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## Economic Impact Assessment



**Concept Plan for a mixed use development including residential, retail and commercial land uses and public domain improvements at 78-90 Old Canterbury Road Lewisham**

Prepared for: Lewisham Estates Pty Ltd  
Project No: 7236B  
Date: November 2010



## Economic Impact Assessment

Proposed Mixed Use Development at Lewisham

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## **Executive Summary**

### **Introduction**

Don Fox Planning incorporating Hirst Consulting Services has been requested to provide advice relating to the potential economic impact of new retail facilities on a site located on Old Canterbury Road, Lewisham.

This report is provided as part of the Environmental Assessment submitted for a proposed Major Project on Lot 11 DP 774322 and Lots 6 -8 DP 977044 and addresses Director General Requirement No. 6 as outlined in the DGRs dated 16 March 2009 (MP08\_0195).

Approval is being sought for a concept plan involving a mixed use development comprising basement car park, residential, commercial and retail uses generally in accordance with the building envelope, floorspace ratio (FSR) and land uses as illustrated in the plans prepared by Tony Owens Partners. Public domain improvements include the creation of new streets, open space areas and pedestrian access points.

The purpose of this report is to assess the potential impact of the retail and commercial components of the development, particularly the impact on other centres in the vicinity.

Therefore, this assessment will address the following:

- Existing strategies and planning policies;
- Description of the existing commercial centres in the area;
- Analysis of the characteristics of the population, including population projections and a description of the estimated catchment area;
- Analysis of the expenditure potential in the catchment area;
- An estimation of the support for existing facilities and the support required for the proposed development; and
- The potential impact of the proposal.

### **Methodology / Considerations**

Using the characteristics of the population of the Ashfield Town Centre as a reference population for the potential population of the residential component of the subject site, we would expect that the resident population of the subject site might display the following characteristics:

- A high proportion of persons born overseas.
- An age structure not unlike that of the Ashfield Town Centre.
- 100% of the dwellings comprising multi unit housing apartments.
- An average occupancy of 2.2 persons per dwelling.
- A low proportion of group households.
- A high proportion of rented households.
- A median annual income similar to that of households in the Ashfield Town Centre.

For the purposes of this assessment, the catchment of the proposed retail/commercial components of the proposed development has been estimated to comprise:

- The immediate neighbourhood comprising the residential development on the subject site and, ultimately, households that may be developed on the remainder of the MacGill Street precinct and on the Allied Mills site;
- A Primary Trade Area, comprising an area approximately 1.5 km from the subject site and bounded by the railway line to the north and Old Canterbury Road to the west;
- Secondary Trade Areas – West and North

We estimate there is the potential for the retail component of this development to generate total sales of \$43.1 million in 2013, \$44.4 million in 2016 and \$45.3 million in 2018. Of this the supermarket component could account for \$26 million in sales in 2013, \$26.7 million towards 2016 turnover of the retail component and \$27.3 million in total sales in 2018.

Assuming the retail components of the proposed development do not commence trading until 2016, and assuming the supermarket attracts around 40% of supermarket expenditure from households in the Primary Trade Area (PTA), the balance of supermarket expenditure (comprising \$2.35 million from each STA) would be required to supplement expenditure from on site households – being households developed as part of the proposed development (assuming 70% of supermarket expenditure from those households is directed to this facility).

By 2018, assuming the proportion of supermarket expenditure from PTA households remains constant at around 40%, as a result of an increase in available on-site expenditure, only \$1.5 million would need to be attracted from each STA. \$1.5 million represents 8.5% of supermarket expenditure from STA households and 10.8% of supermarket expenditure from STA North households.

The specialty retail component will only need to attract around 15% of convenience retail expenditure from PTA and 10% from households in each STA in 2018 in order to 'top up' expenditure from on site households.

There is the potential for the proposed supermarket to impact on the turnovers of other supermarket in the vicinity, however, we consider that most supermarkets in the area, and in particular the supermarkets at Dulwich Hill and Summer Hill (being the closest supermarket based centres closest to the site) are currently overtrading due to a shortage of competition. The potential redistribution of some expenditure is likely to reduce turnovers at these facilities to be more reflective of industry norms. Such an outcome is unlikely to impact on the ability of these facilities to continue to trade effectively.

The proportions of expenditure from PTA and STA households that may be directed to the retail facilities to be developed as part of this mixed use proposal are unlikely to impact on the role and function of other established centres within the vicinity of the site as each of these centres could continue to draw trade from other households beyond the estimated catchment of the proposed development. Furthermore, the proposed development may only attract a proportion of available expenditure from PTA and STA households leaving a significant amount of expenditure available to continue to support retail facilities in other centres.

The introduction of a new supermarket will provide some competition which can have positive impacts for consumers in the form of reduced prices. Further, the provision of an additional supermarket into an area which is undersupplied in the terms of those facilities will result in a more sustainable community with reduced travel times and distances to access facilities.

## Conclusions

Our assessment of the possible economic impacts of 2,800m<sup>2</sup> of supermarket floor space and 3,220m<sup>2</sup> of specialty retail floorspace at Lewisham demonstrates the following:

- A contributor to local retail expenditure will be the residences to be developed on the site and eventually on adjoining sites (i.e. – the immediate neighbourhood). Not only will these households contribute to on site retail facilities they will also provide additional support to retail services in other centres.
- The largest of the other retail centres in the area have very extensive catchments. The catchment area of the proposed retail facilities only account for a small proportion of the overall catchment of these centres. Even the catchment areas of the Dulwich Hill and Summer Hill local centres (being the closest supermarket based centres to the subject site) only include part of the catchment areas of the proposed development. Therefore, any potential impact of the proposed facilities is diluted somewhat as the existing centres have established catchments of which the notional catchments account for only a part; and
- The smallest of the other retail centres in the area can continue to function to service their immediate catchment (in the case of Lewisham) or their specialised role (in the case of Petersham). The services offered in these centres are complementary to those likely to be offered on the subject site.
- The existing convenience retail outlet on Longport St is not part of a centre – it is removed from the Lewisham shops. In any event, there is sufficient evidence to suggest that this store will be able to compete with the proposed development and continue to provide a service to the local community. The proportion of expenditure that may be attracted to the retail component of the proposed development will result in there being other ‘uncommitted’ expenditure available from households in the vicinity of this store to support that outlet.

## 1 Introduction

Don Fox Planning incorporating Hirst Consulting Services has been requested to provide advice relating to the potential economic impact of new retail facilities on a site located on Old Canterbury Road, Lewisham.

This report is provided as part of the Environmental Assessment submitted for a proposed Major Project on Lot 11 DP 774322 and Lots 6 -8 DP 977044 and addresses Director General Requirement No. 6 as outlined in the DGRs dated 16 March 2009 (MP08\_0195).

In this regard DGR No. 6 requires that:

*“The EA shall address the economic impact of the proposal and include an investigation into the impact upon the retail and commercial and residential industry within the locality and including the identification of the Primary and Secondary Trade Areas (PTA and STA) and having regard to the hierarchy of centres in the relevant regional strategy and other relevant Government Policies”.*

Concept plan approval is being sought for a mixed use development including residential, retail and commercial land uses and public domain improvements generally in accordance with the building envelope, floorspace ratio (FSR) and land uses as illustrated in the plans prepared by Tony Owens Partners. The concept plan is for buildings ranging in height from 4 to 9 storeys with a maximum overall FSR of 3.5:1.

We have been advised that the commercial component of the proposed development could comprise the following:

- A supermarket with floor area of 2,800 m<sup>2</sup>;
- Specialty retail/commercial floor space with total floor space of approximately 3,220m<sup>2</sup>; and
- Approximately 290m<sup>2</sup> of commercial floor space.

The residential component of the development will comprise 7 buildings and provide for a maximum of 400 apartments to be developed over 5 years.

The purpose of this report is to assess the potential impact of the retail and commercial components of the development, particularly the impact on other centres in the vicinity.

Therefore, this assessment will address the following:

- Existing strategies and planning policies;
- Description of the existing commercial centres in the area;
- Analysis of the characteristics of the population, including population projections and a description of the estimated catchment area;
- Analysis of the expenditure potential in the catchment area;
- An estimation of the support for existing facilities and the support required for the proposed development; and
- The potential impact of the proposal.



## 2 Existing Studies and Strategies

### 2.1 Business Centres Study

In 1993, a Business Centres Study undertaken by Plant Location International for Marrickville Council concluded that:

- There was no clear hierarchy of business centres in Marrickville LGA;
- In terms of floorspace, there were three major centres:
  - Marrickville Town Centre
  - King Street, Newtown
  - Parramatta Road, Petersham
- Marrickville Metro Shopping Centre was the dominant retailing centre;
- Marrickville Town Centre was the geographic centre of the LGA;
- Marrickville Metro had the most extensive catchment; and
- There was little demand for additional floorspace in any of the major centres.

