The Gables Town Centre, Sydney

Market Potential Assessment

Prepared for Celestino Pty Ltd

April 2018

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INTRODUCTION

This report presents an independent assessment of the market potential for retail and non-retail floorspace to be developed as part of a future Town Centre at The Gables residential estate in north-western Sydney. This report represents an update to a market potential assessment prepared by this office in December 2016.

This report has been prepared in accordance with instructions received from Celestino Pty Ltd and is structured and presented in **five (5)** sections as follows:

- **Section 1** reviews the regional and local context of The Gables and outlines the proposed Town Centre site.
- **Section 2** details the trade area likely to be served by retail facilities at The Gables Town Centre. Current and projected population levels as well as retail spending levels over the period to 2036 are presented, incorporating the latest sales information for The Gables estate.
- **Section 3** summarises the competitive environment within which retail facilities at the site would operate and reviews likely future changes.
- **Section 4** assesses the potential to accommodate supermarket, mini-majors and specialty floorspace at the site.
- **Section 5** discusses total floorspace potential for the centre, including retail and non-retail floorspace. The optimal size, timing, sales and supportable gross rents for the Town Centre are detailed.

EXECUTIVE SUMMARY

The key findings of this report, regarding the demand and scope for future retail and complementary non-retail floorspace at The Gables, include:

i. The Gables is a new residential community, situated around 50 km north-west of the Sydney Central Business District (CBD). The Gables estate forms part of the Box Hill North release area, which is planned to accommodate around 4,800 homes when fully developed.

ii. The Gables release area is planned to accommodate some 4,300 dwellings. Development is well underway with 10 homes now occupied. Sales for the estate are expected to average 500 lots per annum, with the sales process estimated to be completed by 2025.

iii. The Gables Town Centre is planned to be centrally located in the northern portion of the estate along Red Gables Road, within close proximity to a K-6 Public School, a sporting field and a lake.

iv. The Gables main trade area population is currently 4,670 and is projected to increase to 46,440 persons by 2036. This represents an average annual growth rate of approximately 12.9%, or nearly 2,200 persons annually.

v. The main trade area contains an older, Australian born population who have high levels of home ownership. New development in the North West Growth Centre is generally attracting a younger family market, with a larger ethnic mix and higher household incomes when compared to the existing socio-economic profile of the main trade area.

vi. The majority of existing retail facilities are currently provided at Rouse Hill, some 10 km from the proposed site (20 km round trip). Facilities at Rouse Hill will continue to form a key destination for retail shopping, particularly non-food shopping, for main trade area residents.

vii. In the future, the nearest key competitive developments are retail centres planned within the Box Hill Precinct. Reflecting the more internalised location of a number of these shopping centre sites within planned residential developments, it is unlikely that The Gables residents will utilise these facilities on a regular basis.

viii. The exception to this will be the Box Hill Town Centre, which is planned to form a higher order shopping centre of 30,000 sq.m anchored by a discount department store and full-line supermarkets. This centre will be a key retail destination for main trade area residents, particularly for non-food shopping.

ix. Table 1 summaries the recommended floorspace provision in 2020/21 or 2023/24 (depending on the timing of Box Hill Town Centre) and by 2035/36. In a first stage of development around 11,000 sq.m of floorspace is likely to be supportable at The Gables Town Centre, including 5,650 sq.m of retail floorspace. If Aldi can be attracted to the site by 2035/36, a further 3,000 sq.m of retail floorspace would be supportable at the site, as well as a fast food pad site.

x. Tables 2 and 3 outline indicative projected sales for the centre under the following scenarios:

- **Scenario One** – The Gables Town Centre is trading by 2020/21 and the Box Hill Town Centre does not proceed until at least 2023/24.

- **Scenario Two** – The Gables Town Centre is trading by 2023/24, with the Box Hill Town Centre opening 2 – 3 years prior (i.e. 2021 – 2022).

xi. Sales are presented in inflated dollars and include GST.

xii. Under Scenario One, projected total retail centre sales are $49.4 million in 2020/21, including $31.4 million in supermarket sales, $3.5 million in mini-major sales and $14.4 million in retail specialty shops sales. Total indicative gross rent at this time is projected to be around $3.0 million, including retail specialty gross rent of $945 per sq.m.

xiii. Under Scenario Two, projected total retail centre sales are $52.1 million in 2023/24, including $36.0 million in supermarket sales, $3.2 million in mini-major sales and $13.0 million in retail specialty shops sales. Total indicative gross rent at this time is projected to be around $2.9 million, including retail specialty gross rent of $848 per sq.m.

TABLE 1 – THE GABLES TOWN CENTRE SUPPORTABLE FLOORSPACE PROVISION

Tenant/ Category	**2020/21 - 2023/24** (sq.m)	**2035/36** (sq.m)
Majors		
Supermarket	3,500	3,500
Aldi	0	1,500
Total Majors	3,500	5,000
Mini-majors	400	800
Retail Specialties		
Food & Liquor	300	400
Food Catering	600	800
Apparel	0	200
Household Goods	0	0
Leisure	150	250
General Retail	300	500
Retail Services	400	700
Total Retail Spec.	1,750	2,850
Total Retail	**5,650**	**8,650**
Non-retail	600	1,000
Medical Centre	500	500
Gym	250	250
Childcare Centre*	400	400
Tavern	1,000	1,000
Fast Food	0	400
Petrol Station**	2,500	2,500
Total Centre	**10,900**	**14,700**

**Excluding outdoor play area*
*** Total site area including convenience store, canopy and parking*

TABLE 2 – THE GABLES TOWN CENTRE PROJECTED SALES AND GROSS RENTS, 2020/21 (SCENARIO ONE)

Tenant/ Category	GLA (sq.m)	Forecast Sales* ($'000)	Forecast Sales* ($/sq.m)	Gross Rents** ($'000)	Gross Rents** ($/sq.m)	Occ. Cost (%)
Majors						
Supermarket	3,500	31,416	8,976	942	269	3.0%
Total Majors	3,500	31,416	8,976	942	269	3.0%
Mini-majors (> 400 sq.m)						
Large Format Pharmacy	400	3,532	8,831	353	883	10.0%
Mini-majors	400	3,532	8,831	353	883	10.0%
Retail Specialties						
Food & Liquor	300	3,146	10,486	252	839	8.0%
Food Catering	600	4,636	7,727	603	1,004	13.0%
Apparel	0	0	0	0	0	0.0%
Household Goods	0	0	0	0	0	0.0%
Leisure	150	1,159	7,727	133	889	11.5%
General Retail	300	2,815	9,382	281	938	10.0%
Retail Services	400	2,649	6,623	384	960	14.5%
Total Retail Spec.	1,750	14,405	8,231	1,653	945	11.5%
Total Retail	**5,650**	**49,353**	**8,735**	**2,949**	**522**	**6.0%**
Non-retail	600					
Medical Centre	500					
Gym	250					
Childcare Centre	400					
Tavern	1,000					
Total Centre	**8,400**					

**Inflated dollars & Including GST*
*** Excluding GST*

TABLE 3 – THE GABLES TOWN CENTRE PROJECTED SALES AND GROSS RENTS, 2023/24 (SCENARIO TWO)

Tenant/ Category	GLA (sq.m)	Forecast Sales* ($'000)	Forecast Sales* ($/sq.m)	Gross Rents** ($'000)	Gross Rents** ($/sq.m)	Occ. Cost (%)
Majors						
Supermarket	3,500	35,955	10,273	1,079	308	3.0%
Total Majors	3,500	35,955	10,273	1,079	308	3.0%
Mini-majors (> 400 sq.m)						
Large Format Pharmacy	400	3,170	7,925	317	792	10.0%
Mini-majors	400	3,170	7,925	317	792	10.0%
Retail Specialties						
Food & Liquor	300	2,823	9,410	226	753	8.0%
Food Catering	600	4,160	6,934	541	901	13.0%
Apparel	0	0	0	0	0	0.0%
Household Goods	0	0	0	0	0	0.0%
Leisure	150	1,040	6,934	120	797	11.5%
General Retail	300	2,526	8,420	253	842	10.0%
Retail Services	400	2,377	5,943	345	862	14.5%
Total Retail Spec.	1,750	12,927	7,387	1,484	848	11.5%
Total Retail	**5,650**	**52,052**	**9,213**	**2,879**	**510**	**5.5%**
Non-retail	600					
Medical Centre	500					
Gym	250					
Childcare Centre	400					
Tavern	1,000					
Total Centre	**8,400**					

**Inflated dollars & Including GST*
*** Excluding GST*

1 LOCATION & PROPOSED DEVELOPMENT

This section reviews the regional and local context of The Gables site and provides a summary of the planned residential estate.

1.1 Regional Context

i. The Gables is a new residential community in the Box Hill North release area. The estate is situated around 50 km north-west of the Sydney Central Business District (CBD) (refer Map 1.1).

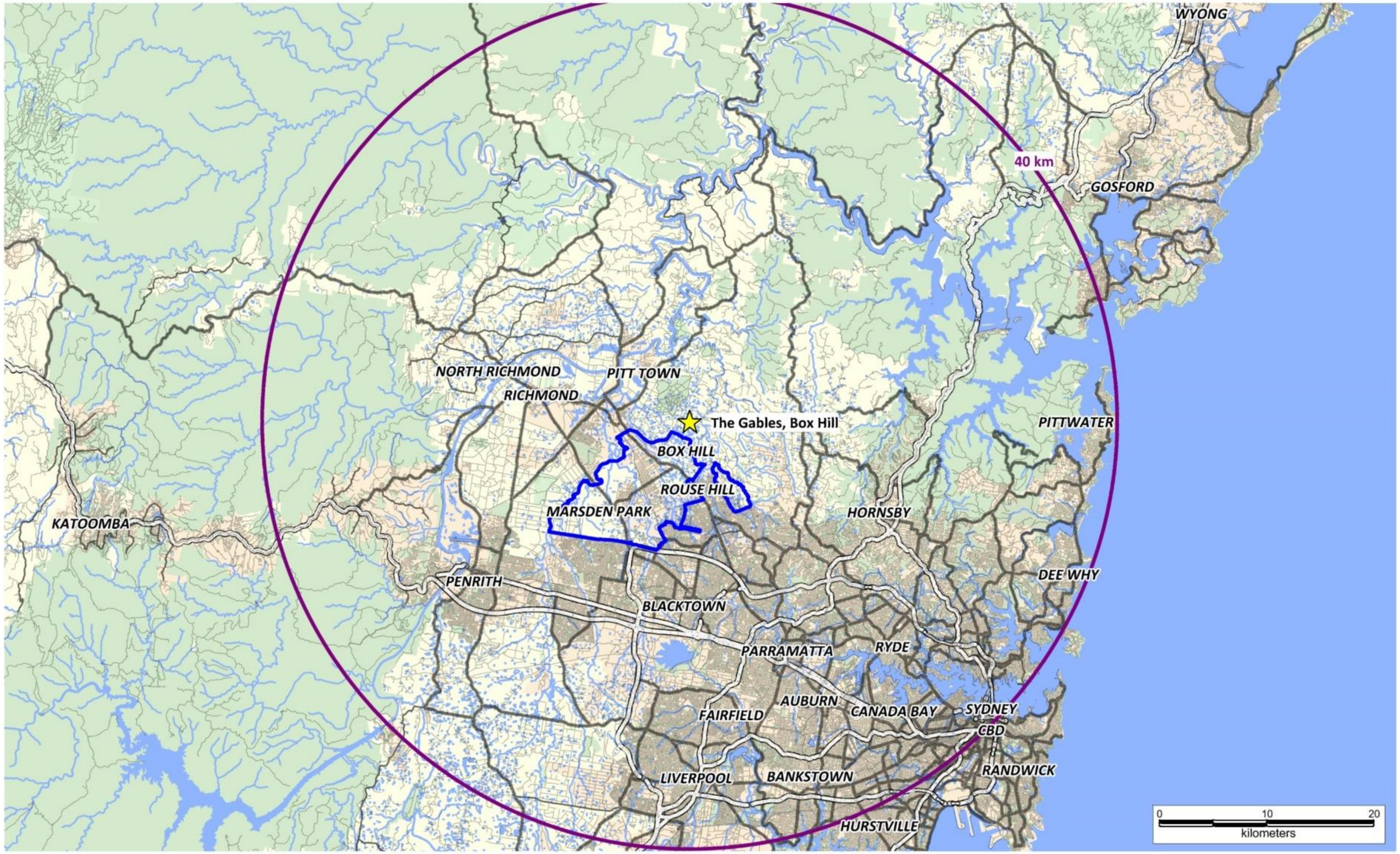
ii. The North West Growth Centre is incorporated within the boundaries of three Local Government Areas (LGAs) including The Hills Shire, Blacktown and Hawkesbury. The release area comprises some 16 precincts occupying approximately 10,000 hectares and is planned to accommodate some 70,000 new dwellings or 200,000 people upon completion (refer Figure 1.1).

iii. The Gables estate forms part of the Box Hill North release area, which is planned to accommodate around 4,800 homes when fully developed. Box Hill North falls outside the North West Growth Centre but forms a natural extension of the precinct being situated immediately north of the designated Box Hill precinct.

iv. The Gables development is generally provided in the block bounded by McGuires Road to the north, Old Pitt Town Road to the south, Boundary Road to the west and Janpieter Road to the east. The precinct is limited to the east by Cataract Creek. The area comprises mostly rural land and encompasses some 380 hectares. As part of the broader development in the region, a Town Centre is proposed, planned to incorporate retail, commercial and business uses. As such, it would be conveniently located to serve the existing and future population.

v. The nearest existing provision of major retail floorspace to The Gables is provided some 10.8 km south-east at Rouse Hill. The Rouse Hill Town Centre is the largest retail facility in the region and contains approximately 70,000 sq.m of retail floorspace, anchored by Big W, Target, Woolworths and Coles supermarkets.

