

South Dural, NSW

Economic Impact Assessment

July 2016



MacroPlan Dimasi

MELBOURNE

Level 4

356 Collins Street

Melbourne VIC 3000

(03) 9600 0500

BRISBANE

Level 15

111 Eagle Street

Brisbane QLD 4000

(07) 3221 8166

ADELAIDE

Ground Floor

89 King William Street

Adelaide SA 5000

(08) 8221 6332

SYDNEY

Level 6

39 Martin Place

Sydney NSW 2000

(02) 9221 5211

GOLD COAST

Level 2

89 -91 Surf Parade

Broadbeach QLD 4218

(07) 3221 8166

PERTH

Level 1

89 St Georges Terrace

Perth WA 6000

(08) 9225 7200

Prepared for: APP

MacroPlan Dimasi staff responsible for this report:

Wayne Gersbach, General Manager – NSW

James Turnbull, Senior Manager – Retail

Adelaide Timbrell, Analyst – Retail

Table of contents

Executive summary	i
Introduction	viii
Section 1: Site context, literature review and proposed development concept	1
1.1 Regional and local context	1
1.2 Previous retail and commercial report - 2008	5
1.3 Indicative development concept	6
Section 2: Trade area analysis	8
2.1 Trade area definition	8
2.2 Trade area population	11
2.3 Socio-demographic profile	13
2.4 Retail expenditure capacity	15
Section 3: Competition	21
3.1 Existing competition	21
3.2 Proposed competition	24
Section 4: Retail and commercial potential	27
4.1 Supermarket floorspace market gap	27
4.2 Recommended retail and commercial provision	31
Section 5: Retail trading impacts	32
5.1 Purpose of retail impact assessment	32
5.2 Estimated retail trading impacts	32
5.3 Non-retail impacts	35
Section 6: Other economic impacts	36
6.1 Employment and multiplier benefits	36
6.2 Appropriateness of residential development	38

Executive summary

This report presents an independent assessment of the potential scale, mix and timing of retail and commercial floorspace that could be supported in the South Dural Urban Investigation Area (SDUIA), were it to be rezoned in accordance with the planning proposal, to allow the development of up to 2,900 residential dwellings.

This report also examines the potential economic impacts that could ensue from the proposed rezoning, including impacts on the surrounding centres hierarchy; other economic and employment impacts; and examines the appropriateness of the residential development in the context of the surrounding residential market, having regard to major infrastructure projects occurring in the region.

We have summarised our key findings as follows:

Subject site & surrounds

- The SDUIA is located around 33 km north-west of the Sydney central business district (CBD), and is bound by New Line Road and Hastings Road to the east, and Old Northern Road to the north and west.
- The SDUIA is bordered to its immediate north-west by the Round Corner Local Centre retail/business precinct which contains an estimated 10,000 sq.m of retail/commercial floorspace including Woolworths and Aldi supermarkets as well as convenience retail, cafes, restaurants and ancillary non-retail services.
- Based on the technical studies that have been prepared thus far (i.e. as at May 2016) site could potentially yield up to 2,900 new residential dwellings, supporting a population of around 8,500 – 9,000 persons once developed.

Trade area population growth, supermarket demand and market gap

- We have determined a potential main trade area that could be served by potential retail/commercial facilities, were they to be established within the SDUIA. The primary sector is defined in accordance with the subject site boundaries, and the broader main trade area also includes two secondary sectors.
- The main trade area population is estimated at 25,500 as at June 2015, including only 600 residents within the key primary sector. By 2036, the primary sector population is estimated to reach around 9,150 persons, and with some moderate growth in the surrounding secondary sectors, the main trade area population could potentially reach 37,300 persons by 2036.
- The main trade area population currently generates demand for around 10,300 sq.m of supermarket floorspace (allowing for some leakage to higher order retail centres). There is only around 8,000 sq.m of supermarket supply in the main trade area (3,756 sq.m Woolworths supermarket and 1,350 sq.m Aldi supermarket at Round Corner; a 350 sq.m IGA at Dural; a 250 sq.m IGA and a new 1,300 sq.m Aldi at Galston; and a 400 sq.m Foodworks at Kenthurst), which means there is an existing market gap of around 2,300 sq.m of supermarket floorspace.
- With future population growth, the market gap is expected to increase by a further 6,600 sq.m by 2036, resulting in a total market gap of 8,900 sq.m – assuming no additional supply.

Future competition

- A development application has been submitted for **Skyline Dural**, a mixed-use residential and commercial development proposed on the lot immediately south of Round Corner, which is planned to include around 2,400 sq.m of retail floorspace (including a supermarket of 1,559 sq.m (1,078 sq.m plus 481 sq.m back of house), three restaurants, and seven specialty retailers) as well as 2,500 sq.m of commercial uses on Level 1. With only a small supermarket floorplate, this would likely be tenanted by the likes of IGA or a boutique grocer like Harris Farm Markets or About Life. This development application was still under assessment as at July 2016.

- A planning proposal has been submitted to Hornsby Council for the rezoning of land at **268 - 274 New Line Road, Dural** from IN2 to B2 – Local Centre, adjacent to the SDUIA. This site is located immediately east of the Dural Hotel, just south of the roundabout intersection with Old Northern Road. The proposed rezoning would allow for the development of a new two storey mixed use development including a full-line supermarket based shopping centre (of around 5,600 sq.m), bulky goods retail premises and other supporting non-retail uses (e.g. child care, gym, office etc). The site currently consists of a mixture of bulky goods and industrial uses. Hornsby Council resolved to forward the planning proposal to the NSW DPE in April 2016.

Recommended retail/commercial provision

- Our analysis has shown that there is currently a moderate existing market gap for additional supermarket facilities within the trade area. The proposed 1,559 sq.m supermarket at the Skyline Dural development would contribute to some of this gap being taken up, and the potential development of a 4,200 sq.m supermarket at the New Line Road site would generally help to satisfy the future supermarket demand generated by the main trade area population.
- In our view the New Line Road site (i.e. Dural Service Centre) represents a good location for a new convenience based local centre to serve the existing and future population around Dural, given its prominent position on New Line Road (with in excess of 20,000 VPDs); the site's current role and function within an existing bulky goods retail precinct; and its proximity to the SDUIA subject site – which is where most of the future population growth in the surrounding region will be accommodated.
- In our view, given the comprehensive retail offer provided at Round Corner and the proposed retail developments being considered at Skyline Dural and New Line Road, we do not recommend that a dedicated business zoned retail centre be provided within the SDUIA subject site. The new development at New Line Road is likely to consist of a mix of full-line supermarket facilities, supporting convenience oriented specialty retail and supporting commercial/community oriented services.

- The new population is expected to generate some demand for non-retail services such as medical facilities, entertainment, childcare, schools as well as local jobs/employment, which would be available for capture by existing facilities and proposed new facilities.
- Some ancillary retail/commercial uses could potentially be provided within the residential zone in the subject site, depending on the list of permissible uses outlined in the planning proposal.

Estimated retail and commercial trading impacts

- Without a planned retail centre, the proposed rezoning and subsequent development of the SDUIA subject site will result in positive trading impacts on the surrounding centres.
- The new population within the SDUIA subject site (i.e. the primary sector) is estimated to generate annual retail expenditure of around \$156 million (\$2015) by 2031, including around \$55 million in food & grocery expenditure.
- Much of the food & grocery and convenience oriented retail expenditure generated by this new population would be directed to the existing convenience based centres in the immediate locality, in particular the Round Corner Local Centre (including the proposed Skyline Dural retail development) and the proposed new local centre development at New Line Road – assuming it is approved and proceeds.
- We estimate that the Round Corner Local Centre could benefit from a positive trading impact of around \$27 – 28 million (\$2015) by 2031, which will help to offset impacts from the new development at New Line Road and the future upgrade of Castle Towers which will include a new Woolworths supermarket.
- We estimate the proposed new retail centre at New Line Road could benefit by around \$21 - 22 million (\$2015) by 2031. Smaller centres at Dural, Kenthurst and Oakhill would also likely see some positive uplift in sales volumes as a result of the proposed development of the SDUIA.
- Furthermore, surrounding higher order retail centres such as the Castle Hill Major Centre (+\$32 million), Norwest Business Park, Rouse Hill Town Centre and surrounding bulky

goods retail precincts such as those at Castle Hill and Dural will benefit from the higher order, discretionary retail expenditure demand generated by the new population that will establish at the SDUIA subject site.

- The new population is expected to generate some demand for non-retail services such as medical facilities, entertainment, childcare, schools as well as local jobs/employment, which would be available for capture by existing facilities and proposed new facilities. This demand is expected to be captured by existing businesses/facilities within the surrounding centres network, and additional facilities are likely to be provided in new centres/developments in the surrounding region.

Employment and economic multiplier impacts

- The proposed development of the subject site will result in considerable economic multipliers and employment benefits, both directly and indirectly, across the economy.
- The total production value of the construction of dwellings at the subject site is \$1.16 billion (in nominal terms and around \$230 million for civil works, over the course of the project.
- We estimate that around 750 direct jobs per annum could be created during the development of the subject site, equivalent to approximately 3 jobs per dwelling per annum.
- We estimate that the new population that will establish at the subject site, once it is developed, would include around 4,900 – 5,000 employed residents. We estimate around 500 of these workers would work from home, resulting in limited traffic impacts; and around 800 – 900 workers would be mobile and would not require immediate proximity to rail infrastructure; while the remaining 3,550 of these workers would be working in jobs in centres/precincts. The relatively proximity of the subject site to major employment precincts such as Castle Hill and Norwest and indeed, the new rail line (which will have commuter parking) mean that many of these workers may only need to undertake short private vehicle trips in order to access employment.

- Furthermore, around 50,000 new jobs are planned within the precincts around the new rail corridor within around 10 km of the subject site. The new residents at the subject site would likely contribute to some of this jobs growth.

Appropriateness of new residential development

- There are a number of major residential growth areas across the surrounding region including the significant North West Priority Growth Area (NWPGA) and priority precincts along the Sydney Metro Northwest rail corridor. In total, there are five significant precincts identified within about 10km could provide a further 28,000 new residential dwellings over the longer term (including 24,000 or so in the metro corridor precincts).
- Much of the residential stock being planned around the metro corridor precincts will be medium-high density and will generally serve a different market to the low-medium density lifestyle housing planned in the SDUIA precinct. The SDUIA residential market positioning would be as a lifestyle/ecological residential estate that leverages off the existing riparian corridor in the middle of the site, with some medium-high density development potentially to be accommodated in the north-east corner of the site, close to Round Corner.
- The scale of development planned at the subject site (i.e. 2,900 dwellings over the long term) represents only 10% of the identified number of dwellings planned in the five new precincts, which is relatively small, however it will help to contribute to the future growth targets for the Hornsby LGA over the next 20 years, which is projected to grow by a further 40,000 persons over this timeframe (according to the NSW DPE Population and Housing Projections). Indeed, this additional population would be equivalent to around 20% of this total housing target.
- In this context, residential development in the SDUIA will provide alternative housing choice for residents in north-west of Sydney, and will have limited impacts on the surrounding development of residential dwellings along the rail corridor. Multiple development fronts, with a diverse product mix will be particularly important to ensure a

functional residential market and that future growth in the Hornsby LGA can be accommodated sustainably.