### 2.2 Marrickville Urban Strategy

In 2007, Marrickville Council adopted the Marrickville Urban Strategy (MUS). This strategy identified 16 centres in the Marrickville LGA that provide a range of shopping, fresh food, personal services, restaurants, cafes, bars, services and recreational opportunities, theatres and galleries. These centres ranged in size from a neighbourhood centre up to a town centre.

Centres in the vicinity of the subject site include:

- Lewisham Station shops (classified in the MUS as a neighbourhood centre);
- Petersham shops, New Canterbury Road (this centre is classified as a small village in the MUS);
- Dulwich Hill shops, corner New Canterbury Road and Marrickville Road (classified as a small village);
- Marrickville Shopping Centre, Marrickville Road & Illawarra Road (classified as a village centre); and
- Marrickville Metro, which is the only stand-alone shopping centre in the Marrickville LGA.

The location of these centres in relation to the subject site is shown in the plan at **Figure 1**.

Also indicated on the plan at **Figure 1** is the Ashfield shopping centre which is located along Liverpool Road and the Summer Hill local centre, both of which are located within the Ashfield LGA.



Figure 1 – Location of Surrounding Centres

## **2.3 South Subregion Draft Subregional Strategy**

The South Subregion Draft Subregional Strategy, in which the Marrickville LGA is located, was exhibited for public comment in March-April 2008. A hierarchy of centres within the LGA is proposed as part of the Draft Subregional Strategy.

The hierarchy of centres as described in the South Subregion Draft Subregional Strategy is at odds with that described in Council's Urban Strategy document. For example the Marrickville Village Centre located on Marrickville Road and Illawarra Road is described in the Draft Subregional Strategy, as a town centre. Similarly, the Marrickville Metro which the MUS describes as a stand-alone shopping centre is described in the Draft Subregional Strategy as a village centre.

There are a number of inconsistencies between the Draft Subregional Strategy and the Marrickville Urban Strategy and to this end, Marrickville Council has made a submission to the Department of Planning in relation to some of the planning directions identified in the Draft Subregional Strategy. For the purposes of this assessment the description of the centres as noted in the MUS will be applied.

## **2.4 Draft Centres Policy**

The draft Centres Policy was exhibited for public comment from 9 April 2009 to 9 May 2009. The policy seeks to provide a planning framework for the development of new and existing retail commercial centres in NSW.

As part of the policy the Department of Planning has identified six key planning principles to guide future retail and commercial development.

**Principle 1** – Retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.

**Principle 2** – The planning system should be flexible enough to enable all centres to grow and new centres to form.

**Principle 3** – The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.

**Principle 4** – The planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and to promote competition.

**Principle 5** – The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.

**Principle 6** – Retail and commercial development should be well designed to ensure that it contributes to the amenity, accessibility, urban context and sustainability of centres.

The retail and commercial component of the proposed development is considered to be consistent with the principles of the draft Centres Policy in that:

- Although it is not part of an existing centre per se, the site is located within an area which is clearly under supplied in terms of retail and commercial facilities and supermarkets in particular.
- Having regard to the development potential of the area in which the site is located, including the MacGill Street precinct and the nearby Allied Mills site, the retail component of the proposed development will provide a convenient and accessible facility for the purchasing of day to day necessities.
- It provides for the co-location of retail and commercial facilities with a new residential development.
- The amount of floorspace proposed will be unlikely to impact on other existing multifunctional centres in the area.
- It is a positive response to the potential increase in population in the vicinity of the site.
- It will be a functional facility allowing easy access by walking.

It is considered that the retail component of the proposed development is consistent with the principles of the draft Centres Policy.

## **2.5 Draft Competition SEPP**

The draft Competition SEPP was exhibited from 27 July 2010 to 26 August 2010. The draft SEPP proposes that:

- the commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications;
- the likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered; except
- if the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself; and
- any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

This assessment considers the potential impact the proposed development may have on the extent and adequacy of services and facilities available to the surrounding community.

## **3 Existing Centres**

### **3.1.1 Introduction**

In our opinion, the influence of the retail component of the proposed Lewisham development could extend over the smaller centres within approximately 1 kilometre distance of the subject site and larger centres within approximately 2 kilometres. Given the relative dominance of Marrickville Metro and the Marrickville Shopping Centre in terms of retailing activity in the LGA, this assessment will also investigate the potential influence the proposed development may have on those centres. Therefore, for the purposes of this assessment, the following centres have been investigated:



- Lewisham Station Local Convenience Shops;
- Petersham Shops along New Canterbury Road;
- Dulwich Hill Shops corner New Canterbury Road and Marrickville Road;
- Summer Hill Shopping Centre located on the southern side of the railway line; and
- Marrickville Shopping Centre and Marrickville Metro Shopping Centre.

Although the Ashfield Town Centre is within 2 kilometres of the subject site, in our opinion any retail facility located on the subject site is unlikely to impact on the Ashfield Town Centre as the primary catchment area of any on-site retail services are considered to be beyond the influence of the Ashfield Town Centre. Similarly, we would not expect the catchments of Norton Plaza or Leichhardt Marketplace to include the primary catchment area of the retail component of the proposed development.

### **3.2 Marrickville Metro Shopping Centre**

Marrickville Metro is the dominant retail centre in the LGA. However, because it currently does not support a significant floor area of non-retail functions, it acts only as a secondary district centre.

Marrickville Metro remains the only self-contained shopping centre in Marrickville, being developed in the late 1980's. The centre is surrounded by residential and industrial land uses and was developed as a result of rezoning of industrial land.

The bulk of tenants within Marrickville Metro are mainstream outlets. The centre is anchored by two major supermarkets (Woolworths and ALDI food store) and a K-Mart discount department store. These major tenants are supported by over 100 specialty outlets.

A development proposal is currently being prepared in relation to the proposed expansion of Marrickville Metro Shopping Centre. The proponent of the Marrickville Metro Shopping Centre proposes to develop approximately 32,500 m<sup>2</sup> of additional retail floor area to incorporate an additional discount department store, supermarket, mini-major and specialty retail. Director General's requirements for this Major Project were issued on the 3 March 2010.

The EA for that Major Project is currently being exhibited. The EA indicates that the gross floor area (GFA) of shopping centre will increase from 29,638sqm to 57,935sqm. The potential for Marrickville Metro to expand will be taken into account as part of this assessment.

### **3.3 Marrickville Shopping Centre, Marrickville Road & Illawarra Road**

The 1993 Business Centres Study made recommendations regarding the Marrickville strip centre, indicating it should be promoted as the predominant district level business centre in the LGA. It was considered that investment should focus on retail or business-related services and (hopefully) include the addition of a major supermarket, discount department stores and office development. It was also suggested that the role of the centre could be strengthened through the relocation of the municipal administrative services to the centre.

Field surveys of Marrickville confirm that Council's Administrative Services have not been relocated to this centre and the centre still lacks a major supermarket. There are in fact very few national chain stores represented in this centre.

There are two small to medium sized supermarkets in Marrickville - a SPAR grocery store (on the corner of Marrickville Road and Gladstone Street) and a Foodworks store (previously a small Woolworths Supermarket) on Illawarra Road. In addition there is a Seven Eleven store on Marrickville Road along with several specialist (mainly Asian) grocery stores.

Most retailing within Marrickville comprises specialty shops on either side of Marrickville Road between Petersham Road and Victoria Road, and along Illawarra Road between Marrickville Road and Warren Road.

There is presently some concentration of medical services in this centre with over 25% of non-retail premises being used to provide a variety of medical services. Other professional offices include solicitors, accountants and travel agents which account for almost 40% of non-retail premises.

General signage and types of restaurants present in the centre also reflect a mix of ethnic backgrounds including Greek, Vietnamese and Chinese.

The centre appears well-patronised and vibrant and recent street upgrades have contributed significantly to the centre's amenity. In our opinion, the Marrickville Shopping Centre appears to function positively as one of the main retail and commercial centres in the LGA.

### **3.4 Petersham Shopping Centre, New Canterbury Road**

The Petersham Shopping Centre is a traditional strip shopping centre with frontages along both sides of New Canterbury Road between West Street and Audley Street. The public domain areas of the Petersham Shopping Centre, particularly along New Canterbury Road, lack amenity due to the volume of traffic using this road. A recent inspection of the centre revealed a reasonably high proportion of vacant retail and non-retail premises and little vibrancy or vitality. The centre was not well-patronised, however some cafés in Audley Street were experiencing a reasonable level of trade.

The centre lacks a heart or core as there is no major anchor tenant such as a supermarket in the centre. The centre is very long and drawn out and car parking is poorly located behind the retail strip with no connection to the shopping area.

