

# Submission to the Greater Sydney Commission

Draft Greater Sydney Region Plan 2017 and Revised Draft District Plans  
December 2017

# About the Shopping Centre Council of Australia



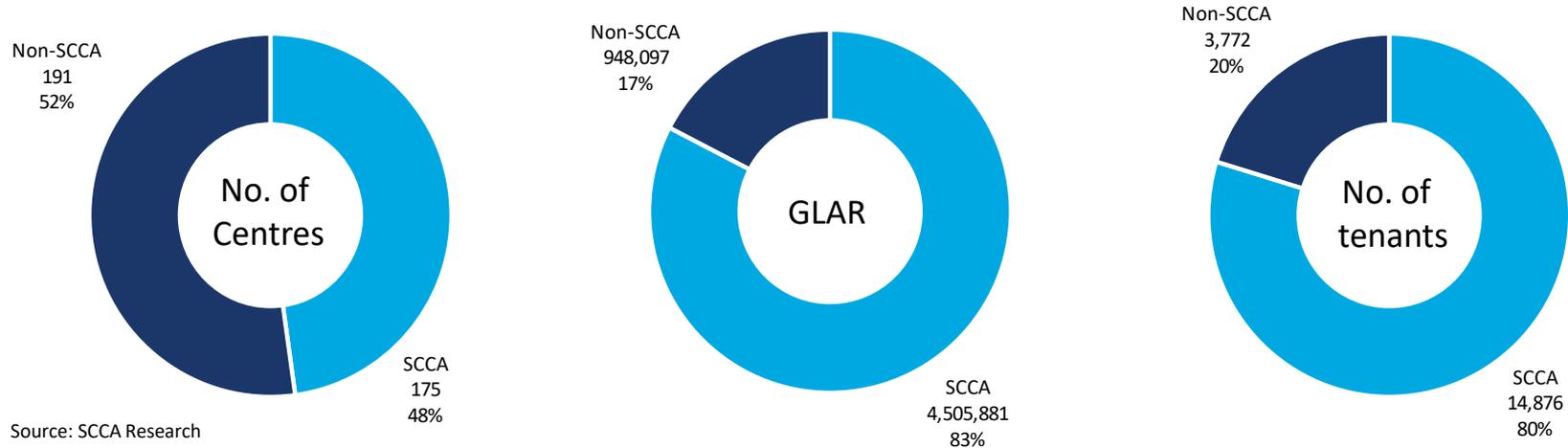
- The **Shopping Centre Council of Australia** (SCCA) represents Australia's major owners, managers and developers of shopping centres. Our members collectively own or manage approximately 13.8 million square metres\* of retail floor space in metropolitan, regional and rural areas across Australia.
- **Our members** are AMP Capital Investors, Blackstone Group, Brookfield, Challenger, Charter Hall Retail REIT, DEXUS Property Group, Eureka Funds Management, GPT Group, ISPT, Ipoh Management Services, Jen Retail Properties, JLL, Lancini Group, Lendlease Retail, McConaghy Group, McConaghy Properties, Mirvac, Perron Group, Precision Group, QIC, Savills, SCA Property Group, Scentre Group, Stockland and Vicinity Centres.

\*including floorspace managed by major independent shopping centre managers



# About the Shopping Centre Council of Australia

- SCCA members own 48% of shopping centres in NSW, which accounts for 83% of shopping centre retail floorspace and 80% of shopping centre tenants.



Source: SCCA Research

- Our members are significant investors in many cities and towns in Greater Sydney.
- This investment provides employment and recreational opportunities, and underpins the creation of vibrant, interesting places across the five districts.

Source: SCCA Research

# SUMMARY OF SUBMISSION

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- The SCCA **strongly supports** the ‘Three Cities’ vision, and the objectives of the draft *Greater Sydney Region Plan 2017* (Sydney Region Plan) and revised draft District Plans (**Section 1**).
- Shopping centre owners and managers are already investing in **innovation** to ensure that they maintain relevance to customers and respond to the evolution of retail (**Section 2**).
- There is **considerable risk** to the GSC’s plans as a result of the commentary and proposals of the Retail Expert Advisory Committee (REAC), some of which are inconsistent with, and may undermine, the Sydney Region Plan and District Plans on a range of key issues (**Section 3**).

