



Wentworthville Town Centre Revitalisation Project

Economic and Development Feasibility Assessment

Prepared for Holroyd City Council

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ABBREVIATIONS

NPV – Net Present Value
RLV – Residual Land Value
LEP – Local Environmental Plan
DCP – Development Control Plan

DEFINITIONS

Existing Improvement Value: the value of an asset based on the continuation of its existing use, assuming the asset could be sold as part of a continuing business regardless of whether that use represents the highest and best use.

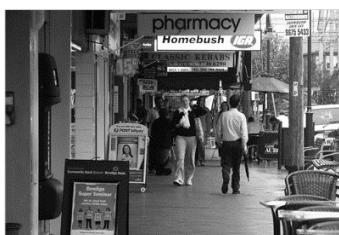
Net Present Value (NPV): the measure of the difference between the discounted revenues, or inflows, and the costs, or outflows, in the DFC analysis.

Residual Land Value: is the purchase price of the land whilst achieving a zero Net Present Value (NPV).

Development Profit: total revenue less total cost including interest paid and received.

Development Margin: profit divided by total development costs (including selling costs).

EXECUTIVE SUMMARY



Wentworthville is a Town Centre with all of the right ingredients for success. Focused around a rail station, the Centre is located in close proximity to major employment hubs, with some good parcels of land and an array of retail and commercial offer. As a consequence investment and development interest in the Centre has increased significantly in recent years.

Despite this our research finds that over the same period a number of surrounding retail centres have improved and increased their retail offer drawing trade away from Wentworthville. This has had some influence on the rate of retail vacancies. Furthermore the redevelopment of a number of key sites within the Centre have not yet come to fruition despite their potential to support its economic revitalisation together with some important social outcomes such as housing choice and open space.

In light of these outcomes, HillPDA was commissioned by Holroyd City Council (Council) to undertake an Economic Assessment and Feasibility Study (the Study) of potential development scenarios within the Centre. The results and recommendations of this Study will feed into Council's overall objective to revitalise the Centre (hereafter referred to as the Revitalisation Project).

The Revitalisation Project is being co-ordinated by Council and draws together the collective expertise of urban designers and architects (Architectus) as well as traffic and transport experts (STOP). On this basis our assessment has modelled both the viability of the existing planning controls along with two urban design scenarios (Option 2 and 3) for density and building height changes in the Centre prepared by Architectus.

The Study has also tested the potential implications to development viability of revising car parking rates owing to the influence this significant component of development costs can have to development feasibility outcomes.

Study Context

This Study's focus has been the area zoned B2 - Local Centre. The Centre presently has a range of permissible floorspace ratios (FSR's) between 1.5:1 and 2.4:1 and maximum building heights ranging between 10m and 23m.

Plan of Wentworthville Town Centre



Comparative to other centres reviewed¹, Wentworthville benefitted from slightly greater FSRs and building heights, with Campsie Town Centre being the exception (i.e. it has a higher maximum building height of 27m compared to 23m in Wentworthville on some sites).

Table 1 - Summary of Planning Control Comparison by Centre

LGA - Centre	Zoning	Area of Town Centre (sqm)	FSR (range)	Building Height (m)
Parramatta - Granville	B2 - Local Centre	68,270	1.5:1 to 2.1:1	10 to 15
Canterbury - Campsie	B2 - Local Centre	185,500		18 to 27
Manly - Seaforth	B2 - Local Centre	32,930	1.5:1 to 2.0:1	12.5
Holroyd - Wentworthville	B2 - Local Centre	122,100	1.5:1 to 2.4:1	10 to 23
Auburn - Berala	B2 - Local Centre	30,130	2:01	14

Source: Auburn, Manly, Holroyd, Canterbury and Parramatta LEP's

Strategies such as “A Plan for Growing Sydney” highlight the importance of prioritising urban renewal in established residential and commercial areas, especially centres in close proximity to heavy rail nodes. The renewal of these areas is intended to provide additional housing and employment choice whilst supporting and encouraging economic revitalisation and growth.

Council’s Revitalisation Project is therefore in accordance with State Government directions.

The Current Retail, Commercial and Residential Market

As an important basis of our research, we analysed the existing Wentworthville retail, commercial and residential market. In essence our research found:

- The residential apartment market within the suburb of Wentworthville is strong with growing demand for 2 bedroom apartments with parking. Locations in close proximity to rail stations and amenities (such as Wentworthville Town Centre) are also highly desirable;
- Demand for residential is generally split 50/50 between investors and owner – occupiers. The current strength of the residential market is reflected in the healthy development pipeline, with 903 apartments proposed over the next five years. This translates to approximately eight years of historic supply should all the proposals eventuate to development stage;
- There is a demand for commercial office and medical space within the Centre if priced at a competitive rate, particularly

There is strong demand for apartment style dwellings with 2 bedroom apartments experiencing the strongest demand together with sites in close proximity to the rail line

Land banking and speculative purchasing has been occurring owing to the current strength of the residential market and in anticipation of potential changes to the Centre’s existing planning controls.

¹ Other centres include Parramatta, Canterbury, Manly, Holroyd and Auburn.



Anchor tenant recommended such as a full – line supermarket



Promotion of the Centre as a supportive Health Precinct would increase demand for commercial floorspace



Increased residential densities within the Centre would further support its viability and vitality

around the railway station. The commercial market is considered to be performing well as indicated by steadily increasing rents (over the past five years);

- The retail market within the Centre is softer than the commercial market, with the leasing of retail floorspace often taking up to six months to secure a tenant. Notwithstanding this, well designed retail shop fronts in close proximity to the rail station generally experience stronger interest for purchase, with the more desirable properties generally selling within less than a month of marketing. Real Estate experts advised that the greater the distance from the railway station, the greater the number of retail vacancies and period to sell / rent; and
- Interviews with agents and a review of recent sales and their values have revealed that a number of land owners may be land banking in anticipation of revisions to planning controls with significant asking prices for sites within the Centre. Speculative purchasing may also be occurring with significant put / call options being put for key sites in the Centre².

Retail and Commercial Floorspace Demand and Supply

As a complement to the market research, we also undertook some ‘ground up’ retail and demand modelling for the Centre based on factors such as forecast population growth and real growth in retail expenditure. On this basis our analysis found:

- Whilst the size of the Centre’s retail trade area remains relatively consistent with HillPDA’s 2008 Study, the proportion of expenditure that the Centre can capture has been adversely affected. This is largely a result of the strengthening of surrounding centres with new anchor tenants (i.e. Coles at Westmead and new stores in South Wentworthville, Toongabie and the expansion of Stocklands Merrylands);
- As a consequence of the above, vacancy rates for shopfront retail have increase to 13% of all floorspace;
- Whilst retail floorspace in the Centre has increased by just over 2,000sqm between 2008 and 2015, unlike its competitors, the Centre has not benefited from the addition of a major anchor tenant in recent years. Demand modelling indicates that sufficient expenditure would be generated for one full-line supermarket within the Centre by 2021. And if appropriately located with good access, parking and connectivity to surrounding retail, a full line supermarket or mini major could

² A put / call, is an option purchase based on speculation of either increase yield or sale values.

draw additional trade to the Centre with spin off benefits for surrounding specialty retailers;

- The development of a full-line supermarket could be achieved prior to 2021, however this would only be recommended through the expansion or replacement of the existing Super IGA;
- Additional residential development within the Centre (as part of mixed use developments) and surrounding the Centre would also assist in adding to the Centre's vitality and viability by increasing pedestrian flow and demand for goods and services;
- A health proportion (34%) of the Centre's floorspace is commercial. Conservatively, to retain this proportion going forward we anticipated demand for between 2,000sqm 3,000sqm by 2031;
- As a result of the increased residential floorspace under Options 1 and 2, there would be a likely increase in additional retail floorspace demand of between 2,750sqm and 3,200sqm to be directed towards the Town Centre; and
- We note however that subject to appropriate marketing and support, the Centre could notably increase demand for commercial floorspace by leveraging off the specialised focus and close proximity of a range of medical and education uses in nearby Westmead. Wentworthville could provide a complementary yet more affordable commercial offer to businesses and uses that wish to be associated with Westmead but are more cost sensitive and / or attracted to the lifestyle offer provided by the revitalised Wentworthville Centre.

Development Feasibility of Planning Controls

As reference earlier, we modelled the potential viability of redeveloping six hypothetical test sites in the Centre. Importantly the test sites do not necessarily reflect existing development sites. Rather they were selected to test a range of site sizes, locations and ownership patterns to better understand the opportunities and challenges presented by the existing and prospective planning controls.

Three different development scenarios were subsequently tested on each of the six test sites as follows:

Scenario 1 - referred to as the '**Base Case**' this scenario tests the viability of the existing planning controls, in accordance with Holroyd LEP 2013 and DCP 2013, in the current market. This Scenario has been tested under the existing car parking rates established by the Holroyd DCP 2013 as

well as car parking rates set out under the Apartment Design Code (ADC) guideline;

Option 1 - this Option referred to as the **'Mid Rise'** tests a range of FSRs for each test site as provided by Council's urban designers and architects³. Whilst the FSRs under this Option vary by each test site for urban design reasons, they all exceed the base case for each site. In general they range between 2.58:1 and 4.21:1. Each of the six test sites have been tested against the parking requirements set out under the DCP and the ADC. Test Sites 3 and 4 were further tested with reduced residential floorspace and ADC parking requirements, as instructed by Council.

Option 2 – this Option referred to as the **'Mid Rise Strategic Height'** tests a range of FSRs for each site as provided by Council's urban designers and architects (Architectus)⁴. Whilst the FSRs under this Option vary by each test site for urban design reasons, they all exceed the base or existing FSRs for each site. In general they range between 2.64:1 and 4.55:1. Each of the six test sites have been tested against the parking requirements set out under the DCP and the ADC. Test Sites 3 and 4 were further tested with reduced residential floorspace and ADC parking requirements, as instructed by Council.

In summary the testing identified:

- The hypothetical redevelopment of each of the six test sites under the Base Case (existing planning controls) was not a financially attractive option in the current market;
- Whilst viability was improved with a reduction in car parking rates under the ADC guideline, it was not improved sufficiently to incentivise redevelopment against standard development margins and an Internal Rate of Return (IRR);
- Increases in FSR and building heights improve the viability of development. The larger, less fragmented test sites with respect to ownership generally become viable for redevelopment in the B2 Zone at an FSR exceeding 3:1. An FSR notably in excess of 3:1 would however be required for the redevelopment of these sites should additional public benefits such as open space, community uses and pedestrian passageways be provided;

³ Appendix B– Provides further details - Please note that HillPDA's Option 1 is referred to by Architects as Option 3

⁴ Appendix B– Provides further details — Please note that HillPDA's Option3 is referred to by Architectus as Scenario 4

- Smaller, more fragmented test sites within the Centre generally require an FSR over 3.5:1 to become viable owing to the additional cost of acquisition and amalgamation. In keeping with the point above, additional FSR would be required on these sites to offset the cost of providing open space, pedestrian links or other community benefits as part of the redevelopment of these sites;
- Reduced residential floorspace within Test Sites 3 and 4 under Options 1 and 2 (with ADC parking requirements) did not significantly impact the financial viability of the hypothetical developments i.e make them unattractive to develop; and
- The reduced commercial parking requirement under the ADC guidelines further improves the financial viability within the test sites. The reduced car parking requirements as outline within the ADC guidelines improve the financial viability of the test sites. There is a modest difference between the two rates for residential development with a more significant change in relation to commercial parking requirements which is the primary driver of the change in outcome.

As referenced above, the Town Centre is experiencing some speculative purchases and land banking in anticipation of more favourable planning controls. Depending on the degree of speculation and any adjustments to existing planning controls, this could have the effect of stagnating development on some sites. Speculation in essence drives up what we refer to as the “tipping point” i.e. the FSR and building height after which the development becomes viable.

Key Directions and Recommendations – Planning Controls

In light of the results of our modelling, to support the revitalisation of the Town Centre we would suggest some amendments to the planning controls on economic ground as follows⁵:

- An increase in FSR to over 3:1 for appropriate sites;
- An increase in FSR to 4:1 together with a requirement for a minimum lot size for smaller, more fragmented sites within core locations or other sites identified to encourage for amalgamation;

⁵ We note that a range of factors must be considered when establishing appropriate planning controls including amenity, urban design, traffic and environmental matters. Our recommendations do not present a comprehensive assessment of these factors but rather are solely based on economic grounds.

- A reduction in car parking rates to not only support development viability but to encourage public transport usage in such a highly accessible centre;
- The retention of the B2 Local Centre zone to maintain active uses at ground floor and residential on the upper floors yet careful consideration of the need to extend this zone any further than the current boundaries; and
- The investigation of a possible FSR bonus on appropriate sites in exchange for commercial floorspace at first floor level and / or onsite provision of open space and/ or onsite provision of a community facility a pedestrian link and / or a financial contribution to town centre amenity / facility improvements.

Key Directions and Recommendations – Retail and Commercial

With respect to retail and commercial matters, based on our research we recommend:

- Support for the expansion of existing supermarket and grocery store space to include a full line supermarket to act as a major anchor tenant;
- Support for the enhancement in quality and modest increase in supply of specialty retail floorspace in the order of 1,000sqm – 2,000sqm by 2031;
- Support for a modest increase in the order of 2,000sqm to 3,000sqm of shopfront commercial floorspace⁶ by 2031;
- Support for first floor commercial office, medical or education use floorspace (this may benefit from an FSR bonus);
- The active promotion of the centre as a commercial support / overflow area for medical and education uses associated with the Westmead Specialised Precinct; and
- Support for additional mixed use development within and surrounding the Centre to enhance the Centre's vitality and viability by increasing pedestrian flow and demand for goods and services.

Opportunities for Revitalisation – Other Factors

The economic revitalisation of the Centre would also be enhanced by a range of urban amenity, traffic, transport and parking improvements. On this basis and in light of the research undertaken by the concurrent urban design, traffic and transport studies we support:

⁶ This includes pseudo-professionals such as real estate agents, financial services and lawyers

- The development of a community facility (such as a library and open space connections) on Council owned sites such as the site in Lane Street. From an economic perspective the development of this site would help to activate the north eastern section of the Centre by providing a destination for visitors and thereby spin off trade for surrounding businesses;
- The concept of an 'Eat Street' along Station Street to enhance the local appeal and lifestyle attraction of the Centre. This being a key factor in the allure of the Centre and therefore sale values and rents achieved in support of development viability; and
- Support for a new public plaza(s) or open spaces that create a focal point for the Centre. This may be provided through good design, works in kind and / or a voluntary planning agreement in return for additional development density (as referenced above).

1 INTRODUCTION AND CONTEXT

HillPDA was commissioned by Holroyd City Council (the Council) to undertake an Economic Assessment and Feasibility Study (the Study) of potential development scenarios within the Wentworthville Centre Revitalisation Project. Specific objectives of the Study are as follows:

- To understand economic factors influencing development in Wentworthville Centre (the Centre) and how these relate to urban design and the viability of development within the centre;
- To understand how built form concepts respond to the established strategic direction of the Centre; and
- To understand retail and commercial floorspace demand for growth in the trade area to ensure there is sufficient capacity to accommodate and respond to future growth in demand.

