Centre with "a strip of shops and surrounding residential area within a 5 to 10 minute walks, contains a small supermarket, hairdresser, take-away food shops. Contains between 2,100 and 5,500 dwellings."

In this context, Marrickville Metro clearly already surpasses, by a long way, the role of a Village Centre, containing a discount department store, two supermarkets and a significant provision of supporting retail and non-retail specialty shops. There are an estimated 1,100-5,500 dwellings within a 5 to 10 minute walk from Marrickville Metro, which is generally consistent with the threshold (of 5,500 dwellings) for a Village Centre. However, it should be noted that future residential development in the area would drive the upper threshold to exceed 5,500 dwellings.

On the other hand, the Marrickville Road Strip centre is identified in the draft South Subregional Strategy as a 'Town Centre'. A Town Centre is defined as a Local Centre with "one or two supermarkets, community facilities, medical centre, schools, etc. Contains between 4,500 and 9,500 dwellings. Usually a residential origin rather than employment destination." Though most of the criteria are satisfied by the Marrickville Road Strip to be categorised as a Town Centre, it does not currently contain any supermarkets of significant size.

- The subregional strategy identifies the potential for additional retail floorspace at Marrickville Metro on page 33 of the report, which states that "land north of Edinburgh Road and south of Smidmore Street and between Smidmore and Murray Street has potential for higher level employment uses, which could include retail, office or mixed use. This would support the Marrickville Metro Centre and encourage a redesign which better relates to the surrounding area."

Furthermore, page 68 of the report states that although Marrickville Metro is currently categorised as a Village Centre, "there may be potential for retail/commercial floorspace increases in addition to provision of higher density housing within the locality to achieve Town Centre status". This statement clearly identifies potential for an expanded Marrickville Metro.

## 2.2 Draft Centres Policy

The *Draft Centres Policy* released by the New South Wales Government's Department of Planning in April 2009, sets planning guidelines for retail and commercial development in New South Wales. Once adopted, this will be the overriding policy document with regard to retail and commercial development in the state.

This document identifies six key planning principles to guide future retail and commercial development:

- Principle 1 – Retail and commercial activity should be located in centres, to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.
- Principle 2 – The planning system should be flexible enough to enable all centres to grow, and new centres to form.
- Principle 3 – The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.
- Principle 4 – The planning system should ensure that the supply of available floorspace always accommodates market demand, to help facilitate new entrants into the market and promote competition.
- Principle 5 – The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.
- Principle 6 – Retail and commercial development should be well designed to ensure it contributes to the amenity, accessibility, urban context and sustainability of centres.

Each of the key principles detailed above is of direct relevance to the expansion of Marrickville Metro. Principle 1 is already being fulfilled by the existing centre, which is successfully serving the needs of the worker and resident populations in Sydney's inner west.

Principles 2-5 provide guidelines to the planning system that should be employed with respect to retail and commercial facilities. These principles stress that planning regulations should be flexible enough to allow market forces to dictate the supply and demand of retail floorspace. Independent market research carried out on behalf of AMP Capital Investors (AMPCI), and detailed later in this report, suggests that there is significant demand from Marrickville LGA residents for an expanded retail offer at Marrickville Metro. The key findings of this research are discussed in detail in Section 5.3.1 of this report.

### 2.3 Marrickville Urban Strategy

The *Marrickville Urban Strategy* was adopted by Marrickville Council in April 2007, and provides the planning context for future development across the Marrickville LGA. The Strategy, which was formulated by SGS Economics and Planning, establishes a vision addressing a range of planning, community, and environmental issues to guide future strategic planning policies with the LGA. It provides a more localised and specific response for the Marrickville LGA, in comparison to the broader South Subregional Strategy discussed in Section 2.1.

The Marrickville Urban Strategy classifies Marrickville Metro as a 'Stand Alone Shopping Centre' (page 26), which is defined as a "large managed retail centre, with supermarket, discount department store, specialty food and clothing".

According to the Urban Strategy (page 21), Marrickville Council should plan for 3,830 dwellings over 25 years, with "80 percent of new dwellings being located in or near centres, in walking distance to shops and services close to public transport". This is of direct relevance to Marrickville Metro in the future, as the centre satisfies all of the criteria to support residential growth in its locality.

## **2.4 Draft Marrickville Comprehensive LEP (2010)**

Marrickville Council is currently undertaking a review of its Local Environmental Plan (LEP) and Development Control Plan (DCP) in response to the NSW Government's planning reform program. The planning review will respond to the targets and objectives set out in the Metropolitan Strategy and the Draft South Subregional Strategy.

In September 2009, Marrickville Council resolved to forward the draft Marrickville LEP 2010 to the NSW Department of Planning, requesting that the Department issue a Section 65 Certificate under the Environmental Planning and Assessment Act (EP&A Act) 1979 to allow the public exhibition of the plan.

## Section 3: Trade area analysis

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This section details the trade area likely to be served by the expanded Marrickville Metro, and includes an analysis of the current and forecast population levels, as well as the socio-demographic profile and retail spending capacity of trade area residents.

### 3.1 Trade area definition

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

- i. The relative attraction of the 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 carparking, including access and ease of use.
- ii. The proximity and attractiveness of competitive retail 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 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.
- 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.

The trade area most likely to be served by the expanded Marrickville Metro has been defined taking into consideration the above factors. The most important of these are considered to be the following:

- The limited provision of major one-stop supermarket shopping facilities in the surrounding area, particularly within the Marrickville LGA.
- The location of competitive regional and sub-regional shopping centres, including The Broadway Shopping Centre, Leichardt Marketplace, Ashfield Mall and Campsie Centre.
- The composition of Marrickville Metro, which provides an extensive food retail offer based on extremely successful Woolworths and Aldi supermarkets.
- Easy accessibility to the centre via the local road network.

On the basis of these factors the trade area which is expected to be served by the expanded Marrickville Metro is shown on the attached Map 3.1.

The trade area includes a primary sector, three secondary sectors and four tertiary sectors, which are described as follows:

- The **primary sector** comprises the suburbs of Enmore, Tempe and Sydenham as well as parts of Marrickville, Dulwich Hill, Lewisham, Petersham, Stanmore, Newtown and St Peters.
- The **secondary north sector** is bounded by Parramatta Road to the north and includes parts of the suburbs of Lewisham, Petersham, Stanmore, Camperdown and Newtown.
- The **secondary east sector** incorporates the suburbs of Alexandria, Erskineville and parts of Newtown.
- The **secondary south sector** includes in the southern portions of Marrickville and Dulwich Hill.



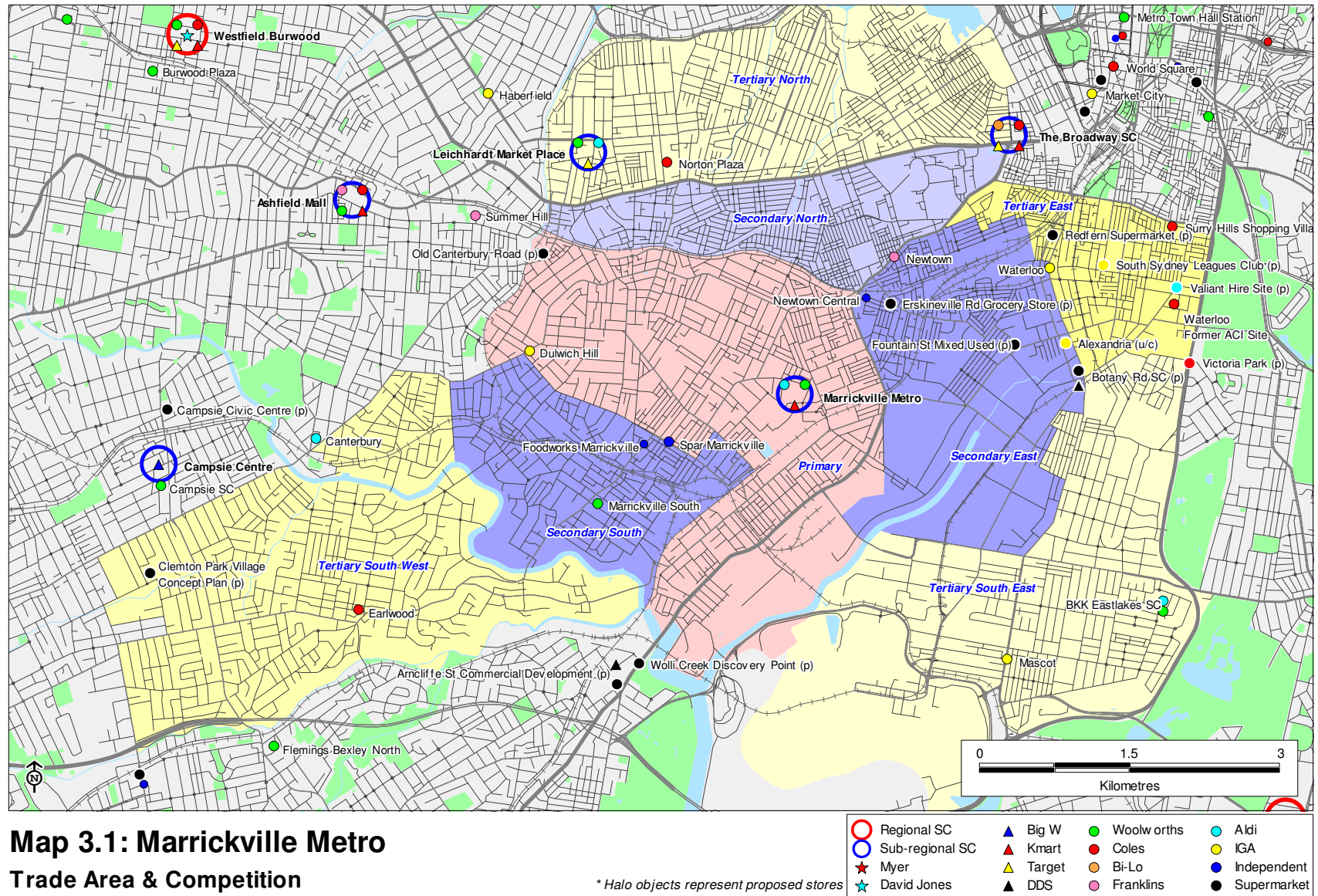
The defined main trade area (the combination of the primary and secondary sectors) extends approximately 2-2.5 km to the north, east and south of the centre, and around 3.5 km to the west.

The centre also serves four tertiary sectors as follows:

- The **tertiary north sector** is located to the north of Parramatta Road and includes the suburbs of Leichhardt, Annandale, Glebe and Forest Lodge, in addition to parts of Camperdown and Lilyfield.
- The **tertiary east sector** comprises Redfern and Waterloo as well as parts of Darlington.
- The **tertiary south-east sector** is bounded by the Eastern Distributor to the west and contains the suburbs of Zetland, Rosebery and Beaconsfield as well as parts of Eastlakes and Mascot.
- The **tertiary south-west sector** incorporates the suburb of Earlwood as well as parts of Hurlstone Park, Canterbury, Campsie, Clemton Park and Kingsgrove.

The combination of the main trade area and the four tertiary sectors is referred to as the total trade area throughout the remainder of this report.

In general, the defined total trade area for an expanded Marrickville Metro serves a substantial region that extends approximately 8-10 km in all directions from the centre, predominantly reflecting the low level of supermarket floorspace throughout Sydney's inner west. Its extent is generally limited to the north by Rozelle Bay, to the east by Southern Cross Drive and to the south by the Sydney Airport.



## 3.2 Trade area population

Tables 3.1 and 3.2 detail the recent and projected future population levels within Marrickville Metro's total trade area. This information is sourced from the following:

- The 2001 and 2006 Censuses of Population and Housing.
- Forecast.id population projections provided by the City of Sydney Council.
- Dwellings projection as outlined in the Metropolitan Development Program (MDP) 2007/08 report of the New South Wales Government.
- New dwellings data from the Australian Bureau of Statistics (ABS) over the period 2006-2009.
- Planning reports such as the Draft South Subregion Strategy (Nov 2007) and Marrickville Urban Strategy (April 2007).
- Population projections prepared by the New South Wales Department of Planning.

The total trade area population is currently estimated at 222,370, including over 97,000 residents in the main trade area. Within the primary sector, there is a population of approximately 40,000 residents, which represents 41.1% of the main trade area population.

Over the period from 2001-2006 (the most recent inter-censal period), the total trade area population increased by around 2,026 persons annually. This average population growth rate of 1% is above the relevant Sydney metropolitan average of 0.6% recorded over the same period.

Map 3.2 illustrates the recent new dwelling approval activity throughout the region over the period 2006-2009, and is based on data from the Australian Bureau of Statistics (ABS). As highlighted, the majority of new dwelling approvals have been occurring in the tertiary north, east and south-east sectors. There has been limited activity within the defined main trade area, mainly focused in the secondary east sector.

**Table 3.1**  
**Marrickville Metro Trade Area Population, 2001-2021**

Trade Area Sector	Estimated Resident Population			Forecast Population		
	2001	2006	2009	2011	2016	2021
Primary Sector	40,910	39,940	40,015	40,215	41,215	42,215
Secondary Sectors						
• North	16,360	17,770	18,220	18,420	18,795	19,045
• East	15,470	19,220	21,170	22,170	24,170	25,920
• South	<u>19,870</u>	<u>18,340</u>	<u>18,040</u>	<u>18,090</u>	<u>18,340</u>	<u>18,590</u>
Total Secondary	51,700	55,330	57,430	58,680	61,305	63,555
<b>Main Trade Area</b>	<b>92,610</b>	<b>95,270</b>	<b>97,445</b>	<b>98,895</b>	<b>102,520</b>	<b>105,770</b>
Tertiary Sectors						
• North	38,340	39,960	40,560	40,960	41,960	43,460
• East	18,580	22,430	24,380	25,480	27,730	29,480
• South east	24,280	27,160	28,660	29,860	32,860	35,860
• South West	<u>32,280</u>	<u>31,400</u>	<u>31,325</u>	<u>31,375</u>	<u>31,625</u>	<u>31,875</u>
Total Tertiary	113,480	120,950	124,925	127,675	134,175	140,675
<b>Total Trade Area</b>	<b>206,090</b>	<b>216,220</b>	<b>222,370</b>	<b>226,570</b>	<b>236,695</b>	<b>246,445</b>

*\*as at June*

*Sources : ABS; Planning NSW; Pitney Bowes Business Insight*

**Table 3.2**  
**Marrickville Metro Trade Area Population Growth, 2001-2021**

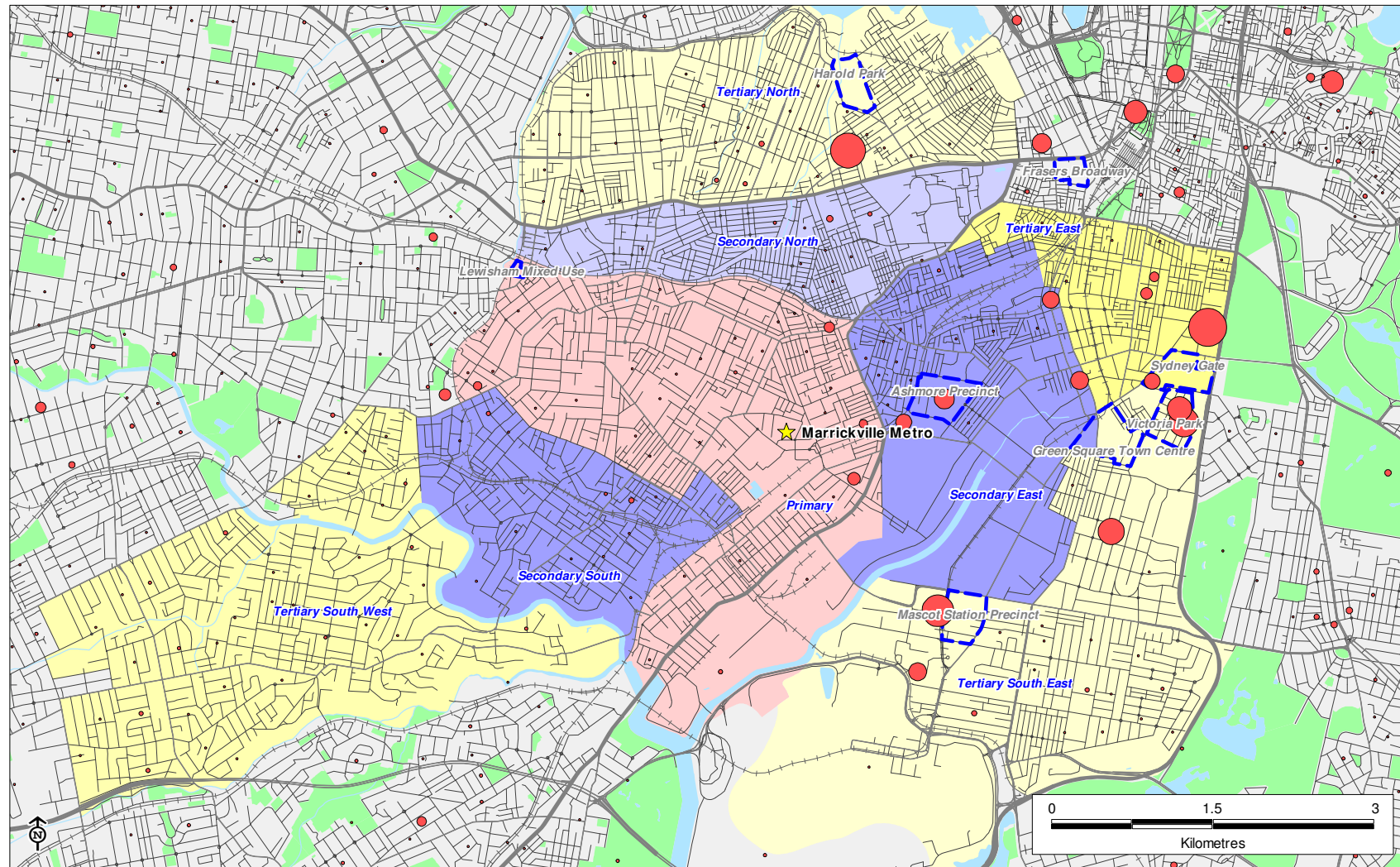
Trade Area Sector	Average Annual Change (No.)				
	2001-2006	2006-2009	2009-2011	2011-2016	2016-2021
Primary Sector	-194	25	100	200	200
Secondary Sectors					
• North	282	150	100	75	50
• East	750	650	500	400	350
• South	<u>-306</u>	<u>-100</u>	<u>25</u>	<u>50</u>	<u>50</u>
Total Secondary	726	700	625	525	450
<b>Main Trade Area</b>	<b>532</b>	<b>725</b>	<b>725</b>	<b>725</b>	<b>650</b>
Tertiary Sectors					
• North	324	200	200	200	300
• East	770	650	550	450	350
• South east	576	500	600	600	600
• South West	<u>-176</u>	<u>-25</u>	<u>25</u>	<u>50</u>	<u>50</u>
Total Tertiary	1,494	1,325	1,375	1,300	1,300
<b>Total Trade Area</b>	<b>2,026</b>	<b>2,050</b>	<b>2,100</b>	<b>2,025</b>	<b>1,950</b>


