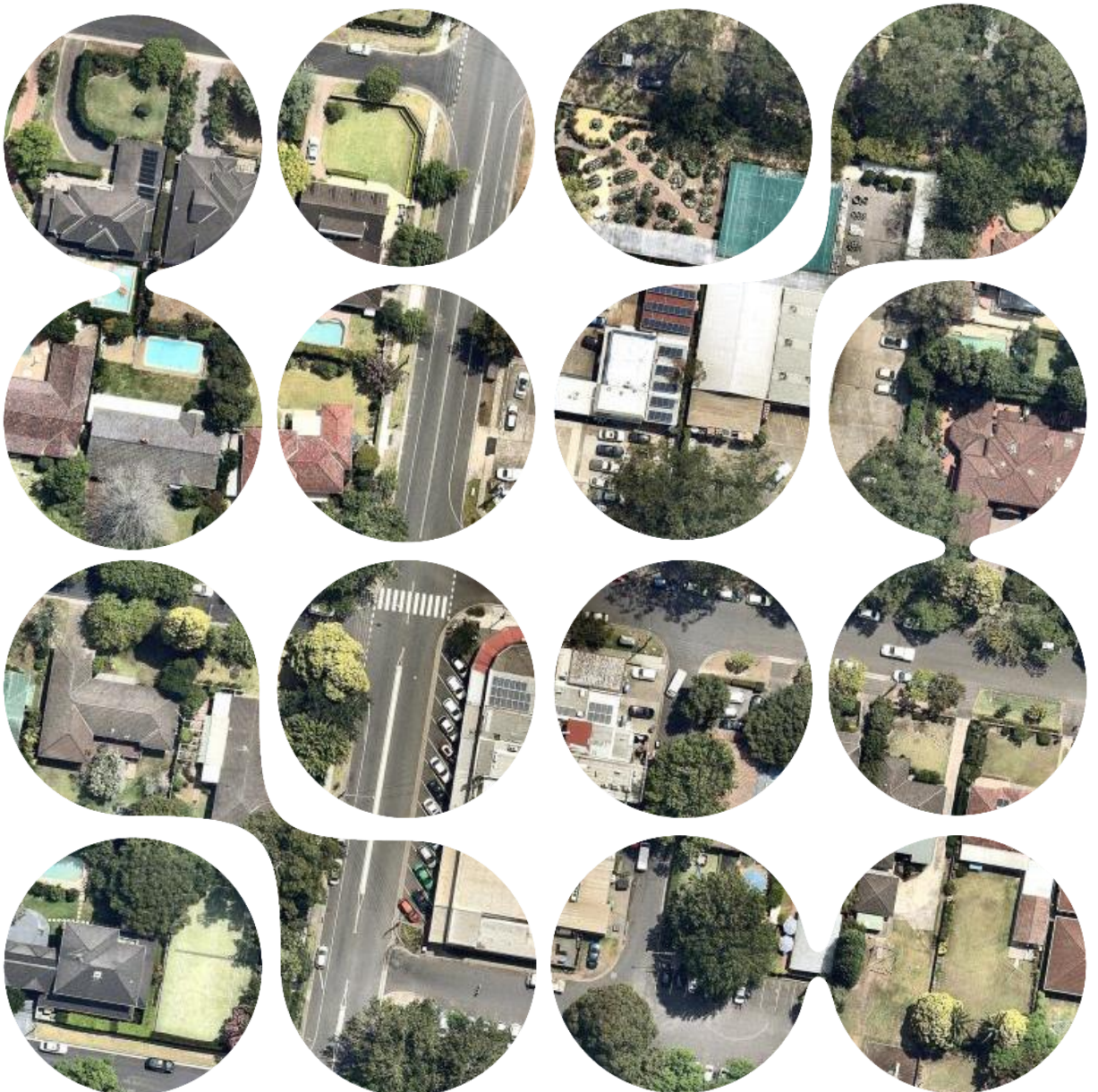


'The Farm', Eastern Road Turramurra

Economic Impact Assessment of proposed retail development

Prepared for
Winston Langley
31 May 2019



Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

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Document Name

Turrumurra Economic Impact Assessment - 31 May 2019

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This report should be read in its entirety, as reference to part only may be misleading.

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1

Introduction

1.1 Background

Deep End Services has been engaged by Winston Langley to provide an economic impact report for a proposed retail development at 105 Eastern Road and 45-47 Tennyson Avenue, Turramurra.

The 5,124 sqm site is currently zoned Low Density Residential 2 (R2) under the Ku-ring-gai Local Environment Plan (LEP) 2015 but lies directly north of the existing Eastern Road neighbourhood centre which comprises seven retail premises and a child care centre.

Two sites comprising an existing petrol filling station with auto servicing bays and a plant nursery will be consolidated. To permit retail uses on the consolidated site and to facilitate the development, a Planning Proposal seeks to:

- Rezone the site from R2 Low Density Residential to B1 Neighbourhood Centre including the portion of road (Tennyson Avenue) to connect to the existing B1 zoned Eastern Road Neighbourhood Centre shops;
- Amend the Minimum Lot Size Map (sheet LSZ_006) to delete the 940 sqm minimum lot size to ensure consistency with the existing B1 zoned Eastern Road Neighbourhood Centre shops..

The rezoning would effectively extend the existing Neighbourhood Centre Zone north across Tennyson Avenue. Under the LEP, the objective of the 'Zone B1 Neighbourhood Centre' is:

- To provide a range of small-scale retail, business and community uses that serve the needs of people who live or work in the surrounding neighbourhood.

Under 'Part 6 Additional Local Provisions' of the LEP, Clause 6.9 'Development in Zone B1' states the following:

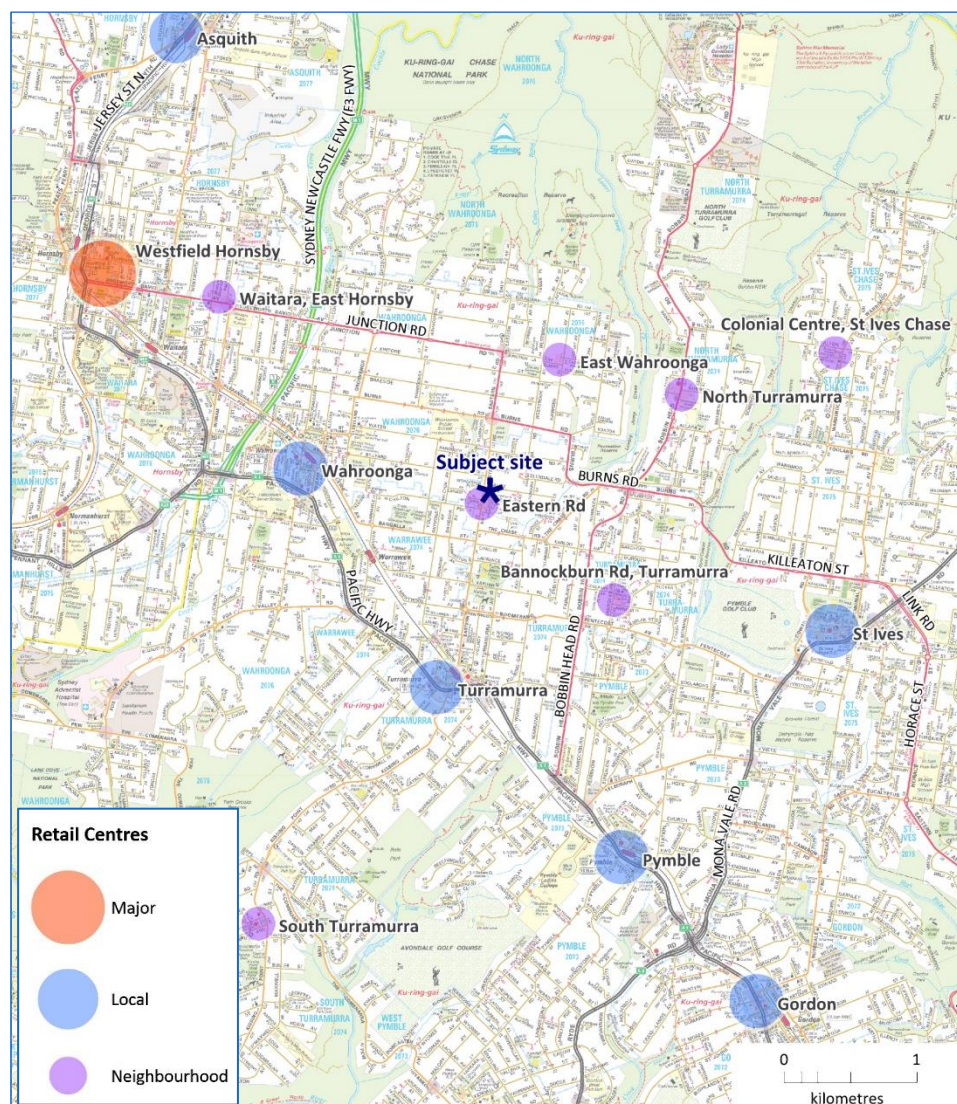
1. The objective of this clause is to maintain the commercial hierarchy of Ku-ring-gai by encouraging retail development of an appropriate scale within neighbourhood centres.

2. Development consent must not be granted to development for the purposes of commercial premises on land in Zone B1 Neighbourhood Centre if the development would result in the premises having a gross floor area of more than 1,000 square metres.
3. In deciding whether to grant development consent referred to in subclause (2) to development for the purposes of commercial premises having a gross floor area of 500 square metres or more, in either one separate tenancy or any number of tenancies, the consent authority must consider the economic impact of the development.

This report quantifies the trading effects of the proposed development on competing centres and the likely employment and other economic and community benefits. In preparing this report, the subject site and other retail centres in the area were inspected in June 2017. All references to spending and sales or turnover levels are at constant 2017 prices and include GST.

Figure 1—Regional location

Source: Deep End Services; Ausway



2

Proposed development

2.1 Location

The site is close to the geographic centre of the suburbs of Wahroonga, Warrawee and Turramurra which lie north of the Pacific Highway, east of the Pacific Motorway (F3) and south of Ku-Ring-Gai Chase National Park. The area has a permeable local street network with Eastern Road forming a local distributor from the Pacific Highway north to Burns Road (with connections east to St Ives) and Junction Road (with connections west to Hornsby). Most of the 18,800 people in the three suburbs north of the Pacific Highway fall within a six-minute drive-time of the site.

The site can be safely and quickly accessed via local street networks without the need to negotiate major roads, rail lines and congested parking areas around established centres.

2.2 Local context

The square-shaped site of approximately 5,124 sqm is situated directly north of the existing Eastern Road shops in Turramurra. It has frontages to Tennyson Avenue, Eastern Road, and Alice Street (refer Figure 2).

The two existing uses on separate sites are GDR Automotive, incorporating a petrol station and motor mechanic and Honeysuckle Garden Centre. The two sites have had a long history of commercial use including:

- A mechanics workshop and butcher operating from 1908 to 1966
- A service station operating since 1961
- A bus depot on the nursery site from 1968 to 1978
- A nursery and landscape supplies since 1978

Surrounding uses include:

- The Eastern Road Turramurra shops (Eastern Rd Shopping Village) which comprise a small IGA supermarket, pharmacy, butcher, green grocer, liquor store, drycleaner and cafe.

- A child care centre of 43 places situated at the rear of the existing shops. The shops and child care have off-street parking for 30 vehicles on the south side and angle parking on Eastern Road.
- A small private swim school off Tennyson Avenue.

Within 700 metres of the site is Wahroonga Public School, Knox Grammar Sports Fields, Turramurra Memorial Park and Turramurra Oval and tennis courts. The surrounding residential area is characterised by attractive, tree-lined streets with large established homes and gardens.

Figure 2—Eastern Road, Turramurra

Source: Nearmap image – January 2018, Deep End Services



2.3 Proposed development

The proposal is to demolish the existing buildings and develop three low rise retail buildings, associated car parking and landscaping. The project branding (The Farm) reflects the design theme and emphasis on fresh produce, other food and garden / nursery products. The ground level plan (refer Figure 3) shows:

- A central tenancy of 1,000 sqm GFA referred to as The Homestead which will be an independent retailer selling fresh food and grocery lines.
- An adjoining tenancy of 320 sqm referred to as the Conservatory which is planned to include a florist, nursery and café with an outdoor nursery sales and display area.

