

Narellan Town Centre Stage 6

Response to RFI: Economic Impact Assessment

Prepared for Narellan Town Centre No.2 Pty Ltd
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Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

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This report should be read in its entirety, as reference to part only may be misleading.

Contents

1	Introduction	1
1.1	Background	1
1.2	Scope	1
2	Context	3
2.1	Regional context	3
2.2	Local context	4
2.3	Development history	5
2.4	Planning context	6
2.5	Proposal	8
3	Competitive context	10
3.1	Introduction	10
3.2	Hotels	12
3.3	Cinemas	13
3.4	Other leisure & entertainment	14
3.5	Food & beverage	15
3.6	Proposed developments	20
4	Competitive impacts	21
4.1	Introduction	21
4.2	Commercial accommodation	21
4.3	Cinema centre	23
4.4	Leisure, entertainment and food	24
4.5	Summary	25
5	Economic Outcomes	26
5.1	Introduction	26
5.2	Construction employment	27
5.3	Ongoing employment	28
5.4	Contribution to Value added	30
5.5	Hotel guest spending	30
5.6	Other economic effects	31

Tables + Figures

Table 1—Narellan TC trading performance	4
Table 2—Construction employment	27
Table 3—Hotel employment	28
Table 4—Ongoing employment – other uses	29
Table 5—Hotel guest spending	31
Figure 1—Regional context	4
Figure 2—Local context	5
Figure 3—Centre development, 2010-2017	6
Figure 4—Planning context	7
Figure 5—Development plans	9
Figure 6—Western City District Plan centre hierarchy	11
Figure 7—Short stay accommodation	12
Figure 8—Cinema locations	13
Figure 9—Other leisure and entertainment	14
Figure 10—Campbelltown-Macarthur	15
Figure 11—Liverpool	17
Figure 12—Camden town centre	18
Figure 13—Oran Park Town Centre	19
Figure 14—Narellan and surrounds	23

1

Introduction

1.1 Background

This report has been prepared on behalf of Dart West Pty Ltd ('Dart West') to expand on work undertaken in August 2021 which examined the economic effects of the proposed Stage 6 development at Narellan Town Centre ('Narellan TC').

Additional material is presented in this report with respect to potential competitive impacts on surrounding centres, responding to a request for further information from Camden Council.

The report considers a proposed Stage 6 extension to Narellan TC in an easterly direction on land bounded by Camden Valley Way, Somerset Avenue and The Northern Road. The uses proposed to be incorporated into the expansion include:

- Cinema
- Dining, food and beverage and entertainment precinct
- Childcare centre
- Gym
- Commercial accommodation.

1.2 Scope

Deep End Services prepared an assessment of the proposed development in August 2021. The report was prepared to inform discussions with respect to a Planning Proposal that would facilitate the proposed Stage 6 development.

The Planning Proposal is in relation to proposed changes to the LEP with respect to building heights and floorspace ratio controls, but Gateway assessment will also include consideration of the economic outcomes of the proposal.

The report described the context for the proposal and set out an analysis of the economic outcomes resulting from the development in terms of employment

generation, value added, additional spending by hotel guests and other economic and community benefits.

Following a pre-lodgement meeting, Camden Council has responded with a request for further information in support of the application as follows:

The planning proposal must demonstrate that it will not have a significant detrimental impact on the viability of surrounding centres (existing and planned). These will include (among others) Oran Park and Camden Town Centre. The planning proposal package must include an Economic Impact Assessment which should be prepared by a suitably qualified and experienced practitioner.

In response, this Economic Impact Assessment ('EIA') report now provides the following:

1. A description of the context for the Stage 6 development
2. A review of the competitive context for Stage 6, highlighting the existing and planned locations of:
 - hotels,
 - cinemas,
 - food & beverage, and
 - other leisure and entertainment uses, including bowling, mini-golf, arcade games, which are the type proposed in Narellan Stage 6.
3. Analysis of potential competitive impacts on centres in the surrounding region.
4. Summary of the economic outcomes likely to arise during construction and ongoing operation of the proposed development.

2

Context

2.1 Regional context

Narellan TC is a Strategic Centre located in the outer south-west suburb of Narellan, around 60 km from the Sydney CBD and within the Camden Council local government area ('LGA').

Narellan is positioned at the southern extent of the South West Priority Growth Area ('PGA') where significant subdivision and residential development is taking place (refer Figure 1). Development has extended along Camden Valley Way through Willowdale, Gregory Hills, Leppington and Catherine Field. Development along The Northern Road has progressed in Cobbitty and Oran Park, with development to commence in the near future in the recently rezoned Lowes Creek Maryland precinct. Several additional rezonings are currently being considered in the South Creek West area, including at Pondicherry to the north of Oran Park.

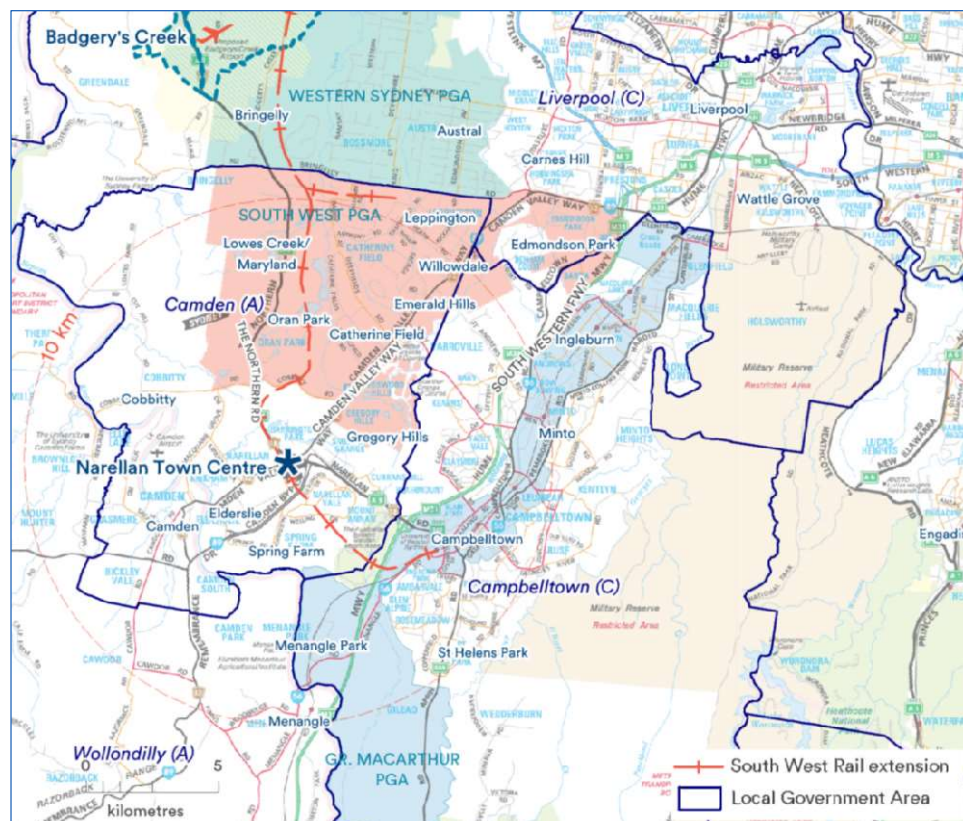
Further north, significant employment-related development activity is starting to emerge around the new Western Sydney Airport and in Bringelly.

Growth is also extending from Elderslie and Spring Farm (just south of Narellan) southwards to Menangle Park, Appin and the Wilton growth area.

Significant infrastructure investment is supporting growth, including road upgrades. A new rail line is planned to extend from Leppington west to Bringelly and Western Sydney Airport and Bradfield, and south through Oran Park and Narellan to Campbelltown.

Figure 1—Regional context

Source: Deep End Services; Ausway; MapInfo



2.2 Local context

As the highest order centre within Camden Council, Narellan TC serves the outer south west Sydney region. The centre has a total floorspace of 71,000 sqm, anchored by Big W, Target and Kmart discount department stores ('DDS') and Coles and Woolworths supermarkets. The centre also includes Dan Murphy's, more than 200 speciality shops, a cinemas centre (8 screens) and approximately 2,000 sqm of offices.

According to the Big Guns publication of 2020 which ranks comparative centres, Narellan TC is on average smaller but performs above the average amongst its peers (refer Table 1).

