

3 SUPERMARKET SITE ASSESSMENT

This section reviews the business zoned land within the Willoughby municipality that could potentially accommodate supermarket floorspace under the existing retail hierarchy.

The review of business zoned land includes the following land zonings defined under the Willoughby Local Environmental Plan (LEP) 1995:

- 3(a) General Business
- 3(b) Special Business
- 3(c) Chatswood Secondary Business
- 3(d) Neighbourhood Business

In order to identify possible supermarket locations within the Willoughby municipality, it is important to understand the requirements of a supermarket development. In terms of the minimal land size, ideally a supermarket centre site would require 6,000-7,000 sq.m. A site of this size would be able to incorporate a full-line supermarket and some shops with a mix of at-grade and basement carparking. Assuming, however, that a supermarket is provided only (i.e. no specialty floorspace) with undercroft car parking, a minimum of 4,500-5,000 sq.m of land would be required.

For the purposes of this analysis, the Willoughby LGA has been broken down into a number of regions including:

- Northbridge
- Victoria Avenue, Chatswood and High Street, Willoughby
- Chatswood Central Business Area (CBA)
- Penshurst Street, Willoughby
- Pacific Highway, Artarmon
- St Leonards

- Castlecrag

3.1 Northbridge

- i. The Northbridge retail precinct generally incorporates the retail facilities provided along Sailors Bay Road near the Strathallen Avenue and Eastern Valley Way intersection.
- ii. The area zoned 3(a) General Business within the Northbridge precinct is illustrated on Figure 3.1.
- iii. The major retail facility within Northbridge is Northbridge Plaza. Northbridge Plaza is managed by AMP and encompasses some 6,600 sq.m of retail floorspace, anchored by a full-line 3,869 sq.m Woolworths supermarket and some 42 specialty shops.
- iv. Within the Northbridge precinct, existing blocks that could potentially support a supermarket are all less than 5,000 sq.m in size and as such, are unlikely to support a supermarket.
- v. Block A could potentially support a store being some 4,699 sq.m. Block A, however, has at least seven lots which would need to be consolidated. Furthermore, existing facilities on the seven lots would need to be acquired and demolished in order to support a supermarket development.
- vi. Existing uses within Block A include:
 - A four storey commercial office building.
 - A four storey retail and residential building.
 - A number of single level and two storey retail and non-retail facilities including five tenancies
 - One residential dwelling.
- vii. As a result, any consolidation of facilities on Block A would be extremely difficult given the dense nature of existing uses and the modern facilities that are

represented. It would also be unviable to replace these buildings with a supermarket facility.

- viii. The only site within Northbridge that would be suitable for an additional supermarket of any significant size would be the development of the Council owned car park site, immediately north of Northbridge Plaza. It is understood that AMP (the managers of Northbridge Plaza) have approached Willoughby Council on a number of occasions in order to reach agreement on an expansion of Northbridge Plaza, possibly including further supermarket floorspace. On each occasion, however, Willoughby Council has rejected the proposed plans by AMP and appear unwilling to develop the car park site at this stage.
- ix. Taking the above into account, the addition of further supermarket floorspace within Northbridge would be extremely difficult, costly and very unlikely. The cooperation and consolidation of only two land owners at the most obvious location, Northbridge Plaza, has not been able to be achieved.
- x. In addition, Northbridge residents are currently provided with a full-line supermarket at Northbridge Plaza, while residents within Chatswood East have to travel either to the Chatswood CBA or Northbridge for their full-line food and grocery needs. Northbridge is situated some 3.6 km south of the proposed Chatswood East site.
- xi. In summary, major issues precluding the development of a new supermarket within Northbridge include:
- There is not enough zoned land capable of viable consolidation on any of the zoned land to create a single level supermarket with at grade or basement car parking.
 - The multiple ownership of sites makes acquisition and amalgamation of land extremely difficult, if not impossible, particularly if one of the owners refuses to sell or holds out for a high price. The costs of acquiring the land also results in economic viability issues which would preclude a supermarket development.

- The presence of existing businesses on sites also means that these businesses would need to be acquired, adding to the cost of consolidation for a supermarket based shopping centre, making acquisition unviable financially.

