

19 March 2021

Dear Amita

## **Canterbury Bankstown Employment Lands Strategy 2020 and the Alterations to the Gateway Determination for Chullora Marketplace Planning Proposal**

As instructed by Council we have reviewed certain matters contained in the Canterbury Bankstown Employment Lands Strategy (ELS) prepared by HillPDA and Council and its implications on the planning proposal (PP) for Chullora Marketplace.

The Department of Planning and Industry & Environment (DPIE) has instructed Council to justify that this planning proposal is consistent with the directions of the Canterbury Bankstown Employment Lands Strategy 2020 adopted by Council in June 2020 and that the proposed floor space ratio is appropriate to ensure employment lands are protected. The ELS forecasts demand for additional 8,700sq sqm GFA of retail space and 9,900sqm or other commercial space in Chullora to 2036. The Department has expressed concern that the PP may undermine the ability to accommodate this space. The planning proposal currently recommends a maximum residential FSR of 0.65:1 consistent with Council resolution of 23 July 2021 for No. 353 and 355 Waterloo Road, Greenacre (subject site).

### **Forecast Retail Space**

We have reviewed the methodology that was used for forecasting the demand for additional space in the ELS. The demand for retail space was largely driven by population growth in the various defined trade areas for the 17 largest retail centres in the LGA (all centres except neighbourhood centres).

Chullora was believed to be around 3,000sqm undersupply in 2019 (when the ELS was prepared). Unfortunately there has been no reported trading figures of this centre since 2009, although back then it was trading relatively well based on industry benchmark levels. Its trade area and competitive position in the retail hierarchy suggests it was trading reasonably well when the ELS was prepared. However it was also recognised in the ELS that Chullora Marketplace had twice as much department store floor space than required and that the Big W store at that time was likely to be trading below benchmark levels.

Since the ELS was prepared 30 Big W stores across Australia were closed down including Chullora. TK Maxx and Coles have since moved in. TK Maxx is half the size of the Big W and is a more appropriate size department store for Chullora's trade area. Retail turnover densities (RTD measured as \$/sqm) of department stores are considerably lower than supermarkets – less than one third. Hence the change in retail

mix is likely to reduce the demand for total retail floor space – probably as much as 3,000sqm. This would result in a downward revision of forecast demand to 2036 to around 4,500sqm (GLAR) (say 5,300sqm GFA) rather than the 8,700sqm GFA forecast in the ELS.

Chullora's trade area was defined as the Forecast.ID small area known as "Greenacre - Mount Lewis – Chullora". It's trade is largely similar to the Greenacre trade area. (In the modelling it was assumed that 40% of Chullora's trade is captured from outside the LGA given that the centre is close to the LGA boundary and is proximate to the suburb of South Strathfield and the workforce in Chullora, Enfield and Greenacre). Within this trade area the population is expected to grow 22% from around 25,300 in 2016 to 30,700 in 2036 (Forecast.ID) and the number of workers within 2km of Chullora Marketplace and/or Greenacre village centre (excluding Bankstown CBD) is expected to increase 24% from around 18,000 to 23,000 over the same period (Transport for NSW forecast).

There was no forecast growth in demand for retail and commercial floor space in Greenacre in the ELS largely because it was estimated from expenditure modelling that the centre was underperforming and was a little too large already. Nevertheless given that the two centres largely share the same or similar trade areas it is possible that the demand for increased floor space could be taken up in Greenacre rather than at Chullora Marketplace (discussed further below). Under this scenario there would be no measurable impact on meeting demand for floor space and providing jobs in retail services at the LGA level. It would be a simple case of transferring the future demand for floor space from one centre to another inside (largely) the same trade area.

## Forecast Office Space

The forecast of office space was done by a combination of TPA job forecast by small areas (travel zones) and by apportioning the LGA wide forecast to the centres based on their current sizes and projected demand for retail space. Revising the additional retail floor space downwards also impacts the additional demand for office space. In the model this would be revised down to 7,000sqm GFA by 2036. There is flexibility in the market to provide this space in Greenacre rather than in Chullora Marketplace which would support the North East Local Area Plan (discussed below).

It's also important to recognise that there is some flexibility in the market to accommodate office space between centres. Some level of office space is important in retail centres to serve the population of the trade area. Mainly this space is used to provide local services in medical, real estate, travel and financial (banks) industries. In large indoor centres these businesses make up around 5% to 8% of specialty stores – say 4% of GLA. In older mainstreet strip centres the proportion is usually higher at around 15% to 30% of total floor area and can be as high as 40% to 50% in town centres if we include shop top commercial suites and stand alone commercial buildings on the fringe of the retail core. In the case of Chullora or Greenacre an expansion in retail space of say 5,300sqm GFA should be supported with a further say 1,000sqm GFA of non-retail commercial uses. The balance of office space (around 6,000sqm) could easily be redistributed to other centres including Bankstown, Greenacre and/or the Chullora Business Park (discussed below).

## COVID 19 Impacts

Note also that since the ELS was prepared the COVID 19 pandemic and social restrictions have had some impact on the demand for commercial space at least in the immediate and short term. Some impacts may even be longer. There remains some uncertainty about its longer term impacts but a number of surveys have

shown that many workers can work effectively from home and have expressed some desire to continue to work from home or undertake some work from home in the future. This may reduce some long term demand for office space. There was also a dramatic rise in on-line shopping from around 7.5% of total retail sales to more than 11.5%. Again while this may be more short-term some commentators have expressed a view that the COVID 19 lockdowns has enabled more people to become familiar with the practice of on-line shopping and enjoy the convenience of it. We note that both Coles and Woolworths are planning more dark stores for on-line sales and with customer pick-up services that will partially replace the need for conventional supermarket space.

