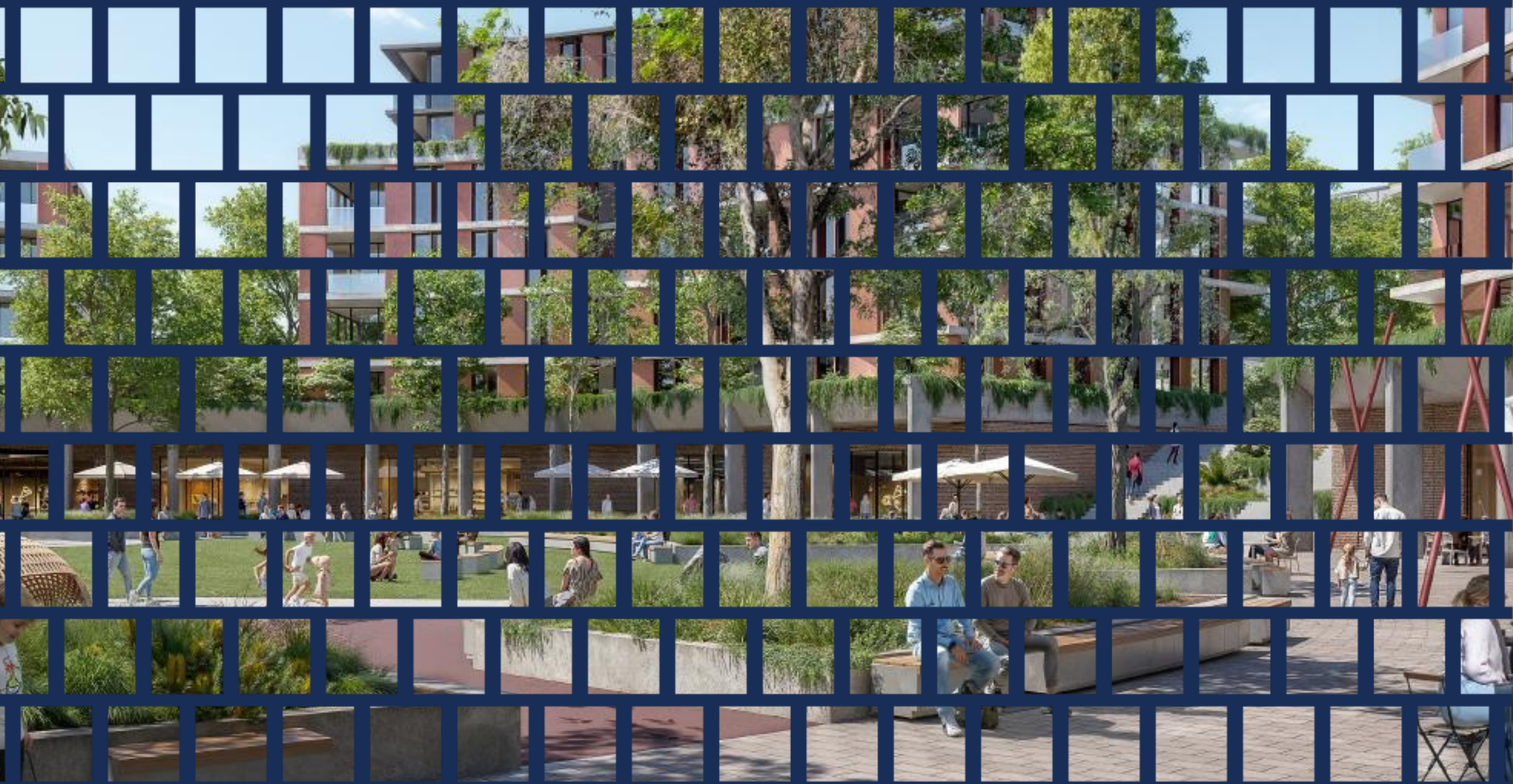
O'Connell Street, Caddens

Economic impact assessment



Prepared for:

Caddens Estate Pty Ltd

15 August 2025

Acknowledgment of Country

HillPDA acknowledges the Traditional Custodians of Country throughout Australia and their continuing connection to land, waters, culture, and community.

We acknowledge the Gadigal people of the Eora Nation and Wurundjeri Woi-wurrung and Bunurong / Boon Wurrung peoples of the Kulin Nation, the traditional owners of the land on which this report is prepared, and we show our respect for elders' past and present.

Disclaimer

Quality assurance

This document is for discussion purposes only unless finalised and approved by a Principal of HillPDA.

Version	Date	Prepared by	Reviewed by	Approved by
Draft V1	27/06/2025	Nicholas Hill		
Draft V2	15/08/2025	Nicholas Hill		

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EXECUTIVE SUMMARY

HillPDA has prepared this Economic Impact Assessment (the Report) for Caddens Estate Pty Ltd (the Proponent) to accompany a State Significant Development Application (SSDA) for a mixed-use development at 68–80 O'Connell Street, Caddens, within the Penrith Local Government Area (LGA). The Proposal, which includes infill affordable housing, comprises approximately 482 residential dwellings across 49,500 square metres of residential gross floor area (GFA); 2,685 square metres of commercial premises GFA; and 204 square metres of recreation space.

The SSDA has been lodged under Part 4, Division 4.7 of the Environmental Planning and Assessment Act 1979 (EP&A Act). The Proposal received the Planning Secretary's Environmental Assessment Requirements (SEARs) on 14 March 2025 (SSD-80875966). Although an economic impact assessment was not explicitly required under the SEARs, HillPDA was engaged to estimate the economic activity generated by the Proposal during both its construction and operational phases.

The western portion of the site (68 O'Connell Street) is zoned E1 Local Centre and forms part of Caddens Village. Under Clause 7.12 of the Penrith Local Environmental Plan 2010 (PLEP 2010), Caddens Village is limited to a maximum of 10,000m² of commercial premises GFA. This control is intended to maintain the established hierarchy of local commercial centres within Penrith.

Penrith City Council is currently undertaking an Employment Zones Review (Planning Proposal PP-2025-415), which seeks to amend planning controls for certain employment-zoned lands across the LGA. It is understood that this Planning Proposal includes the removal of Clause 7.12.

The current Proposal would add 2,685 square metres of retail floorspace, increasing the total commercial premises GFA within Caddens Village to 9,380 square metres, remaining below the existing 10,000 square metres limit.[1]

While the Proposal complies with Clause 7.12 and Council has signalled its intention to remove this provision, this Report also includes a retail supply, demand, and impact analysis for Caddens Village. The purpose is to confirm an identified retail need and to ensure the Proposal would not undermine the established local centre hierarchy.

This report concludes that the proposed mixed-use development is suitable and warrants approval. This conclusion is supported in the following summary of the key findings from this report:

Retail needs assessment

HillPDA undertook demand modelling for Caddens Village. For this assessment, Caddens Village encompasses the existing Caddens Corner Shopping Centre and adjacent E1 Local Centre zoned land. This includes the western portion of the subject site (68 O'Connell Street).

Demand modelling suggests that Caddens Village could support around 10,000 square metres of retail space as of 2024, increasing to just over 15,000 square metres by 2046. Currently, Caddens Village provides 6,695 square metres of retail space (commercial premises space). This results in a current undersupply of 5,737 square metres, increasing to approximately 10,697 square metres by 2046.

The additional 2,337 square metres of retail space in the Proposal would increase total commercial premises space in the Village to approximately 8,679 square metres. As such, the Proposal would meet a current need for retail space, ensuring the surrounding community is appropriately serviced without creating an oversupply or exceeding the Clause 7.12 commercial premises space limit.

[1] For this assessment, Caddens Village encompasses all land zoned for E1 – Local Centre, which includes Caddens Corner Shopping Centre

Impact on the surrounding hierarchy

Caddens is classified as a village in the Penrith Urban Strategy, which defines a village as having up to 10,000 square metres of commercial premises space. This limit is further enforced in Clause 7.12 of the PLEP 2010. Although this Clause is proposed to be removed by Penrith City Council, it was intended to ensure that the Village does not exceed this amount, safeguarding Penrith's local commercial centre hierarchy.

The Proposal would increase the amount of commercial premises space in the Village to 8,679 square metres. Given that this limit is still maintained and not exceeded, it can be concluded that the Proposal would contribute to Caddens Village fulfilling its intended role and not adversely impact Penrith's local commercial centre.

