
Sent: 10/02/2020 4:33:54 PM
Subject: Submission to DA2018/1924 - Alterations and additions to Forestway Shopping Centre
Attachments: Final Submission.pdf;

Dear Sir / Madam,

Please find attached the submission prepared on behalf of GVSC Pty Ltd in relation to Development Application DA2018/1924 to carry out alterations and additions to Forestway Shopping Centre.

Thank you.

Kind regards,
Alice

Please note, my working days are Monday to Thursday.


Alice Rubenach
Associate



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Mr Ray Brownlee
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Northern Beaches Council
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By Email: council@northernbeaches.nsw.gov.au
Attention: David Auster (Planner - Development Assessment)

SUBMISSION TO DEVELOPMENT APPLICATION DA2018/1924 - FORESTWAY SHOPPING CENTRE

Dear David,

This Submission has been prepared on behalf of GVSC Pty Ltd (GVSC) in relation to Development Application DA2018/1924 to carry out alterations and additions to Forestway Shopping Centre. It follows the submission prepared on behalf of GVSC, dated 7 February 2019.

GVSC owns and operates Glenrose Village Shopping Centre at 56-58 Glen Street, Belrose, located 2.3km north-west of Forestway Shopping Centre. Glenrose Village Shopping Centre is anchored by Woolworths, Aldi and the Glen St Food Quarter Restaurant Precinct, with a GLA of approximately 10,000m².

As stated in the submission prepared on behalf of GVSC (dated 7 February 2019), concern is raised in relation to the potential of adverse impacts associated with this significant intensification of Forestway Shopping Centre and impacts on the trade overall area.

In support of this submission, Macroplan has undertaken a peer review (dated 6 February 2020) of the Economic Impact Analysis prepared by LocationIQ in October 2018 submitted with DA2018/1924. The peer review is included at **Attachment 1**. A detailed summary of the assessment is provided in Section 2 *Economic Impacts on Existing Trade Areas* of this letter.

1. Proposed Development - DA2018/1924

The *Response to Council Correspondence* prepared by Urbis (dated 24 October 2019) provides an overview of the recent proposed changes to the March 2019 amended DA2018/1924 scheme. The letter details, the development consent being sought 'remains consistent' with the original submission, dated 5 December 2018, being:

Alterations and Additions to the Forest Way shopping centre including a childcare centre, medical centre, shops, restaurant/cafes, recreation facility (indoor), office premises and basement car parking (DA 2018/1924).

DA2018/1924 now proposes an additional 258m² GLA than originally proposed under the 5 December 2018 and March 2019 scheme, from 21,593m² to 21,851m².

Forestway Shopping Centre currently comprises 9,577m² GLA and 428 car parking spaces. Under DA2018/1924, an additional 12,274m² GLA and 315 car parking spaces are sought.

2. Economic Impacts on Existing Trade Areas

The operation of the Glenrose Village Shopping Centre contains similar related uses to Forestway Shopping Centre, including Woolworths, Aldi, specialty retail (ie. Bakery, food and drink premises etc.) and non-retail components (ie. Travel agent and gym etc.), and is located only 2.3km from the proposed development site. Glenrose Village Shopping Centre also comprises a similar indoor / outdoor foodcourt dining area to the proposed Forestway Shopping Centre expansion.

Glenrose Village Shopping Centre has the potential to be adversely affected in terms of its day to day trade. Despite that the two centres have co-existed for a number of years, this significant expansion and intensification should be assessed accordingly having regard to the trade area.

GVSC appointed Macroplan to undertake a peer review letter (dated 6 February 2020) of the Economic Impact Analysis prepared by LocationIQ in October 2018 in support of DA2018/1924. Refer to the peer review letter at **Attachment 1**, which states, *'the trade areas devised by LocationIQ are incorrect and that the actual behaviour of consumers has not been correctly represented or understood'*. The letter also states, *'normally the behaviour of populations in two primary trade areas would be expected to be significantly different however the site would still derive a majority of its income from the combined primary trade areas'*.

