

Norling Consulting^{Pty Ltd}

Business & Property Economics

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Dear Andrew,

RE: PEER REVIEW – RETAIL DEMAND ASSESSMENT – VILLAWOOD

Following recent correspondences, I provide this Peer Review of a Retail Demand Assessment supporting a Planning Proposal for a site at Villawood, Fairfield City.

Background

Council has received a Planning Proposal seeking to amend the LEP in respect of a 1.48ha site located at 2-14 Kamira Avenue, Villawood. The Planning Proposal seeks to permit the development of a mixed-use development comprising commercial facilities on the ground floor and about 400 residential apartments above. Specifically, it seeks to allow Retail Premises and Business Premises, including tenancies larger than 1,000m², which are currently not permissible on this site. This site is currently located within the R4 High Density Residential zone and adjoins the B2 Local Centre of Villawood.

The Planning Proposal specifically states that the purpose of the Planning Proposal is to allow the development of a full-line supermarket and supporting shops and services at the Villawood Local Centre.

More recent correspondence from the Applicant proposes a maximum retail area of 4,521m² GFA on the eastern half of the Subject Site, occupying about 0.5ha. Plans have not been provided showing how a full-line supermarket could be configured on such a small site and how the car parking and circulation could be arranged in a convenient format.

The request has been accompanied by a Retail Demand Assessment prepared by Hill PDA Consulting in September 2020. Council has requested an independent Peer Review of this Assessment.

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Retail Demand Assessment

The Retail Demand Assessment has concluded that there is sufficient demand to support a full-line supermarket and supporting retail and non-retail businesses on the Subject Site, with there being a significant retail gap currently and increasing with population growth.

The Retail Demand Assessment has applied an appropriate methodology with respect to the demand analysis. However, it has not addressed impact issues, which is considered to be particularly important in the planning assessment regime in NSW.

The Retail Demand Assessment has generally adopted reasonable assumptions. Exceptions to note include:

- (a) It is silent as to whether any supermarket retailer has expressed interest to operate the full-line supermarket. This is typically viewed as evidence of demand and need, although not proof;
- (b) The inclusion of the Secondary Trade Area North is considered debatable. Whilst it is not considered incorrect to include, I would have omitted it from the analysis. However, its inclusion does not invalidate the analysis; and
- (c) The retail capture rates by the Villawood Town Centre are considered slightly on the high side, particularly in the Primary Trade Area. However, in view of the significant gaps identified in comparison to the scale of the proposed development, this does not invalidate the analysis.

The Retail Demand Assessment has therefore reached reliable conclusions about demand and need for the proposed development. It is silent as to what impacts the proposed development may cause to the existing centre hierarchy.

Analysis

Various planning policies are encouraging urban renewal throughout Greater Sydney. The Subject Site, comprising a relatively large vacant site adjoining a Local Centre, proximate to a railway station and the bus network, is a great candidate for redevelopment, particularly for higher density residential. The development community has taken up this urban renewal opportunity by developing similar sites in Greater Sydney and now wishes to develop the Subject Site.

In both Greater Sydney and in Queensland, there has also been a push by the planners to provide active street fronts on the ground floor of higher density residential. This provides an enhanced degree of safety and security to residents, as well as providing a range of convenient shops and services to the immediate residents. However, from a retail demand perspective, I have seen too many examples where vacancies remain on these ground floor tenancies long after the residential tenancies have been fully occupied. I consider that, in many cases, too many streets have been activated, such that there is an insufficient pedestrian flow to sustain the quantum of ground floor tenancies that have been created.

Accordingly, it is my general view that the provision of a range of Retail Premises and Business Premises should be encouraged on the Subject Site. The real issue for determination is the extent of this provision. Based on the particular circumstances applying to the Villawood Local Centre, **is there sufficient demand for the scale of Retail Premises and Business Premises proposed and would this provision create an unacceptable level of impact upon the hierarchy?**

After ignoring the Secondary Trade Area North, the Villawood Town Centre currently serves a population of almost 16,000 persons. This population is expected to expand to more than 20,000 persons by 2036, with all of this growth expected to occur through redevelopment opportunities. Whilst there is a question of how long it would take for these opportunities to be realised by the development sector, these population projections are not considered unreasonable.

A population of this scale would normally be expected to be served by two full-line supermarkets by 2036. However, only a single ALDI discount supermarket is provided within the Trade Area. This means that the majority of Trade Area residents need to travel beyond this Trade Area to undertake their major grocery shopping trip.

There is a clear and strong level of need for a full-line supermarket to be provided within this Trade Area. It is preferable that such a supermarket be located within an existing centre or adjoining an existing centre. The Subject Site appears to be the only candidate site to satisfy this need. Therefore, it is concluded that there is a strong level of community, economic and planning need for the proposed non-residential element to locate on the Subject Site.

With respect to impacts, previous site inspections I have undertaken, together with the analysis undertaken by the Retail Demand Assessment, **indicates that the supermarkets are likely to be trading at high levels in this region, whereas the older strip retailing may be under-performing.**

Impacts of the proposed development would be spread thinly over a large number of centres, namely Fairfield, Cabramatta, Guildford, Chester Hill, Bass Hill and the existing Villawood Local Centre. The higher performing supermarkets within these centres would absorb the majority of impacts, with specialty stores being impacted to a much lesser extent. I would expect that overall centre impacts to not be at the significant level, although the Retail Demand Assessment has not demonstrated this.

There is one further issue that, whilst going beyond economics, is considered to be relevant to the assessment of this Planning Proposal (or at least subsequent related Applications). Whilst I have found that **there is a need for a full-line supermarket to locate within or adjoining the Villawood Local Centre, there is usually some tension between the operation of a large ground floor retail space (especially including a large supermarket) and the ability to provide convenient accessibility and quality amenity to the residential apartments above.**

This is an urban design issue and requires careful consideration by both the developer and the Council to ensure that an acceptable outcome is found for all stakeholders.

**Conclusion**

The Retail Demand Assessment can be relied upon to reach a clear and strong level of need for the proposed development to locate on the Subject Site. However, it is silent as to the level of impacts upon the existing centre hierarchy.

Impacts of the proposed development are likely to be spread thinly over a large number of centres, such that overall centre impacts are not likely to be at the significant level.

I trust that this Peer Review sufficiently addresses the required matters. Please do not hesitate to contact me should you have any queries regarding this advice.

Yours faithfully
Norling Consulting Pty Ltd



Jon Norling
Director