

1-17 Grey Street and 32-48 Silverwater Road, Silverwater: Consolidated Economic Reports

PREPARED FOR

Hilfor Property Pty Ltd

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HillPDA

QUALITY ASSURANCE

REPORT CONTACTS:

Fergus Stewart

Senior Consultant

BUDP MPIA MVPELA

Email: fergus.stewart@hillpda.com

QUALITY CONTROL:

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

REVIEWED BY:



Dated: 7 May 2014

Adrian Hack

Principal

M. Land Econ. B.Town Planning (Hons). MPIA

Email: adrian.hack@hillpda.com

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1. INTRODUCTION

This Economic Report (the Report) provides independent economic advice and analysis related to the original and amended proposed rezoning of a site at 32-48 Silverwater Road and 1-17 Grey Street, Silverwater (the Subject Site) and consolidates relevant analysis and commentary from the Leyshon Consulting Economic Need and Impact Assessment report prepared in June, 2013 for the proposal.

1.1 THE PLANNING PROPOSAL

A planning proposal was originally lodged with Auburn City Council (Council) seeking to rezone the Subject Site from B6 Enterprise Corridor to B4 Mixed Use under the Auburn Local Environmental Plan (LEP) 2010. This sought to provide the following mix of uses on the Subject Site¹:

- 226 dwelling units; and
- 4,000sqm of non-residential floorspace, made up entirely of retail uses. The retail component of the original proposed development would comprise a supermarket of up to 1,500sqm and specialty store retailing of around 2,500sqm.

Elected Council members resolved to support an amended planning proposal to rezone the Subject Site to B2 Local Centre in a meeting on 4 December 2013, subject to the provision of additional information and revision of existing information to address Council officer comments. However, at the same meeting a rescission motion was lodged to rescind the resolution. As outlined on Council's website "*A decision regarding the rescission motion was made by Council at its Meeting of 11 December 2013 which was put to a vote and lost.*"²

An amended proposal has subsequently been prepared following Council's December meeting. The amended planning proposal now seeks to provide the following mix of uses on the Subject Site:

- 250 dwelling units; and
- 4,000sqm of non-residential floorspace, including 3,500sqm of retail space and 500sqm of commercial office space. The retail component of the amended proposed development would comprise a supermarket of up to 3,000sqm and specialty store retailing of around 500sqm.

1.2 THE PURPOSE OF THE REPORT

The purpose of the Report is a response to the additional economic related information requested by Council which will allow the planning proposal to proceed through the gateway process. Specifically, the Report seeks to address the need for the following:

¹ Source: Economic and Development Feasibility Study – Silverwater, Hill PDA (2013)

² <http://www.auburn.nsw.gov.au/Develop/PlanningProposals/Pages/PP-5-2013.aspx>. Accessed 02/05/2014

- An updated retail demand and impact assessment³; and
- Consideration of the potential for a larger supermarket to be provided on the Subject Site⁴;
- The Report also considers the implications of WestConnex, a major project which was announced subsequent to our previous work, in the context of the planning proposal; and
- Has been updated to include a Net Community Benefit Test.

In addition, this report acts as a consolidated Economic Report, incorporating those parts of the Leyshon Consulting Economic Need and Impact Assessment (June, 2013) that were considered justified and reasonable in the initial Peer Review undertaken by Hill PDA in October 2013, including:

- Existing retail services assessment;
- Trade area demography analysis; and
- Discussion of the change in zoning and demand for existing and proposed uses on the Subject Site (non-retail only).

1.3 THE STRUCTURE OF THE REPORT

To meet the project brief the Report is set out as follows:

- Chapter 2: Retail Demand and Impact Assessment – Undertakes a review of previous work undertaken to inform the retail demand and updates the assumptions as necessary. An updated impact assessment is also provided;
- Chapter 3: Supermarket Potential Assessment – Explores the potential for a larger supermarket on the Subject Site in the context of the preferred business models of supermarket operates, retail demand and impact;
- Chapter 4: Change in Zoning - Consolidates a change of zoning assessment from the Leyshon Consulting Economic Need and Impact Assessment report;
- Chapter 5: WestConnex Project – Considers the WestConnex project and its implications on the planning proposal; and
- Chapter 6: Net Community Benefit Test – An analysis of key criteria contained in Draft Centres Policy to determine whether the proposal provides an overall net community benefit.
- Chapter 7: Summary and Conclusions – Provides a summary of the Report and distils the key findings.

³ Note: As resolved by Council on 4 December 2013 under 1. b) iii. *Revise the Economic Need and Impact Assessment study as per comments provided by Council within the application and provided by Hill PDA's study*

⁴ Note: As resolved by Council on 4 December 2013 under 1. b) vi. *A minimum of 2,500 square metres to be allocated on the site for a supermarket to service the needs of the local Silverwater area*

2. RETAIL DEMAND AND IMPACT ASSESSMENT

This Chapter provides a retail demand and trading impact assessment for the proposed development. It commences by undertaking a review of previous work pertaining to this issue to identify areas which require updating. An updated demand and impact assessment is provided.

2.1 PREVIOUS ASSESSMENTS

Leyshon Consulting previously prepared an Economic Need and Impact Assessment (the *Assessment*) pertaining to the planning proposal in June 2013.

Hill PDA undertook a peer review of the *Assessment* in the Economic and Development Feasibility Study – Silverwater, Hill PDA (October 2013). This concluded that:

- *“The process used to determine the retail needs assessment and its subsequent impact on competing centres in the locality is a widely accepted and common methodology which Hill PDA agrees with;*
- *The rate of population growth used in the analysis of trade areas does not appear to reflect projections prepared by .ld Consulting. As such, there is likely to be an underestimation of population at 2016 and 2021. This will have the effect of lessening economic impacts over time in the trade areas.*
- *The assumptions utilised in the determination of sales drawn to the Subject Site / centre are largely appropriate;*
- *Hill PDA concurs with Leyshon Consulting that an impact of approximately 10% can generally be described as a ‘moderate’ level of impact and would likely not threaten the long-term viability of the impacted centre. However it should be noted that if the Newington centre were to be trading poorly this level of impact would be more significant. The opposite applies should Newington be overtrading or performing strongly.*
- *There would be significant employment benefits accrued should the proposed development proceed, including direct construction, multiplier and operational phase employment of the order identified in the Assessment⁵.*

2.2 UPDATED RETAIL ASSESSMENT METHODOLOGY

Hill PDA has undertaken the following tasks in the Report:

- Outlined existing retail services in the locality based on information provided in the Leyshon Consulting Economic Need and Impact Assessment (June 2013);
- Adjusted the trade areas commensurate with our peer review comments;
- Derived Marketinfo data for the amended trade area;
- Applied updated population projections to the trade area, sourced from Forecast.id for Auburn Local Government Area (LGA);

⁵ Source: Page 28, Economic and Development Feasibility Study – Silverwater, Hill PDA (October 2013)

- Considered the extent to which there is sufficient demand to justify the proposed development;
- Provided updated employment effect estimates based on a changes to the original retail composition;
- Prepared a bespoke gravity model to assess the distribution and severity of trading impacts resulting from the proposed development on local centres; and
- Assessed the extent to which the impacts identified could be absorbed by centres without their vitality of viability being undermined.

2.3 EXISTING RETAIL SERVICES

As outlined in the Leyshon Consulting Economic Need and Impact Assessment report for the Subject Site, existing retail services in the locality include:

- A number of very small convenience retail outlets located within the Silverwater Industrial Estate, mainly providing takeaway food and coffee and some limited convenience goods for workers;
- Within the suburbs of Silverwater / Newington the only retail services of significance are provided by Newington Marketplace. Developed in 2002 the Marketplace comprises some 3,632sqm of retail floorspace. The Marketplace is anchored by a Woolworths supermarket of 2,218sqm and also accommodates 19 speciality stores together with a Woolworths Petrol Plus outlet;
- There are a number of cafes / restaurants adjacent to Newington Marketplace which together comprise a further 1,100sqm of floorspace;
- Leyshon Consulting observations suggest that Newington Marketplace attracts significant trade from workers in the surrounding industrial area as well as being patronised by Newington residents. The Marketplace is also likely to attract some spend from residents in the developing Wentworth Point area which lies to the north of Sydney Olympic Park;

South of the M4, the largest concentration of retail facilities is found in Auburn Town Centre. The Town Centre contains three supermarkets together with extensive strip shopping. Leyshon Consulting estimated that the Town Centre would comprise around 35,000sqm of retail floorspace;

The largest component of retailing in the Town Centre is the enclosed Auburn Central shopping mall, located adjacent to the Auburn railway station. Auburn Central contains 17,624sqm of retail floorspace and is anchored by a Big W DDS of 7,159sqm and full-line Woolworths supermarket 3,650sqm;

- In 2011 a large 14,000sqm Costco was opened on Parramatta Road, Auburn. Costco stores provide for a wide range of retail goods including groceries, fresh food and a wide variety of general merchandise. At the time of the Leyshon Consulting report it was the only Costco within metropolitan Sydney;
- To the east of the Subject Site is the DFO Homebush centre (17,730sqm). The DFO has a metropolitan wide catchment and at the time of the Leyshon Consulting report was in the process of being expanded to incorporate a food court, bulky goods space and additional outlets;
- Within Lidcombe there is a further 5,000sqm of retail activity including strip retailing on both Railway Street and Joseph Street, adjacent to Lidcombe Station; and

- To the north of Silverwater, the nearest retail facilities are those located in Ermington. The Ermington centre comprises around 3,600sqm and is anchored by a Woolworths supermarket of some 2,100sqm.