	Average Annual Change (%)				
	2001-2006	2006-2009	2009-2011	2011-2016	2016-2021
Primary Sector	-0.5%	0.1%	0.2%	0.5%	0.5%
Secondary Sectors					
• North	1.7%	0.8%	0.5%	0.4%	0.3%
• East	4.4%	3.3%	2.3%	1.7%	1.4%
• South	<u>-1.6%</u>	<u>-0.5%</u>	<u>0.1%</u>	<u>0.3%</u>	<u>0.3%</u>
Total Secondary	1.4%	1.2%	1.1%	0.9%	0.7%
<b>Main Trade Area</b>	<b>0.6%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.6%</b>
Tertiary Sectors					
• North	0.8%	0.5%	0.5%	0.5%	0.7%
• East	3.8%	2.8%	2.2%	1.7%	1.2%
• South east	2.3%	1.8%	2.1%	1.9%	1.8%
• South West	<u>-0.6%</u>	<u>-0.1%</u>	<u>0.1%</u>	<u>0.2%</u>	<u>0.2%</u>
Total Tertiary	1.3%	1.1%	1.1%	1.0%	1.0%
<b>Total Trade Area</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>0.8%</b>

Sources : ABS; Planning NSW; Pitney Bowes Business Insight





**Map 3.2: Marrickville Metro**  
New Dwelling Approvals, 2006 - 2009

 Major Residential Areas

The Marrickville LGA generally covers the majority of the defined main trade area (refer Map 3.3), including the entire primary and secondary south sectors, as well as a large portion of the secondary north sector. As mentioned previously, the Marrickville LGA is planned to experience substantial residential development in the future with the addition of 4,150 dwellings expected over the period to 2031.

There is a multitude of smaller residential projects currently proposed within the Marrickville LGA, in addition to two significant residential projects which propose in excess of 100 units, which are detailed below:

- A major project application has been lodged with the NSW government for a large mixed used development at 78-90 Old Canterbury Road, in the suburb of Lewisham (primary sector). This development, which is expected to be completed in mid 2015, is proposed to have 500 units over five residential buildings and also includes a retail component, which is discussed in Section 4 of this report.
- The Alice Street mixed use development in Newtown (primary sector) is currently in the early planning stages, and is to yield some 140 units once completed in late 2010.

In the Metropolitan Development Plan (MDP) of 2007/08, three other significant sites have been identified within the Marrickville LGA for residential development over the next 5-10 years. The largest of these sites is located within the primary sector and is known as the Barwon Park Triangle, which has the potential to yield some 350 units. The other two sites (the Toyota Site and Warner Place) are located in the secondary north and south sectors and have the capacity to accommodate 185 units and 106 units, respectively.

The majority of the main trade area population growth is, however, expected to be driven by the secondary east sector, beyond the Marrickville LGA. Within this sector, significant residential growth is expected to continue to be generated by the City of Sydney's Urban Renewal Program. Several key projects included in the program are discussed below:

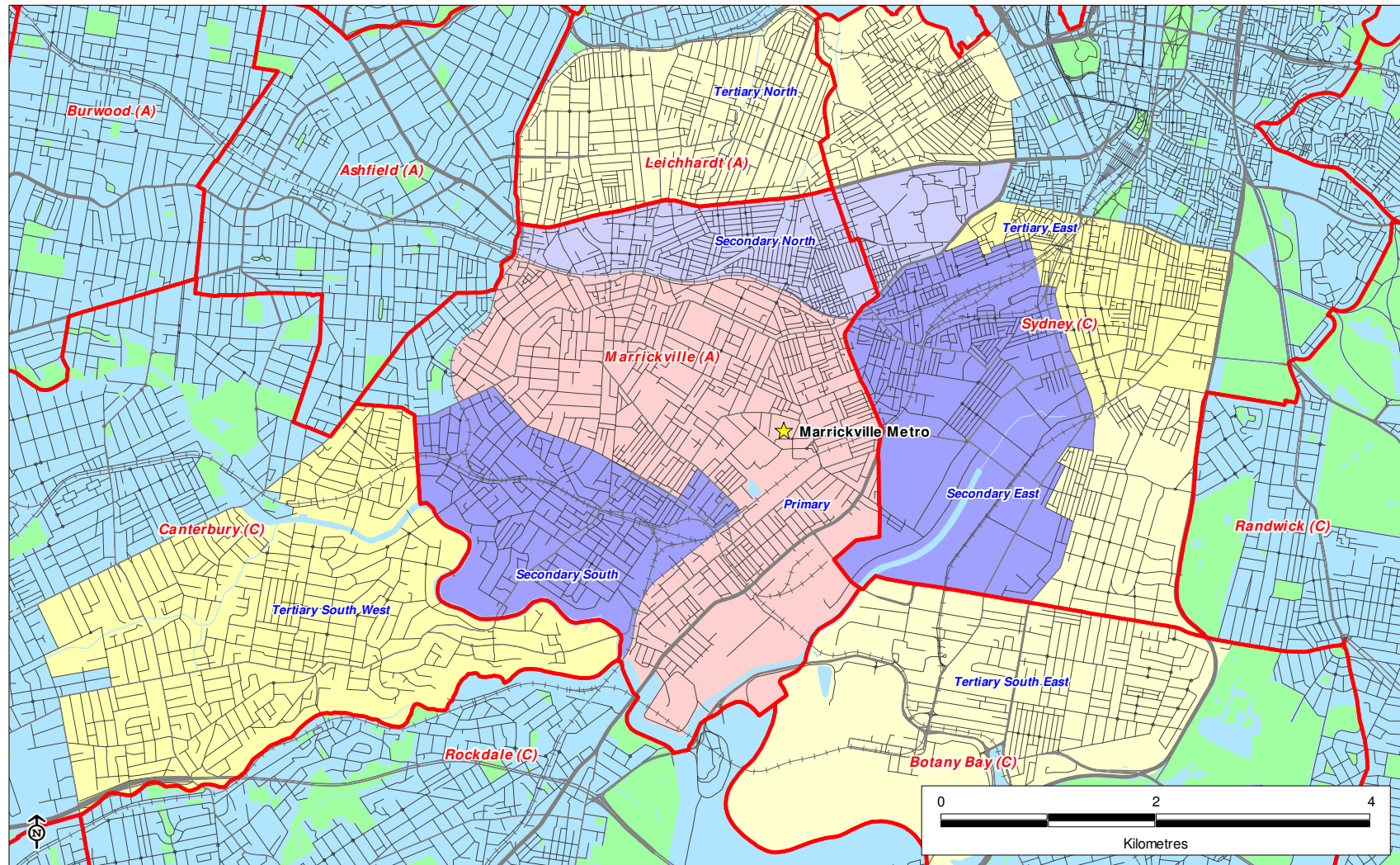
- The Ashmore Precinct in Erskineville is a large 17 hectare site, currently being used for light industrial purposes. The site has been rezoned for mixed-use purposes, and discussions with Council suggest that the site will contain a substantial (yet to be quantified) residential component in the future.
- The Redfern/Waterloo Authority revitalisation project involves the revitalisation of the suburbs of Redfern, Waterloo, Eveleigh and Darlington. According to the *Redfern-Waterloo Built Environment Plan* (August 2006), around 2,000 new dwellings will be developed in a defined area under Stage 1 of the Plan, reflecting a potential population increase of around 4,000 residents.

The concept plan for the proposed North Eveleigh mixed use redevelopment project incorporating some 1,259 dwellings was approved in January 2009, as part of the initial stages of the Redfern/Waterloo revitalisation (which is planned to be completed by late 2017).

- The Green Square Urban Renewal Area is the largest urban renewal project in Australia, and involves the suburbs of Zetland and Beaconsfield, as well as parts of Alexandria, Rosebery and Waterloo. The Renewal Area is projected to accommodate a resident population of over 33,000 and provide employment for over 28,000 people over the longer term.

The most relevant development within the Green Square Urban Renewal Area, to this analysis, is the proposed Green Square Town Centre. The Town Centre would incorporate a portion of the secondary east sector and is proposed to become the commercial, retail and cultural hub of the Urban Renewal Area. It will also be home to approximately 5,500 residents.





**Map 3.3: Marrickville Metro**  
Local Government Areas

The City of Sydney's Urban Renewal Program will also influence future population growth in the tertiary north, east and south east sectors defined for the expanded Marrickville Metro. The relevant projects are detailed below:

- The Harold Park Paceway is a race course in Forest Lodge (tertiary north sector) which has been identified by the City of Sydney for future redevelopment. Though no firm plans have been drawn by Council as yet, this 10.5 hectare site is mooted for substantial residential development in the future, as outlined in the *Sydney Local Environmental Plan 2009 – Harold Park* document released by Council.
- Sydney Gate, a former industrial site in the tertiary east sector suburb of Waterloo, has already commenced development. It includes a 610 dwelling residential project and is expected to be completed over the next few years.
- Another 649 unit residential development known as 'Diversity Waterloo', is also proposed at the Sydney Gate site (by the Becton Property Group). Master plan approval has been granted for the development, which is expected to be completed by early 2018.
- Victoria Park, within the tertiary south-east sector suburb of Zetland, has been a major contributor to population growth within the South Sydney area over the past five years and will contain some 3,185 dwellings or approximately 6,000-6,500 residents once completed over the next 5 years. Well over 1,000 new dwellings have already been constructed at the development.

Other significant residential projects currently proposed within the tertiary north, east and south-east sectors include:

- The Inner City Affordable Housing Project in Glebe (tertiary north sector). This project is to result in 700 units and has an expected delivery date in mid 2016.
- Overland Gardens within the tertiary south-east sector, which has the capacity to delivery some 544 units by mid 2015.

- A mixed use development on O’Dea Avenue, Waterloo (tertiary east). This development is proposed to include 220 units by mid 2014.
- The redevelopment of the former Rachel Foster Hospital site, which is expected to yield around 159 dwelling over the medium to longer term.

The only significant development currently proposed within the tertiary south west sector is Clemton Park Village, which is to be located on the former Sunbeam site at Clemton Park. This project, with an estimated completion date in late 2016, is planned to contain a total of 387 units, including 109 units for seniors.

Taking all of the above into account, the total trade area population is projected to continue to grow solidly over the forecast period, with the strongest growth expected to continue in the secondary east, tertiary east and tertiary south-east sectors. The total trade area population is projected to reach 246,445 residents by 2021 (reflecting a growth rate of around 0.8%-0.9% per annum), including 105,770 residents within the main trade area, and 42,215 persons within the key primary sector.

### 3.3 Socio-demographic profile

Table 3.3 details the socio-demographic profile of the total trade area population. Chart 3.1 illustrates these characteristics for the main trade area population, and compares them with the respective Sydney metropolitan benchmarks. These data are based on the 2006 Census of Population and Housing.

In general, the profile of both the total and main trade area residents is consistent with inner suburban areas of a major metropolitan city. It comprises ethnically diverse residents earning above average incomes. The main trade area contains a younger population in comparison to the total trade area, reflecting the greater presence of older residents in the tertiary sectors.

Key highlights of Marrickville Metro's trade area socio-demographic profile include the following:

- The average age of the total trade area residents, at 37.2 years, is slightly older than the Sydney metropolitan benchmark of 36.6 years.
- The total trade area residents earn income levels which are higher than the comparable Sydney metropolitan benchmarks on both a per capita and per household basis, by 19.3% and 6.9%, respectively.
- The trade area population contains a high proportion of overseas born residents. This trend is consistent across all trade area sectors.
- Home ownership levels in the total trade area are low, at 51.7%.
- A review of the household structure within the total trade area indicates that the total trade area is less family oriented in comparison to the Sydney metropolitan benchmarks. There is a significantly below average proportion of traditional families (i.e. couples with dependent children), as well as an above average proportion of lone person households.

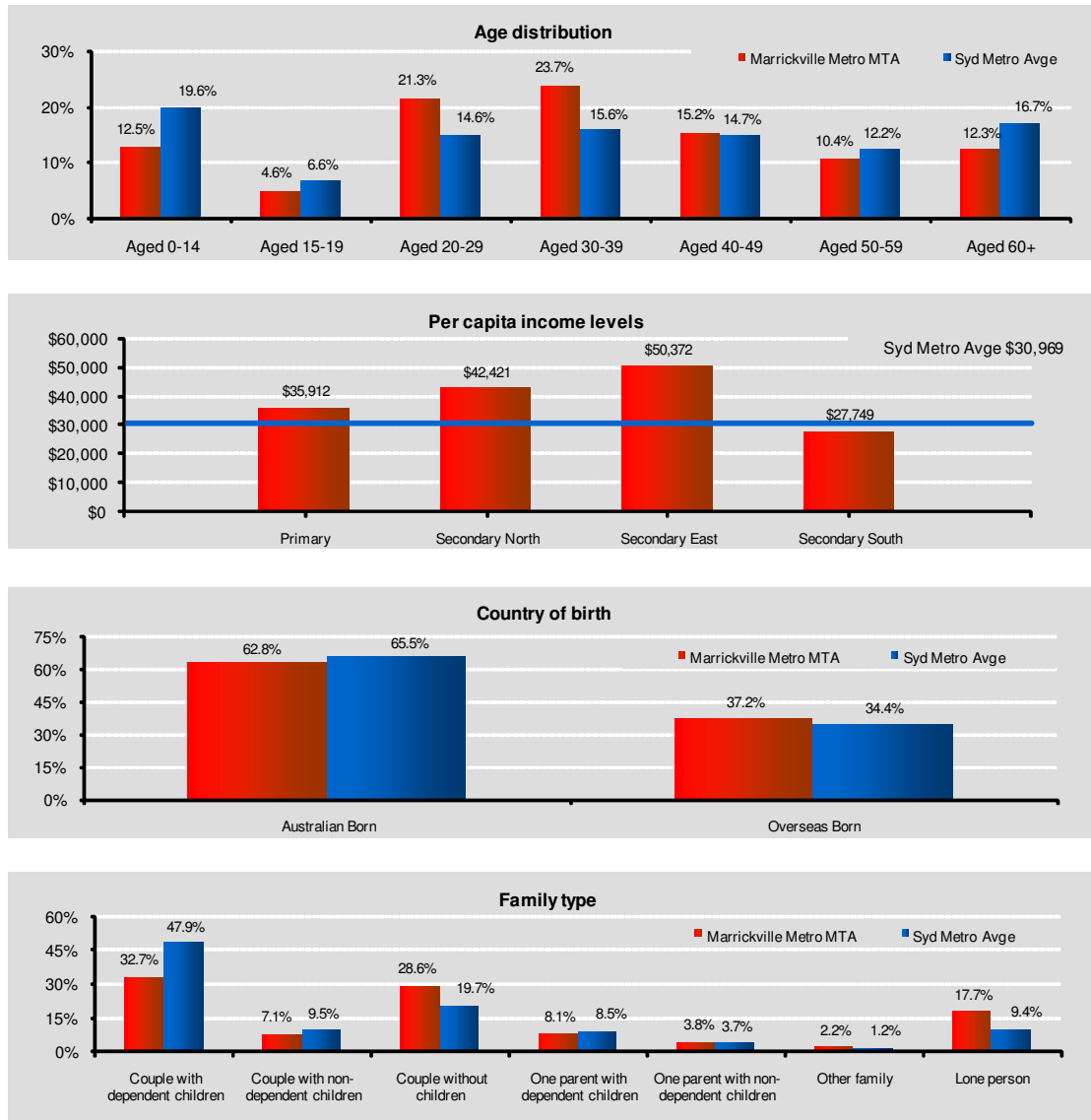
**Table 3.3**  
**Socio-Demographic Profile of the Marrickville Metro Total Trade Area Population**