There is evidence of the Portuguese influence in the centre with a significant number of restaurants, cafes and food stores offering Portuguese cuisines and specialist groceries. Other cuisines represented in this centre include Indian, Brazilian, Spanish, Chinese, Italian and Greek. Evidence of these types of outlets suggests the centre could have the ability to draw trade from beyond its local area.

There is evidence of underutilised land within the retail centre with a skate rink and garden centre both occupying significant areas of prime business-zoned land.

### **3.5 Dulwich Hill Shopping Centre, New Canterbury Road & Marrickville Road**

This centre is divided into two sections. That part of the centre along New Canterbury Road includes a significant proportion of using non-retail activities, including a hotel, funeral director, dance studio, print works and upholsterer occupying large floorspace areas. In this regard, this precinct of the Dulwich Hill centre is considered to be underutilised.

Although there is an IGA Supermarket in this strip, there are also a significant number of vacant premises, particularly in that section beyond Marrickville Road. This section of the centre comprises mainly fringe retail activities including a signage outlet, kitchen showroom, sewing machine outlet and car wash facility.

That part of the centre along Marrickville Road and Seaview Street is more vibrant and comprises higher quality retail provision. The public domain areas have been improved with widened footpaths and landscape treatments. Car parking is also more convenient with two Council car parking areas located along Seaview Street but only limited on-street parking along Marrickville Road. This section of the centre appears to comprise a good balance between retail and non-retail provision. The variety of outlets within this centre is

generally what would be expected to be found in a comprehensive local centre serving its surrounding community.

### **3.6 Lewisham Station Shops**

This centre is very much a small, local convenience centre capitalising on its location immediately adjacent to the railway station. There are a variety of unconventional tenants within this centre including a scaffold supplier, recording studio and care services office. In addition, it appears that some of the shops within this centre have been converted to residential premises.

The public domain areas of the centre are impacted upon by the significant volume of traffic along Railway Terrace.

Retail outlets in the centre include a small supermarket/grocery store on the corner of Henry Street and Victoria Street, a take-away food outlet, laundromat and convenience store.

### **3.7 Summer Hill Shopping Centre**

The bulk of the Summer Hill Shopping Centre is located on the southern side of the railway line and is centred on Lackey Street and Hardie Avenue.

This is a small, local centre serving its local community with pleasant and well maintained public domain areas. The mix of outlets within the centre is mainly local serving retail outlets supported by a small proportion of non-retail, local serving businesses. Although there is some shoptop housing, there is little evidence of any first floor commercial uses within this centre. The centre is supported by a small Franklins supermarket with a specialist grocer/fresh food produce store.

## **4 Population**

### **4.1 Introduction**

#### **4.1.1 Estimated Catchment Area**

Depending on the scale of retail development, the nature of tenancies, and the level of competition of competing centres and facilities combined with the presence of physical barriers to movement, different retail centres and specialty outlets can experience significantly different trade or catchment areas. For example, the catchment area of some of the specialty food outlets within the Petersham Shopping Centre is likely to extend well beyond the local area.

Apart from the on-site population and the neighbouring site population the proposed development also has the ability to draw a proportion of trade from the surrounding residential area.

Therefore for the purposes of this assessment, the catchment of the proposed retail/commercial components of the proposed development has been estimated to comprise:

- The immediate neighbourhood comprising the residential development on the subject site and, ultimately, households that may be developed on the remainder of the MacGill Street precinct and the Allied Mills site;
- A Primary Trade Area, comprising an area approximately 1.5 km from the subject site and bounded by the railway line to the north and Old Canterbury Road to the west.

- A Secondary Trade Area North (STA North) comprising those areas bounded by the railway line to the south, the Great Western Highway to the north, Crystal Street to the east and the goods line to the west.
- A Secondary Trade Area West (STA West) being that area bounded by the railway line to the north, Prospect Street to the west and Old Canterbury Road and the goods line to the south and east.

These areas are depicted on the catchment area plan at **Figure 2**.





Figure 2 – Potential Catchment Areas

As evidenced in Figures 1 and 2, there is a variety of centres ranging in size neighbourhood centres up to larger, comprehensive town centres surrounding the subject site. In addition to those identified, there are also supermarket and convenience retail facilities located at Norton Street Leichhardt (Norton Plaza) and Leichhardt Marketplace.

The presence of these centres restricts the extent of the estimated catchment and results in a relatively 'contained' catchment for the proposed retail facilities.

This is not to say that households from areas beyond the estimated catchment area may not occasionally patronise the proposed retail facilities, however, given the availability of other retail facilities and centres, only limited expenditure from areas beyond the estimated catchments is anticipated.

Also, despite the availability of other centres in the vicinity, it can be demonstrated that there is a demand for additional convenience retail facilities in the area.

#### **4.1.2 Population Projections for Marrickville LGA**

According to the Marrickville Urban Strategy, approximately 225 dwellings per year are required to be built in the Marrickville LGA to accommodate social and demographic change in the LGA and meet the targets set by the Metropolitan Strategy. Ways of achieving urban renewal are described in the Marrickville Urban Strategy and include rezoning of select special use sites, rezoning of select industrial sites (such as the subject site), and increased density in infill areas. Therefore, not only is there is the potential for 400 dwelling units to be constructed on the subject site, there is also the potential for there to be an increase in population in the surrounding area as a result of these urban renewal projects.

Specifically, the site to the immediate south of the subject site has potential to support 400 new dwellings (by our estimation – if redeveloped in similar fashion to the subject proposal), and the land to the immediate west of the proposed light rail line (the old Allied Mills flour mill property) has potential to support between 400-500 new dwellings. There are no current development proposals for either site. Assuming this 'neighbourhood' redevelopment does eventuate, and also assuming the possibility of a pedestrian linkage across the rail line (in concert with an expanded light rail service) being provided, we (conservatively) assume there is potential for at least 1,200 new dwellings to be developed in the immediate neighbourhood.

The Department of Planning has recently produced population projections for NSW statistical local areas for the years 2006-2036. According to these projections, the total population of the Marrickville LGA in 2006 was estimated to be 75,500 persons. This is projected to increase to 79,000 persons by 2011 and ultimately, in 2036, a population of 88,000 persons in the Marrickville LGA is envisaged. **Table 1** below is the projected population growth of the Marrickville LGA for the period 2006 – 2036 together with annual average growth rates.

<b>TABLE 1: Estimated Population Projections for Marrickville LGA 2006 –</b>		
<b>Year</b>	<b>Total Population</b>	<b>Annual Average Growth Rate (%)</b>
2006	75,000	-0.31 (2001 – 2006)
2011	79,000	0.89 (2006 – 2011)
2016	81,700	0.69 (2011 – 2016)
2021	83,500	0.43 (2016 – 2021)
2026	84,800	0.03 (2021 – 2026)
2031	86,300	0.35 (2026 – 2031)
2036	88,000	0.40 (2031 – 2036)
Source: NSW Statistical Local Area Population Projections 2006 - 2036		

## 4.2 Characteristics of the Potential Catchment Population

### 4.2.1 Introduction

The most recent detailed population statistics are those available from the 2006 Census. These have been used in this analysis and updated where appropriate by available projections.

### 4.2.2 Population Profile

As described earlier, the catchment areas for retail centres and facilities within centres can vary significantly. It is likely that any convenience retail provision on the subject site will not only attract a reasonable proportion of expenditure from the development site itself, but also from households surrounding the site.

Because the subject site will comprise mainly high density development with retail facilities immediately available, the residential population within the Ashfield Town Centre has been used as a reference population for the purposes of establishing a profile of the ultimate population of the subject site. This population represents the closest high density residentially developed precinct within a centre, within the vicinity of the site. This is not to say that the population of the subject site will display exactly the same characteristics as the population of the Ashfield Town Centre, but in terms of dwelling structure, household composition, household tenure and income, we suggest the characteristics may be similar. The characteristics of the Ashfield Town Centre population are included in **Table 2**.

