

ECONOMIC IMPACT ASSESSMENT

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PROPOSED RETAIL CENTRE DEVELOPMENT, HOLSWORTHY

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REP1710
JULY 2017
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17 July, 2017

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EXECUTIVE SUMMARY

Introduction

This Report has been prepared by Leyshon Consulting Pty Ltd for Prestdel Developments Pty Ltd (Prestdel). The Report presents an Economic Impact Assessment (EIA) of a proposed mixed-use development containing a component of retail floorspace on a site at Holsworthy, New South Wales.

In 2009 Prestdel obtained development consent for a mixed-use development with 7,235m² of retail and 1,600m² of commercial floorspace. The 2009 approval was based on the centre having two supermarkets.

The development now being proposed will be anchored by a full-line supermarket of 3,962m² and a smaller discount supermarket of 1,584m². Specialty retail/commercial floorspace of about 3,129m² is also proposed plus 400 residential units.

Trade Area

The defined trade area for the proposed Holsworthy centre consists of two components, namely:

- ▶ **PTA**—includes the suburbs of Holsworthy, Wattle Grove, Voyager Point, Pleasure Point and Hammondville; and
- ▶ **STA**—the suburb of Moorebank.

The Holsworthy site's location fronting Heathcote Road means the centre will almost certainly attract a significant proportion of its sales from so-called 'passing trade'.

The average household income for the trade area in 2011 (latest available) was \$93,073—almost 10% higher than the Greater Sydney average.

Population

The estimated resident population (ERP) is projected to grow to 32,133 residents in 2021 which equates to an average annual growth (AAG) rate of +1.94% per annum.

Available Spending

Total available annual retail spending in the Holsworthy trade area in 2016 is estimated at \$371.3 million (\$2016). This is projected to increase to \$423.5 million per annum (\$2016) by 2021. The estimated real growth (that is, adjusted for inflation) in annual available spending between 2016-21 is some +\$52.2 million.

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Annual available supermarket spending generated in the trade area in 2021 is estimated to be \$135.5 million. This would be sufficient to support 12,900m² of supermarket floorspace based on contemporary average sales levels in the Australian supermarket sector of \$10,500 per m² per annum (\$2016).

At present the Holsworthy trade area contains only some 4,950m² of supermarket floorspace.

Accordingly, a significant level of 'escape supermarket spending' must be flowing out of the trade area at present.

The trade area will continue to be under-supplied with supermarket floorspace of at least 7,950m² by 2021 if the proposed development does not proceed.

Existing Retail Hierarchy

The largest centre of relevance is the Liverpool CBD located some 5.3km to the north-west. The Liverpool CBD contains a reported 121,656m² of retail floorspace and had estimated sales in the order of \$670.0 million per annum in 2016 (\$2016).

The CBD contains three national chain supermarkets (Woolworths, Coles and Aldi) plus a large Asian supermarket (Udaya Spices) and several small ethnically-based grocery/food stores.

Casula Mall is a sub-regional centre located approximately 7.4km to the south-west of the subject site. Casula Mall contains a reported 20,391m² of retail floorspace and had sales of \$199.4 million per annum in 2016 (\$2016). The centre is anchored by a Kmart discount department store (DDS) and Coles and Aldi supermarkets.

Wattle Grove Plaza is the centre closest to the subject site. Wattle Grove contains an estimated 3,730m² of retail floorspace and is anchored by a relatively small Coles supermarket. The centre's annual sales are currently in the order of \$48.4 million per annum.

Moorebank Village is located at the intersection of Stockton and Maddecks Avenues, Moorebank. The centre is a large, older-style neighbourhood centre containing about 7,300m² and anchored by a small Woolworths supermarket of about 2,200m². We estimate centre achieved sales of about \$56.0 million per annum in 2016 (\$2016).

The only other centre in the trade area is located on Walder Road at Hammondville. The centre has 17 convenience-related tenancies with its total retail floorspace estimated at 1,300m². Hammondville does not have a 'major' tenant but does contain a small IGA store of some 250m².

EXECUTIVE SUMMARY

In November 2012 Liverpool City Council endorsed the *Liverpool Retail Centres Hierarchy Review* prepared for Council by consultants Hill PDA.

The Review document specifically identifies the existing approval for a new centre on the subject site which is to be known as Holsworthy Plaza. The Review identified the centre could contain some 7,000m² of retail floorspace including Aldi and Coles supermarkets.

In this context, we consider the current Planning Proposal to be consistent with the established and proposed hierarchy of centres in Liverpool Local Government Area.

Impact Assessment

Assuming the proposed centre's first full year of trading is 2020, its annual sales are estimated at \$70.0 million. The majority of these sales (\$54 million or 77.1%) would be generated by the centre's supermarkets.

Of projected total centre sales of \$70.0 million in 2020 approximately \$60.5 million or 86.4% is estimated to be sourced from the trade area. The balance (\$9.5 million, 13.6%) originates from spending by shoppers living outside the trade area.

Sales of \$60.5 million originating from the trade area equates to the centre achieving a market share of 14.7% in terms of total available annual resident spending in 2020 (\$412.5 million).

The potential dollar and percentage impacts of the proposed Holsworthy centre on relevant nearby centres in 2020 are estimated to be:

▶	Wattle Grove	...	-\$7.5 million	(-14.5%)
▶	Moorebank	...	-\$7.4	(-12.5%)
▶	Casula Mall	...	-\$7.9	(-3.6%)
▶	Westfield Liverpool	...	-\$8.8	(-1.6%)
▶	Liverpool CBD Balance	...	-\$5.1	(-3.7%)
▶	Liverpool CBD Total	...	-\$13.9	(-2.0%)
▶	Chipping Norton	...	-\$4.1	(-7.9%)
▶	Hammondville	...	-\$0.3	(-5.1%).

