



BAYS WEST PRECINCT

Retail Market Potential Assessment and Strategy

Prepared for NSW Department of Planning and Environment (DPE)
July 2022

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INTRODUCTION

This report presents an independent analysis of the ultimate potential for retail and complementary non-retail floorspace as part of the Bays West Precinct at Rozelle in the inner suburbs of Sydney. The report has been prepared based on instructions from the NSW Department of Planning and Environment (DPE) and is structured and presented in **seven (7) sections** as follows:

- **Section 1** reviews the regional and local context of the Bays West Precinct and provides a summary of the vision for the site.
- **Section 2** details the customer segments likely to be served by retail and complementary non-retail floorspace as part of the Bays West Precinct at Rozelle, including residents, workers and students/visitors. Current and projected population and retail spending levels over the period to 2041 are outlined.
- **Section 3** summarises the current and future competitive retail environment within the surrounding region.
- **Section 4** analyses several unique urban regeneration precincts or developments throughout Australia which share some of the key attributes of the Bays West precinct. The composition of each and key success factors are summarised.
- **Section 5** reviews the ultimate potential for retail floorspace to be provided at the site, including indicative projected sales and gross rents.
- **Section 6** provides a review of the potential for non-retail uses at the site, including recommendations.
- **Section 7** outlines the recommended retail and non-retail floorspace for the retail and complementary non-retail floorspace as part of the Bays West Precinct – Stage One as well as a discussion in relation to the possible impacts on competitive centres.



EXECUTIVE SUMMARY

i. As outlined in the *Bays West Draft Master Plan and Urban Design Framework*, suggested uses within the sub-precincts are as follows:

- The Metro Station and development parcels to the south are primarily proposed to deliver non-residential floorspace with a focus on commercial office space, retail and food and beverage.
- A transition to the south western urban blocks, for buildings adjoining the Victoria Road and Anzac Bridge interface may be an appropriate location for residential uses, only where the conflict between uses can be managed (e.g. residential at the levels of buildings above adjoining commercial buildings).
- The Intake Substation is critical infrastructure to the Metro.
- The White Bay Power Station (WBPS) will deliver a mixture of community, cultural and commercial space.
- The development opportunity adjoining Robert Street on the northern side of the park can accommodate low-rise food and beverage associated with the aspect over the park.

ii. The indicative yields are also outlined as follows:

- Retail around Metro Station: 4,718 sq.m
- Commercial GFA: 50,996 sq.m.
- Commercial GFA within WBPS: 12,000 sq.m.
- Commercial GFA within Metro OSD: 8,000 sq.m.
- Community GFA within WBPS: 3,000 sq.m.
- Residential GFA: 23,923 sq.m.
- Total GFA (excluding basement): 102,637 sq.m.
- A substantial part of the precinct as usable public open space.

iii.



- iv. Expected resident and worker population yields as sourced from the *Bays West Stage 1 Master Plan and Rezoning for the White Bay Power Station (and Metro) and Robert Street Sub-precincts - Proof of Concept Yields (13 July 2022)* are summarised in Table 1. In total 504 residents are to be provided. These residents are assumed over the 2026 – 2031 period.
- v. The worker trade area for the Bays West Precinct will be the immediate precinct – i.e. on-site workers. Based on the Proof of Concept Yields for the White Bay Power Station (Metro) Precinct, 4,954 workers could potentially be accommodated. The future worker population could generate retail spending of \$130 million, depending on the ultimate worker population.
- vi. It is important to note that a proportion of this market is likely to be a sub-set of the residential spending market, as some workers would live within the resident trade area. However, residents who both live and work within the worker trade area would have the opportunity to use the retail facilities at the site more regularly than if they worked elsewhere. Office workers primarily spend on food catering, giftware, leisure and apparel items during their lunch break. Typically, it is estimated that 15% - 20% of workers expenditure will be directed to retail facilities near their place of work. In this instance, the amount of retail expenditure directed to retail facilities within and immediately beyond the worker trade area would be in the order of \$20 - \$25 million.
- vii. The Bays West Precinct is planned to include a range of social infrastructure for local and surrounding residents that would generate visitation to the site. As outlined in the *Bays West Draft Master Plan and Urban Design Framework*, these uses include:
 - A multi-purpose community and library hub.
 - Cultural spaces such as maker spaces, local theatre and workshop spaces
 - A minimum 2 hectares of public open space including; hard and soft surfaces; passive and active recreation spaces; day and night spaces; communal gathering spaces; spaces for lunch; outdoor learning pods; and outdoor work stations.
 - One District play space
 - Active recreation:
 - Indoor sports centre
 - One outdoor sports court
 - One outdoor fitness station
 - One skate facility

- One abseiling wall
- viii. The Bays West Precinct retail offer is likely to serve a range of customer segments, including residents, workers, and tourists/visitors. The main customer segments will be the on-site residents and workers, as well as added demand from tourists/visitors attracted by the range of social infrastructure.
 - ix. The Bays West Precinct Stage One would not have great connectivity to surrounding access points, and car parking would be limited. The precinct is intended to be delivered as a low-private vehicle project. This would limit the potential draw and attraction of retail at the site by car in the initial years. The Metro Station and public transport connections via a bus interchange would be excellent.
 - x. With retail floorspace mainly supportable by the onsite customer segments, the car parking and wider area access requirements would be limited. The precinct is intended to be delivered as a low-private vehicle project. The mix of floorspace would mainly be targeted at the small convenience, retail services, and food catering categories. Visitors to the precinct would add to the potential demand for retail floorspace, mainly in the food catering category. Destination food catering tenants would ideally take advantage of water views and the open space.
 - xi. Based on a review of similar developments throughout Australia and the key success factors, the key learnings for the Initial Precinct (i.e. WBPS) are:
 - **Limited Population:** The on-site resident population would be limited, with a total of 504 residents.
 - **Worker Population:** The on-site workers would be limited around 5,000. This is a relatively small worker population, with the North Sydney CBD encompassing 42,400 workers; Parramatta CBD totalling 44,000 workers; and St Leonards 25,000 workers (all 2016 Census). CBD locations with around 5,000 workers in Sydney include Burwood, Campbelltown, Blacktown, Hornsby, and Hurstville.
 - **Convenience, Retail Services, and Food Catering:** With the mix of on-site users and the size of these populations, convenience, retail services, and food catering floorspace will be the key categories to focus on. A proactive curation/ tenant marketing strategy would be important to ensure a targeted, appropriate tenant mix.
 - **Consolidated Offer:** It is best to consolidate/cluster the retail offer in one precinct to ensure strong activation. Retail and complementary non-retail floorspace could also be provided at key areas across the precinct, but this should be limited. An example is some destination food catering taking advantage of views that would appeal to visitors.

- **Pedestrian Connectivity:** pedestrian access and connectivity should generally be of a high standard to facilitate customer flows around the site and past specialty shops – including those fronting main streets.
 - **Wayfinding:** navigation into and throughout the development should be simple, assisted by design and appropriate exposure, signage, and sightlines.
 - **Weather Protection:** the ability to control or minimise impact from the climate (including wind, rain, and heat) while still maintaining an open-style development is important.
 - **Activating Food Catering Floorspace:** this can take some time to realise and is heavily dependent on the tenant mix. Food catering precincts require activation across extended hours of operation and the layout and design are critical to achieve this.
 - **Integrated development:** it is important that the broader retail components of the development are designed/structured to benefit from customer flows and generally complement one another. Precincting and synergy of uses is crucial, with similar tenants co-locating in the development.
 - **Size:** the size preferences or requirements for each tenant vary significantly by category, from kiosk tenants up to major anchors. This is examined in relation to the subject site in Section 7.
 - **Orientation & Shape:** likewise, operators have variable tenancy preferences when considering the depth, orientation, and frontage of each box. For example, slow dining tenants often prefer external frontage allowing for after-hours activation and external seating. The direction of the sun and wind is also critical.
 - **Staging:** the staging of the development should be well considered so that construction does not burden the trading performance of initial tenants, and that subsequent stages form natural extensions to the incumbent offer.
- xii. Non-retail shopfronts typically account for around 25% of total retail floorspace. Assuming around 4,000 sq.m of retail floorspace is supportable, this would indicate around 1,000 sq.m of non-retail shopfront floorspace.

- xiii. Non-retail tenants add to the broader appeal of the centre and reinforce the location for the local and surrounding population. Given their destinational nature, these types of non-retail tenants can locate on upper levels or below ground. Overall, a range of non-retail uses are considered supportable, as follows:
- A total of 1,000 sq.m of non-retail shopfronts, including a travel agent, post office, bank, medical, and the like.
 - A gym of around 400 sq.m.
 - A tavern of 750 sq.m.
- xiv. A number of these uses could occupy upper levels such with a tavern and gym/medical above the ground floor convenience and food catering offer.
- xv. Across the Bays West precinct, around 5,000 sq.m of retail and complementary non-retail floorspace is considered supportable. The mix of uses that would be applicable would at a high level be as follows:
- Metro Station: Convenience retail focused on a small foodstore/supermarket, food catering, and retail services.
 - Mixed-use (ground level): Mainly food catering and non-retail tenants.
- xvi. It is important that that Metro Station retail floorspace is delivered in the first instance, to help activate the precinct and ensure a central hub. The mixed-use floorspace would require the build out of most of the residential, commercial, and social infrastructure to be vibrant. In the initial stage of development, the floorspace should be targeted to the on site customer segments. Retail is a follower and not an incubator, and this is especially the case where site access and activation is restricted.

TABLE 1. PROOF OF CONCEPT YIELDS BY COMPONENT

Component	GFA (sq.m)*					Totals	
	Commercial	Residential	Retail	Community	Total	Workers	Residents
Wedge		7,457	519		7,977	15	157
Southern Development	25,416	16,466	1,717		43,598	1,743	347
Boiler House	10,968		870		11,838	756	
Lot 4	2,740		913		3,654	209	
Lot 5	7,361		277		7,638	499	
Metro ASD	2,951		422		3,372	209	
White Bay Park	1,560				1,560	104	
WBPS Community				3,000	3,000	86	
WBPS Commercial	12,000				12,000	800	
Metro OSD Commercial	8,000				8,000	533	
Total	70,996	23,923	4,718	3,000	102,637	4,954	504

* Less basement

TABLE 2. BAYS WEST PRECINCT STAGE ONE SUPPORTABLE RETAIL FLOORSPACE

Component	Totals		Supportable Retail GLA (sq.m)		
	Workers	Residents	Workers	Residents	Total
Wedge	15	157	4	157	161
Southern Development	1,743	347	436	347	783
Boiler House	756		189		189
Lot 4	209		52		52
Lot 5	499		125		125
Metro ASD	209		52		52
White Bay Park	104		26		26
WBPS Community	86		22		22
WBPS Commercial	800		200		200
Metro OSD Commercial	533		133		133
Total Retail	4,954	504	1,238	504	1,742
Total Retail (inc. doubling uplift for visitors)			2,477	1,007	3,484

* assuming .25 sq.m per worker and 1 sq.m per resident



TABLE 3. BAYS WEST PRECINCT STAGE ONE INDICATIVE GLA BY USE

Category	Supportability Low Moderate High	Indicative. Tenants (no.)	GLA per Tenant (sq.m)	Typical Occ. Cost (%)	Indicative GLA
Retail					
Supermarket					
Neighbourhood supermarket	Moderate - High	0 - 1	500 - 1,600	4% - 6%	1,000
Food Retail					
Liquor Store	Moderate - High	1	100 - 200	5% - 7%	200
Bakery/Patisserie	Moderate - High	1	50 - 100	12.5% - 17.5%	100
Health Foods	Moderate - High	1	100	12.5% - 17.5%	100
Food Catering					
<u>Small Takeaway</u>					
• Coffee Shop	High	1 - 2	50	12.5% - 17.5%	100
• Hole in the Wall	High	1 - 2	50	12.5% - 17.5%	100
• Takeaway Food	High	3+	100 - 200	12.5% - 17.5%	250
<u>Dining</u>					
• Café	High	1 - 2	150	10% - 15%	200
• Casual Dining / Restaurant	Moderate - High	1 - 3	150	10% - 15%	400
Non-food					
Apparel (Boutique, Jewellery)	Low	0 - 1	100	15% - 20%	-
Household Goods (Homewares/Indoor Plants)	Low - Moderate	0 - 1	100 - 200	15% - 20%	50
Leisure (Newsagent, Florist, Bookshop)	Low - Moderate	0 - 1	100 - 200	12.5% - 17.5%	100
<u>General Retail</u>					
• Giftware, Cosmetics	Low - Moderate	0 - 1	100 - 200	15% - 20%	-
• Pharmacy	Moderate	0 - 1	200 - 400	12.5% - 17.5%	200
Retail Services					
Hairdresser / Barber	Moderate - High	1 - 2	70	15% - 20%	100
Beauty / Day Spa	Moderate - High	0 - 1	70	20% - 25%	80
Key Cutting / Cobbler	Low - Moderate	0 - 1	70	12.5% - 17.5%	-
Massage & Nail Bars	Moderate	0 - 1	70	20% - 30%	50
Laundromat / Dry Cleaning / Alterations	Moderate	0 - 1	70	15% - 20%	50
Total Retail		15 - 25	100 - 200	-	3,080
Non-retail					
<u>Non-retail Shopfronts</u>					
• Lottery	Low - Moderate	0 - 1	25 - 50	-	50
• Bank	Low - Moderate	0 - 1	150 - 250	-	175
• Travel Agent	Low - Moderate	0 - 1	50 - 100	-	75
• Post Office	Low - Moderate	0 - 1	150 - 200	-	-
<u>Health & Wellness</u>					
• Alternate	Moderate - High	0 - 1	200 - 250	-	-
• Small Gym	Moderate - High	0 - 1	200 - 500	-	400
• Large Gym	Low	0 - 1	1,000 - 1,500	-	-
<u>Medical</u>					
• Small	Moderate	0 - 4	150 - 250	-	-
• Large	Moderate	0 - 1	500 - 1,000	-	500
Childcare Centre	Low	0 - 1	1000 - 1,500	-	-
<u>Bars</u>					
• Small Bar	Moderate	0 - 2	100 - 250	-	-
• Large Bar	Moderate	0 - 1	500 - 1,500	-	-
• Brewery / Distillery	Moderate	0 - 1	500 - 1,500	-	750
Entertainment	Low	0 - 1	500 - 1,500	-	-
Total		20 - 35	100 - 200	-	5,030

Source: Location IQ Databases



1 LOCATION & DEVELOPMENT OVERVIEW

This section of the report reviews the regional and local context of the Bays West Precinct and presents an overview of the vision for the site.

1.1. Regional Context

- i. The suburb of Rozelle is situated in the Inner Western Sydney, around 4 km from the Sydney Central Business District (CBD) (refer Map 1.1). Rozelle is part of the Inner West Council.
- ii. Rozelle falls between the suburbs of Balmain to the north-east and Lilyfield to the south-west and is easily accessible, with the Western Distribution/Anzac Bridge, Victoria Road, Darling Road, and the Crescent being major traffic routes for the local and wider region population.
- iii. The adjacent Pyrmont and Ultimo Peninsula to the south (i.e. southern side of Jones Bay) has undergone significant regeneration since 1991. As part of an extensive master plan for the 100 hectare precinct, the Sydney Harbour Foreshore Authority has managed a large scale urban renewal. The ultimate aim was to create a mixed use, high-density, medium-rise residential area to accommodate some 20,000 persons by 2021 (i.e. an additional 17,000 residents). The Pyrmont and Ultimo Peninsula is characterised by a younger, increasingly wealthier, educated population with the area being popular for students and professionals.
- iv. Map 1.2 shows the current and future infrastructure projects in the surrounding area with several major projects underway within 2 km of the site. Sydney Metro and Westconnex will increase both private and public transport to the CBD and immediate surrounds.
- v. WestConnex will improve travel times across Sydney, with a focus being movements in the inner west. WestConnex (refer Figure 1.1) is Australia's largest road infrastructure project. When complete in 2023, WestConnex will provide motorists with a continuous, 33 km traffic-light free motorway network, with connections for future projects linking the north shore and northern beaches, Sydney Airport and the southern suburbs.
- vi. WestConnex is being delivered in four major stages:
 - The New M4, opened in July 2019. The WestConnex M4, including the 5.5 km New M4 Tunnels, connects Haberfield to Parramatta and the M4. Motorists on this section of WestConnex are

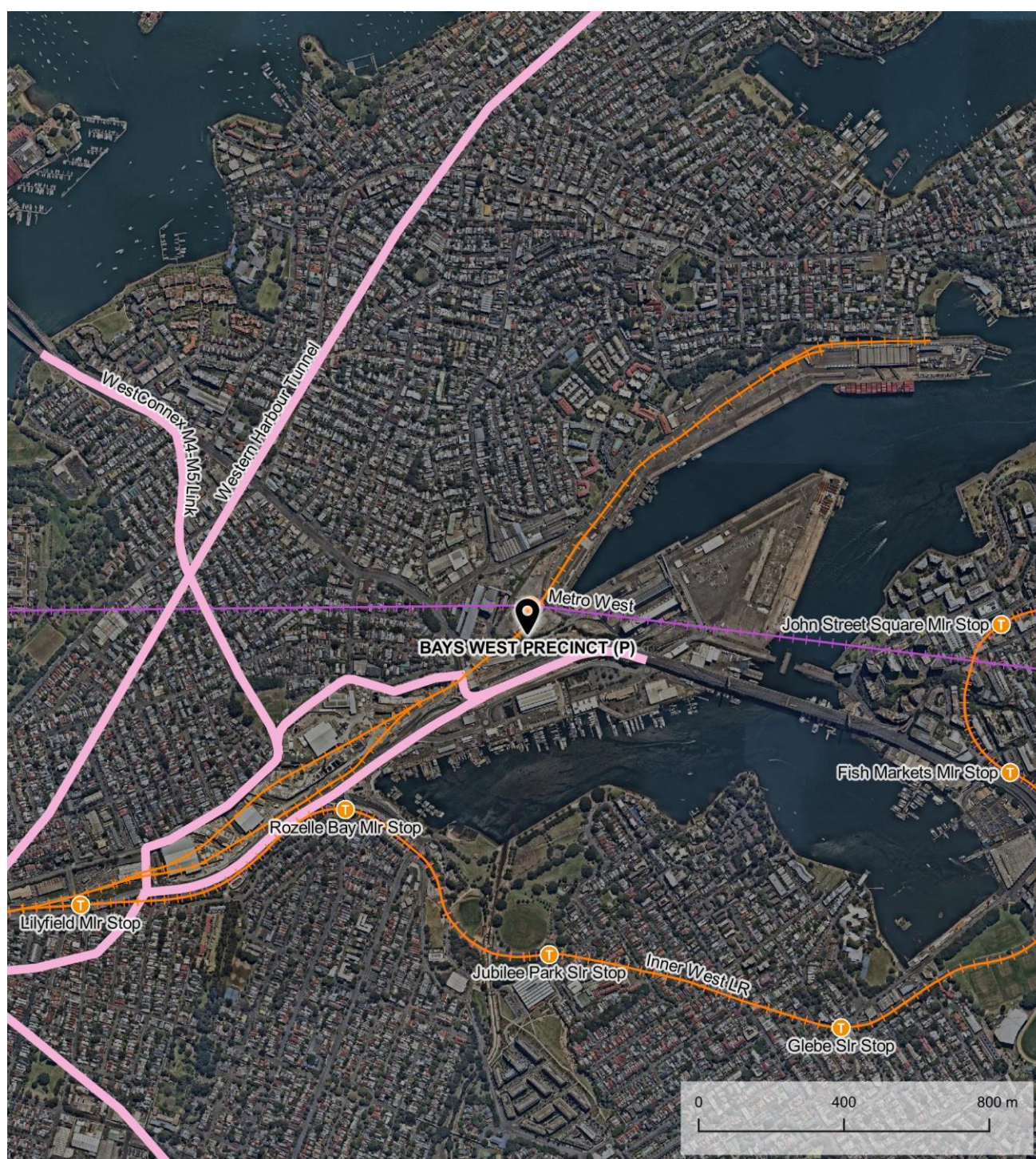
saving an average of 35 minutes on their westbound peak time journey compared to Parramatta Road.

- The M8, opened in July 2020. The 9 km twin tunnels connects the M5 at Kingsgrove to a new interchange at St Peters, with 6 ha of new open space, built on a remediated former landfill site. The tunnels cut up to 30 minutes off a trip between Liverpool and the southern CBD.
 - The M4-M5 Link Tunnels, opening in 2023. The M4-M5 Link Tunnels will be 7.5 km tunnels linking the New M4 at Haberfield with the M8 at St Peters, with connections to the Anzac and Iron Cove bridges via the Rozelle Interchange.
 - The Rozelle Interchange, opening in 2023. The Rozelle Interchange, being delivered by the NSW Government, connects the M4-M5 Link to the Anzac and Iron Cove bridges, and the future Western Harbour Tunnel and Beaches Link. The Rozelle Interchange is being built almost entirely underground, freeing up space for a new 10 ha regional park.
- vii. Sydney Metro is Australia's biggest public transport project. In 2024, Sydney will have 31 Metro Stations and more than 66 km of new metro rail, revolutionising the way Australia's biggest city travels. By the end of the decade, the network will be expanded to include 46 stations and more than 113 km of world-class metro for Sydney.
- viii. When Sydney Metro is extended into the Sydney CBD and beyond in 2024, metro rail will run from Sydney's booming North West region under Sydney Harbour, through new underground stations in the Sydney CBD and beyond to the south west. There will be ultimate capacity for a metro train every two minutes in each direction under the city. Sydney's new metro railway will have a target capacity of about 40,000 customers per hour, similar to other metro systems worldwide. Sydney's current suburban system can reliably carry 24,000 people an hour per line.
- ix. Sydney Metro, together with signalling and infrastructure upgrades across the existing Sydney rail network, will increase the capacity of train services entering the Sydney CBD – from about 120 an hour today to up to 200 services beyond 2024. That's an increase of up to 60 per cent capacity across the network to meet demand.
- x. The Bays Station will deliver critical connections to the Sydney CBD and the western suburbs. The Bays Station will act as a catalyst for the long-awaited renewal of the area. The station will have one entrance to the south of White Bay, near the proposed future Bays Waterfront Promenade.
- xi. In July 2021, Sydney Metro awarded Acciona Construction Australia Pty Ltd and Ferrovial Construction (Australia) Pty Ltd Joint Venture the contract to deliver 11 km of twin metro rail tunnels between Sydney Olympic Park and The Bays.