<b>TABLE 2: Extract from 2006 Basic Community Profile</b>				
	<b>Ashfield Town Centre</b>	<b>Postal Area 2049</b>	<b>Postal Area 2204</b>	<b>Postal Area 2203</b>
<b>Total Persons</b>	3,226	10,236	23,819	12,239
<b>Born in Australia</b>	28.6%	61.3%	49.4%	52.4%
<b>Born Overseas</b>	49.7%	29.6%	41.2%	36.7%
<b>AGE of PERSONS</b>				
<b>0-14</b>	15.1%	13.1%	14.9%	16.1%
<b>15-24</b>	16.8%	12.3%	12.3%	10.9%
<b>25-44</b>	38.4%	39.9%	37.0%	38.9%
<b>45-64</b>	20.7%	24.1%	23.2%	23.9%
<b>65 or more</b>	9.1%	10.5%	12.6%	10.2%
<b>Different address 5 years ago (5+yo)</b>	42%	43.6%	35.0%	36.8%
<b>On Census Night, persons counted:</b>				
<b>At home</b>	99.8%	93.9%	96.6%	99.2%
<b>Elsewhere in Australia</b>	0.2%	6.0%	3.4%	0.8%
<b>Household Composition</b>				
<b>Couple with Children</b>	41.4%	37.9%	41.5%	40.9%
<b>Couple without Children</b>	38.5%	43.0%	36.7%	37.0%
<b>Single Parent</b>	15.3%	16.7%	18.8%	19.1%
<b>Other Families</b>	4.8%	2.4%	3.0%	3.0%
<b>Lone Person Households</b>	23.9%	34.8%	30.5%	33.0%
<b>Group Households</b>	7%	5%	4.3%	3.2%
<b>Total No. of Households</b>	1,236	4,398	9,523	5,349
<b>Dwelling Structure</b>				
<b>Separate House</b>	32.5%	39.7%	40.6%	39.0%
<b>Apartments</b>	56.0%	39.9%	40.9%	49.0%
<b>Other Medium Density</b>	8.4%	18.4%	17.6%	10.3%
<b>Other (including not stated)</b>	3.1%	2.0%	1.0%	1.8%
<b>Persons per Dwelling</b>	2.6	2.2	2.4	2.3

TABLE 2: Extract from 2006 Basic Community Profile				
	Ashfield Town Centre	Postal Area 2049	Postal Area 2204	Postal Area 2203
<b>Tenure</b>				
Owned	19.5%	21.2%	25.5%	24.5%
Being Purchased	21.6%	25.3%	24.4%	26.2%
Rented	38.2%	43.7%	40.4%	39.2%
Other (including not stated)	20.7%	9.7%	9.8%	10.1%
<b>Medians</b>				
Weekly Rent	\$284	\$249	\$228	\$235
Monthly Mortgage	\$1,834	\$1,990	\$1,834	\$1,833
Annual Household Income	\$54,808	\$62,700	\$54,600	\$58,448
<b>Weekly Household Income</b>				
\$0 - \$649	28.8%	21.7%	28.4%	24.6%
\$650 - \$1999	42.8%	42.1%	41.4%	46.2%
\$2000 +	17.8%	26.4%	19.0%	20.2%
Other, including not stated	10.6%	9.9%	11.2%	9.0%
<b>Average Vehicles per Household</b>	0.9	1.1	1.1	1.1
<b>Households with no vehicle</b>	25%	21%	23%	18.3%

Key characteristics of the 2006 population of the Ashfield Town Centre high density residential area include:

- 42% of the population lived at a different address 5 years ago, suggesting a fairly transient population.
- 56% of dwellings in this area were apartments with an average occupancy of 2.6 persons per dwelling.
- Almost 24% of dwellings were lone person households.
- 38.2% of households were rented. (Note: the high proportion (20.7% of other tenure) includes tenure type not stated).
- The median annual household income was over \$54,800.
- Car ownership was low with 25% of households having no vehicle and an average of only 0.9 vehicles per household.

Having regard to the characteristics of the Ashfield Town Centre population as a reference population for the potential population of the residential component of the subject site, we would expect that the resident population of the subject site might display the following characteristics:

- A high proportion of persons born overseas.
- An age structure not unlike that of the Ashfield Town Centre.
- 100% of the dwellings comprising medium density or multi-unit housing apartments.
- An average occupancy of 2.2 persons per dwelling.
- A low proportion of group households.
- A high proportion of rented households.
- A median annual income similar to that of households in the Ashfield Town Centre.

We would expect the populations of the adjoining site to the south and the Allied Mills site might display similar characteristics.



As previously indicated, the retail component of the proposed development is also likely to attract a proportion of trade from the surrounding residential area. This potential primary catchment area (PTA) is indicated in **Figure 2** and includes:

- The southern portion of Postcode Area 2049 (Lewisham and Petersham);
- The northern part of Postcode Area 2203 (Dulwich Hill); and
- Part of Postcode Area 2204 (Marrickville).

The profiles of each of these Postcode Areas have also been included in **Table 2**.

Key characteristics of these areas include:

- a higher proportion of persons born in Australia (compared to the Ashfield Town Centre);
- a higher proportion of lone person households;
- a similar proportion of rented households;
- the medium annual household income was significantly more in Postcode area 2049, than any of the other areas; and
- car ownership was similar.

For the purposes of this assessment, it is estimated that 2,000 households in Postcode Area 2049, 1,900 households in Postcode Area 2203, and 900 households in Postcode Area 2204 were within the estimated PTA of the proposed retail development on the subject site in 2006.

As previously indicated, the proposed retail facilities could also draw some expenditure from households beyond the immediate neighbourhood and the estimated PTA. For the purposes of this assessment two secondary trade areas – STA West and STA North have been estimated. The locations of STA West and STA North are indicated on **Figure 2**. The population profile of each of these areas is included in **Table 3** below.

<b>TABLE 3 : Extract from 2006 Basic Community Profile for STAs</b>		
	<b>Secondary Trade Area West</b>	<b>Secondary Trade Area North</b>
<b>Total Persons</b>	3,962	2,872
<b>Born in Australia</b>	55.4%	64.4%
<b>Born Overseas</b>	33.0%	28.1%
<b>AGE of PERSONS</b>		
<b>0-14</b>	16.1%	13.9%
<b>15-24</b>	11.8%	11.2%
<b>25-44</b>	40.5%	40.4%
<b>45-64</b>	22.3%	23.4%
<b>65 or more</b>	9.3%	11.1%
<b>Different address 5 years ago (5+yo)</b>	41.5%	46.2%
<b>On Census Night, persons counted:</b>		
<b>At home</b>	96.7%	95.7%
<b>Elsewhere in Australia</b>	3.2%	4.6%
<b>Household Composition</b>		
<b>Couple with Children</b>	43.7%	38.6%
<b>Couple without Children</b>	37.1%	42.1%
<b>Single Parent</b>	16.0%	17.2%
<b>Other Families</b>	3.1%	2.1%
<b>Lone Person Households</b>	32.3%	32.8%
<b>Group Households</b>	7%	11%

<b>TABLE 3 : Extract from 2006 Basic Community Profile for STAs</b>		
	<b>Secondary Trade Area West</b>	<b>Secondary Trade Area North</b>
<b>Total No. of Households</b>	1,547	1,139
<b>Dwelling Structure</b>		
<b>Separate House</b>	29.7%	38.5%
<b>Apartments</b>	46.6%	30.3%
<b>Other Medium Density</b>	21.6%	27.5%
<b>Other (including not stated)</b>	2.0%	3.7%
<b>Persons per Dwelling</b>	2.2	2.2
<b>Tenure</b>		
<b>Owned</b>	22.7%	22.1%
<b>Being Purchased</b>	27.8%	29.8%
<b>Rented</b>	46.5%	43.3%
<b>Other</b>	3.1%	4.9%
<b>Medians</b>		
<b>Weekly Rent</b>	\$247	\$271
<b>Monthly Mortgage</b>	\$1,888	\$1,955
<b>Annual Household Income</b>	\$64,640	\$73,220
<b>Weekly Household Income</b>		
<b>\$0 - \$649</b>	20.7%	21.0%
<b>\$650 - \$1999</b>	43.1%	40.5%
<b>\$2000 +</b>	27.1%	28.6%
<b>Other, including not stated</b>	9.1%	9.9%
<b>Average Vehicles per Household</b>	1.0	1.1
<b>Households with no vehicle</b>	24%	22%

Key characteristics of the 2006 population of these areas include:

- Fairly transient populations
- A reasonably high proportion of lone person households
- A high proportion of apartments and other medium density forms of housing
- A relatively high proportion of rented households
- Almost ¼ of households having no vehicle (suggesting that convenient retail facilities and centres would be well patronised).

## **4.3 Population Projections**

### **4.3.1 Subject Site**

**Table 4** is an estimate of the potential population growth within the subject site. Although there is the potential for the site immediately to the south of the subject site to be redeveloped (as indicated on the Master Plan documentation) the potential for the population of this area to support any retail development on the subject site has not been included as the timing of the redevelopment of that area is not known. Similarly, although the adjoining Allied Mills Site could be developed for up to 500 dwelling units in the future, these potential future households have not been factored in. Ultimately the immediate

neighbourhood, comprising the subject site, the southern part of the MacGill Street Precinct and the Allied Mills site could provide significant support for the retail component of the proposed mixed use development. This potential long term support could result in a redistribution of the catchment areas for the retail component of the development to the extent that less expenditure might be attracted from households in the PTA and STAs.

However, given that the timing of the redevelopment of these other areas is unknown, they have not been factored into this assessment in terms of notional catchment area households.

The estimates in **Table 4** have been based on a total residential yield of 400 dwellings on the subject site with development being completed over a 5 year period.

