

COMMERCIAL AND RETAIL DEMAND ASSESSMENT 2-4 GUESS AVENUE WOLLI CREEK

JULY 2019

Prepared for
Bayside Council



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INTRODUCTION

1.0 INTRODUCTION

Bayside Council (the Client) engaged HillPDA to complete a commercial and retail demand assessment of 2-4 Guess Avenue, Wolli Creek (subject site) for use in a Planning Proposal.

We understand that Council is seeking to submit a Planning Proposal to amend the Rockdale LEP to rezone 2 Guess Avenue, Wolli Creek from RE1 (Public Recreation) to B4 (Mixed Use) and to remove the site from the Land Reservation Acquisition Map. The preferred option for redevelopment ensures 4 Guess Avenue, Wolli Creek will remain as RE1 Open Space lands and remain a part of the Land Reservation Acquisition Map.

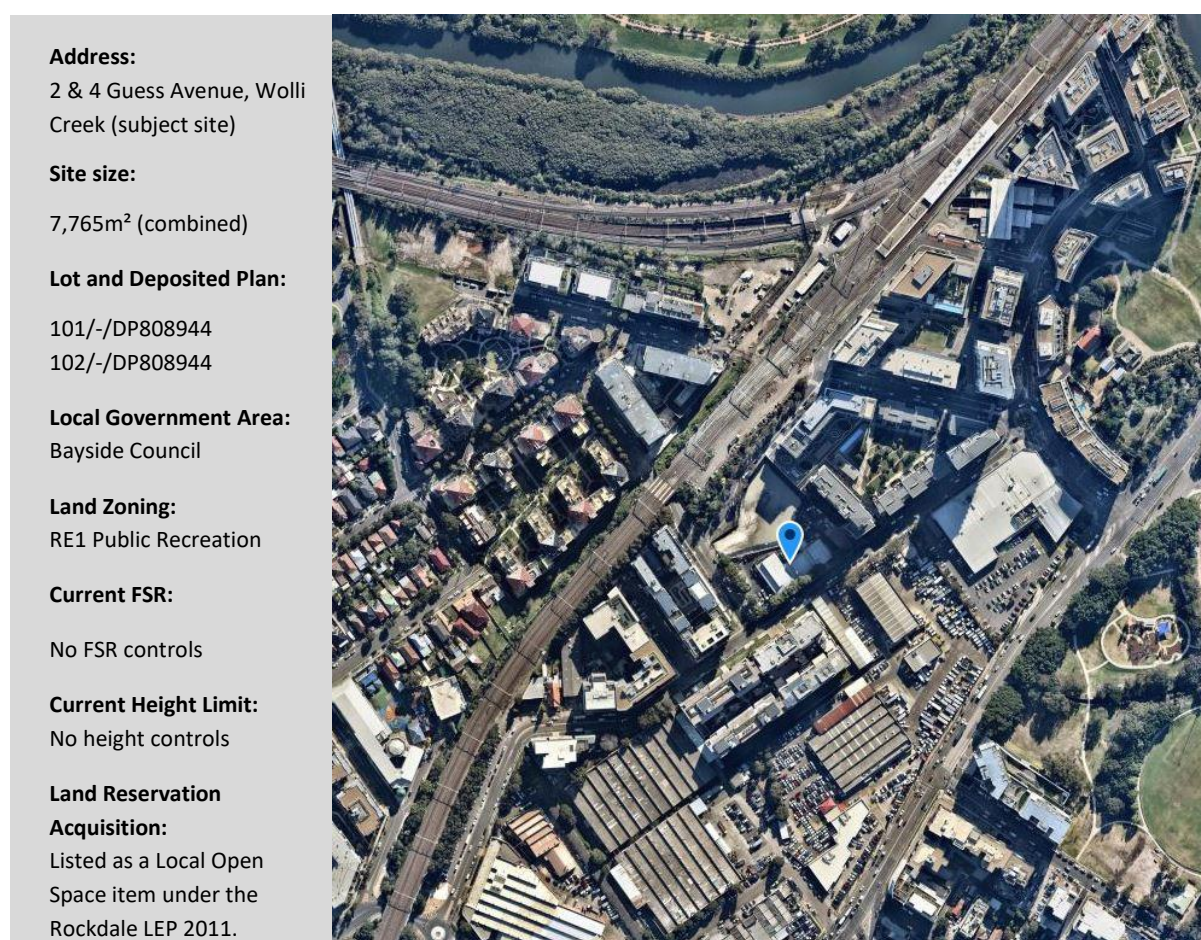
File Planning & Development (FPD) has been engaged to prepare the Planning Proposal, which requires various expert reports. Included in the list of reports is a commercial and retail demand study.

The client does not own the subject sites. The subject sites are privately owned by Nippon Truck Spares Pty Ltd (2 Guess Avenue, Wolli Creek) and Property NSW (4 Guess Avenue, Wolli Creek).

Improvements to 2 Guess Avenue, Wolli Creek are two large industrial sheds used for truck repairs and maintenance owned in a company title with three shareholders each with varying amounts. The sheds are around 20 years old. There are no improvements to 4 Guess Avenue, Wolli Creek.

The subject site is located to the south of the Wolli Creek Town Centre, 500 metres from the Wolli Creek train station and 400 metres from the retail village within Discovery Point.

Figure 1: Site Location



Source: Near Maps 2019

A panorama view of the subject site in context to the surrounding buildings shows in the immediate vicinity buildings varying from five to six-storey apartment buildings to nine to twentyone-storey mixed-use buildings.