FIGURE 3.1 - NORTHBRIDGE



3.2 Victoria Avenue, Chatswood and High Street, Willoughby

- i. A number of retail strips and precincts are situated in close proximity to the proposed Chatswood East site, namely Victoria Avenue in Chatswood and High Street in Willoughby. These facilities are provided around 1 km from the proposed Chatswood East site.
- ii. The area zoned 3(a) General Business within the Victoria Avenue precinct in Chatswood is illustrated in Figure 3.2. This precinct also incorporates the northern parts of Penshurst Street and is generally provided around the Victoria Avenue, Penshurst Street intersection.
- iii. As indicated, the provision of suitably zoned land around the Victoria Avenue/Penshurst Street intersection is quite limited.
- iv. Figure 3.2 illustrates the likely available land parcels (A and B) for supermarket development within this precinct, indicating sizes that are less than 3,700 sq. and as such, these sites will be unable to support a viable supermarket development.
- v. Block A incorporates an existing Bunnings warehouse and is owned by Multiple Holdings Pty Ltd. It is likely that with the opening of the new store at Smith Street, this store will close. Given the limited size of the site, a full-line supermarket is unable to be supported and it is likely that other retail uses will locate at this location in the future.
- vi. Block B, at 2,715 sq.m is too small to accommodate a supermarket development. Block B includes a two level office and retail centre as well as adjoining retail shops.
- vii. Also represented on Figure 3.2 is the High Street Plaza and High Street retail precinct in Willoughby. High Street Plaza incorporates Harris Farm as well as a small provision of convenience based retail specialty floorspace.
- viii. Land within the High Street precinct is zoned 'Neighbourhood Business' and includes small block sizes that would be unable to support a supermarket development.

FIGURE 3.2 – VICTORIA AVENUE, CHATSWOOD AND HIGH STREET, WILLOUGHBY



3.3 Chatswood CBA

- i. The Chatswood CBA forms the key retail, commercial and community precinct within the Willoughby municipality. In terms of retail uses, the majority of retail facilities are provided east of the railway line and generally focused around Victoria Avenue.
- ii. Retail zoned land provided on the western side of the railway line largely incorporates multi storey commercial developments, with a number including ground floor retail components.
- iii. The majority of business zoned land within the Chatswood CBA is zoned 3(c) Chatswood Secondary Business. The business zoned land is outlined on Figure 3.3.
- iv. A large proportion of retail zoned land on the eastern side of the railway line is occupied by Chatswood Chase and Westfield Chatswood, the two dominant regional shopping centres provided within the precinct. In addition, large blocks of land are also taken up by the Civic Place development, as well as Lemon Grove and Mandarin retail centres.
- v. Chatswood Chase and Westfield Chatswood each include a range of major national retailers, including popular supermarket operators.
- vi. While these major retail centres within the Chatswood CBA could potentially accommodate additional supermarket floorspace, we are unaware of any planned redevelopments at this stage. Figure 3.3 illustrates remaining land parcels within the Chatswood CBA that could potentially accommodate supermarket floorspace.
- vii. As shown, there are several parcels of land that are less than 4,000 sq.m (Blocks A and C). Both of these sites include multi-level developments and comprise several land owners. As a result, any supermarket development on these sites would be highly unlikely and unviable.
- viii. Blocks B and D are the largest viable remaining blocks within the Chatswood CBA, however, each of these also would require the consolidation of the land parcels and demolition of existing structures.

- ix. Block B is the largest within the precinct occupying some 6,384 sq.m. The block currently incorporates Chatswood Village. Chatswood Village is a retail and commercial development ranging between 1-5 storeys and providing over 66 different tenants. Some refurbishment of facilities has recently taken place at this centre. Given the density of the development it is not feasible that facilities within this block could be demolished to make way for a supermarket centre.
- x. The block listed as D would involve the consolidation of five lots. Existing uses within Block D include the Spring Street Marketplace, a two level retail centre incorporating 17 convenience based retail and non-retail facilities, two three level commercial office developments fronting Albert Avenue and a three storey building incorporating two levels of office and ground floor retailing. The consolidation and demolition of facilities within this precinct would be extremely difficult and is unfeasible.
- xi. A site situated on the southern side of Albert Street (Block E), formerly a Council owned car park site, has recently been sold and it is understood that the Willoughby Joint Regional Planning Panel have approved a mixed use development at the site. A retail component is planned to be provided, including a 1,198 sq.m Choice First Choice Liquor store and 1,466 sq.m of restaurant floorspace and 2,132 sq.m of retail specialty floorspace. It is understood that Wesfarmers (owner of Coles) have now purchased the site.
- xii. Given the existing uses that occupy retail zoned sites, any development within the Willoughby municipality and in particular, the Chatswood CBA, would likely need to be a mixed use development, incorporating a range of uses, in order to generate the income needed to make a development viable. However, given the current economic climate, even mixed-use developments are becoming more difficult. An example of this is the Chatswood Transport Interchange project, with the original owners becoming bankrupt. Chatswood Transport Interchange is proposed to include a Woolworths supermarket as part of a retail component. This store will serve a

different catchment to the proposed Chatswood East store, as the development will not include carparking and will predominately serve commuters.

