WARRIEWOOD SECTOR 8 – MASTERPLAN

CNR GARDEN AND MACPHERSON STREET

Prepared for
Pittwater Council
DRAFT
September 2006

SYDNEY CANBERRA

Independent Property Hill PDA consulting www.hillpda.com

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QUALITY ASSURANCE

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

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CONTENTS

LIST OF TABLES

1. Introduction

Hill PDA were commissioned by Pittwater City Council to provide an independent economic and planning assessment of a proposal for a neighbourhood shopping centre located on the cnr of Garden and Macpherson Street, in Sector 8 as part of the Warriewood Valley Urban Release Area.

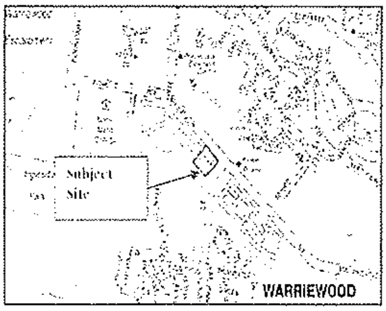
It is understood that Council planning strategy proposes that a portion of the site be retained for a retail use, however, the development control allows the submission of a development application for residential purposes and a retail centre to be developed in adjacent sectors within the Warriewood Valley. Our assessment will form part of Council's decision making process in order to determine the viability of the site as a neighbourhood shopping centre.

Under the directions of the Draft Warriewood Valley Urban Land Release Planning Framework Council are requesting that the subject site owned by Mirvac be developed as a neighbourhood shopping centre to provide a focal point for the local community. As part of Mirvac's economic feasibility of the site, they engaged Leyshon Consulting to undertake a demand assessment for a neighbourhood retail facility within the Warriewood Valley. The report concluded that there would be insufficient demand to warrant the development of a neighbourhood shopping centre on the site due to the existing level of retail offer at Warriewood Centro and Mona Vale. Hence Mirvac have objected to Council's directions and suggested that the more appropriate site would be the Flower Power site located in sector 3, which would enable the subject site to be developed purely for residental purposes.

Our study endeavours to critique the Leyshon's economic assessment of the proposed centre and determine through our own expenditure modelling whether there is sufficient demand for a retail shopping centre in the Valley. In addition to our economic assessment we have also reviewed the existing planning strategy and development controls applicable to the site to ascertain the suitability of the site for a neighbourhood shopping centre. Research has also been undertaken into case examples of existing neighbourhood shopping centres that are trading successfully and are located within close proximity to the proposed site.

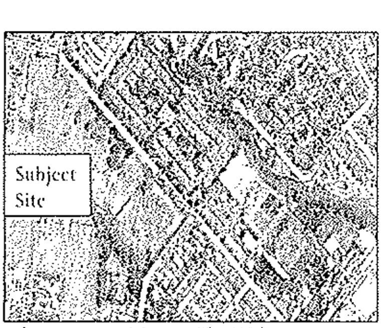
2. The Proposal

2.1 The Site



The Warriewood Valley Urban Release Land comprises a total of 1,100 hectares and is located with the western region of the Pittwater Local Government Area. The Release Land is surrounded by the urban areas of Mona Vale to the east, Elanora Heights to the south-east, Garigal National Park to the south-west and Ku-ring-gai Chase National Park to the west and north-west.

The site located within the north-east section of Sector 8 as designated by the Warriewood Valley Urban Release Land DCP No.29 Sector 8 comprises 13.1ha of land and is bound by Macpherson Street to the north, Garden Street to the east and Sector 26, known as the escarpment to the west (reserved for conservation purposes). To the south of the site is buffered by vegetation and Fern Creek. The site that is the subject of this report (hereafter referred to as 'the site') comprises the north-east portion of sector 8 and is bound by Macpherson Street to the north, Garden Street to the east, Fern Creek to the south and the remaining portion of Sector 8 to the west.

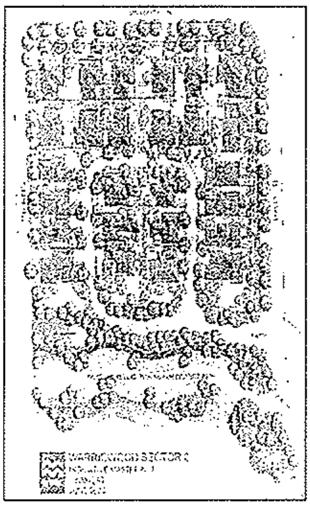


The site has an approximate area of 1.45ha cleared of vegetation and level. Surrounding development is predominately 2 storey attached terraced style residential dwellings with the majority having been added to the market over the past five years. The entire Warriewood Valley is a master plan precinct providing parks, playgrounds, cycleways/walkways, creekline restoration.

The site is served by the 185 and L85 buses that run along Garden Road and Macpherson Street with a bus stop directly outside the north-east corner of the site. The 185 bus route operates between Mona Vale Depot and Sydney City (Wynyard – York Street) generally on a half hour frequency.

