

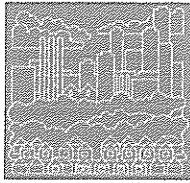
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10 September 2010

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NSW Department of Planning
GPO Box 39
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Attention: Andrew Beattie

Dear Sir,

RE: OBJECTION TO MP09-0191-MARRICKVILLE METRO EXPANSION

Introduction

We act on instructions from the Marrickville Chamber of Commerce who have commissioned our firm to review the major project application to expand Marrickville Metro Shopping Centre. This submission also includes as appendices reports reviewing the economic assessment of the proposal as well as traffic and parking impacts.

To assist with our assessment an inspection of the site and surrounding area was carried out as well as a review of the DA documentation on exhibition. In addition reports prepared on behalf of Marrickville Council with respect to Urban Strategy as well as Council's response to the NSW Government's draft South Subregional Strategy and the Marrickville Action Plan for Urban Centres have been reviewed.

On behalf of our clients, we wish to lodge an objection against the proposed development. The principal concerns of that objection relate to inconsistency with the adopted strategic planning direction of Marrickville Council with respect to future anticipated development, size of proposed development and economic impact on the Marrickville Road and other retail centres within the Marrickville Local Government area and traffic impacts on the area surrounding Marrickville Metro.

Based on the above the application should be refused.

Our Clients Land

Our clients are part of a community organisation that has been affiliated to assist with the promotion of the Marrickville Road and Illawarra Road retail centres. They have been heavily involved in assisting Marrickville Council with input into strategic planning for their shopping areas as well as investment in infrastructure including the wider context within the Marrickville Local Government Area. Our clients have direct experience with the impact of Marrickville Metro shopping centre both initially and as it has altered and added floorspace over the years and drawn anchor tenants away from the shopping precinct

in Marrickville Road and Illawarra Road which resulted in retail decline. The proposed expansion of Marrickville Metro shopping centre has the potential to cause such adverse economic impacts once again.

Strategic Context

Marrickville Council has spent time and resources on its strategic direction with respect to urban development to assist with updating and upgrading its planning controls both at a regional and local level. The first document of note that we have reviewed is the Marrickville Urban Strategy. It designates the Marrickville Metro Shopping Centre as a stand alone shopping centre in order to support the existing retail hierarchy which is situated along and around public transport links and existing social infrastructure such as Marrickville Road shopping precinct. The proposed development does not incorporate elements such as improved public transport links or social infrastructure whilst it would have an adverse economic and social impact on retail areas within the Marrickville Local Government Area.

The second document of note is Marrickville Council's response to the draft South Subregional Strategy. Council has noted that whilst the Marrickville Urban Strategy designates Marrickville Metro as a stand alone shopping centre, the draft Subregional strategy designates Marrickville Metro as a village. Council has resolved to advise the NSW State Government that Marrickville Metro be designated as a stand alone shopping centre and remove references to it having the potential for expansion on the basis that it does not meet the strategic criteria of retail centres supporting public transport infrastructure.

We also note that our client has provided a submission to the Department of Planning on the draft South Subregional Strategy which reflects Marrickville Council's position as stated above. A copy of that submission and correspondence from the then Minister are attached to this letter.

The final document in a strategic sense is the Marrickville Action Plans for Urban Centres. This document reinforces the facts stated above that any expansion of Marrickville Metro should be accompanied with strategic intensification of the area including improved public transport links.

The Proposed Development

The proposal seeks to incorporate part of an existing public road known as Smidmore Street and the property known as 13-55 Edinburgh Road, Marrickville into an expanded Marrickville Metro Shopping Centre. We note that the existing shopping centre incorporates 28260 sqm of gross floor area and the proposal seeks to add 32505 sqm. That means that the proposal would more than double the existing capacity of the shopping centre. Such a significant expansion in commercial floor space cannot fail to have an adverse economic impact on existing retail centres in the Marrickville Local Government area.

Our Clients Concerns

As previously mentioned, our clients concerns relate to inconsistency with the adopted strategic planning direction of Marrickville Council with respect to future anticipated development, size of proposed development and economic impact on the Marrickville

Road and other retail centres in the Marrickville Local Government area and traffic impacts on the area surrounding Marrickville Metro. We deal with each of those matters in turn below.

1. Inconsistency with Marrickville Council strategic planning

As detailed above, Marrickville Council has commissioned studies and reports to assist with determining options for future development of land within its jurisdiction. With respect to Marrickville Metro, the consistent theme has been that it should remain as is in terms of size and any expansion should only be contemplated if it is accompanied with strategic intensification of the area including improved public transport links. The proposal does not include improved public transport links which have been determined by Council to be relevant to any consideration of expansion of Marrickville Metro shopping centre. The proposal is inconsistent with Council's strategic planning direction which has been communicated to the NSW Department of Planning and on that basis should be refused.

2. Size of proposed development

The proposed development is out of scale and context with the existing and proposed town planning controls in the surrounding area. The existing and proposed controls (ie the existing Marrickville LEP and draft LEP) limit the use of the land to industrial with a maximum floorspace of 1:1. The proposed development seeks floorspace firstly for commercial use and would be well beyond the existing floorspace limit at approximately 1.53:1. The size and bulk of the proposal apart from having adverse economic impacts would have adverse impacts in terms of bulk, scale and intensity of use which would also translate to such impacts as traffic and parking in the area.

3. Economic Impact

Our client has commissioned Hill PDA to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on retail centres in the locality. The report is attached to this submission as an appendix. The outcome of the independent economic assessment of the proposal is as follows.

- The proposed development would capture \$53 million dollars of expenditure from existing retail strip retailers in Enmore Road, Newtown and Marrickville equating to a combined redirection in turnover of 13% from these retailers.
- Given the smaller size and relatively lower margins of strip based retailers, such a fall in turnover will make many of these retailers unviable.
- Given the current underperformance of these precincts, it is expected that their viability will be significantly undermined with the current average level of 7% of total shop front vacancies increasing to around 12%-15% as a result of the proposed development.
- Given the low level of population growth in the Primary Trade Area and combined with the new centres to the east in Erskineville/Green square, it will take considerable time for these vacancies to be filled with new businesses.
- The Marrickville Road shopping precinct is expected to record a significant reduction in turnover of 16%-17%.
- The Enmore Road shopping precinct is expected to record a 14% fall in turnover which is considered to be moderate to high.

- The King Street shopping precinct is expected to record a moderate fall in turnover of 10%.

In terms of economic impact there are Land and Environment Court judgements that have provided town planning principles on relevant matters for consideration in relation to the economic and social impact of proposed retail facilities. In *Fabcot Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted as follows.

Economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere threat of economic competition between competing businesses.....It seems to me that the only relevance of the economic impact of a development is its effect 'in the locality'

We note that in *Fabcot*, the Land and Environment Court refused the application on the grounds of adverse economic impact. The Court considered that the proposed Woolworths Marketplace in South Windsor would redirect considerable expenditure away from Windsor town centre. The existing supermarket in Windsor would experience considerable loss in trade with the possibility that it would cease trading. Competition with an individual retailer was not a relevant consideration. However in this case the retailer was an anchor tenant and the existing speciality stores had developed a strong nexus relationship over time. Closure of the supermarket would have resulted in further closures and likely social detriment.

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted the following.

If the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning.....However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration.

In applying the above planning principles it is clear that the proposal struggles to meet the *Fabcot* test as whilst it will provide some benefit in the locality, it will also result in adverse economic impact on the surrounding retail strip precincts and the resultant community detriment will not be made good by the development itself.

Based on the above the application should be refused.

4. Traffic Impact

Our client has commissioned traffic and transport planners to review the potential impacts with respect to traffic and parking. The report is attached to this submission as an appendix. The outcome of that assessment reveals that the proposal would have a

significant adverse impact on existing capacity constraints at the following intersections at peak Saturday trading times within the surrounding area so that their level of service would fall.

- Enmore Road/Llewellyn Street intersection with traffic signals from level of service B to C.
- Addison Road/Enmore Road intersection with traffic signals from level of service B to C.
- Victoria Road/Edinburgh Road intersection with traffic signals from level of service B to C.
- Edgeware Road/Alice Street/Llewellyn Street intersection with traffic signals from level of service D to E.
- Edgeware Road/Victoria Road intersection with signs from level of service C to D.
- Edinburgh Road/Fitzroy Street intersection with roundabout from level of service A to B.
- Edinburgh Road/Smidmore Street intersection with traffic signals from level of service C to D.
- Edinburgh Road/Bedwin Road intersection with signs from level of service B to C.

In addition to the above there are a number of outstanding issues that are required to be addressed in completing a considered review of traffic and parking impacts as detailed on page 5 in the conclusions of the traffic impact assessment report attached to this letter.

There is no justification provided by the proposal with respect to the traffic impacts detailed above or how they are proposed to be mitigated. On this basis the application should be refused.

Conclusion

We believe our client has substantive concerns in relation to the proposed development especially with respect to size of the proposed development and adverse economic impacts which on their own are sufficient in our opinion to warrant refusal of the application. That position is strengthened when combined with the failure of the proposal to address the adopted strategic planning direction of Marrickville Council with respect to future anticipated development and traffic impacts on the area surrounding Marrickville Metro.

Should you have enquiries with respect to the above please do not hesitate to contact us to discuss.

Yours faithfully

DESIGN COLLABORATIVE PTY LTD



J Lidis
Director

Marrickville Metro Economic Impact Assessment

PREPARED FOR

Marrickville Chamber
of Commerce

August 2010

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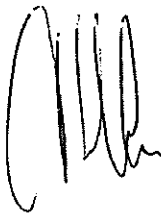
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QUALITY CONTROL

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

REVIEWED BY



10 September 2010

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1. EXECUTIVE SUMMARY

Hill PDA has been appointed by Marrickville Chamber of Commerce to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on retail centres in the locality.

The proposal includes the redevelopment of the whole of the site utilised for the current Marrickville Metro, a site neighbouring Marrickville Metro, currently occupied by an industrial building and a section of Smidmore Street that presently divides the two sites. When completed, the expansion will provide two discount department stores, 10,417sqm of supermarket space, 3,279sqm of mini majors and 12,459sqm of speciality space. Total leaseable retail floor space will almost double from 21,061sqm to 40,914sqm.

A review of the primary trade area (PTA), as defined by Pitney Bowes Business Insight (PB) in the Economic Impact Assessment, revealed that the main trade area had appropriate and reasonable boundaries with the exception of the secondary and tertiary trade areas to the east. PB is somewhat relying on the capture of expenditure from the Erskineville Green Square area which is presently underserved with retail space. However a significant level of retail space is planned to service this area with around 45,000sqm in the Green Square Town Centre (including the Gazcorp and the Choker sites), 5,000sqm for Erskineville Ashmore Estate and in other centres such as Victoria Park. Also access to Marrickville Metro from the Green Square area is highly inconvenient involving considerable delays crossing Princes Highway and the railway lines. Eastgardens, and to a lesser extent Bondi Junction, are far more convenient centres to access from the Green Square Development Area.

Retail Expenditure

When compared to the demographic profile of the Sydney Statistical Division it was found that comparatively the trade areas, as defined by PB, had an older population, slightly higher household incomes, a greater level of persons born overseas, low home ownership and a higher number of lone person households.

Some growth in household expenditure is expected to be generated by population growth in the order of 0.70% per year, which is not a significant level. Stronger growth is expected to come from the secondary and tertiary east trade area – Erskineville / Green Square. However this area will experience dramatic increases in the supply of retail space over the next decade as several new centres will be built. It is not expected that Marrickville Metro will benefit from population growth in that area. If anything Marrickville Metro's has been enjoying trade escaping this area due to undersupply of retail floor space. As Erskineville, Green Square Town Centre, Victoria Park and other centres begin trading then Marrickville Metro's trade area is likely to contract.

According to Pitney Bowes Business Insight, Marrickville Metro Economic Impact assessment the centre currently captures 48.5% of its turnover from the defined primary trade area, 31.4% from the secondary trade areas and the remaining 20.1% from the tertiary trade area and from residents located beyond any of the trade areas. Following completion, Pitney Bowes estimates that a greater proportion of turnover will originate from the secondary trade areas, with residents in these areas expected to contribute 33.0% of the increased yearly turnover. However as stated above the secondary and tertiary trade areas to the east are likely to contract due to the opening of new centres over the next decade.

Because Marrickville Metro's trade area is likely to contract from the east, and because population growth in the Marrickville LGA is relatively low then the marginal turnover in Marrickville Metro will only be achieved by redirecting considerable turnover from competing centres in the locality.

Economic Impact

The proposed development is expected to result in significant impact upon strip retail shops located in and around the Marrickville Local Government Area. If the development proceeds, it is estimated that around half (\$53m) of the increase in turnover will be captured from existing strip retailers in the Marrickville LGA and on the boundaries of the LGA.

As a result of the proposed development the Marrickville Road and Illawarra Road precinct is expected to record a 16% to 17% fall in turnover which is considered significant. The Enmore and Newtown precincts are expected to record a moderate fall 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 shop front premises. A further 23% of premises are being used for non-retail commercial purposes reflecting the low performance of this area. The combined impact of mundane growth in the area, below average performance of the existing centres and significant loss in trade will result in increased vacancies that will take some time to re-fill.

In terms of economic impact there are court judgements that have provided guidance on relevant matters for consideration. In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that "if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning."

Given the smaller size and relatively lower margins of strip based retailers, such a fall in turnover will likely make many of these retailers unviable. More specifically it is expected that the Enmore and Marrickville strip precincts will be most impacted by the proposed expansion. Given the current underperformance of these precincts, it is expected that their viability will be significantly undermined, with a sizable increase in vacancies likely to come as a result of the proposed development. We expect that the average level of vacancies at 8% to 9% of total shop front premises will increase to around 15%. Given the low level of population growth in the PTA, combined with the new centres to the east in Erskineville / Green Square area, it will take considerable time for these vacancies to be filled with new businesses.

Given that:

- the suburb of Marrickville and surrounding suburbs will experience limited growth in population numbers over the foreseeable future;
- several strip based retail centres are expected to experience moderate to significant falls in turnover;
- those centres are currently trading below national average and have a high proportion of vacant and non-retail shop front premises;
- the proposed development will place a number of existing retail precincts in financial jeopardy, resulting in a lower level of retail amenity being provided to local residents; and

- the proposed development is a stand alone outlet centre and not near any train station and will not make good for the loss it causes.

then we consider the net social and economic benefits to the local community to be negative.

2. INTRODUCTION

Hill PDA has been appointed by Marrickville Chamber of Commerce to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on existing retail centres in the locality. The study will also review whether or not the proposed development is consistent with the objectives of local and state based planning instruments, from an economic impact perspective.

2.1 The Site

The proposed expansion consists of three separate parcels of land including the following;

- 34 Victoria Road, Marrickville, a 3.566ha site currently utilised for the existing Marrickville Metro Centre.
- 13-55 Edinburgh Road, Marrickville, a 8,800sqm site currently occupied by an industrial building.
- A section of Smidmore Street (as an option to link the two sites above).

The site is bounded by Victoria Road to the north, Edinburgh Road to the south, Murray Street to the east and abuts a residential housing estate to the west of the site. The site has a mix of zoning including General Business 3a (existing Marrickville Metro Site) and General Industrial 4(a) (13-55 Edinburgh Road). The section of Smidmore Street is currently unzoned and is subject to purchase from the Marrickville Council. We understand that Council resolved not to consent to the disposal of any land or airspace for the expansion of the shopping centre.

Marrickville Metro currently comprises almost 23,000sqm of leasable floorspace (GLA), including a retail component of 21,061sqm. The centre anchored by a Kmart discount department store of 7,311sqm, Woolworths and ALDI supermarkets totalling 6,117sqm and 7,633sqm of mini-majors and specialty stores.

Figure 1 - Approximate Site Location



Source: Urbis Preliminary Environmental Assessment, November 2009.

2.2 The Proposal

The proposed expansion of Marrickville Metro will almost double the amount of retail floor space. It includes a second discount department store (7,448sqm), an additional full line supermarket of 4,300sqm and 8,100sqm of additional specialty retail. Once completed it will be a double discount store centre with three supermarkets – a total of 44,400sqm of leasable floor space of which approximately 41,000sqm would be retail and approximately 3,400sqm would be commercial services as shown in the table below.

Table 1 - Proposed Expansion (GLA sqm)

Store Type	Existing	Proposed	Total
Dept Stores	7,311	7,448	14,759
Supermarkets	6,117	4,300	10,417
Mini-majors	1,138	2,141	3,279
Specialty Retail	6,795	5,964	12,759
Total Retail	21,061	19,853	40,914
Non-retail	1,572	1,917	3,489
Total	22,933	21,470	44,403

2.3 The Methodology

In determining a methodology for the assessment of the economic impact of the proposal it is important to consider the principles outlined in the relevant statutes. Demonstrating over or under supply of retail space within a given area is not the relevant matter, although it may have consequential impacts that would be considered by the Land and Environment Court.

The relevant matter is the impact on retail centres as a whole, whether or not it will result in social detriment and whether or not the application will make good for that loss.

In undertaking this study, our methodology was based on the above principles and the following scope of works:

- A site appraisal;
- A review of the Part 3A development application, paying particular attention to the Economic Impact Assessment accompanying the application.
- The determination of supermarket floor space and other major retailers within the trade areas;
- The determination, location and intensity of competing retail stock in the pipeline within the surrounding area;
- The identification of the primary and secondary trade areas based on distances, accessibility and the location and level of retail offering in other centres;
- A review of data derived from the ABS Census, DoP, Council and other sources, to develop a profile of key demographic characteristics in the Marrickville Metro primary and secondary trade areas (population, household characteristics and lifestyle trends);
- An update of population and household growth in the trade areas from Council and/or NSW government (MDP or other) sources;
- The determination of forecasts for household expenditure by trade area by retail store type and the quantification of levels of under or over supply based on national benchmark turnover levels;
- An estimate of the turnover of the proposed centre and the likely redistribution from existing and planned retail centres. The measurement of impacts as shifts in turnover over time taking into consideration growth in expenditure in the trade area; and
- A consideration of whether or not impact on existing/proposed retail centres is significant and/or detrimental and, if so, whether or not means could be used to mitigate that harm.

2.4 Limitations

This report is for the use of Marrickville Chamber of Commerce for a submission to the NSW Department of Planning in respect of the proposed expansion of Marrickville Metro. We disclaim any responsibility to any third

party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report is based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the expenditure and financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.

3. ANALYSIS OF EXISTING CENTRES

To provide the relevant context for the retail impact assessment, this Chapter includes an overview of surrounding centres that would be impacted by the proposed expansion of Marrickville Metro.

3.1 Supply of Retail Floor Space

The existing supply of retail floor space is measured by combining the number of stores and their respective floor space (in square metres). Floor space is a measure of lettable area (the area leased by a store operator, inclusive of office and storage space) and excludes common areas, plant rooms and loading docks. In the case of indoor centres such as Marrickville Metro, it includes the floor space leased to shop owners, but excludes elements such as common areas, car parking, toilets, plant rooms and fire egress.

The number of business in retail centres is provided below:

Table 2 - Number of Establishments in Retail Centres in the Locality by Retail Store Type

Location	Supermarket	Dept Store	Specialty Shops	Total Retail	Shop Front Commercial	Vacant	Total Shop Front
Marrickville (Marrickville Rd & Illawarra Rd)	3	0	209	212	90	27	329
Canterbury	1	0	41	42	9	27	78
Campsie	2	3	229	234	51	7	292
Clemon Park	0	0	11	11	4	3	18
Dulwich Hill	1	1	117	119	26	5	150
Earlwood	1	0	100	101	26	2	129
Hurlstone Park	1	0	37	38	16	12	66
Summer Hill	1	0	52	53	12	0	65
Enmore	0	0	114	114	35	7	156
Petersham	0	0	41	41	28	13	82
Newtown	2	0	390	392	82	34	508
Broadway Shopping Centre	1	3	156	160	15	0	175
Total Shop front	13	7	1,497	1,517	394	137	2,048

Notes: Above excludes automotive businesses including petrol outlets. Commercial refers to shop front commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and shop top commercial space.

Sources: Australian Property Council Shopping Directory, Pitney Bowes 2009 and Hill PDA Floor Space Surveys 2010

The total retail floor space in the Marrickville area is provided in the table below:

Table 3 - Total Floor Space in Retail Centres in the Locality by Retail Store Type 2010 (sqm)

Location	Supermarket	Dept Store	Specialty Shops	Total Retail	Shop Front Commercial	Vacant	Total Shop Front Space
Marrickville (Marrickville Rd & Illawarra Rd)	5,050	0	22,600	27,650	13,250	2,075	42,975
Canterbury	1,500	0	3,462	4,962	759	2,279	8,000
Campsie	3,677	10,482	15,855	30,014	3,217	490	33,721
Clemton Park	0	0	963	963	350	262	1,575
Dulwich Hill	2,100	648	6,698	9,446	1,487	285	11,218
Earlwood	1,800	0	12,684	14,484	3,265	251	18,000
Hurstone Park	300	0	4,617	4,917	1,942	1,490	8,349
Summer Hill	1,728	0	2,746	4,474	627	0	5,101
Enmore	0	0	8,155	8,155	4,690	725	14,095
Petersham	0	0	3,335	3,335	4,185	3,055	10,575
Newtown	1,688	0	33,340	35,028	10,858	2,570	48,456
Broadway Shopping Centre	3,974	14,454	21,227	39,655	1,500	0	41,155
Total	21,817	25,584	135,682	183,083	46,130	13,481	243,219

Notes: Above excludes automotive businesses including petrol outlets. Commercial refers to shop front commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and shop top commercial space.

Sources: Australian Property Council Shopping Directory, Pitney Bowes 2009 and Hill PDA Floor Space Surveys 2010

3.2 Marrickville Metro

The existing retail offer within Marrickville is split into three separate precincts, the existing Marrickville Metro shopping centre and two retail strips, one along Marrickville Road and the other along Illawarra Road.

In its present state Marrickville Metro consists of a 19,980sqm sub-regional shopping centre featuring a full line Woolworths supermarket (4,910sqm), ALDI supermarket (1,207sqm), Kmart (7,311sqm), 6,522sqm of retail specialities and parking for 1,100 cars. According to Marrickville Metro owners AMP Capital, the centre achieved \$204.1m million in turnover in the 12 months to December 2009, equating to \$10,245/sqm.¹ Its turnover was reported in the Shopping Centre News (SCN) Little Guns 2010 at \$206.8m. In terms of turnover per square metre it is the third highest ranking centre out of all 88 "Little Guns" centres in the SCN (defined as centres between 20,000sqm and 45,000sqm) and 47% above average.

3.3 Marrickville

The Marrickville strip retail centre is "T" shape with the head of the "T" stretching 700m along Marrickville Road from Meeks Road to Petersham Road. The remaining strip stretches 900m along Illawarra Road from Marrickville Road past the train station to Renwick Street. At its closest point (corner of Marrickville Road and Meeks Road) this centre is 1.5km by road from Marrickville Metro.

The retail properties along Marrickville Road, being the traditional centre of Marrickville are higher quality than the retail properties along Illawarra Road, with the aesthetics of the centre boosted by a divided two lane road and alfresco seating areas in front of many of the Cafés. The overall mix of retailers include food and grocery, personal

¹ Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment.

services, restaurants and Asian groceries. There are also 18 clothing stores and five bulky goods retailers. A similar mix of retailers front both sides of Illawarra Road including food and grocery, personal services and restaurant/fast foods. There are fewer clothing and comparative goods stores.

Anchor tenants in the Marrickville strip centre include a 1,500sqm Foodworks supermarket on Illawarra Road and a Bing Lee electrical goods retailer (approximately 1,000sqm) at number 326 Marrickville Road. At the southern end of the strip centre on Illawarra Road between Warren Road and Renwick Street is a 2,800sqm Woolworths Supermarket. The area south of the Railway line is referred to as Marrickville South.

3.4 Canterbury

The existing retail offer in Canterbury consists of a number of strip shops along Old Canterbury Road and a 1,500sqm ALDI supermarket located on Jeffery Street. With the exception of the ALDI store, the existing offering is limited, with many of the shops along Canterbury Road in poor aesthetic condition and/or currently vacant. While the centre benefits from strong transportation links including a train station in close proximity, the enforced clearways along Old Canterbury road severely limits exposure and impedes vehicular access to the centre. A post office is located here.

An external vacancy survey along some 400m of Old Canterbury Road (200m on either side of the train station) reveals that almost 40% of the shops are either used as commercial premises or are vacant and closed.

3.5 Campsie

Campsie is located approximately 8.7km from the subject site. The centre which spreads across both sides of the Bankstown railway line is characterised by a sub-regional shopping centre (Campsie Centre) with a large number of strip based retail located along Beamish Street.

Campsie Centre (13,068sqm) is anchored by a 1,177sqm Food for Less supermarket and a 7,662sqm Big W. In addition to these larger tenancies the centre also features a post office, RTA outlet, chemist, over 50 specialty stores and enclosed parking for up to 800 vehicles.

In addition Campsie also features a freestanding 2,500sqm Woolworths supermarket and a large number of strip based retailing, predominantly located along Beamish Street. The strip provides for a number of commercial services oriented businesses including banks and real estate agents, as well as providing a number of restaurants and speciality food retailers.

The Campsie Retail Centre as a whole is in need of revitalisation, with many of its stores showing signs of dating and underperformance. It is noted that there is a substantial redevelopment of Civic Centre planned, which will help to lift the profile of and boost performance of the centre.

3.6 Clemton Park

Clemton Park is located approximately 7.5km from the subject site, the centre featuring a small number of strip based shops located along William Street anchored by a large stand alone bottle shop.

There is currently a proposal to develop the former Sunbeam factory in Clemton Park for residential and retail uses, this is discussed in section 2.11.

3.7 Dulwich Hill

There are two distinct retail centres within Dulwich Hill, one located along New Canterbury Road (4.2km from subject site) and a second located around the Dulwich Hill train station (3.7km from subject site), both offering similar strip based centres.

The centre located along New Canterbury Road is anchored by a 2,100sqm Franklins supermarket and features a 648sqm discount department/variety store, in addition to a number of smaller retail tenancies.

In addition to a high proportion of commercial services, the centre at Dulwich Hill train station features a large number of non-food based retailers and a small (300sqm) Riteway supermarket/convenience store.

3.8 Earlwood

The Earlwood centre is located approximately 6.2km from the subject site and is anchored by a 1,800sqm freestanding Coles supermarket. In addition to the supermarket, Earlwood features a large number of strip based retail tenancies predominantly located along Homer St, the majority of which provide non-food related services with only nine of the 129 specialty retailers offering food related services.

3.9 Hurlstone Park

Similar to Dulwich Hill, Hurlstone Park features two distinct retail strip centres, one located along New Canterbury Road (5.7km from subject site) and the other located around Hurlstone Park train station (5.6km from subject site).

The retail offering along New Canterbury Road is characterised by a number of restaurants and other non-food speciality retailers. In addition to the strip retailers, there is also a 7-11 service station with a small convenience based shop attached.

The centre located nearby the Hurlstone Park train station is characterised by a number of convenience based retail stores which are currently in poor condition and assumed to be underperforming national benchmarks.

3.10 Summer Hill

The retail centre at Summer Hill is approximately 4.4km from the subject site. The centre which is located near Summer Hill train station is anchored by a 1,728sqm freestanding Franklins supermarket, in addition the centre also features a large deli (600sqm) attached to the Franklins supermarket and a number of strip based retail specialties.

3.11 Enmore

The Enmore strip shops stretch from King Street to Stanmore Street. Its closest point to Marrickville Metro at Stanmore Street is 1.1km 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 services retailers, a community food co-operative and two small convenience based supermarkets.

3.12 Petersham

The strip shops located along New Canterbury Road, Petersham are located approximately 2.5km from the Marrickville Metro site. The centre is predominately restaurant focused, with this retail type accounting for the majority retailers within Petersham. In addition the centre also features a small Foodworks convenience store approximately 170sqm. Presently the centre is characterised by the former Majestic Theatre, there is however, plans to develop this site for residential and ground floor retail uses.

3.13 Newtown

The Newtown retail strip is commonly referred to as a 'prime retail strip'. The strip straddles the Newtown train station which is located approximately 1.9km from the subject site, although the southern end of Newtown is only 1km from Marrickville Metro. Newtown features a wide range of both national and independent retailers. Much of the stores located to the north of the Newtown train station are high quality fashion/apparel based retailers, while those to the south of the train station are generally feature lower quality fit-outs and are more typical of traditional suburban retail strip shops. Vacancies are more common towards the southern end of the strip centre, which is closer to Marrickville Metro.

The centre also features a standalone 900sqm Franklins supermarket and a small 1,500sqm shopping centre "Newtown Central" which is anchored by a 788sqm Foodworks shopping centre.

Newtown is less likely to be impacted by Marrickville Metro than other strip centres largely because of its retail mix. It has an alternative and a quasi-tourist role with its array of a-la-carte and specialty restaurants, lifestyle and bohemian specialty food and non-food stores.

3.14 Broadway Shopping Centre

Broadway Shopping Centre is a Regional Centre (as defined under the PCA directory) located approximately 3.5km from Marrickville Metro. The 41,155sqm centre is the largest centre in the immediate area surrounding Marrickville Metro. It features three discount department stores totalling 14,454sqm, a full-line Coles supermarket, 171 retail speciality stores, a Hoyts cinema, Gymnasium and parking for 1,870 cars.

In the 12 months to December 2009, the Broadway Shopping centre recorded a moving annual turnover of \$9,087/sqm, ranking it second of 88 similar sized centres within Australia (as reported by Shopping Centre News).

