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**OASIS KANWAL REDEVELOPMENT  
ECONOMIC NEED & IMPACT ASSESSMENT**

Prepared for Vivacity Property

September 2023

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# 1.0 Introduction

## 1.1 Scope

This report presents an independent assessment of the need and impacts of a proposed supermarket at 207/209 Wallarah Road and 755-757 Pacific Highway, Kanwal ("subject site") located at within the Central Coast Local Government Area (LGA).

The proposed supermarket will form part of the proposed mixed use development onsite, which includes multiple buildings ranging in height from 3 to 14 storeys and residential apartments in addition to the centre based land uses. The proposed centre uses include a 2,815sqm supermarket, 2,430sqm of retail specialties, 356sqm of medical uses and 356sqm of office space.

This report has been prepared on behalf of Vivacity Property and is structured as follows:

**Section 2** review the local and regional context of the centre, providing and overview of the proposed centre. This sections also reviews the strategic planning framework within which the centre operates.

**Section 3** delineates the main trade area the proposed development will likely serve. This section provides estimates of current and future population level within the trade area; analysis the socio-demographic profile of the area.

**Section 4** assesses the current and future estimated retail expenditure and demand generated by residents in main trade area.

**Section 5** presents estimates of likely trading impacts on the surrounding retail network; discusses the implications of these impacts; and examines the net community benefits associated with the proposed expansion, including employment generation and other economic and social benefits.

**Section 6** presents an assessment of key demand drivers and need conditions for medical and office space uses onsite at the subject site.

**Section 7** provides a conclusion and summary of the collective economic need and impact implications for the proposal at the subject site.

The analysis presented within this report has found that there are strong need conditions supporting the proposed supermarket at the subject site and that any trading related impacts are expected to be within acceptable limits and predominantly offset by ongoing growth in expenditure within the main trade area. On this basis, there is expected to be significant community benefit from the establishment of the proposed supermarket (and wider mixed use development) at the subject site.

## 2.0 Local Area and Planning Review

### 2.1 Site and local area assessment

The subject site is located at the old Oasis Caravan Park site at 207/209 Wallarah Road and 755-757 Pacific Highway, Kanwal. It is proposed to include multiple apartment buildings with ground floor retail uses, including a full line supermarket.

The Pacific Highway and Wallarah Road are both major transport routes in the region providing the site with a high level of visibility and being easily accessible. Wallarah Road also links the site to the residential areas of Toukley and Norah Head in East via the Toukley Bridge.

The subject site is located next to the Wyong Leagues club which is a major entertainment and community use in the area. The leagues club has multiple bars, two restaurants, function rooms as well as space for live entertainment. It is also home to the Wyong Roo's sporting club with both seniors and juniors teams. Sporting facilities include three separate rugby league fields, with one providing some small-scale grandstands for spectators on match days.

A 7-Eleven service station is located in front of the site along Wallarah Road. On the opposite of Wallarah Road from the subject site is the Kanwal Village neighbourhood centre. This centre includes an IGA along with specialty stores, takeaway stores and some medical uses.

There are also a number of other centres in the surrounding area. The largest is the Lake Haven town centre, located approximately 1.4 km to the northeast of the subject site. This centre includes a Coles and Woolworths. As part of this precinct there are also additional community uses such as a library and entertainment facilities including a cinema. A Bunnings hardware store and other large format retail uses are also located here as part of this wider precinct. Around 2.8km to the southwest is the Wadalba local centre which contains two full line supermarkets and specialty stores. A Coles supermarket is located in Toukley to the east of the subject site.

Around 1.4 km to the southwest of the subject site along the Pacific Highway is the Wyong Hospital precinct. This precinct includes both public and private hospitals as well as specialist medical centres/services and is a major employment centre in the region. While the existing supermarkets at Wadalba are the most proximate to the hospital precinct, any retail uses on the subject site would also boost the level of choice for people who may come to/from this precinct.

To the west of the subject site are a number of new residential housing developments. Further greenfield and infill developments are planned in this area as part of the Draft Greater Warnervale Structure Plan. This includes the future Warnervale Town Centre.

Figure 2.1 illustrates the subject site and surrounds.