Figure 2: Site Location



SITE PARTICULARS

2.0 SITE PARTICULARS

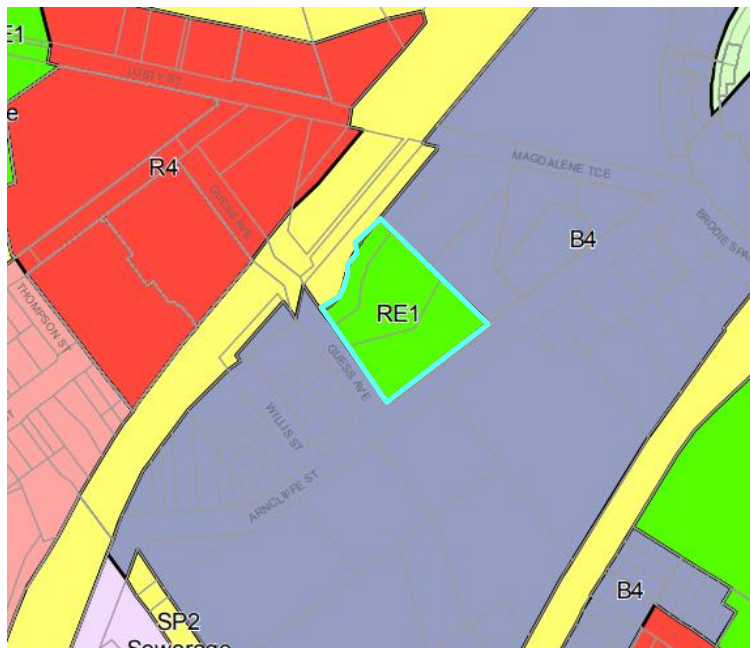
2.1 Existing Site Local Policies and Guidance

2.1.1 Rockdale Local Environment Plan 2011

2.1.1.1 Land Zoning

The subject site is zoned RE1 – Public Recreation.

Figure 3: Land Zoning



Source: Rockdale LEP 2011 Zoning Map 003

Objectives of Public Recreation Zone

The subject site is currently zoned RE1 Public Recreation under the Rockdale LEP 2011. The objective of the RE1 zone is to enable land to be used for public open space or recreational purposes.

Permitted without consent

Roads.

Permitted with consent

Boat launching ramps; Centre-based child care facilities; Community facilities; Environmental facilities; Environmental protection works; Jetties; Kiosks; Recreation areas; Recreation facilities (indoor); Recreation facilities (major); Recreation facilities (outdoor); Respite day care centres; Signage; Water supply systems.

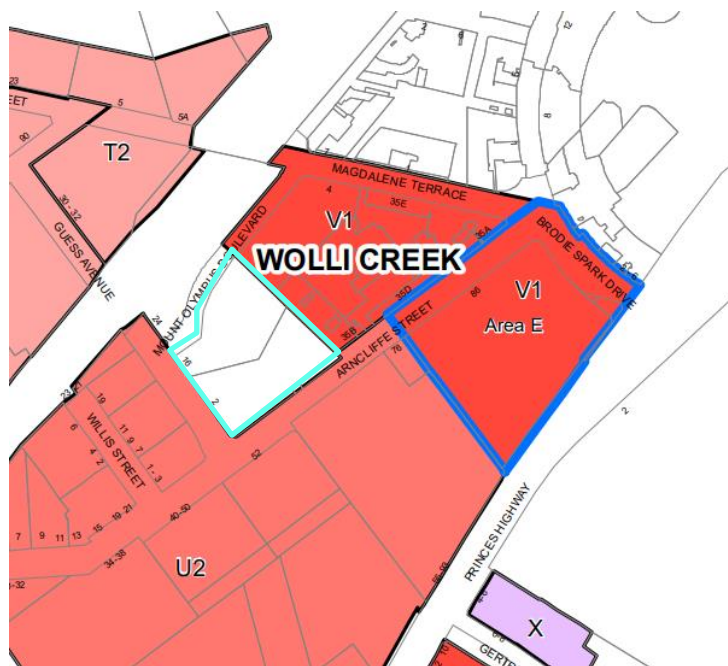
Prohibited

Any development not specified in item 2 or 3.

2.1.1.2 Floor Space Ratio

The site is zoned RE1. Therefore, there is no floor space ratio (FSR).

