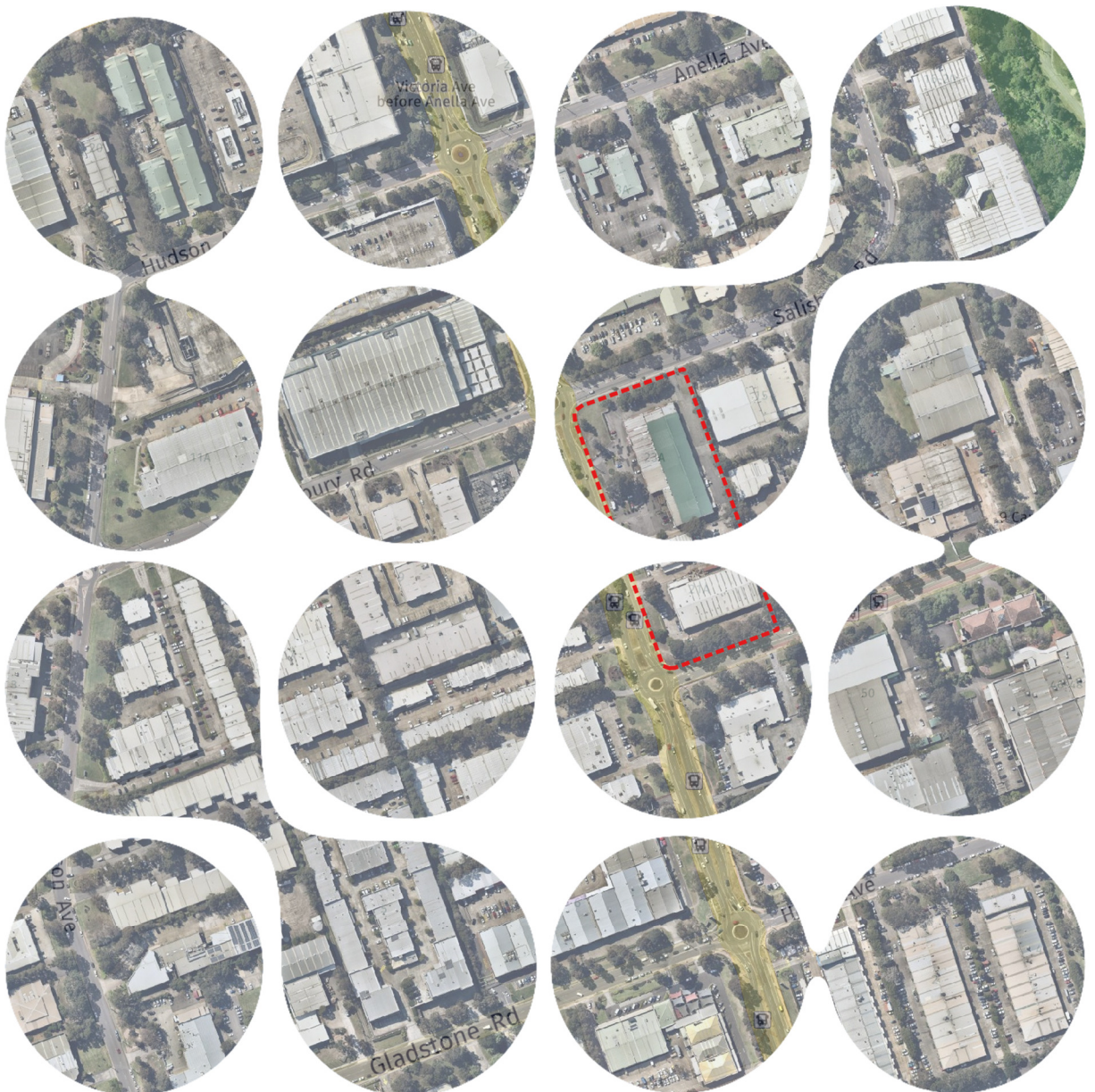


Carrington Place Castle Hill Planning Proposal

Economic Impact Assessment

Prepared for Spotlight Property Group
14 December 2020



Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

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This report should be read in its entirety, as reference to part only may be misleading.

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Executive summary

Introduction

This report presents an assessment of the development opportunity and economic effects associated with a Planning Proposal to facilitate a mixed-use commercial development at 21-23 Victoria Avenue, Castle Hill.

The proposal is to introduce additional permitted uses and adjust building heights and floor space ratios applicable to the site to encourage an intensification of economic activity and employment, consistent with the strategic planning framework that has been developed for the Norwest Strategic Centre.

Development concept plan

A development concept plan has been prepared to indicate the likely development outcome if the Planning Proposal were approved, and provides for a commercial office and hotel development with a range of supporting uses including shops, small service businesses and other community service uses, as well as provision for continuation of specialised retail uses. Total floorspace provision for the proposed development would be 56,963 sqm gross floor area (GFA), representing an overall Floor Space Ratio (FSR) of 2.71.

The Bates Smart design has two commercial towers and a hotel positioned with a strong address to Carrington Street, and lower building heights on the northern edge of the development which would accommodate specialised retail uses. The middle of the site would have a range of future uses to serve the local workforce, surrounding precinct and residents in the area, and would provide shops, service businesses, cafés and other food dining businesses.

Planning context

The site is within the Norwest Service Precinct which forms part of the wider Norwest Strategic Centre where considerable strategic planning work has been undertaken to plan for urban renewal that is expected to be stimulated by the delivery of the Sydney Metro Northwest public transport infrastructure.

Local planning strategies identify the Norwest Service Precinct as a location for specialised retailing and other similar uses, as well as for more intensive commercial development, including offices, along key routes within the precinct. The subject site, on Carrington Road, is well situated as a location for higher intensity commercial offices, and to provide a service node for retail and other uses to cater to the needs of workers, local residents and visitors.

In summary, the site presents a commercial and employment opportunity within close proximity to the Hills Showground station, consistent with the objectives of Hills Future 2036 and with potential to activate the proposed new business spine along Carrington Road. The need for local shops and other services to enhance the amenity of the area and serve the needs of workers and local residents is also consistent with strategic planning policy for the area.

Office as a permitted use

Analysis of the introduction of office as a permitted use has been prepared to identify the development opportunity and assess any potential effects on other centres or planned developments.

The analysis shows there is a significant opportunity for increased commercial office provision, supported by:

- A large and growing white-collar workforce
- An immature local office sector which does not yet provide opportunity for firms to establish locally
- An opportunity to better serve small business owners in the region who are likely to prefer to locate their businesses within the region if appropriate office accommodation (for example as smaller strata offices) is provided
- Potential for larger users, including government agencies, to secure space to better serve the north-west region.

The positive outlook for the commercial office sector is consistent with planning strategies that seek to stimulate local employment growth, with a focus on professional and other office-based sectors.

In the context of wider growth opportunities, the office provision at the subject site represents a small fraction of total demand over the forecast period. Because of this, its effect on other planned developments would be minimal, likely to emerge as a short-term delay in office development rates at these precincts, rather than any loss of development opportunity.

Shop as a permitted use

For the purposes of examining the development opportunity and economic impact of the proposal, the analysis in this report concentrates on the shop components of the proposed development, as the specialised retail component represents an already established and permitted use and aligns with the anticipated growth of specialised retail in the precinct.

The Concept Design for Carrington Place proposes to include shops as permitted uses in order to enable a local convenience offer for local workers, hotel guests, shoppers and other visitors, as well as the residential population within an identified local catchment.

The types of shops accommodated within the development are likely to include a small to medium sized supermarket and a range of specialty stores trading across food, non-food variety and retail service categories. Other tenants will include food and drink premises (which are allowed within the B5 zone) and business premises which are assessed separately.

In terms of the role of the centre in the retail hierarchy, it is acknowledged that the future Showgrounds centre, which is proposed to include a full-line supermarket, will become the main focus for the surrounding residential catchment, which includes the Secondary east sector of the Carrington Place catchment. The shop

uses at Carrington Place will occupy a lower-order role given its location within a largely commercial precinct, with sales generated as a combination of spending by residents in the catchment, hotel guests, local workers on the site and elsewhere in the precinct, shoppers at the nearby large format centres and other visitors passing through.

With respect to expenditure by catchment residents, it is likely that a relatively small share of residential catchment retail spending would be captured at the development, given the location of other nearby centres which also serve residential markets. Most catchment residents – especially those in the Secondary east sector – are likely to continue to do most of their shopping at existing centres that have a full-line supermarket offer and a wider variety of specialties. The centre's position embedded within a mixed use precinct is also likely to lessen the appeal to residents.

Based on estimates of the share of retail spending captured from residents living in the catchment, plus spending by workers and from other sources, the total sales achieved by the shop uses is estimated at approximately \$50 million, of which around \$27 million would be associated with a supermarket.

In terms of trading impacts arising from expenditure by workers, the introduction of a modest supermarket and other shop uses serving a convenience retail role will mainly support new workers brought to the site and existing workers in the Norwest Service precinct, and is not considered to have any significant impact on existing centres in the area.

The contribution from spending by catchment residents is relatively minor in the context of total catchment spending, representing a market share of around 5.7%. All other things being equal, this represents the average impact across all affected centres, although higher impacts of up to around 8-10% may be experienced at individual centres, including for example the proposed centre at Showgrounds station. Nevertheless, the trading effects at the local level are not significant in an area where substantial population growth is expected to occur, and are not expected to lead to viability issues at existing centres or preclude planned developments.

Business premises as a permitted use

The inclusion of business premises as a permitted use would enable small service-type uses that serve the needs of local workers, hotel guests, shoppers, residents and other customers that are already shopping within the centre. Examples include banks, hairdressers, massage therapists, clothing alteration shops, shoe repairs, and optometrist.

These businesses would rely on existing visitation to the site, and therefore can be defined as complementary or ancillary to other uses. The accommodation of business premises would provide additional amenity to workers, shoppers and visitors who are already there, and would have no effect on the role or operation of other centres in the region.

Economic outcomes

The Planning Proposal would enable intensification of the subject site and would generate the following economic benefits:

- Capital investment estimated at \$285 million
- Employment generated during the construction period, estimated at 1,680 direct full-time equivalent jobs created over two years, and a further 2,900 indirect jobs (FTE) created indirectly throughout the wider economy
- An estimated 2,035 employment positions created on the site on an ongoing basis, representing an estimated 1,765 FTE jobs
- A further 3,490 ongoing indirect jobs (FTE) created in the wider economy through inter-industry linkages and expenditure of wages
- Revitalisation of an under-utilised site, providing a much more intensive and attractive development at this prominent gateway
- Potential to act as a catalyst for development of other sites in the area, especially signalling investor appetite for major office development
- Reduction in car trips and environmental externality effects by encouraging local office provision and reducing commuter distances to inner city office precincts
- Uplift in rates revenue for The Hills Shire
- Added local amenity for workers, hotel guests, shoppers in the precinct and residents in the area, including potential future residents within the Cattai Creek corridor.

As noted above, the proposed uses are supported in terms of need and would not adversely affect the role or operation of other developments – existing and planned – in the region.

1

Introduction

1.1 Background

This report presents an assessment of the development opportunity and economic effects associated with a Planning Proposal to facilitate a mixed use commercial development at 21-23 Victoria Avenue, Castle Hill by introducing additional permitted uses and adjusting building heights and floor space ratios applicable to the site. The report has been prepared on behalf of Spotlight Property Group.

The site is a 2.1 ha property situated at the intersection of Victoria Avenue and Carrington Road within the Norwest Service Precinct, which is central to the wider Norwest Strategic Centre.

The proposal seeks to introduce additional permitted uses within the existing underlying zone to facilitate a mixed commercial development that would lead to an intensification of economic activity and employment on the site.

The Planning Proposal would facilitate a development concept that has been prepared by Bates Smart on behalf of Spotlight Property Group. The plan provides for a commercial office and hotel development with a range of supporting uses including shops, small service businesses and other community service uses, as well as provision for large format retail.

Total floorspace provision for the proposed development would be 56,963 sqm gross floor area (GFA), representing an overall Floor Space Ratio (FSR) of 2.71.

1.2 This report

This report provides economic analysis of the Planning Proposal, including an assessment of the market context for the proposed additional permitted uses, and an examination of the effects that the proposal would have, if developed, including potential trading impacts on existing and planned centres in the region.

The report is organised as follows:

Section 2 describes the local and regional site context.

Section 3 presents details of the Planning Proposal and the concept development plan which provides the basis for this assessment and identifies the additional permitted uses which form the basis for subsequent economic analysis in this report.

Section 4 summarises strategic planning and policy documents that are relevant to this economic assessment of the proposed office and retail development.

Section 5 analyses the proposed inclusion of office uses including the prospects for future growth in office space demand in the region and the potential effects arising from approval of the proposal on other planned office developments in the region.

Section 6 addresses the proposed inclusion of shop uses and includes assessments of the role of the proposed retail (shop) tenancies, the catchment likely to be served, estimates of sales performance and trading impacts on existing and planned centres.

Section 7 examines the proposed inclusion of business premises as a permitted use, including the role of these types of activities and the effect of including such uses on the subject site.

Section 8 summarises the economic effects of the proposal, including any identified trading effects arising from the office, shop and business premises components, as well as the positive employment generation and consumer and worker benefits.

2

Context analysis

2.1 Regional context

The subject site at 21-23 Victoria Avenue in Castle Hill is located 31 km north-west of the Sydney CBD, within The Hills Shire local government area (LGA).

The Hills Shire, along with Blacktown, Parramatta and Cumberland LGAs, forms the *Central City District* under the *Greater Sydney Region Plan*.

The municipality contains established housing to the south around Baulkham Hills, new urban development areas extending from Kellyville through Rouse Hill to Box Hill to the north-west, and rural and semi-rural communities to the north extending to Wisemans Ferry.

According to the latest estimates from the Australian Bureau of Statistics (ABS), the shire had a population of around 178,000 persons as at June 2019, having grown by around 61,000 people since 2001 and by 30,000 people since 2011.

Further significant population growth is planned; according to Hills Future 2036 the Shire will experience an 80% increase in the residential population over the period 2016 to 2036, or an extra 128,000 residents, mainly in greenfield areas in the North West Growth Area, and in urban renewal areas including around Metro Northwest station precincts.

Retail, commercial and other employment uses are clustered mainly in and around Norwest, the Castle Hill commercial centre and Rouse Hill.

In the wider region, other significant centres of employment and economic activity include Greater Parramatta to the south which is a focus for CBD-style commercial office development, health and education institutions; Penrith which is a key regional centre to the west; and more established inboard employment precincts to the east such as Macquarie Park.

Figure 2—Local context

Source: Deep End Services; NearMap



3

Proposed development

3.1 Planning Proposal

The Planning Proposal for the site seeks to facilitate a mixed commercial development of the subject site by:

- Introducing additional permitted uses within the existing underlying B5 Business Development Zone (as per the previous Local Environmental Plan, noting that the site is within a Deferred Matter area under LEP 2019);
- Increasing the FSR applicable to the site from 1.0 to 2.71; and
- Amending the Height of Building control (HOB) to facilitate a high-density development outcome.

The additional uses are to be implemented through a new clause inserted to Schedule 1 to the Hills Shire Local Environmental Plan (LEP) which would enable development of the land to include:

- Office premises
- Shops
- Business premises.

Other proposed uses are already permitted within the B5 Zone.

The underlying intention of the Planning Proposal is to enable development of the site for more intensified employment-generating uses, focussing on commercial offices and a hotel. Other supporting uses including shops and service businesses are intended to serve the needs of local employees and residents in the immediate area, while provision for specialised retail provides for the continuation of such uses within the Norwest Service Precinct.

3.2 Concept development

A Concept Design has been prepared by Bates Smart to reflect the anticipated development outcome enabled by the proposed changes to the planning controls for the site.

The Bates Smart design provides for two commercial towers and a hotel with a strong address to Carrington Street which provides the major east-west route through the precinct from the showgrounds station to the east towards Norwest Central. The topography of the land means that at-grade entries from Victoria Avenue on the western edge would continue into the lower ground level at Carrington Road and Salisbury Road.

