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This letter presents an independent assessment of the implications from the development of centres in the Appin Growth Area (being the Appin and North Appin Precincts) on the existing Appin Village and proposed Wilton Strategic Centre. In particular, the research assesses whether:

- The viability of the existing Appin Village will be impacted by the proposed provision of retail facilities in the Appin Growth Area
- The conclusions of the Hill PDA Wilton Growth Area Commercial Centres Study are impacted as a result of centre development at Appin.

Greater Macarthur

The Greater Macarthur Growth Area (GMGA) incorporates Glenfield to Macarthur urban renewal precincts and the land release precincts to the south of Campbelltown (refer Figure 1). Greater Macarthur 2040: An Interim Plan for the Greater Macarthur Growth Area sets out the strategic planning framework for the Growth Area. When finalised, Greater Macarthur 2040 will guide precinct planning within the Growth Area.

The interim plan released in November 2018 outlined a plan for around 40,000 dwellings to the south of Campbelltown, extending from Menangle Park to Appin including:

- Menangle Park – 4,000 dwellings.
- Gilead – 15,000 dwellings.
- North Appin – 5,000 dwellings.
- West Appin – 15,000 dwellings.

To date, development has only started in the northern portion of the GMGA including Menangle Park (ultimately 5,000 lots with an extra 1,000 dwellings approved as part of the Masterplan) and Figtree Hill (first lots of 1,700 lots in total). It is relevant to note that these areas are separate to the Wilton Strategic Centre trade area defined by Hill PDA given they are much closer to retail centres provided at Campbelltown and Narellan.

More recently, approvals and proposals for other residential estates within the GMGA include:

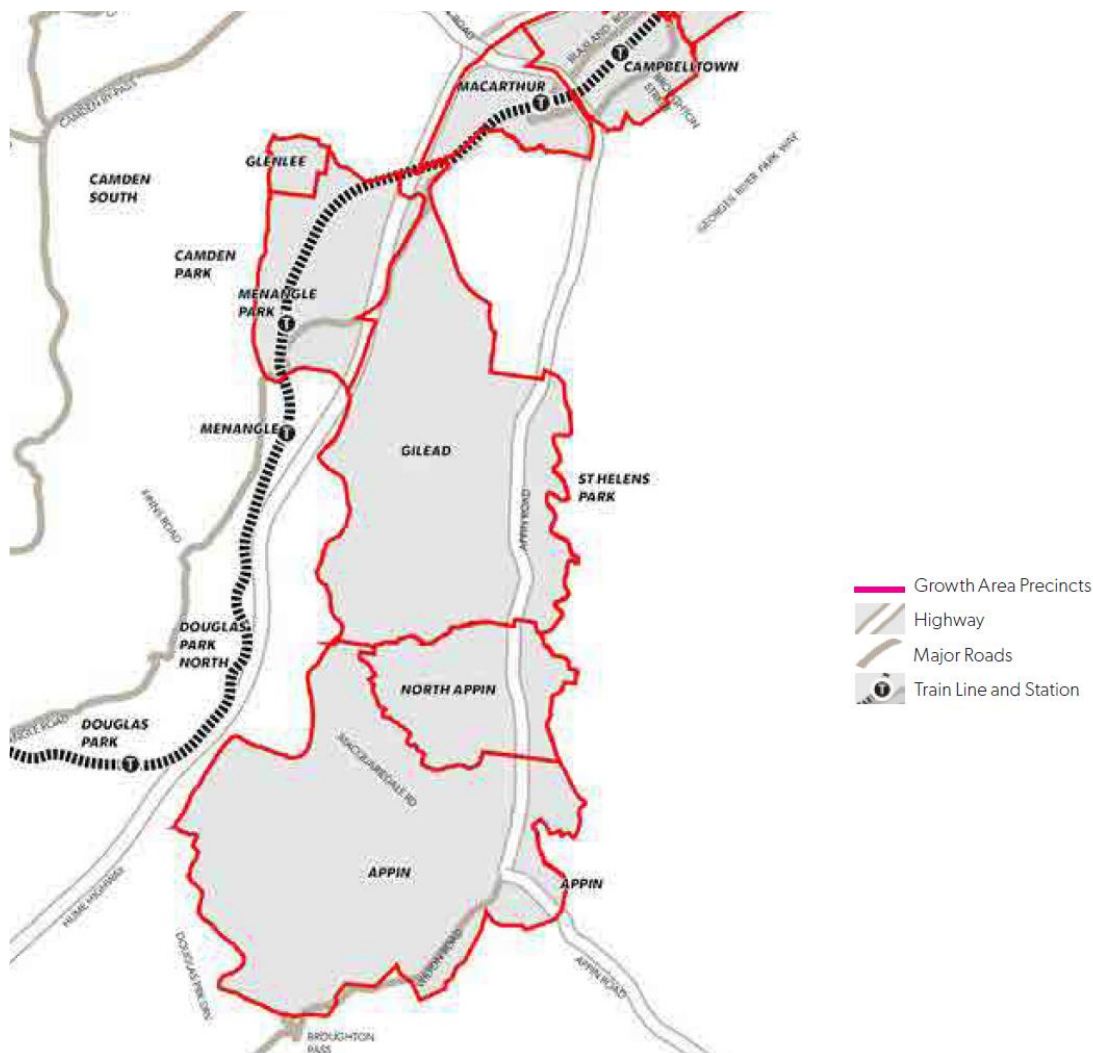
- Lend Lease control a site which can accommodate up to 3,300 dwellings at Gilead Stage 2. The Gilead Stage 2 State Assessed Planning Proposal (SAPP) has been finalised by the Department of Planning, Housing and