# 1. Support for 'Three Cities'

- The SCCA **strongly supports** the 'Three Cities' vision, and related framework, detailed in the Sydney Region Plan and District Plans.
- SCCA members are excited to continue working with the GSC to deliver **great urban and consumer outcomes** across greater Sydney.
- The SCCA and its members have appreciated the **constructive and open engagement** which has been fostered by the GSC, including the Chief Commissioner and CEO, during the development of the Sydney Region Plan and District Plans.
- Much of what the GSC seeks to facilitate in terms of the creating great places (*Objective 12*), which are well connected (*Objective 14*) and where investment and business activity is maximised (*Objective 22*), **strongly aligns** with the current and intended future activities of SCCA members.

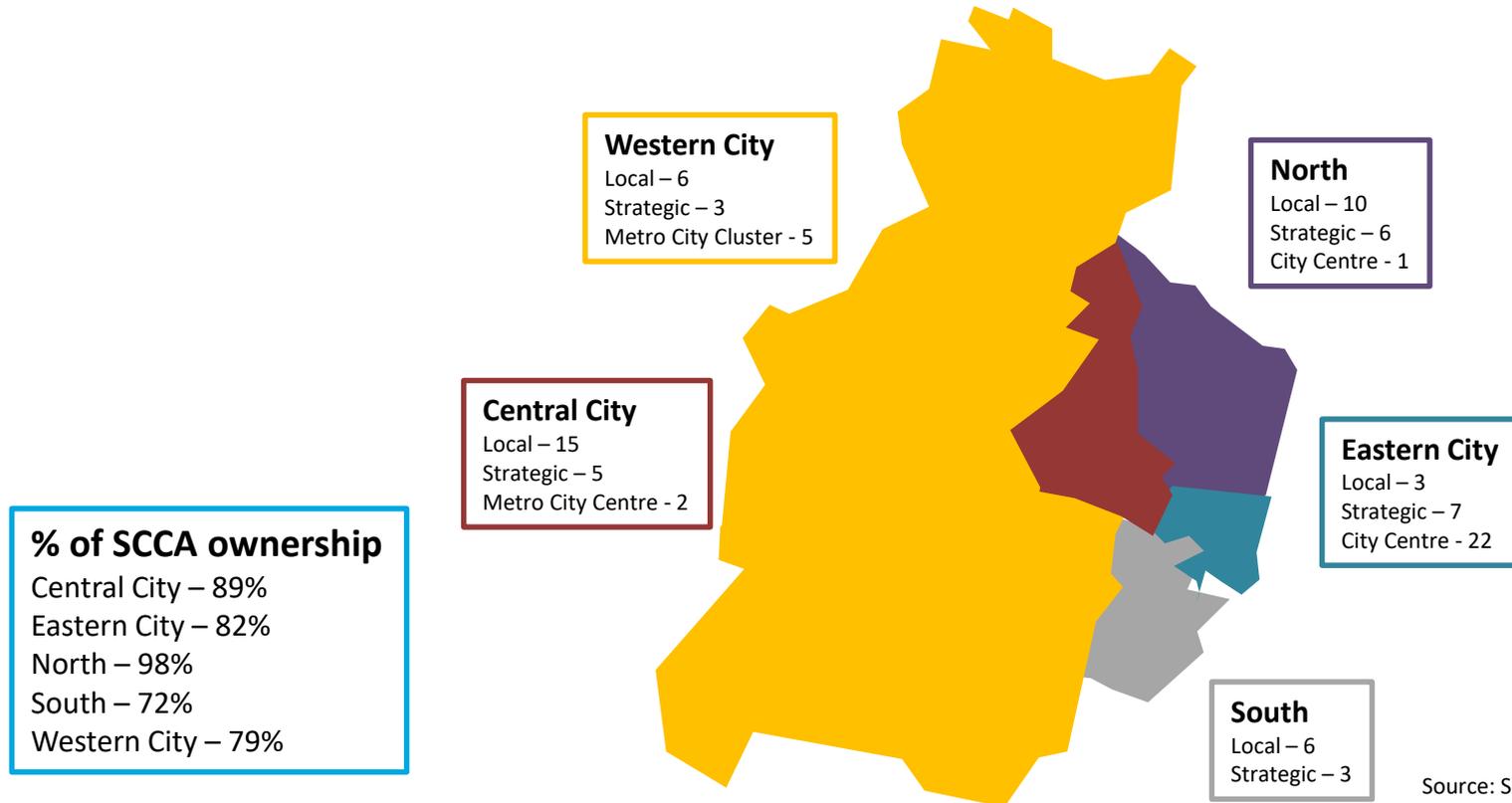
# 1. Support for 'Three Cities'

