

Carrington Square Castle Hill Planning Proposal

Economic Impact Assessment

Prepared for Spotlight Property Group
31 July 2023



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.

Contact

Deep End Services Pty Ltd
Suite 304
9-11 Claremont Street
South Yarra VIC 3141

T +61 3 8825 5888

F +61 3 9826 5331

deependservices.com.au

Enquiries about this report should be directed to:

Matthew Lee

Principal

matthew.lee@deependservices.com.au

Trudy Rigoni

Senior Associate

trudy.rigoni@deependservices.com.au

Disclaimer

This report has been prepared by Deep End Services Pty Ltd solely for use by the party to whom it is addressed. Accordingly, any changes to this report will only be notified to that party. Deep End Services Pty Ltd, its employees and agents accept no responsibility or liability for any loss or damage which may arise from the use or reliance on this report or any information contained therein by any other party and gives no guarantees or warranties as to the accuracy or completeness of the information contained in this report.

This report contains forecasts of future events that are based on numerous sources of information as referenced in the text and supporting material. It is not always possible to verify that this information is accurate or complete. It should be noted that information inputs and the factors influencing the findings in this report may change hence Deep End Services Pty Ltd cannot accept responsibility for reliance upon such findings beyond six months from the date of this report. Beyond that date, a review of the findings contained in this report may be necessary.

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

Contents

Executive summary	i
1 Introduction	1
1.1 Background	1
1.2 This report	2
2 Context analysis	3
2.1 Regional context	3
2.2 Local context	4
3 Proposed development	6
3.1 Planning Proposal	6
3.2 Concept development	7
4 Planning and policy context	9
4.1 Introduction	9
4.2 Greater Sydney Region Plan	9
4.3 Central City District Plan	11
4.4 Sydney Metro North West	12
4.5 Showground Structure Plan	13
4.6 The Hills Corridor Strategy	14
4.7 Showground Station Precinct	15
4.8 The Hills LEP 2019	17
4.9 The Hills Local Strategic Planning Statement	18
4.10 Draft Norwest Precinct Plan	21
4.11 Summary	23
5 Assessment of Shop uses	24
5.1 Introduction	24
5.2 Catchment analysis	25
5.3 Existing centres	30
5.4 Retail development opportunity	32
5.5 Retail trading impacts	36
6 Economic outcomes	38
6.1 Introduction	38
6.2 Economic effects	38
6.3 Economic effects on centres	40

Tables + Figures

Table 1—Uses and floorspace provision	7
Table 2—Demographic indicators	27
Table 3—Residential catchment population	28
Table 4—Catchment retail spending	29
Table 5—Existing centres floorspace provision (sqm) by category	32
Table 6—Catchment residents supermarket sales forecast (F&G)	34
Table 7—Derivation of supermarket sales, 2027	34
Table 8—Forecast shop sales in 2027	35
Table 9—Retail impact assessment on The Hills Showground Village	37
Table 10—Construction effects	39
Table 11—Estimated employment outcomes	39
Figure 1—Regional context	4
Figure 2—Local context	5
Figure 3—21-23 Victoria Avenue Castle Hill concept design	8
Figure 4—Greater Sydney Strategic Framework	10
Figure 5—Structure Plan for Central City District	11
Figure 6—Priority Urban Renewal Corridor	12
Figure 7—Showground Structure Plan	13
Figure 8—Showground Opportunities	14
Figure 9—Showground Station precinct exhibited zones	15
Figure 10—Showground Station precinct zones	16
Figure 11—Zone Map	17
Figure 12—Norwest strategic centre sub-precincts	19
Figure 13—Norwest Strategic Centre structure plan	20
Figure 14—Norwest Draft Land Use Plan: Service precinct	22
Figure 15—Draft Precinct Plan: Cattai Creek West Focus Area	22
Figure 16—Supermarket catchment	26

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 ('Carrington Square').

The Planning Proposal seeks to amend 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 by Bates Smart to indicate the likely development outcome if the Planning Proposal were approved. It provides for a commercial office development with supporting uses including shops, small service businesses and other community services, as well as provision for continuation of specialised retail uses. Total floorspace provision for the proposed development would be 48,410 sqm gross floor area (GFA), representing a Floor Space Ratio (FSR) of approximately 2.3:1.

The concept design has a commercial tower on the southern part of the site adjacent to Carrington Road, with a small amount of retail at ground level. The remainder of the site would accommodate specialised retail, other shop uses, business premises and a range of other activities such as medical services or gym. The retail facilities would be mostly convenience-related to serve the needs of the local workforce both on-site and in the surrounding precinct, as well as attracting visits from shoppers already within the precinct, while also serving local residents.

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 being stimulated by the delivery of the Sydney Metro Northwest public transport infrastructure. The most recent draft Norwest Precinct Plan for public exhibition anticipates more than 17,000 new dwellings and almost 25,000 more jobs across Norwest by 2036.

The Norwest Service Precinct is identified for a mix of 'high density commercial offices' and 'urban support services' within the area west of Cattai Creek, with the eastern part around the Showground Metro station accommodating medium and high density residential with a local centre adjacent to the station.

The proposed development is consistent with these plans, with a focus on commercial offices, retention of specialised retail, and inclusion of a small shop component to service workers, visitors and local demand.

Subsequent to recent employment zones reform, the site is within the E3 Zone where office uses and specialised retail are permissible, but the proposed Shop component would need to be inserted as an Additional Permitted Use.

Shop as a permitted use

Analysis of economic impacts in this report deals with shop uses incorporating the proposed supermarket and other convenience shops. The specialised retail component is already established and is a permitted use under the E3 zone, while food and drink premises, business premises and offices are also permitted uses.

The Planning Proposal is to include 'Shop' as an additional permitted use under Schedule 1 of The Hills Local Environmental Plan 2019 (LEP) with a floorspace cap of 3,300 sqm (GFA). This small amount of retail floorspace is intended to provide a local convenience offer for nearby workers (on site and in the wider precinct), shoppers and other visitors, as well as a local residential catchment.

The concept design is consistent with the Planning Proposal, with a small supermarket of around 2,000 sqm plus a range of tenancies convenience-oriented specialty stores.

In terms of centre roles, the future Hills Showground Village local centre, currently under construction, will comprise a full-line Woolworths supermarket of 3,511 sqm plus another 4,820 sqm for other tenancies, the majority of which would be likely to comprise retail uses. With a much more significant offer, Hills Showground Village will become the main grocery shopping focus for people living within the Norwest Service Precinct as well as across a wider residential catchment.

Carrington Square will occupy a lower-order role given its location within a largely commercial precinct, with sales generated from a mix of local workers, shoppers, other visitors to the precinct and from residents in the local area.

The centre would capture a small share of available retail spending within the local residential market, due to its position within an employment precinct and embedded in a commercial office development. Most spending will continue to flow to existing centres and to Hills Showground Village when it is completed.

Based on the maximum shop floorspace of 3,300 sqm (GFA), total sales achieved by the shop uses at Carrington Square is estimated at approximately \$28.8m, of which around \$20.3m would be associated with a supermarket of 2,000 sqm.

Trading impacts on existing centres would generally be very low (< 3%) as the retail component would generate a substantial share of sales from local workers and other visitors, and would not involve the substitution of a visit to other centres in the region.

More detailed examination of the potential impact on the Hills Showground Village local centre has been conducted, based on likely redirection of local resident and worker spending. The analysis shows that total centre-level impacts would be approximately 6.8%, which is well within the range of a normal competitive retail sector and would not lead to viability issues or preclude planned developments, especially given the strong residential growth in the local area.

Economic outcomes

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

- Capital investment estimated at \$285m
- An estimated 690 full-time equivalent (FTE) jobs directly created during the construction period (or about 345 jobs over a two year project), and a further 1,200 indirect FTE jobs created throughout the wider economy
- An estimated 2,145 employment positions created on the site on an ongoing basis, or approximately 1,875 jobs on an FTE basis
- A further 3,775 ongoing FTE jobs created indirectly 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, shoppers and other visitors.

The proposed shop component would serve a lower order convenience role for workers and visitors, with impact assessments showing that it would not adversely affect the role or operation of other centres in the region, existing or planned.

1

Introduction

1.1 Background

This report presents an economic impact assessment for 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 shop as an additional permitted uses within the existing E3 zone to facilitate a mixed commercial development that would lead to an intensification of economic activity and employment on the site while providing local workers and visitors with a local convenience shopping option.

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 development with a range of supporting uses including shops, small service businesses and other community service uses, as well as enabling the continuation of specialised retail uses (large format retail) on the site.

Total floorspace provision for the proposed development would be 48,410 sqm gross floor area (GFA), representing an overall Floor Space Ratio (FSR) of approximately 2.3:1.

1.2 This report

This report provides economic analysis of the Planning Proposal, including an assessment of the market context for the proposed introduction of 'shop' as an additional permitted use with a floorspace cap applied, 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, and identifies the 'shop' component which forms 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 'shop' use.

