

ECONOMIC MARKET GAP ASSESSMENT

9-11 Nelson Street, Chatswood

Prepared for Strata Group
October 2020

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, is causing a material impact on the Australian and world economies and increased uncertainty in both local and global market conditions.

The effects (both directly and indirectly) of the COVID-19 Outbreak on the Australian real estate market and business operations is currently unknown and it is difficult to predict the quantum of the impact it will have more broadly on the Australian economy and how long that impact will last. As at March 2020, the COVID-19 Outbreak is materially impacting global travel, trade and near-term economic growth expectations. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance now and potentially into the future. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

The Report Content and the data and information that informs and supports it is current as at the date of this report and (unless otherwise specifically stated in the Report) necessarily assumes that, as at the date of this report, the COVID-19 Outbreak has not materially impacted the Australian economy, the asset(s) and any associated business operations to which the report relates and the Report Content. However, it is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong could be (or has been) materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) in respect of any loss suffered or incurred as a result of the COVID-19 Outbreak materially impacting the Report Content, but only to the extent that such impact is not reflected in the data and information used to support the Report Content.

This report is dated **October 2020** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of **Strata Group** (Instructing Party) for the purpose of an Economic Market Gap Assessment (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events including wars, civil unrest, economic disruption, financial market disruption, business cycles, industrial disputes, labour difficulties, political action and changes of government or law, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

Urbis has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

In preparing this report, Urbis may rely on or refer to documents in a language other than English which Urbis will procure the translation of into English. Urbis is not responsible for the accuracy or completeness of such translations and to the extent that the inaccurate or incomplete translation of any document results in any statement or opinion made in this report being inaccurate or incomplete, Urbis expressly disclaims any liability for that inaccuracy or incompleteness.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading bearing in mind the necessary limitations noted in the previous paragraphs. Further, no responsibility is accepted by Urbis or any of its officers or employees for any errors, including errors in data which is either supplied by the Instructing Party, supplied by a third party to Urbis, or which Urbis is required to estimate, or omissions howsoever arising in the preparation of this report, provided that this will not absolve Urbis from liability arising from an opinion expressed recklessly or in bad faith.

Urbis staff responsible for this report were:

Director	Princess Ventura
Senior Consultant	Ryan Condon
Research Analyst	Declan Foley
Project code	P0026170
Report number	2

© Urbis Pty Ltd

ABN 50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission.

You must read the important disclaimer appearing within the body of this report.

EXECUTIVE SUMMARY



MARKET GAP ASSESSMENT APPROACH



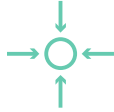
Approach

Urbis has been engaged by the Strata Group to provide a market gap assessment of potential land uses within the proposed redevelopment of 9-11 Nelson Street Chatswood. Our market gap assessment takes the following approach:

- The first step in assessing the development potential of a site is identifying a shortlist of possible land uses. In collaboration with Urbis Planning, we firstly considered the permissible land uses in the B4 Mixed use zone of the Willoughby LEP 2012. From these uses, we identified a shortlist of land uses that could realistically attract tenants at the site location, based on our experience of assessing the potential of these uses across Sydney. This exercise eliminated uses such as commercial office (too far from other commercial premises), community facilities (typically in town centres or near public parks and recreation), tertiary education and entertainment (requiring better exposure or location within activity centres).
- The resulting shortlist of uses that are most suitable for the podium levels of the proposed residential development at the site include:
 - Medical / health services
 - Childcare centre
 - Gym and fitness
 - Specialty retail - food and beverage or small scale convenience retail
 - Showroom / bulky goods retail.
- In the remainder of this report, we consider the location success drivers for the above identified potential land uses that could be developed at the subject site. It rates the subject site against these drivers and draws implications for the market gap and supportability of these uses at the site.
- These success drivers are detailed in Table E.1.

Land Use Success Drivers

Table E.1

LOCATION FACTORS	DESCRIPTION
 I. Market Demand	The number of and growth in surrounding residents and workers is a very important determinant of the commercial viability of many potential land uses.
 II. Competition	Provision, location and quality of offer of competitors can limit market scope to support additional uses.
 III. Competitive Positioning of the Subject Site	<p>The competitive positioning of the subject site is a key determinant of the type and scale of land uses that are supportable, and is driven by a number of factors. These include:</p> <ul style="list-style-type: none"> • Opportunity for Development of the Site and Future On-Site Population • Road Access, Visibility and Exposure • Public Transport Access • Proximity to Services, Amenities and Economic Opportunities • Synergies with Other Proposed Uses at the Subject Site.

CATCHMENT AREA DEFINITIONS

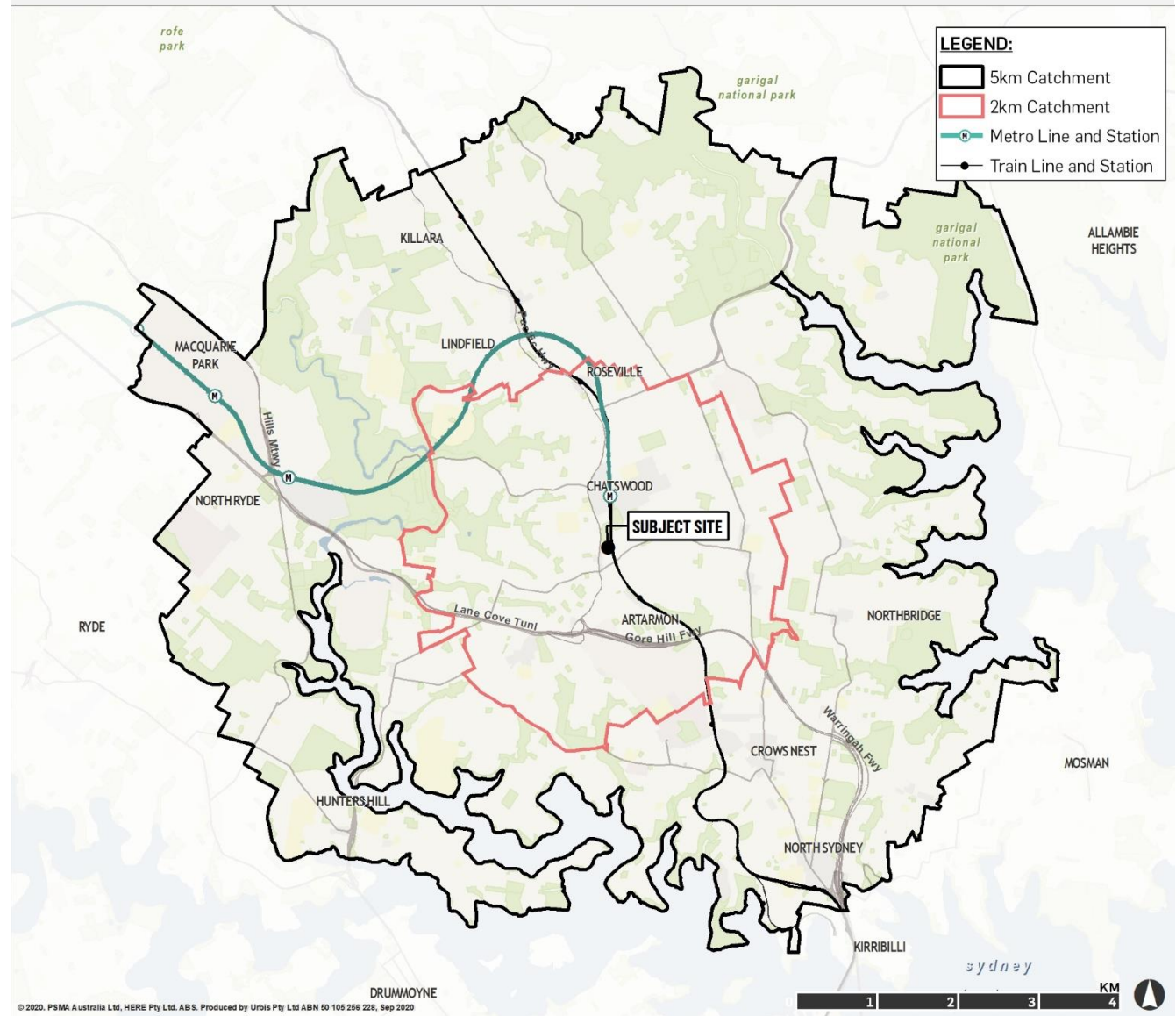
Approach

We defined two catchments for the purposes of identifying market gaps for potential land uses.