- A separate retail building on the corner of Eastern Road and Tennyson Avenue of 220 sqm, labelled as the Barn. This space could be used for one or more specialty shop tenants.

The combined retail GFA is 1,540 sqm. The proposed retail area is 415 sqm smaller or about 79% of the size of a previous proposal by ALDI Stores to develop the site with a supermarket and shops of 1,955 sqm GFA.

The proposed development has a basement level with loading and storage areas and parking for 58 cars. (refer Figure 3 & Figure 4). The basement is accessed from a northern driveway point off Eastern Road. A small off-street parking area with 18 spaces is provided off Eastern Road in front of the Homestead building. This area has a single directional movement from north to south with entry and exit only driveways to Eastern Road. The overall parking provision (76 spaces) is at an adequate ratio of 4.93 spaces per 100 sqm retail GFA.

Lifts and stairs are provided between the basement and ground level.

The main retail tenancy is proposed to operate as an independent fresh food grocer which would largely retail fruit and vegetables and carry a small range of delicatessen, grocery and chilled food lines. The corner retail building would be well suited to a café/restaurant, specialty food retailer or retail service (i.e. hairdresser) uses.

The site will be extensively landscaped in keeping with the existing uses and character of the area. The mature Turpentine and Ironbark trees will be retained on the sensitive north, east and south boundaries of the site. An 'orchard' is proposed on the Alice Street frontage with terraces and outdoor seating areas on other sections of the site. The three retail buildings have an attractive streetscape and appear to be sensitively designed in keeping with the local character of the area. The main retail tenancy has a wide verandah consistent with awnings on the Eastern Road shops.

The overall proposal of 1,540 sqm GFA, comprising a fresh food store, nursery and other small shops is a complementary and continuous extension to the existing strip of seven shops on Eastern Road – separated only by Tennyson Avenue. Total floorspace of the Eastern Road neighbourhood centre would therefore increase from approximately 1,512 sqm to 3,052 sqm.

Figure 3—Ground level plan

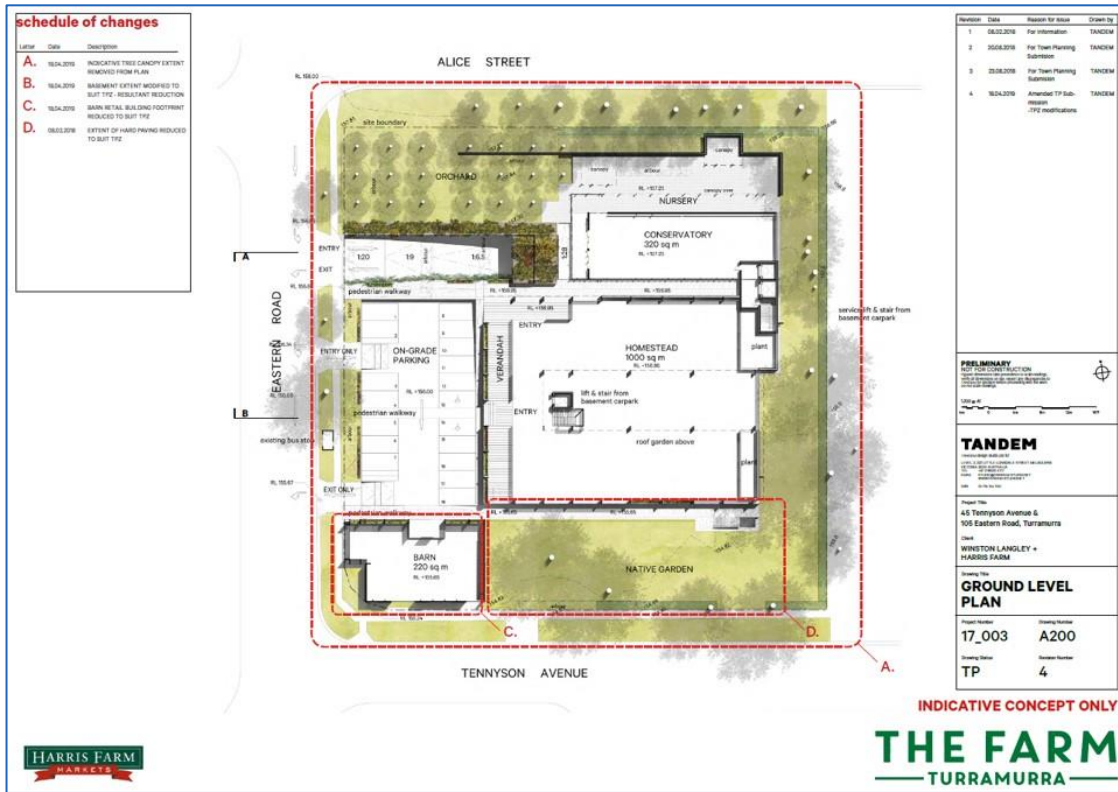
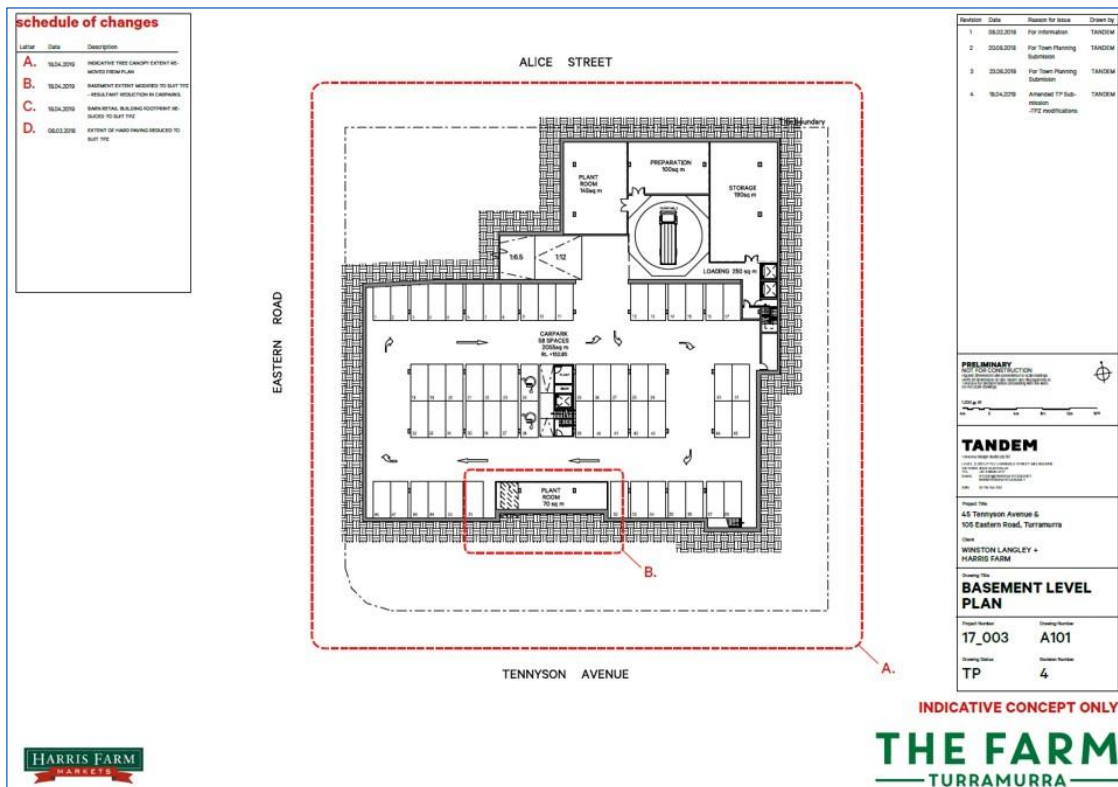


Figure 4—Site plan - basement



Source: Tandem Design Studio

3

Existing centres

3.1 Overview

The hierarchy of centres in the Ku-ring-gai council area is expressed through the LEP and the application of two business zones, namely:

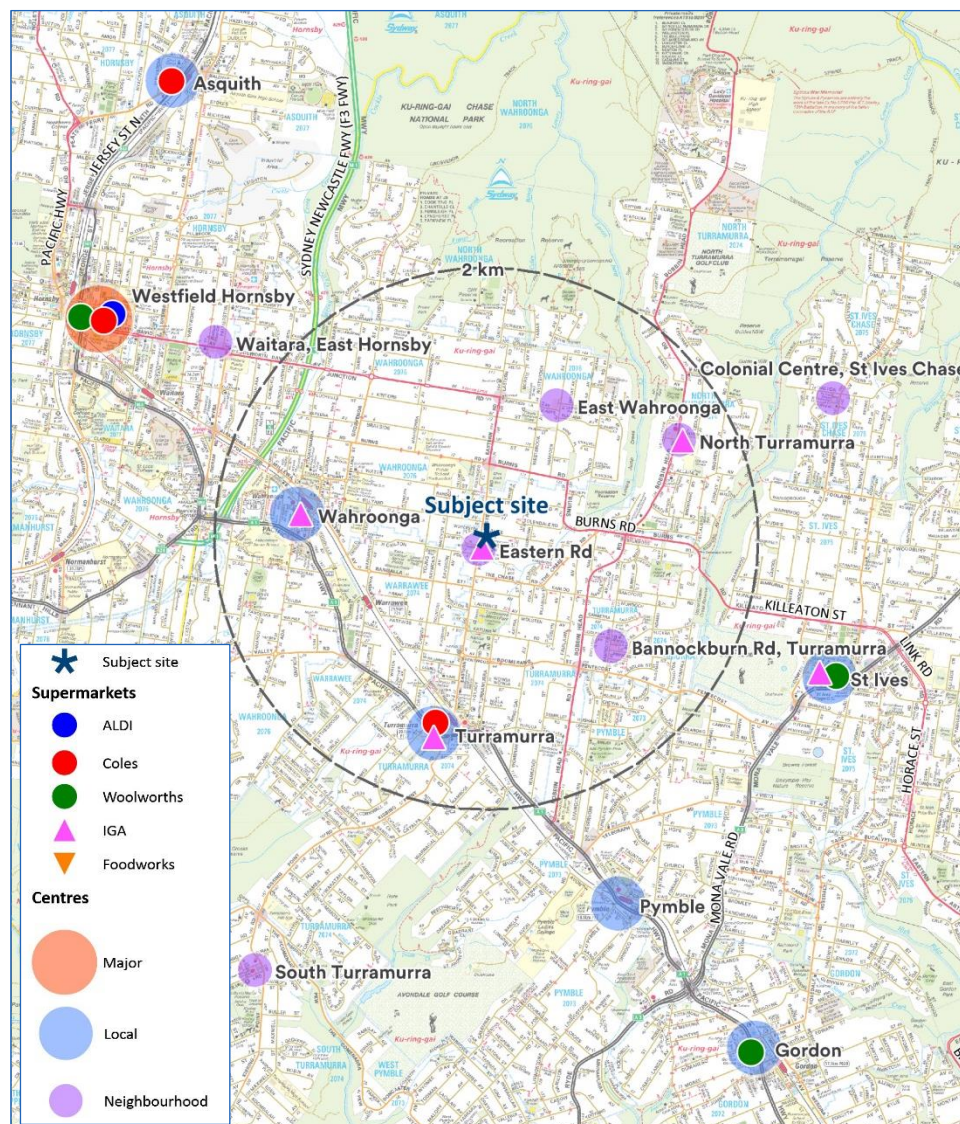
- The 'Local Centre' (B2) zone which is applied to the five centres of Turramurra, Wahroonga, Pymble, Gordon and Lindfield along the Pacific Highway corridor and to St Ives on Mona Vale Road. The objectives of the Local centre zone are to provide for the needs of people who live in, work in and visit the area, to encourage employment, maximise public transport use, provide for housing close to services and encourage mixed use buildings.
- The 'Neighbourhood Centre' (B1) zone which is applied to the lower tier of centres where the objective is to provide small scale retail, business and community uses that serve the needs of people who live or work in the surrounding neighbourhood. Mainly situated off major roads and away from public transport hubs, neighbourhood centres in the northern part of Ku-ring-gai include Eastern Road Turramurra, East Wahroonga, North Turramurra, St Ives Chase and Bannockburn Road Turramurra.

