Forestway Shopping Centre, Sydney

Economic Impact Assessment

Prepared for Are Chemin De La Foret Pty Limited

October 2018

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INTRODUCTION

This report presents an independent assessment of the need and demand for the expansion of Forestway Shopping Centre at Frenchs Forest in the northern suburbs of Sydney.

This report is structured and presented in **five (5) sections** as follows:

- **Section 1** reviews the regional and local context of Forestway Shopping Centre. The proposed development scheme is also outlined.
- **Section 2** presents information on the trade area likely to be served by retail facilities at the site, including current and projected population and retail spending levels over the period to 2031. A review of the socio-economic profile of the main trade area is also provided.
- **Section 3** provides an overview of the current and future retail environment within the area surrounding the site.
- **Section 4** outlines our assessment of the sales potential for the expanded Forestway Shopping Centre and then presents an economic impact assessment. Likely trading impacts on other retailers throughout the surrounding region are also considered, as are the employment and other economic impacts, both positive and negative, of the proposal.
- **Section 5** summarises the need for the development.

1 LOCATION AND COMPOSITION

This section of the report reviews the regional and local context Forestway Shopping Centre and provides an overview of the proposed development scheme at the site.

1.1 Regional Context and Local Context

i. Forestway Shopping Centre is situated in the suburb of Frenchs Forest on the North Shore of Sydney, approximately 5 km north-west of Brookvale and 20 km north of the Sydney Central Business District (CBD) (refer Map 1.1).

ii. The suburb of Frenchs Forest is largely residential, however, there is also a major employment hub, with a light industrial area provided around 1 km to the east of Forestway Shopping Centre along Warringah Road. A number of business parks are provided within the industrial precinct including the Allambie Grove Business Park, Pacific View Business Park, Equinox Business Centre and Innovation Park.

iii. Frenchs Forest and the surrounding area are delineated by a number of natural parklands and waterways which have influenced the pattern of urban development in the surrounding area.

iv. Forestway Shopping Centre is situated at the north-western intersection of Forest Way and Warringah Road. The intersection of Forest Way and Warringah Road is one of the busiest intersections throughout the North Shore of Sydney, connecting residents to Dee Why and Brookvale to the east and Chatswood to the south.

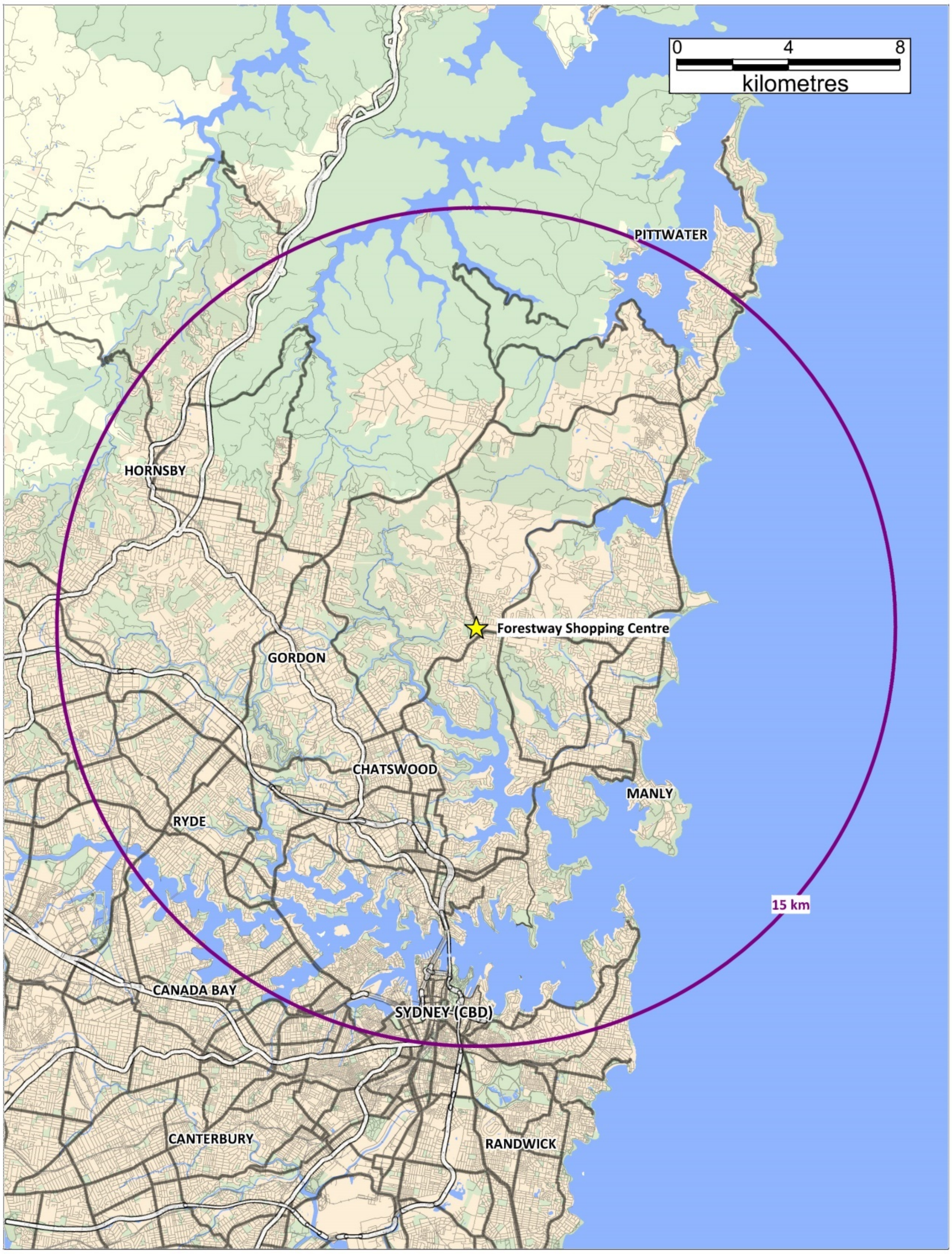
v. According to a review of Annual Daily Traffic produced by the Roads and Traffic Authority (RTA), approximately 27 million vehicles use the intersection annually. As a comparison, the volume of traffic utilising the intersection is comparable to the traffic volumes for the intersection of Ben Boyd Road and Military Road in Neutral Bay and the intersection of Epping Road and Longueville Road in Lane Cove.

vi. Map 1.2 illustrates the local context of Forestway Shopping Centre, with key points to note including:

- Frenchs Forest Primary School is located directly to the south of the centre and The Forest High School is situated 300 metres to the east.
- The planned Northern Beaches Hospital site is on the northern side of Warringah Road adjacent to The Forest High School.
- Bus stops are situated directly opposite the centre on both sides of Forest Way. A number of major bus routes are provided which connect residents to Mona Vale and Collaroy in the north, Dee Why in the east, Manly and the Sydney CBD in the south and Chatswood in the west.
- A range of non-retail services are provided directly to the north of the centre including Blue Horse Dental, Forest Accounting and Smart McKenzie Real Estate
- An established resident population is provided further to the north and south of the centre.

vii. Overall, Forestway Shopping Centre enjoys a high-profile location at one of the major intersections on the North Shore of Sydney, with excellent public and private transport access.

MAP 1.1 – REGIONAL CONTEXT



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Map produced by Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

MAP 1.2 – LOCAL CONTEXT

Map produced by Location IQ using QGIS 2.14 and related data sets. PhotoMap by nearmap.com

1.2 Existing and Proposed Shopping Centre

i. Table 1.1 compares the composition of the existing and expanded Forestway Shopping Centre. As shown, Forestway Shopping Centre currently includes the following components:

- A Woolworths supermarket (2,656 sq.m)
- An Aldi supermarket (1,603 sq.m)
- Retail specialty floorspace of 2,557 sq.m
- A non-retail component of 2,558 sq.m including a range of banks, travel agent, Australia Post, F45 Training and commercial, medical and education facilities.

ii. Are Chemin De La Foret Pty Limited are now proposing the redevelopment and expansion of the centre development to include the following (refer Figures 1.1 – 1.5):

- The expansion of the Woolworths supermarket to 3,619 sq.m. Aldi remains as is.
- Three mini-major tenants across 3,429 sq.m.
- A total retail specialty floorspace provision of 4,994 sq.m over two levels including an al-fresco dining precinct outside Aldi.
- Destinational non-retail tenants including a gym, child care centre, medical centre, supporting medical operators (e.g. dentist, chiropodist, chiropractor) and non-retail shopfronts (e.g. banks, travel agents, etc.).
- Commercial floorspace of 833 sq.m.

iii. In total, 13,645 sq.m of retail floorspace would be provided, representing an increase of 6,829 sq.m.

iv. A total of 845 car parking spaces would be provided at basement (two levels) and rooftop level.

TABLE 1.1 – FORESTWAY SHOPPING CENTRE, EXISTING AND PROPOSED COMPOSITION

Tenant/ Category	Existing Centre GLA (sq.m)	Existing Centre % of Total	Expanded Centre GLA (sq.m)	Expanded Centre % of Total	Additional GLA (sq.m)
Supermarkets	4,259	44.4%	5,222	22.3%	963
Mini-majors	0	0.0%	3,429	14.6%	3,429
Retail Specialties	2,557	26.7%	4,994	21.3%	2,437
Total Retail	**6,815**	**71.1%**	**13,645**	**58.2%**	**6,829**
Non-retail Shopfronts	2,558	26.7%	3,558	15.2%	1,000
Gym	0	0	1,619	6.9%	1,619
Medical Uses	0	0	2,278	9.7%	2,278
Childcare Centre	0	0	1,509	6.4%	1,509
Commercial	0	0	833	3.6%	833
Vacant	214	2.2%	0	0.0%	-214
Total Centre	**9,587**	**100.0%**	**23,442**	**100.0%**	**13,855**

Source: Are Chemin De La Foret Pty Limited

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FIGURE 1.1 – PROPOSED DEVELOPMENT (BASEMENT CAR PARK LEVEL TWO)