3.15 Other Centres

Other retail centres in potential competition with the proposed centre at Marrickville include Ashfield Mall – a 25,125sqm sub-regional shopping centre featuring a Coles, Woolworths and Franklins supermarket.

3.16 Proposed Centres

There are currently a number of proposed retail developments in the locality including the following.

- Former Sunbeam Site, Clemton Park – a mixed use retail and residential development totalling 61,935sqm in size. If developed the site will feature a 2,751sqm supermarket and up to 4,001sqm of specialty retailing. The site is currently for sale with concept plan approval.
- Campsie Civic Centre, Campsie – The mixed use redevelopment of the Campsie civic centre on Beamish Street will consist of residential, council chambers, library, commercial and function centre building totalling 36,204sqm. The proposed retail component will comprise of a supermarket and specialty retailers totalling 6,640sqm. A draft masterplan has been finalised by Canterbury Council.
- Green Square Town Centre will have around 45,000sqm of retail space when developed with the Gazcorp and Choker sites included around the Green Square railway station. The State Government will develop the land east of the railway station with 26,000sqm of retail space. The mix is likely to include a discount department store and one or two large supermarkets.
- The Gazcorp site on Botany Rd Shopping Centre near Green Square Station will be a mixed use building, with 14,900sqm of retail space anchored by a discount department store of 5,500sqm and a supermarket of 3,500sqm. This development has been approved. Gazcorp sort for an increase in floor space to approximately 23,700sqm which was refused by the Land and Environment Court.
- 78-79 Old Canterbury Road, Lewisham – a 51,137sqm mixed use residential and retail development comprising of a 3,434sqm supermarket, a 1,116sqm fruit and vegetable market and 3,878sqm of retail specialties. The proposal has been submitted to NSW Department of Planning for major planning assessment.
- 23 Erskineville Road Newtown is a proposed conversion of a former warehouse into a 900sqm supermarket. This project was granted development approval in September 2009.

- “ It is anticipated that the Erskineville/Ashmore industrial precinct will ultimately have a shopping centre or around 5,000sqm anchored by a supermarket. Other centres in Green Square area include Victoria Park (around 12,000sqm with a full-line supermarket). Danks Street also has some capacity for further expansion of retail space.
- “ A massive 39,000sqm IKEA store on the Princes Highway in Tempe is due to open in 2011. This store is only 3km by road from Marrickville Metro and will provide some competition with the department stores and other larger retailers.

Proposed centres – particularly those centres east of Kings Street (Princes Highway) - will result in some contraction in Marrickville Metro's trade area. This is discussed in the next section.

4. DEMAND FOR RETAIL SPACE

4.1 Trade Area Definition

For the purpose of this report we have reviewed the Marrickville Metro Trade Area defined by Pitney Bowes Business Insight (PB), in the Economic Impact Assessment accompanying Part 3A development application.

The PB report suggests that a main trade area, encompassing a primary trade area (PTA) and a number of secondary trade area's (STA) exist, generally extending between 2.0km—3.5km from the Marrickville Metro Centre Site. The report also identifies a number of tertiary trade areas, located beyond the main trade area.

The report while detailing the broad determinants of a trade area, does not define what is meant by PTA and STA. For the purpose of assessment we usually define a retail centre's PTA as the area where the majority of household expenditure by type of expenditure (food and groceries, bulky goods, etc) generated is captured by that retail centre. Alternatively it is the centre where most expenditure is directed to. A retail centre's STA is usually defined as the area outside the PTA where a reasonable but minority level of expenditure is captured by that centre.

Given the above, we accept the overall definition of the main trade area in the PB report. As the breakdown between the PTA and STA is not clearly defined in the report, we suggest that the size of the PTA and the split between the primary and secondary trade areas warrants further review.

The key findings from our review of the main trade area are as follows:

- The division between the primary trade area and the northern secondary trade area is reasonable given the physical barriers presented by the Inner West railway line.
- The division between the primary trade area and the STA East is reasonable given the delays and inconvenience in crossing King Street / Princes Highway.
- The division between the PTA and STA South is inconsistent without any physical or convenience deterrent barrier. The STA South comes within 500m away from Marrickville Metro, which is within walking distance. Note that the PTA as defined by Pitney Bowes passes through the strip shopping centre on Marrickville Road.
- The Western boundary of the PTA is more than 4km by road from the subject site to the goods railway line. This is some four times the distance than the distance to the southern boundary. There is no secondary or tertiary trade area further westward. In other words the PTA abruptly stops at a boundary beyond which there is virtually no trade influence. If there was a clear barrier of separation that may be understandable but in this case there are five easily accessible roads that cross the goods line along the boundary. The PTA should have been defined more locally terminating at Wardell Road or Livingstone Road with a STA West to the west of that boundary.
- Finally the PB report identifies an extensive secondary and tertiary trade area to the east and south east encompassing almost the whole of the South Sydney and Botany Bay LGAs. It should be recognised that Marrickville Metro is likely to have limited influence in this area given the travel times and the

inconvenience of alternative routes. The Secondary East Trade Area encompasses the suburbs of Erskineville and Alexandria and the Tertiary TA includes Waterloo, Redfern, Zetland and Rosebery. It's likely that Eastgardens and Bondi Junction is capturing far more expenditure from these localities than Marrickville Metro given the better access times and improved convenience. It's also essential to recognise that a significant level of retail space is planned to service these localities with around 45,000sqm in the Green Square Town Centre (including Gazcorp and the Choker site), 5,000sqm for Erskineville Ashmore Estate and in other centres such as Victoria Park. As a result Marrickville Metro's trade area will contract in the east.

4.2 Demographics

The socio-economic profile detailed in the PB report is based upon the results of the 2006 Australian Census, as such it is not necessary to undertake a separate demographic analysis. While there is some disagreement on the trade area definition, we have adopted the broad conclusions of the PB report, detailed below.

- 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. Note however that localities in Leichhardt and Sydney City LGAs enlarged those differences considerably. The average individual income level in the PTA is only 9% higher than Sydney SD.
- 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.

4.3 Population Growth

The PB report suggests that the main trade area population is forecast to grow by 8,325 people from 2009-2021, equating to an annual growth rate of 0.72%. This growth is in line with the population growth expected in the broader Marrickville area, with the NSW Government Bureau of Transport Statistics forecasting an annual growth rate of 0.70%pa from 2006-2021 for the Marrickville SLA.

Analysis of the population projections provided in the PB report indicate that the majority of the population growth within the main trade area, is not expected to come from the PTA, but rather strong growth in the secondary trade areas, predominantly the Eastern STA. Given secondary trade area residents spend the majority of their retail expenditure at centres other than Marrickville Metro, it is not expected that the centre will benefit highly from an

increase in population of these secondary trade areas. The benefit of growth in the eastern STA and TTA will be captured mainly by the proposed centres, particularly Green Square and the Erskineville Ashmore Precinct.

4.4 Household Expenditure

The PB report quotes household expenditure estimates sourced from Market Data Systems, Marketinfo 2009 database. A comparison of these estimates, with the expenditure estimates provided by the HillPDA bespoke expenditure model (which utilises Marketinfo 2009), revealed that the base estimates detailed in the PB report are in line with what is expected in the Marrickville Region.

The Expenditure detailed in the Pitney Bowes report is provided in the following table.

Table 4 - Trade area household expenditure 2009-2021 (2009\$)

June	Primary Sector	Secondary Sectors				Tertiary Sectors				Total TA
		North	East	South	Main TA	North	East	Sth-east	Sth-west	
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%

Source: Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment 2010

The PB report forecast future household expenditure based upon the expected annual growth in retail spending of 1.0% per capita and the population growth expected in each of the trade areas (around 0.7% per annum for the primary trade area). These assumptions are consistent with historic trends and with the latest DoP population forecasts for the LGA.

Reflecting the relatively low levels of population growth within the PTA, the report highlights that expenditure growth is expected to be limited in the PTA, growing by only \$99.1m from 2009-2021 equating to an annual growth rate of 1.4%. The report further indicates that the majority of growth within the main trade area is expected to come from the eastern trade area, which is forecast to grow by 2.8%pa from 2009-2021. Given the level of new retail

development within the eastern trade area (particularly in Erskineville and Green Square), it is expected that much of this expenditure growth will be directed towards these new stores rather than Marrickville Metro.

4.5 Existing Market Share

The PB report estimates the market share of the existing centre, by taking the most recent turnover figures from Marrickville Metro and comparing these to the available expenditure in each of the trade areas. More specifically the PB reports details this process as follows:

- i. Total retail sales for the centre (for the 12 months to December 2009) including major stores, mini-majors and retail specialty shops, were approximately \$204.7 million (including GST). These sales were based on information provided 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).²

The above market share calculation does not clearly indicate how the total sales that are generated from each trade area sector are calculated, in Table 5.1 of the report it indicates that approximately 48.5% of the centres sales are secured from the primary trade area, while 31.4% is captured from the secondary trade area with the remaining 20.1% captured from residents located in the tertiary trade area and outside the total trade area. Given the implications that this figure have on the calculation of market share, it is vital that this base calculation is understood.

4.6 Forecast Market Share

The PB report forecast market share in much the same way as they estimate existing market share, as such the same limitations apply to the interpretation of the forecasted market share breakdown. Analysis of these figures indicates that it is expected that the expansion of the Marrickville Metro, will result in a fall in the proportion of the centres sales captured from the PTA and a slight rise in the proportion of the centres sales captured from the secondary trade area. From this it can be seen that the performance of the centre will be dependent upon capturing an increased proportion of sales from the secondary trade area, with 33.0% of all sales expected to come from this trade area.

² Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment 2010.

5. RELEVANT PLANNING CONSIDERATIONS

5.1 Local Planning Instruments

Marrickville Local Environmental Plan 2001

The proposed development falls under the Marrickville Local Environmental Plan (2001) (MLEP). The objectives of the MLEP as it relates to this development include maximising “business and employment opportunities, particularly in Marrickville’s existing commercial centres”.

Marrickville Urban Strategy

The Marrickville Urban Strategy was adopted by the Marrickville Council in April 2007. The strategy, which was formulated on work undertaken by SGS Economics and Planning, provides the planning context for the future development within the Marrickville LGA. Its primary purpose was to inform the review and rationalisation of councils planning controls, aiding in the production of a comprehensive planning strategy and new Local Environmental Plan (LEP).

Marrickville Urban Strategy identifies 16 local centres within the Marrickville LGA, of these centres Marrickville Metro is classified as a “standalone shopping centre”, Marrickville Rd is classified as a “Village” and Marrickville Station is classified as a “Small Village”.

The strategy provides some principles in land use transport integration. Objective 5 of the strategy, promotes ***“focused development in areas within walking distance of centres and public transport.”*** Therefore development should be focused in areas with strong public transport infrastructure. This would include Dulwich Hill Station, Petersham, Lewisham, Marrickville Station, Newtown and St Peters.

The proposed expansion of Marrickville Metro conflicts with the strategy to the extent that it will redirect expenditure away from the existing centres around the train stations to the “standalone” centre.

5.2 Section 79C of the EPA Act

In determining any development application under the Environmental Planning and Assessment Act Council is obliged to take into consideration a number of matters including Section 79C(1)(b) in relation to the likely economic and social impacts of the proposal in the locality.

Land and Environment Court judgements have provided guidance on relevant matters in relation to the economic and social impact of proposed retail facilities.

In *Fabco Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted “economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere

threat of economic competition between competing businesses.... It seems to me that the only relevance of the economic impact of a development is its effect 'in the locality'...".

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that "if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning... However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration."

The Court has stated that Councils should not be concerned about competition between individual stores as this is a matter under fair trading. But it should concern itself with impact on established retail centres. The impact on competing stores and businesses is only relevant if the viability of those businesses are threatened and the viability of a retail centre as a whole is threatened due to a demonstrated nexus between the competitive stores and the other retailers within the retail centre.

The principles were reiterated by Justice Pearlman in *Cartier Holdings Pty Ltd v Newcastle City Council and Anor* [2001] NSWLEC 170. "It follows that Section 79C(1)(b) does not require the consent authority to take an approach in consideration of the relevant matter different from the approach formerly taken in the application of 90(1)(d)."

Note that in *Fabcot v Hawkesbury City Council* (97) LGERA the court refused the application on the grounds of adverse economic impact. The court viewed the proposed Woolworths Marketplace in South Windsor would redirect considerable expenditure away from Windsor town centre. The existing supermarket in Windsor would experience considerable loss in trade with the possibility that it would cease trading. Competition with an individual retailer is not a relevant consideration. However in this case the retailer is an anchor tenant and the existing specialty stores had developed a strong nexus relationship with it over time. Closure of the supermarket would result in further closures and likely social detriment.

The "Fabcot" case as it became known has become an important test for assessing development applications for either new centres or the expansion of existing retail outlets.

5.3 Former Draft SEPP 66

The strategy of Draft SEPP 66 seeks to achieve "the better integration of land use and transport planning at the local level" particularly in relation to the preparation of environmental planning instruments development control plans and the like and the consideration of development and applications. The Policy aims to ensure that urban structure, building forms, land use locations, development designs, subdivision and street layout help achieve the following planning objectives:

- (a) improving accessibility to housing, employment and services by walking, cycling, and public transport,
- (b) improving the choice of transport and reducing dependence solely on cars for travel purposes,
- (c) moderating growth in the demand for travel and the distances travelled, especially by car,

- (d) supporting the efficient and viable operation of public transport services,
- (e) providing for the efficient movement of freight.

Draft SEPP 66 has been superseded by the Draft Centres Policy but the sound planning principles remain. The purpose of the SEPP was to ensure that land uses are located with the public transport infrastructure. It is about intensifying urban development around high volume public transport – particularly heavy rail. Retail uses are one of the highest value forms of development in financial terms, in terms of worker density, business activity and people generation. It is for these reasons that retail uses are encouraged, and protected, around the railway stations.

The proposal undermines the principle because Marrickville Metro is not at a railway station. The other centres in the locality being Newtown, Enmore, Petersham and Marrickville are all centres that were developed in the first half of the last century around railway stations. If the expansion of Marrickville Metro draws trade away from these other centres then it is a clear case of redistribution of economic activity away from public transport infrastructure.

5.4 NSW Draft Centres Policy

The Policy was released in April 2009 recognising that the market is best placed to determine the need for development and the supply of available floor space to accommodate demand. The role of the planning system is to accommodate this need whilst regulating its location and scale.

In light of these fundamental principles, the Draft Centres Policy focuses around six key principles. The principles relate to:

1. The need to reinforce the importance of centres and clustering business activities;
2. The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
3. The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
4. Councils should zone sufficient land to accommodate demand including larger retail formats;
5. Centres should have a mix of retail types that encourage competition; and
6. Centres should be well designed to encourage people to visit and stay longer.

Whilst the proposed expansion of Marrickville Metro does not necessarily undermine objectives 2 to 6 above it does undermine the first principle which relates to the former Draft SEPP 66 objective.

6. IMPACT OF PROPOSAL

This section assesses the impact of the proposed centre on retail centres in the locality. The EPA Act is not clear on what is meant by locality but for the purpose of this assessment we have assumed it to be the trade area or the geographical influence of the proposal.

6.1 Methodology

The methodology we have adopted in measuring impact is as follows:

- assess the marginal turnover from expansion of the centre;
- estimate the redistribution of turnover from competing centres;
- estimate the loss in trade from competing centres as a percentage of current trade;
- consider shifts in turnover over time taking into consideration growth in the broad trade area; and
- consider the ability of those competing centres to absorb the impacts based on current trading performances; and
- consider whether or not impact on existing/proposed retail centres is significant and/or socially detrimental and, if so, whether or not means could be used to mitigate that harm;

6.2 What are the Losses in Trade?

PB estimates a marginal turnover of \$112m. This is equivalent to around \$7,600/sqm marginal turnover for the supermarket space, \$3,300/sqm for department store space and \$6,500/sqm for specialties. The marginal turnover of the supermarket space and DDS space is a little low. However the average turnover level of the supermarket space post expansion will remain above the industry benchmark.

Note that a marginal turnover of \$112m will result in a 23% fall in average turnover per square metre. There is some potential for Marrickville Metro to trade at a higher figure (which would result in stronger economic impacts) but for the purpose of this analysis we have adopted the figure of \$112m to test the impacts.

Assuming the proposed development proceeds, the net increase in retail turnover of \$112m identified above will be captured from competing centres. In order to quantify the scope of this turnover capture from existing competing centres Hill PDA prepared a bespoke gravity model. 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. The impact is summarised in the table below.

Table 5 - Impact Assessment Redirection of Turnover of Existing Centres 2009-2013 (\$m2009)

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space*	Turnover in 2009	Turnover in 2013 without Proposal	Turnover in 2013 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2013	Shift in turnover from 2009 to 2013	% Shift in turnover from 2009 to 2013
Marrickville Metro Expansion					112.0	112.0			
Marrickville (Marrickville and Illawarra Roads)	2.0	28,450	140.0	149.8	125.1	-24.7	-16.5%	-14.9	-10.7%
Enmore	1.4	8,700	36.7	39.3	33.4	-5.8	-14.8%	-3.3	-8.9%
Newtown	1.9	35,050	171.3	183.2	165.0	-18.3	-10.0%	-6.3	-3.7%
Petersham	2.8	3,600	12.0	12.8	12.0	-0.8	-6.5%	0.0	0.0%
Dulwich Hill (Station)	3.7	800	3.6	3.9	3.6	-0.3	-8.4%	-0.1	-2.0%
Dulwich Hill (New Cant. Rd)	4.2	8,650	34.2	36.6	34.1	-2.5	-6.7%	-0.1	-0.2%
Hurlstone Park (Station)	5.7	2,350	12.9	13.8	13.4	-0.4	-2.7%	0.5	4.1%
Hurlstone Pk (New Cant. Rd)	5.7	2,600	12.2	13.1	12.9	-0.2	-1.7%	0.6	5.2%
Erslevville	2.4	3,100	6.3	6.7	6.3	-0.5	-7.2%	0.0	-0.8%
Broadway	4.4	41,150	378.8	405.2	373.1	-32.0	-7.9%	-5.6	-1.5%
Norton Plaza	4.3	8,400	56.5	60.4	56.7	-3.8	-6.2%	0.2	0.3%
Leichhardt Market Place	4.8	17,600	137.1	146.7	137.2	-9.4	-6.4%	0.1	0.1%
Earlwood	6.2	14,500	76.6	81.9	79.8	-2.1	-2.6%	3.2	4.2%
Other Localities						-11.2			
TOTAL		174,950	1078.2	1153.5	1164.7	0.0	1.0%	86.4	8.0%

* Sources various including Pitney Bowes, Hill PDA and PCA (excludes vacancies and non-retailers)

** Source: Various including Shopping Centre News, Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment and Hill PDA estimates

As shown above, the marginal retail turnover of \$112m will be captured from a range of centres. \$25m will be drawn from existing retailers in Marrickville, \$24m from retailers in Newtown and Enmore, \$32m from the Broadway Shopping Centre and so on.

As shown in the above table there are some differences in levels of impact between Hill PDA estimate and the Pitney Bowes estimated impact. This is due to differences in methodologies employed to measure impact. The method used by Hill PDA shows stronger impacts on centres closer to Marrickville Metro. The immediate impacts on Marrickville (Illawarra Road and Marrickville Road) are stronger than a 16.5% loss in trade which is more than triple the 5% estimate in the Pitney Bowes report.

6.3 Are the Impacts Considered Significant?

There are no universal measures of significance. There are references in various consultancy reports and statements in the LEC which suggests that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high and above 15% is a strong or significant impact.

Following the completion of the proposed development it is expected that the strip shopping centre along Marrickville Road and Illawarra Road will experience a 15% to 18% decline in retail sales. Therefore this is considered to be a significant impact.

The impact on Enmore is also considered significant at almost 15% loss in trade and the impact on Newtown is a loss in sales of 10% which is considered moderate.

6.4 Can the Centres Absorb these Impacts?

The next step is to consider the ability of these centres to absorb these losses. A centre may experience a significant impact – say 20% loss in retail sales – but if that centre is currently over trading by say 30% then it can sustain the loss. Alternatively if the centre is in a high growth area then the adverse impact may be short term rather than long term. We tested these possibilities in the case of Marrickville centres.

According to the PB report, Marrickville Road and Illawarra Road precinct achieved a turnover of \$140m in 2009. This was around 20% below national average³. Given that:

- the estimated impact on these strips is significant at 16% to 17% loss in trade;
- Marrickville's trade area is growing at a very mundane rate of 0.7% per annum; and
- the centre is currently performing 20% below national average; then

it is not expected that this centre will be able to absorb such a fall in turnover and remain viable. There are likely to be considerable vacancies that will occur and the vacancies are likely to be quite long term. Marrickville Road has 10 vacant premises (8.5% of all shop front premises excluding those being used for commercial purposes or 6% including commercial premises) and Illawarra Road has 17 vacancies (21% of retail premises or 11% of total shop front premises). The high proportion of commercial premises is a further indication that these strip centres are performing well below average. An impact of 16% to 17% loss in turnover combined with a current vacancy rate of 8.5% is likely to result in increased vacancies to around 15% - in other words one in every six to seven shop front premises. With a population growth of only 0.7% per annum it will take until 2020 before the retail strip centre returns to its 2009 trading levels in real terms.

Newtown and Enmore will experience moderate impacts in terms of loss in trade (10% and 14% respectively). Enmore is trading around 20% below national average and Newtown is trading around 7% below. The difficulty in measuring Newtown's performance is that it is unequally distributed over a long distance of more than 1.5km along King Street. Generally the shops near the railway station are trading well but the fringe areas – particularly the southern end is quite blighted with much higher vacancies. Overall Newtown has a vacancy rate of around 7% which is considered moderate if not high. We do however, expect to see vacancies rise to around 10% across the whole centre and probably higher than 15% in the southern end, which is the end closest to Marrickville Metro. It is suggested in the PB report that King Street, Newtown provides a high level of independent apparel operators. Generally these retailers are more sensitive to changes in turnover than national retailers.

The impacts on Petersham are less significant at 6.5% loss in trade. However Petersham is strongly underperforming at around 35% below national average. It has 13 vacant shops which is 16% of total shop front premises. Non-retailers occupy a further 34% of space. In other words only half of total shop front space is occupied by retailers reflecting its poor performance.

³ ABS Retail Survey 1998-99 indexed to \$2009 at CPI

6.5 Will the Impacts Result in Social Detriment?

The proposed development is expected to result in significant impacts upon strip retail shops located in and around the Marrickville Local Government Area. Traditionally this area has featured a high number of well performing strip precincts, which have predominately been developed nearby to major transport infrastructure, namely train stations. In the present day these strip centres continue to offer a high level of amenity and convenience to the community, affording residents a greater level of choice of retailers without the need to own or use a car. If the proposed development proceeds, it is estimated that around half of the marginal turnover (\$53m) will be captured from existing strip retailers in Marrickville, Newtown, Enmore, Petersham, Dulwich Hill and Hurlstone Park.

The proposal is likely to have a strong negative impact on existing strip retailers, placing these facilities in financial jeopardy. As indicated earlier, the proposed development will likely capture \$53m from existing strip retailers within, and on the boundary of, Marrickville LGA, equating to a combined loss in turnover of 13% from these retailers. This is likely to translate to increased vacancies in these centres from the current average of 7% to around 12% to 15%. Given the smaller size and relatively lower margins of strip based retailers such a fall in turnover is likely to make a number of these retailers unviable. More specifically it is expected that the Enmore, Newtown and Marrickville strip precincts will be most impacted by the proposed expansion.

It is stated in the PB report that the identified retail strip precincts play a different role to the existing and proposed Marrickville Metro, with the strip precincts providing residents with "convenient, independent food and retail service facilities, often with particular ethnic specialisations". Although we do not dispute the above statement, many of the retailers while remaining independent, offer the same or similar products that national retailers offer. It is unrealistic to assume that these national retailers would not be in direct competition with local independent retailers.

The impacts suggested in the Pitney Bowes report is at odds with historic reality. When Marrickville Metro opened in the 1980s the strip retailers experienced considerable impact. A number of businesses closed, rents dropped considerably to attract new tenants and vacancies were quite slow to fill. Whilst these strip centres have (bounced) back over the past couple of decades history suggests that they will experience another impact and these impacts are likely to be felt for some time given that there is very minor growth in the locality. History is full of cases where large indoor centres have resulted in social detriment to existing centres and main street retail. Case studies, just to name a few, include:

- Maroubra Junction (impact from Eastgardens)
- Port Kembla (impact from Warrawong)
- Wyong (impact from Tuggerah)
- Newcastle CBD (impacts from Kotara and Charlestown)
- Cessnock main street (impacts from the indoor centres)

The proposed development struggles to meet the (*Fabcot*)² test. Whilst it will provide some benefit in the locality, particularly with an additional department store, it will also result in adverse economic impact on the surrounding retail strip precincts and the resultant community detriment will not be made good by the development itself.

6.6 Impact on Employment

The PB report suggests that employment within the region will increase by a net amount of 777 full time jobs, comprised of an additional 817 jobs provided by the expanded Marrickville Metro and a fall of 5% (of the total increase of jobs) in employment of other retailers within the area. What is not explained in the PB report, is how the figure of 5% fall in jobs is derived and why this figure has been only been applied to the increase in total jobs attributable to the increased centre, rather than total number of retail jobs within the region.

Applying the estimated employment multipliers as indicated in Table 5.8 of the PB report, to the total competing floor space indicated in Table Four of this report, it can be estimated that the total number of retail jobs in competing centres is 8,841. If the figure of 5% is then applied to the total number of jobs in competing centres, it can be estimated that the loss of jobs as a result of the Marrickville expansion is closer to 440 full time jobs.

The important consideration is that building more retail space does not result in more retail expenditure. Retailers and retail centres are chasing the same dollars. Hence the overall increase in net employment levels is not significant. The proposal is likely to shift some jobs away from the strip retail centres to Marrickville Metro – in other words away from train stations to a stand alone retail outlet that is not served by the train line. This is contrary to sound planning principles which is about encouraging the use of public transport in commuting to work.

DISCLAIMER

This report is for the confidential use only of the party to whom it is addressed (the client) for the specific purposes to which it refers. We disclaim any responsibility to any third party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report and its attached appendices are based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the attached financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.



Reference: 10 189

09 September 2010

Marrickville Chamber of Commerce

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Re: Marrickville Chamber of Commerce – Marrickville Metro Part 3A (MP009_0191) Objection

We refer to the subject Part 3A application and in particular the following environmental assessment documents available on the Department of Planning's Major Projects website:

- ② Appendix E – Retail Strip Review
- ② Appendix F – Social Impact Study
- ② Appendix H - TMAP

We have undertaken a review of the attached documentation and now provide the following comments:

② Traffic Generation

The proposed traffic generation assessed by Halcrow are in accordance with the RTA's Guide to Traffic Generating Developments and is consistent with standard traffic planning practice. In this regard, the assessed traffic generation is generally accepted.

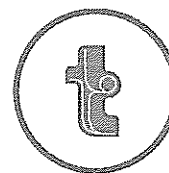
However, the TMAP does not include a copy of the survey results (or modelling outputs for that matter) and there is no opportunity for independent review to confirm the above statements.

② Traffic Distribution

The TMAP report states:

" The distribution of the additional traffic was determined on the trade area sales forecasts prepared by Pitney Bowes Capital Insight who prepared an Economic Impact Assessment for the proposed development. Traffic growth is expected to come mainly from the south, south east and west. Little traffic growth is expected from the north and north east because:

- *The main competing centres are located to the north, and*
- *Erskineville provides a barrier to traffic access directly from the east. "*



Looking at Centre Sales column of *Table 5.4* of the *Marrickville Metro Economic Impact Assessment*, included in **attachment 1**, does not correlate to the above statement. Table 1 below provides a summary of the proportion of centre sales expected from each of the trade area sectors.

table 1: proportion of centre sales by trade sector

Trade Area Sector	Total Centre Sales (\$M)	% of Total Centre Sales
Primary	137.1	48.5
Secondary		
North	24.9	8.8
East	39.2	13.9
South	40.5	14.3
Tertiary Sectors		
North	5.3	1.9
East	12.3	4.4
South East	5.6	2.0
South West	17.5	6.2
TOTAL	282.4	100.0

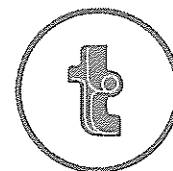
Approximately one third (33.3%) of the Primary Trade Area is located to the north. Furthermore, the majority (assume at least 50%) of residential land within the Secondary East trade area are situated within the northern part of this sector and would be expected to use Edgeware Road to the north of Marrickville Metro to access the Princes Highway and Erskineville Road rather than recirculate around the south. Similarly, it is expected that at least up to 25% of Tertiary East trade area traffic would use arterial roads to the north of the shopping centre. The Secondary North and Tertiary North Sectors are both located directly to the north of the Marrickville Metro centre.

Having regard for the above, it is expected that at least 35% of the additional traffic would be directed to the north which is significant and it is not clear from the TMAP whether this has indeed been accounted for in the modelling.

There also appear to be some inconsistencies in the distribution of the additional traffic onto surrounding intersections regardless of the above assumptions. For example, the additional traffic volumes on a Saturday at the intersection of Enmore Road and Llewellyn Street are not consistent with the additional traffic volumes at the critical intersection of Llewellyn Street and Alice Street with Edgeware Road.

Traffic Impacts

The TMAP states the performance of all intersections is 'satisfactory'. However, the total overall increase in average delay is 91.6 seconds. This is a significant overall change in delay to surrounding road users considering that a number of road users will have to negotiate numerous intersections so that the cumulative average delay to drivers will be significantly higher than would occur at any one intersection. It is questionable whether a single development has the right to impose such an increase on the surrounding area considering the future potential growth in the area.