The Study Area

The Study Area comprises the area zoned B2 - Local Centre as identified in Figure 1. This area relates to the extent of the Wentworthville Town Centre, which is located within the West Central Subregion of Sydney, towards the northern border of Holroyd Local Government Area (LGA).

More specifically the Centre is located within the suburb Wentworthville, extending southward from Wentworthville Railway Station (Figure 1).

Building typology within the Centre is characterised by older style retail shop front buildings ranging from one to two storeys. Low to medium density brick residential buildings are also located within and around the Centre.

The Centre is located within close proximity to Westmead Hospital, lending to the opportunities to provide ancillary medical facilities or outpatient / visitor accommodation. The Centre is also in vicinity of two of Sydney's main central business districts (namely Parramatta and Sydney CBDs). Moreover, high connectivity via the heavy rail network to these employment and higher order shopping destinations increase Wentworthville Town Centres attractiveness for residential developments and living.

Figure 1 - Wentworthville Town Centre Study Area



Source: HillPDA, MapInfo 12.5

Report Structure and Approach

To address the requirements of the project's brief, the Study has been set out as follows:

- **Chapter 2 - Contextual Review and Comparative Analysis:** provides an assessment of previous studies and existing government strategies that are of relevance to the Study. The Chapter also provides a comparative analysis of planning controls;
- **Chapter 3 – Commercial, Residential and Retail Market Overview:** reviews the current commercial, residential and retail market within the Centre and surrounding locality;
- **Chapter 4 - Retail and Commercial Floorspace supply and Demand:** reviews current and future retail and commercial

floorspace provision within the Centre and forecasts floorspace requirements over the period to 2031;

- **Chapter 5 – Identification of Test Sites and Development Scenarios:** identifies five key test sites and three development scenarios for testing within the Centre;
- **Chapter 6 - Feasibility Testing:** models three hypothetical development scenarios on each of the five test sites to better understand the implications of different planning and design outcomes to development feasibility; and
- **Chapter 7 – Key Findings and Implications:** provides a SWOT analysis of the Centre from an economic perspective and draws together the key findings of the Study, their implications and recommendations for change.

2 PLANNING REVIEW & COMPARATIVE ANALYSIS

This Chapter reviews key State and local planning policies and strategies with a specific focus on employment and housing objectives relevant to the Centre. The Chapter also provides an overview of Wentworthville Town Centre's existing planning controls and compares them to the planning controls established for comparable town centres within Sydney so as to provide an existing benchmark.

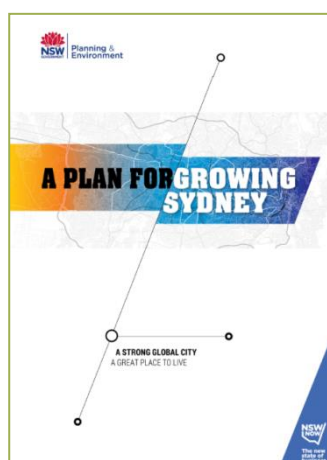
Key Findings

- The urban renewal of established residential and commercial areas, especially centres in close proximity to heavy rail nodes is the primary focus of the "A Plan for Growing Sydney" document. The renewal of these areas is intended to provide additional housing and employment choice whilst supporting and encouraging economic revitalisation and growth. The revitalisation of Wentworthville Town Centre is therefore in accordance with State Government Directions;
- Wentworthville Town Centres is zoned B2 Local Centre with permissible floorspace ratios (FSR's) ranging between 1.5:1 to 2.4:1, and maximum building heights ranging between 10m to 23m; and
- Comparative to other centres reviewed⁷, sites at the upper end of these ranges enjoy a slightly greater FSR and building height, with Campsie Town Centre being the exception (i.e. it has a higher maximum building height of 27m).

State Government - A Plan for Growing Sydney 2014

The DP&E published 'A Plan for Growing Sydney' in December 2014. The plan seeks to achieve the following overarching outcomes for Metropolitan Sydney:

- A competitive economy with world-class services and transport;
- A city of housing choice, with homes that meet our needs and lifestyles;
- A great place to live with communities that are strong, healthy and well connected; and
- A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.



⁷ Other centres include Parramatta, Canterbury, Manly, Holroyd and Auburn.

By 2031, Sydney's economic output is forecast to almost double to \$565 billion a year, with this economic growth being fuelled in part by an additional 689,000 new jobs over this period. Sydney is also forecast to experience a population growth of about 1.6 million persons, with 900,000 of this population growth occurring in Western Sydney. To meet this population growth, an additional 664,000 new dwellings will need to be constructed.

To address the projected economic, employment and population growth that Sydney will experience, the Plan seeks to promote and facilitate growth which acknowledges market considerations and integrates transport, infrastructure and a variety of land uses.

The below describes those directions of the Plan that are of relevance to this Study.

Direction 1.4 seeks to increase the productivity of Western Sydney through growth and investment. To meet this need, Western Sydney will require new jobs close to centres and transport, with improved access to knowledge jobs. The direction also highlights the need to improve the scale and mixture of job opportunities as this will help more people work closer to home.

Direction 2.1 seeks to accelerate housing supply across Sydney. Through providing more housing and different dwelling types, this direction aims to reduce pressure on rising housing prices. The target of this direction is the delivery of 664,000 new dwellings by 2031.

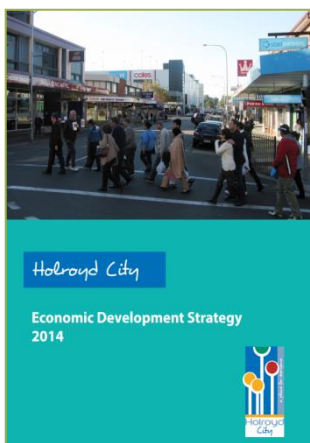
Direction 2.2 seeks to accelerate urban renewal across Sydney by providing homes closer to jobs. The direction highlights the importance of urban renewal in helping to provide housing within Sydney and meeting the dwelling target. The Plan identifies the need to identify urban renewal precincts that are in, or near, centres with good connectivity to economic and social facilities.

Direction 2.3 aims to improve housing choice to suit the different needs and lifestyles of Sydney's population. The direction requires local housing strategies to plan for a range of housing types.

More specifically the Plan defines the West Central Subregion as comprising the LGAs of Auburn, Bankstown, Blacktown, Holroyd, Parramatta and The Hills. Having specific regard to the Subregion, the Plan recommends that the DP&E in conjunction with councils within the Subregion (which includes Holroyd Council), should:

- Leverage investment and economic development opportunities for the whole Subregion that may be generated by the growth of the Greater Parramatta area and the extension of the Global Economic Corridor;

The Holroyd EDS highlights the opportunity for Wentworthville Town Centre to strengthen ties with Westmead Health and Medical Research Precinct.



- Identify suitable locations for housing and employment growth; and
- Provide additional mixed-use development including offices, retail, services and housing to meet the needs of the Subregion’s growing population.

Local Government - Holroyd City EDS 2014

Holroyd City Economic Development Strategy (EDS) 2014 was adopted by Council in September 2014. The EDS provides a vision of Holroyd as “The Enterprise City”. Council aims to achieve this vision by focusing on advanced or niche manufacturing and businesses with initiative and resourcefulness.

The EDS identifies five stages to facilitate and promote economic development within Holroyd which are as follows:

- Attracting new business investors;
- Quality infrastructure that meets the needs of the local community, businesses and visitors;
- Competitive businesses and opportunities to network;
- Industrial operations and innovation; and
- Partnerships that provide support for businesses to develop and grow.

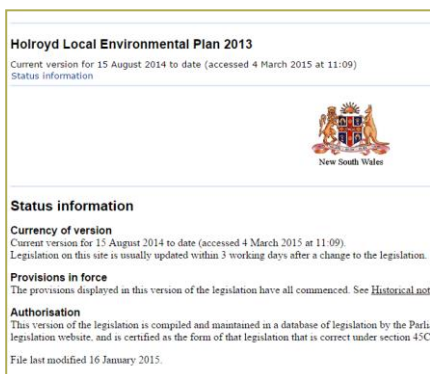
Specifically the EDS identifies the opportunity for Wentworthville Town Centre to strengthen ties with Westmead Health and Medical Research Precinct.

Local Government - Holroyd LEP 2013

The Holroyd Local Environmental Plan (LEP) 2013 came into effect on the 5th August 2013 as the blueprint for land use and development within Holroyd LGA over the next 20 years.

As referenced in this Study’s introductory Chapter, the Study Area is zoned B2-Local Centre. Objectives of the zone are as follows:

- *To provide a range of retail, business, entertainment and community uses that serve the needs of people who live in, work in and visit the local area.*
- *To encourage employment opportunities in accessible locations.*
- *To maximise public transport patronage and encourage walking and cycling.*
- *To permit residential development that is complementary to, and well-integrated with, commercial uses.*



Of importance to the Study and our modelling, within this zone, commercial premises (which include business, office and retail premises) and shoptop housing is permitted with consent.

The existing planning controls that relate to the Study Area are summarised in the table below.

Table 2 - Study Area Existing Planning Controls

Zoning	FSR (range)	Building Height (m)	Building Height (storeys)	Parking	Minimum	Maximum	
B2 - Local Centre	1.5:1 to 2.4:1	10 to 23	2 to 7	Residential flat buildings, dwellings in B1, B2 and B6 business zones (including shop top housing)	Studio / 1 bedroom	0.8	1
					2 bedroom	1	1.5
					3 bedroom	1.2	2
					4+ bedroom	1.5	2
					Visitor / dwelling	0.2	0.5
				Commercial (including retail premises, business premises and office premises) - B2 zones in: * Wentworthville	Ground Floor	1 per 20sqm	1 per 15sqm
					Above Ground Floor	1 per 40sqm	1 per 20sqm

Source: Holroyd LEP 2013 and DCP

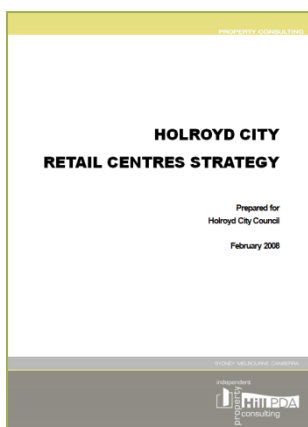
Prior Study - Holroyd Retail Centres Strategy, HillPDA 2008

HillPDA’s 2008 Retail Study (2008 Retail Study) for Holroyd Local Government Area (LGA) provided Council with a tool to manage the changing patterns of retail and commercial development.

The 2008 Retail Study found that Holroyd LGA contained 10 retail centres zoned ‘Business General’ comprising 611 shop front premises of which 518 were used for the retail of goods, 78 were used for commercial services and 41 were vacant. Total shop front retail floorspace was 110,000sqm of which approximately 91,400sqm was used for retailing, 10,400sqm for commercial purposes and 8,100sqm was vacant.

It was also found that Holroyd LGA contained 19 retail areas zoned ‘Business Neighbourhood’ comprising 110 shop front premises of which 93 were used for the retail of goods, 9 were used for commercial services and 8 were vacant. Total shop front retail floorspace was 11,000sqm of which around 9,600sqm was used for retailing, 700sqm was used for commercial purposes and 750sqm was vacant.

Specifically the 2008 Retail Study found that Wentworthville Town Centre (referred to as North Wentworthville with in the 2008 Retail Study) contained 139 individual shops of which 7 were vacant at the time of the Study. Total lettable floor area was around 19,500sqm, with 11,950sqm being used for the retail of goods.



The 2008 Retail Study concluded that Wentworthville could:

- Support an additional 11,500sqm of retail floorspace over the period of 2016 to 2021, of which a second supermarket anchor, associated specialty stores and a possible discount department store should be considered; and
- Post 2021, no immediate expansion is necessary.

The 2008 Retail Study also forecast the likely net increase in retail floorspace demand by centre within Holroyd LGA for the period to 2031. The results of which are summarised in the table below.

Table 3 - Target Growth in Retail Floorspace (sqm) by Centre 2006-2031

Retail Centre	2006 -2011	2011 -2016	2016 - 2021	2021-2031
Merrylands	19,800	-	2,000	20,000
North Wentworthville	-	-	11,500	-
Toongabbie	7,500	-	-	5,000
South Wentworthville	1,400	-	-	-
Greystanes	-	-	5,000	-
Pendle Hill	-	5,000	-	5,500
Guildford	-	5,000	-	4,500
Merrylands West	-	8,000	-	5,000
Pemulwuy	-	-	-	-
Total	28,700	18,000	18,500	40,000

Source: HillPDA 2008

The 2008 Retail Study forecast demand for an additional 11,500sqm of retail floorspace in Wentworthville Town Centre representing 29% of overall additional demand in Holroyd LGA by 2031

Comparative Analysis of Local Planning Controls

To provide some context to our analysis, as an initial step we have compared the existing density and height limits for Wentworthville Town Centre to some comparable centres in other Local Government Areas (LGA) in Sydney.

For the purposes of the exercise we chose four other centres zoned B2-Local Centre, including three within the broader Subregion (i.e. Auburn and Parramatta LGA) and one notably removed from the West Central Subregion (i.e. within the North Subregion).

We also reviewed Canterbury Local Environmental Plan (LEP) in the context of Campsie Town Centre for comparative purposes. It was found however that the Canterbury LEP does not provide FSR ranges for this Centre, rather building density is controlled via other development standards as set out in the relevant Development

Control Plans (DCP) including minimum lot sizes, setbacks and building heights.

In summary our comparative analysis found that:

- Wentworthville Town Centre is the second largest centre (zoned B2), second to Campsie Town Centre;
- For density – Wentworthville Town Centre had a greater FSR range than Auburn, Granville and Seaforth local centres; and
- For height –Wentworthville Town Centre had a greater building height maximum than Auburn, Parramatta and Manly (+9m, +8m and +10.5m respectively), only falling short to Canterbury by 4m.

This comparative analysis shows that under the existing planning controls, some sites within Wentworthville Town Centre enjoy a more generous FSR than the other centres. This is also the case with respect to maximum building height, with the Canterbury DCP the only exception.

Table 4 - Summary of Planning Control Comparison

LGA - Centre	Zoning	Area of Town Centre (sqm)	FSR (range)	Building Height (m)
Parramatta - Granville	B2 - Local Centre	68,270	1.5:1 to 2.1:1	10 to 15
Canterbury - Campsie	B2 - Local Centre	185,500		18 to 27
Manly - Seaforth	B2 - Local Centre	32,930	1.5:1 to 2.0:1	12.5
Holroyd - Wentworthville	B2 - Local Centre	122,100	1.5:1 to 2.4:1	10 to 23
Auburn - Berala	B2 - Local Centre	30,130	2:01	14

Source: Auburn, Manly, Holroyd, Canterbury and Parramatta LEP's

The table below summaries the parking requirements for all the centres.

