PITTWATER COUNCIL

SUBJECT: Rezoning of 23B Macpherson Street, Warriewood

Meeting: Council Meeting **Date:** 9 November 20009

STRATEGY: Land Use & Development

ACTION: Coordinate land use planning component of land release

PURPOSE OF REPORT

The purpose of this report is to inform Council of the outcomes of the public exhibition of the proposed amendment to Pittwater LEP via a Planning Proposal, to permit a retail facility (Neighbourhood Shop and restaurant) on the subject site. This report seeks Council's endorsement to proceed with the amendment and request the Minister to prepare and make the LEP.

1.0 BACKGROUND

1.1 The Ingleside/Warriewood Urban Land Release Area Demographic and Facility/Service Needs Studies (December 1994) the subsequent 1997 Warriewood Valley Urban Land Release Draft Planning Framework, the 1999 Warriewood Valley Roads Masterplan (Jamieson Foley P/L), Warriewood Valley land Release DCP29 and its successor Pittwater DCP 21, identified the potential for limited scale retail facility that provides convenience to the incoming population of Warriewood Valley. The DCPs specifically nominated the junction of Garden and Macpherson Streets, as the preferred location.

It was envisaged that a retail facility can also act as a social hub for the new community (to be known as the Focal Neighbourhood Centre). The junction of the Macpherson Street-Garden Street is spatially central to the residential and commercial/industrial areas and school in Warriewood Valley. This intention and a development control relating to anticipated floor space, is expressed in the development controls within 21 DCP (being control C6.15 Warriewood Valley Focal Neighbourhood Centre).

1.2 The only site at the junction of Macpherson and Garden Streets where developers/owners presented to Council for adoption, a "Focal Neighbourhood Centre" as part of the overall development, is within Sector 8 (containing 23B Macpherson Street). 23B Macpherson Street is located at the south-western corner of the intersection in Sector 8. Consistent with the adopted Masterplan for Sector 8, the majority of the rezoned land in Sector 8 has been developed as medium density residential with the exception of the subject site.

1.3 As a result of a development enquiry, Council officers received legal opinion which placed uncertainty as to whether a "Focal Neighbourhood Centre" could be construed as "associated community and urban infrastructure" and may not be permitted in the 2(f) zone. This ambiguity was not Council's intention as a "limited in scale", "Focal Neighbourhood Centre" had been planned for as part of the Warriewood Valley Land Release for many years in the vicinity of the Macpherson Street-Garden Street intersection.

In order to overcome the ambiguity, it was recommended to Council at its meeting of 20 July 2009, to proceed to amend the LEP in relation to the site to expressly permit the "Focal Neighbourhood Centre", in accordance with Council's original planning for Warriewood Valley.

1.4 Accordingly, at its meeting of 20 July 2009, the Planning an Integrated Built Environment Committee considered a report to progress a site-specific amendment. The Committee resolved (inter alia) as follows:

"1. That Council endorse progression of the statutory rezoning process to permit a retail facility development on 23B Macpherson Street, Warriewood, as set out in Attachment 4…

2. That the outcomes of the community consultation process be reported to Council…

3 That Council reaffirm its commitment to ensuring that any development of the site achieves the design objectives for Warriewood Valley, including preservation of Creekline Corridor environments, maintaining high quality streetscape appearances, encouraging buildings which do not dominate the character of the area by way of the height, bulk or scale, encourage pedestrian use and achieve a high level of amenity for the Warriewood Valley Urban Land Release Area.

4. That it be emphasised that the progression of the amending LEP does not fetter Council's obligation to objectively consider the suitability of any future development application, including but not limited to the retail floor space, car parking, traffic generation and general amenity issues."

On 21 July 2009, the proposed amendment in the form of an amending LEP/Planning Proposal was forwarded to the Department of Planning (DoP) seeking approval to proceed and exhibit via a "Gateway Determination" in accordance with the recently introduced changes to Part 3 of the Environmental Planning and Assessment Act.

1.5 On 24 July 2009, Development Application (N0283/09) was lodged seeking approval for subdivision, and construction of a supermarket, specialty shops, car parking, caretaker's dwelling and an area of creekline corridor to be dedicated to Council. The Development Application, being an Integrated Application to be determined by the Joint Regional Planning Panel, was placed on exhibition on 6 August 2009 ahead of the amending LEP/Planning Proposal process. The application was lodged with legal opinion, advising the applicant that the proposal is permissible with consent under the 2(f) zone as "associated community infrastructure" irrespective of Council's concern as to permissibility and the decision to seek clarity in permissibility through the amending LEP/Planning Proposal process.

The merit of this Development Application including the permissibility of the proposal is subject to a separate assessment by Council officers and determination by the Joint Regional Planning Panel and is not part of the considerations for the amending LEP/Planning Proposal the subject of this report.

1.6 On 10 August 2009, the Director General of the Department (DoP) issued the "Gateway Determination" approving the initiation of the amending LEP process and directed Council to exhibit the Planning Proposal for 14 days.

The amending LEP/Planning Proposal is to permit a "Focal Neighbourhood Centre" to comprise of a "neighbourhood shop" and "restaurant" as additional permissible uses applying only to 23B Macpherson Street, Warriewood, consistent with the Masterplan. The following definitions are proposed to apply to the site:

"neighbourhood shop means retail premises used for the purposes of selling small daily convenience goods such as foodstuffs, personal care products, newspapers and the like, to provide for the day-to-day needs of people who live or work in the local area and may include ancillary services such as a post office, bank or dry cleaning, but does not include restricted premises."

***"restaurant** means a building or place, the principal purpose of which is the provision of food or beverages to people for consumption on the premises and that may also provide takeaway meals and beverages."*

1.7 The amending LEP/Planning Proposal was publicly exhibited from 19 August to 2 September 2009. Letters were sent to all property owners within a 400m radius of the subject site, as well as the Warriewood Valley Rezoning Association and the owners of Warriewood Square. An advertisement of the Planning Proposal was placed in the Manly Daily.

1.8 Subsequent to Council's decision to proceed with the amending LEP/Planning Proposal and the lodgement of DA N0283/09, the applicant for the DA submitted further legal advice from Mr Malcolm Craig QC to the effect that a retail facility could be construed as "associated community infrastructure". Council's solicitors then responded to this advice, acknowledging that it would be reasonable for a consent authority to rely on the reasoning of Mr Craig QC and determine a retail facility is permissible in the Residential 2(f) zone.

2.0 ISSUES

2.1 Permissibility and need for progressing the Amending LEP /Planning Proposal

The Council resolved to commence the process to amend the LEP to overcome the ambiguity, evident at the time through legal advice, as to whether a "Focal Neighbourhood Centre" was permissible in the Residential 2(f) zone. For a long period through the preliminary studies and planning documents associated with the valley's urban release, there was a clear intention to accommodate a "Focal Neighbourhood Centre".

The Council took the opportunity in seeking to clarify the permissibility (consistent with the sites Masterplan) to also introduce terminology and definitions from the State Government "Standard Template LEP", Metropolitan Strategy ,and the North-East Sub-Regional Strategy (Manly, Warringah and Pittwater area).

In this regard, the introduction of the definition of a "Neighbourhood shop" (a "Standard Template "definition) provides a clearer description of the anticipated and planned for extent of retailing, i.e.*"... for the purposes of selling small daily convenience goods....".*

Likewise, the term "Neighbourhood Centre" used in the amending LEP/Planning proposal, is a term used in the Metropolitan Strategy (Page 130 and 302) which states:-

> *"A Neighbourhood Centre is a small group of shops that you can walk to and buy daily needs such as milk and the newspaper. Examples are any street with a corner shop. Neighbourhood shops, as well as larger centres, should have a public transport focal point to link it with other centres....Neighbourhood Centres should have childcare centres, schools and other compatible activities located close together and have some medium density housing, mainly townhouses and villas in the immediate area to add vitality, safety and create a sense of place..."*

The North-East Sub-Region Strategy (page 34) states :-

> *"There is a spread of Village Centres .....Those include....Newport, Avalon and the stand alone shopping centre at Warriewood Square...These centres are served by a fine-grain network of Smaller Villages and Neighbourhood Centres which generally have a small strip or group of shops servicing daily shopping needs."*

Therefore, even if there is no need to clarify the permissibility of the use within the Residential 2(f) zone based on legal advice, the progression of the amending LEP/Planning Proposal is an important step in clarifying and defining the future form and extent of retail development in the Valley.

2.2 Exhibition Period

2.2.1 55 letters were received during the exhibition, comprising 35 individual letters and 16 "form" letters objecting to the Planning Proposal, and 4 individual letters in support. A letter has also been received from Mr Robert Stokes, MP of Pittwater.

A petition containing 621 signatures was also received objecting to the rezoning *"to allow another major supermarket and retail space in Warriewood."*

Of the 49 letters objecting to the rezoning, 31 expressly stated a preference for a smaller size/scale retail facility, and not as proposed by the current DA (N0283/09).

All of the submissions have been separately given to Councillors.

2.2.2 The issues raised are as follows:

(a) Definition of "neighbourhood shops" resulting in regional shops (wider range of shops), scale and size of development as detailed in the subsequent DA (N0283/09), affects viability of existing retailers;

(b) Planning Proposal places too much significance on the Retail Demand Assessment prepared on behalf of the proponent, and not independent;

(c) Rezoning inconsistent with 2(f) zoning of the land (ignores residential requirement of the 2(f) zone);

(d) Allowing "restaurants" will allow small bars;

(e) Existing nursery operation was previously advised by Council officers that they are unable to expand their retail operations;

(f) Council having a vested interest in the land (dedication of rear portion of the land, known in the DA as "Lot 1");

(g) Rezoning should be amended to include other constraints on the land, such as 50m buffer zone, parking provisions for customers and employees, noise levels, operational matters, traffic/road construction etc;

(h) Concerned with existing road conditions including on-street parking;

(i) Increased traffic, pollution, noise, lighting and amenity impacts, affects property values;

2.2.3 Eight submissions were received after close of exhibition up to 7 September 2009, including two letters supporting the amending LEP/Planning Proposal. A petition containing seven signatures was received objecting to the amending LEP/Planning Proposal.

Another petition containing 100 signatures was received stating *"Local Shops YES, Large Supermarket NO"*.

Six letters objecting to the Planning Proposal raised the following additional issues:

(j) Concern for *"Council's seemly positive attitude towards this totally unnecessary development."*

(k) Rezoning should not nominate a site, but the size of the retailing.

2.3 Comments to Issues Raised in Submissions

2.3.1 *Definition of "neighbourhood shops" - scale and size of retail activity (widening the range of shops)*

The majority of the submissions raised concerns to the scale/size of the development as a consequence of the exhibition of the DA (N0283/09). Council, in considering whether to proceed with the amending LEP/Planning Proposal, cannot consider details of the DA in terms of proposed floor space, bulk and scale of development etc. In saying this, it must be clear however, that the initiation of and completion of the amendment to LEP via the Planning Proposal process was not to facilitate the development proposed within DA N0283/09.The amendment was to overcome the question of permissibility of a retail facility on this site and to provide guidance as to Council's expectations of the nature of development on the site, i.e. a "neighbourhood shop" and "restaurant". The proposed amendment to the LEP seeks to reinforce Council's original planning intentions for a "Focal Neighbourhood Centre" at this location that may not have been able to be realised due to the uncertainty surrounding its permissibility. By initiating the amendment to the LEP, Council seeks to ensure that the "Focal Neighbourhood Centre" is permissible (with consent) on 23B Macpherson Street, being within the only Sector that through its Masterplan, pre-planned for a retail facility.

The proposed amendment via the Planning Proposal sought to facilitate a limited scale Neighbourhood Centre, containing a "neighbourhood shop" and "restaurant" that provides retail convenience for the incoming population of Warriewood Valley.

The definition of "neighbourhood shop" (see below) was specifically proposed in the amending LEP/Planning Proposal to differentiate from a broader range of retail opportunities provided under the definition of "shop". The definition states:-

> ***"neighbourhood shop*** *means retail premises used for the purposes of selling small daily convenience goods such as foodstuffs, personal care products, newspapers and the like, to provide the day-to-day needs of people who live or work in the local area, and may include ancillary services such as a post office, bank or dry cleaning, but does not include restricted premises."*

The amending LEP/Planning Proposal does not specify a maximum retail floor space, given this already exists in the Pittwater 21 DCP and is reinforced by the pre-planning of the Valley release, and the description of "centres" in the retail hierarchy of the Metropolitan Strategy, North-Eastern Sub-Regional Strategy and the Draft Centres policy.

Nonetheless, issues relating to scale and size of the proposed development including impact on existing retailers, will be considered on merit as part of the development assessment process for the exhibited DA.

2.3.2 *Retail Demand Assessment, prepared on behalf of the proponent*

Concerns are raised to the Retail Demand Assessment accompanying the exhibited Planning Proposal, in terms of its lack of independence (as it was prepared for the proponent) and retail floor space requirements.

The Warriewood Valley Retail Demand Assessment (March 2009) by Hill PDA, was prepared on behalf of the proponent. This study accompanied the applicant's Planning Proposal.

In 2006, Council commissioned *Hill PDA* to test whether the development of a retail facility envisaged in the DCP and supporting strategic documents, was sustainable at the junction of Macpherson and Garden Street, given the underlying retail demand (copy of 2006 *Hill PDA* report is in attachment 3). *Hill PDA* (as mentioned in the exhibited Planning Proposal) concluded there was current demand (2006) for a supermarket (of 800m^2) and 371m^2 of specialty retail floor space, based on the 2001 Census.

The *Hill PDA* 2009 study for the applicant provides an assessment of the total level of retail expenditure and associated demand for retail floor space generated within the Valley within the context of "commercial viability" of the applicant's project. *Hill PDA* differentiated between the two studies by letter dated 9 September 2009, in which they state (inter alia):-

> "*Rather than assess the viability of a small centre (which the proponent had found to be non viable in commercial terms), the Study sought to determine whether there would be sufficient demand for a commercially viable larger centre (3,950sqm centre) and whether this would have an adverse economic impact to the function of surrounding centres*".

It is worth noting that the amending LEP/Planning Proposal has used the 2009 *Hill PDA* study to explain there is still demand for retail floor space in Warriewood Valley, which can be accommodated as "neighbourhood shop" and "restaurant" that in turn, would facilitate the development of the Warriewood Valley Focal Neighbourhood Centre. Additionally, Section C3 of the amending LEP/Planning Proposal reiterates *"it is limited to the subject site to which the site areas and other constraints will be the determining factors in limiting floor space capability of the development"*.

2.3.3 *Rezoning ignores residential requirement under the 2(f) zone*

This issue relates to the residential requirement for this site. This site will continue to be zoned 2(f) which already permits with development consent "Residential buildings; associated community and urban infrastructure."

The amending LEP/Planning Proposal intends to permit, as additional uses specifically for 23B Macpherson Street, "neighbourhood shop" and '"restaurant" in order to facilitate the development of a "Focal Neighbourhood Centre", overcome any ambiguity as to permissibility (and hence any challenge from any party) and reinforce the Sector 8 Masterplan. This Masterplan proposed a "neighbourhood centre" and residential development for the greater part of Sector 8 and within the near curtilage of the proposed "neighbourhood centre". This issue is partly raised in relation to the DA and would be addressed as part of that process.

2.3.4 *Restaurants will allow small bars*

Concern is raised that the definition of "restaurants" will also permit bars, which is correct. Any future "restaurants" however, will be subject to appropriate applications under the relevant legislation and assessed on merit.

2.3.5 *Existing Nursery Operations – desire to expand retail operations*

A submission was received from Flower Power objecting to the Planning Proposal on the grounds that their existing operation (at 22 Macpherson Street) provides some retailing and expressed their desire to expand the retail offering on their site.

22 Macpherson Street is on the north-eastern corner of Macpherson Street-Garden Street intersection, and is at the junction of Macpherson and Garden Streets where a "Focal Neighbourhood Centre" is considered appropriate. However, the Masterplan for Sector 3 accompanying the rezoning of the site to Residential 2(f), did not indicate the Focal Neighbourhood Centre being developed on 22 Macpherson Street. Conversely, the Masterplan for Sector 8 does show an indicative Focal Neighbourhood Centre on 23B Macpherson Street.

Council officers have, over recent years, discussed the "Focal Neighbourhood Centre" with both owners (of the nursery site and 23B Macpherson Street). Only the Masterplan for Sector 8 (including 23b Macpherson) responded with a retail facility being planned and subsequently, the new and current owners of 23B Macpherson Street have proceeded with a development concept for a retail facility.

2.3.6 *Council has vested interest in land*

A submission raised concern that the DA will result in the rear portion of the land being dedicated to Council and has questioned the governance of the rezoning process, as Council has a vested interest in land, comparing it to Gwandalan Summerland Point Action Group Inc v. Minister for Planning [2009] NSWLEC 140. In Gwandalan, J Lloyd calls into question the agreement between the then Minister for Planning and the developer (via a Memorandum of Understanding) resulting in bias being afforded to the rezoning and residential development at Catherine Hill Bay.

The Warriewood Valley Section 94 Contributions Plan facilitates timely delivery of infrastructure in the Valley, including land for multi-functional creekline corridor (this land is bought or credit offset to the developer under Section 94). The Section 94 Plan was prepared in accordance with the *Environmental Planning and Assessment Act 1979*, and provides planning nexus between the infrastructure needs resulting from new development. The Section 94 contribution, unlike the (Gwandalan) Memorandum of Understanding, is only imposed as condition if the Development Application is approved. There is no agreement between the owners and Council, and the creekline land is costed in the Section 94 Plan.

2.3.7 *Rezoning should include other criteria*

A suggestion was made that additional criteria should be included in the rezoning of this site, such as the 50m buffer zone, parking provisions for customers and employees, setting a noise level criteria and requirements for road construction, including traffic management at the corner of Macpherson Street-Garden Street.

The provisions of Pittwater 21 DCP will continue to apply to this site, regardless of the rezoning process. The DCP stipulates requirements, among others, regarding the 50m buffer zone and off-street parking for any non-residential developments. Part of the assessment criteria for the DA involves acoustic amenity and assessment of noise levels in accordance with the Environmental Protection Authority policy guidelines. Additionally, impacts on access and traffic generation resulting from the proposal are part of the development assessment process, where it will consider any requirements for road construction including appropriate access/ traffic management facilities.

2.3.8 *Additional issues raised after exhibition period (up to 7 September 2009)*

Council, in initiating the amending LEP/ Planning Proposal, has received criticism such as *"Council's seemingly positive attitude towards this totally unnnecessary development."*

As mentioned earlier in this report, Council proceeded with the amending LEP/Planning Proposal to remove the permissibility ambiguity and expressly permit a "neighbourhood shop" and "restaurant" on the subject site, as a reflection of the long term planning for the Valley.