Lower building heights would be established on the northern edge of the development which would accommodate specialised retail (ie large format retail tenancies) to provide a continuation of the existing land uses on the western side of Victoria Avenue.

The middle part of the site, across the lower ground and upper ground levels, would accommodate a range of future uses to serve the local workforce, surrounding precinct and residents in the area, and would provide shops, service businesses, cafés and other food dining businesses.

The hotel entry would be at the south-west corner on the upper ground level, with 164 hotel rooms provided within podium levels with commercial offices above.

Total car parking provision would be in the order of 1,300-1,600 spaces.

The proposed land uses under the Bates Smart scheme are set out in Table 1 below which provides calculations of GFA and also presents estimates of Net Leasable Area (NLA) which is a more relevant measure of the commercial office floorspace outcomes.

The total FSR of the development as proposed under the Bates Smart plan would be 2.71.

Table 1—Uses and floorspace provision

Source: BatesSmart

Use	GFA (sqm)	NLA (sqm)
Office	31,260	28,591
Specialised retail	8,288	8,205
Hotel (164 rooms)	6,931	4,200
Shops	5,700	5,640
Medical centre	1,655	1,407
Childcare	1,017	864
Gym	1,005	855
Business premises	647	587
Food & drink premises	460	449
Total	56,963	50,798

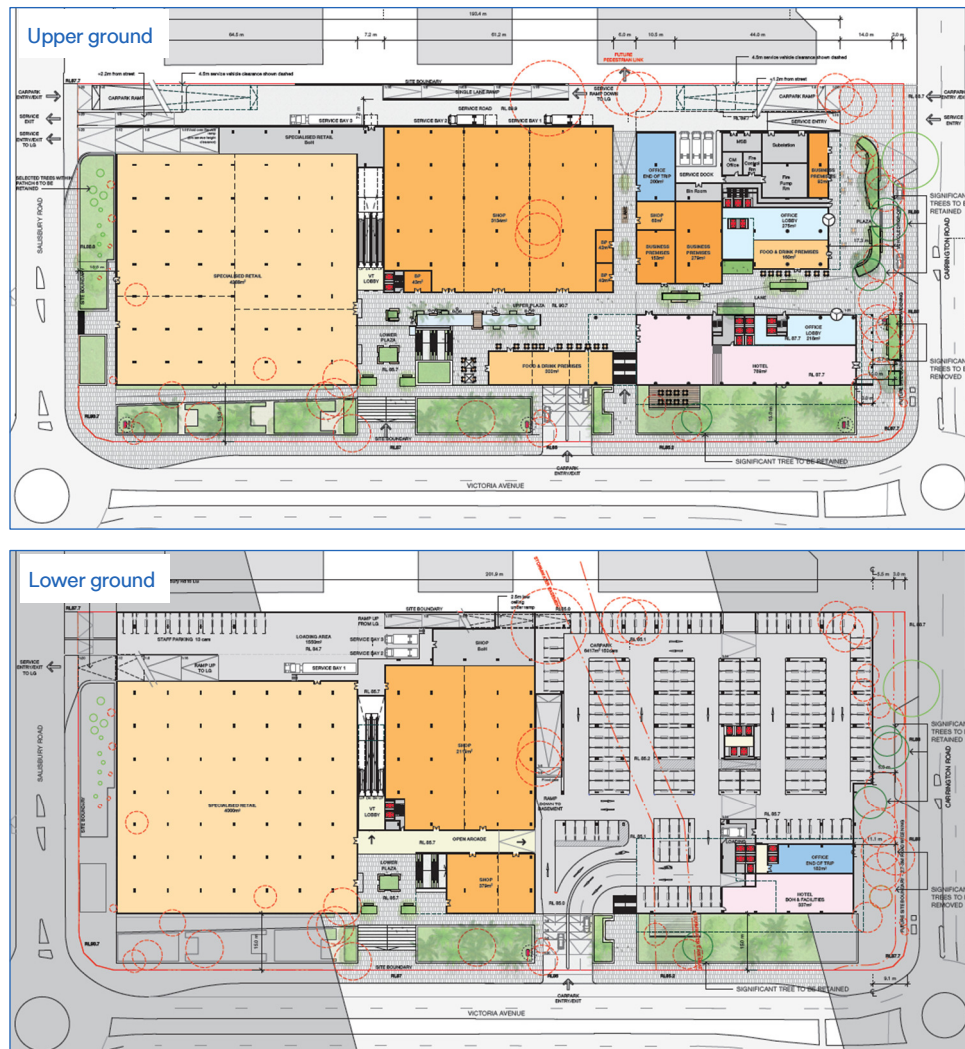
**Figure 3—
Carrington Place
concept design**

Source: BatesSmart



Figure 4—
Indicative layout

Source: BatesSmart



4

Planning and policy context

4.1 Introduction

This chapter presents a summary of the strategic planning context relevant to the Planning Proposal, including consideration of planning policies that are relevant at the metropolitan, regional, district and local levels. A review of other relevant planning documents including local masterplans is also provided.

A more detailed summary of relevant planning policy is presented in the town planning report prepared by Ethos Urban – the intention of this section is to highlight those aspects that are relevant to the proposed inclusion of commercial offices, shops and business premises as permitted uses on the site.

4.2 Greater Sydney Region Plan

A Metropolis of Three Cities – The Greater Sydney Region Plan sets out a 40-year vision and a 20-year implementation plan to manage growth and development across Sydney. The Plan establishes the strategic planning framework for five districts which make up the Greater Sydney Region.

The Plan describes where and when growth is anticipated and includes identified planned precincts, growth areas and housing targets. These growth projections are reliant on and supported by government-led transport and infrastructure strategies.

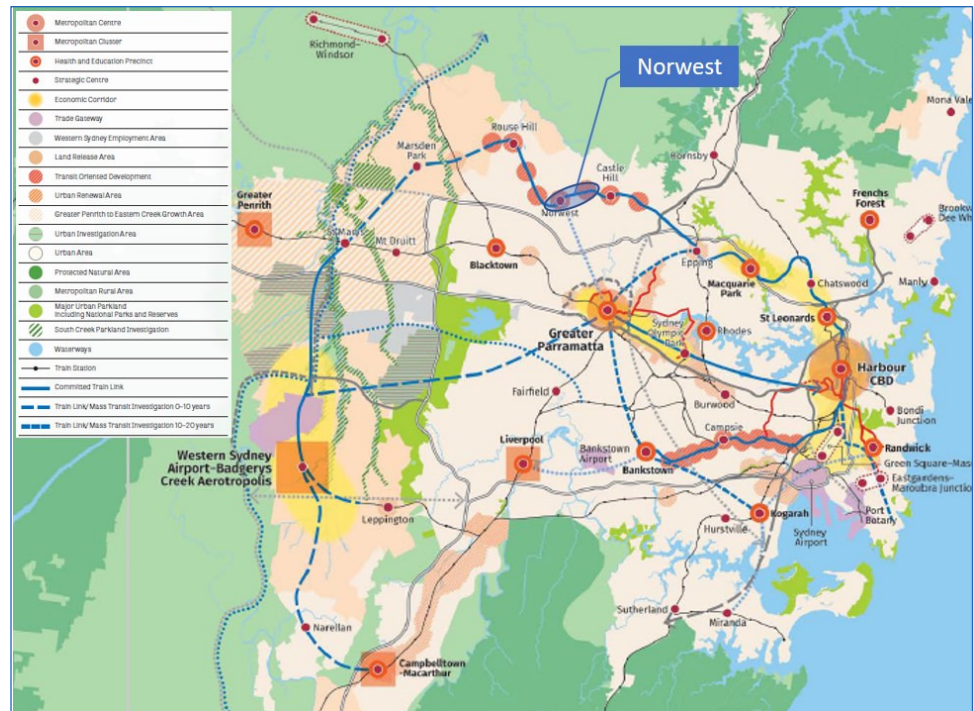
The aim of the plan is to deliver infrastructure in the right places to support continued housing population and employment growth. To this end, a key objective is for planning to provide services, transport, infrastructure and jobs located in proximity to the growing population.

The Hills Shire is situated within the Central City District, as part of the Central River City, where the delivery of the Metro Northwest rail line provides important new infrastructure to support population growth, connect the Shire with the wider metropolitan region and generate economic growth prospects by improving access to jobs.

Other infrastructure projects in the broader region will also have a positive impact on The Hills, improving connectivity and providing better access to health, education and other facilities.

Figure 5—Greater Sydney Strategic Framework

Source: Greater Sydney Commission, Sydney Region Plan



4.3 Central City District Plan

The *Central City District Plan* provides district-level support for the strategic policy framework contained in the Greater Sydney Region Plan.

The Plan identifies Norwest as a Strategic Centre where expectations are for employment growth, supported by high levels of private sector investment, co-location with a wide variety of uses, improved amenity and encouragement given to commercial uses.

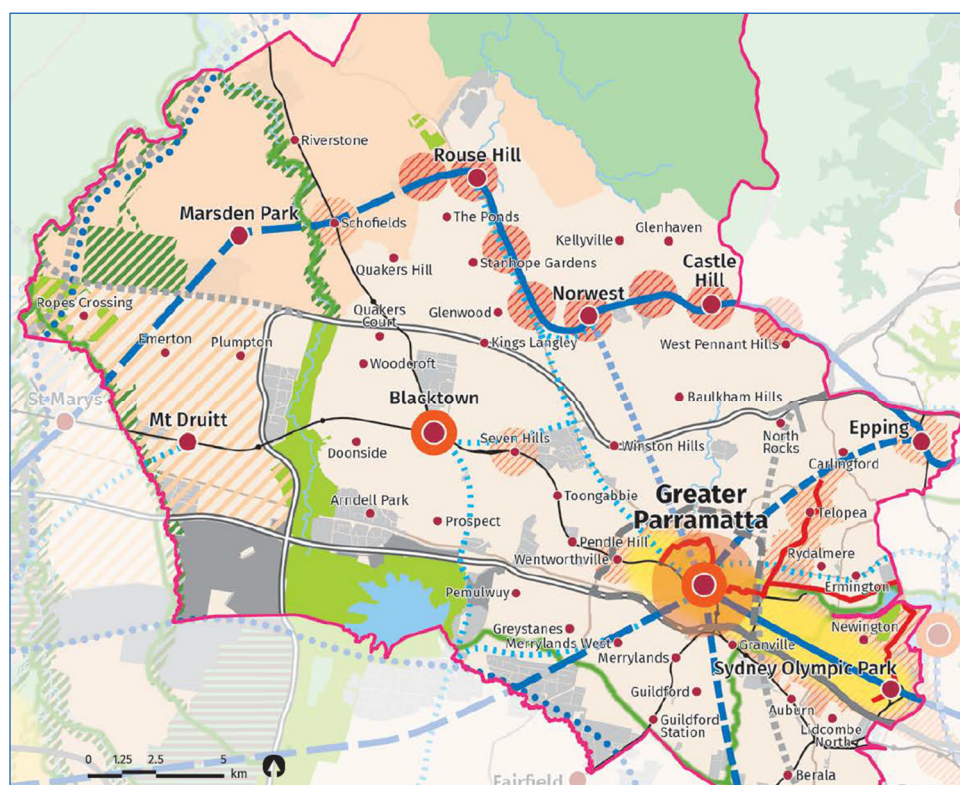
The Norwest Business Park, which extends from Bella Vista to the Showgrounds precinct, is identified as an established centre where significant transformation is intended to occur, incorporating greater variety of uses and much higher employment densities.

Employment within Norwest is expected to increase from an estimated 32,400 jobs in 2016 to between 49,000 and 53,000 jobs by 2036.

A critical action is to “strengthen Norwest through approaches that retain and grow commercial capacity to achieve the centre’s job targets” (Action 45a).

Figure 6—Structure Plan for Central City District

Source: Central City District Plan



4.4 Sydney Metro North West

Sydney Metro Northwest was opened in May 2019, creating a new public transport route linking major centres at Chatswood, Macquarie, Epping, Castle Hill, Norwest and Rouse Hill. The route forms part of the wider Sydney Metro project which includes the planned Southwest link and will eventually include extensions from St Marys to the Western Sydney Airport in the longer term.

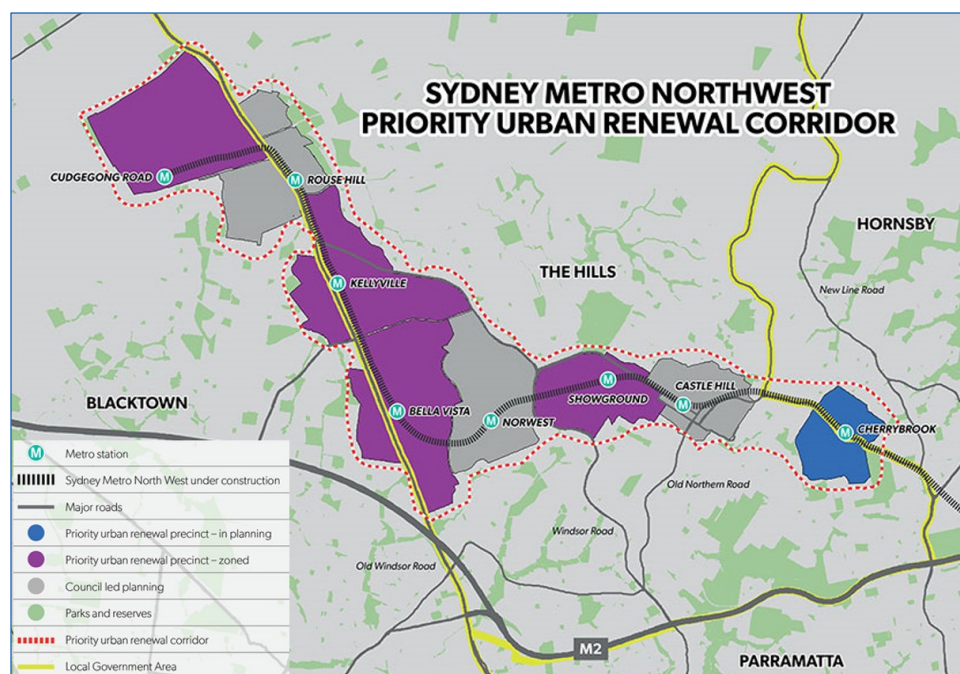
The *Metro North West Rail Link Corridor Strategy* was released in 2013 and provides the high-level planning framework to guide and co-ordinate future development and planning within the station precincts from Cherrybrook to Tallawong (Cudgegong Rd). The report was prepared to ensure housing and employment growth fully capitalises on the new rail link and associated infrastructure.

Following the finalisation of the strategy, the Showground Station, Bella Vista and Kellyville Station Precincts were rezoned as State Government Priority Precincts, with the subject site situated within the Showground precinct. This enables the redevelopment of the precincts into urban centres, with recreation, community facilities and housing.

The aim of a Priority Precinct is to provide for new housing, jobs and good transport connections.

Figure 7—Priority Urban Renewal Corridor

Metro North West Rail Link Corridor Strategy (2013)



4.5 Showground Structure Plan

The *Showground Road Station Structure Plan* was prepared in 2013 following completion of the Metro Northwest Corridor Strategy.