Characteristics	Primary Sector	Secondary Sectors	Main TA	Tertiary Sectors	Total TA	Syd Metro Average
Average Per Capita Income	\$35,912	\$40,292	\$38,452	\$35,754	\$36,942	\$30,969
Per Capita Income Variation	16.0%	30.1%	24.2%	15.5%	19.3%	n.a.
Average Household Income	\$80,722	\$89,216	\$85,687	\$82,157	\$88,123	\$82,406
Household Income Variation	-2.0%	8.3%	4.0%	-0.3%	6.9%	n.a.
Average Household Size	2.2	2.2	2.2	2.3	2.3	2.7
<b>Age Distribution (% of Pop'n)</b>						
Aged 0-14	13.0%	12.2%	12.5%	13.8%	13.2%	19.6%
Aged 15-19	4.1%	4.9%	4.6%	5.0%	4.8%	6.6%
Aged 20-29	19.0%	23.0%	21.3%	18.2%	19.6%	14.6%
Aged 30-39	23.2%	24.1%	23.7%	19.6%	21.4%	15.6%
Aged 40-49	15.6%	14.9%	15.2%	14.4%	14.8%	14.7%
Aged 50-59	11.3%	9.8%	10.4%	11.8%	11.2%	12.2%
Aged 60+	13.9%	11.1%	12.3%	17.3%	15.1%	16.7%
Average Age	37.1	35.3	36.1	38.1	37.2	36.6
<b>Housing Status (% of H'holds)</b>						
Owner/Purchaser	53.6%	49.3%	51.1%	52.1%	51.7%	67.0%
Renter	45.8%	50.2%	48.4%	47.4%	47.8%	32.3%
Other	0.5%	0.5%	0.5%	0.6%	0.5%	0.8%
<b>Birthplace (% of Pop'n)</b>						
Australian Born	62.3%	63.2%	62.8%	58.5%	60.4%	65.5%
Overseas Born	37.7%	36.8%	37.2%	41.5%	39.6%	34.4%
• Asia	11.2%	12.5%	12.0%	13.0%	12.6%	13.0%
• Europe	16.7%	14.4%	15.4%	17.7%	16.7%	11.6%
• Other	9.8%	9.9%	9.8%	10.8%	10.4%	9.9%
<b>Family Type (% of Pop'n)</b>						
Couple with dep't children	32.8%	32.6%	32.7%	34.8%	33.9%	47.9%
Couple with non-dep't child.	8.5%	6.1%	7.1%	8.9%	8.1%	9.5%
Couple without children	27.1%	29.7%	28.6%	25.3%	26.8%	19.7%
Single with dep't child.	8.6%	7.7%	8.1%	7.7%	7.9%	8.5%
Single with non-dep't child.	4.1%	3.6%	3.8%	4.5%	4.2%	3.7%
Other family	2.1%	2.2%	2.2%	2.2%	2.2%	1.2%
Lone person	16.9%	18.2%	17.7%	16.5%	17.0%	9.4%

Sources : ABS Census of Population and Housing 2006; Pitney Bowes Business Insight

Chart 3.1

Marrickville Metro Main Trade Area - Socio-Demographic Profile, 2006



Sources : ABS Census of Population and Housing 2006; Pitney Bowes Business Insight

## 3.4 Trade area spending

### 3.4.1 Methodology

The single major determinant of total retail spending capacity for any population is the available income level. Other factors which then serve to impact on the likely distribution of the retail expenditure capacity (i.e. between food and non-food spending or different segments of non-food spending) include the age distribution, the ethnic profile and the family structure of that population.

The estimated retail expenditure capacity of the Marrickville Metro trade area population is based on information sourced from Market Data Systems (MDS), which 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 Survey, National Accounts Data, Census Data and other information.

The MarketInfo product from MDS starts with the household expenditure survey, a comprehensive exercise conducted by the ABS every five years. In the latest survey, just under 7,000 households across Australia were asked to provide complete details of their spending over specified periods.

In addition to a thorough interview, each member of the household in question over the age of 15 is required to keep a diary of every single expenditure made over a two week period. The respondents itemise all outgoings by attaching grocery receipts as well as accurately recording all other transactions which may range from taxi fares to insurance and alimony payments, to the amount of pocket money given to children in the household. Complete financial and social information about the entire household is also provided.

All of these data are then matched with the Census, Centrelink, National Accounts and other data collected by state and national governments to create a model of spending that is at the heart of MarketInfo. Micro-simulation techniques are the method by which these detailed calculations are performed.



MarketInfo calculates spending levels down to the Census Collection District (CCD), the smallest defined area used by the ABS. Each CCD covers an area of approximately 180 households. MarketInfo is able to drill down to this level because it starts with the unit records from the household expenditure survey and then uses the spending and other information from all of the nearly 7,000 surveyed households as the basis for modelling these actual results to the broader community.

MarketInfo is used by a broad range of organisations throughout Australia. Among the current users are AMP, Centrelink, The Coles Group, Commonwealth Bank, Ernst and Young, KPMG Consulting, Lend Lease, McDonalds, WA Health Department, Westfield and Woolworths.

Throughout New South Wales, Victoria and Queensland, the MarketInfo estimates of retail spending that are prepared independently by MDS are commonly used by all parties in Economic Impact Assessments of a similar nature to the Marrickville Metro proposal.

### 3.4.2 Expenditure estimates

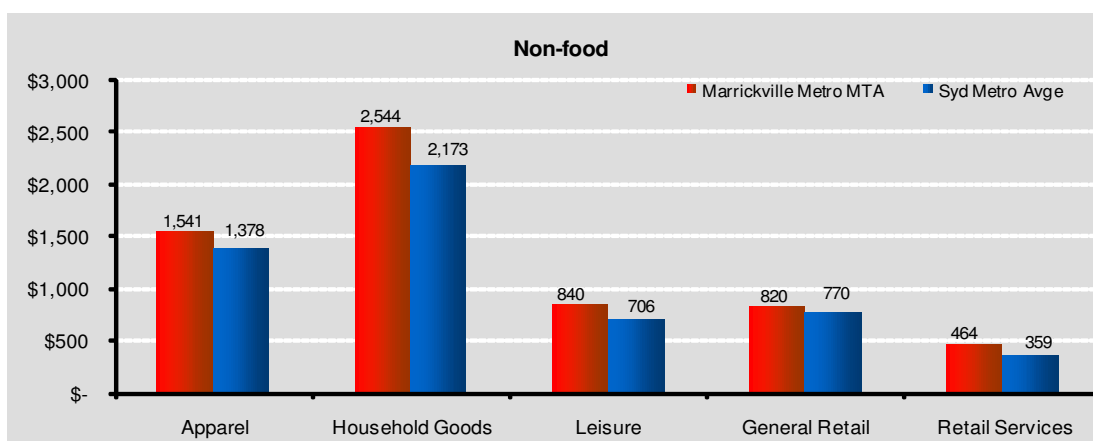
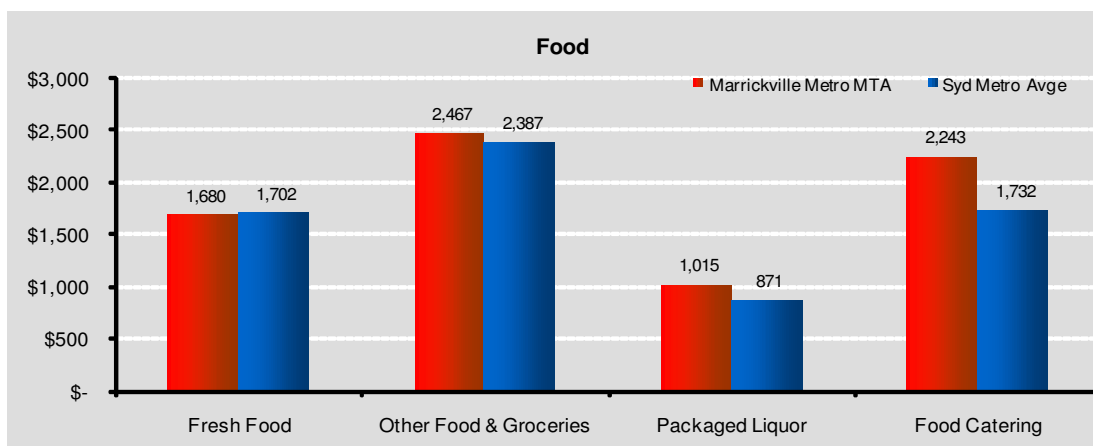
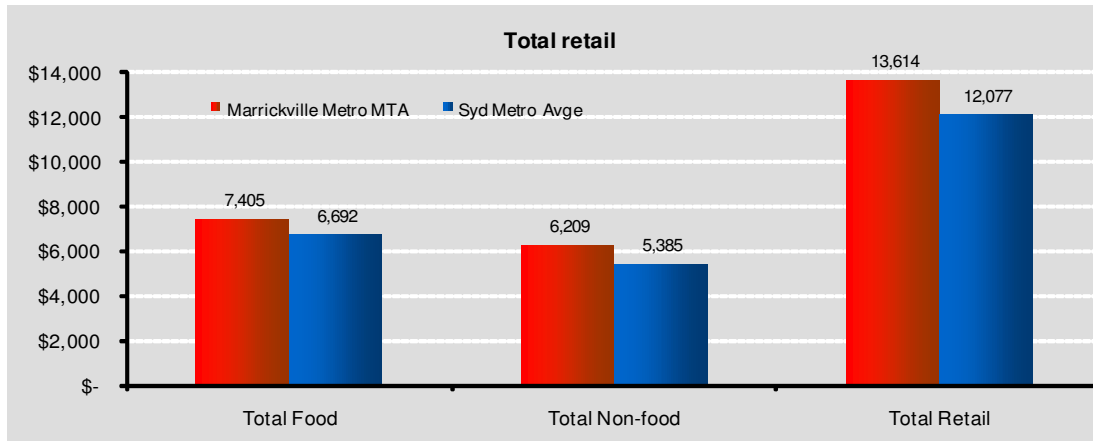
The estimated retail expenditure by Marrickville Metro main trade area population, benchmarked with 2008/09 averages for the Sydney Metropolitan area, is shown in Chart 3.2. In general, main trade area retail expenditure per capita in all key categories is significantly higher than the benchmarks.

The food and consumables segment of retail expenditure, as defined for the purposes of this analysis, includes take-home food and groceries, all packaged liquor, food catering expenditure at takeaway food stores, cafes and restaurants and all non-food consumables spending (such as on health and beauty items, personal hygiene, pharmaceutical groceries, home cleaning products and pet food).

Non-food spending for the purposes of this analysis includes expenditure on apparel, household appliances, homewares, bulky goods, recreation goods, health and beauty and retail services.

Chart 3.2

## Marrickville Metro Trade Area - Retail Spending Per Person, 2008/09



Source : Marketinfo; Pitney Bowes Business Insight

Table 3.4 summarises the current and projected level of retail expenditure generated by the total trade area population, taking into consideration projected population growth throughout the trade area over this period. These figures are expressed including GST and in constant 2008/09 dollars (i.e. excluding retail inflation).

Total estimated retail expenditure generated by the Marrickville Metro total trade area population for the year to June 2009 is estimated at over \$2.9 billion. This level of retail spending is projected to grow by around 1.9% per annum to reach almost \$3.7 billion in 2021.

The average annual growth of 1.9% over the period to 2021 reflects the following:

- Population growth of around 0.9% per annum
- Real growth increase in retail spending of 1.0%, which is consistent with the typical trends generally evident throughout New South Wales and Australia over the longer term.

Table 3.5 summarises the current and projected level of retail spending by detailed category for the Marrickville Metro total trade area. It is estimated that total trade area residents currently spend around \$1.6 billion on food items and \$1.3 billion on non-food retail goods and services. As shown, take-home food and liquor spending made up the highest proportion of total retail expenditure in 2009, at around 38.8%.

Table 3.4

## Marrickville Metro Total Trade Area Retail Expenditure, 2009-2021\* (\$M)

Y/E	Primary	Secondary Sectors			Main	Tertiary Sectors				Total
June	Sector	North	East	South	TA	North	East	Sth-east	Sth-west	TA
2009	531.9	246.2	333.1	210.2	1,321.5	602.7	315.9	340.3	359.7	2,940.1
2010	538.1	250.4	345.9	211.8	1,346.2	611.8	327.1	350.3	363.3	2,998.8
2011	544.8	254.3	357.5	214.2	1,370.9	620.9	337.8	361.2	367.2	3,058.0
2012	552.3	258.1	368.4	216.8	1,395.7	630.2	347.9	372.1	371.4	3,117.2
2013	560.6	261.7	378.6	219.6	1,420.5	639.6	357.4	383.1	375.7	3,176.2
2014	569.0	265.4	389.0	222.4	1,445.8	649.1	367.1	394.4	380.0	3,236.5
2015	577.5	269.1	399.8	225.3	1,471.7	658.8	377.1	406.0	384.4	3,298.0
2016	586.2	272.9	410.8	228.1	1,498.0	668.6	387.4	418.0	388.9	3,360.9
2017	594.9	276.6	421.5	231.0	1,524.0	679.3	397.0	430.0	393.4	3,423.6
2018	603.7	280.1	431.7	234.0	1,549.5	690.9	405.9	442.0	398.0	3,486.2
2019	612.7	283.6	442.1	237.0	1,575.4	702.7	415.0	454.2	402.6	3,550.0
2020	621.8	287.2	452.8	240.0	1,601.8	714.8	424.3	466.9	407.3	3,615.0
2021	631.0	290.9	463.8	243.0	1,628.7	727.0	433.8	479.9	412.0	3,681.4
<b>Expenditure Growth</b>										
2009-2011	12.9	8.1	24.4	4.1	49.4	18.2	21.9	20.9	7.5	117.9
2011-2016	41.3	18.6	53.3	13.9	127.1	47.6	49.6	56.8	21.7	302.8
2016-2021	44.9	17.9	53.0	14.9	130.7	58.4	46.5	61.8	23.1	320.5
2009-2021	99.1	44.6	130.7	32.9	307.3	124.3	117.9	139.6	52.3	741.3
<b>Average Annual Growth Rate</b>										
2009-2011	1.2%	1.6%	3.6%	1.0%	1.9%	1.5%	3.4%	3.0%	1.0%	2.0%
2011-2016	1.5%	1.4%	2.8%	1.3%	1.8%	1.5%	2.8%	3.0%	1.2%	1.9%
2016-2021	1.5%	1.3%	2.5%	1.3%	1.7%	1.7%	2.3%	2.8%	1.2%	1.8%
2009-2021	1.4%	1.4%	2.8%	1.2%	1.8%	1.6%	2.7%	2.9%	1.1%	1.9%

\*Constant 2008/09 dollars &amp; including GST

Source : Marketinfo; Pitney Bowes Business Insight

Table 3.5

Marrickville Metro Total TA Retail Expenditure by Key Commodity Group, 2009-2021\* (\$M)

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2009	1,140.8	473.2	331.9	540.6	179.2	176.3	98.2
2010	1,163.2	482.9	338.5	551.6	182.7	179.7	100.2
2011	1,186.0	492.6	345.1	562.6	186.4	183.2	102.2
2012	1,208.9	502.2	351.8	573.5	190.0	186.7	104.2
2013	1,231.7	511.8	358.4	584.5	193.5	190.2	106.1
2014	1,255.0	521.7	365.2	595.6	197.2	193.7	108.2
2015	1,278.7	531.7	372.1	607.0	201.0	197.3	110.2
2016	1,303.0	541.9	379.1	618.6	204.8	201.0	112.3
2017	1,327.3	552.2	386.2	630.3	208.6	204.7	114.4
2018	1,351.5	562.3	393.2	641.8	212.4	208.4	116.5
2019	1,376.1	572.7	400.4	653.6	216.3	212.2	118.6
2020	1,401.3	583.3	407.7	665.6	220.2	216.1	120.8
2021	1,426.9	594.1	415.2	677.9	224.3	220.0	123.0
<b>Expenditure Growth</b>							
2009-2011	45.3	19.4	13.3	21.9	7.2	6.9	4.0
2011-2016	117.0	49.4	34.0	56.1	18.4	17.8	10.1
2016-2021	123.9	52.2	36.0	59.3	19.5	18.9	10.7
2009-2021	286.2	120.9	83.3	137.3	45.1	43.7	24.8
<b>Average Annual Growth Rate</b>							
2009-2011	2.0%	2.0%	2.0%	2.0%	2.0%	1.9%	2.0%
2011-2016	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
2016-2021	1.8%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%
2009-2021	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%

\*Constant 2008/09 dollars &amp; including GST

Source : Marketinfo; Pitney Bowes Business Insight

## Section 4: Competitive context

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This section of the report reviews the competitive environment within which Marrickville Metro operates, providing the framework for an assessment of the trading impacts on competitive retail facilities that the expanded centre is likely to generate.

The previous Map 3.1 illustrates the locations of all relevant competitive retail facilities to Marrickville Metro. In this section of the report we examine these facilities in detail, considering the main trade area, tertiary trade area sectors and then facilities beyond the trade area in turn.

For the purposes of this analysis, supermarkets are defined as being greater than 500 sq.m in size and do not include small corner stores, grocery and convenience stores and milk bars. Smaller sized stores of less than 500 sq.m are commonly referred to as foodstores, and sell a limited range of food and groceries, as well as typically providing takeaway food and newsagent items.

### 4.1 Main trade area retail floorspace

Before considering the current provision of retail floorspace within the Marrickville Metro main trade area, it is useful to set the context with an examination of the types of retail floorspace that comprise the Australian retail hierarchy. The retail hierarchy within Australian metropolitan areas typically offers a broad spectrum of retail facilities, generally including a selection of each of the following:

- Specialised local shopping strips, catering to the convenience shopping needs of residents in their immediate localities.
- Small neighbourhood shopping centres, typically less than 10,000 sq.m in size, anchored by a supermarket and offering a limited range of convenience-oriented specialty stores.