Infrastructure (the department). The potential development of 3,300 dwellings has been approved, with 600 to be unlocked now, and a further 2,700 to be unlocked in the future on the condition necessary infrastructure required to service these new homes can be adequately delivered.

- Walker Corp control land for 13,312 homes in the Appin Precinct. Land has been rezoned for 12,900 dwellings of which 12,000 are controlled by Walker Corp. The Appin (Part 2) Precinct Planning proposal is seeking approval to rezone a further 1,312 dwellings.
- Ingham Property currently have a proposal for 3,000 dwellings at North Appin. The North Appin State Assessed Planning Proposal was issued a Gateway Determination by the department on 6 May 2024, subject to several conditions that must be met prior to public exhibition. If rezoned, the proposal will deliver 3,000 new homes while also providing a neighbourhood centre, a school site and a series of interconnected green spaces. The Ingham Neighbourhood Centre is intended to be 5,000 sq.m. anchored by a full-line supermarket together with potential medical centre, gym and childcare services.
- MIR Group's holding to the north of Ingham land is proposed for 2,000 dwellings. No application has been lodged to date.

FIGURE 1. GREATER MACARTHUR



Appin & North Appin

Figure 2 illustrates an indicative plan of development for the Appin and North Appin precincts. These areas combined comprise some 20,000 dwellings or 60,000 persons.

As part of the planning proposal for Appin, a report was prepared by Urbis for Walker Corporation dated October 2022 assessing the demand for retail and employment lands. The conclusions of that report included:

- A Local Centre of around 30,000 sq.m anchored by a discount department store and major supermarkets. The first stage anchored by a full-line supermarket would be supportable in 2034 (following a supermarket at a Neighbourhood Centre). By 2042 there would be sufficient market support for a major expansion including a discount department store supportable, a second full-line supermarket and small format supermarket.
- Around five smaller neighbourhood centres of around 5,000 sq.m of retail floorspace each, including a full line supermarket by 2030. A number of smaller neighbourhood centres would develop over the period to 2060.

Population growth assumptions that support this level floor space include:

- North Appin will deliver over 4,300 new dwellings by 2038 assuming a take up rate of 200 new dwellings per annum starting in 2024 and increasing it to 300 per annum after 2026.
- Appin will deliver over 17,500 new dwellings in stages commencing in 2026 with a starting take-up rate at 500 dwellings and then up to 1,000 dwellings per annum after 2026.