Table 5 - Summary of Parking Requirements Comparison

Parking	Land Use	Parking Rates
Parramatta - Granville (minimum requirements)	Residential flat buildings, Multi dwelling housing or the residential component of Mixed Use development (not within 400 metres walking distance of a transit-way bus stop with a service frequency of an average of 10 minutes or less during the morning peak hour i.e. 7am-9am in either direction, or of a railway station).	Studio: 0.6 spaces per dwelling 1 bedroom: 1 space per dwelling 2 bedroom: 1.25 spaces per dwelling 3 bedroom: 1.5 spaces per dwelling 4 bedroom: 2 spaces per dwelling Visitor: 0.25 space per dwelling A car wash bay which may also be a visitor space
	Business premises and Retail premises	Minimum of 1 space per 60sqm of GFA and a maximum of 1 space per 30sqm metres of GFA. Where there is a combination of land uses, a maximum of 40% of resident visitor parking can be used in the calculations for retail parking provided that these areas are shared
	Office premises	Minimum of 1 space per 70sqm of GFA and maximum of 1 space per 50 sqm of GFA

Canterbury - Campsie	Shop top Housing B2 zones – Large Centres	Studio: 0.25 spaces per dwelling 1 bedroom: 0.8 spaces per dwelling 2 bedroom: 1 space per dwelling 3 bedroom or more: 1 space per dwelling Visitor Parking: Not required
	Shops B2 zones – Large Centres	1 space per 66.7sqm (< 120sqm) 1 space per 33sqm (120sqm – 1,000sqm) 1 space per 27sqm (> 1,000sqm)
	Office premises	1 space per 60sqm for development in large centres
Manly - Seaforth	Residential Flat Buildings, Multi Dwelling Housing, Shop Top Housing, Attached Dwellings	1 resident parking space for each dwelling (irrespective of number of bedrooms),and 0.16 visitor parking space for each dwelling.
	Commercial Premises (including business, offices and retail premises)	1 parking space for every 40sqm of gross floor area.
Auburn - Berala	Residential	
	No. of Bedrooms	Minimum required – Maximum Required
	Studio/1 bedroom	1.0 parking space - 1.0 parking space
	2 bedrooms	1.2 parking spaces - 3.0 parking spaces
	3 bedrooms	1.5 parking spaces - 4.0 parking spaces
	4 or more bedroom	2.0 parking spaces - 6.0 parking spaces
	Visitor car parking area	
0-50 units	4.0 parking spaces - 10.0 parking spaces	
51-100 units	8.0 parking spaces - 25.0 parking spaces	
101-250 units	12.0 parking spaces - 55.0 parking spaces	
251 or more units	16.0 parking spaces - 65.0 parking spaces	
Commercial/retail area Sq. m of net leasable	1 parking space per 60sqm – 4 car parking spaces per 40sqm Commercial/retail area	

Source: Auburn, Manly, Canterbury and Parramatta DCP's

As shown in the table above the DCP provides higher parking requirements for retail and commercial floorspace provisions when compared to the other centres.

The Manly DCP contains the highest parking requirements for residential developments within its centres, with one space provided for every dwelling (irrespective of number of bedrooms).

Wentworthville parking requirements are higher than Berala while lower than Canterbury. Granville provides minimum requirements for parking spaces these are generally in line with Wentworthville's minimum requirements.

3 MARKET RESEARCH

This Chapter analyses key factors influencing the residential, retail and commercial markets within the Central West Subregion, Holroyd LGA and the Centre. As part of this analysis, sale prices and rental values across the range of land uses (i.e. residential, retail and commercial uses) are explored.

The data provided in this Chapter (which is based on discussions with market and industry experts as well as a review of relevant property databases) has been subsequently used to inform the rates and assumptions applied in the feasibility testing and SWOT analysis in Chapters 5 and 7 of this Study.

Key Findings

- The residential apartment market within the suburb of Wentworthville is strong with growing demand for 2 bedroom apartments, locations close to the railway line and apartments with car parking. Demand is generally split 50/50 between investors and owner – occupiers;
- The current strength of the residential market is reflected in the healthy development pipeline, with 903 apartments proposed over the next five years. This translates to approximately eight years of traditional supply if all the proposals eventuated to development stage;
- If priced at a competitive rate there is a demand for commercial office space within the Centre, particularly around the railway station. The commercial market is considered to be performing well as indicated by steadily increasing rents (over the past five years);
- The retail market within the Centre is softer than the commercial market, with the leasing of retail floorspace often taking up to six months to secure a tenant;
- Notwithstanding the above point, well designed retail shop fronts in close proximity to the rail station generally experience stronger interest for purchase, with properties generally selling within less than a month of marketing. Real Estate experts advised that the greater the distance from the railway station, the greater the number of vacancies; and
- Interviews with agents have revealed that a number of land owners are land banking in anticipation of changing planning controls with significant asking prices for sites within the Centre.

- Speculative purchasing maybe also occurring with significant put / call options being put for key sites in the Centre.

Residential Market Overview

Overview of the Central West Subregion

The Central West Subregion has been the subject of much commentary and analysis in recent years on account of its notable opportunities for revitalisation and relatively steady demand for dwellings. This demand and prospect for change relates strongly to the Subregion's close proximity to Sydney's second CBD (Parramatta) and good access via rail and transport networks which in effect has increased the connectivity with other employment and leisure destinations within Sydney. The ongoing gentrification of many of the suburbs within the Central West Subregion has also contributed to its overall attractiveness to a broad market including students, young families, professionals and migrants.

As a result of these factors, the Central West Subregion's residential property market is performing well, recovering strongly from the modest downturn during the Global Financial Crisis (GFC).

Holroyd LGA and the Suburb of Wentworthville

The suburb of Wentworthville and the wider Holroyd LGA has been experiencing strong residential demand. Interviews with local agents have revealed that demand for residential dwellings (apartments) within the area is strong and has been driven by *"high demand and low supply of affordable properties"*. Local agents also advised the high volume of development applications being lodged with Council for high density residential uses, coupled with the high uptake rates reveals that the residential market within Wentworthville is relatively strong.

Discussions with agents also identified:

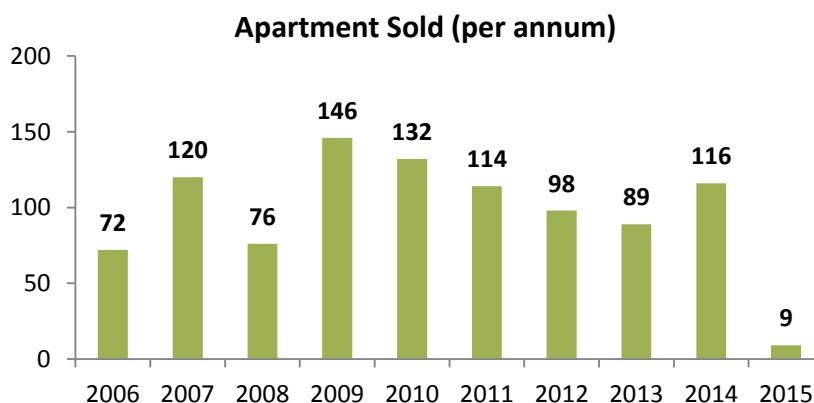
- There was a 50/50 split between investors and home owners as buyers;
- There was demand for additional new apartments within the suburb, with a preference for two bedroom apartments over one and three bedroom apartments;
- Location was a key driver of demand with greater demand for apartments located near recreational amenities, retail services and public transport nodes (i.e. railway stations);

- Car parking is an important selling feature for apartments in Wentworthville, with most larger apartments (i.e. 3+ bedrooms) typically providing up to two car spaces; and
- A high take up rate with over 50% of stock typically being sold within two months of the marketing campaign commencing.

According to Residex (December 2014) the median price of apartments in Wentworthville was \$450,500 in 2014⁸. This compares favourably to the median apartment price achieved as of December 2013 which was at \$389,500⁹, representing a 16% growth (+\$65,000) over that 12 month period.

The number of apartments sold within Wentworthville has varied between 72 and 146 per annum over the past 10 years. Growth has remained relatively strong at an average of 107 apartments¹⁰ over the period between 2006 and 2014 as seen in the figure below.

Figure 2 – Apartments Sold p.a. within Wentworthville Suburb (2006-2015)



Source: CoreLogic

Recent Apartment Sales

HillPDA has undertaken interviews with local agents to ascertain the demand and likely end sale vales of apartments within the locality. The outcomes of this research are to inform our feasibility section.

⁸ Source Residex Market Report December 2014

⁹ Source: Residex Market Report December 2013

¹⁰ Source: CoreLogic

Residential Unit Project

46-50 Dunmore Street, Wentworthville

This residential project is situated approximately 230m south of Wentworthville Railway station. The project comprises 68 units with a combination of one, two and three bedroom units all with at least one car space. The project also includes three retail shop fronts situated on the ground floor. The project has so far sold 13 out of the 68 units on offer.



Marketing Agent:	R & S Realty Parramatta & Skyton Direct
Number of sold:	13 of the 68 units have been sold.
Sales Rate:	The project was released in the 2 nd weekend of March and has sold 13 units in the first week. It has been advised by the agent the project is expecting to sell all 68 units in four months, reflecting a sales rate of approximately 17 per month.
Buyer Profiles:	Buyer profiles were a mix of owner occupiers (50%) and investors (50%).

Asking/Sale Prices

Product Type	Ave Intern	Sale Price Range	Median \$/sqm
1 Bedroom	Ave 50	\$480,000 - \$500,000	\$9,600 - \$10,000
2 Bedroom	Ave 85	\$575,000 - \$620,000	\$6,765 - \$7,294
3 Bedroom	Circa 110	From \$630,000	\$5,727

The below table further provides end sale values for apartments based on interviews with local agents and has been used to inform our feasibility analysis for residential or mixed use sites.

Table 6 – Typical End Sale Values and Apartment Sizes

No. of Bedrooms	Internal Area (sqm)	Typical Sale Value	\$/sqm range
1	50-62	450,000 - 480,000	\$7,742 - \$9,020
2	80-85	545,000 - 620,000	\$6,646 - \$7,300
3	95-129	600,000 - 660,000	\$4,806 - \$7,000

Source: HillPDA Research March 2015

Retail and Commercial Market Overview

Commercial Market

Market research finds that traditional commercial office space within the West Central Subregion¹¹ can be difficult to lease even within the Subregion's more prominent and vibrant centres. These challenges become more apparent on the upper floors of buildings (i.e. first and above) and within smaller centres, leading to higher levels of vacancy, lower face rents and in turn the more limited development of this type of space.

¹¹ Frank Night Research includes Holroyd LGA within its West Subregion (excludes Parramatta)

This is evident by the fact that the West Central Subregion recorded the lowest average gross face rent for A-Grade office space (\$331) within the Greater Sydney Region (\$426 average across Greater Sydney) as of February 2015¹². The West Central Subregion also contained the lowest total office stock within Sydney, representing 152,435sqm or 5% of Greater Sydney's office supply.

Wentworthville

As a smaller, largely retail and service focused centre, the Centre provides approximately 11,300sqm of pseudo-professional commercial floorspace which equivalent to 34% of the total floorspace within the Centre¹³ and line with most centres.

Discussions with local real estate agents identified that if priced at a competitive rate there is a demand for commercial office space. Local agents indicated that the commercial market was performing reasonably well within the Centre, with rents steadily increasing over the last few years. Agents also indicated that location was a factor in the absorption of new office space with locations closer to the train station being more highly sort after.

Interviews with agents specifically identified that:

- There was demand for commercial space within the range of 100sqm to 200sqm;
- Locations near the train station were most attractive to prospective tenants;
- The performance of the commercial market has improved over the past five years; and
- Pricing was a key factor in the rate of take up of commercial office space.

Commercial end sale values were difficult to find within the Centre. Owing to the low rate of recent sales, HillPDA expanded the search to the neighbouring suburb of Westmead with some indicative sales provided below. It should be noted however, that Westmead has been identified as a specialised centre within the Sydney Metropolitan Strategy and compared to Wentworthville, provides a significantly stronger commercial offer. On this basis we have assumed that Westmead would attract a sale premium for commercial floorspace over Wentworthville.

¹² Frank Night Sydney Suburban Office Market Overview February 2015

¹³ HillPDA Floorspace Survey 2015, excludes vacant land and residential uses

Table 7 – Commercial Premises End Sale Values as of February 2015

Address	End sale Vale	Size Sqm	Rate / sqm
151 Hawkesbury Road, Westmead	\$326,700	64	\$5,105
10/1a Ashley Lane, Westmead	\$190,000	47	\$4,043
21/1a Ashley Lane, Westmead	\$214,500	47	\$4,564

Source: Local Agents, HillPDA

Retail Market

Interviews with local real estate agents indicated that the retail market within Wentworthville Town Centre has been relatively stable over the past five years, with this trend expected to continue in the near future.

Agents also indicated retail tenancies in the vicinity of the train station were more highly sort after, with these tenancies typically selling within two months of being advertised. The demand for retail shop fronts however, diminishes with increasing distance from the railway station. These trends being consistent with our recent audit of the locality which revealed higher vacancy rates in locations beyond the railway station (please refer to Chapter 4 for further details).

The design and quality of the retail shop front, combined with price were also noted by local agents to be key factors in the rate of take up of retail floorspace space.

Leasing, conversely, was considered somewhat more challenging with retail floorspace taking up to six months to lease. In terms of retail mix, a range of retail businesses are attracted to the area, with ethnicity influencing the type of tenant as well as the product and service mix (for example the presence of ethnic delicatessens, fruit markets etc.).

More specifically interviews with local real estate agents found that leasing rates/sqm within the Centre ranged between \$340/sqm and \$750/sqm (net). In general the closer to the station the property, the greater the likely rental rate/sqm.

Other information gathered related to end sale values per sqm, these are as follows:

Table 8 – End Sale Values Rate / sqm

Rate / sqm	Yield
\$4,500	6%-7%
\$2,500-\$3,000	6.5%
\$3,000	6.5%

Source: Local Agents, HillPDA

Development Pipeline

A review of property databases¹⁴ reveals a strong development pipeline for retail, commercial and residential uses within the area

Residential Pipeline

A review of the residential development pipeline reveals 24 projects with a current development application or development approval. These projects have the potential to provide 903 new apartment style dwellings over the period to 2018.

All of these projects are located within the suburb of Wentworthville. Applying the average uptake of apartments within the suburb identified above (107 apartments per annum), Wentworthville has eight years of apartment supply if all of the projects were to eventuate.

Retail Pipeline

A review of the retail development pipeline reveals four projects that have currently submitted development applications. These projects have the potential to develop 13 new shops totalling 1,307sqm of floorspace. Of these projects only one of these projects is located within the Centre, at 48-50 Station Street. The project would provide a two storey mixed use development with two retail tenancies on the ground floor providing a combined floorspace provision of 290sqm.

The remaining three retail projects in the pipeline are located within South Wentworthville Village. This indicates that the village centre may be more attractive to developers and thereby is experiencing greater demand than its northern neighbour.

