

Macquarie Centre Redevelopment Stage 1 Concept DA

Economic Impact Assessment

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Executive summary

This report has been prepared on behalf of AMP Capital (AMPC) in support of a Stage 1 Development Application (DA) for the mixed use redevelopment of Macquarie Shopping Centre (Macquarie Centre). This report supports the proposed future redevelopment of the Macquarie Centre in relation to economic impacts. The key findings of this report are summarised as follows:

Existing centre and proposed development

- Macquarie Centre is a regional shopping centre which contains 130,600 sq.m of total gross leasable area (GLA) (170,850 sq.m GFA), provided over seven levels, of which 108,312 sq.m is occupied retail GLA.
- The centre contains a solid provision of mini-major tenants, with 13 tenants totalling 14,008 sq.m, including the likes of H&M, Zara, Rebel Sport, Sephora, Uniqlo, JB Hi-Fi, and Forever 21, as well as 285 occupied specialty retail tenancies, totalling 30,826 sq.m.
- In addition to the occupied retail floorspace, Macquarie Centre contains three large entertainment tenancies, a large Fitness First gym, a kids' playground/café, massage tenancies, travel agencies, medical centres, a dental practice and a few external tenancies including Kmart Tyre and Auto and Star Car Wash.
- The proposed expansion will consist of an additional 29,516 sq.m of retail GLA on Herring Road and 10,207 sq.m of additional retail GLA in the Galleria precinct. In total, 39,723 sq.m of additional retail GLA is planned at Macquarie Centre as part of the proposed expansion – which would result in a total retail GLA of 148,025 sq.m.
- A further 85,315 sq.m of residential net saleable area (NSA) and commercial net lettable area (NLA) is planned in the form of four towers above the centre. Two options are being proposed by AMP Capital, with the larger option (totalling 85,315 sq.m) consisting of one 44,252 sq.m commercial office tower supported by three residential towers of 41,063 sq.m.

Residential trade area

- Macquarie Centre serves a broad regionally oriented trade area consisting of a primary sector, five secondary sectors and five tertiary sectors. The current total trade area population is estimated at 705,500 persons, including 309,000 in the main trade area and 79,500 in the key primary sector.
- The total trade area population is estimated to increase by around 24% or 167,000 persons by 2031, reaching 872,500 persons, reflecting average annual growth of 1.3%.
- The main trade area population is estimated to grow at an average annual rate of 1.2% to reach 372,700 by 2031, an increase of 21%, while the primary sector population is estimated to grow at 1.2% per annum to reach 95,500 by 2031, equivalent to an increase of 20% from current levels.
- The total trade area retail expenditure market is estimated to grow by around 47% to 2031 from \$11.02 billion to \$16.21 billion (in constant \$2014/15) at an average annual growth rate of 2.4%.
- The total retail expenditure capacity of main trade area residents is expected to grow at 3.2% per annum, from \$4.70 billion at 2015 to \$6.7 billion by 2031.

Worker customer segment

- Macquarie Centre is situated within the Macquarie Business Park and serves a surrounding the worker trade area population of approximately 45,900 workers, including 18,600 in the primary sector (i.e. within walking distance).
- This worker population is expected to increase by around 700 - 800 jobs per annum, resulting in a worker population of 57,800 by 2031. This accounts for the proposed expansion at Macquarie Centre and additional office/commercial development within the Macquarie Business Park.

- The worker customer segment generates an estimated \$226.4 million in 2015, which is estimated to increase by more than 50%, at an average annual rate of 2.6%, to reach \$343.7 million by 2031.

Student market

- As at 2014, Macquarie University had 38,747 student enrolments, including around 27,370 domestic students and 11,377 international students. We estimate that the total student enrolments at Macquarie University could potentially grow at around 2.0% per annum over the next 15 years or so.
- Macquarie University has a full-time equivalent (FTE) staff population of 2,768, including 1,334 academic staff and 1,434 professional staff, although these staff are counted in the Macquarie Park worker population.

Estimated trading impacts on retail hierarchy

- We estimate that the expanded Macquarie Centre could achieve an incremental increase in sales of around \$190.5 million (\$2014/15), compared with a Do Nothing scenario, whereby the centre remains in its current form in the assumed impact year 2019/2020.
- Only a very minor market share uplift is required from the surrounding main trade area expenditure market (2.4%) and total trade area expenditure market (1.1%), in order to achieve the incremental sales of \$190.5 million.
- Generally, retail trading impacts between 10% and 15% are considered by the industry to be significant but acceptable, with impacts less than 10% considered relatively moderate, and impacts less than 5% generally considered minor/negligible. However, other factors such as the current trading performance; expansions of centres; potential loss of services to the community; expected growth in the region; and overall net community benefit should be considered.
- We expect the greatest impacts to be absorbed by the closest nearby regional shopping centres, in particular Chatswood CBD (including both Westfield Chatswood (undergoing an expansion) and Chatswood Chase) and Westfield Hornsby, which are both located

within the defined Macquarie Centre trade area, as well as Castle Towers and Westfield Parramatta. The latter two centres about to undergo major expansions over the short-medium term.

- We estimate impacts resulting from the proposed expansion to be less than 6% on any individual centre, with impacts on the four identified regional centres in the network ranging between 2% and 5%. Indeed, because both Westfield Parramatta and Castle Towers are both planned to expand in the future, their trading levels are likely to be significantly greater than their current trading volumes. Estimated impacts on the Chatswood CBD and Westfield Hornsby are expected to be comfortably absorbed.
- Estimated impacts on the surrounding sub-regional centres are all estimated to be less than 5%, given the expected composition of the proposed expansion, given Macquarie Centre already contains all three major supermarkets, and the different role these centres play in the retail hierarchy (i.e. localised/sub-regional catchments with strong convenience focus).
- In summary, the proposed expansion of Macquarie Centre represents a relatively minor addition to the retail network, especially in the context of some of the other major proposed expansions (e.g. Castle Hill and Westfield Parramatta) evidenced by the very minor impacts expected across the network.
- Impacts of the order estimated are highly unlikely to result in any detrimental impacts on the surrounding retail/centres hierarchy across northern and western Sydney.

Other economic impacts and net community benefit

- The proposed expansion of Macquarie Centre will result in additional on-going employment on-site as well as further job creation through the supply chain, across industries servicing the retail (and non-retail) tenants at the site such as transport workers, wholesalers and the like.
- Furthermore, the construction phase of the project will support temporary construction related employment, and additional temporary jobs through the broader economic supply chain (i.e. multiplier impacts).

- We estimate that in the order of 1,717 additional jobs could potentially be created as a result of the proposed expansion.

In addition to the clear employment benefits, the significant expansion of Macquarie Centre would provide a range of community benefits to residents of the surrounding region, including:

- An important catalyst to unlocking a 'main street' outcome along Herring Road.
- Improved integration and connectivity between Macquarie Centre, Macquarie University Station and the existing bus interchange – (i.e. will encourage/facilitate movements between rail and bus).
- An improved interface with Herring Road that is likely to include alfresco dining and other retailing that embraces the main street, creating a 'sense of place'.
- Increased choice and amenity for residents, workers and students.
- A wider range of retail tenancies and a diversified retail mix, including new mini-major tenants and potential new retail/entertainment concepts to the Australian marketplace, reflecting the changing nature of the retail environment.
- Strengthening and future-proofing Macquarie Centre as an important super-regional centre in north-west Sydney, allowing it to maintain its position against major expansions planned for Westfield Parramatta and Castle Towers.
- New high density residential and commercial development within a defined Priority Precinct (PP) (i.e. consistency with the strategic planning policy of the NSW Department of Planning and Environment (DPE)), and would help to meet residential and employment targets for the PP.
- The proposed development would create a fully integrated neighbourhood for working, shopping and living, all within proximity to the Macquarie University Station transport interchange.

Introduction

This report has been prepared on behalf of AMP Capital (AMPC) in support of a Stage 1 Development Application (DA) for the mixed use redevelopment of Macquarie Shopping Centre (Macquarie Centre). The Stages 1 DA seeks concept approval for the redevelopment of Macquarie Centre by establishing:

- Building envelopes and design parameters for future development on the site, including the proposed uses within the podium and tower components.
- The distribution of floor space across the site.
- Future pedestrian and vehicle connections to and within the site.

This report supports the proposed future redevelopment of the Macquarie Centre in relation to economic impacts. More specifically, this report presents an independent assessment of the need and demand for a proposed expansion of Macquarie Centre, located in Ryde Local Government Area (LGA), as well as analysing the likely consequent impacts on other relevant activity centres throughout the surrounding region.

The report has been prepared in accordance with instructions from AMP Capital, and is structured as follows:

- **Section 1** reviews the local and regional context of the centre; and provides an overview of the existing centre and proposed expansion of the centre.
- **Section 2** examines the trade area served by Macquarie Centre; provides estimates of current and anticipated population levels within the trade area; analyses the socio-demographic profile of the trade area population; and assesses the current and future estimated retail expenditure volumes generated by trade area residents.
- **Section 3** examines the other key customer segments served by Macquarie Centre, including the surrounding worker market and nearby student market.

- **Section 4** reviews the competitive context within which Macquarie Centre operates, now and in the future, including all proposed competitive developments.
- **Section 5** provides an assessment of the retail floorspace demand generated by the population of the trade area. This section also examines the likely sales potential of the proposed expansion, examining the incremental sales of the proposed expansion, by comparing the sales of the proposed expansion scenario with a “Do Nothing” scenario.
- **Section 6** presents our estimates of likely trading impacts on the surrounding retail network and then discusses the implications of these impacts.
- **Section 7** examines the net community benefits associated with the proposed expansion, including employment generation and other economic and social benefits, as well as examining the impacts of the proposed residential/commercial towers.

Section 1: Site and centre context and proposed development

1.1 Local and regional context

Macquarie Centre is approximately 11.25 hectares in area and is located at the corner of Waterloo Road, Herring Road and Talavera Road, Macquarie Park, in the Ryde Local Government Area (LGA), approximately 15 km north-west of the Sydney Central Business District (CBD) (Refer Map 1.1). The site is legally described as Lot 100 in DP 1190494.

Macquarie Centre is a key component of the Macquarie University Station Priority Precinct, which has been designated as such by the NSW Department of Planning and Environment (DPE) due to its location around the rail station and Macquarie Park's role as a major commercial/business park, shopping destination and tertiary education infrastructure.

The intent for the Macquarie University Station Priority Precinct is to accommodate up to 5,800 new homes by 2031, as well as increased employment and retail infrastructure.

Macquarie Centre is bounded by Herring Road, Waterloo Road and Talavera Road with access provided to the centre from all of these roads. Located within the Macquarie Park Corridor, the site has excellent access to public transport, situated immediately adjacent the Macquarie University Railway Station and the Herring Road Bus Station. Located between the M2 Hills Motorway and Epping Road, the site also enjoys excellent vehicle connectivity.

The centre is located adjacent to the Macquarie University campus, which supports almost 40,000 students and more than 2,800 staff (Refer Map 1.2).

The Macquarie Business Park contains around 850,000 sq.m of commercial office space and employs more than 43,000 workers, with additional capacity for greater floorspace.

The centre is easily accessible via the M2 Motorway, Epping Road and Lane Cove Road, all of which are major transport thoroughfares throughout the area. Furthermore, the subject site is highly accessible via public transport – it is effectively integrated with the Macquarie University Railway Station and contains the Macquarie Centre bus interchange.

The owners of Macquarie Centre, AMP Capital plan a major redevelopment of the centre including improved linkages with the existing transport interchange that would maximise the benefit to transport users, provide an enhanced accessibility between the bus station and train station, and additional retail, residential and commercial floorspace.