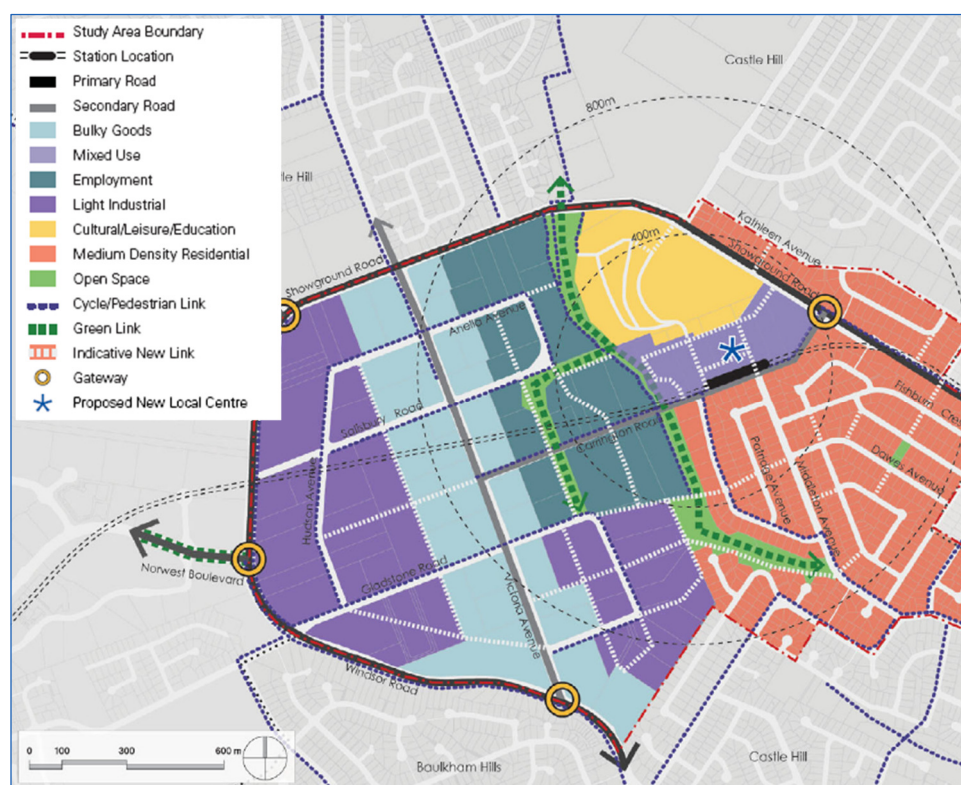
The report adopts a vision for future development involving significant employment growth across a variety of uses including offices, light industry, retailing, community facilities, recreation, cultural, leisure, and education. This is supported by housing intensification close to the station and to the south-east.

To the immediate west of the station precinct, the report anticipates more intensive employment in a designated commercial area bounded by Showground Road to the north, the Castle Hill Showground to the east, Gladstone Road to the south and the bulky goods retail corridor of Victoria Avenue to the west.

The Structure Plan forecasts total employment growth within the Study Area of +7,700 jobs from 2012 to 2036, including +5,400 jobs in the commercial office sector. This forecast is underpinned by economic analysis that identifies potential demand for an additional 5,200 sqm of commercial office floorspace per annum.

**Figure 8—
Showground
Structure Plan**

Source:
Showground Road
Structure Plan (2013)



4.6 The Hills Corridor Strategy

The Hills Corridor Strategy was adopted in November 2015 to plan for the new rail station precincts. A focus is on ensuring that “new residents can access high quality professional jobs close to home in the longer term” (p29).

The Strategy incorporates employment and dwelling projections across the precincts, including an expectation of an additional 32,850 jobs within the three precincts that make up the Norwest Strategic Centre, of which 13,700 are to be created within the Showgrounds precinct.

Dwelling growth is focussed on the eastern part of Showgrounds close to the station, and within parts of Bella Vista.

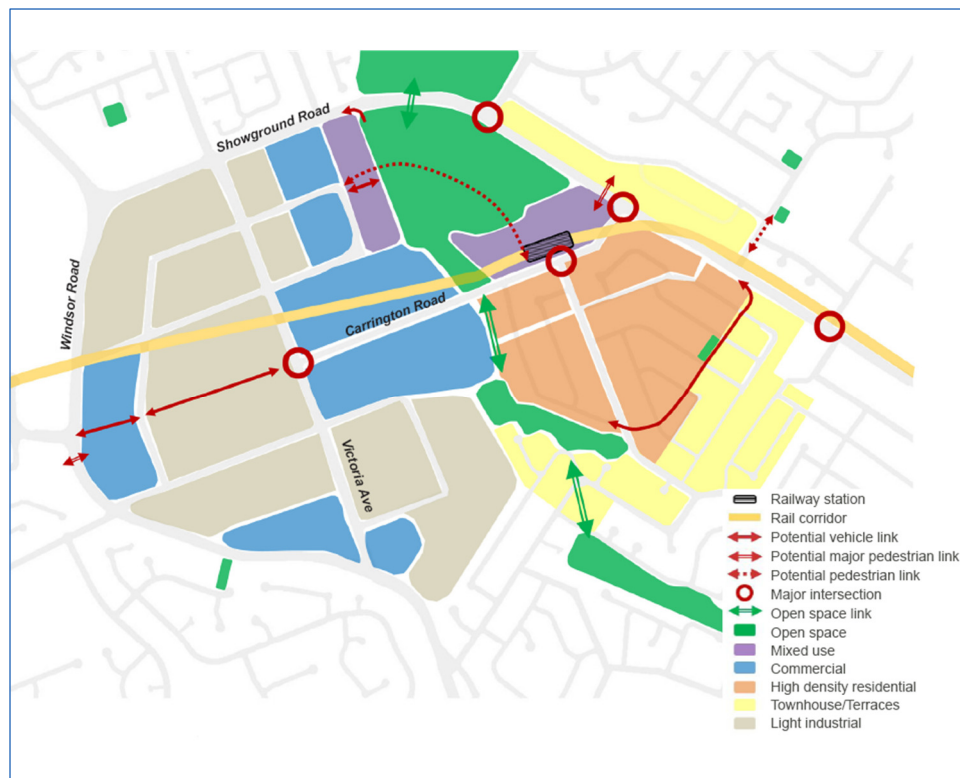
The strategy encourages greater connection towards Norwest to the west, with Carrington Road set to become a key location for more intensive commercial development:

“Carrington Road presents opportunities for office accommodation to encourage an employment spine linking with Victoria Avenue and then onto Norwest Business Park.

High density commercial buildings are proposed at the gateway points along Carrington Road to provide additional employment opportunities.” (p30)

**Figure 9—
Showground
Opportunities**

Source: Hills
Corridor Strategy



4.7 Showground Station Precinct

The *Showground Station Precinct Finalisation Report* (December 2017) sets out proposed planning amendments applicable to the precinct, drawing together the previous strategic policy documents described in earlier sections, and responding to issues raised during the public consultation period.

The vision for the precinct is guided by key principles relating to anticipated outcomes which include:

- The provision of housing, employment and retail services close to public transport
- The incorporation of a network of attractive public open space
- The delivery of an additional 5,000 homes by 2036
- Improved access and connections to the station through the precinct.

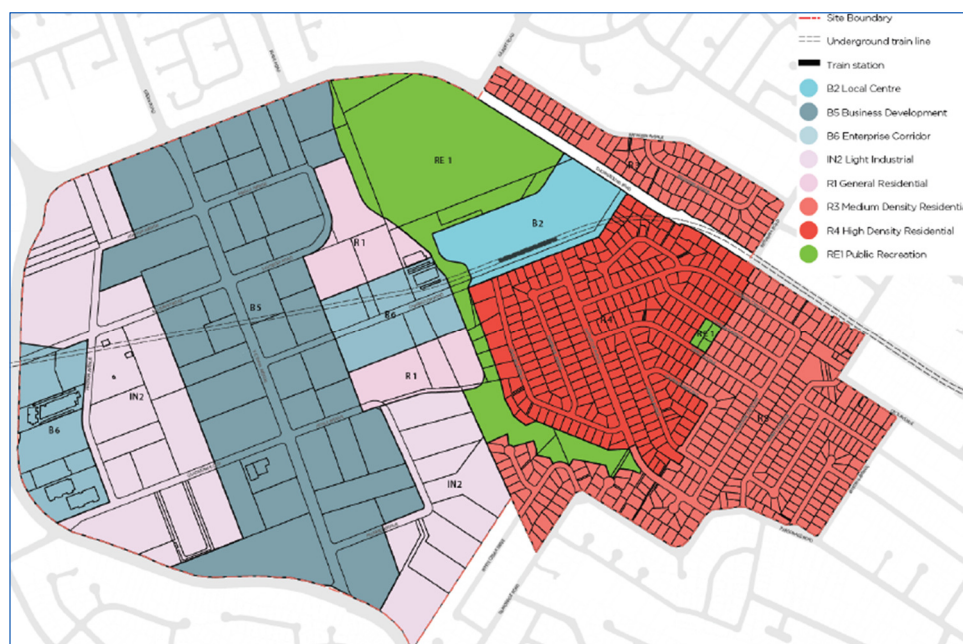
Of particular relevance is the following principle:

“Enhancement of existing employment areas and opportunities, providing for a greater range of business types including niche and start-up businesses to complement the Norwest Business Park. It is predicted that 2,300 additional jobs can be provided in the precinct over the next 20 years” (p13)

The original exhibited zone plan for the Showgrounds precinct provided for application of the B6 Enterprise Corridor zone along Carrington Road, with the B5 zone and the R1 General Residential zone also applied through the Cattai Creek corridor, as indicated in Figure 10 below.

**Figure 10—
Showground
Station precinct
exhibited zones**

Source:
Showground Station
Precinct Finalisation
Report (2017)



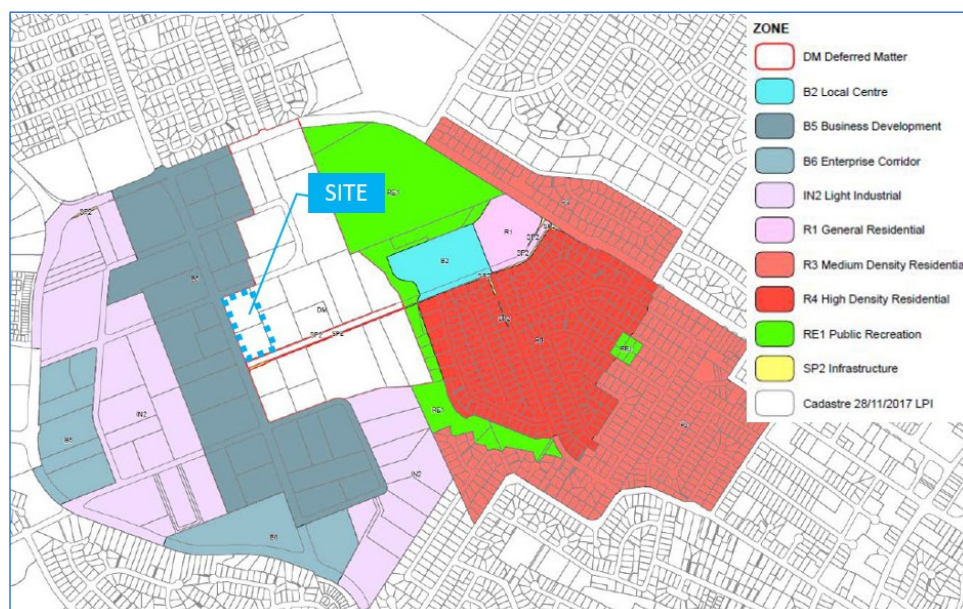
Post exhibition amendments were then introduced following a review of submissions. The changes include the following with respect to land on which the subject site is located and other properties along the Cattai Creek valley:

“Land directly to the west of Cattai Creek to be key-holed out of the precinct, with the rezoning of this area to be deferred for an urban design and landscape masterplan exercise to be completed and further public consultation to be undertaken to determine the appropriate mix of land uses and development controls.”

The resulting zone changes are shown in Figure 11.

**Figure 11—
Showground
Station precinct
zones**

Source:
Showground Station
Precinct Finalisation
Report (2017)



4.8 The Hills LEP 2019

The new planning controls recommended in the Showground Station precinct finalisation report were implemented through an amendment to *The Hills Local Environmental Plan ('LEP') 2012*, which has subsequently been replaced by *The Hills LEP 2019* which came into effect in December 2019.

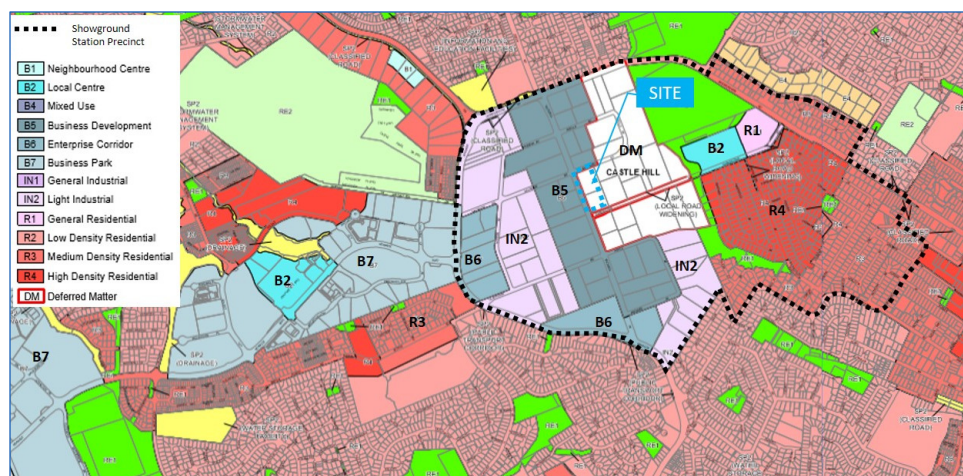
The new zones across the Showground precinct and the Norwest Strategic Centre are shown in Figure 12. The subject site is within the “Deferred Matter” zone to enable further investigations along the Cattai Creek corridor.

The NSW Department and Council are working together to provide urban design, public domain and landscape masterplan investigations for this area. The additional work will establish a land use mix and development controls which will integrate the built form with the Cattai Creek recreational corridor.

Although within the Deferred Matter zone, the current underlying zoning for the site remains *B5 – Business Development* where the objective is to enable a mix of business and warehouse uses as well as specialised retail premises that require a large floor area.

Figure 12—Zone Map

Source: Hills Shire LEP 2019



4.9 The Hills Local Strategic Planning Statement

The *Hills Future 2036 Local Strategic Planning Statement* has been prepared to guide future land use planning and to manage growth in The Hills Shire over the period to 2036. The LSPS was endorsed by Council in October 2019 and formally made in March 2020 following support from the Greater Sydney Commission Assurance Panel.

The underlying premise for Hills Future 2036 is that The Hills Shire will be a significant contributor to achieving dwelling and employment outcomes set out in the Central City District Plan, with the Shire expected to deliver 38,000 new dwellings and 32,300 additional jobs in strategic centres over the planning period.

The LSPS sets out its planning priorities under various themes, with most relevant priorities under the topic ‘Economy’:

- Planning Priority 1 is to plan for sufficient jobs, targeted to suit the skills of the workforce, noting that there is lower employment self-containment in office-based commercial activities.
- Planning Priority 2 is to build strategic centres to realise their potential, noting that Norwest is one of three strategic centres that are intended to become locations for diverse activities supported by high levels of private sector investment. The LSPS seeks to ensure that suitable areas in these centres will transition to greater commercial activity and functions, helping to provide an appropriate number and mix of jobs.

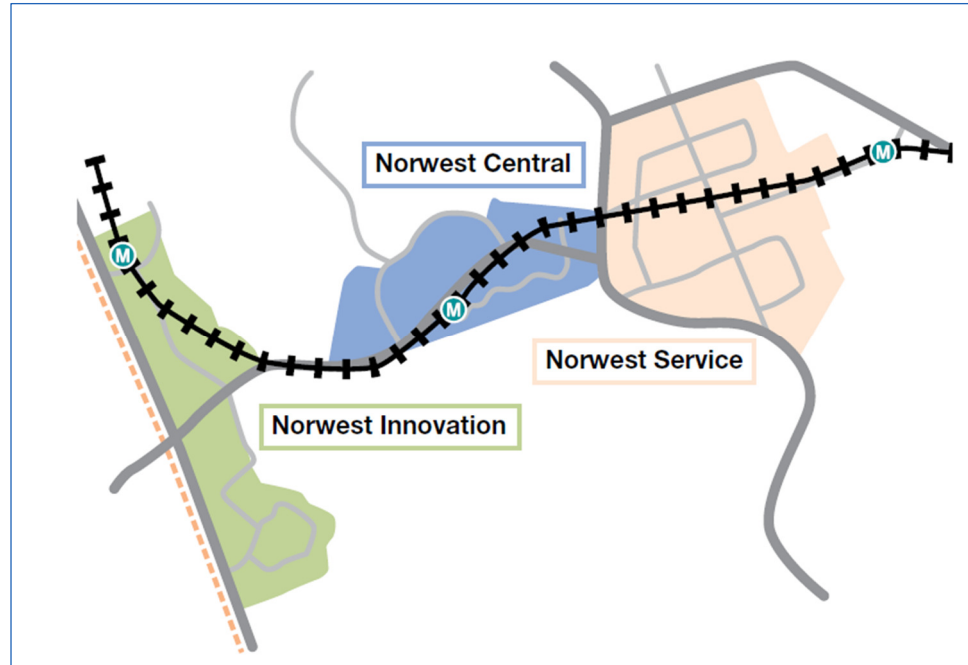
As noted above, the LSPS sets out a target of 32,200 additional jobs in strategic centres by 2036, with Norwest Strategic Centre identified to accommodate the bulk of this with an estimated capacity to deliver an additional 23,900 jobs. Structure Plans have been prepared for each strategic centre with a focus on the desired land use, accessibility and public domains to grow jobs and investment in these centres.