Section 5 analyses the proposed inclusion of shop as a permitted use with a floorspace cap and includes assessments of the role of the proposed retail (shop) tenancies, the markets likely to be served, and an estimate of sales performance and trading impacts on existing and planned centres.

Section 6 summarises the economic effects of the proposal, including any identified trading effects arising from the proposed additional permitted uses, 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 almost 200,000 persons as at June 2022, having grown by around 82,000 people since 2001 and by more than 81,700 people since 2011.

Further significant population growth is planned; according to the Hills Future 2036 Local Strategic Planning Statement (LSPS) 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.

Major 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 Shop as an additional permitted use for the site, with implementation of a floorspace cap to ensure it only meets a local need;
- Increasing the FSR applicable to the site from 1:1 to approximately 2.3:1; and
- Amending the Height of Building control (HOB) to facilitate a high-density development outcome.

Approval for the additional use is to be implemented through a new clause inserted into Schedule 1 to the Hills Shire Local Environmental Plan (LEP) which would enable development of the land to include 'Shop' with a limit of up to 3,300 sqm GFA.

Other proposed uses are already permitted within the E3 Zone.

The underlying intention of the Planning Proposal is to enable development of the site for more intensified mixed-use employment-generating uses, focussing on commercial offices along with shops and service businesses to support the local workforce, shoppers and other visitors. Provision for specialised retail is currently supported by the LEP and 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 in accordance with the Planning Proposal. The design incorporates a commercial tower along the Carrington Road frontage, consisting of 11 levels of office floorspace above a small local retail and food and drink component at lobby level and two levels of basement parking.

The northern part of the site would accommodate specialised retail and some shops over two levels, with basement car parking below and four levels of car parking above to support the commercial office parking requirements.

Overall the total car parking provision would be in the order of 1,330 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 approximately 2.3:1.

Table 1—Uses and floorspace provision

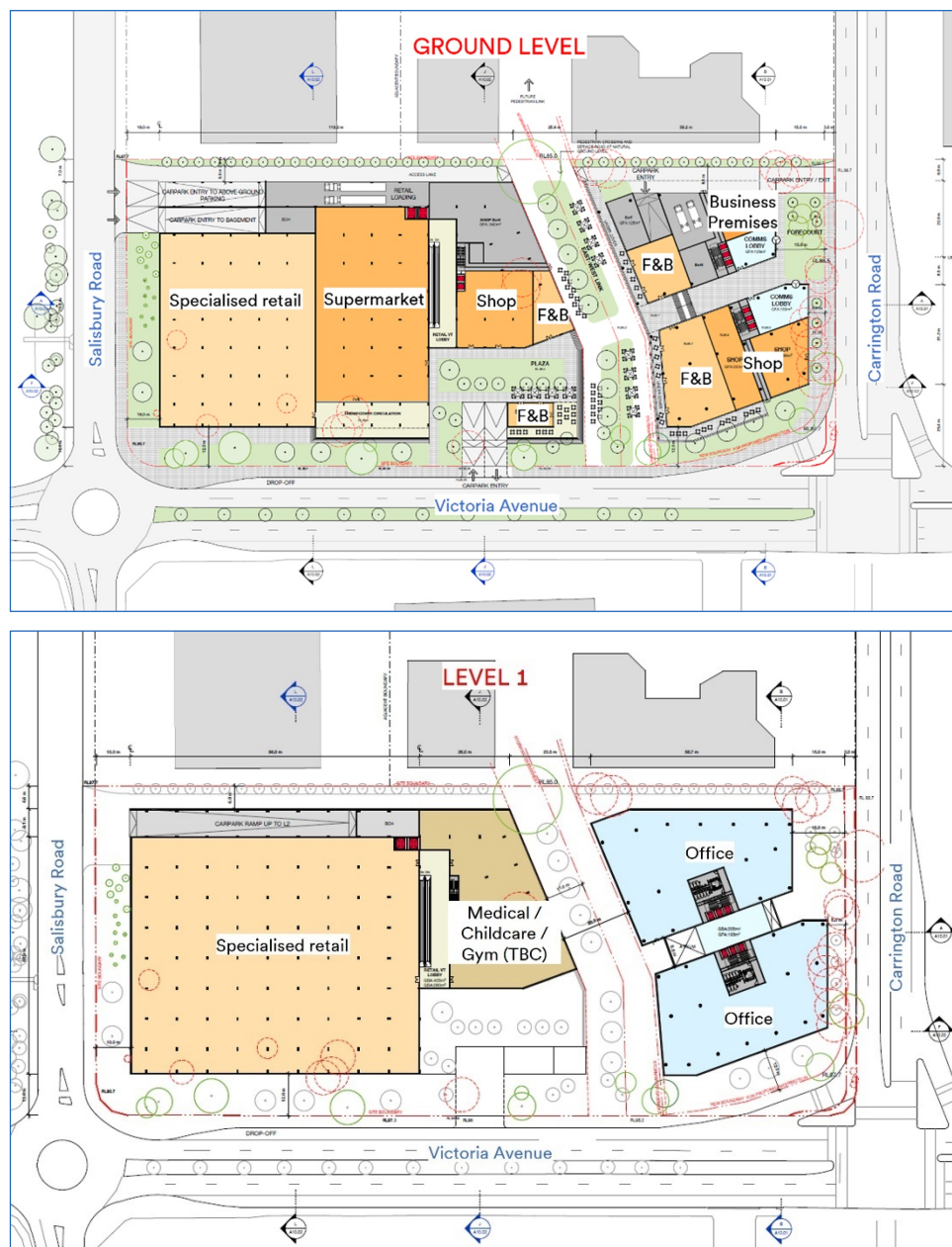
Source: BatesSmart

Use	GFA (sqm)	NLA (sqm)
Office	34,470	32,555
Specialised retail	7,920	7,920
Medical / Childcare / Gym	1,600	1,440
Shop	3,300	3,300
Food & drink premises	950	680
Business premises	205	196
Total	48,285	46,090

For the purposes of assessing shop uses and economic outcomes, the analysis in this report adopts the proposed maximum permitted shop development of 3,300 sqm. Of this, it is assumed that a supermarket would occupy a tenancy of 2,000 sqm, which is generally consistent with the concept design prepared by Bates Smart (in which the supermarket occupies 1,800 sqm GFA) and represents the likely outcome given the sales forecast presented in section 5.4. The remaining 1,300 sqm GFA would be occupied by a range of convenience-oriented retailers.

Figure 3—21-23
Victoria Avenue
Castle Hill concept
design

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 shop as an additional permitted use 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 planned precincts, growth areas and housing targets. These growth projections are reliant on and supported by government-led transport and infrastructure strategies.

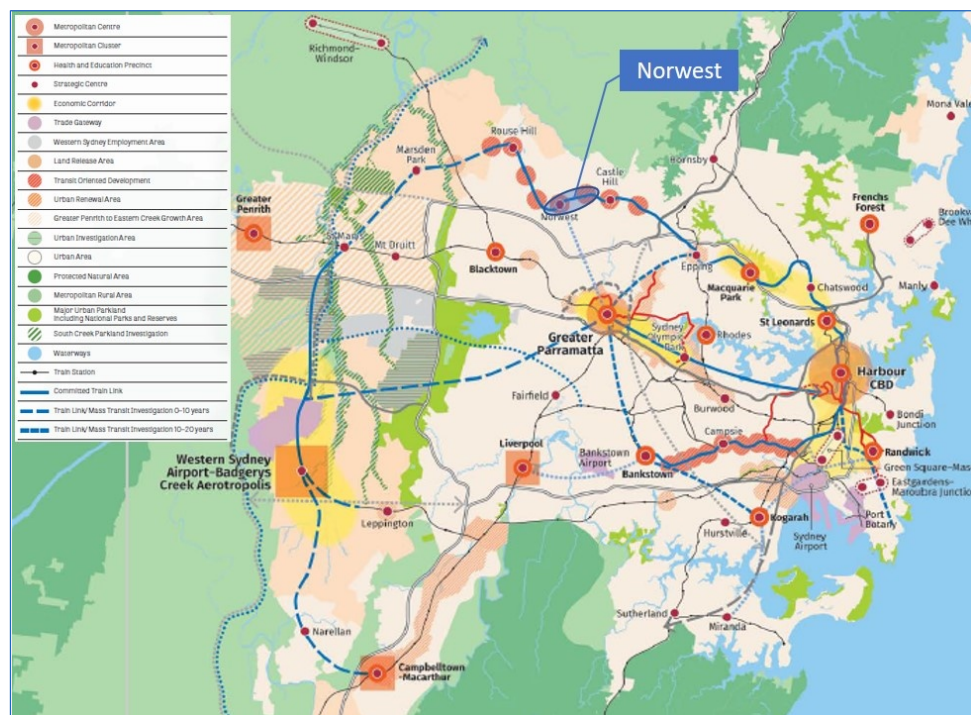
The aim of the Plan is to deliver infrastructure in the right places to support continued housing population and employment growth. To this end, a key objective is for planning to provide services, transport, infrastructure and jobs located in proximity to the growing population.

