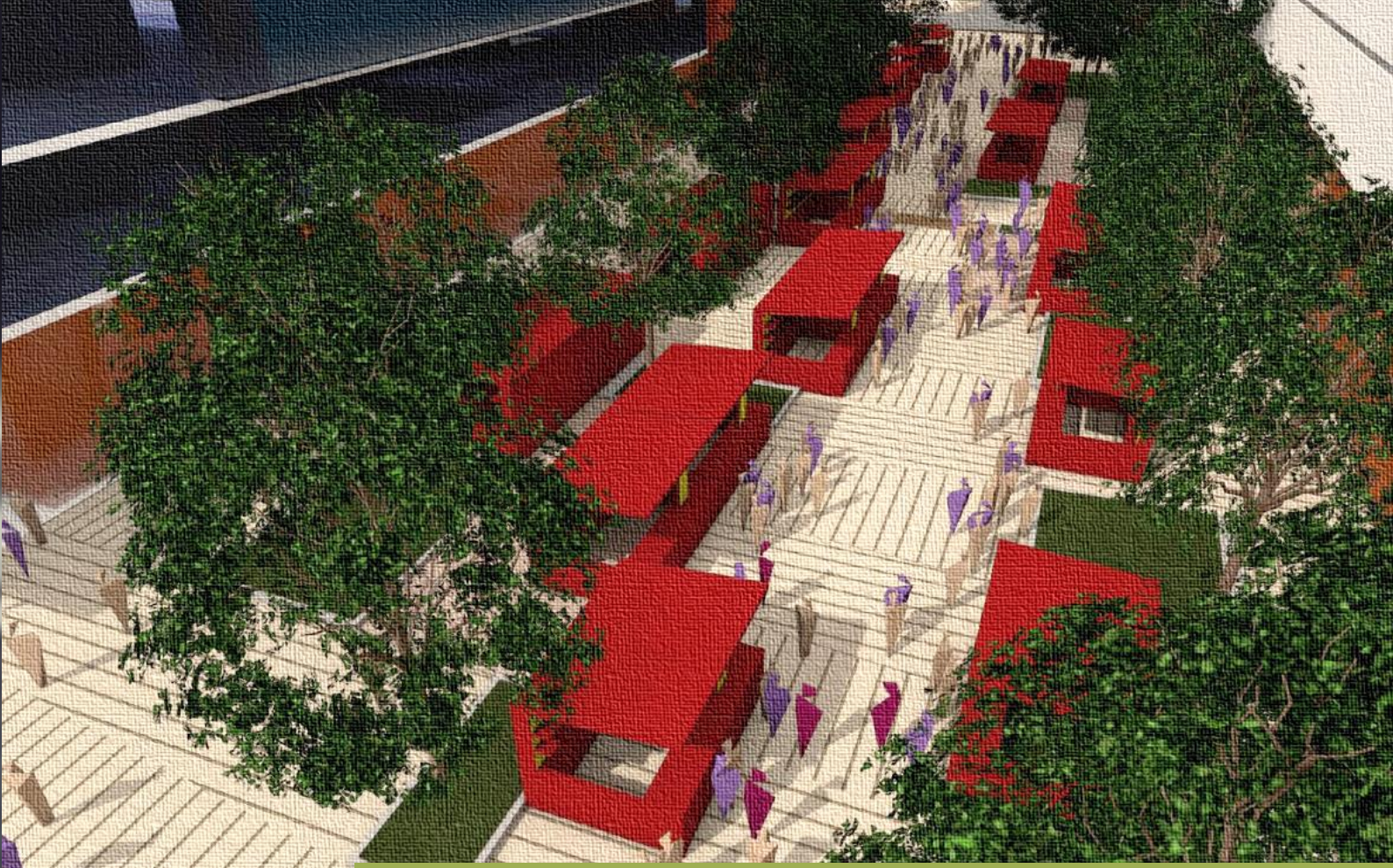
Appendix 12

Economic Impact Assessment – Sep 2016



St Marys Station St Plaza

Economic Impact Assessment

Prepared for Option Funds Management Ltd

September 2016

HillPDA CONSULTING

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EXECUTIVE SUMMARY

HillPDA was commissioned by Option Funds Management Ltd to undertake an Economic Impact Assessment (EIA) relating to the redevelopment of the Station Street Plaza site in St Marys (hence referred to as the subject site).

At the time of this study the Planning Proposal proposes two mixed use indicative development options for the redevelopment of the subject site. These are as follows:

Option 1

- An Floor Space Ratio (FSR) of 6:1;
- 656 residential units;
- 1,127 car spaces;
- 3,230sqm of supermarket Net Leasable Area (NLA);
- 7,140sqm NLA of speciality retail; and
- 2,192sqm NLA of commercial floorspace.

Option 2

- An FSR of 8:1;
- 880 residential units;
- 1,448 car spaces;
- 3,230sqm of supermarket NSA;
- 7,140sqm NLA of speciality retail; and
- 2,192sqm NLA of commercial floorspace.

Contextual Review

The proposed development would provide residential, retail and employment uses, deliver greater housing diversity and increased housing supply within St Marys Town Centre and the wider Penrith Local Government Area (LGA). It would encourage St Marys Town Centre to grow and provide impetus for further investment. These outcomes are all in line with the goals and directions of the “A Plan for Growing Sydney”.

The additional population generated by the proposed development would also increase employment opportunities for local residents and increase retail expenditure. Some of this additional expenditure is likely to be captured within St Marys and some is likely to be captured by surrounding regional centres such as Penrith CBD and

Mount Druitt, providing impetus for further investment and urban renewal within the surrounding area.

Penrith Council's Urban Strategy 2031 targets St Marys Centre with the opportunity to provide 1,250 high density dwellings and a further 950 dwellings within medium to high density developments. The Strategy further identifies the opportunity for retail space to grow by way of mixed use developments to continue to cater for existing and future needs. As such, the Planning Proposal is in accordance with the opportunities and actions outline within Council's Strategy by providing a high density mixed use development within St Marys Town Centre, next to the train station.

Furthermore, the development of Sydney's second airport at Badgerys Creek could see the continuation of the South West Rail Link extended to Sydney's rail network via St Marys. This extension would provide a vital connection to Sydney's rail network and would potentially provide a stimulus for increased commercial and residential investment. St Marys would become a higher order train station being at the junction of two train lines. This would further provide opportunities for increased densities within the town centre which would further drive demand for supportive commercial and retail space.

St Marys Retail Demand and Supply

Taking into consideration the redevelopment potential of the subject site, St Marys Town Centre is assessed have a very modest undersupply of retail floorspace (274sqm) by 2019, increasing to over 12,842sqm by 2031 as a result of population and real expenditure growth.

The subject site currently provides approximately 6,500sqm of lettable retail floorspace. Upon completion the proposed redevelopment would provide a total of 9,300sqm of lettable retail floorspace, representing an increase of 2,800sqm.

As a result of real growth in retail expenditure and population increases, there is sufficient demand for this increase without relying on any redirection of expenditure away from existing retail facilities within St Marys or surrounding centres.

The development would accommodate a resident population between 1,184 and 1,588 residents. The demand for retail floorspace generated by the population expected on site following redevelopment would generate approximately 2,600 to 3,500sqm of additional retail floorspace. Much of this floorspace would be

required in the St Mary's Town Centre. The trading impact on the St Marys Town Centre is therefore expected to be net positive. The proposal will add a further 2,800sqm of retail floor space to St Marys Town Centre to meet the increase in demand.

Potential Impacts upon St Marys Town Centre

The increase in retail floorspace on the subject site is too modest to have any negative impacts on retailers on Queen Street. On the contrary, redevelopment of the subject site would allow for an out-dated centre to be redeveloped into a modern mixed use design that places emphasise open connections with the street scape. The additional population living on site would also have positive flow on effects for Queen Street by increasing passing trade and generating additional demand for services.

The subject site further provides a northern anchor role for the centre with the southern anchor being provided by St Mary's Village Shopping Centre. The possible redevelopment of the precinct as a whole would provide opportunity for further integration with Queen Street via pedestrian link. Increased pedestrian permeability through the site would further increase the potential benefits for tenants along Queen Street.

Economic Contribution of Existing Shopping Centre

The shopping centre located within the subject site currently provides:

- 6,900sqm lettable retail floorspace of employment uses;
- 277 jobs;
- $8.5 million in salaries;
- $13 million industry value added to the local economy; and
- $0.66 million spend in St Marys Town Centre from workers on site.

Economic Impacts from Construction

During the construction phase, HillPDA estimates the two indicative development options would generate the following:

Table 1: Economic Contribution of Development Options - Construction

	Option 1	Option 2
Total economic activity ($m)	$1,013	$1,244
Production induced effects ($m)	$404	$496
Consumption induced effects ($m)	$303	$372
Total job years directly created	835	1,026
Total job years indirectly created	2,185	3,711
Retail expenditure ($m)	$2.9	$3.5

Economic Impact of the Proposed Development

Post construction the two indicative development options would provide additional economic benefits such as employment generation, retail expenditure to be captured by the town centre, wage generation and increased industry value added.

A comparison of the two development option against the Base Case is provided in the table below.

Table 2 : Economic Contribution of Development Options – Post Construction

	'Base Case'	Option 1	Option 2	Difference from 'Base Case' Option 1	Difference from 'Base Case' Option 2
Direct employment generation	277	583	601	+306	+324
Wage generation ($m)	$9	$26	$27	+$17	+$18
Industry Value Added[1] ($m)	$13	$36	$37	+$23	+$24
Worker retail expenditure ($m)	$0.7	$1.5	$1.5	+$0.8	+$0.8
Total resident expenditure ($m)	$0	$15	$21	+$15	+$21

Other benefits of the proposed development include the following:

- Significant property investment decisions are generally viewed as a strong positive commitment for the local area;
- The direct investment proposed by the development would, through a wide range of economic multipliers as outlined above, support investment in associated industries; and
- Increased pedestrian traffic as a result of the redevelopment would have the effect of further activating the local area.

[1] Industry Value Added (IVA) refers to the market value of goods and services produced by an industry minus the cost of goods and services used in the production process, which leaves the gross product of the industry (also called its Value Added). Its components largely include staff remunerations, company EBITDA and net taxes paid by the company.

Station St Precinct Development

There is a possibility that the subject site would be developed along with surrounding sites. These include the Council car park adjoining the site to the west and the residential precinct to the east. The inclusion of these sites comprises the Station St Precinct.

Redevelopment of the Precinct as a whole would provide opportunity to enhance the linkage between the Precinct and Queen Street. This would further increase connectivity and pedestrianisation of the area enhancing the viability of retail and commercial uses within the surrounding area.

HillPDA has assessed the economic contribution of the Station St Precinct under two development options:

- Option 1: Development under an FSR of 6:1; and
- Option 2: 6:1 Development under an FSR of 8:1.

Upon full development the Station St Precinct would provide between 1,569 to 2,096 residential apartments. Assuming a 5% vacancy rate and an average of 1.9[2] persons per apartment, the Precinct would likely accommodate a resident population of between 2,832 and 3,783 persons.

This population would likely spend between $35 million to $47 million per annum on retail goods and services. The majority of this would likely be spent in close proximity to their primary residence and therefore captured within the town centre.

The additional expenditure would generate further demand for retail floorspace, in the order of 6,230sqm to 8,323sqm. Around two thirds of this demand is expected to be accommodated within the St Marys Town Centre.

[2]Average household size in occupied apartments in Penrith LGA (ABS Census 2011)

1 INTRODUCTION

HillPDA was commissioned by Option Funds Management Ltd to undertake an Economic Impact Assessment (EIA) relating to the redevelopment of the Station Street Plaza site in St Marys (hence referred to as the subject site). This study supplements a Planning Proposal for the amendment of the Penrith Environmental Plan 2010 (LEP 2010) development standards, to allow increased yield and density within a mixed use development.

