An architectural rendering of a modern urban precinct. The scene features a large, mature tree with dense green foliage in the foreground. To the left, a multi-story building with a white facade and large windows is visible. The ground is paved, and several people are walking or sitting on a bench, suggesting a pedestrian-friendly environment. The sky is clear and blue.

Showground -Doran Drive Precinct

Retail Car parking Assessment

Prepared for Deicorp Projects Showground Pty Ltd

July 2021

HillPDA
CONSULTING

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

Reviewer

Signature



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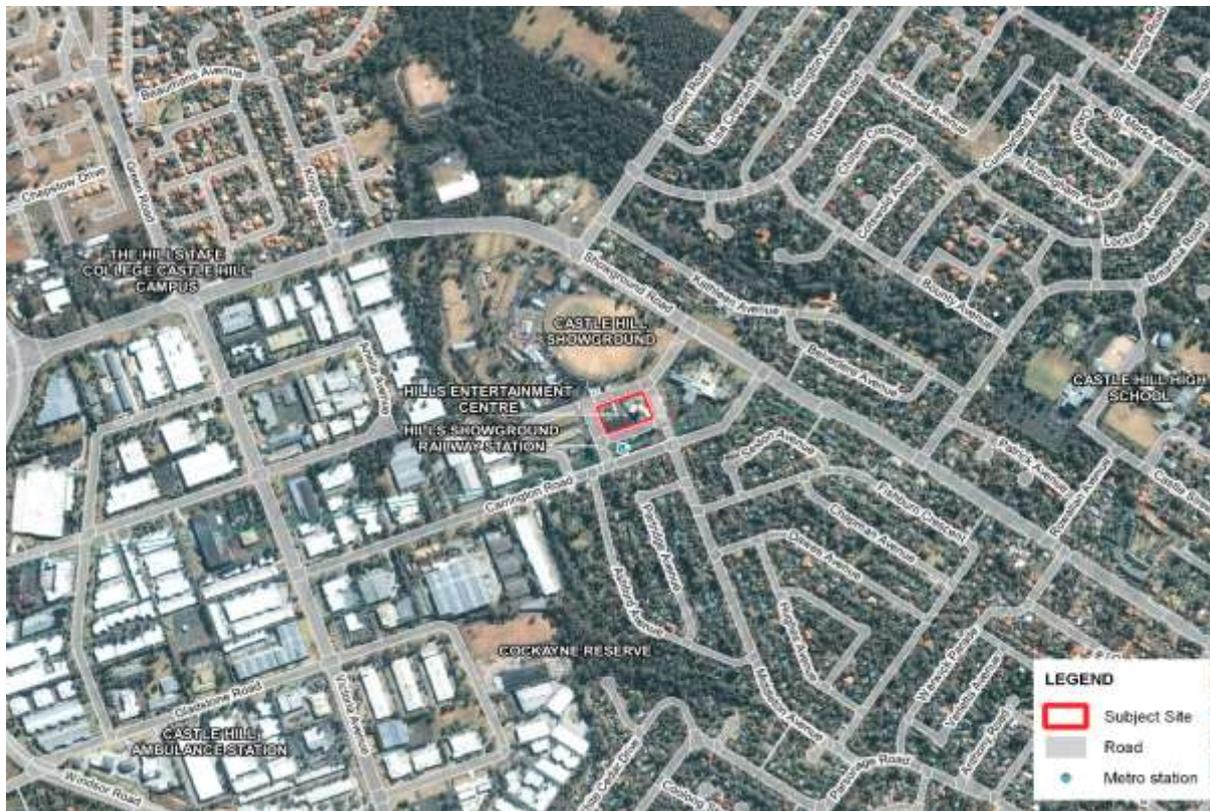
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"The Hills Showground Station Precinct will be a thriving local mixed-use centre; a walkable, lively place enhanced by strong connections to world-class transport and the cultural and recreational destination of Castle Hill Showground. The Precinct will provide diverse housing for different generations and lifestyles, framed by green open spaces that encourage connectivity, and will celebrate its views over Cattai Creek and the wider Garden Shire".



EXECUTIVE SUMMARY

This report provides evidence on the effects and implications of providing a reduced number of customer car parking spaces for the proposed retail and commercial centre at the Doran Drive Precinct, Showground – Castle Hill.

Project background

The Site forms part of the Showground Station Precinct. In 2015 the Department of Planning Infrastructure and Environment (DPIE) proposed several changes to zonings and FSRs within the Showground Station Precinct. These changes were estimated to provide 5,000 additional dwellings over a 20-year development period.

The Site will be the first Precinct to be delivered within the Hills Showground master plan. It envisages providing a mixed-use development with approximately 431 apartments, including a mix of one-, two- and three-bedroom dwellings. The Plan is to deliver 10,935sqm of retail, commercial and community space, including a village plaza surrounded by shops, businesses, and a large-format supermarket.

Being adjacent to the Metro Station, the Showground Precinct and Landcom urban guidelines intends to restrict the number of onsite parking spaces for shoppers well below current industry standards to a rate of 1 in 60sqm for retail and 1 in 100sqm for commercial/office space.

Woolworths has informed Deicorp of their hesitation to pre-commit to leasing the full line supermarket space as they lack confidence in its success without 'sufficient' car spaces for shoppers.

Purpose of the Study

The purpose of this Study is to determine the effects, implications, and challenges an anchor tenant may experience with the reduction of car parking spaces. The principal objectives of this Study were to:

1. Consider the viable quantum of parking spaces on the Site having regard to competitive centres
2. Provide advice on the most appropriate car parking rates.
3. Consider the potential economic impacts if parking is restricted as per the guidelines.

Benchmarking to competing centres

Retail Centres

Woolworths is concerned that it would put the subject centre at a competitive disadvantage with insufficient onsite parking spaces and that many potential shoppers will shop elsewhere. Competing centres in the locality provide significantly higher levels of car parking as shown in the table below.

<u>Shopping centres</u>	<u>Total GLAR</u>	<u>Car parking spaces</u>	<u>GLAR (sqm)/car space</u>
Castle Hill Towers	99,883sqm	5,000	20sqm
North Rocks Shopping Centre	21,488sqm	1,100	20sqm
Winston Hills Mall	24,251sqm	1,269	19sqm
Kellyville Village	5,719sqm	220	26sqm
Baulkham Hills	17,193sqm	830	20sqm

Currently, seven shopping centres in the Sydney metropolitan area are either proposed or under construction with a Woolworths supermarket as their anchor tenant. Two of these centres are in Kellyville, Leppington,

Springwood, Barden Ridge, and Ashfield. In each of these centres car parking will be provided at a rate of one car space per 20sqm to 23sqm GLAR¹.

Analysis of Australia's 132 'Mini-gun' centres (defined in the Shopping Centre News as centres between 6,000sqm and 20,000sqm GLAR) reveals an average of 571 spaces or 1 per 22sqm of GLA.

By contrast, the Guidelines for the subject site have set a maximum of one space per 60sqm of retail space – well below half the industry standard.

Community facilities

Investment in community spaces such as multi-purpose centres, theatres, libraries, local halls, non-for-profit offices, meeting rooms, function centres, and public open space/squares is essential for communities' health, social well-being, and economic prosperity.

The location and easy access and travel to and from the Centre are vital in ensuring the space is used appropriately and by a wider catchment. This will ensure that the Community is united, and the town centre is thriving with many different activities.

Our research revealed a limited number of new community facilities are proposed in the Hill Shire, leading to pressure on providing modern facilities for an increasing population. Our analysis of the parking car rates for modern development revealed similar car space rates to commercial premises, equating to 1 car space per 29sqm to 1 car space per 35sqm.

By contrast, the Guidelines for the subject site have set a maximum of one area per 100sqm of commercial space. This is below the industry standard.

Retail impact assessment

The subject site is proposed to contain a full-line Woolworths supermarket to be completed and operating by 2024. Reduced parking rates are likely to impact the viability of the supermarket. This is especially relevant as the surrounding resident catchment, the primary source of revenue, comprises low-density housing. The surrounding locality is proposed to transition into high-density housing, adding another 10,000 people in the walkable catchment – but this will be a process that will take 20 years.

Potential retail sales for the supermarket were calculated from population and worker projections using expenditure modelling. The percentage of supermarket spend generated by residents captured by the subject centre is expected to diminish with distance as shoppers will be reluctant to carry food and grocery shopping.

Based on varying capture rates from 25% to 75% from residents within the 800m walkable radius, and allowing for some expenditure from other sources, including workers, we estimate total potential supermarket sales at \$8.2m in the first year of opening, increasing to \$22m by 2031 and \$34m by 2044. At no point would sales be sufficient to support a full-line supermarket without onsite car parking spaces.

