167 broader jobs, in addition to jobs generated in construction. This number is greater than the amount projected for the area by 2036 under current zoning. The report also suggests that further employment can be attracted through business leveraged off Woolworths' role as an anchor retail tenant.

In relation to Council's concern regarding the impact on nearby centres Location IQ suggests that:

- these centres (currently without a full line supermarket) will end up playing a complementary role to the supermarket
- trade will only be affected by five percent which it is argued is minimal
- the creation of a full-line supermarket at East Chatswood would also serve to reduce traffic congestion at Chatswood and Northbridge.

Other areas were also analysed by Location IQ for their capacity and viability of supermarket creation. These sites in Northbridge, Willoughby, Chatswood, Artarmon, St Leonards and Castlecrag were all found to be inadequate. Reasons provided were that:

- most do not have capacity for a full-line supermarket without the need to consolidate blocks and demolish buildings, which could be potentially financially unviable and made difficult due to multiple site ownership,
- residential land values, and
- small block sizes.

Council suggested that there was capacity at other sites, but Location IQ has deemed the alternative sites as impractical or that they could not be treated as 'alternate' as they were either a considerable distance away or had substantially different constraints to the site at East Chatswood.

Additional benefits suggested by Location IQ to support the proposal are:

- additional choice and price competition
- the reduction in travel times and fuel costs

Comments on these Location IQ arguments are included in Table 3.

Table 3. Comments on Location IQ arguments

Summary of Location IQ arguments in support of proposal	SGS comments
Employment benefits	There may be some modest local employment benefits compared to what would otherwise locate on this site. However, employment in a new supermarket development typically 'transfers' employment that would occur elsewhere in the retail 'system'. In a 'pure' net community benefit analysis employment is actually a function of costs unless it is utilising labour that would otherwise be underutilised (in which case there are savings on welfare costs).

Summary of Location IQ arguments in support of proposal	SGS comments
Leveraging further employment nearby	This acknowledges the potential for the development to generate a retail precedent for the area without addressing what other implications stem from this outcome within the industrial area
A complementary and 'modest' impact on nearby centres	The retail and economic impact analysis is discussed below. While SGS has not tested the IQ assumptions in detail it is likely that the impacts on these other centres are understated (particularly if additional retail is attracted to the East Chatswood location).
Lack of alternative, affordable sites in other centres	Prospects in other centres are considered below. The relative cost of land is not a relevant consideration (as differentials in land value is what the allocation of land through a zoning process is intended to create).
Additional choice and price competition	This will be generated with an expansion of retail floorspace potential (though it is not clear how this particular proposal for a Woolworths supermarket, with another at Northbridge less than 2 kilometres away will provide any material retail choice or alternatives).
Reduction in travel times and fuel costs	There is no quantification of travel benefits and costs included in the analysis. It is hard to see how this claim could stand up compared to an alternative and possible scenario of additional supermarket floorspace in an existing centre.

4.3 Review of the Economic Impact Assessment

A summary of the key steps and assumptions of the Location IQ retail impact analysis are provided in the table below, together with SGS's comments.

Table 4. Review of the Economic Impact Assessment prepared by Location IQ

Key steps of IQ analysis	Key assumptions and methods of IQ analysis	SGS comments
1. Trade area definition	The trade area is defined by considering the followings: • The scale and composition of the proposed Chatswood Woolworths development. • The provision of retail facilities throughout the region. • Regional and local accessibility. • The pattern of urban development.	• Lack of clarity on how these key considerations have been applied in the process of determining the primary and secondary catchments of proposed supermarket. • No source indicated for the typical extent of the main trade area of a supermarket in a metropolitan area referred to.

Key steps of IQ analysis	Key assumptions and methods of IQ analysis	SGS comments
	• Significant physical barriers The main trade area being within 1-3 km radius of a supermarket is typical in a metropolitan area	• Definition for primary and secondary trade area is not clear (i.e. for those in the primary or secondary trade area, what proportion of their supermarket expenditure would be captured by the proposed Woolworths supermarket)
2. Main trade area population	Current and projected population is based on • 2006 Census data • Dwelling approval data from ABS • ID projection by small area • DoP population projection at the SLA level	• Lack of clarity on how these different inputs have been used to derive the population forecast for the main trade area • The constant annual change in population of main trade area from 2006 to 2021 seems to be unrealistic given the declining rate of dwelling approval from 2006 to 2009
3. Resident retail spending in the main trade area	The retail expenditure within the main trade area by key commodity type is estimated based on the MDA Market Data System, which takes into account: • ABS Household Expenditure Survey • National Accounts Data • Census Data • DoP population projection at the SLA level The total retail expenditure of the main trade area has been projected to increase at a real rate of 1.6% to 2021	• Although the overall growth rate of retail expenditure in the main trade area is roughly in line with the recent growth in retail expenditure in NSW, it is not clear why the growth rate in the northern part of secondary trade area is higher than the rest of the main trade area (presumably driven by the higher rate of population growth). • There is some evidence that the year on year retail expenditure increases may be at an end (as credit tightens and consumers pay off debt). This may be a structural and permanent post GFC shift, and also evidence of a more spendthrift era as baby boomers reach retirement. • It would be useful to break the food expenditure into supermarket and other food categories.
3. Worker's catchment	The worker trade area has been defined by drawing a 1 km radius from the site.	• The catchment definition can be refined by incorporating the journey to work data and travel time between the travel zones instead of the distance. • It appears that no consideration has been given to the competitive offers in the adjacent areas when defining the worker's catchment.

Key steps of IQ analysis	Key assumptions and methods of IQ analysis	SGS comments
		• Notwithstanding, worker associated expenditure has not been estimated.
4. Competitive environment	The existing and proposed competitive developments in the surrounding areas to the Woolworths site have been discussed in terms of their scale, composition and their likelihood to compete with the proposed supermarket in East Chatswood.	
5. Turnover estimates for the Woolworths supermarket	The turnover of the proposed supermarket has been estimated in following steps: • Assess the share of the food & grocery expenditure that can be generally directed to supermarket; • Estimate the likely proportion of supermarket expenditure retained by the existing and proposed retailers within the trade area; • Estimate the supermarket sales beyond the main catchment; • Estimate the supermarket sales of general merchandise and non-food items; • Estimate the sales potential of other supermarkets within the trade area • Derive the turnover for the proposed supermarket by subtracting the turnovers of other two supermarkets from the total supermarket sales within the main trade area. A number of key assumptions used in these steps above include: • The proportion of the food & grocery spending to supermarket is 65% currently and it is expected to increase to 70% with the addition of the proposed Woolworths supermarket; • 13.8% of the food and grocery spending directed to supermarkets is retained by the existing supermarkets. The rest is escaped to	• A variety of BIG assumptions have been used to project the turnover/performance of proposed Woolworths supermarket, albeit little evidence has been shown in IQ's report to convince the reader of their credibility. It would be more persuasive if an independent survey were undertaken to cross check these assumptions. • For example, it is projected that the share of supermarket expenditure retained within the main trade area would at least triple with the addition of the Woolworths supermarket. Although this may be a reasonable assumption, there is little evidence in the report to support this. A survey can be easily carried out to help understand the likely change of resident's tendencies when choosing their supermarket shopping destinations with the addition of the proposed Woolworths supermarket. • It is also not clear how the turnover of the proposed Woolworths supermarket has been derived from the total supermarket sales potential in the main trade area, i.e. whether it is based on a pre-determined average turnover rate ($/sqm) or an estimated share of the total sales within the main trade area.

