Attachment A1

SGS - Green Square and Southern Areas Retail Review

Green Square & Southern Areas Retail Review

City of Sydney

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Certified B Corporation

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Executive summary

The Green Square and Southern Areas Retail Review seeks to inform the land use controls for the centres of Southern Sydney. It recommends a hierarchy of centres, based on how much retail floor area will be supported by the forecast population in 2041. To achieve these centres, the Review recommends larger retailers, like supermarkets, must continue to locate in higher order centres. Outside of planned centres, retail development should be limited to smaller shops with a maximum floor area of 1,000sqm which provide convenience shopping opportunities within walking distance of homes and workplaces.

The 2008 Green Square and Southern Areas Retail Study (the 2008 study), prepared by JLL, has shaped retail planning in the southern portion of the City of Sydney Local Government Area for the past 14 years. Since this time, the area has experienced unprecedented growth and is home to Australia's largest urban renewal project. The area is forecast to have between 60,000 to 70,000 residents (depending on occupancy trends) and 17,200 workers by 2036[1].

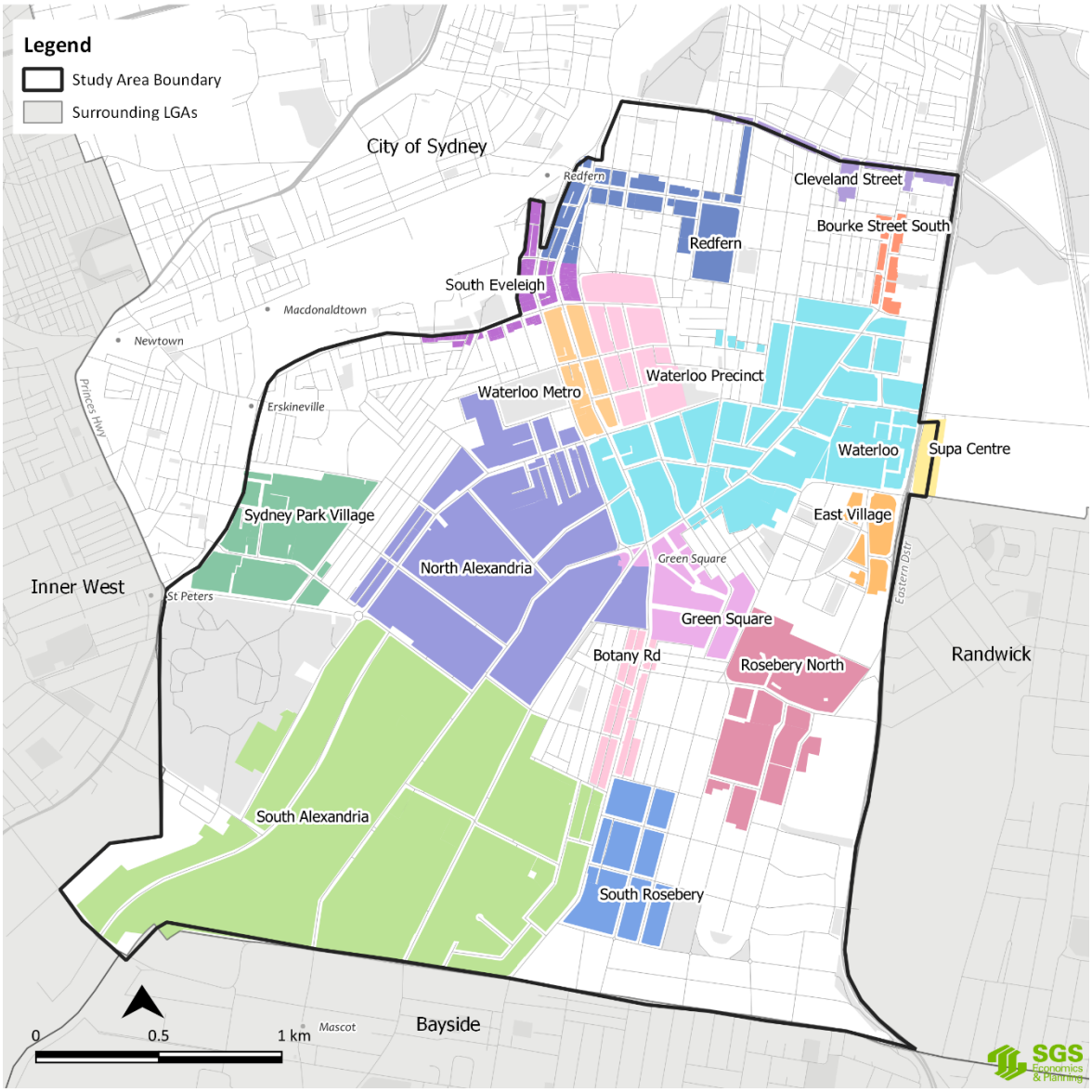
The broader retail environment has also changed with retail expenditure changing in terms of value and type. Online retail has proliferated, and bricks-and-mortar retail has adapted to suit. Trading hours are longer and retail planning for centres now places more emphasis on the retail experience. COVID-19 has had significant impacts on retail which are yet to be distinguished as shocks, or as trends that will persist beyond the short to medium term.

This Retail Review builds on the 2008 study that was to establish future demand for retail in the study area and recommend strategies of how this future demand could be met through coordinated retail development that encouraged the emergence of the Green Square Town Centre as a major centre. It also builds on the research paper titled 'Minor Retail Development in Green Square and the Southern Areas' (the 2010 study), prepared by SGS Economics and Planning. The 2010 study recommended that retail premises greater than 1000sqm be limited to designated centres in order to support these retail centres and prevent retail demand being drawn away from these centres. Current local planning controls align with the findings of these studies. Specifically, Clause 7.23 of the Sydney LEP 2012 restricts the size of retail development within specific areas of Green Square and the surrounding southern areas.

Since this time, major community infrastructure development, and both market-led and government-led retail development has occurred. These additions to the retail system make it necessary for Council to review previous retail studies and determine if planning controls need to change. This review combines qualitative research with retail gravity modelling to examine whether there is a current or future under-provision of retail floorspace in the study area. The study identifies 15 retail clusters for the purpose of this exercise, which are shown in the figure overleaf, and has analysed the changes to floorspace supply and demand in each.

[1] https://www.cityofsydney.nsw.gov.au/strategic-land-use-plans/city-plan-2036

FIGURE A: RETAIL CLUSTERS WITHIN THE STUDY AREA



Source: SGS (2022)

A retail gravity model has been used to understand the supply and demand dynamics in the study area and surrounding retail system and is mindful of the fact that retail clusters do not adhere to administrative trade areas, but are part of a larger retail network. That is to say, the retail gravity model does not use 'trade areas', but instead considers the retail system across the whole of Greater Sydney. The retail modelling has produced the following insights:

- It is predicted that the greatest retail expenditure in 2041 will be generated in the Green Square Town Centre, Waterloo, Ashmore Estate and future Waterloo Estate redevelopment site, with over $462 million out of $1.4 billion expected to be supermarket spending.
- The Green Square Town Centre is expected to experience the highest percentage of growth of retail supply within the study area.

- In 2041, there is a projected undersupply of retail floorspace of approximately 12,000 square metres across the study area – however, this undersupply is not consistent across all retail clusters and retail commodities.
- The largest supermarket under-provision emerges in the Waterloo, Green Square and North Alexandria retail clusters.
- In 2041, the greatest under-provision of retail floorspace is forecast for hospitality and services, supermarkets and other food retail, while an over-provision of retail floorspace is expected in other retail types.

This Retail Review is conscious that retail modelling alone should not dictate strategic planning for retail. Additional layers of analysis were completed in order to arrive at well-considered and pointed recommendations. They are as follows:

- The accessibility of supermarkets was mapped spatially to determine which parts of the study area have poor retail accessibility – the findings indicated that pockets of Waterloo, Redfern, Rosebery North and South Rosebery are where accessibility gaps emerge.
- A commodity analysis was completed in order to gauge which retail clusters have a comparative advantage in providing particular retail commodities - Cleveland Street, Green Square and the Waterloo Precinct will play a more important role in supermarket provision as future supply comes online; clothing & soft goods and household goods are predominantly located in North and South Alexandria, while Waterloo also has a high prevalence of clothing and soft goods, and household goods.
- A capacity analysis was conducted to determine if there is sufficient capacity under existing planning controls to absorb the identified shortfalls in retail provision.
- Retail Clusters were profiled to distil the results of the analysis and to articulate their role within the retail network.

The evidence base, comprised of qualitative analysis of the broader retail environment, retail modelling, and market analysis, have formed a strategic analysis toolkit. This toolkit was used to inform a 'what if' scenario test whereby retail under-provisions, as identified in the retail modelling, are re-distributed. Under a redistributed model, the Green Square retail cluster is identified as not having sufficient capacity to provide for the retail under-provision.

Key insights have been identified throughout the Retail Review and are synthesised in Section 6 of this report. These insights have been used to formulate recommendations to Council. The recommendations can be classified as 'land-use planning' recommendations, that is, those that call for an amendment to a planning framework (LEP, DCP or similar), and place activation recommendations – those which a finer-grain and are outside of the purview of planning controls. The recommendations are as follow:

Land-Use Planning Recommendations

- **Recommendation One**: Investigate options to remove the retail tenancy cap for sites immediately adjacent to the Green Square Town Centre.
- **Recommendation Two**: Investigate options to amend the planning controls for the Waterloo retail cluster to facilitate the delivery of a supermarket of no more than 3,000 square metres floorspace.
- **Recommendation Three** Review and update of the Sydney DCP 2012 to identify all retail centres within the Green Square and Southern Areas.
- **Recommendation Four**: Maintain the 1,000 square metre retail floorspace cap outside of identified and proposed retail centres.
- **Recommendation Five**: Conduct a Retail Review for the Green Square and Southern Areas every five years to account for any emerging or currently unforeseen trends and impacts.
- **Recommendation Six**: Support the ongoing approach to managing specialised retail premises in areas in which residential development is not permitted.

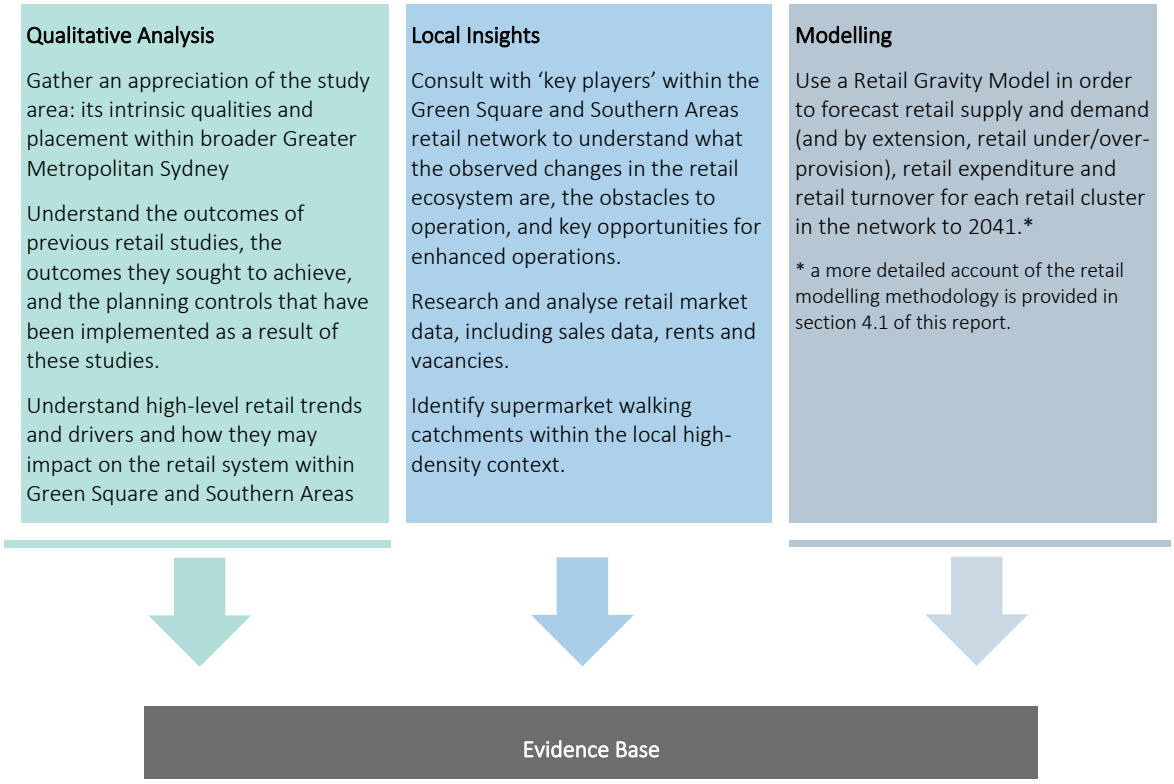
1. Introduction

1.1 Retail Review Methodology

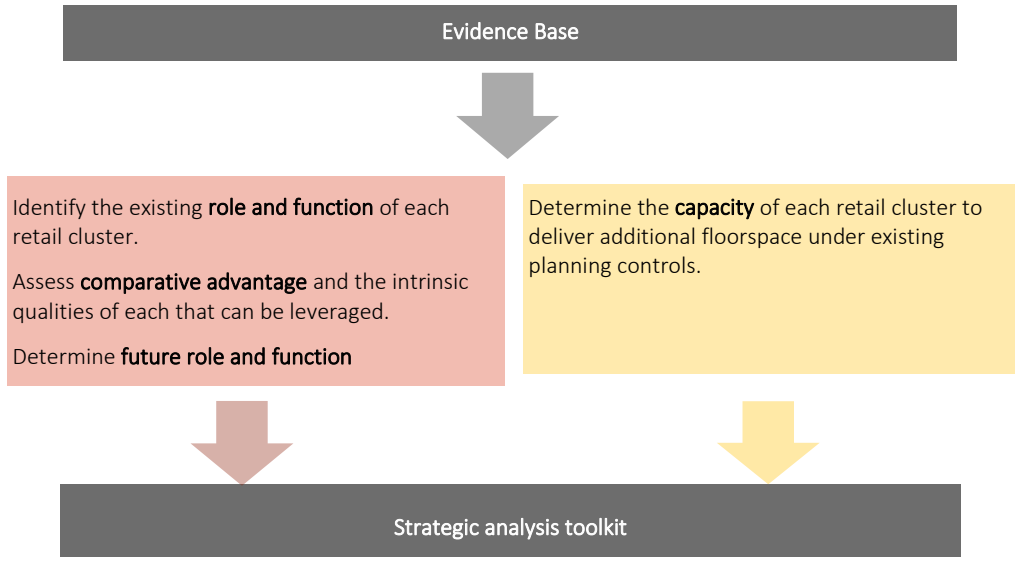
The methodology used for this retail review does not intend to replicate or build on the methodologies used in the previous Green Square and Southern Areas retail studies. Instead, the methodology used within this report acknowledges the significant changes in the Green Square and Southern Areas retail ecosystem (where and how retail operates within a particular area) and reflects the varying elements that need to be considered as part of a comprehensive retail review. This includes a qualitative analysis, local insights, retail modelling and strategic insights which together form part of the review's recommendations.

The flow chart below outlines the methodology used for this review and reflects the structure of this report:

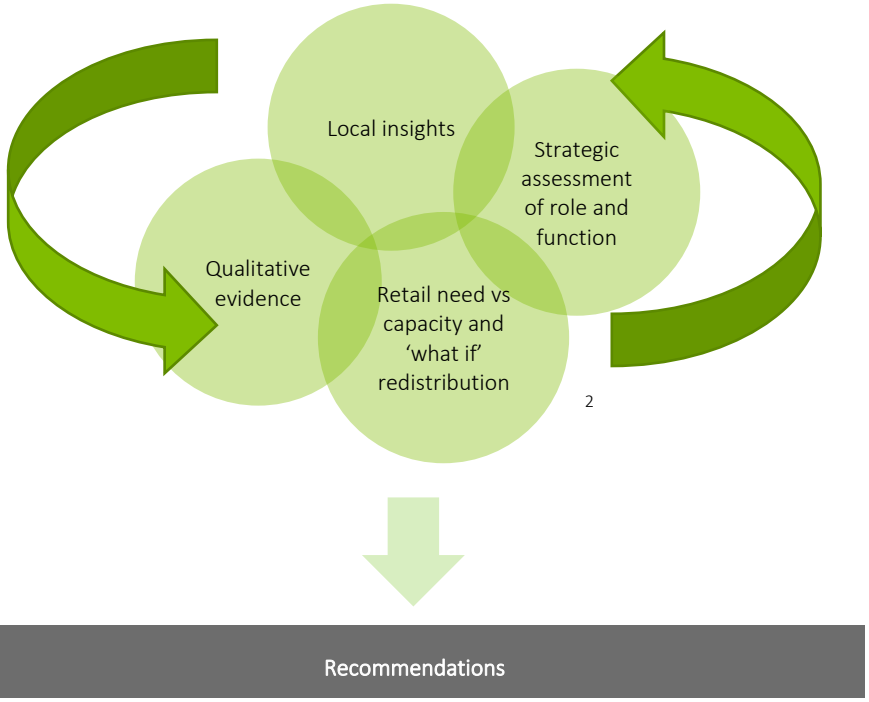
Step 1: Gather Evidence



Step 2: Interrogate Evidence Base



Step 3: Synthesise Findings, Highlight Insights and Develop Recommendations



[2] This seeks to test of the tolerance of the retail system to absorb demand, where smaller gaps are addressed through agglomerated provision within a more rigid application of the retail hierarchy. The purpose of this redistribution is to gauge whether each cluster has the capacity to provide a redistributed quantum of retail floorspace, cognisant that centres within the study area are part of a broader network of centres and that leakages to other retail clusters outside of the study area, but proximate to the study area, may occur.

1.2 Green Square and Southern Areas

The Green Square and Southern Areas (the study area), shown at Figure 1, make up approximately a quarter of the City of Sydney Local Government Area (LGA). It comprises an eclectic mix of sub-precincts, including the industrial and urban services estates throughout Alexandria, social housing estate in parts of Waterloo and Redfern, new high-density mixed-use living in Zetland and surrounds, and low-density period housing salt-and-peppered throughout the entire study area.

The Green Square Urban Renewal Area, which includes the suburbs of Zetland and Beaconsfield, and parts of Alexandria, Rosebery and Waterloo is approximately 278 hectares in area and is positioned for substantial residential intensification.

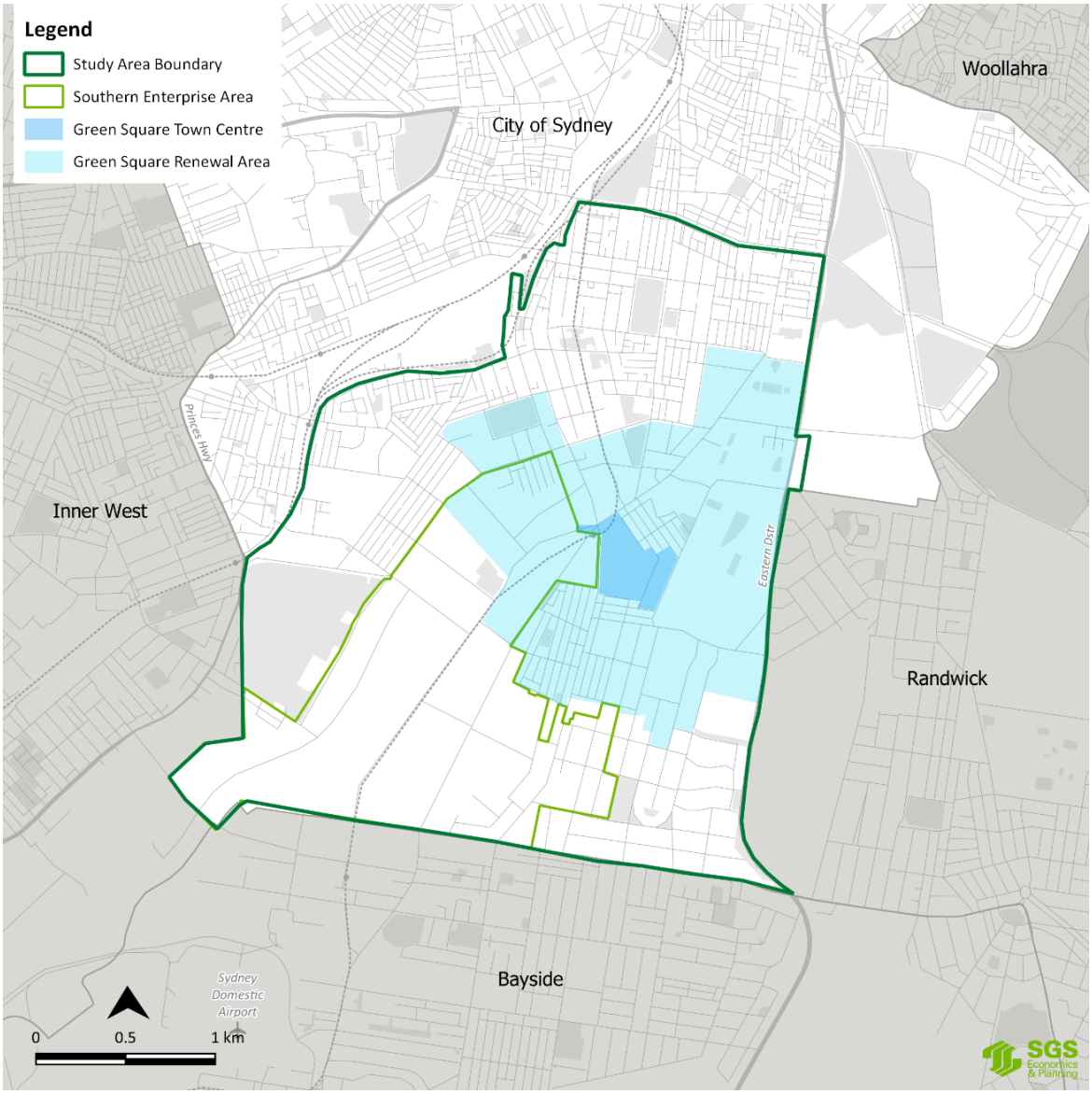
The Green Square Town Centre is located within the geographic heart of the urban renewal area and is positioned to be the primary commercial, retail and civic centre of the urban renewal area and the southern part of the City of Sydney LGA.

The Southern Enterprise Area is still characterised by its light industrial and urban services land uses, however, has also become Sydney's beacon precinct for niche retail, artisanal manufacturing industries, and other diverse and specialised industries.

The Moore Park Supa Centa site is also located in the study area and includes a homemaker centre specialising in specialised retail premises.

The southern areas of the City of Sydney LGA have experienced unprecedented levels of growth over the past two decades. Green Square is regarded as one of Australia's fastest growing areas and is Australia's largest urban renewal project. The areas rapid growth in population and workers is expected to continue in the future, featuring predominately high-density developments. A map of the study area and sub precincts is provided overleaf.

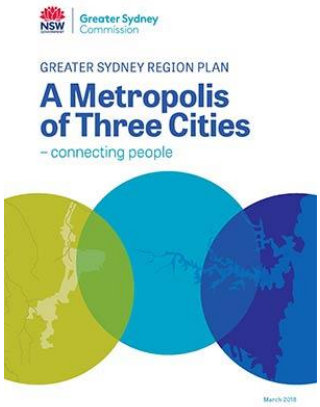
FIGURE 1: MAP OF THE STUDY AREA AND SUB-PRECINCTS



Source: SGS (2022)

1.3 High-level Strategic Framework

Greater Sydney Region Plan



The Greater Sydney Region Plan is a 20-year vision to manage Sydney's growth, development and character to 2056. Over this time Sydney's population is expected to grow to over 8 million. Half of these residents will live west of Paramatta. The plan suggests a metropolis of three cities (Western Parkland City, Central River City and Eastern Harbour City), which aims to help rebalance opportunities both economic and social within the city. At the heart of the plan is the idea of 30-minute city where people will reside within 30-minutes of employment, education, recreation, and key services. The plan understands that technology and other factors will shape how cities operate throughout this time period.

The plan consists of 10 Directions addressing four areas of infrastructure and collaboration, liveability, productivity, and sustainability. Under these directions sit potential indicators of their level of implementation. 40 objectives also lie under the directions that outline specific methods in which the directions can be achieved.

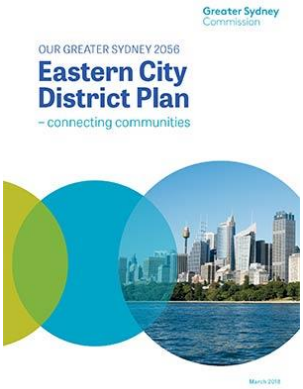
The Greater Sydney Region Plan has a key focus on optimising infrastructure. This includes infrastructure that aligns with growth that can match future needs as well as supporting large increases in the number of dwellings located within 30-minutes of key services.

The plan states objectives to improve liveability across the city. Improving liveability includes celebrating culture, having connected communities, and great places that bring people together. The plan aims to connect communities by supporting improvements in places that bring people together. This involves well designed areas such as streets that cater for people as well as transport. This is accompanied by suggestions of improved social infrastructure to engage with the entire population and creating walkable spaces with a mix of land uses.

Stated objectives aimed at improving the cities' productivity include more walkable cities, higher number of dwellings as part of the 30-minute city vision, and industrial and urban services land that is planned, retained, and managed. Objective 22 "Investment and business activity in centres" understands that managing a hierarchy of centres is important while also meeting the needs of the population in a 30-minute city. The plan outlines a hierarchy of centres including metropolitan centres, strategic centres, local centres and rural towns and villages.

> **Implications for Green Square and Southern Areas**
>
> Green Square – Mascot is identified as being a strategic centre part of the Eastern Economic Corridor. In addition to this, the Region Plan underscores that the Green Square precinct is one of Australia's largest urban renewal precincts, with evidence outside of the Region Plan stating that the precinct is the most densely populated area of Australia. This has implications for retail planning in the precinct as the resident and worker population in the precinct is structured to increase substantially, placing demand for goods and services.

Eastern City District Plan



Eastern City District Plan is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Sydney as set out by the Greater Sydney Region Plan. The Eastern City District Plan is one of five district plans that aim to inform local planning documents and outcomes to help achieve the Greater Sydney Region Plan for a metropolis of three cities. The Eastern City District is at the centre of the Eastern Harbour City as laid out by Greater Sydney Region plan. The district includes the Sydney CBD as well as Bayside, Burwood, City of Canada Bay, City of Sydney, Inner West, Randwick, Strathfield, Waverley and Woollahra local government areas.

The plan sets out planning priorities aimed to achieve the 10 directions set out in the Greater Sydney Region plan that address infrastructure and collaboration, liveability, productivity, and sustainability. The population of the district is expected to grow by over 325,000 by 2036.

The plan acknowledges that the district has distinctive and lively centres that are valued by residents. The 30-minute city will guide planning on the location of services, infrastructure, and housing. Planning Priority E6 "Creating and renewing great places and local centres and respecting the district's heritage" sets out actions and principles for place making and local centres. It addresses amenity, accessibility, and connectivity. Principles for local centres include the ability to adapt to meet community needs such as housing, services, goods, and recreation.

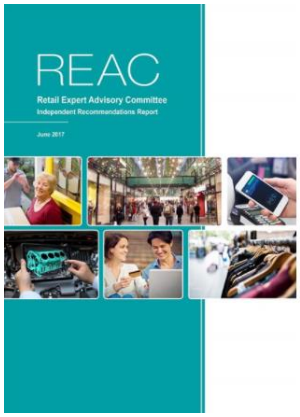
Planning priority E11 - "Growing investment, business opportunities and jobs in strategic centres" establishes a hierarchy of centres in the district to help manage growth. The metropolitan centre of the Harbour CBD, strategic centres including Green Square-Mascot and local centres such as Newtown and Hillsdale. Goals for strategic centres include high private investment levels, mix of land uses, and areas for commercial cores. This includes ensuring centres are places that can grow and evolve over time and have adequate access to transport services and quality public domains.

Clusters of large format retail should be treated as part of the retail network and planning for new clusters of large format retail should be done in the same way other new centres are planned. This includes ensuring centres are places that can grow and evolve over time and have adequate access to transport services and quality public domains. New retail centres should be:

- Located where public transport services are commensurate with the scale of the centre
- Directly opposite a residential catchment accessible by a controlled pedestrian crossing
- More than a standalone supermarket
- Have quality urban design with amenity, informed by a masterplan
- Supported by planned and funded infrastructure commensurate with the needs of the centre.

> #### Implications for Green Square and Southern Areas
>
> 1.8 million square metres of additional retail will need to be accommodated across the Eastern City by 2036. As a major growth precinct, much of this demand is likely to stem from Green Square, which has implications for retail planning in the precinct. Further, the report also understands that technology is changing retail trends and suggests centres should be able to adapt to this. The COVID-19 pandemic adds a layer of complexity to retail trends and needs to be explored beyond the trends and drivers identified in the District Plan.

Retail Expert Advisory Committee Independent Recommendations Report 2017



This report provided the Retail Expert Advisory Committee's advice on appropriate reforms to improve the NSW planning system as it relates to retailing. The planning system needs to adapt alongside the changing retail sector as it changes, taking advantage of new technologies, online retailing, and urban densification. These factors affect how shops, main streets and centres are evolving and operating. The supply of suitable land is stated as the single biggest issue. The current zoning and land use allocation does not provide an adequate supply of the range and location of sites retailers seek, resulting in supply shortfalls and competition for sites with other uses and in other zones.

