

Summer Hill Flour Mill Redevelopment Economic Impact Assessment

Prepared for

EG Funds Management

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LIST OF ABBREVIATIONS

Australian Bureau of Statistics	ABS
Australian and New Zealand Standard Industrial Classification	ANZSIC
NSW Bureau of Transport and Statistics	BTS
Central Business District	CBD
Census Collection District	CCD
Discount Department Store	DDS
Development Control Plan	DCP
Economic Impact Assessment	EIA
Floor Space Ratio	FSR
Global Financial Crisis	GFC
Greater Metropolitan Area	GMA
Gross Domestic Product	GDP
Gross Floor Area	GFA
Gross Lettable Area	GLA
Household Expenditure Survey	HES
Local Environmental Plan	LEP
Local Government Area	LGA
Metropolitan Development Program	MDP
Moving Area Turnover	MAT
NSW Department of Planning	DoP
Primary Trade Area	PTA
Leichhardt Residential Development Strategy	RDS
State Environmental Planning Policy	SEPP
Secondary Trade Area	STA
Statistical Subdivision	SD
Statistical Local Area	SLA
NSW Transport Data Centre	TDC
Travel Zone	TZ

GLOSSARY OF TERMS

Net Selling Area: Net Selling Area (NSA) is defined as that area involved in the selling process comprising all areas that customers can go to, plus display cases, display areas and spaces around checkout counters. It excludes the back of house area, which is generally "out of bounds" for customers. To the best of our knowledge IBECON (which has now ceased trading) was the only retail economics consultancy that used NSA in its assessments.

Gross Leasable Area: Gross Leasable Area or Gross Lettable Area (GLA) is the common measure used for lease and for other descriptive purposes in retail centres and shops. It is usually defined as the total area of the lease and includes back of house, storage, offices and mezzanine levels but usually excludes loading docks and common mall spaces. GLA is more commonly used in the industry because it defines the area of the lease. Shopping centre owners report rents and turnover figures on the leased area and benchmarking is usually made on the GLA. For the purpose of Hill PDA's demand modelling all floor areas expressed are in GLA.

Gross Floor Area: Gross Floor Area is Gross Leasable Area plus common mall spaces (including amenities), centre management area and plant rooms. In a typical indoor centre with at least one department store and supermarket the GLA makes up around 72% to 75% of the GFA.

Retail Space or Retail Floorspace: For the purpose of the demand modelling Hill PDA have defined retail space as GLA used primarily for the selling of goods and certain services. Therefore, Hill PDA classifies retail space into the following types:

- Supermarkets and grocery stores;
- Specialty food stores such as bakeries, confectionary stores, tobacconists, butchers, seafood, liquor (take-away), etc;
- Take-away food stores;
- Cafes and restaurants;
- Department stores;
- Bulky goods stores (includes "Fabric and Soft Goods Stores, Furniture and Floor Coverings Retailers, Domestic Hardware and Houseware Retailing and Electrical Appliances Stores" as defined under ANZIC);
- Specialty non-food stores; and
- Selected Personal Services (defined under ANZIC to include hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos)

Excluded uses (which are generally excluded under ANZIC) are hotels, clubs, entertainment uses (e.g. cinemas, ice rink), automotive retailers, wholesaling businesses and non-retail commercial uses such as banks, travel agents, medical suites and real estate agents.

Commercial Space: Commercial space generally refers to any non-residential space used by business in employing people and producing goods and/or services. For the purpose of the modelling Hill PDA have used the term to refer to non-retail office use including travel agents, real estate agents, medical suites, government administration, financial services, business services, personal services, etc whether or not the space is shop front or not. Commercial spaces in commercial centres that are not shop front space are either in stand alone office buildings or above shop front space (shop-top). This does not include car parking or open space.

Specialties: In the industry specialties generally refer to shop front premises that are less than 400sqm in size. For the purpose of this report specialties refer to all shop front premises that are neither supermarkets, department stores nor bulky goods. This includes non-retail shop front space and vacant shops.

Vacant Shop: Vacant shop refers to shop front space that is vacant. That space has been designed and constructed to accommodate a retailer but could equally be let to a non-retail commercial user such as a bank or real estate agent.

Shop Front Space: Shop front space is GLA that is occupied by retailers plus non-retail users that occupy shop front spaces (such as banks, travel agents, medical services, real estate agents, etc) and vacant shop front space.

1. EXECUTIVE SUMMARY

Hill PDA was commissioned by EG Funds Management to undertake an Economic Impact Assessment (EIA) relating to the Concept Plan for the redevelopment of the Summer Hill Flour Mill site. The proposed development has been declared a Part 3A development. An Environmental Assessment is required to accompany the Concept Plan and must address the NSW Department of Planning Director General Requirements (DGRs) for the project.

More specifically, the Environmental Assessment is required to have consideration of requirement No.7 that stipulates:

"The Economic Assessment shall address the economic impact of the proposal and include a detailed investigation into the impact of the proposal retail floorspace upon surrounding centres. The EA shall address how the proposal would support the objectives/aims of relevant State and regional strategies for the locality.

The EA must consider any cumulative impacts of the proposed retail floorspace on the site and the proposed retail floorspace within the McGill Street Precinct Masterplan and the Concept Plan application for 78-90 Old Canterbury Road, Lewisham (MP08_0195)".

Trade Area

A Primary Trade Area (PTA) and a Secondary Trade Area (STA) for the proposed development is defined. The PTA comprises the new residents and workers of the proposed development, as well as existing and future residents of the suburbs of Summer Hill, Lewisham and Dulwich Hill. The STA comprises existing and future residents of the suburb of Petersham.

Over the past couple of decades the trade area has gentrified strongly with younger urban professionals moving in. Many of these households are dual income and cash rich. This trend will continue which is likely to further increase demand for retail floor space.

Demand for Retail Floorspace

The turnover of the proposed scheme for the redevelopment of the Flour Mill site in isolation is estimated to be \$15m in the first full year of trade in 2018.

In 2009 the main trade area, which comprises the primary and secondary trade areas combined, generated around \$466m of expenditure. This is expected to increase to \$608m by 2021. This is attributed to the following sources:

- Population growth and affluence = \$116m of growth in expenditure;
- Around 1,400 new residents in Flour Mill and adjacent developments = \$24m; and
- Around 500 workers within the proposed developments = \$1.5m.

Total growth in available expenditure will increase by around \$142m over the 2009 to 2021 period. The proposed retail component of the Flour Mill site will turnover around \$15m which represents no more than 10.6% of the total increase in available expenditure from 2009 to 2021 generated in the main trade area.

Economic Impact: Flour Mill redevelopment in isolation

The marginal retail turnover of \$15m will be redirected from a range of centres. The largest amount of expenditure (\$3.7m) will be drawn from Summer Hill, with the residual trade drawn from a variety of other centres and facilities in Ashfield LGA and Marrickville LGA.

The most significant impact will be upon existing retailers in Lewisham which will experience an estimated 8% reduction in turnover as a result of the Flour Mill redevelopment. Summer Hill would see a 5.4% reduction in trade following the development. Impacts on all of the other existing centres will be below 5% which is considered insignificant.

Summer Hill appears to be trading well, with high levels of footfall, low vacancies and parking problems which are symptomatic of good trading levels. As such, an impact of 5% is unlikely to detract from the offer of the centre or adversely impact upon trade to a great extent given that the level of trade will reduce from an already high base. The continued gentrification of the area will further mitigate any potential adverse impacts in the long run as the affluence of residents in the catchment of Summer Hill continues to grow. Summer Hill is expected to enjoy more than 13% positive shift in turnover from 2010 to 2018 post impact.

The impact upon Lewisham is difficult to quantify, given that there is no qualitative or quantitative information on the trading level of this centre. However, Lewisham is a neighbourhood centre with only a very modest provision of shop front floorspace and it contains no anchor retailers. We understand that several former retail units in the centre have been converted to residential uses and this may reflect a lack of demand for retail premises in Lewisham.

Cumulative Impact Scenario 1: Flour Mill and McGill Street Precinct Masterplan

We estimate the forecast turnover generated by the Flour Mill and the McGill Street Precinct Masterplan only (i.e. assuming that the proposed development at 78-90 Canterbury Road does not proceed) will be \$31m in 2018.

In this scenario, Lewisham receives a 'strong or significant' impact with a loss of trade of 21% forecast at 2018 following the developments. However, the impact on Lewisham equates to only a \$0.3m reduction in trading levels in real terms. Given the extremely limited range of retail facilities currently provided by Lewisham, an impact of this level is not likely to adversely affect the quality of retail provision within this centre.

The impact upon Petersham and Summer Hill is rated 'low to moderate' with trade forecast to reduce by 9.5% and 7.5% respectively. The impact on all other centres will be insignificant.

Cumulative Impact Scenario 2: Flour Mill, McGill Street Precinct Masterplan and 78-90 Canterbury Road

In this scenario, we test the cumulative impact implications of the proposed Summer Hill Flour Mill development, 78-90 Old Canterbury Road and the McGill Street Precinct Masterplan. Please note that the area of the McGill Street Precinct Masterplan that is subject to the 78-90 Old Canterbury Road development application has been deducted from our calculations in scenario 2.

We estimate the forecast turnover generated by the Flour Mill, 78-90 Old Canterbury Road and McGill Street Precinct Masterplan proposed in conjunction will be \$70m in 2018.

As would be expected in light of the higher quantum of floorspace proposed in the wider area, the impacts of the cumulative development on existing centres in the surrounding area is greater than for the Flour Mill in isolation.

In this scenario, Lewisham and Summer Hill both receive a 'strong or significant' impact as a result of a forecast reduction in trade of 27% and 17% respectively. In our view, given the strength of Summer Hill centre and the limited, local role of Lewisham these impacts could be absorbed without leading to a significant decline in the quality of retail provision. Summer Hill is trading well above average for a strip shopping centre, at least 20% above target turnover levels. As such, a 17% shift in turnover is acceptable and could be absorbed by this centre.

Impact on the other centres in the surrounding area is also greater than previously estimated, although in all cases the loss of trade is at or below 7% and is thus considered to be an 'insignificant' impact.

Note that due to strong growth in expenditure generated in the locality all centres, with the exception of Lewisham, will enjoy growth in turnover notwithstanding the three proposed developments. By 2018 Summer Hill will return to its current trading level (2010) notwithstanding the impacts from the proposed developments.

Qualitative Impacts

The provision of the proposed development in this location will help the Ashfield LGA to meet the needs of locals and consumers in terms of their shopping requirements. It will diversify the retail offer available to residents and will link to the new light railway station which will be constructed adjacent to the Flour Mill site. It will increase price competition between local retailers which will benefit consumers.

Policy Impacts

The cumulative impact of the proposed development and potential development in the adjacent McGill Street precinct (including 78-90 Old Canterbury Road) was deemed to support the aims and objectives of the following planning policy documents:

- Metropolitan Plan for Sydney 2036 (2010). It will support the aspiration to provide jobs closer to home and integrated with transport delivery, and will help to achieve the required dwelling and employment targets;
- Metropolitan Transport Plan (2010). It will aid the integration of land use planning and transport planning by providing retail and residential floorspace in a highly accessible location, whilst also promoting urban renewal;
- Draft Inner West Subregional Strategy (2007-2031). The proposed development will contribute towards new dwelling and job targets;
- Draft South Subregional Strategy (2006-2031). It will contribute towards new dwelling and job targets;
- NSW Draft Centres Policy (2009). It is driven by market demand, will diversify the retail offer of Ashfield LGA and support competition, will not adversely impact upon the function and viability of existing centres and is of a good standard of design; and
- Draft SEPP (Competition) (2010). It will allow competition between retailers to exist and leaves it to the market to determine what is viable on this site.