Figure 4: FSR Ratio

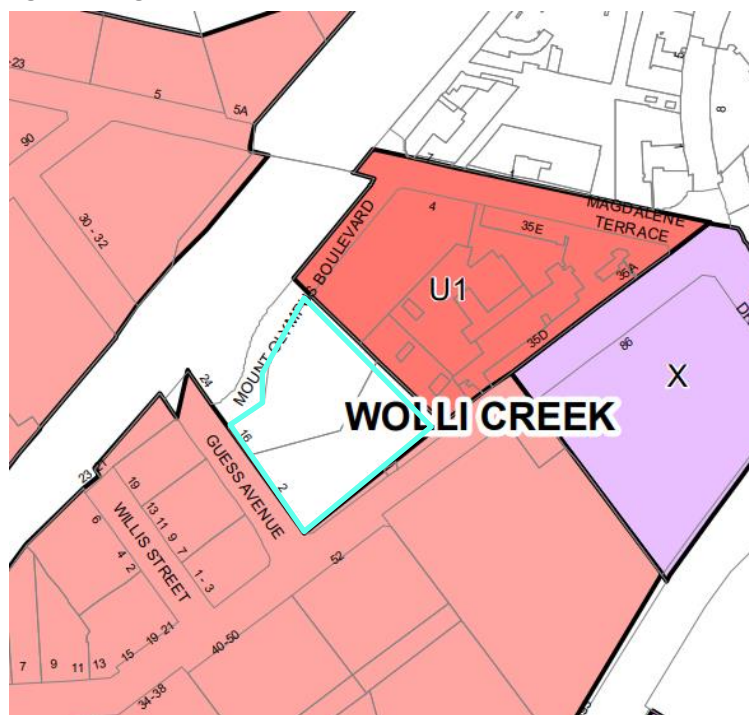


Source: Rockdale LEP 2011 FSR Map 003

2.1.1.3 Height

There is no permitted height under the Rockdale LEP 2011 given the RE1 zoning.

Figure 5: Height



Source: Rockdale LEP 2011 Height Map 003

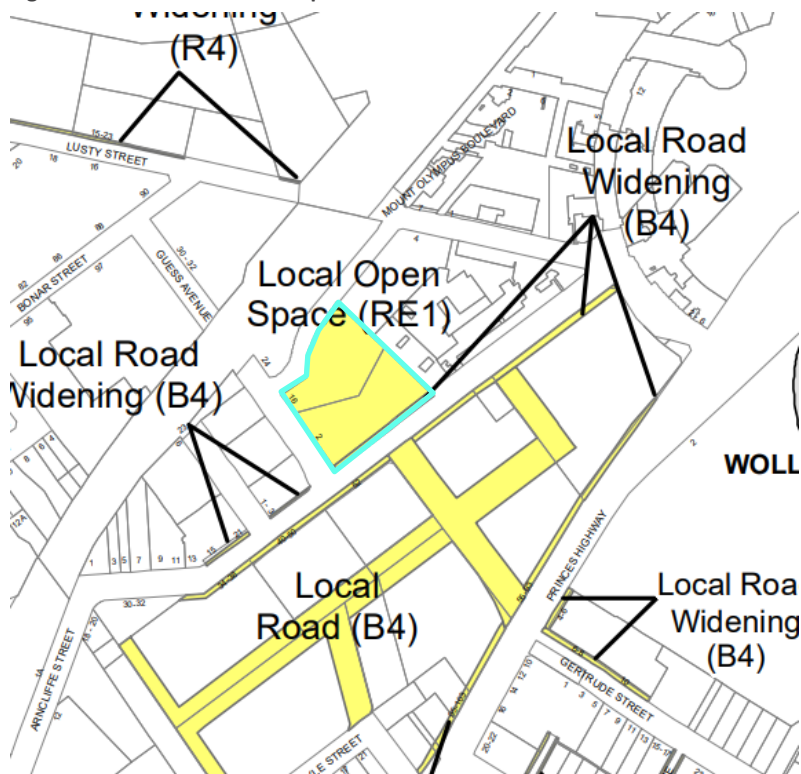
2.1.1.4 Land Reservation Acquisition

The site is earmarked for Local Open Space (RE1) provisions.

The objective of clause 5.1A Miscellaneous Provisions under the Rockdale LEP 2011 is to limit development on certain land intended to be acquired for a public purpose.

Clause 5.1 applies to land shown to the Land Reservation Map and specified Figure 6. The Guess Avenue site has not yet been acquired by the relevant acquisition authority being Council. Development consent must not be granted to any development on land to which this clause applies other than development for a purpose specified in the Rockdale LEP 2011 (being open space).

Figure 6: Land Reservation Acquisition



Source: Rockdale LEP 2011 Land Reservation Acquisition Map 003

COMMERCIAL FLOORSPACE DEMAND

3.0 COMMERCIAL FLOORSPACE DEMAND

The following Chapter forecasts the amount of additional commercial office space that could be accommodated within the Wolli Creek locality. Projections have been based on State Government employment forecasts at the corresponding Travel Zone (TZ) level¹.

3.1 Commercial Floorspace Projections Methodology

1. Deduce the net commercial office employment growth within the TZ that intersects Wolli Creek.
2. Apply industry standard employment densities to net employment growth to ascertain commercial office floorspace requirements to accommodate related employment growth.

Figure 7: Subject Site and TZ



Source: HillPDA

3.2 Commercial Floorspace Demand

The TZ that intersects the subject site is referred to as *Wolli Creek Station* (refer to the red boundary in Figure 7). The TPA estimates that around 930 jobs are contained within the TZ as of 2019. This is forecast to increase to a total of 2,322 jobs by 2036, representing an increase of 913 jobs or 98% over the period.

¹ A Travel Zone (TZ) is the smallest geographical area that the Transport Performance and Analytics (TPA) forecast employment

Of the total net growth in employment, around 587 or 62% are related to commercial office jobs².

