

APPENDIX G

Orchard Hills North: Supporting Technical Documents

G17 Orchard Hills North Market Potential Assessment



ORCHARD HILLS NORTH, SYDNEY

Market Potential Assessment

Prepared for Legacy Property Group
October 2020

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COVID-19 DISCLAIMER

COVID-19 is a respiratory illness caused by a new form of coronavirus. It was first reported in December 2019 in Wuhan City in China, with the virus able to be spread easily from person to person.

Since the outbreak of COVID-19 in Australia, the Federal and State governments have taken a precautionary approach to implementing strategies to minimise disease transmission through strong border measures, social distancing legislation and communication activities. Each of the States and Territories are enforcing restrictions at different levels, depending on the numbers of cases and rate of transmission of the virus.

Unprecedented world events such as the COVID-19 pandemic will take time for the market to absorb and be reflected in the data used to assess its impact. As such, it is difficult to predict the scale and duration of its impact on the Australian economy, and more specifically, on the property market. On this basis, changes in market conditions as at the date of this report may not be reflected in the data and information.

Location IQ will continue to monitor the impact of the pandemic on the retail landscape, sales, and consumer preferences with a view to implementing findings in future reports and forecasts. The information and recommendations in this report are current as at the date of this report and (unless otherwise specifically stated) necessarily assume that the Australian economy and the subject asset(s) or site(s) to which the report relates, have not been significantly impacted by the COVID-19 pandemic. However, it is important to note that the COVID-19 pandemic is an important risk factor which must be taken into consideration when relying on the data and recommendations in this report.

Location IQ disclaim all liability and responsibility in respect of any loss suffered or incurred as a result of the COVID-19 pandemic materially impacting the findings of this report, but only to the extent that such impact is not reflected in the data and information used to support the recommendations.



INTRODUCTION

This report presents an independent assessment of the market potential for retail and non-retail floorspace to be developed at the planned Neighbourhood Centre at Orchard Hills North as part of the Orchard Hills North Structure Plan Area, within the Penrith City Council Local Government Area (LGA) in Outer Western Sydney.

This report has been prepared in accordance with instructions received from Legacy Property Group and is structured and presented in **seven (7) sections** as follows:

- **Section 1** reviews the regional and local context of Orchard Hills North site, as well as key assumptions surrounding the development of the area.
- **Section 2** details the trade area likely to be served by retail facilities at Orchard Hills North. Current and projected population levels as well as retail spending levels over the period to 2036 are also presented.
- **Section 3** summarises the competitive environment within which retail facilities at the site would operate and reviews likely future changes.
- **Section 4** reviews comparable developments in new growth areas across Australia.
- **Section 5** presents a review of the supportable provision of retail floorspace at the future Orchard Hills North Neighbourhood Centre.
- **Section 6** outlines the potential for non-retail uses at the site.
- **Section 7** summarises the recommended retail and non-retail floorspace, and outlines the key success factors relating to design, car parking and amenity.



EXECUTIVE SUMMARY

The key points to note from this report regarding the market potential for retail and non-retail floorspace to be developed at the planned Neighbourhood Centre at Orchard Hills North as part of the Orchard Hills North Structure Plan Area, within the Penrith City Council Local Government Area (LGA) in Outer Western Sydney, include the following:

- i. The Orchard Hills North Structure Plan Area is a large rural study area bounded by Caddens Road in the north, the Western Motorway in the south and The Northern Road in the west. The total dwelling yield for the Orchard Hills North Structure Plan Area is 2,875 lots, or around 8,625 persons assuming 3 persons per dwelling. Legacy Property is in the process of rezoning part of the Orchard Hills North Structure Plan area with a potential yield of 1,800 dwellings (5,400 persons). The rezoning is scheduled to be approved by June 2021.
- ii. As part of the Orchard Hills North Structure Plan Area, and within the Legacy Group land holding, approximately 1.5 hectares of land has been designated for a Neighbourhood Centre, which is planned to incorporate retail, commercial and business uses. The planned Neighbourhood Centre site is situated centrally in the land holding and will be at the intersection of two roads that connect to The Northern Road in the west as well as Caddens Road in the north. The site is internally located within the Legacy Group residential estate.
- iii. Assuming on grade car parking, the typical floorspace development yield for a supermarket-based shopping centres is in the order of 35%. For the planned Orchard Hills North Neighbourhood Centre site, this would indicate floorspace of 5,250 sq.m across one level. Upper level floorspace could also be provided and a larger building footprint would be possible if basement or rooftop car parking is provided.
- iv. Given the central location of the site, which is not on a main road or at an entry/exit road from the estate, it is likely that a substantial population will need to be provided prior to opening. Road infrastructure and excellent signage will also be important.
- v. The main trade area population is currently estimated at 29,850 persons, including 540 persons within the primary sector. The main trade area population is projected to increase to 42,790 by 2036, including 8,800 persons in the primary sector. The main trade area population is projected to grow at an average annual rate of 2.3% over the period to 2036.



- vi. There is currently only one full-line supermarket (of 3,200 sq.m or larger) provided within the main trade area, namely a Woolworths of 3,742 sq.m at Southlands Shopping Centre, located 3.2 km to the west (secondary west sector). An IGA of 900 sq.m at Claremont Meadows is the only other supermarket offer within the main trade area, 3.3 km to the north-east (secondary north sector). A small provision of specialty shops is also provided.
- vii. Caddens Corner (secondary north sector) is under construction at the north-eastern intersection of O'Connell Street and John Flak Avenue in Caddens, 2.1 km to the north of the subject site. Upon completion (expected to open 20th November 2020), the centre will be anchored by a full-line Woolworths supermarket, BWS, specialty shops, a tavern, a childcare centre, medical centre, gym and a food and dining precinct.
- viii. It is understood that existing supermarkets in this part of Sydney trade strongly with sales levels above the Australian benchmark of around \$9,000 - \$10,000 per sq.m, reflecting the low supermarket floorspace provision.
- ix. Based on a review of similar developments as outlined above, a range of key success factors are observed as follows:
- **High-Profile Site:** Most developments are located along major roads providing them with exposure to passing traffic. Small developments are internally located with more limited exposure.
 - **Access:** Typically, two ingress/egress points to facilitate convenient access.
 - **Car parking:** A significant provision of at-grade carparking is still important for the success of neighbourhood centre to support the supermarket anchors at the site. Maximising the number of bays near the supermarket entrance is crucial. Shade sail coverage is also preferable. Only one centre, namely The Ponds Shopping Centre, has basement car parking.
 - **Strong trading supermarket:** Providing a high level of customer amenity to ensure a strong trading supermarket to anchor the centre is critical.
 - **Mini-major Tenants:** Given the convenience focus of these centres, mini-major tenants (greater than 400 sq.m) are not typically provided.
 - **Pad Sites with Exposure:** Centres with exposure typically include fast food (including drive-thru) and service stations in pad sites with frontage onto the major road.
 - **Specialty Offer:** on average, around 15 retail specialty tenants are provided, with most being food catering and retail services operators. The remaining tenants are also convenience focused (e.g. general retail and food& liquor categories).

- **Destinational Non-Retail Uses:** Typical tenants include gyms, medical centres, commercial offices, fast food pad sites, and service stations. These types of uses increase the 'reason for visiting' the centre and customer traffic flows onto the retail component of the centre.
- x. Typically, a population of around 8,000 – 10,000 persons is required to support a major full-line supermarket of at least 3,200 sq.m. In growth areas, around 6,000 - 7,000 persons are required initially, with growth overtime. In the order of 6,000 - 7,000 residents will be needed in the primary sector for a major full-line supermarket to be supportable at Orchard Hills North Neighbourhood Centre site. Both major supermarket brands may specify this in the contract terms. A supermarket is likely to be supportable by 2028 based on the projected population.
 - xi. Coles forecast sales are around 20% higher than Woolworths forecast sales, reflecting the limited Coles representation in the area. Coles may be willing to open slightly earlier than Woolworths as the majority of supermarket sales for the site will be a transfer from strong trading Woolworths supermarkets and IGA. The nearest Coles supermarkets are at St Marys and Penrith.
 - xii. Based on the forecast sales over the longer term of around \$50 - \$60 million, a full-line supermarket of 3,600 sq.m is recommended, including a liquor component of 200 sq.m. Supermarket forecast sales would grow strongly over the period to 2036.
 - xiii. Table 1 outlines the recommended total centre floorspace by component for the Orchard Hills North Neighbourhood Centre. Total centre size is 5,250 sq.m, including:
 - A full-line supermarket of 3,600 sq.m.
 - Specialty floorspace of 1,180 sq.m (including retail and non-retail).
 - Non-retail floorspace of 470 sq.m, including a gym and medical centre.
 - xiv. If basement car parking is provided, there may be potential to accommodate other uses such as a tavern and childcare centre. The quantum of retail floorspace would be unchanged, expect for the possible inclusion of Aldi if this tenant could be secured.
 - xv. The success of a smaller supermarket-based town centre style developments in growth areas is very dependent on:
 - A compact design with one level recommended.
 - Largely externally based with good customer amenity and easily accessible, ample at grade car parking.
 - Car parking that promotes strong customer amenity to major tenants. Typically, at grade is preferred to promote convenience, and due to the cost of basement/under croft car parking.

This is especially important when nearby centres have very convenient, at grade car parking which will be the case at Caddens Corner.

- A successful supermarket (i.e. strong supermarket sales).
 - A quality, central community space should be provided, like a town square. Alfresco dining should be provided around the space. The space should be designed to allow for community activities and could include a play area.
 - The centre should provide a range of uses at and immediately around the site if possible, to add to destination appeal. The rise of online spending has increased the importance of bringing foot traffic into the centre. Everyday uses, such as medical centres, gyms and childcare significantly aid in achieving more customer generation.
 - Customer amenities enhance the convenience focus of the centres, including click and collect (for the supermarket anchor), electrical charging stations, 24/7 parcel lockers (Australia Post) and quick turnover parking nearby the entrance.
- xvi. Across the site, based on the recommended uses, a provision of around 5 car spaces per 100 sq.m of floorspace is recommended. This indicates around 263 car spaces would be required. By way of comparison and as an important consideration as the nearest shopping centre, Caddens Corner will total 9,966 sq.m and be served by 502 car spaces on grade. This equates to a provision of 5 car space per 100 sq.m.

TABLE 1. ORCHARD HILLS NORTH NEIGHBOURHOOD CENTRE RECOMMENDED FLOORSACE, FY2028

Tenant/ Category	GLA (sq.m)	Forecast Sales (\$'000) (\$/sq.m)		Gross Sales (\$'000) (\$/sq.m)		Occ. Cost (%)
Majors						
Coles (inc. liquor)	3,600	31,361	8,711	1,568	436	5.0% ^
Total Majors	3,600	31,361	8,711	1,568	436	5.0%
Retail Specialties						
Bakery	90	877	9,747	88	975	10.0%
Butcher	90	713	7,920	78	871	11.0%
Takeaway	90	713	7,920	89	990	12.5%
Takeaway	90	713	7,920	89	990	12.5%
Takeaway	90	713	7,920	89	990	12.5%
Café	110	771	7,006	104	946	13.5%
Pharmacy	225	1,919	8,529	230	1,023	12.0%
Beauty	90	658	7,310	86	950	13.0%
Hairdresser	95	694	7,310	90	950	13.0%
Total Retail Spec.	970	7,770	8,011	944	973	12.1%
Total Retail	4,570	39,131	8,563	2,512	550	6.4%
Non-retail						
Real Estate	110			67	609	
Medical	100			61	609	
Total Non-retail	210			128	609	
Total Centre	4,780			2,640	552	
Gym	175			70	400	
Medical Centre	295			118	400	
Total Site	5,250			2,828	539	

**Inflated dollars & including GST*

Typical supermarket occupancy cost would be 3.5% ^



1 LOCATION & PLANNED DEVELOPMENT

This section of the report reviews the regional and local context of the planned Orchard Hills North Neighbourhood Centre site.

1.1. Regional Context

- i. Orchard Hills is a suburb of Outer Western Sydney, situated around 56 km west of the Sydney Central Business District (CBD), and is within the Penrith City Council Local Government Area (LGA) (refer Map 1.1)
- ii. Orchard Hills is located approximately 4 km south-east of the Penrith City Centre and is predominantly a rural suburb, characterised by large parcels of land, low density, and a mixture of agricultural uses. To the north, new residential development has been underway on a small scale at Kingswood and Claremont Meadows since 2007 and on a larger scale at Caddens since 2012
- iii. The Orchard Hills North Structure Plan Area is a large rural study area bounded by Caddens Road in the north, the Western Motorway in the south and The Northern Road in the west (refer Figure 1.1). The Western Motorway (M4) is a major arterial route through the region, connecting Glenbrook to North Strathfield and Paramatta Road via Sydney's Outer Western suburbs.
- iv. The total dwelling yield for the Orchard Hills North Structure Plan Area is 2,875 lots, or around 8,625 persons (assuming 3 persons per dwelling). Legacy Property is in the process of rezoning part of the Orchard Hills North Structure Plan area (i.e. refer the red outline) with a potential yield of 1,800 dwellings (5,400 persons). The rezoning is scheduled to be approved by June 2021.
- v. Sydney Metro – Western Sydney Airport will become the transport spine for Greater Western Sydney, connecting communities and travellers with the new Western Sydney International (Nancy-Bird Walton) Airport and the growing region. The city-shaping project, from St Marys through to the new airport and the Western Sydney Aerotropolis, will provide a major economic stimulus for western Sydney, creating more than 14,000 jobs during construction. The 23-kilometre new railway will link residential areas with job hubs including the new Aerotropolis, and connect travellers from the new airport to the rest of Sydney's public transport system.
- vi. The Sydney Metro – Western Sydney Airport project includes six new metro stations as follows (refer Figure 1.2):

- St Marys, interchanging with the existing suburban railway station and connecting customers with the rest of Sydney's rail system
 - Orchard Hills, to service a future commercial and mixed-use precinct
 - Luddenham, to service a future education, innovation, and commercial precinct
 - Two stations within the airport site, at the airport terminal and at the airport business park
- vii. The Orchard Hills Metro station site is on the southern side of the Western Motorway, some 4 km south-east of planned Orchard Hills North Neighbourhood Centre site. The new metro station at Orchard Hills would service a future residential, commercial, and mixed-use precinct. Sydney Metro - Western Sydney Airport is carrying out early site investigations. This work is part of early planning work to help develop the project design. Construction of this link is expected to start in 2020 with the opening to coincide with the opening of Stage One of Western Sydney International (Nancy-Bird Walton) Airport in 2026.