2.2 Indicative Mirvac Masterplan

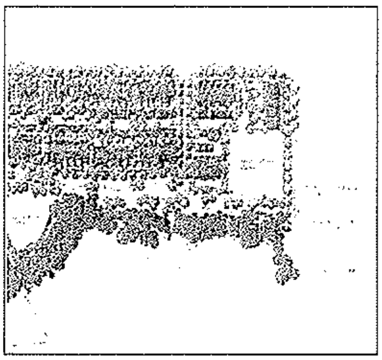
Mirvac as site owners have prepared an indicative Masterplan for the re-development of 1.45ha (14,500sqm) of the 13.1ha sector 8 precinct. The Mirvac Masterplan comprises 26 detached residential dwellings on plots ranging between approximatley 260sqm and 470sqm. The masterplan does not include any non residuental uses i.e. retail floorspace or community facilities.



The Mirvac Masterplan shows indicative landscaping and road layouts and includes an area of designated public parking along the creekline corridor. Vehicle access is proposed from Garden Street. Mirvac have rationalised the provion of the car parking area to facilitate the use of the adjacent district park.

2.3 Indicative Pittwater Council Masterplan

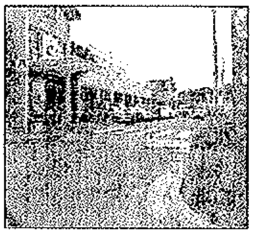
We have been provided with an indicative site plan by Pittwater Council showing the siting of the proposed Neighbourhood Centre. The centre is situated to the south-east of the subject site with a primary street frontage to Garden Street. We suggest that any future retail development that occurs on the site should be sited with maximum exposure to the Macpherson Street frontage to capture passing vehicular traffic through Warriewood Valley. Additionally, design elements may include shop-top housing to three storeys.



3. Existing Centres and Supply of Retail Space

This section identifies the key competitive centres within the Northern Beaches Study Area, specifically detailing the provison of retail space within these centres.

3.1 Centro Warriewood – Town Centre



Warriewood is categorised as a town centre and is approximately 22km North East of Sydney CBD and 1.9km to the south-east of the Mirvac subject site, cnr of Macpherson and Garden street, Warriewood.

The centre was refurbished and extended in 1999. It is the only centre servicing the northern region of the Peninsula area with a strong local profile. It has experienced strong sales growth due to the strong retail mix.

Warriewood Shopping Centre is a single level centre with a high proportion of national retailers, including the only Kmart in the peninsula. Anchor tenants include:

Kmart	8,076sqm
Coles supermarket	3,760sqm
Woolworths Supermarket	2,155sqm

Major tenants consume 13,991sqm of the total floor area of 22,091sqm. In addition there are 91 speciality shops (7,687sqm) a Child Care Centre (273sqm) and 3 office tenants on 1 level. The total centre area is 22,091sqm situated on a site area of 6.24ha. As at 2004 the centres turnover was approximately $150 million ($2004).

3.2 Mona Vale – Town Centre

Mona Vale is classified as a town centre under the Metropolitan Strategy and is located approximately 24km north east of Sydney CBD, 1.3km from the site. The established suburb comprises mixed uses such as residential and industrial areas, located between Pittwater Road and Barrenjoey Road. A commercial area exists at the junction of Pittwater Road, Barrenjoey Road and Mona Vale Road. The retail centre within Mona Vale comprises 2 enclosed shopping malls together with strip retail, including a stand alone Woolworths on the corner of Park and Keenan Streets.

Mona Vale includes 28,669sqm of retail space, with a vacancy of 1,353sqm of shop front premises. The total commercial space at the Mona vale shopping centre is approximately 7,368sqm.

Pittwater Place Shopping Centre

Park Street, Mona Vale


Pittwater Place Shopping Centre

Pittwater Place Shopping Centre is located approximately 50 metres off the main district thoroughfare, Barrenjoey Road between Park and Darley Streets. It is the newest shopping centre on Sydney's Northern Beaches, opening in July 2004. It is located approximately 1.8km north-east of the subject site.

This village shopping centre incorporates a Coles and a Woolworth's supermarket, 40 speciality shops, a Fitness First gymnasium, first floor commercial accommodation and one level of under-cover car parking. The total shopping centre retail floorspace is 7,185sqm, and consists of another 3,500sqm of office space with 17 commercial suites being located on the first floor above the shopping centre.

4. PROPOSED RETAIL SPACE

4.1 Pittwater LGA

Hill PDA has conducted research, in regards to the quantum of mooted retail projects in the pipeline. The following table summarises details relating to proposed retail floor space in the Pittwater LGA.