The majority of impacts will fall on supermarket operators in the affected centres. It is highly unlikely, however, that the impacts noted above would lead to the closure of supermarkets in any of the nominated centres.

EXECUTIVE SUMMARY

The estimated sales impact in 2020 of the proposed Holsworthy centre on Wattle Grove (-14.5%) and Moorebank (-12.5%) would be classified as being in the medium/high range. The estimated impact on Casula Mall, Hammondville, Westfield Liverpool and the balance of the Liverpool CBD all fall in the very low range. The projected impact on the Chipping Norton centre (-7.9%) falls in low/medium range of impact.

Conclusion

In our opinion, the proposed development will not lead to the loss of facilities at Wattle Grove and Moorebank or in other centres. Residents will still have easy access to the same (or a better) range of retail facilities compared with those they currently enjoy including access to a full-line supermarket and an Aldi discount supermarket.

The impacts of the proposal will be mitigated by the significant public benefits associated with creating a new mixed-use, transit-oriented centre at Holsworthy anchored by a full-line supermarket and an Aldi discount supermarket.



1 INTRODUCTION

1.1 Background

This Report has been prepared by Leyshon Consulting Pty Ltd for Prestdel Developments Pty Ltd (Prestdel). The Report presents an Economic Impact Assessment (EIA) of a proposed mixed-use development containing a component of retail floorspace proposed for a site at Holsworthy, New South Wales. We have previously prepared EIAs in relation to this site in 2005 and 2009.

We understand that Prestdel control a site immediately adjacent to the existing Holsworthy railway station (FIGURE 1.1 refers). The site also has a frontage to Heathcote Road, the only regional road link between Liverpool and Sutherland Shire. As Heathcote Road carries substantial traffic volumes, the proposed development can be expected to attract a significant component of its sales from passing trade.

We are advised that in 2009 Prestdel obtained development consent for a mixed use development with 7,235m² of retail and 1,600m² of commercial floorspace. The 2009 approval was based on the centre having two supermarkets.

This Report has been prepared to accompany a Planning Proposal to be submitted to Liverpool City Council (Council). As such, it is intended to meet the requirements of Section 79C of the New South Wales Environmental Planning and Assessment Act 1979.



SITE

FIG 1.1: HOLSWORTHY SITE

Imagery Date: 10/16/2015 33°57'44.97" S 150°57'37.71" E elev. 111 m eye alt. © 2017 Google National Park Rd

1.2 Proposed Development

TABLE 1.1 provides a detailed breakdown of the project's proposed floorspace.

TABLE 1.1
FLOORSPACE – PROPOSED
HOLSWORTHY CENTRE (Net Leasable Area [NLA])

Tenancy ...	Area (Sq.M.)
Supermarket	3,962
Discount supermarket	1,584
Specialty Retail/Commercial	3,129
Total	8,675

Source: Prestdel Pty Ltd Developments, 2017.

In total, 8,675m² of retail and commercial space is proposed. Car parking for 462 vehicles also will be provided.

The proposed development will be anchored by a full-line supermarket of 3,962m² and a smaller discount supermarket of 1,584m². Specialty retail/commercial floorspace of about 3,129m² is proposed.

In addition to the retail and commercial space, we understand the proposal involves 400 residential units to be developed above the retail and parking levels.

The centre as proposed will be larger than most neighbourhood centres which usually contain <5,000m². In our opinion, it will have more of the characteristics of a small district centre.

2 TRADE AREA

2.1 Introduction

A trade area for the proposed centre at Holsworthy has been defined. The trade area encompasses both a primary trade area (PTA) and a secondary trade area (STA). We expect that more than 80% of the centre's sales will originate from these two areas combined.

In defining the trade area account has been taken of the location and nature of existing competitive centres, the nature of the road network in the surrounding region and any barriers to vehicular movement.

This section of the Report provides estimates of expected population growth in the trade area during the period 2016-21, reviews the demographic characteristics of the trade area population and provides estimates of existing and forecast retail spending in the trade area to 2021.

2.2 Trade Area Definition


The defined trade area for the proposed Holsworthy centre is depicted in FIGURE 2.1. It consists of two components, namely:

- ▶ **PTA**—includes the suburbs of Holsworthy, Wattle Grove, Voyager Point, Pleasure Point and Hammondville; and
- ▶ **STA**—the suburb of Moorebank.

As noted earlier, given the site's location fronting Heathcote Road, it is almost certain the centre will attract a significant proportion of its sales