MAP 1.1. BAYS WEST PRECINCT REGIONAL CONTEXT



MAP 1.2. BAYS WEST PRECINCT INFRASTRUCTURE DEVELOPMENTS



- T Train Station — Planned Road
- +—+— Train Line —+—+— Planned Train Line

** Location of planned transport routes are approximate*

PhotoMap by nearmap.com



FIGURE 1.1. WESTCONNEX

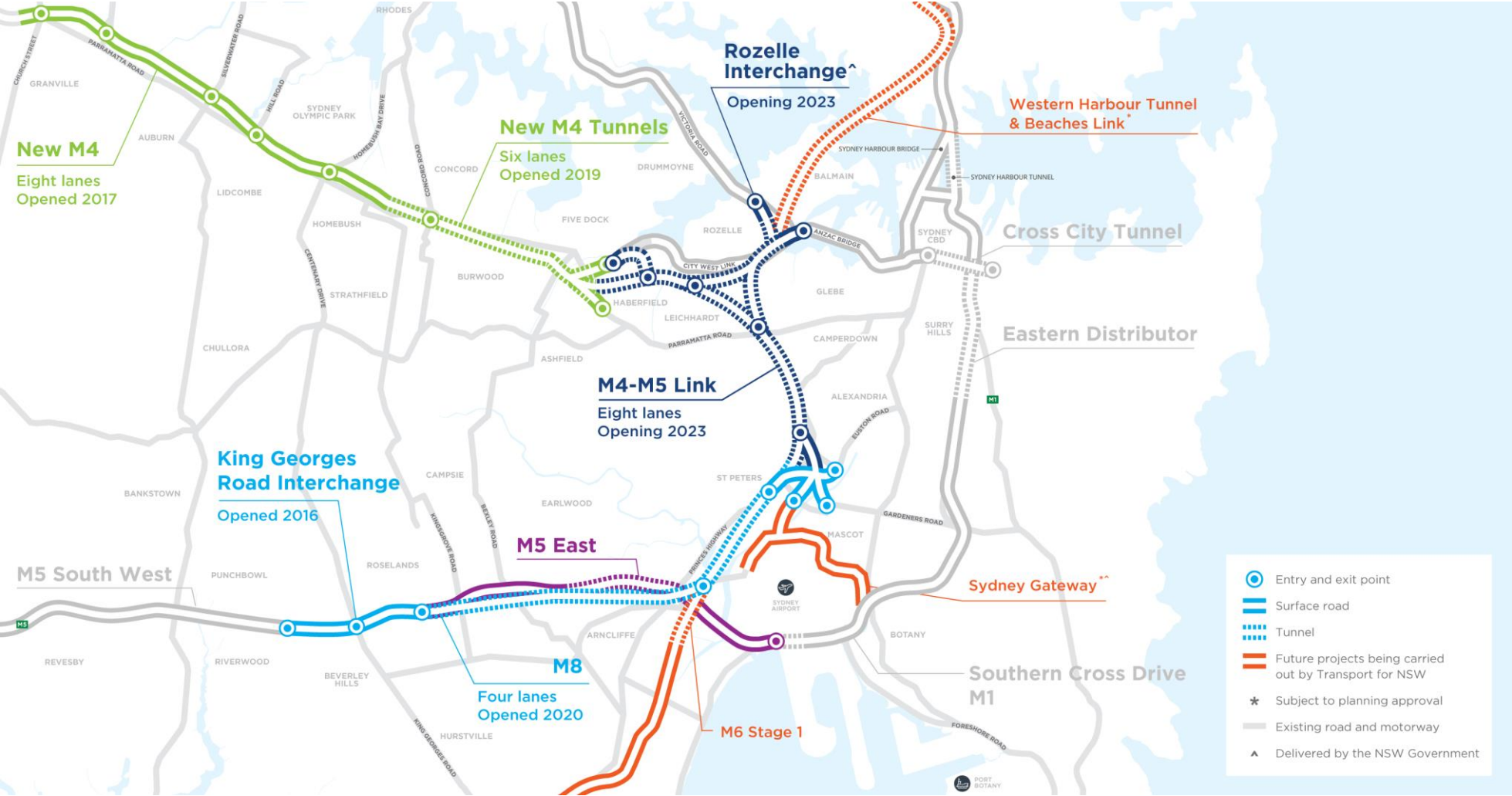
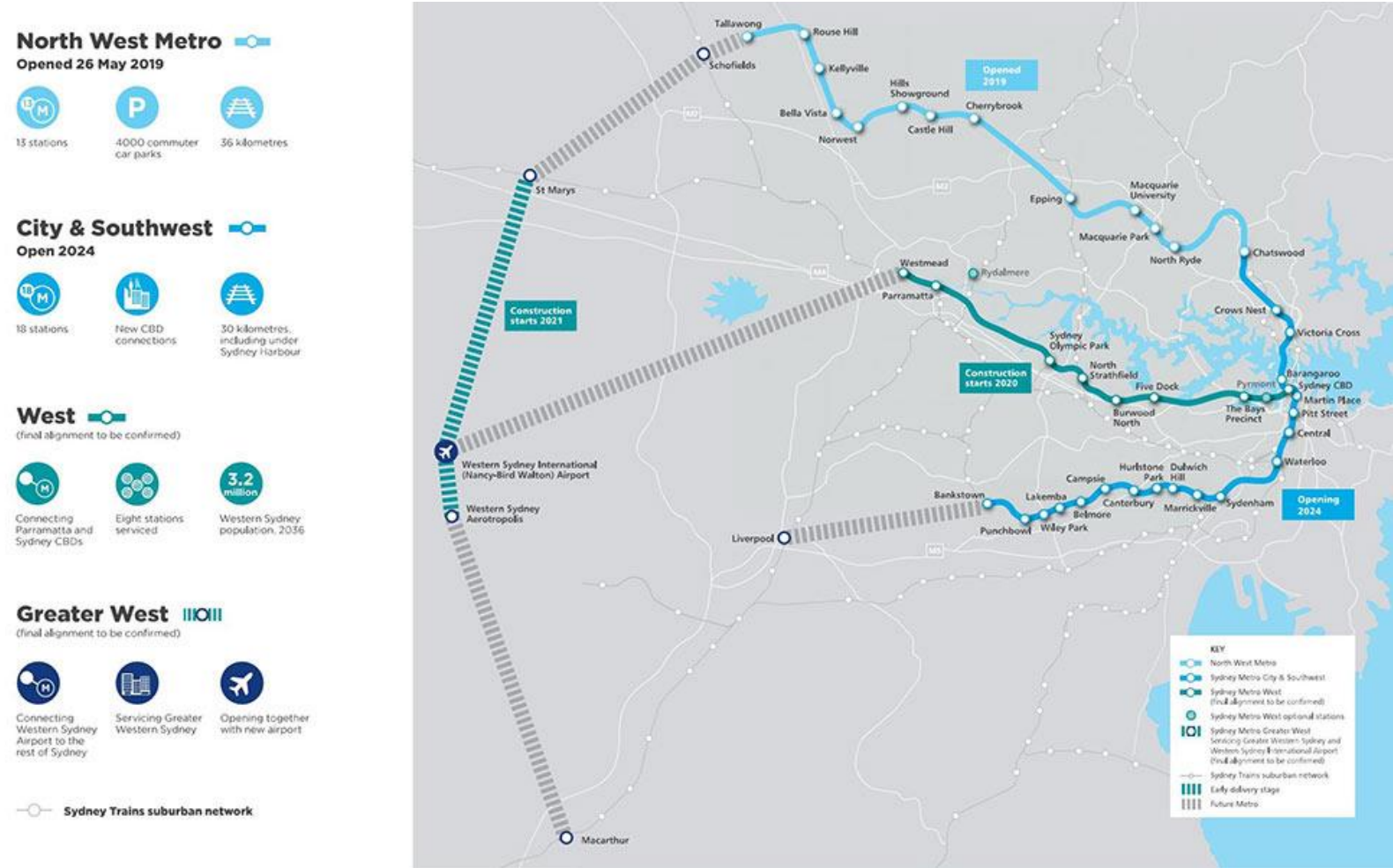


FIGURE 1.2. SYDNEY METRO



1.2. Local Context

- i. Bays West comprises of Rozelle Bay, White Bay and Glebe Island with the inclusion of the Rozelle Rail Yards and White Bay Power Station (refer Figure 1.3). The precinct comprises 77 hectares of land, and also includes 76 hectares of adjacent waterways, including Rozelle Bay, White Bay, and Johnsons Bay.
- ii. Map 1.3 shows the local context of the Bays West site with the key points to note including:
 - The Western Distributor and Victoria Road are major traffic routes that pass over and near the site, respectively.
 - Established residential dwellings are to the north and north-west.
 - White Bay, Jones Bay, Blackwattle Bay, and Rozelle Bay bound the site to the south.
- iii. Overall, the Bays West site enjoys a high-profile location in the Inner Western suburbs of Sydney, around 4 km from the Sydney CBD. The site is very well known being on a key traffic route. With current and planned major infrastructure projects including WestConnex and Sydney Metro, the site will be more accessible and enjoy greater exposure over time.
- iv. The sub-precincts relevant for this assessment are referred to as the White Bay Power Station (Metro) and Robert Street Sub-Precincts and are centrally located within the broader Bays West area (also refer Map 1.3).

FIGURE 1.3. BAYS WEST PRECINCT

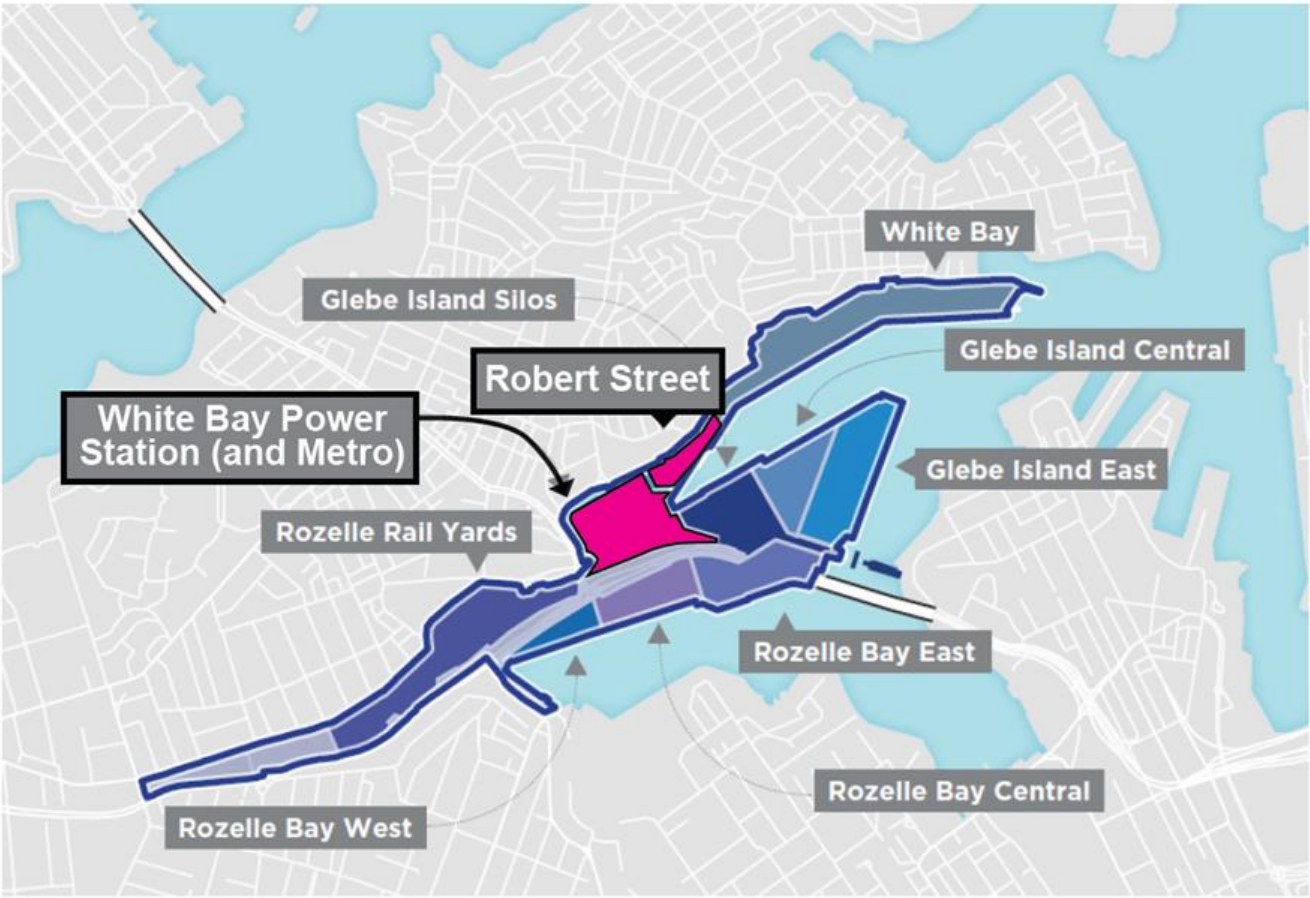
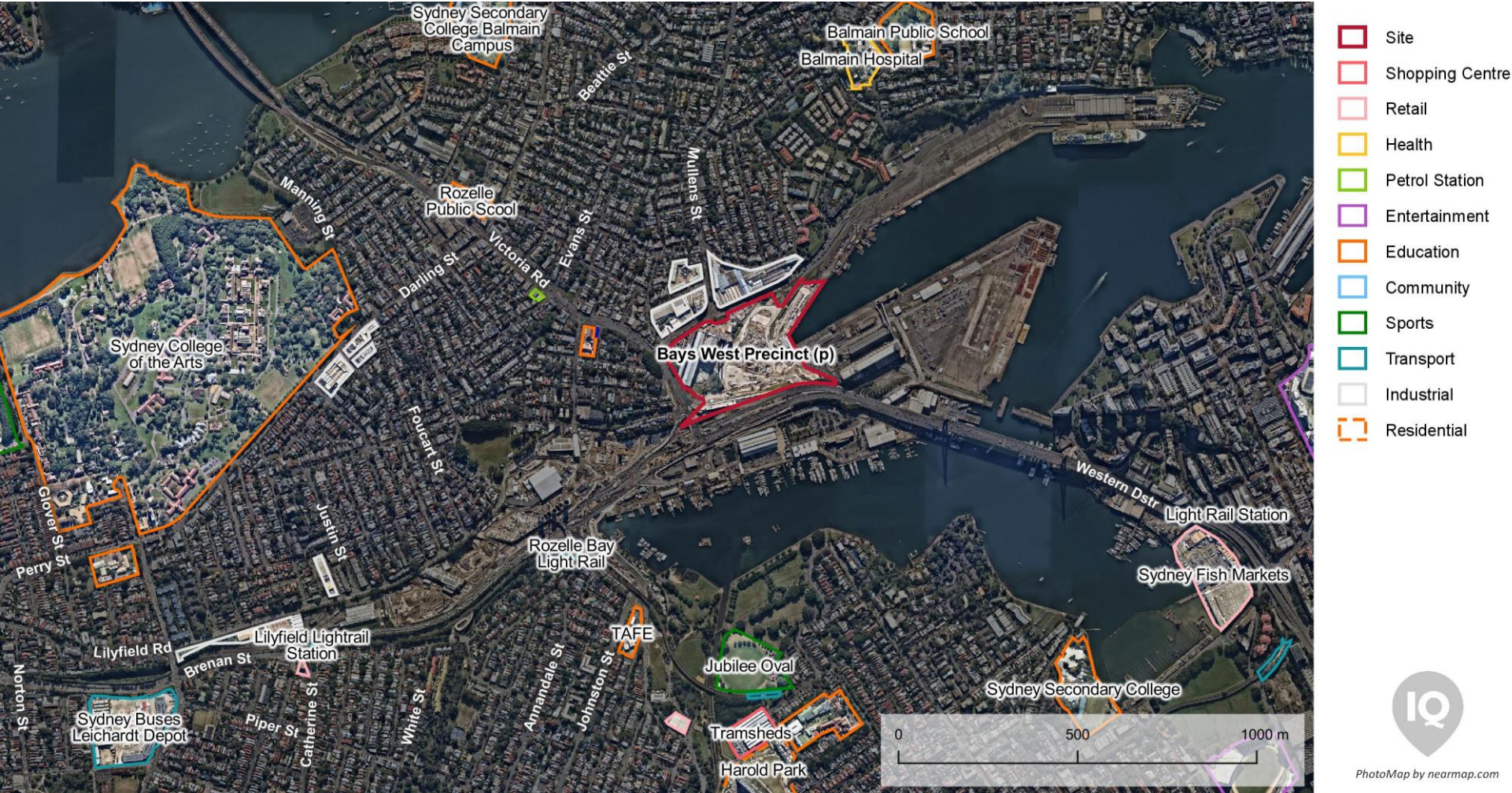


Figure 12: Place Strategy White Bay and Robert Street Sub-Precincts context. Sub-precinct boundaries are from the Place Strategy (November 2021) and are subject to change as detailed planning and design work is undertaken as Sub-precincts are masterplanned. Courtesy DPE

MAP 1.3. BAYS WEST PRECINCT LOCAL CONTEXT



1.3. Bays West Precinct Vision

- i. The NSW Department of Planning and Environment (DPE) is preparing a masterplan of the initial precincts in Bays West. The initial precincts are:
 - White Bay Power Station (and Metro Station)
 - Robert Street sub-precincts.
- ii. The *Bays West Place Strategy 2021* builds upon previous urban renewal work in the wider Bays Precinct and creates a long-term vision for Bays West to be delivered over time. This is a vision for a connected and vibrant precinct that is an innovative and sustainable new place for living, working and recreation. Whilst Robert Street was part of the master plan, it does not form part of the rezoning package for Stage One, **and therefore isn't considered in this report.**
- iii. The Bays West of the future will evolve over time into a mixed-use precinct that is an innovative and sustainable new place for living, working and recreation.
- iv. The focus of this report is the White Bay Power Station (Metro) precinct. As outlined in the White Bay Power Station (Metro) and Robert Street Sub-Precincts Draft Urban Design Framework and Concept Master Plan – December 2021 DRAFT, the vision for these Sub-Precincts is:

to deliver a continuous green edge to Sydney Harbour and White Bay anchored by White Bay Park. The waterfront will serve as a playground for the residents, a relaxation space for the workers, an educational space for the visitors and as a world-class waterfront address for the city of Sydney and the state of NSW.

The Site Structure is underpinned by the principle of delivering cohesive, connected and complementary Sub-precincts, whilst retaining a variety of uses and users, destinations and attractions, spaces and places within each Sub-precinct.

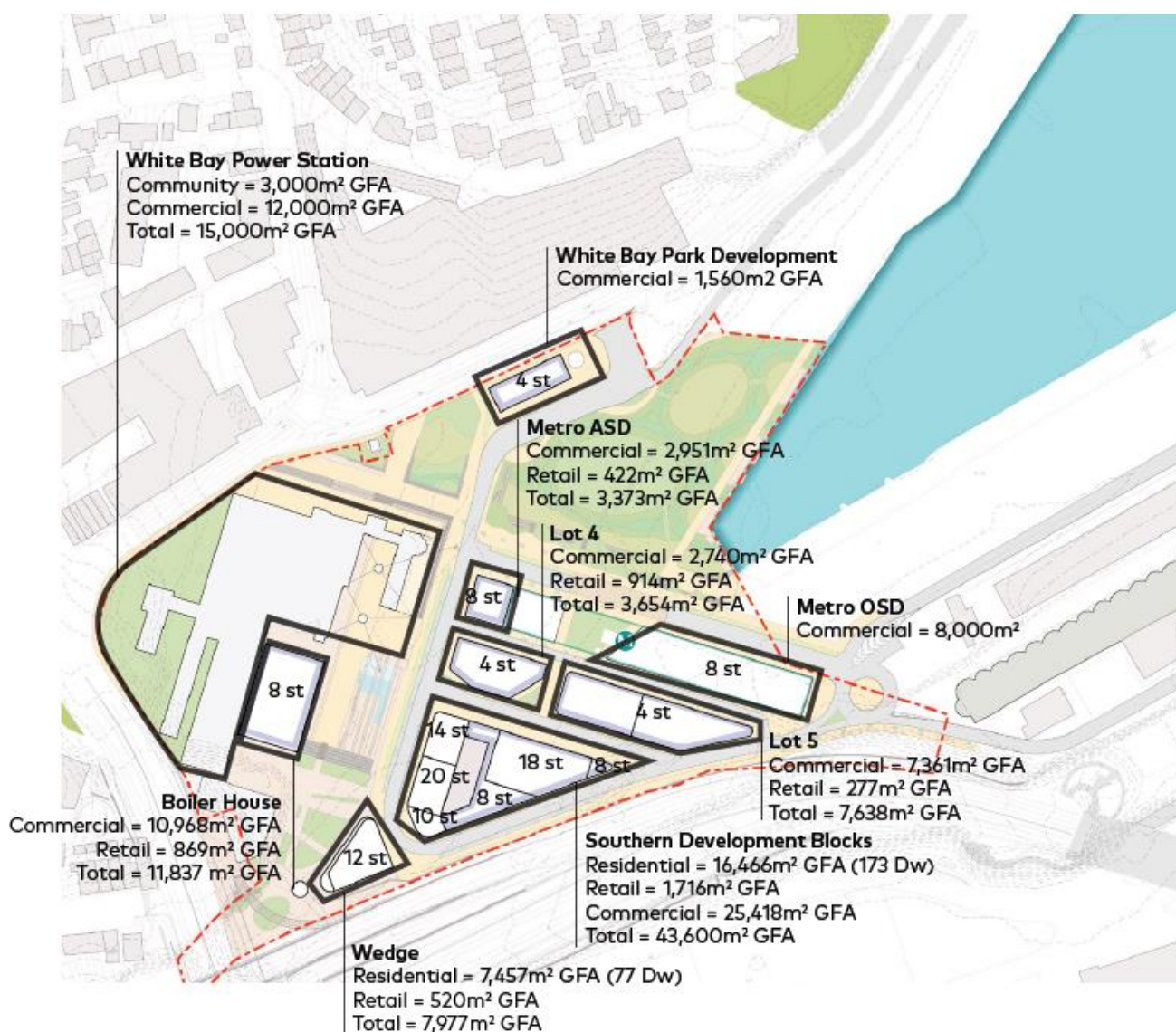
Primary pedestrian desire lines are anchored by a variety of experiences as one moves through the Sub-precincts and through the site. Educational, active sports, restaurants and bars, interactive spaces, galleries, islands, sculptures, exhibitions, gardens, markets, promenades, wharves, culture and the contemporary.

These Sub-precincts will embrace the existing heritage on the waterfront and the WBPS, gantries, rail lines and chimneys with adaptive new uses, weaving them in to the landscape, symbolic of the working nature of the harbour.

- v. The Bays Metro Station site is approximately three hectares in size with the only access currently via Robert Street, Balmain. The accessibility of the locality is reduced due to: Sydney Harbour to the south and east; City West Link to the south; Victoria Road to the south and west; and limited connection to Balmain in the north.
- vi. There is a focus on transport and movement which highlights that access to and from Bays West is constrained, with surrounding roads acting as a barrier to and from the precinct. Many of these roads are already operating at capacity. The delivery of The Bays Metro Station is an opportunity to connect not only the precinct but also the existing community with broader Sydney. It is also an opportunity to deliver a precinct that prioritises active transport (cycling and walking) and the use of buses and Metro. To achieve this, high-quality, convenient and well-connected links must be delivered that encourage existing and future communities to cycle, walk and catch public transport.
- vii. Active travel connections into surrounding residential areas will be improved, and links around the foreshore through the precinct and to Balmain East, as well as across to Pyrmont and the CBD, will provide excellent cycling and walking opportunities. Attractive, safe, accessible and legible paths will connect the Precinct to the surrounding urban areas. Public transport will include the interchange of buses and Metro and will explore opportunities to deliver ferries to support the connectivity of Greater Sydney around and across the harbour.
- viii. The implication for the retail and non-retail floorspace is that the on-site and immediate customer segments are the key to the initial success, with the ability to capture significant visitation and sales from the wider region likely to be limited.
- ix. As outlined in the *Bays West Stage 1 Master Plan and Rezoning for the White Bay Power Station (and Metro) and Robert Street Sub-precincts – Proof of Concept Yields*, Figure 1.4 shows the suggested uses as follows:
- The Metro Station and development parcels to the south are primarily proposed to deliver non-residential floorspace with a focus on commercial office space, retail and food and beverage.
 - A transition to the south western urban blocks, for buildings adjoining the Victoria Road and Anzac Bridge interface may be an appropriate location for residential uses, only where the conflict between uses can be managed (e.g. residential at the levels of buildings above adjoining commercial buildings).
 - The Intake Substation is critical infrastructure to the Metro.
 - The WBPS will deliver a mixture of community, cultural and commercial space.