- Sub-regional shopping centre(s), ranging in size from 15,000-40,000 sq.m, anchored by 1 or more discount department stores, 1 or more supermarkets and with a range of specialty shops.
- Regional shopping centre(s), of 50,000 sq.m or more, typically anchored by a department store, together with discount department store(s), supermarket(s) and speciality shops.

Across the Australian retail landscape there are also around 15 so-called super-regional shopping centres, anchored by two department stores, 2-3 discount department stores and supermarkets, offering an extensive array of specialty stores and often exceeding 100,000 sq.m in retail GLA.

In this context, the retail provision within the Marrickville Metro main trade area is particularly sparse. Marrickville Metro, a sub-regional shopping centre, is the only existing centre or precinct within the main trade area which offers significant comparison shopping facilities, comprising as it does a Kmart discount department store, Woolworths and Aldi supermarkets, and a provision of supporting specialty retailers. The rest of the main trade area competitive landscape is characterised by numerous discrete retail shopping strips, located along key arterial roads throughout the region, and serving a very different role within the trade area. Against the typical retail hierarchy described above, the Marrickville Metro main trade area is under-supplied in terms of comparison shopping facilities (regional, subregional and neighbourhood shopping centres), but over-supplied in terms of localised retail shopping strips.



#### 4.1.1 Strip retail precincts

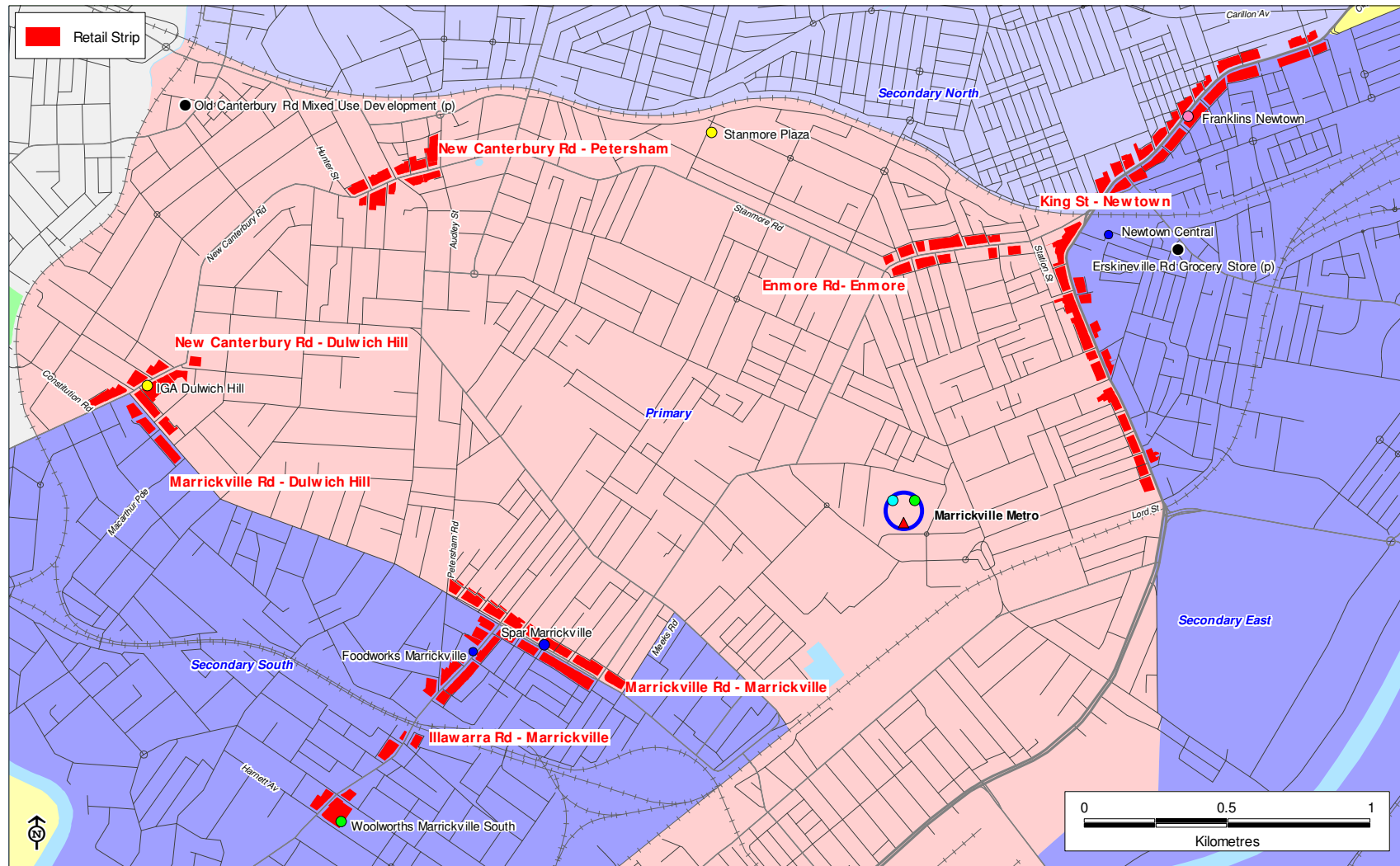
As part of an extensive audit of the competitive retail environment in the region, Pitney Bowes Business Insight carried out a floorspace survey in March and April 2010, to quantify the retail and commercial tenancy provisions on each of the relevant strip shopping precincts within the main trade area.

The following six (6) retail strips were included in the survey, and are illustrated on Map 4.1:

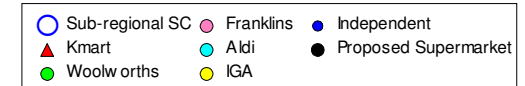
- Marrickville Road, Marrickville
- Illawarra Road, Marrickville
- King Street, Newtown
- Enmore Road, Enmore
- New Canterbury Road and Marrickville Road, Dulwich Hill
- New Canterbury Road, Petersham

Each strip has been broken down into its key components, in terms both of store numbers and estimated floorspace provisions. Both traditional retail businesses and non-retail usages such as Medical Centres, Financial Services, Real Estate agencies and Entertainment, were included in the audit. Key characteristics including the size, composition and role played by each of these strips are considered in turn in the following subsection.

In general, the more successful of the retail strips surveyed were found to perform very localised, convenience-oriented roles within their immediate surrounding communities, often displaying a distinct ethnic “personality”. The representation of national chain retailers along each strip is extremely low, reflecting a combination of the often lesser quality (as compared, for example, with shopping centres) retail premises, and again the ethnic orientations of various strips. With the exception of Petersham, vacant floorspace accounted for 5-8% of the total provision along each strip, and this is a fairly typical rate of vacancy for centres of this nature.



**Map 4.1: Marrickville Metro**  
Trade Area & Retail Strips



Marrickville Road, Marrickville

Table 4.1 summarises the provision of shopfront retailing and commercial usages (eg. Banks, real estate agents and the like) on Marrickville Road, Marrickville, which extends to the east as far as Meeks Road, and to the west as far as Petersham Road.

The key features of the Marrickville Road, Marrickville strip include:

- A substantial number of specialist food and grocery businesses, which highlights the low provision of supermarket floorspace in the immediate vicinity (limited to a small Spar supermarket of 800 sq.m, which was closed for refurbishment at the time of the audit).
- A large proportion of Vietnamese food and food catering businesses, reflecting the ethnic diversity of the local population.
- Low representation of national chain businesses. Independent operators dominate both the number of stores (78.7%) and floorspace provision (65.0%) along this strip, with most non-independent operators being banks, real estate agents and other non-retail or service-oriented businesses.
- Low level of vacancies. Vacant stores are estimated to account for less than 5% of the floorspace provision along Marrickville Road.

In general, the Marrickville Road, Marrickville strip is observed to be the brightest, best presented and most active of the 6 retail strips audited for this report. Yet this strip centre is located much closer to Marrickville Metro than either the Dulwich Hill or Petersham strips, neither of which appears to be as active or vibrant, as discussed further below. The strip's emphasis on Vietnamese-oriented convenience retail is a key strength, and suggests that one reason for its vibrancy is the specialised role that it plays within the retail hierarchy. It does not compete directly with the more mainstream offer typically found in shopping centres (such as Marrickville Metro), rather providing a targeted, specialist offer for local residents and also Sydney's broader Vietnamese community.

## Section 4: Competitive context

**Table 4.1**  
**Marrickville Road retail strip, Marrickville**

Tenants	No. of Stores				Floorspace (sq.m)			
	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
<b>Majors</b>								
Smkts/Large Food Stores*	<u>0</u>	<u>1</u>	<u>1</u>	<u>0.6%</u>	<u>0</u>	<u>800</u>	<u>800</u>	<u>3.6%</u>
Total Majors	0	1	1	0.6%	0	800	800	3.6%
<b>Retail Specialties</b>								
Food & Liquor	20	4	24	13.8%	1,700	510	2,210	9.9%
Food Catering	29	5	34	19.5%	2,295	385	2,680	12.0%
Apparel	18	0	18	10.3%	1,985	0	1,985	8.9%
Household Goods	6	1	7	4.0%	960	800	1,760	7.9%
Leisure	5	1	6	3.4%	480	270	750	3.4%
General Retail	9	4	13	7.5%	940	465	1,405	6.3%
Retail Services	<u>11</u>	<u>0</u>	<u>11</u>	<u>6.3%</u>	<u>765</u>	<u>0</u>	<u>765</u>	<u>3.4%</u>
Total Retail Spec.	98	15	113	64.9%	9,125	2,430	11,555	51.9%
Bulky	5	0	5	2.9%	1,200	0	1,200	5.4%
<b>Total Retail</b>	<b>103</b>	<b>16</b>	<b>119</b>	<b>68.4%</b>	<b>10,325</b>	<b>3,230</b>	<b>13,555</b>	<b>60.9%</b>
Non-Retail Medical	5	2	7	4.0%	810	530	1,340	6.0%
Non-Retail Finance	4	5	9	5.2%	465	1,580	2,045	9.2%
Non-Retail Real Estate	1	5	6	3.4%	50	640	690	3.1%
Non-Retail Entertainment	2	1	3	1.7%	1,100	300	1,400	6.3%
Non-Retail Other	<u>14</u>	<u>6</u>	<u>20</u>	<u>11.5%</u>	<u>1,035</u>	<u>1,130</u>	<u>2,165</u>	<u>9.7%</u>
<b>Total Non-retail</b>	<b>26</b>	<b>19</b>	<b>45</b>	<b>25.9%</b>	<b>3,460</b>	<b>4,180</b>	<b>7,640</b>	<b>34.3%</b>
<b>Total Retail &amp; Non-retail</b>	<b>129</b>	<b>35</b>	<b>164</b>	<b>94.3%</b>	<b>13,785</b>	<b>7,410</b>	<b>21,195</b>	<b>95.3%</b>
Representation**	78.7%	21.3%	100%		65.0%	35.0%	100%	
Vacancies	<u>0</u>	<u>0</u>	<u>10</u>	<u>5.7%</u>	<u>0</u>	<u>0</u>	<u>1,054</u>	<u>4.7%</u>
<b>Total Tenancies</b>	<b>129</b>	<b>35</b>	<b>174</b>	<b>100%</b>	<b>13,785</b>	<b>7,410</b>	<b>22,249</b>	<b>100%</b>

\* Grocery stores of atleast 500 sq.m.

\*\* Independent vs National traders.

Source : Pitney Bowes Business Insight

Illawarra Road, Marrickville

This sparsely populated retail strip extends around 1 km from Marrickville Road in the north, to Harnett Street in the south, and offers just over 20,000 sq.m of retail and non-retail floorspace (refer Table 4.2).

The key characteristics of the Illawarra Road strip are summarised below:

- Small Asian grocery stores make up a large portion of the observed 2,800 sq.m of Food and Liquor floorspace. The strip clearly serves a strong convenience function for an Asian-oriented customer base. There is also quite a strong Greek influence toward the southern end of Illawarra Road.
- Woolworths and Foodworks supermarkets provide a total of around 4,250 sq.m of supermarket floor space along the strip, with the former representing the main supermarket shopping destination in Marrickville Metro's secondary south trade area sector.
- The presence of the two supermarkets skews the provision of National Brand floorspace along the strip (31.0%). In terms of store numbers, however, almost 94% of the tenancies along Illawarra Rd are independently operated.
- In comparison to the Marrickville Road strip located immediately to the north, Illawarra Road contains a significantly higher level of Retail Services floorspace, but also much lower levels of Apparel and Household Goods traders (both in terms of store numbers, and floorspace provision), again highlighting the convenience function of the strip.
- Observed vacancies along the Illawarra Road strip (10.6% of store numbers but only 4.9% of estimated floorspace) are generally small, poor quality, and in some cases derelict spaces with few observable signs of landlords actively seeking replacement tenants (or even maintaining the premises).

Like the Marrickville Road strip, the main strength of the Illawarra Road strip is its concentrated offer of ethnically targeted convenience retail. The presence of two supermarkets along the strip enhances the amenity of its convenience offer, effectively anchoring the two ends of the road.

## Section 4: Competitive context

**Table 4.2**  
**Illawarra Road retail strip, Marrickville**

Tenants	No. of Stores				Floorspace (sq.m)			
	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
<b>Majors</b>								
Smkts/Large Food Stores*	<u>0</u>	<u>2</u>	<u>2</u>	<u>1.3%</u>	<u>0</u>	<u>4,250</u>	<u>4,250</u>	<u>20.5%</u>
Total Majors	0	2	2	1.3%	0	4,250	4,250	20.5%
<b>Retail Specialties</b>								
Food & Liquor	22	1	23	14.4%	2,675	125	2,800	13.5%
Food Catering	20	1	21	13.1%	1,535	80	1,615	7.8%
Apparel	4	0	4	2.5%	255	0	255	1.2%
Household Goods	3	0	3	1.9%	325	0	325	1.6%
Leisure	5	0	5	3.1%	320	0	320	1.5%
General Retail	7	1	8	5.0%	850	200	1,050	5.1%
Retail Services	<u>30</u>	<u>1</u>	<u>31</u>	<u>19.4%</u>	<u>2,130</u>	<u>600</u>	<u>2,730</u>	<u>13.2%</u>
Total Retail Spec.	91	4	95	59.4%	8,090	1,005	9,095	43.9%
Bulky	1	0	1	0.6%	750	0	750	3.6%
<b>Total Retail</b>	<b>92</b>	<b>6</b>	<b>98</b>	<b>61.3%</b>	<b>8,840</b>	<b>5,255</b>	<b>14,095</b>	<b>68.0%</b>
Non-Retail Medical	14	0	14	8.8%	2,080	0	2,080	10.0%
Non-Retail Finance	6	0	6	3.8%	610	0	610	2.9%
Non-Retail Real Estate	1	1	2	1.3%	150	60	210	1.0%
Non-Retail Other	<u>21</u>	<u>2</u>	<u>23</u>	<u>14.4%</u>	<u>1,910</u>	<u>800</u>	<u>2,710</u>	<u>13.1%</u>
<b>Total Non-retail</b>	<b>42</b>	<b>3</b>	<b>45</b>	<b>28.1%</b>	<b>4,750</b>	<b>860</b>	<b>5,610</b>	<b>27.1%</b>
<b>Total Retail &amp; Non-retail</b>	<b>134</b>	<b>9</b>	<b>143</b>	<b>89.4%</b>	<b>13,590</b>	<b>6,115</b>	<b>19,705</b>	<b>95.1%</b>
Representation**	93.7%	6.3%	100%		69.0%	31.0%	100%	
Vacancies	<u>0</u>	<u>0</u>	<u>17</u>	<u>10.6%</u>	<u>0</u>	<u>0</u>	<u>1,020</u>	<u>4.9%</u>
<b>Total Tenancies</b>	<b>134</b>	<b>9</b>	<b>160</b>	<b>100%</b>	<b>13,590</b>	<b>6,115</b>	<b>20,725</b>	<b>100%</b>

\* Grocery stores of atleast 500 sq.m.

\*\* Independent vs National traders.

Source : Pitney Bowes Business Insight

### King Street, Newtown

The retail strip along King Street in Newtown stretches more than 2 km, and is one of the best known strip centres currently provided in Sydney. Unlike the other shopping strips that were the subject of our study, King Street has a significant regional draw, attracting many residents of the wider Sydney region with its cosmopolitan offer of boutique food and fashion stores. The northern portion of the Newtown strip is located in between the Newtown Railway station and the University of Sydney, and is the more popular portion of the strip. This area is a very busy thoroughfare, with heavy pedestrian traffic drawn to the many restaurants, cafés and fashion retailers. The southern end of King Street offers a still more eclectic mix of food and fashion than its northern counterpart, and draws somewhat fewer visitors. The key features of King St, Newtown are summarised below:

- The strip contains well over 350 retail specialty traders including a high proportion (27% of total stores) of cafes and restaurants (food catering tenants). The majority of these traders are independent operators, with only around 10% of stores and 15% of floorspaces along King St being occupied by National Brands.
- The provision of Apparel retail along King Street was the highest observed along any of the strips which are the subject of this study, while retail services were seen to be comparatively under-supplied. This reflects the previously mentioned strong regional draw of King St, which contrasts markedly with the more localised nature of each of the other strips within the trade area.
- Two small supermarkets are provided along King St, a Foodworks of 788 sq.m at Newtown Central, and a stand-alone Franklins store (900 sq.m). Newtown Central comprises approximately 1,500 sq.m of retail floorspace, anchored by the Foodworks and including 18 convenience based speciality shops and a Fitness First gymnasium.