FIG 2.1: Holsworthy Trade Area

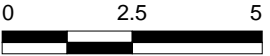
Legend

 Site

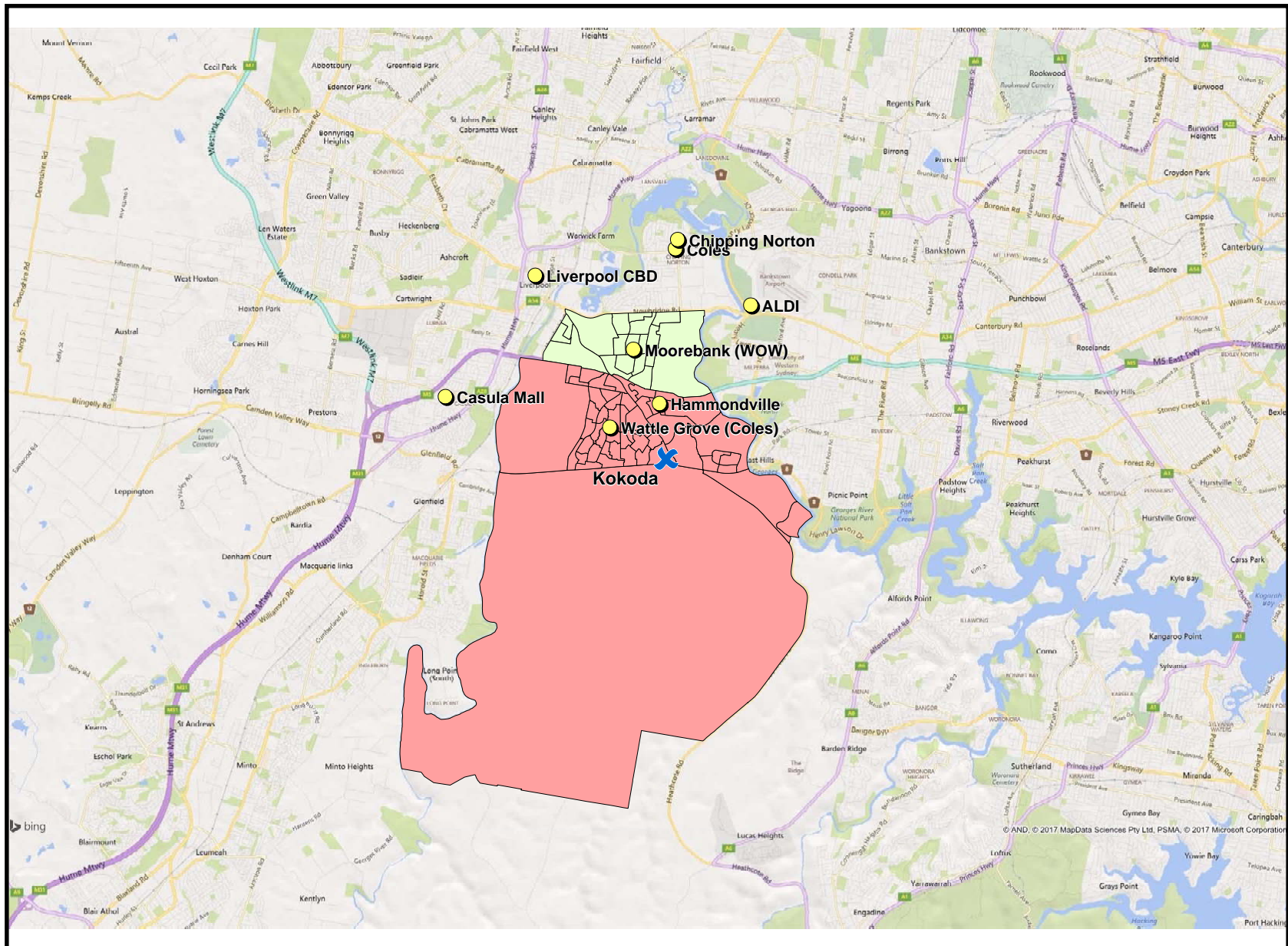
Site Coordinates

Longitude/X: 150.958501
 Latitude/Y: -33.962158





0 2.5 5
Kilometres



AnySite®

Data Source:

from so-called 'passing trade'. This refers to motorists using Heathcote Road who live well outside the defined trade area but find the centre convenient to shop at either associated with a trip to or from work or, alternatively, while on a leisure-based trip.

The subject site is also very close to the Holsworthy Army Barracks which have personnel living on base and a significant number of personnel living off base.

2.3 Demography

The demographic characteristics of a given population exert significant influence over the volume and nature of retail spending. We have reviewed the key demographic characteristics of the Holsworthy trade area population at the 2011 Census (latest available; TABLE 2.1 refers). Comparative data for the Greater Sydney Capital City Area (Greater Sydney) are also provided.

In summary, compared with Greater Sydney in 2011, the trade area was distinguished by the following:

- ▶ a younger age profile with a high proportion of persons aged 0-9 years in 2011 (16.2%) compared with 13.1% in Greater Sydney. Only 12.7 of the population was aged 60+ years in 2011 compared with 18.0% in Greater Sydney.
- ▶ a higher concentration of traditional families (that is, couples plus dependent children)—40.8% compared with 36.1% in Greater Sydney.

- ▶ a high proportion of couple families without children–37.5% compared with 27.4% in Greater Sydney
- ▶ a lower proportion of employed persons in upper white collar job categories–31.6% compared with 38.8% in Greater Sydney
- ▶ an average household income level (\$98,073) which was +9.6% above the Greater Sydney average in 2011 (\$89,465).

TABLE 2.1
SELECTED KEY DEMOGRAPHIC ATTRIBUTES of HOLSWORTHY TRADE AREA
POPULATION and COMPARATIVE DATA for SYDNEY GREATER CAPITAL CITY
STATISTICAL AREA (SYDNEY), 2011 (% Population)

Variable ...	PTA	STA North	Total Trade Area	(Sydney GCCSA)
Population Count, 2011 (No. Persons)	19,542	6,801	26,343	4,391,674
Age Structure				
0-9 years	16.3	15.8	16.2	13.1
10-19	15.7	11.5	14.7	12.4
20-29	15.0	12.6	14.4	14.8
30-39	16.5	16.3	16.3	15.3
40-49	16.2	12.7	15.3	14.3
50-59	10.4	10.6	10.4	12.1
60+	9.9	20.5	12.7	18.0
Total	100.0	100.0	100.0	100.0
Household Structure				
Couples & Children	40.6	41.6	40.8	36.1
Couples Only	40.9	26.6	37.5	24.7
Single Parents	8.1	13.0	9.3	11.6
Other	0.6	1.0	0.7	1.4
Total Family	90.2	82.2	88.3	73.8
Non-Family Households				
Lone Person	9.0	15.4	10.5	22.0
Group	0.8	2.4	1.2	4.2
Total Non-Family	9.8	17.8	11.7	26.2
Total Households	100.0	100.0	100.0	100.0