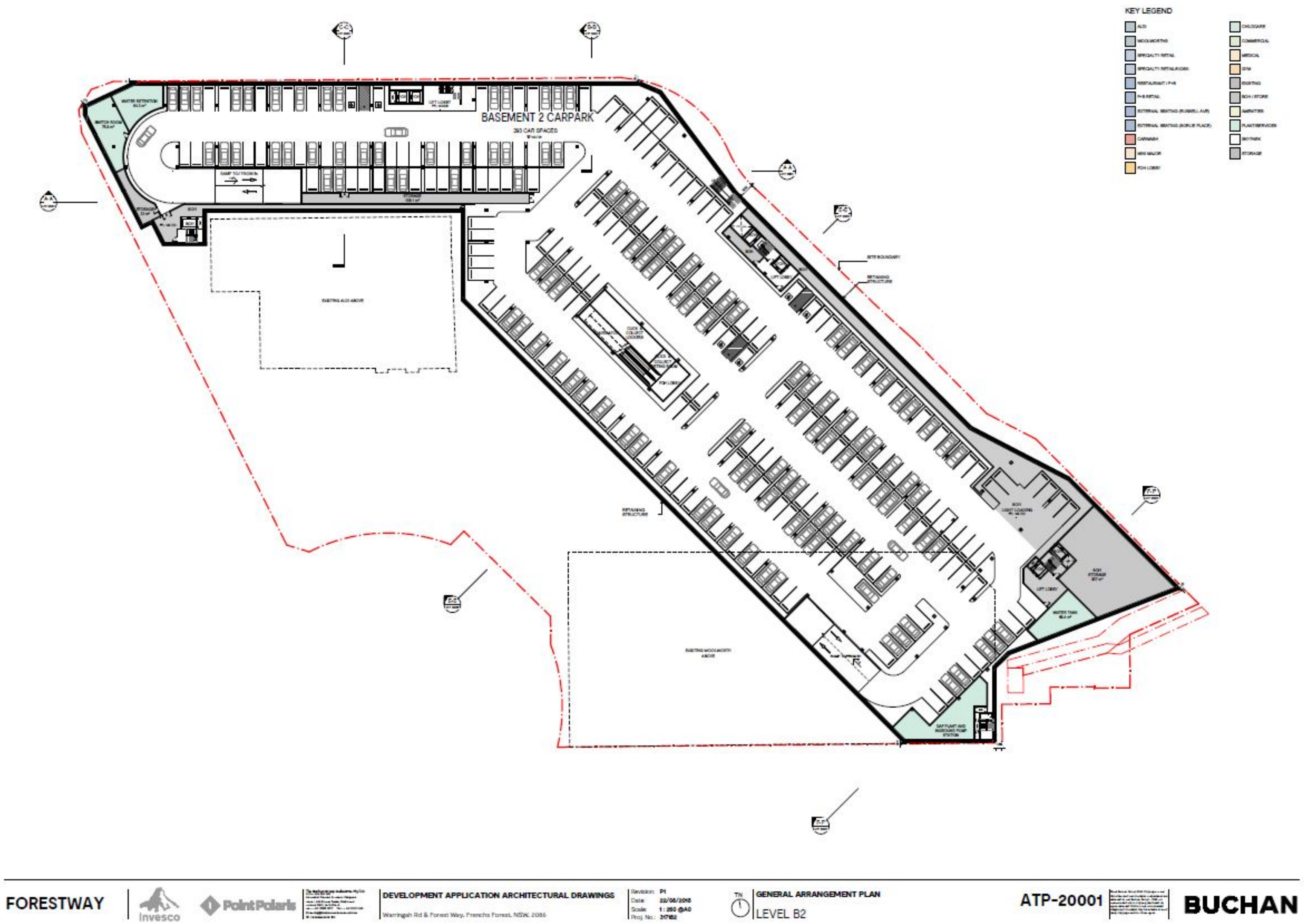


FIGURE 1.2 – PROPOSED DEVELOPMENT (BASEMENT CAR PARK LEVEL ONE)

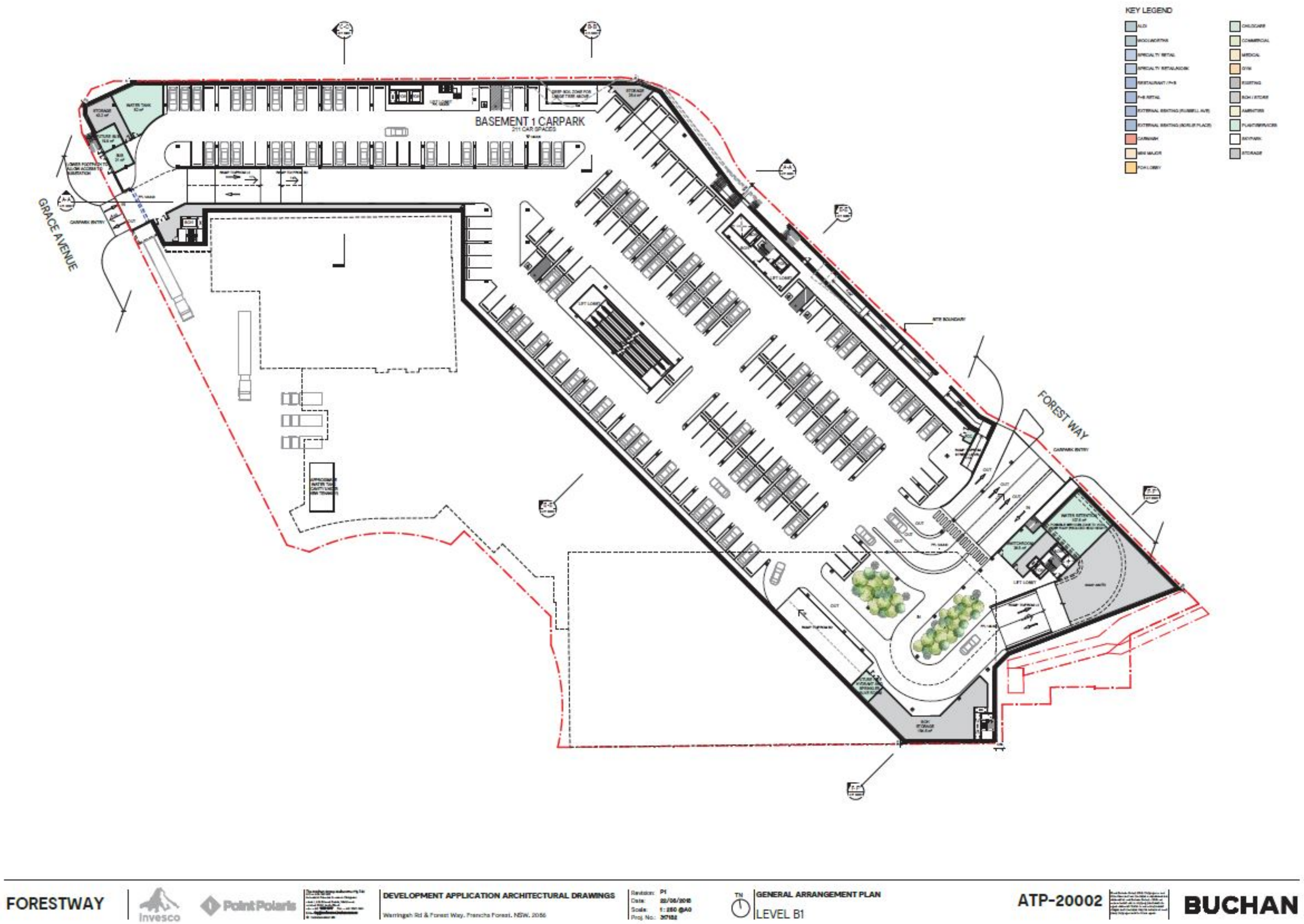


FIGURE 1.3 – PROPOSED DEVELOPMENT (GROUND LEVEL)

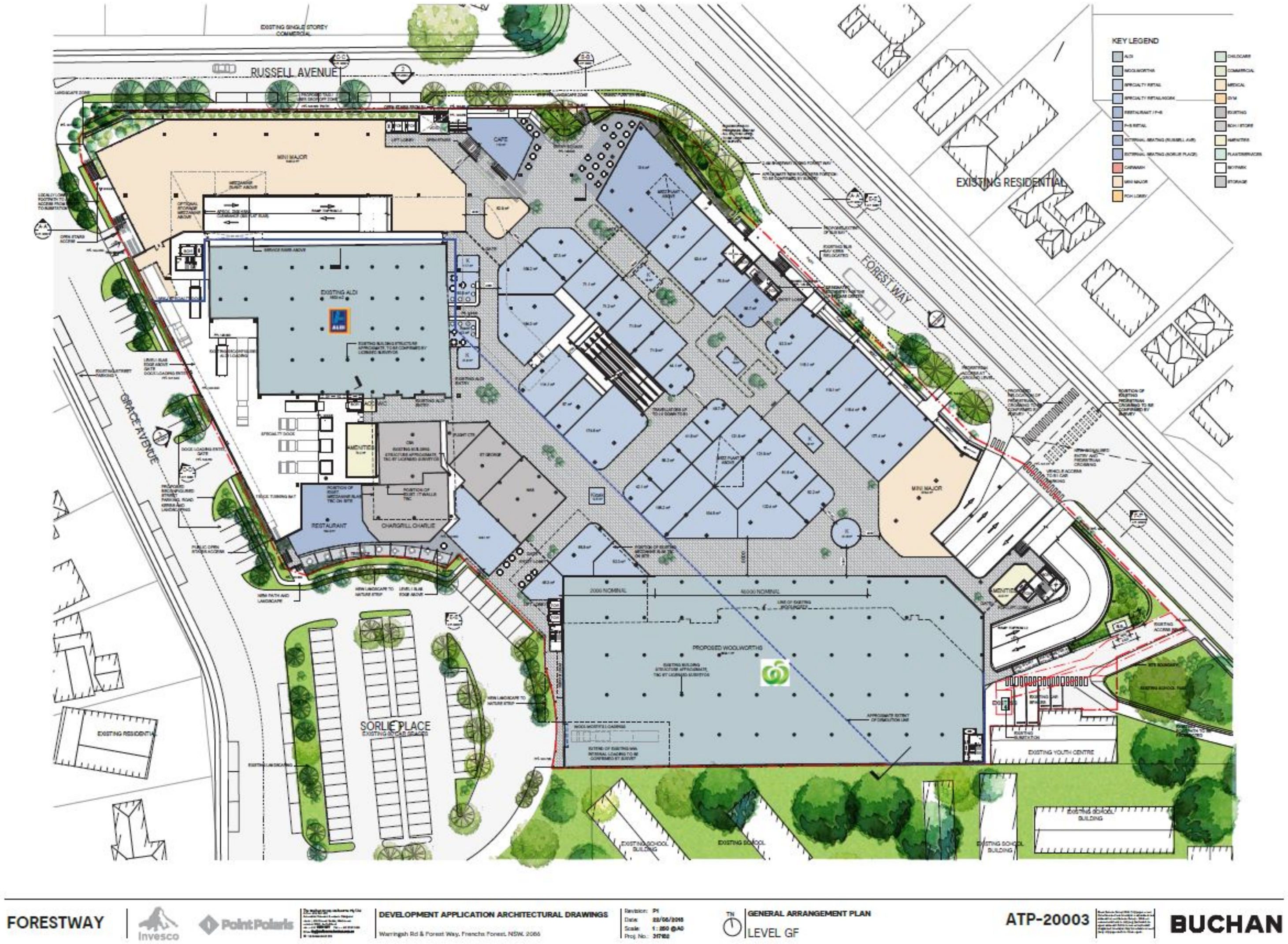
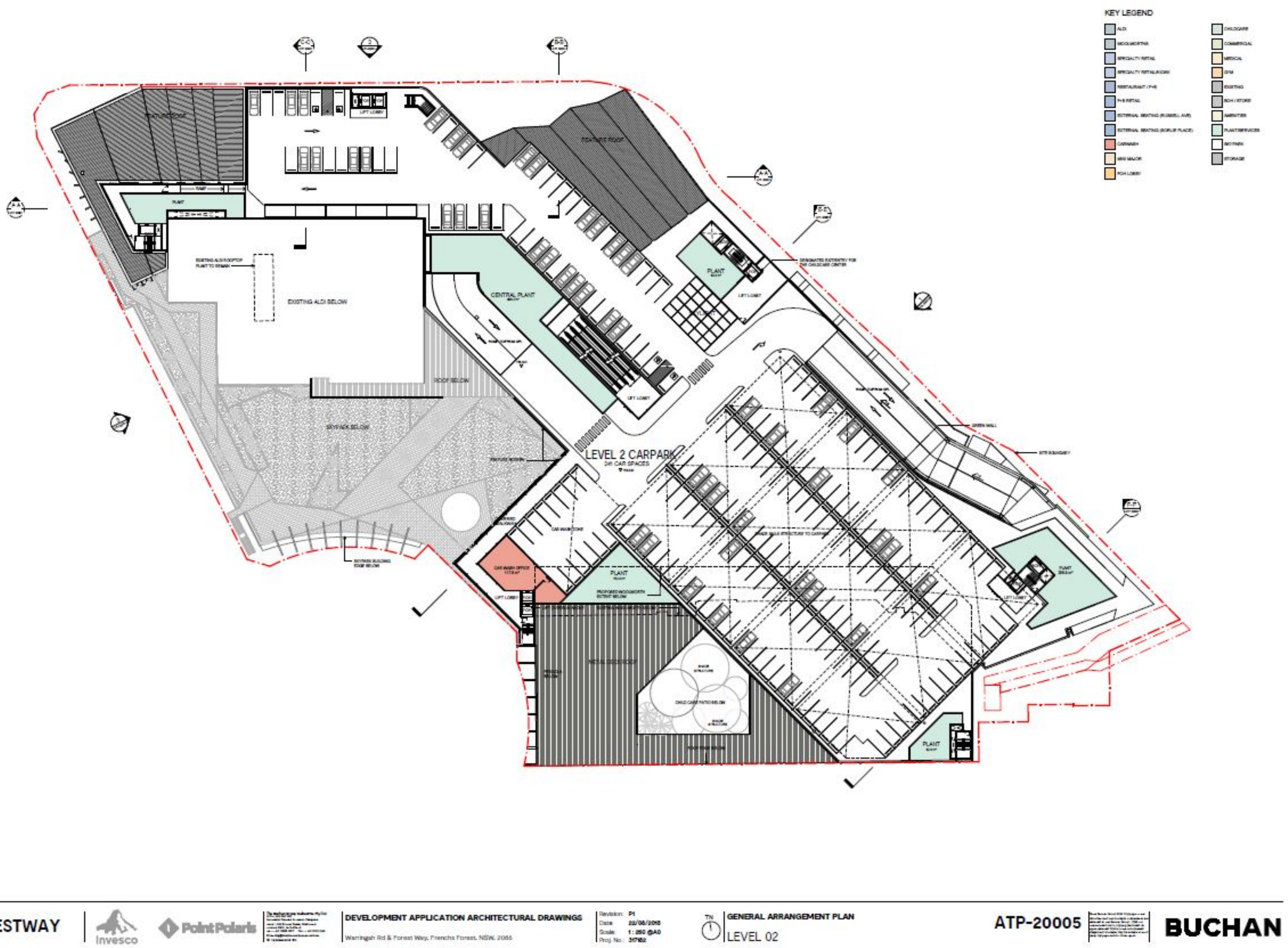


