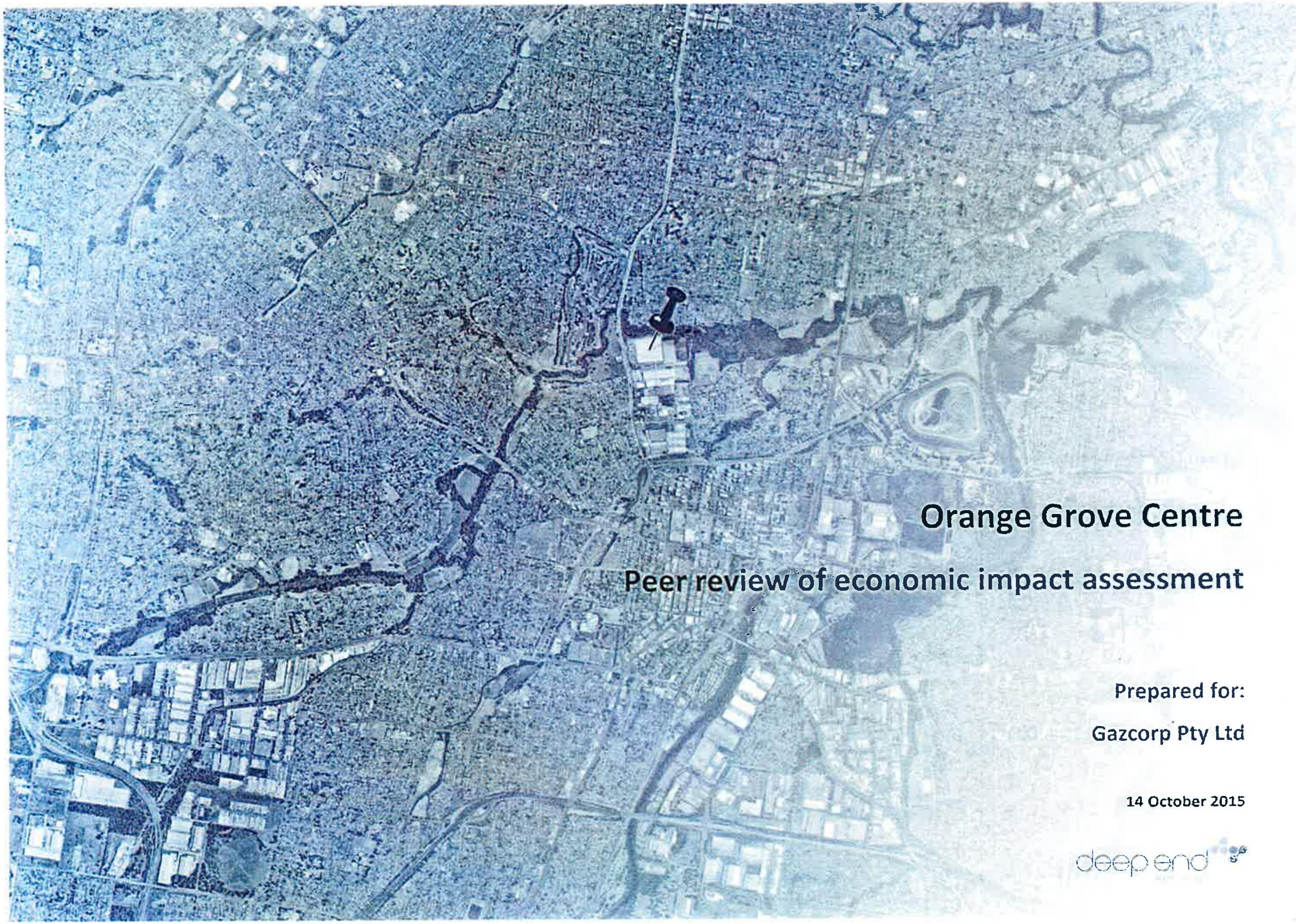

Orange Grove Centre

Peer review of economic impact assessment

Prepared for:

Gazcorp Pty Ltd

14 October 2015

deep end

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1. INTRODUCTION

1.1 Background

Deep End Services has been engaged by Gazcorp Pty Ltd to conduct a peer review of the ***Economic Need and Impact Assessment – Proposed Orange Grove Centre*** report (the 'EIA') that was been prepared by Leyshon Consulting in March 2015 to accompany a Planning Proposal for the property at 5 Orange Grove Road, Warwick Farm (the 'site').

The Planning Proposal seeks to amend Schedule 1 of the *Liverpool Local Environmental Plan 2008* (LEP2008) to permit 'shops' to a maximum gross floor area GFA of 21,000 sqm on part of the Orange Grove site.

An initial version of this report was prepared in March 2015 for a proposed rezoning of land from B5 Business Development to B2 Local Centre. The change in the Planning proposal does not alter the analysis or findings in the EIA or in this peer review.

The Proposal will facilitate the redevelopment of the site for a new retail centre accommodating bulky goods retailing along with new traditional retail elements including a discount department store ('DDS'), major supermarket, mid-sized supermarket and specialty retailing.

1.2 Project brief

This peer review incorporates the following research and analysis:

- Field visit to the site and to relevant centres in the region to assess current trading conditions
- Review of the overall approach in preparing the EIA
- Consideration and analysis of particular inputs, including trade area definition, population and spending forecasts and anticipated sales at the proposed centre
- Confirmation of the sales forecasts for the expanded centre
- Analysis and review of the potential future impacts on competing centres
- Summary as to whether the EIA represents an appropriate basis on which to understand the likely impact arising from the Planning Proposal.

1.3 Sources and assumptions

Any sources and assumptions adopted for the purposes of reviewing the EIA are set out in the relevant text or footnotes to tables.

2. OVERVIEW OF EIA APPROACH

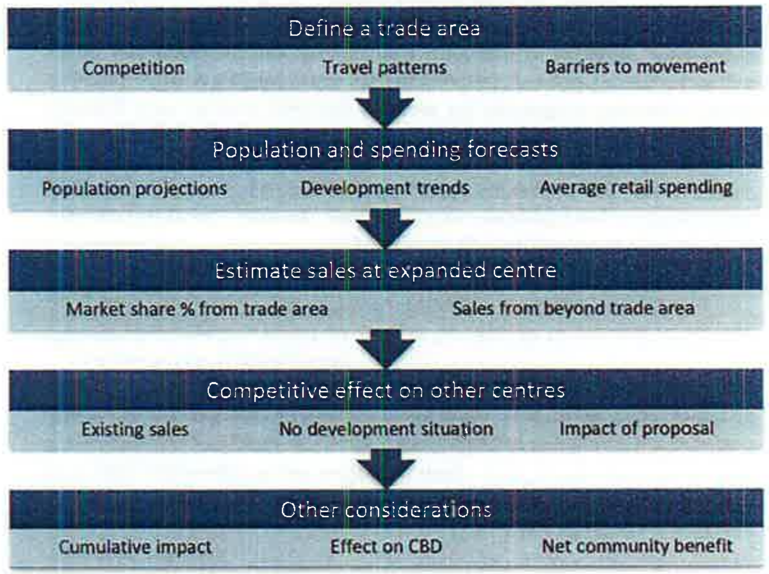
2.1 Methodology

The EIA adopts a standard 'trade area and market share' approach to examine current retail demand and supply conditions, estimate sales performance for the proposed new retail elements, and forecast potential competitive trading effects on existing centres. This approach, which we have adopted in EIAs conducted by this office, is illustrated in *Figure 1*. While we comment on some details of the analysis as set out in later sections of this report, the general scope and approach is sound and consistent with best-practise retail economic analysis.

The level of detail presented in the EIA is appropriate to assess the potential outcomes associated with the Planning Proposal. At this stage the main objective is to put forward a sound strategic rationale for the proposed rezoning of the land, rather than presenting a detailed examination of a future development concept which has not been confirmed. Additional scrutiny, possibly involving an updated or new EIA, would need to occur once a development application is lodged with the Responsible Authority for assessment.

An underlying rationale for the proposal is to accommodate two major retailers (Kmart and ALDI) seeking sites in the area. An analysis of store networks and provision rates in the DDS and supermarket sectors would therefore have been useful to provide appropriate strategic justification for the introduction of these two retailers at the site. This exercise is presented in section 3.4 of this peer review.

Figure 1: EIA methodology



2.2 Assumptions and sources

A range of assumptions are adopted in the EIA in relation to factors such as the geographic region (trade area) defined for the analysis, the range of other retail developments that are anticipated to be developed over time, the rate at which average (real, i.e. excluding inflation) per capita retail spending is forecast to increase over time, the definition of particular retail spending and sales categories, the components of the proposed development, the year it would become operational, and the forecast distribution of impacts on other centres.

The following comments are made in relation to the assumptions adopted in the EIA and the sources of data used as inputs in the analysis, noting that more detailed examination of these and other inputs is provided in subsequent sections of this report.