TABLE 2.1
SELECTED KEY DEMOGRAPHIC ATTRIBUTES of HOLSWORTHY TRADE AREA
POPULATION and COMPARATIVE DATA for SYDNEY GREATER CAPITAL CITY
STATISTICAL AREA (SYDNEY), 2011 (% Population)

Variable ...	PTA	STA North	Total Trade Area	(Sydney GCCSA)
Average Household Size (persons/dwelling)	3.10	2.88	3.04	2.74
Occupational Structure				
Managers	11.4	9.9	11.1	13.3
Professionals	20.2	16.4	19.3	25.5
Technicians & Trade Workers	14.6	16.4	15.0	12.2
Community & Personal Service Workers	14.1	8.0	12.6	8.8
Clerical & Administrative Workers	19.1	19.1	19.1	16.2
Sales Workers	7.8	9.8	8.2	9.0
Machinery Operators & Drivers	6.1	10.0	7.0	5.7
Labourers	5.2	8.0	5.9	7.3
Inadequately Described/ Not Stated	1.5	2.4	1.8	2.0
Total	100.0	100.0	100.0	100.0
Unemployment Rate	4.1	4.3	4.1	5.7
Annual Household Income				
Average Annual Household Income (\$2011)	\$103,897	\$83,038	\$98,073	\$89,465

Source: ABS Census, August 2011.

In 2011, the population in the PTA had an average household income well above that of the STA population (\$103,897 compared with \$83,038). As can be noted from TABLE 2.1, the average household income for the trade area as a whole in 2011 was \$93,073—almost 10% higher than the Greater Sydney average.

2.4 Population

Based on the 2011 Census results, the trade area's estimated resident population (ERP) was 27,010 persons in 2011. The ERP makes allowance for the under-enumeration affecting Census population counts in New South Wales in general and Liverpool LGA in particular. It also makes allowance for military personnel living on-base in the adjacent Holsworthy Barracks.

The trade area is continuing to experience above average population growth. This is largely due to in-fill housing development which has been occurring in the eastern part of Moorebank and in Wattle Grove.

As can be noted from TABLE 2.2, the Australian Bureau of Statistics (ABS) has provided up-to-date estimates of the resident population in the following Statistical Level 2 areas (SA2s) namely:

- ▶ Holsworthy/Wattle Grove
- ▶ Chipping Norton/Moorebank.

The ABS (preliminary) estimates are that the resident population in these areas has, on a combined basis, increased from 36,617 people in 2011 to 39,273 in 2016.

The estimated average annual growth rate the period 2015-16 was as follows:

- ▶ Holsworthy/Wattle Grove ... 2.2% per annum
- ▶ Chipping Norton/Moorebank ... 2.7% per annum.

These two SA2s are, on a combined basis, larger than the defined Holsworthy trade area. They nevertheless give an excellent insight into current growth rates in the Holsworthy area.

We anticipate the rate of population growth in the defined trade area will slow in the period to 2021 as new opportunities for in-fill housing diminish.

TABLE 2.2
ESTIMATED RESIDENT POPULATION – HOLSWORTHY SUB-REGION, 2006-16 (No. Persons)

Statistical Area Level 2 ...	2006	2011	2016 ^P	Annual Average Growth Rate 2015-16
Holsworthy/Wattle Grove	18,530	20,408	21,336	2.2%
Chipping Norton/Moorebank	14,920	16,209	18,387	2.7%
Total	33,450	36,617	39,723	2.5%

P=Preliminary.

Source: ABS March, 2017.

As noted in TABLE 2.3, we project the ERP is likely to have increased to 32,133 residents in 2021 which equates to an average annual growth (AAG) rate of +1.94% per annum.

TABLE 2.3
ESTIMATED RESIDENT POPULATION –
HOLSWORTHY TRADE AREA, 2011-21 (No. Persons)

Year ...	PTA	STA	Total
2011	20,045	6,965	27,010
2016	21,350	7,841	29,191
2018	22,215	8,270	30,485
2021	23,227	8,906	32,133

Source: Leyshon Consulting Estimates, June 2017.

It should be noted that the population estimates detailed in TABLE 2.3 do not take into account the 400 units proposed on the subject site. Clearly, if the Planning Proposal is approved this will result in a further increase in the PTA's population—by about 800 to 1,000 additional residents.

2.5 Available Retail Spending

Estimates of average annual per capita retail spending levels in the trade area in 2016 have been made. These estimates take into account 2011 Census data on average household incomes and average household size in the trade area as well as data from the ABS's 2008-09 *Household Expenditure Survey* (HES). The HES provides data on the expenditure profiles of Australian households and individuals with different socio-economic characteristics.

In summary, we estimate per capita annual retail spending in the trade area in 2016 to be as follows:

- ▶ PTA ... \$13,281 (\$2016)
- ▶ STA ... \$11,075.

By combining per capita spending with the population projections shown in TABLE 2.3, estimates can be obtained of total available retail spending generated in the Holsworthy trade area in 2016, 2018 and 2021 (APPENDIX A, TABLES A1-A3, \$2016).

As indicated in TABLE A1, total available retail spending in the Holsworthy trade area in 2016 was estimated at \$371.3 million. This is projected to increase to \$423.5 million per annum (\$2016) by 2021 (TABLE A3 refers). As summarised in TABLE 2.4 the estimated real

growth (that is, adjusted for inflation) in annual available spending between 2016-21 is some +\$52.2 million.