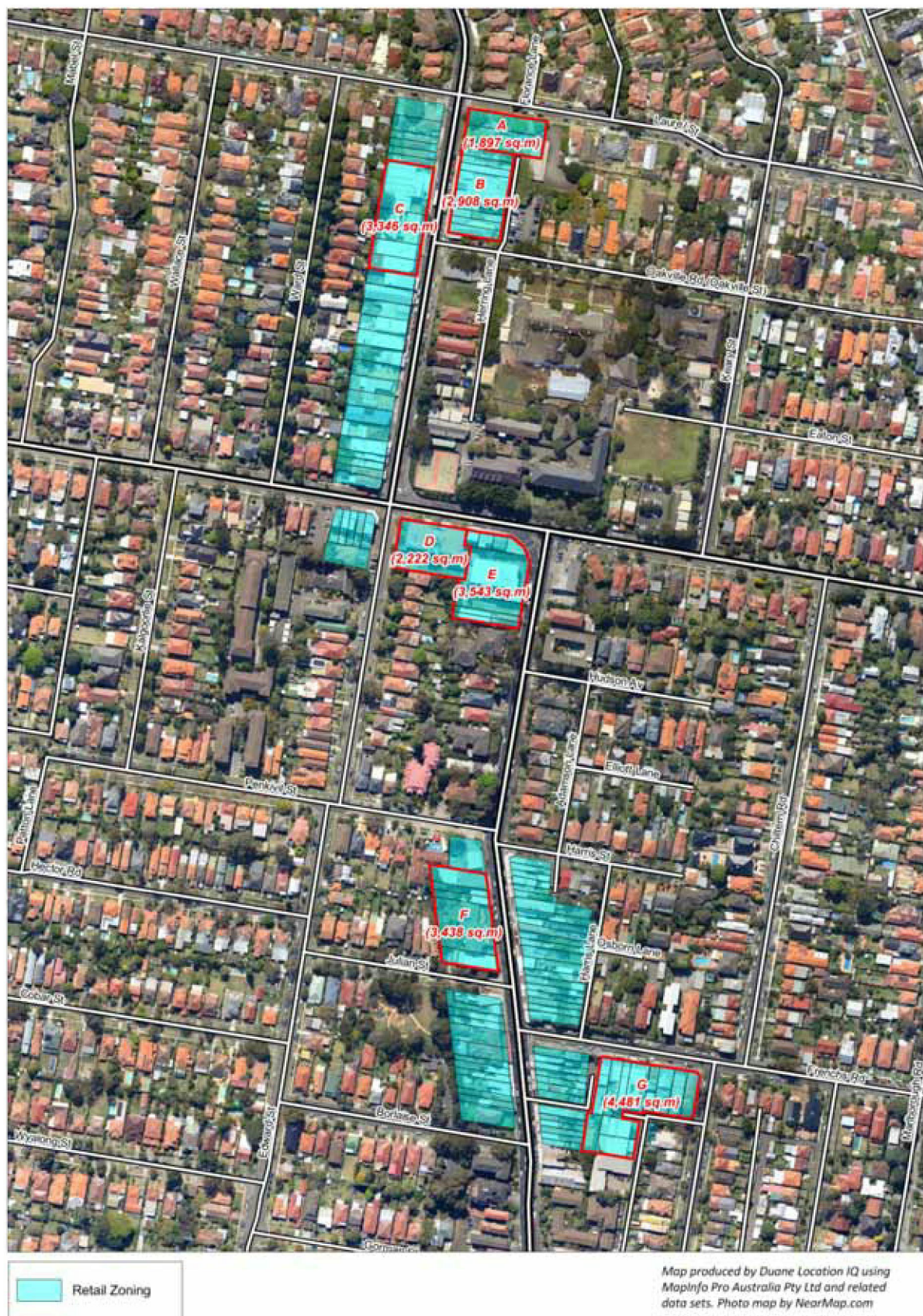
FIGURE 3.3 – CHATSWOOD CBA



3.4 Penshurst Street, Willoughby

- i. Penshurst Street in Willoughby forms a major retail strip and precinct within the Willoughby LGA. The Penshurst Street, Willoughby precinct is generally focused around Penshurst Street and Willoughby Road and is bounded to the north by Laurel Street and to the south by Borlaise Street.
- ii. The area zoned 3(a) General Business within the Penshurst Street, Willoughby precinct is illustrated in Figure 3.4.
- iii. The provision of facilities along Penshurst Street is primarily convenience focused, however also includes a range of bulky goods and showroom facilities. In total some 120 tenants are estimated to be provided.
- iv. Key sites that could potentially incorporate supermarkets within the area are outlined on Figure 3.4. However, full-line supermarkets are unviable for a number of reason including:
 - Small land size, with each less than 4,500 sq.m in size.
 - Each block includes several land parcels and various owners. The largest being Block A, incorporating 11 land parcels.
 - Each of the identified Blocks also include significant land uses including parkland, single and two storey retail developments, three storey residential and substantial office facilities.

FIGURE 3.4 – PENSHURST STREET, WILLOUGHBY



3.5 Pacific Highway, Artarmon

- i. The Pacific Highway precinct in Artarmon is generally bounded by Gordon Avenue to the north and Mowbray Road to the south.
- ii. This precinct is zoned 3(b) Special Business and is illustrated in Figure 3.5. Given the limited size of retail zoned land within the precinct, there is really only one parcel that could potentially support additional supermarket floorspace, namely Block A, bounded by Moriarty Road to the north, Pacific Highway to the east and Mowbray Road to the south.
- iii. Key points to note regarding Block A include:
 - The site incorporates 9,368 sq.m of land, however, incorporates five different land parcels which would need to be acquired and consolidated.
 - A supermarket could potentially be incorporated across at least two of the land parcels, however, each of these blocks include substantial usages including:
 - Two level hotel.
 - Six level retail and commercial development.
 - Two level office/retail facility.
 - Two level retail facilities.
 - Five storey residential facility, including ground floor retail.
 - Service station.
- iv. Given the substantial usages, including high density development, various land owners and land parcels within this precinct, any supermarket development would be unviable.