The pattern of local and neighbourhood centres in north Ku-ring-gai is shown in Figure 5 superimposed with supermarket locations.

Outside Ku-ring-gai, Hornsby Town Centre is classified as a Major Centre, Asquith as a Local Centre and East Hornsby as a neighbourhood centre.

Figure 5—Centres hierarchy

Deep End Services; Kuring-gai Council; Ausway



An inventory of existing ground floor retail premises in the area was undertaken in June 2017 to establish the size, tenancy mix and vacancy level of existing centres.

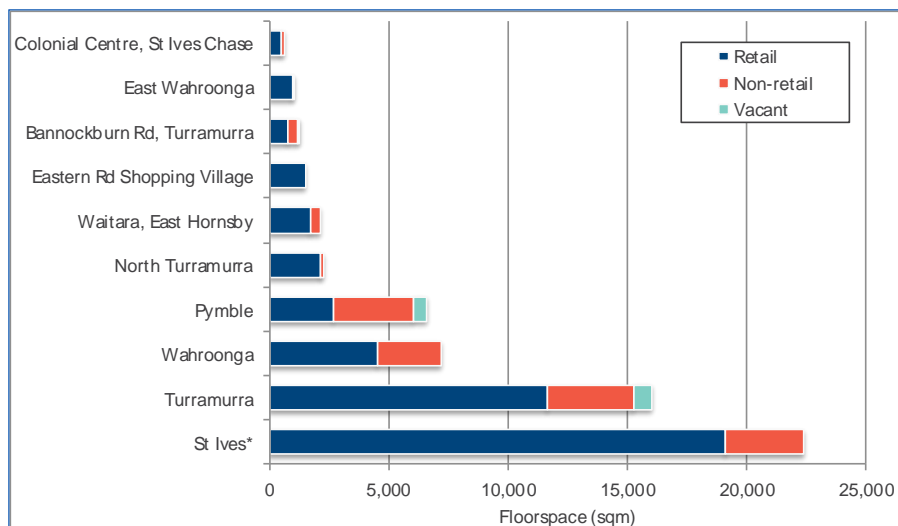
Table 1 and Figure 6 summarise the retail, non-retail and vacant floorspace in nearby centres that could compete with, or could be potentially affected by, the proposed development at Eastern Road, Turrumurra. Floorspace data for the larger Westfield Hornsby, St Ives and Turrumurra Plaza is sourced from the latest Property Council Shopping Centre directory. Floorspace estimates were drawn from field notes and inspections, measurement of aerial images and existing data held by this office on major retailers in the area.

Table 1—Centres floorspace

Retail area	Smkts, Food & Liquor	Rest/ Caf�/ Takeaway	Non-food & services	Total retail	Non- retail	Vacant	Total floorspace	Vacant % of total	Major tenants
<u>Major centre</u>									
Westfield Hornsby	12,484	3,783	69,659	85,926	15,589	207	101,722	0.2%	DJs, Myer, Target, Kmart, ALDI, Coles, Woolworths
<u>Local centres</u>									
Turrumurra	2,991	2,925	5,753	11,669	3,639	766	16,074	4.8%	Coles, IGA
St Ives*	7,581	3,234	8,321	19,137	3,316	-	22,453	0.0%	Woolworths, Supa IGA
Wahroonga	846	1,532	2,165	4,543	2,688	-	7,231	0.0%	IGA
Pymble	390	785	1,490	2,665	3,420	487	6,572	7.4%	-
<u>Neighbourhood centres</u>									
Eastern Rd Shopping Village	1,147	140	225	1,512	-	-	1,512	0.0%	IGA
Bannockburn Rd, Turrumurra	525	170	85	780	410	80	1,270	6.3%	-
North Turrumurra	847	812	492	2,150	140	-	2,290	0.0%	IGA
Colonial Centre, St Ives Chase	306	106	106	519	106	-	625	0.0%	-
East Wahroonga	305	355	310	970	100	-	1,070	0.0%	IGA Xpress
Waitara, East Hornsby	1,210	240	270	1,720	410	-	2,130	0.0%	-
Total	28,632	14,082	88,877	131,591	29,818	1,540	162,949	0.9%	

*Includes St Ives Shopping Village and St Ives shopping strip
Source: Deep End Services June 2017 survey

Figure 6—Floorspace mix



*Includes St Ives Shopping Village and St Ives shopping strip
Source: Deep End Services; Property Council of Australia

3.2 Neighbourhood Centres

The five small neighbourhood centres in Ku-Ring-Gai within a 2.5 km radius of the site all have relatively strong tenancy profiles, low vacancy rates and visible signs of refurbished and improved tenancies.

3.2.1 Eastern Road Shopping Village Turramurra

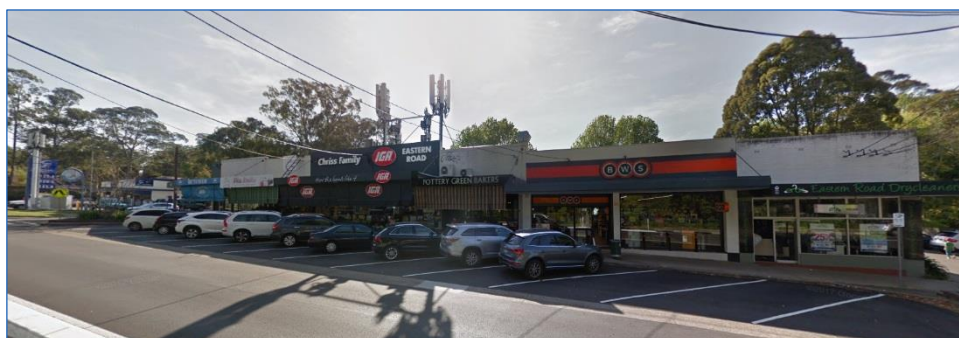
The small strip of seven shops occupies a central location in the broader residential area of north Ku-ring-gai. The main Turramurra centre is 1.3 km south along Eastern Road while the Wahroonga local centre is a similar distance to the west.

Eastern Road is an important north-south local distributor road where the centre benefits from a steady flow of passing traffic including commuters and residents moving between the Pacific Highway at Turramurra and local east-west road connections to St Ives and Hornsby. The centre is close to local schools, reserves and playing fields and has a child care centre on adjoining land.

These attributes and an affluent local population base have underpinned a strong and stable tenancy mix of well-presented businesses including a small refurbished IGA (approx. 570 sqm), BWS liquor store, dry cleaner, cafe, chemist, butcher and green grocer. The fully occupied retail floorspace at Eastern Road is measured at approximately 1,512 sqm.

The centre has angle parking (12 spaces) on the east side of Eastern Road against the shops and off-street parking off the laneway to the south of the shops for a further 30 vehicles.

The existing service station and nursery (which are subject to this proposal) lie directly north of the centre and whilst not within the Neighbourhood Centre zone are functionally and visually part of the Eastern Road centre.

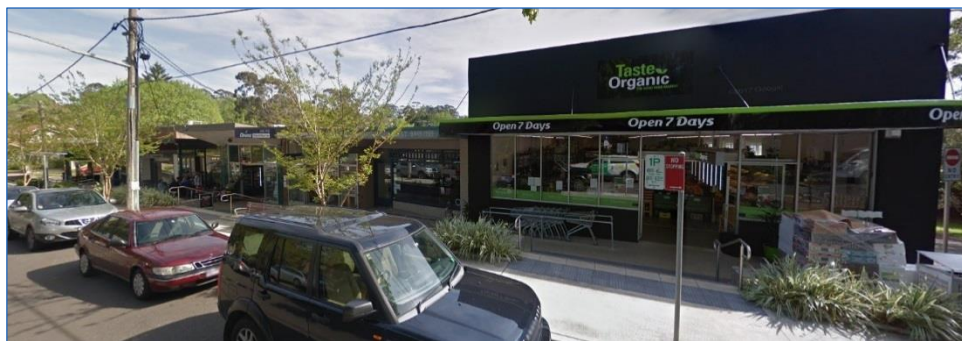


3.2.2 Bannockburn Road Turramurra

This small but active shopping strip comprises 10 tenancies and is similar in size to the Eastern Road strip. The strip is embedded in the residential area east of Bobbin Head Road, 1.5 km by road east of the Eastern Road site.

The neighbourhood centre has total floorspace of 1,270 sqm which includes a 260 sqm Taste Organic fresh food and grocery store. Despite its location in a quiet residential area, the centre supports other specialty food shops, a café, restaurant and liquor store. Other services include a hairdresser, real estate agent and veterinary clinic. A child care centre is situated on Bannockburn Road behind the centre. New landscaping and paving has been recently undertaken by Council improving the local amenity of the footpath area outside the shops.

The broad array of retail and services in this small centre with just local street frontages and a small, confined catchment underlines the demand for retailing in this area, the higher than average spending capacity of residents and, to some extent, a lack of choice and low convenience in the larger, local centres along the Pacific Highway. It is the only neighbourhood centre surveyed in the broader area with a vacant tenancy (80 sqm).



3.2.3 North Turramurra

North Turramurra (2.1 km north-east of the Eastern Road site) is the largest of the five neighbourhood centres in north Ku-ring-gai with strip retailing lining both sides of Bobbin Head Road. The centre has a captive local market of 4,500 people on the narrow ridge line north of Burns Road, surrounded by the national park. The 21 premises (all occupied) offer a good range of food and personal services and cafes and restaurants (8) which give the centre a unique leisure and entertainment ambience, not so evident in other smaller centres. The total retail and services floorspace is approximately 2,290 sqm.

The centre has a small, refurbished IGA supermarket of approximately 400 sqm which is complemented by a butcher, bakery and fruit shop. Traffic and custom is also generated by the adjoining Turramurra North Public School, several retirement villages which provide daily business for the local cafes, a golf course and hospital further north on Bobbin Head Road.



3.2.4 Colonial Centre, St Ives Chase

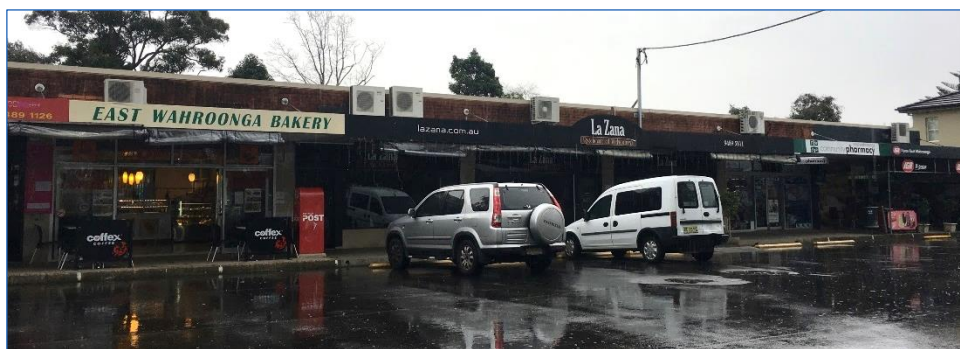
The Colonial Centre on Warrimoo Avenue serves the narrow urban peninsula of St Ives Chase, jutting north into the national park. The centre is small, comprising a single stand-alone retail building (625 sqm) which is fully leased to a convenience store, medical centre, bottle shop, restaurant and pharmacy. It has an off-street car park to the front with 25 spaces and an adjoining auto repairs business in a former Caltex fuel station.

The centre operates in a distinct and isolated local catchment, 4.2 km by road from the Eastern Road centre and is much closer to the main St Ives centre, located 2.3 km south.



3.2.5 East Wahroonga

The East Wahroonga neighbourhood centre is 1.5 km by road north of the Eastern Road site. The centre is situated in a quiet residential area at the corner of Hampden Avenue and Gladys Avenue, both local streets in the far northern area of Ku-ring-gai, close to the national park. The centre has nine tenancies including a pharmacy, two restaurants, bakery, newsagent, liquor store, professional office and dentist. A small IGA X-press of around 150 sqm anchors the group of shops which is set back from Hampden Street with a large off-street car park.