The proposed expansion is consistent with the vision of the NSW DPE and Ryde City Council for upgrading Herring Road as a key main street through the Macquarie University Station Priority Precinct. AMP Capital plans to provide active frontages to the Herring Road main street, with alfresco dining and entertainment type tenancies.

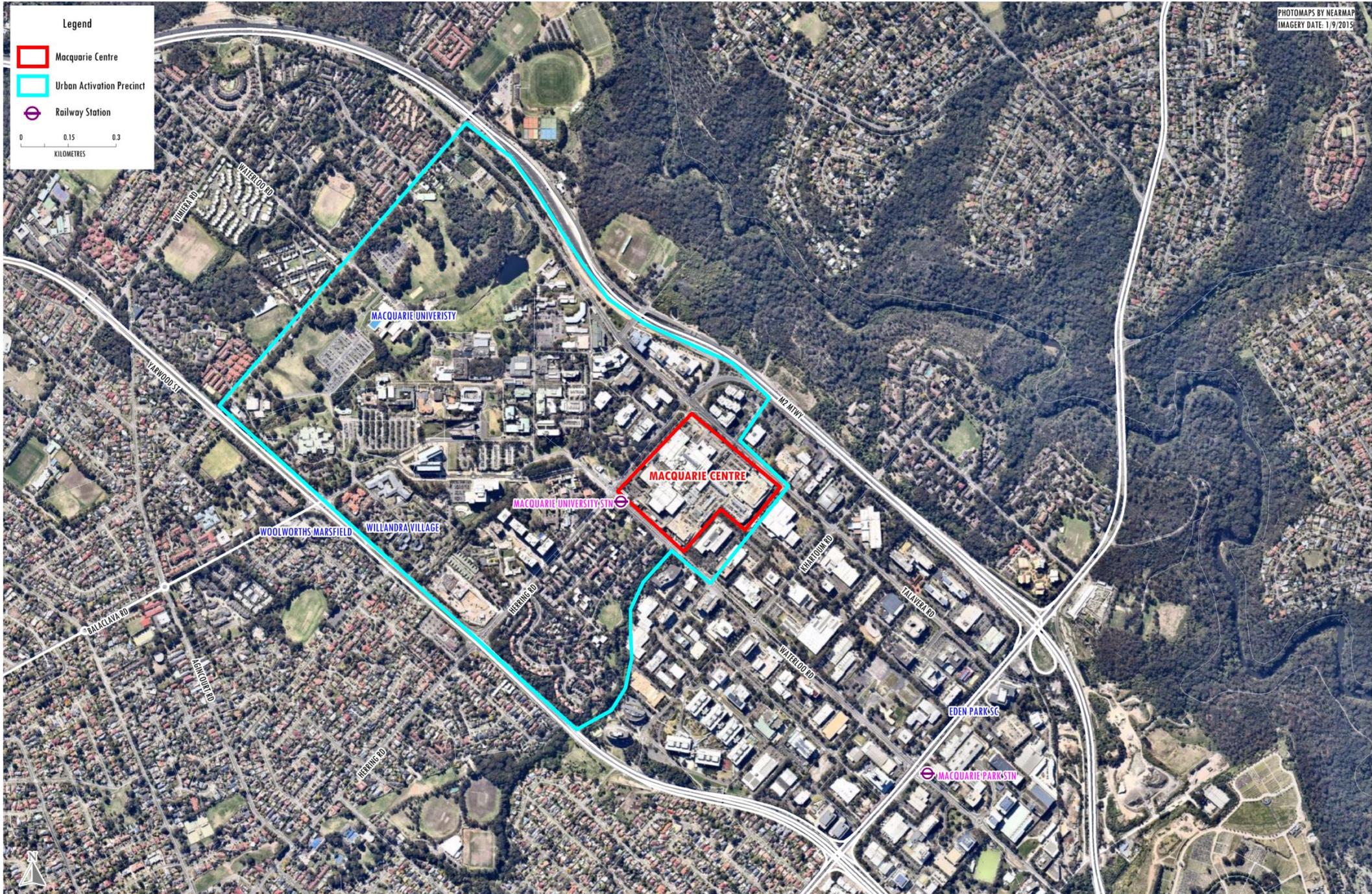


**Map 1.1: Macquarie Centre
Regional context**

Legend

- Macquarie Centre
- Urban Activation Precinct
- Railway Station

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KILOMETRES



Map 1.2: Macquarie Centre
Local context

1.2 Proposed redevelopment

Macquarie Centre was originally constructed in 1981. The centre has undergone various stages of redevelopment and extensions. A major refurbishment occurred in 2000, 2003 and most recently in 2014, creating a fresh food court, David Jones expansion, addition of second full line supermarket (Coles), a value supermarket (Aldi), with new speciality food and convenience stores. Today Macquarie Centre is the largest shopping centre in NSW and the 8th largest shopping centre in Australia and includes a wide range of retail, entertainment and service offerings.

Macquarie Centre is a regional shopping centre which contains 136,300 sq.m of total gross leasable area (GLA), provided over seven levels, of which 108,312 sq.m is occupied retail GLA. The centre contains David Jones and Myer department stores; Big W and Kmart discount department stores; and Coles, Woolworths and Aldi supermarkets; with major tenant floorspace totalling 63,478 sq.m.

The centre contains a solid provision of mini-major tenants, with 13 tenants totalling 14,008 sq.m, including the likes of H&M, Zara, Rebel Sport, Uniqlo, Sephora, JB Hi-Fi, and Forever 21, as well as 285 occupied specialty retail tenancies, totalling 30,826 sq.m.

In addition to the occupied retail floorspace, Macquarie Centre contains three large entertainment tenancies - an 8,183 sq.m Event Cinema complex, the 3,716 sq.m Macquarie Ice Rink and a 1,590 sq.m Strike Bowling facility. The centre also contains a large Fitness First gym, a kids' playground/café, massage tenancies, travel agencies, a dental practice and a few external tenancies including Kmart Tyre and Auto and Star Car Wash.

Table 1.1 shows that the proposed expansion (Stage 1 DA) will consist of an additional 29,516 sq.m of retail GLA on Herring Road, contributing to the town centre main street; and 10,207 sq.m of additional retail GLA in the Galleria. In total, 39,723 sq.m of additional retail GLA is planned at Macquarie Centre as part of the proposed expansion. We have assumed that around 30,000 sq.m of the proposed 39,723 sq.m of GLA would be allocated to typical 'retail' uses like fashion/non-food mini-majors and specialty retail including additional dining.

The remaining 9,723 sq.m attributed to non-retail type uses such as bowling, gyms, gaming areas, child care, kids entertainment etc.

A further 85,315 sq.m of residential net saleable area (NSA) and commercial net lettable area (NLA) is planned in the form of four towers above the centre. Two options are being proposed by AMP Capital, with the larger option (totalling 85,315 sq.m) consisting of one 44,252 sq.m commercial office tower supported by three residential towers of 41,063 sq.m.

Alternatively, a slightly smaller scheme with 61,361 sq.m of residential NSA is proposed, with no commercial tower, i.e. all four towers would be residential oriented.

Table 1.1 Macquarie Centre - Centre composition*					
Category	Current		Additional - Stage 1 DA** GLA (sq.m)	Post Expansion	
	GLA (sq.m)	(% of retail)		GLA (sq.m)	GLA (sq.m)
<u>Retail</u>					
Major tenants	63,478	58.6%		63,478	42.9%
Mini-majors	14,008	12.9%		14,008	9.5%
<u>Retail specialties</u>	<u>30,826</u>	<u>28.5%</u>		<u>30,826</u>	<u>20.8%</u>
Total centre - retail	108,312	100.0%	39,723	148,035	100.0%
<u>Non-retail</u>					
Non-retail GLA	27,988			27,988	
Residential	0		41,063	41,063	
Commercial/office	0		<u>44,252</u>	<u>44,252</u>	
Total non-retail	27,988		85,315	113,303	
Total centre	136,300		125,038	261,338	

*As at September 2015
 **As per the proposed development Option 1 - with 3 x residential towers and 1 x commercial tower
 Source: AMP; MacroPlan Dimasi

Section 2: Trade area analysis

This section of the report examines the trade area served by Macquarie Centre; provides estimates of current and anticipated population levels within the trade area; analyses the socio-demographic profile of the trade area population; and assesses the current and future estimated retail expenditure volumes generated by trade area residents.

2.1 Trade area definition

The extent of the trade area or catchment for any shopping centre is shaped by a number of critical factors, described as follows:

- The relative attraction of the centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.
- The proximity and attractiveness of competitive retail centres. The locations, compositions quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre is able effectively to serve.
- The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre.
- Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre.

The trade area has been defined having regard to all of the above, in particular the following key determinants:

- The location of major existing and proposed competitive retail facilities within the region, including regional shopping centres and large sub-regional shopping centres.
- Accessibility to the centre, which, as discussed in Section 1 of this report, is very good from both a local and regional perspective given its proximity to the M2 and major roads such as Lane Cove Road and Epping Road.
- The current scale and composition of the centre, as a significant regional centre with extensive provisions of major stores, a unique collection of mini-major retailers (some of which have limited representation in Sydney), specialty shops, as well as cinemas and an ice-skating rink.
- The scale/mix of the proposed expansion, which will increase the retail GLA by around 40,000 sq.m.

This trade area is also based on information provided by Quantum. Quantum utilises electronic transactions data from customers using NAB credit/debit cards over a 12 month period, providing in-depth analysis of customer spending behaviours, both at the centre and at competitive centres/precincts. The Quantum data offers a very robust basis for trade area definition, reflecting the actual purchasing behaviour at the centre of many thousands of customers, all of which can be analysed at a very granular level geographically (SA1s or Statistical Area 1).

Having regard to all of the above, and as illustrated on Map 2.1, the trade area has been defined to include one primary sector, five secondary sectors and five tertiary sectors, described as follows (refer Map 2.1):

- The **primary sector** is generally bounded by Canon Road and The Comenarra Parkway to the north; the Lane Cove River and Lane Cove National Park to the east; Buffalo Creek to the south; and the T1 Northern railway line to the west. Suburbs in this sector include

Macquarie Park, North Ryde, East Ryde, North Epping, West Pymble and parts of Eastwood, Ryde and Epping.

- The **secondary north sector** extends around 8 km to the north-east of the primary sector to Ku-ring-gai Chase National Park and incorporates the suburbs of St Ives, St Ives Chase and Pymble, as well as parts of Gordon, Turramurra and Wahroonga.
- The **secondary east sector** extends around 4 km to the east of the primary sector and encompasses the suburbs of Killara and Lindfield, as well as part of Gordon.
- The **secondary south sector** extends south to the Parramatta River and incorporates the suburbs of Hunters Hill, Gladesville, Henley, Woolwich, Tennyson Point and Putney.
- The **secondary west sector** extends 4 – 5 km west of the primary sector and includes the suburbs of Ermington, Dundas, Telopea, Melrose Park, Meadowbank and parts of Ryde, Denistone East, Eastwood and Epping. The sector is bound to the north by the Hills Motorway (M2) and Pennant Hills Road and to the south by the Parramatta River.
- The **secondary north-west sector** extends north to the Berowra Valley National Park and west to Pennant Hills Road and Castle Hill Road. The sector incorporates the suburbs of Pennant Hills and Cheltenham, as well as parts of Beecroft and West Pennant Hills.

The primary and secondary sectors in combination make up the centre's **main trade area**.