MAP 1.1 – THE GABLES REGIONAL CONTEXT



North West Growth Centre

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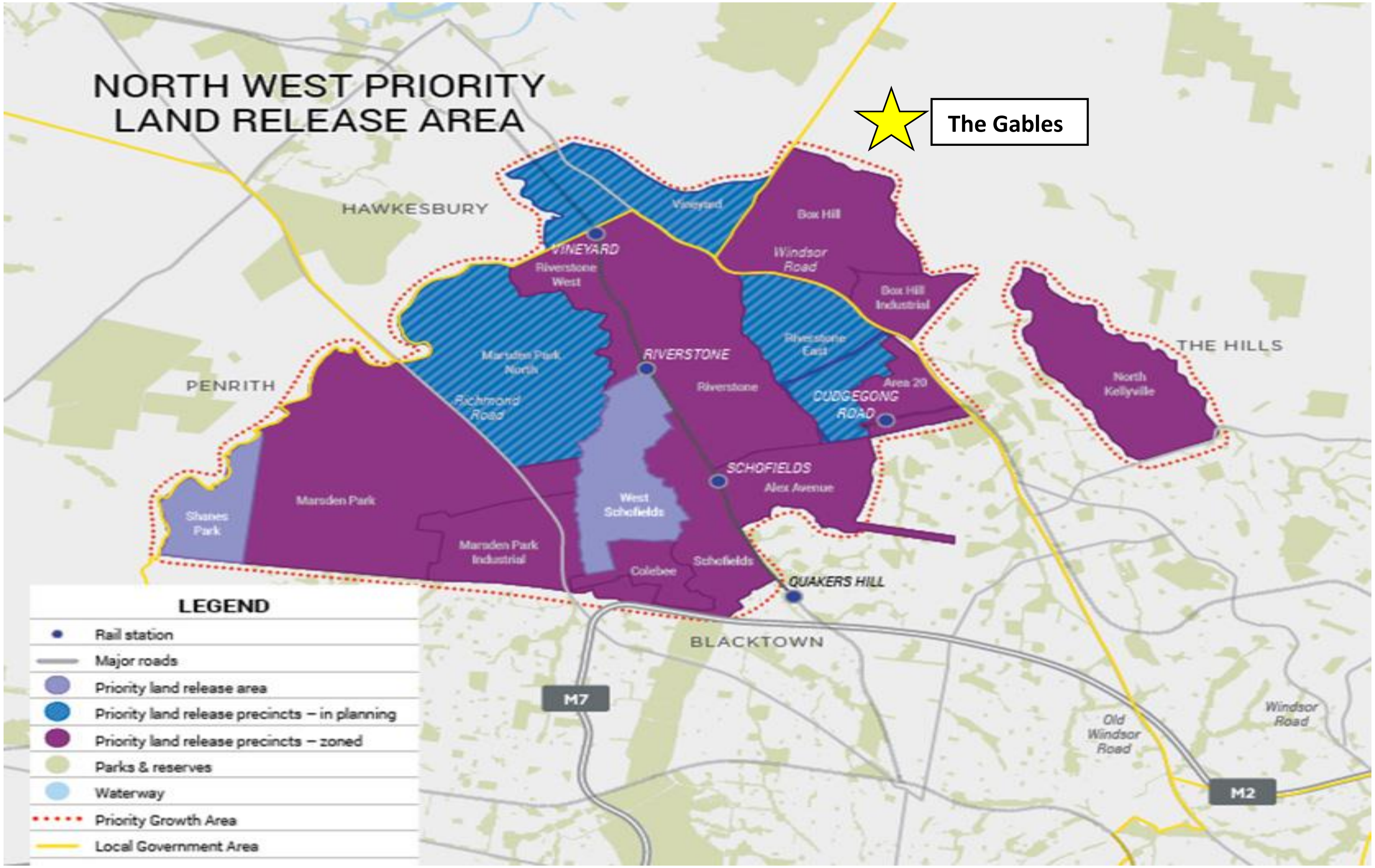
Map produced by Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

FIGURE 1.1 – NORTH WEST GROWTH CENTRE



1.2 The Gables Release Area Overview

i. The Gables release area is planned to accommodate some 4,300 dwellings. Development is well underway with 10 homes now occupied. Sales for the estate are expected to average 500 lots per annum, with the sales process estimated to be completed by 2025.

ii. Figure 1.2 illustrates the indicative layout of The Gables estate. Key features of the estate include:

- A Town Centre (subject of this report), centrally located in the northern portion of the estate along Red Gables Road.
- A K-6 Public School to be provided to the south of the Town Centre site.
- Two sporting fields and a lake.
- A mix of residential, including multi-dwelling housing near the Town Centre.

iii. The remainder of the report assesses the potential to accommodate retail and complementary non-retail facilities at The Gables Town Centre site.

FIGURE 1.2 – THE GABLES INDICATIVE LAYOUT PLAN

2 TRADE AREA ANALYSIS

This section of the report outlines the trade area likely to be served by retail facilities at The Gables Town Centre site, including current and projected population and spending levels. A review of the socio-economic profile likely to reside in the release area is also provided.

2.1 Trade Area Definition

i. The trade area likely to be served by facilities at The Gables has been defined taking into consideration the following key factors:

   - The scale and composition of the proposed retail facilities, which will most likely be based on a major full-line supermarket as the anchor tenant.
   - The provision of existing and proposed retail facilities throughout the region.
   - Regional and local accessibility.
   - The pattern of urban development.
   - Significant physical barriers, such as Windsor Road to the south, Scheyville National Park to the west and surrounding rural areas.

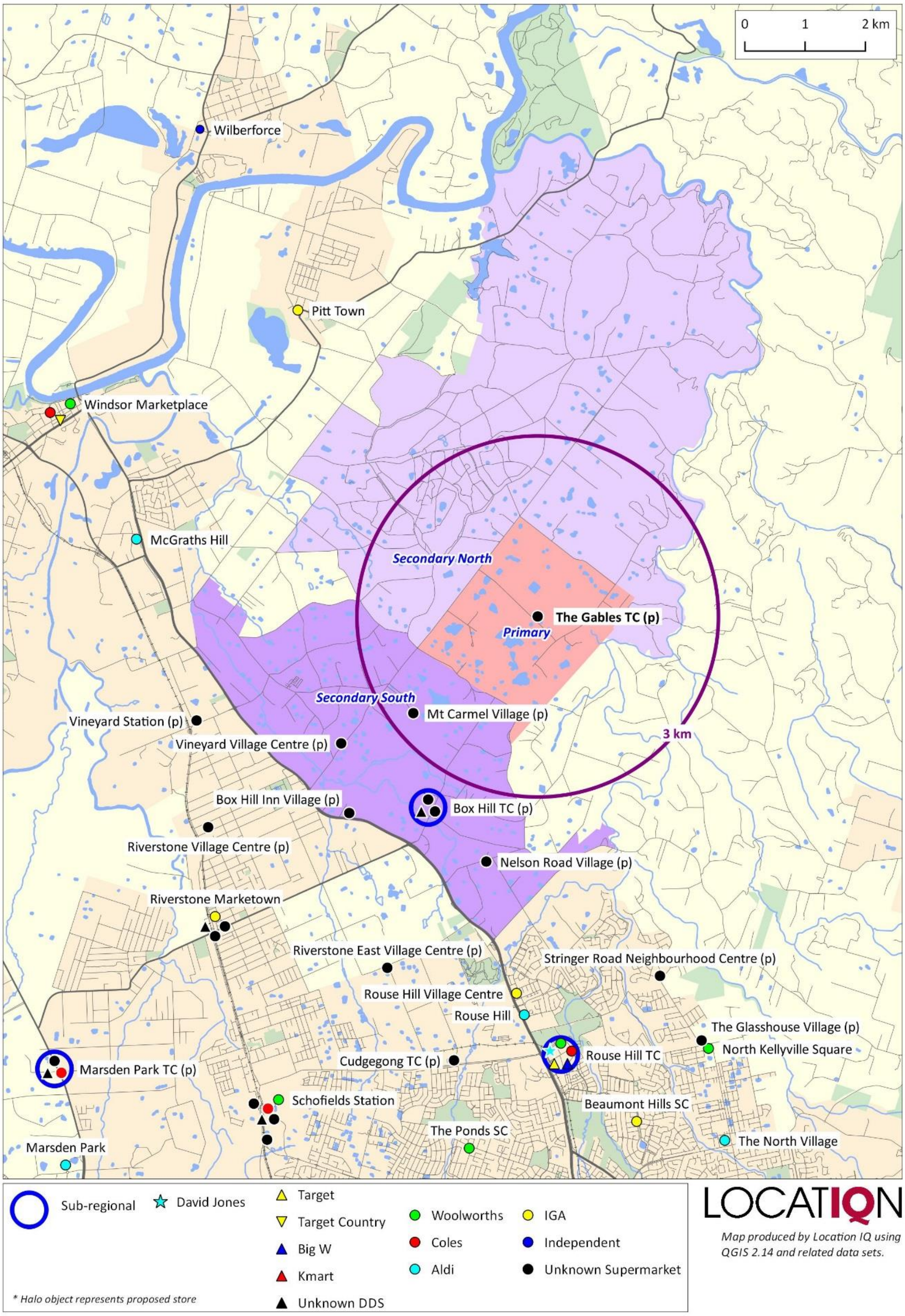
ii. Map 2.1 illustrates the defined main trade area that is likely to be served by proposed retail and non-retail facilities at The Gables Town Centre site. The trade area remains unchanged from the December 2016 research and has been defined to include a primary sector and two secondary sectors, described as follows:

   - The **primary sector** incorporates The Gables and is generally limited to the north by McGuire's Road, to the east by Cataract Creek, to the south by Old Pitt Town Road and to the west by Boundary Road.
   - The **secondary north sector** extends north to Cataract Creek and the Hawkesbury River and includes the suburbs of Maraylya, Scheyville as well as parts of Oakville and Cataract.

– The **secondary south sector** comprises the area south of Old Pitt Town Road to Richmond Road and includes parts of the North West Growth Centre precincts of Box Hill and Vineyard.

iii. As shown, the main trade area generally comprises the region within 2 – 6 km of the proposed site. Access to the defined secondary south sector will be largely dependent on the future road network within the precinct, with the Box Hill Development Control Plan (DCP) guiding road development in the Box Hill precinct.

MAP 2.1 – THE GABLES MAIN TRADE AREA AND COMPETITION



2.2 Trade Area Population

i. Table 2.1 details the current and projected population levels by sector for The Gables main trade area. This information is based on the following:

   - The 2011 and 2016 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS).
   - New dwelling approvals information sourced from the ABS over the period from 2011/12 to 2016/17, indicating a surge in new dwelling approvals over the 2016/17 period (refer Chart 2.1).
   - Population projections prepared at a small area level by SAFi by id.
   - Anticipated lot sales rates for The Gables as provided by Celestino Pty Ltd.
   - Investigations by this office into new residential developments in the surrounding area.

ii. At the time of the 2016 Census there were 4,600 persons in the main trade area, including 210 persons in the primary sector. This represents a decline of 16 persons since to 2011 Census, as former residents vacate their premises to make way for new residential development.

iii. According to information from Celestino Pty Ltd, development of The Gables estate will yield around 4,300 dwellings. Around 500 dwellings are expected to be sold annually, resulting in population growth of 1,500 persons per annum in The Gables development along over the period to 2026.

iv. In addition to The Gables development, there are two development applications submitted in the primary sector, including:

   - 25 dwellings at Lot 110 Cataract Road
   - 23 dwellings at 117 Old Pitt Town Road

v. Significant population growth is also expected to occur in the secondary south sector where the Box Hill and Vineyard precincts are located. The Box Hill Precinct is planned to accommodate some 9,600 dwellings or some 29,700 residents upon completion, with an indicative development yield at Vineyard of 2,500 dwellings or 7,400 residents. Ultimately, 37,100 residents are planned within the secondary south sector once the area is fully developed (likely to occur post 2036).

vi. Table 2.2 details residential estates currently being marketed in the main trade area, with Table 2.3 detailing those in the planning stage. Each of these developments are shown on Map 2.2.

vii. A significant number of developments are being marketed and planned across the main trade area as compared with the previous December 2016 report. In total, there are now 19 estates with 20 or more lots being marketed across the main trade area, with a combined development yield of close to 8,500 lots.

viii. Of the estates currently being marketed, the majority of estates are relatively small at less than 200 lots. The largest estates currently being marketed in the secondary south sector include:

- The Hills of Carmel – 2,000 lots (6,000 persons), where roads and infrastructure are currently under construction.
- Highgrove at Box Hill – 280 lots (840 persons), with around 15 homes occupied to date.
- Box Hill Heights (former Halcyon Rise, which went into liquidation) – 300 lots (900 persons), where construction is yet to be underway.
- Albert Park – 220 lots (660 persons), where infrastructure is currently under construction.

ix. Overall, around 10 new homes have been occupied in the primary sector (i.e. The Gables estate itself), with some 30 – 40 homes occupied in the secondary south sector. It is important to note, however, that on inspection a large number of homes have reached the lock up phase of development, with these homes likely to be occupied over the next month or two.

x. In addition to the estates currently being marketed, there are 36 developments in the planning stages (including the two previously mentioned developments in the primary sector). These include a mix of unit, townhouse and detached dwelling development. In total, over 4,300 dwellings are in the planning stages, with 1,680 of these dwellings approved.

xi. Given the extensive population growth underway in the main trade area, the population is projected to grow strongly over the period to 2036, increasing to 46,440. Population growth is projected to be stronger over the forecast period than previously indicated, reflecting:

  - An additional 500 dwellings are now assumed in The Gables estate (previously a development yield of 4,100 dwellings was assumed).
  - Latest information provided by Celestino Pty Ltd which indicates development of The Gables will occur at a rate of around 500 dwellings per annum.
  - The significant number of proposals lodged and approved over the past 18 months in the secondary south sector.

xii. Overall, the population is now projected to be some 7,000 persons higher than the December 2016 report.

xiii. It is important to note that the projected sales outlined in this report rely heavily on residential development assumptions outlined in Tables 2.2 and 2.3, particularly those assumed in relation to The Gables estate. A 12 month build time from sales to move in is assumed. If residential development occurs at a slower rate than that indicated, then population growth and projected sales will be lower.