- There is a pressing need for more apartments and townhouses in the Hornsby LGA. There have been numerous projects with the Hornsby city centre, but few beyond this location. Steep inclines across many parts of the LGA make it difficult to find suitable sites for apartment projects. Parts of the subject site can deliver on this though.
- New apartments provide a critical addition of more affordable housing. In particular, continued additions of rental housing supply are needed, even in locations beyond the city centre. New rental accommodation at South Dural will help to maintain key workers, such as nurses, police and emergency services employees. These workers tend to have mobile roles within the community, and South Dural housing will allow people to readily move to Hornsby town centre, Castle Hill and south to Epping.
- New apartments will be important as a means of downsizing for older households. As a secluded and peaceful location within the Hornsby LGA, South Dural will be very attractive for local empty nesters and retirees. The subject site will tend to provide more affordable apartments, when compared to new projects along the railway line from Hornsby into the city. This combination of factors mean that new apartments at South Dural will deliver for a market niche that is increasingly important for long-time Hornsby residents.

Introduction

This report presents an independent assessment of the potential scale, mix and timing of retail and commercial floorspace that could be supported in the South Dural Urban Investigation Area (SDUIA), were it to be rezoned in accordance with the planning proposal, to allow the development of up to 2,900 residential dwellings.

This report also examines the potential economic impacts that could ensue from the proposed rezoning, including impacts on the surrounding centres hierarchy; other economic and employment impacts; and examines the appropriateness of the residential development in the context of the surrounding residential market, having regard to major infrastructure projects occurring in the region.

This report has been prepared in accordance with instructions received from APP, the lead consultants managing the planning proposal. This report is presented in six sections as follows:

- **Section 1** presents an overview of the regional and local context of the SDUIA subject site and the wider North West Priority Growth Area (NWPGA); provides a review of the previous retail report prepared for the subject site in 2008; and provides an overview of the indicative development scheme associated with the proposed rezoning.
- **Section 2** examines the trade area that could potentially be served by retail/commercial facilities within the SDUIA subject site; then provides estimates of current and anticipated dwelling and population levels within this trade area; provides an overview of the socio-demographic profile of the current and future population; and assesses the current and future retail expenditure volumes, by retail category generated by the trade area population.
- **Section 3** reviews the surrounding retail/centres hierarchy of relevance to proposed retail/commercial facilities in the SDUIA subject site, including all planned and proposed centres of relevance.

- **Section 4** translates the available retail expenditure market into estimates of supermarket floorspace demand, and compares this with the existing supply of supermarket floorspace across the main trade area to determine the current and projected market gap for such facilities. This section also provides recommendations assesses the appropriate scale, mix, distribution, configuration of supportable retail and ancillary commercial floorspace within the SDUIA subject site.
- **Section 5** presents our estimates of potential economic impacts on the surrounding retail/centres hierarchy; and discusses the implications of these impacts.
- **Section 6** presents and examines other economic impacts associated with the proposed rezoning of the SDUIA subject site, including employment generation and other economic impacts associated with additional residential development at the subject site.

Section 1: Site context, literature review and proposed development concept

1.1 Regional and local context

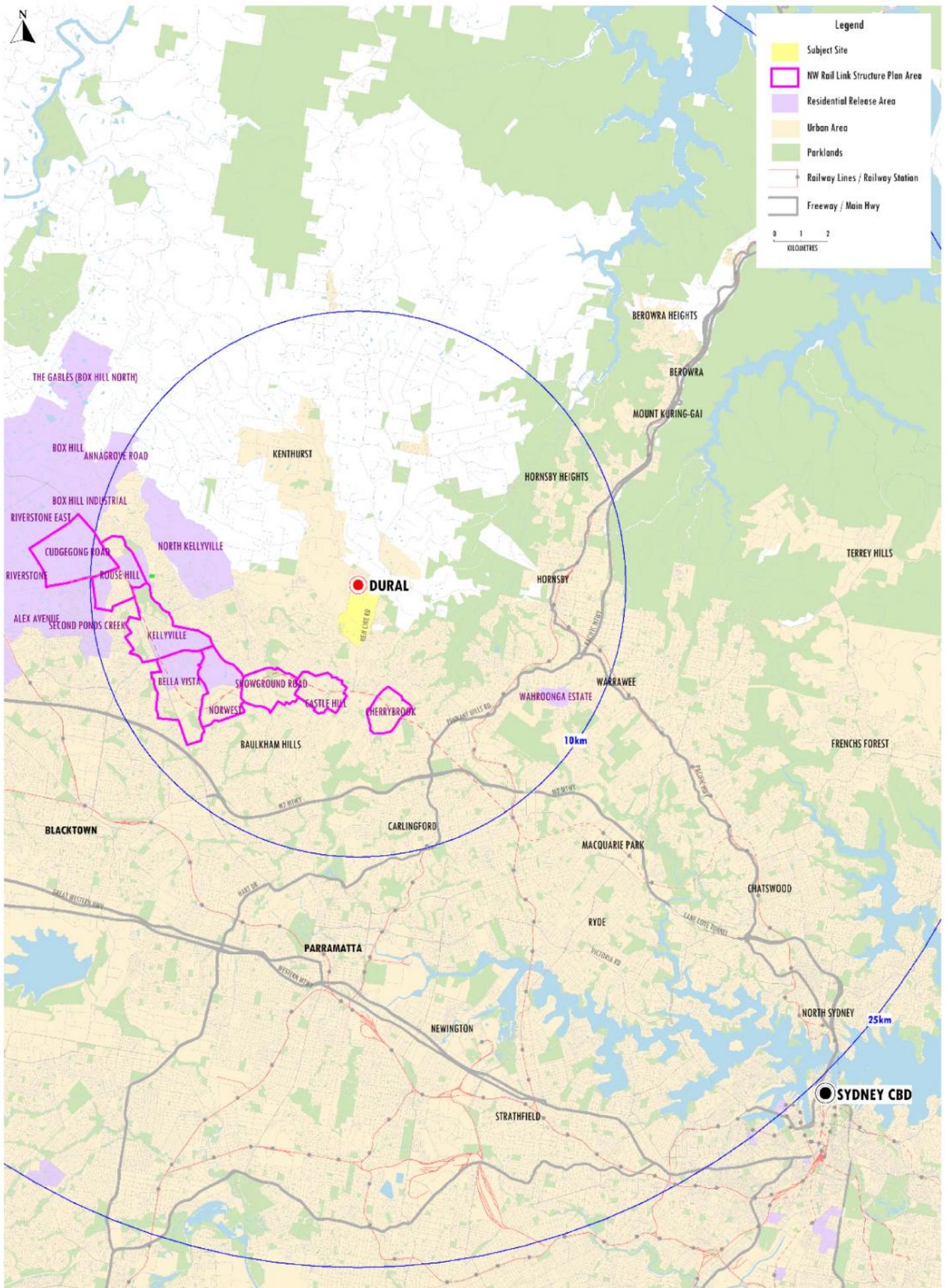
The South Dural Urban Investigation Area (SDUIA) is located around 33 km north-west of the Sydney central business district (CBD), and is generally bounded by New Line Road and Hastings Road to the east, and Old Northern Road to the north and west. Map 1.1 illustrates the regional context of the SDUIA subject site.

The subject site currently contains around 200 low density residential dwellings, as well as a large green corridor, which includes Georges Creek. The southern part of the subject site is located around 5 km north of the Castle Hill Major Centre and proposed Sydney Metro North West rail line, which is due to open in 2019.

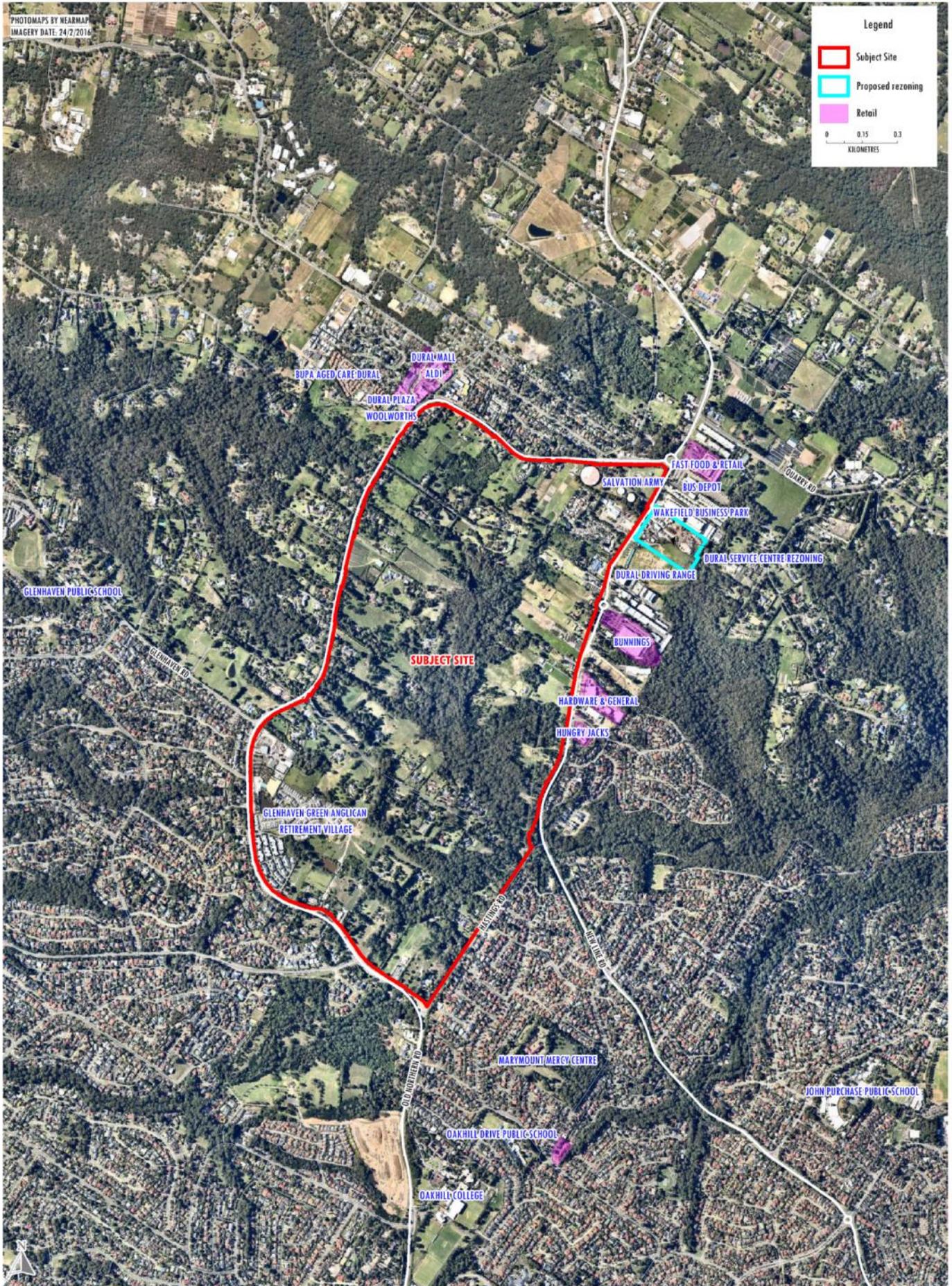
The SDUIA is bordered to its immediate north-west by the Round Corner Local Centre retail/business precinct which contains an estimated 10,000 sq.m of retail/commercial floorspace including Woolworths and Aldi supermarkets as well as convenience retail, cafes, restaurants and ancillary non-retail services such as Australia Post and the Round Corner Medical Practice.