In addition to the main trade area, Macquarie Centre also serves five tertiary sectors, as follows:

- The **tertiary north sector** extends 5 – 6 km north to encompass the suburbs of Hornsby, Asquith, Westleigh, Thornleigh, North Wahroonga, Normanhurst and North Turramurra, as well as parts of Wahroonga, Warrawee and Turramurra.
- The **tertiary east sector** includes the suburbs of Chatswood, East Killara, East Lindfield, Roseville, North Willoughby, Willoughby East, Willoughby, Artarmon, Naremburn, Crows Nest and St Leonards.

- The **tertiary south-east sector** extends south to the Lane Cove River and incorporates the suburbs of Chatswood West, Lane Cove, Lane Cove North, Lane Cove West, Riverview, Longueville and Greenwich.
- The **tertiary west sector** extends to Windsor Road and Old Northern Road, and includes the suburbs of Cherrybrook, West Pennant Hills, North Rocks and Oatlands, as well as parts of Castle Hill, North Parramatta and Baulkham Hills.

The combination of the main trade area and tertiary sectors is referred to as the **total trade area** throughout the remainder of this report.

2.2 Trade area population

Table 2.1 details the current and projected population levels within the Macquarie Centre trade area. This information has been collected from a range of sources, including the following:

- Australian Bureau of Statistics Census of Population and Housing (2006 and 2011);
- Australian Bureau of Statistics Dwelling Approvals Data (2010–14);
- Australian Bureau of Statistics Estimated Residential Population Data (ERP) (2011-2014);
- Population projections prepared by the NSW DPE and NSW Bureau of Transport Statistics (BTS);
- North West Rail Link Corridor Strategy (March 2013); and
- Other investigations of future residential development, undertaken by this office.

The current total trade area population is estimated at 705,500 persons, including 309,000 in the main trade area and 79,500 in the key primary sector.

Over the most recent intercensal period (2006 to 2011), the total trade area population grew by around 1.7% per annum, reflecting an average annual population increase of approximately 10,500 persons.

More recently (i.e. 2011-2015), population growth averaged 1.9% per annum, or around 12,600 persons per annum, fuelled by significant urban renewal projects and a strong housing market within the total trade area.

Trade area sector	Estimated population			Forecast population			
	2006	2011	2015	2018	2021	2026	2031
Primary	70,690	74,730	79,530	82,530	85,530	90,530	95,530
Secondary sectors							
• North	37,660	41,510	44,910	46,710	48,210	50,710	52,710
• East	20,230	22,830	25,230	27,030	28,530	30,530	32,530
• South	35,750	38,050	41,250	42,750	43,950	45,700	47,200
• West	81,840	89,830	96,630	101,430	105,930	113,430	120,930
• Nth-west	<u>19,840</u>	<u>20,850</u>	<u>21,410</u>	<u>21,860</u>	<u>22,310</u>	<u>23,060</u>	<u>23,810</u>
Total secondary	195,320	213,070	229,430	239,780	248,930	263,430	277,180
Main trade area	266,010	287,800	308,960	322,310	334,460	353,960	372,710
Tertiary sectors							
• North	70,220	76,340	80,140	82,240	83,740	86,240	88,740
• East	73,670	79,270	84,270	88,020	91,620	96,620	101,620
• Sth-east	34,950	37,010	39,010	40,210	41,260	43,010	44,260
• South	72,700	85,880	99,880	110,380	120,880	138,380	155,880
• West	<u>84,850</u>	<u>88,650</u>	<u>93,250</u>	<u>96,250</u>	<u>99,250</u>	<u>104,250</u>	<u>109,250</u>
Total tertiary	336,390	367,150	396,550	417,100	436,750	468,500	499,750
Total trade area	602,400	654,950	705,510	739,410	771,210	822,460	872,460
		Average annual growth (no.)					
Trade area sector	2006-11	2011-15	2015-18	2018-21	2021-26	2026-31	
Primary		808	1,200	1,000	1,000	1,000	1,000
Secondary sectors							
• North		770	850	600	500	500	400
• East		520	600	600	500	400	400
• South		460	800	500	400	350	300
• West		1,598	1,700	1,600	1,500	1,500	1,500
• Nth-west		<u>202</u>	<u>140</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
Total secondary		3,550	4,090	3,450	3,050	2,900	2,750
Main trade area		4,358	5,290	4,450	4,050	3,900	3,750

Tertiary sectors						
• North	1,224	950	700	500	500	500
• East	1,120	1,250	1,250	1,200	1,000	1,000
• Sth-east	412	500	400	350	350	250
• South	2,636	3,500	3,500	3,500	3,500	3,500
• West	<u>760</u>	<u>1,150</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total tertiary	6,152	7,350	6,850	6,550	6,350	6,250
Total trade area	10,510	12,640	11,300	10,600	10,250	10,000
Average annual growth (%)						
Trade area sector	2006-11	2011-15	2015-18	2018-21	2021-26	2026-31
Primary	1.1%	1.6%	1.2%	1.2%	1.1%	1.1%
Secondary sectors						
• North	2.0%	2.0%	1.3%	1.1%	1.0%	0.8%
• East	2.4%	2.5%	2.3%	1.8%	1.4%	1.3%
• South	1.3%	2.0%	1.2%	0.9%	0.8%	0.6%
• West	1.9%	1.8%	1.6%	1.5%	1.4%	1.3%
• Nth-west	<u>1.0%</u>	<u>0.7%</u>	<u>0.7%</u>	<u>0.7%</u>	<u>0.7%</u>	<u>0.6%</u>
Total secondary	1.8%	1.9%	1.5%	1.3%	1.1%	1.0%
Main trade area	1.6%	1.8%	1.4%	1.2%	1.1%	1.0%
Tertiary sectors						
• North	1.7%	1.2%	0.9%	0.6%	0.6%	0.6%
• East	1.5%	1.5%	1.5%	1.3%	1.1%	1.0%
• Sth-east	1.2%	1.3%	1.0%	0.9%	0.8%	0.6%
• South	3.4%	3.8%	3.4%	3.1%	2.7%	2.4%
• West	<u>0.9%</u>	<u>1.3%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>0.9%</u>
Total tertiary	1.8%	1.9%	1.7%	1.5%	1.4%	1.3%
Total trade area	1.7%	1.9%	1.6%	1.4%	1.3%	1.2%
<i>NSW average</i>	1.1%	1.3%	1.3%	1.2%	1.1%	1.0%
*As at June						
Source: ABS Census 2011; NSW Department of Planning and Environment 2014; MacroPlan Dimasi						

Table 2.2
Macquarie Centre main trade area - socio-demographic profile, 2011

Census item	Primary sector	Secondary sectors					Main TA	Syd Metro avg.	Aust. avg.
		North	East	South	West	Nth-west			
Per capita income	\$40,320	\$52,720	\$52,444	\$47,054	\$37,322	\$47,731	\$43,562	\$37,441	\$34,467
<i>Var. from Syd Metro benchmark</i>	7.7%	40.8%	40.1%	25.7%	-0.3%	27.5%	16.3%		
Avg. household income	\$109,163	\$155,088	\$149,320	\$120,024	\$101,859	\$139,773	\$119,762	\$101,090	\$88,205
<i>Var. from Syd Metro benchmark</i>	8.0%	53.4%	47.7%	18.7%	0.8%	38.3%	18.5%		
Avg. household size	2.7	2.9	2.8	2.6	2.7	2.9	2.7	2.7	2.6
<u>Age distribution (% of population)</u>									
Aged 0-14	17.3%	20.0%	20.3%	18.1%	17.8%	18.7%	18.3%	19.2%	19.3%
Aged 15-19	6.1%	7.9%	8.4%	6.4%	6.2%	7.8%	6.7%	6.3%	6.5%
Aged 20-29	16.4%	9.2%	10.4%	12.4%	14.8%	10.9%	13.5%	14.8%	13.8%
Aged 30-39	13.7%	9.1%	9.5%	14.3%	14.4%	10.4%	12.8%	15.3%	13.8%
Aged 40-49	14.3%	16.0%	16.1%	14.7%	14.9%	15.0%	15.0%	14.3%	14.2%
Aged 50-59	12.2%	14.3%	13.9%	12.0%	13.4%	14.4%	13.1%	12.2%	12.8%
Aged 60+	20.1%	23.6%	21.5%	22.0%	18.6%	22.7%	20.7%	18.0%	19.6%
Average age	38.5	40.1	39.2	39.5	38.2	39.9	38.9	37.1	37.9
<u>Housing status (% of households)</u>									
Owner (total)	<u>68.9%</u>	<u>86.0%</u>	<u>79.1%</u>	<u>66.0%</u>	<u>67.0%</u>	<u>83.0%</u>	<u>72.2%</u>	<u>66.8%</u>	<u>68.7%</u>
• Owner (outright)	36.7%	46.2%	45.5%	33.7%	33.1%	43.8%	37.8%	31.1%	32.9%
• Owner (with mortgage)	32.2%	39.8%	33.6%	32.4%	33.9%	39.2%	34.5%	35.7%	35.8%
Renter	30.0%	13.5%	20.0%	32.7%	32.3%	16.1%	26.9%	32.4%	30.4%
Other	1.1%	0.4%	0.9%	1.3%	0.8%	0.9%	0.9%	0.8%	0.9%
<u>Birthplace (% of population)</u>									
Australian born	56.0%	60.6%	60.8%	66.8%	55.0%	68.9%	59.1%	63.6%	74.0%
Overseas born	<u>44.0%</u>	<u>39.4%</u>	<u>39.2%</u>	<u>33.2%</u>	<u>45.0%</u>	<u>31.1%</u>	<u>40.9%</u>	<u>36.4%</u>	<u>26.0%</u>
• Asia	28.1%	13.2%	21.3%	13.7%	31.1%	16.5%	23.6%	15.5%	8.6%
• Europe	8.3%	12.0%	9.2%	11.6%	6.5%	7.7%	8.7%	10.6%	10.5%
• Other	7.7%	14.2%	8.7%	7.9%	7.4%	6.8%	8.6%	10.3%	7.0%
<u>Family type (% of households)</u>									
Couple with dep't children	50.4%	58.2%	57.5%	48.6%	50.1%	57.2%	52.1%	48.2%	45.3%
Couple with non-dep't child.	9.1%	8.9%	7.6%	8.2%	9.7%	9.1%	9.0%	9.1%	7.7%
Couple without children	20.4%	20.1%	18.0%	21.1%	19.7%	19.2%	20.0%	20.1%	23.0%
One parent with dep't child.	5.6%	4.9%	6.2%	5.8%	7.0%	5.1%	6.0%	8.5%	9.2%
One parent w non-dep't child.	3.9%	2.4%	2.5%	3.4%	3.7%	2.7%	3.4%	3.9%	3.5%
Other family	1.3%	0.6%	1.0%	1.0%	1.3%	0.6%	1.1%	1.2%	1.1%
Lone person	9.3%	4.9%	7.2%	12.0%	8.6%	6.0%	8.5%	9.0%	10.2%

Source: ABS Census of Population & Housing, 2011; MacroPlan Dimasi

Some of the larger residential developments of note within the trade area include:

Priority Precincts

- Herring Road/Macquarie University Station - approximately 5,400 dwellings by 2031
- Epping Town Centre – approx. 3,750 dwellings
- North Ryde – approx. 3,000 dwellings
- Cherrybrook – approx. 3,200 dwellings
- Wentworth Point – approx. 2,300 dwellings

Major developments/precincts

- Sydney Olympic Park – the current Masterplan indicates up to 6,500 dwellings however we understand that this could potentially increase considerably (to more than 10,000 dwellings).
- Telopea Urban Renewal Project - which is proposed to include 1,900 dwellings
- Parramatta Road Urban Renewal Corridor – which is expected to accommodate an additional 50,000 dwellings over the longer term, some of which will be located at the southern periphery of the tertiary south sector.