MAP 1.1. ORCHARD HILLS NORTH REGIONAL CONTEXT

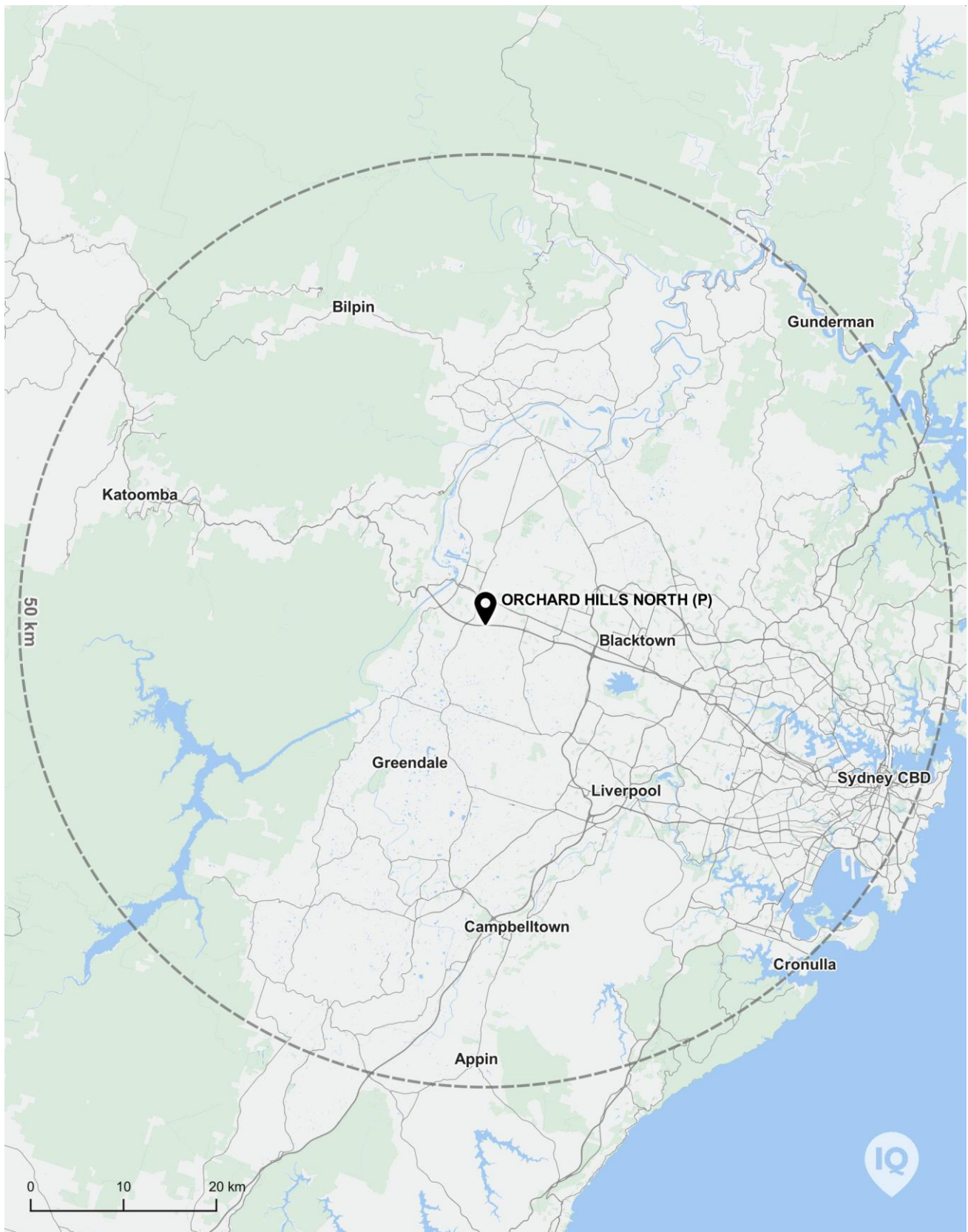


FIGURE 1.1. ORCHARD HILLS NORTH STRUCTURE PLAN AREA

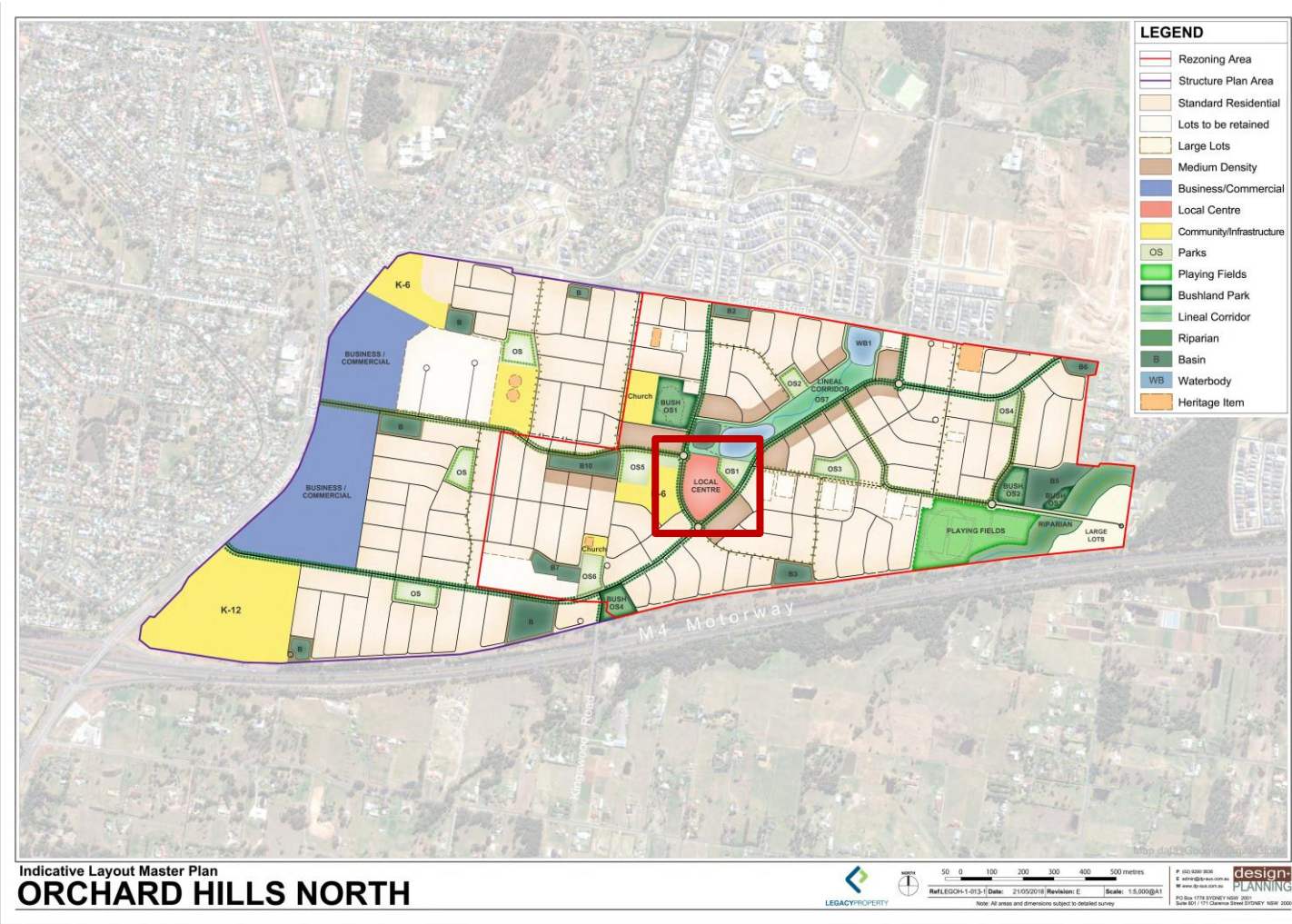
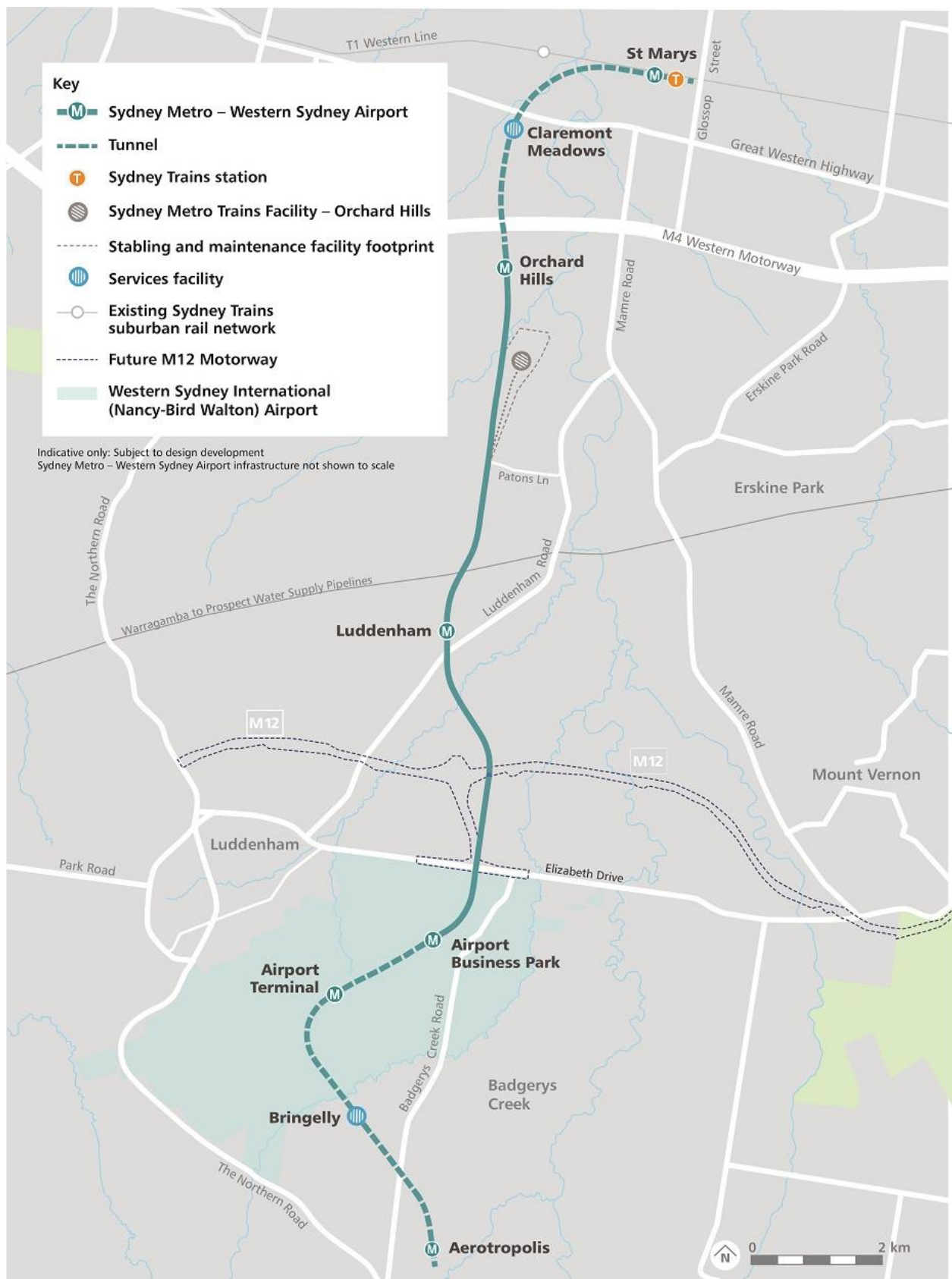


FIGURE 1.2. ORCHARD HILLS NORTH STRUCTURE PLAN AREA



1.2. Local Context

- i. As part of the Orchard Hills North Structure Plan Area, and within the Legacy Group land holding, approximately 1.5 hectares of land has been designated for a Neighbourhood Centre, which is planned to incorporate retail, commercial and business uses.
- ii. The planned Neighbourhood Centre site is situated centrally in the land holding and will be at the intersection of two roads that connect to The Northern Road in the west as well as Caddens Road in the north. The site is internally located within the Legacy Group residential estate.
- iii. Map 1.2 illustrates the local context of the Orchard Hills North Structure Plan Area and the Orchard Hills North Neighbourhood Centre site, with key points to note including:
 - The Orchard Hills North Structure Plan Area currently comprises predominantly large rural residential lots.
 - There is significant residential development underway to the north-west, around the suburb of Caddens.
 - There are three schools provided within the study area, namely; Montegrove College, Penrith Christian School and Orchard Hills Public School.
 - Larger rural lots are located south of the M4 Western Motorway.
 - A small provision of retail and commercial floorspace is provided at the western extent of the site, along The Northern Road with some destination retail including Dan Murphy's a pet store and KFC on the western side of The Northern Road.
 - Western Sydney University and TAFE NSW Nepean – Kingswood Campus are to the north.
 - Caddens Corner is a new shopping centre that is soon to open (19th November 2020) and will be based on a Woolworths supermarket, childcare centre, medical centre and a range of convenience and food & beverage tenants.
- iv. The designated Neighbourhood Centre site is internalised within the Legacy Group land holding and as such will be reliant on early road infrastructure and also an established population to be supportable.

MAP 1.2. ORCHARD HILLS NORTH NEIGHBOURHOOD CENTRE LOCAL CONTEXT



1.3. Planned Development

- i. Legacy Property is in the process of rezoning part of the Orchard Hills North Structure Plan area with a potential yield of 1,800 dwellings (5,400 persons). The rezoning is scheduled to be approved by June 2021.
- ii. As part of the Legacy Group land holding, approximately 1.5 hectares of land has been designated for a Neighbourhood Centre, which is planned to incorporate retail, commercial and business uses.
- iii. The planned Neighbourhood Centre site is situated centrally in the land holding and will be at the intersection of two roads that connect to The Northern Road in the west as well as Caddens Road in the north. The site is internally located within the Legacy Group residential estate.
- iv. Assuming on grade car parking, the typical floorspace development yield for a supermarket based shopping centres is in the order of 35%. For the planned Orchard Hills North Neighbourhood Centre site, this would indicate floorspace of 5,250 sq.m across one level. Upper level floorspace could also be provided and a larger building footprint would be possible if basement or rooftop car parking is provided.
- v. Given the central location of the site, which is not on a main road or at an entry/exit road from the estate, it is likely that a substantial population will need to be provided prior to opening. Road infrastructure and excellent signage will also be important.

2 TRADE AREA ANALYSIS

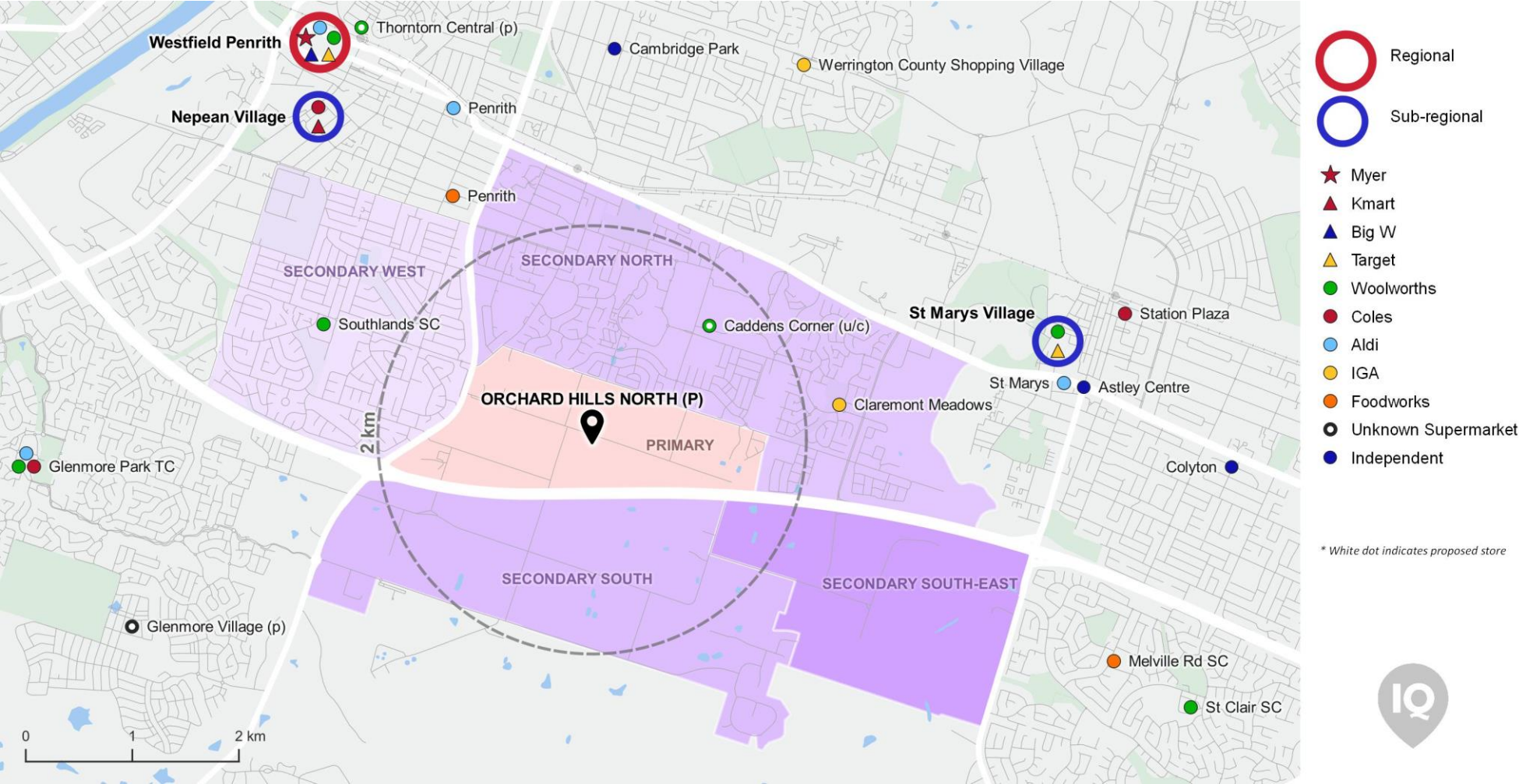
This section of the report provides a review of the trade area likely to be served by the planned Orchard Hills North Neighbourhood Centre assuming at least a full-line supermarket is part of the development, including current and projected population and retail spending levels over the period to 2036. A review of the socio-economic profile of the trade area population is also provided.