Year ...	PTA	STA	Total
2016	\$283.6	\$87.7	\$371.3
2018	\$301.0	\$89.5	\$390.5
2021	\$324.2	\$99.3	\$423.5
Increase 2016-21	\$40.6	\$11.6	\$52.2

Source: Tables A1-A3, APPENDIX A.

2.6 Available Supermarket Spending

Of critical importance to the evaluation of demand for additional retail facilities at Holsworthy is the availability of spending in the supermarket sector.

Broadly, supermarkets and grocery stores capture approximately 32% of available retail spending in New South Wales. As set out in TABLES A1-A3, APPENDIX A, annual available supermarket spending in the Holsworthy trade area is estimated to increase as follows (\$2016):

▶	2016	...	\$118.8 million per annum
▶	2018	...	\$124.9
▶	2021	...	\$135.5
▶	Increase 2016-21	...	\$16.7.

By 2021, this volume of spending (\$135.5 million per annum) broadly would be sufficient to support 12,900m² of supermarket floorspace

based on contemporary average sales levels in the Australian supermarket sector of \$10,500 per m² per annum (\$2016).

At present the Holsworthy trade area contains only some 4,950m² of supermarket floorspace vis:

- ▶ Coles Wattle Grove ... 2,500m²
- ▶ Woolworths Moorebank ... 2,200m²
- ▶ IGA Hammondville ... 250m².

Accordingly, the supermarket sector must be experiencing a significant level of 'escape spending' flowing out of the trade area at present.

As a general principle, therefore, the trade area will continue to be under-supplied with supermarket floorspace of at least 7,950m² by 2021 if the proposed development does not proceed.

3 EXISTING RETAIL HIERARCHY

3.1 Introduction

The purpose of this section of the Report is to review the existing provision of retail centres in and adjacent to the Holsworthy trade area. Particular reference has been paid to the two neighbourhood-scale centres closest to the subject site (Wattle Grove and Moorebank) as they are more likely to be directly affected by the proposed development than centres either larger or further away.

3.2 Existing Centres

There are a number of centres of regional, sub-regional and local/neighbourhood-scale within 10km of the Holsworthy site. The details of these centres are provided in TABLE 3.1 and their location depicted in FIGURE 2.1.

The largest centre of relevance is the Liverpool CBD which is located some 5.3km to the north-west. The Liverpool CBD contains a reported 121,656m² of retail floorspace and had estimated sales in the order of \$650.0 million per annum in 2016 (\$2016). The centre consists of two major components—namely Westfield Liverpool and an additional area of shopfront retailing generally bounded by Elizabeth Street in the north, Bigge Street in the east, Terminus Street in the south and Bathurst Street in the west.

The Liverpool CBD contains three national chain supermarkets (Woolworths, Coles and Aldi) plus a large Asian supermarket (Udaya Spices) and several small ethnically-based grocery/food stores.

TABLE 3.1
EXISTING RETAIL CENTRES – HOLSWORTHY SUB-REGION

Centre/Type ...	Distance from Site (Kms)	Area (Sq.M.) (GLA)	Estimated Sales (\$ Mil.pa)	Major Tenants
Regional				
Liverpool CBD ²	5.3	130,000	\$650.0	Myer, Target, Woolworths, Coles, Aldi
Sub-Regional				
Casula Mall ¹	7.4	20,391	\$199.4	Kmart, Coles, Aldi
Local/Neighbourhood				
Wattle Grove Plaza ¹	2.5	3,730	\$48.4	Coles
Moorebank Village ²	4.1	7,300	\$56.0	Woolworths
Hammondville ²	1.8	1,300	\$5.8	Nil

Sources:

1. Property Council of Australia, *NSW and ACT and Shopping Centre Directory and Shopping Centre News "Little Guns Survey"*, 2016
2. Leyshon Consulting Estimates, 2017.

Casula Mall is a sub-regional centre located approximately 7.4km to the south-west of the subject site. Despite this distance Casula Mall is readily accessed by residents of the trade area using the M5 and the Hume Highway. Casula Mall contains a reported 20,391m² of retail floorspace and had sales of \$199.4 million per annum in 2016 (\$2016). The centre is anchored by a Kmart discount department store (DDS) and Coles and Aldi supermarkets.

Casula Mall achieved average sales of \$10,610 per sq.m per annum in the year to September 2016. This ranked the centre 6th out of 96 centres in Australia in terms of average sales according to Shopping Centre News's "Little Guns 2016" survey.

Of more immediate relevance, in terms of the impact of the proposed Holsworthy development, are the two neighbourhood/local centres within the trade area—namely those at Wattle Grove and at Moorebank.

Wattle Grove Plaza is the centre closest to the subject site. Wattle Grove contains an estimated 3,730m² of retail floorspace and is anchored by a relatively small Coles supermarket. At present there are no vacancies in the centre. Adjoining the centre is an hotel and associated community facilities. The centre had estimated sales of \$48.4 million per annum (\$2016) in 2016.

Wattle Grove Plaza is located near the intersection of Australis Avenue and Village Way, Wattle Grove and essentially serves the resident population of the suburb and part of the adjoining Holsworthy residential area. A limited volume of sales are also likely to be captured from Moorebank.

Moorebank Village is located at the intersection of Stockton and Maddecks Avenues, Moorebank. The centre is a large, older-style neighbourhood centre containing about 7,300m² and anchored by a small Woolworths supermarket of about 2,200m². We estimate centre achieved sales of about \$56.0 million per annum in 2016 (\$2016). The centre primarily caters to the shopping needs of Moorebank residents; it is not well located to attract trade from the population residing to the south of the M5.