Having regard to the above, the total trade area population is estimated to increase by around 24% or 167,000 persons by 2031, reaching 872,500 persons, reflecting average annual growth of 1.3%.

The main trade area population is estimated to grow at an average annual rate of 1.2% to reach 372,700 by 2031, an increase of 21%, while the primary sector population is estimated to grow at 1.2% per annum to reach 95,500 by 2031, equivalent to an increase of 20% from current levels.

In summary, the trade area served by Macquarie Centre, has grown, and will continue to grow significantly in the future, increasing by almost 25% over the next 15 years or so.

2.3 Socio-demographic profile

Table 2.2 illustrates the socio-demographic profile of the Macquarie Centre main trade area population, compared with benchmarks for metropolitan Sydney and Australia, based on data from the 2011 ABS Census of Population and Housing. Key highlights are as follows:

- The average per capita and per household incomes of the total trade area population, at 23.0% and 22.7% respectively, are well above the Sydney metropolitan benchmarks. Main trade area residents are also very affluent and earn per capita incomes that are 16.3% above benchmark.
- The average age of total trade area (38.5 years) and main trade area residents (38.9 years) is in each case older than the Sydney metropolitan average of 37.1 years.
- The home ownership levels across the total trade area are slightly higher than Sydney benchmarks.
- Australian born residents account for 59.6% of the total trade area population and 59.1% of the main trade area population which is below the Sydney average. Asian born residents are significant and make up the highest proportion of overseas born residents accounting for 22.0% of the population in the total trade area and 23.6% in the main trade area, well above the metropolitan Sydney average of 15.5%.
- Traditional families (i.e. couples with dependent children) represent the most prevalent household type in the total trade area, accounting for over half of all households.

Overall, the total trade area population comprises a culturally diverse mix of affluent, traditional families.

2.4 Retail expenditure

MacroPlan Dimasi estimates retail expenditure capacity generated by the main trade area residents based on information sourced from Market Data Systems (MDS), which utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information. We consider MarketInfo data to be an accurate measure of available retail expenditure and it is widely relied on in the retail industry. This office has undertaken thousands of retail assessments using actual retail sales turnover data from retailers and shopping centres and numerous customer surveys to understand the expenditure behaviour of shoppers.

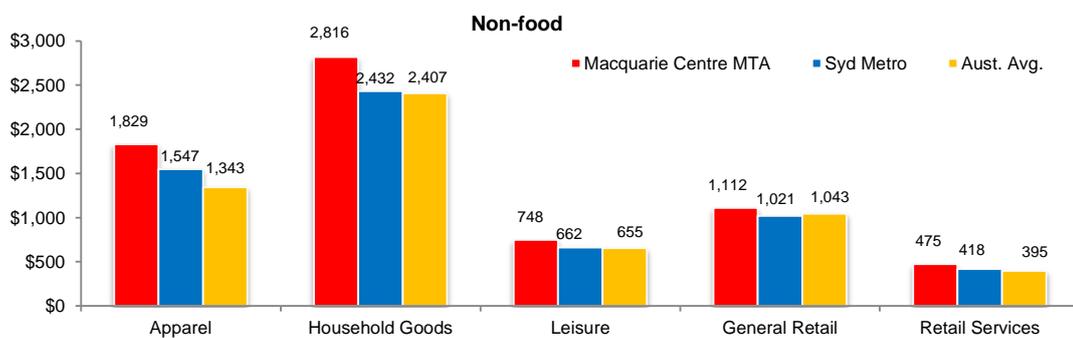
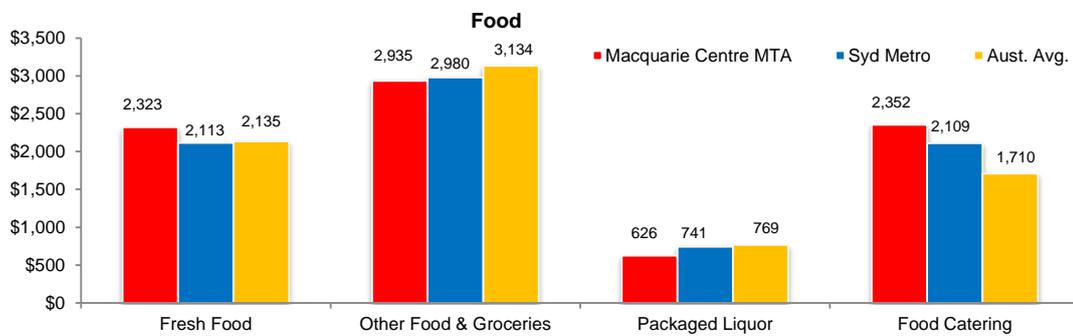
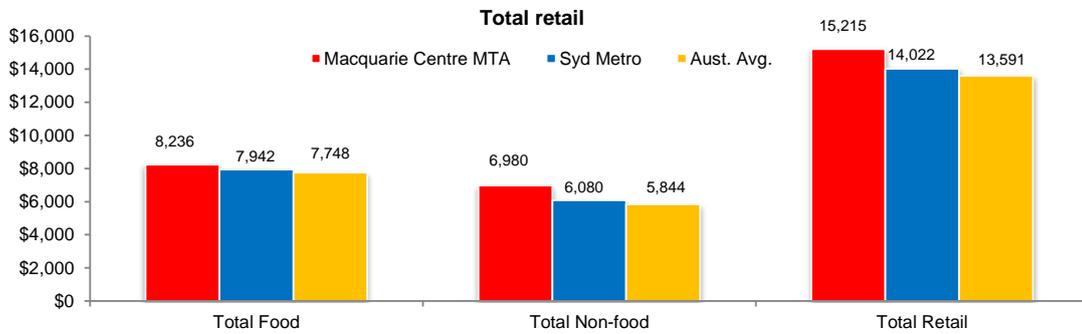
Total retail expenditure is detailed in a number of categories, as follows:

- Take-home food and groceries – goods typically sold in supermarkets and specialty fresh food stores.
- Packaged liquor – packaged beer, wine and spirits such as those purchased at bottle-shops and liquor outlets.
- Food catering – cafes, take-away outlets and restaurants, including liquor consumed on such premises.
- Apparel – clothing, footwear, fashion and accessories.
- Household Goods – giftware, electrical, computers, furniture, homewares, and hardware goods.
- Leisure – sporting goods, music, DVDs, games, books, newsagents and film processing/photography.
- General Retail – pharmaceutical goods, cosmetics, toys, florists, mobile phones.
- Retail Services – retail services such as key cutting, shoe repairs, hair and beauty.

Chart 2.1 details the per capita retail expenditure of the main trade area population, compared with averages for metropolitan Sydney and Australia. All expenditure estimates in this report are presented inclusive of GST.

- Retail expenditure per capita is estimated to be around 8.5% above the metropolitan Sydney average.
- Estimated per capita expenditure on fresh food is around 10% greater than the metropolitan Sydney average, while per capita expenditure on other food and groceries is on par with the Sydney average. These categories are both of particular relevance to supermarkets, as they represent 90-95% of items for sale at supermarkets.
- Estimated expenditure per capita on non-food discretionary retail is about 15% above the Sydney metropolitan average. This is reflective of the above average income levels of the main trade area population and indicates a higher propensity to spend on retail/leisure shopping such as that provided at Macquarie Centre.

Table 2.1
Macquarie Centre main trade area - retail expenditure per person, 2014/15*



*Including GST
Source: MarketInfo; MacroPlan Dimasi

Table 2.3 presents estimates of total retail spending generated by the total trade area population, by trade area sector, over the period from 2015 to 2031. Spending forecasts are presented inclusive of GST and are presented in constant 2014/15 dollars.

Table 2.3 Macquarie Centre total trade area - retail expenditure (\$M), 2015-2031*							
Trade area	2015	Forecast retail spend (\$M)				Avg. ann. growth	
		2018	2021	2026	2031	(\$M)	(%)
Primary	1,159	1,238	1,323	1,481	1,654	31	2.2%
Secondary sectors							
• North	772	827	881	979	1,077	19	2.1%
• East	428	472	514	583	657	14	2.7%
• South	654	700	743	817	893	15	2.0%
• West	1,338	1,445	1,557	1,764	1,991	41	2.5%
• Nth-west	<u>348</u>	<u>364</u>	<u>383</u>	<u>419</u>	<u>457</u>	<u>7</u>	<u>1.7%</u>
Total secondary	3,540	3,809	4,079	4,562	5,074	96	2.3%
Main trade area	4,699	5,046	5,401	6,043	6,728	127	2.3%
Tertiary sectors							
• North	1,237	1,307	1,373	1,495	1,627	24	1.7%
• East	1,424	1,529	1,642	1,834	2,041	39	2.3%
• Sth-east	668	709	750	827	901	15	1.9%
• South	1,578	1,797	2,032	2,464	2,942	85	4.0%
• West	<u>1,417</u>	<u>1,504</u>	<u>1,599</u>	<u>1,775</u>	<u>1,967</u>	<u>34</u>	<u>2.1%</u>
Total tertiary	6,324	6,846	7,396	8,396	9,478	197	2.6%
Total trade area	11,023	11,892	12,798	14,439	16,206	324	2.4%

*Constant 2014/15 dollars & including GST
Source: MarketInfo; MacroPlan Dimasi

The total trade area retail expenditure market is estimated to grow by around 47% to 2031 from \$11.02 billion to \$16.21 billion (\$2014/15) at an average annual growth rate of 2.4%. The average annual growth rate of 2.4% comprises two components, as follows:

- Residential population growth, which is expected to average 1.3-1.4% per annum;
- Real growth in per capita retail expenditure, which is expected to average 1-1.1% per annum over the forecast period.

The total retail expenditure capacity of main trade area residents is expected to grow at 3.2% per annum, from \$4.70 billion at 2015 to \$6.7 billion by 2031.

Table 2.4 presents projections of spending for the total trade area by retail category. FLG expenditure (i.e. take-home food & groceries including packaged liquor) is estimated at \$4.25 million in 2015, and accounts for around 40% of all retail expenditure in the trade area.

The fastest growing retail category is expected to be food catering, which is estimated to increase at an average annual rate of 3.0%.

Table 2.4 Macquarie Centre total trade area - retail expenditure by category (\$M), 2015-2031*								
Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
2015	4,253	1,735	1,326	2,018	542	794	355	11,023
2016	4,370	1,792	1,356	2,068	554	812	365	11,317
2017	4,484	1,848	1,384	2,117	566	828	374	11,600
2018	4,600	1,906	1,413	2,166	578	846	384	11,892
2019	4,718	1,965	1,442	2,216	590	863	394	12,187
2020	4,837	2,025	1,471	2,266	601	880	404	12,485
2021	4,962	2,089	1,502	2,318	614	898	415	12,798
2022	5,090	2,153	1,533	2,372	627	917	425	13,116
2023	5,217	2,219	1,563	2,425	639	935	436	13,434
2024	5,348	2,286	1,594	2,479	652	954	447	13,760
2025	5,483	2,355	1,626	2,535	665	973	458	14,095
2026	5,621	2,427	1,659	2,592	678	992	470	14,439
2027	5,759	2,499	1,691	2,648	691	1,011	482	14,782
2028	5,897	2,572	1,723	2,705	704	1,030	493	15,125
2029	6,038	2,648	1,756	2,762	718	1,050	505	15,477
2030	6,183	2,725	1,789	2,821	731	1,069	518	15,837
2031	6,332	2,805	1,823	2,882	745	1,090	530	16,206
<u>Average annual growth (\$M)</u>								
2015-2031	129.9	66.9	31.0	54.0	12.7	18.5	11.0	323.9
<u>Average annual growth (%)</u>								
2015-2031	2.5%	3.0%	2.0%	2.3%	2.0%	2.0%	2.5%	2.4%
*Constant 2014/15 dollars & including GST Source: MarketInfo; MacroPlan Dimasi								

Section 3: Worker and student markets

This section of the report examines the other key customer segments served by Macquarie Centre, including the surrounding worker market and nearby student market.