2.1. Trade Area Definition

- i. The trade area likely to be served by the facilities at Orchard Hills North Neighbourhood Centre site has been defined taking into consideration the following key factors:
 - The potential scale and composition of retail facilities at the site, which will most likely be based on a major full-line supermarket as the anchor tenant.
 - The provision of existing and proposed retail facilities throughout the region.
 - Regional and local accessibility.
 - The pattern of urban development.
 - Significant physical barriers, such as Great Western Highway, the Western Motorway, The Orchard Hills Defence Establishment and surrounding rural areas.
- ii. Map 2.1 illustrates the main trade area likely to be served by the planned Orchard Hills North Neighbourhood Centre which includes one primary sector that encompasses the entire Orchard Hills North Structure Plan Area as well as four secondary sectors.
- iii. The main trade area sectors include:
 - The **primary sector** incorporates the Orchard Hills release area and is generally limited to the north by Caddens Road, to the east by Silkwood Avenue, to the south by the M4 Western Motorway and to the west by The Old Northern Road.
 - The **secondary north sector** extends north to the Great Western Highway and east to South Creek, comprising the suburbs of Kingswood, Caddens and Claremont Meadows.

- The **secondary south sector** comprises the area up to 1 km south of the M4 Western Motorway.
 - The **secondary south-east sector** incorporates the rural land on the southern side of the M4 Western Motorway, to the west of Mamre Road.
 - The **secondary west sector** encompasses the suburb of South Penrith, extending west of The Old Northern Road, to York Road, and bounded by Jamison road in the north.
- iv. The main trade area generally extends 2 – 3 km around the site which is consistent with most supermarket based shopping centres across Australia, however, noting overlapping catchment areas is common.

MAP 2.1. ORCHARD HILLS NORTH MAIN TRADE AREA AND COMPETITION

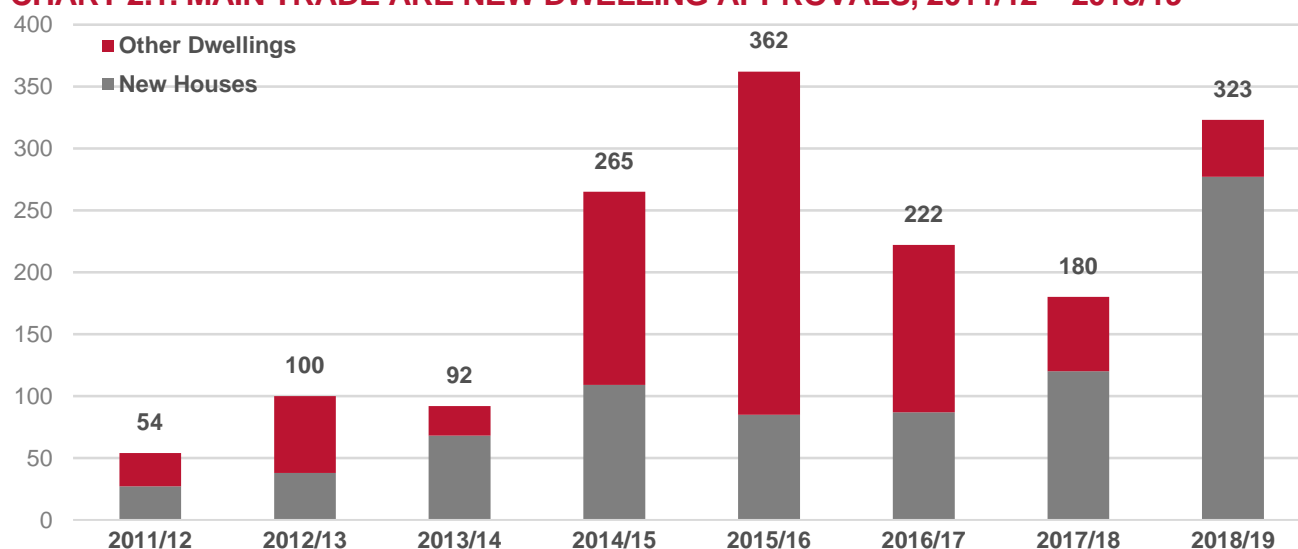


2.2. Main Trade Area Population

- i. Table 2.1 outlines the current and projected population levels for the Orchard Hills North main trade area. Population projections also consider the following:
 - The 2011 and 2016 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS).
 - New dwelling approvals information sourced from the ABS over the period from 2011/12 to 2018/19 (refer Chart 2.1).
 - Population projections prepared by NSW Planning.
 - Investigations by this office into new residential developments in the surrounding area.
- ii. As shown, the main trade area population is currently estimated at 29,850 persons, including 540 persons within the primary sector. The main trade area population is projected to increase to 42,790 by 2036, including 8,800 persons in the primary sector. The main trade area population is projected to grow at an average annual rate of 2.3% over the period to 2036.
- iii. The total dwelling yield for the Orchard Hills North Structure Plan Area is 2,875 lots, or around 8,625 persons assuming 3 persons per dwelling. Legacy Property is in the process of rezoning part of the Orchard Hills North Structure Plan area with a potential yield of 1,800 dwellings (5,400 persons). The rezoning is scheduled to be approved by June 2021.
- iv. First lots within the Orchard Hills North Structure Plan Area are expected to be released in late 2021/early 2022, with first residents assumed from mid-2023. Lot releases are projected to proceed regularly from that time.
- v. Generally, the average rate of development for large estates/residential release areas with strong sales can be around 200 – 350 lots per annum, with development slightly higher when there are multiple developers in an area. An average of 300 lots per annum are assumed for the primary sector from 2023.
- vi. *A Metropolis of Three Cities* takes a strategic approach to delivering Greater Sydney's future housing needs within the current boundary of the Urban Area including Growth Areas. Urban development in the Metropolitan Rural Area will only be considered in the urban investigation areas identified in *A Metropolis of Three Cities*.

- vii. Urban investigation areas have been identified as part of a structured approach to managing the long-term growth of Greater Sydney in a deliberate and carefully planned way, where land use is integrated with major transport corridors. In the Western City District there are three urban investigation areas.
- viii. To the north of the Western Sydney Airport Growth Area, two areas form part of the Greater Penrith to Eastern Creek Growth Area, including Orchard Hills, to the north of the Defence Establishment Orchard Hills and west of St Clair. This land to the south of the Western Motorway (secondary south and secondary south-east sectors) is not assumed to proceed over the forecast period.
- ix. There may be additional population growth around the Orchard Hills future Metro Station (secondary south-east sector) and in Orchard Hills (secondary south sector), however, the rezoning process for this land is yet to begin and so for the purposes of this report, has not been assumed over the forecast period. If the rezoning proceeds earlier and new homes are provided over the period to 2036, the population projections and sales forecasts would be higher than shown.

CHART 2.1. MAIN TRADE ARE NEW DWELLING APPROVALS, 2011/12 – 2018/19



Source: ABS

TABLE 2.1. MAIN TRADE AREA POPULATION, 2011 – 2036

Population	Actual		2020	2021	Forecast		
	2011	2016			2026	2031	2036
Primary Sector	470	500	540	550	3,800	8,300	8,800
Secondary Sectors							
• North	11,430	13,780	15,780	16,210	18,310	19,560	20,060
• South	1,060	980	980	980	980	980	980
• South-east	200	230	230	230	230	230	230
• West	<u>12,030</u>	<u>12,200</u>	<u>12,320</u>	<u>12,320</u>	<u>12,420</u>	<u>12,570</u>	<u>12,720</u>
Total Secondary	24,720	27,190	29,310	29,740	31,940	33,340	33,990
Main Trade Area	25,190	27,690	29,850	30,290	35,740	41,640	42,790

Average Annual Change (No.)	Actual		2016-20	2020-21	Forecast		
	2011-16	2016-20			2021-26	2026-31	2031-36
Primary Sector	6	10	10	650	900	100	
Secondary Sectors							
• North	470	500	430	420	250	100	
• South	-16	0	0	0	0	0	
• South-east	6	0	0	0	0	0	
• West	<u>34</u>	<u>30</u>	<u>0</u>	<u>20</u>	<u>30</u>	<u>30</u>	
Total Secondary	494	530	430	440	280	130	
Main Trade Area	500	540	440	1,090	1,180	230	

Average Annual Change (%)	Actual		2016-20	2020-21	Forecast		
	2011-16	2016-20			2021-26	2026-31	2031-36
Primary Sector	1.2%	1.9%	1.9%	47.2%	16.9%	1.2%	
Secondary Sectors							
• North	3.8%	3.4%	2.7%	2.5%	1.3%	0.5%	
• South	-1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	
• South-east	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	
• West	<u>0.3%</u>	<u>0.2%</u>	<u>0.0%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	
Total Secondary	1.9%	1.9%	1.5%	1.4%	0.9%	0.4%	
Main Trade Area	1.9%	1.9%	1.5%	3.4%	3.1%	0.5%	

Syd Metro	1.9%	1.5%	1.5%	1.3%	1.2%	1.0%	
Australian Average	1.7%	1.4%	1.4%	1.4%	1.3%	1.2%	

All figures as at June and based on 2016 SA1 boundary definition.
Sources : ABS.

2.3. Socio-economic Profile

- i. Table 2.2 summarises the socio-economic profile of the Orchard Hills North main trade area population by sector, as compared with the Sydney metropolitan benchmark.
- ii. The future population accommodated in the primary sector is likely to reflect a younger, Australian born, family-based population, similar to the population in the secondary north sector which has seen residential development underway since 2014.
- iii. It is important to provide future residents with a range of convenience retail facilities within close proximity to their homes. This enables residents to fulfil their daily and top-up food and grocery requirements locally, without having to travel to larger facilities, such as Westfield Penrith, located more than 6 km from their place of residence
- iv. Table 2.3 outlines the key changes of the socio-economic profile of the main trade area population between the 2011 and 2016 Census periods.

TABLE 2.2. MAIN TRADE AREA SOCIO-ECONOMIC PROFILE, 2016 CENSUS

Characteristic	Primary Sector	North	Secondary Sectors		West	Main TA	Syd Metro Average	Aust Average
			South	South-east				
Income Levels								
Average Per Capita Income	\$44,176	\$33,673	\$45,610	\$35,962	\$35,675	\$35,189	\$42,036	\$38,500
Per Capita Income Variation	5.1%	-19.9%	8.5%	-14.5%	-15.1%	-16.3%		
Average Household Income	\$164,878	\$91,821	\$144,255	\$128,045	\$97,651	\$97,265	\$115,062	\$98,486
Household Income Variation	43.3%	-20.2%	25.4%	11.3%	-15.1%	-15.5%		
Average Household Size	3.7	2.7	3.2	3.6	2.7	2.8	2.7	2.6
Age Distribution (% of Pop'n)								
Aged 0-14	17.9%	22.7%	15.7%	14.0%	21.0%	21.5%	18.1%	18.0%
Aged 15-19	9.9%	6.6%	9.1%	7.2%	6.0%	6.5%	6.0%	6.1%
Aged 20-29	15.6%	15.5%	12.9%	15.3%	12.3%	14.0%	15.1%	13.9%
Aged 30-39	9.3%	16.4%	7.0%	12.8%	14.9%	15.3%	15.7%	14.1%
Aged 40-49	16.0%	13.8%	16.2%	13.6%	12.6%	13.4%	13.9%	13.7%
Aged 50-59	13.3%	10.4%	16.3%	18.7%	11.4%	11.2%	12.3%	12.9%
Aged 60+	17.9%	14.6%	22.8%	18.3%	21.7%	18.1%	19.0%	21.3%
Average Age	37.1	34.2	40.8	39.4	37.5	36.0	37.8	38.9
Housing Status (% of H'holds)								
Owner/Purchaser	80.4%	60.5%	87.4%	72.1%	73.9%	67.9%	64.7%	67.9%
Renter	19.6%	39.5%	12.6%	27.9%	26.1%	32.1%	35.3%	32.1%
Birthplace (% of Pop'n)								
Australian Born	82.6%	72.6%	76.5%	68.2%	82.7%	77.3%	61.9%	72.9%
Overseas Born	17.4%	27.4%	23.5%	31.8%	17.3%	22.7%	38.1%	27.1%
• Asia	1.8%	12.6%	4.5%	1.4%	3.6%	8.1%	18.6%	10.7%
• Europe	7.3%	6.5%	11.7%	17.5%	8.5%	7.7%	7.7%	8.0%
• Other	8.3%	8.3%	7.3%	12.8%	5.2%	6.9%	11.8%	8.4%
Family Type (% of Pop'n)								
Couple with dep't children	52.7%	50.2%	52.3%	48.4%	45.0%	48.0%	48.8%	45.2%
Couple with non-dep't child.	17.0%	8.0%	16.3%	21.1%	10.0%	9.4%	9.2%	7.8%
Couple without children	18.4%	16.8%	18.4%	17.4%	21.5%	19.0%	20.2%	23.0%
Single with dep't child.	7.9%	11.3%	6.5%	1.6%	9.5%	10.2%	8.0%	8.9%
Single with non-dep't child.	2.8%	4.5%	2.6%	6.8%	5.8%	5.0%	4.1%	3.7%
Other family	0.0%	0.8%	0.3%	2.1%	1.0%	0.9%	1.2%	1.1%
Lone person	1.2%	8.4%	3.6%	2.6%	7.2%	7.5%	8.5%	10.2%

Sources: ABS Census of Population and Housing 2016



TABLE 2.3. MAIN TRADE AREA SOCIO-ECONOMIC PROFILE COMPARISON

Characteristic	Orchard Hills North MTA			Syd Metro		
	2011	2016	Change (%)	2011	2016	Change (%)
Income Levels						
Average Per Capita Income	\$30,806	\$35,189	14.2%	\$36,941	\$42,036	13.8%
Average Household Income	\$85,360	\$97,265	13.9%	\$99,586	\$115,062	15.5%
Age						
Average Age	35.4	36.0	1.6%	37.2	37.8	1.8%
Birthplace (% of Pop'n)						
Australian Born	77.4%	77.3%	-0.1%	63.7%	61.9%	-1.7%
Overseas Born	22.6%	22.7%	0.1%	36.3%	38.1%	1.7%
Household Size & Structure						
Average Household Size	2.8	2.8	-0.2%	2.7	2.7	1.5%
Couple with dep't children	46.9%	48.0%	1.1%	48.2%	48.8%	0.6%
Housing Status (% of H'holds)						
Owner/Purchaser	71.7%	67.9%	-3.9%	67.4%	64.7%	-2.7%
Renter	28.3%	32.1%	3.9%	32.6%	35.3%	2.7%

Source: ABS Census of Population and Housing 2011 & 2016

2.4. Main Trade Area Retail Expenditure Capacity

- i. MarketInfo estimates used in this analysis are based on the 2016 release, benchmarked against the latest National Accounts data, released by the ABS. All figures presented in this report are in inflated dollars and include GST.
- ii. Given the considerable change in the future demographics of primary sector population to comprise younger, Australian born families, the MarketInfo per capita retail spending estimates for secondary north sector residents where residential development has been underway since 2014 have been applied to the primary sector as a proxy.
- iii. Table 2.4 summarises the total retail expenditure capacity of the main trade area population. Total retail expenditure within the main trade area is currently estimated at \$417.8 million and is projected to increase at an average annual rate of 4.7% to \$875.3 million by 2036. All figures presented in this report are in inflated dollars and include GST.
- iv. The retail spend growth rate reflects the following:
 - Food category inflation of 1.5% per annum through to 2021, increasing to 2.0% from 2022. After this time food category inflation is assumed to increase to 2.5% from 2024.

- Non-food category inflation of 0.5% per annum through to 2021, increasing to 0.8% in 2022. After this time non-food category inflation is assumed to increase to 1.0% from 2024.
 - Real growth in retail spending per capita of 0.0% is assumed over the period to 2023, reflecting the impact of the COVID-19 pandemic on the economy. From 2024 real growth per capita is assumed at 0.5% annually for food retail and 1.0% for non-food retail over the period to 2036.
 - Main trade area population growth of 2.3% per annum.
- v. Table 2.5 summarises the detailed retail expenditure capacity of the main trade area population over the period to 2036.