- The **2km catchment** has been used to assess the opportunity for medical, childcare, gym and specialty/F&B retail uses at the subject site, as these uses tend to service a local population.
- The **5km catchment** has been defined for the assessment of the potential to deliver bulky goods/retail showroom at the subject site. The larger catchment reflects this land use typically servicing a broader trade area.

Market Gap Catchment Areas

Table E.2



MARKET GAP ASSESSMENT KEY FINDINGS

Market Gap Assessment

Table E.2

Location factors	Medical	Child Care	Gym	Retail – Specialty / Food & Beverage	Retail – Bulky Goods / Showroom
Market Demand (Catchment)	2	2	3	3	4
Competition	2	1	3	2	2
Competitive Positioning of Subject Site	1	3	2	2	3
Location Suitability Score (out of 5)	1.7	2.0	2.7	2.3	3.3

Rating: 5 highly favourable, 4 favourable, 3 moderate, 2 relatively unfavourable, 1 highly unfavourable.
Source: Urbis

Key Findings

Table E.2 ranks the subject site against the success drivers for the non-residential land uses that could be developed at the subject site.

We have produced a **Location Suitability Score, which is the average of scores for the three land use success drivers explained on page 5**. This score forms the basis for our market gap and suitability assessment. Our analysis in arriving at each of these scores is provided in the remainder of the report.

As shown in the table, two of the five considered land uses received an above-average suitability score (i.e. >2.5 out of 5) based on the characteristics of the subject site and its location. **Based on this market gap assessment, we recommend that bulky goods retail/showroom, gym and small scale retail uses be considered for inclusion in the future plans for the site.**

Key findings from our analysis include:

- **Medical** rates the lowest in terms of competitive positioning (1 out of 5), reflecting the site's isolation from town centres and other medical uses, and its poor car access and exposure to passing traffic. It also rates unfavourably for market demand, due to lower population

and population growth for key age groups compared to the Sydney average, and for competition, given the high provision of medical facilities in the 2km catchment, particularly in Chatswood and Lane Cove.

- **Childcare** rates the lowest for competition, with 41 childcare places in the catchment offering a total of 2,500 places. Many of these facilities currently have vacancies, indicating an oversupply in the market. It also rates unfavourably for market demand, with a low proportion of children aged 0-4 and below benchmark projected growth in this age group. Moderate competitive positioning is driven by the large pool of current and future residents on site and immediately surrounding the site.
- **Gym** rates moderately for market demand, driven by the above average proportion of residents in the key 15-39 age group and above average spending levels. It also rates moderately for competition, as while there are 18 gyms within 2km, there are no clear competitors close to the site. However, the potential for a strong overall score is impacted by unfavourable competitive positioning driven by poor car access and exposure.

- **Retail – Specialty/Food and Beverage** uses have moderate market demand underpinned by high levels of retail spending in the catchment. However, this use rates unfavourably for competition, given the significant established retail in nearby Chatswood and Lane Cove. The site's isolation from other retail and lack of exposure to passing foot and car traffic also represents poor competitive positioning. The future on site residents and residents within walking distance may be able to support a small provision of specialty retail, given the lack of any competitive retail within walking distance.
- **Retail – Bulky Goods/Showroom** uses rates the most favourably for market demand (rated 4 out of 5), due to well above average spending levels in this retail category, and strong projected population growth within 5km. It also rates most favourably of all the uses for competitive positioning as a result of nearby similar uses along the Pacific Highway, offering potential synergies despite poor exposure and access. The unfavourable score for competition reflects the established clusters of bulky goods/showrooms in the catchment, particularly in Artarmon.

1.0 MARKET DEMAND



DEMAND DRIVERS – RESIDENT POPULATION

Key Findings

- The tables in this section outline the current and forecast market demand drivers that are relevant to each of the assessed land uses.
- Table 1.1 presents the projected population growth across the two defined catchment areas between 2019 and 2031, based on Transport for NSW (TfNSW) population projections (2019). The TfNSW projections are widely used for government strategic planning, and use a number of small area input sources on current and future development trends. The projections are therefore considered representative of the Chatswood CBD Planning and Urban Design Strategy (2016).
- Population growth is a key demand driver for medical, childcare, gym and retail uses. Key findings include:
 - The **2km catchment total population** is projected to grow at 1.0% per annum from 2019 to 2031, slower than population growth in Metropolitan Sydney over this period (1.5% per annum).
 - The **0-4 age group** (key demand driver for childcare) within the 2km catchment is expected to grow at a comparatively low 0.5% per annum, around 60% slower than the metropolitan average for the age group.
 - The **15-39 age group** (key driver for gym use) at 0.5% per annum is also significantly slower than the Metropolitan average for the age group over this period (0.9% per annum).
 - Residents in the 0-14 and 65+ age group are the key drivers for medical uses. Although the catchment projected growth of **0-14 age group** (0.8% per annum) is half the Metropolitan average, the **65+ age group** growth (2.3% per annum) is more in line with the average (2.9% per annum).
 - The projected **population growth in the 5km catchment** at 1.4% per annum (key demand driver for retail – bulky goods/showroom) is in line with the Sydney growth rate (1.5% per annum).

Projected Population – Catchment Areas

Table 1.1

	2019	2021	2026	2031	CAGR (%)
2 km Radius Catchment					
Aged 0-4	4,954	5,119	5,181	5,256	0.5%
Aged 0-14	12,952	13,305	13,773	14,239	0.8%
Aged 15-39	30,972	30,960	31,521	32,760	0.5%
Aged 65+	9,865	10,295	11,548	12,928	2.3%
Rest of Pop. (Aged 40-64)	22,325	23,162	24,557	25,804	1.2%
Total	76,114	77,721	81,398	85,732	1.0%
5 km Radius Catchment					
Total	240,384	247,609	265,015	285,104	1.4%
Metropolitan Sydney					
Aged 0-4	352,558	376,565	397,792	412,498	1.3%
Aged 0-14	999,118	1,051,603	1,139,264	1,203,408	1.6%
Aged 15-39	1,900,372	1,935,702	2,022,585	2,124,689	0.9%
Aged 65+	776,254	818,394	957,124	1,094,217	2.9%
Rest of Pop. (Aged 40-64)	1,636,419	1,687,771	1,826,028	1,964,224	1.5%
Total	5,312,163	5,493,470	5,945,000	6,386,538	1.5%

DEMAND DRIVERS – SOCIO DEMOGRAPHIC CHARACTERISTICS

Key Findings

- Table 1.2 presents key demographic statistics for the defined catchment areas from the 2016 Census and Marketinfo 2012 data. The table indicates which of the potential land uses that each of the measures will be a demand driver for.
- Key findings include:
 - The **age profile** of the 2km residential catchment population is well aligned with the Metropolitan average, representative of moderate demand for childcare and medical uses. The biggest variation was in the **age 15-39 group** (+2.5%), indicative of stronger than average demand for gyms.
 - The **average per capita income** (key demand driver for retail, gym and childcare uses) for both resident catchments is well above the Metropolitan Sydney average, particularly in the 5km catchment (+39.7%). Average household income for the catchments are also well above the Sydney average. The higher incomes in the catchment areas is also reflective of a higher proportion of **white collar workers** compared to the Sydney average.
 - There is a **lower proportion of families** (demand indicator for childcare and medical uses) in the 2km catchment than the Metropolitan average (-4.3%), with a higher share of **group and lone person households**, more likely to spend on gym memberships, specialty retail and F&B.
 - Retail spending** in the catchments is significantly above average. In the 2km catchment, high food retail (+34.2%) and retail services (+35.6%) spending levels are indicative of strong demand for specialty/F&B retail. Similarly the Bulky goods (+25.6%) spending variation supports a bulky goods/showroom offer.