2.4 DEMAND ASSESSMENT

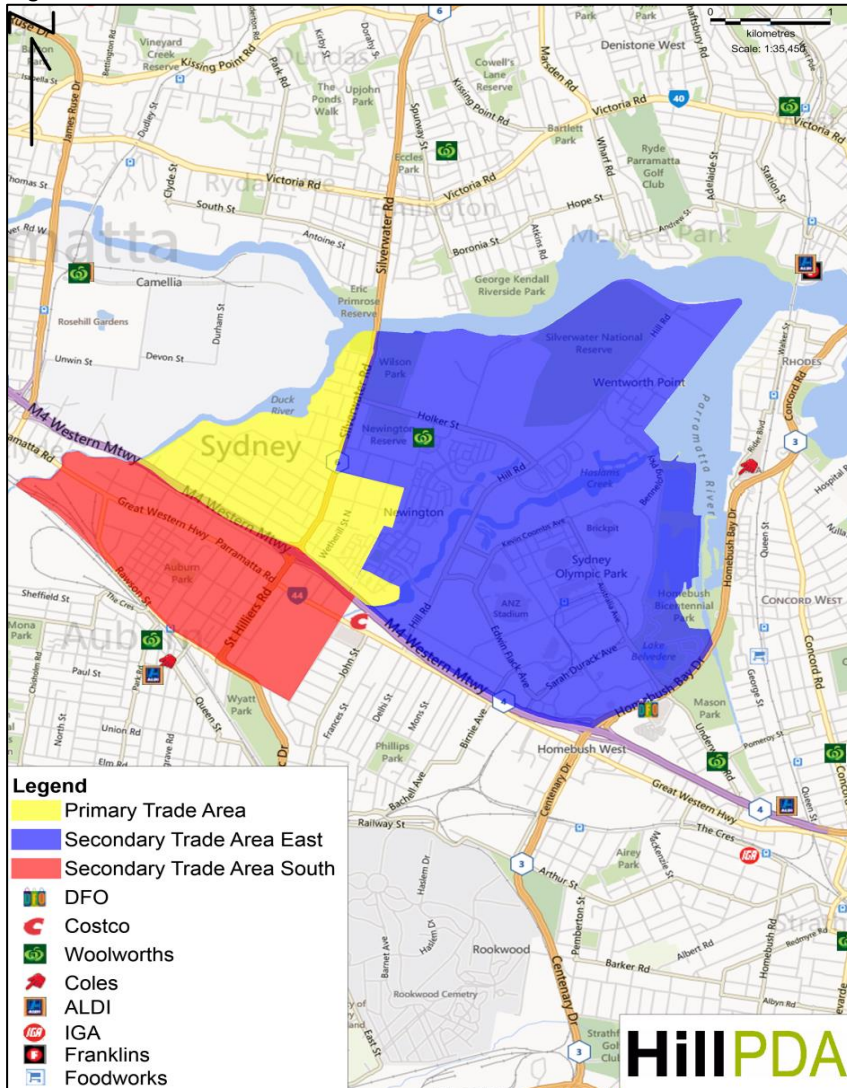
Trade Area

To inform this Report the trade area in the Assessment has been redefined reflective of our peer review as follows:

- A Primary Trade Area (PTA) comprising part of the Silverwater suburb west of Silverwater Road and south of Egerton Street and part of the Newington suburb west of Tooth Avenue and south of Theile Avenue/ Healy Avenue;
- A Secondary Trade Area (STA) East comprising the remainder of the Newington and Silverwater suburb that falls outside of the PTA, as well as the Wentworth Point and Sydney Olympic Park suburbs; and
- An STA South comprising part of the suburb of Auburn south of the M4, north of Rawson/ Boorea Streets, west of Birnie Avenue and east of Hampstead Road.

The extent of the revised trade area is depicted in Figure 1.

Figure 1 - Trade Area



Source: Map produced by Hill PDA using MapInfo 11.0 software and Microsoft Bing © 2011 Microsoft Corporation

Capture Rates

The capture rates used in the Report are comparable to those used in the Assessment:

- 25% of supermarket related expenditure and 5% speciality expenditure in the PTA;
- 12% of supermarket related expenditure and 2.5% speciality expenditure in the STA East; and
- 7.5% of supermarket related expenditure and 1% speciality expenditure in the STA South.

Trade Area Demography and Population Projections

As part of the Leyshon Consulting Economic Needs and Impact Assessment report for the Subject Site, detailed demographic data was analysed for the Leyshon trade area which is essentially the same as Hill PDA's trade area, identified in Figure 1 above.

The Leyshon Consulting report identified key demographic characteristics including (refer to Figure 2):

- Age structure;

- Household structure;
- Occupation / employment structure; and
- Household income profile.

The key findings from the demographic analysis are as follows⁶:

- A significantly younger age profile for the trade area as a whole compared to the Sydney Region at 2011, with 44% aged 20 to 39 years in the trade area compared to just 30% in the Sydney Region. Within the trade area itself, the STA East accommodated the largest proportion of young adults;
- Similarities in the household structure of the trade area and Sydney Region. The dominant household type was couple families with children in both the trade area and Sydney Region. The STA East component of the trade area had a substantially higher proportion of couple families without children;
- Average household size in the trade area was 2.72 persons per household at 2011 which was similar to the Sydney Region;
- Within the trade area, the STA East component had a much lower household size (2.44 persons per household) than the PTA and STA South (2.97 and 2.99 respectively);
- Whilst on the whole there was little difference between the trade area and Sydney Region occupational structures the trade area did have a slightly higher representation of machinery operators and drivers and a lower proportion of technicians and trade workers and clerical and administrative workers;
- STA East had a much higher proportion of white collar workers at 2011 with 56% of all working residents employed as either managers or professionals at 2011 compared to just 39% in the Sydney Region and in the STA as a whole;
- The trade area had a somewhat higher unemployment rate of 7% when compared against the Sydney Region 5.7%. Within the trade area, unemployment rates varied significantly from a low of 3.7% in the STA East to a high of 11% in the STA South;
- Average household income in the trade area was 5% below the Sydney Region at 2011. However, within the trade area significant variations were apparent with STA East having an average annual household income of \$111,599 compared to just \$56,414 in STA South; and
- Silverwater is a very ethnically diverse area with only 35% of trade area residents born in Australia or Oceania at 2011. This compares to 60% in the Sydney Region. There were significant concentrations of Chinese, Indian, Korean and Turkish residents in the trade area at 2011.

In summary, the Silverwater trade area is classified as *“having below average socio-economic characteristics...Having said that, we do concede this is somewhat of an over-generalization in that the statement masks the substantial differences between the constituent parts of the trade area...the population which has recently settled in the STA East (Newington) is substantially different demographically to the population of ‘old’ Silverwater which makes up the PTA and the Auburn area to the south of the M4.”*⁷

⁶ Proposed Mixed Use Development Silverwater: Economic Need and Impact Assessment, Leyshon Consulting (June, 2013)

⁷ Ibid

Figure 2 - Demographic Characteristics (2011)

Variable ...	PTA	STA East	STA South	Total Trade Area	Sydney Region
Count – 2011 Census	1,627	10,112	9,214	20,953	4,391,674
Age Structure					
0-9 years	16.7	12.4	14.8	13.8	13.1
10-19	11.9	7.3	10.7	9.2	12.4
20-29	20.9	19.6	26.1	22.5	14.8
30-39	19.2	25.6	18.2	21.8	15.2
40-49	12.4	16.0	12.6	14.2	14.3
50-59	9.3	10.4	8.8	9.6	12.2
60+	9.6	8.7	8.8	8.8	18.0
Total	100.0	100.0	100.0	99.9	100.0
Household Structure					
Couples & Children	34.4	33.7	37.4	35.4	36.1
Couples Only	23.0	32.0	22.3	27.1	24.7
One Parent	13.0	6.7	11.5	9.3	11.6
Other	2.2	1.8	3.2	2.4	1.4
Total Family	72.6	74.2	74.4	74.2	73.8
Non-Family Households					
Lone Person	16.8	21.7	17.0	19.2	22.0
Group	10.6	4.1	8.6	6.6	4.2
Total Non-Family	27.4	25.8	25.6	25.8	26.2
Average Household Size (persons/dwelling)					
	2.97	2.44	2.99	2.72	2.69
Occupation					
Managers	9.0	21.1	4.3	13.8	13.3
Professionals	19.4	34.8	13.7	25.7	25.5
Technicians & Trade Workers	13.3	7.2	16.5	11.2	12.2
Community & Personal Service Workers	8.7	6.6	10.9	8.4	8.8
Clerical & Administrative Workers	14.7	15.9	10.6	13.8	16.2
Sales Workers	11.2	7.1	10.8	8.8	9.0
Machinery Operators & Drivers	8.4	2.3	10.9	6.0	5.7
Labourers	12.8	3.1	18.0	9.5	7.3
Inadequately Described/Not Stated	2.5	1.9	4.3	2.8	2.0
Total	100.0	100.0	100.0	100.0	100.0
Unemployment Rate (%)	9.1	3.7	11.0	7.0	5.7