FIGURE 3.5 – PACIFIC HIGHWAY, ARTARMON

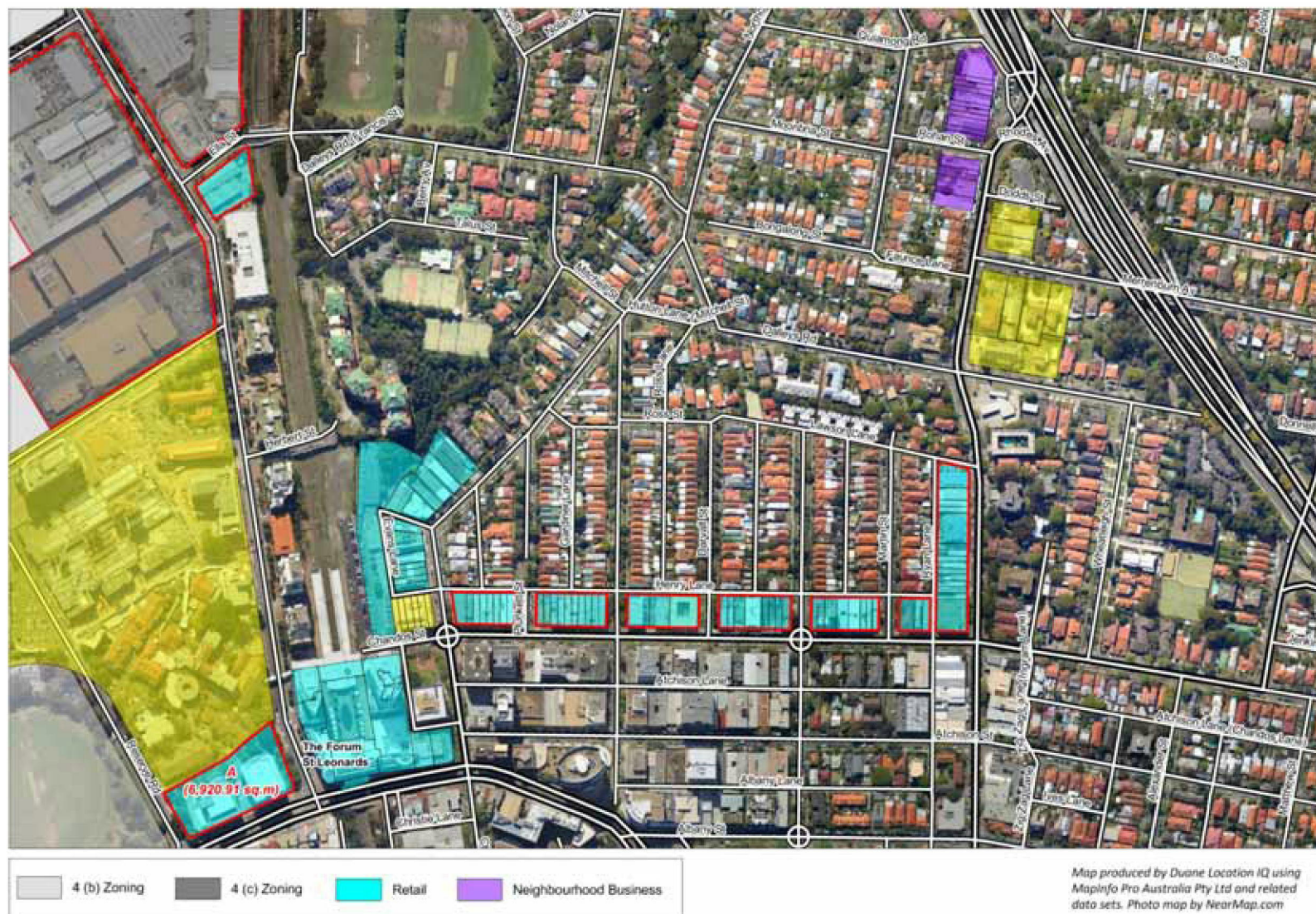


3.6 St Leonards

- i. Figure 3.6 outlines the areas zoned 3(a) General Business within the St Leonards precinct. Some limited retail facilities are also provided along Chandos Street, St Leonards, however, this precinct is zoned 3(e) Restricted Office.
- ii. The majority of traditional retail zoned land is focused around the St Leonards railway station.
- iii. The Forum at St Leonards incorporates a Coles Central supermarket as well as a large provision of retail specialty floorspace. Retail floorspace totals some 5,000 sq.m. The centre forms a mixed use development above the St Leonards railway station and also includes office and residential facilities.
- iv. As indicated on Figure 3.6, the only site that would potentially be large enough to accommodate a full-line supermarket within this precinct is Block A, immediately west of The Forum and south of the Royal North Shore Hospital.
- v. Key points to note regarding Block A include:
 - The site occupies some 6,921 sq.m.
 - Existing uses at the site include two large developments, predominantly for commercial offices, however, also including ground floor retailing. The two buildings are modern developments occupying seven and ten storeys.
 - As the site is currently built up and with high density development, it is unlikely that the site could form a viable supermarket option.
- vi. It is understood that the land immediately north of Block A, currently owned by the Royal North Shore Hospital may be sold in the future to accommodate a range of commercial, retail and residential uses. While a supermarket may form part of a mixed use development at the site in the future, this development will be a number of years away.