Further, based on the retail component of the Proposal achieving a target turnover of around $15 million. The Proposal would likely not impact the viability of retailers within the existing centre hierarchy, given:

1. The Proposal does not rely on redirection or capture of existing expenditure directed towards Caddens Village.
2. As of 2028, with the Proposal's inclusion, Caddens Village is estimated to have a total retail turnover of around $81 million. This accounts for less than a third (25%) of the total retail spend generated by residents in the PTA and 13% of the MTA.
3. As of 2028, with the Proposal's inclusion, Caddens Village is estimated to capture only around 2.1 per cent of the total expenditure generated by Penrith LGA residents ($3.9 billion). This leaves a residual 2 per cent, or $3.8 billion, of household expenditure to be directed towards other retailers within the LGA and the wider area.
4. Between 2028 and 2046, resident expenditure across Penrith LGA is forecast to increase by over $2.2 billion. Although some of this growth would escape the LGA, this potential growth and spend from non-residents would more than compensate for the $15 million increase in turnover captured by the Proposal.

Economic impact

The proposed $334.3 million construction and ongoing operation of the Proposal would provide economic benefits to the local and state economy, summarised as:

- 2,518 job years during construction (600 job years onsite and support a further 1,918 job years across the State economy),
- A total of 144 FTE ongoing jobs during operation (81 FTE jobs onsite and 63 FTE additional jobs supported across the State economy),
- A total of $47 million in annual output during operation ($17 million in direct wages to workers onsite and a further $30 million supported across the State).
- A total of $8 million in annual wages during operation ($4 million in direct wages to workers onsite and a further $4 million supported across the State).
- A total of $16 million annually to the State Gross Product ($6 million directly from the uses onsite and a further $10 million supported across the State).
- Providing a catalyst for further investment in the locality,
- Providing jobs closer to home and contributing to Penrith LGA and New South Wales employment targets,
- Contribute to fulfilling its village centre function/role,
- Provide a mini major anchor tenant, increasing visitation rates and viability of the Village,
- Increase the amount and mixture of housing available, contributing to dwelling projections and targets,
- Help improve dwelling affordability,
- Improve price competition and services.

Based on the above assessment, it is concluded that the Proposal is supported from both an economic and needs perspective.

INTRODUCTION

1.0 INTRODUCTION

Caddens Estate Pty Ltd (the Proponent) commissioned HillPDA to undertake an economic impact assessment of a proposed mixed-use development at 68-80 O'Connell Street, Caddens (the subject site). The proposed development would provide approximately 482 residential dwellings across 49,500 square metres of residential gross floor area (GFA), 2,337 square metres of commercial premise GFA, 377 square metres of recreation space, and 175square metres of health services space (the Proposal).

The Proponent has submitted a State Significant Development Application (SSDA) under Part 4, Division 4.7 of the Environmental Planning and Assessment Act 1979 (EP&A Act). The Proposal has received Planning Secretary's Environmental Assessment Requirements (SEARs) on 14 March 2025 (SSD-80875966).

Although not a specific requirement of the issued SEARs, HillPDA was engaged to undertake an assessment that estimates the economic activity of the Proposal during its construction and operational phase.

In addition to estimating its economic activity, the western portion of the subject site (68 O'Connell Street) is impacted by Clause 7.12 in the Penrith Local Environmental Plan 2010 (PLEP 2010). This clause limits the "Maximum Gross floor area of commercial premises[2]" of Caddens Village to 10,000 square metres, ensuring that the existing hierarchy of Penrith's local commercial centres is retained.

Penrith City Council is conducting an Employment Zones Review, identified as Planning Proposal PP-2025-415, to amend planning controls for certain employment-zoned lands within the Penrith Local Government Area. It is understood that this Planning Proposal proposes the removal of Clause 7.12.

Caddens Corner shopping centre, also located at 68 O'Connell Street, was constructed in 2020 and approved to provide 10,128 square metres of commercial premise GFA. It is understood that only 8,672 square metres of the approved 10,128 square metres were developed. The shopping centre is currently the sole provider of commercial premises space within Caddens Village.

The Proponent provided HillPDA with a detailed tenancy list, along with associated floor areas, for Caddens Corner. From this schedule, it can be concluded that of the 8,672 square metres of developed space, 6,342 square metres are occupied by commercial premise uses, with the remaining 2,330 square metres being used for non-commercial uses as defined in the PLEP 2010 purposes (a gym, swim school and childcare[3]).

The Proposal would provide 2,337 square metres of commercial premises space[4], predominantly in the form of retail uses. If realised, the Proposal would increase the overall commercial premises space in Caddens to 8,679 square metres (6,342 square metres existing plus 2,337 square metres proposed).

Despite the inclusion of the Proposal not exceeding the Clause 7.12 commercial premises space limit, coupled with Council's intention to remove the Clause. To ensure that an identified need supports the Proposal and that it would not impact the local centre hierarchy, this assessment undertakes a retail supply, demand and impact assessment for the Caddens centre, hence referred to as Caddens Village[5].

[2] A commercial premises means any of the following: a business premises, office premises, or a retail premises.

[3] A childcare centre is defined as an early education and care facility, a gymnasium is defined as a recreation facility (indoor) and a medical centre is a health service.

[4] Excludes proposed recreation and health space.

[5] Caddens Village encompasses all land zoned for E1 – Local Centre, which includes Caddens Corner Shopping Centre

Table 1: Caddens Village approved, developed and proposed space

Caddens Corner (as approved)	PLEP land use category	Area (sqm)
Supermarket (Woolworths)	Commercial premises	3,566
Liquor	Commercial premises	168
Tenancy 1	Recreation facility (indoor)	307
Tenancy 2	Commercial premises	302
Tenancy 3	Commercial premises	168
Tenancy 4	Commercial premises	463
Tenancy 5	Commercial premises	935
Tenancy 6 (gym)	Recreation facility (indoor)	527
Tenancy 7 [Retail Box]	Not developed	n/a
Tenancy 8a [Retail Box]	Not developed	n/a
Tenancy 8b [Retail Box]	Not developed	n/a
Tenancy 9a and b (childcare and medical)	Early education and health services	1,496
Tenancy 9c	Commercial premises	166
Tenancy 10	Commercial premises	49
Tenancy 11	Commercial premises	525
Total space		**8,672**
Caddens Corner summary	**PLEP land use category**	**Area (sqm)**
Commercial premises	Commercial premises	6,342
Non-commercial premises*	Education, health and recreation	2,330
Total developed		**8,672**
The Proposal	**PLEP land use category**	**Area (sqm)**
Proposed commercial premises	Commercial premises	2,337
Non-commercial premises	Health and recreation	552
Total proposed space		**2,889**
Total commercial premises space (existing plus Proposal)		**8,679**

*non-commercial premises as defined in the PLEP 2010

1.1 The Proposal

The SSDA seeks development consent for a mixed-use development (including in-fill affordable housing) comprising a combination of shop-top housing, residential flat buildings and a commercial premises (shop) at 68-80 O'Connell Street, Caddens. The proposed works include site preparation works, excavation, infrastructure, construction of the buildings and associated landscaping works.

Specifically, the SSDA seeks development consent for:

- demolition of an existing at-grade car park
- construction of 4 x 4 - 6 storey shop top housing buildings at 68 O'Connell Street, Caddens, comprising:
  - approximately 177 residential dwellings
- ground floor commercial, retail and medical uses
- construction of a single-storey commercial premises (shop) located at the southwestern corner of 68 O'Connell Street
- construction of basement carparking to service the shop top housing, ground floor commercial and commercial premises at the southwestern corner

- construction of 11 x 4 – 7 storey residential flat buildings at 80 O'Connell Street, including
  - approximately 305 residential dwellings
  - basement carparking
- internal roads
- associated infrastructure and services
- landscaping and communal open spaces including a 'public square'.

The Proposal also incorporates 15% affordable housing and seeks to utilise the incentive controls under Chapter 2, Part 2, Division 1, Section 18 of the State Environmental Planning Policy (Housing) 2021 (Housing SEPP) to achieve 30% additional building height.

This SSDA also seeks to modify DA17/0995 (pursuant to Clause 4.17(5) of the Environmental Planning and Assessment Act 1979 (EP&A Act) by amending the description of works and removing reference to the Concept DA and Stage 2 works to avoid inconsistency of the proposed works on the existing at-grade car park and southwestern corner of the site with that approval.

This report has been prepared in response to the requirements contained within the Secretary's Environmental Assessment Requirements (SEARs) dated 14 March 2025 (SSD-80875966).

1.2 The subject site

The subject site is located at 68-80 O'Connell Street, Caddens, within the Penrith LGA. It is legally described as Lot 1 and 2 in DP 1268507. The site has an area of 54,032 square metres and is generally rectangular in shape.