FIGURE 1.4 – PROPOSED DEVELOPMENT (LEVEL ONE)

FIGURE 1.5 – PROPOSED DEVELOPMENT (ROOFTOP CAR PARK)



2 TRADE AREA ANALYSIS

This section of the report outlines the trade area likely to be served by the expanded Forestway Shopping Centre, including the current and projected population and retail spending levels. An overview of the socio-economic profile of the trade area population is also provided.

2.1 Trade Area Definition

i. The trade area for the Forestway Shopping Centre has been defined taking into account the following:

   – The scale and composition of the proposed development to be anchored by a Woolworths supermarket of 3,619 sq.m and existing Aldi supermarket (1,604 sq.m).

   – Regional and local accessibility.

   – The pattern of urban development.

   – Significant physical barriers including the Ku-ring-gai National Park and Hawkesbury River to the north and west, Narrabeen Lakes to the east, Sydney Harbour to the south.

   – Existing retail competition including Warriewood Square and Warringah Mall to the east and the Chatswood central business area (CBA) to the south-west.

ii. The main trade area served by an expanded Forestway Shopping Centre has been defined to include two primary sectors and a secondary sector as illustrated on Map 2.1. Key sectors include:

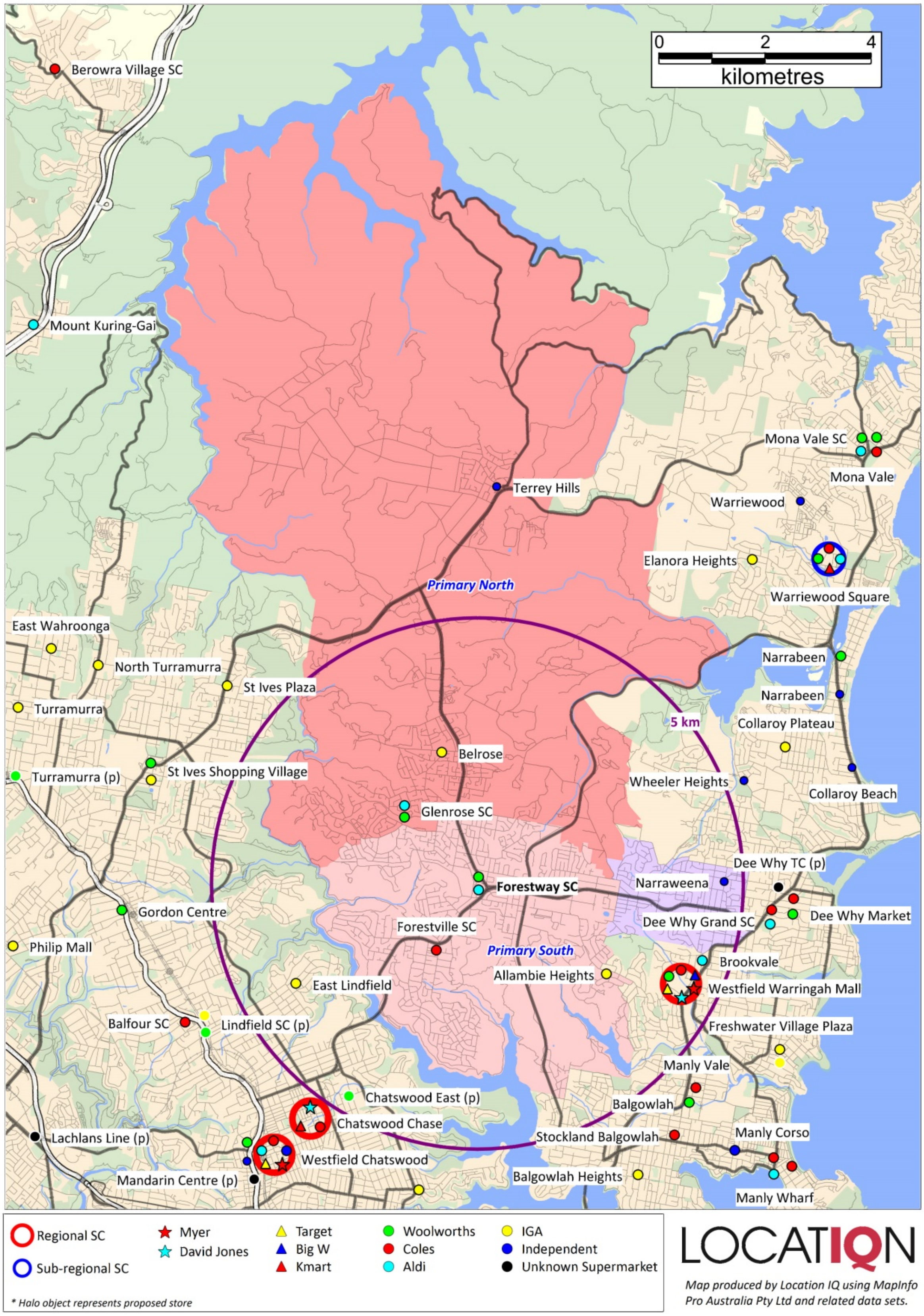
   – The **primary south sector** containing the suburbs of Forestville, Frenchs Forest and Allambie Heights.

   – The **primary north sector** incorporating Terrey Hills, Belrose and Glenrose.

- The **secondary sector** to the east encompassing parts of Narraweena and Dee Why.

iii. The combination of the primary sector and two secondary sectors is referred to as the main trade area throughout this report and generally extends 5 – 10 km from the site.

MAP 2.1 – FORESTWAY SHOPPING CENTRE MAIN TRADE AREA



2.2 Main Trade Area Population

i. Table 2.1 details the current and projected population levels by sector for the Forestway Shopping Centre main trade area. This information is sourced from the following:

- The 2011 and 2016 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS).

- New dwelling approval statistics sourced from the ABS over the period from 2011/12 to 2016/17, which indicates that an average of 912 new dwellings have been approved annually over this period (including 524 dwellings in the combined primary sectors) (refer Chart 2.1).

- Population projections prepared at the Small Area Forecast information (SAFi) level by .id Consulting.

- Population projections prepared at a small area level by Forecast .id for the Northern Beaches region.

- Investigations by this office into residential developments planned or underway in the area.

ii. The main trade area population is currently estimated at 61,750 (refer Table 2.1) and is projected to increase to 69,800 by 2031, representing an average annual growth rate of 0.9%. In the primary south sector, the population is currently 32,620 persons. With one supermarket provided for every 8,000 – 9,000 persons, this area alone could support 3 - 4 full-line supermarkets.

iii. A number of residential developments are currently planned or under construction within the main trade area, with major developments including:

- A rezoning application has been submitted for a 115-lot residential subdivision along Ralston Avenue at Belrose (primary north sector).

- Development approval has been granted for a residential subdivision comprising 47 lots along Pringle Avenue at Belrose (primary north sector).

- A rezoning application has been submitted for the Manly Leagues Club at Brookvale (secondary sector). The development is proposed to contain a mixed-use development including a new licensed club, health club facilities, commercial and retail floorspace and approximately 440 apartments across four buildings.

iv. In addition, the structure plan for the redevelopment of the hospital precinct at Frenchs Forest proposes some 1,080 additional dwellings over a 20 – 30 year timeframe, assumed to commence from 2021.

v. Taking all of the above into consideration, the population within the Forestway Shopping Centre main trade area is projected to increase to 69,800 by 2031.

CHART 2.1 – MAIN TRADE AREA NEW DWELLING APPROVALS, 2011/12 – 2017/18

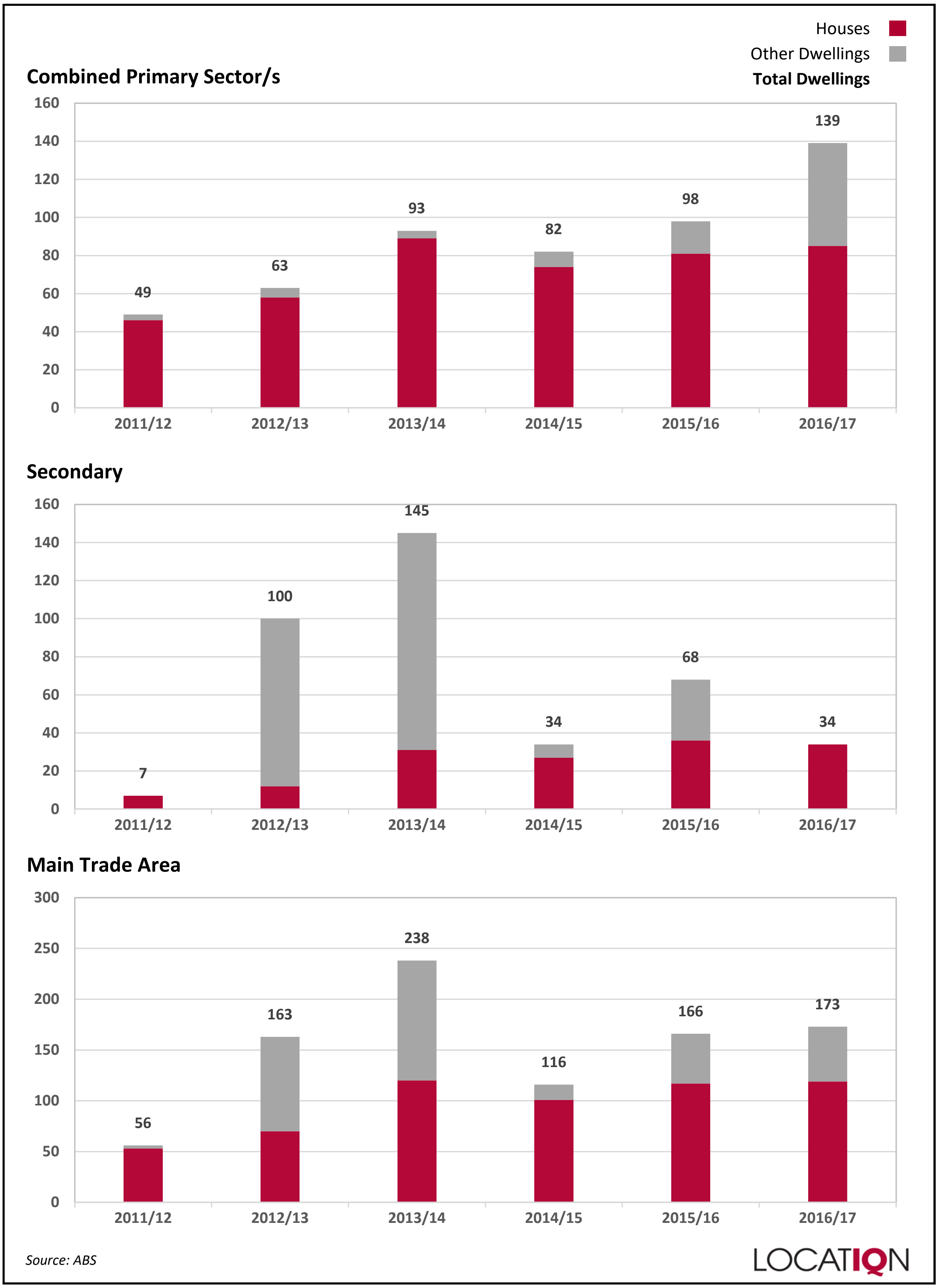


TABLE 2.1 – MAIN TRADE AREA POPULATION, 2011– 2031

Trade Area	**Actual**			**Forecast**		
Sector	2011	2016	2018	2021	2026	2031
Primary Sectors						
• North	15,180	15,740	15,940	16,240	16,490	16,740
• South	30,980	32,320	32,620	33,070	35,070	38,570
Total Primary	46,160	48,060	48,560	49,310	51,560	55,310
Secondary Sector	11,860	12,990	13,190	13,490	13,990	14,490
Main Trade Area	**58,020**	**61,050**	**61,750**	**62,800**	**65,550**	**69,800**