- vii. In addition, the St Leonard's precinct is situated some 5.5 km south of the proposed Chatswood East site and is separated from the northern areas of Willoughby by the Gore Hill Freeway/Lane Cove Tunnel. Importantly, any supermarket development at this location would not service residents within Chatswood, where there is overwhelming need now.

FIGURE 3.6 – ST LEONARDS



3.7 Artarmon

- i. Immediately adjoining the Artarmon industrial precinct, fronting the Pacific Highway, are a number of land parcels zoned 3(b) Special Business. This land is illustrated on Figure 3.7.
- ii. It is our view that there are three blocks that may support a supermarket development. Key points regarding these blocks include:
 - Block A totals some 4,218 sq.m and includes 5 lots. This block is likely to be too small to support a substantial supermarket development. In addition, the block is occupied by a car dealership, two and three storey office buildings and a Golf Mart retailer.
 - Block B totals some 6,048 sq.m (across 6 lots), with existing uses including a motorbike showroom, Mazda dealership, a two storey office and retail building as well as a large Officeworks retailer.
 - Block C totals some 7,038 sq.m. This block incorporates eight lots and is occupied by a modern, three level Storage Works development as well as four storey Honda showroom and office.
- iii. Block A is less than 4,500 sq.m and as such would be difficult to successfully accommodate a supermarket at this location.
- iv. Each block, while being large enough in size to potentially incorporate a supermarket, include substantial existing usages and could not easily be replaced or consolidated. As such, a viable supermarket development could not be provided at these locations.
- v. These blocks are currently being used as showrooms, offices and retail facilities that benefit from the Pacific Highway location on the periphery of an industrial precinct.

