

# PLANNING PROPOSAL

Refine the Pittwater LEP to provide planning certainty and secure a limited scale focal neighbourhood centre at 23B Macpherson Street, Warriewood that is in keeping with the Planning Framework 2010 and Pittwater 21 DCP

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## **PART 1 OBJECTIVES OR INTENDED OUTCOMES**

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Refine the Pittwater LEP 1993 to provide planning certainty and secure a limited scale focal neighbourhood centre at 23B Macpherson Street, Warriewood (appendix A) that is in keeping with the Warriewood Valley Planning Framework 2010 and Pittwater 21 DCP.

## **PART 2 EXPLANATION OF PROVISIONS**

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Amend the Pittwater LEP 1993 to provide planning certainty and secure a limited scale of the permissible built form that is in keeping with the planned Focal Neighbourhood Centre for the incoming population of Warriewood Valley Land Release Area that incorporates retailing for their daily local 'convenience' by including the following:

- a. amend Division 7A Warriewood Valley Urban Land Release, by inserting a new subclause after Clause 30B (4) as follows;  
“(5) The Council must not grant consent for development on land within Warriewood Valley for the purposes of neighbourhood shops where the total combined retail floor space area is above 2,222m<sup>2</sup>.”
- b. amend Schedule 11, Part 2 Zone objectives of the Warriewood Valley Urban Land Release, Zone 2(f) (Urban Purposes – Mixed Residential) to include additional objective as follows;  
“(d) to provide opportunities for a focal neighbourhood centre with a limited overall retail floor space area of 2,222m<sup>2</sup> and that large individual premises exceeding 800m<sup>2</sup> (for example, large supermarkets) in Warriewood are generally not supported.”
- c. insert a new clause as follows:  
“If a development application has been made before the commencement of this Plan in relation to land to which this Plan applies and the application has not been finally determined before that commencement, the application must be determined as if this Plan had been exhibited but had not commenced.”

## **PART 3 JUSTIFICATIONS**

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### **A Need for the Planning Proposal**

(A1) Is the Planning Proposal a result of any strategic study or report?

On 19 April 2010, Pittwater Council resolved to pursue the options set out by Mallesons Stephen Jaques (Council's solicitors) to 'limit the footprint of any future retail area on 23B Macpherson Street, Warriewood.' (Appendix D). Council made the resolution to pursue the options to provide planning certainty and secure a scale of the permissible built form that is in keeping

with the planned Focal Neighbourhood Centre for the incoming population of Warriewood Valley Land Release that incorporates retailing for daily local 'convenience'.

Community expectation is for a limited scale retail facility of up to 2,222m<sup>2</sup>, which is floor space quantum that has been set out in the *Warriewood Valley Planning Framework 2010* and previously the *Warriewood Valley Urban Land Release Draft Planning Framework 1997*. Implementing the objectives of this Planning Proposal will ensure those expectations are clear to all.

The *Warriewood Valley Planning Framework 2010* is an update of the original planning strategy for the development of Warriewood Valley Land Release Area, the *Warriewood Valley Urban Land Release Draft Planning Framework 1997*.

Pittwater's comprehensive Pittwater 21 DCP includes the quantum of retail floor space. The quantum was initially built into DCP no. 29 – Warriewood Valley Urban Land Release (now repealed).

The requirement for limited scale retailing facility to meet the needs of the incoming population of Warriewood Valley was first identified by *The Ingleside/Warriewood Urban Land Release Area Demographic and Facility/Service Needs Studies 1994*. This study was part of the suite of background environmental studies which informed the *Warriewood Valley Urban Land Release Draft Planning Framework 1997*.

The quantum of floor space to be included in the LEP was independently assessed by Hill PDA in 2006 (appendix E). The Hill PDA assessment concluded that there was a current demand for a supermarket in the vicinity of 800m<sup>2</sup> floor space and 371m<sup>2</sup> of floor space for specialty retailing, based on the 2001 Census, in the Release Area.

- (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 accepted by Council as part of the rezoning process and the sector 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. On 12 March 2010 Pittwater LEP 1993 Schedule 10 was amended to permit additional uses of "neighbourhood shop" and "restaurant" on 23B Macpherson Street, Warriewood. These additional uses were defined in accordance with the relevant Standard Instrument definitions, 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.”

