

Marrickville Metro, Sydney

Economic Impact Assessment

November 2010



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Executive summary

- i. Marrickville Metro currently comprises 22,863 sq.m of floorspace (GLA), including a retail component of 21,017 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. In May 2010, Pitney Bowes Business Insight completed an Economic Impact Assessment (EIA) for the proposed expansion of Marrickville Metro. Since that Assessment was completed, the proposed expansion scheme has been revised. This EIA now assesses a substantially smaller scheme, being 22% smaller in gross leasable area (GLA) than the scheme previously assessed. Specifically, the now proposed expansion of the centre includes the addition of approximately 15,755 sq.m of new retail floorspace, including a second (but smaller) discount department store and an additional full line supermarket. Upon completion, the smaller expanded Marrickville Metro would be 39,700 sq.m in size (GLA), including a retail component of some 36,816 sq.m.
- 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 higher than 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 \$204.5 million including GST. This represents a total trade area market share of 6.2%, including 7.6% of the available food spending and 4.4% of non-food spending generated by trade area residents. The centre's main trade area market share is higher, at 12.3% (16.8% of food spending and 7.0% of non-food expenditure).
- ix. Under the smaller expansion scheme with is the subject of this report, Marrickville Metro is forecast to achieve annual sales in 2012/13 (in constant 2008/09 dollars, including GST) of \$294.4 million, \$89.7 million more than the existing centre's sales. This is some 20% lower than the incremental sales forecast in our May 2010 EIA, in association with the larger expansion

scheme. On this basis, the expanded centre's total trade area market share is forecast to increase to 8.3% (8.9% food, 7.5% non-food). Market shares within the centre's main trade area are forecast at 16.1% in total, reflecting a 19.4% share of food spending and 12.1% 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 poorer 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 10.3% higher than the 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 2.9% lower.

These impacts are considered to be modest, and well 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. The Illawarra Road and Marrickville Road strips are expected to experience the greatest trading impacts (-4.1% each) as a result of the proposed expansion, but this will not threaten their ongoing viability.
- xiv. A substantial amount of the forecast uplift in Marrickville Metro's sales likely to be generated by the proposed expansion will 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 will be better placed to take on a greater role, meeting a broader range of trade area residents' comparison shopping needs. 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 other important economic benefits, including additional employment, and improved amenity for local residents.

Introduction

Marrickville Metro is a successful sub-regional shopping centre located in the inner west Sydney suburb of Marrickville. This report forms part of a Preferred Project Report (PPR) prepared on behalf of AMP Capital Investors (AMPCI) in respect to the Concept Plan Application under Part 3A of the NSW Environmental Planning and Assessment Act 1979, for the proposed redevelopment of the Marrickville Metro Shopping Centre.

This report has been prepared in response to the letter from the Department of Planning (DOP) dated 14 October 2010 requesting that a Preferred Project Report (PPR) be prepared. The letter requests that the proponent respond to the issues raised by the submissions and for the PPR to identify how the issues raised by the submissions including those of the DOP have been addressed and how the PPR minimises the environmental impacts of the proposal.

The Preferred Project includes the following key amendments to the original proposal:

- The adoption of the 'alternative proposal' for Smidmore Street as outlined in section 5.6 of the Environmental Assessment Report, meaning that all proposed development within the Smidmore Street road reserve has been deleted from the proposal and the road will remain open to vehicle traffic.
- Removal of the draft VPA from the PPR following Marrickville Council's decision not to grant owner's consent for the inclusion of Smidmore Street in the application.
- Accompanying refinements to the design of the buildings fronting Smidmore Street to address the existing street interface, optimise pedestrian access between the two buildings and maximise street front retail activation and pedestrian amenity.

- A reduction in the gross leasable floor space of the new development from 21,470sqm to 16,767sqm (a reduction of 22% in floor area).
- A reduction in the number of new car parking spaces from 715 to 528.
- A significant reduction in the new building footprint above the existing shopping centre within the north-east section of the site, including the removal the spiral ramp near the corner of Victoria Road and Murray Street.
- Retention of the existing vehicle ramp location within Murray Street and the relocation of the access from Murray Street to the new loading dock 3 further to the south.
- A public domain 'concept vision' for Smidmore Street which will be subject to the further agreement of Marrickville Council.
- Retention of all existing mature Lemon Scented Gums in Smidmore Street.
- Revised Statement of Commitments

Pitney Bowes Business Insight previously completed an Economic Impact Assessment of the then proposed expansion of Marrickville Metro, in May 2010. This report now provides an updated assessment, based on the now smaller proposal. It considers the demand and market scope for a smaller expansion of Marrickville Metro, and also the likely economic impacts that would result from the smaller 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 smaller 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 smaller expanded centre and presents an Economic Impact Assessment for the revised 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** includes a review of an EIA prepared on behalf of Marrickville Chamber of Commerce by Hill PDA in August 2010, for the previously proposed (larger) expansion scheme for Marrickville Metro. It also provides a response to the submissions received from Marrickville Council on the issue of economic impacts.
- **Section 7** outlines the conclusions of this analysis.

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Section 1: Site location and proposed development

1.1 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, 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.

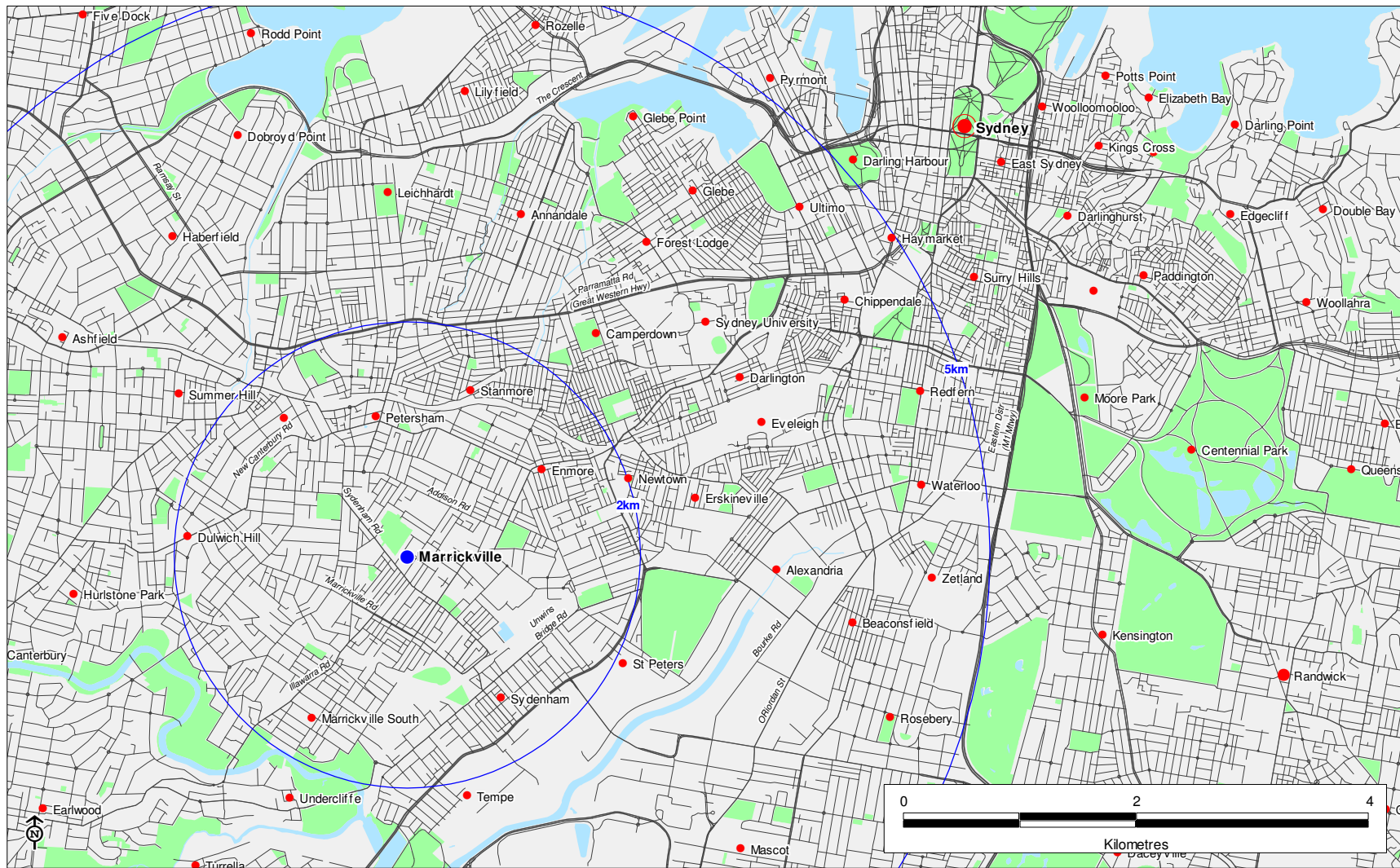
1.2 Site location

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.