King St, Newtown's regional draw, which results from its comprehensive offer of food and fashion retail, differentiates it from the other retail strips considered in this report. Its role in the retail hierarchy, however, is still distinctly different to those played by regional shopping centres, insofar as its mix is dominated by independent operators, and with minimal representation of specialty retail categories other than fashion and food.

**Table 4.3**  
**King Street retail strip, Newtown**

Tenants	No. of Stores				Floorspace (sq.m)			
	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
<b>Majors</b>								
Smkts/Large Food Stores*	<u>0</u>	<u>2</u>	<u>2</u>	<u>0.4%</u>	<u>0</u>	<u>1,688</u>	<u>1,688</u>	<u>3.5%</u>
Total Majors	0	2	2	0.4%	0	1,688	1,688	3.5%
<b>Retail Specialties</b>								
Food & Liquor	30	6	36	7.1%	2,280	685	2,965	6.1%
Food Catering	131	6	137	27.0%	10,980	350	11,330	23.4%
Apparel	75	6	81	15.9%	5,570	455	6,025	12.4%
Household Goods	13	1	14	2.8%	1,710	125	1,835	3.8%
Leisure	30	0	30	5.9%	3,160	0	3,160	6.5%
General Retail	21	1	22	4.3%	1,915	40	1,955	4.0%
Retail Services	<u>45</u>	<u>3</u>	<u>48</u>	<u>9.4%</u>	<u>2,670</u>	<u>325</u>	<u>2,995</u>	<u>6.2%</u>
Total Retail Spec.	345	23	368	72.4%	28,285	1,980	30,265	62.5%
Bulky	21	1	22	4.3%	2,475	600	3,075	6.3%
<b>Total Retail</b>	<b>366</b>	<b>26</b>	<b>392</b>	<b>77.2%</b>	<b>30,760</b>	<b>4,268</b>	<b>35,028</b>	<b>72.3%</b>
Non-Retail Medical	5	0	5	1.0%	1,603	0	1,603	3.3%
Non-Retail Finance	1	7	8	1.6%	70	1,030	1,100	2.3%
Non-Retail Real Estate	5	7	12	2.4%	370	560	930	1.9%
Non-Retail Entertainment	11	0	11	2.2%	3,050	0	3,050	6.3%
Non-Retail Other	<u>38</u>	<u>8</u>	<u>46</u>	<u>9.1%</u>	<u>3,185</u>	<u>990</u>	<u>4,175</u>	<u>8.6%</u>
<b>Total Non-retail</b>	<b>60</b>	<b>22</b>	<b>82</b>	<b>16.1%</b>	<b>8,278</b>	<b>2,580</b>	<b>10,858</b>	<b>22.4%</b>
<b>Total Retail &amp; Non-retail</b>	<b>426</b>	<b>48</b>	<b>474</b>	<b>93.3%</b>	<b>39,038</b>	<b>6,848</b>	<b>45,886</b>	<b>94.7%</b>
Representation**	89.9%	10.1%	100%		85.1%	14.9%	100%	
Vacancies	<u>0</u>	<u>0</u>	<u>34</u>	<u>6.7%</u>	<u>0</u>	<u>0</u>	<u>2,570</u>	<u>5.3%</u>
<b>Total Tenancies</b>	<b>426</b>	<b>48</b>	<b>508</b>	<b>100%</b>	<b>39,038</b>	<b>6,848</b>	<b>48,456</b>	<b>100%</b>

\* Grocery stores of atleast 500 sq.m.

\*\* Independent vs National traders.

Source : Pitney Bowes Business Insight

### Enmore Road, Enmore

The Enmore Road retail strip stretches around 600 metres from the King Street strip to Stanmore Street in the west, and contains slightly lower grade retail floorspace than can be found on King Street. Key features of this strip include the following:

- The majority of traders along this strip serve a local convenience role, in contrast to the more regional role played by the adjoining King Street retail strip. The non-retail floorspace on the Enmore Road strip is however dominated by the Enmore Theatre, a popular live music venue.
- Food and Food Catering retailers, along with Retail Services operators again have the greatest representation along Enmore Road. In addition, two small-format Foodworks and IGA grocery stores service the convenience needs of the locals, but are each less than 500 sq.m in size.
- No particular ethnic group is dominant in terms of the Enmore Road convenience offer, however, independent operators make up the majority (92.6% of stores, and 85.3% of floorspace) of tenancies along this strip.

In general, the Enmore Road strip does not have the same level of focus, or targeted offer, as was observed at either Marrickville or Illawarra Roads, in Marrickville. However, the strip benefits from its proximity to King St, Newtown, and does nevertheless serve a convenience function for residents in its immediate vicinity.

**Table 4.4**  
**Enmore Road retail strip, Enmore**

Tenants	No. of Stores				Floorspace (sq.m)			
	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
<b>Majors</b>								
Smkts/Large Food Stores*	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
<b>Total Majors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Retail Specialties</b>								
Food & Liquor	8	3	11	7.1%	520	950	1,470	10.4%
Food Catering	42	1	43	27.6%	2,700	150	2,850	20.2%
Apparel	16	0	16	10.3%	930	0	930	6.6%
Household Goods	2	0	2	1.3%	135	0	135	1.0%
Leisure	6	0	6	3.8%	355	0	355	2.5%
General Retail	8	1	9	5.8%	975	60	1,035	7.3%
Retail Services	<u>21</u>	<u>1</u>	<u>22</u>	<u>14.1%</u>	<u>1,130</u>	<u>250</u>	<u>1,380</u>	<u>9.8%</u>
<b>Total Retail Spec.</b>	<b>103</b>	<b>6</b>	<b>109</b>	<b>69.9%</b>	<b>6,745</b>	<b>1,410</b>	<b>8,155</b>	<b>57.9%</b>
Bulky	5	0	5	3.2%	525	0	525	3.7%
<b>Total Retail</b>	<b>108</b>	<b>6</b>	<b>114</b>	<b>73.1%</b>	<b>7,270</b>	<b>1,410</b>	<b>8,680</b>	<b>61.6%</b>
Non-Retail Medical	6	0	6	3.8%	1,000	0	1,000	7.1%
Non-Retail Finance	1	2	3	1.9%	150	275	425	3.0%
Non-Retail Real Estate	5	0	5	3.2%	320	0	320	2.3%
Non-Retail Entertainment	7	0	7	4.5%	1,775	0	1,775	12.6%
Non-Retail Other	<u>11</u>	<u>3</u>	<u>14</u>	<u>9.0%</u>	<u>885</u>	<u>285</u>	<u>1,170</u>	<u>8.3%</u>
<b>Total Non-retail</b>	<b>30</b>	<b>5</b>	<b>35</b>	<b>22.4%</b>	<b>4,130</b>	<b>560</b>	<b>4,690</b>	<b>33.3%</b>
<b>Total Retail &amp; Non-retail</b>	<b>138</b>	<b>11</b>	<b>149</b>	<b>95.5%</b>	<b>11,400</b>	<b>1,970</b>	<b>13,370</b>	<b>94.9%</b>
Representation**	92.6%	7.4%	100%		85.3%	14.7%	100%	
Vacancies	<u>0</u>	<u>0</u>	<u>7</u>	<u>4.5%</u>	<u>0</u>	<u>0</u>	<u>725</u>	<u>5.1%</u>
<b>Total Tenancies</b>	<b>138</b>	<b>11</b>	<b>156</b>	<b>100%</b>	<b>11,400</b>	<b>1,970</b>	<b>14,095</b>	<b>100%</b>

\* Grocery stores of atleast 500 sq.m.

\*\* Independent vs National traders.

Source : Pitney Bowes Business Insight

New Canterbury and Marrickville Roads, Dulwich Hill

The more compact retail strip at Dulwich Hill is provided at the intersection of New Canterbury and Marrickville Roads, and as detailed in Table 4.5 contains a total of some 122 specialty and commercial tenants, again with a high representation of specialty food and café/restaurants. The key characteristics of this precinct are summarised below:

- The retail facilities located on Marrickville Road are generally of higher quality than those provided on New Canterbury Road (where the bulk of the observed vacancies on this strip were found), and contain convenience retailers including a butcher, liquor store and fresh produce. These retailers are predominantly independent operators, but are not as ethnically targeted as on other observed retail strips.
- An IGA store of some 750 sq.m in size, located on New Canterbury Road, Dulwich Hill, is the only supermarket facility within the primary trade area not located at Marrickville Metro.
- A lack of readily accessible carparking, particularly on New Canterbury Road, appears to limit the vibrancy of this strip.
- The strip contains a relatively high level of vacancies, at 10.9% of stores, or around 8.0% of floorspace, but mainly located on New Canterbury Road.

In general, the Dulwich strip does not have a strong focus, in terms of its retail offer.

The level of vacancies along this strip is, in our opinion, partly due to physical shortcomings of much of the space on New Canterbury Road, and partly due to the overprovision of retail strip floorspace within the main trade area. In essence, there appears to be sufficient demand for the Marrickville Road portion of the Dulwich Hill strip, but not enough demand for the provision on New Canterbury Road. The retail environment is dynamic, and evolution is observed in the provision of retail floorspace as in any other commercial field. From observation,

the vacant space on New Canterbury Road has generally been vacant for a long time, with much of it appearing to be almost derelict. These vacancies have occurred despite the fact that there has been little in the way of new retail floorspace development within the surrounding area, and in our view, they reflect the fact that there is an overprovision of this type of floorspace throughout the Marrickville area. It follows that this floorspace is obviously not appealing to retailers not currently represented within the area, who are the target retailers for any expansion to Marrickville Metro.

**Table 4.5**  
**New Canterbury Road and Marrickville Road retail strips, Dulwich Hill**

Tenants	No. of Stores				Floorspace (sq.m)			
	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
<b>Majors</b>								
Smkts/Large Food Stores*	0	1	1	0.7%	0	750	750	6.0%
Total Majors	0	1	1	0.7%	0	750	750	6.0%
<b>Retail Specialties</b>								
Food & Liquor	19	1	20	14.6%	1,345	300	1,645	13.2%
Food Catering	24	1	25	18.2%	1,755	100	1,855	14.9%
Apparel	7	0	7	5.1%	505	0	505	4.1%
Household Goods	4	0	4	2.9%	355	0	355	2.9%
Leisure	7	0	7	5.1%	550	0	550	4.4%
General Retail	6	2	8	5.8%	735	80	815	6.6%
Retail Services	19	0	19	13.9%	1,145	0	1,145	9.2%
Total Retail Spec.	86	4	90	65.7%	6,390	480	6,870	55.3%
Bulky	4	0	4	2.9%	435	0	435	3.5%
<b>Total Retail</b>	<b>90</b>	<b>5</b>	<b>95</b>	<b>69.3%</b>	<b>6,825</b>	<b>1,230</b>	<b>8,055</b>	<b>64.8%</b>
Non-Retail Medical	4	0	4	2.9%	730	0	730	5.9%
Non-Retail Finance	3	0	3	2.2%	250	0	250	2.0%
Non-Retail Real Estate	2	1	3	2.2%	140	120	260	2.1%
Non-Retail Entertainment	1	0	1	0.7%	350	0	350	2.8%
Non-Retail Other	12	4	16	11.7%	1,120	670	1,790	14.4%
<b>Total Non-retail</b>	<b>22</b>	<b>5</b>	<b>27</b>	<b>19.7%</b>	<b>2,590</b>	<b>790</b>	<b>3,380</b>	<b>27.2%</b>
<b>Total Retail &amp; Non-retail</b>	<b>112</b>	<b>10</b>	<b>122</b>	<b>89.1%</b>	<b>9,415</b>	<b>2,020</b>	<b>11,435</b>	<b>92.0%</b>
Representation**	91.8%	8.2%	100%		82.3%	17.7%	100%	
Vacancies	0	0	15	10.9%	0	0	990	8.0%
<b>Total Tenancies</b>	<b>112</b>	<b>10</b>	<b>137</b>	<b>100%</b>	<b>9,415</b>	<b>2,020</b>	<b>12,425</b>	<b>100%</b>

\* Grocery stores of atleast 500 sq.m.

\*\* Independent vs National traders.

Source : Pitney Bowes Business Insight

New Canterbury Road, Petersham

The majority of the tenanted retail floorspace on New Canterbury Road, Petersham is located on the northern side of New Canterbury Road, between Hunter Street to the West and Audley street to the east. In general, this strip has little vibrancy, with the exception being a cluster of shops known as “Little Portugal” along Audley St. The key characteristics of the Petersham strip can be summarised as follows:

- The strip contains an estimated 3,335 sq.m of retail floorspace, of which more than half is occupied by restaurants and cafes (refer Table 4.6).
- Almost 40%, or an estimated 4,185 sq.m of floorspace along the Petersham strip is occupied by non-retail usages, such as Real Estate and Travel agencies and medical centres.
- An estimated 2,000 sq.m of the approximately 3,000 sq.m of vacant floorspace along this strip is accounted for by the former “Majestic” roller skating rink.

Of all of the retail strips survey for this report, New Canterbury Road is arguably the least community-oriented. Unlike the Marrickville, Dulwich Hill and Enmore strips we observed little evidence of this strip playing the role of community hub for local residents. The previous comments relating to the portion of the Dulwich Hill strip centre which is located on New Canterbury Road can equally be applied to the Petersham strip. Again, a significant portion of this space has effectively become obsolete over time, but is not suitable as retail space for those retailers who are currently not represented within the Marrickville area and who might locate in an expanded Marrickville Metro.

## Section 4: Competitive context

**Table 4.6**  
**New Canterbury Road retail strip, Petersham**

Tenants	No. of Stores				Floorspace (sq.m)			
	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
<b>Majors</b>								
Smkts/Large Food Stores*	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
<b>Total Majors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>Retail Specialties</b>								
Food & Liquor	9	1	10	12.0%	690	150	840	7.9%
Food Catering	20	0	20	24.1%	1,685	0	1,685	15.9%
Apparel	1	0	1	1.2%	70	0	70	0.7%
Household Goods	2	0	2	2.4%	130	0	130	1.2%
Leisure	2	0	2	2.4%	130	0	130	1.2%
General Retail	2	0	2	2.4%	180	0	180	1.7%
Retail Services	<u>4</u>	<u>0</u>	<u>4</u>	<u>4.8%</u>	<u>260</u>	<u>0</u>	<u>260</u>	<u>2.5%</u>
<b>Total Retail Spec.</b>	<b>40</b>	<b>1</b>	<b>41</b>	<b>49.4%</b>	<b>3,145</b>	<b>150</b>	<b>3,295</b>	<b>31.2%</b>
Bulky	1	0	1	1.2%	40	0	40	0.4%
<b>Total Retail</b>	<b>41</b>	<b>1</b>	<b>42</b>	<b>50.6%</b>	<b>3,185</b>	<b>150</b>	<b>3,335</b>	<b>31.5%</b>
Non-Retail Medical	4	0	4	4.8%	970	0	970	9.2%
Non-Retail Finance	3	1	4	4.8%	150	180	330	3.1%
Non-Retail Real Estate	3	2	5	6.0%	520	210	730	6.9%
Non-Retail Entertainment	2	0	2	2.4%	550	0	550	5.2%
Non-Retail Other	<u>12</u>	<u>1</u>	<u>13</u>	<u>15.7%</u>	<u>1,515</u>	<u>90</u>	<u>1,605</u>	<u>15.2%</u>
<b>Total Non-retail</b>	<b>24</b>	<b>4</b>	<b>28</b>	<b>33.7%</b>	<b>3,705</b>	<b>480</b>	<b>4,185</b>	<b>39.6%</b>
<b>Total Retail &amp; Non-retail</b>	<b>65</b>	<b>5</b>	<b>70</b>	<b>84.3%</b>	<b>6,890</b>	<b>630</b>	<b>7,520</b>	<b>71.1%</b>
Representation**	92.9%	7.1%	100%		91.6%	8.4%	100%	
Vacancies	<u>0</u>	<u>0</u>	<u>13</u>	<u>15.7%</u>	<u>0</u>	<u>0</u>	<u>3,055</u>	<u>28.9%</u>
<b>Total Tenancies</b>	<b>65</b>	<b>5</b>	<b>83</b>	<b>100%</b>	<b>6,890</b>	<b>630</b>	<b>10,575</b>	<b>100%</b>

\* Grocery stores of atleast 500 sq.m.

\*\* Independent vs National traders.

Source : Pitney Bowes Business Insight



## 4.2 Tertiary sector retail floorspace

The major competitive facilities located in Marrickville Metro's tertiary trade area sectors more closely resemble a traditional retail hierarchy, comprising sub-regional shopping centres (with one or more discount department stores as anchor tenants), supermarket-based facilities and shopping strips which meet the convenience shopping needs of local residents.

Marrickville Metro's tertiary sector competitive landscape is summarised in Table 4.7, then discussed in more detail below.