TABLE 2.1 – THE GABLES MAIN TRADE AREA POPULATION, 2011 – 2036

Trade Area	Actual		Forecast				
Sector	2011	2016	2017	2021	2026	2031	2036
Primary Sector	340	210	190	6,590	13,340	14,840	15,090
Secondary Sectors							
• North	2,550	2,660	2,690	2,810	3,060	3,310	3,560
• South	1,790	1,730	1,790	5,790	11,790	19,290	27,790
Total Secondary	4,340	4,390	4,480	8,600	14,850	22,600	31,350
Main Trade Area	**4,680**	**4,600**	**4,670**	**15,190**	**28,190**	**37,440**	**46,440**
			Average Annual Change (No.)				
		Actual		**Forecast**			
		2011-2016		2017-2021	2021-2026	2026-2031	2031-2036
Primary Sector		-26		1,600	1,350	300	50
Secondary Sectors							
• North		22		30	50	50	50
• South		-12		1,000	1,200	1,500	1,700
Total Secondary		10		1,030	1,250	1,550	1,750
Main Trade Area		**-16**		**2,630**	**2,600**	**1,850**	**1,800**
			Average Annual Change (%)				
		Actual		**Forecast**			
		2011-2016		2017-2021	2021-2026	2026-2031	2031-2036
Primary Sector		-9.2%		142.7%	15.1%	2.2%	0.3%
Secondary Sectors							
• North		0.8%		1.1%	1.7%	1.6%	1.5%
• South		-0.7%		34.1%	15.3%	10.3%	7.6%
Total Secondary		0.2%		17.7%	11.5%	8.8%	6.8%
Main Trade Area		**-0.3%**		**34.3%**	**13.2%**	**5.8%**	**4.4%**
Syd Metro		*1.9%*		*1.5%*	*1.3%*	*1.2%*	*1.0%*
Australian Average		*1.7%*		*1.4%*	*1.4%*	*1.3%*	*1.2%*

All figures as at June and based on 2016 SA1 boundary definition.
Sources : ABS; SAFi by .id

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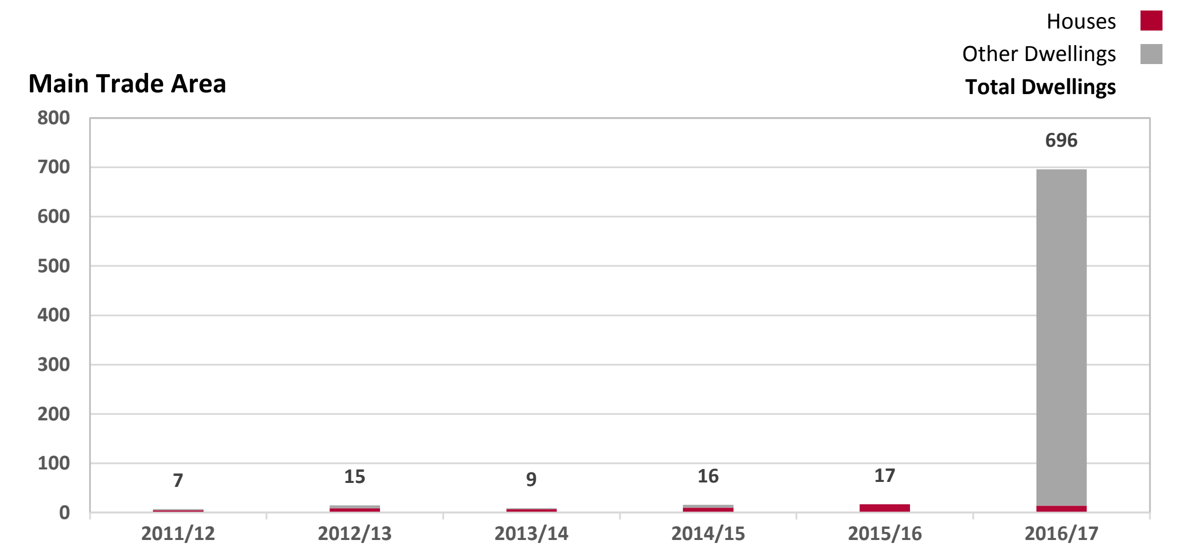
CHART 2.1 – MAIN TRADE AREA NEW DWELLINGS APPROVALS, 2011/12 – 2016/17



Source: ABS

TABLE 2.2 – MAIN TRADE AREA RESIDENTIAL ESTATES CURRENTLY BEING MARKETED

Name*	Developer	Ultimate Dwellings	Ultimate Population	Homes built to date	First Homes	Estimated Completion
Primary						
The Gables Box Hill	Celestino	4,300	12,900	10	Late 2017	2026
Secondary South						
The Hills of Carmel	Scheinberg Family	2,000	6,000	0	2018	2025
Eden Garden Box Hill	Silverstone	75	225	0	2018-2019	2020
Saratoga Rise	Bellmarch Homes	137	411	0	2019	2021
Orchard Box Hill	Goldmate	59	177	0	2018-2019	2020
Hillcrest	Goldmate	34	102	0	2018-2019	2019
Albert Park Box Hill	Goldmate	220	660	0	2018-2019	2022
Horizon	Bourke Thomas Property	68	204	6	Late 2017	2019
Box Hill Heights	Legacy Property	300	900	0	2018-2019	2022
Akora Estate	Kitron	104	312	0	Late 2018	2020
Victoria Estate	Bellriver	72	216	0	2018	2020
Paramount	Auscorp Development Group	43	129	0	2018-2019	2019
Candle Bark Box Hill	Clearstate	76	228	0	2018-2019	2020
Killarney	Allam Homes	173	519	0	2019	2020
Rosedale at Box Hill	Sydney Property Developers	42	126	0	2018	2019
Rosalind Gardens	Villawood	77	231	6	2018	2019
Highgrove at Box Hill	Clarendon Homes	280	840	15	Late 2017	2021
The Water Lane	Gobbo Holdings	90	270	8	Late 2017	2019
Allure	Villa World	30	90	0	2018-2019	2019

** Only residential estates with more than 20 dwellings included*

TABLE 2.3 – MAIN TRADE AREA RESIDENTIAL ESTATES PLANNED

Map No.	Estate/Development*	Type of Housing	No. of Dwellings	Status	Estimated First Homes
	Primary				
5	Lot 1100 Cataract Rd, Box Hill	Detached Dwelling	25	DA Submitted	2021
6	117 Old Pitt Town Rd, Box Hill	Detached Dwelling	23	DA Submitted	2021
	Secondary South				
7	Box Hill Town Centre	Unit	682	DA Approved	2025
8	Nelson Road Village	Unit	187	DA Approved	2020
9	7-9 Terry Rd, Box Hill	Unit	103	DA Approved	2021
10	4 Alan St, Box Hill	Unit	93	DA Approved	2020
1	71-73 Boundary Rd, Box Hill	Detached Dwelling	70	DA Approved	2019
11	13-15 Alan St, Box Hill	Unit	71	DA Approved	2020
12	58 George St, Box Hill	Detached Dwelling	43	DA Approved	2019
13	150 Old Pitt Town Rd, Box Hill	Detached Dwelling	41	DA Approved	2019
14	70 Terry Rd, Box Hill	Detached Dwelling	34	DA Approved	2019
15	43 Terry Rd, Box Hill	Detached Dwelling	34	DA Approved	2020
16	23 Nelson Rd, Box Hill	Detached Dwelling	27	DA Approved	2018
17	47 Hynds Rd, Box Hill	Townhouse	90	DA Approved - Site Sold	2021
18	13 Terry Rd, Box Hill	Unit	121	DA Approved - Site for Sale	2021
19	45 Mason Rd, Box Hill	Detached Dwelling	46	DA Approved - Site for Sale	2020
20	58 Terry Rd, Box Hill	Detached Dwelling	37	DA Approved - Site for Sale	2020
21	10-32 Terry Rd, Box Hill	Detached Dwelling & Townhouse	1,452	DA Submitted	2021
22	1-5 Terry Rd, Box Hill	Unit	160	DA Submitted	2022
23	27 Mason Rd, Box Hill	Unit & Townhouse	135	DA Submitted	2021
24	29 Mason Rd, Box Hill	Unit & Townhouse	115	DA Submitted	2021
2	121-123 Boundary Rd, Box Hill	Detached Dwelling	80	DA Submitted	2020
3	114-116 Old Pitt Town Rd, Box Hill	Detached Dwelling	78	DA Submitted	2020
25	20A & 22 Nelson Rd, Box Hill	Detached Dwelling	56	DA Submitted	2020
26	17-19 Alan St, Box Hill	Unit	55	DA Submitted	2021
27	269 Annangrove Rd, Rouse Hill	Detached Dwelling	54	DA Submitted	2020
28	39, 41 & 43 Hynds Rd, Box Hill	Detached Dwelling	49	DA Submitted	2020
29	20 Mason Rd, Box Hill	Unit	48	DA Submitted	2021
30	152-154 Old Pitt Town Rd, Box Hill	Detached Dwelling	46	DA Submitted	2020
4	105 Boundary Rd, Box Hill	Detached Dwelling	45	DA Submitted	2020
31	21 Nelson Rd, Box Hill	Detached Dwelling	44	DA Submitted	2020
32	27 Hynds Rd, Box Hill	Detached Dwelling & Townhouse	44	DA Submitted	2021
33	60 Terry Rd, Box Hill	Detached Dwelling	38	DA Submitted	2020
34	19 Hynds Rd, Box Hill	Detached Dwelling	30	DA Submitted	2021
35	3 & 5-7 Edwards Rd, Box Hill	Detached Dwelling	30	DA Submitted	2019
36	9 Hynds Rd, Box Hill	Detached Dwelling	23	DA Submitted	2020

** Only residential estates with more than 20 dwellings included*

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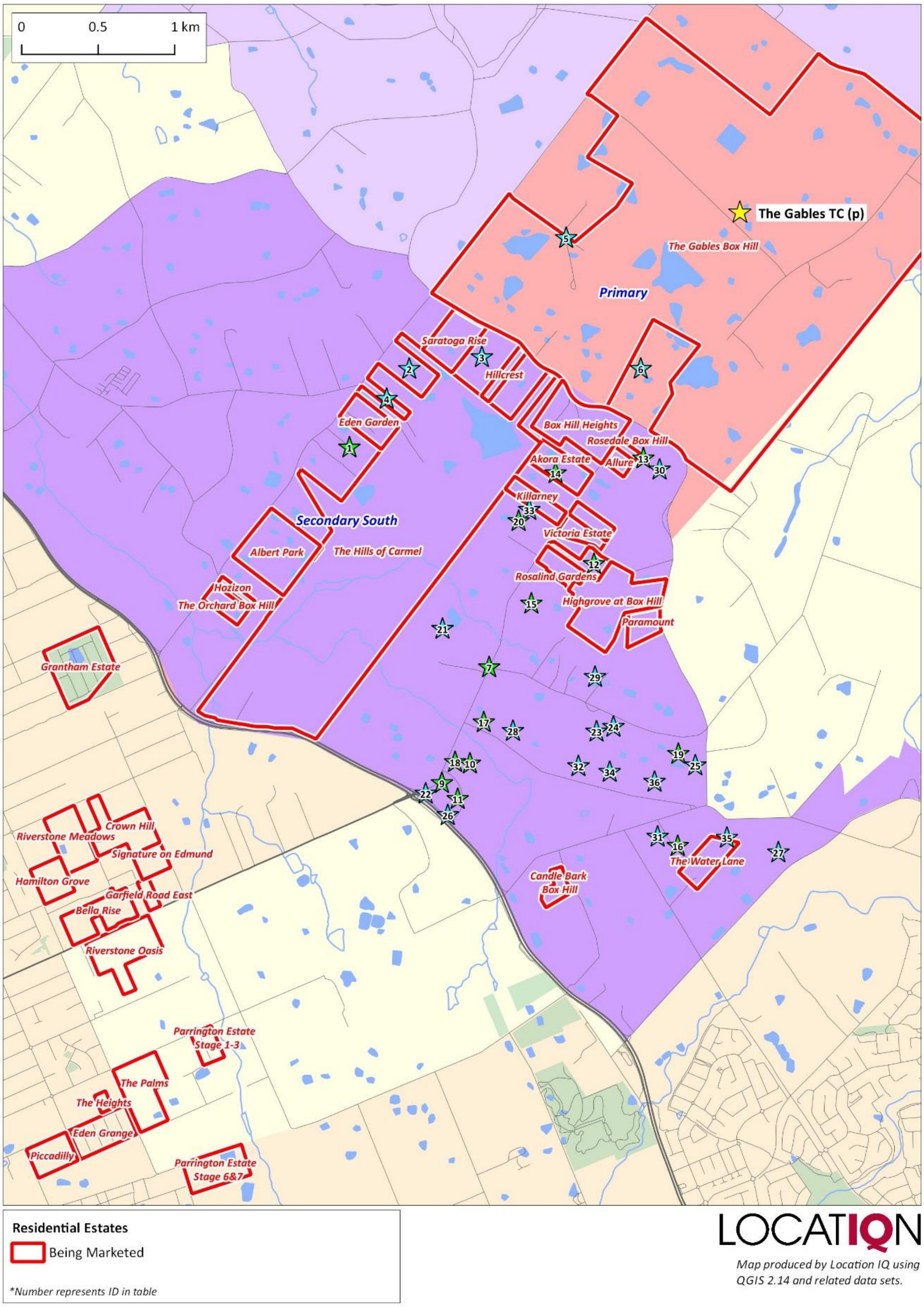
MAP 2.2 – MAIN TRADE AREA RESIDENTIAL UNDERCONSTRUCITON AND PLANNED



2.3 Socio-economic Profile

i. Table 2.4 provides an overview of the socio-economic profile of The Gables main trade area population. This information is based on the latest 2016 Census of Population and Housing.

ii. The main trade area currently consists of larger, rural land lots. Consequently, the area contains an older, Australian born population who have high levels of home ownership. The primary sector also has a high proportion of couples without children and lone person households.

iii. The socio-economic profile of the main trade area is likely change significantly as development continues to occur. New development in the North West Growth Centre is generally attracting a high proportion of residents with the following characteristics:

- Higher than average household incomes
- A larger household size
- Younger residents, with a higher proportion of residents aged 0-14 years
- A higher proportion of renters, when compared to the existing population
- Greater ethnicity, with the area popular with persons born in India, Middle East and other Asian nations
- Large number of traditional families

iv. To demonstrate this expected change in demographics, Table 2.4 also shows the socio-economic profile of The Ponds, a recently developed suburb within close proximity to Rouse Hill. As shown, the area contains a younger family market, with a larger ethnic mix and higher household incomes when compared to the existing socio-economic profile of the main trade area.

v. Over time as development occurs, the main trade area population and particularly the primary sector population is likely to have a similar socio-economic profile to The Ponds. The area is likely to attract a high proportion of young, affluent families, with the proportion of persons aged 0-14 years likely to increase significantly to be at a similar level to The Ponds (i.e. close to 30%).