Key steps of IQ analysis	Key assumptions and methods of IQ analysis	SGS comments

	other supermarket facilities beyond the immediate main trade area;
	• After the addition of the proposed Chatswood Woolworths supermarket,
	  o the level of retained supermarket spending within the main trade area is projected to increase from 13.8% to 46.4%;
	  o the share of total supermarket sales that are likely to be attracted from beyond the defined main trade area is expected to increase from 10% to 15%;
	• Non-food items typically generate around 6% of total store sales for a typical modern supermarket;
	• The turnover density of two existing small supermarkets in the main trade area are estimated to be around $8,863 per sqm;
	• The turnover of proposed Woolworths supermarket is projected to achieve $38.3 million in 2013 and increase to $43.3 million by 2021
	• The proposed supermarket is projected to trade at $9,821 per sqm in 2012/13, while the average turnover of two existing supermarkets is projected to be still viable ($7,754 per sq.m).	

5. Impact on other centres outside the main trade area	Sales impacts on competitive centres are projected in following steps: • Estimate sales levels for existing centres in the 2009 financial year; • Project sales for existing and proposed centres in the 2013 financial year, the first full year of trading for the proposed Chatswood Woolworths;	• There are a number of references in this section of the IQ report to the viable trading level of a supermarket and whether a particular centre would remain viable after the addition of the proposed supermarket. However, this viable level is not clearly defined in the report. It should be noted that the viable trade level may differ in different

Key steps of IQ analysis	Key assumptions and methods of IQ analysis	SGS comments
	• Outline the change in sales at each centre in 2013 as a result of the development of Chatswood Woolworths; • Show the impact on sales in 2013, both in dollar terms and percentage of sales.	centres, given the variation in rent. • Lack of clarity on how the current and projected sales levels of different competitive centres without the development have been derived • There is also little justification for the projected decline in the sales of surrounding centres with the proposed supermarket.

Overall, we find that the method employed by Location IQ to assess the demand for a proposed Woolworths supermarket and its likely impact on competitive centres is consistent with that used by retail analysts. However (and as is typically the case with work in this area), there is a lack of clarity on how some of the key assumptions have been developed.

In particular, a number of important assumptions used in the Location IQ analysis to estimate the likely sales of (or demand for) the proposed supermarket and potential declines in the turnovers of competitive centres outside the defined main trade area are stated without detailed associated evidence. There are a number of opaque assumptions which could inflate the prospects of the supermarket and minimise the loss of trade in surrounding centres.

In our opinion being much clearer about the source and detail behind assumptions and, in addition, running some sensitivity testing to see the impact of varying assumptions on the overall results would produce a more robust analysis.

The preferred approach would be to undertake a resident survey to generate primary, locally relevant data on expenditure patterns and the likely shift in these were the supermarket to develop (this has a data and expenditure focus as distinct from the focus on behaviours and preferences included in the Woolcott research survey that accompanies the proposal[7]). This would help to improve the credibility of the analysis.

While there is scope for significant improvements in the analysis in line with these comments we find that assumptions are generally reasonable and in line with industry benchmarks. Our sense is that the Location IQ retail and economic impact analysis findings are plausible, though the impact on surrounding centres may be understated. However, we have not undertaken our own quantitative testing to confirm these assertions.

[7] Woolcott Research (May 2011) *Research Findings: Woolworths Chatswood*

5 Review of industrial market

5.1 Introduction

Jones Lang LaSalle (JLL) has analysed the industrial market in its report accompanying the planning proposal. This section summarises the findings of this report, and then makes some further observations of the industrial market based on SGS's own experience, research and consultation.

5.2 Jones Lang Lasalle Report findings

Jones Lang LaSalle (JLL) has prepared a report to assess the land use trends impacting on industrial property markets nationally and more specifically in and around Chatswood. The main sections of this report include:

- **Chatswood Industrial Market** – providing a summary of the land use characteristics of the Zone B (4) Light Industrial zone, including discussion of supply, demand, rents and land values;
- **Northern Sydney Industrial Market** – providing a broader overview of the northern Sydney industrial market in the context of metropolitan Sydney;
- **Industrial Property Trends** – providing an overview of the structural changes that have impacted on industrial markets nationally, and in particular on inner suburban industrial markets;
- **Chatswood CBD: Land Use Characteristics** – providing an overview of the land use mix, recent development activity and future opportunities for supermarket retail development;
- **Employment Trends and Industrial Demand** – providing an overview of trends in employment by land use in the Willoughby LGA;
- **Employment Generation by Land Use** – illustrating the different levels of employment that can be expected from different land uses;
- **Market Impact of Proposed Development** – summarising the main findings of this report.

The key findings from JLL's report are the following:

- Broader industrial property trends in the last few years show that most of the demand for traditional industrial uses has been in outer suburban markets, while inner suburban markets have been either experiencing decreasing industrial employment or changing focus to a more mixed use/mixed business format.
- The resultant vacant floorspace in the inner areas due to the relocation of large format industrial uses will eventually be redeveloped over time for more intensive uses, including retail, offices and a hybrid mix of business requiring both office and warehouse space.
- Key trends identified in the Chatswood East Industrial precinct include:
    - A relatively high level of recent development activity, including multi-level strata units, self-storage and a Bunnings Warehouse currently under construction

  - Strong demand from bulky goods / showroom uses
  - A very high level of vacancy that is expected to take considerable time to be absorbed
  - High land prices are pushing out many industrial occupiers that require large floor space areas
  - A shift towards smaller multi-level strata units, with the larger occupiers re-locating to outer metropolitan locations or large integrated business parks.
- Employment growth is more likely to come from promoting a broader mix of employment generating uses in inner urban industrial zones, while policies that encourage the retention of industrial employment lands for industrial only uses are more likely to lead to under-utilisation of valuable "employment generating" land.
- Redevelopment of the Smith Street site will provide retail facilities that are undersupplied in Chatswood and nearby suburbs.

In broad terms SGS agree with most of the findings from the JLL report. However, because it is agreed that the 'industrial' character of the area is changing, with a different complex of employment, it does not automatically follow that a retail use such as a supermarket should be supported on the subject site. A thorough analysis would build the case more systematically, with a focus on the supply-demand dynamics at work. An overview of such an analysis is included below.

5.3 Supply-demand dynamics

Macro trends: Sydney's changing industrial activity and employment

The University of Western Sydney[8] has noted that a new economy is taking shape in the employment lands across inner city areas of Sydney. Since the 1970's there has been a continual shift of heavy manufacturing activity moving to outer areas which offer cheaper land, larger lots, accessibility to the orbital road and motorway network and location close to compatible labour force. Inner urban employment lands have seen a transformation to higher value added firms in media, computer graphics, software design, fashion, advertising, furniture and design, film production and postproduction and specialised foods and beverages such as organics and health products.

One of the concerns of state and local planning authorities in inner urban areas of Sydney has been the conversion of employment lands to non employment generating purposes and residential development. The legitimate issue is that losses of land that support employment objectives may undermine key planning objectives, including providing jobs close to where people live, supporting higher order centres such as Chatswood and maintaining space for activity which would be confined to these areas.

However, there is a need to carefully distinguish between the use itself and the nature of the use. The high tech distinction is not related to the actual end user, more to the nature of the operation

[8] UWS Urban Research Centre (2008) *North-West and West-Central Sydney employment strategies, University of Western Sydney.*

and use of the site or building. The difficulty in inner urban employment areas in Sydney has been to distinguish between those needing an industrial zoned location and those which could be accommodated in an office. Many firms labelling themselves 'high-tech' – with essentially 100 per cent office characteristics - could be located in a more typical office environment and will be seeking a price advantage in an industrial area.

Where demand for uses having special operating characteristics and therefore needing an industrial area persists it is important to protect this area from pure office use, as such activity has the potential to force out genuine industrial users, raise local land prices and create problems due to the incompatibility of office activity in an industrial area. This same principle applies to retail trade and is directly relevant to the issue of developing a full line Woolworths in an employment zone. Firms who could not operate in another area should be a priority for employment zones.