The report identifies key retail drivers these will shape the retail environment going forward. These include:

- The growth of online shopping
- High density development creating new retail demand
- Increased desire for retail in mixed use areas
- Demand for bulky goods and large floor plan retailers
- Retailers altering or diversifying their business

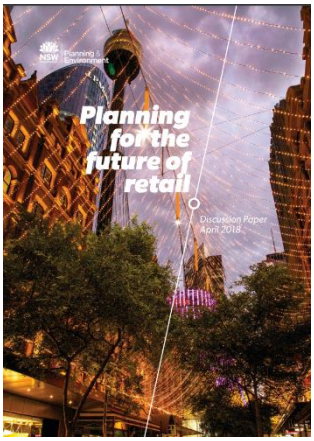
New thinking suggested by the advisory committee includes:

- Enabling access to more sites for retail, including the ability to convert sites to permit retail use when there is sufficient demand.
- Offering greater flexibility in business zones for retail uses, particularly in greenfield settings
- Modernising the standard instrument's definitions to reflect contemporary retail formats and technologies. For example, mixed format business that incorporate multiple retail types or formats.
- Focus on transitioning appropriate former industrial areas to retail. Important as inner and established areas my lack enough business zoned land.
- Retail needs are changing, and the existing urban fabric will adjust to changes in density, new employment, changes to redundant uses and activities.

Core changes that are recommended by the report are:

- Developing a state-wide retail plan to create consistency and remove barriers.
- Ensure district and region plans consider retail needs alongside population growth and other development. These should be expressed in strategic plans.
- Amend the standard instrument local environmental plan to prioritise retail in the business zones, review and consolidate the existing zones and broaden their permissible uses.
- Improved clarity and consistency in assessment processes can be achieved through assessments that focus on the scale and associated impacts rather than the type of products sold or the retail format. The understanding that some retail can exist outside centres.
- Provide clear guidance in regard to retail planning particularly regarding; temporary uses, out of centre development, ancillary uses and, design and place making.

NSW Government Discussion Paper 2018



The paper is designed to inform the NSW Department of Planning and Environment's NSW retail strategy. It builds on the Retail Expert Advisory Committee Independent Recommendations Report 2017. Retail is an important industry in NSW and in 2017 was the second largest employment industry, employing 420,00 people as well as being an important trip generator. There is a continued demand for retail investment. Technological developments are ever changing the interactions between retailers and consumers.

The Discussion Paper developed three directions for better retail planning and the outcomes that will serve the needs of a contemporary retail sector. These are reflected in the diagram below.

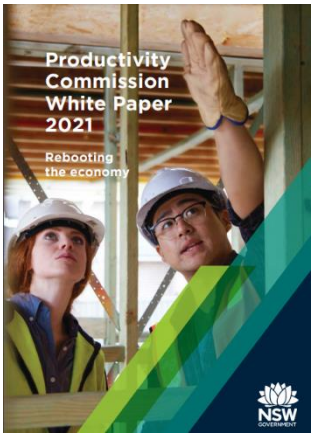
Three Directions for better Retail Planning:

- Better local strategic planning of retail to meet current and future needs. This can be achieved through local retail strategies. Aligning planning controls better with strategic planning goals.
- Approach to retail development that reflects a range of retail formats in centres. New clusters of retail should be pushed into centres together. Centres as well as main streets should receive investment for renewal, infrastructure, accessibility and amenity.
- Adaptability and certainty for retail can be created through more open zoning categories. Opening the ability for more merit-based assessments will allow more flexibility in responding to evolutions in the character of retail. Zoning should also better reflect strategic planning ideas.

Outcomes that will serve needs of contemporary retail sector:

- New and varying retail formats that offer unique experiences should be planned for.
- Zoning and strategic plans should be flexible to allow innovations in the retail space to be adopted.
- Better planning should exist for last mile distribution and innovative supply chains. This can help promote innovation, efficiency, and convenience.
- Retail should be clustered to allow for best customer ease, access, and choice.

NSW Productivity Commission White Paper 2021



The white paper stresses the importance of productivity for NSW and Australia. It states the threats of low growth in productivity negatively affecting quality of life, living standards and government revenue compared to spending. Recommendations are suggested to ensure productivity continues to grow.

The paper describes how planning regulations could be changed to create more agile and responsive frameworks. For example, simplifying employment zones and finding new ways to manage industrial and urban services land can create a system more open to accommodating changing economic trends.

The paper suggest plans should better utilise spare infrastructure capacity and that planning reforms should create changes that allow flexibility of use of employment lands. Of the official recommendations that stem from the White Paper, recommendation 7.4 has the greatest impact on the way in which retail planning, particularly with relation to precinct planning and zoning is conducted: Recommendation 7.4 – Consolidate employment zones. Progress reforms to employment zones, including the following:

- Rationalise existing business and industrial zones in the Standard Instrument Local Environmental Plan to reduce the number of zones.
- Broaden the range of permissible activities to ensure prescriptions are reserved for genuinely incompatible land uses.
- Progress reforms to expand complying development assessment pathways.

1.4 Local Strategic Framework

Sustainable Sydney 2030—2050 (draft)

Sustainable Sydney 2030-2050 sets out a vision for a green, global and connected city. It is a vision for a more sustainable future where everyone does their part to respond to the climate emergency as we start to restore our overheated planet. It positions the City as a leader in our region for just and sustainable growth, creativity and innovation. It also expresses the City's aim for a thriving 24- hour economy with opportunities for all; a more equal and inclusive city; and a more resilient city, where the social, business, cultural and physical connections support all of us to withstand adversity, adapt to change and reach our full potential.

It states that by 2036, there will be approximately 700,000 jobs in the City of Sydney local government area, including 200,000 new jobs compared to 2017, and that an increased proportion of all jobs will be secure jobs. Under the existing planning framework, the City can accommodate an additional 115,000 people in 56,000 new homes.

The vision has a transformative project idea 'making space for culture,' which identifies warehouse spaces in the Alexandria 24-hour industrial precinct as perfect for design, production and manufacturing, experimental art spaces, and late-night venues. It also identifies Green Square as the focus of significant future public transport investment, including walking and active transport. In addition, direction 4.2 states 'Productivity will be supported by planning for jobs, innovation, and

enterprise activities.' Industry, urban services, and business are supported to grow and evolve in the Southern Enterprise Area, including the Green Square Town Centre.

The plan has recently been publicly exhibited and is in the process of being finalised and will be reported back to Council later in 2022 for endorsement.

Sydney Local Strategic Planning Statement

The Sydney Local Strategic Planning Statement (the statement) sets out a 20-year vision for land use planning in the city, context for planning, planning priorities and actions needed to achieve the vision. The statement links NSW strategic plans, such as the Greater Sydney Region Plan and District Plan, with the City's Community Strategic Plan, with the City's strategic planning directions and strategies. The statement sets out planning priorities in areas including infrastructure, liveability, productivity, sustainability, and governance and implementation.

Green Square is one of the key urban renewal areas within the City and has seen large population growth. One third of the population growth occurring before 2036 will be located in the Green Square urban renewal area.

The statement outlines numerous planning priorities that will influence land use in the Green Square and the Southern Areas. The statement notes the importance of the Southern Enterprise Area regarding businesses, industry and urban services. This is due to its location between Sydney CBD and Sydney Airport. Although strategically located, the area experienced a 7.8% decline in jobs in the 5 years prior to 2017. The main driver of this was the conversion to residential land uses in the Green Square Urban Renewal Area. The employment land strategy encourages flexible land use in the area, including higher density commercial, industrial, creative, retail and community uses. It is also acknowledged that the demand and supply of retail is also linked with increased residential development in the precinct.

The City aims to allow local centres (as defined in the Sydney LEP 2012) to grow and develop. This will be supported by other planning priorities, such as more connected and walkable local centres and high-quality urban design facilitating greater amenity. Growth and development of these local centres will entail a mix of uses such as diverse retail, hospitality and other services in order to support and provide for the growing surrounding local populations. The City's planning controls in Green Square and the Southern Areas generally limits large scale supermarket retail to zoned centres to best provide access to residents, visitors and workers. Specialised retail premises are generally limited to identified areas in the LGA, including the Supa Centre and the O'Riordan Street corridor.

City of Sydney Southern Enterprise Area Review 2020

The SGS Economics and Planning report provides a strategic review of the City of Sydney's Enterprise area. It reviewed the existing employment lands strategy to guide future land use decisions and policies.

The area reviewed is acknowledged as being Sydney's Central Enterprise District. Features of the central enterprise district include:

- Great access to labour market.
- Clustering of inter-dependent high-value businesses that value the central location.
- High rent.
- Proximity and supply chain relations.

The Southern Enterprise Area has a strong economic output with a gross value add of $3.7 billion. The enterprise area also plays an important part in the wider economy including its role in supply chains and supplying critical urban services. It is important to protect the area's ability to continue to provide the wide range of economic roles and benefits it supplies.

The economic diversity that is present in the area is a key strength. It allows for value-adding relationships and cross-sector supply chains. It is crucial to ensure a continued supply of diverse floors pace for this to continue.

Spatial factors will affect future development of the Enterprise Area:

- Population growth around the Green Square area will drive demand for functions that service the community such as retail, urban services and hospitality.
- Proximity to Sydney CBD and fringe business areas allows for strong relations with the Enterprise Area. Trends could see businesses relocate from these markets to the Enterprise Area.
- Proximity to the airport and Port Botany creates competitive advantages for the Enterprise Area in some sectors.

Demand modelling shows increased floorspace demand in the future, for broadly industrial as well as office, retail and other types of land uses. Capacity and demand modelling show a shortage of industrial floorspace of at least 115,000sqm. The modelling showed enough capacity for office, retail and other broad land use categories. Nonetheless, this demand modelling needs to be continually reviewed, so as to ensure planning controls and strategies are responsive to changing trends and market conditions.

The reviews suggestions for the area include:

- Continue to encourage diversity of businesses and employment.
- Continue to provide planning controls that allow flexibility in land use to allow for enterprises, innovation and light industrial uses that reinforce economic value of the area.
- Create a small high rise office building core around Green Square station.
- Allow multi story development in IN1 - General Industrial zone.

The Review provided a strong evidence base for the proposed planning controls for North Alexandria, as well as continuation of the existing approach to managing employment lands outside of North Alexandria. The recommendations of the Review informed the preparation of the North Alexandria Urban Design Study (urban design study), which subsequently recommended changes to the planning controls for North Alexandria. The urban design study incorporated the findings of the Review and consultation with key landowners. It described the economic and built form context, the opportunities and challenges of North Alexandria, and recommended a built form, street layout and public domain that will appeal to diverse economic activities, including industrial, commercial, office, entertainment, creative industries, and other urban services.

Changes to height and floorspace as part of the planning proposal were proposed as well as height in storeys, upper-level setback and ground floor setback provisions in the draft DCP which facilitates a smooth transition in heights, bulk and scale across North Alexandria. Amendments to the DCP maps enable the delivery of active frontages, new public domain, streets, lanes, and connections and to manage built form outcomes. This planning proposal and draft development control plan were both exhibited in late 2021, were endorsed by Council in May 2022 and are now being finalised.

Realisation of this vision will allow the western side of Green Square station to integrate into surrounding areas, become an entertainment destination as well as an attractive employment focal point for the area. It will support the employment role of the Green Square Strategic Centre.

The Review recommends that specialised retail premises continue to be supported in the defined area of the O'Riordan Street corridor and the Supa Centre. It recommends that permissibility for specialised retail premises should not be expanded to other areas due to the risk of displacing other valuable employment generating uses.

1.5 Current Local Retail Planning Framework

Green Square and Southern Areas Retail Study 2008

In September 2008, JLL undertook a study of retail land uses within the Green Square Town Centre and surrounding southern areas of the City of Sydney LGA. The purpose of the study was to establish future demand for retail in the study area and recommend strategies of how this future demand could be met through coordinated retail development that encouraged the emergence of the Green Square Town Centre as a major centre.

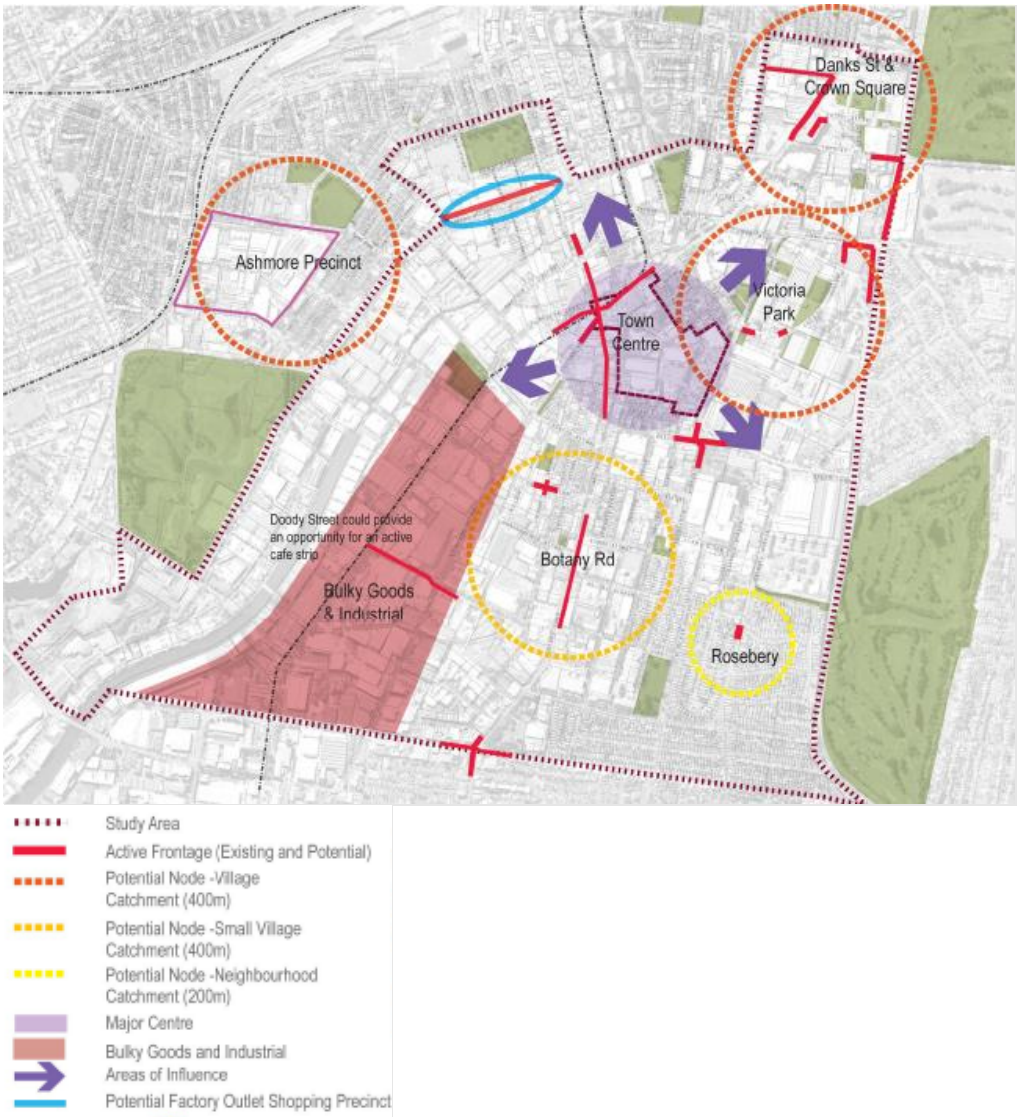
The study focused on the Green Square urban renewal area, southern industrial precinct and Rosebery. A key finding from the study was the need for a hierarchy of retail centres. The study emphasised the Green Square Town Centre as being the major centre within the retail hierarchy, with surrounding villages, small villages and neighbourhood centres sitting below.

To achieve an appropriate retail hierarchy, the study recommended that the City of Sydney implement a strict control for development of retail floorspace in the area surrounding the Green Square Town Centre. In addition, the study recognised the need for the Green Square Town Centre to achieve a critical mass of retail floorspace with major anchor tenants, in order for the Town Centre to sit at the top of the centre hierarchy and support the needs of the community.

Current local planning controls align with the findings of this study. In particular, Clause 7.23 of the Sydney LEP 2012 restricts the size of retail development within specific areas of Green Square and the surrounding southern areas (further discussion below).

Figure 2 illustrates the retail hierarchy proposed under the Green Square and Southern Areas Retail Study 2008. It identifies the broad area between Bourke Road and the Alexandria Canal and Gardeners Road as the area for bulky goods and industrial. It refers to potential 'nodes' as Danks Street and Crown Square, Ashmore Precinct, Victoria Park, Botany Road and Rosebery. These would support the major centre of Green Square. It also identifies a potential 'factory outlet shopping precinct' along McEvoy Street.

FIGURE 2: RETAIL HIERARCHY – GREEN SQUARE AND SOUTHERN AREAS RETAIL STUDY 2008



Source: JLL (2008)

Green Square and Southern Areas Retail Study 2016

In 2016, SGS Economics and Planning undertook a review and update of the Green Square and Southern Areas Retail Study completed in 2008 by JLL. The review of the study was required as the context and some of the assumptions on which the study was based on had changed, including population projections, new supply of retail offering and a shift in consumer preferences and retail trends. The aim of the review was to provide recommendations on strategies to ensure that the Green Square Town Centre remains the primary retail centre in South Sydney and that a strong hierarchy of centres and associated planning controls support this outcome. This update also aimed to ensure that the planning controls allow enough flexibility for the market to meet growing demand.

This study involved a review of the policy and strategic context of planning for retail development in Green Square, a review of retail trends and drivers impacting of retailers and consumers, assessment of retail supply in the study area, and an analysis of demand for retail floorspace to 2031. Consultation

with key stakeholders, including retailers, property developers, and peak bodies, was also conducted to inform the study.

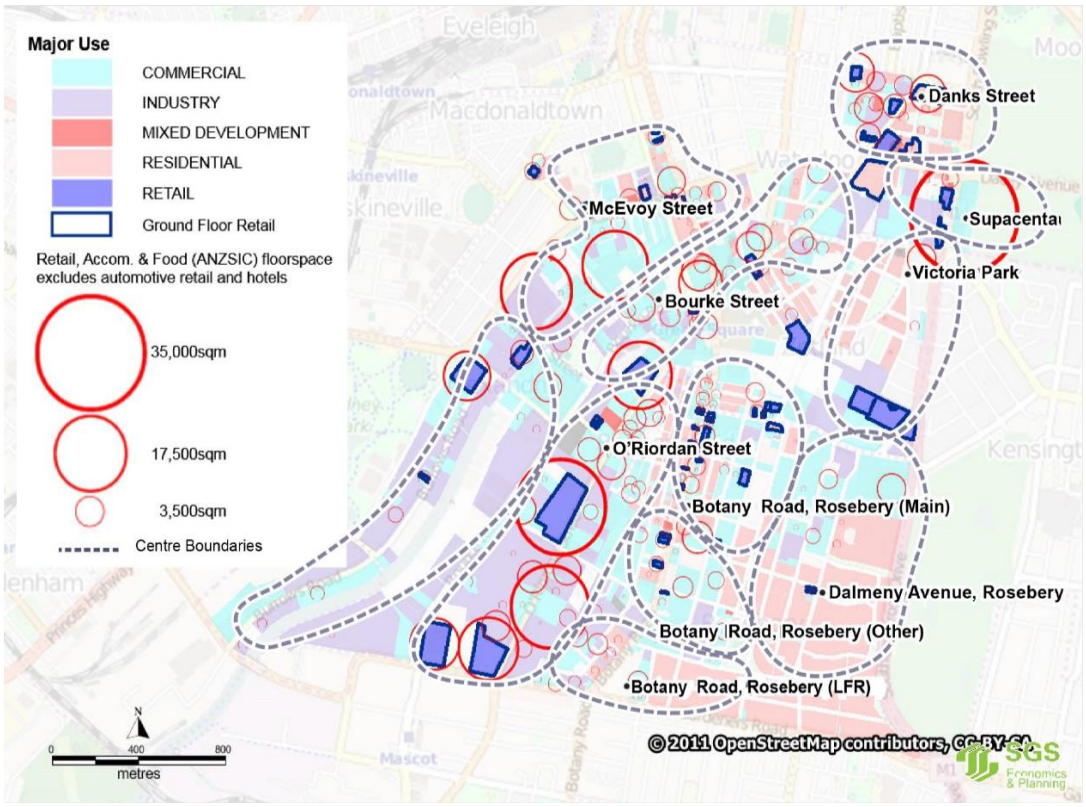
The study stated the following key findings:

- The supportable floorspace within the study area was projected to be 653,000sqm by 2031
- The known retail provision for the study area in 2031 is 250,800sqm
- Projections showed a deficit in floorspace supply for all listed retail categories by 2031, with the largest deficits occurring in specialty and specialty household goods retailing
- A notably large deficit in retail floorspace was projected for the Green Square Town Centre

In response to these findings, the study concluded that an expansion of the Green Square retail core as well as encouragement of an additional centre could assist in addressing retail supply shortfalls. The study also raised concerns in relation to the high level of supportable retail floorspace in the Danks Street Village Centre. It suggested a need to divert this demand to the Green Square Town Centre, in accordance with the retail centre hierarchy identified within the 2008 study. Diversion of this demand would ensure utilisation of investment in Green Square Town Centre and support its position as the primary retail centre at the top of the hierarchy of centres. The study also supported limits on residential development within key centres such as the Green Square Town Centre.

Figure 3 illustrates the clustering of retail floorspace throughout the broader Green Square and South Area, with circles representing concentrations of floorspace.

FIGURE 3: RETAIL CLUSTERS IN 2016



Source: SGS (2016)

Sydney Local Environmental Plan 2012

The Sydney Local Environmental Plan 2012 (SLEP 2012) covers land within the study area. Figure 4 shows the land use zoning for the study area as stipulated by the SLEP 2012. The area is primarily characterised by mixed and residential uses in the east and light industrial and urban services uses in the south-west, with much of the land zoned as industrial, mixed-use, business park, enterprise corridor and local centre. Residential zoned land (low density residential) is confined to only the south-east portion of the study area. Despite this, much of the residential development within the study area has been incorporated within the mixed-use zone.

Figure 5 shows the land to which the SLEP 2012 restricts retail development. As evidenced by the map, restricted retail development is located primarily within the study area, with some small portions of land excluded. Clause 7.23 of the SLEP 2012 refers to the restricted retail development map, stating the following control:

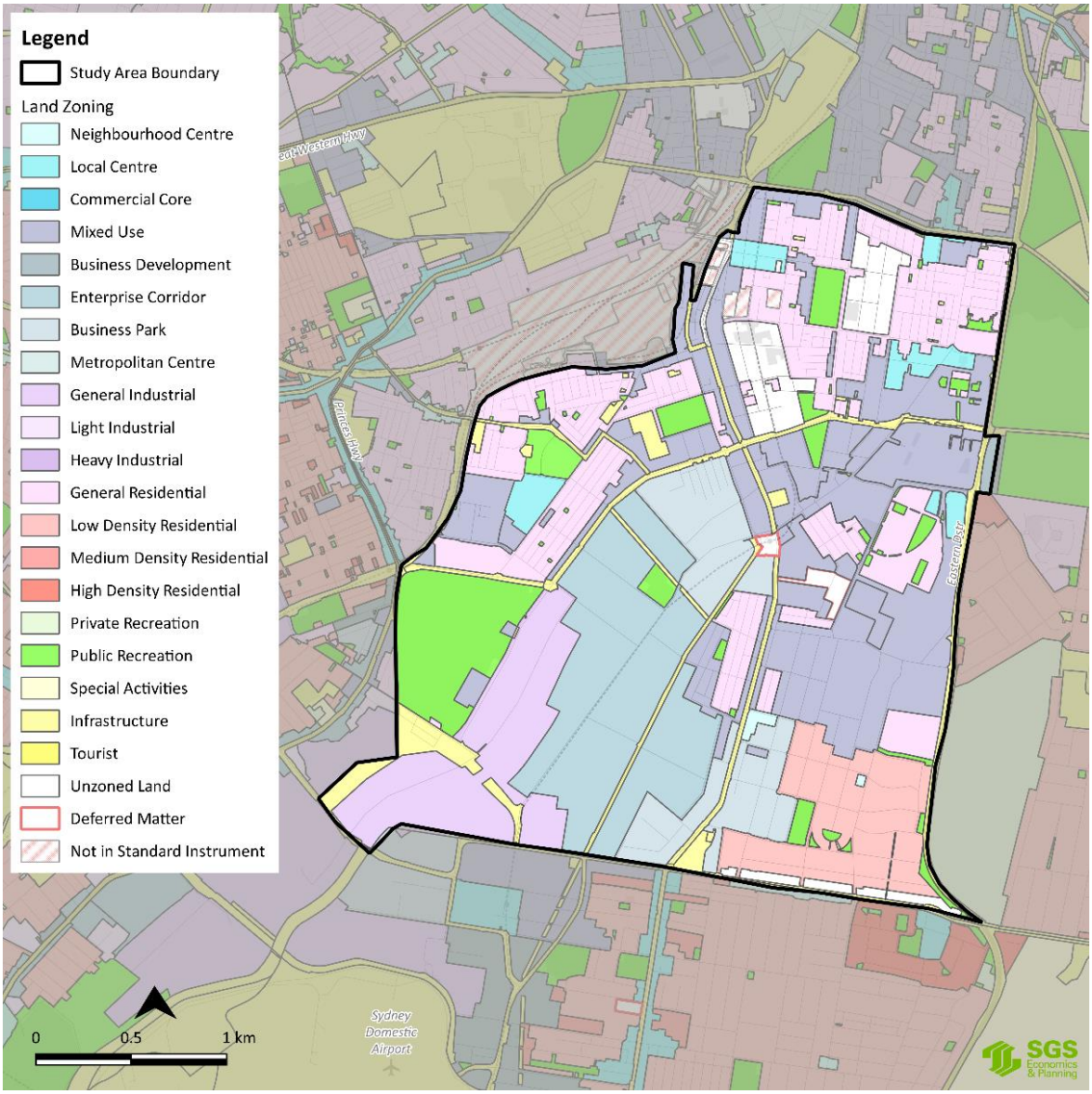
> (3) Development consent must not be granted to development on land to which this clause applies for the purposes of shops or markets with a gross floor area greater than 1,000 square metres.

The objective of this control as stated by the SLEP 2012 is as follows:

> (a) to promote the economic strength of Green Square Town Centre and planned local centres by limiting large-scale retail development to those centres, and
>
> (b) to support the provision of community facilities and infrastructure in Green Square.

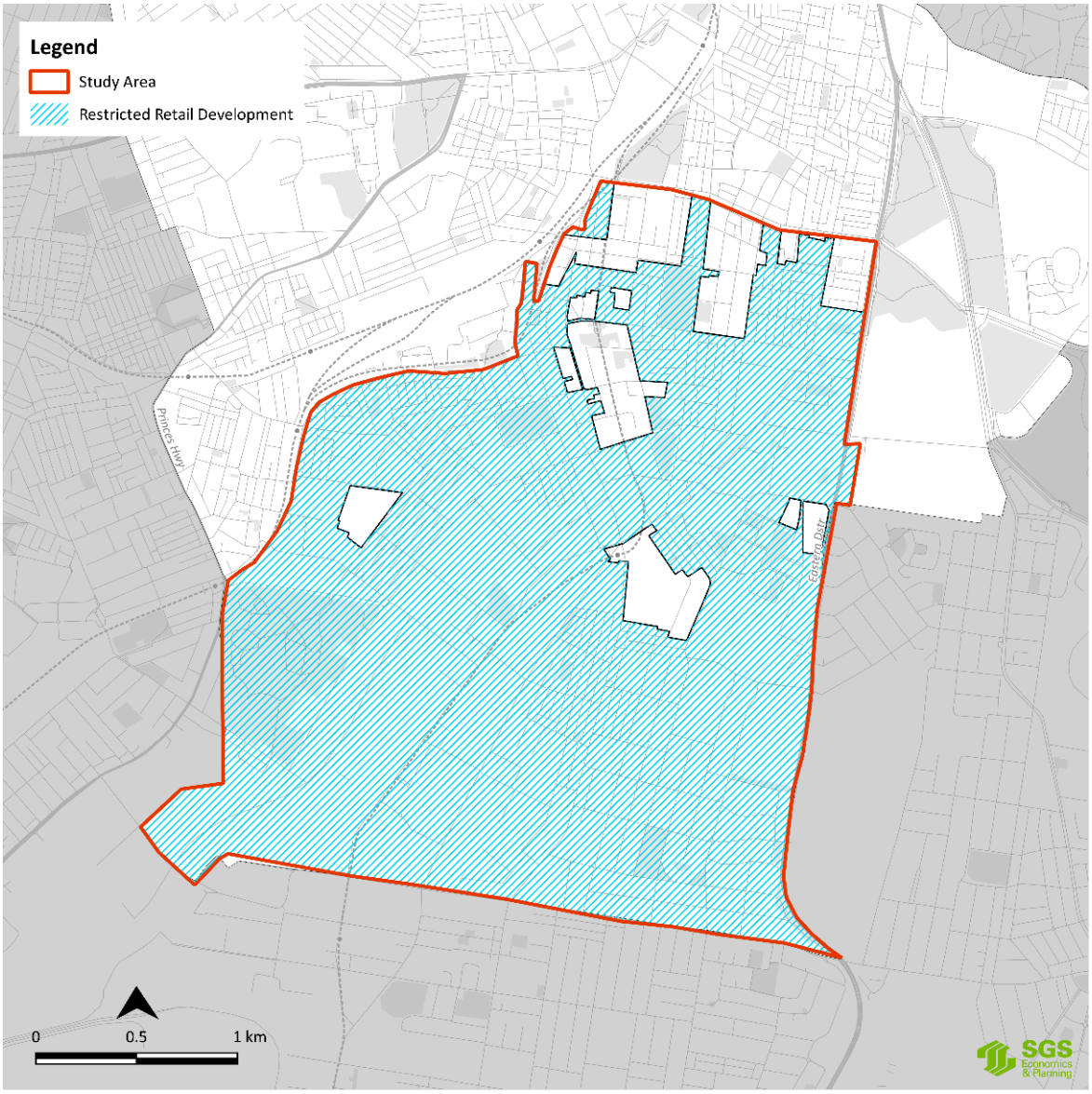
SLEP 2012 has specific controls that manage where specialised retail premises can locate within the Southern Enterprise Area. It is permitted in the existing B5 - Business Park zone, where the Supa Centre homemaker centre is located. Specialised retail premises and vehicle sales or hire premises are permissible as an additional permitted use, under Schedule 1 for certain land along O'Riordan Street Alexandria.