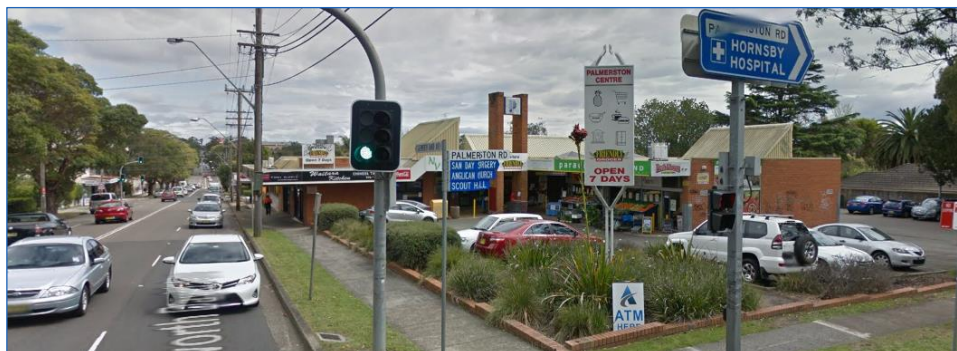


3.2.6 Waitara, East Hornsby

The small fully occupied 2,130 sqm neighbourhood centre at East Hornsby (Waitara) is located at the corner of Edgeworth David Avenue and Palmerston Road, 700 metres west of the F3.

The centre has 12 retail and service tenancies with the largest being a grocery store (Waitara Friendly Grocer) and a separate large bottle shop.

The small group of retail buildings has a main road frontage with high levels of passing traffic to and from Westfield Hornsby and other parts of the Hornsby centre which is 900 metres to the west. The F3 marks a physical and demographic shift between Wahroonga and Turramurra to the east and Hornsby to the west.



3.3 Local centres

3.3.1 Turrumurra

Turrumurra is a large but fragmented local centre which straddles the railway infrastructure and Pacific Highway with three distinct precincts:

- The local shopping area on the north side of Rohini Street and Pacific Highway, north of the railway line. The retail area opposite the railway station has a mix of food, personal services, cafes, restaurants and banks. There is a cluster of community health, senior citizens, and church and child care facilities in and around the centre.
- The central Ray Street / Forbes Lane area between the railway line and Pacific Highway which includes a small and dated freestanding Coles supermarket (approx. 1,650 sqm), low intensity retailing on the highway, some offices and Council library. This small, tightly configured precinct with railway parking area can only be accessed from Pacific Highway.
- On the south side, some limited retailing on the highway either side of Turrumurra Plaza, an enclosed mall-based centre (2,700 sqm) developed in 1993 which now has a Supa IGA (1,300 sqm) and 12 specialty shops. The centre opens out to the highway and is cantilevered over an under-croft car park with 150 car bays. In view of the major rail and road barriers, the catchment for this centre would be heavily oriented to Turrumurra, south of the highway, where the centre can be accessed from the local street network.

Overall, the Turrumurra centre has some 98 ground-level retail and service premises or 16,074 sqm. There were only four vacancies recorded amounting to about 766 sqm or 4.8% of the total centre.



In February 2017, Council adopted the Turrumurra Community Hub Masterplan and resolved to reclassify and rezone Council-owned land south of Turrumurra Station to facilitate the Masterplan. The reclassification and rezoning came into effect in September 2017. Based on Council's website, expressions of interest for delivery of the Masterplan were to be called for in 2018 with construction expected in 2020/21. The last recorded update indicates Council was proceeding to prepare a business case to support the Master Plan.

The Masterplan provides for:

- A Community Building comprising a Community Centre and Branch Library with a minimum building area of 3,000 sqm
- Open space up to 2,780sqm
- Town Square – 2,300 sqm
- Residential – 18,600 sqm
- Retail of 6,360 sqm inclusive of a new Coles supermarket (approx. 3,500 sqm) replacing the existing Coles (approx. 1,650 sqm)
- Streetscape improvements to Forbes Lane, Ray Street and William Street

When it eventuates, the project will be a long overdue improvement to the Turrumurra centre. Coles will more than double its floor area with other supporting shops, restaurants and cafes and community services.

3.3.2 St Ives

The St Ives local centre is situated 3.6 km east of the Eastern Road site on Mona Vale Road. The major element is St Ives Shopping Village, a 2-level mall-based centre of 16,750 sqm which includes Woolworths (3,200 sqm), Romeo's Supa IGA (2,080 sqm), Harris Farm Markets and 110 specialty shops.

The initial stage of the centre was developed in 1960 and has been successively expanded and refurbished to its current form. It is a busy and strong-performing centre with 5.5 million pedestrians per annum and annual sales by reporting retailers of \$222m – resulting in a high, average sales per sqm of \$16,844. These trading levels rank St Ives Village third out of 145 peer group centres of its type in Australia.

The centre has some high-quality specialty food retailers clustered around Woolworths at the eastern end of the centre and around Supa IGA on level 1.

As our inspection for this study (and others) revealed, the centre is trading so strongly that the 1,050 car bays are heavily used and shoppers experience congestion and a shortage of parking during peak and other daily periods.

Outside the main centre there is some 43 retail premises on Mona Vale Road, Denley Lane and Village Green Parade. In total, St Ives has an estimated 22,453 sqm of retail and services floorspace with no apparent vacant tenancies in or outside the main centre.



3.3.3 Pymble

The local centre at Pymble is 4.1 km south of the Eastern Road site. The business centre straddles the Pacific Highway and railway line which intersect and cross each other at a rising point on the highway. The local retail precinct stretching along the north side of the highway and continuing along Grand View Street opposite the railway station, has a limited retail mix with a high proportion of non-retail uses, services, offices and low intensity businesses attracted to the high exposure and passing traffic.

Fresh food and grocery options include a milk bar, green grocer, and patisserie / café and liquor store.

A second, smaller group of shops is isolated in a narrow strip between the railway line and Pacific Highway. The 12 shops here are occupied by services, offices and low scale retailers.

Overall, the Pymble centre has approximately 6,572 sqm of retail-type tenancy space with a high 59% occupied by non-retail uses – the highest of all centres surveyed.



3.3.4 Wahroonga

Wahroonga’s compact and vibrant strip centre is located on Railway Avenue and Redleaf Avenue between the highway and railway line. The strip is surrounded by seven school campuses and various local leisure and community facilities.

The ‘village style’ centre has an upmarket image with numerous cafes and restaurants, small homewares and clothing boutiques and a range of personal, health and wellbeing services. The 65 retail tenancies surveyed (or 7,231 sqm) had no recorded vacancies.

Food and grocery retailing is limited to a small 470 sqm IGA supermarket (which has no immediate on-site parking), three bakeries, a butcher and liquor store. The centre thrives on its compact form with good connections over the rail line to the north and direct signalised access across the highway from the south into an affluent local catchment. It has a large central off-street car park which serves the centre.



3.4 Conclusions

The small neighbourhood centres located through the residential areas of north Ku-ring-gai appear particularly strong with close to full occupancy levels, reinvestment in older tenancies and a much higher 'shop' component than would normally be found in centres of this type.

The strength of the smaller neighbourhood centre tier – often found to be the weakest in metropolitan areas – is attributed to a range of interrelated factors including:

- Very high household and disposable incomes in the broader area around the surveyed centres.
- The fragmented land use and retailing pattern of the larger centres on the highway which are difficult to access, have limited or disconnected parking and have limited specialty food offerings which can be reached in a compact and accessible area.
- Neighbourhood centres offering small, specialty food retailers which are comparable or at least more convenient than those in the larger, fragmented centres.

Despite the structural issues at some centres and the relatively poor aspect and external environment of some centres (e.g. highway noise, limited parking etc.), vacancy levels are extremely low indicating an under supply of retail floorspace in the area.

There has been little or no change to the overall supply and quality of retail floorspace in the surveyed centres for many years due to the constraints imposed by existing land use, heritage buildings, topography and road and rail infrastructure.

4

Trade area analysis

4.1 Trade area definition

In view of the geography, road networks and the distribution and quality of existing centres across north Ku-ring-gai, the likely catchment characteristics for the small Eastern Road centre are likely to be:

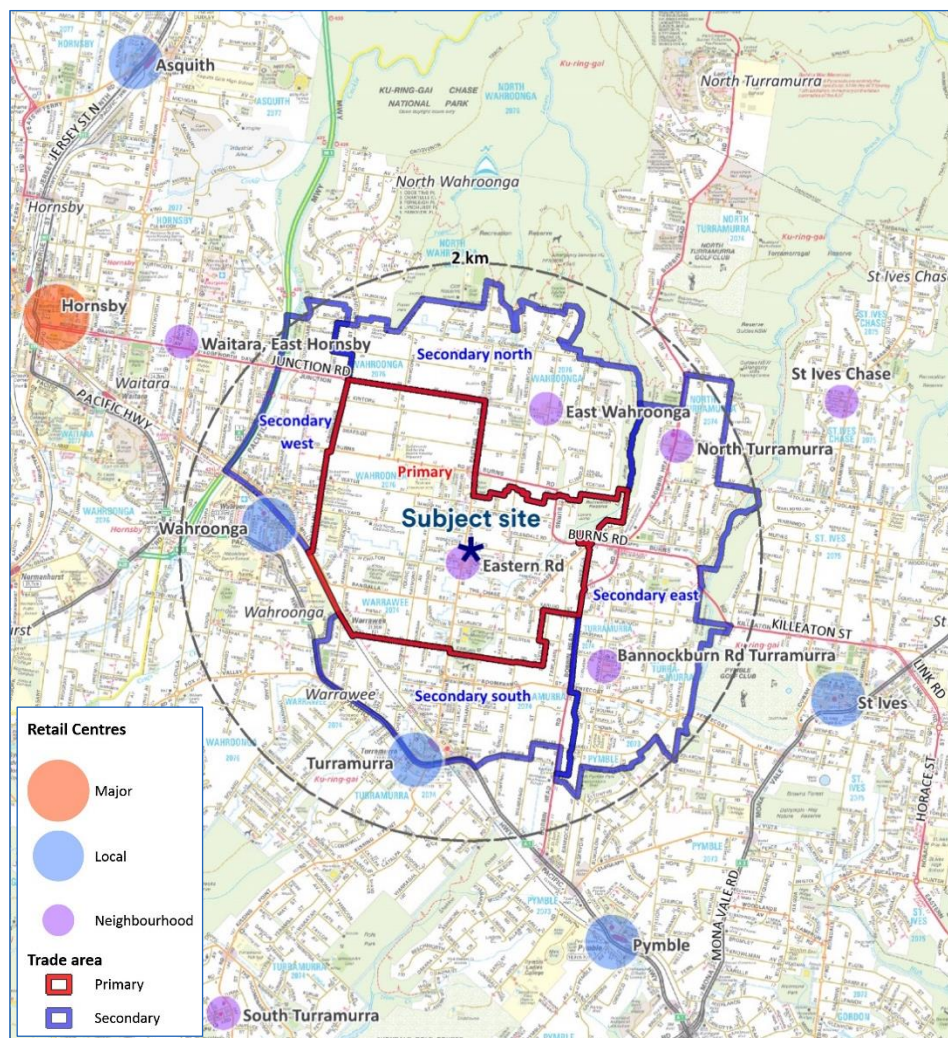
- Contained within a 2km radius of the site, north of the Pacific Highway; and
- Drawing strongly from a more localised area, influenced by its position on Eastern Road and the ease of access to the surrounding residential neighbourhood.

The trade area shown in Figure 7 has been amended, as requested by Council, based on a review of the original trade area by Hill PDA. The trade area contains:

- A primary sector covering parts of Turramurra, Wahroonga and Warrawee north of the railway line and extending to Junction Road (north-west) and Burns Road (north-east). The sector extends no further than 1.4 km from the site and allows for the local influence of the East Wahroonga centre.
- A secondary north sector which extends to the Ku-ring-gai Chase National Park and includes the East Wahroonga centre.
- A narrow secondary east sector between Bobbin Head Road and the Terramerragal Reserve, up to 2 km from the site. Access to the site is provided via Burns Road and Pentecost Avenue.
- A secondary south sector over part of Turramurra, extending to Pacific Highway and the Turramurra Local Centre.
- A secondary west sector parallel and east of the F3 and up to the Wahroonga railway station. Residents in this sector are likely to use Hornsby as the first retail option, although access to the proposed site is convenient via Burns Road and Junction Road.