- The development opportunity adjoining Robert Street on the northern side of the park can accommodate low-rise food and beverage associated with the aspect over the park. The majority of the Robert Street Sub-precinct is being explored for a variety of uses, short, medium and long term that consider the operations within White Bay that may include; working harbour and maritime activity associated employment; mixed use; and/or social infrastructure.
- x. The indicative yields are also outlined as follows:
- Retail around Metro Station: 4,718 sq.m
 - Commercial GFA: 50,996 sq.m.
 - Commercial GFA within WBPS: 12,000 sq.m.
 - Commercial GFA within Metro OSD: 8,000 sq.m.
 - Community GFA within WBPS: 3,000 sq.m.
 - Residential GFA: 23,923 sq.m.
 - Total GFA (excluding basement): 102,637 sq.m.
 - A substantial part of the precinct as usable public open space.

FIGURE 1.4. SUB-PRECINCT INDICATIVE USES



2 CUSTOMER SEGMENTS

This section of the report provides a review of the customer segments likely to be served by retail and complementary non-retail floorspace at the Bays West Precinct in Rozelle, including residents, workers and students/visitors, with information provided on current and projected population as well as retail spending levels. A detailed review of the socio-economic profile of residents and workers is also provided.

2.1. Resident Trade Area Definition

- i. The resident trade area served by possible retail and complementary non-retail facilities has been defined based on the consideration of a range of factors, including:
 - Regional and local accessibility;
 - The current and future pattern of urban development;
 - Physical and natural barriers including river, parkland, major roads and public transport infrastructure;
 - The location of existing and planned centres/retail.
- ii. Map 2.1 illustrates the main trade area defined for retail and complementary non-retail floorspace at the Bays West Precinct, which incorporates one primary sector and four secondary sectors, as follows:
 - The **primary sector** incorporates the Bays West precinct, a light industrial area extending from the Lilyfield tram station in the south-west to White Bay Power Station in the north-east.
 - The **secondary north sector** encompasses the suburbs of Balmain, Birchgrove, and part of Rozelle, bound to the west by Victoria Road and Robert Street in the south.
 - The **secondary east sector** is bounded by the Parramatta River in the north, the City-West Link Road in the south-west, and Victoria Road in the east.
 - The **secondary south-west sector** incorporates the suburb of Leichhardt, extending to Annandale in the east, Parramatta Road in the south, and Norton Street to the west.
 - The **secondary west sector** encompasses the suburb of Forest Lodge and parts of Glebe.

- iii. The combination of the primary sector and secondary sectors is referred to as the main trade area throughout the remainder of this report and is the area from which the retail offer would attract the most customers. Most of the main trade area population falls within a 1 – 3 km radius of the site which is common for a densely populated inner-city area.

MAP 2.1. MAIN TRADE AREA AND COMPETITION



2.2. Main Trade Area Population

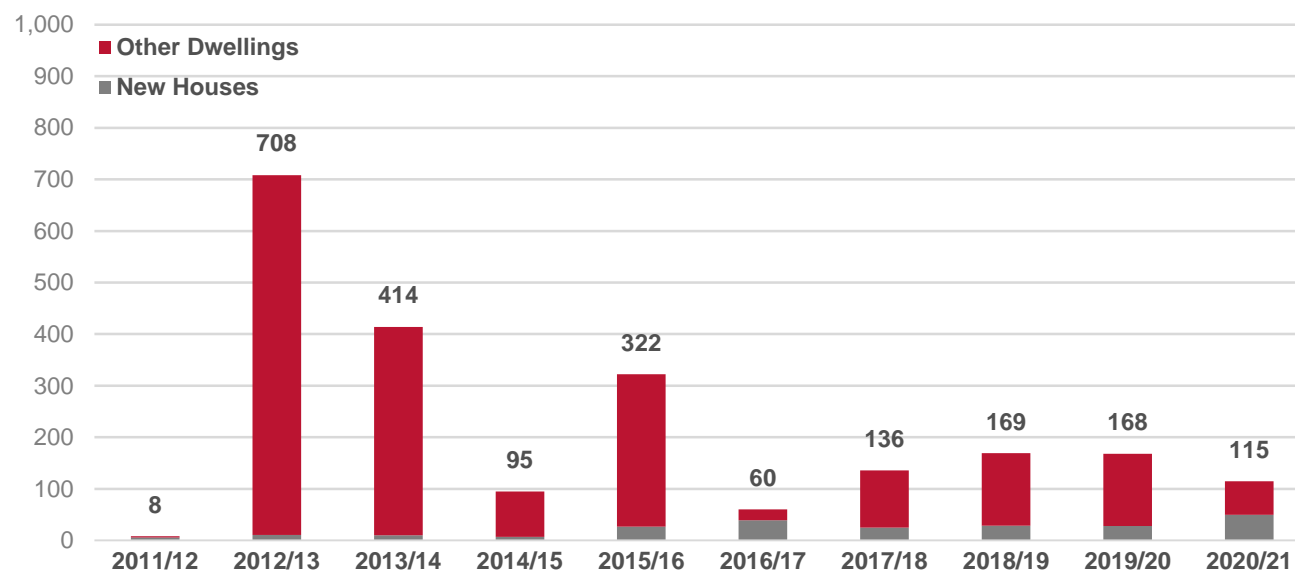
- i. Table 2.1 details the expected resident and worker population yields as sourced from the *Bays West Stage 1 Master Plan and Rezoning for the White Bay Power Station (and Metro) and Robert Street Sub-precincts - Proof of Concept Yields (13 July 2022)*. In total 504 residents are to be provided. These residents are assumed over the 2026 – 2031 period.
- ii. Table 2.2 details the main trade area current and projected population levels by sector. This information is sourced from the following:
 - The 2011, 2016, and 2021 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS).
 - Population projections prepared at the Small Area Forecast Information (SAFi) level and broader forecast area level by .id Consulting.
 - New dwelling approvals statistics sourced from the ABS over the period from 2011/12 to 2020/21. Chart 2.1 shows an average of 220 new dwelling approvals over this period.
 - Bays West Precinct dwelling yields provided by Atlas Urban Economics.
 - Investigations by this office into new residential developments in the region.
- iii. Immigration from overseas forms the largest component of population growth in Australia. There is likely to be large impact on Australia's population growth over the next 1 - 2 years due to the border closures and lower immigration.
- iv. The main trade area population is currently (2021) estimated at 66,333 and is projected to increase to 71,537 persons by 2036. This reflects an average annual growth rate of 0.5%.

TABLE 2.1. PROOF OF CONCEPT YIELDS BY COMPONENT

Component	GFA (sq.m)*					Totals	
	Commercial	Residential	Retail	Community	Total	Workers	Residents
Wedge		7,457	519		7,977	15	157
Southern Development	25,416	16,466	1,717		43,598	1,743	347
Boiler House	10,968		870		11,838	756	
Lot 4	2,740		913		3,654	209	
Lot 5	7,361		277		7,638	499	
Metro ASD	2,951		422		3,372	209	
White Bay Park	1,560				1,560	104	
WBPS Community				3,000	3,000	86	
WBPS Commercial	12,000				12,000	800	
Metro OSD Commercial	8,000				8,000	533	
Total	70,996	23,923	4,718	3,000	102,637	4,954	504

* Less basement

CHART 2.1. MAIN TRADE AREA NEW DWELLING APPROVALS, 2011/12 – 2020/21



Source: ABS

TABLE 2.2. MAIN TRADE AREA POPULATION, 2011 – 2036

Population	Actual			Forecast		
	2011	2016	2021	2026	2031	2036
Primary Sector	20	10	10	10	514	514
Secondary Sectors						
• North-east	20,370	21,721	22,469	22,319	22,169	22,069
• North-west	9,261	9,564	9,757	9,707	9,657	9,657
• South-east	14,523	17,022	18,127	18,627	19,177	20,927
• South-west	<u>14,727</u>	<u>15,668</u>	<u>15,970</u>	<u>16,220</u>	<u>16,570</u>	<u>18,370</u>
Total Secondary	58,881	63,975	66,323	66,873	67,573	71,023
Main Trade Area	58,901	63,985	66,333	66,883	68,087	71,537

Average Annual Change (No.)	Actual		Forecast		
	2011-16	2016-21	2021-26	2026-31	2031-36
Primary Sector	-2	0	0	101	0
Secondary Sectors					
• North-east	270	150	-30	-30	-20
• North-west	61	39	-10	-10	0
• South-east	500	221	100	110	350
• South-west	<u>188</u>	<u>60</u>	<u>50</u>	<u>70</u>	<u>360</u>
Total Secondary	1,019	470	110	140	690
Main Trade Area	1,017	470	110	241	690

Average Annual Change (%)	Actual		Forecast		
	2011-16	2016-21	2021-26	2026-31	2031-36
Primary Sector	-12.9%	0.0%	0.0%	119.9%	0.0%
Secondary Sectors					
• North-east	1.3%	0.7%	-0.1%	-0.1%	-0.1%
• North-west	0.6%	0.4%	-0.1%	-0.1%	0.0%
• South-east	3.2%	1.3%	0.5%	0.6%	1.8%
• South-west	<u>1.2%</u>	<u>0.4%</u>	<u>0.3%</u>	<u>0.4%</u>	<u>2.1%</u>
Total Secondary	1.7%	0.7%	0.2%	0.2%	1.0%
Main Trade Area	1.7%	0.7%	0.2%	0.4%	1.0%

All figures as at June and based on 2021 SA1 boundary definition.
Sources : ABS; NSW DPIE

2.3. Main Trade Area Resident Socio-economic Profile

- i. Table 2.3 summarises the socio-economic characteristics of the main trade area by sector, compared with the metropolitan Sydney and Australian benchmarks. This information is based on the 2021 Census of Population and Housing. The population was too small in the primary sector to record results.
- ii. Key characteristics to note regarding the socio-economic profile of the main trade area population, include:
 - Average per capita and household income levels across the main trade area are significantly higher than the benchmarks, particularly in the secondary north-east sector where average per capita income levels are 69.7% higher than that of the Sydney metropolitan average.
 - The average household size of main trade area residents (2.2) is smaller than the benchmarks.
 - The average age of main trade area residents is in line with the benchmarks.
 - There is a large proportion of renters, representing 43.5% of households. This is typical in inner-city areas.
 - The proportion of main trade area residents who are Australian born at 69.9% is higher than the Sydney metropolitan benchmark of 60.6%.
 - There is a high proportion of couples without children and lone persons, reflecting the young professional and student population within this location.
- iii. Overall, the main trade can be characterised by high-income, young Australian born professionals whose family type consists of traditional families (i.e. couples with dependent children), couples without children, and lone persons.
- iv. Table 2.4 provides a summary of the change in key socio-economic profile characteristics of the main trade area population between the 2011 Census and the 2021 Census. Overall, key results are as follows:
 - Average per capita and household income levels rose in-line with the metropolitan Sydney benchmark.
 - The average age of main trade area residents increased by 0.6% (aging).
 - The proportion of Australian born residents increased (up 1.3%) as opposed to the Sydney metropolitan benchmark of a -3.1% change.

- The proportion of couples with dependent children rose by 3.4%, significantly higher than the Sydney benchmark of -0.4%.
- v. In summary, the socio-economic profile of main trade area residents is likely to become increasingly characterised by younger, Asian born, more affluent professionals, reflecting the increase multi-unit residential dwellings. This is typical of inner-city locations.

TABLE 2.3. MAIN TRADE AREA SOCIO-ECONOMIC PROFILE, 2021 CENSUS

Characteristic	Secondary Sectors				Main TA	Greater Sydney Average	Australia Average
	North-east	North-west	South-east	South-west			
People							
Age Distribution (% of Pop'n)							
Aged 0-14	16.2%	19.6%	10.2%	17.7%	15.5%	18.3%	18.0%
Aged 15-19	4.0%	4.8%	2.9%	4.6%	4.0%	5.6%	5.7%
Aged 20-29	9.0%	9.7%	18.9%	12.5%	12.6%	14.2%	13.3%
Aged 30-39	15.6%	15.2%	21.9%	17.0%	17.5%	16.0%	14.6%
Aged 40-49	16.9%	18.0%	15.2%	16.6%	16.6%	13.6%	13.0%
Aged 50-59	15.1%	14.9%	12.6%	13.0%	13.9%	12.0%	12.5%
Aged 60+	23.1%	17.8%	18.2%	18.7%	19.9%	20.4%	23.0%
Average Age	41.5	38.5	39.6	38.6	39.8	38.4	39.5
Birthplace (% of Pop'n)							
Australian	69.9%	72.6%	64.8%	73.7%	69.9%	60.6%	72.0%
Overseas	30.1%	27.4%	35.2%	26.3%	30.1%	39.4%	28.0%
• Asia	4.8%	5.4%	11.7%	5.7%	6.9%	20.3%	12.1%
• Europe	15.0%	12.2%	10.6%	10.6%	12.3%	6.9%	7.2%
• Other	10.3%	9.8%	12.8%	10.1%	10.8%	12.2%	8.7%
Family							
Average Household Size	2.2	2.4	2.0	2.4	2.2	2.7	2.5
Family Type (% of Pop'n)							
Couple with dep't children	43.6%	51.3%	32.5%	48.8%	43.3%	47.8%	44.2%
Couple with non-dep't child.	4.1%	4.5%	3.0%	4.4%	4.0%	8.9%	7.7%
Couple without children	28.9%	21.0%	33.6%	23.6%	27.5%	21.1%	23.8%
Single with dep't child.	5.1%	5.8%	5.6%	5.6%	5.5%	7.7%	8.6%
Single with non-dep't child.	2.5%	3.7%	2.6%	3.0%	2.8%	4.2%	4.0%
Other family	0.9%	1.0%	1.0%	1.2%	1.0%	1.1%	1.0%
Lone person	14.9%	12.6%	21.8%	13.4%	15.9%	9.2%	10.8%
Education							
Highest Year of Schooling (% of Pop'n)							
Year 12 or equivalent	86.2%	81.0%	87.7%	84.8%	85.5%	71.4%	63.2%
Did not go to school	0.1%	0.5%	0.3%	0.6%	0.3%	1.6%	1.0%
Employment							
Income Levels							
Average Per Capita Income	\$102,890	\$91,727	\$88,180	\$88,446	\$93,756	\$60,644	\$55,301
Per Capita Income Variation	69.7%	51.3%	45.4%	45.8%	54.6%	n.a.	n.a.
Average Household Income	\$165,435	\$154,075	\$143,856	\$155,216	\$155,334	\$125,158	\$109,594
Household Income Variation	32.2%	23.1%	14.9%	24.0%	24.1%	n.a.	n.a.
Housing							
Tenure Type (% of Dwellings)							
Owned	59.7%	60.8%	44.3%	59.5%	55.4%	62.3%	67.4%
Rented	39.4%	38.3%	54.0%	39.7%	43.5%	36.1%	30.8%
Other Tenure Type	0.9%	0.8%	1.7%	0.8%	1.1%	1.6%	1.8%
Dwelling Type (% of Dwellings)							
House	20.9%	42.1%	5.1%	35.3%	22.6%	56.0%	72.6%
Semi-detached	41.2%	34.6%	39.0%	37.7%	38.9%	12.8%	12.6%
Apartment	37.1%	23.1%	54.9%	26.3%	37.8%	30.8%	14.2%
Other Dwelling Type	0.8%	0.1%	1.0%	0.7%	0.8%	0.4%	0.5%
Dwelling Occupancy (% of Dwellings)							
Occupied Dwellings	88.7%	90.0%	87.3%	89.8%	88.7%	91.7%	89.9%
Unoccupied Dwellings	11.3%	10.0%	12.7%	10.2%	11.3%	8.3%	10.1%

Sources: ABS Census of Population and Housing 2021

TABLE 2.4. MAIN TRADE AREA SOCIO-ECONOMIC PROFILE COMPARISON

Characteristic	Bays West Precinct Main Trade Area			Change (%)			Greater Sydney			Change (%)		
	2011	2016	2021	2011-16	2016-21	2011-21	2011	2016	2021	2011-16	2016-21	2011-21
People												
Average Age	37.4	38.1	39.8	0.4%	0.9%	0.6%	37.2	37.6	38.4	0.2%	0.4%	0.3%
Birthplace (% of Pop'n)												
Australian	68.6%	69.1%	69.9%	0.5%	0.8%	1.3%	63.7%	61.9%	60.6%	-1.7%	-1.3%	-3.1%
Overseas	31.4%	30.9%	30.1%	-0.5%	-0.8%	-1.3%	36.3%	38.1%	39.4%	1.7%	1.3%	3.1%
• Asia	5.7%	7.0%	6.9%	1.3%	-0.1%	1.3%	13.7%	18.6%	20.3%	4.9%	1.7%	6.6%
• Europe	14.4%	13.3%	12.3%	-1.1%	-1.0%	-2.1%	9.1%	7.7%	6.9%	-1.4%	-0.8%	-2.3%
• Other	11.3%	10.6%	10.8%	-0.7%	0.2%	-0.5%	13.5%	11.8%	12.2%	-1.8%	0.5%	-1.3%
Family												
Average Household Size	2.2	2.2	2.2	0.5%	-0.3%	0.1%	2.7	2.7	2.7	0.2%	-0.4%	-0.1%
Marital Status (% of Pop'n)												
Married	38.3%	40.0%	40.1%	1.6%	0.1%	1.7%	49.7%	49.3%	48.3%	-0.4%	-1.0%	-1.4%
Separated	2.5%	2.3%	2.6%	-0.2%	0.3%	0.1%	2.8%	2.8%	2.9%	0.0%	0.1%	0.1%
Divorced	10.0%	9.3%	9.6%	-0.7%	0.2%	-0.4%	7.6%	7.6%	7.8%	0.0%	0.2%	0.2%
Widowed	3.2%	3.1%	2.9%	0.0%	-0.3%	-0.3%	5.2%	4.7%	4.5%	-0.4%	-0.3%	-0.7%
Never Married	46.0%	45.3%	44.9%	-0.7%	-0.4%	-1.1%	34.7%	35.5%	36.4%	0.8%	0.9%	1.7%
Family Type (% of Pop'n)												
Couple with dep't children	39.9%	43.4%	43.3%	3.5%	-0.1%	3.4%	48.2%	48.8%	47.8%	0.6%	-1.0%	-0.4%
Couple with non-dep't child.	4.5%	4.2%	4.0%	-0.3%	-0.3%	-0.6%	9.1%	9.2%	8.9%	0.1%	-0.3%	-0.2%
Couple without children	28.7%	27.5%	27.5%	-1.2%	0.0%	-1.1%	20.1%	20.2%	21.1%	0.1%	0.9%	1.0%
Single with dep't child.	5.5%	5.0%	5.5%	-0.5%	0.4%	-0.1%	8.5%	8.0%	7.7%	-0.5%	-0.3%	-0.8%
Single with non-dep't child.	3.1%	3.0%	2.8%	-0.1%	-0.1%	-0.3%	3.9%	4.1%	4.2%	0.2%	0.1%	0.2%
Other family	1.7%	1.4%	1.0%	-0.4%	-0.4%	-0.7%	1.2%	1.2%	1.1%	0.0%	-0.1%	-0.1%
Lone person	16.6%	15.5%	15.9%	-1.0%	0.4%	-0.7%	9.0%	8.5%	9.2%	-0.5%	0.7%	0.2%
Employment												
Income Levels												
Average Per Capita Income	\$64,062	\$79,224	\$93,756	4.3%	3.4%	3.9%	\$42,494	\$50,455	\$60,644	3.5%	3.7%	3.6%
Per Capita Income Variation	50.8%	57.0%	54.6%	6.3%	-2.4%	3.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Household Income	\$119,226	\$138,215	\$155,334	3.0%	2.4%	2.7%	\$91,262	\$108,486	\$125,158	3.5%	2.9%	3.2%
Household Income Variation	30.6%	27.4%	24.1%	-3.2%	-3.3%	-6.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Housing												
Dwelling Type (% of Dwellings)												
House	28.8%	10.6%	22.6%	-18.2%	12.0%	-6.1%	61.0%	57.2%	56.0%	-3.7%	-1.2%	-5.0%
Semi-detached	36.4%	51.9%	38.9%	15.5%	-13.1%	2.5%	12.8%	14.0%	12.8%	1.2%	-1.2%	0.0%
Apartment	33.8%	36.5%	37.8%	2.7%	1.2%	3.9%	25.8%	28.2%	30.8%	2.4%	2.5%	5.0%
Other Dwelling Type	1.0%	1.0%	0.8%	-0.1%	-0.2%	-0.3%	0.5%	0.5%	0.4%	0.0%	-0.1%	0.0%
Dwelling Occupancy (% of Dwellings)												
Occupied Dwellings	91.0%	90.1%	88.7%	-0.9%	-1.4%	-2.3%	92.8%	92.3%	91.7%	-0.5%	-0.5%	-1.0%
Unoccupied Dwellings	9.0%	9.9%	11.3%	0.9%	1.4%	2.3%	7.2%	7.7%	8.3%	0.5%	0.5%	1.0%

Source: ABS Census of Population and Housing 2011, 2016 & 2021

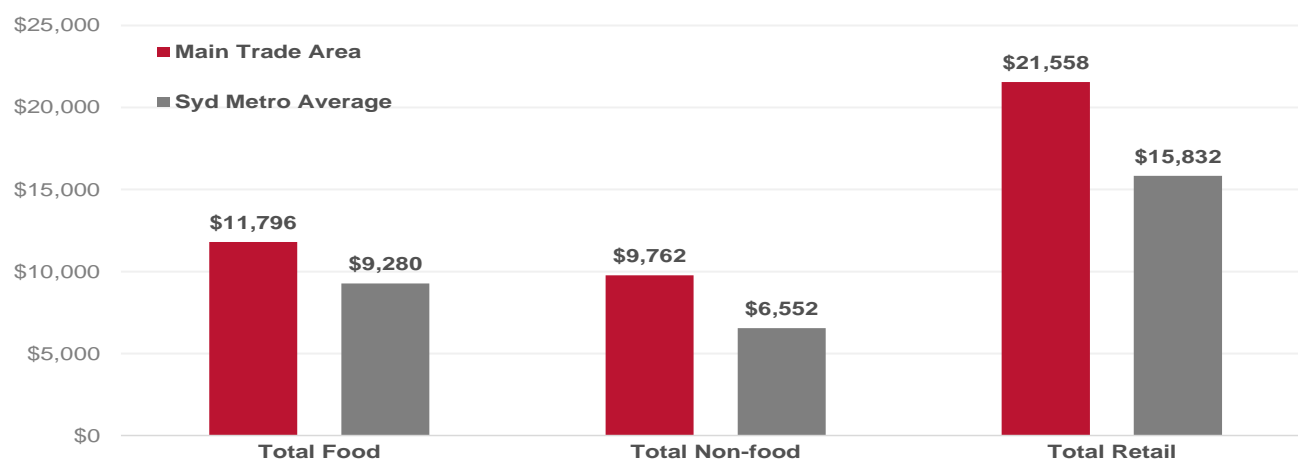
2.4. Main Trade Area Retail Expenditure Capacity

- i. The estimated retail expenditure capacity of the main trade area population is based on information sourced from MDS Market Data Systems. MDS utilises a detailed micro-simulation model of household expenditure behaviour for all residents of Australia.
- ii. The MDS model considers information from a wide variety of sources, including the regular ABS Household Expenditure Survey, National Accounts Data, Census Data and other information. MarketInfo estimates used in this analysis are based on the 2016 release, benchmarked against the latest National Accounts data, released by the ABS. Throughout Australia, the MarketInfo estimates

of retail spending that are prepared independently by MDS are commonly used by all parties in economic assessments.