Economic Benefits

Based on the estimated construction costs of around \$140m, there will be a further \$126m of activity in production induced effects and \$135m in consumption induced effects. Total economic activity generated by the construction of the proposed development is therefore approximately \$401m.

The proposed development will create approximately 783 job years (one full time job per year of construction). These are direct jobs, however there will also be additional jobs created through the economic multiplier effect.

The proposed development as a whole will generate around 3,216 job years.

Based on the type and quantum of floorspace proposed in the development, it would generate around 200 to 230 full time and part time permanent jobs post construction.

Investment Stimulus

Where a major property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such a major investment will in turn stimulate and attract further investment to the immediate area.

The investment of \$140 million on the Flour Mill site represents a significant investment and a sign of confidence in the surrounding area. It will help to support jobs in the local economy and create spin-off investment which will benefit local industries, businesses and residents.

It will aid in diversifying the retail offer and adding to its attraction to shoppers. It will assist in elevating the profile of the area which will encourage additional investment in the future.

Furthermore, the level of additional dwellings proposed on the Flour Mill site will create additional patronage to the light rail station which will be developed adjacent to the site. In doing so it will add to the economic viability of the Lewisham light railway station.

2. INTRODUCTION

2.1 Project Background

Hill PDA was commissioned by EG Funds Management to undertake an Economic Impact Assessment (EIA) relating to the Concept Plan for the redevelopment of the Summer Hill Flour Mill site. The proposed development has been declared a Part 3A development. An Environmental Assessment is required to accompany the Concept Plan and must address the NSW Department of Planning Director General Requirements (DGRs) for the project.

More specifically, the Environmental Assessment is required to have consideration of requirement No.7 that stipulates:

"The Economic Assessment shall address the economic impact of the proposal and include a detailed investigation into the impact of the proposal retail floorspace upon surrounding centres. The EA shall address how the proposal would support the objectives/aims of relevant State and regional strategies for the locality.

The EA must consider any cumulative impacts of the proposed retail floorspace on the site and the proposed retail floorspace within the McGill Street Precinct Masterplan and the Concept Plan application for 78-90 Old Canterbury Road, Lewisham (MP08_0195)".

2.2 Local Context

The site is located at 2-32 Smith Street, Summer Hill. The majority of the site is situated within the Ashfield Local Government Area (LGA) which is within the Inner West Subregion, although part of the site does fall within Marrickville LGA which is located within the South Subregion. The site is located around 7.5km from Sydney CBD.

The boundaries of Summer Hill are defined by Parramatta Road and Liverpool Road to the north, Prospect Road to the west, Old Canterbury Road to the south, and the goods railway line to the east. Summer Hill is between the suburbs of Lewisham and Ashfield (to the east and west) and the suburbs of Haberfield and Dulwich Hill (to the north and south).

Figure 1 - Site Context



Source: Red Square, Hill PDA (2011)

The subject site is bounded by Smith Street in the north, Edward Street in the west, Old Canterbury Road in the south, and to the east by the goods railway line. In total the site covers an area of approximately 2.47ha¹.

The closest retail and commercial centres (as identified by the Inner West and South Subregional Strategies) to the subject site are Summer Hill Small Village (450m), Ashfield Town Centre (2km), Haberfield Small Village (2.2km), Leichhardt Marketplace Village (1.8km), Stanmore Town Centre (2.4km), and Marrickville Road Town Centre (3km). Burwood Major Centre is located 4km north west of the subject site. In addition, the site is located some 450m west of Lewisham Neighbourhood Centre.

The subject site is around 450m from both the Summer Hill train station (to the north west) and Lewisham train station (to the east). The site is not serviced by any bus routes, however nearby routes include to 406 (Hurlstone Park to Five Dock), 418 (Burwood to Tempe) and the 461 (Burwood to Sydney CBD).

¹ Source: Leyshon Consulting (2008)

Figure 2 - Extent of the Site



Source: Red Square, Hill PDA (2011)

2.3 Proposed Development – The Concept Plan

The *Summer Hill Flour Mill Site Concept Plan* was prepared by HASSELL in March 2011. The Concept Plan indicates that the proposal would accommodate 2,500sqm to 2,800sqm of retail floorspace (GFA), 29,000sqm to 33,200sqm of residential floorspace (GFA) (around 280-300 units), and 3,500sqm to 4,000sqm of commercial floorspace (GFA).

Basement car parking for 450 to 500 vehicles is also provided (plus 50-70 on street car spaces). Buildings range in height from 1 to 13 storeys. The Concept Plan involves the adaptive re-use of various buildings, particularly the concrete silos and the Mungo Scott building.

The details of the scheme are provided in the following table.

Table 1 - Proposed Floorspace Summary

	Gross Floor Area (sqm GFA)
Residential (280 - 300 dwellings)	29,000 - 33,200
Commercial	3,500 - 4,000
Retail	2,500 - 2,800
Total	35,000 - 40,000
Site Area	24,738
Floorspace Ratio (FSR)	1.4:1 - 1.6:1

Source: HASSELL (2011)

The site will be serviced by the Light Rail network, with a stop to be located at the intersection of new public spaces in the Summer Hill Flour Mill site, the neighbouring McGill Street precinct and the 'Greenway.'

The Concept Plan provides an indicative staging plan of development commencing on the corner of Edward and Smith Streets. Stage 1 includes some of the retail and commercial ground floor component. Stage 1 will form a Project Application that will be lodged separately to the Concept Plan application.

McGill Street Precinct Masterplan

The McGill Street Precinct Masterplan was prepared by HASSELL for Marrickville Council in November 2009.

The McGill Street Precinct is located adjacent to the Summer Hill Flour Mill site and is bounded by Longport Street in the north, Old Canterbury Road in the east and south, and the goods railway line in the west.

Figure 3 - Extent of McGill Street Precinct Masterplan



Source: HASSELL (2009)

The Masterplan includes 5 amalgamated sites as shown in Figure 3. The breakdown of the various land uses within each amalgamated site and indicative GFA for each use as adopted by Marrickville Council is summarised in the table below.

Table 2 - McGill Street Precinct Masterplan Land Uses and GFA (as adopted by Marrickville Council)

Site	Land Use	Dwelling / GFA
1	Residential	203 dwellings (20,344sqm)
	Retail	636sqm
	Commercial	1,257sqm
2	Residential	91 dwellings (9,176sqm)
	Retail	431sqm
	Commercial	431sqm
3	Residential	51 dwellings (5,136sqm)
	Retail	-
	Commercial	1,510sqm
4	Residential	92 dwellings (9,201sqm)
	Retail	1,335sqm
	Commercial	2,671sqm
5	Residential	26 dwellings (2,656sqm)
	Retail	540sqm
	Commercial	540sqm
Total	Residential	463 dwellings (46,513sqm)
	Retail	2,942sqm
	Commercial	6,409sqm

Source: HASSELL (2009)

Concept Plan for 78-90 Old Canterbury Road, Lewisham (Site 1)

Concept Plan approval is currently being sought for a mixed used development comprising 7 buildings of between 4 to 9 storeys for Site 1 within the McGill Street Precinct (78-90 Old Canterbury Road, Lewisham). The development consists of residential, commercial and retail floorspace, basement car parking, public and private open space and associated infrastructure works. The site is currently occupied by a number of industrial buildings.

The retail and commercial component of the proposed development includes a 2,800sqm GFA supermarket, around 3,220sqm of specialty retail / commercial floorspace and around 290sqm of commercial floorspace. This will accompany some 400 residential apartments.

The DGRs for this project were issued in March 2009. The Environmental Assessment for the site was prepared by Planning Ingenuity for Lewisham Estates Pty Ltd (the proponent) in October 2010. The exhibition period commenced in November 2010 and concluded in January 2011. The proponent is currently reviewing submissions.

2.4 Methodology

In order to fulfil the requirements of the brief, Hill PDA has completed the following key tasks:

- Reviewed relevant documentation in relation to the proposed development;
- Determined the amount of retail floorspace in Summer Hill and surrounding centres;
- Investigated current development proposals and their status from discussions with Council and other sources at Hill PDA's disposal;

- Conducted a socio-demographic profile of Summer Hill, Ashfield LGA and Marrickville LGA based on 2006 ABS Census data;
- Identified Trade Area for proposed retail floorspace based on distances, accessibility, and the location and level of retail offering in other centres;
- Identified population and household growth forecasts for the Trade Area;
- Forecast household expenditure in the Trade Area by retail store type;
- Forecast the likely levels of escape expenditure and expenditure captured from adjoining suburbs;
- Estimated the turnover of the retail component of the proposed development and the likely redistribution from existing retail centres;
- Assessed any cumulative impacts of the proposed retail floorspace on the site, with consideration given to the McGill Street Precinct Masterplan and the Concept Plan application for 78-90 Old Canterbury Road, Lewisham;
- Considered the impact on retailers and retail centres over time taking into consideration growth in expenditure in the Trade Area;
- Considered if the impact on existing retailers is significant or detrimental; and
- Estimated the economic benefits of the proposed development including employment generation, multiplier impacts, shopper convenience, price competition etc.

Documents reviewed as background to this report included:

- Preliminary Advice Regarding Redevelopment Potential of Allied Mills Site, Summer Hill – Leyshon Consulting (February 2008);
- Director General's Requirements for MP 10_0155 (Concept Plan) and MP10_0180 (Project Application) – NSW Department of Planning (December 2010);
- Draft Inner West Subregional Strategy (2007-2031) – NSW Department of Planning (July 2008);
- Draft South Subregional Strategy (2006-2031) – NSW Department of Planning (December 2007);
- Summer Hill Flour Mill Site Concept Plan – HASSELL (March 2011);
- Allied Flour Mill Site Summer Hill – Evaluation of Economic, Demographic and Social Factors in Determining the Planning Classification of the Site – Daly Research System (DRS) (August 2008);
- Preliminary Retail Impact Assessment – Proposed Mixed Use Development at Lewisham – Don Fox Planning (November 2008);
- Review of Economic Impact Assessment for 78-90 Old Canterbury Road, Lewisham on behalf of Marrickville Council – Hill PDA (June 2009);
- Economic Impact Assessment – 78-90 Old Canterbury Road Lewisham – Don Fox Planning (November 2010);
- 78-90 Old Canterbury Road, Lewisham Master Plan Study Letter of Support – Urbis (October 2010); and
- Marrickville Metro Economic Impact Assessment – Pitney Bowes (May 2010).

2.5 Limitations

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 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. RELEVANT PLANNING CONSIDERATIONS

This chapter consider the planning policy context for the Flour Mill site and surrounds. Consideration of the relevance of each particular document, and the implications for the proposed development, is undertaken at a later stage of this Economic Impact Assessment at Section 8.4.

3.1 State and Regional Planning

Metropolitan Plan for Sydney 2036 (2010)

Following the five year review of the Metropolitan Strategy, the DoP released the Metropolitan Plan for Sydney 2036 in December 2010. The Plan aims to shape the future growth of Sydney to 2036 ensuring a more resilient, compact, connected, multi-centred and sustainable city. The Metropolitan Plan integrates land use and transport planning by integrating the Metropolitan Transport Plan released earlier in 2010 (discussed further below).