3.1 Worker customer segment

Macquarie Centre is the primary shopping centre destination for workers in the Macquarie Business Park. The Macquarie Centre worker trade area, which has been defined to include a primary and a secondary sector, encompasses the entire Macquarie Business Park, as illustrated on Map 3.1.

The primary sector includes Macquarie University and Macquarie Centre, as well as the area within a walkable distance from Macquarie Park. According to the Property Council of Australia (PCA) Office Market Report (July 2015), the Macquarie Business Park contains over 850,000 sq.m of commercial/office floorspace, including around 590,000 – 600,000 sq.m of prime floorspace and around 250,000 - 260,000 sq.m of secondary floorspace.

As at the 2011 ABS Census of Population and Housing, the worker trade area contained an estimated 43,300 workers at 2011, including 17,350 in the primary sector and 25,940 in the secondary sector (Refer Table 3.1).

Allowing for growth in employment over the past three years, including the recent expansion of the Macquarie Centre, the worker trade area population is currently (i.e. in 2015) estimated at 45,900, including 18,600 in the primary sector.

The NSW BTS projects future growth in employment in the worker trade area of around 1.4 – 1.5% per annum, equivalent to around 700 - 800 jobs per annum, resulting in a worker population of 57,800 by 2031. This accounts for the proposed expansion at Macquarie Centre and additional office/commercial development within the Macquarie Business Park.

Table 3.1
Macquarie Centre worker trade area population, 2011-2031*

Trade area sector	Estimated population			Forecast population		
	2011	2015	2018	2021	2026	2031
Primary	17,348	18,548	19,448	20,348	21,848	23,598
Secondary	<u>25,942</u>	<u>27,342</u>	<u>28,542</u>	<u>29,742</u>	<u>31,992</u>	<u>34,242</u>
Main trade area	43,290	45,890	47,990	50,090	53,840	57,840
Trade area sector	2006-11	Average annual growth (no.)				
		2011-15	2015-18	2018-21	2021-26	2026-31
Primary		300	300	300	300	350
Secondary		<u>350</u>	<u>400</u>	<u>400</u>	<u>450</u>	<u>450</u>
Main trade area		650	700	700	750	800
Trade area sector	2006-11	Average annual growth (%)				
		2011-15	2015-18	2018-21	2021-26	2026-31
Primary		1.7%	1.6%	1.5%	1.4%	1.6%
Secondary		<u>1.3%</u>	<u>1.4%</u>	<u>1.4%</u>	<u>1.5%</u>	<u>1.4%</u>
Main trade area		1.5%	1.5%	1.4%	1.5%	1.4%

*As at June

Source: ABS Census 2011; NSW DPE 2014; NSW BTS; MacroPlan Dimasi

While there will be some overlap in the defined residential trade area and the worker trade area (i.e. they are not mutually exclusive customer segments), the worker customer segment generates significant additional retail expenditure for capture by Macquarie Centre.

As at June 2011, approximately 65% of all persons employed within the worker trade area drove to and from work, while only 19% utilised public rail and bus transport. We expect the proportion using public transport would have increased since the census and that it is likely to increase in the future with upgrades to the rail network across northern Sydney.

Workers employed in professional roles account for the largest proportion of the worker trade area workforce, at around 43%, which is in line with the benchmark for the Sydney CBD. Furthermore, the average annual income earned by worker trade area workers is also generally in line with the average for the Sydney CBD, at around \$98,200 (as at the 2011 Census).

Generally, retail expenditure near one's place of work is mainly on food and groceries, food catering, retail services and other convenience related categories. Typically, workers spend between 20% - 40% of their annual retail expenditure near their place of work, depending on the retail offer provided. For example, workers near a regional shopping centre like Macquarie Centre or workers in Sydney CBD would likely spend a higher proportion of their annual retail expenditure near their place of work compared with workers in an industrial estate with limited retail amenity.

Tables 3.2 presents the estimated retail expenditure capacity generated by workers in the worker trade area, near their place of work. As shown, this customer segment generates an estimated \$226.4 million in 2015, which is estimated to increase by more than 50%, at an average annual rate of 2.6%, to reach \$343.7 million by 2031.

Table 3.2
Macquarie Centre worker trade area - retail expenditure by category (\$M), 2015-2031*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
Exp. near work**	25%	60%	30%	20%	30%	30%	50%	32%
2015	68.7	69.9	24.7	25.6	10.6	15.2	11.6	226.4
2016	70.4	72.0	25.2	26.2	10.8	15.5	11.9	232.1
2017	72.1	74.2	25.7	26.8	11.1	15.8	12.2	238.0
2018	74.0	76.5	26.3	27.4	11.3	16.2	12.5	244.0
2019	75.8	78.8	26.8	28.0	11.5	16.5	12.8	250.2
2020	77.8	81.2	27.4	28.7	11.7	16.8	13.1	256.7
2021	79.8	83.7	27.9	29.3	12.0	17.2	13.5	263.4
2022	81.9	86.4	28.5	30.1	12.2	17.5	13.8	270.5
2023	84.1	89.1	29.1	30.8	12.5	17.9	14.2	277.8
2024	86.4	92.0	29.8	31.5	12.8	18.3	14.6	285.3
2025	88.7	94.9	30.4	32.3	13.1	18.7	14.9	293.0
2026	91.0	97.9	31.1	33.1	13.3	19.1	15.3	300.9
2027	93.5	101.0	31.7	33.9	13.6	19.5	15.8	309.0
2028	96.0	104.2	32.4	34.7	13.9	19.9	16.2	317.3
2029	98.5	107.5	33.1	35.5	14.2	20.4	16.6	325.9
2030	101.1	110.9	33.8	36.4	14.5	20.8	17.1	334.7
2031	103.8	114.5	34.6	37.2	14.8	21.3	17.5	343.7
<u>Average annual growth (\$M)</u>								
2015-2031	2.2	2.8	0.6	0.7	0.3	0.4	0.4	7.3
<u>Average annual growth (%)</u>								
2015-2031	2.6%	3.1%	2.1%	2.4%	2.1%	2.1%	2.6%	2.6%

*Constant 2014/15 dollars & including GST

**Share of total annual expenditure potentially spent near place of work

Source: MarketInfo; MacroPlan Dimasi

3.2 Student customer segment

Macquarie University is located on the doorstep of Macquarie Centre and the student market would form an important additional customer segment for the centre, particularly given the centre accommodates the bus interchange and the Macquarie University train station is located between both Macquarie Centre and the University.

A proportion of these students will be counted in the resident trade area population, as many will clearly reside within the defined trade area. However, students utilise the centre at all times of the day, and would use the centre differently to a typical residential trade area customer.

As at 2014, Macquarie University had 38,747 student enrolments, including around 27,370 domestic students and 11,377 international students. Total student enrolments at Macquarie University have grown at an average annual rate of 2.9% over the past 10 years, however, over the past three years, enrolments have grown at around 1.6% per annum. We estimate that the total student enrolments at Macquarie University could potentially grow at around 2.0% per annum over the next 15 years or so.

Around 70% of students who attend Macquarie University are enrolled on a full-time basis. Macquarie University has a full-time equivalent (FTE) staff population of 2,768, including 1,334 academic staff and 1,434 professional staff. These staff are counted in the Macquarie Park worker population.

3.3 Macquarie Transport Interchange: Train and bus passengers

Table 3.3 summarises the historical and projected average weekday commuter movements passing through the Macquarie University train station over the period 2010 to 2030, as well as estimated bus passenger movements through the Macquarie Centre bus interchange, based on information from the NSW BTS, the Herring Road (Macquarie University Station) Priority Precinct planning proposal and information provided by AMP Capital.

Since the Epping-Chatswood Rail Link opened, the average number of commuters per weekday passing through Macquarie University Station has almost doubled, from around 11,000 per day in 2009 to around 20,200 per day in 2014, reflecting significant annual average growth in patronage greater than 12%. Average weekday movements are projected to exceed 40,000 by 2030 (i.e. growth of around 4% – 4.5% per annum on average).

The Sydney Metro Northwest is expected to be fully operational by 2019 – 2020, with stations along the Epping - Chatswood line expected to be upgraded and operational by early 2019, facilitating (smaller) trains that will run four times more regularly than they do currently.

According to the Herring Road Priority Precinct planning proposal, average bus volumes passing through the Macquarie Centre interchange are expected to increase significantly by 2030. The planning proposal indicates that average weekday bus movements through the station are projected to be around about 1.5 times total train movements through Macquarie University station, and thus are expected to exceed 60,000 passengers per weekday by 2030.

This 'commuter market' would predominantly consist of persons already accounted for in the customer segments previously identified in this report (i.e. residents, workers, students). However, this analysis shows that there will significant future growth in public transport movements through the Macquarie Interchange in the future driving significant localised activity within and around the Macquarie Centre.

The proposed expansion scheme includes lower level areas that will facilitate the movement of commuters between the bus and train stations, with supporting convenience retail and food related retail envisaged in this part of the centre.

Indicator	2009	2010	Historical				Projected		
			2011	2012	2013	2014	2020	2025	2030
<u>Train passengers</u>									
Est. train commuters per weekday*	10,980	14,960	17,020	17,640	17,480	20,180	26,746	34,136	40,543
Avg. ann growth		36.2%	13.8%	3.6%	-0.9%	15.4%	5.1%	5.0%	3.5%
<u>Bus passengers</u>									
Est. bus commuters per weekday**	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40,120	51,204	60,814
Avg. ann growth									
Total bus and train commuters per weekday							66,866	85,340	101,357
*Macquarie University station									
**Macquarie Centre interchange									
Source: AMP; NSW Bureau of Transport Statistics; City of Ryde (planning proposal Herring Road UAP)									

Section 4: Competition

This section of the report reviews the competitive context within which Macquarie Centre operates, now and in the future, including all proposed competitive developments.

The major competitive centres to Macquarie Centre are summarised in Table 4.1 and are illustrated on the previous Map 2.1. As a regional shopping centre, the major competitors for Macquarie Centre are other large, regional shopping centres across northern and western Sydney. By regional shopping centre, we mean shopping centres generally anchored by one or more department stores that serve broad, regionally sized trade areas.

4.1 Regional centres

Chatswood CBD

The closest regional shopping facilities to Macquarie Centre are located in the **Chatswood CBD**, which contains the Westfield Chatswood and Chatswood Chase regional shopping centres. The **Chatswood CBD** is the dominant retail precinct on the Lower North Shore, accommodating an estimated 170,000 - 180,000 sq.m of retail floorspace, including Westfield Chatswood and Chatswood Chase, a significant provision of street/strip retail including a popular pedestrian mall, as well as cultural, entertainment, business, health, community services, commercial office and high-density residential floorspace.

