St Marys Village EIA

Final Report

Penrith City Council

December 2013

SGS Economics & Planning

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EXECUTIVE SUMMARY

SGS was engaged by the Penrith City Council to undertake a Retail Impact Assessment and Net Community Benefit test of the proposed expansion of two shopping centres – St Marys Village Shopping Centre (Village Centre) and Station Plaza – within St Marys centre. The project aim was to provide Council with independent advice with regard to the economic impact of redeveloping and increasing the retail floor space of the Village Centre and the Station Plaza centre. The impact on nearby centres was analysed and a net community benefit test was completed using a Cost-Benefit Analysis framework.

Findings

The St Marys centre as a whole is performing poorly…

St Marys centre has a high **vacancy rate of 20 percent**, which suggests structural problems threatening the viability of the centre. The vacancies are clustered towards the north side of Queen Street near St Marys train station. There is also a **significant proportion of service retail and non-retail uses** in the centre which, combined with vacant premises, comprise almost 50 percent of total premises in the strip centre. Further signs of St Marys centre's poor performance is evident in the **lack of capital investment** in the main street, with a number of poor and run-down buildings throughout the centre.

The centre segment between Philip and Crana Street is performing the best, with the vitality and viability decreasing to the north towards the station and to the south towards the highway. The research also indicated that the **Village Centre is performing poorly**, ranked 144th out of the 166 centres in its category in Australia[1]. Station Plaza is also underperforming with several vacancies in the centre.

…and the expansion of the Village Centre, Station Plaza or both would improve the overall economic performance of St Marys centre

The total turnover in the St Marys centre (including the Village Centre and Station Plaza centres) **without any expansion of retail floorspace is approximately $199.3 million** in 2016. Expansion of either St Marys, Station Plaza or both would increase the economic performance of the St Marys centre as a whole. The expansion scenarios and increase in St Marys centre total turnover (at 2016) is as follows:

- No expansion: **$199.3 million**
- Scenario 1 – Village Centre expansion: **$293.1 million (+ 47%)**
- Scenario 2– Village Centre expansion + increase in $sqm performance of centre: **$333.2 million (+ 67%)**
- Scenario 3– Village Centre and Station Plaza expansion: **$311.7 million (+ 56%)**
- Scenario 4– Station Plaza expansion: **$222.3 million (+ 11.5%)**

Impacts will be geographically uneven and some centres may experience worse impacts than others…

Based on the results of the impact testing, the following centres in Table 1 will have maximum impacts above 10%. These potentially heavily impacted centres comprise a very small share of total retail expenditure in the catchment. Therefore, it follows that only a small capture of trade from these centres shows up as a much larger percentage impact. An important point to make is that the centres which may

[1] Shopping Centre News, 2012.

be most heavily impacted in percentage terms according to the modelling are neighbourhood centres (the largest impacts in absolute $ terms are on Mt Druitt and Penrith). The supply side analysis indicated that there are no vacancies in the small centres (not including St Marys), and they appear to be trading robustly and are therefore unlikely to be materially affected by the Village Centre expansion.

A sensitivity test was conducted to exclude the convenience centres from the catchment, with only larger supermarket based and comparison shopping centres included in the modelling. The rationale here is that convenience centres don't directly compete with larger comparison shopping centres and so won't be affected. This sensitivity testing highlighted the limited expenditure being 'contested' between the expanding components of St Marys (the Village Centre and Station Plaza) and the smaller, convenience centres. The 'removal' of these centres from the expenditure modelling barely affects the impacts on comparison centres. For the smaller centres the impact will be between zero percent and the figures as indicated in Table 1.

TABLE 1. SIGNIFICANT IMPACTS (MAXIMUM ABOVE 10%) UNDER EACH SCENARIO

Scenario 1 – expanded Village Centre	Scenario 2 – expanded Village Centre and higher trading level	Scenario 3 – expanded Village Centre and Station Plaza
North St Marys (0% to -13%)	North St Marys (0% to -16%)	North St Marys (-12% to -13%)
Queen Street (-16% to -17%)	Queen Street (-20% to -21%)	Queen Street (-15% to -16%)
Station Plaza (-16% to -17%)	Station Plaza (-24% to -25%)	Oxley Park (0% to -11%)
Oxley Park (0% to -12%)	Oxley Park (0% to -15%)	Monfarville Street (0% to -16%)
Monfarville Street (0% to -17%)	Monfarville Street (0% to -21%))	Colyton (0% to -12%)
Colyton (0% to -12%)	Colyton (0% to -16%))	
	St Clair (-11% to -12%)	

Source: SGS Economics and Planning, 2013.

Impact testing is an important planning consideration only to the extent to which an impact on another centre affects the 'extent and adequacy of services available to a community'. Although the impacts on Station Plaza and Queen Street have been singled out, these retail precincts are still within the St Marys centre as a whole. So while the impact on these components of the St Marys town centre have the potential to be adverse, the impact to the St Marys centre as a result of the expansion will likely increase, not decrease, the 'extent and adequacy of services available to the community'.

…although given the limitations of coarse retail modelling, the impact on Queen Street is likely to be lower than reported…

The model treats all retail floorspace within categories as equal. For the impact assessment, three broad categories of expenditure were analysed– supermarket, department / discount-department stores and specialty stores.

The potentially large impact on Queen Street occurs because the model assumes that the speciality retail floorspace in Queen Street is of the same quality and type of goods as speciality retail floorspace in the enclosed Village Centre. In reality however, **specialties in enclosed centres are qualitatively different than main street stores, being typically high value, high turnover per square metre national chain stores**. At the same time, Queen Street is characterised by lower value retail uses, local 'mum-and-dad stores' and expenditure in Queen Street is very low relative to the Village Centre . Therefore **it is unlikely that the shopping centre and main street speciality types will compete as directly as the retail model suggests.** Consequently, the impact on Queen Street is likely to be lower than the model indicates.

…and if the expanded centres are integrated with Queen Street, then the potential for spillover shopping to Queen Street could mitigate and even ameliorate negative impacts

The potential for spillover shopping to Queen Street could be much higher than current levels if the expanded Village Centre and Station Plaza centres are highly integrated with Queen Street. The amount of spillover shopping will be largely determined by the degree of integration of the expanded centre with

Queen Street. A higher level of integration should, all other things being equal, increase the level of spillover shopping in Queen Street. In other words, the more connected and integrated the expanded centre is with Queen Street, the greater the chance of mitigating negative impacts and increasing positive spillovers. Ideally, a continuous enclosed link to Queen Street would be provided.

The central section of Queen Street, which is well-connected to the Village Centre, may not suffer under an expanded Village Centre scenario. Whereas the northern and southern sections of Queen Street, which are further from the centre, may be affected the most by the proposed expansion. Similarly, if the Station Plaza centre is developed then the northern section of Queen Street, which is closest to the Station Plaza centre, will receive most of the benefits. Whereas the central section would receive fewer benefits and the southern section of Queen Street, would likely be most heavily impacted.

With an increasing population in and around St Marys centre, as well as the gentrification of the area, **the expansion of either the Village Centre or Station Plaza will likely be beneficial for Queen Street and St Marys in the longer term.**

The expanded centres are likely to have a net community benefit based on a Cost-Benefit Analysis framework

Using a 7% real discount rate, the net present value of the St Marys Village expansion is $400,146,708. A positive figure indicates the project should proceed. T**he benefit-cost ratio is 2.63, indicating that for every dollar 'invested', there is $2.63 in returns.** The internal rate of return is 596%, meaning that the project would be recommended for approval under all conventional discount rates.

The qualitative cost-benefit analysis of the Station Plaza expansion indicates that this is also likely to result in a net community benefit.

Expanded Village Centre		Expanded Station Plaza centre	
Marginal Costs	**Marginal Benefits**	**Marginal Costs**	**Marginal Benefits**
Blighting of competitor retail centres which lose business to Village Centre	**Increase in consumer welfare** due to better retail choice	**Blighting** of competitor retail centres which lose business to Station Plaza	**Increase in consumer welfare** due to better retail choice.
Kokoda Park will be reduced by around 50% to make way for development	**Commercial amenity uplift** in surrounding retail areas due to streetscape improvements and Town Square development	**Temporary construction nuisance** during the development process (assumed to be negligible)	**Commercial amenity uplift** in immediate surrounding retail areas due to capital investment, planned integration with Queen Street
Temporary construction nuisance during the development process (assumed to be negligible)	**Residential amenity uplift** in surrounding area due to streetscape improvements and Town Square development	**Removal of at-grade parking** to make way for development (assumed to be replaced by underground parking)	**Residential amenity uplift** in surrounding area due to improved vitality of the northern end of Queen Street
Lang Park and cricket oval removed to make way for development (assumed to be replaced like for like elsewhere in the LGA)	**Reduced travel** due to the shift in relative attractiveness of different retail options in the catchment area	**Developer expenditure** on the centre construction	**Reduced travel** due to the shift in relative attractiveness of different retail options in the catchment area
Developer expenditure on the centre construction			**Increased housing** choice and variety in St Marys

In summary, the expansion of the Village Centre and Station Plaza would be beneficial for St Marys

Taking a holistic and long-term view, the expansion of either or both the Village Centre and Station Plaza would be beneficial for St Marys. **Either expansion would reinvigorate the poorly performing St Marys centre**, increasing the retail vitality and viability of the centre as a whole.

Although their expansion would have geographically uneven negative impacts on other centres and sub-sections of the St Marys centre, **impacts on Queen Street can be mitigated by a high degree of integration of the expanded centres and other measures**.

Applying development principles

The design of the centre expansion proposals was assessed against a range of retail and general urban design principles[2]. Overall the designs of the proposed expansions are an improvement on the current configurations. Nevertheless, a range of recommendations have been provided to reduce the negative impacts on Queen Street and optimise the amount of spillover shopping and achieve the net community benefits envisaged by the above analysis.

Retail design principles

The following retail design principles should be applied to the expanded Village Centre and Station Plaza centres.

Design principles	Village Centre expansion recommendation	Station Plaza expansion recommendation
1. Make connections to the street as direct (and short) as possible	-Ensure that parking is maximised near Queen Street. -Ensure that a travelator (or similar direct connection) is provided at the eastern end of the carpark (as currently on the plan).	-A direct connection, such as a travelator or staircase, should be provided from the carpark to Queen Street. -Ensure connection through to Queen Street via shop frontage
2. Have a critical mass at ground level – closest to the existing main street	- The food court should be located on the eastern side of the new supermarket, clustered around the Carinya Avenue shared zone to foster interaction with Queen Street.	-The critical mass of retail activity should be at the western end of the site.
3. Provide adequate car-parking as close to the existing main street as possible	-Ensure that current plans for carparking located nearer to Queen Street are maintained.	-Ensure that current plans for carparking located nearer to Queen Street are maintained.
4. Specialty shops should be a continuation of or link to existing shop frontage	-Ensure that current plans for specialties located near to Queen Street are maintained. - The food court should be moved to cluster around Carinya Avenue. -Ideally, the expanded centre would connect directly to Queen Street via a continuation of the centre to a shop front in Queen Street.	-Ensure that current plans for specialties located near to Queen Street are maintained. - Ensure that the expanded centre connects directly to Queen Street via a continuation of the centre to a shop front in Queen Street. The link should preferably be all enclosed.
5. Coordinate internal and external design and circulation with an overall public domain plan to create a greater interaction between the enclosed centre and the main street	-Maximise connectivity with Queen Street with as many access points as possible, clear sightlines and a continuous, unifying public domain. -The northern side of the centre will require attention in relation to this principle. -The pavement pattern of the shared space running along Carinya Avenue should be continued along Crana Street to further enhance the connectivity to	-For Station Plaza the integrated thinking needs to cover the station, increased residential, Queen Street retail and the interface with existing residential to the east and south.

[2] s+w architects and urban design developed these principles with SGS Economics and Planning

Queen Street.

The following indicative sketch demonstrates the aforementioned principles for the Village Centre.

Indicative Sketch to Inform Assessment Now Superseded

Urban design principles

The following urban design principles should be applied to the expanded Village Centre. Given the small scale and nature of the centre, the urban design principles are not as pertinent to Station Plaza and have not been applied.

Design principles	Village Centre proposal
1. Diversity of uses	Where possible and practical, locate additional civic uses in the proposed commercial and mixed use buildings east of Carinya Avenue.
2. Fine grained grid, scale and compactness	-Ideally, the expanded centre would connect directly to Queen Street via a continuation of the centre to a shop front in Queen Street. -Proposed additional access points from Council to Queen Street will improve grain
3. Light and air	The current configuration of the eastern entrance off Carinya Avenue and connecting to Queen Street appears appropriate, though additional measures, including extending into the public domain, should be investigated.

Conclusion and Directions

The St Marys town centre is currently underperforming. The Queen Street strip has a high vacancy rate and the centre is fragmented due to:

– its length (at 800 metres from north to south it can't possibly hope to operate as a 'single' place)

- the current disconnect between the major Village Centre anchor (separated from Queen Street by an underutilised open space area) and the Station Plaza Centre anchor (at the northern extremity in a degraded area)
- a discontinuous relationship with surrounding residential (at-grade car parks and open space separate the retail centre from housing).

The proposals for expansions to either or both the Village Centre and Station Plaza Centre offers the prospect of new investment, amenity upgrades and additional expenditure. On balance this must be a welcome proposition for St Marys as a whole, but if not well managed or designed there may be negative consequences for other centres or for particular precincts within the St Marys centre.

As the impact analysis shows, if the Village Centre expands and turnover increases the modelling suggests there may be negative impacts on turnover in other surrounding centres, and on the Queen Street strip. The modelling is not typically expected to deal with fine grain impacts **within** centres but it does highlight the potential for differential geographic impacts.

However the Net Community Benefit (NCB) analysis, using a quantitative CBA framework, suggests that a positive overall economic outcome is possible – assuming for example, relocations for current open space activities, effective integration and connectivity from any new development with Queen Street and appropriate traffic management works.

This summary of the analysis suggests three broad courses of action for Council.

- The first is to welcome new proposals for investment and work closely with the development proponents to realise the benefits for St Marys and the community as a whole (this is about a **partnership** approach).

- The second is to mitigate the risks of a wildly excessive supply of retail floorspace by moderating expansion proposals where appropriate or 'crimping' the existing supply (this is about **uses and their distribution**). This would be consistent with strategic planning frameworks which allocate a town centre designation to St Marys, subordinate to Penrith Major Centre and Mt Druitt potential major centre within the subregion.

- The third is to ensure that the physical development and designs of any extensions (and Council's own works) are carefully integrated with Queen Street and surrounding areas, and are from the perspective of the 'liveability' and retail functionality of the St Marys town centre as a whole (this is about **design and development work**). Recommendations to relevant design principles are outlined above.

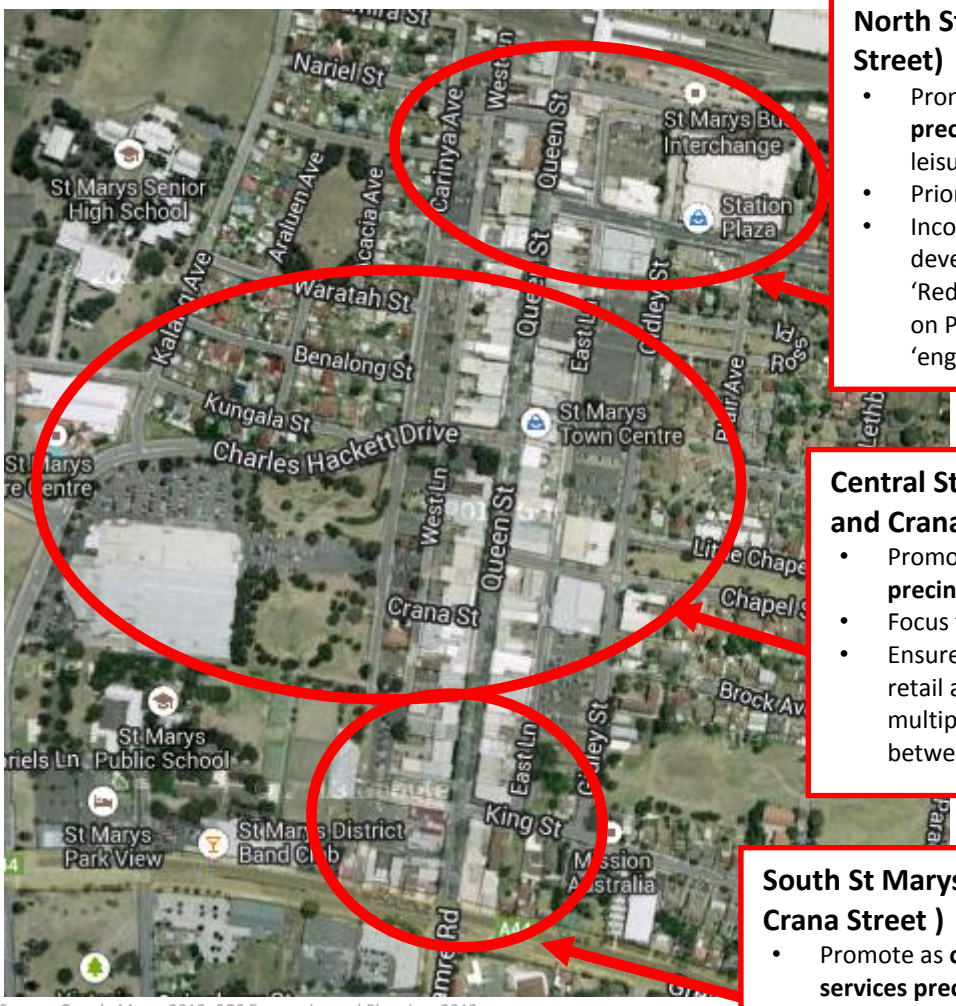
Given these directions for action it is worth considering the overall and emerging pattern of development in St Marys. The 2006 Strategy and DCP allude to these directions but the new expansion proposals provide some additional food for thought. It may be that in future the centre should develop as three somewhat distinct sub-centres.

The **northern precinct** could have a much more residential and 'liveable' focus. It could be conceived of as a mixed use village in its own right. In this case it may be desirable to actually limit new retail in any redevelopment of Station Plaza or surrounding areas (so there is a net decline in retail floorspace). A mixed use village would be anchored by a small supermarket, some convenience and grocery stores and local restaurants, leisure and dining options. Transit oriented development, with restrictions on parking for residents and high levels of integration with public transport, could be a feature.

The **central precinct** would be a town centre in its own right, with significant retail (supermarkets, DDS), food court, specialties, plus civic and community uses and subregional entertainment options such as cinemas. Connectivity to and pedestrian accessibility within this sub-centre is absolutely critical.

The **southern precinct**, closest to the highway, should develop as a commercial and mixed business precinct, taking advantage of exposure and regional accessibility advantages. A shift to a more enterprise based zoning and less emphasis on ground floor retail activation might be considered.
Figure 1 summarises these possible directions for the different emerging precincts in St Marys.

FIGURE 1. POSSIBLE FUTURE STRUCTURE OF THE CENTRE



Source: Google Maps, 2013; SGS Economics and Planning, 2013.

North St Marys (north of Philip Street)

- Promote as **liveable residential precinct** – eats, convenience retail, leisure
- Prioritise for high density residential
- Incorporate transit oriented development features
  'Reduce need for ground floor retail on Philip Street (though ensure 'engagement' with pedestrians)

Central St Marys (between Philip and Crana Streets)

- Promote as **core retail and activity precinct**
- Focus for civic, community uses
- Ensure ground floor commercial / retail activation – permeability and multiple access and movement ways between destinations

South St Marys (South of Crana Street)

- Promote as **commercial, services precinct**
- Consider 'entreprise corridor' zoning (Queen Street/Western Highway frontages) to encourage mixed economic activities

1 INTRODUCTION

Overview

This section provides an overview of the study background and scope of work for the project.

1.1 Study background

In 2006 Council adopted the St Marys Town Centre Strategy (the Strategy) following extensive community consultation. The Strategy provides for an eastern expansion of the existing Village Centre and encourages improved pedestrian connectivity to Queen Street , which would require a reconfiguration of public open space to the east of the existing shopping centre, notably Lang Park and Kokoda Park.

To underpin the adopted strategic directions, a mixed use business zone (B4 Mixed Use) and development controls encouraging integration of land uses over the private and public domains for the St Marys Town Centre, were subsequently adopted by Council.

Recently, representatives from Mirvac and Haben have approached the Council with plans to expand their respective centres, the Village Centre and Station Plaza. Mirvac's development objectives for this project (as summarised in the brief for this study), are to:

- *strengthen the retail offer by the introduction of a new Discount Department Store and a new Supermarket*
- *integrate the proposed redevelopment with St Marys Town Centre with strong pedestrian connections and activated edges to a new 'Town Square'*
- *provide an entertainment and dining based precinct adjacent to a new 'Town Square'*
- *improve the existing fashion offer by the introduction of higher quality and younger brands*
- *acquire additional adjoining land (from Council) to expand the existing centre toward Queen Street.*

Haben's plans for expansion are less concrete, but a working proposal includes an expansion of the existing retail floorspace by approximately 7,000 square metres, creation of 316 residential apartments on the upper levels and better integration of the centre with Queen Street.

1.2 Scope of work

The primary project aim is to provide Council with independent advice with regard to the economic impact of redeveloping and increasing the retail floor space of the Village Centre and Station Plaza. Additionally, the study is to include an assessment of the overall economic impact – the 'net community benefit' of the Village Centre proposal – given the potential loss of community land (adjacent to the existing centre which is required for the expansion toward Queen Street). SGS Economics and Planning was engaged to undertake the study to ensure appropriate coverage of the scope. The method included the following elements:

- A survey to assist with the identification of trade shares for different retail centres and park usage patterns (for Kokoda and Lang Parks between the Village Centre and Queen Street)
- Sensitivity testing of different supply side options and turnover estimates

- A supply assessment that includes all realistic proposed retail developments
- A Net Community Benefit assessment that adopts a quantitative Cost Benefit Analysis (CBA) framework
- A qualitative evaluation of the 'connectivity' to Queen Street in the Village Centre and Station Plaza's proposals, and how this would impact on Queen Street retailing.