## **The proposed FSR**

The planning proposal currently recommends a maximum residential FSR of 0.65:1, which is equivalent to a minimum of 0.35:1 for the purposes of non-residential development. This is similar to the current size of the shopping centre and a maximum FSR of 1:1 is more than two and half times the size of the current centre.

The existing commercial GFA is sufficient to protect employment uses and the provision of retail and commercial services in the locality while also enabling expansion over the next couple of decades. However, to mandate a delivery of recommended commercial FSR, this review recommends a minimum non-residential FSR of 0.35:1 be applied to 353-355 Waterloo Road, Greenacre. If the full FSR at Chullora Marketplace is taken up with residential space (thereby precluding any significant expansion in commercial floor space) then future expansion of services could be located in Greenacre which is consistent with the vision under the North East Local Area Plan.

## **The North East Local Area Plan**

We note that under Council's North East Local Area Plan (NELAP) the planning for a sustainable renewal of the Greenacre Small Village Centre includes:

- The development of mixed use buildings up to 6 storeys in the commercial core and residential apartments up to 4 storeys framing the commercial core.
- The transformation of Community Place into a mixed use destination with modern community facility and civic space.
- The expansion of the car park at Sellers Lane.
- The provision of a new pedestrian connection between Community Place and Waterloo Road.
- The delivery of public domain improvements (street trees, footpaths, pedestrian crossings, cycleway and street lighting improvements).
- The transformation of Roberts Park into a recreation and leisure destination.

There is a desire or drive to reinforce or promote Greenacre as an active and commercially successful village centre. This can be achieved by introducing higher density mixed uses along the main street with active street frontage and shop-top housing and increasing residential densities in the frame area. This will increase the demand for retail services. Some increase and improvement in the retail offer will also assist. The NELAP includes a further 5,000sqm of retail and commercial services. There was no demand for additional employment floor space in Greenacre in the ELS. However the demand for retail and other commercial space to 2036 in Chullora Marketplace as forecast in the ELS could be transferred to Greenacre and this would

benefit Greenacre significantly and help reinforce it as a successful and sustainable village centre as visioned in the NELAP.

Note that the planning proposal would not preclude the expansion of Chullora Marketplace. The minimum commercial FSR of 0.35:1 merely protects the site from any significant reduction in commercial floor space. Indeed if the retail offer was widened at Chullora Marketplace with a significant expansion of space then it would strengthen Chullora Marketplace's competitiveness at the expense of other centres – particularly Greenacre given its proximity and given that these two centres largely share the sale trade area.

### **Chullora industrial area / technology park**

As stated above Chullora Marketplace and to a lesser extent Greenacre enjoy some expenditure from workers in the Chullora, Enfield and Greenacre industrial areas. Jobs in this area are expected to increase a further 4,500 over the next 20 years. Both Chullora Marketplace and Greenacre provide important services for this workforce. The NELAP envisages an expansion of 5,000sqm of retail/commercial space in Greenacre which would further strengthen its role in provision of these services.

Also the ELS refers to the future potential for the Chullora industrial area to diversify the types of jobs into a "Chullora Technology Park" (s8.2.2, s11.1.4 & s12.3) whilst recognising the retain and manage status of the industrial precinct as outlined in the South District Plan. This provides a further alternative location for non-retail commercial office space. As it transitions to a technology park the Chullora industrial area will capture much of the demand for non-retail commercial floor space further reducing the requirement for such floor space being required on the Chullora Marketplace site. Chullora Technology Park could accommodate up to 6,000sqm by 2036 if it develops successfully as a high-tech industrial precinct with new industries. Although A Metropolis of Three Cities supports Councils to consider offices as a permissible use in an industrial precinct to grow the local office market, support local jobs growth and a mix of employment opportunities, in accordance with the South District Plan, Council must conduct a separate detailed strategic review of the industrial land before proposing a change to the uses permitted in the Chullora Industrial Precinct.

### **Conclusion**

The conclusion is that at the time of the ELS was prepared Chullora Marketplace was believed to be trading reasonably well and Greenacre a little below industry benchmark levels (although sustainable for a mainstreet strip shopping centre). These two centres share an almost identical trade area being the suburbs of Greenacre and Chullora and the workers in Chullora, Enfield and Greenacre industrial area. Some growth in the demand for retail and non-retail commercial space is expected to 2036 to service the growth in population (4,300) and growth in workers (4,500). The ELS quantified 8,700sqm GFA of more retail space and 9,900sqm GFA of more office space.

Given the changes in retail mix in Chullora Marketplace (conversion of Big W to T.K.Maxx and Coles) and the impacts of the COVID 19 since the ELS was prepared these forecasts should be reviewed down to around 5,300sqm GFA of retail space and between 1,000sqm to 7,000sqm GFA of office space.

This space could be provided in either Chullora Marketplace, Greenacre town centre and/or a future Chullora Technology Park (subject to further detailed strategic review undertaken by Council). Providing it in Greenacre would benefit the Greenacre Village Centre and strengthen its performance by improving its retail mix and offer. Indeed if Chullora Marketplace was expanded rather than Greenacre it would diminish Greenacre's attraction and its competitiveness.

The planning proposal is a minimum FSR of 0.35:1 commercial uses which is similar to the current size of the shopping centre and a maximum FSR of 1:1 which more than two and half times the size of the current centre. The PP is sufficient to protect employment uses and the provision of retail and commercial services in the locality while also enabling some expansion as forecasted in the ELS over the next couple of decades either in Chullora Marketplace or in Greenacre.

Should you have any questions concerning our proposal, please do not hesitate to contact us in our Sydney office on 02 9252 8777.

Yours sincerely,



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