Norwest is intended to become a significant employment district across three precincts (refer Figure 13 below):

- Norwest Central (previously referred to as Norwest) – a mixed use core including retail, business, office, entertainment, leisure and community as well as some higher density housing
- Norwest Innovation (also referred to as Bella Vista) – an emerging health precinct
- Norwest Service (part of Showground) – retaining its role of providing large format retailing but with opportunities for greater levels of high-density commercial uses, particularly along the Carrington Road transition corridor.

Figure 13—Norwest strategic centre sub-precincts

Source: Hills Future 2036 LSPS (October 2019)



For the Norwest Service sub-precinct, the key land use expectations described in Hills Future 2036 include:

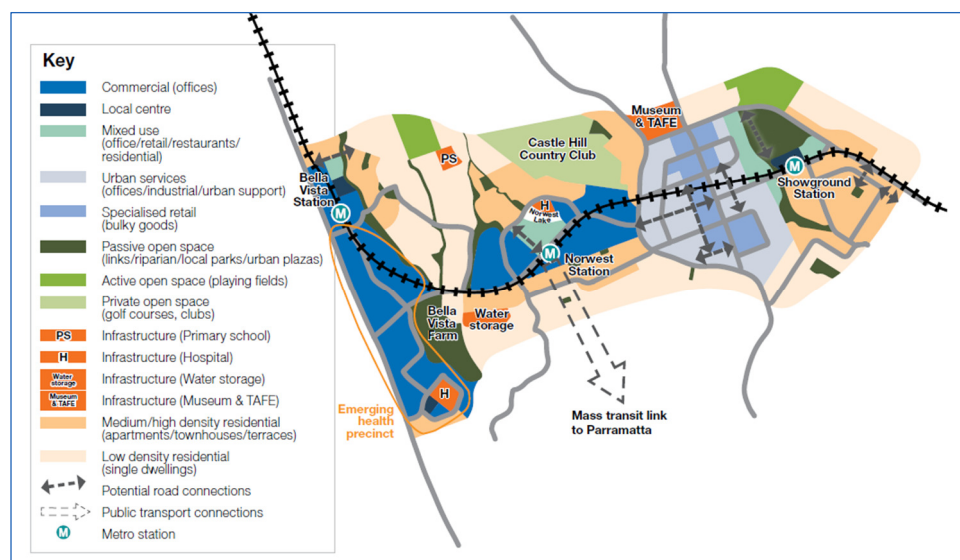
- The opportunity for new commercial/office development along Carrington Road and on Windsor Road, with the potential to accommodate taller office style buildings
- The retention of the specialised large format retail spine along Victoria Avenue
- Mixed use residential and employment development adjacent to Cattai Creek
- Light industrial areas in the west of the precinct will provide urban services with potential to also provide opportunities for smaller start-up businesses longer-term.

As shown in the Structure Plan set out for the Norwest strategic centre (refer Figure 14) the subject site is located within the urban services precinct, with frontage to Carrington Road, where Hills Future 2036 supports larger scale office development. A future connection westwards to Norwest Boulevard would establish Carrington Road as a key employment boulevard.

Hills Future 2036 emphasises that the structure plan represents a strategic, 20-year vision for the centre and implementation will be a staged process. The subject site is to be part of Phase 2 (medium-term), with further planning work to be undertaken as part of the precinct planning process. The LSPS specifies that Phase 2 will respond to jobs target through a land use framework to grow commercial capacity and investment to attract business activity and jobs.

Figure 14—Norwest Strategic Centre structure plan

Source: Hills Future 2036



Hills Future 2036 is accompanied by more detailed supporting strategies addressing topics such as housing, recreation facilities, integrated transport and land use, environment, and rural issues. The background strategy ‘Productivity and Centres’ addresses economic issues that are relevant to the current Planning Proposal.

The Productivity and Centres Strategy emphasises the retail hierarchy as an appropriate tool to guide development of shops and other centre-based uses. In this context, the site is within the Norwest Strategic Centre which is anticipated to become a significant location for employment growth and delivery of services to enhance the amenity of the centre for local workers and nearby residents.

The strategy provides additional analysis of the opportunity for employment growth, emphasising the importance of knowledge-based jobs and highlighting the profile of local worker skills in professional and technical occupations, both of which underpins the commercial office sector. A relatively low level of employment self-containment in office-based industries further enhances the local development opportunity.

With respect to retail development, the Productivity and Centres Strategy highlights the role of strategic centres as locations for higher order retailing. Using benchmarks developed by Deep End Services on behalf of the Department of Planning and Environment, the strategy identifies potential for 355,000 sqm of additional retail development, including more than 50,000 sqm of supermarket floorspace (sufficient for 14 new stores) and 160,000 sqm of new specialty retail floorspace (refer Productivity and Centres Strategy, pp41-42).

Importantly, these benchmarks are based on demand generated per resident, using municipal population forecasts. When applied at the local level, they may not fully account for development opportunity to serve local workforce markets such as at Norwest Service precinct.

4.10 Summary

Considerable strategic planning work has been undertaken at Norwest Strategic Centre in order to plan for urban renewal that is expected to be stimulated by the delivery of the Sydney Metro Northwest public transport infrastructure.

A consistent feature is the expectation that significant employment growth opportunities will be generated as a result of the improvements to transport infrastructure and the significant residential and workforce growth expected in the region.

Also relevant is that the types of jobs delivered at Norwest will need to be across various sectors, including commercial office, in order to match the skills of the local workforce.

Locally, planning strategies identify the Norwest Service precinct as having two roles: as a location for the continued, and possibly expanded, provision of large format retailing and other similar uses; and for more intensive commercial development, including offices, along key routes within the precinct.

The subject site – positioned on a key gateway intersection with Carrington Road which is identified as a key transitional entry from the Hills Showground with potential to be extended west towards Norwest Station – is well situated as a location for higher intensity commercial offices.

As a strategic centre Norwest is also expected to accommodate an increase in retail floorspace provision, accepting some of the 335,000 sqm of new retail floorspace provision predicted in the LSPS, using benchmarks developed by Deep End Services. This modelled retail demand is based on the needs of local residents living within The Hills Shire; additional local retail services will also be required where significant employment growth is anticipated to occur.

In summary, the site presents a commercial and employment opportunity within close proximity to the Hills Showground station, consistent with the objectives of Hills Future 2036 and with potential to activate the proposed new business spine along Carrington Road. The need for local shops and other services to enhance the amenity of the area and serve the needs of workers and local residents is also consistent with strategic planning policy for the area.

5

Assessment of uses – Office

5.1 Introduction

This chapter of the report presents analysis of the development opportunity and potential impacts associated with the inclusion of commercial offices as a permitted use on the site, and includes consideration of:

- The context in terms of metropolitan office development trends and workforce growth in a defined relevant study region
- Existing travel to work patterns
- Business ownership trends in key sectors that generate demand for strata offices
- Future demand for office floorspace based on population growth and the increase in the study area workforce
- Tenant opportunities likely to be attracted to the site.

In the context of the analysis presented in this report, it is important to appreciate that commercial office development generally comes in the following forms:

- Corporate-style office floorspace, generally involving larger floorplates often over multiple levels, either leased or purchased
- Smaller floorplates typically made available as strata purchases, or leased, and mainly taken up by local or regional firms, often in legal and accountancy sectors
- Micro offices suited to smaller users taking up space in strata developments, typically run by local small business owners
- Government departments and agencies, ranging from local municipal branch offices, state government agencies such as Service NSW or Transport for NSW, federal offices such as ATO or Services Australia, or employment agents.

Opportunities for attracting investment in each of the above office sub-markets depends on factors including:

- The underlying attributes of the site for office development, including road and public transport access, connections with other business districts, etc
- The size of the skilled white-collar workforce in the surrounding region
- The competitive context, including existing locations where an office market has already commenced or is planned with government support.

5.2 Office market study region

A study region has been defined for the purposes of analysing the commercial office market opportunity at Norwest and is shown in Figure 15.

Research conducted by Deep End Services on behalf of other clients has found that a key driver of demand for commercial offices is from small and medium business with fewer than 20 workers, operating in particular industry sectors (finance, real estate, professional, services, etc) and within around 20-30 minutes' drive from the owner's residence. This is particularly important for the strata office sector, and emphasises the adoption of the 30-minute city as a key performance indicator for the Greater Sydney Region Plan.

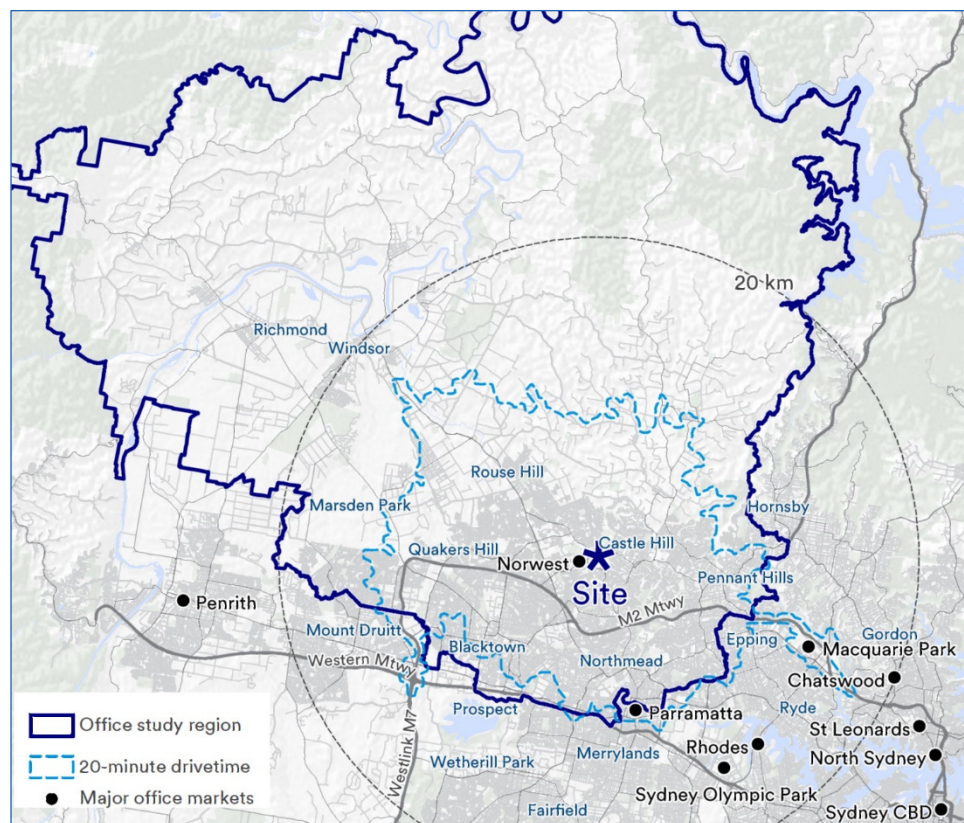
Larger corporate businesses also rely on good accessibility from a regional workforce catchment with the required skills.

The definition of the study region responds to these key office market parameters, with the region broadly characterised by a 20-minute drivetime to the south and east and by around 30 minutes to the north and north-west, reflecting the in-bound travel patterns of commuters.

The south-easterly extent of the study region is influenced by the significant commercial office focus at Parramatta, Olympic Park, Macquarie and other established suburban office precincts.

Figure 15—Study region - Office

Source: Deep End Services



5.3 Metropolitan office context

Sydney's major office markets are generally situated along or close to main transport corridors, such as the Western Motorway (Parramatta and Sydney Olympic Park) and the M2 Motorway (Macquarie Park). The Norwest precinct is situated along a main north-south route linking the north-west growth area with the Westlink M7 and the M2 Motorway.

The table below sets out the size of key suburban office markets of relevance based on information drawn from Colliers research and other sources, noting that these figures generally only include office floorplates of 1,000 sqm and above and are unlikely to represent a full and accurate audit of office floorspace.

Overall, while Norwest is a modest office market compared to more established locations such as Macquarie Park and Parramatta, it has strong growth prospects underpinned by rapid urban development and a strategic position close to major transport infrastructure.

Table 2—Key suburban office markets

Source: Deep End Services; Colliers

Suburban office market	Indicative NLA (sqm)
Macquarie Park	880,000
Parramatta	710,000
Norwest (ex. Norwest Service Precinct)	270,000
Sydney Olympic Park	160,000

Figure 16—Key office markets

Source: Deep End Services; NSW Government

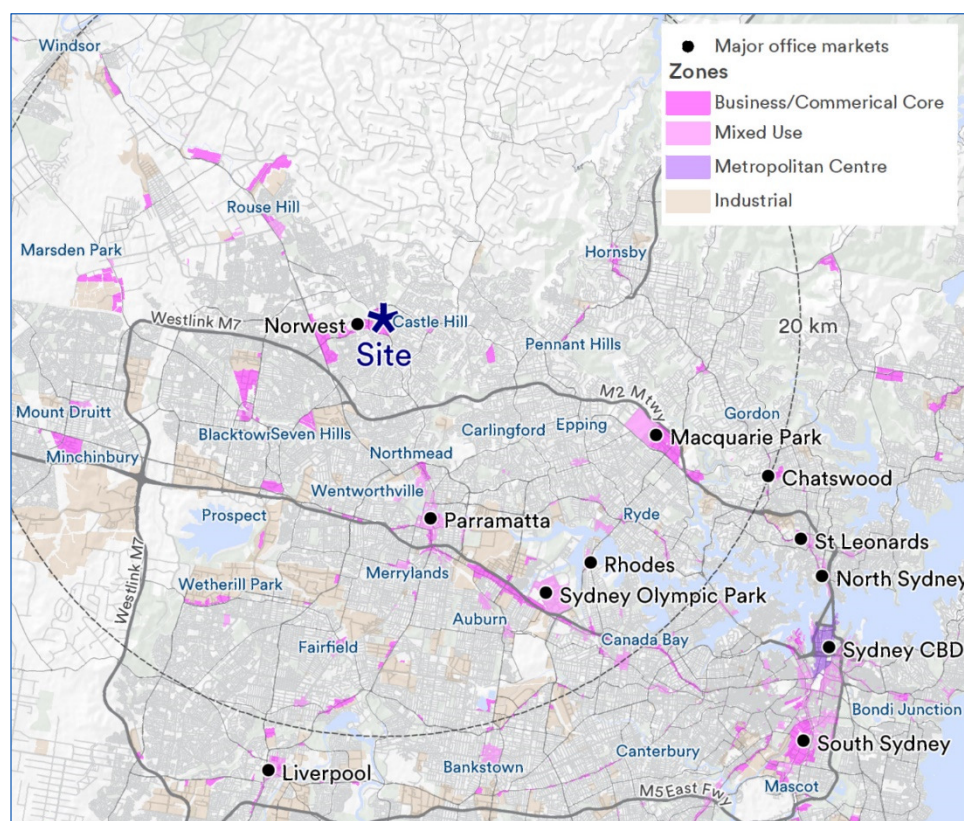


Figure 17 provides a thematic representation of the number of workers employed in office-based industries based on Census data for 2016, and helps to identify the locations of the major office precincts through the study region. In this context ‘office-based industries’ include those within the following predominantly white-collar sectors:

- Electricity, Gas, Water and Waste Services
- Information, Media & Telecommunications
- Financial & Insurance Services
- Rental, Hiring & Real Estate Services
- Professional, Scientific & Technical Services
- Administrative & Support Services.