The rest of this report is structured as follows:

- **Section 2** outlines the site and regional context, the supply side competitor centres and the local retail market dynamics
- A review of regional and local planning policies and strategies is provided in **Section 3**
- **Section 4** analyses the trade area for the centres including current resident expenditure patterns and the performance of competitor centres
- A range of development scenarios in St Marys and their associated impacts on competing centres are considered in **Section 5**
- **Section 6** explores the qualitative impacts of the proposed Village Centre and Station Plaza expansion on Queen Street, St Marys
- **Section 7** assesses the Net Community Benefit arising from the shopping centre expansions using a Cost-Benefit Analysis framework
- **Section 8** includes the key conclusions from the summary along with recommendations

2 CONTEXT

Overview

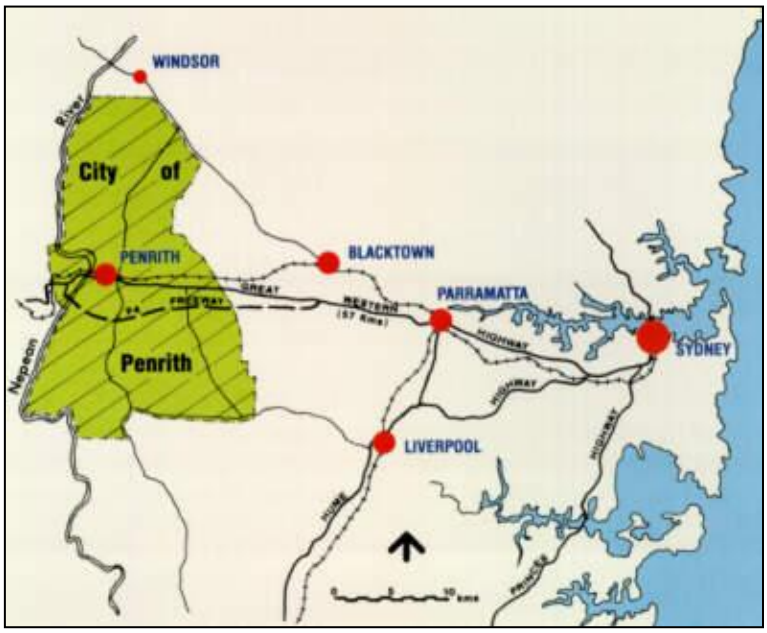
This section outlines the regional, local and site context, in particular focusing on the distribution of urban settlements and population concentrations, road and rail infrastructure, other centres and strategic assets. The competitive supply context and retail market dynamics are also discussed.

2.1 Site and regional context

Regional context

St Marys town centre is located within the Local Government Area of Penrith at the western fringe of the Sydney metropolitan area, around 41 kilometres west of the Sydney CBD, 6 kilometres east of the Penrith CBD and 4 kilometres west of Mount Druitt centre. Penrith LGA is bounded by Hawkesbury City in the north, Blacktown City and Fairfield City in the east, Liverpool City and Wollondilly Shire in the south, and Blue Mountains City in the west.

FIGURE 2. PENRITH LGA REGIONAL CONTEXT



Source: Source: Penrith City Council, http://www.penrithcity.nsw.gov.au/Our-City/General-Information/, 2013

Penrith City is a residential and rural area, with most of the population living in residential areas in a band either side of the Great Western Highway and the main western railway. The City encompasses a land area of 407 square kilometres, of which around 80% is rural and rural-residential.

Most of the urban area is residential, with some commercial and industrial areas, including extractive industries and manufacturing. Major commercial centres include the Penrith City Centre, St Marys Town Centre and Penrith Specialised Centre at Kingswood.

Major features of the LGA include the University of Western Sydney - Penrith Campus, TAFE NSW Western Sydney Institute (Nepean College), Penrith Stadium, Penrith CBD, St Marys CBD, Westfield Penrith Shopping Centre, Panthers World of Entertainment (Penrith Leagues Club), Nepean Hospital, Penrith Lakes Scheme, the Nepean River, Blue Mountains National Park (the portion east of the Nepean River), Castlereagh Nature Reserve, Mulgoa Nature Reserve, Penrith Lakes Regional Park and Werrington Lakes Flora and Fauna Reserve.

Local context

The St Marys town centre is one of the three main retail/commercial districts within the Penrith LGA. It is an older style district-sized commercial centre, located towards the eastern boundary of Penrith LGA with a total commercial and retail floor area of approximately 80,000 square metres. The Queen Street strip stretches for approximately 900 metres between the Great Western Highway and the Western Rail line. It is anchored by Station Plaza, a small enclosed shopping centre to the north near the train station, and the enclosed Village Centre to the west.

Generally the centre is approximately 250 metres wide, bound by Gidley Street in the east and Carinya Street in the west. At the location of the Village Square, the width of the centre expands to approximately 600 metres.

A number of institutions are located in, or in close proximity to, the town centre including Penrith City Council Service Centre and Library, Penrith Valley Cultural Precinct and Don Bosco Youth Centre, University of Western Sydney, Western Sydney Institute of TAFE, St Marys Senior High School and St Marys Primary School, Nepean Hospital, Ripples Leisure Centre (swimming pool complex), government agencies including Centrelink and the St Marys Police Station.

St Marys is serviced by the Main Western Rail Line, which provides relatively high frequency services during peak periods as well as a good spread of services throughout the day. The rail provides an eastern connection into Sydney city via Parramatta, and a western connection to the Blue Mountains and Central Western NSW via Penrith.

Figure 3 shows the extent of the proposed expansions of the Village Centre and Station Plaza in the context of the overall St Marys town centre.

FIGURE 3. VILLAGE CENTRE AND STATION PLAZA PROPOSED EXTENSIONS IN ST MARYS

Source: Penrith City Council, 2013.

St Marys Village Shopping Centre

The Village Centre is located towards the south west of the town centre, on Charles Hackett Drive and is surrounded by an extensive area of surface car parking. It is an enclosed shopping centre containing a supermarket, discount department store and a mix of other smaller retailing outlets. The shopping complex is located away from the main retail street of St Marys, on the other side of a cricket oval and as such is not integrated or connected to the pedestrian environment on Queen Street.
The following changes are associated with the proposed redevelopment of the Village Shopping Centre:

- additional retail floorspace
- an upgraded 'Town Square'
- greater integration of the shopping centre with Queen Street, facilitating higher levels of pedestrian connectivity
- an entertainment and dining based precinct adjacent to a new 'Town Square'
- loss of land and playground in Kokoda Park (adjacent to Charles Hackett Drive)
- loss of Lang Park community land and open space
- a new road adjacent to the southern boundary of the centre, connecting Charles Hackett Drive and Carinya Avenue
- a new connector road between West Lane and Queen Street
- Closure of West Lane and Charles Hackett Drive intersection.

Changes to the proposed retail floorspace are outlined in Table 2. Overall, there is an additional 29,788 square metres of which 22,728 square metres is retail floorspace. Of the additional retail floorspace associated with the development, 6,435 square metres is specialty, 5,110 square metres is mini major floorspace, 6,728 square metres is discount department store, 4,455 square metres IS a supermarket and an additional 6,860 square metres for commercial floorspace. There is a possible second stage expansion, which would include additional floorspace to that outlined below, but this has not been considered in the modelling.

FIGURE 4. ST MARYS VILLAGE SHOPPING CENTRE PROPOSED EXPANSION – BELOW GROUND FLOOR

Indicative Sketch to Inform Assessment Now Superseded

Source: Mirvac, 2013.

FIGURE 5. ST MARYS SHOPPING VILLAGE SHOPPING CENTRE PROPOSED EXPANSION – GROUND FLOOR

Indicative Sketch to Inform Assessment Now Superseded

Source: Mirvac, 2013.

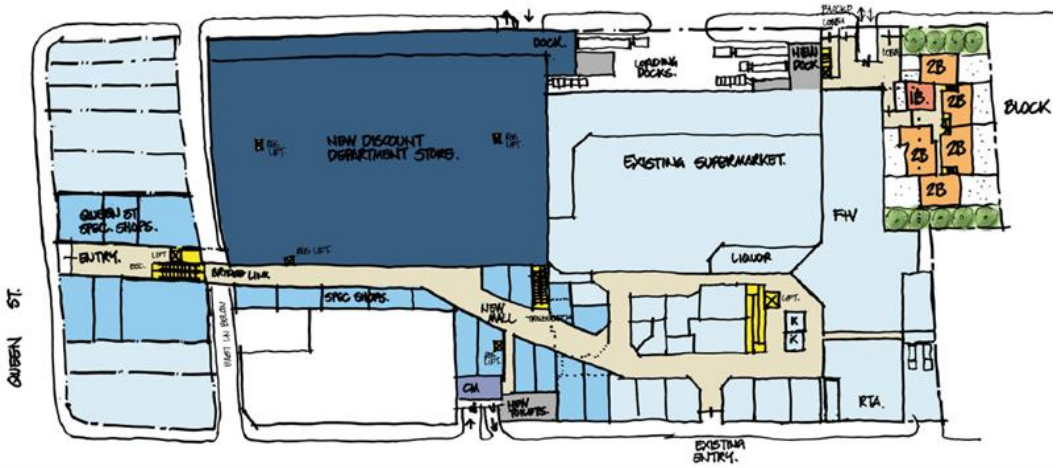
Station Plaza

The owners of Station Plaza Shopping Centre, Haben Retail Management, have preliminary plans to expand the retail floorspace of their centre in the future, as well as providing 316 residential apartments. While there are no concrete plans at this stage for the amount and type of additional retail floorspace, the indication has been that a Discount-Department Store (approximately 6,000 square metres) would be sought as well as additional specialty shops (approximately 1,000 square metres) (Figure 6).

While the plans are still in still being developed, potential changes associated with the proposed redevelopment of Station Plaza include:

- additional retail floorspace
- greater integration of the shopping centre with Queen Street, facilitating higher levels of pedestrian connectivity
- loss of council owned East Lane carpark (adjacent to Station Street)
- a reconfigured road layout.

FIGURE 6. STATION PLAZA – SKETCHED CONCEPT



Source: Haben, 2013.

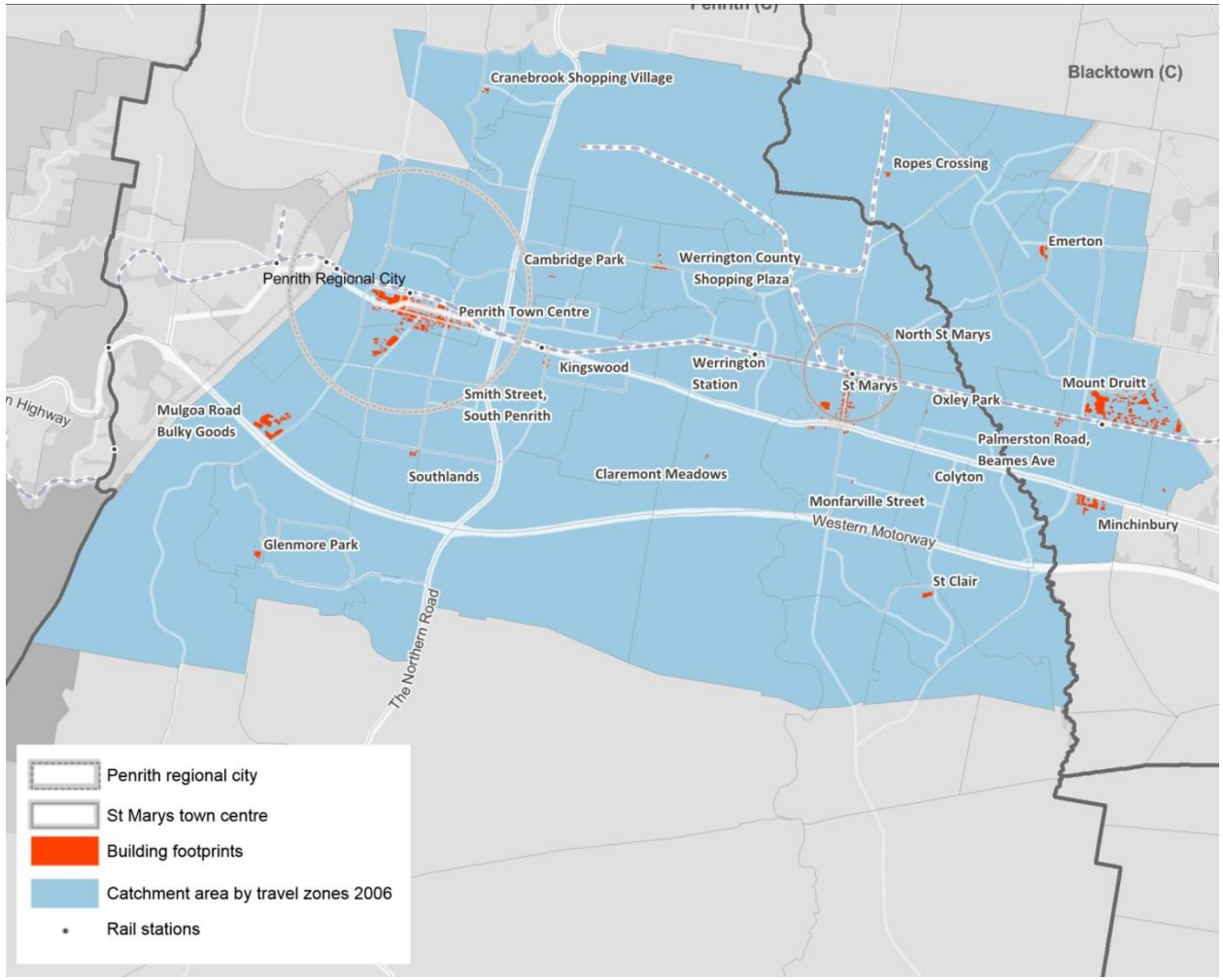
2.2 Competitive supply side context

The location of other retail centres in the catchment and its surrounds, including both existing and proposed facilities and their floorspace, have been documented. The information was sourced from:

- the Property Council of Australia's shopping centre directory, which identifies the floorspace and mix of retail for 'stand alone' centres owned by institutional investors
- Shopping Centre News magazine
- previous reports on retail in the Penrith LGA
- data already held by SGS on retail floorspace in the area
- a land use survey and audit of strip centres (and 'one off' retail outlets) in the immediate potential catchment and surrounds
- known floorspace in expansion plans of potential, competing retail centres (proposed 'new' supply), as understood by Council (and also documented in Cordell Connect which records development proposals in the pipeline).

Figure 7 displays the St Marys centre and other centres in the defined retail system. The phone survey indicated that the primary catchment for the Village Centre and Station Plaza centres is smaller than the broad catchment defined overleaf.

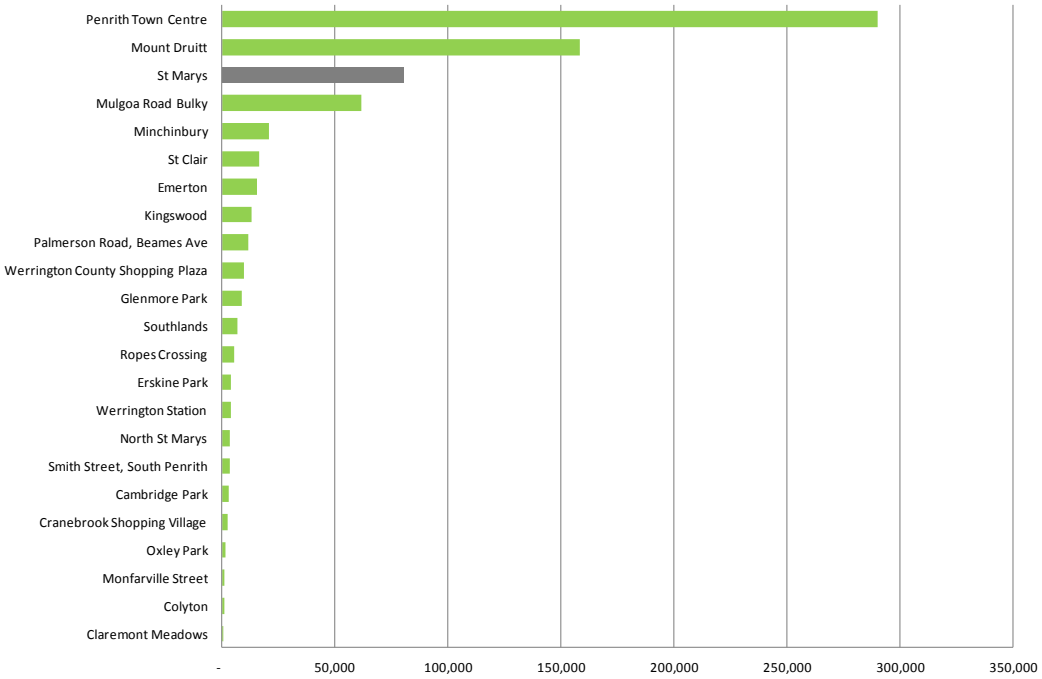
FIGURE 7. COMPETITIVE SUPPLY SIDE CONTEXT



Source: SGS Economics and Planning, 2013.

Figure 8 summarizes the current floor space supply findings by centre. Overall, there are 23 centres within Penrith and Blacktown LGAs. Of these centres, Penrith town centre (Regional Centre) has the most floorspace, with almost 300,000 square metres of retail and non-retail floorspace. Mount Druitt (Potential Major Centre) currently occupies approximately 150,000 square metres of floorspace – made up of a variety of business activities. St Marys' retail precinct (Town centre) has approximately 80,000 square metres of floorspace, which is less than one third the scale of the Penrith town centre. The other audited centres, including village and neighbourhood centres, are outlined in further detail in Figure 9.

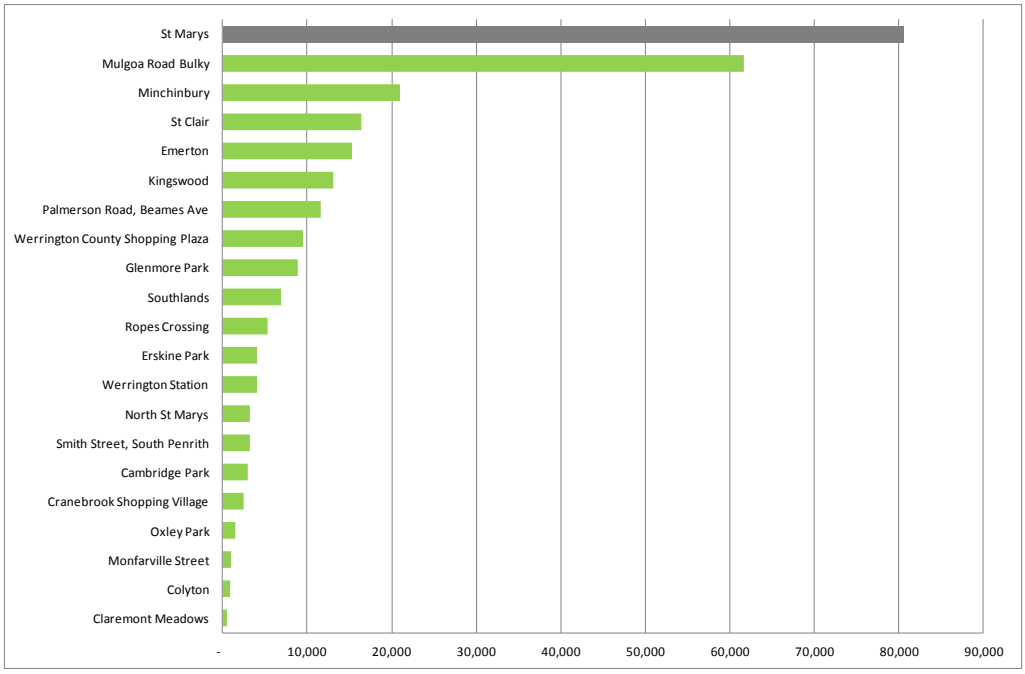
FIGURE 8. FLOORSPACE OF MAJOR CENTRES



Source: SGS Floorspace audit 2009, PCA 2010, SGS floorspace audits 2009.

Figure 9 compares St Mary's town centre against the floorspace of the 19 smaller centres and Mulgoa bulky goods precinct. Other medium sized centres include Minchinbury, St Clair, Emerton, Kingswood and Palmerson Road and each have retail and non-retail floorspace between 10,000 and 20,000 square metres. The rest of the small centres made up of small villages and neighbourhood centres are less than 10,000 square metres each, with Claremont Meadows being the smallest, with approximately 480 square metres of retail floorspace.

FIGURE 9. FLOOR SPACE OF MEDIUM AND SMALL CENTRES



Source: SGS floorspace audit 2009, PCA 2010, SGS floorspace audits 2009.

Some of the centres, especially the ones at the major and town centre level, consist of both strip retail and an enclosed shopping centre that serves as the main shopping destination for local residents.