<b>TABLE 4: Estimated Development Staging 2013 - 2018</b>								
<b>Area</b>	<b>2013</b>		<b>2016</b>		<b>2018</b>		<b>2021</b>	
	<b>Persons</b>	<b>H'holds</b>	<b>Persons</b>	<b>H'holds</b>	<b>Persons</b>	<b>H'holds</b>	<b>Persons</b>	<b>H'holds</b>
<b>Development site</b>	295	134	634	288	880	400	880	400
<b>Source:</b> Staging based on information provided by applicant. Assumes development will commence in 2011, with first units occupied in 2013								

Based on the estimates in **Table 4** we would expect there to be 134 units occupied by 2013. Based on a 5 year development program, by 2018 total development of the subject site will be achieved.

#### 4.3.2 Primary Trade Area

In addition, as previously identified, the MUS suggest that there is the potential for an additional 5,600 dwellings to be developed in the LGA over the next 25 years.

It is estimated that the potential primary catchment area of the retail component of the proposed development comprises approximately 4,800 dwellings in 2006 (or approximately 17% of the 2006 Marrickville LGA dwelling stock).

Assuming the additional development progresses in accordance with projections as noted in the Dept. of Planning's Statistical Local Area Projections 2006-2036 (as noted in Table 1) the estimated population growth in the Primary Trade Area (PTA) could be as noted in **Table 5**.

<b>TABLE 5: Population Projections for PTA 2010 -2021</b>										
<b>Area</b>	<b>2010</b>		<b>2013</b>		<b>2016</b>		<b>2018</b>		<b>2021</b>	
	<b>Persons</b>	<b>H'holds</b>	<b>Persons</b>	<b>H'holds</b>	<b>Persons</b>	<b>H'holds</b>	<b>Persons</b>	<b>H'holds</b>	<b>Persons</b>	<b>H'holds</b>
<b>Primary Trade Area</b>	11,433	4,971	11,670	5,074	11,911	5,179	12,014	5,223	12,169	5,291
<b>Source:</b> DFP estimates										
Estimates based on a total of 4,800 households in 2006 comprising:										
Estimated no. of households with that part of postcode area 2049 in the PTA = 2,000										
Estimated no. of households with that part of postcode area 2204 in the PTA = 900										
Estimated no. of households with that part of postcode area 2203 in the PTA = 1,900										
<b>Annual Average Growth Rates:</b>										
2011 - 2016                      0.69%										
2016 - 2021                      0.43%										

#### 4.3.3 Secondary Trade Areas

It is likely that any population growth within STA West and North will be the result of some in-fill development (for the purposes of this assessment the Allied Milled site has been

excluded from STA West). **Table 6** below is an estimate of potential growth in STA West and STA North in the period 2010-2021. In-fill development has been estimated to be 10 dwellings/year.

<b>TABLE 6 : STA Population Projections 2010 -2021</b>										
Area	2010		2013		2016		2018		2021	
	Persons	H'holds	Persons	H'holds	Persons	H'holds	Persons	H'holds	Persons	H'holds
<b>STA West</b>	3,993	1,597	4,068	1,627	4,143	1,657	4,193	1,677	4,268	1,707
<b>STA North</b>	2,973	1,189	3,048	1,219	3,123	1,249	3,173	1,269	3,248	1,299
<b>Source:</b> DFP Estimates										

## 5 Expenditure Potential

### 5.1 On-Site Retail Expenditure Potential

**Table 7** is an estimate of the total retail expenditure likely to be available from on-site households in 2013-2021. These estimates have been calculated using a technique which categorises a community in terms of household income and combines these characteristics with the general expenditure on retail items as noted in the 2003/04 ABS Household Expenditure Survey, updated by applying the Consumer Price Index. For the years 2013-2021, an annual growth rate in spending of 1% has been factored in.

The expenditure estimates from the potential population of the subject site and its neighbours are provided in **Table 7** below.

<b>TABLE 7: Estimated Retail Expenditure per Development Site Household and in Total, 2013 - 2021</b>						
Retail Commodity Group	\$per Household (2010)	Total all households 2013 (\$mil)	Total all households 2016 (\$mil)	Total all households 2018 (\$mil)	Total all households 2021 (\$mil)	Sydney Av. \$ per Household
Food for Home	\$8,760.4	\$1.2	\$2.7	\$3.8	\$3.9	\$9,164.5
Clothing	\$2,276.1	\$0.3	\$0.7	\$1.0	\$1.0	\$2,453.9
Small Household Goods	\$4,506.2	\$0.6	\$1.4	\$2.0	\$2.0	\$4,746.8
Large Household Goods	\$6,838.6	\$0.9	\$2.1	\$3.0	\$3.0	\$7,260.4
Personal Services	\$2,617.1	\$0.4	\$0.8	\$1.1	\$1.2	\$2,791.3
Food Restaurants	\$1,875.0	\$0.3	\$0.6	\$0.8	\$0.8	\$2,037.5
Take Away Food	\$1,525.7	\$0.2	\$0.5	\$0.7	\$0.7	\$1,645.0
<b>TOTAL (\$)</b>	<b>\$28,399.1</b>	<b>\$3.9</b>	<b>\$8.7</b>	<b>\$12.3</b>	<b>\$12.7</b>	<b>\$30,099.5</b>
<b>Supermarket Expenditure</b>	<b>\$9,211.0</b>	<b>\$1.3</b>	<b>\$2.8</b>	<b>\$4.0</b>	<b>\$4.1</b>	<b>\$9,624.8</b>
<b>Source:</b> ABS: Basic Community Profile, Household Income Data. ABS: Household Expenditure Survey, 2003/04 Detailed Expenditure Items, Cat. No. 6535.0.55.001 <b>Base Data:</b> ABS Consumer Price Index, March 2010 <b>Totals:</b> Annual Growth Rate of 1.0% factored in						

According to the estimates in **Table 7**:

- If the subject site had been developed in 2010, each household could expend \$28,400 on retail commodity items. This is less than the average Sydney household which could expend almost \$30,100.
- By 2013, as a result of growth in spending and based on there being 154 households in the immediate neighbourhood, there could be \$3.9 million of retail expenditure available from these households.
- By 2016, the amount of available expenditure from households developed on the subject site could have increased to \$8.7 million and upon full development of the site in 2018 there could be \$12.3 million of total retail expenditure available.



Also included in **Table 7** is an estimate of expenditure likely to be directed to supermarkets. Based on the expenditure characteristics of the reference area households, it is estimated that each on-site household could have expended \$9,200 in supermarkets if they existed in 2010. Based on development occurring on the subject site in accordance with the staging as noted in **Table 3**:

- In 2013 there could be \$1.3 million of supermarket expenditure available from households developed as part of this Major Project proposal;
- By 2016 due to a growth in population, there could be \$2.8 million of supermarket expenditure available;
- By 2018 households developed as part of this proposal could expend \$4.0 million in supermarkets; and
- By 2021 the amount of supermarket expenditure available from on-site households could be \$4.1 million.

## 5.2 Primary Catchment Area Expenditure Potential

Using the same technique, the potential expenditure from surrounding households has also been estimated. **Table 8** is an estimate of the expenditure available from households in the potential primary catchment area from 2010-2021.

<b>TABLE 8: Estimated Retail Expenditure per Primary Trade Area Household and in Total, 2013 - 2021</b>						
<b>Retail Commodity Group</b>	<b>\$per Household (2010)</b>	<b>Total all households 2013 (\$mil)</b>	<b>Total all households 2016 (\$mil)</b>	<b>Total all households 2018 (\$mil)</b>	<b>Total all households 2021 (\$mil)</b>	<b>Sydney Av. \$ per Household</b>
Food for Home	\$9,024.4	\$47.2	\$49.6	\$51.0	\$51.5	\$9,164.5
Clothing	\$2,385.5	\$12.5	\$13.1	\$13.5	\$13.6	\$2,453.9
Small Household Goods	\$4,657.1	\$24.3	\$25.6	\$26.3	\$26.6	\$4,746.8
Large Household Goods	\$7,108.7	\$37.1	\$39.1	\$40.2	\$40.6	\$7,260.4
Personal Services	\$2,725.9	\$14.2	\$15.0	\$15.4	\$15.6	\$2,791.3
Food Restaurants	\$1,977.5	\$10.3	\$10.9	\$11.2	\$11.3	\$2,037.5
Take Away Food	\$1,602.7	\$8.4	\$8.8	\$9.1	\$9.1	\$1,645.0
<b>TOTAL (\$)</b>	<b>\$29,481.7</b>	<b>\$154.1</b>	<b>\$162.0</b>	<b>\$166.6</b>	<b>\$168.3</b>	<b>\$30,099.5</b>
<b>Supermarket Expenditure</b>	<b>\$9,481.6</b>	<b>\$49.6</b>	<b>\$52.1</b>	<b>\$53.6</b>	<b>\$54.1</b>	<b>\$9,624.8</b>
<b>Source:</b> ABS: Basic Community Profile, Household Income Data. ABS: Household Expenditure Survey, 2003/04 Detailed Expenditure Items, Cat. No. 6535.0.55.001 <b>Base Data:</b> ABS Consumer Price Index, March 2010 <b>Totals:</b> Annual Growth Rate of 1.0% factored in						

According to the estimates in **Table 8**:

- The average expenditure available from each of these households in 2010 is almost \$29,500;
- Available retail expenditure from all households in the notional primary catchment area could equate to \$154.1 million in 2013;
- By 2016 there could be \$162 million of expenditure available; and
- This could increase to \$166.6 million by 2018.