	Average Annual Change (No.)				
	Actual			**Forecast**	
	2011-2016	2016-2018	2018-2021	2021-2026	2026-2031
Primary Sectors					
• North	112	100	100	50	50
• South	268	150	150	400	700
Total Primary	380	250	250	450	750
Secondary Sectors					
Secondary Sector	226	100	100	100	100
Main Trade Area	**606**	**350**	**350**	**550**	**850**

	Average Annual Change (%)				
	Actual			**Forecast**	
	2011-2016	2016-2018	2018-2021	2021-2026	2026-2031
Primary Sectors					
• North	0.7%	0.6%	0.6%	0.3%	0.3%
• South	0.9%	0.5%	0.5%	1.2%	1.9%
Total Primary	0.8%	0.5%	0.5%	0.9%	1.4%
Secondary Sector	1.8%	0.8%	0.8%	0.7%	0.7%
Main Trade Area	**1.0%**	**0.6%**	**0.6%**	**0.9%**	**1.3%**
Syd Metro	*1.9%*	*1.5%*	*1.5%*	*1.3%*	*1.2%*
Australian Average	*1.7%*	*1.4%*	*1.4%*	*1.4%*	*1.3%*

All figures as at June and based on 2016 SA1 boundary definition.
Sources : ABS; forecast .id

2.3 Main Trade Area Socio-Economic Profile

i. Table 2.2 provides an overview of the socio-economic profile of the main trade area population compared with the Sydney metropolitan and Australian benchmarks. This information is based on the 2016 Census of Population and Housing, with key points to note including:

- Residents earn higher than average incomes on both a per person and per household basis.
- The average household size is large at 3.0 persons.
- There is a high proportion of residents aged 0 – 14 years, reflective of the large family population within the surrounding area.
- The majority of households are either owned or purchased.
- The trade area population is predominantly Australian born.

ii. Overall, the main trade area is characterised by an affluent, Australian born, family-based population. This population would have a high affinity with the redeveloped Forestway Shopping Centre.

TABLE 2.2 – MAIN TRADE AREA SOCIO-ECONOMIC PROFILE, 2016 CENSUS

Characteristics	Primary Sectors South	Primary Sectors North	Secondary Sector	Main TA	Syd Metro Average	Aust Average
Income Levels						
Average Per Capita Income	$48,804	$49,667	$43,018	$47,808	$42,033	$38,497
Per Capita Income Variation	16.1%	18.2%	2.3%	13.7%	n.a.	n.a.
Average Household Income	$147,563	$144,404	$126,755	$142,295	$115,054	$98,478
Household Income Variation	28.3%	25.5%	10.2%	23.7%	n.a.	n.a.
Average Household Size	3.0	2.9	2.9	3.0	2.7	2.6
Age Distribution (% of Pop'n)						
Aged 0-14	22.9%	19.9%	19.4%	21.4%	18.8%	18.8%
Aged 15-19	7.1%	7.0%	6.6%	7.0%	6.0%	6.1%
Aged 20-29	7.6%	7.7%	11.1%	8.4%	15.0%	13.8%
Aged 30-39	9.5%	8.3%	13.0%	9.9%	15.5%	14.0%
Aged 40-49	17.4%	15.6%	16.1%	16.6%	13.7%	13.5%
Aged 50-59	13.1%	13.0%	13.8%	13.2%	12.2%	12.7%
Aged 60+	22.4%	28.6%	20.0%	23.5%	18.8%	21.1%
Average Age	39.2	42.3	38.9	39.9	37.5	38.5
Housing Status (% of H'holds)						
Owner/Purchaser	84.2%	89.6%	73.3%	83.2%	64.8%	68.0%
Renter	15.8%	10.4%	26.7%	16.8%	35.2%	32.0%
Birthplace (% of Pop'n)						
Australian Born	70.6%	74.3%	67.7%	70.9%	61.9%	72.9%
Overseas Born	29.4%	25.7%	32.3%	29.1%	38.1%	27.1%
• Asia	6.9%	4.1%	8.9%	6.6%	18.6%	10.7%
• Europe	11.8%	12.1%	13.5%	12.3%	7.7%	8.0%
• Other	10.6%	9.4%	9.9%	10.2%	11.8%	8.4%
Family Type (% of Pop'n)						
Couple with dep't children	60.4%	56.3%	52.5%	57.7%	48.8%	45.2%
Couple with non-dep't child.	8.5%	9.7%	10.2%	9.2%	9.2%	7.8%
Couple without children	17.1%	20.1%	18.5%	18.1%	20.2%	23.0%
Single with dep't child.	4.9%	4.5%	6.9%	5.2%	8.0%	8.9%
Single with non-dep't child.	3.1%	3.1%	4.4%	3.4%	4.1%	3.7%
Other family	0.7%	0.4%	0.8%	0.6%	1.2%	1.1%
Lone person	5.4%	5.9%	6.7%	5.8%	8.5%	10.2%

Sources: ABS Census of Population and Housing 2016

2.4 Main Trade Area Retail Expenditure

i. The estimated retail expenditure capacity of the Forestway Shopping Centre main trade area population is based on information sourced from MDS Market Data Systems. MDS utilises a detailed micro-simulation model of household expenditure behaviour for all residents of Australia.

ii. The MDS model takes into account information from a wide variety of sources, including the regular ABS Household Expenditure Survey, National Accounts Data, Census Data and other information. MarketInfo estimates used in this analysis are based on the 2016 release, benchmarked against the latest National Accounts Data, released by the ABS.

iii. In New South Wales, Queensland and Victoria, the MarketInfo estimates of retail spending that are prepared independently by MDS are commonly used by all parties in Economic Impact Assessments.

iv. Chart 2.2 outlines retail spending levels of the main trade area resident population on a per person basis compared with the Sydney metropolitan benchmarks. As shown, total retail spending per capita is 7.6% higher than the Sydney average. All figures presented in this report are in constant 2018 dollars (i.e. excluding inflation) and include GST.

v. Table 2.3 outlines the retail expenditure levels generated by the Forestway Shopping Centre main trade area population. As shown, the main trade area retail spending market is currently estimated at $958.8 million and is projected to increase to $1.2 billion by 2031, representing an average annual growth rate of 1.7%.

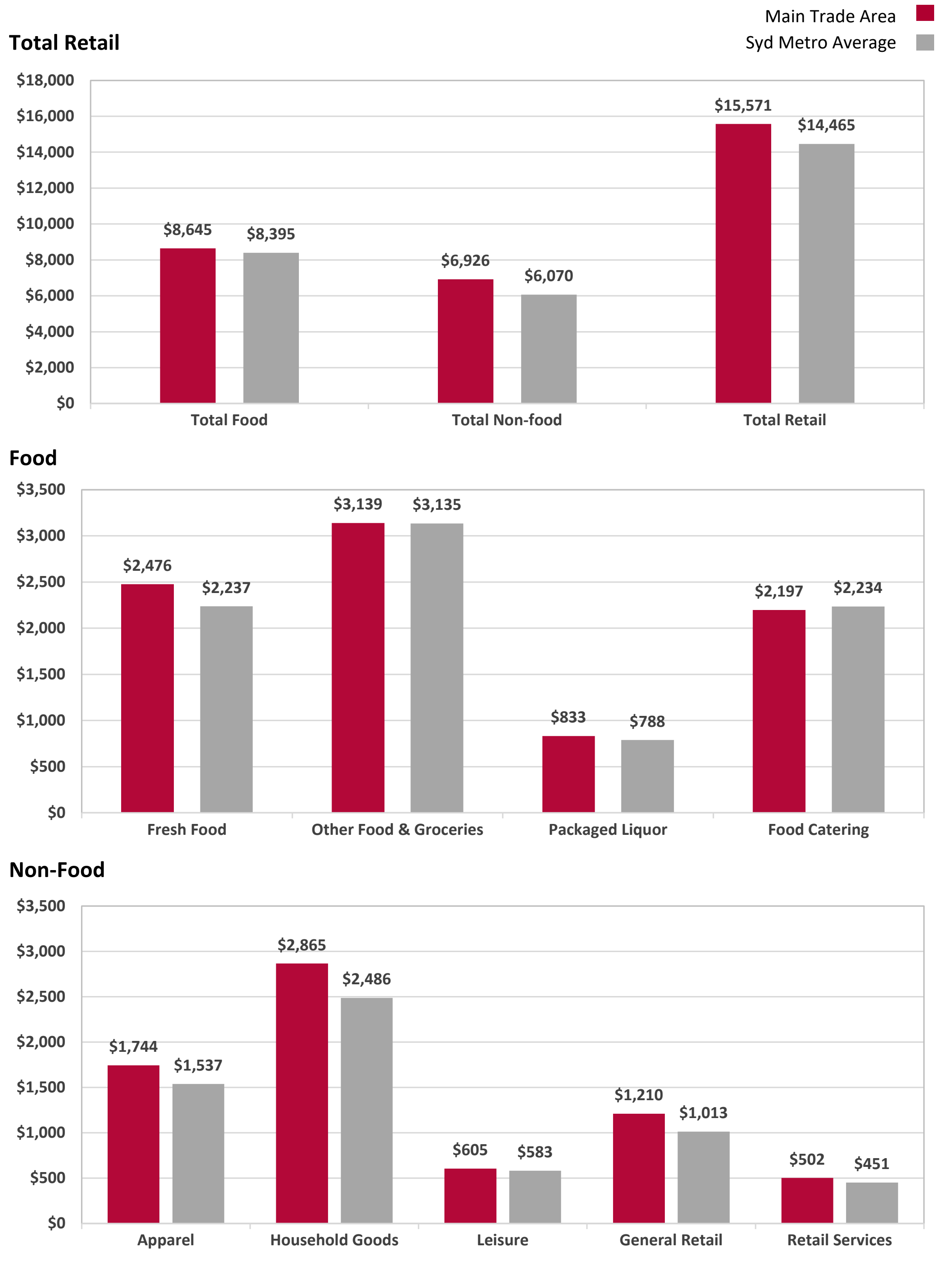
vi. The projected growth rate of the retail spending market of 1.7% per annum for the Forestway Shopping Centre main trade area takes into account the following:

— Real growth in retail spending per capita of 1.0% annually over the period to 2031. This is in keeping with the typical trends generally evident throughout New South Wales and Australia over long term periods.

— Main trade area population growth of around 0.7% per annum.

vii. Table 2.4 presents a breakdown of retail spending by key commodity group, indicating the largest spending market is food and liquor at $397.0 million, representing 41.4% of the total retail spending market in the main trade area.

