

# ECONOMIC IMPACT ASSESSMENT

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## PROPOSED RETAIL DEVELOPMENT MANCHESTER ROAD, AUBURN

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## DISCLAIMER

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This Report involves the making of future projections. Those projections are grounded upon the facts and matters contained in this Report. Some or all of those facts and matters comprise assumptions and/or representations upon which Leyshon Consulting Pty Ltd has relied but about which it has no knowledge of its own. By reason of this, Leyshon Consulting Pty Ltd cannot warrant or represent the correctness or accuracy of such assumptions and/or representations. It follows that, while the projections contained in this Report are made with care and judgment, Leyshon Consulting Pty Ltd cannot confirm, warrant or guarantee that actual results achieved will be consistent with the results projected by this Report.



# EXECUTIVE SUMMARY

## Introduction Section 1

This Report has been prepared for Payce Consolidated Ltd (Payce) by Leyshon Consulting Pty Ltd. The Report forms part of a revised Planning Proposal to be submitted to Auburn Council (Council) on behalf of Payce.

The Report examines the potential for incorporating retail floorspace as part of the redevelopment of a site of some 14.0 hectares at 300 Manchester Road, Auburn and the proposed development's potential impact on existing centres.

## Trade Area Section 2

A trade area for the proposed development has been defined. The Primary Trade Area (PTA) is bounded by the subject site in the north, Cumberland Road in the east, St Johns Road in the south and the Duck River in the west.

The Secondary Trade Area (STA) is bounded by Duck River in the east and generally extends from Everly Road in the south to Mimosa Street in the north.

## Competition Section 3

There are almost no retail facilities within the defined trade area at present with the exception of a designated Neighbourhood Centre on Wellington Road at its intersection with Cumberland Road.

This 'centre' currently only comprises a service station, a large workshop, a small (250m<sup>2</sup>) convenience store and a vacant site fronting Cumberland Road.

The nearest major retail facilities are found in the Auburn Town Centre. The Town Centre contains some 52,000m<sup>2</sup> of retail floorspace in total with its major component being the Auburn Central development which alone comprises some 17,624m<sup>2</sup>. Auburn Central is anchored by a Big W discount department store (DDS) and a Woolworths supermarket.

The Auburn Town Centre also contains an Aldi supermarket and until 2014 also had a small Coles supermarket.

To the west of the STA is the Arida Centre located on the corner of Lewis Street and Blaxcell Road, South Granville. The centre is anchored by a Woolworths supermarket of about 4,000m<sup>2</sup> and BWS liquor store.

To the south of the trade area, retail facilities are found at Berala (10,700m<sup>2</sup>—which includes a Woolworths supermarket) and Regents Park (9,600m<sup>2</sup>).

# EXECUTIVE SUMMARY

## Trade Area Demography Section 4

Data from the 2016 Census indicate the demography of the Auburn trade area population was atypical compared with that of Greater Sydney. For instance in 2016 the trade area:

- ▶ had a much younger age profile than Greater Sydney with almost a third (30.7%) of residents aged less than 20 years compared with 25.6% in Greater Sydney
- ▶ had an above average incidence of traditional families (that is, couples plus dependent children) compared with Greater Sydney
- ▶ the trade area's average household income in 2016 was about 32% below the average for Greater Sydney
- ▶ in terms of ethnicity, 46.9% of trade area residents were born in Australia in 2016 compared with 57.1% in Greater Sydney. The proportion of trade area households in which English was spoken at home in 2016 was very low at just 17.8%.

## Retail Spending Section 5

Based on 2016 Census data, the trade area's resident population was about 16,192 persons in 2016.

Total available retail spending generated in the trade area is forecast to increase from \$118.6 million per annum in 2016 to \$134.3 million per annum in 2021 (\$2016). This equates to average annual spending growth of about +\$16 million in real terms (\$2016) between 2016-21.

Assuming redevelopment of the subject site and the addition of up to 5,040 new residents, a dramatic increase in the volume of available retail expenditure being generated in the Auburn PTA will occur. By 2024, total available annual retail spending is projected to reach \$217.0 million (\$2016).

Total available annual supermarket expenditure under this population growth scenario meanwhile is forecast to increase from \$36.8 million in 2016 to \$67.3 million in 2024—representing real growth of +\$30.5 million (\$2016) in annual available supermarket spending between 2016-24.

Given the projected expenditure growth, an overall provision of about 6,000m<sup>2</sup> GFA (gross floor area; 5,000 NLA [net leasable area] ) appears appropriate in terms of retail facilities to be development as part of the overall project.

# EXECUTIVE SUMMARY

## Impact Assessment Section 6

### Potential Turnover and Market Share

The proposed development is estimated to achieve a below-average turnover in 2021 (projected first full year of trading) of some \$24.8 million (\$2016).

By 2024, however, and once residential development on the subject site is complete, centre sales are projected to increase substantially to some \$45.2 million per annum (\$2016), an increase in annual sales of +\$20.4 million between 2021-24.

The trade area's pool of annual available retail spending is projected to grow by some +\$83 million between in 2021-24 (\$2016), however.

In 2021 the proposed centre's market share of available trade area retail spending is estimated to be in the order of 16.6% . By 2024—and following substantial residential development on the subject site—the centre's market share is estimated to rise to 19.4%.

This means that even in 2024—after the centre commences trading—some 80.6% of all available retail spending generated by trade area residents would still be available to existing retail centres such as the Auburn Town Centre, the Woolworths centre at South Granville and to centres at Berala, Regents Park et cetera.

The implications of the anticipated growth in available spending for the proposed development are as follows:

- ▶ trade area available spending growth between 2016-24 (\$98.4 million per annum) is slightly more than double the projected annual sales of the proposed centre in 2024 (\$45.2 million);
- ▶ trade area available spending growth between 2016-24 (\$98.4 million per annum) is almost five times the projected annual sales of the proposed centre in 2021 (\$20.4 million); and
- ▶ the growth in the trade area's available spending between 2021-24 should mean the proposed development will not have longer-term impacts on nearby centres after 2021 when it is expected to commence trading.