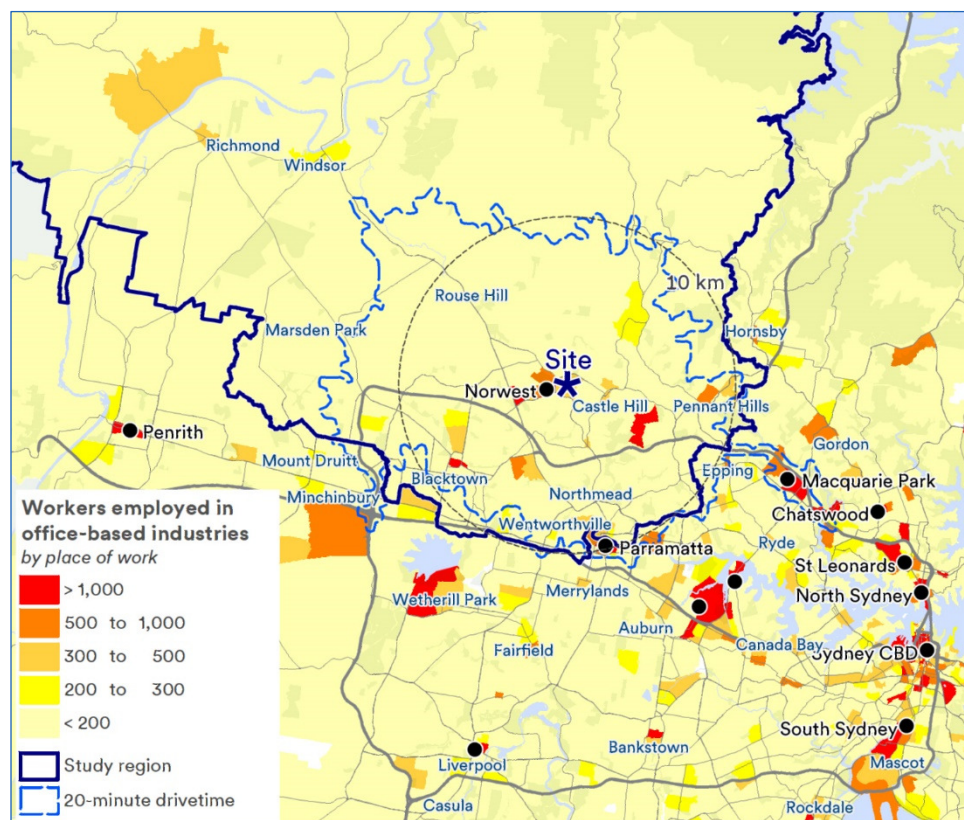
Major office-based precincts are situated just beyond the study region at Parramatta and Macquarie Park, with Olympic Park to the south-east becoming an increasingly important commercial precinct.

The main office precinct within the study region is Norwest, with smaller precincts associated with traditional retail town centres at Blacktown, Pennant Hills, Seven Hills and on the outer areas of Richmond and Windsor.

Marsden Park and Rouse Hill are emerging markets further to the west and north-west, with employment growth likely to be shown in future Census results.

Figure 17—Office worker employment

Source: ABS Census 2016



5.4 Local office context

Within The Hills Shire, commercial office development is focussed on the strategic centres of Norwest, Castle Hill and Rouse Hill, with fragmented smaller-scale and dispersed commercial uses occurring in local centres and elsewhere across the Shire.

Norwest has emerged as the main location for more significant commercial office development. The Norwest precinct is characterised by campus-style developments, both freehold and strata, generally in the range 6,000-12,000 sqm with building heights ranging up to 5-6 levels.

The key office 'addresses' within the Norwest Central precinct are along Norwest Boulevard and Solent Circuit, with development also focused along Lexington Drive within the Norwest Innovation precinct at Bella Vista.

According to an audit undertaken as part of the *Norwest Land Use Analysis* (SGS Economics and Planning, July 2018), around 53% of the 270,000 sqm of commercial floorspace across the Norwest Business Park was in strata buildings.

The mix of end users is very wide, ranging across sectors such as professional services, finance and accounting, engineering, legal services, construction firms, industry associations and medical and other associated health businesses.

High profile companies within their own campus offices include Woolworths, ResMed, Subaru, Amway and Valvoline. Major building companies are also prevalent and generally take up larger tenancies.

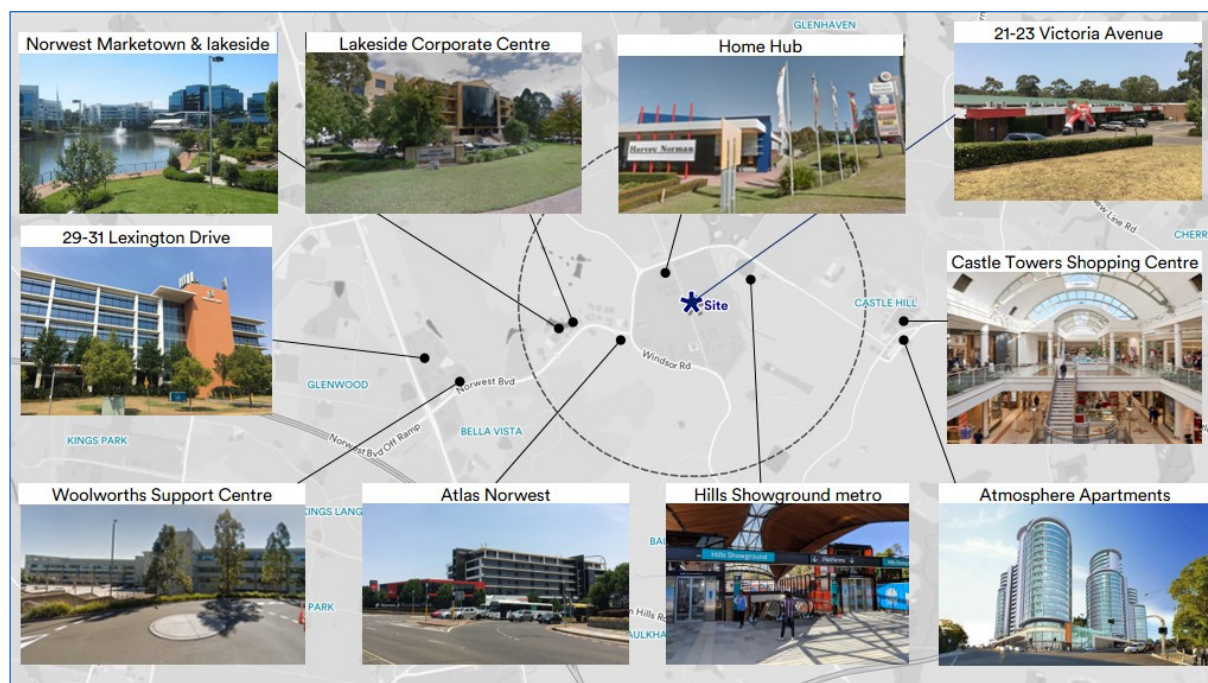
Several commercial developments are proposed or currently moving through the planning process:

- **Norwest Marketown** – a revised planning proposal is under preparation for redevelopment of this property, with proposed uses anticipated to include expanded retail, accommodation, community and recreation uses and potentially around 40,000 sqm of commercial office floorspace.
- **Norwest Station site** – a 10,700 sqm vacant site directly adjacent to Norwest Metro Station, with a land use analysis report identifying potential under the proposed controls for up to 40,000 sqm of office floorspace
- **The Bond** – a 7-storey building at Bella Vista is planned to include around 11,000 sqm of office space, food and childcare amenity.

Government owned land surrounding the other new Sydney Metro north-west station sites such as nearby Bella Vista and Showground will also be developed in the future and are capable of supporting additional commercial floorspace.

Retail and high density residential has been the main focus of recent development activity in nearby Castle Hill.

Figure 18—Local office provision



Source: Deep End Services

5.5 Office demand context

White collar workforce

According to data from the 2016 Census, the study region has a total resident workforce of approximately 350,000 people, of which around 55% are employed in white-collar occupations, compared to the metropolitan average of 56%.

White-collar workers account for 59% of employed residents within 20-minute drive, and 64% of employed residents in The Hills Shire.

Table 3—White collar employed residents

Source: ABS Census 2016

Region	White collar	Other	Total Workforce	White collar % of total
The Hills Shire	50,299	28,417	78,716	63.9%
20-minute drivetime	177,169	125,305	302,474	58.6%
Study region	193,562	157,030	350,592	55.2%
Sydney	1,240,539	987,364	2,227,903	55.7%

The north and inner suburbs of Sydney are characterised by well-educated people in white-collar occupations, and therefore the commercial office precincts throughout the inner and northern suburbs have access to a significantly larger skilled white-collar workforce compared to southern Sydney. Within the Hills Shire the proportion of white-collar occupations, at 63.9%, is significantly higher than the average across Sydney (55.7%).

Of the residents in the study region employed in white collar occupations, approximately 38% work in jobs within the study region. This is a low level of employment self-containment, reflecting the location of significant office clusters at

Parramatta and Macquarie just outside the region and the immaturity of local office precincts. New office development within the study region, including within Norwest and at the subject site in particular, would help to increase employment self-containment.

White collar jobs

Table 4 shows information on the number of jobs by occupation type, from journey-to-work data drawn from the ABS Census 2016. The table shows that 50% of the jobs in the study region are white-collar positions, compared with an average of 57% across Sydney. White-collar positions account for a much larger share of all jobs at Macquarie Park (76.7% of the total jobs) and Parramatta (72%). The Norwest Service Precinct has a lower proportion of white-collar jobs at present due to the precinct's role as a location for light industrial and large format retailing.

Overall, this data indicates a mismatch in employment provision, highlighting the need for additional white-collar employment provision to reflect the skills of the local resident workforce.

Table 4—White collar jobs

Note: excludes Not Stated and Inadequately Described

Source: ABS Census 2016

	White collar	Other	Total Work-force ¹	White collar % of total
Regional summary				
The Hills Shire	35,953	30,352	66,305	54.2%
20-minute drivetime	167,668	116,816	284,484	58.9%
Study region	116,568	115,499	232,067	50.2%
Sydney	1,238,117	935,345	2,173,462	57.0%
Specific employment areas				
Norwest Service Precinct	3,697	4,077	7,774	47.6%
Balance Norwest	15,332	7,621	22,953	66.8%
Norwest Strategic Centre	19,029	11,698	30,727	61.9%
Macquarie Park	41,818	12,729	54,547	76.7%
Parramatta	33,718	13,111	46,829	72.0%
Sydney Olympic Park	8,369	3,713	12,082	69.3%

Office workforce significance

Figure 19 highlights those parts of Sydney where white-collar jobs are a significant component of the local resident workforce.

This is important information for businesses that require access to a large, skilled office workforce.

As shown in the map, the 'density' of office workers (as a proportion of other occupations) is highest within inner city suburbs, helping to support the very significant office workforce in inner city precincts including Sydney CBD, North Sydney, Chatswood, Macquarie, etc.

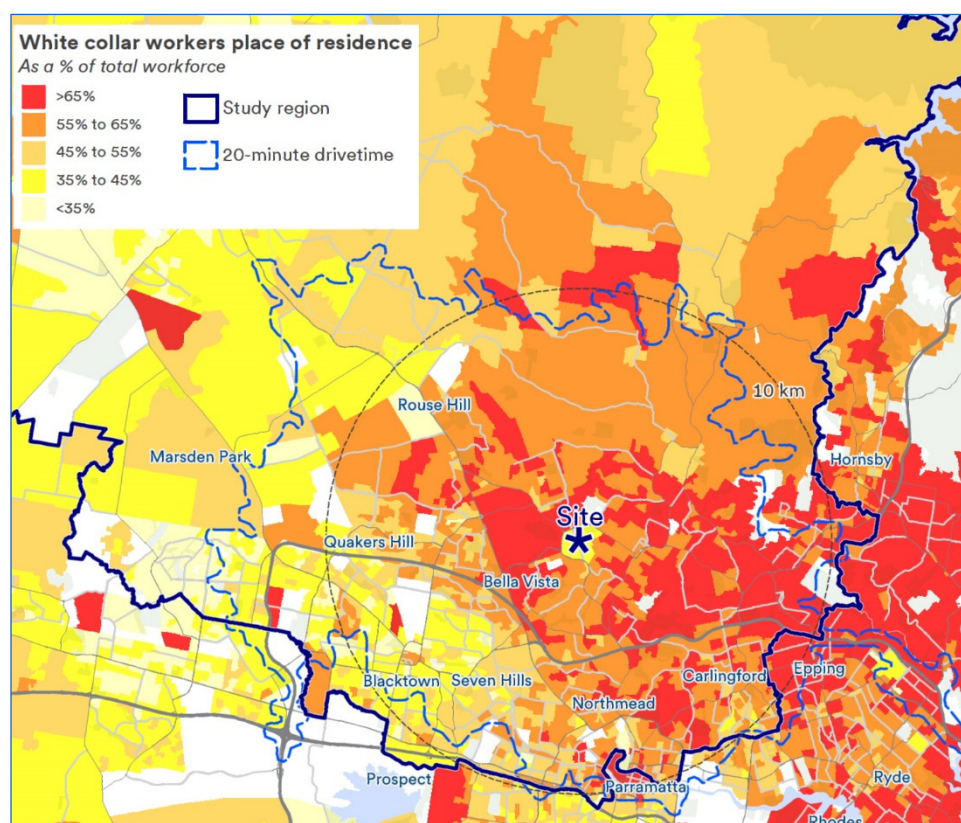
Significantly, the share of office workers is also high in suburbs within the study area, particularly in the area immediately surrounding Norwest and further east towards Pennant Hills, notwithstanding the fact the office floorspace provision is relatively poor in this region.

The subject site is therefore readily accessible to a large white-collar workforce, particularly when compared against other parts of Sydney that are a similar distance from the Sydney CBD.

An existing office cluster at Norwest, along with a large available white-collar workforce and good access to regional road connections, points to strong latent demand for office development at the subject site.

**Figure 19—
Proportion of white
collar workers**

Source: ABS Census
2016



Travel to work patterns

Table 5 on the next page shows that local Castle Hill residents who work in white collar occupations generally travel in-bound for work, with the Sydney CBD (City) and inner south region attracting 19.5% of Castle Hill's white-collar commuters.

At a smaller area level (SA2), the inner Sydney areas of Sydney / The Rocks / Haymarket attract the highest proportion of workers (14.7%) while 12.9% of residents in the Castle Hill (Central) SA2 also work within the same SA2.

The following Table 6 on the next page shows that local Castle Hill workers – that is, people who have white-collar jobs located in Castle Hill – generally live outboard from the area or in the suburbs close by, including Baulkham Hills, Castle Hill, Kellyville and Pennant Hills.

These 'sources' for local workers generally approximate the defined study region, reflecting the preference to work within around 20-30 minutes' commuting distance (by car).

Table 5—Place of work – living in Castle Hill (SA2)

Source: ABS Census 2016

Place of work	Persons	%
Selected SA2s		
Sydney - Haymarket - The Rocks	351	14.7%
Castle Hill - Central	308	12.9%
Baulkham Hills (West) - Bella Vista	135	5.7%
Macquarie Park - Marsfield	109	4.6%
Parramatta - Rosehill	106	4.4%
By region		
Baulkham Hills and Hawkesbury	655	27.4%
City and inner South	465	19.5%
Parramatta	406	17.0%
North Sydney and Hornsby	229	9.6%
Ryde	206	8.6%
Blacktown	138	5.8%
Other	290	12.1%
Total	2,389	100.0%

Table 6—Place of residence – working in Castle Hill SA2

Source: ABS Census 2016

Place of residence	Persons	%
Selected SA2s		
Castle Hill - Central	308	7.3%
Kellyville	235	5.6%
Baulkham Hills (West) - Bella Vista	195	4.6%
Rouse Hill - Beaumont Hills	190	4.5%
Dural - Kenthurst - Wisemans Ferry	166	3.9%
Parklea - Kellyville Ridge	165	3.9%
Baulkham Hills (East)	155	3.7%
Castle Hill - North	121	2.9%
By region		
Baulkham Hills and Hawkesbury	1,900	45.1%
Blacktown	729	17.3%
Parramatta	411	9.7%
North Sydney and Hornsby	235	5.6%
Outer West and Blue Mountains	231	5.5%
Ryde	166	3.9%
Inner West	102	2.4%
Other	442	10.5%
Total	4,216	100.0%

Strata offices/small business owners

Demand for commercial office space is also driven by small users looking to take space in a strata office development.