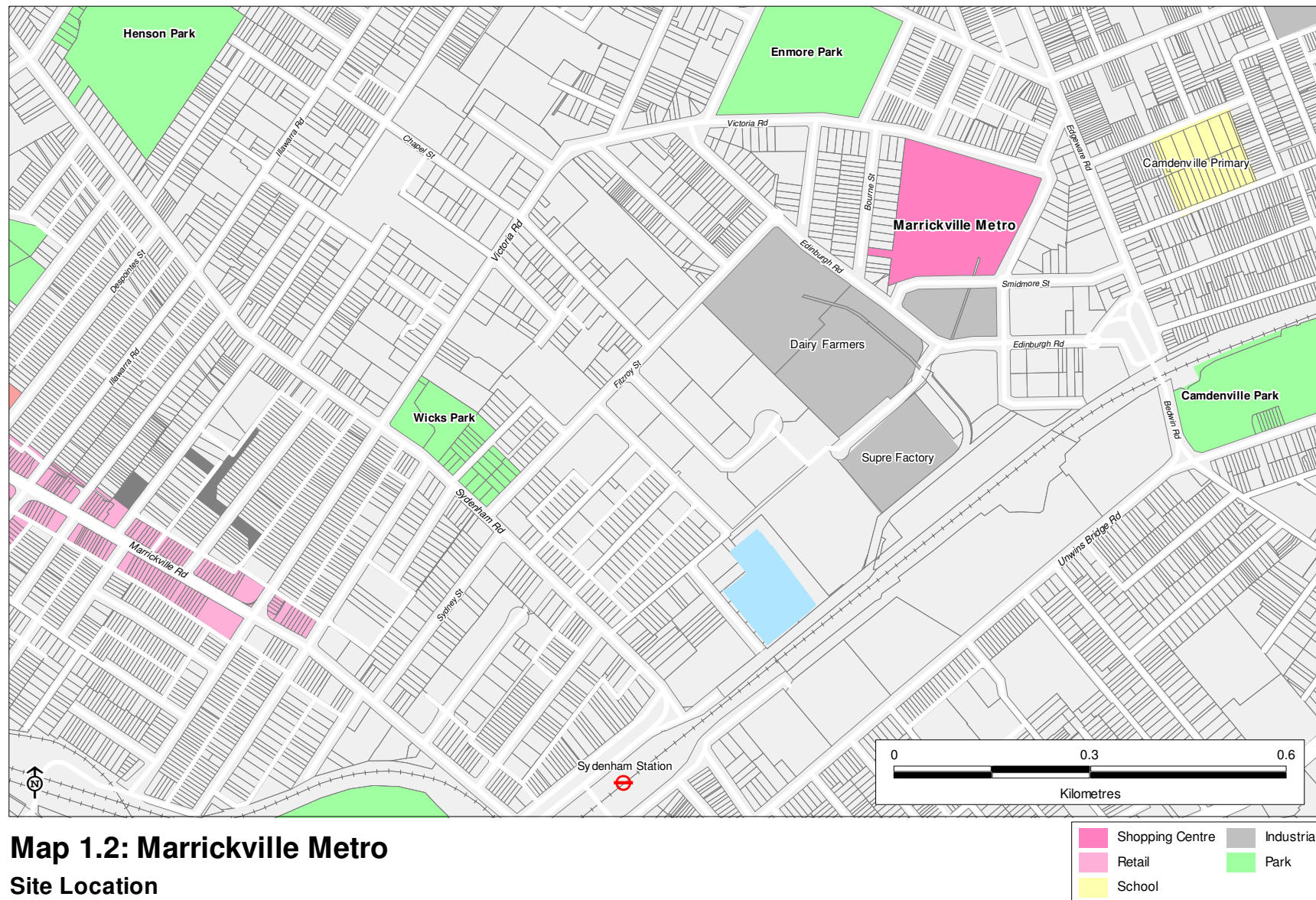
A substantial provision of some 1,100 free car parking spaces is provided on the rooftop of the centre. Access to the centre from the rooftop carpark is provided via travelators.

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



1.3 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 enhance the retail offer of the existing centre. It includes the addition of approximately 15,755 sq.m of new retail floorspace, including a second discount department store (5,000 sq.m) and an additional full-line supermarket (a supermarket of at least 3,000 sq.m) of 4,300 sq.m.

Once completed, the expanded Marrickville Metro would be a double discount department store based centre, 39,700 sq.m in size and including a retail component of around 36,800 sq.m. The centre will also include almost 2,900 sq.m of non-retail (eg. Banks, medical centres, real estate agents) floorspace, which will be conveniently located to serve the needs of the local population.

It is important to highlight that the total additional floorspace associated with the revised expansion scheme for Marrickville Metro – 16,767 sq.m – is some 22% lower than the previous scheme (which proposed an additional 21,470 sq.m of GLA).

Table 1.1

Marrickville Metro - Proposed Composition

| | Existing Centre | | Additional | Proposed Centre | |
|---------------------|-----------------|---------------|---------------|-----------------|---------------|
| Tenant/ Category | GLA (sq.m) | % of Total | GLA (sq.m) | GLA (sq.m) | % of Total |
| <u>Majors</u> | | | | | |
| DDS(s) | 7,311 | 31.9% | 5,000 | 12,311 | 31.0% |
| Supermarket(s) | <u>6,117</u> | <u>26.7%</u> | <u>4,300</u> | <u>10,417</u> | <u>26.2%</u> |
| Total Majors | 13,428 | 58.6% | 9,300 | 22,728 | 57.2% |
| Mini-majors* | 1,138 | 5.0% | 1,991 | 3,129 | 7.9% |
| Retail Specialties | <u>6,495</u> | <u>28.3%</u> | <u>4,464</u> | <u>10,959</u> | <u>27.6%</u> |
| Total Retail | 21,061 | 91.8% | 15,755 | 36,816 | 92.7% |
| Non-retail** | 1,572 | 6.9% | 1,312 | 2,885 | 7.3% |
| Vacancies | <u>300</u> | <u>1.3%</u> | <u>-300</u> | <u>0</u> | <u>0.0%</u> |
| Total Centre | 22,933 | 100.0% | 16,767 | 39,700 | 100.0% |

* Retail tenants with GLA => 400sqm

**Includes travel agents.

Source : AMP; Pitney Bowes Business Insight

Section 2: Strategy and planning framework

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.

2.3 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.

2.4 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.

2.5 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

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.

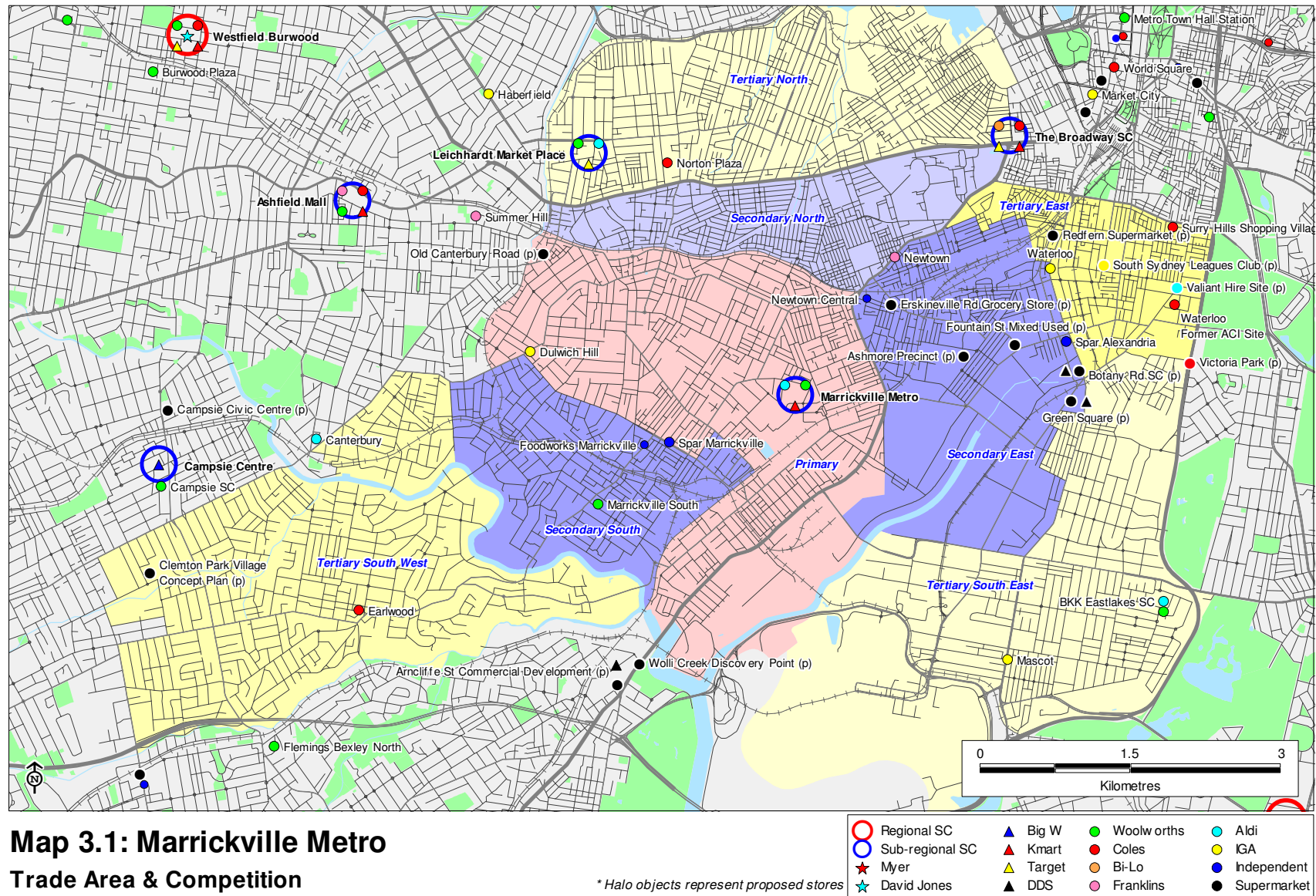
The centre also serves four tertiary sectors as follows:

- 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.

Section 3: Trade area analysis



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 |
| Main Trade Area | 92,610 | 95,270 | 97,445 | 98,895 | 102,520 | 105,770 |
| 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 |
| Total Trade Area | 206,090 | 216,220 | 222,370 | 226,570 | 236,695 | 246,445 |