The Subject Site

For context the subject site is located within St Marys Town Centre, within the suburb of St Marys, City of Penrith. The subject site is approximately 11,800sqm in size and is adjacent to the St Marys train and bus interchange (Figure 1).

The subject site contains Station Street Plaza Shopping Centre which provides approximately 6,500 lettable retail floorspace. A Coles Supermarket (3,461sqm) and a Sam's Fresh Food Barn (1,725sqm) provide the anchor roles. The Centre provides a further 13 specialty shops totalling 1,300sqm lettable retail floorspace and a further 417sqm of non-retail commercial space.

Figure 1: Subject site



Source: HillPDA, MapInfo 12.5

The Planning Proposal

At the time of this study the Planning Proposal proposes two mixed use indicative development options for the redevelopment of the subject site. These are as follows:

Option 1

- An Floor Space Ratio (FSR) of 6:1;
- 656 residential units;
- 1,127 car spaces;
- 3,230sqm of supermarket Net Leasable Area (NLA);
- 7,140sqm NLA of speciality retail; and
- 2,192sqm NLA of commercial floorspace.

Option 2

- An FSR of 8:1;
- 880 residential units;
- 1,448 car spaces;
- 3,230sqm of supermarket NSA;
- 7,140sqm NLA of speciality retail; and
- 2,192sqm NLA of commercial floorspace.

Study Structure

To meet the requirements of the project brief this Study is set out in the following manner:

- **Chapter 2** - provides a summary of the planning and legislative context of relevance to the development with a particular focus on housing, economic development and retail uses;
- **Chapter 3** - examines the surrounding retail hierarchy;
- **Chapter 4** - defines a trade area for St Marys Town Centre and considers demographic characteristics, population growth and retail demand growth within this area. The potential trading impacts associated with the development on surrounding centres and St Marys Town Centre are also explored;
- **Chapter 5** – examines the current economic multipliers of Station Plaza; and
- **Chapter 6** - considers and quantifies a range of economic benefits which would likely eventuate from the proposed development under each development option.

2 CONTEXTUAL REVIEW

This Chapter undertakes an appraisal of the planning and legislative context for the Subject sited based on State, Subregional and local planning guidelines. It considers matters relating to a housing and economic perspective.

A Plan for Growing Sydney



NSW Department of Planning and Environment (NSW DPE) published the *A Plan for Growing Sydney* in December of 2014. It seeks to achieve the following outcomes:

A competitive economy with world-class services and transport;

- A city of housing choice, with homes that meet our needs and lifestyles;
- A great place to live with communities that are strong, healthy and well connected; and
- A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

By 2031, Sydney's economic output will almost double to $565 billion a year, with this economic growth being fuelled partly by an additional 689,000 new jobs over the period. Sydney will also experience a population growth of about 1.6 million persons, with 900,000 of this population growth occurring in Western Sydney. To meet this population growth, an additional 664,000 new dwellings will need to be constructed.

To address the projected economic, employment and population growth that Sydney will experience the draft Plan seeks to promote and facilitate growth which acknowledges market considerations and which integrates transport, infrastructure and land use.

Direction 1.4 of the draft Plan seeks to increase the productivity of western Sydney through growth and investment. As part of this direction, the draft Plan identifies that Western Sydney will require new jobs, located close to existing centres and transport nodes with improved access to knowledge jobs. The direction also highlights the need to provide improved scale and a mixture of job opportunities in order help people work closer to home.

Direction 2.1 seeks to accelerate housing supply across Sydney. By accelerating the delivery of different dwelling types, this direction

would help reduce pressure on rising housing prices. The target of this direction is the delivery of 664,000 new dwelling by 2031.

Direction 2.2 seeks to accelerate urban renewal across Sydney with the target of providing homes closer to jobs. The direction highlights the importance of urban renewal in helping to provide housing within Sydney and to achieve the dwelling target. Urban Renewal Precincts should be chosen that are in or near centres with good connectivity to economic and social facilities.

Direction 2.3 seeks to improve housing choice to suit the different needs and lifestyles of Sydney's population. The direction aims at requiring local housing strategies to plan for a range of housing types.

Draft SEPP (Competition) (2010)



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

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

- The commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications;
- The likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself; and
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.



NSW Draft Centres Policy (2009)

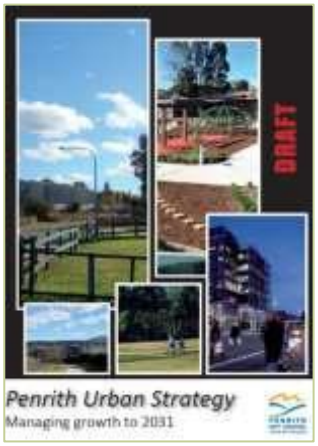
Over the past few years there has been a growing awareness and investigation of barriers to competition in Australia, particularly in the retail industry. As a result, the Australian Government directed state governments and planning authorities to review the flexibility of planning regulations and policies regarding retail development. In

response, the NSW Department of Planning (as was, now the NSW DPE) released the draft Centres Policy in April 2009.

The draft Centres Policy focuses around six key principles. The principles relate to:

1. The need to reinforce the importance of centres and clustering business activities;
2. The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
3. The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
4. Councils should zone sufficient land to accommodate demand including larger retail formats;
5. Centres should have a mix of retail types that encourage competition; and
6. Centres should be well designed to encourage people to visit and stay longer.

Penrith Urban Strategy, Managing Growth to 2031



The Penrith Urban Strategy 2031 (the Strategy) was developed by Council and HASSELL in 2008-09. The Strategy identifies issues, opportunities and constraints associated with accommodating growth within existing urban and new release areas. The Strategy provides guiding principles and actions for future development and capacity within centres located within the Penrith LGA.

The Strategy identifies St Marys Town Centres as one of three centres that have the opportunity and capacity to accommodate growth over the "next five years". It identifies the following opportunities / actions for the Town Centre:

- 1,250 high density dwellings within mixed use buildings;
- 950 dwellings at a range of medium to high density developments;
- Increased density;
- Need for greater range of housing types and densities to meet future needs of the wider community; and
- Possibility for retail to grow by way of mixed use developments to continue to cater for existing and future needs.

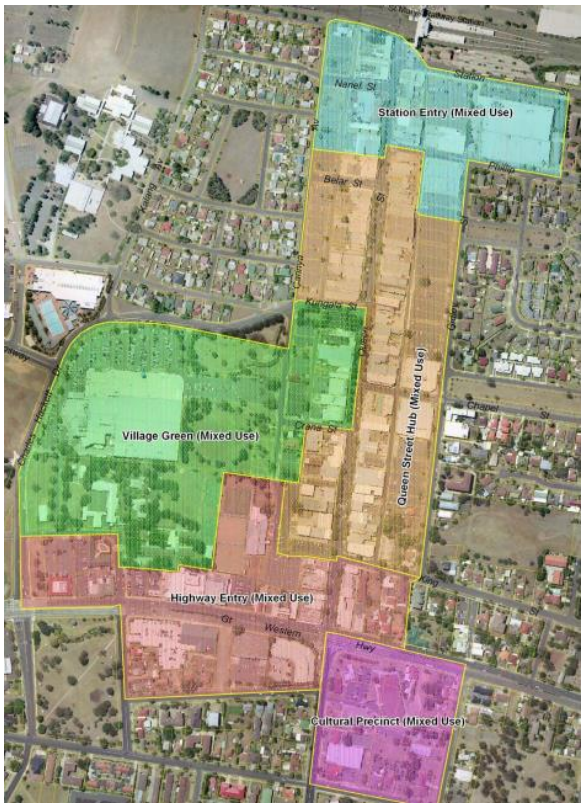
St Marys Town Centre Strategy

St Marys Town Centre Strategy (the Strategy) was adopted by Penrith City Council in 2006. The Strategy outlines a vision for St Marys Town Centre which is "*St Marys is the vibrant heart of the district, providing diverse experiences and services in a friendly atmosphere*". To achieve this vision for the centre the Strategy provides ten actions / strategies. Of relevance to this study is action 6 - deliver housing choice within the town centre. The actions states that Councils should

"*encourage a variety of housing choice and mixed use development within the city centre* and *encourage demonstration projects to clearly illustrate standard of apartment living that can be achieved in the Town Centre whilst still achieving appropriate development margins.*"

The Strategy further identifies five distinct precincts for the town centre. The subject site is located within a mixed use precinct known as Precinct 4 – Station Entry (Mixed Use). The Strategy stipulates that new development within this precinct should incorporate residential uses that overlook the street – the shopping centre increases its active frontages and provides better connectivity to Queen Street.

Figure 2: St Marys Town Centre – Activity Precincts



Source: St Marys Town Centre Strategy

Growth in Western Sydney

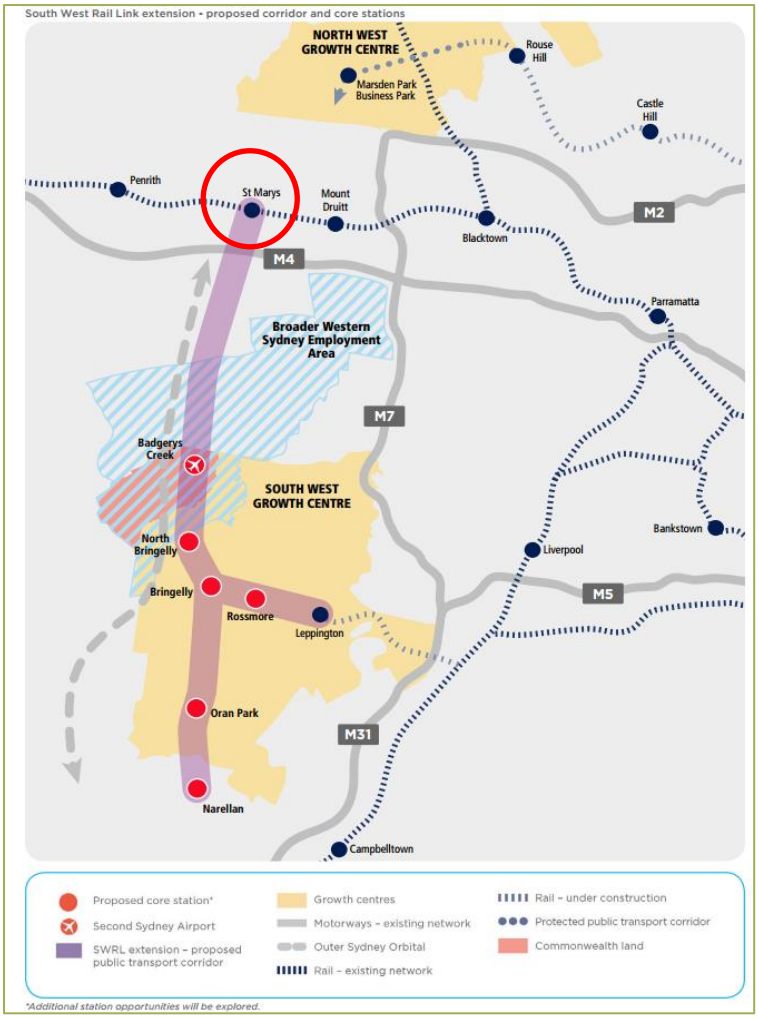
Recently the Australian Government has announced that they will build a second airport at Badgerys Creek which is expected to commence passenger flights by 2025. It is estimated that approximately 3 million passengers annually would pass through the airport upon opening.

Furthermore, Western Sydney in the coming years is expected to experience rapid growth both in employment and population with 50% of Sydney's population living there by 2031. The Broader Western Sydney Employment provides the largest amount of zoned employment land in Sydney. Adjoining this area to the south is the South West Growth Centre which is Sydney's largest residential land release area, with a planned population of more than 300,000 persons.