Furthermore, no consideration has been given to increased background traffic growth which would be expected to result in increased delays at key intersections and may influence the final treatments required to ensure that they continue to operate satisfactorily into the future. The TMAP has considered only two surrounding developments and has not included increased 'through' regional traffic which would be expected to occur along a number of key roads in the locality.

The TMAP implies that the majority of the increased delays at the intersection of Edgware Road / Alice Street / Llewellyn Street are a result of the additional traffic associated with these other approved developments. This is potentially misleading as there is no separate 'future base case' scenario modelling provided which demonstrates the delays associated with these developments, independent of the proposed Metro redevelopment.

The RTA Guide to Traffic Generating Developments states that assessment of required works should be based on maintaining existing 'Level of Service'. It can be seen from *Table 8.2* of the TMAP, included in **attachment 2**, that over half of the modelled intersections will experience reduced levels of service.

Consideration should also be given to the lost amenity of residents associated with the proposed loss of car parking to ameliorate the traffic impacts arising from the subject development. The loss of this parking may be expected to change (increase) as a result of further sensitivity testing discussed previously.

The TMAP does not include any modelling outputs in order for a more detailed review of the traffic impacts to be assessed independently. As a minimum, Lane Summary and/or Movement Summary outputs should have been included in an appendix of the TMAP.

In essence, the TMAP highlights a number of parking and traffic impacts that should be justified by other planning outcomes. In our view, the Statement of Environmental Effects does not seek to sufficiently justify, in planning terms, the implications arising from the technical report prepared by Halcrow.

② Increased Non-Car Travel

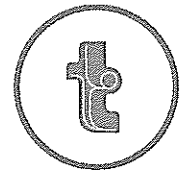
Implementation of a Travel Access Guide and improved bus service arrangements are expected to encourage visitors and staff to utilise non-car forms of transport to access the shopping centre. However, this could be further encouraged through restrictive parking arrangements.

The proposed parking provision is misrepresented within the Environmental Assessment Report (EA). It is currently proposed to provide parking in accordance with the RTA's Guide to Traffic Generating Developments, which generally represents 'unrestrained' conditions with limited reliance on public transport. In this regard, the proposed parking provision is not considered to encourage the use of other modes of transport, as incorrectly stated in the EA.

Therefore, to encourage reduced car dependence, it may be appropriate to further reduce the amount of car parking provided on the site. This would then need to be reinforced with time restricted parking on surrounding streets to discourage the displacement of shopping centre parking onto surrounding roads and residential areas.

③ Design Issues

There are a number of issues related to the proposed design as discussed below:



- Closure of Smidmore Street

The TMAP has assumed closure of Smidmore Street to create a new pedestrian plaza. Smidmore Street is Council owned land and it is understood that Council will not sell this land to the applicant.

An alternative scheme is discussed in the environmental assessment, however no discussion of the alternative arrangement is included in the TMAP. In this regard, the TMAP does not provide an assessment of the likely form the proposed development and further assessment is required.

The proposed closure of Smidmore Street will affect bus routes in the locality. Halcrow have proposed that Route 308 be rerouted onto Edgeware Road in order to recirculate onto Smidmore Street and Murray Street. This is not considered suitable as there are expected to be inherent delays to bus services associated with access to Edgeware Road and it is not expected that this arrangement would be favourable to the Sydney Buses, who would need to agree to any changes to bus routes and/or bus stop locations.

- Signals at Victoria Street and Edgeware Road

Signalisation of the intersection between Edgeware Road and Victoria Road is discussed in the TMAP report and included in the 'List of Improvements'. This intersection is located approximately 40 metres from the signalised intersection of Edgeware Road and Alice Street and would therefore require signal coordination due to the limited queue storage capacity available between the intersections, particularly considering the high delays and congestion at Alice Street along Edgeware Road.

In any event, the spacing of these intersections is not considered to satisfy the minimum spacing requirements of the RTA which raises potential safety concerns which should be addressed as part of the TMAP.

The TMAP intersection modelling states that the future performance of this intersection has been assessed under 'sign' control. Clarification is sought as to whether it is proposed to remain under sign control (as presently occurs) or under signal control as proposed.

- Proposed cycle and pedestrian improvements

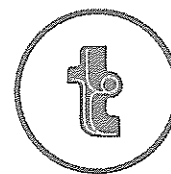
The proposed contra-flow cycle lane in Shirlow Street will require a significant loss of on-street parking. Shirlow Street has a width of approximately 5.5 metres which includes on-street parking plus a single traffic lane. Therefore, there is insufficient width to accommodate the additional width required for a contra-flow cycle lane without the removal of parking.

More details are required regarding the proposed pedestrian crossing in Edinburgh Road, to the east of Sydney Steel Road. It is not clear from the TMAP whether the warrants specified in AS1742.10 will be satisfied for the provision of a pedestrian crossing.

Concern is also raised regarding visibility between pedestrians and oncoming vehicles due to the close proximity to the proposed bus stops.

- Proposed taxi rank location

A taxi rank is shown on the architectural plans within the roundabout controlled intersection of Murray Street and Smidmore Street. This is considered an unsafe arrangement and the taxi rank should be relocated.



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In any event, the spacing of these intersections is not considered to satisfy the minimum spacing requirements of the RTA which raises potential safety concerns which should be addressed as part of the TMAP.

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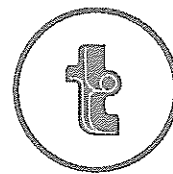
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● Conclusions

In summary, it is our view that there are a number of outstanding issues that are required to be addressed, namely:

- More details regarding the assumed traffic distributions should be provided as there appear to be inconsistencies between additional traffic flows at various intersections;
- Sensitivity testing regarding the assumed proportional distribution of development traffic, particularly to the north;
- Consideration of background traffic growth on the performance of the surrounding road network in order to establish what works are required to ensure satisfactory performance is achieved both now and into the future;
- The modelling outputs should be made available for detailed review (ideally the SIDRA files themselves). A copy of dated survey results should also be included as an appendix to the TMAP;
- Clarification of which improvements are proposed and confirmation that the proposed design of these facilities can physically be provided. As discussed above, there are number of issues with the current design which raise potential safety concerns and/or result in further impacts such as additional loss of on-street parking which have not been assessed;
- Detailed traffic assessment of the 'alternative' design needs to be undertaken, particularly as the applicant is unlikely to acquire the land required for the closure of Smidmore Street as assessed by Halcrow;

It would be preferable if a copy of the above information could also be provided to other parties including the RTA, Council and TRAFFIX so that further review of the proposed development may be undertaken. Resolution of the above matters should be undertaken before the Department of Planning assesses the subject application. The environmental assessment does not sufficiently justify the traffic impacts associated with the development and there issues regarding the proposed design and transport improvements. As such, it is our view that the proposed expansion is not supported in its current form.

Please contact the undersigned should you have any queries or require any further information regarding the above.

Yours faithfully,

traffix

Tim Lewis
associate engineer

- attachment: 1) Extract of Table 5.4 from Economic Impact Assessment report, prepared by Pitney Bowes Business Insight
- 2) Extract of Table 8.2 (Comparison of Existing and Future Intersection Performance) from the TMAP, prepared by Halcrow

attachment 1

extract from economic impact assessment, prepared by Pitney Bowes
Business Insight

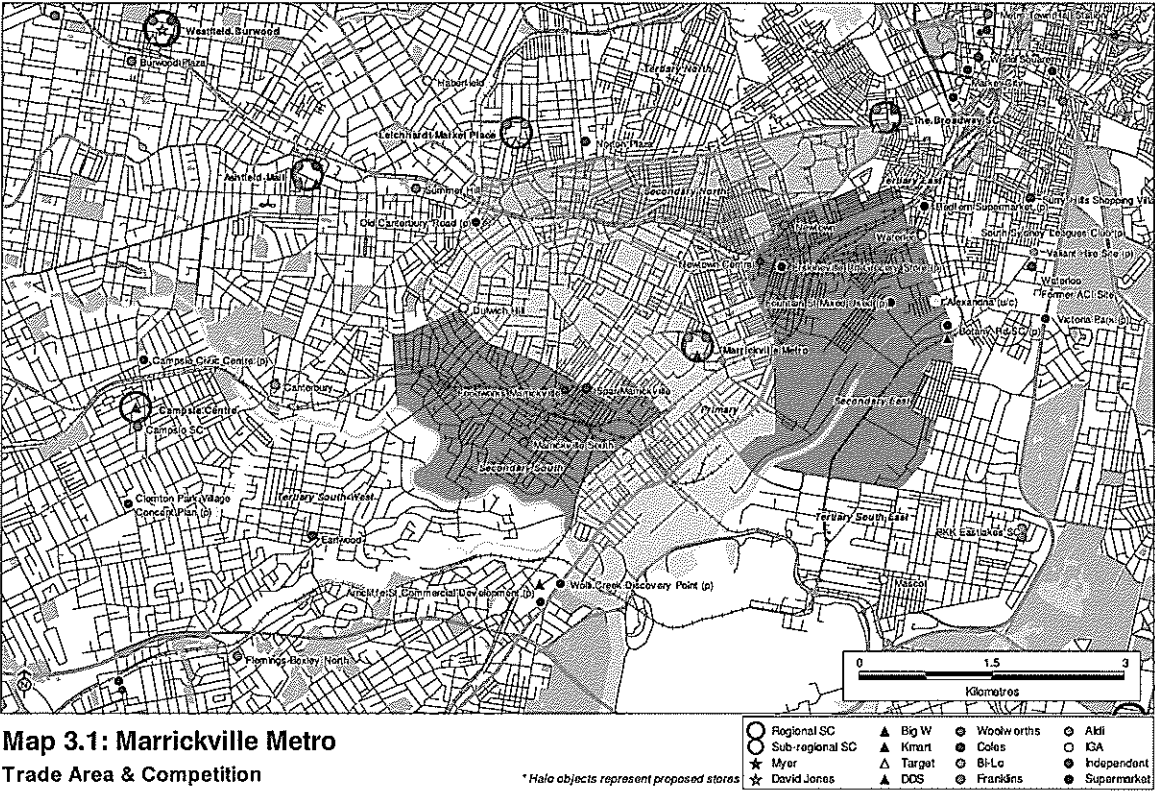
Section 5: Forecast centre sales and likely impacts

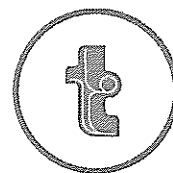
Table 5.4 provides our estimates of anticipated market shares for an expanded Marrickville Metro in 2013. The expanded and redeveloped Marrickville Metro is projected to increase its overall market share by an estimated 2.7% across the total trade area in 2013. The centre is projected to achieve an 8.9%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

Table 5.4									
Expanded Marrickville Metro - Projected Market Shares by Sector, 2012/13*									
Trade Area Sector	Retail Spending (\$M)			Centre Sales (\$M)			Centre Market Share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary Sector	307.4	253.2	560.6	92.8	44.3	137.1	30.2%	17.5%	24.5%
Secondary Sectors									
• North	139.8	121.9	261.7	15.8	9.1	24.9	11.3%	7.4%	9.5%
• East	201.3	177.2	378.6	23.9	15.3	39.2	11.9%	8.7%	10.4%
• South	<u>123.7</u>	<u>95.9</u>	<u>219.6</u>	<u>22.4</u>	<u>18.1</u>	<u>40.5</u>	<u>18.1%</u>	<u>18.8%</u>	<u>18.4%</u>
Total Secondary	464.9	395.0	859.9	62.1	42.5	104.6	13.4%	10.8%	12.2%
Main Trade Area	772.2	648.3	1,420.5	154.9	86.8	241.6	20.1%	13.4%	17.0%
Tertiary Sectors									
• North	342.3	297.3	639.6	0.9	4.4	5.3	0.3%	1.5%	0.8%
• East	199.0	158.4	357.4	2.0	10.3	12.3	1.0%	6.5%	3.4%
• South east	217.2	165.9	383.1	0.9	4.7	5.6	0.4%	2.9%	1.5%
• South West	<u>212.7</u>	<u>162.9</u>	<u>375.7</u>	<u>3.1</u>	<u>14.4</u>	<u>17.5</u>	<u>1.5%</u>	<u>8.8%</u>	<u>4.7%</u>
Total Tertiary	971.3	784.4	1,755.7	6.8	33.9	40.7	0.7%	4.3%	2.3%
Total Trade Area	1,743.5	1,432.7	3,176.2	161.7	120.6	282.4	9.3%	8.4%	8.9%
Sales From Beyond Trade Area				<u>22.0</u>	<u>12.5</u>	<u>34.6</u>			
Total Centre				183.8	133.2	316.9			

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

Section 3: Trade area analysis





attachment 2

extract from TMAP, prepared by Halcrow

8.5 Future Intersection Performance

The intersections surrounding the Marrickville Metro Shopping Centre were re-analysed using SIDRA 4.0. Table 8.2 compares the existing and future operation of these.

Table 8.2 – Comparison of Existing and Future Peak Hour Intersection Operation

Intersection		Control	Thursday PM		Saturday	
			LoS	Av. Delay	LoS	Av. Delay
Enmore Rd / Llewellyn St	Existing	Signals	B	22.0	B	20.3
	Future	Signals	C	29.2	C	34.0
Addison Rd / Enmore Rd	Existing	Signals	B	25.1	B	22.6
	Future	Signals	C	35.4	C	35.7
Victoria Rd / Edinburgh Rd	Existing	Signals	B	28.1	B	27.2
	Future	Signals	C	31.4	C	33.9
Edgeware Rd / Alice St / Llewellyn St ⁽¹⁾	Existing	Signals	D	51.2	D	50.5
	Future ⁽²⁾	Signals	E	61.4	E	58.5
Edgeware Rd / Victoria Rd	Existing	Signs	C	41.3	C	41.8
	Future	Signs	D	43.3	D	44.9
Edinburgh Rd / Fitzroy St	Existing	Roundabout	B	15.5	A	11.9
	Future	Roundabout	C	41.0	B	17.1
Fitzroy St / Sydenham Rd	Existing	Signs	A	11.5	A	12.0
	Future	Signs	A	12.1	A	12.4
Edinburgh Rd / Smidmore St	Existing	Signals	B	26.7	C	29.6
	Future	Signals	B	21.6	D	46.9
Smidmore St/ Murray St	Existing	Roundabout	A	8.0	A	8.2
	Future	Signs	A	11.6	A	14.3
Edinburgh Rd / Sydney Steel Rd ⁽¹⁾	Existing	Signs	A	11.6	A	9.4
	Future	Roundabout	A	13.8	A	12.3
Edinburgh Rd / Murray St	Existing	Roundabout	A	11.2	A	10.7
	Future	Roundabout	A	8.0	A	12.4
Edinburgh Rd / Railway Pde	Existing	Roundabout	A	9.8	A	9.6
	Future	Roundabout	A	12.0	A	10.2
Edinburgh Rd / Bedwin Rd ⁽³⁾	Existing	Signs	B	24.8	B	24.2
	Future	Signs	C	35.4	C	36.7
Bedwin Rd / Unwins Bridge Rd / Campbell Rd / May St ⁽¹⁾	Existing	Signals	F	74.5	C	28.8
	Future	Signals	C	32.2	C	29.1

(1) Future with modified layout

(2) Relative additional traffic contributions are: Thursday PM 15% Marrickville Metro Expansion
85% Aquatic Centre + Subdivision
Saturday 24% Marrickville Metro Expansion
76% Aquatic Centre + Subdivision

(3) Assumes any growth in right turns into Bedwin Road uses underpass to turn left to south to avoid delays.

NSW

The Hon Kristina Keneally MP

Minister for Planning | Minister for Redfern Waterloo

Councillor Morris Hanna
President
Marrickville Chamber of Commerce Inc.
PO Box 766
MARRICKVILLE NSW 2204

D09/5272

- 5 OCT 2009

Dear Councillor Hanna *Morris,*

I refer to your correspondence providing further information on the issues raised at our meeting on 28 July 2009 with the Hon Carmel Tebutt MP, Deputy Premier, and Minister for Health, Member for Marrickville, concerning the Marrickville Metro Shopping Centre.

I have noted your concerns in relation to this matter including the classification of the Marrickville Metro Shopping Centre as a 'Village' in the draft South Subregional Strategy and any proposed intensification of the current retail usage at the Marrickville Metro Shopping Centre.

I am advised the Department of Planning is aware of the Chamber's concerns about any future expansion of Marrickville Metro as well as its views on how such an expansion could affect the economic viability of both the traditional Marrickville and Dulwich Hill shopping strips. I am also advised that Marrickville Council is in the process of reviewing its planning controls including those for the Marrickville Metro Shopping Centre, as part of its preparation of the draft Comprehensive LEP 2010.

As part of this process, the Council has prepared an urban strategy which identifies the Metro as a 'Stand alone' Centre. Council has also requested that the Department consider reviewing the draft South Subregional Strategy to reflect this classification. The Department will continue to work with the Council to ensure that Marrickville Metro is appropriately classified in both the final South Subregional Strategy and Council's new Comprehensive LEP.

I trust this information is of assistance.

Yours sincerely



The Hon Kristina Keneally MP



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28 March 2008

NSW Department of Planning
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SYDNEY NSW 2001

Fax: (02) 9895 6270
2 pg(s) including this pg

Email: southsubregion@planning.nsw.gov.au


RE: SOUTH SUB REGION DRAFT SUB REGIONAL STRATEGY

The Marrickville Chamber of Commerce has received and considered the "South Sub Region Draft Subregional Strategy" published by the NSW Department of Planning ("Report"), and having consulted various planning and urban design consultants and its members, wishes to make the following comments and submissions:

1. Marrickville, in terms of its urban and residential fabric, identity, land uses and historical attributes appears to be closer to and better assessed within the Inner West sub region as opposed to the south sub region.
2. There appears to be no basis or explanation provided for the discrepancy between identifying Marrickville Road as a Town Centre in various plans and maps and in other plans and maps identifying, Illawarra Road, as a "Village". The Marrickville Town Centre is defined by:
 - a. Marrickville Road, from approximately the Sydneham Railway Station eastern end at Victoria Rd to Livingstone Road / Marrickville Hospital site in the west; and
 - b. Along Illawarra Road including Marrickville Station and the area known as the Warren bounded to the south by Harnett Avenue.

Accordingly, we have treated the Marrickville Town Centre as both Marrickville and Illawarra Roads.

3. This is essentially reinforced by the substantial infrastructure represented by Marrickville and Sydneham Railway Stations, which forms the base of this Town Centre. Which significant railway infrastructure can be better utilized by creating greater densities within the Town Centre.
4. Marrickville Road presents an excellent opportunity - as evidenced by its strong transport credentials in Marrickville and Sydneham Railway Stations, proximity to the CBD, Airport, Port Botany and main expressways - to accommodate greater mixed used densities and heights along the Marrickville and Illawarra Roads.
5. The incentive for residential / retail infill and "shop top housing" is restricted by the lack of suitable floor space ratios and height guidelines in the environmental planning instruments of the Marrickville Local Government Area.
6. A sensible and balanced increasing of densities and heights in the Marrickville Town Centre, amongst other things, would:



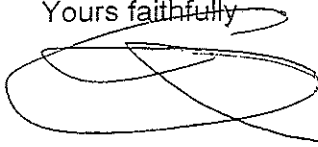
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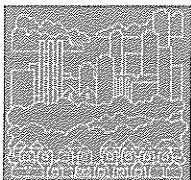
- a. Reinvigorate the Marrickville Town Centre with additional tenants, retail activity, residents, better security and amenity as a result of the residential activity above the shops – creating a vibrant urban setting during the day time and into the evening – with cafes, restaurants and entertainment;
 - b. Absorb some of the increasing demand for housing (as reflected in the increasing residential rentals in the Marrickville LGA), which housing demand would be accommodated in traditional residential areas by increased densities and heights - with the expected friction, disputes and objections between residents in existing single dwellings and the introduction of medium and high density residential.
7. The Report makes no mention of the significant Marrickville Hospital site on the corner of Livingstone and Marrickville Roads, which should be identified as a major civic redevelopment site, which would accommodate high density residential, Council civic facilities such as Council Chambers, library and childcare, and other substantial benefits for the Marrickville LGA and its residents.
 8. The Chamber believes that the Metropolitan Development Program 2005 target for approximately 5,000 new dwellings in the Marrickville LGA Area – is an excellent opportunity for the Report to identify, reinforce and recommend some of this high demand for new residential dwellings be absorbed by increasing densities in the Marrickville Town Centre.
 9. Mixed use projects and “shop top housing” with suitable development standards, including strong urban design and sustainable development principles, can make a significant contribution to housing stock and variety within the Marrickville LGA and contribute significantly to meeting the Metropolitan Development Program 2005 target, which the existing residential areas of Marrickville would encounter not only difficulty but heated opposition and friction in achieving suitable development density.
 10. The Chamber is seeing an erosion of the traditional retailing along Marrickville Road, due to the expansion of nearby regional and sub regional shopping centres, expansion of retail activities at Sydney Airport, the introduction of bulky goods and “unlawful” retail operations in industrial areas – with the result being that many shops are becoming vacant, a proliferation of discount and \$2 shops – deterioration of what otherwise was a vibrant and strong retail area. The introduction of greater densities would introduce greater numbers of residents directly above and in the immediate vicinity of the retail strip – which would invigorate and revitalize the retail strip for both day time generic retailing, destination retailing and spill over into the evenings with entertainment, restaurant and café retailing.

We look forward to your reply.

Yours faithfully



Marrickville Chamber of Commerce



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10 September 2010
Ref: 109561.2L

NSW Department of Planning
GPO Box 39
Sydney NSW 2001

Attention: Andrew Beattie

Dear Sir,

RE: OBJECTION TO MP09-0191-MARRICKVILLE METRO EXPANSION

Introduction

We act on instructions from the Marrickville Chamber of Commerce who have commissioned our firm to review the major project application to expand Marrickville Metro Shopping Centre. This submission also includes as appendices reports reviewing the economic assessment of the proposal as well as traffic and parking impacts.

To assist with our assessment an inspection of the site and surrounding area was carried out as well as a review of the DA documentation on exhibition. In addition reports prepared on behalf of Marrickville Council with respect to Urban Strategy as well as Council's response to the NSW Government's draft South Subregional Strategy and the Marrickville Action Plan for Urban Centres have been reviewed.

On behalf of our clients, we wish to lodge an objection against the proposed development. The principal concerns of that objection relate to inconsistency with the adopted strategic planning direction of Marrickville Council with respect to future anticipated development, size of proposed development and economic impact on the Marrickville Road and other retail centres within the Marrickville Local Government area and traffic impacts on the area surrounding Marrickville Metro.

Based on the above the application should be refused.

Our Clients Land

Our clients are part of a community organisation that has been affiliated to assist with the promotion of the Marrickville Road and Illawarra Road retail centres. They have been heavily involved in assisting Marrickville Council with input into strategic planning for their shopping areas as well as investment in infrastructure including the wider context within the Marrickville Local Government Area. Our clients have direct experience with the impact of Marrickville Metro shopping centre both initially and as it has altered and added floorspace over the years and drawn anchor tenants away from the shopping precinct

in Marrickville Road and Illawarra Road which resulted in retail decline. The proposed expansion of Marrickville Metro shopping centre has the potential to cause such adverse economic impacts once again.

Strategic Context

Marrickville Council has spent time and resources on its strategic direction with respect to urban development to assist with updating and upgrading its planning controls both at a regional and local level. The first document of note that we have reviewed is the Marrickville Urban Strategy. It designates the Marrickville Metro Shopping Centre as a stand alone shopping centre in order to support the existing retail hierarchy which is situated along and around public transport links and existing social infrastructure such as Marrickville Road shopping precinct. The proposed development does not incorporate elements such as improved public transport links or social infrastructure whilst it would have an adverse economic and social impact on retail areas within the Marrickville Local Government Area.

The second document of note is Marrickville Council's response to the draft South Subregional Strategy. Council has noted that whilst the Marrickville Urban Strategy designates Marrickville Metro as a stand alone shopping centre, the draft Subregional strategy designates Marrickville Metro as a village. Council has resolved to advise the NSW State Government that Marrickville Metro be designated as a stand alone shopping centre and remove references to it having the potential for expansion on the basis that it does not meet the strategic criteria of retail centres supporting public transport infrastructure.

We also note that our client has provided a submission to the Department of Planning on the draft South Subregional Strategy which reflects Marrickville Council's position as stated above. A copy of that submission and correspondence from the then Minister are attached to this letter.

The final document in a strategic sense is the Marrickville Action Plans for Urban Centres. This document reinforces the facts stated above that any expansion of Marrickville Metro should be accompanied with strategic intensification of the area including improved public transport links.

The Proposed Development

The proposal seeks to incorporate part of an existing public road known as Smidmore Street and the property known as 13-55 Edinburgh Road, Marrickville into an expanded Marrickville Metro Shopping Centre. We note that the existing shopping centre incorporates 28260 sqm of gross floor area and the proposal seeks to add 32505 sqm. That means that the proposal would more than double the existing capacity of the shopping centre. Such a significant expansion in commercial floor space cannot fail to have an adverse economic impact on existing retail centres in the Marrickville Local Government area.

Our Clients Concerns

As previously mentioned, our clients concerns relate to inconsistency with the adopted strategic planning direction of Marrickville Council with respect to future anticipated development, size of proposed development and economic impact on the Marrickville

Road and other retail centres in the Marrickville Local Government area and traffic impacts on the area surrounding Marrickville Metro. We deal with each of those matters in turn below.

1. Inconsistency with Marrickville Council strategic planning

As detailed above, Marrickville Council has commissioned studies and reports to assist with determining options for future development of land within its jurisdiction. With respect to Marrickville Metro, the consistent theme has been that it should remain as is in terms of size and any expansion should only be contemplated if it is accompanied with strategic intensification of the area including improved public transport links. The proposal does not include improved public transport links which have been determined by Council to be relevant to any consideration of expansion of Marrickville Metro shopping centre. The proposal is inconsistent with Council's strategic planning direction which has been communicated to the NSW Department of Planning and on that basis should be refused.

2. Size of proposed development

The proposed development is out of scale and context with the existing and proposed town planning controls in the surrounding area. The existing and proposed controls (ie the existing Marrickville LEP and draft LEP) limit the use of the land to industrial with a maximum floorspace of 1:1. The proposed development seeks floorspace firstly for commercial use and would be well beyond the existing floorspace limit at approximately 1.53:1. The size and bulk of the proposal apart from having adverse economic impacts would have adverse impacts in terms of bulk, scale and intensity of use which would also translate to such impacts as traffic and parking in the area.

3. Economic Impact

Our client has commissioned Hill PDA to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on retail centres in the locality. The report is attached to this submission as an appendix. The outcome of the independent economic assessment of the proposal is as follows.

- The proposed development would capture \$53 million dollars of expenditure from existing retail strip retailers in Enmore Road, Newtown and Marrickville equating to a combined redirection in turnover of 13% from these retailers.
- Given the smaller size and relatively lower margins of strip based retailers, such a fall in turnover will make many of these retailers unviable.
- Given the current underperformance of these precincts, it is expected that their viability will be significantly undermined with the current average level of 7% of total shop front vacancies increasing to around 12%-15% as a result of the proposed development.
- Given the low level of population growth in the Primary Trade Area and combined with the new centres to the east in Erskineville/Green square, it will take considerable time for these vacancies to be filled with new businesses.
- The Marrickville Road shopping precinct is expected to record a significant reduction in turnover of 16%-17%.
- The Enmore Road shopping precinct is expected to record a 14% fall in turnover which is considered to be moderate to high.

- The King Street shopping precinct is expected to record a moderate fall in turnover of 10%.

In terms of economic impact there are Land and Environment Court judgements that have provided town planning principles on relevant matters for consideration in relation to the economic and social impact of proposed retail facilities. In *Fabcot Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted as follows.

Economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere threat of economic competition between competing businesses.....It seems to me that the only relevance of the economic impact of a development is its effect 'in the locality'

We note that in *Fabcot*, the Land and Environment Court refused the application on the grounds of adverse economic impact. The Court considered that the proposed Woolworths Marketplace in South Windsor would redirect considerable expenditure away from Windsor town centre. The existing supermarket in Windsor would experience considerable loss in trade with the possibility that it would cease trading. Competition with an individual retailer was not a relevant consideration. However in this case the retailer was an anchor tenant and the existing speciality stores had developed a strong nexus relationship over time. Closure of the supermarket would have resulted in further closures and likely social detriment.

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted the following.

If the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning.....However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration.

In applying the above planning principles it is clear that the proposal struggles to meet the *Fabcot* test as whilst it will provide some benefit in the locality, it will also result in adverse economic impact on the surrounding retail strip precincts and the resultant community detriment will not be made good by the development itself.

Based on the above the application should be refused.

4. Traffic Impact

Our client has commissioned traffic and transport planners to review the potential impacts with respect to traffic and parking. The report is attached to this submission as an appendix. The outcome of that assessment reveals that the proposal would have a

significant adverse impact on existing capacity constraints at the following intersections at peak Saturday trading times within the surrounding area so that their level of service would fall.

- Enmore Road/Llewellyn Street intersection with traffic signals from level of service B to C.
- Addison Road/Enmore Road intersection with traffic signals from level of service B to C.
- Victoria Road/Edinburgh Road intersection with traffic signals from level of service B to C.
- Edgeware Road/Alice Street/Llewellyn Street intersection with traffic signals from level of service D to E.
- Edgeware Road/Victoria Road intersection with signs from level of service C to D.
- Edinburgh Road/Fitzroy Street intersection with roundabout from level of service A to B.
- Edinburgh Road/Smidmore Street intersection with traffic signals from level of service C to D.
- Edinburgh Road/Bedwin Road intersection with signs from level of service B to C.