Westfield Chatswood provides 71,400 sq.m of retail floorspace, including a Myer department store, Coles and Aldi supermarkets, a significant volume of specialty retail and a Hoyts cinema complex. This centre is currently undergoing a major redevelopment that will include a reconfiguration of the mall facing Victoria Avenue into a five level entrance statement that will house new mini-majors and an Asian inspired dining market. The centre retail GLA is expected to increase by 3,000 sq.m and will include Topshop/Topman.

Chatswood Chase provides about 56,800 sq.m of retail floorspace, and is anchored by a David Jones department store and a large Coles supermarket. The specialty mix at this centre is slightly more upmarket than Westfield Chatswood. This centre performs exceptionally well, and is ranked 9th in Australia in terms of MAT per sq.m of all Big Guns shopping centres as per the Shopping Centre News Big Guns 2015 publication and 7th in regards to specialty MAT per sq.m.

Westfield Parramatta

Westfield Parramatta is the dominant shopping facility in the Parramatta CBD and is currently the largest shopping centre in NSW containing 120,600 sq.m of retail GLA (total GLA of 137,200 sq.m). This centre is anchored by David Jones and Myer department stores; Target and Kmart discount department stores; and Woolworths and Coles supermarkets, and includes over 400 retail specialty/mini-major stores, including international mini-majors such as Uniqlo. The centre includes an external dining precinct, as well as two gyms and an 11 screen Event cinema complex. The centre provides a comprehensive provision of mini-majors and specialty retail.

An approval exists for a major expansion of Westfield Parramatta of around 24,150 sq.m of retail GLA, including a new upper level, which is expected to include a new Big W dds, a larger (relocated) Woolworths supermarket, additional mini-major and retail specialty floorspace. In addition to recent tenancy improvements at the centre (e.g. Uniqlo) we expect this expansion will include additional international mini-majors of the likes of Zara, H&M and Sephora etc. A commercial office tower of around 35,000 sq.m is also approved as part of the redevelopment of the centre.

Since the approval was granted in 2014, a larger development of the centre has been mooted, that could include a doubling of the size of the commercial office tower and an increase in the scale of the retail expansion. No formal proposal has been submitted at this stage.

Table 4.1 Macquarie Centre - schedule of competing retail facilities			
Centre	Retail GLA (sq.m)	Major traders	Dist. by road from Macquarie Centre (km)
Within trade area			
<u>Top Ryde City SC</u>	<u>47,500</u>		<u>5.3</u>
• Existing*	47,500	Big W, Woolworths, Aldi	
• Proposed*	10,000	Kmart (p), Coles (p)	
<u>Chatswood CBD</u>	<u>173,200</u>		<u>8.0</u>
• Westfield Chatswood (existing)	71,400	Myer, Target, Aldi, Coles	
• Westfield Chatswood (p)	3,000	n.a.	
• Chatswood Chase	56,800	David Jones, Kmart, Coles	
• Remainder	45,000	Woolworths	
Westfield Hornsby	90,100	David Jones, Myer, Kmart, Target, Woolworths, Coles, Aldi	12.9
<u>Castle Towers SC</u>	<u>98,600</u>		<u>14.3</u>
• Existing	98,600	David Jones, Myer, Kmart, Target, Coles, Aldi	
• Proposed**	69,000	Big W (p), Woolworths (p)	
<u>Parramatta CBD</u>	<u>210,600</u>		<u>14.3</u>
• Westfield Parramatta (existing)	120,600	David Jones, Myer, Target, Kmart, Coles, Woolworths	
• Westfield Parramatta (p)	24,100	DDS (p)	
• Remainder	90,000	Aldi	
Sub-regional Shopping Centres			
Carlingford Court	28,300	Target, Coles, Woolworths, Aldi (p)	7.3
Rhodes Waterside	24,500	Target, Coles	8.8
<u>North Rocks SC</u>	<u>21,000</u>		<u>10.3</u>
• Existing	21,000	Kmart, Coles, Aldi	
• Proposed	2,500	n.a.	
*Myer is no longer at the centre and 'lost' 10,700 sq.m is likely to be converted to other retail uses.			
**Includes revised application (yet to be approved) of 69,000 sq.m of additional retail GLA			
Source: Property Council of Australia; MacroPlan Dimasi			

Castle Towers

Castle Towers Shopping Centre currently contains around 100,000 sq.m of retail floorspace including both major department stores, Kmart and Target discount department stores, and Coles and Aldi supermarkets and around 280 - 300 specialty and mini-major stores. This centre is the dominant regional shopping centre in outer north-western Sydney.

An approval exists for a major expansion of this centre of around 60,000 sq.m (of retail GLA), however QIC has recently lodged a revised application that seeks an additional 80,000 sq.m of total GLA (including around 69,000 sq.m retail GLA). This expansion is expected to include

new major tenants, mini-majors and retail specialty stores, as well as a redeveloped and expanded dining/restaurant precinct. Upon completion, Castle Towers will become the largest regional shopping centre in Sydney, and one of the largest shopping centres in Australia.

4.2 Sub-regional centres

There are also a number of sub-regional shopping centres and supermarket based centres located throughout the defined total trade area, however, most of these centres are of limited competitive relevance to Macquarie Centre, as they generally perform a different role and function (i.e. local convenience, or sub-regional retailing). The most relevant of the sub-regional centres are discussed as follows:

Top Ryde City

Top Ryde City, which is located in the secondary north sector, is currently undergoing a major internal refurbishment. Prior to this redevelopment the centre contained around 60,000 sq.m of retail GLA including a Myer department store. Myer recently exited the centre as part of its broader property strategy of store consolidation, which has also seen the closure of other stores in Sydney (e.g. Westfield Hurstville), while the IGA store has been vacated as well. This space is expected to be back-filled by a Coles supermarket, possibly a dds (e.g. Kmart) and a mix of mini-major and specialty retail floorspace.

The centre also contains a Big W dds, and Woolworths and Aldi supermarkets. The centre also provides an extensive food catering, casual dining and entertainment offer including a 7 screen Event cinema complex. The casual dining piazza is one of the more successful elements of the centre.

Rhodes Waterside SC

Rhodes Waterside is a 24,500 sq.m sub-regional shopping centre anchored by a Kmart discount department store and a Coles supermarket, which also includes a well presented and significant food catering offer, with many alfresco dining options. This centre serves the surrounding sub-regional residential trade area as well as the workers within the Rhodes Business Park. This centre also contains a cinema complex as well as an IKEA store.

Carlingford Court

Carlingford Court is a 28,300 sq.m sub-regional shopping centre anchored by a large Target discount department store and Coles and Woolworths supermarkets, located around 7.3 km to the west of Macquarie Centre. The centre contains around 95 – 100 specialty retail tenants as well as a larger medical centre and a large Fitness First gym. An Aldi supermarket is planned to be accommodated within the centre by mid-2017.

North Rocks Shopping Centre

North Rocks Shopping Centre is located a further 3km west of Carlingford Court and recently changed owners, having previously been known as Westfield North Rocks. A development application has been lodged to refurbish and expand the centre, consisting of a retail GFA increase of around 2,500 sq.m. The refurbishment, if approved, will include the conversion of the existing Coles supermarket into two mini-major tenancies and the development of a new, larger Coles supermarket.

4.3 Proposed centres/developments

Most of the regional shopping centres identified in Section 4.1 are planned to undergo major redevelopments in the near future. In addition to this, we expect additional convenience oriented retail facilities to establish within the identified Priority Precincts across the main trade area, including centres such as Cherrybrook, Epping and Wentworth Point. These developments are expected to serve localised trade areas and are of little competitive relevance to the existing Macquarie Centre, and planned future expansion of this centre.

The Camellia Priority Precinct is located just beyond the defined trade area and we understand this precinct could potentially contain sub-regional scale retail development, given around 15,000 dwellings could potentially be accommodated within this precinct over the longer term. The development of the town centre within the Camellia Priority Precinct is expected to evolve over the medium to longer term. An approval exists for up to 15,000 sq.m of retail floorspace at 181 James Ruse Drive and we understand the landowners across the rest of the town centre are likely to submit revised planning proposals for their land in the near future.

We expect that additional retail development is likely to occur within the Sydney Olympic Park precinct in the future, particularly given this precinct could support at least 6,500 new residential dwellings, and potentially in excess of 10,000 dwellings. Under the existing 2030 Masterplan for the precinct, up to 30,000 sq.m of retail floorspace is permissible within the precinct.

Section 5: Retail demand & estimated sales potential

This section of the report provides an assessment of the retail floorspace demand generated by the population of the trade area. This section also examines the likely sales potential of the proposed expansion, examining the incremental sales of the proposed expansion, by comparing the sales of the proposed expansion scenario with a “Do Nothing” scenario.

5.1 Retail floorspace demand

Table 5.1 presents an indicative analysis of the retail floorspace demand generated by the main trade area population and total trade area population over the period 2015 to 2031.

Across Australia there is an estimated 2.2 sq.m of retail floorspace per capita, including all forms of retailing such as shopping centres, street/strip retail, stand-alone supermarkets and bulky goods/large format retail (LFR). Approximately 0.6 sq.m is considered to be bulky goods/LFR retail and around 1.6 sq.m is considered traditional retail floorspace.

Table 5.1 shows that the total trade area population currently generates retail demand equivalent to around 1.55 million sq.m of floorspace, including 1.13 million sq.m of traditional retail floorspace and 420,000 sq.m of bulky goods/LFR floorspace. This demand would presently be met by a range of retail facilities including Macquarie Centre, higher order centres like Chatswood, Hornsby, Top Ryde City; small neighbourhood centres; bulky goods precincts; as well as the Sydney CBD.

The main trade area population generates around 40 – 45% of total trade area demand equivalent to around 680,000 sq.m, of which around 490,000 sq.m is considered to be traditional retail floorspace demand.

As indicated earlier in this report, the main trade area population is estimated to increase by around 21% by 2031, which would result in an additional 102,000 sq.m of traditional retail floorspace demand over this period. This assumes a constant retail provision per capita, which is a conservative assumption given the provision of retail floorspace per capita has increased from around 2.0 to 2.2 sq.m over the past 15 – 20 years or so.

The total trade area population is expected to generate an additional 267,000 sq.m of traditional retail floorspace demand over the next 15 years or so to 2031, or around 16,700 sq.m per year.

In this context, the proposed expansion of Macquarie Centre, which includes an additional 39,723 sq.m of retail floorspace, is equivalent to only 2.5 years of traditional retail floorspace demand growth over the next 15 years from the total trade area population.

Table 5.1 Macquarie Centre - <u>Main trade area</u> and <u>Total trade area</u> retail floorspace demand (2015 - 2031)						
Indicator/Category	2015	2018	2021	2026	2031	Chg. 15-31
<u>Population</u>						
Primary sector	79,530	82,530	85,530	90,530	95,530	16,000
Secondary sectors	<u>229,430</u>	<u>239,780</u>	<u>248,930</u>	<u>263,430</u>	<u>277,180</u>	<u>47,750</u>
Total main trade area	308,960	322,310	334,460	353,960	372,710	63,750
Tertiary sectors	<u>396,550</u>	<u>417,100</u>	<u>436,750</u>	<u>468,500</u>	<u>499,750</u>	<u>103,200</u>
Total main trade area	705,510	739,410	771,210	822,460	872,460	166,950
<u>Floorspace demand per capita</u>						
Traditional retail	1.60	1.60	1.60	1.60	1.60	
Bulky/LFR	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	<u>0.60</u>	
Total	2.20	2.20	2.20	2.20	2.20	
<u>Total demand - Main trade area</u>						
Traditional retail	494,336	515,696	535,136	566,336	596,336	102,000
Bulky/LFR	<u>185,376</u>	<u>193,386</u>	<u>200,676</u>	<u>212,376</u>	<u>223,626</u>	<u>38,250</u>
Total	679,712	709,082	735,812	778,712	819,962	140,250
<u>Total demand - Total trade area</u>						
Traditional retail	1,128,816	1,183,056	1,233,936	1,315,936	1,395,936	267,120
Bulky/LFR	<u>423,306</u>	<u>443,646</u>	<u>462,726</u>	<u>493,476</u>	<u>523,476</u>	<u>100,170</u>
Total	1,552,122	1,626,702	1,696,662	1,809,412	1,919,412	367,290

Source: MacroPlan Dimasi

5.2 Estimated sales potential

In order to examine the potential impacts that could result from the proposed expansion we have estimated the potential sales for Macquarie Centre under a Do Nothing scenario (i.e. assuming the centre remains in its current state) and compared this against estimated retail sales that could be achieved by the centre under the proposed expansion scenario. This analysis is presented in Table 5.2, expressed in constant \$2014/15 and inclusive of GST.