A small IGA anchored centre is located less than 2 km north of the site on Old Northern Road and Oakhill Village is located less than 1 km from the southern border of the subject site. Map 1.2 illustrates the local context of the subject site.

Other landmarks in immediate proximity to the SDUIA subject site include Redfield College to the north and Oakhill College to the south-east; a bulky goods retail/industrial precinct around the intersection of Old Northern Road and New Line Road and the Glenhaven Green Retirement Village to the south-west, located east of Old Northern Road but not part of the SDUIA subject site.



Map 1.1: South Dural
Regional context



Map 1.2: South Dural
Local context

There are a number of major residential growth areas across the surrounding region including the significant North West Priority Growth Area (NWPGA) and priority precincts along the Sydney Metro Northwest rail corridor. These are summarised below:

- **Castle Hill and Showground:** which are both planned to accommodate a net increase of around 4,400 dwellings between 2012 and 2036 (i.e. 8,800 total dwellings).
- **Norwest:** which is planned to accommodate around 4,350 additional dwellings by 2036, as well as accommodating a further 13,000 - 15,000 jobs by 2031.
- **Bella Vista:** which is planned to accommodate approximately 4,400 additional dwellings by 2036 plus a further 10,000 jobs.
- **Rouse Hill/Cudgegong Road:** could potentially accommodate a further 4,500 new dwellings and around 7,500 - 8,000 jobs. A major expansion of the Rouse Hill Town Centre retail shopping centre is expected to occur over the next decade.
- **Cherrybrook:** which is planned to accommodate around 1,800 additional dwellings by 2036 and a moderate amount of additional employment.
- **North Kellyville:** which forms part of the NWPGA, is planned to accommodate around 4,500 additional dwellings and a 15,000 sq.m town centre anchored by two supermarkets, as well as two local centres.

In total the above precincts could provide a further 28,000 new residential dwellings over the longer term (inc. 24,000 or so in the metro corridor precincts) and around 50,000 jobs.

1.2 Previous retail and commercial report - 2008

Hirst Consulting Services prepared a “*Retail and Commercial Potential Assessment*” for The South Dural Residents Group in 2008, which gave recommendations for the scale of retail, commercial and residential uses within the subject site.

- The report assumed that 80% of the demand generated by residents within the subject site would escape to the likes of Castle Hill, Rouse Hill, Round Corner and other nearby neighbourhood centres.
- The report recommended a short term (i.e. 2016) yield of specialty retail floorspace in the order of 800 sq.m, as well as 500 sq.m of non-retail floorspace.
- The ultimate retail/commercial recommendation for the subject site was for 2,400 sq.m of retail floorspace including a supermarket of 1,000 sq.m, supporting specialty retail in the order of 1,400 sq.m and commercial floorspace of 600 sq.m.
- The estimation for supportable retail was primarily driven by the population forecast within the SDUIA, which was 1,920 persons in 2016 and 4,095 persons in 2021, which only took into account the SDUIA and not the surrounding population.
- The report takes into account small scale retail facilities without supermarket anchors, including retail on Appletree Drive and Cherrybrook as well as the surrounding supermarket anchored centres such as Round Corner, IGA Dural, Oakhill Village Centre and Cherrybrook Village.
- Since the 2008 report, Kellyville Village has expanded to 9,600 sq.m of retail floorspace from around 5,700 sq.m.

1.3 Indicative development concept

Figure 1.1 illustrates the preliminary concept plan associated with the proposed rezoning of the SDUIA subject site. The indicative development concept includes:

- Up to 2,900 new residential dwellings.
- A significant green corridor/riparian zone running north-south through the site.
- Consideration of a possible retail/commercial centre within the subject site.

This report assesses the appropriateness of retail and commercial floorspace within the subject site and provides recommendations as to the appropriate scale, mix and timing of such floorspace. The population forecasts in this report are informed by the assumption that up to 2,900 dwellings could be developed across the subject site.

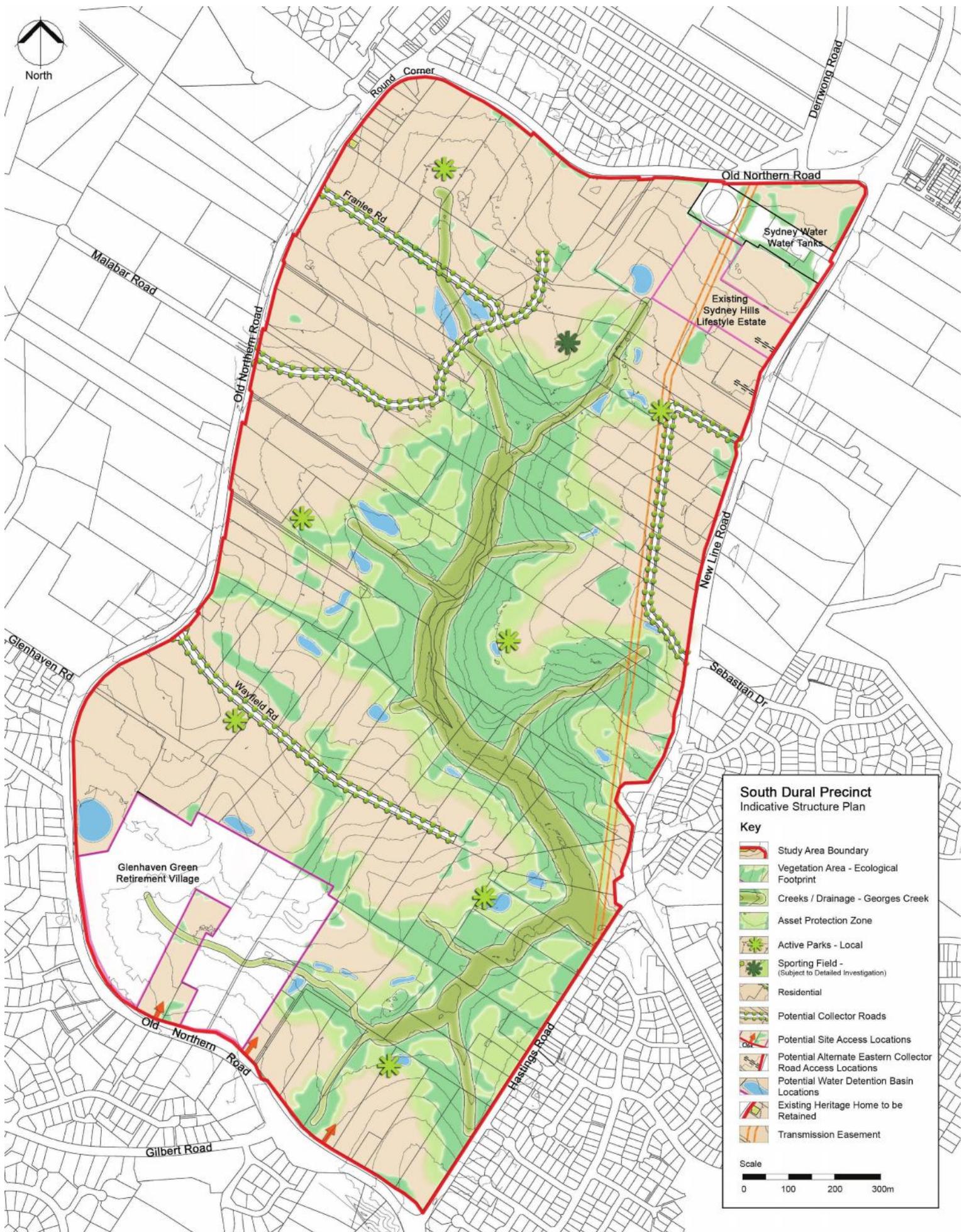


Figure 1.1

Section 2: Trade area analysis

This section of the report examines the potential trade area to be served by retail facilities at the subject site; provides estimates of current and anticipated population levels within the trade area; analyses the socio-demographic profile of the trade area population; and assesses the current and future estimated retail expenditure volumes, by retail category generated by trade area residents.

2.1 Trade area definition

The extent of the trade area or catchment that is served by any shopping centre, or retail facility, is shaped by the interplay of a number of critical factors. These factors include:

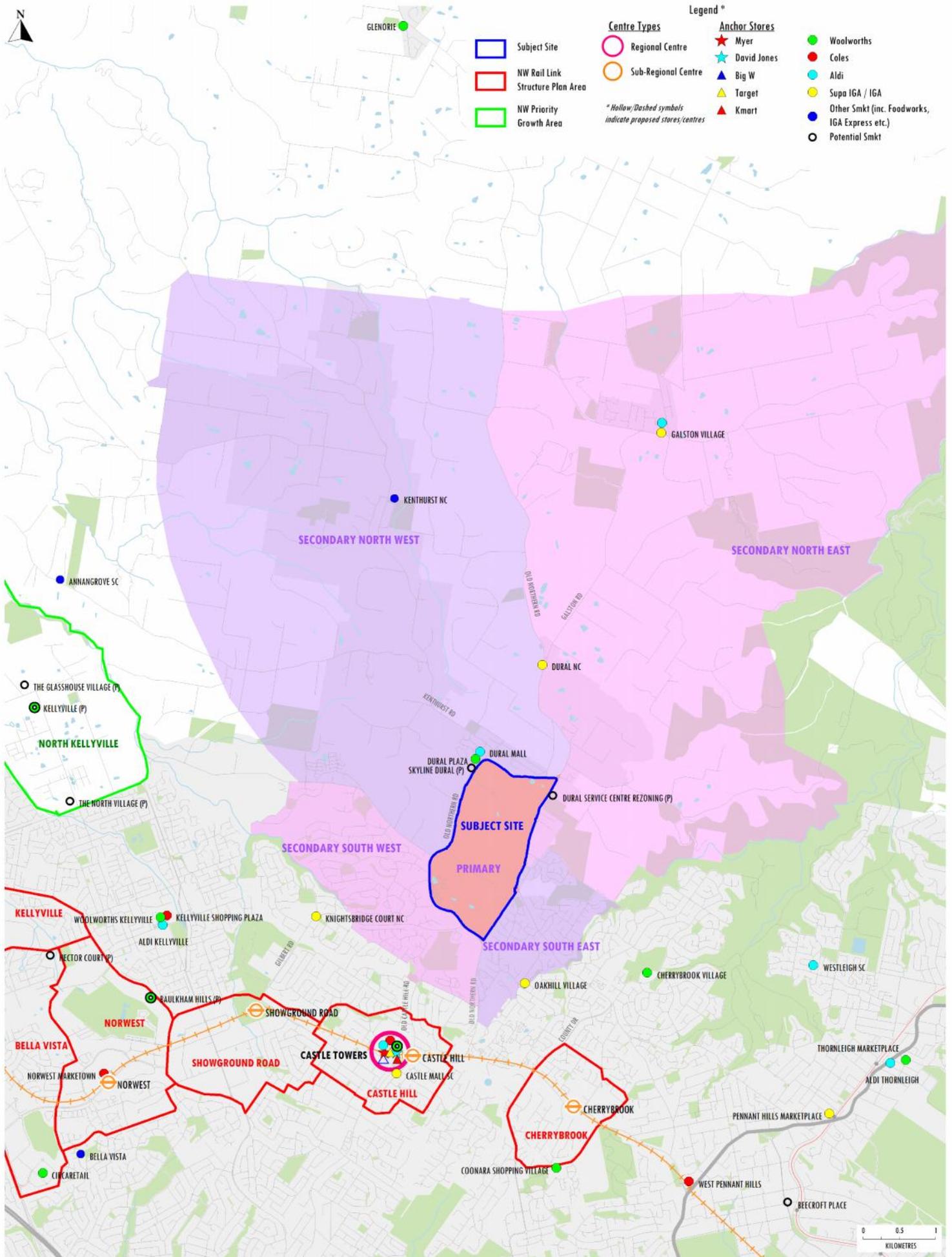
- The relative attraction of the centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and car parking, including access and ease of use.
- The proximity and attractiveness of competitive retail centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre is effectively able to serve.
- The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre.
- Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre.