Commercial Pipeline

A review of the commercial development pipeline reveals four projects, two having lodged a development application and the other at contract let stage. These projects have the potential to develop eight new commercial shops comprising 2,505sqm of floorspace.

¹⁴ Cordells Connect 2015 – Tracking of Development Applications in Australia.

A closer analysis reveals however that only one of these projects is located within the Wentworthville Town Centre providing a mixed use development with 400sqm of retail / commercial floorspace.

Table 9 - Summary of Development Pipeline

	Projects	Shops / Offices	Units	Floorspace	Project sand Floorspace within Wentworthville Centre
Retail	4	13		1,307	1 project and 320sqm
Commercial	4	8		2,505	1 project and 400sqm(mixed use retail/commercial)
Residential	24		903		

Source: CordellsConnect March2015

Development Sites Sales

HillPDA has analysed development site sales to understand the depth of the market for apartments. HillPDA has analysed site sales located in Wentworthville, Toongabbie, Blacktown, Seven Hills and Girraween.

Table 10 - Development Sites Sales

Address	Suburb	LGA	Sale Date	Sale Price (\$m)	Land	Zoning	Dwellings	\$/dwelling	\$/sqm
60-64 Essington St	Wentworthville	Holroyd	Aug-14	\$3.6 ¹⁵	1,980	R4 planned	24	\$150,000	\$1,818
74-78 Aurelia St	Toongabbie	Holroyd	Aug-14	\$4.25	2,091	B2 & R4	35-40	\$106k-\$121k	\$2,033
357-359 Great Western Hwy	Wentworthville	Holroyd	Jul-14	\$5.5	2,610	B6	51	\$107,843	\$2,107
45,47,49 Toongabbie Rd	Toongabbie	Holroyd	Nov-13	\$2.715	2,091	R4	31	\$87,580.65	\$1,298
14-15 Junia Ave	Toongabbie	Holroyd	Oct-14	\$1.7	1,393	R4	20	\$85,000	\$1,220
31, 37b Garfield St	Wentworthville	Holroyd	May-14	\$16.0 ¹⁶	14,000	R4	200	\$82,000	\$1,143
21 Carinya Rd	Girraween	Holroyd	Oct-14	\$1.34	1,210	R3	8 ¹⁷	\$167,500	\$1,107
15-17 Carter St	Seven Hills	Blacktown	2010&14	\$1.67	3,556	-	13	\$128,462	\$470
28-32 Peter St	Blacktown	Blacktown	Oct-14	\$2.3 ¹⁸	1,932	R4 planned	30-40	\$57k-\$77k	\$1,190

Source: RP Data, Real Commercial and Local Agents

Our analysis of comparable locations indicates development site sales range between \$82,000/unit to \$150,000/unit. The range in value based on a rate per unit is dependent on the site's approval status, scale of project and existing planning controls.

¹⁵ The marketing agent advised that each lot was sold individually to the purchaser at around \$1.2m/lot (3 lots total). The developer is planning to build 24 units on the site.

¹⁶ The marketing agent could not disclose the final price. It was advised that the development site sold around the \$16m mark.

¹⁷ It was advertised subject to council approval to build 8 townhouses on the site.

¹⁸ The marketing agent could not disclose the final sale price, however it was advised the site sold for around \$1,200/sqm of land area. It was also advised that the purchasers intentions was to build between 30 and 40 units.

Retail and Commercial

HillPDA has analysed retail and commercial development site sales to understand the depth of the market. HillPDA has analysed 17 site sales located in Wentworthville.

Our research of retail and commercial development sites indicates a median sale vale of approximately \$2,300/sqm with a range between \$1,600/sqm and \$2,500/sqm.

Table 11 – Retail and Commercial Development Sites Sales

ADDRESS	Suburb	Zoning	Space Use	Sold Date	Sale Price (\$)	Land Area (sqm)
60-64 Essington St	Wentworthville		Residential	Aug-14	\$3,60,0000	1,980
41 Dunmore St	Wentworthville		Shopping Arcade	Jun-14	\$2,182,000	1,533
160 Bridge Rd	Wentworthville		Commercial Cottage	Dec-13	\$1,650,000	695
24 Station St	Wentworthville	3b Commercial	Shop & Residence	Aug-13	\$1,625,000	569
106 Railway St	Wentworthville		Child Care Centre	May-14	\$1,269,000	1,157
20 Station St	Wentworthville	Business Local Centre	Banking Chamber	Nov-13	\$1,100,000	406
2 Station St	Wentworthville	Commercial	Shop & Residence	May-14	\$751,000	259
4 Station St	Wentworthville	Business	Shop & Residence	Sep-13	\$600,000	202
25 Emma Cr	Wentworthville	Business	Shop & Residence	Unknown	\$422,000	190
33 Irrigation Rd	Wentworthville	Business	Shops	Aug-13	\$295,000	171
55-57 Station Street	Wentworthville	Business Local Centre	Petrol Station	Unknown	\$6,000,000	1,839

Source: PIMS, Local Agents

Further our interviews with agents have indicated that land owners are land banking in anticipation of favourable changes to planning controls, with perspective developers willing to pay above market value also in anticipation.

This is evident in the asking price for 86-96 Station Street Wentworthville which in discussion with agents has been set around \$5,500,000 for the 1,619sqm site, which equates to a per/sqm rate of \$3,400/sqm.

Agents also revealed that a put / call option was put forth for 108 – 118 Station Street for \$7,500,000 for the 1,918sqm site, equating to \$3,900/sqm.

4 RETAIL FLOORSPACE DEMAND AND SUPPLY

This Chapter undertakes a demand and supply analysis of retail floorspace in Wentworthville Town Centre. The Chapter provides an update to the supply and demand modelling undertaken by HillPDA's 2008 Holroyd Centres Strategy Study, the results of which are summarised in Chapter 2.

Key Findings

- Between 2008 and 2015 demand for retail floorspace across Holroyd LGA continued to grow in accordance with population growth and the growing affluence of the resident population. Despite this, the shop front vacancy rate within the Centre increased from 3% to 13%.
- Whilst the size of the Centre's retail trade area remains consistent with our 2008 Study, the proportion of expenditure that the Centre can capture has been adversely affected as a result of the strengthening of surrounding centres with new anchor tenants (i.e. Coles at Westmead and new stores in South Wentworthville, Toongabie and the expansion of Stocklands Merrylands).
- Whilst retail provision in the Centre has increased by just over 2,000sqm between 2008 and 2015, the Centre has not benefited from the addition of a major anchor tenant in recent years. Demand modelling indicates that their sufficient expenditure generated for the development of a full-line supermarket within the Centre by 2021. However with the current quantum of retail floorspace within the Centre, this would only be advisable by replacing or expanding the Supa IGA presently located within the 'Mall'. A full-line supermarket and / or a mini-major could draw additional trade to the Centre and provide additional support for some specialty retailers in the Centre.
- Additional residential development within the Centre as part of mixed use developments and surrounding the Centre would also assist in adding to the Centre's vitality and viability by increasing pedestrian flow and demand for goods and services.
- With respect to commercial floorspace, the Centre has a strong representation with an increase of over 4,300sqm between 2008 and 2015. This represented 34% of all land uses.
- Community floorspace represented a further 3,000sqm or 8% of total floorspace.

Methodology

The methodology applied by this Chapter is based on household expenditure modelling.

This practice involves the definition of trade areas, analysing forecast population growth, estimating and projecting expenditure levels from current and future population, estimating the level of expenditure captured specifically by the Centre and dividing captured expenditure by industry benchmark turnover levels to derive required floor areas.

Wentworthville Town Centre

Wentworthville Town Centre's retail and commercial uses are predominantly clustered along Station Street and Dunmore Street. The Mall (Wentworthville) comprises the largest single quantum of retail floorspace within the Centre (5,204sqm) and is anchored by a Supa IGA (2,309sqm)¹⁹.

Building typology predominately consists of older style one to two storey buildings with medium density and detached residential uses located on the peripheries of the B2 zoning.

The Centre predominantly serves the needs of the surrounding residents of Wentworthville. Retail stores have changed over the past few decades reflecting the change in local demographics. A number of Indian and Middle Eastern supermarkets have opened in this period.

Comparison between 2008 and 2015 Floorspace Surveys

At the time of preparing the 2008 Holroyd Retail Centres Strategy, the Centre provided approximate 19,500sqm of retail, commercial and other uses.

Of this 11,950sqm or 61% was attributed to retail uses, 7,000sqm or 36% was commercial uses (including shop top and medical uses) and 3% of floorspace was vacant. This vacancy rate suggesting that the Centre was trading well.

As of March 2015, HillPDA updated the prior floorspace survey. A direct comparison to uses surveyed in 2008 found:

- The quantum of retail floorspace had increase from 11,950sqm to 14,000sqm so that is now represented 42% of floorspace within the Centre (down from 61%);
- 11,300sqm of commercial space (34% of total, this is a lower proportion due to more uses being surveyed in 2015 i.e.

¹⁹ Property Council Shopping Centre Directory 2013/2014

community uses) which an increase of +4,310sqm since 2008 (this includes shop top and the office mainly medical and financial suites at 73-75 Dunmore Street); and

- 1,800sqm (or 13% of retail shop front) was vacant this is compared to 550sqm in 2008 or 3% of retail floorspace.

Additionally the Centre provided:

- 4,400sqm or 12% of total floorspace as residential uses;
- 3,000sqm or 8% of total floorspace as community uses; and
- 2,100sqm of vacant land within the B2 zoning.

The Centre provided 138 retail shop fronts (of which 14 were vacant) and approximately 51 tenants were non-retail commercial businesses. Of particular note is the increase in vacancies within the Centre over the period. The increase in vacancies could be as a result of direct competition with surrounding centres which have increased their retail offer (especially with respect to supermarket floorspace) since the 2008 survey, discussed below.

Total quantum of floorspace within the centre was approximately 33,000sqm²⁰. HillPDA also noted that vacancies increased in frequency with distance away from the railway.

The Supa IGA remained the main supermarket within the Centre, at approximately 2,300sqm. The Centre also accommodated some specialised supermarket and grocery stores such as a 1,500sqm Indian supermarket (UDAYA Supermarket), India Town supermarket of approximately 900sqm, the Big Apple grocery store of approximately 500sqm and various other smaller specialty stores of approximately 200sqm. The smaller and more specialised nature of some of these supermarkets or food stores are not expected to directly compete with the IGA or any other national supermarkets such as Coles and Woolworths.

Of interest over the seven year period the number of retail businesses fell from 93 to 89 and the number of vacancies doubled from 7 to 14 suggesting that Wentworthville has experienced some weakening in capturing household expenditure.

This change may be attributable to increased competition from other surrounding centres in the trade area including expansions in South Wentworthville with the inclusion of ALDI and Dan Murphys and the new Coles supermarket located within Westmead.

²⁰ This including residential, vacant land and other uses

Table 12 - Wentworthville Town Centre Floorspace Survey's 2008 and 2015

Category	2008		2015	
	Area (sqm)	No. Businesses	Area (sqm)	No. Businesses
Commercial	5,000	23	9,308	35
Retail	11,950	93	13,960	89
Vacancies	550	7	1,780	14
Subtotal	19,500	123	27,048	138
Office Commercial	2,000	16	2,000	16
Automotive			165	1
Community			2,824	4
Other Non-Residential			2,989	5
Total	19,500	139	33,026	164

Source: Holroyd Retail Centres Strategy 2008 and HillPDA 2015

The updated survey undertaken by HillPDA in 2015 is provided below. The table provides an analysis of each land use within the extent of Wentworthville's B2 zoning.

Table 13 - Wentworthville Town Centre Floorspace Survey 2015

Category	Area (sqm)	No. Businesses
Commercial - Finance	1,522	14
Commercial - General	1,801	8
Commercial - Government	763	2
Commercial - Medical	6,354	16
Commercial - Travel	91	2
Commercial - Real Estate	594	7
Commercial - Legal	183	2
Total Commercial	11,308	51
Automotive	165	1
Community	2,824	4
Other Non-Residential	2,989	5
Total Other	5,978	52
Clothing	1,270	13
Service Station Convenience	96	1
Hotel / Pub	1,032	1
Personal Services	1,815	24
Cafes & Restaurants	1,132	10
Supermarket	3,143	6
Supermarket IGA	2,309	1
Specialty Food	653	7
Specialty Non Food	2,022	19
Take Away Food	488	7
Total Occupied Retail	13,960	89
Vacant Shop Front	1,780	14
Total	33,026	164
Vacant Land	2,145	2
Residential	4,409	42

Source: HillPDA, 2015

Defining Wentworthville's Trade Area

The trade area served by any retail centre is determined by a combination of factors including:

- The strength and attraction of the Centre as determined by factors such as the composition, layout, ambience / atmosphere and car parking in the centre / facility;
- Competing retail centres, particularly their proximity to Wentworthville and respective sizes, retail offer and attraction;
- The retail hierarchy and the size and retail offering of centres surrounding Wentworthville;

- The location and accessibility of Wentworthville Centre including the available road and public transport network and travel times; and
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

Understanding the local retail hierarchy and its competitive offer is an essential step in defining a trade area for the Wentworthville Centre. To help define this, we provide below a description of relevant centres in the locality and Subregion.

Parramatta Regional City

Parramatta CBD provides an estimated 700,000sqm of commercial office space and 180,000sqm of retail floorspace²¹. The prime retail component of the CBD is located along Church Street, between the Parramatta River (north) and the Westfield Shopping Centre (south).

Parramatta CBD as a retail centre has an extensive trade area covering the central western suburbs of Sydney. The main retail focus of the CBD is Westfield Parramatta which contains approximately 120,600sqm of occupied retail space anchored by Myer, David Jones, Kmart, Target, Woolworths (4,622sqm) and Coles (2,637sqm)²².

For the year to December 2012 Westfield Parramatta reported a turnover of \$706.9m which ranked the centre 11th nationally out of the 91 similar sized shopping centres in Australia (centres of greater than 45,000sqm GLA retail floorspace) as recorded by Shopping Centres News (SCN). However, in terms of turnover per sqm Westfield Parramatta achieved a rate of \$5,831/sqm²³, ranking the centre 70th nationally and 12% below the median for similar sized shopping centres in Australia of \$6,663/sqm.

Towards the northern end of Parramatta CBD is the 6,500sqm Brand Smart Centre²⁴ and along Church Street, George Street and Macquarie Street are numerous specialty shops and arcades. Major anchors outside of Westfield Parramatta include JB Hi-Fi and Officeworks.

The northern end of Church Street has developed into a European 'eat street' with al-fresco dining. The southern end of Church Street contains a large number of Asian stores, Chinese and Indo-Chinese restaurants.

²¹ UWS Westmead Campus Redevelopment Retail Economic Impact Assessment, Hill PDA (January 2011)

²² Property Council of Australia NSW/ACT Shopping Centre Directory 2013/14

²³ Shopping Centre News Big Guns 2013

²⁴ UWS Westmead Campus Redevelopment Retail Economic Impact Assessment, Hill PDA (January 2011)

A proposed expansion to the Westfield Parramatta was approved by the DP&E. Stage 1 of this expansion will comprise an additional 24,504sqm of retail floorspace²⁵ inclusive of a new discount department store (DDS) and a relocated Woolworths supermarket in addition to a mini-major, major tenant and additional specialty floorspace. Stage 2 will comprise commercial office floorspace.