We note that the analysis presented in Table 5.2 reflects independent estimates of the future retail sales potential of Macquarie Centre prepared by MacroPlan Dimasi. These estimates are to be considered indicative in nature, and could vary depending on the ultimate composition of retail floorspace and the timing/scale of competitive developments across the surrounding competitive network. We have assumed an indicative first year of trade of 2019/20 for the purposes of examining the potential sales and impacts.

Table 5.2 shows that centre retail sales are estimated to reach around \$815 million in the year 2019/20, which accounts for growth in the available expenditure market as well as future competitive developments/expansions such as Castle Towers and Westfield Parramatta.

Under the expansion scenario, we have assumed that around 30,000 sq.m of the proposed 39,723 sq.m of GLA would be allocated to typical 'retail' uses like fashion/non-food mini-majors and specialty retail including additional dining.

The remaining 9,723 sq.m attributed to non-retail type uses such as bowling, gyms, gaming areas, child care, kids entertainment etc.

We estimate that the expanded centre could achieve sales in the order of \$1.00 billion in the year 2019/20, equivalent to an incremental increase of around \$190.5 million.

It is this incremental sales volume which is of relevance to assessing the impacts on the surrounding retail hierarchy.

Category	Do Nothing scenario			Expansion scenario			Incremental	
	GLA (sq.m)	Est. sales (\$M)	(\$/sq.m)	GLA (sq.m)	Est. sales (\$M)	(\$/sq.m)	GLA (sq.m)	Est. sales (\$M)
Retail								
Major tenants	63,478	310.0	4,883	63,478	310.9	4,898	0	0.9
Mini-majors	14,008	159.0	11,353	29,008	255.6	8,812	15,000	96.6
Retail specialties	<u>30,826</u>	<u>345.6</u>	<u>11,213</u>	<u>45,826</u>	<u>438.6</u>	<u>9,571</u>	<u>15,000</u>	<u>92.9</u>
Total centre - retail	108,312	814.7	7,521	138,312	1,005.1	7,267	30,000	190.5
Non-retail								
Non-retail/entertainment**	<u>27,988</u>	<u>n.a.</u>	<u>n.a.</u>	<u>37,711</u>	<u>n.a.</u>	<u>n.a.</u>	<u>9,723</u>	<u>n.a.</u>
Total centre (ex. Towers)	136,300	814.7	n.a.	176,023	1,005.1	n.a.	39,723	n.a.

*Constant 2014/15 dollars & including GST
** Much of the upper level additional space is likely to be tenanted by 'non-retail' uses such as gym, child care, bowling, kids' ent., etc. We have assumed around 9,723 sq.m of the upper level floorspace is attributable to 'non-retail'
Source: MacroPlan Dimasi

Table 5.3 presents an indicative assessment of the likely share of sales that each customer segment contributes to the total estimated sales for Macquarie Centre under both the Do Nothing Scenario and under the expansion scenario, and the implied market shares for each customer segment. As shown, only a very minor market share uplift is required from the surrounding main trade area expenditure market (2.4%) and total trade area expenditure market (1.1%), in order to achieve the incremental sales estimated in Table 5.2.

Trade area	Do Nothing Scenario			Expansion Scenario**			Incremental	
	Dist. Of sales (%)	Est. sales (\$m)	Est. mkt. share (%)	Dist. Of sales (%)	Est. sales (\$m)	Est. mkt. share (%)	Est. sales (\$m)	Est. mkt. share (%)
Residential trade area								
Main trade area	67.5%	549.9	10.4%	67.5%	678.5	12.9%	128.6	2.4%
Total trade area	77.5%	631.4	5.1%	77.0%	773.9	6.2%	142.6	1.1%
Other customer segments								
Worker trade area	15.0%	122.2	41%	15.0%	150.8	50%	28.6	9.5%
Student	2.5%	20.4	10%	3.0%	30.2	15%	9.8	4.9%
Other beyond trade area	<u>5.0%</u>	<u>40.7</u>	<u>n.a.</u>	<u>5.0%</u>	<u>50.3</u>	<u>n.a.</u>	<u>9.5</u>	<u>n.a.</u>
Total est. retail sales	100.0%	814.7	n.a.	100.0%	1,005.1	n.a.	190.5	n.a.

*Constant 2014/15 dollars & including GST
**Assumes that the distribution of sales to each customer segments remains generally similar.
Source: MarketInfo; MacroPlan Dimasi

Section 6: Retail hierarchy impacts

This section of the report presents our estimates of likely trading impacts on the surrounding retail network and discusses the implications of these impacts.

6.1 Purpose of assessing impacts

The purpose of an impact assessment is to provide guidance as to whether or not there is likely to be a net community benefit or disbenefit from any proposed development. In particular, if there is a real possibility of some existing facilities potentially being impacted to such a degree that they may be lost to the community and if the service or services provided by those facilities are not at the very least replaced by the proposed new facilities, then a community disbenefit could result.

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect across the surrounding competitive network were Macquarie Centre to expand as proposed.

These estimates provide indications as to whether the scale of the proposed retail development is reasonable and whether any surrounding centres are likely to be at risk to the extent that the community would suffer a net disbenefit, attributable to the proposed retail development. In considering likely trading impacts on any individual centre or individual retailer, it must first be acknowledged that such estimation can only realistically expect to provide a broad indication of likely outcomes, since there are many factors which can change in response to any new retail development, and which will have a bearing on the consequent outcomes. The competitive response of each relevant centre or trader is one such factor, as are further redevelopments/improvements which one or more of the competitive network of centres might implement.

6.2 Impacts methodology

The following factors are typically considered when assessing the potential impacts of a new supermarket based development on each existing facility or centre:

- The distance of the (impacted) centre, or retail precinct, by road, from the proposed development.
- The size of the centre or precinct, in terms of total retail floorspace.
- The amount of supermarket floorspace, and brands of these supermarkets.
- The role and function of the centre or precinct.
- Relative accessibility and relative convenience compared with the proposed retail development.
- The estimated performance of the centre/precinct (in current sales) and future performance (in the impact year), accounting for any future developments in the region that may also impact on the future sales of existing centres.
- The share of available expenditure which the centre/precinct attracts from the identified main trade area of the proposed development. A centre may not be situated in the identified trade area of the proposed development but its main trade area may extend to include parts, or all, of the trade area. For example, the trade area for large regional shopping centre typically includes several hundred thousand persons. Such a trade area is likely to include (partially or completely) trade areas for smaller convenience based centres, sub-regional centres, retail strips and stand-alone supermarkets.

The following key principles are then relied on when assessing the dollar (and percentage) impacts that are likely to be absorbed by existing facilities/centres:

- The greatest impacts are typically absorbed by the closest comparable centres. For example, an expansion of a regional shopping centre will predominantly impact on other

regional shopping centres within, and adjacent to that centre's trade area, followed by impacts on larger sub-regional sized centres.

- Impacts on small scale sub-regional and local centres, tend to be relatively smaller in scale, as these stores normally attract a small market share of available main trade area expenditure and perform a different role and function in the hierarchy, often serving the local walkable catchments surrounding them, and/or serving more specialised/discerning needs (e.g. a small Foodworks foodstore).

Table 6.1 presents a summary of the key metrics for the surrounding centres of relevance to the proposed development. This table includes the following:

- Column (1) shows the distance of each centre or store from the subject site.
- Column (2) shows the amount of retail floorspace at the centre.
- Column (3) outlines the estimated sales for the year 2014/15.
- Column (4) presents an estimate of the proportion of sales for each centre that is generated from the main trade area population. This provides the starting point for the allocation of sales redirected to the new development at the subject site.
- Column (5) presents an estimate, for each centre, of the volume of sales generated from the defined main trade area. Column (5) is calculated by multiplying Column (4) by Column (3). This column represents the total amount estimated to be spent by residents of the main trade area at each identified centre.
- Column (6) shows, for each centre, the proportion of sales drawn by the centre from the main trade area as a percentage of the total sales drawn from the main trade area by all identified centres in the analysis. **Column (6) is calculated by dividing each entry in Column (5) by the sum total of Column (5).**

Table 6.1 Macquarie Centre - Estimated sales distribution of specific centres in region, 2014/15*						
Centre	Distance from site (km) (1)	Total GLA (sq.m) (2)	Est. centre sales (\$M) (2014/15) (3)	Est. % sales drawn from MTA (%) (4)	Est. % sales drawn from MTA (\$M) (5)	Share of available MTA retail exp. to identified centres (%) (6)
Regional centres						
Chatswood CBD**	8.0	131,200	1,015	35%	355	25%
Westfield Hornsby	12.9	90,100	624	45%	281	20%
Castle Towers	14.3	98,600	711	33%	234	16%
Westfield Parramatta	14.3	120,600	721	20%	144	10%
Sub-regional centres						
Top Ryde City***	5.3	47,500	299	70%	210	15%
Carlingford Court	8.0	28,300	178	60%	107	7%
Rhodes Waterside****	8.8	24,500	183	15%	27	2%
Westfield North Rocks	10.3	21,000	142	45%	64	4%
Total identified centres					1,422	100%
Share of sales directed to identified centres from MTA residents						
*Sales expressed inclusive of GST and in \$2014/15						
**Includes both Westfield Chatswood (inc. expansion) and Chatswood Chase						
***Estimated GLA and sales performance without Myer and IGA (which have both vacated the centre)						
****Excludes IKEA						
Source: PCA, MacroPlan Dimasi						

Table 6.2 builds upon the analysis in Table 6.1, setting out an assessment of the likely order of trading impact on each of the identified centres, showing:

- The estimated floorspace (GLA) and sales volume for each centre as at 2014/15.
- The estimated sales volume for each centre at 2019/2020 assuming Macquarie Centre does not expand.
- The estimated sales volume for each centre at 2019/2020 after allowing for the proposed expansion by 2019/2020.
- The consequent estimated trading impact, measured both as a sales volume and a percentage impact, on each centre.
- The estimated post-impact sales performance at 2019/2020 as compared with current (2014/15) sales for each centre.

- Had regard to other major expansions/refurbishments planned such as the expansion of Castle Towers, Westfield Parramatta and refurbishment of Top Ryde City, and the resultant impacts of these developments on the surrounding network of centres (i.e. Westfield Hornsby).