A suggestion was made that the rezoning should not nominate a site, rather nominating the size. The planning for Warriewood Valley had indicated a preferred site for the Focal Neighbourhood Centre with limited retailing as 23B Macpherson Street, Warriewood. The amending LEP/ Planning Proposal confirms the original planning intent for the Warriewood Valley Focal Neighbourhood Centre by:

(a) identifying 23B Macpherson Street as the site where a "neighbourhood shop" and "restaurant" would be permitted in Warriewood Valley to facilitate the development of the Focal Neighbourhood Centre on the site; and

(b) introducing the definition of "neighbourhood shop" which seeks to facilitate the range of retail offering consistent with the pre-planning of the Valley.

2.4 Response in relation to climate change

2.4.1 Council's Planning and Integrated Built Environment Committee, in resolving to progress the statutory rezoning process, also resolved as follows:

"5. That during the exhibition period, Council staff assess the proposed additional uses on this particular site with a view to determining if there are any adverse impacts as a result of climate change which need to be specifically addressed in any such development of the site, or any such factors which would constrain the development potential of the site, such as to impact on the viability of the additional proposed uses which might result from the proposed rezoning."

2.4.2 The proposed additional uses are "neighbourhood shop" and "restaurant".

2.4.3 The development of sectors or major landholdings in the Valley has required the submission of a water management report with the Development Application. Recent applications have, in their water management report, addressed climate change and this approach is now consistent in its application.

The recently adopted Pittwater 21 DCP (Amendment 5) introduced a Climate Change Control (being control B3.23) applying to Warriewood Valley Release Area. This would continue to apply to this site, including all other controls under Pittwater 21 DCP and Pittwater LEP, regardless of this rezoning process.

2.5 Minor Change to the Exhibited Planning Proposal

2.5.1 Minor changes are proposed to the exhibited Planning Proposal to specifically state:

- there is no requirement to consult State or Commonwealth authorities, and
- the 14 days exhibition period,

as directed in the Gateway Determination issued by the Department on 10 August 2009. With the exception of this minor change, no other changes have been made or recommended to the Planning Proposal.

3.0 FORWARD PATH

3.1 If Council agrees with the recommendation, a request will be made to the Department of Planning to prepare (the legal drafting of the planning instrument) and make a Local Environment Plan in accordance with the attached Planning Proposal (Attachment 2).

3.2 Additionally, the owner of the property and all persons who made submissions to the exhibition are to be advised of the Council's resolution.

3.3 The certified and exhibited amending LEP/Planning Proposal will be taken into consideration in assessing the DA N0283/09.

4.0 SUSTAINABILITY ASSESSMENT (VIEW SUSTAINABILITY ASSESSMENT TOOL)

4.1 Supporting & Connecting our Community (Social)

4.1.1 Progressing the plan-making process to permit a retail facility on this site will bring to fruition development of the site as originally planned. This enables completion of the Sector 8 development and provide a retail facility limited to serving the daily shopping needs of residents in the Warriewood Valley Land Release that will enhance the health and wellbeing of the community.

4.2 Valuing & Caring for our Natural Environment (Environmental)

4.2.1 Progressing the plan-making process to permit a retail facility on this site will bring to fruition development of the site as originally planned and includes evaluating the likely impacts of future development of this site, including environmental impacts on the natural environment, economic and social impacts in the locality.

The development opportunities being provided in this sector will seek to introduce initiatives that aim to reduce our ecological footprint and protect our biodiversity.

4.3 Enhancing our Working & Learning (Economic)

4.3.1 Progressing the plan-making process to permit a retail facility on this site will bring to fruition development of the site as originally planned. The development opportunities being provided in this sector facilitates local business and employment opportunities.

It is intended that the proposal serves the daily shopping needs of residents in the Warriewood Valley Release Area.

4.4 Leading an Effective & Collaborative Council (Governance)

4.4.1 Progressing the plan-making process to permit a retail facility on this site will bring to fruition development of the site as originally planned under the Warriewood Valley Urban Land Release Draft Planning Framework 1997. The rezoning of this site to enable the development of a retail facility on same is generally consistent with the Masterplan (for this site and Sector 8) approved by Council in 2003.

Collaboration with landowners and community participation has been carried out to ensure that decision-making is ethical, accountable and transparent.

4.5 Integrating our Built Environment (Infrastructure)

4.5.1 Progressing the plan-making process to permit a retail facility on this site will bring to fruition development of the site as originally planned under the Warriewood Valley Urban Land Release Draft Planning Framework 1997.

The development opportunity being provided for this site through the rezoning, aims to enhance the liveability and amenity of our villages by locating an appropriate mix of land use and development in well connected, effective transport route.

5.0 EXECUTIVE SUMMARY

5.1 Council, in its initial planning of the Warriewood Valley Land Release, had envisaged the provision of a retail facility (of limited scale) at a central location within Warriewood Valley. This location, being in the vicinity of the Macpherson Street-Garden Street intersection, had been expressed in the Warriewood Valley Urban Land Release Draft Planning Framework, associated documents and subsequently in Pittwater 21 DCP.

5.2 Council, in commencing the statutory planning process, intends to clarify permissibility in relation to a retail facility (of limited scale), which in turn, would facilitate development of the Warriewood Valley Focal Neighbourhood Centre, facilitating an intended type of retail for the local community being the sale of "small daily convenience goods…".

5.3 The majority of concerns raised to the recently exhibited Planning Proposal relates to the scale and size of the development detailed in the Development Application N0283/09 that was also on exhibition.

The amending LEP/Planning Proposal aims to permit (in terms of scale) a limited retail offer, being "neighbourhood shop" and "restaurant", consistent with the pre-planning of the Valley and DCP 21.

5.4 This report recommends progressing the LEP process to finalisation, which will specifically permit as additional uses "neighbourhood shop" and "restaurant" specifically to 23B Macpherson Street .As an exhibited and certified amending LEP Planning Proposal, it will be taken into consideration in assessing the current Development Application N0283/09.

RECOMMENDATION

1 That Council continue progression of the statutory rezoning process to enable "neighbourhood shop" and "restaurant" as additional permitted uses on 23B Macpherson Street, Warriewood, and request the Minister for Planning to draft and make the Plan as set out in the attached Planning Proposal (Attachment 2).

2 That it be emphasised that support of the amending Plan does not fetter Council's obligation to objectively consider the suitability of any future development application on this site, including but not limited to the retail floor space, car parking provision, traffic general and amenity issues.

3 That all persons who have made a submission be formally advised of Council's decision.

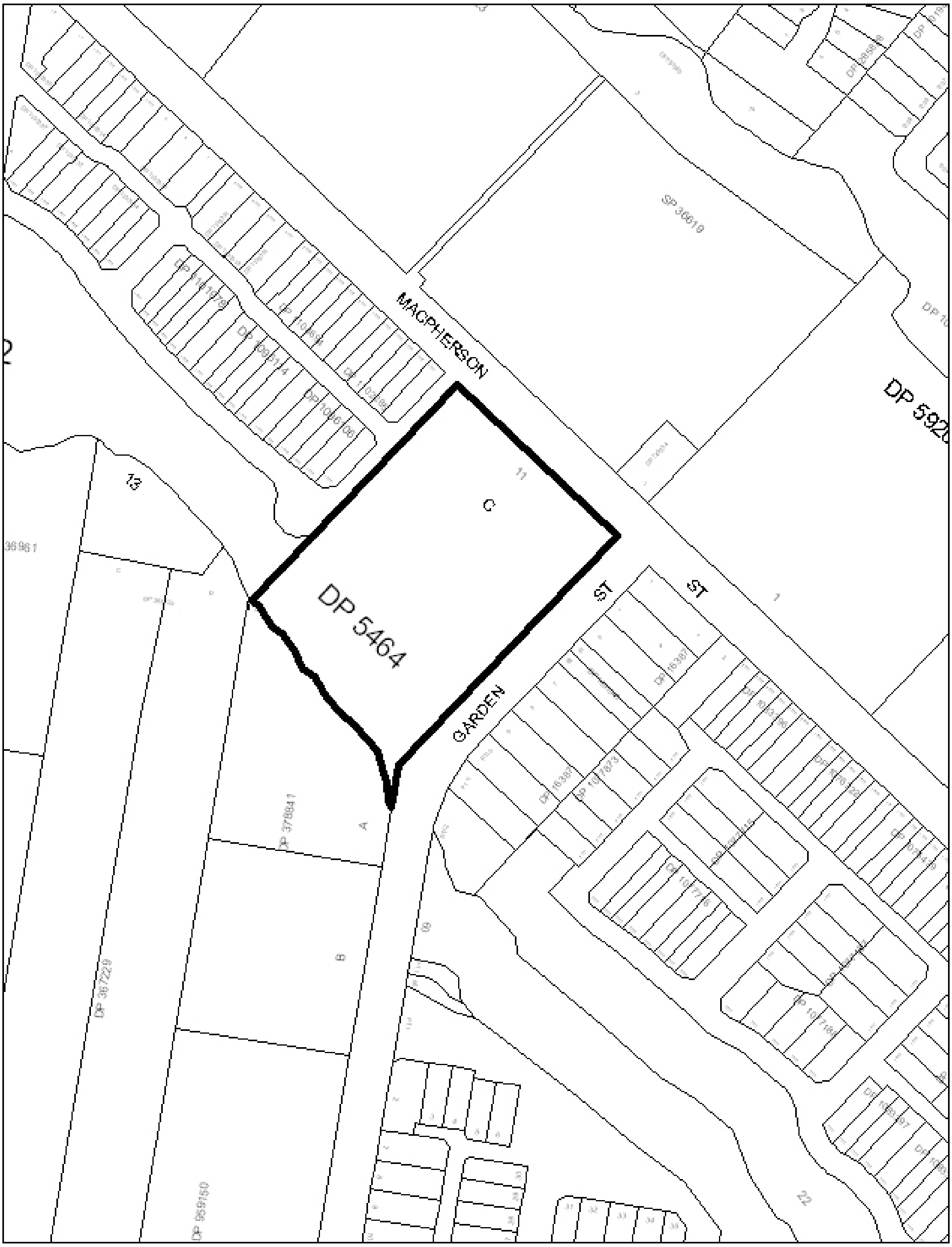
Report prepared by

Liza Cordoba, Principal Officer Land Release

Lindsay Dyce
MANAGER, PLANNING & ASSESSMENT

ATTACHMENT 1

LOCALITY MAP



PITTWATER COUNCIL

PLANNING PROPOSAL

To permit a retail development on 23B Macpherson Street, Warriewood

Prepared By Pittwater Council

PITTWATER COUNCIL

CONTENTS

PART 1 OBJECTIVES OR INTENDED OUTCOMES

To enable the subject site, 23B Macpherson Street Warriewood, to be developed for a retail development that services the daily needs of and offers retail convenience to the resident population of the Warriewood Valley release area,

PART 2 EXPLANATION OF PROVISIONS

Amendment of the Pittwater LEP 1993 Schedule 10, to apply to 23B Macpherson Street, Warriewood, being the subject site identified on the map shown at Attachment 1.

To permit "neighbourhood shop" and "restaurant" on 23B Macpherson Street, Warriewood, which are to be defined, in accordance with the Standard LEP Template, as follows:

"***neighbourhood shop*** means retail premises used for the purposes of selling small daily convenience goods such as foodstuffs, personal care products, newspapers and the like to provide for the day-to-day needs of people who live or work in the local area, and may include ancillary services such as a post office, bank or dry cleaning, but does not include restricted premises.

restaurant means a building or place the principal purpose of which is the provision of food or beverages to people for consumption on the premises and that may also provide takeaway meals and beverages."

PART 3 JUSTIFICATION

A Need for the Planning Proposal

(A1) Is the planning proposal a result of any strategic study or report?

The Warriewood Valley Urban Land Release Draft Planning Framework (1997) is Council's adopted planning strategy for the release of non-urban land in Warriewood Valley for urban purposes in accordance with the State Government's Metropolitan Development Program. Informing the 1997 Planning Framework was a suite of studies undertaken in 1994, including the Ingleside/Warriewood Urban Land Release Area Demographic and Facility/ Service Needs Studies which identified the potential need for retailing to be provided (at a limited scale) that provides retail convenience for the incoming population.

The 1997 Planning Framework identified a preferred location for a retail centre that caters for and meets the needs of the incoming residential population of the Warriewood Valley release area. This planning intention was reiterated as a development specific control under the Pittwater 21 Development Control Plan (DCP), being control C6.15 entitled Warriewood Valley Focal Neighbourhood Centre.

The Planning Proposal relates to the subject land, to permit the development of a retail development on the site consistent with the 1997 Planning Framework and Pittwater 21 DCP.

(A2) Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

The subject site is part of Sector 8. The masterplan for that sector indicated the likely residential development form for that sector, including a retail development on this site. The sector masterplan was adopted by Council as part of the rezoning process and was rezoned in 2004.

Like all the land in Sector 8, the subject site is zoned 2(f) (Urban Purposes – Mixed Residential) under Pittwater LEP. There is a limited range of development permitted under the 2(f) zone. Recently, Council was advised that a retail development may not be construed as “associated community and urban infrastructure” (undefined in the LEP), and may not be permitted in the 2(f) zone. This is inconsistent with the 1997 Planning Framework for Warriewood Valley Release Area.

The Planning Proposal is therefore the best means of achieving the objectives, consistent with the 1997 Planning Framework for the Warriewood Valley Release Area and Pittwater 21 DCP.

(A3) Is there a net community benefit? *(Refer Draft Centres Policy, DoP 2008)*

The rezoning of the subject site to permit a retail centre development is the first step in achieving the retail centre planned for the Warriewood Valley Release Area. The planned retail offering will be limited to serving the daily shopping needs of residents in the Release Area.

The subject site is already zoned 2(f) (Mixed Residential – Urban Purposes) under Pittwater LEP 1993, consistent with land already released for development in the Warriewood Valley Release Area. This LEP intends to add an additional permissible use specific to the subject site.

Given the time elapsed since Council undertook the planning investigations into the Warriewood Valley Release Area (1994 and 1997), Council commissioned HillPDA to provide an independent assessment to determine whether there is demand for a neighbourhood shopping centre in the release area, in particular locating it on the subject site. The HillPDA assessment was commissioned in 2006 and concluded:

- there is current demand for a supermarket (of 800m2 floorspace) and 371m2 floorspace for specialty retailing, based on the 2001 Census, in the Release Area.
- In terms of specialty retailing, this may include a bakery, restaurant/café, delicatessen and possibly a clothing outlet that would appeal to the local market and be able to sustain a high level of turnover.

The proponent has also submitted a Retail Demand Analysis prepared by HillPDA (2009), and is based on 2006 Census. This 2009 Analysis concluded:

- there was sufficient demand generated (within the Primary and Secondary Trade Areas) to support over 15,500sqm of retail floorspace in 2007. By 2020, the estimated demand is doubled to 32,919sqm.
- Due to the nature of retailing, it is unlikely that the estimated retail floorspace can be catered for within the Trade Areas, particularly in the Release Area.
- Nonetheless, “…there is sufficient demand generated by the mix of existing and proposed uses within Warriewood Valley for the planned centre on the Subject Site to accommodate 3,950sqm of retail floorspace including a 3,200sqm supermarket and 750sqm of specialty retail by 2012.

> As the centre at the junction of Macpherson and Garden Streets is an established centre in planning policy terms, we believe a supermarket should be supported in this location to not only meet the growth in demand for retail but to also support the economic viability and therefore success of the centre." (p8)

A copy of the HillPDA Retail Demand Analysis is attached (Attachment 4).

The subject site is centrally located within the Warriewood Valley Release Area on Macpherson Street, being the main vehicular and public transport route for the Release Area. Locating the retail centre on this site spatially provides daily shopping convenience to residents in the Release Area, as it is also on the pedestrian/ cycleway network established for the Release Area.

Planning and developing a Land Release Area without a retail offer sited in the release area does not promote sustainability as residents will need to travel out of the release area to other existing centres for their daily shopping needs.

The Planning Proposal on the subject site provides benefits to the Warriewood Valley community, in ensuring sustainable travel and enabling retail development to occur that provides/ meets daily shopping needs and convenience to residents of the Warriewood Valley Release Area.

B Relationship to Strategic Planning Framework

(B1) Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy (including the Sydney Metropolitan Strategy and exhibited draft strategies)?

The planning proposal is consistent with the objectives of the Sydney Metropolitan Strategy and the Draft North-East Sub-Regional Strategy where it promotes the location of a local centre within a residential area. The planning of the Warriewood Valley Release Area is based on the premise of a liveable and walkable community, with provision of a safe pedestrian and cycle network through the release area with connections to employment/ recreation areas and the proposed Warriewood Valley neighbourhood centre (the subject of this planning proposal).

Under the Centres' Hierarchy it is envisaged that the planning proposal may take the form of a "small village" or "neighbourhood centre" aimed at servicing the daily shopping needs and offers convenience to residents of the release area. The planning proposal is centrally located within the Release Area, and fronts Macpherson Street, which is the primary vehicular for and public transport route through the Release Area. A pedestrian/ cycleway network exists and is able to connect to the subject site.

Under the centres' designation, the proposal should not impact on Warriewood Square and Mona Vale (identified as a "Stand Alone Shopping Centre" and "Town Centre" respectively in the Draft Sub-Regional Strategy).

(B2) Is the planning proposal consistent with the local council's Community Strategic Plan, or other local strategic plan?

As per responses to A(1) and A(2) above, the planning proposal is consistent with the *Warriewood Valley Urban Land Release Draft Planning Framework* (1997), being the underlying strategic plan for the development of the Warriewood Valley Release Area.

(B3) Is the planning proposal consistent with applicable state environmental planning policies?

The Planning Proposal is consistent with the State Environmental Planning Policies (refer to Attachment 2).

(B4) Is the planning proposal consistent with applicable Ministerial Directions (S117 Directions)?

The Planning Proposal is generally consistent with the Section 117 Directions (refer to Attachment 3).

C Environmental, social and economic impact

(C1) Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?

The subject property contains a section of Fern Creek, which links to Narrabeen Wetlands providing a corridor link between the escarpment and the valley. Nonetheless, the site does not contain any critical habitat or threatened species, populations or ecological communities, or their habitats under the Threatened Species Conservation Act (TSC Act).

The property was the subject of studies in 2002 when it was rezoned Non-Urban to 2(f). The current planning proposal will rely on this study, in regard to impact on other ecological communities or their habitats, given that this planning proposal is requesting an additional use to be permitted on this site.

(C2) Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?

The likely environmental effects resulting from the planning proposal relate to traffic management, water management and potential impact on the amenity of adjoining residents. There are specific controls applying to the subject property in relation to traffic management and water management which forms part of the Sector development, of which this site forms part thereof, and are integral to any development proposal in the Warriewood Valley Release Area (some of which are part of the Section 94 Plan for Warriewood Valley release area).

The planning proposal will, when lodged as a DA, require assessment under Section 79C of the EP&A Act.

(C3) How has the planning proposal adequately addressed any social and economic effects?

As reiterated in A(1) above, a suite of studies undertaken in 1994 formed the basis of Warriewood Valley Urban Land Release Draft Planning Framework (1997), upon which the Warriewood Valley Release Area was planned and developed:

- The supporting Ingleside/Warriewood Urban Land Release Area Demographic and Facility/ Service Needs Studies identified the potential need for retailing to be provided (at a limited scale) that provides retail convenience for the incoming population.
- The 1997 Planning Framework identified a preferred location for a retail centre that caters for and meets the needs of the incoming residential population of the Warriewood Valley release area.
- A provision is in Pittwater 21 Development Control Plan (DCP), regarding the development of the Warriewood Valley Focal Neighbourhood Centre (control C6.15).