**as at June*

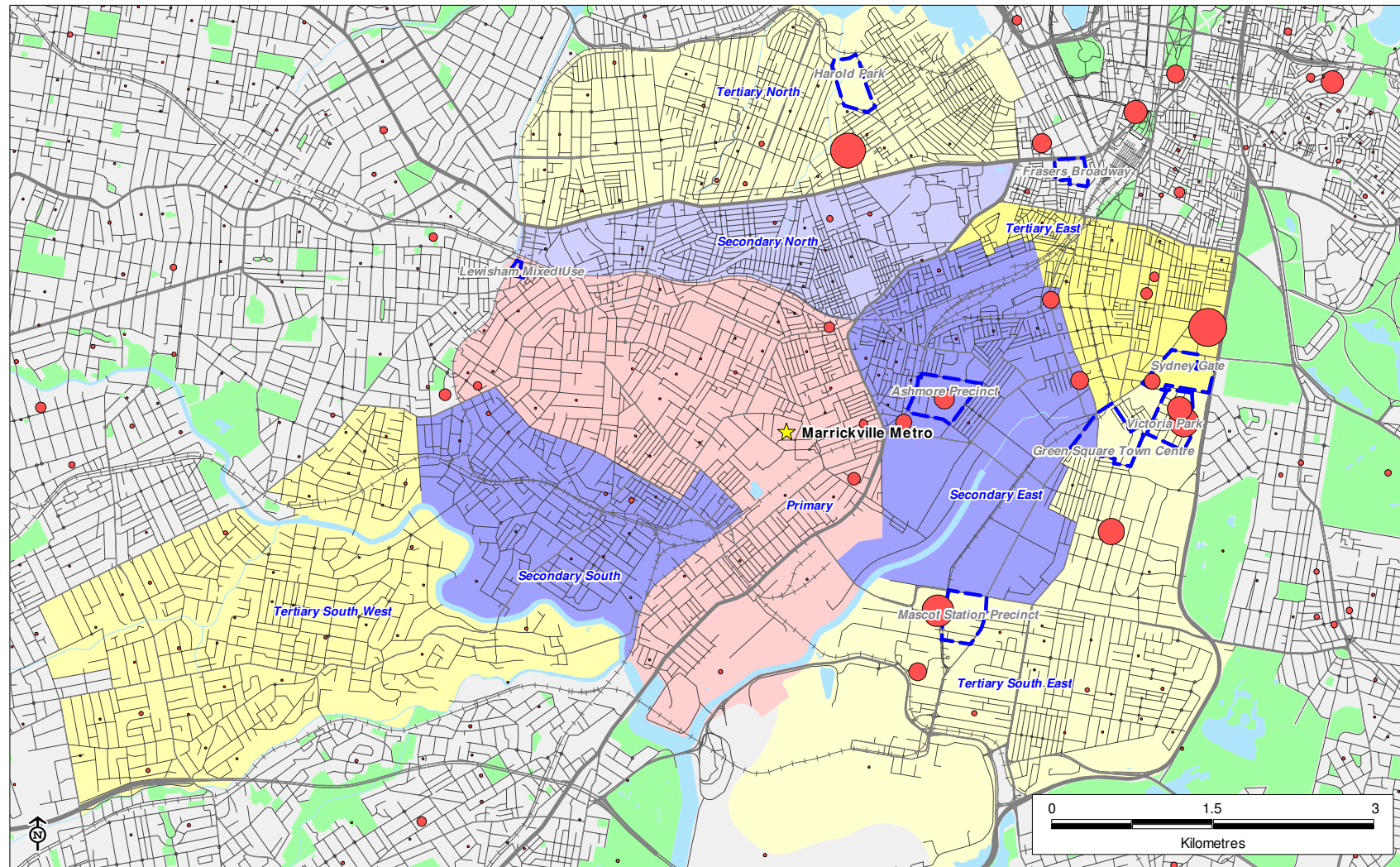
Sources : ABS; Planning NSW; Pitney Bowes Business Insight

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 |
| Main Trade Area | 532 | 725 | 725 | 725 | 650 |
| 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 |
| Total Trade Area | 2,026 | 2,050 | 2,100 | 2,025 | 1,950 |

| | 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% |
| Main Trade Area | 0.6% | 0.8% | 0.7% | 0.7% | 0.6% |
| 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% |
| Total Trade Area | 1.0% | 0.9% | 0.9% | 0.9% | 0.8% |

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.

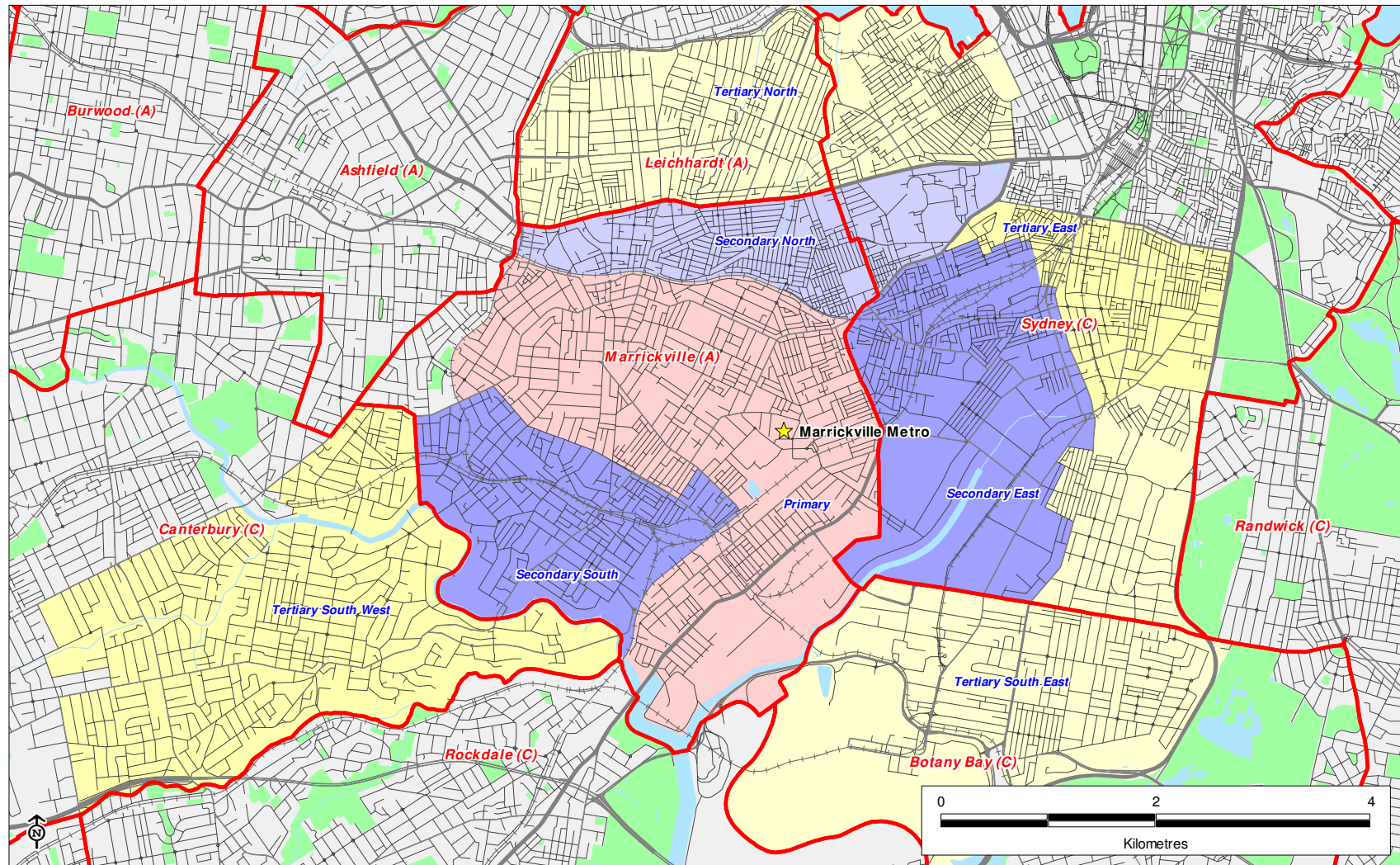
The majority of the main trade area population growth is, however, expected to be driven by the secondary east sector, beyond the Marrickville LGA. Within this sector, significant residential growth is expected to continue to be generated by the City of Sydney's Urban Renewal Program. Several key projects 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. Discussions with Council suggest that the site will contain a substantial (yet to be quantified) residential component in the future, along with a convenience retail component.
- 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.

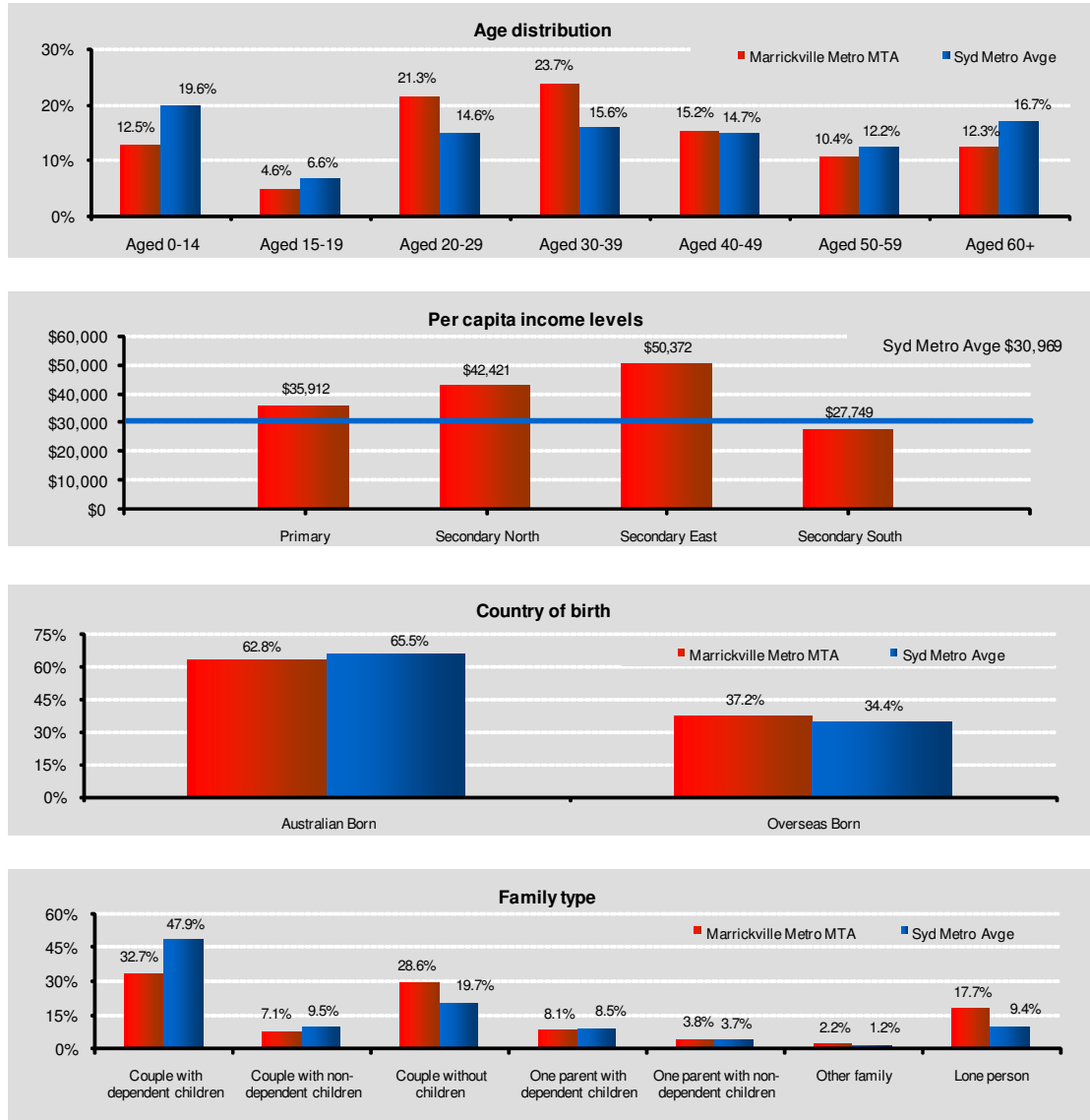
Table 3.3
Socio-Demographic Profile of the Marrickville Metro Total Trade Area Population

| 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 |
| Age Distribution (% of Pop'n) | | | | | | |
| 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 |
| Housing Status (% of H'holds) | | | | | | |
| 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% |
| Birthplace (% of Pop'n) | | | | | | |
| 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% |
| Family Type (% of Pop'n) | | | | | | |
| 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