The Parramatta Square development will provide a further 6,600sqm of retail floorspace to Parramatta CBD²⁶.

Merrylands Town Centre

Merrylands is the largest centre in the Holroyd LGA. At the time of the Holroyd Retail Centres Strategy (2008) Merrylands provided commercial floorspace of approximately 71,000sqm GLA of which an estimated 56,000sqm was shop front retail floorspace²⁷. An expansion of the Stockland Merrylands shopping centre in October 2012 added a further 33,000sqm of GLA retail floorspace.

Stockland Merrylands dominates retail provision in the centre with 59,000sqm of GLA commercial floorspace²⁸ including Woolworths, Coles and Franklins supermarkets, Big W, Kmart and Target DDSs and 200 specialties.

The balance of retail provision within Merrylands Centre is strip retail mainly fronting Merrylands Road just south of Stockland.

South Wentworthville Village Centre

South Wentworthville Centre was identified as a Village Centre by the Holroyd Retail Centres Strategy (2008). South Wentworthville has a large catchment area which extends as far north as North Wentworthville, west to Pendle Hill and east to Westmead.

Wentworthville Shopping Plaza, north of the Great Western Highway, dominates retail provision in the centre providing approximately 6,000sqm GLA of shop front retail floorspace²⁹. It is anchored by a full-line Woolworths supermarket (3,883sqm). There is a freestanding ALDI supermarket 1,366sqm GFA on the southern side of the Great Western Highway in addition to a number of large stand-alone speciality food, auto and restaurant uses including Hungry Jacks and Dan Murphys.

²⁵ Economic Impact Assessment: Westfield Parramatta and Gateway Office Tower, URBIS (July 2012)

²⁶ Parramatta CBD Retail Impact Study, MacroPlan Dimasi (2013)

²⁷ Holroyd Retail Centres Strategy, Hill PDA (2008)

²⁸ Stockland Merrylands Development Update, Stockland (June 2012)

²⁹ Property Council of Australia NSW/ACT Shopping Centre Directory 2013/14

Pemulwuy Small Village Centre

The Pemulwuy retail precinct is relatively new having been developed to serve the population moving into the residential release areas of the same name.

The Pemulwuy Marketplace comprises a purpose built shopping centre of 5,190sqm anchored by a full-line Woolworths supermarket of 3,940sqm³⁰.

Toongabbie Small Village Centre

Toongabbie is divided by the main western railway line over Holroyd and Parramatta LGAs. The retail core is identified in the Holroyd Retail Centres Strategy 2008 as the strip of retail along Aurelia Street and surrounding the Portico Plaza Shopping Centre along Portico Parade and Cornelia Road.

Portico Plaza provides 4,790sqm of occupied retail floorspace³¹ including a Woolworths supermarket (2,589sqm) and Dimmeys DDS (978sqm) The Property Council of Australia recorded 3,020sqm³² of vacant floorspace in this centre however it appears that much of this has now been taken up with floorplans for the Portico Plaza indicating around 1,000sqm of vacancies³³.

As of the 2008 Study, Toongabbie provided approximately 5,150sqm of shop front retail floorspace however we note at this time the Portico Plaza was under construction. We estimate that it now provides approximately 12,000sqm of shop front retail floorspace.

Pendle Hill Small Village Centre

Pendle Hill provided approximately 4,650sqm of shop front retail floorspace at the time of the Holroyd Retail Centres Strategy (2008). Shop front retail and commercial floorspace is concentrated along Civic Avenue, Joyce Street and Pendle Way north of Gilbra Road.

Pendle Hill was noted in the 2008 Strategy as performing a localised shopping role with a high degree of expenditure leakage from its trade area to other centres nearby, particularly North Wentworthville (Wentworthville). Since the 2008 Strategy, Woolworths has refurbished and occupied the former Flemmings store at 109 Pendle Way (circa 700sqm³⁴) and is thereby likely to be drawing back some of this expenditure leakage.

³⁰ Property Council of Australia NSW/ACT Shopping Centre Directory 2013/14

³¹ Property Council of Australia NSW/ACT Shopping Centre Directory 2013/14

³² Property Council of Australia NSW/ACT Shopping Centre Directory 2013/14

³³ ibid

³⁴ Source: Holroyd Retail Centres Strategy, Hill PDA (2008) and verified by HillPDA in 2012 using Nearmap

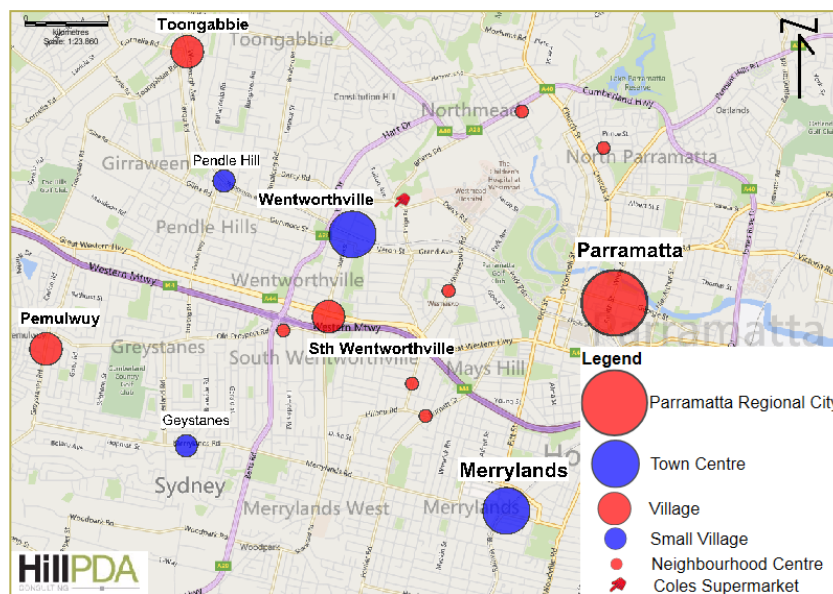
Greystanes Small Village Centre

Greystanes Village Centre is located on Merrylands Road between Braeside Road and Cumberland Road. The Greystanes Shopping Centre dominates retail provision in this centre and comprises 5,650sqm of floorspace including Woolworths (1,700sqm) and Franklins (1,327sqm) supermarkets³⁵. The 2008 Strategy noted that Greystanes had a large trade area extending as far north as the Great Western Highway.

Neighbourhood centres

There are a number of neighbourhood centres that surround Wentworthville Town Centre. The smaller nature of these centres implies no direct competition with higher order centres such as town centres. Rather these smaller centres provide convenience related retail services to the surrounding residents.

Figure 3 – Existing Retail Hierarchy Surrounding Wentworthville Town Centre



Source: HillPDA, MapInfo 12.5

Trade Area

Based on the retail hierarchy and competitive offer described above, Wentworthville’s Primary Trade Area (PTA) relates to the immediate surrounding residential population of Wentworthville. However the retail provision within South Wentworthville restricts the extent of the PTA to the south whilst the Coles supermarket located within Westmead restricts the PTA to the east.

³⁵ Source: Property Council of Australia NSW/ACT Shopping Centre Directory 2011/12

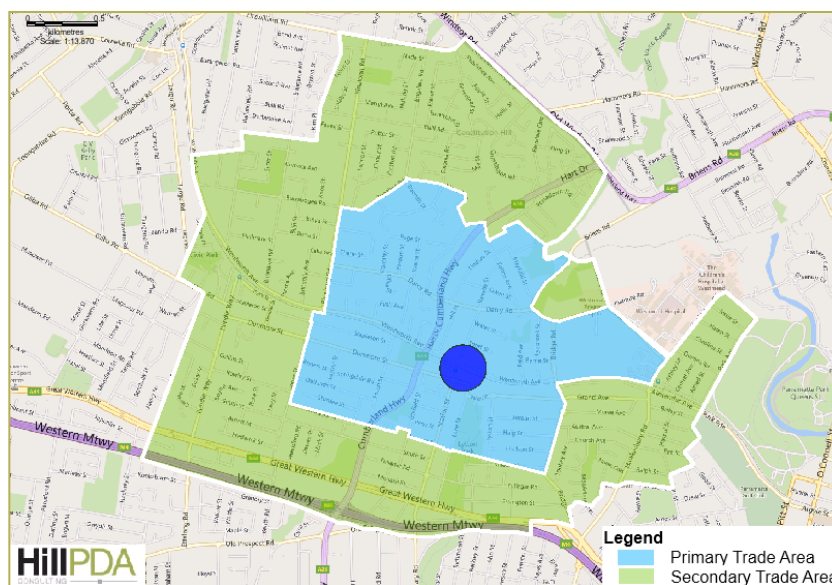
The presence of the railway station and commuter parking would likely increase the potential of the Centre to capture retail expenditure beyond this PTA.

Consistent with the 2008 Strategy we maintain that Wentworthville continues to draw some expenditure from the trade area of smaller retail centres in the locality, particularly from Pendle Hill and Toongabbie. Although owing to the expansion and / or refurbishment of offer in these centres since the 2008 Study, we believe that the proportional draw of trade from this Secondary Trade Area (STA) is less than in 2008.

Accordingly we believe this STA is restricted to the south by the M4 Western Motorway, Toongabbie centre to the west, Old Windsor Road to the north and Parramatta CBD to the east. We refer hereafter to the combination of the PTA and STA as the Main Trade Area (MTA) of the Centre.

Importantly the MTA acknowledges that most shoppers will travel to Merrylands and Parramatta for clothes shopping in addition to Parramatta, Blacktown and Prospect for bulky goods shopping.

Figure 4 – Wentworthville Main Trade Area (2015)



Source: HillPDA, MapInfo 12.5

Population Forecasts

Population forecasts for the MTA have been derived from the NSW Bureau of Transport Statistics (BTS) Population Forecasts (September 2014 release). Please note that the BTS considers the ABS an undercount and as such adjusts its base census population accordingly.

Table 14 below shows that the MTA is forecast to experience a growth in population of approximately 8,853 persons or 27% between 2011 and 2031.

Table 14 – Population Projections within the Trade Area (2011- 2031)

Year	2011	2016	2021	2026	2031	Growth 11 - 31	% Growth 11 - 31
PTA	11,121	11,790	12,917	13,973	14,985	3,865	35%
STA	22,245	23,173	24,483	25,879	27,233	4,988	22%
MTA	33,366	34,963	37,401	39,852	42,219	8,853	27%

Source: BTS Population Projections 2014

Employment Forecasts

Employment forecasts for the Centre have also been derived from the BTS (September 2014 release). Table 15 below reveals that of 2011, just below 800 persons were employed within the Centre. This is forecast to increase by 197 jobs or 25% to a total employment of 995 jobs by 2031.

Table 15 - Employment Projections within Town Centre

	2011	2016	2021	2026	2031	Growth 11 - 31	% Growth 11 - 31
Employment	798	855	907	950	995	197	25%

Source: BTS Employment Projections 2014

HillPDA would expect that some retail spend would be generated by these employees and therefore captured by the Centre. To calculate this likely quantum we have applied an average daily spend of \$10 per worker over 46 weeks a year. This equates to a total retail spend of \$1.8m as of 2011, increasing to \$2.3m by 2031.

Forecast Household Expenditure

Expenditure modelling is based on a combination of population and employment projections together with anticipated change in real expenditure growth. On this basis a bespoke model was designed to determine the level of demand for additional retail floorspace in the MTA up to 2031 period using 2016, 2021 and 2026 as interim milestone years.

On this basis it was found that total expenditure generated by residents in the PTA and STA is as likely to grow from \$424.2 million in 2016 to \$573.6 million in 2031.

This equates to an increase of \$149.5 million in retail expenditure or 35% over the period. Total turnover of fast-food stores, specialty food, supermarkets / grocery stores, restaurants and meals in hotels

and clubs is expected to increase by \$82.5 million alone over the period comprising 55% of total forecast expenditure as of 2031.

Table 16 – Total MTA Expenditure Forecast by Retail Store Type (\$m2014)

Year	2016		2021		2026		2031	
	PTA	STA	PTA	STA	PTA	STA	PTA	STA
Supermarkets & Grocery Stores	44.1	88.5	50.9	98.7	58.2	110.2	61.4	116.4
Specialty Food Stores	9.5	19.0	11.0	21.2	12.6	23.7	13.3	25.0
Fast-Food Stores	9.9	19.0	11.5	21.2	13.1	23.7	13.8	25.0
Restaurants, Hotels and Clubs*	14.6	26.3	17.0	29.4	19.4	32.8	22.1	36.5
Department Stores	10.5	20.1	12.1	22.4	13.8	25.0	14.6	26.5
Apparel Stores	11.2	21.5	13.0	24.0	14.8	26.8	15.7	28.3
Bulky Goods Stores	23.1	44.0	26.7	49.1	30.5	54.8	32.2	57.9
Other Personal & Household Goods	17.6	34.3	20.3	38.3	23.2	42.8	24.5	45.2
Selected Personal Services**	3.7	7.1	4.3	7.9	4.9	8.8	5.6	9.8
Total Retailing	144.3	279.9	166.7	312.3	190.4	348.7	203.0	370.6

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

**Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos
Forecast assumes 1.2% real growth in real retail spend per capita per annum in line with historic trend since 1986.

Future Retail Floorspace Supply and Demand

Demand for retail floorspace is calculated by applying target turnover rates (or industry benchmarks) to the total retail spend generated by residents of the MTA. The MTA would not capture the entirety of potential retail expenditure from residents within the MTA as residents travel to higher order centres such as Merrylands and Parramatta CBD to undertake leisure shopping, comparison and specialised shopping.

As such HillPDA has applied varying retail capture rates for the Centre for the PTA and STA as shown in the following table. Please note that HillPDA has also included retail expenditure by workers within the Centre as discussed above.

We also anticipate that additional demand for retail floorspace and shop front space would be generated and occupied by:

- Non-retailers (such banks, real estate agents, travel agents, medical services, etc.) – say 30%; and
- A vacancy factor of around 5%.

Please note that any additional uplift in residential development within the Centre and corresponding additional population as a result of revitalisation, would further increase demand for retail floorspace within the Centre over the estimates provided in the following table.