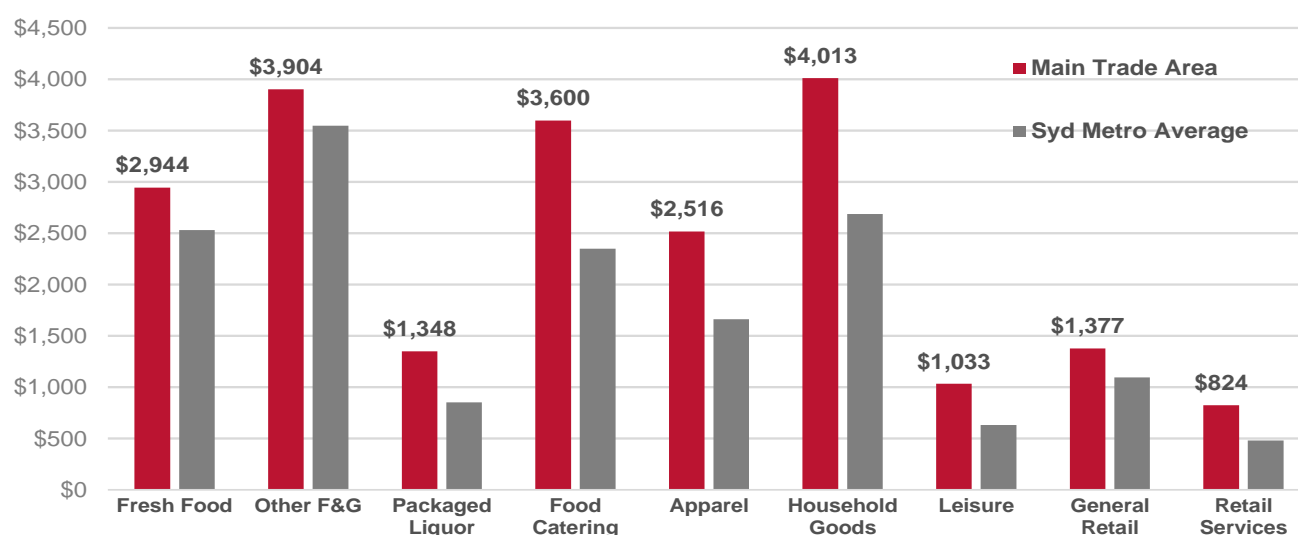
- iii. Charts 2.2 – 2.3 show the per capita retail spending of the main trade area population compared to the Sydney metropolitan benchmark. As shown, main trade area residents typically spend \$21,558 on retail goods and services, significantly higher than the Sydney metropolitan benchmark of \$15,832.
- iv. Chart 2.4 illustrates the variances between resident spending and the metropolitan Sydney average. As shown, main trade area residents typically have a higher than average spend across all retail categories, except for general retail. In particular, per capita spending across the food catering, leisure and retail services categories is significantly higher than the benchmark, which is typical of an inner city, young professional market.
- v. Table 2.5 outlines the retail expenditure levels generated by the main trade area population, allowing for the future resident population in the Bays West Precinct. The main trade area retail spending is currently estimated at \$1.43 billion and is projected to increase at an average annual rate of around 2.7% to \$2.13 billion by 2036. All figures presented in this report include GST and are in inflated dollars.
 - The average annual retail spending growth rate reflects the following:
 - Assumed food category inflation of 2.0% per annum over the period to 2019/20 increasing to 2.5% from 2020/21 to 2021/22 and then 3.0% from 2022/23 to 2035/36;
 - Assumed non-food category inflation of 0.5% per annum over the period to 2019/20 increasing to 0.75% from 2020/21 to 2021/22 and then 1.0% from 2022/23 to 2035/36;
 - Real growth in retail spending per capita of 0.5% annually for food retail and 1.0% for non-food retail over the period to 2035/36. Real growth in retail spending refers to the increase in sales of a household adjusted for changes in prices;
 - Main trade area average annual population growth of 0.5% per annum.
- vi. Table 2.4 presents a breakdown of retail spending by key commodity group. The largest spending market is food and liquor at \$542.1 million, or 38% of the total spending market.
- vii. The additional population of 504 persons at the White Bay Power Station (Metro) Precinct would indicatively generate retail spending of \$11 million.

CHART 2.2. MAIN TRADE AREA PER CAPITA SPENDING, 2020/21



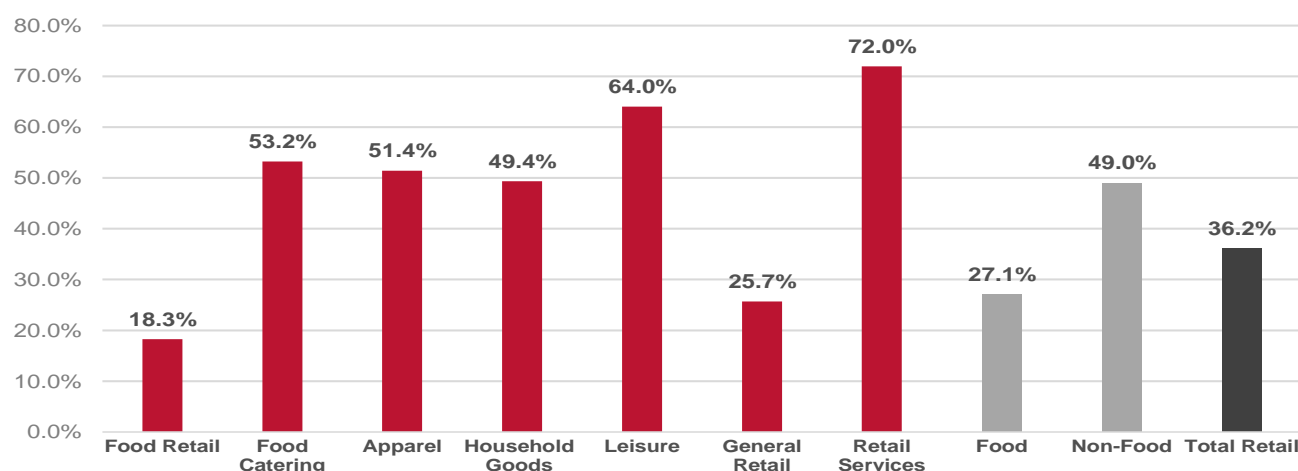
Source: Marketinfo

CHART 2.3. MAIN TRADE AREA PER CAPITA SPENDING BY CATEGORY, 2020/21



Source: Marketinfo

CHART 2.4. MTA PER CAPITA SPENDING, VARIATION FROM SYDNEY BENCHMARK, 2020/21



Source: Marketinfo

TABLE 2.5. MAIN TRADE AREA RETAIL EXPENDITURE, 2021 – 2036

Y/E June	Primary Sector	North-east	Secondary Sectors North-west	South-east	South-west	Main Trade Area
2021	0.2	522.4	198.6	384.6	320.2	1,426.0
2022	0.2	529.9	201.2	392.6	325.0	1,448.9
2023	0.2	535.3	203.3	399.4	329.8	1,468.0
2024	0.2	547.3	207.9	411.2	338.6	1,505.2
2025	0.2	559.5	212.6	423.3	347.7	1,543.3
2026	0.2	572.0	217.4	435.8	357.1	1,582.4
2027	0.4	584.7	222.3	448.7	366.9	1,623.0
2028	0.8	597.8	227.3	462.1	377.2	1,665.2
2029	1.8	611.2	232.5	475.9	387.8	1,709.2
2030	4.1	624.8	237.8	490.1	398.7	1,755.5
2031	9.2	638.8	243.2	504.8	409.9	1,805.9
2032	14.0	653.3	248.8	523.0	424.9	1,864.0
2033	14.3	668.2	254.7	544.9	444.1	1,926.3
2034	14.7	683.5	260.8	567.8	464.1	1,990.9
2035	15.0	699.2	267.0	591.7	485.1	2,057.9
2036	15.4	715.2	273.3	616.6	507.0	2,127.5
Expenditure Growth						
2021-26	0.0	49.5	18.8	51.1	36.9	156.4
2026-31	9.0	66.9	25.7	69.1	52.8	223.5
2031-36	6.2	76.4	30.2	111.8	97.1	321.5
2021-36	15.2	192.8	74.7	232.0	186.8	701.4
Average Annual Growth Rate						
2021-26	1.9%	1.8%	1.8%	2.5%	2.2%	2.1%
2026-31	108.0%	2.2%	2.3%	3.0%	2.8%	2.7%
2031-36	10.8%	2.3%	2.4%	4.1%	4.3%	3.3%
2021-36	32.9%	2.1%	2.2%	3.2%	3.1%	2.7%

**Inflated dollars & including GST*

Source : MarketInfo



TABLE 2.6. MTA RETAIL EXPENDITURE BY KEY COMMODITY GROUP, 2021 – 2036

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2021	542.1	238.3	166.4	265.4	68.4	91.0	54.5
2022	552.6	242.9	168.4	268.5	69.2	92.1	55.1
2023	561.8	247.0	169.9	271.0	69.8	92.9	55.6
2024	576.8	254.9	173.6	276.8	71.3	94.9	56.9
2025	592.3	263.0	177.3	282.8	72.9	97.0	58.1
2026	608.1	271.4	181.2	288.9	74.5	99.1	59.3
2027	624.5	280.1	185.1	295.2	76.1	101.3	60.7
2028	641.6	289.2	189.3	301.8	77.8	103.5	62.0
2029	659.4	298.7	193.5	308.6	79.6	105.9	63.4
2030	678.2	308.8	198.0	315.8	81.5	108.3	64.9
2031	698.6	319.6	203.0	323.7	83.5	111.0	66.5
2032	722.0	332.0	208.7	332.8	85.9	114.2	68.4
2033	747.1	345.3	214.8	342.6	88.4	117.6	70.4
2034	773.2	359.1	221.2	352.7	91.1	121.1	72.5
2035	800.3	373.5	227.7	363.2	93.8	124.7	74.7
2036	828.5	388.6	234.5	374.0	96.6	128.4	76.9
Expenditure Growth							
2021-26	66.0	33.1	14.7	23.5	6.1	8.1	4.9
2026-31	90.5	48.3	21.8	34.8	9.0	12.0	7.2
2031-36	129.9	68.9	31.5	50.3	13.1	17.4	10.4
2021-36	286.4	150.3	68.1	108.5	28.3	37.4	22.4
Average Annual Growth Rate							
2021-26	2.3%	2.6%	1.7%	1.7%	1.7%	1.7%	1.7%
2026-31	2.8%	3.3%	2.3%	2.3%	2.3%	2.3%	2.3%
2031-36	3.5%	4.0%	2.9%	2.9%	3.0%	2.9%	3.0%
2021-36	2.9%	3.3%	2.3%	2.3%	2.3%	2.3%	2.3%

**Inflated dollars & including GST*

Source : MarketInfo



2.5. Other Customer Segments

- i. In addition to the local resident market, the proposed development will likely serve a number of key customer segments, namely;
 - Workers;
 - Tourists/visitors

2.5.1. Workers

- i. To calculate the relevant worker market, it is important to identify how far a worker is likely to travel during their lunchtime, before and after work for retail items. This distance is typically up to around 1 km from their place of work, or around a 5 - 10 minute walk.
- ii. The worker trade area for the Bays West Precinct will be the immediate precinct – i.e. on-site workers. Based on the Proof of Concept Yields for the White Bay Power Station (Metro) Precinct, 4,954 workers could potentially be accommodated (refer Table 2.1).
- iii. The future worker population could generate retail spending of \$130 million, depending on the ultimate worker population.
- iv. It is important to note that a proportion of this market is likely to be a sub-set of the residential spending market, as some workers would live within the resident trade area. However, residents who both live and work within the worker trade area would have the opportunity to use the retail facilities at the site more regularly than if they worked elsewhere.
- v. Office workers primarily spend on food catering, giftware, leisure and apparel items during their lunch break. Typically, it is estimated that 15% - 20% of workers expenditure will be directed to retail facilities near their place of work. In this instance, the amount of retail expenditure directed to retail facilities within and immediately beyond the worker trade area would be in the order of \$20 - \$25 million.

2.5.2. Tourists/Visitors

- i. Popular precincts throughout Inner Sydney tend to attract customers from the entire metropolitan area, as well as domestic and international visitors to Sydney.
- ii. The unique location, proximity to landmarks and quality of retail and complementary non-retail facilities at the Bays West Precinct site would add to the destination appeal, particularly for international and domestic visitors. The two closest tourist attractions to the subject site include:
 - **Darling Harbour:** In the year ended (YE) March 2019, the total number of international and domestic overnight visitors to New South Wales who visited Darling Harbour was 4.8 million (up 3% on YE March 2018). Darling Harbour visitors account for 31% of total overnight visitors to Sydney. The most popular activities for domestic overnight Holiday visitors to Darling Harbour were eating out at restaurants (90%), sightseeing/looking around (52%), going shopping (43%), going to pubs, clubs and discos (29%) and visiting museums or art galleries (27%). Domestic overnight visitors to Darling Harbour were mostly interstate visitors (62%). Nearly one fourth of these visitors were from Victoria (23%), followed by Queenslanders (20%).
 - **Sydney Fish Market:** the Sydney Fish Market serves as one of Sydney's major tourist destinations. Based on the most recent data available, the Sydney Fish Market attracts around three million visits per year from local, domestic and international visitors.
- iii. Sydney attracts more international and domestic visitors as compared with any other Australian city. Sydney is the gateway to Australia for international travelers, with Sydney Airport accounting for some 40% of overseas passenger arrivals. COVID-19 has impacted tourism across Australia resulting from border closures and travel restrictions. When restrictions are eased, Sydney would be expected to again be a key destination for international and domestic visitors.
- iv. Day trippers comprise the majority of visitors to Sydney (69.4%) with this segment likely to be the least impacted as a result of COVID-19 border restrictions.
- v. Table 2.7 details the number of visitors to Sydney including day trippers, overnight visitors and international visitors. In the year to September 2020, Sydney attracted 60.5 million visitor nights, with a large proportion within the Sydney CBD. It is important to note that this includes the impact of COVID-19 restrictions. Table 2.8 details visitors to Sydney in the year ending December 2019, illustrating the non-impacted tourism market to Sydney. As shown, Sydney attracted 117.1 million visitor nights in the year-ending December 2019.
- vi. Table 2.9 illustrates the timeline for recovery of domestic and international visitor nights under multiple scenarios and by purpose of visit. As shown, under the most likely scenario, domestic tourism is forecasted to recover by July 2022, with international tourism forecast to recover by January 2023.

- vii. Given the travel restrictions, tourism recovery in the short-term is likely to be focused on the domestic tourism market, with a number of government initiatives, such as half-price airfare deals and “Dine and Discover” vouchers promoting domestic spending in New South Wales.
- viii. Chart 2.5 illustrates spending by tourism category in 2019. As shown, domestic spending in Australia significantly outweighs spending from overseas travel. Additionally, Australians travelling overseas spend a larger proportion compared with overseas travellers spending in Australia. With international travel restrictions in the short-term and the retention of Australian spending, the domestic travel-led recovery is likely to offset some of the impacts of overseas migration in the short term.
- ix. Based on the above, Table 2.10 details the tourism projected spending in Sydney over the period to 2026, with international tourism projected to recover by FY2024 (i.e. assuming the “most likely” timeframe of recovery).
- x. The Bays West Precinct is planned to include a range of social infrastructure for local and surrounding residents that would generate visitation to the site. These uses include:
 - A multi-purpose community
 - Cultural spaces such as maker spaces, local theatre and workshop spaces
 - A minimum 2 hectares of public open space including; hard and soft surfaces; passive and active recreation spaces; day and night spaces; communal gathering spaces; spaces for lunch; outdoor learning pods; and outdoor work stations.
 - One District play space
 - Active recreation:
 - Indoor sports centre
 - One outdoor sports court
 - One outdoor fitness station
 - One skate facility
 - One abseiling wall

- xi. Shopping centres within the Sydney CBD can achieve around 25% - 30% (and higher) of total sales from beyond the respective trade areas, reflecting this large tourist market. For the Bays West Precinct site, given the fringe location and the mix of social infrastructure to be provided, sales from beyond the main trade area would be in the order of 20% - 25%.

TABLE 2.7. SYDNEY TOURISM, YEAR ENDING SEPTEMBER 2020

Category	Domestic Day Trippers	Domestic Overnight	International	Total Visitors
Visitors ('000)	21,100	7,400	1,900	30,400
Visitor Nights ('000)	n.a.	21,600	38,900	60,500
Expenditure (\$M)	2,100	4,900	4,600	11,600
Average length of stay (nights)	n.a.	2.9	20.5	n.a.
Average expenditure per visitor (\$)	n.a.	662	2,421	1,247
Average expenditure per night (\$)	n.a.	227	118	192

Source: Destination NSW, September 2020

TABLE 2.8. SYDNEY TOURISM, YEAR ENDING DECEMBER 2019

Category	Domestic Day Trippers	Domestic Overnight	International	Total Visitors
Visitors ('000)	28,109	12,655	4,106	44,870
Visitor Nights ('000)	n.a.	34,988	82,111	117,099
Expenditure (\$M)	3,069	9,392	10,353	22,814
Average length of stay (nights)	n.a.	2.8	20.0	n.a.
Average expenditure per visitor (\$)	n.a.	742	2,521	1,361
Average expenditure per night (\$)	n.a.	268	126	195

Source: Destination NSW, December 2019

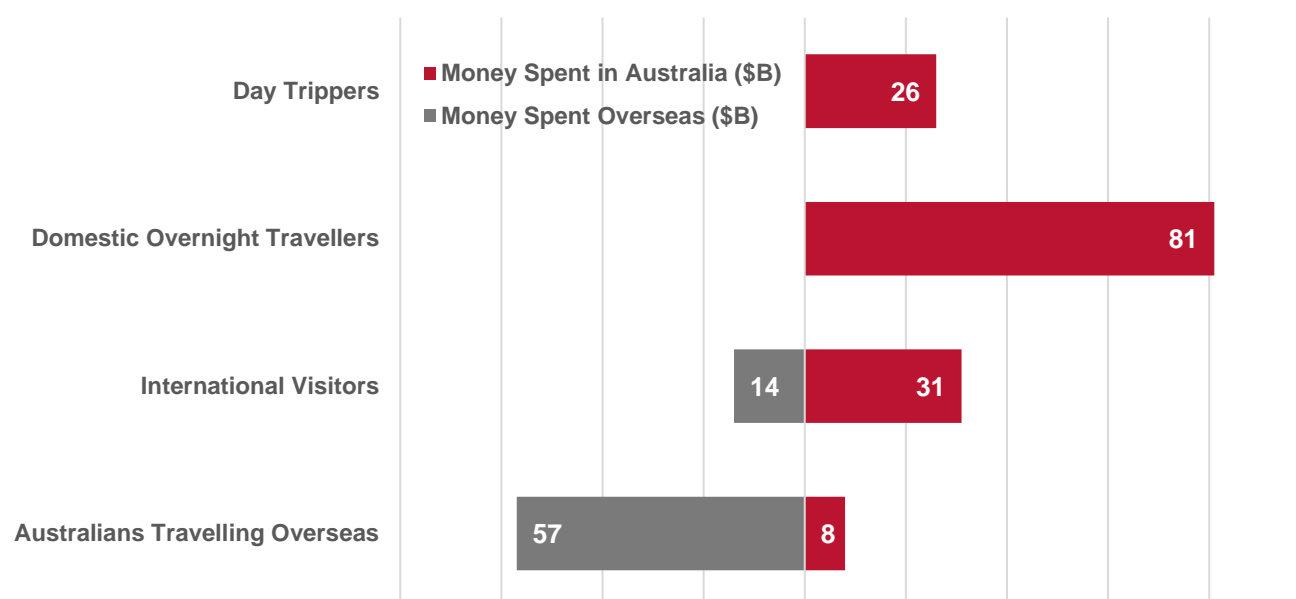
TABLE 2.9. TOURISM RECOVERY TIMELINE

Scenario	Domestic Overnight	International
Most Likely	Jul-22	Jan-23
Optimistic	Nov-21	Feb-22
Pessimistic	Jun-23	Feb-24
Purpose of visit (most likely scenario)		
Business	Jul-22	May-22
Education	n.a.	Apr-22
Holiday	May-22	Dec-22
Visiting Friends & Relatives	Dec-21	Mar-22

Source: Tourism Research Australia - Tourism Recovery Scenarios



CHART 2.5. VISITOR SPEND BY TRAVELLER, 2019



Source: Tourism Research Australia - Moving Forward 2020

TABLE 2.10. SYDNEY TOURISM SPEND, 2020 – 2026

Tourist Segment	Year				% Annual Growth	
	2020	2021	2023	2026	2020-23	2023-26
Day Trippers						
Visitors (000's)	23,742	17,807	26,135	28,697	3.3%	3.2%
Retail Spend (\$M)	<u>1,318.0</u>	<u>1,003.6</u>	<u>1,518.7</u>	<u>1,746.0</u>	4.8%	4.8%
• Food	703.8	538.4	822.2	958.0		
• Non-Food	614.1	465.2	696.5	788.0		
Domestic Overnight Visitors						
Visitor Nights (000's)	27,606	19,324	33,605	37,259	6.8%	3.5%
Retail Spend (\$M)	<u>1,918.6</u>	<u>1,366.6</u>	<u>2,460.8</u>	<u>2,875.1</u>	8.6%	5.3%
• Food	1,447.5	1,033.5	1,869.9	2,200.1		
• Non-Food	471.2	333.1	590.9	675.0		
International Overnight Visitors						
Visitor Nights (000's)	59,329	2,966	53,390	90,695	-3.5%	19.3%
Retail Spend (\$M)	<u>2,279.7</u>	<u>115.8</u>	<u>2,150.2</u>	<u>3,828.9</u>	-1.9%	21.2%
• Food	1,311.4	66.9	1,252.4	2,257.7		
• Non-Food	968.3	48.9	897.8	1,571.2		
All Sydney Tourists						
Retail Spend (\$M)	<u>5,516.3</u>	<u>2,486.0</u>	<u>6,129.7</u>	<u>8,450.1</u>	3.6%	11.3%
• Food	3,462.7	1,638.8	3,944.5	5,415.8	4.4%	11.1%
• Non-Food	2,053.6	847.2	2,185.2	3,034.3	2.1%	11.6%

*Includes real growth and inflation

Source: Destination NSW, September 2020

2.6. Summary

- i. The Bays West Precinct retail offer is likely to serve a range of customer segments, including residents, workers, and tourists/visitors.
- ii. The main customer segments will be the on-site residents and workers, as well as added demand from tourists/visitors attracted by the range of social infrastructure.
- iii. The Bays West Precinct Stage One would not have great car connectivity to surrounding access points, and car parking would be limited. The precinct is intended to be delivered as a low-private vehicle project. This would limit the potential draw and attraction of retail at the site by car in the initial years. The Metro Station and public transport connections via a bus interchange would be excellent.
- iv. With retail floorspace mainly supportable by the onsite customer segments, the car parking and wider area access requirements would be limited. The precinct is intended to be delivered as a low-private vehicle project. The mix of floorspace would mainly be targeted at the small convenience, retail services, and food catering categories.
- v. Visitors to the precinct would add to the potential demand for retail floorspace, mainly in the food catering category.