Table 1—Narellan TC trading performance

Source: Deep End Services; SCN, Big Guns (2020)

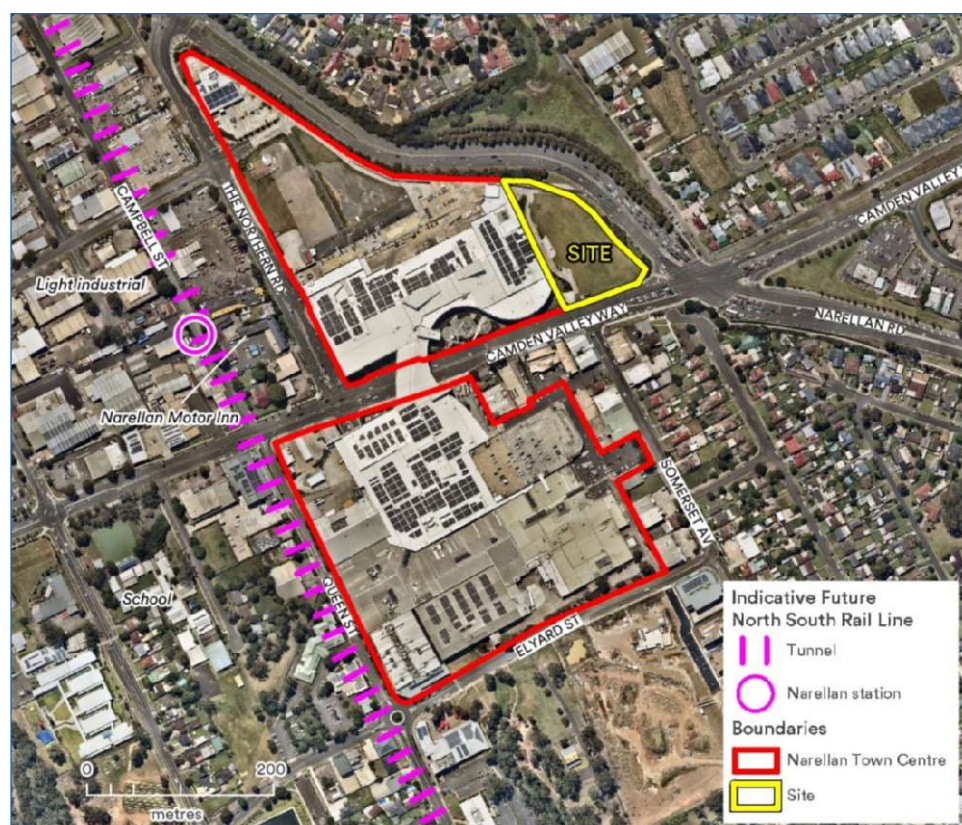
Trading performance	Dec 2019	Rank (out of 92 centres)
Floorspace (sqm)	71,226	57
MAT	\$562 M	36
Specialty turnover/sqm	\$10,981	22
Customer traffic (pa)	10.9 million	
Average spend per visit	\$51.63	

Narellan TC is well located at the intersection of two major roads – Camden Valley Way and The Northern Road/Narellan Road – which extend north through the South West PGA (refer Figure 2). Both carry large traffic volumes past the centre and through to the growth areas in the north.

The future North South Rail tunnel will run through the area, with the indicative site for Narellan Station situated immediately to the west of the centre. The town centre is directly adjacent to a light industrial area (west), the Narellan Sports Hub is to the north and a developing health precinct (Gledswood Hills) and larger industrial precinct (Smeaton Grange) are to the east.

Figure 2—Local context

Source: Deep End Services; Nearmap image Feb 2022



2.3 Development history

Narellan TC first opened in 1995 and was originally anchored by Woolworths and around 20 specialty shops. Since then, the centre has undergone several extensions:

- 1999 – expansion commenced with addition of Big W and 50 stores
- 2001 – added Coles (Bi-Lo) and 20 new stores
- 2009 – added cinema and food court, extending centre to 35,000 square metres
- 2016 – 30 stores were opened in September, followed by new restaurants in December
- 2017 – \$200m redevelopment north across Camden Valley Way, with a pedestrian bridge linking the two components. The centre expanded to 71,000 sqm. The offer on the south side was expanded to include the addition of Target and refurbished and extended Woolworths. The new northern area included Kmart, relocated Coles, over 100 new stores, civic plaza and entertainment precinct, including casual dining and restaurants.

The aerial images in Figure 3 show the change in the centre between 2010 and 2017 in particular highlighting the extension onto land to the north of Camden Valley Way.

Figure 3—Centre development, 2010-2017



Source: Deep End Services; Nearmap imagery

2.4 Planning context

The draft *Camden Centres and Employment Strategy* (June 2021) describes Council's centre hierarchy. The highest order centres in Camden Council are Strategic Centres, which includes Narellan and the future Leppington centre (refer Figure 4).

Strategic Centres are defined as:

“Major centres with a wide mix of co-located uses including shopping centre-based retail, residential dwellings, commercial offices and civic. They serve regional catchments and are connected by public transport and regional roads and support strong job growth across numerous sectors”.

A key principle for the strategy is that centres do not provide a single function, but a mix of leisure, living, learning and work opportunities and with a night-time economy.

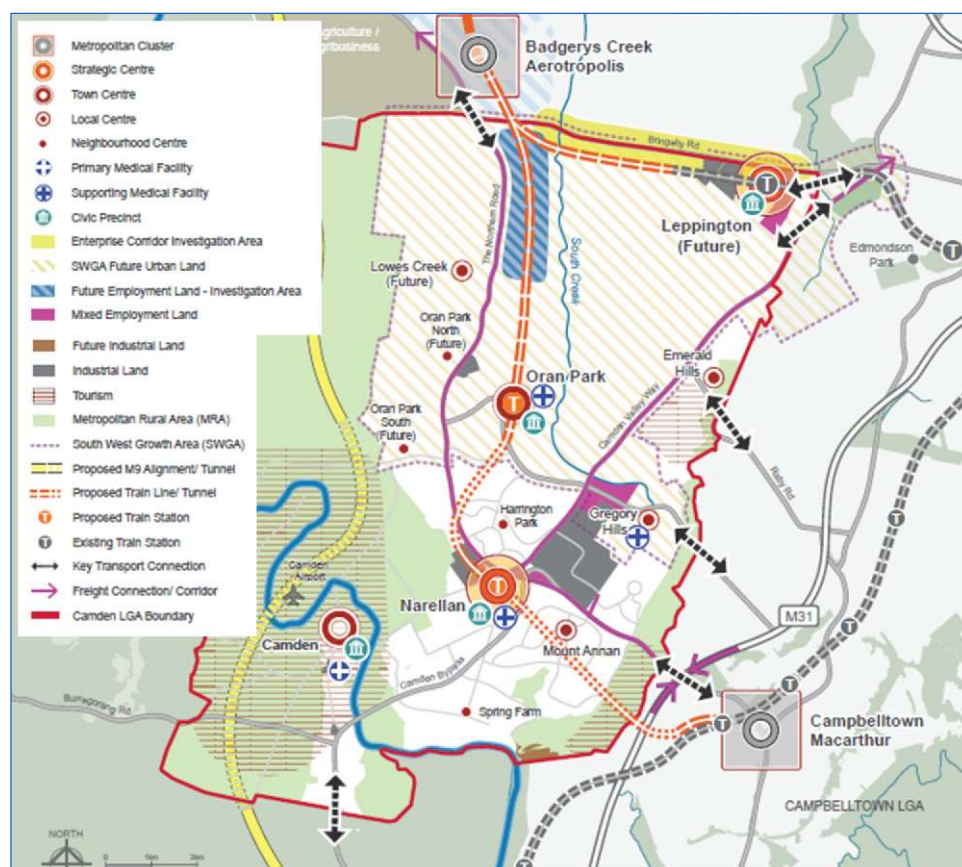
The Camden Development Control Plan 2019 states that a key objective of the Narellan retail precinct is to maximise employment generation and economic prosperity by incorporating:

“a variety of retail, commercial, entertainment, recreation, accommodation, and community uses to serve the needs of the wider community and promote an active and vibrant town centre”.

The proposed development responds directly to these strategies that aim to widen the mix of uses and generate positive outcomes for jobs, investment and activity.

Figure 4—Planning context

Source: Camden Council, “Draft Camden Centres and Employment Strategy”, June 2021