The centres that only consist of strip retail include:

- Cambridge Park
- Colyton
- Kingswood
- North St Marys
- Oxley Park
- Palmerson Road, Beames Avenue
- Ropes Crossing
- Smith Street, South Penrith
- Werrington Station
- Monfarville Street

The centres comprised of only enclosed centres are at St Clair and Cranebrook. The rest of the centres are made up of both enclosed centres and strip retail. Table 3 outlines the total floorspace within each of these centres by land use categories

TABLE 3 SUMMARY OF RETAIL FLOORSPACE SUPPLY

Centre Name	Retail	Service Retail	Non Retail	Vacant	Total	Data source
Cambridge Park						
Cambridge Park strip retail	2,363	-	455	107	2,925	*SGS 2013*
Claremont Meadows						
Claremont Meadows strip retail	481	-	-	-	481	*SGS 2009*
Colyton						
Colyton strip retail	845	-	-	-	845	*SGS 2013*
Cranebrook Shopping Village						
Cranebrook Shopping Centre (Enclosed)	2,433	-	-	-	2,433	*PCA 2010*
Emerton						
Emerton Village Shopping Centre (Enclosed)	8,185	-	-	200	8,385	*PCA 2010*
Emerton strip retail	4,696	1,079	253	924	6,952	*SGS 2013*
Glenmore Park						
Glenmore Park Town Centre (Enclosed)	7,298	-	-	-	7,298	*PCA 2010*
Glenmore Park strip retail	1,323	240	-	-	1,563	*SGS 2009*
Kingswood						
Kingswood strip retail	10,165	1,701	-	1,175	13,041	*SGS 2013*
Minchinbury						
Minchinbury Hometown (Enclosed)	13,777	-	-	5,500	19,277	*PCA 2010*
Minchinbury Shopping Centre (Enclosed)	1,454	-	-	200	1,654	*PCA 2010*
Mount Druitt						
ShopSmart (Enclosed)	11,225	-	-	130	11,355	*PCA 2010*
Westfield Mt Druitt (Enclosed)	66,584	-	-		66,584	*PCA 2010*
Mount Druitt strip retail	33,445	39,439	6,223	1,164	80,270	*SGS 2013*
Mulgoa Road Bulky						
At Home Penrith (Homemaker Centre)	27,335	-	-	-	27,335	*PCA 2010*
Harvey Norman Centre - Jamison (Enclosed)	34,306	-	-	-	34,306	*PCA 2010*
North St Marys						
North St Marys strip retail	3,268	-	-	-	3,268	*SGS 2009*
Oxley Park						
Oxley Park strip retail	1,504	-	-	-	1,504	*SGS 2013*
Palmerson Road, Beames Ave						
Palmerson Road, Beames Ave strip retail	4,330	2,974	2,352	1,932	11,587	*SGS 2013*
Penrith Town Centre						

Centre Name	Retail	Service Retail	Non Retail	Vacant	Total	Data source
Centro Nepean (Enclosed)	17,184	-	-	2,966	20,150	*PCA 2010*
Henry Lawson Centre (Enclosed)	5,713	-	-	1,493	7,206	*PCA 2010*
Henry Street Plaza (Enclosed)	2,690	-	-	170	2,860	*PCA 2010*
Penrith Centre (Enclosed)	7,762	-	-	57	7,819	*PCA 2010*
Westfield Penrith (Enclosed)	95,436	-	-		95,436	*PCA 2010*
Penrith Town Centre strip retail	57,176	71,323	23,905	4,431	156,835	*SGS 2013*
Ropes Crossing						
Ropes Crossing strip retail	4,448	888	-	-	5,336	*SGS 2013*
Smith Street, South Penrith						
Smith Street strip retail	3,173	-	-	-	3,173	*SGS 2009*
St Marys						
St Marys Village Shopping Centre (Enclosed)	16,223	-	-	21	16,244	*PCA 2010*
Station Plaza (Enclosed)	7,301	-	-	200	7,501	*PCA 2010*
St Marys strip retail	27,929	17,804	2,215	8,779	56,727	*SGS 2013*
Werrington County Shopping Plaza						
Werrington County Shopping Village (Enclosed)	6,129			68	6,197	*PCA 2010*
Werrington County strip retail	1,351	1,755	-	148	3,254	*SGS 2013*
Werrington Station						
Werrington station strip retail	4,077	-	-	-	4,077	*SGS 2009*
Southlands						
Southlands Shopping Centre (Enclosed)	6,135			165	6,300	*PCA 2010*
Southlands strip retail	592	-	-	-	592	*SGS 2009*
St Clair						
St Clair Shopping Centre (Enclosed)	16,471	-	-	-	16,471	*PCA 2010*
Monfarville Street						
Monfarville Street strip retail	1,032	-	-	-	1,032	*SGS 2013*
Total	**515,836**	**137,203**	**35,403**	**29,830**	**718,271**	
Total by Percentage	**72%**	**19%**	**5%**	**4%**	**100%**	

Source: SGS floorspace audit 2009, PCA 2010, SGS floorspace audits 2009

Overall, approximately 718,300 square metres of developed floorspace was recorded within the 23 retail centres. Around 70 percent of the audited floorspace is retail, 19 percent is service retail and 5 percent non-retail uses. The vacancy rate by floorspace was recorded at 4 percent. It should be noted that vacancy rates are usually discussed in terms of premises, rather than floorspace, as a single, large vacant premise or several small premises can skew the representation of vacancy.

The St Marys centre accounts for approximately 80,000 square metres retail floorspace and is about 11 percent of the recorded total. The Penrith Town Centre (Regional Centre) accounts for approximately 300,000 square metres of the recorded floorspace, which is approximately 40 percent of the total floorspace. This is largely comprised of the 4 enclosed shopping centres, including Westfield Penrith (which has around 57,000 sqm GLAR).

Floorspace within the centres at the village to town level serves a variety of purposes with a mix of retail, service retail and non-retail uses. On the other hand, smaller village and neighbourhood centres that have a low establishment count (less than 10) have fewer service and non-retail uses and a lower vacancy rate.

Figure 10 illustrates the proportion of establishments being used for retail, service retail, non-retail purposes as well as the vacancy rate within each centre. The summary only outlines establishments within strip retail areas.

The vacancy rate of a precinct provides a general indicator of its viability and vitality. A vacancy rate of 5 percent can be considered 'normal', based on natural attrition and turnover of businesses. A vacancy rate of 10 percent is a sign precinct centre may be under-trading, which could be a cyclical problem. A vacancy rate higher than 15 percent suggests there may be structural problems in a centre, affecting its viability.

In terms of vacancy rate (by number of premises), St Marys' vacancy rate is 20 percent, which indicates there may be structural problems undermining the viability of the centre. Other centres with vacancy rate greater than or near the 20 percent benchmark are Southlands (<30 percent), Emerton (20 percent), Kingswood (22 percent), Werrington county shopping plaza (18 percent), and Glenmore Park (16 percent).

However, apart from St Marys Town centre, these are only smaller centres with establishment numbers less than 30. Comparatively, Queen Street St Marys consist of 155 establishments, with 32 vacant establishments.

FIGURE 10. ESTABLISHMENTS COUNTED BY PERCENT, BY CENTRES, (EXCLUDING ENCLOSED CENTRES)

	Penrith Town Centre	St Marys	Mount Druitt	North St Marys	Palmerson Road, Beames Ave	Kingswood	Emerton	Cambridge Park	Monfarville Street	Smith Street, South Penrith	Werrington County Shopping Plaza	Oxley Park	Werrington Station	Glenmore Park	Ropes Crossing	Colyton	Southlands	Claremont Meadows
Retail	109	82	20	19	18	17	9	7	6	6	5	5	5	4	4	3	2	1
Service Retail	89	36	26	0	8	4	2	0	0	0	4	0	0	1	1	0	0	0
Non-retail	27	5	10	0	2	0	1	1	0	0	0	0	0	0	0	0	0	0
Vacant	19	32	2	0	4	6	3	1	0	0	2	0	0	1	0	0	1	0

Source: SGS floorspace audit 2009, PCA 2010, SGS floorspace audits 2009

St Marys centre

As already discussed, St Marys town centre currently includes 2 enclosed shopping centres – the Village Centre and Station Plaza – which make up approximately 13,500 square metres of total retail floorspace. The strip retail along Queen Street currently occupies approximately 56,727 square metres of floorspace, 50 percent of which is used for retail purposes.

Based on observations from the SGS floorspace audit, a significant amount of vacant shops are clustered towards the north side of Queen Street near St Marys train station. A considerable proportion of establishments (23 percent) have a service element to them (real estate agents, etc).

Penrith town centre

Penrith town centre is a regional centre, approximately 8 kilometres west from St Marys and consists of four enclosed shopping centres. The four major shopping centres are Centro Nepean (20,000 sqm), Henry Lawson Centre (7,206 sqm), Henry Street Plaza (2,860 sqm), Westfield Penrith (96,000 sqm). The majority of the strip retail is distributed along Henry Street and Union Street, and makes up 157,000 square metres of total floorspace.

Compared to Queen Street in St Marys, Penrith town centre has a much lower vacancy rate and has better maintained shopfronts.

Proposed developments

An assessment of the retail supply pipeline was undertaken for the Village Centre catchment. Only significant retail developments were assessed – the development of small individual shops were not counted. The analysis indicates that approximately 37,500 square metres of retail floorspace (not including Village Centre and Station Plaza) is planned for the catchment. A small expansion is planned for Aldi in St Marys, while there are possible expansions planned for Emerton, Jordan Springs and Kingswood.

TABLE 4 RETAIL DEVELOPMENT PIPELINE

Project Title	Project Address	Project City	Type	Project Details	Additional Retail Floor Area (sqm)	Completion Date	Status	Project Stage
Aldi St Marys	410-422 Great Western Hwy	St Marys	Supermarket - altns & addns	Extension of existing Aldi store. Increase in retail net area from 836sq m to 1,028sq m. Extension of the pedestrian forecourt area.	192	27/02/2015	Possible	Development Approval
Emerton Village Shopping Centre	40 Jersey Rd	Emerton	Shopping Centre/Office - 2 storey - altns & addns	Internal alterations to the layout of the shopping centre comprising approx. 4,700sq m (3,268sq m & 1,432sq m) for 2 supermarket tenancies; 1,221sq m rationalisation of specialty shops; 464sq m for a liquor shop; 1,065sq m for new specialty shops.	5,765	22/05/2015	Possible	Development Application
Parker St & Barber Av Mixed Development - Nepean Health Precinct	11-13 Barber Av	Kingswood	Units (78)/Retail/Commercial - 8 storey - stage 2	Concept plan comprises of the construction of a mixed use commercial/residential & retail development with an overall a retail floor area of 2865 sqm	2,865	11/12/2020	Early	Early Planning
St Marys Village Shopping Centre	Charles Hackett Dr	St Marys	Shopping Centre - expansion	Potential expansion of St Marys Village Shopping Centre. The shopping centre would be expanded towards Queen St, using council-owned land.	22,728	29/09/2017	Early	Early Planning
Woolworths Shopping Centre Jordan Springs	1126 Water Gum Dr	Jordan Springs	Shopping Centre	Construction of a new shopping centre of 6,350sqm GLA. The shopping centre will comprise of a supermarket (4,200sqm) GLA, including 200sq m of liquor & specialty shops 2, 150sq m GLA. Stage 1 will comprise of the construction of a new retail building containing a supermarket & mezzanine; a 295sq m mini major retail store; specialty shops space of 1,003sq m and loading dock facilities. Stage 2 will comprise construction of an additional 290sqm mini major retail store on the south east corner of the site & the construction of an additional 281sq m of specialty store space on the south corner of the site.	6,350	20/12/2013	Commenced	Construction

Source: Cordell Connect, 2013.

2.3 Retail market analysis

The nature of retailing dynamics for St Marys has been analysed to gain an understanding of the market context for the project. An assessment of sales and rental data for the Queen Street and Penrith centres was completed. Consultation with commercial real estate agents was also undertaken to serve as a sense-check on the data analysis and provide more qualitative market information. The qualitative analysis informs the consideration of Queen Street trade and the likelihood of its retailers being attracted to an expanded shopping centre.

Queen Street, St Marys

Property database analysis
An assessment of the achievable sales and rental price per square metre for St Marys was undertaken using real estate databases.

The prices for Penrith were also assessed as a comparison. The median sales price per square metre for commercial properties in the St Marys centre (mostly Queen Street) was $1,807 (Table 5). The median sales prices for strip retail in the Penrith centre (mostly Henry and High Streets) was around 65 percent higher at $2,985 per square metre (Table 6). The median rent price per square metre for St Marys was $221; 40 percent lower than in Penrith. As a caveat, the rental and sales data only reflect the small number of properties currently on the market and the medians may be skewed towards underperforming properties in less desirable sections of a centre, which have remained vacant for extended periods of time.

TABLE 5 MEDIAN SALES AND RENTS, ST MARYS STRIP CENTRE

Median sales per sqm ($)	Median rent per sqm ($)	Yield
$1,807	$221	12.2%

Source: RP Data, 2013; Commercialrealestate.com, 2013; Realcommercial.com, 2013.

TABLE 6 MEDIAN SALES AND RENTS, PENRITH STRIP CENTRE

Median sales per sqm ($)	Median rent per sqm ($)	Yield
$2,985	$310	10.4%

Source: RP Data, 2013; Commercialrealestate.com, 2013; Realcommercial.com, 2013.

The average street level (as opposed to first floor) rental prices for primary locations in suburban strip centres ranges from $700 to $2000 per square metre. For secondary locations the rent ranges from $300 to $650 per square metre (Rawlinsons, 2013). This suggests that average rental prices for St Marys strip centre are below even the lower range estimates for secondary locations, which suggests it is underperforming. This is confirmed by the high (around 20 percent) vacancy rates in the centre.

Commercial real estate consultation
Consultation with commercial real estate agents indicated that the Queen Street strip can be separated into three separate segments, based on the level of vitality and viability:

1. Busiest in the centre of Queen Street, between Philip and Crana / Chapel Streets. This area has average rents of up to $500-600 per week, but this varies with size
2. South of Charles Hackett Drive is a little quieter and has an average rent of $300 per week. The closer you get to the Great Western Highway, the less lively it is.
3. The area north of Philip Street, near the station precinct, is generally run down with a high number of derelict properties, a methadone clinic and a pub. People don't like walking past these areas and rents are around $200 per week (or even lower).

The consultation also revealed that the issues affecting the poor performance of Queen Street include:

- The departure of anchor tenants including supermarkets, some banks and the RMS (formerly RTA), which used to draw visitors.
- Lack of a theme, or a central idea to attract people to the area e.g. restaurant precinct, fashion precinct
- The methadone clinic near the station in the main street
- Numerous low value tenants, such as real estate agents and discount stores.

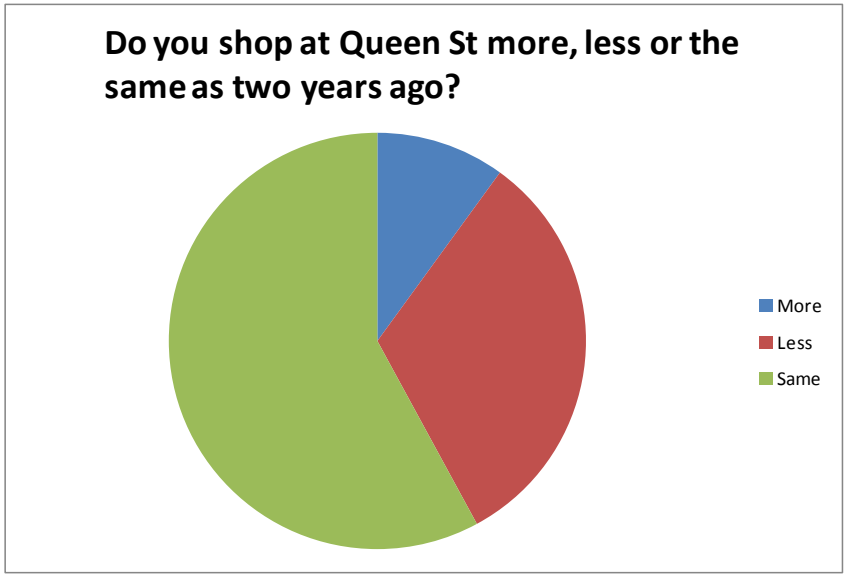
When asked whether an expanded Village Centre would compete with or complement Queen Street agents held diverse opinions. Several agents suggested that Queen Street and the Village Centre have different types of stores and so don't directly compete. One agent suggested that St Marys centre does not have sufficient critical mass of retail to compete with larger centres in Mount Druitt and Penrith, while another agent advised that an expanded centre would compete with Queen Street as there would be additional stores in an already crowded marketplace.

It was suggested by commercial real estate agents that in the short term, Queen Street won't benefit from an expanded Village Centre, but in the long-term trade in Queen Street would be lifted, as the increase in shopping trips to St Marys as a whole would flow on, particularly around the edges of the shopping centre.

Phone survey

Those respondents who shopped at St Marys Queen Street were asked if they shopped there more, less or the same amount in Queen Street as they did two years ago. Only 10% of respondents indicated they shopped more, while 32% suggested they shopped less and 52% indicated that their level of shopping at Queen Street had not changed. Overall, this suggests that Queen Street has continued to decline over the past two years.

FIGURE 11. QUEEN STREET SHOPPING TRENDS



Source: SGS, 2013

St Marys Village Shopping Centre

The Shopping Centre News quarterly magazines identify the performance of enclosed shopping centres. It has identified that the Village Centre's performance, based on its Moving Average Turnover per square metre, is placed 144th out of 166 centres in Australia with a GLA in excess of 6,000 square metres but less than 20,000 square metres. This suggests that the Village Centre is under-trading and underperforming, on average.

Station Plaza

While there was no available published data on the trading performance of the Station Plaza centre, the retail survey indicated that the centre does have a high vacancy rate and discussions with commercial real estate agents suggest that the centre is underperforming.

2.4 Summary

Overall, there is approximately 30,000 square metres of proposed floorspace associated with both the Village Centre and Station Plaza expansions, comprising an additional 23,000 square metres as a part of the Village Centre expansions and 7,000 square metres of proposed floorspace associated with the Station Plaza expansion.

St Marys centre has a high vacancy rate of 20 percent, which suggests that there may be structural problems affecting the viability of the centre. The vacancies are clustered towards the north end of Queen Street near St Marys train station. There is also a significant proportion of service retail and non-retail uses in the centre which, combined with vacant premises, comprise almost 50 percent of total premises in the centre. Further signs of St Marys centre's poor performance is evident in the lack of capital investment in the main street, with a number of derelict buildings throughout the centre.

Consultation with commercial real estate agents indicated that the Queen Street strip is characterised by three distinct segments, with the central segment between Philip and Crana Street being the most viable. The vitality and viability of the strip tapers off from this central precinct, with the northern end being the least vibrant. The research also indicated that the enclosed shopping centres are performing poorly with the performance of the Village Centre being ranked 144th out of the 166 centres in its category.

It would appear that the viability of the St Marys centre as a whole is somewhat fragile. Consequently, any additional direct competition to this centre might further undermine its viability. On the other hand, development that complements and reinforces the centre may have a positive impact on the centre's viability.

3 POLICY AND STRATEGY REVIEW

Overview

This section presents a review of existing policy and strategy documentation that is relevant to retail development in the St Marys area, including Council, Metropolitan or State level documents. An analysis of the implications of the strategy and policy framework is also provided, as well as identification of all policy directions pertinent to redevelopment of the Village Centre.

3.1 Regional policy and strategies

Draft Metropolitan Strategy for Sydney (2013)

The Draft Metropolitan Strategy for Sydney 2031 was released in March 2013. Once the current draft Strategy is finalised later in 2013 this will replace the Metropolitan Plan for Sydney 2036.

The Draft Strategy proposes six new subregions, with groupings of councils sharing apparently similar challenges for delivering the outcomes in the Strategy. The subregions are based on an assessment of the population and economic catchments of council areas. Penrith City Council is located within the West Subregion, along with the Blue Mountains City Council and the Hawkesbury City Council (Figure 10).

The Draft Strategy outlines population, housing and employment targets for each Subregion. Targets for the West Subregion are shown in Table 7.

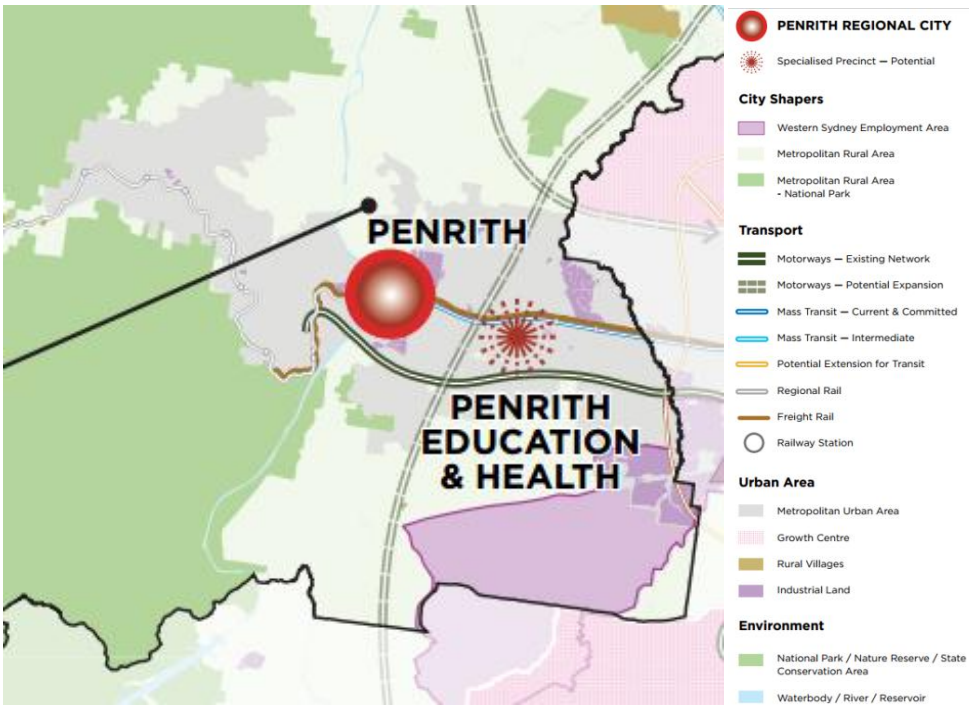
TABLE 7: WEST SUBREGION TARGETS

Central Subregion	Current	Target to 2021 (2011 - 2021)	Target to 2031 (2011 - 2031)
Population	327,000	372,000 (45,000)	416,000 (89,000)
Housing	127,000	143,000 (16,000)	166,000 (39,000)
Employment	119,000	138,000 (19,000)	156,000 (37,000)

Source: NSW Government – Draft Metropolitan Strategy for Sydney 2031, 2013

Expected growth within the West Subregion is focused around the Metropolitan Urban Area, Penrith Regional City, Penrith Education and Health Specialised Precinct, and the Western Sydney Employment Area.