Variable ...	PTA	STA East	STA South	Total Trade Area	Sydney Region
Annual Household Income (\$ per week)					
Nil/Negative	2.8	1.3	4.3	2.7	1.7
\$0 - \$199	2.3	0.9	2.7	1.8	1.6
\$200 - \$299	2.6	1.3	3.9	2.5	2.8
\$300 - \$399	4.3	1.6	6.0	3.7	5.7
\$400 - \$599	11.5	4.5	13.8	9.0	8.5
\$600 - \$799	13.0	4.6	13.8	9.1	7.9
\$800 - \$999	10.6	4.9	11.4	8.1	7.6
\$1,000 - \$1,249	13.0	6.9	11.2	9.2	8.1
\$1,250 - \$1,499	7.9	7.7	9.5	8.5	7.6
\$1,500 - \$1,999	11.1	14.1	10.9	12.5	12.6
\$2,000 - \$2,499	8.1	11.8	6.2	9.1	9.4
\$2,500 - \$2,999	5.1	18.3	3.8	11.1	10.7
\$3,000 - \$3,499	2.8	9.7	1.5	5.7	6.4
\$3,500 - \$3,999	2.8	4.6	0.5	2.7	3.3
Above \$4,000	2.1	7.8	0.5	4.3	6.1
Total	100.0	100.0	100.0	100.0	100.0
Average Household Income (\$2011)	\$69,210	\$111,599	\$56,414	\$84,915	\$89,465

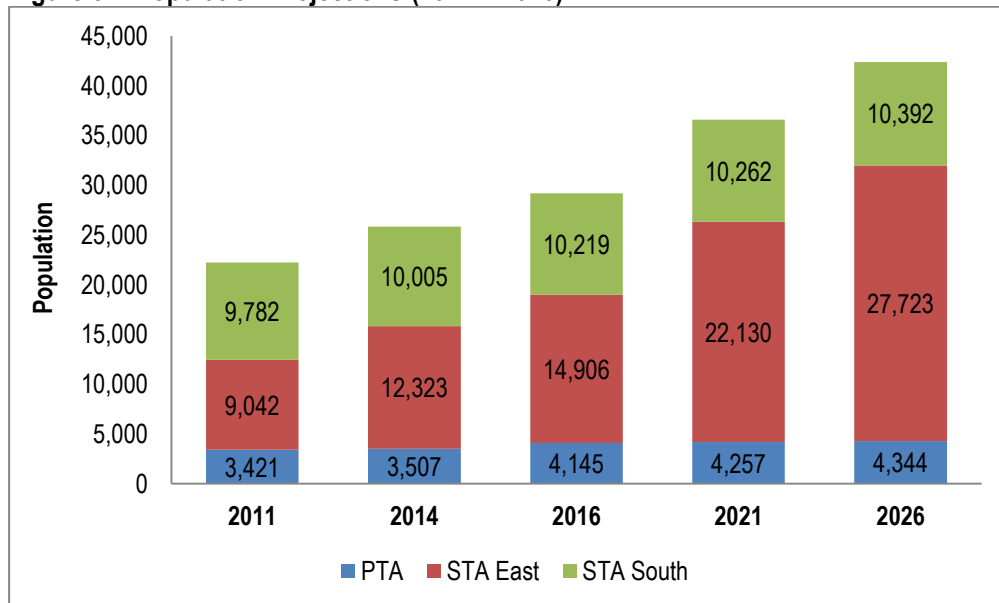
Source: ABS Census 2011 and Leyshon Consulting (2013)

In terms of population projections for the trade area, Hill PDA has applied the proportional population increase from Forecast.id for the Auburn LGA to the 2011 estimated resident population sourced from the Assessment (based on ABS Census data). An adjustment to the 2011 population in the PTA and STA East has been made to reflect the revised trade area.

Hill PDA has included an additional allowance for the 250 residential units sought as part of the proposed development. The future resident population is derived by applying the average household size for units in a four or more storey block in the Auburn LGA based on the 2011 Census (2.6 persons per unit). The development is assumed to be completed and fully occupied by 2016.

Figure 3 below provides updated population projections for the trade area between 2011 and 2026.

Figure 3 - Population Projections (2011 – 2026)



Source: Leyshon Consulting (2013), ABS Census (2011), Forecast.id Auburn (2010) and Hill PDA (2014)

Worker Projections

Worker numbers in the Silverwater/ Newington area have been sourced from NSW Bureau of Transport Statistics (BTS) data (August 2012). Hill PDA has derived employment projections from the four travel zones⁸ which most closely align with the PTA. Note that these projections differ markedly from those used in the Assessment. The Assessment appears to have sourced worker estimates from 'workforce' projections rather than 'employment' projections which could explain the discrepancy. Workforce projections relate to the professions of local residents, rather than the jobs provided in the area.

Hill PDA has determined the proportion of workers employed in the travel zones who also resided in the trade area using BTS Journey to Work data. These residents have been excluded for the purposes of quantifying worker related expenditure to avoid double-counting. The results of this process are shown in Table 1.

Table 1 - Worker Projections

Workers	2011	2014	2016	2021	2026
Total Silverwater/ Newington	10,127	10,284	10,390	10,505	10,716
% Residing Outside Trade Area	84%	84%	84%	84%	84%
No. Residing Outside Trade Area	8,507	8,639	8,728	8,824	9,001

Source: Leyshon Consulting (2013) and NSW Bureau of Transport Statistics Employment Travel Zone Forecasts (August 2012 Release)

⁸ Note: A small geographic area used as the basis for NSW Bureau of Transport Statistics modelling and data analysis.

Retail Expenditure - Residents

To calculate retail floorspace demand in the trade area household expenditure was sourced from:

- ABS Household Expenditure Survey (HES) 2003-04 (updated to \$2012) which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2009 database which is generated by combining and updating data from the Population Census and the ABS HES using "*microsimulation modelling techniques*".

Marketinfo combines the data from the Census, HES and other sources to derive total household expenditure by commodity type. Household expenditure by commodity type is then applied to the population forecasts between 2011 and 2026 to determine total demand for retail floorspace. This data, which was validated using taxation and national accounts figures, quantifies around 7% more expenditure than the ABS HES Survey.

To convert retail demand by commodity type to retail demand by store type, Hill PDA has used the results of the ABS Retail Survey 1998-99 (Cat No. 8624.0). The ABS Retail Survey 1998-99 provides a cross tabulation of store type (defined by ANZSIC), by commodity type. Multiplying the percentages in the cross tabulation by total dollars spent generates household expenditure by retail store type.

Hill PDA includes an allowance for real retail spend to increase by 1.1% per annum which is consistent with the long term trend since 1986.

Retail Expenditure - Workers

Hill PDA has adopted the same worker expenditure estimates as the Assessment i.e. \$7 per day on convenience retail items such as take-away food and beverages. This is assumed to increase by 1.1% per annum reflective of real retail expenditure growth.

Retail Floorspace Demand

Table 2 overleaf combines the residential and worker expenditure estimates to determine total retail expenditure and potential centre market share.

Table 2 - Estimate Centre Sales and Market Share – 2016 (Original Proposal)

	PTA	STA East	STA South	Total
Total Available Spend (\$m)*	38.7	205.7	84.4	328.8
Supermarket				
Available Expenditure (\$m)	13.5	68.7	33.4	115.6
Capture Rate	25.0%	12.0%	7.0%	12.1%
Trade Area Sales (\$m)	3.4	8.2	2.5	14.1
Non-Trade Area Sales (\$m)	-	-	-	6.1
<i>Total Sales (\$m)</i>	3.4	8.2	2.5	20.2
Specialties				
Available Expenditure (\$m)*	25.2	137.0	51.0	213.2
Capture Rate	5.0%	2.5%	1.0%	2.4%
Trade Area Sales (\$m)	1.3	3.4	0.5	5.2
Non-Trade Area Sales (\$m)	-	-	-	2.2
<i>Total Sales (\$m)</i>	1.3	3.4	0.5	7.4
Total Centre Sales (\$m)	4.7	11.7	3.0	27.6

Source: Marketinfo (2009), Hill PDA (2014)

Note: * Excluding bulky goods and department store/ discount department store related expenditure

The above quantified expenditure is considerably greater than those calculated in the Assessment as a result of:

- Greater population growth forecasts;
- An expanded PTA which includes part of the Newington suburb;
- Greater local worker population; and
- The use of Marketinfo data which quantifies higher per capita retail expenditure comparative to the Assessment.

Hill PDA has adjusted the supermarket target turnover rate quantified in the Assessment to \$10,000/sqm (\$2012) for supermarkets in 2012 and retained the \$6,500/sqm rate assumed for specialty floorspace. Target turnover rates are assumed to increase by 0.55% per annum reflective of the historic trend since 1986. On this basis, some 1,975sqm gross lettable area (GLA) of supermarket floorspace and 1,117sqm of specialty floorspace on the Subject Site is supportable in 2016, or approximately 3,090sqm in total. Given that the retail development would not be an internalised mall, it has been assumed that GLA would be comparable to Gross Floor Area (GFA).

Further to demand for retail is demand for shopfront space occupied by non-retail commercial users. There are different types of commercial space such as:

- Non-retail in shopfront space like a travel agent, bank, doctors and so on, these make up around 5% to 7% of retail shopfront space in a retail centre; and
- Non-shopfront commercial spaces being stand-alone commercial buildings and shop top commercial above retail.