Table 17 – MTA Floorspace Demand (2016- 2031) by Store Type (sqm GLA)

Year	Target Rate***	PTA Capture Rate	STA Capture Rate	2016	2021	2026	2031
Supermarkets & Grocery Stores	11,000	75%	25%	5,568	6,338	7,172	7,575
Specialty Food Stores	9,500	65%	25%	1,203	1,364	1,539	1,625
Fast-Food Stores	8,500	40%	25%	1,081	1,223	1,375	1,452
Restaurants, Hotels and Clubs*	5,000	40%	20%	2,223	2,533	2,866	3,223
Department Stores	3,500	0%	0%	0	0	0	0
Clothing Stores	6,000	10%	5%	366	416	470	497
Bulky Goods Stores	3,700	0%	0%	0	0	0	0
Other Personal & Household Goods Stores	4,700	20%	10%	1,480	1,680	1,898	2,004
Selected Personal Services**	3,500	35%	20%	917	1,030	1,150	1,278
Total Retailing	5,768	31%	9%	12,838	14,583	16,470	17,653
Commercial Floorspace (30%)				2,181	2,474	2,789	3,024
Vacancies (5%)				364	412	465	504
Total Shop Front Floorspace Demand				15,383	17,469	19,725	21,181

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

*** Source: Various including ABS Retail Survey 1998-99 indexed to 2011 dollars, Shopping Centre News, Urbis Retail Averages, various consultancy studies and Hill PDA research. Target turnover levels are expected to increase at a rate of 0.6% per annum above the CPI rate in line with the historic trend.

Based on the floorspace forecasts shown in the table above, it is anticipated that by 2016 residents within the MTA and workers within the Centre would generate sufficient demand for 12,900sqm of retail floorspace within the trade area. Over the period to 2031 this is expected to increase to a demand of approximately 17,650sqm, representing an increase of 4,800sqm or 38%.

Approximately 42% of the growth in retail floorspace demand over the period (2,000sqm) would relate to additional supermarket / grocery stores.

This quantum of supermarket floorspace is sufficient for the provision of one full-line supermarket in the order of +4,000sqm by 2021 (the IGA is not considered a full-line supermarket at 2,300sqm).

This would have additional benefits for the Centre such as increasing its attractiveness and competitive edge by providing prospective shoppers with a greater range of goods. By attracting additional shoppers on this basis, additional flow on benefits may be secured by complementary specialty retailers.

As stated previously the updated survey found that approximately 34% of the Centre's existing employment floorspace was commercial, with the large proportion of this being accommodated within shop front and shop top space. With a more conservative 30% occupation applied to the demand for retail floorspace modelling, HillPDA has forecast a demand of an additional 2,200sqm of commercial

floorspace by 2016 increasing by 843sqm or 39% to 3,000sqm by 2031.

However the focus and promotion of the Centre into a supportive 'health precinct' for the Westmead Specialised Centre would likely increase the demand for commercial floorspace over and above the demand for shop front space.

Retail Floorspace Supply versus Demand

As identified in Table 18, Wentworthville Town Centre provided approximately 15,700sqm of retail floorspace as of our survey in 2015 of which 1,800sqm or 13% was vacant shop front space.

With this factored into the supply side, the Centre would have an oversupply of retail floorspace in the order of 2,900sqm by 2016. This oversupply is expected to reverse to an undersupply of 1,590sqm by 2031, as total demand for shop front floorspace (retail shop front only) within the Centre reaches approximately 17,650sqm.

Table 18 – Retail Floorspace Supply vs Demand 2016-2031

	2016	2021	2026	2031
Retail Demand*	12,838	14,583	16,470	17,653
Retail Supply	15,740	16,060***	16,060	16,060
Over/Undersupply**	-2,902	-1,477	410	1,593

Source: HillPDA,

*5% vacancy has been factored into the

**Red Text indicates oversupply, Blue Text indicates undersupply

***Addition 320sqm of retail floorspace within development at 19-25 Garfield St (CordellsConnect)

****30% uptake of commercial tenants within retail floorspace

What does this mean for Wentworthville Retail Provision?

Our supply and demand analysis, based on the status quo of anchor tenants and retailers, identified that the Centre would have an oversupply of retail floorspace in the order of 2,900sqm by 2016. This is consistent with concern that the Centre is not trading at its full potential, as shown by the high proportion of vacant shop fronts within the Centre (13% of retail shop front).

The Centre also does not contain a full-line supermarket which is likely to impede the level of retail expenditure it can capture from the locality. The presence of the Coles supermarket within Westmead, Hospital, Woolworths within Toongabbie and the Woolworths and ALDI supermarkets within South Wentworthville coupled with South Wentworthville's close proximity to main arterial roads (M4 and Great Western Highway) increase the attractiveness of these centres and the level of escape expenditure from Wentworthville Town Centre.

With population and employment growth and increases in real retail spend, we forecast the Centre would experience an undersupply in the order of 1,590sqm of retail shop front floorspace by 2031.

So What Can Be Done

Retail floorspace demand reveals that the Centre could accommodate a full-line supermarket of around 4,000sqm by 2021. However, with the current quantum of retail floorspace within the Centre, a full line supermarket could only be accommodated by replacing or extending the existing supermarket i.e. there would be insufficient retail demand for both.

Any improvements to supermarket offer would be ideally accommodated within any redevelopment of the Mall Shopping Centre or an alternative site that contains good access and parking and is also well connected to surrounding specialty retail. This addition would strengthen the centre's retail offer having the positive benefits of attracting increased retail expenditure and investment.

The development of a mainline supermarket would also help to reduce retail expenditure escaping to other centres such as South Wentworthville by creating a competitive alternative. To further increase the viability of the centre, a mini major located in close proximity to the supermarket would be beneficial, this could be in the form of a Priceline, Dan Murphy's or Harris Farm.

Commercial Floorspace Demand

HillPDA found that 34% of the Centre's non-retail floorspace was commercial, with the most significant proportion of this being provided within shop front space and occupied by pseudo-professional services such as real estate agents, financial services (tax agents) and layers. Applying a more conservative commercial rate of 30% for demand for shop front floorspace results in a demand for 2,100sqm of additional commercial floorspace by 2016 increasing to 3,000sqm by 2031 within the Centre.

However the specialisation of the centre into a supportive 'health precinct' to Westmead would likely increase the demand for commercial floorspace over and above the demand for shop front space. This floorspace could be located at first floor level subject to financial viability and an end tenant.

Additional Floorspace Demand by Development Options 1 and 2

As indicated previously, any additional population as a result of uplift in residential floorspace would have a corresponding increase in retail demand within the Town Centre.

HillPDA was provided with the maximum apartment development potential under Scenario 1 and Options 1 and 2. Using an average of 2.4 persons per apartment³⁶, the following table projected the potential additional increase in population.

Table 19 – Projected Population under development Scenario / Options

	Dwellings	Population Projection*
Base Case	1,487	3,569
Scenario 2	2,153	5,167
Scenario 3	2,492	5,981

Source: Arcitectus and ABS Community Profile

* An average of people 2.4 persons per apartment / unit within Holroyd LGA 2011 – ABS Holroyd Community Profile (Table 31)

Using the same methodology used to project the increase in retail demand within the MTA, HillPDA has estimated that the additional population within the Town Centre as a result of the increased residential floorspace under Options 1 and 2, there would be a likely increase in retail demand of between 2,750sqm and 3,200sqm to be directed towards the Town Centre.

Table 20 - Additional Floorspace Demanded by Future Residents

Year	Target Rate*	Growth**	Capture Rate	Scenario 1	Option 1	Option 2
Supermarkets & Grocery Stores	10,000	0.50%	75%	910	1,296	1,387
Specialty Food Stores	9,500	0.50%	65%	179	255	273
Fast-Food Stores	8,500	0.50%	40%	129	184	197
Restaurants, Hotels and Clubs	5,000	0.50%	40%	327	466	498
Department Stores	3,500	0.50%	0%	0	0	0
Clothing Stores	6,000	0.50%	10%	52	74	79
Bulky Goods Stores	3,700	0.50%	0%	0	0	0
Other Personal & Household Goods Retailing	4,700	0.50%	20%	206	293	313
Selected Personal Services	3,500	0.50%	35%	103	147	157
Total Retailing		0.50%	38%	1,905	2,758	3,193

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

*** Source: Various including ABS Retail Survey 1998-99 indexed to 2011 dollars, Shopping Centre News, Urbis Retail Averages, various consultancy studies and Hill PDA research. Target turnover levels are expected to increase at a rate of 0.6% per annum above the CPI rate in line with the historic trend.

³⁶ Holroyd Community Profile 2011 (Table 31)

5 TEST SITES AND SCENARIOS

The following Chapter identifies six hypothetical sites to use as a basis for testing the viability of the Centre's existing and prospective planning controls.

This Chapter identifies and describes the characteristics the six test sites. It then provides an explanation as to why they were selected and the three development scenarios for testing, the implications of which are explored further in Chapter 6.

Test Sites

The six test sites were chosen in consultation with Council to address a variety of geographic locations, site sizes, FSRs and land ownership patterns within the centre as described below.

It is important to reiterate that these sites are hypothetical development sites and do not necessarily represent parcels of land that will be developed collectively. For the purposes of testing however, they were considered a good combination of lots for development purposes and / or assessment.

Site 1 – 6 Prichard Street and 55-57 Station Street

Site 1 is a 2,745sqm corner site, comprising of four lots, three of which were in single ownership. Site 1 is located three blocks south of the Station on the western side of Station Street with an existing FSR of 2.2:1.

Owing to the existing use of part of the site as a service station, we note that there is the potential for some contamination issues that could affect its redevelopment.

Site 2 - 40-50 Station Street

Site 2 is a 1,337sqm site (the smallest site to be tested) with an existing FSR of 2.2:1 comprising of five small lots within multiple ownerships. Located two blocks south of the station on the eastern side of Station Street the existing uses include small retail shops and one vacant site.

Site 3 - 15 – 22 The Kingsway and 41-45 Dunmore Street

Site 3 is a 1,517sqm site in a core location between the Kingsway and Dunmore Street with good connectivity to the station and the Mall. The site has an existing FSR of 2.2:1 and comprises of four lots in single ownership, with likely capacity for immediate change. The site has an existing FSR of 2.4:1.

Site 4 – 42-44 Dunmore Street

Site 4 is also in a core location along Station Street and is within single ownership. The 8,836sqm site is the largest of the sites to be tested. It presently provides a carpark and the ‘the Mall’ which is a mix of retail and commercial uses including a supermarket, grocery stores, food and beverage take-away.

Site 5 - 108-118 Station Street

Site 5 is a 1,198sqm single lot site with two buildings located. The site is located on the periphery of the Town Centre, in single ownership with existing commercial buildings. The site has a current FSR of 2.2:1.

Site 6 - 2-20 Station Street

Site 6 is located directly opposite the station on the eastern side of Station Street. The 2,227sqm site comprises 10 smaller lots with two buildings listed as local heritage items. The Site is in multiple ownership and has an existing FSR of 2.2:1.

A summary of the details of each of the test sites is provided below and an aerial image of the Town Centre showing the location of the test sites on the following page.

Table 21 – Summary of Test Site Characteristics

Test Site Number	Address	Site Area (sqm)	Valuer General Land Value (2014)	Current Zoning	Current FSR	\$/sqm
1	6 Prichard Street and 55-57 Station Street	2,745	\$2,557,000	B2	2.2	\$932
2	40-50 Station Street	1,337	\$2,444,000	B2	2.2	\$1,828
3	15-22 The Kingsway and 41-45 Dunmore Street	1,517	\$3,164,000	B2	2.2	\$2,086
4	42-44 Dunmore Street	8,836	\$10,700,000	B2	2.4	\$1,211
5	108-118 Station Street	1,918	\$1,520,000	B2	2.2	\$792
6	2-20 Station Street	2,227	\$2,904,000	B2	2.2	\$1,304

Sources: NSW Valuer General, Holroyd DCP

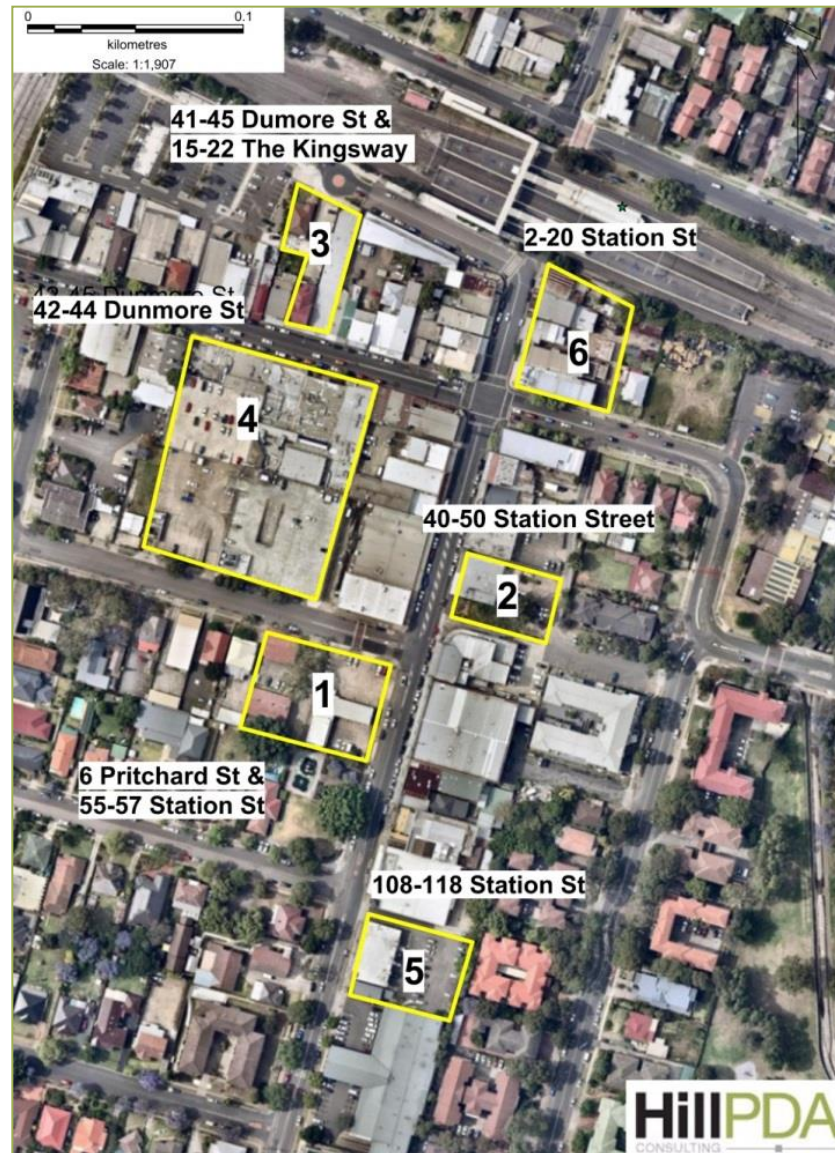
As shown in the table above, the unimproved land values for the test sites typically range between \$800/sqm to \$2,100/sqm.

Based on sales evidence and an assessment of investment values (inclusive of site improvements) we have adopted a market value of \$3,200/sqm of site area for sites on the Centre’s periphery (Sites 1, 2 and 5) or on it and station and \$3,400/sqm within the Centre’s core (Sites 3, 4 and 6).

We consider these rates reflect the current market rate based on a combination of investment value and redevelopment potential based on the current planning controls.

It is important to note however there is speculation that existing planning controls will be amended justifying a higher land value for the test sites. By way of example, the development site located at 108 - 118 Station Street (Test Site 5) has a put / call option³⁷ to purchase the site at a rate just over \$3,900/sqm of site area. We have not adopted this higher speculative rate in our analysis.