Figure 7—Trade area

Source: Deep End Services; Ausway



4.2 Regional population growth

The Ku-ring-gai local government area had an estimated resident population of 123,140 at June 2016. Growth of 1.4% per annum between 2011 and 2016 was slightly lower than the metropolitan Sydney average of 1.8% per annum.

The most recent NSW Government Planning & Environment population projections (2016) indicate an easing of the forecast growth rate in Ku-ring-gai to 1.1% per annum (or 1,470 people per annum) between 2016 and 2026. The population of Ku-ring-gai is therefore forecast to increase by around 15,000 people to reach 137,800 by 2026.

4.3 Trade area population

The primary trade area has an estimated 4,594 people in 2017 with 12,754 people in the four secondary sectors (refer Table 2). The total catchment is estimated at 17,348 people, having increased by 220 people (or 0.2% per annum) since 2011.

Population projections are based on the latest Local Government Area (LGA) forecasts produced by the NSW Government Planning and Environment department in 2016 and recent trends in dwelling activity in the trade area. The trade area is a small sub-set of the Ku-ring-gai LGA with population growth anticipated to be generally higher elsewhere in the LGA.

Overall, the trade area is projected to grow by 990 people to 18,338 people by 2026, averaging 0.6% per annum. This is similar to historic growth trends.

Table 2—Trade area population

Source: Deep End Services; ABS; NSW Government Dept of Planning & Environment

Catchment area sector	2011	2016	2017	2020	2023	2026
<u>Population</u>						
Primary	4,546	4,579	4,594	4,639	4,684	4,729
Secondary north	3,633	3,523	3,533	3,563	3,578	3,593
Secondary east	4,460	4,479	4,493	4,523	4,553	4,583
Secondary south	3,130	3,215	3,219	3,339	3,429	3,504
Secondary west	1,358	1,499	1,509	1,709	1,839	1,929
Total secondary	12,581	12,716	12,754	13,134	13,399	13,609
Total	17,127	17,295	17,348	17,773	18,083	18,338
<u>Population growth (No. per annum)</u>						
Primary	-	7	15	15	15	15
Secondary north	-	-22	10	10	5	5
Secondary east	-	4	14	10	10	10
Secondary south	-	17	4	40	30	25
Secondary west	-	28	10	67	43	30
Total secondary	-	27	38	127	88	70
Total	-	34	53	142	103	85
<u>Population growth (% per annum)</u>						
Primary	-	0.1%	0.3%	0.3%	0.3%	0.3%
Secondary north	-	-0.6%	0.3%	0.3%	0.1%	0.1%
Secondary east	-	0.1%	0.3%	0.2%	0.2%	0.2%
Secondary south	-	0.5%	0.1%	1.2%	0.9%	0.7%
Secondary west	-	2.0%	0.7%	4.2%	2.5%	1.6%
Total secondary	-	0.2%	0.3%	1.0%	0.7%	0.5%
Total	-	0.2%	0.3%	0.8%	0.6%	0.5%

4.4 Population characteristics

Demographic data from the 2016 Census is provided in Table 3. The primary sector is characterised by:

- A high proportion of 'family' households (65%) compared to Sydney (49%) reflecting the dominant character of the residential area with large, detached dwellings (95%). The average household size of 3.26 persons is well above the Sydney average (2.78).
- An older age profile, with 37% aged over 50 years (Sydney 31%) and an average age of 38.3 years (vs 37.6 for Sydney).
- Very high average household income levels which are 70% above the Sydney average (refer Figure 8).
- 50% of dwellings are fully owned (vs 30% for Sydney) and motor vehicle ownership is high with 76% of households owning two or more vehicles (vs 50% for Sydney).

The primary sector is the most affluent of the five sectors. While there are variations between sectors, the overall trade area still reflects an older, established family area with high household incomes and home ownership levels. A high proportion of residents have a strong North-West European heritage and are Australian-born, whilst residents born in England and South Africa are also over represented.

Table 3—Trade area characteristics

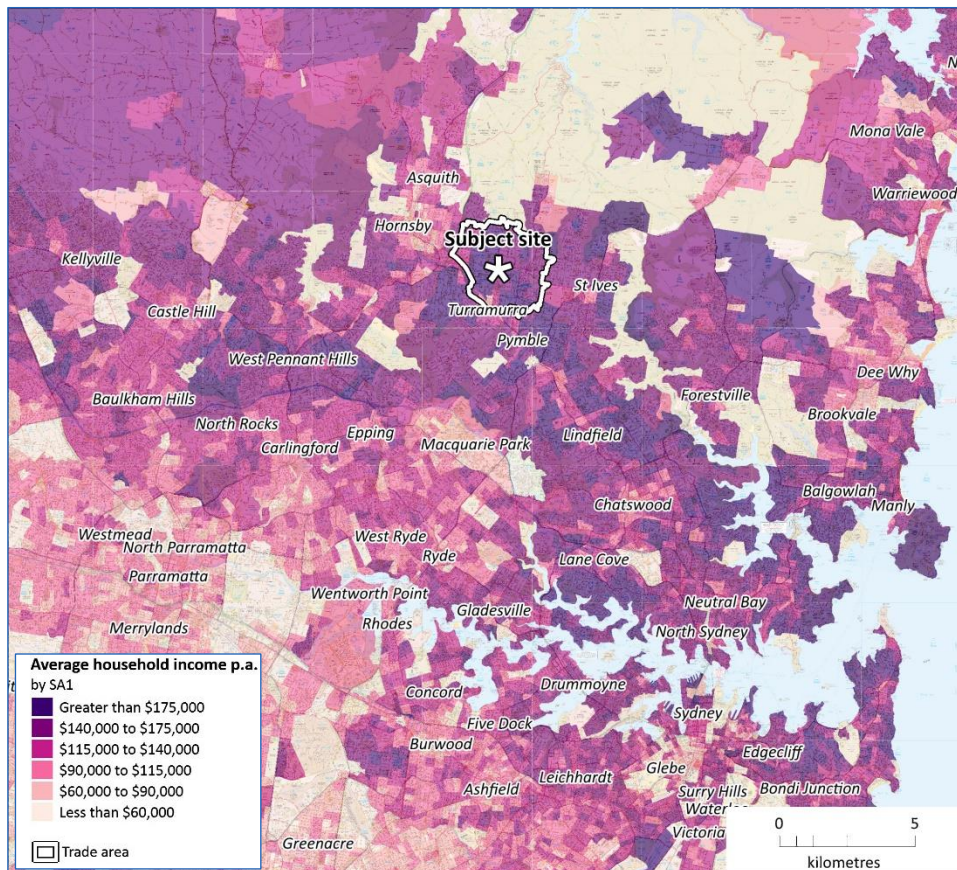
Source: Deep End Services; ABS

Demographic characteristic (2016 Census)	Primary	Secondary north	Secondary east	Secondary south	Secondary west	Total catchment	Sydney
Persons and dwellings							
Usual resident population	4,689	3,407	4,326	3,110	1,451	16,983	4,823,991
Total private dwellings	1,513	1,189	1,478	1,325	568	6,073	1,855,169
- % unoccupied	7%	7%	6%	7%	8%	7%	7%
Average household size ⁽⁵⁾⁽⁷⁾	3.26	3.09	3.12	2.53	2.70	2.98	2.78
At same address: ⁽¹⁾							
- 1 year ago	89%	89%	90%	84%	87%	88%	84%
- 5 years ago	62%	67%	67%	51%	54%	61%	57%
Economic indicators							
Participation rate ⁽²⁾	57%	63%	64%	57%	57%	60%	62%
Unemployment rate ⁽²⁾	4.2%	4.7%	3.8%	4.4%	3.5%	4.2%	6.0%
White collar workers ⁽²⁾	77%	76%	75%	76%	75%	76%	56%
Bachelor degree or higher ⁽²⁾⁽³⁾	48%	46%	47%	48%	44%	47%	28%
Age group							
0-9	11%	11%	14%	10%	11%	11%	13%
10-19	22%	17%	16%	13%	16%	17%	12%
20-34	12%	12%	12%	15%	13%	13%	23%
35-49	18%	19%	22%	18%	19%	19%	21%
50-64	21%	23%	19%	21%	18%	21%	17%
65+	16%	18%	17%	24%	24%	19%	14%
Average age	38.3	40.9	38.9	43.9	42.9	40.4	37.6
Annual household income ⁽¹⁾⁽³⁾⁽⁵⁾							
<\$33,800	5%	9%	8%	14%	10%	9%	17%
\$33,800 - \$78,200	15%	17%	17%	18%	24%	17%	27%
\$78,200 - \$130,300	14%	17%	16%	21%	20%	17%	25%
\$130,300 - \$182,400	10%	14%	14%	10%	10%	12%	14%
>\$182,400	55%	44%	45%	37%	36%	45%	18%
Average household income	\$186,771	\$164,026	\$167,242	\$146,023	\$144,019	\$164,555	\$110,026
Variation from Sydney average	70%	49%	52%	33%	31%	50%	-
Average household loan repayment	\$44,293	\$41,539	\$40,555	\$38,100	\$36,126	\$40,968	\$29,581
Average household rent payment	\$52,391	\$44,544	\$43,874	\$31,950	\$34,826	\$38,325	\$24,226
Country of birth ⁽¹⁾							
Australia	67%	64%	67%	61%	62%	65%	61%
England	8%	7%	7%	7%	6%	7%	3%
China	7%	4%	4%	6%	6%	5%	5%
South Africa	3%	5%	4%	2%	2%	4%	1%
New Zealand	2%	2%	2%	3%	2%	2%	2%
India	1%	2%	2%	3%	2%	2%	3%
Other	12%	15%	14%	17%	19%	14%	25%
Top 4 regions of ancestry ⁽¹⁾⁽⁴⁾⁽⁸⁾							
North-West European	73%	72%	72%	72%	69%	72%	49%
Oceanian	31%	30%	32%	26%	28%	30%	28%
North-East Asian	16%	12%	15%	19%	19%	16%	13%
Southern and Eastern European	9%	9%	9%	7%	8%	9%	15%
Occupied private dwelling tenure ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾							
Fully owned	50%	50%	47%	44%	48%	48%	30%
Being purchased	43%	41%	42%	30%	36%	39%	34%
Rented	7%	9%	11%	26%	16%	13%	35%
Dwelling type ⁽¹⁾⁽⁴⁾⁽⁷⁾							
Separate house	95%	94%	92%	49%	63%	81%	57%
Townhouse/semi-detached	2%	1%	5%	2%	7%	3%	14%
Apartment	3%	5%	2%	49%	30%	16%	28%
Household composition ⁽⁴⁾⁽⁵⁾							
Couples with children	57%	53%	57%	37%	41%	50%	38%
Couples without children	25%	28%	23%	26%	29%	25%	24%
One parent family	8%	8%	6%	7%	8%	7%	11%
Lone person	10%	12%	14%	29%	22%	17%	22%
Group	0%	0%	0%	1%	0%	1%	5%
Motor vehicle ownership per dwelling ⁽¹⁾⁽⁵⁾							
None	1%	2%	2%	11%	4%	4%	11%
One	23%	24%	25%	41%	38%	29%	38%
Two	47%	50%	49%	33%	39%	45%	34%
Three or more	28%	24%	24%	15%	18%	22%	16%

Figure 8—Average household income – 2016

- Notes:
- (1) Excludes not stated
- (2) 15 years and over
- (3) Excludes inadequately described and/or partially stated
- (4) Excludes other
- (5) Occupied private dwellings
- (6) Includes visitor only households
- (7) Excludes visitor only households
- (8) Multi-response question; total sums to >100%

Source: ABS, Deep End Services



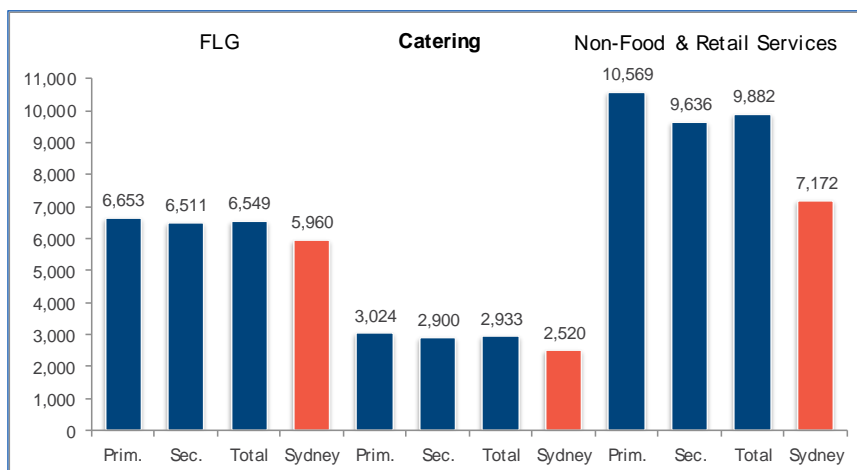
4.5 Retail spending

Per capita spending levels for the Turramurra trade area against the Sydney average are set out in Figure 9. It shows spending on Food, Liquor and Groceries (FLG) in the catchment (\$6,549 per capita) is 9.9% higher than the Sydney average. The per capita spending in the primary is 11.6% above average.