The Plan aims to address key challenges facing Sydney amongst which includes managing a growing and changing population, providing more jobs closer to home, more efficient transport delivery, climate change and maintaining our global competitiveness. These challenges are addressed through strategic directions.

The Plan anticipates Sydney's population will reach close to 6 million by 2036. To accommodate this population growth, land use service provision and infrastructure capacity must be planned to provide for 769,000 additional homes and 760,000 additional jobs.

Table 3 - Dwelling and Job Targets to 2036 (2010)

Subregion	New Dwelling Additions Target 2006 to 2036	% Share	New Employment Growth Target 2006 to 2036	% Share
Sydney City	+ 61,000	7.9%	+114,000	15.0%
East	+ 23,000	3.0%	+31,000	4.1%
South	+ 58,000	7.5%	+52,000	6.8%
Inner West	+ 35,000	4.6%	+25,000	3.3%
Inner North	+ 44,000	5.7%	+62,000	8.2%
North	+ 29,000	3.8%	+15,000	2.0%
North East	+ 29,000	3.8%	+23,000	3.0%
West Central	+ 96,000	12.5%	+98,000	12.9%
North West	+169,000	22.0%	+145,000	19.1%
South West	+155,000	20.2%	+141,000	18.6%
Central Coast	+ 70,000	9.1%	+54,000	7.1%
Total	+769,000	100.0%	+760,000	100.0%

Source: Metropolitan Plan for Sydney 2036, NSW Department of Planning (2010)

The Metropolitan Plan Outlines 9 Key Directions, each with a number of Objectives and Actions include. The Key Directions include:

- A. Strengthening the City of Cities;
- B. Growing and Renewing Centres;

- C. Transport for a Connected City;
- D. Housing Sydney's Population;
- E. Growing Sydney's Economy;
- F. Balancing Land Uses on the City Fringe;
- G. Tackling Climate Change and Protecting Sydney's Natural Environment;
- H. Achieving Equity, Liveability and Social Inclusion; and
- I. Delivering the Plan.

Metropolitan Transport Plan (2010)

The Metropolitan Transport Plan – Connecting the City of Cities, sets out a 25 year vision for Sydney's land use planning and is supported by a 10 year funded package of transport infrastructure. The Plan has been integrated into the recently released Metropolitan Plan discussed above.

By integrating land use and transport planning, the State Government aims to further an approach which accelerates infrastructure roll out and planning processes to 'grow a transport system shaped around the way the City is used and moves to meet demand now and into the future'. Under the Plan, the Sydney Metropolitan Development Authority was established in September 2010 to coordinate future transit-oriented development and urban renewal.

The 10 year program will be built into the NSW State Budget and the State Infrastructure Strategy and comprises of \$50.2bn in spending. More than \$7bn is dedicated to new or expanded transport infrastructure and services. A key part of the plan includes extending the light rail network by almost 10km so passengers can travel directly between Dulwich Hill, the Inner West and Sydney CBD. As outlined earlier, the Summer Hill Flour Mill site will be serviced by the Light Rail network, with a stop to be located at the intersection of new public spaces in the Summer Hill Flour Mill precinct, the neighbouring McGill Street precinct and the 'Greenway.'

The Metropolitan Transport Plan also sets out revised employment and dwellings targets for the Sydney Metropolitan Region. Under the Plan, Sydney is expected to accommodate the development of 699,800 dwellings and generate an additional 713,920 jobs by 2036.

The Plan envisages that between 2006 and 2036 the Inner West Subregion will need an additional 37,300 dwellings and 25,100 new jobs. The South Subregion will need an additional 52,900 dwellings and 47,530 new jobs.

Draft Inner West Subregional Strategy (2007-2031)

The NSW Department of Planning's Draft Inner West Subregional Strategy covers the local government areas of Ashfield, Burwood, Canada Bay, Leichhardt and Strathfield.

Key directions in the Draft Subregional Strategy include:

- Support and differentiate the role of strategic centres;
- Protect employment lands and the working harbour;

- Promote Parramatta Road as an enterprise corridor;
- Improve housing choice and create livable and sustainable communities;
- Manage traffic growth and local travel demand; and
- Protect and promote recreational pursuits and environmental assets.

The Draft Subregional Strategy provides a number of targets, aims and objectives over a 25 year time frame (2007-2031). These include planning for 12,500 new jobs and 30,000 new homes in the Inner West. The following table provides employment and housing targets by LGA to 2031.

Table 4 - Inner West Subregion Employment and Housing Targets to 2001 - 2031

LGA	Additional Jobs	Additional Dwellings
Burwood	4,000	7,700
Ashfield	500	2,000
Canada Bay	6,000	10,000
Leichhardt	500	2,000
Strathfield	1,500	8,300
Total	12,500	30,000

Source: Draft Inner West Subregional Strategy, NSW Department of Planning (2007-2031)

The Draft Subregional Strategy identifies a typology for centres within the Subregion as outlined in Chapter 5 of this report. The Strategy identifies two strategic centres for the Inner West: the Burwood Major Centre and the Rhodes/Olympic Park Specialised Centre.

Draft South Subregional Strategy (2006-2031)

The NSW Department of Planning's Draft South Subregional Strategy covers the local government areas of Canterbury, Kogarah, Marrickville, Hurstville, Rockdale and Sutherland.

Key directions in the Draft Subregional Strategy include:

- Retain strategic employment lands;
- Plan for employment growth at Sydney Airport and Environs;
- Strengthen Hurstville's commercial centre;
- Promote Kogarah as a Major Centre;
- Identify and investigate renewal areas for the South;
- Explore options for future development of Rockdale Town Centre and Botany Bay Foreshore;
- Investigate and resolve the roles of Caringbah, Miranda and Sutherland centres;
- Recognise diversity across the Subregion; and
- Protect scenic, heritage and environmental assets of the Subregion.

Table 5 - South Subregion Employment and Housing Targets to 2001 - 2031

LGA	Additional Jobs	Additional Dwellings
Canterbury	500	7,100
Hurstville	3,000	4,100
Kogarah	4,000	2,550
Marrickville	500	4,150
Sutherland	8,000	7,000
Rockdale	13,000	10,100
Total	29,000	35,000

Source: Draft South Subregional Strategy, NSW Department of Planning (2006-2031)

The Draft Subregional Strategy identifies a typology for centres within the Subregion as outlined in Chapter 5 of this report. The Strategy identifies 3 strategic centres for the South: Hurstville Major Centre; Kogarah Major Centre; and Sydney Airport and Environs Specialised Centre.

NSW Draft Centres Policy (2009)

Recently there has been a growing awareness and investigation of barriers to competition in Australia, particularly in the retail industry. As a result of these investigations the Australian Government directed state governments and planning authorities to review the flexibility of planning regulations and policies regarding retail development. In response the NSW Department of Planning released the draft Centres Policy in April 2009.

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 Draft Centres Policy indicates that the preferred location for new retail and commercial development is in centres, it recognises that there may be exceptions to this approach.

The Draft Policy has been publicly exhibited. The DoP is presently reviewing public submissions and aims to amend the policy in response, where appropriate. The six key principles are discussed in more detail below.

Principle 1: Retail and Commercial Activity should be Located within Centres

The first principle of the Draft Centres Policy reinforces the longstanding strategy to concentrate the predominant share of retail and business floor space within town centres. The clustering of uses within centres is justified for environmental and economic reasons. By way of example, focusing uses within centres makes efficient use of existing infrastructure, can improve business efficiency and productivity and allow for a range of uses to be provided meeting consumer needs.

Principle 2: Centres should be able to Grow and New Centres Form

The Draft Centres Policy identifies that areas experiencing significant increases in population and real income must be dynamic and respond to “prevailing market demands” through the extension of existing centres or the growth of new ones.

Principle 2 of the Draft Centres Policy recommends the rezoning of land in appropriate centre locations or locations adjacent to centres in order to facilitate business expansion and to enable new businesses to enter the market.

Principle 3: Market Determines Need for Development, Planning Regulates Location and Scale

The third principle of the Draft Centres Policy identifies that the market is best placed to determine demand for retail and commercial development. Accordingly, the role of the planning system is not to assess the appropriateness of development on the basis of demand, but rather to make an assessment as to the external costs and benefits.

Principle 4: Ensuring the Supply of Floor Space Accommodates Market Demand

The fourth principle of the Draft Centres Policy emphasises the importance of competition between retailers. The key intention of this principle is to create better quality, cheaper and more accessible goods for all consumers through enhanced competition. To support opportunities for greater competition, the Draft Policy requires councils to ensure that there is sufficient zoned land to enable additional (and new) large format retailers to enter the NSW retail market.

Principle 5: Support a Wide Range of Retail and Commercial Premises and Contribute to a Competitive Retail Market

Principle 5 of the Draft Centres Policy states that, subject to meeting the appropriate location and design criteria, the zoning and development assessment process should not consider impacts between existing and proposed retailers as a planning consideration.

Whilst the Principle seeks to extract the matter of individual business impact from planning assessment (in keeping with the findings of various Land and Environment Cases) the effect of a proposed development to the function and vitality of existing and planned centres will remain as an important local issue.

Principle 6: Contributing to the Amenity, Accessibility, Urban Context and Sustainability of Centres

Principle 6 of the Draft Centres Policy highlights the importance of design quality, development layout, connectivity and integration. The Policy recognises that good design supports the vitality and function of a town centre as well as the viability and success of a retail development. Accordingly good quality design is in the interests of planning authorities, retailers and consumer alike.

Draft SEPP (Competition) (2010)

Following a review undertaken last year by the NSW Department of Planning and the Better Regulation Office into how economic growth and competition were impacted by the planning system, a new Draft State Environmental Planning Policy (SEPP) has been prepared and was placed on public exhibition in July 2010.

The proposed state-wide planning policy removes artificial barriers on competition between retail businesses. The new Draft SEPP proposes:

- 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 unless 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.

3.2 Local Plans and Policies

Ashfield Urban Planning Strategy 2010 (2010)

The *Ashfield Urban Planning Strategy 2010* was adopted by Council in September 2010. The Strategy will be used to underpin the development of a new Draft Comprehensive Local Environmental Plan (LEP) for Ashfield. The Strategy will:

- Provide the long term direction for land use planning decisions within Ashfield LGA;
- Demonstrate that strategic directions and actions, such as dwelling and employment targets in the draft Subregional Strategy, can be implemented; and
- Assist in decision making in terms of future infrastructure projects, population growth and economic investment within the LGA.

The Strategy will communicate a medium to long-term vision (25 years) and framework for a wide spectrum of town planning related issues such as housing, open space and employment. The Strategy recommendations will be reflected in the new LEP provisions

Of relevance to this EIA, the Strategy outlines various key directions and actions, including supporting new uses for the Summer Hill Flour Mill site and adjoining industrial lands.

Marrickville Urban Strategy (2007)

The Marrickville Urban Strategy was adopted by Marrickville Council in April 2007. The Strategy is largely based on work completed by SGS Economics & Planning. The purpose of the Strategy is to provide planning context for future development across Marrickville LGA. It establishes directions for a range of planning, community and environmental issues. The Strategy was used to review and rationalise Council's planning controls, which

ultimately resulted in the production of a comprehensive planning strategy and new LEP – the draft Marrickville LEP (2010).

Of relevance to this Economic Impact Assessment, the Strategy identifies the McGill Street Precinct as being suitable for rezoning to cater for residential housing demand, address local amenity and provide public open space.