Applying a floor space quantum for neighbourhood shop will provide certainty for developers and the community alike regarding the appropriate size of individual premises and, that overall development of the Warriewood Valley Focal Neighbourhood Centre will not exceed 2,222 m<sup>2</sup>.

The Planning Proposal is the best means of achieving the objectives, consistent with the Warriewood Valley Planning Framework 2010 and Pittwater 21 DCP.

(A3) Is there a net community benefit?

The amendment to Pittwater LEP 1993 on 12 March 2010 permits neighbourhood shop and/or restaurant as the first step to achieving the focal neighbourhood centre planned for the Warriewood Valley Release Area. As outlined in the current Pittwater 21 DCP control C6.15, the planned retail offering was always intended to be limited to serving the daily shopping needs of current residents and future population of the Release Area.

This proposal is a refinement of the Pittwater LEP to ensure planning consistency and certainty by applying the total combined retail floor space of 2,222m<sup>2</sup> into the LEP, clearly delineate a maximum amount of retail floor space for individual premises, maximum built form, bulk and scale that matches local resident's expectations as well as the wider community. This planning certainty is a benefit to neighbours, developers and Council.

The Planning Proposal on the subject site is a refinement of the benefits to the current and future Warriewood Valley community. It still ensures sustainable travel and enables retail development to occur that provides/meets the daily shopping needs and convenience to residents of the Warriewood Valley Release Area as originally intended without disturbing the established retail hierarchy.

## **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 more 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). Limiting the size of individual premises and size of overall retail allowed will ensure that the established retail hierarchy is not disturbed.

- (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 foundations of the *Warriewood Valley Planning Framework 2010* being the underlying strategic plan for the development of the Warriewood Valley Urban Land 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 as set out in appendix B.

- (B4) Is the Planning Proposal consistent with applicable Ministerial Directions (S117 Directions)?

The Planning Proposal is inconsistent with some of the Section 117 Directions. Justification is set out in appendix C.

## **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 Planning Proposal relates to refining the development potential of a focal neighbourhood centre at the subject land that respects the local retail hierarchy of Pittwater and is consistent with the 2010 Planning Framework and Pittwater 21 DCP by inserting the quantum of floor space into the LEP.

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 a refinement of a permitted use 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 *Environmental Planning & Assessment Act 1979*.

- (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 Planning Framework* (2010), 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 *Warriewood Valley Planning Framework 2010* provided the foundations for the 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 Hill PDA 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 Hill PDA assessment, based on the 2001 Census, indicated there is current demand for a supermarket of 800m<sup>2</sup> floor space and 371m<sup>2</sup> of floor space 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.

## **D State and Commonwealth interests**

- (D1) Is there adequate public infrastructure for the Planning Proposal?

The Planning Proposal is for a refinement of a permitted development type 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?

Council will consult with the Department of Environment, Climate Change and Water in accordance with the Gateway Determination issued on 18 July 2010.

This will be carried out as part of the public exhibition of the Planning Proposal.