Given the period elapsed since the initial studies, Council commissioned HillPDA in 2006 to provide an independent assessment to determine whether there is demand for a neighbourhood shopping centre in the release area, in particular locating it on the subject site. The 2006 HillPDA assessment, based on the 2001 Census, indicated there is current demand for a supermarket (of 800m^2 floorspace) and 371m^2 floorspace for specialty retailing. The specialty retailing cited includes a bakery, restaurant/café, delicatessen and possibly a clothing outlet that would appeal to the local market and be able to sustain a high level of turnover.

A retail demand analysis accompanies the planning proposal, based on the 2006 Census, as Attachment 4. The analysis concluded there is sufficient demand for retail floorspace generated in Warriewood Valley Release Area, with the floorspace significantly higher than previously advised in the HillPDA assessment (2006). Notwithstanding the discrepancy in retail floorspace demand, the planning proposal is limited to the subject site to which the site area's and other constraints will be the determining factors in limiting the floorspace capability of the development.

D State and Commonwealth interests

(D1) Is there adequate public infrastructure for the planning proposal?

The planning proposal is for an additional use to be permitted on the site. This site is on Macpherson Street, which is the main vehicular and public transport route for Warriewood Valley.

Public infrastructure is provided as part of the development of the Warriewood Valley Release Area, of which this site is in.

(D2) What are the views of State and Commonwealth public authorities consulted in accordance with the gateway determination? *(Completed after consultation, after gateway determination & not at the initial stage)*

No State or Commonwealth public authorities were consulted or required to be consulted, in accordance with the Gateway Determination issued for this Planning Proposal by the Director General, dated 10 August 2009.

PART 4 COMMUNITY CONSULTATION

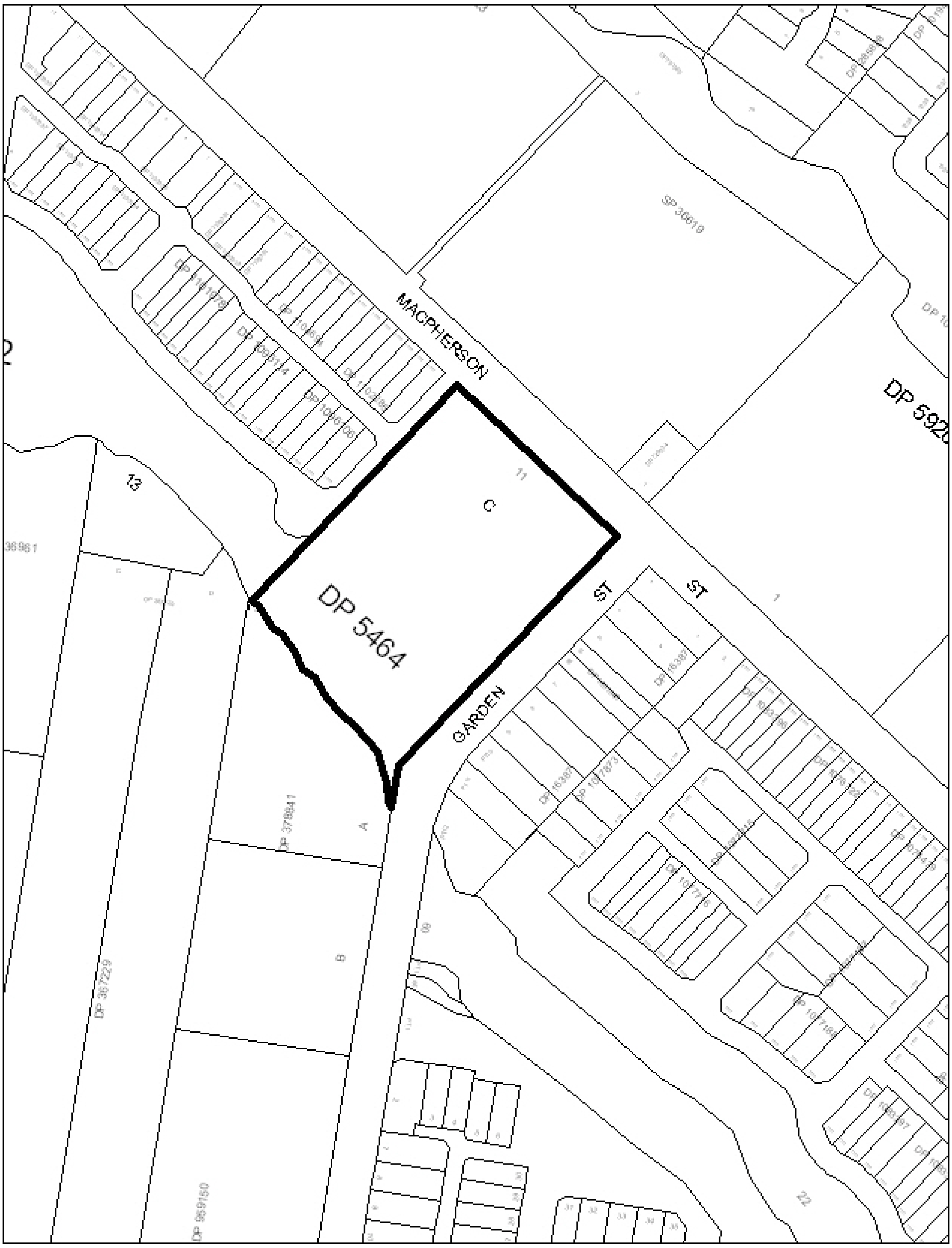
Council notes this is the first planning proposal that will undergo this process in the Pittwater Local Government Area. Given the changes to Part 3 of the EP&A Act are recent and the local community are unfamiliar with those changes, Council proposes that the planning proposal be exhibited in the following manner:

As a minimum:

- advertising in the local newspaper and on Council's website at the start of the exhibition period,
- exhibition period of 14 days from date it appears in newspaper
- Adjoining property owners (within a 400m radius of the subject site) and the Warriewood Valley Rezoning Association be notified by letter (direct mailout).
- Notification to owners of Warriewood Square.

The exhibition period is in accordance with the Gateway Determination issued for this Planning Proposal by the Director General, dated 10 August 2009.

Location Map



Checklist - Consideration of State Environmental Planning Policies

The following SEPP's are relevant to the Pittwater Local Government Area.

Title of State Environmental Planning Policy (SEPP)	**Applicable**	**Consistent**	**Reason for inconsistency**
SEPP No 1 – Development Standards	YES	YES	
SEPP No 4 – Development without consent…	YES	YES	
SEPP No 6 – Number of Storeys in a Building	YES	YES	
SEPP No 10 – Retention of Low-Cost Rental Accommodation	**NO**	Not applicable	
SEPP No 14 – Coastal Wetlands	YES	YES	
SEPP No 21 – Caravan Parks	**NO**	Not applicable	
SEPP No 22 – Shops and Commercial Premises	**NO**	Not applicable	
SEPP No 26 – Littoral Rainforests	**NO**	Not applicable	
SEPP No 30 – Intensive Agriculture	**NO**	Not applicable	
SEPP No 32 – Urban Consolidation	**NO**	Not applicable	
SEPP No 33 – Hazardous and Offensive Development	**NO**	Not applicable	
SEPP No 44 – Koala Habitat Protection	**NO**	Not applicable	
SEPP No 50 – Canal Estate Development	**NO**	YES – not canal devt	
SEPP No 55 – Remediation of Land	**NO**	Not applicable	
SEPP No 62 – Sustainable Aquaculture	**NO**	Not	

Title of State Environmental Planning Policy (SEPP)	**Applicable**	**Consistent**	**Reason for inconsistency**
		applicable	
SEPP No 64 – Advertising and Signage	YES	YES	
SEPP No 65 – Design Quality of Residential Flat Development	YES	YES	
SEPP No 70 – Affordable Housing (Revised Schemes)	**NO**	Not applicable	
SEPP (Building Sustainability Index: BASIX) 2004	YES	YES	
SEPP (Exempt and Complying Development Codes) 2008	YES	YES	
SEPP (Housing for Seniors or People with a Disability) 2004	YES	YES	
SEPP (Infrastructure) 2007	YES	YES	
SEPP (Major Development) 2005	YES	YES	
SEPP (Mining, Petroleum Production and Extractive Industries) 2007	YES	YES	
SEPP (Temporary Structures and Places of Public Entertainment) 2007	YES	YES	

The following is a list of the deemed SEPP's (formerly Sydney Regional Environmental Plans) relevant to the Pittwater Local Government Area.

Title of deemed SEPP, being Sydney Regional Environmental Plan (SREP)	**Applicable**	**Consistent**	**Reason for inconsistency**
SREP No 20 – Hawkesbury-Nepean River (No 2 -1997)	**NO**	Not applicable	

Section 117 Ministerial Directions Checklist

(Directions as per DoP website 3 July 2009)

1 Employment and Resources

	Applicable	**Consistent**	**Reason for inconsistency**
1.1 Business and Industrial Zones	NO	Not applicable	
1.2 Rural Zones	NO	Not applicable	
1.3 Mining, Petroleum Production and Extractive Industries	NO	Not applicable	
1.4 Oyster Aquaculture	NO	Not applicable	
1.5 Rural Lands	NO	Not applicable	

2 Environment and Heritage

	Applicable	**Consistent**	**Reason for inconsistency**
2.1 Environment Protection Zones	YES	**NO**	See below
2.2 Coastal Protection	NO	Not applicable	
2.3 Heritage Conservation	YES	**NO**	See below
2.4 Recreation Vehicle Areas	YES	YES	

Justification to 2.1 and 2.3

(2.1) The draft LEP relates to a specific site identified in the Warriewood Valley Urban Land Release Planning Framework as being the preferred site for a retail development in the Release Area. The Planning Framework is the background document upon which the Warriewood Valley Release Area has been developed.

The zoning of the site is not being changed. The draft LEP is to permit a specific development on a specific site, and is considered to be of minor significance.

(2.3) The draft LEP is an amendment of Pittwater LEP, and is not amending heritage provisions. The draft LEP is an amendment to the Pittwater LEP to permit a specific development on a specific site, and is considered to be of minor significance.

3 Housing, Infrastructure and Urban Development

	Applicable	Consistent	Reason for inconsistency
3.1 Residential Zones	YES	YES – No change	
3.2 Caravan Parks and Manufacture Home Estates	YES	**NO**	See below
3.3 Home Occupations	YES	YES – No change	
3.4 Integrating Land Use and Transport	YES	YES	
3.5 Development near Licensed Aerodromes	YES	YES	

Justification to 3.2

(3.2) The draft LEP is an amendment to the Pittwater LEP, to permit a specific development on a specific site, and is not altering the zoning of the site. The subject site was identified in the Warriewood Valley Urban Land Release Planning Framework as the preferred site for a retail development in the Release Area. The Planning Framework is the background document upon which the Warriewood Valley Release Area has been developed. Additionally, the draft LEP is considered to be of minor significance.

4 Hazard and Risk

	Applicable	Consistent	Reason for inconsistency
4.1 Acid Sulphate Soils	YES	YES – No change	
4.2 Mine Subsidence and Unstable Land	NO	Not applicable	
4.3 Flood Prone Land	YES	**NO**	See below
4.4 Planning for Bushfire Protection	NO	Not applicable	

Justification to 4.3

(4.3) The subject site is already zoned 2(f) (Urban Purposes – Mixed Residential) under Pittwater LEP. The draft LEP is an amendment to the Pittwater LEP, to permit a specific development on the site. The site was identified in the Warriewood Valley Urban Land Release Planning Framework as the preferred site for a retail development in the Release Area. The Planning Framework is the background document upon which the Warriewood Valley Release Area has been developed. Additionally, the draft LEP is considered to be of minor significance.

5 Regional Planning

	Applicable	Consistent	Reason for inconsistency
5.1 Implementation of Regional Strategies	NO	Not applicable	
5.2 Sydney Drinking Water Catchments	NO	Not applicable	
5.3 Farmland of State and Regional Significance on NSW Far North Coast	NO	Not applicable	
5.4 Commercial and Retail Development along the Pacific Hwy, North Coast	NO	Not applicable	
5.5 Development in the vicinity of Ellalong, Paxton and Millfield	NO	Not applicable	
5.8 Second Sydney Airport: Badgerys Creek	NO	Not applicable	

6 Local Plan Making

Local Plan Making	Applicable	Consistent	Reason for inconsistency
6.1 Approval and Referral Requirements	YES	YES	
6.2 Reserving Land for Public Purposes	YES	YES – no change	
6.3 Site Specific Purposes	YES	YES	

7 Implementation of the Metropolitan Strategy

Implementation of Metropolitan Strategy	Applicable	Consistent	Reason for inconsistency
7.1 Planning Proposals consistent with NSW Government's Metropolitan Strategy: *City of Cities, A Plan for Sydney's Future,* published in December 2005	YES	YES	

Warriewood Valley Retail Demand Assessment

PREPARED FOR

Warriewood Properties

March 2009

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QUALITY CONTROL

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

REVIEWED BY

.... Dated ...10 March 2009.......

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REPORT DETAILS:

Job Ref No:	C08212
Version:	Final
Date Printed:	13/03/2009 2:41:00 PM
File Name:	C08212 Warriewood Valley Retail Demand Assessment Amended Final March 10 2009

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1. Executive Summary

1.1 Study Brief

Hill PDA Land Economists were commissioned by Warriewood Properties to undertake a demand assessment for retail space within Warriewood Valley, Pittwater. The demand assessment will inform the preparation of an appropriate development application for a retail centre located in the vicinity of the Macpherson and Garden Streets intersection (the Subject Site). For the purposes of assessment, demand for a centre in the order of 3,950sqm (comprising of a 3,200sqm supermarket and 750sqm of specialty retail) has been tested.

Pittwater Council (Council) advocates the development of a retail centre on the Subject Site to meet the retail needs and services of the existing and future Warriewood community. At present there is no retail centre located within Warriewood Valley. This fact is particularly pertinent in light of the significant increase in residential development forecast within Warriewood Valley by 2012.

Council's Section 94 Contributions Plan and the Warriewood Valley DCP estimate that an additional 1,886 residential dwellings will be developed in Warriewood Valley by 2012. The additional dwellings could increase the number of residents within Warriewood Valley by 5,300.

To quantify the amount of retail floorspace demand generated as a result of this growth, Hill PDA has:

1. Defined Primary (PTA) and Secondary (STA) Trade Areas for the Subject Site;
2. Assessed the existing (and likely future) socio-demographic characteristics of the PTA and STA's population;
3. Applied the findings of points 1 and 2 above into detailed household expenditure modelling;
4. Refined the household expenditure results into retail floorspace demand; and
5. Applied capture rates to find the net demand for retail floorspace in Warriewood Valley taking into account escape expenditure as a result of various factors.

1.2 Key Study Findings

Based on the study methodology described above, it was found that between 2007 and 2020 (subject to the realisation of forecast development within Warriewood Valley) there would be an additional $87.4m (a 111% increase) of expenditure generated by households located within the combined PTA and STA. By 2012 alone we estimate an increase of $66.3m (84%) in household expenditure generated. The results of our expenditure modelling are tabled below in greater detail.

Table 1 - Household Expenditure by Retail Store Type in PTA and STA 2007 - 2020 (2007$m)

YEAR	2007	2012	2016	2020
Supermarkets & Grocery Stores	21.5	39.1	41.8	44.7
Specialty Food Stores	7.3	13.3	14.2	15.2
Fast-Food Stores	6.7	12.5	13.4	14.3
Restaurants, Hotels and Clubs*	8.1	14.9	15.9	17.1
Department Stores	6.7	12.4	13.2	14.2
Clothing Stores	4.4	8.2	8.8	9.4
Bulky Goods Stores	11.0	20.7	22.2	23.7
Other Personal & Household Goods Retailing	10.8	19.8	21.2	22.7
Selected Personal Services**	2.4	4.5	4.8	5.1
Total Retailing	**79.0**	**145.3**	**155.5**	**166.4**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2007

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

Taking into consideration the growth in retail expenditure (owing to household growth and the growing affluence of the population) households within the combined PTA and STA would generate sufficient demand for 28,751sqm of retail floorspace by 2012. This would translate into demand for an additional 13,185sqm (from a base year of 2007) of retail floorspace including an additional 1,951sqm of supermarket floorspace. It is noteworthy that the vast majority of the growth in demand will stem from the PTA as this will accommodate the majority of residential development over the period.

Table 2 - Gross Demand for Retail Floorspace Generated by the PTA and STA (sqm)

YEAR	Target Rate* ($ / sqm)	2007	2012	2016	2020
Supermarkets & Grocery Stores	9,000	2,391	4,342	4,646	4,972
Specialty Food Stores	7,000	1,044	1,902	2,036	2,178
Fast-Food Stores	7,000	962	1,787	1,913	2,047
Restaurants, Hotels and Clubs	4,000	2,015	3,725	3,986	4,265
Department Stores	3,500	1,911	3,533	3,780	4,045
Clothing Stores	5,000	886	1,637	1,752	1,875
Bulky Goods Stores	3,300	3,339	6,275	6,714	7,185
Other Personal & Household Goods Retailing	5,000	2,157	3,957	4,235	4,531
Selected Personal Services	2,800	861	1,591	1,703	1,822
Total Retailing	**5,085**	**15,566**	**28,751**	**30,764**	**32,919**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2007

* Sources: ABS Retail Survey 1998-99 (escalated to 2007 dollars), JHD Retail Averages, Hill PDA and various consultancy studies

The figures above represent total retail demand generated by households. Owing to the nature of retailing, not all expenditure generated within a given area will flow to the closest retail centre. Factors such as the type of retail offered within a centre or sought by a shopper, where a shopper works, the geographic characteristics of an area and the proximity / ease of access to good quality centres (or larger centres with more extensive retail) influence how much expenditure could escape from a trade area.

Taking each of the above factors into consideration, Hill PDA has applied 'capture rates' to calculate net demand for retail floorspace. The capture rates account for the amount of expenditure that could be retained by a retail centre on the Subject Site (with the proposed mix of retail) and the corresponding level of floorspace demand. Accordingly the table below shows the estimated 'net' floorspace required within Warriewood Valley to meet demand generated by 2012 and up to 2020.

Table 3 - Net Demand for Retail Floorspace in the PTA and STA 2012 – 2020 (sqm)

YEAR	2012	2016	2020
Supermarkets & Grocery Stores	2,932	3,138	3,357
Specialty Food Stores	878	939	1,005
Fast-Food Stores	463	495	530
Restaurants, Hotels and Clubs	506	542	580
Department Stores	0	0	0
Clothing Stores	0	0	0
Bulky Goods Stores	0	0	0
Other Personal & Household Goods Retailing	537	574	614
Selected Personal Services	157	334	357
Total Retailing	**5,473**	**6,022**	**6,444**

Source: ABD Retail Survey 1998 – 99, JHD Retail Averages, Various Consultancy Studies.