3.3 Other Studies

Economic Impact Assessment – 78-90 Old Canterbury Road Lewisham (2010)

Don Fox Planning undertook an Economic Impact Assessment (EIA) for the retail component of the mixed use development located on Old Canterbury Road. The study formed part of the broader Environmental Assessment (EA) for the Concept Plan completed by Planning Ingenuity Pty Ltd.

More specifically, the EIA consisted of the following components:

- A description of existing commercial centres in the area, including Marrickville, Petersham, Dulwich Hill, Lewisham and Summer Hill;
- Demographic analysis of the potential catchment and identification of trade areas;
- Analysis of expenditure potential of the catchment area; and
- Impact assessment, including the distribution of expenditure.

The EIA identifies a Primary Trade Area to be a radius of 1.5km from the subject site, bounded by the railway line in the north, Old Canterbury Road to the west, and Dulwich Hill to the south. There are also Secondary Trade Areas extending to the west and north of site.

It is estimated that there is potential for the retail component to generate sales of \$43.1m in 2013 (\$26m in supermarkets), \$44.4m in 2016 (\$26.7m in supermarkets) and \$45.3m in 2018 (\$27.3m in supermarkets).

The EIA assumes that retail operations will begin in 2016, with the supermarket attracting 40% of total supermarket expenditure from households in the Primary Trade Area. It is also estimated that 70% of supermarket expenditure generated by new on-site residents will be captured by the proposed retailing. The balance of the supermarket expenditure would come from the Secondary Trade Areas (only a small proportion).

The EIA states that there is potential for the proposed supermarket to have some impact on the turnovers of other supermarkets within the area, however most supermarkets in the area (e.g. Dulwich Hill and Summer Hill) are over-trading due to a shortage of competition. The EIA states that *"the retail facilities proposed under the subject Concept Plan will not have a significant detrimental impact on other retail facilities within the region"*.

It should be noted that a *Preliminary Retail Impact Assessment* was also completed for the site by Don Fox Planning in November 2008.

4. SUPPLY OF RETAIL & COMMERCIAL SPACE

4.1 Retail and Commercial Centres Hierarchy

The Draft Inner West and South Subregional Strategies identify a typology for centres within their respective Subregions as summarised in the following table. The Draft Inner West Subregional Strategy identifies Burwood as a Major Centre. The hierarchy also identifies a number of Town Centres, Villages, Small Villages and Neighbourhood Centres.

Table 6 - Centres Hierarchy

Centre Typology	Characteristics	Centres
Major Centre	Major shopping & business centre serving the subregion with large shopping malls, specialist retail, medical services, taller office & residential buildings, council offices, and a minimum 8,000 jobs.	Burwood
Town Centre	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination.	Ashfield, Balmain, Norton Street (Leichhardt), Strathfield, Campsie, Stanmore, Marrickville Road
Village	A strip of shops and surrounding residential area within a 5-10 minute walk contains a small supermarket, hairdresser, take-away food shops. Contain between 2,100 - 5,500 dwellings.	Birkenhead Point, Five Dock, Drummoyne, Leichhardt Marketplace, Marrickville Metro, Illawarra Road Marrickville,
Small Villages	A small strip of shops and adjacent residential area within a 5 - 10 minute walk. Contain 800 - 2,700 dwellings.	Annandale, Haberfield, Croydon, Croydon Park, Lower Norton Street Leichhardt, Summer Hill
Neighbourhood Centres	One or a small cluster of shops and services. Contain 150 - 900 dwellings.	Various, including Lewisham

Source: Draft Inner West and Draft South West Subregional Strategies, NSW Department of Planning (2007/08)

Major retailers in surrounding locations of the subject site, together with the retail hierarchy of the Subregion, are indicated in the following map.

Figure 4 - Competitive Environment – Retail Hierarchy and Major Retailers



Source: Hill PDA (2011), MapInfo

The centres of most relevance to the proposed development are outlined below.

4.2 Ashfield

Located around 2km to the west of the subject site, Ashfield Town Centre which contains the 24,600sqm Ashfield Mall. The centre is anchored by K Mart (7,269sqm), Woolworths (3,784sqm), Coles (3,458sqm) and Franklins (1,664sqm). There are also 91 specialty shops providing a further 6,787sqm. Approval has been given for the demolition and redevelopment of Ashfield Mall (discussed further in Section 5.6 below). In addition to Ashfield Mall there are around 11,500sqm of other retailing², mainly located along Liverpool Road.

Shopping Centre News (SCN) indicates that Ashfield Mall had a turnover \$156.09m for 2008/2009³. This equates to a turnover of \$6,205/sqm, which is 9% below the median for all 'Little Gun' shopping centres in Australia (defined as centres between 20,000sqm and 45,000sqm leasable area). Nevertheless this is well above sustainability levels and considerably higher than turnover levels achieved by retailers in the strip shopping centres.

4.3 Summer Hill

The retail centre at Summer Hill is approximately 450 metres to the west of the subject site. The centre, which is located adjacent to Summer Hill train station, is anchored by a 1,800sqm freestanding Franklins supermarket. The centre also features a large deli attached to the Franklins supermarket and a number of strip based retail specialties, totalling almost 7,000sqm. In total the centre comprises around 8,757sqm of retailed floorspace⁴.

There is no published data on the trading performance of Summer Hill, however anecdotal evidence suggests that it is trading very well. This is evidenced by the difficulty in securing a car parking space on shopping trips to the centre and the high level of footfall present. It contains a good mix of retailers and vacancies are low. The centre has benefited from gentrification of the surrounding area over the past few decades which has led to an increase to the expenditure available to residents who use the centre. The speciality mix in the centre, which offers a range of al fresco dining cafes and restaurants, reflects this demographic shift.

4.4 Marrickville

Located around 3.2km to the south east of the subject site, Marrickville Metro shopping centre is the dominant retail centre in Marrickville LGA (as well as the only enclosed centre in the LGA). Marrickville Metro is a 23,134sqm (GLA) sub-regional shopping centre anchored by a K Mart (7,311sqm), Woolworths (4,910sqm) and ALDI (1,207sqm). There are also 90 specialty shops providing 6,552sqm of floorspace. Opening in the 1980's, there are major redevelopment/refurbishment plans for the centre, which includes around 19,853sqm of new retail space (see Section 5.7 below).

² Source: IBECON 2004

³ Source: SCN Little Guns 2009

⁴ Source: Leyshon Consulting, February 2008

The SCN indicates that Marrickville Metro achieved a turnover of \$206.84m at 2008/ 2009⁵. This equates to a turnover per square metre of \$9,820/ sqm which is 47% higher than the median for all of the 88 'Little Guns' surveyed of \$6,678. In terms of turnover per square metre the centre is ranked 3rd nationally which indicates that it is a well performing centre.

In addition to Marrickville Metro, retailing is also located along Marrickville Road (Town Centre) and Illawarra Road (Village). Located around 3.5km from the subject site, Marrickville Road comprises some 13,555sqm of retail shopfront space⁶. This includes a small Spar supermarket (800sqm) and numerous specialty stores. There are also a number of commercial shopfront premises, such as banks, real estate agents, travel agents, and the like. Illawarra Road is located around 3.5km from the subject site and comprises around 14,095sqm of retail shopfront space⁷. Retailing is anchored by a Woolworths and Franklins supermarket. There are also numerous small Asian grocery stores, as well as a number of commercial shopfront premises.

4.5 Other Centres

Haberfield

Haberfield, a Small Village around 2.2km to the north west of the subject site, includes around 7,500sqm of retail shopfront floorspace⁸. Retailing is focussed on Ramsay Street between Kingston Street in the south and Rawson Street in the north. The largest retailer is an IGA supermarket of around 1,300sqm. There is also the 5-Star Delicatessen, a number of Italian restaurants, fruit market, pharmacy, hairdressers, plus various other retail specialties.

There is no published data on the trading performance of Haberfield, although we note that it is located in an affluent demographic area and the nature of the retail mix reflects this role.

Lewisham

Lewisham contains a small group of convenience based shops comprising around 1,000sqm of retail floorspace. It is located on Victoria Street between Henry Street and Railway Terrace, around 450 metres east of the subject site. There are no anchor tenants. These shops comprise a number of convenience stores, take-away store and laundromat.

Petersham

There is around 3,335sqm of strip retailing in Petersham concentrated around the intersection of Canterbury Road and Gordon Street, around 1.5km east of the subject site⁹. The anchor tenant comprises the Foodworks supermarket on New Canterbury Road. In addition to the strip retailing there is a large Officeworks store and significant shopfront commercial space (non-retail). It performs a localised shopping role.

⁵ Source: SCN 'Little Guns' 2009

⁶ Source: Pitney Bowes May 2010

⁷ Source: Pitney Bowes May 2010

⁸ Source: Leyshon Consulting December 2005

⁹ Source: Pitney Bowes May 2010

Leichhardt Marketplace

To the west of Norton Street Leichhardt is Leichhardt Marketplace. The centre is located on the corner of Marion and Flood Streets around 1.8km from the subject site. The subregional shopping centre provides 17,618sqm of retail floorspace and is anchored by Woolworths (4,365sqm), Target (3,961sqm) and ALDI (1,258sqm). There are also 68 specialty shops providing 8,034sqm of floorspace. Adjacent to Leichhardt Marketplace is some strip retailing estimated to be around 950sqm¹⁰.

Leichhardt Marketplace recorded a moving annual turnover of \$153.36m for the 2008/2009 period. Based on applying industry benchmark turnovers to the retail floorspace which the Marketplace contains, we estimate that the target turnover of the centre is around \$87m indicating that it is trading exceedingly well. Leichhardt Marketplace is ranked 6th out of the 141 'Mini-Guns' surveyed by the SCN in terms of total turnover, but the turnover per sqm achieved (\$8,571/sqm) places it 46th. The median turnover for all the 'Mini-Guns' surveyed was \$7,001/ sqm, therefore it is trading some 22% above the median in this respect.

Dulwich Hill

There are two distinct retail centres within Dulwich Hill, one located along New Canterbury Road (around 1.8km south of the subject site) and a second located around the Dulwich Hill train station (around 3km from subject site), both offering similar strip based centres.

In addition to a high proportion of commercial services, the centre at Dulwich Hill New Canterbury Road features a large number of non-food based retailers and an IGA supermarket totalling around 8,700sqm¹¹. The centre located at Dulwich Hill Train Station features a number of smaller retail tenancies.

Dulwich Hill benefits from being located in an area with an affluent demographic profile which is likely to reflect in the trading performance of retail facilities in Dulwich Hill, although there is no published data available.

4.6 Proposed Developments

The following table summarises the significant proposed retail and commercial developments within the area of which we are aware.

¹⁰ Source: Leyshon Consulting December 2005

¹¹ Source: Hill PDA Floorspace Survey 2010

Table 7 - Proposed Developments

Project Name / Address	Description
McGill Street Precinct Masterplan	See Section 2.3 of Report.
78-90 Old Canterbury Road, Lewisham	See Section 2.3 of Report
1 Hardie Avenue, Summer Hill	Approval has been granted for the development of a 3 storey mixed use development comprising 36 apartments above a supermarket and specialty shops. The project has been deferred for a number of years.
2A Brown Street, Ashfield	A development application has been submitted for a 9 storey mixed use development with 120 apartments and ground floor retail, including a small supermarket of around 500sqm and 250sqm of specialty shops. If approved the project is likely to commence construction in 2012.
Ashfield Mall Redevelopment	Approval has been granted for the redevelopment of Ashfield Mall. The project includes 4 residential towers above retailing. The project has been deferred and is likely to commence in 2012.
362-372 New Canterbury Road, Dulwich Hill	A development application has been submitted for a 6 storey mixed use development comprising 43 apartments and a supermarket on the ground floor. If approved, the project is likely to commence in late 2011.
Marrickville Metro Redevelopment	A major project application/environmental assessment has been submitted for the redevelopment of Marrickville Metro. Additional retailing includes a DDS, supermarket, mini major and specialties on a new floor. There will also be other extensions/refurbishments throughout. Overall there will be around 19,853sqm (GLA) of new retail space upon completion. If approved, the project is most likely to commence in 2012.