Employment land supply in East Chatswood

The *Willoughby Industrial Areas Study* prepared by SGS in 2004 provided an estimate of total industrial land supply in East Chatswood. Table 5 shows a total of 27 hectares of industrial land and the distribution of lot sizes in East Chatswood. It found that there was greater diversity in the lot sizes than in Artarmon, with fewer concentrated in the under 1,500 sqm category. There was also a good spread of larger sites, though it was expected that these would be used more intensively in the future and units within them would be strata titled.

Table 5. Distribution of Lot Sizes in East Chatswood, in 2004

	Land parcels		Land area	
Land area (sqm)	Number	%	Total	%
0 to 500	29	23%	6,757	3%
500 to 1000	35	28%	25,930	10%
1000 to 1500	16	13%	19,275	7%
1500 to 2000	5	4%	8,106	3%
2000 to 2500	4	3%	8,598	3%
2500 to 5000	23	18%	83,573	31%
5000 and above	14	11%	116,933	43%
Total	**126**	**100%**	**269,172**	**100%**

Source: SGS (2004)

The 2004 study also found that vacancy rates were high in East Chatswood at around 22 percent of the land area and 15 percent of the premises (indicating a concentration of vacancies in the larger lots). Though many sites were in transition (for example those in Barcoo Street) and were in the process of evolving, such high vacancy rates were not considered desirable.

Compared to Artarmon industrial area, higher order finance and business services were found more prevalent in East Chatswood, which was consistent with the 'high-tech' flavour of many of the businesses in the area.

The *17 Smith Street, Chatswood, Land Use Study* (2010) by JLL suggested that the current vacancy level in East Chatswood was in the order of 25 percent of total tenancies (or 100 vacant tenancies) and 20 tenancies were advertising at least 1,000 square metres of space for lease. While it didn't allocate the vacancies by lot size it is clear from visiting the site that generally the vacancies are concentrated in the larger sites with single buildings (not strata subdivided).

Employment land demand in East Chatswood

We have compared the future job growth envisaged by the Bureau of Transport Statistics (BTS) for the East Chatswood Industrial Precinct, Willoughby LGA and Inner North Subregion, by both ANZSIC industry and Broad Land Use Category (BLC).

The BTS employment forecasts provide an indication of the nature and distribution of future employment, though they are heavily based on recent trends.

Note that the projections are based on the employment forecasts for travel zones 2380 and 2384, as shown in Figure 9.

Figure 9. Travel zones covering East Chatswood industrial area

Table 6 shows total employment in the East Chatswood Industrial Precinct is forecast to experience a moderate net increase of 63 jobs from 2011 to 2036, compared to an additional 9217 and 34,526 jobs in the LGA and Subregion respectively.

Within the East Chatswood Industrial Precinct, Retail Trade is forecast to experience the greatest growth with 120 additional jobs in the period from 2011 to 2036. This is followed by Construction with an additional 47 jobs and Health and Community Services with an additional 30 jobs. The greatest decline is forecast for Manufacturing and Wholesale Trade with a loss of around 64 and 53 jobs respectively.

Similar patterns have been forecast for the LGA and Subregion, where more than 50 percent of the job growth from 2011 to 2036 is expected to occur in population-servicing industries, such as Retail Trade, Health and Community Services and Education.

Although little job growth (if not negative) has been envisaged for the manufacturing, transport and storage and wholesale trade industries in the East Chatswood Precinct, it should be noted that the projected expansions in the construction and property and business services industries are likely to occupy warehouse / storage, showroom and office floorspace in the East Chatswood Industrial Precinct. Furthermore, growth in retail trade employment reflects recent trends (and is partly policy dependent).

Table 6. Projected employment growth by ANZSIC, 2011-2036 (jobs)

93 ANZSIC Industry	Employment growth, 2011-36		
	East Chatswood Industrial Areas	Willoughby LGA	Inner North SR
Agriculture, Forestry and Fishing	2	22	250
Mining	1	32	75
Manufacturing	-64	-136	-790
Electricity, Gas and Water Supply	-4	-9	-393
Construction	47	173	-529
Wholesale Trade	-53	-318	-647
Retail Trade	119	2,490	5,594
Accommodation, Cafes and Restaurants	-2	813	3,549
Transport and Storage	-7	123	-522
Communication Services	-11	-556	1,096
Finance and Insurance	-3	230	-83
Property and Business Services	21	561	10,976
Government Administration and Defence	-30	-406	-814
Education	9	1,170	5,831
Health and Community Services	30	4,225	9,285
Cultural and Recreational Services	-3	-62	-145
Personal and Other Services	12	867	1,794
Total	**63**	**9,217**	**34,526**

Source: BTS 2009, SGS 2012

In the *17 Smith Street, Chatswood, Land Use Study* (2010), JLL suggested that at least 5000 square metres of new floorspace had been provided in East Chatswood since 2005, as detailed in the table below.

Table 7. Recent developments in the East Chatswood industrial area (since 2005)

Building Name	Address	Suburb	Comp. Date	Total GLA (m2)
Northlight Corporate Park	28 Barcoo Street	Roseville	2005	14,192
Northlight Corporate Park	28 Barcoo Street	Roseville	2006	5,582
Niche	354 Eastern Valley Way	Chatswood	2007	6,075
Roseville Business Precinct	30-32 Barcoo Street	Roseville	2007	5,034
Gibbes St Depot and Industrial Units	25-27 Gibbes Street	Chatswood	2009	15,000
Kennards Self Storage	Gibbes Street/ Mann Street	Chatswood	2009	9,360
Kennards Self Storage	39-49 Alleyne Street	Chatswood	2009	8,599
Bunnings	25 Smith Street	Chatswood	2010	11,000

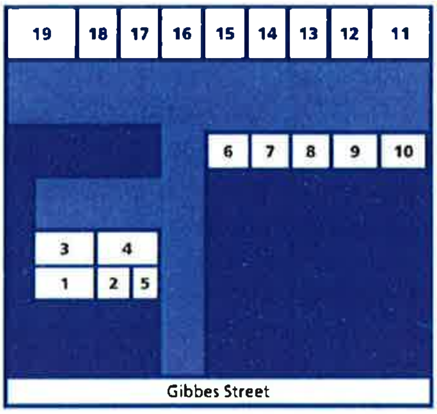
Source: JLL (2010) 17 Smith Street, Chatswood, Land Use Study

The table shows that the Barcoo Street precinct has seen a high level of development, with two large corporate parks developed since 2005, both comprising strata title units, and a smaller development also completing in the past five years. These developments are consistent with the shift in controls implemented following the earlier industrial areas study.

Council itself has redeveloped its depot site with small industrial units using the 'air space'. Eighteen units of around 200 sqm each have been fully occupied in the five years since the development was completed (except Unit 3 which has been set aside for the local government elections later in the year by NSW Electoral Office). Rents are in the $170 to $200 per square metre range (including outgoings).

Figure 10. Industrial units development at Council depot site in East Chatswood

Unit No	Ground Floor Area (m²)	Mezzanine Floor Area (m²)	Total Floor Area (m²)	Approved Additional Area (not constructed, m²)
1	126	100	226	24
3	145	107	252	49
5	43	Cafe takeaway + outdoor seating		
7	95	73	168	33
9/10	230	127	357	135
12	132	66	198	44
14	132	66	198	44
16	136	67	203	46
18	132	66	198	44



5.4 Consultation Findings

To provide some additional market 'ground truthing' of demand-supply conditions consultation was conducted with local property market agents. In depth phone interviews with agents who have considerable sales and leasing experience in the area were contacted as follows:

- Sutton Anderson Property Consultants – Crows Nest
- DTZ Australia
- Kennedy Learmont Real Estate

The main topics of discussion were:

- Current vacancy and industrial land absorption in the area
- Type of land uses that are in demand and land uses with long term vacancies
- Business demand for more flexible zoning
- Parking, traffic and infrastructure issues
- Impact and benefit of allowing further retail in East Chatswood
- Leasing and Sales activity in the area and land values for different uses and building typologies.