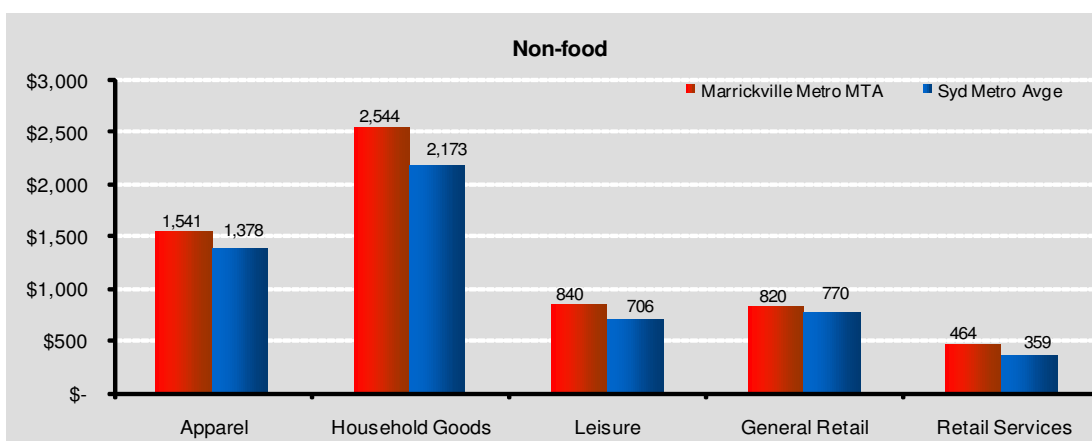
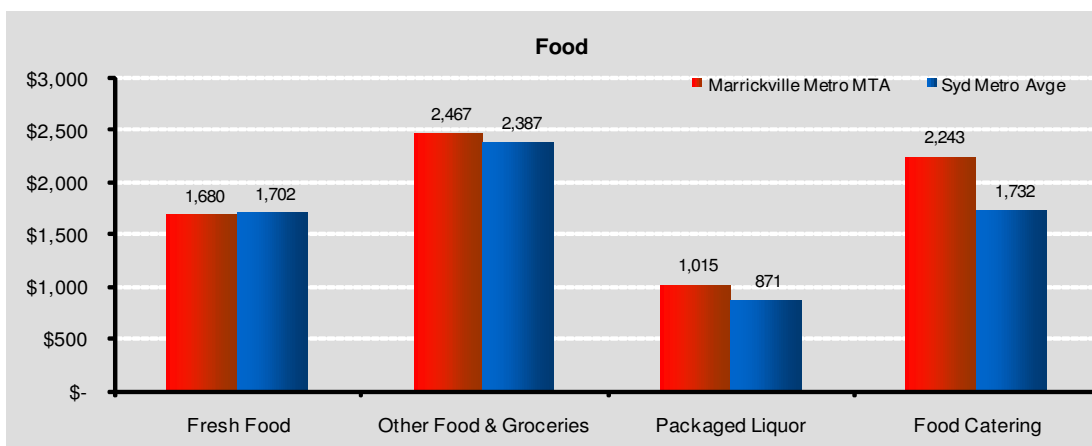
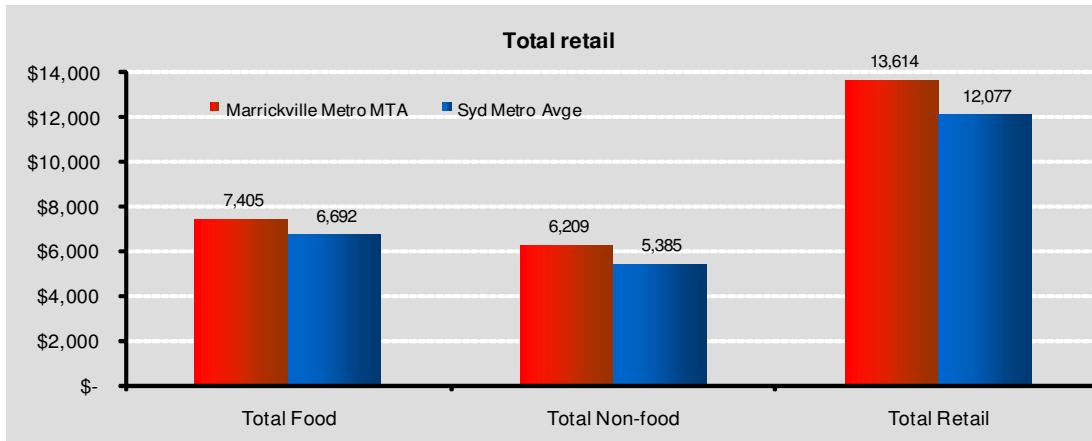
The estimated retail expenditure by Marrickville Metro main trade area population, benchmarked with 2008/09 averages for the Sydney Metropolitan area, is shown in Chart 3.2. In general, main trade area retail expenditure per capita in all key categories is significantly higher than the benchmarks.

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 |
| Expenditure Growth | | | | | | | | | | |
| 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 |
| Average Annual Growth Rate | | | | | | | | | | |
| 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 & 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 |
| Expenditure Growth | | | | | | | |
| 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 |
| Average Annual Growth Rate | | | | | | | |
| 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 & including GST

Source : Marketinfo; Pitney Bowes Business Insight

Section 4: Competitive context

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

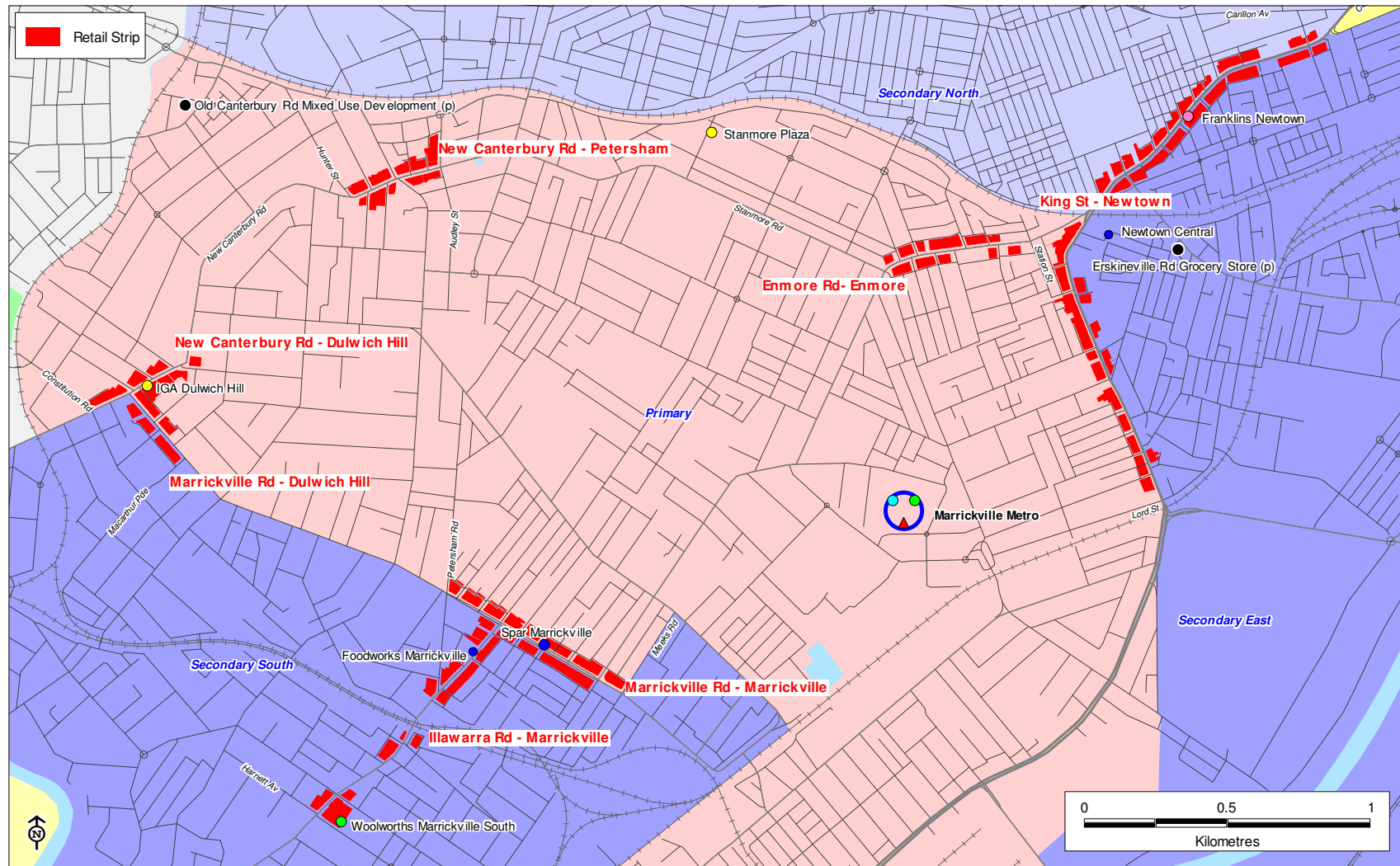
As part of an extensive audit of the competitive retail environment in the region, Pitney Bowes Business Insight carried out a floorspace survey in March and April 2010, to quantify the retail and commercial tenancy provisions on each of the relevant strip shopping precincts within the main trade area.