Source: Reed Construction Data (February 2011)

5. TRADE AREA ANALYSIS

5.1 Trade Area Identification

In order to measure need and undersupply of retail floorspace, a trade or catchment area needs to be defined. The trade area served by any retail centre is determined by a number of factors including:

- The strength and attraction of the centre in question, determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre;
- Competitive retail centres, particularly their proximity to the subject centre and respective sizes, retail offer and attraction;
- The location and accessibility of the centre, including the available road and public transport network and travel times; and
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

In regards to the above, Hill PDA makes the following comments:

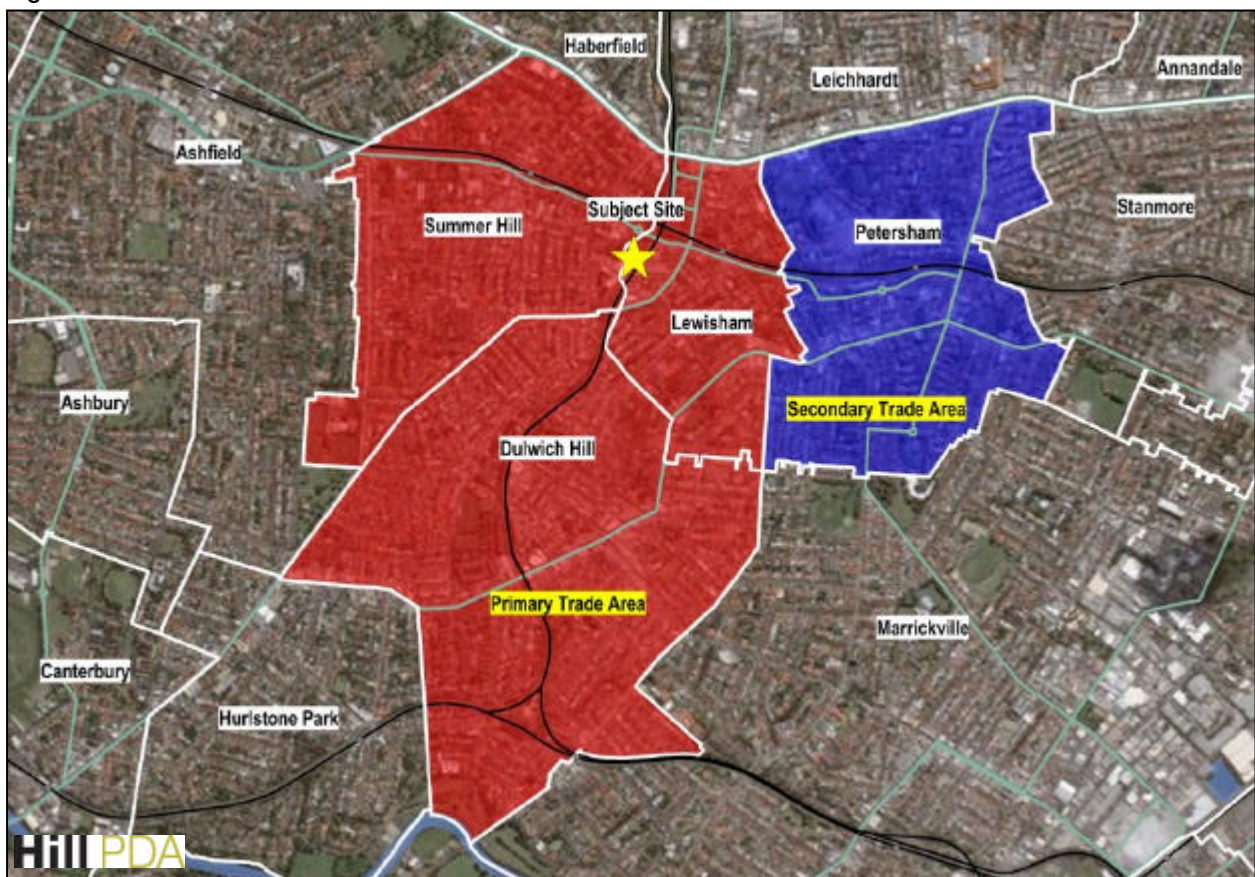
- The proposed development includes 2,500sqm to 2,800sqm GFA of retail floorspace. Hill PDA has been informed that the retail component of the proposed development will comprise purely specialty retail stores, for example, café, restaurant / take-away food, specialty food, book store, personal services, and the like. We understand that there will be no supermarket within the retail component of the proposed development;
- Geographically the closest supermarket to the subject site is the Franklins in Summer Hill (500m). There are also a small group of convenience based shops in neighbouring Lewisham near the train station (450m);
- The majority of local residents currently do their everyday shopping either in Summer Hill, Lewisham, Haberfield and Ashfield;
- Residents to the south and south east of the subject site would do much of their shopping in Marrickville;
- Burwood Major Centre is located around 4km from the subject site. Residents complete much of their higher order shopping / comparative goods shopping at Burwood due to the greater range of retail on offer;
- The neighbouring McGill Street Precinct Masterplan (as adopted by Council) includes 2,942sqm GFA of retail floorspace, 6,409sqm GFA of commercial floorspace and 463 dwellings over 5 sites. Concept Plan approval is being sought for a mixed used development on Site 1 in the Precinct (78-90 Old Canterbury Road) for a 2,800sqm GFA supermarket, around 3,220sqm of specialty retail / commercial floorspace and around 290sqm of commercial floorspace. This will accompany some 400 residential apartments; and
- The proposed extension of the light rail network includes a stop located between the Summer Hill Flour Mill site, the neighbouring McGill Street precinct and the 'Greenway.' This will give the subject site

better connectivity with the residential areas directly to the north (Leichhardt) and south (Dulwich Hill) of the subject site.

Having regard to each of the factors detailed above, the Primary Trade Area (PTA) is defined as the new residents and workers of the proposed development, as well as existing and future residents of the suburbs of Summer Hill, Lewisham and Dulwich Hill. The Secondary Trade Area (STA) is defined as existing and future residents of the suburb Petersham.

The assumed PTA and STA are indicated in the following map.

Figure 5 - Trade Area



Source: Hill PDA (2011), MapInfo

5.2 Demographics of the Trade Area

Demand for retail floorspace is dependant not only upon the number of households in the trade area but also the socio-demographic characteristics of those households. This Section looks at the key demographic characteristics and trends of the Trade Area impacting on potential development of the subject site (based on 2006 ABS Census data).

Table 8 - Trade Area Population Growth to 2036

	PTA	STA	Ashfield LGA	Marrickville LGA	Sydney SD
Population and Dwellings					
Total Population	21,100	7,391	39,667	71,813	4,119,190
Total Private Dwellings	9,898	3,502	17,074	33,057	1,643,675
Occupied Private Dwellings	9,228	3,270	15,937	30,810	1,521,465
Occupied Private Dwellings (%)	93.2%	93.4%	93.3%	93.2%	92.6%
<i>Average Household Size</i>	2.3	2.2	2.4	2.3	2.7
Age Distribution					
0-14	15.3%	12.8%	15.4%	13.9%	19.5%
15-29	19.8%	22.9%	21.7%	22.3%	21.2%
30-44	30.4%	31.7%	25.8%	30.9%	23.2%
45-59	19.8%	19.5%	18.8%	18.5%	19.3%
60-74	9.7%	8.7%	10.4%	9.8%	10.6%
75+	5.0%	4.3%	8.0%	4.6%	6.1%
<i>Median Age</i>	36	35	37	35	35

Source: ABS (2006)

From the table above, the following can be determined:

- A total of 21,100 persons and 9,228 occupied dwellings were located in the PTA in 2006. There were an additional 7,391 residents and 3,270 occupied dwellings in the STA;
- The median ages of the PTA (36 years) and STA (35 years) was relatively similar to those of the statistical benchmarks – Ashfield LGA (37), Marrickville LGA (35) and Sydney SD (35). The majority of the population in the PTA and STA were in the 30-44 year age bracket; and
- The average household size in the PTA and STA (2.3 and 2.2 persons per household respectively) was smaller than Ashfield LGA (2.4) and Sydney SD (2.7).

Table 9 - Household Characteristics

	PTA	STA	Ashfield LGA	Marrickville LGA	Sydney SD
Home Ownership					
Owned or Being Purchased	52.6%	47.5%	54.0%	53.1%	65.0%
Rented	44.3%	49.6%	41.6%	43.6%	31.3%
Other/Not Stated	3.0%	2.9%	4.4%	3.3%	3.7%
Household Structure					
Family Households	59.6%	56.9%	63.9%	59.4%	72.7%
Lone Person Households	33.8%	32.9%	29.2%	30.8%	23.1%
Group Households	6.7%	10.2%	6.9%	9.8%	4.2%
Family Type					
Couple family w. children	40.7%	37.0%	45.1%	38.5%	49.3%
Couple family w/o children	38.2%	43.7%	36.6%	41.8%	33.2%
One parent family	17.9%	16.6%	15.1%	16.7%	15.6%
Other family	3.2%	2.7%	3.2%	3.1%	1.9%
Dwelling Type					
Separate house	36.5%	37.1%	39.8%	37.0%	63.6%
Townhouse	12.7%	20.0%	13.3%	25.9%	11.8%
Flat-Unit-Apartment	49.4%	40.4%	46.0%	35.6%	23.9%
Other dwelling	1.3%	2.2%	0.9%	1.3%	0.6%
Not stated	0.1%	0.3%	0.0%	0.1%	0.1%

Source: ABS (2006)

From the table above, the following can be determined:

- Home ownership levels in the PTA (52.6% of homes owned or being purchased) were higher than the STA (47.5%) but lower than Sydney SD (65%). As a result, rental levels in the PTA and STA (and Ashfield LGA/ Marrickville LGA) were higher than Sydney SD;
- There were a lower proportion of family households and a higher number of lone person households in the PTA and STA than Sydney SD. This trends was also seen in Ashfield LGA and Marrickville LGA;
- In the PTA there were more families with children than without, compared to the opposite in the STA. A similar trend was seen in Ashfield LGA versus Marrickville LGA. There were more families with children than without in Sydney SD;
- There were a higher proportion of units and apartments in the PTA (49.4%) compared to the secondary STA (40.4%), Ashfield LGA (46%), Marrickville LGA (35.6%) and Sydney SD (23.9%).