## **PART 4 COMMUNITY CONSULTATION**

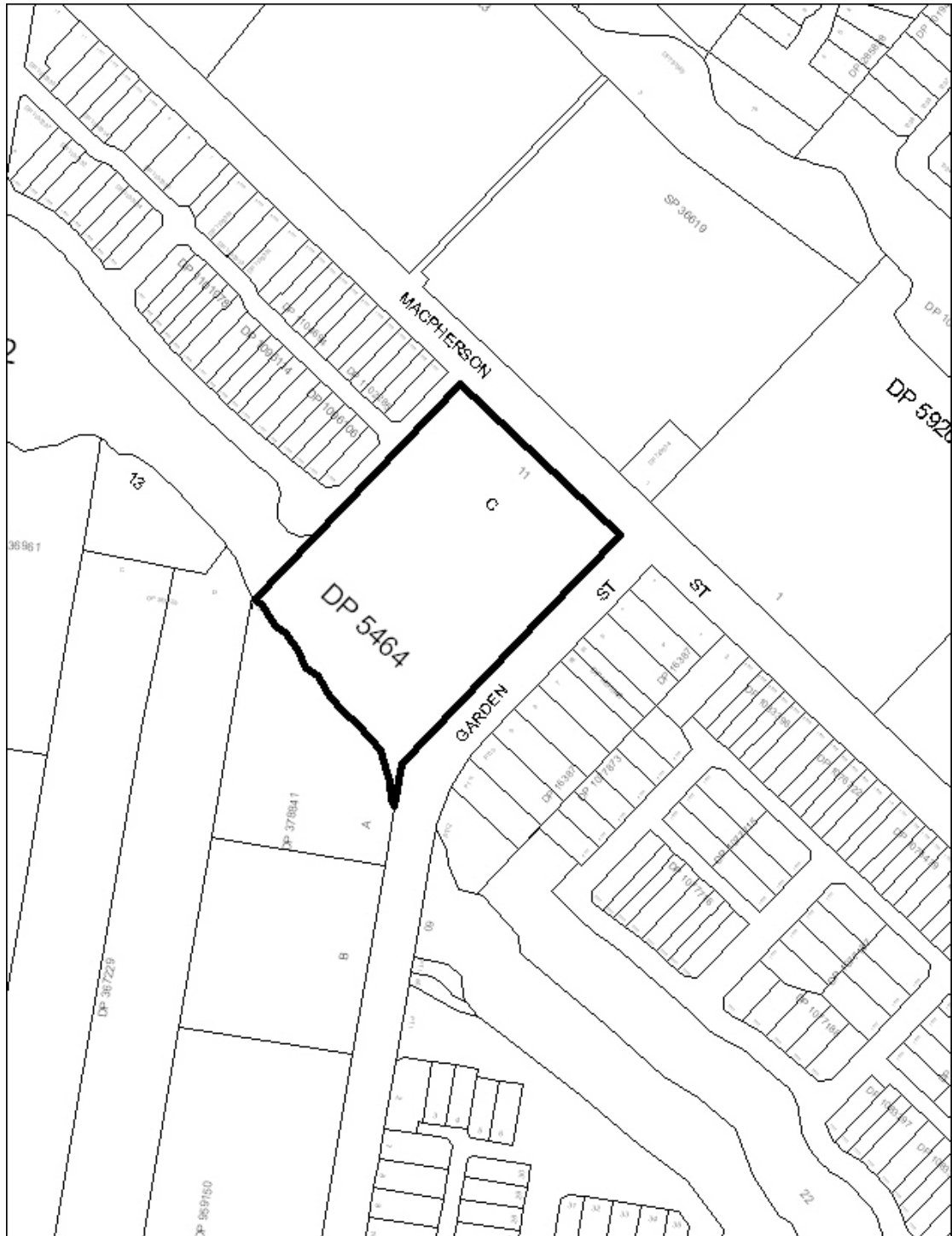
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The Gateway Determination (issued on 18 July 2010) and the Department of Planning's *A guide to preparing local environmental plans* (2009) requires:

- The Gateway Determination, the Planning Proposal and any studies relied upon by the Planning Proposal to be made publicly available for a period of 14 days
- Written notification to adjoining property owners
- Notification in a newspaper that circulates in the area affected by the Planning Proposal
- Notification on the website of the Relevant Planning Authority (RPA)

At its meeting of 17 May 2010, Council resolved to amend Control C6.15 of the Pittwater 21 Development Control Plan concurrent to the Planning Proposal. Council resolved to exhibit the proposed amendment to the Pittwater 21 DCP for at least 28 days in accordance with the *Environmental Planning and Assessment Regulations 2000*. Accordingly the public exhibition of the Planning Proposal and the draft Pittwater 21 DCP will be exhibited for a period of 28 days.

## APPENDIX A – LOCALITY MAP





## APPENDIX B – SEPP's CHECKLIST

### Checklist - Consideration of State Environmental Planning Policies

The following SEPP's are relevant to the Pittwater Local Government Area. The Table identifies which of the relevant SEPPs apply to the Planning Proposal (or not) and if applying, is the Planning Proposal consistent with the provisions of the SEPP.

<b>Title of State Environmental Planning Policy (<a href="#">SEPP</a>)</b>	<b>Applicable</b>	<b>Consistent</b>	<b>Reason for inconsistency</b>
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 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	NOT APPLICABLE	
SEPP No 55 – Remediation of Land	NO	NOT APPLICABLE	
SEPP No 62 – Sustainable Aquaculture	NO	NOT 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 (Affordable Rental Housing) 2009	YES	YES	
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.