The trade area which could potentially be served by retail facilities at the subject site has been defined taking into consideration all of the above factors, in particular the following:

- The relative lack of full line supermarkets within the main trade area. Aside from the 3,756 sq.m Woolworths supermarket at Round Corner, there are no full-line supermarket within the defined main trade area.
- The attraction of the established Round Corner retail/commercial precinct, which contains an estimated 10,000 sq.m of retail/commercial floorspace.
- The highly accessible nature of the site which is serviced by Old Northern Road and New Line Road.
- Major retail facilities within the region such as Castle Towers, which limits the trade area to the south.
- Significant physical barriers such as the national park to the east also limit the trade area.

Map 2.1 illustrates the defined **main trade area**, which consists of one primary sector and four secondary sectors, described as follows:

- The **primary sector** includes the South Dural Urban Investigation Area, which is generally bounded by New Line Road and Hastings Road to the east, and Old Northern Road to the west.
- The **secondary north east sector** is bounded by parklands to the east and Old Northern Road to the west, and includes parts of Galston, Dural and Middle Dural.
- The **secondary south east sector** is generally bounded by Dural Nature Reserve to the north, Pyes Creek to the east and Old Northern Road to the west.
- The **secondary south west sector** includes part of Glenhaven and is generally bounded by Glenhaven Road to the north, Old Northern Road to the east, and Fullers Road Reserve to the south-west.
- The **secondary north-west sector** includes parts of Dural, Middle Dural and Kenthurst and is bounded by Old Northern Road to the east.



**Map 2.1: South Dural subject site
Trade area and competition**

2.2 Trade area population

Table 2.1 details the current and projected population levels within the main trade area over the period 2006 to 2036. This information has been collected from a range of sources, including the following:

- Australian Bureau of Statistics Census of Population and Housing (2006 and 2011);
- Australian Bureau of Statistics Dwelling Approvals Data (2010–14);
- Australian Bureau of Statistics Estimated Residential Population Data (ERP) (2011-15);
- NSW DPE Household and Population Projections (2014); and
- Other investigations of future residential development, undertaken by this office.

The main trade area population is estimated at 25,470 as at June 2015, including approximately 600 residents within the primary sector (i.e. the subject site). Over the most recent inter-censal period (2006-2011), the main trade area population increased at an average rate of 0.8% per annum, or around 180 residents per annum, while over the past 4 – 5 years, population growth averaged around 300 persons per annum.

The majority of future population growth in the main trade area is expected to be accommodated within the primary sector, which is expected to accommodate up to 2,900 new residential dwellings, in addition to the existing Glenhaven Green retirement village – which is excluded as part of the development area in the subject site.

There are two identified developments of note in secondary north-west sector including the further development of 30 new retirement villas at the Glenhaven Estate Retirement Village, and a possible additional 120 additional aged care beds – which are approved. A planning proposal has been submitted for Skyline Dural, a mixed use development which could include 80 apartments and 21 townhouses, as well as 4,500 sq.m of retail/commercial floorspace.

There is a development approval in Galston in the north-east sector for a seniors living development of around 96 dwellings.

Having regard to the above, the main trade area population is estimated to reach 37,300 by 2036, reflecting average annual growth of 1.8%. The primary sector population is estimated to reach approximately 9,150 by 2036.

Table 2.1 South Dural trade area population, 2006-2036*								
Trade area sector	Estimated population			Forecast population				
	2006	2011	2015	2018	2021	2026	2031	2036
Primary	440	560	600	750	1,650	5,150	8,650	9,150
Secondary sectors								
• Nth-east	5,090	5,440	5,680	5,860	6,010	6,210	6,360	6,510
• Sth-east	5,630	5,590	5,790	5,910	6,000	6,150	6,300	6,450
• Sth-west	6,290	6,500	6,940	7,090	7,180	7,330	7,480	7,630
• Nth-west	<u>5,870</u>	<u>6,140</u>	<u>6,460</u>	<u>6,700</u>	<u>7,000</u>	<u>7,250</u>	<u>7,400</u>	<u>7,550</u>
Total secondary	22,880	23,670	24,870	25,560	26,190	26,940	27,540	28,140
Main trade area	23,320	24,230	25,470	26,310	27,840	32,090	36,190	37,290
Trade area sector	Average annual growth (no.)							
	2006-11	2011-15	2015-18	2018-21	2021-26	2026-31	2031-36	
Primary	24	10	50	300	700	700	100	
Secondary sectors								
• Nth-east	70	60	60	50	40	30	30	
• Sth-east	-8	50	40	30	30	30	30	
• Sth-west	42	110	50	30	30	30	30	
• Nth-west	<u>54</u>	<u>80</u>	<u>80</u>	<u>100</u>	<u>50</u>	<u>30</u>	<u>30</u>	
Total secondary	158	300	230	210	150	120	120	
Main trade area	182	310	280	510	850	820	220	
Trade area sector	Average annual growth (%)							
	2006-11	2011-15	2015-18	2018-21	2021-26	2026-31	2031-36	
Primary	4.9%	1.7%	7.7%	30.1%	25.6%	10.9%	1.1%	
Secondary sectors								
• Nth-east	1.3%	1.1%	1.0%	0.8%	0.7%	0.5%	0.5%	
• Sth-east	-0.1%	0.9%	0.7%	0.5%	0.5%	0.5%	0.5%	
• Sth-west	0.7%	1.7%	0.7%	0.4%	0.4%	0.4%	0.4%	
• Nth-west	<u>0.9%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.5%</u>	<u>0.7%</u>	<u>0.4%</u>	<u>0.4%</u>	
Total secondary	0.7%	1.2%	0.9%	0.8%	0.6%	0.4%	0.4%	
Main trade area	0.8%	1.3%	1.1%	1.9%	2.9%	2.4%	0.6%	

*As at June

Source: ABS Census 2011; NSW Department of Planning and Environment 2014; MacroPlan Dimasi

2.3 Socio-demographic profile

Table 2.2 presents the socio-demographic profile of main trade area residents, and compares this with the metropolitan Sydney and Australian averages, based on information sourced from the 2011 ABS Census of Population and Housing. Key points to note about the socio-demographic profiles are as follows:

- The average per capita income of the main trade area population is 19.5% above the metropolitan Sydney average, and the average household income is 35.8% above the average. The secondary south-west sector is particularly affluent, with per capita incomes levels around 29.2% above average and per household income levels 53.7% above average.
- The average age of the main trade area population (39.1 years) is significantly greater than the metropolitan Sydney average (37.1 years), reflecting the relatively low proportion of 20-39 year old residents, and relatively high proportion of residents aged 50 years and over. The primary sector has a particularly high average age (52.9 years), with almost half of residents aged over 60. However, the socio-demographic profile of the primary sector is expected to change considerably as the area is developed, to more closely reflect the profile of the surrounding main trade area population.
- The home ownership level of the main trade area population, at 85.4%, is significantly higher than the Sydney average of 66.8%.
- Australian residents account for 72.4% of the main trade area population, which is significantly higher than the metropolitan Sydney average (63.6%). The secondary south east sector population, however, consists of 58.5% Australian born residents and a significantly higher proportion of Asian residents (22.3%) compared with the metropolitan Sydney average.
- Couples with dependent children (i.e. traditional families) account for 55.5% of main trade area households, which is well above the metropolitan Sydney average (48.2%). The secondary south east and south west sectors all have particularly high proportions of traditional families (60 - 66% of households). The primary sector has a very high

proportion of couples without children and lone person households, while the rate of traditional families is only 25.0% - which is influenced by the presence of the Glenhaven Green retirement village within the primary sector.

The main trade area population is characterised by high incomes, an above average age, above average home ownership levels and a high proportion of traditional families. The current socio-demographic profile of the primary sector population contrasts with the rest of the main trade area, given its small size (i.e. just 600 residents) and is expected to change considerably as the subject site is developed in the future.

Census item	Primary sector	Secondary sectors				Main TA	Syd Metro avg.	Aust. avg.
	Nth-east	Sth-east	Sth-west	Nth-west				
Per capita income	\$40,931	\$42,604	\$45,355	\$48,367	\$42,549	\$44,733	\$37,441	\$34,467
<i>Var. from Syd Metro benchmark</i>	9.3%	13.8%	21.1%	29.2%	13.6%	19.5%		
Avg. household income	\$88,165	\$128,060	\$155,692	\$155,341	\$120,311	\$137,313	\$101,090	\$88,205
<i>Var. from Syd Metro benchmark</i>	-12.8%	26.7%	54.0%	53.7%	19.0%	35.8%		
Avg. household size	2.2	3.0	3.4	3.2	2.8	3.1	2.7	2.6
Age distribution (% of population)								
Aged 0-14	10.0%	18.9%	20.6%	18.9%	18.1%	18.9%	19.2%	19.3%
Aged 15-19	4.6%	8.2%	11.4%	9.2%	7.1%	8.9%	6.3%	6.5%
Aged 20-29	9.1%	9.9%	11.0%	12.3%	10.3%	10.9%	14.8%	13.8%
Aged 30-39	4.4%	9.3%	9.2%	9.2%	9.2%	9.1%	15.3%	13.8%
Aged 40-49	10.7%	14.4%	20.0%	16.6%	13.2%	15.9%	14.3%	14.2%
Aged 50-59	12.0%	14.3%	16.1%	17.7%	13.1%	15.3%	12.2%	12.8%
Aged 60+	49.1%	24.9%	11.6%	16.1%	28.9%	21.0%	18.0%	19.6%
Average age	52.9	40.6	35.0	37.1	42.4	39.1	37.1	37.9
Housing status (% of households)								
Owner (total)	<u>49.4%</u>	<u>82.6%</u>	<u>89.6%</u>	<u>90.6%</u>	<u>81.7%</u>	<u>85.4%</u>	<u>66.8%</u>	<u>68.7%</u>
• Owner (outright)	40.5%	43.1%	35.8%	42.2%	46.9%	42.1%	31.1%	32.9%
• Owner (with mortgage)	8.9%	39.4%	53.8%	48.4%	34.8%	43.3%	35.7%	35.8%
Renter	21.1%	14.2%	9.9%	8.8%	15.8%	12.3%	32.4%	30.4%
Other	29.5%	3.2%	0.4%	0.5%	2.5%	2.3%	0.8%	0.9%
Birthplace (% of population)								
Australian born	77.5%	78.8%	58.5%	73.4%	78.1%	72.4%	63.6%	74.0%
Overseas born	<u>22.5%</u>	<u>21.2%</u>	<u>41.5%</u>	<u>26.6%</u>	<u>21.9%</u>	<u>27.6%</u>	<u>36.4%</u>	<u>26.0%</u>
• Asia	4.4%	3.0%	22.3%	7.3%	3.3%	8.7%	15.5%	8.6%
• Europe	10.4%	11.1%	9.0%	11.0%	12.0%	10.8%	10.6%	10.5%
• Other	7.7%	7.1%	10.2%	8.3%	6.6%	8.0%	10.3%	7.0%
Family type (% of households)								
Couple with dep't children	25.0%	52.1%	66.2%	60.1%	49.6%	55.5%	48.2%	45.3%
Couple with non-dep't child.	7.6%	12.2%	11.7%	12.9%	11.7%	12.0%	9.1%	7.7%
Couple without children	36.3%	20.2%	11.9%	17.0%	22.4%	18.8%	20.1%	23.0%
One parent with dep't child.	8.2%	5.6%	5.6%	4.6%	5.9%	5.5%	8.5%	9.2%
One parent w non-dep't child.	2.9%	3.5%	2.3%	2.2%	2.3%	2.6%	3.9%	3.5%
Other family	1.2%	0.4%	0.6%	0.5%	0.6%	0.6%	1.2%	1.1%
Lone person	18.9%	6.0%	1.7%	2.7%	7.4%	5.1%	9.0%	10.2%