Socio Demographic Profile – Catchment Areas

Table 1.2

	DEMAND / PREFERENCE INDICATOR FOR	2KM CATCHMENT	5KM CATCHMENT	BENCHMARK SYDNEY
Aged 0-4	Childcare	6.8%	6.1%	6.4%
Aged 0-14	Medical	18.3%	18.3%	18.7%
Aged 15-39	Gym	39.0%	35.3%	36.5%
Aged 65+	Medical	12.8%	14.5%	13.8%
White Collar Worker	Retail	87.3%	89.8%	74.7%
Average Household Size		2.58	2.56	2.78
Average Income				
Per Capita Income	Childcare, Retail, Gym	\$50,439	\$56,214	\$40,234
Var'n from Sydney Avg.		+25.4%	+39.7%	+0.0%
Average Household Income		\$124,551	\$137,110	\$106,502
Var'n from Sydney Avg.		+16.9%	+28.7%	+0.0%
Household Composition:				
Total Family (with children)	Medical	43.7%	43.4%	48.0%
- Family with children <15 years	Childcare, Medical	29.2%	28.0%	29.3%
- Family with children 15+ years		14.5%	15.4%	18.7%
Group Household	Retail – Specialty/F&B, Gym	5.3%	4.3%	4.3%
Lone Person	Retail – Specialty/F&B, Gym	23.8%	24.2%	21.8%
Other		27.2%	28.1%	26.0%
Housing Tenure				
Owner	Bulky goods retail	29.0%	33.4%	31.0%
Purchaser	Bulky goods retail	29.4%	30.9%	35.5%
Renter		43.2%	36.9%	35.6%
Retail Spending Var'n from Sydney Avg.				
Food Catering	Retail – Specialty/F&B	+34.2%	+40.1%	+0%
Retail Services		+35.6%	+49.6%	+0%
Bulky Goods	Retail – Bulky Goods/Showroom	+11.2%	+25.6%	+0%
Total Retail	Retail, Gym	+16.9%	+25.6%	+0%

Source: ABS; Marketinfo; Urbis

MARKET DEMAND – LAND USE RATINGS

MEDICAL

Scored 2 out of 5

- Proportion of the current 2km catchment population aged 0-14 (-0.4%) and aged 65+ (-1.0%) is slightly below the Metropolitan average.
- Moderate projected population growth of 1.0% per annum in the 2km catchment to 2031, is below the Metropolitan Sydney average of 1.5% per annum over the same period
- Projected growth in key age segments is low (0.8% per annum for 0-14 aged residents) to moderate (2.3% per annum for 65+ aged residents).

CHILDCARE

Scored 2 out of 5

- Proportion of the current 2km catchment population in the 0-4 age group of 6.8% is 0.4 percentage points higher than the Metropolitan average
- Projected population growth for the 0-4 age group is fairly low at 0.5% per annum, indicative of only ~300 additional residents in this age category by 2031.
- A higher average per capita (+25.4%) and household income (+16.9%) in the 2km catchment also indicates more disposable income to spend on childcare services.

GYM

Scored 3 out of 5

- The population aged 15-39 (+2.5%) is the largest variation in the 2km catchment compared to the Metropolitan average. Coupled with a higher proportion of lone and group households, this indicates strong existing demand for gyms.
- Projected population growth is fairly low at 0.5% per annum for the 15-39 age group, an additional ~1,800 persons by 2031.
- A higher total retail spending variation (+16.9%) and per capita income (+25.4%) in the 2km catchment is also reflective of a higher likelihood to spend on gym memberships.

RETAIL – SPECIALTY AND F&B

Scored 3 out of 5

- Retail spending for the 2km catchment in food catering (+34.2%) and retail services (+35.6%), is significantly higher than the Metropolitan benchmark.
- A higher average per capita income and household income for the 2km catchment also indicates a higher capacity to spend on retail
- Moderate projected population growth of 1.0% per annum in the 2km catchment to 2031, is below the Metropolitan Sydney average of 1.5% per annum over the same period

RETAIL – BULKY GOODS / SHOWROOM

Scored 4 out of 5

- Total retail spending and spending on bulky goods retail in the 5km catchment is well above the Sydney average (+25.6%).
- Strong population growth of 1.4% per annum projected in the 5km catchment to 2031, is only slightly below the benchmark of 1.5% per annum over the same period.
- A higher average per capita income and household income for residents of the 5km catchment compared to the Sydney benchmark also indicates a higher capacity and propensity to spend on bulky goods and showroom retail.