By 2012 our calculations show that there will be sufficient demand generated within the Subject Site's PTA and STA for a retail centre in the order of 5,470sqm. Within this centre there will be sufficient demand generated for a 2,930sqm supermarket and 2,540sqm of specialty retail.

It is important to note however that the level of demand shown above has been based on expenditure generated by households within the Subject Site's PTA and STA only. The demand estimates discussed above do not however factor in additional demand that is likely to be generated by commuters or employees based within Warriewood Valley's non residential sectors.

Our industry experience suggests that passing trade and local employees could increase floorspace requirements by 15 - 20%. As a result of these additional sources, by 2012 sufficient demand could be generated in Warriewood Valley for a centre between 6,300sqm and 6,570sqm (including between 3,370sqm and 3,520sqm of supermarket floorspace and between 2,920sqm and 3,050sqm[1] of specialty retail).

The significant growth in demand for retail floorspace forecast by this study concurs with the findings of prior regional studies undertaken by Hill PDA within Pittwater LGA and the North East Sydney Subregion. In accordance with our prior advice, we recommend that any potential economic impact of the planned centre is assessed to ensure that it would not have any adverse impact to the viability of existing surrounding centres.

1.3 Conclusion

In conclusion our demand analysis shows that there will be sufficient demand generated by the mix of existing and proposed uses within Warriewood Valley for the planned centre on the Subject Site to accommodate 3,950sqm of retail floorspace including a 3,200sqm supermarket and 750sqm of specialty retail by 2012.

As the centre at the junction of Macpherson and Garden Streets is an established centre in planning policy terms, we believe a supermarket should be supported in this location to not only meet the growth in demand for retail but to also support the economic viability and therefore success of the centre.

[1] Includes specialty food stores, fast food stores and restaurants, other personal and household goods retailing and selected personal services

Given the physical constraints of the Subject Site, the rapid growth in forecast demand and the economics of property development, we recommend that a centre of the proposed scale be developed in one stage prior to 2012 as opposed to incremental phases commensurate with the growth in demand. The completion of the centre in its entirety would also enhance the attraction of Warriewood Valley for further residential, commercial and industrial development by providing a sound range of local services and facilities.

We also consider that a centre on the Subject Site as planned could promote sustainable travel given its close proximity and ease of access to family households and businesses. The central location of the Subject Site within Warriewood Valley would allow for approximately 40% of dwellings within the PTA (close to 3,100[2] residents) to be within walking distance of retail and community services. This would further assist in reducing congestion and dependence on the region's road network whilst supporting the Councils vision for Warriewood Valley to become *"an eco-village – the benchmark and reference point for sustainability[3]"*.

[2] Figure represents 40% of 5,300 residents estimated by Council plus 260 Self Care Dwellings

[3] Appendix 3, Pittwater DCP 21

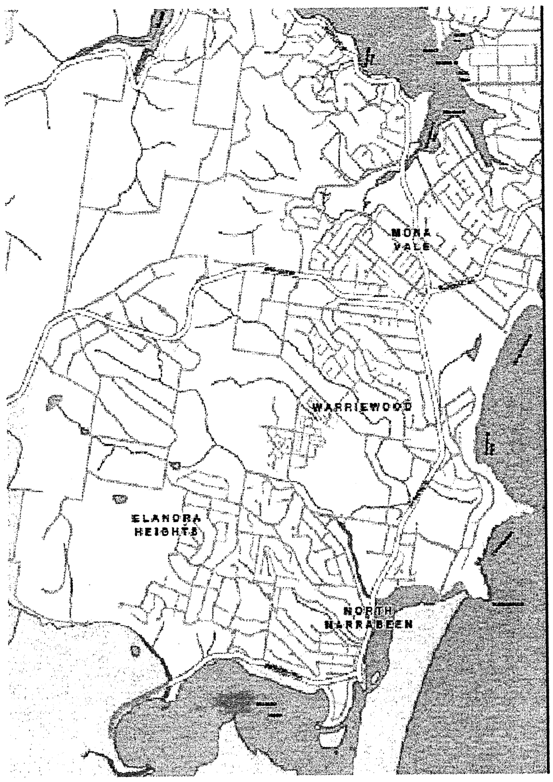
2. INTRODUCTION

Hill PDA has been commissioned by Warriewood Properties to undertake a retail demand assessment in the context of planned development within the suburb known as Warriewood Valley. Warriewood Valley is located within the Local Government Area of Pittwater and the wider Subregion known as Sydney's North East (please refer to Figure 1 below).

Since the early 1980's Pittwater Council (hereafter referred to as the Council) and the NSW State Government have advocated the development of Warriewood Valley with a mix of commercial, industrial and residential development. To support this development and to create a sustainable local community, a retail centre (referred to as the Warriewood Valley Focal Neighbourhood Centre within the Warriewood Valley Section 94 Plan and Pittwater Council DCP 21) was included as part of the Warriewood Valley Master Plan.

The following study assesses the level of demand generated for the planned retail centre within Warriewood Valley based on anticipated residential growth and the resulting level of retail expenditure generated. For the purposes of assessment we understand that Warriewood Properties seeks to develop a retail centre on the Subject Site that provides a 3,200sqm supermarket and 750sqm of specialty retail.

Figure 1 - Location Plan of Warriewood Valley



Source: Pittwater Council

2.2 Study Methodology

To meet the requirements of the Study Brief, and to assess the level of demand generated for additional retail floorspace within Warriewood Valley, Hill PDA has applied the following methodology:

- a site visit and analysis;
- a review of relevant information and planning policy;
- a demographic analysis;
- analysis of existing retail provision within Warriewood Valley and surrounding areas of influence;
- the identification of trade areas based on distances, accessibility and the location and level of the retail offer in other centres;
- the determination of potential scenarios for growth / change and in turn the

resultant demand for retail development;

- Forecasting household expenditure by trade areas and retail store type; and
- Quantifying levels of under or over supply based on national benchmark turnover levels.

2.3 Development in Warriewood Valley

Warriewood Valley is located between the Warriewood Wetlands and Mona Vale Road. Pittwater Road, a major thoroughfare for residents and businesses of the Northern Beaches passes to the immediate east of the Valley. Garden Street, Jacksons Road, Macpherson Street, Narrabeen Park Parade and Sydney Road are other major roads either passing through or around Warriewood Valley.

Figure 2 below shows the area earmarked in Warriewood Valley for mixed use development. Proposed development includes mixed low to medium density housing, industrial and commercial development as well as community facilities and retail.

Surrounding Warriewood Valley are a mix of uses including those located within Mona Vale Town Centre to the north, Warriewood Shopping Centre to the south, neighbourhood retail centres at Narrabeen Park Parade and the intersection of Garden Street and Powderworks Road, the Narrabeen Sports High School, Narrabeen North Primary School, Mater Maria Catholic School, two youth/community centres, the Coastal Environment Centre, Warriewood Sewage Treatment Plant and Pittwater RSL Club.

It is anticipated that the development of land within Warriewood Valley will facilitate approximately 1,886 private dwellings. Applying Council's average dwelling occupancy rate[4], development could realise an additional 5,281 residents by 2012. For the purposes of this assessment we have conservatively taken the population growth estimated by the ABS between 2001 and 2006 from the 5,281 figure to calculate the remaining portion of growth that could occur in Warriewood Valley.

We understand that in addition to this figure, a new Seniors Living development will be ready for occupation by mid 2009 providing an additional 260 self care dwellings (75 x 1 bed, 185 x 2 bed) and 118 beds in a health care facility. Applying a modest rate of 1 person per bedroom, the self care dwellings will generate an additional 260 permanent residents by 2012 to Council's 5,281 population growth estimate.

Sectors 6, 7 and the Southern Buffer have been released as part of Stage 1 for industrial and commercial development. A range of high quality employment generating uses have already been constructed and are occupied within these sectors.

Council policy has also identified the need for a focal neighbourhood centre within Warriewood Valley to meet the needs of existing and future residents and businesses. To date the neighbourhood centre has not been developed however master plans and DCPs for Warriewood Valley have identified the intersection of Macpherson and Garden Streets as an appropriate location.

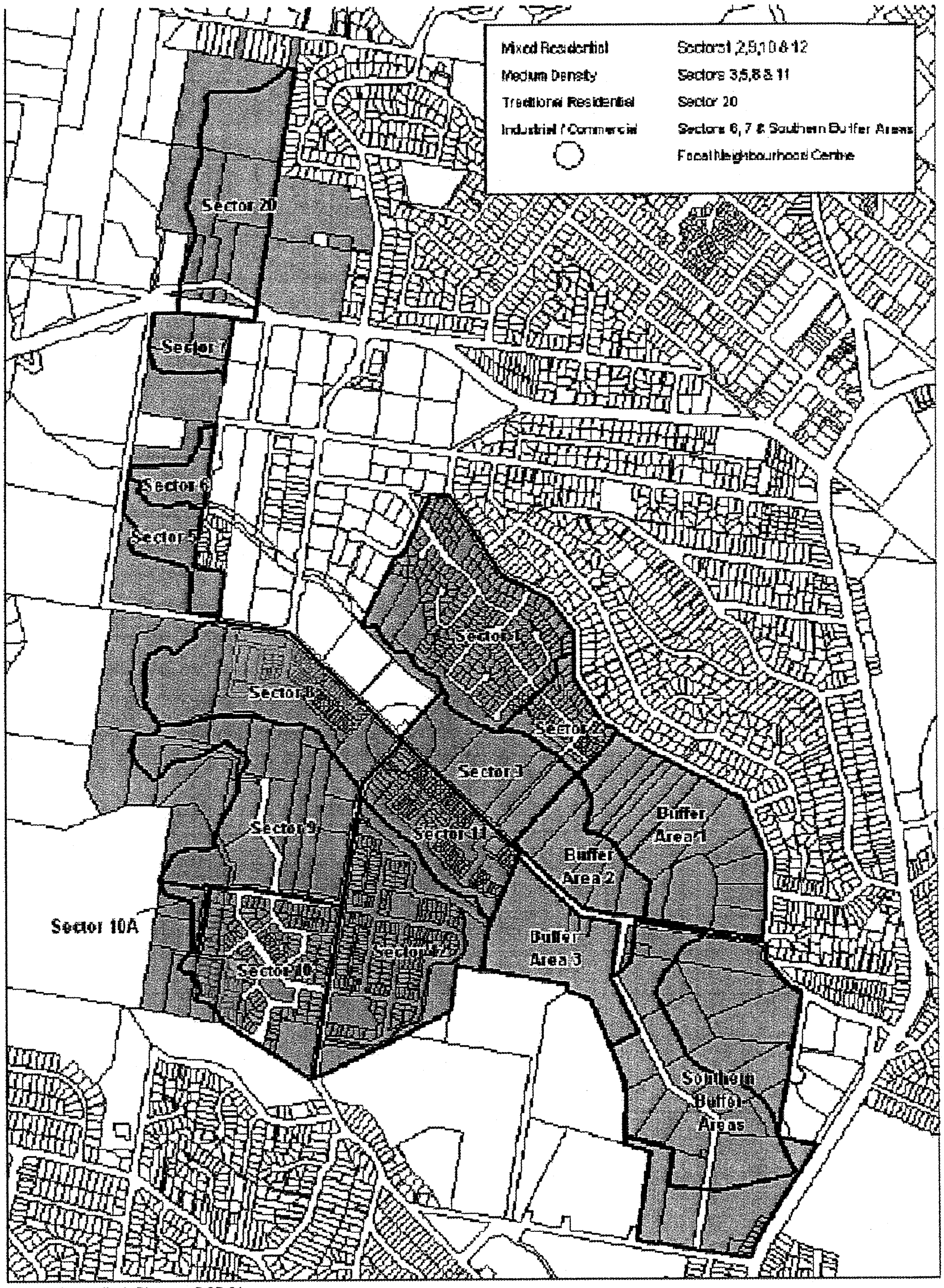
[4] 2.8 persons per household

In light of the intended mix of uses for the site, its high environmental characteristics and sound development practice, Council states that:

*"Physically, socially, environmentally and economically, in both the private and in the public domains, the Valley needs to become an "eco-village" - the benchmark and the reference point for best practice in **Sustainability**."*[5]

[5] Appendix 3, Pittwater DCP 21

Figure 2 - Plan of Development Sectors within Warriewood Valley



Source: Appendix 4, Pittwater DCP 21

2.4 Planned Retail Centre

Warriewood Properties proposes the development of a retail centre in the vicinity of the Macpherson and Garden Streets intersection. This location has been identified as appropriate by Council planning policies given its accessibility to the surrounding development in Warriewood Valley and location at the junction of two prominent roads.

In order to provide a range of quality retail in the locality and to ensure the success of the centre, Warriewood Properties proposes the provision of a 3,200sqm supermarket. This scale of supermarket represents a smaller main line supermarket. Main line supermarkets are generally operated by major retailers and provide a broad range of goods and services to meet the grocery needs of a local population. To support the viability of the supermarket and to complement the range of grocery services, 750sqm of specialty retail floorspace has also been proposed for the planned centre.

2.5 Limitations

This report is for the confidential use only of the party to whom it is addressed (the client) for the specific purposes to which it refers. We disclaim any responsibility to any third party acting upon or using the whole or part of its contents or reference thereto that may be published in any document, statement or circular or in any communication with third parties without prior written approval of the form and content in which it will appear.

This report and its attached appendices are based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the expenditure and financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.

3. EXISTING CENTRES AND RETAIL SUPPLY

Based on prior retail surveys conducted by Hill PDA[6], Pittwater LGA provides in the order of 111,000sqm of retail floorspace of which 20,000sqm relates to supermarket floorspace, 18,000sqm relates to specialty non food floorspace and 12,000sqm to restaurant, café and takeaway retail. Our analysis shows that as an LGA, Pittwater has an existing undersupply of retail floorspace including supermarket floorspace.

The following section identifies the main competitive centres directly surrounding the subject site, specifically detailing the provision of retail space within these centres.

3.1 Centro Warriewood

Centro Warriewood (Warriewood Square) is categorised as a Stand Alone Shopping Centre within the North East Subregion of Sydney's Retail Centre Hierarchy[7]. The centre is located approximately 22km north east of Sydney CBD and approximately 2km to the south east of the Subject Site.

Warriewood Shopping Centre is a single level centre with a high proportion of national retailers, including the only Kmart in the Northern Beaches. Anchor tenants include:

- Kmart 8,076sqm
- Coles Supermarket 3,760sqm
- Woolworths Supermarket 2,156sqm

Major tenants consume 13,991sqm of the centres 22,091sqm of floor area. In addition there are 86 speciality stores (8,139sqm). The total retail area of the centre is 22,130sqm situated on a site area of 6.24ha.

As of 2007 the centre's turnover was approximately $139 million. This equates to $6,234/sqm, which is above national average or industry benchmarks for similar size centres.

3.2 Mona Vale Town Centre

Mona Vale is classified as one of only two town centres within Sydney's North East Subregion[8]. The centre is located approximately 1.3km from the Subject Site. Mona Vale Town Centre provides approximately 28,700sqm of retail space. At the time of survey approximately 1,353sqm of shop front floorspace was vacant.

[6] Compiled from vvarious Hill PDA surveys between 2000 and 2008
[7] NSW Department of Planning
[8] NSW Department of Planning

Mona Vale Town Centre comprises of traditional strip shopping as well as two enclosed shopping malls and a stand alone Woolworths on the corner of Park and Keenan Streets.

A commercial area exists at the junction of Pittwater Road, Barrenjoey Road and Mona Vale Road. The total commercial space located within Mona Vale Town Centre is estimated to be 7,368sqm.

A range of other land uses surround the town centre including community (schools, churches), residential and industrial.

Pittwater Place Shopping Centre

Park Street, Mona Vale

Pittwater Place Shopping Centre is located approximately 50 metres from Barrenjoey Road between Park and Darley Streets and approximately 1.8km north east of the Subject Site. It is the newest shopping centre on Sydney's Northern Beaches, opening in July 2004.

This village shopping centre incorporates a Coles supermarket, 40 speciality shops, a Fitness First gymnasium, first floor commercial accommodation and one level of under-cover car parking. The total shopping centre retail floorspace is 6,044sqm, and consists of another 2,800sqm of office space with 9 commercial tenants being located on the first floor above the shopping centre.

Neighbourhood Centre - Intersection of Garden Street and Powder Works Road

A small neighbourhood centre is located to the south of the Subject Sites Primary Trade Area. The neighbourhood centre provides a small number of specialty stores including a café. It does not however provide a supermarket or grocery store. Trade for the centre is likely to be associated with surrounding households, passing traffic and the adjacent light industrial area.

A highway convenience (Service Station) is located further south of the neighbourhood centre on Garden Street at the junction with Pittwater Road.

4. TRADE AREA DEFINITION

In order to inform the EIA we have defined a trade area for the proposed centre. In brief the Primary Trade Area (PTA) may be defined as the main geographic region from which shoppers can be expected to travel from to utilise the services offered. A Secondary Trade Area (STA) may be defined as a geographic region where a portion, yet not the majority of shoppers will originate from to use the services and facilities on offer.