Research conducted by Deep End Services on behalf of other clients has found that the major demand for small-scale commercial offices (including strata) comes from small businesses employing less than 20 workers and operating in the following sectors:

- Information, Media & Telecommunications
- Financial & Insurance Services
- Rental, Hiring & Real Estate Services
- Professional, Scientific & Technical Services
- Administrative & Support Services.

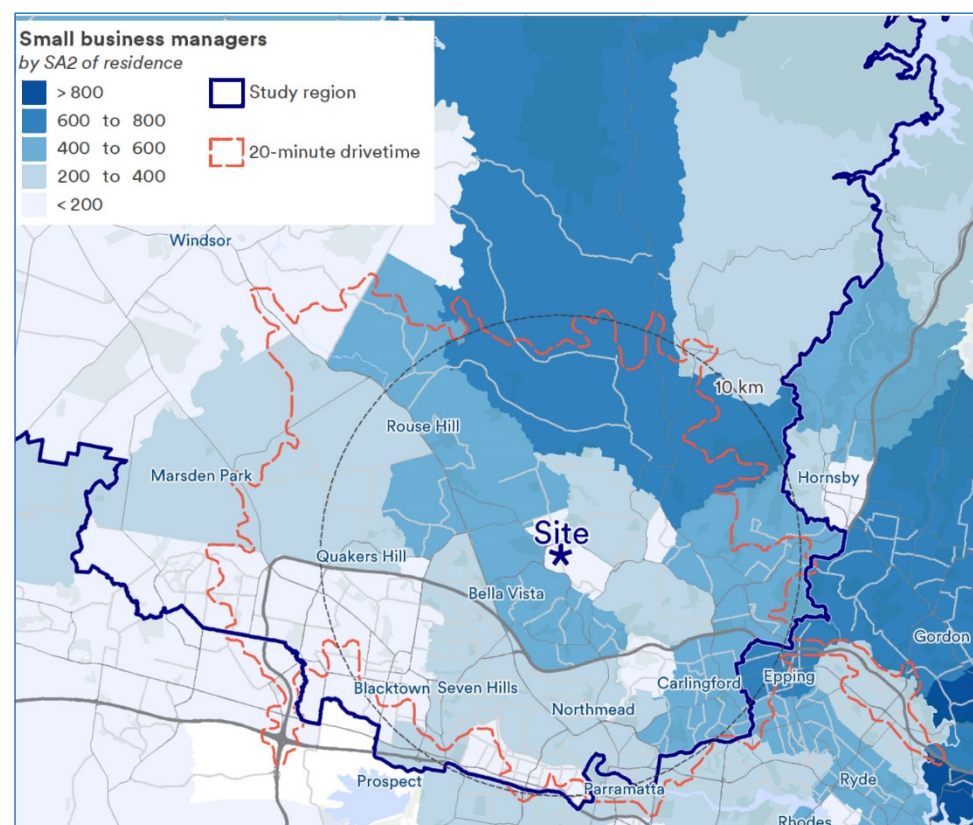
The residential locations of the owners of such businesses are critical in relation to decisions made regarding their office locations.

The number of owners of small businesses operating in the key industry sectors that drive most demand and live in the region is presented in Figure 20, which shows that more than 12,000 small business owners lived within the study region in 2016, highlighting the existence of a relatively large pool of these business owners.

This is particularly relevant given the distance from inner city areas where most such businesses are present.

**Figure 20—
Residence of small
business owners**

Source: ABS Census
2016

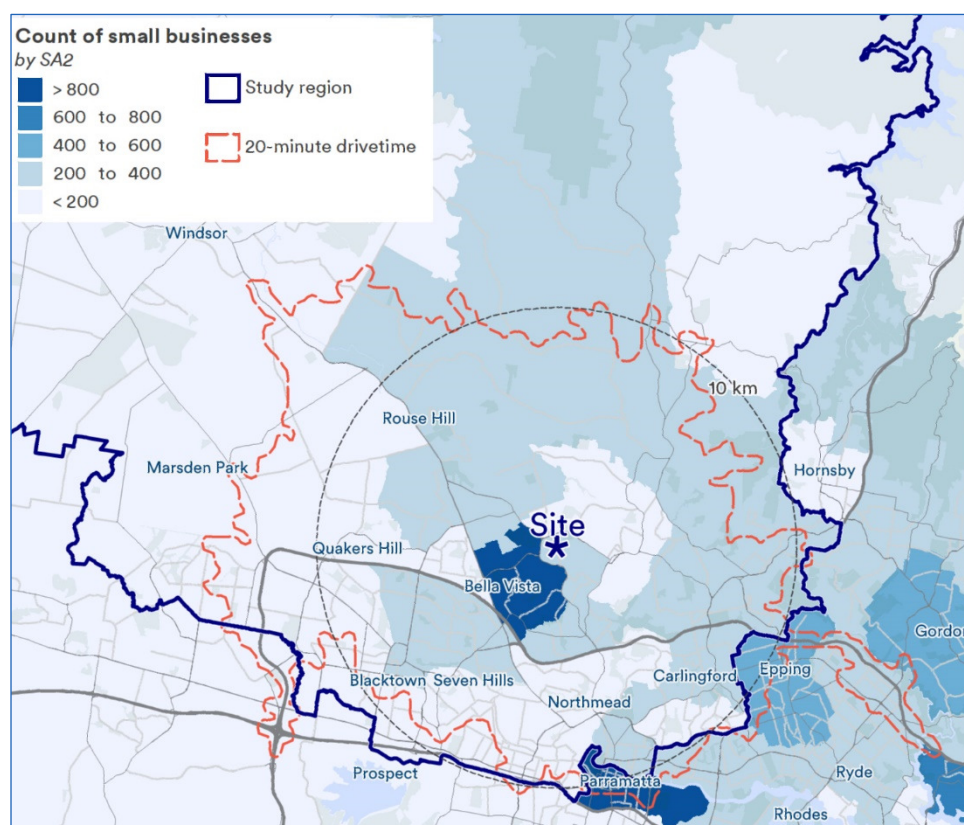


Journey to work information can be analysed to show the location of small businesses operating in the defined industry sectors. Effectively this shows where business owners have chosen to take up premises.

With a significant number of strata properties in Norwest Business Park, a corresponding concentration of small businesses is evident at this location, as highlighted in Figure 21.

Figure 21—Location of small businesses

Source: ABS Census 2016



Norwest Business Park provides the only significant strata office location in the region and if not located at this precinct, small business owners are obliged to seek tenancy opportunities further afield in locations such as Parramatta, Epping and more distant office precincts.

According to Census data there were 8,027 small businesses in the region in 2016, with 1,067 of these businesses located in Norwest and Castle Hill.

When compared to the 12,000 small business owners residing in the region, this implies that there is a net 'loss' of 4,000 small businesses that take up office space outside the region.

The establishment of a new office building on the subject site would therefore provide an opportunity for local office space to serve existing and future small business owners in the region.

5.6 Office development opportunity

Tenant driven demand

Commercial office space can be taken up by large-scale users such as government or private companies, or by smaller users typically suited to strata style development.

While most government agencies and large companies will have a presence in the Sydney CBD, some will also have a network of offices in key suburban locations. Areas with good public transport linkages and high amenity are essential. Although Parramatta tends to be the main location for large office users in Sydney's broader western region, large companies and agencies with denser networks or no offices in the broader region may choose Norwest/Castle Hill as an attractive location to establish a presence in the growing North-west region.

Larger users will generally look to take up at least one floor of a building (i.e. 1,000 sqm to 2,000 sqm).

Future regional workforce

Development opportunity for commercial office floorspace will rise over time due to population growth and an increase in the size of the study region's white-collar workforce.

Table 7 sets out a broad analysis of future white-collar resident workforce, based on the following:

- Forecasts of population and resident workforce are from the Travel Zone forecasts prepared by the NSW Government; and
- The rate of change of the proportion of residents working in white collar occupations is based on the Travel Zone forecasts and is estimated to grow at a rate of approximately 0.9% per annum.

According to this analysis, the white-collar workforce in the study region is anticipated to increase by +44,800 by 2025 and by another +48,000 over the period 2026 to 2031, representing overall growth of +92,800 over the 12 years to 2031.

Table 7—White collar employment projections

Notes: (1) Population aged 15 and over; (2) ABS Journey to work, excluding inadequately described and not stated

Study region	2019	2025	2031
Population	833,710	953,313	1,067,444
Working population ¹	656,619	752,349	846,586
Resident workforce ²	418,448	479,791	539,035
White collar proportion		53.8%	56.7%
White collar population	213,100	257,900	305,900
Growth		2019-25	2025-31
Additional white-collar resident workers		+44,800	+48,000
Future floorspace requirement (sqm)		+340,000	+365,000

Study region analysis

The additional 92,800 resident white-collar office workers identified above will generate demand for office floorspace within the study region. These additional resident workers are forecast to generate demand for approximately 700,000 sqm of office floorspace, including 340,000 sqm over the period 2019 to 2025, as indicated in Table 7.

This calculation is based on the following assumptions:

- Employment self-containment in white-collar sectors remains constant at current rates, with 38% of the local white-collar workforce also working within the region;
- The average office floorspace per employee is approximately 20 sqm; and
- No increased 'inflows' to the region occur.

These assumptions are generally conservative. In particular, office floorspace provision per employee is much lower than 20 sqm across most office precincts and has been declining in recent years. New developments are likely to be built with lower employment ratios, even though the current average across Norwest may be higher due to the reuse of industrial properties for commercial office uses.

Based on the analysis presented here, the proposed 28,591 sqm NLA at the subject site represents just 4% of the total potential demand for office floorspace across the study region over the next 12 years to 2031. Given the importance of Norwest as the region's major employment precinct, the incorporation of this level of office provision at the subject site is appropriate.

Local region analysis

Hills Future 2036 identifies Norwest as a strategic centre which could be suitable for an additional 23,900 jobs by 2036.

If white collar workers continue to account for 62% of all workers in the Norwest Strategic Centre (as shown in Table 4), an additional 14,800 white collar workers at Norwest would be required to support the LSPS projections (i.e. 62% x 23,900).

With each white-collar worker creating demand for 20 sqm of office floorspace, this implies total demand for an additional 300,000 sqm of office floorspace within the Norwest Strategic Centre by 2036.

The 28,591 sqm proposed for the subject site therefore represents a relatively small component (9%) in the context of demand generated across Norwest over the next 20 years.

The Norwest Service sub-precinct has limited dedicated commercial office floorspace, with the precinct generally characterised by light industrial, business services and large format retail uses. The precinct is planned to continue to accommodate a wide variety of uses, but there is an expectation of more intensive employment development, particularly in the transition area close to Carrington Road.

The opportunity for a new commercial office development on the subject site would extend the opportunity to deliver employment growth at Norwest, adding to the campus-style offices already emerging at Norwest Central and Norwest Innovation precincts and the mixed-use formats likely to be established at Hills Showground.

Tenant opportunities

Demand for new office floorspace will be generated across a range of market sectors, including potentially:

- Large companies seeking new representation in the area or moving from dated premises in nearby markets;
- Government, education and other services tenants;
- Strata offices, suitable for smaller businesses including those graduating from home offices or informal office premises; and
- Medical facilities and related services.

5.7 Effects on planned development

The analysis presented in this chapter shows that future office floorspace demand in the Norwest study region will be significant over time, with the proposed development at the subject site representing a relatively modest share of the forecast future demand for commercial office floorspace in the study region and locally in the Norwest strategic centre.

With additional office floorspace demand for Norwest strategic centre expected to be in the order of 300,000 sqm by 2036, annual demand is forecast to average around 18,000 sqm per annum when averaged over this period.

In very broad terms, the 28,591 sqm of commercial office floorspace proposed at the subject site therefore represents in the order of one and a half years of local demand.

At the wider regional level (i.e. across the study region), the quantum of office floorspace proposed at the subject site equates to well under one year's forecast office floorspace demand.

Other local precincts are expected to significantly increase their commercial office floorspace components in the future, responding to the emerging regional demand. In this regard, planning policies encourage transit-oriented office development in and around the new Sydney metro station precincts at Bella Vista, Norwest, Showgrounds and Castle Hill.

To the extent that the proposed development at the subject site will impact on delivery at these planned precincts, the effect is likely to emerge as a short-term delay in office development rates at these precincts, rather than any loss of development opportunity.

Importantly, office development at locations such as Hills Showground is premature as planning processes and land assembly needs to take place prior to office opportunities being presented to the market. In this contest, the approval of the proposed office component at the subject site may have a positive catalytic effect in

establishing the area as an office location, rather than any negative impact on local development opportunity.

Furthermore, developments close to the Metro stations will represent attractive investment sites given their situation close to fixed rail transport and, in the case of Hills Showground and Bella Vista, local residential and mixed-use opportunities.

Overall, the subject site presents an appropriate location at which a share of future office demand could be realised and this consistent with Hills Future 2036 which anticipates more extensive commercial uses along the Carrington Road spine, including taller office buildings. The effect on other planned precincts is likely to be minor, possibly reflected in a short delay in achieving the planned outcomes in these locations rather than in stymieing future development plans.

6

Assessment of uses – Shops

6.1 Introduction

This section presents an analysis of the retail component of the proposed development, concentrating on the market opportunity and potential economic impacts associated with including shops as a permitted use.

The retail components incorporated in the Concept Design consist of:

- **Specialised retail:** The development proposes to incorporate space for bulky goods or large format tenancies, with total floorspace (GFA) provision of 8,288 sqm. These uses are already permitted within the B5 Zone and represent a continuation of the retail activity already evident on the site and in the surrounding area, consistent with the strategic policy framework.
- **Shops:** A convenience retail component is proposed within the scheme to provide amenity and day-to-day retail services for workers at the site and within the Norwest Service precinct, as well as hotel guests, other visitors (including shoppers elsewhere within the Norwest Service precinct) and nearby residents. The shop floorspace is proposed to be 5,700 sqm which would accommodate a mid-sized supermarket and supporting retail specialties.

For the purposes of examining the development opportunity and economic impact of the proposal, the analysis in this section concentrates on the shop components as the specialised retail component represents an already established and permitted use and aligns with the anticipated growth of specialised retail in the precinct.

The approach used in analysing the convenience retail component reflects the fact that these uses are intended to provide services to workers (both on-site and working in the surrounding precinct), hotel guests, visitors and people living in the surrounding residential suburbs.

The contribution to development potential from surrounding residents is analysed in traditional fashion, with reference to a surrounding residential catchment for which population and spending capacity is forecast.

Analysis of potential sales performance and market opportunity includes assessment of the sales to local workers and other people visiting the site.

Effects on existing and planned centres in the surrounding area are also considered, noting that the proposed retail elements would have only a modest reliance on expenditure from nearby residential communities. This means that spending redistribution effects are not considered to be significant.

6.2 Catchment analysis

Catchment definition

The catchment area, as defined in Figure 22, describes the region from which the proposed convenience retail elements might attract spending by residents.

The catchment area comprises a primary sector and three secondary sectors, and is influenced by a range of factors, including the road network in the area and the location of other retail centres. The majority of the catchment area is within a 5-minute drivetime of the site.

The primary sector comprises the Norwest Service precinct which contains few residents at present but has the potential to include a residential base within the Cattai Creek deferred area. This potential residential base has been incorporated into our analysis, recognising an expectation that some of the Cattai Creek area would allow for mixed use development.