The western portion of the site (68 O'Connell Street) currently comprises an approved commercial shopping centre development and associated carpark, commonly known as 'Caddens Corner'. It is zoned E1 Local Centre pursuant to the Penrith Local Environmental Plan 2010 (PLEP 2010). This portion of the site is subject to a Concept DA (DA17/0995. A portion of 68 O'Connell Street, which is currently used for at-grade car parking, is subject to this SSDA.

The eastern portion of the site (80 O'Connell Street) is a cleared vacant lot, historically occupied by rural residential land uses. It is zoned R4 High Density Residential pursuant to the PLEP 2010. The site itself is not identified as a heritage item; however, it is located to the east of the 'Teacher's residence (former)' (Item 670), a local heritage item which is identified under Schedule 5 of the PLEP 2010.

High biodiversity value land is present at the site at its north-eastern corner, pursuant to the Biodiversity Conservation Act 2016.

The site is located within the Caddens Release Area within the Penrith Development Control Plan 2014 (PDCP 2014), and, under the Caddens Release Area Structure Plan, is strategically identified as the precinct centre with adjoining residential areas.

The site is approximately 2.2 kilometres (km) from Werrington Station and 1.8km from Kingswood Station. It is also well serviced by local buses with stops in proximity to the site along O'Connell Street in both directions.

The site is surrounded by established and newly developed low density residential areas of Caddens, Claremont Meadows, Werrington and Kingswood, as envisioned by the Caddens Release Area plan within the PDCP 2014.

A staged residential subdivision for 119 residential lots is located immediately to the north of the site at 46-66 O'Connell Street.

The area is interspersed with a variety of uses, including Western Sydney University (WSU), TAFE NSW and sporting fields.

The site is located 5.5km east of Penrith City Centre and 30km west from Parramatta CBD.

Figure 1: The subject site

Source: Base source: Group GSA

1.3 Study structure

To address the requirements of the brief, the assessment was set out as follows:

- **Chapter 2 | Competitive retail environment:** This section reviews the retail hierarchy surrounding Caddens Village. It intends to examine centres that may influence the extent of its catchment and the subsequent amount of retail space it could provide.
- **Chapter 3 | Retail demand assessment:** This section estimates the retail space that Caddens Village could support. This is based on its determined trade catchment, the amount of spend captured by the centre and retail turnover densities. A gap assessment is further undertaken to determine that the Proposal is supported by demand and would not result in an oversupply.
- **Chapter 3 | Retail impact assessment:** This section estimates the impact the Proposal would have on the surrounding retail centre hierarchy.
- **Chapter 4 | Economic impact assessment:** This section examines the economic activity the Proposal would generate/support during its construction and operational phases.

2.0 COMPETITIVE RETAIL ENVIRONMENT

This section reviews the surrounding retail hierarchy around Caddens Village. It intends to examine the location, size and function of centres, which would influence the extent of its trade catchment and, conversely, may be impacted by the Proposal.

2.1 Surrounding centres of influence

The key centres that would influence the extent of Caddens Village's trade catchment and provision of retail space are as follows:

1. **Penrith Regional City**: The Regional City is the largest retail precinct within the LGA, providing around 200,00 square metres of retail space. Westfield provides the single largest provider of retail space (80,000 square metres GLA), with anchor tenants including and ALDI, Woolworths, Coles, Big W, and Myer. A further 232 specialty stores are also provided in the shopping centre. The centre reported an MAT of $750 million in 2024, or $9,420/sqm, ranking it 21st out of 93 similar-sized centres.

   Nepean Village anchors the southern portion of the City, providing 22,290 square metres of retail GLA. A 4,275 square metres Coles and 8,734 square metres Kmart provide an anchor role for 87 specialty stores.

   Given its retail offerings and turnover, the Penrith City Centre represents a destination rather than a convenience-based local centre.

2. **St Marys town centre:** The main shopping centre in St Marys is St Marys Village Shopping Centre. There is also an existing ALDI supermarket located on the corner of Great Western Highway and Princess Mary Street (1,412 square metres). The centre provides an additional 21,000 square metres of strip retailing, located along Queen Street. A survey undertaken by HillPDA found that 25% of this strip retailing was attributed to professional service providers such as banks, real estate agents, accountants, lawyers and health care professionals. This proportion is typical for a centre of this size.

   St Marys Village Shopping Centre is anchored by Target (8,109 square metres) and Woolworths (4,046 square metres). There are also 40 specialty stores providing 3,773 square metres of retail floorspace. In total, the Centre provides 15,928 square metres of lettable retail floorspace6. The turnover of the Centre is mundane at $6,189/sqm, which was 26% below the median for the Mini Guns shopping's Centres7.

   The recently announced 23-kilometre Western Sydney Metro will connect the Western Sydney Aerotropolis in the south with St Marys in the north. This will stimulate growth and investment within St Marys.

3. **Kingswood specialised centre**: is located around two and a half kilometres or a four-minute drive west of the Subject Site. Kingswood's prime retail strip is situated predominantly along the Great Western Highway and Bringelly Road, comprising approximately 5,430 square metres of retail floorspace. Larger tenants include the Kingswood Hotel (570 square metres) and Art House Direct (225 square metres). In addition, there is around 2,050 square metres of commercial floorspace[8].

   It is recognised that there are a few retail specialty stores within the Nepean Hospital Health Precinct. These shops meet the immediate and convenience shopping needs of the visitors, workers and patrons of the Hospital and surrounding medical facilities.

[6] NSW PCA Shopping Directory 2015
[7] Shopping Centre News, Mini Guns 2014, Mini Guns are defined as a shopping centre between 6,000 to 20,000sqm of lettable retail floorspace.
[8] HillPDA 2009, Kingswood EIA Study

Further strip retailing is located east of the subject site on Manning Street, comprising six specialty stores (of which one was vacant at the time of survey), with a total of around 750 square metres of retail floorspace[9].

4. **Caddens Village**: Caddens is identified as a village within the Penrith hierarchy, with a commercial space limit of 10,000 square metres. The sole provider of retail space in the village is Caddens Corner shopping centre. Caddens Coner was approved for 10,127 square metres of commercial space. We understand that just under 8,885 square metres was developed as of March 2025. Of this space, 6,695 square metres is occupied by retail uses. A full-line Woolworths supermarket anchors the village.
5. **South Penrith village**: is a stand-alone shopping centre known as Southlands Shopping Centre. It provides around 6,300 square metres of retail floorspace and is anchored by Woolworths (3,906 square metres) with 25 specialty shops that provide 2,410 square metres of retail floorspace[10].
6. **St Clair village:** is a stand-alone shopping centre known as St Clair Shopping Centre, which provides a total of 13,700 square metres of GLAR and is anchored by a Woolworth's supermarket (3,800 square metres). An additional 50 specialty shops provide a further 9,832qm[11].
7. **Warrington County village:** The 6,200 square metres Werrington County Shopping Village on Dunheved Rd is anchored by a Supa IGA (1,524 square metres). In addition, the Village contains a service station, a convenience store, plus 17 specialty stores (2,106 square metres)[12].
8. **Claremont Meadows small village:** Claremont Meadows comprises a small neighbourhood shopping centre of around 1,500 square metres that is anchored by an IGA supermarket (approx. 800 square metres) plus 7 specialty stores, including a bottle shop, pharmacy, bakery and real estate agent. The centre provides the surrounding residential area with convenience-based shopping.
9. **Warrington station neighbourhood centre:** A smaller centre located on Victoria Street near Werrington Train Station, comprising around 2,300 square metres of floorspace. This includes a bottle shop (340 square metres) with a mix of specialty stores remaining. Further strip retail is located 200m further up Victoria Street, comprising a total of 300 square metres of retail. The complex contains a corner grocery store (170 square metres) and two other specialty stores[13].
10. **Cambridge Park neighbourhood centre:** Provides approximately 4,500 square metres of retail space. A Coles supermarket anchors the centre with supportive fast-food services.
11. **Orchard Hills North planned village centre**: Orchard Hills North is identified as a priority area for urban development under the Greater Perth Economic Corridor (GPEC) Strategic Framework. Projected for completion in Stage 2 of the Orchard Hill release area, the village centre will provide 6,000-8,000 square metres of retail space. A full-line supermarket is likely to anchor the village.
12. **Orchard Hills Stage 1:** Upon completion, Stage 1 is expected to accommodate around 30,000 people. To service this population, a new Local Centre, located around the future Orchard Hill Metro Station, would serve as the primary retail destination for Stage 1 and the wider release area. This local centre would provide up to 30,000 square metres of retail space comprising a mix of full-line supermarkets, mini-majors and specialty retail. Stage 1 would contain two smaller neighbourhood centres (<6,500 square metres) providing for their day-to-day convenience needs (ATLAS, 2024).