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 4—Greater Sydney Strategic Framework

Source: Greater Sydney Commission, Sydney Region Plan



4.3 Central City District Plan

The *Central City District Plan*, prepared in 2018, 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 5—Structure Plan for Central City District

Source: Central City District Plan (March 2018)



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.

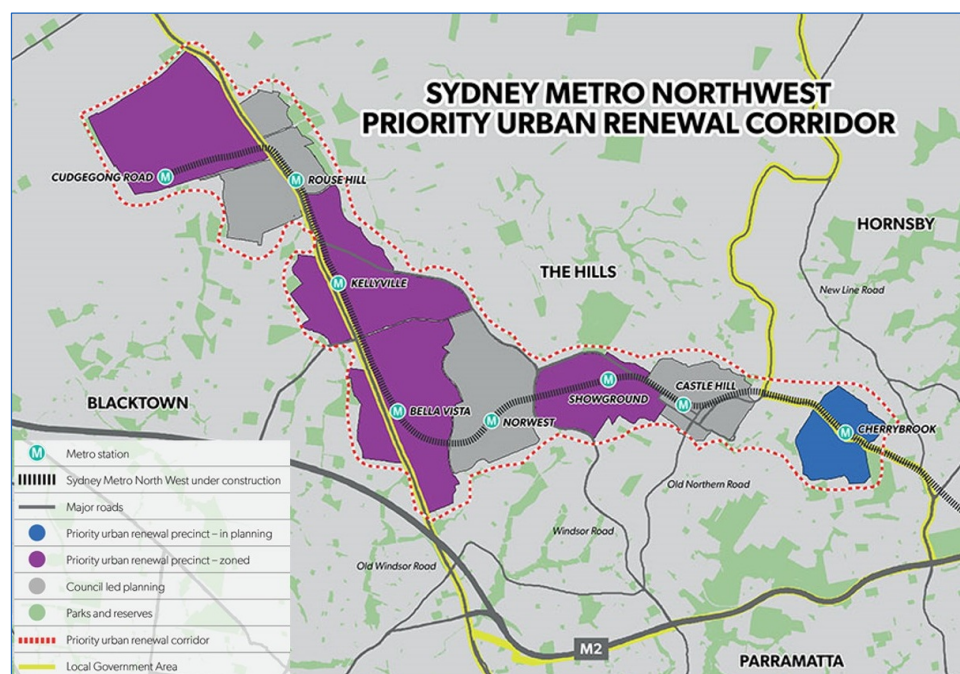
The *Metro North West Rail Link Corridor Strategy* was released in 2013 and provides the high-level planning framework to guide and co-ordinate future development and planning within the station precincts from Cherrybrook to Tallawong (Cudgegong Rd). The report was prepared to ensure housing and employment 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 6—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.

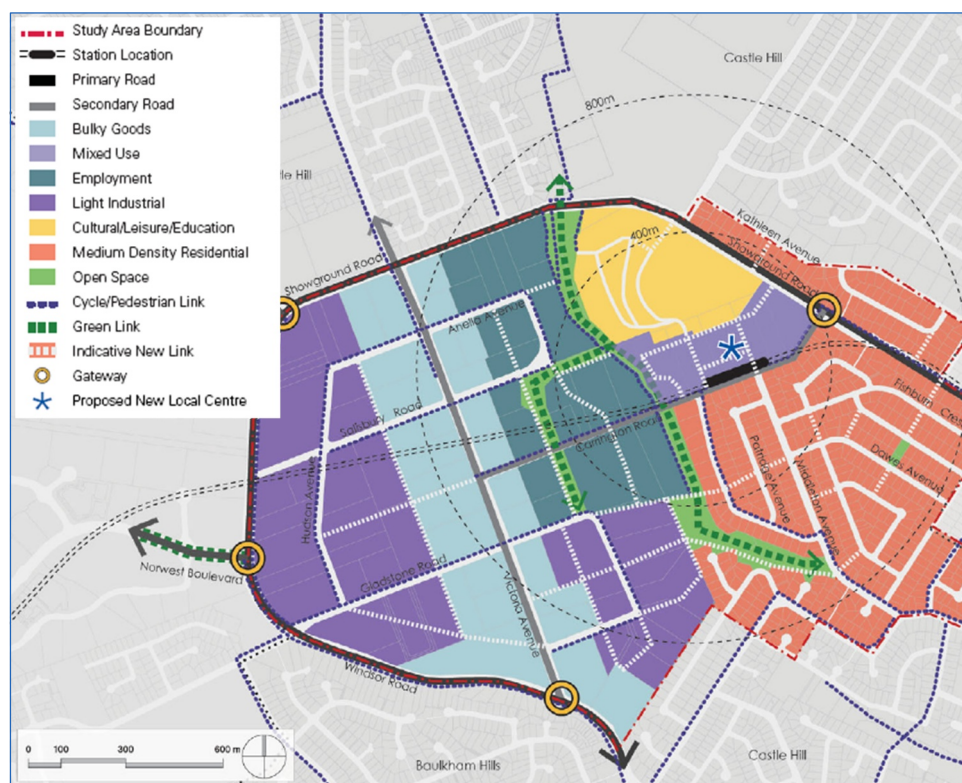
The report adopts a vision for future development involving significant employment growth across a variety of uses including offices, light industry, retailing, community facilities, recreation, cultural, leisure, and education. This is supported by housing intensification close to the station and to 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 7—
Showground
Structure Plan**

Source:
Showground Road
Station 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 which includes the subject site.

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

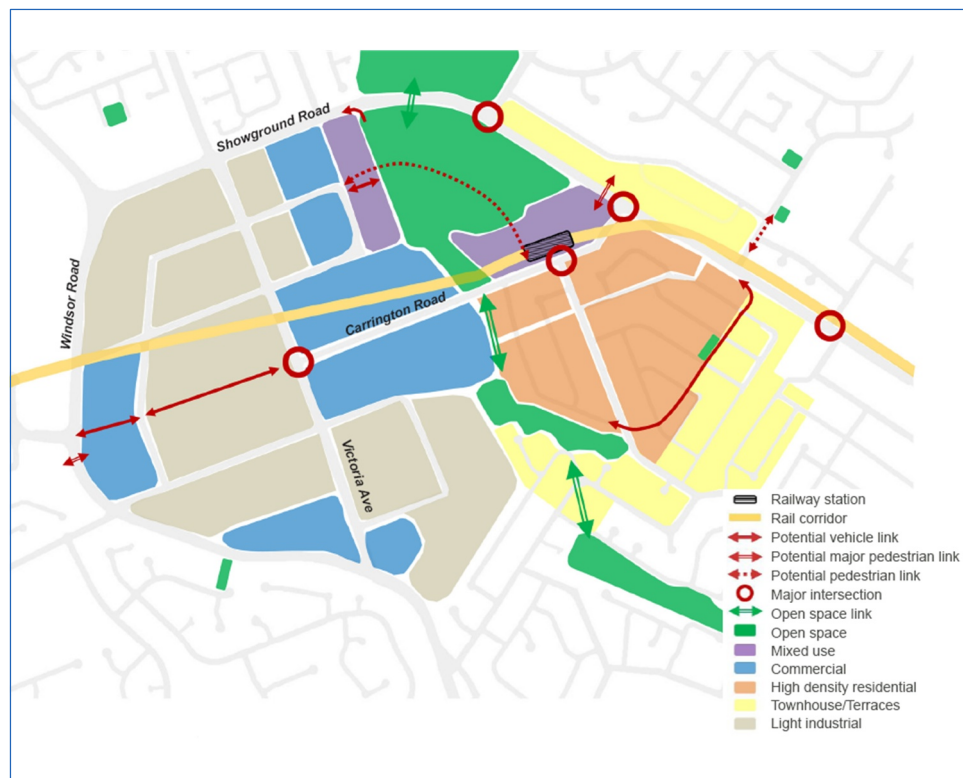
The strategy encourages greater connection from Showgrounds westward to Norwest, with Carrington Road set to become a key location for more intensive commercial development:

“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 8—
Showground
Opportunities**

Source: Hills
Corridor Strategy
(2015)



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 strategic policy documents described above, 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 at least an additional 5,000 homes by 2036
- Improved access and connections to the station through the precinct.