In addition to the above there are a number of outstanding issues that are required to be addressed in completing a considered review of traffic and parking impacts as detailed on page 5 in the conclusions of the traffic impact assessment report attached to this letter.

There is no justification provided by the proposal with respect to the traffic impacts detailed above or how they are proposed to be mitigated. On this basis the application should be refused.

Conclusion

We believe our client has substantive concerns in relation to the proposed development especially with respect to size of the proposed development and adverse economic impacts which on their own are sufficient in our opinion to warrant refusal of the application. That position is strengthened when combined with the failure of the proposal to address the adopted strategic planning direction of Marrickville Council with respect to future anticipated development and traffic impacts on the area surrounding Marrickville Metro.

Should you have enquiries with respect to the above please do not hesitate to contact us to discuss.

Yours faithfully
DESIGN COLLABORATIVE PTY LTD



J Lidis
Director

Marrickville Metro Economic Impact Assessment

PREPARED FOR

Marrickville Chamber
of Commerce

August 2010

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QUALITY ASSURANCE


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QUALITY CONTROL

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

REVIEWED BY



.....
10 September 2010

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1. EXECUTIVE SUMMARY

Hill PDA has been appointed by Marrickville Chamber of Commerce to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on retail centres in the locality.

The proposal includes the redevelopment of the whole of the site utilised for the current Marrickville Metro, a site neighbouring Marrickville Metro, currently occupied by an industrial building and a section of Smidmore Street that presently divides the two sites. When completed, the expansion will provide two discount department stores, 10,417sqm of supermarket space, 3,279sqm of mini majors and 12,459sqm of speciality space. Total leaseable retail floor space will almost double from 21,061sqm to 40,914sqm.

A review of the primary trade area (PTA), as defined by Pitney Bowes Business Insight (PB) in the Economic Impact Assessment, revealed that the main trade area had appropriate and reasonable boundaries with the exception of the secondary and tertiary trade areas to the east. PB is somewhat relying on the capture of expenditure from the Erskineville Green Square area which is presently underserved with retail space. However a significant level of retail space is planned to service this area with around 45,000sqm in the Green Square Town Centre (including the Gazcorp and the Choker sites), 5,000sqm for Erskineville Ashmore Estate and in other centres such as Victoria Park. Also access to Marrickville Metro from the Green Square area is highly inconvenient involving considerable delays crossing Princes Highway and the railway lines. Eastgardens, and to a lesser extent Bondi Junction, are far more convenient centres to access from the Green Square Development Area.

Retail Expenditure

When compared to the demographic profile of the Sydney Statistical Division it was found that comparatively the trade areas, as defined by PB, had an older population, slightly higher household incomes, a greater level of persons born overseas, low home ownership and a higher number of lone person households.

Some growth in household expenditure is expected to be generated by population growth in the order of 0.70% per year, which is not a significant level. Stronger growth is expected to come from the secondary and tertiary east trade area – Erskineville / Green Square. However this area will experience dramatic increases in the supply of retail space over the next decade as several new centres will be built. It is not expected that Marrickville Metro will benefit from population growth in that area. If anything Marrickville Metro's has been enjoying trade escaping this area due to undersupply of retail floor space. As Erskineville, Green Square Town Centre, Victoria Park and other centres begin trading then Marrickville Metro's trade area is likely to contract.

According to Pitney Bowes Business Insight, Marrickville Metro Economic Impact assessment the centre currently captures 48.5% of its turnover from the defined primary trade area, 31.4% from the secondary trade areas and the remaining 20.1% from the tertiary trade area and from residents located beyond any of the trade areas. Following completion, Pitney Bowes estimates that a greater proportion of turnover will originate from the secondary trade areas, with residents in these areas expected to contribute 33.0% of the increased yearly turnover. However as stated above the secondary and tertiary trade areas to the east are likely to contract due to the opening of new centres over the next decade.

Because Marrickville Metro's trade area is likely to contract from the east, and because population growth in the Marrickville LGA is relatively low then the marginal turnover in Marrickville Metro will only be achieved by redirecting considerable turnover from competing centres in the locality.

Economic Impact

The proposed development is expected to result in significant impact upon strip retail shops located in and around the Marrickville Local Government Area. If the development proceeds, it is estimated that around half (\$53m) of the increase in turnover will be captured from existing strip retailers in the Marrickville LGA and on the boundaries of the LGA.

As a result of the proposed development the Marrickville Road and Illawarra Road precinct is expected to record a 16% to 17% fall in turnover which is considered significant. The Enmore and Newtown precincts are expected to record a moderate fall 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 shop front premises. A further 23% of premises are being used for non-retail commercial purposes reflecting the low performance of this area. The combined impact of mundane growth in the area, below average performance of the existing centres and significant loss in trade will result in increased vacancies that will take some time to re-fill.

In terms of economic impact there are court judgements that have provided guidance on relevant matters for consideration. In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that "if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning."

Given the smaller size and relatively lower margins of strip based retailers, such a fall in turnover will likely make many of these retailers unviable. More specifically it is expected that the Enmore and Marrickville strip precincts will be most impacted by the proposed expansion. Given the current underperformance of these precincts, it is expected that their viability will be significantly undermined, with a sizable increase in vacancies likely to come as a result of the proposed development. We expect that the average level of vacancies at 8% to 9% of total shop front premises will increase to around 15%. Given the low level of population growth in the PTA, combined with the new centres to the east in Erskineville / Green Square area, it will take considerable time for these vacancies to be filled with new businesses.

Given that:

- the suburb of Marrickville and surrounding suburbs will experience limited growth in population numbers over the foreseeable future;
- several strip based retail centres are expected to experience moderate to significant falls in turnover;
- those centres are currently trading below national average and have a high proportion of vacant and non-retail shop front premises;
- the proposed development will place a number of existing retail precincts in financial jeopardy, resulting in a lower level of retail amenity being provided to local residents; and

- the proposed development is a stand alone outlet centre and not near any train station and will not make good for the loss it causes.

then we consider the net social and economic benefits to the local community to be negative.

2. INTRODUCTION

Hill PDA has been appointed by Marrickville Chamber of Commerce to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on existing retail centres in the locality. The study will also review whether or not the proposed development is consistent with the objectives of local and state based planning instruments, from an economic impact perspective.

2.1 The Site

The proposed expansion consists of three separate parcels of land including the following;

- 34 Victoria Road, Marrickville, a 3.566ha site currently utilised for the existing Marrickville Metro Centre.
- 13-55 Edinburgh Road, Marrickville, a 8,800sqm site currently occupied by an industrial building.
- A section of Smidmore Street (as an option to link the two sites above).

The site is bounded by Victoria Road to the north, Edinburgh Road to the south, Murray Street to the east and abuts a residential housing estate to the west of the site. The site has a mix of zoning including General Business 3a (existing Marrickville Metro Site) and General Industrial 4(a) (13-55 Edinburgh Road). The section of Smidmore Street is currently unzoned and is subject to purchase from the Marrickville Council. We understand that Council resolved not to consent to the disposal of any land or airspace for the expansion of the shopping centre.

Marrickville Metro currently comprises almost 23,000sqm of leasable floorspace (GLA), including a retail component of 21,061sqm. The centre anchored by a Kmart discount department store of 7,311sqm, Woolworths and ALDI supermarkets totalling 6,117sqm and 7,633sqm of mini-majors and specialty stores.

Figure 1 - Approximate Site Location



Source: Urbis Preliminary Environmental Assessment, November 2009.

2.2 The Proposal

The proposed expansion of Marrickville Metro will almost double the amount of retail floor space. It includes a second discount department store (7,448sqm), an additional full line supermarket of 4,300sqm and 8,100sqm of additional specialty retail. Once completed it will be a double discount store centre with three supermarkets – a total of 44,400sqm of leasable floor space of which approximately 41,000sqm would be retail and approximately 3,400sqm would be commercial services as shown in the table below.

Table 1 - Proposed Expansion (GLA sqm)

Store Type	Existing	Proposed	Total
Dept Stores	7,311	7,448	14,759
Supermarkets	6,117	4,300	10,417
Mini-majors	1,138	2,141	3,279
Specialty Retail	6,795	5,964	12,759
Total Retail	21,061	19,853	40,914
Non-retail	1,572	1,917	3,489
Total	22,933	21,470	44,403

2.3 The Methodology

In determining a methodology for the assessment of the economic impact of the proposal it is important to consider the principles outlined in the relevant statutes. Demonstrating over or under supply of retail space within a given area is not the relevant matter, although it may have consequential impacts that would be considered by the Land and Environment Court.

The relevant matter is the impact on retail centres as a whole, whether or not it will result in social detriment and whether or not the application will make good for that loss.

In undertaking this study, our methodology was based on the above principles and the following scope of works:

- A site appraisal;
- A review of the Part 3A development application, paying particular attention to the Economic Impact Assessment accompanying the application.
- The determination of supermarket floor space and other major retailers within the trade areas;
- The determination, location and intensity of competing retail stock in the pipeline within the surrounding area;
- The identification of the primary and secondary trade areas based on distances, accessibility and the location and level of retail offering in other centres;
- A review of data derived from the ABS Census, DoP, Council and other sources, to develop a profile of key demographic characteristics in the Marrickville Metro primary and secondary trade areas (population, household characteristics and lifestyle trends);
- An update of population and household growth in the trade areas from Council and/or NSW government (MDP or other) sources;
- The determination of forecasts for household expenditure by trade area by retail store type and the quantification of levels of under or over supply based on national benchmark turnover levels;
- An estimate of the turnover of the proposed centre and the likely redistribution from existing and planned retail centres. The measurement of impacts as shifts in turnover over time taking into consideration growth in expenditure in the trade area; and
- A consideration of whether or not impact on existing/proposed retail centres is significant and/or detrimental and, if so, whether or not means could be used to mitigate that harm.

2.4 Limitations

This report is for the use of Marrickville Chamber of Commerce for a submission to the NSW Department of Planning in respect of the proposed expansion of Marrickville Metro. We disclaim any responsibility to any third

party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report is based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the expenditure and financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.

3. ANALYSIS OF EXISTING CENTRES

To provide the relevant context for the retail impact assessment, this Chapter includes an overview of surrounding centres that would be impacted by the proposed expansion of Marrickville Metro.

3.1 Supply of Retail Floor Space

The existing supply of retail floor space is measured by combining the number of stores and their respective floor space (in square metres). Floor space is a measure of lettable area (the area leased by a store operator, inclusive of office and storage space) and excludes common areas, plant rooms and loading docks. In the case of indoor centres such as Marrickville Metro, it includes the floor space leased to shop owners, but excludes elements such as common areas, car parking, toilets, plant rooms and fire egress.

The number of business in retail centres is provided below:

Table 2 - Number of Establishments in Retail Centres in the Locality by Retail Store Type

Location	Supermarket	Dept Store	Specialty Shops	Total Retail	Shop Front Commercial	Vacant	Total Shop Front
Marrickville (Marrickville Rd & Illawarra Rd)	3	0	209	212	90	27	329
Canterbury	1	0	41	42	9	27	78
Campsie	2	3	229	234	51	7	292
Clemon Park	0	0	11	11	4	3	18
Dulwich Hill	1	1	117	119	26	5	150
Earlwood	1	0	100	101	26	2	129
Hurlstone Park	1	0	37	38	16	12	66
Summer Hill	1	0	52	53	12	0	65
Enmore	0	0	114	114	35	7	156
Petersham	0	0	41	41	28	13	82
Newtown	2	0	390	392	82	34	508
Broadway Shopping Centre	1	3	156	160	15	0	175
Total Shop front	13	7	1,497	1,517	394	137	2,048

Notes: Above excludes automotive businesses including petrol outlets. Commercial refers to shop front commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and shop top commercial space.

Sources: Australian Property Council Shopping Directory, Pitney Bowes 2009 and Hill PDA Floor Space Surveys 2010

The total retail floor space in the Marrickville area is provided in the table below:

Table 3 - Total Floor Space in Retail Centres in the Locality by Retail Store Type 2010 (sqm)

Location	Supermarket	Dept Store	Specialty Shops	Total Retail	Shop Front Commercial	Vacant	Total Shop Front Space
Marrickville (Marrickville Rd & Illawarra Rd)	5,050	0	22,600	27,650	13,250	2,075	42,975
Canterbury	1,500	0	3,462	4,962	759	2,279	8,000
Campsie	3,677	10,482	15,855	30,014	3,217	490	33,721
Clemon Park	0	0	963	963	350	262	1,575
Dulwich Hill	2,100	648	6,698	9,446	1,487	285	11,218
Earlwood	1,800	0	12,684	14,484	3,265	251	18,000
Hurlstone Park	300	0	4,617	4,917	1,942	1,490	8,349
Summer Hill	1,728	0	2,746	4,474	627	0	5,101
Enmore	0	0	8,155	8,155	4,690	725	14,095
Petersham	0	0	3,335	3,335	4,185	3,055	10,575
Newtown	1,688	0	33,340	35,028	10,858	2,570	48,456
Broadway Shopping Centre	3,974	14,454	21,227	39,655	1,500	0	41,155
Total	21,817	25,584	135,682	183,083	46,130	13,481	243,219

Notes: Above excludes automotive businesses including petrol outlets. Commercial refers to shop front commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and shop top commercial space.

Sources: Australian Property Council Shopping Directory, Pitney Bowes 2009 and Hill PDA Floor Space Surveys 2010

3.2 Marrickville Metro

The existing retail offer within Marrickville is split into three separate precincts, the existing Marrickville Metro shopping centre and two retail strips, one along Marrickville Road and the other along Illawarra Road.

In its present state Marrickville Metro consists of a 19,980sqm sub-regional shopping centre featuring a full line Woolworths supermarket (4,910sqm), ALDI supermarket (1,207sqm), Kmart (7,311sqm), 6,522sqm of retail specialities and parking for 1,100 cars. According to Marrickville Metro owners AMP Capital, the centre achieved \$204.1m million in turnover in the 12 months to December 2009, equating to \$10,245/sqm.¹ Its turnover was reported in the Shopping Centre News (SCN) Little Guns 2010 at \$206.8m. In terms of turnover per square metre it is the third highest ranking centre out of all 88 "Little Guns" centres in the SCN (defined as centres between 20,000sqm and 45,000sqm) and 47% above average.

3.3 Marrickville

The Marrickville strip retail centre is "T" shape with the head of the "T" stretching 700m along Marrickville Road from Meeks Road to Petersham Road. The remaining strip stretches 900m along Illawarra Road from Marrickville Road past the train station to Renwick Street. At its closest point (corner of Marrickville Road and Meeks Road) this centre is 1.5km by road from Marrickville Metro.

The retail properties along Marrickville Road, being the traditional centre of Marrickville are higher quality than the retail properties along Illawarra Road, with the aesthetics of the centre boosted by a divided two lane road and alfresco seating areas in front of many of the Cafés. The overall mix of retailers include food and grocery, personal

¹ Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment.

services, restaurants and Asian groceries. There are also 18 clothing stores and five bulky goods retailers. A similar mix of retailers front both sides of Illawarra Road including food and grocery, personal services and restaurant/fast foods. There are fewer clothing and comparative goods stores.

Anchor tenants in the Marrickville strip centre include a 1,500sqm Foodworks supermarket on Illawarra Road and a Bing Lee electrical goods retailer (approximately 1,000sqm) at number 326 Marrickville Road. At the southern end of the strip centre on Illawarra Road between Warren Road and Renwick Street is a 2,800sqm Woolworths Supermarket. The area south of the Railway line is referred to as Marrickville South.

3.4 Canterbury

The existing retail offer in Canterbury consists of a number of strip shops along Old Canterbury Road and a 1,500sqm ALDI supermarket located on Jeffery Street. With the exception of the ALDI store, the existing offering is limited, with many of the shops along Canterbury Road in poor aesthetic condition and/or currently vacant. While the centre benefits from strong transportation links including a train station in close proximity, the enforced clearways along Old Canterbury road severely limits exposure and impedes vehicular access to the centre. A post office is located here.

An external vacancy survey along some 400m of Old Canterbury Road (200m on either side of the train station) reveals that almost 40% of the shops are either used as commercial premises or are vacant and closed.

3.5 Campsie

Campsie is located approximately 8.7km from the subject site. The centre which spreads across both sides of the Bankstown railway line is characterised by a sub-regional shopping centre (Campsie Centre) with a large number of strip based retail located along Beamish Street.

Campsie Centre (13,068sqm) is anchored by a 1,177sqm Food for Less supermarket and a 7,662sqm Big W. In addition to these larger tenancies the centre also features a post office, RTA outlet, chemist, over 50 specialty stores and enclosed parking for up to 800 vehicles.

In addition Campsie also features a freestanding 2,500sqm Woolworths supermarket and a large number of strip based retailing, predominantly located along Beamish Street. The strip provides for a number of commercial services oriented businesses including banks and real estate agents, as well as providing a number of restaurants and speciality food retailers.

The Campsie Retail Centre as a whole is in need of revitalisation, with many of its stores showing signs of dating and underperformance. It is noted that there is a substantial redevelopment of Civic Centre planned, which will help to lift the profile of and boost performance of the centre.

3.6 Clemton Park

Clemton Park is located approximately 7.5km from the subject site, the centre featuring a small number of strip based shops located along William Street anchored by a large stand alone bottle shop.

There is currently a proposal to develop the former Sunbeam factory in Clemton Park for residential and retail uses, this is discussed in section 2.11.

3.7 Dulwich Hill

There are two distinct retail centres within Dulwich Hill, one located along New Canterbury Road (4.2km from subject site) and a second located around the Dulwich Hill train station (3.7km from subject site), both offering similar strip based centres.

The centre located along New Canterbury Road is anchored by a 2,100sqm Franklins supermarket and features a 648sqm discount department/variety store, in addition to a number of smaller retail tenancies.

In addition to a high proportion of commercial services, the centre at Dulwich Hill train station features a large number of non-food based retailers and a small (300sqm) Riteway supermarket/convenience store.

3.8 Earlwood

The Earlwood centre is located approximately 6.2km from the subject site and is anchored by a 1,800sqm freestanding Coles supermarket. In addition to the supermarket, Earlwood features a large number of strip based retail tenancies predominantly located along Homer St, the majority of which provide non-food related services with only nine of the 129 specialty retailers offering food related services.

3.9 Hurlstone Park

Similar to Dulwich Hill, Hurlstone Park features two distinct retail strip centres, one located along New Canterbury Road (5.7km from subject site) and the other located around Hurlstone Park train station (5.6km from subject site).

The retail offering along New Canterbury Road is characterised by a number of restaurants and other non-food speciality retailers. In addition to the strip retailers, there is also a 7-11 service station with a small convenience based shop attached.

The centre located nearby the Hurlstone Park train station is characterised by a number of convenience based retail stores which are currently in poor condition and assumed to be underperforming national benchmarks.

3.10 Summer Hill

The retail centre at Summer Hill is approximately 4.4km from the subject site. The centre which is located near Summer Hill train station is anchored by a 1,728sqm freestanding Franklins supermarket, in addition the centre also features a large deli (600sqm) attached to the Franklins supermarket and a number of strip based retail specialties.

3.11 Enmore

The Enmore strip shops stretch from King Street to Stanmore Street. Its closest point to Marrickville Metro at Stanmore Street is 1.1km 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 services retailers, a community food co-operative and two small convenience based supermarkets.

3.12 Petersham

The strip shops located along New Canterbury Road, Petersham are located approximately 2.5km from the Marrickville Metro site. The centre is predominately restaurant focused, with this retail type accounting for the majority retailers within Petersham. In addition the centre also features a small Foodworks convenience store approximately 170sqm. Presently the centre is characterised by the former Majestic Theatre, there is however, plans to develop this site for residential and ground floor retail uses.

3.13 Newtown

The Newtown retail strip is commonly referred to as a 'prime retail strip'. The strip straddles the Newtown train station which is located approximately 1.9km from the subject site, although the southern end of Newtown is only 1km from Marrickville Metro. Newtown features a wide range of both national and independent retailers. Much of the stores located to the north of the Newtown train station are high quality fashion/apparel based retailers, while those to the south of the train station are generally feature lower quality fit-outs and are more typical of traditional suburban retail strip shops. Vacancies are more common towards the southern end of the strip centre, which is closer to Marrickville Metro.

The centre also features a standalone 900sqm Franklins supermarket and a small 1,500sqm shopping centre "Newtown Central" which is anchored by a 788sqm Foodworks shopping centre.

Newtown is less likely to be impacted by Marrickville Metro than other strip centres largely because of its retail mix. It has an alternative and a quasi-tourist role with its array of a-la-carte and specialty restaurants, lifestyle and bohemian specialty food and non-food stores.

3.14 Broadway Shopping Centre

Broadway Shopping Centre is a Regional Centre (as defined under the PCA directory) located approximately 3.5km from Marrickville Metro. The 41,155sqm centre is the largest centre in the immediate area surrounding Marrickville Metro. It features three discount department stores totalling 14,454sqm, a full-line Coles supermarket, 171 retail speciality stores, a Hoyts cinema, Gymnasium and parking for 1,870 cars.

In the 12 months to December 2009, the Broadway Shopping centre recorded a moving annual turnover of \$9,087/sqm, ranking it second of 88 similar sized centres within Australia (as reported by Shopping Centre News).

3.15 Other Centres

Other retail centres in potential competition with the proposed centre at Marrickville include Ashfield Mall – a 25,125sqm sub-regional shopping centre featuring a Coles, Woolworths and Franklins supermarket.

3.16 Proposed Centres

There are currently a number of proposed retail developments in the locality including the following.

- Former Sunbeam Site, Clemton Park – a mixed use retail and residential development totalling 61,935sqm in size. If developed the site will feature a 2,751sqm supermarket and up to 4,001sqm of speciality retailing. The site is currently for sale with concept plan approval.
- Campsie Civic Centre, Campsie – The mixed use redevelopment of the Campsie civic centre on Beamish Street will consist of residential, council chambers, library, commercial and function centre building totalling 36,204sqm. The proposed retail component will comprise of a supermarket and speciality retailers totalling 6,640sqm. A draft masterplan has been finalised by Canterbury Council.
- Green Square Town Centre will have around 45,000sqm of retail space when developed with the Gazcorp and Choker sites included around the Green Square railway station. The State Government will develop the land east of the railway station with 26,000sqm of retail space. The mix is likely to include a discount department store and one or two large supermarkets.
- The Gazcorp site on Botany Rd Shopping Centre near Green Square Station will be a mixed use building, with 14,900sqm of retail space anchored by a discount department store of 5,500sqm and a supermarket of 3,500sqm. This development has been approved. Gazcorp sort for an increase in floor space to approximately 23,700sqm which was refused by the Land and Environment Court.
- 78-79 Old Canterbury Road, Lewisham – a 51,137sqm mixed use residential and retail development comprising of a 3,434sqm supermarket, a 1,116sqm fruit and vegetable market and 3,878sqm of retail specialities. The proposal has been submitted to NSW Department of Planning for major planning assessment.
- 23 Erskineville Road Newtown is a proposed conversion of a former warehouse into a 900sqm supermarket. This project was granted development approval in September 2009.

- It is anticipated that the Erskineville/Ashmore industrial precinct will ultimately have a shopping centre or around 5,000sqm anchored by a supermarket. Other centres in Green Square area include Victoria Park (around 12,000sqm with a full-line supermarket). Danks Street also has some capacity for further expansion of retail space.
- A massive 39,000sqm IKEA store on the Princes Highway in Tempe is due to open in 2011. This store is only 3km by road from Marrickville Metro and will provide some competition with the department stores and other larger retailers.

Proposed centres – particularly those centres east of Kings Street (Princes Highway) - will result in some contraction in Marrickville Metro's trade area. This is discussed in the next section.

4. DEMAND FOR RETAIL SPACE

4.1 Trade Area Definition

For the purpose of this report we have reviewed the Marrickville Metro Trade Area defined by Pitney Bowes Business Insight (PB), in the Economic Impact Assessment accompanying Part 3A development application.

The PB report suggests that a main trade area, encompassing a primary trade area (PTA) and a number of secondary trade area's (STA) exist, generally extending between 2.0km—3.5km from the Marrickville Metro Centre Site. The report also identifies a number of tertiary trade areas, located beyond the main trade area.

The report while detailing the broad determinants of a trade area, does not define what is meant by PTA and STA. For the purpose of assessment we usually define a retail centre's PTA as the area where the majority of household expenditure by type of expenditure (food and groceries, bulky goods, etc) generated is captured by that retail centre. Alternatively it is the centre where most expenditure is directed to. A retail centre's STA is usually defined as the area outside the PTA where a reasonable but minority level of expenditure is captured by that centre.

Given the above, we accept the overall definition of the main trade area in the PB report. As the breakdown between the PTA and STA is not clearly defined in the report, we suggest that the size of the PTA and the split between the primary and secondary trade areas warrants further review.

The key findings from our review of the main trade area are as follows:

- The division between the primary trade area and the northern secondary trade area is reasonable given the physical barriers presented by the Inner West railway line.
- The division between the primary trade area and the STA East is reasonable given the delays and inconvenience in crossing King Street / Princes Highway.
- The division between the PTA and STA South is inconsistent without any physical or convenience deterrent barrier. The STA South comes within 500m away from Marrickville Metro, which is within walking distance. Note that the PTA as defined by Pitney Bowes passes through the strip shopping centre on Marrickville Road.
- The Western boundary of the PTA is more than 4km by road from the subject site to the goods railway line. This is some four times the distance than the distance to the southern boundary. There is no secondary or tertiary trade area further westward. In other words the PTA abruptly stops at a boundary beyond which there is virtually no trade influence. If there was a clear barrier of separation that may be understandable but in this case there are five easily accessible roads that cross the goods line along the boundary. The PTA should have been defined more locally terminating at Wardell Road or Livingstone Road with a STA West to the west of that boundary.
- Finally the PB report identifies an extensive secondary and tertiary trade area to the east and south east encompassing almost the whole of the South Sydney and Botany Bay LGAs. It should be recognised that Marrickville Metro is likely to have limited influence in this area given the travel times and the

inconvenience of alternative routes. The Secondary East Trade Area encompasses the suburbs of Erskineville and Alexandria and the Tertiary TA includes Waterloo, Redfern, Zetland and Rosebery. It's likely that Eastgardens and Bondi Junction is capturing far more expenditure from these localities than Marrickville Metro given the better access times and improved convenience. It's also essential to recognise that a significant level of retail space is planned to service these localities with around 45,000sqm in the Green Square Town Centre (including Gazcorp and the Choker site), 5,000sqm for Erskineville Ashmore Estate and in other centres such as Victoria Park. As a result Marrickville Metro's trade area will contract in the east.

4.2 Demographics

The socio-economic profile detailed in the PB report is based upon the results of the 2006 Australian Census, as such it is not necessary to undertake a separate demographic analysis. While there is some disagreement on the trade area definition, we have adopted the broad conclusions of the PB report, detailed below.

- 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. Note however that localities in Leichhardt and Sydney City LGAs enlarged those differences considerably. The average individual income level in the PTA is only 9% higher than Sydney SD.
- 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.

4.3 Population Growth

The PB report suggests that the main trade area population is forecast to grow by 8,325 people from 2009-2021, equating to an annual growth rate of 0.72%. This growth is in line with the population growth expected in the broader Marrickville area, with the NSW Government Bureau of Transport Statistics forecasting an annual growth rate of 0.70%pa from 2006-2021 for the Marrickville SLA.

Analysis of the population projections provided in the PB report indicate that the majority of the population growth within the main trade area, is not expected to come from the PTA, but rather strong growth in the secondary trade areas, predominantly the Eastern STA. Given secondary trade area residents spend the majority of their retail expenditure at centres other than Marrickville Metro, it is not expected that the centre will benefit highly from an

increase in population of these secondary trade areas. The benefit of growth in the eastern STA and TTA will be captured mainly by the proposed centres, particularly Green Square and the Erskineville Ashmore Precinct.

4.4 Household Expenditure

The PB report quotes household expenditure estimates sourced from Market Data Systems, Marketinfo 2009 database. A comparison of these estimates, with the expenditure estimates provided by the HillPDA bespoke expenditure model (which utilises Marketinfo 2009), revealed that the base estimates detailed in the PB report are in line with what is expected in the Marrickville Region.

The Expenditure detailed in the Pitney Bowes report is provided in the following table.

Table 4 - Trade area household expenditure 2009-2021 (2009\$)

June	Primary Sector	Secondary Sectors				Tertiary Sectors				Total TA
		North	East	South	Main TA	North	East	Sth-east	Sth-west	
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%

Source: Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment 2010

The PB report forecast future household expenditure based upon the expected annual growth in retail spending of 1.0% per capita and the population growth expected in each of the trade areas (around 0.7% per annum for the primary trade area). These assumptions are consistent with historic trends and with the latest DoP population forecasts for the LGA.

Reflecting the relatively low levels of population growth within the PTA, the report highlights that expenditure growth is expected to be limited in the PTA, growing by only \$99.1m from 2009-2021 equating to an annual growth rate of 1.4%. The report further indicates that the majority of growth within the main trade area is expected to come from the eastern trade area, which is forecast to grow by 2.8%pa from 2009-2021. Given the level of new retail

development within the eastern trade area (particularly in Erskineville and Green Square), it is expected that much of this expenditure growth will be directed towards these new stores rather than Marrickville Metro.