[9] HillPDA 2009, Kingswood EIA Study
[10] NSW PCA Shopping Directory 2023
[11] NSW PCA Shopping Directory 2023
[12] NSW PCA Shopping Directory 2015
[13] HillPDA 2009, Kingswood EIA Study

Table 2: Summary of potentially competing centres in the locality

Centre	Retail sqm	Hierarchy level*	Supermarket
Penrith Regional City	200,000	Penrith Regional City	Woolworths, ALDI (2) and Coles (2)
St Marys	60,000	Town Centre	ALDI, Woolworths
Kingswood	6,000	Specialised centre	
Caddens Corner	10,127	Village	Woolworths
South Penrith	6,300	Village	Woolworths
St Clair	13,700	Village	Woolworths
Warrington County	6,200	Village	IGA
Cambridge Park	4,500	Village	Coles
Claremont meadows	1,500	Small village	
Warrington Station	2,300	Small village	IGA
Orchard Hills, North (Planned)	8,000	Village	
Total	**318,627**		

*as best defined in the Penrith Urban Strategy

Figure 2 below visually shows the location of each identified centre.

Figure 2: Surrounding local retail hierarchy of influence

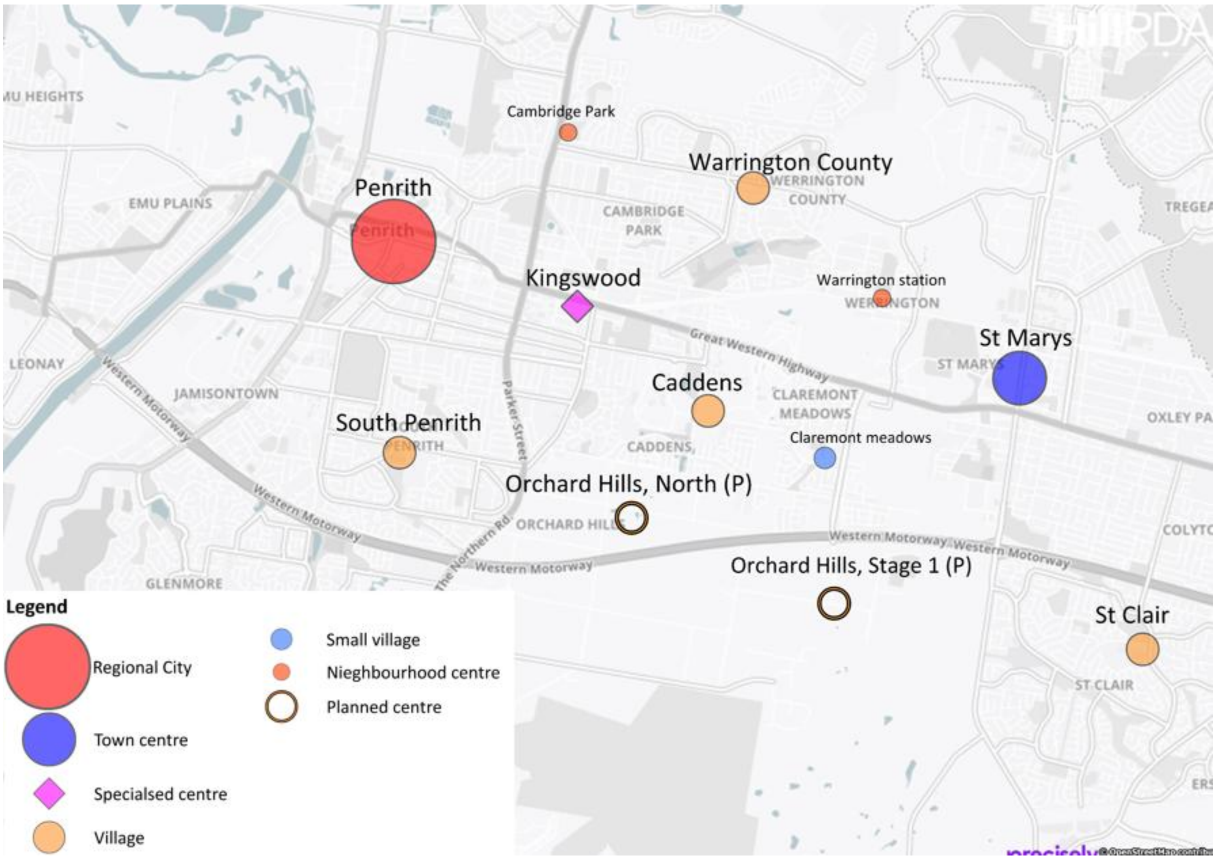


Figure 3: Orchard Hill Stage 1

3.0 RETAIL DEMAND ASSESSMENT

This section estimates the retail space that Caddens Village could support. This is based on its determined trade catchment, the amount of spend captured by the centre and retail turnover densities. A gap assessment is further undertaken to determine that the Proposal is supported by demand and would not result in oversupply.

Please note that for this assessment, Caddens Village encompasses the existing Caddens Corner Shopping Centre and adjacent E1 Local Centre zoned land. This includes the western portion of the subject site (68 O'Connell Street). This aligns with Penrith's local retail hierarchy and vision as defined in the Penrith Urban Strategy and zoning intent.

3.1 Trade area identification

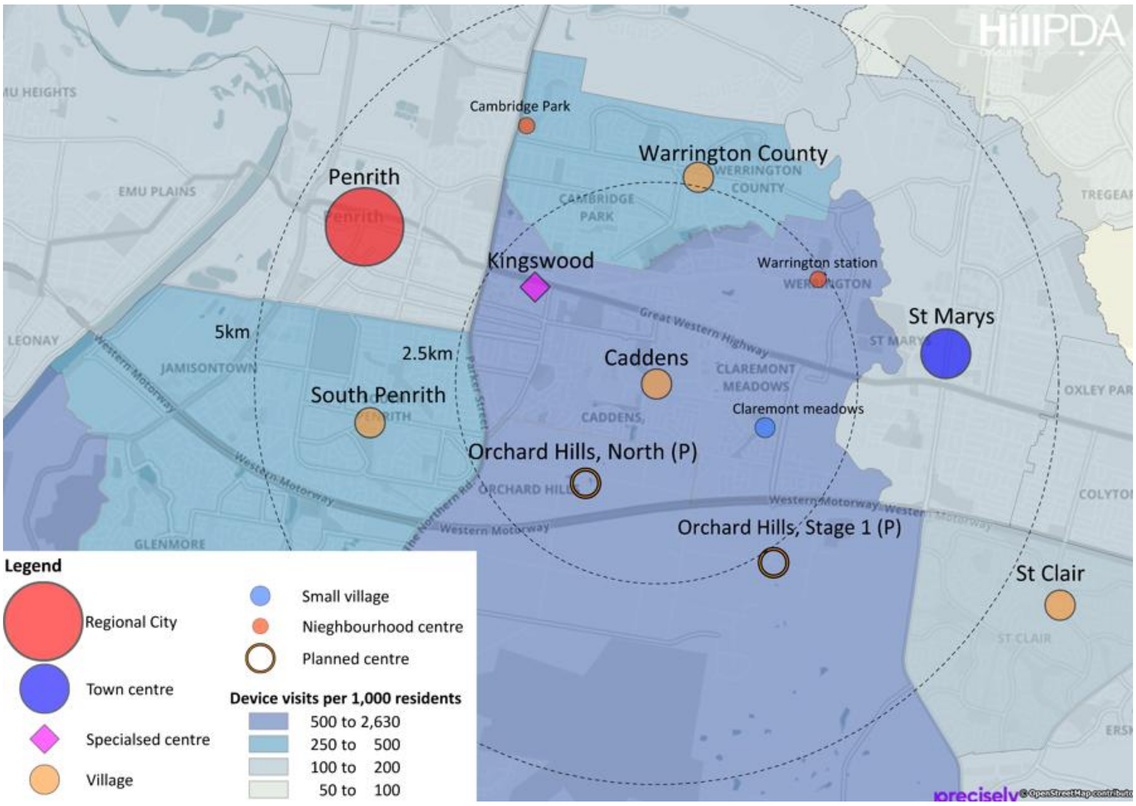
To better understand and define the extent of Caddens potential local catchment, HillPDA purchased Mobile geolocation data Pinnacle by Azira. This mobile data obtains details of the location of mobile devices that have location services turned on, drawn from applications that Azira manages and through the placement of customised banner ads.