- When finalised, the Sydney Region Plan and District Plans will set a **positive framework** for the ongoing, appropriate consideration of retail policy and planning across greater Sydney.
- The SCCA recommends that the GSC seek to ensure that any future contemplation of retail policy and planning is **anchored** to the strategic and spatial objectives detailed in the Sydney Region Plan and District Plans.
- This will ensure consistency, and that the **GSC is not undermined** (which we have identified as a risk).
- We have made similar representations to the NSW Department of Planning and Environment, including with regard to the **concerning commentary and recommendations** of the Retail Expert Advisory Committee (REAC).
- The SCCA will **resist** any proposal which may undermine the strategic and spatial objectives defined by the GSC in the Sydney Region Plan and District Plans.

# 1. Support for 'Three Cities'

- SCCA members own or manage over **90 shopping centres** within the GSC's five districts.
- These centres encompass in excess of **2.9 million square metres** of retail floorspace and exist across the various centre types, including strategic and local centres.
- Specifically, SCCA members own and manage 24 centres in 21 of the GSC's nominated 34 strategic centres.
- SCCA members will be **important partners to the GSC**, and the NSW Government, in achieving the strategic and spatial objectives in the Sydney Region Plan and District Plans.

# 1. Support for 'Three Cities'



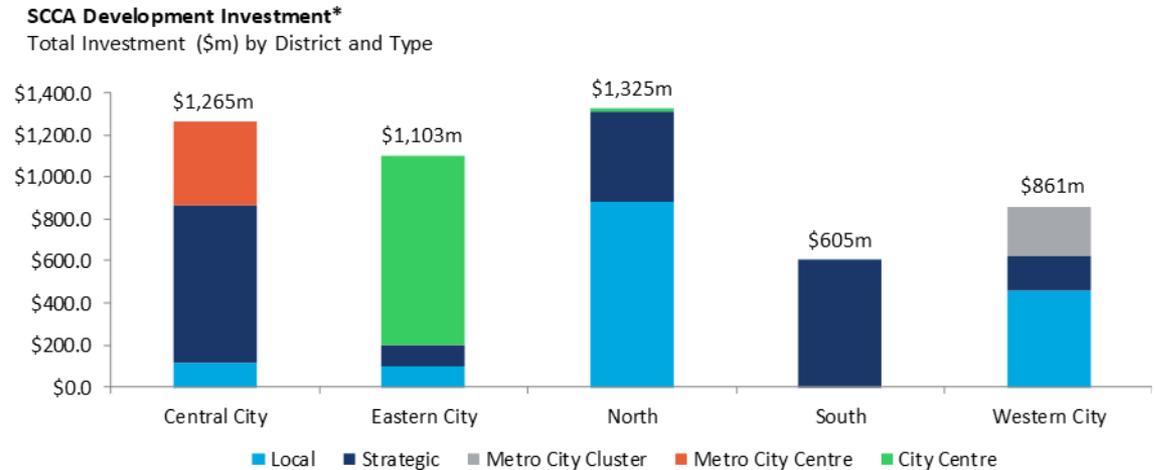
# 1. Support for 'Three Cities'

The Sydney Region Plan and the District Plans send strong and positive **investment signals** to the private sector.