Source: ABS Census of Population & Housing, 2011; MacroPlan Dimasi

2.4 Retail expenditure capacity

MacroPlan Dimasi estimates retail expenditure capacity generated by the main trade area residents based on information sourced from Market Data Systems (MDS), which utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information. We consider MarketInfo data to be a very accurate measure of available retail expenditure and it is widely relied on in the retail industry.

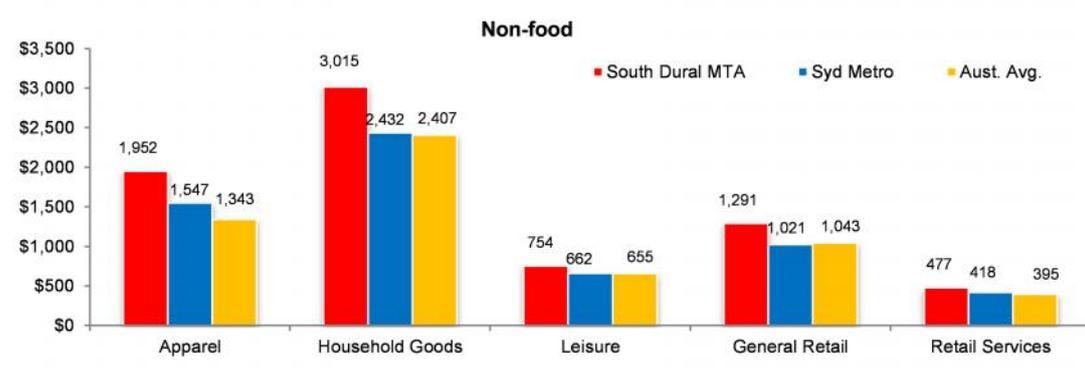
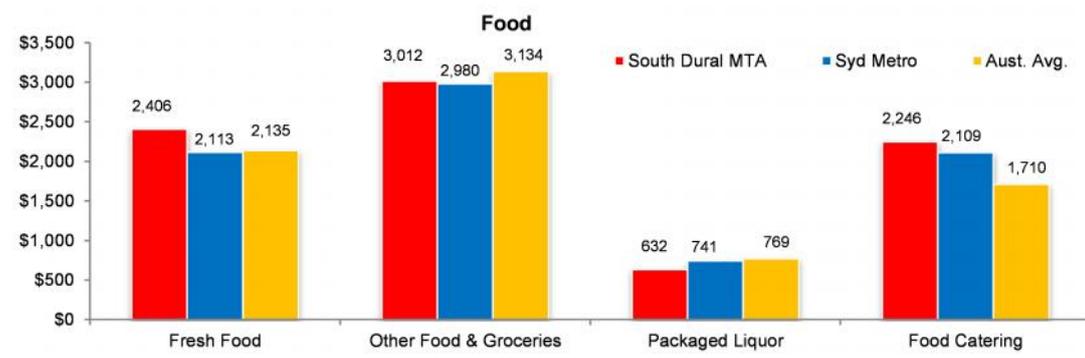
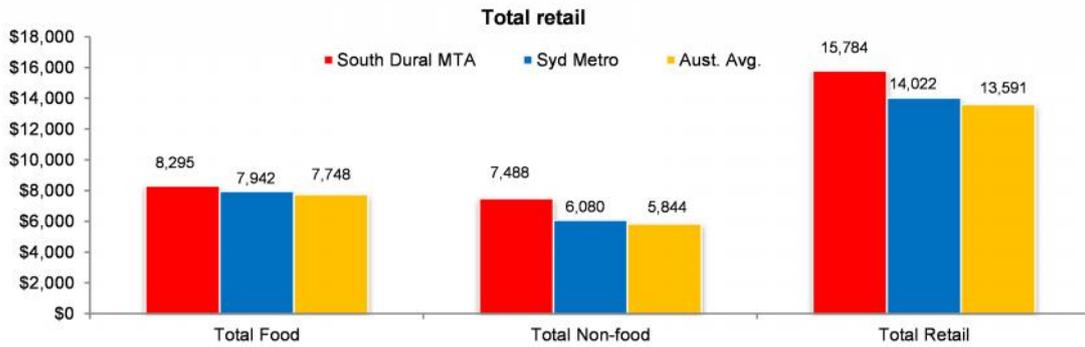
Total retail expenditure is detailed in a number of categories, as follows:

- Take-home food and groceries – goods typically sold in supermarkets and specialty fresh food stores.
- Packaged liquor – packaged beer, wine and spirits such as those purchased at bottle-shops and liquor outlets.
- Food catering – cafes, take-away outlets and restaurants, including liquor consumed on such premises.
- Apparel – clothing, footwear, fashion and accessories.
- Household Goods – giftware, electrical, computers, furniture, homewares, and hardware goods.
- Leisure – sporting goods, music, DVDs, games, books, newsagents and film processing/photography.
- General Retail – pharmaceutical goods, cosmetics, toys, florists, mobile phones.
- Retail Services – retail services such as key cutting, shoe repairs, hair and beauty.

Chart 2.1 shows the retail expenditure capacity per person for residents of the identified main trade area for the year 2015, and compares these estimates with the average for metropolitan Sydney and Australia. Expenditure estimates are presented inclusive of GST.

- Estimated retail expenditure per capita is estimated to be about 12 - 13% above the Sydney average.
- Because the average household size in the main trade area is also well above average (3.1 persons per household versus the Sydney average of 2.7), total retail expenditure per household is around 28% above average.
- Estimated per capita expenditure on fresh food is about 14% above average, while per capita expenditure on other food and groceries is slightly above the Sydney average. These categories are of particular relevance to supermarkets, as they represent 90 - 95% of supermarket items.
- Expenditure per capita on food catering (i.e. cafes, restaurants and take-away stores) is about 6 - 7% above the Sydney average.
- Per capita expenditure on non-food retail categories (i.e. generally considered discretionary retail) is about 23% above average, with expenditure per capita on all non-food retail categories much higher than the Sydney average.
- Apparel and general retail expenditure per capita are particularly high, at around 26% - 27% above average.

Chart 2.1
South Dural main trade area - retail expenditure per person, 2014/15*



*Including GST
 Source: MarketInfo; MacroPlan Dimasi

Table 2.3 presents estimates of total retail expenditure generated by the main trade area population, by trade area sector, over the period from 2015 to 2036. Spending forecasts are presented inclusive of GST and are presented in constant 2015 dollars (i.e. excluding inflation).

The retail expenditure market is estimated to grow by almost 80% by 2036 from about \$404.5 million in 2015 to \$722 million, at an average annual growth rate of 2.8%. The average annual growth rate of 2.8% comprises two components, as follows:

- Residential population growth, which is expected to average 1.8% per annum; and
- Real growth in per capita retail expenditure, which is expected to average 0.9% per annum over the forecast period.

The total retail expenditure capacity of primary sector residents is estimated to grow from around \$9.8 million at 2015 to \$181 million by 2036.

Table 2.4 presents estimates of expenditure for the main trade area by retail category, between 2015 and 2031. FLG expenditure (take-home food and groceries including packaged liquor) is estimated at \$158.1 million in 2015, and accounts for around 39% of all retail expenditure in the trade area.

FLG expenditure by trade area residents is forecast to increase to \$289 million by 2036, reflecting average annual growth of 2.9%. The fastest growing retail category is expected to be food catering, which could increase at an average annual rate of 3.4%.

Table 2.3
South Dural main trade area - retail expenditure (\$M), 2015-2036*

Year ending June	Primary sector	Secondary sectors				Main TA
		Nth-east	Sth-east	Sth-west	Nth-west	
2015	9.8	87.4	91.2	116.9	99.1	404.5
2016	10.3	89.1	92.8	119.4	101.3	412.9
2017	11.2	90.8	94.3	121.3	103.4	421.1
2018	12.2	92.6	95.8	123.3	105.7	429.5
2019	14.6	94.3	97.2	125.1	108.0	439.2
2020	19.1	96.0	98.6	126.7	110.6	451.0
2021	25.1	97.7	100.0	128.4	113.3	464.4
2022	32.4	99.3	101.4	130.1	115.5	478.7
2023	41.0	100.9	102.8	131.8	117.4	493.9
2024	52.0	102.4	104.2	133.6	119.3	511.5
2025	65.8	104.0	105.7	135.3	121.3	532.2
2026	83.4	105.7	107.2	137.1	123.2	556.6
2027	99.3	107.2	108.7	138.9	125.0	579.3
2028	111.2	108.7	110.2	140.8	126.7	597.6
2029	124.5	110.3	111.7	142.6	128.4	617.5
2030	139.3	111.8	113.3	144.5	130.1	639.0
2031	155.9	113.3	114.9	146.4	131.8	662.4
2036	180.8	121.4	123.1	156.3	140.8	722.4
<u>Average annual growth (\$M)</u>						
2015-2036	8.1	1.6	1.5	1.9	2.0	15.1
<u>Average annual growth (%)</u>						
2015-2036	14.9%	1.6%	1.4%	1.4%	1.7%	2.8%