FIGURE 12. WEST SUBREGION



Source: Department of Planning and Infrastructure, 2013.

Metropolitan Plan for Sydney 2036 (2010) and Draft North West Subregional Strategy

The existing metropolitan planning framework includes the long term strategic plans the Metropolitan Plan for Sydney 2036 (2010) and its predecessor the Metropolitan Strategy: A City of Cities (2005). The 2010 Metropolitan Plan outlines the core planning challenges facing Sydney, including environmental, transport and infrastructure, population, housing and employment elements, and how these are to be addressed up to 2036.

The previous Metropolitan Strategy: A City of Cities translated the regional metropolitan plan vision to subregions to identify planning initiatives at a smaller scale. The subregional strategy applying to the St Marys area is the Draft North West Subregional Strategy (DNWSS). The Subregional strategies have remained in draft form, though are key reference documents for local level planning. The overall framework for metropolitan Sydney is based on the concept of a city of cities with a defined typology of centres, each having specific roles. Global Sydney is supported by a network of regional cities, major centres, specialised centres, town centres, villages and neighbourhood centres.

The Draft North West Subregion is made up of five Local Government Areas including the Hills Shire, Blacktown, Blue Mountains, Hawkesbury, and Penrith. The Strategy establishes targets of 140,000 new dwellings and 130,000 new jobs by 2031. Penrith LGA is expected to provide an additional 25,000 dwellings and 28,000 jobs by 2031.

St Marys is classified as a Town Centre in the Metropolitan Plan and Draft North West Subregional Strategy. Town Centres are expected to have one or two supermarkets, community facilities, medical centre, schools, and contain between 4,500 and 9,500 dwellings.

Draft Centres Policy – Planning for Retail and Commercial Development (2009)

The draft Centres Policy – Planning for Retail and Commercial Development was released by the Department of Planning in April 2009. The policy includes aims to create a network of vital and vibrant centres that cater for the needs of businesses, individuals and families and to proactively and positively plan for the retail and commercial sector, ensuring the supply of floorspace accommodates market demand.

The Draft Activity Centres Policy focuses upon six key planning principles. An evaluation of the consistency of the proposed expansions against these principles is shown in Table 8. As the table shows, the key issue in this case will be whether the proposed expansions make a contribution to the amenity, accessibility and sustainability of the centres. The design and integration of the proposed expansions will be critical to achieve these aims.

TABLE 8. VILLAGE CENTRE & STATION PLAZA CONSISTENCY OF PROPOSED EXPANSIONS WITH DRAFT ACTIVITY CENTRES POLICY CRITERIA

Principles	Proposed expansion consistency
Retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.	✓
The planning system should be flexible enough to enable centres to grow, and new centres to form.	✓
The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.	✓
The planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and promote competition.	✓
The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.	✓
Retail and commercial development should be well designed to ensure it contributes to the amenity, accessibility, urban context and sustainability of centres.	?

At the regional or subregional strategic planning level, the draft Policy emphasises the need for a flexible network of centres to guide investment and allow existing centres to grow. Floorspace demand and supply assessments were recommended to provide an evidence-based understanding of future requirements against the planned provision and the concept of a minimum floorspace target was introduced.

The draft Policy expands on the role and use of the 'Typology of Centres' used in the Metropolitan and Regional Strategies. It emphasises that the typology is designed as a descriptive tool to categorise the likely future function of centres, not a prescriptive tool to limit the growth of those or other centres in the future. The categorisation of a centre as a particular type is not necessarily intended to limit the future growth or diversity of that centre.

Draft State Environmental Planning Policy – Competition (2010)

The draft Competition SEPP responded to reports by the Department and Better Regulation Office into the effects of certain provisions in the NSW planning system which promote or detract from opportunities to increase competition and economic growth. It also followed industry reviews and recommendations from the ACCC, Productivity Commission and Council of Australian Governments (COAG).

In summary, the draft SEPP reinforces some long-standing planning principles and mandates other changes to planning provisions and instruments including:

- Competition between individual businesses and particularly the loss of trade is not a relevant planning consideration.
- The commercial viability of a development or any effects on the viability of other developments are not matters to be considered by a planning authority.
- Restrictions in planning instruments which restrict the number of a particular type of retail store are invalid.
- Impacts, including loss of trade, may be taken into consideration if they have the effect of adversely impacting on the extent and adequacy of services available to a community.

3.2 Local policy and strategies

Penrith City Centres Hierarchy Interim Policy (2007)

The Penrith City Centres Hierarchy Interim Policy was adopted by Council in March 2007. The Policy outlines the existing and proposed centres hierarchy and compares the council description of a 'Town Centre' to the Metropolitan Strategy's description (Table 9). The policy identifies St Marys as the only 'Town Centre' within the Penrith LGA.

TABLE 9: PENRITH CITY CENTRES HIERARCHY COMPARISON

Metropolitan Strategy Description	Penrith Centres Hierarchy Description
Radius: 800 metres Typical dwellings: 4,500 – 9,500 Character: a large group of shops & services, 1-2 supermarkets, sometimes a small shopping mall, some community facilities e.g. local library, a medical centre, a variety of specialist shops.	Typical Retail Area: 45,000sqm – 70,000sqm (including supermarket/s at 2,500sqm – 4,500sqm) Typical Commercial Area: 15,000sqm – 25,000sqm Potential Population 2,000 – 4,000 people

Source: Penrith City Council, Penrith City Centres Hierarchy Interim Policy, 2007

St Marys Town Centre Strategy (2006)

The St Marys Town Centre Strategy indicates that St Marys Town Centre has traditionally served as a local or district retail centre for the nearby residential areas. Its viability has, however, come under threat in more recent times due to the growth of other district centres in the region and the range of services they are able to provide.

The St Marys Town Centre Strategy was released in 2006 and identifies the key strategies required to deliver a vital, viable and sustainable Town Centre into the future. The St Marys Town Centre Strategy recommends a series of policy actions, including improving internal pedestrian and cycle linkages, diversifying land uses beyond the current dominance of retailing, establishing a balance of day-time and night-time activities, building a positive identity for the centre and encouraging positive social interaction. It is intended that the policy directions included in the Strategy would provide the basis for the revitalisation of the St Marys Town Centre.

The Village Centre is located within the Village Green Activity Precinct 3, as identified in the Town Centre Strategy. The intended character of this precinct as defined in the Town Centre Strategy is outlined below.

Precinct 3 – Village Green (Mixed Use)
There is a focus on community uses within this precinct. Future redevelopment of the Shopping Village results in an improved pedestrian connection to Queen Street. Public parks (Lang Park, Kokoda Park and Coachmans Park) and car parks within the precinct are reconfigured to improve the connectivity of this precinct with Queen Street. Community uses are integrated with the shopping centre. The precinct provides for a vibrant street life and night-time activities (such as a theatre) are encouraged in this precinct.

The Station Plaza is located within the Station Entry Activity Precinct 4, as identified in the Town Centre Strategy. The intended character of this precinct as defined in the Town Centre Strategy is outlined below.

Precinct 4 – Station Entry (Mixed Use)
This precinct provides a key focus to the revitalisation of St Marys; and becomes a safe and exciting place to be; it is well lit and heavily used by pedestrians; traffic flows are limited and upgrades to public infrastructure is provided and there is street art installed. New development incorporates residential uses that overlook the street – the shopping centre increases its active frontages and provides better connectivity to Queen Street. New buildings do not create overshadowing on the street.

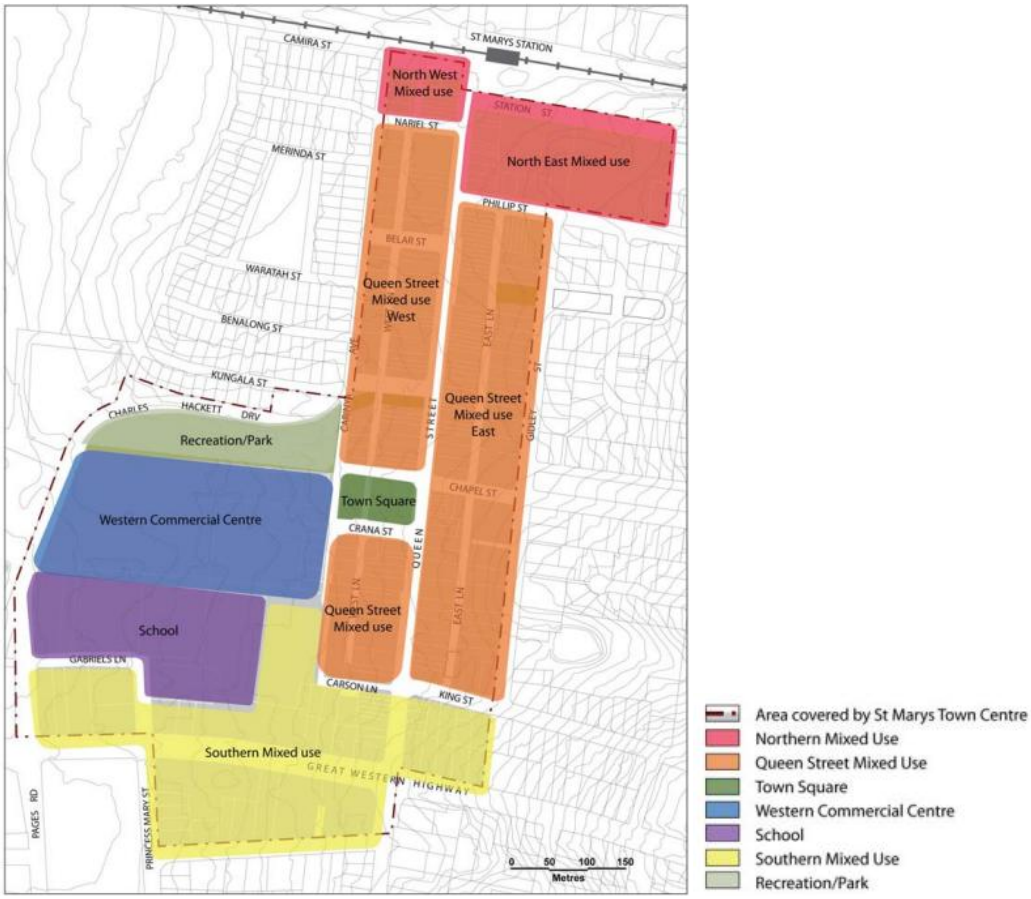
Penrith City Council: Development Control Plan (2010)

St Marys Town Centre is identified as a 'Key Precinct' in the Penrith City Council Development Control Plan. The Plan outlines additional objectives and specific controls for the precinct.

a) Facilitate the revitalisation of St Marys Town Centre by promoting redevelopment and urban sustainability;
b) Promote high quality urban design, architectural excellence and environmental sustainability in the planning, development and management of the Town Centre;
c) Provide for mixed use, commercial and residential development within the Town Centre which provides high levels of amenity for occupants;
d) Provide high levels of accessibility within the Town Centre, connecting significant activity nodes, public open space and surrounding residential areas;
e) Encourage development within St Marys Town Centre that gives primacy to the public domain and creates an attractive and vibrant centre;
f) Encourage integration of the residential and non-residential land uses and improved access to transport facilities;
g) Achieve an attractive and sustainable St Marys Town Centre; and
h) Ensure that development in the St Marys Town Centre is consistent with the desired future character of each precinct as described in the following section.

The DCP identifies seven precincts in the St Marys Town Centre, all with their own distinct characteristics (Figure 13). Generally, the identified activity precincts acknowledge and reinforce existing patterns of use in the Town Centre. The intention is to allow for a clearly legible series of precincts that define the retail and commercial centre whilst promoting mixed use to be implemented appropriately.

FIGURE 13. ST MARYS TOWN CENTRE KEY PRECINCTS



Source: Penrith City Council, Development Control Plan, 2010

The Village Centre is located within Western Commercial Centre precinct. The intended character of this precinct is defined below.

The commercial centre to the west of the Town Square is to be extended eastward up to the new square. It is envisaged that a natural pedestrian desire line will be created along Queen Street from the Western Commercial Centre to the Northern Mixed use zone, which also contains a commercial centre. A major pedestrian access is to be provided onto Carinya Avenue in the vicinity of Crana Street adjacent to the Town Square.

The Station Plaza Centre is located within the North East Mixed Use Precinct. The intended character of this precinct is defined below.

This precinct will be well lit and heavily used by pedestrians. Pedestrian connections will be provided to encourage human activity and interaction (foot traffic). Public art within the streetscape will be encouraged. Traffic flows will be limited.

Improvements to accessing the north western section for both vehicles as well as pedestrians/cyclists will be encouraged. New development will incorporate residential uses that overlook the street. The shopping centre will increase its active frontages and provide better connectivity to Queen Street.

The existing commercial centre is expanded westwards to create a more direct connection to Queen Street activities. The western portion of the precinct will incorporate a substantial amount of public/commuter parking.

3.3 Summary

St Marys is classified as a Town Centre in the Metropolitan Plan and Draft North West Subregional Strategy. Though not prescriptive, these documents indicate that Town Centres are expected to have one or two supermarkets, community facilities, medical centre, schools, and contain between 4,500 and 9,500 dwellings.

The proposed expansions are mostly consistent with the principles of the Draft Activity Centres Policy. There is one principle that is particularly important to the proposed expansion of the Village Centre and Station Plaza centres, being that: 'Retail and commercial development should be well designed to ensure it contributes to the amenity, accessibility, urban context and sustainability of centres'. This highlights the importance of the proposed expansions being integrated with Queen Street.

The draft Competition SEPP indicates that 'impacts, including loss of trade, may be taken into consideration if they have the effect of adversely impacting on the extent and adequacy of services available to a community'.

Both the St Marys Town Centre Strategy and Penrith City Council: Development Control Plan indicate the objectives and guidelines for the future development of the town centre as a whole as well as the expanded shopping centre and its relationship with the town centre. The pertinent objectives for this study include:

- Improved pedestrian connection to Queen Street.
- Public parks and car parks within the precinct are reconfigured to improve the connectivity of this precinct with Queen Street.
- Community uses are integrated with the shopping centre.

4 TRADE AREA ANALYSIS

Overview

This section examines the amount of retail expenditure within the catchment as well as the trading performance of the centres within the catchment. The amount of retail expenditure is assessed by examining the current population and future population growth in the catchment and the average expenditure based on the household income quintiles.

4.1 Retail demand modelling

In this task we have applied per capita spending data from the retail hierarchy assessment to published population projections for the St Marys catchment, the Penrith LGA and subregion. The resultant expenditure pool has been distributed through the retail hierarchy. Existing resultant total turnover levels for all centres in the hierarchy has been documented by retail category. This defines the turnover potential for supermarkets, department stores (and discount department stores) and speciality retailing within the St Marys trade area.

4.2 Method

The SGS Retail Simulation Model distributes the available retail expenditure using a gravity distributional mechanism. The model looks at the likelihood or propensity of a particular person to gravitate towards a retail centre within a defined retail system and estimates how much of a person's household goods retail expenditure will be spent at a particular centre based on two opposing forces:

- **An attracting force** – if all retail centres were at your doorstep people will still have a preference to visit one centre over the other. This is a result of floorspace (as shoppers tend to enjoy greater variety and choice), the quality of the retailers, the price, the supplementary businesses (for example cinemas, entertainment) and so on.

- **A detracting force** – this is generally represented as how far away the centre is. Given the associated costs of travel (all other things equal between two centres) a shopper will try and shop at the closer centre.

These two forces determine the market pull of a particular centre, which is then used to determine how much of each resident's retail expenditure (that is, market share) will be spent at that particular centre. For a group of residents within the same Travel Zone (TZ), the market pull of a centre is calculated as follows:

$$\text{Market Pull} = \frac{\text{Attraction Force}}{\text{Detracting Force}}$$

$$= \frac{(\text{'Attractiveness' of the centre}) * (\text{Floorspace of the centre})}{(\text{Travelling time from the customer to the centre})^2}$$

As described above, the "attractiveness" is a measure of a wide range of factors that make a shopper prefer one centre over another. All these factors are captured in the actual current performance of the centre.

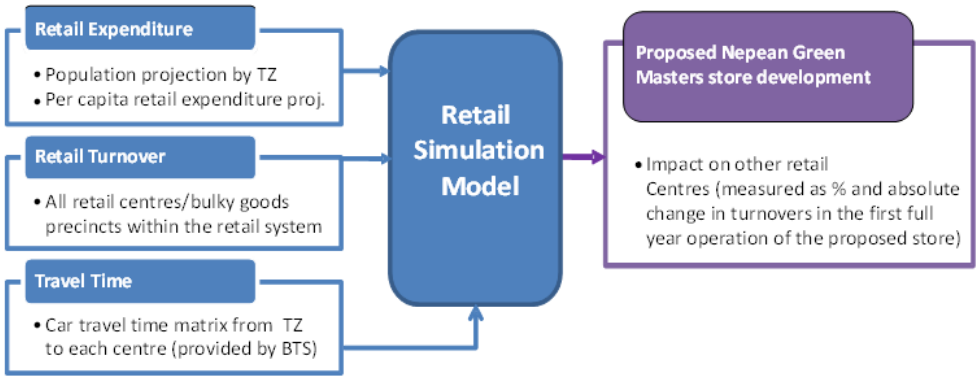
The market share, or percent of expenditure that is likely to be spent at a particular centre, is then calculated as follows:

$$\text{Market Share} = \frac{(\text{Market Pull of Centre X})}{\text{Sum of}(\text{Market Pull to all Centres within the Model})}$$

As opposed to making assumptions to try to directly calculate the relative 'attractiveness' of each centre, the 'attractiveness' of a centre is determined within the model, using the retail turnover of each centre as a basis and working backwards to find the 'attractiveness' value at the present time. In other words, the model controls for or isolates common variables that affect trading performance, such as the amount of floorspace. Once these variables have been 'isolated', then any remaining difference in the trading performance of various centres is assumed to relate to its 'attractiveness'.

The model inputs and outputs, in the context of the current study, are summarised in Figure 14.

FIGURE 14. MODEL INPUTS AND OUTPUTS



Source: SGS, 2013.

Validation of the retail model

SGS completed a telephone survey of the St Marys suburb and surrounds to determine the current retail expenditure levels as well as details on park usage. The retail survey showed a higher share of the total average expenditure at the Village Centre and Station Plaza compared to the model results. The survey contains an in-built bias in that land-line telephone users are surveyed and these are disproportionately older residents, much more likely to shop locally, near the homes, which favours the St Marys shopping centres over Penrith or Mt Druitt or other centres in the wider trade catchment.

In the first instance, impact testing was conducted just using the retail simulation model. As a sense-check on the validity of the model, the impact testing was re-run incorporating the results from the survey. It was found that the impact testing incorporating the survey results was very similar to the retail simulation model (Table 10).

However, there are some limitations associated with using the survey data for the impact testing. Column C in the table below shows the potential impact of the Village Centre expansion on the other

centres, if an increase of $110 million in trade is distributed pro-rata based on the market share of impacted centres within the surveyed area. Compared to the percentage impact estimated in the model (i.e. column E), this pro-rata distribution does not take into account:

- The different commodity/store mix within the impacted centres, e.g. the expansion of supermarket or DDS floorspace in the Village Centre wouldn't directly compete with the specialties stores in the neighbourhood centres.

- The relative proximity of the impacted centres to the Village Centre and Station Plaza. It assumes a linear relationship between the dollar impact and the current market share. However, the centres closer to the Village Centre and Station Plaza are likely to experience a higher percentage impact on trading level, relative to those centres that are further away.

TABLE 10. RETAIL SURVEY VALIDATION OF RETAIL MODEL

Outlet	Retail turnover	Trade share from the model	Trade share from the survey	$ Impact of scenario 1 (based on the survey result)	% Impact of scenario 1 (based on the survey result)	% Impact of scenario 1 (based on the model result)
		A	B	C	D	E
Cambridge Park	$3,022,823	0%	0%	-$207,114	-4%	-2%
Werrington County Shopping Plaza	$24,397,079	2%	1%	-$2,171,420	-7%	-6%
North St Marys	$7,076,360	1%	1%	-$1,095,601	-12%	-11%
Werrington Station	$8,718,922	1%	1%	-$962,728	-8%	-5%
Kingswood	$15,382,900	1%	0%	-$433,611	-1%	-3%
St Marys - shopping village	$75,927,923	7%	24%	$110,442,632	115%	115%
St Marys - Queen St	$35,890,229	3%	3%	-$4,228,279	-10%	-14%
St Marys - station plaza	$48,603,693	4%	10%	-$14,606,699	-25%	-17%
Oxley Park	$2,692,384	0%	0%	-$511,307	-16%	-11%
Claremont Meadows	$1,057,807	0%	1%	-$982,983	-66%	-5%
Monfarville Street	$1,908,657	0%	0%	-$13,239	-1%	-15%
Colyton	$1,975,704	0%	0%	-$55,603	-2%	-11%
St Clair	$87,418,580	8%	10%	-$15,152,554	-16%	-8%
Erskine Park	$15,613,326	1%	0%	$0	0%	-5%
Cranebrook	$3,702,231	0%	0%	-$227,178	-1%	-4%
Penrith Town Centre	$309,000,921	28%	15%	-$22,505,227	-2%	-4%
Smith Street, South Penrith	$2,596,138	0%	0%	-$15,887	0%	-2%
Southlands	$14,600,812	1%	3%	-$3,839,261	-6%	-4%
Glenmore Park	$4,287,362	0%	0%	-$290,687	0%	-3%
Ropes Crossing	$15,254,449	1%	4%	-$5,636,693	-14%	-7%
Emerton	$44,920,647	4%	5%	-$6,642,494	-9%	-6%
Mount Druitt	$370,016,758	33%	21%	-$30,259,440	-6%	-6%
Palmerson Road, Beames Ave	$6,167,440	1%	0%	-$108,937	-1%	-6%
Minchinbury	$7,409,380	1%	0%	-$495,692	-5%	-5%

Source: BTS Population forecasts, August 2012, SGS calculations.