SCCA members have invested **\$3.1 billion** in NSW in the last three years (2014-16), **\$2.4 billion** (or 80%) of which was within the GSC's five districts.

An additional **\$2.7 billion** is currently planned to be invested in the five districts.

This future investment should be **reinforced and leveraged**, not undermined.



\*Development Investment = 2014-16 + future pipeline

Source: SCCA Research

# 1. Support for 'Three Cities'

- Investment in shopping centres **can be relied upon** by Government – it is long term, and occurs across diverse markets, including with regard to income levels and demographics.
- This strongly aligns with the GSC's focus on **rebalancing opportunity**, and creating jobs and vibrant places.
- For example, eight of the 12 LGAs in the **Central City** and **Western City** districts have a median weekly household income (MWHI) lower than the MWHI of Greater Sydney (\$1,750).
- SCCA members have a future development pipeline of some **\$1.6 billion** in those two districts, representing approximately 40% of development investment across the whole of NSW.
- This investment will create **local jobs, convenience and experiences for residents**.
- Our members also invest in neighbourhood, or supermarket based, centres.

# 1. Support for 'Three Cities'

Shopping centres remain **incredibly popular** hubs of activity.

Shopping centre owners and managers invest in responding to **consumer demands and preferences** to ensure high visitation, thereby maximising existing and planned investment in transport connectivity.

For example, foot traffic was measured across a representative sample of 18 centres across Greater Sydney for the Christmas trading period (1 December to 7 January) between 2013 and 2016.

There have been significant **increases in foot traffic** over the last four years.

Year	Foot Traffic	Increase
2013	33.8 million	n/a
2014	34.3 million	1.5%
2015	36.1 million	5.1%
2016	37.1 million	2.8%

Source: SCCA Research

# 1. Support for 'Three Cities'

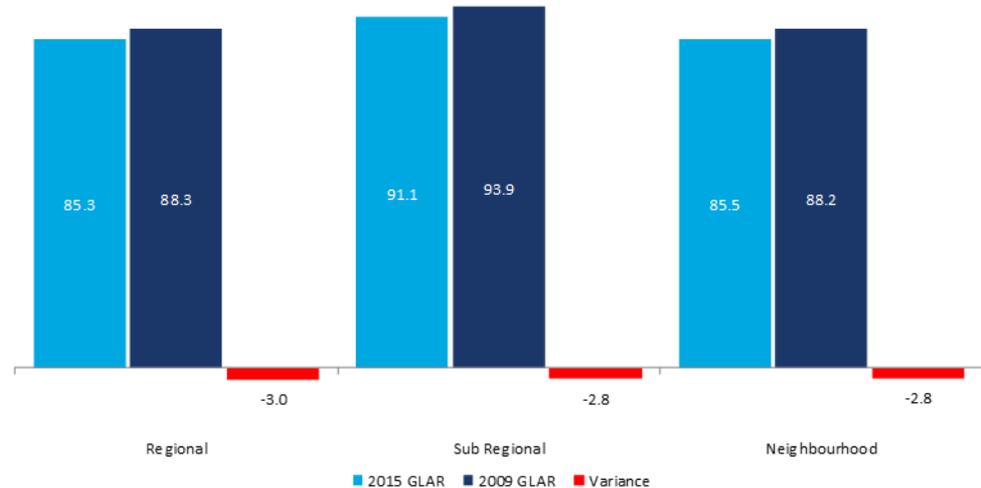
Shopping centres are '**community hubs**' with more than just retail uses. This aligns with the GSC's strategy to diversify activities in centres and to create vibrant and safe places.

The proportion of **non-retail space** in Australian shopping centres is changing.