As a rule of thumb an additional 10% to 15% of specialty stores should be provided to accommodate these uses with a further 3% to 4% of specialty stores assumed to be vacant at any one time. This would increase demand for shopfront floorspace demand to 3,275sqm based on the above capture assumptions. The centre may therefore be expected to trade slightly below target turnover rates once operational.

2.5 TRADING IMPACT ASSESSMENT (ORIGINAL PROPOSAL)

Methodology

Hill PDA has prepared a bespoke gravity model to assess the potential trading impact of the original proposed development in 2016. The main principles of the gravity model are that:

1. Like for like stores compete with one another. That is a grocery/ food retailer will compete with existing grocery/ food retailers in the locality, and likewise with specialty stores;
2. The level of redirected expenditure from a centre is directly proportional to the turnover of that centre. Hence more expenditure will be drawn from a centre that has higher trading levels;
3. The level of redirected expenditure from a centre is indirectly proportional to the distance from the Subject Site in terms of drive time. This is based on the premise that shoppers will try to minimise distance, time and travel costs when travelling to undertake shopping – particularly “chore” shopping (predominantly for food, groceries and other regular items); and
4. Impacts of trade and business related sales are not included in the gravity models. Trade related expenditure is likely to be redirected from a wide variety of destinations, many of which are wholesale and trade warehouses located in industrial areas. As such, they have not been included here.

How to Define Impact

Retail experts agree that a loss in trade or an ‘impact’ to a commercial centre of up to 10% is within the normal competitive range. That is, if a centre is trading at a reasonable level, impacts of less than 10% can usually be absorbed without their vitality or viability being threatened.

Planning policy guidance is also clear that it is the impact on the role and function of an existing or proposed centre within the retail hierarchy that is important, not the impact on individual retailers. The latter is a matter of competition only⁹ Land and Environment Court judgements have confirmed this view as follows:

“...the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration”¹⁰.

⁹ Source: Page 2, NSW Draft Centres Policy, NSW Department of Planning and Infrastructure (2009)

¹⁰ Source: Kentucky Fried Chicken Pty Ltd v Gantidis (1979) 140 CLR 675 at 687

Turnover of the Original Proposed Development

The turnover of the original proposed development based on the floorspace mix assumed in the Assessment is shown in Table 3.

Table 3 - Estimated Turnover of Original Proposed Development

	Floorspace (sqm)	Target Turnover (\$/sqm)*		Turnover (\$m)
		2012	2016	
Supermarket	1,500	\$10,000	\$10,222	\$15.3
Specialties	2,500	\$6,500	\$6,644	\$16.6
Total	4,000	-	-	\$31.9

Source: Hill PDA (2014)

Note: * Includes an allowance for floorspace target turnover rate to increase by 0.55% per annum consistent with the historic trend since 1986

In 2016 the proposed development would capture an estimated \$32m of household expenditure.

Gravity Model

A summary of the gravity model results is provided in Table 4.

The Council report¹¹ indicates that the Assessment did not consider potential impacts on Sydney Olympic Park Specialised Centre, Lidcombe Town Centre, Silverwater Neighbourhood Centre and Parramatta Road 'Commercial Precinct'. Note that:

- Sydney Olympic Park Specialised Centre – Does not currently contain any sizeable retail floorspace;
- Silverwater Neighbourhood Centre – Land subject to B1 Neighbourhood Centre zoned land on Beaconsfield Street/ Asquith Street is in use for light industrial purposes and does not contain any retail floorspace; and
- Parramatta Road 'Commercial Precinct' – Comprises almost exclusively bulky goods/ large format retail floorspace which would not compete with the proposed development.

As such, the gravity model does not consider the potential impact of the original proposed development on the above bulleted localities. Consideration of impacts on Lidcombe Town Centre is provided.

¹¹ Source: Page 26, Assessment of Planning Proposal Application: Application for a Planning Proposal applying to land at 1-17 Grey Street and 32-48 Silverwater Road Silverwater, Auburn City Council (November 2013)

Table 4 - Trading Impact of Original Proposed Retail Floorspace (\$m2012)

Retail Centre	Turnover in 2012 (\$m)	Turnover in 2016 without Proposal (\$m)	Turnover in 2016 with Proposal (\$m)	Immediate Shift in Turnover (\$m)	% Shift in Turnover in 2016	Turnover from 2012 to 2016 (\$m)	Turnover Shift from 2012 to 2016 (%)
Proposed Centre	-	-	31.9	31.9	-	-	-
Lidcombe TC	33.2	35.4	33.6	-1.8	-5.0%	+0.4	+1.2%
Newington	35.5	39.2	36.3	-2.8	-7.3%	+0.8	+2.4%
Ermington	52.6	56.7	51.9	-4.8	-8.5%	-0.7	-1.4%
Auburn TC	170.0	181.1	167.3	-13.9	-7.6%	-2.7	-1.6%
Rhodes	262.0	306.5	301.0	-5.5	-1.8%	+39.0	+14.9%
Other Localities	-	-	-	-3.2	-	-	-
TOTAL	520.1	583.5	556.5	-30.2	-4.6%	+36.5	+7.0%

Source: Hill PDA (2014)

The retail turnover of the original proposed development would be redirected from a range of centres. In terms of immediate shift in turnover these would range from 8.5% loss of trade for Ermington to 1.8% loss of trade in Rhodes. However, these are *'point-in-time'* impacts only which do not consider growth in trade in the respective trade areas for centres between 2012 and 2016 as a result of population and real expenditure growth. When considered in the context of growth over the period, only Ermington and Auburn would experience a loss of trade relative to 2012 of some 1.4% and 1.6% respectively. These are insignificant levels of trading impact which could be absorbed by these centres without their vitality of viability being threatened. All other centres would increase their trading level to 2016 even with the proposed development.

It is not expected that the proposal would result in the closure of centres in the locality as a result of the trading impacts identified. Beyond the impact the vitality and viability of centres, impacts on individual businesses is not a material consideration and trading impacts constitute a consumer benefit in a market economy. Indeed the public interest is served by increased retail competition which helps to lower consumer prices, improve service standards and efficiency in the distribution of land, labour, capital and other resources¹². Businesses impacting upon each other can provide strong economic incentives for improvements in the range and quality of goods and services provided to communities.

¹² Source: Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments, Productivity Commission (2011)

3. SUPERMARKET POTENTIAL ASSESSMENT

Council has requested that the proponent consider the potential for a larger supermarket on the Subject Site as part of the amended planning proposal following the December 4 Council meeting. To consider this matter this Chapter undertakes the following tasks:

- Examines supermarket formats favoured by operators;
- Considers demand for a larger supermarket on the Subject Site in the context of retail expenditure in the locality;
- Models the trading impacts of a larger supermarket on the Subject Site; and
- Considers other potential economic impacts of a larger supermarket on the Subject Site.

3.1 SUPERMARKET FORMATS

Supermarket retailers operate on different business models and desire different retail formats. Typically these comprise:

- **District Supermarkets** with a GLA of less than 1,500sqm. These facilities service the day-to-day and some weekly shopping needs of residents but do not provide a full range of goods and services. They service a localised trade area and retailers in this category include IGA/ Supa IGA, Coles Express, Harris Farm, ALDI and Woolworths Metro; and
- **Full-line Supermarkets** generally provide floorspace of at least 3,000sqm and up to 4,500sqm GLA retail floorspace with Coles and Woolworths being the only major operators in NSW. There is not an agreed definition of full-line supermarkets but they there are “...generally considered to be a supermarket with a full range of goods including packaged groceries, fresh meat, bakery and deli departments, fresh fruit and vegetables and frozen foods”¹³. Such supermarkets serve large trade areas usually comprising 15,000-20,000 residents.

Supermarket operators do development models outside of the formats referenced above dependent upon site availability and market conditions. For example, the Woolworths supermarket in Newington provides 2,218sqm¹⁴ of floorspace which is likely reflective of the high component of workers in the catchment of this centre. However they tend to favour smaller or larger format units.

It is understood that Council has mooted a supermarket of a minimum of 2,500sqm on the Subject Site. To ensure that the proposition is attractive to potential supermarket operators, a larger supermarket of up to 3,000sqm should be planned for. This would allow for a full-line supermarket at the lower end of floorspace of what is generally developed commercially to locate on the Subject Site. In the context of the 3,500sqm GFA retail / commercial floorspace sought in the planning proposal, a 3,000sqm supermarket supported by 500sqm of

¹³ Source: Page 2, Statement of Issues — Woolworths Limited – proposed acquisition of a supermarket lease in Wallaroo, South Australia, Australian Competition & Consumer Commission (2008)

¹⁴ Source: NSW/ ACT Shopping Centre Database 2013/14, Shopping Centre Council of Australia (2014)

specialty stores comprising supporting uses such as fresh food, a pharmacy, newsagent, personal services (hairdressers, dry cleaners etc.) or non-retail shopfront uses (banking, medical services etc.) could be a viable option from a commercial perspective.

3.2 SUPERMARKET DEMAND

A supermarket of 3,000sqm on the Subject Site would provide a strong retail offer for residents in the PTA and the STA East. This is because it would provide a full range of supermarket goods and services not currently available in the locality. The STA East would effectively become part of the PTA and the supermarket and specialty store expenditure capture of the proposed centre would increase.