The Pinnacle dataset includes information on the common evening location of devices (with the exact location hidden by randomising the location within around 100m), which can be used as a proxy for a residential address.

Figure 4 details the number of mobile device visits per 1,000 residents recorded in Caddens Village between the 1st of January 2024 and the 7th of December 2024.

The data indicates a strong visitation rate among residents within Caddens, Kingswood, Claremont Medows and Orchard Hills suburbs. This attraction extends outwards to around five kilometres from the centre. This may reflect the number and subsequent attractiveness of the food and drink establishments in the centre to these residents.

Figure 4: Visits Caddens Village per 1,000 residents – SA2 boundaries



Source: HillPDA using Pinnacle by Azira mobile device data

In defining a trade area served by Caddens Village local centre, we have considered the following:

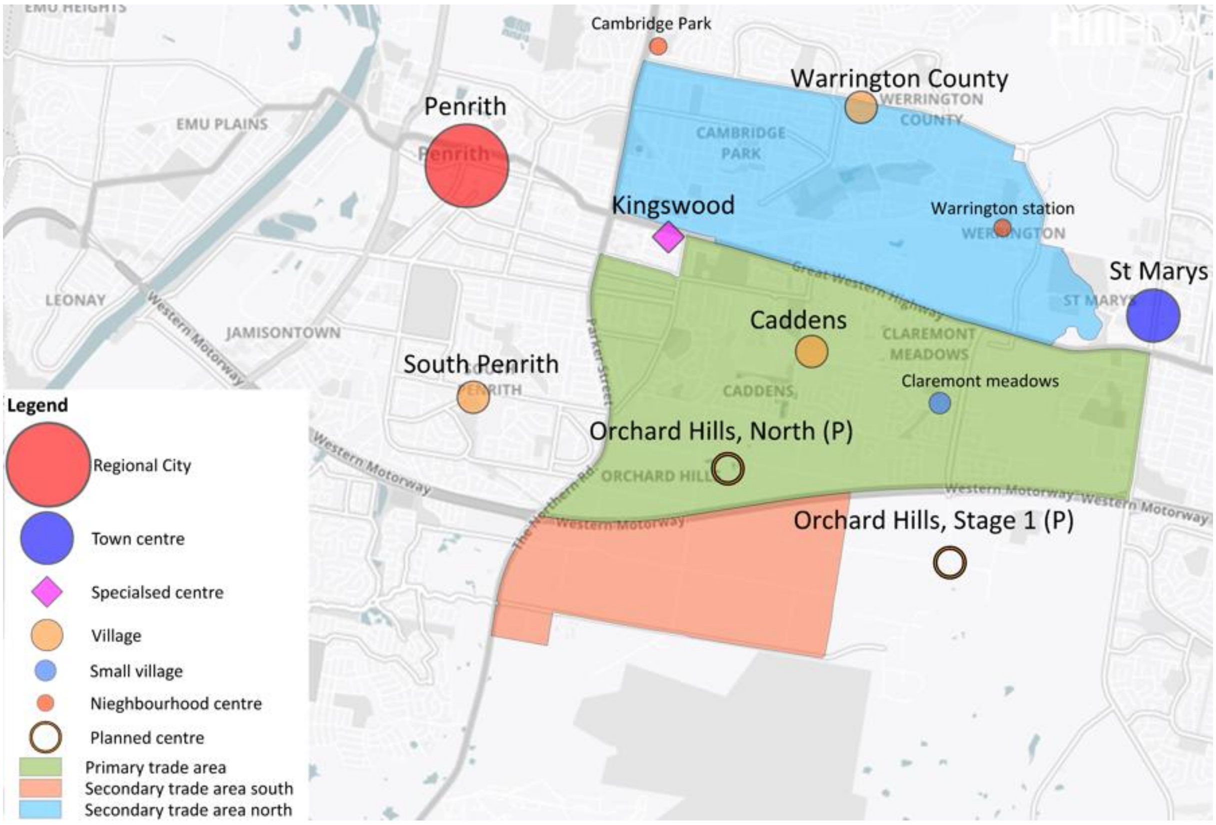
- The strength and attraction of the centre, as determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre
- Competitive retail centres, particularly their proximity to the centre and respective sizes, retail offer and attraction
- The location and accessibility of the centre, including the available road and public transport network and travel times
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

Based on the surrounding retail environment, the local centre role of Caddens Village, mobile visitation data, the provision of a full-line supermarket, transport connections and the presence of artificial/natural barriers, we have derived a main trade area (MTA) for Subject Site comprising four sub-trade areas. These are as follows:

- A **primary trade area** (PTA) – predominantly consists of Caddens, Orchard Hills (North), Claremont Meadows and Kingswood.
- **A secondary trade area north** (STAN) – predominantly consists of Werrington, Werrington County, Cambridge Park and Werrington Downs.
- A **secondary trade area south** (STAS) – predominantly consists of Orchard Hills, stages 3 and 4.

The mobile device data analysis indicates that Caddens captures trade beyond the above-defined MTA. We assume that 5-10% of trade is captured from beyond the MTA to account for this.

Figure 5: Caddens local centre



Source: HillPDA

3.2 Population projections

As of 2021, it is estimated that the MTA contained just under 37,700 persons. This is forecast to increase to around 49,500 persons by 2046, representing an increase of 11,750 persons, or 31%, over the 25 years.

Within the PTA, the resident population is estimated at around 18,235 in 2021, increasing to 26,080 by 2046. This represents an increase of 7,845 persons or 43%. The PTA's population is forecast to comprise most of the growth (67%) experienced across the MTA.

A full-line supermarket (typically over 3,000 square metres) is supported by a resident catchment of 8,000 to 10,000 persons. This implies that the PTA could currently support around three full-line supermarkets, potentially providing another two to three across the MTA by 2046.

Table 3: Population projections by trade catchment

Tade segment	2021	2024	2026	2036	2046	Change
PTA	18,234	19,445	19,864	21,562	26,078	**7,843**
STAN	18,889	19,516	19,761	19,675	21,287	**2,399**
STAS	576	609	610	613	2,081	**1,506**
Total	**37,699**	**39,571**	**40,235**	**41,850**	**49,446**	**11,748**

Source: NSW DPHI 2024 population projections, TfNSW 2024 population projections, ABS 2021 Census, HillPDA

3.3 Forecast household expenditure

This section examines the projected growth in household retail expenditure in the MTA between 2024 and 2046. Household expenditure was sourced from:

- ABS Retail Turnover data, which provides total turnover every month by State and by industry sub-groups across Australia.
- ABS Household Expenditure Survey, which provides household expenditure by broad commodity type by household income quintile and other socio-demographic data.
- HillPDA's bespoke retail expenditure model, which is generated by combining data from ABS Retail Turnover, Census 2021 and the ABS Household Expenditure Survey (HES).

It is estimated that residents across the MTA generated a total of $614 million in household retail expenditure in 2024. This figure is forecast to increase to approximately $900 million by 2046, representing a $286 million or 47% increase.

Table 4: Estimated total household retail expenditure by commodity type ($m)

Broad retail category	2024	2026	2036	2046	Change
Supermarkets and grocery stores	190.5	197.2	224.4	289.9	99.4
Specialised food stores	42.8	44.1	49.5	63.0	20.2
Bulky goods stores	94.3	97.2	108.4	137.4	43.1
Department stores	32.3	32.6	32.2	36.2	3.9
Apparel stores	58.8	60.5	66.9	83.9	25.0
Other non-food stores	88.3	91.1	101.6	128.7	40.3
Restaurants and fast food services	86.1	89.1	101.3	131.0	44.9
Personal services	20.6	21.2	23.5	29.4	8.8
Total	**613.7**	**633.0**	**707.7**	**899.4**	**285.6**

Source: HillPDA

3.4 Retail capture rates by broad store type

The previous section identified the total volume of retail expenditure from residents across the MTA. However, not all this expenditure would be captured by retailers in the study area. Reasons for this include:

- The proximity and size of surrounding shopping centres (St Marys, Penrith CBD)
- The lack of a major bulky goods cluster and department stores in the centre
- Residents leaving the locality to undertake discretionary shopping (in department stores, apparel stores and bulky goods stores in larger centres).
- Expenditure from residents who are on holidays/business trips or are away for other reasons for any extended period. This is counterbalanced to some extent by residents from outside the trade catchment visiting stores as they visit the area.

Considering the above factors, capture rates (i.e., the proportion of expenditure captured by the centre) identified in the following table have been adopted. The rates applied are aspirational and reflect what we consider reasonable for a village centre, as defined in the Penrith Urban Strategy.