FIGURE 4: LAND USE ZONING



Source: SGS (2022) (adapted from SLEP 2012)

FIGURE 5: RESTRICTED RETAIL DEVELOPMENT



Source: SGS (2022) (adapted from SLEP 2012)

Sydney Development Control Plan 2012

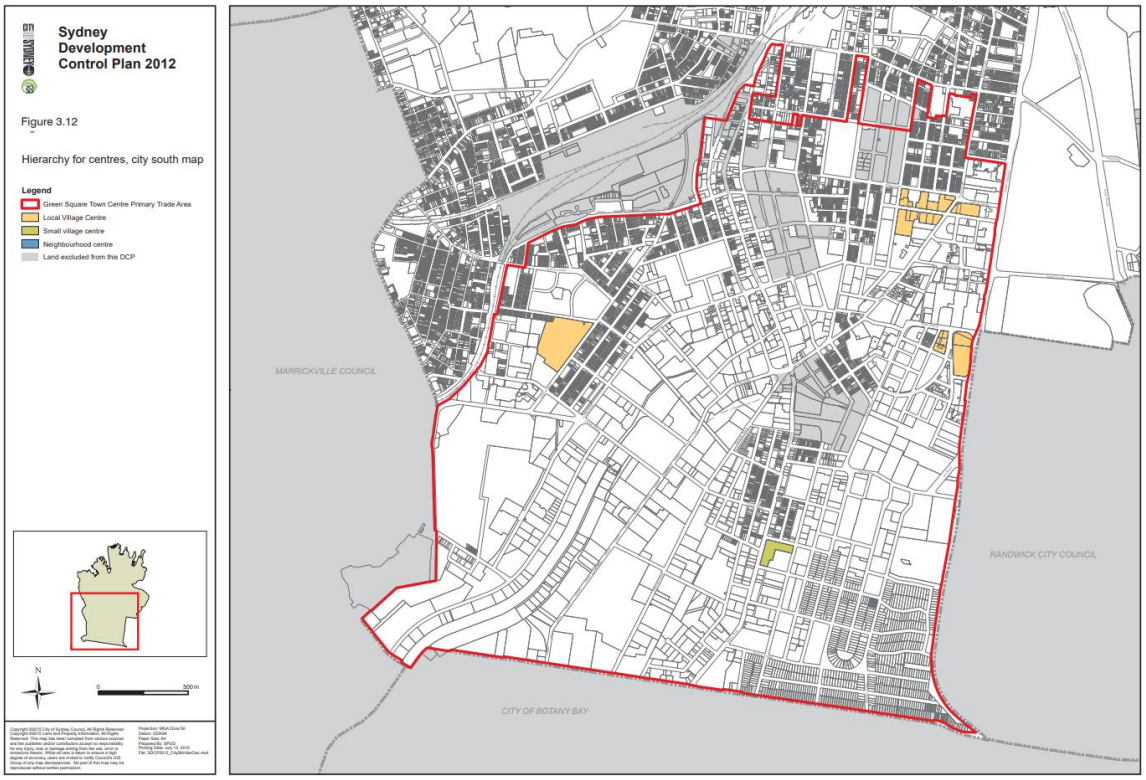
In addition to LEP controls, the City of Sydney has various controls applicable to the study area under the Sydney Development Control Plan 2012 (SDCP 2012) and Green Square Town Centre DCP 2012. In combination, the DCPs enforce restrictions of location, mix and floorplate size of residential development within the Green Square Town Centre and surrounding employment lands.

The SDCP 2012 establishes a retail hierarchy and desired future character for the identified centres within the Green Square and Southern Areas. The four centre types within the established retail hierarchy are major centre, local village, small village, and neighbourhood centre. The desired function and retail use for each centre type are listed as follows:

- Major centres function as the primary retail areas. The retail use in a major centre should include full-line supermarkets, department stores, cinemas, restaurants and bars. These offerings should attract visitors from around the region.
- Local villages should aim to service daily shopping and be accessible by public transport. They can include a full-line supermarket, specialty stores as well as cafes and restaurants.
- A small village should serve local retail needs offering convenient retail options. Small villages can include smaller grocery options and specialty stores.
- A neighbourhood centre is classed as a group of more than three neighbourhood shops. They can offer food options and services but should not have a retail offer as to circumvent the need for use of centres higher in the hierarchy.

SDCP 2012 nominates the Green Square Town Centre as the 'major centre', Victoria Park, Danks Street and Ashmore Estate as 'local villages', Botany Road, Rosebery as a 'small village' and Dalmeny Avenue, Rosebery, as a 'neighbourhood centre'. A map of the centres is provided in Figure 6 below.

FIGURE 6: SYDNEY DCP 2012 – HIERARCHY OF CENTRES, CITY SOUTH MAP



Source: City of Sydney (2012)

Figure 6 above shows the existing retail hierarchy of centres in the City of Sydney's City South area. The Green Square Town Centre Primary Trade Area is defined by the area within the red border. In the Primary Trade Area, we can see local village centres in yellow-orange, small village centres in green and neighbourhood centres in blue.

Furthermore, the SDCP 2012 sets out specific objectives and controls for the Green Square Town Centre. The key objectives of relevance to this study as outlined by the SDCP 2012 are as follows:

(a) Ensure development contributes to the realisation of the Green Square Urban Strategy.

(b) Ensure the Green Square Town Centre becomes the major centre for the southern areas of the City of Sydney and a meeting place for the local community.

(c) Create a hierarchy of centres throughout Green Square that support the primary function of the Town Centre and serve the worker, resident and visitor population. Ensure that the centres are to be accessible by public transport and supported by excellent public domain, open spaces and other community facilities.

(d) Allow for the sustainable, on-going renewal of Green Square, by encouraging sensitive in-fill development whilst allowing for the continued operation of appropriate existing uses.

2. The Economics of Present-Day Retail

This chapter discusses economic trends influencing planning for retail and other land uses, and the implications for Green Square and Southern Areas. This includes influences in both macroeconomic and microeconomic realms.

The key trends identified as of importance to land use planning in Green Square and Southern Areas are:

- Growth of tertiary industries.
- Low growth in retail expenditure.
- Increasing popularity of online retail.
- Growth in 'service-based' retail options which remain differentiated from online retail.
- Changing business trading hours and increasing emphasis on the night-time economy.
- Increasing importance of local retail centres due to greater numbers of people working from home.

These trends and drivers are an important contextual overlay for land use planning decisions, particularly in a renewal context such as Green Square and Southern Areas. They have also been used to ensure that results of this are informed on the land use demands of the future, not just the present.

2.1 Macroeconomic Trends in the Retail Economy

Retail is a core function of urban areas, and almost invariably features in the daily life of urban dwellers in some shape or form. This makes retail centres highly reactive to changing patterns of daily consumption. These patterns are often influenced by large, macro-level drivers in the economy and society at large. Retail centres offer a tangible expression of these high-level forces, meaning that their physical planning must be able to anticipate and respond accordingly.

Macroeconomic patterns are also an important contextual foundation for understanding more specific trends and drivers playing out within the retail sector.

Australia's changing economic character

There has been a well-documented shift in the composition of Australia's economy over the past 50 years. This shift is characterised broadly by the decline of employment in manufacturing and agricultural sectors, coupled with the growth of 'tertiary' or service industries. The latter now account for around 80% of Australia's economic output.[3]

The effect of these changes is made clear in the physical structures of contemporary Australian cities. In Sydney, one of the most conspicuous effects of this transition is the concentration of employment in growing tertiary industries in the CBD and along Sydney's 'Global Economic Corridor', which includes Green Square and southern parts of the City of Sydney LGA.

[3] ABS 2019, 'Services in the Australian Economy', https://www.abs.gov.au/articles/services-australian-economy

Tertiary industries are now the dominant form of 'basic' industry in these locations, meaning that they are the motor-generators of export income. This revenue provides the necessary foundation to support other industries which contribute to the strength and complexity of the economy. This dynamic means that services are crucial instigators for other economic activities, including retail businesses.

While physical planning alone cannot create this type of economic system, the built environment inevitably plays host to its local economic system, meaning that changes in the built environment can have disruptive effects on the local economy. These impacts should be studied carefully as part of the plan-making process.

> **Implications for Green Square and Southern Areas**
>
> Green Square and Southern Areas are major components of Sydney's highly productive Global Economic Corridor and host a range of functions with important linkages to the city economy. Changes and intensification of land uses should be planned sensitively to preserve elements which are the basis of the current economic system.

Changing growth trends in retail expenditure

The rate of growth in Australia's retail sector has been trending downwards since the late 1990s. The post-GFC years in particular have been a period of declining growth in retail expenditure. During the decade prior to COVID-19, quarterly growth in retail expenditure averaged 0.45 per cent, compared with 1.04 per cent in the decade prior to that.[4]

There are a range of factors that have acted in combination to supress retail expenditure over this period. They include:

- Lower confidence in the national and global economies.
- Increased competition from other sectors (e.g., leisure and travel) which have become cheaper and are attracting a greater share of total expenditure.
- A long-term trend of low wage growth.[5]
- Already high and still increasing housing costs, which require households to devote a larger share of their income to mortgage payments or rent. High housing costs are also linked to high savings rates and a lower propensity for consumption.

Figure 7 shows the trend of retail expenditure growth, including since the onset of COVID-19. Although the pandemic has created a notable distortion, it can be reasonably assumed that this trend-line will resume a similar trajectory in the medium to long term.

[4] Atkinson 2021, 'Declining retail centres will hurt local communities, but we can limit the damage if we act fast', https://www.sgsep.com.au/publications/insights/declining-retail-centres-will-hurt-local-communities-but-we-can-limit-the-damage
[5] ABS 2021, 'Annual wage growth remains at 1.4%', https://www.abs.gov.au/media-centre/media-releases/annual-wage-growth-remains-14

FIGURE 7: QUARTERLY RETAIL EXPENDITURE GROWTH IN AUSTRALIA Q1 1996 - Q1 2021

Source: Trading Economics (2021)

> Implications for Green Square and Southern Areas
>
> There is a risk of over-provisioning standard types of retail floorspace. This creates a need to provide building formats which can be more flexibly adapted to different types of non-residential uses. Planning for more flexible building formats is an important part of the policy mix to 'insure' retail centres against uncertainty about the future of traditional retailing.

2.2 Microeconomic Trends in the Retail Economy

A strong push for greater market differentiation is a major theme spanning multiple micro-level trends in the current retail economy. This represents a gradual but accelerating change in the dominant patterns of organisation across the retail sector.

More specifically, differentiation is the natural effect of the retail marketplace becoming more sophisticated and more competitive. Retailers emerging or seeking to maintain market share in this environment will increasingly need to target their offering to the tastes and needs of specific segments of the consumer base. In these instances, retailers which are effectively differentiated to serve more specific demands will gain a competitive advantage.[6] This is especially true where the tastes and needs of individuals are changing rapidly due to various factors; technological advancement being one clear example.

For types of goods where consumer demand is less variable (such as food, liquor and groceries), mass-produced retailing will remain essential. This is because mass-production depends on being able to produce large runs of identical goods to service consistent demands. While this principle will remain true, it is now applying in fewer circumstances than ever before. This is likely to be exacerbated due to

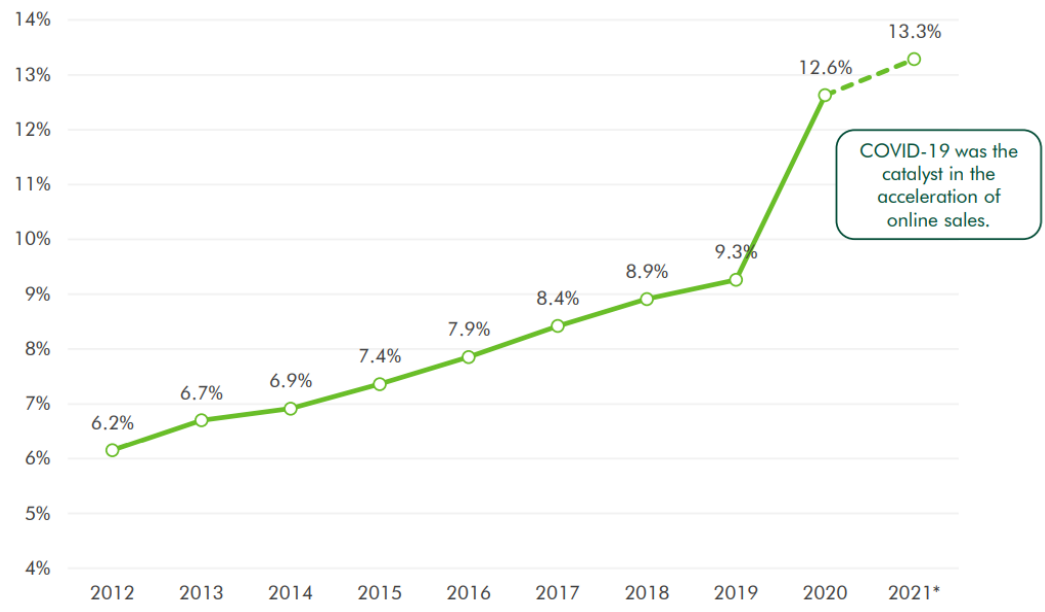
[6] Jacobs 1969, 'The Economy of Cities', Vintage Publishing.

the emergence of COVID-19 and associated behavioural change, including rapid adoption of online retail. As a result, some traditional retail formats may now become obsolete at a faster pace than anticipated. The growth of new retail formats is also likely to be accelerated.

Rise and acceleration of online retail

Online retail has had an increasing impact on Australia's retail economy for over a decade. COVID-19 has recently acted as a major accelerator of this trend, with total online sales growth of 14.4% occurring in the 12 months from March 2019 to February 2020.[7] This inflection point is shown in Figure 8 and demonstrates that due to COVID-19, the share of online trade has jumped forward almost a decade above trend.

FIGURE 8: E-COMMERCE AS A PERCENTAGE OF AUSTRALIA'S TOTAL RETAIL TRADE



Source: CBRE (2021) Australia's E-commerce trend and trajectory

This effect is also likely to extend into the long-term, as many more people will have become accustomed to shopping online at some point during the pandemic than would have been the case otherwise. Other behavioural changes associated with the pandemic are discussed later in this section.

Aside from the obvious influence of social distancing requirements and stay-at-home orders imposed during the COVID-19 pandemic, there are several reasons why more individuals are choosing to shop online. These include:

- Reducing the amount of time taken to shop.
- Greater ease of finding the cheapest price for a good or to locate a certain item.

[7] ABS 2020, 'Online sales, October 2020 - Supplementary COVID-19 analysis', https://www.abs.gov.au/articles/online-sales-october-2020-supplementary-covid-19-analysis

- Flexibility to shop at all-hours.

The risk posed by this trend to bricks-and-mortar retailers varies significantly. This variation is based on whether the product or shopping experience is sufficiently differentiated from what is available online. This is the critical point which must be addressed when anticipating the strategic role and physical design of bricks-and-mortar retail environments in the contemporary Australian city.

Retail businesses which are most vulnerable to e-commerce are those which trade in non-perishable goods that have standard specifications and can be stored and transported without losing their quality. Retailers of these goods, or those which are 'leisure-based', are relatively less vulnerable.

- This has implications on the way in which planning for physical retail spaces should proceed. The following table highlights the key elements for physical stores and how planning can optimise physical stores based on these parameters.

TABLE 1: PLACE-MAKING PARAMETERS FOR THE SUCCESS FOR PHYSICAL RETAIL STORES

Key elements for physical stores	How planning can optimise centres on those indicators
Visual presentation	Encourage new investment that refreshes shopfronts. Where existing assets complement place character, planning should seek to enhance these features (e.g., heritage, natural amenity).
Physical access	Ensure adequate traffic/movement strategies are in place across the centres. This should include consideration of the permeability of built form and pedestrian movement as well as car based and public transport access to the centre.
Encouraging diversity of retail offer	Have strong anchors in strategic locations. Make use of major infrastructure such as new railway stations, as well as natural assets such as river foreshores. Ensure connections and encourage pedestrian movement between anchors/gateways and other parts of the centre.
Enticing amenity	Manage the aesthetic element of centres with a dedicated place manager who works across infrastructure, tenancies and design. Work with businesses on street presentation. Encourage activated street frontages in centres. Encourage spaces and functions that leverage intrinsic assets/attributes including local culture, major institutions, etc. Ensure sufficient provision of public open space and amenities including adequate shading.

Source: SGS (2022)

Implications for Green Square and Southern Areas

Planning for additional retail floorspace at Green Square and Southern Areas should account for potential downward pressure on demand for physical retailing premises caused by both long-term trends and the pandemic. Centre planning should recognise the competition that traditional bricks and mortar retailers face from online and out of centre retailing, and the features of traditional high street that provide a compelling offer for shoppers in the face of this competition. Careful curation of retail floorspace may be necessary to promote lively centres in future. Planning for

retail floorspace at Green Square should also look for ways to embrace new formats of trip-generating non-residential activity.

Changing formats in bricks-and-mortar retail

One of the clear physical changes occurring in the retail economy is the reconfiguration of specialty retail formats (as alluded to above). This reconfiguration takes many shapes, all of which aim fundamentally to gain an efficiency or achieve greater market differentiation. This is often associated with the conspicuous incorporation of a leisure or 'experience' element but may also involve the use of new technology or some means of offering greater convenience, such as a drive-through.

This trend is evidenced by growth in 'service-based' retail options which remain effectively differentiated from online retail (whether this remains true will depend on future technological changes). For example, cafés and restaurants now account for approximately $3.5 billion (14 per cent) of retail expenditure across Australia, up from $2.5 billion in 2009. This is also linked to a complex set of social and economic factors which have seen eating out become more commonplace.[8]

Located within the City of Sydney, the Grounds of Alexandria is emblematic of this trend (pictured in Figure 9 below). It effectively combines several hospitality venues, small-scale food manufacturing and wholesale retail in a former pie factory. The sum of these features is a 'destination' which achieves both efficiency via its scale and differentiation through its focus on amenity and experience.

FIGURE 9: THE GROUNDS OF ALEXANDRIA

Source: Concrete Playground (2017)

[8] IBISWorld, 2018, 'Cafes and coffee shops in Australia', www.ibisworld.com.au

Placing a greater focus on recreation and the customer experience is just one outcome of the broader push for market differentiation. Again, this is because these attributes are less likely to be duplicated by online retail and do not attempt to compete on the sole basis of convenience.

The changing formats of bricks-and-mortar retail are of obvious relevance to urban planners. Land-use planning must accommodate emerging retail formats and the re-purposing of building structures for new types of use. Allowing local specialisations to develop and respecting the unique physical qualities of places are important moves for dealing with this trend effectively.

Implications for Green Square and Southern Areas

Green Square and Southern Areas contain a large stock of aged, large format spaces. These provide relatively affordable and physically flexible places for new types of businesses to locate and develop. As such, their continual reuse is a key contributor to the area's economic resilience and capability to accommodate new retail formats. Often these retail types are located outside of identified retail centres and within Enterprise Corridor of Business Park zones, meaning that there are limitations for these retail types to convert to higher order uses (such as residential). This zoning arrangement should be maintained to protect these retail types.

Changes to trading hours and growth of the night-time economy

Recent decades have seen a softening of restrictions on business trading hours and an increased emphasis on the 'night-time economy'. Societal changes throughout this period have weakened credibility for the concept of 'standard business hours' and increased people's expectations that retailers will stay open later into the evening. Despite a 20 per cent contraction in 2019/20 due to the COVID-19 pandemic, the night-time economy still accounts for about 10 per cent of Australia's employment.[9]

Contemporary ideas of the night-time economy encompass a broader range of activities than simply licensed venues (although these remain valuable). It can include 24-hour gyms, late night supermarkets, other late-night shopping options, late night museum and gallery openings, food festivals, as well as the obvious options of bars, restaurants, nightclubs, theatre and performances and sporting events. King Street, Newtown (Figure 10) is arguably Sydney's premier example of a night-time precinct with this type of genuine use mixture.

[9] Edwards & License 2021, 'Measuring the Australian Night Time Economy 2019-2020', https://www.lordmayors.org/wp-content/uploads/2021/09/Measuring_the_Australian_NTE_2019-20_FINAL.pdf

FIGURE 10: KING STREET, NEWTOWN

Source: Sydney Suburb Reviews (2019)

In terms of spatial planning and urban design, the following elements can help to create an environment which hosts activity during both day and night:

- Concentration and mixing of trip-generating economic activities.
- A high-amenity pedestrian environment.
- Street lighting and passive surveillance (eyes on the street).
- Minimising conflict between residential and night-time uses.
- Extended hours of public transport.

The Late-Night Trading Management section of the City of Sydney DCP[10] sets out provisions to support late night activity, including:

- Unlicensed shops and business, such as bookshops, clothing stores, drycleaners and hairdressers can apply to trade up to 24 hours in City Living or Late-Night Management Areas and up to 2am in Local Centres.
- Dedicated performance venues, such as theatres, concert halls and cinemas with up to 250 patrons located in late night trading areas, can apply for an additional trading hour at closing time.

[10] City of Sydney 2012, 'Sydney Development Control Plan 2012, Section 3: General Provisions, 3.15 Late Night Trading Management', https://www.cityofsydney.nsw.gov.au/development-control-plans/sydney-dcp-2012

- Other venues located in a late-night trading area that hosts performances can apply for one additional trading hour at closing time on nights that they provide at least 45 minutes of performance after 6pm.
- In the parts of the precinct identified as Local Centre, lower impact venues including small bars can apply to trade until 2am if entry is to a main street and not onto a residential laneway or area.

> Implications for Green Square and Southern Areas
>
> There is an emerging trend of consumers demanding retail services outside or core hours. This trend applies to both traditional retail uses (everyday amenity such as grocery stores) and leisure-type retail. The Late-Night Trading Management section of the City of Sydney DCP already goes some way in acknowledging late-night trading. These principles also need to apply to retail spaces in the study area, particularly the Green Square Town Centre, in order to ensure that these centres are attractive retail centres.

2.3 Impacts of COVID-19

The long-term impact of COVID-19 on cities is still unknown and difficult to predict. Past pandemics have created upheaval during the period of outbreak but haven't had lasting impacts on the underlying forces of urbanisation. There are credible claims that COVID-19 is different, substantiated by the fact that many economic activities can now be conducted entirely online. It remains to be seen whether this trend is sufficient to have a substantial impact on the forces of agglomeration which have shaped cities throughout their entire history.

Notable economic geographers Richard Florida, Andres Rodriguez-Pose and Michael Storper have identified four main effects of COVID-19 that may have long-lasting impacts on the character of cities and regions as we currently understand them[11]:

- Social scarring. This refers to fear instilled by the pandemic, which may cause people to avoid crowded spaces in the near future. This will influence where people choose to live, travel and commute, and the economic viability of certain kinds of businesses.
- The forced experiment of lockdowns and impacts on employment, shopping, workplaces and choice of residence. Workplaces and classrooms have transitioned to remote, shopping has become more reliant on delivery, and social interactions have been largely restricted to online. The lockdown is showing that there are radically different ways of living made possible by digital tools. It remains to be seen whether these alternatives will be supplements or substitutes for traditional ways of interacting once the threat of COVID 19 has passed. There are strong signs that for many types of activity, distanced interaction is not a full substitute, and that there is hunger to return to face-to-face. Nevertheless, it seems almost certain that post-pandemic workplaces will have a much higher incidence of working from home.
- Need to secure the urban built environment against health risks. Immediate changes have been made to facilitate social distancing and hygiene standards in public places, public-facing businesses,

[11] Florida, Rodriguez-Pose & Storper 2021, 'Cities in a post-COVID world', https://journals.sagepub.com/doi/pdf/10.1177/00420980211018072

and all other places where people gather. In the long term, the COVID-19 pandemic will prompt architects, designers, and urban planners to more seriously consider permanent interventions that respond to future pandemics.

- **Changes to urban built form, real estate, design, and streetscapes.** Social distancing has created a need for different configurations of indoor and outdoor spaces. Some of these changes are likely to be maintained after the immediate threat passes, whether for public health benefits, or simply because people prefer them.

Implications for Green Square and Southern Areas

The relationship between local retail centres and their surrounding populations has changed due to greater numbers of working people working from home. This is likely to cause some displacement of retail activity from large employment centres to local neighbourhoods, although the full impact of this is uncertain as we emerge from the pandemic.

3. Local Insights

This chapter provides a summary of the local insights obtained as part of the stakeholder engagement and desktop research of the local retail market. It forms a key component of the evidence based used as part of this Retail Review.

The purpose of the stakeholder engagement was to understand what the observed changes in the retail ecosystem are, the obstacles to retail operation in the area, and key opportunities for enhanced operations of the retail sector. This is also supported by the findings of desktop research and analysis of retail market data, including sales data, rents and vacancies.

An analysis of supermarket accessibility by walking catchment has also been undertaken. This has carefully considered the local context by factoring in how high density-living affects the travel time of local trips. A discussion of the 1,000sqm floorspace cap and how it affects supermarket typologies in the local area is also provided.

3.1 Stakeholder Consultation

SGS held seven online interviews with key stakeholders between 1st February to 11th March 2022. Stakeholders interviewed included major landholders, major supermarkets, major retailers, one retail representative group and Council's Economic Strategy team. The matters outlined in this section are the views of the stakeholders and not of SGS.

Interviews ran for approximately one hour. Questions were tailored to the type of stakeholder that was being interviewed and were prepared with Council. The interview questions have been attached as an appendix to this report. In general, the line of questioning was:

- Evidence of the local manifestation of high-level trends and drivers and what the changes mean for a high-density location like Green Square
- Local economic 'shocks' (such as changes in population numbers, travel patterns, preferences, etc)
- Land Use conflicts, parking/access, and other operational issues
- Shifting economic geographies and new or emerging 'centres of gravity' in the retail system
- Specific operational issues and opportunities faced by existing retailers, big picture threats to the retail landscape and issues faced by landowners/developers regarding retail development such as lot sizes
- Local perceptions of the economic environment and associated impacts on business confidence and investment decisions
- The role of infrastructure, planning and development controls in determining the location of different forms and types of retail

Note: This section of the report lists key findings of the stakeholder consultation. All positions stated are those of the stakeholders only and have been considered as part of this Retail Review. However, in some instances, the final recommendations of this Retail Review conflict with the insights received from key stakeholders. Where this occurs, it will be articulated what broader strategic considerations have meant that these shareholder insights could not be accepted.

Observed changes in the retail ecosystem (market differentiation & behaviour change in COVID-19)

Stakeholders provided a beneficial insight into the observed changes, as well as the local trends and drivers that are creating shifts in the retail ecosystem of Green Square.

Online growth

All stakeholders interviewed recognise the importance and impact of the growth of online retail, especially post COVID-19. The growth of online shopping has had a major impact on retailers in the area. Both major supermarkets experienced unprecedented levels of online sales growth during COVID-19 lockdowns, which have continued out of lockdown periods as well. Both major supermarkets were required to provide several collection options as traditional delivery and 'click and collect' services were largely overwhelmed, which included boot delivery and collection lockers. Both stakeholders stated that they were adapting to online shopping over the last decade, however COVID-19 accelerated this evolution. Council's Economic Strategy team do not expect the growth of online shopping to subside, even as physical stores open more when lockdown restrictions ease.

Changing Demographics

All stakeholders consulted acknowledged the unique and changing character of Green Square, recognising that the area is becoming popular with young professionals that have a higher-than-average disposable income. This type of demographic has a large propensity to spend and underpins a demand for both high quality food and beverage options including cafes and restaurants. One impact of COVID-19 was for people to move out of high-density areas, and this was particularly prevalent for young professionals who could work flexibly. However, all stakeholders recognised that high-density inner-city areas are becoming popular again, especially with young professionals and international students as regular travel to work patterns return. Stakeholders believe that as the residents return to the area, there will be a greater demand for a mix of retail.