**Table 8** also estimates the expenditure from these households which could be directed to supermarkets:

- In 2013 an estimated \$49.6 million could be directed to supermarkets from households in the PTA;
- By 2016 this could have increased to \$52.1 million; and
- By 2018 there could be \$53.6 million available from PTA households to expend in supermarkets and \$54.1 million on 2021.

### 5.3 Secondary Trade Area Expenditure Potential

The expenditure potential of households within each of the estimated STAs is provided in **Tables 9** and **10** below.

<b>TABLE 9: Estimated Retail Expenditure per STA West Household and in Total, 2013 - 2021</b>						
<b>Retail Commodity Group</b>	<b>\$per Household (2010)</b>	<b>Total all households 2013 (\$mil)</b>	<b>Total all households 2016 (\$mil)</b>	<b>Total all households 2018 (\$mil)</b>	<b>Total all households 2021 (\$mil)</b>	<b>Sydney Av. \$ per Household</b>
Food for Home	\$9,457.1	\$15.8	\$16.6	\$17.2	\$17.7	\$9,164.5
Clothing	\$2,581.6	\$4.3	\$4.5	\$4.7	\$4.8	\$2,453.9
Small Household Goods	\$4,922.0	\$8.2	\$8.7	\$8.9	\$9.2	\$4,746.8
Large Household Goods	\$7,574.8	\$12.7	\$13.3	\$13.7	\$14.2	\$7,260.4
Personal Services	\$2,917.2	\$4.9	\$5.1	\$5.3	\$5.5	\$2,791.3
Food Restaurants	\$2,155.4	\$3.6	\$3.8	\$3.9	\$4.0	\$2,037.5
Take Away Food	\$1,735.3	\$2.9	\$3.1	\$3.1	\$3.2	\$1,645.0
<b>TOTAL (\$)</b>	<b>\$31,343.3</b>	<b>\$52.5</b>	<b>\$55.1</b>	<b>\$56.9</b>	<b>\$58.6</b>	<b>\$30,099.5</b>
<b>Supermarket Expenditure</b>	<b>\$9,922.9</b>	<b>\$16.6</b>	<b>\$16.9</b>	<b>\$17.5</b>	<b>\$18.0</b>	<b>\$9,624.8</b>
<b>Source:</b> ABS: Basic Community Profile, Household Income Data. ABS: Household Expenditure Survey, 2003/04 Detailed Expenditure Items, Cat. No. 6535.0.55.001 <b>Base Data:</b> ABS Consumer Price Index, March 2010 <b>Totals:</b> Annual Growth Rate of 1.0% factored in						

<b>TABLE 10: Estimated Retail Expenditure per STA North Household and in Total, 2013 - 2021</b>						
<b>Retail Commodity Group</b>	<b>\$per Household (2010)</b>	<b>Total all households 2013 (\$mil)</b>	<b>Total all households 2016 (\$mil)</b>	<b>Total all households 2018 (\$mil)</b>	<b>Total all households 2021 (\$mil)</b>	<b>Sydney Av. \$ per Household</b>
Food for Home	\$9,582.7	\$12.0	\$12.7	\$13.2	\$13.6	\$9,164.5
Clothing	\$2,644.4	\$3.3	\$3.5	\$3.6	\$3.7	\$2,453.9
Small Household Goods	\$5,003.0	\$6.3	\$6.6	\$6.9	\$7.1	\$4,746.8
Large Household Goods	\$7,708.9	\$9.7	\$10.2	\$10.6	\$10.9	\$7,260.4
Personal Services	\$2,976.8	\$3.7	\$3.9	\$4.1	\$4.2	\$2,791.3
Food Restaurants	\$2,209.8	\$2.8	\$2.9	\$3.0	\$3.1	\$2,037.5
Take Away Food	\$1,772.1	\$2.2	\$2.3	\$2.4	\$2.5	\$1,645.0
<b>TOTAL (\$)</b>	<b>\$31,897.8</b>	<b>\$40.0</b>	<b>\$42.3</b>	<b>\$43.8</b>	<b>\$45.1</b>	<b>\$30,099.5</b>
<b>Supermarket Expenditure</b>	<b>\$10,051.8</b>	<b>\$12.6</b>	<b>\$13.3</b>	<b>\$13.8</b>	<b>\$14.2</b>	<b>\$9,624.8</b>
<b>Source:</b> ABS: Basic Community Profile, Household Income Data. ABS: Household Expenditure Survey, 2003/04 Detailed Expenditure Items, Cat. No. 6535.0.55.001 <b>Base Data:</b> ABS Consumer Price Index, March 2010 <b>Totals:</b> Annual Growth Rate of 1.0% factored in						

Based on the estimates in **Table 9**, households in STA West could expend:

- \$52.5 million across the range of retail commodity groups in 2013;
- In 2016 these households could expend a total of \$55.1 million; and
- By 2018 the expenditure potential of these households could have increased to \$56.9 million.

Supermarket expenditure from these households could be:

- \$16.6 million in 2013;
- \$16.9 million in 2016;
- \$17.5 million in 2018; and
- \$18 million in 2021.

Estimated total expenditure from STA North households as noted in **Table 10**:

- \$40 million in 2013, \$12.6 million of which could be directed to supermarkets;
- \$42.3 million in 2016, \$13.3 million of which could be directed to supermarkets; and
- \$43.8 million in 2018 (with an estimated \$13.8 million being expended in supermarkets).

## 6 Impact Assessment

### 6.1 Sales Estimates

Depending on the location, the degree of competition, the size of the centre and the range of outlets available, shopping centres and retail outlets within shopping centres can experience significantly different turnovers. In terms of the centres within the vicinity of the subject site, Marrickville Metro is likely to have influence over a much greater area than local centres such as those at Dulwich Hill and Summer Hill for example, which are likely to attract most of their trade from their surrounding local population.

The estimates in **Table 11** below provide an indication of the potential turnovers likely to be generated by the retail facilities that could be provided on this site. These estimates recognise that the retail facilities will not comprise a 'centre' per se, but more a collection of convenience retail outlets to serve the neighbourhood and surrounding locality.

<b>TABLE 11: Estimated Turnover of Proposed Retail Component</b>					
Use	Estimated Floor space (m <sup>2</sup> )	\$/m <sup>2</sup>			
		2013	2016	2018	2021
Supermarket	2,800	\$9,270	\$9,548	\$9,739	\$9,835
Specialty Shops	3,200	\$5,356	\$5,517	\$5,627	\$5,682
Source: DFP Estimates					

Based on the estimates in **Table 11** the proposed development could experience sales as noted in **Table 12**.

<b>TABLE 12: Estimated Sales 2013 - 2021</b>					
Use	Estimated Floor space (m <sup>2</sup> )	Total Sales \$mil			
		2013	2016	2018	2021
Supermarket	2,800	\$26.0	\$26.7	\$27.3	\$27.5
Specialty Shops	3,200	\$17.1	\$17.7	\$18.0	\$18.2
<b>Total sales</b>		<b>\$43.1</b>	<b>\$44.4</b>	<b>\$45.3</b>	<b>\$45.7</b>
Source: DFP Estimates					

Using the estimates in **Table 12**, there is the potential for the retail component of this development to generate total sales of \$43.1 million in 2013, \$44.4 million in 2016 and \$45.3 million in 2018.

It is unlikely that the retail components of the development will commence trading before 2016. At that stage, according to the estimates in **Table 7**, there could be \$8.7 million of retail expenditure available from on site households. Of this, an estimated \$2.8 million could be directed to supermarkets and approximately \$3.8 million could be expended on what could generally be referred to as 'convenience' retail items (i.e. total retail expenditure excluding large household goods and supermarket expenditure).

## 6.2 Distribution of Expenditure

### 6.2.1 Distribution of Supermarket Expenditure

If 70% of supermarket expenditure was retained by the proposed supermarket facility on site, these households could contribute \$1.9 million towards the estimated \$26.7 million of sales that could be generated by the proposed supermarket in 2016. Therefore, in order for that supermarket to experience a turnover of \$9,548/m<sup>2</sup> in 2016, \$24.7 million of supermarket expenditure will need to be attracted from households in the PTA and STAs.