To accommodate this growth in population, employment and the expected passengers form Sydney West Airport the Federal and NSW Governments are considering improvements in road and public transport options. This would provide mass transit access to workers and residents of the area while also helping the airport to maximize its full potential.

In the longer term is the option of the continuation of the South West Rail Link to extend through Badgerys Creek and St Marys. This extension would provide a vital connection to Sydney's rail network via St Mary's and would potentially provide a stimulus for increased commercial and residential investment.

Figure 3: Possible South West Rail Link Corridor



Source: Transport NSW

Key Findings

State planning policy encourages urban renewal of areas with good connectivity to transport and strategic centres with the aim of providing housing and employment opportunities. The benefit of providing greater residential densities closer to centres of employment and services is recognised in State planning polices for reducing commute times and congestion, while increasing productivity and access to, and patronage of, social and public transport infrastructure.

The proposed development would provide residential, retail and employment uses while delivering greater diversity and increased housing supply within St Marys Town Centre and the wider Penrith Local Government Area (LGA) of Penrith. It would encourage St Marys Town Centre to grow and provide impetus for further

investment. These outcomes are all in line with the goals and directions of the "*A Plan for Growing Sydney*".

The increased population within the redevelopment would also increase employment opportunities for local residents and demand for retail and commercial services / floorspace. A proportion of this floorspace demand would likely be directed to surrounding centres such as Penrith CBD, further providing impetus for investment and urban renewal within the surrounding area.

Penrith Council's Urban Strategy 2031 identifies that the St Marys Centre has the opportunity to provide 1,250 high density dwellings and a further 950 dwellings within medium to high density developments. The Strategy further identifies that there is an opportunity for retail uses to grow by way of mixed use developments to continue to cater for existing and future needs.

The St Marys Town Centre Strategy (2006) further highlights the need to encourage a variety of housing choice and mixed use developments within the St Marys with a particular focus on the provision of apartments style living. The subject site is located within a gateway mixed use precinct. The St Marys Town Centre Strategy states that developments within this precinct should be of mixed use natures that include residential uses.

As such, the indicative development options as outlined in the Planning Proposal are in accordance with the opportunities and actions outlined by the Strategy as it would provide a high density mixed use development within St Marys Town Centre.

Furthermore, the possible extension of the South West Rail Link through Sydney West Airport to St Marys would provide a vital upgrade St Marys station being a junction on two rail lines. This would provide a stimulus for increased commercial and residential investment.

3 RETAIL HIERARCHY REVIEW

This Chapter examines the retail hierarchy around St Marys Town Centre. This Chapter examines the extent to which comparable provision exists in the hierarchy and to assist in assessing, at a later stage of the Study, the potential impacts of the development on surrounding centres. Understanding the retail hierarchy is an essential step in defining a trade area for the St Marys Town Centre and in quantifying need and trading impact.

Information used in this Chapter has been sourced from previous HillPDA reports, the Property Council of Australia's NSW/ ACT Shopping Centres Directory (2013/2014), Shopping Centre News and other sources as indicated.

Centres Hierarchy

The centres hierarchy in the area around the subject site and the typology for each centre, as defined under the Northwest Subregional Strategy[3], are identified below.

Table 3: Centres Hierarchy

Centre Type	Summary	Centres
Regional City	Providing a full range of business, government, retail, cultural, entertainment and recreational activities, they are a focal point where large, growing regions can access good jobs, shopping, health, education, recreation and other services and not have to travel more than one hour per day.	Penrith
Specialised Centre	Areas containing major airports, ports, hospitals, universities, research and business activities. These perform a vital economic and employment role which generates metropolitan-wide benefits.	Kingswood
Town Centre	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination.	St Marys, Mt Druitt
Village	A strip of shops and surrounding residential area within a 5 to 10 minute walk contains a small supermarket, hairdresser, take-away food shops. Contain between 2,100 and 5,500 dwellings.	St Clair, South Penrith
Small Village	A small strip of shops and adjacent residential area within 5 to 10 minute walk. Contain between 800 and 2,700 dwellings.	Various
Neighbourhood Centre	One or a small cluster of shops and services. Contain between 150 and 900 dwellings.	Various

Source: draft North West Subregional Strategy 2007

[3] NSW Department of Planning and Environment

Figure 4: Local Retail Hierarchy



Source: HillPDA, MapInfo 12.5

Penrith Regional City

The Penrith CBD is a large regional centre with a trade area covering the local government areas of Penrith, Hawkesbury and the Blue Mountains. The retail offer includes the following:

Westfield Penrith Shopping Centre

Westfield Penrith comprises 78,800sqm of retail floorspace, located on Henry Street, bounded by Jane Street to the north, High Street to the south and Mulgoa Road to the west. Major tenants include Myer (20,114sqm), Big W (8,738sqm), Target (7,097sqm), Woolworths (3,795sqm), Rebel (1,918), ALDI (1,616), Harris Farm Markets (1,507) and JB Hi-Fi (1,207). There are also 263 specialty shops accounting for 31,635sqm of retail floorspace[4].

The centre also accommodates a medical centre, a Hoyts Cinema and commercial office tenants. In 2007, the centre achieved turnover equating to $7,687/sqm[5]. This was around 14% above the median level of turnover for the 83 "Big Gun" shopping centres (centres over 45,000sqm lettable area) listed in the Shopping Centre News (2015). It is also one of the strongest performing centres in Western Sydney.

[4] NSW PCA Shopping Directory 2015
[5] Shopping Centre News, Big Guns 2015

Nepean Village

Nepean Shopping Centre comprises 19,355sqm of retail floorspace. The centre is anchored by Kmart (8,430sqm) and a Coles supermarket (4,325sqm). Additional 58 specialty shops account for 6,536sqm of retail floorspace[6]. The centre achieved a Moving Annual Turnover (MAT) of $215.8 million in 2014-2015, which equates to a turnover of $10,796/sqm. As such, the centre was the fourth highest earning centre amongst the 95 centres within the Little Guns with a per square meter MAT, 45% higher than the median.

Henry Street Plaza

Henry Street Plaza is located on Henry Street and comprises approximately 2,460sqm of retail floorspace. The Centre is anchored by an IGA supermarket of 1,600sqm. There are also 7 specialty shops that provide 860sqm of retail floorspace[7].

The Henry Lawson Centre

The Henry Lawson Centre comprises 7,037sqm of retail floorspace. It is anchored by The Good Guys (3,204sqm) and has 8 specialty shops that provide a further 3,833sqm of retail floorspace. It also accommodates an independent medical practice[8].

The Penrith Centre

The Penrith Centre comprises just over 4,000sqm of retail floorspace. Major tenants include Paul's Warehouse (2,000sqm) and Priceline Pharmacy (600sqm). 16 specialty shops provide an additional 1,550sqm of retail floorspace. The Centre also accommodates a nightclub and hotel (3,200sqm)[9].

Remainder of Penrith

Remaining shop front space in Penrith CBD is predominantly located along High Street and extends to Henry Street in the north and to Union Road in the south. The strip retailing comprises a total of approximately 66,000sqm of shopfront floorspace (including a 1,400sqm IGA supermarket and 1,500sqm ALDI supermarket). Of this,

[6] NSW PCA Shopping Directory 2015
[7] NSW PCA Shopping Directory 2015
[8] NSW PCA Shopping Directory 2015
[9] NSW PCA Shopping Directory 2015

around 27,000sqm is being used for commercial purposes and 5,000sqm is vacant[10].

Town Centres

St Marys

The two main shopping centres in St Marys are the St Marys Village Shopping Centre and Station Plaza (Subject site). There is also an existing ALDI supermarket located on the corner of Great Western Highway and Princess Mary Street (1,412sqm)[11]. Furthermore, there the centre provides around 21,000sqm of strip retailing located along Queen Street. A survey undertaken by HillPDA found that 25% of this strip retailing was attributed to professional service providers such as banks, real estate agents, accountants, lawyers and health care professionals. This proportion is typical for a centre of this size.

St Marys Village Shopping Centre is anchored by Target (8,109sqm) and Woolworths (4,046sqm). There are also 40 specialty stores providing 3,773sqm of retail floorspace. In total, the Centre provides 15,928sqm of lettable retail floorspace[12]. The turnover of the Centre is mundane at $6,189/sqm this was 26% below the median for the Mini Guns shopping's Centres[13].

Station Plaza is smaller centre that is anchored by Coles (3,461sqm) and Sam's Fresh Food Barn (1,725sqm). There are also 13 specialties providing a further 1,303sqm of retail floorspace. In total, the Plaza provides 6,489sqm of lettable retail floorspace [14]. The Plaza also contains a 417sqm RMS office.

Mt Druitt

The main shopping destination within Mt Druitt Town Centre is Westfield Mt Druitt which provides a total of 51,276sqm of lettable retail floorspace [15]. Anchors of the Centre include a Kmart (8,571sqm), Target (7,281sqm), Woolworths (3,998sqm), Coles (3,702sqm), Harvey Norman (2,880sqm) and a Rebel (1,077sqm). A further 22,652sqm is occupied by 197 specialty stores.

Further retailing is located to the east of Westfield Mt Druitt along Luxford Road. Primarily retail shopping within this area comprises

[10] HillPDA Survey 2011
[11] Cordell Connect July 2015
[12] NSW PCA Shopping Directory 2015
[13] Shopping Centre News, Mini Guns 2014, Mini Guns are defined as a shopping centre between 6,000 to 20,000sqm of lettable retail floorspace.
[14] NSW PCA Shopping Directory 2015
[15] NSW PCA Shopping Directory 2015

bulky goods some specialty outlets and two smaller shopping centres. ShopSmart Centre is located within this area and provides a total of 11,919sqm of lettable retail floorspace. Anchors of the centre include Spotlight (3,500sqm) and Trade Secret (2,088sqm) with 18 specialty shops providing further 5,603sqm of floorspace[16].

The smaller shopping centre known as Luxford Court Shopping Centre includes an ALDI foodstore plus 1,400sqm of specialty retailing[17].

The trade area for Mt Druitt extends from Ropes Creek to the west to Eastern Creek to the east to the M4 Motorway to the south. St Marys would fall in its secondary trade area.

Villages

South Penrith

Strip retailing in South Penrith is located on Stafford and Smith Streets. In total there is around 2,500sqm of retail floorspace over 23 specialty stores. Both have a mix of specialty food non specialty food stores[18].

Southlands Shopping Centre is located in South Penrith and comprises around 6,300sqm of retail floorspace. The Centre is anchored by Woolworths (3,906sqm) and has 25 specialty shops that provide 2,410sqm of retail floorspace[19]. Its trade area is confined to the suburb of South Penrith and part of Jamisontown.

St Clair

The St Clair Shopping Centre provides a total of 13,386sqm of lettable retail floorspace and is anchored by a Woolworth's supermarket (3,800sqm). An additional 38 specialty shops provide a further 9,586qm[20]. Its trade area is confined to the suburbs of St Clair and Erskine Park.

Small Villages

Kingswood

Kingswood's prime retail strip is situated predominantly along the Great Western Highway and Bringelly Road, the precinct consists of

[16] NSW PCA Shopping Directory 2015
[17] Nearmap 2015
[18] HillPDA 2009, Kingswood EIA Study
[19] NSW PCA Shopping Directory 2015
[20] NSW PCA Shopping Directory 2015

around 5,430sqm of retail floorspace. Larger tenants include the Kingswood Hotel (570sqm) and Art House Direct (225sqm). In addition, there is around 2,050sqm of commercial floorspace[21].

It is recognised that there are a few retail specialty stores within the Nepean Hospital Health Precinct. These shops meet the immediate and convenience shopping needs of the visitors, workers and patrons of the Hospital and surrounding medical facilities.

Further strip retailing is located east of the subject site on Manning Street, comprising 6 specialty stores (of which one was vacant at the time of survey), with a total of around 750sqm of retail floorspace[22].