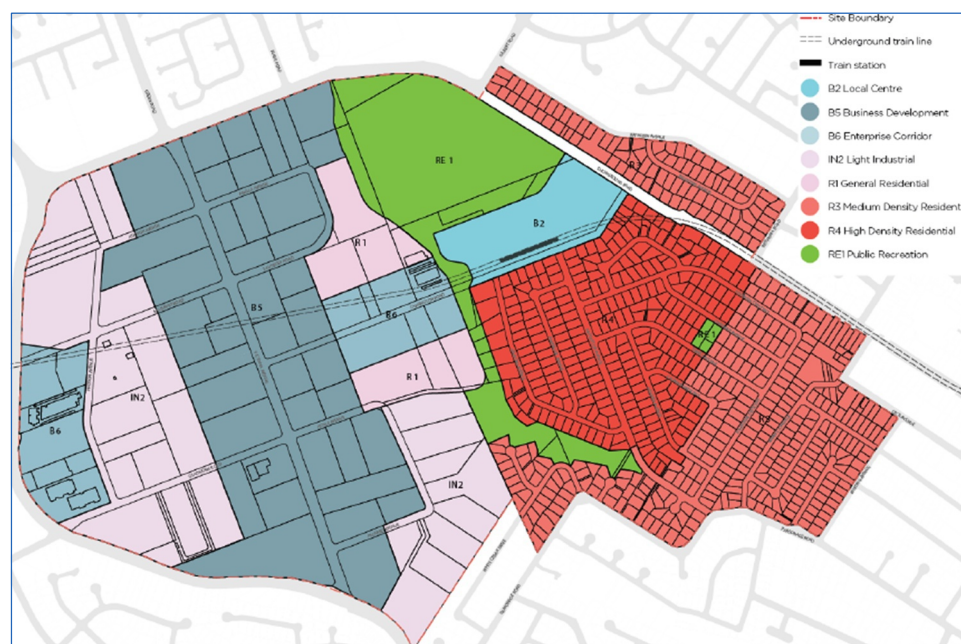
Of particular relevance is the following principle:

“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 (replacing the industrial zone), as indicated in Figure 9 below.

**Figure 9—
Showground
Station precinct
exhibited zones**

Source:
Showground Station
Precinct Finalisation
Report (2017)



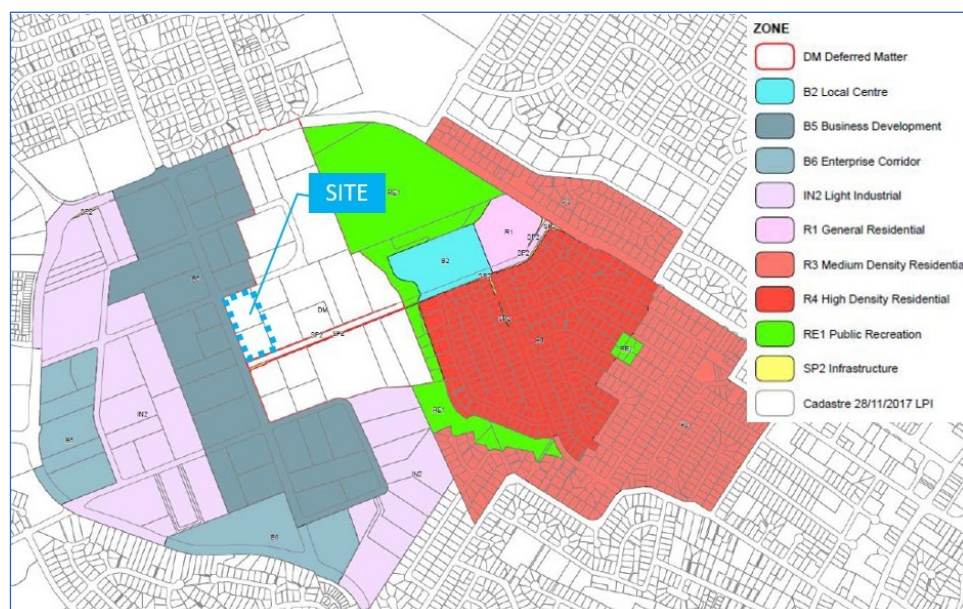
Post exhibition amendments were then introduced following a review of submissions. The changes include the following with respect to land on which the subject site is located and other properties along the Cattai Creek valley:

“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 10.

**Figure 10—
Showground
Station precinct
zones**

Source:
Showground Station
Precinct Finalisation
Report (2017)



The subject site is within the “Deferred Matter” zone which was to enable further investigations along the Cattai Creek corridor.

Under recent employment reforms, the land within this area has now been rezoned, along with the surrounding land. This is described below.

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.

In April 2023, employment zones were implemented across The Hills LEP 2019. The new zones across the Showground precinct are shown in Figure 11. The B5 Business Development zone (refer Figure 10 in previous sub-section) has been replaced with the E3 Productivity Support zone and extends onto land abutting Victoria Avenue that was previously sitting within the Deferred Matter area.

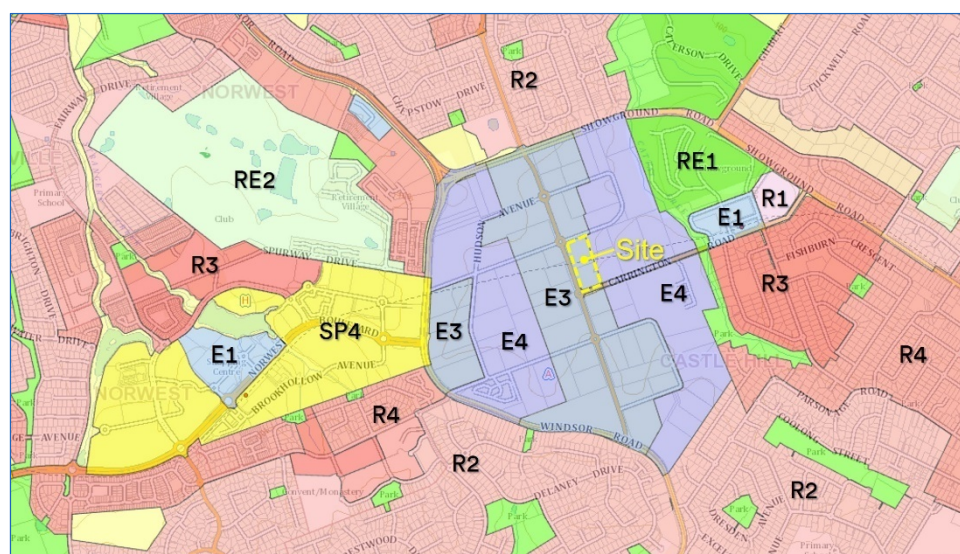
Land to the east previously within the Deferred Matter area was rezoned to E4 General Industrial Zone, although this effectively just translates the existing underlying industrial zone.

The subject site now falls within the E3 zone where the objectives are:

- To provide a range of facilities and services, light industries, warehouses and offices.
- To provide for land uses that are compatible with, but do not compete with, land uses in a surrounding local and commercial centres.
- To maintain the economic viability of local and commercial centres by limiting certain retail and commercial activity.
- To provide for land uses that meet the needs of the community, businesses and industries but that are not suited to locations in other employment zones.
- To provide opportunities for new and emerging light industries.
- To enable other land uses that provide facilities and services to meet the day to day needs of workers, to sell goods of a large size, weight or quantity or to sell goods manufactured on site.
- To provide for specialised retail premises that meet community demand.

Figure 11—Zone Map

Source: Hills Shire LEP 2019 (NSW Planning Portal)



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 within 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.

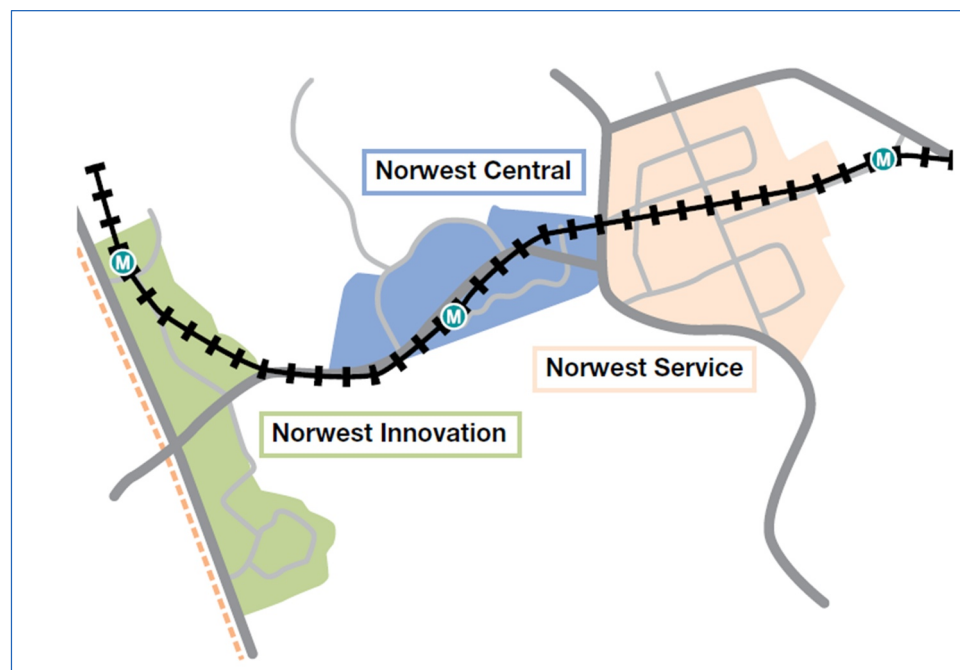
As noted above, the LSPS sets out a target of 32,200 additional jobs in strategic centres by 2036, with Norwest Strategic Centre identified to accommodate the bulk of this with an estimated capacity to deliver an additional 23,900 jobs by that time. Structure Plans have been prepared for each strategic 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 12 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 12—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:

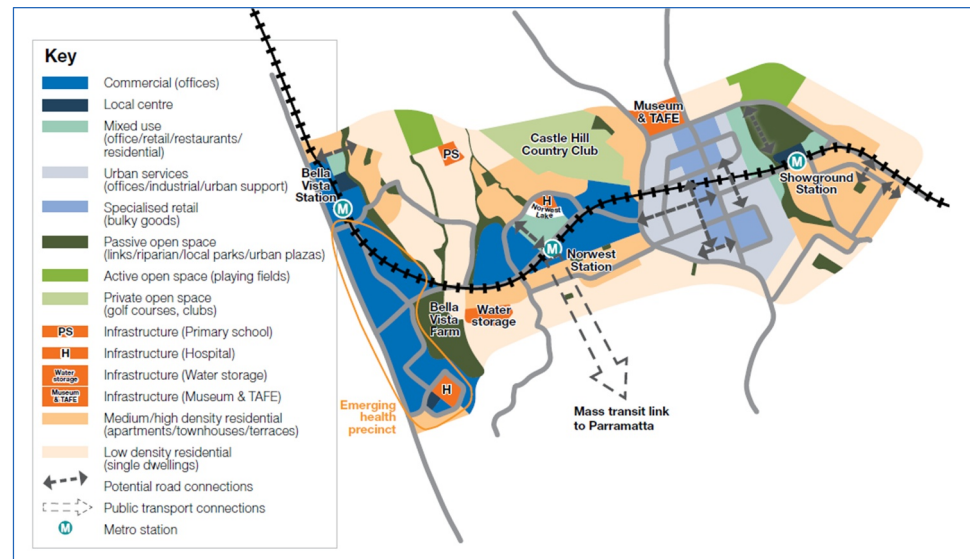
- The opportunity for new commercial/office development along Carrington Road and on Windsor Road, with the potential to accommodate taller office style buildings
- The retention of the specialised large format retail spine along Victoria Avenue
- Light industrial areas in the west accommodating urban 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 13) 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 13—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.

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 Draft Norwest Precinct Plan

Draft precinct plans have been prepared for the three strategic centres within The Hills Shire (Norwest, Castle Hill and Rouse Hill) to articulate a vision for how they will develop over the next 20-year planning period. The draft plans are currently on public exhibition, and are supported by technical studies that include assessments of retail floorspace and commercial floorspace by SGS Economics and Planning, prepared in 2021.

Norwest is envisaged as a thriving mixed use Strategic Centre and competitive employment precinct, attracting investment across knowledge intensive businesses focussed on health, education, science, technology, finance and advanced manufacturing. The precinct is expected to evolve into a location valued by workers, residents and visitors for its vibrancy and amenity, especially with the introduction of taller and more intensive built form.

The number of residential dwellings within Norwest is projected to increase by 17,420 between 2021 and 2041, while jobs growth is projected to be around 24,570 over the same period.

With respect to retail development, the accompanying technical report identifies a requirement (or 'supply gap') for an additional 32,000 sqm of retail floorspace by 2036 throughout Norwest (including at the Hills Showground Village centre), which incorporates an additional 8,960 sqm of supermarket floorspace, 11,820 sqm for household goods, 5,490 sqm for hospitality (including food & drink premises), and the remaining 6,070 sqm across other retail categories.

Importantly, the technical report also identifies supermarket development opportunities at several other nearby centres, including for example a 'gap' of 6,000 sqm of supermarket floorspace at the centre on Wrights Road, Kellyville and a 'gap' of 3,500 sqm of supermarket floorspace at Baulkham Hills. However, both of these centres already incorporate full-line Coles and Woolworths supermarkets plus ALDIs. In the current industry context there is little likelihood that these centres will see major supermarket expansions given the lack of alternative brand operators. The implication is that an emerging undersupply is likely to remain unless greater development proceeds in centres such as Norwest which are nearby and serve overlapping markets.

The land use vision for the Norwest Service precinct is shown over the page (refer Figure 14), in which the land west of Cattai Creek continues to be promoted for employment-generating uses including high density commercial offices along Carrington Road and including the subject site. The area west of Cattai Creek is expected to be redeveloped for high density housing, supported by a local centre at the Metro station (Hills Showground Village) which is currently under construction.

Carrington Road is to become a new business spine within the Norwest Service precinct, anchoring opportunities for high density commercial outcomes of up to 12 levels in the Cattai Creek West Focus Area which incorporates the subject site (refer Figure 15). An FSR of 2.3 is applied to the subject site, with up to 12 storeys for land on the corner of Carrington Road and Victoria Avenue and 6 storeys in the

remainder of the site. Active ground floor uses are encouraged throughout this area to create vibrant streets and interfaces.

Figure 14—Norwest Draft Land Use Plan: Service precinct

Source: draft Norwest Precinct Plan (May 2023)



Figure 15—Draft Precinct Plan: Cattai Creek West Focus Area

Source: Draft Norwest Precinct Plan (May 2023)



4.11 Summary

Considerable strategic planning work has been undertaken at Norwest Strategic Centre to plan for urban renewal and the creation of a mixed use centre combining residential, knowledge intensive employment, urban support services and supporting retail.

Strong growth in residential dwelling construction and employment generation is expected to occur as the strategies come to fruition.

Within the Norwest Service precinct (now defined to incorporate Showgrounds), the land use outcomes are expected to include:

- High density and medium residential close to the station, along with a local centre which is now under construction
- Intensive high-rise commercial offices along the Carrington Road corridor and generally across the Cattai Creek Wes Focus Area
- Continuation and possible expansion of large format retailing (ie specialised retail premises) and other urban support services.

With respect to retail development, the focus is to be the Hills Showground Village local centre, with smaller amounts of retail development elsewhere where they support workers and visitors and contribute to local amenity.

The planning proposal is consistent with these policies.

5

Assessment of Shop uses

5.1 Introduction

This section presents an assessment of the market opportunity and potential economic impact associated with the proposed inclusion of shop as an additional permitted use on the site under the Hills LEP 2019, with a floorspace cap of 3,300 sqm GFA for shop uses.

The current concept design incorporates two types of retail development:

- Specialised retail: Total floorspace provision of 7,920 sqm (GFA) to accommodate large format retail uses. These uses are already permitted within the current E3 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 including supermarket: A convenience retail component is proposed within the scheme to provide amenity and day-to-day groceries and retail services for workers (at the site and elsewhere within the Norwest Service precinct), other visitors (including shoppers elsewhere within the Norwest Service precinct) and with potential to provide a shopping option for a local residential catchment. The concept design proposes total shop floorspace of 3,300 sqm (GFA), including a supermarket of 1,800 sqm (GFA) and with 1,500 sqm (GFA) of supporting retail specialties.

For the purposes of examining the 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 analysis of shop floorspace is based on the inclusion of a supermarket of 1,800 sqm, with the remaining 1,500 sqm comprising smaller convenience shops. This scale of

supermarket represents the likely outcome given the sales forecast presented later in this chapter at section 5.4.

The approach used in analysing the convenience retail component reflects the fact that these uses are intended primarily to provide services to workers (both on-site and working in the surrounding precinct) and other visitors such as shoppers, but the development will also become a shopping option for people living in the immediate area.

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

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.

The effect on the planned local centre at the Showgrounds (Hills Showground Village) is specifically examined to understand whether the proposal would impact on planned centre hierarchies. Effects on other centres are minor as they are much larger centres, anchored by multiple full-line supermarkets, and located further afield.

5.2 Catchment analysis

Catchment definition

The catchment area, as defined in Figure 16, describes the region from which the proposed convenience retail elements might attract spending by residents and workers.

The catchment area comprises a core worker 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 worker sector comprises the Norwest Service precinct west of Cattai Creek, which contains few residents. This sector will remain a non-residential area and the land use focus will continue to be commercial office, business support and amenity, and specialised retail, as per the draft Norwest Precinct Plan. Hence, a considerable pool of local workers rather than residents will contribute to the viability of the proposed convenience retail elements at the subject site.

The secondary north sector extends 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 underpinned by three existing supermarkets.

The secondary east sector includes the remainder of the Norwest Service precinct east of Cattai Creek (formerly the Showgrounds precinct) as well as including some of Castle Hill's centrally located residential pockets. Residents within this sector will mainly direct their local shopping to the Hills Showground Village (under construction) but the range of shops at the subject site will provide an alternative option, particularly for those shopping elsewhere within the service precinct, such as for household goods.

The secondary south sector extends southwards along Windsor Road and into the northern parts of Baulkham Hills where the road network allows easy access to the site.