2.0 COMPETITION



COMPETITION - MEDICAL

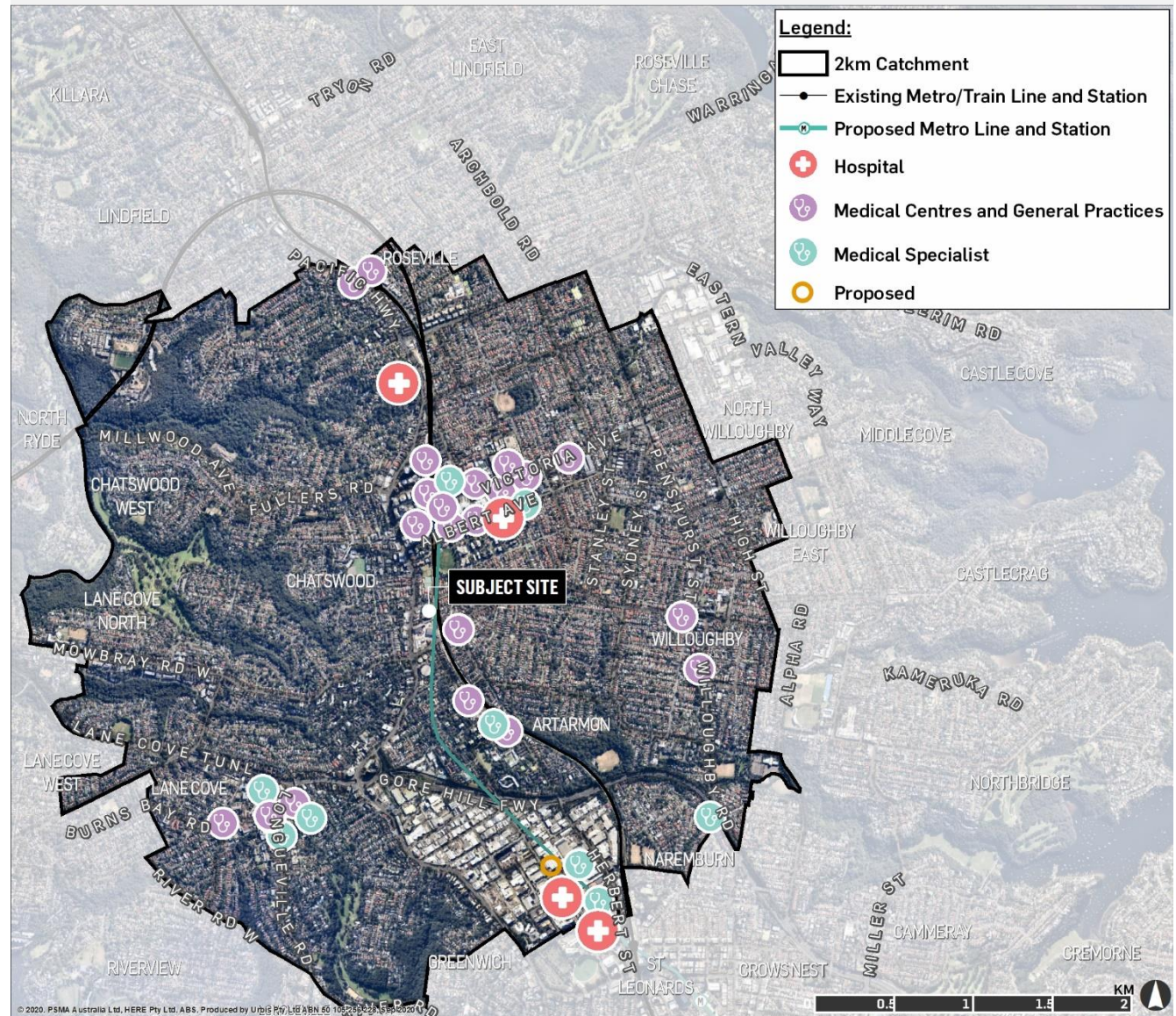
Key Findings

Scored 2 out of 5

- Within the 2km catchment, there are currently 23 medical centres and general practices, nine medical specialist and four hospitals (North Shore Private Hospital, Hirondele Private Hospital and Chatswood Private Hospital). Royal North Shore Hospital, a major public hospital is located outside of the catchment on the southern boundary. These are shown on Map 2.1
- A significant cluster of medical facilities are in the **Chatswood CBD**, particularly along the Victoria Avenue retail strip and adjoining streets. This is mostly a mix of smaller family style practices and large medical centres, such as MyHealth and Healthpac. Chatswood Private Hospital, a day surgery facility, and two standalone specialist are also within the cluster.
- **Lane Cove town centre** supports four medical centres and general practices along with three medical specialist providing a moderate level of competition to the subject site.
- **North Shore Private Hospital** and **Royal North Shore Hospital** are both located around 2km south of the subject site. There are only currently two specialist centres supporting the hospitals that are located within the catchment.
- The remaining medical facilities are mainly located within smaller town centres, such as **Artarmon town centre**, and benefit from proximity to local amenity.

Existing and Proposed Medical Facilities

Map 2.1



COMPETITION - CHILDCARE

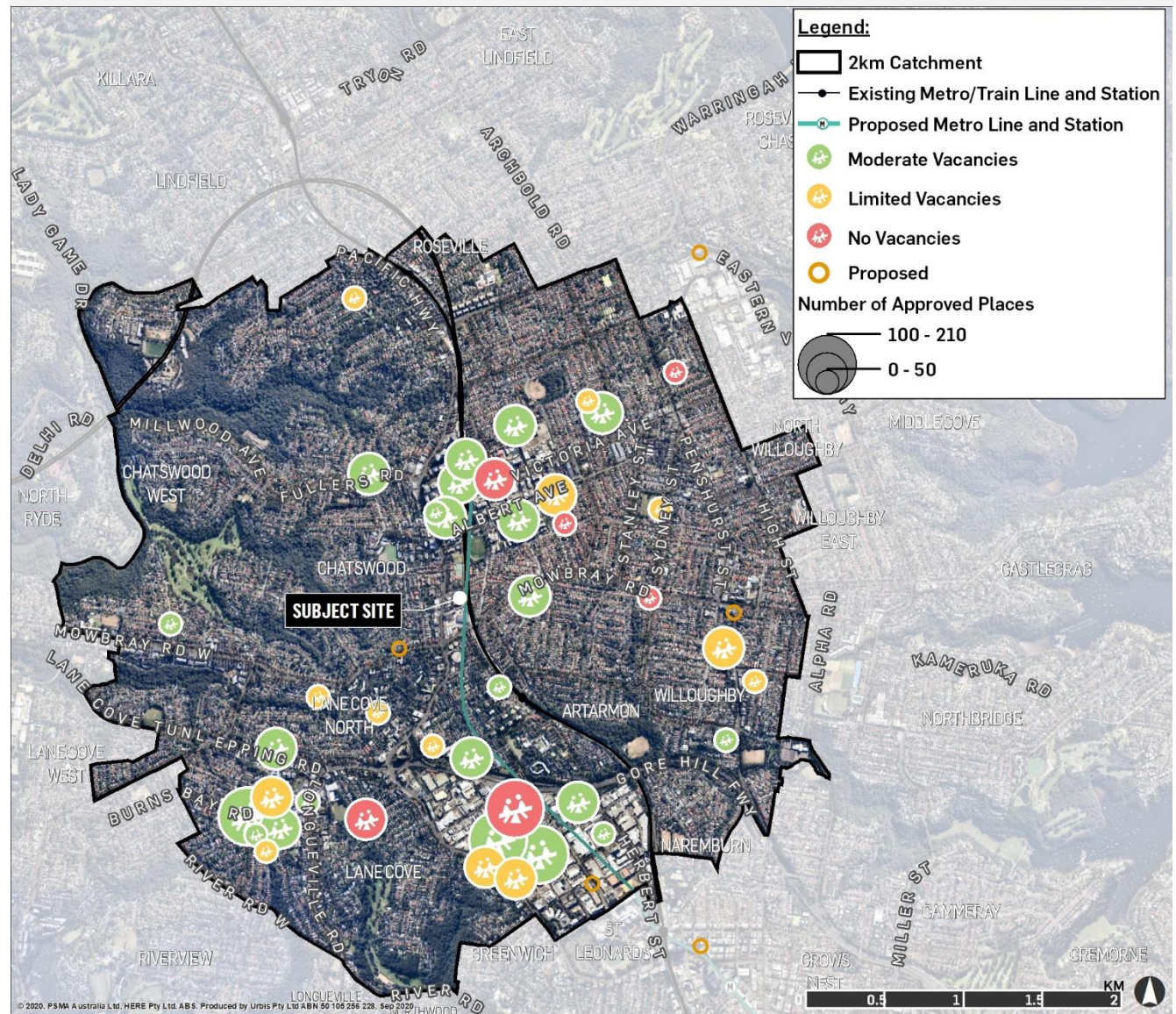
Key Findings

Scored 1 out of 5

- There are currently 41 childcare facilities in the 2km catchment area with a total of around 2,500 places for children.
- As shown in Map 2.1, the largest clusters of childcare facilities are in Chatswood (14), Artarmon (11). Chatswood services both a high density worker and resident population within the Chatswood CBD, while Artarmon services the large worker population from its industrial precinct and two major hospitals. Lane Cove (9) is also a significant cluster, particularly in the town centre and mainly services the nearby resident population.
- Approximately half of the childcare facilities have moderate vacancy, with only six recording no vacancies. Smaller childcare facilities more isolated from major roads and competitors, particularly in Willoughby, Roseville and Lane Cove North tend to record more limited vacancies.
- The subject site is more isolated from town centres and worker populations so would rely on attracting the resident population. Three Little Birds Early Learning Centre and the proposed facility on Mowbray Road, both within 500m of the subject site, will provide the most direct competition.