Our analysis shows that a walking catchment around the subject site could only support a small format supermarket (say 600sqm-1,000sqm) in its early years of operation. This metro-style supermarket (with limited car parking) on the subject site in the order of 1,000sqm to 1,500sqm. Coles, Woolworths and IGA (Metcash) all have metro style supermarkets in Greater Sydney at around 1,000sqm – albeit most of them are in the inner and middle ring suburbs of Sydney. At this size, the supermarket is likely to underperform in its first 2 or 3 years of operation but over time it will perform well when the population in the walkable catchment increases. Given

¹ Gross leasable floor area retail as defined by the Australian Property Council

the competition between these three operators they may desire to acquire or lease the space long term with the knowledge that performance is expected to improve over time and to be a step ahead of the competition. A 1,500sqm metro-style supermarket (with limited parking) would improve the retail offer (and would be a more appropriate size in the longer term) but with an opening date of 2024 it is likely to underperform in its first five years of operation. This may deter the above operators and/or some attractive incentive may be required.

It is important to note that a smaller format supermarket is not contrary to the SDD concept approval. With further densification in the Showground Station Precinct, the amount of supportable supermarket space is forecast to increase ultimately to around 2,400sqm. However, that would be some 20 years after the opening. Therefore metro-style supermarkets, with very little onsite car parking, are typically around 1,000sqm in size. These supermarkets trade well at highly patronised train stations with high density living in walking distance. However, the level of available expenditure within a walkable catchment is insufficient to support a large full-line supermarket. For a large full line supermarket to trade successfully it needs to attract expenditure from households beyond the 400m and 800m walkable catchment. To attract those shoppers there needs to be sufficient parking spaces on Site given that shoppers are reluctant to carry food and groceries over those distances. Without sufficient parking spaces residents outside the 400m and 800m walkable catchments will drive further to alternative centres such as Castle Towers, Baulkham Hills, and Knights Road Kellyville where parking is available.

Providing sufficient car parking spaces in line with industry benchmarks widens the trade area and strengthens it. Outside the 800m, a further 5,700 residents in Castle Hill live closer to the Station Precinct than any other centre with a full-line supermarket. The offer will be attractive for these residents for general food and grocery shopping, saving them time and inconvenient parking and shopping at an alternate centre such as Castle Towers. Most of these residents live to the north of the Station in the Gilbert Road and Ridgeway Road area, and others live just to the south in the Parsonage Road area.

By applying varying capture rates of supermarket expenditure (35% to 75%) to the broader trade area (under the scenario of including 400 car parking spaces), we estimate potential supermarket sales of \$23m in the first year of operation. This would increase to \$40m by 2031 and to \$56m by 2041. This is sufficient turnover to support a full line supermarket as proposed, albeit that it is likely to underperform in its first five or so years of operation.

Conclusions and key findings

The Site is proposed to contain a full-line supermarket by 2024. Our analysis shows that at any time over the foreseeable future, a full-line supermarket could not be supported by residents and workers within a walkable catchment alone. Insufficient onsite parking is likely to have the following consequences:

- Residents beyond the 400m radius and in the potentially wider trade area will choose alternative destinations to do food and grocery shopping – such as Castle Towers or Baulkham Hills.
- These residents will therefore need to travel further, which will undermine transport sustainability objectives.
- Reduced turnover would undermine or threaten the viability of the subject supermarket, which is the anchor tenant. As a result, it would also reduce the viability of the specialty shops in the Centre with that nexus relationship with the anchor tenant.
- It should be recognised that a metro-style supermarket with limited parking will always have a more contained trade area – a trade area within a walkable catchment. Residents outside the 400m-500m radius and more particularly outside the 800m radius are unlikely to patronise it. These residents will continue to drive to Castle Towers, Baulkham Hills, or Kellyville to undertake this type of shopping.

- In a worst-case scenario, Woolworths or any other supermarket operator may decline to leave a long-term vacancy. Without the anchor supermarket, specialty shops would be deterred, resulting in a 'white elephant'. This would have adverse consequences on the marketing of residential apartments.
- Community facilities are vital to health and well-being, enabling a variety of uses to share the space. Modern community centre requires a car parking rate of 1 in 29sqm to 1 in 35sqm. Without the parking allocated to the community facility, space would not be occupied enough to be financially sustainable.

Regarding the above, to provide a viable mixed-use development, a full-line supermarket and community facility with adequate car parking spaces would be required to strengthen and widen the trade influence and ensure commercial success.

Project Background

1.0 INTRODUCTION

1.1 Background

The Doran Drive Precinct (Site) forms part of the Showground Station Precinct. In 2015 the Department of Planning Infrastructure and Environment (DPIE) proposed several changes to zonings and FSRs within the Showground Station Precinct. These changes were estimated to provide 5,000 additional dwellings over a 20-year development period.

We have estimated that these dwellings could yield a population of around 10,515 persons. This estimate assumes a 5% vacancy rate and 2.21 persons per occupied apartment, in line with The Hills Shire Community Profile 2016. The subject site forms part of the Station Precinct, which is approved to provide 1,620 residential apartments. It is assumed that this area is developed first.

Doran Drive Site will be the first Precinct to be delivered within the Hills Showground master plan. It envisages providing a mixed-use development proposing approximately 440 apartments, including a mix of one-, two- and three-bedroom dwellings, with a minimum of 5% dedicated to affordable housing for key workers. A more exact number and combination of homes will be finalised during Deicorp's design process.

The Precinct plans to deliver approximately 10,935sqm of retail, commercial community space, including a village plaza surrounded by shops, businesses, and a large new format supermarket.

Several studies have identified the need for a full-line supermarket to cater to the future residents of the area and the existing catchment north of the Site. During the planning process, it was identified that the appropriate operator for the large format supermarket in this area would be Woolworths. If agreed, the proposed operator (Woolworths) would occupy the entire area on the ground floor podium and become the anchor tenant.

Since entering negotiations with Woolworths, Deicorp Projects Showground Pty Ltd was informed that the car parking requirements for the non-residential land uses would be reduced significantly adjacent to the train station. The total amount of proposed car spaces would be lower than half of the required car spaces, according to Deicorp.

Subsequently, Woolworths informed Deicorp Projects Showground Pty Ltd of their hesitation to pre-commit to leasing the space as they lacked confidence in its success without 'sufficient' car spaces for shoppers. To be successful, Woolworths claim the shopping centre would require around 406 car spaces.

1.2 The brief

Following the above, HillPDA was instructed by Deicorp Projects Showground Pty Ltd to inform and advise on the impacts of reduced car parking for a centre and especially on the anchor tenant. HillPDA was commissioned by Deicorp Projects Showground Pty Ltd (the 'Client') to assess the economic impact of restricted car parking rates for the non-residential component at 2 Mandala Parade, Castle Hill.

It is understood the Site forms part of the Landcom Showground Precinct site. As part of Landcom's Urban Design Guidelines, commercial and retail parking rates have been restricted to a maximum of one space per 145sqm and 100sqm for commercial and 130sqm and 60sqm for retail space. Deicorp has expressed concern that the reduced parking rates would put the Centre at a competitive disadvantage, lowering the Centre's attractiveness to retailers and potentially resulting in long-term vacancies.

Deicorp believes that for the Centre to be viable, it would need to provide 341 car parking spaces for shoppers.

1.3 Report structure

Deicorp engaged HillPDA to assess and advise on the impact of reducing car parking requirements for retail and commercial land uses.

The principal objectives of the Study were to:

- Consider the viable quantum of commercial and retail car parking on the Site having regard to the competitive retail landscape.
- Advise on the most appropriate car parking rates for supermarket development by assessing other development applications.
- Consider the potential impacts that the lower car parking rates would have on the proposed Centre.

1.4 Study area

The Site forms part of the Showground Precinct Master Plan. The Showground Precinct comprises three precincts: Hills Showground Precinct East, Doran Drive Precinct, and Hills Showground Precinct West.

Figure 1: Site location



Source: Cox Architecture

The Site is bounded by Doran Drive, De Clambe Drive, Mandala Parade, and Andalusian Way. The Showground Road is a major arterial road in the locality, providing the Site with excellent regional and local accessibility. The proposed Site for the shopping centre is the Doran Drive Precinct, as shown in the above Figure. The proposed Site Particulars are as follows:

Table 1: Precinct Particulars

Address	2 Mandala Parade, Castle Hill
Lots/DP	55/1253217
Area	7,969sqm
Zoning	B2 Local Centre
LGA	The Hills Shire

The proposed shopping centre is positioned adjacent to the Hills Showground Metro Station and Castle Hill Showground. Significant future redevelopment is planned in and around the Site, with the proposed Hills Station Precinct being an essential catalyst for increased growth in the area.

The new Hills Showground Metro Station on the Sydney Metro Northwest is adjacent to the Site at Carrington Road and Doran Drive and offers high-frequency turn-up and go services between Rouse Hill and Chatswood.

At Hills Showground Metro Station, commuters can arrive at Wynyard Station (including interchange) in approximately an hour. When the metro line extension is complete, commuters will arrive at the new Martin Place Station in less than 40 minutes, with trains running every four minutes. The Site is also served well by buses along Showground and Carrington Roads, and De Clambe Drive.

There is a diverse range of land uses surrounding the subject site – ranging from industrial and employment uses to the west (i.e., Castle Hill Industrial Precinct) to low density residential to the east and south (with much of this land earmarked for medium to high).

1.5 Precinct proposed land uses

The proposed uses reflect the vision to deliver a mixed-use, transit-oriented, local centre with various services and activities. Mixed-use areas are located around the most significant amenity and accessibility areas, located between the Station and the Castle Hill Showground.