- The EIA assumes the following approved or proposed developments:
  - Approved and completed development of Dan Murphy's (1,300sqm) at Orange Grove in accordance with Amendment 19
  - Approved reintroduction of outlet retailing (19,000sqm GFA) at the Orange Grove weekend market site in accordance with Amendment 22
  - Approved construction of new Woolworths supermarket (4,200sqm) at Casula
  - Approved new centre (7,000sqm) at Holsworthy
  - Approved expansion of Bonnyrigg Plaza by 9,700sqm
  - Proposed new Woolworths supermarket at Prestons
  - Proposed new centre (22,000sqm likely to be staged) at Edmondson Park.
- The EIA also makes reference to the proposed new Bonnyrigg Shopping Centre to the north-west of Bonnyrigg Plaza, about which no decision has yet been made. Our view is that it is unlikely that both the new centre and the expansion of the existing Bonnyrigg Plaza would occur.
- Bonnyrigg Plaza already accommodates a Big W, Woolworths and Supa IGA. Coles would be the logical new supermarket entrant for an expanded or new centre. With Big W well represented and Target located at Stockland Wetherill Park, Kmart would be the only practical opportunity if a new DDS were to be accommodated either within the centre or as part of a new development.
- Another centre expansion is the one underway at Stockland Wetherill Park. Although some distance from the site, our view is that this centre has relevance as it defines the north-western extent of the trade area. The Stockland Wetherill Park expansion includes new retail specialties and a dining precinct (almost completed), with a further development stage to include Coles, new specialty retailers and mini majors planned for completion in 2016. Although not referred to specifically, we understand that additional sales performance at Stockland Wetherill Park has been taken into account in the EIA.
- Population estimates are appropriately based on the most recent available data from the Australian Bureau of Statistics ('ABS'), with demographic characteristics drawn from the 2011 Census.
- The underlying basis for the trade area population forecasts is not provided in the report, although reference is made to the most recent (2014) forecasts prepared by the Department of Planning and Environment ('DPE') which are available at the municipal level.
- Retail expenditure is based on analysis by Leyshon of the ABS Household Expenditure Survey ('HES') 2009-10, adjusted for inflation and income and other demographic characteristics. Further commentary on this source is provided later in this review, but we note that the most popular source of expenditure data used by retail economic consultants is the *MarketInfo* product which includes detailed micro-simulation of demographic characteristics against the HES data, and benchmarked to national accounts statistics on household consumption.
- Real growth in retail spending is set at 1% per annum over the forecast period, which is a conservative assumption having regard for national wages and household income growth. Our approach is to adopt state-based forecasts of consumer spending by product type, prepared by Deloitte Access Economics. This results in slightly higher (albeit less consistent) real growth in retail spending.

- The EIA makes specific reference to the size of the supermarket spending market, but without any supporting information on how this is derived. Further comment on this matter is provided later in this review.
- The proposed development on the site is assumed to consist of a DDS (assumed Kmart), a major supermarket (assumed Coles), a mid-sized supermarket (assumed ALDI) and a mixture of mini majors and retail specialties. Total retail floorspace would be 16,500sqm in net leasable area ('NLA') terms, which is generally consistent with the proposed control of a maximum 21,000sqm GLA of shop floor space.
- Architectural plans for the proposed development have not been finalised as these will be prepared in the context of a development application for the site. However, the proposed mix of uses adopted for the purposes of the EIA appears appropriate and reflects the likely interest from individual tenants – in particular, we are aware that both Kmart and ALDI are actively considering the site, while Coles is a logical choice given the existing distribution of supermarkets in the region.
- In addition, the proposed mix of uses is broadly consistent with the typical distribution of retail floorspace by type for single-DDS centres, as shown by centre benchmarks produced by Urbis and MacroPlan Dimasi.
- Sales forecasts are based on anticipated market share performance from the trade area and likely share of sales drawn from beyond the trade area. This is an appropriate approach.
- Centre-level impacts have been examined by firstly predicting the effect of known developments on sales at existing centres, and then assessing the changes to sales as a result of the proposed development. This is an appropriate approach that enables consideration of the cumulative effects from all planned or proposed developments.
- The distribution of impacts is based on judgement as to how much of the impact falls on particular centres, having regard to each centre's role, retail tenant mix and distance from the site. This is our preferred method (particularly in comparison to a mathematically-produced gravity model), but it relies on providing sufficient commentary to justify the impacts assigned to each centre. Our assessment of the distribution of impacts is presented in later sections of this review.

Overall, most of the assumptions and data sources used in the EIA are appropriate and any alternative approaches would have little overall effect on the results of the impact analysis. Where the inputs or assumptions are more significant, additional analysis has been undertaken, as presented in the following sections.

3. REGIONAL CONTEXT

3.1 Retail planning context

The EIA sets out the retail hierarchy context that exists in Liverpool and the neighbouring Fairfield local government area, with consideration given to the recently-prepared *Liverpool Retail Centres Hierarchy Review* (HillPDA, Version 2 July 2012). I note that Leyshon makes reference to an October 2012 version of the HillPDA report, but this does not seem to be available from the Liverpool Council website.

In very broad terms the Liverpool Retail Centres Hierarchy Review ('LRCHR') recommends support and encouragement for Liverpool CBD's role as the 'Regional City' providing higher-order retail services to a community that encompasses the City of Liverpool and a wider regional catchment, while also acknowledging opportunities for new retail provision in a range of other centres throughout the municipality.

Analysis in the LRCHR identifies significant future retail development potential of 134,000sqm over the period 2011 to 2031 (an average of +6,700sqm per year), of which approximately 120,000sqm has been 'distributed' as potential development in nominated centres. These forecasts specifically exclude future planned retail development in the South West Growth Centre ('SWGC'), for example at Leppington and Edmondson Park.

In the short term, supported retail development proposals include Holsworthy Plaza, a new supermarket centre at Middleton Grange, two Masters hardware stores and a small increase in retail provision at Orange Grove to accommodate Dan Murphy's and ALDI. Other known development proposals not considered at the time of the study are the two Woolworths supermarket developments at Casula and Prestons.

In relation to Orange Grove, the study notes that the balance of future development potential (i.e. the difference between total floorspace growth of 134,000sqm and the nominated expansions totalling 120,600sqm) would be available for other developments including the conversion to brand outlets at Orange Grove or other proposals not yet known.

For the purposes of the LRCHR, Orange Grove is identified as a 'Stand Alone Centre', providing it with an official designation as a centre for the first time.

Importantly, designation as a centre within the retail hierarchy confers in-principle strategic support for the introduction of a new permissible use to the zone schedule to allow a wider range of retail formats including traditional shops, subject to appropriate retail needs analysis.

Other relevant aspects of the LRCHR include the following:

- The identified catchment (excluding the SWGC) has a significant existing (i.e. at 2011) undersupply of retail floorspace totalling 20,500sqm, including 8,000sqm undersupply of DDS floorspace and 6,500sqm undersupply of supermarket floorspace.
- Low existing DDS provision is also highlighted for the adjoining Fairfield City, particularly in its south-eastern part near Cabramatta.
- Although Liverpool CBD is encouraged as a focus for future retail growth and investment, the capacity for this centre to absorb new development is constrained by a lack of vacant or available development sites and difficulties in achieving redevelopment on those sites that have been identified.
- The LRCHR concludes that most of the existing centres are performing adequately given the income characteristics of the residential population leading to below-average retail spending levels. Stand-out performers include Casula Mall which has a large dedicated catchment, while Westfield Liverpool trades at about 11% below the benchmark for a major regional centre.
- According to our analysis of the LRCHR, the potential to accommodate additional non-bulky goods floorspace totals +38,973sqm by 2016 (this incorporates the current undersupply and potential generated by population

and spending growth), increasing to +45,739sqm in 2021 and +57,364sqm in 2026.

- Future development projects that will meet this future demand (i.e. excluding bulky goods proposals such as new Masters stores or additional bulky goods development at Crossroads) total just 17,000sqm by 2019 and 48,000sqm by 2026.
- Moreover, much of this future development is undefined. For example, the study nominates an additional 15,000sqm at Liverpool CBD over the period 2019-2026, but without any detail of what components would be included and how such development would meet the current undersupply of DDS and supermarket floorspace.
- Other undefined expansions include an additional 5,000sqm at Moorebank and 5,000sqm at Miller or Green Valley.
- Commentary on future development at Orange Grove is provided in the section of the LRCHR that deals with medium term growth opportunities. The section makes reference to the submissions by ALDI, Kmart and others seeking entry to the local market, and the current undersupply of such retailers in the surrounding area. The following statements are of particular relevance:
  "Orange Grove is well situated to service this unmet demand resulting from the lack of provision in Cabramatta's trade area. The provision of a DDS and associated facilities at Orange Grove would attract to Liverpool LGA additional retail expenditure which would not otherwise be directed to it"

  "Provision of retail floorspace of this nature would have some adverse impact upon the Liverpool City Centre, the extent of which should be quantified in the economic impact assessments accompanying the planning proposal and development applications for such uses" (HillPDA p61)

- Further comment is made in response to the submissions from Gazcorp, Kmart and ALDI:
  "In principle there are economic benefits to Liverpool LGA of such as expansion, with a wider retail offer being provided at Orange Grove.

  However, the quantum and type of retail floorspace proposed is nevertheless likely to have adverse impacts upon Liverpool City Centre. Any application for rezoning to facilitate such uses should be accompanied by a full net community benefit test and a detailed economic impact assessment which quantifies the trading impacts on Liverpool City Centre, in order for the severity of impacts to be fully considered by Council prior to DA approval being granted" (p68)

In summary, the LRCHR provides strong strategic justification in support of expanding the retail uses at Orange Grove, including:

- Designation as a stand-alone centre
- Acknowledgement of the existing shortfall in DDS and supermarket provision
- Recognition of the lack of DDS in the south-eastern part of Fairfield LGA
- Recognition of the likely economic benefits associated with a wider retail offer at Orange Grove.