# EXECUTIVE SUMMARY

## Potential Impact

The impact of the proposed Manchester Road development is likely to be significant only for relevant centres which contain a full-line supermarket. Only three centres will, therefore, experience an impact of any significance in 2021 namely:

- |                              |     |       |
|------------------------------|-----|-------|
| ▶ Auburn Town Centre         | ... | -3.1% |
| ▶ Woolworths South Granville | ... | -5.5% |
| ▶ Berala                     | ... | -3.8% |

These impacts would be classified as being in the very low category of impact.

The estimated impacts are of even less significance in this instance given that Auburn is experiencing a relatively high rate of population growth. Moreover there is no evidence existing centres in Auburn are trading sub-optimally at present.

The development of 5,000m<sup>2</sup> NLA of retail floorspace at Manchester Road should create in the order of 160 to 185 jobs on a full- and part-time basis once complete and operational.

The proposed development will create significant net community benefits namely:

- ▶ for trade area residents it will improve significantly their convenient access to modern supermarket facilities. This is particularly so given the nearby Auburn Town Centre no longer contains a Coles supermarket; and
- ▶ the impact of the development in 2021 is relatively mild as far as existing centres are concerned. Hence the proposal's benefits will not be diminished by any adverse trading impacts.

Finally, rapid population growth on the subject site after 2021 as well as within surrounding parts of Auburn and Granville generally will lift available retail spending significantly. This will benefit the entire Auburn retail sector.





# 1 Introduction

This Report has been prepared for Payce Consolidated Ltd (Payce) by Leyshon Consulting Pty Ltd. The Report forms part of a revised Planning Proposal to be submitted to Auburn Council (Council) on behalf of Payce.

The Report examines the potential for incorporating retail floorspace as part of the redevelopment of a site of some 14.0 hectares at 300 Manchester Road, Auburn and the proposed development's potential impact on existing centres. The location of the site is depicted in FIGURE 1.1

The revised Planning Proposal incorporates the following elements of relevance to this analysis:

- employment (Gross Floor Area [GFA]) ... 27,000m<sup>2</sup>
- retail GFA ... 6,000m<sup>2</sup>
- community GFA ... 1,800m<sup>2</sup>
- childcare GFA ... 1,100m<sup>2</sup>
- residential units ... 1,800.

We are advised that within the proposed retail GFA of 6,000m<sup>2</sup> there is provision of about 1,500 to 2,000m<sup>2</sup> GFA for a future small-scale supermarket. The estimated size of the retail development in 'industry terms' will be approximately 5,000m<sup>2</sup> net leasable area (NLA).



FIG 1.1: LOCATION OF MANCHESTER ROAD SITE - AUBURN

## 2 Trade Area

A trade area for a neighbourhood-scale retail development on the subject site is depicted in FIGURE 2.1. The definition of the trade area takes account of existing competition likely to be faced by such a development, the existing road system and, in particular, barriers to movement due to railway lines, freeways, waterways et cetera.

The Primary Trade Area (PTA) is bounded by the subject site in the north, Cumberland Road in the east, St Johns Road in the south and the Duck River in the west.

The Secondary Trade Area (STA) is bounded by Duck River in the east and generally extends from Everly Road in the south to Mimosa Street in the north.

In defining the STA we have taken into account the fact that both Mona Street and Wellington Road provide efficient crossing points over the Duck River and would enable residents living to the west of Duck River to access a future centre in Manchester Road reasonably efficiently.