Mixed-use active edge is focused on key frontages to ensure a concentrated hub of activity and improve both short-term viability and long-run sustainability. General residential use in Precinct East serves as a transition between the future mixed-use local Centre and the existing and future residential communities to the northeast and southeast of the Site.

The dwellings within the three precincts and the surrounding existing and future residential and employment communities will provide the critical mass of residents to activate the Station and surrounding mixed-use active frontage areas.

2.0 PROPOSED DEVELOPMENT

Figure 2: Doran Drive precinct



Source: Landcom –Tim Throsby Cox Urban Design Guidelines

2.1 Doran Drive precinct

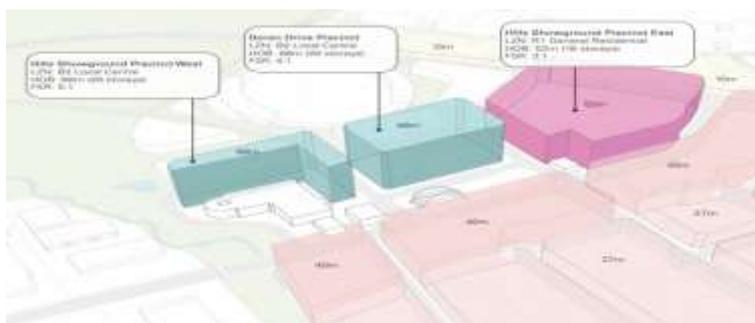
The vision of the proposed development at Doran Dive Precinct comprises a 20-story mixed-use building with four residential towers above a 4-storey retail/commercial podium. The development would deliver 431 apartments with a mix of 1, 2, and 3-bedrooms. The apartments would include 5% affordable housing dedicated to a Community Housing Provider (CHP) for key workers in the area.

Retail and commercial premises are proposed. These would include a large-format supermarket, liquor store: retail & commercial tenancies, community spaces: a loading area and turntable for the supermarket & retail tenancies accessed off Andalusian Way.

The proposed gross floor area (GFA) and parking allocated to each of the land use is as follows:

Floor Space Ratio (FSR)	4:1
Land area	7,969sqm
Permissible GFA	51,065
Residential	40,130
Commercial/Retail	10,935
Total units	431
Max heights	68m
Source: Deicorp	

Figure 3 The building massing blocks for each Precinct



Source: Landcom

Figure 4: Doran Drive Precinct Massing

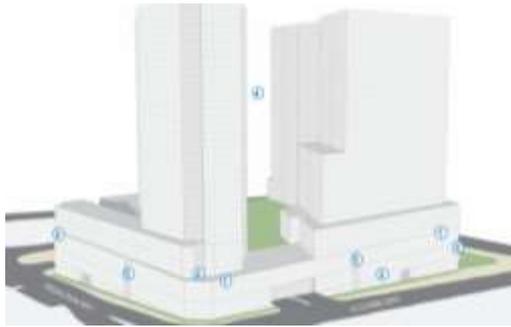
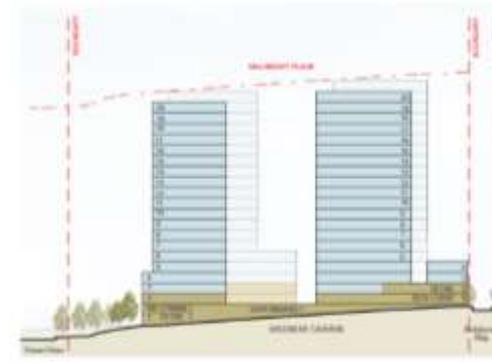


Figure 5: Doran Drive Precinct Cross Section



Source: Landcom– Cox Urban Design Guidelines Report

2.2 Proposed car parking requirements

The Showground Precinct and Landcom urban guidelines require retail and commercial land uses. For the retail requirements to 1 car space in 60 sqm and 1 car space in 100sqm. This equates to a total of 162 car spaces.

Woolworths has requested the delivery of 406 car spaces in total, equating to 1 car space per 27sqm of retail and commercial space (GFA).

3.0 PLANNING CONTEXT

This chapter undertakes a review of background policy, legislative and masterplan literature of relevance to the Study. The Chapter aims to identify those policy directions that impact retail and commercial land uses within the Hills Showground Station Precinct.

3.1 Regional planning policy

3.1.1 Greater Sydney Regional Plan

The *Greater Sydney Region Plan* (the Plan) was developed by the Greater Sydney Commission (GSC) and released in March 2018. The Plan sets out a vision, objectives, strategies, and actions for a metropolis of three cities across Greater Sydney over the next 40 years. These three cities are referred to as Eastern Harbour City, Central River City, and Western Parkland City.

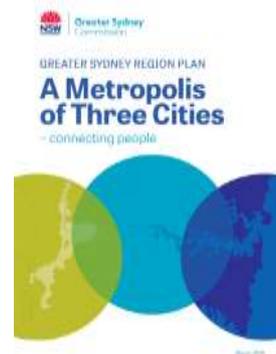
The subject site is in the Central River City. This region is identified for considerable investment in infrastructure, with the key catalysts being the focus on growing Parramatta as a city.

Delivery of these directions and objectives will mean that homes in Central River City will become increasingly connected to jobs and essential services. These jobs and essential services will be concentrated within the following centre hierarchy identified in the Region Plan:

- **Metropolitan Centre** – the economic focus of Greater Sydney, fundamental to growing its global competitiveness and government actions and investment, including transport, will be focussed.
- **Strategic Centre** – enable access to a wide range of goods, services, and jobs. Strategic centres are expected to accommodate high levels of private sector investment, enabling them to grow and evolve.
- **Local Centre** - collections of shops and health, civic or commercial services.

The subject site has been identified for TOD and is located 2km west of the strategic Centre. A core intent of the Regional Plan is to integrate land use and transport to enhance walkability in and around strategic and local centres (which would include the subject site) and facilitate the development of 30-minute cities. This requires fine-grain urban form and land use mix through co-locating retail, commercial and community services with transport infrastructure to enhance walkability as well as the viability of and access to great places, centres, and public transport.

This objective will also require providing people with more housing choices and establishing more jobs and essential services closer to where people live, which will foster a more robust economy, another key objective of the Plan. The provision of retail, commercial and Community uses as part of the proposed development is consistent with the objectives and will benefit the future Hills Showground community.



3.1.2 Central District Plan

The Greater Sydney Commission released the Central City District Plan in March 2018. The Plan supports the actions and outcomes of the Greater Sydney Region Plan with additional 'Planning Priorities' that are focussed on the Central City District. These two plans are coordinated and integrated, particularly in relation to key objectives, strategies, and priorities.

The subject site is part of the Central City District and falls within the Sydney Metro Northwest Urban Renewal Corridor which has earmarked for significant growth.

In relation to the Central City District, the District Plan states that it *"will grow substantially, capitalising on its location close to the geographic Centre of Greater Sydney. Unprecedented public and private investment is contributing to new transport and other infrastructure leading to major transformation."*

Through its objectives, strategies and corresponding analysis, the Greater Sydney Commission, promotes a range of considerations that are particularly important to consider in the context of this analysis.

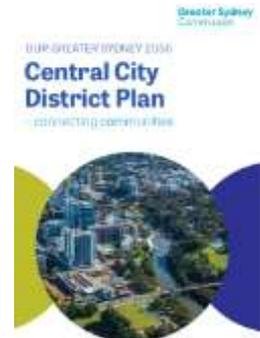


Table 2: Home Central City District Plan

Theme	Reference	Summary
Providing services and social infrastructure to meet people's changing needs	Planning Priority N3	Dwelling and population growth along with the changing composition of population groups will increase demand for local services and infrastructure. The provision of additional and easily accessible services will better support the future Hill Showground community.
Fostering healthy, creative, culturally rich, and socially connected communities	Planning Priority N4	The Plan highlights the need to deliver healthy, safe, and inclusive places for people of all ages and abilities that support diverse and socially connected communities. Additional local retail, commercial and community services will help to foster a more diverse and networked community, providing further opportunities for the residents to connect with one another.
Creating and renewing great places and local centres and respecting the district's heritage	Planning Priority N6	The District Plan stresses that great places and local centres are a focal point of neighbourhoods. Further the Plan highlights the need to deliver mixed-use, walkable centres and neighbourhoods, as well as providing local employment. Additional services will strengthen the sense of place in the Community; enhance the range of services for residents; and create additional local employment opportunities.
Delivering integrated land use and transport planning and a 30-minute city	Planning Priority N9	Mixed use and transit orientated development is the co-location of residential, commercial, and recreational spaces adjacent to a major transport node, coupled with open and accessible design principles which effectively support the creation of a 30-minute city. The subject site has been identified in the Plan for TOD thus the inclusion of local retail, commercial and community services as part of the proposed development is consistent with the Plan's vision for the area and enhance walkability as well sustainability.
Growing investment, business opportunities and jobs in strategic centres	Planning Priority N10	Employment growth is the principal underlying economic goal for metropolitan and strategic centres. The new Hills Showground Station will provide the opportunity to transform the area into a transit-oriented, more vibrant, and diversified Centre with higher employment densities.