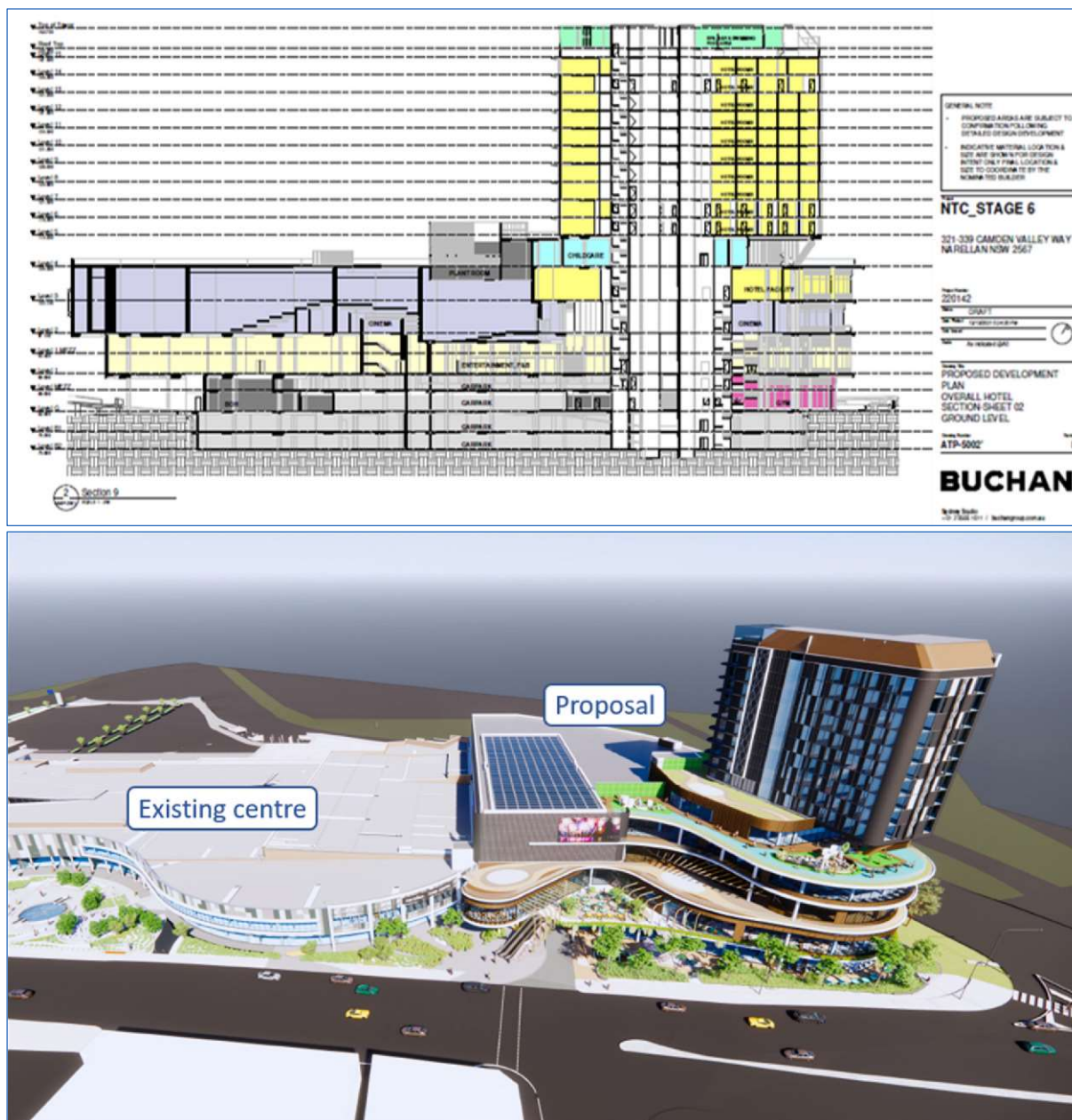


2.5 Proposal

The proposal is for a mixed-use development adjoining the existing centre on the northern side of Camden Valley Way to include a modern contemporary hotel and a large leisure and entertainment precinct. The plans (Figure 5) show the scale of the development and its relationship with the existing centre. The proposed uses are as follows:

- Ground level – gym of 864 sqm
- Level 1 – Food and beverage and entertainment area. 11 retail outlets and a tavern are proposed. A large entertainment area (2,737 sqm) is likely to include uses such as mini golf, bowling, arcade games, etc.
- Level 2 – 10-screen cinema centre including bar lounge. Different theatre sizes and experiences will be offered including oversized screens, boutique screens, & luxury screens with food and beverage service, as well as 3D experience with active motion seats.
- Level 3 – hotel lobby, function area, restaurant, bar and admin.
- Level 4 – childcare centre (assume 120-place)
- Levels 5-14 – hotel accommodation with 170 rooms, which includes a mix of serviced apartments (28 rooms) and hotel accommodation (142 rooms)
- Level 15 – wellness centre, outdoor bar and swimming pool
- An additional 505 car spaces are proposed over 4 levels. The carpark will connect with the existing carpark on the Ground and Mezzanine level.

Figure 5—Development plans



Source: Buchan

3

Competitive context

3.1 Introduction

The Western City District Plan ('WCDP') is a 20-year plan that sets out planning policy within the Western region of Sydney, including the LGAs of Camden, Campbelltown and Liverpool. The hierarchy of centres, as outlined in the WCDP, are shown in Figure 6.

Narellan is identified as a Strategic Centre with significant growth opportunities. The four key centres which are most competitive with Narellan and of particular relevance within this report are:

- Metropolitan Centre:
 - Campbelltown-Macarthur (referred to throughout as Campbelltown)
 - Liverpool
- Local Centre:
 - Camden
 - Oran Park.

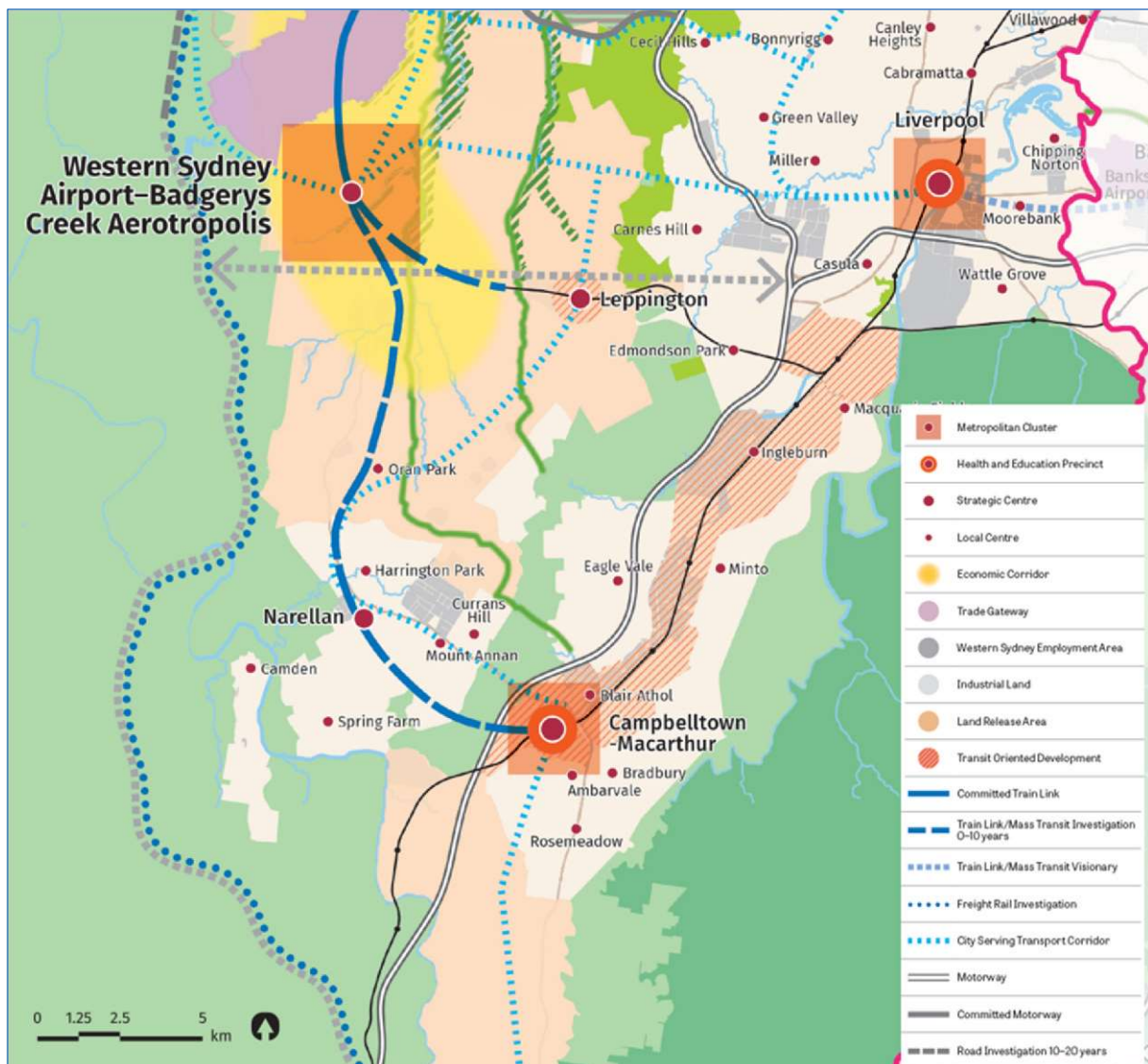
The Metropolitan Centres of Liverpool and Campbelltown not only serve the local community but provide a broader regional role for commercial, health and education, and are major employment centres. These centres will continue to be a strong focus for government investment. Campbelltown is of particular local relevance as it is the only Metropolitan Centre that services the growing south-west corridor across the City of Campbelltown and Camden Council.

The Local Centres at Camden and Oran Park serve smaller local surrounding markets. Destination-type needs generated by local residents are serviced at the larger Metropolitan or Strategic Centres.

The following sub-sections in this chapter present a review of the competitive market within the area surrounding Narellan, with a particular focus on the four key centres at Campbelltown, Liverpool, Camden and Oran Park that are of most competitive relevance. The analysis is presented for the following uses that will form part of the development proposal:

- Hotels
- Cinemas
- Food & beverage as part of a broader leisure and entertainment precinct or within the town centre
- Other leisure and entertainment uses, including bowling, mini-golf, arcade games.