TABLE 2.4. MAIN TRADE AREA RETAIL EXPENDITURE, 2020 – 2036

Y/E June	Primary Sector	North	Secondary Sectors		West	Main Trade Area
			South	South-east		
2020	7.2	207.5	15.9	2.9	184.5	417.8
2021	7.4	216.2	16.0	2.9	186.8	429.3
2022	9.2	225.2	16.3	2.9	189.7	443.2
2023	13.7	234.2	16.5	3.0	192.9	460.2
2024	20.7	246.4	17.0	3.1	198.4	485.5
2025	31.3	259.3	17.4	3.1	204.1	515.1
2026	47.2	272.8	17.9	3.2	209.9	551.1
2027	63.6	285.5	18.4	3.3	216.0	586.8
2028	76.4	297.1	18.8	3.4	222.4	618.2
2029	91.8	309.2	19.4	3.5	229.0	652.8
2030	110.2	321.8	19.9	3.6	235.7	691.2
2031	132.3	334.9	20.4	3.7	242.7	734.0
2032	147.8	347.2	21.0	3.8	249.9	769.6
2033	153.6	358.4	21.5	3.9	257.3	794.7
2034	159.6	370.0	22.1	4.0	264.9	820.7
2035	165.9	382.0	22.7	4.1	272.8	847.5
2036	172.4	394.4	23.3	4.2	280.9	875.3
Expenditure Growth						
2020-2021	0.2	8.7	0.2	0.0	2.3	11.4
2021-2026	39.9	56.6	1.8	0.3	23.1	121.8
2026-2031	85.1	62.1	2.5	0.5	32.8	182.9
2031-2036	40.1	59.5	2.9	0.5	38.2	141.3
2020-2036	165.3	186.9	7.5	1.4	96.4	457.4
Average Annual Growth Rate						
2020-2021	3.0%	4.2%	1.1%	1.1%	1.2%	2.7%
2021-2026	45.0%	4.8%	2.2%	2.2%	2.4%	5.1%
2026-2031	22.9%	4.2%	2.7%	2.7%	2.9%	5.9%
2031-2036	5.4%	3.3%	2.7%	2.7%	3.0%	3.6%
2020-2036	22.0%	4.1%	2.4%	2.5%	2.7%	4.7%

**Inflated dollars & including GST*

Source : Marketinfo

TABLE 2.5. MTA RETAIL EXPENDITURE BY KEY COMMODITY GROUP, 2020 – 2036

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2020	193.1	56.8	39.3	68.5	16.1	33.1	10.9
2021	199.2	58.6	40.2	69.9	16.4	33.9	11.1
2022	206.7	60.8	41.2	71.6	16.8	34.8	11.4
2023	215.7	63.4	42.4	73.8	17.3	35.9	11.8
2024	228.2	67.4	44.4	77.3	18.2	37.7	12.3
2025	242.9	72.1	46.8	81.4	19.2	39.8	12.9
2026	260.7	77.7	49.8	86.4	20.4	42.3	13.7
2027	278.5	83.4	52.6	91.4	21.5	44.9	14.5
2028	294.3	88.6	55.0	95.6	22.5	47.0	15.2
2029	311.7	94.3	57.7	100.2	23.6	49.4	15.9
2030	331.0	100.6	60.7	105.3	24.9	52.0	16.7
2031	352.6	107.7	64.0	111.0	26.2	54.9	17.6
2032	370.8	113.8	66.6	115.6	27.3	57.2	18.3
2033	384.0	118.4	68.3	118.5	28.0	58.7	18.8
2034	397.6	123.2	70.1	121.5	28.7	60.2	19.2
2035	411.8	128.3	71.9	124.6	29.4	61.8	19.7
2036	426.5	133.5	73.7	127.8	30.2	63.3	20.2
Expenditure Growth							
2020-2021	6.1	1.8	0.8	1.4	0.3	0.7	0.2
2021-2026	61.5	19.2	9.6	16.5	3.9	8.5	2.6
2026-2031	91.9	29.9	14.3	24.6	5.9	12.6	3.8
2031-2036	73.9	25.8	9.7	16.8	4.0	8.4	2.6
2020-2036	233.4	76.7	34.4	59.4	14.1	30.2	9.3
Average Annual Growth Rate							
2020-2021	3.1%	3.1%	2.1%	2.1%	2.1%	2.2%	2.0%
2021-2026	5.5%	5.8%	4.4%	4.3%	4.4%	4.6%	4.3%
2026-2031	6.2%	6.7%	5.2%	5.1%	5.2%	5.3%	5.1%
2031-2036	3.9%	4.4%	2.9%	2.9%	2.9%	2.9%	2.8%
2020-2036	5.1%	5.5%	4.0%	4.0%	4.0%	4.1%	3.9%

*Inflated dollars & including GST

Source : Marketinfo

3 COMPETITIVE ENVIRONMENT

This section of the report provides a summary of the existing and future competitive developments within the region.

TABLE 3.1. COMPETITIVE CENTRES

Centre	Shopfront GLA (sq.m)	Anchor Tenants	Dist. From Site (km)
Within the Main Trade Area			
Caddens Corner (u/c)	10,125	Woolworths (3,566)	2.1
Southlands SC	6,300	Woolworths (3,742)	3.2
Claremont Meadows IGA	1,500	IGA (900)	3.3
Beyond the Main Trade Area			
<u>Penrith</u>			<u>6.2</u>
• Westfield Penrith	91,600	Myer (20,114), Big W (8,738), Target (7,097), Woolworths (3,795), Aldi (1,600)	
• Nepean Village	23,100	Kmart (8,430), Coles (4,325)	
• Other		Aldi (1,605), Foodworks (200)	
<u>St Marys</u>			<u>7.0</u>
• St Marys Village Shopping Centre	15,900	Target (8,109), Woolworths (4,046)	
• Station Plaza	7,300	Coles (3,796)	
• Astley Centre	1,500	IGA X-Press (300)	
• Other		Aldi (1,935)	

Source: Australian Shopping Centre Council Database

3.1. Within the Main Trade Area

- There is currently only one full-line supermarket (of 3,200 sq.m or larger) provided within the main trade area, namely a Woolworths of 3,742 sq.m at Southlands Shopping Centre, located 3.2 km to the west (secondary west sector).
- Southlands Shopping Centre has a total GLA of 6,300 sq.m and services the everyday convenience needs of the South Penrith population. The Woolworths supermarket is understood to trade very strongly, well above the Australian benchmark of \$9,000 - \$10,000 per sq.m.

- iii. An IGA of 900 sq.m at Claremont Meadows is the only other supermarket offer within the main trade area, 3.3 km to the north-east (secondary north sector). A small provision of specialty shops is also provided.
- iv. Caddens Corner (secondary north sector) is under construction at the north-eastern intersection of O'Connell Street and John Flak Avenue in Caddens, 2.1 km to the north of the subject site. Upon completion (expected to open 20th November 2020), the centre will be anchored by a full-line Woolworths supermarket, BWS, specialty shops, a tavern, a childcare centre, medical centre, gym and a food and dining precinct.
- v. The future Orchard Hills Metro station site is on the southern side of the Western Motorway, on the eastern side of Kent Road and to the north of Lansdowne Road, some 4 km south-east of planned Orchard Hills North Neighbourhood Centre site (secondary south-east sector). The new metro station at Orchard Hills would service a future residential, commercial and mixed-use precinct. A provision of retail and complementary floorspace will likely be provided, however, there is no current indication of size, scale, and timing.

3.2. Beyond the Main Trade Area

- i. Beyond the main trade area, all other supermarkets are situated more than 6 km from the planned Orchard Hills North site, with Penrith City Centre providing the next closest destination for supermarkets, including:
 - Westfield Penrith is the regional shopping centre for Outer Western Sydney and is anchored by a Myer department store, Big W and Target discount department stores, as well as Woolworths and Aldi supermarkets.
 - Nepean Village is sub-regional shopping centre located south of Westfield Penrith. Kmart and Coles trade strongly, well above Australian benchmark levels.
 - A free-standing Aldi is also provided.
- ii. St Marys is situated 7 km to the north-east and includes Woolworths, Coles, and Aldi supermarkets in separate developments.

3.3. Supermarket Floorspace Provision

- i. Table 3.2 summarises the provision of supermarket floorspace across the main trade area in 2020/21 allowing for the opening of Woolworths at Caddens Corner. As shown, the supermarket floorspace

provision at 271 sq.m per 1,000 persons is similar to the Sydney metropolitan average and well below the Australian benchmark.

- ii. It is understood that existing supermarkets in this part of Sydney trade strongly with sales levels above the Australian benchmark of around \$9,000 - \$10,000 per sq.m, reflecting the low supermarket floorspace provision.
- iii. With continued population growth in the main trade area, the supermarket floorspace provision will decrease without new supermarkets opening.

TABLE 3.2. MAIN TRADE AREA SUPERMARKET FLOORSPACE PROVISION, 2020/21

Trade Area Sector	No. of Supermarkets*	GLA (sq.m)	2021 Population	GLA per 1,000 persons
Primary Sector	0	0	550	0
Secondary Sectors				
• North	2	4,466	16,210	276
• South	0	0	980	0
• South-east	0	0	230	0
• West	<u>1</u>	<u>3,742</u>	<u>12,320</u>	<u>304</u>
Total Secondary	3	8,208	29,740	276
Main Trade Area	3	8,208	30,290	271
<i>Sydney Metro. Average</i>				260
<i>Australian Average</i>				346

* Defined as 500 sq.m or larger

3.4. Summary

- i. Substantial population growth is underway and projected within region. Orchard Hills North Neighbourhood Centre would provide a convenient, centrally located, food and grocery shopping destination which would cater to the needs of the existing and future population within the region.
- ii. It is important to provide these facilities within close proximity to resident's home, as the majority of residents within the development area are likely to be young, time poor families, who demand a range of convenience based retail facilities within close proximity to their homes.
- iii. As well as serving the convenience retail needs of the population, these types of centres can act as a primary community hub for residents to meet and feel included within a community.

4 COMPARABLE DEVELOPMENTS

This section provides a review of greenfield neighbourhood shopping centre developments, identifying key success factors and considerations. The centres reviewed in this analysis are:

- Spring Farm Shopping Centre
- Ropes Crossing Village
- Jordan Springs Shopping Centre
- The Ponds Shopping Centre
- Gregory Hills Town Centre

4.1. Spring Farm Shopping Centre

- Location:** A centrally located centre with excellent connection to nearby main roads.
- Centre Overview:** Spring Farm Shopping Centre is a Woolworths anchored neighbourhood centre which opened in May 2016 and includes 4,935 sq.m of floorspace with a total site area of 1.6 hectares.
- Design:** Woolworths is provided at the southern end of the site and a sleeve of shopfronts facing onto at-grade car parking to the north.
- Access:** ingress and egress to the centre is provided from Richardson Road with the development located within the town centre of the Spring Farm Estate.
- Retail Tenants:** Seven convenience-based retail shops are provided, including three food catering tenants.
- Non-Retail Uses:** Three non-retail tenants are also located in the centre, including a gym, dentist, and medical centre. A community centre is under construction on an adjacent site.
- Surrounding Uses:** A range of facilities are provided in the immediate vicinity, including a free-standing McDonald's and KFC, as well as a Woolworths Caltex along Richardson Road.
- Catchment:** The estate serves the growing catchment of the Spring Farm Estate, as well as a range of other greenfield developments, generally limited to the south of Camden Valley Way.

MAP 4.1. SPRING FARM SHOPPING CENTRE



- | | | |
|---|--|--|
| Shopping Centre | Health | Community |
| Retail | Petrol Station | Sports |

PhotoMap by nearmap.com



4.2. Ropes Crossing Village

- i. **Location:** Centrally located within the Ropes Crossing release area.
- ii. **Centre Overview:** Ropes Crossing Village is a small neighbourhood centre (4,580 sq.m) anchored by a Coles supermarket of 2,800 sq.m with a total site area of 1.3 hectares.
- iii. **Design:** The centre includes a range of internal and external facing tenancies with a provision of at-grade car parking.
- iv. **Access:** Ingress and egress to the centre is provided from Ropes Crossing Boulevard, a major arterial road throughout the Ropes Crossing release area.
- v. **Amenities:** A range of community and education facilities are provided within the surrounding area to enhance the offering, including medium-high density residential dwellings, Ropes Crossing Public School, Ropes Crossing Community Hub and Ropes Crossing Reserve.
- vi. **Retail Tenants:** Nine convenience-based retail tenants are provided, including four food catering tenants. Other tenancies include pharmacy, newsagent, hair salon and a nail and beauty salon.
- vii. **Non-Retail Uses:** Three non-retail tenancies are also provided, including a childcare centre, real estate, and a dentist.
- viii. **Catchment:** The Ropes Crossing Village catchment typically serves the catchment of the Ropes Crossing release area.

MAP 4.2. ROPES CROSSING VILLAGE



- | | | |
|---|--|--|
| Shopping Centre | Health | Community |
| Retail | Education | |

PhotoMap by nearmap.com



4.3. Jordan Springs Shopping Centre

- i. **Location:** Located at the entrance to the residential estate, but 350 metres off The Northern Road.
- ii. **Centre Overview:** Jordan Springs Shopping Centre is provided over 6,915 sq.m which opened in early 2014. The centre is anchored by a full-line Woolworths (4,200 sq.m). The total site area is 1.78 hectares.
- iii. **Design:** The centre is typically provided in an L-shaped layout with specialty retailers fronting onto at-grade car parking with shade sails. A small provision of shops are street facing, with street car parking in front.
- iv. **Access:** The centre is easily accessed from Jordan Springs Boulevard to the south and Tyler Street to the west.
- v. **Amenities:** The centre is located near a range of amenities within the Jordan Springs Estate, with medical, community and educational facilities in the immediate vicinity.
- vi. **Retail Tenants:** 19 retail specialty shops are provided in the centre, ten of which are food catering and the remainder in convenience-based retail, generally in the retail services, general retail and leisure categories.
- vii. **Non-retail Uses:** A fitness centre is also located in the centre, with a range of non-retail uses in the immediate vicinity of the shopping centre.
- viii. **Catchment:** The centre serves the established catchment in Cranebrook to the east of The Northern Road, as well as the growing Jordan Springs estate.

MAP 4.3. JORDAN SPRINGS SHOPPING CENTRE



4.4. The Ponds Shopping Centre

- i. **Location:** Situated on the southern side of a main road, namely Riverbank Drive.
- ii. **Centre Overview:** The Ponds Shopping Centre is provided across some 7,000 sq.m with a total site area of 1.5 hectares.
- iii. **Design:** The centre is provided in a covered open-air mall format with a small provision of at grade car parking to the west and a basement car park. A total of 349 bays are provided. The standard of the fit out at the centre is very high.
- iv. **Access:** Entry and exit points are provided from Riverbank Drive. It is not ideal that there is only one entry/exit point and that customers have to drive through the at grade car park to access the basement level.
- v. **Retail Tenants:** 16 of the 20 retail tenants are in the food & liquor, food catering and retail services category, reflecting the convenience focus.
- vi. **Non-Retail Uses:** A medical centre, two real estate agents, a dentist, a small gym, and a car wash are also provided on site.
- vii. **Adjacent Use:** The Ponds Community Hub of 1,100 sq.m is to the immediate west of the site.

MAP 4.4. THE PONDS SHOPPING CENTRE



- Shopping Centre
- Education
- Community



PhotoMap by nearmap.com

4.5. Gregory Hills Town Centre

- i. **Location:** Situated on the southern side of a main road, namely Gregory Hills Drive.
- ii. **Centre Overview:** Gregory Hills Town Centre (8,545 sq.m) is a new neighbourhood shopping centre development which opened in April 2019. The centre is anchored by a full-line Woolworths (4,006 sq.m). The total site area is 4.8 hectares.
- iii. **Design:** The centre is provided in an L-shaped format fronting onto an at-grade car park totalling more than 450 bays, including Woolworths pick up facilities. The standard of the fit out at the centre is very high.
- iv. **Access:** Entry and exit points are provided from Gregory Hills Drive, as well as Village Circuit. Gregory Hills Drive is a major arterial road connecting to Camden Valley Way to the west and provides a direct link to Campbelltown to the east.
- v. **Retail Tenants:** Some 70% of retail specialty tenants at the centre are food catering or services-based, reflecting the convenience focus.
- vi. **Non-Retail Uses:** A medical centre is located at the south-west portion of the site and provides the local community with a medical precinct, including large format medical, dental, and pathology tenants. Two pad sites are proposed as part of future stages of the centre, including a 7-Eleven service station and a fast food with drive-thru.