The trade area served by any retail centre is determined by a number of factors including:

- the strength and attraction of the centre in question, determined by factors such as the composition, layout, quantum of floorspace, ambience/atmosphere and car parking in the centre;
- competitive retail centres, particularly their proximity to the subject centre and respective sizes, retail offer and attraction;
- the location and accessibility of the centre, including the available road and public transport network and travel times; and
- the presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

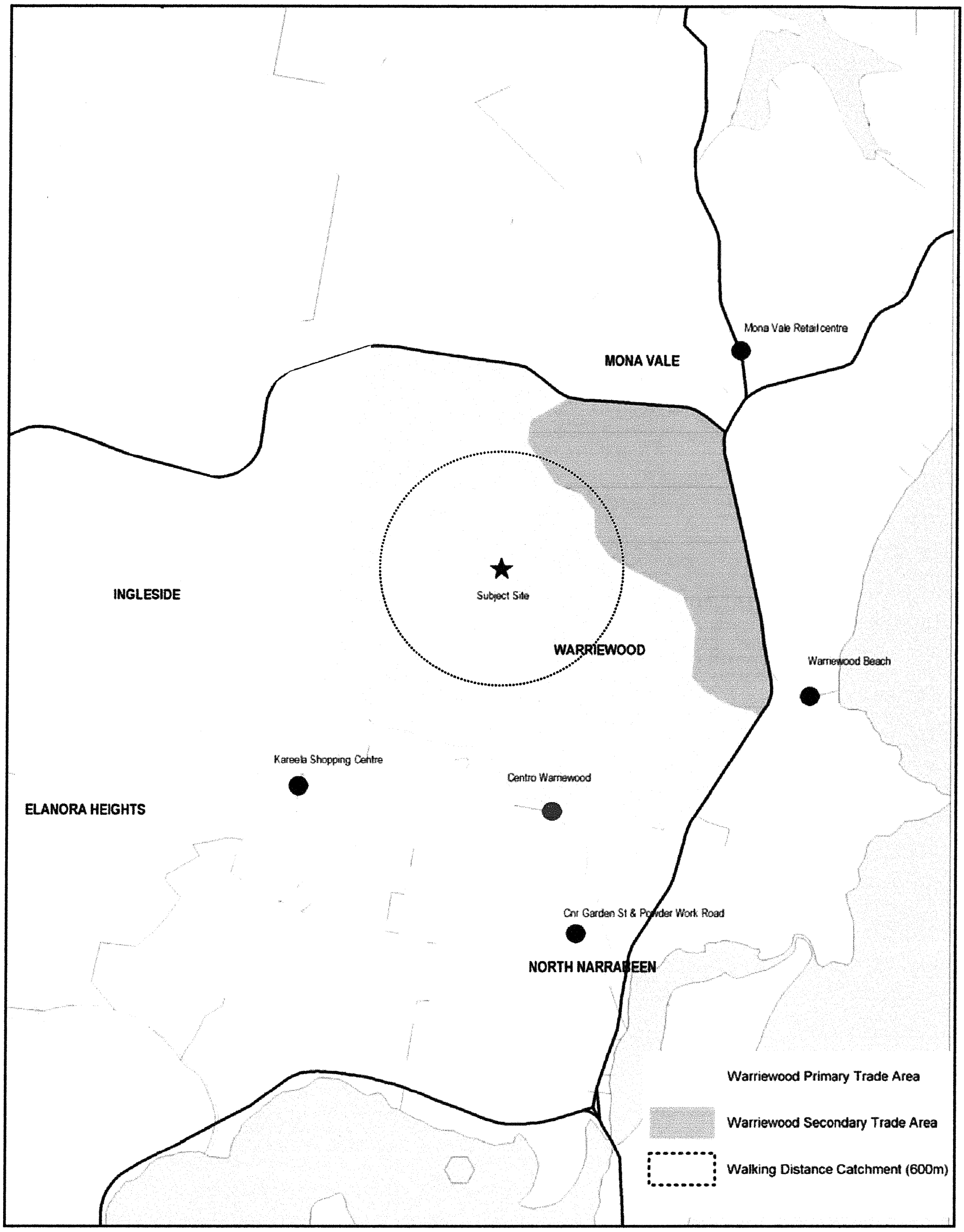
Having regard to each of the factors detailed above and our experience with a number of studies in similar sized centres and the Pittwater LGA, we have defined a PTA for the Subject Site as the geographic region that is bound by Warriewood and Mona Vale Road to the north / north east and to the south by Jacksons Road. The escarpment has been used to define the western boundary.

In addition to a PTA we have defined a STA which includes a triangular shaped area bordered by Pittwater Road to the east, Mona Vale Road to the north and Warriewood Road to the south west.

A plan presenting both the primary (light yellow) and secondary (light red) trade areas is presented on the following page. The plan also shows the portion of the primary trade area that would fall within a 600m walking radius of the Subject Site. We estimate that approximately 40% of the PTA falls within the circumference of this walkable area. We therefore conservatively estimate that by 2012, should full development be achieved in Warriewood Valley, close to 3,100[9] residents will be able to walk to the local centre for supermarket shopping, local services and community interaction.

[9] Figure represents 40% of 5,300 residents estimated by Council plus 260 Self Care Dwellings

Figure 3 - Primary and Secondary Trade Areas of the Subject Site



Based on 2006 Census Collection District Boundaries

5. Demographic Characteristics of the Trade Area

The level of household expenditure generated within a trade area is one of the main determinants of demand for retail in that area. Household expenditure generated by a trade area is dependent not only on the number of households, but also by the demographic and socio-economic characteristics of the area's population.

In particular, household income is a strong determining variable as higher income earners spend more on goods and services. The composition of a household (i.e. family compared to single occupant) is another important factor whereby larger households (i.e. families) demand more retail services.

In light of the above considerations, the following section reviews the existing and forecast demographic characteristics of Warriewood Valley in order to inform Hill PDA's retail demand modelling.

5.1 Existing Demographic Characteristics

The tables below show the general characteristics of the Primary and Secondary Trade Areas (the Study Area) defined by this study using ABS 2006 Census Data. For comparative purposes we have provided the general population characteristics of the Sydney Statistical Division (SD) and NSW. Where appropriate we have also compared the ABS 2006 Census Data shown in the tables below with 2001 Census Data (provided in full in Appendix 1) to indicate how the study area has changed over the five year period.

Dwellings

As of the 2006 Census, the PTA and STA provided 2,166 households combined. This represents a noticeable net increase from 2001 of 489 dwellings. The most significant increase (442 households) occurred in the PTA. It followed that the growth in the number of households resulted in the growth of the population by 1,289 persons in the PTA and STA combined and 1,268 persons in the PTA alone.

The study area is characterised by high levels of home ownership (74 - 80% in the STA and PTA respectively) compared to the Sydney SD and NSW (65 – 67% respectively). Reflecting on 2001 Census Data, home ownership levels have increased significantly in the PTA over the census period by 15%.

Accordingly the proportion of dwellings that were rented were considerably lower in both the PTA (19%) and STA (21%) compared to the Sydney SD (31%) and NSW (30%). Increasing rates of home ownership and low levels of dwelling rentals are reflective of both an urban release area (the PTA) and the more established community of the STA.

With respect to dwelling type, the PTA showed a considerably greater proportion of Townhouses (38%) and a correspondingly lower proportion of detached dwellings (53%) than the STA, Sydney SD and NSW. This characteristic reflects the dominant development pattern of the Warriewood Urban Release Area compared to the more established traditional development type of the STA.

Age of the Population and Household Structure

As of the 2006 Census, the PTA and STA were characterised by an older demographic than the Sydney SD, with particular respect to the STA that had a median age of 40 years and 22% of its resident population over the age of 60 years. An older demographic is also characteristic of Pittwater LGA.

The PTA however showed a greater proportion of the population in the 30 – 44 year age bracket and the 0 -14 year age bracket indicating the increasing number of families with children. This trend is also evident in comparison to the 2001 ABS Census Data whereby there has been a significant (5.2%) increase in the proportion of the PTA's population with children under the age of 14 years.

The family characteristic of the PTA is also reflected in its predominant household structure being 80% family households. The number of family households increased significantly (over 10 percentage points) in the PTA since the 2001 Census.

The STA had a lower proportion (75%) of family households however this was still significantly greater that the Sydney SD of 73% of all households. Between 51% and 53% of households in the PTA and STA respectively were couples with children again representing a greater proportion than the Sydney SD (49%) and NSW (46%).

Labour and Income

In keeping with the characteristics of Pittwater LGA, the PTA and STA had a high proportion of their population employed as Managers. Interestingly however, and at odds with the LGA as a whole, lower proportions (19%) were employed in the 'professional' category compared to both the Sydney SD and NSW. Rather the PTA and STA reflected higher levels of 'Community and Personal Workers', 'Clerical and Administration', 'Sales Workers', 'Technician and Trade Workers'.

The study area also showed comparatively low rates of unemployment (2-3%) to the Sydney SD and NSW.

The median weekly incomes for dwellings in the Study Area were characteristically higher than the Sydney and NSW median. This is also characteristic of Pittwater LGA and the Northern Beaches Peninsula. Of particular note was the higher proportion of households with a weekly median income over $1,400 in the PTA (49%) compared to the Sydney SD (37%) and NSW (31%). Whilst the STA also has a high proportion of households with a weekly income over this level, the proportion was lower than the PTA at 39%. This figure may reflect the relative affluence of the STA to wider Sydney yet also it's comparatively older age cohort compared to the middle aged workforce within the PTA and therefore the comparatively greater proportion of persons in the STA earning within the lower weekly income brackets.

Summary of Existing Population

Based on the analysis provided above, and the figures shown in the tables below, the Subject Site's trade areas (the study area) have changed significantly since the 2001 census representing a higher rate of home ownership and a younger population, with a greater proportion of families and children under the age of 14 years. This is particularly the case for the PTA.

In comparison to the PTA however, the STA represents a more established community with a greater proportion of detached dwellings and an older age profile. Despite this however the STA retains a reasonably significant proportion of families and a sound household income comparative to other regions of Sydney and NSW wide.

Combined the trade areas represent a relatively affluent and growing, family focused community.

Table 4 - PTA & STA Population Characteristics

	PTA	STA	Sydney SD	NSW
Population and Dwellings				
Total Population	2,801	2,844	4,119,190	6,549,177
Total Dwellings	1,082	1,084	1,643,675	2,728,719
Occupied Private Dwellings	997	992	1,521,465	2,470,451
Occupied Private Dwellings (%)	92.1%	92%	92.6%	90.5%
Average Household Size	*2.7*	*2.8*	*2.7*	*2.6*
Age Distribution				
0-14	*23%*	*20%*	20%	20%
15-29	*16%*	*17%*	21%	20%
30-44	*28%*	*21%*	23%	22%
45-59	*18%*	*20%*	19%	20%
60-74	*9%*	*11%*	11%	12%
75+	*6%*	*11%*	6%	7%
Total	*100%*	*100%*	100%	100%
Median Age	*36.0*	*40.0*	*35*	*37*
Place of Birth				
Australia & Oceania	*74%*	*73%*	63.1%	71.2%
Europe	*13%*	*15%*	8.9%	7.8%
North Africa and Middle East	*0%*	*0%*	2.5%	1.6%
Asia	*3%*	*2%*	10.6%	7.1%
Americas	*1%*	*1%*	0.6%	0.5%
Sub-Saharan Africa	*2%*	*1%*	0.7%	0.5%
Other	*8%*	*8%*	13.7%	11.4%
Total	***100%***	***100%***	**100.0%**	**100.0%**

Source: ABS Census 2006

Table 5 - PTA & STA Household Characteristics

	PTA	STA	Sydney SD	NSW
Home Ownership				
Owned or Being Purchased	80%	74%	65.0%	66.7%
Rented	19%	21%	31.3%	29.5%
Other/Not Stated	1%	5%	3.7%	3.8%
Total	100%	100%	100.0%	100.0%
Household Structure				
Family Households	80%	75%	72.7%	72.1%
Lone Person Households	18%	22%	23.1%	24.2%
Group Households	2%	3%	4.2%	3.7%
Total	100%	100%	100.0%	100.0%
Family Type				
Couple family w. children	51%	53%	49.3%	46.2%
Couple family w/o children	29%	30%	33.2%	36.0%
One parent family	17%	16%	15.6%	16.1%
Other family	3%	1%	1.9%	1.7%
Total	100%	100%	100.0%	100.0%
Dwelling Type				
Separate house	53%	77%	63.6%	71.4%
Townhouse	38%	15%	11.8%	9.7%
Flat-Unit-Apartment	8%	8%	23.9%	17.7%
Other dwelling	1%	0%	0.6%	1.1%
Not stated	0%	0%	0.1%	0.1%
Total	**100%**	**100%**	**100.0%**	**100.0%**

Source: ABS Census 2006

Table 6 - PTA & STA Labour and Income Characteristics

	PTA	STA	Sydney SD	NSW
Labour Force				
Managers	17%	14%	13%	13%
Professionals	19%	19%	23%	20%
Community & Personal Services Workers	10%	8%	8%	8%
Clerical and Administrative Workers	18%	14%	16%	15%
Sales Workers	10%	11%	9%	9%
Technicians & Trade Workers	14%	16%	12%	13%
Machinery Operators & Drivers	4%	4%	6%	6%
Labourers & Related Workers	5%	8%	8%	9%
Inadequately described or N.S.	2%	2%	2%	2%
Unemployed	2%	3%	5%	6%
Total	100%	100%	100.0%	100.0%
Weekly Household Income				
$0-$349	7%	12%	13%	15%
$400-$799	12%	16%	18%	21%
$800-$1,399	19%	19%	21%	22%
$1,400-$2,499	27%	22%	21%	19%
$2,500+	22%	17%	16%	12%
Partial income stated	10%	10%	9%	8%
All incomes not stated	3%	3%	3%	3%
Total	100%	100%	100.0%	100.0%
Median Weekly Household Income	***$ 1,671***	**$ 1,262**	***$1,154***	***$1,036***

Source: ABS Census 2006

5.2 Forecast Trade Area Household & Population Growth

As shown in the 'Population Characteristics' table above, between the 2001 and 2006 Census years, the Subject Site's trade areas grew by a significant number of households. The demographic characteristics of the trade areas also grew to represent a greater proportion of families and thereby a younger age profile. Based on analysis conducted by Pittwater Council, over the next Census period, the number of households and thereby the population of the trade area will continue to grow significantly.

Council's s94 Contributions Plan (adopted September 2008), in fact forecasts net growth of 5,281 residents and 1,886 homes in Warriewood Valley by 2012[10]. The socio-demographic characteristics of the future population have been forecast by Travers Morgan on behalf of Council. Of relevance to this study, Travers Morgan predicts that the Warriewood Valley community will have:

- a significant representation of young families;
- children and youth being heavily represented, with persons aged under 24 comprising approximately 42% of the population;
- adults aged primarily 30 to 45 years comprising approximately 30% of the population;
- up to 30% of households will be high income earners (that is, over $60,000 per annum);
- there will be a high resident workforce with a high female work participation rate;
- a significant number of households will have two working parents with dependent children;
- up to 15% of dwellings will be rented, with the remainder being purchased or owned outright; and
- most households will comprise second and third homebuyers with young families.

Many of the forecast characteristics listed above are consistent with the demographic trends that have emerged since the 2001 Census. Of particular importance to this study (and the assessment of retail demand for the study area in the future) is Council's appreciation that the demographic profile of Warriewood Valley will continue to differ from that of the broader LGA. Of particular relevance to this study is the expectation that Warriewood Valley will have a much younger age profile and a greater share of family households than other localities within Pittwater LGA.

Each of the above factors and characteristics have been applied to underpin Hill PDA's detailed demand modeling discussed in the following sections of this report.

[10] Applying Council's occupancy rate of 2.8 persons per dwelling

6. DEMAND FOR RETAIL FLOORSPACE IN WARRIEWOOD VALLEY

6.1 Household Expenditure Generated in Trade Areas

In order to quantify existing and future demand for retail services within Warriewood Valley, Hill PDA has utilised its bespoke Retail Expenditure Model (hereafter referred to as the Model). The Model translates the number of households within the defined trade areas, together with their characteristics, into demand for retail floorspace over time. The Model forecasts household expenditure using:

- The ABS Household Expenditure Survey 2003-04 which provides household expenditure by broad commodity type by household income quintile; and
- The Marketinfo 2007 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using "microsimulation modelling techniques".

Marketinfo combines the data from the Census, HES and other sources to derive total HES by commodity type. This data, which was validated using taxation and national accounts figures, quantifies around 14% more expenditure than the ABS HES Survey.

Based on the above inputs, the table below shows the estimated household expenditure generated by the Subject Site's PTA in 2007 and forecast for 2012, 2016 and 2020.

Table 7 - Household Expenditure by Commodity Type in the PTA 2007 – 2020 (2007 $m)

YEAR	2007	2012	2016	2020
Food, Groceries & Liquor take-away	12.2	31.0	33.2	35.5
Food Catered	6.7	16.9	18.1	19.4
Apparel	3.4	8.5	9.1	9.8
Bulky Goods	6.2	15.7	16.8	18.0
Other Personal & Household Goods	8.5	21.6	23.1	24.8
Personal Services	1.3	3.2	3.4	3.7
TOTAL	**38.2**	**97.0**	**103.7**	**111.0**

* Excludes Liquor on Premises and Cinema Expenditure
Source: Hill PDA based on 2006 Census and ABS Household Expenditure Survey 2003-04 and Marketinfo 2007

The ABS Retail Survey 1998-99 Cat No. 8624.0 provides a cross tabulation of store type (defined by ANZIC), by commodity type. Multiplying the percentages of dollars spent on each commodity in the cross tabulation by total dollars spent generates household expenditure by retail store type. This is provided in the following table.

Table 8 - Household Expenditure by Retail Store Type in the PTA 2007 – 2020 (2007$m)

YEAR	2007	2012	2016	2020
Supermarkets & Grocery Stores	10.8	27.4	29.3	31.4
Specialty Food Stores	3.7	9.4	10.0	10.7
Fast-Food Stores	3.6	9.1	9.7	10.4
Restaurants, Hotels and Clubs*	4.2	10.7	11.5	12.3
Department Stores	3.5	8.9	9.5	10.2
Clothing Stores	2.3	5.9	6.3	6.7
Bulky Goods Stores	6.0	15.2	16.3	17.5
Other Personal & Household Goods Retailing	5.5	14.1	15.1	16.1
Selected Personal Services**	1.3	3.2	3.4	3.7
Total Retailing	**40.9**	**103.9**	**111.2**	**119.0**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2007

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

Note that the total expenditure amount in the two tables above do not equate. This is because some expenditure is captured by non-retailers (such as internet shopping) and some turnover captured by retailers is not household expenditure related (such as wholesaling and hiring of equipment).

A similar calculation has been undertaken to estimate the level of existing and forecast household expenditure generated within the STA by Commodity Type and Retail Store Type between 2007 and 2020. The results are provided in the tables below.

Table 9 - Household Expenditure by Commodity Type in the STA 2007 – 2020 (2007 $m)

YEAR	2007	2012	2016	2020
Food, Groceries & Liquor take-away	12.2	13.3	14.2	15.2
Food Catered	5.9	6.4	6.8	7.3
Apparel	3.0	3.3	3.6	3.8
Bulky Goods	5.1	5.6	5.9	6.4
Other Personal & Household Goods	8.1	8.8	9.5	10.1
Personal Services	1.1	1.2	1.3	1.4
TOTAL	**35.5**	**38.6**	**41.3**	**44.2**

* Excludes Liquor on Premises and Cinema Expenditure

Source: Hill PDA based on 2006 Census and ABS Household Expenditure Survey 2003-04 and Marketinfo 2007

Table 10 - Household Expenditure by Retail Store Type in the STA 2007 - 2020 (2007$m)

YEAR	2007	2012	2016	2020
Supermarkets & Grocery Stores	10.7	11.7	12.5	13.4
Specialty Food Stores	3.6	3.9	4.2	4.5
Fast-Food Stores	3.2	3.4	3.7	3.9
Cafes and Restaurants	3.8	4.2	4.5	4.8
Department Stores	3.2	3.5	3.7	4.0
Clothing Stores	2.1	2.3	2.5	2.6
Bulky Goods Stores	5.0	5.5	5.8	6.3
Other Personal & Household Goods Retailing	5.2	5.7	6.1	6.5
Selected Personal Services	1.1	1.2	1.3	1.4
Total Retailing	**38.0**	**41.4**	**44.3**	**47.4**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2007

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

Combining the results for the PTA and STA, the table below shows that household expenditure by retail store type is expected to increase between 2007 and 2012 by $66m owing to the forecast household and expenditure growth.