Figure 6—Western City District Plan centre hierarchy



Source: Greater Sydney Commission, *Western City District Plan*

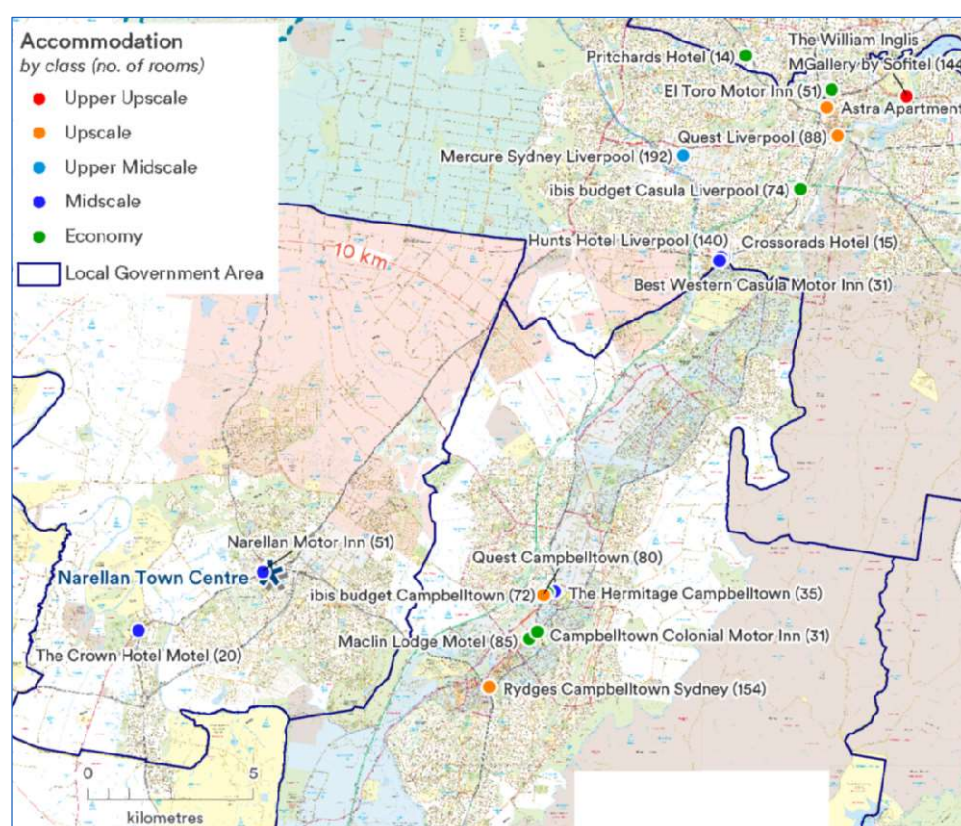
3.2 Hotels

The context for the short-term accommodation sector is shown in Figure 7 which plots the locations of hotels, motels and serviced apartments in south-west Sydney.

The map identifies a significant lack in diversity of local accommodation options within the Camden LGA, with local accommodation options mainly located to the east at Campbelltown where there is a collection of hotels and motels across a range of accommodation classes. To the south, short-term accommodation facilities at Camden include the Crown Hotel Motel as well as smaller B&Bs and a tourist park, which serve the holiday and leisure market.

Figure 7—Short stay accommodation

Source: Deep End Services; STR



In terms of the demand for commercial accommodation within suburban settings, the key drivers include:

- The presence of major sporting and entertainment events
- Local tourist attractions
- Large commercial / industrial areas which drive demand from business travellers
- The size of the local market and the generation of demand from people visiting friends and family.

Given the significant population growth in the South West region and the presence of industrial, commercial and health-related development at Smeaton Grange and Gregory Hills, Narellan is an obvious candidate for the emergence of additional commercial accommodation provision.

A new hotel at Narellan will provide an upscale short stay option not currently available in the region outside of Campbelltown. The hotel will be within the commercial core and within easy reach of the industrial area and health precinct at Gregory Hills.

The only existing short-term accommodation in Narellan is the Narellan Motor Inn (51 rooms), within the light industrial area on the western side of Narellan TC. The motor inn is an old-style 2-storey walk up, marketed as a 3.5 star motel and apartment style accommodation, with pool. The venue has no in-house dining, but breakfast room service for residents. It serves a very different market to that likely to be served by the new hotel at the subject site.

3.3 Cinemas

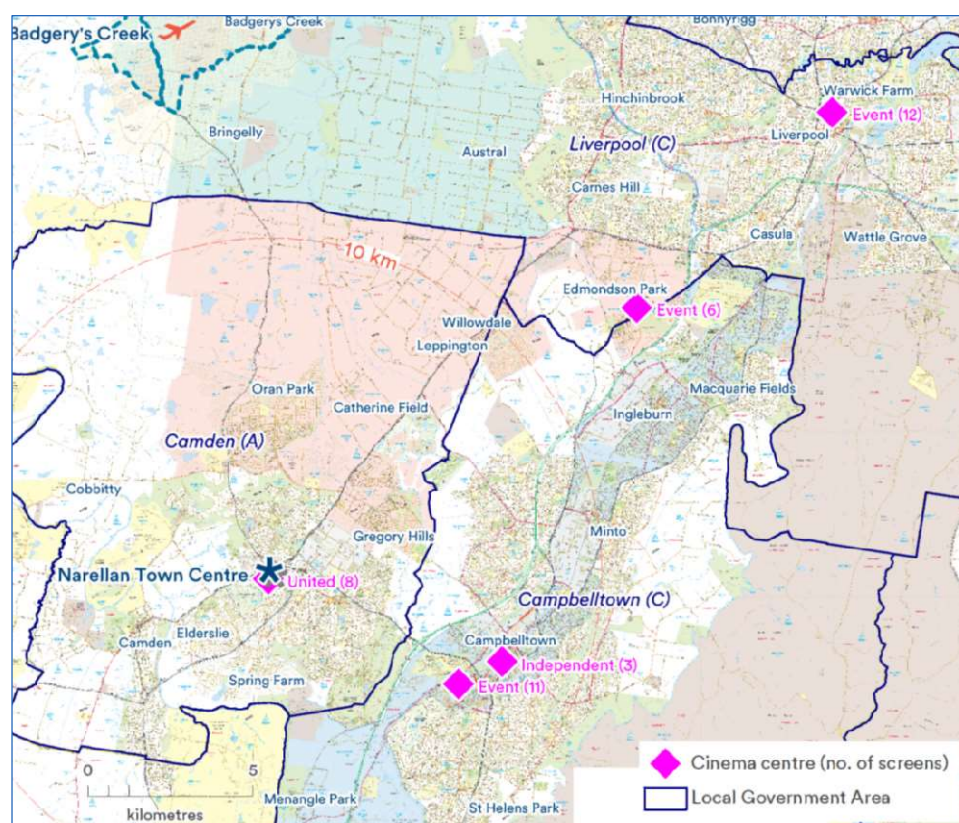
The locations of cinemas in the region are displayed in Figure 8 which shows that there is one cinema complex in the Camden LGA, the 8-screen United Cinemas currently within Narellan TC.

Elsewhere, Campbelltown has an 11-screen Event cinema complex at Macarthur Square within an entertainment and leisure precinct that also includes bowling and dining outlets. The Dumaresq Street Cinema, a smaller independent operator with 3 screens, is situated to the rear of the main Queen Street commercial area.

A new 6-screen Event centre has recently opened at Edmondson Park and further afield a 12-screen Event cinema centre is within Westfield Liverpool.

Figure 8—Cinema locations

Source: Deep End Services



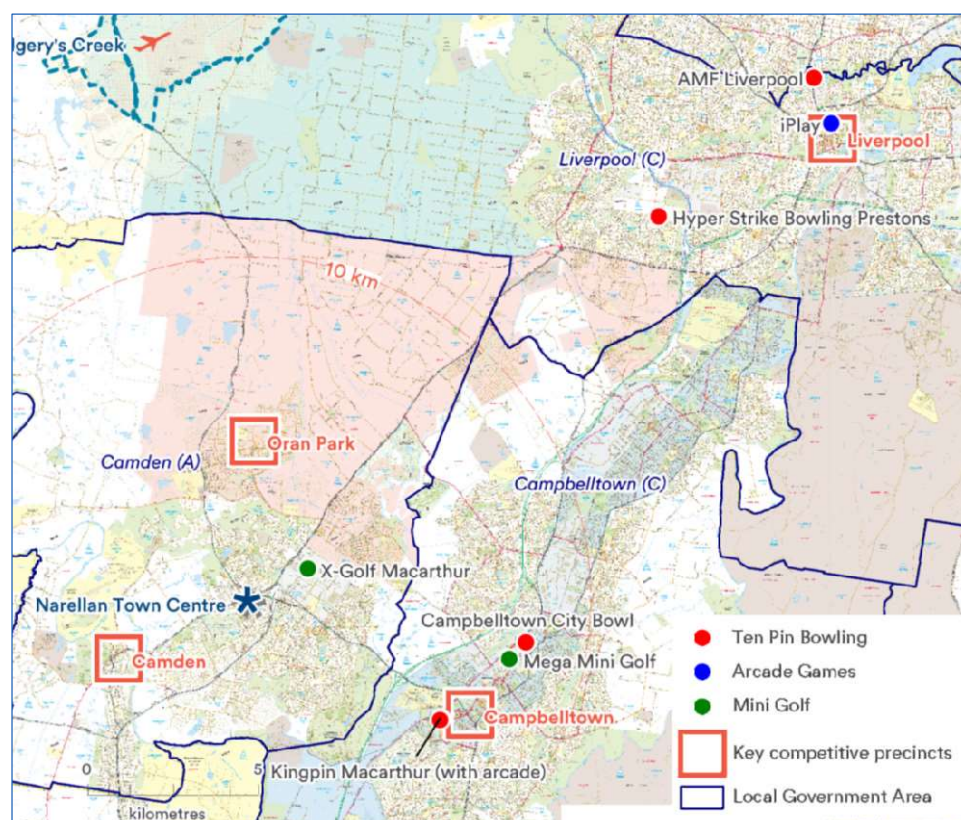
3.4 Other leisure & entertainment

Other entertainment facilities which could be included as part of the Stage 6 development are indoor bowling, mini-golf and arcade games. The location of these venues throughout the area are highlighted in Figure 9, with the following observations made:

- Existing mini golf facilities are located within the Smeaton Grange industrial precinct and in the Blaxland Road precinct in Campbelltown.
- Indoor bowling and arcade games are traditionally co-located in regional centres along with cinemas and dining options. The Kingpin Macarthur Square includes bowling, escape room, laser tag, arcade games and Karaoke.
- There is also bowling and mini golf just north within the industrial area along Blaxland Road, Campbelltown.
- X-Golf Macarthur is situated within the Smeaton Grange industrial area.
- Entertainment facilities in Liverpool are situated outside of the central business area, on the edge of the industrial area in Prestons and north of Liverpool within the commercial area at Warwick Farm. Within Westfield Liverpool there is an iPlay arcade centre.