The secondary north sector extends north along Victoria Avenue / Greens Road to Wrights Road to include the northern residential pockets of Castle Hill, but is limited in this direction due to the presence of Kellyville Village which provides an existing convenience shopping destination.

The secondary east sector includes the remainder of the Showgrounds precinct to the east as well as including some of Castle Hill's centrally located residential pockets. It is acknowledged that the establishment of a retail node at Showgrounds station will limit the share of sales likely to be drawn from this sector.

The secondary south sector extends southwards along Windsor Road and into the northern parts of Baulkham Hills.

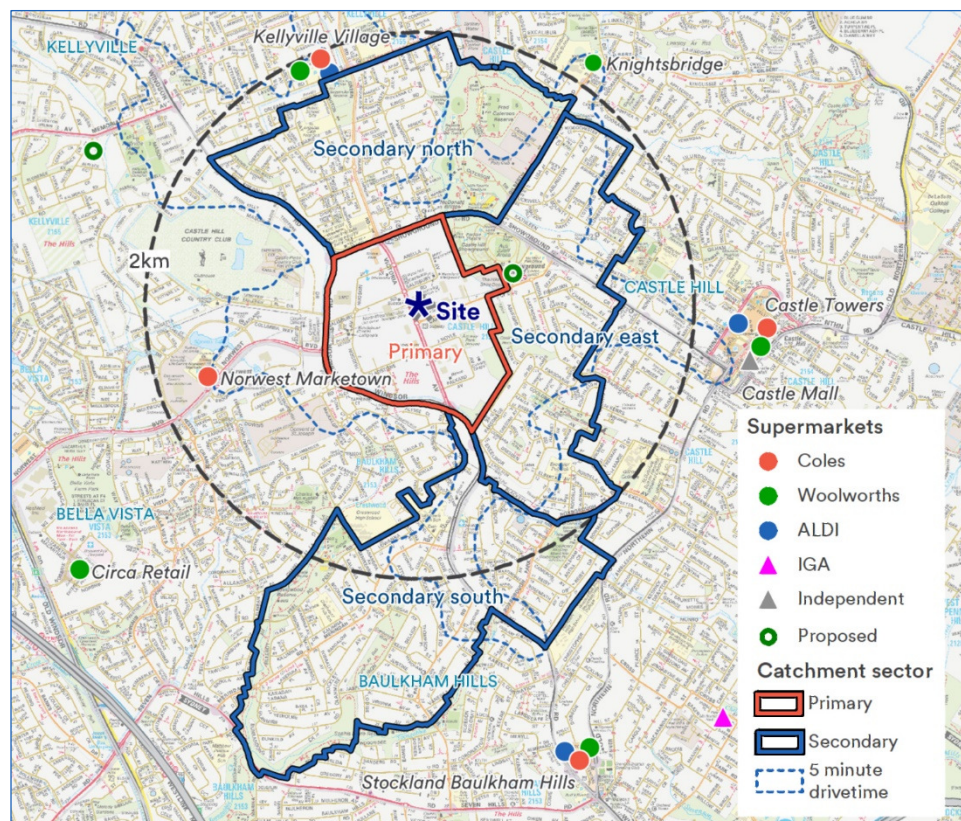
The catchment area is truncated somewhat to the west due to access difficulties posed by the road network, and the influence of Norwest Marketown in that direction.

No supermarkets are currently located within catchment area, however shopping centres and precincts containing supermarkets surround the catchment area, with the nearest supermarket 1.7 km west at Norwest Marketplace (Coles).

As noted above, in the future a retail centre will be established at Hills Showground and is planned to contain a full-line supermarket. These centres will have overlapping catchments but with the Showgrounds centre expected to attract a higher share of spending on convenience retail by secondary east residents.

**Figure 22—
Supermarket
catchment**

Source: Deep End
Services



Demographic characteristics

The key demographic characteristics for the catchment area, compared to Sydney averages, are shown in Table 8, with the key features as follows (noting that the Primary sector currently has no existing residential base and is therefore excluded):

- Larger household sizes, reflecting the strong orientation towards ‘couples with children’ households
- Much higher proportion of white-collar workers
- Low representation of 20-34 year olds
- Well above average household income levels, indicative of strong participation rates and higher education levels attained.
- Much greater incidence of home ownership with detached housing by far the dominant housing type
- Very high levels of motor vehicle ownership.

**Table 8—
Demographic
indicators**

Note: Primary sector
contained only 30
residents in 2016

Source: ABS Census
2016

Demographic characteristic	Secondary north	Secondary east	Secondary south	Total catchment	Sydney
Persons and dwellings					
Usual resident population	4,863	4,892	7,339	17,122	4,823,991
Total private dwellings	1,492	1,573	2,454	5,519	1,855,169
Average household size	3.43	3.18	3.16	3.24	2.78
Economic indicators					
White collar workers	70%	63%	61%	64%	56%
Bachelor degree or higher	37%	35%	33%	35%	28%
Age group					
0-9	13%	13%	15%	14%	13%
10-19	16%	15%	14%	15%	12%
20-34	17%	15%	15%	15%	23%
35-49	22%	22%	24%	23%	21%
50-64	21%	19%	16%	18%	17%
65+	11%	17%	16%	15%	14%
Average age	36.7	38.6	37.6	37.6	37.6
Annual household income					
Average household income	\$163,941	\$137,714	\$128,463	\$140,648	\$110,026
Variation from Sydney average	49%	25%	17%	28%	-
Country of birth					
Australia	59%	64%	67%	64%	61%
China	5%	6%	6%	6%	5%
India	5%	3%	4%	4%	3%
England	3%	5%	4%	4%	3%
Other	27%	22%	18%	22%	28%
Occupied private dwelling tenure					
Fully owned	32%	41%	39%	38%	30%
Being purchased	54%	44%	46%	48%	34%
Rented	14%	15%	15%	15%	35%
Dwelling type					
Separate house	90%	96%	97%	95%	57%
Townhouse/semi-detached	10%	3%	2%	4%	14%
Apartment	1%	1%	0%	1%	28%
Household composition					
Couples with children	62%	55%	55%	57%	38%
Couples without children	20%	25%	24%	23%	24%
One parent family	10%	9%	8%	9%	11%
Lone person	7%	11%	11%	10%	22%
Group	1%	1%	2%	1%	5%
Motor vehicle ownership per dwelling					
None	1%	1%	1%	1%	11%
One	20%	24%	24%	23%	38%
Two	48%	48%	50%	49%	34%
Three or more	30%	27%	25%	27%	16%

Population

The catchment is estimated to have a population of 18,290 persons in June 2020, having grown at a rate of 0.8% per annum over the last four years since 2016.

The catchment population is projected to increase at an accelerating rate as urban renewal in the Showgrounds precinct (within the Secondary east sector) proceeds. More modest infill development is anticipated within the Secondary north and Secondary south sectors.

The Primary sector is projected to accommodate an increase in the residential base commencing in around 2025. This assumes that residential development begins to occur within the Cattai Creek corridor as part of mixed use precincts. The additional population base is assumed to be in the order of 4,000 residents, associated with an expected 1,900 dwellings which would be developed over ten years commencing in 2025. This development yield assumption is based on a potential land area of 10 hectares and an FSR of 1.9.

By 2030, the catchment population is anticipated to be 24,539 and then increasing further to reach nearly 30,000 residents in 2036. This represents an increase of 11,500 people over the next 16 years, at an average rate of 3.1% per annum.

**Table 9—
Catchment
population**

Source: Deep End
Services (refer text);
Transport for NSW;
Forecast.Id

Catchment area sector	2016	2020	2024	2027	2030	2033	2036
Population							
Primary	29	29	29	869	2,129	3,389	4,229
Secondary north	5,050	5,153	5,149	5,230	5,314	5,398	5,482
Secondary east	5,042	5,143	5,964	7,354	8,764	10,174	11,514
Secondary south	7,623	7,965	8,117	8,227	8,332	8,452	8,572
Total	17,744	18,290	19,259	21,680	24,539	27,413	29,797
Population growth (No. per annum)							
Primary	-	0	0	280	420	420	280
Secondary north	-	26	-1	27	28	28	28
Secondary east	-	25	205	463	470	470	447
Secondary south	-	86	38	37	35	40	40
Total	-	137	242	807	953	958	795
Population growth (% per annum)							
Primary	-	0.0%	0.0%	210.6%	34.8%	16.8%	7.7%
Secondary north	-	0.5%	0.0%	0.5%	0.5%	0.5%	0.5%
Secondary east	-	0.5%	3.8%	7.2%	6.0%	5.1%	4.2%
Secondary south	-	1.1%	0.5%	0.4%	0.4%	0.5%	0.5%
Total	-	0.8%	1.3%	4.0%	4.2%	3.8%	2.8%

Retail spending

Average per capita retail spending levels for the catchment area are modelled using MarketInfo data which considers demographic variables such as income, ethnicity, age and education level, as well as regional factors which influence retail spending propensities.

Based on this information, average spending by catchment area residents is 6.3% higher than the Sydney average.

Applying this to the catchment population, and adopting future changes in average spending based on forecasts by Deloitte Access Economics, total retail spending is forecast to increase from \$306.3m in 2020 to \$425.1m in 2027. By 2036 total catchment retail spending is forecast to be \$780.3m.

Spending on Food, Liquor & Groceries (FLG) by catchment area residents is estimated at \$99.5m in 2020 and is forecast to reach \$136.0m in 2027 and then increase to \$241.6m in 2036.

The annual FLG market, which is critical to supporting supermarket development, will therefore be \$36.6m larger in 2027 and \$142.1m larger in 2036 compared to the 2020 level.

This significant increase in resident spending on supermarket-type goods will help to underpin future major supermarket provision in the Hills Showground in the medium term, as well as providing a source of sales at the subject site.

**Table 10—
Catchment retail
spending**

Source: Deep End
Services; ABS;
Market Data
Systems; Deloitte
Access Economics

Spending category	Spending market (\$m)					Average change (%pa)			
	2016	2020	2027	2030	2036	2016-20	2020-27	2027-30	2030-36
Food & Groceries	83.3	99.5	136.0	168.9	241.6	4.5%	4.6%	7.5%	6.2%
Liquor	11.6	13.1	16.7	20.7	28.3	3.0%	3.5%	7.5%	5.4%
Other food	42.7	43.9	59.6	79.1	127.7	0.7%	4.5%	9.9%	8.3%
Non food Goods	132.0	138.1	196.0	242.5	347.4	1.1%	5.1%	7.4%	6.2%
Retail Services	10.8	11.8	16.8	22.4	35.3	2.2%	5.2%	10.0%	7.8%
Total	280.4	306.3	425.1	533.6	780.3	2.2%	4.8%	7.9%	6.5%

6.3 Existing centres

The following paragraphs present information on existing retail centres in the local area that are of relevance in terms of absorbing any impacts from the proposed development on the subject site. The locations of these centres are shown on Figure 22 on p41.

Castle Towers

Castle Towers is a major regional shopping centre and the premier retail and entertainment destination for the north-west Sydney region. The centre is classified as a Strategic Centre, with Castle Towers the main component of the centre.

The centre is anchored by Myer, David Jones, Target, Kmart, Coles, ALDI, mini-majors and a large number of specialties, as well as incorporating a 16-screen Event Cinema complex. The centre is in the early stages of a \$1 billion redevelopment, with stage one unveiled in December 2019 delivering an underground pedestrian tunnel linking the new retail and food precinct of the centre to the new Castle Hill metro station. The upgrade and delivery of new retailers will continue into 2021 with further redevelopment delivered in future stages.

Castle Mall

Located in the Castle Hill Strategic Centre and across the street from Castle Towers, this local neighbourhood centre is anchored by Supa IGA (1,880 sqm) and TK Maxx. The centre includes over 30, mostly non-branded, local specialty retailers as well as a Snap Fitness gym.

Stockland Baulkham Hills

Stockland Baulkham Hills is a large, enclosed neighbourhood centre situated 3.6 km to the south of the subject site. The centre is anchored by three supermarkets – Woolworths (3,885 sqm), Coles (3,034 sqm) and ALDI (1,385 sqm) – resulting in the supermarket tenancies occupying over half (55%) of the centre's retail floorspace. The centre includes almost 80 specialty shops, including many national brand retailers.

Norwest Marketown

Norwest Marketown is a single-level neighbourhood shopping centre located 1.6 km west of the subject site within the Norwest Centre precinct.

The centre is situated opposite the new metro station, close to existing commercial development and emerging residential and mixed-use developments to its north.

The centre is anchored by a 4,051 sqm Coles, which is the closest supermarket to the subject site. The centre includes over 40 specialty shops, with Liquorland, Shell service station and a car wash situated on pad sites facing Norwest Boulevard.

The centre includes a food court and lakeside restaurants, which caters to the lunchtime needs of the nearby office workers. Future redevelopment of the centre is planned although the details are yet to be finalised for a formal Planning Proposal.

Kellyville Village

Situated 2 km north of the subject site, Kellyville Village is a popular neighbourhood shopping centrally located in Kellyville's residential area. The single-level centre is anchored by a 3,837 sqm Coles, The Reject Shop and a large First Choice Liquor store located on a pad site in front of the centre. The centre contains 39 specialty shops, with no vacancies identified on a recent site visit.

Immediately adjoining Kellyville Village to the west is a large freestanding Woolworths (4,550 sqm). The Woolworths includes a BWS liquor outlet at the entrance to the store. The supermarket trades onto a large on-grade shaded car park, which is inter-connected with the adjacent on-grade carpark for Kellyville Village.

Situated in front of Kellyville Village fronting Wrights Road, and alongside the First Choice Liquor pad site, is a 1,477 sqm ALDI. This well-presented store opened in early 2014, however due to the sloping nature of the site, the store appears on a lower level with a separate car park, and therefore is not well integrated with the rest of the precinct.

Knightsbridge Shopping Centre

Knightsbridge Shopping Centre is a small neighbourhood centre undergoing a refurbishment that is nearing completion. The centre was previously anchored by a 1,100 sqm IGA supermarket, however the store (now closed) has been converted into a Woolworths Metro. The centre is embedded within a well-established residential pocket 2.3 km north-west of the subject site. The centre has a small number of specialty shops and caters to the everyday convenience needs of surrounding residents.

Summary of floorspace provision

Table 11 summarises retail floorspace provision for the selected relevant centres, based on site visits conducted by Deep End Services in December 2019, information from the Shopping Centre Database prepared by the Property Council of Australia, and desk top research.

Most centres appear to be performing well, with relatively few vacancies. The highest vacancy is estimated to be at Castle Towers, with the recent completion of their stage one redevelopment yet to be fully leased and some retailers relocating, leaving tenancies to backfill. However, the centre is considered to be trading well and many of the vacant tenancies will be progressively leased.

Table 11—Existing centres floorspace provision (sqm) by category

Activity centre	Smkts	Other food & drink	Total food & drink	Non-food goods	Retail services	Total occupied retail	Vacant	Total retail	Vacant % of total	Major tenants
Castle Towers	5,867	7,760	13,627	75,337	2,195	91,159	7,100	98,259	7.2%	David Jones, Myer, Target, Kmart, Coles, ALDI
Castle Mall	1,880	1,700	3,580	4,247	800	8,627	0	8,627	0.0%	TK Maxx, Supa IGA
Stockland Baulkham Hills	8,814	2,530	11,344	2,349	1,260	14,953	680	15,633	4.3%	Woolworths, Coles, ALDI
Norwest Marketown	4,051	1,966	6,017	600	450	7,067	250	7,317	3.4%	Coles
Kellyville Village	5,233	3,444	8,677	1,810	690	11,177	0	11,177	0.0%	Coles, First Choice Liquor
Kellyville Village precinct smkts	6,027	0	6,027	0	0	6,027	0	6,027	0.0%	Woolworths, ALDI
Kellyville Village precinct	11,260	3,444	14,704	1,810	690	17,204	0	17,204	0.0%	
Knightsbridge Shopping Centre	1,100	395	1,495	195	50	1,740	220	1,960	11.2%	Supa IGA
Total	31,080	17,795	48,875	84,538	5,445	138,858	8,250	147,108	5.6%	

Source: Deep End Services; Property Council of Australia

6.4 Retail development opportunity

Centre role

The Concept Design for Carrington Place proposes to include shops as permitted uses in order to enable a local convenience offer for local workers, hotel guests, shoppers and other visitors, as well as the residential population within the identified catchment.