Full support for the proposed development is subject to appropriate retail needs and impact analysis and assessment of net community benefit.

3.2 Regional population growth trends

As context to the subsequent retail economic analysis, the EIA includes a summary of the population analysis from the LRCHR for the wider Liverpool trade area that incorporates the Liverpool and Fairfield LGAs and the northern part of Campbelltown LGA.

According to this analysis conducted in 2012 (based on Travel Zone projections prepared by the Bureau of Transport Statistics), the Liverpool LGA population is forecast to increase by approximately 98,250 persons over the period 2011-31 to reach 284,596 persons in 2031, with around half of this growth occurring within parts of the SWGC.

The EIA points out that more recent population projections have since been produced, suggesting that HillPDA underestimates potential long-term growth by about 1.4%.

In our review, although the new forecasts predict higher populations, some of this is associated with a 'rebasing' of the population for the year 2011.

The result is that for the Liverpool LGA the current forecast is for +100,850 new residents to occur over the period 2011-2031, which is only marginally higher than the previous forecast used by Hill PDA of +98,260 persons.

The difference is much greater in Fairfield LGA, where the current DPE forecast is for a +43,300 new residents over the 2011-31 period, compared with the HillPDA forecast of +25,165 persons.

3.3 Regional retail floorspace demand

The retail demand implications arising from future population growth are significant, as highlighted in the EIA which identifies broad demand for up to 370,000sqm of new retail floorspace by 2031 as a result of the increased spending base, although noting that some of this demand will be realised beyond the identified regional catchment.

HillPDA identify demand for 134,000sqm of new retail floorspace to be developed within Liverpool over the period 2011-2031, based on assumed capture rates and having regard for demand being realised in new centres within the SWGC, which are treated separately. Approximately 20,000sqm of this demand is associated with current retail floorspace under-provision.

We have reviewed the most recent population projections for the key municipalities of Liverpool and Fairfield, and generated broad retail demand projections that rely on the commonly-agreed average provision ratio of 2.2 sqm per capita. This is then allowed to grow at a rate of 0.5% per annum to reflect the observed trend of increasing average retail floorspace provision.

The analysis in *Table 1* indicates that the total additional retail demand over the period 2011-2031 generated by population growth would be an additional 288,550sqm generated by the resident population in Liverpool, and another 150,840sqm generated by residents in Fairfield. Combined, the population within these two municipalities will require approximately 440,000sqm of new retail floorspace to meet demand over the period 2011-2031.

Our review supports the analysis in the EIA which identifies very significant underlying growth in retail demand generated in the Liverpool region, possibly in excess of the level identified in the LRCHR.

Retail developments in Liverpool will not capture all of this retail demand, and even within Liverpool much of the additional demand will be in the form of new centres located in the SWGC. However, it is important to appreciate that the introduction of new retail facilities that offer a wider array of services and combine multiple formats are more likely to lead to an increase in the 'capture rate', thus leading to more supportable development within Liverpool.

Table 1: Broad regional retail floorspace demand

LGA	2011	2016	2021	2031	*2011-31*
	Population				
Liverpool	188,100	211,200	236,950	288,950	*+100,850*
Fairfield	196,500	205,950	217,900	239,900	*+43,400*
Total	384,600	417,150	454,850	528,850	*+144,250*
	Average floorspace demand				
Av. Per capita	2.2	2.3	2.3	2.4	
	Total floorspace demand				
Liverpool	413,820	476,370	547,950	702,370	*+288,550*
Fairfield	432,300	464,530	503,900	583,140	*+150,840*
Total	846,120	940,900	1,051,850	1,285,510	*+439,390*
	Growth in floorspace demand				
Liverpool		62,550	71,580	154,420	
Fairfield		32,230	39,370	79,240	

Source: NSW Local Government Area population projections (2014 Final)

3.4 Regional provision rates

One of the main rationales put forward in support of the proposed development at Orange Grove is to provide opportunities for particular brand operators who have expressed a desire to locate in the region but have been unable to secure appropriate sites.

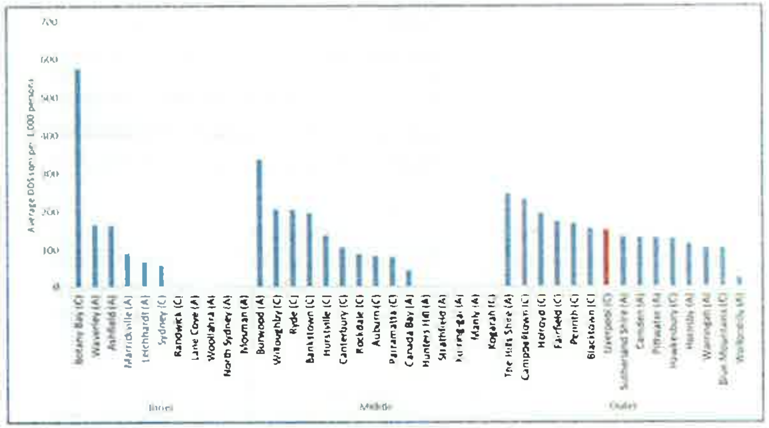
Kmart and ALDI have been identified as seeking better representation in the area and have previously made submissions to the LRCHR. In addition, it is well known that Coles' network in south-western Sydney is relatively poor by comparison with Woolworths, with a large number of older and smaller stores. New store development opportunities are therefore actively being sought.

Commentary and analysis on the current networks and provision rates for these retail types is provided below.

<u>*DDS networks and provision rates*</u>

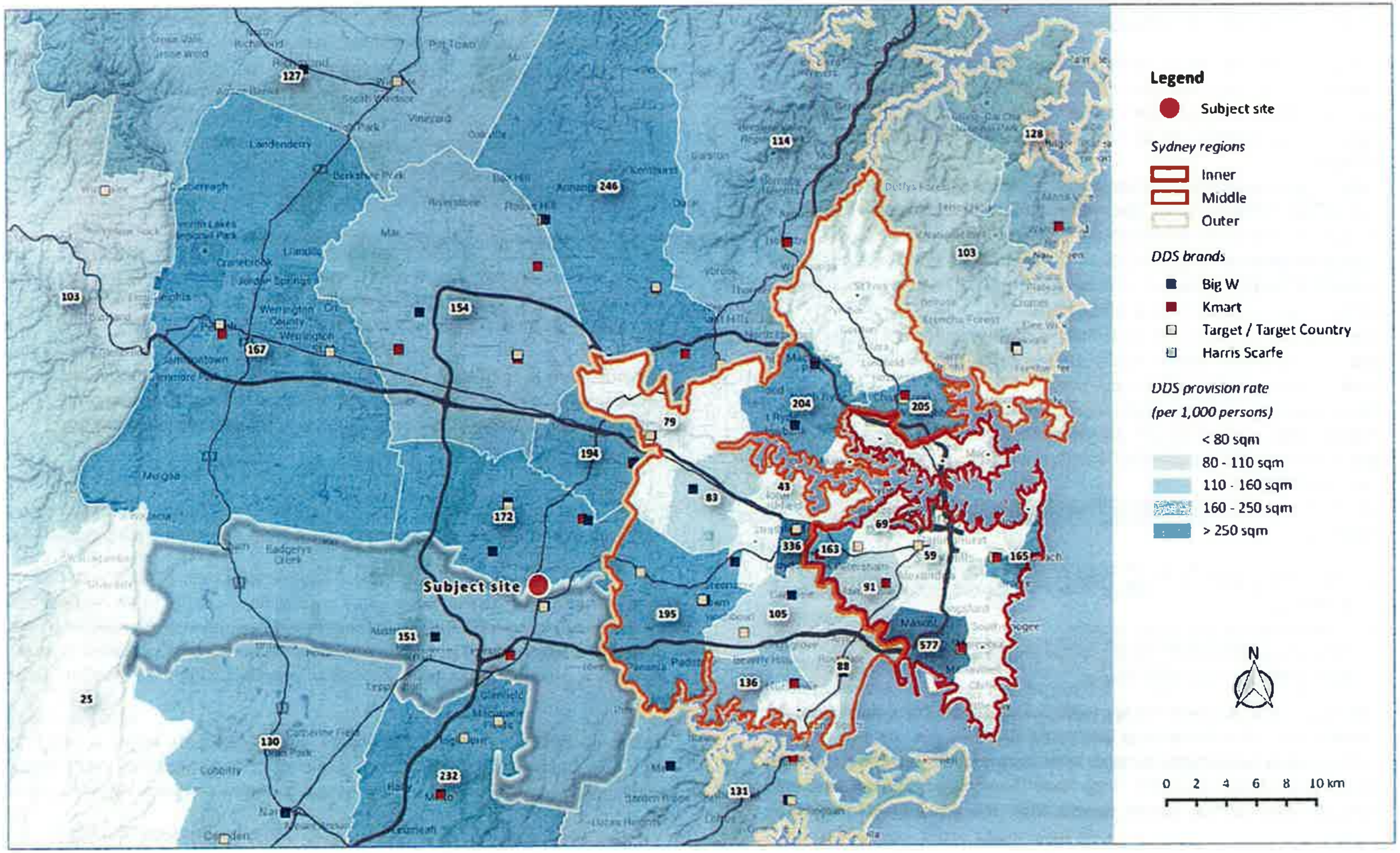
- The current distribution of DDS brands is shown in *Figure 3* (p7) which also illustrates the average provision of DDS floorspace in terms of sqm per capita for each LGA in metropolitan Sydney. This information is summarised in *Figure 2*.
- Outer Sydney generally has higher provision rates, averaging 158sqm per 1,000 residents, but ranging from 100sqm per 1,000 residents in Warringah and the Blue Mountains, to more than 240sqm per 1,000 in the Hills Shire.
- Liverpool's provision rate is current below average, at 151sqm per 1,000 residents.
- Fairfield's provision rate is higher, but these DDSs are located in just three activity centres – Fairfield, Wetherill Park and Bonnyrigg.
- Big W has the strongest local network, with presence in all of the major centres including Westfield Liverpool, Bonnyrigg Plaza, Stockland Wetherill Park and Neeta City in Fairfield. New store opportunities are evident south and west of Liverpool CBD where Carnes Hill is the only existing store.
- Target's network is less dense, with stores at Westfield Liverpool, Bass Hill and Wetherill Park. Network gaps include Fairfield and the region west and south of Liverpool CBD.
- Kmart's network is particularly poor, with existing stores at Casula Mall, Fairfield Forum and Bass Hill Plaza. The most obvious gap is the lack of representation in or close to Liverpool CBD, and it is this gap that Kmart would be seeking to fill at Orange Grove given the difficulty in securing a site within the CBD. Opportunities on the 'outward-bound' side would be met with a new store at Bonnyrigg Plaza if the approved development comes to fruition.
- Overall, this analysis provides a strong strategic basis for a new DDS to be established at the site to fill an identifiable gap in the existing DDS networks.