<b>Title of deemed SEPP, being Sydney Regional Environmental Plan (SREP)</b>	<b>Applicable</b>	<b>Consistent</b>	<b>Reason for inconsistency</b>
SREP No 20 – Hawkesbury-Nepean River (No 2 -1997)	NO	NOT APPLICABLE	

## Checklist – Consideration of Section 117 Ministerial Directions

### 1 Employment and Resources

	Direction	Applicable	Consistent
1.1	Business and Industrial Zones	No	n/a
1.2	Rural Zones	No	n/a
1.3	Mining, Petroleum Production and Extractive Industries	No	n/a
1.4	Oyster Aquaculture	No	n/a
1.5	Rural Lands	No	n/a

Justification - NIL

### 2 Environment and Heritage

	Direction	Applicable	Consistent
2.1	Environmental Protection Zones	Yes	No
2.2	Coastal Protection	No	n/a
2.3	Heritage Conservation	Yes	Yes – No Change
2.4	Recreation Vehicle Areas	Yes	Yes

Justification for inconsistency to 2.1 and 2.3

- 2.1 The draft LEP relates to a specific site identified in the Warriewood Valley Planning Framework 2010 as being the preferred site for a limited scale 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 considered to be of minor significance.

### 3 Housing, Infrastructure and Urban Development

	Direction	Applicable	Consistent
3.1	Residential Zones	Yes	Yes – No Change
3.2	Caravan Parks and Manufactured Home Estates	Yes	No
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 for inconsistency to 3.2

- 3.2 The draft LEP for the subject land seeks to provide planning certainty and secure the original objective for a focal neighbourhood centre that is in keeping with the local retail hierarchy of Pittwater and is consistent with the Warriewood Valley Planning Framework 2010 and Pittwater 21 DCP. The subject site was identified in the Warriewood Valley Urban Land Release Area Planning Framework as the preferred site for a limited scale retail development in the Release Area. The Planning Framework is the background document upon which the Warriewood Valley Release Area has been developed. The draft LEP is considered to be of minor significance.

## 4 Hazard and Risk

	Direction	Applicable	Consistent
4.1	Acid Sulphate Soils	Yes	Yes – No Change
4.2	Mine Subsidence and Unstable Land	No	n/a
4.3	Flood Prone Land	Yes	No
4.4	Planning For Bushfire Protection	No	n/a

### Justification for inconsistency to 4.3

- 4.3 The subject site is already zoned 2(f) (Urban Purposes – Mixed Residential) under Pittwater LEP. The draft LEP seeks to provide planning certainty and secure the original objective for a focal neighbourhood centre that is in keeping with the local retail hierarchy of Pittwater and is consistent with the Warriewood Valley Planning Framework 2010 (formerly Warriewood Valley Draft Planning Framework 1997) and Pittwater 21 DCP. The site was identified in the Warriewood Valley Planning Framework as the preferred site for a limited scale retail development in the Release Area. Additionally, the draft LEP is considered to be of minor significance.

## 5 Regional Planning

	Direction	Applicable	Consistent
5.1	Implementation of Regional Strategies	NO	n/a
5.2	Sydney Drinking Water Catchments	NO	n/a
5.3	Farmland of State and Regional Significance on NSW Far North Coast	NO	n/a
5.4	Commercial and Retail Development along the Pacific Hwy, North Coast	NO	n/a
5.5	Development in the vicinity of Ellalong, Paxton and Millfield	NO	n/a
5.8	Second Sydney Airport: Badgerys Creek	NO	n/a

**Justification - NIL**

## 6 Local Plan Making

	Direction	Applicable	Consistent
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	No

### Justification for inconsistency to 6.3

- 6.3 This proposal is a refinement of the Pittwater LEP to ensure planning consistency and certainty following the recent development applications and rezoning of the site. The amendments to the Pittwater LEP will apply a total combined retail floor space of 2,222m<sup>2</sup>, clearly delineate a maximum amount retail floor space for individual premises not to exceed 800m<sup>2</sup>, maximise built form, bulk and scale that will regularise community expectation and future development potential. The amendment will ensure that future development is in keeping with the local established retail hierarchy of Pittwater and is consistent with suit of background environmental studies which informed the Warriewood Valley Planning Framework 2010 and Pittwater 21 DCP. This planning certainty is a benefit to the site neighbours, developers and Council.

## 7 Metropolitan Planning

	Direction	Applicable	Consistent
7.1	Implementation of the Metropolitan Strategy	Yes	Yes

### Justification - NIL

## MALLESONS STEPHEN JAQUES

Attention Mr Steve Evans

25 March 2010

The General Manager  
Pittwater Council  
PO Box 882  
MONA VALE NSW 1660

Dear Sir

**Advice - 23B MacPherson Street, Warriewood**

We refer to your letter of instruction dated 15 February 2010.