Werrington

The 6,200sqm Werrington County Shopping Village on Dunheved Rd is anchored by a Supa IGA (1,524sqm). In addition, the Village contains a service station, convenience store plus 17 specialty stores (2,106sqm)[23].

A smaller centre is located on Victoria Street near Werrington Train Station, comprising around 2,300sqm of floorspace. This includes a bottle shop (340sqm) with the remaining a mix of specialty stores. Further strip retail is located 200m further up Victoria Street, comprising a total of 300sqm of retail. The complex contains a corner grocery store (170sqm) and two other speciality stores[24].

Claremont Meadows

Claremont Meadows comprises a small neighbourhood shopping centre of around 1,500sqm that is anchored by an IGA supermarket (approx. 800sqm) plus 7 of specialty stores including a bottle shop, pharmacy, bakery and real estate agent. The centre provides the surrounding residential area with convenience based shopping. [25]

Erskine Park Shopping Centre

Erskine Park Shopping Centre comprises 5,894sqm of lettable retail floorspace. An ALDI (1,560sqm) and IGA Supermarket (1,455sqm) provide an anchor role for the centre with 26 specialty shops occupying the remaining 2,879sqm of floorspace. The centre also contained 215sqm of vacant floorspace.

[21] HillPDA 2009, Kingswood EIA Study
[22] HillPDA 2009, Kingswood EIA Study
[23] NSW PCA Shopping Directory 2015
[24] HillPDA 2009, Kingswood EIA Study
[25] HillPDA 2009, Kingswood EIA Study

Neighbourhood Centres

There are a number of neighbourhood centres within the area, these centres provide a convenience and top-up shopping role for local residents. The level and type of retailing within these centres would not impact the trade area for St Marys Town Centre.

Proposed Developments

St Marys Village Shopping Centre

There is a proposal to potentially expand the St Marys Village Shopping Centre towards Queen Street, using Council owned land. At this stage the project is within the early planning stages although capital costs are valued at between $80 and $120 million[26] .

[26] CordellsConnect June 2016

4 DEMAND FOR RETAIL FLOORSPACE

This Chapter defines a trade area for St Marys Town Centre. It subsequently examines retail floorspace demand based on household expenditure growth forecasts by:

- Examining demographic characteristics for the residents within the trade area;
- Deriving population forecasts;
- Using household retail expenditure data to calculate the increase in total expenditure generated in the trade area as a result of population and expenditure growth;
- Applying target turnover rates to retail expenditure to determine floorspace demand; and
- Considering demand in the context of existing and proposed developments.

The Proposed Development

For the purpose of this assessment HillPDA has assumed that the proposed development would provide a potential maximum of 10,370sqm of lettable retail floorspace of which, 3,230sqm would be utilised to provide a full-line supermarket, with the remainder comprising mixed retail offering within a variety of tenancy sizes.

Trade Area Identification

The trade area served by any retail centre/facility is determined by the consideration of:

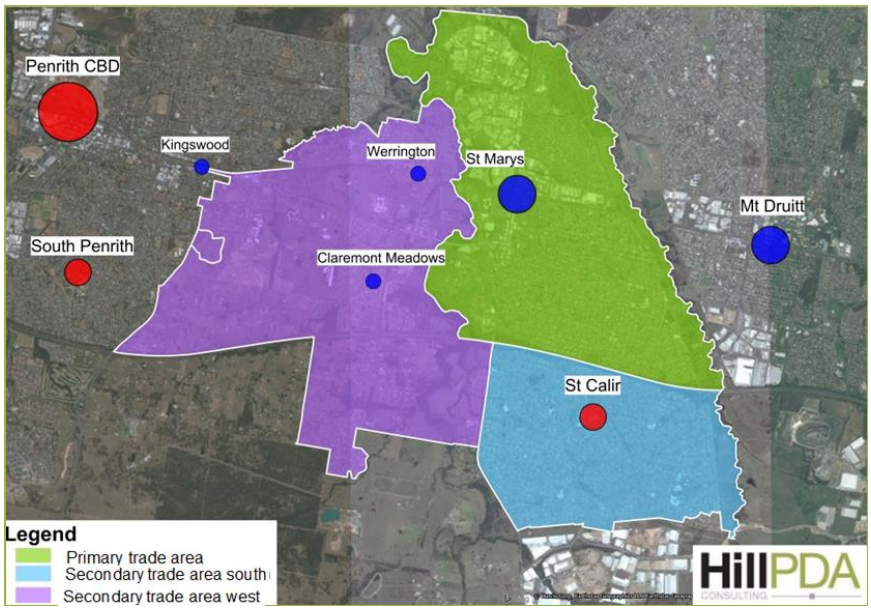
- The strength and attraction of the centre and / or store as determined by factors such as the composition, layout, ambience/ atmosphere and car parking in the centre / facility;
- Competitive retail centres, particularly their proximity to the subject centre/facility and respective sizes, retail offer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

Having considered the above HillPDA has defined a trade area for St Marys Town Centre that comprises a Primary Trade Area (PTA), Secondary Trade Area South (STAS) and Secondary Trade Area West (STAW). Combined, these sub-trade areas comprise the Main Trade

Area (MTA). The following describes the area of which each sub-trade area encompasses.

- **The PTA** has been defined as the area of land broadly bounded by the South/Wianamatta Creek to the west, the M4 Western Motorway to the South and Ropes Creek to the east. St Marys is capturing, or has potential to capture, the majority of retail expenditure generated by residents living inside this trade area;
- **The STAS** has been defined as the area directly south of the M4 Western Motorway and encompasses the suburb of St Clair and the residential component of Erskine Park Suburb. St Clair shopping centre is capturing the largest share of food and grocery shopping from the residents in this trade area. However it is likely that St Marys is capturing some proportion albeit a smaller proportion than its PTA; and
- **The STAW** has been defined as encompassing the suburbs of Werrington and Claremont Meadows. The STAW also encompasses the proportion of Kingswood Park suburb east of Bringelly Road and the northern proportion of Orchard Hills suburb. Residents in this area would be spreading their expenditure to a number of different centres including St Marys, Penrith, Werrington, Cambridge Gardens and others.

Figure 5: St Marys Town Centre Trade Area



Source: HillPDA, MapInfo 12.5

Demographics of the Main Trade Area

Demand for retail floorspace is dependent not only on the number of households in the MTA, but also on the demographic characteristics of those households. In particular higher income households generate a higher demand for retail services. Please note that for the purpose of this demographic review the ABS SA3 geographical boundary known as St Marys has been analysed and benchmarked against comparable data for the Greater Sydney Metropolitan Area.

The demographic snapshot for the MTA as of 2011 indicates the following:

- There were 52,065 persons living within the area as of 2011;
- The average household size in the MTA was higher (3 persons per dwelling) than that recorded for Greater Sydney at 2.7 persons per dwelling;
- The age profile of the MTA was reflective of a younger population with 65% of persons aged below that of 45 years. This is compared to 63% for Greater Sydney;
- The proportion of households who owned or were in the process of buying their homes in the MTA was significantly higher than that recorded for Greater Sydney (71% and 65% respectively), whilst fewer households were renting (26% and 32% respectively);
- Family households dominated household structure in the MTA (80%), with a higher proportion of all households comparative to Greater Sydney (73%);
- Couple families with children accounted for half of all family types in the MTA (50%);
- The MTA had a significant representation of detached dwellings (86%) compared to 61% for Greater Sydney;
- Compared to Greater Sydney, working residents in the MTA exhibited a lower propensity to be employed in white collar occupations such as 'managers' and 'professionals' and a higher propensity to be employed in blue collar occupations such as machinery operators and drivers' and 'labourers';
- The proportion of unemployed residents in the MTA was higher (6.5%) than that for Greater Sydney (5.7%);
- Residents within the MTA had a lower earning potential when compared to greater Sydney with 70% of persons earning a

weekly personal income of less than $1,000 per week compared to 63% for Greater Sydney; and

- Households within the MTA also had a lower median weekly household income of $1,344 which was $103 or 8% lower than that for Greater Sydney ($1,447).

The demographic analysis implies that residents within the MTA are young working family households with comparably lower levels of disposable income than Greater Sydney.

Population Growth

Population forecasts for the MTA have been sourced from AnySite Data 2014.[27] AnySite provides a forecast of population growth generally consistent with Forecast.ID to 2024 and HillPDA applied the average annual growth to 2031.

HillPDA estimates the proposed development would house between 1,184 and 1,588 persons. This has been calculated by applying a 5% vacancy rate to the number of units and an average person per apartment of 1.9 persons.[28] HillPDA has assumed half of this population would be settled within the development by 2019 with the remaining being settled by 2024.

The MTA contained approximately 69,156 residents as in 2014. By 2031, the population of the MTA is forecast to increase to over 80,000 residents. This equates to +10,920 (16%) additional persons.

The below table outlines the population projections for the MTA between 2014 to 2031.

Table 4: Population Projections for the MTA

	2014	2019	2024	2031	Growth	% Growth 2014 -2031
PTA	27,620	30,668	32,075	35,194	7,574	27%
STAS	27,274	27,147	27,008	26,822	-452	-2%
STAW	14,262	15,685	16,497	18,062	3,800	27%
MTA	**69,156**	**73,500**	**75,580**	**80,078**	**10,922**	**16%**

Source: Anysite Data 2014, HillPDA

Forecast Household Expenditure

For the purposes of this report, household expenditure was sourced from AnySite Data 2014 which provides household expenditure by broad commodity type.

[27] A product of Pitney Bowes Software (2014)
[28] Average persons per apartment within Penrith LGA – (Community Profile, ABS Census 2011)

Based on the above, and assuming population growth forecasts as discussed above, HillPDA has forecast household retail expenditure in the trade area as provided in the following table. Note the forecasts assume growth in real retail spend per capita of 1.0% per annum consistent with the long term trend in historic spend[29].

Table 5: Main Trade Area Expenditure Broad Commodity Type 2014-31 ($m2014)

YEAR	2014	2019	2024	2031
Food and Groceries	286.4	319.1	344.5	390.5
Liquor Take-Away	81.9	91.3	98.5	111.6
Take-Away Food	42.3	47.1	50.9	57.7
Apparel	90.2	100.5	108.5	122.9
Homewares and Manchester	27.3	30.4	32.8	37.2
Bulky Goods	106.3	118.3	127.7	144.7
Other Goods	168.8	188.1	203.1	230.2
Selected Personal Services	33.1	36.9	39.9	45.2
Liquor Consumed On Premises	26.2	29.2	31.6	35.8
Meals in Pubs, Clubs, Restaurants	69.6	77.5	83.7	94.8
TOTAL	**932.2**	**1,038.5**	**1,121.0**	**1,270.5**

Source: Anysite 2014 HillPDA

The MTA generated approximately $932m of retail expenditure in 2014. Over the period to 2031 total retail expenditure is forecast to increase by $338m to $1.3b as a result of population and expenditure growth.

The ABS Retail Survey (1998-99 Cat No. 8624.0) provides a cross tabulation of commodity type by store type (defined by ANZIC). Multiplying the percentages in the cross tabulation by total dollars spend generates household expenditure by retail store type. This is provided in the following table.

Table 6: Trade Area Expenditure by Retail Store Type ($m2014)

Year	2014	2019	2024	2031
Supermarkets and Grocery Stores	297.3	331.2	357.6	405.3
Take-away Liquor Stores	57.9	64.5	69.7	78.9
Specialty Food Stores	33.7	37.6	40.5	46.0
Fast-Food Stores	54.7	60.9	65.7	74.5
Restaurants, Hotels and Clubs*	95.8	106.7	115.2	130.6
Department Stores	63.0	70.2	75.8	85.9
Apparel Stores	79.0	88.0	95.0	107.6
Bulky Goods Stores	125.1	139.3	150.3	170.3
Other Personal and Household Goods	128.5	143.1	154.5	175.1

[29] HillPDA estimate based on ABS Retail Sales, Population estimates and CPI

Selected Personal Services**	33.1	36.9	39.9	45.2
Total Retailing	**968.0**	**1,078.4**	**1,164.2**	**1,319.3**

Source: *Hotels and Clubs only includes the Restaurant and Catering component. Other sources of revenue such as gaming and accommodation are excluded.** Personal services include hair and beauty, clothing alterations, photo processing, optical dispensing and video hiring.