4.3 Retail expenditure from the system (demand side)

At the outset, a regional retail system is defined using the travel zones[3] (TZs); this can be seen in Figure 7, Section 2.2. The resident retail expenditure available within the retail system is then calculated using the BTS population forecast at the TZ level and the per-capita retail expenditure forecast. These inputs are discussed in detail below.

[3] Travel Zones (TZs) are the geographic units of the Bureau's data collection, transport modelling and analysis. TZs allow for detailed spatial analysis as they are smaller than Statistical Local Areas (SLA), but generally larger than an ABS Collection District (CD) or Mesh Block (MB).

Population forecast

The following table shows the population forecast prepared by BTS for all the TZs within the system.

TABLE 11. POPULATION FORECASTS – ESTIMATED RESIDENTIAL POPULATION (ERP)

	2011	2016
Resident population within the retail system	208,474	220,169

Source: BTS Population forecasts, August 2012, SGS calculations.

BTS projections (which are in line with Census years) for 2011 and 2016 have been used.

Per capita retail expenditure

The average real per-capita retail expenditure for Australia has been projected using the retail turnover data from the ABS Retail Trade time series and national ABS population projections. Table 12 depicts the derived per-capita retail expenditure by retail type. According to this, an average NSW resident spends $10,568 per annum on retail goods and services in 2016, which is about 2.7 percent higher than the retail spending in 2011; in real terms. The figures in the table below are in 2011 dollars. Census years have been used to line up with population changes.

Expenditure is grouped into the categories of supermarkets, department stores (including discount-department stores) and specialty retailing in the demand side of the SGS retail simulation model. This is because retail impacts would be broadly distributed across these three categories. Moreover, based on the ABS household expenditure survey for 2009/10, we exclude the 35 percent of expenditure allocated to the ABS household good category. This is because products in this category would generally be located in bulky good precincts, rather than in department stores or specialty stores.

TABLE 12. REAL PER CAPITA RETAIL EXPENDITURE IN NSW, BY RETAIL TYPE (2012 DOLLARS)

Expenditure component	2011	2016
Supermarkets	$3,381	$3,502
Speciality	$6,191	$6,385
Department Stores	$804	$771
Total	$10,377	$10,658

Source: SGS retail projections (based on the ABS Retail Trade data and population projections)

Since levels of family income are a major driver of how much people spend on retailing, the distribution of weekly family income for both Australia and the retail system as a whole is examined. Table 13 shows that the families within the St Marys retail system have a slightly higher concentration of persons in the third and fourth income range, compared to Australia, but fewer residents in the lowest and highest income ranges.

TABLE 13. HOUSEHOLD INCOME DISTRIBUTION, AUSTRALIA VS RETAIL SYSTEM

	Gross Household Income (Weekly)					
Area	Lowest income range (<$599)	Second income range ($600- $999)	Third income range ($1,000-$1,499)	Fourth income range ($1,500-$2,499)	Highest income range (>$2,500)	Total
Australia	23.70%	18.10%	16.80%	21.60%	19.80%	100.00%
Defined Retail System	21.80%	18.10%	18.90%	25.70%	15.30%	100%

Source: ABS Census, 2011.

Adjustments to the per capita household goods expenditure with respect to family income profile have then been made at the individual travel zone level. These adjustments account for the relativity between the Australian income distribution and the travel zone level distribution.

Total retail expenditures available

The table below indicates the total retail expenditures available within the retail system. This is derived using the per capita estimates adjusted for TZ level income distribution variation. It is estimated that residents within the retail system spent $1,912 million on retail goods and services in 2011. It is projected that this figure increases by $170 million in 2016.

Although not shown in table below, it is assumed that an additional $69 million of department store expenditure would be sourced from outside the retail system. This implies that expenditure is captured from outside the LGA, for example from Blue Mountains LGA.

TABLE 14. TOTAL RETAIL EXPENDITURE WITHIN THE RETAIL SYSTEM, (2011 DOLLARS)

Year	Supermarkets	Department Stores	Specialties	Total
2011	$706 M	$165 M	$1,040 M	$1,912 M
2016	$774 M	$168 M	$1,141 M	$2,082 M

Source: ABS Census, 2012.

4.4 Retail turnover in the system (supply side)

Similar to the approach adopted for the demand side, we have estimated retail turnover in the system. Table 15 displays the total retail turnover at the different centres in the retail system based on turnover per square metre estimates and floorspace figures. The Penrith Town Centre includes the Westfield and Centro centres.

TABLE 15. TOTAL RETAIL TURNOVER BY CENTRES WITHIN THE RETAIL SYSTEM, (2011 DOLLARS)

Centres	Supermarket	Department and Discount-Department Store	Specialties	Total turnover
Cambridge Park	$-	$-	$4.9	$4.9
Werrington County Shopping Plaza	$16.5	$-	$13.1	$29.6
North St Marys	$-	$-	$8.4	$8.4
Werrington Station	$-	$-	$10.5	$10.5
Kingswood	$-	$-	$26.2	$26.2
St Marys - shopping village	$38.6	$26.2	$26.4	$91.3
St Marys - Queen St	$-	$-	$41.0	$41.0
St Marys - station plaza	$36.0	$-	$19.3	$55.3
Oxley Park	$-	$-	$3.1	$3.1
Claremont Meadows	$-	$-	$1.2	$1.2
Monfarville Street	$-	$-	$2.1	$2.1
Colyton	$-	$-	$2.2	$2.2
St Clair	$41.2	$-	$50.1	$91.3
Erskine Park	$-	$-	$16.3	$16.3
Cranebrook	$16.2	$-	$5.8	$22.0
Penrith Town Centre	$127.1	$154.6	$539.0	$820.7
Smith Street, South Penrith	$-	$-	$8.2	$8.2
Southlands	$41.7	$-	$15.2	$56.9
Glenmore Park	$46.4	$-	$12.1	$58.5
Ropes Crossing	$24.7	$-	$5.5	$30.2
Emerton	$25.6	$-	$40.8	$66.3
Mount Druitt	$127.1	$53.9	$336.7	$517.7
Palmerson Road, Beames Avenue	$-	$-	$7.4	$7.4
Minchinbury	$-	$-	$10.3	$10.3

Source: Shopping Centres Magazine, 2012; Property Council of Australia Shopping Centres Directory, 2010; Urbis Retail Averages, 2010; SGS estimates.

Estimating total retail turnover in 2016

As noted earlier, the retail simulation model is constructed to simulate how the residents are likely to 'spread' their retail expenditures between the retail centres and within the system. The model calculates the 'attractiveness' of each centre and then distributes projected expenditure on household goods in 2016 to each centre within the system (based on the attractiveness of each centre).

At the impact assessment stage, the model then seeks to forecast how the residents are likely to alter their shopping behaviours as a result of the expanded Village Centre and other centres.

5 DEVELOPMENT SCENARIOS AND IMPACT ASSESSMENT

Overview

This section includes an impact assessment of the proposed expansion of the Village Centre store and variations on this theme, using the SGS Retail Simulation Model.

5.1 Impact assessment

Taking into account forecast population growth and future retail spending patterns we have assessed the impact of the proposed additional retail floorspace on the trading performance of the existing centres in the defined retail hierarchy (including Station Plaza Shopping Centre and Queen Street itself as 'sub-sets' of the whole St Marys centre). Impacts have been expressed in terms of the change in turnover in the expected first year of operation (assumed to be 2016). The number of years it takes impacted centres to 'recover' to their 2016 trading performance has also been outlined. As a sensitivity test, we have also assessed the trading impacts on the larger centres only (i.e. with at least one supermarket); assuming that none of the smaller centres would be affected by the expansion.

Three other scenarios have been tested including one with an expanded Village Centre with a higher trading performance per square metre, one with just an expanded Station Plaza centre and another with both an expanded Village Centre and Station Plaza.

In order to assess the economic impact of the planning proposal on the performance of other competing centres, the following steps were completed using the SGS Retail Simulation Model:

1. Simulate[4] the 'base' retail environment (without the expansion of the Village Centre and Station Plaza) in 2013 (using $2011), using the turnover and floorspace estimates and expenditure estimates in 2013, and generate the 'attractiveness' indices for each centre within the defined retail system.

2. Simulate the 'base' retail environment (with the expanded Village Centre and Station Plaza) in 2016, using the expenditure estimates in 2016 and 'attractiveness' indices generated in step 1. In step 2, centres close to areas with higher population growth gain more turnover than those relatively further from growth areas. Note this future 'base' scenario also includes the planned retail developments as outlined in Section 2.2.

3. Re-simulate the 2016 retail environment with the expanded Village Centre and Station Plaza. In this step, the retail expenditures are redistributed to all other centres, using a new 'attractiveness' index

[4] That is to distribute the expenditures generated from each TZ within the retail system to retail centres based on the gravitational forces discussed earlier.

for Village Centre and Station Plaza the same 'attractiveness' indices for all the other centres as per step 2.

Comparing the results from step 2 and 3 measures the impact of the expanded Village Centre and Station Plaza as an immediate reduction in the turnover of other centres during the first full year operation of the expanded centre. Comparing the results from step 1 and 3 shows the turnover changes from the 'base' retail environment in 2013.

The impact assessment in the following sections considers two cases:

(1) All centres being considered will be impacted by the expanded Village Centre and Station Plaza
(2) Only larger centres (those with at least one supermarket) will be impacted – assuming that the expanded Village Centre and Station Plaza would not compete with the smaller centres.

Overall, we find that the percentage impacts on larger centres are very similar under these two cases.

Base case scenario – no change

By 2016, without any expansion of retail floorspace in St Marys, the total turnover in the centre including the Village Centre and Station Plaza centres increases to approximately $192.2 million from $187.6 million in 2011.

Scenario 1 – expanded Village Centre

Table 16 shows the immediate impacts in both percentage and absolute terms across all centres of an expanded Village Centre. The modelling results are reported on the total retail environment of each centre. The last column in the table indicates the number of years it would take for the impacted centres to restore their trading levels to pre-expansion levels based on the 'worst case' scenario.

With the expansion of the Village Centre, the total turnover in St Marys centre increases to $282.2 million. In terms of dollar amounts, Mount Druitt and Penrith Town Centre are most affected, with a reduction of $30.7 and $32.6 million, respectively. The largest impact in terms of percentage reduction in turnover, is at Monfarville Street, St Marys (maximum of 17%) followed by Station Plaza (maximum of 17%) and Queen Street, St Marys (maximum of 17%).

An impact of less than 10% on other centres trading performance is considered acceptable, although this is not a strict rule. This should be viewed in tandem with the trading performance of the affected centre – i.e. the resultant trading level compared with published benchmarks with the proposed retail floorspace included in the system. For example, an impact of 15% on another centre's trading performance may be acceptable if the impacted centre is trading well above average trading levels. The centres that experience an impact of a maximum above 10% include:

- North St Marys (0% to -13%)
- Queen Street (-16% to -17%)
- Station Plaza (-16% to -17%)
- Oxley Park (0% to-12%)
- Monfarville Street (0% to -17%)
- Colyton (0% to -12%)

The supply side analysis indicated that there are no vacancies in these small centres (not including St Marys, Queen Street and Station Plaza). This suggests that they are trading robustly and are unlikely to be materially affected by the St Marys Shopping Village expansion, notwithstanding the potentially significant maximum negative impacts on trading performance shown in the modelling.

Assuming there is expenditure leakage between the different components within the St Marys town centre, the modelling suggests that it would take around 12 years for the Station Plaza to restore its

trading performance to the level experienced prior to the Village Centre expansion. However this finding – and the one that suggests a significant negative impact on Queen Street - should be seen in the context of a significant overall increase in expenditure in St Marys, due to additional retail floorspace, and the difficulty of modelling the impacts on different components within the same centre. If the retail model was able to be more fine grain and take into account qualitative differences in the type of specialties floorspace,[5] then the impact would likely be lower.

TABLE 16. EXPANDED VILLAGE CENTRE

	2011 turnover	2016 turnover without expansion	2016 turnover with expansion	$ impact	% impact (1)	% impact (2)	No. of years to recover
Cambridge Park	$4,864,698	$5,167,958	$5,027,507	-$140,451	-3%		2
Werrington County Shopping Plaza	$29,577,923	$29,330,549	$27,834,955	-$1,495,594	-5%	-5%	5
North St Marys	$8,409,771	$8,930,440	$7,808,608	-$1,121,832	-13%		9
Werrington Station	$10,491,627	$11,446,588	$10,770,850	-$675,738	-6%		3
Kingswood	$26,158,301	$36,359,737	$35,180,592	-$1,179,146	-3%		2
St Marys - shopping village	$91,281,420	$92,324,784	$197,909,367	$105,584,584	114%	114%	n.a.
St Marys - Queen St	$40,987,127	$43,814,709	$36,937,226	-$6,877,483	-16%	-17%	10
St Marys - station plaza	$55,310,539	$56,102,421	$47,396,386	-$8,706,035	-16%	-17%	12
Oxley Park	$3,096,278	$3,258,701	$2,877,415	-$381,286	-12%		10
Claremont Meadows	$1,237,791	$1,453,090	$1,364,742	-$88,348	-6%		3
Monfarville Street	$2,124,574	$2,241,413	$1,859,543	-$381,870	-17%		10
Colyton	$2,174,497	$2,278,005	$1,996,851	-$281,155	-12%		12
St Clair	$91,321,109	$93,165,450	$86,589,295	-$6,576,155	-7%	-8%	12
Erskine Park	$16,343,424	$16,963,345	$16,094,827	-$868,518	-5%		7
Cranebrook	$22,033,106	$18,760,793	$18,289,517	-$471,276	-3%	-3%	2
Penrith Town Centre	$820,698,052	$872,803,285	$840,152,486	-$32,650,800	-4%	-4%	3
Smith Street, South Penrith	$8,165,301	$8,710,446	$8,484,969	-$225,477	-3%		2
Southlands	$56,895,250	$58,260,106	$56,609,266	-$1,650,840	-3%	-3%	3
Glenmore Park	$58,536,003	$60,864,294	$59,685,128	-$1,179,166	-2%	-2%	3
Ropes Crossing	$30,214,164	$35,214,024	$33,258,088	-$1,955,935	-6%	-6%	1
Emerton	$66,314,555	$91,511,330	$86,254,763	-$5,256,567	-6%	-6%	6
Mount Druitt	$517,713,751	$530,492,040	$499,782,069	-$30,709,972	-6%	-6%	6
Palmerson Road, Beames Ave	$7,384,505	$7,780,829	$7,246,652	-$534,177	-7%		6
Minchinbury	$10,258,833	$10,848,173	$10,191,149	-$657,024	-6%		5
Jordan Springs	$0	$53,800,705	$52,280,965	-$1,519,740	-3%	-3%	1

Source: SGS Economics and Planning, 2013.
1. This considers the impacts on all centres being considered.
2. This considers a scenario that none of the smaller centres (i.e. without supermarket) would be impacted by the expansion; so only impacts on the larger centres are shown.

Scenario 2 – expanded Village Centre + higher trading performance

Table 17 displays the impact of an expanded Village Centre as well as an increase in the trading performance of the centre in $ per sqm terms. The last column in the table indicates the number of years it would take for the impacted centres to restore their pre-expansion trading levels based on the 'worst case' scenario.

As mentioned in Section 2.3, the Village Centre's is performing weakly – being ranked 144th out of 166 centres in the same category. This scenario assumes that as well as an increase in floorspace, the trading

[5] Detailed retail spend data was not practical to collect for this study, given the difficulty in obtaining accurate survey data at such a high level of detail..

performance of the centre – in terms of dollars per square metre (retail turnover density) – increases to average trading levels for a centre of its type.

Again, in terms of dollar amounts, Mount Druitt and Penrith Town Centre are most affected, with a reduction of $52 million and $61 million, respectively. The impact is much stronger on existing centres in the system. The largest impact in terms of percentage reduction in turnover, is again experienced by Station Plaza (24 to 25%), followed by Monfarville Street (maximum of 21%), and Queen Street, St Marys (20 to 21%). There are also significant impacts at North St Marys (maximum of 16%), Colyton (maximum of 16%) and Oxley Park (maximum of 15%).

In the 'worst' case, all of the above centres would need more than 10 years to recover from the impact of the Village Centre expansion, though all except Queen Street and Station Plaza are already trading robustly.

TABLE 17. EXPANDED VILLAGE CENTRE WITH HIGHER RETAIL TURNOVER DENSITY

	2011 turnover	2016 turnover without expansion	2016 turnover with expansion	$ impact	% impact (1)	% impact (2)	No. of years to recover
Cambridge Park	$4,864,698	$5,167,958	$4,979,152	-$188,807	-4%		3
Werrington County Shopping Plaza	$29,577,923	$29,330,549	$26,772,006	-$2,558,543	-9%	-9%	8
North St Marys	$8,409,771	$8,930,440	$7,488,417	-$1,442,023	-16%		12
Werrington Station	$10,491,627	$11,446,588	$10,551,139	-$895,449	-8%		5
Kingswood	$26,158,301	$36,359,737	$34,788,947	-$1,570,790	-4%		3
St Marys - shopping village	$91,281,420	$92,324,784	$270,339,189	$178,014,405	193%	193%	n.a.
St Marys - Queen St	$40,987,127	$43,814,709	$35,127,977	-$8,686,732	-20%	-21%	14
St Marys - station plaza	$55,310,539	$56,102,421	$42,582,857	-$13,519,565	-24%	-25%	21
Oxley Park	$3,096,278	$3,258,701	$2,767,338	-$491,362	-15%		14
Claremont Meadows	$1,237,791	$1,453,090	$1,335,472	-$117,619	-8%		4
Monfarville Street	$2,124,574	$2,241,413	$1,760,150	-$481,263	-21%		13
Colyton	$2,174,497	$2,278,005	$1,915,525	-$362,480	-16%		16
St Clair	$91,321,109	$93,165,450	$82,474,937	-$10,690,513	-11%	-12%	20
Erskine Park	$16,343,424	$16,963,345	$15,796,605	-$1,166,740	-7%		10
Cranebrook	$22,033,106	$18,760,793	$17,901,924	-$858,870	-5%	-5%	3
Penrith Town Centre	$820,698,052	$872,803,285	$811,734,442	-$61,068,844	-7%	-7%	5
Smith Street, South Penrith	$8,165,301	$8,710,446	$8,408,388	-$302,058	-3%		3
Southlands	$56,895,250	$58,260,106	$55,220,044	-$3,040,061	-5%	-5%	6
Glenmore Park	$58,536,003	$60,864,294	$58,629,278	-$2,235,016	-4%	-4%	6
Ropes Crossing	$30,214,164	$35,214,024	$31,740,391	-$3,473,633	-10%	-10%	2
Emerton	$66,314,555	$91,511,330	$82,951,214	-$8,560,115	-9%	-10%	10
Mount Druitt	$517,713,751	$530,492,040	$478,586,807	-$51,905,233	-10%	-10%	10
Palmerson Road, Beames Ave	$7,384,505	$7,780,829	$7,078,781	-$702,048	-9%		8
Minchinbury	$10,258,833	$10,848,173	$9,980,891	-$867,281	-8%		7
Jordan Springs	$0	$53,800,705	$50,971,344	-$2,829,361	-5%	-6%	1

Source: SGS Economics and Planning, 2013.

Scenario 3 – expanded Village Centre + expanded Station Plaza

Table 18 displays the impact of an expanded Village Centre as well as an expanded Station Plaza. The turnover per square metre performance of the Village Centre is assumed to be lower than average (i.e. no manual adjustments have been made to the trading performance). The last column in the table

indicates the number of years it would take for the impacted centres to restore their pre-expansion trading levels.

As before, Penrith Town Centre and Mount Druitt are most affected centres, in terms of dollar value, with a reduction of $43.3 and $36.8 million at each centre, respectively. The largest impact in terms of percentage reduction in turnover, is at Monfarville Street, St Marys (maximum of 16%) and Queen Street, St Marys (15% to 16%). Under this scenario, the turnovers at the Village Centre more than doubles, while the turnover at Station Plaza increases by more than a quarter. The increased impact on Queen Street is only marginally higher under with an expanded Station Plaza centre. The centres that experience a maximum impact of greater than 10% include:

- North St Marys (0% to -12%)
- Queen Street (-15% to -16%)
- Oxley Park (0% to -11%)
- Monfarville Street (0% to -16%)
- Colyton (0% to -12%)

Based on the model findings most of the above centres except North St Marys would need more than 10 years to recover from the impact of both expansions, in a 'worst case' scenario.