# FIG 2.1: Manchester Rd - Auburn Trade Area

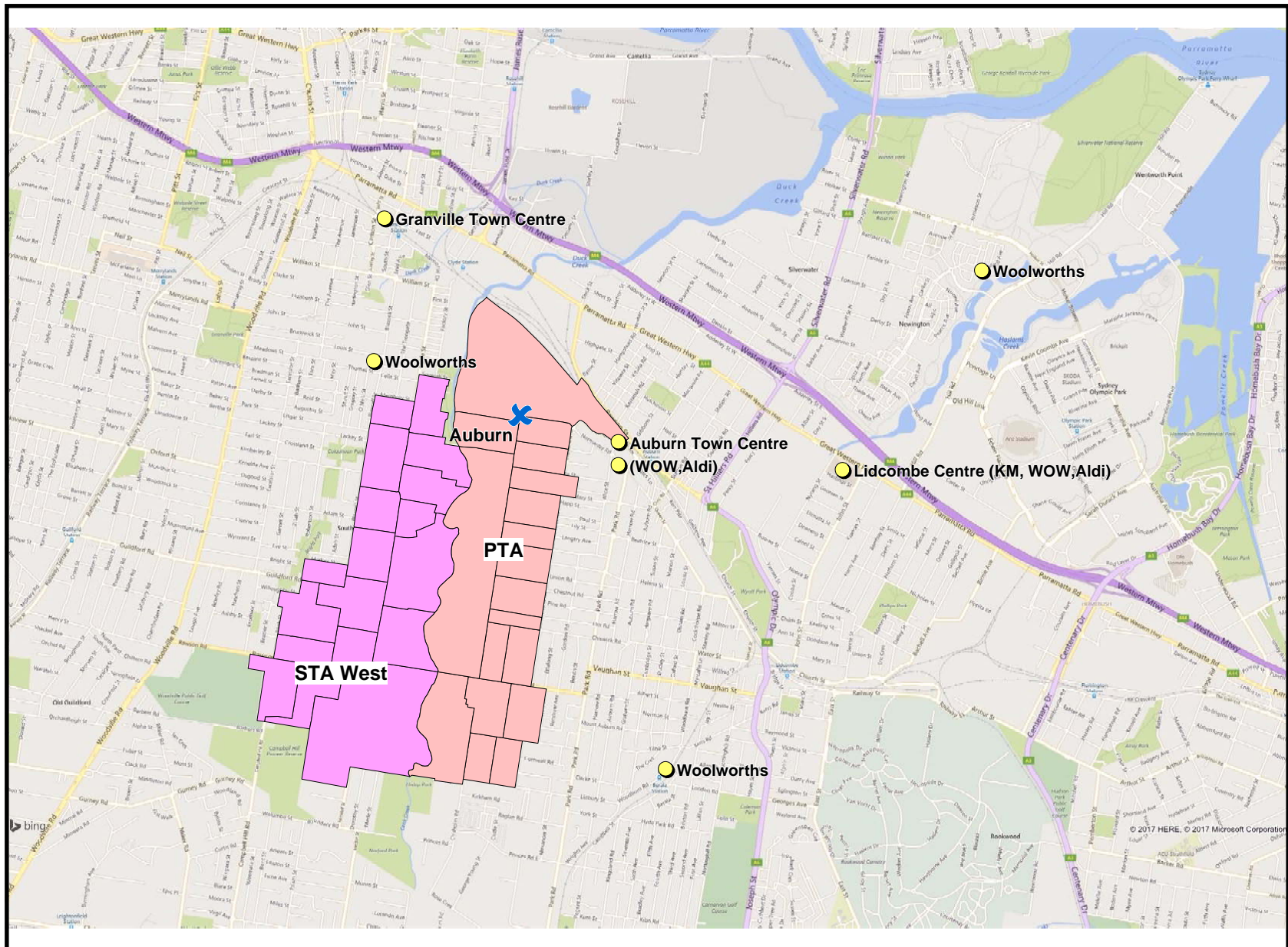
**Legend**

Site

**Site Coordinates**

Longitude/X: 151.021970  
 Latitude/Y: -33.845570



**AnySite®**

Data Source:

## 3 Competition

There are almost no retail facilities within the defined trade area at present with the exception of a designated Neighbourhood Centre on Wellington Road at its intersection with Cumberland Road.

This 'centre' currently consists of a service station, a large workshop, a small (250m<sup>2</sup>) convenience store and a vacant site fronting Cumberland Road. We understand that in 2013 Council approved a mixed use development on this site consisting of 10 residential apartments plus a single "commercial/retail tenancy" (DA 175/2012 refers).

The vacant site only comprises about 470m<sup>2</sup> and hence its potential for significant retail development is very limited.

There are also two to three traditional 'corner stores' still operating along key roads in the trade area such as Cumberland Road.

Major retail facilities are found in the Auburn Town Centre located immediately to the east of the subject site. The Auburn Town Centre contains some 52,000m<sup>2</sup> of retail floorspace in total. The major component of this is the Auburn Central development which alone contains some 17,624m<sup>2</sup>. Auburn Central is anchored by a Big W discount department store (DDS; 7,160m<sup>2</sup>) and a Woolworths supermarket of 3,650m<sup>2</sup>.

The Auburn Town Centre contains an Aldi supermarket and also had a small Coles supermarket until 2014. The Town Centre also has a very large component of strip shops, many of which cater specifically to Auburn residents of Arabic ethnicity.

To the west of the STA is the Arida Centre located on the corner of Lewis Street and Blaxcell Road, Granville. The centre contains a Woolworths supermarket of about 4,000m<sup>2</sup> and BWS liquor store.

To the south of the trade area, strip retail facilities are found at Berala (10,700m<sup>2</sup>) and Regents Park (9,600m<sup>2</sup>). A Woolworths supermarket has been developed in Berala (of some 3,300m<sup>2</sup>) although no supermarket of any significance exists in Regents Park.

To the north-west of the trade area there are older style, strip-type retail facilities at Granville. At present, the Granville centre does not contain a supermarket of any significance although there is a small Foodworks supermarket in the centre of about 600m<sup>2</sup>.

We understand that in 2016 the Sydney Central West Planning Panel approved a major mixed use development on land bounded by Cowper, Rowell and East Streets, Granville. The site for this project is located immediately to the north of the existing Granville Railway Station. This development is one of several residential/mixed-use developments either approved, or proposed, within the Granville Town Centre.

The approved development contains 618 apartments and 3,378m<sup>2</sup> of commercial space. The commercial space is intended to accommodate a large supermarket and approximately 12 specialty shops. The project is yet to commence construction, however.

To the east of the Auburn Town Centre the redeveloped former Lidcombe Power Centre contains a Kmart DDS, Woolworths and Aldi supermarkets and 50 specialty stores along with existing bulky goods retailers Anaconda and Spotlight. The redeveloped centre contains some 32,900m<sup>2</sup> of space is now known as The Lidcombe Centre.

## 4 Trade Area Demography

Data from the 2016 Census indicate the demography of the Auburn trade area population was atypical compared with that of Greater Sydney. The key relevant demographic characteristics of the trade area population in 2016 are summarised in TABLE 4.1 and are discussed briefly below.

### 4.1 Age Structure

The trade area population was much younger than that of Greater Sydney in 2016. For instance, 30.7% of the population was aged less than 20 years in 2016 compared with 25.6% in Greater Sydney. Further, only 16.0% of the trade area population was aged 60+ years in 2016 compared with 19.0% in Greater Sydney.

### 4.2 Household Structure

The trade area had an above average incidence of traditional families (that is, couples plus dependant children) in 2016 compared with Greater Sydney. Fully 40.3% of all trade area households were traditional families compared with 32.7% in Greater Sydney. Couple only households comprised only 13.9% of all households compared with 20.8% in Greater Sydney.