Most notably there has been an increase in non-retail floor space of ~3 percent for Regional, Sub Regional and Neighbourhood centres.

Australian Shopping Centre Trends

Proportion of Retail Floor Space in Shopping Centres - 2009 vs. 2015



Source: SCCA Research

# 1. Support for 'Three Cities'

- The GSC has appropriately acknowledged the **economic significance of centres**, including with regard to private sector investment and jobs creation - the Sydney Region Plan and District Plans set a good framework to maximise this significance over time.
- According to industry research, almost **two thirds** of 'Retail Trade' employees are employed in shopping centres.
- Centres, including shopping centres, are hubs of employment (generating **income and payroll tax**), property investment (generating investment taxes and charges, including **land tax**), and consumption of goods and services (generating **GST**).
- A typical large shopping centre makes a considerable tax contribution:

TYPICAL LARGE SHOPPING CENTRE



Source: SCCA Research, flaticon.com

SNAPSHOT: ILLUSTRATIVE TAX CONTRIBUTION



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**Land value: \$44 MILLION**

Land tax: \$970,000

Council rates: \$2.7 million

Fire Services Levy: \$190,000

**Moving Annual Turnover (Retail Sales): \$465 million**

GST estimation: \$18 million

# 1. Support for 'Three Cities'

- A spatial analysis of our members assets across the 5 districts indicates that 75% of SCCA member-owned assets in strategic centres are located less than 2km from a train station.
- This aligns with the GSC vision to maximise accessibility and private investment, and encourage the '30 minute city'.



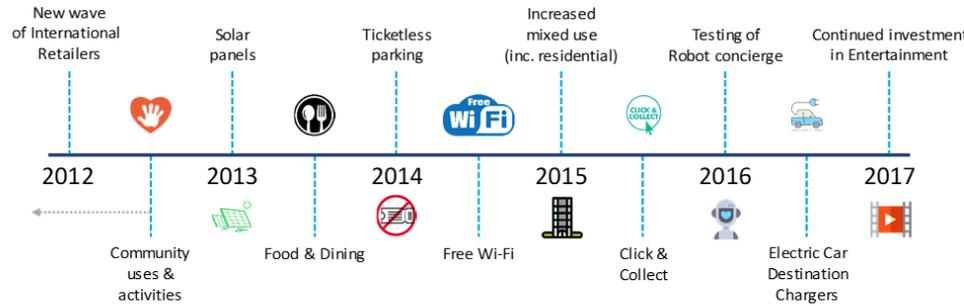
Source: SCCA Research

# 1. Support for 'Three Cities'

- The GSC's parameters for the consideration of **new centres** where there is already a prevalence of retail in an industrial area, including that they be more than a stand-alone supermarket and deliver quality urban design and amenity, are sensible.
- The application of a **net community benefit**, supported by a strategic review of centres, is a sensible proposal.
- That the GSC has not proposed the application of a net community benefit test to proposals for retail uses to enter industrial zones (only once there is a prevalence of retail), indicates that the prevailing view of the GSC is that **retail uses should not encroach on industrial land**.
- We agree with this view.

## 2. Innovation in retail and shopping centres

- The GSC is right to acknowledge that **innovation in retail and shopping centres needs to be supported** – the ongoing considerations noted in the Sydney Region Plan are sensible.
- However, innovation in retail is **not always planning driven**, nor will it necessarily need a planning response.
- In centres, innovation is best supported by **investment certainty** and an understanding and expectation within the planning system that those are the locations where retail investment and innovation should be occurring.



Source: SCCA Research  
Icon Source: flaticon.com

NOTE: Timeline is for illustrative purposes only.

## 2. Innovation in retail and shopping centres

Retail is not static and spending trends, populations and catchment demographics **change over time**.