Table 11 - Household Expenditure by Retail Store Type in the PTA and STA 2007 - 2020 (2007$m)

YEAR	2007	2012	2016	2020
Supermarkets & Grocery Stores	21.5	39.1	41.8	44.7
Specialty Food Stores	7.3	13.3	14.2	15.2
Fast-Food Stores	6.7	12.5	13.4	14.3
Restaurants, Hotels and Clubs*	8.1	14.9	15.9	17.1
Department Stores	6.7	12.4	13.2	14.2
Clothing Stores	4.4	8.2	8.8	9.4
Bulky Goods Stores	11.0	20.7	22.2	23.7
Other Personal & Household Goods Retailing	10.8	19.8	21.2	22.7
Selected Personal Services**	2.4	4.5	4.8	5.1
Total Retailing	**79.0**	**145.3**	**155.5**	**166.4**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2007

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

6.2 Demand for Retail Floorspace

By dividing the household expenditure figures (provided in the tables above) by target turnover figures, we can quantify the estimated demand for retail floor space generated by households in Warriewood Valley as of 2007 and up to 2020. The table below shows the total retail floorspace demand for the PTA and STA combined.

Table 12 - Gross Demand for Retail Floorspace Generated by the PTA and STA (sqm)

YEAR	Target Rate* ($ / sqm)	2007	2012	2016	2020
Supermarkets & Grocery Stores	9,000	2,391	4,342	4,646	4,972
Specialty Food Stores	7,000	1,044	1,902	2,036	2,178
Fast-Food Stores	7,000	962	1,787	1,913	2,047
Restaurants, Hotels and Clubs	4,000	2,015	3,725	3,986	4,265
Department Stores	3,500	1,911	3,533	3,780	4,045
Clothing Stores	5,000	886	1,637	1,752	1,875
Bulky Goods Stores	3,300	3,339	6,275	6,714	7,185
Other Personal & Household Goods Retailing	5,000	2,157	3,957	4,235	4,531
Selected Personal Services	2,800	861	1,591	1,703	1,822
Total Retailing	**5,085**	**15,566**	**28,751**	**30,764**	**32,919**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2007

* Sources: ABS Retail Survey 1998-99 (escalated to 2007 dollars), JHD Retail Averages, Hill PDA and various consultancy studies

The table above shows that within the Subject Site's Trade Areas as of 2007, there was sufficient demand generated to support over 15,500sqm of retail floorspace. By 2020 this demand is anticipated to more than double to 32,919sqm.

It must be noted that the table above shows the total amount of retail floorspace demand generated by households within the PTA and STA. Owing to the nature of retailing however, not all of this retail floorspace will be catered for by centres within the Subject Site's Trade Areas. Rather a portion will 'escape' to larger centres and other forms of retailing in a wider geographic region. Expenditure commonly 'escapes' in categories such as

Department Stores, Clothing and Bulky Goods as these forms of retailing are predominantly located in larger centres that draw trade from a far broader trade area.

Expenditure may also escape to other forms of retailing outside of the PTA and STA including highway convenience stores and retail located in close proximity to resident's workplaces.

Whilst retail categories such as Department Stores, Clothing and Bulky Goods will experience a high rate of escape expenditure from smaller centres, a greater portion of supermarket, grocery and specialty foods retail will be retained owing to the localised nature and frequency of this type of shopping. A higher rate of retention is likely to occur in the latter noted retail categories if the centre located on the Subject Site provides a supermarket (particularly a supermarket of a reasonable scale such as a main line supermarket) and a mix of supporting specialty stores including specialty foods, cafes and restaurants.

Taking the above factors into consideration as well as:

1. the proposed type of retail on the subject site (3,200sqm supermarket and 750sqm of specialty retail including a café / restaurant);
2. the geographic relationship of the PTA and STA to the Subject Site; and
3. the scale and quality of existing centres surrounding Warriewood Valley;

we have conservatively applied 'capture rates' to each retail category. The capture rates take into account the retail expenditure that will continue be retained in the PTA and STA rather than escape to higher order centres such as Mona Vale Town Centre and Warriewood Square Stand Alone Centre.

The capture rates by retail category used for both the STA and PTA are shown in the tables below. The corresponding columns show the net demand for retail floorspace by category in each trade area after the capture rates have been applied.

Table 13 - Net Demand for Retail Floorspace in the PTA 2012 – 2020 (sqm)

YEAR	Capture Rate	2012	2016	2020
Supermarkets & Grocery Stores	75%	2,283	2,443	2,614
Specialty Food Stores	55%	737	789	844
Fast-Food Stores	30%	389	416	445
Restaurants, Hotels and Clubs	15%	402	430	460
Department Stores	0%	0	0	0
Clothing Stores	0%	0	0	0
Bulky Goods Stores	0%	0	0	0
Other Personal & Household Goods Retailing	15%	423	452	484
Selected Personal Services	25%	113	286	306
Total Retailing	**30%**	**4,346**	**4,817**	**5,154**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2007

Table 14 - Net Demand for Retail Floorspace in the STA 2012 – 2020 (sqm)

YEAR	Capture Rate	2012	2016	2020
Supermarkets & Grocery Stores	50%	649	694	743
Specialty Food Stores	25%	141	150	161
Fast-Food Stores	15%	74	79	84
Restaurants, Hotels and Clubs	10%	104	112	120
Department Stores	0%	0	0	0
Clothing Stores	0%	0	0	0
Bulky Goods Stores	0%	0	0	0
Other Personal & Household Goods Retailing	10%	114	122	131
Selected Personal Services	10%	45	48	51
Total Retailing	**17%**	**1,126**	**1,205**	**1,290**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2006

The table below combines demand for retail floorspace generated in the PTA and STA following the application of capture rates. The table shows that as of 2012, there will be demand generated across the PTA and STA for close to 5,500sqm of retail floorspace. Of this demand, we estimate that 2,930sqm will relate to supermarket floorspace. By 2020, demand will have increased to close to 6,500sqm of retail floorspace including 3,350qm of supermarket floorspace.

Table 15 - Net Demand for Retail Floorspace in the PTA and STA 2012 – 2020 (sqm)

YEAR	2012	2016	2020
Supermarkets & Grocery Stores	2,932	3,138	3,357
Specialty Food Stores	878	939	1,005
Fast-Food Stores	463	495	530
Restaurants, Hotels and Clubs	506	542	580
Department Stores	0	0	0
Clothing Stores	0	0	0
Bulky Goods Stores	0	0	0
Other Personal & Household Goods Retailing	537	574	614
Selected Personal Services	157	334	357
Total Retailing	**5,473**	**6,022**	**6,444**

Source: Hill PDA estimate based on 2006 Census and ABS Household Expenditure Survey 1998-99 and Marketinfo 2006Additional Expenditure Generation

The calculations for retail demand above have specifically related to demand generated by existing and future households in Warriewood Valley only. There are a number of other factors however that should be highlighted as contributing to demand for retail floorspace and services in Warriewood Valley and therefore the Subject Site.

One such factor is the level of retail demand generated in Warriewood Valley as a result of non residential uses such as commercial and industrial. Section 2 of this report outlined that development within Warriewood Valley has included employment generating uses in two sectors (covering approximately 27ha of land area).The significant number of resulting employees associated with the construction and operation of these non residential uses also generates demand for supermarket and food related floorspace. Demand stems from employee needs to purchase lunch, snacks, office related supplies or picking up goods on the way home / to work.

We estimate that trade generated by employees of businesses within Warriewood Valley, in addition to passing trade generated by residents of surrounding areas (i.e. Ingleside) travelling through Warriewood Valley, could increase demand for retail floorspace by 15 - 20%. **As a result by 2012, sufficient demand could be generated**

in Warriewood Valley for a centre between 6,300sqm and 6,570sqm (including between 3,370sqm and 3,520sqm of supermarket floorspace and between 2,920sqm and 3,050sqm[11] of specialty retail).

Another important factor is the potential for the release of land in Ingleside over the next 20 years. It is understood that the potential release of land in Ingleside (the suburb adjacent to Warriewood Valley) for urban development is currently being considered by Local and State Government. Early assessments estimate however that the release of land in this location could accommodate over 4,300 additional residential dwellings. Should this development occur, we anticipate that there will be a substantial increase in demand for retail in surrounding centres, including the Subject Site.

[11] Includes specialty food stores, fast food stores and restaurants, other personal and household goods retailing and selected personal services

7. WIDER DEMAND FOR RETAIL FLOOR SPACE

As detailed in Section 6, considerable growth in demand has been forecast for retail floorspace within Warriewood Valley as a result of the areas urban development and the resulting increase in households (particularly family households) and employees. Growth in demand for retail floorspace is not however limited to Warriewood Valley, but rather is occurring across Pittwater LGA and the North East Subregion. In fact detailed analysis undertaken by Hill PDA, on behalf of various government authorities has found that there will be a significant increase in demand for retail floorspace within the North East Subregion over the next 25 years.

The growth in demand is a result of two factors:

1. population growth (particularly as a result of the forecast development in the Warriewood Valley and Ingleside release areas); and
2. the continuation of trends relating to the growing affluence and expenditure of households.

It was found however that even without significant population growth, the growing affluence of the North East Subregion's community and increasing household expenditure will result in substantial growth in demand for retail floorspace by 2031. Based on trend analysis, on a per capita basis, we estimate that demand for retail will increase from 2.6sqm per person to 3.17sqm per person in the North East Subregion by 2031. The growth in retail demand will extend across all retail categories.

For Pittwater LGA alone, Hill PDA's analysis has identified the need for in the order of 4 large (4,500sqm) or 17 small (1,200sqm) additional supermarkets by 2031 to meet forecast demand.

The growth in demand for supermarket floorspace is a particular planning issue however owing to the number of additional stores required yet development difficulties associated with securing suitable sites for supermarkets that have good access, parking and are of a sufficient size within established centres. Furthermore owing to site constraints and the economics of development, it is often not possible to expand existing supermarkets. It is therefore often necessary in property feasibility terms to develop a larger supermarket in one phase ahead of the estimated growth in demand.

Consistent with NSW Government Planning advice, we believe that all new retail floorspace (including supermarket floorspace) should be prioritised within existing or planned retail centres. Supermarkets should not however only be located within large centres but rather included within smaller centres to increase their accessibility to shoppers and reduce the need to travel by car in the interest of environmental sustainability and reduced traffic congestion. By focusing additional retail within existing and planned centres, greater support will also be given to their success and economic viability. A range of uses, particularly cafes and restaurants, are also recommended within centres of all scales to support their economic viability and the creation of a lively local atmosphere.

As the centre at the junction of Macpherson and Garden Streets is an established centre in planning policy terms, we believe a supermarket should be supported in this location to not only meet the growth in demand for retail but to also support the economic viability and therefore success of the centre.

Notwithstanding this however Hill PDA maintains that a full assessment of the economic impact of the planned retail centre (and its mix of retail uses) should be undertaken to ensure that there will be no adverse impact to existing centres. Whilst this study establishes demand for significant retail in Warriewood Valley, it does not go so far as to assess impact.

8. Conclusion

Pittwater Council estimates that by 2012, there will be an additional 1,881 houses (approximately 5,300 residents) located within Warriewood Valley. In order to assess how this household growth and the characteristics of the area's population will translate into demand for retail services, in addition to the range of non residential uses developed / being developed in Warriewood Valley, Hill PDA has:

1. defined Primary (PTA) and Secondary (STA) Trade Areas for the Subject Site;
2. assessed the existing (and likely future) socio-demographic characteristics of the PTA and STA's population;
3. applied the findings of points 1 and 2 above using detailed household expenditure modelling;
4. refined the gross household expenditure results into retail floorspace demand; and
5. applied capture rates to find the net demand for retail floorspace in Warriewood Valley taking into account escape expenditure owing to a range of factors.

Our calculations have found that there will be sufficient demand generated for a centre on the Subject Site of between between 6,300sqm and 6,570sqm (including between 3,370sqm and 3,520sqm of supermarket floorspace and between 2,920sqm and 3,050sqm[12] of specialty retail).

As the centre at the junction of Macpherson and Garden Streets is an established centre in planning policy terms, we believe a supermarket should be supported in this location to not only meet the growth in demand for retail but to also support the economic viability and therefore success of the centre.

Given the physical constraints of the Subject Site, the rapid growth in forecast demand and the economics of property development, we recommend that a centre of the proposed scale be developed in one stage prior to 2012 as opposed to incremental phases commensurate with the growth in demand. The completion of the centre in its entirety would also enhance the attraction of Warriewood Valley for further residential, commercial and industrial development by providing a sound range of local services and facilities.

We also consider that a centre on the Subject Site as planned could promote sustainable travel given its close proximity and ease of access to family households and businesses. The central location of the Subject Site within Warriewood Valley would allow for approximately 40% of dwellings within the PTA (close to 3,100 residents) to be within walking distance of retail and community services. This would further assist in reducing congestion and dependence on the region's road network whilst supporting the Councils vision for Warriewood Valley to become *"an eco-village – the benchmark and reference point for sustainability[13]"*.

[12] Includes specialty food stores, fast food stores and restaurants, other personal and household goods retailing and selected personal services
[13] Appendix 3, Pittwater DCP 21

APPENDIX 1 - ABS 2001 CENSUS DATA

SUMMARY FOR PTA AND STA

Table 16 - – PTA & STA Household Characteristics

Characteristics	Warriewood PTA	Warriewood STA	Sydney SD
Population and Dwellings			
Total Population	*1,533*	*2,823*	*3,948,015*
Total Dwellings	*640*	*1,037*	*1,546,691*
Occupied Private Dwellings	612	994	1,438,394
Occupied Private Dwellings (%)	95.6%	95.9%	93.0%
Average Household Size	*2.5*	*2.8*	*2.7*
	28	43	
Age Distribution			
0-14	17.8%	18.1%	20.2%
15-29	18.2%	19.6%	21.9%
30-44	26.2%	20.4%	23.8%
45-59	18.6%	20.3%	18.4%
60-74	9.7%	10.9%	10.1%
75+	9.5%	10.7%	5.6%
Total	100.0%	100.0%	100.0%
Median Age	*37.6*	*39.2*	*34.9*
Home Ownership			
Owned or Being Purchased	65.0%	75.4%	62.7%
Rented	26.3%	16.5%	29.0%
Other/Not Stated	8.7%	8.1%	8.4%
Total	100.0%	100.0%	100.0%
Household Structure			
Family Households	69.8%	76.0%	73.3%
Lone Person Households	25.3%	19.9%	22.4%
Group Households	4.9%	4.2%	4.3%
Total	100.0%	100.0%	100.0%
Dwelling Type			
Separate house	31.9%	77.6%	63.1%
Townhouse	57.3%	6.5%	11.3%
Flat-Unit-Apartment	8.7%	12.7%	23.9%
Other dwelling	1.6%	0.0%	0.8%
Not stated	0.5%	3.2%	0.9%
Total	100.0%	100.0%	100.0%
Labour Force			
Managers and Administrators	13.0%	10.3%	8.4%
Professionals	18.6%	17.2%	19.9%
Associate Professionals	12.1%	11.7%	11.1%
Tradespersons & Related Wrkrs	12.0%	13.8%	10.4%
Clerical, Sales and Service Wrkrs	32.6%	30.7%	29.0%
Intermediate Production & Transport Wrkrs	5.0%	6.1%	6.9%
Labourers & Related Wrkrs	3.8%	7.1%	6.2%
Inadequately described or N.S.	0.0%	0.0%	1.9%
Unemployed	3.1%	0.0%	6.1%
Total	**100.0%**	**97.0%**	**100.0%**

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WARRIEWOOD SECTOR 8 – MASTERPLAN

CNR GARDEN AND MACPHERSON STREET

Prepared for
Pittwater Council
DRAFT
September 2006

SYDNEY CANBERRA

independent property Hill PDA consulting

WARRIEWOOD SECTOR 8 – MASTERPLAN

CNR GARDEN AND MACPHERSON STREET

Prepared for

Pittwater Council

DRAFT

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QUALITY ASSURANCE

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

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REPORT DETAILS

Job Ref No: P06015
Version: Draft
Date Printed: 25/09/2006 11:20:00 AM
File Name: P06015 - Warriewood Sector 8 - Masterplan - Cnr Garden and Macpherson Street 140806.doc

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LIST OF TABLES

1. INTRODUCTION

Hill PDA were commissioned by Pittwater City Council to provide an independent economic and planning assessment of a proposal for a neighbourhood shopping centre located on the cnr of Garden and Macpherson Street, in Sector 8 as part of the Warriewood Valley Urban Release Area.

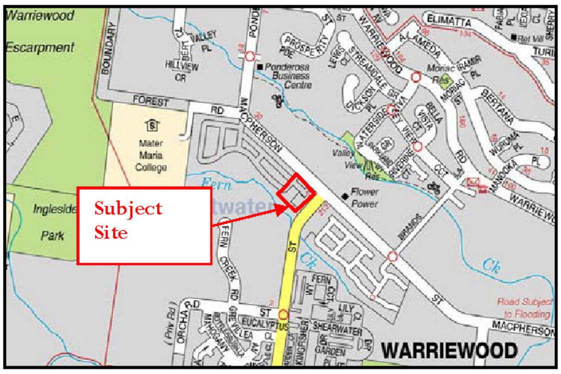
It is understood that Council planning strategy proposes that a portion of the site be retained for a retail use, however, the development control allows the submission of a development application for residential purposes and a retail centre to be developed in adjacent sectors within the Warriewood Valley. Our assessment will form part of Council's decision making process in order to determine the viability of the site as a neighbourhood shopping centre.

Under the directions of the Draft Warriewood Valley Urban Land Release Planning Framework Council are requesting that the subject site owned by Mirvac be developed as a neighbourhood shopping centre to provide a focal point for the local community. As part of Mirvac's economic feasibility of the site, they engaged Leyshon Consulting to undertake a demand assessment for a neighbourhood retail facility within the Warriewood Valley. The report concluded that there would be insufficient demand to warrant the development of a neighbourhood shopping centre on the site due to the existing level of retail offer at Warriewood Centro and Mona Vale. Hence Mirvac have objected to Council's directions and suggested that the more appropriate site would be the Flower Power site located in sector 3, which would enable the subject site to be developed purely for residential purposes.

Our study endeavours to critique the Leyshon's economic assessment of the proposed centre and determine through our own expenditure modelling whether there is sufficient demand for a retail shopping centre in the Valley. In addition to our economic assessment we have also reviewed the existing planning strategy and development controls applicable to the site to ascertain the suitability of the site for a neighbourhood shopping centre. Research has also been undertaken into case examples of existing neighbourhood shopping centres that are trading successfully and are located within close proximity to the proposed site.

2. The Proposal

2.1 The Site



The Warriewood Valley Urban Release Land comprises a total of 1,100 hectares and is located with the western region of the Pittwater Local Government Area. The Release Land is surrounded by the urban areas of Mona Vale to the east, Elanora Heights to the south-east, Garigal National Park to the south-west and Ku-ring-gai Chase National Park to the west and north-west.