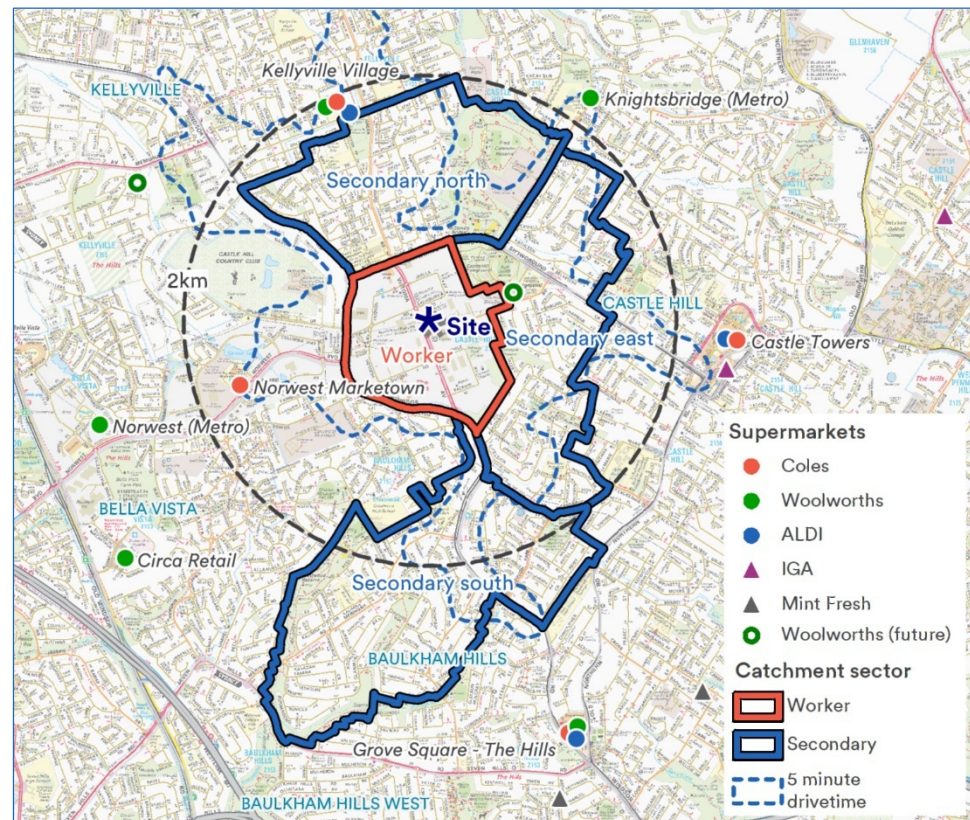
The catchment area is truncated to the west due to access difficulties posed by the road network, and the influence of Norwest Marketown in that direction.

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

A new retail centre is under construction as part of the Hills Showground Village development which incorporates residential apartments over a retail podium, and includes a full-line Woolworths supermarket. This centre will have a more dominant local grocery shopping role in the area, serving a catchment that overlaps and extends across that served by the proposed convenience retail at the subject site.

**Figure 16—
Supermarket
catchment**

Source: Deep End
Services



Demographic characteristics

The key demographic characteristics for the catchment area, compared to Sydney averages, are shown in Table 2. Note that the table excludes the Worker sector which contains no resident base. Key features are:

- Larger household sizes, reflecting the strong orientation towards families
- Low representation of 20-34 year olds
- Well above average household income levels
- Much greater incidence of home ownership
- Detached housing by far the dominant housing type
- Very high levels of motor vehicle ownership.

**Table 2—
Demographic
indicators**

Source: ABS Census
2021

Demographic characteristic	Secondary north	Secondary east	Secondary south	Total catchment	Sydney
Persons and dwellings					
Usual resident population	4,807	4,711	7,498	17,023	5,231,147
Average household size	3.27	3.13	3.04	3.13	2.70
Age group					
0-9	10%	12%	13%	12%	12%
10-19	16%	15%	15%	15%	12%
20-34	15%	14%	13%	14%	22%
35-49	21%	21%	24%	22%	21%
50-64	23%	19%	19%	20%	17%
65+	14%	18%	16%	16%	15%
Average age	38.9	40.1	39.1	39.3	38.9
Annual household income					
Average household income	\$172,279	\$146,041	\$144,094	\$152,336	\$124,013
Variation from Sydney average	+39%	+18%	+16%	+23%	-
Country of birth					
Australia	53%	62%	62%	59%	60%
China	7%	9%	9%	8%	5%
India	7%	4%	7%	6%	4%
England	2%	3%	3%	3%	3%
Other	30%	22%	19%	23%	29%
Occupied private dwelling tenure					
Fully owned	36%	40%	37%	38%	29%
Being purchased	50%	41%	47%	46%	34%
Rented	14%	18%	16%	16%	37%
Dwelling type					
Separate house	89%	97%	97%	95%	56%
Townhouse/semi-detached	10%	3%	2%	4%	13%
Apartment	1%	1%	1%	1%	31%
Household composition					
Couples with children	60%	53%	55%	56%	36%
Couples without children	22%	23%	24%	23%	25%
One parent family	9%	9%	8%	8%	11%
Lone person	8%	14%	13%	12%	24%
Group	0%	2%	1%	1%	4%
Motor vehicle ownership per dwelling					
None	0%	2%	2%	2%	11%
One	23%	27%	29%	27%	40%
Two	46%	45%	45%	45%	33%
Three or more	31%	26%	24%	26%	16%

Population

According to the latest ABS estimates, the combined residential catchment sectors were estimated to have contained a population of 17,010 in June 2022, with the Secondary south sector accounting for 44% of the catchment population.

Pre-COVID, growth had been more-or-less stagnant and reflective of an older established residential base. Population decline became more apparent during the COVID affected period between 2019 and 2022.

Looking ahead, the catchment population is projected to increase, with the pace of growth accelerating as urban renewal in the Showgrounds precinct (within the Secondary east sector) proceeds. Much more modest infill development is anticipated within the Secondary north and Secondary south sectors.

By 2030, the catchment population is anticipated to be 20,700 and then increasing further to reach 24,300 residents in 2036. This represents an increase of 7,270 people over the next 14 years (to 2036), at an average rate of 2.6% per annum.

**Table 3—
Residential
catchment
population**

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

Residential catchment area sector	2016	2019	2022	2027	2030	2033	2036
Population							
Secondary north	5,050	4,948	4,795	4,850	4,920	4,995	5,070
Secondary east	5,042	4,984	4,662	6,352	8,002	9,652	11,302
Secondary south	7,623	7,725	7,553	7,708	7,783	7,843	7,903
Total	17,715	17,657	17,010	18,910	20,705	22,490	24,275
Population growth (No. per annum)							
Secondary north	-	-34	-51	11	23	25	25
Secondary east	-	-19	-107	338	550	550	550
Secondary south	-	34	-57	31	25	20	20
Total	-	-19	-216	380	598	595	595
Population growth (% per annum)							
Secondary north	-	-0.7%	-1.0%	0.2%	0.5%	0.5%	0.5%
Secondary east	-	-0.4%	-2.2%	6.4%	8.0%	6.4%	5.4%
Secondary south	-	0.4%	-0.7%	0.4%	0.3%	0.3%	0.3%
Total	-	-0.1%	-1.2%	2.1%	3.1%	2.8%	2.6%

Retail spending

Average per capita retail spending levels for the catchment area residents 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 6.1% higher than the Sydney average.

Applying this to the catchment population, and adopting future changes in average spending based on ABS data and forecasts by Deloitte Access Economics, total retail spending is forecast to increase from \$331.5m in 2022 to \$442.8m in 2027. By 2036 total catchment retail spending is forecast to be \$709.4m.

Spending on Food & Groceries (F&G) by catchment area residents is estimated at \$108.0m in 2022 and is forecast to reach \$139.7m in 2027 and then increase to \$216.2m in 2036.

The annual F&G market, which is critical to supporting supermarket development in the region, will therefore be \$31.7m larger in 2027 and \$108.2m larger in 2036 compared to the 2022 level.

This substantial increase in resident spending on supermarket-type goods will help to underpin the new supermarket at the Hills Showground Village, as well as providing a source of sales at the subject site.

**Table 4—
Catchment retail
spending**

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

Spending category	Spending market (\$m)					Average change (%pa)			
	2016	2022	2027	2030	2036	2016-22	2022-27	2027-30	2030-36
Food & Groceries	92.2	108.0	139.7	165.7	216.2	2.7%	5.3%	5.9%	4.5%
Liquor	11.6	16.0	19.7	23.7	31.2	5.5%	4.3%	6.3%	4.7%
Other food	42.7	41.7	67.7	80.0	104.0	-0.4%	10.2%	5.7%	4.5%
Non food goods	128.4	153.7	199.5	242.5	332.1	3.0%	5.4%	6.7%	5.4%
Retail services	10.8	12.2	16.2	19.5	26.0	2.0%	5.9%	6.3%	4.9%
Total	285.7	331.5	442.8	531.4	709.4	2.5%	6.0%	6.3%	4.9%

5.3 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 shop components of the development. The locations of these centres are shown on Figure 16 on p26.