Centre	GLA (sq.m)	Est. sales (2014/15) \$M	Est. Sales (2019/20)		Dist. Of impacts (%)	Est. Impacts (2019/20)		% diff. from 2014/15
			Without*** dev. \$M	With dev. \$M		Est. Impacts \$M	%	
Regional centres								
Chatswood CBD**	131,200	1,015	1,109	1,069	21.0%	-40.0	-3.6%	5.3%
Westfield Hornsby	90,100	624	627	595	17.0%	-32.4	-5.2%	-4.7%
Castle Towers**	165,000	711	1,050	1,025	13.0%	-24.8	-2.4%	44.3%
Westfield Parramatta**	145,100	721	925	908	9.0%	-17.1	-1.9%	26.0%
Sub-regional centres								
Top Ryde City**	57,500	299	343	328	7.5%	-14.3	-4.2%	9.7%
Carlingford Court**	29,000	178	191	187	2.5%	-4.8	-2.5%	5.0%
Rhodes Waterside	24,500	183	197	193	2.0%	-3.8	-1.9%	5.6%
Westfield North Rocks**	<u>23,500</u>	<u>142</u>	<u>153</u>	<u>147</u>	<u>3.0%</u>	<u>-5.7</u>	<u>-3.7%</u>	<u>3.7%</u>
Sub-total	665,900	3,872	4,595	4,453	75.0%	-142.8	-3.1%	15.0%
Other centres/online					25.0%	-47.6		
Total incremental sales					100.0%	190.5		

*Sales expressed inclusive of GST and in \$2014/15
**Accounts for expansions
***Allows for expansions and impacts of expansions on the network (i.e. cumulative impacts)
Source: MacroPlan Dimasi

6.3 Consideration of trading impacts

The key points to note regarding the estimated impacts across the surrounding retail hierarchy, as presented in Table 6.2, include the following:

- The retail sector is dynamic, and the development of new retail facilities, or expansions in existing retail facilities, is linked to evident undersupply and/or growth in population. New players, new centres, new concepts and new competition will seek to enter any retail hierarchy where there is a market gap and/or future population growth to support such development.

- A projection of likely impacts on individual centres must be regarded as indicative only, since there are many factors that will go to determine the future sales performance of any shopping or activity centre. Not least amongst those factors are the initiatives or changes which the centre in question might choose to implement, particularly as a competitive response to improvements at another centre.
- Generally, retail trading impacts between 10% and 15% are considered by the industry to be significant but acceptable, with impacts less than 10% considered relatively moderate, and impacts less than 5% generally considered minor/negligible. However, other factors such as the current trading performance; expansions of centres; potential loss of services to the community; expected growth in the region; and overall net community benefit should be considered.
- As discussed earlier, we expect the greatest impacts to be absorbed by the closest nearby regional shopping centres, in particular Chatswood CBD (including both Westfield Chatswood and Chatswood Chase) and Westfield Hornsby, which are both located within the defined Macquarie Centre trade area.
- We estimate impacts resulting from the proposed expansion to be less than 6% on any individual centre, with impacts on the four identified regional centres in the network ranging between 2% and 5%. Indeed, because both Westfield Parramatta and Castle Towers are both planned to expand in the future, their trading levels are likely to be significantly greater than their current trading volumes. Estimated impacts on the Chatswood CBD and Westfield Hornsby are expected to be comfortably absorbed. The estimated impacts on Westfield Hornsby have regard to the impacts from the proposed Castle Towers expansion as well as other proposed expansions.
- Estimated impacts on the surrounding sub-regional centres are all estimated to be less than 5%, given the expected composition of the proposed expansion, given Macquarie Centre already contains all three major supermarkets, and the different role these centres play in the retail hierarchy (i.e. localised/sub-regional catchments with strong convenience focus). We estimate impacts on Top Ryde City to be around 4.2% - although sales are expected to be greater than they are currently as this centre is undergoing a

major internal refurbishment that will strengthen its position in its trade area. Without its Myer store, it is less directly competitive with the surrounding network of regional shopping centres.

- It might well prove to be the case that some of the impacts on some of the centres might be a little lower than these estimates, while others might be a little higher, again depending on competitive responses which each of these centres might choose to make. However, these impacts are considered to be moderate, and will be temporary in nature, with impacts across all centres expected to dissipate within a year or so, given the significant future population and retail market growth expected within the trade area.
- The likely mix of mini-major tenants is expected to include a selection of unique retailers and additional international retailers. As such we estimate that there would be some, though small, impacts on these types of tenants in locations well beyond the trade area, including the Sydney CBD for example and some potential redirection of business currently escaping online.
- In summary, the proposed expansion of Macquarie Centre represents a relatively minor addition to the retail network, especially in the context of some of the other major proposed expansions (e.g. Castle Hill and Westfield Parramatta) evidenced by the very minor impacts expected across the network.
- Impacts of the order estimated are highly unlikely to result in any detrimental impacts on the surrounding retail/centres hierarchy across northern and western Sydney.
- In summary, the proposed expansion of Macquarie Centre will future entrench the centre as a super-regional centre and allow it to maintain its standing against the expanded Castle Towers and Westfield Parramatta super-regional centres.
- The expansion will be an important element of a broader redevelopment of the Macquarie Centre which will also provide significant residential and commercial floorspace within a defined Priority Precinct near a major multi-mode public transport interchange.

Section 7: Other economic and community impacts

This section of the report examines the net community benefits associated with the proposed expansion, including employment generation and other economic and social benefits, as well as examining the impacts of the proposed residential/commercial towers.

7.1 Estimated employment potential

The proposed expansion of Macquarie Centre will result in additional on-going employment on-site as well as further job creation through the supply chain, across industries servicing the retail (and non-retail) tenants at the site such as transport workers, wholesalers and the like.

Furthermore, the construction phase of the project will support temporary construction related employment, and additional temporary jobs through the broader economic supply chain (i.e. multiplier impacts).

In estimating the various employment benefits, we have relied upon various data sources including information from supermarket operators, the ABS, state and local government agencies, as well as 30 years of experience in preparing assessments of this nature.

Table 7.1 presents the estimates of incremental employment at Macquarie Centre, under the expansion scenario. These estimates allow for 5% of this total increase to be redirected jobs as a result of reduced employment at existing retail facilities. As shown, we estimate that in the order of 1,717 additional jobs could potentially be created as a result of the proposed expansion.

Importantly, these jobs will be located within a strategically important employment centre (i.e. Macquarie Business Park) and within the defined boundary of the Macquarie University Station Priority Precinct.

Table 7.1 Macquarie Centre - Estimated employment impacts						
Type of use	Estimated employment per '000 sq.m	Current Centre		Expanded centre		Incremental employment
		GLA (sq.m)	Employment (persons)	GLA (sq.m)	Employment (persons)	
Retail						
Majors	25	63,478	1,587	63,478	1,587	0
Mini-majors	25	14,008	350	29,008	725	375
Retail specialties	<u>35</u>	<u>30,826</u>	<u>1,079</u>	<u>45,826</u>	<u>1,604</u>	<u>525</u>
Total retail		108,312	3,016	138,312	3,916	900
Non-retail						
Non-retail GLA	25	27,988	700	37,711	943	243
Residential	0		0	41,063	0	0
Commercial/office	<u>15</u>		<u>0</u>	<u>44,252</u>	<u>664</u>	<u>664</u>
Total non-retail		27,988	700	123,026	1,607	907
Total centre		136,300	3,716	261,338	5,523	1,807
Net employment increase*						1,717

* Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 5% of the total increase
Source: MacroPlan Dimasi

7.2 Residential component

As outlined earlier (i.e. in Section 1.2), the proposed expansion is planned to incorporate a mix of land uses including multi-storey residential towers and a large office tower.

Under the larger development scheme (i.e. the 85,315 sq.m scheme), AMP Capital propose to develop up to 615 dwellings across three residential towers. Under the alternative development scheme, whereby all four towers above the centre are developed for residential uses, up to 918 dwellings are planned to be developed.

The Macquarie University Station PP is planned to accommodate up to 5,800 new residential dwellings over the next 20 years or so. The proposed development could help to contribute to between 11 and 16% of the total PP planning target indicated by the NSW DPE.

The provision of fully integrated, high density residential development above the Macquarie Centre would be consistent with the strategic planning principles of *A Plan for Growing Sydney*, which encourages higher density development adjacent to train stations, in

particular a key interchange stations like the Macquarie University Station PP; high density residential development near major employment precincts (i.e. Macquarie Park); and accommodation facilities near a major University.

Mixed use/residential development above shopping centres is considered to be consistent with the principles of sustainable planning, resulting in significant net community benefits. Because Macquarie Park is primarily an employment destination, additional residential population within Macquarie Park will help to activate the precinct, including the main street (i.e. Herring Road) for longer periods during a typical weekday and over weekends, when most of the 45,000 workers are not present.

The proposed development concept has already occurred in other parts of metropolitan Sydney, and indeed, within the Ryde LGA. Recent examples of similar integrated development across metropolitan Sydney include Top Ryde City Shopping Centre – in the Ryde LGA; Central Park in Chippendale; and East Village in Zetland/Waterloo.

7.3 Commercial component

The larger of the two potential development scenarios includes a major commercial office tower of 44,252 sq.m. As indicated in Table 7.1 above this tower could potentially sustain around 650 – 700 workers in itself.

Most of the office stock around Macquarie Park is in the form of campus style commercial office product, often with entire companies occupying individual buildings. There are many national headquarters and there is a high proportion of pharmaceutical and technology companies.

The provision of a multi-storey office tower above Macquarie Park would create additional employment/business opportunities in Macquarie Park for smaller tenants. For example, a multi-storey office tower would cater to small-medium sized businesses that may only require 50 – 500 sq. of floorspace, in addition to major tenants that could occupy several floors.

As with most new major office developments in Sydney, a minimum level of pre-commitments would be required from major tenants before such a development would proceed, so we would expect the tenancy mix would include some major tenants, which would further enhance the branding/status of Macquarie Park as one of Sydney's leading office/employment markets.

The proximity of multi-storey office development near a multi-modal public transport interchange is entirely consistent with *A Plan for Growing Sydney* i.e. the strategic direction of the NSW DPE. Such development would provide employment opportunities in Macquarie Park that would be effectively integrated with a major transport interchange. At present, due to the large floorplate/low rise development that has characterised Macquarie Park, many parts of the business park are an inconvenient walking distance from either of the two train stations servicing the business park.

With the office tower fully integrated with the Macquarie Centre, workers could undertake shopping; access breakfast/lunch/snacks/dinner; drop kids to childcare; go to the gym; and access public transport; all within a very short walk from their place of work.

7.4 Net community benefit

In addition to the clear employment benefits, the significant expansion of Macquarie Centre would provide a range of community benefits to residents of the surrounding region and visitors from across broader metropolitan Sydney, including:

- An important catalyst to unlocking a 'main street' outcome along Herring Road.
- Improved integration and connectivity between Macquarie Centre, Macquarie University Station and the existing bus interchange – (i.e. will encourage/facilitate movements between rail and bus).
- An improved interface with Herring Road that is likely to include of alfresco dining and other retailing that embraces the main street, creating a 'sense of place'.

- Increased choice and amenity for residents, workers and students, and therefore potential customers.
- A wider range of retail tenancies and a diversified retail mix, including new mini-major tenants and potential new retail/entertainment concepts to the Australian marketplace, reflecting the changing nature of the retail environment.
- Strengthening and future-proofing Macquarie Centre as an important super-regional centre in north-west Sydney, allowing it to maintain its position against major expansions planned for Westfield Parramatta and Castle Towers.
- New high density residential and commercial development within a defined PP (i.e. consistency with the strategic planning policy of the NSW DPE), and would help to meet residential and employment targets for the PP.
- The proposed development would create a fully integrated neighbourhood for working, shopping and living, all within proximity to the Macquarie University Station transport interchange.