Table 5: Retail capture rates by broad store type and trade segment

Broad retail category	PTA	STAN	STAS	MTA
Supermarkets and grocery stores	35%	15%	10%	25%
Specialised food stores	25%	10%	10%	17%
Bulky goods stores	-	0%	0%	0%
Department stores	-	0%	0%	0%
Apparel stores	5%	1%	1%	3%
Other non-food stores	25%	8%	7%	16%
Restaurants and fast food services	30%	10%	7%	20%
Personal services	30%	20%	10%	25%
Total	**22%**	**9%**	**6%**	**15%**

Source: HillPDA

3.5 Caddens Village capture of retail spend

Applying the above capture rates, around 22% of the total expenditure generated by residents in the MTA could be captured by Caddens Village retailers. This leaves 78% of expenditure directed to other centres/stores within the MTA, Penrith LGA and beyond.

Based on the applied capture rates and an allowance for an additional 5% of spend to be sourced from beyond the MTA, it is estimated that retailers in the centre could potentially achieve total retail sales of around $98 million in 2024, increasing to $150 million by 2046 (measured in 2024 dollars). This represents an increase of approximately $53 million, or 54%, over the period.

Table 6: Potential capture of retail trade in Caddens Village

Broad retail category	2024	2026	2036	2046	Change
Supermarkets and grocery stores	49.5	51.4	59.5	77.2	27.6
Specialised food stores	7.8	8.1	9.2	11.8	4.0
Bulky goods stores	0.0	0.0	0.0	0.0	0.0
Department stores	0.0	0.0	0.0	0.0	0.0
Apparel stores	1.8	1.9	2.1	2.7	0.9
Other non-food stores	15.1	15.6	17.8	22.8	7.7
Restaurants and fast-food services	17.9	18.5	21.6	28.1	10.2
Personal services	5.4	5.5	6.2	7.7	2.3
Total	**97.5**	**101.1**	**116.4**	**150.4**	**52.8**

Source: HillPDA

3.6 Retail floorspace demand

To determine the demand for retail floorspace, target turnover rates ($/sqm, otherwise known as Retail Turnover Densities (RTDs)) have been applied to projected expenditure captured in the study area across various broad retail categories. The RTD rates broadly represent industry averages.

By applying the above RTD and a 5% vacancy allowance, it is estimated that approximately 10,775 square metres of retail space could be supported in Caddens Village as of 2024. Supportable space increases to approximately 15,115 square metres by 2046 – a rise of around 4,340 square metres, or 40%.

Table 7: Retail floorspace demand (sqm)

Broad retail category	RTD ($/sqm)	2024	2026	2036	2046	Change
Supermarkets and grocery stores	13,000	3,811	3,917	4,335	5,379	1,568
Specialised food stores	12,000	650	667	733	908	259
Apparel stores	7,000	262	269	296	366	104
Other non-food stores	6,500	2,329	2,390	2,632	3,254	925
Restaurants and fast-food services	8,000	2,234	2,297	2,553	3,180	946
Personal services	5,500	976	999	1,081	1,308	331
Total occupied space		**10,261**	**10,539**	**11,630**	**14,395**	**4,133**
Vacancy allowance	5%	513	527	582	720	207
Total retail space		**10,774**	**11,066**	**12,212**	**15,115**	**4,340**

Source: HillPDA

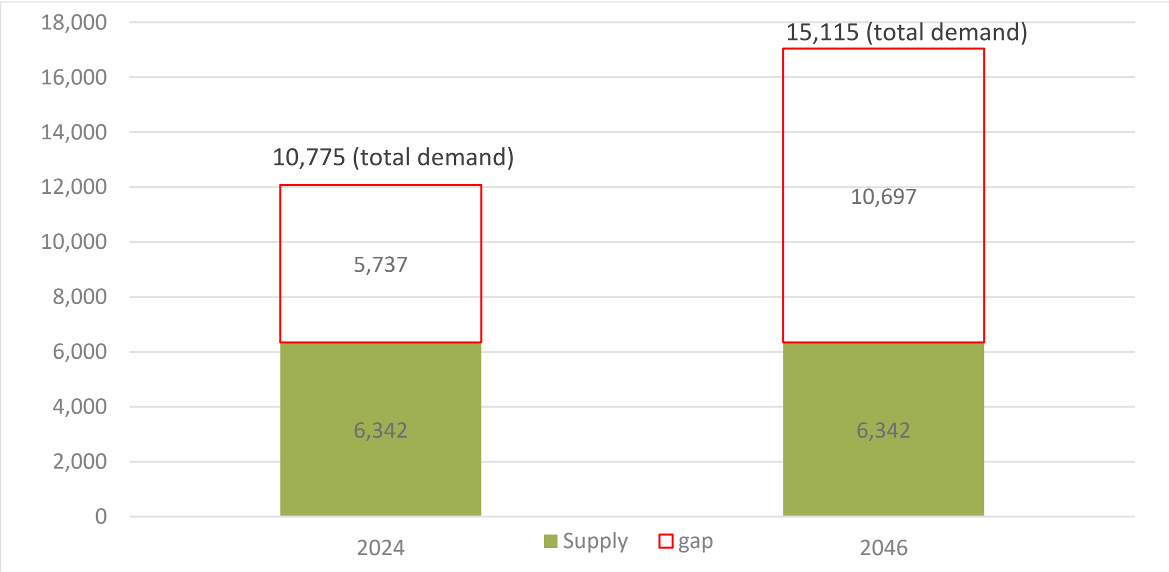
3.7 Retail gap assessment

The floorspace gap is calculated by comparing the current supply within Caddens Village against the demand calculated in Section 3.6. This analysis helps determine whether there is a general surplus (oversupply) or deficit (undersupply) of retail floorspace.

Currently, Caddens Village provides around 6,695 square metres of retail space. Our modelling suggests that the village could support around 10,775 square metres of retail space (2024), increasing to 15,115 square metres by 2046.

This implies a current deficit in the supply of commercial space of around 5,737 square metres. Without additional supply, this deficit is forecast to increase to approximately 10,697 square metres by 2046.

Figure 6: Caddens Village retail gap analysis – without the Proposal (sqm)



Source: HillPDA

3.8 The Proposal's impact on the supply and demand of retail space

Our demand modelling suggests that Caddens Village could currently support around 10,000 square metres of retail space.

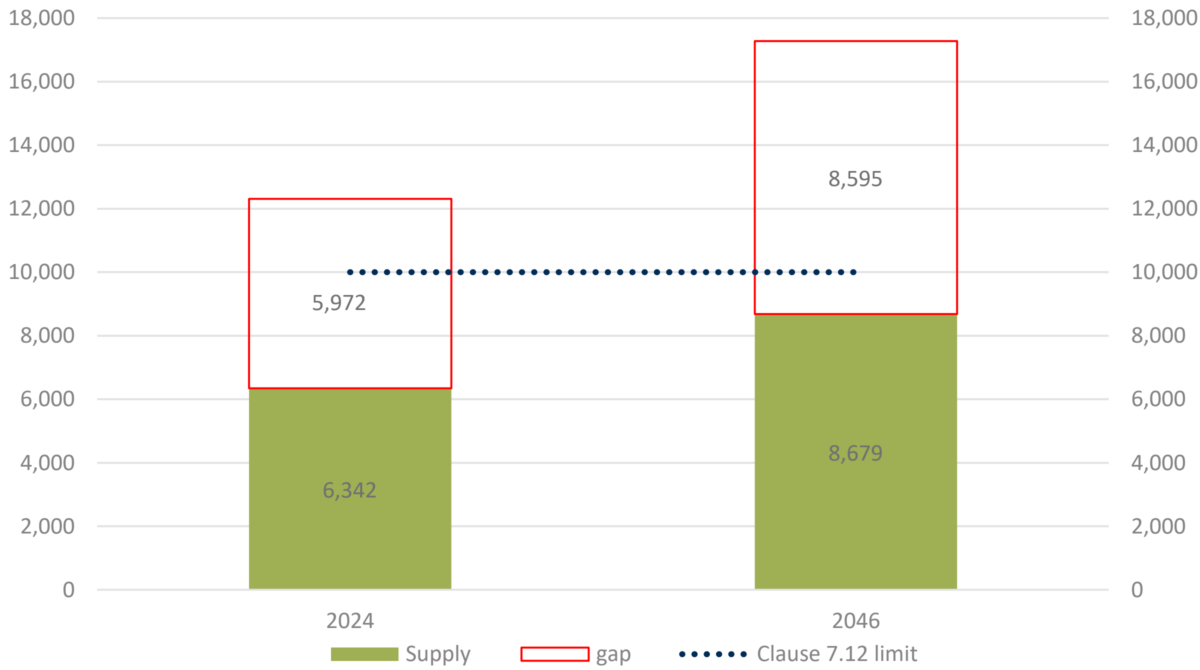
The Village currently provides 6,342 square metres of retail space. The Proposal's additional 2,337 square metres of retail space would increase Caddens Village to around 8,680 square metres. This would better align the Village with its identified demand. A retail centre of this size would also be in accordance with Clause 7.12 limit, without exceeding it.