TABLE 18. EXPANDED VILLAGE CENTRE AND STATION PLAZA

	2011 turnover	2016 turnover without expansion	2016 turnover with expansion	$ impact	% impact (1)	% impact (2)	No. of years to recover
Cambridge Park	$4,864,698	$5,167,958	$5,034,400	-$133,558	-3%		2
Werrington County Shopping Plaza	$29,577,923	$29,330,549	$27,614,476	-$1,716,073	-6%	-6%	5
North St Marys	$8,409,771	$8,930,440	$7,856,650	-$1,073,790	-12%		8
Werrington Station	$10,491,627	$11,446,588	$10,802,658	-$643,930	-6%		3
Kingswood	$26,158,301	$36,359,737	$35,236,930	-$1,122,807	-3%		2
St Marys - shopping village	$91,281,420	$92,324,784	$191,587,227	$99,262,443	108%	108%	n.a.
St Marys - Queen St	$40,987,127	$43,814,709	$37,213,806	-$6,600,903	-15%	-16%	10
St Marys - station plaza	$55,310,539	$56,102,421	$72,927,812	$16,825,391	30%	30%	n.a.
Oxley Park	$3,096,278	$3,258,701	$2,893,862	-$364,839	-11%		10
Claremont Meadows	$1,237,791	$1,453,090	$1,368,961	-$84,129	-6%		3
Monfarville Street	$2,124,574	$2,241,413	$1,874,786	-$366,626	-16%		9
Colyton	$2,174,497	$2,278,005	$2,009,003	-$269,002	-12%		11
St Clair	$91,321,109	$93,165,450	$85,878,329	-$7,287,121	-8%	-8%	13
Erskine Park	$16,343,424	$16,963,345	$16,137,437	-$825,908	-5%		7
Cranebrook	$22,033,106	$18,760,793	$18,199,120	-$561,673	-3%	-3%	2
Penrith Town Centre	$820,698,052	$872,803,285	$829,429,711	-$43,373,574	-5%	-5%	4
Smith Street, South Penrith	$8,165,301	$8,710,446	$8,495,925	-$214,521	-2%		2
Southlands	$56,895,250	$58,260,106	$56,262,644	-$1,997,462	-3%	-4%	4
Glenmore Park	$58,536,003	$60,864,294	$59,422,202	-$1,442,092	-2%		4
Ropes Crossing	$30,214,164	$35,214,024	$32,886,908	-$2,327,116	-7%		1
Emerton	$66,314,555	$91,511,330	$85,655,428	-$5,855,901	-6%		6
Mount Druitt	$517,713,751	$530,492,040	$493,652,737	-$36,839,303	-7%		7
Palmerson Road, Beames Ave	$7,384,505	$7,780,829	$7,271,180	-$509,649	-7%		5
Minchinbury	$10,258,833	$10,848,173	$10,221,718	-$626,455	-6%		5
Jordan Springs	$0	$53,800,705	$51,949,305	-$1,851,400	-3%		1

Source: SGS Economics and Planning, 2013.

Scenario 4 – expanded Station Plaza

Table 19 displays the impact of an expanded Station Plaza. While there are no concrete plans regarding the exact amount of floorspace expansion, conversations with Haben indicate that the expansion could include a 6000 square metre discount-department store (DDS) and 1000 square metre of specialty stores. With the expansion, the total retail floorspace at Station Plaza would increase to approximately 14,000 square metres. The last column in the table indicates the number of years it would take for the impacted centres to restore their pre-expansion trading levels.

By 2016, without any expansion of retail floorspace, the total turnover at Station Plaza increases to approximately $56.1 million from $55.3 million in 2011 due to the expenditure growth in its catchment. With the expansion, the total turnover increases to $86.0 million.

Based on the results of the impact testing, all other centres being considered will experience an impact of less than 10%, which is considered acceptable. This is largely because the relatively small amount of specialty floorspace being proposed would have a modest impact on the neighbourhood centres in the proximity.

In addition, it is estimated that all centres except the St Marys Shopping Village will restore to the pre-expansion trading level in less than two years. In other words, these centres are forecast to experience positive growth in total sales over the period 2016 to 2021, even with the one-off impact from the Station Plaza expansion.

TABLE 19. EXPANDED STATION PLAZA

	2011 turnover	2016 turnover without expansion	2016 turnover with expansion	$ impact	% impact (1)	% impact (2)	No. of years to recover
Cambridge Park	$4,864,698	$5,167,958	$5,157,270	-$10,689	0%		0
Werrington County Shopping Plaza	$29,577,923	$29,330,549	$29,283,255	-$47,294	0%	0%	0
North St Marys	$8,409,771	$8,930,440	$8,833,158	-$97,282	-1%		1
Werrington Station	$10,491,627	$11,446,588	$11,392,901	-$53,687	0%		0
Kingswood	$26,158,301	$36,359,737	$36,267,321	-$92,416	0%		0
St Marys - shopping village	$91,281,420	$92,324,784	$86,081,835	-$6,242,948	-7%	-6%	5
St Marys - Queen St	$40,987,127	$43,814,709	$43,179,389	-$635,321	-1%	-1%	1
St Marys - station plaza	$55,310,539	$56,102,421	$86,012,686	$29,910,264	53%	53%	n.a.
Oxley Park	$3,096,278	$3,258,701	$3,225,741	-$32,960	-1%		1
Claremont Meadows	$1,237,791	$1,453,090	$1,446,184	-$6,906	0%		0
Monfarville Street	$2,124,574	$2,241,413	$2,205,957	-$35,456	-2%		1
Colyton	$2,174,497	$2,278,005	$2,253,790	-$24,215	-1%		1
St Clair	$91,321,109	$93,165,450	$92,900,942	-$264,507	0%	0%	0
Erskine Park	$16,343,424	$16,963,345	$16,897,502	-$65,842	0%		1
Cranebrook	$22,033,106	$18,760,793	$18,750,496	-$10,297	0%	0%	0
Penrith Town Centre	$820,698,052	$872,803,285	$858,803,128	-$14,000,158	-2%	-1%	1
Smith Street, South Penrith	$8,165,301	$8,710,446	$8,693,105	-$17,341	0%		0
Southlands	$56,895,250	$58,260,106	$58,231,054	-$29,052	0%	0%	0
Glenmore Park	$58,536,003	$60,864,294	$60,846,302	-$17,992	0%	0%	0
Ropes Crossing	$30,214,164	$35,214,024	$35,174,553	-$39,471	0%	0%	0
Emerton	$66,314,555	$91,511,330	$91,303,479	-$207,851	0%	0%	0
Mount Druitt	$517,713,751	$530,492,040	$522,633,047	-$7,858,993	-1%	-1%	1
Palmerson Road, Beames Ave	$7,384,505	$7,780,829	$7,737,355	-$43,474	-1%		0
Minchinbury	$10,258,833	$10,848,173	$10,795,369	-$52,803	0%		0
Jordan Spring	**$0**	**$53,800,705**	**$53,777,397**	-$23,308	0%	0%	0

Source: SGS Economics and Planning, 2013.

Summary of impacts

Based on the results of the impact testing, the following centres in Table 20 will have maximum impacts above 10%. The phone survey (Appendix 1) indicates that these potentially heavily impacted centres comprise a very small share of total retail expenditure in the catchment. Therefore, it follows that only a small capture of trade from these centres shows up as a much larger percentage impact. An important point to make is that the centres most heavily impacted according to the modelling are neighbourhood centres. The supply side analysis indicated that there are no vacancies in the small centres (not including St Marys), and they appear to be trading robustly and are therefore unlikely to be materially affected by the St Marys Shopping Village expansion.

A sensitivity test was conducted to exclude these convenience centres from the catchment, with only larger supermarket based and comparison shopping centres included. The rationale here is that convenience centres don't directly compete with larger comparison shopping centre and so won't be affected. This sensitivity testing highlighted the limited expenditure being 'contested' between the expanding components of St Marys (the Village Centre and Station Plaza) and the smaller, convenience centres. The 'removal' of these centres from the expenditure modelling barely affects the impacts on comparison centres. In reality then the impact on the smaller centres will be between zero percent and the figures as indicated in Table 20.

TABLE 20. SIGNIFICANT IMPACTS (ABOVE 10%) UNDER EACH SCENARIO

Scenario 1 – expanded Village Centre	Scenario 2 – expanded Village Centre and higher trading level	Scenario 3 – expanded Village Centre and Station Plaza
North St Marys (0% to -13%)	North St Marys (0% to -16%)	North St Marys (-12% to -13%)
Queen Street (-16% to -17%)	Queen Street (-20% to -21%)	Queen Street (-15% to -16%)
Station Plaza (-16% to -17%)	Station Plaza (-24% to -25%)	Oxley Park (0% to -11%)
Oxley Park (0% to -12%)	Oxley Park (0% to -15%)	Monfarville Street (0% to -16%)
Monfarville Street (0% to -17%)	Monfarville Street (0% to -21%))	Colyton (0% to -12%)
Colyton (0% to -12%)	Colyton (0% to -16%))	
	St Clair (-11% to -12%)	

Source: SGS Economics and Planning, 2013.

Impact testing is an important planning consideration only to the extent to which an impact on another centre affects the 'extent and adequacy of services available to a community'. Although we have singled out the impacts on Station Plaza and Queen Street, these retail precincts are still within the St Marys centre as a whole. So while the impact on these components of the St Marys centre may be adverse, the impact to the St Marys centre as a result of the expansion will likely increase, not decrease, the 'extent and adequacy of services available to the community'.

Limitations of the model

It is important to note that while the retail gravity model is an important and powerful tool to assess impacts, like any economic models, it does have several limitations. Similar to other models, the weaknesses largely relate to using assumptions that may not 100% accurately reflect reality. Assumptions on centre turnover and expenditure were used in the modelling (sense-checked with survey results). While there is published turnover data for some centres (particularly enclosed centres), some centres turnovers were estimated using average retail turnovers or were based on rents. The levels of household expenditure were based on the relationship between income and assumed household expenditure using ABS Household Expenditure Survey averages. While this is a standard assumption, there are other factors such as age and family size that will affect expenditure, which are outside of the model.

The model also treats all retail floorspace within categories as equal. For this impact assessment we have used three broad categories of expenditure – supermarket, department / discount-department stores and specialty stores. This approach was adopted as the available supply data was recorded in similar categories.

The large impacts on Queen Street from most scenarios occurs because the model assumes that the speciality retail floorspace in Queen Street is of the same quality and type of goods as speciality retail floorspace in the enclosed Village Centre. In reality, however, specialties in enclosed centres are qualitatively different than main street stores being typically high value, high turnover per square metre national chain stores. At the same time, Queen Street is characterised by lower value retail uses, local 'mum-and-dad stores' and expenditure in Queen Street is very low relative to the Village Centre. Therefore it is unlikely that the two speciality types will compete as directly as the retail model suggests. Consequently, the impact on Queen Street is likely to be lower than the model indicates.

In fact, the extent to which the expanded Village Centre or possibly the expanded Station Plaza increases consumers in the St Marys centre as a whole, then the potential for spillover shopping to Queen Street could mitigate and even ameliorate any decline in trade associated with the expansions. The amount of spillover shopping will be largely determined by the degree of integration of the expanded centre with Queen Street. A higher level of integration should, all other things being equal, increase the level of spillover shopping in Queen Street. Even still, the impacts are likely to be geographically uneven, which means that the different roles of sub-precincts need to be considered.

If just the Village Centre is developed, then the central section of Queen Street, which is closest to the Village Centre, will receive most of the benefits. Whereas the northern and southern sections of Queen Street, which are further from the centre, may be the most affected.

If the Station Plaza centre is developed, then the northern section of Queen Street, which is closest to the Station Plaza centre, will receive most of the benefits. Whereas the central section would receive fewer benefits and the southern section of Queen Street, would likely be most heavily impacted.

Additionally, in the longer term with an increasing population in and around St Marys centre, as well as the gentrification of the area, the expansion of the Village Centre will likely be beneficial for Queen Street and St Marys as a whole (these issues are explored in the next chapter).

6 QUALITATIVE IMPACTS ON QUEEN STREET

Overview

This section assesses the design and degree of spatial integration that the proposed Village Centre and Station Plaza has with Queen Street St Marys and the impact that may have on the vibrancy of Queen Street. Recommendations are made on the optimal design and configuration of the centres that would maximise the additional positive spillover effects to Queen Street, St Marys.

6.1 Introduction

Any expansions of the Village Centre and Station Plaza need to be highly integrated to Queen Street to optimise the amount of spillover shopping associated with increased visitor numbers. The importance of integration cannot be understated and if the Council is seeking to divest any of its assets, then it needs to ensure that the benefits to the community are going to be maximised as a result.

We have tested the proposals against some key design principles, as an input to a qualitative discussion on likely impacts on Queen Street[6]. Alongside the question of the amount and type of retail are spatial issues related to connectivity, layout, position of different types of retail, and legibility and the quality of the public domain. These are critical in relation to retail developments – particularly those seeking to integrate into an existing centre such as Queen Street.

The following considerations are important.

- In a particular place, it is not just the amount of retail, but the mix and the spatial relationships between them that is also important. This is recognised and well understood by retail designers and is applied to the design of shopping malls with a high level of sophistication based on empirical evidence and observation of shopper behaviour, with analysis of these patterns then used to optimise the layout and maximise patronage.

- From this it can be said that a proposal for a substantial amount of new retail has the potential to have either positive or sub-optimal effects on existing adjacent retail, and that this is dependent not just on the amount, but also on the layout and spatial configuration of different businesses, visual connections, linkages, continuity of retail frontages and articulation of the public and private domains. So the question becomes not simply whether there will be an acceptable negative impact, as for the design of a single mall, but whether the proposed layout and design will be optimal for the whole centre or main street.

- There is an assumption that the mix and format should adopt a suburban model that has become the dominant orthodoxy in 'retail planning' and does not take into account the more heterogeneous and organic development and evolution of 'main streets'. This assumption and

[6] s+w architects and urban design developed these principles with SGS Economics and Planning

slippage stems from the transfer of the methodology used by supermarket chains and mall developers into both planning assessment and strategic planning. Assessment procedures have come to use the same methodologies and assumptions as those used by retail developers, but the interests, while intersecting, are quite different. The public interest extends beyond simply whether there is enough conveniently located retail. If a supermarket, or mini major – or additional retail floorspace in general in the stand alone centre - is likely to attract additional patronage to the centre, then it is important that this opportunity is exploited for wider benefits.

These considerations are quite distinct from the aesthetic considerations of 'urban design'; the issue is how the proposal can be of greatest benefit to the existing centre, and whether changes to the design might improve the relationship to its context. The assessment of the qualitative impacts of an expanded Village Centre and Station Plaza on Queen Street has two dimensions.

- Firstly, a comparison with similar recent developments highlights differences and scope for potential improvements. A broader appreciation of the urban design context and potential of the public domain bordering and near the site can also open up possible improvements.

- Secondly, it is possible to extract a number of development principles. The first set covers retail design, which when applied to the proposed design could lead to further improvements. The second set consists of generally accepted urban design principles including scale, diversity, access to light and air, the natural attraction of lit spaces, the need for weather protection and the continuity, legibility and coherence of the public domain.

6.2 Comparison with similar recent developments

Two case studies have been chosen as providing good comparisons – the Lane Cove shopping centre and the 'Totem' development at Balgowlah. The Balgowlah development is separated from the main shopping strip along Sydney Road by a lane and there was no opportunity to integrate the development into the overall retail pattern.

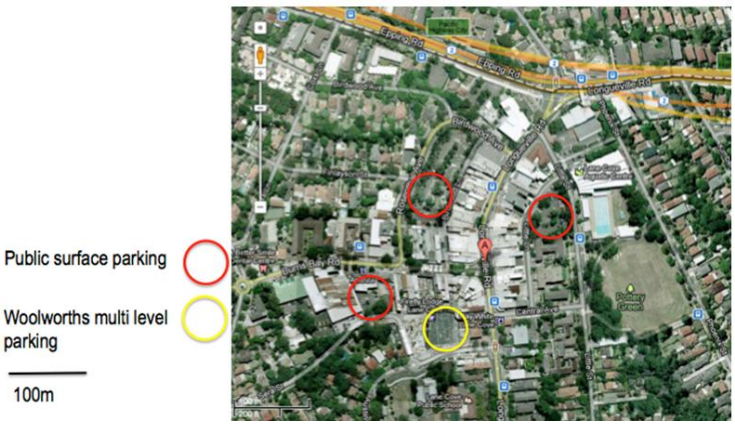
Figure 15 highlights the land separating the Totem development from the shops lining Sydney Road.

FIGURE 15. TOTEM DEVELOPMENT, BALGOWLAH

Source: Google maps, 2012.

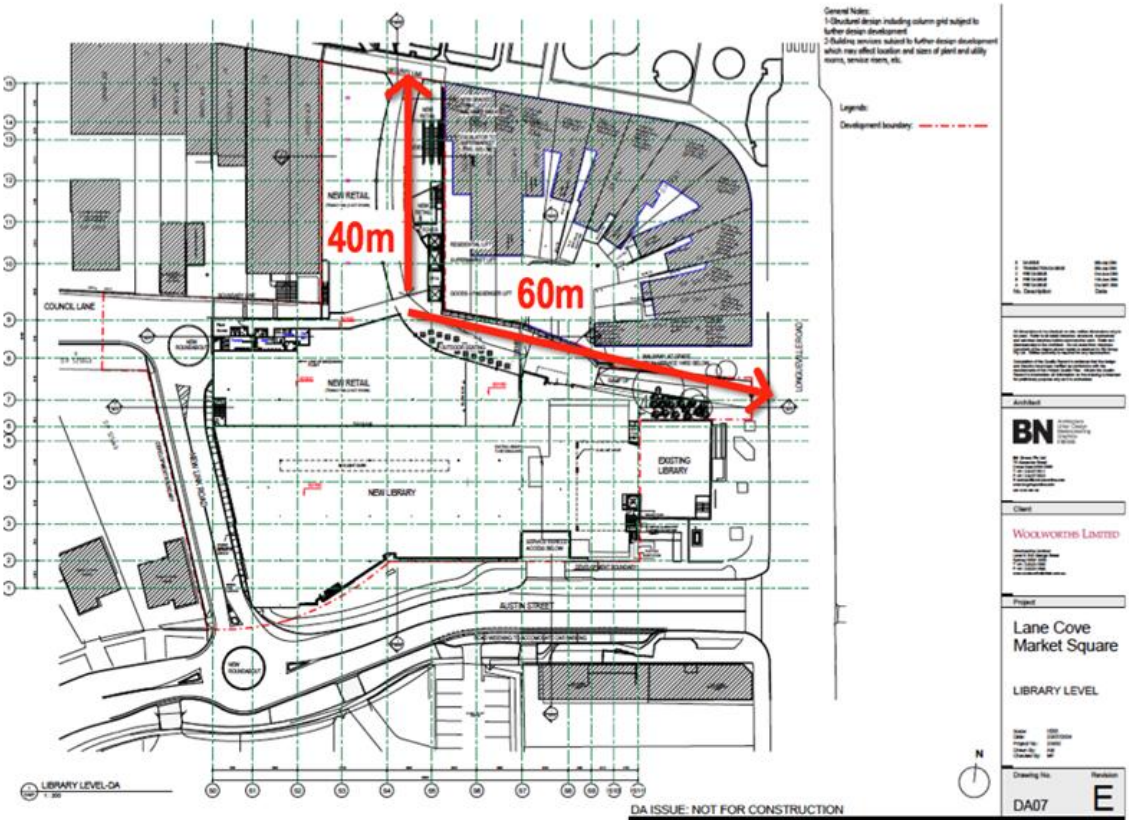
In contrast, the development at Lane Cove effectively creates an additional at-grade link between two streets and the escalators 'deliver' patrons into a public domain that is close to the shopping frontages on both.

FIGURE 16. AERIAL PHOTO OF LANE COVE SHOWING GNEERAL POSITION OF SHOPS AND PARKING



Source: Google maps, 2012.

FIGURE 17. PLAN OF GROUND LEVEL AT LANE COVE SHOWING SHORT LINKS TO TWO STREET FRONTAGES



Source: Lane Cove Council, 2012.

The Lane Cove Woolworths development has strengthened the activity and trade in Lane Cove significantly. It should be noted that this development included 330 car spaces and full integration with a refurbished library and other community facilities.

FIGURE 18. INTEGRATION OF EXISTING PUBLIC DOMAIN AND NEW CIRCULATION IN LANE COVE

Source: Google maps, 2012.

This was not possible at Balgowlah, and the relationship to the existing shops, and the 'sense of place' that has resulted is much weaker.

The circulation and service access to the new retail and existing shops, incorporation of existing lanes and an acceptance of the 'grittiness' of rear facades of the strip shops at Lane Cove help to give the place a sense of authenticity. A similar proposition is emerging at St Marys, with the work on and activation of the proposed lane parallel to the rear lane at the rear of the Queen Street shops.

FIGURE 19. INTEGRATION OF NEW SPECIALTY AND EXISTING SHOPPING STRIP IN LANE COVE. NOTE THE LINK OPEN TO THE SKY.

Source: Rod Simpson, 2012.

There are similar opportunities at St Marys and Council's proposals for the town square and other enhanced connections provide a platform for greater integration of the centres. The Village Centre proposal includes some worthwhile aspects but could be improved – particularly on the northern side where connections between Queen Street and the main shopping centre entrance may be awkward and unattractive for pedestrians without greater design attention.

6.3 Development principles

The following retail design and general urban design principles emerge from the Lane Cove and Balgowlah case studies – plus general retail experience. Ultimately improvements in the design of the expansion proposals – based on the following principles - could improve integration with Queen Street, and by extension, improve the performance of the St Marys centre as a whole.

Retail design principles

1. Make connections to the street as direct (and short) as possible
In the village centre proposal, the travelators as currently planned would appear to generally deliver patrons to the centre of the Village Centre building as well as to the east of the proposed Carinya Avenue shared zone (marked in red below in Figure 20). The distance from the eastern travelator to Queen Street is approximately 90 metres, which is within an acceptable walk distance.

The (presumably) main travelator is located in the middle of the proposed expanded shopping centre building. It is standard practice in shopping centre design to try to capture all shopping trips within the enclosed centre and hence reduce external trips to the broader centre. Another intention here is to channel patrons passed specialty retail shops and the proposed food court, towards the key anchors. The aim is to increase the level of incidental or spin-off shopping at stores on the way to anchor tenants. For example, a consumer entering or exiting the centre would be distracted by the food court and would realise an urge to opportunistically stop in for a cold drink, a coffee, a snack or a main meal.

FIGURE 20. LOCATION OF TRAVELATORS IN PROPOSED EXPANDED SHOPPING CENTRE

Source: Mirvac, 2013.

For Station Plaza, the plans at this stage show a direct connection to Queen Street shop frontages via an extension of the centre to the west. There are no indications of any direct links to Queen Street or to the western end of the centre from the carpark.

2. Have a critical mass at ground level – closest to the existing main street
The major uses in the Village Centre are dispersed throughout the lower ground and ground floor. While it is impossible to locate all of the retail activities closest to the main street, it is ideal that a critical mass or important uses are located as close as possible to Queen Street and the proposed Town Square. The level of integration of the Village Centre with Queen Street would be higher if, for instance, the proposed food court in the middle of the centre was located on the eastern side of the supermarket. It would

further activate the eastern fringe of the development and likely increase the interaction with Queen Street.