Based on the above assertions the provision of retail and commercial services as part of the proposed development is consistent with the policy directions of the Central City District Plan.

3.1.3 The Sydney Metro Norwest and Corridor Strategy (2013)

The former Department of Planning and Environment (the Department) and Transport for NSW (TfNSW), in consultation with relevant local councils, State government agencies and the Community, finalised the North Rail Link Corridor Strategy in September 2013.

The Corridor Strategy provided Structure Plans for the eight new station precincts, including the Hills Showground Station Precinct. The Strategy was prepared to guide development over the next 20-25 years including the integration of land use with transport to meet current and emerging challenges associated with future growth in the North West region.

The Corridor Strategy identified the potential for some 28,800 new dwellings and 49,800 new jobs within the Sydney Metro Northwest corridor over the next 20 to 25 years, and:

- Identified future visions for the precincts surrounding the new stations.
- Projected housing and jobs growth for each Precinct and for the overall corridor; and
- Established a framework for managing future land use change.

The Corridor Strategy identified that the wider Hills Showground Station Precinct has the potential to accommodate 4,350 dwellings and 15,200 jobs and become a diverse mixed use centre comprising offices, retailing, community facilities, recreation, cultural, leisure, education, and housing within walking distance of a new station.

3.2 Local Planning Policy

3.2.1 Showground Station Precinct Finalisation Report (2017)

This Finalisation Report provides an overview of the Showground Station Precinct and details the planning amendments that are proposed by State Environmental Planning Policy Amendment (Showground Station Precinct) 2017. The Finalisation Report summaries the public consultation undertaken and responds to issues raised in the submissions.

Further the Finalisation Report provides a planning framework for greater supply of homes, more housing choice, and more jobs closer to home and supporting infrastructure. By 2036, the Finalisation Report envisions that the Showground Station Precinct will be transformed into a vibrant, connected, and walkable centre which is attractive to live, work and spend time in. The report's rezoning plan is forecast to deliver approximately 5,000 new homes and 2,300 jobs over the next 20 years, transforming the area around Showground Station into a vibrant local centre and contributing to Castle Hill as a strategic centre. Evidently significant population growth is anticipated in the area which will have implications on the level of demand for retail floorspace and amenities. The proposed growth rates have been taken into consideration in our population forecast analysis (refer to section 4.1). Also, of relevance to this Study the Finalisation Report also recommends:

- To rezone part of the land that was to be rezoned B2 Local Centre on the northern side of Carrington Road to R1 General Residential
- Focus retail and active frontages closest to the Station and key streets.
- It should be noted that the proposed R1 zone will permit a small provision of retail floorspace however this quantum will be negligible and will not directly compete with the retail offer provided on the subject site.

On this basis the proposed development is consistent with the Finalisation Report's recommendation.

3.2.2 Showground Station Precinct Economic Feasibility (2015)

The preceding economic feasibility report for the Showground Station Precinct was undertaken by JLL and helped to inform the Showground Station Precinct Finalisation Report. The report identified demand for each retail type across the broader Hills Showground Station Precinct as follows:

- Neighbourhood Centre –6,000sqm of organised retail, being 3,000sqm of supermarket and 3,000sqm of specialty and support retail.
- Unorganised retail, associated with population growth – Unorganised retail ranging – Low 4,164, Medium 5,553, and High 6,941
- Retail associated, with employment growth.

Evidently, the proposed concept plan on the subject site is largely consistent with recommendations provided by JLL.

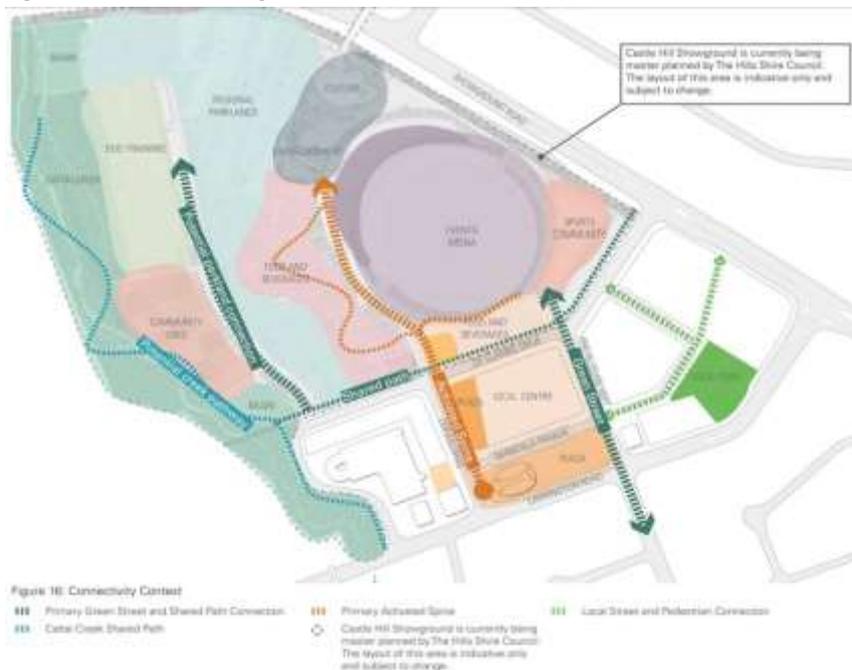
3.2.3 The Hills Local Environmental Plan (LEP) 2012

Retail and commercial uses are permitted under current LEP.

3.2.4 Castle Hill Showground Master Plan

Council is progressing a Master Plan to revitalise Castle Hill Showground located adjacent to the subject site. The Master Plan is currently in the concept phase with a draft Master Plan expected by late 2019/early 2020 to create a thriving cultural hub comprising Community, arts, sporting, and leisure activities. As shown in the preliminary Master Plan zoning map below, an extensive food and beverage retail offer is envisioned on Site to service visitors. On this basis the proposed food and beverage offer on the Hills Showground Station Precinct should complement the proposed offer at the Castle Hill Showground site.

Figure 6: Castle Hill Showground Master Plan



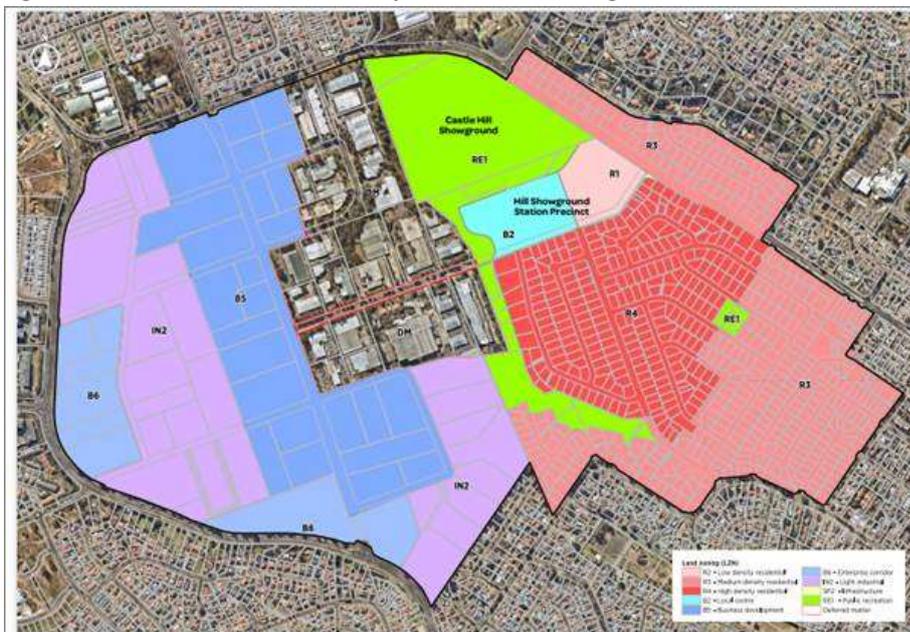
Source: The Hills Shire Council

3.2.5 Land to west of Cattai Creek

The re-zoning of the area to the west of Cattai Creek and the subject site (see Figure below) has currently been deferred with the Department's Precinct finalisation reports stating:

- "An area of land to the west of Cattai Creek has been 'keyhole' out of the rezoning proposal, and deferred subject to additional studies.
- The Department and Council are undertaking further detailed urban design, public domain, and landscape masterplan investigations for this area. This work will assist in establishing the appropriate land use mix and development controls and will be subject to further community consultation and public exhibition".

Figure 7: Area of land deferred and subject to further investigation.



Source: Mecone Mosaic

The Department's Showground Station Precinct Planning Report recommends the area is rezoning to include B6 Business Development, B6 Enterprise Corridor and R1 General Residential consistent with the NW Corridor Strategy as shown in the excerpt of the proposed zoning map.

Figure 8: Proposed Land Use Zoning under the Planned Precincts Program



Source: Department's Precinct finalisation report, 2019

3.3 What does this mean for Doran Precinct?

The above strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the Regional and District Plans, which emphasise the need to increase the productivity of Central City through growth and investment support. Meeting this need requires increased housing and employment uses in and around centres and public transport. The proposed mix-use development will provide additional housing stock and employment opportunities close to a key transport node.