Table 10 - Employment and Income Characteristics

	PTA	STA	Ashfield LGA	Marrickville LGA	Sydney SD
Labour Force by Occupation					
Managers	12.1%	12.5%	11.2%	12.1%	12.5%
Professionals	31.6%	33.5%	29.5%	30.9%	22.5%
Community & Personal Services Workers	7.3%	7.8%	7.2%	7.7%	7.6%
Clerical and Administrative Workers	15.8%	15.2%	15.5%	14.9%	15.8%
Sales Workers	7.0%	7.6%	8.7%	7.1%	9.0%
Technicians & Trade Workers	9.2%	9.2%	9.7%	9.9%	12.0%
Machinery Operators & Drivers	3.9%	2.8%	3.8%	3.9%	5.7%
Labourers & Related Workers	6.6%	4.9%	6.9%	6.6%	7.6%
Inadequately described or N.S.	1.8%	1.5%	2.1%	1.8%	2.0%
Unemployed	4.9%	5.0%	5.5%	5.1%	5.3%
Weekly Household Income					
\$0-\$349	12.1%	10.8%	14.0%	12.5%	12.8%
\$400-\$799	18.0%	16.4%	18.8%	17.1%	17.9%
\$800-\$1,399	23.3%	20.8%	22.2%	21.7%	20.8%
\$1,400-\$2,499	22.3%	22.3%	20.6%	22.4%	21.2%
\$2,500+	15.5%	19.7%	14.4%	16.3%	16.0%
Partial income stated	6.7%	7.5%	7.3%	7.8%	8.6%
All incomes not stated	2.0%	2.4%	2.6%	2.2%	2.7%
Total	100.0%	100%	100%	100%	100%
<i>Median Weekly Household Income</i>	<i>\$1,135</i>	<i>\$1,269</i>	<i>\$1,101</i>	<i>\$1,160</i>	<i>\$1,154</i>

Source: ABS (2006)

From the table above, the following can be determined:

- The PTA and STA has an above representation of professionals and a below representation of “blue collar” workers.
- The median weekly household income of the PTA (\$1,135 per week) and the STA (\$1,269) was similar to Sydney SD (\$1,154). The largest portion of households in the PTA earned weekly incomes of \$800-\$1,399 whereas the STA earned \$1,400-\$2,499 per week. This was reflected in the higher median household income in the STA.

5.3 Socio-Economic Change

The disparity of income levels in the trade areas is a reflection of changing socio-demographics. The low income households relate mainly to retirees (generally cash poor but in many cases asset rich) and to a lesser extent the socially disadvantaged. Over the past couple of decades however the area has gentrified strongly with younger urban professionals moving in. Many of these households are dual income and cash rich. This trend will continue which is likely to further increase demand for retail floor space.

6. DEMAND FOR RETAIL FLOORSPACE

6.1 Estimated Turnover of Proposed Retail

The Concept Plan indicates the proposed development will accommodate 2,500sqm to 2,800sqm of retail floorspace GFA (in addition to 3,500sqm to 4,000sqm of commercial floorspace).

Hill PDA has been informed that the retail component of the proposed development will comprise purely specialty retail stores, for example, café, restaurant / take-away food, specialty food, book store, personal services, and the like. We understand that there will be no supermarket within the retail component of the proposed development.

Hill PDA has assumed that the proposed development will trade at average levels and above financially sustainable levels. Applying an average target turnover rate of \$5,700/sqm for the specialties (measured in 2009 dollars), it is anticipated that the retailers will turnover approximately \$15m in the first full year of trade upon the overall completion of the project.

Hill PDA has been informed that construction is likely to commence in 2013/14 and complete anywhere from 3 to 5 years. It has been assumed that the overall project will be completed by 2018.

The indicative staging plan outlined in the Concept Plan indicates that the development will be constructed in 4 stages, with active ground floor retail/commercial space located within each stage. For the purpose of the expenditure modelling, we have not taken into account staging of retail space.

The majority of this expenditure will be sourced from residents in the locality and new residents and workers within the proposed development. The sources of expenditure are outlined below.

6.2 Household Expenditure

Population Growth of the Trade Area

The Bureau of Transport Statistics (BTS) provides Travel Zone population forecasts for the Sydney Greater Metropolitan Area. The BTS October 2009 Release population forecast (published in April 2010) uses data that is largely sourced from the ABS, Department of Planning and various Local Government sources. The population growth forecast for the Trade Area is provided below.

Table 11 - Population Growth

Suburb / Year	2006	2011	2016	2021	2026	2031	2036	2006 to 2036
Primary Trade Area	23,354	24,094	24,579	25,046	25,408	25,787	26,257	
Growth b/w periods		740	486	467	363	379	469	2,903
Compound Growth Rate pa (%)		0.63%	0.40%	0.38%	0.29%	0.30%	0.36%	0.39%
Secondary Trade Area	7,851	8,102	8,277	8,337	8,401	8,474	8,577	
Growth b/w periods		251	175	60	64	72	104	726
Compound Growth Rate pa (%)		0.63%	0.43%	0.14%	0.15%	0.17%	0.24%	0.30%
Total Trade Areas	31,205	32,195	32,856	33,383	33,810	34,261	34,834	
Growth b/w periods		990	661	527	427	451	573	3,629
Compound Growth Rate pa (%)		0.63%	0.41%	0.32%	0.25%	0.27%	0.33%	0.37%

Source: Bureau of Transport Statistics 2010, ABS Census Data 2006

Low growth is forecast for Summer Hill (0.19% pa) and Lewisham (0.23% pa). Moderate growth is forecast for Dulwich Hill (0.52% pa). Overall, forecast population growth in the PTA is low at 0.36% pa. The above forecasts do not take into account the major residential developments planned for the subject site and the neighbouring McGill Street Precinct. Low growth is also forecast for the STA (Petersham) at 0.30% pa.

Household Expenditure

Household expenditure was sourced from:

- ABS Household Expenditure Survey 2003-04 which provides household expenditure by broad commodity type by household income quintile; and
- The MarketInfo 2009 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using "microsimulation modelling techniques".

MarketInfo combines the data from the Census, HES and other sources to derive total HES by commodity type. This data, which was validated using taxation and national accounts figures, quantifies around 14% more expenditure than the ABS HES Survey. Retail spend per capita is also expected to increase at an average rate of around 1.80% per annum¹². Based on these assumptions, expenditure generated by households in the PTA is provided in the following table.

¹² In accordance with historic growth since 1986 (1.30%) plus an allowance of a further 0.2% to reflect increasing gentrification of the area.

Table 12 - Primary Trade Area Forecast Household Expenditure by Retail Store Type (\$m2009)

	2011	2016	2021	2026	2031	2036
Supermarkets & Grocery Stores	94.8	104.1	114.4	125.7	138.0	151.6
Specialty Food Stores	32.0	35.1	38.6	42.4	46.6	51.2
Fast-Food Stores	29.3	32.2	35.3	38.8	42.6	46.8
Restaurants, Hotels and Clubs*	35.2	38.7	42.5	46.7	51.2	56.3
Department Stores	29.6	32.5	35.7	39.2	43.0	47.3
Clothing Stores	18.9	20.7	22.8	25.0	27.5	30.2
Bulky Goods Stores	47.2	51.8	56.9	62.5	68.7	75.5
Other Personal & Household Goods Retailing	51.2	56.3	61.8	67.9	74.6	82.0
Selected Personal Services**	12.2	13.4	14.7	16.1	17.7	19.4
Total Retailing	350.3	384.8	422.7	464.3	510.0	560.2

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

The table above indicates households in the PTA are forecast to generate around \$350.3m of retail expenditure in 2011. Of this, \$94.8m is related to supermarket expenditure, \$32m to specialty food stores and so on. By 2036 the PTA will generate around \$560.2m of retail expenditure. This represents a growth in total expenditure of around \$209.9m from 2011.

The PTA will generate approximately \$399.5m of retail expenditure in 2018 upon overall completion. Of this, \$108.1m will be in supermarkets and grocery stores, \$36.5m in specialty food stores, \$33.4m in fast-food stores and \$40.1m restaurants.

The table below indicates households in the STA are forecast to generate around \$133.7m of retail expenditure in 2011, with growth in total expenditure of around \$75.4m forecast from 2011 to 2036.

Table 13 - Secondary Trade Area Forecast Household Expenditure by Retail Store Type (2009\$m)

	2011	2016	2021	2026	2031	2036
Supermarkets & Grocery Stores	34.8	38.1	41.7	45.6	49.8	54.5
Specialty Food Stores	12.1	13.2	14.5	15.8	17.3	18.9
Fast-Food Stores	11.4	12.4	13.6	14.9	16.3	17.8
Restaurants, Hotels and Clubs*	14.9	16.3	17.8	19.5	21.3	23.3
Department Stores	11.3	12.3	13.5	14.7	16.1	17.6
Clothing Stores	7.2	7.9	8.6	9.4	10.3	11.3
Bulky Goods Stores	17.9	19.5	21.4	23.4	25.5	27.9
Other Personal & Household Goods Retailing	19.4	21.2	23.2	25.3	27.7	30.3
Selected Personal Services**	4.8	5.3	5.8	6.3	6.9	7.5
Total Retailing	133.7	146.2	159.9	174.9	191.2	209.1

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

Household expenditure generated by the main trade area (PTA and STA) is therefore forecast to increase by around \$99m from 2011 to 2021 (measured in 2009 dollars). The turnover expected to be achieved by the development represents only 15% of growth.

Expenditure from New Residents

It is acknowledged that new residents that locate on site as part of the proposed development will create additional household expenditure that will be spent on retail. In order to calculate the number of new residents

which may reside within the proposal upon completion, Hill PDA has assumed an average occupancy of 1.85 persons per unit. This is a little lower than the 2.0 persons per non-detached dwelling unit in Ashfield LGA but reflects the high proportion of 1-bedroom units (around 40%). The Concept Plan indicates the residential component of the development will comprise 280 to 300 dwellings giving the estimated population at around 535.

Existing PTA residents have an average retail spend per capita of almost \$14,000 per annum¹³. Escalating this at 1.50% per annum for real growth in expenditure per capita results in an average retail spend per capita of around \$15,900 in 2018 (expected first year of operation).

It is expected that new residents will generate slightly higher expenditure in the order of \$17,000 per annum. Applying this average annual spend, new residents in the proposed development will generate around \$9.1m of expenditure that will predominantly be captured by retailers in the locality.

6.3 Expenditure from Workers

New workers on the subject site as a result of the proposal will create additional retail expenditure. This is because it relates to retail spend close to the place of work.

The operation of the retail stores (2,500sqm to 2,800sqm GFA) and commercial suites (3,500sqm to 4,000sqm GFA) within the development post completion will generate employment. Applying the rate of one full and part time job per 30sqm (GFA) for specialty stores, the retail component of the development will generate around 85 to 95 full time and part time jobs. Also assuming one job is generated per 30sqm (GFA) of commercial floorspace, the commercial component of the development will generate around 115 to 135 commercial office jobs upon completion. Overall, the proposed development will generate around 200 to 230 full time and part time jobs post construction.

Workers on average each spend around \$2,500 to \$3,000 every year on retail goods and services close to their place of work. This represents around 20% to 25% of total personal expenditure. Obviously this amount can vary considerably depending upon the range and availability of retail outlets near the place of work.

Using these rates it is estimated that by 2018 (after the completion of the project) the potential expenditure generated by workers on site that could be captured by retailers on the subject site, is around \$0.6m (i.e. \$2,750 per worker pa). This expenditure is likely to include take-away foods and meals in restaurants but it could also include some food and convenience items.

6.4 Other Sources of Expenditure

McGill Street Precinct – New Residents and Workers

As outlined previously in this report, significant development is planned for the neighbouring McGill Street Precinct. The McGill Street Precinct Masterplan as adopted by Marrickville Council envisages 463 dwellings of

¹³ MarketInfo 2009.

which 203 are proposed in Stage 1. Assuming an average household size of 1.9 to 2.0 persons per dwelling there will be a further 900 residents living there on completion. The Edward Street site will add a further 50 units.