You have sought our advice on whether, having regard to Direction 6.3 'Site Specific Provisions' of the s117 Directions, Council can include a provision in the Draft Pittwater LEP Amendment adopted by Council in November 2009 ("**Amending LEP**") that has the effect of prohibiting retail development on the site that exceeds a floorspace of 2,222m<sup>2</sup>.

We note that since we received instructions the Amending LEP came into force on 5 March 2010. Accordingly, for the purposes of this advice, we will refer to the Amending LEP as the "**Pittwater LEP (as amended)**".

### SUMMARY

As the Amending LEP came into force on 5 March 2010, the capacity to include a development standard to limit retail floor space on the site as part of the Amending LEP (as contemplated in the Standard Instrument) is no longer an option and any amendment to the Pittwater LEP (as amended) will only be relevant for future development applications.

Therefore, the Council's options for the current proposed development for the site are limited as any amendments to either the Pittwater LEP (as amended) or the Pittwater 21 DCP are unlikely to be given much weight by the Court on appeal as they were not publicly exhibited before the current proposal was lodged with the Council. That being said, the best option for Council for the current application would be to amend the Pittwater 21 DCP to make it clear that only small shops and not large supermarkets are intended for the site.

### ADVICE - Options to Reduce Retail Floorspace on the Site

Whilst the inclusion of a development standard in the Amending LEP would have provided some protection against a development on the site exceeding a specified retail floor space (subject to any SEPP 1 Objection that is considered well founded), the inclusion of such a clause in any future LEP depends on the consent of the Minister. Accordingly, even if the Amending LEP was still before the Minister for gazettal, the consent of the Minister appears unlikely to have been forthcoming given

*MA*

the Minister's insistence on the adherence to the Standard Instrument and Section 117 Directions, particularly Direction 6.3 which discourages unnecessarily site specific planning controls.

Direction 6.3 applies "*when a Council prepares a draft LEP to allow a particular development to be carried out*". That is the case here. The relevant part of the Direction in the present case is paragraph 4(c) which deals with situations where development is made permissible by allowing "*that land use on the relevant land without imposing any development standards or requirements in addition to those already contained in the principal environmental planning instrument being amended*". Direction 6.3 allows a draft LEP to be inconsistent with the direction only if the Council can satisfy the Director-General of the Department of Planning ("DoP") that the inconsistent provisions are of "minor significance".

We note from the Council's Report that the Council submitted a formal request to the Department of Planning in respect of a floor space standard for the site and was advised by letter dated 19 January 2010 that as a consequence of direction 6.3 "*it is unlikely that the Department of Planning will support the inclusion of a floor space restriction for 23B Macpherson Street in the Pittwater LEP. It is appropriate to retain such a standard in a Development Control Plan.*" Given that response, the Council did not seek to persuade the Department that the departure from the direction was of "minor significance".

The Council should also consider amending the definition of "*neighbourhood shop*" in the Pittwater LEP (as amended) so that the quantum of retail floor space forms part of that definition. This will have the effect of prohibiting large scale supermarkets and will not be subject to a SEPP 1 Objection as it is an outright prohibition. However, this will again require the consent of the Minister who may be reluctant to allow this amendment as it will not comply with the definition in the Standard Instrument. Unless and until the Department can be persuaded to allow a further LEP amendment, there is no way that the Council can mandate an absolute limit.

Other options available to Council will not have the effect of prohibiting retail development that exceeds a particular floor space. At most, they will have the effect on determining whether a proposal is acceptable on the merits. Further, any amendments to either the Pittwater LEP (as amended) or the Pittwater 21 DCP are unlikely to be given much weight by the Court on appeal as they were not publicly exhibited before the current proposal was lodged with the Council. The other options include:

1. Amending Pittwater 21 DCP so that it is clear that only small shops and not large supermarkets are intended for the site. This is the best method for the purposes of the current application. However, having regard to the decision of *Stockland Development Pty Ltd v Manly Council* (2004) 136 LGERA 254, the Court (on appeal) is likely to give this document less or diminished weight as it would be placed on public exhibition after the current application has been lodged with the Council, and after the Pittwater LEP (as amended) came into force allowing "*neighbourhood shops*" on the site, a clause which could be interpreted as facilitating the development.
2. Further amending the Pittwater LEP (as amended) in the following manner:
  - (a) amending Clause 30B(2) so that it requires a development to be **consistent** with the objectives of the 2(f) zone (to control the exercise of the power conferred on the