Table 1 - Mooted Retail Projects – Pittwater LGA

Project Name	Project Address	Type	Floor Area of Retail (sqm)	Completion Date	Project Details	Status
Warriewood square shopping centre - centro Warriewood	12 Jackson Road, Warriewood	Existing centro Warriewood centre.	193	1/4/2006	Alteration and additions to the existing centre and retail fit out.	Commenced
Barrenjoey Road shop top housing development	313 Barrenjoey Road, Newport		235	30/12/2006	Repair of existing ground floor retail space.	Possible
Barrenjoey Road Mixed Development	377-383 Barrenjoey Rd, Newport	4 shops	1,292	1/3/2007	3 shops, 79.8 sq m, 80.3 sq m, 82.3 sq m and supermarket 1,050 sq m Basement car park & associated landscaping.	Firm
Mona Vale Marketplace Dan Murphy's	25 Park Street	1 Shop + Car park	1,444	1/3/2007	Construction of a retail liquor store and a car park.	Deferred
Barrenjoey Road shop top housing development	358 Barrenjoey Road, Newport	Ground floor retail	180	30/3/2007	Construction of ground floor retail with residential development above.	Possible
Newport Plaza	343-345 Barrenjoey Road, Newport		1,343	1/5/2007	Demolition of existing structure and construction of an retail area of approximately 1,348sqm.	Possible
Pittwater Road and Berry Ave mixed use development	1442 Pittwater Road, Narrabeen	10 shops	1,400	30/1/2008	Construction of a shop front development with residential above. Ten shops will be constructed	Deferred
Park Street retail development	12-14 Park Street, Mona Vale		768	24/2/2008	The refurbishment of existing retail spaces along Park street, and construction of a new retail tenancy.	Possible
Barrenjoey mixed development	1112-1116 Barrenjoey Road, Palm Beach	5 retail units	377	25/2/2008	Demolition of existing structure and construction of five retail tenancies	Possible

Source: Reed construction

- Firm - Project is going ahead, but hasn't not commencement development.
- Deferred – where a contact tells us that the project has stalled for an unusual amount of time. The period of time may vary and can include a couple of months at tender stage to years of planning stage. Can be deferred indefinitely, which is almost like abandoned but where the contact is not confident to say that the project will not reappear
- Possible - The project may go ahead

The table above demonstrates that there is a total of 7,232sqm of mooted retail developments from within the Pittwater LGA. Although these centres are located within the Pittwater LGA they do not directly compete with the site as they are all located outside of the trade area. A similar type of development that could be used as a model for development is the project located at Barrenjoey Road Newport, which comprises of a supermarket (1,050sqm) and 3 shops totalling 242sqm.

5. Relevant Statutory Planning Policies

Section 79c of the Environmental Planning and Assessment Act (as amended) sets out the relevant matters for consideration when assessing the acceptability of a planning proposal. In accordance with the act and for the purposes of this report, the following documents are considered material considerations when assessing development proposals for the site:

1. Pittwater Local Environment Plan (LEP) 1993 (as amended)
2. Warriewood Valley Urban Land Release Development Control Plan No.29 (WV DCP 29) July 2001
3. Warriewood Valley Section 94 Contributions Plan July 2006
4. Pittwater 21 draft LEP
5. Draft Warriewood Valley Land Release Planing Framework

5.1 Pittwater LEP 1993 (as amended)

Pittwater LEP 1993 outlines planning policy relevant to the site within Part 3 Special Provisions, Division 7A Warriewood Valley Urban Land Release. Clauses 30a and 30b of Division 7A identify three key objectives for the Warriewood Valley Urban Land Release area. In summary the three objectives seek development that:

a. accords with the relevant planning strategy for the area;
b. has regard for any applicable DCP; and
c. that secures greater housing diversity and a wider housing choice in areas with adequate physical and social infrastructure as identified by relevant planning strategy's.

Clause 30c of Division 7A identifies the total number of dwellings to be erected in each sector of the Warriewood Valley Urban Release Land. A maximum of 159 dwellings has been identified as acceptable for Sector 8.

5.2 Warriewood Valley Urban Release Land DCP No. 29 (2001)

The policy objectives outlined in the Pittwater LEP 1993 for the site are discussed in greater detail within the Warriewood Valley DCP (WV DCP) 2001. The policies and objectives set out by the WV DCP have been based on ideas and concepts explored and developed through a series of planning strategies, frameworks and consultation exercises undertaken since the early 1990's and pursuant to the 1993 Pittwater LEP.

Particularly relevant to Hill PDA's brief is the Councils designation of the site, within the WV DCP and associated Planning Framework, as a site with high development capability. Sector 8 is considered suitable for medium density residential development with a maximum development yield of 263 dwellings. The landscaped buffer strip has been identified as necessary along Fern Creek to minimise any adverse environmental impact and to provide native flora and fauna habitat.

The WV DCP identifies either sector 3, 8 or 11 as ideally located to provide a Focal Neighbourhood Centre. The three sectors meet at the junction of Macpherson and Garden Streets and could individually or jointly provide between 855sqm to 2,222sqm retail floorspace to create a neighbourhood retail centre. The WV DCP recognises however that a centre of a greater scale would not be appropriate given the proximity of larger established centres in Mona Vale and Warriewood Square.

A Focal Neighbourhood Centre shared between the three sites has been identified as necessary in order meet a number of the objectives of the WV DCP including:

- *To meet the local 'convenience' retail needs of the incoming population;*
- *To establish a focal point in the Valley linking local services and facilities, including local retailing, public open space, public transport and community facilities;*
- *To reduce dependency on the car and encourage other modes of transport;*
- *To establish a sense of community and Place.*

WV DCP 2001 (Section 3.10, p.g28)

The WV DCP also recognises that to facilitate the neighbourhood retail objective, shop top housing may be an acceptable form of development on the applicable section of the site.