The was a consensus in the consultation that demand for industrial space in the area had improved considerably over the past 12-18 months with particularly strong demand for small industrial units. The agents were generally supportive of more flexible zoning however there was some differentiation in opinion over the benefits/impacts of allowing further retail development. The main findings from the consultation are summarised below:

- Demand for industrial units has increased over the last 12-18 months. Smaller units <200 square metres are particularly sought after, while industrial/mixed commercial spaces with larger floor plates are still having difficulty selling.
- A slow turnover of sales activity in East Chatswood can be partly attributed to difficulty of industrial property investors to attain finance. The upside of this has been increased demand for leasing space with fast absorption of available small industrial and commercial suites for lease.
- The continual rationalisation of manufacturing has meant that the majority of remaining operations in the in the area have moved out to areas on Sydney's fringe, but this has left a considerable amount of large sites vacant. New industries have been sought to locate in these larger floor plate premises, but there is considered to be a lack of amenity in Chatswood, with Artarmon a more favourable location. Artarmon has absorbed a greater share of market demand than East Chatswood, though the higher rents and lack of parking have led to increased demand in Chatswood for media and IT industries.
- There was a consensus that the perceived high level of vacancy in the area may be a misrepresentation.
  - The vacancy figure can be recorded as the vacant floor space against the total floor space in the employment lands area. Due to some of the larger floor plate properties remaining vacant, this can skew the overall vacancy figure when measured by number of premises.
  - Most vacant properties are represented by more than one agent. This often shows a vacant property multiple times, increasing the total recorded number of vacant properties.
- Leasing rates for the properties vary between $165/sqm per annum to over $200/sqm per annum.
- Flexible zoning is generally encouraged to increase the vitality of the area and lead to flow-on benefits including an increase in demand for floor space in the remainder of the precinct. The agents were mixed about the benefits of a poterntial supermarket. There was some support for the supermarket as the entry of retail into the employment retail is inevitable and is linked to the demand. There was also a differing opinion that allowing supermarket retail compromises the function of the employment lands.
- Mixed use zone (including retail) could be supported for part of the site, especially closer to Eastern Valley Way where there is existing bulky goods retail, whilst retaining some protected zoning for employment lands.
- There was support for further Council ownership of industrial spaces and leasing them out to tenants. The absorption of small industrial units at 25 Gibb Street was initially slow, but has now been fully leased.

The consultation outcomes are that the market for small industrial spaces is strong, yet there is considerable vacancy for larger floor plate buildings and some vacant sites. The overall merits of more flexible zoning are clear, but there is a consensus that any changes must not hamper the ability of the area to attract tenants which require operations in employment lands areas. A potential mixed zone with more flexible land uses could be located around Eastern Valley Way and Smith Street where there is already a small cluster of (mainly bulky goods) retail activities.

5.5 Conclusion

The key deficiency in the JLL market analysis is the lack of a quantitative and long term perspective. Land use planning by its nature is about planning for longer term perspectives and needs based on a demand-supply picture into the future.

Though we have not conducted a complete longer term demand-supply analysis we note that the BTS projections have employment increasing in the Travel Zones covering the East Chatswood site, though with a changing profile with more business and retail jobs. Traditional manufacturing type employment is projected to decline. There is a high vacancy rate in the industrial area so it is anticipated that it will be able to accommodate the future growth.

It should be noted that the BTS projections are based on recent trends which have seen retail jobs increase in the precinct (particularly along Eastern Valley Way). Furthermore, this increase in bulky goods type retail is consistent with the allowable uses in the area and does not necessarily mean general retailing should be encouraged in the controls. This is a matter for policy. The projections are sensitive to these assumptions regarding recent trends and policy and could be challenged.

The other trend in these projections is the increasing business services profile of employment which is consistent with the observed shift to 'higher tech' and office-warehouse activities in the precinct. Projections for declining traditional industrial employment (such as manufacturing) do not mean the employment potential of the precinct is necessarily reduced.

Our observations of the precinct, the quantitative analysis and consultation all indicate a strong demand for smaller industrial units. The vacancies are concentrated in larger format industrial buildings (see Figure 11).

Figure 11. Vacant large format office - industrial property in East Chatswood

As pointed out by JLL, these vacant floor spaces will eventually be redeveloped into multi-level strata units or a mix of office and warehouse space, if retained for industrial uses.

Our assessment of the industrial market analysis conducted by JLL is as follows.

Table 8. Assessment of JLL findings regarding industrial land market

Key JLL findings	SGS comments
Trends show traditional industrial activity is focussed in outer suburban markets, while inner suburban markets have seen decreasing industrial employment or more mixed use/mixed business formats	Agreed
Vacant floorspace in the inner areas will be redeveloped over time for more intensive uses, including retail, offices and a hybrid mix of business requiring both office and warehouse space	Agreed, though not necessarily general retail which should be the subject of appropriate associated planning given its catalyst role in centres.
Employment growth is more likely to come from promoting a broader mix of employment generating uses, while policies that encourage industrial only uses are more likely to lead to under-utilisation of valuable "employment generating" land.	Agreed, though again planning controls (and appropriate transport investment) should facilitate this increasing diversity without necessarily allowing general retail (including supermarkets)
Redevelopment of the Smith Street site will provide retail facilities that are undersupplied in Chatswood and nearby suburbs	On a prima facie assessment of the Location IQ retail analysis this is a supportable proposition – though the retail analysis would be strengthened by more transparent assumptions and preferably by using primary data generated through a survey (see section 4). Furthermore the East Chatswood precinct may not be the best location for general retail.

6 Assessment of alternative sites

6.1 Introduction

Willoughby City Council have nominated 14 possible alternative sites to the subject site in Smith Street. An alternative site assessment has been carried out in order to determine if there are other sites within the LGA that would be more appropriate for a full line supermarket. The alternative site assessment was based on six criteria that assessed the sites based on their practicality, location, their position within council policy and the metropolitan planning framework and what their constraints were. Each site is then assessed for cumulative potential for a full line supermarket and compared to the subject site.

The assessment is included in Appendix 1.

6.2 Site assessment summary

The site assessment indicates that taking into account all factors, Sites 1 and Site 11 are probably the most viable alternative options to the subject site at East Chatswood. These sites do however offer a genuine alternative and have many beneficial attributes, not present in the subject site at East Chatswood. Both alternate sites are located in close proximity to each other as well as the subject site and the assumed trade catchment boundaries.

Site 1 is located in the vicinity of an existing commercial zone and would have major potential to activate the existing retail precinct around the intersection of Penshurst Street and Victoria Avenue. The site was used formally as a Bunnings Warehouse, which has since moved to East Chatswood. The site has offers similar attributes to the subject site, but would be able to advance the small centre and existing retail function around the intersection.

Site 11 is another viable alternative site and similarly to Site 1 is located close to an existing retail precinct and would have the power to enhance the retail area along Penshurst Street and near to the intersection with Victoria Avenue. The site is large, has potential for rezoning and has dual road access.

From a strategic planning perspective taking into account the metropolitan planning framework and Council planning policy, the sites are able deliver better outcomes in terms of activating existing retail areas and smaller centres. The alternative sites are also located within corridors of further residential development as noted in section 3 and crucially they would not be impacting on the ability of the employment zoned lands to accommodate industries which would not be able to operate in other locations.