Assuming no additional supply, the centre would have a deficit in retail space of just under 8,600 square metres by 2046. This would likely be redirected towards surrounding centres, such as the proposed centres in Orchard Hills.

The Proposal would also replace the current at-grade car park with a public square. Retail uses in the proposal would face the public square. This would enhance the amenity and use of public spaces in Caddens Village, which would be beneficial for the existing businesses. In fact, from this assessment and preliminary design, the Proposal would:

1. Contribute to the centre meeting its identified need or demand in retail space
1. Contribute to Caddens Village fulfilling its intended role/function
2. Ensure Caddens Village appropriately services its community
3. Increases the amenity of the Village, and
4. Provide beneficial follow-on effects to surrounding businesses, increasing the viability and vibrancy of the Village.

Figure 7: Impact of the Proposal on Caddens Village's supply and demand for retail space (sqm)



Source: HillPDA

4.0 RETAIL IMPACT ASSESSMENT

This section estimates the impact the Proposal would have on the surrounding retail centre hierarchy.

4.1 Likely trading level of the Proposal

The Proposal would provide 2,337 square metres of commercial premises space, predominantly in the form of retail space. An average target turnover rate of $6,500 has been applied to estimate its likely annual turnover.

Based on this target rate, it is estimated that the retail component of the Proposal could achieve an annual turnover of around $15 million in 2028-29 (assumed first full year of trading).

4.2 Impact on existing retailers

Assessing the impacts on existing retailers is vexed largely because several unknown factors can influence the impacts, including but not limited to the following:

- The mix of retailers in the Proposal and the degree to which individual retailers would sell like-for-like products with the existing retailers.
- Not only the degree of competition but also the degree of complementation between retailers, which can result in some induced spending for the benefit of existing retailers
- The level of response from the existing centre and individual retailers to growth in the locality and added competition through refurbishment and other measures.
- Loyalty programs with existing customers.

An increase of 3,305 square metres of retail space in Caddens Village would not impact the viability of retailers within the existing centre network given:

1. It does not rely on redirection or capture of existing expenditure directed towards Caddens Village.
2. As of 2028, with the Proposal's inclusion, Caddens Village is estimated to have a total retail turnover of around $81 million. This accounts for less than a third (25%) of the total retail spend generated by residents in the PTA and 13% of the MTA.
3. As of 2028, with the Proposal's inclusion, Caddens Village is estimated to capture only around 2.1 per cent of the total expenditure generated by Penrith LGA residents ($3.9 billion). This leaves a residual 98 per cent or $3.8 billion of household expenditure to be directed towards other retailers within the LGA and the wider area.
4. Between 2028 and 2046, resident expenditure across Penrith LGA is forecast to increase by over $2.2 billion. Although some of this growth would escape the LGA, this potential growth and spend from non-residents would more than compensate for the $15 million increase in retail turnover captured by the Proposal.

4.3 Impact of Penrith's commercial centre hierarchy

As defined in the Penrith Urban Strategy, Caddens is classified as a village. A village is described as providing up to 10,000 square metres of commercial premises space, which includes a supermarket of up to 4,500 square metres.

The next level in the hierarchy is a town centre. A town centre provides around 60,000-95,000 square metres of commercial premises space, anchored by one to two supermarkets.

The Proposal would increase the total commercial premises space provided within Caddens Village to around 8,679 square metres. If realised, the increased size of Caddens Village is significantly below that of a town centre, the next level in the hierarchy.

Moreover, the Proposal's inclusion would not exceed the maximum GFA for commercial premises in Caddens Village as detailed in Clause 7.12 in the Penrith Local Environmental Plan 2010 (PLEP 2010) – at 10,000 square metres. This clause was to ensure that the existing hierarchy of Penrith's local commercial centres is retained.

Given that this limit is still maintained and not exceeded, it can be concluded that the Proposal would contribute to Caddens Village fulfilling its intended role and not adversely impact Penrith's local commercial centre hierarchy.

5.0 ECONOMIC IMPACT ASSESSMENT

This section estimates the economic activity the proposal would generate onsite and support across New South Wales.

5.1 Economic impact assessment approach and methodology

Direct economic impacts are those generated by the uses onsite. These metrics have been estimated using various sources, including IBIS World 2023 reports, ABS Input-Output tables and workspace ratios sourced from the NSW Common Planning Assumptions.

Indirect impacts (or economic multipliers) refer to the level of additional jobs and economic activity generated and/or supported by a source industry. There are two types of effects captured by multipliers:

Production induced effects, which are made up of:

- *First round effects:* which are all outputs and employment required to produce the inputs for the source industry, and:
- *Industrial support effects:* which is the induced extra output and employment from all industries to support the increased production by suppliers in response to increased sales.

Consumption induced effects, which relate to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

These metrics have been estimated using the Australian National Accounts Input-Output tables 2022-2023.

Limitations with multipliers

Both the ABS and the NSW Treasury Employment Calculator describe several limitations with input-output multipliers, or at least shortcomings with typical interpretations of the multipliers, which generally result in an over-estimation of impacts. The main shortcomings or limitations are as follows:

- Production induced impacts can leave the impression that extra output can be produced without taking resources away from other activities.
- Multipliers assumed fixed input ratios and hence measure impacts based on average effects rather than marginal effects.
- The impacts are nationwide and are not regional or local impacts which would be smaller.

Other limitations are described in both the NSW Treasury Guide and on the ABS website.

Performance measures

Economic activity is assessed by examining economic impact metrics (or performance indicators) described in the table below.

Table 8: Economic impact metrics assessed

Metric	Description
Output	Output is a gross measure of the total sales generated by the types of land uses present on the Site or in the Project
Employment	Employment generated and supported by the types of land uses present on the Site or in the Project. Employment is expressed as Full-Time Equivalent (FTE).
Wages	The wages and salaries paid to employees on the Site or in the Project
Gross Value Added	Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to the country’s wealth or gross domestic product (GDP).

Economic impacts have been assessed at the New South Wales state level. That is, the economic activity generated and supported by the proposal in New South Wales.

Economic impacts are assessed during the design and construction phase and operational phase, described below.

- **Design and construction phase |** is the economic activity generated/supported during the design and construction of the proposed development. These impacts are expected to be short-term, concluding when construction activity is completed.
- **Operational phase (post-construction) |** is the jobs and economic activity generated/supported by the Proposal once operational.

5.2 Construction phase - economic impact

This section of the report assesses the economic impact of the proposal during its design and construction phase. HillPDA has been provided with an estimated construction cost of the proposal at around $334.3 million.

Based on the estimated construction cost coupled with ABS Input Output tables, it is estimated that the following economic activity would be generated and supported by the proposal during its construction phase:

- **Employment:** an estimated 600 FTE job years generated on the site. These job years would support a further 1,918 job years across New South Wales. In total, the State's impact as a whole is estimated to be approximately 2,518 job years.
- **Output:** The State's impact as a whole is estimated at $1.03 billion in direct and indirect output.
- **Wages:** an estimated $54 million in wages directly generated by construction activities onsite. Construction activities would support a further $162 million across New South Wales. In total, the State's impact as a whole is estimated at approximately $216 million.
- **GVA:** Construction activities on site are estimated to directly contribute $94 million in GVA to the Bass Coast's GRP. These activities would support a further $319 million across New South Wales. In total, the State's impact as a whole is estimated at approximately $413 million.

Table 9: Construction phase – economic impact

Base Case	Direct	Indirect	Total
Employment (FTE)	600	1,918	2,518
Output ($m)	$334.3	$692.0	$1,026.3
Wages ($m)	$54.0	$161.6	$215.6
GVA ($m)	$93.8	$318.7	$412.5

Source: Australian National Accounts Input Output tables 2022-23

5.3 Operational phase - economic impact

The Proposal would provide 2,889 square metres of GFA of employment space. For this assessment, we have assumed that:

- A mini major occupies 1,050 square metres or 36 per cent,
- 937 square metres, or 32 per cent, is occupied by food and drink space,
- 377 square metres, or 13 per cent, is specialty recreation space,
- 350 square metres, or 12 per cent, is specialty retail space,
- and the remaining 175 square metres, or 6 per cent, is medical space.