Residents in the STA South have proximate and quicker access to retail facilities in Auburn which contains three supermarkets including a full-line Woolworths (3,650sqm¹⁵). As such expenditure capture from a larger supermarket on the Subject Site would increase only modestly from the STA South which would remain a secondary trade area.

The PTA and the STA East will contain a forecast population of 18,900 residents in 2016 which is projected to increase to 32,000 by 2031 (see Figure 2). This is in addition to a significant local workforce. This area is currently not served by a full-line supermarket with just one supermarket facility of a little over 2,000sqm GLA in Newington. As previously indicated a full-line supermarket is generally expected for every 15,000-20,000 residents. We also note that the self-contained nature of the trade area bounded by the M4 Motorway to the south-east, Bicentennial Park to the east and the Parramatta River in all other directions. On this basis there is likely to be capacity for a larger supermarket on the Subject Site to serve this market.

The following table applies capture rates to available expenditure locally based on a larger supermarket being provided.

Table 5 - Estimate Centre Sales and Market Share with Larger Supermarket – 2016

	PTA	STA East	STA South	Total
Total Available Spend (\$m)*	38.7	205.7	84.4	328.8
Supermarket				
Available Expenditure (\$m)	13.5	68.7	33.4	115.6
Capture Rate	35.0%	25.0%	10.0%	21.8%
Trade Area Sales (\$m)	4.7	17.2	3.3	25.2
Non-Trade Area Sales (\$m)	-	-	-	10.8
<i>Total Sales (\$m)</i>	<i>4.7</i>	<i>17.2</i>	<i>3.3</i>	<i>36.1</i>
Specialties				
Available Expenditure (\$m)*	25.2	137.0	51.0	213.2
Capture Rate	7.5%	5.0%	2.0%	4.6%
Trade Area Sales (\$m)	1.9	6.9	1.0	9.8
Non-Trade Area Sales (\$m)	-	-	-	4.2
<i>Total Sales (\$m)</i>	<i>1.9</i>	<i>6.9</i>	<i>1.0</i>	<i>13.9</i>
Total Centre Sales (\$m)	6.6	24.0	4.4	50.0

Source: Marketinfo (2009), Hill PDA (2014)

Note: * Excluding bulky goods and department store/ discount department store related expenditure

¹⁵ Source: NSW/ ACT Shopping Centre Database 2013/14, Shopping Centre Council of Australia (2014)

A larger supermarket would significantly increase the attraction of the proposed development. The facility would be more competitive due to its larger supermarket focused range allowing it to capture a greater expenditure share from the PTA and STA East in particular. Based on the capture rates above a supermarket facility on the Subject Site of over 3,500sqm would be supportable in 2016 together with 2,000sqm of specialties. A larger supermarket on the Subject Site of up to 3,000sqm is therefore justifiable and would assist to serve the local needs of residents in the immediate area. Demand would also grow year-on-year after 2016. A larger supermarket on the Subject Site could therefore expect to trade well.

Two Urban Activation Precincts (UAPs)¹⁶ were designed in the enlarged PTA by the NSW Premier in March 2013. These comprise:

- **Wentworth Point UAP** – This UAP could include 2,300 new homes, a new park, transport infrastructure and community facilities. The total population of the UAP upon completion is estimated at approximately 5,000 people and construction will extend over a 15 year timeframe. We understand that retail uses in the Wentworth Point UAP will be “small scale”¹⁷; and
- **Carter Street UAP** – The quantum of development in this UAP has yet to be ascertained but is expected to include a mixture of housing, retail, office-based employment and services complemented by good public transport and access to open space and recreational facilities.

A full-line supermarket in the Wentworth Point UAP is unlikely, but one could be provided as part of the Carter Street UAP. This would serve to reduce the trade area of a larger supermarket on the Subject Site. However both the UAPs would support an uplift in population projections comparative to those sourced from Forecast.id which are 2010 based and thus pre-date the UAPs. As such retail demand would be greater than that quantified in this Report and more supermarket floorspace would be supportable in this locality. We also note that the timing of the UAP developments is unknown at this stage.

3.3 TRADING IMPACT (AMENDED PROPOSAL)

Hill PDA has rerun the gravity model in Chapter 2 to test the implications of a larger supermarket. The table below estimates the turnover of the development.

Table 6 - Estimated Turnover Proposed Development with Larger Supermarket

	Floorspace (sqm)	Target Turnover (\$/sqm)		Turnover (\$m)
		2012	2016	
Supermarket	3,000	\$10,000	\$10,222	\$30.7
Specialties	500	\$6,500	\$6,644	\$3.3
Total	3,500	-	-	\$34.0

Source: Hill PDA (2014)
 Note: * Includes an allowance for floorspace target turnover rate to increase by 0.55% per annum consistent with the historic trend since 1986

¹⁶ Note: UAPs are sites which have the ability to deliver a large number of homes in locations which have superior access to jobs, transport and infrastructure. UAP designation seeks to speed up the planning process in these locations and, in so doing, make a sizeable contribution towards meeting Sydney’s future housing needs.

¹⁷ Source: Page 4, Wentworth Point Urban Activation Precinct Proposal, NSW Department of Planning and Infrastructure (2013)

The results of the gravity model based on the above scheme are provided in Table 7. Note that because the gravity model is premised on like retailers competing with like, the effect of a larger supermarket on the Subject Site would be greater trade reduction from other supermarket based centres such as Newington and Auburn.

Table 7 - Trading Impact of Proposed Retail Floorspace with Larger Supermarket (\$m2012)

Retail Centre	Turnover in 2012 (\$m)	Turnover in 2016 without Proposal (\$m)	Turnover in 2016 with Proposal (\$m)	Immediate Shift in Turnover (\$m)	% Shift in Turnover in 2016	Turnover from 2012 to 2016 (\$m)	Turnover Shift from 2012 to 2016 (%)
Proposed Centre	-	-	34.0	34.0	-	-	-
Lidcombe TC	33.2	35.4	35.0	-0.4	-1.0%	+1.8	+5.5%
Newington	35.5	39.2	35.0	-4.2	-10.7%	-0.5	-1.4%
Ermington	52.6	56.7	51.8	-4.8	-8.5%	-0.7	-1.4%
Auburn TC	170.0	181.1	164.4	-16.8	-9.3%	-5.6	-3.3%
Rhodes	262.0	306.5	302.1	-4.4	-1.4%	+40.1	+15.3%
Other Localities	-	-	-	-3.4	-	-	-
TOTAL	520.1	583.5	553.3	-33.6	-5.2%	+33.2	+6.4%

Source: Hill PDA (2014)

Based on the impacts identified in the table above, impacts on centres in the locality would be greater than those quantified previously. However, they are still all below 5% in 2016 based on 2012 trading levels. These are insignificant in trading impact terms and well within the competitive range. They would not be likely to lead to the closure of any centres. Trading impacts from a larger supermarket would therefore be acceptable. This reflects the extent of population growth forecast in the defined trade area and the distance of other full-line supermarkets, which would provide the strongest competition, from the Subject Site.

3.4 OTHER ECONOMIC IMPACTS

A larger supermarket on the Subject Site would support a number of additional economic benefits for the local community. These would include:

- Reducing the need for residents in the PTA and STA East to travel outside of the area to visit a full-line supermarket;
- Ensuring a more viable retail centre on the Subject Site by increasing its attractiveness to shoppers and also retail tenants;
- Supporting greater choice in the retail sector locally; and
- Supporting greater price competition in the locality.

Employment Effects

As identified in the Leyshon Consulting Economic Need and Impact Assessment the proposed development would create additional employment during both the project’s construction phase and during the operation of retail activity on site.

Assuming the same construction costs for the proposed development (\$50m) as outlined in the Leyshon Consulting report, HillPDA has provided updated estimates of construction phase and operational employment generation.

It was found that:

- 143 job years would be directly generated during the construction phase of the project;
- A further 381 job years would be created from production and consumption induced effects during construction;
- In relation to the operation of retail activity of approximately 3,500sqm and commercial space of 500sqm on the Subject Site, it is estimated that approximately 189 full and part-time jobs would be generated annually.

4. CHANGE IN ZONING

The following Chapter has been consolidated from the Leyshon Consulting Economic Need and Impact Assessment report completed for the Subject Site in June 2013.

4.1 INTRODUCTION

As identified in the Leyshon Consulting report, the Subject Site “forms part of a precinct rezoned to B6 Enterprise Corridor in 2008. The precinct includes land on both sides of Silverwater Road which previously had a residential zoning, which permitted medium density housing...the overall intention of a B6 Enterprise Corridor zoning is to encourage commercial or industrial development along main roads like Silverwater Road. A specific objective of the B6 Enterprise Corridor is to limit retail development so as not to detract from the surrounding activity centre hierarchy.”¹⁸

4.2 CHANGE SINCE 2008

The Leyshon Consulting report goes on to note that “Since 2008 there has been virtually no redevelopment in this particular precinct for the types of uses envisaged under the B6 Enterprise Corridor zoning. These uses included:

- Bulky goods retailing;
- Business premises;
- Food and drink premises;
- Hardware and building supplies;
- Hotel and motel accommodation;
- Light industries;
- Warehouse and distribution centres.