CHART 2.2 – MAIN TRADE AREA AVERAGE SPEND PER CAPITA, 2017/18



Source : Marketinfo

TABLE 2.3 – MAIN TRADE AREA RETAIL EXPENDITURE, 2018 - 2031

Y/E June	Primary Sectors North	Primary Sectors South	Secondary Sector	**Main TA**
2018	261.0	508.3	189.5	958.8
2019	264.7	514.7	192.4	971.8
2020	268.5	521.2	195.4	985.0
2021	272.3	527.7	198.4	998.4
2022	275.7	536.3	201.4	1,013.5
2023	278.8	547.0	204.5	1,030.3
2024	281.9	557.8	207.6	1,047.3
2025	285.0	568.9	210.8	1,064.7
2026	288.2	580.2	214.0	1,082.4
2027	291.4	593.9	217.2	1,102.5
2028	294.6	610.2	220.5	1,125.3
2029	297.8	626.9	223.8	1,148.5
2030	301.1	644.1	227.2	1,172.4
2031	304.5	661.7	230.6	1,196.7
Expenditure Growth				
2018-2021	11.3	19.4	8.9	39.7
2021-2026	15.9	52.5	15.6	84.0
2026-2031	16.3	81.5	16.6	114.3
2018-2031	43.5	153.4	41.1	238.0
Average Annual Growth Rate				
2018-2021	1.4%	1.3%	1.5%	1.4%
2021-2026	1.1%	1.9%	1.5%	1.6%
2026-2031	1.1%	2.7%	1.5%	2.0%
2018-2031	1.2%	2.0%	1.5%	1.7%

**Constant 2017/18 dollars & Including GST*

Source : Marketinfo

TABLE 2.4 – MAIN TRADE AREA RETAIL EXPENDITURE BY KEY COMMODITY GROUP

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2018	397.0	135.3	107.4	176.4	37.2	74.5	30.9
2019	401.3	137.4	109.1	179.2	37.8	75.7	31.4
2020	405.5	139.6	110.8	182.0	38.4	76.8	31.9
2021	409.9	141.8	112.5	184.8	39.0	78.0	32.4
2022	414.8	144.2	114.5	188.0	39.7	79.4	33.0
2023	420.5	146.9	116.6	191.5	40.4	80.9	33.6
2024	426.2	149.6	118.8	195.0	41.2	82.4	34.2
2025	432.0	152.4	121.0	198.7	41.9	83.9	34.8
2026	437.8	155.3	123.2	202.4	42.7	85.5	35.5
2027	444.7	158.5	125.8	206.6	43.6	87.2	36.2
2028	452.5	162.0	128.6	211.3	44.6	89.2	37.0
2029	460.4	165.7	131.6	216.1	45.6	91.2	37.9
2030	468.6	169.5	134.6	221.0	46.7	93.3	38.8
2031	476.9	173.3	137.6	226.1	47.7	95.4	39.6
Expenditure Growth							
2018-2021	12.8	6.5	5.1	8.4	1.8	3.6	1.5
2021-2026	28.0	13.5	10.7	17.6	3.7	7.4	3.1
2026-2031	39.0	18.1	14.4	23.7	5.0	10.0	4.2
2018-2031	79.9	38.0	30.2	49.7	10.5	21.0	8.7
Average Annual Growth Rate							
2018-2021	1.1%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
2021-2026	1.3%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
2026-2031	1.7%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
2018-2031	1.4%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%

**Constant 2017/18 dollars & Including GST*
Source : Marketinfo

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2.5 Worker Market

i. Frenchs Forest also accommodates a significant worker population of 10,784 (as at the 2016 Census).

ii. This population is likely to grow over time with the development of the Frenchs Forest Town Centre precinct, which is ultimately planned to accommodate a further 1,700 new jobs including at the hospital and business park.

iii. In taking a conservative view, the demand for future retail floorspace is based on the resident market only, however, there is likely to be additional demand generated by workers in the area over time.

3 COMPETITIVE ENVIRONMENT

This section of the report provides a summary of the existing and proposed competitive environment within which Forestway Shopping Centre operates.

Retail facilities in the surrounding area form a typical retail hierarchy (refer Table 3.1), including:

- Regional shopping centres provided in Brookvale (namely Westfield Warringah Mall) and Chatswood (Westfield Chatswood and Chatswood Chase).
- A sub-regional shopping centre, namely Warriewood Square.
- A number of supermarket-based centres to serve the local population.

TABLE 3.1 – EXISTING RETAIL FACILITIES

Centre	Shopfront GLA (sq.m)	**Anchor Tenants**	Dist. From Forestway SC (km)
Regional Shopping Centres			
Brookvale	*152,100*		6.2
• Westfield Warringah Mall	132,100	Myer (21,483), David Jones (20,100), Target (8,408), Big W (8,305), Woolworths (5,432), Coles (4,190)	
• Other	20,000	Aldi (1,350)	
Chatswood	*186,700*		10
• Westfield Chatswood	80,900	Myer (23,429), Target (8,994), H&M (2,500) Coles (2,217), Aldi (1,284)	
• Chatswood Chase	63,700	David Jones (19,275), Kmart (6,445), Coles (3,577)	
• Chatwood Interchange	10,000	Woolworths (2,500)	
• Madarin Centre	12,100	Miracle Supermarket (2,945)	
• Other	20,000		
Sub-regional Shopping Centres			
Warriewood	*32,430*		*12.6*
• Warriewood Square	29,930	Kmart (8,076), Coles (3,759), Woolworths (2,156) Aldi (1,500)	
• Other	2,500		
Neighbourhood Shopping Centres			
Forestway SC	9,590	Woolworths (2,656), Aldi (1,604)	-
The Centre, Forestville	7,200	Coles (3,170)	1.9
Belrose	*12,200*		*2.2*
• Glenrose SC	10,500	Woolworths (4,200), Aldi (1,350)	
• Belrose IGA Centre	1,700	IGA (500)	
• Other	2,500		
Allambie	2,350		4.7
Narraweena	1,200		4.9
Terrey Hills	3,350		8.7
Dee Why	*25,970*		9.6
• Village Plaza	4,750	Coles (3,165)	
• Dee Why Marketplace	3,520	Woolworths (2920)	
• Dee Why Grand SC	10,200	Coles (4,100), Aldi (1,400)	
• Other	7,500		

Source: Australian Shopping Centre Council Database

3.1 Regional Shopping Centres

i. Regional shopping centres include one or more department stores and are higher order non-food retail facilities which draw customers from the broader region.

ii. Westfield Warringah Mall is situated 6.2 km to the east of Forestway Shopping Centre, within the suburb of Brookvale. The centre encompasses 132,100 sq.m of retail floorspace and is anchored by David Jones and Myer department stores, Big W and Target discount department stores, as well as Woolworths and Coles supermarkets.

iii. Around 344 specialty stores are provided, as well as a number of mini-major traders such as H&M, Sephora, Rebel Sport, JB Hi-Fi, Dick Smith, Best & Less and City Beach. An Aldi supermarket is also located on a site adjoining Westfield Warringah Mall, forming part of the overall Brookvale precinct.

iv. The centre was recently expanded in November 2016 including a new fresh food court, a newly refurbished Myer and a new two-level mall, linking Myer to the existing centre. In total, 70 new retail specialty stores were added, including 50 apparel stores.

v. The Chatswood Central Business Area (CBA) is located 10 km to the south-west of Forestway Shopping Centre. Over 140,000 sq.m of retail floorspace is provided, including Westfield Chatswood (80,900 sq.m) and Chatswood Chase (63,700 sq.m).

3.2 Sub-regional Shopping Centres

i. A sub-regional shopping centre is anchored by at least one discount department store and typically also includes at least one supermarket.

ii. Warriewood Square is the only sub-regional shopping centre of relevance, located around 12.6 km to the north-west of Forestway Shopping Centre (beyond the main trade area).

iii. The centre encompasses some 29,930 sq.m and is anchored by a Kmart discount department store as well as Woolworths, Coles and Aldi supermarkets. The centre also includes around 116 specialty stores and a large provision of at-grade car parking that is accessible from Pittwater Road via Jacksons Road.

iv. The centre was recently expanded (in 2016) to include Aldi, an upgraded and expanded Woolworths, a refurbished Kmart, two new mini-majors (Rebel Sport and Cotton On) and 35 new specialty stores.

3.3 Supermarket Centres

i. Supermarkets of relevance are those in the main trade area, including:

- Coles (3,170 sq.m) anchors The Centre, Forestville, an open-air retail strip located 1.2 km to the south-west along Warringah Road. The Town Centre provides around 7,200 sq.m of floorspace, including approximately 50 specialty shops.
- Glenrose Shopping Centre (10,500 sq.m) is situated approximately 2.5 km to the north-west of Forestway Shopping Centre. The centre was recently redeveloped and expanded by 6,500 sq.m to include a larger Woolworths supermarket (4,200 sq.m), Aldi (1,350 sq.m), three mini-major tenants and a total of 27 specialty shops.
- Small IGA supermarkets at Belrose and Allambie Heights.

ii. Other supermarkets beyond the main trade area are located a round trip of more than 10 km from Forestway Shopping Centre and are considered to be of limited competitive relevance.

iii. Table 3.2 details the existing provision of supermarket floorspace within the main trade area by sector. As shown a total of 12,979 sq.m of supermarket floorspace is provided across five supermarkets (of 500 sq.m of larger) within the main trade area. This reflects a provision of 210 sq.m of supermarket floorspace per 1,000 residents, which is well below the Sydney (267 sq.m per 1,000 residents) and Australian (347 sq.m per 1,000 residents) benchmarks.

iv. Typically, one supermarket is provided for every 8,000 – 10,000 persons, indicating that around 6 - 8 major full-line supermarkets (3,200 sq.m or larger) are supportable within the main trade area, with only two currently provided, namely; the Woolworths supermarket (4,200 sq.m) at Glenrose Shopping Centre and the Coles (3,170 sq.m) at Forestville Shopping Centre.

TABLE 3.2 – EXISTING SUPERMARKET FLOORSPACE PROVISION, 2017/18

Trade Area Sector	No. of Supermarkets*	GLA (sq.m)	2018 Population	GLA per 1,000 persons
Primary Sectors				
• North	2	5,550	15,940	348
• South	3	7,429	32,620	228
Total Primary	5	12,979	48,560	267
Total Secondary	0	0	13,190	0
Main Trade Area	**5**	**12,979**	**61,750**	**210**
Sydney Average				*267*
Australia Average				*347*

** Defined as 500 sq.m or larger*

3.4 Total Retail Floorspace

i. Map 2.1 (previously) outlines the location of major shopping centres and precincts throughout the surrounding area. Location IQ has undertaken a detailed audit of the provision of retail facilities within the defined trade area on the following basis:

– Information from owners, websites and Property Council database.

– A review of Nearmap aerial imagery to help measure sites as part of retail strips.

– A detailed inspection of the surrounding area.

ii. On the basis of all of the above, Table 3.3 details the provision of retail floorspace throughout the defined main trade area. For the purpose of this analysis, large format retail facilities are excluded as they typically serve a broader region than the Forestway trade area itself.

iii. On average across Australia, approximately 1.6 sq.m of retail floorspace is provided per person. In the Forestway main trade area, this figure is estimated at 0.7 sq.m; well below current levels, given that a significant proportion of retail spend is directed to centres beyond the main trade area; at Brookvale (Westfield Warringah Mall) and Chatswood.

iv. A review of the provision of retail floorspace by category indicates a lower than average provision across all categories but particularly across non-food such as apparel, homewares and general/leisure. At the same time, the provision of floorspace across food retail and food catering categories is also low.