4.5 Existing Market Share

The PB report estimates the market share of the existing centre, by taking the most recent turnover figures from Marrickville Metro and comparing these to the available expenditure in each of the trade areas. More specifically the PB reports details this process as follows:

- i. Total retail sales for the centre (for the 12 months to December 2009) including major stores, mini-majors and retail specialty shops, were approximately \$204.7 million (including GST). These sales were based on information provided 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).²

The above market share calculation does not clearly indicate how the total sales that are generated from each trade area sector are calculated, in Table 5.1 of the report it indicates that approximately 48.5% of the centres sales are secured from the primary trade area, while 31.4% is captured from the secondary trade area with the remaining 20.1% captured from residents located in the tertiary trade area and outside the total trade area. Given the implications that this figure have on the calculation of market share, it is vital that this base calculation is understood.

4.6 Forecast Market Share

The PB report forecast market share in much the same way as they estimate existing market share, as such the same limitations apply to the interpretation of the forecasted market share breakdown. Analysis of these figures indicates that it is expected that the expansion of the Marrickville Metro, will result in a fall in the proportion of the centres sales captured from the PTA and a slight rise in the proportion of the centres sales captured from the secondary trade area. From this it can be seen that the performance of the centre will be dependent upon capturing an increased proportion of sales from the secondary trade area, with 33.0% of all sales expected to come from this trade area.

² Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment 2010.

5. RELEVANT PLANNING CONSIDERATIONS

5.1 Local Planning Instruments

Marrickville Local Environmental Plan 2001

The proposed development falls under the Marrickville Local Environmental Plan (2001) (MLEP). The objectives of the MLEP as it relates to this development include maximising "business and employment opportunities, particularly in Marrickville's existing commercial centres".

Marrickville Urban Strategy

The Marrickville Urban Strategy was adopted by the Marrickville Council in April 2007. The strategy, which was formulated on work undertaken by SGS Economics and Planning, provides the planning context for the future development within the Marrickville LGA. Its primary purpose was to inform the review and rationalisation of councils planning controls, aiding in the production of a comprehensive planning strategy and new Local Environmental Plan (LEP).

Marrickville Urban Strategy identifies 16 local centres within the Marrickville LGA, of these centres Marrickville Metro is classified as a "standalone shopping centre", Marrickville Rd is classified as a "Village" and Marrickville Station is classified as a "Small Village".

The strategy provides some principles in land use transport integration. Objective 5 of the strategy, promotes ***"focused development in areas within walking distance of centres and public transport."*** Therefore development should be focused in areas with strong public transport infrastructure. This would include Dulwich Hill Station, Petersham, Lewisham, Marrickville Station, Newtown and St Peters.

The proposed expansion of Marrickville Metro conflicts with the strategy to the extent that it will redirect expenditure away from the existing centres around the train stations to the "standalone" centre.

5.2 Section 79C of the EPA Act

In determining any development application under the Environmental Planning and Assessment Act Council is obliged to take into consideration a number of matters including Section 79C(1)(b) in relation to the likely economic and social impacts of the proposal in the locality.

Land and Environment Court judgements have provided guidance on relevant matters in relation to the economic and social impact of proposed retail facilities.

In *Fabco Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted "economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere

threat of economic competition between competing businesses.... It seems to me that the only relevance of the economic impact of a development is its effect 'in the locality'...".

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that "if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning... However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration."

The Court has stated that Councils should not be concerned about competition between individual stores as this is a matter under fair trading. But it should concern itself with impact on established retail centres. The impact on competing stores and businesses is only relevant if the viability of those businesses are threatened and the viability of a retail centre as a whole is threatened due to a demonstrated nexus between the competitive stores and the other retailers within the retail centre.

The principles were reiterated by Justice Pearlman in *Cartier Holdings Pty Ltd v Newcastle City Council and Anor* [2001] NSWLEC 170. "It follows that Section 79C(1)(b) does not require the consent authority to take an approach in consideration of the relevant matter different from the approach formerly taken in the application of 90(1)(d)."

Note that in *Fabcot v Hawkesbury City Council* (97) LGERA the court refused the application on the grounds of adverse economic impact. The court viewed the proposed Woolworths Marketplace in South Windsor would redirect considerable expenditure away from Windsor town centre. The existing supermarket in Windsor would experience considerable loss in trade with the possibility that it would cease trading. Competition with an individual retailer is not a relevant consideration. However in this case the retailer is an anchor tenant and the existing specialty stores had developed a strong nexus relationship with it over time. Closure of the supermarket would result in further closures and likely social detriment.

The "Fabcot" case as it became known has become an important test for assessing development applications for either new centres or the expansion of existing retail outlets.

5.3 Former Draft SEPP 66

The strategy of Draft SEPP 66 seeks to achieve "the better integration of land use and transport planning at the local level" particularly in relation to the preparation of environmental planning instruments development control plans and the like and the consideration of development and applications. The Policy aims to ensure that urban structure, building forms, land use locations, development designs, subdivision and street layout help achieve the following planning objectives:

- (a) improving accessibility to housing, employment and services by walking, cycling, and public transport,
- (b) improving the choice of transport and reducing dependence solely on cars for travel purposes,
- (c) moderating growth in the demand for travel and the distances travelled, especially by car,

- (d) supporting the efficient and viable operation of public transport services,
- (e) providing for the efficient movement of freight.

Draft SEPP 66 has been superseded by the Draft Centres Policy but the sound planning principles remain. The purpose of the SEPP was to ensure that land uses are located with the public transport infrastructure. It is about intensifying urban development around high volume public transport – particularly heavy rail. Retail uses are one of the highest value forms of development in financial terms, in terms of worker density, business activity and people generation. It is for these reasons that retail uses are encouraged, and protected, around the railway stations.

The proposal undermines the principle because Marrickville Metro is not at a railway station. The other centres in the locality being Newtown, Enmore, Petersham and Marrickville are all centres that were developed in the first half of the last century around railway stations. If the expansion of Marrickville Metro draws trade away from these other centres then it is a clear case of redistribution of economic activity away from public transport infrastructure.

5.4 NSW Draft Centres Policy

The Policy was released in April 2009 recognising that the market is best placed to determine the need for development and the supply of available floor space to accommodate demand. The role of the planning system is to accommodate this need whilst regulating its location and scale.

In light of these fundamental principles, the Draft Centres Policy focuses around six key principles. The principles relate to:

1. The need to reinforce the importance of centres and clustering business activities;
2. The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
3. The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
4. Councils should zone sufficient land to accommodate demand including larger retail formats;
5. Centres should have a mix of retail types that encourage competition; and
6. Centres should be well designed to encourage people to visit and stay longer.

Whilst the proposed expansion of Marrickville Metro does not necessarily undermine objectives 2 to 6 above it does undermine the first principle which relates to the former Draft SEPP 66 objective.

6. IMPACT OF PROPOSAL

This section assesses the impact of the proposed centre on retail centres in the locality. The EPA Act is not clear on what is meant by locality but for the purpose of this assessment we have assumed it to be the trade area or the geographical influence of the proposal.

6.1 Methodology

The methodology we have adopted in measuring impact is as follows:

- assess the marginal turnover from expansion of the centre;
- estimate the redistribution of turnover from competing centres;
- estimate the loss in trade from competing centres as a percentage of current trade;
- consider shifts in turnover over time taking into consideration growth in the broad trade area; and
- consider the ability of those competing centres to absorb the impacts based on current trading performances; and
- consider whether or not impact on existing/proposed retail centres is significant and/or socially detrimental and, if so, whether or not means could be used to mitigate that harm;

6.2 What are the Losses in Trade?

PB estimates a marginal turnover of \$112m. This is equivalent to around \$7,600/sqm marginal turnover for the supermarket space, \$3,300/sqm for department store space and \$6,500/sqm for specialties. The marginal turnover of the supermarket space and DDS space is a little low. However the average turnover level of the supermarket space post expansion will remain above the industry benchmark.

Note that a marginal turnover of \$112m will result in a 23% fall in average turnover per square metre. There is some potential for Marrickville Metro to trade at a higher figure (which would result in stronger economic impacts) but for the purpose of this analysis we have adopted the figure of \$112m to test the impacts.

Assuming the proposed development proceeds, the net increase in retail turnover of \$112m identified above will be captured from competing centres. In order to quantify the scope of this turnover capture from existing competing centres Hill PDA prepared a bespoke gravity model. 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. The impact is summarised in the table below.

Table 5 - Impact Assessment Redirection of Turnover of Existing Centres 2009-2013 (\$m2009)

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space*	Turnover in 2009	Turnover in 2013 without Proposal	Turnover in 2013 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2013	Shift in turnover from 2009 to 2013	% Shift in turnover from 2009 to 2013
Marrickville Metro Expansion					112.0	112.0			
Marrickville (Marrickville and Illawarra Roads)	2.0	28,450	140.0	149.8	125.1	-24.7	-16.5%	-14.9	-10.7%
Enmore	1.4	8,700	36.7	39.3	33.4	-5.8	-14.8%	-3.3	-8.9%
Newtown	1.9	35,050	171.3	183.2	165.0	-18.3	-10.0%	-6.3	-3.7%
Petersham	2.8	3,600	12.0	12.8	12.0	-0.8	-6.5%	0.0	0.0%
Dulwich Hill (Station)	3.7	800	3.6	3.9	3.6	-0.3	-8.4%	-0.1	-2.0%
Dulwich Hill (New Cant. Rd)	4.2	8,650	34.2	36.6	34.1	-2.5	-6.7%	-0.1	-0.2%
Hurlstone Park (Station)	5.7	2,350	12.9	13.8	13.4	-0.4	-2.7%	0.5	4.1%
Hurlstone Pk (New Cant. Rd)	5.7	2,600	12.2	13.1	12.9	-0.2	-1.7%	0.6	5.2%
Ersleville	2.4	3,100	6.3	6.7	6.3	-0.5	-7.2%	0.0	-0.8%
Broadway	4.4	41,150	378.8	405.2	373.1	-32.0	-7.9%	-5.6	-1.5%
Norton Plaza	4.3	8,400	56.5	60.4	56.7	-3.8	-6.2%	0.2	0.3%
Leichhardt Market Place	4.8	17,600	137.1	146.7	137.2	-9.4	-6.4%	0.1	0.1%
Earlwood	6.2	14,500	76.6	81.9	79.8	-2.1	-2.6%	3.2	4.2%
Other Localities						-11.2			
TOTAL		174,950	1078.2	1153.5	1164.7	0.0	1.0%	86.4	8.0%

* Sources various including Pitney Bowes, Hill PDA and PCA (excludes vacancies and non-retailers)

** Source: Various including Shopping Centre News, Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment and Hill PDA estimates

As shown above, the marginal retail turnover of \$112m will be captured from a range of centres. \$25m will be drawn from existing retailers in Marrickville, \$24m from retailers in Newtown and Enmore, \$32m from the Broadway Shopping Centre and so on.

As shown in the above table there are some differences in levels of impact between Hill PDA estimate and the Pitney Bowes estimated impact. This is due to differences in methodologies employed to measure impact. The method used by Hill PDA shows stronger impacts on centres closer to Marrickville Metro. The immediate impacts on Marrickville (Illawarra Road and Marrickville Road) are stronger than a 16.5% loss in trade which is more than triple the 5% estimate in the Pitney Bowes report.

6.3 Are the Impacts Considered Significant?

There are no universal measures of significance. There are references in various consultancy reports and statements in the LEC which suggests that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high and above 15% is a strong or significant impact.

Following the completion of the proposed development it is expected that the strip shopping centre along Marrickville Road and Illawarra Road will experience a 15% to 18% decline in retail sales. Therefore this is considered to be a significant impact.

The impact on Enmore is also considered significant at almost 15% loss in trade and the impact on Newtown is a loss in sales of 10% which is considered moderate.

6.4 Can the Centres Absorb these Impacts?

The next step is to consider the ability of these centres to absorb these losses. A centre may experience a significant impact – say 20% loss in retail sales – but if that centre is currently over trading by say 30% then it can sustain the loss. Alternatively if the centre is in a high growth area then the adverse impact may be short term rather than long term. We tested these possibilities in the case of Marrickville centres.

According to the PB report, Marrickville Road and Illawarra Road precinct achieved a turnover of \$140m in 2009. This was around 20% below national average³. Given that:

- the estimated impact on these strips is significant at 16% to 17% loss in trade;
- Marrickville's trade area is growing at a very mundane rate of 0.7% per annum; and
- the centre is currently performing 20% below national average; then

it is not expected that this centre will be able to absorb such a fall in turnover and remain viable. There are likely to be considerable vacancies that will occur and the vacancies are likely to be quite long term. Marrickville Road has 10 vacant premises (8.5% of all shop front premises excluding those being used for commercial purposes or 6% including commercial premises) and Illawarra Road has 17 vacancies (21% of retail premises or 11% of total shop front premises). The high proportion of commercial premises is a further indication that these strip centres are performing well below average. An impact of 16% to 17% loss in turnover combined with a current vacancy rate of 8.5% is likely to result in increased vacancies to around 15% - in other words one in every six to seven shop front premises. With a population growth of only 0.7% per annum it will take until 2020 before the retail strip centre returns to its 2009 trading levels in real terms.

Newtown and Enmore will experience moderate impacts in terms of loss in trade (10% and 14% respectively). Enmore is trading around 20% below national average and Newtown is trading around 7% below. The difficulty in measuring Newtown's performance is that it is unequally distributed over a long distance of more than 1.5km along King Street. Generally the shops near the railway station are trading well but the fringe areas – particularly the southern end is quite blighted with much higher vacancies. Overall Newtown has a vacancy rate of around 7% which is considered moderate if not high. We do however, expect to see vacancies rise to around 10% across the whole centre and probably higher than 15% in the southern end, which is the end closest to Marrickville Metro. It is suggested in the PB report that King Street, Newtown provides a high level of independent apparel operators. Generally these retailers are more sensitive to changes in turnover than national retailers.

The impacts on Petersham are less significant at 6.5% loss in trade. However Petersham is strongly underperforming at around 35% below national average. It has 13 vacant shops which is 16% of total shop front premises. Non-retailers occupy a further 34% of space. In other words only half of total shop front space is occupied by retailers reflecting its poor performance.

³ ABS Retail Survey 1998-99 indexed to \$2009 at CPI

6.5 Will the Impacts Result in Social Detriment?

The proposed development is expected to result in significant impacts upon strip retail shops located in and around the Marrickville Local Government Area. Traditionally this area has featured a high number of well performing strip precincts, which have predominately been developed nearby to major transport infrastructure, namely train stations. In the present day these strip centres continue to offer a high level of amenity and convenience to the community, affording residents a greater level of choice of retailers without the need to own or use a car. If the proposed development proceeds, it is estimated that around half of the marginal turnover (\$53m) will be captured from existing strip retailers in Marrickville, Newtown, Enmore, Petersham, Dulwich Hill and Hurlstone Park.

The proposal is likely to have a strong negative impact on existing strip retailers, placing these facilities in financial jeopardy. As indicated earlier, the proposed development will likely capture \$53m from existing strip retailers within, and on the boundary of, Marrickville LGA, equating to a combined loss in turnover of 13% from these retailers. This is likely to translate to increased vacancies in these centres from the current average of 7% to around 12% to 15%. Given the smaller size and relatively lower margins of strip based retailers such a fall in turnover is likely to make a number of these retailers unviable. More specifically it is expected that the Enmore, Newtown and Marrickville strip precincts will be most impacted by the proposed expansion.

It is stated in the PB report that the identified retail strip precincts play a different role to the existing and proposed Marrickville Metro, with the strip precincts providing residents with "convenient, independent food and retail service facilities, often with particular ethnic specialisations". Although we do not dispute the above statement, many of the retailers while remaining independent, offer the same or similar products that national retailers offer. It is unrealistic to assume that these national retailers would not be in direct competition with local independent retailers.

The impacts suggested in the Pitney Bowes report is at odds with historic reality. When Marrickville Metro opened in the 1980s the strip retailers experienced considerable impact. A number of businesses closed, rents dropped considerably to attract new tenants and vacancies were quite slow to fill. Whilst these strip centres have (bounced) back over the past couple of decades history suggests that they will experience another impact and these impacts are likely to be felt for some time given that there is very minor growth in the locality. History is full of cases where large indoor centres have resulted in social detriment to existing centres and main street retail. Case studies, just to name a few, include:

- Maroubra Junction (impact from Eastgardens)
- Port Kembla (impact from Warrawong)
- Wyong (impact from Tuggerah)
- Newcastle CBD (impacts from Kotara and Charlestown)
- Cessnock main street (impacts from the indoor centres)

The proposed development struggles to meet the (*Fabcot*)" test. Whilst it will provide some benefit in the locality, particularly with an additional department store, it will also result in adverse economic impact on the surrounding retail strip precincts and the resultant community detriment will not be made good by the development itself.

6.6 Impact on Employment

The PB report suggests that employment within the region will increase by a net amount of 777 full time jobs, comprised of an additional 817 jobs provided by the expanded Marrickville Metro and a fall of 5% (of the total increase of jobs) in employment of other retailers within the area. What is not explained in the PB report, is how the figure of 5% fall in jobs is derived and why this figure has been only been applied to the increase in total jobs attributable to the increased centre, rather than total number of retail jobs within the region.

Applying the estimated employment multipliers as indicated in Table 5.8 of the PB report, to the total competing floor space indicated in Table Four of this report, it can be estimated that the total number of retail jobs in competing centres is 8,841. If the figure of 5% is then applied to the total number of jobs in competing centres, it can be estimated that the loss of jobs as a result of the Marrickville expansion is closer to 440 full time jobs.

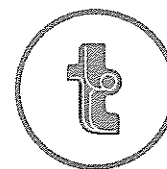
The important consideration is that building more retail space does not result in more retail expenditure. Retailers and retail centres are chasing the same dollars. Hence the overall increase in net employment levels is not significant. The proposal is likely to shift some jobs away from the strip retail centres to Marrickville Metro – in other words away from train stations to a stand alone retail outlet that is not served by the train line. This is contrary to sound planning principles which is about encouraging the use of public transport in commuting to work.

DISCLAIMER

This report is for the confidential use only of the party to whom it is addressed (the client) for the specific purposes to which it refers. We disclaim any responsibility to any third party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report and its attached appendices are based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the attached financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.



Reference: 10 189

09 September 2010

Marrickville Chamber of Commerce

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Re: Marrickville Chamber of Commerce – Marrickville Metro Part 3A (MP009_0191) Objection

We refer to the subject Part 3A application and in particular the following environmental assessment documents available on the Department of Planning's Major Projects website:

- ⑦ Appendix E – Retail Strip Review
- ⑦ Appendix F – Social Impact Study
- ⑦ Appendix H - TMAP

We have undertaken a review of the attached documentation and now provide the following comments:

⑦ Traffic Generation

The proposed traffic generation assessed by Halcrow are in accordance with the RTA's Guide to Traffic Generating Developments and is consistent with standard traffic planning practice. In this regard, the assessed traffic generation is generally accepted.

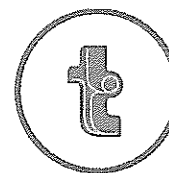
However, the TMAP does not include a copy of the survey results (or modelling outputs for that matter) and there is no opportunity for independent review to confirm the above statements.

⑦ Traffic Distribution

The TMAP report states:

" The distribution of the additional traffic was determined on the trade area sales forecasts prepared by Pitney Bowes Capital Insight who prepared an Economic Impact Assessment for the proposed development. Traffic growth is expected to come mainly from the south, south east and west. Little traffic growth is expected from the north and north east because:

- *The main competing centres are located to the north, and*
- *Erskineville provides a barrier to traffic access directly from the east. "*



Looking at Centre Sales column of *Table 5.4* of the *Marrickville Metro Economic Impact Assessment*, included in **attachment 1**, does not correlate to the above statement. Table 1 below provides a summary of the proportion of centre sales expected from each of the trade area sectors.

table 1: proportion of centre sales by trade sector

Trade Area Sector	Total Centre Sales (\$M)	% of Total Centre Sales
Primary	137.1	48.5
Secondary		
North	24.9	8.8
East	39.2	13.9
South	40.5	14.3
Tertiary Sectors		
North	5.3	1.9
East	12.3	4.4
South East	5.6	2.0
South West	17.5	6.2
TOTAL	282.4	100.0

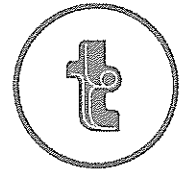
Approximately one third (33.3%) of the Primary Trade Area is located to the north. Furthermore, the majority (assume at least 50%) of residential land within the Secondary East trade area are situated within the northern part of this sector and would be expected to use Edgeware Road to the north of Marrickville Metro to access the Princes Highway and Erskineville Road rather than recirculate around the south. Similarly, it is expected that at least up to 25% of Tertiary East trade area traffic would use arterial roads to the north of the shopping centre. The Secondary North and Tertiary North Sectors are both located directly to the north of the Marrickville Metro centre.

Having regard for the above, it is expected that at least 35% of the additional traffic would be directed to the north which is significant and it is not clear from the TMAP whether this has indeed been accounted for in the modelling.

There also appear to be some inconsistencies in the distribution of the additional traffic onto surrounding intersections regardless of the above assumptions. For example, the additional traffic volumes on a Saturday at the intersection of Enmore Road and Llewellyn Street are not consistent with the additional traffic volumes at the critical intersection of Llewellyn Street and Alice Street with Edgeware Road.

Traffic Impacts

The TMAP states the performance of all intersections is 'satisfactory'. However, the total overall increase in average delay is 91.6 seconds. This is a significant overall change in delay to surrounding road users considering that a number of road users will have to negotiate numerous intersections so that the cumulative average delay to drivers will be significantly higher than would occur at any one intersection. It is questionable whether a single development has the right to impose such an increase on the surrounding area considering the future potential growth in the area.



Furthermore, no consideration has been given to increased background traffic growth which would be expected to result in increased delays at key intersections and may influence the final treatments required to ensure that they continue to operate satisfactorily into the future. The TMAP has considered only two surrounding developments and has not included increased 'through' regional traffic which would be expected to occur along a number of key roads in the locality.

The TMAP implies that the majority of the increased delays at the intersection of Edgeware Road / Alice Street / Llewellyn Street are a result of the additional traffic associated with these other approved developments. This is potentially misleading as there is no separate 'future base case' scenario modelling provided which demonstrates the delays associated with these developments, independent of the proposed Metro redevelopment.

The RTA Guide to Traffic Generating Developments states that assessment of required works should be based on maintaining existing 'Level of Service'. It can be seen from *Table 8.2* of the TMAP, included in **attachment 2**, that over half of the modelled intersections will experience reduced levels of service.

Consideration should also be given to the lost amenity of residents associated with the proposed loss of car parking to ameliorate the traffic impacts arising from the subject development. The loss of this parking may be expected to change (increase) as a result of further sensitivity testing discussed previously.

The TMAP does not include any modelling outputs in order for a more detailed review of the traffic impacts to be assessed independently. As a minimum, Lane Summary and/or Movement Summary outputs should have been included in an appendix of the TMAP.

In essence, the TMAP highlights a number of parking and traffic impacts that should be justified by other planning outcomes. In our view, the Statement of Environmental Effects does not seek to sufficiently justify, in planning terms, the implications arising from the technical report prepared by Halcrow.

⑦ Increased Non-Car Travel

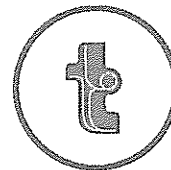
Implementation of a Travel Access Guide and improved bus service arrangements are expected to encourage visitors and staff to utilise non-car forms of transport to access the shopping centre. However, this could be further encouraged through restrictive parking arrangements.

The proposed parking provision is misrepresented within the Environmental Assessment Report (EA). It is currently proposed to provide parking in accordance with the RTA's Guide to Traffic Generating Developments, which generally represents 'unrestrained' conditions with limited reliance on public transport. In this regard, the proposed parking provision is not considered to encourage the use of other modes of transport, as incorrectly stated in the EA.

Therefore, to encourage reduced car dependence, it may be appropriate to further reduce the amount of car parking provided on the site. This would then need to be reinforced with time restricted parking on surrounding streets to discourage the displacement of shopping centre parking onto surrounding roads and residential areas.

⑧ Design Issues

There are a number of issues related to the proposed design as discussed below:



● Conclusions

In summary, it is our view that there are a number of outstanding issues that are required to be addressed, namely:

- More details regarding the assumed traffic distributions should be provided as there appear to be inconsistencies between additional traffic flows at various intersections;
- Sensitivity testing regarding the assumed proportional distribution of development traffic, particularly to the north;
- Consideration of background traffic growth on the performance of the surrounding road network in order to establish what works are required to ensure satisfactory performance is achieved both now and into the future;
- The modelling outputs should be made available for detailed review (ideally the SIDRA files themselves). A copy of dated survey results should also be included as an appendix to the TMAP;
- Clarification of which improvements are proposed and confirmation that the proposed design of these facilities can physically be provided. As discussed above, there are number of issues with the current design which raise potential safety concerns and/or result in further impacts such as additional loss of on-street parking which have not been assessed;
- Detailed traffic assessment of the 'alternative' design needs to be undertaken, particularly as the applicant is unlikely to acquire the land required for the closure of Smidmore Street as assessed by Halcrow;

It would be preferable if a copy of the above information could also be provided to other parties including the RTA, Council and TRAFFIX so that further review of the proposed development may be undertaken. Resolution of the above matters should be undertaken before the Department of Planning assesses the subject application. The environmental assessment does not sufficiently justify the traffic impacts associated with the development and there issues regarding the proposed design and transport improvements. As such, it is our view that the proposed expansion is not supported in its current form.

Please contact the undersigned should you have any queries or require any further information regarding the above.

Yours faithfully,

traffix

Tim Lewis
associate engineer

- attachment: 1) Extract of Table 5.4 from Economic Impact Assessment report, prepared by Pitney Bowes Business Insight
- 2) Extract of Table 8.2 (Comparison of Existing and Future Intersection Performance) from the TMAP, prepared by Halcrow

attachment 1

extract from economic impact assessment, prepared by Pitney Bowes
Business Insight

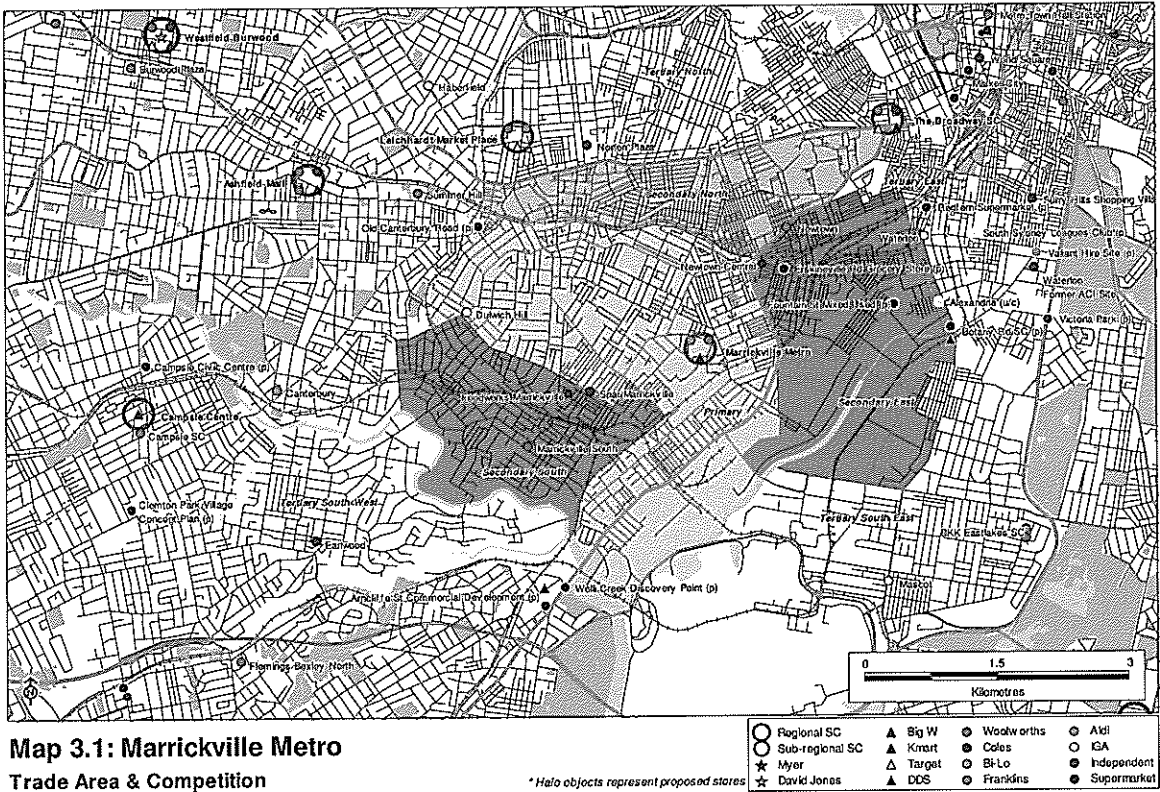
Section 5: Forecast centre sales and likely impacts

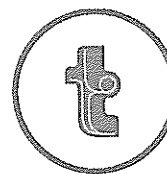
Table 5.4 provides our estimates of anticipated market shares for an expanded Marrickville Metro in 2013. The expanded and redeveloped Marrickville Metro is projected to increase its overall market share by an estimated 2.7% across the total trade area in 2013. The centre is projected to achieve an 8.9%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

Table 5.4									
Expanded Marrickville Metro - Projected Market Shares by Sector, 2012/13*									
Trade Area Sector	Retail Spending (\$M)			Centre Sales (\$M)			Centre Market Share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary Sector	307.4	253.2	560.6	92.8	44.3	137.1	30.2%	17.5%	24.5%
Secondary Sectors									
• North	139.8	121.9	261.7	15.8	9.1	24.9	11.3%	7.4%	9.5%
• East	201.3	177.2	378.6	23.9	15.3	39.2	11.9%	8.7%	10.4%
• South	<u>123.7</u>	<u>95.9</u>	<u>219.6</u>	<u>22.4</u>	<u>18.1</u>	<u>40.5</u>	<u>18.1%</u>	<u>18.8%</u>	<u>18.4%</u>
Total Secondary	464.9	395.0	859.9	62.1	42.5	104.6	13.4%	10.8%	12.2%
Main Trade Area	772.2	648.3	1,420.5	154.9	86.8	241.6	20.1%	13.4%	17.0%
Tertiary Sectors									
• North	342.3	297.3	639.6	0.9	4.4	5.3	0.3%	1.5%	0.8%
• East	199.0	158.4	357.4	2.0	10.3	12.3	1.0%	6.5%	3.4%
• South east	217.2	165.9	383.1	0.9	4.7	5.6	0.4%	2.9%	1.5%
• South West	<u>212.7</u>	<u>162.9</u>	<u>375.7</u>	<u>3.1</u>	<u>14.4</u>	<u>17.5</u>	<u>1.5%</u>	<u>8.8%</u>	<u>4.7%</u>
Total Tertiary	971.3	784.4	1,755.7	6.8	33.9	40.7	0.7%	4.3%	2.3%
Total Trade Area	1,743.5	1,432.7	3,176.2	161.7	120.6	282.4	9.3%	8.4%	8.9%
Sales From Beyond Trade Area				<u>22.0</u>	<u>12.5</u>	<u>34.6</u>			
Total Centre				183.8	133.2	316.9			

*Constant 2008/09 dollars & including GST

Source: Pitney Bowes Business Insight





attachment 2

extract from TMAP, prepared by Halcrow

8.5 Future Intersection Performance

The intersections surrounding the Marrickville Metro Shopping Centre were re-analysed using SIDRA 4.0. Table 8.2 compares the existing and future operation of these.