In the opinion of Leyshon Consulting, “the absence of any significant redevelopment in this precinct since 2008 is explained by a number of factors including:

- First, the Global Financial Crisis (GFC) slowed suburban commercial and industrial development throughout the Sydney Region;
- Second, the Silverwater B6 precinct is competing with very extensive areas also zoned B6 along Parramatta Road. These areas contain major sites with significant redevelopment capacity and offer superior locational attributes for potential retail and commercial tenants than is the case with Silverwater Road;

¹⁸ Proposed Mixed Use Development Silverwater: Economic Need and Impact Assessment, Leyshon Consulting (June, 2013)

- *Third, the Silverwater precinct, in which the subject site is located, has limited potential as far as bulky goods retailing is concerned. This is primarily because of the existing major concentration of bulky goods retailing along Parramatta Road particularly that to the west of Silverwater Road and at DFO Homebush. In our experience, bulky goods retailers perform optimally when they are located within precincts with similar retailers. Consequently, these types of tenants are unlikely to be attracted to a location on Silverwater Road where there is no existing critical mass of bulky goods retailing.*¹⁹

4.3 DEMAND FOR OTHER USES

As outlined in the Leyshon Consulting report *“Apart from bulky goods retailing the other primary uses permissible in a B6 zone include hardware and building supplies, hotels/motels and light industries.*

In relation to the potential of the precinct to accommodate hardware and building supply premises specifically, Bunnings is already well established in the Auburn area on Parramatta Road. While Woolworths Masters might be viewed as a potential occupier we understand Masters’ stores require a site of about three hectares. This is about three times the size of the subject site at Silverwater.

Hotel and motel demand in this subregion of Sydney is primarily concentrated in established centres such as Parramatta and Sydney Olympic Park. A location such as the subject site, without access to significant public transport, and on a major road carrying large volumes of industrial traffic, is always likely to be less preferable to other better located sites as far as the accommodation industry is concerned.

*It should also be noted that the demand for land in the Sydney Region for light industries is subdued at present due to the decline in the manufacturing sector in Australia. In addition, demand for new warehouses or distribution centres, while it does exist, favours locations further to the west of Auburn, an in particular in and around the significant logistics hub, which is developing in the Eastern Creek-Erskine Park corridor.*²⁰

4.4 HOUSING DEMAND

Leyshon Consulting in their report of June 2013 also provided commentary on housing demand in the Auburn LGA stating that *“in 2009 Auburn Council completed an analysis of the potential to accommodate additional residential development in Auburn (Dwelling Target Analysis – March 2009). That report concluded no additional “up zoning” of land was required to meet the target of an additional 17,000 dwellings in Auburn Local Government Area (LGA). This target was established in the Draft West Central Subregional Strategy prepared by the (then) Department of Planning in late 2007. Council officers have indicated that this conclusion would apply to the subject proposal at Silverwater.*

The Dwelling Target Analysis report noted that of the 17,000 dwelling target, 6,000 dwellings have been “allocated” to the Olympic Park-Rhodes Specialised centre. The remaining 11,000 dwellings are intended to be provided elsewhere in Auburn LGA.

¹⁹ Proposed Mixed Use Development Silverwater: Economic Need and Impact Assessment, Leyshon Consulting (June, 2013)

²⁰ Ibid

The report concluded that a significant component of the dwelling target could be met through the redevelopment of so-called 'brownfields' sites and that development in and around existing centres could also contribute to meeting the target of an additional 11,000 dwellings.

The major 'brownfields' sites identified in Auburn included the former Lidcombe Hospital site and former industrial sites at Wentworth Point (Homebush Bay North). In total, such sites were estimated to be capable of providing 4,298 dwellings over a 15 year period from 2009 or 39% of the 11,000 allocated dwelling target for Auburn LGA. Hence, about 6,700 new dwellings are required in and around centres in Auburn LGA.

Notwithstanding the above, in our opinion there is merit in a proposal to change the zoning of the Subject Site at Silverwater so that it permits mixed-use development including strata residential. Our reasoning in this regard is that:

- *First, the subject site was zoned for residential development prior to 2009. Hence, permitting residential development on the subject site is not out of context in terms of the earlier established planning intention for this area;*
- *Second, there is no certainty that the land which has been identified by Council for such housing in and around centres will, in fact, be taken up and developed for residential purposes. This might not occur for a range of reasons including site amalgamation difficulties and development feasibility in commercial zones and the like;*
- *Third, there is no particular reason why Council should refuse the subject rezoning and adhere strictly to a target of 17,000 additional dwellings if there is such existing demand for the provision of housing within Auburn LGA that might result in the target set in 2009 being exceeded;*
- *Fourth, the subject site is in single ownership and is able to be developed expeditiously whereas meeting of the departmental target in and around established centres in Auburn may take a significant time to be realised, or in fact, may never be achieved for the reasons referred to above;*
- *Fifth, given the location of the subject site, it is likely residential units developed on it will be competitively priced thus contributing to improving overall housing affordability in Auburn LGA;*
- *Last, there is clearly strong demand for multi-unit housing in Auburn LGA. We note the Metropolitan Development Program 2012 prepared by the Department of Planning and Infrastructure identifies that in 2012, fully 97% of net dwelling completions in Auburn LGA were in the form of multi-unit housing—particularly in buildings of four storeys or more.²¹*

As shown in the Leyshon Consulting report, *"In summary...there appears to be limited demand for the types of uses envisaged under the B6 Enterprise Corridor in the Silverwater locality."* Whereas a B2 zone incorporating retail, commercial and multi-unit housing appears to have the potential to make a positive contribution to the local area and would meet market demand.²²

²¹ Proposed Mixed Use Development Silverwater: Economic Need and Impact Assessment, Leyshon Consulting (June, 2013)

²² Ibid

5. WESTCONNEX PROJECT

This Chapter considers the WestConnex project which was announced subsequent to Hill PDA's previous work and distils, at a high level, the implications of this on the planning proposal.

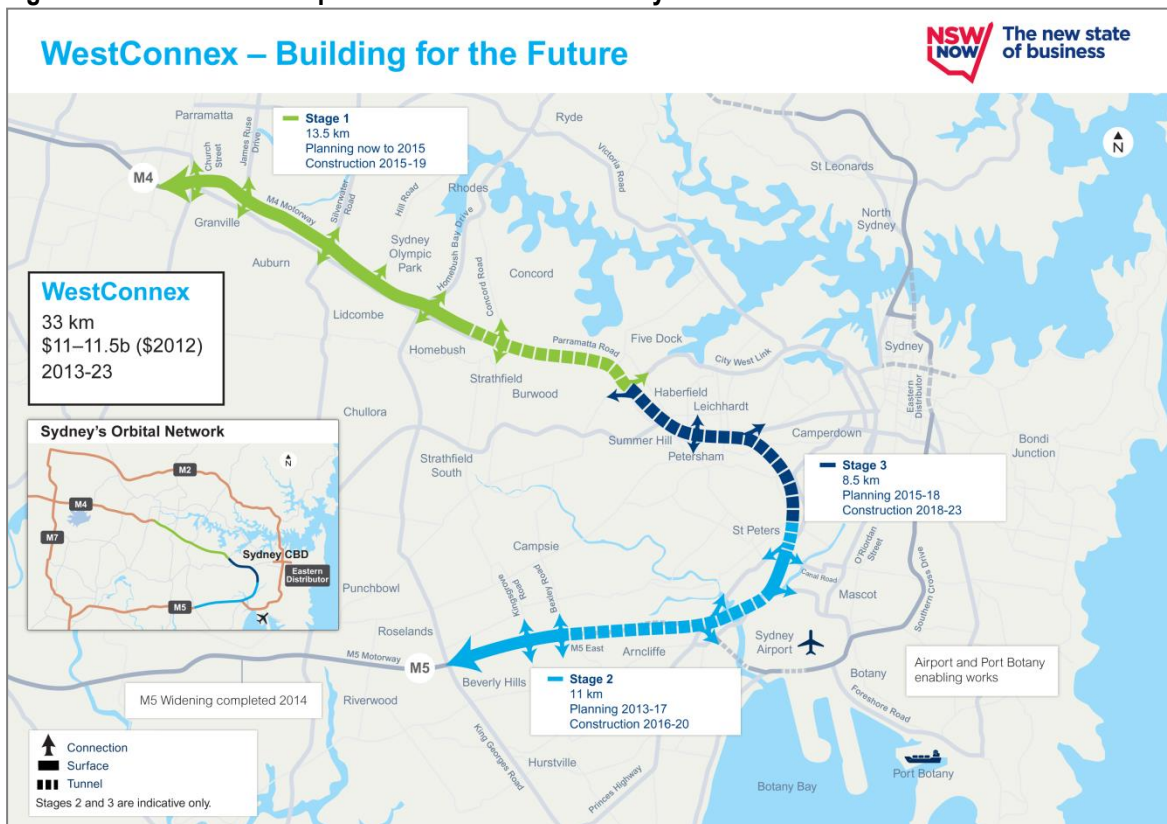
5.1 WESTCONNEX – THE PROJECT

The WestConnex Motorway project is Australia's largest transport and urban renewal project. The benefits of the 33km Motorway will include:

- Reduced travel times between Western Sydney and Sydney's CBD and Port Botany/Sydney Airport precinct;
- Improved amenity on Parramatta Road due to removal of 3,000 trucks off Parramatta Road a day and reduced through traffic from local areas; and
- Improved connections along the M4 and M5 corridors.

The proposed WestConnex route is shown in the following figure.