MAP 4.5. GREGORY HILLS TOWN CENTRE



PhotoMap by nearmap.com

- Shopping Centre
- Petrol Station
- Retail
- Commercial
- Health



4.6. Key Success Factors & Considerations

- i. Based on a review of similar developments as outlined above, a range of key success factors are observed as follows:
- **High-Profile Site:** Most developments are located along major roads providing them with exposure to passing traffic. Small developments are internally located with more limited exposure.
 - **Access:** Typically, two ingress/egress points to facilitate convenient access.
 - **Car parking:** A significant provision of at-grade carparking is still important for the success of neighbourhood centre to support the supermarket anchors at the site. Maximising the number of bays near the supermarket entrance is crucial. Shade sail coverage is also preferable. Only one centre, namely The Ponds Shopping Centre, has basement car parking.
 - **Strong trading supermarket:** Providing a high level of customer amenity to ensure a strong trading supermarket to anchor the centre is critical.
 - **Mini-major Tenants:** Given the convenience focus of these centres, mini-major tenants (greater than 400 sq.m) are not typically provided.
 - **Pad Sites with Exposure:** Centres with exposure typically include fast food (including drive-thru) and service stations in pad sites with frontage onto the major road.
 - **Specialty Offer:** on average, around 15 retail specialty tenants are provided, with most being food catering and retail services operators. The remaining tenants are also convenience focused (e.g. general retail and food& liquor categories).
 - **Destinational Non-Retail Uses:** Typical tenants include gyms, medical centres, commercial offices, fast food pad sites, and service stations. These types of uses increase the 'reason for visiting' the centre and customer traffic flows onto the retail component of the centre.

5 RETAIL FLOORSPACE POTENTIAL

This section of the report provides an assessment of potential for retail floorspace at the planned Orchard Hills North Neighbourhood Centre site, including recommended timing, composition and forecast sales and gross rents.

5.1. Supermarket Potential

5.1.1. Full-line Supermarket

- i. Supermarkets are typically defined as foodstores 500 sq.m or greater. Further, a full-line supermarket is at least 2,500 sq.m in size and a major full-line supermarket that serves the weekly food and grocery needs of local residents is around 3,200 – 4,000 sq.m in size. These large format stores are generally operated by major chains such as Woolworths or Coles.
- ii. Typically, a population of around 8,000 – 10,000 persons is required to support a major full-line supermarket of at least 3,200 sq.m. In growth areas, around 6,000 - 7,000 persons are required initially, with growth overtime.
- iii. There is currently only one major full-line supermarket provided within the main trade area, namely Woolworths of 3,742 sq.m at Southlands Shopping Centre (secondary west sector). Woolworths of 3,566 sq.m is planned to open at Caddens Corner in late November 2020 (secondary north sector). A smaller IGA of 900 sq.m is located at Claremont Meadows (secondary north sector).
- iv. Beyond the main trade area, the nearest supermarkets are more than 6 km away and are generally provided as part of larger shopping centres that offer limited convenience for supermarket shopping.
- v. Across the main trade area, the population is currently around 30,000, with in-excess of 42,000 persons in 2036. On this basis, three full-line supermarkets are currently supportable with four full-line supermarkets supportable in the longer term.
- vi. In the order of 6,000 - 7,000 residents will be needed in the primary sector for a major full-line supermarket to be supportable at Orchard Hills North Neighbourhood Centre site. Both major supermarket brands may specify this in the contract terms. A supermarket is likely to be supportable by 2028 based on the projected population.

- vii. Major supermarket operators such as Coles and Woolworths typically experience low sales in the initial years of operation due to lower population in growth areas. However, they tend to capitalise on early sales and rely on future population growth to drive sales growth. Consequently, lower productivity levels are not uncommon in the initial years of development.
- viii. Table 5.1 shows forecast sales for Coles or Woolworths at the site from FY2024, which is the likely earliest first full year that a supermarket could be built/opened. Forecast sales are in inflated dollars and include GST.
- ix. Forecast sales are limited in the initial years reflecting the small population in the primary sector and the competitive supermarkets. Coles forecast sales are around 20% higher than Woolworths forecast sales, reflecting the limited Coles representation in the area. Coles may be willing to open slightly earlier than Woolworths as the majority of supermarket sales for the site will be a transfer from strong trading Woolworths supermarkets and IGA. The nearest Coles supermarkets are at St Marys and Penrith.
- x. Based on the forecast sales over the longer term of around \$50 - \$60 million, a full-line supermarket of 3,600 sq.m is recommended, including a liquor component of 200 sq.m. Forecast sales would grow strongly over the period to 2036.

5.1.2. Aldi

- i. Aldi stores are typically around 1,750 sq.m in size and require a population of around 15,000 - 20,000 persons in established residential areas to be supportable. Aldi generally appeals to value-conscious customers.
- ii. The nearest Aldi stores are more than 6 km away from the site at Penrith to the north-west and St Marys to the east.
- iii. The main trade area current population of around 30,000 indicates an Aldi store would be supportable with in-excess of 42,000 persons in 2036.
- iv. The size of the planned site at 1.5 hectares would unlikely allow for a full-line supermarket, Aldi, and shops, even if basement level or rooftop car parking was provided instead of at grade car parking.

TABLE 5.1. ORCHARD HILLS NORTH SUPERMARKET POTENTIAL

Y/E June	Sales inc. Liquor (\$M)	
	Woolworths	Coles
2024	12.4	16.1
2025	15.0	19.1
2026	18.8	23.4
2027	22.7	27.8
2028	25.8	31.4
2029	29.5	35.6
2030	33.9	40.6
2031	39.1	46.5
2032	43.0	50.8
2033	44.7	52.9
2034	46.5	55.0
2035	48.3	57.1
2036	50.3	59.4
Average Annual Growth (2020-36)	12.4%	11.5%

**Inflated dollars & including GST*

5.2. Mini-major Potential

- i. Mini-majors are retail tenants with a floor area of 400 sq.m or greater. The provision of mini-major tenants provided at shopping centres in Australia has increased over the past decade, reflecting new tenants in the category, changing consumer preferences and shopping centre owners looking to provide these types of tenants to increase customer flows.
- ii. Mini-major traders, similar to major traders, act as key customer attractors with specialty shops feeding off customer flows generated by these tenants.
- iii. Mini-majors floorspace typically provided in neighbourhood centres anchored by a major full-line supermarket include:
 - A large format pharmacy, such as Priceline or Discount Chemist Warehouse
 - A large format fresh produce trader
 - A discount variety trader, such as The Reject Shop
 - Given the likely ethnicity of the area, an Asian or Indian grocer

- iv. The average provision of mini-major tenants in supermarket-based centres in Australia is around one store of approximately 400 - 500 sq.m. Mini-majors typically provided in neighbourhood centres in new growth areas generally include a pharmacy or discount variety store. Those located in more ethnic markets can also include an Indian/Asian grocer (i.e. The Ponds Shopping Centre).
- v. A mini-major tenant in the form of a pharmacy could be provided but given the size of the population, a smaller pharmacy would be recommended. A pharmacy would complement a possible medical centre offer.

5.3. Retail Specialty Floorspace Provision

- i. The provision of retail specialty floorspace that is supportable at any retail centre is typically determined by the amount of floorspace and total sales of major and mini-major tenant floorspace (i.e. a supermarket and large format pharmacy). These major tenants act as the key customer generators to a centre, with the specialty floorspace drawing business from the customer flows.
- ii. Typically, the ratio of supermarket and mini-major sales to retail specialty sales at single supermarket centres around Australia is 75:25. Single supermarket centres that include a mini-major tenant typically provide around 1,500 – 2,000 sq.m of retail floorspace or 15 – 20 shops.
- iii. A review of the tenants at similar supermarket-based shopping centres in growth areas, including:
 - Spring Farm Shopping Centre
 - Ropes Crossing Village
 - Jordan Springs Shopping Centre
 - The Ponds Shopping Centre
 - Gregory Hills Town Centre
- iv. Based on a review of these developments, key points to note include (refer Table 5.2):

- **Convenience focused retail specialty:** the number of retail specialty tenants ranges from 8 – 20 shopfronts. On average, around 70% of specialty floorspace is accounted for in the food catering (42%) and retail services (25%) categories, highlighting the convenience-focus of these centres.

A total provision of 1,000 – 1,500 sq.m of retail specialty floorspace is typical, with larger provisions (greater than 2,000 sq.m) being uncommon, particularly among centres which have been recently developed.

- **Non-retail:** on average, around 2 - 3 non-retail tenants are provided at comparable centres, with the most common non-retail uses including gyms, medical centres, and commercial offices (typically real estate agencies).
- v. The recommended retail floorspace provision at the Orchard Hills North site could indicatively include:
- Food Retail: 1 – 2 food retail tenants could be provided, including a liquor store (if not part of the supermarket) and a bakery.
 - Food Catering: around 400 sq.m food catering floorspace (3 – 4 shops), including a café and takeaway foodstores.
 - Apparel and Household Goods: No apparel and household goods floorspace should be provided.
 - Leisure and General Retail: around 200 – 300 sq.m of leisure and general floorspace could be provided, including tenants such as a pharmacy, newsagent, and a mobile phone store and/or florist.
 - Retail Services: 2 - 3 retail services tenants could be provided, such as a hairdresser, beautician, dry cleaners, and a key cutter or shoe repair.
- vi. In total some 8 – 10 tenants across 800 – 1,000 sq.m of floorspace is recommended. In addition, 1 - 2 non-retail shopfronts could also be targeted such as a real estate agent and physio.

TABLE 5.2. COMPARABLE DEVELOPMENTS

Metric	Jordan Springs SC	Ropes Crossing Village	Spring Farm Village Centre	The Ponds SC	Gregory Hills TC	Comparables Average
Suburb	Jordan Springs	Ropes Crossing	Spring Farm	The Ponds	Gregory Hills	-
State	NSW	NSW	NSW	NSW	NSW	-
Dist. to CBD (km)	57	55	63	42	58	55
Centre GLA (sq.m)	6,915	4,579	5,982	7,091	8,347	6,583
Site Area (ha)	1.8	1.3	1.6	1.5	4.8	2.2
Supermarket						
Brand	Woolworths	Coles	Woolworths	Woolworths	Woolworths	n.a.
GLA (sq.m)	4,200	2,800	3,665	4,200	4,000	3,773
Retail Specialty Shops						
Food & Liquor	2	1	1	4	2	2
Food Catering	10	4	3	7	6	6
Apparel	-	-	-	0	-	n.a.
Household Goods	-	-	-	0	-	n.a.
Leisure	1	1	-	1	1	1
General Retail	2	1	2	3	2	2
Retail Services	4	2	2	5	5	4
Total	19	9	8	20	16	14
Other Non-retail Uses						
<u>Non-retail shopfront</u>						
• Banks	-	-	-	-	-	n.a.
• Travel Agent	-	-	-	-	-	n.a.
Gym	1	1	1	1	-	0.8
Childcare	-	1	-	-	-	1.0
<u>Medical</u>						
• GP	-	-	1	1	1	0.6
• Dental	-	1	-	1	-	0.4
Tavern	-	-	-	-	-	n.a.
Carwash	-	-	-	1	-	n.a.
Commercial Office	-	1	-	2	1	0.8

Source: Location IQ Database

5.4. Traditional Retail Floorspace Potential

- i. Table 5.3 summarises the recommended floorspace, tenant mix, forecast sales and gross rents for the Orchard Hills North Neighbourhood Centre in the recommended opening year, namely FY2028 assuming Coles as the supermarket tenant.
- ii. As shown, key points to note include:
 - Total centre retail forecast sales are \$38.2 million across 4,570 sq.m. The total centre recommended site including two non-retail tenants is around 4,800 sq.m.



- The supermarket targeted occupancy cost ratio is 3.5%. With reference to the supermarket, a long-term approach should be taken to the supportable rental level. Typically, Woolworths and Coles would target an occupancy cost ratio of 3.5%. With long term stabilised forecast sales at around \$40 - \$45 million, an appropriate gross rental level would be in the order of \$1.25 - \$1.5 million (or \$350 - \$450 per sq.m). The rent for the Caddens Corner Woolworths is understood to \$1.22 million, or around \$325 per sq.m.
- Retail specialty forecast sales are \$7.8 million across 970 sq.m.
- Retail specialty gross rents based on an occupancy cost ratio of 12.1% are \$973per sq.m.

iii. In terms of indicative retail specialty rents, the following is noted:

- In the initial years, gross rents may be low to attract tenants. With population growth over time, forecast sales and gross rents should increase as consumers change current shopping habits.
- **Urbis Averages 2019/20** for single supermarket-based shopping centres: \$1,037 per sq.m.
- **Caddens Corner** specialty (retail and non-retail) gross rents average \$725 per sq.m across 3,320 sq.m. Retail specialty gross rents are higher.
- **Spring Farm Shopping Centre** retail specialty rents averaging \$900 per sq.m across 615 sq.m of floorspace.
- Across a range of growth area new supermarket-based shopping centres in Sydney, retail specialty gross rents average \$800 - \$1,000 per sq.m.

TABLE 5.3. ORCHARD HILL NORTH NEIGHBOURHOOD CENTRE, FY2028

Tenant/ Category	GLA (sq.m)	Forecast Sales (\$'000) (\$/sq.m)		Gross Sales (\$'000) (\$/sq.m)		Occ. Cost (%)
Majors						
Coles (inc. liquor)	3,600	31,361	8,711	1,568	436	5.0% ^
Total Majors	3,600	31,361	8,711	1,568	436	5.0%
Retail Specialties						
Bakery	90	877	9,747	88	975	10.0%
Butcher	90	713	7,920	78	871	11.0%
Takeaway	90	713	7,920	89	990	12.5%
Takeaway	90	713	7,920	89	990	12.5%
Takeaway	90	713	7,920	89	990	12.5%
Café	110	771	7,006	104	946	13.5%
Pharmacy	225	1,919	8,529	230	1,023	12.0%
Beauty	90	658	7,310	86	950	13.0%
Hairdresser	95	694	7,310	90	950	13.0%
Total Retail Spec.	970	7,770	8,011	944	973	12.1%
Total Retail	4,570	39,131	8,563	2,512	550	6.4%
Non-retail						
Real Estate	110			67	609	
Medical	100			61	609	
Total Non-retail	210			128	609	
Total Centre	4,780			2,640	552	

*Inflated dollars & including GST

Typical supermarket occupancy cost would be 3.5% ^

6 NON-RETAIL FLOORSPACE POTENTIAL

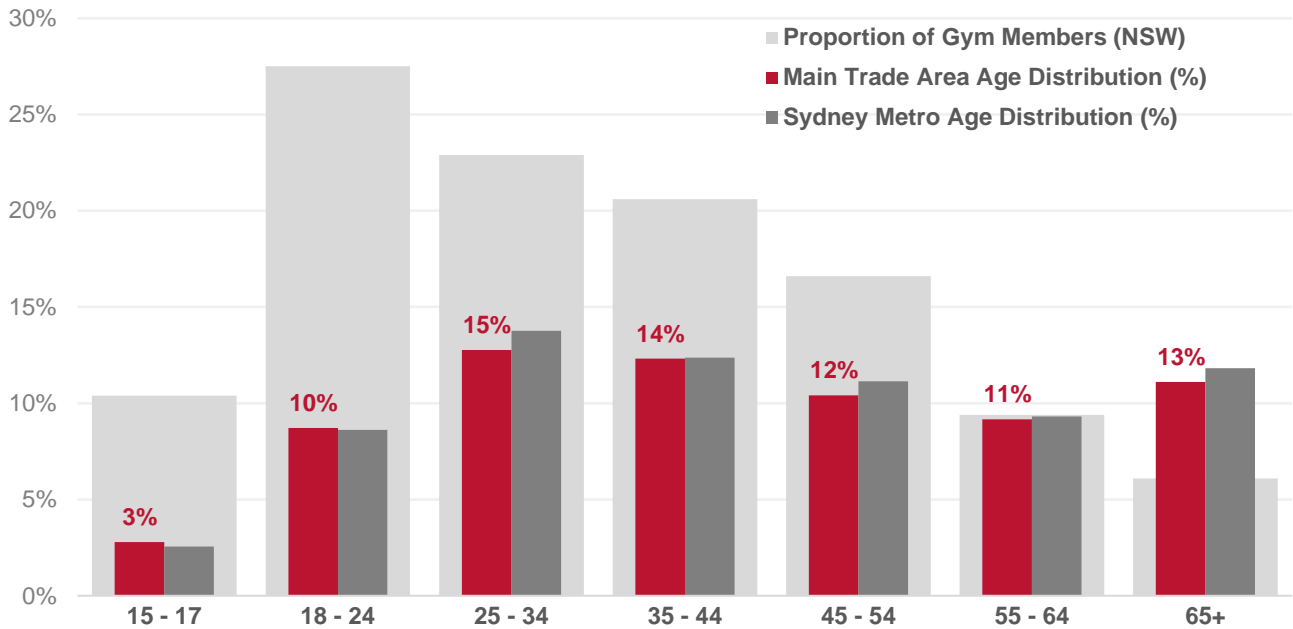
This section of the report reviews the complementary non-retail facilities that could be provided at the designated Orchard Hills North Neighbourhood Centre site.