7 Woolworths' property strategy and impacts

7.1 Woolworths' property strategy

Woolworths store growth has been strong over the last decade with 1,302 outlets (supermarkets and others) under their remit at the end of 2011. Figure 12 shows the continued rollout of new stores across all Woolworths' brands with 112 new stores completed in the first half of the 2012 financial year compared to 84 in the second half of the 2011 financial year (a 33 percent increase)[9]. Woolworths continues to strengthen its new store pipeline and plans to deliver 172 new stores in 5 years[10].

Figure 12. Woolworths capital expenditure – Half Year 2011 and 2012

	New Stores[1]		Refurbs	
Store numbers	2012	2011	2012	2011
Australian Supermarkets[2]	25	12	49	41
Liquor	46	41	12	31
PEL - NZ Supermarkets	4	8	4	13
Petrol	10	9	1	-
BIG W	4	3	3	9
Hotels	14	2	13	28
Danks	2	9	-	-
Masters	7	-	-	-
Group	112	84	82	122

1. Gross store openings
2. Includes attached liquor

Source: Woolworths Annual Report, 2011

Fabcot Pty Ltd is Woolworths' own in-house Retail Property Development division. Fabcot owns and manages a large portfolio of over $1 billion in retail properties across Australia.

The growth in the property development arm appears to be in response to a narrowing of site options provided by more traditional developer pipelines of supply. Smaller developers who often provided Woolworths with site options have been squeezed in recent years (with finance harder to obtain), so Woolworths itself – with greater capital depth – has been active as a developer of sites for use by its stores. Coles has pursued a similar approach. As a Coles spokesman noted, the

[9] Woolworths Annual Report (2011) *Company Results HY Ended 1 January 2012*

[10] Woolworths Limited Investor Briefing Presentation (2011) *Woolworths Strategic Priorities*

company's primary aim was to secure space for new stores, "not to become directly involved in residential property development"[11].

As it secures and develops the sites for its use Woolworths will then divest "as appropriate market opportunities arise"[12]. The company's position is that Woolworths is not a long term holder of property assets (except for strategic assets) and will continue to sell down property development[13]. For example, in September 2010, Woolworths announced their plans to offload $900 million of retail sites from the company's property portfolio, selling more than 30 neighbourhood and sub-regional shopping centres with a plan to lease these sites back on a long-term basis. In words of Woolworths Director of Property, Ralph Kemmler:

> *We are continually reviewing opportunities for the disposal of property assets and amid improving market conditions in the retail sector, we now see an opportunity to place a portfolio of quality completed retail sites for tender, on the basis of sale and long term leaseback transaction*[14].

Clearly, if the East Chatswood site is rezoned it would be expected to lift the land value. If subsequently, Woolworths dispose of the site (and lease it back) the company would be expected to capture a capital gain. The proposal therefore satisfies both retail turnover capture and property development objectives for the company. A site in an existing centre would be a more expensive proposition to purchase and develop, with reduced capital gain potential.

7.2 Case study: Woolworths at 17 – 31 Roseberry Street Balgowlah

The site at 17-31 Roseberry Street Balgowlah consists of five separate lots with an overall area of 7,333 square metres. It used to accommodate an industrial factory and warehouse and prior to this was used by the Blackmores pharmaceutical company for manufacturing and warehousing. The site was bought and developed by Woolworths and a Woolworths supermarket is planned to be trading by mid-2012.

The site in Roseberry Street at Balgowlah is located in the Manly Vale/ Balgowlah Industrial Precinct, the only industrial lands in Manly LGA. Prior to 2009, the site was zoned Light Industrial

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[11] Dowling, Jason (2011) 'Supermarkets home in on real estate market', *The Age*, 22October , viewed 15th April 2012 at http://www.theage.com.au/victoria/supermarkets-home-in-on-real-estate-market-20111021-1mca5.html#ixzz1s4wUCc1x

[12] Woolworths sells eight shopping centres – *May 17, 2011* http://www.news.com.au/business/woolworths-sells-eight-shopping-centres/story-e6frfm1i-1226057651825#ixzz1qHawnQT0

[13] Woolworths Limited Investor Briefing Presentation (2011) *Woolworths Strategic Priorities*

[14] Sydney Morning Herald 'Woolworths to sell $900m of property' *September 6, 2010.*

under the Manly LEP 1988. The objectives of the zone were to protect industrial areas and restrict retail/commercial activities.

Manly Council approved the rezoning of the Blackmores site in Roseberry Street in 2009 (Amendment 79) to permit a supermarket. The consent for the Woolworths supermarket development was issued by Manly Council on the 9 November 2011, after the approval of the demolition of the existing buildings and construction of a single storey supermarket by the Joint Regional Planning Panel (JRPP) on 28 October 2011.

In 2010, Manly Council commissioned a consultant, Hassell, to undertake a study on the industrial area of Manly Vale leading to a master plan and a traffic review and analysis. The draft Master Plan for the Manly Industrial Zone was prepared in December 2010. This study recommended changes to Council's policies for development in the area.

The draft master plan is informed by five key principles that would assist Council in establishing the vision for the precinct over the next 5 - 10 years and underpin the development of the final master plan vision. Principle 2 *Improved Land Use Structure* aims to ensure consistency with the Industrial Land Strategic Review completed in 2009, and meet the targets set out by the Sydney Metropolitan Strategy. This would result in a B6 Enterprise Corridor zone to the western portion of the precinct and an IN1 Light Industry zone to the eastern portion (see Figure 13). This zoning was recommended and would be achieved through the preparation of the new Manly Local Environmental Plan.

SGS consulted a commercial property agent, CBRE, who have a record of sales in the Manly Vale/ Balgowlah Industrial Precinct. According to the real estate agent thus far there has been no evidence that values of the properties in the precinct had changed more dramatically than properties in Manly LGA overall.

However, the supermarket is not yet trading and any impacts are likely to occur in the future. The changed zoning – developed in part to accommodate the Woolworths development - is likely to lead to land value increases over time.

Figure 13. Proposed B6 Enterprise Corridor and IN1 Light Industry zones in Manly Vale – showing Woolworths site

Source: Hassell, 2010

8 Conclusion

The review of the planning proposal and the accompanying reports in this report highlight that while a prima facie case has been made for the supermarket, there is still insufficient evidence on which to form a view in favour of the proposal.

- The supporting documentation contains reference to a range of documents which it draws upon to support the proposal. These are mostly only draft or non government documents which have no policy status. One of the principal tests in these documents is the net community benefit test which is not addressed in accordance with the guidelines for such a test (contained in the Guidelines for Planning Proposals).
- The key and ultimate tests are not sufficiently addressed in the documentation.
  - The first of these are the Centres Policy elements and Employment Lands Strategic Assessment tests in the Metropolitan Plan for Sydney 2036 (p. 60). There is no reference at all in the documentation for the planning proposal to the Metropolitan Plan and these tests.
  - The second set of tests are those contained in the Section 117 Directions (1.1 Business and Industrial Zones). CPS addresses these tests in a letter, but is not persuasive. It remains arguable whether the proposal meets the objectives in the Guidelines, in particular (a) "*encourage employment growth in a suitable location*", given that it will be retail employment which the centres policy would usually dictate should be in a centre (as a 'suitable location'), and (c) "*support the viability of identified strategic centres* given that a reduction in expenditure – even as little as 1.3 percent as suggested in the Duane Location IQ report - is **not consistent** with the test of **supporting the viability** of the strategic centre of Chatswood.
- Similarly, Council has a set of strategic planning directions (principally outlined in the Community Strategic Plan but also in other Council reports and documents) which are not addressed.
- While the retail and economic impact analysis adopts conventional benchmarks and thereby makes a strong case in favour of the proposal, many assumptions used are not transparent. Sensitivity testing of assumptions, or using primary, locally relevant data on expenditure patterns generated using a survey of residents would provide for a richer and more robust assessment of the prospects for the supermarket and the impact on surrounding centres (which we think – without the benefit of a detailed quantitative assessment – are probably understated).
- The site is in the East Chatswood industrial area. The supporting documentation seeks to show that there is a high vacancy rate in the area and that demand for employment activities is changing such that the area does not support 'traditional' industrial activity anymore and a wider complex of employment uses is emerging and should be allowed.