TABLE 3.3 EXISTING TRADITIONAL RETAIL FLOORSPACE PROVISION

Category	Primary Sectors North	Primary Sectors South	Secondary Sector	MTA Total
MTA Population				
2018	15,940	32,620	13,190	61,750
Existing Retail Floorspace Provision				
Supermarket*	5,550	7,429	0	12,979
Retail Specialties				
Food & Liquor	2,170	1,748	545	4,463
Food Catering	2,930	3,006	240	6,176
Apparel	1,800	379	0	2,179
Homewares	100	460	0	560
Leisure	2,944	209	0	3,153
General Retail	3,120	1,211	120	4,451
Retail Services	490	847	150	1,487
Total Retail Spec.	13,554	7,860	1,055	22,469
Total Sector Retail	**19,104**	**15,290**	**1,055**	**35,449**
Non-retail	2,740	2,622	150	5,512
Vacant	450	458	0	908
Total	**22,294**	**18,369**	**1,205**	**41,868**
Retail Floorspace Provision				
Supermarket*	0.3	0.2	0.0	0.6
Retail Specialties				
Food & Liquor	0.1	0.1	0.0	0.1
Food Catering	0.2	0.1	0.0	0.1
Apparel	0.1	0.0	0.0	0.0
Household Goods	0.0	0.0	0.0	0.0
Leisure	0.2	0.0	0.0	0.1
General Retail	0.2	0.0	0.0	0.1
Retail Services	0.0	0.0	0.0	0.0
Total Retail Spec.	0.9	0.2	0.1	0.4
Total Centre Retail	**1.2**	**0.5**	**0.1**	**0.6**
Non-retail	0.2	0.1	0.0	0.1
Vacancy	0.0	0.0	0.0	0.0
Total	**1.4**	**0.6**	**0.1**	**0.7**

**Greater than 500 sq.m*

3.5 Escape Expenditure

i. Reflective of the low provision of floorspace, Table 3.4 outlines the level of estimated escape expenditure by category throughout the defined trade area. This has been estimated on the following basis:

- The floorspace provisions outlined in Table 3.3.
- Where available, applying sales levels that are achieved by facilities or an estimate.
- Allowing approximately 5% of sales to come from residents beyond the trade area.
- Comparing the level of residents spending with retail sales recorded in the region to identify the level of escape or captured spending, in this case escape expenditure.

ii. Overall, the level of escape expenditure is approximately 60% - 70%, ranging from 50% in food retail to 90% in apparel retailing. It is noted that no catchment is ever self-sustaining, with a proportion of retail expenditure leaking to higher-order regional facilities and to near residents' place of work.

TABLE 3.4 ESTIMATED ESCAPE EXPENDITURE

Component	Unit	Food Retail	Food Catering	Apparel	Homewares	Leisure	General Retail	Retail Services	Total Retail
(i) Est. Total MTA Sales	**$M**	224.7	48.5	11.3	3.0	14.0	29.3	10.7	**341.5**
less									
(ii) Est. MTA sales from beyond	**$M**	11.2	2.4	0.6	0.5	0.7	1.5	0.5	**17.4**
(iii) Est. Total MTA Resident Sales	**$M**	213.5	46.1	10.7	2.5	13.3	27.8	10.2	**324.0**
(iv) Forestway MTA Retail Spending	**$M**	408.3	141.4	116.0	190.5	40.2	80.5	32.8	**1,009.8**
Est. Escape Spending	**$M**	194.8	95.4	105.3	188.1	26.9	52.6	22.7	**685.8**
Est. Escape Spending		47.7%	67.4%	90.8%	98.7%	66.8%	65.4%	69.1%	**67.9%**

3.6 Proposed Facilities

i. Table 3.5 details the future competitive developments in the region. As shown, there are no competitive developments which are likely to impact Forestway Shopping Centre in the short term. All proposed supermarket-based developments are located beyond the main trade area and serve the local residents in the immediate locality.

ii. In the longer term, a Town Centre development is planned at the defined Strategic Centre in Frenchs Forest (refer Map 3.1). Key points to note are as follows:

- The Draft Hospital Precinct Structure Plan adopts a 200-hectare investigation area which is bounded by Iris Street to the north, Joan Street into Allambie Road to the east, Yarraman Avenue extending through Manly Dam Lands to the south and Rangers Retreat Road up to Grace Avenue to the west.

- The site incorporates the existing Forestway Shopping Centre, as well as the former Bantry Bay and Skyline Shops Neighbourhood Centres. The Forest High School site is also shown, adjoining the Northern Beaches Hospital site.

- One of the key instigators of change at Frenchs Forest is the construction of the Northern Beaches Hospital and the associated $500 million to upgrade the roads in the surrounding area.

- One of the major proposals of the Structure Plan to transition Frenchs Forest to a Strategic Centre includes the potential relocation of Forest High School to the existing Warringah Aquatic Centre, and the development of a retail core, including increased residential density, on the existing Forest High School site.

iii. Based on the latest information from the Northern Beaches Council meeting on 26th June (2018) outlining the indicative development controls for the precinct, the major additional components are planned to include the following (refer Map 3.2):

- Up to 15,000 sq.m of retail floorspace in the Town Centre.

- Up to 1,080 new dwellings.

- Commercial floorspace of 11,400 sq.m, providing the potential for a further 1,700 new jobs including the hospital and business park.

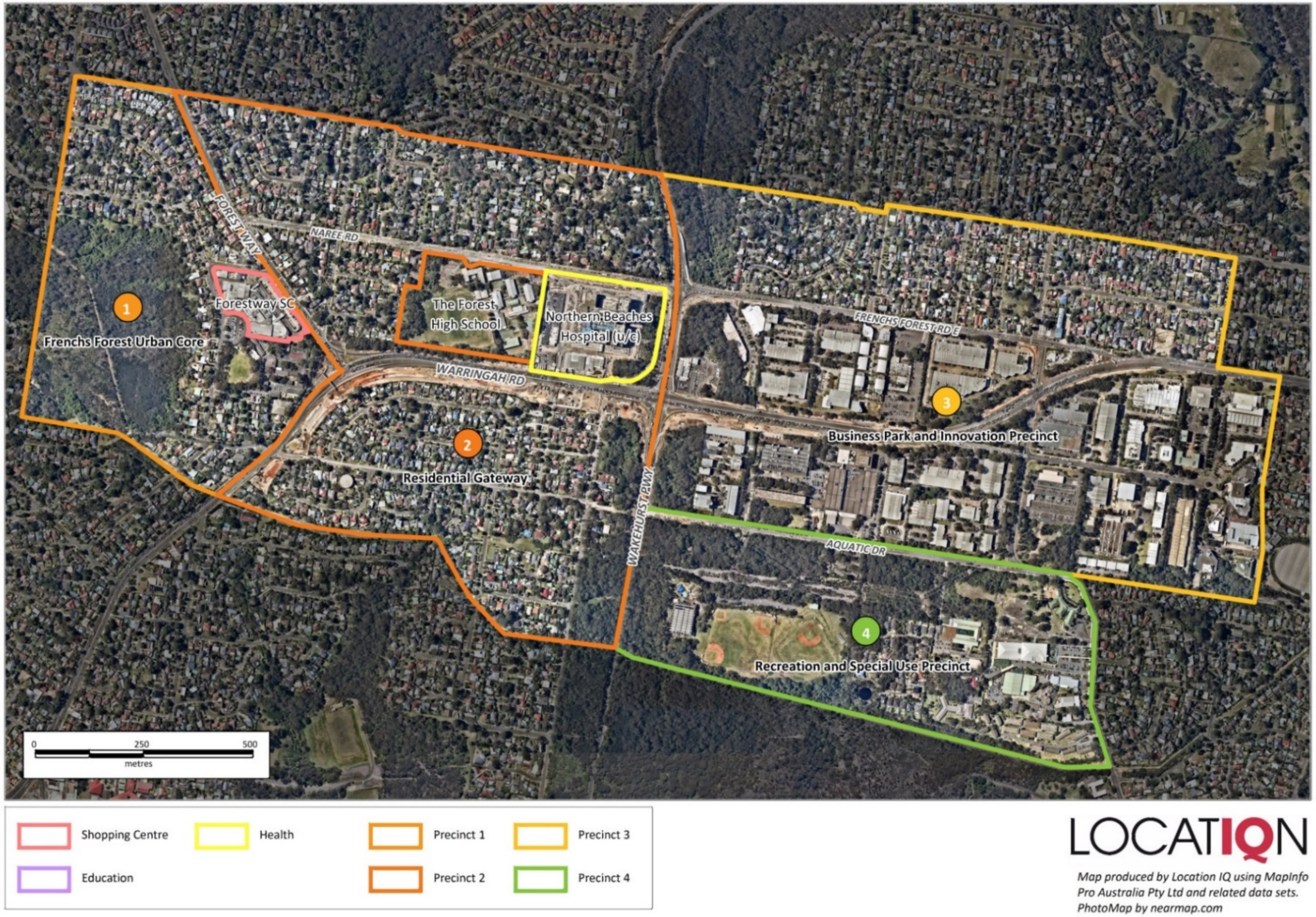
iv. A development application for the expansion of Warringah Mall by 9,847 sq.m has been submitted to the Northern Beaches Council. The development is proposed to include mini-major tenants, restaurants and specialty floorspace.

TABLE 3.5 - FUTURE COMPETITION

Name	Sector	Additional Retail GLA (sq.m)	Components	Status	Assumed Opening Date
Frenchs Forest Town Centre	Primary South	Up to 15,000	DDS, supermarket(s) & spec. shops	Early Planning	n.a.
Dee Why Town Centre	Beyond MTA	14,036	Supermarket (3,800) & spec. shops	Under Construction	2019/20
Lindfield					
• Lindfield Village	Beyond MTA	2,750	IGA (1,300) & spec. shops	Under Construction	2019/20
• Lindfield Village Hub	Beyond MTA	6,000	Woolworths (3,000) & spec. shops (1,950)	Planning	2020/21
• Chatswood East	Beyond MTA	3,850	Freestanding Woolworths (3,850)	Rezoning Approval	2020/21
Warringah Mall	Beyond MTA	9,847	Mini-majors, restaurants & spec. shops	DA Submitted	2020/21

MAP 3.1 - DRAFT HOSPITAL PRECINCT STRUCTURE PLAN AREA

MAP 3.2 - STRUCTURE PLAN PRECINCTS



3.7 Summary

i. The key points to note in relation to the retail environment within the region are as follows:

- Westfield Warringah Mall is the focus for higher-order retail facilities within the region.
- The supermarket-based shopping centres of most competitive relevance to Forestway Shopping Centre are the recently redeveloped and expanded Glenrose Shopping Centre and Forestville Shopping Centre.
- The existing provision of supermarket floorspace within the main trade area at 210 sq.m per 1,000 residents is lower than the comparable benchmarks. In particular, there is an under-provision of full-line (3,200 sq.m or larger) supermarket floorspace.
- Neither supermarket at Forestway Shopping Centre provides a full-line offer.
- Across the main trade area, the level of escape expenditure is estimated at 60% - 70%, ranging from 50% in food retail to 90% in apparel retailing.
- There are no other known developments planned to occur within the main trade area which are of competitive relevance.
- In the longer-term, the Frenchs Forest Town Centre (which includes Forestway Shopping Centre) is designated as Strategic Centre which can accommodate up to 15,000 sq.m of retail floorspace.

4 ASSESSMENT OF POTENTIAL FOR RETAIL FACILITIES

This section of the report considers the sales potential for the retail component of the proposed Forestway Shopping Centre, as well as the likely trading and other impacts that can be anticipated following the construction of the proposal.

4.1 Sales Overview

i. In order to assess the potential economic benefits and impacts which may arise from the development of the expanded Forestway Shopping Centre, the sales level which the development is projected to achieve is outlined.

ii. The sales performance of any particular retail facility, be it an individual store or a collection of stores provided in a shopping centre or precinct, is determined by a combination of the following critical factors:

- The composition and quality of the facility, including the major trader or traders; the specialty mix; centre layout and configuration; ease of accessibility and parking; and the overall feel of the centre.
- The size of the available catchment which the facility serves.
- The locations and strengths of competitive retail facilities.

iii. The sales potential for the retail component of the expanded Forestway Shopping Centre is now considered taking into account these factors.