Figure 4 - Overview of Proposed WestConnex Motorway

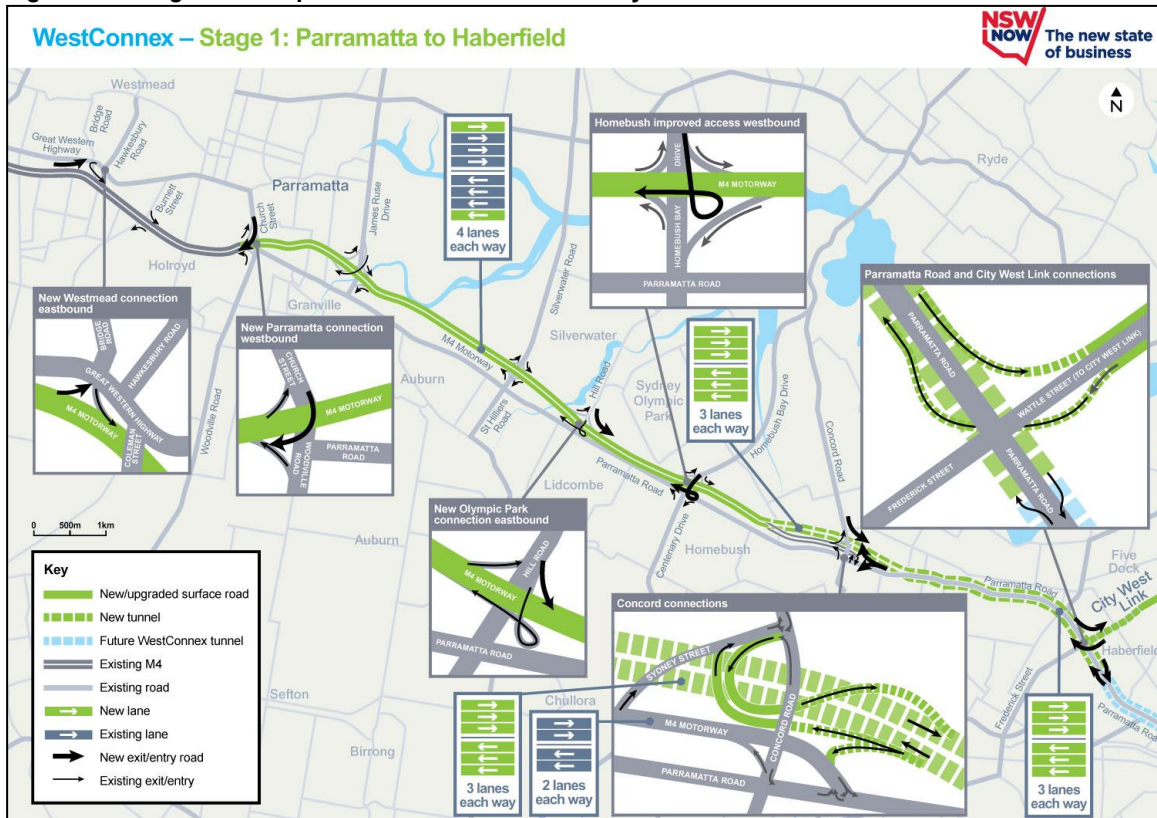


Improved amenity and access provided by the WestConnex Motorway will facilitate opportunities for urban renewal along Parramatta Road. To ensure these opportunities are realised the State Government is concurrently

undertaking strategic land use and transport planning along the corridor. This planning will identify opportunities for housing and employment intensification and improved public transport services.

The State Government has allocated \$200 million toward urban amenity improvements to make Parramatta Road a more attractive place to live and work²³. According to the State Government these improvements will include 'planting new trees, removal of unsightly power poles and wires, greater use of underground cabling and footpath widening'²⁴.

Figure 5 - Stage 1 of Proposed WestConnex Motorway



Source: <http://www.westconnex.com.au/>

5.2 IMPLICATIONS FOR THE SUBJECT SITE

The Subject Site at Silverwater will particularly benefit from the WestConnex Motorway and urban renewal projects. The construction of the motorway will *reduce* travel times to Sydney's CBD and airport by 20 minutes and 40 minutes respectively.

It is anticipated the access, public transport and amenity improvements will improve the liveability and desirability of Silverwater's residential areas including the Subject Site will improve significantly as a result of the project. This in turn will support higher residential demand, increase residential land values and encourage further urban renewal in and around Silverwater.

²³ Source: NSW State Government media release 19 September 2013.

²⁴ Ibid

6. NET COMMUNITY BENEFIT TEST

The Draft Centres Policy (2009) stipulates that a net community benefit test (NCBT) is required to accompany rezoning applications for Council consideration prior to submission to the DoPI through the Gateway test.

A NCBT seeks to evaluate the external costs and benefits of the proposal to the community, and should be assessed against a base case or cases (i.e. retaining the existing zoning or locating the development on appropriately zoned land in a centre). A net community benefit is deemed to arise when the sum of all the benefits of the development outweigh the sum of all the costs.

6.1 SCENARIOS FOR TESTING

The NCBT should be considered against the Base Case or 'Do Nothing Scenario'. For the purposes of undertaking a NCBT for the proposed rezoning and subsequent development Hill PDA has tested:

1. The Base Case: the do nothing scenario where the land is retained for its existing use in perpetuity.
2. Scenario 1: the land is rezoned and developed for the purposes outlined in Section 1.1 of this report.

The Base Case: Retain the Land as Existing Uses

The Base Case of the land remaining as predominantly detached residential dwellings.

Alternative 1: Redevelopment for The Proposed Uses

Alternative 1 which is assessed against the Base Case for the purposes of this NCBT comprises the development which would be facilitated by the proposed rezoning as set out in Section 1.1 of this Study.

6.2 KEY CRITERIA FOR ASSESSMENT

The Draft NSW Centres Policy (DoPI, 2009) specifies criteria which should be used to examine the merits of proposed rezonings compared to the base case. The key criteria for assessment are set out in the left hand column of the following Table 8, the right hand column provides a response to the criteria.

Based on the balance of positive and negative impacts of the proposed development, in our view the proposal would provide a net community benefit.

Table 8 - Net Community Benefit Test

Criteria for Assessment	Assessment
<p><i>Will the LEP be compatible with agreed State and regional strategic direction for development in the area (e.g. land release, strategic corridors, development within 800m of a transit node)?</i></p>	<p>The proposal is consistent with the Draft West Central Subregional Strategy (2008) through its contribution to employment targets being met in the Auburn LGA (+12,000 additional jobs over the long-term). There are currently no employment generating uses on the Subject Site.</p> <p>It is understood that the <i>Dwelling Target Analysis</i> by Auburn Council in 2009 concluded that no additional up-zoning of land was required to meet Subregional Strategy housing targets in the LGA. However, the Subject Site was previously zoned for residential uses before 2009 and has not attracted any market or developer interest since being zoned to B6 Enterprise Corridor. Furthermore, as noted in the Leyshon Consulting Economic Need and Impact Assessment “<i>there is clearly strong demand for multi-unit housing in Auburn LGA</i>”²⁵ given that 97% of net dwelling completions in Auburn LGA were for multi-unit housing in 2012 – particularly in buildings of four or more storeys.</p> <p>The proposal is not within 800m of a train station however it has excellent road connections and bus access to train stations in the locality (including Auburn).</p> <p>In 2010, the DoPI completed a review entitled <i>Promoting Economic Growth and Competition Through the Planning System</i>. The DoPI review identified that land use planning systems need to be flexible, with a need for strategic planning documents to reflect the dynamic nature of land use and consumer needs by encouraging areas to accommodate a mix of uses. It is considered that the proposed rezoning is compatible with this report by encouraging a mix of complementary uses in an area that is continuing to grow.</p> <p>The Subject Site forms part of the Parramatta Road Corridor and Investigation for Transport and Urban Renewal as designated under the Draft Sydney Metropolitan Strategy (2013). As identified in the Planning Proposal, “<i>Providing additional housing as part of the development of the site is aligned with the priorities of the corridor, particularly providing higher population density in proximity to future business investment.</i>”²⁶</p> <p>It is considered that the proposed rezoning and development is not inconsistent with the relevant s.117 Ministerial Directions. As outlined in Section 5 of the Planning Proposal, it responds to Direction 1.1 (Business and Industrial Zones) through the delivery of net employment generation on the site.</p> <p>The proposal responds to Direction 3.1 (Residential Zones) through the provision of a wider variety and choice of housing types that provide for existing and future housing needs and make use of existing infrastructure and services.</p> <p>The proposal responds to Direction 3.4 (Integrating Land Use and Transport) by improving access to housing, jobs and services (in this case retail activity) by walking, cycling and public transport. It would also reduce distances travelled by car to access retail / commercial activity.</p> <p>The proposal responds to Direction 6.3 (Site Specific Provisions) by nominating an appropriate B2 Local Centre zone for the Subject Site.</p> <p>Finally, the proposal responds to Direction 7.1 (Implementation of the Metropolitan Plan for Sydney 2036) by improving housing affordability, upgrading the quality of new development and providing housing near a significant employment precinct.</p>
<p><i>Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy or other regional/subregional strategy?</i></p>	<p>Yes. As identified above, the Subject Site is located within proximity to the Parramatta Road Corridor and Investigation for Transport and Urban Renewal area as designated under the Draft Sydney Metropolitan Strategy (2013).</p> <p>The Draft West Central Subregional Strategy (2008) nominated the M4 Motorway</p>