**TABLE 4.1**

SELECTED KEY DEMOGRAPHIC ATTRIBUTES of AUBURN TRADE AREA POPULATION and COMPARATIVE DATA for GREATER SYDNEY, 2016 (% Population)

Variable ...	PTA	STA	Total Trade Area	Greater Sydney
Population 2016 (No. Persons)	7,560	8,632	16,192	4,823,993
<b>Age Structure</b>				
0-9 years	14.2	16.7	15.5	12.8
10-19	14.9	15.4	15.2	11.8
20-29	18.6	15.9	17.2	15.0
30-39	13.0	13.7	13.4	15.5
40-49	11.5	11.7	11.6	13.7
50-59	11.3	11.0	11.1	12.2
60+	16.5	15.6	16.0	19.0
Total	100.0	100.0	100.0	100.0
<b>Household Structure</b>				
Couples & Children	41.6	39.2	40.3	32.7
Couples Only	14.5	13.4	13.9	20.8
One Parent Family	11.3	11.1	11.1	9.6
Other Family	1.2	1.2	1.3	1.2
Total Family	68.6	64.9	66.6	64.3
<b>Non-Family Households</b>				
Lone Person	14.9	18.9	17.1	18.9
Group	4.5	2.0	3.2	4.1
Total Non-Family	19.4	20.9	20.3	23.0
Total Households	100.0	100.0	100.0	100.0
Average Household Size (persons/dwelling)	3.30	3.09	3.24	2.60
<b>Ethnicity</b>				
Born in Australia	42.3	50.8	46.9	57.1
Speaks English Only at Home	14.3	20.9	17.8	58.4
Average Annual Household Income (\$2016)	\$78,182	\$72,739	\$75,168	\$110,262
Source: ABS Census, 2016.				



## 4.3 Household Income

Household incomes were well below average in 2016 compared with Greater Sydney as a whole. As can be noted from TABLE 4.1, the trade area's average annual household income was only \$75,168 in 2016 (\$2016). By contrast the average stated household income for Greater Sydney in 2016 was \$110,262. Hence the trade area's average household income was about 32% below the average for Greater Sydney in 2016.

In respect of the above, it is worth noting that some analysts, including ourselves, consider that Census-derived household income data are probably understated in areas where there is a large proportion of the population born in non-English speaking countries.

## 4.4 Ethnicity

In 2016 46.9% of trade area residents were born in Australia compared with 57.1% in Greater Sydney. Apart from Australia, the most significant countries in terms of the birth place of trade area residents were as follows:

- Lebanon ... 10.8%
- Turkey ... 4.3%
- China ... 4.9%
- Iraq ... 2.9%.

More revealing, in our opinion, was the very low proportion of trade area households in which English was spoken at home in 2016. In summary, the major languages spoken at home in 2016 were as follows:

- Middle Eastern Semitic ... 17.7%
- English ... 17.8%
- Turkic ... 4.0%
- Chinese ... 3.9%.

The above data suggest there is a significant proportion of the population which has been born in Australia but chooses to speak Arabic, or Arabic-related languages at home with their parents and siblings rather than English.

# 5 Retail Spending

## 5.1 Population Growth

Data available from the 2016 Census indicate the Auburn trade area had a population count (that is, number of people based on place of usual residence) of 16,192 in 2016. Of this 7,560 resided in the PTA and 8,632 in the STA.

The comparable count at the 2011 Census was a population of 15,015 with 7,248 residing in the PTA and 7,767 in the STA.

The overall population growth between 2011-16 on a population count basis was +1,177 new residents. The average annual growth rate (AAGR) between 2011-16 was +1.52% per annum. This was slightly below the overall average for Auburn SA2 (based on the estimated resident population) as calculated by the ABS. In recent years Auburn Statistical Local Area 2 (SLA2) has been experiencing a high rate of natural population increase as well as in-migration which has resulted in population growth of about +2.0 % per annum.

We estimate the resident population of the Auburn trade area will grow as follows:

- 2016 ... 16,839
- 2018 ... 17,348
- 2021 ... 18,140.

This baseline population projection excludes any population growth associated with redevelopment of the subject site.

## 5.2 Per Capita Retail Spending

Given relatively low household incomes and relatively large household sizes (an average of 3.28 persons per dwelling in 2016), average annual retail spending on a per capita basis is well below the Sydney Region average. In this regard, we estimate average per capita retail spending rates (\$2016) in the trade area in 2016 were as follows:

- PTA ... \$7,144 per capita per annum
- STA ... \$6,953 per capita per annum.

In the short term we consider there will be limited real growth in per capita retail spending rates—that is, growth over and above the rate of inflation—given the trade area's below average household incomes. For analysis purposed we have assumed real spending growth equivalent to 1.0 % per annum during the period 2016-21.

## 5.3 Available Retail Spending

### 5.3.1 Existing Residential Base

We have prepared estimates of total available annual retail spending and total available annual supermarket spending in the trade area for the period 2016-21 based on the existing residential population (TABLE 5.1 refers). These estimates do not include any additional spending arising from population growth associated with development of the subject sites.

In summary, total available annual retail spending is anticipated to increase from \$118.6 million in 2016 to \$134.3 million in 2021 (\$2016). This equates to growth in annual available spending generated in the trade area of about +\$15.7 million in real terms between 2016-21.

Total available supermarket expenditure is projected to increase from \$36.8 million per annum in 2016 to \$41.6 million per annum in 2021 (\$2016) or growth of about +\$4.8 million in annual available supermarket spending between 2016-21.

**TABLE 5.1**  
ESTIMATED AVAILABLE RETAIL EXPENDITURE – AUBURN TRADE AREA  
2016, 2018 and 2021 (\$2016)

Factor ...	PTA	STA	Total Trade Area
<b>2016</b>			
Population (No. Persons)	7,862	8,977	16,839
Per Capita Retail Spending (\$ per capita per annum)	\$7,144	\$6,953	\$7,042
Available Retail Spending (\$ Mil. Per Annum)	\$56.2	\$62.4	\$118.6
Available Supermarket Spending (\$ Mil. Per Annum)	\$17.4	\$19.4	\$36.8
<b>2018</b>			
Population (No. Persons)	8,100	9,248	17,348
Per Capita Retail Spending (\$ per capita per annum)	\$7,288	\$7,093	\$7,184
Available Retail Spending (\$ Mil. Per Annum)	\$59.0	\$65.6	\$124.6
Available Supermarket Spending (\$ Mil. Per Annum)	\$18.3	\$20.3	\$38.6
<b>2021</b>			
Population (No. Persons)	8,470	9,671	18,141
Per Capita Retail Spending (\$ per capita per annum)	\$7,508	\$7,308	\$7,401
Available Retail Spending (\$ Mil. Per Annum)	\$63.6	\$70.7	\$134.3
Available Supermarket Spending (\$ Mil. Per Annum)	\$19.7	\$21.9	\$41.6

Errors due to rounding.