- vi. Further, this area serves a different market to the proposed Chatswood East site, with local residents in this area more focused on supermarkets at Lane Cove, situated some 1.5 km west, while the Chatswood East site is located over 5 km away.

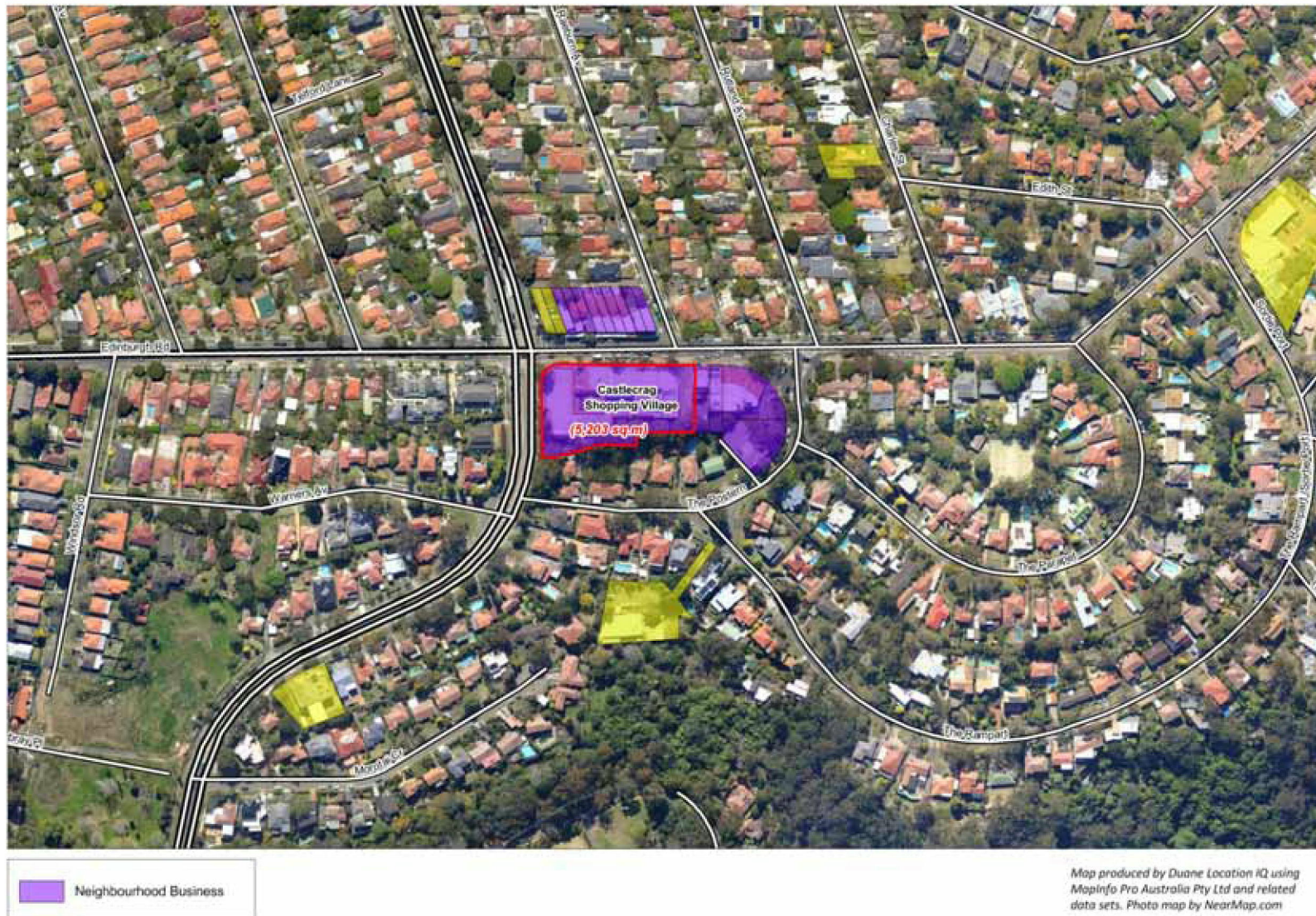
FIGURE 3.7 - ARTARMON



3.8 Castlecrag

- i. Castlecrag precinct incorporates the only other major supermarket within the defined Willoughby LGA, namely a Coles Central supermarket at Castlecrag Shopping Village. The centre is provided at the intersection of Edinburgh Road and Eastern Valley Way and also includes some 16 specialty tenants.
- ii. The Castlecrag precinct is zoned 3(d) Neighbourhood Business as indicated on Figure 3.8.
- iii. There is a very limited provision of available land within Castlecrag, with the existing Castlecrag Shopping Village providing the only major site. As stated, this centre includes a supermarket and supporting specialty stores, serving a convenience food and grocery role within the local area.
- iv. Given the existing uses and limited provision of land available, it is unlikely additional supermarket floorspace could be supported at the site.