The above table indicates that by 2031 a total of $1.3b of retail sales will be generated by household expenditure within the MTA. Expenditure tables for each of the Trade Areas can be found within Appendix A.

Potential Capture of Expenditure

The table below outlines the potential capture rates of expenditure expected for retail activities located in St Marys Town Centre. It should be noted that in developing these capture rates we have used aspirational target capture rates for the Centre which reflect the size of the trade area (i.e. almost 70,000 people) and household expenditure available.

Table 7: Potential Capture Rates of Household Expenditure

	Capture Rate %		
Retail Store Type	PTA	STAS	STAW
Supermarkets and Grocery Stores	75%	20%	15%
Take-away Liquor Stores	75%	20%	15%
Specialty Food Stores	75%	20%	10%
Fast-Food Stores	60%	20%	20%
Restaurants, Hotels and Clubs*	50%	20%	10%
Department Stores	30%	10%	10%
Apparel Stores	35%	15%	10%
Bulky Goods Stores	10%	0%	0%
Other Personal and Household Goods	50%	10%	5%
Selected Personal Services**	60%	10%	5%
Average	**52%**	**15%**	**9%**

Source: HillPDA

The above table indicates, for example, that the proposed retail facilities within St Marys Town Centre have the potential to capture 75% of supermarket expenditure generated by PTA residents. As such, it assumes 25% of household expenditure in supermarkets and grocery stores will escape the trade area mostly towards higher order centres such as Penrith and Mt Druitt.

With the above capture rates applied, St Marys Town Centre could potentially capture $340m in retail sales by 2019. This is forecast to increase by $127m to $426m by 2031.

Table 8: Potential Retail Sales in St Marys Town Centre by Retail Store Type ($m2014)

YEAR	2014	2019	2024	2031
Supermarkets and Grocery Stores	124.7	142.2	154.9	179.0
Take-away Liquor Stores	24.1	27.5	29.9	34.5
Specialty Food Stores	13.8	15.7	17.1	19.7
Fast-Food Stores	20.5	23.3	25.3	29.2
Restaurants, Hotels and Clubs*	33.7	38.2	41.6	47.8
Department Stores	17.7	20.0	21.6	24.7
Apparel Stores	18.0	20.3	22.1	25.3
Bulky Goods Stores	4.9	5.7	6.2	7.3
Other Personal and Household Goods	32.4	37.2	40.5	47.0
Selected Personal Services**	9.8	11.2	12.2	14.2
Total Retailing	**299.5**	**341.2**	**371.5**	**428.8**

*Hotels and Clubs only includes the Restaurant and Catering component. Other sources of revenue such as gaming and accommodation are excluded.

** Personal services include hair and beauty, clothing alterations, photo processing, optical dispensing and video hiring.

Retail Floorspace Demand

Demand for floorspace is estimated by dividing total household expenditure captured by benchmark retail turnover densities (RTD) measured as $/sqm/annually. For the purpose of this analysis, HillPDA have adopted the following target RTDs and assumed a real growth rate of 0.5% per annum. [30] HillPDA has also applied an additional 7% retail capture from beyond the MTA.

Table 9: Benchmark Turnover Levels 2014

Year	$/sqm
Supermarkets and Grocery Stores	11,000
Take-away Liquor Stores	12,000
Specialty Food Stores	8,000
Fast-Food Stores	8,000
Restaurants, Hotels and Clubs	5,000
Department Stores	3,600
Clothing Stores	6,000
Bulky Goods Stores	3,700
Other Personal and Household Goods Retailing	4,900
Selected Personal Services	3,500

[30] This is in line with historic trends. Expenditure per capita has increased at around 1.1% above CPI every year since 1986. Around half of this increase has translated into an increase in retail floorspace per captia (from 1.8spm in the 1980s to around 2.2sqm today). The balance of the increased in expenditure has translated into a real increase in turnover per square meter rates

Total Retailing	**5,933**

Source: National average from ABS Retail Survey 1998-99, escalated to 2014 dollars; Urbis Retail Averages, Shopping Centre News and other Consultancy Reports.

Demand for retail floor space is shown in the table below.

Table 10: Demand for Retail Floorspace in St Marys Town Centre (sqm lettable retail floorspace)

YEAR	2014	2019	2024	2031
Supermarkets and Grocery Stores	11,338	12,929	14,083	16,270
Take-away Liquor Stores	2,007	2,288	2,492	2,878
Specialty Food Stores	1,722	1,963	2,138	2,468
Fast-Food Stores	2,558	2,908	3,165	3,647
Restaurants, Hotels and Clubs	6,735	7,648	8,313	9,568
Department Stores	4,918	5,542	6,008	6,873
Clothing Stores	3,000	3,390	3,679	4,218
Bulky Goods Stores	1,314	1,533	1,685	1,982
Other Personal and Household Goods Retailing	6,621	7,582	8271	9,586
Selected Personal Services	2,788	3,201	3,496	4,061
Total Retailing	**43,000**	**48,984**	**53,329**	**61,552**

Source: HillPDA Estimate

By 2019 residents within the MTA would generate sufficient demand for 48,800sqm of retail floorspace in the St Marys Town Centre. Over the period to 2031 this is expected to increase to a demand of almost 61,550sqm, representing an increase of 12,568sqm or 26%.

St Marys Town Centre Retail Floorspace Demand v Supply

St Marys Town Centre currently contains approximately 44,800sqm[31] of retail floorspace. Table 11 below, demonstrates a very modest undersupply of approximately 274sqm (around 3 small shops) of retail floorspace by 2019 (assumed year of completion for the retail component of the proposed development).

Because of population growth the shortage is projected to increase, to an undersupply of 12,842sqm by 2031.

Table 11: St Marys Town Centre Retail Floorspace Demand Verse Supply

	2014	2019	2024	2031
Retail Provision (sqm)				
St Marys Town Centre (sqm)	44,829	38,340	38,340	38,340
Subject Site**		10,370	10,370	10,370
Total Retail Floorspace	**44,829**	**48,710**	**48,710**	**48,710**
Total Retail Demand (sqm)	43,000	48,984	53,329	61,552
Under / Over Supply* **	**-1,829**	**274**	**4,619**	**12,842**

[31] NSW PCA Shopping Directory 2015 previous HillPDA report

*Blue indicates undersupply and Red indicates an oversupply

**assumed lettable retail floorspace at 90% of GFA

Potential Impacts upon St Marys Town Centre

The proposed development would not significantly increase the amount of retail floorspace currently provided within the Plaza. As such, this modest increase in retail floorspace proposed would likely not compromise the viability of businesses along Queen Street.

The redevelopment would also facilitate the replacement of the current "box" design of the Plaza with a modern mixed use design that places emphasise on open connections with the streetscape. Residents living within the development would also activate the area and provide opportunity for tenants within the development and along Queen Street to capture passing trade. These residents would also generate demand for additional retail floorspace that would ideally be accommodated within the centre.

An integrated shopping centre with the local main street can provide a positive economic contribution to strip retailers. This is evident in the supermarket anchored centre known as Norton Plaza in Leichhardt. Norton Plaza provided a positive contribution to strip retailing along Norton Street, this contribution was largely a result of the supermarket being located halfway down the street and having direct frontal access to the main street combined with rear access and parking beneath. The majority of retail floorspace is provided at street level allowing high connectivity and a seamless transition between the centre and the main street.

Like Norton Plaza the subject site is uniquely positioned near the railway station allowing local residents using public transport to shop before or after work as well as workers within the industrial estate to the north and within he centre itself.

The subject site further provides a northern anchor role for the centre with the southern anchor being provided by St Mary's Village Shopping Centre. The possible redevelopment of precinct as a whole would provide opportunity for further integration with Queen Street. Increased pedestrian permeability through the site would increase potential benefits for tenants along Queen Street.

Summary

As a result of population and real expenditure growth St Marys Town Centre will have a potential modest undersupply of retail floorspace in the order of 274sqm by 2019, increasing to 12,842sqm by 2031.

The subject site currently provides approximately 6,500sqm of lettable retail floorspace. Upon completion, the proposed development a would provide a potential maximum of 9,300sqm of lettable retail floorspace of which, 3,230sqm would be utilised to provide a full-line supermarket, with the remainder comprising mixed retail offering within a variety of tenancy sizes.

As such, there is an increase in lettable retail floorspace provision of 2,800sqm under the proposal. However, as a result of real growth in retail expenditure and population there is sufficient demand for this increase without relying on any redirection of expenditure away from existing retail facilities within St Marys or surrounding centres.

The proposed development would accommodate a resident population between 1,185 and 1,590 residents. These residents would demand approximately 2,600 and 3,500sqm of retail floorspace. Much of this floorspace would be required in the St Mary's Town Centre. Given the modest increase in retail floor space of only 2,800sqm, the net trading impact on the St Marys Town Centre is therefore expected to be positive.

5 THE BASE CASE

The base case refers to the "do nothing" option – that is retaining the existing buildings and uses on site. This chapter provides an assessment of the economic contribution that the current Station Plaza makes to the local and wider economy.

Station Plaza provides a total of 7,229sqm of employment floorspace. This includes:

- a 3,461sqm Coles supermarket;
- a 1,725sqm Grocery Store (Sam's Fresh Food Barn);
- 13 specialty stores totalling 1,303sqm; and
- A 417sqm RMS office.

Of the 6,900sqm of retail floorspace that is provided within the shopping centre 393sqm or 6% is currently vacant. However, for the purpose of evaluating the potential economic contribution of the shopping centre, HillPDA has assumed full occupation.

Employment Generation

HillPDA has estimated that the shopping centre has the potential to accommodate approximately 277 jobs on site.

Table 12: Base Case Employment

Station Plaza	Floorspace	Sqm/Employee*	No. Workers
Supermarket	5,186	25	207
Retail Specialties	1,303	26	50
RMS Office	417	22	19
Total Employment	**6,906**		**277**

* ABS Retail Survey 1998-99 and HillPDA

Salaries

Based on IBIS World Industry Reports 2014/15, HillPDA has estimated combined potential annual worker salary at approximately $8.5 million for workers within the shopping centre. The breakdown by land use is shown in the table below.

Table 13: Estimated Current Salary Contribution

Station Plaza	No. Workers	Average Wage	Total Remuneration ($m)
Supermarket	207	$28,333	$5.9
Retail Specialties	50	$32,699	$1.6
RMS Office	19	$52,529	$1.0
Total	**277**		**$8.5**

Source: IBIS World Industry Reports 2014/15, HillPDA

Industry Value Added

Industry value added (IVA) of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP). We estimate the shopping centre has the potential to contribute $13 million every year based on the following table.

Table 14: Estimated Industry Value Added ($m)

Station Plaza	No.	IVA / worker	IVA ($m)
Supermarket	207	$45,820	$9.5
Retail Specialties	50	$46,683	$2.3
RMS Office	19	$63,051	$1.2
Total	**277**		**$13.0**

Source: IBIS World Industry Reports 2014/15, HillPDA

Expenditure from Workers

A recent survey conducted by URBIS found that Sydney CBD workers spend an average of $230 a week or $11,000 per annum on retail goods and services in the CBD. Given that the retail offering in the CBD is superior to St Marys we expect the average level of spend from workers to be considerably lower. For the purpose of this assessment, HillPDA has applied a more conservative weekly expenditure of $50 per employee per week for the existing workers on site which equates to an annual spend of $2,392. With 316 workers on site this amounts to around $66,400 per annum.