Figure 5 – Test Site Locations



Source: HillPDA, MapInfo 12.5

³⁷ A put / call, is an option purchase based on speculation of either increase yield or sale values.

Development Scenarios and Assumptions

In consultation with Council officers, transport and urban design specialists, three development scenarios were identified for testing on each of the six test sites. Please refer to Appendix A for a list of all assumptions used within Scenario 1 and each of the options.

Scenario 1: referred to as the ‘**base case**’ this scenario tests the viability of the existing planning controls, in the current market, on the six test sites in accordance with Holroyd LEP 2013 and DCP 2013. This Scenario has been tested under the existing car parking rates established by the Holroyd DCP 2013 as well as the new parking rates under the Apartment Design Code (ACD). These rates are as follows:

- Provision of 0.6 spaces for apartments with one bedroom;
- 0.9 spaces for two bedrooms;
- 1.2 spaces for three bedroom;
- visitor space at 1 per 5 dwellings; and
- 1 spaces per 50sqm of commercial / retail floorspace.

Option 1: this Option referred to as the ‘**Mid Rise**’ tests a range of FSRs for each site as provided by Council’s urban designers and architects (Architectus)³⁸. Whilst the FSRs under this Option vary by each test site for urban design reasons, they all exceed the base or existing FSRs for each site. In general they range between 2.85:1 and 4.24:1. This scenario also has been tested the under the existing car parking rates established by the Holroyd DCP 2013 as well as the car parking rates set out under the new parking rates under the ADC.

Further to this, test sites 3 and 4 have been further tested with additional commercial floorspace and reduced residential floorspace. Car parking rates used under these two additional test Options are those outlined within the ACD.

Option 2: this Option referred to as the ‘**Mid Rise Strategic Height**’ tests a range of FSRs for each site as provided by Council’s urban designers and architects (Architectus)³⁹. Whilst the FSRs under this Option vary by each test site for urban design reasons, they all exceed the base or existing FSRs for each site. In general they range between 2.82:1 and 4.55:1. This option also has been tested the under the existing car parking rates established by the Holroyd DCP 2013 as well as the car parking rates set out under the new parking rates under the ACD.

³⁸ Details of this scenario are provided in Appendix A– Please note that HillPDA’s Option 1 is referred to by Architectus as Scenario 3

³⁹ Details of this scenario are provided in Appendix A– Please note that HillPDA’s Scenario 3 is referred to by Architectus as Scenario 4

Further to this, test sites 3 and 4 have been further tested with additional commercial floorspace and reduced residential floorspace. Car parking rates used under these two additional test Options are those outlined within the ACD.

As described above, Scenarios 2 and 3 were designed on the basis of urban design principles in the context of the Town Centre as a whole. We have subsequently tested the designs provided by Architectus on this basis.

It is important to note however that Scenario 1 and each of the two options do not reflect the specific aspirations or development proposals for any one site nor any additional community benefits that might be provided on the test sites. Such amenities might include open space, pedestrian links or subsidised uses that may affect the viability of development and in turn requirement for site specific planning controls.

6 VIABILITY OF DEVELOPMENT SCENARIO AND OPTIONS

The following Chapter explains the methodology and criteria used to assess the financial viability of the six different 'test sites' and one different development scenario and two development options identified in the preceding Chapter.

The implications of results of this testing to the revitalisation of Wentworthville Town Centre are discussed further in Chapter 7 with a more detailed summary of feasibility assumptions provided in Appendix A and the feasibility models in Appendix B of this Report.

Key Findings

- The redevelopment of each of the six test sites is not a financially attractive redevelopment option in the current market under the existing planning controls either with DCP or ADC parking requirements;
- Testing of the Base Case Scenario with revised ADC parking requirements the six test sites remain unfeasible and unattractive to develop;
- An increase in FSR and building height improves the viability of development. The larger, less fragmented test sites with respect to ownership generally become viable for redevelopment in the B2 Zone at an FSR exceeding 3:1. An FSR notably in excess of 3:1 would however be required for the redevelopment of these sites should additional public benefits such as open space, community uses and pedestrian passageways be provided;
- Smaller, more fragmented test sites within the Centre generally require an FSR over 3.5:1 to become viable owing to the additional cost of acquisition and amalgamation. In keeping with the point above, additional FSR would be required on these sites to offset the cost of providing open space, pedestrian links or other community benefits as part of the redevelopment of these sites;
- The reduced car parking requirements as outline within the ADC guidelines improve the financial viability of the test sites. There is a modest difference between the two rates for residential development with a more significant change in relation to commercial parking requirements which is the primary driver of the change in outcome; and
- Of note, the Town Centre is experiencing some speculative purchases and land banking in the anticipation of more

favourable planning controls. Depending on the degree of speculation and any adjustments to existing planning controls, this could have the effect of stagnating development on some sites. Speculation in essence drives up what we refer to as the “tipping point” i.e. the FSR and building height after which the development becomes viable.

Feasibility Modelling Methodology

To undertake the feasibility modelling we have used our proprietary software, Estate Master which is an industry benchmark used by developers, financiers and property valuers alike.

The analysis follows the approach of a hypothetical development feasibility adopting an acquisition land value and all the costs associated with the nominated hypothetical development. The details of our assumptions are provided in Appendix A of this Report and include:

- Site acquisition (stamp duty and legal fees);
- Professional fees (design and management);
- Demolition and construction (including car parking and balconies);
- Property holding costs and statutory fees;
- Equity, finance charges and interest on debt;
- Marketing and selling costs; and
- Revenue from sales, rentals and other income.

With respect to test site 6 we have also assumed the retention of the heritage building’s façades only and for site 1 we have assumed a level of contamination resulting in the need for some remediation costs. Owing to our desktop analysis of these sites, it is important to note that site specific constraints that would be identified as a result of detailed testing or design development have not been incorporated within our modelling. Should such factors be identified for any of the given test sites, the testing results could vary significantly.

The Estate Master models the hypothetical development’s cash flow which is discounted to determine the internal rate of return before interest costs on an annual effective basis.

Such an approach is commonly applied by developers and investors to determine if a project is viable to proceed or whether an alternative land purchase price is required.

Financial Modelling Definitions and Performance Criteria

To undertake this hypothetical development feasibility approach, a target profit margin (called the Development Margin) and project internal rate of return (called the IRR) have been established.

The ability to meet these targets defines whether the hypothetical development would be financially attractive to a potential developer to purchase for redevelopment in today's market.

Whilst HillPDA has adopted the project IRR as the primary indicator of performance (feasibility) consideration has also been given to the following additional performance criteria.

- **Residual Land Value** – this is the purchase price of the land whilst achieving a zero Net Present Value (NPV). For a use to be considered feasible, the corresponding Residual Land Value needs to be greater than the 'as is' value so as to make it (the proposed use) a 'higher and better use'. There is little economic impetus for redeveloping land that returns lower Residual Land Values than current values.
- **Development Profit** – this is the total revenue less total cost including interest paid and received.
- **Development Margin** – this is profit divided by total development costs (including selling costs).

Our testing involves assessing the value of the end product of the hypothetical development, and then deducting all of the development costs including site acquisition costs, site demolition and / or clearance, consultant fees for design and project management, developer levies and taxes and construction costs.

We make a further deduction for GST, land holding costs, marketing and financing costs. If the resulting profit from this feasibility analysis is significant enough to meet the target hurdles for both the development margin (DM) and the project IRR, the project is considered financially viable for redevelopment.

In order to arrive at a land purchase price for the test sites, we have used a land value based on a dollar per square metre rate which was informed by our market research (Chapter 3) and discussed in Chapter 5.

Table 22 – Feasibility Performance Criteria

Performance	Project IRR	Development Margin
Feasible	>18%	>20%-25%
Marginally feasible	16%-18%	18%-20%
Not feasible	<16%	<18%

Source: HillPDA

In light of the criteria established above, the six test sites were assessed against an 18% Project IRR and 20% Development Margin.

A summary of the hypothetical development parameters for the scenario and two options by site can be found in Appendix A.

Feasibility Results by Scenario and Options

Feasibility Test Scenario 1 – Base Case Results

The results show that under the Base Case Scenario the hypothetical redevelopments of Sites 1 to 6 would not be financially viable i.e. it would not achieve an IRR or development margin that would sufficiently incentivise a reasonable developer to redevelop.

Whilst the reduction in car parking rates improves feasibility (and in some cases translates the net development profit from a loss to a positive return) the change is modest and not significant enough to make the existing planning controls financially viable.

Table 23 - Feasibility Test Scenario 1 Results

	Performance Indicators:	Land Purchase Value	Net Development Profit	Project IRR	FSR	Feasibility
Test Site 1	DCP Parking	\$8,784,000	-\$1,202,989	-0.16%	2.2	Not Feasible
	ADC Parking		\$916,625	4.68%		Not Feasible
Test Site 2	DCP Parking	\$4,278,400	-\$4,444,595	0.53%	2.2	Not Feasible
	ADC Parking		\$593,645	5.31%		Not Feasible
Test Site 3	DCP Parking	\$5,157,800	\$862,198	-0.78%	2.2	Not Feasible
	ADC Parking		\$275,008	3.70%		Not Feasible
Test Site 4	DCP Parking	\$30,042,400	\$2,320,244	4.11%	2.4	Not Feasible
	ADC Parking		\$8,656,870	8.56%		Not Feasible
Test Site 5	DCP Parking	\$6,137,600	-\$876,329	-0.26%	2.2	Not Feasible
	ADC Parking		\$681,417	4.77%		Not Feasible
Test Site 6	DCP Parking	\$7,571,800	-\$1,210,076	-0.61%	2.2	Not Feasible
	ADC Parking		\$496,115	3.95%		Not Feasible

Source: EstateMaster

Feasibility Test Option 1 – Mid Rise Results

The test results show that under the Mid Rise Scenario the hypothetical redevelopments of Sites 1 under the DCP or ADC parking requirements would not be financially viable i.e. it would not achieve an IRR or development margin that would incentivise a reasonable developer to redevelop. Test Site 5 would not be financially viable

with the DCP parking rates applied however, becomes more financially viable with the ADC parking rates applied.

Test Site 6 under the DCP parking requirements would not be financially viable to redevelop, however, under the lower ADC parking requirements the hypothetical mixed use development would become financially viable to redevelop.

Test Sites 2, 3 and 4 are either marginally feasible or feasible under the DCP and ADC parking requirements with Test Sites 3 and 4 still financially viable with reduced residential FSR and a consistent amount of commercial floorspace.

Table 24 - Feasibility Test Option 1 Results

Performance Indicators:	Land Purchase Value	Net Development Profit	Project IRR	FSR	Feasibility
Test Site 1	DCP Parking		9.26%	2.85	Not Feasible
	ADC Parking	\$8,784,000	15.25%		Not Feasible
Test Site 2	DCP Parking	\$4,278,400	17.13%	3.41	Marginally feasible
	ADC Parking		22.75%		Feasible
Test Site 3	DCP Parking		23.08%	4.24	Feasible
	ADC Parking	\$5,157,800	28.13%		Feasible
	Reduced Residential		24.52%		Feasible
Test Site 4	DCP Parking		19.66%	4.07	Feasible
	ADC Parking	\$30,042,400	26.03%		Feasible
	Reduced Residential		21.52%		Feasible
Test Site 5	DCP Parking	\$6,137,600	13.99%	3.02	Not Feasible
	ADC Parking		18.63%		Feasible
Test Site 6	DCP Parking	\$7,571,800	13.67%	3.47	Not Feasible
	ADC Parking		20.03%		Feasible

Source: EstateMaster

Feasibility Test Option 2 – Mid Rise Strategic Height Results

The test results show that under consistent with the Mid Rise Option the Mid Rise Strategic Height option the hypothetical redevelopments of Sites 1 under the DCP or ADC parking requirements would not be financially viable i.e. it would not achieve an IRR or development margin that would incentivise a reasonable developer to redevelop. Test Site 5 would not be financially viable with r the DCP parking rates applied however, becomes more financially viable with the ADC parking rates applied.

Test Site 6 under the DCP parking requirements would be marginally financially viable, however, under the lower ADC parking

requirements once again the hypothetical mixed use development would become financially viable to redevelop.

Test Sites 2, 3 and 4 would continue to be financially feasible under the DCP and ADC parking requirements with Test Sites 3 and 4 still remaining financially viable with reduced residential floorspace.

Table 25 - Feasibility Test Option 2 Results

	Performance Indicators:	Land Purchase Value	Net Development Profit	Project IRR	FSR	Feasibility
Test Site 1	DCP Parking	\$8,784,000	\$3,674,595	9.04%	2.82	Not Feasible
	ADC Parking		\$6,918,203	14.96%		Not Feasible
Test Site 2	DCP Parking	\$4,278,400	\$5,539,781	19.30%	3.66	Feasible
	ADC Parking		\$7,268,554	24.90%		Feasible
Test Site 3	DCP Parking	\$5,157,800	\$8,984,121	23.87%	4.33	Feasible
	ADC Parking		\$10,922,442	28.87%		Feasible
	Reduced Residential		\$8,874,935	25.40%		Feasible
Test Site 4	DCP Parking	\$30,042,400	\$45,902,003	23.04%	4.55	Feasible
	ADC Parking		\$58,745,681	29.16%		Feasible
	Reduced Residential		\$48,565,781	26.06%		Feasible
Test Site 5	DCP Parking	\$6,137,600	\$5,107,352	14.72%	3.09	Not Feasible
	ADC Parking		\$6,992,550	19.44%		Feasible
Test Site 6	DCP Parking	\$7,571,800	\$7,680,046	16.03%	3.72	Marginally feasible
	ADC Parking		\$11,032,816	22.29%		Feasible

Source: EstateMaster

In summary the results above show that under Scenario 1 (current planning controls, DCP and ADC parking rates) the hypothetical mixed use developments would not be financially viable. With the increase in development density to over 3.5:1 however (Options 2 and 3), the site’s redevelopment generally becomes attractive and financially viability. The reduction in parking requirements as outlined in the ADC guidelines, certainly support financial viability as a consequence of a reduction in construction cost. This is primarily achieved through the reduction in commercial parking requirements from 1 per 20sqm under the DCP guidelines to 1 car space per 50sqm of commercial floorspace. For example Test Site would not be financially viable with the DCP parking rates applied however, becomes more financially viable with the ADC parking rates applied.