Bricks and mortar

Both supermarkets interviewed still recognised and highlighted the importance of bricks and mortar stores, stating that there will always be a need for physical stores as customers still want and need to physically shop. One major supermarket stated that while online sales have grown in the last few years, in absolute terms, sales in physical sales grew more in absolute terms. In response to the growth of the demand of click and collect, physical stores are becoming more important. The stakeholder is considering hybrid store models, whereby parts of some stores are being repurposed into small distribution centres. 'Dark stores' are also becoming more important to meet changing consumer trends. They stated this will become increasingly important in areas such as Green Square, where last mile distribution of goods has become critical to meet customer demand. The other supermarket operator has no plans to alter or adapt their current stores in the area. Council's Economic Strategy team also recognised with the rise of online growth, that last mile distribution is becoming more important for goods to reach consumers quicker.

While Council's Economic Strategy team recognises that online retail will continue to grow, there is still a demand for retail, specifically for small footprint experience retail, which is being driven by younger consumers that are looking for something that is unique and cannot be found online. They stated that have not seen an increase in demand for specialised retail premises in the Green Square area, but that demand for this style of retail, particular in the inner city, is decreasing. Conversely, the retail representative group stated that most of their members are still interested in the traditional format, which comprises of single storey warehouses with on grade parking. This is becoming increasingly difficult to accommodate in areas such as Green Square. The retailer, which relies on the traditional large retail format, stated that they have found it very difficult to accommodate their business model in an area such as Green Square.

Both supermarkets and the retail representative group stated that supermarkets are a great for activating mixed use areas but are largely overlooked for other recreation uses such as cafes and restaurants. The retail representative stated that supermarkets provide a great anchor for mixed use areas and suggests considering more entertainment uses such as gyms or swimming pools for greater cross activation. Stakeholders suggested that mixed use regulations can be designed so that supermarkets have minimal amenity impacts on residents, and this needs to be considered earlier in the process.

Other COVID-19 considerations

All stakeholders stated that COVID-19 had massive impacts to standard operations, forcing retailers and landholders across Green Square to either amend trading hours and adapting standard business operations. Landholders stated that many of their tenants, particularly food establishments, had to amend trading hours and become reliant on services such as UberEats and Menulog to deliver goods. Most of the tenants who adapted in this situation have survived the lockdown period. Both major supermarkets stated that COVID-19 did change how stores operate, especially during lockdown periods. One major supermarket stated that COVID-19 has forced them to fundamentally change their day-to-day operations, especially with the operation and storage of goods in existing stores, as consumers have changed their shopping patterns even as restrictions have been lifted. The other major supermarket also recognised the impact of COVID-19 on their everyday business, however, has not forced them to profoundly change either store layout and uses or operations.

Obstacles to operation (challenges)

All stakeholders stated that they have experienced obstacles to operation over the last few years, largely due to either existing regulations or impacts of COVID.

1,000sqm cap

Both landholders had divergent views on the 1,000sqm floorspace cap, with one believing that the cap has been successful, creating shifts in the ways people shop and allowing smaller shops and markets to progress. Whereas the other landholder believes that the cap places undue pressure for landholders to provide large retail formats, which is especially difficult to accommodate within mixed use buildings, as they already have extensive regulations under the Apartment Design Guide. This landholder stated that two of their largest tenancies have remained vacant for an extended period of time, with one only leased in the last six months. This has led the landholder to believe that businesses within the Green Square Town Centre require smaller floorplates. The retailer interviewed solely relies on floorplates of a 14,000sqm minimum and therefore cannot find suitable sites in the within Green Square or southern retail areas.

Both major supermarkets stated the cap has limited the type of stores that can be provided in the area, both stated they prefer to roll out their larger 'full-line' stores, which have a greater range of goods

available and additional services inside the stores such as butchers, bakers and delis. However, the floorspace cap does not provide enough space to accommodate their 'full line' stores. Therefore, supermarkets are forced to provider smaller stores with limited options. Both supermarkets stated that these smaller stores are sufficient for local's everyday 'top up' shopping trips, however, have received feedback from both operators and customers that they are seeking a greater range of products. Additionally, these smaller stores cost more to operate per square metre than full line stores due to the lack of efficiencies. These higher operating costs are ultimately passed down to the consumer. An indirect consequence of the 1000sqm cap, supermarkets stated customers are driving further to nearby retail centres to undertake larger shops, which increases traffic congestion on local roads and leads to retail leakage.

> It is acknowledged that the 1,000sqm retail floorspace cap is a barrier to operation in some parts of the study area. However, the 1,000sqm retail floorspace cap is critical in ensuring that retail provision is respectful of the identified retail hierarchy and that each identified retail centre operates as a successful, vibrant and attractive centre. To that effect, this Retail Review will not seek blanket removal of the 1,000sqm retail floorspace cap as it is believed that the cap can still play an essential role in retail planning for the Green Square and Southern Areas.

Parking

Nearly all stakeholders believe that one of greatest challenges in the area is the lack of parking availability. One landholder described it as the 'single biggest pain point for retailers' and that lease deals have been cancelled due to the lack of available car parking, which can have a ricochet effect on rents and ultimately tarnish the reputation of the Town Centre. The other landholder was supportive of the current car parking controls so long as they remain consistent, however stated that the increased density and lack of consideration for delivery trucks and loading zones. Landholders also state that the lack of parking makes it difficult to attract destination customers, beyond the local catchment.

Supermarkets were particularly adamant about ample availability of car parking especially for their 'full line' stores. In combination with the floorspace cap, there are limited options for full line stores in the southern retail precinct. The lack of parking availability in the Green Square Town Centre has prevented a larger store being opened by either stakeholder. One supermarket stated that grocery shopping and supermarkets are an essential service, and for most customers, is considered a chore. Through research and studies, they know that stores need to be conveniently located and accessible for consumers to visit them and are adamant that most people, even in inner city locations, still use private vehicles to travel supermarkets. Both major supermarkets recognised that the population of Green Square is more regularly choosing to not own a car and provides a unique opportunity for strengthening retail near new and existing train stations. One supermarket operator stated that parking may become less of an issue in the area as the population increases and locals have access to a 'full line' supermarket closer to transport nodes such as train stations.

Council's Economic Strategy Team is aware that businesses and landholders hold a view that parking availability attracts a greater number of people, however Council's Economic Strategy team believes that enabling better pedestrian movements to facilitate more foot traffic is better for retail demand and that spaces would be used for parking would be utilised for uses such as outdoor dining. Additionally, Green Square is an area where more and more residents are choosing to forgo purchasing and using a car. Council's Economic Strategy team recognises that more conversations need to occur with businesses in the area to encourage them to recognise the importance of pedestrian movements on retail demand.

Generally, most stakeholders were supportive of any additional infrastructure projects to support the growing Green Square population but flagged each project would need to be individually assessed to determine its merits on their particular business or land. They were also wary of any additional construction that would prolong construction fatigue in the area.

> It is acknowledged that parking is a barrier to operation for some retail uses within the study area, particularly specialised retail premises and to a lesser degree, large supermarkets. Similarly, it is acknowledged that the Green Square and Southern Areas are dense and rapidly-growing, and planning for the area has sought to reduce car-dependency so as to, amongst other things, reduce the impact of development on road infrastructure. To that effect, this Retail Review will not seek to make any recommendations on car parking provision.

Rents/vacancy

Landholders are not achieving the rents they were expecting by this stage. Both stated that COVID-19 has had a recent impact, however both agreed that slow population growth has deterred prospective tenants. One landholder stated that the high rent costs have deterred small operators as they are concerned that they cannot compete with major supermarket chain. The other landholder stated that there is a low resident population and a lack of commercial tenants to service population serving businesses. They also state that they have been unable to properly promote retail spaces due to signage restrictions of hoardings. While rents and tenancies have been slower than expected, both major land holders are confident that demand will increase as the population increases.

Retail Diversity

All stakeholders recognised that there is a lack of diverse retail offerings in the Green Square area, however provided recommendations on how this could be improved. The retail representative group suggested that more regulations need to be relinquished to allow innovation and new retail formats emerge, providing the framework to allow businesses to emerge and innovate is important. Council's Economic Strategy team also wanted greater retail diversification and to ensure that controls in the area are not preventing this from occurring.

During consultation, landholders stated that it is difficult to identify any major retail trends in the area given the limited offering of retail in the Town Centre. They were able to identify that local cafes, supermarkets, fast food outlets and liquor stores have managed well in the Green Square area, even during lockdown periods, however, were not able to go beyond that. Landholders have attempted to provide flexibility in their floorplates to allow retail diversity, however, it is challenging as fit outs can be expensive and the minimum payback period is five years, which prevents quick responses to short term retail trends.

COVID-19

All stakeholders stated that COVID-19 lockdowns had massive impacts to the regular standard operations, forcing retailers and landholders across Green Square to either amend trading hours and adapting standard business operations. One landholder stated that many of their tenants, particularly food establishments, had to amend trading hours and become reliant on services such as UberEats and Menulog to deliver goods. They stated that most of the tenants who adapted in this situation have survived the lockdown period. Landholders also stated COVID-19 has also slowed the evolution of the Green Square area, which has already been delayed due to extended construction timeframes.

Other

Stakeholders mentioned other issues in for retail in Green Square, including a busy road network, fragmented land ownership, and land use zoning, which all impact the planning and delivery of retail in the area. Additionally, landholders stated that long construction timeframes and inability to place advertising on hoardings has made it difficult for retailers to create community awareness of the current retail offering. Council's Economic Strategy team believes that one of the biggest challenges for managing mixed use areas are regulations regarding to sound, that residents both need to know what activities are occurring but also acknowledge that they are in a high impact area, and that Council is addressing this to prevent retail being affected by noise restrictions.

Future amenity of Green Square (opportunities)

A landholder and Council's Economic Strategy team provided greater insights to what future amenity residents and visitors are seeking in the Green Square, and how businesses and landholders can enable this.

Night-time economy

Nearly all stakeholders agreed that there needs to be a focus on providing a greater range of night-time experiences in order to create a unique and vibrant character. One landholder stated that people wanted to more 'eat streets' with a culturally diverse mix of food and beverage options, split between grab and go, grab stay and go as well as fine dining. This is in addition to providing a greater arts and bar culture to enable greater social connectivity to occur, especially in recovery from COVID.

All stakeholders also agreed that there needs to be a greater variety of recreation in the Green Square Town Centre, to diversify night-time economy uses. Both landholders believe that Council are being proactive to improve night-time economy uses. Council's Economic Strategy team emphasised the importance of ensuring that not all options should be based around alcohol, as this will attract more people to the area and enable more people to be in the public domain. In addition, all stakeholders agreed that people are seeking more informal retail, specifically night and weekend markets. One landholder has already attempted to provide this experience, utilising an additional space lot to provide a temporary laneway to run Friday night food trucks.

Retail Diversification and Character

To understand what the local community wants to see in the area, one landholder has conducted surveys and is now using that information to inform the rest of the retail roll out. Feedback received from the surveys stated that people wanted to see everyday amenities including childcare, post office, hairdressers, doctors. The other landholder stated that they have also received feedback from the community, and they have a demand for small floorspace gyms and for recreation activities such as cinemas. Landholders believe these additional uses will provide greater activation for wider area and attract more retail in the future.

Landholders recognised that Council already cultivates a great culture throughout the Council area, and that the Green Square area is a unique opportunity to create a unique precinct with a variety of arts and entertainment options. Council's Economic Strategy team concurred and stated that Green Square has a unique opportunity to drive place activation, and to create a unique character in the inner city.

Key Insights

Nearly all stakeholders emphasise the **importance of large supermarkets** for the activation of mixed-use areas and to meet the shopping needs of local residents.

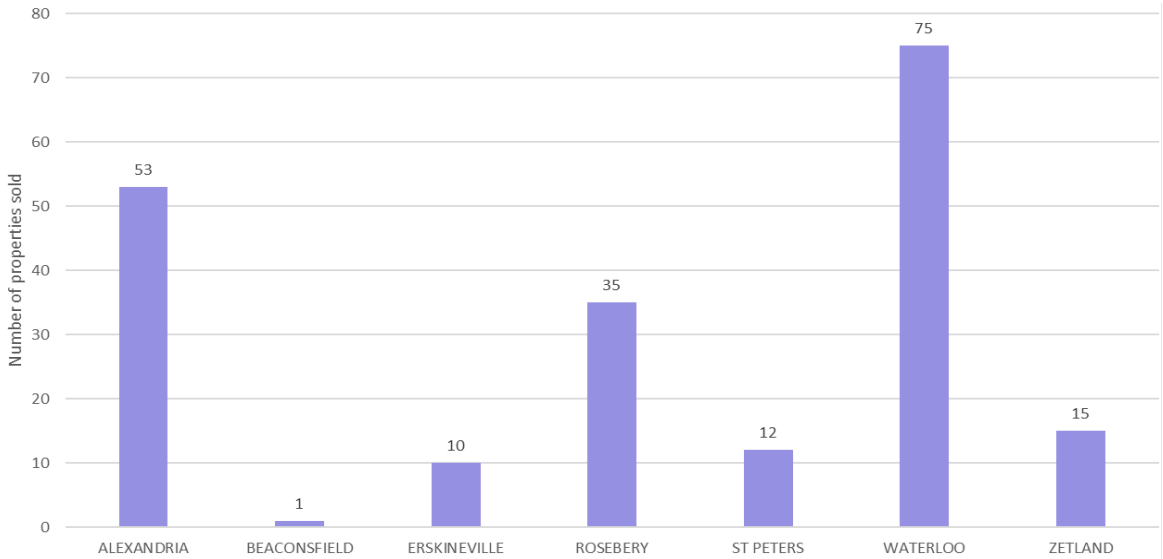
- **Parking availability and floorspace cap are the most challenging issues for stakeholders** in the Green Square area, however they do recognise that demographics are shifting towards young professionals who are largely choosing not to own private vehicles.
- **Greater diversity of retail is needed to activate Green Square** and support the night-time economy. This includes a greater range of food and beverage options, beyond 'take away' options, such as casual dining, and recreation venues.
- **COVID-19 was a massive shock to the Green Square retail economy**, for both landholders and retailers, however businesses adapted and largely proved resilient. Most stakeholders believe this was largely a once off shock and expect pre-COVID shopping patterns to return, especially as the population increases. However, COVID forced one major supermarket to revaluate the use of existing physical stores to become 'mini' distribution centres.

3.2 Market Insights

Sales

Figure 11 shows the volume of retail premises sold in each suburb within the study area from 2011-2020 (see below). In the decade to 2020, the suburb of Waterloo experienced the highest count of sold retail properties (75) (compared to other suburbs in the study area). The next highest was Alexandria, with 53 sales in that period.

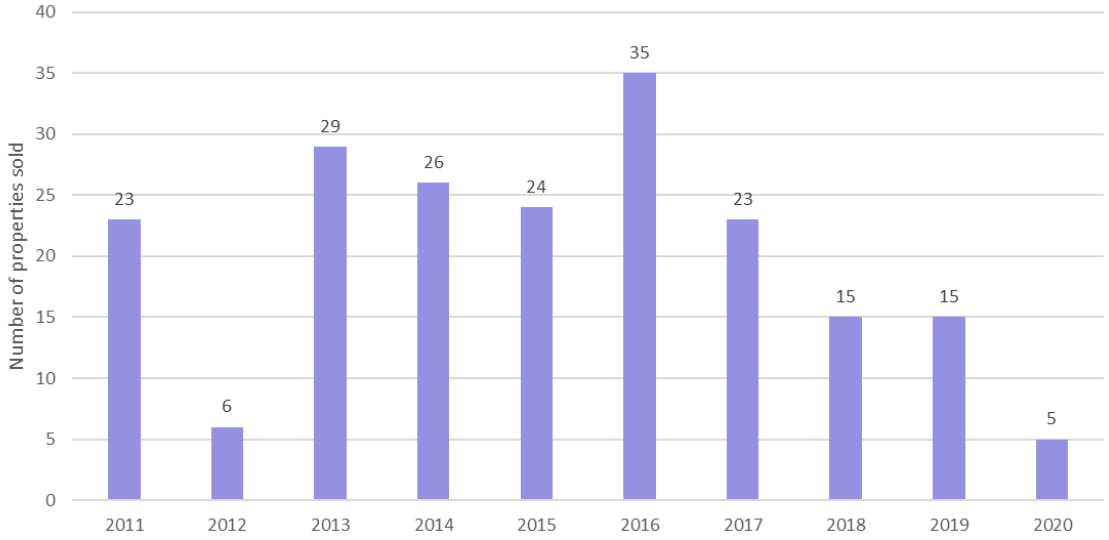
FIGURE 11: RETAIL SALES VOLUME 2011-2020



Source: SGS (2022)

Figure 12 shows the total number of retail premises traded across the entire study area for each year between 2011-2020. This peaked in 2016, with 35 transactions, before declining in subsequent years and dropping off sharply at the beginning of the pandemic in 2020.

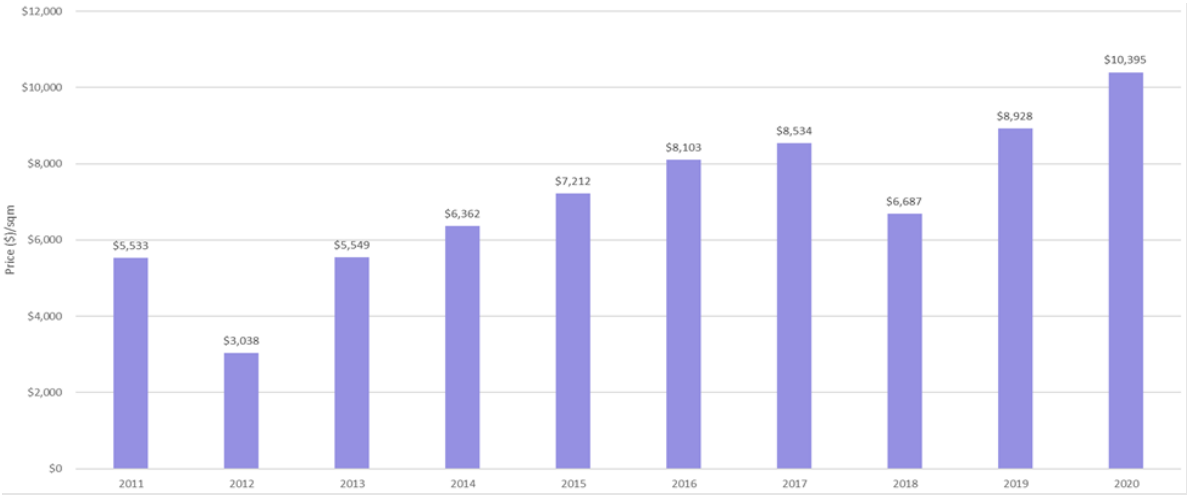
FIGURE 12: COUNT OF TRANSACTIONS 2011-2020



Source: SGS (2022)

The average sale value of retail floor space per square metre trended upwards amongst all suburbs in the study area between 2011 and 2020, as demonstrated in Figure 13. When combining all suburbs, the highest average sales price was experienced in 2020, at approximately $10,395/sqm. It should be noted that value of individual transactions deviated significantly from this average in some cases.

FIGURE 13: SALES VALUE PER SQUARE METRE 2011-2020

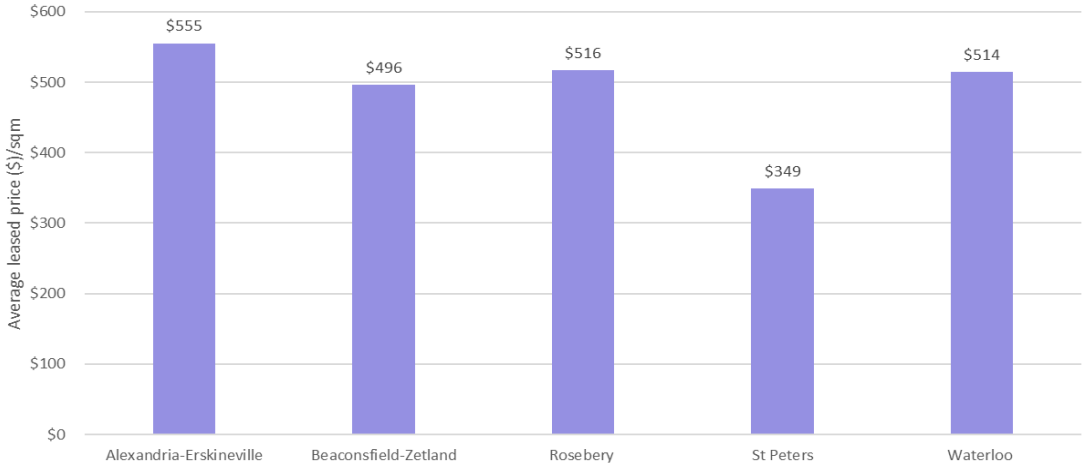


Source: SGS (2022)

Rents

Figure 14 shows the average rent per square metre for retail spaces leased between 2011-2020 in suburbs within the study area (see below). This is averaged at approximately $500/sqm for all suburbs except St Peters, which was lower at $349/sqm. Alexandria and Erskineville experienced the highest rent per square metre for retail properties, at $555/sqm.

FIGURE 14: LEASED RETAIL FLOORSPACE, AVERAGE PRICE PER SQUARE METRE 2011-2020



Source: SGS (2022)

Vacancies

According to CBRE Research, retail vacancy in Sydney CBD increased from 4.6% in June 2019 to 8.3% in H1 2021, which was possibly due to a higher share of consumer goods (e.g. clothing) being sold online. There are indicators that some retailers will reopen in Sydney CBD, due to an rebound in expenditure on consumer goods.[12]

There is an upward trend in retail vacancies for the last decade across all suburbs, confirmed by results of the 2021 Australian Census.[13] Furthermore, Zetland-Waterloo and Erskineville have continually had lower vacancy rates compared to surrounding suburbs.

Key Insights

This data shows a declining trend in the volume of retail premises traded within the study area, coupled with a gradual increase in the cost of retail floorspace. This could be evidence that under-capitalised development sites are becoming scarce as the area undergoes renewal, creating cost pressures for local retailers.

Increased vacancy of retail tenancies as a result of the popularity of online retail is a clear sign that traditional bricks-and-mortar retail is threatened by the behavioural change caused by the pandemic. Although there may be some rebound effect, it is not likely that this will be sustained in the long term.

[12] CBRE 2021, 'Retail vacancies rise and demographic visitor trends shift in Australia's major CBD markets', https://www.cbre.com.au/press-releases/retail-vacancies-rise-and-demographic-visitor-trends-shift-in-australias-major-cbd-markets
[13] Fitzsimmons 2022, 'Where are the 300,000 empty homes in NSW?', https://www.theage.com.au/national/nsw/where-are-the-300-000-empty-homes-in-nsw-20220705-p5azcw.html

3.3 Consumer Amenity

Accessibility

The Green Square Urban Renewal Area is one of Australia's most densely populated precincts and is positioned for further rapid growth. With this rapid increase in density, it is critical to ensure that adequate amenity is provided to future residents and workers. A key component of this amenity is ensuring that critical retail, such as supermarkets, is provided in close proximity to where people live.

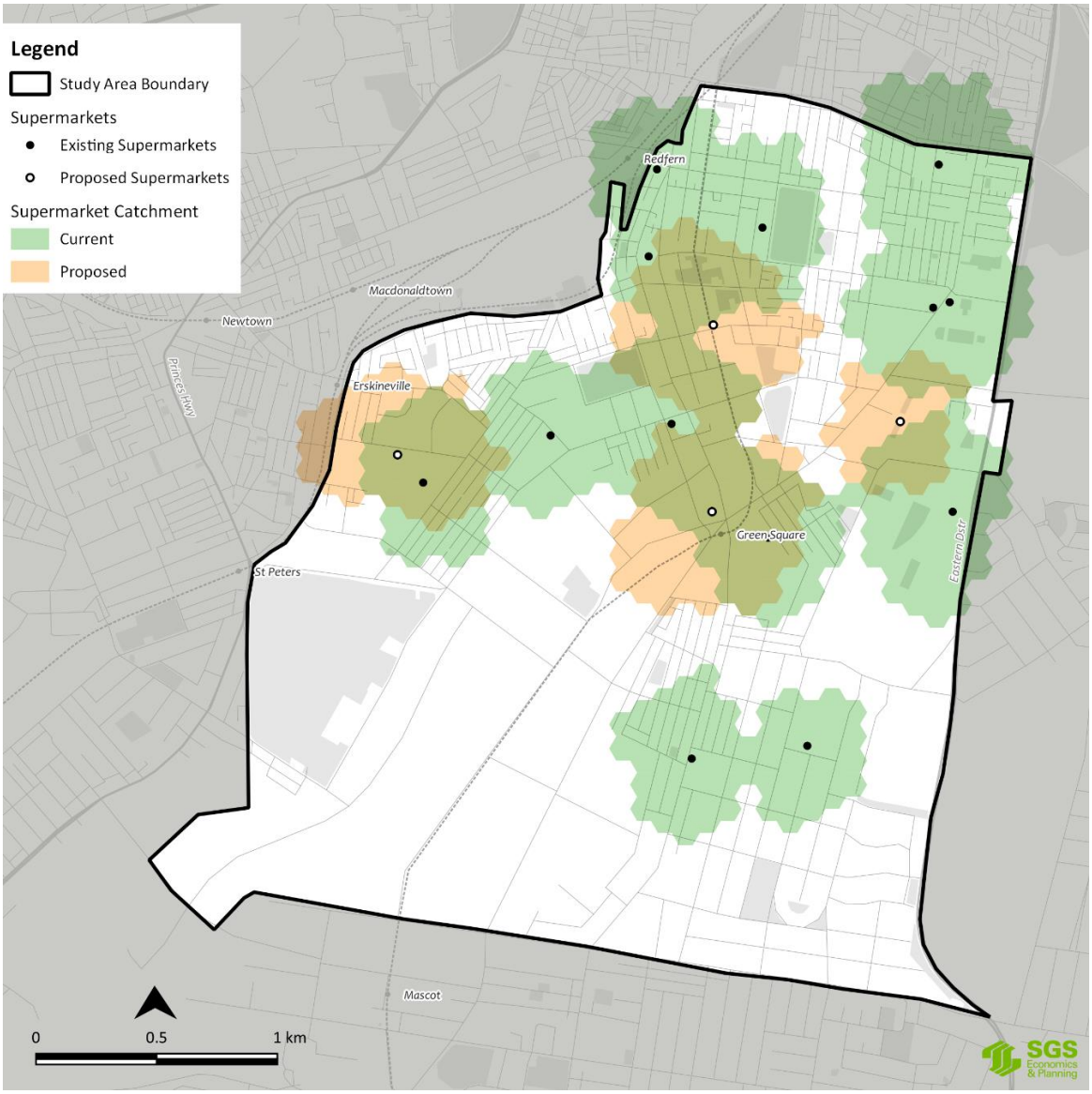
Figure 15 illustrates supermarket accessibility in the study area. These walking catchments are shown in green for existing supermarkets and orange for proposed supermarkets. Areas shown with green and orange overlapping represent where the walking catchment of a proposed supermarket will overlap with the walking catchment of an existing supermarket.

This study makes assumptions on the size of the walking catchments based on the context on the ground. While a typical walkable catchment from a supermarket is 500 metres, this distance has been revised down to 400 metres for a full-line supermarket (over 2,500 square metres, 350 metres for medium-sized supermarkets (between 1,000 to 2,500 square metres) and 300 metres for small supermarkets smaller than 1,000 square metres.

The reduction in the walking catchment for this study is due to the vertical, in addition to horizontal, movement that is required in high-density environments. Note that these are 'actual walked' distances, instead of 'as the crow flies' in order to give a more accurate representation of accessibility.

The accessibility mapping indicates that areas with residential population most inaccessible to supermarkets are pockets of Waterloo, Redfern, Rosebery North and South Rosebery. When interpreting these results, it is important to note that South Rosebery is in close proximity to Eastlakes shopping centre which is not shown in Figure 15 as it is outside the study area.

FIGURE 15: ACCESSIBILITY MAP



Source: SGS (2022)

Choice and Retail Size

The 1,000 square metre retail tenancy cap has been a key matter of consideration during this review. As stated within the 2008 Study, the primary purpose of the cap is to limit the development of large retail premises outside of the Green Square Town Centre. Without the cap, there is a risk that this kind of development could undermine aspirations for Green Square Town Centre to become an important focal point of economic activity.

There have been some pressures to loosen the retail tenancy cap, particularly to allow the development of full-scale supermarkets outside the Green Square Town Centre. Proponents in these cases argue that land ownership within the Town Centre is too concentrated, and that there is retail expenditure 'leakage' from Green Square to other suburbs.

One effect of the retail tenancy cap is to limit supermarket development to small and medium-sized stores. This enables a more dispersed pattern of supermarkets and ancillary retailers like butchers, bakeries and cafes. This format is preferable to relying solely on concentrated retail centres with full-scale supermarkets, particularly in a high-density urban setting where planning aims to facilitate an integrated mixture of land uses.

This does not preclude the importance of having centres which accommodate larger format uses like full-line supermarkets. These centres offer a greater product range and fulfill needs which are not serviced at local shops that cater primarily for daily conveniences. A well-planned blend of both formats allows for consumers to satisfy everyday needs within walking distance of their home, and also provides accessible nodes of activity where more specialised uses can locate and draw on a larger catchment.

This report has reviewed the degree of retail under-provision (if any), capacity constraints and the profile of retail clusters in Section 5.3. This analysis will inform if amendment the retail tenancy cap and the restricted retail development map in Sydney LEP 2012 may be required.