In **Table 8** it was estimated that PTA households could expend a total of \$52.1 million in supermarkets in 2016. Households in STA West could expend \$16.9 million in supermarkets in 2016 and it is estimated that STA North could direct \$13.3 million to supermarkets in 2016. Based on our review of supermarket facilities available to these households, a significant proportion of this expenditure is being directed to supermarkets outside the PTA including supermarkets located at in Marrickville, Ashfield, Summer Hill and Leichhardt.

It is estimated that the bulk of the estimated balance of supermarket sales of \$24.7 million will be sourced from PTA households.

If \$20 million of the estimated 'balance' of \$24.7 million is directed to the proposed supermarket from PTA households, this represents 38.4% of total supermarket expenditure from these households. It is not considered unreasonable to assume that up to 40% of supermarket expenditure from PTA households might be redirected to the proposed development particularly given the shortage of convenience retail facilities relative to the PTA.

Assuming the remaining \$4.7 million is 'split' evenly between the two STAs, this would represent 14% of supermarket expenditure from STA West households and 17.6% of supermarket expenditure from STA North households.

The plan at **Figure 3** indicates that estimated primary catchment areas of the other supermarket based centres in the vicinity of the subject site. As can be seen in **Figure 3** there is a significant amount of 'overlap' between the estimated catchments of these various centres. Most notably, the estimated size of the catchment of the Marrickville Metro Shopping Centre is very extensive when compared to the estimated catchments of the other centres within this part of the Marrickville LGA.

The plan at **Figure 3** indicates that even if there is a degree of expenditure redistribution from households within the estimated PTA and STAs of the proposed development, centres which 'share' those areas do not rely solely on expenditure from those households for support.

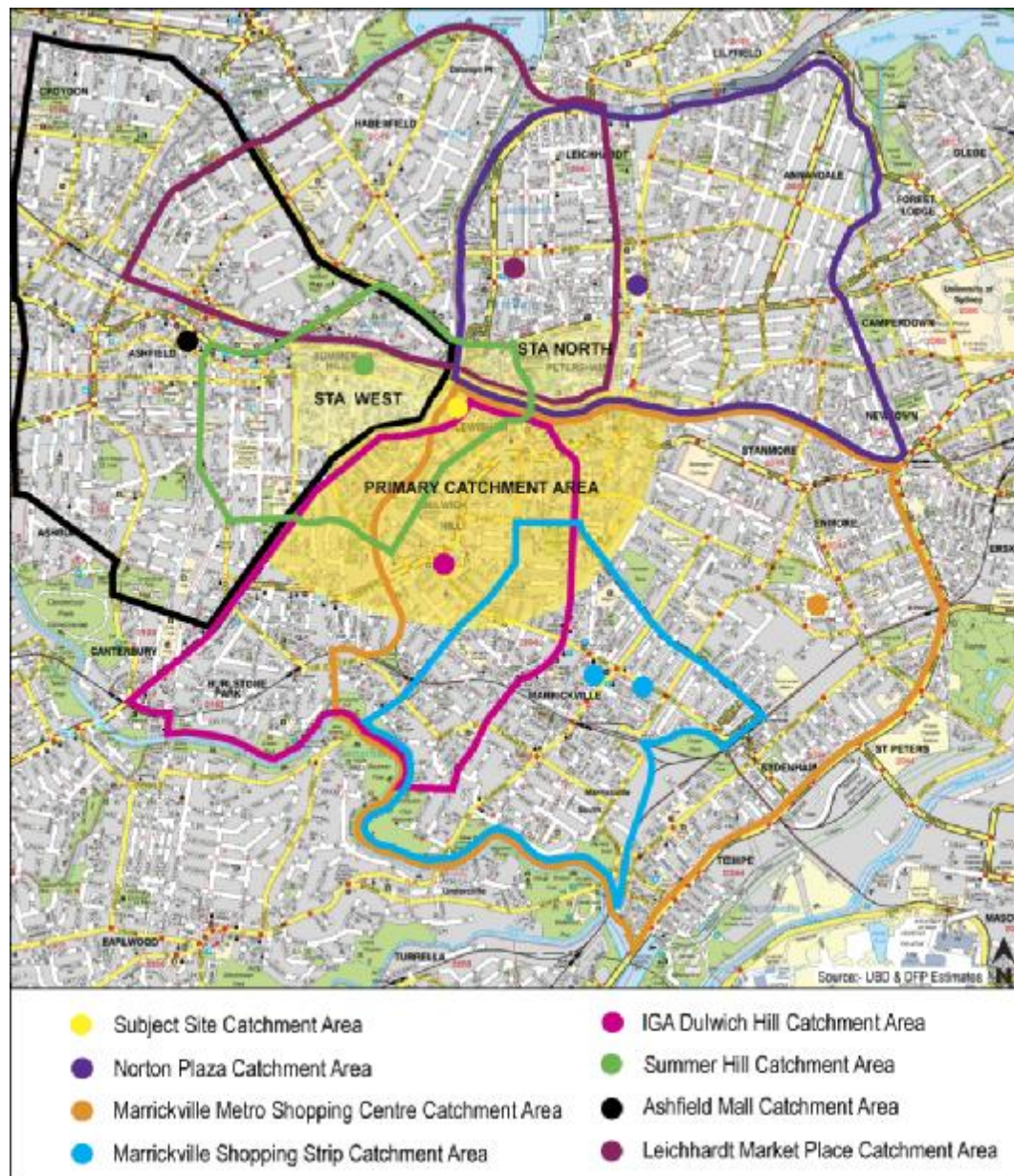


Figure 3 – Estimated Catchment Areas for nearby centres (DFP estimates)

For example, the estimated catchment of the Dulwich Hill shopping strip (in which a 1200m<sup>2</sup> IGA supermarket is located) includes most of the PTA of the proposed development but also extends beyond that catchment.

We estimate that there are some 10,360 households with the Dulwich Hill catchment in 2010. If each of these households expends \$9,400/year in supermarkets there could be a total of \$97.4 million of supermarket expenditure available from these households in 2010. And even if the IGA supermarket generated sales of \$12,000/m<sup>2</sup> in 2010 (which could be the case due to the shortage of supermarket floorspace in the local area) the IGA would only need to attract 15% of available supermarket expenditure from its catchment area households. This suggests that there is some \$83 million of supermarket expenditure available from households within the estimated catchment area of the Dulwich Hill IGA which is available to support other supermarkets.

### **6.2.2 Distribution of Convenience Retail Expenditure**

In terms of support of the specialty retail floorspace, we estimated (in **Table 12**) that floor space could generate sales of \$17.7 million in 2016.

Households to be developed on the subject site could contribute up to \$3.8 million in convenience retail expenditure in 2016. \$3.8 million comprises total retail expenditure available from these households in 2016 less expenditure at supermarkets and expenditure on large household goods.

If 50% of this expenditure is retained by convenience retail facilities to be provided as part of the proposed mixed use development, a further \$13.9 million would need to be attracted from PTA and STA households for these retail outlets to experience average sales of around \$5,500/m<sup>2</sup> in 2016.

Households in the PTA could expend \$70.8 million on convenience retail items (excluding supermarket expenditure and expenditure on large household goods) in 2016. STA West households will expend an estimated \$24.9 million on convenience retail items in 2016 and STA North households will expend \$18.8 million in 2016.

If 10% of convenience retail expenditure is directed to the proposed specialty retail outlets from households in each of the STA catchments, this would equate to \$2.5 million from STA West households and \$1.9 million from STA North households. The balance of the estimated \$13.9 million of sales, being \$9.5 million, could be directed to those facilities from PTA households. \$9.5 million represents 13.4% of convenience retail expenditure from PTA households in 2016.

### **6.2.3 Expenditure Distribution in 2018**

By 2018 it is anticipated that the site will be fully developed and occupied.

By 2018, assuming the proportions of retained expenditure by on-site households remains constant at 70% of supermarket expenditure and 50% of specialty retail/convenience expenditure, on site households could contribute \$2.8 million towards the supermarket sales and \$2.65 million towards the turnover of the convenience retail outlets to be developed on site.

Therefore, based on the estimates in **Table 12**, \$24.5 million would need to be attracted from PTA and STA households to 'top up' sales at the supermarket. Assuming the proportion of supermarket expenditure directed to the proposed facility from PTA households remains at around 40%, only \$1.5 million from households within each STA would need to be directed to the proposed supermarket in order for the facility to achieve sales of \$9,740m<sup>2</sup> in 2018. \$1.5 million represents only 8.5% of supermarket expenditure from STA West households in 2018 and 10.8% of STA North supermarket expenditure.