Figure 9—Other leisure and entertainment

Source: Deep End Services



3.5 Food & beverage

Food and beverage operators in the region comprise:

- An existing precinct at Narellan TC which is to be expanded and diversified as a result of the Stage 6 development.
- Fast food outlets such as McDonalds, KFC, Red Rooster, etc along main transport corridors and in key locations throughout the city centres,
- Smaller independent operators situated within the local retail strips and centres, such as Camden and Oran Park, and
- Concentrations of food and beverage operators within major entertainment and leisure precincts including Campbelltown and Liverpool.

In assessing the competitive environment for food and beverage, this report focusses on the four key competitive centres identified in Figure 9 (Campbelltown, Liverpool, Camden and Oran Park).

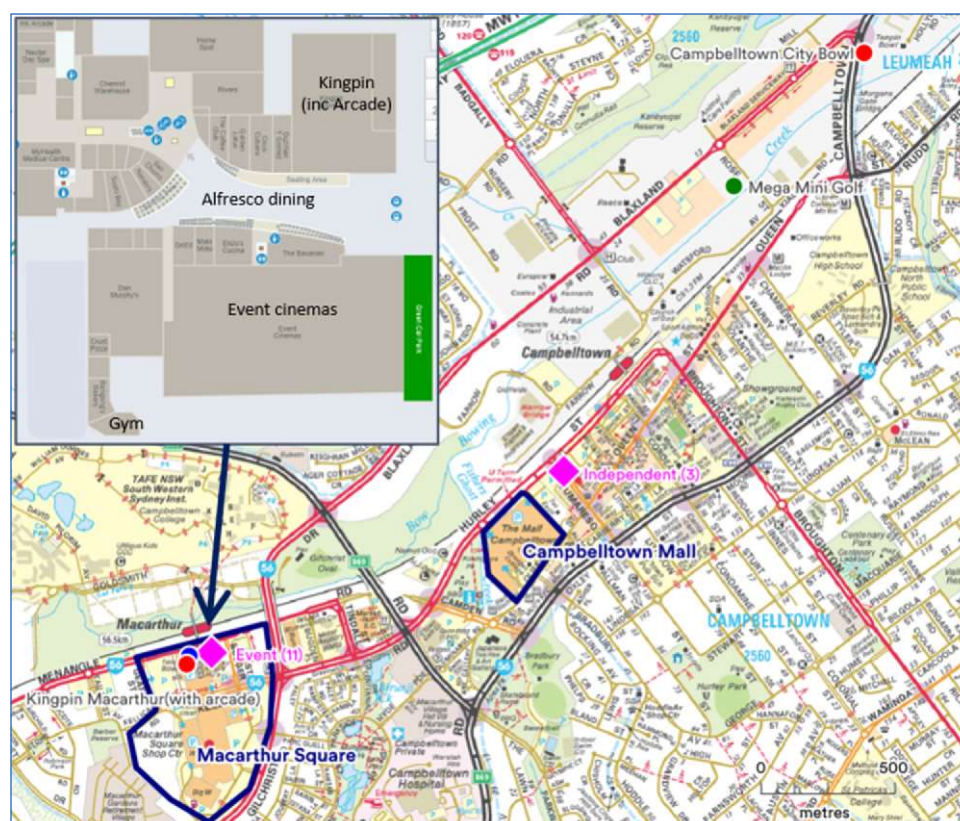
Campbelltown

Campbelltown-Macarthur is a designated Metropolitan Centres and the most relevant in competitive terms given the centre's proximity to Narellan TC. The precinct comprises several components including Macarthur Square, Campbelltown Mall, retailing along Queen Street and industrial and commercial along Blaxland Road (refer Figure 10).

Campbelltown serves as the main commercial, retail, business, health, education and civic centre for the broader region including the City of Campbelltown and Camden Council.

**Figure 10—
Campbelltown-
Macarthur**

Source: Deep End Services; Ausway; Macarthur Square website



The core retail, leisure and entertainment offer is at Macarthur Square, which has over 100,000 sqm of shopping centre floorspace. The centre is anchored by a David Jones department store, Big W and Target DDSs, Coles, Woolworths and ALDI supermarkets and over 200 specialty shops and services. Reflecting the regional role of the centre, Macarthur Square attracts over 10 million visitors per year and includes cinema, bowling, a King Swim centre, medical and a large range of retail and non-retail services.

The leisure and entertainment precinct is at the northern end of the centre and includes an 11-screen Event Cinema Centre, Kingpin bowling (including arcade games, laser tag, escape room, karaoke), a gym and a range of cafes and restaurants based around an outdoor dining area with alfresco seating.

Restaurants in the precinct are listed in the table below.

The Sage Village	The Coffee Club	Golden Lotus (Vietnamese)	Coco Cubano (Cuban)
Guzman Y Gomez	San Churro	Justinian's Café and Desserts	Scoop Artisan Gelato
Sushi Bay	Stumpy's Burgers	Hanok Korean BBQ	Nandos
Subway	Grill'd	Maki Moto (Japanese)	Enzo's Cucina (Italian)
The Bavarian	Crust Pizza		

With its range and scale, Macarthur Square is a major destination for leisure and entertainment visits as well as for shopping and attracts customers from across a broad regional area including from the Macarthur growth areas to the south-west at Menangle Park, Appin and Wilton.

Liverpool

Liverpool is a designated Metropolitan Centre that extends generally from Campbell Street south to Memorial Avenue, on the western side of the Georges River. The Liverpool Central Business Area (CBA) comprises the Westfield Liverpool shopping centre, a pedestrian mall along Macquarie Street, and street-front retail and commercial facilities throughout the area. Nearby facilities include:

- Liverpool train station and bus interchange
- Liverpool Hospital
- TAFE NSW
- Schools and other education
- An extensive industrial area on the eastern side of the Georges River.

Westfield Liverpool has a 12-screen event cinema complex with direct access from the upper-level carpark and access from the food court on the level below which has the following tenants.

Le Wrap	Subway	No 1 Malatang (Chinese)	Salsa's Fresh Mex Grill
McDonalds	Schnitz	Oliver Brown Belgian Choc Cafe	Sharetea
Hokka Hokka	Oporto	Biang Biang (Chinese)	Mr Seafood
KFC	Curry Karma	Shanghai Sean	Ali Baba
Rice Time	Gong Cha (Tea)		

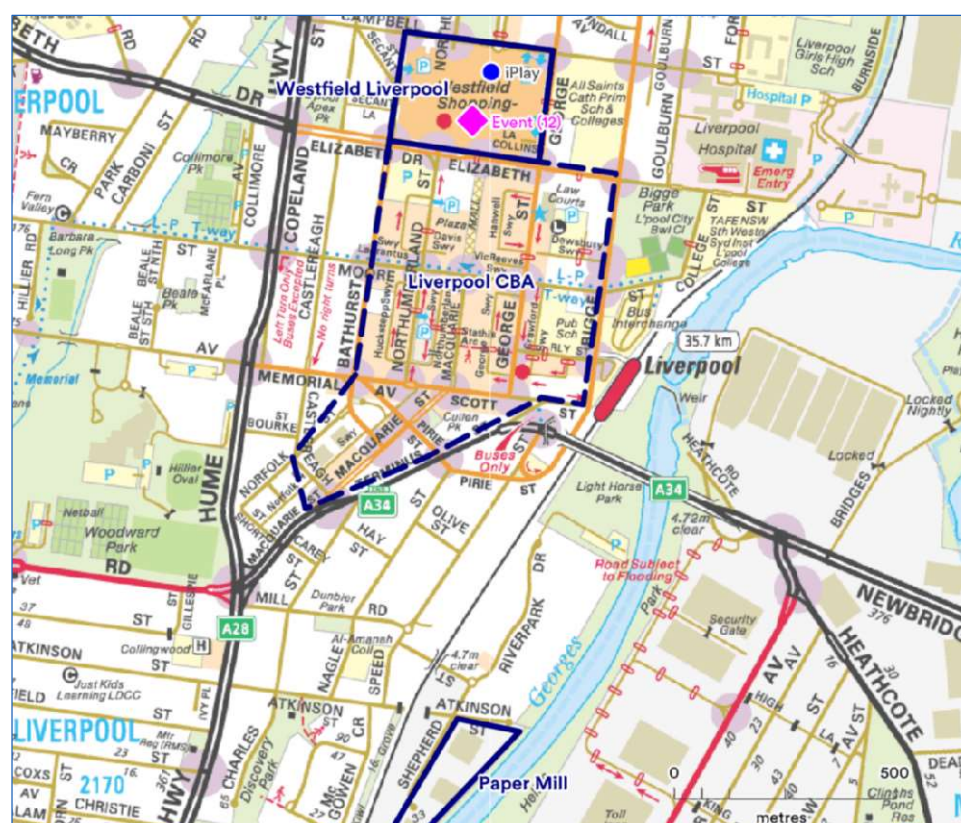
The food court largely accommodates national branded tenants. Most are only open during centre hours and not after hours when the cinema also operates. An iPlay arcade gaming venue is also located within the food court.

Elsewhere, the Liverpool CBA has an extensive range of food options mostly centred along George, Macquarie and Northumberland Streets. The CBA is a destination for Middle Eastern, Baltic and Indian cuisine with a large array of restaurants, takeaway food and specialty food shops.