Existing and Proposed Childcare Facilities

Map 2.2



COMPETITION - GYM

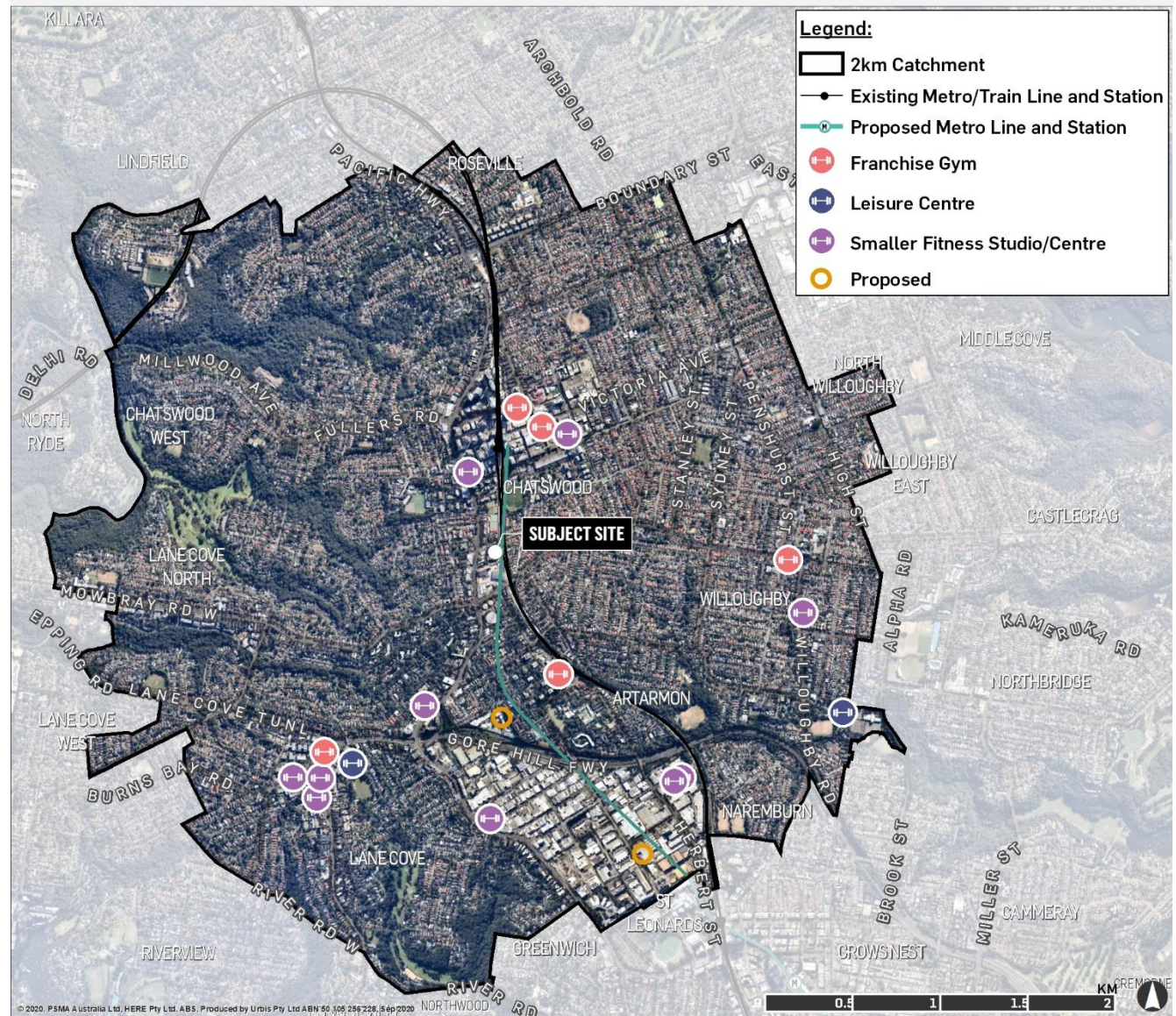
Key Findings

Scored 3 out of 5

- A total of 18 gyms are currently within the 2km catchment area, including five franchise gyms, two leisure centres and 11 smaller fitness studio/centres. There are only five 24-hour gyms in the catchment.
- Smaller fitness studio/centres in the catchment mainly serve more specialised markets such as F45 and Cross Fitness.
- There is a small cluster of gyms in the Chatswood CBD, which includes international gym operators Anytime Fitness, Fitness First and F45 Training that provide a moderate level of competition to the subject site. Other clusters are located further from the subject site in Lane Cove and Artarmon.
- The subject site is fairly isolated from other competitors in the catchment, including the proposed gyms, indicating limited direct competition for a potential gym or fitness offer at the site.