Figure 2: Average DDS sqm provision per 1,000 residents, by LGA



Source: Deep End Services

Figure 3: Discount department store provision rates

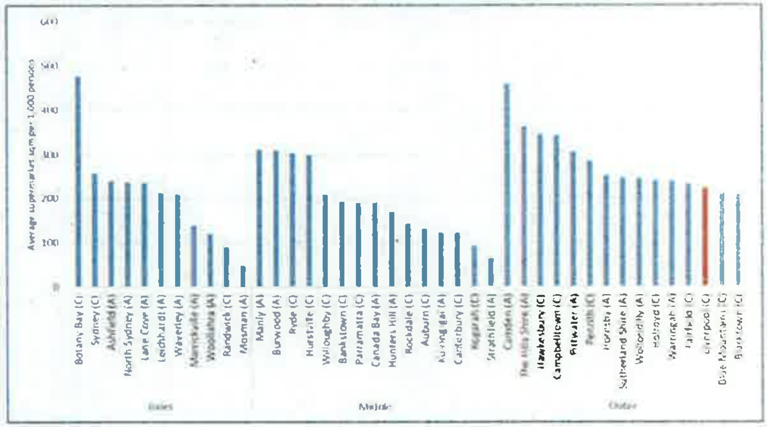


Source: Deep End Services with QGIS and Google Maps

Supermarket networks and provision rates

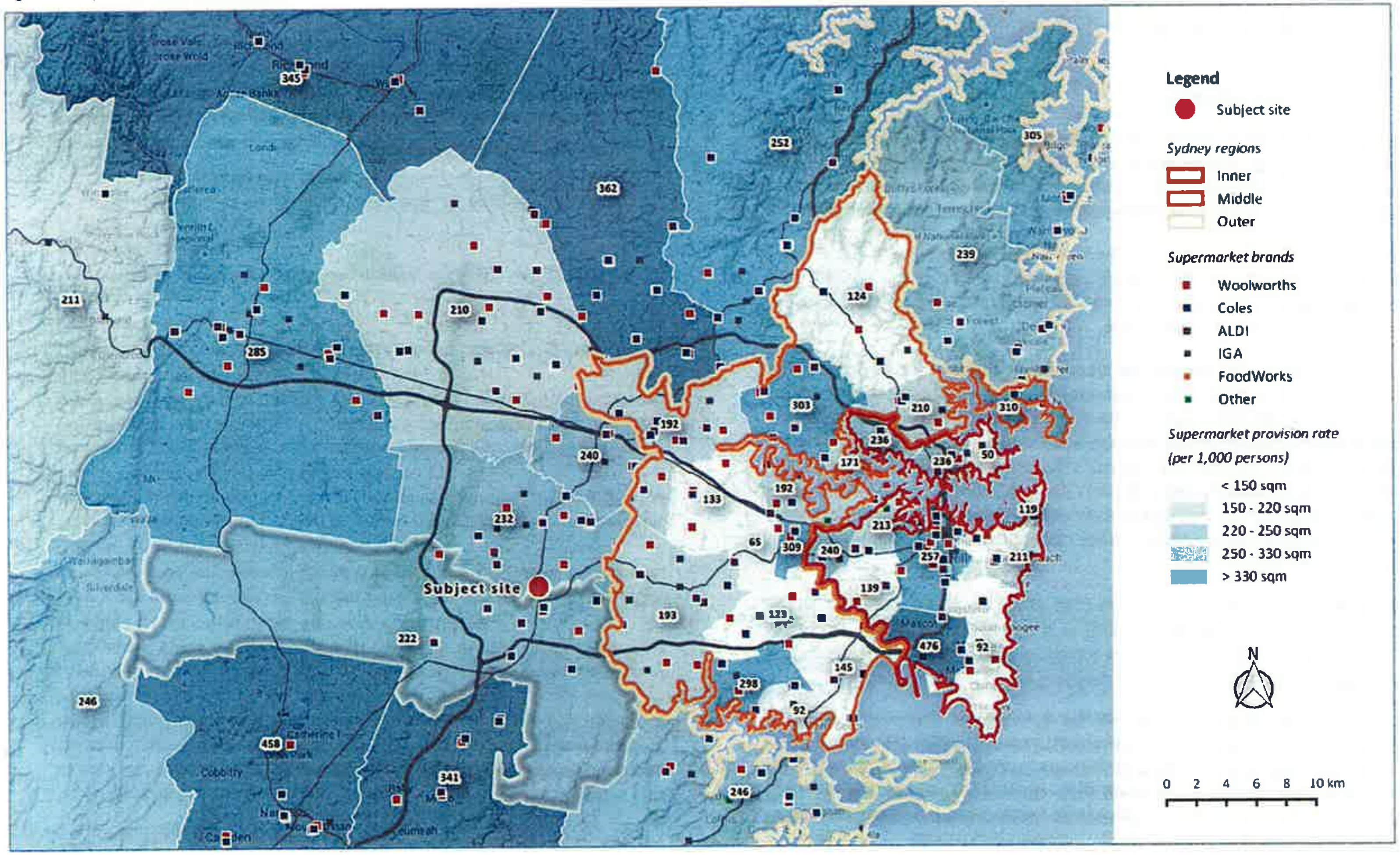
- The current distribution of supermarkets is shown in *Figure 5*, which also illustrates the average provision of DDS floorspace in terms of sqm per capita for each LGA in metropolitan Sydney. This information is summarised in *Figure 4*, and is based on all supermarkets with floorspace in excess of 900sqm.
- LGAs in Outer Sydney have higher provision rates with an average overall of 266sqm per 1,000 residents, but with a number of municipalities having a provision rate in excess of 300sqm per 1,000 residents.
- Liverpool's provision rate, at 220sqm of supermarket floorspace per 1,000 persons, is the third lowest of all Outer LGAs, and is 17% below the average.
- Fairfield's provision rate is only a little higher.
- The low provision rate in this part of Sydney partly reflects the demographic and cultural profile with a higher preference for ethnically-diverse food products not normally sold at supermarkets.
- Of the two major full-line supermarket operators, Woolworths' network is the strongest, with stores well distributed throughout the region. The main gap in the network is in Casula / Prestons where two new store proposals have been approved.
- Coles has a far weaker network with clearly identifiable gaps in the network, including:
  - The area stretching from Cabramatta through Canley Heights to Bonnyrigg
  - Moorebank and east to Bankstown
  - West of Liverpool CBD including Miller and Cartwright
  - Carnes Hill and Middleton Grange.
- The subject site represents an appropriate location for Coles to improve its network position to the north of Liverpool CBD.
- ALDI has been extending its network in recent years with stores now located at Liverpool Plaza, Flowerdale, Rigg Place (Bonnyrigg), Fairfield West and Fairfield Town Centre. Future opportunities are likely to be sought in Prairiewood, Abbotsbury/Edensor Park, Cecil Hills/Hinchinbrook, Prestons/Casula and Wattlegrove/Moorebank.
- The subject site is an attractive opportunity for ALDI to have strong representation in the region from Liverpool CBD to Fairfield, with the site well-placed to serve residents in Cabramatta and Canley Heights.
- Overall, this analysis supports the proposed development as a way of encouraging better representation by major retailers and to improve the current under-provision of supermarket floorspace.

Figure 4: Average supermarket sqm provision per 1,000 residents, by LGA



Source: Deep End Services

Figure 5: Supermarket provision rates



Source: Deep End Services with QGIS and Google Maps

4. TRADE AREA ANALYSIS

4.1 Trade area identification

The trade area adopted for the purposes of the EIA has been defined with reference to the normal range of considerations which includes the competitive context, the ease of access to the site, existing travel patterns, and the influence of other factors such as the inclusion of an outlet centre and large format retailing (bulky goods).