The types of shops accommodated within the development are likely to include a small to medium sized supermarket and a range of specialty stores trading across food, non-food variety and retail service categories. Other tenants are likely to include food and drink premises (which are facilitated within the B5 zone) and business premises which are assessed separately.

In terms of the role of the centre in the retail hierarchy, it is acknowledged that the future Showgrounds centre, which is proposed to include a full-line supermarket, will become the main focus for the surrounding residential catchment, which includes the Secondary east sector of the Carrington Place catchment. The shop uses at Carrington Place will occupy a lower-order role given its location within a largely commercial precinct.

Market sources

Sales at the shop component of the development will be attracted from a range of sources, including:

- A share of the spending from residents in the identified catchment
- Spending from local workers within the development itself (office workers and those working in the hotel and other elements) who might direct some of their shop expenditure prior to travelling home
- Spending from workers in the wider Norwest service precinct, with these workers potentially undertaking lunch-time and end-of-day spending at Carrington Place

- Spending by hotel guests on local day-to-day items
- Spending by shoppers at the nearby large format retail precinct, and other visitors passing by.

With respect to expenditure by catchment residents, it is likely that a relatively small share of residential catchment retail spending would be captured at the development, given the location of other nearby centres which also serve residential markets. Most catchment residents – especially those in the Secondary east sector – are likely to continue to do most of their shopping at existing centres that have a full-line supermarket offer and a wider variety of specialties. The centre's position embedded within a mixed use precinct is also likely to lessen the appeal to residents.

Sales assessment

An estimate of total sales achieved by the shop retail components is based on the following:

- Forecast sales achieved by a small to mid-sized supermarket from residential spending by catchment residents
- Supermarket sales potential derived from spending by workers in the surrounding area
- Sales drawn from shoppers, hotel guests and other visitors
- Based on the above, an estimate of total supermarket sales supported by the above market sectors
- Estimated sales generated by other specialty shop tenancies.

Table 12 presents an estimate of the potential contribution to supermarket sales generated as a result of resident spending, including those within the catchment and people living in the wider area that might spend at the site as they travel along Victoria Avenue (ie 'beyond catchment'). The beyond catchment sales excludes sales drawn from local workers in the area, which is assessed separately, but incorporates potential spending from hotel guests and other passing trade. The assessment has been undertaken for the year 2027 as a potential first year of trading.

As shown in the table, total sales associated with catchment residents and others living further afield (but excluding workers) is estimated at \$22.1 million.

**Table 12—
Catchment
supermarket sales
forecast**

Catchment area sector	F&G spending (\$m)	Market share (%)	Sales (\$m)	Sales distribution (%)	Category allocation (%)
Primary	5.5	40.0%	2.2		
Secondary north	32.2	15.0%	4.8		
Secondary east	46.9	5.0%	2.3		
Secondary south	51.4	12.0%	6.2		
Total secondary	130.5	10.2%	13.3		
Total catchment	136.0	11.4%	15.6	75.0%	
Beyond			5.2	25.0%	
Total F&G sales			20.7	100.0%	94.0%
Non-F&G sales			1.3		6.0%
Total sales			22.1		

Estimates of supermarket sales to workers has been forecast as follows:

- According to official estimates by Transport for NSW (TfNSW), the Norwest Service Precinct contained a workforce of around 8,100 in 2016
- The Productivity and Centres Strategy identifies potential for around 6,000 new jobs to be accommodated within the Norwest Service precinct, including those in zoned land and potential jobs created as a result of future rezonings (including parts of the Cattai Creek deferred area), with an average increase of 313 jobs pa
- The size of the future workforce is based on an average annual increase of 313 jobs per year on top of the existing base of 8,100 jobs in 2016
- An additional 2,035 jobs are anticipated to be delivered on the subject site
- Average supermarket expenditure by workers has been estimated by adopting average F&G spending for the residential catchment, of which a share would be directed to a supermarket at the subject site (with this share ranging from 7.5% for workers in the wider Service precinct, to 18.75% for workers on the site).

According to this analysis, the sales contribution from workers would be in the order of \$5.9m in 2027.

As shown in Table 13, total sales by a supermarket within the development would be in the order of \$27.9 million in 2027. Increased sales performance would occur in subsequent years as the workforce grows and new residential development progresses within the catchment.

Given typical industry benchmarks, a sales performance of around \$27.9m would support a mid-sized supermarket of around 1,800-2,000 sqm.

**Table 13—
Derivation of
supermarket sales,
2027**

Component	2027
Residential component	
Primary	2.2
Secondary	13.3
Total catchment	15.6
Beyond	5.2
Total F&G sales	20.7
Non-F&G sales	1.3
Sales to residents (incl other sources)	22.1
Worker contribution	
From on-site workers	1.8
From workers elsewhere in service precinct	4.1
Total worker contribution	5.9
Total supermarket sales	27.9

An estimate of the total sales achieved by the convenience retail offer in 2027 has been prepared with consideration given to the following:

- Supermarket sales as shown in Table 13
- An assumption that the supermarket component would be in the order of 2,000 sqm, with the remaining 3,700 sqm of shop floorspace accommodating other non-supermarket shop uses

- An average sales performance of \$6,000 per sqm for the other shop uses, reflecting a range of retail types across the food, non-food and retail services categories.

Based on these assessments, the shop floorspace is forecast to generate total sales of approximately \$50m in the first year of trading (2027), of which \$27.9m would be generated by the supermarket, as shown in Table 14.

The overall sales result represents a trading average of approximately \$8,800/sqm, which is a healthy performance for a retail component allied to an office development.

Table 14—Forecast shop sales in 2027

Source (\$m)	Supermarket	Other shop	Total shop
Workers	5.9	7.8	13.6
Catchment residents	16.6	7.8	24.3
Other	5.5	6.7	12.2
Total	27.9	22.2	50.1
Floorspace (sqm)	2,000	3,700	5,700
Trading level (\$/sqm)	13,974	6,000	8,798

Resident market share

As set out in Table 14 catchment area residents are forecast to account for around \$24m of the first year sales achieved by the shop component of the proposed development.

When compared against the total retail spending market for the catchment area, forecast to be \$425.1m in 2027, the \$24.3m in sales generated by catchment area residents would represent just 5.7% of this spending market at that time.

Summary of opportunity

In summary, analysis shows that a successful convenience retail component, comprising a mid-sized supermarket and other shops, can be developed as part of the proposal for the subject site.

These convenience retail uses would cater to the everyday shopping demands of local workers within the development itself, as well as people working elsewhere in the Norwest Service precinct, while also attracting a share of spending from residents living in the surrounding area.

6.5 Potential trading impacts

The introduction of a modest supermarket and other shop uses serving a convenience retail role will mainly support new workers brought to the site and existing workers in the Norwest Service precinct. This aspect of the proposal will result in minor redirections of trade away from local cafés and other existing retail businesses but is not considered to have any significant impact on existing centres in the area, which are supported by their own local residential and worker catchments.

The contribution from catchment residents to support the convenience retail elements is relatively minor in the context of total catchment spending, representing a market share of around 5.7%. All other things being equal, this represents the average impact across all affected centres, although higher impacts of up to around

8-10% may be experienced at individual centres, including for example the proposed centre at Showgrounds station. Nevertheless, the trading effects at the local level are not significant in an area where substantial population growth is expected to occur.

In terms of planned centres, the following future opportunities are noted:

- The likely inclusion of a supermarket-based centre adjacent to the Hills Showground station.
- The likely redevelopment of Norwest Marketown to include expanded retail floorspace, noting that a recent planning proposal did not have council support.

These planned retail facilities will be supported by large resident population bases and surrounding workers and will not be affected by the proposed retail elements at the subject site. In particular, the Hills Showgrounds site will be adjacent to the bulk of the future higher density residential development in the local area, thereby supporting the delivery of a full-line supermarket and wider range of retail specialties. Future supermarket-based development at this location will cater to a different market compared to the local convenience-based offer proposed for the subject site.

New commercial development across the Norwest strategic centre, including within the Norwest Service precinct in addition to what is proposed for the subject site, will bring additional workers to the area and will generate extra demand for supermarket provision in the local region. Population growth in the region will also generate a requirement for additional facilities.

Therefore, the relatively small provision of supermarket floorspace proposed is unlikely to preclude or delay the development of other future centre development opportunities in the surrounding region.



Assessment of uses – Business premises

This chapter presents an assessment of the development opportunity and potential economic effects arising from the proposed inclusion of business premises as a permitted use at Carrington Place.

In this context, ‘business premises’ is defined in the Hills Shire LEP as follows:

Business premises means a building or place at or on which—

(a) an occupation, profession or trade (other than an industry) is carried on for the provision of services directly to members of the public on a regular basis, or

(b) a service is provided directly to members of the public on a regular basis, and includes a funeral home and, without limitation, premises such as banks, post offices, hairdressers, dry cleaners, travel agencies, internet access facilities, betting agencies and the like, but does not include an entertainment facility, home business, home occupation, home occupation (sex services), medical centre, restricted premises, sex services premises or veterinary hospital.

The use ‘business premises’ sits within the ‘commercial premises’ definition which also includes office premises and retail premises.

The inclusion of business premises as a permitted use would have the effect of enabling small service-type uses to be accommodated within the proposed Carrington Place development in order to serve the needs of local workers, hotel guests, shoppers, residents and other customers that are already shopping within the centre.

The most likely types of businesses that would be attracted to the site would include banks, hairdressers, massage therapists, clothing alteration shops, shoe repairs, and optometrist, which are complementary to the uses already operating from the site.

These small-scale service businesses would rely on existing visitation to the site, either because workers are already present or because people are at the centre for other purposes (shopping, staying at the hotel, etc). The uses would therefore have a complementary or ancillary function that would improve the amenity of the centre by allowing visitors to obtain a limited range of personal or business services while undertaking their shopping. The accommodation of these uses would be unlikely to draw any significant additional patronage to the centre, but would rather offer additional amenity to workers, shoppers and visitors who are already there.

The inclusion of business premises as a permitted use would therefore have no effect on the role or operation of the shops and other services planned for the site, and would similarly have no economic effect on other centres in the region.

8

Economic outcomes

8.1 Introduction

This Chapter presents a summary of the potential economic outcomes that would be generated by the Planning Proposal, assuming that the development outcome is similar to the Concept Design prepared by Bates Smart.

The analysis includes consideration of potential effects on other centres that might result, as well as assessing the positive outcomes generated in terms of capital investment, construction employment, ongoing employment and other effects.

8.2 Economic effects on centres

Impacts from office uses

Chapter 5 presents a detailed analysis of the market opportunity for additional office floorspace on the subject site, and also considers the potential effect on other precincts where office development is planned.

The analysis concludes that the proposed 28,591 sqm (NLA) for office responds to emerging market demand for office floorspace over time.

With respect to effects on other office precincts, the analysis suggests that the introduction of a new office building at the subject site is consistent with planning policy as described in Hills Future 2036. To the extent that the proposed floorspace may affect other planned office precincts, this is likely to be marginal, and limited to the potential delay of delivery of future office floorspace in these precincts. Any effect will depend heavily on the timeframes associated with undergoing planning processes and bringing a development proposal to market in these locations; for example, the proposal is unlikely to have any effect on longer-term developments brought to market after around 2028. Indeed, if the proposal is the first major commercial office tower to be developed at Norwest, there is potential that it would have a positive catalytic effect and encourage further investment in the commercial office sector.

An important consideration for these precincts is that they also have significant policy support and should continue to attract strong investment interest as major office markets. In the case of the Hills Showground precinct, the opportunities for commercial and residential mixed-use projects will make the location attractive to a broad investment base and insulate the precinct somewhat from any potential effects arising from development on other local sites, including the subject site.

Impacts from shop uses

Chapter 6 provides an assessment of the market opportunity for the convenience retail uses proposed at the subject site, and the potential effects on existing and proposed centres in the region.

The analysis concludes that the proposed 5,700 sqm of shop floorspace, comprising a likely mid-sized supermarket and associated retail specialties, would serve a combination of local workers (including the significant worker population created on-site), other visitors and an immediate residential base that might include a residential population nearby at Cattai Creek.

Importantly, the shop elements would have a lower-order role when compared to other existing and planned centres including the planned Showgrounds station centre which is planned to incorporate a full-line supermarket.

Trading effects on other existing and planned centres would be low, and generally well under 5%, although some nearby centres may experience an impact of 5-10%. These impacts are within the bounds of normal retail competition and are relatively modest because of the relatively amount of floorspace proposed, the contribution from the local worker market, the anticipated small share of resident spending captured at the site, and the support for other more significant retail developments arising from strong population growth.

Impacts from business premises

Business premises would include a range of personal and business services that provide local amenity for workers, shoppers and other visitors. These are largely complementary or ancillary uses, and do not themselves drawn visitation away from other centres. The impacts are therefore minimal.

8.3 Other economic outcomes

Capital investment

The project represents a significant investment in a major gateway site, enabling its transition from low-rise light industrial and showroom uses to more intensive employment-creating development.

Based on estimates provided by Spotlight Property Group the total cost of the development is estimated at \$285m, with work conducted over a two-year period.

Construction employment

Applying typical labour cost ratios, the proposed construction costs would support a total of 1,680 full-time equivalent jobs (FTE) over the two-year construction period. Another 2,900 indirect FTE jobs would be created in the wider economy, some of which would be retained locally through supply contracts, expenditure and wages, etc.

**Table 15—
Construction effects**

Source: SPG; Deep End Services

Item	Measure
Estimated construction cost	\$285 million
Labour component	55%
Labour cost	\$157 million
Average construction wage (FTE)	\$93,055
Direct employment (FTE – total)	1,680
Construction period	2 years
Direct employment (FTE – job years)	840
Indirect employment (FTE – job years)	2,900

Ongoing employment

Once completed, the proposed development will directly support an estimated 2,035 employment positions (full-time, part-time and casual) across the office and retail components. Having regard to typical employment ratios this represents an estimated 1,765 full-time equivalent (FTE) jobs directly created on-site.

Another 3,490 ongoing jobs would be created indirectly through multiplier effects associated with production inputs and expenditure of wages. Most of these wider employment effects would accrue to the state or national economies.

**Table 16—
Estimated employment outcomes**

Source: Deep End Services; ABS

Use	GFA (sqm)	Positions	Direct FTE jobs	Indirect FTE jobs	Total jobs
Office	31,260	1,590	1,430	3,030	4,460
Specialised retail	8,288	140	110	135	245
Hotel	6,931	55	40	75	115
Shop	5,700	165	115	145	260
Medical centre	1,655	15	15	20	35
Childcare	1,017	20	20	25	45
Gym	1,005	15	10	10	20
Business premises	647	15	15	30	45
Food & drink premises	460	20	10	20	30
Total	56,963	2,035	1,765	3,490	5,255

Other benefits

In addition to job creation, the proposed development would generate a range of other benefits including the following:

- The development represents the revitalisation of an under-utilised site, providing a much more intensive and attractive development at this prominent gateway into the Norwest Service precinct.
- The proposal has potential to signal investor appetite for major office developments, therefore stimulating the office market and acting as a catalyst for further developments in the area.
- The proposal would help to reduce car trips and environmental externality effects by encouraging local office provision and reducing commuter distances to inner city office precincts.
- Capital improvements of the site as a result of the proposed development would generate a significant uplift in rates revenue for The Hills Shire.
- The introduction of new, modern office facilities with on-site amenity will provide new opportunities for businesses to locate in the area.
- The introduction of purpose-built modern office space would cater to larger office users.
- Small tenancies would enable expansion opportunities for small businesses, including potentially investment opportunities for strata properties if this were to eventuate.
- The introduction of local shops including a mid-sized supermarket would create a convenience-based everyday shopping opportunity for local workers, visitors and residents.