Existing and Proposed Gyms

Table 2.3



COMPETITION – RETAIL SPECIALTY AND F&B

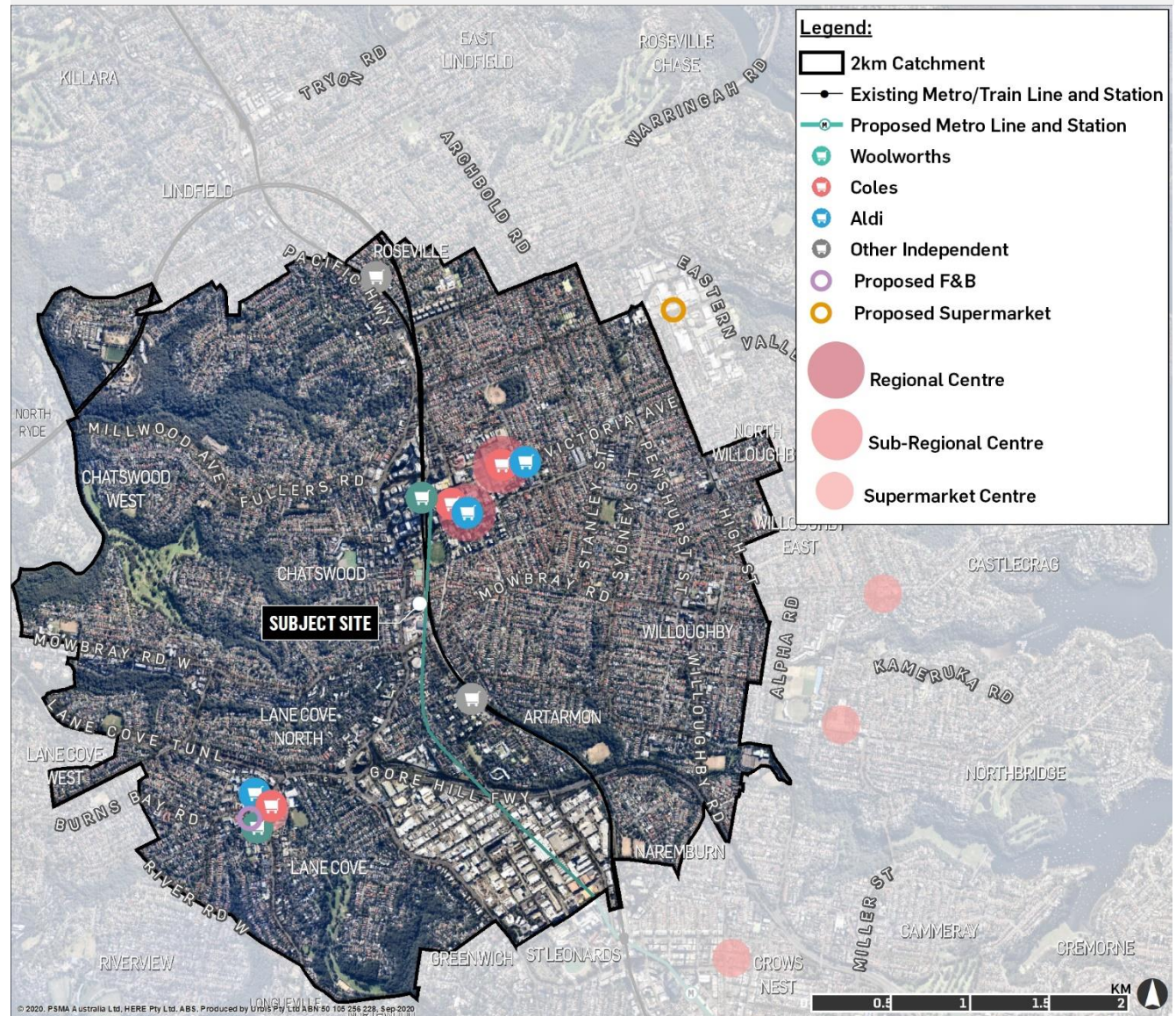
Key Findings

Scored 2 out of 5

- **Chatswood CBD** is the closest retail competition for the subject site, with two regional centres (**Westfield Chatswood** and **Chatswood Place**) serving as the major retail destinations in the region. **Victoria Avenue** is also a premier retail strip with extensive food and beverage options, particularly focused on Asian cuisine. Other smaller scale shopping centres like **Chatswood Interchange**, **Victoria Plaza** and **Chatswood Place** also feature prominently and provide additional retail options.
- The lack of competitive retail closer to the site than Chatswood represents an opportunity to provide a small scale retail offer servicing the convenience needs of residents on site and within walking distance.
- **Lane Cove** features **Lane Cove Market Square Shopping Centre**, a supermarket centre approximately 2km south-west of the site, that includes a full line Woolworths supermarket and 11 specialty shops. **The Canopy** is currently under construction and will feature a Coles and Aldi supermarket. The proposed development will also include a new F&B precinct due to open in late 2020.
- **Lane Cove town centre** is also a well-established food and beverage precinct with an array of options on Longueville Road and Burns Bay Road. With a future mixed use development proposed to include a F&B offer, Lane Cove represents a highly competitive retail environment.
- Other town centres within the catchment that feature smaller food and beverage precincts include Willoughby, Artarmon, Naremburn and Roseville.

Existing and Proposed Retail – Centres, Supermarket

Table 2.4



COMPETITION – RETAIL BULKY GOODS AND SHOWROOM

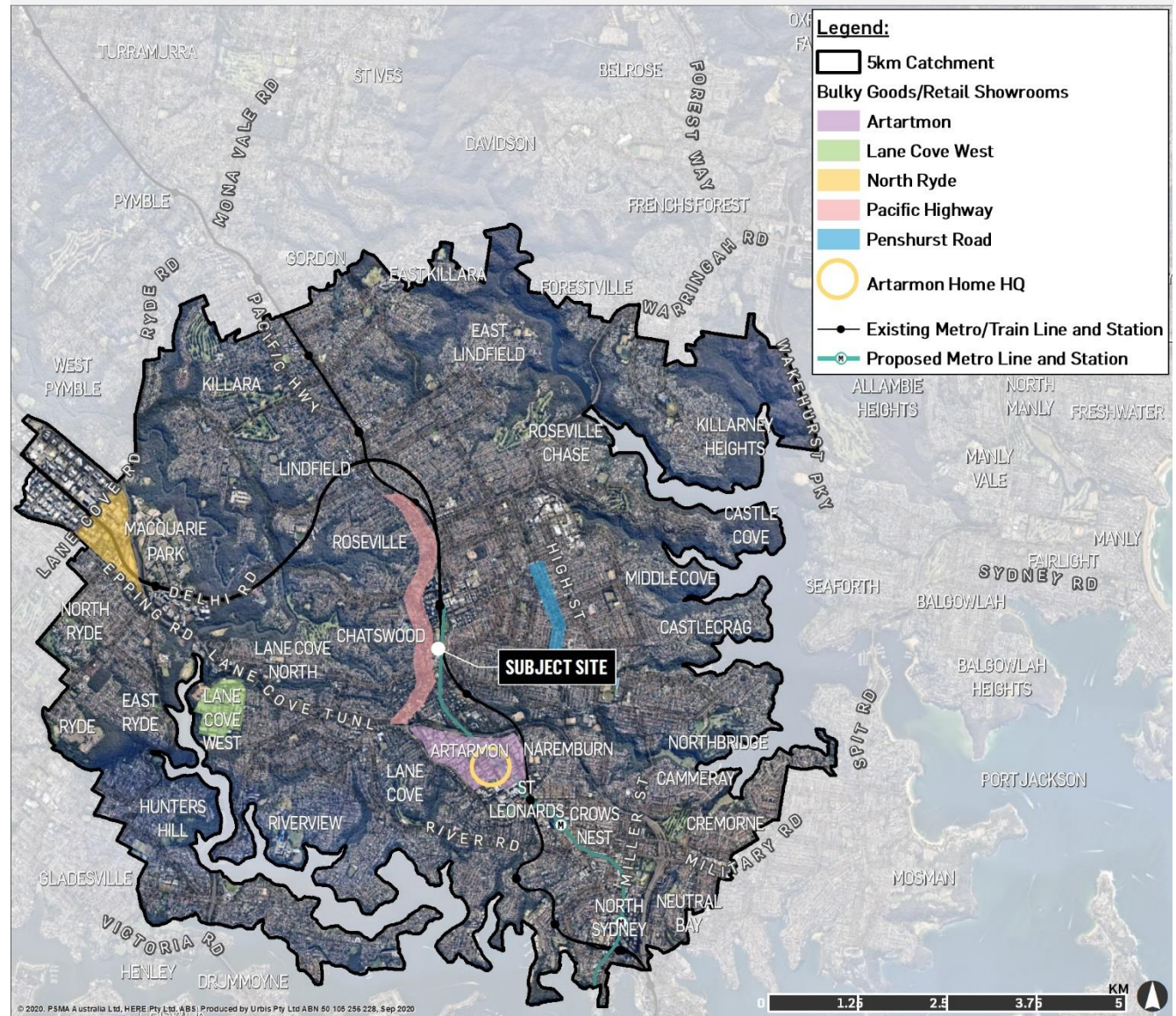
Key Findings

Scored 2 out of 5

- In the case of bulky goods retail and showrooms, direct nearby competition within a cluster of competitors often drives visitation to the precinct, and is a positive demand driver. Therefore, our analysis focuses on broad precincts of bulky goods retailers and showrooms within 5km that will compete with the existing cluster close to the subject site.
- Artarmon** is the largest and most direct bulky goods/showroom competition for the subject site. There is a large cluster of car showrooms on the western boundary of the precinct, with good exposure from Pacific Highway. Within the Artarmon industrial precinct there is a significant cluster of trade supply stores (Bunnings, Reece Plumbing and Tradelink), with homeware, electronic and medical equipment stores also featuring.
- The precinct also features **Artarmon Home HQ**, a homemaker shopping centre, with around 22,200 sq.m of retail floorspace. Furniture, homewares and electronic stores account for 90% of floorspace. Major tenants include Freedom, The Good Guys and Pillow Talk.
- Pacific Highway** and **Penshurst Road**, both have more dispersed clusters of bulky goods/showrooms taking advantage of exposure from main roads. Pacific Highway predominantly comprises car showrooms, while Penshurst Road has a larger focus on homemaker stores.
- Lane Cove West** is further from the site and features mostly specialised stores in medical equipment and other electronic goods. A small number of homemaker stores also exist providing limited competition to the site.
- North Ryde** is furthest from the site and is well represented by homemaker, technology and office supply stores.