The southern and eastern extent of the trade area is appropriate in our view, reflecting the influence of the strongly-performing Kmart at Casula Mall, the intervening opportunities for higher-order shopping at Liverpool CBD, and the natural barriers to movement in the east.

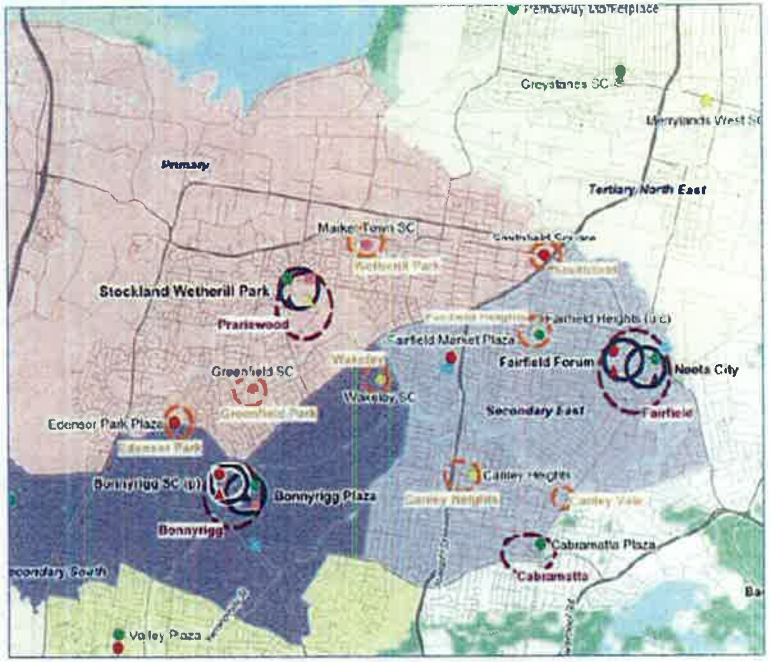
However we believe that the EIA has been overly conservative in defining the northern and western extent of the trade area. Excellent road access from suburbs such as Bonnyrigg, St Johns Park, Canley Heights and Canley Vale is available via Orange Grove Road/Cumberland Highway and Cabramatta Road West, and these suburbs are only approximately 7 minutes' drive away from the site. People living within these regions already visit Liverpool CBD for higher-order regional shopping trips, and the outlet centre and large format retailing at Orange Grove would already serve these residents. In our opinion a more realistic trade area is that presented in *Figure 7*.

Although other DDS-based centres serve parts of the expanded trade area to the north and west (Bonnyrigg Plaza, Stockland Wetherill Park and the centres at Fairfield), it is likely that the catchments served by each centre would overlap to a certain degree, reflecting the variety of shopping available at each centre.

The nature of overlapping catchments for sub-regional shopping facilities is reflected in the trade area adopted by MacroPlan Dimasi in their EIA conducted for the most recent expansion of Stockland Wetherill Park (refer *Figure 6*). For example, in this study the Stockland Wetherill Park catchment extends beyond both Bonnyrigg and Fairfield, even though each of these centres includes an existing discount department store.

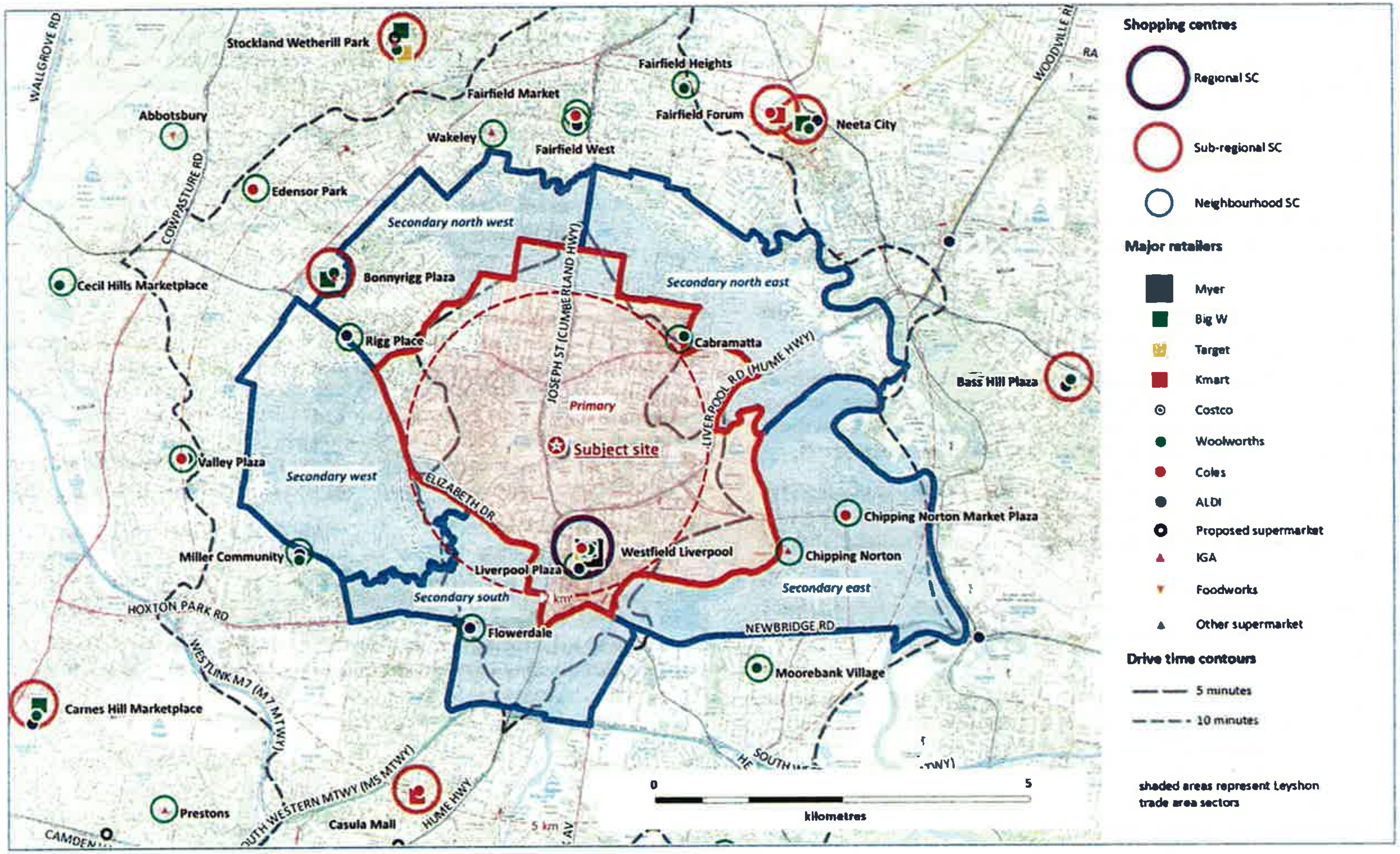
The implication of a wider trade area is that sales would be derived from a wider geographic region, with impacts therefore also distributed more widely.

Figure 6: Stockland Wetherill Park Trade Area



Source: Stockland Wetherill Park Stage 2 EIA, MacroPlan Dimasi, July 2012

Figure 7: Recommended trade area definition



Source: Deep End Services with MapInfo and Ausway

4.2 Population forecasts

Population forecasts for the adopted trade area are set out in Section 3.3 of the EIA and summarised in Table 3.2 of that report.

According to the text and notes to the table, the data for 2011 are based on ABS Census results, with the projected populations for each trade area sector prepared internally by Leyshon Consulting.

The analysis shows that the trade area as a whole would have a population of 131,067 persons in 2021, representing an increase of +16,388 persons over the period 2011-2031.

We have prepared alternative population projections by examining small area data that has been produced by the Bureau of Transport Statistics ('BTS').

BTS utilise the LGA forecasts by DPE and distribute this growth to the local area level (using travel zone geography) according to factors such as known housing development patterns, historical infill development rates, and the historical share of LGA population growth occurring in different parts of each municipality.

It is acknowledged that these projections represent only one view of the potential future growth pattern throughout metropolitan Sydney, and can vary considerably from other sources such as the *forecast.id* projections prepared on behalf of some LGAs.

We have adjusted the original BTS dataset to reflect the most recent ABS population estimates and to 'shape' the immediate growth trend to reflect recent changes in population.

The results of this analysis are shown in *Table 2*, indicating that the trade area population is forecast to be approximately 126,700 persons in 2021, or about 4,395 fewer people than projected by Leyshon in the EIA.

Table 2: Population projections 2011-2021

Sector	2011	2014	2016	2021	Difference cf EIA 2021
	Population				
Primary	44,950	46,883	47,833	51,308	-495
Secondary north	24,309	25,203	25,578	26,473	-237
Secondary east	10,701	11,352	11,502	11,702	-1,704
Secondary south	17,443	18,204	18,379	18,679	-1,032
Secondary west	17,581	18,085	18,260	18,510	-927
Total	***114,984***	***119,727***	***121,552***	***126,672***	**-4,395**
	Population growth (no. per annum)				
Primary		644	475	695	
Secondary north		298	188	179	
Secondary east		217	75	40	
Secondary south		254	88	60	
Secondary west		168	88	50	
Total		***1,581***	***913***	***1,024***	
	Population growth (% per annum)				
Primary		1.4%	1.0%	1.4%	
Secondary north		1.2%	0.7%	0.7%	
Secondary east		2.0%	0.7%	0.3%	
Secondary south		1.4%	0.5%	0.3%	
Secondary west		0.9%	0.5%	0.3%	
Total		***1.4%***	***0.8%***	***0.8%***	

Source: BTS (2014), Deep End Services

Population projections have also been prepared for the alternative trade area identified in *Figure 7* above using the same data source, showing that the centre would serve a catchment which in our view would contain approximately 151,400 persons in 2021 including 60,850 persons within the Primary sector (refer *Table 3*).