Table 4.7				
Marrickville Metro - Schedule of Competing Retail Facilities within tertiary sectors				
Centre	Retail GLA (sq.m)	Anchor Tenants	Trade Area Sector	Dist. From Marrick. Metro (km)
<b>Sub-regional Centres</b>				
The Broadway SC	37,700	Kmart (7,018), Target (4,620), Coles (4,250), Bi-Lo (2,816)	Ter. N	3.5
<u>Leichhardt</u>	<u>26,000</u>			3.5
• Leichhardt Market Place	17,600	Target (3,961), Woolworths (4,365), Aldi (1,258)	Ter. N	
• Norton Plaza	8,400	Coles (3,900)	Ter. N	
<b>Supermarket Centres</b>				
Waterloo	1,500	IGA (1,500)	Ter. E	4.0
Mascot	1,000	IGA (1,000)	Ter. SE	4.5
Waterloo Former ACI Site	3,900	Coles (2,705)	Ter. E	4.6
Earlwood	2,145	Coles (2,145)	Ter. SW	5.0
Surry Hills Shopping Village	5,000	Coles (3,170)	Ter. E	5.0
BKK Eastlakes SC	10,200	Woolworths (3,132), Aldi (1,389)	Ter. SE	5.5
Source : Property Council of Australia; Pitney Bowes Business Insight				

#### 4.2.1 Sub-regional centres (tertiary trade area)

- i. The most relevant sub-regional shopping centre to Marrickville Metro is provided at The Broadway Shopping Centre, which is located approximately 3.5 km north east of Marrickville Metro. This centre was redeveloped and expanded in 2007, and currently includes more than 37,500 sq.m of retail floorspace, anchored by Target and Kmart discount department stores as well as Coles and Bi-Lo supermarkets. It also includes Rebel Sport, Harvey Norman and Dymocks mini-major stores (retail tenants of at least 400 sq.m), as well as over 145 speciality retailers on four levels and a 10 screen Hoyts Cinema Complex. The Broadway Shopping Centre is currently one of the most successful shopping centres in Australia and is estimated to receive over 11.1 million visitors per year, drawing from a very broad region.
- ii. Leichhardt Market Place is a sub-regional centre located approximately 3.5 km north-west of Marrickville Metro. The centre comprises some 17,600 sq.m of retail floorspace, including a Target discount department store as well as Woolworths and Aldi supermarkets. It also contains over 65 specialty retailers on two levels, including national tenants such as Blooms the Chemist, Bakers Delight and Jeans West.
- iii. Norton Plaza is also located in Leichhardt (on Norton Street) and comprises some 8,400 sq.m of retail floorspace, including a Coles supermarket of around 3,900 sq.m.

#### 4.2.2 Supermarket centres

Within the tertiary sectors, there are currently six competitive supermarket facilities which are detailed as follows:

- i. An IGA supermarket of some 1,500 sq.m is also located at Waterloo, approximately 4 km north-east of Marrickville Metro.
- ii. A smaller IGA supermarket (of around 1,000 sq.m) anchors the main retail strip precinct in Mascot (tertiary south east sector), along Botany Road.

- iii. A Coles supermarket (2,705 sq.m) opened in 2008 at the former ACI glassworks site, on Bourke Street within the tertiary east sector. The site contains some 3,900 sq.m of retail floorspace, which includes a Coles supermarket and 17 specialty shops.
- iv. The Coles supermarket located at Clarke Street in Earlwood is the only competitive supermarket facility located within the tertiary south-west sector.
- v. Surry Hills Shopping Village is located within the tertiary east sector and contains approximately 5,000 sq.m of retail floorspace, based on a Coles supermarket.
- vi. Eastlakes Shopping Centre is a supermarket based centre located within the tertiary south-east sector, approximately 5.5 km from Marrickville Metro. This single level facility comprises some 10,200 sq.m of retail floorspace and is anchored by Woolworths and Aldi supermarkets, in addition to over 60 speciality shops.

#### 4.2.3 Strip retail

There are many retail strip centres located within the tertiary sectors defined for Marrickville Metro. However, these strips are of limited competitive relevance to the centre as they play a more localised role, serving the residents in their immediate localities.

### 4.3 Significant retail facilities beyond the trade area

Given the relatively low provision of comparison shopping facilities within Marrickville Metro's main trade area, a large proportion of residents' retail expenditure (particularly on non-food items) would currently be directed to facilities outside the trade area. Accordingly, the most proximate retail facilities located beyond the trade area are summarised in Table 4.8. A brief description of each of these facilities then follows.

Table 4.8

## Marrickville Metro - Schedule of Competing Retail Facilities Beyond the Total Trade Area

Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. By Road From Marrickville Metro (km)
<b><u>Beyond the Total Trade Area</u></b>			
<b>Regional Centres</b>			
<b><u>Burwood</u></b>	<b><u>68,200</u></b>		<b>8.0</b>
• Westfield Burwood	57,600	David Jones (14,658), Kmart (6,121), Target (5,933) Coles (3,919), Woolworths (3,625)	
• Burwood Plaza	10,600	Woolworths (3,545)	
<b>Sub-Regional Centres</b>			
Ashfield Mall	24,600	Kmart (7,269), Target (5,411), Coles (3,458), Franklins (1,664)	6.0
<b><u>Campsie</u></b>	<b><u>22,700</u></b>		<b>7.0</b>
• Campsie Centre	13,100	Big W (7,662)	
• Woolworths	3,000	Woolworths (2,971)	
• Civic Centre	6,600	Supermarket (p) (3,700)	
<b>Supermarket Centres</b>			
Summer Hill	2,000	Franklins (1,950)	4.7
Canterbury	1,200	Aldi (1,200)	5.5
Haberfield	800	IGA (800)	6.5
Bexley North	500	Flemings (531)	7.7

Source : Property Council of Australia; Pitney Bowes Business Insight

- i. Campsie Centre is a sub-regional shopping facility approximately 7.0 km from Marrickville Metro. The centre is in close proximity to Campsie railway station and comprises approximately 13,000 sq.m of retail floorspace. The centre is anchored by a Big W discount department store, with a Woolworths supermarket located directly opposite the Campsie Centre, being the only other major retail component.
- ii. Ashfield Mall is a sub-regional facility located on Liverpool Road, approximately 6.0 km from Marrickville Metro. The centre contains some 24,600 sq.m of retail floorspace and is anchored by Target, Kmart, Coles and Franklins majors and over 90 speciality stores.

- iii. Westfield Burwood is the only regional shopping centre in the area, and is located approximately 8.0 km north-west of Marrickville Metro. The centre is centrally located on the main retail strip in Burwood, and contains some 57,600 sq.m of retail floorspace anchored by a David Jones department store, Kmart and Target discount department stores, and Woolworths and Coles supermarkets. Westfield Burwood also offers over 230 speciality retailers, with a significant focus on apparel stores.
- iv. Burwood Plaza is a convenience-based supermarket centre located in close proximity to Westfield Burwood, on Railway Parade. The major anchor tenant at this centre is a Woolworths supermarket of 3,545 sq.m.

#### 4.4 Proposed retail facilities

Proposed retail developments within the Marrickville Metro trade area predominantly comprise supermarket-oriented facilities, to meet the convenience shopping needs of the growing populations of the secondary east and tertiary east trade area sectors. The one exception is the proposed sub-regional Botany Road Shopping Centre.

Table 4.9 summarises the proposed competitive retail facilities within the total trade area and includes assumptions (based on all available information regarding each development) as to the likely opening dates of each of these facilities.

Table 4.9

Marrickville Metro - Schedule of proposed retail facilities within total trade area

Centre Name	Retail (sq.m)	Anchor Tenants	Trade Area Sector	Dist. from Marrick. Metro (km)	Assumed 1st Year of Trade
<b>Sub-regional Centres</b>					
Botany Rd SC	14,900	DDS (p) (5,464), Supermarket (p) (3,500)	Sec. E		2015/16
<b>Supermarket Centres</b>					
Erskineville Road	896	Supermarket (p) (896)	Sec. E	1.4	2011/12
Lewisham	12,400	Supermarket (p) (3,345)	Primary	3.7	2015/16
<i>Alexandria</i>	<i>5,200</i>			<i>3.8</i>	
• Alexandria IGA	900	IGA (u/c) (670)	Sec. E		2010/11
• Fountain Street	4,300	Supermarket (p) (2,500)	Sec. E		2011/12
Gibbons St Redfern	1,600	Supermarket (p) (1,000)	Ter. E	4.5	2012/13
Valiant Hire Site	2,400	Aldi (p) (1,475)	Ter. E	4.6	2012/13
South Sydney Leagues Club	2,422	IGA (p) (2,422)	Ter. E	5.0	2011/12
Victoria Park	11,900	Coles (p) (4,000)	Ter. SE	5.5	2012/13
Clemon Park Village	5,300	Supermarket (p) (2,585)	Ter. SW	9.5	2015/16

Source : Pitney Bowes Business Insight

#### 4.4.1 Sub-regional centres

- i. As mentioned previously, Botany Road Shopping Centre is the only sub-regional facility currently planned for development within the total trade area. This development was approved in February 2008. The site is located on the corner of Botany Road and Wyndham Street, in the secondary east sector, directly opposite Green Square railway station. The proposed development includes a mixed use building containing approximately 14,900 sq.m of retail floorspace, anchored by a discount department store (5,464 sq.m) and a supermarket (3,500 sq.m).

In July 2008, the applicant (Gazcorp Pty. Ltd), was unsuccessful in applying to increase the retail floorspace at this development to approximately 23,700 sq.m. An appeal was lodged with the New South Wales Land and Environment Court, which was also unsuccessful. Subsequently, the applicant lodged a Section 95 Extension of Consent application in February 2010 which is currently under consideration.

#### 4.4.2 Supermarket centres

The numerous supermarket facilities currently proposed within the trade area are summarised below:

- i. In September 2009, a development application was approved for the conversion of an existing warehouse into an 896 sq.m grocery store at 21-23 Erskineville Road, Newtown.
- ii. A Major Projects application has been submitted for a mixed use residential/retail development within the primary sector on Old Canterbury Road (in Lewisham), approximately 3.7 km north-west of Marrickville Metro. The proposed development comprises a ground level local shopping centre containing approximately 12,400 sq.m of retail floorspace and anchored by a 3,345 sq.m supermarket.
- iii. A small IGA supermarket of around 670 sq.m is currently under construction in Alexandria. This development will also contain a liquor store in a basement level, once completed over the next few months.
- iv. A mixed use development is proposed within the secondary east sector at 2-10 Fountain Street, adjoining the existing Dan Murphy's Liquor outlet in Alexandria. This development is planned to include a total floor area of approximately 5,250 sq.m, comprising 4,342 sq.m of retail floorspace (including a supermarket), 815 sq.m of commercial floorspace and a cafe of 93 sq.m.
- v. A mixed use development within the tertiary east sector, at 7-9 Gibbons Street, being consider under the NSW Department of Planning's Major Projects Assessment. This project will involve the construction of an 18 storey building that will include retail, commercial and residential uses. It is proposed that the building will have a total gross floor area of 11,324 sq.m, including 1,610 sq.m of retail floorspace anchored by a small format supermarket.

- vi. An IGA supermarket is currently under construction within the secondary east sector at the corner of Wyndham and McEvoy Streets, Alexandria. The proposed development will include a 670 sq.m supermarket at the ground floor level with a 277 sq.m liquor store at basement level.
- vii. An IGA supermarket of 2,200 sq.m on the ground floor of the South Sydney Leagues Club was approved in November 2009. The site is located within the tertiary east sector on Chalmers Street.
- viii. An Aldi supermarket of approximately 1,500 sq.m was approved in December 2009 at an existing commercial building known as the 'Valiant Hire' site, located within the tertiary east sector on Bourke Street, Waterloo. In addition to the supermarket, the ground floor level will accommodate five retail spaces with a total gross floor area of approximately 865 sq.m and two cafes of totalling 94 sq.m.
- ix. Victoria Park is an approved mixed use development located within the tertiary south east sector, which will be developed over two Stages. Stage 1 includes commercial and residential floorspace, with Stage 2 containing a total retail floorspace of approximately 8,600 sq.m, and including a Coles supermarket of around 4,000 sq.m.
- x. Clemton Park Village is a mixed use development proposed in the tertiary south west sector, which will contain a total of 5,300 sq.m of retail floorspace, anchored by a 2,585 sq.m supermarket.

### 4.4.3 Proposed facilities beyond the trade area

- i. The most significant retail facilities proposed beyond the trade area include two developments at Wolli Creek. The smaller of the two developments, which already has development approval from Rockdale Council, is to be built as part of the Discovery Point project, a large residential development currently being constructed by Landcom. This facility will contain some 7,600 sq.m of retail and commercial floorspace once completed around 2013, including a full line supermarket and around 6 specialty stores.



- ii. The second proposed facility at Wolli Creek is planned to be a sub-regional shopping centre, located on Arncliffe Street. The concept plan under consideration includes approximately 25,000 sq.m of retail floorspace, 45,000 sq.m of residential/serviced apartment floorspace and a town square. The proposed retail floorspace includes a 6,033 sq.m discount department store, a 4,000 sq.m supermarket, a 1,250 sq.m fresh food market and a total of over 10,000 sq.m of retail specialty and mini-major floorspace. A Stage 1 application has also been lodged with the Major Projects Assessment, for the temporary use of the site for retail purposes. This includes a 4,000 sq.m supermarket (by the adaptive reuse of existing structures) and some 1,000 sq.m of retail specialty floorspace. Stage 1 of the project is expected to be completed over the next 2-3 years, with the total centre expected to be completed around 2016.
- iii. The only other significant retail development proposed beyond Marrickville Metro's trade area is the redevelopment of the Campsie Civic Centre. The Master Plan and Development Control Plan (DCP. 53) for the redevelopment of the Civic Centre was adopted by Canterbury City Council on 28 May 2009. The Campsie Civic Centre site, which is located in close proximity to the Campsie Centre, proposes 6,640 sq.m of retail floorspace, accommodating a supermarket, homewares/furnishing shops, food specialty shops, take away shops and other specialist shops.

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## Section 5: Forecast centre sales and likely impacts

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This section of the report assesses the sales potential for the expanded Marrickville Metro. It then considers the likely trading and other impacts that can be anticipated following the expansion of the centre.

The sales performance of any particular retail facility is determined by a combination of the following critical factors:

- i. The scale and quality of the centre, with particular regard to:
  - the major trader or 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; and
  - its amenity and ambience of the centre.
- ii. Accessibility to the centre and available carparking once there.
- iii. The size of the available catchment which the centre serves, which sets the maximum limit of the likely sales potential that the centre can achieve; and
- iv. The locations 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 area.

The estimated sales potential for the expanded Marrickville Metro, detailed in Section 5.2 following, takes into consideration each of these factors, which have been discussed in earlier sections of this report. To provide a basis for comparison, the existing centre's sales and market share performance are considered first, as outlined below.

## 5.1 Existing centre sales and market shares

Table 5.1 summarises the current sales performance of Marrickville Metro. Table 5.2 then summarises the estimated market shares of available spending on food, non-food and total retail goods/services which are currently achieved by the centre across each trade area sector. These market shares are estimated as follows:

- i. Total retail sales for the centre (for the 12 months to December 2009) including major stores, mini-majors and retail specialty shops, were approximately \$204.7 million (including GST). These sales are based on information provided to this office by AMP and exclude non-retail items such as travel agents and lotto sales. The total sales of each component of the centre are split into their respective retail product categories, taking into account the typical sales distribution for each type of retailer (food and non-food etc).
- ii. The total sales that are generated by the centre from each trade area sector are then similarly split into each product category.
- iii. The total available expenditure within each trade area sector is calculated by product category, based on the MarketInfo estimates.
- iv. The market share achieved by the centre across each trade area sector is then calculated by dividing (ii) above by (iii).

Marrickville Metro is currently estimated to achieve a total trade area market share of 6.2%, including a 7.6% market share of available food spending and a market share of 4.5% of non-food spending. The centre's main trade area market share is higher, at 12.4%, with a 16.8% share of food spending and a 7% share of non-food expenditure. The centre is estimated to achieve an 18.6% share of primary sector spending and an 8.1% share of the retail market within the combined secondary sectors.

**Table 5.1**  
**Marrickville Metro - Centre Sales\***

Tenant/ Category	GLA (sq.m)	Centre Sales <sup>1</sup>	
		(\$'000)	(\$/sq.m)
<b>Majors</b>			
DDS(s)	7,311	21,055	2,880
Supermarket(s)	<u>6,117</u>	<u>111,783</u>	<u>18,274</u>
<b>Total Majors</b>	<b>13,428</b>	<b>132,838</b>	<b>9,893</b>
Mini-majors <sup>2</sup>	1,138	8,708	7,653
Total Retail Specialties <sup>3</sup>	<u>6,495</u>	<u>63,109</u>	<u>9,783</u>
<b>Total Retail</b>	<b>21,061</b>	<b>204,655</b>	<b>9,738</b>

\*Including GST

1. Marrickville Metro sales are annualised for the year ended December 2009

2. Retail tenants with GLA => 400sqm

3. Excludes non-retail sales (e.g. travel agents and lotto)

Source : AMP; Pitney Bowes Business Insight

**Table 5.2**  
**Marrickville Metro - Market Shares by Sector, 2008/09\***

Trade Area Sector	Retail Spending (\$M)			Centre Sales (\$M)			Centre Market Share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary Sector	291.6	240.3	531.9	76.5	22.5	99.0	26.2%	9.4%	18.6%
Secondary Sectors									
• North	131.5	114.7	246.2	11.9	3.6	15.5	9.1%	3.1%	6.3%
• East	177.2	156.0	333.1	16.6	6.3	22.9	9.4%	4.1%	6.9%
• South	<u>118.4</u>	<u>91.8</u>	<u>210.2</u>	<u>15.8</u>	<u>10.0</u>	<u>25.8</u>	<u>13.3%</u>	<u>10.9%</u>	<u>12.3%</u>
Total Secondary	427.1	362.4	789.5	44.3	19.9	64.2	10.4%	5.5%	8.1%
<b>Main Trade Area</b>	<b>718.7</b>	<b>602.7</b>	<b>1,321.5</b>	<b>120.8</b>	<b>42.5</b>	<b>163.2</b>	<b>16.8%</b>	<b>7.0%</b>	<b>12.4%</b>
Tertiary Sectors									
• North	322.6	280.1	602.7	0.2	2.2	2.4	0.1%	0.8%	0.4%
• East	175.9	140.0	315.9	0.5	4.5	5.0	0.3%	3.2%	1.6%
• South east	192.9	147.3	340.3	0.2	1.9	2.1	0.1%	1.3%	0.6%
• South West	<u>203.7</u>	<u>156.0</u>	<u>359.7</u>	<u>0.9</u>	<u>8.0</u>	<u>9.0</u>	<u>0.5%</u>	<u>5.1%</u>	<u>2.5%</u>
Total Tertiary	895.2	723.5	1,618.7	1.9	16.6	18.5	0.2%	2.3%	1.1%
<b>Total Trade Area</b>	<b>1,613.9</b>	<b>1,326.2</b>	<b>2,940.1</b>	<b>122.7</b>	<b>59.1</b>	<b>181.8</b>	<b>7.6%</b>	<b>4.5%</b>	<b>6.2%</b>
Sales From Beyond Trade Area				<u>17.2</u>	<u>5.7</u>	<u>22.9</u>			
<b>Total Centre</b>				<b>139.9</b>	<b>64.8</b>	<b>204.7</b>			

\* Including GST

Source : Pitney Bowes Business Insight

## 5.2 Projected centre sales and market shares

Section 1.3 of this report previously detailed the proposed expansion of Marrickville Metro. The forecasts presented in this section take into account:

- The proposed composition of the expanded Marrickville Metro, which would be the only double discount department store based centre in the main trade area and also serve as a major food retail destination throughout the region;
- The proposed changes in competition as detailed in Section 4 of this report; and
- The expected population growth within the trade area.