Similarly, spending on Catering which includes restaurants and take-away food (+16.4%) and the discretionary Non-Food & Retail Services (+37.8%) are well above average. Overall, spending on retail goods and services in the trade area is 23.7% above the Sydney average.

Figure 9—Per capita spending rate comparison (2017)

Source: Deep End Services; MDS (MarketInfo); Deloitte Access Economics



Combining population estimates with per capita spending levels generates the retail spending market for each of the major product groups for 2016/17 and forecasts for subsequent years (refer Table 4).

The catchment area generated \$112.7 million in FLG spending, \$50.5 million in Catering and \$170.1 million in Non-Food and Retail Services in 2017. The total expenditure market in 2017 was \$333.2 million.

With moderate population growth across the catchment, the retail spending market is forecast to grow by \$45.5 million by 2026 to \$378.7 million (in constant 2017 dollars). FLG will account for 34% of the growth with a projected increase of \$15.4 million, bringing the market to \$128.1 million by 2026.

Deep End Services sources per capita growth rates in retail spending from a subscription service provided by Deloitte Access Economics. The Hill PDA peer review of an earlier version of this report and Council's endorsement of those findings, requested a lower per capita rate be applied of less than 1%. The average revised rate across all categories from 2017 to 2026 is now 0.8% per annum.

The spending growth rates in Table 4 include population change in each sector and per capita growth in spending.

Table 4—Trade area spending estimates

Source: Deep End Services; ABS; MDS; Deloitte Access Economics

Spending category	Spending market (\$m)				Average change (%pa)		
	2017	2020	2023	2026	2017-20	2020-23	2023-26
<u>FLG</u>							
Primary	30.3	31.4	32.4	33.5	1.1%	1.1%	1.1%
Total secondary	82.4	86.9	90.8	94.5	1.8%	1.5%	1.3%
Total	112.7	118.3	123.3	128.1	1.6%	1.4%	1.3%
<u>Catering</u>							
Primary	13.8	14.3	14.7	15.2	1.1%	1.1%	1.1%
Total secondary	36.7	38.8	40.5	42.2	1.9%	1.5%	1.4%
Total	50.5	53.0	55.3	57.4	1.7%	1.4%	1.3%
<u>Non-Food & Retail Services</u>							
Primary	48.2	49.8	51.5	53.3	1.1%	1.1%	1.1%
Total secondary	121.9	128.7	134.5	140.0	1.8%	1.5%	1.3%
Total	170.1	178.5	186.0	193.2	1.6%	1.4%	1.3%
<u>Total</u>							
Primary	92.3	95.4	98.7	102.0	1.1%	1.1%	1.1%
Total secondary	241.0	254.4	265.9	276.7	1.8%	1.5%	1.3%
Total	333.2	349.8	364.6	378.7	1.6%	1.4%	1.3%

5

Economic impact assessment

The analysis and findings are presented as a series of sequential steps including:

- Projected retail turnover for The Farm development at Eastern Road in the assumed first year of operation (2020);
- Estimated sales and market share of existing shops at Eastern Rd Shopping Village in 2020 followed by the same metrics for The Farm and the Eastern Road shops, post development. The information is provided in this form at the request of Hill PDA to show all existing retailers in the PTA in the supply and demand assessment;
- In Table 7, projected sales redirected from competing centres to The Farm are modelled and expressed in dollar and percentage terms. It also shows, at the request of Council, the cumulative impacts of the Turrumurra Hub development which is likely to be developed later than The Farm; and
- New employment and other positive benefits from the proposed development.

5.1 Projected sales

Projected sales for the proposed retail premises (The Farm) are assessed at \$15.9 million in 2020 (constant \$2017) or \$10,292 per sqm (refer Table 5). Tenants for the two specialty shops cannot be confirmed until an active marketing program commences however a fish/poultry and florist/café/nursery could be well-suited to this layout. A conservative sales rate of \$7,130 per sqm is applied, resulting in a sales projection of \$3.9 million per annum for the two shops.

Table 5—The Farm,
projected sales (2020)

Source: Deep End
Services

Tenancy	Floorspace (sqm GLA)	Sales 2019/ 20 \$m (constant \$2017)	Trading level (\$/sqm)
Fresh food	1,000	12.0	\$12,000
Specialty shops	540	3.9	\$7,130
Total Retail	1,540	15.9	\$10,292

Table 6 shows the projected sales in the form of market shares of available retail spending by catchment area residents in 2020. By broad product group, The Farm development should attract only 10.5% of FLG expenditure, 1.2% of Catering spending and just 0.7% of Non-Food & Retail Services spending. These are relatively small shares which are proportional to the size of the development and its tenancy mix.

In addition to spending from permanent trade area residents, The Farm development could expect to generate approximately 10% of sales from customers originating from outside the trade area.

Table 6—Eastern Road, Turramurra projected sales and market shares, 2020

Source: Deep End Services

Catchment area sector	Spending (\$m 2019/20)				Market share (%)				Turnover (\$m)			
	FLG	Cat.	NF & Serv.	Total Retail	FLG	Cat.	NF & Serv.	Total Retail	FLG	Cat.	NF & Serv.	Total Retail
The Farm												
Primary	31.4	14.3	49.8	95.4	22.9%	2.6%	1.4%	8.6%	7.2	0.4	0.7	8.2
Secondary	86.9	38.8	128.7	254.4	6.1%	0.7%	0.4%	2.4%	5.3	0.3	0.5	6.0
Total catchment area	118.3	53.0	178.5	349.8	10.5%	1.2%	0.7%	4.1%	12.5	0.6	1.2	14.3
Beyond trade area (% sales)					10.0%	10.0%	10.0%	10.0%	1.4	0.1	0.1	1.6
Total									13.8	0.7	1.3	15.9
Eastern Rd Shopping Village - no change												
Primary	31.4	14.3	49.8	95.4	18.8%	4.2%	2.9%	8.3%	5.9	0.6	1.4	7.9
Secondary	86.9	38.8	128.7	254.4	5.8%	1.3%	1.0%	2.7%	5.1	0.5	1.2	6.8
Total catchment area	118.3	53.0	178.5	349.8	9.3%	2.1%	1.5%	4.2%	11.0	1.1	2.7	14.8
Beyond trade area (% sales)					9.0%	9.0%	9.0%	9.0%	1.1	0.1	0.3	1.5
Total									12.1	1.2	2.9	16.2
Eastern Rd Shopping Village - post The Farm												
Primary	31.4	14.3	49.8	95.4	17.9%	4.0%	2.7%	7.9%	5.6	0.6	1.4	7.6
Secondary	86.9	38.8	128.7	254.4	5.4%	1.2%	0.9%	2.5%	4.7	0.5	1.1	6.3
Total catchment area	118.3	53.0	178.5	349.8	8.7%	2.0%	1.4%	4.0%	10.3	1.1	2.5	13.9
Beyond trade area (% sales)					10.0%	10.0%	10.0%	10.0%	1.1	0.1	0.3	1.5
Total									11.4	1.2	2.8	15.4
Combined Eastern Rd Shopping Village & The Farm												
Primary	31.4	14.3	49.8	95.4	40.8%	6.6%	4.1%	16.5%	12.8	0.9	2.0	15.8
Secondary	86.9	38.8	128.7	254.4	11.5%	1.9%	1.3%	4.9%	10.0	0.7	1.6	12.3
Total catchment area	118.3	53.0	178.5	349.8	19.2%	3.2%	2.1%	8.0%	22.8	1.7	3.7	28.1
Beyond trade area (% sales)					10.0%	10.0%	10.0%	10.0%	2.5	0.2	0.4	3.1
Total									25.3	1.9	4.1	31.3

Estimated sales for the existing Eastern Rd Shopping Village, pre and post The Farm development, are also shown in Table 6 for 2020. By broad product group, the market share for the Eastern Rd Shopping Village could reduce from 8.3% of total retail spending from the primary catchment (pre The Farm) to 7.9% post development. This represents a very small reduction in market share for the existing shops and an overall -5% impact on total sales at the existing centre.

Overall, the shops at Eastern Road, Turramurra (combining The Farm and the existing shops) are forecast to achieve sales of \$31.3 million in 2020. The combined shops should attract a 16.5% share of the primary trade area retail market and an 8.0% share from the total catchment.

5.2 Trading impacts

5.2.1 The Farm

Trading effects are modelled on the overall retail centre and shown in terms of impacts to total sales. It is generally not the role of EIA reports to determine impacts on individual retailers or businesses, as this is not usually a matter that a planning authority or review body would have regard to. The more important consideration is whether the development would result in significant economic impacts to an existing centre that could, for example, cause a significant increase in vacancy rates or economic and retail blight to the extent that the community is not better off – even after the positive effects of the development are considered.

The estimated trading impacts of The Farm (2020) are presented in Table 7. The main centres where the fresh food store and to a lesser extent the specialty shops are likely to draw sales from are those with supermarkets at Turramurra, St Ives and Westfield Hornsby.

Table 7—The Farm and Turramurra Community Hub trading impacts

Centre	Retail floorspace (sqm)				Retail sales (\$m)				Impacts - 2020		Impacts - 2023	
	2017	2020	2023	2017	The Farm		Community Hub		The Farm		Community Hub	
					2020 - no dev.	2020 - post dev.	2023 - no dev.	2023 - post dev.	(\$m)	(%)	(\$m)	(%)
The Farm	-	1,540	1,540	-	-	15.9	16.5	16.1	n/a	n/a	-0.4	-2.5%
Major Centre												
Westfield Hornsby	85,926	85,926	85,926	655.0	678.8	674.7	703.3	697.7	-4.1	-0.6%	-5.6	-0.8%
Local centres												
Turramurra	11,669	11,669	15,979	119.0	123.3	120.9	126.0	145.8	-2.5	-2.0%	n/a	n/a
St Ives*	19,137	19,137	19,137	262.2	271.7	266.5	277.8	271.9	-5.2	-1.9%	-6.0	-2.1%
Wahroonga	4,543	4,543	4,543	44.5	46.1	45.6	47.5	45.2	-0.5	-1.0%	-2.4	-5.0%
Pymble	2,665	2,665	2,665	21.0	21.8	21.6	22.5	22.0	-0.2	-1.0%	-0.4	-2.0%
Neighbourhood centres												
Eastern Rd Shopping Village	1,512	1,512	1,512	15.7	16.2	15.4	16.1	15.5	-0.8	-5.0%	-0.6	-3.5%
Bannockburn Rd, Turramurra	780	780	780	7.0	7.2	7.1	7.4	7.2	-0.1	-2.0%	-0.1	-2.0%
North Turramurra	2,150	2,150	2,150	19.9	20.7	20.3	21.2	21.0	-0.3	-1.6%	-0.2	-1.0%
Colonial Centre, St Ives Chase	519	519	519	5.6	5.8	5.8	6.0	6.0	0.0	-0.4%	0.0	-0.2%
East Wahroonga	970	970	970	8.5	8.8	8.7	9.0	9.0	-0.2	-1.9%	0.0	-0.5%
Waitara, East Hornsby	1,720	1,720	1,720	16.5	17.1	17.1	17.8	17.7	0.0	-0.2%	0.0	-0.2%
Other / beyond trade area	-	-	-	-	-	-	-	-	-1.9	-	-4.0	-
Total	131,591	133,131	137,441	1,175	1,218	1,204	1,271	1,275	-15.9		-19.8	