The above growth assumptions would be equivalent to around 3,000 to 3,500 persons each year post 2026, or around 15,000 persons every five years. A population of around 65,000 to 70,000 persons would be resident within the Appin/North Appin areas by 2042. Relevantly, as discussed in the analysis of Wilton Strategic Centre later in this letter, the report prepared by Hill PDA estimates around 17,500 persons by 2041 for this area (which is at odds with the Hill PDA study prepared for Ingham Property Group in June 2023, which indicated that North Appin alone would include 14,000 persons by 2042 – i.e. excluding the Walker Corporation Appin land).

Irrespective of the rate of population growth within the Appin Growth Area, some general benchmarks in relation to the provision of retail facilities includes:

- around 2.3 sq.m of retail floor space per person, meaning a population of 65,000 persons could support 150,000 sq.m of retail floor space.
- One discount department store for every 50,000 persons, meaning one discount department store would be supportable based on the Appin Precinct alone.
- 1 full-line supermarket for every 8,000 to 10,000 persons. Even taking a higher level of 10,000 persons, this means 6 to 7 full-line supermarkets, within the Appin and North Appin Precincts.

FIGURE 2. APPIN & NORTH APPIN STRUCTURE PLAN



LEGEND:

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| <ul style="list-style-type: none"> Appin & North Appin Precincts Boundary Appin (Part 1) Precinct Boundary Appin (Part 2) Precinct Boundary LGA Boundary Waterways C2 Conservation Land Existing Road within C2 Conservation Land Local Park District Park Regional Open Space Easements (Active and passive recreation) Green Links | <ul style="list-style-type: none"> Riparian Corridor NSW State Heritage listing Curtilage (Place of First Nations Cultural Landscape) SHR 02067 Plan 3294 Heritage Items Low Density Residential Medium Density Residential Stormwater Management Schools Employment Lands Mixed Use Centres (including retail/commercial) East-West Connection Road Public Transport Corridor | <ul style="list-style-type: none"> Outer Sydney Orbital Stage 2 Public Transport Corridor Stage 1 Road Connection - By Others Collector Streets Roundabout Proposed Water Recycling Plant Proposed Zone Substation Proposed Fire & Rescue Depot Proposed Police Station Proposed RFS Depot Proposed Ambulance Depot Proposed Integrated Health Hub |
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APPIN (PART 1 & 2) PRECINCT STRUCTURE PLAN

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 DATE: 03-10-24
 REVISION NO:
 APPIN (PART) ISSUE 0

Table 1 outlines an analysis of major retail and supermarket floorspace demand within the Appin Growth Area based on current and projected population growth over the period to 2056, based on the Urbis population projections as well as the provision of floorspace per person across retail, discount department store and supermarket floorspace. Ultimately, this indicates:

- the planned provision of retail floor space in the Appin centres at around 55,000 sq.m (30,000 sq.m in the local centre and allowing for 5,000 sq.m for each of the remaining five neighbourhood centres) is equivalent to one-third of the demand generated by the population. This means two thirds of the demand will be catered for by centres outside the Appin area including the Wilton Strategic Centre.
- ~ 10,000 sq.m of discount department store floorspace would be sustainable over time, with only one store of 6,000-7,000 sq.m proposed to be provided within the Appin Precinct catchment.
- Around 24,300 sq.m of supportable supermarket floorspace equivalent to almost 8 full-line supermarkets, as compared with around 5 full-line supermarkets together with a number of smaller format supermarkets being proposed.

The provision of floorspace appears very reasonable with most of the non-foods need for future residents to be catered for outside the Appin Growth Area. As noted above, based on the projections within the Urbis retail and employment centres study, only 1/3 of floorspace demand will be catered for locally.