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

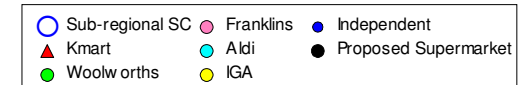
- Marrickville Road, Marrickville
- Illawarra Road, Marrickville
- King Street, Newtown
- Enmore Road, Enmore
- New Canterbury Road and Marrickville Road, Dulwich Hill
- New Canterbury Road, Petersham

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 lower 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 |
| Majors | | | | | | | | |
| 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% |
| Retail Specialties | | | | | | | | |
| 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% |
| Total Retail | 103 | 16 | 119 | 68.4% | 10,325 | 3,230 | 13,555 | 60.9% |
| 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> |
| Total Non-retail | 26 | 19 | 45 | 25.9% | 3,460 | 4,180 | 7,640 | 34.3% |
| Total Retail & Non-retail | 129 | 35 | 164 | 94.3% | 13,785 | 7,410 | 21,195 | 95.3% |
| 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> |
| Total Tenancies | 129 | 35 | 174 | 100% | 13,785 | 7,410 | 22,249 | 100% |

* 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 |
| Majors | | | | | | | | |
| 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% |
| Retail Specialties | | | | | | | | |
| 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% |
| Total Retail | 92 | 6 | 98 | 61.3% | 8,840 | 5,255 | 14,095 | 68.0% |
| 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> |
| Total Non-retail | 42 | 3 | 45 | 28.1% | 4,750 | 860 | 5,610 | 27.1% |
| Total Retail & Non-retail | 134 | 9 | 143 | 89.4% | 13,590 | 6,115 | 19,705 | 95.1% |
| 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> |
| Total Tenancies | 134 | 9 | 160 | 100% | 13,590 | 6,115 | 20,725 | 100% |

* 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 |
| Majors | | | | | | | | |
| 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% |
| Retail Specialties | | | | | | | | |
| 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% |
| Total Retail | 366 | 26 | 392 | 77.2% | 30,760 | 4,268 | 35,028 | 72.3% |
| 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> |
| Total Non-retail | 60 | 22 | 82 | 16.1% | 8,278 | 2,580 | 10,858 | 22.4% |
| Total Retail & Non-retail | 426 | 48 | 474 | 93.3% | 39,038 | 6,848 | 45,886 | 94.7% |
| 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> |
| Total Tenancies | 426 | 48 | 508 | 100% | 39,038 | 6,848 | 48,456 | 100% |

* 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 |
| Majors | | | | | | | | |
| 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> |
| Total Majors | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0.0% |
| Retail Specialties | | | | | | | | |
| 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> |
| Total Retail Spec. | 103 | 6 | 109 | 69.9% | 6,745 | 1,410 | 8,155 | 57.9% |
| Bulky | 5 | 0 | 5 | 3.2% | 525 | 0 | 525 | 3.7% |
| Total Retail | 108 | 6 | 114 | 73.1% | 7,270 | 1,410 | 8,680 | 61.6% |
| 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> |
| Total Non-retail | 30 | 5 | 35 | 22.4% | 4,130 | 560 | 4,690 | 33.3% |
| Total Retail & Non-retail | 138 | 11 | 149 | 95.5% | 11,400 | 1,970 | 13,370 | 94.9% |
| 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> |
| Total Tenancies | 138 | 11 | 156 | 100% | 11,400 | 1,970 | 14,095 | 100% |

* 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 |
| Majors | | | | | | | | |
| Smkts/Large Food Stores* | <u>0</u> | <u>1</u> | <u>1</u> | <u>0.7%</u> | <u>0</u> | <u>750</u> | <u>750</u> | <u>6.0%</u> |
| Total Majors | 0 | 1 | 1 | 0.7% | 0 | 750 | 750 | 6.0% |
| Retail Specialties | | | | | | | | |
| 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 | <u>19</u> | <u>0</u> | <u>19</u> | <u>13.9%</u> | <u>1,145</u> | <u>0</u> | <u>1,145</u> | <u>9.2%</u> |
| 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% |
| Total Retail | 90 | 5 | 95 | 69.3% | 6,825 | 1,230 | 8,055 | 64.8% |
| 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 | <u>12</u> | <u>4</u> | <u>16</u> | <u>11.7%</u> | <u>1,120</u> | <u>670</u> | <u>1,790</u> | <u>14.4%</u> |
| Total Non-retail | 22 | 5 | 27 | 19.7% | 2,590 | 790 | 3,380 | 27.2% |
| Total Retail & Non-retail | 112 | 10 | 122 | 89.1% | 9,415 | 2,020 | 11,435 | 92.0% |
| Representation** | 91.8% | 8.2% | 100% | | 82.3% | 17.7% | 100% | |
| Vacancies | <u>0</u> | <u>0</u> | <u>15</u> | <u>10.9%</u> | <u>0</u> | <u>0</u> | <u>990</u> | <u>8.0%</u> |
| Total Tenancies | 112 | 10 | 137 | 100% | 9,415 | 2,020 | 12,425 | 100% |

* 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.

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 |
| Majors | | | | | | | | |
| 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> |
| Total Majors | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0.0% |
| Retail Specialties | | | | | | | | |
| 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> |
| Total Retail Spec. | 40 | 1 | 41 | 49.4% | 3,145 | 150 | 3,295 | 31.2% |
| Bulky | 1 | 0 | 1 | 1.2% | 40 | 0 | 40 | 0.4% |
| Total Retail | 41 | 1 | 42 | 50.6% | 3,185 | 150 | 3,335 | 31.5% |
| 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> |
| Total Non-retail | 24 | 4 | 28 | 33.7% | 3,705 | 480 | 4,185 | 39.6% |
| Total Retail & Non-retail | 65 | 5 | 70 | 84.3% | 6,890 | 630 | 7,520 | 71.1% |
| 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> |
| Total Tenancies | 65 | 5 | 83 | 100% | 6,890 | 630 | 10,575 | 100% |

* 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) |
| Sub-regional Centres | | | | |
| 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 | |
| Supermarket Centres | | | | |
| 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 70,000 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) |
|---|-------------------------|--|--|
| <u>Beyond the Total Trade Area</u> | | | |
| Regional Centres | | | |
| <u>Burwood</u> | <u>68,200</u> | | 8.0 |
| • 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) | |
| Sub-Regional Centres | | | |
| Ashfield Mall | 24,600 | Kmart (7,269), Target (5,411), Coles (3,458), Franklins (1,664) | 6.0 |
| <u>Campsie</u> | <u>22,700</u> | | 7.0 |
| • Campsie Centre | 13,100 | Big W (7,662) | |
| • Woolworths | 3,000 | Woolworths (2,971) | |
| • Civic Centre | 6,600 | Supermarket (p) (3,700) | |
| Supermarket Centres | | | |
| 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 two exceptions are the proposed sub-regional Botany Road Shopping Centre, and Green Square Town Centre (which will also potentially be anchored by a discount department store and 1-2 supermarkets).

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 |
|-----------------------------|---------------|---|-------------------|--------------------------------|---------------------------|
| Sub-regional Centres | | | | | |
| Botany Rd SC | 14,900 | DDS (p) (5,464), Supermarket (p) (3,500) | Sec. E | | 2015/16 |
| Green Square Town Centre | 26,000 | DDS (p), Supermarket (p) | Ter. SE | 4.5 | 2019/20 |
| Supermarket Centres | | | | | |
| Erskineville Road | 896 | Supermarket (p) (896) | Sec. E | 1.4 | 2011/12 |
| Ashmore Precinct | 5,000 | Supermarket (p) | Sec. E | 2.5 | 2015/16 |
| Lewisham | 12,400 | Supermarket (p) (3,345) | Primary | 3.7 | 2015/16 |
| Fountain Street, Alexandria | 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. Botany Road Shopping Centre is a sub-regional facility currently planned for development within the Secondary East 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.

- ii. Green Square Town Centre is proposed to become the commercial & retail hub of the Green Square Urban Renewal Area. No Development Applications have yet been made in relation to the Town Centre. However, it is understood that the retail component of it may ultimately accommodate a discount department store and 1-2 supermarkets.

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. While no Development Application has yet been submitted, discussions with council suggest that the Ashmore Precinct (in Erskineville) may, upon development, include small convenience retail facility incorporating a supermarket.
- iii. 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.
- 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 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.
- vii. 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.
- viii. 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.
- ix. 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

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 \$204.5 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 7.0% share of non-food expenditure. The centre is estimated to achieve an 18.6% share of primary sector spending and a 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 ¹ (\$'000) (\$/sq.m) | |
|---------------------------------------|---------------|---|---------------|
| <u>Majors</u> | | | |
| DDS(s) | 7,311 | 21,055 | 2,880 |
| Supermarket(s) | <u>6,117</u> | <u>111,783</u> | <u>18,274</u> |
| Total Majors | 13,428 | 132,838 | 9,893 |
| Mini-majors ² | 1,138 | 8,708 | 7,653 |
| Total Retail Specialties ³ | <u>6,495</u> | <u>63,109</u> | <u>9,783</u> |
| Total Retail | 21,061 | 204,655 | 9,738 |

*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% |
| Main Trade Area | 718.7 | 602.7 | 1,321.5 | 120.8 | 42.5 | 163.2 | 16.8% | 7.0% | 12.4% |
| 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% |
| Total Trade Area | 1,613.9 | 1,326.2 | 2,940.1 | 122.7 | 59.1 | 181.8 | 7.6% | 4.5% | 6.2% |
| Sales From Beyond Trade Area | | | | <u>17.2</u> | <u>5.7</u> | <u>22.9</u> | | | |
| Total Centre | | | | 139.9 | 64.8 | 204.7 | | | |

* 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 | 12,311 | 37,080 | 3,012 |
| Supermarket | <u>10,417</u> | <u>142,305</u> | <u>13.661</u> |
| Total Majors | 22,728 | 179,385 | 7,893 |
| Mini-majors | 3,129 | 20,285 | 6,483 |
| Total Retail Specialties | <u>10,959</u> | <u>94,730</u> | <u>8.644</u> |
| Total Retail | 36,816 | 294,399 | 7,997 |

**Constant 2008/09 dollars & including GST
Source : Pitney Bowes Business Insight*

Total centre sales are projected at \$294.4 million in 2013, which is almost \$90 million higher than existing centre sales, in constant 2009 dollar terms. The incremental sales associated with the smaller expansion scheme are however some 20% lower than was forecast in our May 2010 EIA (\$89.7 million versus \$112.3 million previously)

Just over 60% 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 \$142 million, or \$13,661 per sq.m in annual sales.