Table 1: Wolli Creek Station TZ Employment Forecasts

Industry	2019	2026	2036	Growth
Agriculture, Forestry and Fishing	0	0	0	0
Mining	0	0	0	0
Manufacturing	80	65	55	-25
Electricity, Gas, Water and Waste Services	0	0	0	0
Construction	41	46	54	13
Wholesale Trade	15	14	12	-3
Retail Trade	156	198	254	98
Accommodation and Food Services	137	159	189	52
Transport, Postal and Warehousing	40	36	29	-11
Information Media and Telecommunications	31	69	104	73
Financial and Insurance Services	39	82	134	95
Rental, Hiring and Real Estate Services	56	97	146	90
Professional, Scientific and Technical Services	140	264	423	283
Administrative and Support Services	31	53	77	46
Public Administration and Safety	33	55	80	47
Education and Training	18	40	67	49
Health Care and Social Assistance	27	49	78	51
Arts and Recreation Services	28	49	77	49
Other Services	55.8	59	64	8.2
Total	930	1,335	1,843	913

Source: TPA 2016 employment forecasts, HillPDA

To ascertain the amount of floorspace required to accommodate the growth in commercial related office employment, we have applied industry standard employment density benchmarks³.

Using this methodology, we have estimated that between 10,500sqm and 12,900sqm GFA of additional commercial office space would be required over the next to 17 years to accommodate the increase in related employment.

The commercial demand projections outline the growth in employment would support additional floorspace within the Wolli Creek Centre over the next 17 years.

Table 2: Projected Commercial Office Floorspace Requirements 2019-2036 (GFA)

	Employment growth 2019-2036	Employment densities sqm/worker	Estimated floorspace requirements sqm of GFA	
Commercial office	587	18sqm to 22sqm	10,573	12,923

Source: HillPDA

² Combination of the ANZSIC 1 digit industries of Financial and Insurance Services; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; and Public Administration and Safety

³ Employment density benchmarks is the amount of floorspace required per employee

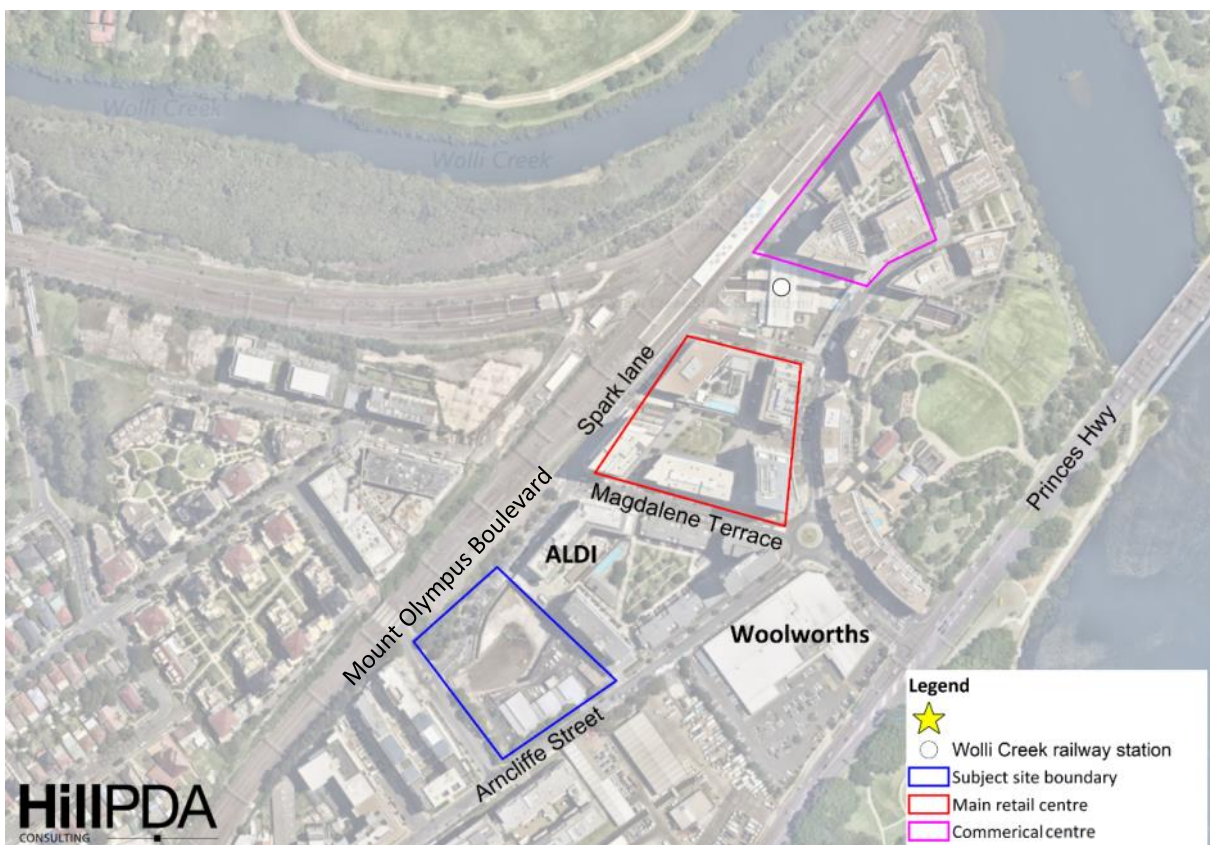
3.3 Implications for Subject Site

The main commercial areas in Wolli Creek are located adjacent to the railway station with a boundary running along Brodie Spark Drive down to Magdalene Terrace. There is a range of commercial premises within the precinct from small 50sqm suites housing real estate agents to larger 200sqm suites for gymnasiums.

The office and business premise floorspace in the Wolli Creek Centre are relatively diverse. A market analysis identified that the centre is attractive to small-medium enterprise businesses of less than twenty employees. There is also a high presence of real estate agents and cosmetic services in the centre along with medical services. The higher presence of population serving businesses is reflective of the strong surrounding residential catchment. The centre also has a relatively high proportion of specialist consulting services including those relating to property, business consulting and the food and beverage industry.