Outside of the CBA, a new development, 'The Paper Mill on Georges River', is a mixed-use development situated along the west bank of the Georges River over 1 km south of the CBA. Situated within the re-purposed mill, 'The Paper Mill Food' opened in August 2019 and offers almost 1,900 sqm of café and food across four restaurants as well as private dining options and event spaces. The upmarket precinct is marketed as a 'landmark food destination' however would mainly cater to the large residential base within The Paper Mill precinct and in the area around Liverpool and Casula.

Figure 11—
Liverpool

Source: Deep End
Services; Ausway



Camden

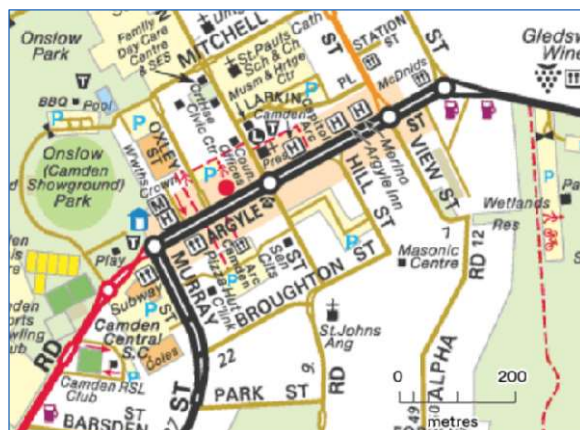
Camden is a historic township at the edge of Sydney's urban area and includes a traditional retail and commercial strip along Argyle Street (refer Figure 12) with the following food options:

- National branded fast food including Pizza Hut and McDonalds
- More than 20 independent restaurants and cafes covering various food types and nationalities including Indian, Italian, Thai, Japanese, Chinese, burgers, Mediterranean food, to name a few. Covers a mix of take-away, café and restaurant options.
- The Camden RSL and three pubs which also offer sit-down meals.

Overall, the food offer in Camden mainly services a localised catchment for nearby residents seeking convenient dining options. The town centre also attracts some tourists passing through or visiting the area.

Figure 12—Camden town centre

Source: Deep End Services; Ausway



Oran Park Town Centre

Oran Park is an emerging town centre that is the first to be developed to serve the South West growth area. The suburb will eventually have 10,000 dwellings and a population in excess of 25,000 people. The town centre master plan is shown on Figure 13 and currently includes the following:

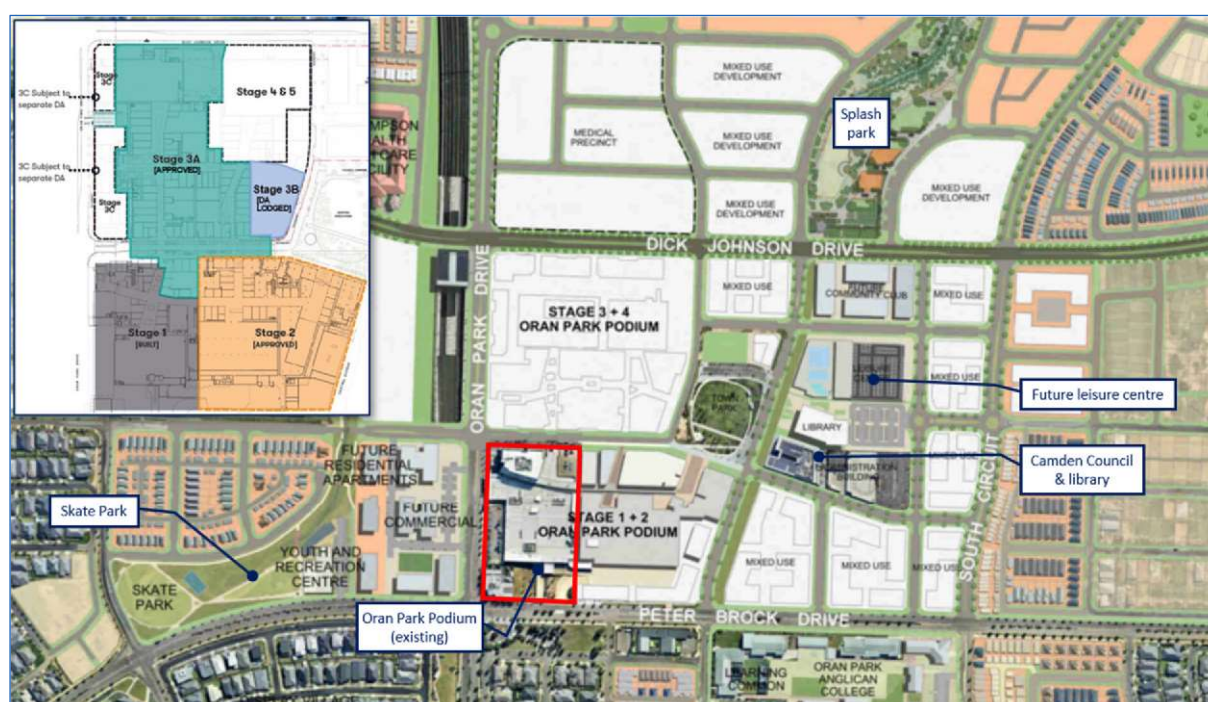
- Oran Park Podium (Stage 1) – a neighbourhood centre, with Woolworths, 30 specialty shops and services, gym, health and commercial offices on upper levels. Largely a convenience centre which opened in 2014.
- Camden Council offices which relocated in 2016
- Library and community centre, which opened in 2018
- Leisure and recreational facilities including splash park, skate park and youth and recreation centre
- TRN House, a new office tower

A further 3 stages of development are proposed for Oran Park Podium, ultimately including additional supermarket space and larger discount and variety stores. Specifically, future development plans include the following:

- **Stage 2** – to include an additional 15,000 sqm of retail floorspace with DDS, small supermarket, specialty shops, fresh food hall and cafes and restaurants facing the town park in an alfresco setting, Approval has been granted but construction was put on hold in 2021 due to leasing difficulties as a result of Covid.
- **Stage 3A & 3B** – with Stage 2 on hold, the plans for Stages 3A and 3B have been brought forward.
 - Stage 3A has development approval for an additional 15,540 sqm comprising an extension of the centre to the north with a Coles supermarket, foodcourt and outdoor terrace eating and dining area facing Podium Way (east). Construction is underway and development is expected to be complete by the end of 2023.
 - A stage 3B development application has been lodged with Council for an accommodation and dining precinct including a luxury hotel and small range of eateries.

Plans to date for Stages 2, 3A and 3B do not include a cinema, with the emphasis (in terms of leisure uses) comprising new food and dining options to serve the local market within the South West growth area including Oran Park, Cobbitty and Harrington Park and, in the future, emerging communities in Lowes Creek/Maryland and at Pondicherry.

Figure 13—Oran Park Town Centre



Source: Oran Park Town Centre website; Landcom, Oran Park Town Centre Community Update, 2018

3.6 Proposed developments

Several proposals in Gregory Hills are relevant.

- **Gregory Hills Corporate Park** – situated on Gregory Hills Drive and Digitaria Drive in Gledswood Hills, development proposals include:
 - The George Centre – a new private maternity and paediatric hospital is currently under construction at Gregory Hills Corporate Park, due for completion in mid-2023.
 - SOMA Lifestyle at Gregory Hills Corporate Park – a proposal for a large mixed-use development on Gregory Hills Drive in Gledswood Hills received approval in 2017. The proposal includes development of 2 hotels with 160 rooms, cinema centre, bulky goods (18,800 sqm), entertainment and commercial/business space. The development is proposed to tie in with the adjoining SOMA wellness centre (medical facilities) and new private hospital. It is understood that the site has been sold and the new owners are reconsidering development options.
 - An application has been submitted for a 90-room four storey hotel on the same site as the SOMA Lifestyle proposal above. To be known as The Onslow, the hotel will provide accommodation options for the adjoining hospital and health campus, with the option to add a further 60-rooms in the future. If approved, the hotel will largely service the needs of visitors and families to the nearby medical facilities.
- **Home Centre, Gregory Hills** – a previous proposal for a 9-screen United Cinemas, food and entertainment options adjacent to the existing home centre at Gregory Hills has been abandoned with the site since subdivided and sold.

With the exception of the hospital and health campus currently under construction, the remaining developments are either in early planning stages or unlikely to proceed in the short-term. Regardless, they will serve their respective markets to the north of Narellan including at Willowdale and Leppington.

Further afield, new hotel developments are proposed at Campbelltown, Liverpool and elsewhere. These are of limited significance to the proposed development.

4

Competitive impacts

4.1 Introduction

This chapter presents an examination of the likely competitive impacts of the development proposal on centres in the surrounding region, with a particular focus on the existing Metropolitan Centres of Campbelltown and Liverpool and the Local Centres of Camden and Oran Park.

The analysis includes consideration of demand for the proposed uses, their likely patterns of usage, and the potential competitive effects on the operation of other designated centres in the region.

4.2 Commercial accommodation

Demand for the proposed new hotel rooms within the Stage 6 development at Narellan TC will be driven by business travellers accessing commercial and industrial sites in the region, visitors and staff at existing and new health facilities, people visiting sporting and entertainment events and tourist attractions, and those wishing to stay close to friends and family.

On this basis, there are several relevant features in the area close to the Narellan TC which substantiate demand for the proposed hotel:

- The centre is situated at the confluence of two key arterials – Camden Valley Way and The Northern Road/Narellan Road – which provide regional access through the south-west growth corridor which will eventually accommodate around 110,000 dwellings (over 300,000 people).
- Narellan has easy access to the Western Sydney Airport at Bringelly and will provide a nearby accommodation opportunity that is closer than other centres such as Liverpool or Penrith.
- The site is close to commercial and industrial uses at Smeaton Grange to the east and immediately north of the town centre; these precincts attract a significant

workforce to the area including those visiting for meetings, conferences and other workplace events.