A mixed-use development incorporating retail and commercial services at the Hills Showground Station Precinct is consistent with relevant strategic and statutory planning controls and will benefit the future Hills Showground community; encourage walkability and improve the viability of and access to great places, centres, and public transport. Moreover, the proposed mixed-use development will support a transit-oriented, more vibrant, and diversified centre with higher employment densities and several positive benefits for the surrounding area, including increased employment and economic activity during the construction post-construction phases. This will help to foster a more robust economy. It should also be noted that retail and commercial uses are permitted under the local statutory planning instrument.

A large-format full-line supermarket with sufficient car parking was recommended by the JLL economic feasibility study, which is in line with the Landcom concept Urban Design Guidelines for the Precinct—proving the need for this style retailing for the growth and viability of the area.

CAR PARKING
RESEARCH AND
ASSESSMENT

4.0 MARKET INTELLIGENCE

4.1 Existing competitive centres

The following provides an assessment of surrounding retail centres that would compete with the proposed development in retail expenditure capture. The Chapter also includes an analysis of the retail development pipeline within the immediate area.

4.1.1 Castle Hill

Castle Hill is around 2.1km east of the Site and is along Pennant and Castle Streets. Castle Hill has been identified as a strategic centre under the Regional and District Plans and plays a significant retail and commercial role for the Hills Shire and the greater region. Over 200,000sqm of retail floor space is provided across several different shopping centres with supporting office and business premises. Regional shopping centres within Castle Hill include Castle Hill Towers and Castle Hill Mall. Castle Hill also provides many bulky good traders, including Castle Hill Homemaker Centre and Castle Hill Home Hub; however, these centres are unlikely to compete with the retail offering at the subject site.

Details regarding key shopping centres within Castle Hill of relevance are as follows:

- **Castle Hill Towers:** The largest internalised shopping centre in Castle Hill and the North-West sector at some 99,883sqm gross leasable area retail (GLAR), with an extended primary trade area for comparative shopping that covers the local government area of The Hills and the suburbs of Cherrybrook and West Pennant Hills. The Centre is anchored by a Myer (20,260sqm), David Jones (16,070sqm), Kmart (7,427sqm), Target (7,276sqm) as well as Coles and Aldi supermarkets of 4,366sqm and 1,545sqm, respectively. Castle Towers is set to undergo a large-scale urban renewal program which will expand the Site by 80,000sqm to a total size of over 190,000sqm. This will involve upgrades to the original parts of the Centre and the demolition, excavation, and reconstruction of other factors, such as retail spaces at the Old Castle Hill Road entrance. The cinema complex will also be updated. Castle Hill Towers reported a turnover of \$742.3m in 2016/17. Retail Turnover Density was \$7,957/sqm, which is 15% above the median level for 'Big Gun' centres in Australia.
- **Castle Mall Shopping Centre:** Located on Terminus Street and under the same ownership as Castle Towers (QIC). Castle Mall is a much smaller centre than Castle Towers, containing some 7,508sqm GLAR of retail space, anchored by a TK Maxx (2,265sqm) and Supa IGA (1,821sqm).

Some strip retail along Old Northern Road, Terminus Street, Crane Road, Barwell Avenue, and McMullen Avenue totalling some 12,790sqm of retail space and 39,300sqm of commercial space.

4.1.2 North Rocks Shopping Centre

North Rocks Shopping Centre is 7.2km south of the subject site and provides 21,488sqm of lettable retail space. The Centre is anchored by Kmart (7,305sqm), Coles (2,272sqm), Supa IGA (1,558sqm), Aldi (1,307sqm) and First Choice (1,010sqm). It has 71 specialty shops and a reported turnover in 2017/18 of \$110.3m, equating to \$5,660/sqm – some 27% below the average for similar size shopping centres as reported in the Shopping Centre News (SCN).

4.1.3 Winston Hills

Winston Hills is a sub-regional centre (as defined by the PCA) 8.3km to the southeast of the Site and provides 24,251sqm GLAR retail floorspace. The Centre comprises Big W (7,858sqm), Woolworths (3,859sqm), Coles (3,556sqm) and Aldi (1,507sqm). The Centre performs strongly with a reported turnover in 2017/18 was \$241.4m (\$10,428/sqm) which is approximately 45% higher than the average for similar-sized centres.

4.1.4 Wrights Road, Kellyville

Kellyville Village is located 2.7km north of the subject site and provides 11,038sqm of lettable retail space. The Centre is anchored by a 3,837sqm Cole's supermarket and includes 43 specialty stores.

A standalone Woolworths supermarket of approximately 4,450sqm neighbours the Centre to the west. The Centre also includes an ALDI store of around 1,400sqm and a First Choice Liquor store of about 1,100sqm.

4.1.5 Norwest Marketown

Norwest Business Park is a 377-hectare site and is the commercial and industrial hub of the Hills District. Over 400 companies have been in the park since its establishment. It is estimated approximately 250,000sqm of commercial business space has already been developed, with more in the pipeline.

Norwest Marketown Shopping Centre is located on Century Circuit in the middle of the business park, around 2.9km west of the subject site. The Centre is anchored by a 4,051sqm Cole's supermarket and includes 53 specialties (5,500sqm), a Liquor land outlet (280sqm), a petrol station, and a car wash. The Centre primarily serves as a convenient shopping centre for residents in Bella Vista and employees in the Business Park. Seven to eight lakeside restaurants are also located within the Business Park.

It is understood that development consent was given in 2000 for a stage 2 extension of the shopping centre incorporating some 7,700sqm of additional retail space including a discount department store.

4.1.6 Baulkham Hills

Baulkham Hills is some 5km south of the subject site, with most of the retail provided at Baulkham Hill Stockland Centre. The centre totals 17,193sqm GLAR of retail floorspace and features Woolworths (3,855sqm), Coles (3,034sqm) and ALDI (1,385sqm) supermarkets. The Centre also includes 78 specialty stores and services, including a 200-seat food precinct, over 830 car parking spaces, an outdoor children's play area supported by surrounding retailers Little Rock Café and Charlie Lovett.

It had a reported turnover of \$140.8m in the 12 months ending December 2017, which equated to \$9,968/sqm making it the 59th in Australia amongst the "mini-guns" as defined in the Shopping Centre News (SCN) (centres between 6,000sqm and 20,000sqm). Turnover per square metre was around 10% higher than the median level for "mini-guns".

Additional strip retailing (including arcades) is provided outside the Centre and is primarily focused along Old Northern Road. Retail along the western side of Old Northern Road between Stockland and Windsor Road appears to be performing more mundanely (with more vacancies) than the eastern side (which includes a mini grocer). This may partly result from the greater access to parking provided on the east side - providing greater convenience for customers. Several retail shops fronting Olive Street and Windsor Road are also offered to the south of Stockland.

4.1.7 Seven Hills Shopping Centre

Seven Hills is around 9.0km west of the Site and comprises 20,000sqm of shop front space, including a 3,886sqm Woolworths's supermarket and a 1,184sqm Aldi supermarket. It had a reported turnover of \$135m in the 12 months ending Dec 2017.

4.1.8 Knightsbridge, Castle Hill

Knightsbridge is a village centre 2km north of the subject site on Gilbert Road and Ridgescrop Drive. The Centre has around 2,500sqm of leasable space, of which around 1,900sqm is retail space. The main anchor is a Supa-IGA of approximately 1,000sqm.

4.2 Car Parking in competing centres

Woolworths is concerned that insufficient onsite parking spaces would put the subject centre at a competitive disadvantage and that many potential shoppers will shop elsewhere. Competing centres in the locality provide significantly higher levels of car parking as shown in the table below.

Table 3: Car Parking in competing centres

Shopping centre	Total GLAR	Car parking spaces	GLAR (sqm)/car space
Castle Hill Towers	99,883sqm	5,000	20sqm
North Rocks Shopping Centre	21,488sqm	1,100	20sqm
Winston Hills Mall	24,251sqm	1,122	22sqm
Kellyville Village	5,719sqm	220	26sqm
Baulkham Hills	17,193sqm	830	20sqm

4.3 The development pipeline for Woolworths's supermarkets

We have researched the proposed Woolworths supermarket developments within the Hills Shire Council. Our search was to determine the typical number of car spaces per square metre in a centre with a Woolworths located in retail development. Our investigation revealed the following:

Table 4: Home Proposed development pipeline- supermarkets

Address	Proposed development	Retail area	No. of car spaces	Car space per sqm*
70 (Lot 1) Hezlett Rd, Kellyville	The ground floor development comprises a Woolworths supermarket of 4,200sq m with a 200sq m mezzanine administration floor & a BWS liquor shop of 190sq m, an at grade 117 space car park & 2 loading docks. The basement includes 520sq m of office suites/retail/restaurant & 205 car parking spaces.	5,110	322	16
108 & 116 Ingleburn Rd cnr Rickard Road, Leppington	Construction of commercial development to comprise shopping centre with a Woolworths supermarket & BWS liquor shop 3,980sqm, specialty shops, 1,670sq m, a kiosk 32sq m & business/office premises 2,125sq m. Shopping centre GFA ground floor 5,672sq m, first floor/mezzanine 2,135sqm. Car parking for 334 car spaces.	7,807	334	23
110-120 Macquarie Road & 8-12 Raymond Road, Springwood	Proposed construction of a 2-storey retail development to comprise Woolworths's supermarket (3700sq m), BWS liquor store (184sq m) & small specialty retail tenancy (96sq m). Car parking for 172 vehicles to include 73 bays, 3 loading bays & 2 motorcycle spaces at the rooftop & 99 bays, 3 pickup spaces & 10 bicycle bays at lower ground level.	3,980	172	23
152 Old Illawarra Road Barden Ridge	Construction of a single storey neighbourhood retail development to comprise Woolworths Metro supermarket (1500sq m) including a BWS liquor store & 2 small specialty retail tenancies (80sq m each). At-grade car parking for 83 vehicles.	1,660	83	20
17 Smith Street, Chatswood	Construction of a 5-storey building consisting of a supermarket (3,455sqm), liquor outlet(150SQM), 3 x neighbourhood shops, loading docks. Total GFA 4,325sqm.	4,325	205	21
202 Parramatta Road, Ashfield	Construction of a Woolworths supermarket (3690sq m) with liquor outlet (BWS) (169sq m) & cafe (35sq m).	3,894	167	23

Source: Cordell Connect 2021 * This rate is based on the proposed retail development application.

The above table shows that the three proposed retail centres more than 1km from any train station being the two in Kellyville and Barden Ridge proposed to provide parking at a rate of one car space per 14sqm to 20sqm of GLAR.

The remaining proposals are within walking distance of train stations and the rate of car parking proposed is one space per 21sqm to 23sqm of GLAR.

4.4 Car parking provision comparative analysis

The Site proposes 10,935sqm GFA of employment space, of which the predominant use is retail. We have assumed an efficiency rate of 85% for the retail Centre to estimate the GLA.

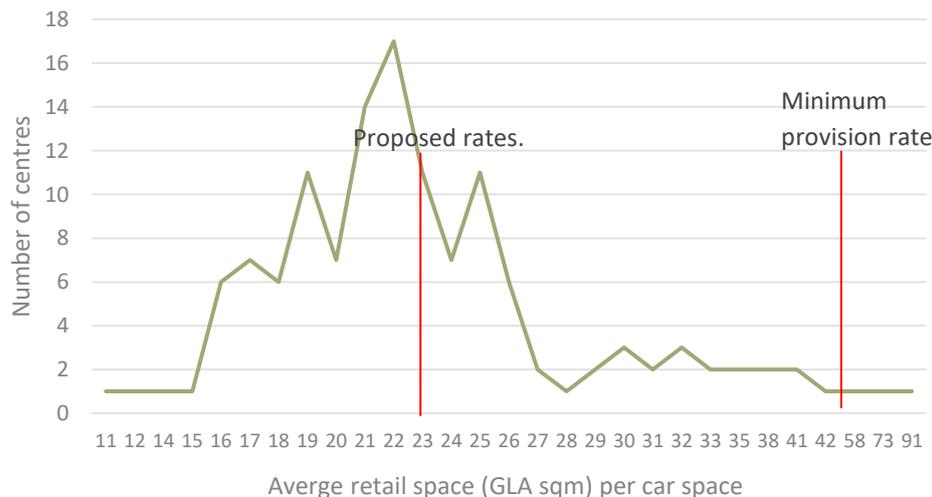
Currently, the minimum and maximum parking rates identified for the Site would provide 83 to 175 spaces, equating to a provision rate of 1 space per 53 to 131sqm of GLA space.

Woolworths is proposing that 406 spaces be provided for the Centre, which would equate to a rate of 1 space per 27sqm of GFA (say 23-24sqm GLAR).

Analysis of Australia's 132 'Mini-gun' centres² reveals a combined average total car parking provision of 571 spaces or 1 per 22sqm of GLA. This is in accordance with the proposed Woolworths rate for the Site and well below the minimum and high approved rate.

Below are the parking provision rates for the 132 'Mini-gun' centres. The rate proposed by Woolworths is highlighted, while only the minimum rate approved for the Site can be indicated on the graph immediately below.

Figure 9: Parking provision rates across Australia's 132 'Mini-gun' centres



Source: Shopping Centre News, Mini Guns 2020, HillPDA

The following graph shows the provision rates for the top performing 50 centres, measured by turnover per square metre of net lettable area. Total spaces provided average around 457 spaces with an average per sqm rate of 1 space per 21sqm. These rates are slightly lower than those proposed by Woolworths and well lower than those approved for the Site. This shows that to be competitive and successful, parking provision within the subject site should be comparable to these more successful centres and in line with the market demand and customer expectations.

² Defined by Shopping Centre News as centres with a GLAR of between 6,000sqm and 20,000sqm.

Figure 10: Parking provisions rates across top 50 performing smaller centres



Source: Shopping Centre News, Mini Guns 2020, HillPDA

4.5 The importance of anchor tenants in retail developments

Woolworths at the Doran Dive development is considered an anchor tenant. An anchor tenant can also be known as an "anchor store", "draw tenant", or "key tenant". The anchor tenant is the more prominent tenant in a shopping mall, often a department store or a full-line supermarket. Their location intended to attract a significant cross-section of shoppers to the Centre.

From our industry knowledge and research undertaken for this Study, anchor tenants typically attract more than 30 percent of the total footfall. The benefit of an anchor tenant is that they are large enough to be located at the end of a centre, so the smaller retailers benefit from the footfall generated by the leading tenant.

Anchor tenants play an imperative role in the Centre's success for both an investor and specialty store view. The specialty stores, develop a nexus relationship with the anchor tenant. From an investor's point of view, securing the anchor tenant means attracting specialty retailers. The anchor tenant must be in continuous operation so that space remains occupied.

The anchor tenant often occupies 50% or more of the space, hence the prominent signage associated at the Centre compared to the other sub-tenants listed below in small font. This large proportion of a centre can give the anchor tenant rights and receive significant concessions from landlords and, in some cases, influence the Centre's decision-making and the likely tenants that should be in the Centre.

Most anchor tenants are provided the opportunity to have their independent property while maintaining access to all standard amenities and maintenance services. This approach gives the anchor tenant the option to either split or operate separately from the commercial lessees.

Previously, anchor tenants were large department stores. Increasingly, they are becoming niche specialty stores with strong brands such as the Apple Store, JB HiFi, Woolworths. Favourite restaurants and food courts also serve as anchors. An emerging trend is using public spaces as anchor tenants, such as gardens. Open spaces encourage shoppers and patrons to stay longer in the area.

Research has revealed that the largest tenant in a commercial complex or neighbourhood can profoundly influence the economy, structure, and character of a Precinct. As anchor tenants have evolved from large department stores to specialty stores, their definition and purpose have not changed. They continue to be the critical drivers of footfall and lend legitimacy to a commercial space.

4.6 Community facilities research

This section provides an understanding of the role a community facility to its residents. We have also undertaken a high-level desktop review of the existing community facilities in the LGA and the proposed community space seeking approval from the Hills Shire Council.

4.7 The importance of community facilities

Community facilities tend to be single-storey buildings located in low-density residential areas that allow the public to hire venues for various activities at affordable rates.

Investment in community spaces such as multi-purpose centres, theatres, libraries, local halls, non-for-profit offices, meeting rooms, function centres, and public open space/squares is essential for communities' health, social well-being, and economic prosperity. The role of these spaces brings people of all ages together, which can, in turn, create friendships, learn, build support networks, and access key services. These are essential elements in the creation and maintenance of strong communities. The spaces are designed to be flexible and address the needs of the general residents of an area.

Research has indicated that the following reasons are why community facilities are vital to a town centre are as follows:

1. Acts as a catalyst
2. Unite a community
3. Offers educational opportunities
4. Share valuable information
5. Allow younger people to take part in social activities
6. support community projects
7. Avoid loneliness for all ages
8. Provide volunteer opportunities
9. Encourages people to be creative and cultured
10. Can promote healthy living through community fitness activities

Over the past few years, councils have recognised the need to centralise these community facilities into a convenient, modern, and accessible location to all age groups. Many councils have taken the initiative to review their property portfolios and determine that many smaller facilities are not financially sustainable and will not meet the growing population needs.

Various mechanisms to deliver community facilities maybe be agreed upon, such as voluntary planning agreements, co-location, and joint venture developments. This ensures that the facility is provided, has modern construction, sustainable, in a central location, and a multi-purpose building that the Community enjoys. To deliver this standard majority of community centres are now located in or near a mixed-use development.

4.7.1 Existing Community Uses Snapshot

For this Study, we have identified community centres in the LGA, which would occupy a similar use as the proposed community space in Doran Drive. Our search revealed that most existing community centres are typically aging one-storey buildings, with two located in new purpose-built community facilities buildings for Council. To calculate the number of car spaces permitted for these centres we have applied commercial premises 1 car spaces per 25 sqm per Council DCP 2012.

Table 5 below displays the community centre, the address, the uses permissible, total area, and the car parking rate per the Hill Shire Council DCP 2012.