The subject site is categorised as a secondary location given its proximity to Wolli Creek station and the main commercial precinct. The lack of connectivity between the commercial centre and the subject site produce limitations on the amount of potential commercial floorspace the development could support. While the newly constructed ALDI extends the retail offering down Mount Olympus Boulevard, the existing and new commercial offerings remain centred around the station.

Figure 8: Local Commercial and Retail Context – Wolli Creek



Source: HillPDA

3.3.1 Agents Market Commentary

Discussion with leasing agents who specialise in the Wolli Creek commercial market as having two sub-markets that consisted of prime commercial space north of Magdalene Terrace and secondary office space located in fragments along Arncliffe Street and the corner of Guess Avenue. Proximity to the train station and from the central village endorse the categorisation of prime from secondary.

The agents also explained the correlation between the drop in both tenant demand and market rents with distance from the train station. They outlined demand would most likely not sustain commercial floorspace on level one of a potential development given the current office market, secondary location and distance from the existing commercial core. Tenants would rather pay slightly increased rents to be located within the newly developed Discovery Point that offers over 1,400sqm of commercial suites within the commercial core.

The agents outlined the location of the commercial suites on the ground floor generated a connection between pedestrians and the services being offered that would be lost if moved onto the first floor. The line of sight is essential to any businesses with passing trade spurring a significant portion of revenue.

3.3.2 Recommendations

The commercial demand projections outline the growth in employment could support additional floorspace within the Wolli Creek Centre over the next 17 years. While the projections outline demand for commercial space within the centre, the subject site has various constraints on its ability to appropriately supply commercial floorspace.

Given the agent's comments and the distance of the subject site from the existing commercial core, it is difficult to ascertain that commercial floorspace would be viable without a large childcare or medical tenant.

HillPDA recommends only a small proportion (100-200sqm) of non-residential uses (primarily retail) could be sustained within the building along Guess Avenue. The area we propose would allow activation within the subject site along the northern edge of the Guess Avenue building, facing onto the park. We would assume a small café or food outlet could take advantage of its park setting as commercial offices would struggle within this location.

Overall, the likelihood that additional childcare or medical tenant would demand the ground floor space within the subject sites is difficult to foresee given locational difficulties and the significant existing supply of these population serving businesses.

RETAIL FLOORSPACE DEMAND

4.0 RETAIL FLOORSPACE DEMAND

The following Chapter forecasts the amount of additional retail space that could be accommodated within the Wolli Creek Town Centre locality. A retail floorspace provision has been determined using a population-based method where additional retail space provisions are calculated on a per capita basis.

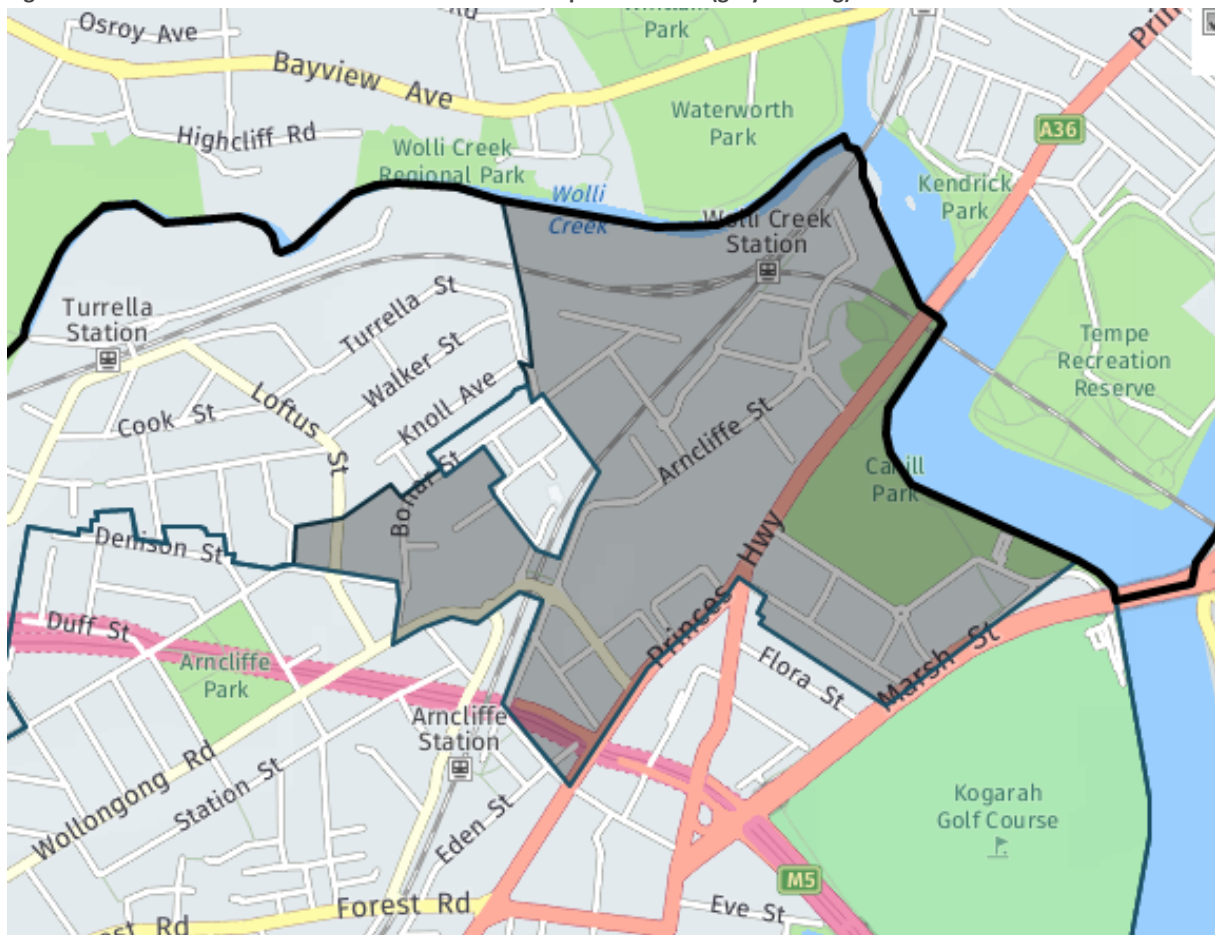
4.1 Retail Floorspace Projections Methodology