**Figure 2.1 Subject site and surrounding area**



Source: MetroMap



## 2.2 Proposed development

The subject site is planned to include multiple buildings ranging from 3 to 14 storeys offering upper floor residential apartments with the ground floors planned for supermarket and retail supporting uses aligned with local community needs. The proposed mix of retail and centre based land uses include:

- Supermarket: 2,815sqm
- Specialty retail: 2,430sqm
- Office: 356sqm
- Medical: 356sqm

The centre based uses onsite combined with existing proximate land uses, including the Wyong Leagues Club and convenience retail along Wallarah Road, will create a strong community precinct supporting retail, recreation, employment and community activities within the precinct. Figure 2.2 below illustrates the current concept plan of the subject site and building layout.

**Figure 2.2 Concept plan (Level 1)**



## 2.3 Planning overview

The subject site is currently zoned as R1 – General Residential. Under the *Central Coast Local Environmental Plan 2022 (CCLEP 2022)* this zone allows for additional non-residential uses that provide facilities or services to residents, including neighbourhood shops and childcare centres. The objectives for this zone are:

- *To provide for the housing needs of the community.*
- *To provide for a variety of housing types and densities.*
- *To enable other land uses that provide facilities or services to meet the day to day needs of residents.*
- *To promote best practice in the design of multi dwelling housing and other similar types of development.*
- *To ensure that non-residential uses do not adversely affect residential amenity or place unreasonable demands on service*

While this current residential zone allows for the development of local shops, the proposed full line supermarket on the site will likely trade to a wider catchment than intended in this zone. As a result, the site would benefit from a local centre zoning designation allowing for a wider range of retail and commercial uses. This zone could be a neighbourhood centre zone (E1). This would expand from the current neighbourhood centre zoning adjacent to the subject site (Kanwal Village) and allow a mix of retail uses to be established on both sides of Wallarah Road.

Table 2.1 over the page highlights the centre hierarchy and their role in the Central Coast LGA.

**Table 2.1 Centres Hierarchy**

Type	Role
Strategic Centre	The primary activity destinations providing the highest level of community, cultural, civic and commercial uses and services. This includes Gosford and Tuggerah-Wyong.
Local Centre	Provide shopping, dining, entertainment, health and personal services to meet the daily and weekly needs of the local community.
Neighbourhood Centre	Integrated within a residential neighbourhood and encourage people to walk to their daily needs in a place with a strong identity for the surrounding community.

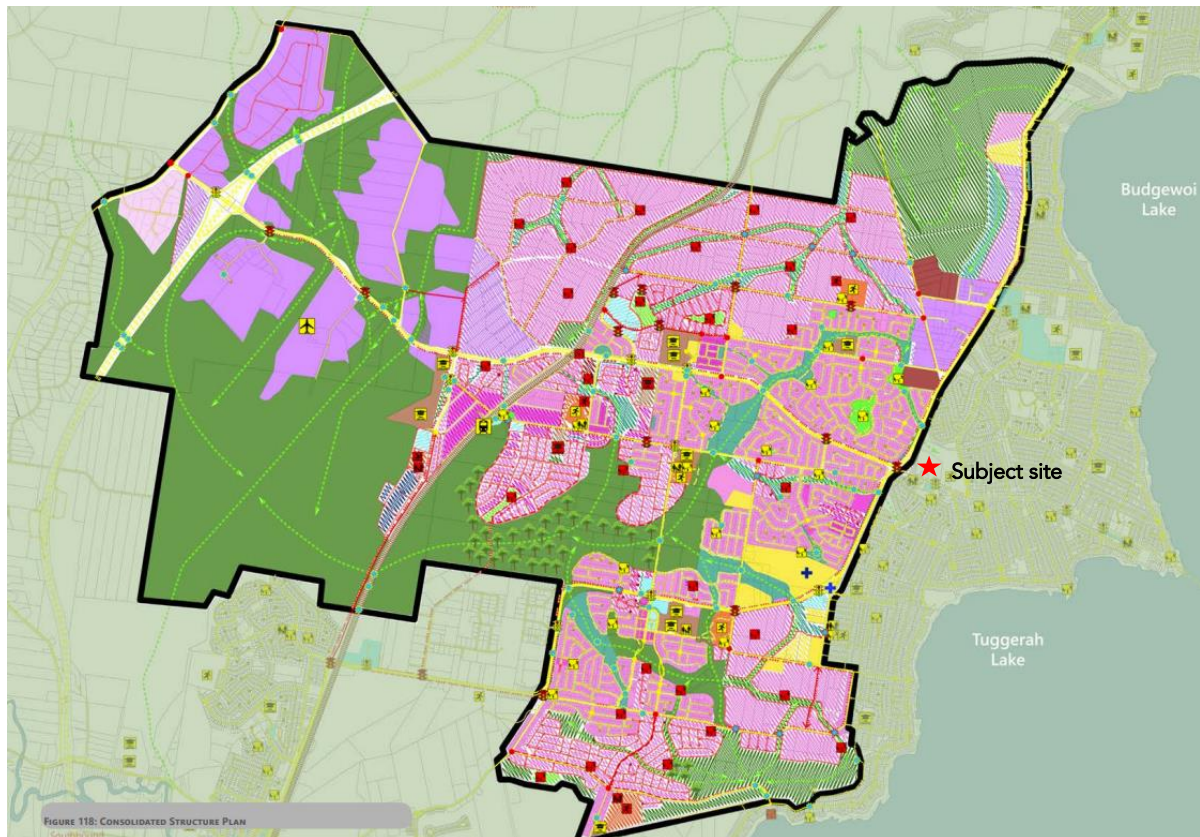
As part of the Central Coast Council strategic land use planning program a review of the existing retail strategy (former Wyong LGA) will be undertaken this year, with the development of a new Central Coast Retail Strategy to be adopted by June 2025.