Castle Hill Strategic Centre

Retail components within the Castle Hill Strategic Centre include Castle Towers, Castle Mall, and street-based retailing.

Castle Towers is a major regional shopping centre and the premier retail and entertainment destination for the north-west Sydney region. It is within Castle Hill Strategic Centre, with Castle Towers the main shopping 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 has completed recent upgrades including improvements to the Piazza alfresco dining precinct and refurbishments of levels 2 and 3, with further works planned in the near-term within 'Zone 3' which will marginally increase retail floorspace.

In April 2023, owners QIC lodged a planning application for the next development phase of the centre. This new project, referred to as The Village, is proposed to be a mixed-use lifestyle precinct set across three levels and will feature another significant expansion of retail floorspace for the centre.

Castle Mall is located across the street from Castle Towers, and includes Tongli supermarket (1,880 sqm) and TK Maxx as anchor stores. The centre includes over 30, mostly non-branded, local specialty retailers as well as a Snap Fitness gym.

Grove Square – The Hills

Grove Square – The Hills (formerly known as 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. Street-based retailing is also located on surrounding streets.

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 anchored by a 1,100 sqm 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 5 summarises retail floorspace provision for the selected relevant centres, based on site visits originally conducted by Deep End Services in December 2019, and augmented by information from the Shopping Centre Database (Property Council of Australia) and desk top research.

Most centres appear to be performing well, with relatively few vacancies, noting that more recent information from the PCA Shopping Centre Database indicates that all shops at Castle Towers are now leased.

Table 5—Existing centres floorspace provision (sqm) by category

Activity centre	Smkts	Other food & drink	Total food & drink	Non-food goods	Retail services	Total occupied	Vacant	Total retail	Vacant % of total
Castle Towers*	5,867	7,760	13,627	75,337	2,195	91,159	7,100	98,259	7.2%
Castle Mall	1,880	1,700	3,580	4,247	800	8,627	0	8,627	0.0%
Grove Square - The Hills	8,814	2,530	11,344	2,349	1,260	14,953	680	15,633	4.3%
Norwest Marketown	4,051	1,966	6,017	600	450	7,067	250	7,317	3.4%
Kellyville Village	5,233	3,444	8,677	1,810	690	11,177	0	11,177	0.0%
Kellyville Village precinct smkts	6,027	0	6,027	0	0	6,027	0	6,027	0.0%
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%
Total	32,972	17,795	50,767	84,538	5,445	140,760	8,250	149,000	5.5%

Source: Deep End Services (2019); Property Council of Australia

Note: *Castle Towers vacancies now leased according to PCA Shopping Centre Database, with total retail GLA approx. 104,000 sqm

5.4 Retail development opportunity

Centre role

The Planning Proposal seeks to include shop as an additional permitted use in order to enable a local convenience grocery offer for local workers, shoppers and other visitors, while also providing a shopping option for people living within the catchment. A total cap of 3,300 sqm for shop use is proposed, of which a supermarket is assumed to take a tenancy of 2,000 sqm.

Along with the mid-sized supermarket, other shops are likely to include specialty stores trading across food, non-food variety and retail service categories. Non-shop tenants would include food and drink premises and business premises, which are permitted uses with consent within the E3 zone.

The collection of retail businesses will provide amenity for the surrounding employment-based precinct. It will have a lower-order role in the retail hierarchy and is intended to complement rather than compete with the Hills Showground Village centre which will become the main grocery shopping focus for the surrounding residential catchment.

Market sources

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

- Spending from local workers within the development itself (office workers and those working in the 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 Square
- Spending by shoppers at the nearby large format retail precinct, and other visitors passing by along Carrington Road or Victoria Avenue
- Spending by people who live in the surrounding residential catchment.

With respect to expenditure by catchment residents, it is emphasised that shop uses at Carrington Square would capture only a small share of retail spending by residents living within the identified catchment. Most catchment residents in the area would direct their grocery and other spending to larger centres underpinned by full-line supermarkets and a wider range of shop uses, including at Hills Showground Village (Woolworths), Norwest Marketown (Woolworths), Kellyville (Woolworths, Coles, ALDI) and Baulkham Hills (Woolworths, Coles, ALDI).

Sales assessment

A forecast of the total sales achieved by the shop component at Carrington Square has been prepared using the following broad methodology:

1. An estimate of supermarket sales derived from spending by workers, both on-site and in the surrounding area
2. Analysis of potential contribution to supermarket sales from residents in the catchment, based on market shares analysis by catchment sector (and assuming that Hills Showground Village is trading)
3. Estimate of supermarket sales drawn from shoppers and other visitors
4. Based on the above, an estimate of total supermarket sales supported by the above market sectors
5. Estimated sales generated by other shop tenancies.

Sales to workers

For component of supermarket sales derived from workers, the forecasts are based on the following inputs and assumptions:

- According to official estimates by Transport for NSW (TfNSW), approximately **8,300** jobs were estimated to be within the Worker catchment sector.
- Future employment forecasts for the Worker sector have been prepared with reference to information in the Draft Norwest Strategic Centre Precinct Plan (which implies around 240 new jobs, on average, from now until 2036), and by adding in the expected **2,150** jobs anticipated to be delivered on the subject site.
- The jobs outcome is therefore slightly above that forecast in the draft Precinct Plan, but assumes that other major projects would be catalysed by the subject proposal, especially within the Cattai Creek East Focus Area.
- According to these projections, the total workforce within the Worker sector would reach approximately 14,350 by 2036.
- Average expenditure on food & groceries at supermarkets by workers has been modelled using average spending rates for the residential catchment.
- The share of worker supermarket spending captured at the proposed small supermarket is based on an expectation that around 20% of supermarket spending potentially occurs close to place of work, and with the proposed new supermarket capturing a proportion of this (with the remainder going to larger nearby supermarkets such as at Hills Showground Village).

Based on these inputs, the F&G sales contribution from workers would be in the order of \$6.2m in 2027 (which is assumed as a first year of trading for the purposes of analysis), increasing to \$9.3m in 2036.

Sales to residents

The potential contribution to supermarket F&G sales from residents living within the identified local catchment is summarised in Table 6, based on the share of F&G spending captured from within each sector, and then including a component relating to people living beyond the catchment. Note that sales to residents from beyond the catchment incorporates incoming 'visitor spending', for example from people coming to the development because of other shopping trips, such as for household goods. However, this excludes the contribution from workers which has been assessed separately (as described above).

As shown in the table, total F&G supermarket sales associated with catchment residents and others living further afield (but excluding workers) is estimated at \$10.8m.

**Table 6—
Catchment
residents
supermarket sales
forecast (F&G)**

Catchment area sector	F&G spending (\$m)	Market share (%)	Sales (\$m)	Sales distribution (%)
Secondary north	35.1	8.0%	2.8	
Secondary east	47.6	4.0%	1.9	
Secondary south	56.9	6.0%	3.4	
Total catchment	139.7	5.8%	8.1	75.0%
Beyond			2.7	25.0%
Total F&G sales			10.8	100.0%

Supermarket sales summary

As shown in Table 7, total F&G sales by a supermarket within the development would be in the order of \$17m in 2027. An additional \$3.3m would be derived from non-F&G sales, resulting in total supermarket sales of \$20.3m. Increased sales performance would occur in subsequent years as the local workforce grows and new residential development progresses within the catchment.

**Table 7—Derivation
of supermarket
sales, 2027**

Component	2027
Residential F&G component	
Total catchment	8.1
Beyond	2.7
Total residential F&G sales	10.8
Worker F&G component	
From on-site workers	1.9
From workers elsewhere in service precinct	4.3
Total worker F&G sales	6.2
Total F&G sales	17.0
Non-F&G sales	
Liquor	1.9
General merchandise	1.4
Total non-F&G sales	3.3
Total supermarket sales	20.3

Total shop sales

An estimate of the total sales achieved by the shop component of Carrington Square in 2027 has been prepared with consideration given to the following:

- Supermarket sales as shown in Table 7
- An average sales performance of \$6,500 per sqm for the other shop uses, reflecting the likely range of retailers across food, non-food and retail services categories.

Based on these inputs, the proposed shop floorspace is forecast to generate total sales of approximately \$28.8m in the first year of trading (2027), of which \$20.3m would be generated by the supermarket. This summary is presented in Table 8.

The supermarket sales of \$20.3m represents an average of \$10,159 per sqm, which is slightly lower than average but would still likely attract interest from an operator.

The overall sales result represents a trading average of approximately \$8,718 per sqm, which is a moderate performance for a small convenience retail component allied to an office development.