*Constant 2014/15 dollars & including GST
Source: MarketInfo; MacroPlan Dimasi

Table 2.4
South Dural main trade area - retail expenditure by category (\$M), 2015-2036*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
2015	158.1	56.8	49.4	76.3	19.1	32.7	12.1	404.5
2016	161.5	58.4	50.2	77.8	19.4	33.2	12.3	412.9
2017	164.9	59.9	51.0	79.2	19.7	33.8	12.6	421.1
2018	168.4	61.4	51.8	80.6	20.0	34.3	12.9	429.5
2019	172.4	63.2	52.8	82.3	20.4	35.0	13.2	439.2
2020	177.3	65.2	54.0	84.3	20.8	35.9	13.6	451.0
2021	182.8	67.5	55.3	86.5	21.4	36.9	14.0	464.4
2022	188.6	70.0	56.8	88.9	21.9	38.0	14.5	478.7
2023	194.9	72.6	58.3	91.4	22.5	39.2	15.0	493.9
2024	202.1	75.6	60.1	94.3	23.2	40.7	15.6	511.5
2025	210.5	79.0	62.3	97.7	24.0	42.4	16.3	532.2
2026	220.6	83.0	64.8	101.7	25.0	44.4	17.1	556.6
2027	229.8	86.8	67.2	105.4	25.9	46.3	17.9	579.3
2028	237.4	90.0	69.0	108.4	26.5	47.7	18.5	597.6
2029	245.6	93.5	71.0	111.6	27.3	49.3	19.2	617.5
2030	254.5	97.3	73.1	115.1	28.1	51.0	19.9	639.0
2031	264.1	101.3	75.5	118.9	29.0	52.9	20.7	662.4
2036	289.4	113.7	80.6	128.4	30.9	56.8	22.7	722.4
Average annual growth (\$M)								
2015-2036	6.3	2.7	1.5	2.5	0.6	1.1	0.5	15.1
Average annual growth (%)								
2015-2036	2.9%	3.4%	2.4%	2.5%	2.3%	2.7%	3.1%	2.8%

*Constant 2014/15 dollars & including GST

Source: MarketInfo; MacroPlan Dimasi

Retail expenditure category definitions:

- FLG: take-home food and groceries, as well as packaged liquor.
- Food catering: expenditure at cafes, take-away food outlets and restaurants.
- Apparel: clothing, footwear, fashion accessories and jewellery.
- Household goods: giftware, electrical, computers, furniture, homewares and hardware goods.
- Leisure: sporting goods, music, DVDs, computer games, books, newspapers & magazines, stationery and photography equipment.
- General retail: pharmaceutical goods, cosmetics, toys, florists, mobile phones and pets.
- Retail services: hair & beauty, optical goods, dry cleaning, key cutting and shoe repairs.

Section 3: Competition

This section of the report reviews the surrounding retail/centres hierarchy of relevance to proposed retail/commercial facilities in the SDUIA subject site, including all planned and proposed centres of relevance.

3.1 Existing competition

Table 3.1 details the major retail facilities of relevance to future retail facilities at the subject site, while the previous Map 2.1 illustrates the locations of these centres. The retail precincts/centres most relevant to the subject site are summarised as follows:

- **Round Corner:** is a 10,000 sq.m retail precinct located to the immediate north-west of the subject site, which is anchored by a full-line Woolworths supermarket of around 3,760 sq.m, as well as an Aldi supermarket of 1,350 sq.m. The precinct is fragmented, distributed over a number of buildings at varying elevations, which creates difficulty for accessibility, navigation and visibility of much of the precinct. The specialty floorspace mix is skewed towards food and convenience retail, and there are also ancillary non-retail tenants such as Australia Post, Round Corner Medical Centre and banks.
- **Dural Village:** is a 1,200 sq.m IGA anchored centre located at the intersection of Old Northern Road and Galston Road about 2km north of the subject site. This precinct contains a Liquorland, newsagency, takeaway store, Chinese restaurant and chemist, as well as commercial tenancies on the first floor.
- **Galston Village:** is a well presented shopping centre precinct anchored by a new Aldi supermarket with around 3,500 sq.m of occupied retail floorspace across six buildings, including a small IGA supermarket of around 250 sq.m. Some new lettable specialty floorspace was provided as part of the recent addition of Aldi, most of which was still to be leased as at February 2016.

- **Kenthurst Neighbourhood Centre:** is anchored by a small Foodworks grocery store, and also includes eight retail specialty tenants (mostly food retail and food catering), an Australia Post and a medical centre.
- **Oakhill Village:** is a small neighbourhood centre of around 1,400 sq.m of retail GLA, which is anchored by an IGA supermarket of 500 sq.m. The centre also contains BWS Liquor, takeaway food, restaurants, as well as ancillary non-retail including medical and health services.
- **Knightsbridge Court SC:** is a small neighbourhood centre in Castle Hill, which is anchored by a 1,800 sq.m IGA supermarket located on Gilbert Road. The centre also includes 10 convenience oriented specialty stores, including a bakery, butcher, newsagency, hair salon, clothing alteration service, wine store, fashion boutique, chemist and two food catering tenancies, as well as non-retail floorspace including a medical centre, dentist, real estate agency and allied health operator.
- **Cherrybrook Village:** is a strongly performing neighbourhood shopping centre, which includes around 9,200 sq.m retail floorspace in total, including the full-line Woolworths supermarket, as well as around 45 specialty retailers, and a fruit and vegetable mini-major tenant. The centre is one of the strongest performing “Mini Gun” shopping centres in Australia on a dollars per sq.m basis as defined by Shopping Centre News.
- **Castle Hill Major Centre:** is located around 5km south of the subject site which includes the Castle Towers shopping centre and a significant provision of street/strip based retail and commercial floorspace. **Castle Towers** contains around 100,000 sq.m of occupied retail floorspace as well as cinemas, gyms etc. An approval exists for a major expansion of this centre of around 60,000 sq.m (retail GLA), however QIC have recently lodged a revised application to increase that to 80,000 sq.m (including around 69,000 sq.m retail floorspace). This expansion is expected to include new major tenants, mini-majors and retail specialty stores, as well as a redeveloped and expanded dining/restaurant precinct. The **Castle Hill street/strip precinct** includes a further 12,000 sq.m of retail floorspace, including the Castle Mall, as well as cafes, restaurants and other convenience type retailers.

- **Coonara Shopping Village:** is a 2,000 sq.m (retail GLA) centre anchored by a small (1,200 sq.m) Woolworths metro-style supermarket, located on Coonara Avenue, in the suburb of West Pennant Hills.
- **Thornleigh:** contains an estimated 8,500 - 9,000 sq.m of traditional retail GLA oriented around Pennant Hills Road, near the Thornleigh railway station. This precinct includes a broad range of uses included retail, bulky goods retail, commercial, medical, and hotel/accommodation uses. The traditional retail component includes: **Thornleigh Marketplace**, a Woolworths supermarket anchored centre of 6,200 sq.m with 17 specialty tenants; an Aldi supermarket; and a range of fast-food/take-away restaurants distributed along Pennant Hills Road.
- **West Pennant Hills:** is a tired, strip retail precinct anchored by a stand-alone 3,000 sq.m Coles supermarket, facing the main car-park, that is estimated to contain around 6,000 sq.m of retail floorspace. This centre is located at the intersection of Castle Hill Road and Pennant Hills Road.
- **Pennant Hills Marketplace:** a 3,400 sq.m neighbourhood centre anchored by a 1,200 sq.m IGA supermarket, which also includes a 700 sq.m Harris Farm Markets store, 12 specialty retail tenants and three non-retail tenants.
- **Westleigh Shopping Centre:** is a small 4,000 sq.m neighbourhood centre anchored by an Aldi supermarket and 22 specialty stores. The Aldi store opened in March, which replaced the previous IGA supermarket.
- **Kellyville Local Centre:** which currently contains three supermarkets, including the recently expanded Coles at Kellyville Village and standalone Woolworths and Aldi stores. Kellyville Village is an enclosed neighbourhood centre of around 9,600 sq.m that provides a range of convenience based retail specialty stores, which was recently upgraded. A First Choice Liquor is also under construction at the centre.

- **The Norwest Business Park** contains an estimated 20,000 – 21,000 sq.m of retail floorspace including the 10,500 sq.m (retail GLA) **Norwest Marketown**, which is anchored by a Coles supermarket and contains around 50 – 60 specialty shops. A significant expansion of this centre is planned as part of a broader mixed-use redevelopment of the subject site by Mulpha Group. **Circa Retail** contains an estimated 5,200 sq.m of retail floorspace, including a 3,045 sq.m Woolworths supermarket and there is a further 5,000 sq.m or so across the rest of the business park.

3.2 Proposed competition

There are a number of proposed retail developments at various stages of their development pipeline in the surrounding region, the most relevant of which are outlined below:

- A development application has been submitted for **Skyline Dural**, a mixed-use residential and commercial development proposed on the lot immediately south of Round Corner, which is planned to include around 2,400 sq.m of retail floorspace (including a supermarket of 1,559 sq.m (1,078 sq.m plus 481 sq.m back of house), three restaurants, and seven specialty retailers) as well as 2,500 sq.m of commercial uses on Level 1. With only a small supermarket floorplate, this would likely be tenanted by the likes of IGA or a boutique grocer like Harris Farm Markets or About Life. This development application was still under assessment as at July 2016.
- A planning proposal has been submitted to Hornsby Council for the rezoning of land at **268 - 274 New Line Road, Dural** from IN2 to B2 – Local Centre, adjacent to the SDUIA. This site is located immediately east of the Dural Hotel, just south of the roundabout intersection with Old Northern Road. The proposed rezoning would allow for the development of a new two storey mixed use development including a full-line supermarket based shopping centre (of around 5,600 sq.m), bulky goods retail premises and other supporting non-retail uses (e.g. child care, gym, office etc). The site currently consists of a mixture of bulky goods and industrial uses. Hornsby Council resolved to forward the planning proposal to the NSW DPE in April 2016.

- **Castle Hill Major Centre:** as mentioned earlier that Castle Towers shopping centre has approval for a significant expansion that will include higher order discretionary retail floorspace, as well as an expanded food catering offer and a new Woolworth supermarket. This development is expected to be completed around 2020 or so.
- We expect that the Castle Hill Major Centre retail offer will gradually be rejuvenated as this precinct is developed for high density residential development associated with the development of the Sydney Metro Northwest rail station.
- A development approval exists for a 3,400 sq.m retail development at **Windsor Road at Baulkham Hills**, including a 2,900 sq.m Woolworths supermarket. This development is currently deferred and is expected to be developed over the next 5 – 10 years.
- **Hector Court Local Centre** is a future local centre development with rezoning approval for a 3,200 sq.m supermarket, 1,900 sq.m of supporting specialty floorspace, and ancillary non-retail floorspace of 400 sq.m.
- **Woolworths Kellyville** is a supermarket based development planned in North Kellyville, with approval for around 5,000 sq.m of retail floorspace, including a 4,200 sq.m Woolworths supermarket.
- **The Glasshouse Village** is another local centre planned in North Kellyville has development approval for a supermarket of 4,200 sq.m and 2,566 sq.m of specialty retail floorspace, as well as 1,800 sq.m of commercial floorspace and 274 residential units.
- **The North Village** is a mixed use development under construction in North Kellyville, which is planned to include a supermarket and around 13 specialty stores. This development is expected to be completed during 2017.