- Further north is the emerging mixed-use development at Gregory Hills which includes retail, commercial and health uses and will generate demand from business travellers and people visiting for health procedures and to support family members.
- Narellan Sports Hub is a major sports facility situated on The Northern Road which attracts sporting groups across netball (44 courts), hockey, rugby league and athletics, a criterium cycling track and pedestrian and bike paths. The first stage of the facility opened in October 2017 and the second stage was recently completed in March 2022. The new facilities are positioned to host State competitions across a number of sports and will support local businesses through the visitation of competitors, their families who seek accommodation and dining options. The sports hub is a major drawcard for Narellan, Camden Council and the broader region. Other sports facilities include a competition-standard BMX facility at Elderslie, and the Camden Bicentennial Equestrian Park.

In summary, Narellan is a major centre for commercial, industrial and retail as well as an important hub for local and State sports; all of these factors generate demand for new visitor accommodation.

Also relevant is that Narellan is identified as a Strategic Centre within the Western City District Plan and is the highest order centre in Camden Council, therefore substantiating a regional service role for the Council area.

In terms of existing supply, Narellan Motor Inn and the Camden Valley Inn are the only existing short stay commercial facilities in Camden Council (other than smaller guest houses or BnBs). Neither of these options provide conference or function rooms for events, local businesses and activities which could be supported in Narellan and would also directly benefit the local economy.

The closest hotels are to the east at Campbelltown and further north in Liverpool.

In this context, the Narellan region (and Camden Council) is losing potential hotel visitation to Campbelltown nearby which offers a broader range of hotels, motels and short stay options across a number of different accommodation classes.

Regardless, the impact of the proposed hotel at Narellan on the accommodation market within Campbelltown and Liverpool will be minimal given the strong regional role of each centre attracting hotel guests from across a broad area.

The addition of commercial accommodation to Narellan meets a clear need given the lack of short stay options currently to meet the higher order needs of the market – that is business, health, tourists and other guests to the town centre.

Figure 14—Narellan and surrounds



Source: Deep End Services; Nearmap image (Feb 22)

4.3 Cinema centre

The average provision of cinema screens across NSW is approximately one screen for every 12,000 people according to information from Screen Australia.

Based on this average, there is already an undersupply of cinema screens within the Camden Council area. Moreover, with significant population growth to come, including a projected increase of more than 50,000 people over the next ten years, ongoing demand for additional cinema screens will emerge.

With an undersupply of cinema screens within the Camden LGA, residents in the region would otherwise be required to visit cinemas outside the area, with most visitation directed to the large complex at Macarthur Square or to Liverpool. Although a new cinema centre at Narellan would retain some visitation otherwise directed to Campbelltown and Liverpool, the competitive effect of this would be minimal on those centres given the strong regional role served by these centres, not just for cinemas, but for their overall retail, civic and commercial offer. Moreover, those facilities will be supported by ongoing population growth occurring within their respective catchments.

Future opportunities for additional cinema provision at Oran Park or Gregory Hills would need to be supported by local demand generated within those centres' catchments, especially having regard to the lower strategic role of those centres in the policy hierarchy.

4.4 Leisure, entertainment and food

Metropolitan Centres

Relevant leisure precincts that are located within Metropolitan Centres include Macarthur Square, where the 11-screen Events cinema complex is co-located with an alfresco dining precinct and bowling centre which includes laser tag and gaming; and Liverpool Westfield which has a food court and a small arcade game centre along with the 12-screen cinema complex.

The leisure, entertainment and food offer at Liverpool and Campbelltown attract customers from across a very broad area. Any similar style new development at Narellan is unlikely to impact on these centres due to this strong regional role.

Importantly, these leisure precincts and the surrounding centres they are within are major destinations for leisure/entertainment, health, shopping, work, education and other activities and will retain their local and regional visitation. Campbelltown and Liverpool will continue to accommodate viable and growing leisure precincts, attracting visitors from across their council areas and elsewhere within the broader region.

Local Centres

Leisure facilities within the Local Centres at Camden and Oran Park operate as more localised community attractors and are popular for local families living in the surrounding suburbs.

Camden is an attractive local area for its street-level shop front restaurants and cafés and has strong local support from local residents and people seeking this kind of offer. The types and brands of such facilities in Camden are in contrast to the destination-type offer and emphasis on branded outlets at Campbelltown and as proposed for Narellan TC Stage 6.

Oran Park currently has a limited food offer which will be expanded as part of the proposed Stage 3A development. Nevertheless, the offer still reflects the market opportunities that are being generated from people living in Oran Park, Cobbitty and surrounding suburbs, rather than as a regional destination. These opportunities will increase further as the surrounding population grows, but will not be at the regional scale that is supported at Narellan.

Importantly, the increasing opportunity for additional leisure and recreational offer at Oran Park will emerge regardless of the proposed Stage 6 development at Narellan.

In summary, Camden and Oran Park serve more localised markets with a focus on convenience-oriented visits to local restaurants and cafés and to a more limited array of leisure and entertainment facilities. These markets will continue to service their local catchments and will therefore be unlikely to be significantly affected by the additional regional-level and branded attractions that are proposed for Stage 6 at Narellan TC.

4.5 Summary

Overall, the proposed Stage 6 development at Narellan TC will not detrimentally impact on the role and performance of the existing and planned centres in the region:

- Camden will continue to provide an attractive street-based food and dining offer for people living within the township and for those seeking a more independent range of eateries or small-scale boutique accommodation.
- Development at Oran Park will be underpinned by the rapid urban development in surrounding land releases, with the emerging community supporting ongoing additions to the range of leisure and recreation facilities on offer. A local commercial accommodation provider or cinema complex may be supportable in the longer term, but these types of uses will depend on the surrounding catchment and will occur irrespective of the proposed Stage 6 expansion at Narellan TC.
- Campbelltown and Liverpool will continue to perform a strong regional role attracting visitors from across a broad area, and while these centres may experience a decline in overnight visitors or a loss of cinema trips, these effects would be minor in the context of the regional role they play as leisure and entertainment destinations, and the strong population growth that is also occurring within their respective catchments.

5

Economic Outcomes

5.1 Introduction

This section presents analysis of the economic outcomes likely to arise from the proposed development, in terms of:

- Employment generated during construction, including direct on-site employment and the indirect effects in the wider economy.
- Ongoing employment generated by the new uses established on the site, including the direct on-site effects and indirect effects in the wider economy.
- Estimate of the project's contribution to value added, which is an overall measure of how the development would stimulate the economy.
- Expenditure flows in the local area as a result of new visitors.
- Other potential economic effects such as reduction in travel time to access entertainment and related uses, support for business development from additional hotel room capacity, and other identified effects.

The calculations are based on information provided by Dart West that the building construction cost would be in the order of \$180 million. However, this estimate does not include costs associated with fit out of individual tenancies, and is therefore a conservatively low base on which to examine employment effects during construction.

The construction cost of \$180 million represents a significant investment into the Narellan TC that is consistent with planning policies for the centre and will help to widen the mix and enliven the centre further.

5.2 Construction employment

Estimates of employment are calculated with reference to the typical labour requirement for major projects of this type, and with the application of average labour costs as indicated in the ABS Weekly Earnings publication and other information available to this office. These calculations are presented in Table 2.

The construction of the project will directly generate an estimated 475 full-time equivalent ('FTE') jobs over the life of the project, which is broadly estimated to be around 18 months.

The actual number of people employed on the site would be much greater in practice, reflecting the inputs from individual contractors as well as full-time employees.

Another 830 or so estimated FTE jobs would be generated elsewhere in the economy (both locally as well as in the wider regional, state and national economies) as a result of consumption and production multiplier effects. These effects, which are Type 2B multipliers, account for the production of inputs in the construction process (materials and services), as well as the expenditure of wages.

In total the project could be responsible for generating in the order of 1,300 new jobs across the economy during the life of the project.

Most of the direct jobs would be employed on-site or in the local area. However, indirect jobs will also be generated more widely across the broader national economy through inter-industry linkages, with perhaps around 25% or so retained within the local area.

**Table 2—
Construction
employment**

Source: Deep End
Services; ABS

Item	Measure
Construction cost	\$180m
Labour component	25%
Labour cost	\$45m
Average construction wage (FTE)	\$95,000
Direct employment (FTE - total)	475
Multiplier (Type 2B)	1.752
Indirect employment (FTE - total)	830

5.3 Ongoing employment

Ongoing employment will be created on site as a result of the operation of the new hotel, cinema, restaurants, gym and childcare centre.

Employment generation has been calculated by applying broad staffing benchmarks for each use. These are based on employment to floorspace ratios or other measures specific to the uses, as described in the following sections.

Hotel

The hotel will directly employ an estimated 130 staff members, equating to 79 FTE employees (refer Table 3). Hotel staff will be employed in a range of functions including:

- Front office – manager, guest services
- Administration, sales and marketing – conference / events coordinators, sales manager
- Kitchen – chefs, kitchen hands
- Food & beverage – manager, supervisors and staff
- Maintenance
- Housekeeping.

In addition to the jobs directly created on-site, a further 140 or so jobs would be generated elsewhere in the economy through the operation of employment multipliers, some of which will be retained locally through business-to-business linkages and expenditure of wages.