6.1. Gyms

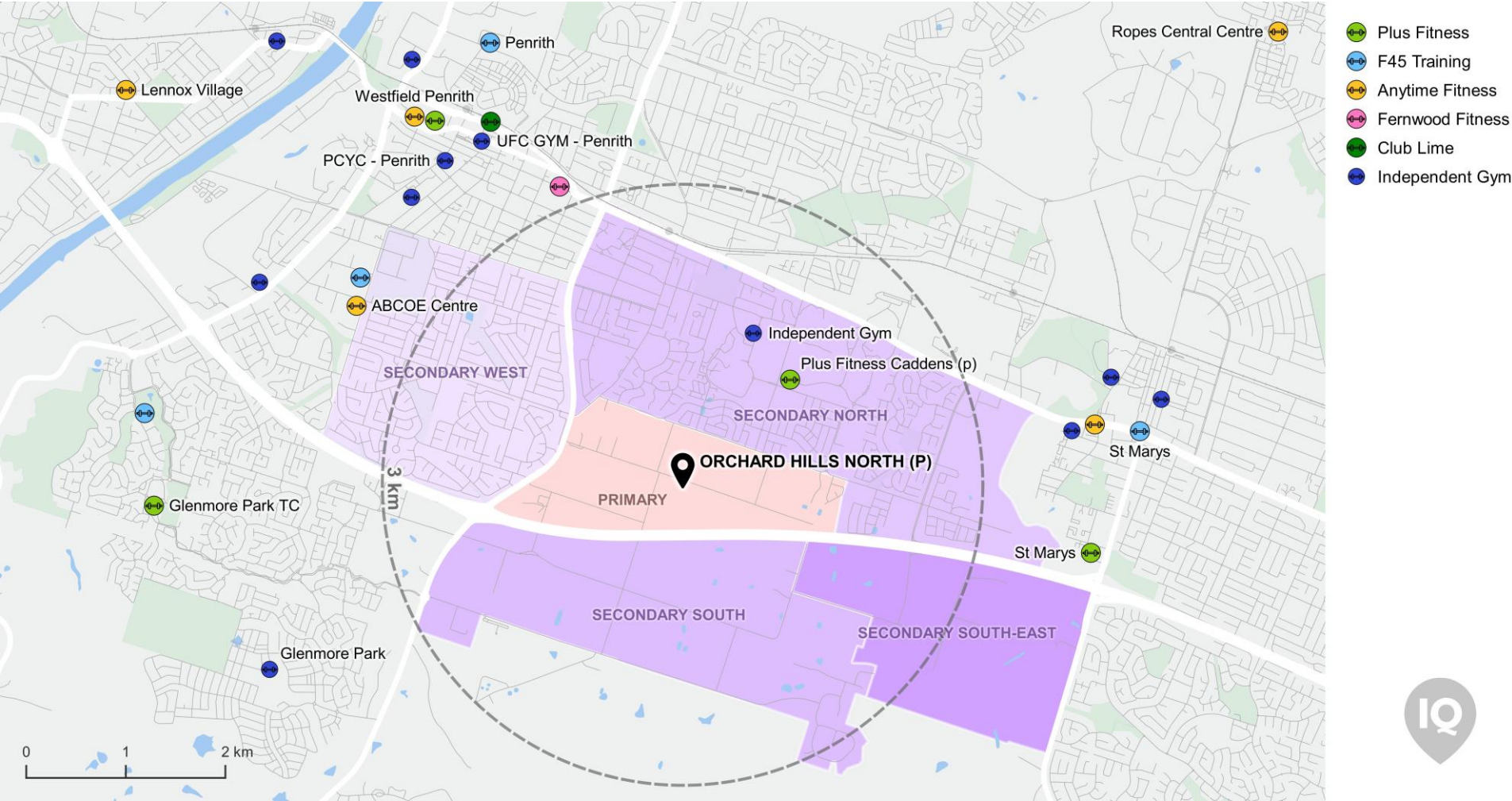
- i. There are many different sizes and forms of gyms provided throughout Australia as follows:
 - National brands such as Virgin Active and Fitness First operate large-sized gyms of around 1,000 sq.m and serve a catchment of approximately 50,000 – 70,000 persons
 - Smaller format gyms are typically around 200 sq.m in size serve a catchment of around 10,000 persons.
- ii. Map 6.1 illustrates the existing and planned gyms and fitness facilities throughout the surrounding region. As shown, there are currently no national brand fitness facilities across the main trade area, with these located just outside the main trade area in Penrith and St Marys. There is currently one proposed facility at Caddens Corner, namely Plus Fitness that is to open in November 2020.
- iii. Chart 6.1 illustrates the proportion of gym users across New South Wales. As shown, persons aged 18 – 34 account for half all gym users across the state. Chart 6.1 also illustrates the age distribution of the main trade area residents, indicating the provision of residents aged 18 – 34 years across the main trade area (25%) is roughly in-line with the Sydney metropolitan average (26%). It is relevant to note that the average age of residents is likely to decrease over time, similar to other growth areas in the region (Table 2.3 previously). The proportion of residents aged 18 – 34 is likely to increase over time as the region attracts younger families.
- iv. Given the 2036 projected population within the main trade area of 43,000, some 5 - 6 gyms will be supportable over the period to 2036.
- v. A local gym of 250 - 300 sq.m should be considered subject to being able to fit on the site, even possibly as an upper level. The gym should preferably be a national, 24-hour operator, like Anytime Fitness.

- vi. Typically, gyms pay gross rental levels in the order of \$350 - \$600 per sq.m, depending on the size and location. The subject site is likely to achieve indicative rents of \$400 per sq.m, based on a review of comparable developments.
- vii. The car parking provision for a gym is around 1 space per 20 sq.m of floorspace.

CHART 6.1. ORCHARD HILLS NORTH MAIN TRADE AREA AGE DISTRIBUTION



MAP 6.1. ORCHARD HILLS NORTH MAIN TRADE ARE AND GYM/FITNESS CENTRES



6.2. Childcare Centre

- i. There are a range of early childhood education and care services available to Australian children, including childcare centres (long day care), family day care, outside school hours care and occasional care. Childcare centres are the largest component of the childhood education & care services market, making up 58%.
- ii. Childcare centres provide care for children under school age (up to six years of age) within facilities built (or adapted) for early childhood education and care services. Childcare centres can offer all-day or part-time care and can be operated by private operators, community, and non-profit organisations.
- iii. Map 6.2 illustrates the location of childcare centres currently provided in the surrounding area, with 14 childcare centres currently provided within the main trade area (refer Table 6.1). The nearest facility, namely PCS Prep & Early Childhood Services at Penrith Christian School, provides some 50 childcare places (primary sector). There are a further 616 places provided across the other 13 facilities within the main trade area.
- iv. In addition, several facilities are currently proposed in the **secondary north sector**, including:
 - Caddens Corner has development approval for a 97 places childcare centre, which is to be completed by 2020/21.
 - A development application has been submitted for a childcare centre at 5 O'Connell Street in Kingswood. Upon completion (expected 2022/23), the centre will include 94 places.
- v. Table 6.2 details the population projections by childcare relevant age group (0 - 5 years) within the **primary sector**, with Table 6.3 detailing the same population projections within the **main trade area**.
- vi. Tables 6.4 and 6.5 detailing the likely demand for childcare centres within the primary sector and main trade area over the forecast period, respectively. Forecast for childcare facilities is based on the following:
 - The total population within the main trade area over the forecast period (as detailed in the previous Table 2.1), as well as the proportional change in childcare aged children (0 - 5 years) for this same age group using the Penrith Council LGA as a proxy (refer Table 5.3).
 - The proportion of 0 - 5-year olds is currently estimated at 4.5% in the primary sector, and 9.2% in the main trade area.
 - The proportion of 0 - 5-year olds typically attending day long childcare. Based on the ABS 2017 Childcare Survey, around 33.8% of 0 - 5-year olds attend day long childcare in New South

Wales. Due to participation rates typically being lower than average in rural and regional areas, participation rates are consequently higher than average in urban areas. Industry reports state that the proportion of children attending childcare has increased since the introduction of the national Child Care Subsidy program in 2018, indicating that participation rates for 0 – 5 year-olds would be in the range of 40% - 50%, rather than the 33.8% quoted above the for the New South Wales average.

- The current average of hours attended per week per child, as provided in the ABS 2017 Childcare Survey the mean number of hours spent in day long childcare New South Wales per child was 20.8 hours. Depending upon the number of hours required for each day, these averages indicate that children spent an average of just over three days per week attending long day care centre. Given the need for long day care centres to schedule attendances daily, it can be accepted that the average child enrolled in long day care centres, spends three days in those centres per week.
 - An assumed occupancy rate of 80% for existing and proposed facilities, to allow for general fluctuations in the market.
- vii. Based on all of the above, there is currently an indicative oversupply of some 33 full-time equivalent childcare places in the primary sector (refer Table 6.4), and an undersupply of 358 places in the main trade area (refer Table 6.5). However, this is likely to be a significant undersupply as both the primary sector and main trade area continue to attract younger families.
- viii. Even after considering the proposed childcare centre at Caddens Corner, the undersupply of places is projected to increase to over 63 places in the primary sector and 413 places in the main trade area by 2036 assuming 80% occupancy.
- ix. Childcare centres can vary in size with a range from 250 sq.m up to in-excess of 1,000 sq.m, (not including play areas and car parking) and pay gross rents in the order of \$350 - \$500 per sq.m. Legislation (Children's Services Regulation 2004 (NSW)) generally details that childcare centres must provide the following amount of floorspace per child:
- 3.25 sq.m of unencumbered indoor play space per child.
 - 7 sq.m of useable outdoor floorspace.
 - 10.25 sq.m of total floorspace.
- x. The car parking provision for a childcare centre is around 0.22 per childcare place.
- xi. A childcare facility is likely to increase visitation to the site, with parents picking up their daily or weekly shopping items when collecting their children from childcare.

- xii. Overall, the subject site has several attributes that indicate that a childcare facility would potentially be supportable subject to the development plan, including being located with a full-line supermarket and supporting shops.

TABLE 6.1. MAIN TRADE AREA CHILDCARE SUPPLY

Child Care Centre Name	No. Places	Overall NQS Rating*	Dist. From Site (km)
Primary Sector			
PCS Prep & Early Childhood Services	50	Exceeding NQS	2.0
Secondary North Sector			
Orchard Hills Preschool	33	Working Towards NQS	2.5
Kingswood World of Learning	39	Working Towards NQS	2.6
The Little Village Early Learning Centre	59	Working Towards NQS	3.2
Western Sydney University Early Learning Penrith	60	Exceeding NQS	3.3
Somerset Cottage Early Childhood Education and Care	68	Exceeding NQS	3.3
WSI Kids Nepean	40	Working Towards NQS	3.4
Lifetime Learners Long Day Care and Preschool	64	Working Towards NQS	3.7
Little Explorers Academy	56	n.a.	4.0
Sunflower Childcare Centre Pty Ltd	24	Meeting NQS	4.5
Secondary West Sector			
Platypus Playground Children's Centre	45	Meeting NQS	3.2
Carita Children's Centre	53	Exceeding NQS	3.6
Young Explorers Early Learning Centre	43	Meeting NQS	3.7
Little Triumphs Early Education Centre & OOSH	32	Working Towards NQS	3.9
Total Existing	666		

* National Quality Standard

Source: ACECQA as of September 2019

TABLE 6.2. PRIMARY SECTOR CHILDCARE POPULATION, 2011 – 2036

Trade Area Sector	Actual 2011	Actual 2016	2020	2021	Forecast 2026	2031	2036
Primary Sector	470	500	540	550	3,800	8,300	8,800
Childcare Aged							
• 0-4 years	21	19	21	21	145	279	291
• 5 years	<u>6</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>24</u>	<u>53</u>	<u>51</u>
Total Childcare Aged	27	22	24	25	169	332	342
Childcare Aged %							
• 0-4 years	4.4%	3.8%	3.9%	3.9%	3.8%	3.4%	3.3%
• 5 years	1.3%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%

Average Annual Change (No.)	Actual 2011-16	2016-20	2020-21	Forecast 2021-26	2026-31	2031-36
Primary Sector	6	10	10	650	900	100
Childcare Aged						
• 0-4 years	-0	1	1	25	27	2
• 5 years	<u>-1</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>6</u>	<u>-0</u>
Total Childcare Aged	-1	1	1	29	33	2

Average Annual Change (%)	Actual 2011-16	2016-20	2020-21	Forecast 2021-26	2026-31	2031-36
Primary Sector	1.2%	1.9%	1.9%	47.2%	16.9%	1.2%
Childcare Aged						
• 0-4 years	-1.8%	2.7%	2.6%	46.5%	13.9%	0.9%
• 5 years	<u>-12.7%</u>	<u>1.4%</u>	<u>1.3%</u>	<u>48.1%</u>	<u>17.1%</u>	<u>-0.7%</u>
Total Childcare Aged	-3.9%	2.5%	2.4%	46.7%	14.4%	0.6%

All figures as at June and based on 2016 SA1 boundary definition.

Sources : ABS.

TABLE 6.3. MAIN TRADE AREA CHILDCARE POPULATION, 2011 – 2036

Trade Area Sector	Actual		2020	2021	Forecast		
	2011	2016			2026	2031	2036
Main Trade Area	25,190	27,690	29,850	30,290	35,740	41,640	42,790
Childcare Aged							
• 0-4 years	1,865	2,104	2,332	2,383	2,749	2,816	2,850
• 5 years	<u>375</u>	<u>392</u>	<u>414</u>	<u>418</u>	<u>509</u>	<u>599</u>	<u>560</u>
Total Childcare Aged	2,240	2,496	2,746	2,801	3,258	3,415	3,410
Childcare Aged %							
• 0-4 years	7.4%	7.6%	7.8%	7.9%	7.7%	6.8%	6.7%
• 5 years	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%	1.3%

Average Annual Change (No.)	Actual		2020-21	Forecast	2026-31	2031-36
	2011-16	2016-20				
Main Trade Area	6	10	10	650	900	100
Childcare Aged						
• 0-4 years	48	57	51	73	13	7
• 5 years	<u>3</u>	<u>6</u>	<u>4</u>	<u>18</u>	<u>18</u>	<u>-8</u>
Total Childcare Aged	51	63	55	91	31	-1

Average Annual Change (%)	Actual		2020-21	Forecast	2026-31	2031-36
	2011-16	2016-20				
Main Trade Area	1.9%	1.9%	1.5%	3.4%	3.1%	0.5%
Childcare Aged						
• 0-4 years	2.4%	2.6%	2.2%	2.9%	0.5%	0.2%
• 5 years	<u>0.9%</u>	<u>1.4%</u>	<u>1.0%</u>	<u>4.0%</u>	<u>3.3%</u>	<u>-1.3%</u>
Total Childcare Aged	2.2%	2.4%	2.0%	3.1%	0.9%	0.0%

All figures as at June and based on 2016 SA1 boundary definition.

Sources : ABS.