TABLE 2.4 – MAIN TRADE AREA SOCIO-ECONOMIC PROFILE, 2016 CENSUS

Characteristics	Primary Sector	Secondary Sectors North	Secondary Sectors South	Main TA	The Ponds	Syd Metro Average	Aust Average
Income Levels							
Average Per Capita Income	$48,766	$41,006	$36,543	$39,733	$44,191	$42,033	$38,497
Per Capita Income Variation	16.0%	-2.4%	-13.1%	-5.5%	5.1%	n.a.	n.a.
Average Household Income	$137,492	$136,617	$110,888	$126,675	$153,440	$115,054	$98,478
Household Income Variation	19.5%	18.7%	-3.6%	10.1%	33.4%	n.a.	n.a.
Average Household Size	2.8	3.3	3.0	3.2	3.5	2.7	2.6
Age Distribution (% of Pop'n)							
Aged 0-14	19.2%	21.4%	17.2%	19.7%	29.8%	18.8%	18.8%
Aged 15-19	8.4%	8.0%	6.2%	7.4%	5.0%	6.0%	6.1%
Aged 20-29	10.3%	10.9%	12.4%	11.4%	10.0%	15.0%	13.8%
Aged 30-39	6.9%	9.8%	9.5%	9.5%	24.7%	15.5%	14.0%
Aged 40-49	17.2%	16.3%	13.0%	15.1%	15.4%	13.7%	13.5%
Aged 50-59	12.3%	12.4%	12.8%	12.5%	7.5%	12.2%	12.7%
Aged 60+	25.6%	21.3%	28.9%	24.3%	7.6%	18.8%	21.1%
Average Age	39.5	37.7	41.7	39.3	29.7	37.5	38.5
Housing Status (% of H'holds)							
Owner/Purchaser	75.4%	87.8%	73.9%	81.8%	78.9%	64.8%	68.0%
Renter	24.6%	12.2%	26.1%	18.2%	21.1%	35.2%	32.0%
Birthplace (% of Pop'n)							
Australian Born	80.0%	87.9%	83.4%	85.9%	52.6%	61.9%	72.9%
Overseas Born	20.0%	12.1%	16.6%	14.1%	47.4%	38.1%	27.1%
• Asia	0.0%	0.7%	3.5%	1.7%	31.6%	18.6%	10.7%
• Europe	17.0%	8.3%	9.1%	9.0%	4.8%	7.7%	8.0%
• Other	3.0%	3.2%	4.1%	3.5%	11.0%	11.8%	8.4%
Family Type (% of Pop'n)							
Couple with dep't children	34.0%	52.0%	42.2%	47.6%	72.8%	48.8%	45.2%
Couple with non-dep't child.	22.5%	15.4%	19.4%	17.2%	6.4%	9.2%	7.8%
Couple without children	18.0%	18.9%	21.7%	19.9%	13.0%	20.2%	23.0%
Single with dep't child.	6.5%	6.2%	7.4%	6.7%	4.3%	8.0%	8.9%
Single with non-dep't child.	5.0%	3.1%	2.0%	2.8%	1.5%	4.1%	3.7%
Other family	5.5%	0.5%	0.8%	0.8%	0.4%	1.2%	1.1%
Lone person	8.5%	3.9%	6.5%	5.1%	1.6%	8.5%	10.2%

Sources: ABS Census of Population and Housing 2016

2.4 Trade Area Retail Spending

i. MarketInfo estimates used in this analysis are based on the 2016 release, benchmarked against the latest National Accounts data, released by the ABS. All figures presented in this report are in inflated dollars and exclude GST.

ii. Table 2.5 details the level of retail expenditure generated by The Gables main trade area population. Resident trade area spending is currently estimated at $71.8 million and is projected to increase to $1.25 billion by 2036 (including inflation and GST), representing an average annual growth rate of 16.2% per annum.

iii. The projected retail spending growth rate of 16.2% per annum takes into account the following:

- Assumed food category inflation of 2.0% per annum over the period to 2018/19, increasing to 3.0% from 2019/20 to 2035/2036.

- Assumed non-food category inflation of 0.5% per annum over the period to 2018/19, increasing to 1.0% from 2019/20 to 2035/2036.

- Real growth in retail spending per capita of 0.5% annually for food retail and 0.8% for non-food retail over the period to 2018/19, increasing to 1.0% and 1.4% annually, respectively from 2019/20 to 2035/2036.

- Main trade area population growth of 12.9%.

iv. Table 2.6 details the main trade area retail expenditure by key commodity group. As shown, the food and liquor market (most important market for supermarket spending) is projected to increase from the current level of $31.0 million to $606.9 million by 2036.

TABLE 2.5 – THE GABLES MAIN TRADE AREA RETAIL EXPENDITURE, 2017 – 2036

Y/E June	**Primary Sector**	**Secondary Sectors** North	South	**Main TA**
2017	5.2	38.4	28.2	71.8
2018	4.8	39.7	29.9	74.3
2019	11.9	41.0	40.9	93.8
2020	29.8	42.8	56.7	129.4
2021	74.8	44.8	78.7	198.3
2022	129.4	46.9	101.2	277.6
2023	154.2	49.4	120.7	324.2
2024	183.7	51.9	143.9	379.5
2025	218.8	54.6	171.6	445.1
2026	260.7	57.5	204.7	522.9
2027	292.6	60.4	238.9	592.0
2028	309.4	63.5	272.8	645.7
2029	327.1	66.7	311.5	705.3
2030	345.8	70.1	355.8	771.7
2031	365.7	73.7	406.3	845.7
2032	383.2	77.4	458.2	918.8
2033	398.0	81.3	510.2	989.5
2034	413.5	85.3	568.2	1,067.0
2035	429.5	89.6	632.8	1,151.9
2036	446.2	94.1	704.7	1,245.1
Expenditure Growth				
2017-2019	6.7	2.6	12.7	21.9
2019-2021	63.0	3.8	37.8	104.5
2021-2026	185.9	12.7	126.0	324.6
2026-2031	104.9	16.2	201.6	322.7
2031-2036	80.6	20.4	298.4	399.4
2017-2036	441.0	55.7	676.5	1,173.2
Average Annual Growth Rate				
2017-2019	51.4%	3.3%	20.3%	14.2%
2019-2021	151.0%	4.5%	38.7%	45.4%
2021-2026	28.4%	5.1%	21.1%	21.4%
2026-2031	7.0%	5.1%	14.7%	10.1%
2031-2036	4.1%	5.0%	11.6%	8.0%
2017-2036	n.a.	4.8%	18.4%	16.2%

**Inflated dollars & Including GST*

Source : Marketinfo

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TABLE 2.6 – MAIN TRADE AREA RETAIL EXPENDITURE BY KEY COMMODITY GROUP

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2017	31.0	9.9	7.6	13.0	2.6	5.8	2.0
2018	32.1	10.4	7.8	13.4	2.7	6.0	2.0
2019	40.9	13.2	9.7	16.6	3.4	7.5	2.5
2020	57.2	18.5	12.9	22.3	4.6	10.4	3.5
2021	88.8	28.6	19.2	33.4	7.0	15.9	5.4
2022	125.6	40.5	26.2	45.9	9.7	22.1	7.5
2023	147.7	47.8	30.2	53.0	11.2	25.6	8.7
2024	173.9	56.5	34.9	61.3	13.0	29.7	10.1
2025	205.3	66.9	40.5	71.1	15.1	34.6	11.7
2026	242.7	79.3	47.0	82.5	17.6	40.2	13.7
2027	276.2	90.7	52.6	92.4	19.7	45.1	15.3
2028	302.8	99.8	56.9	99.7	21.2	48.7	16.5
2029	332.5	110.1	61.6	107.8	22.9	52.7	17.8
2030	365.6	121.6	66.8	116.7	24.7	57.1	19.3
2031	402.7	134.5	72.5	126.5	26.7	61.9	20.9
2032	439.6	147.5	78.0	136.0	28.7	66.6	22.4
2033	475.7	160.3	83.3	144.9	30.5	71.0	23.9
2034	515.4	174.4	89.0	154.5	32.5	75.7	25.5
2035	559.0	190.0	95.2	165.0	34.6	80.9	27.2
2036	606.9	207.3	101.9	176.5	37.0	86.5	29.0
Expenditure Growth							
2017-2019	9.9	3.3	2.1	3.6	0.7	1.7	0.6
2019-2021	47.9	15.4	9.5	16.9	3.6	8.4	2.9
2021-2026	153.8	50.7	27.8	49.1	10.6	24.3	8.3
2026-2031	160.0	55.2	25.5	44.0	9.2	21.7	7.2
2031-2036	204.3	72.8	29.4	50.0	10.2	24.6	8.1
2017-2036	576.0	197.3	94.3	163.5	34.3	80.7	27.1
Average Annual Growth Rate							
2017-2019	14.9%	15.4%	12.8%	12.9%	13.3%	14.0%	13.9%
2019-2021	47.4%	47.2%	40.9%	42.1%	44.3%	45.2%	45.8%
2021-2026	22.3%	22.6%	19.6%	19.8%	20.2%	20.4%	20.5%
2026-2031	10.7%	11.1%	9.1%	8.9%	8.8%	9.0%	8.9%
2031-2036	8.6%	9.0%	7.0%	6.9%	6.7%	6.9%	6.8%
2017-2036	17.0%	17.3%	14.6%	14.7%	14.9%	15.3%	15.3%

**Inflated dollars & Including GST*

Source : Marketinfo

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3 COMPETITIVE ENVIRONMENT

This section of the report provides a summary of the existing and proposed competitive retail facilities within the region surrounding The Gables.

i. Retail facilities in North West Sydney follow a typical retail hierarchy including:

  - Castle Towers regional shopping centre
  - Sub-regional shopping facilities at Rouse Hill and Richmond
  - A number of supermarket-based centres located to serve the local population

ii. The previous Map 2.1 illustrated the key competitive retail facilities throughout the region, while Table 3.1 presents a summary of these facilities.

TABLE 3.1 – COMPETITIVE CENTRES

Centre	Shopfront GLA (sq.m)	**Anchor Tenants**	Dist. From Site (km)
Regional Shopping Centres			
Castle Towers SC	113,000	David Jones (16,108), Myer (14,454), Kmart (7,427), Target (7,276), Coles (4,366), Aldi (1,350)	22.0
Sub-regional Shopping Centres			
Rouse Hill	*100,400*		*10.8*
• Rouse Hill TC	69,300	Big W (8,555), Target (6,815), Woolworths (4,600), Coles (4,125)	
• Rouse Hill Village Centre	2,700	Supa IGA (1,582)	
• Other	28,400	Aldi (1,350)	
Richmond	*33,500*		*18.6*
• Richmond Marketplace	18,200	Big (6,668), Woolworths (4,500)	
• Richmond Mall	5,300	Coles (4,500)	
• Other	10,000	Aldi (1,700)	
Supermarket Based Shopping Centres			
McGraths Hill	26,000	Aldi (1,886)	8.8
Riverstone Marketplace	2,300	IGA (1,400)	9.5
Pitt Town	1,000	IGA (600)	9.9
Windsor	*23,300*		*11.7*
• Windsor Marketplace	5,400	Woolworths (3,652)	
• Windsor Riverview SC	7,900	Coles (3,719)	
• Other	10,000	Target Country (1,800)	

Source: Australian Shopping Centre Council Database

3.1 Regional Centres

i. Regional shopping centres include one or more department stores and are higher order non-food retail facilities that have a wider draw.

ii. The nearest regional shopping facilities for future Box Hill residents will be Castle Towers, situated 22 km to the south-east. The centre has a total Gross Leasable Area (GLA) of 113,000 sq.m and is based on David Jones and Myer department stores, Kmart and Target discount department stores and Coles and Aldi supermarkets.

iii. A development application has been submitted for an 80,000 sq.m expansion of the centre, which is planned to include a third discount department store, second major supermarket, mini-majors, shops and a restaurant precinct.

3.2 Sub-regional Centres

i. The nearest existing provision of major retail facilities to the proposed The Gables Town Centre are located at Rouse Hill, 10.8 km to the south-east. Rouse Hill includes a range of retail centres and free-standing facilities, yielding over 100,000 sq.m of floorspace (including large format retail floorspace).

ii. Key components of retailing in Rouse Hill include:

   – The Rouse Hill Town Centre is a sub-regional shopping centre of some 69,300 sq.m that is anchored by Target and Big W discount department stores as well as Woolworths (4,605 sq.m) and Coles (4,116 sq.m) supermarkets. Rouse Hill Town Centre includes some 184 specialty stores and achieves total centre sales of some $430 million (*Shopping Centre News Big Guns Publication, 2017*).

     Rouse Hill Town Centre has received Masterplan Approval for a 66,300 sq.m expansion of the centre, resulting in a total retail component that nearly doubles its existing size to 136,000 sq.m. The expansion was proposed to include a department store, international mini-majors and a further range of specialty stores.

It is understood the development of Rouse Hill Town Centre is unlikely to proceed in this format. It is now likely to include the addition of Kmart, further food catering and entertainment floorspace and specialty shops. The development is not assumed to proceed until post 2021 and is unlikely to impact on the potential to support supermarket floorspace at The Gables Town Centre site.

– A Supa IGA supermarket of some 1,582 sq.m is located to the north of Rouse Hill Town Centre. A range of specialty stores are also provided, with a strong convenience focus.

– An Aldi supermarket is also located less than 1 km north of Rouse Hill Town Centre, co-located with a number of food catering tenants.

– A Bunnings Warehouse is provided along Windsor Road and development approval has been granted to redevelop the former Masters Box into 10 large format retail tenants. The development is likely to be completed by 2019/20.

iii. Given the extensive provision of retail floorspace provided in Rouse Hill, the precinct is likely to draw strongly from the growing northern regions, including Box Hill and Box Hill North.

iv. The other sub-regional precinct of relevance to the Box Hill population is the Richmond Town Centre, provided 18.6 km to the north-west. The major components of the Richmond Town Centre include:

– Richmond Marketplace, an 18,200 sq.m sub-regional centre anchored by a Big W discount department store and a Woolworths supermarket. When compared to Rouse Hill Town Centre, Richmond Marketplace is relatively small, containing around 60 specialty shops.