1. Analyse population projections for the locality.
2. Deduced total net population growth between 2019-2036.
3. Estimate the amount of retail space demanded by the net increase in population, achieved by applying industry standard retail per capita benchmarks to the growth in population.
4. Estimate the proportion of retail space directed and accommodated within the Wolli Creek Town Centre based on the surrounding context and store type.

4.2 Retail Floorspace Demand

Population id estimate that as of 2019, around 13,845 residents reside within the area known as the *Wolli Creek - Bonar Street Precinct* (refer to Figure 9). This is forecast to increase by around 4,930 residents or 36% over the next 17 years, reaching a total resident population of 18,776 residents by 2036.

Figure 9: Wolli Creek – Bonar Street Precinct Forecast Population Area (grey shading)



Source: Population id

To estimate the retail floorspace that the additional 4,930 residents would likely require, we have applied average per capita retail provision rates by individual store types.

These rates have been sourced from the Sydney Retail Demand and Supply Consultancy Stage 2 Report commissioned by the NSW DP&E and Greater Sydney Commission in 2016.

Applying these per capita rates, it is estimated that the additional residents would demand around an additional 11,000sqm of retail floorspace. However, not all of this would be directed towards Wolli Creek Town Centre.

Table 3: Total Retail Floorspace Demanded by New Residents 2019-2036 (GFA)

Retail store type	Per capita benchmarks*	Total net floorspace demand
Department stores	0.11	542
Discount department stores	0.12	592
Supermarket (1,000sqm+)	0.23	1,134
Speciality stores	1.15	5,670
Large format	0.63	3,106
Total centre based	2.24	11,043

Source: HillPDA, * Sydney Retail Demand and Supply Consultancy Stage 2 Report - NSW DP&E and Greater Sydney Commission 2016

For example, it is highly unlikely that department store and discount department store space would be accommodated within the Wolli Creek Town Centre. Rather, it would be directed in nearby higher order centres such as Eastlakes, Hurstville or Sydney CBD.

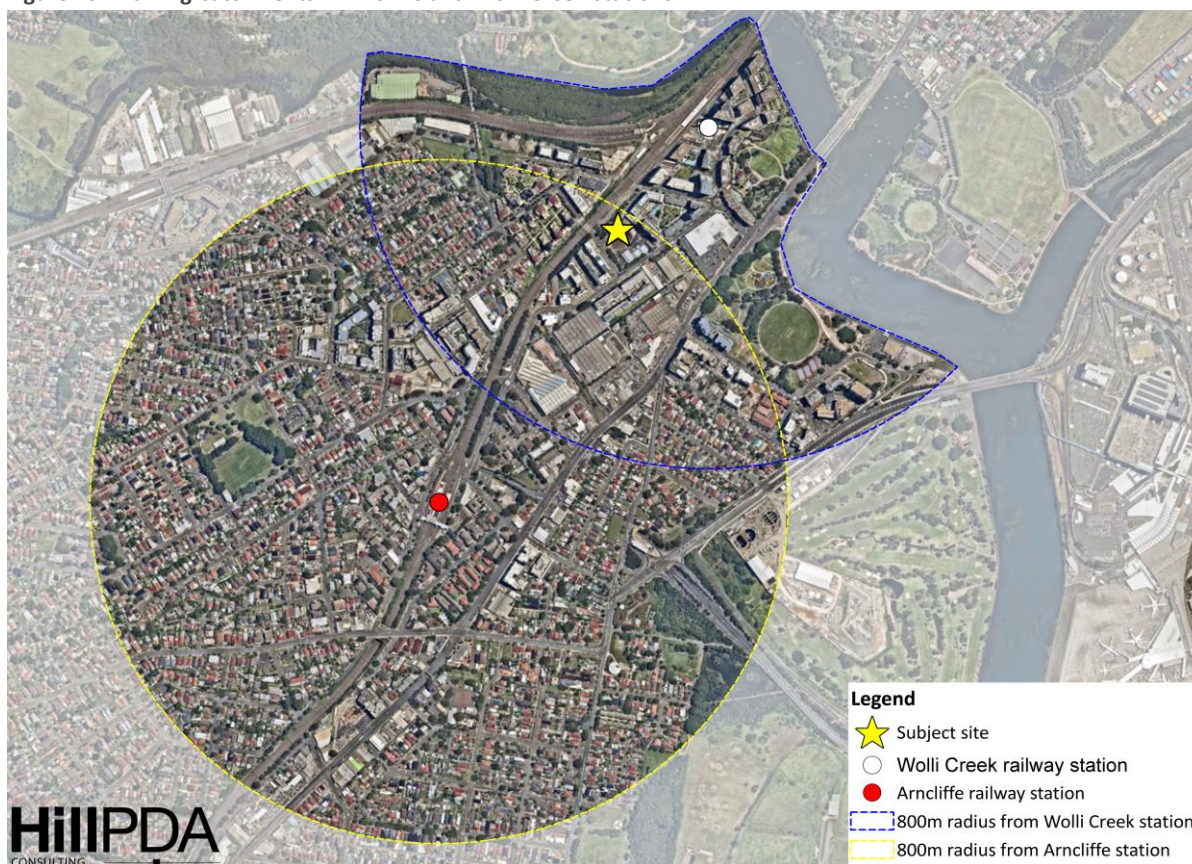
Bulky goods/large format retailing would likely be accommodated within nearby industrial or enterprise corridor zonings (such as Alexandria) given they typically provide lower land values, larger lot sizes, accessibility requirements and highway/main road frontages.