4.2 Total Retail Centre Sales Potential

i. The expanded Forestway Shopping Centre will be anchored by an expanded Woolworths supermarket, existing Aldi, three mini-major tenants (across 3,429 sq.m) and 4,994 sq.m of retail specialty floorspace. A range of non-retail uses are also proposed including shopfronts (e.g. banks, travel agents, post office etc), a childcare centre, medical centre and gym, primarily on the upper level of the centre.

ii. Table 4.1 provides a summary of the current centre and projected retail sales by component for the expanded Forestway Shopping Centre development in 2020/21. All sales forecasts include GST and are presented in constant 2018 dollar terms (i.e. excluding retail inflation).

iii. Forestway Shopping Centre currently records sales of retail sales are $80.6 million. Projected sales for the proposed Forestway Shopping Centre development in 2020/21 are $130.4 million (in constant 2018-dollar terms), including combined supermarket sales of $71.5 million. This reflects a net sales increase of $49.8 million above existing levels.

iv. Based on an indicative composition and inspection of existing supermarket based shopping centre retail facilities within the area, the proposed retail specialty floorspace at the proposed Forestway Shopping Centre is projected to achieve sales of around $7,500 per sq.m. The planned 4,994 sq.m of retail specialty floorspace is projected to achieve sales of $37.5 million (i.e. 4,994 sq.m of retail specialty shop floorspace multiplied by $7,500 per sq.m).

v. The expanded retail specialty offer planned at Forestway Shopping Centre will complement the supermarkets in serving the convenience shopping needs of local residents.

TABLE 4.1 – EXISTING AND PROJECTED CENTRE SALES, 2020/21

	Existing Centre			**Expanded Centre**			***Variance***	
Tenant/ Category	GLA (sq.m)	Current Sales* ($'000)	Current Sales* ($/sq.m)	GLA (sq.m)	Forecast Sales* ($'000)	Forecast Sales* ($/sq.m)	*GLA (sq.m)*	*Fcast Sales ($'000)*
Supermarkets	4,259	58,000	13,619	5,222	71,530	13,698	*963*	*13,530*
Mini-majors	0	0	0	3,429	21,345	6,225	*3,429*	*21,345*
Retail Specialties	2,557	22,600	8,840	4,994	37,537	7,517	*2,437*	*14,937*
Total Retail	**6,815**	**80,600**	**11,827**	**13,645**	**130,411**	**9,558**	***6,829***	***49,811***
Non-retail	2,558			9,797			*7,677*	
Vacant	214			0			*-214*	
Total Centre	**9,587**			**23,442**			***13,855***	

**Constant 2017/18 dollars & Including GST*

LOCATIQN

4.3 Sales Impacts

i. This sub-section of the report outlines the likely sales impacts on competitive retail facilities as a result of the development of the retail component of the expanded Forestway Shopping Centre.

ii. It is important to note that impacts outlined in this report are indicative as it is difficult to precisely project the sales impact of the expansion of a shopping centre on existing retail facilities. A number of factors can influence the impact on individual centres/retailers, including but not limited to:

- Refurbishment/improvements to existing centres.
- Expansions to other existing centres.
- Loyalty programs of existing retailers.
- The existing centre mix and how it competes with the proposed redevelopment/expansion.

iii. For all these reasons and other similar factors, sales impacts outlined in this report should be used as a broad indication.

iv. Table 4.2 outlines projected sales impacts from the retail component of the proposed Forestway Shopping Centre. The steps involved in assessing the sales and impacts on competitive centres are presented as follows:

- **Step 1**: Estimate sales levels for existing centres in the 2018 financial year.
- **Step 2**: Project sales for existing and proposed centres in the 2020/21, the first full year of trading for the expanded Forestway Shopping Centre. These projections allow for retail market growth and new retailers/centres. All sales projections in 2020/21 are presented in constant 2018 dollars (i.e. excluding inflation).

- **Step 3**: Outline the change in sales at each centre in 2021 as a result of the development of the expanded Forestway Shopping Centre. Again, all sales are expressed in constant 2018 dollars.
- **Step 4**: Shows the impact on sales in 2020/21, both in dollar terms and percentage of sales.

v. It is noted that total centre sales recorded at Forestway Shopping Centre are projected to remain relatively flat (at around $80 million) over the period to 2021 (pre-development). This reflects historical sales growth rates recorded at the centre which remained at around $100 million over the 2011–15 period (refer Chart 4.1), noting that no Mini Guns sales data is available for Forestway Shopping Centre in 2016 and 2017.

vi. In mid-2016, the redeveloped Glenrose Shopping Centre opened, including a full-line Woolworths and Aldi supermarket, resulting in the duplication of the existing supermarket brand offer at Forestway Shopping Centre. This has impacted sales at Forestway Shopping Centre, given its current car parking restrictions and small-sized Woolworths.

vii. Currently, Forestway Shopping Centre is recording sales of approximately $80.4 million, indicating that approximately $20 million of sales have been re-distributed to Glenrose Shopping Centre as a result of its redevelopment. On this basis, total centre sales at Forestway Shopping Centre are projected to remain at approximately $80 million if the centre is not expanded.

viii. Any resulting impact of the expansion of Forestway Shopping Centre on the existing retail within Belrose, therefore, would result in the re-balancing of sales back to Forestway Shopping Centre and growth in the retail expenditure market within the main trade area over time.

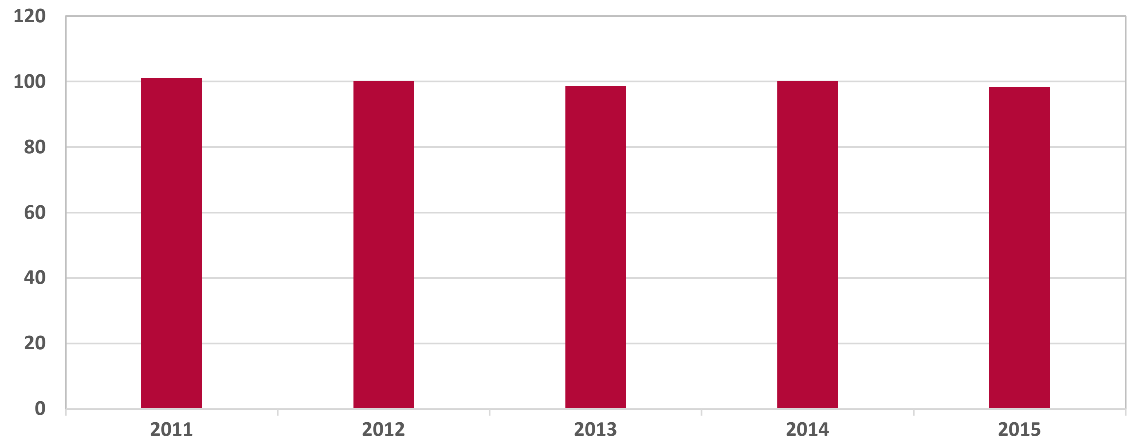
ix. The expanded Forestway Shopping Centre is projected to record sales of $130.4 million in 2020/21. The key information is outlined in Table 4.3 and is summarised as follows:

- The largest impact in dollar terms would be on retail facilities in Belrose, projected at $17.3 million. This is equivalent to an impact of 12% on overall sales at Belrose (which includes Glenrose Shopping Centre). This impact would primarily be on the Woolworths supermarket which is understood to be performing strongly, given the lack of full-line supermarkets in the main trade area currently. The proposed expansion of Forestway would result in a re-distribution of sales which could easily be accommodated by strongly performing centres such as Belrose.
- The next largest impact is anticipated to be on Brookvale, at $12 million (or 1.5% of total centre sales). Brookvale (which includes Westfield Warringah Mall regional shopping centre) serves a large catchment area population, in excess of 310,000 with a retail spend market of approximately $5 billion. An impact of approximately $12 million represents a decline of less than 0.25% in current market share.
- No one particular facility would be impacted more than another, with impacts spread across a range of supermarket, fresh food, food catering and other facilities within the region.
- As detailed previously, there is a low provision of supermarket floorspace throughout the main trade area and over time, as the population increases, this deficiency would increase.

x. It is important to note that each of these impacts will be one off impacts resulting from the expansion of Forestway Shopping Centre. Each of these centres/retailers are likely to benefit in the future from population growth within the region.

xi. Overall, the expanded Forestway Shopping Centre development will not impact on the viability or continued operation of any retail facility. The proposed development will provide an improved full-line convenience shopping destination for residents of the growing main trade area.

CHART 4.1 – FORESTWAY SHOPPING CENTRE HISTORICAL TOTAL CENTRE MAT, 2011-15



Source: Shopping Centre News Mini Guns publications, 2011-15

TABLE 4.2 – FORESTWAY SHOPPING CENTRE PROJECTED CENTRE IMPACTS, 2020/21

	Unit	Estimated 2018	Projected 2021[1] Pre Dev.	Projected 2021[1] Post Dev.	Impact 2021[2] $M	Impact 2021[2] %
Forestway Shopping Centre Site	*$M*	*80.9*	*80.6*	*130.4*	*-49.8*	*n.a.*
Within Main Trade Area	*$M*	*260.5*	*271.3*	*245.9*	*-25.4*	*-9.4%*
Forestville	$M	75.0	78.1	70.3	-7.8	-10.0%
Belrose	$M	138.4	144.1	126.8	-17.3	-12.0%
Terrey Hills	$M	14.4	15.0	14.9	-0.1	-0.5%
Allambie	$M	19.3	20.1	19.9	-0.2	-1.0%
Narraweena	$M	13.5	14.1	14.0	-0.1	-0.5%
Beyond Main Trade Area		*2,633.2*	*2,747.0*	*2,725.3*	*-21.7*	*-0.8%*
Dee Why	$M	217.5	237.8	234.3	-3.6	-1.5%
Brookvale	$M	773.6	799.1	787.1	-12.0	-1.5%
Warriewood	$M	238.5	248.4	245.9	-2.5	-1.0%
Chatswood	$M	1,403.6	1,461.7	1,458.1	-3.7	-0.2%

**Constant 2017/18 dollars & Including GST*

1. Proposed centres and expansions assumed to be trading for a full year by FY2021

2. Approximately 5% of the impact resulting from the development is expected to be spread across other centres across the broader area (not listed in table)

4.4 Employment and Consumer Impacts

i. The expansion of expanded Forestway Shopping Centre will result in a range of important economic benefits which will flow on directly to the local community. These key positive employment and consumer impacts will include the following:

- A convenience shopping destination for local residents that will include a full-line supermarket and a complementary provision of specialty floorspace in a centralised location. The expanded centre is projected to employ around 655 additional persons as summarised in Table 4.4. Taking a conservative view and allowing for an estimated 10% of the total increase to be as a result of the reduced employment at existing retail facilities, the net additional jobs are estimated at 629.

- The additional 629 permanent retail employees would earn an average annual wage of around $28,800 as sourced from the ABS. This represents an additional $18.1 million in salary and wages for the local economy, directly as a result of the proposed expansion.

- Further jobs would be created from the supplier induced multiplier effects as a result of the retail jobs for the on-going running of the retail component of the expanded Forestway Shopping Centre. Jobs created are full-time equivalent jobs, which may include both full-time and part-time positions. In total, some 596 jobs are projected to be created in the broader community, based on ABS Input/Output Multipliers (refer Table 4.5).

- The expanded Forestway Shopping Centre will create a substantial number of additional jobs, both for the construction and related industries during the construction phase of the development and for the economy generally once the development is completed.

- The estimated total capital costs for the construction of the development are approximately $100 million. By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of $100 million (i.e. in 1996/97 dollars), it is estimated that the construction period of the proposed Forestway Shopping Centre would create some 700 jobs (refer Table 4.6).

- The additional construction jobs (700), would result in a further 1,121 jobs in the broader community based on ABS Input/Output Multipliers (refer Table 4.6).
- In total some 1,821 jobs are likely to be created both directly and indirectly as a result of the construction of the Forestway Shopping Centre expansion.