Based on the above and the job densities outlined in the table below, it is estimated that the Proposal would generate just over 81 full-time equivalent (FTE) jobs onsite during its operational phase. The breakdown across each proposed land use is provided in the table below.

Table 10: Proposal operational employment estimate (FTE jobs)

Component	Floor area (sqm)	FTE job density	FTE jobs
Speciality food	937	25	37
Speciality	350	30	12
Mini major	1,050	45	23
Medical/health	175	32	5
Recreation	377	100	4
Total	**2,889**		**81**

Source: NSW Common Planning Assumptions 2023

Based on the above, coupled with ABS Input Output tables and IBIS world reports, the following assesses the economic activity that the Proposal would generate and support during its operation phase:

- **Employment:** 81 Full-time equivalent (FTE) on-going jobs generated onsite. These direct jobs would support a further 63 FTE jobs across New South Wales. In total, the State's impact as a whole is estimated at approximately 144 FTE jobs.
- **Output:** A total of $17 million in output directly generated by the proposed uses onsite. The land uses on site would support a further $30 million across New South Wales. In total, the State's impact as a whole is estimated at $47 million.
- **Wages:** A total of $4 million in wages will be directly generated by the proposed uses onsite. The land uses on site would support a further $4 million across New South Wales. In total, the State's impact as a whole is estimated at $8 million.
- **GVA:** The proposed uses onsite are estimated to directly contribute $6 million in GVA to the region's GRP. The land uses on site would support a further $10 million across New South Wales. In total, the State's impact as a whole is estimated at $16 million.
- **Resident retail expenditure and floorspace:** an estimated annual residential retail expenditure of around $14 million (as of 2028) and around 1,840 square metres in retail floorspace demand.

Table 11: Operational phase – economic impact

Proposal	Direct	Indirect	Total
Employment (FTE)	81	63	144
Output ($m)	$17	$30	$47
Wages ($m)	$4	$4	$8
GVA ($m)	$6	$10	$16
Retail spend ($m)	$14		
Retail floorspace (NLA sqm)	1,840		

Source: Australian National Accounts Input Output tables 2022-23, IBIS World Reports 2023, HillPDA

5.4 Other economic benefits

5.4.1 Investment stimulus

Where a significant property investment decision has been made, it is generally viewed as a strong positive commitment for the local area. Such an investment can, in turn, stimulate and attract further investment. Development of the Proposal would support a wide range of economic multipliers, which would, in turn, support investment in associated industries. It would also raise the profile of Penrith LGA and the Caddens locality to potential investors.

The Proposal would create additional business opportunities associated with the employment floorspace provided on-site in this locality. It would enhance the profile of this area and, in doing so, increase the financial feasibility of commercial developments, potentially acting as a catalyst for sites within the locality.

5.4.2 Added price competition and services

There is sufficient population within the MTA to support the proposed retail space, and the trading impacts would not threaten the viability of any surrounding centre. Accordingly, added price competition with the additional retailers should be viewed positively.

5.4.3 Employment targets

Transport for NSW forecasts that Penrith LGA will need to provide almost 53,250 new jobs over the next 21 years to 2046. Of these, just over 7,450 or 14 per cent are projected to be retail, accommodation and food service jobs. The Proposal, with its potential to generate and support employment, would contribute to achieving these targets.

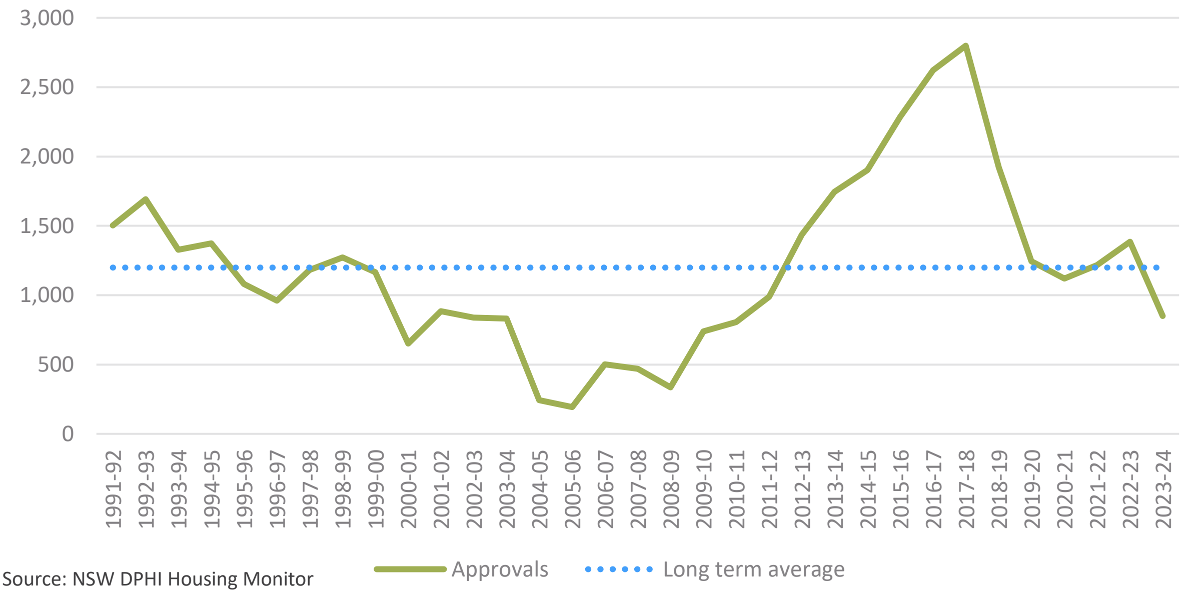
5.4.4 Increased housing

The NSW Department of Planning, Housing and Infrastructure (DPHI) projects that Penrith LGA will reach ~107,468 dwellings by 2041, reflecting growth of approximately 25,150 dwellings since 2021. This implies an average annual increase of about 1,258 dwellings over the 20-year period.

In May 2024, the NSW Government introduced a new five-year housing completion target for Penrith of 8,400 new dwellings to be completed by 2029, in support of the state-wide goal of 377,000 new, well-located homes under the National Housing Accord. This translates to an annual delivery target of about 1,680 dwellings between 2024-2029.

Analysis of dwelling approvals shows a sharp decline since the 2017-18 financial year. In 2023-24, only 850 dwellings were approved—well below the long-term average of around 1,200 dwellings per year. To achieve both the long and short-term targets, approval and completion rates will need to accelerate significantly in the coming years. The Proposal would provide 482 new dwellings. If realised, this represents a meaningful contribution toward attaining the five-year and longer-term dwelling forecast to 2041.

Figure 8: Penrith dwelling approvals 1991-92 to 2023-24 9 (FY)



Source: NSW DPHI Housing Monitor

5.4.5 Increased housing affordability

The former *A Plan for Growing Sydney* acknowledged that Sydney's housing prices are high compared to other Australian capital cities. The Plan highlights that governments can "*help to put downward pressure on prices (by) accelerating the supply and the variety of housing across Sydney, such as apartments and townhouses, will make it easier for people to find homes to suit their lifestyle and budget".*

According to the NSW DPHI Housing Monitor, between January 2018 and January 2024, the median dwelling sale price in Penrith increased by 31 per cent, while the median rent increased by 33 per cent. Increased dwelling supply, such as that proposed, is one lever that can help place downward pressure on end-sale values and rents. This, in turn, can increase affordability.

5.4.6 Jobs closer to home

There are many benefits associated with providing jobs closer to home, most notably a reduced need to travel and the flow-on benefits associated with reduced pressure on infrastructure.

Reducing the number and length of journeys made, particularly those made in private vehicles, has environmental benefits. There are also lifestyle benefits associated with increased free time, reduced travel-related stress, and a lower likelihood of road-related accidents.

The Proposal has the potential to generate a total of just under 95 FTE jobs on-site. This provides increased employment opportunities for residents to live and work in Penrith. Providing jobs closer to home meets the GSC 30-minute city direction, where residents live within 30 minutes of their jobs, education, health facilities, and services.

5.5 Economic impact conclusion

The Proposal would result in a positive economic outcome for Penrith LGA and Caddens Village. In addition to this, the Proposal would:

- Contribute to fulfilling its local centre function/role,
- Provide a mini major anchor tenant
- Contribute to employment targets
- Increase the amount and mixture of housing available, contributing to dwelling projections and targets
- Help improve dwelling affordability
- Improve price competition and services.

From the above assessment, it is concluded that the economic impact of the proposal is supported from an economic perspective.

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