Wolli Creek contains a large amount of supermarket floorspace (an ALDI and Woolworths supermarket). Given the proximity of Arncliffe station and its status as an urban renewal area, it would be appropriate that any additional supermarket space is accommodated in any renewal of its retail centre around the station.

Speciality store space would be directed and accommodated within Wolli Creek Town Centre. However, given the proximity of Arncliffe retail centre (as seen in the figure below), not all this demand would be directed toward Wolli Creek. Some other speciality space would be directed to other surrounding retail locations or close to where these residents work.

As such we have estimated a small proportion that could be retained by Wolli Creek Town Centre. This is estimated at between 30 to 40% of speciality retail floorspace being retained by Wolli Creek Town Centre.

Figure 10: Walking Catchments – Arncliffe and Wolli Creek Stations



Source: HillPDA

Applying these proportions, we estimate that around an additional 1,700sqm to 2,270sqm of speciality retail space could be accommodated in and around the Wolli Creek Town Centre. These projections outline the potential demand within the town centre and show there is demand for additional retail floorspace.

While the demand for additional retail floorspace exists an understanding of the estimations is crucial to help ensure the appropriate level of floorspace is provided. If the proposed development provided 2,270sqm of specialty retail, this would supply 17 years' worth of retail floorspace in one development. Meaning any additional development that took place in the town centre that provides retail would be supplying floorspace that would not be supported by the increase in population. Therefore, it is critical that the proposed development considers this when assessing the appropriate level of retail floorspace provided. While the retail demand analysis sets out the potential demand generated from the increase in the population, an understanding of other potential developments within the centre and their capability for supplying retail floorspace is also essential.

Table 4: Additional Retail Floorspace Directed Towards Wolli Creek Town Centre

Retail store type	Per capita benchmarks*	Total net floorspace demand	% directed towards Wolli Creek Town Centre	Space directed towards town centre
Department stores	0.11	542	0%	0
Discount department stores	0.12	592	0%	0
Supermarket (1,000sqm+)	0.23	1,134	0%	0
Speciality stores	1.15	5,670	30-40%*	1,701 to 2,268
Large format	0.63	3,106	0%	0
Total centre based	2.24	11,043		1,701 to 2,268

Source: HillPDA, * Sydney Retail Demand and Supply Consultancy Stage 2 Report - NSW DP&E and Greater Sydney Commission 2016

4.3 Implications for Subject Site

The main retail area in Wolli Creek is located adjacent to the railway station with an ALDI and Woolworths supermarket also located nearby. Some further ground floor retail is located fronting Magdalene Terrace, south of the ALDI.

The recent completion of Discovery Point with over 1,400 apartments and 9,000sqm of non-residential GFA has connected the existing ground floor retail with the shops along Brodie Spark Drive. The development consists of ground floor retail located fronting Brodie Spark Drive that flows north past the train station and into the Village Square precinct.

Figure 11: Local Retail Context – Wolli Creek



Source: HillPDA

4.3.1 Agents Market Commentary

Discussions with leasing agents who specialise in the Wolli Creek retail market outlined the positivity of leasing retail space located around the train station and along the top of Brodie Spark Drive. The agents also indicated that Magdalene Terrace receives tenant interest for smaller suites.

The agents described the Wolli Creek retail market as having two sub-markets that consisted of prime retail space within the recently completed Discovery Point development and secondary retail space located in fragments along Arncliffe Street and Brodie Spark Drive. Proximity to the train station and from the central retail village endorse the categorisation of prime from secondary.

The agents outlined that while the retail market within the core of Wolli Creek was performing well the smaller shops on the outer parts of the suburb had extended vacancies. The pedestrian trade from the train station extends down Brodie Spark Drive and within the Discovery Point development, along Magdalene Terrace and part way along Arncliffe Street. The Woolworths and Dan Murphy's promotes some subdued retail activity along Arncliffe Street that was recommended by the leasing agents as secondary.

The agents outlined the distance from the train station and the core retail precinct would generate similar issues for retail floorspace as discussed previously to commercial. The agents stated that the existing character of primarily residential development along Guess Avenue and the lower portion of Arncliffe Street would not be conducive to significant retail floorspace within the subject site.

4.3.2 Recommendations

The subject site is somewhat disconnected from the main retail centre and Wolli Creek station. The surrounding developments on Guess Avenue and the south end of Arncliffe Street provide minimal retail for pedestrians with only small scattered shops. As such, most of the retail space would be best located closer to the railway station and supermarkets/retail centre. This being said, some ground floor shop front space could be accommodated on the subject site. However, this would benefit from having direct street exposure and good integration with the nearby ALDI, maximising passing trade opportunities.