SGS agree with this proposition but it does not necessarily justify allowing general or supermarket retailing which would be better located in centres. Furthermore, the vacancies are concentrated in larger format buildings and sites for which there is limited current demand. Sites with smaller industrial units are in demand. Overtime it could be expected that many of these will redevelop in line with market preferences. A longer term evaluation of supply-demand prospects in the precinct is required.

- SGS has evaluated a number of alternative sites in the LGA, from a list provided by Council, for a supermarket development. The site assessment was based on six criteria that assessed the sites based on their practicality, location, their position within council policy and the metropolitan planning framework and what their constraints were. The assessment indicates that Sites 1 (173-197 Victoria Avenue, Chatswood) and Site 11 (243 – 245 Penshurst Street, Chatswood) are probably the most viable alternative options to the subject site at East Chatswood. They are located in close proximity to each other as well as the subject site and the assumed trade catchment boundaries, and would support the viability and development of existing centres.

- The proposed Woolworths development in East Chatswood is in line with recent activity by the company as a site developer. A similar development has occurred in the Balgowlah or Manly Vale industrial precinct and this has precipitated a wider evaluation of and upzoning of part of the precinct. Land values in this area do not appear to have shifted upward as a result of the Woolworths development yet, but it is not yet operating and such higher land values would be expected to occur over time once traffic and shoppers arrive.

If the proponent is able to build a stronger case to support the proposal and Council is inclined to support it, in SGS's opinion it would be wrong to allow the supermarket as an isolated retail development. In our view the supermarket development would catalyse further retail development such that a centre by default would be created. In this case not only would the industrial area be affected by encroaching and higher land value development, with unmanaged consequences, the opportunity to obtain more desirable planning outcomes would be lost.

If the development was to go ahead there is a strong case for the development of a structure plan and associated planning controls for basically a new centre in this location, building on the supermarket anchor, with a small complex of supporting retail activities and potentially residential development. The demarcation with the existing industrial area can be strongly drawn to protect it for the future and traffic impacts can be managed in a more integrated way.

Of course such a structure or precinct plan would need to be supported by a study justifying this as an appropriate location for a new centre with the elements described. This would require consideration of a range of matters including impacts on the local area, potential for enhancing access to public transport and the level of supportable residential development.

Appendix 1 Assessment of alternative sites

Site	Criteria	Assessment of site potential
Subject site 17-19 Smith Street Chatswood	**Location:** **Residential growth and centres development:** **Zoning:** **Amalgamation:** **Transport:** **Site constraints:**	**Assessment of potential:** **Assessment against the subject site:**
Site 1 173, 197 Victoria Avenue Chatswood	**Location:** The site is located on Victoria Avenue near to the intersection with Penshurst Street. The area is a mixture of residential uses and small strip retail, with a small activity strip at the intersection of the two major streets. The subject site contains a three storey residential flat building, whilst the western part of the site is a former Bunnings Warehouse which moved premises to East Chatswood. **Total site area: 4384.4 sqm** **Residential growth and centres development:** The site is located in an area where there is potential for residential growth centred around the commercial and retail activity at corner of Victoria Avenue and Penshurst Street. Most of the residential area along Victoria Avenue is three storey apartment blocks, including some newer three storey developments closer to Penshurst Street. The area where the two streets meet is identified as a 'Commercial Zone' in the draft Inner North Subregional Strategy. Based on the capacity for expanded retail expenditure, it is unlikely the site is likely to have a significant detrimental effect on existing retail in Chatswood centre. **Zoning:** The site has multiple zonings. The eastern part of the site is zoned as General Business A, whilst the western part of the site adjoining Crick Street is zoned Residential C. The proposed future zoning under the draft WLEP 2009 is Local Centre B2 and medium density R3. **Amalgamation:** Amalgamation of the site is complicated as it there are several sites of which some are further split into multiple ownership.	**Assessment of potential:** If amalgamated, the site has considerable potential as a supermarket site. The majority of the site was formerly used for a Bunnings Warehouse. The area has good public transport access and connectivity and is within an already identified commercial zone. **Assessment against the subject site:** In terms of location, transport and current zoning, the site is in a more desirable location than the site at East Chatswood. Disadvantages of the site are the potential traffic impacts and the complex site ownership issues.

	Transport: The site is well located in terms of transport access, with transport routes to Chatswood, Willoughby, Crows Nest, North Sydney and the CBD. There are direct bus links along Victoria Avenue to Chatswood and Willoughby. There are also bus links to Crows Nest, North Sydney and the CBD along Penshurst Street. **Site constraints:** Constraints are the amalgamation issue, impact on parking in local residential areas and traffic along Penshurst Street, which is already congested.	
Site 2 345 Victoria Avenue, Chatswood (Chatswood Chase)	**Location:** The site is part of Chatswood Chase shopping Centre. There is an existing Coles full line supermarket in the centre, in addition to a smaller Coles supermarket a few hundred metres away in Westfield Chatswood. **Total site area: 35,330 sqm** **Residential growth and centres development:** Chatswood Chase is located in the centre of Chatswood amongst an area of medium density residential properties and a major retail core. The commercial centre of Chatswood is located further West of the site though still within easy walking distance. **Zoning:** The site is currently zoned 3(C1) Business Retail in the existing LEP and is planned to be zoned B3 Commercial Core in the WLEP 2009. The zoning is supportive of supermarket development. **Amalgamation:** The site is owned by two land owners under one title and management structure. **Transport:** The site is located less than a kilometre east of Chatswood railway station and transport interchange. There are approximately 2,540 car spaces at Chatswood Chase. **Site constraints:** The major constraints are the existence of two Coles Supermarkets in Chatswood centre, including one in Chatswood Chase. Further, the development would place additional strain on the car parking in the shopping centre.	**Assessment of potential:** The site is an existing retail precinct with easy transport access and proficient transport and parking provision. The development would consolidate the role of Chatswood centre as a local and regional retail hub as well as further enhance existing retail trade in Chatswood Chase and the remainder of the retail area. **Assessment against the subject site:** The site at Chatswood Chase is beneficial in that it is consolidating an existing retail precinct and strengthening the centre of Chatswood. The subject site is an out of centre site with little surrounding retail activity or residential mass, much poorer access to public transport and comparable traffic issues.