A recent inspection of Moorebank Village found the centre had only one vacancy. We understand the Woolworths supermarket is trading at capacity and is unable to expand to cater for the increase in customers now residing in the area. We understand that Moorebank Village is subject to strata-title which inhibits its redevelopment/refurbishment.

The only other centre in the trade area is located on Walder Road at Hammondville. The centre has 17 convenience-related tenancies with its total retail floorspace estimated at 1,300m². Hammondville does not have a 'major' tenant but does contain a small IGA store of some

250m². We would expect only limited competitive overlap between Hammondville and the proposed centre at Holsworthy as Hammondville essentially provides a localised community-based convenience retail/service function.

To the north of the trade area a Coles-anchored shopping centre is located in Chipping Norton. This centre is located at the intersection of Ernest Avenue and Barry Road and comprises some 5,520m². The Coles supermarket occupies approximately 2,900m².

The centre primarily meets the shopping needs of residents of Chipping Norton and workers from the adjacent Chipping Norton employment area which borders the centre.

Elsewhere within the trade area there are two fresh food shops on Newbridge Road, Moorebank which trade under the name of Fresh Food Stop (Gonca) and the Food Lovers Market respectively. These two businesses offer a range of fresh food, deli items and some groceries. The stores have floorspace of approximately 600m² and 1,000m² respectively.

3.3 Retail Hierarchy

In November 2012 Liverpool City Council endorsed the *Liverpool Retail Centres Hierarchy Review* which was prepared for Council in 2012 by consultants Hill PDA.

The adopted policy as far as Council is concerned is encapsulated in a document published by them – *Business Centres and Corridors Strategy – Review 2013* (the Review document).

The Review document specifically identifies the existing approval for a new centre on the subject site which is to be known as Holsworthy Plaza. The Review document identifies that the centre could contain some 7,000m² of retail floorspace including Aldi and Coles supermarkets. The Review document specifically states:

“The Holsworthy Plaza development will address the immediate undersupply of supermarket floorspace and will negate the need for any additional supermarket floorspace in the area to 2031 based on current population projections.”

The Review document goes on to identify Holsworthy Plaza as a “Village Centre” with the same planning status as other Village Centres such as Wattle Grove, Chipping Norton, Cecil Hills, Flowerdale and Middleton Grange.

In this context, we consider the current Planning Proposal to be consistent with the established and proposed hierarchy of centres in Liverpool Local Government Area.

4

IMPACT ASSESSMENT

4.1 Introduction

The purpose of this section of the Report is to assess the potential impact of the proposed Holsworthy development on existing centres in and adjacent to the trade area. An important component of any impact assessment is a forecast of the likely sales of the proposed development. This issue is discussed in detail below.

4.2 Forecast Centre Sales

In preparing an estimate of the proposed Holsworthy centre's likely sales, we have assumed the major centre's supermarket of 3,962m² NLA is occupied by one of the major supermarket traders—that is, Coles or Woolworths.

We have further assumed the second supermarket is intended to be an Aldi and occupy about 1,584m² NLA.

As indicated in TABLE 4.1, assuming the centre has its first full year of trading in 2020, we estimate it could generate annual sales of \$70.0 million with the majority of these sales (\$54.0 million) being generated by the proposed supermarkets. The average sales rate we estimate will be achieved by the overall development is \$8,615 per m² per annum (\$2016).

TABLE 4.1
ESTIMATED RETAIL SALES – PROPOSED HOLSWORTHY RETAIL
CENTRE, 2020 (\$2016)

Retail Component ...	Area (GLA Sq.M.)	Estimated Sales (\$ Mil pa)	Sales Rate (\$/Sq.M./pa)
Supermarket 1	3,962	\$37.5	\$9,465
Supermarket 2	1,584	\$16.5	\$10,417
Specialty Retail	2,579	\$16.0	\$6,204
Specialty Commercial	550	n.a.	n.a.
Total Centre – Retail	8,125	\$70.0	\$8,615
Total	8,675		

Source: Leyshon Consulting Estimates, June 2017.

4.3 Origin of Sales

We have also prepared an estimate of the likely origin of sales for the proposed centre assuming its first full year of trading is in 2020. This assessment identifies the volume and proportion of sales which would be captured from trade area residents and that which could be captured from spending by people residing outside the trade area.

In preparing these estimates we have taken account of data held by ourselves in relation to the performance of supermarket-based centres located on or close to arterial or sub-arterial roads (such as Heathcote Road). We have also taken account of the fact that the proposed centre will be located adjacent to an important commuter car park. This, together with the nearby military base, will lead to the centre attracting a higher proportion of non-trade area sales than would be the case for a centre not situated close to public transport facilities.

As indicated in TABLE 4.2, of projected total centre sales of \$70.0 million in 2020 approximately \$60.5 million or 86.4% is estimated to

be sourced from the trade area with the balance (\$9.5 million, 13.6%) coming from spending by shoppers living outside the trade area.

TABLE 4.2
ESTIMATED SOURCE of SALES – PROPOSED HOLSWORTHY CENTRE,
2020(\$2016)

Component ...	Estimated Sales (\$ Mil pa)	From Trade Area (\$ Mil pa)	From Other Areas (\$ Mil pa)	From Trade Area (%)
Supermarket 1	\$37.5	\$32.0	\$5.5	85.3%
Supermarket 2	\$16.5	\$14.0	\$2.5	84.8%
Specialty Retail	\$16.0	\$14.5	\$1.5	90.6%
Total Centre (Retail)	\$70.0	\$60.5	\$9.5	86.4%

Source: Leyshon Consulting Estimates, June 2017.

In broad terms, the capture of \$60.5 million in sales from the trade area equates to a market share of 14.7% in terms of total available annual resident spending estimated for 2020 (\$412.5 million).