Taking the above into account, Table 5.3 below provides a summary of the projected sales potential, by component, for the expanded Marrickville Metro. The expanded centre has been assumed to commence trading in 2013. All sales forecasts in this report include GST and are presented in constant 2009 dollar terms (i.e. excluding retail inflation).

**Table 5.3**

**Expanded Marrickville Metro - Forecast Sales by Tenant, 2012/13\***

Tenant/ Category	GLA (sq.m)	Forecast Sales	
		(\$'000)	(\$/sq.m)
<u>Majors</u>			
DDS	14,759	47,291	3,204
Supermarket	<u>10,417</u>	<u>144,453</u>	<u>13,867</u>
Total Majors	25,176	191,744	7,616
Mini-majors	3,279	21,597	6,587
Total Retail Specialties	<u>12,459</u>	<u>103,601</u>	<u>8,316</u>
<b>Total Retail</b>	<b>40,914</b>	<b>316,942</b>	<b>7,747</b>

\*Constant 2008/09 dollars & including GST

Source : Pitney Bowes Business Insight

Total centre sales are projected at \$316.9 million in 2013, which is some \$112.2 million higher than existing centre sales, in constant 2009 dollar terms.

Almost two thirds of the forecast sales are expected to be generated by the major anchor tenants at the expanded centre, predominantly reflecting the anticipated continuing strong sales performance of the three supermarkets.

As shown previously in Table 5.1, existing supermarkets at Marrickville Metro currently achieve sales densities in excess of \$18,000 per sq.m. The existing Woolworths and Aldi supermarkets are believed to be two of best performing stores in the country for their respective brands. The supermarket floorspace at the expanded centre is projected to continue to trade strongly, with the addition of a third supermarket. In total, the three supermarkets are estimated to achieve in excess of \$144 million, or \$13,867 per sq.m in annual sales.

The discount department store floorspace at the expanded centre is projected to achieve a trading level of around \$3,200 per sq.m, slightly below the average trading level achieved at typical double discount store based centres in Australia (of around \$3,500-\$3,750 per sq.m). However, as the expanded centre stabilises, dds sales densities are expected to grow to around \$3,300 per sq.m in the first 2-3 years of trade.

It should also be noted that discount department stores in metropolitan locations in close proximity to a major CBD (such as Sydney), generally achieve lower sales densities than other locations throughout Australia. This is predominantly the result of the large provision of competitive non-food floorspace (especially apparel) typically provided in major CBDs.

The performance of mini-major tenants and retail specialty shops at any major shopping centre is largely driven by the performance of major anchor tenants. On the basis of our assumed allocation of mini-major and specialty floorspace in the expanded centre, combined with typical sales densities by retail category, mini-major and specialty tenants are projected to achieve sales of \$21.6 million and \$103.6 million, respectively.

Table 5.4 provides our estimates of anticipated market shares for an expanded Marrickville Metro in 2013. The expanded and redeveloped Marrickville Metro is projected to increase its overall market share by an estimated 2.7% across the total trade area in 2013. The centre is projected to achieve an 8.9% share of the total retail expenditure market, including a 9.3% share of available food spending and an 8.4% share of non-food spending. Projected market shares within the main trade area (estimated at 17.0% in 2013) are higher, reflecting the enhanced role the expanded centre will play within the retail hierarchy serving local residents.

**Table 5.4**  
**Expanded Marrickville Metro - Projected Market Shares by Sector, 2012/13\***

Trade Area Sector	Retail Spending (\$M)			Centre Sales (\$M)			Centre Market Share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary Sector	307.4	253.2	560.6	92.8	44.3	137.1	30.2%	17.5%	24.5%
Secondary Sectors									
• North	139.8	121.9	261.7	15.8	9.1	24.9	11.3%	7.4%	9.5%
• East	201.3	177.2	378.6	23.9	15.3	39.2	11.9%	8.7%	10.4%
• South	<u>123.7</u>	<u>95.9</u>	<u>219.6</u>	<u>22.4</u>	<u>18.1</u>	<u>40.5</u>	<u>18.1%</u>	<u>18.8%</u>	<u>18.4%</u>
Total Secondary	464.9	395.0	859.9	62.1	42.5	104.6	13.4%	10.8%	12.2%
<b>Main Trade Area</b>	<b>772.2</b>	<b>648.3</b>	<b>1,420.5</b>	<b>154.9</b>	<b>86.8</b>	<b>241.6</b>	<b>20.1%</b>	<b>13.4%</b>	<b>17.0%</b>
Tertiary Sectors									
• North	342.3	297.3	639.6	0.9	4.4	5.3	0.3%	1.5%	0.8%
• East	199.0	158.4	357.4	2.0	10.3	12.3	1.0%	6.5%	3.4%
• South east	217.2	165.9	383.1	0.9	4.7	5.6	0.4%	2.9%	1.5%
• South West	<u>212.7</u>	<u>162.9</u>	<u>375.7</u>	<u>3.1</u>	<u>14.4</u>	<u>17.5</u>	<u>1.5%</u>	<u>8.8%</u>	<u>4.7%</u>
Total Tertiary	971.3	784.4	1,755.7	6.8	33.9	40.7	0.7%	4.3%	2.3%
<b>Total Trade Area</b>	<b>1,743.5</b>	<b>1,432.7</b>	<b>3,176.2</b>	<b>161.7</b>	<b>120.6</b>	<b>282.4</b>	<b>9.3%</b>	<b>8.4%</b>	<b>8.9%</b>
Sales From Beyond Trade Area				<u>22.0</u>	<u>12.5</u>	<u>34.6</u>			
<b>Total Centre</b>				<b>183.8</b>	<b>133.2</b>	<b>316.9</b>			

\*Constant 2008/09 dollars & including GST

Source: Pitney Bowes Business Insight



### 5.3 Determinants of likely impacts

In attempting to determine the likely impacts (both positive and negative) stemming from the expanded Marrickville Metro, it is first important to analyse the market forces determining the need for additional retail facilities within the main trade area (that is, the demand and supply of retail floorspace in the region). This is consistent with the principles outlined in the Draft Centres Policy detailed previously in Section 2.2, which state that market forces should be the key determinant of the need for retail and commercial development.

A detailed analysis of the demand and supply considerations within the trade area has been undertaken below, which also includes independent market research carried out for the centre in 2008.

#### 5.3.1 Retail demand considerations

In February 2008, research consultancy twoblindmice undertook qualitative market research with Marrickville LGA residents, with the goal of understanding their attitudes towards and expectations of the general retail offering in the Marrickville LGA, and the possible expansion of Marrickville Metro specifically.

As part of Phase 1 of this research, eleven focus groups were held with Marrickville LGA residents, covering four key segments (Marrickville Metro shoppers, strip shoppers, outside LGA shoppers and male shoppers). In-depth interviews were also held with strip retailers and Marrickville Metro retailers. A quantitative telephone survey, with a sample of 1,200 interviews followed as Phase 2 of the research in May 2008.

The key findings from the qualitative and quantitative research undertaken by twoblindmice include the following:

- There is strong support amongst residents for local retailers, primarily driven by convenience and the sense of community. However, there is a significant fragmentation in the retail offering within the Marrickville LGA, with many residents shopping at multiple locations to meet their weekly needs.

- A large proportion of residents do not have access to a car and rely heavily on public transport, shopping frequently for smaller goods. The lack of a 'one stop shop' retail destination in the area is not ideal for residents who do not have access to a car.
- Marrickville Metro is considered as a convenience centre that lacks variety in its retail offering. Broadway Shopping Centre was highlighted as a key centre for many residents, primarily due to its strong public transport links, medium size and variety of retail offering.
- Marrickville Metro is the most visited shopping destination in the surrounding area, predominantly for food and grocery retailing. Overall satisfaction with the existing centre was generally not strong in comparison to King Street, Newtown and Broadway Shopping Centre. The majority of respondents preferred shopping at both centres and strips, with only one in five respondents preferring to shop at strips only.
- More than two thirds of respondents were generally open and enthusiastic to the concept of expanding Marrickville Metro. Elements that appealed to respondents include an improved indoor/outdoor food court, additional specialty stores and services such as banks.
- Marrickville Metro retailers considered any expansion of the centre as an opportunity to boost diversity and create a unique shopping destination. The selection of strip retailers on Marrickville and Illawarra Roads, Marrickville as well as King Street, Newtown who were interviewed as part of the research generally felt that Marrickville Metro performs a different role in the retail hierarchy to the strips. The proposed expansion of the centre was not really "on their radar".
- In summary, more than half of the existing Marrickville Metro visitors (56%) would shop more frequently after the possible expansion, with a third of non visitors (34%) more likely to start shopping at the centre.

As detailed above, the twoblindmice research clearly highlights the demand within the local community for additional retail facilities at Marrickville Metro. The demand for additional facilities at Marrickville Metro is further highlighted by the following:

- The limited provision of supermarkets within the main trade area are currently estimated to achieve an average sales density in excess of \$13,000 per sq.m. This is an extremely solid level of trading (well above the \$7,500-\$8,500 per sq.m average achieved by supermarkets in metropolitan and non-metropolitan areas throughout Australia), especially considering that three of the five supermarkets provided outside Marrickville Metro are smaller-format independent stores. This level of trading performance suggests there is demand for additional supermarket floorspace at the expanded Marrickville Metro.
- As highlighted previously in Section 3.2 of this report, the defined total trade area for Marrickville Metro is projected to experience solid population growth over the forecast period to 2021. Retail facilities within the area will need to expand to serve the needs of the growing population.

### **5.3.2 Retail supply considerations**

The proposed expansion of Marrickville Metro is likely to provide a number of retail tenants who are not currently represented within the centre or surrounding region, adding variety and choice for trade area residents, particularly in terms of discount department store retailing.

As discussed in Section 4 of this report, the most relevant retail strips (to Marrickville Metro) within the main trade area do not currently provide comprehensive retail offers capable of satisfying the full spectrum of needs of trade area residents. This is also highlighted in the twoblindmice research. There is a gap in the market for a convenient, one-stop shopping facility.

The provision of supermarket floorspace in the main trade area, which is currently estimated at some 138 sq.m per 1,000 persons, is significantly lower than each of the Sydney Metropolitan, New South Wales and Australian averages of 232 sq.m, 288 sq.m and 328 sq.m per 1,000 persons, respectively. The addition of a third supermarket at the expanded Marrickville Metro, as well as the other proposed supermarket facilities assumed to be trading by 2013, would result in an increase to this provision to reach 215 sq.m per 1,000 persons. This estimated provision of supermarket floorspace within the main trade area in 2013 is still well below average.

In metropolitan locations such as Marrickville, 40,000-45,000 persons are generally required to support a full-line discount department store (typically around 6,500-7,000 sq.m). Based on this metric, the Marrickville Metro main area population (over 95,000 persons) would currently support two discount department stores. However, only one discount department store (Kmart at Marrickville Metro) is currently provided within the main trade area, indicating scope for additional discount department store floorspace.

### 5.4 Assessment of likely impacts

The following sub-sections of this report now present an indicative projection of the anticipated impacts of the proposed expansion of Marrickville Metro on competing retail facilities, both within and beyond the defined trade area. Such projections must be considered as indicative for the simple reason that it is very difficult to predict with certainty the precise impact on any one retailer or any one centre that will result from any change to the retail structure serving a particular area or region.

The impacted facilities have a number of possible actions which may mitigate or eliminate the extent of the impact. For example, expansions and improvements may be undertaken at other centres and locations throughout the region, and all of these factors can change the nature of the impact.

### 5.4.1 Consideration of broad trading impacts

Table 5.5 presents a summary of the broad trading impacts, based upon the likely changes in competitive circumstances and in particular the changes in the availability of retail expenditure for competitive centres, that can reasonably be expected to flow from the proposed expansion of Marrickville Metro. All sales are expressed in constant 2009 dollars and include GST.

Table 5.5				
Marrickville MetroExpansion - Trading Impact Assessment, 2009-2013*				
	2008/09	2012/13	Change	
	\$M	\$M	\$M	%
<b>Part 1A : Estimated Retail Spending Market (With Marrickville Metro Expansion)</b>				
TTA Residents Spending	2,940.1	3,176.2	236.1	8.0%
Net Escape Resident Spending	<u>1,499.5</u>	<u>1,502.3</u>	<u>2.9</u>	<u>0.2%</u>
Est. Retail Sales to TTA Retailers	1,440.7	1,673.9	233.2	16.2%
<b>Part 1B : Calculation of TTA Retail Sales (With Marrickville Metro Expansion)</b>				
Marrickville Metro	204.7	316.9	112.3	54.9%
Other Trade Area Retailers	<u>1,236.0</u>	<u>1,356.9</u>	<u>120.9</u>	<u>9.8%</u>
Est. Retail Sales to TTA Retailers	1,440.7	1,673.9	233.2	16.2%
<b>Part 2A : Estimated Retail Spending Market (Without Marrickville Metro Expansion)</b>				
TTA Residents Spending	2,940.1	3,176.2	236.1	8.0%
Net Escape Resident Spending	<u>1,499.5</u>	<u>1,556.3</u>	<u>56.9</u>	<u>3.8%</u>
Est. Retail Sales to TTA Retailers	1,440.7	1,619.9	179.2	12.4%
<b>Part 2B : Calculation of TTA Retail Sales (Without Marrickville Metro Expansion)</b>				
Marrickville Metro	204.7	214.9	10.3	5.0%
Other Trade Area Retailers	<u>1,236.0</u>	<u>1,404.9</u>	<u>168.9</u>	<u>13.7%</u>
Est. Retail Sales to TTA Retailers	1,440.7	1,619.9	179.2	12.4%
<b>Part 3 : Est. Sales Impact of Development on Other Trade Area Retailers (2013)</b>				
• Projected Sales Post Marrickville Metro Expansion				9.8%
Compared with Current Sales (2009)				
• Projected Sales Post Marrickville Metro Expansion				-3.4%
Compared with Projected Sales Pre Exp. (2013)				
*Constant 2008/09 dollars & including GST				
Source : Pitney Bowes Business Insight				

Table 5.5 commences with an estimation of the likely sales volumes which will be achieved by retail traders within the Marrickville Metro trade area (Part 1A). The total level of retail sales in the trade area is projected to increase by some \$233.2 million between 2009 and 2013, from \$1,440.7 million to \$1,673.9 million. The components of this growth include:

- Forecast growth in the total trade area retail spending market of \$236.1 million
- An increase in the level of resident net escape spending of \$2.9 million, which is being directed to facilities beyond the trade area.

Part 1B of the table then presents projected sales for the expanded Marrickville Metro development in 2013, which are estimated at \$316.9 million. Total retail sales for other trade area retailers are projected to increase by \$120.9 million (or 9.8%) in 2013, even with the expanded Marrickville Metro commencing trade. This reflects the completion of several supermarket facilities between 2009 and 2013.

On the same basis, part 2 of the table then illustrates a “do nothing” scenario, assuming the proposed expansion to Marrickville Metro does not proceed. In this instance, the total level of retail sales in the trade area are projected to increase by some \$179.2 million between 2009 and 2013, from \$1,440.7 million to \$1,619.9 million. This total growth comprises organic growth in trade area resident spending of \$236.1 million, offset by an increase in net escape resident spending of \$56.9 million. Forecast sales for Marrickville Metro are expected to increase by \$10.3 million, or 5%, to \$214.9 million in 2013. This rate of growth, slightly below the market growth of 8%, incorporates the potential impact upon Marrickville Metro stemming from the introduction of several supermarket based centres throughout the trade area. Sales for other trade area retailers in 2013 are projected at \$1,404.9 million, or some \$168.9 million higher than in 2009, and some \$48 million greater than if Marrickville Metro is expanded.