Source: Leyshon Consulting Estimates, November 2017.

In our opinion, this level of supermarket expenditure theoretically would be sufficient to support a supermarket of up to 2,000m<sup>2</sup> in the trade area. Having

regard to the level of escape expenditure likely to be flowing out of the trade area to Woolworths in Granville and to the Auburn Town Centre, the turnover of a supermarket developed in, say, 2021 should be close to the average turnover being achieved by national chain supermarkets in Australia.

### 5.3.2 Future Residential Base

Current development plans envisage the Auburn site could produce some 1,800 units on completion.

2016 Census data indicate the average dwelling occupancy of flats and apartments in the suburb of Auburn in 2016 was relatively high—namely 3.36 persons per dwelling. This is significantly higher than most analysts' conventional assumptions that flats and apartments generally accommodate households of somewhere between 2.0 to 2.6 persons per dwelling.

For analytical purposes, however, we have adopted the average occupancy rates for flats and apartments in 2016 in the Cumberland LGA—namely 2.80 persons per dwelling.

Based on the average occupancy for such dwellings in Auburn evident at the 2016 Census, the subject site ultimately could accommodate up to 5,040 new residents on completion.

Assuming redevelopment of the site and the addition of up to 5,040 new residents, a dramatic change will result in terms of the volume of available retail expenditure being generated in the Auburn PTA. We consider it is also likely such new residential development will attract more affluent residents. This will result in the PTA's average per capita retail spending rate rising substantially (perhaps by up to 40%) compared with existing levels.

Putting to one side uncertainties over development timing, we have estimated the potential boost residential development on the subject site could give to available retail spending by assuming the following production of new residential units on the subject sites commencing in 2020:

- 2020 ... 300 units
- 2021 ... 400 units
- 2022 ... 400 units
- 2023 ... 350 units
- 2024 ... 350 units.

As noted above, the development of housing of this quantum could increase the PTA population by about 5,040 persons at full development. Accordingly, we have prepared an estimate of the potential growth in annual available retail expenditure to 2024 based on this population growth (TABLE 5.2 refers).

In summary, under this population growth scenario, total available annual retail expenditure would increase from \$118.6 million in 2016 to \$217.0 million in 2024 (\$2016). This represents growth in annual available spending of +\$98.4 million in real terms (all \$2016) between 2016-24.

Total available annual supermarket expenditure under this population growth scenario meanwhile would increase from \$36.8 million in 2016 to \$67.3 million in 2024—real growth of +\$30.5 million in annual available supermarket spending (all \$2016) between 2016-24.

**TABLE 5.2**  
**ESTIMATED AVAILABLE RETAIL EXPENDITURE – AUBURN TRADE AREA**  
 2016, 2018, 2021 and 2024 (\$2016)

Factor ...	PTA	STA	Total Trade Area
<b>2016</b>			
Population (No. Persons)	7,862	8,977	16,839
Per Capita Retail Spending (\$ per capita per annum)	\$7,144	\$6,953	\$7,042
Available Retail Spending (\$ Mil. Per Annum)	\$56.2	\$62.4	\$118.6
Available Supermarket Spending (\$ Mil. Per Annum)	\$17.4	\$19.4	\$36.8
<b>2018</b>			
Population (No. Persons)	8,100	9,248	17,348
Per Capita Retail Spending (\$ per capita per annum)	\$7,288	\$7,093	\$7,184
Available Retail Spending (\$ Mil. Per Annum)	\$59.0	\$65.6	\$124.6
Available Supermarket Spending (\$ Mil. Per Annum)	\$18.3	\$20.3	\$38.6
<b>2021</b>			
Population (No. Persons)	8,470	9,671	18,141
Per Capita Retail Spending (\$ per capita per annum)	\$7,508	\$7,308	\$7,401
Available Retail Spending (\$ Mil. Per Annum)	\$63.6	\$70.7	\$134.3
Available Supermarket Spending (\$ Mil. Per Annum)	\$19.7	\$21.9	\$41.6
<b>2024</b>			
Population (No. Persons)	13,510	9,964	23,474
Per Capita Retail Spending (\$ per capita per annum)	\$10,511	\$7,529	\$9,245
Available Retail Spending (\$ Mil. Per Annum)	\$142.0	\$75.0	\$217.0
Available Supermarket Spending (\$ Mil. Per Annum)	\$44.0	\$23.3	\$67.3

Errors due to rounding.

Source: Leyshon Consulting Estimates, November 2017.

### 5.3.3 Worker Spending

We note the subject site is surrounded on its northern and western boundaries by State Rail land and some industrial properties which front Manchester Road. The extent of existing employment in these contiguous lands is unknown. Sydney Trains has, however, announced plans to develop a facility to be known as “The Hub” at the northern end of Manchester Road. It is proposed that this building will accommodate about 1,500 engineering and maintenance staff.

We consider it reasonable to expect that future workers employed in “The Hub” will add to the demand for convenience retail facilities on the subject site albeit marginally compared with the potential pool of available resident spending.

In addition, future employees in the 27,000m<sup>2</sup> of employment floorspace proposed for the subject site will add to demand for on-site convenience retail services.

## 5.4 Retail Floorspace Provision

Even if a substantial allowance (say 60%) is made for supermarket spending ‘escaping’ from the defined trade area to supermarkets elsewhere, supermarket spending ‘retained’ within the trade area still would be in the order of \$27.0 million (\$2016) at full development. This level of available supermarket spending would justify a supermarket of up to about 2,000m<sup>2</sup> (NLA).