Table 8.2 – Comparison of Existing and Future Peak Hour Intersection Operation

Intersection		Control	Thursday PM		Saturday	
			LoS	Av. Delay	LoS	Av. Delay
Enmore Rd / Llewellyn St	Existing	Signals	B	22.0	B	20.3
	Future	Signals	C	29.2	C	34.0
Addison Rd / Enmore Rd	Existing	Signals	B	25.1	B	22.6
	Future	Signals	C	35.4	C	35.7
Victoria Rd / Edinburgh Rd	Existing	Signals	B	28.1	B	27.2
	Future	Signals	C	31.4	C	33.9
Edgware Rd / Alice St / Llewellyn St ⁽¹⁾	Existing	Signals	D	51.2	D	50.5
	Future ⁽²⁾	Signals	E	61.4	E	58.5
Edgware Rd / Victoria Rd	Existing	Signs	C	41.3	C	41.8
	Future	Signs	D	43.3	D	44.9
Edinburgh Rd / Fitzroy St	Existing	Roundabout	B	15.5	A	11.9
	Future	Roundabout	C	41.0	B	17.1
Fitzroy St / Sydenham Rd	Existing	Signs	A	11.5	A	12.0
	Future	Signs	A	12.1	A	12.4
Edinburgh Rd / Smidmore St	Existing	Signals	B	26.7	C	29.6
	Future	Signals	B	21.6	D	46.9
Smidmore St/ Murray St	Existing	Roundabout	A	8.0	A	8.2
	Future	Signs	A	11.6	A	14.3
Edinburgh Rd / Sydney Steel Rd ⁽¹⁾	Existing	Signs	A	11.6	A	9.4
	Future	Roundabout	A	13.8	A	12.3
Edinburgh Rd / Murray St	Existing	Roundabout	A	11.2	A	10.7
	Future	Roundabout	A	8.0	A	12.4
Edinburgh Rd / Railway Pde	Existing	Roundabout	A	9.8	A	9.6
	Future	Roundabout	A	12.0	A	10.2
Edinburgh Rd / Bedwin Rd ⁽³⁾	Existing	Signs	B	24.8	B	24.2
	Future	Signs	C	35.4	C	36.7
Bedwin Rd / Unwins Bridge Rd / Campbell Rd / May St ⁽¹⁾	Existing	Signals	F	74.5	C	28.8
	Future	Signals	C	32.2	C	29.1

(1) Future with modified layout

(2) Relative additional traffic contributions are:

Thursday PM	15% Marrickville Metro Expansion
	85% Aquatic Centre + Subdivision
Saturday	24% Marrickville Metro Expansion
	76% Aquatic Centre + Subdivision

(3) Assumes any growth in right turns into Bedwin Road uses underpass to turn left to south to avoid delays.

NSW

The Hon Kristina Keneally MP

Minister for Planning | Minister for Redfern Waterloo

Councillor Morris Hanna
President
Marrickville Chamber of Commerce Inc.
PO Box 766
MARRICKVILLE NSW 2204

D09/5272

- 5 OCT 2009

Dear Councillor Hanna *M. Hanna*

I refer to your correspondence providing further information on the issues raised at our meeting on 28 July 2009 with the Hon Carmel Tebutt MP, Deputy Premier, and Minister for Health, Member for Marrickville, concerning the Marrickville Metro Shopping Centre.

I have noted your concerns in relation to this matter including the classification of the Marrickville Metro Shopping Centre as a 'Village' in the draft South Subregional Strategy and any proposed intensification of the current retail usage at the Marrickville Metro Shopping Centre.

I am advised the Department of Planning is aware of the Chamber's concerns about any future expansion of Marrickville Metro as well as its views on how such an expansion could affect the economic viability of both the traditional Marrickville and Dulwich Hill shopping strips. I am also advised that Marrickville Council is in the process of reviewing its planning controls including those for the Marrickville Metro Shopping Centre, as part of its preparation of the draft Comprehensive LEP 2010.

As part of this process, the Council has prepared an urban strategy which identifies the Metro as a 'Stand alone' Centre. Council has also requested that the Department consider reviewing the draft South Subregional Strategy to reflect this classification. The Department will continue to work with the Council to ensure that Marrickville Metro is appropriately classified in both the final South Subregional Strategy and Council's new Comprehensive LEP.

I trust this information is of assistance.

Yours sincerely



The Hon Kristina Keneally MP



New South Wales Government

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28 March 2008

NSW Department of Planning
Sydney South Region
GPO Box 39
SYDNEY NSW 2001

Fax: (02) 9895 6270
2 pg(s) including this pg

Email: southsubregion@planning.nsw.gov.au

RE: SOUTH SUB REGION DRAFT SUB REGIONAL STRATEGY

The Marrickville Chamber of Commerce has received and considered the "South Sub Region Draft Subregional Strategy" published by the NSW Department of Planning ("Report"), and having consulted various planning and urban design consultants and its members, wishes to make the following comments and submissions:

1. Marrickville, in terms of its urban and residential fabric, identity, land uses and historical attributes appears to be closer to and better assessed within the Inner West sub region as opposed to the south sub region.
2. There appears to be no basis or explanation provided for the discrepancy between identifying Marrickville Road as a Town Centre in various plans and maps and in other plans and maps identifying Illawarra Road, as a "Village". The Marrickville Town Centre is defined by:
 - a. Marrickville Road, from approximately the Sydneham Railway Station eastern end at Victoria Rd to Livingstone Road / Marrickville Hospital site in the west; and
 - b. Along Illawarra Road including Marrickville Station and the area known as the Warren bounded to the south by Harnett Avenue.

Accordingly, we have treated the Marrickville Town Centre as both Marrickville and Illawarra Roads.

3. This is essentially reinforced by the substantial infrastructure represented by Marrickville and Sydneham Railway Stations, which forms the base of this Town Centre. Which significant railway infrastructure can be better utilized by creating greater densities within the Town Centre.
4. Marrickville Road presents an excellent opportunity - as evidenced by its strong transport credentials in Marrickville and Sydneham Railway Stations, proximity to the CBD, Airport, Port Botany and main expressways - to accommodate greater mixed used densities and heights along the Marrickville and Illawarra Roads.
5. The incentive for residential / retail infill and "shop top housing" is restricted by the lack of suitable floor space ratios and height guidelines in the environmental planning instruments of the Marrickville Local Government Area.
6. A sensible and balanced increasing of densities and heights in the Marrickville Town Centre, amongst other things, would:




Marrickville Chamber of Commerce Inc.

PO BOX 766 MARRICKVILLE 2204

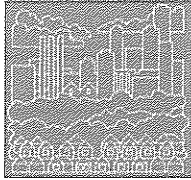
- a. Reinvigorate the Marrickville Town Centre with additional tenants, retail activity, residents, better security and amenity as a result of the residential activity above the shops – creating a vibrant urban setting during the day time and into the evening – with cafes, restaurants and entertainment;
 - b. Absorb some of the increasing demand for housing (as reflected in the increasing residential rentals in the Marrickville LGA), which housing demand would be accommodated in traditional residential areas by increased densities and heights - with the expected friction, disputes and objections between residents in existing single dwellings and the introduction of medium and high density residential.
7. The Report makes no mention of the significant Marrickville Hospital site on the corner of Livingstone and Marrickville Roads, which should be identified as a major civic redevelopment site, which would accommodate high density residential, Council civic facilities such as Council Chambers, library and childcare, and other substantial benefits for the Marrickville LGA and its residents.
 8. The Chamber believes that the Metropolitan Development Program 2005 target for approximately 5,000 new dwellings in the Marrickville LGA Area – is an excellent opportunity for the Report to identify, reinforce and recommend some of this high demand for new residential dwellings be absorbed by increasing densities in the Marrickville Town Centre.
 9. Mixed use projects and “shop top housing” with suitable development standards, including strong urban design and sustainable development principles, can make a significant contribution to housing stock and variety within the Marrickville LGA and contribute significantly to meeting the Metropolitan Development Program 2005 target, which the existing residential areas of Marrickville would encounter not only difficulty but heated opposition and friction in achieving suitable development density.
 10. The Chamber is seeing an erosion of the traditional retailing along Marrickville Road, due to the expansion of nearby regional and sub regional shopping centres, expansion of retail activities at Sydney Airport, the introduction of bulky goods and “unlawful” retail operations in industrial areas – with the result being that many shops are becoming vacant, a proliferation of discount and \$2 shops – deterioration of what otherwise was a vibrant and strong retail area. The introduction of greater densities would introduce greater numbers of residents directly above and in the immediate vicinity of the retail strip – which would invigorate and revitalize the retail strip for both day time generic retailing, destination retailing and spill over into the evenings with entertainment, restaurant and café retailing.

We look forward to your reply.

Yours faithfully



Marrickville Chamber of Commerce



DESIGN COLLABORATIVE Pty Limited

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10 September 2010
Ref: 109561.2L

NSW Department of Planning
GPO Box 39
Sydney NSW 2001

Attention: Andrew Beattie

Dear Sir,

RE: OBJECTION TO MP09-0191-MARRICKVILLE METRO EXPANSION

Introduction

We act on instructions from the Marrickville Chamber of Commerce who have commissioned our firm to review the major project application to expand Marrickville Metro Shopping Centre. This submission also includes as appendices reports reviewing the economic assessment of the proposal as well as traffic and parking impacts.

To assist with our assessment an inspection of the site and surrounding area was carried out as well as a review of the DA documentation on exhibition. In addition reports prepared on behalf of Marrickville Council with respect to Urban Strategy as well as Council's response to the NSW Government's draft South Subregional Strategy and the Marrickville Action Plan for Urban Centres have been reviewed.

On behalf of our clients, we wish to lodge an objection against the proposed development. The principal concerns of that objection relate to inconsistency with the adopted strategic planning direction of Marrickville Council with respect to future anticipated development, size of proposed development and economic impact on the Marrickville Road and other retail centres within the Marrickville Local Government area and traffic impacts on the area surrounding Marrickville Metro.

Based on the above the application should be refused.

Our Clients Land

Our clients are part of a community organisation that has been affiliated to assist with the promotion of the Marrickville Road and Illawarra Road retail centres. They have been heavily involved in assisting Marrickville Council with input into strategic planning for their shopping areas as well as investment in infrastructure including the wider context within the Marrickville Local Government Area. Our clients have direct experience with the impact of Marrickville Metro shopping centre both initially and as it has altered and added floorspace over the years and drawn anchor tenants away from the shopping precinct

in Marrickville Road and Illawarra Road which resulted in retail decline. The proposed expansion of Marrickville Metro shopping centre has the potential to cause such adverse economic impacts once again.

Strategic Context

Marrickville Council has spent time and resources on its strategic direction with respect to urban development to assist with updating and upgrading its planning controls both at a regional and local level. The first document of note that we have reviewed is the Marrickville Urban Strategy. It designates the Marrickville Metro Shopping Centre as a stand alone shopping centre in order to support the existing retail hierarchy which is situated along and around public transport links and existing social infrastructure such as Marrickville Road shopping precinct. The proposed development does not incorporate elements such as improved public transport links or social infrastructure whilst it would have an adverse economic and social impact on retail areas within the Marrickville Local Government Area.

The second document of note is Marrickville Council's response to the draft South Subregional Strategy. Council has noted that whilst the Marrickville Urban Strategy designates Marrickville Metro as a stand alone shopping centre, the draft Subregional strategy designates Marrickville Metro as a village. Council has resolved to advise the NSW State Government that Marrickville Metro be designated as a stand alone shopping centre and remove references to it having the potential for expansion on the basis that it does not meet the strategic criteria of retail centres supporting public transport infrastructure.

We also note that our client has provided a submission to the Department of Planning on the draft South Subregional Strategy which reflects Marrickville Council's position as stated above. A copy of that submission and correspondence from the then Minister are attached to this letter.

The final document in a strategic sense is the Marrickville Action Plans for Urban Centres. This document reinforces the facts stated above that any expansion of Marrickville Metro should be accompanied with strategic intensification of the area including improved public transport links.

The Proposed Development

The proposal seeks to incorporate part of an existing public road known as Smidmore Street and the property known as 13-55 Edinburgh Road, Marrickville into an expanded Marrickville Metro Shopping Centre. We note that the existing shopping centre incorporates 28260 sqm of gross floor area and the proposal seeks to add 32505 sqm. That means that the proposal would more than double the existing capacity of the shopping centre. Such a significant expansion in commercial floor space cannot fail to have an adverse economic impact on existing retail centres in the Marrickville Local Government area.

Our Clients Concerns

As previously mentioned, our clients concerns relate to inconsistency with the adopted strategic planning direction of Marrickville Council with respect to future anticipated development, size of proposed development and economic impact on the Marrickville

Road and other retail centres in the Marrickville Local Government area and traffic impacts on the area surrounding Marrickville Metro. We deal with each of those matters in turn below.

1. Inconsistency with Marrickville Council strategic planning

As detailed above, Marrickville Council has commissioned studies and reports to assist with determining options for future development of land within its jurisdiction. With respect to Marrickville Metro, the consistent theme has been that it should remain as is in terms of size and any expansion should only be contemplated if it is accompanied with strategic intensification of the area including improved public transport links. The proposal does not include improved public transport links which have been determined by Council to be relevant to any consideration of expansion of Marrickville Metro shopping centre. The proposal is inconsistent with Council's strategic planning direction which has been communicated to the NSW Department of Planning and on that basis should be refused.

2. Size of proposed development

The proposed development is out of scale and context with the existing and proposed town planning controls in the surrounding area. The existing and proposed controls (ie the existing Marrickville LEP and draft LEP) limit the use of the land to industrial with a maximum floorspace of 1:1. The proposed development seeks floorspace firstly for commercial use and would be well beyond the existing floorspace limit at approximately 1.53:1. The size and bulk of the proposal apart from having adverse economic impacts would have adverse impacts in terms of bulk, scale and intensity of use which would also translate to such impacts as traffic and parking in the area.

3. Economic Impact

Our client has commissioned Hill PDA to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on retail centres in the locality. The report is attached to this submission as an appendix. The outcome of the independent economic assessment of the proposal is as follows.

- The proposed development would capture \$53 million dollars of expenditure from existing retail strip retailers in Enmore Road, Newtown and Marrickville equating to a combined redirection in turnover of 13% from these retailers.
- Given the smaller size and relatively lower margins of strip based retailers, such a fall in turnover will make many of these retailers unviable.
- Given the current underperformance of these precincts, it is expected that their viability will be significantly undermined with the current average level of 7% of total shop front vacancies increasing to around 12%-15% as a result of the proposed development.
- Given the low level of population growth in the Primary Trade Area and combined with the new centres to the east in Erskineville/Green square, it will take considerable time for these vacancies to be filled with new businesses.
- The Marrickville Road shopping precinct is expected to record a significant reduction in turnover of 16%-17%.
- The Enmore Road shopping precinct is expected to record a 14% fall in turnover which is considered to be moderate to high.

- The King Street shopping precinct is expected to record a moderate fall in turnover of 10%.

In terms of economic impact there are Land and Environment Court judgements that have provided town planning principles on relevant matters for consideration in relation to the economic and social impact of proposed retail facilities. In *Fabcot Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted as follows.

Economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere threat of economic competition between competing businesses.....It seems to me that the only relevance of the economic impact of a development is its effect 'in the locality'

We note that in *Fabcot*, the Land and Environment Court refused the application on the grounds of adverse economic impact. The Court considered that the proposed Woolworths Marketplace in South Windsor would redirect considerable expenditure away from Windsor town centre. The existing supermarket in Windsor would experience considerable loss in trade with the possibility that it would cease trading. Competition with an individual retailer was not a relevant consideration. However in this case the retailer was an anchor tenant and the existing speciality stores had developed a strong nexus relationship over time. Closure of the supermarket would have resulted in further closures and likely social detriment.

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted the following.

If the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning.....However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration.

In applying the above planning principles it is clear that the proposal struggles to meet the *Fabcot* test as whilst it will provide some benefit in the locality, it will also result in adverse economic impact on the surrounding retail strip precincts and the resultant community detriment will not be made good by the development itself.

Based on the above the application should be refused.

4. Traffic Impact

Our client has commissioned traffic and transport planners to review the potential impacts with respect to traffic and parking. The report is attached to this submission as an appendix. The outcome of that assessment reveals that the proposal would have a

significant adverse impact on existing capacity constraints at the following intersections at peak Saturday trading times within the surrounding area so that their level of service would fall.

- Enmore Road/Llewellyn Street intersection with traffic signals from level of service B to C.
- Addison Road/Enmore Road intersection with traffic signals from level of service B to C.
- Victoria Road/Edinburgh Road intersection with traffic signals from level of service B to C.
- Edgeware Road/Alice Street/Llewellyn Street intersection with traffic signals from level of service D to E.
- Edgeware Road/Victoria Road intersection with signs from level of service C to D.
- Edinburgh Road/Fitzroy Street intersection with roundabout from level of service A to B.
- Edinburgh Road/Smidmore Street intersection with traffic signals from level of service C to D.
- Edinburgh Road/Bedwin Road intersection with signs from level of service B to C.

In addition to the above there are a number of outstanding issues that are required to be addressed in completing a considered review of traffic and parking impacts as detailed on page 5 in the conclusions of the traffic impact assessment report attached to this letter.

There is no justification provided by the proposal with respect to the traffic impacts detailed above or how they are proposed to be mitigated. On this basis the application should be refused.

Conclusion

We believe our client has substantive concerns in relation to the proposed development especially with respect to size of the proposed development and adverse economic impacts which on their own are sufficient in our opinion to warrant refusal of the application. That position is strengthened when combined with the failure of the proposal to address the adopted strategic planning direction of Marrickville Council with respect to future anticipated development and traffic impacts on the area surrounding Marrickville Metro.

Should you have enquiries with respect to the above please do not hesitate to contact us to discuss.

Yours faithfully
DESIGN COLLABORATIVE PTY LTD



J Lidis
Director

Marrickville Metro Economic Impact Assessment

PREPARED FOR

Marrickville Chamber
of Commerce

August 2010

Hill PDA

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QUALITY ASSURANCE

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QUALITY CONTROL

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

REVIEWED BY



10 September 2010

ADRIAN HACK
M. Land Econ. B.Town Planning (Hons). MPIA
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REPORT DETAILS:

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1. EXECUTIVE SUMMARY

Hill PDA has been appointed by Marrickville Chamber of Commerce to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on retail centres in the locality.

The proposal includes the redevelopment of the whole of the site utilised for the current Marrickville Metro, a site neighbouring Marrickville Metro, currently occupied by an industrial building and a section of Smidmore Street that presently divides the two sites. When completed, the expansion will provide two discount department stores, 10,417sqm of supermarket space, 3,279sqm of mini majors and 12,459sqm of speciality space. Total leaseable retail floor space will almost double from 21,061sqm to 40,914sqm.

A review of the primary trade area (PTA), as defined by Pitney Bowes Business Insight (PB) in the Economic Impact Assessment, revealed that the main trade area had appropriate and reasonable boundaries with the exception of the secondary and tertiary trade areas to the east. PB is somewhat relying on the capture of expenditure from the Erskineville Green Square area which is presently underserved with retail space. However a significant level of retail space is planned to service this area with around 45,000sqm in the Green Square Town Centre (including the Gazcorp and the Choker sites), 5,000sqm for Erskineville Ashmore Estate and in other centres such as Victoria Park. Also access to Marrickville Metro from the Green Square area is highly inconvenient involving considerable delays crossing Princes Highway and the railway lines. Eastgardens, and to a lesser extent Bondi Junction, are far more convenient centres to access from the Green Square Development Area.

Retail Expenditure

When compared to the demographic profile of the Sydney Statistical Division it was found that comparatively the trade areas, as defined by PB, had an older population, slightly higher household incomes, a greater level of persons born overseas, low home ownership and a higher number of lone person households.

Some growth in household expenditure is expected to be generated by population growth in the order of 0.70% per year, which is not a significant level. Stronger growth is expected to come from the secondary and tertiary east trade area – Erskineville / Green Square. However this area will experience dramatic increases in the supply of retail space over the next decade as several new centres will be built. It is not expected that Marrickville Metro will benefit from population growth in that area. If anything Marrickville Metro's has been enjoying trade escaping this area due to undersupply of retail floor space. As Erskineville, Green Square Town Centre, Victoria Park and other centres begin trading then Marrickville Metro's trade area is likely to contract.

According to Pitney Bowes Business Insight, Marrickville Metro Economic Impact assessment the centre currently captures 48.5% of its turnover from the defined primary trade area, 31.4% from the secondary trade areas and the remaining 20.1% from the tertiary trade area and from residents located beyond any of the trade areas. Following completion, Pitney Bowes estimates that a greater proportion of turnover will originate from the secondary trade areas, with residents in these areas expected to contribute 33.0% of the increased yearly turnover. However as stated above the secondary and tertiary trade areas to the east are likely to contract due to the opening of new centres over the next decade.

Because Marrickville Metro's trade area is likely to contract from the east, and because population growth in the Marrickville LGA is relatively low then the marginal turnover in Marrickville Metro will only be achieved by redirecting considerable turnover from competing centres in the locality.

Economic Impact

The proposed development is expected to result in significant impact upon strip retail shops located in and around the Marrickville Local Government Area. If the development proceeds, it is estimated that around half (\$53m) of the increase in turnover will be captured from existing strip retailers in the Marrickville LGA and on the boundaries of the LGA.

As a result of the proposed development the Marrickville Road and Illawarra Road precinct is expected to record a 16% to 17% fall in turnover which is considered significant. The Enmore and Newtown precincts are expected to record a moderate fall 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 shop front premises. A further 23% of premises are being used for non-retail commercial purposes reflecting the low performance of this area. The combined impact of mundane growth in the area, below average performance of the existing centres and significant loss in trade will result in increased vacancies that will take some time to re-fill.

In terms of economic impact there are court judgements that have provided guidance on relevant matters for consideration. In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that "if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning."

Given the smaller size and relatively lower margins of strip based retailers, such a fall in turnover will likely make many of these retailers unviable. More specifically it is expected that the Enmore and Marrickville strip precincts will be most impacted by the proposed expansion. Given the current underperformance of these precincts, it is expected that their viability will be significantly undermined, with a sizable increase in vacancies likely to come as a result of the proposed development. We expect that the average level of vacancies at 8% to 9% of total shop front premises will increase to around 15%. Given the low level of population growth in the PTA, combined with the new centres to the east in Erskineville / Green Square area, it will take considerable time for these vacancies to be filled with new businesses.

Given that:

- the suburb of Marrickville and surrounding suburbs will experience limited growth in population numbers over the foreseeable future;
- several strip based retail centres are expected to experience moderate to significant falls in turnover;
- those centres are currently trading below national average and have a high proportion of vacant and non-retail shop front premises;
- the proposed development will place a number of existing retail precincts in financial jeopardy, resulting in a lower level of retail amenity being provided to local residents; and

- the proposed development is a stand alone outlet centre and not near any train station and will not make good for the loss it causes.

then we consider the net social and economic benefits to the local community to be negative.

2. INTRODUCTION

Hill PDA has been appointed by Marrickville Chamber of Commerce to undertake an independent study to consider the potential economic impacts of the proposed expansion of Marrickville Metro on existing retail centres in the locality. The study will also review whether or not the proposed development is consistent with the objectives of local and state based planning instruments, from an economic impact perspective.

2.1 The Site

The proposed expansion consists of three separate parcels of land including the following;

- 34 Victoria Road, Marrickville, a 3.566ha site currently utilised for the existing Marrickville Metro Centre.
- 13-55 Edinburgh Road, Marrickville, a 8,800sqm site currently occupied by an industrial building.
- A section of Smidmore Street (as an option to link the two sites above).

The site is bounded by Victoria Road to the north, Edinburgh Road to the south, Murray Street to the east and abuts a residential housing estate to the west of the site. The site has a mix of zoning including General Business 3a (existing Marrickville Metro Site) and General Industrial 4(a) (13-55 Edinburgh Road). The section of Smidmore Street is currently unzoned and is subject to purchase from the Marrickville Council. We understand that Council resolved not to consent to the disposal of any land or airspace for the expansion of the shopping centre.

Marrickville Metro currently comprises almost 23,000sqm of leasable floorspace (GLA), including a retail component of 21,061sqm. The centre anchored by a Kmart discount department store of 7,311sqm, Woolworths and ALDI supermarkets totalling 6,117sqm and 7,633sqm of mini-majors and specialty stores.

Figure 1 - Approximate Site Location

Source: Urbis Preliminary Environmental Assessment, November 2009.

2.2 The Proposal

The proposed expansion of Marrickville Metro will almost double the amount of retail floor space. It includes a second discount department store (7,448sqm), an additional full line supermarket of 4,300sqm and 8,100sqm of additional specialty retail. Once completed it will be a double discount store centre with three supermarkets – a total of 44,400sqm of leasable floor space of which approximately 41,000sqm would be retail and approximately 3,400sqm would be commercial services as shown in the table below.

Table 1 - Proposed Expansion (GLA sqm)

Store Type	Existing	Proposed	Total
Dept Stores	7,311	7,448	14,759
Supermarkets	6,117	4,300	10,417
Mini-majors	1,138	2,141	3,279
Specialty Retail	6,795	5,964	12,759
Total Retail	21,061	19,853	40,914
Non-retail	1,572	1,917	3,489
Total	22,933	21,470	44,403

2.3 The Methodology

In determining a methodology for the assessment of the economic impact of the proposal it is important to consider the principles outlined in the relevant statutes. Demonstrating over or under supply of retail space within a given area is not the relevant matter, although it may have consequential impacts that would be considered by the Land and Environment Court.

The relevant matter is the impact on retail centres as a whole, whether or not it will result in social detriment and whether or not the application will make good for that loss.

In undertaking this study, our methodology was based on the above principles and the following scope of works:

- A site appraisal;
- A review of the Part 3A development application, paying particular attention to the Economic Impact Assessment accompanying the application.
- The determination of supermarket floor space and other major retailers within the trade areas;
- The determination, location and intensity of competing retail stock in the pipeline within the surrounding area;
- The identification of the primary and secondary trade areas based on distances, accessibility and the location and level of retail offering in other centres;
- A review of data derived from the ABS Census, DoP, Council and other sources, to develop a profile of key demographic characteristics in the Marrickville Metro primary and secondary trade areas (population, household characteristics and lifestyle trends);
- An update of population and household growth in the trade areas from Council and/or NSW government (MDP or other) sources;
- The determination of forecasts for household expenditure by trade area by retail store type and the quantification of levels of under or over supply based on national benchmark turnover levels;
- An estimate of the turnover of the proposed centre and the likely redistribution from existing and planned retail centres. The measurement of impacts as shifts in turnover over time taking into consideration growth in expenditure in the trade area; and
- A consideration of whether or not impact on existing/proposed retail centres is significant and/or detrimental and, if so, whether or not means could be used to mitigate that harm.

2.4 Limitations

This report is for the use of Marrickville Chamber of Commerce for a submission to the NSW Department of Planning in respect of the proposed expansion of Marrickville Metro. We disclaim any responsibility to any third

party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report is based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the expenditure and financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.

3. ANALYSIS OF EXISTING CENTRES

To provide the relevant context for the retail impact assessment, this Chapter includes an overview of surrounding centres that would be impacted by the proposed expansion of Marrickville Metro.