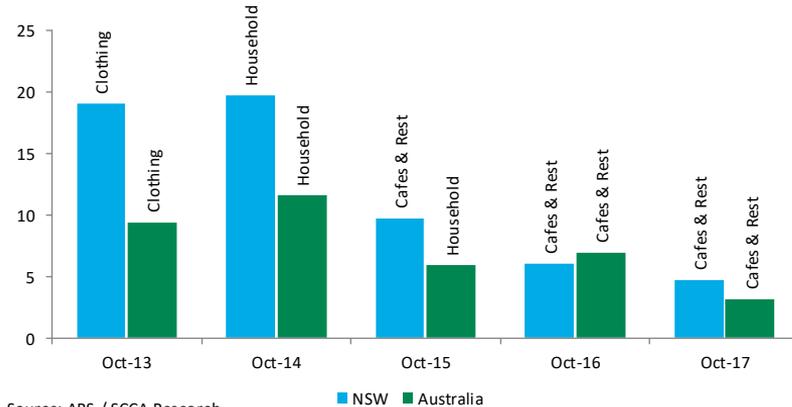
This means that shopping centres need to be dynamic to make sure that consumer trends are satisfied and that **shopping centres don't stagnate and decline**.

Landlords actively consider **investment and expansion options** for their centres to respond to future demands from the changing nature of retailing.

**In the right locations, the planning system shouldn't get in the way.**

### 5-year Retail Category Growth

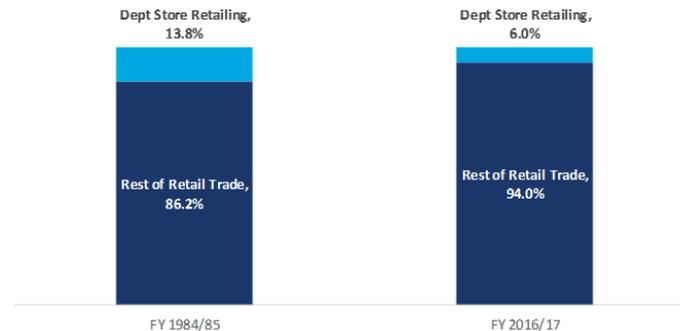
ABS Retail Turnover (Seasonally Adjusted) - October 2017  
Highest Growth by Category (%) 12-months to...



Source: ABS / SCCA Research

## 2. Innovation in retail and shopping centres

- Innovation also captures trends like ‘pop-up’ and short term leasing/licensing, which are underpinned by concepts such as **activation, exclusivity, experience and personalisation**.
- Across Australia, it is estimated that there are around 6,000 dedicated casual mall ‘sites’ in shopping centres.
- The need to **respond to market dynamics** also drives innovation; for example, the relative reduction of department store spending (and, in some instances floorspace), and the rise in ‘popularity’ of speciality (smaller) stores.



Source: ABS (Cat. No 8501.0)/SCCA Research

## 2. Innovation in retail and shopping centres

- A significant innovation in retail in recent years has been the introduction of **international retailers**, including those specialising in ‘fast fashion’.
- High profile brands Forever 21, H&M, Sephora, Uniqlo and Zara have opened 27 stores in Greater Sydney’s five districts in recent years.
- 25 of these stores are located within SCCA owned centres.
- This is not a planning, but a **consumer, led and supported** innovation in the retail sector.

Retailers by District

North	10
Eastern City	9
Western City	2
South	2
Central City	2

Retailers by Centre Type

Local	5
City Centre	6
Metro City Cluster	2
Strategic	10
Metro City Centre	2

Source: SCCA Research

## 2. Innovation in retail and shopping centres

**Online retailing** has been a presence in the retail sector in Australia for many years.

The GSC is right to keep an eye on **potential impacts** on planning for cities, including things like ‘just in time’ logistics. ‘New entrants’, like Amazon, should also be given appropriate perspective.

However, it is just as important to ensure that, overtime, **barriers to investment in retail floorspace in the right locations** (e.g. centres) are removed to ensure the sector can continue to innovate and meet customer expectations.