By 2024, non-supermarket related available spending generated by trade area residents is estimated to be in the order of \$149.7 million per annum (\$2016).

A significant component of this expenditure obviously will escape to other higher-order shopping centres including the Auburn Town Centre, Parramatta CBD and the Auburn bulky goods precinct.



That said, it is reasonable to expect that a well-merchandised Local Centre on the subject site could capture 10% to 15% of available non-supermarket type spending generated in the trade area. On this basis, a future centre developed on the subject site could capture sufficient expenditure to support between 2,000 to 3,000m<sup>2</sup> NLA of specialty retail floorspace.

It is likely, however, that some of the proposed retail GFA (up to 1,000m<sup>2</sup>) will be occupied by non-retail services of the type typically found in supermarket-anchored centres such as medical, travel agents, real estate agencies and the like.

In summary, therefore, an overall provision of up to about 5,000m<sup>2</sup> NLA (or 6,000m<sup>2</sup> GFA) appears an appropriate provision for retail facilities to be development as part of the overall project.

# 6 Impact Assessment

## 6.1 Introduction

The purpose of this Section of the Report is to provide a general assessment of the potential impact of the proposed retail component of the Planning Proposal.

Given the somewhat uncertain nature of the proposed development's final form, it is necessary to make a number of assumptions to enable an assessment of its potential impact to be made. The assumptions adopted and our findings in relation to potential impact are set out below.

## 6.2 Assumptions

In preparing this assessment we have made the following assumptions namely that:

- the development as described in the Planning Proposal is approved resulting in the construction of 1,800 residential units plus retailing and commercial space on the subject site
- the proposed retail component will comprise 5,000m<sup>2</sup> NLA. It will be anchored by a supermarket of 2,000m<sup>2</sup> NLA with supporting specialty retail space of about 2,000m<sup>2</sup> and non-retail specialty space of 1,000m<sup>2</sup> NLA
- the retail component will be developed in an early stage of the project with an approximate time-frame for commencement of trading being 2021

- at the time the retail component commences trading, approximately 700 units will have been developed on the subject site and these will have been occupied
- there will be no major addition of retail floorspace in the Auburn Town Centre, Berala or Regents Park centres between 2017-21. We have assumed the approved Granville project (described in Section 3 of this Report) has commenced trading.

## 6.3 Projected Centre Performance

The impact of any retail proposal ultimately is directly related to the projected sales of the completed development.

We have prepared an assessment of the potential sales of the proposed Manchester Road centre having regard to:

- available trade area retail spending
- competition from other centres
- the scale and nature of the proposed development.

### 6.3.1 Projected Centre Sales, 2021 and 2024

We estimate the proposed centre will achieve a below-average turnover in 2021 (first full year of trading) of some \$24.8 million (\$2016). This equates to an average sales rates of approximately \$6,201 per m<sup>2</sup> per annum (TABLE 6.1 refers). Of this, some \$22.3 million would be derived from spending by trade area residents and \$2.5 million from that by non-trade area residents.

By 2024, and once residential development on the site is complete, centre sales are projected to increase substantially to some \$45.2 million per annum (\$2016).

The average sales rates for the centre will have increased to an estimated \$11,305 per m<sup>2</sup> per annum by 2024 (TABLE 6.1 refers).

**TABLE 6.1**  
ESTIMATED POTENTIAL SALES – PROPOSED MANCHESTER ROAD, AUBURN CENTRE  
2021 and 2024 (\$2016)

	PTA	STA	Total Trade Area	Non Trade Area	Total
<b>2021</b>					
Population	8,470	9,671	18,141		18,141
Per Capita Retail Spending (\$ per capita p.a.)	\$7,508	\$7,308	\$7,401		
Available Retail Spending (\$ Mil. p.a.)	\$63.6	\$70.7	\$134.3		\$134.1
Available Supermarket Spending					
Annual Available Supermarket Spending (\$ Mil. p.a.)	\$19.7	\$21.9	\$41.6		
Estimated Market Share (%)	45.0%	18.0%	30.8%		
Estimated Centre Sales (\$ Mil. p.a.)	\$8.9	\$3.9	\$12.8	\$1.4	\$14.2
Available Non-Supermarket Spending					
Annual Available Non-Supermarket Spending (\$ Mil. p.a.)	\$43.9	\$48.8	\$92.7		
Estimated Market Share (%)	15.0%	6.0%	10.3%		
Estimated Centre Sales (\$ Mil. p.a.)	\$6.6	\$2.9	\$9.5	\$1.1	\$10.6
Estimated Total Centre Sales (\$ Mil. p.a.)	\$15.5	\$6.9	\$22.3	\$2.5	\$24.8
Estimated Centre Market Share (%)	24.3%	9.7%	16.6%		
<b>2024</b>					
Population	13,510	9,964			
Per Capita Retail Spending (\$ per capita p.a.)	\$10,511	\$7,529			
Available Retail Spending (\$ Mil. p.a.)	\$142.0	\$75.0			

**TABLE 6.1**  
**ESTIMATED POTENTIAL SALES – PROPOSED MANCHESTER ROAD, AUBURN CENTRE**  
**2021 and 2024 (\$2016)**

	PTA	STA	Total Trade Area	Non Trade Area	Total
<b>2024 Continued</b>					
Available Supermarket Spending					
Annual Available Supermarket Spending (\$ Mil. p.a.)	\$44.0	\$23.3	\$67.3		
Estimated Market Share (%)	45.0%	16.0%	35.0%		
Estimated Centre Sales (\$ Mil. p.a.)	\$19.8	\$3.7	\$23.5	\$1.8	\$25.3
Available Non-Supermarket Spending					
Annual Available Non-Supermarket Spending (\$ Mil. p.a.)	\$98.0	\$51.8	\$149.7		
Estimated Market Share (%)	16.0%	5.5%	12.4%		
Estimated Centre Sales (\$ Mil. p.a.)	\$15.7	\$2.8	\$18.5	\$1.4	\$19.9
Estimated Total Centre Sales (\$ Mil. p.a.)	\$35.5	\$6.6	\$42.1	\$3.2	\$45.2
Estimated Centre Market Share (%)	25.0%	8.8%	19.4%		

Errors due to rounding.