– The Coles anchored Richmond Mall.

– A free-standing Aldi supermarket.

– A provision of strip retailing, primarily provided along Windsor Street.

3.3 Supermarket Based Centres

i. Given the relatively small population catchment currently residing in the Box Hill area, there is currently limited supermarket competition surrounding The Gables Town Centre site. The closest supermarkets are relatively small and include:

- An Aldi supermarket is provided within the industrial/large format retail precinct at McGraths Hill near Windsor (8.8 km to the north-west of the site).
- A relatively run-down IGA supermarket of 1,400 sq.m is located at Riverstone Marketplace, 9.5 km to the south-west of the site. A major redevelopment of Riverstone Marketplace is currently planned, discussed in further detail in Sub-section 3.4.
- A small IGA supermarket of 600 sq.m is located at Pitt Town, 9.9 km to the north-west.

ii. Major full-line Woolworths and Coles supermarkets are also provided at Windsor, some 11.7 km to the north-west.

3.4 Proposed Competitive Developments

i. Tables 3.2 and 3.3 detail retail facilities proposed within and immediately beyond the main trade area. The most relevant of these include:

Within Main Trade Area

Box Hill Precinct (refer Figure 3.1)

- The Box Hill Town Centre is a designated sub-regional shopping centre, which is planned to ultimately include a discount department store, two supermarkets, mini-majors and a range of retail specialty floorspace, totalling some 30,000 sq.m. Given the designated size of the centre, once developed the Box Hill Town Centre will be a major food and non-food retail destination for new residents in the region.

The development application for Stage 1 of Box Hill Town Centre has now been approved (previously development application submitted). The development is planned to include 14,750 sq.m of retail floorspace, including a supermarket of 4,243 sq.m, mini-majors (including one of 1,665 sq.m, likely to be Aldi) and specialty shops. Timing on the development will be dependent on other supermarkets opening within the Box Hill area (including The Gables Town Centre site), with only one supermarket only to be supportable in Box Hill/Box Hill North area over the short term.

For the purposes of this report, two scenarios have been assumed regarding the timing of the Box Hill Town Centre. Scenario One assumes Stage 1 of the Box Hill Town Centre opens in 2024 (three years after the assumed opening date of a supermarket at The Gables site) and Scenario Two assumes the development opens in the same year as the proposed The Gables Town Centre (i.e. 2021).

The second stage of the Box Hill Town Centre, which is likely to include discount department store floorspace and a second supermarket is not assumed to proceed over the forecast period.

– A retail centre as part of a mixed use development has been approved along Nelson Road in Box Hill. The development, which is being referred to as Nelson Road Village has been approved to include a supermarket of 2,700 – 3,000 sq.m and around 2,000 sq.m of specialty shops. The precinct will also include an 80 place childcare centre and nearly 200 apartments.

  It is important to note that three full-line supermarkets (i.e. 2,500 sq.m or greater) are unlikely to be supportable in Box Hill/Box Hill North until the population reaches at least 25,000 – 30,000 persons. On current projections this will occur in around 2025 - 2026. As such, given supermarkets are assumed to proceed at The Gables and Box Hill Town Centres by 2024, for the purpose of this report a supermarket is not assumed to proceed at Nelson Road Village until 2026. If a supermarket proceeds at Nelson Road Village prior to this, projected sales outlined in this report would be lower.

- Neighbourhood centres with full-line supermarkets are also planned at the Box Hill Village and Mt Carmel Village sites. However, assuming supermarkets at The Gables Town Centre, Box Hill Town Centre and Nelson Road Village, full-line supermarkets are not likely to be supportable at the sites until at least 40,000 people reside in Box Hill, Box Hill North and Vineyard (not assumed to occur until at 2030 – 2031). For the purpose of this report, supermarkets are not assumed at the sites over the forecast period.

- Small neighbourhood precincts with a maximum of 1,000 sq.m of retail floorspace are also planned along Boundary Road (in the west of the precinct) and Old Pitt Town Road (in the north-east of the precinct).

Vineyard Precinct

- A small Village Centre is planned as part of Stage 1 of the Vineyard release area. Vineyard Village Centre is planned to include 1,500 sq.m of retail floorspace and may include a small supermarket/foodstore. The development is likely to serve the convenience needs of the Vineyard precinct and immediate surrounding population and is unlikely to impact on the potential to accommodate supermarket floorspace at The Gables Town Centre site. Given development of the Vineyard Precinct is likely to be some years away, the Village Centre is not assumed to proceed until post 2026.

Beyond Main Trade Area

- Master planning approval has been granted for the redevelopment of Riverstone Marketown to include a major full-supermarket. A previous approval for 11,166 sq.m of floorspace and two supermarkets is unlikely to proceed. For the purposes of this report, the centre is assumed to be redeveloped to include a full-line supermarket and a supporting provision of retail shops by 2022/23.

– Neighbourhood centres are planned along Riverstone Parade in Riverstone (Riverstone Village Centre), Vineyard Station and along Tallawong Road in Riverstone (Riverstone East Village Centre). Development of these centres and the potential to accommodate supermarket floorspace will be heavily dependent on residential growth occurring the immediate surrounding area, with supermarkets not assumed to proceed over the forecast period.

TABLE 3.2 – PROPOSED COMPETITIVE CENTRES (WITHIN MAIN TRADE AREA)

Name	Centre Type	Additional Retail GLA (sq.m)	Components	Status	Assumed First Full Year
Secondary South					
Box Hill TC					
• Approved DA	Neighbourhood	14,750	Supermarket (4,243 sq.m), Mini-majors (1,665 sq.m) & Shops	DA Approved	2020/21
• Allowable under DCP	Sub-regional	up to 30,000	Discount Department Store, 2 Supermarkets, Mini-majors & Shops	Planning	Post 2026
17-19 Alan St Box Hill	Shops	200	3 Shops	DA Submitted	2020/21
Nelson Road Village	Neighbourhood	5,188	Supermarket (3,094) & Shops (2,094)	DA Approved	2020/21
Box Hill Inn Village	Neighbourhood	7,000	Supermarket (3,000) & 20-25 Shops#	Planning	Post 2026
Mt Carmel Village	Neighbourhood	5,000 - 6,000#	Supermarket (2,000 - 3,000) & 20-25 Shops#	Planning	Post 2026
Boundary Road (West)	Neighbourhood	1,000#	Shops	Planning	Post 2026
Old Pitt Town Road (North-east)	Neighbourhood	1,000#	Shops	Planning	Post 2026
Vineyard Village Centre	Neighbourhood	1,500	Small Supermarket/Foodstore & Shops	Planning	Post 2025/26

 # As per Box Hill DCP

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TABLE 3.3 – PROPOSED COMPETITIVE CENTRES (BEYOND MAIN TRADE AREA)

Name	Centre Type	Additional Retail GLA (sq.m)	Components	Status	Assumed First Full Year
Beyond Trade Area					
Riverstone					
• Riverstone Marketown					
- Approved DA, 2007	Neighbourhood	11,166	Redevelopment to include 2 Supermarkets & Shops	DA Approved - Unlikely	n.a.
- Masterplan, Jan 2018	Neighbourhood	4,717	Redevelopment including Full-line Supermarket & Shops	Masterplan Approval	2022/23
- Mooted	Sub-regional	10,000 - 15,000	Discount Department Store, Further Supermarket(s) & Shops	Masterplan Approval - Unlikely	n.a.
• Market Street Plaza, Riverstone TC	Town Centre	5,000	Market Street Retail Spine	Masterplan Approval	2022/23
• Riverstone Village Centre	Neighbourhood	10,000	Supermarket & Shops	Planning	n.a.
• Riverstone East Village	Neighbourhood	5,000	Supermarket & Shops	Planning	n.a.
Rouse Hill					
• Home Rouse Hill (Former Masters)	Large Format Retail	0	Redevelopment of former Masters box to include 10 Large Format Retail	DA Approved	2019/20
• Rouse Hill Town Centre	Sub-regional	66,300	Non-Food Major, Mini-majors & Shops	Masterplan Approval	2021/22
Vineyard Station	Neighbourhood	5,000	Small Scale Retail	Planning	n.a.
Castle Towers	Regional	80,260	DDS, Supermarket, mini-majors, spec. shops & restaurants	DA Approved	2021/22

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FIGURE 3.1 – BOX HILL INDICATIVE LAYOUT

3.5 Summary

i. The majority of existing retail facilities are currently provided at Rouse Hill, some 10 km from the proposed site (20 km round trip). Facilities at Rouse Hill will continue to form a key destination for retail shopping, particularly non-food shopping, for main trade area residents.

ii. In the future, the nearest key competitive developments are retail centres planned within the Box Hill Precinct (i.e. secondary south sector). Reflecting the more internalised location of a number of these shopping centre sites within planned residential developments, it is unlikely that The Gables residents will utilise these facilities on a regular basis.

iii. The exception to this will be the Box Hill Town Centre, which is planned to form a higher order shopping centre of 30,000 sq.m anchored by a discount department store and full-line supermarkets. This centre will be a key retail destination for main trade area residents, particularly for non-food shopping.

4 RETAIL FLOORSPACE POTENTIAL

This section of the report presents our assessment of the future potential for retail floorspace to be accommodated at The Gables Town Centre site, including supermarket, mini-major and retail specialty floorspace.

4.1 Supermarket Potential

i. Supermarkets are typically defined in planning documents and courts as "grocery and dry goods stores of at least 500 sq.m, with smaller stores classified as foodstores." Further, a full-line supermarket is considered to be at least 2,500 sq.m in size and a major full-line supermarket that serves the weekly food and grocery needs of local residents is around 3,200 – 4,000 sq.m in size. These large format stores are generally operated by major chains such as Woolworths or Coles.

ii. Typically, a population of around 9,000 – 10,000 persons is required to support a major full-line supermarket of at least 3,200 sq.m. There are currently no major full-line supermarkets provided within the main trade area, with the nearest located at Rouse Hill more than 10 km away.

iii. Based on population projections provided previously in Table 2.1, The Gables main trade area will have around 45,000 – 50,000 residents by 2036. This indicates 5 – 6 major full-line supermarkets will be supportable over the long term.

iv. A range of full-line supermarkets (i.e. 2,500 sq.m or greater) are planned within the Box Hill North and Box Hill precincts, including:

- The Gables Town Centre
- Box Hill Town Centre, where a mini-major likely to be Aldi is also planned. A second full-line supermarket is likely to proceed at Box Hill Town Centre in a second stage of development.
- Nelson Road Village
- Mt Carmel Village

- Box Hill Inn Village

v. Ultimately, 5 – 6 of the planned supermarkets will be supportable, however, not over the short term with three supermarkets likely to be supportable by 2026 and a further two over the period to 2036.

vi. Given planning approval has been granted for Box Hill Town Centre and Nelson Road Village, for the purposes of this report these centres are assumed to proceed prior to Mt Carmel Village, Box Hill Inn Village and a second full-line supermarket at Box Hill Town Centre.

vii. For the purposes of this report, a supermarket at The Gables Town Centre is assumed to be open by 2020/21 under two scenarios:

- <u>Scenario One</u> – assumes the approved Box Hill Town Centre development opens in 2024, or three years after the opening of a supermarket at The Gables Town Centre. Stage 1 of the Box Hill Town Centre is assumed to include either Woolworths or Coles and Aldi.

- <u>Scenario Two</u> – assumes the approved Box Hill Town Centre development opens in 2021 or the same year as The Gables Town Centre.

viii. The following competitive assumptions are made under both scenarios:

- Riverstone Marketown is assumed to be redeveloped to include a full-line supermarket by 2022/23. IGA assumed to close as part of the redevelopment.

- A full-line supermarket is assumed to proceed at Nelson Road Village by 2025/26.

- Supermarkets are not assumed to proceed at Box Hill Village, Mt Carmel Village, Riverstone Village Centre or Riverstone East Village Centre over the forecast period.

ix. Projected sales under Scenario One are $31.4 million, or $8,976 sq.m in 2020/21. Whilst this sales volume is relatively moderate, sales are projected to grow strongly reaching $45.7 million by the time Box Hill Town Centre is assumed to open in 2023/24. At this time sales are projected to be impacted by around $9 - $10 million.

x. Sales growth will continue to be strong post the opening of the Box Hill Town Centre, given the strong population growth occurring in the surrounding area. Sales growth will however will be impacted slightly when the assumed supermarket opens at Nelson Road Village in 2025/26.

xi. Projected sales will be less under Scenario Two (whereby Box Hill Town Centre is assumed to open in 2020/21), at $19.6 million. Sales are projected to grow strongly with both supermarkets likely to be supportable by 2023/24 (assuming the population growth outlined in Table 2.1).

xii. Sales assume supermarkets do not open at either Mt Carmel Village or Box Hill Inn Village over the forecast period. Realistically, given the strong population growth projected, it is likely at least one of these supermarkets, or a second supermarket at Box Hill Town Centre, will open over the forecast period, with a fourth supermarket supportable within the main trade area as early as 2030-2031.

xiii. Ultimately, at least 7,000 residents will be needed in the primary sector for a supermarket to be supportable at The Gables Town Centre site (i.e. post 2021), assuming a major full-line supermarket is not provided at the Box Hill Town Centre site. If a major full-line supermarket and Aldi is provided at the Box Hill Town Centre site, a supermarket would not be supportable at The Gables Town Centre site until the primary sector population reaches 9,000 – 10,000 persons. Based on current population projections, a supermarket is likely to be supportable by 2021 under Scenario One and 2024 under Scenario Two.

xiv. It is important to note that under both scenarios a supermarket is not assumed to proceed at Nelson Road Village until 2025/26. If a supermarket opens at Nelson Road Village prior to this, sales for the proposed supermarket at The Gables will be lower from opening to 2025/26 when all three supermarkets are likely to be supportable.