Part 3 of the table summarises the potential impact of the expanded Marrickville Metro on existing retailers by comparing their post-expansion 1 projected sales with:

- i. 2009 sales projections, and
- ii. Sales projections for these retailers under the “do nothing” scenario

These comparisons illustrate the following:

- Projected sales levels for existing retailers throughout the trade area in 2013, post the Marrickville Metro expansion, would be on average 9.8% higher than the current estimated 2008/09 sales.
- As compared with the sales volume which all other retailers in the main trade area are projected to achieve in 2013 if the Marrickville Metro expansion does NOT proceed, the post-development sales volume would be on average 3.4% lower.

The results of these calculations demonstrate that the Marrickville Metro expansion would likely have some trading impacts on other retailers throughout the trade area. However, these would be within the bounds of normal competition.

The likely impacts detailed above are estimated average impacts across all retail facilities within the trade area. Some retail centres are likely to be impacted more than others based on their offers, their competitive situations in relation to Marrickville Metro and their tenant mix. Generally, the levels of impact projected will not threaten the ongoing viability of existing retail centres or precincts throughout the trade area, or the future potential for expansion of retail facilities in the region. The proposed development would retain retail spending within the defined trade area and create a stronger retail destination that would better serve the needs of the surrounding population.

### 5.4.2 Centre/retail strip specific impacts

This section now considers in greater detail the potential impacts of the proposed expansion of Marrickville Metro on individual retail centres.

As discussed earlier in this section, the precise size of the sales impact on any one centre or specific trader that may result from the expansion of Marrickville Metro is difficult to quantify given that the magnitude of the impact can vary based on a number of key factors. Some of these factors which are within the control of the existing retailers include their competitive response to the increased level of competition, how well they currently serve their customer base, and the resultant loyalty of their customers.

Table 5.6 seeks to quantify the likely order of impacts that the proposed expansion of Marrickville Metro would have on other competitive facilities within the defined trade area. In each instance, the core traders at each centre will not be irrevocably impacted. The overall level of impact across total retail floorspace will be within the range of reasonable competitive outcomes.

#### Sub-regional centres

Excluding Marrickville Metro, The Broadway Shopping Centre and Leichhardt Marketplace are the only two sub-regional shopping centres currently provided within the defined trade area.

Neither centre is expected to be impacted by more than 6% by the expansion of Marrickville Metro, reflecting the solid foundation of each of these facilities within their own trade areas. Broadway Shopping Centre is currently one of the most successful shopping centres in Australia (in terms of retail specialty sales densities), while Leichhardt Marketplace is a major food shopping destination in the region, anchored by a strong Woolworths supermarket which is understood to achieve sales densities in excess of \$12,000 per sq.m.



Before considering the individual impacts of the proposed expansion of Marrickville Metro on existing and proposed supermarket facilities, it is important to note that stand-alone supermarkets located on retail strips have been considered in conjunction with their respective strips. For instance in Table 5.6, the Franklins supermarket along King Street (Newtown) has not been assessed individually, but is included in the assessment for the King Street retail strip. The same applies to the IGA supermarket at Dulwich Hill as well as Woolworths, Spar and Foodworks supermarkets in Marrickville.

Table 5.6

## Marrickville Metro - Trading Impact Assessment for Total Trade Area Retail, 2012/13\*

Centre	Unit	Estimated	Projected 2013		Impact 2013	
		2009	Pre Dev't	Post Dev't	\$M	%
Sub-regional Facilities						
Marrickville Metro	\$M	204.7	214.9	316.9	102.0	47.5%
The Broadway SC	\$M	323.8	328.5	308.8	-19.7	-6.0%
Leichardt Marketplace	\$M	<u>137.1</u>	<u>142.7</u>	<u>136.9</u>	<u>-5.7</u>	<u>-4.0%</u>
Total Sub-regional facilities	\$M	460.9	471.1	445.7	-25.4	-5.4%
Existing Supermarket Centres						
Norton Plaza	\$M	56.5	58.8	57.1	-1.8	-3.0%
Newtown Central	\$M	10.4	10.6	10.4	-0.2	-1.5%
BKK Eastlakes SC	\$M	81.7	82.9	81.7	-1.2	-1.5%
Waterloo IGA	\$M	10.5	10.4	10.3	-0.1	-1.0%
Earlwood Coles	\$M	22.0	22.9	22.7	-0.2	-1.0%
Former ACI Site Coles Centre	\$M	27.0	27.4	27.1	-0.3	-1.0%
Surry Hills Shopping Village	\$M	43.7	44.3	44.1	-0.2	-0.5%
Mascot IGA	\$M	<u>7.5</u>	<u>7.8</u>	<u>7.8</u>	<u>0.0</u>	<u>-0.5%</u>
Total Existing Supermarket Centres	\$M	259.4	265.1	261.1	-4.0	-1.5%
Proposed Supermarket Centres						
Fountain St. Mixed Use Development	\$M	0.0	29.6	29.1	-0.4	-1.5%
Alexandria IGA Development	\$M	0.0	6.1	6.1	-0.1	-1.0%
Redfern Supermarket (Gibbon St)	\$M	0.0	10.3	10.2	-0.1	-0.5%
Victoria Park	\$M	0.0	73.5	73.1	-0.4	-0.5%
South Sydney Leagues Club	\$M	0.0	18.3	18.3	-0.1	-0.5%
Valiant Hire Site	\$M	<u>0.0</u>	<u>18.6</u>	<u>18.5</u>	<u>-0.1</u>	<u>-0.5%</u>
Total Proposed Supermarket Centres	\$M	0.0	156.3	155.2	-1.1	-0.7%
Relevant Retail Strips <sup>1</sup>						
Illawarra Rd, Marrickville	\$M	84.6	88.1	83.7	-4.4	-5.0%
Marrickville Rd, Marrickville	\$M	55.3	57.5	54.6	-2.9	-5.0%
King St, Newtown	\$M	171.3	175.6	172.1	-3.5	-2.0%
Enmore Rd, Enmore	\$M	36.7	38.0	37.3	-0.8	-2.0%
Erskineville Rd, Erskineville	\$M	6.3	12.9	12.7	-0.2	-1.5%
New Canterbury & Marrickville Rds, Dulwich Hill	\$M	34.2	35.6	35.1	-0.5	-1.5%
New Canterbury Rd, Petersham	\$M	<u>12.0</u>	<u>12.5</u>	<u>12.3</u>	<u>-0.2</u>	<u>-1.5%</u>
Total Relevant Retail Strips <sup>2</sup>	\$M	400.4	420.1	407.6	-12.5	-3.0%
Other Total Trade Area Retail Floorpace	\$M	115.3	92.2	87.2	-5.0	-5.4%

\*Constant 2008/09 dollars &amp; including GST

1. Includes any free-standing supermarkets located on the retail strip, both existing and proposed

2. Includes bulky goods floorspace and other retail/strip facilities

Source: Pitney Bowes Business Insight

#### Existing supermarket centres

Of the supermarket centres currently trading within the total trade area, Norton Plaza in Leichhardt is likely to bear the biggest impact from the Marrickville Metro expansion (estimated at around 3%). This reflects the fact that Norton Plaza, although it is located in the tertiary north trade area sector, is the closest centre to Marrickville Metro to include a full-line supermarket.

Newtown Central is the next most impacted centre and is estimated to experience a minimal 1.5% reduction in sales. A substantial proportion of sales recorded at this centre are believed to be generated by persons residing beyond the defined trade area, who are attracted by the wide regional draw of the King Street retail strip in Newtown. The Eastlakes Shopping Centre is also estimated to be impacted by around 1.5%, however, this impact is considered to be negligible considering the strong double supermarket offer at the centre.

Other existing supermarket centres throughout the total trade area are all estimated to be impacted by less than 1.5%, reflecting their limited competitive relevance to the expanded Marrickville Metro. These facilities predominantly serve the convenience needs of the residents in their immediate localities.

In general, none of the anticipated impacts upon existing supermarket centres from the expansion of Marrickville Metro are likely to threaten the ongoing viability of these centres.

#### Proposed supermarket centres

As with the majority of the existing supermarket centres discussed above, most of the proposed supermarket centres within the total trade area (which would commence trading by 2013), will be of limited competitive relevance to the expanded Marrickville Metro. They are likely to serve a purely localised role in their respective areas, and would therefore be impacted only marginally, as detailed in Table 5.6.

### Relevant retail strips

As detailed in Section 4 of this report, the retail strips of relevance to Marrickville Metro currently play a different role (to Marrickville Metro) within the trade area retail hierarchy. In essence, and with the exception of King St, Newtown, they provide residents in their immediate localities with convenient, independent food and retail service facilities, often with particular ethnic specialisations. By contrast, Marrickville Metro contains a large number of national specialty traders, which are generally not represented in the strips, and draws its business from a much broader area.

In our observation, the strongest of the strips at present (excluding King St, Newtown) are also those located in closest proximity to Marrickville Metro – Illawarra Road and Marrickville Road, Marrickville. This is despite the fact that Marrickville Metro, even in its current format, has a strong food and service offer. The two different retail formats (shopping centre and retail strip) co-exist comfortably within the trade area, and there is no reason to expect this relationship will not continue after Marrickville Metro is expanded. While Illawarra and Marrickville Roads are expected to experience the greatest impact (-5%) from the proposed expansion, this will not threaten their ongoing viability provided they continue to meet the specific, localised needs of their surrounding residents.

### **5.4.3 Impacts beyond the defined trade area**

As shown in Table 5.6 previously, some \$48 million of the expected \$102 million increase in 2013 sales generated by the expanded Marrickville Metro is expected to result from impacts upon existing retailers within the trade area. A more sizeable proportion - \$54 million - is expected to come from the retention of trade area residents' expenditure, which would otherwise be directed to retail facilities located beyond the defined trade area.

The expanded Marrickville Metro is likely to take on a more comprehensive role in the retail hierarchy, meeting a greater range of trade area residents' comparison shopping needs than does the centre's current offer. As such, it will compete more directly with the higher order facilities located beyond the trade area, such

as the Sydney CBD, Westfield Eastgardens, Burwood and Bondi Junction, Ashfield Mall and the Campsie Centre. This is a reflection of the current lack of higher order shopping facilities within the trade area, rather than an unusually extensive reach of the expanded centre.

Table 5.7 below provides estimates of the likely sources and scale of expenditure likely to be retained by an expanded Marrickville Metro, from each of these centres.

<b>Table 5.7</b>	
<b>Marrickville Metro - Components of Projected Sales Increase, 2012/13*</b>	
	<b>(\$M)</b>
Marrickville Metro Sales Increase (2013)	102.0
<b><u>Components of Projected Sales Increase</u></b>	
<b>Impacts on Competitive Centres Within TA</b>	
• Sub-regional Centres	-25.4
• Supermarket Centres	-5.1
• Relevant Retail Strips	-12.5
• Other Retail Floorspace**	<u>-5.0</u>
Total Impact on TA retailers	-48.0
<b>Impacts on competitive centres outside TA</b>	
• Sydney CBD	-13.5
• Westfield Burwood	-9.7
• Westfield Eastgardens	-9.4
• Westfield Bondi Junction	-6.7
• Ashfield Mall	-5.4
• Campsie Centre	-4.3
• Other Retail Floorspace**	<u>-4.9</u>
Total Escape Spending Retained	-54.0
<i>*Constant 2008/09 dollars &amp; excluding GST</i>	
<i>**Includes bulky goods floorspace and other retail/strip facilities</i>	
<i>Source: Pitney Bowes Business Insight</i>	

## 5.5 Net community benefit

As opposed to the competitive impacts discussed in the preceding sub-sections, it is also clear that the expansion of Marrickville Metro will result in a range of very important economic benefits. These key positive impacts will include the following:

- The provision of a wider range of shopping facilities for residents of Sydney's Inner West, provided in a 'one-stop' retail facility. The proposed expansion of Marrickville Metro would include a second discount department store, an additional full-line supermarket and an expanded provision of mini-major and retail specialty shops, which would to a large degree satisfy the unmet demand in the market (as outlined in the twoblindmice research).

Given that the Kmart and Target brands are well represented in the area, it is highly likely that the new discount department store at the expanded Marrickville Metro would be a Big W. At present, Big W has no representation in Sydney's Inner West. Consequently, a Big W store at the expanded Marrickville Metro would provide greater choice to local residents and promote price competition in the market. The mini-majors and retail specialty shops would also potentially include a number of national traders currently not provided within the trade area and would increase the mix and variety of retail on offer at the centre.

- Additional Jobs. Once fully operational, the increase in the retail component of the centre would be likely to employ around 817 persons. Allowing for an estimated 5% of the total increase to be as a result of the reduced employment in other retail facilities in the area, the net additional jobs at the expanded Marrickville Metro are estimated at 777. This information is summarised in Table 5.8.

In terms of wages and salaries, the additional 777 permanent retail employees within the centre would earn an average annual wage of around \$28,000 (as sourced from the latest ABS statistics on average weekly earnings). This represents an additional \$21.7 million in salaries and wages for the local region, directly as a result of the proposed expansion.

Table 5.8

## Marrickville Metro - Estimated Future Additional Employment Levels

Type of Use	Estimated Employment Per '000 sq.m	<b>Marrickville Metro</b>	
		GLA (sq.m)	Employment (persons)
DDS	27	7,448	201
Supermarket	50	4,300	215
Mini-majors	20	2,041	41
Specialty Shops	60	<u>6,008</u>	<u>360</u>
<b>Total Centre<sup>1</sup></b>		<b>19,797</b>	<b>817</b>
<b>Net Increase<sup>2</sup></b>			<b>777</b>

1. Excludes non-retail components.

2. Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 5% of the total increase

Source : Pitney Bowes Business Insight

The estimated total capital investment by AMP and tenants in the construction and fitout of the expanded development is approximately \$140 million. By using the appropriate ABS Input/Output Multipliers, which were calculated in 1996/97, this estimated capital cost has been deflated to \$85 million in 1996/97 dollar terms. As summarised in Table 5.9, it is estimated that the construction period of the proposed expansion of the Marrickville Metro would create some 598 jobs, with a further 958 jobs resulting from the supplier induced multiplier effects from this period. Jobs created are full-time equivalent jobs, which may include both full-time and part-time positions. The additional ongoing retail jobs in the centre proper as previously outlined (777), will result in a further 737 jobs in the broader community based on ABS Input/Output Multipliers.

It is evident from the above analysis that the expansion of Marrickville Metro would be a significant employment generator in the region, which would result in several positive multiplier effects in the local economy.

Table 5.9

## Marrickville Metro - Estimated Future Additional Employment Levels\*

Original Stimulus	Estimated Capital Costs (\$M) <sup>1</sup>	Direct Employment	Supplier Employment <i>Multiplier Effects</i>	Total	
Construction of Project	140	598	958	1,556	Job Years <sup>2</sup>
Centre Employment <sup>3</sup>		<u>777</u>	<u>737</u>	<u>1,513</u>	
<b>Total</b>		<b>1,375</b>	<b>1,695</b>	<b>3,070</b>	

\* Employment totals include both full-time and part-time work

1. Adjusted by inflation and productivity to 1996/97 Dollars

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

3. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development

Source : Australian National Accounts: Input-Output Tables 1996-97; Pitney Bowes Business Insight

- Convenience, reduced travel times and reduced escape expenditure. The expansion of retail facilities at Marrickville Metro would better serve Sydney's Inner West, and also reduce travel times and escape expenditure to facilities located beyond the trade area. As outlined previously in the twoblindmice research, transportation is a major issue for local residents in accessing retail facilities, with high proportion not owning cars. The research also revealed that many residents shop at multiple locations, given that retail provisions within the Marrickville LGA are highly fragmented. The provision of a major 'one-stop' shopping facility at the expanded Marrickville Metro, which is accessible via public transport, would address both issues.



## Section 6: Conclusions

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- Marrickville Metro is a successful sub-regional shopping centre, located in the inner west Sydney suburb of Marrickville. The trade area served by the centre is characterised by a significant under supply of retail floorspace. Marrickville Metro is the only existing shopping centre within the defined main trade area which offers consumers significant comparison shopping facilities.
- The rest of the centre's main trade area competitive landscape is characterised by discrete retail shopping strips, with the more successful examples of these offering targeted, convenience-oriented shopping facilities to residents in their immediate localities.
- In general, the lower quality of retail floorspace provided along these strips (excluding the provision at King St, Newtown), and lack of critical mass in terms of a comprehensive retail specialty offer, make it unlikely that national brand retailers not currently represented would be drawn to any of the strips.
- Consumer research suggests that there is demand in the trade area for the provision of a 'one-stop-shopping' destination, to complement the localised offers of retail strips within the trade area. The above average sales densities currently being achieved by supermarkets within the main trade area also suggests that there is demand for additional supermarket floorspace.
- Against this backdrop we have considered the likely benefits and impacts to flow from the proposed expansion of Marrickville Metro. In summary:
  - The proposed expansion of Marrickville Metro would be expected to have some trading impacts on retailers throughout the trade area. However, these impacts are not likely to be so significant as to threaten the ongoing viability on any one retail facility or strip.

- A greater proportion of the sales expected to be generated by the proposed expansion of Marrickville Metro is expected to come from the retention of resident spending which is currently escaping the trade area. The expanded Marrickville Metro is likely to take on a more comprehensive role in the retail hierarchy, meeting a greater range of trade area residents' comparison shopping needs than does the centre's current offer. As such, it will compete more directly with the higher order facilities located beyond the trade area, such as the Sydney CBD, Westfield Eastgardens, Burwood and Bondi Junction, Ashfield Mall and the Campsie Centre.
- It is clear that the proposed expansion of Marrickville Metro will also result in a range of very important economic benefits, including the provision of a wider range of shopping facilities to trade area residents, additional employment, and improved amenity for local residents.