The Macroplan peer review letter concludes that the LocationIQ findings have led to an underestimate of the cannibalisation of competing centres, including Glenrose Village Shopping Centre, by the proposed updated and expanded Forestway Shopping Centre. It also states that the findings within the *Employment and Consumer Impacts* section of the LocationIQ report is unsound and unsuitable for use in any decision making, and large components are based on metrics that have been discredited by the ABS.

It is requested, Council give due consideration to the associated impacts on the trade area in this respect as part of the DA2018/1924 assessment.

3. Conclusion

Based on the matters discussed above, it is requested that DA2018/1924 be considered duly with respect to the existing Glenrose Village Shopping Centre and associated impacts on the trade area. Given the intensification of the site and expansion of the retail floor area, GVSC seeks to ensure that the operations of the Glenrose Village would not be undermined by the proposed development.

The following findings and conclusions were made within Macroplan's peer review:

- *The trade areas devised by LocationIQ are incorrect and that the actual behaviour of consumers has not been correctly represented or understood;*
- *These incorrect findings by LocationIQ have led to an underestimate of the cannibalization of competing centres, including Glenrose Village Shopping Centre, by the proposed updated and expanded Forestway Shopping Centre;*
- *This will be compounded by an underestimate of the RTD of specialty retail in the updated and expanded centre, which is far below industry benchmarks; and,*
- *Section 4.4 Employment and Consumer Impacts is unsound and unsuitable for use in any decision making, and large components are based on metrics that have been discredited by the ABS'.*

The LocationIQ report should be amended to reflect the correct foundation for the proposed development. Further, the proposed development comprises a low volume of specialty retail space which is far below industry benchmarks.

From a review of Council's strategic planning documents, Forestway Shopping Centre is not identified as part of a future strategic centre and therefore the proposed expansion is inconsistent with Council's forecast and designated growth areas. Forestway Shopping Centre is not identified within the Frenchs Forest Hospital Precinct Structure Plan as being an area for 'jobs growth', but rather for future 'R3 Medium Density Residential' zoning. It is therefore submitted that the proposed development is unfounded and represents an overdevelopment of the site.

Submission - Development Application

DA2018/1924 - Forestway Shopping Centre

It is considered prudent for Northern Beaches Council to request the matters identified in this Submission be addressed so that a decision can be made in the public interest.

Yours faithfully,



Andrew Cowan
Director
Willowtree Planning Pty Ltd
ACN 146 035 707

Attachment 1 Macroplan letter (dated 6 February 2020)

06 February 2019

Mr Ray Brownlee
CEO
Northern Beaches Council
PO Box 82
Manly NSW

BY EMAIL: ray.brownlee@northernbeaches.nsw.gov.au

ATTENTION: David Auster (Planner -Development Assessment)

Dear David

RE DA2018/1924 | Forestway Shopping Centre

Macroplan has been retained by GVSC Pty Ltd, the owners of Glenrose Village Shopping Centre, to undertake a peer review of the Economic Impact Analysis prepared by LocationIQ in October 2018 in support of DA2018/1924 submitted by Are Chemin de la Foret Pty Ltd. DA2018/1924 proposes a renovation and expansion of the Forestway Shopping Centre in the Northern Beaches suburb of Frenchs Forest, with project management services being supplied by Urbis Pty Ltd.

Background

Forestway shopping centre is a neighbourhood centre, anchored by a 2,660 sq.m GLAR (gross lettable area retail) Woolworths, an ALDI supermarket (1,603 sq.m GLAR), retail specialty (2,557 sq.m GLAR), and non-retail floorspace (2,558 sq.m GLAR). The non-retail includes banks, travel agents, Australia Post, a gym, and facilities for commercial, medical, and educational activities.

The original submission, received by council on 5th December 2018, nominated a total cost of works of \$114.359 million and indicated an increase in the retail floorspace of 6,839 sq.m GLAR and non-retail floorspace by 7,026 sq.m GLAR. This has increased slightly according to the October 2019 letter supplied to council by Urbis, which was accompanied by updated architectural plans, the GLA of the proposed scheme increasing from 21,593 sq.m. to 21,851 sq.m..