4. Retail Provision Forecasting

This Chapter details the quantitative part of the evidence base that supports this Study. The analysis forecasts how much retail space we need in the future, what type of retail this would support and where it is most needed.

The methodology used is the retail gravity model which looks at retail supply and demand (and by extension, retail under/over-provision), retail expenditure and retail turnover for each retail cluster in the area to 2041.

4.1 Retail Modelling Methodology

Generally, retail modelling is conducted utilising one of three different methods; survey-based, shift share or gravity model methods.

Survey-based retail assessment requires extensive shopper and business surveys to gauge which centres shoppers visit, how much they spend at these locations, how this is split by commodity or store type, and what the aspirations are for each retail centre.

The 'shift share' method examines a single centre (but can be replicated across several centres if assumptions are kept constant) by examining future population and expenditure within a given area. This method relies on an arbitrary designation of trade catchment areas, meaning that the results may be significantly impacted by the assumptions and judgement involved in the trade area definition.

A retail gravity model takes a network-wide mathematical approach to retail modelling and acknowledges the attributes that contribute to a centre's 'pull' – that is, a centre's characteristics which may be able to attract shoppers from greater distances. This acknowledges that retail centres are not independent entities with complete dominance on their local market. The retail gravity model measures the relationships between centres in a dynamic retail system and assesses individual centre performance in the context of the system.

For the purposes of this study, SGS has used its in-house Retail Gravity Model to analyse demand for retail floorspace across all of the Sydney Greater Metropolitan Area (GMA). This approach weighs centre quality, size and accessibility against the volume and sources of available expenditure in the system to estimate expenditure capture at each centre (and hence the quantity of floorspace likely to be needed) at various points in the future.

SGS Gravity Model

The SGS retail model takes the following approach:

$$\text{Propensity to shop at a centre} = \frac{\text{"Attractiveness" of centre} \times \text{Floorspace of shopping centre}}{\text{Travel time to the shopping centre}^{n}}$$

This formula recognises that an individual is more likely to visit more 'attractive' and larger centres and less likely to visit small, lower-quality centres that are further away.

The rate at which travel times affect propensities is calibrated to ensure realistic catchments. This is to account for consumers going to alternative shopping centres that are based along major freeways or restricted to others based on natural barriers such as bays and rivers.

There are numerous benefits to this approach, for example:

- All spending across the retail system is accounted for once and only once
- Catchments are generated through data analysis rather than through the judgement of consultants, and
- A gravity model captures the continuous and dynamic nature of catchments, based on changing demand, supply, and transport infrastructure.

Retail Expenditure Estimates

Retail expenditure data has been developed from resident-based expenditure accounts across several commodity groups at a Statistical Area 1 (SA1) level (e.g., fresh food, groceries, pharmaceuticals, restaurants, etc). These expenditure accounts are sourced from MarketInfo's Market Data Systems (MDS). MDS are the industry benchmark in estimating small area expenditure that draws on the latest Household Expenditure Survey (HES), ABS Census and other datasets. These expenditure per capita benchmarks are then projected out for population and employment, derived from Transport for NSW's population and employment projections, and adjusted to factor in the latest retail spending trends from the ABS. The retail expenditure data also considers changing consumer spending patterns, such as the growing role of online shopping, in addition to factoring in the degree to which expenditure is influenced by work-based, education-based and tourism-based spending. These considerations help to capture overall leakage/capture for the whole system.

Retail Services Expenditure Estimates

Modelling retail services, as opposed to traditional goods-based retail is different to the approach outlined above. This approach examines 2016 Census data to calculate per-capita retail services jobs by both place of residence and place of work. This quantum is multiplied by floorspace demand for each retail services industry and adjusted for current retail services supply provision.

Retail Clusters

While the retail gravity model is a whole-of-network approach to retail modelling, the model can reveal demand, supply and gaps/surpluses of retail provision for specified geographies called retail clusters.

Retail clusters are based on trading character – namely wherever there is sufficient retail supply and activity, relative to areas surrounding the cluster, to allow for an assessment of demand impacts (typically more than 500 square metres of retail floor area). For this study, 16 retail clusters have been identified within the study area. A map of the study area and all 16 clusters is shown in Figure 16.

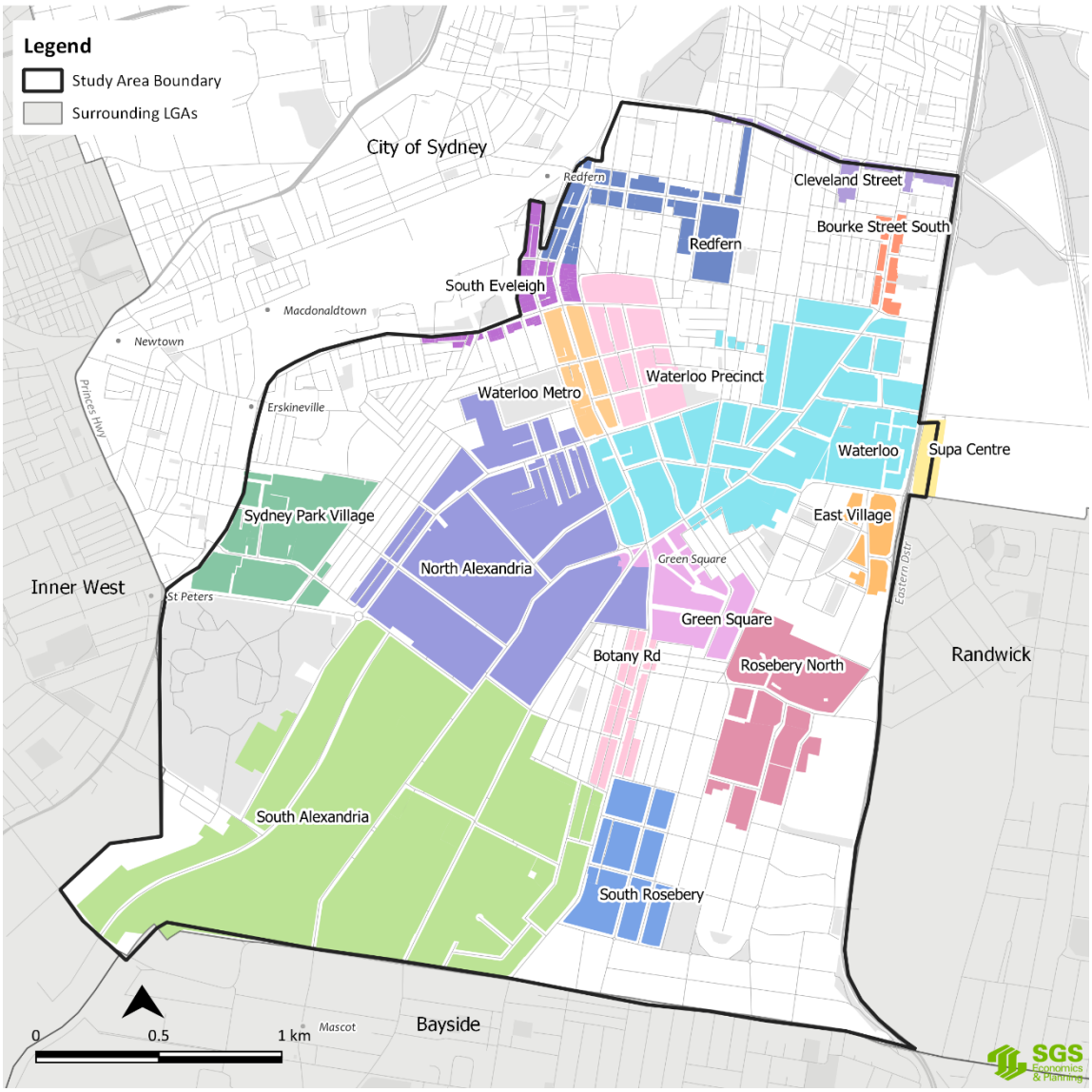
It is important not to conflate 'retail clusters' and 'retail centres'. Retail clusters are used for modelling purposes only and refer to any cluster of retail which might have a gravitational pull. Clusters are defined using SA1 boundaries as this is the smallest geography where data exists for retail model input Retail centres are typically locations identified as centres for planning purposes in an LEP or DCP, based on built form and function, and are usually given designations within a hierarchy. While retail centres fall within retail clusters, retail clusters are typically much broader geographies and capture clustering's of retail that might not be recognised in planning legislation. This is intentional. Retail clusters seeks to capture as much of the Greater Sydney retail network as possible, but not so far as to include individual retail tenancies that exist in isolation and have a highly specific or localised gravitational pull. A concordance between retail centres, as defined in the Sydney DCP 2012, and the retail cluster to which they belong to is provided in Table 2.

TABLE 2: CONCORDANCE BETWEEN RETAIL CENTRES AND RETAIL CLUSTERS

Retail Centre	Location in Retail Cluster
Green Square Town Centre	Green Square
Victoria Park	East Village
Danks Street	Waterloo
Ashmore Estate	Sydney Park Village
Botany Road, Rosebery	South Rosebery
Dalmeny Avenue, Rosebery	Rosebery North

Clusters, retail activity, planning definitions of centre

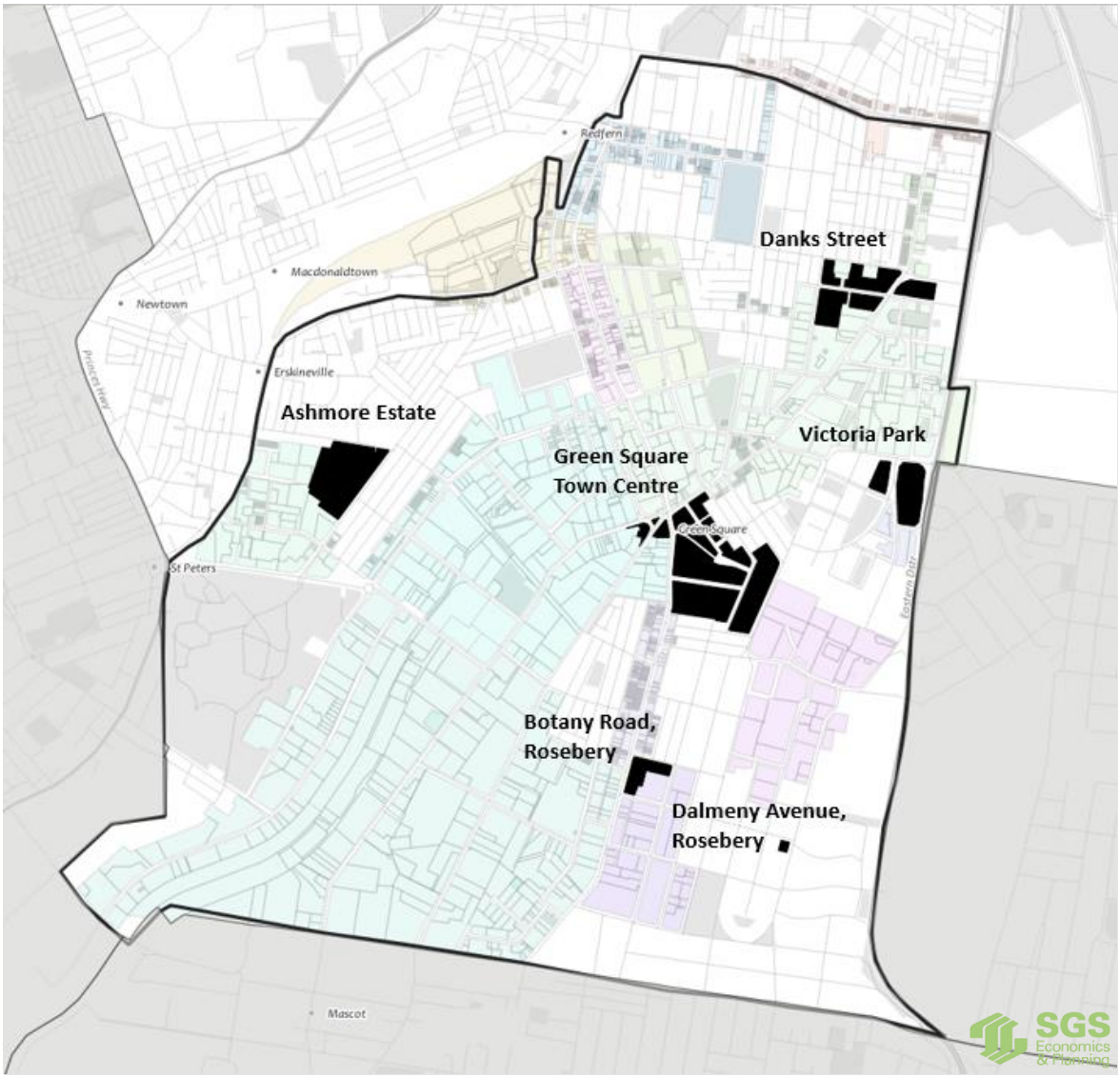
FIGURE 16: RETAIL CLUSTERS WITHIN THE STUDY AREA



Source: SGS (2022)

Figure 17 shows the current location of identified retail centres and their placement within the retail clusters. The identified retail centres in Figure 17 are derived from Section 3.4 of Sydney DCP 2012 'Hierarchy of Centres' Sydney South' and the relevant zoning of the LEPs that apply to the study area.

FIGURE 17: LOCATION OF RETAIL CENTRES WITHIN THE RETAIL CLUSTERS



Source: SGS (2022)

Retail Commodities

At the broadest level, retail stores can be split into two different groups: retail goods and retail services, shown in Figure 18. Intuitively, retail goods are forms of retail that result in the purchase of physical of goods (e.g., food, clothing, electronics). Conversely, retail services still manifest themselves in physical stores, but often do not involve the sale of a physical product (e.g., accounting services, hairdressers, medical centres).

For the purposes of this analysis, primary focus has been placed on retail goods, as is typical with all retail analyses. However, retail services have also been considered as part of this analysis to allow for a

more complete assessment of forecast demand versus capacity within each centre which, in turn, allows for an adequacy test of current planning controls.

Both retail goods and retail services are broken down into commodity types. Each retail commodity type is shown in the figure below.

FIGURE 18: RETAIL COMMODITIES

Retail Goods

- Supermarkets
- Other Food
- Hospitality & Services
- Clothing & Soft Goods
- Household Goods
- Other Goods
- Department Stores

Retail Services

- Professional Services
- Child Care and Social Services
- Health
- Beauty and Personal Services
- Fitness
- Entertainment
- Vehicle Sales

Source: SGS (2022)

Model Adjustments – COVID-19

COVID-19 has had a significant impact on the nature of shopping. For the purposes of this study, two non-standard augmentations have been made; the share of online shopping has been boosted and the Retail Turnover Density (RTD) has been boosted for neighbourhood centres by 10%.

Growing online retail shares

Online retail growth scenarios are based on experimental time-series statistics of online retail market share produced by the ABS (that is, the online growth scenarios are based on previously identified trends). These time series show the market share to be growing by around 0.75 per cent per year, and as of March 2020 and to be around 7.2 per cent (noting this was pre-COVID). While they are experimental, these estimates are the most relevant to the SGS retail model, as SGS uses a similar categorisation of what is included in retail expenditure and what is not as the ABS, while some third-party retail market share estimates may be based on different categorisations.

Online retail market share was broken down into shares for each retail commodity based on reported market shares for various goods and services from a variety of third-party research sources, including NAB, IBIS World, and Australia Post. These shares are lowest for supermarkets and hospitality and highest for department stores and clothing. Shares for every commodity group were assumed to grow in the future, although the highest growth is expected to occur in those commodities which have the highest current online retail market penetration (department stores, clothing and household goods).

Increased incidence of work from home driving increased local expenditure

The increased incidence of work from home has persisted beyond the COVID lockdown periods. The effect has been very strong performance of convenience retail in smaller neighbourhood centres.

To reflect this trend, SGS has applied a conservative adjustment to the RTD of neighbourhood centres of 10%. This would mean that the per square metre turnover of retail stores in neighbourhood centres, as opposed to larger centres, would increase by 10% over the horizon.

4.2 Retail Modelling Results

The Retail Gravity Model produced five distinct outputs, each at specified time periods (at five-year increments). These outputs are:

- Retail Expenditure: The current and forecast retail expenditure generated within the study area, but not necessarily how much is spent within the study area (a function of the current and projected population and per capita retail consumption, as informed by the MarketInfo database)
- Retail Turnover: The current and forecast retail expenditure completed in the study area (a function of the 'attractiveness' of each retail centre within the study area, their retail turnover density, and other factors which influence on the 'gravitational pull' of each centre within the study area)
- Retail Supply: The quantum of retail floorspace that is currently supplied and that is forecast to be supplied (forecast based on approved, but not yet constructed, development schemes or precinct plans)
- Retail Demand: The quantum of retail floorspace that is currently being demanded and that is forecast to be demanded (this is a complex function of retail expenditure, retail turnover and retail supply)
- Retail Gap: The difference between retail supply and retail demand. Any retail gap that is a positive figure suggests a retail floorspace over-provision, where as

For the purposes of retail planning, understanding the retail gaps is most critical and will be the focus of this section of the report. This is as this output is concerned with the spatial quantum of retail floorspace and when overlayed with a capacity analysis (which determines what the maximum retail floorspace that can be achieved using current planning controls), can help determine whether the existing planning controls need to be augmented to provide additional supply in the system. However, it is noted that the retail modelling outputs alone should not form the basis of this retail review, and that further strategic analysis is conducted in this report following presentation of the retail modelling outputs.

Further, the following sections of this chapter will still underscore the key findings of the retail gravity model, namely retail expenditure and retail supply, in order to gather a greater appreciation of the retail ecosystem within the study area.

Retail Expenditure

To determine the retail demand for retail clusters, the retail gravity model requires several key inputs. These include:

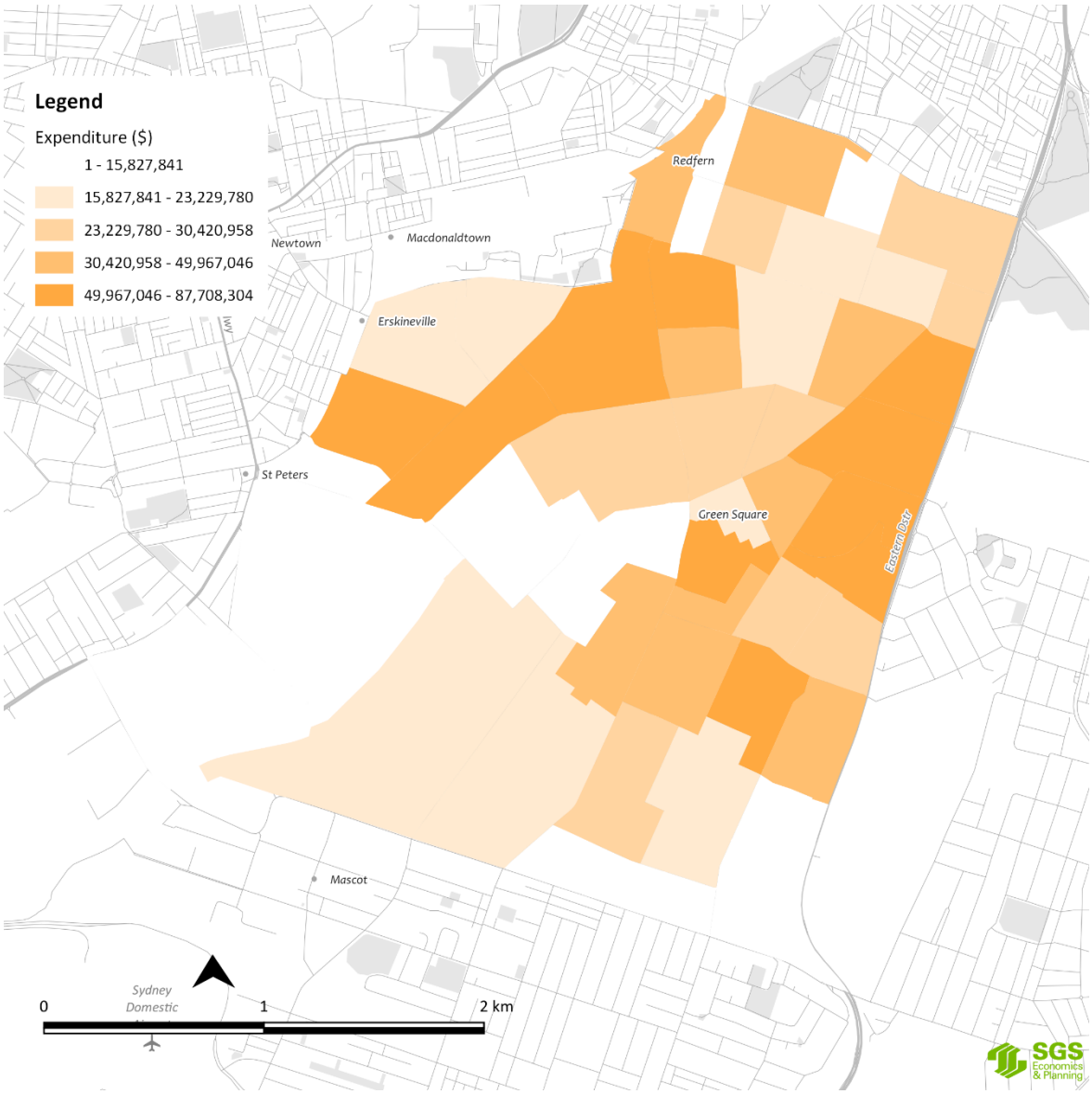
- Small-area population and employment projections
- The demographic profile of the current and future resident and employed population (income, education, age)
- Retail expenditure per capita data (using MarketInfo database which produces a retail expenditure quantum split by commodity group)

Figure 19 and Figure 20 illustrate the source of retail expenditure within the study area. Broadly, retail expenditure is a function of both the resident population within an area and the income of residents in the area (expenditure from workers or other visitors to the area is accounted for in later stages of retail modelling and is a function of the attractiveness of centres and their proximity to employment centres).

To that effect, it can be expected that areas of larger populations and/or of higher resident incomes generate more retail expenditure than areas of a smaller population and/or lower incomes.

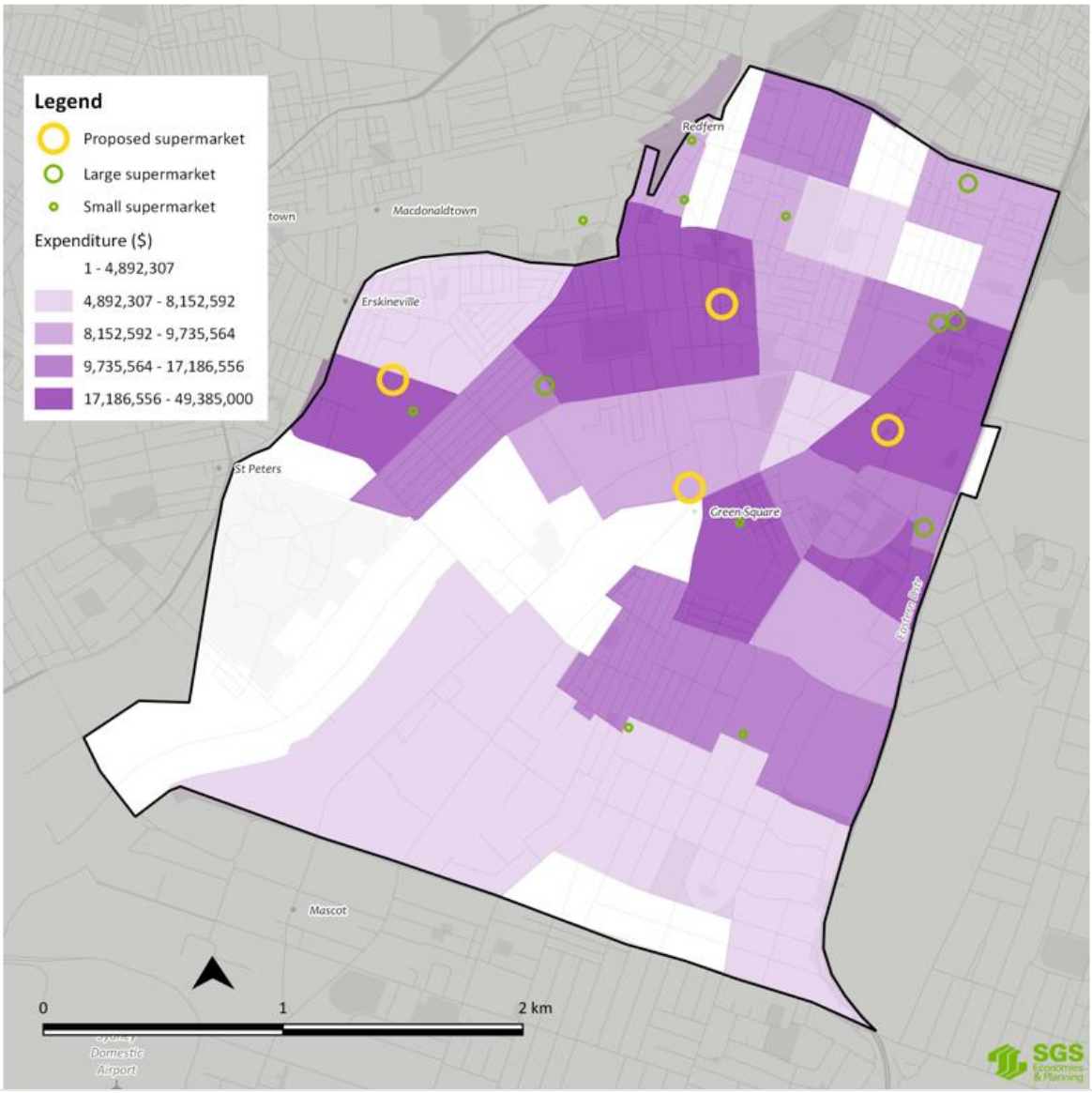
Figure 19 illustrates the source of expenditure (by travel zones) in 2041 for total retail (all retail commodities). The darker the shade of orange, the greater the retail expenditure generated from that location. This illustration is important as it maps where in the study area the most retail expenditure is generated in 2041, which is the horizon to which the retail review seeks to plan to. Figure 20 illustrates the source of expenditure (by travel zone) in 2041 for supermarkets, with current and proposed supermarkets also mapped. The darker the shade of purple, the greater the expenditure on supermarkets generated from that location. This illustration is important as if can be used as a spatial planning tool in ensuring that supermarkets are placed near to where demand is being generated.

FIGURE 19: SOURCE OF RETAIL EXPENDITURE BY TRAVEL ZONE 2041



Source: SGS (2022)

FIGURE 20: SOURCE OF SUPERMARKET EXPENDITURE BY TRAVEL ZONE 2041



Source: SGS (2022)

As demonstrated in Figure 19 and Figure 20, the source of the greatest retail expenditure in 2041 will be generated in the Green Square Town Centre, Waterloo, Ashmore Estate and future Waterloo Estate redevelopment site. The study area will generate more than $1.4 billion in retail expenditure by 2041, of which more than $462 million will be for supermarkets.

- The expenditure inputs into the retail gravity model are network-wide; that is, the retail gravity model receives inputs from the whole of metropolitan Sydney and determines the retail demand for floorspace based on the existing and proposed retail floorspace supply and the 'attractiveness' of retail clusters in terms of amenity, critical mass and travel time.
- Retail demand, however, is not linear. The variables listed above are not constant and are impacted by future infrastructure improvements, changing planning assumptions and the changing populations of an area.