Table 5: Existing Community Uses in Castle Hill and its surrounds

Community Use	Address	Total Community uses	No. car spaces (1 per 25sqm)
Aberdoon Homestead Reserve – Rouse Hill Community	Clower Avenue Rouse Hill	388	16
Balcombe Heights Estate	90-92 Seven Hills Road, Baulkham Hills	502	20
Baulkham Hills Community Centre	Connie Ave Reserve, Baulkham Hills	225	9
Box Hill Nelson Community Centre	Nelson Road, Box Hill	132	5
Castle Hill Cultural Centre – Whole Centre	14 Pennant Hills, castle hill	756	30
Village Green Community Centre	109 Bella Vista Drive, Bella Vista	96	4
Vinegar Hill Memorial Community Centre	14 Pennant Street,	153	6
West Pennant Hills Community Centre	42a Hill Road	181	7
Winston Hills Community Centre	Winston Hills Mall.	96	4
Wrights Road Community Centre	Kellyville plaza	180	7

The picture below represents a typical older-style community centre (Figure 11 and 12) vs a modern community centre (Figure 13 and 14). The modern facilities are both located in a town centre.

Figure 11: Balcombe Heights Estate – Thompson Hall



Figure 12: Baulkham Hill Community Centre



Figure 13: Castle Hill Community Centre



Figure 14: Castle Hill Cultural Centre



Source: Hills District Council website

4.7.2 Proposed Development Pipeline for Community Uses

In addition to the established community centres outlined above, we have undertaken a search for development applications for new community facilities seeking approval in the LGA development pipeline. The purpose of this is to compare the existing community centre parking rate with proposed community centres rates.

Our analysis revealed the car parking rate for the proposed development pipeline equates to 1 car space per 29sqm to 1 car space per 35sqm. This is a higher rate compared to the Council’s DCP which is 1 car space per 25sqm.

Table 6: Development Application including community uses

Address	Description of development	Total Community Area (sqm)	Completion Date/ Status of DA	No. Car Spaces	Car space per sqm
10-32 Terry Road Box Hill	McCall Community Hub Restoration of Box Hill House & Nelson Hall for adaptive reuse	4,171	22/1/2025 Application submitted /Under assessment	117	1 car space per 35 sqm
Rouse Hill Town Centre Northern precinct	The proposed concept development application for a new masterplan for the northern Precinct of the Rouse Hill Town Centre to include <ul style="list-style-type: none"> 2,500 apartments to comprise: 625 x 1 bedroom 1625 x 2 bedroom 250 x 3 bedrooms, 20,700sq m of retail, commercial & Community floor space. 	20,700	17/6/2029 Refused based the height and density is not in line with the approved master plan	400 for Retail 215 for Commercial 85 for Community	1 car space per 30 sqm
166 Old Pitt Town Road, Box Hill	The development would comprise of a 2 storey 200 place childcare centre and community centre.	2,080	27/2/2020 - No further information	71 car spaces	1 per 29 sqm

4.8 What does this mean for Doran Drive Precinct?

- Woolworths is proposing that 406 spaces be provided for the Centre, which would equate to a rate of 1 space per 27sqm of GFA.
- Analysis of the above centres and development pipeline revealed an average total car parking provision of 1 per 20 to 23sqm of GLAR. Our findings follow the proposed Woolworths rate for the Site and well below the minimum and high approved rate.
- Analysis of Australia's top 132 performing smaller centres reveals a combined average total car parking provision of 571 spaces or 1 per 22sqm of GLA. Our findings are per the proposed Woolworths rate for the Site and well below the minimum and high approved rate.
- Community centres require a minimum of 1 car space per 29sqm to 35sqm GFA.

5.0 RETAIL ASSESSMENT

The subject site is proposed to contain a full line Woolworths supermarket to be completed and operating by 2024. Reduced parking rates are likely to impact the viability of the supermarket. This is especially relevant as the surrounding resident catchment, the primary source of revenue, comprises low-density housing.

Although the surrounding locality is proposed to transition into high-density housing, this is still to occur. As such, any supermarket will rely predominantly on trade from beyond a walkable catchment for the foreseeable future. Hence, any supermarket is likely to require adequate parking to prevent being competitively disadvantaged.

We tested this by quantifying the likely demand for supermarket space generated by residents within a walkable catchment.

The Chapter also examines car space rates to retail space across the 132' mini-guns centres in Australia. These are smaller centres that range between 6,000sqm to 20,000sqm in size³. The typical rates of car provision for these centres are then compared to that proposed and for the subject site.

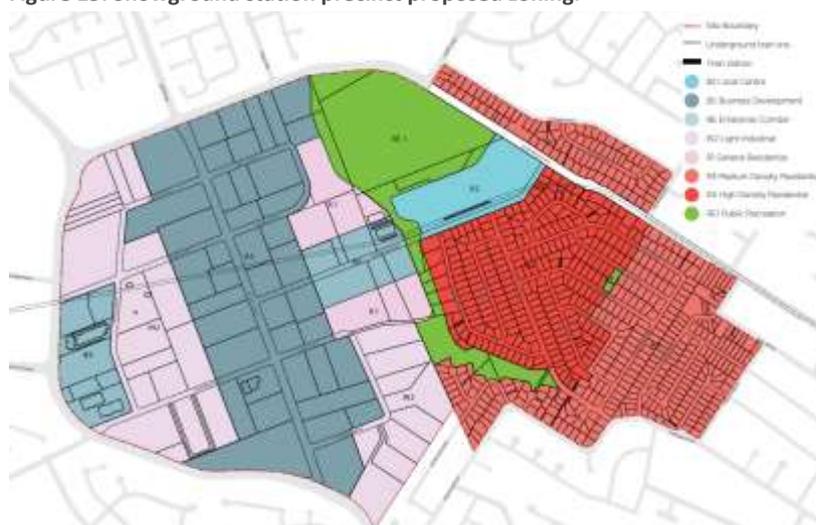
5.1 Showground Station precinct

The subject site forms part of the Showground station precinct. In 2015 the Department of Planning Infrastructure and Environment (DPIE) proposed several changes to zonings and FSRs within the Showground Station precinct. These changes were estimated to potentially result in 5,000 additional dwellings over a 20-year development period.

We have estimated that these dwellings could yield a population of around 10,515 persons. This estimate assumes a 5% vacancy rate and 2.21 persons per apartment, in line with The Hills Shire Community Profile 2016 for occupied apartments.

The subject site forms part of the station precinct, which is approved to provide 1,620 residential apartments. It is assumed this is developed first.

Figure 15: Showground station precinct proposed zoning.



Source: Showground station precinct proposal 2015

³ Shopping Centre News Mini-Guns 2020.

5.2 Walkable catchment

As seen in the Figure below, a walkable catchment has been defined as an 800-metre radius around the subject site.

Figure 16: Subject site walkable catchment



Source: HillPDA

5.3 Population forecasts

The existing population in 2020 has been estimated by applying an average occupancy rate of 3.29 to the estimated 688 dwellings currently within the defined walking catchment (blue and green lots in the Figure immediately above).

In estimating the future population, it is assumed that 95% of apartments would be occupied with an average of 2.21 persons per apartment. Other assumptions are:

- Medium to high-density redevelopment will total 5,000 dwellings over 20 years (assumed start of 2024). This would result in a population of around 10,515 when full development is achieved.
- The Station precinct is approved for 1,620 apartments. This Precinct is the first to develop at a rate of around 250 dwellings per annum from 2024.
- Dwellings elsewhere in the 400 metres catchment will develop next from around 2027-28 - estimated total of about 1,200 dwellings.
- Dwellings in the 400-800 metres catchment develop from around 2029-30 - estimated at about 3,050 total dwellings.

From the above assumptions, the residential catchment within 800 metres walking radius will increase from around 2,265 residents in 2020 to about 12,380 residents in 2044. This is an increase of approximately 10,100 residents over the next 22 years.

Table 7: Walkable catchment – resident population forecasts

	2020	2024	2026	2031	2036	2041	2044	Change
Station precinct	0	553	1,604	3,434	3,434	3,434	3,434	3,434
Remaining 400m	513	539	553	768	1,544	2,170	2,545	2,033
400m-800m radius	1,752	1,791	1,811	2,377	3,832	5,436	6,399	4,647
Total	2,265	2,883	3,969	6,579	8,810	11,040	12,378	10,113

Source: HillPDA

5.4 Worker forecasts

Employment forecasts have been sourced from the Transport, Performance, and Analytics (TPA) 2019 employment forecasts. Given the connectivity and the road network within the current industrial Precinct, we have assumed a proportion of workers, say 50%, would walk to the retail Centre to purchase items. This would account for some workers within the station precinct itself.

Using this methodology, it is estimated that in 2024, the supermarket could capture expenditure from around 2,050 workers, increasing to just under 2,365 workers by 2044.