Source: Leyshon Consulting Estimates, November 2017.

### 6.3.2 Estimated Centre Market Share

In 2021 we estimate the proposed centre's market share of available trade area retail spending would be in the order of 16.6%. By 2024, with substantial residential development on the subject site, we estimate its market share would rise to 19.4%.

This means that even in 2024 some 80.6% of the total pool of available retail spending generated by trade area residents would still be available to existing retail centres such as the Auburn Town Centre, the Woolworths centre at South Granville and to centres at Berala, Regents Park et cetera.

In 2021 and 2024 we estimate that between 7% to 10% of the estimated sales of the proposed centre will be derived from beyond the borders of the trade area. Such expenditure would be attracted from workers employed in surrounding areas and from passing traffic using Manchester Road as a convenient north/south traffic artery.

### 6.3.3 Projected Centre Sales Growth, 2021-24

Between 2021-24, the annual sales of the proposed centre are projected to rise by +\$20.4 million (\$2016). Of this, the growth in annual supermarket sales is estimated at \$11.1 million and that estimated for specialty stores is \$9.3 million (\$2016).

Between 2021-24, annual available resident spending will increase by some \$83 million in real terms (TABLE 5.2 refers). The majority of this projected growth will occur in the proposed centre's PTA after 2021 when rapid residential settlement will occur on the site. The estimated growth in annual centre sales between 2021-24 (\$20.4 million) will, therefore, comprise about only 24.6% of the increase in available spending generated by residents during this period.

### 6.3.4 Implications of Available Spending Growth

The implications of the anticipated growth in available spending are as follows:

- the total growth in annual available retail spending generated in the trade area between 2016-24 (\$98.4 million) is more than double the projected annual sales of the proposed Manchester Road centre in 2024—namely \$45.2 million (\$2016);
- the total growth in annual available retail spending generated in the trade area between 2016-24 (\$98.4 million) is almost four times the projected annual sales of the proposed centre in 2021 (\$24.8 million); and

- the trade area's annual available spending growth between 2021-24 (\$82.7 million) should mean the proposed centre will not have any longer-term impacts on nearby centres given that the extent of this growth far outstrips the projected increase in sales of the proposed centre between 2021-24 (namely +\$20.4 million).

## 6.4 Impact on Other Centres

An assessment has been made of the potential impact the proposed development may have on relevant centres in 2021.

In preparing this assessment, it has been necessary to forecast the likely sales of existing centres in 2021. This exercise somewhat problematic, however, given that some centres—like the Auburn Town Centre—could be affected by the expansion of other retail facilities in the vicinity of Auburn prior to 2021—such as the approved centre at Granville.

For example, the redevelopment of what is now the Lidcombe Centre—which contains a Kmart discount department store (DDS), Woolworths and Aldi supermarkets and specialty retail outlets—must have had some impact in 2016 on existing traders in the Auburn Town Centre as well as the nearby Costco store.

That said, Auburn LGA is experiencing rapid population growth at present due to record levels of new housing development. This in turn is producing a significant increase in available retail spending and a consequent increase in the demand for retail facilities.

As a general principle, therefore, it is to be expected that most centres will experience real sales growth (that is, above and beyond inflation) between 2016-24 and prior to the proposed centre at Manchester Road being completed.

Our assessment indicates that the impact of the proposed development is likely to be significant only for those centres which contain a major supermarket given that it will be directly competitive only with these centres.

Smaller centres which do not contain a full-line supermarket are less likely to be affected by the proposed development.

Given the very limited provision of retailing at the Wellington/Cumberland Road centre (as discussed in Section 3 above) we have not attempted to assess any impact on its sole existing convenience store operator.

This is primarily because we do not consider the trading pattern of small mixed businesses in this area will be affected by the proposed development at Manchester Road. They are likely to continue to trade on the basis of attracting convenience purchases from residents within walking distance of each store and from passing motorists.

Our estimates of the impact of the proposed development in 2021 are set out in TABLE 6.2. Only three centres will experience an impact of any significance namely:

- Woolworths South Granville ... -5.5%
- Berala ... -3.8%
- Auburn Town Centre ... -3.1%.

The estimated impacts on other centres such as the redeveloped Granville Town Centre, the Lidcombe Centre and the like in 2021 are estimated as likely to fall in the range of -1.0% to -2.3%.



TABLE 6.2

ESTIMATED IMPACT and CENTRE SALES – PROPOSED CENTRE MANCHESTER ROAD, AUBURN 2021 and 2024  
(\$ Mil. p.a.; \$2016)

Centre ...	Centre Sales, 2014	Centre Sales, 2016	— Centre Sales, 2021 —		— Change 2016-21, Pre & Post Development —		Estimated Centre Sales, 2024
			Pre Development	Post Development	(\$ Mil. p.a.)	(%)	
Auburn Town Centre	\$250.0	\$265.0	\$275.0	\$266.5	(\$8.5)	(3.1)	\$317.4
Woolworths South Granville	\$38.0	\$45.0	\$58.0	\$54.8	(\$3.2)	(5.5)	\$58.2
Granville Town Centre	\$15.0	\$16.0	\$75.0	\$73.5	(\$1.5)	(2.0)	\$85.1
Berala	\$37.0	\$39.0	\$52.0	\$50.0	(\$2.0)	(3.8)	\$54.6
Costco	\$85.0	\$95.0	\$115.0	\$113.8	(\$1.2)	(1.0)	\$131.7
Marketplace Auburn	\$32.0	\$180.0	\$210.0	\$205.1	(\$4.9)	(2.3)	\$237.4
Other Centres	n.a.	n.a.	n.a.	n.a.	(\$3.5)	n.a.	n.a.
Total Impact	n.a.	n.a.	n.a.	n.a.	(\$24.8)	n.a.	n.a.