Retail Supply

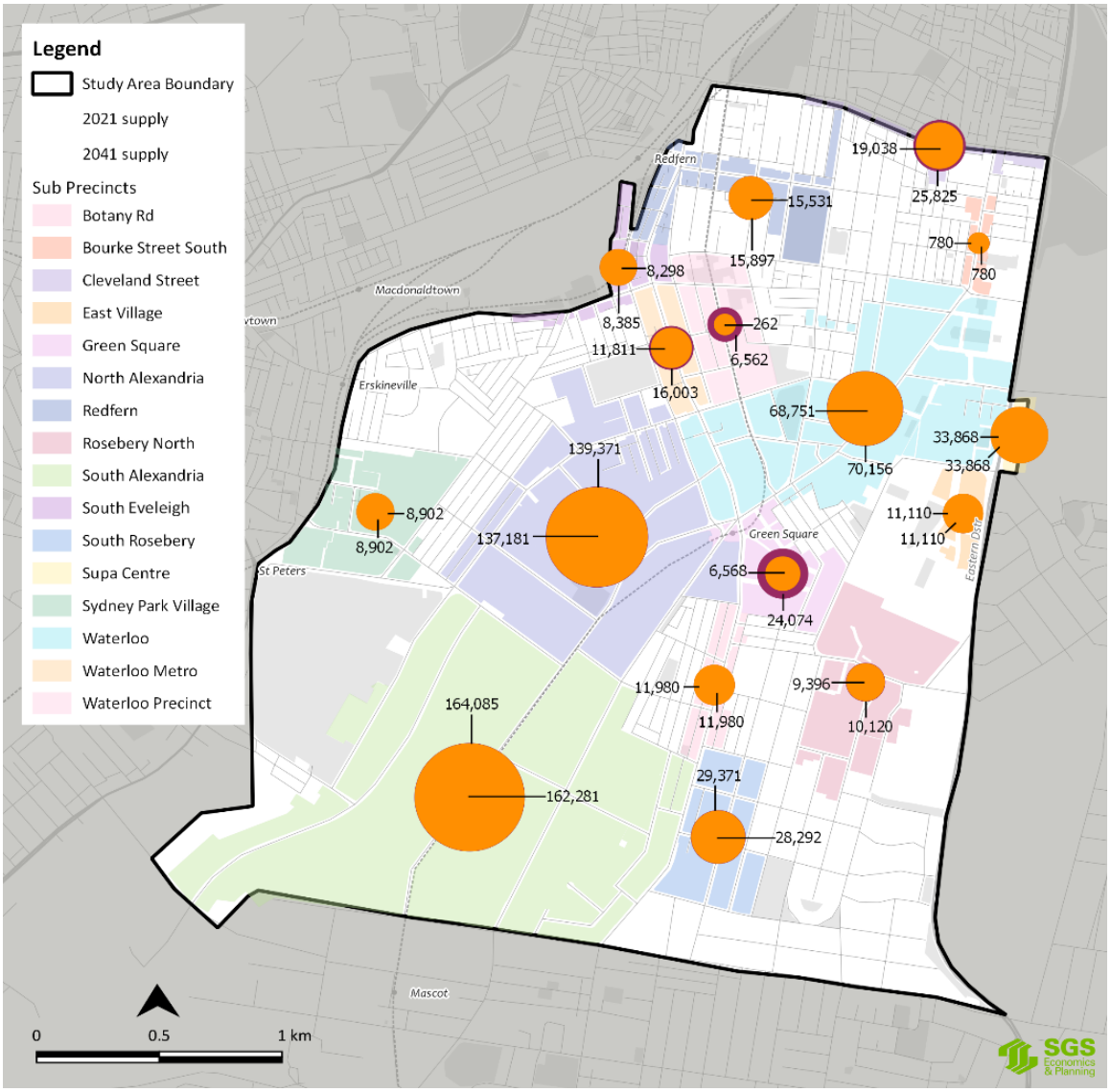
The retail gravity model is kept up to date with all new retail floorspace that is provided in 770 centres identified in the Sydney Greater Metropolitan Area. For the City of Sydney, the fine-grain results of the Floorspace and Employment (FES) 2017 are used. These are updated using the Cordell Connect data base and local knowledge in order to include retail development post 2017.

Future retail supply is estimated using the Cordell Connect database which documents all development applications and planning proposals in the LGA and immediately surrounding areas. Further to this, the City also provided a list of planning proposals which are in train in order to more accurately forecast future retail supply.It is noted that forecasting retail supply to 2041 has its limitations. The outcomes sought under planning proposals and development applications typically materialise within 5-10 years, meaning that it is difficult to determine what retail floorspace will be added to the system beyond 10 years. This is a shortfall of any retail model so any identified supply gap at 20 years needs to be carefully considered before planning interventions are made.

Figure 21 visualises retail supply across the study area at both 2021 and 2041. The inner, orange-coloured bubble represents the quantum of supply (expressed in square metres) in 2021, that is existing built floorspace currently used for retail..

The outer purple bubble represents the anticipated supply in 2041 based on a current understanding of developments in the pipeline. The purple bubble is informed solely by information on upcoming planning proposals and development applications.

FIGURE 21: RETAIL SUPPLY 2021-2041



Source: SGS (2022)

As demonstrated in Figure 21 North and South Alexandria contain the greatest quantum of retail floorspace within the study area. This is intuitive as both retail clusters provide substantial quantums of specialised retail floor space such as specialised retail premises and showrooms which typically warrant larger retail tenancies and larger vehicle servicing that cannot be feasibly provided in fine-grain retail centres such as Green Square Town Centre for example. As a result, retail clusters such as North and South Alexandria provide a complimentary support function to the fine-grain retail centres.

Waterloo contains the largest quantum of retail floorspace outside of the Southern Enterprise Area. The Waterloo retail cluster is one of the larger retail clusters identified in the study area and provides a diversity of retail types, including both specialised retail goods and services in close proximity to the Green Square Town Centre, and fine-grain retail uses provided on ground floor of newer mixed-use developments. Over time, the quantum of larger specialised retail uses may be reduced as the current B4 Mixed Use zoning may facilitate residential-led redevelopment over time that only provides ground-floor retail.

The greatest quantum of retail floorspace growth to 2041 is forecast for Green Square Town Centre while the greatest percentage of retail floorspace growth is forecast for the Waterloo retail cluster.

Existing Undersupply

For the purposes of centres planning, it is most critical to understand where these provision gaps exist for supermarkets. The supermarket commodity type often :

- serves as an anchor for centres
- defines a centre's role and function
- facilitates broader place making
- has the greatest impact on resident amenity.

The simplest method to identify a retail gap for supermarkets is to determine a benchmark level of retail provision and assess current provision against it. Supermarkets are the retail commodity with the most widely accepted benchmark provision rate, with provision rates for other retail commodities varying significantly based on location and the specific retail type within that commodity.

It is generally accepted that a supermarket provision of 0.3 to 0.32 square metres per capita is the national benchmark[14]. It is therefore estimated that there is a current under-provision of approximately 1,328 to 2,895 square metres of supermarket floor area in the entire study area in 2021. This is equivalent to one supermarket or two smaller-format supermarkets.

Note that the retail gravity model, discussed in the below sections, is used to project future retail floorspace gaps for supermarkets but cannot be used to find out the existing retail gap at year 0. This is as the retail gravity model is a network-wide model that assumes an equilibrium between retail supply and retail demand in the base year.

As a result, the existing under-provision of between 1,328 and 2,895 square metres should be considered in conjunction with the retail gap analysis completed. This is detailed in Table 3 of this report, following the retail gravity model analysis.

Retail Gap

The retail gravity model is a network-wide modelling approach which seeks to 'balance' the retail system by assessing retail expenditure origins (household and worker expenditure) against destinations (retail businesses) in the context of the retail system (the array of existing and proposed retail floorspace and its accessibility). In future years, as the size, character and distribution of available expenditure sources and destinations changes, the adequacy of retail floorspace provision is revealed. Often, provision gaps will emerge for particular commodity types and/or particular areas within the system.

The retail gravity model has forecast retail demand (as informed by retail expenditure and cluster profiles, as listed previously) and retail supply to 2041, at five-year increments, for each retail commodity, and for each retail cluster. Retail gaps that are positive suggest that there is an over-supply

[14] Sydney Retail Demand and Supply Consultancy for DPE in association with the Greater Sydney Commission, May 2016.
* Refer to definition to cluster in the glossary of this report

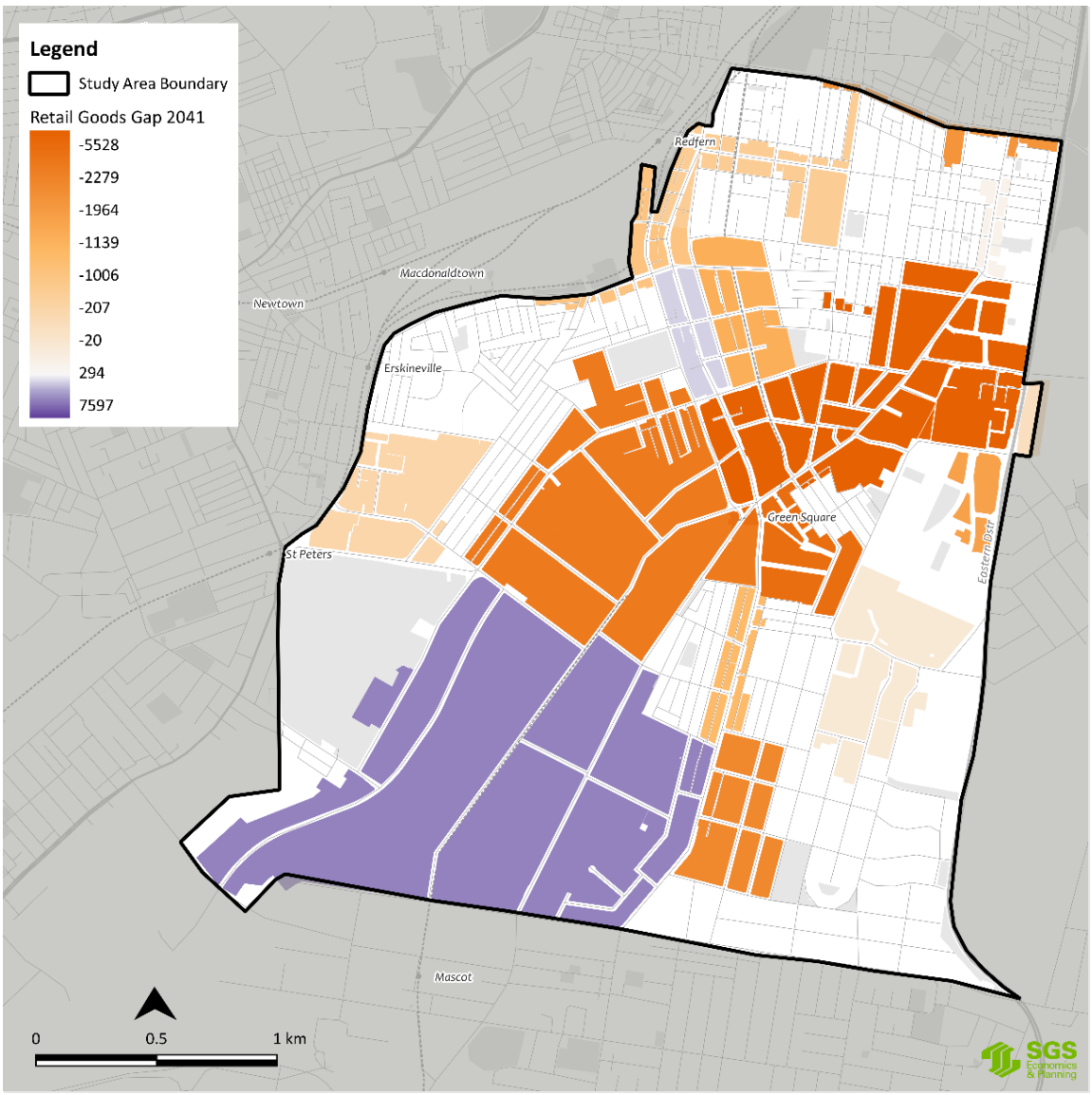
of retail floorspace, whereas a negative retail gap suggest that there is an under-supply of retail floorspace.

Retail gaps, as identified by the retail gravity model, are presented in the two following ways: by retail cluster and by retail commodity.

Retail Gap by retail cluster

Figure 22 illustrates the retail floorspace gap for each retail cluster within the study area. This is based on the current and projected supply of retail floorspace within that retail cluster, compared to the expenditure demands in that cluster's catchment area over time. The catchment for each cluster refers to the general area over which that cluster attracts a share of retail expenditure, as calculated by the retail gravity model.

FIGURE 22: RETAIL GOODS FLOORSPACE GAP 2041



Source: SGS (2022)

As shown in Figure 22, the greatest under-provision in 2041 is expected at the retail centres of Waterloo (-5,528sqm), Green Square (2,279sqm) and North Alexandria (-1,964sqm). South Alexandria[15] sees an over-provision of 7,597sqm while Waterloo Metro's over-provision is only marginal (294sqm).

Areas with a larger gap are those with significant population growth expected in their gravitational pull, without a commensurate commitment to future retail development. Areas with an existing critical mass of retail floorspace have a larger gravitational pull, and are therefore more likely to return a significant floorspace gap. For example, a full scale supermarket is a committed part of the Waterloo Precinct redevelopment, but is not for Green Square, which also has a larger gravitational pull at present. This does not mean that equilibrium could only be achieved by building a full-scale supermarket wherever a large floorspace gap exists; a mix of smaller retailers could be just as adequate.

The result for South Alexandria shown in purple is heavily driven by the forecast increase in shares for online trade in the Household Goods sector. This means that it is anticipated that floorspace needs in this sector will fall. It should also be noted that this area has a very important light industrial, enterprise and urban service function that serves a broad catchment supporting the CBD, surrounding centres and critical activity nodes (such as the port or airport). While assessing the claims from these non-retail sectors is beyond the scope of the report, we certainly would not suggest that the over-supply highlighted by retail modelling is reflective of a broader lack of need for this land.

Supermarket gaps by retail cluster

Given the benchmark analysis completed in the previous section of this report which has identified an existing supermarket under-provision in the study area, the supermarket gaps by retail cluster to 2041 are provided in Table 3 as a reference.

An existing supermarket gap of 2,112 square metres has been estimated, which is the mid-point in the range previously provided (1,328 to 2,895 square metres). The existing supermarket under-provision applies to the study area as a whole. For the table below, existing under-provision has been distributed to retail clusters based on each retail cluster's share of total supermarket floorspace.

[15] The application of the RGM is best suited to more traditional clustering of retail, provided either within a neighbourhood centre or as part of mixed-use developments. The RGM is unable to account for more specilaised or unique uses contained within urban service or enterprise precincts (typically B5 Business Development, B6 Enterprise Corridor, B7 Business Park zones). The retail provided in these precincts is often more specialised, meaning that catchment areas can vary widely. Any marked gaps in retail in these precincts should be interpreted with this in mind.

TABLE 3: SUPERMARKET GAP BY RETAIL CLUSTER (SQM)

	2021	2026	2031	2036	2041
Botany Rd	-	-	-	-	-
Bourke Street South	-	-	-	-	-
Cleveland Street	-275	124	-93	-358	-594
East Village	-211	-326	-439	-499	-602
Green Square	-122	-389	-795	-1,198	-1,427
North Alexandria	-316	-666	-695	-988	-1,233
Redfern	-191	-200	-231	-387	-529
Rosebery North	-46	-46	-119	-150	-174
South Alexandria	-11	-11	-17	-37	-58
South Everleigh	-102	-267	-226	-320	-409
South Rosebery	-64	-140	-213	-277	-336
Supa Centre	-	-	-	-	-
Sydney Park Village	-177	-418	-537	-722	-831
Waterloo	-481	-842	-1,348	-1,772	-2,047
Waterloo Metro	-24	-23	-31	-80	-116
Waterloo Precinct	-86	-97	-128	-379	-848
Total	-2,112	-3,303	-4,884	-7,193	-9,256

Source: SGS (2022)

As shown in Table 3, the largest supermarket under-provision emerges in the Waterloo, Green Square and North Alexandria retail clusters. Botany Road, Bourke Street South and the Supa Centre do not have any forecast supermarket gap as they do not currently provide this retail commodity type and are not expected to in the future, based on the supply pipeline.

Retail Gap by retail commodity

Retail provision gaps do not occur uniformly across commodity types. Table 4 demonstrates the change in retail gaps by commodity at five-year increments.

TABLE 4: RETAIL GAPS

	2021	2026	2031	2036	2041
Supermarket	-2,112	-3,303	-4,884	-7,198	-9,256
Other Food	-	-345	-869	-1,915	-2,725
Hospitality and Services	-	-2,900	-6,961	-11,388	-14,790
Clothing and Soft Goods	-	-828	1,242	2,203	3,258
Household Goods	-	-5,859	-2,997	-4,906	-404
Other Retail	-	676	8,014	12,722	17,445

Source: SGS (2022)

To 2041, the largest negative gap is forecast for Hospitality & Services and Supermarkets, with a gap of -14,790 square metres and -9,256 square metres respectively. Conversely, an excess 17,445 square metres of 'Other Retail' is set to be provided to 2041. Most of this floorspace is provided in the North Alexandria and South Alexandria which do not operate as traditional retail centres. This over-provision needs to be interpreted with caution as existing businesses in these precincts are unique and may not wish to relocate or may provide a retail experience that cannot be replaced by online shopping (the largest driver of this decline).

Summary of evidence base

Chapter 2:

- Present day retail is changing, with retailers trying to differentiate themselves and serve more specific demands. Some traditional retail formats are becoming out-dated, mass production is continuing to have high demand, and there is an expectation for new and emerging retail formats to accelerate.
- Evidence reveals that physical retail stores are specialising and reconfiguring into specialty retail formats to differentiate themselves, and retail expenditure in-person could potentially be encouraged by changed trading hours accommodating a night-time economy.

Chapter 3:

- COVID-19 has forced retailers to adapt and change their standard operations.
- Supermarkets have been acknowledged by many stakeholders to be good for activating mixed-use areas.
- Stakeholders have identified the biggest obstacles to operating include the 1,000sqm cap and a lack of parking availability; some other obstacles mentioned were fragmented land ownership and an inability to promote current retail offerings.
- Opportunities for retail include the night-time economy and retail diversification to further activate the area and attract more retail.
- Accessibility mapping of study area reveals that the areas most inaccessible to supermarkets are those where non-residential uses are not permitted.

Chapter 4:

- It is predicted that the greatest retail expenditure in 2041 will be generated in the Green Square Town Centre, Waterloo, Ashmore Estate and future Waterloo Estate redevelopment site, with over $462 million out of $1.4 billion expected to be supermarket spending.
- The Green Square Town Centre is expected to experience the highest percentage of growth of retail supply within the study area.
- According to the projected retail goods floorspace gaps in 2041, there is an anticipated undersupply of retail floorspace in Waterloo, Green Square and North Alexandria, and oversupply in South Alexandria and Waterloo Metro.
- The largest supermarket under-provision emerges in the Waterloo, Green Square and North Alexandria retail clusters.
- In 2041, the greatest under-provision of retail floorspace is forecasted to be in hospitality and services, supermarkets and other food retail, while an over-provision of retail floorspace is expected in other retail types.

5. Analysis

This section of the report will synthesise the evidence gained up to this point, with a view to understanding the role and function of centres and their capacity to meet forecast need.

The first step in this process is identifying the comparative advantages of each retail cluster in providing a specific retail commodity.

Next, a capacity analysis is completed to understand whether the planning controls in each retail clusters can accommodate any retail under-provisions.

Following this, retail clusters are profile in order to allow each centre to be allocated a typology.

Finally, based on all of the above, a 'what if' analysis is conducted whereby retail under-provisions are redistributed based on the analysis completed above.

5.1 Commodity Analysis

A further analysis of the retail gaps by retail cluster has been conducted to understand which retail cluster specialises in providing a specific retail commodity. This will result in a heightened understanding of what comparative advantages each retail cluster has in providing a particular retail commodity.

The commodity analysis compares the share of all retail commodities provided in a retail cluster 2021 based on what retail is known to be provided (based on FES data and Google API audits). Similarly, the 2041 commodity analysis compares the share of all retail commodities provided in a retail cluster based on both the current and projected retail floorspace to be provided in each retail cluster, with projected retail floorspace determined by examining pipeline development on the Cordell Connect database and reviewing the delivery of publicly exhibited and approved master plans.

Table 5 examines what percentage of a retail commodity's total provision in the study area are provided in each retail cluster.

TABLE 5: DISTRIBUTION OF RETAIL COMMODITIES BY RETAIL CLUSTER

	Supermarkets		Other Food		Hospitality and Services	
	2021	2041	2021	2041	2021	2041
Botany Rd	0.0%	0.0%	3.5%	2.8%	3.8%	3.5%
Bourke Street South	0.0%	0.0%	0.9%	0.7%	0.4%	0.4%
Cleveland Street	9.7%	16.4%	7.1%	8.0%	17.5%	16.7%
East Village	11.4%	8.6%	8.1%	6.4%	6.5%	6.0%
Green Square	4.9%	6.7%	0.6%	3.8%	6.0%	8.3%
North Alexandria	17.1%	12.9%	15.4%	14.5%	5.7%	6.9%
Redfern	10.3%	7.8%	3.8%	3.2%	8.0%	7.5%
Rosebery North	2.5%	1.9%	0.0%	1.1%	1.3%	1.4%
South Alexandria	0.0%	1.1%	10.8%	9.8%	14.8%	14.1%
South Everleigh	5.5%	4.2%	3.8%	3.0%	5.5%	5.1%
South Rosebery	2.2%	3.9%	18.9%	15.3%	7.1%	6.5%
Supa Centre	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%
Sydney Park Village	9.6%	7.2%	9.0%	7.1%	1.9%	1.8%
Waterloo	26.0%	19.6%	16.9%	15.6%	18.8%	18.2%
Waterloo Metro	0.0%	2.3%	1.2%	5.3%	2.2%	2.9%
Waterloo Precinct	0.8%	7.4%	0.0%	3.3%	0.0%	0.5%

	Clothing and Soft Goods		Household Goods		Other Retail	
Botany Rd	1.5%	1.4%	2.4%	2.4%	1.3%	1.2%
Bourke Street South	0.0%	0.0%	0.1%	0.1%	0.2%	0.2%
Cleveland Street	0.3%	1.1%	0.3%	0.5%	1.4%	2.3%
East Village	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%
Green Square	0.0%	0.9%	0.0%	0.2%	0.9%	2.6%
North Alexandria	34.3%	33.1%	32.6%	32.4%	13.6%	12.7%
Redfern	2.9%	2.9%	1.0%	1.0%	1.5%	1.7%
Rosebery North	2.0%	2.1%	1.0%	1.0%	6.5%	6.3%
South Alexandria	18.8%	18.4%	37.1%	36.9%	55.1%	51.1%
South Everleigh	0.3%	0.2%	0.3%	0.4%	1.2%	1.1%
South Rosebery	14.2%	13.7%	2.7%	2.7%	3.4%	3.1%
Supa Centre	2.5%	2.4%	11.0%	10.9%	0.1%	0.1%
Sydney Park Village	1.1%	1.1%	0.3%	0.3%	2.0%	1.9%
Waterloo	16.2%	15.7%	9.3%	9.3%	10.4%	9.7%
Waterloo Metro	5.6%	5.4%	1.8%	1.8%	2.1%	4.7%
Waterloo Precinct	0.0%	1.3%	0.0%	0.2%	0.0%	1.3%

Source: SGS (2022)

Table 5 indicates that in 2021, approximately 43% of all supermarket floorspace provision in the study area is provided in the Waterloo and North Alexandria retail clusters. In 2041, the Cleveland Street, Green Square and the Waterloo Precinct retail clusters will play a more important role in supermarket provision as future supply comes online.

Clothing & Soft Goods, Household Goods and Other Retail are predominantly located in North and South Alexandria, which if reflective of both centres not operating as traditional retail centres, but as highly specialised urban services and specialised retail premises nodes. Waterloo also has a high prevalence of clothing and soft goods, and household goods. Relative to other retail commodities, other food and hospitality & services are distributed evenly across all retail clusters.

5.2 Capacity Analysis

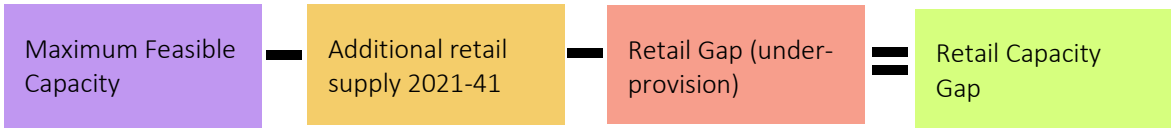
To gauge whether the existing planning controls in the retail clusters have sufficient capacity to meet forecast need and respond to modelled gaps in provision, a capacity analysis was conducted for the study area. This involves comparing the retail provision gaps identified in the retail modelling to the capacity to provide additional retail floorspace under the existing planning controls.

There are broadly three different types of capacity analysis.

1. Spare capacity: The difference between existing GFA and maximum on each site
2. Maximum capacity: Assumes full turnover of all sites – the maximum GFA on each site (with retail premises only being provided on ground floor)
3. Maximum feasible capacity: A high-level feasibility test is conducted to determine which sites can turn-over and be built out to maximum controls (with retail premises only being provided on ground floor of redeveloped sites)

Maximum feasible capacity has been completed for this retail review as it provides the most realistic measure of capacity in the study area. The high-level feasibility test uses the Geoscape database, which estimates the gross floor area of a building using satellite imagery which identifies the existing built form. This modelling is used to estimate the available floor area capacity on each site.

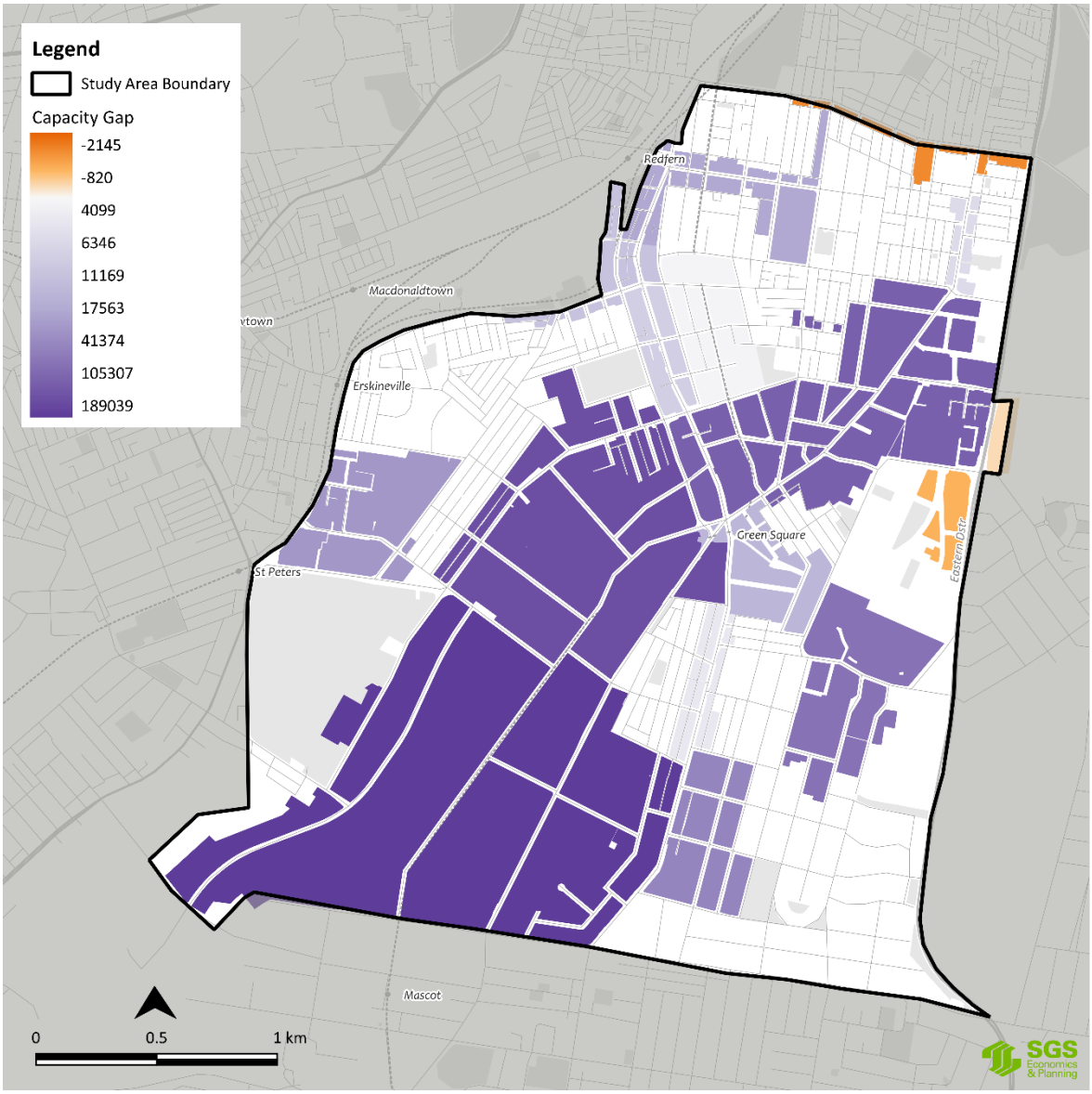
Once completed, it is necessary to understand whether the maximum feasible capacity is enough to cover the retail gaps identified in the retail gravity model. The following methodology is applied:



This method determines how much capacity is in the system once all planned retail is provided and retail gaps are filled. Additional retail supply (identified through an audit of existing development proposals) and the retail under provision (an output from the retail gravity model) is deducted from the maximum feasible capacity, with the resulting number representing the retail capacity gap at the year 2041.

A positive value would suggest that there is sufficient capacity within a retail cluster to provide for the identified retail gap. Conversely, a negative value would suggest the inverse – insufficient capacity exists to provide for the identified floorspace gap. Figure 23 shows the retail capacity gap.

FIGURE 23: CAPACITY GAP 2041



Source: SGS (2022)

Figure 23 demonstrates that most centres have sufficient capacity to accommodate modelled shortfalls in retail provision in 2041. The exceptions are Cleveland Street, East Village and Supa Centre, shown in orange, where these centres have floorspace provision gaps of 2,145sqm, 820sqm and 447sqm respectively. However, as previously noted, retail model outputs should be assessed alongside other strategic planning considerations. Further analysis will be completed later in this section of the report that conducts a 'what if' analysis on the distribution of retail gaps across the study area, based on cluster characteristics and opportunities.

5.3 Retail Cluster Profiles

The following section of the report synthesises the findings of the capacity and commodity analysis, as well as on-the-ground investigations, to characterise the retail clusters within the study area.

Botany Road

The Botany Road retail cluster is located immediately south of the Green Square strategic retail cluster, centred around Botany Road and Victoria Street, Beaconsfield. The majority of non-residential tenancies are for urban services type uses, followed by household goods retailing, hospitality and clothing retailers to a lesser degree.