While the plans do not propose to change the ALDI tenancy, under the plan Woolworths will increase to 3,619 sq.m. GLAR, three mini-major tenancies will be introduced with a total size of 3,429 sq.m GLAR, retail specialty will increase by 2,437 sq.m GLAR, and an increase of 7,026 sq.m GLA of non-retail.

Macroplan has undertaken a section by section peer review of LocationIQ's October 2018 report.

Section 1: Location and Context

LocationIQ has given a description of the site and the area in which it is located. Overall this is accurate, and macroplan concurs with the majority of its statements. It is noted that the LocationIQ report states the subject site is on the North Shore of Sydney. The suburb of Frenchs Forest is generally considered to be in the Northern

Beaches region of Sydney, and is in the Northern Beaches LGA. Further in this section it describes the existing shopping centre and the proposed development.

Location IQ has used traffic counts to understand the location and context, however macroplan is reserved as to the data's accuracy or currency.

Traffic Counts

Macroplan is unable to verify the traffic count data that LocationIQ has reported. The "Annual Daily Traffic produced by the Roads and Traffic Authority (RTA)" has been consulted to state that approximately 27 million vehicles use the intersection of Forest Way and Warringah Road (which is 120 metres from the subject site) annually. The Roads and Traffic Authority ceased to exist on 1st November 2011, which precedes the report by just under seven years. Transport for NSW monitor traffic counts through the Traffic Volume Viewer with the closest traffic counter to the subject site located in Beacon Hill. While still on Warringah Road, it is reported as 60 m east of Daines Parade, which is 3.6 km away from the intersection referred to.

There was an annual average daily traffic count of 53,375 reported for this counter in 2018, which is down from 54,622 reported in 2017. Annually, these equate to 19.5 million and 19.9 million respectively, significantly less than the 27 million reported by LocationIQ.

LocationIQ reports the count of 27 million vehicles annually is comparable to the counts at Ben Boyd & Military Roads in Neutral Bay, and Epping & Longueville Roads in Lane Cove. While the last fully reported value from the Ben Boyd & Military Roads counter was 73,900/day (27 million/year) in 2014, the counter for Epping & Longueville Roads reported 40,077/day (14.6 million/year) in 2018, and 40,407/day (14.7 million/year) in 2017. While the full set of 2018 data would not have been available to LocationIQ at the time of publication in October 2018, the parity of the numbers in 2017 and 2018 shows a consistency in traffic volume year-on-year.

Section 2: Trade Area Analysis

LocationIQ has create a trade are consisting of three sectors:

- A primary south sector consisting of the areas around the subject site;
- A more expansive primary north sector, broadly covering Oxford Falls, Belrose, Davidson, Terrey Hills, and Duffys Forest; and
- A small secondary sector, broadly covering Beacon Hill, Narraweena, and a portion of Brookvale.

The trade area map contained in LocationIQ's October 2018 economic analysis is included in Appendix A. The document was sourced from the Northern Beaches Development Application Search website, and is a PDF that was created on 22 November 2018 based on the file's metadata.

It is generally accepted that the primary trade area (or combination of the multiple primaries) will account for the majority of spending at the subject side, and secondary trade areas contribute a further significant portion of spending. When the trade area of an upgraded site overlaps with that of another site there will necessarily be cannibalization.

The trade areas chosen by LocationIQ are unusual for two reasons. The first is the extent and delineations of the primaries, and the second the very small area covered by secondary trade areas (in this case, a single secondary trade area).

While it is not noteworthy to have two primary trade areas, the subject site is normally either on or very close to the delineation of the two primary trade areas. This is due to the significant role that consideration of travel time plays in devising trade areas. From the subject site to the border of LocationIQ's primary north is 1.5 km, and the border between the primary north and primary south appears to be economically arbitrary, instead using ABS statistical zones for convenience.