Errors due to rounding.

Source: Leyshon Consulting Projections, October 2017.

For the reasons discussed above, we do not consider the sales growth likely to be achieved by the proposed centre between 2021-24 will result in any of the nominated centres experiencing a greater impact from the proposal. As previously noted, the principal reason for this being that any sales growth between 2021-24 will be far outstripped by growth in available spending in the trade area arising from proposed residential development on the subject site.

In reality, as can be noted from TABLE 6.2, existing centres will experience real sales growth between 2021-24. This will follow from the trade area's growing population and thus rising available spending base which will be supplemented by population and spending growth in nearby areas such as around the Auburn Town Centre, in parts of Granville and, potentially, future residential development in the Parramatta Road corridor.

## 6.5 Implications of Impact

As a general principle, unacceptable economic impacts are usually considered to exist where the community could lose access to a retail facility it currently enjoys and which is not 'made good' by the proposed development. An example of such an impact may be where a small supermarket closes as a result of competition from a new, larger supermarket which establishes nearby.

In our opinion, for such an unacceptable economic impact to exist there must be a real prospect of facilities being lost, not just concern as to the potential effect on the viability of existing facilities from retail competition.

To the best of our knowledge we are unaware of any widely agreed definition of what constitutes either an acceptable or unacceptable impact on an existing shopping centre. This derives from the fact that no research has been able to codify what a particular percentage reduction in sales means to various types of centres. Much depends, for instance, on the competitive response of affected centres and the individual merchants within those centres, their existing profitability levels and the financial structures underpinning tenants.

For example, established retailers who may own their own premises or who have very low debt levels and are reasonably profitable should have the capacity to absorb a greater impact than those who may be paying higher rents and/or operating on low profit margins.

Based on our experience we classify retail impacts as follows:

- 0.0% to 5.9% ... very low
- 6.0% to 10.9% ... low/medium
- 11.0% to 15.9% ... medium/high
- 16%+ ... high/very high.

Measured in terms of the above scale, the sales impact of the proposed development on all centres identified in TABLE 6.2 in 2021 would be classified as being in the very low range. Such impacts should have no material effect on the trading level or viability of the centres concerned.

The estimated impacts of the proposed development, as set out above, also need to be considered in the context of market growth and the likely trading performance of existing centres. For instance, impacts can have greater significance where population growth is low or non-existent and/or existing shopping centres are trading below average and exhibiting signs of stress typified by a high level of vacant premises.

In our opinion, in this case the estimated impacts are of even less significance given that Auburn is experiencing a relatively high rate of population growth and there is no evidence existing centres in Auburn are trading sub-optimally.

## 6.6 Other Economic Benefits

In the short term, there will be considerable economic benefits flowing from the project's construction phase. We understand these benefits have been estimated by consultants SGS Economics to be up to 3,780 jobs and "\$869 million value added" during the construction phase of the proposed mixed-use project (Source: *Economic Impact Assessment of Land Use Opportunities at Manchester Road, Auburn*, October 2017).

In the longer term, the proposed development will generate significant economic benefits in terms of job creation in the Auburn area. In this regard we estimate the development of 5,000m<sup>2</sup> NLA of retail floorspace will create in the order of 160 to 185 jobs on a full- and part-time basis.

## 6.7 Net Community Benefit

The proposed development involves the creation of a new village-type shopping centre.

It is generally considered by planning authorities that new retail development which is required to meet the needs of a growing population ideally should be located in existing centres. This outcome is often not always possible to achieve or appropriate, however.

In 2009, the then Department of Planning released a policy document *Draft Centres Policy – Planning for Retail and Commercial Development*. The document was released as a “Consultation Draft” and was clearly endorsed “Not Government Policy”. The draft policy has never been finalised and hence its status as a guide to planning in New South Wales is at best unclear.

The draft policy nevertheless sets out certain key principles which it argues should apply to the planning of centres. These principles are:

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

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

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

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

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

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

The Draft Centres Policy document stresses that at the regional or sub-regional strategic planning level provision should be made for existing centres to grow and new centres to form. It also highlights the need for analysis of the demand for, and supply of, retail floorspace to ensure demands created by population growth are met in a timely manner.

In our opinion, the proposed centre at Auburn is consistent with the expectation set out in the Draft Centres Policy—namely that there will be a requirement for new centres, particularly in circumstances such as that proposed at Auburn, where a substantial increase in population more than justifies the provision of a centre which, in turn, would form the centrepiece of a new urban community.

The Draft Centres Policy also recommended that a “net community benefit test” be applied to rezoning proposals. In our opinion the proposed development at Auburn will have a positive net community benefit based on the following factors:

- the residential development component of the Auburn project is of a scale to justify the provision of the proposed retail centre
- the substantial increase in the residential population which will result from the project proceeding means additional retail floorspace needs to be provided to service both these new residents as well as the existing residential community in the surrounding area

- the proposed development will address an existing significant shortfall in retail floorspace in general and supermarket floorspace in particular within the MTA. This is particularly so given that a Coles supermarket is proposed and residents will no longer have access to travel to the Auburn Town Centre to shop at a Coles supermarket
- the proposed retail floorspace and the associated community and commercial facilities will provide a new focus for the existing and future community at Auburn
- the proposed Town Centre and associated retail services will constitute a significant attractor for other businesses and employment-generating uses to establish at Auburn
- the proposed development will create substantial on-site employment both during its construction phase and, more importantly, once the centre is completed.

In our opinion, these net community benefits will not be diminished by any adverse trading impacts given the proposal's modest impacts as identified in this Report. Moreover, rapid population growth after 2021 on the subject site and within surrounding parts of Auburn and Granville will lift available retail spending significantly to the benefit of all operating in the Auburn retail sector.