²⁵ Proposed Mixed Use Development Silverwater: Economic Need and Impact Assessment, Leyshon Consulting (2013)

²⁶ Planning Proposal – Amendments to Auburn Local Environmental Plan 2010: 1-13 Grey Street and 32-46 Silverwater Road, Silverwater, APP Corporation (June 2013)

	Corridor of which the Subject Site was a part.
<i>Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?</i>	No. The proposed development responds to a demonstrated need in the locality and maintains predominantly residential uses on the Subject Site. Stata residential development has occurred in the locality over a number of years, including at Newington Marketplace.
<i>Have the cumulative effects of other spot rezoning proposals in the locality been considered? What was the outcome of these considerations?</i>	Yes. There are no known additional current rezoning proposals within Silverwater ²⁷ . The cumulative effects of similar developments to that proposed on the Subject Site have been considered. It is considered that these developments respond to a market demand for strata residential development.
<i>Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?</i>	The facility will generate a permanent employment generating activity in the form of the retail / commercial activity. As outlined in this report, should the proposal be approved with 4,000sqm of non-residential activity including a supermarket of up to 3,000sqm, specialty retailing of around 500sqm and commercial space of 500sqm, approximately 189 full and part-time jobs would be created annually over the long-term. These jobs would be net additional employment given that presently there is no permanent employment generating activity on the Subject Site.
<i>Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?</i>	No. The proposed development will increase the supply of housing (approximately 238 net additional dwellings) in the locality thereby improving housing affordability. This is particularly the case in light of the fact that the proposed residential development will provide for more affordable medium density unit / flat development rather than single detached dwellings as are currently on site.
<i>Is the existing public infrastructure (roads, rail, utilities) capable of servicing the proposed site? Is there good pedestrian and cycling access? Is public transport currently available or is there infrastructure capacity to support future public transport?</i>	Yes. Access to the site by road is excellent with the Subject Site fronting an arterial road (Silverwater Road) and being in close proximity to the M4 Freeway. In addition bus services provide local public transport connections from the Subject Site and to the nearby Auburn train station which is also just a short cycle trip away (7 minutes). The Subject Site is serviced by the 540 and 544 bus routes, with the nearest bus stop located in very close proximity to the west at the corner of Carnarvon and Stanley Streets. Pedestrian and cycling access is currently good and will be improved as part of the proposal through the development of multiple pedestrian access points, including from Silverwater Road and through a planned pedestrian link. The Site is fully serviced by utilities.
<i>Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?</i>	Yes. The proposal will reduce car trips by providing for weekly retail shopping needs to the surrounding residential community to the west and east and workers in the industrial area to the north. Both of these groups will be provided with grocery shopping facilities within a walkable distance (within 800m), thereby reducing the need to drive to Auburn Town Centre or Newington Marketplace. In addition, even residents and workers that need to use their cars will have shorter travel times to access weekly shopping provision. Furthermore, the potential for the proposed dwellings on the Subject Site to be taken-up by workers in the local area may contribute to a decline in car based trips for employment purposes. It should be noted that additional residents on the Subject Site will lead to a total increase car usage in the locality. However total kilometers travel per household is expected to be lower.
<i>Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal?</i>	No. Within the locality, the most significant investments in infrastructure over time appear to have occurred at Auburn Town Centre and Newington Marketplace. As identified in this report the proposal would not threaten the continuing operation and viability of these centres. Patronage at these centres would continue to be sufficient to support and make efficient use of investments in infrastructure and services.
<i>Will the proposal impact on land that the Government has identified a need to protect (e.g. land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?</i>	No. The land has already been developed and does not have any environmental significance. There are no environmental constraints.
<i>Will the LEP be compatible/complementary with surrounding land uses? What is the impact on amenity in the location and</i>	Yes. The proposal would provide both compatible and complementary activity to the surrounding land uses. As outlined in the Planning Proposal for the Subject Site, residential uses are currently predominant to the west, south and east. Much of this land is zoned R3 Medium Density Residential in order to encourage consolidation and

²⁷ <http://www.auburn.nsw.gov.au/Develop/PlanningProposals/Pages/PlanningProposals.aspx>. Accessed 01/05/2014

<p><i>wider community? Will the public domain improve?</i></p>	<p>redevelopment of individual residential allotments to enable development of 3-4 storey strata residential. Moreover, there are a number of instances of larger developments in the surrounding area including a 7 storey commercial building at the Silverwater Road and Parramatta Road intersection (530m to the south), 4-5 storey residential unit / flat buildings within the Newington Town Centre (650m to the east of the Subject Site) and a number of high-rise buildings within Sydney Olympic Park (1.5km to the east).</p> <p>The retail activity proposed for the Subject Site has deliberately been kept to a minimum in order to complement the existing range of activity in the area including existing retail, residential, industrial and commercial development. By improving access and price competition for weekly shopping needs through the development of the supermarket, the amenity of the community will improve.</p> <p>The public domain across the whole of the Subject Site will improve and there will be a noticeable uplift in presentation of frontages to Silverwater Road. The public domain will also be significantly enhanced by providing visual interest, the delivery of a public pedestrian link, communal open space, greater passive surveillance and a modern and architecturally significant building.</p>
<p><i>Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?</i></p>	<p>Yes. Currently residents and workers in the surrounds of the Subject Site are required to travel to either Newington Marketplace or Auburn Town Centre in order to access retail facilities and services. The proposal provides for up to 4,000sqm of retail / commercial floorspace including the provision for a supermarket of up to 3,000sqm. This scale of retail activity would increase the available options for residents, workers and visitors in the locality and would contribute to improving competition, thereby encouraging healthy market conditions, and as a result price competition.</p>
<p><i>If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?</i></p>	<p>The preferred zoning for the site is B2 Local Centre. As such, the proposal would act as a centre from the time of its development.</p> <p>The quantum of non-residential floorspace proposed has been deliberately kept to a minimum to ensure that the impacts on the retail hierarchy and on existing centres are limited.</p>
<p><i>What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?</i></p>	<p>The proposed rezoning is a direct response to meeting the needs of existing and forecast residents and workers in Silverwater through the provision of retail activity on the Subject Site. The proposal would also contribute to the provision of housing affordability through the delivery of flat / units. The development would inject a significant amount of capital into the local economy and would generate significant employment benefits, not just during the construction phase but also over the long-term through the operation of retail activity on site. Furthermore, the location of the Subject Site increases accessibility to weekly shopping provision for residents and workers in the trade area, reduces the need for car based travel and would improve retail price competition in the local area.</p> <p>The implications of not proceeding at this time may include a decline in housing affordability in Auburn LGA, a loss of investment and new jobs in the local area and the opportunity lost to make better use of land that is currently not attractive to the market and developers due to its existing zoning.</p>

7. SUMMARY AND CONCLUSIONS

7.1 SUMMARY AND CONCLUSIONS

This Report has updated previous independent demand and impact assessments for the proposed development on the Subject Site, including the justification for a larger supermarket based on the amended planning proposal. The report has also consolidated analysis and commentary from the Leyshon Consulting Economic Need and Impact Assessment completed in June 2013. It has found that:

- A previous Assessment undertaken by Leyshon Consulting established sufficient demand for the original proposed development. In reviewing and updating the information in this Assessment Hill PDA has ascertained a greater quantum of retail demand locally as a result of:
 - Greater population growth forecasts;
 - An expanded PTA which includes part of the Newington suburb;
 - Greater local worker population;
 - The use of Marketinfo data which quantifies higher per capita retail expenditure comparative to the Assessment.
- The extent of demand identified is sufficient to support the amended proposed development;
- An assessment of the trading impacts on centres resulting from the original proposed development (1,500sqm supermarket and 2,500sqm of specialty retailing) has ascertained that only two centres would experience a decline in trade in 2016 comparative to their estimated 2012 level. The amended proposal which includes a supermarket of up to 3,000sqm and specialty retailing of around 500sqm would result in three centres experiencing a decline in trade at 2016 comparative to their estimated 2012 level. The impact on these centres in both scenarios is low and considered insignificant. All other centres would increase their trading level comparative to their 2012 level even with the proposed development. The proposal is not expected to threaten the vitality or viability of any existing centre;
- If a larger supermarket were to be provided on the Subject Site (as per the amended planning proposal) this should be up to 3,000sqm to reflect the commercial requirement of operators;
- A larger supermarket would provide a strong, more competitive retail offer serving an expanded PTA and capturing a greater proportion of retail expenditure generated by households than a small supermarket. There is sufficient demand to support such a development and resultant trading impacts are not anticipated to threaten the vitality or viability of any existing centre. A larger supermarket would also support greater positive economic impacts on the local community including employment generation;
- Based on a capital construction cost of \$50m, the amended proposed development would generate 524 job years from direct and indirect multiplier effects during the construction phase. An additional 189 full and part-time jobs would be created annually once retail facilities are operational on the Subject Site;

- The Leyshon Consulting report identified that “*there appears to be limited demand for the types of uses envisaged under the site’s current zoning.*” The proposed B2 Local Centre rezoning and mixed-use development would better cater to existing and forecast demand in the locality, including strong and ongoing demand for housing in the Auburn LGA.
- Based on the balance of positive and negative impacts of the proposed development, in our view the proposal would provide a net community benefit.

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