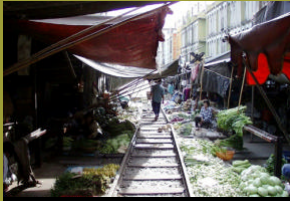


Issue No. 4
June 2009

RETAIL DEMAND



Convenience



Sustainability



Competition



Choice



Integration



Fresh Produce



Viability

The Highlighter

In this issue of The Hill PDA Highlighter:

- Bursting at the seams: How is Sydney going to meet Demand for Retail space?
- Hill PDA's recent projects: The Metro comes to Sydney

BURSTING AT THE SEAMS

How is Sydney going to meet Demand for Retail Space?

Sydney presently provides in the order of 9.5million square metres of shop front floorspace with over 800,000sqm of this relating to supermarket floorspace alone. Hill PDA estimates that by 2031 Sydney will need an additional 5 million square metres of retail floorspace, the equivalent of 37 more Westfield Parramatta's or 40 Warringah Malls across Sydney.

How are we going to meet this demand?

To ensure land is available to meet future retail and commercial demand across NSW, the Department of Planning (DoP) released the draft Centres Policy in April this year. The policy was prepared in response to a number of factors including the existing economic climate and the need to increase competition among retailers.

Existing retail and commercial centres policies are spread across numerous planning strategies and policies. The draft policy provides a consolidated document, which once implemented will be the overriding policy for NSW with regard to retail and commercial development. The new draft Centres Policy retains the DoP's long standing policy to encourage development within existing centres and acknowledges that the planning system should be more flexible to enable existing centres to grow and for new centres to form.

The policy advocates *6 key principles*. The principles relate to:

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

Thoughts from the Planners

Whilst the draft Centres Policy has ignited significant debate, many welcome the DoP's acknowledgement that the market is best placed to determine the level of demand and supply of retail and commercial floorspace. It appears that the draft Centres Policy has successfully addressed numerous contentious retail planning issues.

Adrian Hack, Principal of Hill PDA an expert in retail matters, was one of four presenters at the Planning Institute of Australia's recent workshop regarding the draft Centres Policy.

The panel discussed the key principles and implications of the draft Centres Policy including, the need for:

- minimum retail floorspace requirements in place of maximum capacity targets;
- planning to encourage retail development proposals in locations where there is an undersupply;
- councils to undertake floorspace supply and demand assessments at regular intervals (e.g. every 5 years);
- the Net Community Benefit Test to be applied for retail proposals that are contrary to existing policy; and
- councils to preserve key sites for strategically important businesses and retailers.

Furthermore, the presenters identified issues with the draft Centres Policy in need of further examination including the need:

- to strengthen the policy position on other land uses, including design, transport and infrastructure;
- to establish a better definition of bulky goods retailing; and
- to address the difficulties of acquiring small sites and the inclusion of existing residential strata units.

For the NSW Draft Centres Policy, go to:

www.planning.nsw.gov.au/asp/pdf/draftcentrespolicy_apr09.pdf

Hill PDA Highlighter

The Principals



Managing Principal
Martin Hill
Martin.hill@hillpda.com

Property Economics
Adrian Hack
Adrian.hack@hillpda.com

Economic Planning
Sarah Hill
Sarah.hill@hillpda.com

Property Economics
Victoria Tompsett
Victoria.tompsett@hillpda.com

Valuation / Feasibility
Robert Wilson
Rob.wilson@hillpda.com

Level 3
234 George St
Sydney 2000
NSW Australia

GPO Box 2748
Sydney 2001

t. 02 9252 8777
f. 02 9252 6077

HILL PDA'S RETAIL EXPERTISE

Hill PDA's data analysis and extensive experience in completing retail and commercial centres studies, is referred to in the Draft Centres Policy.

Hill PDA has extensive experience in retail and commercial floorspace demand and supply assessments. Having conducted numerous centre studies, Hill PDA regularly utilises various evaluation techniques including the net community benefit test, cost benefit analysis and triple bottom line assessment.

Since 1992, Hill PDA has conducted retail floorspace surveys across Australia and has collated this data into an extensive in house database. For further information on the draft Policy, or to discuss the availability of Hill PDA's retail data or other services please contact Sarah Hill or Adrian Hack.

CURRENT PROJECTS BY HILL PDA

CBD Metro

A new authority known as Sydney Metro has been established to plan, design, construct and manage the long-term private operator of a metro rail network for Sydney. The \$4.8 billion CBD Metro will be the first of its kind in Australia proving a 7km long network with 6 underground stations. The proposed station locations are at Central, Town Hall Square, Martin Place, Barangaroo-Wynyard, Pyrmont and Rozelle. Construction is expected to start in 2010, with operation commencing in 2015.

Sydney Metro has appointed consultants to act as Planning Contractors to prepare the Environmental Assessment and associated specialist studies. Hill PDA is working in conjunction with Sinclair Knight Merz (SKM) and Manidis Roberts to prepare the Economic and Social Impact Assessments for the project.

Hill PDA's assessment will focus on the likely social and economic impacts of the proposed CBD Metro during both the construction and operational phases. For all impacts identified, Hill PDA will seek to quantify the degree of significance and appropriate mechanisms for mitigation. The assessment involves consultation with key stakeholders in the study area, such as government agencies, private businesses, community groups and landowners.

Hill PDA's research will form part of the Environmental Assessment and Project Application that will be submitted to the Department of Planning and exhibited in the fourth quarter of 2009.

Project Contact: Sarah Hill

Ph: 9252 8777



Leichhardt Council – Review of Developer Contributions

The November 2008 Mini-Budget included an announcement that there would be a review of local government levies with the objective of stimulating housing supply, promoting affordability, supporting business and providing stimulus to the construction industry.

Hill PDA was commissioned by Leichhardt Municipal Council (LMC) to review the impact of placing a cap on development contributions on LMC's Section 94 Contributions Plan.

Hill PDA's research paper looked at whether the proposed cap would have a positive, negative or neutral effect in the Municipality. This involved reviewing current Section 94 charges of LMC and the detailed analysis of land values and recent unit/house price sales evidence in LMC and on a state-wide context.

Project contact: Rob Wilson

Ph: 9252 8777

Balgowlah Totem Stockland v. Manly Council

Adrian Hack, Principal of Hill PDA acted as an expert witness in the Land and Environment Court relating to the appeal by Stockland against conditions of consent imposed by Manly Council in relation to prohibition of non-recyclable plastic bags. Acting for Council Adrian's role largely related to testing the contention that the condition imposed unreasonable adverse economic impact by way reduced competitiveness and cost impost. The hearing has been completed and judgement is pending.

Project Contact:
Adrian Hack

Ph: 9252 8777