6. IMPLICATIONS OF THE MIRVAC MASTERPLAN TO PLANNING POLICY

As outlined in section 6 above the north-east corner of the site (where McPherson and Garden Street meet) has been identified by the Council as a potential location for a Focal Neighbourhood Centre (Section 3.10 of the WV DCP No.29). Three sectors meet at the junction (sector 3, 8 and 11) and as such the policy does not prescribe which of the three sectors is required to provide floorspace to facilitate a neighbourhood centre nor does it preclude the provision of the centre on any of the three sectors or in part across each of the three sectors.

Despite this policy objective the indicative Mirvac Masterplan comprises entirely low density residential development without scope for potential retail or community floorspace. Mirvac contend that a neighbourhood retail centre on the site would not be sustainable in commercial terms. Mirvac advises that a potential alternative location would be on the 'Flower Power Site' in sector 3.

In planning policy terms the entirely residential Mirvac Masterplan would not be contrary to policy should a neighbourhood centre be secured within one of the two alternative sectors (i.e. 3 or 11) at the junction of Macpherson and Garden Streets. As such Sector 11 has been subject to re-development and does not include any retail floorspace thereby setting a planning precedent. As a result, should retail not be provided on the Mirvac site, the onus would fall entirely on the re-development of Sector 3.

In saying this however the intention of the policy is to provide a sustainable, attractive and well serviced community focal point. The provision of an element of retail on the Mirvac site would have planning benefits whereby it would establish the concept of neighbourhood retailing and provide convenience for existing and future occupiers of Sector 8, 11 and in time Sector 3. What is more the provision of retail on the Mirvac site would help to meet the councils objectives in Section 3.10 of the WV DCP No.29 as outlined above.

7. DEMAND FOR RETAIL FLOOR SPACE

In order to measure need and undersupply of retail space we first have to define the trade area of the proposed development. This section of the report defines the trade areas likely to be served by the proposed neighbourhood shopping centre, details the existing and forecast trade area dwelling numbers and the demand generated by household expenditure.

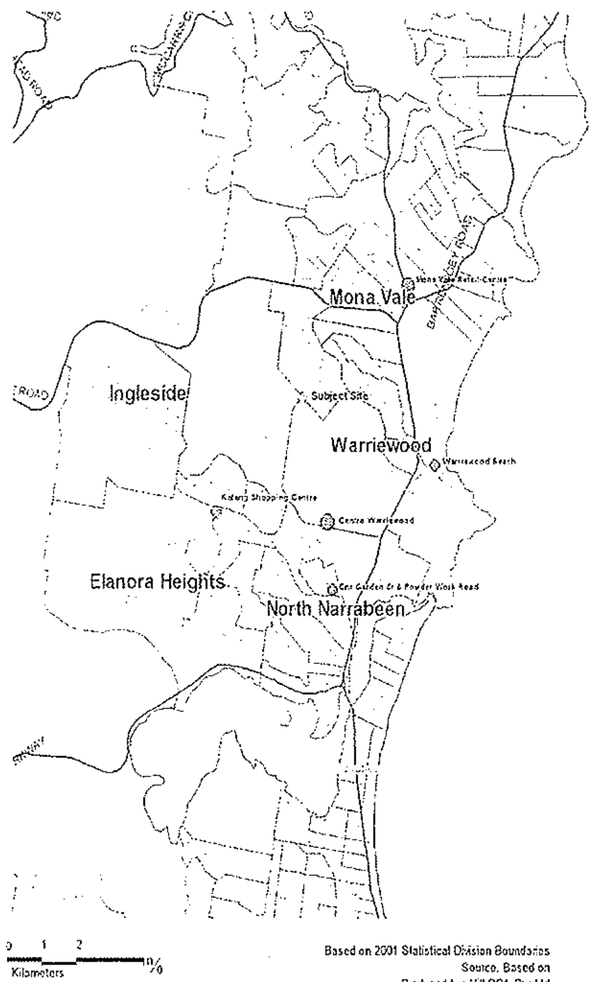
7.1 Trade Area Definition

The trade area served by any retail centre is determined by a number of factors including:

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

In order to test Leyshons demand estimates we have defined the same trade area used in their assessment, known as the primary trade area (PTA). The PTA encompasses an area bound by Warriewood and Mona Vale Rad to the north and north east and to the south Jacksons and Powder Works Road, ingleside Road is used to define the western boundary. In addition to a primary trade area we have defined a secondary trade area (STA) which includes a triangular shaped area bordered by Pittwater Road to the east and Mona Vale Road to the north and Warriewood Road to the south-west. A map presenting both the primary (pink) and secondary (purple) trade areas is presented overleaf.