Feasibility Summary

In summary our feasibility modelling finds that:

- The redevelopment of each of the six test sites is not a financially attractive redevelopment option in the current market under the existing planning controls;
- The Centre is experiencing some speculative property purchases and land banking in the anticipation of more favourable planning controls. This could have the effect of stagnating development on some sites unless the controls are altered to reach the necessary 'tipping point' to justify the purchase price;
- Under Scenario 1 (Base Case), using the DCP parking rates and the lower ADC car parking rates set out Chapter 5, the hypothetical developments for each of the test sites remain unviable;
- **Test Sites 1** are not feasible under Options 1 and 2 provided by Council's urban designers largely on account of the lower FSRs proposed for these sites compared to land value;
- **Test Site 2** is marginally feasible under Option 1 with the DCP parking rates. The hypothetical development becomes feasible under Option 1 with the lower parking requirements set out in the ADC. Under Option 2, Test Site 2 is feasible under both parking requirements with a modest increase in FSR for Option 2 (i.e. from 3.47:1 to 3.66:1). We refer to the point between these FSRs as the 'tipping point';
- **Test Sites 3 and 4** are feasible under Options 1 and 2. Additional testing with reduced residential floorspace and ADC parking requirements reveals that these two hypothetical development sites remain financially viable under the two options;
- **Test Site 5:** Test Site 5 is not feasible under Options 1 and 2 with the DCP parking rates applied, however becomes financially viable under both Options 1 and 2 with the ADC parking rates applied;
- **Test Site 6** is not feasible under Option 1 with the DCP parking rates. The hypothetical development becomes feasible under Option 1 with the lower parking requirements set out in the ADC. Under Option 1, Test Site 6 is marginally feasible under the DCP parking requirements with the hypothetical development becoming feasible with the reduced parking requirements under the ADC guidelines; and
- Our testing indicates that the majority of sites tested (if not significantly fragmented) would become marginally feasible over an FSR of 3:1 and more attractive to a developer in the current market at an FSR of 4:1 with appropriate building heights. The reduced parking rates outlined in the ADC further improves the financial viability of the sites.

The implications of these findings to the revitalisation of Wentworthville Town Centre are discussed further in the following concluding Chapter.

7 KEY FINDING AND RECOMMENDATIONS

This concluding Chapter draws together the key research, analysis and findings of the Study.

The Chapter opens with an overview of the Centre’s key strengths and weaknesses, opportunities and constraints from an economic perspective. It then translates them into short and medium term recommendations with respect to retail and commercial floorspace supply together with existing and prospective planning controls.

Combined these factors underpin our recommended directions to support the Centre’s revitalisation.

Centre Strengths, Weaknesses, Opportunities and Threats

In light of our research and testing, we have identified the following strengths and opportunities for the Centre.

Table 26 – SWOT Analysis for Wentworthville Town Centre

Strengths	Opportunities
<ul style="list-style-type: none"> ▪ Some well-located parcels of land in consolidated ownership; ▪ Strong existing development interest in residential in the Centre; ▪ Relatively modest extent of commercial and residential strata within the Centre or surrounding it allowing for short to medium term redevelopment options; ▪ Diversity of uses within the Centre; ▪ Sound demand for commercial uses; ▪ Proximity of the rail station; ▪ Accessibility via road and rail to major regional / metropolitan employment and health centres i.e. Parramatta CBD, Sydney CBD and Westmead Specialised Centre; ▪ Well defined centre of a walkable size; ▪ A good level of existing on street car parking; ▪ Amenity value of existing heritage items; and ▪ Provision of existing community uses within the Centre. 	<ul style="list-style-type: none"> ▪ Some underutilised sites in consolidated ownership presenting a good opportunity for redevelopment; ▪ Council owned sites well located within the Centre; ▪ Council owned car parks presenting good opportunities for mixed use and community facilities / open space; ▪ Development interest in core location with potential to provide a new anchor tenant; ▪ Growth of Westmead and potential associated demand for commercial floorspace; ▪ Existing cycle linkages to other recreational areas; ▪ Urban design improvements that create a sense of place within the Centre; ▪ Urban design and transport improvements that could create an eat street and other lifestyle improvements increasing the value of the Centre; ▪ Contributions through VPAs for open space and community facilities; ▪ Improved links to the library and parks within the Centre; and ▪ Promotion of the Centre as a lifestyle destination.

Our analysis has also identified the following weaknesses and threats for the Centre.

Weaknesses	Threats
<ul style="list-style-type: none"> ▪ Constrained pedestrian and vehicle linkages to the north; ▪ Some properties so not have features such as awnings that provide weather protection and improve the Centre’s visual amenity; ▪ Older style buildings requiring investment and a refresh; ▪ No major anchor tenant to compete with recent additions in surrounding centres; and ▪ Disconnect between the Centre and the Cumberland Highway. 	<ul style="list-style-type: none"> ▪ Competition from surrounding retail centres; ▪ Land banking; ▪ Property speculation; and ▪ Resistance to change.

Opportunities for Revitalisation – Retail and Commercial Floorspace

In light of the SWOT analysis summarised above and our retail analysis provided in Chapter 4, we suggest:

- Support for the expansion of the existing supermarket and grocery store floorspace to include a full line supermarket that can act as a major anchor tenant. This addition would help to attract additional expenditure, reduce escape expenditure and have a flow on benefit to specialty retailers;
- To further increase the viability of the Centre, a mini major located in close proximity to the supermarket would be beneficial, this could be in the form of a Priceline, Dan Murphy’s or Harris Farm;
- Support for the enhancement in quality and modest increase in supply of specialty retail floorspace in the order of 1,000sqm – 2,000sqm by 2031;
- Support for a modest increase of 2,000sqm to 3,000sqm of shopfront commercial floorspace by 2031;
- Support for first floor commercial office, medical or education use floorspace (this may benefit from an FSR bonus);
- The active promotion of the Centre as a commercial support / overflow area for medical and education uses associated with the Westmead Specialised Precinct; and
- Support for additional residential development on upper floors within the Centre and surrounding the Centre would also assist in adding to the Centre’s vitality and viability by increasing pedestrian flow and demand for goods and services.

Opportunities for Revitalisation – Planning Controls

Our research finds that Wentworthville Town Centre is experiencing a resurgence in investment and development interest. Much of this interest is however being fuelled by the strength of the residential market at the time of preparing this report together with the prospect of Council revising its planning controls with particular regard to building height and density.

From an investment and development point of view, our analysis identifies three different values that have an influence to redevelopment within the Town Centre as follows:

1. **Investment Value** – this is the value of a site based on the return it achieves from existing land use and its rents or business yield;
2. **Development Value** – this is the value placed on the site based on its redevelopment potential under the existing planning controls (i.e. largely zone, FSR and building heights); and
3. **Speculative Value** – this is the value placed on a given site based on the hope or expectation that planning controls will be amended (i.e. zone, FSR and / or building height).

Our feasibility analysis finds that for each of the six sites and hypothetical developments tested, the development value is not sufficient enough under current planning controls to stimulate redevelopment against standard hurdle rates (i.e. development margin and IRR).

Rather our research finds that many sites are presently being sold and purchased on the basis of a speculative value. This value overrides both the Investment and Development Values of the test sites meaning that for any redevelopment to occur on these sites, the planning controls will need to be amended upwards (i.e. additional FSR and building height to facilitate development outcomes).

Importantly we contend that the nature of planning controls should be based on a range of factors including amenity, environmental and social impacts. Without a recognition of development viability however, redevelopment can be hindered and sites stagnate. Whilst we do not suggest an increase in FSR and building height to meet the full speculative value of investors at the cost of the other factors that influence the design of planning controls, we do suggest some amendments to the existing planning controls as follows:

- An increase in FSR to over 3:1 for appropriate sites;

- An increase in FSR to 4:1 together with a requirement for a minimum lot size for smaller, more fragmented sites within core locations or other sites identified to encourage for amalgamation;
- A reduction in car parking rates to not only support development viability but to encourage public transport usage in such a highly accessible centre;
- The retention of the B2 Local Centre zone that supports the active use of ground floor uses and residential on the upper floors yet careful consideration of the need to extend this zone any further than the current boundaries.

This recommendation is made as it is not likely that a significant increase in the extent of the Town Centre would be required to accommodate additional retail or commercial uses at ground floor level in the short to medium term. Rather the requirement to provide ground floor retail in additional peripheral areas to the Centre (through the expansion of the B2 Local Centre zone or use of the B4 Mixed Use Zone with mandatory non-residential at ground floor level) could result in additional vacant floorspace that would not support the economic appeal of the centre;

- The investigation of a possible FSR bonus in exchange for:
 - commercial floorspace at first floor level; and/ or
 - onsite provision of open space; and/ or
 - onsite provision of a community facility; and/ or
 - a pedestrian link; and / or
 - a financial contribution to town centre amenity / facility improvements.

Owing to the delicate nature of balancing bonus floorspace with environmental and amenity impacts, this may be a matter that is to be considered and assessed on a site by site basis. That is a balancing of the capacity of the site to accommodate a density / height increase without adversely affecting the amenity or redevelopment potential of surrounding sites together with the economic and social value of the offering.

Opportunities for Revitalisation – Other Factors

The economic revitalisation of the Centre would also be enhanced by a range of urban amenity, traffic, transport and parking improvements. On this basis and in light of the research undertaken by the concurrent urban design, traffic and transport studies we support:

- The development of a community facility (such as a library and open space connections) on Council owned sites such as the site

in Lane Street. From an economic perspective the development of this site would help to activate the north eastern section of the Centre by providing a destination for visitors and thereby spin off trade for surrounding businesses;

- The concept of an 'Eat Street' along Station Street to enhance the local appeal and lifestyle attraction of the Centre. This being a key factor in the allure of the Centre and therefore sale values and rents achieved in support of development viability; and
- Support for a new public plaza(s) or open spaces that create a focal point for the Centre. This may be provided through good design, works in kind and / or a voluntary planning agreement in return for additional development density (as referenced above).

APPENDIX A: MODELLING ASSUMPTIONS

General assumptions for Scenario 1 and Options 2 and 3:

- Land Values range between \$3,200/sqm for outer core locations and \$3,400/sqm for core locations;
- Construction cost are \$2,250/sqm of GBA for developments with an FSR of 2.2:1 and \$2,500/sqm for ones greater than 2.2:1;
- Unit end sale values of \$7,950/sqm for residential NSA;
- Retail end sale values of \$5,500 for core locations and \$4,500/sqm for outer core locations;
- \$200,000 contamination clean up fee for Site 1;
- \$150,000 heritage contingency for Site 6.

Scenario 1: Referred to as the 'base case' HillPDA has assumed:

- Maximum FSR and building height tested as instructed by Council, although this may not be achievable
- Gross Floor Area (GFA) calculated at site area minus setbacks and multiplied by FSR;
- Gross Built Area (GBA) calculated at 110% of GFA;
- Net Saleable Area (NSA) calculated at 85% of GFA for residential and 65% for retail. Please note that Site 4 has assumed replacement of existing retail floorspace at 75% of GFA;
- 90sqm average for apartments and 100sqm for retail units;
- Apartment mix supplied by Council of 10% one bedroom, 75% 2 bedroom and 15% three bedroom⁴⁰;
- DCP car parking rates of 0.8 for one bedroom, 1 for two bedroom, 1.2 for three bedroom, visitor parking at 0.2 per dwelling and 1 per 20sqm of retail floorspace;
- ACD car parking rates of 0.6 for one bedroom, 0.9 for two bedroom, 1.2 for three bedroom, visitor parking at 5 per dwelling and 1 per 50sqm of retail floorspace; and
- Council Contributions have been calculated at \$8,076 per 1 bedroom, \$13,659 per 2 bedroom and \$19,122 per 3 bedroom⁴¹. No non-residential rates have been

⁴⁰ Holroyd Council

⁴¹ Holroyd Section 94 Development Contributions Plan 2013

applied as under this scenario there is no additional floorspace (only ground floor provision); and

- HillPDA has tested at maximum FSR and building height as instructed by Council, although this may not be achievable.

Option 1: HillPDA has assumed:

- Apartment mix supplied by Council of 10% one bedroom, 75% 2 bedroom and 15% three bedroom⁴²;
- DCP car parking rates of 0.8 for one bedroom, 1 for two bedroom, 1.2 for three bedroom, visitor parking at 0.2 per dwelling and 1 per 20sqm of retail floorspace;
- ACD car parking rates of 0.6 for one bedroom, 0.9 for two bedroom, 1.2 for three bedroom, visitor parking at 5 per dwelling and 1 per 50sqm of retail floorspace;
- Council Contributions have been calculated at \$8,076 per 1 bedroom, \$13,659 per 2 bedroom and \$19,122 per 3 bedroom⁴³. No non-residential rates have been applied as under this option there is no additional floorspace (only ground floor provision); and
- HillPDA has tested at maximum FSR and building height as instructed by Council, although this may not be achievable.

Option 2: HillPDA has assumed:

- Apartment mix supplied by Council of 10% one bedroom, 75% 2 bedroom and 15% three bedroom⁴⁴;
- DCP car parking rates of 0.8 for one bedroom, 1 for two bedroom, 1.2 for three bedroom, visitor parking at 0.2 per dwelling and 1 per 20sqm of retail floorspace;
- ACD car parking rates of 0.6 for one bedroom, 0.9 for two bedroom, 1.2 for three bedroom, visitor parking at 5 per dwelling and 1 per 50sqm of retail floorspace;
- Council Contributions have been calculated at \$8,076 per 1 bedroom, \$13,659 per 2 bedroom and \$19,122

⁴² Holroyd Council

⁴³ Holroyd Section 94 Development Contributions Plan 2013

⁴⁴ Holroyd Council

per 3 bedroom⁴⁵. No non-residential rates have been applied as under this scenario there is no additional floorspace (only ground floor provision); and

- HillPDA has tested at maximum FSR and building height as instructed by Council, although this may not be achievable.

⁴⁵ Holroyd Section 94 Development Contributions Plan 2013

APPENDIX B: ARCHITECTUS OPTIONS

The following provides details on Option 2 development yields as provided by Architectus.

Table 27 – Architectus Option 1 Yields

Site	Com GBA	Res GBA	Com NSA	Res NSA	Dwellings	FSR
1	1,840	7,629	1,196	6,485	72	2.85
2	945	4,582	614	3,895	43	3.41
3	1,006	6,624	654	5,630	63	4.24
4	6,895	33,852	4,482	28,774	320	4.07
5	1,165	5,785	757	4,917	55	3.02
6	1,881	7,498	1,223	6,373	71	3.47
3 - Reduced Residential	1,006	5,816	654	4,943	55	3.77
4 - Reduced Residential	6,894	29,088	4,481	24,725	275	3.36

Source: Architectus July 2015

The following provides details on Option 3 development yields as provided by Architectus.

Table 28 - Architectus Option 2 Yields

Site	Com GBA	Res GBA	Com NSA	Res NSA	Dwellings	FSR
1	1840	7,547	1,196	6,415	71	2.82
2	945	4,964	614	4,220	47	3.66
3	1,006	6,777	654	5,761	64	4.33
4	6,895	38,651	4,482	32,853	365	4.55
5	1,165	5,934	757	5,044	56	3.09
6	1,881	8,128	1,223	6,909	77	3.72
3 - Reduced Residential	1,006	6,001	654	5,101	57	3.88
4 - Reduced Residential	6,894	33,879	4,481	28,797	320	3.84

Source: Architectus July 2015

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6. This report does not constitute a valuation of any property or interest in property. In preparing this report Hill PDA has relied upon information concerning the subject property and/or proposed development provided by the Client and Hill PDA has not independently verified this information except where noted in this report.
7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.



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