Summary

The shopping centre currently provides 6,900sqm lettable retail floorspace of employment floorspace of which 393sqm was vacant in 2015[32]. If fully occupied, HillPDA estimates that the shopping centre has the potential to provide 277 jobs. These workers would contribute an estimated $13 million to the economy, receive $9 million in salaries and spend around $0.66m on retail goods and services in St Marys Town Centre every year.

[32] NSW PCA Directory

6 ECONOMIC IMPACT OF THE PROPOSED DEVELOPMENT

This Chapter examines the economic benefits of the proposal during the construction and post construction phases of each development option of the proposed development. Economic benefits such as employment generation, increased workers and local residents' expenditure and other economic multipliers are explored.

Construction Economic Benefits

Estimated Construction Cost

Total construction cost has been estimated at $306million for Option 1 and $376 million for Option 2. These estimates have been derived from HillPDA's feasibility study.

The construction industry is a significant component of the economy accounting for 6.7% of Gross Domestic Product (GDP) and employing almost one million workers across Australia.[33] The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

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

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of $0.65, $0.67 and $0.99 respectively to every dollar of construction.

[33] Source: IBIS World Construction Industry Report 2015

The table below quantifies associated economic multipliers resulting from the construction process.

Table 15: Construction Multipliers ($m)

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.65	0.67	0.99	3.31
Output ($million): Option 1	306	$197.8	$206.1	$302.7	$1,013
Output ($million): Option 2	376	$243.0	$253.2	$371.9	$1,244

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

The estimated direct construction costs would generate a further $404 to $496 million of activity in production induced effects and $303 to $372 million in consumption induced effects. Total economic activity generated by construction of the proposal is estimated at between $1,013 and $1,244 million.

Note that the multiplier effects are national, and not necessarily local. The ABS states that:

> *"Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy."*

In particular the multiplier impacts can leave the impression that resources would not have been used elsewhere in the economy had the development not proceeded. In reality many of these resources would have been employed elsewhere. Note that the NSW Treasury guidelines state:

> *"Direct or flow on jobs will not necessarily occur in the immediate vicinity of the project – they may be located in head office of the supplier or in a factory in another region or State that supplies the project".*[34]

[34] Source: Office of Financial Management Policy and Guidelines Paper: Policy and Guidelines: Guidelines for estimating employment supported by the actions, programs and policies of the NSE Government (TPP 09-7) NSW Treasury

Nevertheless, economic multiplier impacts represent considerable added value to the Australian economy.

Construction Related Employment

Every one million dollars of construction work undertaken generates 2.73 job years directly in construction[35]. Based on the estimated construction costs 835 to 1,026 job years[36] would be directly generated by the proposed development as shown in the table below.

Table 16: Construction Employment

	Direct Effects (Job Years)	Production Induced Effects		Consumption Induced Effects	Total Job years
		First Round Effects	Industrial Support		
Multipliers	1	0.643	0.695	1.338	3.676
Employment No. per $million	2.728	1.753	1.896	3.493	9.870
Total job years created Option 1	835	536	580	1,069	3,020
Total job years created Option 2	1,026	659	713	1,313	3,711

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0) adjusted by CPI to 2014

The ABS Australian National Accounts: Input-Output Tables 2008-09 identified employment multipliers for first round, industrial support and consumption induced effects of 0.64, 0.70 and 1.34 respectively for every job year in direct construction. Including the multiplier impacts the proposed development is estimated to generate a total of between 3,020 and 3,711 job years directly and indirectly during construction.

Retail Expenditure from Construction Workers

Construction workers on site would generate additional sources of retail expenditure. This would be spent predominately on convenience-related items such as lunches, coffees, snacks and so on. There have been no recent studies into the amount that workers spend on retail items during the working week. Although a recent survey conducted by URBIS found that workers in Sydney CBD on average spend $11,000 per annum in the CBD on food,

[35] Source: ABS Australian National Accounts: Input – Output Tables 2008-09 (ABS Pub: 5209.0) adjusted to 2014 dollars
[36] Note: One job year equals one full-time job for one year

entertainment and other retail items. Given that the retail offer in St Marys is lower than Sydney CBD, HillPDA has applied a more conservative assumption of retail spend of $15 a day or $75 a week per worker for 46 working weeks during the construction period.

We have estimated that:

- Between 835 and 1,026 job years in construction would be directly generated by the proposal over the course of the development; and
- These workers on site are likely to spend in the order of three and half thousand dollars per annum in the St Marys town centre.

On this basis existing retailers in St Marys would enjoy around $2.9 and $3.5 million revenue from construction workers on site during the period of construction.

Other Construction Impacts

The construction process may lead to short-term negative impacts in the locality such as increased traffic, noise, dust and so on. We have assumed that the development would take necessary steps to mitigate the extent of these impacts.

Economic Impacts of the Proposed Development

Employment Generation

Following construction, the development would support permanent employment in retail and commercial operations on site. The residential component would also accommodate some jobs. According to ABS 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008, Cat 6275.0). Given that there are an average of 1.5 working residents per household in Penrith LGA (ABS Census 2011) then almost one in 10 dwellings is expected to provide employment.

For the purpose of the forecast we have assumed a more conservative rate of 1.1 working residents per household. The table below provides an estimate of the number of jobs that would be supported on site following construction and occupation.

Table 17: Estimated Employment Generation

	Floorspace (NSA)	Sqm/ Worker	No. of Workers: Option 1	No. of Workers: Option 2
Supermarket	3,230	22	147	147
Retail general	7,140	26	275	275
Commercial general	2,192	20	110	110
Home Based Businesses**			52	70
Total Employment			**583**	**601**

Source: ABS Retail Surveys 1990-91 and 1998-99
* Assumes 90% of GFA is leasable and occupied
** Source: 7.6% of workers undertake the majority of work at home (ABS Locations of Work 2008 Cat 6275.0). A rate of 1.2 working residents per household was assumed and 5% vacancy.

As indicated within the table above, the development would facilitate the creation of approximately 583 to 601 jobs. This is an additional **+306 to +324** jobs than currently estimated on site.

Salaries

Based on IBIS World Industry Reports 2014/15, HillPDA has estimated a combined potential annual worker salaries at approximately $26 to $27 million for workers within the shopping centre. A breakdown by land use can be seen in the table below.

Table 18: Estimated Salaries

	Average Wage	Wage Generation - Option 1	Wage Generation - Option 2
Supermarket	$28,333	$4.2	$4.2
Retail general	$32,699	$9.0	$9.0
Commercial general	$86,831	$9.5	$9.5
Home Based Businesses**	$60,000	$3.1	$4.2
Total	**$45,229**	**$25.8**	**$26.9**

Source: IBIS World Industry Reports; and ABS Average Weekly Earnings (Cat 6302).

Hence the development will result in increasing total salaries by around $17.3 to $18.3 million every year.

Industry Value Added

Industry Value Added (IVA) refers to the market value of goods and services produced by an industry minus the cost of goods and services used in the production process, which leaves the gross product of the industry (also called its Value Added). The components include compensation of workers, net taxes on

production and imports and gross operating surplus. IVA may be referred to as the contribution made to the local economy (GDP).

Table 19: Estimated Industry Value Added of Proposal

	Industry / Value Added / Worker	Value Added - Option 1	Value Added - Option 2
Supermarket	$45,820	$6.7	$6.7
Retail general	$46,683	$12.82	$12.82
Commercial general	$115,358	$12.6	$12.6
Home Based Businesses**	$74,400	$3.9	$5.2
Total	**$63,015**	**$36.1**	**$37.4**

Source: IBIS World Industry Reports and Hill PDA, assumed impact year of 2015/16

As shown in the above table, the proposed development would contribute around $36 to $37 million every year to the local economy. This is an increase of $23 to $24 million from the base case.

Benefits to St Marys Town Centre

The development would benefit the St Marys Town Centre and its existing retailers by providing additional residents and spending in the Town Centre. HillPDA estimates an additional 1,184 to 1,588 residents on site based on an average persons per apartment of 1.9[37] and a 5% vacancy rate for the 656 to 880 apartments proposed.

Expenditure from Workers

Applying the same retail expenditure for retail workers and $100/week for commercial workers HillPDA has estimated that retail expenditure generated by workers within the proposed development would be approximately $1.5 million per annum, an increase of $0.8 million.

Expenditure from Residents

Average spend per resident in Penrith LGA is around $12,425 per annum[38] which is around 4% lower than NSW average. However, we would expect new residents in the proposed development would have slightly higher spending levels than the LGA – say 5% higher. Assuming an average spend of $13,050 total retail spend generated would be between $15.5 and $20.7 million ($2015) by 2019.

[37] ABS 2011 Penrith LGA community profile – average number of persons in occupied apartments
[38] Mapinfo Anysite 2014 Expenditure Data

Of course not all of this expenditure will be captured by existing retailers in the St Marys Town Centre, but HillPDA would expect a rate of around 50% to 60%, mostly in food and grocery items, would be captured in the Town Centre.

When combined with workers on site the proposed development would provide sources for an increase in retail sales in the St Marys Town Centre in the order of $8 to $9 million and $10 to $12 million every year ($2014).

Other Economic Benefits

Investment Stimulus

Where a significant property investment decision has been made, it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further investment. The direct investment in the Subject site would support a wide range of economic multipliers which would in turn support investment in associated industries. It would also raise the profile of St Marys to potential investors.

The provision of high density residential development on the Subject site would increase the economic benefits of the scheme to surrounding businesses, services and the financial feasibility of public transport. The benefits of residential uses in Penrith LGA are recognised in planning policy increasing the demand for retail, commercial and transport services and hence increasing the viability of these services.

The proposed development would create additional business opportunities in this locality associated with future residents and employment floorspace on site. It would increase the profile of this area and in so doing increase the financial feasibility of mixed use development, potentially acting as a catalyst on surrounding sites.

Increased Housing Supply

*A Plan for Growing Sydney (*the Plan*)* provides core directions in the provision of housing within Sydney, these being:

1. Direction 2.1: Accelerate housing supply across Sydney;
2. Direction 2.2: Accelerate urban renewal across Sydney; and
3. Direction 2.3: Improve housing choice to suit different needs and lifestyles.

The proposed development would be meeting each of these three directions. Furthermore, the proposed development would be considered a Transit Orientated Development (TOD) that is a development that is in close proximity to existing public transport infrastructure, a key initiative of the Plan. The development of a TOD would likely decrease the need for future residents to use personal transportation reducing traffic congestion and increasing environmentally sustainable alternatives.

Replacing Old with New

The redevelopment of the Subject site would replace existing C grade retail and commercial space, which is reaching the end of its functional economic life, with a modern mixed use development. This new retail/commercial floorspace would be more attractive for both retailers and shoppers while increasing worker densities through increased efficiencies.

Street Activation

The development of a mixed use development comprising uses such as commercial, retail and residential located on the Subject site would create increased pedestrian traffic having the effect of further activating the local area. This street activation would have the benefits of increasing security, increasing trade for retailers through increased passing trade and increase investment within the local area.

Transit Orientated Development

High density residential and mixed use development close to major public transport nodes – particularly rail stations – meets urban consolidation objectives. It results in improved efficiencies, reduces dependency on private motor vehicle usage and encourages the use of public transport.

Economic Contribution Summary

The proposed development would provide around 12,562sqm lettable retail floorspace of employment floorspace. If fully occupied, HillPDA estimates that the shopping centre has the potential to provide between 583 and 601 jobs (an increase of 307 to 325 jobs). These workers would receive $26 to $27 million in remuneration (an increase of $17 to $18 million) and contribute an estimated $36 to $37 million to the economy (an increase of $23 to 24 million).

Non-resident workers would spend around $1.5 million on retail goods and services within the St Marys area every year. Residents located on site would potentially generate $15.5 to $20.7 million in retail expenditure, of which $8 to $9 million and $10 to $12 million would likely be captured within St Marys Town Centre.