A similar approach is desirable at Station Plaza, where the critical mass of retail activity should be at the western end of the site.

3. Provide adequate car-parking as close to the existing main street as possible
The proposed expansion of the Village Centre increases the number of car spaces beyond the required amount under the planning controls. Importantly, there is more car parking closer to Queen Street in the proposal than under the current configuration.

The current plan for Station Plaza displays that there will be several storeys of underground parking directly beneath the DDS, where the current at-grade Council carpark is located. Although, as aforementioned there does not appear to be a direct link to Queen Street from this carpark.

4. Specialty shops should be a continuation of or link to existing shop frontage
Good retail planning achieves continuity of retail frontage.

Ideally the expanded centre would connect directly to Queen Street via a continuation of the centre to a shop front in Queen Street. The current design at ground level on the eastern side of the centre has an entry off Carinya Avenue and retail frontage in this area. This is an improvement on the current configuration and could be further enhanced by locating the main food court in this precinct.

At Station Plaza, the current plan indicates that speciality shops will line the connection to Queen Street. It may not be desirable to activate frontages along Phillip Street.

5. Coordinate internal and external design and circulation with an overall public domain plan to create a greater interaction between the enclosed centre and the main street
The proposed expansion of the Village Centre includes a shared zone along Carinya Avenue and active external frontage along the eastern side of the development. The connectivity with Queen Street would be enhanced by providing as many access routes as possible and ensuring a unifying space, such as clear sightlines and continuous pavement pattern, between the two elements. The connection to Queen Street via the town square at Coachmans Park should have a continuous pavement pattern and clear sightline. The experience in moving between Queen Street and the entrance to the centre facing north will require attention to satisfy this principle. If possible the pavement pattern of the shared space running along Carinya Avenue should be continued along Crana Street to further enhance the connectivity to Queen Street.

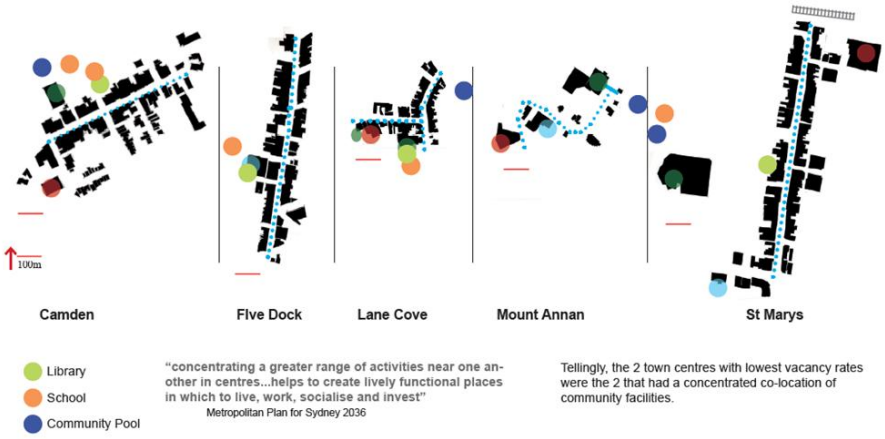
For Station Plaza the integrated thinking needs to cover the station, increased residential, queen Street retail and the interface with existing residential to the east and south.

General urban design principles

Irrespective of whether it is a new centre or an existing one, some general urban design principles can be applied to the design. These include scale, diversity, access to light and air, the natural attraction of lit spaces, the need for weather protection and the continuity, legibility and coherence of the public domain.

1. Diversity of uses
The concentration and colocation of diverse uses in centres – retail, commercial office, civic and recreational – can also play an important role in the vitality of retail centres. A recent analysis of five retail centres in suburban Sydney focusing on the location of different uses in each centre found that those centres with a clustering of retail and civic facilities were the most vibrant (Figure 21).

FIGURE 21. ANALYSIS OF DIFFERENT CENTRES AND THE LEVEL OF CONCENTRATED FACILITIES



Source: Maryann Strickling, University of Sydney Masters Thesis, 2012.

The proposal indicates space for community buildings to the east of the Carinya Avenue shared zone. Use of these buildings for civic purposes not currently within the St Marys centre would create additional diversity and vibrancy in the centre.

At Station Plaza, the use mix will be different. Smaller scale uses, appropriate to residential life but also proximity to the station should be encouraged.

2. Fine grained grid, scale and compactness
Street blocks should be much smaller in centres than in the rest of the urban area, and need to be 'broken up' by lanes and midblock connections. This is the basis of all conventional stand alone 'shopping centre' designs are themselves are based on traditional market layouts. These are scaled for pedestrians rather than vehicles. The often-used rules of thumb of 400 metre walking distance, 15 to 20 metre wide streets and 120 by 60 to 70 metre street blocks for general urban areas are inappropriate for the design of a shopping precinct.

The challenges and opportunities in these existing centres are to reconfigure the pedestrian network in both public and private domains.

Rules of thumb for pedestrian areas are 150-200 maximum metre walking distances, 6 to 10 metre wide lanes, streets or arcades from shop front to shop front and 'blocks' 60 metres by 30 to 40 metres.

3. Light and air
There should be a balance between weather protection and the mediation of extreme temperatures, and access to natural light and air. Continuous shade and protection from rain should be provided but internalised air conditioned spaces should be minimised. The eastern (for Village Centre) and western (for Station Plaza) connection to Queen Street is particularly important and should be open to the sky (as it is), but could include additional weather protection and shade. This might imply additional works extending into the public domain.

6.4 Key modifications /considerations

The following tabled score the proposed expansions against the various development principles.

St Marys Village Shopping Centre

Overall the design of the proposed expansion has addressed the integration with Queen Street though as the details are resolved it will be important to improve this wherever possible. Recommendations have been provided to ensure that the degree of integration with Queen Street is optimised to increase the amount of spillover shopping.

TABLE 21. GENERAL PRINCIPLES AND RECOMMENDATIONS FOR PROPOSED EXPANSION OF VILLAGE CENTRE

Design principles	Village Centre proposal score (out of 3)	Comment	Recommendation
Retail design principles			
1. Make connections to the street as direct (and short) as possible	✓✓	Most of the parking is within 150 m from Queen Street and the eastern travelator provides access closer to Queen Street.	-Ensure that parking is maximised near Queen Street. -Ensure that a travelator (or similar direct connection) is provided at the eastern end of the carpark (as currently on the plan). - Another connection to Queen Street via new shopfront.
2. Have a critical mass at ground level – closest to the existing main street	✓✓	A new supermarket is close to Queen Street, but anchors and specialties are generally spread throughout the centre.	- The food court should be located on the eastern side of the new supermarket, clustered around the Carinya Avenue shared zone to foster interaction with Queen Street.
3. Provide adequate car-parking as close to the existing main street as possible	✓✓✓	Adequate parking Parking mostly at grade, or close to ground level	Ensure that current plans for carparking located nearer to Queen Street are maintained.
4. Specialty shops should be a continuation of or link to existing shop frontage	✓✓	Specialties generally well connected to existing shops at Queen Street, but direct, enclosed connection to Queen Street would be ideal. The more connected and integrated the expanded centre is with Queen Street, the greater the chance of mitigating negative impacts.	-Ideally, the expanded centre would connect directly to Queen Street via a continuation of the centre to a shop front in Queen Street. -Ensure that current plans for specialties located near to Queen Street are maintained. - The food court should be moved to cluster around Carinya Avenue.
5. Coordinate internal and external design and circulation with an overall public domain plan to create a greater interaction between the enclosed centre and the main street	✓✓	Shared zone proposal and improved access to Queen Street creates grain Town square should provide focal point and good relationship with both shopping centre and Queen Street	-Maximise connectivity with Queen Street with as many access points as possible, clear sightlines and a continuous, unifying public domain. -The northern side of the centre will require attention in relation to this principle. -The pavement pattern of the shared space running along Carinya Avenue should be continued along Crana Street to further enhance the connectivity to Queen Street.
Urban design principles			
1. Diversity of uses	✓✓✓	The proposal indicates mixed use and commercial buildings to the east of Carinya Avenue shared zone.	Where possible and practical, locate additional civic uses in the proposed commercial and mixed use buildings east of Carinya

			Avenue.
2. Fine grained grid, scale and compactness	✓✓	'Lumpy' to begin with Improvement to create grain at eastern end	-Ideally, the expanded centre would connect directly to Queen Street via a continuation of the centre to a shop front in Queen Street. -Proposed additional access points from Council to Queen Street will improve grain
3. Light and air	✓✓	Has good prospects – need to see how entrance ways and access treated in design	The current configuration of the eastern entrance off Carinya Avenue and connecting to Queen Street appears appropriate, though additional measures, including extending into the public domain, should be investigated.

Source: SGS Economics and Planning, 2013.

The following indicative sketch demonstrates the aforementioned principles.

FIGURE 22. RETAIL PRINCIPLES APPLYING TO VILLAGE CENTRE

Source: Mirvac, 2013; SGS Economics and Planning, 2013.

Station Plaza

While the plans for Station Plaza are only indicative at this stage, we have provided recommendations in line with the retail principles. Given the smaller scale and nature of the centre, the urban design principles are not as pertinent to Station Plaza and have not been applied.

Design principles	Station Plaza proposal score (out of 3)	Comment	Recommendation
Retail design principles			
1. Make connections to the street as direct (and short) as possible	n.a.	Unclear from current plans.	-A direct connection, such as a travelator or staircase, should be provided from the carpark to Queen Street. -Ensure connection through to Queen Street via shop frontage
2. Have a critical mass at ground level – closest to the existing main street	n.a.	All retail is located on a single level.	-The critical mass of retail activity should be at the western end of the site.
3. Provide adequate car-parking as close to the existing main street as possible	n.a.	There appears to be adequate parking based on the current floorplans.	-Ensure that current plans for carparking located nearer to Queen Street are maintained.
4. Specialty shops should be a continuation of or link to existing shop frontage	✓✓✓	Specialties generally well connected to existing shops at Queen Street with a bridge connecting the centre to retail frontage on Queen Street.	-Ensure that current plans for specialties located near to Queen Street are maintained. - Ensure that the expanded centre connects directly to Queen Street via a continuation of the centre to a shop front in Queen Street. The link should preferably be all enclosed.
5. Coordinate internal and external design and circulation with an overall public domain plan to create a greater interaction between the enclosed centre and the main street	n.a.	This principle is not as relevant, given that the current plans indicate retail floorspace will be continued to Queen Street.	-For Station Plaza the integrated thinking needs to cover the station, increased residential, queen Street retail and the interface with existing residential to the east and south.

7 NET COMMUNITY BENEFIT TEST

Overview

This section assesses the net community benefit of the proposed Village Centre expansion using a cost benefit analysis framework. Costs and benefits are quantified where possible from a triple bottom line perspective, i.e. assessing the social, economic and environmental perspectives. These costs and benefits are calculated across a horizon of 25 years and discounted to yield net present values using a real discount rate of 7% as per Treasury guidelines. The analysis period begins in 2014, aligned with the estimated start date of construction. Unless stated otherwise, all values are in 2013 dollars. A qualitative analysis of the Station Plaza has also been provided using principles from the Village Centre.

The Department of Planning and Infrastructure's draft Centres Policy contained a list of Net Community Benefit (NCB) Criteria for considering LEP rezoning proposals. Though the draft policy described the idea of NCB in rigorous terms ('A net community benefit arises where the sum of all the benefits of a development or rezoning outweigh the sum of all costs') the evaluation criteria ultimately constituted a qualitative checklist. This study utilises a more rigorous approach, i.e. a Cost-Benefit Analysis framework, to assess the net community benefits of the proposed Village Centre expansion and monetising the costs and benefits where possible.

A qualitative analysis of the costs and benefits associated with an expanded Station Plaza has been provided using the principles developed in the quantitative assessment of the Village Centre.

7.1 Identified Costs & Benefits

Table 23 outlines the marginal costs and benefits that will accrue from implementing the expansion at Village Centre, i.e. marginal or incremental to the base case scenario, which is defined here as St Marys Village continuing in its existing form. This list is unlikely to be exhaustive, but includes the material items.

TABLE 22. POTENTIAL MARGINAL COSTS & BENEFITS OF THE VILLAGE CENTRE EXPANSION

Marginal Costs	Marginal Benefits
Blighting of competitor retail centres which lose business to St Marys.	**Increase in consumer welfare** due to better retail choice.
Kokoda Park will be reduced by around 50% to make way for development.	**Commercial amenity uplift** in surrounding retail areas due to streetscape improvements and Town Square development.
Developer will incur **costs for construction and development.**	**Residential amenity uplift** in surrounding area due to streetscape improvements and Town Square development.
Temporary construction nuisance during the development process (assumed to be negligible).	**Reduced travel** due to the shift in relative attractiveness of different retail options in the catchment area.
Lang Park and cricket overall removed to make way for development (assumed to be replaced like for like elsewhere in the LGA).	Developer will incur **costs for construction and development.**
Traffic congestion in and around St Marys will increase as a result of the expansion.	

7.2 Costs

Blighting of competitor retail centres

Local retail centres elsewhere in the region may suffer from higher competition, as consumers redirect their expenditure to the expanded St Marys shopping centre. While this in itself is not a relevant planning consideration the associated loss of business in the centres may lead to reduced offerings, vitality and general amenity, which is equivalent to a reduction in 'services' being provided to the community.

We have estimated this cost through the anticipated change in improved land value for the impacted centres. The expected reduction in improved land value is used as a proxy for lost amenity, as it reflects willingness to pay for use of the area and its services. This is a one-off calculation, since land values are presumed to capture the value embedded in the centre for the foreseeable future.

Land values are derived by:

- estimating rent per square metre for existing retail floorspace, which in turn, were ascertained using a combination of tasks including consultation with real estate agents, observing rental rates on existing leases and by using figures for retail turnover derived using the SGS in-house retail gravity model
- these figures are then converted to improved land values using an average commercial capitalisation rate of 7.05% (Knight Frank, 2013).

The estimated cost of 'blighting' to competitor retail centres is approximately $99 million in 2016. With discounting, the present day value of the cost of blighting is $81 million.

Loss of Kokoda Park

The green space at Kokoda Park (adjacent to Charles Hackett Drive) is currently used by local residents for recreational activities such as walking, supervising children and sports. After expansion, this open space will be reduced by at least 50%, resulting in fewer opportunities for outdoor recreation for local residents.

The loss in recreational value that present users attach to the Kokoda Park was estimated using the travel cost method. A representative sample of catchment households was surveyed over the phone to

estimate the amount of time currently spent at the Park and the time spent travelling to and from the park. The travel cost method is based on the premise that a user's utility is reflected in the time that they choose to spend at a facility and accessing it.

The time expenditure is used as a proxy for the value attached to the park, scaled up for the total population within the catchment area. While this value would be expected to grow with population, we have capped it at present levels assuming the catchment population will continue to derive the same benefit over time.

According to our phone survey of 511 residents in the catchment area, the average resident spends 1.57 hours per annum engaged in recreation at the park, and 36 minutes commuting back and forth.

With the opportunity cost of time valued at $11.57 per hour, as per guidelines from the Australian Transport Council, the value of services to the community provided by Kokoda Park in any single year is $5.52 million. As half of the park is to be taken over by development, we assume that half of these services will be lost. Over the 25 year horizon of our analysis, this aggregates to lost benefits valued at $69 million (no discounting). With discounting, the present value of these lost services is $32.2 million.

Construction costs

Mirvac will incur costs for the construction and development of the St Marys shopping centre. We have estimated these using data from a Policy Review Committee meeting of Penrith Council. Capital costs for the project have been scoped as ranging between $80 -$120 million. In the interests of conservatism we have used the upper bound of this range in the calculations. It is assumed that these expenses will be evenly divided between the years of 2014-2015. With discounting, the present value of these costs is $109 million.

Traffic congestion

Increased business will lead to an inflow of vehicles and greater congestion in the area, particularly at intersections around the St Marys shopping centre.

We have quantified this cost using data from GHD estimating average delays at each intersection under the Base and With Project cases. We then multiplied the estimated delay by the expected number of vehicles, also from GHD figures, in order to estimate the marginal time loss under the With Project case, valuing personal time at $11.57 per hour. We have assumed the annual impact of congestion to be constant after completion of the project.

Without discounting, the estimated cost of traffic congestion over our period of analysis is approximately $55 million. With discounting, the present day value of the cost of congestion is $23.6 million.

It is worth noting that the GHD model only accounts for congestion during peak hours. Furthermore, congestion times may be higher during the early years of the project, when parts of the precinct are still being built and before rival centres have taken steps to recover some of their lost market share. These figures should therefore be regarded as a lower bound for the value of time lost to congestion (though works are proposed including new streets, to ameliorate the impacts, so the costs would be expected to be lower than modelled in this case).

Construction nuisance

A cost to the St Marys community, albeit only temporary, will be the nuisance caused during the construction phase of the St Marys expansion. SGS has not attempted to quantify this cost given the inherent difficulty in doing so, as well as recognising that it will be relatively modest as it is a short term cost.

7.3 Benefits

Increased consumer welfare

Increased retail floorspace will offer consumers greater convenience, variety and choice. This will improve the wellbeing of shoppers and other users at St Marys Village.

We have quantified this benefit by equating it with the net increase in improved land value at the Village Centre. The expected increase in value is used as a proxy for increased amenity in this centre which is valued by customers, and which they are prepared to pay more for. This is a one-off impact, since land values are presumed to capture the value embedded in the centre for the foreseeable future.

The base case land value is derived by estimating rent per square metre based on retail turnover density figures generated through the gravity model. This figure is then converted to an improved land value per square metre under the assumption of a 7.05% capitalisation rate, and multiplied by the area of the existing centre. This is then aggregated with an estimate of the value of council land to be taken over under the expansion. Since Council figures are not available, this is estimated using average values for vacant land in the St Marys suburb.

The improved land value is derived via similar methods, and differenced from the estimated land value under the base case in order to obtain the marginal impact.

The estimated value of the increase in consumer welfare from the St Marys Village expansion is approximately $598 million in 2016. With discounting, the present day value of this benefit is $488 million.

Commercial amenity uplift

The proposal for the St Marys Village Expansion includes plans for a new Town Square to be developed at the intersection of Queen Street and Charles Hackett Drive, as well as various improvements to the streetscape and surrounds. This is likely to bring increased vibrancy to the strip, an an increase in the attractiveness of the surrounding commercial area.

We have quantified this benefit by taking the net increase in improved land values for existing buildings in the vicinity of the proposed Town Square development. This is a one-off benefit, since land values are presumed to capture the value embedded in the area for the foreseeable future.

We have aggregated floorspace of existing commercial properties in a 200 metre radius around the Town Square based on a typical walk distance for retail shopping as mentioned earlier (and also by Wood et al., 2012), and estimated land prices under the base case by taking average values from a sample of existing commercial properties. We have assumed a 2% real uplift in value under the 'With Project' case, similar to an average yearly capital gain for commercial premises, based on an increase in amenity due to development and streetscape improvements.

The estimated value of the uplift in amenity for commercial properties near the Town Centre is $44.4 million in 2016. With discounting, this corresponds to a present day value of $36.2 million.

Residential amenity uplift

Households in the St Marys Village region will enjoy greater retail convenience and choice, as well as an upgraded physical landscape, improving welfare for those living in the area.

We have quantified this benefit by taking the net increase in improved land values for existing residential properties in the vicinity of the proposed Town Square development. Again, this is a one-off benefit, since land values are presumed to capture the value embedded in the area for the foreseeable future.

We have aggregated floorspace of existing dwellings in a 400 metre radius around the Town Centre, based on a typical walk distance from residential properties. Land prices were estimated under the base case by taking the median St Marys house price in 2013 from RP Data. We have assumed 5% uplift in value under the With Project case, similar to an average yearly capital gain for residential premises, based on an increase in amenity due to development and streetscape improvements.

The estimated value of the uplift in amenity for residential properties near the Town Square is $3.0 million in 2016. With discounting, this corresponds to a present day value of $2.4 million.

Reduced travel externalities

The availability of additional local retail options within the St Marys region reduces the need for residents to travel to more distant centres to meet shopping requirements. This reduces net travel time, with flow on benefits in terms of greenhouse gas emissions, externalities such as noise and congestion, and wear and tear on vehicles. Over time, as population increases in the catchment area, these benefits are also expected to increase.

We have quantified this benefit by using the estimated change in retail turnover from the gravity model as a proxy for the change in the number of trips to and from each retail centre. We used phone survey data to estimate the average spend per trip, then divided the estimated change in turnover by the estimated spend per trip to obtain the total number of journeys under the Base Case. We then multiplied this value by the average length of each journey (from the centroid of the 'home' TZ to St Marys Centre) to obtain total travel time under the Base Case. Next we multiplied the Base Case travel time by the projected change in the number of trips to obtain net marginal savings in travel time. This figure was then converted into net savings of vehicle kilometres travelled (VKT). This has been used to calculate vehicle wear and tear and externalities such as accidents and greenhouse gases as per Australian Transport Council guidelines. The annual benefit increases in line with the average annual rate of population growth, estimated using BTS forecasts.

In addition to reducing externalities, lower travel times also generate personal time savings for commuters. However, these are also related to residential amenity uplifts since householders are willing to pay more for their properties (reflected in higher property values) based on a number of factors, including better proximity to retail choices. To avoid double counting, we have not included these personal time savings in our calculation of benefits from reduced travel.

Savings in 2013 dollars for each year of our analysis period are presented in Table 20. Without discounting, the total value of travel savings is $283 million. With discounting, this corresponds to a present day value of $118 million.