3.1 Supply of Retail Floor Space

The existing supply of retail floor space is measured by combining the number of stores and their respective floor space (in square metres). Floor space is a measure of lettable area (the area leased by a store operator, inclusive of office and storage space) and excludes common areas, plant rooms and loading docks. In the case of indoor centres such as Marrickville Metro, it includes the floor space leased to shop owners, but excludes elements such as common areas, car parking, toilets, plant rooms and fire egress.

The number of business in retail centres is provided below:

Table 2 - Number of Establishments in Retail Centres in the Locality by Retail Store Type

Location	Supermarket	Dept Store	Specialty Shops	Total Retail	Shop Front Commercial	Vacant	Total Shop Front
Marrickville (Marrickville Rd & Illawarra Rd)	3	0	209	212	90	27	329
Canterbury	1	0	41	42	9	27	78
Campsie	2	3	229	234	51	7	292
Clemon Park	0	0	11	11	4	3	18
Dulwich Hill	1	1	117	119	26	5	150
Earlwood	1	0	100	101	26	2	129
Hurlstone Park	1	0	37	38	16	12	66
Summer Hill	1	0	52	53	12	0	65
Enmore	0	0	114	114	35	7	156
Petersham	0	0	41	41	28	13	82
Newtown	2	0	390	392	82	34	508
Broadway Shopping Centre	1	3	156	160	15	0	175
Total Shop front	13	7	1,497	1,517	394	137	2,048

Notes: Above excludes automotive businesses including petrol outlets. Commercial refers to shop front commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and shop top commercial space.

Sources: Australian Property Council Shopping Directory, Pitney Bowes 2009 and Hill PDA Floor Space Surveys 2010

The total retail floor space in the Marrickville area is provided in the table below:

Table 3 - Total Floor Space in Retail Centres in the Locality by Retail Store Type 2010 (sqm)

Location	Supermarket	Dept Store	Specialty Shops	Total Retail	Shop Front Commercial	Vacant	Total Shop Front Space
Marrickville (Marrickville Rd & Illawarra Rd)	5,050	0	22,600	27,650	13,250	2,075	42,975
Canterbury	1,500	0	3,462	4,962	759	2,279	8,000
Campsie	3,677	10,482	15,855	30,014	3,217	490	33,721
Clemton Park	0	0	963	963	350	262	1,575
Dulwich Hill	2,100	648	6,698	9,446	1,487	285	11,218
Earlwood	1,800	0	12,684	14,484	3,265	251	18,000
Hurlstone Park	300	0	4,617	4,917	1,942	1,490	8,349
Summer Hill	1,728	0	2,746	4,474	627	0	5,101
Enmore	0	0	8,155	8,155	4,690	725	14,095
Petersham	0	0	3,335	3,335	4,185	3,055	10,575
Newtown	1,688	0	33,340	35,028	10,858	2,570	48,456
Broadway Shopping Centre	3,974	14,454	21,227	39,655	1,500	0	41,155
Total	21,817	25,584	135,682	183,083	46,130	13,481	243,219

Notes: Above excludes automotive businesses including petrol outlets. Commercial refers to shop front commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and shop top commercial space.

Sources: Australian Property Council Shopping Directory, Pitney Bowes 2009 and Hill PDA Floor Space Surveys 2010

3.2 Marrickville Metro

The existing retail offer within Marrickville is split into three separate precincts, the existing Marrickville Metro shopping centre and two retail strips, one along Marrickville Road and the other along Illawarra Road.

In its present state Marrickville Metro consists of a 19,980sqm sub-regional shopping centre featuring a full line Woolworths supermarket (4,910sqm), ALDI supermarket (1,207sqm), Kmart (7,311sqm), 6,522sqm of retail specialities and parking for 1,100 cars. According to Marrickville Metro owners AMP Capital, the centre achieved \$204.1m million in turnover in the 12 months to December 2009, equating to \$10,245/sqm.¹ Its turnover was reported in the Shopping Centre News (SCN) Little Guns 2010 at \$206.8m. In terms of turnover per square metre it is the third highest ranking centre out of all 88 "Little Guns" centres in the SCN (defined as centres between 20,000sqm and 45,000sqm) and 47% above average.

3.3 Marrickville

The Marrickville strip retail centre is "T" shape with the head of the "T" stretching 700m along Marrickville Road from Meeks Road to Petersham Road. The remaining strip stretches 900m along Illawarra Road from Marrickville Road past the train station to Renwick Street. At its closest point (corner of Marrickville Road and Meeks Road) this centre is 1.5km by road from Marrickville Metro.

The retail properties along Marrickville Road, being the traditional centre of Marrickville are higher quality than the retail properties along Illawarra Road, with the aesthetics of the centre boosted by a divided two lane road and alfresco seating areas in front of many of the Cafés. The overall mix of retailers include food and grocery, personal

¹ Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment.

services, restaurants and Asian groceries. There are also 18 clothing stores and five bulky goods retailers. A similar mix of retailers front both sides of Illawarra Road including food and grocery, personal services and restaurant/fast foods. There are fewer clothing and comparative goods stores.

Anchor tenants in the Marrickville strip centre include a 1,500sqm Foodworks supermarket on Illawarra Road and a Bing Lee electrical goods retailer (approximately 1,000sqm) at number 326 Marrickville Road. At the southern end of the strip centre on Illawarra Road between Warren Road and Renwick Street is a 2,800sqm Woolworths Supermarket. The area south of the Railway line is referred to as Marrickville South.

3.4 Canterbury

The existing retail offer in Canterbury consists of a number of strip shops along Old Canterbury Road and a 1,500sqm ALDI supermarket located on Jeffery Street. With the exception of the ALDI store, the existing offering is limited, with many of the shops along Canterbury Road in poor aesthetic condition and/or currently vacant. While the centre benefits from strong transportation links including a train station in close proximity, the enforced clearways along Old Canterbury road severely limits exposure and impedes vehicular access to the centre. A post office is located here.

An external vacancy survey along some 400m of Old Canterbury Road (200m on either side of the train station) reveals that almost 40% of the shops are either used as commercial premises or are vacant and closed.

3.5 Campsie

Campsie is located approximately 8.7km from the subject site. The centre which spreads across both sides of the Bankstown railway line is characterised by a sub-regional shopping centre (Campsie Centre) with a large number of strip based retail located along Beamish Street.

Campsie Centre (13,068sqm) is anchored by a 1,177sqm Food for Less supermarket and a 7,662sqm Big W. In addition to these larger tenancies the centre also features a post office, RTA outlet, chemist, over 50 specialty stores and enclosed parking for up to 800 vehicles.

In addition Campsie also features a freestanding 2,500sqm Woolworths supermarket and a large number of strip based retailing, predominantly located along Beamish Street. The strip provides for a number of commercial services oriented businesses including banks and real estate agents, as well as providing a number of restaurants and speciality food retailers.

The Campsie Retail Centre as a whole is in need of revitalisation, with many of its stores showing signs of dating and underperformance. It is noted that there is a substantial redevelopment of Civic Centre planned, which will help to lift the profile of and boost performance of the centre.

3.6 Clemton Park

Clemton Park is located approximately 7.5km from the subject site, the centre featuring a small number of strip based shops located along William Street anchored by a large stand alone bottle shop.

There is currently a proposal to develop the former Sunbeam factory in Clemton Park for residential and retail uses, this is discussed in section 2.11.

3.7 Dulwich Hill

There are two distinct retail centres within Dulwich Hill, one located along New Canterbury Road (4.2km from subject site) and a second located around the Dulwich Hill train station (3.7km from subject site), both offering similar strip based centres.

The centre located along New Canterbury Road is anchored by a 2,100sqm Franklins supermarket and features a 648sqm discount department/variety store, in addition to a number of smaller retail tenancies.

In addition to a high proportion of commercial services, the centre at Dulwich Hill train station features a large number of non-food based retailers and a small (300sqm) Riteway supermarket/convenience store.

3.8 Earlwood

The Earlwood centre is located approximately 6.2km from the subject site and is anchored by a 1,800sqm freestanding Coles supermarket. In addition to the supermarket, Earlwood features a large number of strip based retail tenancies predominantly located along Homer St, the majority of which provide non-food related services with only nine of the 129 specialty retailers offering food related services.

3.9 Hurlstone Park

Similar to Dulwich Hill, Hurlstone Park features two distinct retail strip centres, one located along New Canterbury Road (5.7km from subject site) and the other located around Hurlstone Park train station (5.6km from subject site).

The retail offering along New Canterbury Road is characterised by a number of restaurants and other non-food speciality retailers. In addition to the strip retailers, there is also a 7-11 service station with a small convenience based shop attached.

The centre located nearby the Hurlstone Park train station is characterised by a number of convenience based retail stores which are currently in poor condition and assumed to be underperforming national benchmarks.

3.10 Summer Hill

The retail centre at Summer Hill is approximately 4.4km from the subject site. The centre which is located near Summer Hill train station is anchored by a 1,728sqm freestanding Franklins supermarket, in addition the centre also features a large deli (600sqm) attached to the Franklins supermarket and a number of strip based retail specialties.

3.11 Enmore

The Enmore strip shops stretch from King Street to Stanmore Street. Its closest point to Marrickville Metro at Stanmore Street is 1.1km 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 services retailers, a community food co-operative and two small convenience based supermarkets.

3.12 Petersham

The strip shops located along New Canterbury Road, Petersham are located approximately 2.5km from the Marrickville Metro site. The centre is predominately restaurant focused, with this retail type accounting for the majority retailers within Petersham. In addition the centre also features a small Foodworks convenience store approximately 170sqm. Presently the centre is characterised by the former Majestic Theatre, there is however, plans to develop this site for residential and ground floor retail uses.

3.13 Newtown

The Newtown retail strip is commonly referred to as a 'prime retail strip'. The strip straddles the Newtown train station which is located approximately 1.9km from the subject site, although the southern end of Newtown is only 1km from Marrickville Metro. Newtown features a wide range of both national and independent retailers. Much of the stores located to the north of the Newtown train station are high quality fashion/apparel based retailers, while those to the south of the train station are generally feature lower quality fit-outs and are more typical of traditional suburban retail strip shops. Vacancies are more common towards the southern end of the strip centre, which is closer to Marrickville Metro.

The centre also features a standalone 900sqm Franklins supermarket and a small 1,500sqm shopping centre "Newtown Central" which is anchored by a 788sqm Foodworks shopping centre.

Newtown is less likely to be impacted by Marrickville Metro than other strip centres largely because of its retail mix. It has an alternative and a quasi-tourist role with its array of a-la-carte and specialty restaurants, lifestyle and bohemian specialty food and non-food stores.

3.14 Broadway Shopping Centre

Broadway Shopping Centre is a Regional Centre (as defined under the PCA directory) located approximately 3.5km from Marrickville Metro. The 41,155sqm centre is the largest centre in the immediate area surrounding Marrickville Metro. It features three discount department stores totalling 14,454sqm, a full-line Coles supermarket, 171 retail speciality stores, a Hoyts cinema, Gymnasium and parking for 1,870 cars.

In the 12 months to December 2009, the Broadway Shopping centre recorded a moving annual turnover of \$9,087/sqm, ranking it second of 88 similar sized centres within Australia (as reported by Shopping Centre News).

3.15 Other Centres

Other retail centres in potential competition with the proposed centre at Marrickville include Ashfield Mall – a 25,125sqm sub-regional shopping centre featuring a Coles, Woolworths and Franklins supermarket.

3.16 Proposed Centres

There are currently a number of proposed retail developments in the locality including the following.

- Former Sunbeam Site, Clemton Park – a mixed use retail and residential development totalling 61,935sqm in size. If developed the site will feature a 2,751sqm supermarket and up to 4,001sqm of speciality retailing. The site is currently for sale with concept plan approval.
- Campsie Civic Centre, Campsie – The mixed use redevelopment of the Campsie civic centre on Beamish Street will consist of residential, council chambers, library, commercial and function centre building totalling 36,204sqm. The proposed retail component will comprise of a supermarket and speciality retailers totalling 6,640sqm. A draft masterplan has been finalised by Canterbury Council.
- Green Square Town Centre will have around 45,000sqm of retail space when developed with the Gazcorp and Choker sites included around the Green Square railway station. The State Government will develop the land east of the railway station with 26,000sqm of retail space. The mix is likely to include a discount department store and one or two large supermarkets.
- The Gazcorp site on Botany Rd Shopping Centre near Green Square Station will be a mixed use building, with 14,900sqm of retail space anchored by a discount department store of 5,500sqm and a supermarket of 3,500sqm. This development has been approved. Gazcorp sort for an increase in floor space to approximately 23,700sqm which was refused by the Land and Environment Court.
- 78-79 Old Canterbury Road, Lewisham – a 51,137sqm mixed use residential and retail development comprising of a 3,434sqm supermarket, a 1,116sqm fruit and vegetable market and 3,878sqm of retail specialties. The proposal has been submitted to NSW Department of Planning for major planning assessment.
- 23 Erskineville Road Newtown is a proposed conversion of a former warehouse into a 900sqm supermarket. This project was granted development approval in September 2009.

- ≈ It is anticipated that the Erskineville/Ashmore industrial precinct will ultimately have a shopping centre or around 5,000sqm anchored by a supermarket. Other centres in Green Square area include Victoria Park (around 12,000sqm with a full-line supermarket). Danks Street also has some capacity for further expansion of retail space.
- ≈ A massive 39,000sqm IKEA store on the Princes Highway in Tempe is due to open in 2011. This store is only 3km by road from Marrickville Metro and will provide some competition with the department stores and other larger retailers.

Proposed centres – particularly those centres east of Kings Street (Princes Highway) - will result in some contraction in Marrickville Metro's trade area. This is discussed in the next section.

4. DEMAND FOR RETAIL SPACE

4.1 Trade Area Definition

For the purpose of this report we have reviewed the Marrickville Metro Trade Area defined by Pitney Bowes Business Insight (PB), in the Economic Impact Assessment accompanying Part 3A development application.

The PB report suggests that a main trade area, encompassing a primary trade area (PTA) and a number of secondary trade area's (STA) exist, generally extending between 2.0km—3.5km from the Marrickville Metro Centre Site. The report also identifies a number of tertiary trade areas, located beyond the main trade area.

The report while detailing the broad determinants of a trade area, does not define what is meant by PTA and STA. For the purpose of assessment we usually define a retail centre's PTA as the area where the majority of household expenditure by type of expenditure (food and groceries, bulky goods, etc) generated is captured by that retail centre. Alternatively it is the centre where most expenditure is directed to. A retail centre's STA is usually defined as the area outside the PTA where a reasonable but minority level of expenditure is captured by that centre.

Given the above, we accept the overall definition of the main trade area in the PB report. As the breakdown between the PTA and STA is not clearly defined in the report, we suggest that the size of the PTA and the split between the primary and secondary trade areas warrants further review.

The key findings from our review of the main trade area are as follows:

- The division between the primary trade area and the northern secondary trade area is reasonable given the physical barriers presented by the Inner West railway line.
- The division between the primary trade area and the STA East is reasonable given the delays and inconvenience in crossing King Street / Princes Highway.
- The division between the PTA and STA South is inconsistent without any physical or convenience deterrent barrier. The STA South comes within 500m away from Marrickville Metro, which is within walking distance. Note that the PTA as defined by Pitney Bowes passes through the strip shopping centre on Marrickville Road.
- The Western boundary of the PTA is more than 4km by road from the subject site to the goods railway line. This is some four times the distance than the distance to the southern boundary. There is no secondary or tertiary trade area further westward. In other words the PTA abruptly stops at a boundary beyond which there is virtually no trade influence. If there was a clear barrier of separation that may be understandable but in this case there are five easily accessible roads that cross the goods line along the boundary. The PTA should have been defined more locally terminating at Wardell Road or Livingstone Road with a STA West to the west of that boundary.
- Finally the PB report identifies an extensive secondary and tertiary trade area to the east and south east encompassing almost the whole of the South Sydney and Botany Bay LGAs. It should be recognised that Marrickville Metro is likely to have limited influence in this area given the travel times and the

inconvenience of alternative routes. The Secondary East Trade Area encompasses the suburbs of Erskineville and Alexandria and the Tertiary TA includes Waterloo, Redfern, Zetland and Rosebery. It's likely that Eastgardens and Bondi Junction is capturing far more expenditure from these localities than Marrickville Metro given the better access times and improved convenience. It's also essential to recognise that a significant level of retail space is planned to service these localities with around 45,000sqm in the Green Square Town Centre (including Gazcorp and the Choker site), 5,000sqm for Erskineville Ashmore Estate and in other centres such as Victoria Park. As a result Marrickville Metro's trade area will contract in the east.

4.2 Demographics

The socio-economic profile detailed in the PB report is based upon the results of the 2006 Australian Census, as such it is not necessary to undertake a separate demographic analysis. While there is some disagreement on the trade area definition, we have adopted the broad conclusions of the PB report, detailed below.

- 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. Note however that localities in Leichhardt and Sydney City LGAs enlarged those differences considerably. The average individual income level in the PTA is only 9% higher than Sydney SD.
- 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.

4.3 Population Growth

The PB report suggests that the main trade area population is forecast to grow by 8,325 people from 2009-2021, equating to an annual growth rate of 0.72%. This growth is in line with the population growth expected in the broader Marrickville area, with the NSW Government Bureau of Transport Statistics forecasting an annual growth rate of 0.70%pa from 2006-2021 for the Marrickville SLA.

Analysis of the population projections provided in the PB report indicate that the majority of the population growth within the main trade area, is not expected to come from the PTA, but rather strong growth in the secondary trade areas, predominantly the Eastern STA. Given secondary trade area residents spend the majority of their retail expenditure at centres other than Marrickville Metro, it is not expected that the centre will benefit highly from an

increase in population of these secondary trade areas. The benefit of growth in the eastern STA and TTA will be captured mainly by the proposed centres, particularly Green Square and the Erskineville Ashmore Precinct.

4.4 Household Expenditure

The PB report quotes household expenditure estimates sourced from Market Data Systems, Marketinfo 2009 database. A comparison of these estimates, with the expenditure estimates provided by the HillPDA bespoke expenditure model (which utilises Marketinfo 2009), revealed that the base estimates detailed in the PB report are in line with what is expected in the Marrickville Region.

The Expenditure detailed in the Pitney Bowes report is provided in the following table.

Table 4 - Trade area household expenditure 2009-2021 (2009\$)

June	Primary Sector	Secondary Sectors				Tertiary Sectors				Total TA
		North	East	South	Main TA	North	East	Sth-east	Sth-west	
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%

Source: Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment 2010

The PB report forecast future household expenditure based upon the expected annual growth in retail spending of 1.0% per capita and the population growth expected in each of the trade areas (around 0.7% per annum for the primary trade area). These assumptions are consistent with historic trends and with the latest DoP population forecasts for the LGA.

Reflecting the relatively low levels of population growth within the PTA, the report highlights that expenditure growth is expected to be limited in the PTA, growing by only \$99.1m from 2009-2021 equating to an annual growth rate of 1.4%. The report further indicates that the majority of growth within the main trade area is expected to come from the eastern trade area, which is forecast to grow by 2.8%pa from 2009-2021. Given the level of new retail

development within the eastern trade area (particularly in Erskineville and Green Square), it is expected that much of this expenditure growth will be directed towards these new stores rather than Marrickville Metro.

4.5 Existing Market Share

The PB report estimates the market share of the existing centre, by taking the most recent turnover figures from Marrickville Metro and comparing these to the available expenditure in each of the trade areas. More specifically the PB reports details this process as follows:

- i. Total retail sales for the centre (for the 12 months to December 2009) including major stores, mini-majors and retail specialty shops, were approximately \$204.7 million (including GST). These sales were based on information provided 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).²

The above market share calculation does not clearly indicate how the total sales that are generated from each trade area sector are calculated, in Table 5.1 of the report it indicates that approximately 48.5% of the centres sales are secured from the primary trade area, while 31.4% is captured from the secondary trade area with the remaining 20.1% captured from residents located in the tertiary trade area and outside the total trade area. Given the implications that this figure have on the calculation of market share, it is vital that this base calculation is understood.

4.6 Forecast Market Share

The PB report forecast market share in much the same way as they estimate existing market share, as such the same limitations apply to the interpretation of the forecasted market share breakdown. Analysis of these figures indicates that it is expected that the expansion of the Marrickville Metro, will result in a fall in the proportion of the centres sales captured from the PTA and a slight rise in the proportion of the centres sales captured from the secondary trade area. From this it can be seen that the performance of the centre will be dependent upon capturing an increased proportion of sales from the secondary trade area, with 33.0% of all sales expected to come from this trade area.

² Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment 2010.

5. RELEVANT PLANNING CONSIDERATIONS

5.1 Local Planning Instruments

Marrickville Local Environmental Plan 2001

The proposed development falls under the Marrickville Local Environmental Plan (2001) (MLEP). The objectives of the MLEP as it relates to this development include maximising “business and employment opportunities, particularly in Marrickville's existing commercial centres”.

Marrickville Urban Strategy

The Marrickville Urban Strategy was adopted by the Marrickville Council in April 2007. The strategy, which was formulated on work undertaken by SGS Economics and Planning, provides the planning context for the future development within the Marrickville LGA. Its primary purpose was to inform the review and rationalisation of councils planning controls, aiding in the production of a comprehensive planning strategy and new Local Environmental Plan (LEP).

Marrickville Urban Strategy identifies 16 local centres within the Marrickville LGA, of these centres Marrickville Metro is classified as a “standalone shopping centre”, Marrickville Rd is classified as a “Village” and Marrickville Station is classified as a “Small Village”.

The strategy provides some principles in land use transport integration. Objective 5 of the strategy, promotes **“focused development in areas within walking distance of centres and public transport.”** Therefore development should be focused in areas with strong public transport infrastructure. This would include Dulwich Hill Station, Petersham, Lewisham, Marrickville Station, Newtown and St Peters.

The proposed expansion of Marrickville Metro conflicts with the strategy to the extent that it will redirect expenditure away from the existing centres around the train stations to the “standalone” centre.

5.2 Section 79C of the EPA Act

In determining any development application under the Environmental Planning and Assessment Act Council is obliged to take into consideration a number of matters including Section 79C(1)(b) in relation to the likely economic and social impacts of the proposal in the locality.

Land and Environment Court judgements have provided guidance on relevant matters in relation to the economic and social impact of proposed retail facilities.

In *Fabcot Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted “economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere

threat of economic competition between competing businesses.... It seems to me that the only relevance of the economic impact of a development is its effect 'in the locality'..."

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that "if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning... However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration."

The Court has stated that Councils should not be concerned about competition between individual stores as this is a matter under fair trading. But it should concern itself with impact on established retail centres. The impact on competing stores and businesses is only relevant if the viability of those businesses are threatened and the viability of a retail centre as a whole is threatened due to a demonstrated nexus between the competitive stores and the other retailers within the retail centre.

The principles were reiterated by Justice Pearlman in *Cartier Holdings Pty Ltd v Newcastle City Council and Anor* [2001] NSWLEC 170. "It follows that Section 79C(1)(b) does not require the consent authority to take an approach in consideration of the relevant matter different from the approach formerly taken in the application of 90(1)(d)."

Note that in *Fabcot v Hawkesbury City Council* (97) LGERA the court refused the application on the grounds of adverse economic impact. The court viewed the proposed Woolworths Marketplace in South Windsor would redirect considerable expenditure away from Windsor town centre. The existing supermarket in Windsor would experience considerable loss in trade with the possibility that it would cease trading. Competition with an individual retailer is not a relevant consideration. However in this case the retailer is an anchor tenant and the existing specialty stores had developed a strong nexus relationship with it over time. Closure of the supermarket would result in further closures and likely social detriment.

The "Fabcot" case as it became known has become an important test for assessing development applications for either new centres or the expansion of existing retail outlets.

5.3 Former Draft SEPP 66

The strategy of Draft SEPP 66 seeks to achieve "the better integration of land use and transport planning at the local level" particularly in relation to the preparation of environmental planning instruments development control plans and the like and the consideration of development and applications. The Policy aims to ensure that urban structure, building forms, land use locations, development designs, subdivision and street layout help achieve the following planning objectives:

- (a) improving accessibility to housing, employment and services by walking, cycling, and public transport,
- (b) improving the choice of transport and reducing dependence solely on cars for travel purposes,
- (c) moderating growth in the demand for travel and the distances travelled, especially by car,

- (d) supporting the efficient and viable operation of public transport services,
- (e) providing for the efficient movement of freight.

Draft SEPP 66 has been superseded by the Draft Centres Policy but the sound planning principles remain. The purpose of the SEPP was to ensure that land uses are located with the public transport infrastructure. It is about intensifying urban development around high volume public transport – particularly heavy rail. Retail uses are one of the highest value forms of development in financial terms, in terms of worker density, business activity and people generation. It is for these reasons that retail uses are encouraged, and protected, around the railway stations.

The proposal undermines the principle because Marrickville Metro is not at a railway station. The other centres in the locality being Newtown, Enmore, Petersham and Marrickville are all centres that were developed in the first half of the last century around railway stations. If the expansion of Marrickville Metro draws trade away from these other centres then it is a clear case of redistribution of economic activity away from public transport infrastructure.

5.4 NSW Draft Centres Policy

The Policy was released in April 2009 recognising that the market is best placed to determine the need for development and the supply of available floor space to accommodate demand. The role of the planning system is to accommodate this need whilst regulating its location and scale.

In light of these fundamental principles, the Draft Centres Policy focuses around six key principles. The principles relate to:

1. The need to reinforce the importance of centres and clustering business activities;
2. The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
3. The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
4. Councils should zone sufficient land to accommodate demand including larger retail formats;
5. Centres should have a mix of retail types that encourage competition; and
6. Centres should be well designed to encourage people to visit and stay longer.

Whilst the proposed expansion of Marrickville Metro does not necessarily undermine objectives 2 to 6 above it does undermine the first principle which relates to the former Draft SEPP 66 objective.

6. IMPACT OF PROPOSAL

This section assesses the impact of the proposed centre on retail centres in the locality. The EPA Act is not clear on what is meant by locality but for the purpose of this assessment we have assumed it to be the trade area or the geographical influence of the proposal.

6.1 Methodology

The methodology we have adopted in measuring impact is as follows:

- assess the marginal turnover from expansion of the centre;
- estimate the redistribution of turnover from competing centres;
- estimate the loss in trade from competing centres as a percentage of current trade;
- consider shifts in turnover over time taking into consideration growth in the broad trade area; and
- consider the ability of those competing centres to absorb the impacts based on current trading performances; and
- consider whether or not impact on existing/proposed retail centres is significant and/or socially detrimental and, if so, whether or not means could be used to mitigate that harm;

6.2 What are the Losses in Trade?

PB estimates a marginal turnover of \$112m. This is equivalent to around \$7,600/sqm marginal turnover for the supermarket space, \$3,300/sqm for department store space and \$6,500/sqm for specialties. The marginal turnover of the supermarket space and DDS space is a little low. However the average turnover level of the supermarket space post expansion will remain above the industry benchmark.

Note that a marginal turnover of \$112m will result in a 23% fall in average turnover per square metre. There is some potential for Marrickville Metro to trade at a higher figure (which would result in stronger economic impacts) but for the purpose of this analysis we have adopted the figure of \$112m to test the impacts.

Assuming the proposed development proceeds, the net increase in retail turnover of \$112m identified above will be captured from competing centres. In order to quantify the scope of this turnover capture from existing competing centres Hill PDA prepared a bespoke gravity model. 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. The impact is summarised in the table below.

Table 5 - Impact Assessment Redirection of Turnover of Existing Centres 2009-2013 (\$m2009)

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space*	Turnover in 2009	Turnover in 2013 without Proposal	Turnover in 2013 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2013	Shift in turnover from 2009 to 2013	% Shift in turnover from 2009 to 2013
Marrickville Metro Expansion					112.0	112.0			
Marrickville (Marrickville and Illawarra Roads)	2.0	28,450	140.0	149.8	125.1	-24.7	-16.5%	-14.9	-10.7%
Enmore	1.4	8,700	36.7	39.3	33.4	-5.8	-14.8%	-3.3	-8.9%
Newtown	1.9	35,050	171.3	183.2	165.0	-18.3	-10.0%	-6.3	-3.7%
Petersham	2.8	3,600	12.0	12.8	12.0	-0.8	-6.5%	0.0	0.0%
Dulwich Hill (Station)	3.7	800	3.6	3.9	3.6	-0.3	-8.4%	-0.1	-2.0%
Dulwich Hill (New Cant. Rd)	4.2	8,650	34.2	36.6	34.1	-2.5	-6.7%	-0.1	-0.2%
Hurlstone Park (Station)	5.7	2,350	12.9	13.8	13.4	-0.4	-2.7%	0.5	4.1%
Hurlstone Pk (New Cant. Rd)	5.7	2,600	12.2	13.1	12.9	-0.2	-1.7%	0.6	5.2%
Erskineville	2.4	3,100	6.3	6.7	6.3	-0.5	-7.2%	0.0	-0.8%
Broadway	4.4	41,150	378.8	405.2	373.1	-32.0	-7.9%	-5.6	-1.5%
Norton Plaza	4.3	8,400	56.5	60.4	56.7	-3.8	-6.2%	0.2	0.3%
Leichhardt Market Place	4.8	17,600	137.1	146.7	137.2	-9.4	-6.4%	0.1	0.1%
Earlwood	6.2	14,500	76.6	81.9	79.8	-2.1	-2.6%	3.2	4.2%
Other Localities						-11.2			
TOTAL		174,950	1078.2	1153.5	1164.7	0.0	1.0%	86.4	8.0%

* Sources various including Pitney Bowes, Hill PDA and PCA (excludes vacancies and non-retailers)

** Source: Various including Shopping Centre News, Pitney Bowes Business Insight, Marrickville Metro Economic Impact Assessment and Hill PDA estimates

As shown above, the marginal retail turnover of \$112m will be captured from a range of centres. \$25m will be drawn from existing retailers in Marrickville, \$24m from retailers in Newtown and Enmore, \$32m from the Broadway Shopping Centre and so on.