The discount department store (dds) floorspace at the expanded centre is projected to achieve a trading level of around \$3,000 per sq.m, which is somewhat below the average trading level achieved at typical double discount store based centres in Australia (around \$3,500 per sq.m). This is around 6% lower than the average dds sales density forecast for the previously proposed larger expansion scheme, reflecting in part the expected lesser customer drawing power of a smaller (5,000 sq.m vs 7,448 sq.m) second dds. 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 \$20.3 million and \$94.7 million, respectively. Incremental sales associated with the proposed expansion for each of these categories are estimated to be 10% and 22% lower, respectively, than was forecast in our May 2010 EIA of the larger scheme.

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 2.1% across the total trade area in 2013. The centre is projected to achieve an 8.3% share of the total retail expenditure market, including an 8.9% share of available food spending and a 7.5% share of non-food spending. Projected market shares within the main trade area (estimated at 16.1% 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 | 89.6 | 41.1 | 130.7 | 29.2% | 16.2% | 23.3% |
| Secondary Sectors | | | | | | | | | |
| • North | 139.8 | 121.9 | 261.7 | 15.2 | 7.2 | 22.4 | 10.9% | 5.9% | 8.6% |
| • East | 201.3 | 177.2 | 378.6 | 23.1 | 13.4 | 36.5 | 11.5% | 7.6% | 9.6% |
| • South | <u>123.7</u> | <u>95.9</u> | <u>219.6</u> | <u>21.7</u> | <u>16.9</u> | <u>38.6</u> | <u>17.5%</u> | <u>17.7%</u> | <u>17.6%</u> |
| Total Secondary | 464.9 | 395.0 | 859.9 | 60.0 | 37.5 | 97.5 | 12.9% | 9.5% | 11.3% |
| Main Trade Area | 772.2 | 648.3 | 1,420.5 | 149.6 | 78.7 | 228.2 | 19.4% | 12.1% | 16.1% |
| Tertiary Sectors | | | | | | | | | |
| • North | 342.3 | 297.3 | 639.6 | 0.8 | 3.7 | 4.4 | 0.2% | 1.2% | 0.7% |
| • East | 199.0 | 158.4 | 357.4 | 1.7 | 8.9 | 10.6 | 0.9% | 5.6% | 3.0% |
| • South east | 217.2 | 165.9 | 383.1 | 0.7 | 3.9 | 4.6 | 0.3% | 2.3% | 1.2% |
| • South West | <u>212.7</u> | <u>162.9</u> | <u>375.7</u> | <u>2.7</u> | <u>12.9</u> | <u>15.7</u> | <u>1.3%</u> | <u>7.9%</u> | <u>4.2%</u> |
| Total Tertiary | 971.3 | 784.4 | 1,755.7 | 6.0 | 29.3 | 35.3 | 0.6% | 3.7% | 2.0% |
| Total Trade Area | 1,743.5 | 1,432.7 | 3,176.2 | 155.6 | 108.0 | 263.6 | 8.9% | 7.5% | 8.3% |
| Sales From Beyond Trade Area | | | | <u>19.8</u> | <u>11.1</u> | <u>30.8</u> | | | |
| Total Centre | | | | 175.3 | 119.1 | 294.4 | | | |

*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.
- Visitation of the centre is relatively high – some 86% of survey respondents had visited Marrickville Metro in the 6 months prior to the survey – but other centres within and beyond the trade area recorded similarly high visitation (Broadway Shopping Centre 77%; King St, Newtown 74%, Sydney CBD 70%). Indeed, almost as many respondents ranked the Sydney CBD (18%) and Broadway Shopping Centre (16%) as their main centre for Clothes, Homewares and Gift shopping, as ranked Marrickville Metro (21%). Residents of the Marrickville Metro trade area are clearly also using facilities outside the defined main trade area, to meet their retail 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.
- Respondents (over 80%) 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.

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.

5.4 Assessment of likely impacts

The following sub-sections of this report now present an indicative projection of the anticipated impacts of the smaller 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 smaller 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 | % |
| Part 1A : Estimated Retail Spending Market (With Marrickville Metro Expansion) | | | | |
| TTA Residents Spending | 2,940.1 | 3,176.2 | 236.1 | 8.0% |
| Net Escape Resident Spending | <u>1,499.5</u> | <u>1,518.2</u> | <u>18.8</u> | <u>1.3%</u> |
| Est. Retail Sales to TTA Retailers | 1,440.7 | 1,658.0 | 217.3 | 15.1% |
| Part 1B : Calculation of TTA Retail Sales (With Marrickville Metro Expansion) | | | | |
| Marrickville Metro | 204.7 | 294.4 | 89.7 | 43.9% |
| Other Trade Area Retailers | <u>1,236.0</u> | <u>1,363.6</u> | <u>127.6</u> | <u>10.3%</u> |
| Est. Retail Sales to TTA Retailers | 1,440.7 | 1,658.0 | 217.3 | 15.1% |
| Part 2A : Estimated Retail Spending Market (Without Marrickville Metro Expansion) | | | | |
| 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% |
| Part 2B : Calculation of TTA Retail Sales (Without Marrickville Metro Expansion) | | | | |
| 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% |
| Part 3 : Est. Sales Impact of Development on Other Trade Area Retailers (2013) | | | | |
| • Projected Sales Post Marrickville Metro Expansion Compared with Current Sales (2009) | | | | 10.3% |
| • Projected Sales Post Marrickville Metro Expansion Compared with Projected Sales Pre Exp. (2013) | | | | -2.9% |

**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 \$217.3 million between 2009 and 2013, from \$1,440.7 million to \$1,658.0 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 \$18.8 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 \$294.4 million (which compares to \$316.9 million for the previously proposed, larger expansion scheme). Total retail sales for other trade area retailers are projected to increase by \$127.6 million (or 10.3%) in 2013, even with the smaller expansion of Marrickville Metro proceeding. 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 \$41.3 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:

- 2009 sales projections, and
- 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 10.3% 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 2.9% lower.

The results of these calculations demonstrate that the proposed smaller expansion of Marrickville Metro would still likely have some trading impacts on other retailers throughout the trade area. However, these would again 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, and clearly of a lesser order of magnitude than was previously estimated in relation to the larger proposed expansion scheme for the centre.

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.

The impacts upon each of these centres is expected to be less than previously assessed reflecting the now smaller proposed second dds at the expanded Marrickville Metro, along with 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 | 294.4 | 79.5 | 37.0% |
| The Broadway SC | \$M | 323.8 | 328.5 | 311.7 | -16.8 | -5.1% |
| Leichardt Marketplace | \$M | <u>137.1</u> | <u>142.7</u> | <u>137.8</u> | <u>-4.9</u> | <u>-3.4%</u> |
| Total Sub-regional facilities | \$M | 460.9 | 471.1 | 449.5 | -21.6 | -4.6% |
| Existing Supermarket Centres | | | | | | |
| Norton Plaza | \$M | 56.5 | 58.8 | 57.4 | -1.4 | -2.5% |
| Newtown Central | \$M | 10.4 | 10.6 | 10.5 | -0.1 | -1.2% |
| 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% |
| Alexandria Spar | \$M | 0.0 | 6.1 | 6.1 | -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 | 271.3 | 267.5 | -3.8 | -1.4% |
| Proposed Supermarket Centres | | | | | | |
| Fountain St. Mixed Use Development | \$M | 0.0 | 29.6 | 29.2 | -0.4 | -1.2% |
| 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 | 150.2 | 149.2 | -1.0 | -0.6% |
| Relevant Retail Strips ¹ | | | | | | |
| Illawarra Rd, Marrickville | \$M | 84.6 | 88.1 | 84.5 | -3.6 | -4.1% |
| Marrickville Rd, Marrickville | \$M | 55.3 | 57.5 | 55.2 | -2.4 | -4.1% |
| King St, Newtown | \$M | 171.3 | 175.6 | 172.7 | -2.9 | -1.6% |
| Enmore Rd, Enmore | \$M | 36.7 | 38.0 | 37.4 | -0.6 | -1.6% |
| Erskineville Rd, Erskineville | \$M | 6.3 | 12.9 | 12.7 | -0.2 | -1.2% |
| New Canterbury & Marrickville Rds, Dulwich Hill | \$M | 34.2 | 35.6 | 35.2 | -0.4 | -1.2% |
| New Canterbury Rd, Petersham | \$M | <u>12.0</u> | <u>12.5</u> | <u>12.3</u> | <u>-0.2</u> | <u>-1.2%</u> |
| Total Relevant Retail Strips ² | \$M | 400.4 | 420.1 | 409.9 | -10.2 | -2.4% |
| Other Total Trade Area Retail Floorspace | \$M | 115.3 | 92.2 | 87.4 | -4.8 | -5.2% |

*Constant 2008/09 dollars & 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

In general, our estimated impacts of the smaller expansion of Marrickville Metro upon supermarket centres within the Centre's Main Trade Area are broadly in line with our previous assessment, reflecting the fact that the supermarket provision under both the original and revised schemes is the same. However, we have adjusted down our expected impacts upon some existing and proposed supermarkets located in the Centre's tertiary trade area sectors, to reflect the slightly lesser overall customer-drawing power of the smaller scheme.

Of the supermarkets 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 2.5%). 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 (Coles).

Newtown Central is the next most impacted centre and is estimated to experience a minimal 1.2% 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.

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

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 (-4.1%) 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, just over \$41 million of the expected \$79.5 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 lesser, but nevertheless sizeable proportion - \$38.1 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.

Even under the smaller proposed scheme, the expanded Marrickville Metro is likely to take on greater role in the retail hierarchy, meeting a broader range of trade area residents' comparison shopping needs than does the centre's current offer. As such, it will compete to a greater extent with higher order facilities located beyond the trade area, such as the Sydney CBD, Westfield Eastgardens, Burwood and Bondi Junction, and Ashfield Mall. 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.

Table 5.7

Marrickville Metro - Components of Projected Sales Increase, 2012/13*

| | (\$M) |
|---|-------------|
| Marrickville Metro Sales Increase (2013) | 79.5 |
| <u>Components of Projected Sales Increase</u> | |
| Impacts on Competitive Centres Within TA | |
| • Sub-regional Centres | -21.6 |
| • Supermarket Centres | -4.7 |
| • Relevant Retail Strips | -10.2 |
| • Other Retail Floorspace** | <u>-4.8</u> |
| Total Impact on TA retailers | -41.3 |
| Impacts on competitive centres outside TA | |
| • Sydney CBD | -12.2 |
| • Westfield Burwood | -8.4 |
| • Westfield Eastgardens | -3.2 |
| • Westfield Bondi Junction | -6.1 |
| • Ashfield Mall | -2.9 |
| • Other Retail Floorspace** | <u>-5.3</u> |
| Total Escape Spending Retained | -38.1 |
| *Constant 2008/09 dollars & excluding GST | |
| **Includes bulky goods floorspace and other retail/strip facilities | |
| Source: Pitney Bowes Business Insight | |

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. 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 help to satisfy the unmet demand in the market (as outlined in the twoblindmice research).
- Additional Jobs. Once fully operational, the increase in the retail component of the centre would be likely to employ around 658 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 625. This information is summarised in Table 5.8.