Normally the behaviour of populations in two primary trade areas would be expected to be significantly different however the site would still derive a majority of its income from the combined primary trade areas. We have considered the travel distances and times for residents of Terrys Hills, in the middle of LocationIQ's primary north. The area between the perimeter of the suburbs of Belrose and Terrys Hill is dominated by vegetation with some industrial and small primary production lots. It is 8.9 km to the subject site from the Terrey Hills Post Office. This compares with:

- 8.3 km to Glenrose Village Shopping Centre;
- 8.7 km to Pittwater Place (incorrectly labelled as Mona Vale Shopping Centre in LocationIQ's report);
- 10.2 km to St Ives Shopping Village; and
- 13.8 km to Westfield Warringah Mall

Considering the high degree of product substitutability available to residents of Terrey Hills (and hence Duffys Forest residents, who drive through French Forest to exit the suburb) and the more appealing retail options available to them (such as the triple supermarket St Ives Shopping Village) it is dubious that they should be placed into the primary north. Their retail spend, and hence behaviour, will be much more widely distributed than a resident of Belrose or Davidson, which are also in the primary north sector. Instead, the primary north should be turned into a secondary north and the delineation between it and primary south redrawn.

Considering the subject site's location at the intersection of two arterial roads that would be heavily used by the resident primary south. We agree with LocationIQ that Davidson and Belrose should be in a primary trade area.

The change in extent and distribution of populations in the main trade area has ramifications for the later economic analysis undertaken by LocationIQ.

Main Trade Area Population

LocationIQ has utilised a number of sources for their population estimates, including the ABS Census of Population and Housing, ABS reported dwelling approvals, .id Consulting projections, Forecast.id projections, and investigations undertaken by LocationIQ.

While the Census is a useful tool in estimating current population, Census population counts are not the official ABS estimate of the Australian population in areas. The Estimated Resident Population (ERP) is the official ABS estimate of the Australian population which is informed by the Census. The ERP is published annually by the ABS in catalogue number 3218.0 – *Regional Population Growth, Australia*. The Census is the basic building block for the ERP but due to Census constraints, the ABS make adjustments to provide a more accurate estimates. Key adjustments include:

1. Taking into account residents that missed the Census, for example, those residents overseas on Census night.
2. Taking into account the date the Census was undertaken. The Census does not fall on 30 June meaning there is often a requirement to back-date a population estimate. This is done using birth and death registrations, overseas arrivals and departures, and estimates of interstate migration.
3. Adjusting for place of enumeration with this counting people based on where they were located on Census night. This means places like the Gold Coast where many people are holidaying may show a large enumeration count compared with the usual residence count.

The adjustment made for place of enumeration is particularly important in suburbs such as Duffy Forest which have large amounts of holiday homes/weekend homes. Holiday homes can contribute to a potential over count or undercount in total resident population.

Macroplan believes that while informative, the lack of consideration towards the ABS' ERP means that best practice has not been followed in calculating the main trade area population.

Main Trade Area Socio-Economic Profile

LocationIQ has detailed information about the population derived from the Census. This is industry practice, and the most reliable method to get socio-demographic data about a population.

Macroplan concur with their method, however due to the necessity of redrawing the trade areas the information presented may change, however this is not perceived to be significant.

Main Trade Area Retail Expenditure

LocationIQ has used MDS's *MarketInfo* product to estimate spending in the trade areas. As noted in the report, this uses a detailed micro-simulation model informed by a wide variety of sources. This has been widely tested in panel hearings and is used by the majority of retail/property consultants.

Again, macroplan concur with the method but the results at a primary and secondary trade area level require recalculation in light of the changes required to the trade area boundaries. The total expenditure of the primary trade area would increase proportional to the decrease in the total expenditure of the north secondary trade area.

Section 3: Competitive Environment

LocationIQ has detailed existing retail facilities and engaged in discussion surrounding retail hierarchies and floorspace provision in sections 3.1 to 3.4.

Retail Floorspace Provision Calculations

Macroplan notes the discrepancy between LocationIQ's statement that "around 6-8 supermarkets are supportable within the main trade area, with only two currently provided" and the results contained in Table 3.2 which shows that supermarket floorspace per thousand is only 20% below the Sydney average. Even though both results are from a singular reliance upon supply side analysis and ignore demand, LocationIQ has failed to reconcile their statements that the trade area could support a 148% increase in supermarket floorspace (via six additional 3,200 sq.m. supermarkets) with their finding that the supermarket floorspace provision is only 20% below the Sydney average.