The proposed development at 78-90 Old Canterbury Road envisages a further 200 dwellings in Stage 1 which, if approved, would bring the total number of new dwellings in the precinct to around 900 (290 on the Flour Mill site, 50 on Edward Street and 660 on McGill Street Precinct). Total new population in the precinct will be around 1,700 persons.

Under the adopted Masterplan for the Precinct there is 2,942sqm GFA of retailing. With the 78-90 Old Canterbury Road proposal included this increases to 6,019sqm GFA of retailing, which includes a 2,800sqm supermarket. It is likely that a significant portion of the expenditure generated by the new residents on site will be captured by the proposed shopping centre – as much as 40%.

The McGill Street Precinct Masterplan also includes considerable commercial office space of between 5,439sqm (Masterplan including the 78-90 Old Canterbury Road proposal) and 6,409sqm (adopted Masterplan only). By applying average employment ratios for commercial office uses of 1 worker per 20 sqm¹⁴, upon completion there will be around 272 to 320 workers within the Precinct. These workers will generate additional retail expenditure.

6.5 Total Expenditure

In 2009 the main trade area generated around \$466m of expenditure. This is expected to increase to \$608m by 2021. This is attributed to the following sources:

- Population growth and affluence = \$116m of growth in expenditure;
- Around 1,400 new residents in Flour Mill and adjacent developments = \$24m; and
- Around 500 workers within the proposed developments = \$1.5m.

Total growth in available expenditure will increase around \$142m over the 2009 to 2021 period. The proposed retail component of the subject site will turnover around \$15m which represents no more than 10.6% of the total increase in available expenditure from 2009 to 2021 generated in the main trade area.

¹⁴ Source: Hill PDA Research (2006-10)

7. IMPACTS & BENEFITS

7.1 Economic Impacts

In considering the economic impact of the proposed development, we have had regard to the DGRs which stipulate that the Economic Impact Assessment must consider the cumulative impact of the proposal in conjunction with the McGill Street Precinct Masterplan and the Concept Plan application for 78-90 Old Canterbury Road.

The modelling process assumes that residents in the study area grow more affluent over time. This reflects the gentrification that is currently ongoing in this area which is likely to continue to do so over the period to 2018 and beyond. This will see a gradual influx of professional and other higher skilled workers into the area who in turn will have higher spending potential to direct towards shops in the locality.

Table 12 summarises the impact of the Flour Mill scheme in isolation on other centres in the locality based on the assumed turnover of \$15m as identified previously. This has been examined by preparing 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 of the development is considered at 2018, the earliest time at which the scheme will be developed and trading.

Table 14 - Retail Impact of proposed Flour Mill redevelopment, Summer Hill (\$m2009)

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space (sqm)	Turnover in 2010 (\$m)	Turnover in 2018 without Proposal (\$m)	Turnover in 2018 with Proposal (\$m)	Immediate Shift in Turnover (\$m)	% Shift in Turnover in 2018	Turnover from 2010 to 2018 (\$m)	Turnover Shift from 2010 to 2018 (%)
Proposed Centre					15.1	15.1			
Ashfield	2.0	36,100	201.1	245.0	243.1	-1.9	-0.8%	42.0	20.9%
Marrickville Metro	3.2	20,000	206.8	250.1	248.6	-1.5	-0.6%	41.8	20.2%
Marrickville Strip	3.5	28,450	140.0	169.2	167.9	-1.4	-0.8%	27.9	19.9%
Leichhardt Marketplace	1.8	18,550	137.1	159.4	157.4	-1.9	-1.2%	20.3	14.8%
Summer Hill	0.5	8,800	57.0	68.4	64.7	-3.7	-5.4%	7.7	13.5%
Lewisham	0.5	1,000	6.5	7.8	7.2	-0.6	-8.1%	0.7	10.2%
Petersham	1.5	3,350	13.0	15.6	15.2	-0.4	-2.6%	2.2	16.8%
Haberfield	2.2	7,500	44.0	53.2	52.5	-0.7	-1.3%	8.5	19.3%
Dulwich Hill New Cant Rd	1.8	8,650	39.0	45.7	45.1	-0.6	-1.4%	6.1	15.5%
Dulwich Hill Train Station	3.0	800	3.7	4.3	4.3	-0.1	-1.3%	0.6	15.7%
Other Localities						-2.3			
TOTAL		133,200	848.2	1018.7	1020.9	0.0	0.2%	172.7	20.4%

Source: Hill PDA Estimate

As shown above, the marginal retail turnover of \$15m will be redirected from a range of centres. The largest amount of expenditure (\$3.7m) will be drawn from Summer Hill, with the residual trade draw from a variety of other centres and facilities in Ashfield LGA and Marrickville LGA.

In terms of impact, the most significant impact will be upon Lewisham which will experience an estimated 8% reduction in turnover as a result of the Flour Mill redevelopment. Summer Hill would see a 5.4% reduction in trade following the development. Impacts on all of the other centres shown above will be below 5% which is considered insignificant.

There are no universal measures of significance of impact. There are references in various consultancy reports and statements in the Land and Environment Court which suggest 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.

On this basis, the impact of the proposal on Lewisham and Summer Hill would be low to moderate, with the impact on all other centres being 'insignificant'.

Next it is necessary 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.

Given that Summer Hill and Lewisham are the only centres which record an impact greater than 'insignificant', we will focus on these two centres to determine whether the recorded impact can be absorbed. As indicated in Chapter 5, on the basis of qualitative evidence Summer Hill appears to be trading well, with high levels of footfall, low vacancies and parking problems which are symptomatic of good trading levels. On this basis, an impact of 5% is unlikely to detract from the offer of the centre or adversely impact upon trade to a great extent given that the level of trade will reduce from an already high base. The continued gentrification of the area will further mitigate any potential adverse impacts in the long run as the affluence of residents in the catchment of Summer Hill continues to grow. As shown in the above table Summer Hill is expected to enjoy more than 13% positive shift in turnover from 2010 to 2018 post impact.

The impact upon Lewisham is difficult to quantify, given that there is no qualitative or quantitative information on the trading level of this centre. However, Lewisham is a neighbourhood centre with only a modest provision of some 1,000sqm of shop front floorspace and it contains no anchor retailers. We understand that several former retail units in the centre have been converted to residential uses and this may reflect a lack of demand for retail premises in Lewisham.

7.2 Cumulative Impact

In order to provide a robust assessment of economic impact, we will test the implications of the Flour Mill scheme in isolation and in conjunction with potential schemes on the adjacent site. When assessing these cumulative impacts we have assumed the Flour Mill site will be developed with 2,650sqm of retail space. Total floorspace is shown in the table below.

Table 15 - Cumulative Retail Floorspace of Flour Mill Precinct, McGill Street Precinct Masterplan and 78-90 Old Canterbury Road

	Max Retail Floor Area (sqm GFA)	No. of Residential Units
Cumulative Floorspace Scenario 1		
Flour Mill Precinct	2,650	360
McGill Street Precinct Masterplan	2,942	463
Total Scenario 1	5,592	823
Cumulative Floorspace Scenario 2		
Flour Mill Precinct	2,650	360
McGill Street Precinct Masterplan*	2,306	400
78-90 Old Canterbury Road	6,018	260
Total Scenario 2	10,974	1,020

*This total equates to the McGill Street Precinct Masterplan area excluding the development site which comprises 78-92 Old Canterbury Road

In total, between 5,600sqm (scenario 1) and 11,000sqm (scenario 2) of retail floorspace could be developed on the Flour Mill site and the adjacent McGill Street Precinct. Scenario 2 includes provision for a supermarket of 2,800sqm as part of 78-90 Old Canterbury Road. Between 823 residential dwellings (scenario 1) and 1,020 residential dwellings (scenario 2) could also be provided.

Scenario 1: Flour Mill and McGill Street Precinct Masterplan

We estimate the forecast turnover generated by the Flour Mill and the McGill Street Precinct Masterplan only (i.e. assuming that the proposed development at 78-90 Canterbury Road does not proceed) will be \$31m in 2018. This is based on an industry average \$5,500/sqm for retail floorspace.

Table 14 below models the cumulative impact of the Flour Mill redevelopment and the wider McGill Street Precinct Masterplan area

Table 16 - Cumulative retail impact of Flour Mill redevelopment and McGill Street Precinct Masterplan (\$m2009)

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space (sqm)	Turnover in 2010 (\$m)	Turnover in 2018 without Proposal (\$m)	Turnover in 2018 with Proposal (\$m)	Immediate Shift in Turnover (\$m)	% Shift in Turnover in 2018	Turnover from 2010 to 2018 (\$m)	Turnover Shift from 2010 to 2018 (%)
Proposed Centre					30.7	30.7			
Ashfield	2.2	36,100	202.0	246.1	242.5	-3.6	-1.5%	40.5	20.1%
Marrickville Metro	3.0	20,000	206.8	250.1	246.8	-3.2	-1.3%	40.0	19.3%
Marrickville Strip	3.3	28,450	140.0	169.2	166.2	-3.1	-1.8%	26.2	18.7%
Leichhardt Marketplace	1.8	18,550	137.1	159.4	155.3	-4.1	-2.6%	18.2	13.3%
Summer Hill	0.8	8,800	66.0	79.2	73.2	-5.9	-7.5%	7.2	11.0%
Lewisham	0.3	1,000	5.8	7.0	5.5	-1.5	-21.0%	-0.3	-5.2%
Petersham	0.9	3,350	16.0	19.2	17.4	-1.8	-9.5%	1.4	8.6%
Haberfield	2.2	7,500	42.0	50.8	49.4	-1.4	-2.7%	7.4	17.6%
Dulwich Hill New C. Rd	1.8	8,650	42.0	49.2	47.8	-1.4	-2.9%	5.8	13.8%
Dulwich Hill Train Station	3.0	800	4.0	4.7	4.6	-0.1	-2.6%	0.6	14.1%
Other Localities						-4.6			
TOTAL		133,200	861.7	1034.8	1039.4	0.0	0.4%	177.7	20.6%

Source: Hill PDA gravity model 2011

As would be expected in light of the higher quantum of floorspace proposed in the wider area, the impacts of the cumulative development on existing centres in the surrounding area is greater than for the scheme in isolation.

In scenario 1, Lewisham receives a 'strong or significant' impact with a loss of trade of 21% forecast at 2018 following the developments. However, the impact on Lewisham equates to only a \$0.3m reduction in trading levels in real terms. Given the extremely limited range of retail facilities currently provided by Lewisham, an impact of this level is not likely to adversely affect the quality of retail provision in the immediate locality.

The impact upon Petersham and Summer Hill is rated 'low to moderate' with trade forecast to reduce by 9.5% and 7.5% respectively. The impact on all other centres will be insignificant.

Scenario 2: Flour Mill, McGill Street Precinct Masterplan and 78-90 Canterbury Road

In this scenario, we test the cumulative impact implications of the proposed Summer Hill Flour Mill development, 78-90 Old Canterbury Road and the McGill Street Precinct Masterplan. Please note that the area of the McGill Street Precinct Masterplan that is subject to the 78-90 Old Canterbury Road development application has been deducted from our calculations in scenario 2.