In terms of wages and salaries, the additional 625 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 \$17.5 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 | Marrickville Metro | |
|---------------------------------|---------------------------------------|---------------------------|-------------------------|
| | | GLA (sq.m) | Employment (persons) |
| DDS | 27 | 5,000 | 135 |
| Supermarket | 50 | 4,300 | 215 |
| Mini-majors | 20 | 1,991 | 40 |
| Specialty Shops | 60 | <u>4,464</u> | <u>268</u> |
| Total Centre¹ | | 15,755 | 658 |
| Net Increase² | | | 625 |

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 \$143 million. By using the appropriate ABS Input/Output Multipliers, which were calculated in 1996/97, this estimated capital cost has been deflated to \$87 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 612 jobs, with a further 980 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 (625), will result in a further 593 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)¹ | Direct Employment | Supplier Employment Multiplier Effects | Total | |
|--------------------------------|--|------------------------------|---|--------------|------------------------|
| Construction of Project | 143 | 612 | 980 | 1,593 | Job Years ² |
| Centre Employment ³ | | <u>625</u> | <u>593</u> | <u>1,218</u> | |
| Total | | 1,237 | 1,573 | 2,810 | |

* 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: Hill PDA assessment and Authority submissions

This second last section of the report reviews the Economic Impact Assessment of the Marrickville Metro project prepared for Marrickville Chamber of Commerce by Hill PDA, dated August 2010, and also provides a response to the submissions received from Marrickville Council on the issue of economic impacts.

6.1 Hill PDA assessment

The Hill PDA Economic Impact Assessment for Marrickville Metro (Hill PDA) was prepared on behalf of the Marrickville Chamber of Commerce. The executive summary of the report is presented at pages 6 and 7, and among the more pertinent conclusions which Hill PDA draws are the following:

- *As Erskineville, Green Square Town Centre, Victoria Park and other centres begin trading then Marrickville Metro trade area is likely to contract (page 6).*
- *As a result of the proposed development the Marrickville Road and Illawarra Road precinct is expected to record a 16% – 17% fall in turnover which is considered significant. The Enmore and Newtown precincts are expected to record moderate falls in turnover of 14% and 10% respectively. These strip centres are already trading around 20% below national average. Marrickville in particular has a relatively high vacancy rate of around 8% to 9% of total shopfront premises. A further 23% of premises are being used for non-retail commercial purposes reflecting the low performance of this area (page 7).*

The basis for Hill PDA's assessment, as evidenced in the first of the above comments, seems to be that centres, such as Marrickville Metro, should necessarily accept that their role and relevance have to reduce over time as new developments occur. In particular, Hill PDA's assessment seems to be based on the notion that Marrickville Metro should accept that its trade area will contract (and presumably its sales will therefore reduce).

The second of the above observations/conclusions by Hill PDA is particularly relevant. First, Hill PDA suggests that the strip centres which exist in the Marrickville area are already trading around 20% below national average. Hill PDA does not offer any evidence of this, but if it is true, it begs the question Why? No other retail developments have occurred throughout this surrounding area for many, many years. Marrickville Metro was built in 1987, and was last refurbished in 1998, i.e. 12 years ago.

Has Hill PDA contemplated that arguably, one of the key reasons why these existing strip centres may be trading at 20% below the national average, and are subject to relatively high vacancy rates, as well as having high proportions of their floorspace being used for non-retail commercial purposes, is the fact that there is simply too much of this type of space available in the area.

The EIA prepared by PBBI in May 2009 (parts of which are reproduced in this report) highlighted the proliferation of strip centre floorspace throughout the Marrickville area, and provided detailed analysis at Section 4 showing the following numbers of premises at the various surrounding strip centres:

| | |
|---|-----|
| – Marrickville Road strip | 174 |
| – Illawarra Road strip | 160 |
| – King Street strip | 508 |
| – Enmore Road strip | 156 |
| – New Canterbury Road/Marrickville Road strip, Dulwich Hill | 137 |
| – New Canterbury Road strip Petersham | 83 |

In total, therefore, there are more than 1,200 individual outlets provided in these six strip centres alone. Hill PDA provides a table at page 13 (Table 2) which shows more than 2,000 individual outlets provided in 12 surrounding strips, including the six above.

By contrast, in Marrickville Metro there is a total of about 90 specialty shops, as well as three major stores (Kmart, Woolworths and Aldi). There are no vacancies in Marrickville Metro, and the centre trades very strongly, well above national averages.

Has Hill PDA contemplated the question of supply and demand of various types of retail facilities, in particular the very high supply of strip centre facilities, as compared with the demand for such facilities, and the very limited supply of shopping centre facilities, again as compared with demand for such facilities?

The most important part of the Hill PDA analysis is presented at Section 6, titled *Impact of Proposal*. In that section, Hill PDA presents a table (Table 5 at page 28) which details its estimates of the expected impacts of the Marrickville Metro expansion on various surrounding strip centres.

Hill PDA indicates, at page 27, that these estimates have been calculated utilising a 'bespoke gravity model'. It further states as follows:

'The gravity model was designed on the premise that the level of redirected expenditure from a centre is directly proportional to the turnover of that centre and indirectly proportional to the distance squared from the subject site' (page 27)

There are a number of significant concerns to be raised at this point with the Hill PDA analysis. They are as follows:

- The description of the workings of the gravity model utilised by Hill PDA goes no further than the sentence quoted above. There is no explanation of the model, and there is no identification of the key aspects of the model, the specification of the model, the data used to run the model, the assumptions made in running the model, or any other aspect related to this, the most critical aspect of the Hill PDA report.

- A gravity model, as the name implies, is a detailed, complex set of interrelated equations, which, among other things, operates on the basis that there is a 'gravity pull' exerted by each facility in question (in this case shopping centres or strip centres) that is accurately reflected by the size of the facility.
- The size of such a facility is normally measured in floorspace terms, however, because different floorspace can exert different levels of attraction, the measure of attractiveness used in such models normally also includes an added 'attractiveness co-efficient'. This is necessarily a subjective figure, which is determined and applied by the consultant. Hill PDA does not even explain this, let alone provide any information as to what figures it has used or how those figures have been calculated or justified.
- The second important premise of a gravity model is the assumption that the attractiveness of a particular centre to residents reduces as the distance between them increases. This means therefore that, according to the model, residents would not bypass a larger facility to go to a smaller facility in the normal course of events, and totally ignores the fact that many residents often do exactly that, for a wide variety of reasons, which cannot be modelled.

In other words, a gravity model is a highly complex, highly detailed and highly data-dependent process by which to allocate retail expenditure, and such a model may or may not accurately reflect the purchasing behaviour of residents in any one area or region. At the very least, if it is to be taken seriously, such a model needs to be very carefully specified, and the data requirements are extremely onerous. For example, detailed data would need to be collated and input on every relevant shopping centre to which the model is to be applied. That data would need to be highly accurate in relation to each individual store, and to include turnover levels, floorspace, relative attraction to the consumers in each part of the region being studied, travel times along each street, from each residence to each shopping centre or area, etc, etc.

Even if all of the above were included, and in the case of Hill PDA it clearly is not, then all of the assumptions and shortcomings of the model would still need to be clearly spelt out, showing its limitations.

Clearly, Hill PDA contains none of this information. At best, it has probably roughly estimated the necessary information at a broad level, although the report makes none of this evident.

Given all of the limitations of a gravity model, and given its information requirements, it is not at all surprising that such a model is almost never used for any serious calculation of retail analysis in Australia, and is certainly, to my knowledge, almost never used for any commercial assessments.

Allowing for even the basic specifications of a gravity model, it is not surprising that the Hill PDA impacts that are assessed are generally highest on those centres which are located closest to Marrickville Metro. It is also not surprising that the impacts are distributed across centres in the general locality, with minimal impacts on other enclosed shopping centres (the only exception being Broadway) which residents of the Marrickville region may be currently using.

In other words, the Hill PDA analysis has no regard for, and appears to have little understanding of, the actual shopping behaviours of Marrickville residents. By contrast, the PBBI EIA did have regard for the expressed behaviours, needs and wants of Marrickville residents, as measured in independent customer research undertaken for AMP. That analysis, which has previously been made available and which is summarised at pages 67 and 68 of the PBBI report, included the following findings:

- There is strong support among 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.

- 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.
- Respondents (over 80%) were generally open and enthusiastic to the concept of expanding Marrickville Metro. Elements that appealed to respondents included an improved indoor/outdoor foodcourt, additional specialty stores and services such as banks.
- Specific research undertaken with a selection of strip retailers on Marrickville and Illawarra Roads, as well as on King Street, showed that these retailers considered that Marrickville Metro performs a different role in the retail hierarchy to strips. The proposed expansion of the centre was not really 'on their radar'.

These findings are not surprising – again, it is worth highlighting that there is a vast supply of strip centre facilities throughout the area, but a clear under-supply of shopping centre facilities. The two types are not perfectly substitutable for each other, otherwise there would be no vacancies evident at the various strip centres, and they would not be undertrading as described by Hill PDA.

It is worth highlighting nonetheless, despite its many obvious limitations, that Hill PDA's analysis projects impacts greater than 10% only on two centres – Marrickville (Marrickville and Illawarra Roads) and Enmore, with impacts of 16.5% and 14.8% respectively. In volume terms, those impacts are quoted at \$24.7 million and \$5.8 million.

As shown in Hill PDA's Table 5 on page 28, its estimates of the current turnover volumes of those two centres are \$140.0 million for the Marrickville centre, with approximately 28,450 sq.m of retail floorspace, and \$36.7 million for the Enmore centre, with approximately 8,700 sq.m of retail floorspace.

These estimated impacts as projected by Hill PDA are worth considering further.

The projected impact by Hill PDA of \$5.8 million on the Enmore centre is especially difficult to reconcile, given the relevant facts. Hill PDA describes the centre thus :

The Enmore strip shops stretch from King Street to Stanmore Street. Its closest point to Marrickville Metro at Stanmore Street is 1.1 km from the proposed development. The centre which contains a large number of retail shops, provides a broad mix of retailing types including a large proportion of restaurants and personal service retailers, a community food co-operative and two small convenience based supermarkets. (page 17)

PBBI described the centre as follows in the May 2010 EIA prepared for the Marrickville Metro expansion:

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. This floorspace predominantly includes traders serving 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.