Table 3: Population projections for alternative trade area

Sector	2011	2014	2016	2021
Primary	52,669	55,154	56,954	60,854
Secondary north east	21,256	21,959	22,309	23,194
Secondary east	9,161	9,844	10,064	10,324
Secondary south	14,829	15,668	16,068	16,713
Secondary west	22,241	22,802	23,042	23,542
Secondary north west	15,060	15,575	15,955	16,805
Total	135,216	141,002	144,392	151,432

Source: BTS (2014), Deep End Services

4.3 Retail spending forecasts

Average per capita retail spending

The EIA calculates average retail spending within the trade area with reference to the ABS Household Expenditure Survey 2009-10, adjusted to reflect the demographic (particularly income) characteristics of the local population and to account for changes in the CPI. Average retail spending is then assumed to increase at 1% per annum in real terms.

According to this analysis, average spending is projected to increase from $8,458 per capita in 2014 to $9,088 per capita in 2021.

Many property consultants in Australia have adopted *MarketInfo* as the main source of local area estimates of retail expenditure. This product uses HES and the Census as key data sources, but undertakes more detailed micro-simulation to model how spending on particular goods and services varies according to a wide range of demographic variables. The results are then benchmarked against National Accounts estimates of household consumption.

Furthermore, at Deep End Services we purchase data from Deloitte Access Economics which includes forecast household consumption by commodity type at the state level. This data is used to project forward average per capita retail spending rates.

Using MarketInfo and Deloitte Access Economics, average per capita retail spending within the trade area is estimated at $10,078 per capita in 2014, almost 20% higher than the figure adopted in the EIA.

Average spending is forecast to increase by approximately 0.8% pa for the period 2014 to 2021, slightly lower than the assumed real growth of 1% in the EIA.

Total retail expenditure

When combined with the population projections, total available retail spending within the trade area is forecast to increase from $1,012.8m in 2014 to $1,191.1m in 2021 according to the EIA, represent a total increase of $178.3m in annual spending over the period 2014 to 2021 available to support new retail development.

The increase over the period 2011-2021 is estimated at +$250.7m in available spending.

Our estimate of the size of the retail spending model is substantially higher, at $1,206.6m in 2014 and increasing to $1,347.0m in 2021. The increase in available spending is equivalent to +$140.4m in available annual spending.

Our estimate of the increase in annual available retail spending for the period 2011 to 2021 is +$278.5m.

In summary we conclude that Leyshon has significantly under-estimated the existing and future size of the retail spending market. The implication is that additional sales at new retail developments can be more readily absorbed without adversely impacting in sales performance at established centres.

Note that we have conducted these spending comparisons for the trade area adopted in the EIA – spending levels would be higher for the more extensive trade area defined in *Figure 7*.

Supermarket expenditure

According to the EIA the size of the supermarket sector is estimated at $324.1m in 2014, representing 32% of total retail expenditure (refer Table A2), but no details are presented as to the derivation of this estimate. The supermarket sector is forecast to increase to $381.2m in 2021, representing +$57.1m over this period or +$80.3m over the period 2011-2021.

Alternative analysis of the size of the supermarket sector has been made on the following basis:

- Estimate total spending by trade area residents on food and grocery products normally sold at supermarkets
- Assume that supermarkets capture 70% of this food and grocery spending, with the remainder directed to smaller specialty stores and markets (this is a relatively low share of the food and grocery market captured by supermarkets compared with national benchmarks but reflects the demographic characteristics of the trade area and their preference for alternative food retailing formats)
- Include an addition 6% of sales to reflect the small range of 'general merchandise' products sold at supermarkets (limited clothing, bathroom products, crockery, kitchen accessories, batteries, stationery, etc).

On this basis, total supermarket spending is projected to increase from $388.6m in 2014 to $455.6m in 2021, representing +$67.0m over this period.

Over the longer time period 2011-2021, annual supermarket spending is projected to increase by +$115.5m.

The implication from this analysis is that the trade area has greater capacity to accommodate new supermarket floorspace than is shown in the EIA.

Table 4: Available trade area retail spending market

	Spending market ($m)			
Spending category	**2011**	**2014**	**2016**	**2021**
Food & Groceries				
Primary	175.8	201.1	214.3	244.0
Secondary north	92.9	105.8	112.0	123.1
Secondary east	48.0	55.9	59.0	63.7
Secondary south	68.6	78.6	82.9	89.5
Secondary west	71.3	80.4	85.0	91.5
Total	**456.6**	**521.9**	**553.4**	**611.8**
Food Catering				
Primary	54.9	63.1	68.6	76.6
Secondary north	28.6	32.7	35.3	38.0
Secondary east	20.1	23.5	25.4	26.9
Secondary south	22.0	25.3	27.3	28.8
Secondary west	20.5	23.2	25.0	26.3
Total	**146.1**	**167.8**	**181.6**	**196.7**
Other Retail Goods & Services				
Primary	170.0	188.8	197.9	204.1
Secondary north	92.2	101.8	106.1	105.5
Secondary east	66.8	75.5	78.6	76.6
Secondary south	66.9	74.3	77.1	75.2
Secondary west	69.8	76.5	79.3	77.1
Total	**465.7**	**517.0**	**539.0**	**538.6**
Total				
Primary	400.6	453.1	480.9	524.7
Secondary north	213.7	240.2	253.5	266.7
Secondary east	134.9	155.0	163.0	167.2
Secondary south	157.6	178.3	187.3	193.6
Secondary west	161.6	180.1	189.3	194.9
Total	**1,068.5**	**1,206.6**	**1,273.9**	**1,347.0**
Supermarket				
Primary	130.9	149.8	159.6	181.7
Secondary north	69.2	78.8	83.4	91.7
Secondary east	35.8	41.6	44.0	47.4
Secondary south	51.1	58.5	61.8	66.6
Secondary west	53.1	59.9	63.3	68.1
Total	**340.0**	**388.6**	**412.1**	**455.6**

4.4 Trade area retail floorspace demand

The projected growth in expenditure capacity will give rise to demand for additional retail floorspace.

According to the EIA, the growth in expenditure capacity over the period 2011 to 2021 would support 34,250-43,535sqm of new retail floorspace, of which 8,020-9,435sqm would be associated with new supermarket provision.

These floorspace demand forecasts are based on the application of average sales performance of $8,500-10,000/sqm for supermarkets and $5,000-6,500/sqm for remaining retail types.

An alternative broad analysis is to forecast changes in supportable floorspace through a simple calculation of average per capita retail floorspace provision.

Since the ABS Retail Census (1991/2) a full database of retail provision has not be available for Sydney, but the consensus from retail economists appears to be that the average floorspace provision rate has been growing over time and is now in the order of 2.2-2.3 sqm per capita.

Allowing this rate of provision to increase slightly in the future (at a rate of 0.5% pa), the average provision rate is predicted to increase from 2.20sqm/capita in 2011 to 2.31sqm/capita in 2021 as shown in *Table 5*.

Adopting the EIA population projections means that total retail demand generated by trade area residents would increase by approximately 50,000sqm over the period 2011-2021.

This is higher than the floorspace demand forecast presented in the EIA.

The same methodology can be used to assess future increases in supportable supermarket floorspace. In this case, an average provision rate of 0.27sqm/cap has been adopted for 2011, reflecting the current provision rate in outer municipalities in Sydney (refer *Section 3.4*). If population growth is applied, the demand for supermarket floorspace by trade area residents would be approximately +6,000sqm.

This is lower than the estimate for future supermarket demand presented in the EIA.

Table 5: Trade area retail provision analysis

LGA	2011	2016	2021	*2011-21*
	Population			
Trade area	114,769	123,254	131,067	*+16,298*
	Average floorspace demand			
Total retail	2.20	2.26	2.31	
Supermarkets	0.27	0.27	0.28	
	Total floorspace demand			
Total retail	252,490	278,010	303,090	*+50,600*
Supermarkets	30,530	33,610	36,650	*+6,120*

Source: Leyshon Consulting, Deep End Services

Also relevant, particularly in terms of supermarket demand, is that currently only 16,500sqm of supermarket floorspace is located within the trade area, representing a provision rate of just 0.14sqm/cap (or 140sqm per 1,000 residents), and an indicative shortfall of approximately 14,000sqm.

Supermarket development opportunities within the trade area therefore consist of the following:

- Improved supermarket provision to meet the existing undersupply estimated at +14,000sqm; and
- New provision to meet the additional demand that will arise over time through population and spending growth, estimated at +6,000sqm.

5. SALES FORECASTS

5.1 Centre proposal and timing

Sales forecasts presented in the EIA are based on a development concept involving a Kmart DDS, Coles and ALDI supermarkets, and a range of mini majors and specialty retailers.

As noted in *Section 2.2*, the adopted centre components reflect tenant interest and are supported by typical benchmarks in terms of the distribution of floorspace for DDS-anchored sub-regional shopping centres.