Table 8: Walkable Catchment – worker forecasts

	2020	2024	2026	2031	2036	2041	2044
Total workers	4,020	4,100	4,153	4,309	4,440	4,631	4,725
Workers using supermarket	2,010	2,050	2,076	2,155	2,220	2,315	2,363

Source: TPA 2019 employment forecasts, HillPDA

5.5 Forecast supermarket space demand

The following forecasts the demand for supermarket floorspace within a walkable catchment of the subject site. By walkable catchment, we assume that the supermarket shoppers predominantly do not drive to shop there, although some expenditure may be captured from workers and commuters who drive there. Sources of expenditure include residents, workers, and visitors/commuters.

5.5.1 Household and worker expenditure

Resident household retail expenditure was sourced from:

- ABS Household Expenditure Survey, which provides household expenditure by broad commodity type by household income quintile; and
- Market info 2017 database is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using "microsimulation modelling techniques".

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

Worker expenditure has been estimated by assuming 15% of a household's yearly supermarket expenditure is spent near their workplace.

Table 9 Shows the total amount of supermarket expenditure generated by residents and workers within a walkable catchment. This is provided across the various trade segments.

Table 9: Total retail supermarket expenditure by trade segment(4m)

Trade segment	2020	2024	2026	2031	2036	2041	2044
Residents in Station precinct*	0.0	2.7	7.9	17.4	17.9	18.3	18.6
Remaining inside 400m*	2.5	2.6	2.7	3.9	8.0	11.6	13.8
Residents 400m-800m*	8.4	8.8	9.0	12.1	19.9	29.0	34.6
Total residents*	10.9	14.1	19.6	33.4	45.8	58.9	67.0
Total worker*	2.9	3.0	3.1	3.3	3.5	3.7	3.8
Total	13.8	17.1	22.7	36.7	49.3	62.6	70.9

*Real spend per capita in supermarkets is assumed to increase at 0.5% per annum in line with historical trends.

Source: Marketinfo 2017 and HillPDA

5.5.2 Estimated capture of supermarket expenditure

Not all the above expenditure would be captured by the subject supermarket. Reasons for including:

- The proximity of surrounding competing centres which provides a greater range and quantum of retail floorspace.
- Residents undertaking discretionary shopping in the larger regional centres (such as Castle Towers) and supplementing their food and grocery shopping there.
- Working residents spending a portion of retail expenditure close to their place of work (approximately 15-25% – even more in the CBD)
- Expenditure from residents on holidays/business trips or are away for other reasons for any extended period.

We have applied capture rates across the various trade segments; these are identified in column two of the following table.

The capture rates are based on the premise that as people live further from the supermarket, they are less likely to shop there – mainly if they cannot park there. In these cases, alternative destinations such as Castle Towers will provide a more attractive, convenient, and more accessible offer.

By applying the assumed capture rates in the table below, it is estimated that a potential supermarket on the subject site could expect to capture \$8.2 million in expenditure in 2024 (assumed opening year), increasing to \$34 million by 2044.

Table 10: Potential supermarket sales by source of trade (\$m)

Trade segment	Capture rates	2024	2026	2031	2036	2041	2044
Station precinct	75%	2.0	6.0	13.1	13.4	13.7	13.9
Remaining 400m	50%	1.3	1.4	1.9	4.0	5.8	6.9
400-800m	25%	2.2	2.2	3.0	5.0	7.2	8.7
Total residents		5.5	9.6	18.0	22.4	26.8	29.5
Total worker	50%	1.5	1.5	1.6	1.7	1.9	1.9
Other sources (5%-10%) *		1.1	1.7	2.6	2.8	2.8	2.4
Total		8.2	12.8	22.3	26.9	31.4	33.9

Includes residents beyond 800m, visitors and commuters Source: HillPDA

5.5.3 Estimated supportable floorspace within the walkable catchment.

Expenditure is translated into the amount of floorspace that could be supported onsite by applying target turnover rates (\$/sqm of retail floorspace), and otherwise known as retail turnover densities (RTDs)). The RTD rates applied broadly represents industry averages.

Table 11: Potential supermarket demand (sqm)

Trade segment	2024	2026	2031	2036	2041	2044
Total potential retail sales (\$m)	8.2	12.8	22.3	26.9	31.4	33.9
Retail turnover density (\$/sqm) *	12,752	12,880	13,205	13,538	13,880	14,089
Total floor space demand (sqm)	642	991	1,690	1,989	2,262	2,403

* Assume to Increase at 0.5% per annum in line with historic trends

Source: HillPDA.

5.5.4 Supermarket floorspace demand versus supply

Our analysis shows that upon opening, a walking catchment around the subject site could support only a small format supermarket (say 600-1,000sqm). With further densification in the Showground Station Precinct, the amount of supportable supermarket space is forecast to increase ultimately to around 2,400sqm. However, that would be some 20 years after the opening of the supermarket.

Therefore, metro-style supermarkets⁴, with fewer onsite car parking, are typically around 1,000sqm in size (e.g., Coles in St Leonards Forum). These supermarkets trade well at highly patronised train stations with high density living around the Station. However, this level of available expenditure is insufficient to support a large 3,000-4,000sqm full-line supermarket.

Even a 1,000sqm supermarket on the subject site opening in 2024 is likely to trade below industry averages in its first couple of years of trading.

5.5.5 Demand for supermarket space with higher car parking numbers

If car parking was provided at rates proposed by Deicorp's or Woolworths, then the demand for supermarket space would be higher because the improved offer would widen and intensify the trade area.

There are around 5,700 people living beyond the 800m radius in the suburb of Castle Hill whose closest full-line supermarket will be the subject supermarket. For general food and grocery shopping the offer will be attractive for these residents saving them time and the inconvenience of parking and shopping at alternate centres such as Castle Towers. Most of these residents live to the north of the Station in the Gilbert Road and Ridgescrop Road area and others live just to the south in the Parsonage Road area.

Assuming capture rates as follows:

- Station Precinct 75%
- The remaining area within 400m 65%
- 400-800m radius 55%
- Trade area beyond 800m 35%

Then total potential supermarket sales would be \$23m when the supermarket opens in 2024, increasing to \$40m by 2031 and \$56m by 2041. This is sufficient turnover to support a full line supermarket as proposed, albeit that it is likely to underperform in its first five or so years of operation.

⁴ We note that a metro-style supermarket is not permitted under the concept approval and contrary to the contractual obligations.

5.6 What does this mean for the Showground Precinct?

The Site is proposed to contain a full-line supermarket by 2024. Our analysis shows that at any time over the foreseeable future, a full-line supermarket could not be supported by residents and workers within a walkable catchment alone.

To ensure a supermarket of this size is viable, it will require adequate car parking spaces to widen the trade area.

Insufficient onsite parking is likely to have the following consequences:

- Residents beyond the 400m radius and in the potentially wider trade area will choose alternative destinations to do food and grocery shopping – such as Castle Towers, Baulkham Hills, and Wrights Road Kellyville.
- These residents will therefore need to travel further which will undermine transport sustainability objectives.
- The proposed supermarket at the Station is unlikely to achieve total retail sales of more than \$8.4m in 2024 increasingly gradually to \$31m by 2041 (measured in 2020 dollars). These levels are insufficient to support a large format full-line supermarket.
- Reduced turnover would undermine or threaten the viability of the subject supermarket, which is the anchor tenant. As a result, it would also reduce the viability of the specialty shops in the centre that have that nexus relationship with the anchor tenant.
- In a worst-case scenario, Woolworths or any other supermarket operator may decline to commit leaving a long-term vacancy. Without the anchor supermarket, specialty shops would be deterred, resulting in a 'white elephant'. This would have adverse consequences on the marketing of residential apartments. Some convenience retailers would likely operate in some of the specialty stores (mini-supermarket or mixed business stores).

If sufficient on-site car parking spaces are provided as proposed by Deicorp it would strengthen and widen the centre's trade influence. Total potential sales in 2024 would be \$23m in 2024 increasing to \$56m by 2041 which is sufficient to support a large format full-line supermarket.

6.0 CONCLUSION AND KEY FINDINGS

Conclusions and key findings

The Site is proposed to contain a full-line supermarket by 2024. Our analysis shows that at any time over the foreseeable future, a full-line supermarket could not be supported by residents and workers within a walkable catchment alone. Insufficient onsite parking is likely to have the following consequences:

- Residents beyond the 400m radius and in the potentially wider trade area will choose alternative destinations to do food and grocery shopping – such as Castle Towers or Baulkham Hills.
- These residents will therefore need to travel further, which will undermine transport sustainability objectives.
- Reduced turnover (\$15m less turnover in 2024 and \$24m less turnover in 2041) would undermine or threaten the viability of the subject supermarket, which is the anchor tenant. As a result, it would also reduce the viability of the specialty shops in the Centre with that nexus relationship with the anchor tenant.
- In a worst-case scenario, Woolworths or any other supermarket operator may decline to leave a long-term vacancy. Without the anchor supermarket, specialty shops would be deterred, resulting in a 'white elephant'. This would have adverse consequences on the marketing of residential apartments.
- Community facilities are vital to health and well-being, enabling a variety of uses to share the space. Modern community centre requires a car parking rate of 1 in 29sqm to 1 in 35sqm. Without the parking allocated to the community facility, space would not be occupied enough to be financially sustainable.

Regarding the above, to provide a viable mixed-use development, a full-line supermarket and community facility with adequate car parking spaces would be required to widen the trade area.

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