The *Central Coast Regional Plan 2041* states that it seeks a preference for infill development rather than greenfield development, with housing densities that align with how a neighbourhood functions and the type of public transport available, and establish flexible land uses to allow communities to evolve. The proposed mixed-use infill development on the subject site includes residential apartments along with retail and commercial uses. This type of development is largely in line with what is envisaged in the regional plan to support population growth.

The subject site is also located just outside of the area covered by the *Draft Greater Warnervale Structure Plan – Land Use Strategy 2021-2041*. This structure plan provides a framework for the future population growth and development of the identified study area. This will see the population of this area increase from around 20,100 people to around 57,000 people over a 20-year period.

Figure 2.3 over the page illustrates the current Greater Warnervale Structure Plan.

**Figure 2.3 Greater Warnervale Structure Plan**



Source: Draft Greater Warnervale Structure Plan Lan Use Strategy 2021-2041

The draft structure plan also identifies two additional centres in this area. They are:

- **Warnervale Neighbourhood Centre** – this area is currently zoned as a B1 Neighbourhood Centre and is located adjacent to the Warnervale Rail Station. The plan encourages concentrations of medium density residential living around commercial centres which provides retail, health, business and other services.
- **Warnervale Town Centre** – zoned to provide mixed use development of commercial, civic, and community facilities, combined with higher density residential development. The plan also states that this centre should be the higher order retail hub in the study area. However, the future of the town centre needs to be reviewed given its proximity to the recently expanded Wadalba Local Centre and the Lake Haven Local Centre.

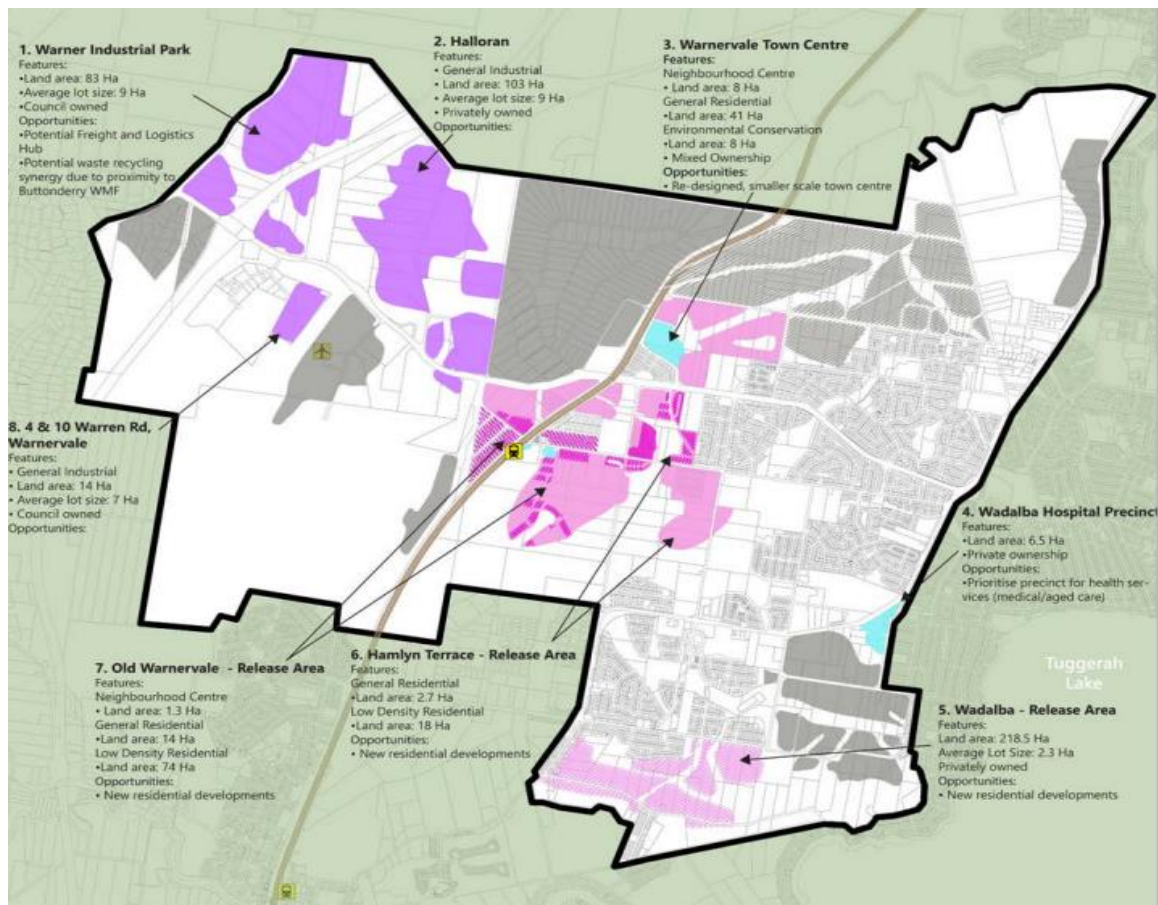
The draft structure plan also recognises that State Government planning documents have removed a proposed railway station at the Warnervale Town Centre which will likely impact