Table 3.3 appears to have a miscalculation of the supermarket floorspace provision for the main trade areas population. While it is correctly calculated for the primary and secondary trade area, where it should be 0.2 sq.m. per capita for the main trade area it has been trebled to be 0.6 sq.m. per capita. This is in fact the total retail floorspace provision per capita in the main trade area.

Escape Expenditure

LocationIQ has estimated escape expenditure, based on floorspace provision, sales levels of facilities (actual or estimates), adding a 5% uplift from people who reside outside the trade area. This is then compared to retail sales recorded in the region.

With the exception of retail spending estimates from MarketInfo, LocationIQ has not provided any of the data that it relied upon for this analysis. As a result macroplan is unable to comment on the veracity of LocationIQ's inputs or outputs.

Section 4: Assessment of Potential for Retail Facilities

In this section LocationIQ discuss the potential increase in trading that the redevelopment will have on the retailers (both present and future) on the subject site. They also present their modelling of its economic impacts upon other centres both inside and outside the main trade area.

Sections 4.1 & 4.2 present their modelling of the retail potential of the redeveloped subject site and the reasoning behind it.

Total Retail Centres Sales Potential

LocationIQ has stated that the opening of the redeveloped Glenrose Village Shopping Centre impacted sales at the subject site, pointing to a decline between 2015 and 2018. LocationIQ state in its report there is no Mini Guns sales data available for the subject site for the years 2016 and 2017. Macroplan believe it is unusual that LocationIQ were not provided with sales data by their client (the centre owner) for this period, particularly given the purpose of the report.

The absence of data from 2016 and 2017 creates a two year gap in understanding of how the subject site has been affected by the changes in the microeconomic and macroeconomic landscape in addition to the redevelopment of Glenrose Village Shopping Centre.

Post-development a centres retail turnover density (RTD), also known as moving annual turnover per square metre (MAT/sq.m.) generally increases at a level commensurate with the increased size of the supermarket and supporting retail. LocationIQ expect specialty sales to decline on a per sq.m basis post-development from \$8,840/sq.m to \$7,517/sq.m - a 15% drop (or \$1,323/sq.m). The significant fall in speciality RTD is surprising however, and we believe to be an underestimate. The Urbis 2018 benchmark for a single supermarket based centre's specialty turnover is \$8,808/sq.m. A double supermarket centre has specialty RTDs closer to what LocationIQ has modelled, with the 2018 Urbis benchmark indicating \$7,404/sq.m. An underestimate of specialty RTD will make a material difference to the actual impact on specialty retail at competing centres when compared to the modelled impact.

Macroplan is not cognizant of the proponent's business model, including the proponent's rents or target occupancy cost ratios (OCRs), however is reserved as to the ability to provide such expansive specialty with such a low RTD.

Sales Impacts

LocationIQ has estimated the impacts of the redeveloped subject site on surrounding retail centres. It is important to note that this modelling was strongly informed by the trade areas LocationIQ devised, which macroplan believes to be flawed.

While macroplan has not undertaken its own modelling, the contraction of the primary trade area and its population would be expected to increase the cannibalization on supermarkets inside or near the primary trade area to reach the modelled turnover of the subject site.

This is as the portion of retail spend of the populations of Terrey Hills and Duffys Forest directed towards the subject site is lower than LocationIQ's modelling. To make up for the shortfall a greater portion of the retail spend of residents of the primary south, Davidson and Belrose would need to be redirected from other centres to the subject site.

Employment and Consumer Impacts

Following LocationIQ's discussion of the impacts of the proposed development on the surrounding retail, they then assess the impact on employment and consumers.