Existing and Proposed Retail – Bulky Goods and Showrooms

Table 2.5



3.0 COMPETITIVE POSITIONING



SITE OPPORTUNITY

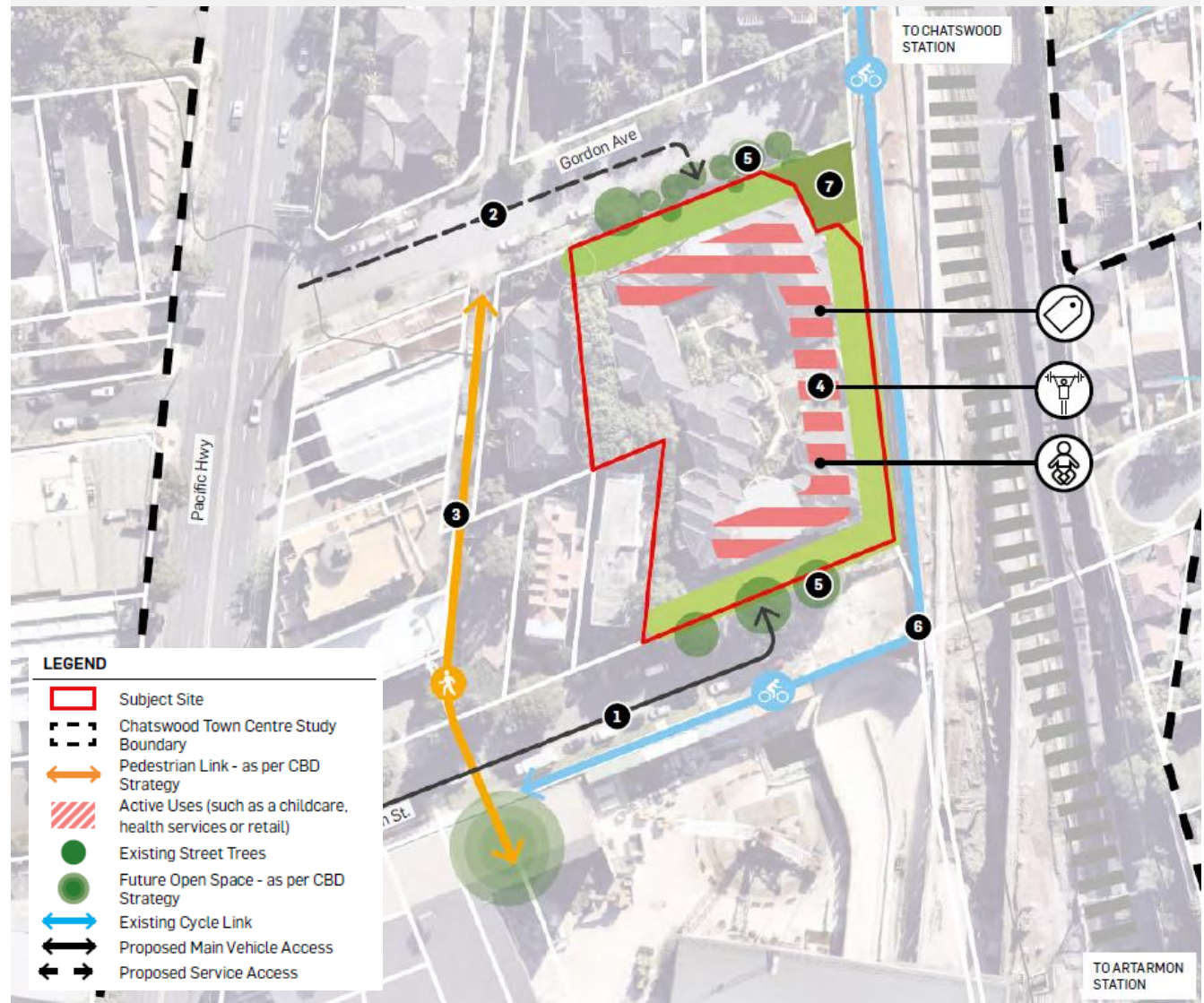
Key Findings

Map 3.1 opposite presents a summary of the site opportunities as identified in Urbis' Urban Context Report for the subject site. Key opportunities include (annotated on Map 3.1):

1. Based on directions from the Chatswood CBD Strategy, transform the future character of Nelson Street with a pedestrian and active transport focus. Introduce cycle access on Nelson St to connect with existing shared path.
2. To manage traffic impacts to the immediate area, limit service access to the site via Gordon Avenue, thus minimising heavy traffic movement along Nelson Street.
3. As identified in the CBD Strategy, introduce a new through site connection to Hammond Lane. While this does not directly impact the subject site, it highlights Council's vision to promote a vibrant and activated pedestrian experience.
4. To promote a vibrancy, safety and street activation, introduce a range of non-residential uses such as a childcare, gym, health services and retail to ground and podium levels.
5. Preserve existing vegetation where possible within the site. Introduce soft landscaping to enhance the local character and provide amenity for future residents.
6. Extend active transport connectivity along Nelson Street towards Mowbray Road, and where possible enhance the character of the active transport link through active frontages that promote passive surveillance and safety.
7. Respond to the amenity afforded by existing open space to the north east corner through visual and physical connections from the site.

Site Opportunities Plan

Map 3.1



POTENTIAL URBAN DESIGN OUTCOMES

Key Findings

As part of Urbis' Urban Context Report, two tower scheme options were tested for the subject site, with both options maximizing the building height of 90 metres and FSR of 6:1.

Figure 3.1 shows a summary of the two tested schemes:

- 1. Reference scheme (two tower): consistent with the Chatswood CBD Strategy (i.e. 700sqm floor plates).
- 2. Alternate scheme (single tower): found to result in additional benefits in terms of improved ADG performance.

The tower scheme testing shows that the subject site has the potential to accommodate a significant number of future apartment dwellings (225 – 258 apartments). These future apartments will accommodate a large on-site resident population who will have immediate access to the future podium uses.

The large future onsite population will support demand particularly for specialty and F&B retail, gym, childcare, and medical uses.

Tower Options for the Site

Figure 3.1

REFERENCE SCHEME



Figure 38 Two Tower Option

Maximum Building Height	FSR	Indicative Yield
90M	6.0	258
25 STOREYS		APARTMENTS

ALTERNATE SCHEME



Figure 37 Single Tower Option

Maximum Building Height	FSR	Indicative Yield
90M	6.0	225
27 STOREYS		APARTMENTS

ROAD ACCESS, VISIBILITY AND EXPOSURE, AND PUBLIC TRANSPORT ACCESS

Key Findings

The subject site enjoys a moderate competitive positioning in terms of its road and public transport access.

- **Chatswood train station and bus interchange** is 500m north of the site with minimal slope. The station offers frequent bus and train services, providing connections to major employment centres in North Sydney (10 mins), Sydney CBD (15 mins) and Macquarie Park (7 mins). It also provides access to surrounding resident populations west to Epping (13 mins) and north to Hornsby (25 mins).
- **Road connectivity** to the site is strong as the Pacific Highway is adjacent to the west. The highway connects the site well to other major roads in Sydney including the M1 and M2 motorways to the south and Warringah road to the north.
- **Bus connectivity** provided by Pacific Highway is also strong, with the nearest stop on the corner of Pacific Highway and Gordon Avenue.
- **Road access** to the site however is weak as the site is only accessible from turning left heading southbound on the Pacific Highway onto Nelson Street or Gordon Avenue. Similarly the site may only be exited by turning left onto the Pacific Highway.
- The subject site does not have strong **visibility** from a major road, and therefore lacks exposure to passing traffic. This is a key competitive advantage for medical and retail uses. However, the site does offer some exposure to passing train patrons through its location adjacent to the train line.