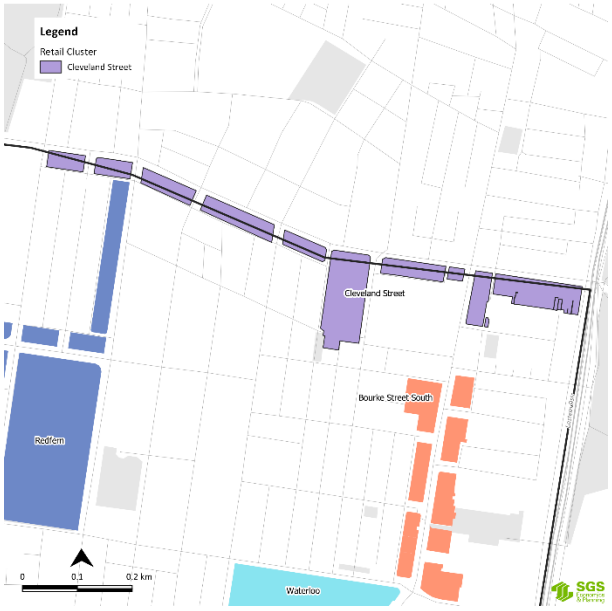
This retail cluster is an eclectic mix of small standalone warehouse buildings and terrace housing. A large proportion of this retail cluster is zoned mixed use, which means that over time it will be redeveloped as mixed-use with ground floor retail spaces and residential apartments above. Wholesale development of this cluster may reduce the availability of flexible, low-cost employment floorspace.

Bourke Street South

The Bourke Street South retail cluster consists of several retail premises located along Bourke Street between Thurlow Street and Phillip Street in eastern Redfern. It does not include supermarkets to the south of Phillip/Crescent Street, which are part of the Waterloo retail cluster (Danks Street shopping centre). These premises contain small, local-serving business integrated with the surrounding residential neighbourhood.

Bourke Street South should continue in its established function as a small-scale retail destination serving its surrounding population. There does not appear to be any impetus for increased floorspace capacity in this location.

Cleveland Street



As with Bourke Street South, retail premises along Cleveland Street are small-format spaces within older urban fabric, often situated adjacent to terrace housing. It is noted that the retail cluster will include a newly renovated supermarket – but its catchment is likely to be northward skewed given limited supermarket provision in Surry Hills.

Cleveland Street should continue to provide small format retail space in heritage buildings. Given existing capacity, relatively low amenity, heritage constraints and low population growth anticipated for immediately surrounding area, Cleveland Street is a poor choice of location for focused redevelopment.

East Village

This retail cluster is focused on the East Village Shopping Centre on Gadigal Avenue, and also includes some surrounding blocks to the south of O'Dea Avenue and west of Joynton Avenue. The built environment in this precinct has been created entirely since the start of urban renewal at Victoria Park in 1996.

Floorspace in the East Village precinct has all been built in the last 25 years, and much of it has been completed even more recently. The fact that these sites have been recently capitalised and stratified, they are unlikely to turn over in the near future. Residential development in the Victoria Park renewal area has stabilized. While a 1,501sqm retail gap is expected to emerge by 2041, neighbouring retail clusters, such as Green Square may be able to satisfy this demand, particularly as there is not sufficient capacity to provide this in East Village.

Green Square

Green Square refers to the area bound by Botany Road and Joynton Avenue, and also includes some blocks along Bourke Street. Green Square remains in its development phase and is aspiring to become a place for dense and diverse urban activities once completed. The gap in retail provision is low, meaning that the planned quantum of retail floorspace is likely sufficient to serve the needs of the future population.

However, if retail gaps across the entire study area are redistributed in accordance with the vision of creating Green Square as the 'focal point' of south Sydney, capacity constraints begin to emerge. This underscores a broader strategic rationale to expand the boundaries of the designated Green Square Town retail cluster which will be explored later in this report.

In any instance, an analysis of Green Square's intrinsic qualities is required to understand the scope for changing the strategic planning framework. This is provided below.

FIGURE 24: GREEN SQUARE TOWN CENTRE SWOT ANALYSIS

Strengths

- Existing Train Station
- New community facilities
- Existing strategic framework supports centre as the 'focal point' of the study area

Weaknesses

- Has still not delivered large-scale retail
- High rents and vacancies
- Busy Botany Road may makes retail expansion difficult due to access constraints
- May be deemed 'over-curated'

Opportunities

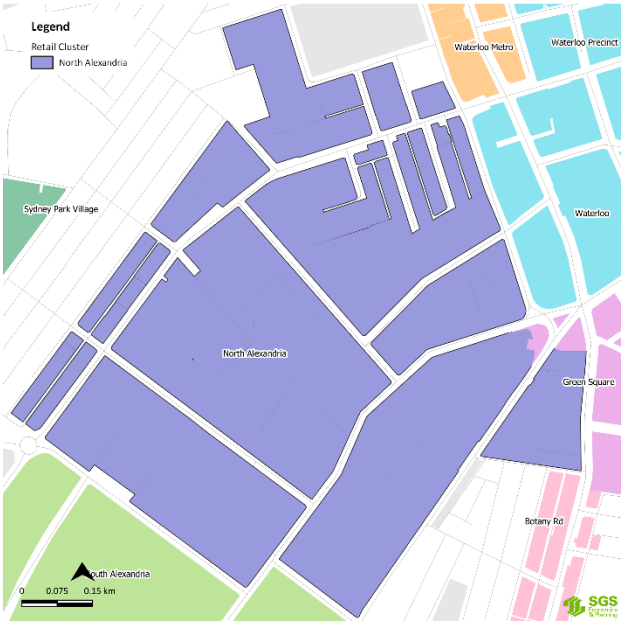
- Expand retail core to the west and south of Green Square Station so that it radiates.
- Large landholdings by a few developers
- Sustainable Sydney 2030–2050 vision for Botany Road may make westward retail expansion more attractive by improving pedestrian access from the east

Threats

- Capacity gap becomes quite small if provision gaps at other centres are to be absorbed by Green Square
- Proposals to allow substantial retail floorspace in proximate centres
- Large landholdings by a single developer

Source: SGS (2022)

North Alexandria

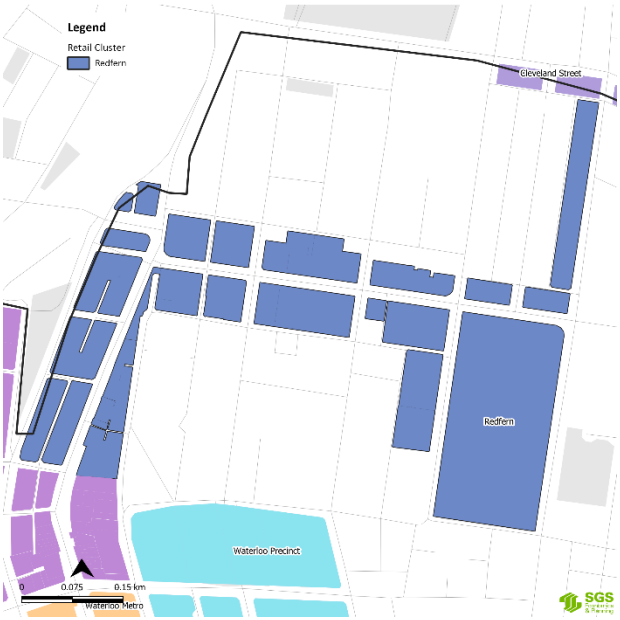


North Alexandria refers to the area bound by Wyndham Street, Huntley Street and McEvoy Street/Euston Road. Its urban fabric consists of low-rise, large format spaces of various ages and with an industrial character. Housing is confined to sites adjacent to McEvoy Street/Euston Road.

North Alexandria is unique and diverse and does not fulfill a traditional retail role and needs to be positioned to be flexible to future trends.

The northern and eastern portion of the retail cluster is subject to a PP that seeks to intensify employment uses. Given the large floor plates in parts of the precinct, proximity to Green Square Train Station and an anticipated increase in worker population, it may be desirable to intensify ground floor retail uses.

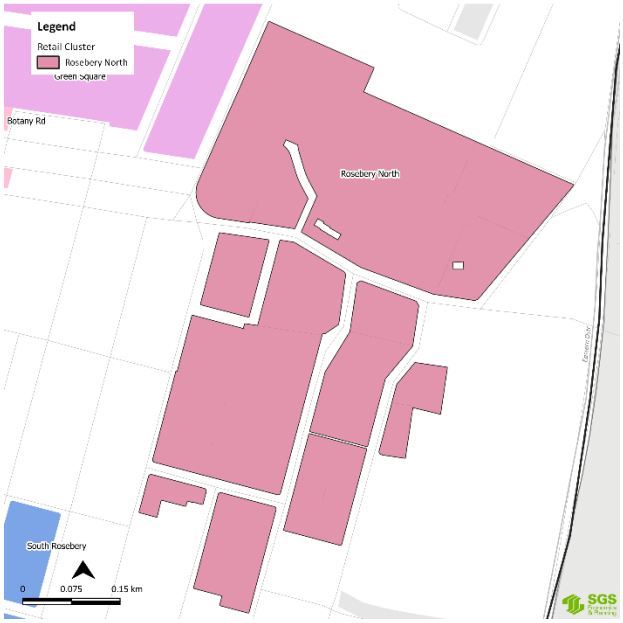
Redfern



The Redfern retail cluster is largely bound by Chalmers Street, Redfern Street and Regent Street in the area north of Phillip Street/Boundary Street. This contains a diverse range of urban fabric in terms of both age and physical format. Newer developments are clustered around Redfern Station and Chalmers Street adjacent to Redfern Park, with older buildings and fine-grain shops and residences along Redfern Street and parts of Regent Street in particular.

Most of the retail gap is for hospitality services which can materialise organically without specific planning intervention. Redfern has already commenced a 'rebranding' which has seen the proliferation of several restaurants, cafes and bars and it is well suited to continue this trend.

Rosebery North



Rosebery North refers to the section of Epsom Road to the east of Joynton Avenue, and to several blocks immediately south of Epsom Road. Most of this retail cluster has been recently redeveloped for medium-high rise housing and ancillary retail, although a few low-rise, large format retail and commercial premises remain.

The City has identified this precinct as being ideal for future Zetland Metro Station.

South Alexandria

South Alexandria covers a large area to the east of Euston Road and south of Huntley Street, spanning Burrows Road, Bourke Road and O'Riordan Street. Together with the North Alexandria retail cluster, this geography is one of few remaining large areas of industrial land within close proximity of the Sydney CBD and within the corridor of economic activity from Sydney Airport to Macquarie Park.

Floorspace capacity in South Alexandria significantly exceeds the forecast under-provision. South Alexandria is also an important industrial precinct in the context of the Sydney Metropolitan Region, a role which conflicts with the possibility of large-scale redevelopment for higher order uses.

South Eveleigh

South Eveleigh includes sites to the west of Regent Street/Botany Road and north of Henderson Road. This includes a diverse range of land uses and building types across the Australian Technology Park and streets to its east.

South Eveleigh should continue in its established function as a small-scale retail destination serving its surrounding population and complimentary to both Redfern and Australian Technology Park. There does not appear to be any requirement for increased floorspace capacity in this location.

South Rosebery

The South Rosebery retail cluster consists of a rectangular set of streets bound by Botany Road, Harcourt Parade, Rothschild Avenue and Queen Street. This offers a range of large format industrial and commercial buildings alongside newer residential developments with some ancillary retail.

Supa Centre

Supa Centre refers to the large format retail mall located on the Eastern Distributor and Dacey Avenue. Its tenants specialise in household goods such as electronic appliances and furniture.

Given the specialised nature of this retail cluster, any identified gaps should be interpreted with caution, as the catchment under which the retail cluster operates is likely to be much larger than other retail commodities. Further, with household goods being the retail commodity most quickly shifting online, the Supa Centre's long-term operations may be increasingly challenged. However, this is also contingent on the retail cluster's competitive offer in relation to other specialised retail premises clusters in the broader vicinity.

Sydney Park Village

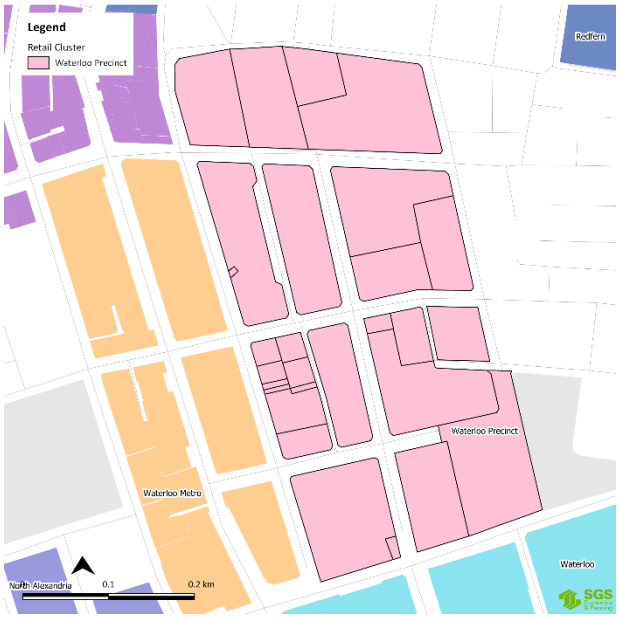
The Sydney Park Village retail cluster spans the area between Ashmore Street and Sydney Park Road in Erskineville. This area is characterised by modern multi-unit residential complexes and accompanying retail uses.

The retail cluster has been curated to provide amenity for local residents, as opposed to being a retail destination. However, its catchment is likely to be skewed to the west where limited supermarkets exist.

Waterloo Metro

Waterloo Metro refers to the area centred around Botany Road, bound by Wyndam Street and Cope Street. The proposed retail cluster is co-located with the future Metro Station and its purpose is largely for convenience shopping, as opposed to being a significant retail destination.

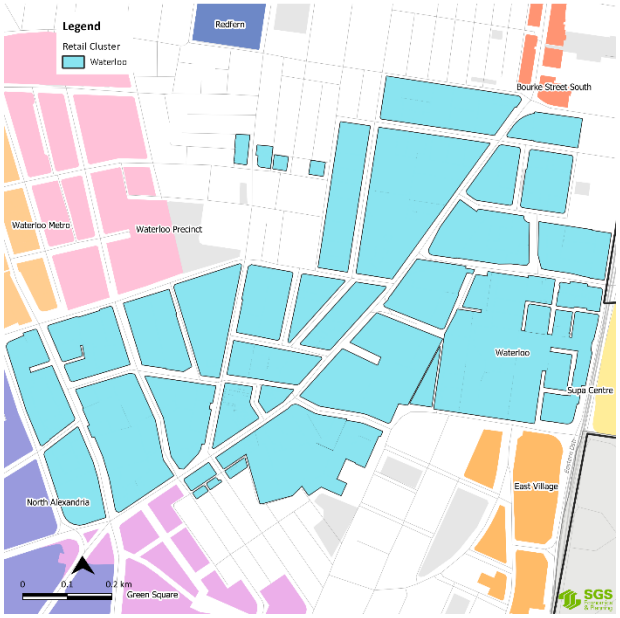
Waterloo Precinct



Waterloo Precinct encompasses the Waterloo Estate public housing, which is located between McEvoy and Phillip Streets. In March 2022, the NSW Government placed a planning proposal for most of the Waterloo Estate on exhibition. If approved and fully capitalised, this proposal would result in over 2,000 new dwellings being built on the site. The proposal also includes a minimum of 11,700sqm of commercial floorspace which would be mostly occupied by retail and retail services.

SGS testing for the proposal has demonstrated that proposed retail floorspace will not have a significant economic impact on Green Square, however, may impact other factors such as traffic levels. While a retail gap begins to emerge, this should be able to be satisfied in other retail clusters.

Waterloo



The Waterloo retail cluster definition includes a broad area between South Dowling Street and Wyndham Street, following the line of Bourke Street to its conclusion at Green Square. This includes a significant portion of the Green Square urban renewal area, and older parts of the surrounding urban fabric and street network.

The estimated floorspace gap at Waterloo is greatly exceeded by latent floorspace capacity within the retail cluster, meaning that planning interventions are not required to address retail floorspace quantum shortfalls. However, much of this floorspace would need to be provided as part of the redevelopment of large sites where new streets or open spaces may erode capacity slightly.

This means that planning for retail spaces needs a more incremental approach which provides this floorspace across key sites. This method is desirable because it achieves a better integrated and fine-grained style of mixed-used development, which is most appropriate for an inner-urban location.

In any instance, an analysis of Waterloo's intrinsic qualities is required to understand the scope for changing the strategic planning framework. This is provided below.

FIGURE 25: WATERLOO RETAIL CLUSTER SWOT ANALYSIS

Strengths

- 'Village feel'
- Significant under/undeveloped landholdings

Weaknesses

- No current or proposed heavy rail infrastructure
- Limited community infrastructure

Opportunities

- Centre operates in sub-precincts – ability to carefully master plan each sub-precinct
- Significant population growth

Threats

- Under/undeveloped landholdings are in close proximity to Green Square – can compete with centre
- Emerging proposals to breach 1,000sqm retail gap

Source: SGS (2022)

5.4 Retail Cluster Typology

The retail modelling, commodity analysis and capacity analysis have provided a greater understanding of the profile of each retail cluster. The following steps seeks to delve deeper and understand the typology of the retail clusters. This is the first step of the analysis that seeks to uncover where planning interventions, if any, are required.

Retail cluster typologies are not a proposed retail hierarchy. Rather, they are a qualitative input into redistribution testing that will follow and that will inform the recommendations of this retail review. The allocation of retail clusters into typologies has been based on:

- The desire to position Green Square as the retail 'focal point' of the study area
- The existing retail hierarchy within the study area and the proximity of one cluster to another within that hierarchy
- The current and proposed supply of retail floorspace in each cluster
- The current and proposed demand of retail floorspace
- The trading profile of each retail cluster (based on retail commodity analysis and retail cluster profiles)
- The 'completeness' of the retail cluster (whether development is provided in an in-fill manner of it wide-spread renewal is, or has, occurred)
- The comparative advantages of each centre in providing a particular retail commodity
- The extent of retail under-provision (by commodity)
- The existing capacity of each centre in providing additional retail floorspace
- Retail over-provisions have been excluded so as not to skew data

Through the analysis conducted above, five distinct typologies of retail clusters begin to emerge.

- Principal Cluster: Retail clusters that have been identified as the main retail precinct within the study area.
- Critical Clusters: Retail clusters of a strategic importance or with strong pressures to evolve.
- Complete Clusters: Retail clusters of a local significance that are largely complete and that see development emerge in an infill manner, if at all.
- Minor Clusters: Retail clusters that small or located on an arterial corridor and typically secondary to a larger more proximate retail cluster.
- Establishing Clusters: Retail clusters that are currently undergoing transformation based on detail and curated plans that are precinct-wide, as opposed to building specific.
- Clusters to Monitor: Retail clusters that are large, complex and starting to evolve – either with or without planning intervention.

The allocation of each retail cluster into a typology is shown in the table below. Further discussion of how the retail cluster typologies are used will be provided in the subsequent section of this report.

TABLE 6: RETAIL CLUSTERS BY TYPOLOGY

Typology	Retail Cluster
Principal Cluster	Green Square
Critical Cluster	Waterloo
Clusters to Monitor	South Alexandria South Rosebery North Alexandria Rosebery North
Complete Clusters	East Village Redfern Supa Centre
Minor Clusters	Botany Road Bourke Street South Cleveland Street South Eveleigh
Establishing Clusters	Sydney Park Village Waterloo Metro Waterloo Precinct

Source: SGS (2022)

The allocation of retail clusters into retail typologies is the first step in conducting a redistribution analysis. That is, it is important to understand that if a redistribution where a more rigid application of the retail hierarchy were to occur, what would the flows between clusters be. The subsequent section of this report shows the redistributed flows between retail typologies.

5.5 Redistribution Testing

The retail gravity model indicates where additional retail floorspace is required to balance the retail system. However, the outputs give an indication of *one*, but not the only way to balance the system. While the modelling helps ensure market balance, from a strategic planning perspective, taking these modelled outputs at face value and directly addressing gaps as reported may not give the best outcome. For example, in some cases, the gaps reported for a series of centres might be very small – with each centre having a gap smaller than the size of a typical store. In practice, addressing this gap is more likely to happen through provision in one centre responding to the small gaps in a series of nearby centres. Similarly, from a centre role and function perspective, gaps in some commodity types may be best met by encouraging agglomerated provision rather than addressing distributed gaps across many centres. More broadly, there may be amenity, transport or urban design reasons as to why an

alternative balancing of retail is the best planning outcome. This strategic analysis in this report has quantitatively and qualitatively sought to understand how each retail cluster operates within the study area. The next step is a practical application of this understanding.

While, it is beyond the scope of this study to consider transport, design, amenity, etc in any detail, we have completed a redistribution test as a 'what-if' analysis. This seeks to test of the tolerance of the retail system to absorb demand, where smaller gaps are addressed through agglomerated provision within a more rigid application of the retail typology, and maintain reasonable accessibility. The typology applied is as follows:

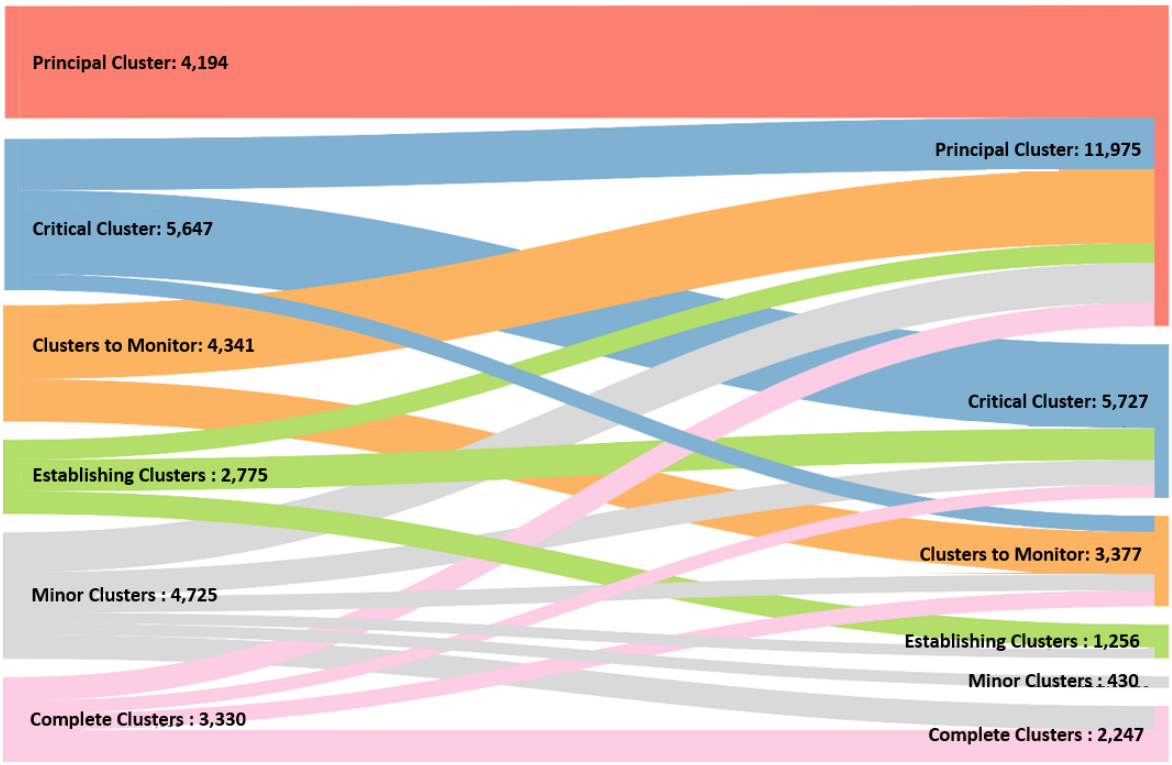
- Principal Cluster: The main trading area of the study area that captures most of the retail under-provision.
- Critical Clusters: The secondary trading area that diverts much of its under-provided trade to the principal cluster but received the under-provided trade of other lower-order retail clusters.
- Complete Clusters: Diverts some trade away to higher order clusters but are able to retain a fair quantum due to latent capacity within the cluster.
- Establishing Clusters: Diverts most of their under-provided trade to other clusters, retains some, but to a lesser extent to complete clusters due to greater capacity constraints.
- Minor Clusters: Diverts most of their under-provided trade to other clusters.
- Clusters to Monitor: Divert most of their under-provided trade to the principal cluster, with the exception of retail commodities in which these centres have a comparative advantage in (clothing and soft goods, household goods and other retail).

The purpose of this redistribution is to gauge whether each cluster has the capacity to provide a redistributed quantum of retail floorspace. The redistribution is cognisant that centres within the Green Square and Southern Areas are part of a broader network of centres and that leakages to other retail clusters outside of the study area, but proximate to the study area, may occur.

Figure 26 shows the aggregated results of the redistribution. The coloured lines represent the additional retail floorspace required, as identified by the retail gravity model for each typology. The splitting and movement of these coloured lines from the left to the right of the figure illustrates the redistribution of this required retail floorspace.

For example, the redistribution testing has reallocated most of the additional floorspace required for the minor cluster typology (shown in grey) to other typologies. An example of a Minor Cluster is Bourke Road South. Conversely, most of the redistributed flows are towards the Principal Cluster, defined by Green Square.

FIGURE 26: AGGREGATED DISTRIBUTION ACROSS CENTRE TYPES



Source: SGS (2022)

Capacity Analysis under redistribution

A subsequent capacity analysis, as shown in Table 7, demonstrates that there is still sufficient capacity in most centres to deliver retail under-provisions after the redistribution.

TABLE 7: CAPACITY GAP BY REDISTRIBUTED RETAIL TYPES

	Under-provision (sqm)	Capacity (sqm)	Capacity Gap (sqm)	Gap incl. incoming supply (sqm)
Principal Centre	11,975	14,784	2,827	-14,679
Critical Centres	5,727	59,893	54,166	54,167
Centres to Monitor	3,377	367,893	364,516	358,719
Establishing Centres	1,256	30,750	29,494	19,502
Minor Centres	430	28,986	28,556	21,682
Complete Centres	2,247	19,791	17,544	17,178

Source: SGS (2022)

However, as shown in Table 7, there is insufficient capacity in the principal centre – the Green Square Town Centre, meaning that if retail under-provisions were to be reallocated under the above model, there is insufficient capacity within the centre to provide these retail uses The capacity analysis only assumes retail uses at ground floor, a reasonable assumption given that retail tenancies require a high level of off-street visibility and no multi-storey shopping centre is proposed within the Green Square

Town Centre. The capacity analysis is quantitative and assumes the quality of each site in each retail cluster is the same, which is likely to overestimate capacity. In reality, the quality of sites is likely to vary, further constraining the leeway for Green Square to provide sufficient capacity for retail land uses under the redistributed model.

6. Synthesis of Findings

This chapter provides a summary of the key findings from the Retail Review and highlights the main considerations for establishing a strategic planning framework for the provision of retail floorspace in Green Square and the Southern Areas.

6.1 Key findings and considerations in Chapter 1 – Introduction

1.A The REAC report has called for greater flexibility in business zones for retail uses and to focus on transitioning appropriate former industrial areas to retail.

1.B The NSW Government's Discussion Paper and the Productivity Commission's White Paper has called for more flexible zoning and strategic plans to allow for the emergence of innovative retail types and to facilitate the clustering of retail uses to allow for enhanced amenity.

1.C The Southern Enterprise Area Review 2020 encourages diversity of businesses and employment and aims to allow local centres to grow and develop.

1.D The Sydney LEP 2012 includes the Restricted Retail Development map which caps the size for retail tenancies at 1,000 square metres for sites located outside of the Green Square Town Centre and the local centres at Victoria Park and the Ashmore Estate.

1.E The Sydney DCP 2012 establishes the retail hierarchy in the study area, major centre, local villages, small villages and neighbourhood centres. Future recommendations will need to be cognisant and reflective of this established hierarchy.

1.F The Sydney LEP 2012 manages specialised retail premises by defining specific areas where they can operate. The Southern Enterprise Area Review 2020 endorses this approach.

6.2 Key findings and considerations in Chapter 2 – The Economics of Present-Day Retail

2.A Behavioural changes brought about by COVID-19 are likely to be long term and should be incorporated into future decision-making (e.g., social scarring, social distancing, online shopping. contact-less delivery). High street retail is increasingly focussed on higher amenity and more service orientated activity profiles that online retail finds difficult to compete with.

2.B Green Square and Southern Areas are major components of Sydney's highly productive Global Economic Corridor and host a range of functions with important linkages to the city economy. Changes and intensification of land uses should be planned sensitively to preserve elements which are the basis of the current economic system.

2.C Green Square and Southern Areas contain a large stock of aged, large format spaces. These provide relatively affordable and physically flexible places for new types of businesses to locate and develop. The existing planning approach for the Southern Enterprise Area should be maintained so as to protect these retail types.

2.D Careful curation of retail floorspace may be necessary to promote lively centres in future. Planning for retail floorspace at Green Square Town Centre should also look for ways to embrace new formats of trip-generating non-residential activity.

6.3 Key findings and considerations in Chapter 3 – Local Insights

3.A Major stakeholders have identified the 1,000sqm retail floorspace cap and on-site car parking as the largest obstacles to operation (noting that blanket removal of the floor-space cap is not supported by this report and amendments to the car parking rate are not within the purview of this study).

3.B Greater diversity of retail is needed to activate Green Square and support the night-time economy. This includes a greater range of food and beverage options, such as casual dining, beyond 'take away' options, such as casual dining, and recreation venues.