both the level of residential density achievable, along with the scale of retail and commercial uses in the town centre.

Figure 2.4 below illustrates the proposed centres along with future residential land supply.

**Figure 2.4 Greater Warnervale Centres and Residential Land Areas**



Source: Draft Greater Warnervale Structure Plan Land Use Strategy 2021-2041

It is noted that the proposed centre at the subject site is not considered to remove or reduce the opportunity for the planned centres within Warnervale Structure Plan area with the scale of planned population and employment growth within the structure plan area being the catalyst for this opportunity and potential.

## 3.0 Trade Area Delineation and Population

### 3.1 Trade area definition

A trade area is defined as the geographic area for which a centre generates the majority of its turnover and visitation. The extent of a trade area is driven by a range of accessibility and convenience factors including:

- Centre attraction relative to the competition, including tenancy mix, car parking and co-location with higher order facilities and/or services. The key factors that determine the strength and attraction of any convenience centre are primarily the scale and composition of the centre, in particular anchors, car parking, including access and ease of use and ambience and presentation of the centre.
- The surrounding competitive framework and existing supply. While the strength and appeal of a centre directly impact its ability to extract market share, the proximity and attraction of competitive uses impact the extent of a centre's trade area. In essence, all being equal, consumers naturally gravitate to the most convenient option.
- Road networks and traffic flows. The available road network, public transport service and journey to work patterns all affect centre access and impact a centre's convenience and relative attractiveness.
- Natural and man-made physical boundaries such as rivers, rail, freeways etc. Significant physical barriers often act to delineate a trade area boundary. Evidence indicates that the more difficult a barrier to negotiate, the larger the decrease in customer patronage and market share is experienced.