TABLE 6.4. PRIMARY SECTOR CHILDCARE DEMAND, 2020 - 2036

	2020	Projected Over/Under Supply			
		2021	2026	2031	2036
Population					
Primary Sector Population	540	550	3,800	8,300	8,800
Catchment Area Proportion of 0 - 5 Years	4.5%	4.5%	4.5%	4.0%	3.9%
Catchment Area Children Aged 0 - 5 Years	24	25	169	332	342
Demand for Childcare Places					
Children Aged 0 - 5 Years in Childcare*	50.0%	50.0%	50.0%	50.0%	50.0%
Average Days Per Week*	3	3	3	3	3
FTE Demand (Children Aged 0 - 5 Years)	7	7	51	100	103
Supply of Child Care Places (All)					
Existing	50	50	50	50	50
Proposed (U/C & Approved Only)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Supply	50	50	50	50	50
Occupancy Ratio @ 80%	<u>80.0%</u>	<u>80.0%</u>	<u>80.0%</u>	<u>80.0%</u>	<u>80.0%</u>
Adjusted Supply at 80%	40	40	40	40	40
Indicative Over/Under Supply	33	33	-11	-60	-63
Occupancy Ratio @ 70%	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>
Adjusted Supply at 70%	35	35	35	35	35
Indicative Over/Under Supply	28	28	-16	-65	-68

*Source: ABS: Childhood Education & Care, 2017

*Source: Department of Education and Training, Early Childhood and Childcare in Summary

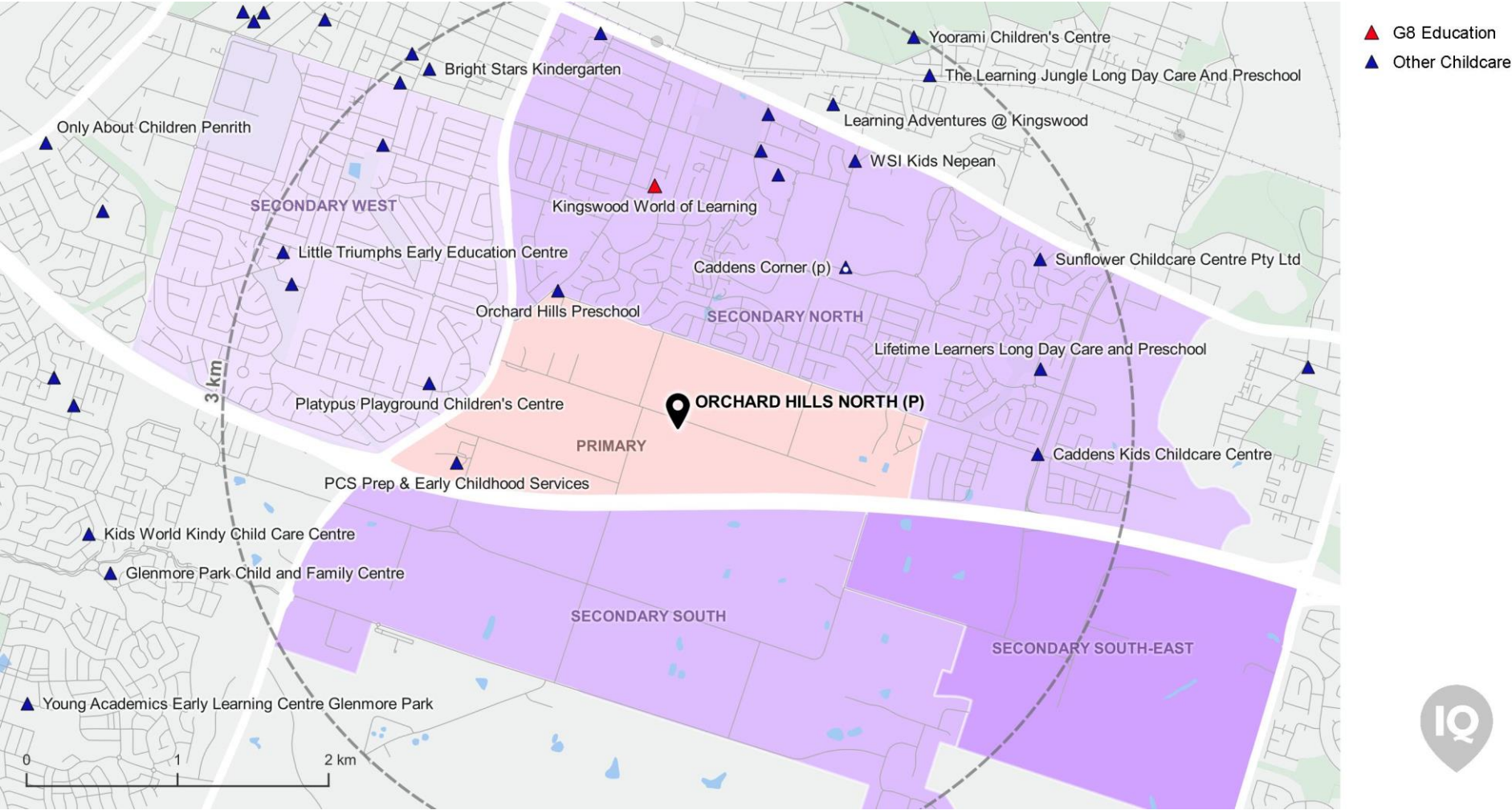
TABLE 6.5. MAIN TRADE AREA CHILDCARE DEMAND, 2020 – 2036

	2020	Projected Over/Under Supply			
		2021	2026	2031	2036
Population					
Primary Sector Population	29,850	30,290	35,740	41,640	42,790
Catchment Area Proportion of 0 - 5 Years	9.2%	9.2%	9.1%	8.2%	8.0%
Catchment Area Children Aged 0 - 5 Years	2,746	2,801	3,258	3,415	3,410
Demand for Childcare Places					
Children Aged 0 - 5 Years in Childcare*	50.0%	50.0%	50.0%	50.0%	50.0%
Average Days Per Week*	3	3	3	3	3
FTE Demand (Children Aged 0 - 5 Years)	824	840	977	1,024	1,023
Supply of Child Care Places (All)					
Existing	666	666	666	666	666
Proposed (U/C & Approved Only)	<u>0</u>	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>
Total Supply	666	763	763	763	763
Occupancy Ratio @ 80%	<u>80.0%</u>	<u>80.0%</u>	<u>80.0%</u>	<u>80.0%</u>	<u>80.0%</u>
Adjusted Supply at 80%	533	610	610	610	610
Indicative Over/Under Supply	-291	-230	-367	-414	-413
Occupancy Ratio @ 70%	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>
Adjusted Supply at 70%	466	534	534	534	534
Indicative Over/Under Supply	-358	-306	-443	-490	-489

*Source: ABS: Childhood Education & Care, 2017

*Source: Department of Education and Training, Early Childhood and Childcare in Summary

MAP 6.2. MAIN TRADE AREA CHILDCARE CENTRES



6.3. Medical

- i. 'Medical centre' is a term used for a collection of medical services provided at the same site, typically including General Practitioners (GPs) and other services such as a pharmacist, pathology specialists, and the like.
- ii. Map 6.3 illustrates the location and size of surrounding medical centres. At present, 12 medical centres are currently located in the main trade area, with none within the primary sector (refer Table 6.6).
- iii. In addition, there are two medical centres under construction within the **secondary north sector**, with key points to note including:
 - **Caddens Corner** is currently under construction and nearing completion (expected in November 2020). The centre is planned to include a medical centre which will be open 7-days a week.
 - Construction has commenced on the **Nepean Health Hub** which will be a five-story health services facility including a 343 sq.m GP facility. This is expected to be completed by 2022.
- iv. Typically, 12.4 GPs are provided for every 10,000 residents in Australia. By 2036, some 150 – 160 GPs will be required within the main trade area, including up to 11 within the primary sector (refer Table 6.7). There would also be demand for a range of other medical providers.
- v. Successful medical centres and facilities are typically situated within high profile locations, either along main roads or within close proximity to a retail and/or commercial centre. This location enables facilities to receive maximum exposure to passing traffic, but more importantly, are easily recognisable and accessible for the surrounding population.
- vi. A ground level location for a medical centre that enables easy patient movements is typically preferred rather than upper level. Some complementary medical service providers can occupy upper level space, but this is not common in a supermarket based shopping centre unless car parking is direct to the upper level.
- vii. Medical centres can range in size from 250 sq.m – 1,000 sq.m, (depending on the number of doctors and services offered) and typically pay gross rents in the order of \$450 - \$750 per sq.m. Based on a review of comparable developments, gross rents are likely to be around \$450 per sq.m.
- viii. The car parking provision for a medical is around 3.5 spaces per 100 sq.m of floorspace.

TABLE 6.6. MAIN TRADE AREA MEDICAL CENTRES

Medical Centre Name	Suburb	Dist from Site (km)	No. of Doctors
Secondary North Sector			
Health and Fitness Centre	Kingswood	1.7	9
Marie Stopes International	Kingswood	3.1	1
Derby St Family Medical Centre	Kingswood	3.5	9
Kingswood Mediclinic	Kingswood	3.5	4
Nepean Hospital	Kingswood	3.6	1
Depression Clinic & General Practice	Claremont Meadows	3.9	1
Claremont Meadows Medical Centre	Claremont Meadows	3.9	5
Secondary West Sector			
The Surgery (218 Evan Street)	South Penrith	3.2	1
Southlands Family Doctors	South Penrith	3.4	5
Smith Street Family Medical Practice	South Penrith	3.6	1
We Care Medical Centre	South Penrith	3.8	1
The Surgery (1 Denintend Pl)	South Penrith	4.3	1
Total			39
Provision of Doctors per 10,000 Persons			
• Primary Sector			0
• Secondary Sector			13.306
Main Trade Area			13.065
Australian Benchmark			12.349

Source: Location IQ



TABLE 6.7. MAIN TRADE AREA FORECAST MEDICAL DEMAND, 2020 - 2036

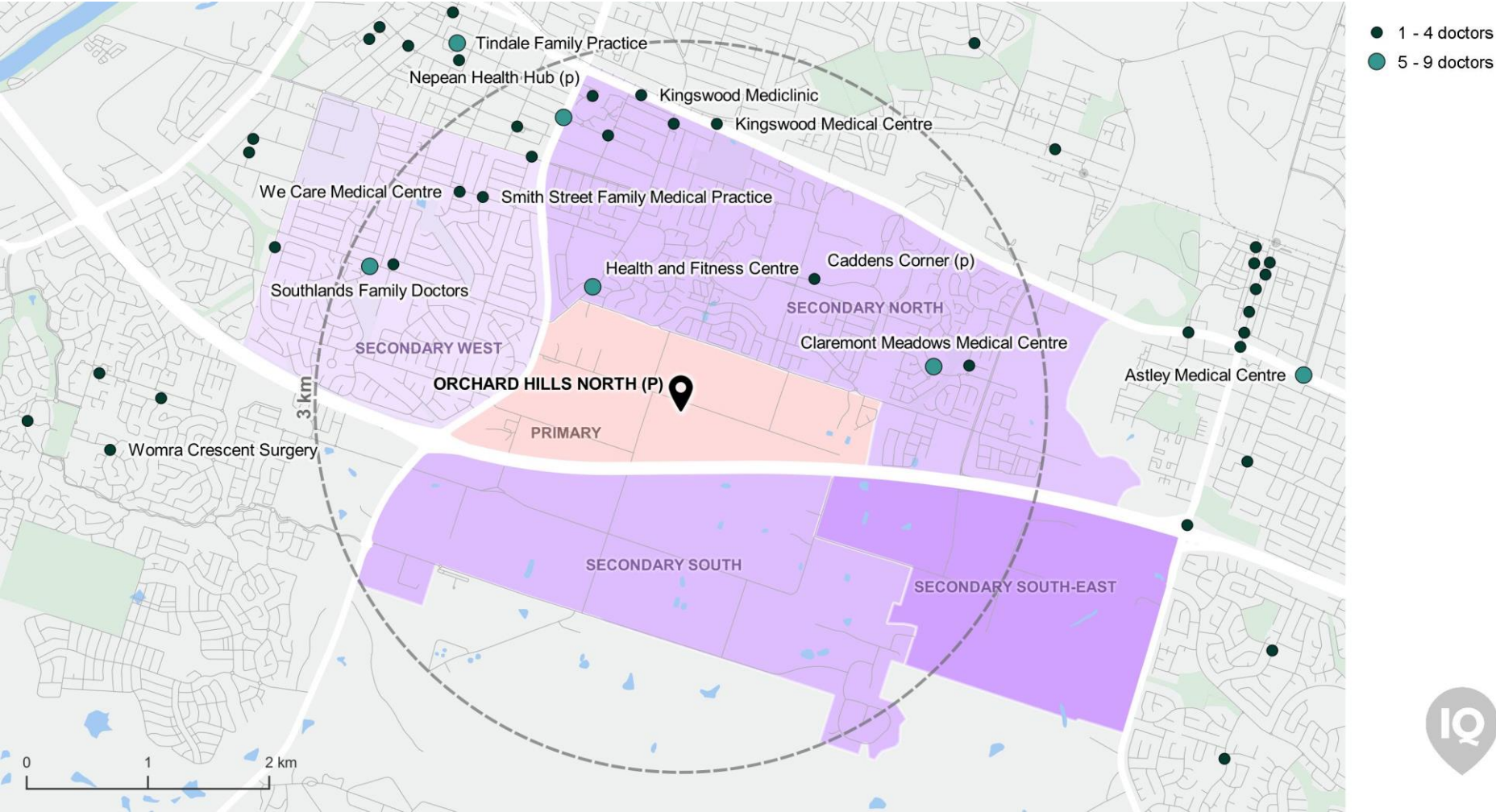
	Health Professionals per 10,000 persons*	2020	2021	Professionals Required			Diff.
				2026	2031	2036	
Primary Sector Population		540	550	3,800	8,300	8,800	7,760
Practitioners							
Chiropractors	1.9	0	0	1	2	2	1
Dental Practitioners	8.2	0	0	3	7	7	6
GP's	12	1	1	5	10	11	10
Nurses and Midwives	133.6	7	7	51	111	118	104
Occupational Therapists	7.4	0	0	3	6	6	6
Optometrists	2.0	0	0	1	2	2	2
Pharmacists	10.1	1	1	4	8	9	8
Physiotherapists	10.9	1	1	4	9	10	8
Podiatrists	1.9	0	0	1	2	2	1
Psychologists	<u>10.8</u>	<u>1</u>	<u>1</u>	<u>4</u>	<u>9</u>	<u>10</u>	<u>8</u>
Total	199	11	11	76	165	175	155
Main Trade Area Population		29,850	30,290	35,740	41,640	42,790	11,790
Practitioners							
Chiropractors	1.9	6	6	7	8	24	2
Dental Practitioners	8.2	25	25	29	34	102	10
GP's	12.3	37	37	44	51	153	15
Nurses and Midwives	133.6	399	405	478	556	1,661	158
Occupational Therapists	7.4	22	22	26	31	92	9
Optometrists	2.0	6	6	7	8	25	2
Pharmacists	10.1	30	30	36	42	125	12
Physiotherapists	10.9	33	33	39	45	136	13
Podiatrists	1.9	6	6	7	8	24	2
Psychologists	<u>10.8</u>	<u>32</u>	<u>33</u>	<u>39</u>	<u>45</u>	<u>134</u>	<u>13</u>
Total	199	595	603	712	829	2,476	235

Source: AIHW

*Assuming National Average of Health Professionals in 2019



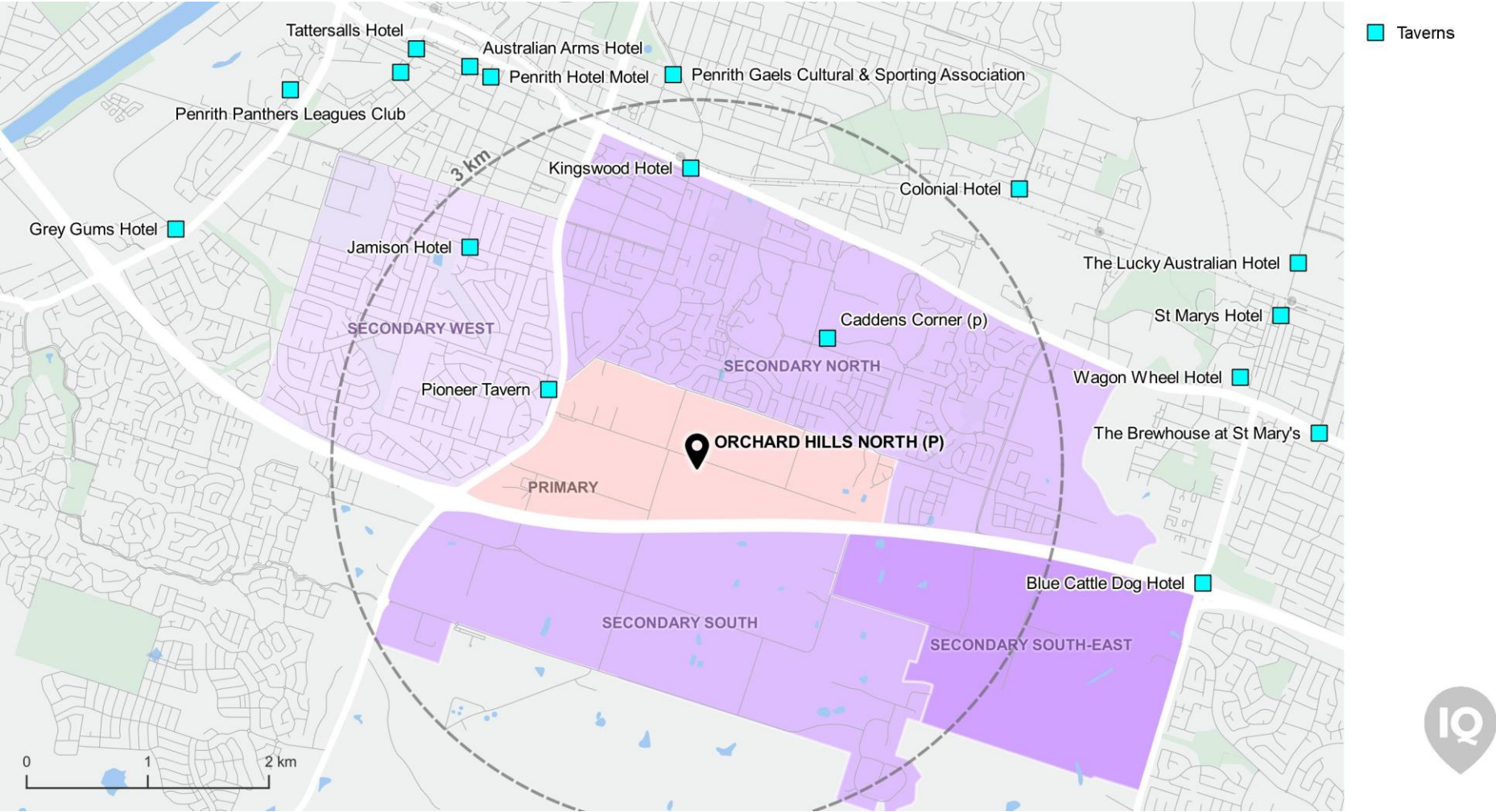
MAP 6.3. MAIN TRADE AREA AND MEDICAL CENTRES