Warriewood Primary & Secondary Trade Area



Based on 2001 Statistical Division Boundaries
Source, Based on
Produced by: Hill PDA Pty Ltd

7.2 Trade Area Demographic Characteristics

Household expenditure generated by a trade area is dependent not only on the number of households, but by the socio-demographic characteristics of the population. In particular, household income is a strong determining variable as higher income earners spend more on goods and services. The socio-demographic profile of the trade area is provided in the table below.

Table 2 – PTA & STA Household Characteristics

Characteristics	Warriewood PTA	Warriewood STA	Sydney SD
Population and Dwellings			
Total Population	*1,533*	*2,823*	*3,948,015*
Total Dwellings	*640*	*1,037*	*1,546,691*
Occupied Private Dwellings	612	994	1,438,394
Occupied Private Dwellings (%)	95.6%	95.9%	93.0%
Average Household Size	2.5	2.8	2.7
	28	43	
Age Distribution			
0-14	17.8%	18.1%	20.2%
15-29	18.2%	19.6%	21.9%
30-44	26.2%	20.4%	23.6%
45-59	18.6%	20.3%	18.4%
60-74	9.7%	10.9%	10.1%
75+	9.5%	10.7%	5.6%
Total	**100.0%**	**100.0%**	**100.0%**
Median Age	*37.6*	*39.2*	*34.9*
Home Ownership			
Owned or Being Purchased	65.0%	75.4%	62.7%
Rented	26.3%	16.5%	29.0%
Other/Not Stated	8.7%	8.1%	8.4%
Total	**100.0%**	**100.0%**	**100.0%**
Household Structure			
Family Households	69.8%	76.0%	73.3%
Lone Person Households	25.3%	19.9%	22.4%
Group Households	4.9%	4.2%	4.3%
Total	**100.0%**	**100.0%**	**100.0%**
Dwelling Type			
Separate house	31.9%	77.6%	63.1%
Townhouse	57.3%	6.5%	11.3%
Flat-Unit-Apartment	8.7%	12.7%	23.9%
Other dwelling	1.6%	0.0%	0.8%
Not stated	0.5%	3.2%	0.9%
Total	**100.0%**	**100.0%**	**100.0%**
Labour Force			
Managers and Administrators	13.0%	10.3%	8.4%
Professionals	18.0%	17.2%	19.9%
Associate Professionals	12.1%	11.7%	11.1%
Tradespersons & Related Wrkrs	12.0%	13.8%	10.4%
Clerical, Sales and Service Wrkrs	32.6%	30.7%	29.0%
Intermediate Production & Transport Wrkrs	5.0%	6.1%	6.9%
Labourers & Related Wrkrs	3.8%	7.1%	6.2%
Inadequately described or N.S.	0.0%	0.0%	1.9%
Unemployed	3.1%	0.0%	6.1%
Total	**100.0%**	**97.0%**	**100.0%**

7.3 Age Profile

The most significant statistic relating to age distribution is the high representation of persons aged over 65 a result of this housing cohort downsizing from their existing family house and moving to coastal regions. The remainder of the age distribution is representative of the typical households in the Sydney SD.

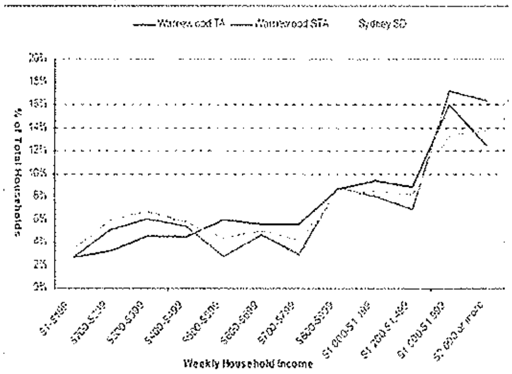
7.4 Dwelling Structure

Local agents report that a mix of people are moving into homes in the new estates located in the Warriewood Valley. Purchasers of new homes largely comprise of young families, retirees and couples without children. The type of housing product offered within the Warriewood Valley is highly influential in the dwelling structure of the trade area. The predominate type of housing are two storey attached houses which mostly appeal to young couples and retirees. Larger family homes are limited, however a small proportion of house and land packages offered within CPGs Shearwater estate cater for family households. As a result of developer targeting this market the trade area has a high representation of townhouses which will increase as the Valley gradually develops.

7.5 Household Income

Demand for retail floor space is measured by household expenditure using National turnover benchmarks. Total household expenditure within a defined trade area is dependent upon the number of households and household income levels. As evident by the ABS Household Expenditure Survey 1998-99 higher income households spend more on goods and services. The proportions of households by household income level are provided in the following chart;

Chart 1 - Weekly Household Income 2001



Source CDATA, ABS 2001

Household income levels in both the Warriewood primary and secondary trade area show similarities, when compared to the Sydney SD as depicted in the chart above. Interestingly the chart has a higher representation than the Sydney SD of households earning an income of greater than $1,200 per week. In the future weekly household incomes are expected to shift towards a greater number of higher income earners than existing households. This will have a positive flow on affect for total household expenditure in the Valley.