Potential for Aldi

i. Aldi typically requires a population of around 20,000 persons to be supportable. Given close to 50,000 persons will be provided in the main trade area by 2036, two Aldi supermarkets are ultimately likely to be supportable across the Box Hill North, Box Hill and Vineyard precincts.

ii. The approved plans for Box Hill Town Centre include a mini-major of 1,665 sq.m. This is highly likely to be Aldi. The Box Hill Town Centre site is the most logical location for Aldi to open the first store within Box Hill, given the central location of the site and the designation as the major centre within Box Hill. If Aldi proceeds at the Box Hill Town Centre site as part of Stage 1 (under either scenario), Aldi are unlikely to be interested in a second store in the Box Hill area until at least 2031, possibly later if Aldi proceeds at Riverstone.

iii. Consequently, an Aldi supermarket is not likely to be supportable at The Gables Town Centre site over the short term if Aldi proceeds at Box Hill Town Centre (most likely). There may be the potential to accommodate a second Box Hill located Aldi supermarket in a second stage of The Gables Town Centre development post 2031.

TABLE 4.1 – THE GABLES TOWN CENTRE PROJECTED SUPERMARKET SALES, 2021 – 2031*

Y/E June		Box Hill TC - 2024 ($M)	Box Hill TC - 2024 ($ per sq.m)	Box Hill TC - 2021 ($M)	Box Hill TC - 2021 ($ per sq.m)
2021		31.4	8,976	19.6	5,610
2022		40.6	11,608	25.3	7,239
2023	*Riverstone Marketown Development*	45.7	13,056	30.6	8,731
2024		36.0	10,273	36.0	10,273
2025		42.4	12,109	42.4	12,109
2026	*Nelson Road Village*	49.0	14,000	49.0	14,000
2027		55.0	15,722	55.0	15,722
2028		58.7	16,782	58.7	16,782
2029		62.7	17,921	62.7	17,921
2030		67.0	19,145	67.0	19,145
2031		71.6	20,462	71.6	20,462
Average Annual Growth (2021-31)		8.6%	8.6%	13.8%	13.8%

**Inflated dollars & Including GST*

4.2 Mini-major Potential

i. Mini-majors are retail tenants with a floor area of 400 sq.m or greater. The provision of mini-major tenants provided at shopping centres in Australia has increased over the past decade, reflecting new tenants in the category, changing consumer preferences and shopping centre owners looking to provide these types of tenants to increase customer flows. Mini-major traders, similar to major traders, act as key customer attractors with specialty shops feeding off customer flows generated by these tenants.

ii. Mini-majors floorspace typically provided in neighbourhood centres anchored by a major full-line supermarket include:

– A large format pharmacy, such as Priceline or Discount Chemist Warehouse

– A large format fresh produce trader

– A discount variety trader, such as The Reject Shop

– Given the likely ethnicity of the area, a Asian or Indian grocer

iii. The average provision of mini-major tenants in supermarket based centres in Australia is around one store of approximately 400-500 sq.m. Mini-majors typically provided in neighbourhood centres in new growth areas generally include a pharmacy or discount variety store. Those located in more ethnic markets can also include an Indian/Asian grocer (i.e. The Ponds Shopping Centre).

iv. Over the short term (i.e. 2021 under Scenario One and 2024 under Scenario Two), one mini-major would be supportable, with a pharmacy likely to be the tenant with the highest rental potential.

4.3 Retail Specialty Floorspace Potential

i. The provision of retail specialty floorspace that is supportable at any retail centre is typically determined by the amount of floorspace and total sales of major and mini-major tenant floorspace (i.e. a supermarket and large format pharmacy). These major tenants act as the key customer generators to a centre, with the specialty floorspace drawing business from the customer flows.

ii. Typically, the ratio of supermarket and mini-major sales to retail specialty sales at single supermarket centres around Australia is 75:25. Single supermarket centres that include a mini-major tenant typically provide around 1,500 – 2,000 sq.m of retail floorspace or 15 – 20 shops. Given the lack of strip retailing providing in the Box Hill North precinct, around 1,750 sq.m is likely to be supportable.

iii. The recommended retail floorspace provision could indicatively include:

– Food Retail: 2 – 3 food retail tenants could be provided, including a liquor store and a bakery/butcher/deli.

– Food Catering: around 600 sq.m food catering floorspace, including cafes, takeaway food stores and possible a small restaurant that also does takeaway.

– Apparel and Household Goods: limited apparel and household goods floorspace should be provided with the majority of this floorspace likely to be accommodated in the future Box Hill Town Centre.

– Leisure and General Retail: around 400 – 500 sq.m of leisure and general floorspace could be provided, including tenants such as a pharmacy (if not included as a mini-major tenant), newsagent, discount variety store, mobile phone store and/or florist.

– Retail Services: Around 4 – 5 retail services tenants could be provided, such as a hairdresser, beautician, dry cleaners, key cutters/shoe repairs and possibly an optometrist.

iv. In additional, The Gables Town Centre development should also aim to secure a number of key non-retail traders, such as banks, Australia Post, real estate agents and/or travel agent. Around 500 - 600 sq.m of non-retail floorspace could be provided.

v. A range of other non-retail facilities could also be considered at the site, possibly including medical, gyms, childcare, fast food pad sites, a tavern and/or petrol stations. The potential for these uses is discussed in detail in the next Section of this report.

5 NON-RETAIL USES AND TOTAL CENTRE POTENTIAL

The majority of non-retail facilities in the region are provided within the larger centres such as Rouse Hill, including the larger non-retail facilities such as medical centres, childcare facilities and the like. Reflecting the substantial population growth that is projected to occur within The Gables main trade area in the future, however, there would be potential for additional major non-retail facilities, as discussed below.

5.1 Medical Centre Potential

i. Map 5.1 illustrates the existing provision of medical centres within the surrounding area. At present, only one medical centre is currently located in the main trade area, namely Rouse Hill Family Medical Practice, situated along Annangrove Road in Rouse Hill (eastern edge of the secondary south sector). The practice is a medium sized practice but is not well located to serve future residents of The Gables.

ii. Typically, one doctor is provided for every 1,000 residents in Australia. By 2036 40 – 50 doctors will be demanded within The Gables main trade area, including 15 doctors in the primary sector.

iii. There are a number of medical centres and ancillary facilities provided at Rouse Hill, which will continue to be the major non-retail centre in the surrounding area. As such, residents of the main trade area will continue to utilise facilities at Rouse Hill for medical and ancillary medical purposes to some degree.

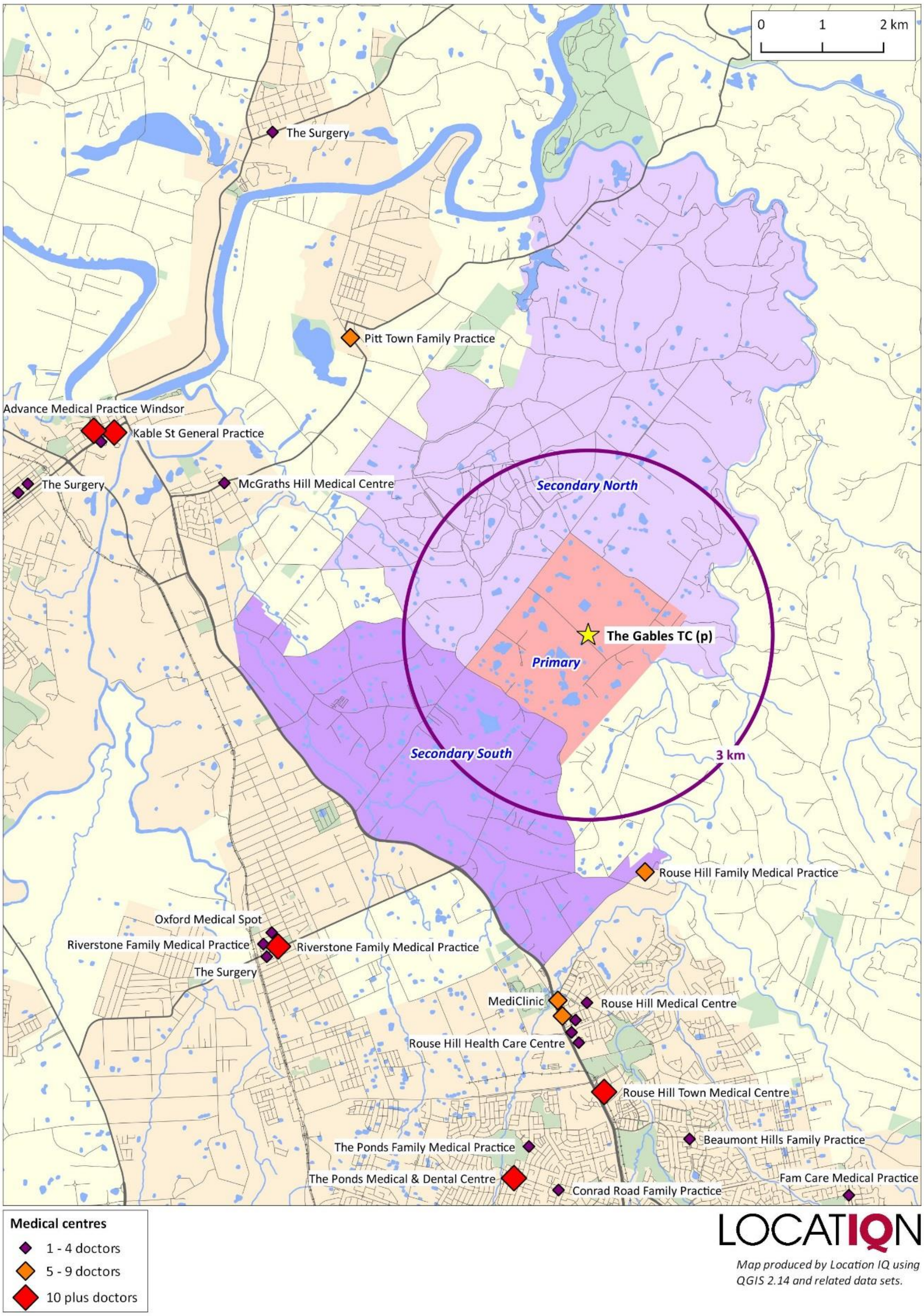
iv. Successful medical centres and facilities are typically situated within high profile locations, either along main roads or within close proximity to a retail and/or commercial centre. This location enables facilities to receive maximum exposure to passing traffic, but more importantly, are easily recognisable and accessible for the surrounding population.

v. The proposed Town Centre site at The Gables Town Centre is provided on a main arterial road throughout the estate and will be the major retail centre serving the primary sector population, where 15 doctors will be demanded over longer term.

vi. Whilst Rouse Hill and the future Box Hill Town Centre are likely to fulfil part of this primary sector demand, there would still be the potential to accommodate a medium sized (i.e. 5 – 9 doctors) medical centre at The Gables Town Centre site. This medical centre could include a range of ancillary medical uses, such as dentist, pathology and allied health services. The elderly and young families are the two biggest users of medical centres, with a number of young families likely to be attracted to The Gables estate.

vii. Medical centres can range in size from 250 sq.m – 1,000 sq.m, (depending on the number of doctors and services offered) and typically pay gross rents in the order of $450 - $750 per sq.m.

MAP 5.1 – THE GABLES MAIN TRADE AREA AND MEDICAL CENTRES



5.2 Gym/Fitness Centre Potential

i. There are many different sizes and forms of gyms provided throughout Australia as follows:

- The well-known brands and health clubs such as Fitness First and Virgin Active typically operate large sized gyms of around 1,000 sq.m and serve a catchment of approximately 50,000 – 70,000 persons.

- Local gyms which are typically around 200 sq.m in size, serve a catchment of around 10,000 persons.

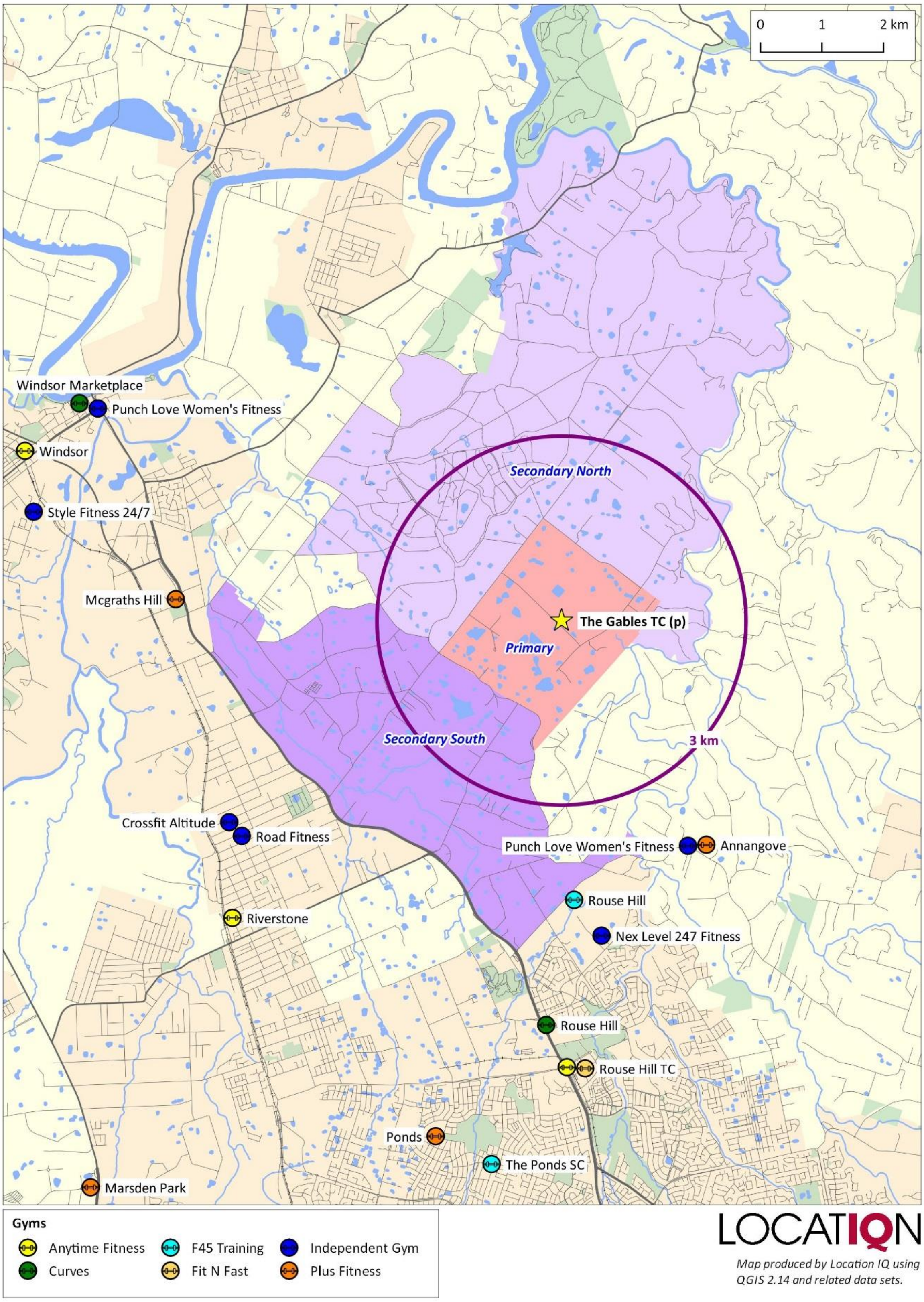
ii. Map 5.2 illustrates the provision of gym and fitness centres within the surrounding region. The closest and largest range of gyms and fitness centres are situated at Rouse Hill, where a number of smaller gyms are provided including Fit n Fast and Anytime Fitness.

iii. Given the 2036 projected population within The Gables main trade area of 40,000 – 50,000, a large format gym such as a Fitness First or Virgin Active is not recommended at the site.

iv. A local gym of 250 - 300 sq.m should however be considered. The gym should preferably be a national, 24 hour operator, like Anytime Fitness. A second small gym or yoga/pilates studio may also be viable in the longer term.

v. Typically, gyms pay gross rental levels in the order of $350 - $600 per sq.m, depending on the size and location. A gym at the proposed The Gables Town Centre will help activate the precinct after hours and help increase visitation to the centre.