*mf*

# MALLESONS STEPHEN JAQUES

Pittwater Council

25 March 2010

Council by the Pittwater LEP (as amended) and *Environmental Planning and Assessment Act, 1979* to grant development consent to a development application);

- (b) amending Clause 30B(4) so that it requires a development to be consistent with the provisions of the Pittwater 21 DCP - currently all that clause 30B(4) requires is a mandatory consideration of its terms; and
  - (c) amending the specific objectives of the 2(f) zone to include a reference to the acceptable proposed retail floor area and that large retail areas (for example, large supermarkets) in Warriewood are generally not supported.
- 3 Placing a public positive covenant on the title of the site. We note that the Council discounted this option because clause 39(1) of the Pittwater LEP (as amended) suspends any covenants that impose a restriction on the carrying out of development for the purpose of enabling development to be carried out in accordance with the LEP. However, clause 39(2) of the Pittwater LEP (as amended) provides that a positive covenant for the benefit of the Council is not affected by clause 39(1). We agree however that the owner of the land will need to consent to the imposition of this covenant on title and for that reason we do not consider this to be a realistic option.

Please contact us if you wish to discuss any aspect of this advice.

Yours sincerely



per Debra Townsend  
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## APPENDIX E – INDEPENDENT ASSESSMENT

Warriewood Sector 8 – Masterplan Cnr Garden and Macpherson Street –  
Hill PDA 2006

[www.hillpda.com](http://www.hillpda.com)

# **WARRIEWOOD SECTOR 8 – MASTERPLAN CNR GARDEN AND MACPHERSON STREET**

Prepared for  
Pittwater Council  
**DRAFT**  
September 2006

SYDNEY CANBERRA

independent  
property **HILL PDA**  
consulting

# **WARRIWOOD SECTOR 8 – MASTERPLAN CNR GARDEN AND MACPHERSON STREET**

Prepared for  
Pittwater Council  
**DRAFT**  
September 2006

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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

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## 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.

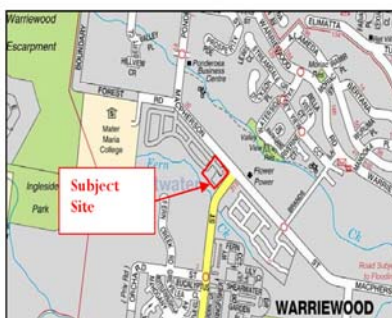
Under the directions of the Draft Warriewood Valley Urban Land Release Planning Framework Council are requesting that the subject site owned by Mirvac be developed as a neighbourhood shopping centre to provide a focal point for the local community. As part of Mirvac's economic feasibility of the site, 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.

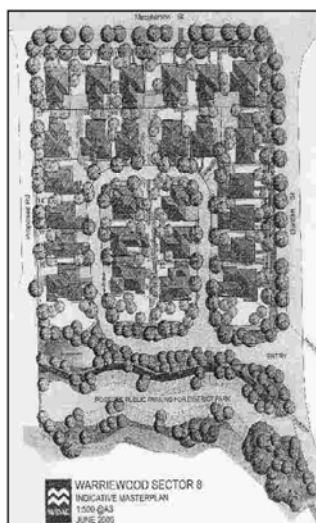


The site is served by the 185 and L85 buses that run along Garden Road and Macpherson Street with a bus stop directly outside the north-east corner of the site. The 185 bus route operates between Mona Vale Depot and Sydney City (Wynyard – York Street) generally on a half hour frequency.

## 2.2 Indicative Mirvac Masterplan

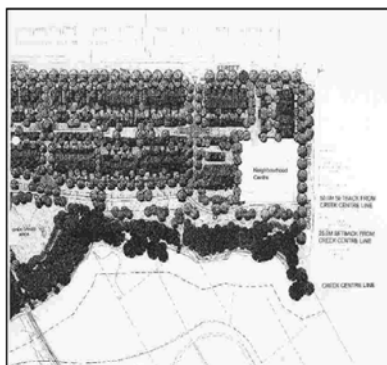
Mirvac as site owners have prepared an indicative Masterplan for the re-development of 1.45ha (14,500sqm) of the 13.1ha sector 8 precinct. The Mirvac Masterplan comprises 26 detached residential dwellings on plots ranging between approximately 260sqm and 470sqm. The masterplan does not include any non residential 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 provision of the car parking area to facilitate the use of the adjacent district 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 (\$200+).