3 COMPETITIVE ENVIRONMENT

This section of the report provides a summary of the existing and future competitive developments within the region.

Table 3.1 provides a summary of the composition of existing facilities within the surrounding region. Map 3.1 illustrates the competitive retail locations.

TABLE 3.1. TRADITIONAL RETAIL COMPETITION

Centre	Shopfront GLA (sq.m)	Anchor Tenants	Dist. From Site (km)
Within Main Trade Area			
Rozelle	15,000	Woolworths Metro (1,000), Foodworks (400) IGA X-Press (280)	1.4
Balmain	1,700	Woolworths (1,450), QE Food Stores (280)	1.4
Lilyfield	1,300	IGA (740), Friendly Grocer (160)	2.7
Annandale	3,000	Supabarn (830), IGA (300), Friendly Grocer (180)	2.8
<u>Forest Lodge</u>	<u>7,000</u>		<u>3.6</u>
• Tramsheds	6,140	Supamart Tramsheds (2,440)	
• Other	1,000		
Glebe	15,000	Foodworks (200), Friendly Grocer (170), IGA (150)	3.7
Leichhardt	1,000	Friendly Grocer (320), IGA (250)	3.8
Beyond Main Trade Area			
Birkenhead Point Outlet Centre	33,200	Coles (2,690), Aldi (1,450)	3.2
Norton Plaza	11,800	Coles (3,770)	4.2
Broadway Shopping Centre	52,700	Kmart (7,390), Target (4,720), Coles (4,120) Aldi (1,500)	4.5
Marketplace Leichhardt	17,900	Woolworths (4,160), Target (4,100), Aldi (1,350)	4.7

Source: Australian Shopping Centre Council Database

MAP 3.2. TRADITIONAL RETAIL COMPETITION



3.1. Sydney Central Business District

- i. The Sydney CBD retail core is generally understood to be the area bounded by King Street in the north, Elizabeth Street in the east, Goulburn Street in the south and Kent Street in the west. The majority of retail located within this core area is focused on the extensive George Street and Pitt Street retail strips.
- ii. The largest concentration of retail within the Sydney CBD is focused on the Pitt Street pedestrian mall, which is bounded by King Street to the north and Market Street to the south. The major components connected to Pitt Street Mall include:
 - Westfield Sydney is the largest component of Pitt Street Mall. The centre is provided across seven levels and is anchored by Myer and David Jones department stores as well as a number of high profile mini-major tenants.
 - MidCity Centre
 - St James Centre
 - The Strand Arcade
 - Glasshouse (H&M flagship)
 - A Woolworths Metro supermarket.
- iii. Other significant retail floorspace across the Sydney CBD includes:
 - The pedestrianisation of George Street has seen a rejuvenation of retail offerings within the Sydney CBD. Enabled by the opening of the Sydney CBD and South East Light Rail in April 2020, further investment from The City of Sydney in the order of \$43.5 million aims to convert the downtown retail destination George Street into a 'world-class pedestrian boulevard'. The project will include new green space and street furniture, wider footpaths, and outdoor dining areas. A 9,000 sq.m car-free area is already underway, spanning from the George Street light rail route from Town Hall to Railway Square. A new public space will be created on Devonshire Street between Chalmers and Elizabeth streets in Surry Hills, with construction scheduled to start in 2022.
 - Circular Quay is located at the northern part of the Sydney CBD, some 5 km east of the site and accommodates for a variety of uses including tourism, large commercial buildings, and food catering venues. Circular Quay serves as an international and domestic passenger port and accommodates approximately 26 food catering venues, predominantly luxury dining.

- The Queen Victoria Building (QVB) is a heritage-listed building that opened in 1898 and was last refurbished in 2008/09. The \$48 million refurbishment resulted in new escalators connecting upper levels, elevators, painting throughout, balustrades, carpet, signage and bathrooms. The lower ground levels serve as a food catering, general, and leisure-based destination, given it is the major connection point/walkway to Town Hall Station.
- 25 Martin Place is currently undergoing a redevelopment to deliver approximately 6,000 sq.m of floorspace across four levels by 2022. The redevelopment will include the delivery of a new luxury and premium retail, a new food and beverage plaza, and a commercial tower entrance fronting Castlereagh Street.
- Market City is the largest retail facility provided within the Chinatown area. The centre contains approximately 14,900 sq.m of retail floorspace provided over four levels, including a Supa IGA supermarket. The Ground Floor of the centre houses the popular Sydney Paddy's Markets. The upper levels of the centre contain several Asian orientated restaurants and apparel traders.
- World Square comprises around 16,500 sq.m of gross lettable floorspace and is anchored by a Coles supermarket. The centre includes a strong mix of specialty traders, including a range of up market cafes and Asian orientated restaurants (such as the popular Din Tai Fung Dumpling House).
- A Woolworths supermarket of 2,000 sq.m is provided at the Central Park retail centre at Chippendale. The centre also includes a significant amount of food catering floorspace as well as a Palace Cinemas complex.

3.2. Darling Harbour

- i. Darling Harbour is a large recreational and pedestrian precinct located on the western edge of the Sydney CBD. The precinct is a popular food catering, entertainment, and nightlife precinct, with major components including:
 - The Star entertainment precinct is anchored by The Star casino, which is the second largest casino in Australia and currently the only Casino in Sydney.
 - King Street Wharf and Cockle Bay Wharf, both food catering-based precincts.
 - Harbourside Shopping Centre encompasses some 21,000 sq.m of floorspace over three levels. The centre offers a range of bars and sit-down dining options overlooking the water, with the internal centre providing a more traditional retail offer, with a focus towards food catering and apparel. Harbourside Shopping Centre also provides a range of entertainment facilities including cinemas, King Pin Bowling and M9 Laser Skirmish.

3.3. Sub-regional Shopping Centres

- i. Sub-regional shopping centres contain at least one discount department store and generally at least one supermarket.
- ii. There are no sub-regional shopping centres provided within the main trade area. Broadway Shopping Centre and MarketPlace Leichhardt are provided on the southern fringes of the main trade area.
- iii. Broadway Shopping Centre is located 4 km south-east of the site. The shopping centre includes in-excess of 50,000 sq.m of floorspace and is anchored by Kmart and Target discount department stores and Coles and Aldi supermarkets. Coles at Broadway Shopping Centre is understood to be one of the brand's highest trading stores in Australia. The centre also includes a range of destinational mini-major tenants such as H&M, Harvey Norman, Harris Farm Markets, Sephora, and an Apple Store, as well as some 134 shops. According to Big Guns 2020, Broadway Shopping Centre Moving Annual Turnover (MAT) of \$634 million (around \$14,998 per sq.m).
- iv. MarketPlace Leichhardt is a sub-regional shopping centre located 4.7 km south-west of the site. Totalling some 17,900 sq.m, key anchor tenants of the centre include a full-line Woolworths supermarket of 4,160 sq.m, a Target discount department store of 4,100 sq.m, and an Aldi supermarket of 1,350 sq.m.

3.4. Other Destinations

- i. Birkenhead Point Outlet Centre (33,150 sq.m) is situated just north of the main trade area on the opposite side of Iron Cove Bridge and is one of three outlet centres provided within metropolitan Sydney. The centre is anchored by Coles (2,690 sq.m) and Aldi (1,450 sq.m) supermarkets and offers a selection of specialty retail across 150 shops with a dominant focus on homewares and apparel. Some 15 food catering tenants are provided.
- ii. Norton Plaza (11,800 sq.m) is a neighbourhood shopping centre anchored by a Coles supermarket of 3,770 sq.m and is situated along Norton Street on the outer-west fringe of the secondary south-west sector. Norton Street is an iconic street both within the suburb of Leichhardt and Sydney, incorporating a mix of retail and non-retail uses, including a number of dining tenants and the Palace Norton Street cinema. Additionally, the connection of Norton Street to Parramatta Road in the south and City West Link in the north which makes up a section of the A4/M4 Motorway between Leichhardt, Haberfield and Five Dock, make Norton Street a significant part of everyday life for residents

- iii. The Sydney Fish Market in Pyrmont is understood to be the largest seafood market in the southern hemisphere and the second largest seafood market in terms of variety outside of Japan. The market opened in 1989 and includes six seafood retailers, a bottle shop, a fruit and vegetable market, a bakery, sushi bar, restaurants, gift shop and deli. The Sydney Fish Market encompasses almost 10,000 sq.m of floorspace and is understood to attract more than 3.0 million visitors each year, with around 30% being from overseas or interstate. Visitation is higher than Sydney Tower, the Art Gallery of New South Wales and Powerhouse Museum combined.

3.5. Supermarket Based Shopping Centres

- i. Supermarkets are typically defined as grocer and dry goods stores of at least 500 sq.m, with smaller stores classified as foodstores. A full-line supermarket is generally classified as being of 3,200 sq.m or greater.

Secondary north-east sector

- A free-standing Woolworths Metro supermarket of 1,000 sq.m is situated within Rozelle's core retail strip along Darling Street. The Rozelle retail strip also extends along Darling Street both to the north and south of Victoria Road. The retail offer along the Rozelle stretch of Darling Street is dominated by food catering tenancies. The Woolworths Metro opened in mid-2019 – this is the closest supermarket to the subject site (approximately 750 metres). A small IGA X-press is located near the corner of Merton Street. There is a limited number of on-street and off-street parking spaces, and most of these are subject to time restrictions and fees.
- Woolworths (1,450 sq.m) is a free-standing supermarket also located along Darling Street in Balmain's retail precinct. Woolworths is small by modern supermarket standards, and trades very strongly. The Balmain major retail and non-retail strip retail generally extends from Shultz Street in the west, as far as Ann Street beyond the London Hotel to the east. A total of some 225 shops are provided, with a mix of convenience retailing as well as a large concentration of food catering shops. The strip has attracted a premium mix with a number of fashion boutiques, gourmet food, and quality cafes and restaurants. However, there is still a strong provision of everyday retail stores, including a variety of cafes and take away food shops, and a range of non-food specialty goods and services retailers.

Secondary south-west sector

- A free-standing IGA supermarket (740 sq.m) is provided at the intersection of Catherine Street and the City-West Link Road.

Secondary south-east sector

- Tramsheds was part of the former Rozelle Tram Depot, which was repurposed by Mirvac and converted into a food-focused retail complex, opening in 2016. This coincided with the development of the Harold Park renewal project is situated to the south-east, which accommodates 2,500 residents and approximately 500 workers.
 - Tramsheds totals 6,137 sq.m, with moving annual turnover (MAT) of \$52.0 million. Two mini-major tenants are provided, namely, Butcher and The Farmer (536 sq.m) and Chambers Cellars (450 sq.m), as well as a total of 1,680 sq.m of retail specialty floorspace, which is primarily focused on food catering. Some 661 sq.m of non-retail floorspace is provided, including Bodyfit Gym and Harold Park Medical Centre. Supamart anchors Tramsheds, and at 2,440 sq.m, this is the largest supermarket within the main trade area.
 - Supabarn in Annandale is a free-standing supermarket of 830 sq.m.
- ii. In addition, several convenience based foodstores (i.e. less than 500 sq.m) are provided throughout the main trade area.

3.6. Food Catering Precincts

- i. Map 3.2 illustrates the major food catering precincts provided in the main trade area and surrounding suburbs, with each of these summarised in Table 3.2.
- ii. The nearest major food catering precinct is Rozelle, which comprises some 53 bars and restaurants, the majority of which are concentrated in the core retail offer along Darling Street. The Balmain precinct also has some 35 food catering stores.
- iii. Other key food catering precincts, include:
- Tramsheds (secondary south-east sector) accommodates 11 restaurants and cafes. Tramsheds draws nearly half of its visitation from beyond the inner western Sydney area, signifying its wide appeal.
 - Darling Harbour remains one of the top destinations for visitors to Sydney. Some 120 food catering options are provided, many of which have water views. Food catering at Darling Harbour ranges from the expensive tourist-orientated facilities, such as those provided along King Street Wharf, to the more affordable family-orientated options at Cockle Bay Wharf and Darling Quarter.

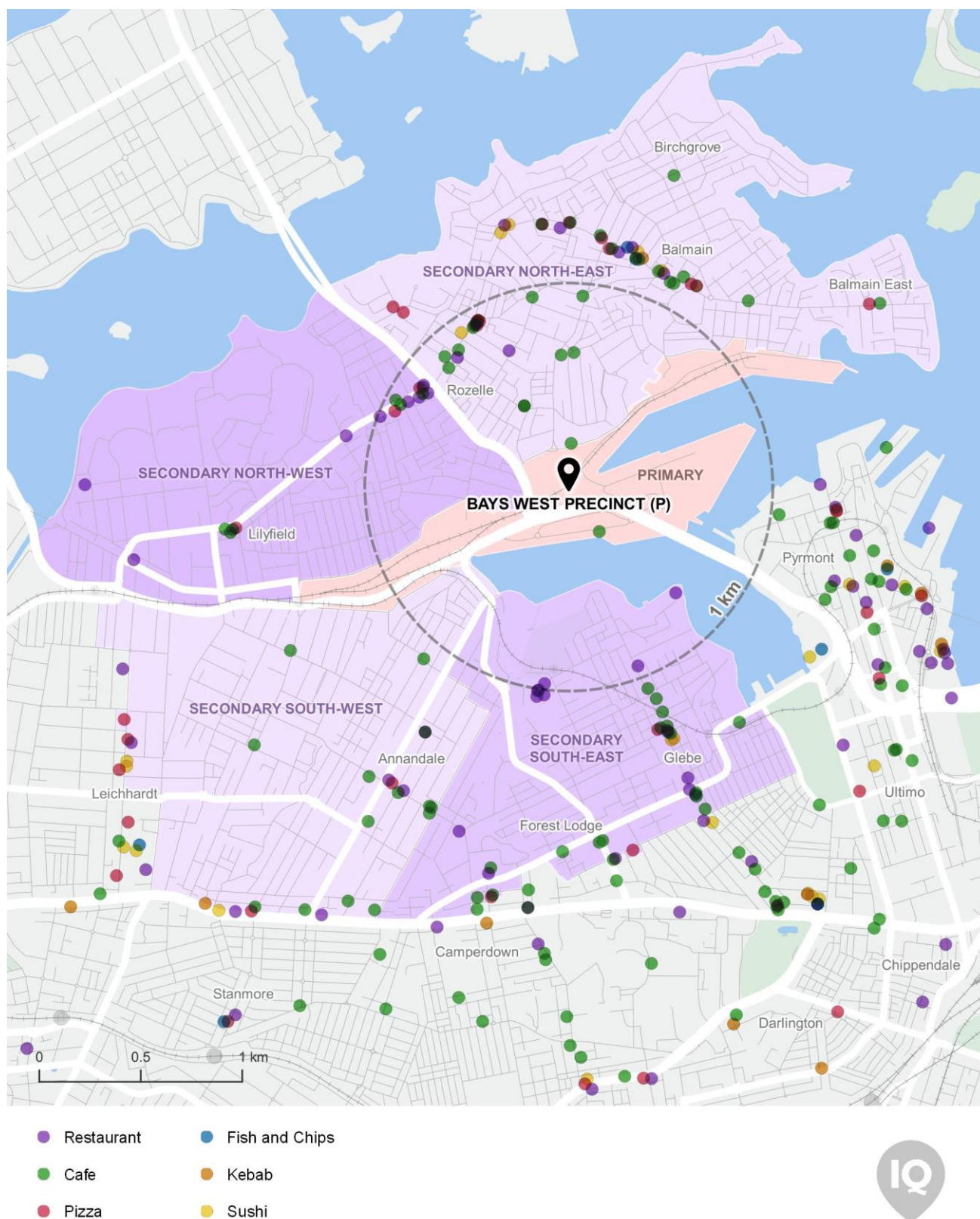
- Leichhardt contains one of the most significant food catering destinations within the inner west area. The suburb is positioned on the western fringe of the secondary south-west sector and accommodates some 99 dining venues.
- iv. In addition, several redevelopments are planned at Darling Harbour, including for Cockle Bay Wharf, King Street Wharf, Darling Square and The Ribbon Project. Circular Quay is also planned to be revitalised and will include additional retail such as the Campbell's Stores at The Rocks.
- v. Based on a review of key food and beverage facilities within the Sydney CBD and surrounds, a number of critical success factors and key considerations are apparent as follows;
- Each precinct generally contains a critical mass of tenants, with upward of 15 tenants typically provided.
 - Given the location of many of the precincts along the Sydney Harbour, waterfront views are provided to a number of restaurants and cafes. Many of the more prominent food and beverages outlets are provided in a historical building.
 - A mix of price points is provided within many of the precincts, including family friendly options at a cost of \$15 - \$20 per person to the more expensive special occasion options at a cost of \$40 or more for a main meal. The proximity to a significant worker population is generally reflected in a higher proportion of low-cost takeaway options.
 - Most of these food catering facilities operate over at least two eating periods (i.e. breakfast and lunch and/or lunch and dinner). Many of the more expensive or popular restaurants are open late most evenings.
 - Many existing precincts are planned for redevelopment and/or expansion, attributable to growing competition for food and beverage customers.

TABLE 3.2. FOOD CATERING PRECINCTS

Precinct	No. Bars/ Restaurants	Key Tenants	Dist. From Site (km)
Rozelle	53	Corner Bar, Le Coq Healthy Rotisserie, ReccoLab, The Welcome Hotel, The Reverie Cat	1.2
Balmain	35	Dolce Napoli, Wilhelmina's, One Ford Street Chon Thai, Shila Kitchen, Sofie's Greek	1.6
Tramsheds	12	Butcher and the Farmer, Flour Eggs Water, Fish & Co., China Diner, Bodega 1904, Belle's Hot Chicken	1.7
Birkenhead Point/Drummoyne	36	SAI Junction, Thai La-Ong, Kadmus, Prima Cucina, Ecco Ristorante	2.8
Darling Harbour	120	Blue Fish, Criniti's, Hurricanes, Kazbah, XOPP Pancakes on The Rocks, Waterfront Grill, Mr Bao, Fishbowl	2.8
Cockle Bay Wharf	14	Café Del Mar, Blackbird, L'Aqua, Hunter and Barrel Lindt Chocolate Café, Nick's Café and Bar	2.9
Leichhardt	99	Kana Sushi, Capriccio Osteria, Monte, Mario's Pizza Bar, Pan Roma, Il Cugino	3.1
Glebe Point Road	23	Baja Cantina, Ahgora, Despana, Tommy's Beer Café, Jambo Jambo Africa	3.7
Newtown/Enmore	182	Thai Pothong, La Favola, Rubyos, Lentil As Anything, Pastizzi Café, Alba Salentinian, Macelleria	4.8

Source: Australian Shopping Centre Council Database

MAP 3.2. SYDNEY CBD & SURROUNDS FOOD CATERING PRECINCTS



3.7. Proposed Retail Developments

- i. Within the main trade area, future retail developments include:
 - The ex-Balmain Leagues Club is located 800 m north-east of the site and has long been proposed for redevelopment since its demolition in 2010 (secondary north-west sector). The redevelopment aims to deliver over 5,000 sq.m of retail floorspace, including a supermarket of 2,890 sq.m. This is assumed to be completed by FY2026.
 - The free-standing Woolworths at Balmain is 1,450 sq.m in size and relatively land locked (secondary north-east sector). This supermarket is understood to be very successful and is very busy during peak times. It is understood that several redevelopment schemes have been proposed but there are currently no firm plans.
 - A development application has been submitted for a Maloney's Grocer supermarket of 1,325 sq.m at the recently constructed Darling & Cambridge mixed-use development at 731-735 Darling Street in Rozelle (secondary north-west sector).
 - A new Bunnings Warehouse is currently under construction at the south-western corner of Parsons Street and Mullens Street (secondary north-east sector), immediately north of the subject site.
- ii. Beyond the main trade area, future possible retail developments include:
 - Early works are currently underway at the Sydney Fish Market development in Blackwattle Bay, fronting Wentworth Park. In addition to an improved fish market precinct, the redevelopment will also incorporate food and beverage premises, office and commercial space, and dining.
 - Mirvac have received development approval for the demolition and redevelopment of Harbourside Shopping Centre, located on the western side of Darling Harbour. Totalling 87,000 sq.m, the centre will comprise of 45,000 sq.m of commercial floorspace which will include some retail and food and beverage offerings in addition to 357 apartments across 42,000 sq.m. The project has an assumed completion circa-2025.
 - Planning for the redevelopment of Cockle Bay Wharf is currently underway to be built on the Darling Harbour waterfront. The redevelopment outlines plans for a 183-metre office tower comprising 75,000 sq.m of commercial floorspace and 14,000 sq.m of retail floorspace to accommodate a food and beverage and dining precinct.

3.8. Retail Floorspace Provision

- i. Table 3.3 provides a summary of the current provision of supermarket floorspace across the defined main trade area as compared with the Sydney metropolitan and Australian benchmarks. There are no supermarkets in the primary sector or the secondary north-west sector.
- ii. As shown, across the Bays West precinct main trade area, the provision of supermarket floorspace is currently 97 sq.m per 1,000 persons, which is well below both the Sydney metropolitan and Australian benchmarks.
- iii. In addition, this provision relates to local residents, with supermarkets in the main trade area serving a number of other customer segments including workers, tourists and students, which would generate further demand for supermarket floorspace.

TABLE 3.3. MAIN TRADE AREA SUPERMARKET FLOORSPACE PROVISION, 2021

Trade Area Sector	No. of Supermarkets*	GLA (sq.m)	2021 Population	GLA per 1,000 persons
Primary Sector	0	0	50	0
Secondary Sectors				
• North-east	2	2,450	22,469	109
• North-west	0	0	9,757	0
• South-east	2	3,270	18,127	180
• South-west	1	740	15,970	46
Main Trade Area	5	6,460	66,373	97
<i>Sydney Metropolitan Average</i>				266
<i>Australian Average</i>				346

* Defined as 500 sq.m or larger

3.9. Summary

- i. There are currently no full-line supermarkets provided within the main trade area. The largest supermarket is Supamart IGA at Tramsheds, located in the secondary south-east sector.
- ii. There are several food catering precincts provided within and surrounding the main trade area. The nearest food catering precinct is provided at Rozelle with 53 venues. More significant food catering precincts are provided within the Darling Harbour and Newtown/Enmore areas.
- iii. The current provision of supermarket floorspace within the main trade area is significantly lower than the Sydney metropolitan average. This will be exacerbated in the future with new residents at the Bays West site. In addition, supermarkets throughout would serve several additional customer segments, including workers and tourists/visitors.

4 COMPARABLE PRECINCTS REVIEW

Several unique precincts or developments throughout Australia which share some of the key attributes of the Bays West Precinct site, namely a range of uses and facilities, as well as proximity to multiple customer segments are reviewed in this section.