MAP 5.2 – THE GABLES MAIN TRADE AREA AND GYM/FITNESS CENTRES



5.3 Childcare Centre Potential

i. Map 5.3 outlines the location of long day child care centres provided within the region. There are currently no day long child care centres provided within the primary sector.

ii. Table 5.1 details the likely demand for childcare facilities within the primary sector over the forecast period, based on the following:

- The total population within the primary sector over the period to 2036 (as detailed in the previous Table 2.1).
- The proportion of 0 – 5 year olds. The proportion residing in suburb of The Ponds (i.e. 14.0%) is used as a proxy, given the expected significant change in the socio-demographic profile of the primary sector post development. Based on this proxy, the number of 0 – 5 year olds is projected to increase to over 2,000 by 2036.
- The proportion of 0 – 5 year olds typically attending day long child care. Based on the *Productivity Commission Report on Government Services 2015 - Early Childhood Education and Care* around 43.4% of 0 – 5 year olds attend day long child care.

iii. Based on the current average of hours attended per week per child of 27.1 hours in a 50 hour week, there would be demand for 200 day long child care places by 2021 and 500 by 2036. This indicates strong potential to accommodate child care facilities on The Gables Town Centre site.

iv. Childcare centres can vary in size with a range from 250 sq.m up to in-excess of 1,000 sq.m, not including play areas and car parking. Legislation (Children's Services Regulation 2004) generally details that childcare centres must provide the following amount of floorspace per child:

- 3.25 sq.m of unencumbered indoor play space per child.
- 7 sq.m of useable outdoor floorspace.
- 10.25 sq.m of total floorspace.

v. Childcare centres significantly increase visitation to nearby neighbourhood centres, with parents picking up their daily or weekly shopping items when collecting their children from childcare. Centres typically pay gross rents in the order of $350 - $500 per sq.m.

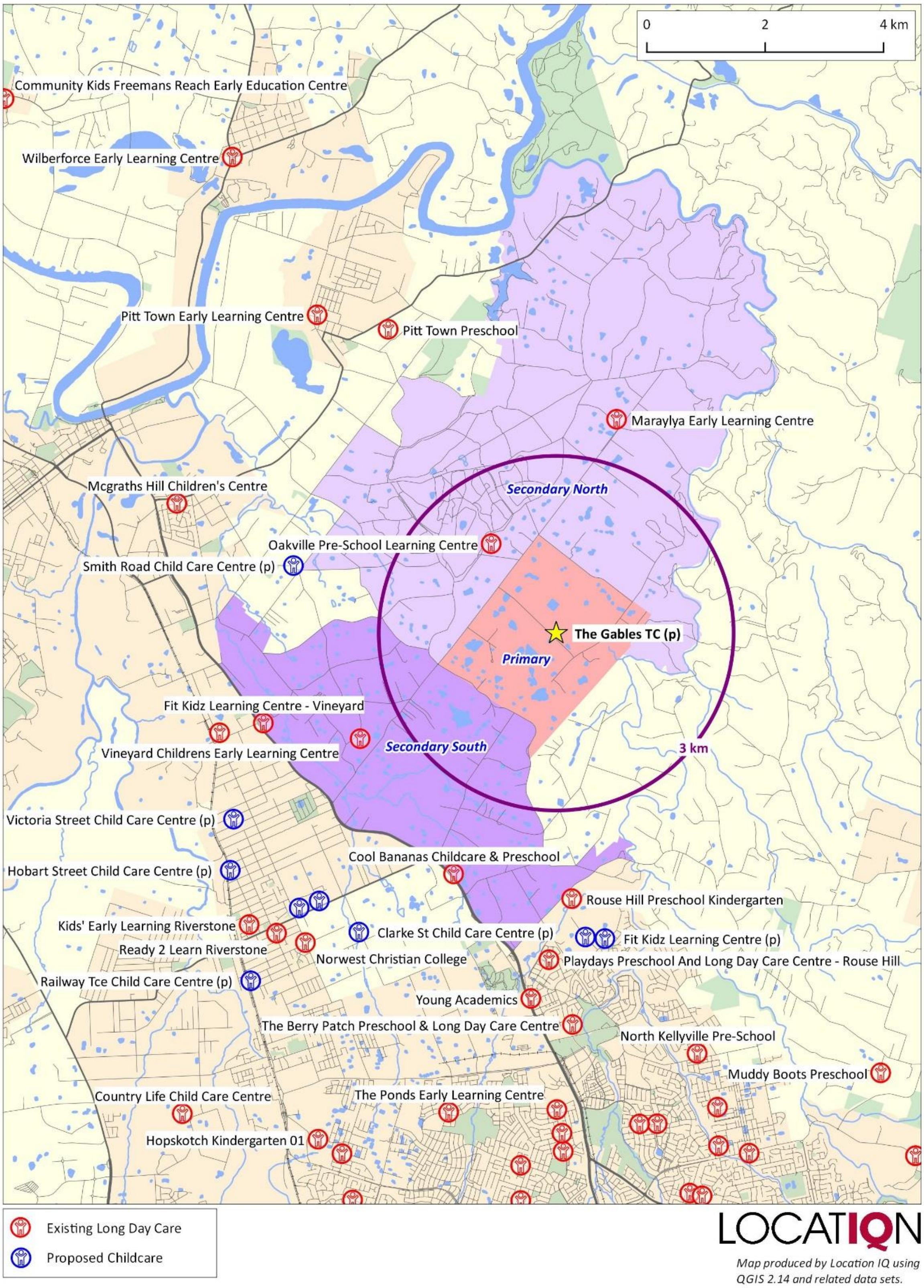
vi. A childcare centre of around 400 sq.m would likely be supportable at The Gables Town Centre initially (excluding outdoor areas).

TABLE 5.1 – THE GABLES PRIMARY SECTOR CHILDCARE DEMAND, 2017 – 2036

			Projected		
	2017	2021	2026	2031	2036
Population					
Primary Population (All Ages)	210	6,590	13,340	14,840	15,090
Proportion of 0 - 5 Years (The Ponds)	14.0%	14.0%	14.0%	14.0%	14.0%
Indicative No. of Children Aged 0 - 5 Years	29	923	1,868	2,078	2,113
Demand for Child Care Places					
Children Aged 0 - 5 Years in Childcare*	43.4%	43.4%	43.4%	43.4%	43.4%
Average Hours per 50 Hour Week*	27.1	27.1	27.1	27.1	27.1
FTE Demand (Children Aged 0 - 5 Years)	**7**	**217**	**439**	**489**	**497**

**Productivity Commission Report on Government Services 2015 - Early Childhood Education and Care - NSW Averages*

MAP 5.3 – THE GABLES MAIN TRADE AREA AND CHILDCARE CENTRES



5.4 Tavern/Hotel Potential

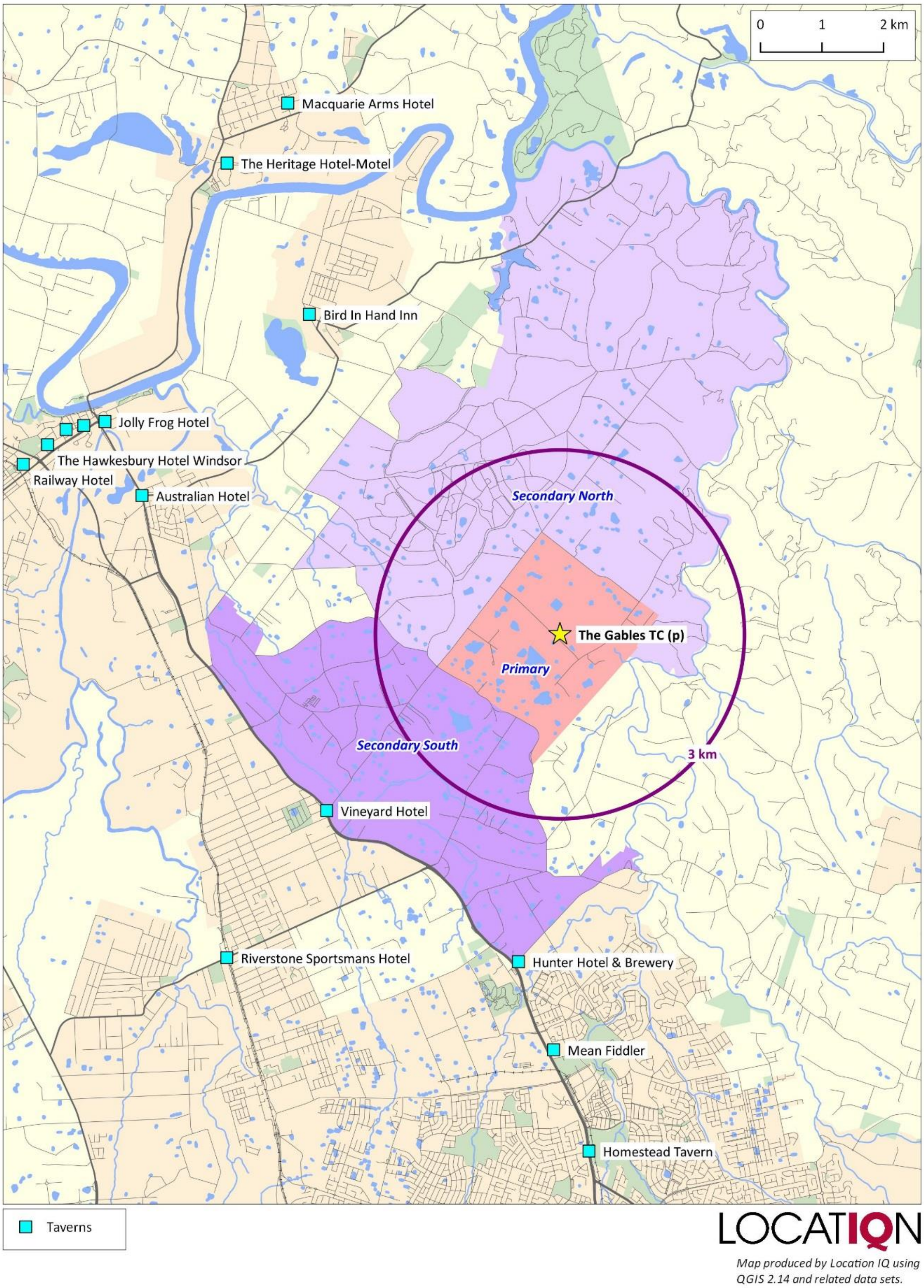
i. Map 5.4 highlights the current provision of taverns/hotels throughout the surrounding region. There is currently only one tavern provided in the main trade area namely the Vineyard Hotel which is provided along Windsor Road.

ii. A tavern/hotel typically requires a catchment population of around 6,000 – 7,000 to be successful. This indicates a tavern would be supportable within the primary sector over period 2021 – 2024 or when a major full-line supermarket opens at the site.

iii. Family orientated taverns have proved successful in other nearby precincts, where taverns such as Australian Brewery and The Fiddler in Rouse Hill and the Ettamogah Hotel at Kellyville are popular with the young family demographic. Both these taverns provide playgrounds and entertainment facilities suitable for young children.

iv. Taverns typically vary in size from around 300 sq.m to larger taverns of around 2,000 sq.m and would be subject to a liquor licensing application. Significant car parking should be provided, given these facilities act as destinations for the surrounding population.