#### 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.

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.



Pittwater Place 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 centro	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 Planning 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 Council's 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.

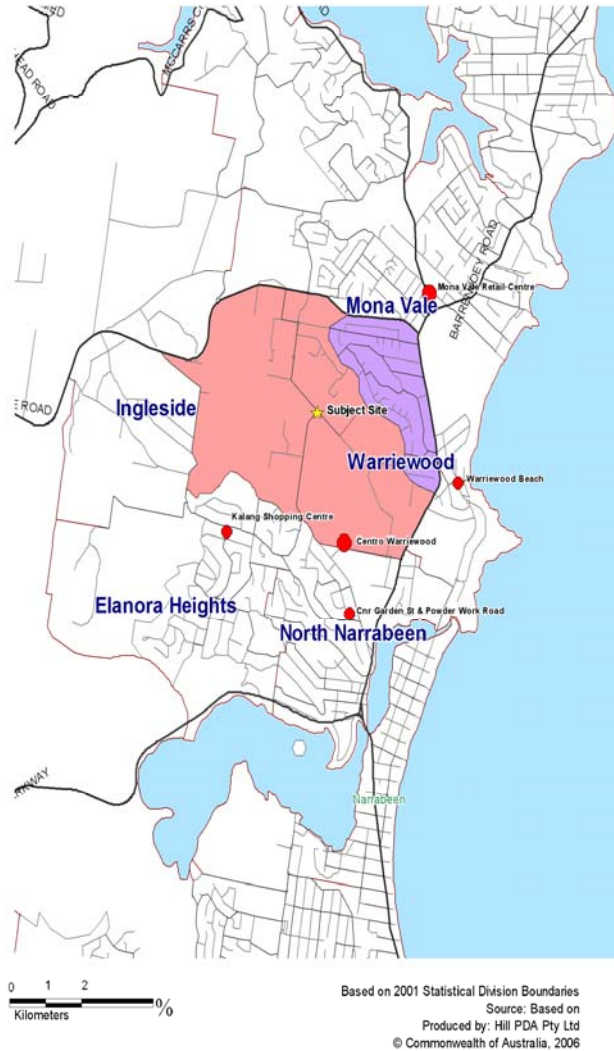
### 7.1 Trade Area Definition

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 Road 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





## 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
<b>Population and Dwellings</b>			
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	
<b>Age Distribution</b>			
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
<b>Home Ownership</b>			
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%
<b>Household Structure</b>			
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%
<b>Dwelling Type</b>			
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%
<b>Labour Force</b>			
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 Wrks	12.0%	13.8%	10.4%
Clerical, Sales and Service Wrks	32.6%	30.7%	29.0%
Intermediate Production & Transport Wrks	5.0%	6.1%	6.9%
Labourers & Related Wrks	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.

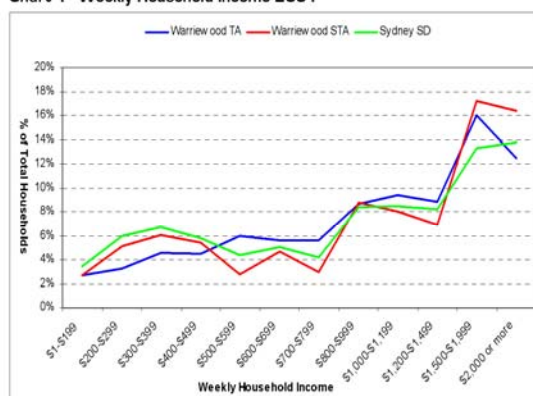
### 7.4 Dwelling Structure

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
<b>Leyshon ERPs</b>						
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
<b>HillPDA ERPs</b>						
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 new 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 1,494m<sup>2</sup> of supermarket floor space as at 2006 compared to Leyshon's lower

estimate of 1,141m<sup>2</sup>. 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<sup>1</sup> 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 800m<sup>2</sup> 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.

<sup>1</sup>: 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 Leyshon's forecasts for the same period. This results in a total demand for other retail floor space of 199sqm only marginally higher than Leyshon's 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 surveyed 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	826	Restaurants, Cafes, Beauty Salons, Hairdressers, Art Galleries	A neighbourhood centre which is part of a mixed use residential project. The tenancy benefit from its 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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