7.6 Household Growth

We have critiqued Leyshon's estimated resident population forecasts and analysed the estimates back to a sale rate per calendar month (pcm) for new residential product within the primary trade area. We have then compared this to actual sales rates that are being achieved within the valley to ascertain whether the Leyshon estimates can be supported through future demand for housing. The table below provides a comparison between the Leyshon and the HillPDA estimates based on a household occupancy rate of 2.6 persons:

Table 3 - Forecast Dwelling Increase for Primary Trade Area by Local Government Area

	2001	2006	2008	2010	2012	2014
Leyshon ERPs						
Pop.	1,670	2,984	3,384	4,100	4,764	5,428
Pop. % var. pa.		15.7%	6.7%	10.6%	8.1%	7.0%
Dwelling No's	668	1,194	1,354	1,640	1,906	2,171
Dwelling No's pa.		105	80	143	133	133
Sale rate pcm		9	7	12	11	11
HillPDA ERPs						
Sale rate pcm		10	10	10	10	10
Dwelling No's pa.		120	120	120	120	120
Dwelling No's	668	1,148	1,388	1,628	1,868	2,108
Pop. % var. pa.		14.4%	10.5%	8.6%	7.4%	6.4%
Hill PDA ERPs	1,670	2,918	3,542	4,166	4,790	5,414

Source. ABS 2001 & HillPDAResearch

Actual sale rates for new housing product located within Warriewood valley between 2001 and 2006 equate to approximately 7.2 pcm for a house and land package. This sale rate is lower than what Leyshon has adopted but one explanation for this is that a wider market pool has been selected to determine the overall demand for housing and therefore a sale rate of 9 pcm is considered acceptable.

Unlike Leyshon, rather than predict market cycles we are of the opinion that a single average sale rate over the period 2006 to 2014 would result in a more accurate reflection in the demand for housing product within the valley. Therefore, for the purpose of our study we have adopted a constant sales rate of 10 house and land packages pcm over the next 8 years. After the 2012 target population is met we expect there to be additional capacity for approximately another 2,850 residents within the Valley.

Leyshons forecasts result in an overall sale rate of 10 sales pcm. Similarly, HillPDAs analysis confirms Leyshons estimated resident population forecasts which analyse back to an average of 10 sales pcm. Therefore, the growth estimates Leyshon has applied in determining the trade areas retail expenditure are achievable.

7.7 Household Expenditure

Household expenditure was sourced from:

- ABS Household Expenditure Survey 1998-99 which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2004 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using "microsimulation modelling techniques".

Marketinfo combines the data from the Census, HES and other sources to derive total HES by commodity type within a geographical area. This data, which was validated using taxation and national accounts figures, quantifies around 14% more expenditure than the HES.

The ABS household expenditure survey 1998-99 provides average household expenditure by commodity type by household income quintile. For comparative purposes we have presented Leyshon's forecast expenditure estimates against HillPDAs expenditure analysis for both the primary and secondary trade areas.

Table 4 - Household Expenditure Generated by the Trade Areas by Commodity Type ($m)

Total Expenditure	2006	2010	2014
HillPDA (PTA)	$34.6	$51.8	$77.7
Leyshon (PTA)	$30.2	$44.0	$61.9
HillPDA (STA)	$29.6	$30.8	$32.1
HillPDA (PTA) & (STA)	$64.2	$82.7	$109.8

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

There has been considerable growth in expenditure over the past decade in the primary trade area largely due to population growth. The household expenditure generated in the PTA in 2006 according to HillPDAs analysis totalled $34.6million. This is higher than Leyshon's estimate which could be attributable to different household growth rates in expenditure and income. HillPDA's expenditure estimates assuming that the valley captures 100% of possible retail spending equates to $64.2million. A further $29.6m of expenditure is generated from the existing residents from the STA, resulting in total retail spending of $64.2m for the PTA and STA.

7.8 Supermarket Demand

The above expenditure levels produce the following amounts of supermarket expenditure and floor space demand from within the PTA. To compare the differences we have presented both HillPDAs and the estimates produced by Leyshon.

Table 5 - Supermarket Expenditure and Demand (PTA)

Supermarket Demand (PTA)	2006	2010	2014
Total Supermarket Expenditure (PTA) - HillPDA	$12.7	$19.0	$28.5
Total Supermarket Expenditure (PTA) - Leyshon	$9.7	$14.1	$19.8
Turnover Level	$8,500	$8,500	$8,500
Total Supermarket Floor space Demand (PTA) - HillPDA	1,494	2,239	3,355
Total Supermarket Floor space Demand (PTA) - Leyshon	1,141	1,659	2,329

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

According to HillPDA food, groceries and liquor expenditure generated by the primary trade area residents amount to $12.7m at 2006 and is forecast to total around $19.0m in 2010 and $28.5m in 2014. Leyshon estimates indicate a lower apportionment of total retail expenditure for supermarket spending with $9.7m for 2006 a further $14.1m as at 2010, and $19.8 during 2014.