Access, Visibility and Exposure

Map 3.2



PROXIMITY TO SERVICES, AMENITIES, AND ECONOMIC OPPORTUNITIES

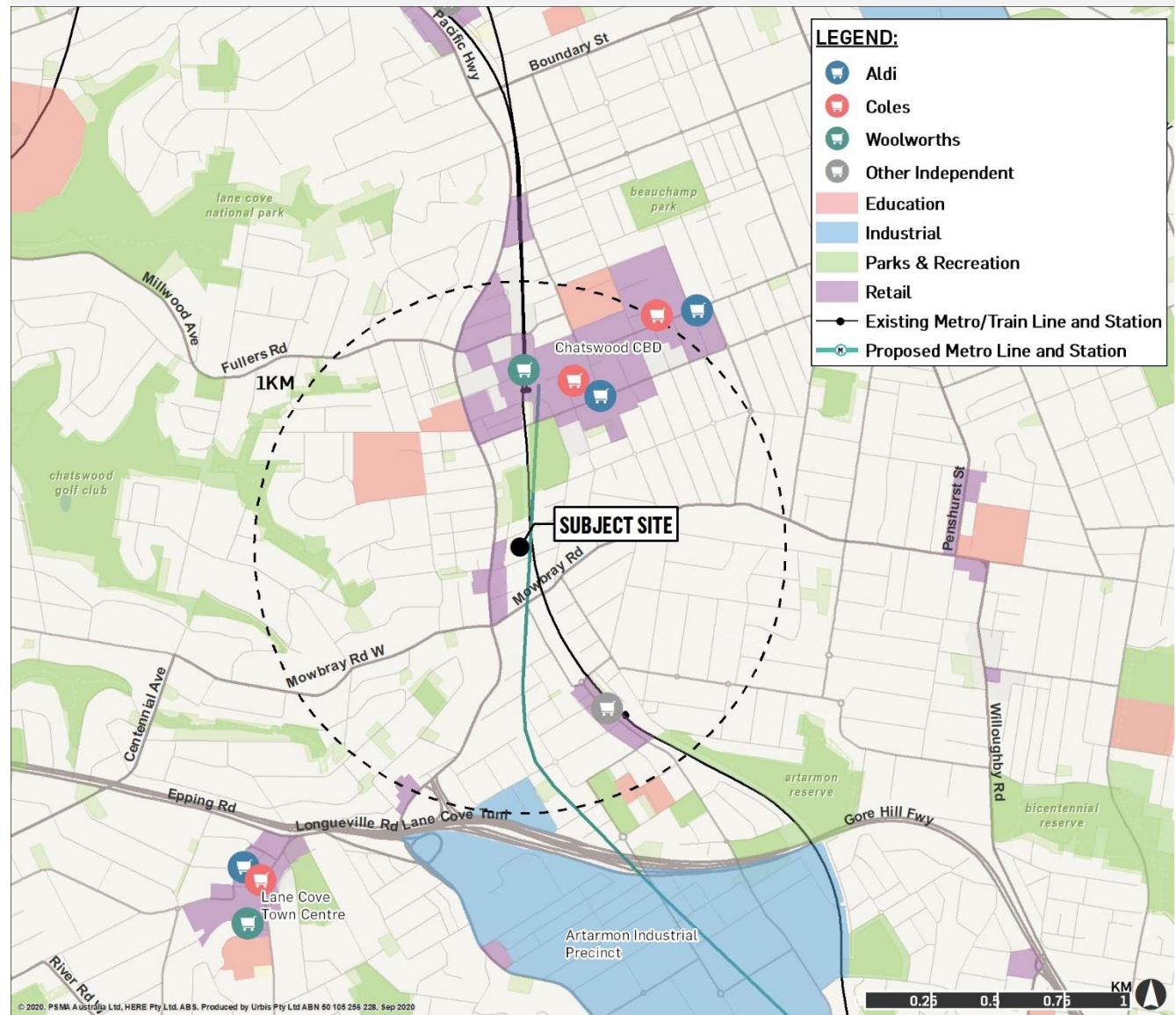
Key Findings

The subject site's competitive positioning is strengthened by its proximity to services, amenities, and economic opportunities, including:

- **Bulky Goods/Showrooms:** there is a small concentration of bulky goods retail stores and showrooms to the west of the site, along the Pacific Highway. There is an opportunity for similar uses at the site to realise potential synergies with these uses, by leverage visitation to existing showrooms.
- **Residential:** the site's immediate surroundings are mainly comprised of residential dwellings, including three storey residential buildings on Nelson Street and Gordon Avenue. A current Sydney Metro construction site directly south of the site is also earmarked for high density residential/mixed use development. Residents in this area represent potential customers to the site, particularly for specialty retail, gym, medical and childcare uses.
- **Chatswood CBD:** featuring two regional shopping centres around 600m north of the site, Chatswood is the largest retail precinct in the north shore region. High density residential and commercial buildings service a large resident and worker population that represents a key pool of potential customers for future uses at the subject site.
- **Artarmon Industrial Precinct:** located 1km south of the site, the precinct supports a large worker population. There is a mix of light industrial and large format retail uses, as well as featuring Artarmon Home HQ shopping centre.
- **Lane Cove Town Centre:** a town centre well known for its street front food and beverage offer and Lane Cove Market Square shopping centre.
- **Lane Cove National Park:** situated to the north west of the site, the park includes multiple picnic areas and walking trails, making it a popular recreation destination.

Surrounding Land Uses

Map 3.3



COMPETITIVE POSITIONING – LAND USE RATINGS

MEDICAL

Scored 1 out of 5

- Potential to service the current and future residents within the immediate surrounding residential buildings.
- The site is not part of an existing town centre, retail precinct, health precinct or employment centre, in which medical centres often cluster to leverage visitation to other uses. As such, the site has a competitive disadvantage to centres such as Chatswood CBD and Lane Cove.
- Limited exposure to passing traffic will also significantly limit the competitiveness of medical uses at the site.

CHILDCARE

Scored 3 out of 5

- Highly convenient to a large pool of current and future residents on site and in surrounding medium density buildings within walking distance.
- Constrained car access, limited to south-bound journeys on the Pacific Highway, presents difficulties for pick up or drop off for potential customers coming from the south (from home or from work).
- Proximity to employment centres (Chatswood and Artarmon) will generate some demand from workers of these centres.

GYM

Scored 2 out of 5

- On-site car parking and ease of access is important for gym users. While there is potential for car parking to be provided within a future development, car access to the site via Pacific Highway is constrained. As such, the key gym market will be residents of the buildings within walking distance of the site.
- Exposure to passing train passengers may drive demand from local residents
- Public transport access to the site has the potential to broaden the customer base, however gyms in Chatswood CBD and Lane Cove have superior public transport access.

RETAIL – SPECIALTY AND F&B

Scored 2 out of 5

- Lack of exposure to a main road and isolation from a town centre or retail precinct is a competitive disadvantage for the site.
- A specialty retail offer at the site is likely to rely on trade from on site residents, and residents of the existing and future residential buildings surrounding the site. Retail at the site will also access synergies from other uses being considered, by driving passing retail trade (e.g. from showroom, gym, or medical visitors).
- A small scale retail offer, such as a café or general store, has the potential to be supported by surrounding residents, particularly on weekends and before and after work hours on weekdays.

RETAIL – BULKY GOODS / SHOWROOM

Scored 3 out of 5

- There is a small cluster of bulky goods showrooms to the west of the site, along Pacific Highway. This presents strong potential synergies for the site through the opportunity to leverage visitors to existing showrooms.
- The site lacks direct exposure from the Pacific Highway, being around 50 metres removed, which is a major competitive advantage for these sites. Bulky goods at the site may receive some exposure from passing trains to the east.
- Constrained road access is a key concern as bulky goods/showroom is reliant on customers travelling by car, however visits are infrequent and the car access is unlikely to be a major deterrent.