We estimate the forecast turnover generated by the three proposals – Flour Mill, 78-90 Old Canterbury Road and McGill Street Precinct Masterplan – will be \$70m in 2018. This scenario therefore results in the greatest level of impact on surrounding centres. This is based on an industry average of \$9,500/sqm for the supermarket and \$5,500/sqm for other retail.

Table 15 below models the cumulative impact of the Flour Mill redevelopment, together with the proposed development at 78-90 Old Canterbury Road and the wider McGill Street Precinct Masterplan area. This assumes a maximum impact scenario with all 11,000sqm proposed retail space trading by 2018.

Table 17 - Cumulative retail impact of Flour Mill redevelopment, McGill Street Precinct Masterplan and 78-90 Old Canterbury Road (\$m2009)

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space (sqm)	Turnover in 2010 (\$m)	Turnover in 2018 without Proposal (\$m)	Turnover in 2018 with Proposal (\$m)	Immediate Shift in Turnover (\$m)	% Shift in Turnover in 2018	Turnover from 2010 to 2018 (\$m)	Turnover Shift from 2010 to 2018 (%)
Proposed Centre					70.2	70.2			
Ashfield	2.2	36,100	202.0	246.1	235.6	-10.5	-4.3%	33.6	16.6%
Marrickville Metro	3.0	20,000	206.8	250.1	241.5	-8.6	-3.4%	34.7	16.8%
Marrickville Strip	3.3	28,450	140.0	169.2	163.5	-5.8	-3.4%	23.5	16.8%
Leichhardt Marketplace	1.8	18,550	137.1	159.4	148.4	-11.0	-6.9%	11.3	8.2%
Summer Hill	0.8	8,800	66.0	79.2	66.0	-13.1	-16.6%	0.0	0.1%
Lewisham	0.3	1,000	5.8	7.0	5.1	-1.9	-26.9%	-0.7	-12.3%
Petersham	0.9	3,350	16.0	19.2	16.6	-2.6	-13.7%	0.6	3.5%
Haberfield	2.2	7,500	42.0	50.8	48.1	-2.6	-5.2%	6.1	14.6%
Dulwich Hill New C. Rd	1.8	8,650	42.0	49.2	45.8	-3.4	-6.8%	3.8	9.2%
Dulwich Hill Train Station	3.0	800	4.0	4.7	4.5	-0.2	-3.7%	0.5	12.8%
Other Localities						-10.5			
TOTAL		133,200	861.7	1034.8	1045.3	0.0	1.0%	183.6	21.3%

Source: Hill PDA gravity model 2011

In this scenario, Lewisham and Summer Hill both receive a 'strong or significant' impact as a result of a forecast reduction in trade of 27% and 17% respectively. In our view, given the strength of Summer Hill centre and the limited, local role of Lewisham these impacts could be absorbed without leading to a significant decline in the quality of retail provision. As previously indicated Summer Hill is trading well above average for a strip shopping centre, at least 20% above target turnover levels. As such, a 17% shift in turnover is acceptable and could be absorbed by this centre.

Impact on the other centres listed in the table above area is also greater than previously estimated, although in all cases the loss of trade is at or below 7% and is thus considered to be an 'insignificant' impact.

Note that due to strong growth in expenditure generated in the locality all centres, with the exception of Lewisham, will enjoy growth in turnover notwithstanding the three proposed developments. By 2018 Summer Hill will return to its current trading level (2010) notwithstanding the impacts from the proposed developments.

7.3 Qualitative Impacts

The provision of the proposed development in this location will help the Ashfield LGA to meet the needs of locals and consumers in terms of their shopping requirements. It will diversify the retail offer available to residents and will link to the new light railway station which will be constructed adjacent to the Flour Mill site. It will increase price competition between local retailers which will benefit consumers.

7.4 Policy Impacts

State and regional policy strategies which are of relevance to the proposed development were discussed in Section 3.1 of this report. In order to meet the DWG requirements, the cumulative policy impact of the proposed Flour Mill scheme in conjunction with the schemes on adjoining sites will be considered.

Metropolitan Plan for Sydney 2036 (2010)

The Metropolitan Plan for Sydney 2036 contains a number of key challenges facing Sydney in the future. In particular it seeks to provide jobs closer to home and provide more efficient transport delivery. The provision of additional dwellings on this site, adjacent to the site of a proposed light rail station, will allow residents unproblematic access to Sydney CBD by a sustainable transport means for commuters living in the new scheme.

The Metropolitan Plan highlights the significant quantum of new dwellings and employment opportunities which will need to be created in the Inner West over the 2006 to 2036 period. The Flour Mill Precinct alone proposes 300 dwellings which will contribute 1% to the 35,000 required target dwellings in the Inner West by 2036. The wider schemes propose 1,020 dwellings in total, which equates to some 1% to the 93,000 dwellings which will be required in the South and Inner West Sub Regions (Marrickville is located in the South Sub Region) by 2036.

The proposed development at the Flour Mill and the neighbouring sites will create significant numbers of new jobs and therefore aid in achieving the target of 77,000 new jobs in the South and Inner West Sub Regions by 2036. Employment will be created both during the construction phase and once the development is completed, and this is considered in detail in the subsequent section of this chapter.

Metropolitan Transport Plan (2010)

The integration of land use and transport planning, which this document advocates, is an important consideration relating the proposed development given the strategic location of the site adjacent to a future station on the extend light railway link between Sydney CBD and Dulwich Hill. The provision of additional retail and residential floorspace in this location will therefore reflect the high level of accessibility which this site will have and which is consistent with the principles of sustainable transport. The scheme also provides urban renewal which will reflect the future transit-orientation of the City.

Draft Inner West Subregional Strategy (2007-2031)

The scheme will support the aims of the draft Inner West Subregional Strategy by contributing to the requirement for additional dwellings and jobs over the 2001 to 2031 period. The draft Inner West Subregional Strategy identifies a requirement for 500 additional jobs in Ashfield LGA and 2,000 additional dwellings by 2031.

Draft South Subregional Strategy (2006-2031)

As within the draft Inner West Subregional Strategy and the City-wide plans, a significant quantum of additional dwellings and jobs are aimed to be created in the South Subregion over the 2001 to 2031, towards which the cumulative developments on the sites adjacent to the subject site will contribute.

NSW Draft Centres Policy (2009)

Given that the proposed development is for an out-of-centre site it is not consistent with principles 1 and 2 of the NSW Draft Centres Policy. However, given the quantum of new residential dwellings which would be provided on this and the adjacent sites residents will need local retail infrastructure to support them. This is also important given the new light railway station which will be provided.

The proposed development complies with the four remaining principles contained in the NSW Draft Centres Policy for the following reasons: it permits the market to determine the demand for retail and commercial development (Principle 3); it increases the supply of floorspace which reflects market demands for additional floorspace (Principle 4); it diversifies the retail offer in Ashfield LGA and, when considered cumulatively, in Marrickville LGA, and helps to create a competitive retail market by increasing choice for residents whilst ensuring that there is no adverse impact upon the function and vitality of existing retail centres (Principle 5); and it is of a good standard of design which is appropriate to its context (Principle 6).

Draft SEPP (Competition) (2010)

The proposed development is consistent with the draft SEPP (competition) as it allows competition between retailers to exist and leaves it to the market to decide what is viable on this site. This EIA has demonstrated that although there will be some impact upon the trading level of existing centres within the vicinity of the site, in our view will not lead to significant adverse impacts on trade which cannot be absorbed, and beyond the overall level of trade it is not the role of the planning system to examine impact on individual traders in these centres.

7.5 Construction Employment Generation

The proposed development will generate employment in two ways – through construction and through retail and commercial operations once it has been developed. We understand that the approximate that the cost of construction for the proposed scheme will be around \$140m.

7.6 Multiplier Effects

There are two types of multipliers:

- Production induced: which is made up of:
 - first round effect: which is all outputs and employment required to produce the inputs for construction; and
 - an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect.
- Consumption induced: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this assessment is ABS and Australian National Accounts: Input-Output Tables 1996-97 (ABS Catalogue 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.466, \$0.438 and \$0.962 respectively to every dollar of construction.

Therefore as shown in the table below, the estimated additional \$140m cost in construction translates into a further \$126m activity in production induced effects and \$135m in consumption induced effects. Total economic activity generated by the construction of the proposed development is therefore approximately \$401m.

Table 18 - Construction Multipliers

	Production Induced Effects				Total
	Initial Effects	First Round Effects	Industrial Support Effects	Consumption Induced Effects	
Output multipliers	1	0.466	0.438	0.962	2.866
Output (\$million)	\$140	\$65	\$61	\$135	\$401

Data Sources: Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2)

7.7 Construction Related Employment

It is estimated that one full time construction position for 12 months is created for every \$178,900 of construction work undertaken. Based on the estimated additional construction costs of \$140m the proposed development will create approximately **783 job years** (one full time job per year of construction). These are direct jobs, however there will also be additional jobs created through the economic multiplier effect.

The 1996-97 ANA Input-Output Tables identified employment multipliers for first round, industrial support and consumption induced effects of 0.33, 0.45 and 2.33 respectively for every job year in direct construction.

Table 19 - Construction Employment

	Production Induced Effects				Total
	Direct Effects	First Round Effects	Industrial Support Effects	Consumption Induced Effects	
Multipliers	1	0.33	0.45	2.33	4.11
Employment No. per \$million	5.59	1.84	2.52	13.02	22.97
Total job years created	783	258	352	1,823	3,216

Data Sources: Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2)

As shown above, for every \$1 million in construction cost, a total of 22.97 job years could be generated in the economy (jobs directly in construction and in multiplier impacts). The proposed development as a whole will generate around **3,216 job years**.

7.8 Operations Generated Employment

The Concept Plan indicates the proposed development will accommodate 2,500sqm to 2,800sqm of retail floorspace GFA in addition to 3,500sqm to 4,000sqm of commercial floorspace.

The operation of the retail floorspace within the development upon completion will also generate employment. The amount of employment generated will vary depending upon the nature of the retail facilities which are provided on site. For example, specialised food retailing (incl. take-away) employs workers at a ratio of 1 worker/ 12 sqm which compares to a rate of 1 worker/ 63 sqm for bulky goods retailers¹⁵.

As previously indicated, if we apply an indicate rate of one full and part time job per 30sqm (GFA) for specialty stores, the retail component of the development will generate around 85 to 95 full time and part time jobs. Also assuming one job is generated per 30sqm (GFA) of commercial floorspace, the commercial component of the development will generate around 115 to 135 commercial office jobs upon completion.

On this basis, overall the proposed development will generate around 200 to 230 full time and part time permanent jobs post construction.

By way of comparison, industrial uses generate employment at a ratio of around 1 worker per 80sqm. As such, the proposed retail and commercial uses will create jobs at a higher density than the site would provide if it were used for industrial purposes.

7.9 Investment Stimulus

Where a major property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such a major investment will in turn stimulate and attract further investment to the immediate area.

The investment of \$140 million on the Flour Mill site represents a significant investment and a sign of confidence in the surrounding area. It will help to support jobs in the local economy and create spin-off investment which will benefit local industries, businesses and residents.

¹⁵ Based on the ABS Retail Census 1998-99

It will aid in diversifying the retail offer and adding to its attraction to shoppers. It will assist in elevating the profile of the area which will encourage additional investment in the future.

Furthermore, the level of additional dwellings proposed on the Flour Mill site will create additional patronage to the light rail station which will be developed adjacent to the site. In doing so it will add to the economic viability of the Lewisham light railway station.