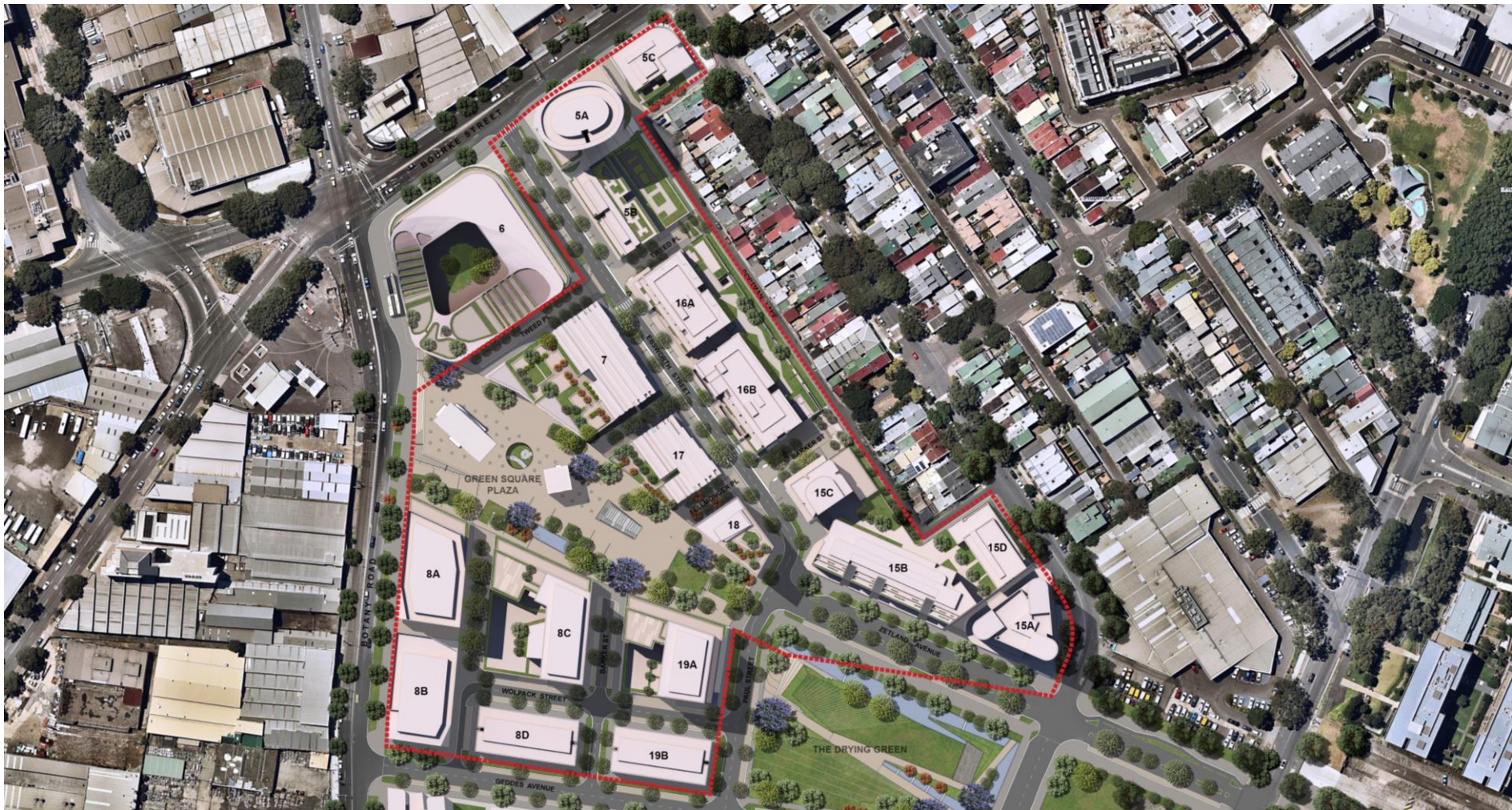
4.1. Comparable Inner-City Developments

- i. There are several other unique developments or precincts throughout Australia which share some of the key attributes of the prospective Bays West development, namely mixed-use urban renewal precincts with a range of uses and facilities.

Green Square (NSW)

- Mirvac, in a joint venture with Landcom, is developing various sites within the Green Square Town Centre. Ultimately, Green Square Town Centre is planned to accommodate some 1,612 residential apartments, around 11,727 sq.m of retail floorspace (including cinema) and some 43,404 sq.m of commercial floorspace.
- Retail floorspace will generally be provided at ground level, with commercial and residential uses to be located on upper levels. A range of community facilities will also be located throughout the Town Centre and surrounds. The planned composition and layout of the centre diverges from a traditional retail centre in terms of fragmented land parcels, exclusively external tenancies and significant main streets throughout the area.
- Stage One (3,170 sq.m) was completed in May 2018 and includes a Woolworths supermarket and specialty shops at the northern portion of the site. A total of 476 apartments are included on upper levels.

FIGURE 4.1. GREEN SQUARE TOWN CENTRE PRECINCT MASTERPLAN



Central Park Mall (NSW)

- Central Park is a major mixed-use urban renewal project in Sydney, located on Broadway in the suburb of Chippendale. The development is focused on a public park and includes retail, entertainment and residential uses.
- Central Park Mall is the retail component of the development, which totals some 11,600 sq.m. The development is a multi-level vertical mall that incorporates a sun-drenched emporium and operates extended trading hours. As well as a Woolworths supermarket and a luxury Palace Cinema, the retail component includes a range of predominately food catering-focused tenants (27 operators across some 2,400 sq.m).
- Food catering floorspace at the centre is generally divided between an upper level food court-type arrangement and an outdoor dining precinct fronting the park.
- No car parking for the retail offer is provided on site, with the target customer being residents, workers and students.

FIGURE 4.2. CENTRAL PARK MALL, SYDNEY



East Village (NSW)

- East Village, developed by Payce, opened in 2014 and is located at Zetland in the inner south-eastern suburbs of Sydney, positioned some 3 km south of the Sydney CBD. East Village forms part of a mixed-used development comprising retail and commercial floorspace as well as some 206 residential apartments.
- The centre is a modern enclosed arrangement anchored by a full-line Coles supermarket on the ground level, with a strong food retail and food catering precinct provided around the

supermarket in addition to a pharmacy and other retail services tenants. Taste Growers Market is a large fruit and vegetable tenant that spills out into the mall. The East Phoenix Chinese Restaurant, Audi Centre, MyHealth Medical Centre and Virgin Active Health Club are provided on upper levels. These larger tenants generate significant customer flows throughout the entire centre.

- Overall the centre is provided across six levels and encompasses some 32,778 sq.m, with a focus on convenience-based retail facilities as well as a range of non-retail and commercial uses. In total some 15 food catering tenants are provided across some 3,000 sq.m (i.e. including East Phoenix of 1,300 sq.m).
- The centre is serviced by some 700 car spaces provided over a number of basement levels. Importantly, the non-retail tenants above the car park and retail levels provide a separation from the residential units.
- East Village primarily serves a resident market, being surrounded by high-density residential developments. Reflecting the significant resident population, the Coles supermarket at the centre is understood to be one of the strongest trading supermarkets in Australia.

FIGURE 4.3. EAST VILLAGE, SYDNEY



Source: eastvillage.com.au

Cammeray Square (NSW)

- Cammeray Square is a retail centre that opened in early 2008 and forms part of a mixed use commercial and residential development in the suburb of Cammeray, which is located on the Lower North Shore of Sydney, approximately 6 km to the north of the Sydney Central Business District (CBD).
- In total, the centre encompasses some 5,000 sq.m of floorspace with the key components including a Harris Farm Markets (712 sq.m) as the anchor tenant and specialty floorspace

totalling some 1,700 sq.m across 12 shopfronts. A childcare and medical centre are also provided at the centre.

- Tenants at Cammeray Square are generally provided around a central square and below a provision of residential and commercial facilities. Harris Farm Markets is the anchor for the precinct which also includes several food catering tenants that provide destinational appeal. Non-retail floorspace is generally provided on an upper level.
- Many of the shops do not have street frontage but instead are internalised within the development itself creating a market-like feel for the precinct. In total, there are 39 residential units provided above the retail level.
- In total, some 70 designated retail car parking spaces are provided in the basement Level One, which is accessible off Amherst Street. A multiple switchback pedestrian ramp, stairs and lift are provided to the ground level retail. Additional basement car parking for the residential component of the development

Kiaora Place, Double Bay (NSW)

- Woolworths at Double Bay (5,027 sq.m) was redeveloped in 2014 as part of a joint venture with Woollahra Council. The redevelopment included a relocated Woolworths supermarket and Dan Murphy's liquor store, as well as a range of specialty shops in a retail strip format along Kiaora Place.
- The two-storey development includes underground parking, Level 1 retail facilities and rooftop parking, with a total of 429 bays provided. Parking is free for one hour, while Woolworths, Dan Murphy's and The Kitchen customers who spend \$30 or more receive up to 2 hours free parking.
- The leasing of the centre has a boutique focus, with a range of strong food catering and retail services type offers provided and targeted toward the affluent local demographic. Prior to entering administration, About Life were also included at the site.
- The Woolworths supermarket at the centre is understood to trade very strongly, as one of the best stores for the brand in Sydney.

FIGURE 4.4. KIAORA PLACE, DOUBLE BAY



Norton Plaza (NSW)

- Norton Plaza is strong neighbourhood shopping centre located in Leichardt, anchored by a full-line Coles supermarket and flagship Harris Farm Markets. Harris Farm Markets is understood to trade strongly at the centre and recently refurbished to double their footprint to 1,359 sq.m.
- The centre is provided along the Norton Street retail strip, which is a popular destination for surrounding residents. Norton Plaza incorporates a total of 340 car spaces in a basement level, with ingress and egress from both Norton Street and Balmain Road. The car park is open extended hours, with up to 2 hours free parking included.

Tramsheds (NSW)

- Tramsheds is a food destination within the former Rozelle Tram Depot, comprising around eleven key food and beverage operators.
- The building has been restored to a very high standard and leased well, with several quality tenants including iconic Sydney operators.
- Further, the open nature of the development promotes customer flows between tenants in a European-inspired market hall setting.
- The centre is anchored by a Supamart supermarket, which is an offshoot of IGA that aims to offer additional choice, range, freshness and value tailored to the wants and needs of local shoppers. Supamart sources specialist and artisan products, such as providore/deli-style meats and cheeses, as well as grocery essentials.
- The supermarket anchor assists in attracting customers to the site during weekday business hours. The internalised nature of the site, suburban setting and limited public transport access

inhibit around-the-clock activation. It is understood that the centre trades very strongly on weekends but is generally quieter during business hours on weekdays.

- Tramsheds has a limited provision of car parking (144 bays), which hampers the convenience of the centre - particularly on weekends, when surrounding suburban streets can become congested.

FIGURE 4.5. TRAMSHEDS, SYDNEY



Gasworks Newstead (QLD)

- Gasworks Plaza is located approximately 3 km to the north-east of the Brisbane Central Business District (CBD), within the Gasworks development area in the suburb of Newstead. The \$1.1 billion Gasworks development by Aveo will ultimately include around 750 apartments (1,200 residents) and 103,500 sq.m of commercial floorspace.
- Gasworks Plaza comprises some 17,009 sq.m of floorspace, including a retail component of 7,430 sq.m. The centre is anchored by a Woolworths supermarket of 3,966 sq.m, two mini-majors are provided at the centre (Standard Market fresh food and Terry White Chemist), as well as retail specialty floorspace of 2,200 sq.m across 20 shopfronts. Non-retail floorspace includes a gym and a bank. The centre has a strong focus towards food catering tenants.
- The pedestrian open-air mall provides customers with a place to meet and interact, with several alfresco dining options provided along this mall.

- A large provision of 334 car parking spaces are provided in a basement level, assessable off both Skyring Terrace and Longland Street.

4.2. Key Success Factors of Comparable Developments

- Based on a review of similar developments throughout Australia as outlined above, a range of key success factors are observed as follows:
 - **Density:** around the site, in terms of large numbers of customer segments in close proximity. Generally, these precincts are located in densely populated areas and/or areas that are undergoing revitalisation.
 - **Population:** the densest precincts such as Central Park Mall and East Village have a resident population of around 15,000 persons within a 500-metre radius and are continuing to grow.
 - **Pedestrian connectivity and accessibility:** pedestrian access and connectivity should generally be of a high standard to facilitate customer flows around the site.
 - **Regional accessibility:** location along major arterial routes is preferred, avoiding internalised sites. Transport connectivity is also important, with the integration of bus/train services, as well commuter parking (as is more common at greenfield or lower density sites) beneficial.
 - **Residential population and growth:** large surrounding residential population and/or strong projected population growth. Retail is a follower, not an incubator, and as such, it is important for an established resident population to be provided before retail facilities are established. Density is also a critical element for success and ensuring around-the-clock activation at the site (i.e. not just during business hours).
 - **Area Regeneration:** in many instances, the retail offers have followed the urban regeneration of the surrounding areas which attracts an increasingly younger, more affluent professional population. In part, these developments are creating third places to provide residents and visitors with informal settings, where they can engage socially with the community. The developments pay attention to the local community, which would serve as the core catchment, but also gain the ability to expand outwards and draw from the wider population.
 - **Anchor tenant:** in most instances, a full-line supermarket is the major anchor tenant that then provides an opportunity for specialty retailers to feed off customer flows.
 - **Integrated development:** it is important that the broader retail components of the development are designed/structured to benefit from customer flows and generally complement one another. Precincting and synergy of uses is crucial, with similar tenants co-locating in the development.

- **Use of open space:** open space and the public realm is used in a variety of ways to transition from public areas or train stations into the development and surrounding urban environment.
- **Food catering:** food catering tenants are used to promote visitation and extended hours of operation. Food catering tenants also promote security through the customer activity generated. The best precincts incorporate external casual dining and a critical mass of tenants, with upward of 10 tenants typically provided. A mix of price points is also important, including family friendly options at a cost of \$15 - \$20 per person.

Most of these food catering facilities operate over at least two eating periods (i.e. breakfast and lunch and/or lunch and dinner). Many of the more expensive or popular restaurants are open late most evenings.

- **Hero tenants:** alternatively, or in addition to anchors, unique destination tenants such as a cinema, brewery, distillery or quality food catering operators can serve as key customer attractors that can support ancillary specialty floorspace. These types of tenants are examined further in Section 5 of this report.
- **Multi-level retailing:** multi-level retailing, usually over two to three levels, can work in suburban centres as major tenants are provided on the upper or lower levels and carparking is usually provided in a decked/rooftop or basement level, with customers flowing directly to retail stores on these levels.

Typically, the only situations where multi-level centres operate successfully without direct access to car parking are in the CBDs, where upper level links are often provided to multiple level department stores.

- **Car Parking:** developments which include a full-line supermarket each include a significant provision of car parking of more 200 spaces. This is important for the success of these precincts, particularly where there is a lack of residential density or transport connections immediately surrounding the site. Those in more inner-city locations have generally limited car parking available, however, public transport links tend to be strong.
- **Stabilisation Periods:** Urban regeneration precincts can typically take up to two years for sales growth to stabilise as it takes time for consumer preferences to change and adapt to new offers. Stabilisation periods may be longer for precincts that are entering into competitive markets, with certain tenants taking as long as three years to stabilise. Only when adding significant on-site population within a short time period, like Barangaroo has, will stabilisation periods be shorter. Stabilisation periods differ for different tenant types, with convenience retail tenants and the like having shorter periods, while food catering and apparel tenants who typically need to draw from a much wider market generally take longer.

4.3. Key Learnings

- i. Based on a review of similar developments throughout Australia and the key success factors, the key learnings for the Initial Precincts (i.e. WBPS and Robert St precincts) are:
- **Limited Population:** The on-site resident population would be limited, with a total of 504 residents.
 - **Worker Population:** The on-site workers would be limited around 5,000. This is a relatively small worker population, with the North Sydney CBD encompassing 42,400 workers; Parramatta CBD totalling 44,000 workers; and St Leonards 25,000 workers (all 2016 Census). CBD locations with around 5,000 workers in Sydney include Burwood, Campbelltown, Blacktown, Hornsby, and Hurstville.
 - **Convenience, Retail Services, and Food Catering:** With the mix of on-site users and the size of these populations, convenience, retail services, and food catering floorspace will be the key categories to focus on. A proactive curation/ tenant marketing strategy would be important to ensure a targeted, appropriate tenant mix.
 - **Consolidated Offer:** It is best to consolidate/cluster the retail offer in one precinct to ensure strong activation. Retail and complementary non-retail floorspace could also be provided at key areas across the precinct, but this should be limited. An example is some destination food catering taking advantage of views that would appeal to visitors.
 - **Pedestrian Connectivity:** pedestrian access and connectivity should generally be of a high standard to facilitate customer flows around the site and past specialty shops – including those fronting main streets.
 - **Wayfinding:** navigation into and throughout the development should be simple, assisted by design and appropriate exposure, signage, and sightlines.
 - **Weather Protection:** the ability to control or minimise impact from the climate (including wind, rain, and heat) while still maintaining an open-style development is important.
 - **Activating Food Catering Floorspace:** this can take some time to realise and is heavily dependent on the tenant mix. Food catering precincts require activation across extended hours of operation and the layout and design are critical to achieve this.
 - **Integrated development:** it is important that the broader retail components of the development are designed/structured to benefit from customer flows and generally complement one another. Precincting and synergy of uses is crucial, with similar tenants co-locating in the development.

- **Size:** the size preferences or requirements for each tenant vary significantly by category, from kiosk tenants up to major anchors. This is examined in relation to the subject site in Section 7.
- **Orientation & Shape:** likewise, operators have variable tenancy preferences when considering the depth, orientation, and frontage of each box. For example, slow dining tenants often prefer external frontage allowing for after-hours activation and external seating. The direction of the sun and wind is also critical.
- **Staging:** the staging of the development should be well considered so that construction does not burden the trading performance of initial tenants, and that subsequent stages form natural extensions to the incumbent offer.

5 RETAIL FLOORSPACE POTENTIAL

This section of the report provides an assessment of the ultimate potential for retail floorspace at the Bays West precinct, including recommended timing and composition.

5.1. Main Trade Area Latent Demand

- i. The estimated provision of retail floorspace in Australia is around 2.2 sq.m per person and has been grown over the past 30 years, largely driven by real growth in income levels and consequently increases in retail spending capacity. In addition, new retail formats have been introduced as the retail industry has evolved.
- ii. In inner suburban areas, the provision of retail floorspace is around 0.95 sq.m per person, with large formats not common – i.e. department stores, discount department stores, large format retail, etc.
- iii. Within the main trade area, the current offer is limited to smaller supermarkets, with large retail strips along Darling Road at Rozelle and Balmain.
- iv. Beyond the main trade area, there are a range of destinations, including Broadway Shopping Centre, Marketplace Leichhardt, Norton Plaza/Norton Street, the Sydney CBD/Darling Harbour, and Birkenhead Point Outlet Centre.
- v. The main trade area population would currently support some 60,000 sq.m (0.95 sq.m per person) to 145,000 sq.m (2.2 sq.m per person) of retail floorspace. In terms of supermarket floorspace, across the Sydney metropolitan area, there is around 0.27 sq.m per person. The main trade area population would support some 18,000 sq.m of supermarket floorspace, indicating an under supply of around 10,000 sq.m.
- vi. There is an opportunity within the main trade area for a full-line supermarket of 3,000 sq.m or larger, assuming a high-profile site, excellent accessibility, and ample on site car parking. In terms of shops, a full-line supermarket would support around 3,000 sq.m of retail and non-retail floorspace. The Bays West Precinct Stage One would not have great connectivity, and limited car parking based on discussions would be limited – this would limit the ability to provide a full-line supermarket. The precinct is intended to be delivered as a low-private vehicle project. This would limit the potential draw and attraction of retail at the site by car in the initial years and again limit the potential of a full-line

supermarket form both an operator and consumer perspective. The Metro Station and public transport connections via a bus interchange would be excellent.

5.2. Supportable Retail Floorspace

- i. The provision of specialty floorspace that is supportable at any retail centre or site is typically determined by the amount and sales of major and mini-major tenant floorspace. Major tenants include department stores, discount department stores and supermarkets, while mini majors are retail tenants of 400 sq.m or larger. These traders act as key customer attractors with specialty shops then feeding off the customer flows generated by these tenants.
- ii. This is not the case for strip retailing or mixed-use precincts, whereby the success of the offer depends on a range of factors such as pedestrian flows, multiple customer segments, other attractors in the area, critical masses of tenants, and the strength of key 'hero' tenants.
- iii. Consequently, the success of any new retail precinct or development is heavily dependent on the range of tenants that can be secured. While national tenants have often been preferred from a leasing standpoint (consistency and reliability), some of the strongest inner-city precincts throughout Australia comprise a significant number of strong independent traders – several of which are touched on throughout this report.
- iv. These 'hero' operators that can serve as mini-anchors for their respective precincts. While it may be difficult to secure specific operators such as these (given many are not franchised or operating multiple locations), these tenants provide a guide as to the level or design, performance, notoriety, and customer draw that can be achieved by specialty operators.
- v. Again, it is important to note that there is also a possibility that an existing, nearby hero tenant may show interest in relocating to a subject site if a quality development and favourable rent deal were to be provided. This is not uncommon in retail strip locations, where rents vary tenancy-to-tenancy based on fragmented ownership.

5.2.1. Supermarket/Foodstore

- i. Supermarkets are typically defined in planning documents and Courts as:

“Grocery and dry goods stores of at least 500 sq.m, with smaller stores classified as foodstores.”

- ii. A major full-line supermarket is at least 3,000 sq.m in size, however modern major full-line supermarkets are typically larger, at 3,500 sq.m. These large format stores are generally operated by major chains such as Woolworths or Coles.

- iii. Typically, one major full-line supermarket is provided for every 8,000 - 10,000 persons in metropolitan areas of Australia and will locate across a wide variety of centres including neighbourhood, sub-regional and regional centres as well as (less commonly) free-standing locations.
- iv. The major brands Woolworths and Coles are increasingly looking for small-store opportunities throughout densely populated or worker-focused areas. Smaller, convenience type supermarkets rely on significant passing pedestrian/commuter traffic, as well as a substantial worker population.
- v. It is unlikely that a major full-line supermarket of 3,000 sq.m or larger could be supported given a lack of floorspace, parking and other factors. As a car-based destination, convenient access to a significant provision of car parking near the store frontage is generally preferred.
- vi. Consideration should be given, however, to providing a non-full-line supermarket at up to 1,000 sq.m in size, with key brands including Woolworths Metro, Coles Local, Supamart, Romeo's Food Hall, and QE Foodstore. Examples of quality independent supermarket operators around Australia include Romeo's (IGA), Ritchies (IGA), Supamart (Karellas Group IGA), Good Grocer (IGA), various Foodland IGA's in Adelaide and more. There is also a range of smaller neighbourhood supermarket, lone store operators around Australia that tend to blur the line between a fresh food grocer (discussed subsequently) and a small supermarket. Examples include Prahran Grocer, The Spence Grocer, Bunbury Farmers Market, The Boatshed, The Village Store and more.

5.2.2. Food & Liquor

- i. The food retail category includes shops that trade in the fresh food, grocery and packaged liquor floorspace. Many tenants within this category typically look to co-locate with supermarkets in a shopping centre environment, benefitting from cross-shopping and the establishment of fresh food precincts.
- ii. Based on a review of comparable mixed-use developments, the most common tenant within this category was a liquor store. Other types of fresh food retailers include a providore, bakery, butcher, chicken shop, fishmonger, fruiterer or similar.