TABLE 23. EXPECTED TRAVEL SAVINGS OVER PROJECT LIFETIME

Year	Value of travel savings (2013 dollars)	Discounted travel savings
2014	$0	$0
2015	$0	$0
2016	$11,146,398	$9,098,781
2017	$11,244,566	$8,578,425
2018	$11,343,598	$8,087,829
2019	$11,443,503	$7,625,289
2020	$11,544,287	$7,189,202
2021	$11,645,959	$6,778,054
2022	$11,748,527	$6,390,420
2023	$11,851,998	$6,024,955
2024	$11,956,380	$5,680,390

Year	Value of travel savings (2013 dollars)	Discounted travel savings
2025	$12,061,682	$5,355,531
2026	$12,167,911	$5,049,250
2027	$12,275,075	$4,760,486
2028	$12,383,184	$4,488,236
2029	$12,492,244	$4,231,555
2030	$12,602,265	$3,989,554
2031	$12,713,255	$3,761,393
2032	$12,825,222	$3,546,281
2033	$12,938,176	$3,343,471
2034	$13,052,124	$3,152,259
2035	$13,167,076	$2,971,982
2036	$13,283,041	$2,802,016
2037	$13,400,026	$2,641,770
2038	$13,518,042	$2,490,688
NPV	**$118,037,818**	

Source: SGS, 2013

7.4 Discounted Cash Flow Analysis and Conclusions

A discounted cash flow analysis of the costs and benefits was conducted to determine the present day value of the costs and benefits. The performance measures generated for these analyses can be interpreted as follows:

TABLE 24. GUIDE TO INTERPRETING DCF GENERATED PERFORMANCE MEASURES

Performance Measure	Decision Rule
Net Present Value (NPV)	– Accept projects with a positive NPV – Reject projects with a negative NPV
Benefit Cost Ratio (BCR)	– Accept projects with a BCR > 1 – Reject projects with a BCR < 1
Internal Rate of Return (IRR)	– Accept projects with an IRR higher than the cost of capital (discount rate) – Reject projects with an IRR lower than the cost of capital (discount rate)

Source: SGS, 2013

Table 25 displays all of the costs and benefits associated with the proposed expansion of the Village Centre, with the caveat that Council development costs are not included.

TABLE 25. PRESENT VALUE OF MARGINAL COSTS AND BENEFITS

Marginal Costs		Marginal Benefits	
Blighting of competitor retail centres	$80,601,271	Increase in consumer welfare	$488,336,075
Loss of Kokoda Park	$32,164,247	Commercial amenity uplift	$36,220,700
Congestion costs	$23,629,763	Residential amenity uplift	$2,428,486
Mirvac development costs	$108,481,090	Travel savings (time, wear and tear, externalities)	$118,037,818
Total	**$244,876,371**		**$645,023,079**

Source: SGS, 2013

Using a 7% real discount rate, the net present value of the St Marys Village expansion is $400 million (Table 26). A positive figure indicates the project should proceed on the basis of Net Community Benefit. The benefit-cost ratio is 2.63, indicating that benefits are 163 percent higher than costs. The internal rate

of return is 596%, meaning that the project would be recommended to go forward against all conventional discount rates.

TABLE 26. DISCOUNTED CASH FLOW GENERATED PERFORMANCE MEASURES

Net Present Value @ 7%	$400,146,708
Benefit Cost Ratio @ 7%	2.63
Internal Rate of Return	5.96

Source: SGS, 2013

In summary, all DCF generated performance measures indicate that there is a net community benefit arising from the project.

7.5 Qualitative costs & benefits of Station Plaza expansion

Table 27 outlines the qualitative marginal costs and benefits that will accrue from implementing the expansion at Station Plaza centre, i.e. marginal or incremental to the base case scenario, which is defined here as Station Plaza continuing in its existing form.

Without quantification of the costs and benefits it is difficult to provide an accurate account of the Net Community Benefit of the expansion of Station Plaza. Nevertheless, as it stands it appears as though the benefits outweigh the costs. The blighting of competitor centres is probably the most adverse cost, but it could be argued that this is tempered by the increase vitality in the otherwise run-down and depressed northern portion of St Marys centre. Furthermore, there may be scope to limit this cost by reducing the floorspace associated with retail and increasing the residential component. The costs of construction nuisance and removal of at-grade parking are only temporary and underground carparking may provide additional spaces.

The benefits of increased retail choice and reduced travel to other centres would result from an expanded Station Plaza centre (though again, the negative corollary is possible blighting elsewhere). Likewise the commercial and residential amenity of the immediately surrounding streets would be improved from the improved capital investment in the area. An increase in housing choice, particularly new apartments, for St Marys will also be a benefit of the proposed Station Plaza expansion.

TABLE 27. POTENTIAL MARGINAL COSTS & BENEFITS OF STATION PLAZA EXPANSION

Marginal Costs	Marginal Benefits
Blighting of competitor retail centres which lose business to Station Plaza.	**Increase in consumer welfare** due to better retail choice.
Temporary construction nuisance during the development process (assumed to be negligible).	**Commercial amenity uplift** in immediate surrounding retail areas due to capital investment, planned integration with Queen Street.
Removal of at-grade parking to make way for development (assumed to be replaced by underground parking).	**Residential amenity uplift** in surrounding area due to improved vitality of the northern end of Queen Street.
	Reduced travel due to the shift in relative attractiveness of different retail options in the catchment area.
	Increased housing choice and variety in St Marys.

8 CONCLUSION AND DIRECTIONS

8.1 Conclusion

The St Marys town centre is currently underperforming. The Queen Street strip has a high vacancy rate and the centre is fragmented due to:

- its length (at 800 metres from north to south it can't possibly hope to operate as a 'single' place)
- the current disconnect between the major Village Centre anchor (separated from Queen Street by an underutilised open space area) and the Station Plaza Centre anchor (at the northern extremity in a degraded area)
- a discontinuous relationship with surrounding residential (at-grade car parks and open space separate the retail centre from housing).

The proposals for expansions to either or both the Village Centre and Station Plaza Centre offers the prospect of new investment, amenity upgrades and additional expenditure. On balance this must be a welcome proposition for St Marys as a whole, but if not well managed or designed there may be negative consequences for other centres or for particular precincts within the St Marys centre. The more connected and integrated the expanded centre is with Queen Street, the greater the chance of mitigating negative impacts.

As the impact analysis shows, if the Village Centre expands and turnover increases the modelling suggests there may be negative impacts on turnover in other surrounding centres, and on the Queen Street strip. The modelling is not typically expected to deal with fine grain impacts **within** centres but it does highlight the potential for differential geographic impacts.

However the Net Community Benefit (NCB) analysis, using a quantitative CBA framework, suggests that a positive overall economic outcome is possible – assuming for example, relocations for current open space activities, effective integration and connectivity from any new development with Queen Street and appropriate traffic management works.

8.1 Directions

This summary of the analysis suggests three broad courses of action for Council.

- The first is to welcome new proposals for investment and work closely with the development proponents to realise the benefits for St Marys and the community as a whole (this is about a **partnership** approach).

- The second is to mitigate the risks of a wildly excessive supply of retail floorspace by moderating expansion proposals where appropriate or 'crimping' the existing supply (this is about **uses and their distribution**).

- The third is to ensure that the physical development and designs of any extensions (and Council's own works) are carefully integrated with Queen Street and surrounding areas, and are from the perspective of the 'liveability' and retail functionality of the St Marys town centre as a whole (this is

about **design and development work**). Recommendations to relevant design principles are outlined above.

Given these directions for action it is worth considering the overall and emerging pattern of development in St Marys. The 2006 Strategy and DCP allude to these directions but the new expansion proposals provide some additional food for thought. It may be that in future the centre should develop as three somewhat distinct sub-centres.

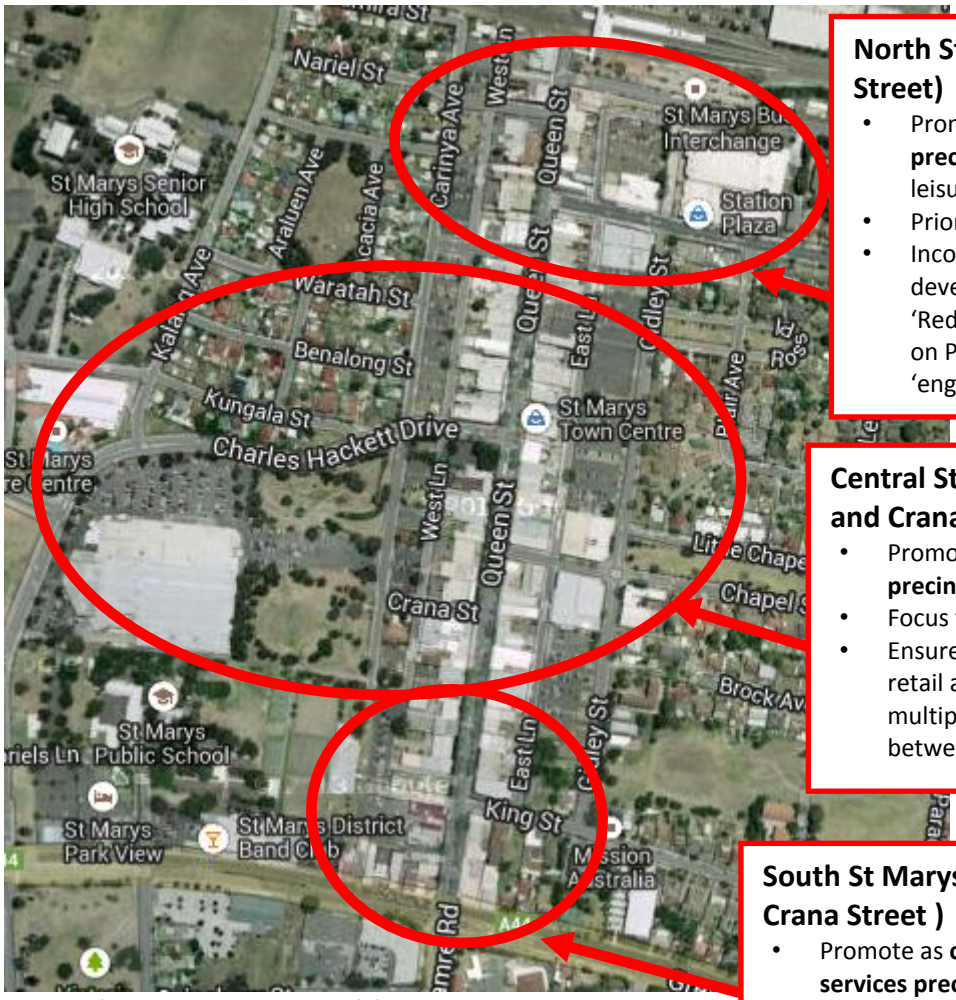
The **northern precinct** could have a much more residential and 'liveable' focus. It could be conceived of as a mixed use village in its own right. In this case it may be desirable to actually limit new retail in any redevelopment of Station Plaza or surrounding areas (so there is a net decline in retail floorspace). A mixed use village would be anchored by a small supermarket, some convenience and grocery stores and local restaurants, leisure and dining options. Transit oriented development, with restrictions on parking for residents and high levels of integration with public transport, could be a feature.

The **central precinct** would be a town centre in its own right, with significant retail (supermarkets, DDS), food court, specialties, plus civic and community uses and subregional entertainment options such as cinemas. Connectivity to and pedestrian accessibility within this sub-centre is absolutely critical.

The **southern precinct**, closest to the highway, should develop as a commercial and mixed business precinct, taking advantage of exposure and regional accessibility advantages. A shift to a more enterprise based zoning and less emphasis on ground floor retail activation might be considered.

Figure 23 summarises these possible directions for the different emerging precincts in St Marys.

FIGURE 23. POSSIBLE FUTURE STRUCTURE OF THE CENTRE



North St Marys (north of Philip Street)

- Promote as **liveable residential precinct** – eats, convenience retail, leisure
- Prioritise for high density residential
- Incorporate transit oriented development features
  'Reduce need for ground floor retail on Philip Street (though ensure 'engagement' with pedestrians)

Central St Marys (between Philip and Crana Streets)

- Promote as **core retail and activity precinct**
- Focus for civic, community uses
- Ensure ground floor commercial / retail activation – permeability and multiple access and movement ways between destinations

South St Marys (South of Crana Street)

- Promote as **commercial, services precinct**
- Consider 'entreprise corridor' zoning (Queen Street/Western Highway frontages) to encourage mixed economic activities

Source: Google Maps, 2013; SGS Economics and Planning, 201 3.

9 APPENDIX 1 – PHONE SURVEY RESULTS

9.1 Phone Survey Results

This section presents a summary of findings from a phone survey of 511 residents in the St Marys catchment area. The survey was conducted in order to generate information about residents' shopping and expenditure patterns as well as their use of facilities at Kokoda and Lang Park.

Household shopping patterns
Respondents were asked if they had shopped at any one of 24 local and regional retail centres, or on the internet, at any time during the past twelve months. Those who had were asked to estimate what percentage of their total weekly retail spend was allocated to each centre. Results are presented in the table below. Currently, more than three quarters of respondents shop at St Marys Village, allocating an average of 35% of their total household retail spend to this centre.

Based on this sample, we then estimated the share of total retail expenditure by all residents in the catchment area allocated to each centre (column 5). Notably, the cumulative share of total expenditure adds up to 100%. Currently, households allocate about 22% of their total retail spend to Village Centre. Noticeably, there is very little escape expenditure to Sydney and Parramatta CBD Centres.

TABLE 28. RETAIL EXPENDITURE BY CENTRE

Outlet	Number of respondents who shop at outlet	Percentage of respondents who shop at outlet	Average % total retail spend at outlet	Expenditure share out of retail outlets surveyed
Sydney CBD	52	10.2%	4.4%	0.38%
Parramatta CBD	96	18.8%	6.1%	0.97%
Penrith Town Centre (Westfield, High Street or elsewhere in the centre)	363	71.0%	23.4%	14.06%
Mulgoa Road bulky goods and enterprise area	85	16.6%	4.4%	0.62%
Mt Druitt Westfield and centre	351	68.7%	32.6%	18.91%
St Marys Village Shopping Centre	387	75.7%	34.6%	22.14%
St Marys Station Plaza Shopping Centre	269	52.6%	20.5%	9.13%
St Marys - Queen Street	240	47.0%	6.7%	2.64%
Emerton Village Shopping Centre	92	18.0%	27.3%	4.15%
Glenmore Park	29	5.7%	3.8%	0.18%
South Penrith - Southlands Shopping Centre	100	19.6%	14.5%	2.40%
St Clair Shopping Centre	168	32.9%	34.1%	9.47%
Claremont Meadows	45	8.8%	8.3%	0.61%
Kingswood (Great	32	6.3%	5.1%	0.27%

Outlet	Number of respondents who shop at outlet	Percentage of respondents who shop at outlet	Average % total retail spend at outlet	Expenditure share out of retail outlets surveyed
Western Highway strip)				
Ropes Crossing	112	21.9%	19.0%	3.52%
Werrington Station	36	7.0%	10.1%	0.60%
Cranebrook Neighbourhood Centre	11	2.2%	7.8%	0.14%
Minchin Drive, Minchinbury	55	10.8%	3.4%	0.31%
North St Marys - Oleander Road (strip)	61	11.9%	6.8%	0.68%
Oxley Park	47	9.2%	4.1%	0.32%
Jordan Springs Village Centre Shopping Centre	4	0.8%	0.0%	0.00%
Werrington County Shopping Village	79	15.5%	10.4%	1.36%
Bunnings Minchinbury	360	70.5%	6.6%	3.94%
Other hardware	104	20.4%	6.0%	1.03%
On-line (on the internet)	143	28.0%	7.0%	1.67%
Banks Drive, St Clair	3	0.6%	5.5%	0.03%
Cambridge Park (Oxford Street)	11	2.2%	7.1%	0.13%
Colyton (Day Street and Carpenter Street strip)	7	1.4%	3.0%	0.03%
Monfarville Street, St Marys (strip)	3	0.6%	1.7%	0.01%
Old Mt Druitt - Palmerston Road / Beames Ave (strip)	9	1.8%	4.6%	0.07%
Smith Street, South Penrith	2	0.4%	3.0%	0.01%
Sydney Street, St Marys	9	1.8%	14.3%	0.21%

Source: SGS, 2013.

Park use

Respondents were asked if any member of the household had visited either Kokoda or Lang Park during the past twelve months, and if so, how frequently they visited and the average duration of each visit. About 10% of respondents or members of their household had visited Kokoda Park, compared to 3% for Lang Park. The average household made 1.84 visits and spent a total of 1.57 hours per year at Kokoda Park, as shown in the table below.

TABLE 29. PARK USE PATTERNS, ALL RESPONDENTS

	Kokoda Park	Lang Park
Percentage who visited park during the last year	9.6%	2.9%
Average visits per household	1.84	0.35
Average hours spent at park each year	1.57	0.40

Source: SGS, 2013

Those respondents who did visit either of the parks, however, used them relatively intensively. The table below presents the average number of visits per year and time per visit, for park users only. The average user visited Kokoda Park almost twenty times per year, or about once every two and a half weeks. This raises distributional questions for our analysis. While the total cost of losing the park may be relatively low, the impact on particular individuals may be much higher.

TABLE 30. PARK USE PATTERNS, VISITORS ONLY

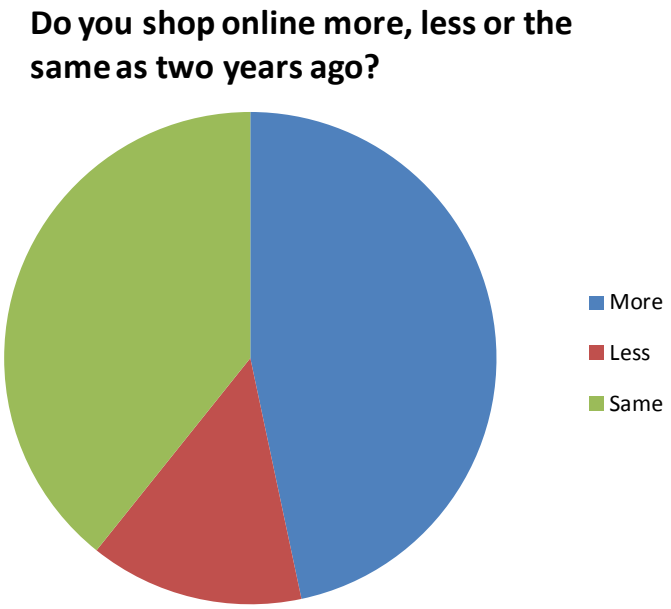
	Kokoda Park	Lang Park
Average visits per year	19.16	11.93
Average time per visit (hours)	0.85	1.15

Source: SGS, 2013

Online shopping trends

Respondents were asked about their current online shopping habits and how these compared with their habits of two years ago. A majority of respondents to this question indicated that they have either maintained or increased their online shopping compared to two years ago. In total 47% reported that their online shopping had increased, 14% that it had decreased, and 39% that they had maintained their online shopping at previous levels.

FIGURE 24. ONLINE SHOPPING COMPARED WITH TWO YEARS AGO



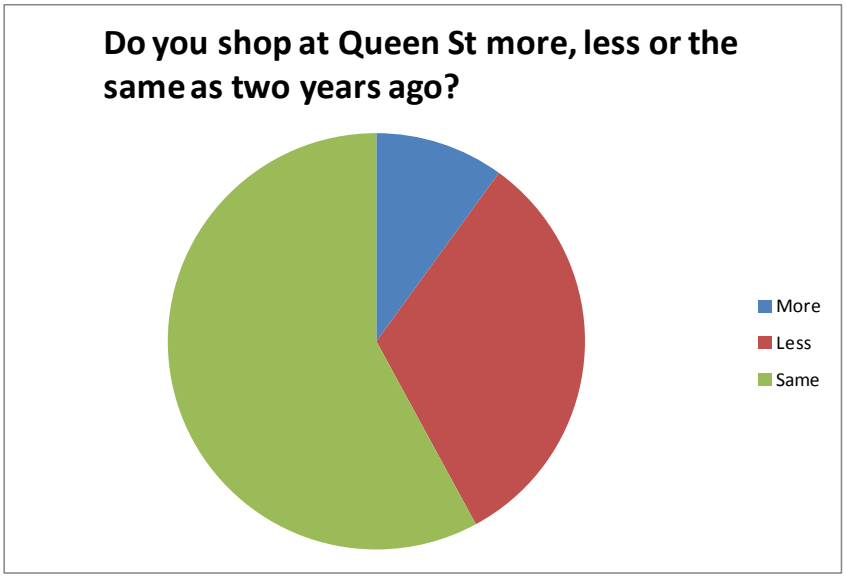
Source: SGS, 2013

Similarly, a majority of respondents indicated they expected to either maintain or increase their online shopping usage in two years time. 43% said that they expected to increase their online shopping usage, 6% that they expected it to decrease, and 50% predicted that it would remain the same.

Queen Street shopping trends

Those respondents who indicated shopping at St Marys Queen Street were asked if they shopped there more, less or the same amount in Queen Street as they did two years ago. Only 10% of respondents indicated they shopped more, while 32% suggested they shopped less and 52% indicated that their level of shopping at Queen Street had not changed. Overall, this suggests that Queen Street has fallen out of favour over the past two years.

FIGURE 25. QUEEN STREET SHOPPING TRENDS



Source: SGS, 2013

Sample characteristics

The survey was conducted by cold calling landlines in the St Marys catchment area during daytime hours. As such, it does not constitute a completely random population sample.

Table 31 below presents a breakdown of survey respondents by age range. 43% of respondents were aged over 60, most likely reflecting high usage of landlines and availability to answer phone surveys among this demographic. Females were also overrepresented in our sample. Of the 511 respondents, 75% were female and 25% male.

TABLE 31. SURVEY RESPONDENTS BY AGE RANGE

Age range	Number of respondents	Percentage of respondents
18 - 29	21	4%
30 - 39	68	13%
40 - 49	96	19%
50 - 59	107	21%
60 - 69	102	20%
70+	116	23%

Source: SGS, 2013

The preponderance of older respondents may introduce bias into the results if there are significant differences between males, females, and older versus younger people in terms of park usage and online shopping trends. The questions on retail expenditure should be less impacted, as they were framed in terms of total household rather than individual expenditure.

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