The forecast supermarket sales captured by the centre from the trade area in 2020 (\$46.0 million) will be equivalent to 34.8% of total available annual supermarket spending generated by trade area residents in 2020 (\$182.0 million per annum).

4.4 Impact on Centres

An assessment has been made of the potential impact of the proposed development at Holsworthy on the sales of relevant centres in the trade area and those adjacent to the trade area. These centres include the following:

- ▶ Wattle Grove
- ▶ Moorebank
- ▶ Casula Mall
- ▶ Chipping Norton
- ▶ Westfield Liverpool
- ▶ Balance of Liverpool CBD
- ▶ Hammondville.

In preparing this assessment we have made the following assumptions:

- ▶ the Holsworthy centre is constructed in one stage
- ▶ the centre has 2020 as its first full year of trading
- ▶ the centre is anchored by a full-line supermarket of at least 3,960m² NLA which is operated by either Coles or Woolworths and a smaller supermarket of 1,584m² such as an Aldi.

We have made no other assumptions regarding approval or otherwise of proposed developments such as the expansion of the Orange Grove centre.

TABLE 4.3 provides our estimates of relevant centre sales in 2017 and 2020 (\$2016) assuming the Holsworthy centre has opened. TABLE 4.3 also provides a comparison between the sales that existing centres might have been expected to achieve in 2020 without the proposed Holsworthy centre, and their estimated sales in 2020 assuming the opening of the Holsworthy centre as proposed.

TABLE 4.3
IMPACT ANALYSIS – PROPOSED HOLSWORTHY CENTRE, 2020

Centre ...	2017	2020 Pre	2020 Post	Change (\$ Mil. p.a.)	% Change
Holsworthy Centre	\$0.0	\$0.0	\$70.0	\$70.0	n.a.
Westfield Liverpool	515.0	\$562.8	554.0	(\$8.8)	(1.6)%
Liverpool CBD Balance	135.0	139.1	134.0	(\$5.1)	(3.7)%
CBD Total	650.0	701.9	688.0	(\$13.9)	(2.0)%
Casula Mall	199.4	217.9	210.0	(\$7.9)	(3.6)%
Wattle Grove	48.4	51.4	43.9	(\$7.5)	(14.5)%
Moorebank	56.0	59.4	52.0	(\$7.4)	(12.5)%
Chipping Norton	50.1	51.6	47.5	(\$4.1)	(7.9)%
Hammondville	5.8	6.0	5.7	(\$0.3)	(5.0)%
Other Centres	n.a.	n.a.	n.a.	(\$15.0)	n.a.

Source: Leyshon Consulting Estimates, June 2017.

TABLE 4.3 also summaries the projected change in centre sales as a consequence of the opening of the proposed Holsworthy development. As indicated in TABLE 4.3, for some centres the change in sales will be relatively significant. In summary, the projected change in the sales of nominated centres are as follows:

▶	Wattle Grove	...	-\$7.5 million
▶	Moorebank	...	-\$7.4
▶	Casula Mall	...	-\$7.9
▶	Westfield Liverpool	...	-\$8.8
▶	Liverpool CBD Balance	...	-\$5.1
▶	Liverpool CBD Total	...	-\$13.9
▶	Chipping Norton	...	-\$4.1.

In percentage terms the relevant changes are as follows:

▶	Wattle Grove	...	-14.5%
▶	Moorebank	...	-12.5%
▶	Casula Mall	...	-3.6%

▶	Westfield Liverpool	...	-1.6%
▶	Liverpool CBD Balance	...	-3.7%
▶	Liverpool CBD Total	...	-2.0%
▶	Chipping Norton	...	-8.0%
▶	Hammondville	...	-4.6%.

In the case of all centres, but particularly those at Wattle Grove and Moorebank, the majority of the impact will mostly fall on their supermarket/s. Nevertheless, as Wattle Grove contains a Coles and Moorebank a Woolworths, some of the impact effectively will be 'internalised' within whichever chain is the eventual major supermarket operator at Holsworthy. Some flow-on impacts to specialty tenants located in each of the relevant centres will nonetheless result due to reduced levels of supermarket activity at Wattle Grove and Moorebank.

In our experience it is highly unlikely that the impacts discussed above would lead to the closure of supermarkets in the nominated centres. The primary reason for this is that major chain supermarkets generally have very long leases and it is thus uncommon for them to cease trading merely as a result of competition. We also understand (from evidence given by Woolworths and Coles Myer in litigation in the Queensland Planning and Environment Court) that impacts of up to -25% are regularly experienced in the supermarket sector immediately following the opening of new stores nearby without this leading to the closure of the major chain store affected.

4.5 Implications of Impact

There is no widely agreed definition of what constitutes either an acceptable or unacceptable impact on existing shopping centres. 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 shopping 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 have very low debt levels and are reasonably profitable should have the capacity to absorb a greater impact than those who may be paying high rents and/or operating on low profit margins.

Based on our experience, we classify retail impacts as follows:

- ▶ 0-5.9% ... very low
- ▶ 6-10.9% ... low/medium
- ▶ 11-15.9% ... medium/high
- ▶ 16%+ ... high/very high.

Measured in terms of the above scale, the sales impact in 2020 of the proposed Holsworthy centre on Wattle Grove (-14.5%) and Moorebank (-12.5%) would be classified as being at the upper end of the medium/high range of impact. The estimated impact on Casula Mall, Hammondville, Westfield Liverpool and the balance of the Liverpool CBD all fall in the very low range. The projected impact on the Chipping Norton centre (-7.9%) would be in the middle of the low/medium range of impact.