Site 3: 28 – 36 Anderson Street, Chatswood 2A McIntosh Street, Chatswood, 1,3,5 Help Street Chatswood	**Location:** The Anderson Street site is located in the centre of Chatswood, adjacent to the railway line between the commercial core and the retail and civic precinct. The site is currently mainly occupied by multiple walk-up residential flats and a retail store. The site is fairly low-rise in comparison to the surrounding blocks. The site does however mark the beginning of the residential area from the commercial/retail land. Heading north along Anderson Street, the built form becomes increasingly medium - low density residential. **Total site area: 5,640.07 sqm** **Residential growth and centres development:** The site is advantageous in terms of its location in the centre of Chatswood, thus helping to consolidate the retail function of the major centre. **Zoning:** The site is zoned Residential C under the existing LEP, with a proposed rezoning to B4 Mixed Use in the draft Willoughby LEP 2009. **Amalgamation:** Amalgamation of the site is likely to be a considerable issue. The site is divided into seven land holdings, all with different owners. Further, four of the lots are strata titled and therefore owned party by multiple property owners. **Transport:** The site is very well connected in terms of public transport access. It is located less than 500m from Chatswood Transport Interchange. **Site constraints:** The site has several constraints which would make it very challenging for a supermarket. The site has a multitude of owners on separate blocks of land. Road access is very limited with Cambridge Lane being a one way shared car and pedestrian land and McIntosh Street being very narrow. Despite the proximity to the commercial core, primarily the surrounding land is dominated by residential apartments and a supermarket would be located away from the main contiguous retail core in Chatswood centre.	**Assessment of potential:** The potential for the site is limited. Although the site has a central location and is partly underutilised, it is not appropriate for a Woolworths supermarket. The existing Road access, land ownership structure and need to maintain strong residential component near Chatswood centre does not support the proposed Woolworths on the site. **Assessment against the subject site:** Against the subject site, the Anderson street site is not appropriate as an alternate site. There are a number of constraints which would make the proposition of a supermarket very difficult in comparison to the subject site in East Chatswood.
Site 4: Albert and Victor Street	**Location:** The Victor/Albert Street site is located just to the south of the retail and commercial core of Chatswood Centre and almost immediately adjacent to the transport interchange. Accessibility to transport and other commercial and retail activity is very good and it is located close to major road connections through the Pacific Highway and Mowbray Road. The site is within walking	**Assessment of potential:** The site overall is very well located, would be relatively easier to amalgamate and

Chatswood	distance of the existing Coles supermarkets in Chatswood Chase and Westfield. **Total site area: 7,764.75 sqm** **Residential growth and centres development:** The site is in an area of special uses activity. These uses include a Baptist Church, education centre, community centre, youth centre, some scattered residential uses and a pre-school amongst other uses. Surrounding the site is a number of high rise residential apartment buildings as well as considerable medium density development and some nearby streets of single detached homes. Being just on the edge of the commercial/retail core it is well positioned in terms of promoting the consolidation of Chatswood centre as a retail hub. That being said, it should not aim to detract retail from smaller centres as Chatswood is already an existing regional destination for retail, regardless if a development of a third supermarket was to go ahead. **Zoning:** The site is zoned 'A – Special Uses' under the current LEP with a proposal to expand the zoning so it is more flexible under the draft WLEP 2009 where it is proposed to be zoned B4 Mixed Uses. **Amalgamation:** Amalgamation of the site is plausible, given that the site has only two land owners which are Council and the Baptist Church. **Transport:** The site has very good access to transport connections and is located approximately 100 metres south of Chatswood transport interchange. Short term parking around the site is plentiful, with two Westfield car parks adjacent and a number of smaller council car parks and timed on-street parking spots available. **Site constraints:** The major site constraints include heavy traffic flow along Albert Street and Orchard Road as well as multiple mixed ownership of the site.	could utilise the existing parking supply on adjacent sites. **Assessment against the subject site:** The site fairs reasonably against the subject site. It is located within an existing centre, has strong public transport connections and is exposed to the existing high retail trade in the centre. The weakness would be the whether it would be taking away opportunities to consolidate retail in smaller activity centres (or future potential activity centres) in the LGA.
Site 5 or 6: Westfield Shopping Centre - Chatswood	**Location:** The Westfield Shopping Centre site is split into two sections (site 5 & 6). The sites are located in the centre of Chatswood with easy accessibility to all other parts of the centre including the commercial core, transport interchange, Chatswood mall and Chatswood Chase Shopping Centre. **Total site area: 12,889 & 10,800 sqm**	**Assessment of potential:** The site has major potential, in that it is an existing retail centre, with only mid line Coles and Aldi supermarkets

	Residential growth and centres development: Similarly to locating the proposed Woolworths in Chatswood Chase, the new Woolworths would consolidate the function of Chatswood as a major centre and a regional retail destination for the North Shore. **Zoning:** Both sites are zoned C1 Business Retail under the current zoning provisions in the WLEP 1995. Under the draft WLEP 2009, the sites are proposed to be zoned B3 Commercial Core. Both these zones permit supermarket retail. **Amalgamation:** The sites are owned by a single landowner, and there is already appropriate development in place to locate a potential supermarket. **Transport:** Accessibility to the site is very good. The site is within 500metres of Chatswood transport interchange and has a large supply of car spaces with approximately 2,820 in the shopping centre car park and an additional supply of other parking options around. **Site constraints:** The major constraints are a lack of existing capacity within the Westfield centre. This may change if one of the major department stores downsizes or relocates.	**Assessment against the subject site:** As with other sites in Chatswood centre, it is likely that a Woolworths would in the centre may be taking away opportunities to consolidate retail in smaller activity centres (or future potential activity centres) in the LGA.
Site 7 & 8: Neridah Street and Albert Avenue	**Location:** The location of site's 7 and 8 along Neridah Street and Albert Street is immediately south of Chatswood Chase, however they are separated by a small office precinct that means the site does not have access or frontage to Chatswood Chase or Victoria Avenue and is located on the edge of a residential area at Albert Avenue. The site presently consists of a mixture of older style three story walk up flats and older C and D grade office space. **Total site area: 6,442 & 4,800 sqm.** **Residential growth and centres development:** The sites are located in the centre of Chatswood. It is at the Eastern edge of Chatswood Centre, but still within easy reach of the rest of the centre, the Chatswood transport interchange and the commercial core. **Zoning:** The two sites are zoned 3(c3) Business General. **Amalgamation:** There are 10 separate land holdings on site 7 making potential amalgamation and consolidation difficult. This	**Assessment of potential:** The site's potential is limited based on the existing land use on the site. Purchase and amalgamation of the site would be a considerable financial burden and it is unlikely a supermarket development would be viable based on the costs. The site has an advantageous location, near to Chatswood Chase, however the lack of access to Victoria Avenue, discounts some of the exposure benefits. **Assessment against the subject site:** In terms of policy context and location,

	includes a number of strata titled residential properties. Site 8 is less complicated with only two land owners, although one is a strata title unit block. **Transport:** Site 7 and 8 are located within walking distance of the transport interchange, and there are bus routes along Victoria Avenue and Archer Street in immediate proximity of the site. **Site constraints:** The multiple ownership of site 7 could be a potential constraint to developing the site for a supermarket. Based on the relatively low FSR of a supermarket, recovering the costs would require additional floor space uses on top of the supermarket .	Site 7 is a potential alternate location. The major drawbacks, including a lack of easily developable land and high development costs indicate the subject site is a more appropriate and viable location.
Site 9 & 10 Hercules Street, Chatswood Albert Avenue, Chatswood	**Location:** Site 9 and 10 are located to the east of sites 7 and 8. The sites are on the very eastern edge of Chatswood centre and the present land uses are mainly health services. The sites incorporate a number of low density residential cottages used for health services by Northern Sydney Central Coast Area Health Service (NSCCAHS). **Total site area:4,636.4 & 4,636.8 sqm** **Residential growth and centres development:** The site would be supporting the consolidation of Chatswood's retail focus. It would slightly expand the land area of Chatswood's commercial/retail core. **Zoning:** The sites are currently zoned A-Special Uses. This reflects their use as buildings providing health services. In order to allow a supermarket, a change in zoning would be required. Rezoning of the sites would be a reasonable demand as they are fairly underutilised in terms of the low current FSR. As a result the sites are proposed to be rezoned B4 Mixed Uses in the draft 2009 WLEP. **Amalgamation**: The sites are all owned by the NSCCAHS except for one separate land holding. Amalgamation of the sites would be fairly straightforward, though would require a change in zoning, which would presumable raise the unimproved capital land value. **Transport:** The sites are located on the eastern edge of Chatswood. They are still within easy walking distance of the transport interchange, approximately 700-800m walk along Victoria Avenue. There are additional bus services along Victoria Avenue between Chatswood Centre, Willoughby and Crows Nest.	**Assessment of potential:** Sites 9 and 10 have considerable potential for redevelopment. They are currently fairly underutilised. A rezoning under the draft WLEP would allow potential supermarket development on the site. The sites are on the edge of the existing centre and would be able to benefit from the existing transport and accessibility benefit in the centre. **Assessment against the subject site:** Sites 9 and 10 have an advantage over the subject site in terms of their location on the edge of the Centre, proposed rezoning draft WLEP and simplified site amalgamation and consolidation dynamics for a site in the centre. As with other sites, there is a question of necessity of a third supermarket in the centre or whether supermarket retail