- **Liquor Store:** an artisan liquor store can be a key tenant, particularly if a distinct offer is provided. While national brands such as BWS, Liquorland and the like can trade strongly, boutique operators are generally able to tailor their offering and services better to the local community.

Examples of artisan liquor stores around Australia include Bucket Boys (Marrickville), P&V (Newtown), The Drink Hive (Rosebery), Mr West (Footscray), Samuel Pepys (Northcote), Purvis Beer (Richmond).

- **Providore/Delicatessen:** this type of retailer typically specialises in boutique food and grocery items, including a range of meats, cheeses, or ethnically focused dry goods. Gourmet delicatessens and similar are often able to trade as free-standing offers, less reliant on proximity to supermarkets.

Examples of quality operators include Paesanella (St Peters), Fourth Village (Mosman), Gourmet Life (Edgecliff), Albert Park Deli, Casa Iberica Deli (Fitzroy), Italian Chef (Brighton), Urban Provedore (South Yarra) and Bezela Foodstore (Carlton). These types of tenants often also provide takeaway food sales (food catering).

- **Bakery/Patisserie:** the major bakery chains such as Bakers Delight and Brumby's almost exclusively locate adjacent to major supermarkets. More boutique, independent brands, however, tend to incorporate a food catering component, as well as patisserie style cakes/sweets and the like.

Quality boutique bakery and patisserie tenant examples include Chu Bakery (Highgate), Bourke Street Bakery (Surry Hills), Black Star Pastry (Newtown), Brickfields (Marrickville), Borgs Cakes (Altona West), Oasis Bakery (Murrumbeena), Baker Bleu (Caulfield North), Baker D Chirico (St Kilda) and Bread Club (North Melbourne).

- **Health Foods:** healthy eating trends and the growing popularity of veganism/vegetarianism has seen commensurate growth in the 'health food' industry. These tenants can trade in standalone locations provided there is sufficient foot traffic and the local demographic is appropriate.

Examples include The Source Bulk Foods (various), Taste Organic (various), Alfalfa House (Newtown), Ruby Lane (Manly), Naked Foods (various) and more.

iii. Supportable sales and gross rents are site-specific considerations; however, key benchmarks include:

- **Size:** in terms of size, food retail tenants typically have a total GLA of up to 100 sq.m. Larger tenancies are only common for liquor stores (up to 200 sq.m) and delicatessens.
- **Sales:** food retail-type tenants can trade at strong productivity rates in the order of \$10,000 - \$15,000 per sq.m. Liquor stores tend to trade at the upper end of this range, and higher.
- **Gross Rents:** occupancy cost ratios across this category average around 8% - 17.5% (and lower for liquor stores), or approximately \$1,000 - \$2,000 per sq.m.

5.2.3. Food Catering

- i. The food catering category is made up of takeaway stores, cafés and restaurants. This category is a key focus for mixed-use developments and will be a major consideration for the subject site.

- ii. Food catering facilities help to activate a site and create a destination, with easy access to passing pedestrian traffic and after-hours meal services (i.e. outside regular trading hours), also benefiting from excellent accessibility and visibility.
- iii. Across comparable developments, only CBD-located assets comprise greater than 15 food catering tenants, while inner-city developments (such as Newmarket Village, East Village and Gasworks Plaza) each have around 12 - 13 food catering tenants (or some 1,200 – 1,500 sq.m).
- iv. Broadly speaking, at least half of specialty shopfronts in mixed use developments are within the food catering category.
- v. A range of tenants are common within comparable precincts, including:

- **Smaller Takeaway Operators:** smaller takeaway shops generally have minimal footprints and seating, focusing on quick and convenient service. The types of tenants in the category include grab-and-go coffee shops, juice bars, bubble tea, ice cream/gelato, sushi, pizza, etc.
- **Larger slow dining offer:** larger tenants that include seating typically cater for at least two meal sessions (i.e. breakfast/lunch or lunch/dinner). In this sense, dine-in tenants promote after-hours activation and can create a destinational food catering precinct for surrounding residents. These types of operators generally benefit from external-facing tenancies with overflow seating etc.

Successful dining precincts typically incorporate 3 – 4 large food catering tenants. The types of offers can include cafes, casual dining offers, or restaurants and bistros. Casual dining examples with multiple outlets include Belle's Hot Chicken, Guzman Y Gomez, Macelleria, El Jannah, Ribs N Burgers, Soul Origin, Betty's Burgers, 8 Bit, Royal Stacks, Toby's Estate, Zeus Street Greek and more.

Restaurants typically target a more affluent, refined dining experience that are more often independently operated but can be part of franchise. Some comparable examples include INDU, Maha, Napier Quarter, Capitano, Rising Embers, Chin Chin, Calia.

- vi. Attracting popular local operators is important, as these offers will have established customer bases that can be transferred, as opposed to growing new support. A mix of both independent and chain brands should always be considered given independent traders form a key component that underlines uniqueness and can appeal best to the local market.
- vii. A mix of price points is provided within many of the precincts, including family friendly options at a cost of \$15 - \$20 per person to the more expensive special occasion options at a cost of \$40 or more for a main meal. The proximity to a significant worker population is generally reflected in a higher proportion of low-cost takeaway options.

- viii. For a critical mass of food catering facilities to be achieved, multiple tenancies would need to be well-leased to quality, attractive food catering tenants. For mixed-use developments this would typically mean at least five tenants for isolated precincts.
- ix. In terms of design, key considerations are as follows:
- **Quality of Design:** most shops provided in recently developed dining precincts — such as Spice Alley in Chippendale, Darling Quarter, The Streets of Barangaroo in the Sydney CBD and the Meriton Dining Precinct in Parramatta — are finished to a very high standard and provide an environment which encourages customers to dwell.
 - **Active Edges and Trading Hours:** shopfronts on active edges/frontages are generally able to trade extended hours and enjoy better sightlines (including for upper-level tenancies). Restaurants and casual dining tenants would need to trade seven days a week and throughout the day/night to attract wider visitation. Double sided activation of a laneway is also important where relevant to allow easy browsing and also establish a consolidated/clustered offer.
 - **Quality of Tenants:** securing quality tenants, and particularly large restaurant tenants, will be critical to the success of the development. A mix of high-end well-known restaurants and unique tenants would add to the destination aspect to the precinct.
 - **Delivery Services:** as above, with an increased reliance on delivery services, some tenancies may experience high volumes of visitation to and from the site for collection. In this sense, it is crucial that the design of food catering outlets considers the prospect of frequent driver/rider visitation and them waiting (backlogs) at/around the site.
- x. Typical sizes, sales and gross rents vary from tenant to tenant; however, indicative benchmarks include:
- **Size:** smaller takeaway tenants can range from around 35 – 100 sq.m depending. Casual dining options tend to be close to 200 sq.m, but (as with restaurants) can often exceed 300 sq.m. This does not include overflow seating or other alfresco-type common areas.
 - **Sales:** smaller takeaway operators would target sales of at least \$10,000 per sq.m, while casual dining restaurants and the like would typically look to achieve sales of \$8,000 per sq.m or higher.
 - **Gross Rents:** smaller tenants would pay higher gross rental levels on a per sq.m basis, indicatively around \$1,500 - \$2,250 per sq.m. This reflects occupancy cost ratios of around 12.5% - 17.5%. Casual dining tenant rents would be lower (on a productivity basis), at around \$1,000 - \$1,500 per sq.m – or an occupancy cost ratio of some 10% - 15%.

5.2.4. Leisure & Household Goods

- i. The key tenants in this category are a newsagent, book shop, and florist/gift shop. Household goods tenants generally sell home decoration items, glassware, tableware, furniture, computers and other furnishings.
- ii. Popular Sydney operators including buds&bowers, Pearsons Florist, My Flower Man, Oh Flora, Hermetica Flowers, Kinokuniya, Elizabeth's Bookshop, Ampersand Café & Bookstore, Hartog, and Berkelouw Bookstore.
- iii. Designer homewares typically target a more affluent demographic, while the indoor plant concept has gained significant momentum off the back of work from home trends. This type of tenant is also likely to appeal strongly to renters and areas with a high proportion of units/apartments.
- iv. These types of tenants generally look for spaces of around 100 – 200 sq.m. Typical sales are in the order of \$7,500 - \$10,000 per sq.m. If lottery sales are included, sales productivity can far-exceed these levels.
- v. Gross rental levels of around \$1,000 - \$1,500 per sq.m are supportable.

5.2.5. General Retail

- i. A pharmacy is the key tenant in this category and could be considered for the site, particularly with the prospect of an on-site or adjacent supermarket. This would also complement prospective health and medical uses at the development (if secured). Pharmacy laws may restrict the opportunity for a pharmacy at the site, without medical uses nearby.
- ii. In addition, tenants such as a discount variety store, phone shops, cosmetics, tobacconist, pet accessories and games shops. Tenants within each of these sub-categories could be considered but are unlikely to form a critical part of the development. Key operators that would generally blend in with the mixed-use style offering would include boutique cosmetics, giftware, a florist, tobacconist, pet products (treats and accessories).
- iii. Most of these tenants prefer shops of around 100 sq.m and sales would vary substantially based on the type of tenant.
- iv. Pharmacies, phone shops and tobacconists can attract very strong sales volumes, while more gift/homewares-aligned brands are generally around \$6,000 per sq.m. Strong-trading general retail-type tenants in similar developments can support higher gross rental levels of around \$1,500 per sq.m (or more), while more niched offers are typically closer to \$900 per sq.m.

5.2.6. Retail Services

- i. This category includes services traders such as a drycleaner, key cutter, shoe repairer, hairdresser, massage parlour, beauty salon/day spa, and the like.
- ii. Across the sample of comparable developments retail services made up around 20% of all specialty shops. Smaller developments typically include at least one retail services operator, while larger developments comprised an average of six tenants in this category.
- iii. As outlined previously, retail expenditure per capita levels across the main trade area is higher than the benchmark levels, including across the retail services category.
- iv. This reflects the young professional market that generally has higher income levels (and disposable income), as well as time pressures associated with white collar professions. As such, these residents are typically happy to outlay money on services such as hair and beauty, dry cleaning and the like. Key tenants that could be considered at each site include:
 - **Hairdressing / Barber:** these can range from quick-cut style barber shops to luxurious salons, and often, more than one tenant is included within the category.
 - **Beauty / Day Spa:** beauty and day spas are another varied category but typically target an affluent inner-city female demographic.
 - **Key Cutting / Cobbler / Watch Repairs:** these types of tenants typically occupy kiosks within enclosed shopping centres, with Mister Minit being an example of a prolific chain. Within strip retail and mixed-use locations, independent operators are more common.
 - **Massage & Nail Bars:** massage parlours and nail salons are common throughout metropolitan areas, and generally tailor their offer and price point to the local demographic.
 - **Optometrist: optometrists** generally have a strong retail sales component, as compared with medical opticians. Examples of national operators that have large network footprints and would appeal to a renting demographic include Oscar Wiley and Bailey Nelson.
 - **Dry Cleaning & Alterations:** with a high (and growing) proportion of young professionals in white collar industry, as well as smaller dwelling sizes – dry cleaners and alteration stores are an important part of high-density precincts. While there are franchises within this industry (i.e. Looksmart Alterations), quality independent operators can often be more appropriate.

- v. As a smaller, destination use, retail services tenants can be assigned to less-frequented parts of the development (lower foot traffic), as they do not typically rely on passing pedestrian volumes. These types of tenants generally smaller than 100 sq.m, and average closer to 65 sq.m. Sales for hair and beauty tenants are typically the order of \$7,000 - \$9,000 per sq.m.
- vi. Retail services tenants have high margins and can support higher occupancy cost ratios 15% - 20% This typically represents gross rents in the order of \$1,200 - \$1,600 per sq.m.

5.2.7. Total Retail Floorspace Provision

- i. In fringe CBD locations, the supportable provisions of retail floorspace that would be applicable are:
 - Residents: 1 sq.m per resident
 - Workers: 0.25 sq.m per worker
- ii. Based on the development scenario, Table 5.1 shows the indicative supportable retail floorspace. Around 2,000 sq.m would be supportable based on these benchmarks. To secure a small supermarket/foodstore, this may increase the provision to around 2,500 – 3,000 sq.m given the box size of around 1,000 sq.m.
- iii. In addition, demand would be generated by visitors/tourists. This is assessed to be around double the on-site demand, and includes demand from the balance of the main trade area (i.e. secondary sector populations) and non-worker and non-resident commuters. This indicates that the 4,000 – 5,000 sq.m of retail floorspace could be viable on completion.
- iv. The Metro Station would be the best location for the convenience retail and complementary uses, including some smaller food catering options given the activity and site location. Additional floorspace, mainly food catering, at key, activated locations across the balance of the site possibly taking advantage of water views and open space would be ideal is quality tenants can be attracted to this space.

TABLE 5.1. BAYS WEST PRECINCT STAGE ONE SUPPORTABLE RETAIL FLOORSPACE

Component	Totals		Supportable Retail GLA (sq.m)		
	Workers	Residents	Workers	Residents	Total
Wedge	15	157	4	157	161
Southern Development	1,743	347	436	347	783
Boiler House	756		189		189
Lot 4	209		52		52
Lot 5	499		125		125
Metro ASD	209		52		52
White Bay Park	104		26		26
WBPS Community	86		22		22
WBPS Commercial	800		200		200
Metro OSD Commercial	533		133		133
Total Retail	4,954	504	1,238	504	1,742
Total Retail (inc. doubling uplift for visitors)			2,477	1,007	3,484

** assuming .25 sq.m per worker and 1 sq.m per resident*



6 NON-RETAIL FLOORSPACE POTENTIAL

A variety of non-retail uses could potentially be considered at the Bays West site. Non-retail tenants would typically be classified into two categories:

- **Tenants that occupy a shopfront.** Non-retail shopfronts typically provided at shopping centres typically include travel agents, post office, banks, lottery kiosks, Medicare/Centrelink, insurance services and the like. These types of tenants should be considered for ground floor tenancies and are generally interspersed between retail shopfronts.
- **Destinational non-retail tenants**, such as gyms, childcare, medical, entertainment and the like.

6.1. Non-retail Shopfronts

- i. Non-retail shopfronts typically account for around 25% of total retail floorspace.
- ii. Assuming around 4,000 sq.m of retail floorspace is supportable, this would indicate around 1,000 sq.m of non-retail shopfront floorspace. Some of this floorspace could be away from the Metro Station but if activation and exposure is high.

6.2. Destinational Non-retail Potential

- i. Non-retail tenants add to the broader appeal of the centre and reinforce the location for the local and surrounding population. Given their destinational nature, these types of non-retail tenants can locate on upper levels or below ground. Key non-retail uses in this category are considered as follows:

6.2.1. Health & Wellness

- i. Health and wellness uses are emerging as a popular and important component of mixed-use precincts. The range of health and wellness-type uses incorporated in such developments is extensive and can generally be categorised as follows:
 - **Health:** including day surgeries, as well as other medical and allied health services.
 - **Wellness:** while these uses vary significantly, key uses within the category include gyms, day spas, clubs, massage, nail bars, yoga, Pilates, personal training, mothers groups, and the like.

- ii. Wellness is a concept which is about more than just physical health. Most models of wellness include at least six dimensions including:
- **Physical** – a healthy body through exercise, nutrition, sleep, etc.
 - **Mental** - engagement with the world through learning, problem solving, creativity.
 - **Emotional** – being in touch with, aware of, accepting of, and able to express one's feelings.
 - **Spiritual** – our search for meaning and purpose in human existence.
 - **Social** – connecting with, interacting with, and contributing to other people and our communities.
 - **Environmental** – healthy physical environment free of hazards; awareness of the role we play in bettering rather than denigrating the natural environment.
 - **Remedial massage** – preventative medicine and dietitian.
- iii. There are several examples of wellness facilities throughout Australia, with key examples including:
- **The Well (Bondi, NSW):** includes a gym, host of classes, and therapies (acupuncture, chiropractic, massage, physiotherapy, psychology, nutrition etc.)
 - **Selph (Rosebery, NSW):** a holistic wellness facility including a gym, classes, workshops, chiropractic, physiotherapy, massage, acupuncture, nutrition, naturopathy and more.
 - **Central Performance (Surry Hills, NSW):** includes physiotherapy, injury management, sports performance, group fitness, dieticians and more.
 - **Excel Physiotherapy & Wellness (Mascot, NSW):** aims to combine the very highest level of physiotherapy practice with an integrative approach to total health and wellness. Services include physiotherapy, acupuncture, massage, yoga, Pilates and occupational therapy.
 - **Southwest Wellness Centre (Narellan, NSW):** services include physiotherapy, podiatry, psychology, dietician, personal training, and massage.
- iv. The demand and success of each component relies upon and is driven by population or access to customer segments (residents, workers, students, visitors, and the like). Health and wellness facilities have developed around the need to meet consumer demand, which continues to develop and evolve, reflecting social changes within society, such as:
- Increasing time pressures on working families.

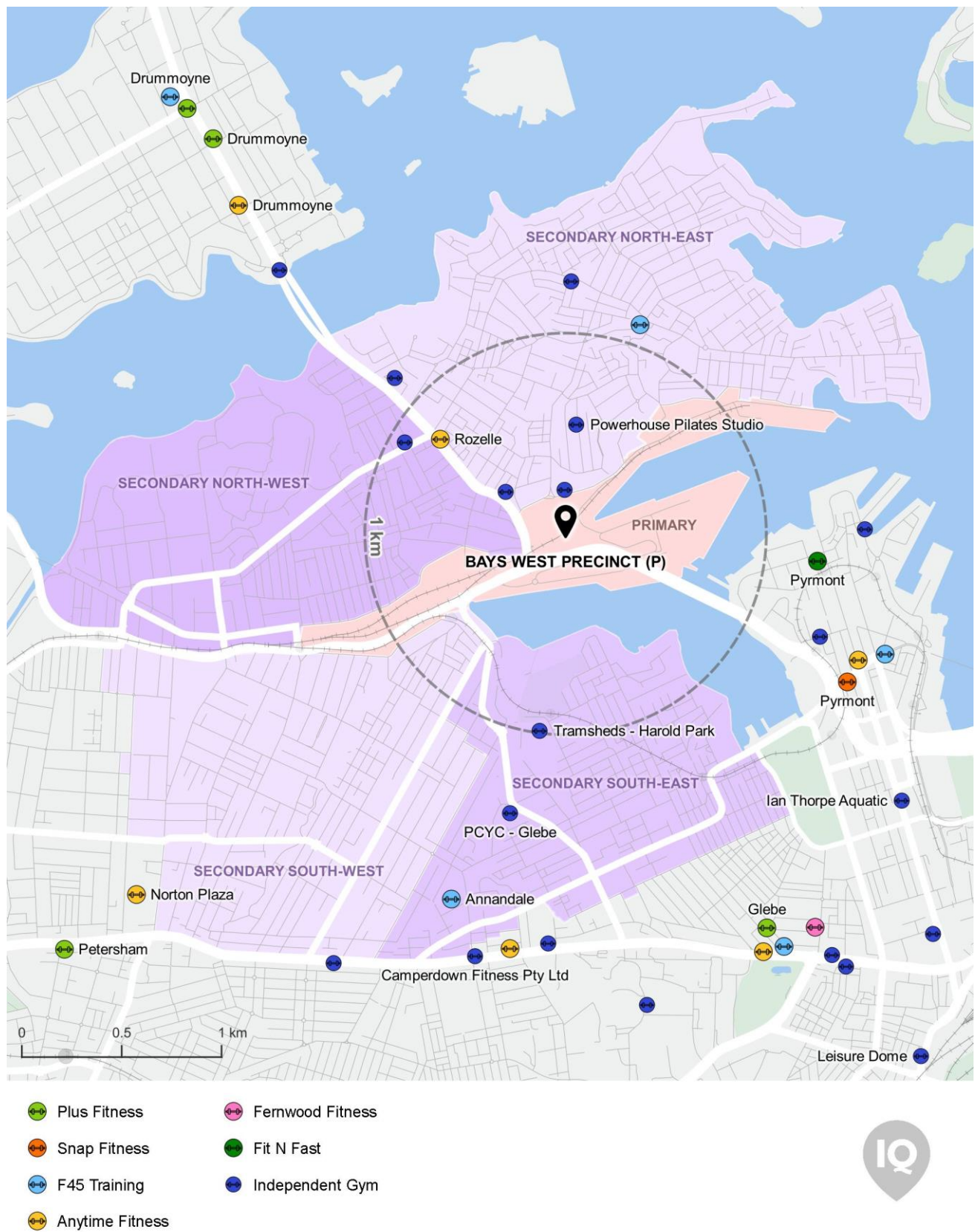
- Population and income growth.
 - The evolution of new retail and non-retail formats and traders.
 - Competitive developments and precincts.
- v. Other fitness concepts that are popular in affluent markets and could potentially be considered for the Alexandria site include Barre Body (currently provided at Bondi Junction, Surry Hills, and the Sydney CBD) or aerial yoga (offered at Sky Lab in Surry Hills and Umbilico (Rosebery)).

6.2.2. Gyms

- i. There are many sizes and forms of gyms provided throughout Australia as follows:
- The well-known brands and health clubs such as Fitness First and Virgin Active typically operate large sized gyms of around 1,000 sq.m and serve a catchment of approximately 50,000 – 70,000 persons. Local gyms are typically around 200 sq.m in size and serve a catchment of around 10,000 persons.
 - Memberships generally accounts for around half of a gym's total revenue stream. Based on a 2015 survey conducted by Fitness Australia, 60% of gyms had less than 1,000 members, while the largest gyms (with over 5,000 memberships) made up just 6%.
- ii. National brands make up more than half of the market, including chains such as:
- Anytime Fitness
 - F45 Training
 - Fernwood Fitness
 - Fitness First
 - Goodlife
 - Jetts Fitness
 - Plus Fitness 24/7
 - Snap Fitness
 - Virgin Active
 - Curves

- iii. However, there has been a revival of independent and small gyms in the last five years, and many have begun to cross over into less traditional formats, catering to areas such as group fitness, classes, CrossFit, boxercise, circuit training and more. These gyms are popular and take up less floorspace than a traditional gym.
- iv. Map 6.1 illustrates the existing provision of gyms throughout the main trade area and surrounds, with F45 (Balmain and Annandale), Anytime Fitness (Rozelle), and eight independent gyms. The main trade area population is in the order of 65,000.
- v. The benchmark across Australia is around 8.2 national brand gyms (i.e. excluding independents per 100,000). This implies some five national brand gyms could be provided. In addition to the local resident market, the proposed site would serve a worker population, that would increase the demand for a gym at this location.
- vi. Based on the young-professional resident market and additional customer segments, the subject development would serve, a smaller format gym of around 250 sq.m would likely be supportable. This would complement other recreation spaces planned across the site. A gym would not require the same high exposure as retail floorspace and could even be on an upper level or basement level.