* Includes St Ives Shopping Village and St Ives shopping strip
Source: Deep End Services

Source: Deep End Services

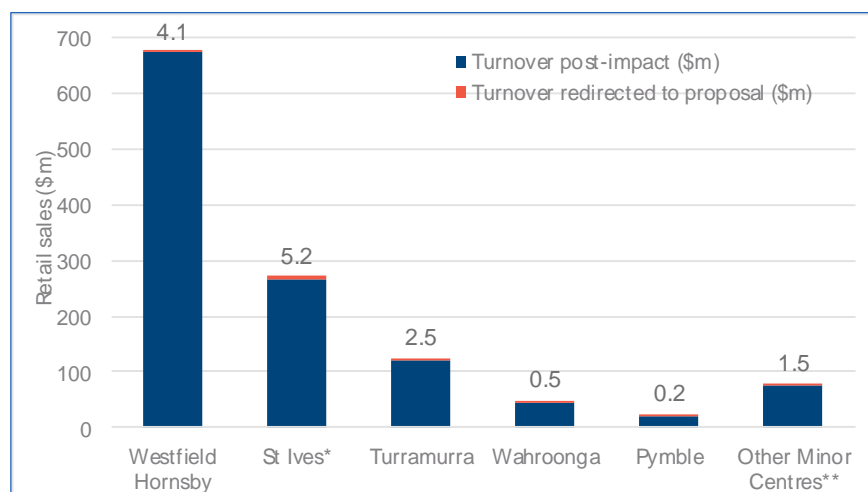
In relation to impacts on individual centres from The Farm:

- St Ives (which includes St Ives Shopping Village and St Ives shopping strip) is expected to incur the highest impact in dollar terms given its proximity to the proposal and the provision of two supermarkets (Woolworths and Supa IGA) and Harris Farm Markets. The impact on the centre is modelled at \$5.2m or -1.9% of sales that the centre would otherwise have achieved in 2020. The sales impact is a one-off re-allocation to The Farm retail development and sales levels at St Ives should recover in the following years. The impact will fall disproportionately on Supa IGA, Woolworths and Harris Farm Markets who are substantial, well-resourced retailers that can withstand small sales fluctuations from occasional changes to their competitive position. The specialty shops within St Ives will experience little or no effects, given the minimal additional specialty shops at Eastern Road and the strength of the St Ives precinct.
- The highest impact in percentage terms will be on Eastern Road Shopping Village which is adjacent to the site. The centre includes a small IGA supermarket and two fresh food retailers that will be presented with increased competition. Other retailers (BWS, pharmacy, dry cleaner and café) are unlikely to be negatively impacted – in fact, these businesses will almost certainly benefit from the increased activity and shoppers drawn to the Eastern Road centre. On balance, between the retailers who will benefit and those potentially impacted, the modelled overall impact is -5.0%, amounting to -\$0.8m in sales. The strong tenancy mix at the Eastern Road centre and generally limited competition in the area suggests that the overall impact is not significant and may in fact be less if individual businesses can capture the benefits of the higher visitation levels.
- The Turrumurra supermarkets are difficult to access from this area as Coles is located between the highway and railway line and IGA is south of the highway. Residents of the primary catchment and other secondary sectors must therefore cross or drive along the Pacific Highway to access these small and generally poorly conditioned stores. Elsewhere, Turrumurra has a small provision of fresh and specialty food stores. The impact from The Farm development on the Turrumurra centre is modelled at -\$2.5m or -2.0% of sales, mainly redirected from supermarkets.
- Westfield Hornsby is a short distance west of the trade area but is thought to draw supermarket and grocery sales from Wahroonga where there is no major supermarket and a low market share across the rest of the trade area. The modelled impact on the overall sales at Westfield Hornsby is -\$4.1m or -0.6% of sales, mainly directed at the three supermarkets – Woolworths, Coles and ALDI.
- The small, vibrant village centre of Wahroonga has only a limited range IGA serving small convenience purchases. The balance of the centre has a small range of specialty food shops. Overall impacts on Wahroonga will be low, amounting to -1.0% of sales or -\$0.5m.
- The smaller Pymble Local Centre and other neighbourhood centres will experience little or no impacts due to their limited retail mix and competitive positioning. Small supermarket and convenience stores in these centres and the occasional fresh food retailer are used mainly for 'top-up' shopping.
- Approximately 12% of the projected sales (or \$1.9 million) is unallocated from specific centres and will be drawn from a range of other retailers/centres across the broader area.

A summary of the sales at major centres in 2020 showing the relative effect of the re-allocated sales is shown in Figure 10.

Figure 10—The Farm source of sales, 2020

Source: Deep End Services



* St Ives includes St Ives Shopping Village and St Ives shopping strip

** Other Minor centres includes Eastern Rd, Bannockburn Rd, North Turramurra, St Ives Chase, East Wahroonga, East Hornsby

5.2.2 Turramurra Community Hub

Through the Hill PDA report, Council has requested an assessment of the cumulative impacts of The Farm and the Turramurra Community Hub development. As noted earlier, there is no public assessment of the sales potential or trading effects on other centres of the Community Hub project and no certainty around a development time frame.

This assessment is therefore made on the basis of available information on Council's web site. Given the delays in the development, the first full year of trading of the Community Hub and its effects is assumed to be 2023.

The Turramurra Community Hub Master Plan proposes to increase the size of Coles from 1,650 sqm to 3,500 sqm with an additional 2,860 sqm of small shops – a net increase of 4,710 sqm.

Assuming 400sqm of the new shops are leased to non-retail tenants, the net additional floorspace assessed for impact purposes (+4,310 sqm) is assumed to generate a gross sales level of \$27.4 million. Of this, \$7.6 million is assumed to be a redistribution from existing retailers in the centre (e.g. IGA & other shops) with \$19.8m from other centres.

By 2023, 2-3 years after The Farm is developed there will be low real growth rates at all centres. Table 7 shows the sales reallocations to the new floorspace at the Community Hub from other centres. The highest dollar impacts are on those centres with large competing supermarkets such as St Ives and Hornsby. The highest percentage impact is Wahroonga at -5.0%.

Given the relatively small increase in Turramurra's floorspace, the sales and percentage impacts are, like The Farm, relatively small.

The cumulative impacts of both developments can be seen by comparing the sales levels in 2020 (pre The Farm) to sales levels in 2023, post Turramurra Community Hub.

After allowing for both developments, 8 of the 9 centres will have sales levels (at constant \$2017) in 2023 at the same or slightly higher levels to 2020. Wahroonga is the only centre with a slight decline, where sales are -2% below the 2020 level – although most of its effects are from the Community Hub rather than The Farm.

5.3 Impact conclusions

The development or expansion of a centre or entry of a new retailer to a market inevitably results in sales shifting from a range of existing centres and retailers to the new location. Importantly, this comes about from consumers electing to change their normal shopping patterns, permanently or occasionally, for one or more of the following reasons:

- An improvement in the quality, choice and range of shops and services available in the local area including better value and pricing;
- Improved accessibility or reduced travel time; and/or
- Perceptions of improved amenity, convenience, parking, design and layout.

The proposed Eastern Road development will not result in significant trading impacts or the closure of multiple retailers at existing centres for the following reasons:

- Strong occupancy levels. Shop vacancy levels are very low across the surveyed centres, with many of the centres fully occupied. Despite the physical constraints and limitations of some centres, the low vacancy rate suggests the centres are well patronised and trade strongly.
- **A small provision of floorspace.** The proposed fresh food store is only 1,000 sqm, significantly smaller than the medium and larger-scale supermarkets in the region. The projected sales of \$12.0 million in 2020 are modest in the context of other larger centres and supermarkets in the region.
- Limited specialty shops. The small provision of specialty shops in the development will ensure that residents of the catchment will continue to visit and use other centres where small businesses, operating from specialty shops, will be largely unaffected. This should protect the generally high occupancy levels at surrounding centres.
- **Population growth.** The continuation of moderate population growth in the form of medium density development, particularly along the railway corridor and around Local Centres is expected to continue. Any small sales impacts from new developments, such as the Eastern Road development, should be recovered in the short term through local population and spending growth.

The cumulative effects of both developments are small due to the likely elapsed time between The Farm and the Community Hub but mainly because both developments are adding a small supply of floorspace relative to the most relevant competing floorspace in the catchment and larger centres.

These small impacts need to be weighed against a significant improvement in the range and quality of shops and services at Eastern Road and in the Turramurra Centre.

5.4 Impact on Kuring-gai commercial centres hierarchy

The proposal, in our view, will have only small trading effects on other centres in the hierarchy.

In terms of retail floorspace, the extension of the Neighbourhood Centre Zone to the site and the proposed development will increase the retail / commercial floorspace at the Eastern Road centre from 1,512 sqm (currently) to 3,052 sqm. It could be argued, the effective increase in floorspace at Eastern Road is much less if the existing nursery and garden supplies store (500 sqm) - which will be demolished and partly replaced - is taken into consideration.

Other neighbourhood centres in north Ku-ring-gai measured for this report range between 625 sqm and 2,290 sqm. A recent report by this office for a proposal in the Gordon Centre found that other neighbourhood centres in the central and southern parts of Ku-ring-gai such as East Killara, Killara, West Gordon, West Lindfield and West Pymble generally range between 1,000 sqm and 2,500 sqm of retail and services floorspace. The existing Eastern Road centre could therefore be classified as a mid-sized neighbourhood centre by comparison to others.

An extended neighbourhood centre of 3,052 sqm at Eastern Road is slightly larger but not out of context with the range of other neighbourhood centres in Ku-ring-gai. The size and nature of the proposed retailers is broadly consistent with the scale and expectations of neighbourhood centres.

At the next level in the hierarchy, Local Centres in Ku-ring-gai have a very wide floorspace range and are as small as 6,000-7,000 sqm at Pymble and Wahroonga up to approximately 23,000 sqm at both Gordon and St Ives.

The increase in floorspace at Eastern Road to 3,052 sqm would, in no way, raise it to the scale or broader function of a Local Centre. The centres hierarchy will not only be preserved but enhanced by the addition of a relatively small amount of floorspace at Eastern Road.

5.5 Impact on proposed Turramurra Community Hub

Commercial delivery of the Turramurra Community Hub Masterplan is at least 2-3 years away and probably longer given the required process to select a preferred developer, agree on commercial and contractual terms, lodge and secure approval for a development application and construction of the project.

A comparison of the component parts of the Turramurra Community Hub with the Eastern Road development is shown below.

Component	Turramurra Community Hub Masterplan component	Proposed Eastern Road development
Supermarket / grocery store	3,500 sqm	1,000 sqm
Other retail / specialty shops	2,860 sqm	540 sqm
Total Retail	6,360 sqm	1,540 sqm
Mixed use building	695 sqm	-
Residential	18,600 sqm	-
Community uses	3,000 sqm	-
Parking (spaces)	712 (inc. residential)	82

In our view, the proposed Eastern Road development will have little or no effect on the commercial viability or otherwise, the ability of Council and third parties to deliver the Turramurra Community Hub for the following reasons:

- Coles has had a long-standing desire to extend its small and dated supermarket at Turramurra. The planned increase to 3,500 sqm will make it the largest supermarket between Hornsby and Gordon. This increase and its vastly improved parking and supporting shops and services will ensure that it serves an extended catchment along the Pacific Highway corridor. In contrast, the proposed retail premises are less than 30% of the size of Coles and has a more localised catchment north of the highway. Coles' view of its increased sales potential from the expanded store and its capacity to pay a commercial rent for its new store should not be affected by the Eastern Road development.
- The Community Hub will have approximately 2,860 sqm of shops, cafes and other small commercial tenancies situated around Coles and the proposed public areas. This is a much larger provision than the additional 540 sqm of shops with the proposed retail premises at Eastern Road. The proposed shops at Turramurra will be marketed to a range of retail, hospitality and service tenants that would not be suited to Eastern Road.
- The Community Hub has a proposed mixed-use building, upper floor residential uses, a new community centre and public areas. There is no duplication of these uses or amenities at Eastern Road.