The incorporation of the nearby ALDI would help to promote the connectivity of the proposed retail by allowing customers ease of access to surrounding cafes/restaurants on site. An agglomeration of various community uses, cafes and a strip park could be utilised given the connection with ALDI, helping encourage activation along Mount Olympus Boulevard.

In the case where integration between the ALDI and subject site could not exist, the proposed ground floor retail would need to be located within a park setting facing the open space. Given the flow of pedestrian traffic towards the station, the proximity to Wolli Creek station and the main retail precinct located 400 metres north-east of the site the proposed ground floor retail would best be 100-200sqm in size. This would ensure a restaurant, or a few small cafés would be able to take advantage within the proposed development.

Consideration of the retail floorspace projections and the likely integration strategies that could be used on the subject site, there is capacity within Wolli Creek Town Centre to support park facing ground floor retail on the site. An exact calculation of the appropriate floorspace for the retail component of the development would need to be further analysed given design, setbacks and efficiency of the floorplates.

CONCLUSION

5.0 CONCLUSION

After undertaking a commercial and retail demand assessment, the following conclusions are discussed below:

- Given population projections, the wider Wolli Creek area could support an additional 1,700 to 2,270 sqm of specialty retail; however, most of this retail space would be better located close to the train station.
- Some of this retail demand could be accommodated on the site however, this would need to have frontage to open space.
- The proposed development cannot provide the entire forecast demand of 2,270sqm of specialty retail as this would supply 17 years' worth of retail floorspace in one development. Meaning any additional development that took place in the town centre that provides retail would be supplying floorspace that would not be supported by the increase in population.
- First-floor commercial could also be viable where a large portion of this is committed as a medical, childcare and/or other community use.
- A specific quantity of commercial/retail floorspace is difficult to exactly determine, but we recommend 100-200sqm (primarily retail) could be accommodated within the site given site-specific design outcomes are achieved allowing integration with the proposed open space fronting the development.
- The area we propose would allow activation within the subject site along the northern edge of the Guess Avenue building, facing onto the park. We would assume a small café or food outlet could take advantage of its park setting as commercial offices would struggle within this location.

APPENDICES

APPENDIX A: RE1 PUBLIC RECREATION VALUES

A.1 Overview

This advice is intended to initiate and facilitate negotiations between Property NSW and Bayside Council regarding the dedication of Lot 102 (4 Guess Avenue, Wolli Creek) as 'Open Space'.

Traditionally, the Land Acquisition (Just Terms Compensations) Act 1991 is the standard framework, however in a scenario of a transfer of land between government departments; conventional considerations to determining compensation (i.e. S. 55) are not applicable.

We consider it reasonable to consider its existing RE1 Public Recreation zoning to form the basis of our assessment.

A.2 Dedication of Lot 102 as 'Open Space'

The 'Open Space' to be dedicated is positioned along the south-eastern corner of the intersection of Guess Avenue and Mount Olympus Boulevard. We have been advised that the land to be dedicated is approximately 3,577sqm (subject to survey).

A.2.1 Recreational land analysis

The primary valuation method for the open space assessment should be the direct comparison approach with recreational land sales evidence (i.e. zoned 'RE1 Public Recreation' or 'RE2 Private Recreation').

The below site sales are dated and reflects the scarcity for this type of sale evidence but reveals that recreational land rates lie between \$1,039/sqm and \$1,143/sqm of land area.

Address	Sale Price Date	Zone	Site area (sqm)	\$/sqm of site area
146 Vimiera Road, Marsfield	\$15,000,000 Aug 2017	RE2 Private Recreation	61,800sqm	\$243/sqm of site area
	This significant rugby playing field known as the TG Millner Oval is zoned RE2. Situated upon the adjoining land (RE1) on Vimiera Road is the North Ryde RSL. This club has strengthened its links to the location by acquiring the Oval without DA consent (i.e. as raw land). The zoning suits its specific purpose as Registered Clubs are expressly permitted as a "With Consent" use under zone RE2. The parties have acknowledged there exists compatible interests in a press release regarding this sale allowing ongoing rugby games in the short term before their relocation.			
1A Little Alfred Street, North Sydney	\$1,900,000 Jan 2015	RE2 Private Recreation	1,829sqm	\$1,039/sqm of site area
	An irregular shaped parcel of land adjoining further RE1 and R2 zoned land and sold improved with three tennis courts and kiosk/office and staff amenities. The purchaser lodged an application for the demolition of existing tennis courts and construction of a four-level indoor recreation facility including a 6 lane bowling alley, wave pool, cafe/lounge, lap pool, screen golf, rifle range, rock climbing, gym, lounge, sauna, day spa, treatment room, basement parking for 31 cars, and landscaping works, that has been refused by Council.			
119 Baton Street, Monterey	\$8,250,000 May 2015	RE2 Private Recreation	7,218sqm	\$1,143/sqm of site area
	An L-shaped parcel of land comprising Bowling Club with a small building footprint synthetic greens and car park. The property was marketed as a potential development site (subject to Council approval). However there has been no planning approvals lodged. The site is surrounded by 'R3 Medium Density Residential'.			

We consider a rate of \$1,100/sqm of land area to be reasonable for the subject site which would equate to \$3,900,000 (rounded).

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