	Site constraints: The sites are currently used for health services which would require a rezoning on the site. There may also be some heritage controls on the site.	should be more dispersed across the LGA.
Site 11: 243 – 245 Penshurst Street Chatswood	**Location:** Site 11 is a large flat site located on Penshurst Street. The site is currently used by the Australian Legion of Ex-Servicemen and Women. The site consists of recreational space used for bowling greens, a large car park and the buildings associated with the club. The site is located close to the intersection of Penshurst Street and Victoria Avenue. **Total site area: 13,209.18 sqm** **Residential growth and centres development:** The site is located between two commercial zones identified in the INDSS, the commercial zone between Penshurst Street and Victoria Avenue and the commercial zone around Penshurst Street and Mowbray Road. The site is in a corridor where there is potential to increase residential density and activate the area along Penshurst street between the two commercial zones. **Zoning:** The site is zoned D Open Space (Private Recreation) in the WLEP 1995 and is proposed to be zoned RE2 Private Recreation in the Draft WLEP 2009. This infers that a rezoning would be required. **Amalgamation:** The Legion own the entire site. Although the site has street frontage to Penshurst Street and Horsley Avenue, if it were to be used as a supermarket, it may be beneficial to amalgamate and consolidate the sites on the corner of two streets. **Transport:** The site is located along a bus route from Chatswood to Crows Nest, North Sydney and the Sydney CBD. **Site constraints:** The site is relatively unconstrained for potential development as a supermarket. It is a large, flat site with dual road access. Traffic congestion along Penshurst Street at peak times and weekends is a minor constraint as is the zoning, but the site overall is relatively unconstrained.	**Assessment of potential:** Site 11 has strong potential to accommodate a supermarket. The site is presently underutilised and has considerable space on a flat parcel of land with dual road access. Of all the alternative site 11 has **Assessment against the subject site:** Site 11 compares very well against the subject site. Its attributes make it a genuine alternative site and in terms of location and centres policy it is more appropriate for a supermarket than the site in Smith Street East Chatswood.
Site 12 Herbert Street St Leonards	**Location:** The Herbert Street site is located in the Royal North Shore health precinct. The site is currently used by NSCCHS. The site currently consists of health buildings associated with the Royal North Shore Hospital. **Total site area:N/A**	**Assessment of potential:** The site is not practical for a full line Woolworths supermarket. The current uses are connected to the health precinct, the site is not part of any existing retail structure

	Residential growth and centres development: The site is in the specialised centre of St Leonards directly across the road from St Leonards railway station. The site is surrounded by high density residential dwellings, health precinct uses and on the edge of the Artarmon Industrial Area. **Zoning:** The site is currently zoned A Special Uses under the WLEP 1995 and is proposed to be zoned Infrastructure under the draft WLEP 2009. **Amalgamation:** The site is entirely owned by NSCCAHS **Transport:** The site is located in the immediate proximity to St Leonards railway station and transport interchange and the Pacific Highway. **Site constraints:** The site is part of the health precinct. There are a wide number of site constraints.	and would disperse retail from the Forum and Pacific Highway. **Assessment against the subject site:** Site 12 is not considered an appropriate alternative site to the subject site in East Chatswood.
Site 13: 2-10 Chandos Street, St Leonards	**Location:** Site 13 is located adjacent to St Leonards railway station and The Forum on the eastern side of the railway line. The site is currently a mixture of car park as well as a former car servicing building. The site is a long rectangular shape with a wider area at the northern end of the site. **Total site area: 5,741 sqm** **Residential growth and centres development:** The site is in the specialised centre of St Leonards directly adjacent to St Leonards railway station. The site is surrounded by lower grade commercial space mainly used for creative industries and a mixture of medium and low density residential, with the Forum and towers at the far southern end of the site. The area has potential for consolidation to compliment the St Leonards Centre. **Zoning:** The site is zoned A General Business under the WLEP 1995 and is planned to be zoned B3 Commercial Core in the draft WLEP 2009. **Amalgamation:** The site is currently owned by a private consortium under a single lot.. **Transport:** The site has abundant transport connections; however road access is extremely limited. St Leonards transport	**Assessment of potential:** While site 13 has positive attributes including its location in the St Leonards Specialised Centre and public transport connections, it has several major constraints that would make it an inappropriate site for a full line supermarket. Further, the site is located a considerable distance from the subject site and is unlikely to draw a similar catchment. **Assessment against the subject site:** Site 13 compares well against the subject site in terms of transport connectivity, and fulfilling the objectives of the centres policy. It does however fall in a different catchment area and it is

	interchange means the site is well served by public transport. The site is very restricted by road access and this would be a major constraint for potential to develop a supermarket, given the need for heavy vehicle access. **Site constraints:** Road access is marked as one of the key constraints. Further, given the surrounding immediate land uses and very close residential area, the development of the supermarket would likely be an inappropriate use and underutilisation of the site.	somewhat inaccurate to label it as an alternative site. Further the road access constraints of the site and the ability of the site to hold a full line supermarket are limited and therefore it is not considered an appropriate alternative site.
Site 14: Frenchs Road Willoughby	**Location:** The site is currently a mix of two and three storey walk-up units and free standing detached homes. The site is located just off the existing retail strip along Willoughby Road. **Total site area: 5,241.95 sqm** **Residential growth and centres development:** The site is in an area of mixed residential development, and there would be potential growth for increasing the surrounding density along Willoughby Road. The site could increase the retail presence of Willoughby Rd and create a platform for increasing the activation of the area through increased residential density. To go on the metropolitan planning framework of a centres policy, the site is not able to be identified as a centre, but rather an extension of a retail strip. **Zoning:** The current zoning across the sites covers several residential zonings. Under the draft WLEP 2009 the sites are proposed to be zoned R3 Medium density residential. This would require a change in proposed zoning if the site was to accommodate a supermarket as a permissible land use. **Amalgamation:** Amalgamation of the site is very complex as there are six different private land holdings on the site. Three of the sites are also strata titled apartment blocks with multiple ownership. Given the existing residential density on the site, it would seem an underutilisation of the value of the site to replace it with a supermarket. **Transport:** The transport connections to the area are reasonable. Buses along Willoughby Road travel between Chatswood and Crows Nest, North Sydney and the City. Road congestion along Willoughby Road during peak hour is heavy. **Site constraints:** The major constraints of the site are the difficulty in consolidating the lots into one site, the inability to recover costs based on the high land value of the residential properties and the inadequate road access.	**Assessment of potential:** The site is not suitable for redevelopment into a supermarket. The area is serving as a medium density residential block and it makes little sense to convert it into a supermarket, given the surrounding area. **Assessment against the subject site:** The site is not a viable comparative site to the subject site.

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