As shown in the above table there are some differences in levels of impact between Hill PDA estimate and the Pitney Bowes estimated impact. This is due to differences in methodologies employed to measure impact. The method used by Hill PDA shows stronger impacts on centres closer to Marrickville Metro. The immediate impacts on Marrickville (Illawarra Road and Marrickville Road) are stronger than a 16.5% loss in trade which is more than triple the 5% estimate in the Pitney Bowes report.

6.3 Are the Impacts Considered Significant?

There are no universal measures of significance. There are references in various consultancy reports and statements in the LEC which suggests that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high and above 15% is a strong or significant impact.

Following the completion of the proposed development it is expected that the strip shopping centre along Marrickville Road and Illawarra Road will experience a 15% to 18% decline in retail sales. Therefore this is considered to be a significant impact.

The impact on Enmore is also considered significant at almost 15% loss in trade and the impact on Newtown is a loss in sales of 10% which is considered moderate.

6.4 Can the Centres Absorb these Impacts?

The next step is to consider the ability of these centres to absorb these losses. A centre may experience a significant impact – say 20% loss in retail sales – but if that centre is currently over trading by say 30% then it can sustain the loss. Alternatively if the centre is in a high growth area then the adverse impact may be short term rather than long term. We tested these possibilities in the case of Marrickville centres.

According to the PB report, Marrickville Road and Illawarra Road precinct achieved a turnover of \$140m in 2009. This was around 20% below national average³. Given that:

- the estimated impact on these strips is significant at 16% to 17% loss in trade;
- Marrickville's trade area is growing at a very mundane rate of 0.7% per annum; and
- the centre is currently performing 20% below national average; then

it is not expected that this centre will be able to absorb such a fall in turnover and remain viable. There are likely to be considerable vacancies that will occur and the vacancies are likely to be quite long term. Marrickville Road has 10 vacant premises (8.5% of all shop front premises excluding those being used for commercial purposes or 6% including commercial premises) and Illawarra Road has 17 vacancies (21% of retail premises or 11% of total shop front premises). The high proportion of commercial premises is a further indication that these strip centres are performing well below average. An impact of 16% to 17% loss in turnover combined with a current vacancy rate of 8.5% is likely to result in increased vacancies to around 15% - in other words one in every six to seven shop front premises. With a population growth of only 0.7% per annum it will take until 2020 before the retail strip centre returns to its 2009 trading levels in real terms.

Newtown and Enmore will experience moderate impacts in terms of loss in trade (10% and 14% respectively). Enmore is trading around 20% below national average and Newtown is trading around 7% below. The difficulty in measuring Newtown's performance is that it is unequally distributed over a long distance of more than 1.5km along King Street. Generally the shops near the railway station are trading well but the fringe areas – particularly the southern end is quite blighted with much higher vacancies. Overall Newtown has a vacancy rate of around 7% which is considered moderate if not high. We do however, expect to see vacancies rise to around 10% across the whole centre and probably higher than 15% in the southern end, which is the end closest to Marrickville Metro. It is suggested in the PB report that King Street, Newtown provides a high level of independent apparel operators. Generally these retailers are more sensitive to changes in turnover than national retailers.

The impacts on Petersham are less significant at 6.5% loss in trade. However Petersham is strongly underperforming at around 35% below national average. It has 13 vacant shops which is 16% of total shop front premises. Non-retailers occupy a further 34% of space. In other words only half of total shop front space is occupied by retailers reflecting its poor performance.

³ ABS Retail Survey 1998-99 indexed to \$2009 at CPI

6.5 Will the Impacts Result in Social Detriment?

The proposed development is expected to result in significant impacts upon strip retail shops located in and around the Marrickville Local Government Area. Traditionally this area has featured a high number of well performing strip precincts, which have predominately been developed nearby to major transport infrastructure, namely train stations. In the present day these strip centres continue to offer a high level of amenity and convenience to the community, affording residents a greater level of choice of retailers without the need to own or use a car. If the proposed development proceeds, it is estimated that around half of the marginal turnover (\$53m) will be captured from existing strip retailers in Marrickville, Newtown, Enmore, Petersham, Dulwich Hill and Hurlstone Park.

The proposal is likely to have a strong negative impact on existing strip retailers, placing these facilities in financial jeopardy. As indicated earlier, the proposed development will likely capture \$53m from existing strip retailers within, and on the boundary of, Marrickville LGA, equating to a combined loss in turnover of 13% from these retailers. This is likely to translate to increased vacancies in these centres from the current average of 7% to around 12% to 15%. Given the smaller size and relatively lower margins of strip based retailers such a fall in turnover is likely to make a number of these retailers unviable. More specifically it is expected that the Enmore, Newtown and Marrickville strip precincts will be most impacted by the proposed expansion.

It is stated in the PB report that the identified retail strip precincts play a different role to the existing and proposed Marrickville Metro, with the strip precincts providing residents with "convenient, independent food and retail service facilities, often with particular ethnic specialisations". Although we do not dispute the above statement, many of the retailers while remaining independent, offer the same or similar products that national retailers offer. It is unrealistic to assume that these national retailers would not be in direct competition with local independent retailers.

The impacts suggested in the Pitney Bowes report is at odds with historic reality. When Marrickville Metro opened in the 1980s the strip retailers experienced considerable impact. A number of businesses closed, rents dropped considerably to attract new tenants and vacancies were quite slow to fill. Whilst these strip centres have (bounced) back over the past couple of decades history suggests that they will experience another impact and these impacts are likely to be felt for some time given that there is very minor growth in the locality. History is full of cases where large indoor centres have resulted in social detriment to existing centres and main street retail. Case studies, just to name a few, include:

- Maroubra Junction (impact from Eastgardens)
- Port Kembla (impact from Warrawong)
- Wyong (impact from Tuggerah)
- Newcastle CBD (impacts from Kotara and Charlestown)
- Cessnock main street (impacts from the indoor centres)

The proposed development struggles to meet the (*Fabcot*)" test. Whilst it will provide some benefit in the locality, particularly with an additional department store, it will also result in adverse economic impact on the surrounding retail strip precincts and the resultant community detriment will not be made good by the development itself.

6.6 Impact on Employment

The PB report suggests that employment within the region will increase by a net amount of 777 full time jobs, comprised of an additional 817 jobs provided by the expanded Marrickville Metro and a fall of 5% (of the total increase of jobs) in employment of other retailers within the area. What is not explained in the PB report, is how the figure of 5% fall in jobs is derived and why this figure has been only been applied to the increase in total jobs attributable to the increased centre, rather than total number of retail jobs within the region.

Applying the estimated employment multipliers as indicated in Table 5.8 of the PB report, to the total competing floor space indicated in Table Four of this report, it can be estimated that the total number of retail jobs in competing centres is 8,841. If the figure of 5% is then applied to the total number of jobs in competing centres, it can be estimated that the loss of jobs as a result of the Marrickville expansion is closer to 440 full time jobs.

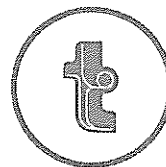
The important consideration is that building more retail space does not result in more retail expenditure. Retailers and retail centres are chasing the same dollars. Hence the overall increase in net employment levels is not significant. The proposal is likely to shift some jobs away from the strip retail centres to Marrickville Metro – in other words away from train stations to a stand alone retail outlet that is not served by the train line. This is contrary to sound planning principles which is about encouraging the use of public transport in commuting to work.

DISCLAIMER

This report is for the confidential use only of the party to whom it is addressed (the client) for the specific purposes to which it refers. We disclaim any responsibility to any third party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report and its attached appendices are based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the attached financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.



Reference: 10 189

09 September 2010

Marrickville Chamber of Commerce

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Re: Marrickville Chamber of Commerce – Marrickville Metro Part 3A (MP009_0191) Objection

We refer to the subject Part 3A application and in particular the following environmental assessment documents available on the Department of Planning's Major Projects website:

- ② Appendix E – Retail Strip Review
- ② Appendix F – Social Impact Study
- ② Appendix H - TMAP

We have undertaken a review of the attached documentation and now provide the following comments:

② Traffic Generation

The proposed traffic generation assessed by Halcrow are in accordance with the RTA's Guide to Traffic Generating Developments and is consistent with standard traffic planning practice. In this regard, the assessed traffic generation is generally accepted.

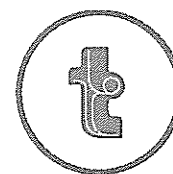
However, the TMAP does not include a copy of the survey results (or modelling outputs for that matter) and there is no opportunity for independent review to confirm the above statements.

② Traffic Distribution

The TMAP report states:

" The distribution of the additional traffic was determined on the trade area sales forecasts prepared by Pitney Bowes Capital Insight who prepared an Economic Impact Assessment for the proposed development. Traffic growth is expected to come mainly from the south, south east and west. Little traffic growth is expected from the north and north east because:

- *The main competing centres are located to the north, and*
- *Erskineville provides a barrier to traffic access directly from the east. "*



Looking at Centre Sales column of *Table 5.4* of the *Marrickville Metro Economic Impact Assessment*, included in **attachment 1**, does not correlate to the above statement. Table 1 below provides a summary of the proportion of centre sales expected from each of the trade area sectors.

table 1: proportion of centre sales by trade sector

Trade Area Sector	Total Centre Sales (\$M)	% of Total Centre Sales
Primary	137.1	48.5
Secondary		
North	24.9	8.8
East	39.2	13.9
South	40.5	14.3
Tertiary Sectors		
North	5.3	1.9
East	12.3	4.4
South East	5.6	2.0
South West	17.5	6.2
TOTAL	282.4	100.0

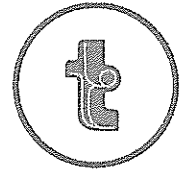
Approximately one third (33.3%) of the Primary Trade Area is located to the north. Furthermore, the majority (assume at least 50%) of residential land within the Secondary East trade area are situated within the northern part of this sector and would be expected to use Edgeware Road to the north of Marrickville Metro to access the Princes Highway and Erskineville Road rather than recirculate around the south. Similarly, it is expected that at least up to 25% of Tertiary East trade area traffic would use arterial roads to the north of the shopping centre. The Secondary North and Tertiary North Sectors are both located directly to the north of the Marrickville Metro centre.

Having regard for the above, it is expected that at least 35% of the additional traffic would be directed to the north which is significant and it is not clear from the TMAP whether this has indeed been accounted for in the modelling.

There also appear to be some inconsistencies in the distribution of the additional traffic onto surrounding intersections regardless of the above assumptions. For example, the additional traffic volumes on a Saturday at the intersection of Enmore Road and Llewellyn Street are not consistent with the additional traffic volumes at the critical intersection of Llewellyn Street and Alice Street with Edgeware Road.

② Traffic Impacts

The TMAP states the performance of all intersections is 'satisfactory'. However, the total overall increase in average delay is 91.6 seconds. This is a significant overall change in delay to surrounding road users considering that a number of road users will have to negotiate numerous intersections so that the cumulative average delay to drivers will be significantly higher than would occur at any one intersection. It is questionable whether a single development has the right to impose such an increase on the surrounding area considering the future potential growth in the area.



Furthermore, no consideration has been given to increased background traffic growth which would be expected to result in increased delays at key intersections and may influence the final treatments required to ensure that they continue to operate satisfactorily into the future. The TMAP has considered only two surrounding developments and has not included increased 'through' regional traffic which would be expected to occur along a number of key roads in the locality.

The TMAP implies that the majority of the increased delays at the intersection of Edgware Road / Alice Street / Llewellyn Street are a result of the additional traffic associated with these other approved developments. This is potentially misleading as there is no separate 'future base case' scenario modelling provided which demonstrates the delays associated with these developments, independent of the proposed Metro redevelopment.

The RTA Guide to Traffic Generating Developments states that assessment of required works should be based on maintaining existing 'Level of Service'. It can be seen from *Table 8.2* of the TMAP, included in **attachment 2**, that over half of the modelled intersections will experience reduced levels of service.

Consideration should also be given to the lost amenity of residents associated with the proposed loss of car parking to ameliorate the traffic impacts arising from the subject development. The loss of this parking may be expected to change (increase) as a result of further sensitivity testing discussed previously.

The TMAP does not include any modelling outputs in order for a more detailed review of the traffic impacts to be assessed independently. As a minimum, Lane Summary and/or Movement Summary outputs should have been included in an appendix of the TMAP.

In essence, the TMAP highlights a number of parking and traffic impacts that should be justified by other planning outcomes. In our view, the Statement of Environmental Effects does not seek to sufficiently justify, in planning terms, the implications arising from the technical report prepared by Halcrow.

② Increased Non-Car Travel

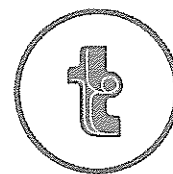
Implementation of a Travel Access Guide and improved bus service arrangements are expected to encourage visitors and staff to utilise non-car forms of transport to access the shopping centre. However, this could be further encouraged through restrictive parking arrangements.

The proposed parking provision is misrepresented within the Environmental Assessment Report (EA). It is currently proposed to provide parking in accordance with the RTA's Guide to Traffic Generating Developments, which generally represents 'unrestrained' conditions with limited reliance on public transport. In this regard, the proposed parking provision is not considered to encourage the use of other modes of transport, as incorrectly stated in the EA.

Therefore, to encourage reduced car dependence, it may be appropriate to further reduce the amount of car parking provided on the site. This would then need to be reinforced with time restricted parking on surrounding streets to discourage the displacement of shopping centre parking onto surrounding roads and residential areas.

③ Design Issues

There are a number of issues related to the proposed design as discussed below:



- Closure of Smidmore Street

The TMAP has assumed closure of Smidmore Street to create a new pedestrian plaza. Smidmore Street is Council owned land and it is understood that Council will not sell this land to the applicant.

An alternative scheme is discussed in the environmental assessment, however no discussion of the alternative arrangement is included in the TMAP. In this regard, the TMAP does not provide an assessment of the likely form the proposed development and further assessment is required.

The proposed closure of Smidmore Street will affect bus routes in the locality. Halcrow have proposed that Route 308 be rerouted onto Edgeware Road in order to recirculate onto Smidmore Street and Murray Street. This is not considered suitable as there are expected to be inherent delays to bus services associated with access to Edgeware Road and it is not expected that this arrangement would be favourable to the Sydney Buses, who would need to agree to any changes to bus routes and/or bus stop locations.

- Signals at Victoria Street and Edgeware Road

Signalisation of the intersection between Edgeware Road and Victoria Road is discussed in the TMAP report and included in the 'List of Improvements'. This intersection is located approximately 40 metres from the signalised intersection of Edgeware Road and Alice Street and would therefore require signal coordination due to the limited queue storage capacity available between the intersections, particularly considering the high delays and congestion at Alice Street along Edgeware Road.

In any event, the spacing of these intersections is not considered to satisfy the minimum spacing requirements of the RTA which raises potential safety concerns which should be addressed as part of the TMAP.

The TMAP intersection modelling states that the future performance of this intersection has been assessed under 'sign' control. Clarification is sought as to whether it is proposed to remain under sign control (as presently occurs) or under signal control as proposed.

- Proposed cycle and pedestrian improvements

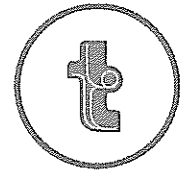
The proposed contra-flow cycle lane in Shirlow Street will require a significant loss of on-street parking. Shirlow Street has a width of approximately 5.5 metres which includes on-street parking plus a single traffic lane. Therefore, there is insufficient width to accommodate the additional width required for a contra-flow cycle lane without the removal of parking.

More details are required regarding the proposed pedestrian crossing in Edinburgh Road, to the east of Sydney Steel Road. It is not clear from the TMAP whether the warrants specified in AS1742.10 will be satisfied for the provision of a pedestrian crossing.

Concern is also raised regarding visibility between pedestrians and oncoming vehicles due to the close proximity to the proposed bus stops.

- Proposed taxi rank location

A taxi rank is shown on the architectural plans within the roundabout controlled intersection of Murray Street and Smidmore Street. This is considered an unsafe arrangement and the taxi rank should be relocated.



⑦ Conclusions

In summary, it is our view that there are a number of outstanding issues that are required to be addressed, namely:

- More details regarding the assumed traffic distributions should be provided as there appear to be inconsistencies between additional traffic flows at various intersections;
- Sensitivity testing regarding the assumed proportional distribution of development traffic, particularly to the north;
- Consideration of background traffic growth on the performance of the surrounding road network in order to establish what works are required to ensure satisfactory performance is achieved both now and into the future;
- The modelling outputs should be made available for detailed review (ideally the SIDRA files themselves). A copy of dated survey results should also be included as an appendix to the TMAP;
- Clarification of which improvements are proposed and confirmation that the proposed design of these facilities can physically be provided. As discussed above, there are number of issues with the current design which raise potential safety concerns and/or result in further impacts such as additional loss of on-street parking which have not been assessed;
- Detailed traffic assessment of the 'alternative' design needs to be undertaken, particularly as the applicant is unlikely to acquire the land required for the closure of Smidmore Street as assessed by Halcrow;

It would be preferable if a copy of the above information could also be provided to other parties including the RTA, Council and TRAFFIX so that further review of the proposed development may be undertaken. Resolution of the above matters should be undertaken before the Department of Planning assesses the subject application. The environmental assessment does not sufficiently justify the traffic impacts associated with the development and there issues regarding the proposed design and transport improvements. As such, it is our view that the proposed expansion is not supported in its current form.

Please contact the undersigned should you have any queries or require any further information regarding the above.

Yours faithfully,

traffix

Tim Lewis
associate engineer

- attachment: 1) Extract of Table 5.4 from Economic Impact Assessment report, prepared by Pitney Bowes Business Insight
- 2) Extract of Table 8.2 (Comparison of Existing and Future Intersection Performance) from the TMAP, prepared by Halcrow

attachment 1

extract from economic impact assessment, prepared by Pitney Bowes
Business Insight

Section 5: Forecast centre sales and likely impacts

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

Table 5.4									
Expanded Marrickville Metro - Projected Market Shares by Sector, 2012/13*									
Trade Area Sector	Retail Spending (\$M)			Centre Sales (\$M)			Centre Market Share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary Sector	307.4	253.2	560.6	92.8	44.3	137.1	30.2%	17.5%	24.5%
Secondary Sectors									
• North	139.8	121.9	261.7	15.8	9.1	24.9	11.3%	7.4%	9.5%
• East	201.3	177.2	378.6	23.9	15.3	39.2	11.9%	8.7%	10.4%
• South	<u>123.7</u>	<u>95.9</u>	<u>219.6</u>	<u>22.4</u>	<u>18.1</u>	<u>40.5</u>	<u>18.1%</u>	<u>18.8%</u>	<u>18.4%</u>
Total Secondary	464.9	395.0	859.9	62.1	42.5	104.6	13.4%	10.8%	12.2%
Main Trade Area	772.2	648.3	1,420.5	154.9	86.8	241.6	20.1%	13.4%	17.0%
Tertiary Sectors									
• North	342.3	297.3	639.6	0.9	4.4	5.3	0.3%	1.5%	0.8%
• East	199.0	158.4	357.4	2.0	10.3	12.3	1.0%	6.5%	3.4%
• South east	217.2	165.9	383.1	0.9	4.7	5.6	0.4%	2.9%	1.5%
• South West	<u>212.7</u>	<u>162.9</u>	<u>375.7</u>	<u>3.1</u>	<u>14.4</u>	<u>17.5</u>	<u>1.5%</u>	<u>8.8%</u>	<u>4.7%</u>
Total Tertiary	971.3	784.4	1,755.7	6.8	33.9	40.7	0.7%	4.3%	2.3%
Total Trade Area	1,743.5	1,432.7	3,176.2	161.7	120.6	282.4	9.3%	8.4%	8.9%
Sales From Beyond Trade Area				<u>22.0</u>	<u>12.5</u>	<u>34.6</u>			
Total Centre				183.8	133.2	316.9			

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

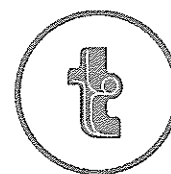
Section 3: Trade area analysis



Map 3.1: Marrickville Metro
Trade Area & Competition

* Halo objects represent proposed stores

- | | | | |
|-------------------|----------|--------------|---------------|
| ○ Regional SC | ▲ Big W | ● Woolworths | ○ Aldi |
| ○ Sub-regional SC | ▲ Kmart | ● Coles | ○ IGA |
| ★ Myer | ▲ Target | ● Bi-Lo | ○ Independent |
| ★ David Jones | ▲ DDS | ● Franklins | ● Supermarket |



attachment 2

extract from TMAP, prepared by Halcrow

8.5 Future Intersection Performance

The intersections surrounding the Marrickville Metro Shopping Centre were re-analysed using SIDRA 4.0. Table 8.2 compares the existing and future operation of these.

Table 8.2 – Comparison of Existing and Future Peak Hour Intersection Operation

Intersection		Control	Thursday PM		Saturday	
			LoS	Av. Delay	LoS	Av. Delay
Enmore Rd / Llewellyn St	Existing	Signals	B	22.0	B	20.3
	Future	Signals	C	29.2	C	34.0
Addison Rd / Enmore Rd	Existing	Signals	B	25.1	B	22.6
	Future	Signals	C	35.4	C	35.7
Victoria Rd / Edinburgh Rd	Existing	Signals	B	28.1	B	27.2
	Future	Signals	C	31.4	C	33.9
Edgeware Rd / Alice St / Llewellyn St ⁽¹⁾	Existing	Signals	D	51.2	D	50.5
	Future ⁽²⁾	Signals	E	61.4	E	58.5
Edgeware Rd / Victoria Rd	Existing	Signs	C	41.3	C	41.8
	Future	Signs	D	43.3	D	44.9
Edinburgh Rd / Fitzroy St	Existing	Roundabout	B	15.5	A	11.9
	Future	Roundabout	C	41.0	B	17.1
Fitzroy St / Sydenham Rd	Existing	Signs	A	11.5	A	12.0
	Future	Signs	A	12.1	A	12.4
Edinburgh Rd / Smidmore St	Existing	Signals	B	26.7	C	29.6
	Future	Signals	B	21.6	D	46.9
Smidmore St/ Murray St	Existing	Roundabout	A	8.0	A	8.2
	Future	Signs	A	11.6	A	14.3
Edinburgh Rd / Sydney Steel Rd ⁽¹⁾	Existing	Signs	A	11.6	A	9.4
	Future	Roundabout	A	13.8	A	12.3
Edinburgh Rd / Murray St	Existing	Roundabout	A	11.2	A	10.7
	Future	Roundabout	A	8.0	A	12.4
Edinburgh Rd / Railway Pde	Existing	Roundabout	A	9.8	A	9.6
	Future	Roundabout	A	12.0	A	10.2
Edinburgh Rd / Bedwin Rd ⁽³⁾	Existing	Signs	B	24.8	B	24.2
	Future	Signs	C	35.4	C	36.7
Bedwin Rd / Unwins Bridge Rd / Campbell Rd / May St ⁽¹⁾	Existing	Signals	F	74.5	C	28.8
	Future	Signals	C	32.2	C	29.1

(1) Future with modified layout

(2) Relative additional traffic contributions are:

Thursday PM	15% Marrickville Metro Expansion
	85% Aquatic Centre + Subdivision
Saturday	24% Marrickville Metro Expansion
	76% Aquatic Centre + Subdivision

(3) Assumes any growth in right turns into Bedwin Road uses underpass to turn left to south to avoid delays.

Councillor Morris Hanna
President
Marrickville Chamber of Commerce Inc.
PO Box 766
MARRICKVILLE NSW 2204

D09/5272

- 5 OCT 2009

Dear Councillor Hanna *M. Hanna*,

I refer to your correspondence providing further information on the issues raised at our meeting on 28 July 2009 with the Hon Carmel Tebutt MP, Deputy Premier, and Minister for Health, Member for Marrickville, concerning the Marrickville Metro Shopping Centre.

I have noted your concerns in relation to this matter including the classification of the Marrickville Metro Shopping Centre as a 'Village' in the draft South Subregional Strategy and any proposed intensification of the current retail usage at the Marrickville Metro Shopping Centre.

I am advised the Department of Planning is aware of the Chamber's concerns about any future expansion of Marrickville Metro as well as its views on how such an expansion could affect the economic viability of both the traditional Marrickville and Dulwich Hill shopping strips. I am also advised that Marrickville Council is in the process of reviewing its planning controls including those for the Marrickville Metro Shopping Centre, as part of its preparation of the draft Comprehensive LEP 2010.

As part of this process, the Council has prepared an urban strategy which identifies the Metro as a 'Stand alone' Centre. Council has also requested that the Department consider reviewing the draft South Subregional Strategy to reflect this classification. The Department will continue to work with the Council to ensure that Marrickville Metro is appropriately classified in both the final South Subregional Strategy and Council's new Comprehensive LEP.

I trust this information is of assistance.

Yours sincerely



The Hon Kristina Keneally MP

Marrickville Chamber of Commerce Inc.

PO BOX 766 MARRICKVILLE 2204

28 March 2008

NSW Department of Planning
Sydney South Region
GPO Box 39
SYDNEY NSW 2001

Fax: (02) 9895 6270
2 pg(s) including this pg

Email: southsubregion@planning.nsw.gov.au

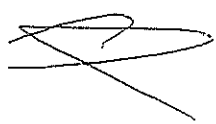
RE: SOUTH SUB REGION DRAFT SUB REGIONAL STRATEGY

The Marrickville Chamber of Commerce has received and considered the "South Sub Region Draft Subregional Strategy" published by the NSW Department of Planning ("Report"), and having consulted various planning and urban design consultants and its members, wishes to make the following comments and submissions:

1. Marrickville, in terms of its urban and residential fabric, identity, land uses and historical attributes appears to be closer to and better assessed within the Inner West sub region as opposed to the south sub region.
2. There appears to be no basis or explanation provided for the discrepancy between identifying Marrickville Road as a Town Centre in various plans and maps and in other plans and maps identifying, Illawarra Road, as a "Village". The Marrickville Town Centre is defined by:
 - a. Marrickville Road, from approximately the Sydneham Railway Station eastern end at Victoria Rd to Livingstone Road / Marrickville Hospital site in the west; and
 - b. Along Illawarra Road including Marrickville Station and the area known as the Warren bounded to the south by Harnett Avenue.

Accordingly, we have treated the Marrickville Town Centre as both Marrickville and Illawarra Roads.

3. This is essentially reinforced by the substantial infrastructure represented by Marrickville and Sydneham Railway Stations, which forms the base of this Town Centre. Which significant railway infrastructure can be better utilized by creating greater densities within the Town Centre.
4. Marrickville Road presents an excellent opportunity - as evidenced by its strong transport credentials in Marrickville and Sydneham Railway Stations, proximity to the CBD, Airport, Port Botany and main expressways - to accommodate greater mixed used densities and heights along the Marrickville and Illawarra Roads.
5. The incentive for residential / retail infill and "shop top housing" is restricted by the lack of suitable floor space ratios and height guidelines in the environmental planning instruments of the Marrickville Local Government Area.
6. A sensible and balanced increasing of densities and heights in the Marrickville Town Centre, amongst other things, would:



Marrickville Chamber of Commerce Inc.

PO BOX 766 MARRICKVILLE 2204

- a. Reinvigorate the Marrickville Town Centre with additional tenants, retail activity, residents, better security and amenity as a result of the residential activity above the shops – creating a vibrant urban setting during the day time and into the evening – with cafes, restaurants and entertainment;
 - b. Absorb some of the increasing demand for housing (as reflected in the increasing residential rentals in the Marrickville LGA), which housing demand would be accommodated in traditional residential areas by increased densities and heights - with the expected friction, disputes and objections between residents in existing single dwellings and the introduction of medium and high density residential.
7. The Report makes no mention of the significant Marrickville Hospital site on the corner of Livingstone and Marrickville Roads, which should be identified as a major civic redevelopment site, which would accommodate high density residential, Council civic facilities such as Council Chambers, library and childcare, and other substantial benefits for the Marrickville LGA and its residents.
 8. The Chamber believes that the Metropolitan Development Program 2005 target for approximately 5,000 new dwellings in the Marrickville LGA Area – is an excellent opportunity for the Report to identify, reinforce and recommend some of this high demand for new residential dwellings be absorbed by increasing densities in the Marrickville Town Centre.
 9. Mixed use projects and “shop top housing” with suitable development standards, including strong urban design and sustainable development principles, can make a significant contribution to housing stock and variety within the Marrickville LGA and contribute significantly to meeting the Metropolitan Development Program 2005 target, which the existing residential areas of Marrickville would encounter not only difficulty but heated opposition and friction in achieving suitable development density.
 10. The Chamber is seeing an erosion of the traditional retailing along Marrickville Road, due to the expansion of nearby regional and sub regional shopping centres, expansion of retail activities at Sydney Airport, the introduction of bulky goods and “unlawful” retail operations in industrial areas – with the result being that many shops are becoming vacant, a proliferation of discount and \$2 shops – deterioration of what otherwise was a vibrant and strong retail area. The introduction of greater densities would introduce greater numbers of residents directly above and in the immediate vicinity of the retail strip – which would invigorate and revitalize the retail strip for both day time generic retailing, destination retailing and spill over into the evenings with entertainment, restaurant and café retailing.

We look forward to your reply.

Yours faithfully



Marrickville Chamber of Commerce