Whole of Precinct

There is a possibility that the subject site would be developed along with surrounding sites. These include the Council car park adjoining the site to the west and the residential precinct to the east. The inclusion of these sites comprises the Station St Precinct.

Redevelopment of the Precinct as a whole would provide opportunity to enhance the linkage between the Precinct and Queen Street. This would further increase connectivity and pedestrianisation of the area enhancing the viability of retail and commercial uses within the surrounding area.

HillPDA has assessed the economic contribution of the Station St Precinct under two development options:

- Option 1: Development under an FSR of 6:1; and
- Option 2: 6:1 Development under an FSR of 8:1.

Residential Dwelling and Population Yield

Upon full development the Station St Precinct would provide between 1,569 to 2,096 residential apartments.

Assuming a 5% vacancy rate and an average of 1.9[39] persons per apartment, the Precinct could accommodate a resident population of between 2,832 and 3,783 persons.

Table 20: Station St Precinct Dwelling Yield

	Option 1: FSR 6:1 Unit Yield	Option 1: Population	Option 1: FSR 8:2 Unit Yield	Option 2: Population
Station Plaza Site	656	1,184	880	1,588
Council Car Park Site	270	487	359	648
Eastern Residential Precinct	643	1,160	857	1,547
Station St Precinct	**1,569**	**2,831**	**2,096**	**3,783**

Source: HillPDA

[39]Penrith LGA Community Profile ABS Census 2011

Retail Expenditure and Floorspace Generation

The increased population on site would have additional economic benefits for St Marys Town Centre in the terms of increased retail expenditure and floorspace demand.

Upon completion the population within the Precinct would likely spend between $35 million to $47 million per annum on retail goods and services. The majority of this would likely be spent in close proximity to their primary residence and therefore captured within the town centre.

The residents would also increase the demand for additional retail floorspace. As such, the residents would generate demand for an additional 6,230sqm to 8,323sqm of retail floorspace. Not all of this necessarily would be directed toward the town centre however, it would be expect that a significant proportion would be accommodated within the town centre.

Table 21: Station St Precinct Retail Expenditure & Floorspace Generation

	Option 1: FSR 6:1 Retail Spend ($m)	Option 1: Additional Retail Floorspace Demanded	Option 1: FSR 8:2 Retail Spend ($m)	Option 2: Additional Retail Floorspace Demanded
Station Plaza Site	15	2,605	20	3,494
Council Car Park Site	6	1,072	8	1,427
Eastern Residential Precinct	14	2,553	19	3,404
Total Station St Precinct	**35**	**6,230**	**47**	**8,324**

Source: HillPDA

APPENDIX A: EXPENDITURE BY RETAIL STORE TYPE

The ABS Retail Survey 1998-99 (Cat No. 8624.0) provides a cross tabulation of store type (defined by ANZIC), by commodity type. Multiplying the percentages in the cross tabulation by total dollars spent generates household expenditure by retail store type. Turnover by retail store type generated by household expenditure for each of the sub-trade areas is provided in in the tables below.

Table 22: Expenditure by Retail Store Type Primary Trade Area ($m2014)

Year	2014	2019	2024	2031
Supermarkets and Grocery Stores	109.6	127.9	140.6	165.4
Take-away Liquor Stores	21.0	24.5	27.0	31.7
Specialty Food Stores	12.5	14.5	16.0	18.8
Fast-Food Stores	20.5	23.9	26.3	30.9
Restaurants, Hotels and Clubs*	35.8	41.7	45.9	54.0
Department Stores	23.1	26.9	29.6	34.8
Apparel Stores	29.0	33.9	37.3	43.8
Bulky Goods Stores	45.4	53.0	58.3	68.5
Other Personal and Household Goods	47.1	55.0	60.5	71.1
Selected Personal Services**	12.3	14.4	15.8	18.6
Total Retailing	**356.3**	**415.8**	**457.1**	**537.7**

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

** Bulky Goods includes fabrics, soft goods, furniture, floor coverings, hardware, houseware, electrical appliances, sports and camping stores.

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

Table 23: Expenditure by Retail Store Type Primary Trade Area South ($m2014)

YEAR	2014	2019	2024	2031
Supermarkets and Grocery Stores	124.1	129.8	135.7	144.5
Take-away Liquor Stores	24.3	25.4	26.5	28.3
Specialty Food Stores	14.1	14.7	15.4	16.4
Fast-Food Stores	22.8	23.9	25.0	26.6
Restaurants, Hotels and Clubs*	40.1	42.0	43.9	46.7
Department Stores	26.5	27.7	29.0	30.9
Apparel Stores	33.2	34.7	36.3	38.7
Bulky Goods Stores**	52.9	55.3	57.8	61.6
Other Personal and Household Goods	53.6	56.1	58.7	62.5
Selected Personal Services***	13.8	14.4	15.1	16.1
Total Retailing	**405.3**	**424.0**	**443.4**	**472.1**

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

** Bulky Goods includes fabrics, soft goods, furniture, floor coverings, hardware, houseware, electrical appliances, sports and camping stores.

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

Table 24: Expenditure by Retail Store Type Secondary Trade Area West ($m2014)

YEAR	2014	2019	2024	2031
Supermarkets and Grocery Stores	63.6	73.5	81.3	95.4
Take-away Liquor Stores	12.7	14.6	16.2	19.0
Specialty Food Stores	7.2	8.3	9.2	10.8
Fast-Food Stores	11.3	13.1	14.5	17.0
Restaurants, Hotels and Clubs*	19.9	23.0	25.5	29.9
Department Stores	13.5	15.6	17.2	20.2
Apparel Stores	16.8	19.4	21.4	25.1
Bulky Goods Stores**	26.8	30.9	34.2	40.2
Other Personal and Household Goods	27.7	32.0	35.4	41.5
Selected Personal Services***	7.0	8.1	9.0	10.5
Total Retailing	**206.4**	**238.5**	**263.7**	**309.5**

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

** Bulky Goods includes fabrics, soft goods, furniture, floor coverings, hardware, houseware, electrical appliances, sports and camping stores.

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

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Date: 14 December 2018

Subject: St Marys Station Plaza Planning Proposal EIA update

HillPDA has been commissioned to undertake a concise addendum to a previous economic impact assessment (EIA) we undertook for a proposed redevelopment of the Station Street Plaza site in St Marys (hence referred to as the subject site).

The catalyst for this addendum has been an amendment to the planning proposal, which has reduced its overall dwelling and employment floorspace yields.

1.1 Revised Planning Proposal

The previous EIA report undertook an assessment of two hypothetical redevelopment options for the subject site. These being

- Option 1: Development under a proposed FSR of 6:1
- Option 2: Development under a proposed FSR of 8:1.

We understand that since completion of the previous EIA report, the FSR for the proposed development has been amended to 5:1. Under the revised FSR the site is proposed to yield:

- Between 580 and 600 residential apartments
- A supermarket of around 4,500sqm
- 1,615sqm of supportive speciality retail
- Around 2,200sqm of commercial floorspace
- Associated car parking.

The following is an assessment of the demand for retail space in St Marys and the economic impact that development under the planning proposal would have upon the centre and wider locality measured against the current Station Street Plaza or "Base Case" scenario.

Economic impacts including likely trading impacts on surrounding retailers are explored and the contribution the subject site makes to the local economy in terms of employment, remuneration and gross value added (GVA).

Liability limited by a scheme approved under the Professional Standards Legislation

1.2 Station Street Plaza

Station Street Plaza currently provides a total of 8,800sqm of retail space, with a Coles supermarket of around 3,460sqm providing the anchor role. Additional retail includes an Enzo's Deli mini-major (1,725sqm) and 20 speciality shops. The Centre has a high proportion of vacancies at around 2,215sqm (or 25%)[1].

Since completion of our last report, retail floorspace in the centre has increased from around 6,490sqm[2] to around 8,800sqm, an additional 2,310sqm.

The high vacancy rate may be a result of tenancy uncertainty due to the planning proposal itself. In assessing the full potential economic benefits under the Base Case versus the planning proposal scenario, we have assumed a lower vacancies

1.3 Retail demand modelling

We have undertaken an update to our previous retail demand modelling provided in the EIA. The methodology follows that laid out in the previous report, with the following exceptions:

- Updated population projections for the MTA, sourced form Forecast ID and Anysite 2017 (table below)
- Amended resident population on site estimated at 1,028 residents
- An additional 10% of retail expenditure captured from beyond MTA – given its elevated status in the hierarchy and current/proposed infrastructure improvements
- Reduced real growth rates in retail spend per capita (1% to 0.8%)
- Marginally lower real growth rates in retail turnover density ($/sqm) from 0.5% to 0.4% per annum.

Table 1: Main trade area population projections

	2017	2018	2021	2026	2031	2036	Growth
PTA	28,829	29,333	31,349*	32,932	34,692	36,389	7,056
STA S	26,907	26,894	26,841	26,645	26,638	26,748	-146
STA W	16,411	17,041	19,561	21,015	21,709	22,219	5,178
MTA	**72,147**	**73,268**	**77,751**	**80,592**	**83,039**	**85,356**	**12,088**

Source: Forecast ID, Anysite 2017, HillPDA - * includes planning proposal estimated resident population

Based on the methodology outlined in the earlier EIA and changes identified above, it is estimated that St Marys Strategic Centre could accommodate around 51,500sqm of retail space in 2018, increasing to almost 66,000sqm by 2036. This represents an increase of around 14,500sqm or 28% over the period.

Of total floorspace demand, around 12,500sqm is attributed to supermarket floorspace in 2018. This is forecast to increase by around 3,500sqm over the next 18 years, reaching a total of 16,000sqm by 2036.

[1] PCA shopping centre directory 2018
[2] PCA shopping centre directory 2016

Table 2: St Marys demand for retail floorspace by broad category

Retail category	2018	2021	2026	2031	2036	Growth
Supermarkets & Grocery Stores	12,490	13,377	14,227	15,127	16,034	3,544
Take-away Liquor Stores	1,111	1,190	1,265	1,345	1,426	315
Specialty Food Stores	1,987	2,124	2,257	2,401	2,546	559
Fast-Food Stores	2,972	3,188	3,390	3,598	3,806	834
Restaurants, Hotels and Clubs	8,509	9,079	9,632	10,226	10,828	2,318
Department Stores	5,784	6,178	6,544	6,919	7,296	1,512
Clothing Stores	3,670	3,918	4,152	4,396	4,643	974
Bulky Goods Stores	1,591	1,713	1,836	1,973	2,111	520
Other Personal & Household Goods	7,578	8,109	8,630	9,198	9,772	2,194
Selected Personal Services	3,392	3,632	3,869	4,128	4,390	999
Vacancies	2,454	2,625	2,790	2,966	3,143	688
Total Retailing	**51,537**	**55,132**	**58,593**	**62,276**	**65,995**	**14,458**

1.3.1 Supply versus demand

As previously stated, the planning proposal would provide around 8,315sqm of employment floorspace. Of this 4,500sqm is attributed to supermarket space supporting a further 1,650sqm of speciality retail. This equates to a total retail provision of around 6,150sqm, a net reduction of around 2,650sqm from the current level. The amount of retail space under the planning proposal is similar to the current level of occupied retail space.

In total St Marys provides around 50,635sqm of retail floorspace. This supply would actually decrease under the planning proposal to around 47,980sqm.

Please note there are a couple of planning proposals along Queen Street however these would result in more or less the loss of around 200sqm of commercial/retail space which is insignificant.

Furthermore, in 2013 MIRVAC approached Penrith City Council with a proposal to expand the St Marys Village. At the time it was proposed that retail space in the centre expand by almost 23,000sqm.