The level of turnover adopted by Leyshon of $8,500sqm is within market parameters for centres located in this area of Sydney. Our estimates show that there is a current demand based on our forecast expenditure level for 1,494m² of supermarket floor space as at 2006 compared to Leyshon's lower estimate of 1,141m². As at 2014 we estimate that there will be a total demand for supermarket floor space of 3,355sqm

As commented on in section 8.1 of this report we have defined an additional secondary trade area which comprises of existing low density residential housing. Due to the proximity of the proposed shopping centre site to the households located within these five collector districts it is reasonable to assume that people living in this area would visit a neighbourhood shopping centre located in the Warriewood Valley. Leyshon assumes that approximately 30% of supermarket retail expenditure within the valley would be captured by the proposed centre. We however are of the opinion that a slightly lower rate of 20% for the PTA and 10% for the STA would be achievable given the proximity of the existing retail offer located at Warriewood and Mona Vale:

Table 6 - Supermarket Expenditure and Demand (PTA) & (STA)

Supermarket Demand (PTA) & (STA)	2006	2010	2014
Total Supermarket Expenditure (PTA) & (STA) - HillPDA	$23.4	$30.2	$40.2
Total Supermarket Floor space Demand - HillPDA @ 20% PTA & 10% STA capture	$3.6	$4.9	$6.9
Turnover Level	$8,500	$8,500	$8,500
Total Supermarket Floor space Demand (PTA) & (STA) - HillPDA @ 20% & 10% capture	425	579	808

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

Based on a target turnover level of $8,500/sqm[1] and a market share 20% (PTA) & 10% (STA), the Valley will demand some 425sqm of supermarket floor space as at 2006 and approximately 808sqm by 2014. Consequently total demand of approximately 800m² would therefore facilitate the development of an anchor retail tenancy such as an IGA supermarket.

Despite Leyshon's comments that supermarket retailer such as IGA have failed to establish themselves in urban areas (like Warriewood) we have discovered that there are at least five successful examples of IGA supermarkets located in the Warringah and Manly council areas. The locations of these centres are tabulated below:

Table 7 - Nearest 5 IGA Supermarkets to Warriewood

Store	Address	Suburb
Collaroy Plateau IGA	2 Veterans Parade	Collaroy Plateau
IGA X-press Terrey Hills	4 Booralie St	Terrey Hills
Allambie Heights IGA	15 Grigor Place	Allambie Heights
Harbord IGA	Cnr Moore and Albert Streets	Harbord
Balgowlah Heights IGA	113 Beatrice Street	Balgowlah

These stores provide greater convenience to shoppers not wanting to visit a full line supermarket. Also, it is noted that Warriewood Centre parking has reached capacity and shoppers are now travelling to Woolworths at Narrabeen Lakes because of the convenience factor.

[1] National average turnover for supermarkets – Various Sources including: ABS Retail Survey 1998-99 and JHD Retail Averages. This indicative figure of $8,500/sqm is still higher than a sustainable trading level.

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7.9 Other Retail Demand

The expenditure levels displayed in section 8.7 produce the following amounts of other retail expenditure and floor space demand from within the PTA. For comparative purposes we have presented both HillPDAs and Leyshon's estimates.

Table 8 - Other Retail Expenditure and Demand (PTA)

Other Retail Demand (PTA)	2006	2010	2014
Total Other Retail Expenditure (PTA) - HillPDA	$21.9	$32.8	$49.17
Total Other Retail Expenditure (PTA) - Leyshon	$20.5	$29.9	$42.1
Turnover Level	$5,500	$5,500	$5,500
Total Other Retail Demand (PTA) - HillPDA @ 5%	$1.1	$1.6	$2.5
Total Other Retail Floor space Demand (PTA) - Leyshon @ 5%	$1.0	$1.5	$2.1
Total Other Retail Supportable Floor space Demand (PTA) - HillPDA @ 5%	199	298	447
Total Other Retail Supportable Floor space Demand (PTA) - Leyshon @ 5%	187	272	383

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

As the table above demonstrates HillPDA estimates that there is a total of $21.9m of expenditure as at 2006 available from the primary trade area which is $1.9m greater than Leyshons forecasts for the same period. This results in a total demand for other retail floor space of 199sqm only marginally higher than Leyshons 187sqm. Long term development capacity for the site would potentially facilitate 447sqm of supportable floor space.

The specialty stores will certainly compete with both Warriewood Centro, Mona Vale and to some extent Warringah Mall so a 5% market capture is reasonable to assume. However, the performance of the specialty stores turnover will depend on the type of tenancies that are likely to occupy the centre. From other case examples of surrounding neighbourhood centres tenancies such as bakeries, restaurants/cafes, delicatessens, fast food outlet and possible a clothing outlet would potentially appeal to the local market and would be able to sustain a high level of turnover.

The table below presents analysis of the expenditure and the forecast demand levels from 2006 to 2014. The floor space demand estimates are based on a turnover level of $5,500sqm.