TABLE 1. APPIN & NORTH APPIN SUPPORTABLE FLOORSPACE

	Demand Benchmark	Population					
		2022	2026	2030	2034	2038	2046 (Residential Build Out)
Population							
Appin Growth area		3,018	6,398	21,905	37,412	52,919	68,322
Retail Floorspace Demand							
Appin Growth area	2.3 sq.m per person	6,941	14,715	50,382	86,048	121,714	157,141
Discount Department Store Floorspace Demand							
Appin Growth area	144 sq.m per 1k p.	434	920	3,149	5,378	7,608	9,822
Number of supportable dds	one store is 6,500 sq.m.	0.1	0.1	0.5	0.8	1.2	1.5
Supermarket Floorspace Demand							
Appin Growth area	356 sq.m per 1k p.	1,074	2,278	7,798	13,318	18,838	24,321
Number of supportable smkts	one store is 3,200 sq.m.	0.3	0.7	2.4	4.2	5.9	7.6

Appin Village Impacts

A small provision of shopfronts is provided along Appin Road, Appin including a free-standing Supa IGA of 1,450 sq.m, as well as around ten specialty shops comprising takeaway shops, a bakery, hairdresser, bottle shop and similar convenience/service stores. This is equivalent to around 2,500 sq.m of floorspace. These stores currently serve a population of around 3,500 persons.

The ultimate level of retail floorspace sustainable within the Appin Growth Area is around 150,000 sq.m. The current provision of 2,500 sq.m. is around 1.5% of total future demand. The current provision of 2,500 sq.m plus the proposed

50,000 sq.m. (52,500 sq.m.) is significantly less than the projected 150,000 sq.m that would be supportable. Clearly substantial further floorspace would be required to service future residents.

The key question relates to the timing of a full-line supermarket centre (the planned first neighbourhood centre) at Appin, which does not impact on the viability of the existing Supa IGA and surrounding shops. As indicated previously, a full-line supermarket is required for every 8,000 to 10,000 persons. Consequently, at least 5,000 – 6,000 additional persons should be provided within the Appin sector, over and above the existing 3,500 persons, to support a new neighbourhood centre as well as existing retail. This is when some 1,500-2,000 dwellings have been built – some 2 years after development starts assuming 1,000 dwellings per year. If development is slower, then a longer term timeframe would support a store.

There is a clearly a role for the existing Appin Village to continue to operate as a convenience centre for catchment area residents given its proximity to the existing Appin Public School and location along Appin Road. This is not dissimilar to other examples of existing facilities, which are well located along major roads, continuing to operate in spite of additional competition. One such example in a growth area is at Rouse Hill, where an existing centre – Rouse Hill Village (anchored by IGA) has continued to operate over the past 20 years, in spite of significant additional competition, including the Rouse Hill Town Centre (70,000 sq.m). There is a role for convenience shopping facilities to service trade area residents at Appin, while the proposed Local Centre (up to 30,000 sq.m) will serve as the major non-food destination for residents in the Appin Growth Area.

Further, as noted above the Appin catchment area would supports 6-7 full-line supermarkets. There is clearly room for a well operated IGA in Appin. There are numerous examples of IGA trading against larger full-line supermarkets in Wollondilly Shire, including at Picton and Moss Vale.

Wilton 2040

Wilton 2040 was prepared to guide the development of the Wilton Growth Area over the next 20 years. Wilton 2040 was adopted in September 2018, with plans for a new town of around 15,000 homes (around 50,000 persons) at Wilton. Figure 2 of the document (shown as Figure 3 in this letter) presents a breakdown of proposed dwellings by precinct, including:

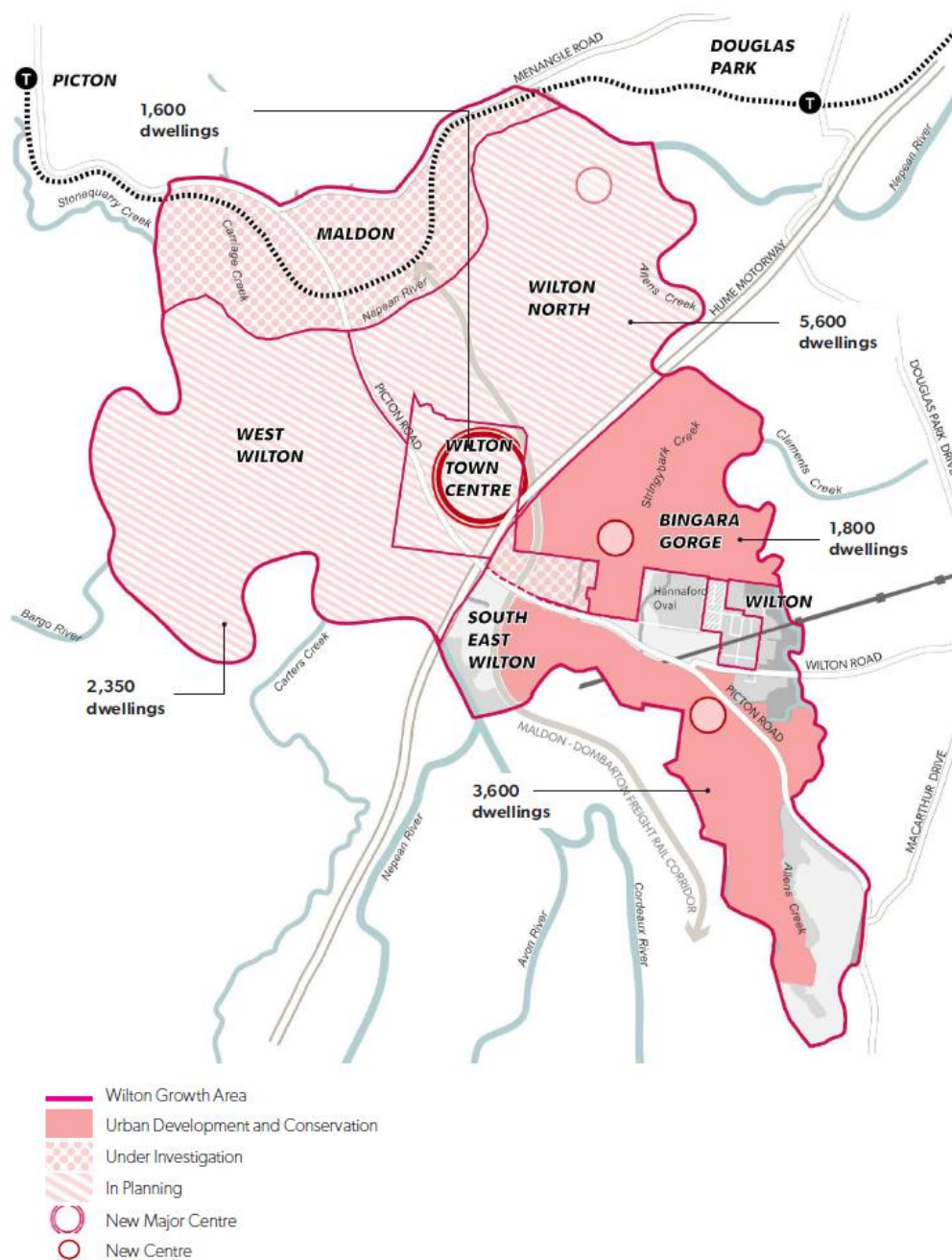
- Bingara Gorge - 1,800 dwellings.
- South-East Wilton - 3,600 dwellings.
- Wilton Strategic Centre - 1,600 dwellings.
- Wilton North - 5,600 dwellings.
- West Wilton - 2,350 dwellings.

The growth area is bisected by the Hume Motorway, with approximately 5,400 dwellings projected on the eastern side of the motorway and 9,550 dwellings on the western side of the motorway. To date, all of the growth has occurred on the eastern side of the motorway in the Bingara Gorge development and more recently within South-East Wilton. Earthworks have started in Wilton North (Panorama Estate) being developed by Landcom.

Overall, three of the five precincts have started substantial development in the Wilton Growth Area, with residential development in the Town Centre precinct also imminent. Significant population growth is projected to occur within Wilton, with the latest population projections prepared by forecast ID for Wollondilly Shire Council indicating the current population level in 2023 of around 6,500 persons, increasing to close to 40,000 persons by 2041. The population at full development is around 50,000 persons, projected by 2051.

The Wilton Growth Area is projected to grow rapidly, and the current development on the ground is consistent with this growth profile, comprising private and public developers across a number of development fronts.

FIGURE 3. WILTON GROWTH AREA



Wilton Growth Area Commercial Centres Study

The Wilton Growth Area Commercial Centres Study was prepared by HillPDA Consulting for Wollondilly Shire Council in June 2023. The report is intended to provide the vision and framework for the centres development in the Wilton Growth Area.