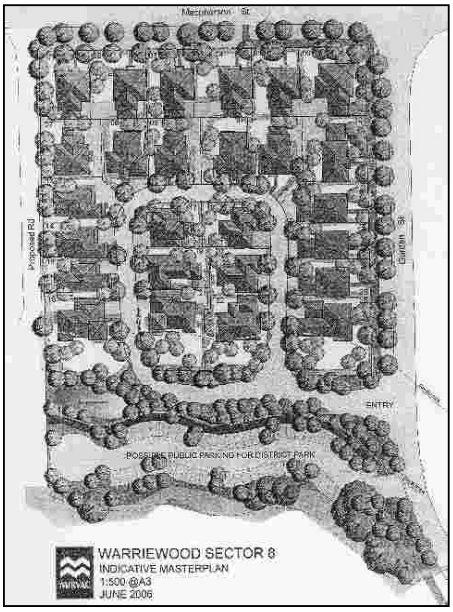
The site located within the north-east section of Sector 8 as designated by the Warriewood Valley Urban Release Land DCP No.29. Sector 8 comprises 13.1ha of land and is bound by Macpherson Street to the north, Garden Street to the east and Sector 26, known as the escarpment to the west (reserved for conservation purposes). To the south of the site is buffered by vegetation and Fern Creek. The site that is the subject of this report (hereafter referred to as 'the site') comprises the north-east portion of sector 8 and is bound by Macpherson Street to the north, Garden Street to the east, Fern Creek to the south and the remaining portion of Sector 8 to the west.

The site has an approximate area of 1.45ha cleared of vegetation and level. Surrounding development is predominately 2 storey attached terraced style residential dwellings with the majority having been added to the market over the past five years. The entire Warriewood Valley is a master plan precinct providing parks, playgrounds, cycleways/walkways, creekline restoration.

The site is served by the 185 and L85 buses that run along Garden Road and Macpherson Street with a bus stop directly outside the north-east corner of the site. The 185 bus route operates between Mona Vale Depot and Sydney City (Wynyard – York Street) generally on a half hour frequency.

2.2 Indicative Mirvac Masterplan

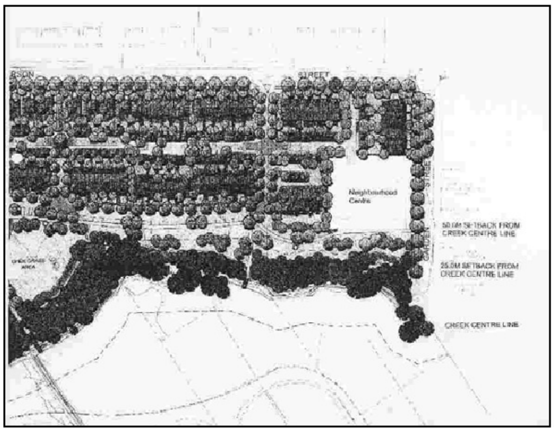
Mirvac as site owners have prepared an indicative Masterplan for the re-development of 1.45ha (14,500sqm) of the 13.1ha sector 8 precinct. The Mirvac Masterplan comprises 26 detached residential dwellings on plots ranging between approximatley 260sqm and 470sqm. The masterplan does not include any non residneital uses i.e. retail floorspace or community facilities.



The Mirvac Masterplan shows indicative landscaping and road layouts and includes an area of designated public parking along the creekline corridor. Vehicle access is proposed from Garden Street. Mirvac have rationalised the provion of the car parking area to facilitate the use of the adjacent distirct park.

2.3 Indicative Pittwater Council Masterplan

We have been provided with an indicative site plan by Pittwater Council showing the siting of the proposed Neighbourhood Centre. The centre is situated to the south-east of the subject site with a primary street frontage to Garden Street. We suggest that any future retail development that occurs on the site should be sited with maximum exposure to the Macpherson Street frontage to capture passing vehicular traffic through Warriewood Valley. Additionally, design elements may include shop-top housing to three storeys.



3. Existing Centres and Supply of Retail Space

This section identifies the key competitive centres within the Northern Beaches Study Area, specifically detailing the provision of retail space within these centres.

3.1 Centro Warriewood– Town Centre

Warriewood is categorised as a town centre and is approximately 22km North East of Sydney CBD and 1.9km to the south-east of the Mirvac subject site, cnr of Macpherson and Garden street, Warriewood.

The centre was refurbished and extended in 1999. It is the only centre servicing the northern region of the Peninsula area with a strong local profile. It has experienced strong sales growth due to the strong retail mix.

Warriewood Shopping Centre is a single level centre with a high proportion of national retailers, including the only Kmart in the peninsula. Anchor tenants include:

Kmart	8,076sqm
Coles supermarket	3,760sqm
Woolworths Supermarket	2,155sqm

Major tenants consume 13,991sqm of the total floor area of 22,091sqm. In addition there are 91 speciality shops (7,687sqm) a Child Care Centre (273sqm) and 3 office tenants on 1 level. The total centre area is 22,091sqm situated on a site area of 6.24ha. As at 2004 the centres turnover was approximately $150 million ($2004).

3.2 Mona Vale – Town Centre

Mona Vale is classified as a town centre under the Metropolitan Strategy and is located approximately 24km north east of Sydney CBD, 1.3km from the site. The established suburb comprises mixed uses such as residential and industrial areas, located between Pittwater Road and Barrenjoey Road. A commercial area exists at the junction of Pittwater Road, Barrenjoey Road and Mona Vale Road. The retail centre within Mona Vale comprises 2 enclosed shopping malls together with strip retail, including a stand alone Woolworths on the corner of Park and Keenan Streets.

Mona Vale includes 28,669sqm of retail space, with a vacancy of 1,353sqm of shop front premises. The total commercial space at the Mona vale shopping centre is approximately 7,368sqm.

Pittwater Place Shopping Centre

Park Street, Mona Vale

Pittwater Place Shopping Centre is located approximately 50 metres off the main district thoroughfare, Barrenjoey Road between Park and Darley Streets. It is the newest shopping centre on Sydney's Northern Beaches, opening in July 2004. It is located approximately 1.8km north-east of the subject site.

Pittwater Place Shopping Centre

This village shopping centre incorporates a Coles and a Woolworth's supermarket, 40 speciality shops, a Fitness First gymnasium, first floor commercial accommodation and one level of under-cover car parking. The total shopping centre retail floorspace is 7,185sqm, and consists of another 3,500sqm of office space with 17 commercial suites being located on the first floor above the shopping centre.

4. Proposed Retail Space

4.1 Pittwater LGA

Hill PDA has conducted research, in regards to the quantum of mooted retail projects in the pipeline. The following table summarises details relating to proposed retail floor space in the Pittwater LGA.

Table 1 - Mooted Retail Projects – Pittwater LGA

Project Name	Project Address	Type	Floor Area of Retail (sqm)	Completion Date	Project Details	Status
Warriewood square shopping centre- centro Warriewood	12 Jackson Road, Warriewood	Existing cento Warriewood centre.	193	1/4/2006	Alteration and additions to the existing centre and retail fit out.	Commenced
Barrenjoey Road shop top housing development	313 Barrenjoey Road, Newport		235	30/12/2006	Repair of existing ground floor retail space.	Possible
Barrenjoey Road Mixed Development	377-383 Barrenjoey Rd, Newport	4 shops	1,292	1/3/2007	3 shops, 79.8 sq m, 80.3 sq m, 82.3 sq m and supermarket 1,050 sq m. Basement car park & associated landscaping.	Firm
Mona Vale Marketplace Dan Murphy's	25 Park Street	1 Shop + Car park	1,444	1/3/2007	Construction of a retail liquor store and a car park.	Deferred
Barrenjoey Road shop top housing development	358 Barrenjoey Road, Newport	Ground floor retail	180	30/3/2007	Construction of ground floor retail with residential development above.	Possible
Newport Plaza	343-345 Barrenjoey Road, Newport		1,343	1/5/2007	Demolition of existing structure and construction of an retail area of approximately 1,348sqm.	Possible
Pittwater Road and Berry Ave mixed use development	1442 Pittwater Road, Narrabeen	10 shops	1,400	30/1/2008	Construction of a shop front development with residential above. Ten shops will be constructed	Deferred
Park Street retail development	12-14 Park Street,Mona Vale		768	24/2/2008	The refurbishment of existing retail spaces along Park street, and construction of a new retail tenancy.	Possible
Barrenjoey mixed development	1112-1116 Barrenjoey Road, Palm Beach	5 retail units	377	25/2/2008	Demolition of existing structure and construction of five retail tenancies	Possible

Source: Reed construction.

- Firm - Project is going ahead, but hasn't not commencement development.
- Deferred – where a contact tells us that the project has stalled for an unusual amount of time. The period of time may vary and can include a couple of months at tender stage to years of planning stage. Can be deferred indefinitely, which is almost like abandoned but where the contact is not confident to say that the project will not reappear.
- Possible - The project may go ahead.

The table above demonstrates that there is a total of 7,232sqm of mooted retail developments from within the Pittwater LGA. Although these centres are located within the Pittwater LGA they do not directly compete with the site as they are all located outside of the trade area. A similar type of development that could be used as a model for development is the project located at Barrenjoey Road Newport, which comprises of a supermarket (1,050sqm) and 3 shops totalling 242sqm.

5. RELEVANT STATUTORY PLANNING POLICIES

Section 79c of the Environmental Planning and Assessment Act (as amended) sets out the relevant matters for consideration when assessing the acceptability of a planning proposal. In accordance with the act and for the purposes of this report, the following documents are considered material considerations when assessing development proposals for the site:

1. Pittwater Local Environment Plan (LEP) 1993 (as amended)
2. Warriewood Valley Urban Land Release Development Control Plan No.29 (WV DCP 29) July 2001
3. Warriewood Valley Section 94 Contributions Plan July 2006
4. Pittwater 21 draft LEP
5. Draft Warriewood Valley Land Release Planing Framework

5.1 Pittwater LEP 1993 (as amended)

Pittwater LEP 1993 outlines planning policy relevant to the site within Part 3 Special Provisions, Division 7A Warriewood Valley Urban Land Release. Clauses 30a and 30b of Division 7A identify three key objectives for the Warriewood Valley Urban Land Release area. In summary the three objectives seek development that:

a. accords with the relevant planning strategy for the area;
b. has regard for any applicable DCP; and
c. that secures greater housing diversity and a wider housing choice in areas with adequate physical and social infrastructure as identified by relevant planning strategy's.

Clause 30c of Division 7A identifies the total number of dwellings to be erected in each sector of the Warriewood Valley Urban Release Land. A maximum of 159 dwellings has been identified as acceptable for Sector 8.

5.2 Warriewood Valley Urban Release Land DCP No. 29 (2001)

The policy objectives outlined in the Pittwater LEP 1993 for the site are discussed in greater detail within the Warriewood Valley DCP (WV DCP) 2001. The policies and objectives set out by the WV DCP have been based on ideas and concepts explored and developed through a series of planning strategies, frameworks and consultation exercises undertaken since the early 1990's and pursuant to the 1993 Pittwater LEP.

Particularly relevant to Hill PDA's brief is the Councils designation of the site, within the WV DCP and associated Planning Framework, as a site with high development capability. Sector 8 is considered suitable for medium density residential development with a maximum development yield of 263 dwellings. The landscaped buffer strip has been identified as necessary along Fern Creek to minimise any adverse environmental impact and to provide native flora and fauna habitat.

The WV DCP identifies either sector 3, 8 or 11 as ideally located to provide a Focal Neighbourhood Centre. The three sectors meet at the junction of Macpherson and Garden Streets and could individually or jointly provide between 855sqm to 2,222sqm retail floorspace to create a neighbourhood retail centre. The WV DCP recognises however that a centre of a greater scale would not be appropriate given the proximity of larger established centres in Mona Vale and Warriewood Square.

A Focal Neighbourhood Centre shared between the three sites has been identified as necessary in order meet a number of the objectives of the WV DCP including:

- *To meet the local 'convenience' retail needs of the incoming population;*
- *To establish a focal point in the Valley Linking local services and facilities, including local retailing, public open space, public transport and community facilities;*
- *To reduce dependency on the car and encourage other modes of transport;*
- *To establish a sense of community and Place.*

WV DCP 2001 (Section 3.10, p.g28)

The WV DCP also recognises that to facilitate the neighbourhood retail objective, shop top housing may be an acceptable form of development on the applicable section of the site.

6. IMPLICATIONS OF THE MIRVAC MASTERPLAN TO PLANNING POLICY

As outlined in section 6 above the north-east corner of the site (where McPherson and Garden Street meet) has been identified by the Council as a potential location for a Focal Neighbourhood Centre (Section 3.10 of the WV DCP No.29). Three sectors meet at the junction (sector 3, 8 and 11) and as such the policy does not prescribe which of the three sectors is required to provide floorspace to facilitate a neighbourhood centre nor does it preclude the provision of the centre on any of the three sectors or in part across each of the three sectors.

Despite this policy objective the indicative Mirvac Masterplan comprises entirely low density residential development without scope for potential retail or community floorspace. Mirvac contend that a neighbourhood retail centre on the site would not be sustainable in commercial terms. Mirvac advises that a potential alternative location would be on the 'Flower Power Site' in sector 3.

In planning policy terms the entirely residential Mirvac Masterplan would not be contrary to policy should a neighbourhood centre be secured within one of the two alternative sectors (i.e. 3 or 11) at the junction of Macpherson and Garden Streets. As such Sector 11 has been subject to re-development and does not include any retail floorspace thereby setting a planning precedent. As a result, should retail not be provided on the Mirvac site, the onus would fall entirely on the re-development of Sector 3.

In saying this however the intention of the policy is to provide a sustainable, attractive and well serviced community focal point. The provision of an element of retail on the Mirvac site would have planning benefits whereby it would establish the concept of neighbourhood retailing and provide convenience for existing and future occupiers of Sector 8, 11 and in time Sector 3. What is more the provision of retail on the Mirvac site would help to meet the councils objectives in Section 3.10 of the WV DCP No.29 as outlined above.

7. DEMAND FOR RETAIL FLOOR SPACE

In order to measure need and undersupply of retail space we first have to define the trade area of the proposed development. This section of the report defines the trade areas likely to be served by the proposed neighbourhood shopping centre, details the existing and forecast trade area dwelling numbers and the demand generated by household expenditure.

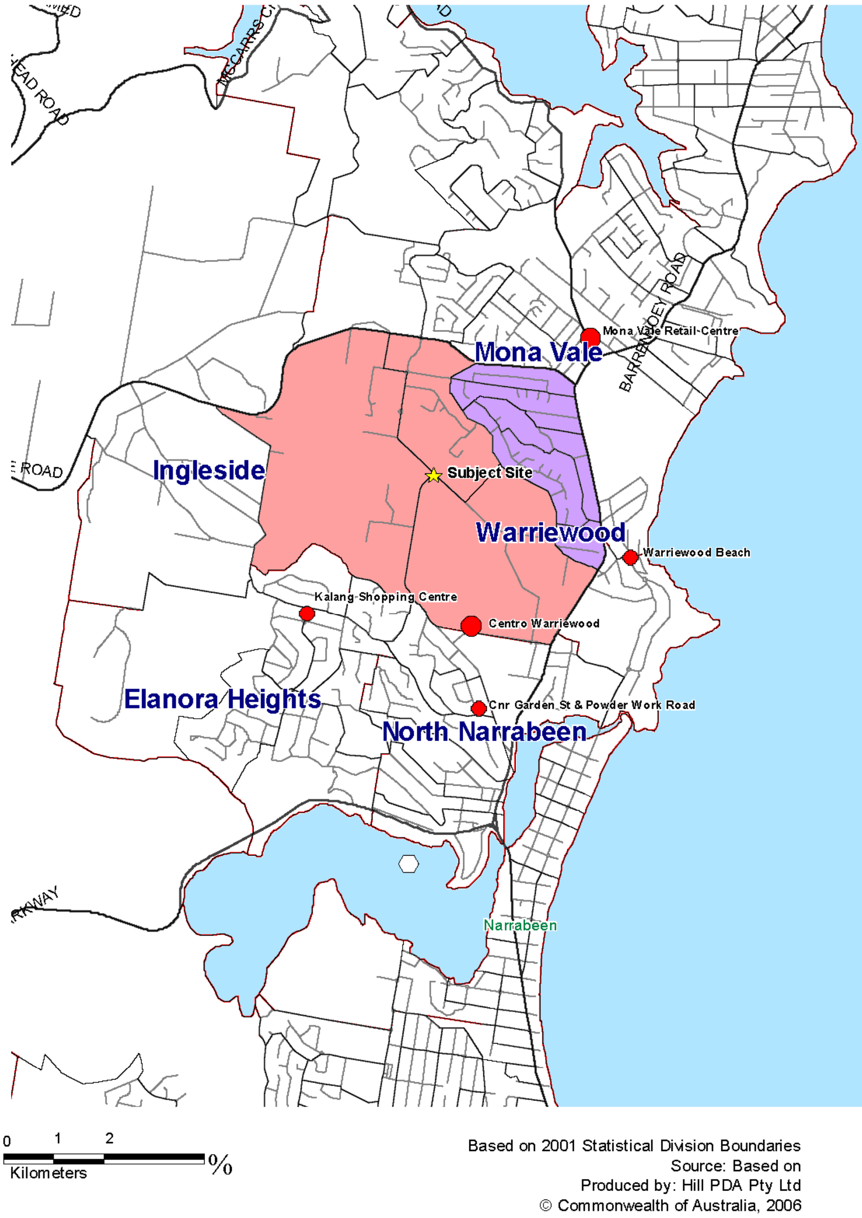
7.1 Trade Area Definition

The trade area served by any retail centre is determined by a number of factors including:

- The strength and attraction of the centre in question, determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre.
- Competitive retail centres, particularly their proximity to the subject centre and respective sizes, retail offer and attraction.
- The location and accessibility of the centre, including the available road and public transport network and travel times.
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

In order to test Leyshons demand estimates we have defined the same trade area used in their assessment, known as the primary trade area (PTA). The PTA encompasses an area bound by Warriewood and Mona Vale Rad to the north and north east and to the south Jacksons and Powder Works Road. Ingleside Road is used to define the western boundary. In addition to a primary trade area we have defined a secondary trade area (STA) which includes a triangular shaped area bordered by Pittwater Road to the east and Mona Vale Road to the north and Warriewood Road to the south-west. A map presenting both the primary (pink) and secondary (purple) trade areas is presented overleaf.

Warriewood Primary & Secondary Trade Area



Based on 2001 Statistical Division Boundaries
Source: Based on
Produced by: Hill PDA Pty Ltd
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7.2 Trade Area Demographic Characteristics

Household expenditure generated by a trade area is dependent not only on the number of households, but by the socio-demographic characteristics of the population. In particular, household income is a strong determining variable as higher income earners spend more on goods and services. The socio-demographic profile of the trade area is provided in the table below.