Amazon – jurisdiction comparison		
Australia		Canada
24.6m	Population	35.1m
9.98m	Size (sq km)	7.69m
3.5	Density (persons/sq km)	3.2
\$48,806	GDP (PPP - US\$/capita)	\$46,199
94 sq m	Shopping Centre GLA (per 100 persons)	143 sq m
\$12,831	Retail Spend (US\$ per capita)	\$9,941
2017	Amazon Launch	2002
TBC	Market Share	1%
88%	Internet Usage <sup>1</sup>	90%
59%	Internet Shoppers <sup>1</sup>	62%

Source: SCCA Research / Trading Economics / FGRT

<sup>1</sup> as a percentage of population (2016)

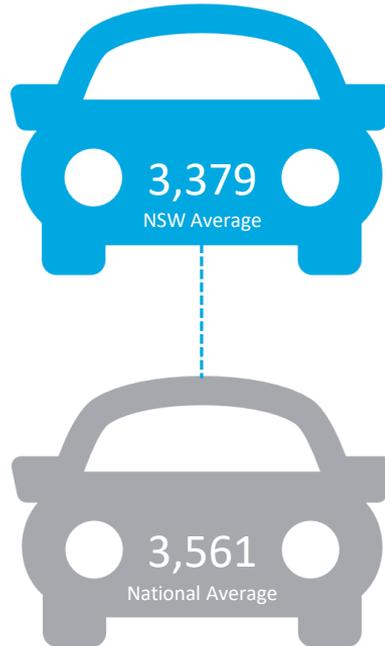
## 2. Innovation in retail and shopping centres

**Car parking remains critical** to shopping centre operations, and shopping centre retailers.

There are an average of 3,379 car spaces in large shopping centres in NSW.

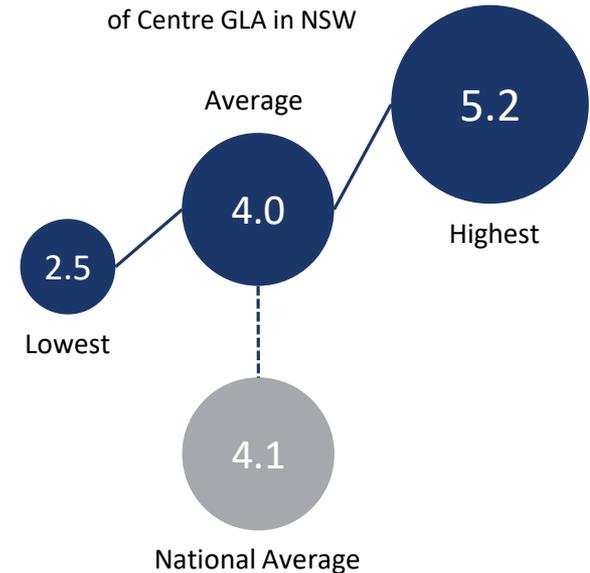
Recent innovations in this space include **wayfinding, ticketless parking and the introduction of vehicle charging stations.**

Innovations, and adaptation, will continue overtime.



### Car Space Ratio

No. of Cars per 100 sq m of Centre GLA in NSW



### 3. Risk presented by REAC

- We are concerned that the **positive and constructive strategic and spatial framework** set by the GSC with regard to retail planning and centres could be undermined by the commentary and recommendations of the REAC.
- The outputs and implementation tasks which flow from the REAC report should be **consistent with, and anchored to** the, Sydney Region Plan and District Plans.
- While the GSC sets **clear investment signals** based on preferred locations for investment, including Government investment in transport and other infrastructure, REAC sends a ‘shallow’ signal based on the ‘needs’ of various uses/types, and zoning.
- REAC’s approach is **‘back to front’**.
- REAC’s proposals are incongruous to the approach of the NSW planning system (and the GSC) which focusses on **managing land use and associated impacts** to create great and productive places, not the *“proactive accommodation of sector needs”* (page 7 of REAC report).