3.C Rents for retail tenancies in centres are relatively expensive.

3.D Supermarket accessibility is poorest in pockets of Waterloo, Redfern and Rosebery North.

6.4 Key findings and considerations in Chapter 4 & 5 – Retail Provision Forecasting and Analysis

4.A There is a current under-provision of approximately 1,328 to 2,895 square metres of supermarket floor area in the entire study area.

4.B The largest retail under-provisions emerge for Hospitality & Services and Supermarket premises.

4.C Waterloo, North Alexandria, Cleveland Street, East Village retail clusters have a current comparative advantage in providing supermarkets. Green Square and the Waterloo Precinct cluster are anticipated to have a higher comparative advantage in supermarkets leading to 2041.

4.D North Alexandria, South Alexandria, South Rosebery and the Supa Centre retail clusters specialise in providing Clothing and Soft Goods, Household Goods and Other Retail.

4.E The Green Square Town Centre still has not developed a strong comparative advantage in any retail commodity, however, strong growth in Supermarkets and Hospitality and Services is anticipated.

4.F Under a redistributed retail model that assumes a greater diversion of trade to the Green Square Town Centre, there is insufficient capacity for ground-floor retail to meet the retail under-provision within the centre.

4.G Under both an unaltered and redistributed model, there is sufficient floorspace capacity under the existing planning controls in all retail clusters other than Green Square to meet the forecast retail under-provisions.

6.5 Key Principles

Based on an appreciation of the study area and expertise in retail planning, SGS has outlined other important principles that should be considered when formulating recommendations for this Retail Review. They are as follows:

5.A The City's heritage should be protected.

5.B Wholesale renewal should be avoided except in designated areas. An 'urban dentistry' approach is preferred where sites turn over incrementally in established places.

5.C Industrial and urban services land should not be rezoned for residential development (strata)..

5.D The existing centre hierarchy and network should be respected, and with it the elements of place and local culture.

5.E Centres planning should respond to the trend of market differentiation in retail and the effect this is having on business operation and retail formats.

5.F Residents should be able to satisfy their basic retail needs within walking distance of their home.

5.G Future centres need to allow for a diversity of population-serving retail and minimise private vehicle usage and propose active transport.

5.H Any forecast supermarket under-provision should not just be simply with large supermarkets in new centres – additional smaller supermarkets should continue to play a role in meeting demand in a more distributed way that encourages walking trips. Excessive reliance on large supermarkets to meet future demand would work against this aspiration.

5.I Future centres need to minimise private vehicle usage and propose active transport.

7. Recommendations

This chapter provides recommendations for land use planning to support a retail strategy in Green Square and the Southern Areas. The recommendations build upon the analysis from the previous chapters of this Retail Review which included evaluating the policies and trends in the retail economy, the information gathered from local insights, the local implications of the changing retail climate, and the current provision of retail floorspace and forecast demand.

Recommendation One: Investigate options to remove the retail tenancy cap for sites immediately adjacent to the Green Square Town Centre.

Strategic rationale from key findings: 1A, 1B, 1C, 1D, **1E**, 2B, 2E, 3A, 3B, 4A, 4B, 4C, 4E, **4F**, 5B, **5D, 5I**

Practical implication of recommendation: This will unlock additional capacity for provide retail floorspace to address the existing and forecast supply gap within the Green Square retail cluster.

This will ensure that the Green Square Town Centre is well-placed to meet its role as the 'major centre' within the retail hierarchy.

Recommendation Two: Investigate options to amend the planning controls for the Waterloo retail cluster to facilitate the delivery of a supermarket of no more than 3,000 square metres floorspace.

Strategic rationale from key findings: 1A, 1B, 1C, 1D, **1E**, 2B, 2E, 3A, 3B, **3D**, 4A, 4B, 4C, 4E, **4F**, 5B, **5D, 5F,** 5G, 5I

Practical implication of recommendation: This would require Council to complete additional analysis in order to determine which sites in Waterloo are most suitable for providing for a supermarket where supermarket accessibility is relatively constrained (refer to Figure 15)

Recommendation Three Review and update of the Sydney DCP 2012 to identify all retail centres within the Green Square and Southern Areas.

Strategic rationale from key findings: 1B, 1C, **1E**, 1F, 2B, 2D, 2E, 3D, 4C, 4F, **5B**, 5C, **5D**, 5F, 5G

Practical implication of recommendation: This would require Council to update the Sydney DCP 2012 to identify any centres which have not been accounted for (possibly Fountain Street in the North Alexandria retail cluster and Crewe Place in the Rosebery North retail cluster), that are currently being planned/developed (George Street in the Waterloo Precinct retail cluster and Waterloo Metro) and any other centres that may emerge as a result of this Retail Review. This exercise has broader implications than just augmenting planning controls – it signals to the market and potential investors where the provision of retail floorspace is to be targeted (varying depending on where the centre sits within the retail hierarchy). Guidance is provided under Appendix 1 on potential changes to the SDCP 2012 to account for new centres.

Recommendation Four: Maintain the 1,000 square metre retail floorspace cap outside of identified and proposed retail centres.

Strategic rationale from key findings: 1C, 1D, 1E, 1F, 2C, 2D, 2E, 3A, 4F, 4G, 5B, 5C, 5D, 5F, 5H

Practical implication of recommendation: This would require Council to maintain the 1,000 square metre retail floorspace cap wherever currently applicable, but with the exception of any sites which are to have their planning controls amended to facilitate more intense retail development, per Recommendations One and Two. This would ensure that the hierarchy of centres is maintained with the major centre at Green Square Town Centre respected as the retail focal point of the GSSA, while other identified centres serve to provide greater amenity to residents, but not so much as to unreasonably impact on the Green Square Town Centre or to undermine the role of smaller retail tenancies located throughout the GSSA.

Recommendation Five: Conduct a Retail Review for the Green Square and Southern Areas every five years to account for any emerging or currently unforeseen trends and impacts.

Strategic rationale from key findings: 1A, 1B, 1E, **2A**, 2B, 2D, 2F, 3A, 3D, 4G, **5B**, **5D**, 5E, 5F, 5G, **5H**

Practical implication of recommendation: This would require Council to continue to play an active role in retail planning in the GSSA. Future retail reviews need to monitor changes to retail under-provision, ensure that the Green Square Town Centre matures as an attractive retail centre, determine whether COVID-19 impacts, as identified in this Retail Review are temporary shocks or long-lasting impacts, and identify any other trends and drivers that have not yet materialised at the time of this Retail Review. The review would be supported by Council's ongoing monitoring and analysis of Centres as well as the Southern Enterprise Area through its FES survey.

The future review is also likely to closely consider the current and future role of the Southern Enterprise Area in providing a retail function and its relationship with retail centres. Emerging trends such as warehousing, click and collect, 'factory door' retail, brewery cafes would be closely monitored. The purpose of this is to better understand how these retail types operate, whether and how they are growing, and whether a traditional retail hierarchy can be utilised in future retail planning.

Recommendation Six: Support the ongoing approach to managing specialised retail premises in areas in which residential development is not permitted.

Strategic rationale from key findings: 1A, 1B, **1C**, 1E, **1F**, **2B**, **2C**, 3C, **4D**, **5B**, **5C**, 5E.

Practical implication of recommendation: This would require Council to proceed with its resolution of 16 May 2022 to approve for finalisation the Enterprise Area Review planning proposal, which is supported by the City of Sydney Enterprise Area Review.

The Review supports the current land use planning arrangement whereby SLEP 2012 has specific controls that manage where specialised retail premises can locate within the Southern Enterprise Area. It is permitted in the existing B5 - Business Park zone, where the Supa Centre homemaker centre is located. Specialised retail premises and vehicle sales or hire premises are permissible as an additional permitted use, under Schedule 1 for certain land along O'Riordan Street Alexandria.

Glossary of Key Terms

Term	Definition
Benchmark provision rate	An estimation of appropriate per capita retail provision based on how much retail floor space is typically provided in a given geography with a given population.
Catchment	The general sphere of influence from which a retail cluster is likely to draw its customers from. Note: Unlike shift-share retail models which draw a rigid catchment surrounding a retail centre/cluster, the retail gravity model adopts a network-wide catchment. Where 'catchment' is referred to in this report, it is general in nature and refers to surrounding travel zones which have a differing level of influence on the retail cluster.
Commodity Analysis	An analysis of retail modelling results that focusses on the share of each retail commodity in the total retail floor space provided in a retail cluster, as opposed to and over/under provision of retail in that cluster. The objective of a commodity analysis is to better understand the role and function of a particular retail cluster.
CordellConnect Database	A third-party database (by CoreLogic) that up-to-date details on construction activity across Australia (development applications, planning proposals, etc.).
Floorspace and Employment (FES)	A comprehensive survey conducted by the City of Sydney which collects data on all businesses, floor space uses and employment numbers for every building or property in the City of Sydney local area. It provides a snapshot of the built form, land uses and economic activity of the City every 5 years. The field data captured for the most recent survey was undertaken in 2017.
GSSA	Green Square and Southern Areas
Over-provision	Wherever the retail modelling identifies that the supply of a retail commodity at a given time is greater than the demand for that retail commodity at the same time.
Retail Centre	A spatial geography identified in a planning instrument (Local Environmental Plan, Development Control Plan, or otherwise) where there is a current or planned provision of retail floorspace.
Retail Cluster	A spatial geography used during retail modelling – a geographical area where there is sufficient retail supply to allow for an assessment of demand impacts (typically more than 500sqm of retail gross floor area). A retail cluster is not the same as a 'retail centre' and is used for modelling purposes only.
Retail commodity	A specified type of retail use. For the purposes of this analysis, 6 commodities have been identified: supermarkets, other food, hospitality and services, clothing and soft goods, household goods and other retail.
Retail Hierarchy	The Retail Hierarchy defines the roles of centres in the retail network across the GSSA in order to ensure the orderly and economic development of the area. The

	Sydney DCP 2012 hierarchy is as follows: Major Centre, Local Village, Small Village and Neighbourhood Centre.
Retail Goods	Retail commodities which involve the physical purchase of tangible items e.g. supermarkets, other food, hospitality and services, clothing and soft goods, household goods, other retail, department stores.
Retail gravity model	Retail Gravity Model (the type of modelling used in this Retail Review). The retail gravity model is a network-wide modelling approach which seeks to 'balance' the retail system by assessing retail expenditure origins (household and worker expenditure) against destinations (retail businesses) in the context of the retail environment (the array of existing and proposed retail floorspace and its accessibility)
Retail Services	Retail commodities which are provided in physical stores, but that do not result in the purchase of a physical good e.g. professional services, child care and social services, health, beauty and personal services, fitness and entertainment.
Retail Turnover Density	A measure of sales performance - the revenue generated per square metre of retail floor space (by retail type). Generally, the higher the monetary value per square metre, the more efficiently the floorspace is being used, and the more efficiently retail expenditure is being accommodated.
Study Area	The area roughly bound by Cleveland Street, the Eastern Distributor/Southern Cross Drive, Gardeners Road and T3 Bankstown Railway Line. Refer to Figure 1 in the body of the report.
Supermarket	A shop selling food and other household items where the selection of goods is organised on a self-service basis. For the purposes of this study, full-line supermarkets have been defined as being over 2,500 square metres, medium-sized supermarkets between 1,000 to 2,500 square metres and small supermarkets as those smaller than 1,000 square metres.
Full-line supermarket	A supermarket larger than 2,500 square metres typically providing departmentalised perishable goods and a comprehensive on-shelf selection.
Medium-size supermarket	A supermarket of less than 2,500 square metres, but greater than 1,000 square metres, providing limited departmentalised perishable goods and a variety of on-shelf options.
Small supermarket	A supermarket smaller than 1,000 square metres providing no (or very limited) departmentalised perishable goods and basic on-shelf options.
SA1 Boundaries	Statistical Area 1 Boundary - the smallest unit for the release of census data averaging 400 persons per SA1.
Survey-based retail assessment	A retail analysis that relies on surveyed responses to determine the placement of retail centres and the appropriate quantum of retail floor space in them. Typically expensive and unreliable when compared to other retail analyses.
Under-provision	Wherever the retail modelling identifies that the supply of a retail commodity/ies at a given time is less than the demand for that retail commodity/ies at the same time.

Appendix One: Retail Centres Discussion Paper

A1 - Appraisal of existing retail centre hierarchy

This section evaluates the existing retail centre hierarchy as defined in Sydney DCP 2012.

Green Square Town Centre (Major Centre) - *Green Square cluster*

- This is the primary retail, commercial and community centre in the City South area. Given its role as a major centre the range of retail and entertainment uses, level of visitation and levels of vibrancy in the Green Square Town Centre should be greater than other centres.
- Green Square remains in its development phase and is aspiring to become a place for dense and diverse urban activities once completed.
- The centre provides some supermarket floorspace but is expected to supply a greater quantum at full build out. Hospitality and Retail Services are the most supplied retail commodities and benefit from the centre's accessibility and amenity found in new community infrastructure.
- The retail modelling has identified a notable under-provision of retail floorspace in the centre by 2041. Capacity constraints within the centre mean that arrangements need to be made to provide additional capacity.
- Based on the findings of the retail modelling, Green Square's position in the retail hierarchy and identified role and function is deemed appropriate.

As noted in Chapters 4.2, 5.2 and 5.5, there is both an under-provision and capacity constraint in the centre. Given limited intensification potential, additional retail floorspace should be provided in the immediate vicinity of the centre and should amount to at least 15,000 square metres of gross leasable area by 2041 above what is already proposed to be delivered(to account for the 14,679sqm gap identified in Table 7 of this report). Synergies may be achieved by providing this retail floorspace immediately to the west of the centre in the North Alexandria component of the Southern Enterprise Area.

Victoria Park (Local Village) – *East Village cluster*

- This centre meets local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.
- This centre is focused on the East Village Shopping Centre which contains a large supermarket, other food tenancies and clothing and hospitality retail commodities. Floorspace in Victoria Park has all been built in the last 25 years, and much of it has been completed even more recently. These sites are unlikely to turn over in the near future.
- The retail modelling has forecast an under-provision of retail floorspace in the centre by 2041. The centre has limited capacity to expand and any under-provision will need to be addressed in other proximate centres.

Victoria Park's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre has neither the capacity nor need to expand to respond to retail under-provisions and is already fulfilling the role of a Local Village.

Danks Street (Local Village) - *Waterloo cluster*

- This centre meets local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.
- This centre is located on Danks Street between Young Street and South Dowling Street. The centre contains a significant cluster of retail, including two supermarkets, hospitality, household goods and retail services.
- A notable retail under-provision is expected in the Waterloo cluster by 2041. Additional supply has been provided outside of the Danks Street centre, primarily across the Lachlan Precinct. Further retail provision may be located within the Danks Street South precinct. Additional centres should be identified within the Waterloo cluster to ensure that the under-provision is addressed in a targeted manner.

Danks Street's placement in the retail hierarchy is appropriate. Council should consider expanding this centre to the south to accommodate the Danks Street South proposal.

However, the retail modelling shows a notable under-provision will emerge in the Waterloo cluster, in which the Danks Street centre operates. This suggests that the centre is not fulfilling its identified role of 'meet[ing] local daily shopping needs', particularly as there is capacity within the retail cluster to provide more retail floorspace. There is justification for the Danks Street centre being expanded, or a lower-order centre being provided in close proximity. This should provide approximately 5,000 square metres of retail floorspace, with the location to be driven by the accessibility map in the Retail Review and other specialist inputs.

Ashmore Estate (Local Village) - *Sydney Park Village cluster*

- This centre meets local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.
- This centre has been provided as part of the Ashmore Estate redevelopment. The centre is approaching maturation and will contain a notable mass of retail floorspace servicing not only the eastern portion of the study area, but also Erskineville and beyond.
- Retail modelling has identified a small under-provision of retail floorspace in 2041. The centre is fulfilling its role as a Local Village and any excess demand for retail floorspace can be accommodated in higher order centres.

The Ashmore Estate's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre has neither the capacity nor need to expand to respond to retail under-provision as it is already fulfilling the role of a Local Village. There is sufficient capacity in nearby retail clusters to meet any emerging retail under-provision.

Botany Road, Rosebery (Small Village) - *South Rosebery cluster*

- This centre should serve local retail needs offering convenient retail options. Small villages can include smaller grocery options and specialty stores.
- This centre contains a small supermarket and other retail uses along Botany Road. It is noted that other retail uses are provided adjacent to, or in close proximity to the identified centre, but are not listed as centres themselves.
- A retail under-provision does begin to emerge in the South Rosebery cluster by 2041. However, the Botany Road centre does not have capacity to provide additional retail floorspace and future

supply can be accommodated outside but within the South Rosebery cluster, or be located within another centre altogether.

Botany Road, Rosebery's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre's retail offering is minor, particularly as there are clustering's of retail in close proximity of the centre that have not been identified as retail centres.

Dalmeny Avenue, Rosebery (Neighbourhood Centre)

- A neighbourhood centre is a group of more than three neighbourhood shops that provide convenience shopping within walking distance of homes and workplaces. They should not provide so wide a range of groceries and food that people do not need to visit a village centre or the major centre.
- This centre includes a small clustering of shops on Dalmeny Avenue (newsagent, nursery, hospitality, etc.)
- The retail modelling has not identified a notable retail under-provision in the Rosebery North cluster. While this cluster may play a role in providing retail floorspace that cannot be accommodated in Green Square (particularly if a Metro Station is provided in Zetland), the Dalmeny Avenue centre does not have the critical mass, capacity, amenity or proximity to Green Square to provide meaningful additional retail floorspace.

Dalmeny Avenue, Rosebery's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre is minor, not located in a dense urban environment and relatively inaccessible, meaning that it would not be appropriate to provide more intense retail uses in this centre.

A2 - Proposed/amended retail centres

Refer to figure at the end of the report for the mapped location of the proposed retail centres.

Amended retail Centre

Green Square Town Centre (Major Centre) - *Green Square cluster - supported by adjacent sites in North Alexandria and Waterloo clusters*

This centre is the existing Green Square Retail Centre but with additional capacity created by removing the retail cap from adjacent sites (so that no retail floorspace cap applies)..

The sites immediately adjacent to Green Square Town Centre, where the retail cap could be lifted includes the site of the proposed Emerald City redevelopment, which is to include 7,000sqm of retail floorspace It also includes parts of the North Alexandria Precinct zoned B7 - Business Park. This provides opportunity for larger scale retail combined future higher-density office development close to Green Square station.

As shown in Chapters 4.2, 5.2 and 5.5 retail modelling has identified a notable retail under-provision in both the North Alexandria and Waterloo clusters. Further, the retail modelling has also shown that a significant under-provision will emerge in the Green Square Town Centre which does not have sufficient capacity to provide the floorspace required to 'plug' the under-provision (noting that this retail capacity ideally needs to be provided on ground-level so as to be visible and activate the public domain).

Given the existing retail hierarchy and the broader strategic directions which seek to position the Green Square Town Centre as the main centre within the Green Square and Southern Areas, there is strategic rationale to expand the provision of retail floorspace beyond the Green Square Town Centre. Given limited intensification potential, additional retail floorspace should be provided in the immediate vicinity of the centre and should amount to at least 15,000 square metres of gross leasable area at ground floor in addition to any retail floorspace that has already been provided in the centre (to account for the 14,679sqm gap identified in Table 7 of this report). Careful urban design and place activation should ensure that the retail provided seamlessly flows into the Green Square Town Centre.

The Green Square Town Centre would be complemented by this area of expanded retail and help alleviate capacity constraints in the Green Square Town Centre. Combined, this will provide a wide range of retail and entertainment uses. It should provide the higher order retail functions that do not exist at lower levels in the hierarchy, and it should be the most highly-visited and vibrant centre.

New Centres

George Street, Waterloo (Local Village) - *Waterloo Precinct cluster*

The proposed centre is to be located on the Waterloo Estate (South) for which there is a State-led Planning Proposal. The proposal seeks to facilitate the redevelopment of the social housing estate and provide a mix of social and market housing and retail uses, including a full-line supermarket.

The retail modelling has shown that the Waterloo Precinct cluster will provide a significant supply of retail floorspace and that even with this supply coming online, an under-provision will emerge in 2041. The proposed centre would have enough capacity to provide for this under-provision.

In anticipation of the changing character in the Waterloo Precinct, it would be appropriate to identify the proposed centre as a local village, with the role and function of the proposed centre being consistent with that as defined for local villages in the SDCP 2012; local village centres will meet local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.

It is acknowledged that the retail hierarchy map in the SDCP 2012 does not cover the land on which this proposed centre is proposed. Alternative provisions may need to be made by Council to designate George Street, Waterloo, as a proposed centre.

Fountain Street, Alexandria (Small Village) - *North Alexandira cluster*

The proposed centre already contains a cluster of retail uses including a supermarket, specialty retail and hospitality establishments. Given the proposed centre's location, it likely already serves as a small village centre for residents located outside of the study area, such as Erskineville and Macdonaldtown, where there is not a substantial supermarket and specialty retail offering.

The retail modelling has identified a notable retail under-provision in the North Alexandria. However, there is unlikely to be any substantial capacity in the proposed Fountain Street centre which is largely established. Nonetheless, additional small retail premises should be provided to capitalise on the synergies which already exist between existing retail tenancies, without warranting wholesale renewal of the proposed centre.

The proposed Fountain Street centre already operates as a centre, despite not being identified as one in the SDCP 2012. It would be appropriate for the proposed centre to be incorporated into the SDCP 2012 as a small village centre and adopt the same role and function currently given to these centres; the small village will continue to service the convenience retail needs of local residents and workers. Additional specialty shops and services in this location will consolidate the small village as demand increases.

Cleveland Street (Small Village) - *Cleveland Street cluster*

The proposed centre already contains a cluster of retail uses and has a comparative advantage in providing Hospitality and Services. The redevelopment of the Surry Hills Shopping Village will elevate and diversify the role of the Cleveland Street cluster.

The retail modelling has identified a notable retail under-provision in Cleveland Street and limited capacity exists within the proposed centre to accommodate this under-provision. Given the proposed centre is located on the periphery of the study area, some, if not the majority, of this under-provision may be accommodated outside of the study area.

The proposed Cleveland Street centre already contains a significant quantum of retail floorspace, with a distinct comparative advantage in hospitality and services. The role and function of the centre will change as the redeveloped Surry Hills Shopping Village comes online, as the proposed centre will begin to take on a role akin to the role of a small village centre as defined in the SDCP 2012; the small village will continue to service the convenience retail needs of local residents and workers. Additional specialty shops and services in this location will consolidate the small village as demand increases.

This proposed centre should be identified as a small village centre in order to reflect both the retail that exists and is proposed to come online, but to also signal that elevation to a higher-order centre is not possible given capacity constraints.

Waterloo Metro (Small Village) – *Waterloo Metro cluster*

The proposed centre is located on the site of the future Waterloo Metro Station. It is anticipated that this site will provide retail uses once fully developed.

The retail modelling has shown that the Waterloo Metro cluster will provide a significant supply of retail floorspace in conjunction with the proposed Metro. An under-provision in retail floorspace is not expected by 2041.

In anticipation of the changing character in the Waterloo Metro, it would be appropriate to identify the proposed centre as a small village, with the role and function of the proposed centre being consistent with that as defined for local villages in the SDCP 2012; The small village will continue to service the convenience retail needs of local residents and workers. Additional specialty shops and services in this location will consolidate the small village as demand increases.

This is consistent with the Productivity Commission's desire to locate retail centres together with transport infrastructure, and acknowledges the role the proposed centre will have in the broader retail network.

Crewe Place (Neighbourhood Centre) - *Rosebery North Cluster*

The proposed centre already includes the existing Woolworths Metro and other retail tenancies surrounding Rosebery Avenue Park. These provide small-scale amenity to residents in a dense urban environment.

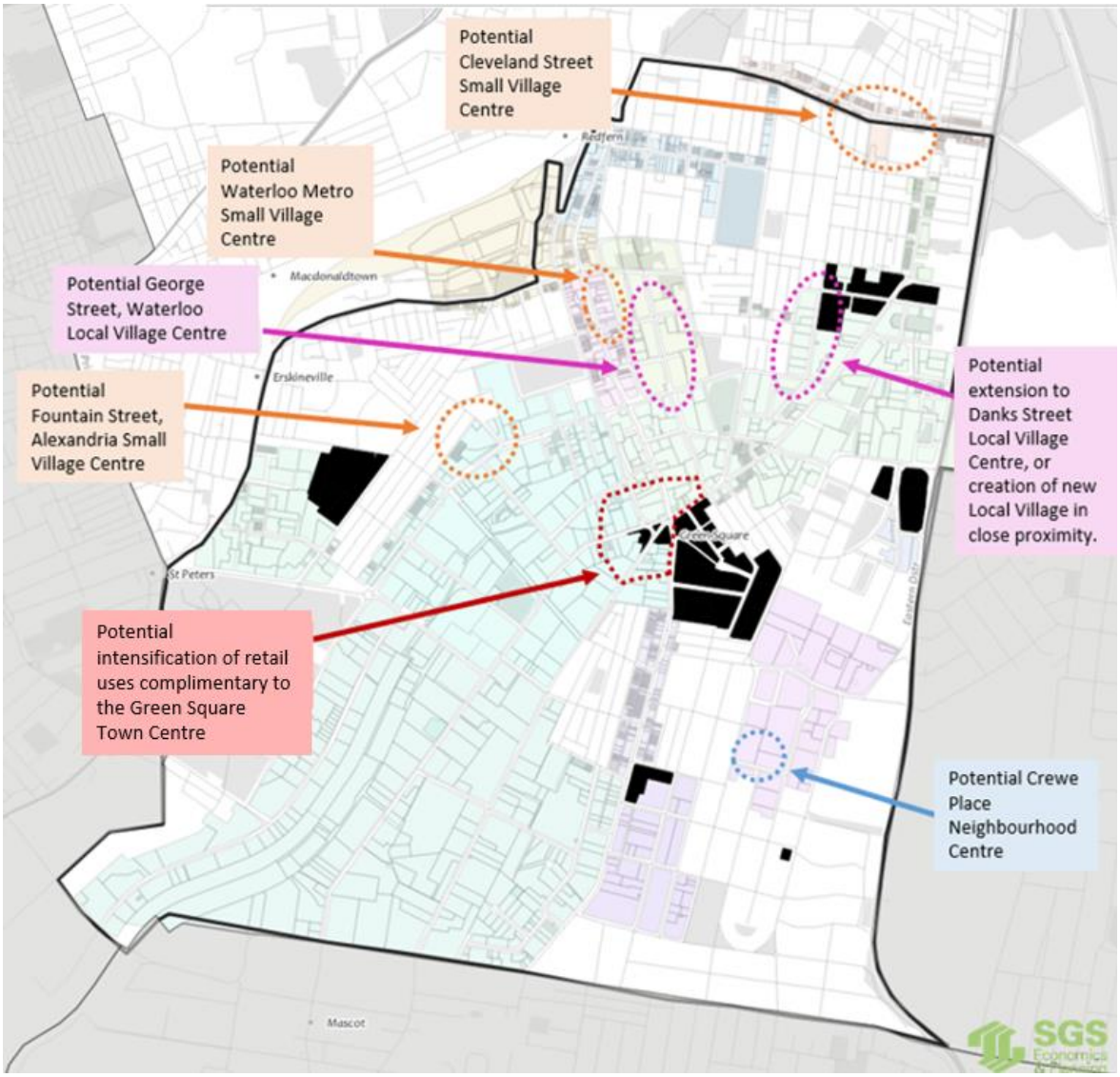
The retail modelling has not identified a notable retail under-provision in the Rosebery North cluster and sufficient capacity exists within the cluster to accommodate any under-provisions. Nonetheless, a notable portion of the cluster's retail floorspace is located within the proposed Crewe Place cluster.

The proposed centre already operates similarly to the role and function identified for neighbourhood centres in the SDCP 2012; a neighbourhood centre is a group of more than three neighbourhood shops that provide convenience shopping within walking distance of homes and workplaces. They should not provide so wide a range of groceries and food that people do not need to visit a village centre or the major centre.

It would be appropriate to include Crewe Place as a neighbourhood centre noting that it already operates similarly to one and does not have the capacity or accessibility to be a higher-order centre

Figure 27 below provides indicative locations of the proposed retail centres by centre hierarchy. Areas outlined in red show the proposed major centre, areas outlined in pink show proposed local villages, areas outlined in orange show proposed small villages, and areas outlined in blue show proposed neighbourhood centres.

FIGURE 27: MAP OF EXISTING AND PROPOSED RETAIL CENTRES FOR CONSIDERATION



Source: SGS (2022)

Table 8 summarises the current and proposed centres in this appendix.

TABLE 8: LIST OF CURRENT AND PROPOSED CENTRES

Centre Hierarchy	Existing Centres	Proposed/amended Centres
Major Centre	Green Square Town Centre	*Parts of the North Alexandria and Waterloo retail clusters adjacent to the Green Square Town Centre*
Local Villages	Victoria Park Danks Street Ashmore Estate	George Street, Waterloo
Small Villages	Botany Road, Rosebery	Cleveland Street Fountain Street, Alexandria Waterloo Metro *Potential extension to Danks Street centre or creation of small village centre in close proximity*
Neighbourhood Centres	Dalmeny Avenue, Rosebery	Crewe Place, Rosebery

Appendix Two: Peer Review of Retail Analyses

Provided as a separate document.

Certified B Corporation

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