Table 2 – PTA & STA Household Characteristics

Characteristics	Warriewood PTA	Warriewood STA	Sydney SD
Population and Dwellings			
Total Population	*1,533*	*2,823*	*3,948,015*
Total Dwellings	*640*	*1,037*	*1,546,691*
Occupied Private Dwellings	612	994	1,438,394
Occupied Private Dwellings (%)	95.6%	95.9%	93.0%
Average Household Size	*2.5*	*2.8*	*2.7*
	28	43	
Age Distribution			
0-14	17.8%	18.1%	20.2%
15-29	18.2%	19.6%	21.9%
30-44	26.2%	20.4%	23.8%
45-59	18.6%	20.3%	18.4%
60-74	9.7%	10.9%	10.1%
75+	9.5%	10.7%	5.6%
Total	**100.0%**	**100.0%**	**100.0%**
Median Age	*37.6*	*39.2*	*34.9*
Home Ownership			
Owned or Being Purchased	65.0%	75.4%	62.7%
Rented	26.3%	16.5%	29.0%
Other/Not Stated	8.7%	8.1%	8.4%
Total	**100.0%**	**100.0%**	**100.0%**
Household Structure			
Family Households	69.8%	76.0%	73.3%
Lone Person Households	25.3%	19.9%	22.4%
Group Households	4.9%	4.2%	4.3%
Total	**100.0%**	**100.0%**	**100.0%**
Dwelling Type			
Separate house	31.9%	77.6%	63.1%
Townhouse	57.3%	6.5%	11.3%
Flat-Unit-Apartment	8.7%	12.7%	23.9%
Other dwelling	1.6%	0.0%	0.8%
Not stated	0.5%	3.2%	0.9%
Total	**100.0%**	**100.0%**	**100.0%**
Labour Force			
Managers and Administrators	13.0%	10.3%	8.4%
Professionals	18.6%	17.2%	19.9%
Associate Professionals	12.1%	11.7%	11.1%
Tradespersons & Related Wrkrs	12.0%	13.8%	10.4%
Clerical, Sales and Service Wrkrs	32.6%	30.7%	29.0%
Intermediate Production & Transport Wrkrs	5.0%	6.1%	6.9%
Labourers & Related Wrkrs	3.8%	7.1%	6.2%
Inadequately described or N.S.	0.0%	0.0%	1.9%
Unemployed	3.1%	0.0%	6.1%
Total	**100.0%**	**97.0%**	**100.0%**

7.3 Age Profile

The most significant statistic relating to age distribution is the high representation of persons aged over 65 a result of this housing cohort downsizing from their existing family house and moving to coastal regions. The remainder of the age distribution is representative of the typical households in the Sydney SD.

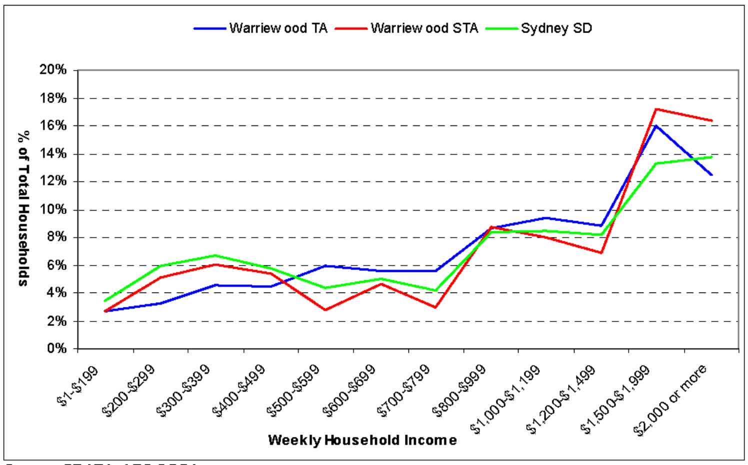
7.4 Dwelling Structure

Local agents report that a mix of people are moving into homes in the new estates located in the Warriewood Valley. Purchasers of new homes largely comprise of young families, retirees and couples without children. The type of housing product offered within the Warriewood Valley is highly influential in the dwelling structure of the trade area. The predominate type of housing are two storey attached houses which mostly appeal to young couples and retirees. Larger family homes are limited, however a small proportion of house and land packages offered within CPGs Shearwater estate cater for family households. As a result of developer targeting this market the trade area has a high representation of townhouses which will increase as the Valley gradually develops.

7.5 Household Income

Demand for retail floor space is measured by household expenditure using National turnover benchmarks. Total household expenditure within a defined trade area is dependent upon the number of households and household income levels. As evident by the ABS Household Expenditure Survey 1998-99 higher income households spend more on goods and services. The proportions of households by household income level are provided in the following chart:

Chart 1 - Weekly Household Income 2001



Source: CDATA, ABS 2001

Household income levels in both the Warriewood primary and secondary trade area show similarities, when compared to the Sydney SD as depicted in the chart above. Interestingly the chart has a higher representation than the Sydney SD of households earning an income of greater than $1,200 per week. In the future weekly household incomes are expected to shift towards a greater number of higher income earners than existing households. This will have a positive flow on affect for total household expenditure in the Valley.

7.6 Household Growth

We have critiqued Leyshon's estimated resident population forecasts and analysed the estimates back to a sale rate per calendar month (pcm) for new residential product within the primary trade area. We have then compared this to actual sales rates that are being achieved within the valley to ascertain whether the Leyshon estimates can be supported through future demand for housing. The table below provides a comparison between the Leyshon and the HillPDA estimates based on a household occupancy rate of 2.6 persons:

Table 3 - Forecast Dwelling Increase for Primary Trade Area by Local Government Area

	2001	2006	2008	2010	2012	2014
Leyshon ERPs						
Pop.	1,670	2,984	3,384	4,100	4,764	5,428
Pop. % var. pa.		15.7%	6.7%	10.6%	8.1%	7.0%
Dwelling No's	668	1,194	1,354	1,640	1,906	2,171
Dwelling No's pa.		105	80	143	133	133
Sale rate pcm		9	7	12	11	11
HillPDA ERPs						
Sale rate pcm		10	10	10	10	10
Dwelling No's pa.		120	120	120	120	120
Dwelling No's	668	1,148	1,388	1,628	1,868	2,108
Pop. % var. pa.		14.4%	10.5%	8.6%	7.4%	6.4%
Hill PDA ERPs	1,670	2,918	3,542	4,166	4,790	5,414

Source: ABS 2001 & HillPDAResearch

Actual sale rates for now housing product located within Warriewood valley between 2001 and 2006 equate to approximately 7.2 pcm for a house and land package. This sale rate is lower than what Leyshon has adopted but one explanation for this is that a wider market pool has been selected to determine the overall demand for housing and therefore a sale rate of 9 pcm is considered acceptable.

Unlike Leyshon, rather than predict market cycles we are of the opinion that a single average sale rate over the period 2006 to 2014 would result in a more accurate reflection in the demand for housing product within the valley. Therefore, for the purpose of our study we have adopted a constant sales rate of 10 house and land packages pcm over the next 8 years. After the 2012 target population is met we expect there to be additional capacity for approximately another 2,850 residents within the Valley.

Leyshons forecasts result in an overall sale rate of 10 sales pcm. Similarly, HillPDAs analysis confirms Leyshons estimated resident population forecasts which analyse back to an average of 10 sales pcm. Therefore, the growth estimates Leyshon has applied in determining the trade areas retail expenditure are achievable.

7.7 Household Expenditure

Household expenditure was sourced from:

- ABS Household Expenditure Survey 1998-99 which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2004 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using "microsimulation modelling techniques".

Marketinfo combines the data from the Census, HES and other sources to derive total HES by commodity type within a geographical area. This data, which was validated using taxation and national accounts figures, quantifies around 14% more expenditure than the HES.

The ABS household expenditure survey 1998-99 provides average household expenditure by commodity type by household income quintile. For comparative purposes we have presented Leyshon's forecast expenditure estimates against HillPDAs expenditure analysis for both the primary and secondary trade areas.

Table 4 - Household Expenditure Generated by the Trade Areas by Commodity Type ($m)

Total Expenditure	2006	2010	2014
HillPDA (PTA)	$34.6	$51.8	$77.7
Leyshon (PTA)	$30.2	$44.0	$61.9
HillPDA (STA)	$29.6	$30.8	$32.1
HillPDA (PTA) & (STA)	$64.2	$82.7	$109.8

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

There has been considerable growth in expenditure over the past decade in the primary trade area largely due to population growth. The household expenditure generated in the PTA in 2006 according to HillPDAs analysis totalled $34.6million. This is higher than Leyshon's estimate which could be attributable to different household growth rates in expenditure and income. HillPDA's expenditure estimates assuming that the valley captures 100% of possible retail spending equates to $64.2million. A further $29.6m of expenditure is generated from the existing residents from the STA, resulting in total retail spending of $64.2m for the PTA and STA.

7.8 Supermarket Demand

The above expenditure levels produce the following amounts of supermarket expenditure and floor space demand from within the PTA. To compare the differences we have presented both HillPDAs and the estimates produced by Leyshon.

Table 5 - Supermarket Expenditure and Demand (PTA)

Supermarket Demand (PTA)	2006	2010	2014
Total Supermarket Expenditure (PTA) - HillPDA	$12.7	$19.0	$28.5
Total Supermarket Expenditure (PTA) - Leyshon	$9.7	$14.1	$19.8
Turnover Level	$8,500	$8,500	$8,500
Total Supermarket Floor space Demand (PTA) - HillPDA	1,494	2,239	3,355
Total Supermarket Floor space Demand (PTA) - Leyshon	1,141	1,659	2,329

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

According to HillPDA food, groceries and liquor expenditure generated by the primary trade area residents amount to $12.7m at 2006 and is forecast to total around $19.0m in 2010 and $28.5m in 2014. Leyshon estimates indicate a lower apportionment of total retail expenditure for supermarket spending with $9.7m for 2006 a further $14.1m as at 2010, and $19.8 during 2014.

The level of turnover adopted by Leyshon of $8,500sqm is within market parameters for centres located in this area of Sydney. Our estimates show that there is a current demand based on our forecast expenditure level for 1,494m² of supermarket floor space as at 2006 compared to Leyshon's lower estimate of 1,141m². As at 2014 we estimate that there will be a total demand for supermarket floor space of 3,355sqm

As commented on in section 8.1 of this report we have defined an additional secondary trade area which comprises of existing low density residential housing. Due to the proximity of the proposed shopping centre site to the households located within these five collector districts it is reasonable to assume that people living in this area would visit a neighbourhood shopping centre located in the Warriewood Valley. Leyshon assumes that approximately 30% of supermarket retail expenditure within the valley would be captured by the proposed centre. We however are of the opinion that a slightly lower rate of 20% for the PTA and 10% for the STA would be achievable given the proximity of the existing retail offer located at Warriewood and Mona Vale:

Table 6 - Supermarket Expenditure and Demand (PTA) & (STA)

Supermarket Demand (PTA) & (STA)	2006	2010	2014
Total Supermarket Expenditure (PTA) & (STA) - HillPDA	$23.4	$30.2	$40.2
Total Supermarket Floor space Demand - HillPDA @ 20% PTA & 10% STA capture	$3.6	$4.9	$6.9
Turnover Level	$8,500	$8,500	$8,500
Total Supermarket Floor space Demand (PTA) & (STA) - HillPDA @ 20% & 10% capture	425	579	808

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

Based on a target turnover level of $8,500/sqm[1] and a market share 20% (PTA) & 10% (STA), the Valley will demand some 425sqm of supermarket floor space as at 2006 and approximately 808sqm by 2014. Consequently total demand of approximately 800m² would therefore facilitate the development of an anchor retail tenancy such as an IGA supermarket.

Despite Leyshon's comments that supermarket retailer such as IGA have failed to establish themselves in urban areas (like Warriewood) we have discovered that there are at least five successful examples of IGA supermarkets located in the Warringah and Manly council areas. The locations of these centres are tabulated below:

Table 7 - Nearest 5 IGA Supermarkets to Warriewood

Store	Address	Suburb
Collaroy Plateau IGA	2 Veterans Parade	Collaroy Plateau
IGA X-press Terrey Hills	4 Booralie St	Terrey Hills
Allambie Heights IGA	15 Grigor Place	Allambie Heights
Harbord IGA	Cnr Moore and Albert Streets	Harbord
Balgowlah Heights IGA	113 Beatrice Street	Balgowlah

These stores provide greater convenience to shoppers not wanting to visit a full line supermarket. Also, it is noted that Warriewood Centro parking has reached capacity and shoppers are now travelling to Woolworths at Narrabeen Lakes because of the convenience factor.

[1]. National average turnover for supermarkets – Various Sources including: ABS Retail Survey 1998-99 and JHD Retail Averages. This indicative figure of $8,500/sqm is still higher than a sustainable trading level.

7.9 Other Retail Demand

The expenditure levels displayed in section 8.7 produce the following amounts of other retail expenditure and floor space demand from within the PTA. For comparative purposes we have presented both HillPDAs and Leyshon's estimates.

Table 8 - Other Retail Expenditure and Demand (PTA)

Other Retail Demand (PTA)	2006	2010	2014
Total Other Retail Expenditure (PTA) - HillPDA	$21.9	$32.8	$49.17
Total Other Retail Expenditure (PTA) - Leyshon	$20.5	$29.9	$42.1
Turnover Level	$5,500	$5,500	$5,500
Total Other Retail Demand (PTA) - HillPDA @ 5%	$1.1	$1.6	$2.5
Total Other Retail Floor space Demand (PTA) - Leyshon @ 5%	$1.0	$1.5	$2.1
Total Other Retail Supportable Floor space Demand (PTA) - HillPDA @ 5%	199	298	447
Total Other Retail Supportable Floor space Demand (PTA) - Leyshon @ 5%	187	272	383

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

As the table above demonstrates HillPDA estimates that there is a total of $21.9m of expenditure as at 2006 available from the primary trade area which is $1.9m greater than Leyshons forecasts for the same period. This results in a total demand for other retail floor space of 199sqm only marginally higher than Leyshons 187sqm. Long term development capacity for the site would potentially facilitate 447sqm of supportable floor space.

The specialty stores will certainly compete with both Warriewood Centro, Mona Vale and to some extent Warringah Mall so a 5% market capture is reasonable to assume. However, the performance of the specialty stores turnover will depend on the type of tenancies that are likely to occupy the centre. From other case examples of surrounding neighbourhood centres tenancies such as bakeries, restaurants/cafes, delicatessens, fast food outlet and possible a clothing outlet would potentially appeal to the local market and would be able to sustain a high level of turnover.

The table below presents analysis of the expenditure and the forecast demand levels from 2006 to 2014. The floor space demand estimates are based on a turnover level of $5,500sqm.

Table 9 - Other Retail Expenditure and Demand (PTA) & (STA)

Other Retail Demand (PTA) & (STA)	2006	2010	2014
Total Other Retail Expenditure (PTA) & (STA) - HillPDA	$40.8	$52.5	$69.6
Turnover Level	$5,500	$5,500	$5,500
Total Other Retail Floor space Demand (PTA) & (STA) - HillPDA @ 5% capture	$2.0	$2.6	$3.5
Total Other retail Floor space Demand (PTA) & (STA) - HillPDA @ 5% capture	371	477	633

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

The table above indicates that there is a total development capacity for other retail development product of 633sqm. This is based on the assumption that the neighbourhood centre will receive 5% of household expenditure generated by the combined PTA and STA. Current requirements for specialty retailing within the Valley amount to 371sqm.

8. Case Examples of Small Retail Centres

Rather than cite local examples of where neighbourhood shopping centres have worked successfully the Leyshon report quotes examples from areas outside of the Northern Beaches of Sydney which have entirely different household characteristics and demand drivers to the Warriewood Valley trade area. Therefore, as part of this study we have surved local examples of existing neighbourhood shopping centres that are trading well and have the same demographic composition as the sites trade area. Examples of successful clusters of neighbourhood shops are tabulated below:

Table 10 - Characteristics of Small Retail Centres in Surrounding Suburbs 2006

	Centre	Suburb	Approx. Size (sqm) @80% eff.	Tenant Types	Comments
 	Kalang Road Shopping Centre	Elanora Heights	2,720	Health & Fitness Centres & Services, Medical Practitioners, Squash Courts, Take Away Food, Ladies' Wear-Retail, Butchers-Retail, Video Libraries, Real Estate Agents, Real Estate Agents, Promotional Products, Delicatessens, Bakers, Australia Post, Hairdressers, Dentists, Pharmacies	The centre is a strip retail complex located on both the eastern and western side of Kalang Road. The centre has good exposure to passing traffic along Powder Works Road. The surrounding development comprises of low density single detached residential dwellings. However, in recent years new two storey attached housing development has occurred along Powder Works Road.

Table 10 (cont.) - Characteristics of Small Retail Centres in Surrounding Suburbs 2006

	Centre	Suburb	Approx. Size (sqm) @ 80% eff.	Tenant Types	Comments
 	Warriewood Beach Shopping Centre	Warriewood Beach	826	Restaurants, Cafes, Beauty Salons, Hairdressers, Art Galleries	A neighbourhood centre which is part of a mixed use residential project. The tenancy benefit from it proximity to the beach which generates both passing vehicular and pedestrian traffic. The Restaurants and Cafes are also enhanced with ocean vistas. Apart from the medium density building in which the retail tenancies are located, surrounding development generally comprises of low density residential development.
 	Cnr Powder Works Road and Garden Street	North Narrabeen	431	Antique Dealers, Printers-General, Trophies, Bicycle Store	Located on the corner of Powder Works Road and Garden Streets, these high street shops have excellent exposure to passing vehicular traffic and cater to specialty type retailing.

Source: Hill PDA Research, RPData

The table above illustrates small neighbourhood shopping centres that have proved successful and are located within close proximity to the proposed site. Unlike the proposal for the subject site these centres have proved to trade well despite not having an anchor tenant such as a supermarket. Therefore, these case examples provide some actual evidence that small neighbourhood shopping centres can survive in suburbs with similar household characteristics to Warriewood Valley.

9. CONCLUSION

Our report investigates the sustainability of a neighbourhood shopping centre in the Warriewood Valley, with our analysis supporting the development of an independent supermarket at either of the proposed sites suggested under the Development Control Plan. However, we recognise that the development of a neighbourhood shopping centre in the valley will be affected by the retail hierarchy and therefore we cannot assume a 100% market capture which is reflected in our low market share rate of 20% and 10% for the PTA and STA respectively.

A supermarket in the vicinity of 800sqm will trade sustainably over time. The success of a supermarket would be the result of greater convenience being created by the development of the shopping centre in the Valley and the existing strength of retail spending in the catchment demonstrated by the strong trade at Warriewood Centro.

Whilst the proposed site for the neighbourhood shopping centre is located near to both Centro Warriewood and Mona Vale Town Centre, the growth in the trade area catchment over time is sufficient to warrant a small neighbourhood centre.

Leyshon concludes that any proposed centre would have to compete with more comprehensive, highly accessible and well-established retail centres. We disagree with these comments as the centre would appeal to a different market to Centro or Mona Vale and would appeal to convenience shoppers. We also note that Centro Warriewood is suffering from traffic congestions and that shoppers are now travelling a greater distance to Narrabeen to do their supermarket shopping. Therefore, greater and easier accessibility to retail facilities would improve the sustainability of the Pittwater LGA through the reduction in vehicle kilometres travelled. The additional cost of travel has a negative environmental impact which is carried by the greater community and a cost that could be put back into the local community through greater expenditure on retail.

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