MAP 5.4 – THE GABLES MAIN TRADE AREA AND TAVERNS/HOTELS



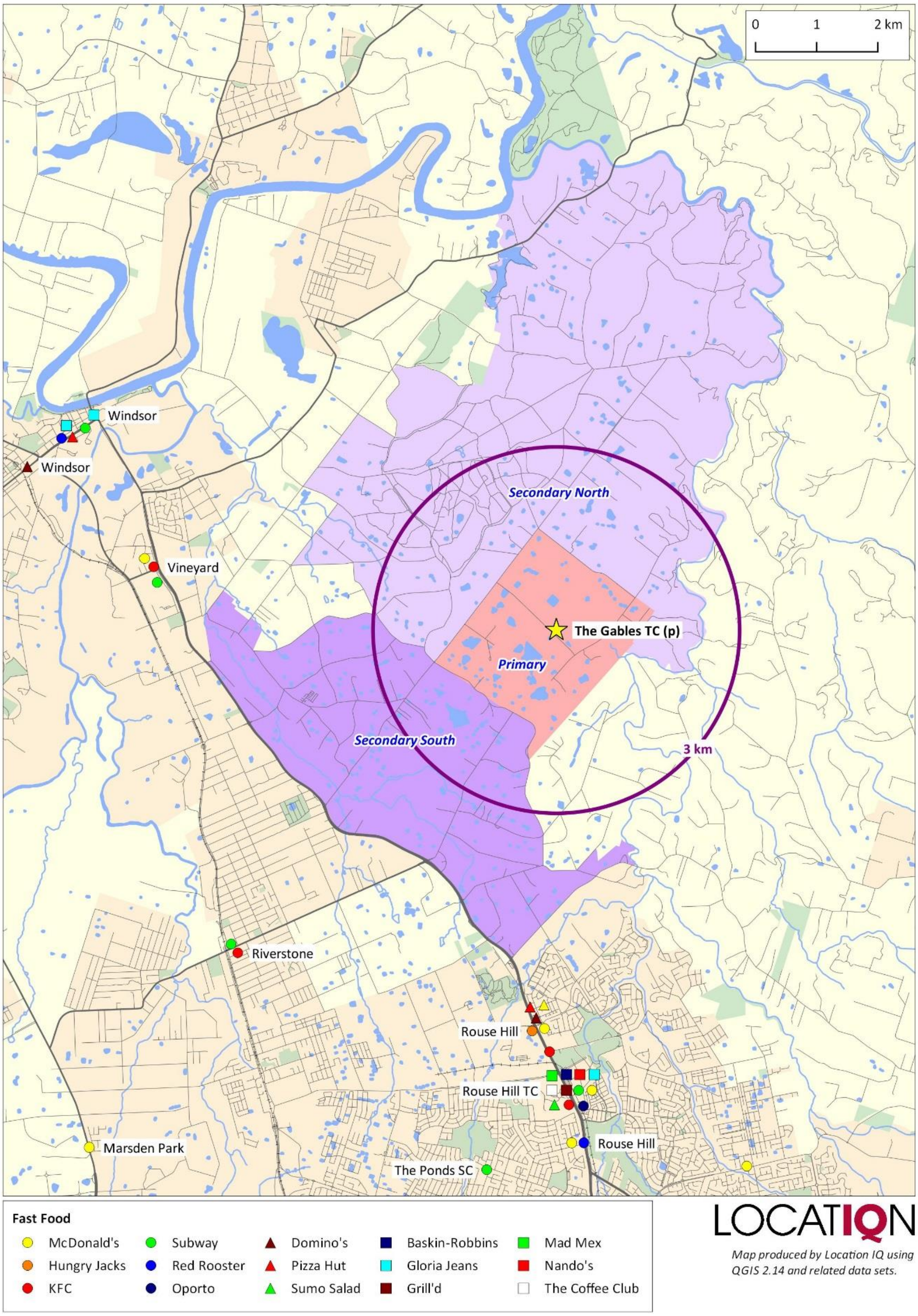
5.5 Fast Food Pad Sites Potential

i. Map 5.5 illustrates the surrounding provision of fast food outlets provided in the area surrounding the site. At present, the majority of fast food pad sites are focused along Windsor Road at Rouse Hill and Vineyard.

ii. Fast food outlets typically require a high profile site such as highway or main road locations, however, there may be the opportunity to provide a fast food pad site within the car park of the proposed Town Centre to benefit from exposure to passing traffic as well as to provide a food catering tenant that trades longer hours.

iii. It is understood that McDonald's typically requires a store catchment of around 20,000 persons. The Gables main trade area catchment would reach by 2023, however with only 10,000 persons in the key primary sector. As such, it is unlikely that this type of operator would be supportable, with this type of tenant more likely to proceed at the future Box Hill Town Centre. A drive through coffee shop or similar is likely to be the most appropriate tenant.

MAP 5.5 – THE GABLES MAIN TRADE AREA AND FAST FOOD



5.6 Petrol Station Potential

i. Map 5.6 illustrates the provision of petrol stations currently provided in the area surrounding Box Hill. Petrol stations throughout the area are generally provided along Windsor Road.

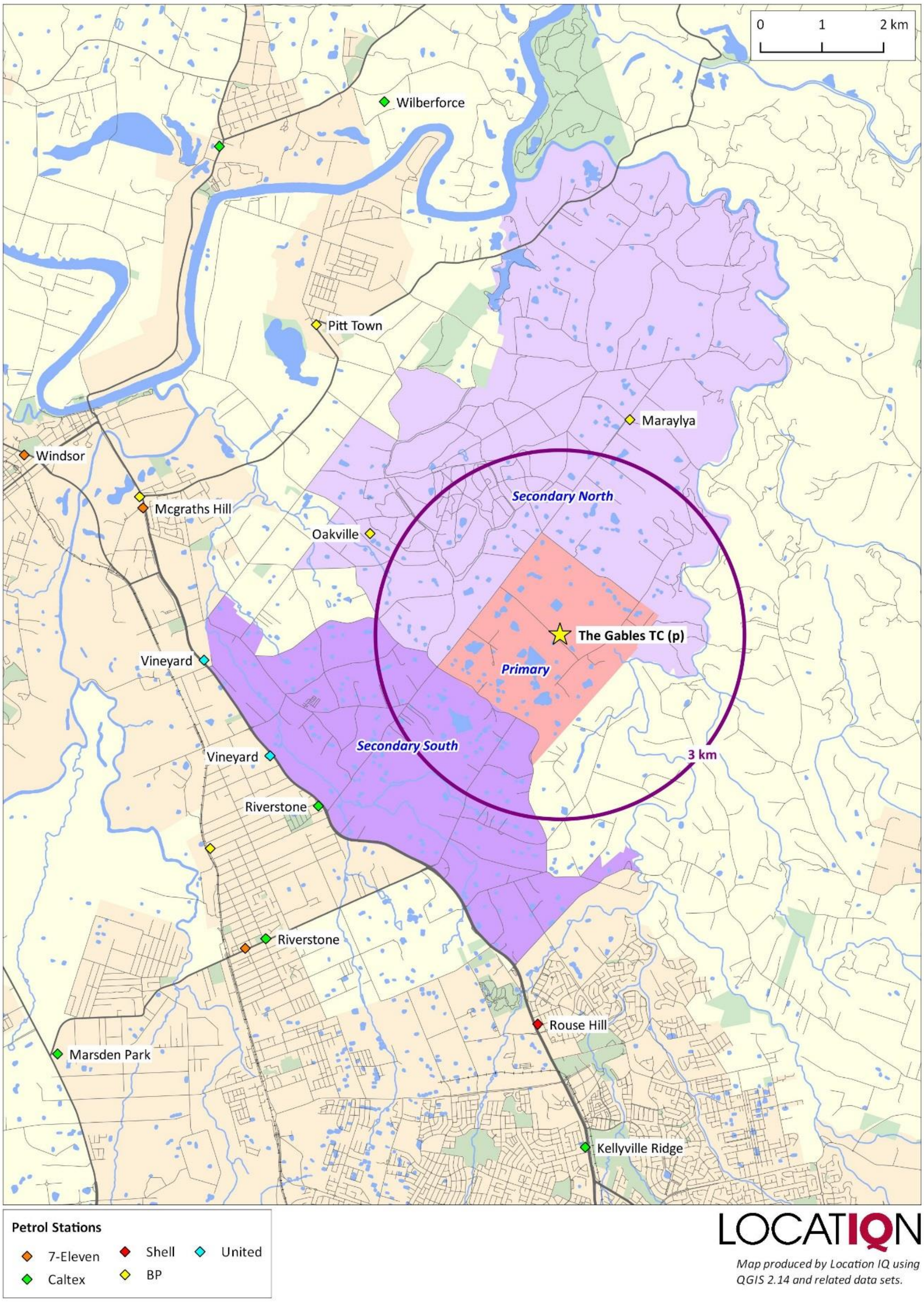
ii. Throughout Australia, there is typically one petrol station for every 4,000 - 5,000 persons in a metropolitan area. On this basis, over the forecast period there would be potential for a number of petrol stations throughout The Gables main trade area.

iii. Petrol station are typically provided within the car park of shopping centres and typically have a partnership with the supermarket operator, thereby allowing customers to easily gain access to petrol at discounted rates through the use of shopper vouchers.

iv. In addition, there would be potential to attract some passing traffic from along the future road network. Petrol outlets have traditionally applied a turn-in rate (i.e. a percentage of passing cars) to project petrol volumes for a new outlet. This figure is usually between 1.5% - 2% of passing traffic. A number of petrol outlets which are located along major roads can attract turn-in rates of over 5% of passing traffic.

v. A petrol station of around 200 - 300 sq.m may be supportable at The Gables Town Centre, with a total site area of around 2,500 sq.m likely to needed to accommodate a convenience store, canopy and parking.

MAP 5.6 – THE GABLES MAIN TRADE AREA AND PETROL STATIONS



5.7 Total Centre Potential

i. Table 5.2 summaries the recommended floorspace provision in 2020/21 or 2023/24 (depending on the timing of Box Hill Town Centre) and by 2035/36.

ii. In a first stage of development around 11,000 sq.m of floorspace is likely to be supportable at The Gables Town Centre, including 5,650 sq.m of retail floorspace. If Aldi can be attracted to the site by 2035/36, a further 3,000 sq.m of retail floorspace would be supportable at the site, as well as a fast food pad site.

iii. Tables 5.3 and 5.4 outline indicative projected sales for the centre under the following scenarios:

- **Scenario One** – The Gables Town Centre is trading by 2020/21 and the Box Hill Town Centre does not proceed until at least 2023/24.
- **Scenario Two** – The Gables Town Centre is trading by 2023/24, with the Box Hill Town Centre opening 2 – 3 years prior (i.e. 2021 – 2022).

iv. Sales are presented in inflated dollars and include GST.

v. Under Scenario One, projected total retail centre sales are $49.4 million in 2020/21, including $31.4 million in supermarket sales, $3.5 million in mini-major sales and $14.4 million in retail specialty shops sales. Total indicative gross rent at this time is projected to be around $3.0 million, including retail specialty gross rent of $945 per sq.m.

vi. Under Scenario Two, projected total retail centre sales are $52.1 million in 2023/24, including $36.0 million in supermarket sales, $3.2 million in mini-major sales and $13.0 million in retail specialty shops sales. Total indicative gross rent at this time is projected to be around $2.9 million, including retail specialty gross rent of $848 per sq.m.

vii. It is important to note that the projected sales provided throughout this report rely heavily on The Gables dwelling sales rate provided by Celestino and assume a build time of 12 months. If the sales rate varies from that provided so too will the projected sales and gross rents outlined in this report.

TABLE 5.2 – THE GABLES TOWN CENTRE SUPPORTABLE FLOORSPACE PROVISION

Tenant/ Category	**2020/21 - 2023/24** (sq.m)	**2035/36** (sq.m)
Majors		
Supermarket	3,500	3,500
Aldi	0	1,500
Total Majors	3,500	5,000
Mini-majors	400	800
Retail Specialties		
Food & Liquor	300	400
Food Catering	600	800
Apparel	0	200
Household Goods	0	0
Leisure	150	250
General Retail	300	500
Retail Services	400	700
Total Retail Spec.	1,750	2,850
Total Retail	**5,650**	**8,650**
Non-retail	600	1,000
Medical Centre	500	500
Gym	250	250
Childcare Centre*	400	400
Tavern	1,000	1,000
Fast Food	0	400
Petrol Station**	2,500	2,500
Total Centre	**10,900**	**14,700**

**Excluding outdoor play area*
*** Total site area including convenience store, canopy and parking*

TABLE 5.2 – THE GABLES TOWN CENTRE PROJECTED SALES AND GROSS RENTS, 2020/21 (SCENARIO ONE)

Tenant/ Category	GLA (sq.m)	Forecast Sales* ($'000)	($/sq.m)	Gross Rents** ($'000)	($/sq.m)	Occ. Cost (%)
Majors						
Supermarket	3,500	31,416	8,976	942	269	3.0%
Total Majors	3,500	31,416	8,976	942	269	3.0%
Mini-majors (> 400 sq.m)						
Large Format Pharmacy	400	3,532	8,831	353	883	10.0%
Mini-majors	400	3,532	8,831	353	883	10.0%
Retail Specialties						
Food & Liquor	300	3,146	10,486	252	839	8.0%
Food Catering	600	4,636	7,727	603	1,004	13.0%
Apparel	0	0	0	0	0	0.0%
Household Goods	0	0	0	0	0	0.0%
Leisure	150	1,159	7,727	133	889	11.5%
General Retail	300	2,815	9,382	281	938	10.0%
Retail Services	400	2,649	6,623	384	960	14.5%
Total Retail Spec.	1,750	14,405	8,231	1,653	945	11.5%
Total Retail	**5,650**	**49,353**	**8,735**	**2,949**	**522**	**6.0%**
Non-retail	600					
Medical Centre	500					
Gym	250					
Childcare Centre	400					
Tavern	1,000					
Total Centre	**8,400**					

**Inflated dollars & Including GST*
*** Excluding GST*

TABLE 5.3 – THE GABLES TOWN CENTRE PROJECTED SALES AND GROSS RENTS, 2023/24 (SCENARIO TWO)

Tenant/ Category	GLA (sq.m)	Forecast Sales* ($'000)	($/sq.m)	Gross Rents** ($'000)	($/sq.m)	Occ. Cost (%)
Majors						
Supermarket	3,500	35,955	10,273	1,079	308	3.0%
Total Majors	3,500	35,955	10,273	1,079	308	3.0%
Mini-majors (> 400 sq.m)						
Large Format Pharmacy	400	3,170	7,925	317	792	10.0%
Mini-majors	400	3,170	7,925	317	792	10.0%
Retail Specialties						
Food & Liquor	300	2,823	9,410	226	753	8.0%
Food Catering	600	4,160	6,934	541	901	13.0%
Apparel	0	0	0	0	0	0.0%
Household Goods	0	0	0	0	0	0.0%
Leisure	150	1,040	6,934	120	797	11.5%
General Retail	300	2,526	8,420	253	842	10.0%
Retail Services	400	2,377	5,943	345	862	14.5%
Total Retail Spec.	1,750	12,927	7,387	1,484	848	11.5%
Total Retail	**5,650**	**52,052**	**9,213**	**2,879**	**510**	**5.5%**
Non-retail	600					
Medical Centre	500					
Gym	250					
Childcare Centre	400					
Tavern	1,000					
Total Centre	**8,400**					

**Inflated dollars & Including GST*
*** Excluding GST*

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