Table 9 - Other Retail Expenditure and Demand (PTA) & (STA)

Other Retail Demand (PTA) & (STA)	2006	2010	2014
Total Other Retail Expenditure (PTA) & (STA) - HillPDA	$40.8	$52.5	$69.6
Turnover Level	$5,500	$5,500	$5,500
Total Other Retail Floor space Demand (PTA) & (STA) - HillPDA @ 5% capture	$2.0	$2.6	$3.5
Total Other retail Floor space Demand (PTA) & (STA) - HillPDA @ 5% capture	371	477	633

Source: Hill PDA Estimate based on 2001 Census and ABS Household Expenditure Survey 1998-99

The table above indicates that there is a total development capacity for other retail development product of 633sqm. This is based on the assumption that the neighbourhood centre will receive 5% of household expenditure generated by the combined PTA and STA. Current requirements for specialty retailing within the Valley amount to 371sqm.

8. Case Examples of Small Retail Centres

Rather than cite local examples of where neighbourhood shopping centres have worked successfully the Leyshon report quotes examples from areas outside of the Northern Beaches of Sydney which have entirely different household characteristics and demand drivers to the Warriewood Valley trade area. Therefore, as part of this study we have surved local examples of existing neighbourhood shopping centres that are trading well and have the same demographic composition as the sites trade area. Examples of successful clusters of neighbourhood shops are tabulated below:

Table 10 - Characteristics of Small Retail Centres in Surrounding Suburbs 2006

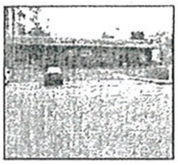
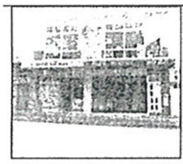
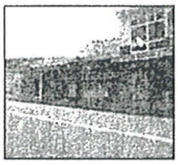
	Centre	Suburb	Approx. Size (sqm) @ 80% eff.	Tenant Types	Comments
 	Kalang Road Shopping Centre	Elanora Heights	2,720	Health & Fitness Centres & Services, Medical Practitioners, Squash Courts, Take Away Food, Ladies' Wear-Retail, Butchers-Retail, Video Libraries, Real Estate Agents, Real Estate Agents, Promotional Products, Delicatessens, Bakers, Australia Post, Hairdressers, Dentists, Pharmacies	The centre is a strip retail complex located on both the eastern and western side of Kalang Road. The centre has good exposure to passing traffic along Powder Works Road. The surrounding development comprises of low density single detached residential dwellings. However, in recent years new two storey attached housing development has occurred along Powder Works Road.

Table 10 (cont.) - Characteristics of Small Retail Centres in Surrounding Suburbs 2006

	Centre	Suburb	Approx. Size (sqm) @ 80% eff.	Tenant Types	Comments
 	Warriewood Beach Shopping Centre	Warriewood Beach	826	Restaurants. Cafes. Beauty Salons. Hairdressers, Art Galleries	A neighbourhood centre which is part of a mixed use residential project. The tenancy benefit from it proximity to the beach which generates both passing vehicular and pedestrian traffic. The Restaurants and Cafes are also enhanced with ocean vistas. Apart from the medium density building in which the retail tenancies are located, surrounding development generally comprises of low density residential development.
 	Cnr Powder Works Road and Garden Street	North Narrabeen	431	Antique Dealers. Printers-General, Trophies. Bicycle Store	Located on the corner of Powder Works Road and Garden Streets. these high street shops have excellent exposure to passing vehicular traffic and cater to specialty type retailing.

Source: Hill PDA Research, RPData

The table above illustrates small neighbourhood shopping centres that have proved successful and are located within close proximity to the proposed site. Unlike the proposal for the subject site these centres have proved to trade well despite not having an anchor tenant such as a supermarket. Therefore, these case examples provide some actual evidence that small neighbourhood shopping centres can survive in suburbs with similar household characteristics to Warriewood Valley.

9. Conclusion

Our report investigates the sustainability of a neighbourhood shopping centre in the Warriewood Valley, with our analysis supporting the development of an independent supermarket at either of the proposed sites suggested under the Development Control Plan. However, we recognise that the development of a neighbourhood shopping centre in the valley will be affected by the retail hierarchy and therefore we cannot assume a 100% market capture which is reflected in our low market share rate of 20% and 10% for the PTA and STA respectively.

A supermarket in the vicinity of 800sqm will trade sustainably over time. The success of a supermarket would be the result of greater convenience being created by the development of the shopping centre in the Valley and the existing strength of retail spending in the catchment demonstrated by the strong trade at Warriewood Centro.

Whilst the proposed site for the neighbourhood shopping centre is located near to both Centro Warriewood and Mona Vale Town Centre, the growth in the trade area catchment over time is sufficient to warrant a small neighbourhood centre.

Leyshon concludes that any proposed centre would have to compete with more comprehensive, highly accessible and well-established retail centres. We disagree with these comments as the centre would appeal to a different market to Centro or Mona Vale and would appeal to convenience shoppers. We also note that Centro Warriewood is suffering from traffic congestions and that shoppers are now travelling a greater distance to Narrabeen to do their supermarket shopping. Therefore, greater and easier accessibility to retail facilities would improve the sustainability of the Pittwater LGA through the reduction in vehicle kilometres travelled. The additional cost of travel has a negative environmental impact which is carried by the greater community and a cost that could be put back into the local community through greater expenditure on retail

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This report and its attached appendices are based on estimates, assumptions and information sourced and referenced by Hill PDA. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.