An SGS study[3] explored the impacts this would have upon surrounding retailers in the centre. With a public hearing on the results of the study stating:

The SGS studies' calculations are "frightening" for local retailers with "best case scenario (showing) a loss of 16% of turnover and the worst case scenario showing a loss of 21% of turnover to traders on Queen Street and a 14 year recovery time". This would have a "catastrophic effect". Reference is made to the late 1980s-early 1990s when wider economic problems saw St Marys experiencing social and crime problems associated with a failing Queen Street retail strip[4].

The status of this proposal is unknown and for the purpose of this assessment we have ignored it. In any case Station Plaza is not increasing the supply of retail space in St Marys and hence its impacts it will have no cumulative impact when combined with any expansion of The Village.

[3] St Marys Village EIA 2013
[4] Report to Penrith City Council, Proposed Reclassification of Public Land St Marys Town Centre Environs - Report on Public Hearing - Held 21 October 2015

Table 3: Current and immediate future floorspace supply (sqm)

	2018	2021+
Station street Plaza	8,804	6,115
St Marys Village	15,832	15,832
Retail strip (including ALDI)	26,000	26,000
Total retail supply	**50,636**	**47,947**

Source: PCA shopping centre directory 2018, HillPDA

As seen in the table below, retail supply is considered in equilibrium with demand, most a result of the expansion of retail space in the Plaza. However, with no further additional this is forecast to quickly reverse into an undersupply of around 7,185sqm by 2021, increasing to 18,050sqm by 2036.

Table 4: Total retail floorspace supply vs demand (sqm)

	2018	2021	2026	2031	2036	Change
Supply	50,636	47,947	47,947	47,947	47,947	-2,689
Demand	51,537	55,132	58,593	62,276	65,995	14,458
Over/undersupply (+/-)	**-901**	**-7,185**	**-10,646**	**-14,329**	**-18,048**	**-17,147**

Source: HillPDA

1.3.2 Supermarket/grocery floorspace supply and demand

The planning proposal would replace the 3,460sqm Coles supermarket with a 4,500sqm supermarket. However, the Plaza also provides a 1,725sqm deli/grocery store, equating to a total of 5,185sqm of supermarket/grocery space. As such the planning proposal would result in a reduction of associated supermarket/grocery space of 685sqm.

St Marys town centre currently provides around 11,000sqm of supermarket and grocery floorspace. With the development of the subject site this is forecast to decrease by around 700sqm to a supply of around 10,345sqm.

Table 5: Supermarket/grocery floorspace supply vs demand (sqm)

	2018	2021	2026	2031	2036	Change
Supply*	11,032	10,346	10,346	10,346	10,346	-686
Demand	12,490	13,377	14,227	15,127	16,034	3,544
Over/undersupply (+/-)	**-1,458**	**-3,031**	**-3,881**	**-4,781**	**-5,688**	**-4,230**

Source: HillPDA - *includes Woolworths, Coles, ALDI, IGA X-press and Jayam supermarket

Currently there is an existing undersupply of supermarket/grocery space in the centre, of around 1,450sqm. With the slight reduction in the subject site and growth in expenditure captured by the centre, this undersupply is forecast to increase to around 5,700sqm by 2036.

Accounting for the subject site, by the year 2026 demand would be sufficient for the development of an additional full-line supermarket elsewhere in the town centre.

1.4 Impact on surrounding retail centres

Our demand modelling suggests that St Marys centre is estimated to capture around 40% of supermarket/grocery expenditure and only 29% of total retail expenditure generated by residents in the main trade area.

As such, around 60% of supermarket/grocery expenditure is directed and captured by surrounding retail centres elsewhere in the main trade area and beyond, while around 71% of total retail expenditure generated by the population is directed elsewhere.

Given that:

- the planning proposal is simply accommodating or replacing the existing retailers in new premises;
- that it would actually result in a slight loss of retail floor space in the town centre and;
- that the majority proportion of retail expenditure from main trade area residents is directed towards other centres in the retail network; then

It is highly unlikely that the planning proposal would have any negative impact on the existing retail network.

1.5 Impact on existing retailers in St Marys

According to the SGS strip retailing along Queen Street includes 155 establishments of which 32 were vacant at the time of the report. The majority of vacancies were clustered in the northern end of the centre. This equated to a vacancy rate, by number of businesses, of around 20%[5].

This concentration of vacant premises around the Plaza coupled with the high vacancy rate in the Plaza is evidence of considerable underperformance. St Marys centre's poor performance is also evident in the lack of capital investment over the years with numerous buildings in poor condition throughout the centre.

The redevelopment of the subject site would provide a positive benefit to surrounding retailers in the centre in the following ways:

1. Redevelopment of the subject site into a mixed use transit orientated development would replace an ageing shopping centre with a new higher grade retail and office space. This would revitalise the northern proportion of the centre, increasing pedestrian flow and proving stimulus for further investment. These positive effects would be beneficial to surrounding retailers.
2. The reduction of retail floorspace on the subject site would likely be redirected elsewhere in the centre as demand increases. This would contribute to reducing the high vacancy rate along Queen Street, further providing stimulus for further investment and revitalisation of the street.
3. Redevelopment of the current dated Plaza with an attractive new shopping centre would create a strong nexus relationship between the two indoor centres, located at either side of Queen Street. This "bar bell" effect would encourage the movement of residents, workers and visitors to the centre along Queen Street. Further increasing the opportunity of passing trade to be captured by existing and future retailers
4. Redevelopment under the planning proposal would result in an additional 1,000 residents living in the town centre. This would provide an additional source of expenditure and activation for retailers in the centre which is currently not present.

Realisation of the planning proposal, through redevelopment of the subject site, would have numerous positive benefits for surrounding retailers in St Marys. These positive effects would outweigh any potential short term negative effects. The planning proposal would also help strengthen the northern section of the centre which is currently struggling with high vacancy rates, little investment and a fatigued build form. The redevelopment would provide a strong anchor/counter balance to the centre and southern end encouraging increased pedestrian flow along Queen Street.

[5] SGS St Marys Village EIA 2013

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1.6 Economic benefits during construction

Construction of the proposal would have economic benefits such as direct and indirect employment and consumption/production induced effects. However *Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy*[6].

Construction cost is estimated at $263 million as shown in the table below.

Table 6: Estimated construction cost

	Area/units	$/sqm or unit	$m
Demolition	1	3,000,000	$3.0
Retail space including fitout	6,150	3,500	$22
Commercial space including fitout	2,100	3,500	$8
Apartments	600	280,000	$168
Car parking	1,400*	40,000	$56
Site Costs and External Works	1	7,000,000	$7.0
Total			**$263**

Source: Rawlinson's 2018, RLB Digest and HillPDA

* car parking spaces based on Penrith DCP

Based on the ABS input output tables, we have estimated that construction of the proposed development would have the following economic multiplier impacts:

- $343 million in production induced effects
- $246 million consumption induced effects
- $852 million in total economic activity
- Create a total of 567 job years on site directly in construction
- Create a total of 2,246 job years both directly and indirectly (through production induced and consumption induced impacts).

1.7 Economic benefits post construction

The following provides an assessment of the current contribution the subject site makes to the local economy in terms of employment, remuneration and gross value added (GVA), it then assess this current contribution against that generated under the planning proposal scenario.

1.7.1 Economic contribution under the Base Case

Under the Base Case (no redevelopment option) the subject site has the potential to:

- Generate a total employment of around 361 jobs
- Generate $12.3 million in remuneration
- Contribute $18.5 million to the local economy.

Please note, as previously stated, the above economic indicators assume a vacancy rate of 5%.

[6] Australian Bureau of Statistics

Table 7: Base Case scenario economic contribution

Land use	Floorspace (GFA sqm)	Employment		Remuneration		Gross Value Added	
		Employment density	Total employment	Average wage/worker	Total wages ($m)	GVA/ Worker	Total GVA ($m)
Supermarket	3,461	1 per 25sqm	138	$31,322	$4.3	$52,023	$7.2
Speciality retail	5,343	1 per 22sqm	223	$35,837	$8.0	$50,897	$11.3
Total	**8,004**		**361**		**$12.3**		**$18.5**

Source: Remuneration has been sourced from IBIS world reports 2018 - GVA has been sourced from Economy ID – speciality retail is a combination of Food Retailing; Other Store-Based Retailing; and Food and Beverage Services while supermarket is Food Retailing.
*assumed a vacancy rate of 5% for the site – speciality retail mix of food and non-food

1.7.2 Economic impacts of the planning proposal

The planning proposal would provide around 6,115sqm of retail space, 2,100sqm of commercial space and 600 apartments. Under these yields the planning proposal has the potential to:

- Generate around 387 jobs on site
  – an additional 26 jobs over the Base Case
- Generate $17.4 million in workers remuneration every year
  – an additional $5.1 million over the Base Case
- Contribute $26.6 million to the local economy (gross value added) every year
  – an additional $8.1 million over the Base Case.

Table 8: Planning proposal scenario economic contribution

Land use	Floorspace (GFA sqm)	Employment		Remuneration		Gross Value Added	
		Employment density	Total employment	Average wage/worker	Total wages ($m)	GVA/ Worker	Total GVA ($m)
Supermarket	4,500	1 per 25sqm	180	$31,322	$5.6	$52,023	$9.4
Speciality retail	1,615	1 per 24sqm	71	$35,837	$2.4	$50,897	$3.4
Commercial	2,200	1 per 20sqm	105	$68,367	$7.5	$101,320	$11.1
Work from Home*			30	$61,000	$1.8	$90,000	$2.7
Total	**8,315**		**387**		**$17.4**		**$26.6**

Source: Remuneration has been sourced from IBIS world reports 2018 - GVA has been sourced from Economy ID
* Work at home: 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008 Cat 6275.0). For the purpose of the assessment we have adopted a more conservative assumption at one worker per 20 dwellings

1.7.3 Benefits of additional retail expenditure

The planning proposal would benefit the St Marys Strategic Centre and its existing retailers by providing additional residents & spending in the centre. HillPDA estimates around an additional 1,026 residents on site based on an average household size of 1.8[7] and a 5% vacancy rate for the 600 proposed apartments.

Average spend per resident in Penrith LGA is around $13,500 per annum. However, we would expect new residents in the subject site would have slightly higher spending levels than the LGA – say 5% higher. Assuming an average spend of $14,175 total retail spend generated would be $14.5 million ($2018).

[7] ABS 2016 Penrith LGA community profile – average number of persons in occupied apartments

Of course not all of this expenditure will be captured by existing retailers in the St Marys, but HillPDA would expect a rate of around 50% to 60%, mostly in food and grocery items, would be captured in the centre.

As such, residents on site would provide an additional source for retail sales in the St Marys Town in the order of $7.3 million to $8.7 million every year ($2018).

1.7.4 Other economic benefits

The planning proposal would have additional economic benefits, these being:

1. Contribute to St Marys meeting its planning objectives as identified in the Greater Sydney Regional Plan and Western District Plan
2. Contribute to St Marys achieving its Strategic Centre status – through increasing its profile; creating additional employment opportunities; providing and increasing the amount of commercial office space; and providing increased housing options within 30 minutes of a transit node
3. Contributing to St Marys employment targets – an additional 1,700 to 3,200 jobs by 2036
4. Contributing to Penrith LGAs and the Districts five year housing targets of 6,600 and 39,850 dwellings respectively – through the addition of up to 600 new dwellings
5. Contribute to increasing housing diversity and affordability in the LGA and District
6. Activation of the local area through increased pedestrian traffic with increased security and increased trading opportunities for surrounding retailers
7. Facilitating urban renewal of an older shopping centre with a modern mixed use development
8. Providing a catalyst for further investment in the centre
9. The redevelopment of the Plaza would encourage shoppers, workers and visitors to move freely between different retail locations in the centre, benefiting struggling retailer on the main street
10. Encourage pedestrian flow between the northern and southern section of the centre
11. Contribute to transit orientated development objectives by concentrating more people near the train station and commercial services, thereby reducing the reliance on private motor vehicle travel and increasing the use of public transport

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