In terms of support for the specialty retail outlets, if the on site households contribute \$2.65 million towards the total estimated sales of \$18 million in 2018, \$15.35 million of convenience retail expenditure would need to be directed from PTA and STA households to outlets within the proposed development.

Assuming the proportion of expenditure from each STA remains at 10%, \$10.85 million or 15% of convenience retail expenditure would need to be directed to the proposed specialty retail outlets from PTA households in order for these outlets to experience average sales of over \$5,600 in 2018.

### **6.2.4 Other potential sources of expenditure**

It is likely that in the interim period, development could occur on the development sites to the south of the subject site and on the Allied Mills site to the west of the proposed light rail line.

The location of the proposed retail facilities to be developed as part of the proposed mixed use development will likely attract expenditure from households that could be developed on nearby development sites, to the extent that the proportion of expenditure from PTA and STA households that might be directed to retail outlets on the site could be less than that currently estimated.

If, for example, by 2018, the site to the south of the subject and the Allied Mills site are developed to at least half of their estimated potential, there could be an additional 400 households in the immediate neighbourhood. And assuming the characteristics of these households are similar to those of households within the proposed development and the distribution of expenditure from these households is similar to that of those households in the proposed development, these households could contribute up to \$2.8 million in supermarket sales and \$2.67 million in specialty retail sales in 2018.

Should this development scenario occur, the proportions of expenditure from PTA and STA households could be reduced.

In addition to residents, a proportion of sales at the proposed retail facilities could originate from on-site workers.

Based on an employee estimate of 1 employee/50m<sup>2</sup> of supermarket floor space and 1 employee/30m<sup>2</sup> of specialty retail floor space, the proposed development has the potential to create employment for approximately 160 persons (not including employment generated through construction).

If each employee expended (on average) \$20/week at on-site retail facilities, these employees could contribute up to \$160,000/year towards sales.

#### **6.2.5 Impact Assessment Conclusion**

As demonstrated in **Figure 3**, the estimated catchment areas for existing supermarket based shopping centres are such that the anchor tenants in these centres (being the supermarkets) do not rely on households with the estimated PTA and STAs for the proposed development as their sole source of trade. In each instance there is a significant area 'beyond' the estimated catchments for the retail component of the proposed development from which these supermarkets can continue to draw trade.

As previously indicated, the IGA at Dulwich Hill only needs to attract 15% of supermarket expenditure from its catchment area households in order to achieve sales of \$12,000/m<sup>2</sup> in 2010. We would expect that a similar situation would apply to the small Franklins supermarket within the Summer Hill local centre. Whilst it is acknowledged that these supermarkets are attractors to these centres, they are not the only attractors. Both Dulwich Hill and Summer Hill include a variety of retail and non-retail services and facilities; the supermarkets add to that mix of services.

It is considered many of the supermarkets within the vicinity of the subject site are experiencing sales well above industry norms, suggesting an element of overtrading could be occurring. Overtrading is the term applied to retail outlets which are experiencing sales well above what might be considered usual for a particular facility having regard to its location, size and function. If a facility is overtrading it is generally an indication that there is a shortage of retail floorspace in an area. In this instance we are of the opinion that there is a shortage of supermarket floor space in the vicinity of the site. This anomaly will be partly addressed by the provision of new retail services, including a supermarket, as part of this proposed mixed use development.

The proportions of expenditure from PTA and STA households that may be directed to the retail facilities to be developed as part of this mixed use proposal are unlikely to impact on the role and function of other established centres within the vicinity of the site as each of these centres can continue to draw trade from other households beyond the estimated



catchment of the proposed development. Furthermore, the proposed development may only attract a proportion of available expenditure from PTA and STA households leaving a significant amount of expenditure available to continue to support retail facilities in other centres. In addition, there will be uncommitted expenditure available from on-site households which could be directed to other retail facilities and services in the area.

## **7 Conclusion**

There is the potential for the proposed supermarket to impact on the turnovers of other supermarket in the vicinity, however, we consider that most supermarkets in the area, and in particular the supermarkets at Dulwich Hill and Summer Hill (being the supermarkets closest to the undersupplied area) are currently overtrading due to a shortage of competition. The potential redistribution of some expenditure will reduce turnovers of these facilities to be more reflective of industry norms but such an outcome is unlikely to impact on the ability of these facilities to trade effectively.

The introduction of a new supermarket will provide some competition which can have positive impacts for consumers in the form of reduced prices. Further the provision of an additional supermarket into an area which is undersupplied in the terms of those facilities will result in a more sustainable community with reduced travel times and distances to access facilities.

The potential for new retail facilities in this location to attract some household expenditure is not considered unrealistic given the shortage of supermarket floorspace readily available in the primary catchment area in particular.

Given the shortage of such facilities within the primary catchment area, it is unlikely that the introduction of additional retail facilities in this location will impact significantly on the function and composition of existing centres.

As noted in Section 3 of this report, the smaller centres in the immediate vicinity (i.e. 1 km radius) of the site are reasonably specialised in nature in terms of composition and the area serviced by the centre.

For example, the major attraction of the Petersham shops is the variety of food outlets available and its specialised and cosmopolitan retail offering. In this regard, the centre does not cater well for its local population in terms of day-to-day needs. Local Petersham residents would be required to travel to Leichhardt, Ashfield or Marrickville for such requirements, none of which are particularly convenient or accessible.

The Dulwich Hill and Summer Hill local centres are the closest supermarket based centres to the subject site. Each of these centres provides a broad retail offering, much of which targets the local population. Although there is a small supermarket within each centre, for major supermarket purchases local residents are forced to travel to either Marrickville Metro, Leichhardt or Ashfield. It is considered that even with the development of new retail facilities on the subject site, these centres will continue to function as a multi-faceted centres, as much of the catchment of the centres is beyond the notional catchment estimated for the proposed development.

It is considered that the catchments of the Marrickville shopping strip and Marrickville Metro and, to a lesser extent, centres at Ashfield and Leichhardt, are sufficiently large enough to be able to absorb the impact the potential redirection of a proportion of expenditure away from those centres may have. The potential catchment area of the proposed development represents only a minor proportion of the catchment areas of these major centres.

The small centre adjacent to Lewisham Station can continue to provide a basic level of convenience shopping to its limited catchment. There is the potential for the proposed supermarket to impact on the activities of the mixed business adjacent to this centre,



however it is considered that this outlet, which is on the fringe of the centre, will continue to provide for the convenience retail needs of its immediate neighbourhood.

Our assessment of possible economic impacts of 2,800m<sup>2</sup> of supermarket floor space and 3,220m<sup>2</sup> of specialty retail floorspace at Lewisham demonstrates the following:

- A contributor to local retail expenditure will be the residences developed on the site and eventually on adjoining sites (i.e. – the immediate neighbourhood). Not only will these households contribute to on site retail facilities they will also provide additional support to retail services in other centres.
- We expect that existing (and potential) households within the area estimated to comprise the PTA and STAs would divide their patronage between the existing centres at Leichhardt, Ashfield, Marrickville, Dulwich Hill, Summer Hill and to a lesser extent, Marrickville Metro. The estimated catchment areas represent only a proportion of the catchment areas of these centres.
- The preceding assessment demonstrates that in addition to expenditure that may be available from residents in the immediate neighbourhood, in 2016 the retail component of the proposed development would need to attract around 38% of available supermarket expenditure from households within the PTA, 14% of supermarket expenditure from STA West households and 17.6% of supermarket expenditure from STA North households in order to achieve forecast turnovers. In terms of convenience retail expenditure, if 10% of convenience retail expenditure from households in STA West and STA North was directed to proposed specialty retail outlets, these outlets would need to attract around \$9.5 million or 13.4% of convenience retail expenditure from PTA households in order to achieve forecast turnovers in 2016, leaving a reasonable proportion of expenditure available to be directed to facilities in other centres;
- The largest of the other retail centres in the area have very extensive catchments. The catchment areas of the proposed retail facilities only account for a small proportion of the overall catchment of these centres. Even the catchment areas of the Dulwich Hill and Summer Hill local centres only include parts of the catchment area of the proposed development. Therefore, any potential impact of the proposed facilities is diluted somewhat as the existing centres have established catchments of which the notional catchments account for only a part;
- The smallest of the other retail centres in the area can continue to function to service their immediate catchment (in the case of Lewisham) or their specialised role (in the case of Petersham). The services offered in these centres are complementary to those likely to be offered on the subject site; and
- The existing convenience retail outlet on Longport St is not part of a centre – it is removed from the Lewisham shops. In any event, there is sufficient evidence to suggest that this store will be able to compete with the proposed development and continue to provide a service to the local community. The proportion of expenditure that may be attracted to the retail component of the proposed development will result in there being other 'uncommitted' expenditure available from households in the vicinity of this store to support that outlet.