Table 3.1
South Dural - schedule of competing retail facilities

Centre	Retail GLA (sq.m)	Supermarket GLA (sq.m)	Major traders
Within trade area			
Round Corner Town Centre	<u>12,400</u>	<u>6,665</u>	
• Existing	10,000	5,106	Woolworths (3,756 sq.m), Aldi (1,350 sq.m)
• Skyline Dural (p)	2,400	1,559	Supermarket (p)
Dural Neighbourhood Centre	1,200	400	IGA
Oakhill Village	1,400	600	IGA
Kenthurst Neighbourhood Centre	1,200	400	Foodworks
Galston Village	3,500	1,500	Aldi (1,250), IGA (250 sq.m)
Beyond trade area			
Knightsbridge Court Village Centre	2,300	1,800	IGA
Cherrybrook Village	9,200	3,832	Woolworths
<u>Castle Hill Major Centre</u>	<u>186,300</u>	<u>11,231</u>	
• Castle Towers (existing)	100,000	5,911	Myer, David Jones, Kmart, Target, Coles (4,366 sq.m), Aldi (1,545 sq.m)
• Castle Towers (p)	69,000	3,500	Big W (p), Woolworths (p)
• Castle Mall SC	8,300	1,820	IGA
• Other	4,000	0	n.a.
• Terminus St Precinct (p)	5,000	0	n.a.
<u>Kellyville Town Centre</u>	<u>20,900</u>	<u>9,837</u>	
• Kellyville Plaza (existing)	9,600	3,837	Coles
• Kellyville Plaza (u/c)	1,300	0	First Choice Liquor
• Other	10,000	6,000	Woolworths (4,500 sq.m), Aldi (1,500 sq.m)
Westleigh SC	4,000	1,500	IGA (to be replaced by Aldi in 2016)
Coonara Ave Village Centre	2,000	1,215	Woolworths
<u>Norwest Business Park</u>	<u>20,700</u>	<u>8,096</u>	
• Norwest Marketown	10,500	4,051	Coles
• Norwest Marketown (redev.)	25,000	n.a.	n.a.
• Circa Retail	5,200	3,045	Woolworths
• Other	5,000	1,000	Foodworks
<u>Thornleigh Town Centre</u>	<u>8,700</u>	<u>6,168</u>	
• Thornleigh Marketplace	6,200	5,106	Woolworths
• Other	2,500	1,062	Aldi
Pennant Hills Marketplace	3,400	1,169	IGA
West Pennant Hills	6,000	2,200	Coles
Future retail facilities			
Dural Service Centre (p)*	5,600	4,200	Supermarket (p)
<u>Kellyville & North Kellyville</u>			
• Hector Court Village Centre (p)	5,500	3,200	Supermarket (p)
• The North Village (p)	n.a.	n.a.	Supermarket (p)
• Woolworths Kellyville (p)	5,000	4,200	Woolworths (p)
• The Glasshouse Village (p)	6,800	4,200	Supermarket (p)
• Starkelly mixed use dev. (p)	1,100	0	n.a.
• Riley Square (p)	1,900	0	n.a.
Baulkham Hills (p)	3,400	2,900	Woolworths (p)
Beecroft Place (p)	4,300	2,500	Supermarket (p)

* Traditional retail only

Source: Property Council of Australia; MacroPlan Dimasi

Section 4: Retail and commercial potential

This section of the report translates the available retail expenditure market into estimates of supermarket floorspace demand, and compares this with the existing supply of supermarket floorspace across the main trade area to determine the current and projected market gap for such facilities. This section also provides recommendations assesses the appropriate scale, mix, distribution, configuration of supportable retail and ancillary commercial floorspace within the SDUIA subject site.

4.1 Supermarket floorspace market gap

To assess the market demand for a retail centre at the subject site, we have examined the current and future market gap for supermarket facilities, given this would be the key anchor tenant for convenience based retail centre. To estimate the market gap we have examined the current and future demand for supermarket floorspace generated by the trade area population and compared these estimates with the existing and proposed supply of such floorspace.

To estimate the supermarket floorspace demand generated by the main trade area population, the available supermarket related expenditure is translated into an estimate of supportable/required supermarket floorspace. Floorspace estimates are generated by applying appropriate thresholds of turnover levels per sq.m of floorspace, which we have referred to as retail turnover densities (RTD), to the available expenditure volume.

Table 4.1 compares the demand for supermarket floorspace generated by residents of the trade area with the existing, and proposed, supply of supermarket floorspace, outlining the estimated current and future market gap for supermarket floorspace within the main trade area. We have undertaken the following steps to calculate the estimated gap:

- Estimated the current and future population within the main trade area over the period 2015 – 2031.
- Estimated per capita expenditure on take-home food and groceries (F&G) using MarketInfo data.
- Allowed for 75% of F&G expenditure to be directed to supermarkets. This estimate is consistent with national benchmarks, and allows for the remaining 25% to be allocated to smaller foodstores, food specialty stores, service stations and other general retail stores.
- Multiplied per capita F&G expenditure directed to supermarkets by the available population to determine the total available F&G expenditure pool to be directed to supermarkets.
- Allowed for 6% of supermarkets' turnover to comprise general merchandise (i.e. non-food) retail items, which is typical across national supermarkets.
- Applied a suitable retention rate of available expenditure within the main trade area. To do so, we have first allowed for an outflow of 20% of total supermarket expenditure, i.e. 80% of supermarket expenditure generated by main trade area residents is estimated to be retained within the trade area, if an extensive range of supermarket options is provided within the area. We have then allowed for inflow from customers who live beyond the main trade area, which we have estimated at be about 10%. The consequential outcome of these assumptions is that there is a net outflow of 10% (i.e. a net retention rate of 90%). This is considered reasonable, as it accounts for supermarket spending that could be directed to significant retail offers nearby such as Castle Towers and Rouse Hill Town Centre.

- The total supermarket expenditure pool is then translated into supermarket floorspace demand by dividing by an applied retail turnover density (RTD). We have applied an RTD for supermarkets and grocery stores of \$9,500 per sq.m in 2015, which we consider would reflect a successful and profitable average trading level. We have also allowed for some real growth in this RTD, averaging around 0.5% per annum from 2015 onwards.

Based on the above methodology, Table 4.1 shows that residents of the main trade area generate demand for about 10,300 sq.m of supermarket floorspace at 2015, which is estimated to increase by around 6,650 sq.m to reach 16,950 sq.m by 2036.

Estimated supply of supermarket floorspace in the main trade area at 8,006 sq.m, including the 3,756 sq.m Woolworths and 1,350 sq.m Aldi at Round Corner; the Aldi supermarket at Galston and the small 250 sq.m IGA at Galston; the 400 sq.m IGA supermarket at Dural; the 400 sq.m Foodworks at Kenthurst; and the 600 sq.m IGA at Oakhill Village. We would normally not include supermarkets of less than 500 sq.m (e.g. Foodworks at Kenthurst and IGA at Galston and IGA at Dural) as these provide a very limited range and would be considered more as food stores, however for the purposes of presenting a conservative analysis we have included these figures in our estimates of supermarket floorspace supply.

If we compare the estimated supermarket floorspace demand with the current supply of 8,006 sq.m, we estimate an existing supermarket floorspace market gap in the main trade area of 2,300 sq.m. This gap would increase to around 8,900 sq.m by 2036 without any additional supermarkets in the main trade area.

We have then allowed for the addition of the proposed supermarket at Skyline Dural and the potential addition of a full-line supermarket at the New Line Road site (i.e. Dural Service Centre). With the addition of these facilities, the supermarket market gap would be in general equilibrium around 2026, with the market gap opening up to around 3,200 sq.m by 2036.

Table 4.1							
South Dural main trade area - supermarket floorspace market gap (2015 - 2036)							
Factor	2015	2018	2021	2026	2031	2036	Growth 15 - 36
<u>MTA population</u>							
Main trade area population	25,470	26,310	27,840	32,090	36,190	37,290	11,820
<u>MTA supermarket expenditure</u>							
F&G Spend per capita* (\$)	\$5,417	\$5,583	\$5,760	\$6,086	\$6,427	\$6,761	
Total F&G exp. (\$M)	\$138.0	\$146.9	\$160.4	\$195.3	\$232.6	\$252.1	
F&G expenditure to smkts at 75% (\$M)	\$103.5	\$110.2	\$120.3	\$146.5	\$174.4	\$189.1	
6% of smkt sales from GM (\$M)	<u>\$6.6</u>	<u>\$7.0</u>	<u>\$7.7</u>	<u>\$9.3</u>	<u>\$11.1</u>	<u>\$12.1</u>	
Total smkt expenditure by MTA residents (\$M)	\$110.1	\$117.2	\$127.9	\$155.8	\$185.6	\$201.1	91.1
<u>Net retention and available supermarket expenditure</u>							
MTA containment ratio	80%	80%	80%	80%	80%	80%	
BTA capture rate	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	
Total available smkt expenditure (\$M)	\$97.9	\$104.2	\$113.7	\$138.5	\$165.0	\$178.8	80.9
<u>Supermarket floorspace demand (sq.m)</u>							
RTD @ \$9500 increasing at 0.5% p.a.	<u>\$9,500</u>	<u>\$9,643</u>	<u>\$9,789</u>	<u>\$10,036</u>	<u>\$10,289</u>	<u>\$10,549</u>	
Supportable smkt floorspace (sq.m)	10,301	10,803	11,618	13,801	16,033	16,949	6,648
<u>Supermarket floorspace supply (sq.m)</u>							
Existing**	8,006	8,006	8,006	8,006	8,006	8,006	
Proposed	<u>0</u>	<u>0</u>	<u>1,559</u>	<u>4,200</u>	<u>0</u>	<u>0</u>	
• Skyline Dural			1,559				
• Dural Service Centre***				4,200			
Total supermarket supply (sq.m)	8,006	8,006	9,565	13,765	13,765	13,765	5,759
<u>Supermarket floorspace gap (sq.m)</u>							
Total supermarket gap (sq.m)	2,295	2,797	2,053	36	2,268	3,184	

*Constant 2014/15 dollars & including GST
**Includes all supermarkets above 500 sq.m as well as small foodstores (i.e. less than 500 sq.m).
***Assumes Dural Service Centre supermarket is full-line and enters the network over the next 10 years.
Source: MarketInfo; Cordell; MacroPlan Dimasi

4.2 Recommended retail and commercial provision

The analysis above indicates that there is currently an existing market gap for additional supermarket facilities within the trade area. The Skyline Dural development would contribute to some of this gap being taken up, and the potential development of a new full-line supermarket at the New Line Road site would generally help to satisfy the future supermarket demand generated by the main trade area population.

In our view the New Line Road site (i.e. Dural Service Centre) represents a good location for a new convenience based local centre to serve the existing and future population around Dural, given its prominent position on New Line Road (with in excess of 20,000 VPDs); the site's current role and function within an existing bulky goods retail precinct; and its proximity to the SDUIA subject site – which is where most of the future population growth in the surrounding region will be accommodated.

In our view, given the comprehensive retail offer provided at Round Corner and the proposed retail developments being considered at Skyline Dural and New Line Road, we do not recommend that a dedicated business zoned retail centre be provided within the SDUIA subject site. The new development at New Line Road is likely to consist of a mix of full-line supermarket facilities, supporting convenience oriented specialty retail and supporting commercial/community oriented services.

The new population is expected to generate some demand for non-retail services such as medical facilities, entertainment, childcare, schools as well as local jobs/employment, which would be available for capture by existing facilities and proposed new facilities.

Some ancillary retail/commercial uses could potentially be provided within the residential zone in the subject site, depending on the list of permissible uses outlined in the planning proposal.