The Wilton Growth Area Commercial Centres Study, therefore, presents the latest planning framework for centres development at Wilton. The largest centre planned in the Wilton Growth Area is the Wilton Strategic Centre. Section 4 of the Hill PDA report presents a demand analysis for the Wilton Strategic Centre.

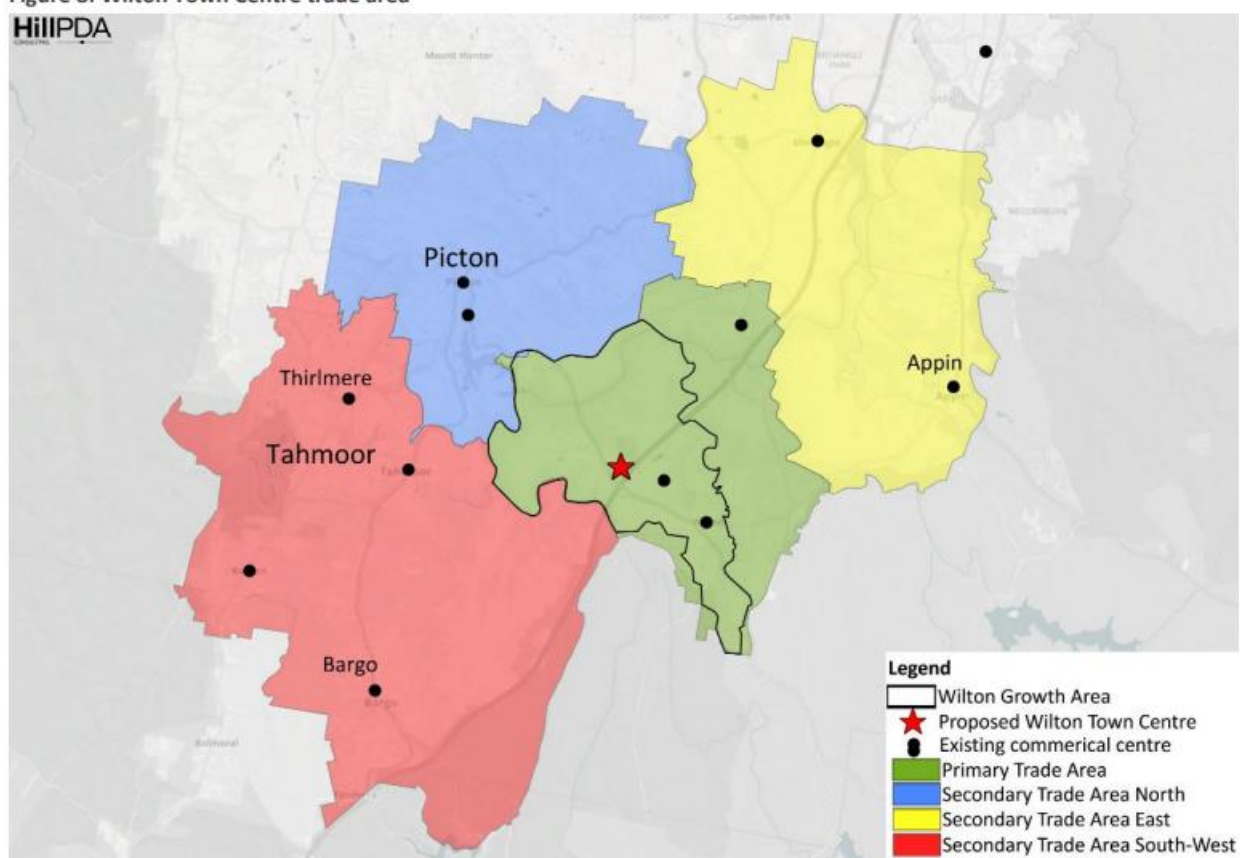
The trade area likely to be served by the Wilton Strategic Centre is illustrated at Figure 8 of the Hill PDA report and shown as Figure 4 in this letter. As shown, the trade area to be served by Wilton Strategic Centre comprises:

- A primary sector consisting of the Wilton Growth Area with an ultimate population of up to 50,000 persons.
- Three secondary sectors to the east, north and south, effectively comprising the Appin Growth Area to the east, Picton to the north, and Tahmoor/Bargo to the south.