### 3. Risk presented by REAC

- Although it's pleasing that **REAC reinforces activity centres** as the primary locations for retail development, this comes with conflicting commentary and recommendations that will set sensible discussions around strategic planning, retail investment and competition policy back years.
- No contemplation has been given by REAC to the wide range of benefits that the GSC want to facilitate and leverage across greater Sydney, including **maximising and coordinating government and private sector investment** to deliver improved accessibility, walkability and liveability.
- REAC proposes **fiddling with statutory instruments** to deliver 'more' land without an obvious strategic reference point.
- This may drive poorly defined spatial outcomes which are inconsistent with, and potentially undermine, the 'Three Cities'.

### 3. Risk presented by REAC

- This has already been demonstrated by the proposal by the Department of Planning and Environment, based on a REAC recommendation, to change the definition of ‘bulky goods premises’ without any consideration of potential implications, including **inconsistencies within the Standard Instrument LEP**.
- REAC’s contemplation of bulky goods retailing is **not sufficiently nuanced or evidenced based** to be credible.
- **There is already a ‘bulky goods’ zone** that councils have the ability to apply.
- Simply stating that a certain proportion of councils do not use the zone, as REAC does, is immaterial without understanding why councils have chosen not to apply the zone (e.g. constraints on land, sufficient other land appropriately zoned, existing bulky goods retailing in the catchment etc).

### 3. Risk presented by REAC

- The GSC proposes a structured, and tailored, approach to the consideration of **industrial land across greater Sydney**.
- This considers the **future needs of communities** in line with the GSC's objectives, and contemplates pressures from a range of alternative uses, including retail and residential.
- Unhelpfully, the REAC has contemplated industrial lands through the prism of the 'needs' of some retail types/formats.
- The **REAC approach is short sighted** and, in our view, is a nod to bulky goods retailers which seek access to 'cheaper' land in industrial zones.
- This is unhelpful, and potentially undermining, as the REAC has **no spatial or strategic point of reference**.

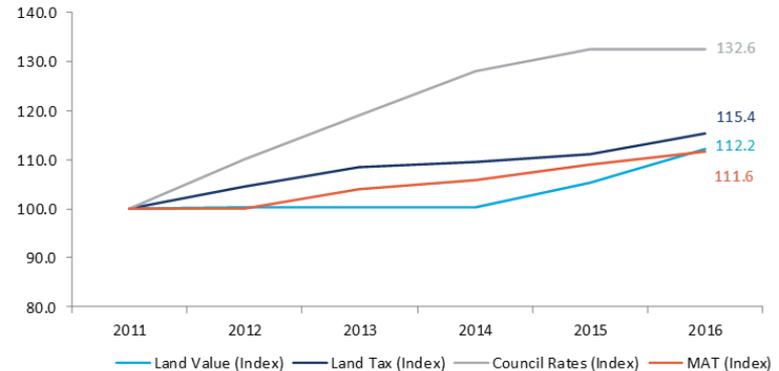
### 3. Risk presented by REAC

The REAC has **oversimplified** the concept of 'mixed use' development and seems to express a preference for high density residential, potentially at the expense of commercial uses, including retail, in centres.

Residential is important, but lazy generalisations about the use of zones by REAC does not consider potential **land value and 'highest and best use'** impacts on potential land uses.

Zoning also impacts other matters, including **statutory land valuations** for rate and taxation purposes.

SCCA Sample Pool Land Value vs. Land Tax & Council Rates  
New South Wales Index of Total Value 2011 to 2016



Source: SCCA Research

### 3. Risk presented by REAC

- The REAC has **oversimplified its consideration of supermarket provision**, and does not contemplate the range of issues considered by the GSC, including walkability, infrastructure investment, and the need for high levels of amenity, or the productivity and location of existing supermarket space.
- It is a **particular concern** that the REAC proposes that the provision of supermarkets could be based on a demonstrated ‘need’ (page 36 of REAC report).
- Proposals regarding the permissibility of supermarkets in other zones **should not be contextualised** as easing “*pressure on centres*” (page 36 of REAC report); centres should accommodate such uses in a sensible and planned way.

# Contact

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