Guest services that are typically contracted out include:

- Laundry
- Security
- Shuttle/taxi services
- Other business support services (accounting, legal).

Employment on site will have a direct positive benefit on the local economy as many of the positions will be filled by local residents. The hotel requires a range of trained hotel management and hospitality staff and semi-skilled cleaning, service and maintenance staff.

Table 3—Hotel employment

Source: Deep End Services

Tenancy type	Measure	Total direct jobs	Direct FTE jobs	Indirect FTE jobs
Function room, restaurant & bar	786 sqm	60	24	44
Wellness centre	263 sqm	9	6	5
Serviced apartments & hotel rooms	170 rooms	61	49	91
Total		130	79	140

Other uses

The balance of uses on the site are estimated to generate approximately 313 positions once completed, which is equivalent to 180 jobs when measured in terms of full-time equivalent (FTE) jobs after accounting for casual and part-time workers (refer Table 4).

A high proportion of the jobs in the cinema and dining precinct will be part-time and casual positions most likely held by students and the young. Those associated with childcare and the gym are more likely to be full-time positions.

A further 304 FTE jobs are expected to be generated elsewhere in the economy through employment multipliers (industry production effects and expenditure of wages).

Table 4—Ongoing employment – other uses

Source: Deep End Services

Tenancy type	Measure	Total direct jobs	Direct FTE jobs	Indirect FTE jobs
Level 1 dining	3,185 sqm	212	127	235
Cinema (incl bar lounge)	10 screens	65	20	35
Gym	864 sqm	12	10	8
Childcare	120 places	24	23	26
Total		313	180	304

Additional employment will also be generated within the entertainment area on Level 1 (2,737 sqm). This part of the site is likely to attract a range of potential uses such as mini golf, bowling, escape room, arcade games, etc. Based on information provided by potential operators, these uses are likely to generate approximately 20 full time positions and 130 casual jobs.

Summary

Overall, the proposal is estimated to generate a total of 443 ongoing positions (full-time, part-time and casual), which is equivalent to 259 FTE jobs.

A further 444 FTE jobs are expected to be generated elsewhere in the economy through the operation of employment multipliers. A share of these indirect jobs will be retained by local businesses.

Employment on site will have a direct positive benefit on the local economy as positions are likely to be filled by local residents.

Part-time hospitality jobs in the hotel, cafes, restaurants and cinema are important for youth, students, semi-retirees, mother's returning to the workforce and others seeking flexible hours or a second family income.

Unemployed people, students, semi-retired people and those looking to work close to home with part-time hours in conjunction with family care and duties are strong candidates for employment opportunities, with salaries injecting additional cash into the local area.

Examination of the potential competitive impacts (Section 4) shows that there is unlikely to be any significant loss of employment at other centres in the region – the jobs estimates presented above therefore represent positive net effects as a result of the development.

5.4 Contribution to Value added

Value added is defined as the value of sales within an industry, minus the costs of its inputs, and is a commonly used measure of the contribution that a project makes to economic activity.

Calculations of value added are based on broad estimates of typical value added per industry sector, utilising ABS publications and published reports. They are intended to provide a broad estimate of the project's contribution to the economy, rather than reflecting a detailed analysis of local inter-industry linkages that would require costly input-output modelling.

During its development the project, involving a \$180 million injection in the construction industry, is estimated to generate total value added in the order of \$130 million.

A significant proportion of this is associated with the direct activity on the site, with around 50-60% of the value added likely to be retained within the local area.

The operation of the hotel, cinema and other commercial tenancies will also generate economic activity that can be measured in terms of the contribution to value-added, both within the local area and elsewhere in the national economy.

Based on industry-specific value-added ratios, the completed development is estimated to contribute over \$50 million in value-added to the Australian economy on an ongoing basis (measured in 2021 dollars).

Much of this activity will be retained locally as a result of the direct ongoing activity on the site, but around 40-50% of the total value added is likely to be spread elsewhere throughout the national economy.

5.5 Hotel guest spending

Hotel guests will provide a source of local expenditure, part of which will be injected into the local area at restaurants, cafés, bars, and shops.

Tourism Research Australia (TRA) publishes data on spending by domestic overnight visitors (noting that this data is from prior to the COVID-19 pandemic). According to the TRA, average per capita daily spending (excluding airfares, accommodation and conference fees) ranges from \$87 for those visiting friends and relatives up to \$143 per day for people on holidays. Business travellers spend an average of \$108 per day, with the average across all visitors at around \$115 per day.

Almost 50% of spending, or \$54 per day, is spent on groceries, liquor, take-away food and restaurant dining.

Spending by guests at the proposed hotel, outlined in Table 5, draws on the TRA information and is calculated as follows:

- With an average occupancy rate of 80% the 170 hotel rooms will generate 49,640 occupied room nights.
- With an average room occupancy rate of 1.1 persons (reflecting the likely emphasis on business guests), a total of 56,639 guest nights would be accommodated each year.
- Assuming average spending rates from the TRA data, hotel guests would generate approximately \$6.4 million in spending each year.

Guest spending by category is as estimated follows:

- \$2.7 million per annum on groceries, liquor, food from cafes, restaurants and take-away establishments – this will largely be directed to establishments nearby
- \$0.5 million per annum on retail shopping, much of which would be directed to Narellan TC.
- \$0.2 million per annum on entertainment, some of which will be directed to the new cinema centre.

Overall, a large share of spending by hotel guests is expected to be directed to the facilities within Narellan TC.

Table 5—Hotel guest spending

Source: Deep End Services; Tourism Research Australia

Measure	Total
Hotel Visitation	
Number of rooms	170
Room nights available	62,050
Room nights occupied (@80% occ.)	49,640
Average guests per room	1.1
Guest nights occupied	56,639
Local spending (\$m exc. accommodation)	
Packaged tours	0.6
Transport (private & public)	2.1
Groceries, dining out, take-away food, liquor	2.7
Shopping/Gifts/Souvenirs	0.5
Entertainment	0.2
Other	0.1
Total spend (\$m)	6.4

5.6 Other economic effects

Wages and salaries

The annual wages paid to the staff within the new development including the hotel staff will partly be spent at other business, facilities and uses across the local area, although noting that this is captured in the calculations of indirect employment.

New business facilities

The hotel will provide a function room and restaurant, with other restaurants, cafes and bars also located within the new development. Catering for business functions can be accommodated by the hotel itself or contracted out to local businesses including those within the entertainment precinct.

Large local businesses, including those within the nearby industrial areas, could also be frequent users of the restaurants and bars, the hotel and its function space for off-site meetings, functions and training. This will improve amenity for these businesses, potentially stimulating demand for business development.

The proposed hotel could accommodate business guests across the function room and within the hotel restaurant and bar. The restaurants within the entertainment precinct on Level 1 could also accommodate business guests.

Marketing and promotion benefits

The booking site for the hotel could promote local activities and events within the area. The hotel will use local print and radio for advertising and promotions.

The local hotel operator may engage with local tourism and business associations to provide package deals with other tourism operators and attractions. The operator will actively promote attractions to suit the market – ie for both business travellers and the general weekend and leisure market.

Supporting local businesses

The hotel is likely to source a high proportion of their service and support needs from local businesses, wholesalers or contractors including cleaning, laundry services, maintenance, security, fresh and packaged food and bar stock, business services and IT support. The restaurants, cinema and other uses are also likely to tap into some of these local businesses and services.

This further injection of spending to the local economy will have flow-on effects as payments circulate through other workers and businesses. These opportunities can be generated during the construction phase and in ongoing operation and maintenance of the new uses on site.

Local businesses will also directly benefit from the additional overnight hotel visitors in the town. Spending will be directed to retailers, services and other attractions through the town as highlighted in Table 5.

Travel time savings

Travel time savings include:

- Significant cost savings and environmental benefits for business guests at the hotel who are working close by and can stay locally within the area.
- Reductions in travel time to access the cinema, cafes, restaurants and other related uses for those residing or working in the area.
- Ability to access on-site childcare for workers at Narellan TC.

Other benefits

Other economic benefits include:

- The new hotel will complement the superior sporting facilities now open in Narellan and support additional tourism in the area.
- The construction of the hotel could be a catalyst for other food and beverage outlets to open or refurbish in the area.
- The restaurants, bars, cafes and other uses will provide additional dining options convenient to local residents.
- The childcare centre will provide close and convenient on-site care to workers within the Town Centre and at businesses in the surrounding area. Proximity to the childcare centre for on-site workers and reduced travel time for drop off and pick up are significant benefits.

- A modern cinema complex with variety of theatre sizes and experiences will expand the offer within Camden Council and serve the growing local customer base.
- The current pandemic has caused significant adverse impact on economic activity. All levels of government have appreciated that the construction industry had a critical role in ensuring ongoing economic activity during the lock-down periods, and as a catalyst for investment and economic recovery thereafter. The property and construction industry is one of the key drivers of jobs and investment and the planned development on the subject site would provide jobs and assist in stimulating the economy.
- Increased rates, charges and land taxes as a result of the capital improvements to the site, as well as any contributions that are levied on the development.
- Nearby businesses will value the high-quality accommodation option available in the area. The closest comparable hotel is at Campbelltown.
- Opportunities for local businesses to win contracts during the construction phase and in ongoing operation and maintenance.

Overall Narellan TC's status as a Strategic Centre within Camden and South West Sydney will be strengthened following the development, providing a strong offer not currently available within the Council area.

Importantly, no adverse economic effects have been identified, with the examination of competitive impact showing that existing centres would continue to operate unchanged.