Table 8—Forecast shop sales in 2027

Source (\$m)	Supermarket	Other shops	Total shop
Workers	7.4	3.0	10.3
Catchment residents	12.4	3.0	15.4
Other	0.5	2.5	3.1
Total (\$m)	20.3	8.5	28.8
Floorspace (sqm)	2,000	1,300	3,300
Trading level (\$/sqm)	\$10,159	\$6,500	\$8,718

Resident market share

As set out in Table 8, catchment area residents are forecast to account for around \$15.4m 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 \$442.8m in 2027, the \$15.4m in sales generated from catchment area residents would represent just 3.5% of this spending market at that time. This represents a typical share of sales captured by a local convenience centre, highlighting the lower order 'day-to-day shopping' role played by the proposed shop components.

Summary of opportunity

In summary, analysis shows that a convenience shop component, comprising a small to mid-sized supermarket and other shops, could be successfully 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 nearby in the Norwest Service precinct, while also attracting a share of spending from residents living in the surrounding area.

5.5 Retail trading impacts

This section analyses the potential trading effects on other retail centres arising from the introduction of a small shop component at Carrington Square.

Adverse trading impacts will arise where spending that would otherwise be directed to existing centres is diverted to the new shop components at Carrington Square.

In broad terms these impacts will be low, because as noted in section 5.4, the proposed shop component would only capture round 3.5% of total retail spending by residents in the surrounding catchment. If these impacts are spread equally, competing centres would experience a 3.5% decline in sales – in practice, however, actual impacts would be far lower because competing centres in the area also serve catchments that extend beyond that likely to be served by Carrington Square.

Given the strength and range of retail evident in surrounding centres such as Kellyville, Baulkham Hills and Norwest Marketown, the only centre that requires more detailed analysis is the Hills Showground Village centre, which would serve a catchment overlapping with that identified for the shop components at Carrington Square.

The development concept approval granted for the Hills Showground Village in January 2021 was for 13,940 sqm of GLA of commercial premises: ie including retail premises, business premises and office uses. Based on approved development plans issued in August 2022, the centre is expected to comprise around 8,330 sqm of floorspace, spanning across a ground level and 3 podium levels above. A full-line supermarket will anchor the new centre, with Woolworths set to occupy a ground floor tenancy of 3,511 sqm.

Given the approved floorplans, it is estimated that the retail component of the centre would be approximately 6,850 sqm, with other tenancies used for gym, medical and other non-retail uses.

The approach to assessing the potential impact on The Hills Showground Village is as follows:

- Prepare a forecast of future sales performance for The Hills Showground Village in 2027 in the absence of development on the subject site, as a ‘base case’ against which impacts can be measured. The sales performance is based on the approved plans and our assumptions for typical large neighbourhood centre configurations:
 - 3,511 sqm Woolworths supermarket
 - 3,336 sqm of other retail tenancies, spread across categories based on the nature of the tenancies and typical shares within supermarket-based centres.
- Estimate the extent to which the retail sales generated at Carrington Square represents a ‘redistribution’ of sales away from The Hills Showground Village centre, having regard to source of sales and overlaps with the catchment served by Carrington Square.
- Present the redistribution as an estimated one-off sales impact on The Hills Showground Village compared to the base case.

Table 9 presents a summary of the forecast sales generated by The Hills Showground Village and potential trading impact associated with the development of the supermarket and associated shops at Carrington Square.

As shown in the table, in the absence of the shop component at Carrington Square, the Woolworths supermarket is forecast to generate sales of approximately \$47.7m in 2027, with a further \$29.7m in sales generated by other retail tenants, with total sales therefore estimated at \$77.4m.

The effect of the opening of shops at Carrington Square would result in a redirection of an estimated \$4.2m in supermarket sales from Hills Showgrounds Village to the new supermarket at Carrington Square, and the redirection of an estimated \$1.0m from other shops to Carrington Square. Overall, the introduction of shops at Carrington Square would therefore lead to a \$5.3m impact on sales at Hills Showground Village.

When measured in percentage terms these impacts are equivalent to an 8.8% loss of sales at Woolworths and 3.5% loss of sales at other shops, or 6.8% overall at the centre level.

These are relatively low impacts given the proximity to Carrington Square, reflecting the fact that Hills Showground Village would enjoy a position as the major grocery shopping location for residents and workers in the surrounding region, with Carrington Square occupying a lower-order position for day-to-day convenience shopping serving workers. Moreover, the impact would quickly dissipate over time as future sales growth at Showground Village is supported by significant residential development in the immediate surrounds.

In summary, the impact arising from the introduction of a small amount of shops at Carrington Square would have no discernible long-lasting effect on the range of shops, performance of the centre or activity levels at Hills Showground Village.

Table 9—Retail impact assessment on The Hills Showground Village

Source: Deep End Services

Category	Floorspace (sqm)	Sales (\$m) - base case	Sales (\$m) - post dev	Sales redirection (\$m)	Impact (%)
Supermarket	3,511	47.7	43.5	-4.2	-8.8%
Other retail	3,336	29.7	28.7	-1.0	-3.5%
Total retail	6,847	77.4	72.2	-5.3	-6.8%

Impacts on other centres in the region will be relatively minor (generally well below 3%), as these centres will be supported by considerable residential population bases and surrounding workers and have a more established role as shopping destinations for the surrounding community.

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 new 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. The small shop component at Carrington Square would have little effect on these future opportunities.

6

Economic outcomes

6.1 Introduction

This Chapter presents an examination 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 a range of economic outcomes including capital investment, employment generation (during construction and ongoing operation) and other effects.

Adverse impacts are also examined in terms of any potential loss of economic activity in other centres.

6.2 Economic effects

The construction and operation of the proposed development facilitated by the Planning Proposal will lead to a range of positive economic outcomes, as summarised in the following subsections.

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 information provided by Spotlight Property Group the total cost of the development is estimated at \$285m, consisting of costs already borne in design and town planning stages, and construction activity to be conducted over a two-year period.

Construction employment

Estimates of employment creation during the 2-year construction program have been prepared based on a total construction cost of \$285m and applying typical labour cost ratios as summarised in Table 10.

As shown in the table, an estimated 690 full-time equivalent (FTE) jobs would be directly created as a result of construction activities over the two-year period. This represents an average of 345 jobs per year for a 2-year project (noting that the actual workforce will vary considerably over the period).

Approximately another 1,200 indirect FTE jobs would be created in the wider economy over the life of the project. These indirect jobs are associated with upstream and downstream economic linkages, including for example production of construction material inputs, as well as consumption of wages income. A small share of these indirect effects would be retained locally through supply contracts, expenditure and wages, etc, but the majority is likely to be distributed more widely across the NSW and national economies.

**Table 10—
Construction
effects**

Source: SPG; Deep
End Services

Item	Measure
Estimated construction cost	\$285 m
Labour component	25%
Labour cost	\$71.3 m
Average construction wage (FTE)	\$104,000
Direct employment (FTE)	690
Indirect employment (FTE)	1,200

Ongoing employment

Once completed, the proposed development will directly support an estimated 2,145 employment positions (full-time, part-time and casual) across the different uses. Having regard to typical employment ratios this represents an estimated 1,875 full-time equivalent (FTE) jobs directly created on-site.

Another 3,775 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 11—Estimated
employment
outcomes**

Note: Total GFA
includes retail
circulation area and
end-of-trip facilities

Source: Deep End
Services; ABS

Use	GFA (sqm)	Positions	Direct jobs (FTE)	Indirect jobs (FTE)	Total jobs (FTE)
Office	34,470	1,810	1,630	3,450	5,080
Business premises	205	5	5	10	15
Medical/childcare/gym	1,440	40	35	45	80
Specialised retail (LFR)	7,920	130	105	130	235
Shop	1,300	30	20	25	45
Supermarket	2,000	80	55	70	125
F&B Premises	950	50	25	45	70
Total	48,410	2,145	1,875	3,775	5,650

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 would act 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 local shops including a small to mid-sized supermarket would create a convenience-based everyday shopping opportunity for local workers, visitors and residents.

6.3 Economic effects on centres

An examination of the potential trading impact of the proposed shop component of Carrington Square in section 5.5, focussing on the potential impact on sales performance at the future Hills Showground Village centre, currently under construction.

The analysis concludes that the introduction of 3,300 sqm of shop floorspace at Carrington Square, incorporating a supermarket of around 2,000 sqm, would have relatively low impacts on retail traders at Hills Showground Village, equivalent to a 6.8% one-off loss of sales. This impact would be quickly eroded over time as the local residential base grows strongly.

Trading impacts on other existing and planned centres would be considerably lower, and generally less than 3%. These other centres are generally larger and more established, with a range of anchor stores (such as full-line supermarkets) that underpins their role as major destinations for weekly grocery shopping trips. This differs markedly from the role of the shops at Carrington Square, which would have a lower order role as a top-up shopping destination for workers on their way home or for shoppers within the precinct. The small size of the shop component means that it would capture only a small share of spending by local residents.

Overall, the adverse effects of the proposed development are minimal, with no discernible impact on the range and quality of shops in other centres, or on activity levels.