The estimated impact on the Liverpool CBD would mainly fall on that centre's supermarkets but will be mitigated by significant growth in annual available retail spending generated in the CBD's trade area between 2016-21.

In any event, it must be recognised that retail sales are dynamic in nature and significant changes in the volume of retail sales can occur

due to general economic conditions when there has been no change in the size and configuration of shopping centres in a particular area.

Even if some existing stores within centres in and adjacent to the Holsworthy area are detrimentally affected by competition from the proposed development to the extent that they cease trading, there is no evidence that trade area residents would be significantly disadvantaged.

In our opinion, the proposed development will not lead to a loss of facilities at Wattle Grove, Moorebank or other centres. Residents will still have easy access to the same (or a better) range of retail facilities compared with those they currently enjoy. For example, in our opinion, the proposed addition of retail facilities adjacent to Holsworthy railway station will significantly improve the access of one group of residents, namely rail travellers, to convenience retail facilities.

In particular the assessed impacts are off-set by the introduction of a full-line supermarket into this trade area (something that currently does not exist at either Wattle Grove or Moorebank) and an ALDI discount supermarket. The introduction of these two traders will significantly enhance competition, choice and convenience as far as supermarket shopping by trade area residents and visitors/workers is concerned

5 CONCLUSION

The proposed development of a new mixed-use centre at Holsworthy will provide the opportunity to create a new district centre in south-eastern Liverpool and provide the area with a focus for retailing and related activity which it currently lacks.

While there are two small retail centres in the trade area (Wattle Grove and Moorebank) neither centre currently performs this role.

The major advantage of the Holsworthy site is its co-location with Holsworthy rail station. This provides a unique opportunity to create a new, small district centre in Liverpool LGA which is already serviced by high quality public transport services.

The proposed development is projected to attract estimated annual sales of \$70.0 million on opening and clearly will have an impact on the existing centres at Wattle Grove and Moorebank.

While the impacts on Wattle Grove in particular, and Moorebank to a lesser degree, are relatively high, they are nonetheless highly unlikely to lead to any significant reduction in retail services: the majority of the impact will relate to the performance of the supermarket in each centre.

In our opinion, the impacts of the proposal will be mitigated by the significant public benefits associated with creating a new mixed-use, transit-oriented centre at Holsworthy anchored by a full-line supermarket and an ALDI discount supermarket.



APPENDIX A

APPENDIX A

Table A1: Projected Retail Spend - Holsworthy Trade Area - 2016 (\$2016)

TABLE	PTA	PTA NORTH	TOTAL TRADE AREA
Population	21,350	8,270	29,620
Average Spending (\$2016)	13,281	10,607	12,534
Total Retail Spend (\$m) (\$2016)	283.5	87.7	371.3
Spending by Category			
Food/Groceries	114.6	35.5	150.0
Food Out	18.4	5.7	24.1
Alcohol (Off Licence)	7.3	2.4	9.6
Tobacco	23.6	7.2	30.8
Clothing & Accessories	31.6	9.6	41.3
Household Furnishings & Equipment	8.6	2.7	11.3
Household Non Durables	7.4	2.9	10.2
Medical/Pharmacy	4.6	1.5	6.1
Vehicle Accessories	34.0	10.1	44.2
Recreation	6.0	1.8	7.8
Personal Care	14.1	4.3	18.4
Miscellaneous Goods & Services	13.4	4.1	17.5
Total Retail Spend	283.5	87.7	371.3
Supermarket	90.7	28.1	118.8

Table A2: Projected Retail Spend - Holsworthy Trade Area - 2018 (\$2016)

TABLE	PTA	PTA NORTH	TOTAL TRADE AREA
Population	22,215	8,270	30,485
Average Spending (\$2016)	13,548	10,821	12,808
Total Retail Spend (\$m) (\$2016)	301.0	89.5	390.5
Spending by Category			
Food/Groceries	121.6	36.2	157.8
Food Out	19.5	5.8	25.3
Alcohol (Off Licence)	7.7	2.4	10.1
Tobacco	25.0	7.4	32.4
Clothing & Accessories	33.6	9.8	43.4
Household Furnishings & Equipment	9.1	2.7	11.9
Household Non Durables	7.8	2.9	10.7
Medical/Pharmacy	4.9	1.5	6.4
Vehicle Accessories	36.1	10.3	46.5
Recreation	6.4	1.9	8.2
Personal Care	15.0	4.4	19.3
Miscellaneous Goods & Services	14.2	4.2	18.4
Total Retail Spend	300.97	89.49	390.45
Supermarket	96.3	28.6	124.9

Table A3: Projected Retail Spend - Holsworthy Trade Area - 2021 (\$2016)

TABLE	PTA	PTA NORTH	TOTAL TRADE AREA
Population	23,227	8,906	32,133
Average Spending (\$2016)	13,958	11,149	13,180
Total Retail Spend (\$m) (\$2016)	324.2	99.3	423.5
Spending by Category			
Food/Groceries	131.0	40.1	171.1
Food Out	21.0	6.4	27.5
Alcohol (Off Licence)	8.3	2.7	11.0
Tobacco	26.9	8.2	35.1
Clothing & Accessories	36.2	10.9	47.1
Household Furnishings & Equipment	9.9	3.0	12.9
Household Non Durables	8.4	3.2	11.7
Medical/Pharmacy	5.3	1.7	7.0
Vehicle Accessories	38.9	11.5	50.4
Recreation	6.8	2.1	8.9
Personal Care	16.2	4.8	21.0
Miscellaneous Goods & Services	15.3	4.6	20.0
Total Retail Spend	324.21	99.29	423.50
Supermarket	103.7	31.8	135.5

Source: Leyshon Consulting Estimates June 2017