LocationIQ present a table of "estimated permanent employment" per thousand square meters of supermarket, mini-majors, retail, and non-retail floorspace. Unfortunately LocationIQ do not cite any source for this data. Macroplan holds particular reservations that the relationship between floorspace and employment is linear, as LocationIQ's model assumes. The table also does not state if it is in full time equivalent staff or total employment. Macroplan also questions the usefulness of considering only "permanent" staff in an industry with very high levels of casual employment.

LocationIQ state that "permanent retail employees would earn an average annual wage of around \$28,000 as sourced from the ABS." The catalogue number of this figure is not cited, making it difficult to verify whether this figure is correct, and check whether it is pre or post tax. LocationIQ also assume that the salary and wages of the

new staff will go into the “local economy”, without defining what or where the “local economy” is. In the least, an assumption should be made that a proportion of employees will reside outside the Northern Beaches LGA.

Multipliers published by the ABS were then used to model “further jobs...created from the supplier induced multiplier effects”. There are significant issues with this work.

The ABS tables that were used date from 1996/97, preceding this work by more than two decades. This is probably because ABS ceased publishing input – output multipliers (I-O multipliers) after the publication of 5209.0.55.001: *Australian National Accounts: Input–Output Tables, 1998–99*. The announcement of the cessation of the publication of I-O multipliers by the ABS and their discussion of why is available on the “Input-Output multipliers” paragraph of ABS catalogue number 5209.0.55.001.

In announcing the cessation of publishing I-O multipliers, the ABS described their multipliers’ “significant shortcomings” as making them “inappropriate for economic impact analysis” and “likely to significantly over–state the impacts of projects or events”. The ABS suggest that users either use their own models using data from the ABS’ I-O Tables (most recently released in July 2019, 5209.0.55.001 - Australian National Accounts: Input-Output Tables, 2016-17) or using more complex methodologies. The ABS also go into considerable detail as to the limitation of the previously published I-O multipliers.

Apart from the limitations of I-O multipliers, the use of two decade old multipliers ignores significant changes in how retail is run, including increased efficiency in logistics, globalization of supply chains, and automation of low value-add tasks. A similar criticism applies to the use of construction multipliers, with significantly increased efficiencies in engineering and design changing the build process.

It is the view of macroplan that the information and conclusions drawn in section 4.4 *Employment and Consumer Impacts* are based on unsound methodology and are unsuitable for use in any decision making.

Section 5: Needs Analysis

The *Needs Analysis* section repeats much of the information that has been previously presented, supplementing it with some qualitative discussion of trends.

Although macroplan notes that in this section LocationIQ combine the two ALDI’s to be a full-line supermarket and proceed to identify an undersupply of only 3-5 full-line supermarkets, rather than 6-8 as they had stated earlier.

LocationIQ then state that “at least 1 sq.m per person or the equivalent of up to two-thirds of residents’ retail expenditure should be retained locally”. Macroplan is unsure of where this imperative originates from, and is again unsure of the boundaries of “locally”. Westfield’s Warringah Mall would anecdotally be considered “local” by the majority of residents of the main trade area, however is not considered in the retail floorspace provision they analyse.

Macroplan also note that the “traditional retail floorspace provision” they present in this section is 38,794 sq.m. While in section 3: *Competitive Environment* it was identified as 35,449 sq.m GLA. It is not stated what the former refers to however, if it is GFA it would imply a 91% ratio of leasable to gross floorspace.

Conclusion

Macroplan believe that:

- the trade areas devised by LocationIQ are incorrect and that the actual behaviour of consumers has not been correctly represented or understood
- these incorrect findings by LocationIQ have led to an underestimate of the cannibalization of competing centres, including Glenrose Village Shopping Centre, by the proposed updated and expanded Forestway Shopping Centre

- this will be compounded by an underestimate of the RTD of specialty retail in the updated and expanded centre, which is far below industry benchmarks
- Section 4.4 *Employment and Consumer Impacts* is unsound and unsuitable for use in any decision making, and large components are based on metrics that have been discredited by the ABS.

Yours sincerely

Jack Collins
Analyst – Retail

Appendix A

MAP 2.1 – FORESTWAY SHOPPING CENTRE MAIN TRADE AREA