FIGURE 3.8 – CASTLECRAIG



3.9 Summary

- i. It can be seen that there is a very limited supply of suitable, larger size blocks within Willoughby that could potentially accommodate an additional supermarket centre.
- ii. In the few instances where a supermarket development could possibly occur at some stage in the future, these locations serve different markets to the proposed Chatswood East site and would provide no benefit to the local residents within the Chatswood East trade area.
- iii. Council identified three specific examples for future supermarket floorspace within Willoughby including:
 - *Council has approved a supermarket (Woolworths) adjoining the Chatswood Interchange;*
 - *The Royal North Shore Hospital Divestment lands at St Leonards.*
 - *Redevelopment and expansion of the Northbridge Plaza Woolworths.*
- iv. In reference to the above locations we make the following key comments:
 - The identified sites are all located more than 2 km from the proposed Chatswood East site. In particular, St Leonards and Artarmon are located more than 5 km from Chatswood East and are separated by the Gore Hill Freeway/Lane Cove Tunnel, while Northbridge is located 3.6 km from the Chatswood East site. As such, any supermarket development at these locations will effectively serve a different market and catchment to the proposed Chatswood East site.
 - Each of the identified sites are provided within areas that are already serviced by existing nearby supermarkets.
 - The Chatswood Interchange supermarket will not adequately serve residents of Chatswood East, as it will not provide a full-line supermarket offer or any carparking facilities. This supermarket will primarily serve commuters and not Chatswood East residents.

- As addressed previously, an expansion of Northbridge Plaza has been proposed by AMP on a number of occasions, however, has not been supported by Council.

4 KEY FINDINGS

- i. The several key issues that Council raised with reference to a proposed supermarket at Smith Street in Chatswood East included:
 - *“Council has consistently strived to maintain the supply of existing industrial land particularly for service industry in the LGA and subregion.”*
 - *“There are other opportunities for supermarket development in Willoughby including:*
 - *Council has approved a supermarket (Woolworths) adjoining the Chatswood Interchange;*
 - *The Royal North Shore Hospital Divestment lands at St Leonards.*
 - *Redevelopment and expansion of the Northbridge Plaza Woolworths.”*
 - *“The Smith St proposal would not satisfy the ‘net community benefit test’ under the draft Centres policy due to ... the likely impact on the economic viability of strip centres at High St Markets and Penshurst St/Victoria Avenue.”*
- ii. Each of these issues has been addressed within the report, including:
 - *Council has consistently strived to maintain the supply of existing industrial land particularly for service industry in the LGA and subregion.*
 - The usage of all industrial zoned land within Chatswood East for industrial purposes no longer represents the optimal use for employment generation within this precinct, demonstrated by the large number of vacancies.
 - There is an ongoing shift of facilities within Chatswood East to alternative uses including smaller office, showroom/bulky goods and retail facilities. This is reflected in the development of a new Bunning’s Warehouse immediately opposite the proposed supermarket site.

- High level of vacancies within Chatswood East indicates the fact that this precinct is no longer successful focusing solely on traditional industrial uses, particularly as compared with the lower vacancy levels within Artarmon.
 - Chatswood East does not receive as much access to major roads and public transport as compared with Artarmon which is situated along the Pacific Highway and in close proximity to the railway line.
 - The proposed Chatswood East supermarket site occupies only a small proportion of industrial land (4,389 sq.m out of 264,456 sq.m) and will provide more jobs in a single development than the projected growth in the total Chatswood East precinct based on the Travel Zone Employment Forecasts prepared by the New South Wales Department of Transport and Infrastructure.
 - The proposed supermarket would assist in the rejuvenation of the Chatswood East precinct which would help to limit vacancies and increase Chatswood East as a major employment destination.
 - Development of a supermarket would provide additional jobs to the local community as compared with an industrial development on the site. Council can continue to provide substantial employment within Chatswood East through a greater diversity of uses.
 - Chatswood East includes a substantial surrounding population who demand access to convenient and affordable food and grocery facilities locally instead of travelling to full-line supermarkets within the Chatswood CBA and Northbridge.
- *There are other opportunities for supermarket development in Willoughby.*
- As demonstrated in Section 3 of this report, there are no viable sites for a supermarket in close proximity to Chatswood East that include

adequately zoned land or are large enough to adequately support a full-line supermarket.