Based on both these descriptions, it is reasonably apparent that the Enmore centre and its offer are far removed from the offer of an enclosed, managed shopping centre which includes many national brand retailers (such as The Mall Broadway or Marrickville Metro). This is a good example of why the projections of the Hill PDA 'bespoke gravity model' are unreliable as guides to likely impacts. It is simply because the Enmore centre is located relatively close to Marrickville Metro that the impact projected on this centre by Hill PDA is so high. The gravity model has no way of accounting for the fact that the retail offer of the Enmore centre, and the reasons why some residents may choose to use that centre some of the time, differ enormously from the alternatives at Marrickville Metro.

These comments can also generally be applied to Hill PDA's conclusions regarding the likely impact on the Marrickville Centre. The Marrickville Centre is characterised by extensive provisions of Asian food and grocery stores, as well as cafes and restaurants. The PBBI assessment observed, at page 41, that the Illawarra Road strip in Marrickville clearly serves a strong convenience function for an Asian oriented customer base, and that there is also quite a strong Greek influence towards the southern end of Illawarra Road.

The PBBI analysis also observed that in general, the Marrickville Road strip at Marrickville is the brightest, best presented and most active of the six retail strips which were audited, despite the fact that this strip is located much closer to Marrickville Metro than the other strips which are clearly performing more poorly, in particular the New Canterbury Road strip at Petersham, and the Marrickville Road and New Canterbury Road strips at Dulwich Hill, as well as the Illawarra Road strip at Marrickville. If the basis of the Hill PDA bespoke gravity model were correct, then one would expect to see this centre performing generally more poorly, in relative terms, than the centres at Petersham and Dulwich Hill, because of its closer proximity to Marrickville Metro.

In any case, the impacts on each of these two centres will clearly be significantly lower, given the reduced expansion scheme for Marrickville Metro which is now proposed, than the figures projected by Hill PDA. The revised EIA prepared by PBBI for the now smaller redevelopment scheme for Marrickville Metro results in a reduction of 21.5% in the incremental sales potential for the centre. Therefore, just on a simple pro-rata basis, even if one were to accept all of Hill PDA's claims, which we do not, then the revised impacts on the Marrickville and Enmore Centres would be 12.9% and 11.6% respectively.

6.2 Authority submissions

The responses to the economic impacts received from Marrickville Council include the following claims:

The economic aspects of sustainability suggest at the most obvious level that retail centres need to be economically viable, but in a broader sense that they ought to provide economic opportunities for the community which they serve. This can mean employment opportunities and also the chance to start up new businesses. It is here that concerns about corporately owned and managed shopping malls are raised. Corporate shopping malls tightly control their tenancies, and their particular mix of retail functions are prescribed by a formula considered to provide the lowest risk for the investor.

The application makes reference to a number of instances where older strip shopping centres have benefited greatly from the construction of large shopping centres, such as, Broadway, Bondi Junction, and Glebe. The point of distinction which needs to be noted here is that all of these centres were co-located within or adjacent to the existing shopping strips. This is not the case with the Metro which is a stand alone shopping centre. In the applicant's examples there were more benefits than disadvantages to the existing businesses.

The Economic Impact Assessment and Retail Strip Review documents attached to the application comprise dehumanised documents designed to sell the expansion of the Metro as a 'must have' for all the right economic reasons whilst at the same time allaying the fears of businesses by attempting to substantiate, more often than not by comparison with developments in neighbouring local government areas, that the commercial impact on local business will be minimal as they have a totally different offering which will draw most of its trade from current 'escape spending', that is, the dollars spent in similar expanded centres outside the Marrickville LGA not the dollars spent in the shopping strips.

PBBI Response

In general, the above comments from Marrickville Council are not critiques of the factorial information, assumptions or conclusions of the PBBI Economic Impact Assessment. They can be more accurately described as assertions of an ideological position. The reference to the 'concerns about corporately owned and managed shopping malls', for example, is both pejorative and incorrect. The references to the Retail Strip Review documents allegedly comprising 'dehumanised documents designed to sell the expansion of The Metro' are similarly unsoundly based, and seem to reflect a particular ideological position rather than a genuine understanding of the real needs and wishes of all constituents.

Research of residents of the Marrickville region, previously made available, shows that about half of them shop primarily outside the area for their clothing, homewares and giftware needs, at Sydney CBD, Broadway, Westfield Burwood and Westfield Bondi Junction. Within the Marrickville region, only two centres are extensively used for such shopping, namely Marrickville Metro and King Street, Newtown, with Marrickville Metro being roughly twice as widely used as King Street. This information, together with the other feedback obtained from residents, makes it clear that the impacts of expansion/improvement at Marrickville Metro will fall primarily on those other facilities which are most directly substitutable for the types of stores on offer at Marrickville Metro.

On the basis on which Hill PDA has assessed the impact of the proposed Marrickville Metro expansion, and also on the basis of other comments in the Council response relating to so called 'corporate shopping malls', the issue of whether or not the enclosed centre is located within or adjacent to an existing shopping strip should be of no consequence. The whole basis of the Hill PDA approach, and it seems also Council's approach, is that the enclosed mall will attract sales that would otherwise go to the strip retailers. If that were to be the case, then whether or not the enclosed mall is located next to, within or some distance from the strip retailers should be of no consequence. Therefore, Council's dismissal of the examples provided in the PBBI assessment, which shows that the development or expansion of enclosed centre will not necessarily result in significant impacts on nearby strip centres, is not warranted.

Any successful activity centre, including a managed mall, must ultimately provide for customers, i.e. humans, exercising their right to choose. The levels of success enjoyed by Marrickville Metro reflect the significant degree to which it effectively serves people. On the other hand, the levels of under-trading and vacancy which Hill PDA indicates are experienced at various of the surrounding strip centres near Marrickville, reflect primarily the surfeit of such facilities, and the fact that the surrounding people either have no particular need for so much of them or no desire to use so much. To insist that residents or consumers should only be entitled to have one particular type of facility, as Council's assertions appear to do, is in fact the approach which shows disregard for the people whom activity centres are, or should be, designed to serve.

To refer to corporate shopping malls as 'totally controlling their tenancies' and being 'prescribed by a formula considered to provide the lowest risk for the investor' is both inaccurate and lacking in understanding of basic commercial fundamentals, i.e. that any activity centre or shopping centre must meet the needs of customers if it is to succeed. 'Corporate' shopping malls do not tightly control their tenancies, they simply seek to provide the tenancy mix that the customers indicate they want. This is done, in part, by conducting extensive and ongoing research of their customers. There is not much point, in a so-called corporate shopping mall or a strip centre, providing services or retailers which consumers do not want, and will not frequent. The result of such an approach is usually vacant space, leading to failure.

Ultimately, be it for a shopping mall or strip centre, the objective is to meet the needs, wants and aspirations of surrounding residents. In the case of Marrickville, as noted previously in this report, there is a very extensive supply of facilities in strip centre formats. It is not surprising, that some of those facilities appear to be surplus to the needs and wants of surrounding residents. Therefore, some of those stores sit vacant, and have been vacant for many years, even though there has been no other significant development of retail floorspace within Marrickville for many years.

In any case, a 'corporate' mall is ultimately owned by individuals, usually many thousands of them through their superannuation and other investments such as life insurance policies, managed by AMP. Comments of this nature by Council are statements of ideological positioning and have little regard for or understanding of the needs, wants and aspirations of the population which is to be served by either an enclosed mall or a strip centre.

Shopping malls also clearly and unequivocally provide economic opportunities for the community they serve, including many individually owned and operated businesses, some as franchises and obviously including substantial employment.

It is evident that throughout the Marrickville region there are huge numbers of strip centre premises available for any business or individual who chooses to operate in such an environment. It is also evident that these opportunities will not be reduced by an expansion of Marrickville Metro – all of the strip centre premises will still be there.

The expansion of Marrickville Metro will simply provide some diversity in the total retail offer of Marrickville, by adding more of a shopping alternative, i.e. enclosed centre, which is currently in short supply.

6.3 Recommendations

We have undertaken detailed examinations of each of the relevant strip centres, and analysed their current compositions, highlighting our views of their strengths and weaknesses. Based on this detailed analysis, our recommendations as to the strategies which these centres can adopt in order to mitigate any impacts that they might otherwise experience from the expansion of Marrickville Metro are as follows:

- The most important strategy for each of these centres to continue to adopt is a differentiation of their respective offers from that which is available and will in the future be available at Marrickville Metro. In our view there is a clear differentiation at present, as detailed previously in this report. These strip centres should therefore continue to promote themselves as localised and specialised convenience centres.
- Wherever possible, the centre should seek to further emphasise the differences between themselves and Marrickville Metro, in essence playing to their strengths, by adding more of the independent and ethnically diverse specialty store types which are already prevalent within it.
- In the case of King St, Newtown, which serves a broader role than each of the other strips, again a continuation of its clearly differentiated, independent focused specialty offer from that which is available or will be available at Marrickville Metro is recommended.
- As with any retail activity centre, these strips need to be physically maintained and enhanced over time. All shopping/activity centres need to reinvest in their physical appearance, ambience and amenity. Factors such as improved streetscapes, beautification, improved pedestrian amenity, and if at all possible improved carparking, are all important to the long term well being of the strips.
- Continued upkeep also means that landlords need to keep their properties up-to-date and presented to a high standard. This is not the case in some parts of some of the strips, most noticeably Dulwich Hill and Petersham.

- Having established such strong identities, the strip centres should ideally be marketing themselves as individual entities with particular strengths, highlighting their strengths to the population of Marrickville and the surrounding local government areas.

Section 7: Conclusions

- 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 a number of 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 strongly indicates 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, even in its smaller format, 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 of any one retail facility or strip.

- A substantial proportion of the sales expected to be generated by the proposed expansion of Marrickville Metro will come from the retention of resident spending which is currently escaping the trade area. The expanded Marrickville Metro is likely to take on a greater role in the retail hierarchy, meeting a broader 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, in particular the Sydney CBD, Broadway Centre, Westfield centres at Burwood, Bondi Junction and Eastgardens, and Ashfield Mall.
- The proposed expansion of Marrickville Metro will also result in a range of other 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.