The EIA is undertaken on the basis that planning and development processes would occur over an extended time period, with 2019 adopted as the first full year of operation.

This appears reasonable given the extent of reconfiguration and construction that would need to occur, as well as implementation of the rezoning and lodgement and assessment of the development application.

5.2 Centre sales

According to the EIA, the new shop component of the centre is forecast to achieve total sales of $116.5m in 2019 (expressed in 2014 dollars), of which $98.8m is forecast to be generated by trade area residents and the remainder (15%) generated from beyond the trade area.

These estimates are supported by analysis of the share of the spending market within each trade area sector that would be captured by the new centre.

We have independently assessed these sales forecasts by preparing individual forecasts for each component of the new centre – i.e. the DDS, the two supermarkets, mini majors and specialty stores – on a market share basis for individual product categories.

According to our analysis, the centre would achieve total retail sales of approximately $115.6m in 2019, with 20% of these sales generated from beyond the trade area.

Our sales forecasts therefore differ only marginally from those presented in the EIA, but in our view customers to the centre would come from a wider geographic area reflecting the typical shopping patterns to sub-regional centres and the attractiveness factor generated by the co-located outlet centre and large format retailing. The wider geographic catchment is reflected in the alternative trade area that we have identified previously in *Figure 7*.

Table 6: Centre sales forecast 2019

Store type	Floorspace sqm	Average sales $/sqm	Total sales $m	Beyond %
DDS	5500	$4,150	$22.8	26%
Supermarket	5400	$9,763	$52.7	14%
Mini major	1500	$5,500	$8.3	25%
Specialty	4100	$7,750	$31.8	23%
Total retail	**16500**	**$7,004**	**$115.6**	**20%**

Source: Deep End Services

As well as the sales generated by the new traditional retail components proposed for the site, the remainder of the centre would also be expected to improve their sales performance as a result of the reconfiguration of the centre. Indeed, this is stated as one of the key rationales for the proposal given the increased competitive environment for large format (bulky goods) retailers following development of Costco at Crossroads.

The overall effect that requires modelling for economic impact purposes is identified in the EIA as a total of $131.8m in 2019, comprising $116.5m of sales at the new 'shop' components, plus $15.2m associated with the beneficial effects on large format and factory outlet components.

We have independently reviewed the total sales impact from the proposal (including the positive sales effect on other retailers at Orange Grove) and conclude that the total 'impact' to be assessed is approximately $129.1m, consisting of:

- Estimated sales of $115.6m at the traditional 'shop' component, plus
- An estimated $13.6m associated with an uplift in sales performance to other retailers.

This estimate is very similar to the one presented in the EIA, and on this basis we support the adoption of $131.8m as a basis for analysing potential impacts on other centres in the region.

6. IMPACT ANALYSIS

6.1 Assumed development

The EIA incorporates a number of assumptions relating to other developments in the surrounding region that are anticipated to occur over the period 2014 to 2019. These are stated to include:

- Developments already completed:
  - Dan Murphy's (Amendment 19)
  - Costco at Crossroads (Amendment 26)
- Future developments:
  - Conversion of the market site to a factory outlet centre (Amendment 22)
  - Expansion of Bonnyrigg Plaza
  - Woolworths supermarket at Casula.

In addition, we interpret from the impact assessment presented in Table 4.2 of the EIA that expansion of the Stockland Wetherill Park centre has also been incorporated into the analysis, although this development is not listed in the text as a development occurring over the period up to 2019. Moreover, the inclusion of the Stockland Wetherill Park expansion occurs in the '2016 pre-development' assessment of centre sales within Table 4.2, rather than being assessed along with the outlet centre at Orange Grove and the Woolworths Casula centre. The EIA does not provide an explanation as to why these developments are assessed in different ways.

It is also not clear whether other developments referred to elsewhere in the report are incorporated into the assessment. Examples include Woolworths at Prestons, a new centre at Holsworthy and staged development at Edmondson Park. However, these developments are likely to have fairly localised effects and would not be expected to generate impacts on higher order centres close to Orange Grove such as Liverpool CBD, Fairfield Town Centre or Cabramatta.

6.2 Potential trading impact

Potential trading impacts are set out in Table 4.2 and discussed in section 4.4 of the EIA.

Impacts 2016

Firstly, the potential impacts arising from approved or proposed retail projects likely to occur over the period up to 2016 have been modelled in order to provide a base for assessing subsequent impacts from the proposed development at Orange Grove. This is a necessary first step in order to enable later consideration of the cumulative impacts from these projects on centres such as Liverpool CBD which are not forecast to change in terms of size or composition.

The EIA correctly points out that some new retail developments such as the new Woolworths at Casula would have localised effects and generally reflect the need to add retail facilities where population growth is occurring. In the case of Casula, the impact is mainly on Casula Mall, which is currently trading well above average in the context of an undersupply of local supermarket floorspace and a dominant position as the only DDS-based centre in the surrounding region.

The conversion of the Orange Grove markets to a factory outlet centre (assessed for the period 2014-2016) would have a wider geographic impact reflecting the shifting of expenditure on apparel and small household items that are normally sold at outlet centres.

According to the EIA, the overall impact on all retailers from the outlet centre development would be approximately -$44m as a result of the conversion of the markets (-$26m) to outlet centre (+$63m) plus the improved performance of other retailers due to the additional visitation to the precinct.

The outlet centre sales ($63m) appears to be a reasonable estimate of likely sales generated by an outlet centre trading from approximately 15,000sqm in aggregate leasable area. Average trading levels for outlet centres vary considerably, from less than $4,000/sqm for smaller centres located within a low-spend catchment, to more than $8,000/sqm for the best-performing centres. DFO Homebush is one of the outstanding outlet centres with average sales of $9,500/sqm.

Having regard for the much lower average spending on apparel within the trade area (around 30% lower than the metropolitan average), the small size of the centre at Orange Grove (15,000sqm vs an industry preference for more than 20,000sqm to generate critical mass) and the strong popularity of in-board centres such as Homebush and Birkenhead, an appropriate sales forecast would be approximately $67m at an average of $4,500/sqm. This is only slightly higher than the estimate presented in the EIA.

Although trading effects from Amendment 22 is not assessed separately from other developments such as Woolworths Casula and the Stockland Wetherill Park expansion, it is clear that a large share of the impact from this development is assumed to be felt at Liverpool CBD with an aggregate loss of $20.5m in sales at 2016, most of which would be generated by the outlet centre.

Overall, around 25% of the total aggregate impact arising from the developments occurring up to 2016 is anticipated to be reflected in a loss of sales at Liverpool CBD.

More specifically, the effect on Liverpool CBD (at $20.5m) represents approximately 33% of the turnover on clothing and apparel and similar goods that would be generated by a factory outlet centre at Orange Grove ($63m), assuming that other retail changes do not impact on Liverpool CBD. This appears to be an appropriate distribution of the future trading effect from Amendment 22.

The small difference in forecast trading level of the outlet centre component would have little effect on these results.

Impacts 2019

The trading impacts arising from the proposed development at Orange Grove in 2019 are assessed against a base case which incorporates the underlying improvement in sales performance as the regional population and available retail spending grows.

These underlying growth rates can be examined by comparing the 2013 estimate of centre sales against the 'pre-development' forecast of sales for 2016, and then by comparing the 'post development' sales estimate in 2016 against the 'pre development' forecast for 2019. Note that these underlying growth estimates are not applicable for centres such as Orange Grove, Bonnyrigg Plaza or Stockland Wetherill Park where expansions or other retail changes are incorporated into the sales estimates.

From the analysis presented in *Table 7* it is evident that the sales projections have incorporated forecast growth rates which range from around 1% at the lower end, to around 4% at the upper end.

In our view the applied growth projections are reasonable and generally reflect underlying growth in available spending levels. For example, lower forecast sales growth of around 1% pa is applied to centres serving more established areas such as Cabramatta, Fairfield, Wetherill Park and Miller, while those serving growth areas or new residential estates (Carnes Hill, Valley Plaza and Moorebank) are assessed as having higher growth rates. Westfield Liverpool is forecast to achieve moderate short-term growth of 1% pa over the period 2013-2016, but higher growth of 3% pa over the period 2016-2019. The moderate short-term growth rate is due to the adverse impact associated with Costco and the expanded Wetherill Park over this period, while longer term growth rates are reasonable as a result of the centre's role as a higher-order regional shopping destination serving people throughout the south-western suburbs.

Detailed centre-level impacts have been reviewed by undertaking an independent assessment of the extent to which the sales at each of the new components at Orange Grove (DDS, supermarkets, specialty retail, improved outlet centre and bulky goods) would lead to lower sales at competing centres.

Our estimates of the resulting impacts are shown in *Table 8*, with comparisons against the centre impacts presented in the EIA.

There is a high degree of accordance between our estimated impacts at Liverpool CBD and those presented in the EIA, with agreement that the impacts would be in the order of a 5% loss of sales across the CBD as a whole.

The main differences between our impacts and those presented in the EIA are as follows:

- Higher impacts are identified on other competing sub-regional shopping destinations in the surrounding area including Bonnyrigg Plaza, Stockland Wetherill Park and Fairfield Town Centre. These centres compete most strongly across the range of retail types proposed to be developed at Orange Grove, including DDS, supermarkets and specialty retailing.
- Much lower impacts are assessed for a range of mostly supermarket or food-based centres including Cabramatta, Miller, Valley Plaza, and Moorebank. This is because these centres are on the edge of the trade area and are too distant to experience any significant reduction in sales due to the new supermarkets, and they have only limited non-food retailing and so would not be affected by the new DDS and specialty stores.