The Turramurra Community Hub is a stand-alone project which will deliver urgently needed renewal and improved services for the Turramurra Centre. The new Coles supermarket is the catalyst for the project and will generate foot traffic to support the associated retail elements. The Eastern Road proposal has less than 25% of the retail floorspace proposed at Turramurra and none of the other associated community and residential uses and public spaces. The two projects are likely to be highly differentiated by the types of tenants that each location can support.

In the context of existing retail floorspace supply levels, the level of new floorspace added to both centres is relatively small. Within the affluent suburbs of central Ku-ring-gai there is ample scope for both centres to be improved and for each project to be easily supported by their local catchments.

5.6 Exemption to Clause 6.9 of KLEP 2015

Council has requested justification for the exemption to the maximum 1,000 sqm gross floor area requirement of Clause 6.9 of the KLEP 2015.

5.6.1 Ambiguous control

There appears to be general agreement that the floorspace control is ambiguous - that is, whether the 1,000 sqm limit on 'commercial premises' applies to a single tenancy or all combined tenancies within the development. Table 1 shows that five of the 6 neighbourhood centres within or outside the trade area exceed 1,000 sqm with the largest at 2,290 sqm. Most other neighbourhood centres in Ku-ring-gai also exceed 1,000 sqm. Therefore, in practical terms, the wider interpretation of the floorspace control (applying to all shops) is barely evident in other neighbourhood centres.

5.6.2 Control stifles scale & innovation

The 1,000 sqm control is an arbitrary figure and has no particular significance in retail or activity centre planning. It can however be crucial in the viability of small supermarkets or food stores looking to achieve scale and a range of products to meet a local area's needs. Greater price competitiveness can also be achieved with scale and higher volumes.

A relatively small additional floor area over 1,000 sqm can be important for a supermarket or grocery offer as it crosses a threshold where the store moves from a very small supermarket (say 500-700sqm) - which are now rarely developed in the suburbs - to a layout which can accommodate a basic range of grocery lines, dairy, chilled, frozen and fresh food departments. As the floorspace increases over 1,000 sqm, important efficiencies can be made in storage and administration areas relative to the important retail selling area.

In a high-income area such as Turramurra, a small supermarket would dedicate larger areas to gourmet foods and a wider selection of fresh and pre-prepared foods.

5.6.3 Control protects the major supermarkets at the expense of independents

Whether intended or not, the floorspace control in neighbourhood centres will, almost always, limit the size of a supermarket or food store as there are no other retailers or categories that would look to develop this level of space.

Secondly, the control will most likely be exercised against an independent operator under a franchise or banner group (e.g. IGA or Foodworks) or independent chain with smaller stores than Coles or Woolworths, such as Harris Farm. Coles or Woolworths, for example, have very few, if any, supermarkets of less than (say) 1,500 sqm in small suburban centres.

At the next level in the centres hierarchy, the large Local Centres of Turramurra, St Ives and Gordon have very strong, if not dominant, national supermarket chains or large independents. In the context of this pattern of dominance by the major supermarkets, the 1,000 sqm floorspace cap in neighbourhood centres has the (perhaps unintended) effect of

protecting the two major chains from relatively small commercial competitors establishing in small centres.

5.6.4 ACCC Report

The 'Report of the ACCC inquiry into the competitiveness of retail prices for standard groceries' (July 2008) heard evidence on the barriers to entry for small supermarkets in Australia. The landmark report has resulted in changes to many planning jurisdictions in Australia, but particularly the use of blunt and discriminatory floorspace controls.

In its report, the ACCC found the following:

The ACCC recognises that zoning and planning policies are designed to preserve public amenity. However, zoning and planning regimes, including existing centres' policies, also act as an artificial barrier to new supermarkets being established with the likely unintended consequence of potentially impacting on competition between supermarkets. In particular, existing centres' policies, combined with the strong preference of existing centre owners to lease space to the major supermarket chains rather than independent supermarkets or new entrants, are likely to lead to a greater concentration of supermarket sites in the hands of Coles and Woolworths. Broadly speaking, little regard is had to competition issues in considering zoning or planning proposals". (ACCC Report p.xix)

Amongst its many recommendations was the following:

"The ACCC recommends that all appropriate levels of Government consider ways in which zoning and planning laws, and decisions in respect of individual planning applications where additional retail space for the purpose of operating a supermarket is contemplated, should have specific regard to the likely impact of the proposal on competition between supermarkets in the area. Particular regard should be had to whether the proposal will facilitate the entry of a supermarket operator not currently trading in the area". (ACCC Report p.xix)

The current proposal and its planning challenges are neatly summed up in the ACCC report, now 10 years old.

5.6.5 Needs of the community

The presence and purpose of the floorspace control is to protect the interests and trading position of larger centres. In our view, this is a superfluous objective where the catchment and broader area of Ku-ring-gai has very low-level rates of supermarket (and other) retail floorspace relative to its population and its high-income profile, high trading levels and low vacancy rates. In short, the larger centres are in no way jeopardised by small floorspace additions to lower levels in the hierarchy.

Indeed, the justification for an exemption to the floorspace control should be less about the effects on other centres and more about:

- Looking to the needs of the area and addressing its poor access to grocery and supermarket space.

- A reduction in travel time, travel expense and congestion with new retailing located in centres which are central to their populations.
- The orderly expansion of a small neighbourhood centre which has seen little change over many years.
- The replacement of existing commercial uses with others more relevant to the day-to-day needs of the area.
- The quality of the concept and design and its enhancement of the centre as a community hub.
- The additional employment generated on site.

These are all important benefits to the area which can be realised by exempting the current floorspace control.

5.7 Findings of Leyshon report

Deep End Services prepared an impact assessment for the previous ALDI supermarket proposal for the site. That EIA was independently reviewed for Ku-ring-gai Council by Leyshon Consulting (Leyshon). The following table summarises the findings of the Leyshon report and the changes, if any, in this report.

	Leyshon review of previous ALDI EIA	Deep End response based on this EIA
Trade area	The geographic extent of the trade area defined for ALDI was reasonable having regard to competition, major centres and road systems.	Trade area now contracted based on lower expected drawing power of the main fresh food tenancy compared with the ALDI proposal.
Population growth	The population projections are reasonable, in the range of 0.9% to 1.3% between 2015-2021.	Population projections average 0.7% per annum over the period 2017-2026 noting that the trade area has contracted slightly.
Available retail spending	The inclusion of catering with food, liquor and groceries and catering was deemed to be 'useless' as ALDI does not generally retail takeaway food or have a café/restaurant.	The market has been separated into 3 components <ol style="list-style-type: none"> 1. FLG; 2. catering; and 3. non-food and retail services This enables a clear calculation of the size of the food market relevant to the large fresh food tenancy.
Existing supermarket floorspace supply	Agree that there is currently a significant undersupply of supermarket floorspace, on a per capita basis, with a shortfall of 12,000 sqm if based on the Sydney average. The Leyshon number estimates a shortfall of 10,600 sqm which could easily absorb the new ALDI.	The floorspace of the new fresh food tenancy (1,000 sqm) could also be readily absorbed within the shortfall of supermarket floorspace.
Predicted sales	The sales projection for the ALDI proposal, of \$16.4 million in 2017, was considered conservative. Leyshon estimated sales should be 12.8% higher than projected, at \$18.5m.	Sales are now assessed against a different proposal. ALDI is not considered within the new development, in favour of an alternative fresh food major of 1,000 sqm.

	Leyshon review of previous ALDI EIA	Deep End response based on this EIA
Impact on centres	<p>Agreed with the distribution of impacts of the proposal.</p> <p>The Eastern Road shops could capture additional sales from shoppers who do not normally shop at the centre, thereby softening the impact of the proposed development. The impact on Eastern Road would be slightly higher than -5%, based on a higher sales estimate for ALDI.</p> <p>Agreed that the development would not result in the loss of any of the retailers in the centre.</p>	<p>Distribution of impacts are broadly similar. The lower projected sales will result in lower dollar and percentage impacts.</p> <p>The impact is highest on the centres which contain major supermarkets.</p> <p>The impact on Eastern Road still sits at -5%. Those retailers will still benefit from increased shoppers and traffic drawn to the new development.</p>
Implications of impact	<p>Concluded that the impacts identified in the report are not excessive to justify refusal of the application on economic grounds as it is unlikely to lead to loss of local facilities.</p>	<p>The new proposal is 22% smaller in floor area than the previous ALDI scheme. It will have lower levels of impacts and is unlikely to result in the loss or closure of retailers at existing centres.</p>
Net community benefit	<p>Proposed development would address the shortfall in supermarket floorspace in the area, will improve shopper convenience, improve price competition, improve competitive strength of the Eastern Road centre and create additional jobs. Overall the development would create a positive net community benefit.</p>	<p>The new proposal will also deliver positive economic and community benefits.</p>

6

Conclusions

The Farm Eastern Road development presents a range of positive benefits to local residents and the wider catchment.

6.1 Employment

Existing commercial uses on the site are relatively low employment generating activities. The proposed fresh food tenancy is expected to generate 50 full and part-time jobs with 10 staff on site at any time. The two specialty shops could generate up to 30 full and part time jobs.

New employment opportunities will benefit the local economy and will be filled by residents. Unemployed and semi-retired people or those looking to work close to home with part-time hours in conjunction with family care and duties are strong candidates for retail employment opportunities.

The construction phase will also generate short-term employment opportunities, including both on-site full-time jobs as well as indirect employment or multiplier effects from wages and salaries paid to construction workers.

6.2 Effect on centres hierarchy

The proposal will improve and revitalise the existing centre with a small extension to the range and choice of retailers available to residents while minimising the impacts to existing businesses in the centre and to other centres.

The total retail GFA (+1,540 sqm) is about 21% smaller than the previous ALDI proposal and will result in the Eastern Road centre increasing from 1,512 sqm to 3,052 sqm. The size of the extended centre is well within the range and expectations of a Neighbourhood Centre. The Eastern Road centre will be only slightly larger than Ku-ring-gai's largest existing Neighbourhood Centre in the area which is North Turramurra (2,300 sqm) or others outside such as West Lindfield and West Pymble at approximately 2,500 sqm.

The number of retail tenancies at Eastern Road increases from seven to ten.

At the next level in Ku-ring-gai's centres hierarchy, the Local Centres at Pymble and Wahroonga are in the range of 6,500-7,500 sqm GFA while Turramurra (16,074 sqm) and St Ives (22,450sqm) are significantly larger again. An extended Eastern Road centre (3,052 sqm) in no way challenges the role and size of Local Centres and stays well within its neighbourhood function.

The Eastern Road proposal will have little or no impact on the ability of Council or other parties to deliver the Turramurra Community Hub Masterplan.

6.3 Benefits to existing businesses

The assessed trading impacts on existing centres are small and proportional to the size of the development and sales volumes.

The increased activity levels – over and above that generated by the two retail/commercial businesses that currently operate from the site - should benefit most of the existing retailers on Eastern Road. Competing food retailers may experience some effects however most are differentiated on products that will not be duplicated in the main tenancy.

6.4 Consumer benefits

The Turramurra site has an affluent population base and is easily accessible from the local catchment. Eastern Road is an important distributor through Turramurra while nearby school and leisure facilities generate custom to local centres.

A modest extension to the range of businesses that serve the needs of people who live or work in the surrounding neighbourhood reduces the need for longer and more costly trips on congested main roads to larger centres. This has obvious efficiency benefits for residents' shopping and travel patterns.

Previous analysis supporting the ALDI proposal showed that the local area and the Ku-ring-gai Council area more generally, have very low rates of supermarket floorspace provision. The fresh food tenancy addresses this shortfall to some extent without offering the wide range of packaged, chilled and frozen grocery products.

The plan protects existing mature trees around the site and looks to preserve some of the existing nursery function with an 'orchard' feature along part of Alice Street. The plan also shows a proposed terrace on the balance of the Alice Street frontage and paved and public seating areas around the small corner tenancy which is well-suited to a café or like business. The retail and landscaping elements are sensitive to the current uses and character of the site and provide a potential meeting place which is absent in the current centre.

6.5 Conclusions

The proposed extension to the Eastern Road centre is consistent with the expectations for Neighbourhood Centres. It will result in either small impacts to some local businesses but positive effects for others. The scale, design and types of retailers should be well-received by the local catchment. The proposal will deliver positive economic and community benefits to Turramurra and should be supported for the above reasons.