TABLE 4.4 – ESTIMATED PERMANENT EMPLOYMENT

Type of Use	Estimated Employment Per '000 sq.m	**Forestway Shopping Centre** Change in GLA (sq.m)	Employment (persons)
Supermarket	50	963	48
Mini-majors	20	3,429	69
Retail Specialty Shops	60	2,437	146
Total Retail		6,829	263
Non-retail	40	9,797	392
Total Centre			655
Net Increase[2]			**629**

2. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase

TABLE 4.5 – ESTIMATED EMPLOYMENT IMPACT

Original Stimulus	Direct Employment	Supplier Employment *Multiplier Effects*	**Total**
Centre Employment[1]	629	596	1,225

** Employment totals include both full-time and part-time work*
1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development
Source : Australian National Accounts: Input-Output Tables 1996-97

TABLE 4.6 – ESTIMATED CONSTRUCTION EMPLOYMENT IMPACT

Original Stimulus	Estimated Capital Costs ($M)[1]	Direct Employment	Supplier Employment *Multiplier Effects*	**Total**	
Construction of Project	100.0	700	1,121	1,821	Job Years[2]

** Employment totals include both full-time and part-time work*

1. Adjusted by inflation and productivity to 1996/97 Dollars

2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year

Source : Australian National Accounts: Input-Output Tables 1996-97

5 NEEDS ANALYSIS

The final section of this report summarises the key conclusions of the impact analysis for the proposed Forestway Shopping Centre.

'Need' or 'Community Need' in a planning sense is a relative concept that relates to the overall wellbeing of a community. A use is needed, for example if it would, on balance, improve the services and facilities available in a locality. The reasonable demands and expectations of a community are important, therefore, in assessing need.

A number of important factors that relate to need, particularly economic need, include:

- Population and supermarket supply and demand.
- Consumer trends.
- Impacts on existing retail facilities.
- Location.
- Net community benefits.

5.1 Population and Retail Floorspace Supply and Demand

Supermarket Floorspace

i. There are currently 61,750 persons residing in the Forestway Shopping Centre main trade area, including 32,620 persons within the primary south sector.

ii. Demand for convenience shopping facilities will increase in the future, with the main trade area population projected to increase to almost 70,000 by 2031 (including an additional 6,000 residents in the key primary south sector).

iii. Typically, a population of around 8,000 – 9,000 persons is required to support a full-line supermarket. This indicates that at least 6 – 8 full-line supermarkets are currently supportable within the main trade area, with only two currently provided (Coles at Forestville Shopping Centre and Woolworths at Glenrose Shopping Centre). The combined floorspace of the two existing Aldi supermarkets (at Forestway Shopping

Centre and Glenrose Shopping Centre) would be equivalent to one further full-line supermarket. On this basis, the main trade area is currently undersupplied by 3 – 5 full-line supermarkets.

iv. The expansion of the existing Woolworths at Forestway Shopping Centre by 963 sq.m will provide a convenient full-line supermarket shopping destination for residents.

v. It is noted that, similar to Forestway Shopping Centre, Glenrose Shopping Centre (10,500 sq.m) is also anchored by a full-line Woolworths and an Aldi supermarket. This centre primarily serves the primary north sector which currently accommodates a population of 15,940. In comparison, the primary south sector (which is primarily served by Forestway Shopping Centre and Forestville Shopping Centre), serves a population of more than double (32,620) that served by Glenrose Shopping Centre.

Traditional Retail Floorspace

i. Table 5.1 provides an analysis of total retail floorspace demand throughout the trade area on the following basis:

- The typical provision of retail floorspace is around 1.6 sq.m per persons (excluding large format retail) and is assumed to remain constant over the period to 2031.
- The current provision throughout the trade area at 0.7 sq.m per person represents around 40% of demand. Given the extensive provision of higher-order retail facilities immediately beyond the main trade area; at Brookvale, Chatswood and Dee Why, the level of escape retail expenditure from the Forestway main trade area will likely remain relatively high.
- In reality, for this region, at least 1 sq.m per person or the equivalent of up to two-thirds of residents' retail expenditure should be retained locally, reflective of approximately 75% - 80% of food spend being captured as compared with 30% - 40% of non-food spending. This equates roughly to 1.0 sq.m per capita.
- The existing supply of retail floorspace is estimated at almost 39,000 sq.m, representing an undersupply of almost 23,000 sq.m.

– Over time, this undersupply is projected to increase to 31,000 sq.m. This means that proposed expansion of Forestway Shopping Centre by 6,773 sq.m of retail floorspace would still leave demand for an additional 25,000 sq.m of floorspace elsewhere throughout the main trade area over the period to 2031, particularly within the broader Frenchs Forest Town Centre precinct and even at Brookvale which lies beyond the main trade area (refer Chart 5.1).

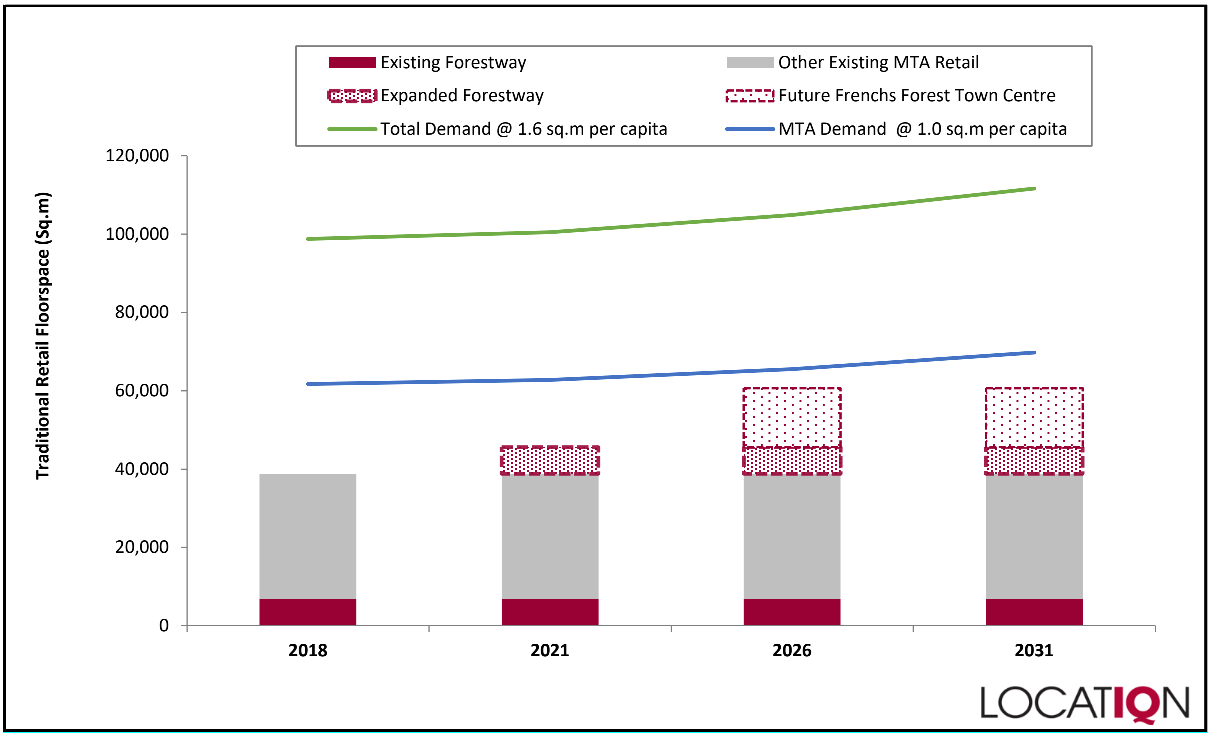
ii. Further, as outlined previously in sub-section 3.5, the level of escape expenditure from the main trade area is relatively high at approximately 60% - 70%, ranging from 50% in food retail to 90% in apparel retailing. This reflects the lack of adequate facilities within the main trade area currently, in particular, full-line supermarkets as outlined in Table 3.2 (previously). The proposed expansion of Forestway Shopping Centre will reduce the amount of retail expenditure escaping the main trade area, in particular within the food retail and food catering categories.

TABLE 5.1 – PROJECTED MTA TRADITIONAL RETAIL FLOORSPACE OVER/UNDERSUPPLY

Floorspace Category	Current 2018	2021	Projected 2026	2031
Main Trade Area Population	61,750	62,800	65,550	69,800
Traditional Retail Floorspace Demand (Sq.m)*				
Benchmark Floorspace Provision Per Capita	1.0	1.0	1.0	1.0
Total Main Trade Area Retail Floorspace Demand	61,750	62,800	65,550	69,800
Traditional Retail Floorspace Supply (Sq.m)*				
Traditional Retail Floorspace within Main Trade Area	38,794	38,794	38,794	38,794
Traditional Retail Floorspace Over/Under Supply (Sq.m)*				
Traditional Retail Floorspace within Main Trade Area	-22,956	-24,006	-26,756	-31,006

** Excluding Large Format Retail*

CHART 5.1 – PROJECTED MTA TRADITIONAL RETAIL FLOORSPACE OVER/UNDERSUPPLY



5.2 Consumer Trends

i. There is a strong need for a wider choice of convenient shopping facilities within close proximity to the homes of main trade area residents, with consumers visiting supermarkets two to three times a week on average.

ii. Over the past decade, there has been an increasing trend towards convenience shopping. This trend has been largely driven by broader social trends that have resulted in consumers becoming more time poor. These social trends include:

- Longer working hours.
- An increase in the number of women in the labour force.

iii. Time pressures are ranked at the top of the list of issues that consumers face when undertaking their regular food and grocery shopping.

iv. As a result of the increasing time pressures that consumers face when it comes to food and grocery shopping, there is growing demand for convenience shopping facilities to meet the needs of local residents.

v. The main trade area population would demand a full-line supermarket offer, particularly given the large number of families many of whom are likely to have two working parents residing within the area.

5.3 Impacts on Existing Retailers

i. The analysis of impacts provided in the previous section of this report shows the projected impacts on other retailers throughout the area from the expansion of the Forestway Shopping Centre would not threaten the viability or continued operation of any centres. Existing centres within the main trade area, in particular at Belrose, are currently trading strongly, based on the lack of full-line supermarket facilities within the main trade area currently.

ii. Each of these impacts will be one off impacts resulting from the expansion of Forestway Shopping Centre, with the centres/retailers are likely to benefit in the future from population growth within the region over time, particularly within the Frenchs Forest Strategic Centre which is ultimately expected to accommodate an additional 1,080 dwellings.

iii. The impacts for the expansion are only likely to be experienced by other facilities in the short-term, and these centres stand to benefit from market growth after these impacts have been absorbed.

5.4 Location

i. Forestway Shopping Centre is an established, successful convenience-based shopping centre, located on a high-profile site.

ii. Given the lack of existing full-line supermarkets serving the main trade area currently, a full-line supermarket offer with supporting retail and non-retail specialty floorspace would make an ideal location for continued use of the subject site for convenience retail facilities.

iii. The high-profile site is easily accessible for the main trade area population, providing a key destination in the for convenience retail for main trade area residents.

5.5 Net Community Benefits

i. It is the conclusion of this report that a substantial net community benefit will result from the expansion of Forestway Shopping Centre. Offsetting the trading impacts on some existing retailers, there are very substantial positive impacts including the following:

- The creation of a convenience shopping destination for local residents that will include a full-line supermarket (Woolworths), existing smaller format discount supermarket (Aldi) and a complementary provision of specialty floorspace as well as destinational non-retail uses (medical centre, gym, child care centre etc.).

- The creation of additional employment which will result from the project, both during the construction period, and more importantly, on an ongoing basis once the development is complete and operational. In total, some 1,225 jobs are likely to be provided both directly and indirectly as a result of the proposed Forestway Shopping Centre expansion. This includes a number of youth employment opportunities with retail developments generally employing a large number of younger staff.

ii. It is concluded that the combination of the substantial positive economic impacts serve to more than offset the trading impacts that could be anticipated for a small number of the existing retail stores, particularly supermarkets, in the region. Further, the impacts would not threaten the viability of any of these retailers or centres.

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