Notwithstanding the slightly higher impact on some centres – notably a forecast 8% decline in sales at Bonnyrigg Plaza – our opinion is that these impacts are within the normal bounds of a competitive retail market and would not lead to any significant diminution in the role of each of the competing centres.

Importantly, none of the affected centres would be expected to see any of their major anchor retailers (DDSs or supermarkets) vacate the centre as a result of the Orange Grove development.

Table 7: Centre sales growth 2013 to 2019

Centre	2013 sales	2016 pre devt	Sales growth %	2016 post devt	2019 pre devt	Sales growth %
Orange Grove	91.0	97.5	2.3%	141.5	146.5	1.2%
Impacted centres						
Liverpool CBD:						
Westfield	471.0	485.0	1.0%	465.5	508.7	3.0%
Other	160.0	165.0	1.0%	164.0	169.0	1.0%
Total	631.0	650.0	1.0%	629.5	677.7	2.5%
Cabramatta	249.0	255.0	0.8%	250.0	265.3	2.0%
Bonnyrigg	104.0	94.4	-3.2%	90.5	169.4	23.2%
Wetherill Park	262.4	374.9	12.6%	370.5	381.7	1.0%
Fairfield TC	358.0	338.8	-1.8%	335.0	345.2	1.0%
Casula Mall	180.0	202.6	4.0%	185.0	190.6	1.0%
Carnes Hill	137.8	155.1	4.0%	149.2	167.8	4.0%
Miller	58.0	60.4	1.4%	59.2	62.8	2.0%
Valley Plaza	85.0	95.7	4.0%	93.0	98.7	2.0%
Moorebank	48.0	52.0	2.7%	51.0	54.1	2.0%
Costco	0.0	130.0	na	125.0	144.7	5.0%
WW Casula	0.0	0.0	na	44.0	48.8	3.5%
Crossroads LFR	96.7	110.0	4.4%	107.0	110.2	1.0%
Warwick Farm LFR	45.0	43.0	-1.5%	41.0	42.2	1.0%

Source: Leyshon EIA, Table 4.2

In terms of cumulative impact, we agree with the analysis in the EIA which notes that almost all centres would experience growth in sales across the period 2013 to 2019 notwithstanding the impacts due to developments in the region (including the Orange Grove projects and others incorporated into the assessment). The only traditional centre to experience lower sales is Fairfield Town Centre, as it is affected by the cumulative impact of the Stockland Wetherill Park expansion and the Orange Grove development.

However, the role of this centre would not be affected as it would retain the two DDSs and three supermarkets that it currently has.

Table 8: Review of centre-level impacts in 2019

Centre	2019 no devt	2019 post devt	Impact $m	Impact %	EIA Impact $m	EIA Impact %
Orange Grove	146.5	277.0	130.5		131.8	
Impacted centres						
Liverpool CBD:						
Westfield	508.7	479.4	-29.3	-5.8%	-29.7	-5.8%
Other	169.0	164.6	-4.4	-2.6%	-4.5	-2.7%
Total	677.7	644.1	-33.6	-5.0%	-34.2	-5.0%
Cabramatta	265.3	258.2	-7.1	-2.7%	-10.5	-4.0%
Bonnyrigg	169.4	155.8	-13.6	-8.0%	-12.4	-7.3%
Wetherill Park	381.7	368.2	-13.5	-3.5%	-11.2	-2.9%
Fairfield TC	345.2	336.5	-8.7	-2.5%	-7.2	-2.1%
Casula Mall	190.6	186.4	-4.2	-2.2%	-4.6	-2.4%
Carnes Hill	167.8	166.6	-1.2	-0.7%	-2.8	-1.7%
Miller	62.8	61.7	-1.1	-1.7%	-3.8	-6.1%
Valley Plaza	98.7	97.1	-1.6	-1.6%	-2.7	-2.7%
Moorebank	54.1	52.5	-1.6	-2.9%	-2.1	-3.9%
Costco	144.7	142.1	-2.6	-1.8%	-6	-4.1%
WW Casula	48.8	47.7	-1.1	-2.2%	-0.8	-1.6%
Crossroads LFR	110.2	105.9	-4.3	-3.9%	-6.7	-6.1%
Warwick Farm LFR	42.2	40.0	-2.2	-5.1%	-2.2	-5.2%
Other			-34.3		-24.6	

Source: Deep End Services; Leyshon EIA

6.3 Effect on Liverpool CBD

In Section 4.7 the EIA provides more detailed analysis and commentary on the effect of the proposed development on Westfield Liverpool and the balance of the CBD.

The key points from this analysis can be summarised as follows:

- Westfield Liverpool achieves relatively high average sales performance, particularly given the low average spending of residents in its catchment.
- Centre performance is underpinned by the presence of major retailers including the only department store in south-west Sydney other than at Campbelltown, and the widest variety of national brand specialty stores.
- The remainder of the CBD has very few national brands other than ALDI, and has a focus on providing secondary retailing and serving particular ethnic and cultural markets.
- The LRCHR reports a vacancy rate of close to 10% in the balance of the CBD consisting of 15,995sqm of shopfront floorspace. However, an independent survey by Leyshon in January 2015 identified 6,566sqm of vacant premises, representing a vacancy rate of 4.4%.
- This represents an improvement in the vacancy rate since the LRCHR and would be considered below average for a centre of this type. Reductions in vacancies may have arisen due to improved economic conditions, the leasing of particular vacant premises, and the conversion of some properties to mixed use development and commercial accommodation.
- Increased levels of residential development in and around the CBD will continue to support improved centre performance throughout the centre.
- Of particular importance is the lack of individual premises of sufficient size to accommodate major retailers such as supermarket or DDS, and this accords with submissions by ALDI and Kmart to the LRCHR.

We have independently checked the vacancy rate as report in the EIA and generally agree with its findings other than identifying a small number of additional vacant premises at the eastern end of Scott Street close to the station. Accounting for these and other changes since January 2015, we estimate that a total of approximately 6,900sqm is currently vacant.

6.4 Net community benefit

A net community benefit assessment is presented in section 5 of the EIA in which the following contributions to net community benefit are identified:

- Improved access to DDSs and supermarkets for residents within the trade area
- Improved competition and choice for trade area residents, especially with the inclusion of a Kmart DDS
- Opportunities for multi-purpose trip making by residents seeking to combine shopping for outlet centre or bulky goods with other more traditional shopping purchases
- Ongoing employment benefits including an estimated 607 full-time and part-time jobs created on-site and net growth in employment of approximately 576 jobs when trading impacts are incorporated
- Stimulation of investment into the potential reuse of largely redundant industrial land in the vicinity of the site.

This is an appropriate summary of the likely outcomes arising from the proposed development, although in our view the project would lead to ongoing employment of around 500-520 positions rather than the 607 quoted in the EIA. Nevertheless, these are significant gains in a location where the unemployment rate is substantially higher than the metropolitan average.

We also note that the capital investment and construction employment outcomes are not specifically assessed. While in a wider state context these construction effects are sometimes not considered to be relevant (on the assumption that if development does not occur in one location it will eventuate in another to serve the identified market opportunity), our view is that they generate important employment benefits at the local and regional level, particularly in areas where the construction sector is an important one in terms of activity and local resident employment. Moreover, the encouragement of a competitive retail sector can limit the effect of overly high average trading performance for individual retailers which supports increased profits for major retail chains rather than increased local employment levels.

7. CONCLUSION

In conclusion, the EIA presents an appropriate analysis of the potential economic impacts associated with the proposed rezoning of the subject land as proposed, and we agree with the general conclusion that the proposed development could be accommodated without generating significant impact on the existing retail hierarchy.

Particular comments in relation to the EIA are as follows:

- The EIA uses an appropriate methodology and the underlying assumptions are considered reasonable.
- Analysis of the existing store networks for discount department stores and supermarkets shows that there is an existing under provision in the region surrounding the subject site, generally consisting of the northern part of the Liverpool local government area and the southern part of the Fairfield local government area.
- The trade area is reasonable, although we consider that the centre would serve a more extensive region to the north and north-west.
- Our population forecasts are slightly lower, but are substantially outweighed by higher estimates of retail spending – the resultant spending market is significantly higher than forecast in the EIA, leading to increased retail development opportunities over time.
- The sales forecast for the proposed development matches closely with our own independent analysis, and the impact assessment properly incorporates the expected improvements in performance of other elements including the outlet centre and large format retail uses.
- Centre-level impacts have been independently tested, and in the case of impacts on Liverpool CBD we are in close agreement. However, we forecast slightly higher impacts on other sub-regional centres in the area including Fairfield Town Centre, Stockland Wetherill Park and Bonnyrigg Plaza.
- We support the overall conclusion that the proposal would not lead to a significant trading impact on any competing centre to the extent that the centre's role would be compromised.
- In particular we support the more detailed analysis of the potential effect on Liverpool CBD and the finding that vacant floorspace is now substantially lower than reported in the LRCHR.
- Overall, the proposed rezoning will facilitate a development which would generate a substantial net community benefit in the form of increased local employment, wider retail choice, additional competition and resultant downward pressure on prices.