- Possible existing sites already have current uses, including a number of higher density developments such as mixed use developments, commercial office, retail and residential structures.
 - A number of lots would need to be consolidated in order to establish a supermarket. This would lead to increased costs of development and would render a supermarket development unviable.
 - Due to the price of consolidation and development, it is likely that a mixed use development, incorporating the supermarket, would need to be provided in order to make any development economically viable. These types of developments are increasingly difficult in the current economic environment.
 - Larger sites or sites that are more likely to accommodate a supermarket are situated some distance from Chatswood East and are already served by existing supermarkets. As such, the undersupply of supermarket floorspace for Chatswood East residents would continue to present an issue.
 - In conclusion, there are no suitable sites in Chatswood that could accommodate a full-line supermarket.
- *The Smith St proposal would not satisfy the ‘net community benefit test’ under the draft Centres policy due to ... the likely impact on the economic viability of strip centres at High St Markets and Penshurst St/Victoria Avenue.*
- Surrounding residents using the local facilities will continue to travel to the Chatswood CBA or surrounding facilities such as Northbridge for their full-line supermarket shop. Development of the Chatswood East

supermarket site would provide a full-line supermarket offer to surrounding residents in close proximity to their homes.

- The proposed Chatswood East supermarket would compete more directly with surrounding large format supermarkets within the region such as supermarkets within the Chatswood CBA and Northbridge.
- Only the nearby food and grocery operators may be impacted by the proposed Chatswood East supermarket development, as the proposed development will not include any supporting specialty stores. Based on a floorspace survey undertaken by this office in May 2010, some 25% of the 16 tenants within the High Street Markets are food and grocery operators, while only 7.1% of the 84 tenants provided within the Penshurst Street, Victoria Avenue precinct are food and grocery traders. This indicates the limited number of traders that may be impacted by the proposed Chatswood East supermarket development.
- Furthermore, the High Street Market, Penshurst Street and Victoria Avenue precincts are all situated around 1 km or more from the proposed Smith Street site.
- As demonstrated in the previous May 2010 economic impact report, the likely impact of the proposed Smith Street supermarket on surrounding retail facilities at High Street Markets and Penshurst/Victoria Avenue would be limited. Furthermore, the projected impact on High Street Markets and Penshurst Street/Victoria Avenue would be in the order of 5% and therefore, well within the normal competitive range of less than 10%.
- Retail facilities within each of these precincts are smaller in size and serve the retail needs of the local population. These precincts do not include full-line supermarkets and as such, the proposed Chatswood East store would effectively serve a different role in the hierarchy. A proposed

supermarket at Chatswood East is not proposed to include any supporting retail specialty stores and therefore, would serve the weekly food and grocery needs of the region, and provide an affordable food and grocery option for surrounding residents in close proximity to their homes.

- The retail traders within High Street Markets and Penshurst Street/Victoria Avenue will continue to be viable and will not be impacted to any significant degree by the proposed supermarket development.
- iii. The development of the proposed Woolworths supermarket at Chatswood East would increase employment within this area of the Willoughby municipality. In addition, the development would increase customer flows and therefore, increase the viability of surrounding retailers and facilities within Chatswood East.
- iv. No other suitable sites are available for supermarket development within the Willoughby municipality, while the Chatswood East site provides a suitably sized site for a supermarket development with a single owner.
- v. Retail sites that could potentially accommodate supermarkets within the Willoughby LGA are constrained by significant issues such as multiple site ownership and/or existing uses which would need to be relocated/acquired. The cost to acquire, consolidate and relocate/acquire existing businesses effectively makes the site financially unviable. Consequently, these sites cannot be relied upon to deliver the appropriate supermarket floorspace to ensure a convenient and competitive environment.
- vi. Development of the supermarket at the Chatswood East site would be consistent with the shift of uses in Chatswood East away from the warehouse/industrial facilities to other employment uses such as showrooms/bulky goods and retail facilities.
- vii. The impact of the proposed supermarket at Chatswood East on surrounding retail facilities would be minimal, while a number of substantial positive benefits would result for the surrounding community including:

- Additional employment opportunities.
- Additional choice and price competition.
- Reduction in travel times and fuel costs.