6.4. Tavern/Hotel

- i. Map 6.4 highlights the current provision of taverns/hotels throughout the surrounding region. There is currently only one tavern and two hotels provided in the main trade area, namely the Jamison Hotel and the Pioneer Tavern in the secondary west sector, and the Milestone Hotel in the secondary north sector.
- ii. In terms of future competitive developments, a 450 sq.m tap room and restaurant is planned at Caddens Corner with an additional 150 sq.m of outdoor dining space. This project is currently under construction with a planned completion date by November 2020.
- iii. A tavern/hotel typically requires a catchment population of around 6,000 – 7,000 to be successful. This indicates a tavern would be supportable within the primary sector by around 2028 - 2029 and six taverns across the main trade area by this period, with three currently provided and one under construction.
- iv. The Orchard Hills North site may be appropriate for an offer that offers a relaxed family atmosphere and informal dining setting, subject to available land. Kids play areas and other suitable entertainment for children would also allow for longer visitation and appeal to future residents. A tavern should ideally complement the surrounding facilities.
- v. Family orientated taverns have proved successful in other nearby precincts, where taverns such as Australian Brewery and The Fiddler in Rouse Hill, the Ettamogah Hotel at Kellyville. Taverns are popular with the young family demographic. These taverns provide playgrounds and entertainment facilities suitable for young children.
- vi. Taverns typically vary in size from around 300 sq.m to larger taverns of around 2,000 sq.m and would be subject to a liquor licensing application. Significant car parking should be provided, given these facilities act as destinations for the surrounding population.
- vii. The car parking provision for a tavern is around 3.5 spaces per 100 sq.m of floorspace.

MAP 6.4. MAIN TRADE AREA AND TAVERNS/HOTELS



6.5. Service Station

- i. The Australian Industry of Petroleum (AIP), the key body representing Australia's oil industry, indicates:

"The most significant trend in the retail fuel sector over the last decade has been the reduction in the number of retail service station sites, and the move to higher volume outlets located in busy areas and on highways where there is greater traffic volume, thus achieving economies of scale.

The number of sites has reduced from around 20,000 sites in 1970 to around 6,300 sites now.

...

The average customer base per service station is around 2,000 people in regional areas (and well below in many towns) whereas metro/city sites have a customer base of around 4,000 to 5,000" (refer Facts about the Australian Retail Fuel Market and Prices, published in January 2018).

- ii. In addition, the AIP notes that with the reduction in the number of service stations, the average volume sold at each site has increased, along with the reliance on revenue from non-fuel products such as convenience sales and car washing.
- iii. Map 6.5 illustrates the location of service stations in the area surrounding the site. Service stations throughout the area are generally provided along The Great Western Highway, Queens Street, and Mulgoa Road.
- iv. The location of service stations in Australia is typical characterised by one or more of the following:
- On heavily trafficked roads and deriving business primarily from passing traffic.
 - Within a village/urban community primarily serving local residents and businesses.
 - Associated with a supermarket, although not necessarily co-located.
- v. There are currently three service stations provided across the main trade area (refer Table 6.8). Key points to note include:
- There are currently no service stations within the primary sector.

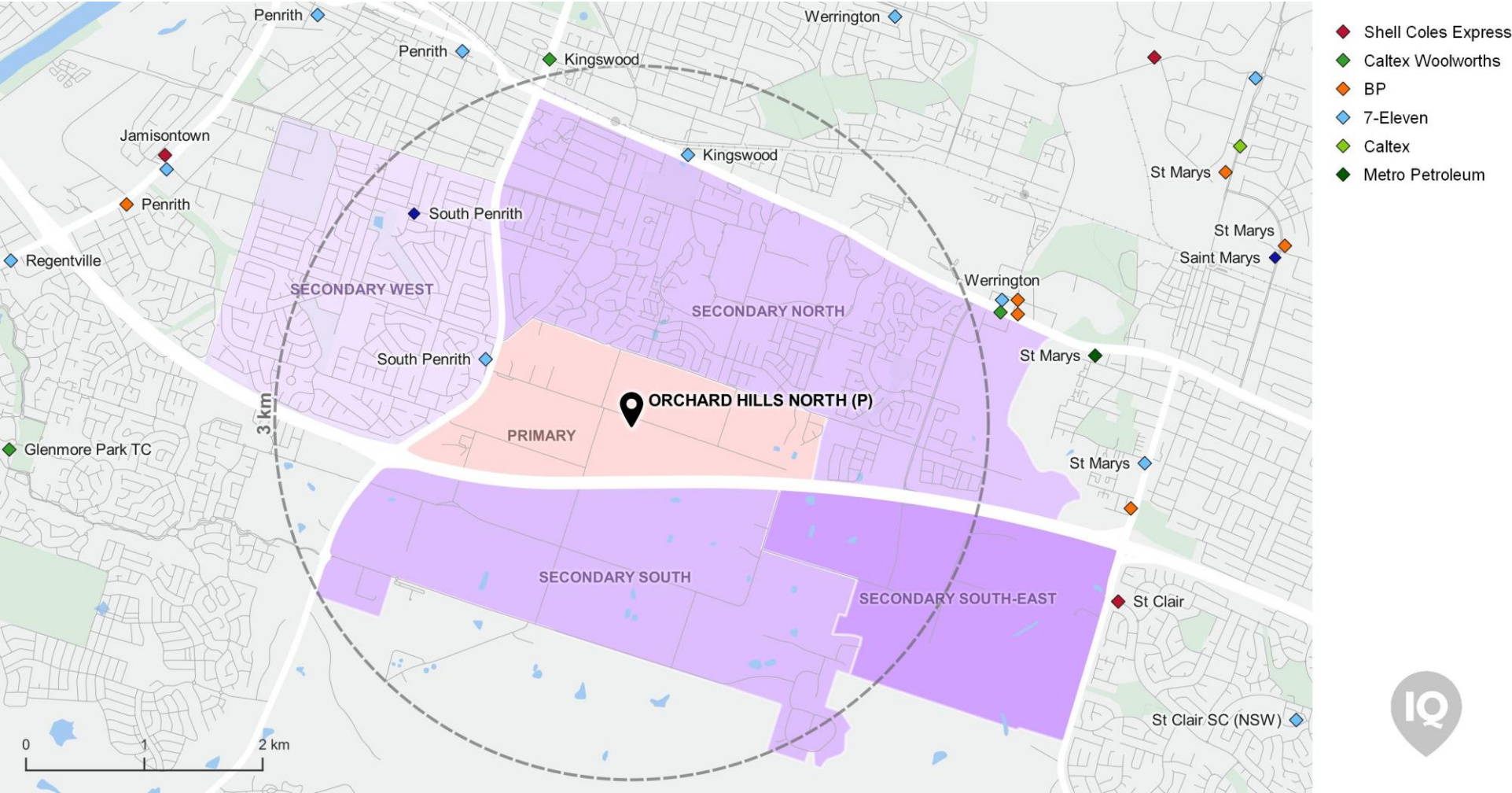
- The service stations are dated offers, with the Budget Petrol station generally serving the immediate catchments around South Penrith, and with 7-Eleven and Caltex Woolworths primarily serving passing traffic along Aspen Street and the Great Western Highway, respectively.
 - The Caltex Woolworths at Werrington is the only service station within the main trade area which is co-located with a food outlet, namely a McDonald's PAD site.
- vi. There are no known service station proposals within the main trade area.
- vii. As outlined above, throughout Australia, there is typically one service station for every 4,000 - 5,000 persons in a metropolitan area. Based on the main trade area population of around 42,790 persons by 2036, up to ten service stations could be supported over this period, with only three currently provided. The primary sector future population would support 1 – 2 service stations.
- viii. Service stations are typically provided within the car park of shopping centres and typically have a partnership with the supermarket operator, thereby allowing customers to easily gain access to petrol at discounted rates through the use of shopper vouchers.
- ix. A service station of around 200 - 300 sq.m typically requires a total site area of around 2,500 sq.m to accommodate a convenience store, canopy, and parking. This is unlikely to be achievable at the Orchard Hills North site and would also not be desirable given the internalised site and the nearby new housing.
- x. A review of service stations on Location IQ's database suggests service stations on average pay rents between \$500-\$700 per sq.m of the store size (i.e. 200 – 300 sq.m).

TABLE 6.8. MAIN TRADE AREA SERVICE STATIONS

	24h	Fuel Spots	Conv. Store (sq.m)	Food Outlet	Car Wash	Trailer Hire	Auto Repair	Ice	Distance From Site (km)
Secondary North									
Caltex Woolworths Werrington	✓	16	60	✓	✓	X	X	X	3.6
Secondary West									
Budget Petrol South Penrith	X	8	30	X	X	X	✓	X	4.2
7-Eleven South Penrith	✓	6	65	X	X	X	X	✓	4.3

Based on desktop a survey in October 2020

MAP 6.5. MAIN TRADE AREA AND SERVICE STATIONS



6.6. Summary

- i. Table 6.9 provides a summary of the potential for non-retail uses and indicative rents. It is important to note the variance/range in rents that is characterised by these uses. Given most of these tenants or operators are independents, gross rental levels vary significantly based on the size, location, composition and operator. Without a plan in place, the mix and size of possible uses will depend on what/how many of the types of uses outlined can be secured.
- ii. As outlined above, including a broad range of complementary non-retail uses will complement the convenience-retail offer and increase foot traffic and dwell time and promote lower vacancy rates.
- iii. The issue for the Orchard Hills North Neighbourhood Centre site is the size of the site and the preference for many of these uses to be on the ground level and have at grade car parking. Some uses such as a service station and to a lesser extent a tavern may not complement the retail offer if not designed appropriately.
- iv. A small gym, a medical centre, a childcare centre and a tavern will all be supportable based on the future population and could possibly be considered for other locations if the land size and design of the centre cannot facilities these uses.

TABLE 6.9. NON-RETAIL POTENTIAL USES

Use	Supportability	Indicative Size (sq.m)	Gross Rents (\$/sq.m)		Key Comments
	Low Mod High		Range	Indicative	
Medical	Moderate	500	\$350 - \$500	\$400	Important to provide adequate number of facilities (e.g. doctor, dentist, chemist etc.).
Childcare	Moderate	1,000	\$350 - \$500	\$400	Significant and growing demand.
Gym	Moderate	250 - 750	\$350 - \$500	\$400	Highly dependent on tenant demand. Significant and growing demand.
Tavern	Moderate	1,500	\$350 - \$500	\$400	Family-oriented and targeting local population. Dependent on tenant demand.
Service Station	Moderate	1,000 - 2,000	\$150 - \$250	\$200	Requires adequate infrastructure, accessibility and arterial location.

7 TOTAL CENTRE POTENTIAL

This section summarises the recommended retail and non-retail floorspace, and outlines the key success factors relating to design, car parking and amenity.

- i. Table 7.1 outlines the recommended total centre floorspace by component for the Orchard Hills North Neighbourhood Centre. Total centre size is 5,250 sq.m, including:
 - A full-line supermarket of 3,600 sq.m.
 - Specialty floorspace of 1,180 sq.m (including retail and non-retail).
 - Non-retail floorspace of 470 sq.m, including a gym and medical centre.
- ii. If basement car parking is provided, there may be potential to accommodate other uses such as a tavern and childcare centre. The quantum of retail floorspace would be unchanged, expect for the possible inclusion of Aldi if this tenant could be secured.
- iii. The success of a smaller supermarket-based town centre style developments in growth areas is very dependent on:
 - A compact design with one level recommended.
 - Largely external based with good customer amenity and easily accessible, ample at grade car parking.
 - Car parking that promotes strong customer amenity to major tenants. Typically, at grade is preferred to promote convenience and also due to the cost of basement/under croft car parking. This is especially important when nearby centres have very convenient, at grade car parking which will be the case at Caddens Corner.
 - The Ponds is one example of a recent supermarket-based shopping centre in a growth area that includes basement car parking and has a similar site area. This centre has some 20 speciality shops with a similar provision of shops not supportable at the Orchard Hills North site. The Ponds also has limited nearby competition.
 - Basement or under croft car parking could be considered if the site is sloping and therefore the cost to build the car park as a basement or under croft would be lower than if the site was flat.

- A successful supermarket (i.e. strong supermarket sales);
 - A quality, central community space should be provided, like a town square. Alfresco dining should be provided around the space. The space should be designed to allow for community activities and could include a play area.
 - Provide a range of uses at and immediately around the site if possible, to add to destination appeal. The rise of online spending has increased the importance of bringing foot traffic into the centre. Everyday uses, such as medical centres, gyms and childcare, significantly aid in achieving more customer generation.
 - Customer amenities to enhance the convenience focus of the centres, including click and collect (for the supermarket anchor), electrical charging stations, 24/7 parcel lockers (Australia Post) and quick turnover parking nearby the entrance.
- iv. Across the site, based on the recommended uses, a provision of around 5 car spaces per 100 sq.m of floorspace is recommended. This indicates around 263 car spaces would be required. By way of comparison and as an important consideration as the nearest shopping centre, Caddens Corner will total 9,966 sq.m and be served by 502 car spaces on grade. This equates to a provision of 5 car space per 100 sq.m.

TABLE 7.1. ORCHARD HILLS NORTH NEIGHBOURHOOD CENTRE, FY2028

Tenant/ Category	GLA (sq.m)	Forecast Sales (\$'000) (\$/sq.m)		Gross Sales (\$'000) (\$/sq.m)		Occ. Cost (%)
Majors						
Coles (inc. liquor)	3,600	31,361	8,711	1,568	436	5.0% ^
Total Majors	3,600	31,361	8,711	1,568	436	5.0%
Retail Specialties						
Bakery	90	877	9,747	88	975	10.0%
Butcher	90	713	7,920	78	871	11.0%
Takeaway	90	713	7,920	89	990	12.5%
Takeaway	90	713	7,920	89	990	12.5%
Takeaway	90	713	7,920	89	990	12.5%
Café	110	771	7,006	104	946	13.5%
Pharmacy	225	1,919	8,529	230	1,023	12.0%
Beauty	90	658	7,310	86	950	13.0%
Hairdresser	95	694	7,310	90	950	13.0%
Total Retail Spec.	970	7,770	8,011	944	973	12.1%
Total Retail	4,570	39,131	8,563	2,512	550	6.4%
Non-retail						
Real Estate	110			67	609	
Medical	100			61	609	
Total Non-retail	210			128	609	
Total Centre	4,780			2,640	552	
Gym	175			70	400	
Medical Centre	295			118	400	
Total Site	5,250			2,828	539	

*Inflated dollars & including GST

Typical supermarket occupancy cost would be 3.5% ^





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