We would agree with extent of the catchment likely be served by Wilton Growth Area given it will be a highly accessible and visible site along the Hume motorway drawing from existing populations to the west of the motorway as well as serving the growing population within the Wilton Growth Area in the primary sector.

FIGURE 4. WILTON STRATEGIC CENTRE TRADE AREA

Figure 8: Wilton Town Centre trade area



Source: HillPDA 2020

Table 5 of the Hill PDA report outlines population levels within the defined trade area. The 2021 population level is projected to increase from ~37,000 persons in 2021 to over 108,500 persons by 2051. The majority of growth is projected in the primary sector comprising the Wilton Growth Area.

Table 10 of the Hill PDA report details projected floor space within the Wilton Town Centre over the period to 2051. Ultimately, a centre over 50,000 sq.m is indicated to be supportable comprising the following broad categories:

- 10,000 sq.m. of supermarket provision, consisting of two full line supermarkets and one discount supermarket.
- 17,500 sq.m. of speciality food and food catering.
- 4,000 sq.m. of discount department store.
- 9,500 sq.m. of non-food specialities.
- 3,800 sq.m. of personal services.

The provision of floor space detailed above is consistent with a sub-regional shopping centre anchored by discount department store and multiple supermarkets. We would agree that the Wilton Strategic Centre will support this level of floor space over time.

Relevantly, the Hill PDA report indicates a discount department store of 4,000 sq.m would be supportable, when there are 45,000 persons in the primary sector and almost 100,000 persons in the main trade area. In our experience, discount department store typically supportable for around 50,000 residents. The Wilton Strategic Centre main trade area would reach that level in the period between 2026-31, indicating that discount department store will be supportable at an earlier time, most likely by 2031. Relevantly, a discount department store was previously proposed at Tahmoor. The Wilton Strategic Centre would provide a better commercial outcome for a discount department store given its more central location to the existing and future population in the trade area.

A second discount department store may potentially be supportable by 2046 based on the Hill PDA population projections reaching 100,000 persons by that time.

Table 11 of the Hill PDA report details timing for the retail centre at Wilton, indicating a facility of 45,000 sq.m by around 2045 anchored by a discount department store. Relevantly, population within the secondary east sector comprising Appin is only projected to increase from around 5,500 persons in 2021 persons to 18,500 persons by 2051. This sector of the trade area is projected to account for around 18% of the Wilton trade area total population growth of almost 75,000 persons between 2020 to 2056. Relevantly, this level of growth is at odds, and substantially lower, when compared with the population projections in the HillPDA report prepared for Ingham Property Group, which indicates over 14,000 persons in North Appin (leaving aside Appin) by 2042.

The demand for floor space within the Wilton Strategic Centre, therefore, based on the HillPDA analysis, is not reliant on substantial growth occurring within Appin to support the level of 50,000 sq.m outlined by Hill PDA.

Other local centres, anchored by supermarkets, are also indicated to be supportable within the Wilton Growth Area. These centres, however, will service the immediate residents in the Wilton Growth Area and catchments would not extend to the secondary trade area. There are no implications for these centres as a result of the Appin Growth Area being developed earlier than expected.

Wilton Strategic Centre Impacts

It is observed in any established population area that residents/customers move freely between different shopping facilities depending on choice, offer, complementary trip purposes, place of work, place of education, place of recreation and the like. It is not unreasonable to expect consumers to make choices about their shopping patterns based on these types of criteria and conversely, it is highly unlikely that residents would just undertake shopping at their closest facility all the time.

As noted previously, the location of the Wilton Strategic Centre along the Hume Motorway means that it is ideally placed to serve residents on both the eastern (Appin) and western (Picton and Tahmoor) sides of the motorway as well as those within the Wilton Growth Area. The Appin Precinct, therefore, only forms a small part of the total trade area to be served by that Centre and facilities at Appin are not reliant on the population in the Appin Growth Area to be sustainable.