MAP 6.1. GYMS



6.2.3. Childcare Centre

- i. There are currently several childcare centres provided throughout the main trade area, with seven centres within a 1 km radius of the site.
- ii. Co-locating childcare facilities with retail and other non-retail facilities at the site would increase the destination appeal of the precinct and generate a higher level of traffic around the site (e.g. parents visiting when dropping off/picking up their children). The planned 1,000 student school would also complement a childcare centre.
- iii. The site also has many desirable attributes that are associated with quality childcare facilities, including proximity to workplaces, a convenient location for local residents, a growing population, proximity to public transport and nearby education facilities.
- iv. Quality providers are generally considered to be larger national operators (Goodstart Early Learning and G8 Education currently having the highest industry market shares), or those which meet and exceed national quality standards. Childcare facilities must operate (and are assessed) under the National Quality Framework, which provides benchmarks for early childhood education services in Australia, across seven key areas.
- v. Childcare centres are large floorspace users, requiring a minimum of 3.25 sq.m of unencumbered indoor space and 7 sq.m of unencumbered outdoor space per child. While facilities can vary in size, they are often in-excess of 1,000 sq.m (not including play areas and car parking) and pay low gross rents in the order of \$350 - \$500 per sq.m, depending on location.
- vi. Overall, given the limited on-site worker and resident populations, a childcare centre would not be recommended unless alternative uses could not be secured.

MAP 6.2. CHILDCARE CENTRES



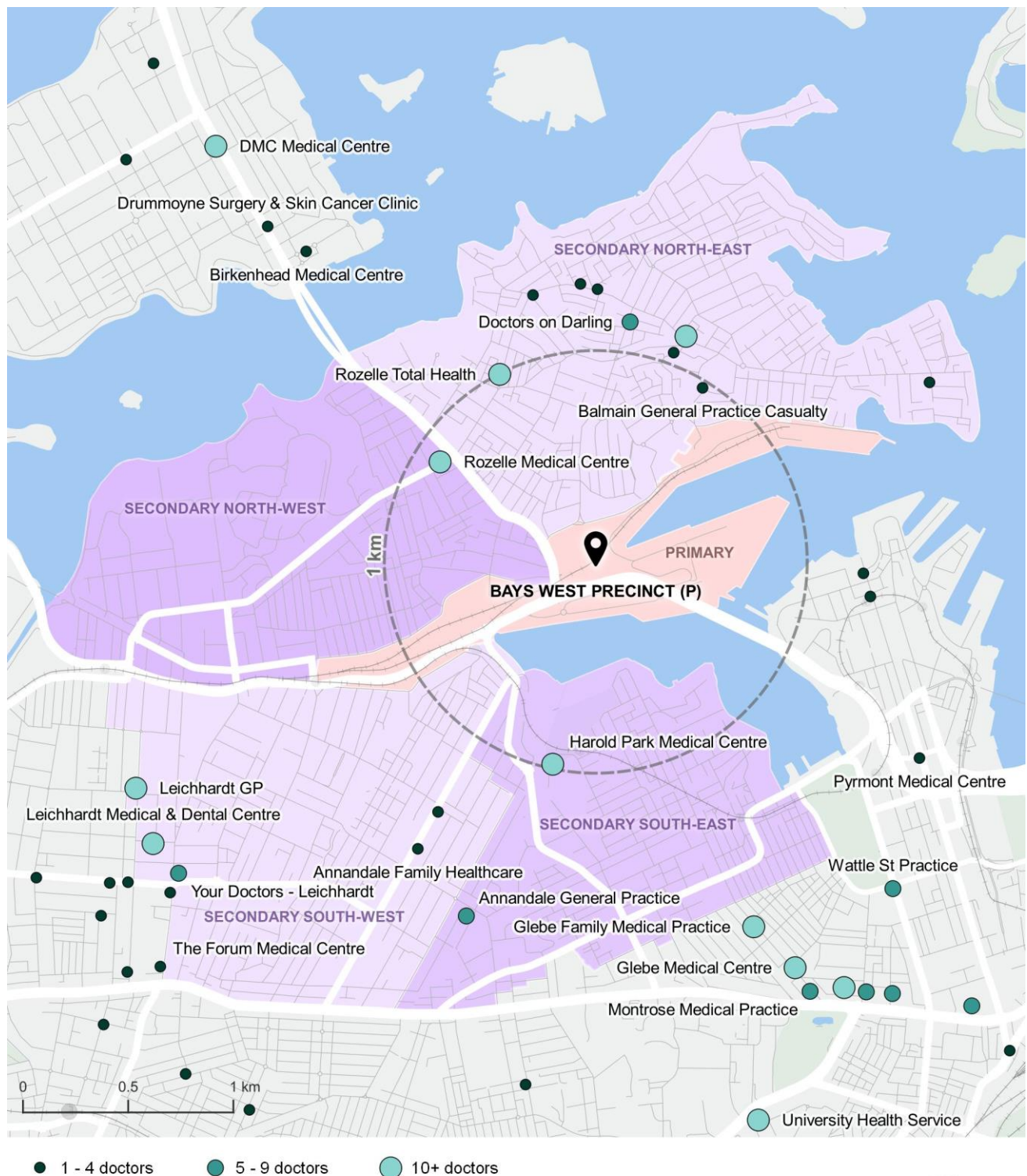
- ▲ Goodstart Early Learning
- ▲ Only About Children
- ▲ G8 Education
- ▲ Other Childcare
- ▲ Guardian Early Learning Group



6.2.4. Medical Centre

- i. 'Medical centre' is a term used for a collection of medical services provided at the same site, typically including General Practitioners (GPs) and other services such as a pharmacist, pathology, and the like. Typically, successful medical centres are situated within high profile locations, either along main roads or within proximity to a retail/commercial centre or transport node. Thereby facilities receive maximum exposure to passing traffic, but more importantly, are easily recognisable and accessible for the surrounding population.
- ii. Across Australia, around 12 doctors are provided for every 10,000 persons. Map 6.3 illustrates the location and size of surrounding medical centres within the region.
- iii. It is important for medical precincts and clinics to provide an adequate number of facilities, including key tenants such as a doctor, dentist, chemist, physiotherapist and specialists, enabling a one-stop medical destination and serving a wide region with suitable facilities. Specialist and ancillary medical uses include a range of professions and services, such as:
 - Chiropractor
 - Chiropracist
 - Dentist
 - Nutritionist
 - Physiotherapist
 - Dermatologist
 - Paediatrician
 - Psychiatrist
 - Psychologist
 - Pathology clinic
 - Gynaecologist
 - Cosmetic Surgery
 - Cryotherapy
 - Naturopath/Herbalist
 - Speech therapy
 - Medical equipment suppliers
- iv. Medical centres can range in size from 250 sq.m – 1,000 sq.m (depending on the number of doctors and services offered) and often co-locate with complementary wellbeing facilities such as podiatry, chiropractic, optical and counselling clinics or similar, typically paying gross rents in the order of \$350 - \$750 per sq.m, depending on the number of doctors and services offered. Again, within inner-city and CBD location, gross rental levels can be at the upper end of this range.
- v. This type of use would also integrate well with any prospective health and wellness, or gym offer at the site.

MAP 6.3. MEDICAL FACILITIES



6.2.5. Bar/Tavern

- i. Taverns are often located throughout large retail strips and vary in size from around 300 sq.m to larger taverns of around 2,000 sq.m.
- ii. Popular restaurants and bars tend to attract customers from a broad region, particularly residents aged under 35 years. Attracting a portion of this wider population is highly reliant on securing popular/high profile restaurants and bars, as well as the creation of an active and engaging precinct.
- iii. Providing a quality local bar operator at the site would also help to elevate the cultural association with the development and assist with blending it to the surrounding precinct, as well as providing afterhours activation.
- iv. The focus for taverns/bars within the region is the CBD and waterfront locations such as Darling Harbour or Circular Quay, where a significant number of facilities are provided.
- v. Similar uses currently being developed around Australia include on-site microbreweries, which also provide a unique offer with destination appeal. Recent examples including Whitfords Brewing Company, Newstead Brewing Co, Malt Brewing Co, Northbridge Brewing Company or BentSpoke Brewery in Canberra.
- vi. Taverns typically average around 500 – 750 sq.m in size and would be subject to a liquor licensing application. Gross rental levels vary across operators but are generally around \$500 - \$1,000 per sq.m.

6.3. Summary

- i. Overall, a range of non-retail uses are considered supportable, as follows:
 - A total of 1,000 sq.m of non-retail shopfronts, including a travel agent, post office, bank, medical, and the like.
 - A gym of around 250 sq.m.
 - A tavern of 750 sq.m.
- ii. A number of these uses could occupy upper levels such as with a tavern and gym/medical above the ground floor convenience and food catering offer.

7 DELIVERY AND IMPACTS

7.1. Composition and Delivery

- i. Across the Bays West precinct, around 5,000 sq.m of retail and complementary non-retail floorspace is considered supportable. The mix of uses that would be applicable would at a high level be as follows:
 - Metro Station: Convenience retail focused on a small foodstore/supermarket, food catering, and retail services.
 - Mixed-use (ground level): Mainly food catering and non-retail tenants.
- ii. It is important that that Metro Station retail floorspace is delivered in the first instance, to help activate the precinct and ensure a central hub. The mixed-use floorspace would require the build out of most of the residential, commercial, and social infrastructure to be vibrant. In the initial stage of development, the floorspace should be targeted to the on site customer segments. Retail is a follower and not an incubator, and this is especially the case where site access and activation is restricted.
- iii. As outlined previously, the retail and complementary non-retail component of the proposed development will likely occupy ground and lower-level tenancies of four precincts.
- iv. Based on the findings of this report, Table 7.1 outlines the indicative supportable quantum and composition of the retail (and complementary non-retail) component. It is important to note that the ultimate composition of the site will depend largely on the ability to secure key tenants in each category, the most crucial of which would be a supermarket or fresh food anchor:

Supermarket (800 - 1,000 sq.m): The major brands should be approached in first instance to open a neighbourhood supermarket. Woolworths can operate a range of supermarket sizes, including neighbourhood supermarkets of 1,600 sq.m under both the standard and 'Woolworths Metro' store banner. Coles also operate a variety of store sizes, including the 'Coles Local' brand. A supermarket will only appeal to an operator and customers where traffic congestion can be managed.

Alternatively, other neighbourhood supermarket operators could be considered, including IGA, Foodworks, QE Foodstores, or a quality independent single-store operator.

The size and brand operator of a neighbourhood supermarket will have significant implications for the optimal provision of retail facilities at the subject site.

v. Key specialty tenants and categories to consider include:

- **Other Food Retail (up to 375 sq.m):** key tenants in this category would be an artisan liquor, bakery/patisserie, or health food shop. If these operators were not located near a supermarket, they would need to provide a unique offer with points of difference and broad appeal. Local examples include Bucket Boys and Bourke Street Bakery.
- **Food Catering (1,000 – 1,500 sq.m):** a key focus should be food catering facilities, including takeaway food traders and cafes. These facilities would activate the site and create a destination across extended hours all week. For somewhat of a critical mass of food catering facilities to be achieved, at least six key tenancies would need to be well-leased to quality, attractive food catering tenants.

In terms of GLA requirements, specialty-sized food catering tenants range from hole-in-the wall style takeaway operators (50 sq.m), up to casual dining offers of around 100 – 200 sq.m. In addition, a larger 'mini-major size' food catering tenant of more than 400 sq.m could be supported.

Overall, at least 1,000 sq.m of food catering floorspace should be planned, with around 1,500 sq.m still considered supportable if quality tenants could be secured and there was substantial operator interest. Water views would be ideal to attract quality tenants and customers.

- **Retail Services (200 - 500 sq.m):** several retail services tenants are likely to be supportable, particularly given the young professional and student market. These uses could be allocated to less prominent locations and include uses such as a barber, hair salon, laser clinic, dry cleaner, alterations, beauty and more. Up to 500 sq.m of floorspace could be planned across this category.

Other Retail Specialty (200 – 800 sq.m): tenants within these categories would generally be boutique one-off offers that would depend largely on operator interest. It is likely that less than four tenants (~400 sq.m) would be supportable across the balance of non-food retail categories – however, boutique operators could still be pursued. Key tenants to consider would include a pharmacy, newsagent, book shop, florist/gift shop, and cosmetics.

- **Non-retail Shopfronts (1,000 sq.m):** a range could be considered, with examples including travel agents, post offices, banks, lottery kiosks and the like. However, these would generally not be highest and best use.

- vi. A range of destinational non-retail tenants should also be considered, with key categories to consider, including:
- **Health & Wellness (up to 750 sq.m):** the concept a health and wellness offer at the subject site, brings together both the physical aspects of wellness, as well as a range of complimentary uses such as health professionals. Overall, up to 750 sq.m of floorspace could be supported across the key medical, gym, classes and ancillary categories, but would require a pre-commitment from the main operators or anchors for the precinct.
 - **Tavern or Similar (750 sq.m):** bar-type tenants should be considered to help to elevate the cultural association with the development and assist with activating the food catering offer. These tenants vary in size and often span the food catering category (e.g. bistros). A larger facility such as a tavern, brewery or distillery may also show interest in the site and could elect to take a large tenancy within the Kingsford Precinct (for example).
 - **Other:** if cultural and creative tenancies were sought after, small spaces could be provided for convertible gallery, pop-up shop and function centre space, or similar. This type of space is often used to showcase local creatives/designers but would pay limited rent.
- vii. The viability of commercial and non-retail tenancies across the precinct will largely be dictated by tenant demand, however, several tenants are likely to show interest across the bank, health, wellness, gym, medical, and tavern categories.
- viii. As is the case with any mixed-use development, a strong focus must be place on leasing to secure key these operators in first instance, particularly with existing and future competition from nearby developments and an unprecedentedly tough leasing market. Given the proposed level of floorspace is relatively small – key tenants that are secured in first instance may guide the ultimate composition and offer at the site.

TABLE 7.1. BAYS WEST PRECINCT STAGE ONE INDICATIVE GLA BY USE

Category	Supportability Low Moderate High	Indicative. Tenants (no.)	GLA per Tenant (sq.m)	Typical Occ. Cost (%)	Indicative GLA
Retail					
Supermarket					
Neighbourhood supermarket	Moderate - High	0 - 1	500 - 1,600	4% - 6%	1,000
Food Retail					
Liquor Store	Moderate - High	1	100 - 200	5% - 7%	200
Bakery/Patisserie	Moderate - High	1	50 - 100	12.5% - 17.5%	100
Health Foods	Moderate - High	1	100	12.5% - 17.5%	100
Food Catering					
<u>Small Takeaway</u>					
• Coffee Shop	High	1 - 2	50	12.5% - 17.5%	100
• Hole in the Wall	High	1 - 2	50	12.5% - 17.5%	100
• Takeaway Food	High	3+	100 - 200	12.5% - 17.5%	250
<u>Dining</u>					
• Café	High	1 - 2	150	10% - 15%	200
• Casual Dining / Restaurant	Moderate - High	1 - 3	150	10% - 15%	400
Non-food					
Apparel (Boutique, Jewellery)	Low	0 - 1	100	15% - 20%	-
Household Goods (Homewares/Indoor Plants)	Low - Moderate	0 - 1	100 - 200	15% - 20%	50
Leisure (Newsagent, Florist, Bookshop)	Low - Moderate	0 - 1	100 - 200	12.5% - 17.5%	100
<u>General Retail</u>					
• Giftware, Cosmetics	Low - Moderate	0 - 1	100 - 200	15% - 20%	-
• Pharmacy	Moderate	0 - 1	200 - 400	12.5% - 17.5%	200
Retail Services					
Hairdresser / Barber	Moderate - High	1 - 2	70	15% - 20%	100
Beauty / Day Spa	Moderate - High	0 - 1	70	20% - 25%	80
Key Cutting / Cobbler	Low - Moderate	0 - 1	70	12.5% - 17.5%	-
Massage & Nail Bars	Moderate	0 - 1	70	20% - 30%	50
Laundromat / Dry Cleaning / Alterations	Moderate	0 - 1	70	15% - 20%	50
Total Retail		15 - 25	100 - 200	-	3,080
Non-retail					
<u>Non-retail Shopfronts</u>					
• Lottery	Low - Moderate	0 - 1	25 - 50	-	50
• Bank	Low - Moderate	0 - 1	150 - 250	-	175
• Travel Agent	Low - Moderate	0 - 1	50 - 100	-	75
• Post Office	Low - Moderate	0 - 1	150 - 200	-	-
<u>Health & Wellness</u>					
• Alternate	Moderate - High	0 - 1	200 - 250	-	-
• Small Gym	Moderate - High	0 - 1	200 - 500	-	400
• Large Gym	Low	0 - 1	1,000 - 1,500	-	-
<u>Medical</u>					
• Small	Moderate	0 - 4	150 - 250	-	-
• Large	Moderate	0 - 1	500 - 1,000	-	500
Childcare Centre	Low	0 - 1	1000 - 1,500	-	-
<u>Bars</u>					
• Small Bar	Moderate	0 - 2	100 - 250	-	-
• Large Bar	Moderate	0 - 1	500 - 1,500	-	-
• Brewery / Distillery	Moderate	0 - 1	500 - 1,500	-	750
Entertainment	Low	0 - 1	500 - 1,500	-	-
Total		20 - 35	100 - 200	-	5,030

Source: Location IQ Databases



7.2. Design & Precincting

- i. The key principle in the development of any retail development is generating significant customer flows past retail stores to provide the greatest opportunity for operators to be successful meaning careful consideration of customer flows, sight lines, integration and precincting. For the subject site, this would also mean collaborating and integrating the four precincts that will occupy each corner.
- ii. A balancing act between the best built form outcome and consumer expectations must be at the forefront of mixed-used and retail development in Australia. Ultimately, the developments that are likely to be successful in the longer term will be those that are able to provide a balance between built form, public space, mix of uses and meeting the needs of customers in an efficient manner.
- iii. While a single retail level is typically preferred for town centre and shopping centre developments, the multi building/level concept requires a high level of design and careful consideration of customer flows, sight lines, integration and precincting.
- iv. It is important to have multiple entrances and exits for pedestrians. Thinking about key pedestrian flows is essential to drive activity and night-time security. Limited branch alleys are recommended, as multiple smaller laneways may struggle to generate pedestrian flows.
- v. The experience of the Melbourne laneways shows single walkways with shopfronts on either side work best, as opposed to those with many offshoots that create more of a maze and can be hard to navigate. A laneway design will provide a point of difference; however, it is essential that pedestrian flows are sustained across the site and also that the floorspace links into surrounding buildings.
- vi. This concept also extends to open spaces – being important to retain the feeling of proximity between retail shops and buildings. Large open spaces can leave a retail development feeling disjointed or stale, and so precincting, overflow seating and activation are crucial around any plazas or similar.
- vii. Landscaping and placemaking will be important to provide a point of difference and attraction for the various customers segments the site would serve. A contemporary, high-level of quality in terms of the built design and fit out will ensure the local population has a strong affinity with the site and the retail component can function optimally.
- viii. In retail, the concept of a ‘third place’ refers to destinations such as cafes, bars and restaurants where customer spend time between home (first place) and work (second place). Third places provide residents and visitors with a variety of informal settings, such as cafes, bars, pubs and the like, where people can meet or be comfortably alone while still engaging socially with the community. Securing and developing a quality offer, and in particular food catering precinct, is crucial to establishing the development as a viable ‘third place’ for local residents, workers and visitors.

ix. Based on the recommended types of retail uses outlined within the report, several key groups or compatible tenants could be considered for 'precincting' or co-location:

- **Fresh Food Precinct:** tenants that trade within the food retail categories typically trade highest when located nearby to the supermarket and other fresh food operators, forming fresh food precincts, and promoting cross-shop.

In most suburban areas, food retail and supermarket uses typically require car parking (particularly for major tenants). A lack of car parking at the subject site would have the largest impact on potential supermarket sales, however, the development would predominantly service a walkable catchment. Given this limited provision of on-site parking, customer flows will be one of the most important considerations in the design of the sites.

- **Dining Precinct:** Food catering floorspace can take time to realise and is heavily dependent on the tenant mix. Food catering precincts require activation across extended hours of operation and the layout and design are critical to achieve this.

Providing dual sided activity to any 'eat street' precinct is often recommended to encourage activity via pedestrian route flows across the development. Unless, however, a highly-amenable aspect, view or frontage can be leveraged. External dining areas should address landscaped areas where possible.

The fit out and presentation of all stores must also be of a high standard to uphold the appeal and aspect of the precinct. A food precinct should capitalise on the developing 'foodie culture' and celebrate individuality and quirkiness, rather than colder uniformity.

- **Takeaway Food:** traditional food courts are being replaced by food precincts, where restaurants share floorspace with street or hawker-type vendors and other smaller operators targeted exclusively at takeaway/delivery sales.

Many food catering operators now heavily rely on delivery partners in order to trade at supportable volumes (i.e. Uber Eats, Deliveroo, Menulog, Door Dash etc.). Sales vary, however, popular stores with density and regional accessibility can attract as much as one third of sales from these delivery partners.

With an increased reliance on delivery services, some tenancies may experience high volumes of visitation to and from the site for collection. In this sense, it is crucial that the design of food catering outlets considers the prospect of frequent driver/rider visitation and them waiting (backlogs) at/around the site.

- **Health & Wellbeing:** emerging as a popular and important component of mixed-use precincts, a wide range of health and wellness-type uses can be incorporated and co-located with one another, including gyms, fitness classes (or similar), health, medical and ancillary services.
- **Commercial:** commercial floorspace is likely to be littered throughout the precinct, including a large portion on upper levels. The retail behaviour of these on site workers is an important consideration, including providing a nearby coffee shop, lunch options and the like.

Workers would typically visit nearby retail facilities in the morning, at lunchtime, or after work - to undertake expenditure on retail items.

Relevantly, food catering spending including at bars and restaurants at night-time form an important component of spending directed to retail facilities near workers place of employment.

7.3. Impacts on Existing and Planned Centres

- Total retail floorspace in the order of 4,000 - 5,000 sq.m could be provided. Non-retail uses would be an additional floorspace Typically in inner city of city fringe locations, retail floorspace can generate established sales of around \$10,000 per sq.m, or \$35 million in this instance – allowing for a lower than established tenant sales level. This assumes a quality mix of tenants and excellent customer amenity.
- Around 50% of retail sales would be generate by on site residents and workers, with the balance (50%) attributable to visitors.
- In terms of impacts on nearby centres, it is important to note the following:
 - Retail floorspace provided for a new population, which mainly serves that immediate population, typically has limited if any impacts on nearby centres given the new population has not been using existing floorspace at they are new to the area.
 - The greatest impacts are typically absorbed by the closest comparable centres. For example, a new supermarket is generally likely to impact the closest nearby supermarket to the greatest extent, and at the lower end of the spectrum, smaller scale supermarkets/foodstores, which serve much more limited roles.
 - Impacts on smaller local supermarkets/foodstores tend to be smaller in scale, as these stores normally attract a lower market share of available main trade area expenditure and perform a different role and function within the hierarchy, often serving the local walkable catchments surrounding them, and/or serving more specialised/discerning needs (e.g. a smaller IGA).

- Destination retail that appeals to visitors, commuters and the like typically draws from a wider region and consequential impacts are spread across several centres/facilities.
- iv. Based on the indicative mix of retail floorspace, impacts of surrounding centres would be limited and well within the bounds of normal competition, at -10% or less. All centres will remain viable, and the supermarket based locations would benefit from the new population who would have to frequent larger supermarkets to undertake a full weekly shop.
- v. Indicative sales \$35 million would imply a main trade area total retail spending market share of 2.5%. On this basis, even if all the forecast retail sales were redirected from the main trade area, impacts would be well below -10%. Around 97.5% of retail spending would still be directed to other retail floorspace. The retail sales from the main trade will be well below \$35 million, indicating very low impact levels.



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