Section 5: Retail trading impacts

This section of the report examines the potential economic impacts on the surrounding retail/centres hierarchy and discusses the implications of these impacts.

5.1 Purpose of retail impact assessment

The purpose of an impact assessment is to provide guidance as to whether or not there is likely to be a net community benefit or disbenefit from any proposed development. In particular, if there is a real possibility of some existing facilities potentially being impacted to such a degree that they may be lost to the community and if the service or services provided by those facilities are not at the very least replaced by the proposed new facilities, then a community disbenefit could result.

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect across the surrounding competitive network if the development of the residential component subject site were to proceed without a retail/commercial centre.

5.2 Estimated retail trading impacts

The following factors are typically considered when assessing the potential impacts on the surrounding network of centres:

- The distance of the (impacted) centre, or retail precinct, by road, from the proposed development.
- The size of the centre or precinct, in terms of total retail floorspace.
- The amount of supermarket floorspace in total, and brand of each supermarket tenant.
- The role and function of the centre or precinct.

- Relative accessibility and relative convenience for new residents at the subject site.
- The estimated performance of the centre/precinct (in current sales).
- The share of available expenditure which the centre/precinct attracts from the identified main trade area of the proposed development.

Table 5.1 presents our estimates of the positive retail trading impacts on the surrounding centres hierarchy that could result from the additional population at the subject site. We have assumed that the subject site would be substantially developed by 2031, and our reference year for impacts is therefore 2031. We note the following key highlights:

- Without a planned retail centre, the proposed rezoning and subsequent development of the SDUIA subject site will not result in any adverse trading impacts on the existing and planned centres hierarchy in the surrounding region. Indeed, the proposed SDUIA will result in positive trading impacts on the surrounding centres.
- The new population within the SDUIA subject site (i.e. the primary sector) is estimated to generate annual retail expenditure of around \$156 million (\$2015) by 2031, including around \$55 million in food & grocery expenditure.
- Much of the food & grocery and convenience oriented retail expenditure generated by this new population would be directed to the existing convenience based centres in the immediate locality, in particular the Round Corner Local Centre (including the proposed Skyline Dural retail development) and the proposed new local centre development at New Line Road – assuming it is approved and proceeds.
- We estimate that the Round Corner Local Centre could benefit from a positive trading impact of around \$27 – 28 million (\$2015) by 2031, which will help to offset impacts from the new development at New Line Road and the future upgrade of Castle Towers which will include a new Woolworths supermarket.

- We estimate the proposed new retail centre at New Line Road could benefit by around \$21 - 22 million (\$2015) by 2031. Smaller centres at Dural, Kenthurst and Oakhill would also likely see some positive uplift in sales volumes as a result of the proposed development of the SDUIA.
- Furthermore, surrounding higher order retail centres such as the Castle Hill Major Centre (+\$32 million), Norwest Business Park, Rouse Hill Town Centre and surrounding bulky goods retail precincts such as those at Castle Hill and Dural will benefit from the higher order, discretionary retail expenditure demand generated by the new population that will establish at the SDUIA subject site.

Table 5.1 South Dural - Estimated trading impacts on surrounding centres from rezoning*								
Centre	Est. Floorspace (sq.m)		Est. impacts on surrounding centres once subject site developed by 2031					
	Total	Smkt.	Share		Est. impacts (\$m)			
	GLA (sq.m)	GLA (sq.m)	F&G	Other retail**	F&G	Other retail	Total	
Convenience/local centres in main trade area								
Round Corner Town Centre***	12,400	6,184	32.0%	10.0%	17.6	10.1	27.7	
Dural Service Centre (p)	5,600	4,200	30.0%	5.0%	16.5	5.0	21.6	
Dural Neighbourhood Centre	1,200	400	1.0%	0.0%	0.6	0.0	0.6	
Oakhill Village	1,400	600	2.5%	0.0%	1.4	0.0	1.4	
Kenthurst Neighbourhood Centre	1,200	400	1.0%	0.0%	0.6	0.0	0.6	
Galston Village	3,500	1,500	1.0%	0.0%	0.6	0.0	0.6	
Other centres beyond trade area								
Castle Hill Major Centre	186,300	11,231	12.5%	25.0%	6.9	25.2	32.1	
Other shopping centres BTA	n.a.	n.a.	20.0%	30.0%	11.0	30.2	41.3	
Bulky goods precincts	<u>n.a.</u>	<u>n.a.</u>	<u>0.0%</u>	<u>30.0%</u>	<u>0.0</u>	<u>30.2</u>	<u>30.2</u>	
Total identified centres	271,100	54,248	100.0%	100.0%	55.1	100.8	155.9	
*Constant 2014/15 dollars & including GST. Expressed in year 2031.								
**Allocation to smaller centres is negligible.								
**Includes Skyline Dural development								
Source: MacroPlan Dimasi								

5.3 Non-retail impacts

The new population is expected to generate some demand for non-retail services such as medical facilities, entertainment, childcare, schools as well as local jobs/employment, which would be available for capture by existing facilities and proposed new facilities.

This demand is expected to be captured by existing businesses/facilities within the surrounding centres network, and additional facilities are likely to be provided in new centres/developments such as Skyline Dural, New Line Road as well as the expansions of Castle Towers and Rouse Hill Town Centre as well as retail/commercial development around the new metro rail precincts including the Norwest Business Park.

Section 6: Other economic impacts

This section of the report examines other economic impacts associated with the proposed rezoning of the SDUIA subject site, including employment generation and other economic impacts associated with additional residential development at the subject site.

6.1 Employment and multiplier benefits

We have specialty identified the likely retail trading impacts in section 5 of this report. The proposed development of the subject site will result in considerable economic multipliers and employment benefits, both directly and indirectly, across the economy.

Table 6.1 presents an analysis of the potential production value impacts associated with the development of the subject site, as well as the direct employment impacts associated with the construction of the site.

Table 6.1 also presents an assessment of the potential flow-on job impacts associated with the new population establishing at the subject site. We make the following summary comments:

- We have assumed the 2,900 dwellings are developed at a rate of around 250 dwellings per annum from 2019.
- Assuming a net developable area of around 100 – 110ha, means that the average lot size would be around 350 – 400 sq.m. The average cost of construction for a dwelling on a lot this size is around \$250,000 in 2015 in Sydney and civil works are estimated at around \$50,000 per lot. We have allowed for escalation in construction costs, averaging around 4% per annum (higher in the short term, and tempering over the long term).
- The total production value of the construction of dwellings at the subject site is \$1.16 billion (in nominal terms and around \$230 million for civil works, over the course of the project).

- We estimate that around 750 direct jobs per annum could be created during the development of the subject site, equivalent to approximately 3 jobs per dwelling per annum.
- We estimate that the new population that will establish at the subject site, once it is developed, would include around 4,900 – 5,000 employed residents. These employed residents would undertake jobs based at home, mobile jobs (e.g. tradespersons, health workers/carers etc) and within dedicated employment centres/precincts (e.g. Castle Hill, Norwest Business Park, schools etc).
- We estimate around 500 of these workers would work from home, resulting in limited traffic impacts; around 800 – 900 workers would be mobile and would not require immediate proximity to rail infrastructure; while the remaining 3,550 of these workers would be working in jobs in centres/precincts.
- The relatively proximity of the subject site to major employment precincts such as Castle Hill and Norwest and indeed, the new rail line (which will have commuter parking) mean that many of these workers may only need to undertake short private vehicle trips in order to access employment.
- Furthermore, around 50,000 new jobs are planned within the precincts around the new rail corridor within around 10 km of the subject site. The new residents at the subject site would likely contribute to some of this jobs growth.

Table 6.1 South Dural - Other economic and employment impacts*			
Factor	Number	Factor	Number
Economic impacts - production of dwellings		Jobs impacts on surrounding network	
Number of dwellings	2,900	Number of dwellings	2,900
Assumed staging	250 lots p.a. from 2019		
Avg. construct. cost per lot (\$) as at 2015	250,000	<u>Jobs</u>	
Avg. escalation rate	4% p.a. over long term	Potential jobs per HH	1.7
NPV (Nominal)	1,155,779,230	Total jobs - new population	4,930
Economic impacts - civil works		<u>Jobs at home</u>	
Avg. construct. cost per lot (\$) as at 2015	50,000	Share jobs at home	10.0%
Avg. escalation rate	4% p.a. over long term	Total jobs at home	493
NPV (Nominal)	231,155,846	<u>Non-home based jobs</u>	
Direct employment impacts per annum - construction		Share mobile	20.0%
Direct jobs - residential construction	250	Mobile jobs	887
Direct jobs - civil works	250	Share centres/precincts	80.0%
Direct jobs - other	<u>250</u>	Centres/precincts jobs	<u>3,550</u>
Total direct jobs	750	Total non-home based	4,437
*Expressed in year 2031			
**Approximately 1 job per dwelling per category			
Source: ABS; MacroPlan Dimasi			

6.2 Appropriateness of residential development

- There are a number of major residential growth areas across the surrounding region including the significant North West Priority Growth Area (NWPGA) and priority precincts along the Sydney Metro Northwest rail corridor. In total, there are five significant precincts identified within about 10km could provide a further 28,000 new residential dwellings over the longer term (including 24,000 or so in the metro corridor precincts).
- Much of the residential stock being planned around the metro corridor precincts will be medium-high density and will generally serve a different market to the low-medium density lifestyle housing planned in the SDUIA precinct. The SDUIA residential market positioning would be as a lifestyle/ecological residential estate that leverages off the existing riparian corridor in the middle of the site, with some medium-high density development potentially to be accommodated in the north-east corner of the site, close to Round Corner.

- The scale of development planned at the subject site (i.e. 2,900 dwellings over the long term) represents only 10% of the identified number of dwellings planned in the five new precincts, which is relatively small, however it will help to contribute to the future growth targets for the Hornsby LGA over the next 20 years, which is projected to grow by a further 40,000 persons over this timeframe (according to the NSW DPE Population and Housing Projections). Indeed, this additional population would be equivalent to around 20% of this total housing target.
- In this context, residential development in the SDUIA will provide alternative housing choice for residents in north-west of Sydney, and will have limited impacts on the surrounding development of residential dwellings along the rail corridor. Multiple development fronts, with a diverse product mix will be particularly important to ensure a functional residential market and that future growth in the Hornsby LGA can be accommodated sustainably.
- There is a pressing need for more apartments and townhouses in the Hornsby LGA. There have been numerous projects within the Hornsby city centre, but few beyond this location. Steep inclines across many parts of the LGA make it difficult to find suitable sites for apartment projects. Parts of the subject site can deliver on this though.
- New apartments provide a critical addition of more affordable housing. In particular, continued additions of rental housing supply are needed, even in locations beyond the city centre. New rental accommodation at South Dural will help to maintain key workers, such as nurses, police and emergency services employees. These workers tend to have mobile roles within the community, and South Dural housing will allow people to readily move to Hornsby town centre, Castle Hill and south to Epping.
- New apartments will be important as a means of downsizing for older households. As a secluded and peaceful location within the Hornsby LGA, South Dural will be very attractive for local empty nesters and retirees. The subject site will tend to provide more affordable apartments, when compared to new projects along the railway line from Hornsby into the city. This combination of factors means that new apartments at South Dural will deliver for a market niche that is increasingly important for long-time Hornsby residents.