In comparison, the Appin trade area is more limited given it is restricted by conservation areas to the east and the Motorway to the west. Similarly, areas to the north around Figtree Hill and Gilead have easy access to Campbelltown, while areas in Wilton will be provided with their own facilities.

One of the key questions in assessing the impact on the Wilton Strategic Centre is the timing of development at Wilton versus Appin. As noted previously, a discount department store is likely to be supportable in Wilton by 2031. In the most optimistic scenario, based on the high population growth rate assumptions detailed by Urbis, a discount department store would be supportable in Appin by 2042. Consequently, retail facilities at Wilton Strategic Centre will be established well before those at the Appin Local Centre.

Further, as noted previously, the sustainability of facilities in the Wilton Strategic Centre as detailed in the Hills PDA study was only predicated on a population level of less than 20,000 persons in the Appin area. A much higher population level in this area will provide greater opportunity for retail facilities to be established at Wilton at an earlier stage than indicated by Hill PDA.

Table 2 outlines projected population levels within the Wilton Strategic Centre trade area (excluding Appin) as compared with Appin, clearly showing a substantial population (over 100,000 persons over time) to support retail facilities at Wilton. Also, given Appin is proposing a more limited range of retail facilities, the population within the sector will support the Wilton Strategic Centre.

Overall, the Wilton Strategic Centre will serve a much larger population as compared with Appin and this will sustain a higher provision of retail floor space. The provision of a Local Centre of 30,000 sq.m and the various neighbourhood centres at Appin is sustainable without impacting on the functioning and viability of the Wilton Strategic Centre.

TABLE 2. PROJECTED POPULATION GROWTH

Population	Forecast			Change 2023-56
	2023	2041	2056	
Wilton TC Trade Area (excl. Appin)	41,606	80,325	100,000	58,394
Appin Growth Area	3,440	62,500	68,322	64,882
Total Area	45,046	142,825	168,322	123,276

All figures as at June and based on 2021 SA1 boundary definition.

Sources: ABS, Forecast id

Conclusion

It is clear that a substantial amount of additional retail floorspace will be supportable within the Appin Growth Area as a result of the addition of around 20,000 dwellings or 60,000 persons. The proposed provision of floorspace within Appin based on the Urbis Retail and Centres Strategy, only represents around one third of total demand. Consequently, two thirds of demand will be catered for by centres outside the immediate Appin area, including Wilton.

The timing of floorspace, therefore, is the critical component to ensure that impacts on competitive centres are not detrimental to their performance. On this basis, it is our view that a discount department store would be supportable at Appin, once at least 50,000 residents or 15,000 dwellings are occupied within the Appin Growth Area. The Wilton Strategic Centre will serve an existing established population (Picton, Tahmoor, etc) as well as the rapidly developing Wilton Growth Area. It will establish as the major town centre serving residents in this part of south-west Sydney.

Further, around 1,500-2,000 dwellings, or 5,000-6,000 residents, in the Appin Growth Area would be required to support the first full line supermarket to ensure that existing retail facilities at Appin remain viable. The proposed location of the Local Centre and the closest neighbourhood centres in the Appin Precinct will be 1.5- 2 km from Appin Village, which is typical of the distance between centres in growth areas, noting in the case of Appin Village that it is a convenience focussed centre, with the closest centre to be the much larger comparison shopping focussed Local Centre. It is common for convenience facilities to operate viably in proximity of larger centres and provide a point of difference for shoppers.

If the Local Centre is not developed, the total provision of retail floorspace in the Appin catchment would be around 30,000 sq.m – equivalent to around 20% of future resident needs. This would result in a gross under provision of planned floorspace. In the absence of an appropriate provision of retail facilities, including local and neighbourhood centres, residents will be disadvantaged in terms of the expected provision of retail stores to serve their needs, including having to travel substantial distances to other areas, resulting in time and travel disbenefits. Retail is also an important generator of local employment, meaning that significant job opportunities will be lost if the Local Centre is not developed to an appropriate scale.

Yours sincerely,



Gavin Duane
Director