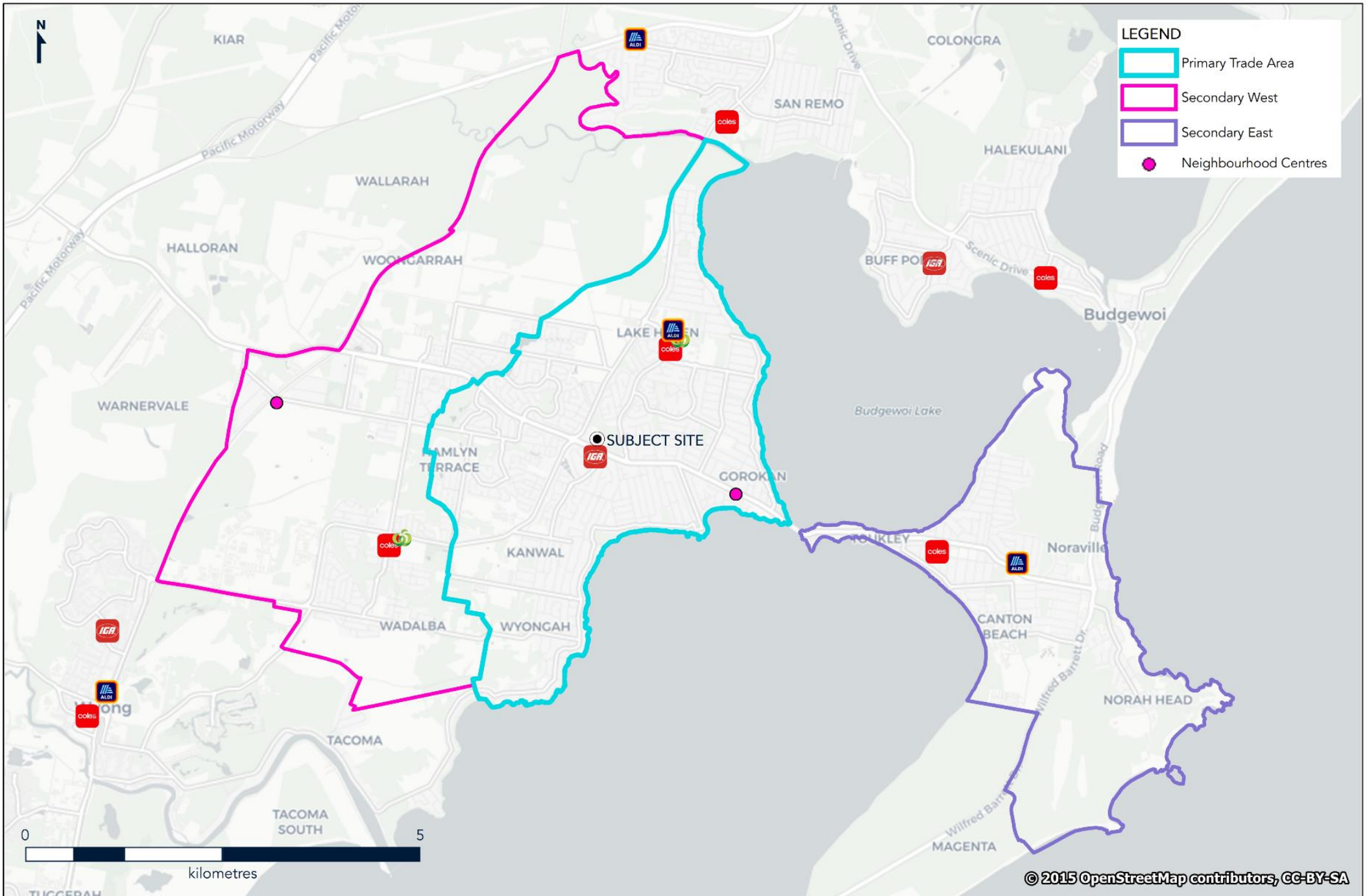
A Primary Trade Area and two Secondary Trade Areas have been identified for the subject site. These areas are described below:



- Primary Trade Area (PTA) – The subject site will derive the majority of its demand for this area. This area includes the suburbs of Kanwal, Gorokan, Lake Haven, Charmhaven, Wyongah, Woongarra and Hamlyn Terrace. Residents of this area will have the choice of shopping at the future supermarket on the subject site or the existing ones as part of the Lake Haven town centre. These residents will choose which supermarket/centre to visit based on a number of different factors including personal preference, ease of accessibility, car parking and convenience.
- Secondary Trade Area East (STA E) – This area comprises the suburbs of Toukley, Norville, Canton Beach and Norah Head. Whilst residents of this area are proximate to the existing Coles and Aldi supermarkets at Toukley, many are expected to travel past the subject site along Main Road onto Wallarah Road as part of their regular daily/weekly travel patterns. Any supermarket on the subject site will provide additional choice and/or convenience for these residents.
- Secondary Trade Area West (STA W) – This area includes the suburbs of Wadalba and Warnervale. Residents of this area are proximate to the Wadalba local centre with a Woolworths and Coles as well as the future Warnervale Town Centre. The location of the subject will still see some residents opt to shop at this location depending on their personal preferences and travel patterns.

Figure 3.1 illustrates the defined trade areas in which uses on the subject site will derive the majority of their demand.

Figure 3.1 Main trade area



## 3.2 Socio-economic profile

Table 3.1 following details the socio-demographic profile of the identified trade areas. This profile has been compared with the respective benchmarks for Newcastle and the Australian average. The data is sourced from the 2021 Census of Population and Housing. Key points to note about the socio-demographic profile are as follows:

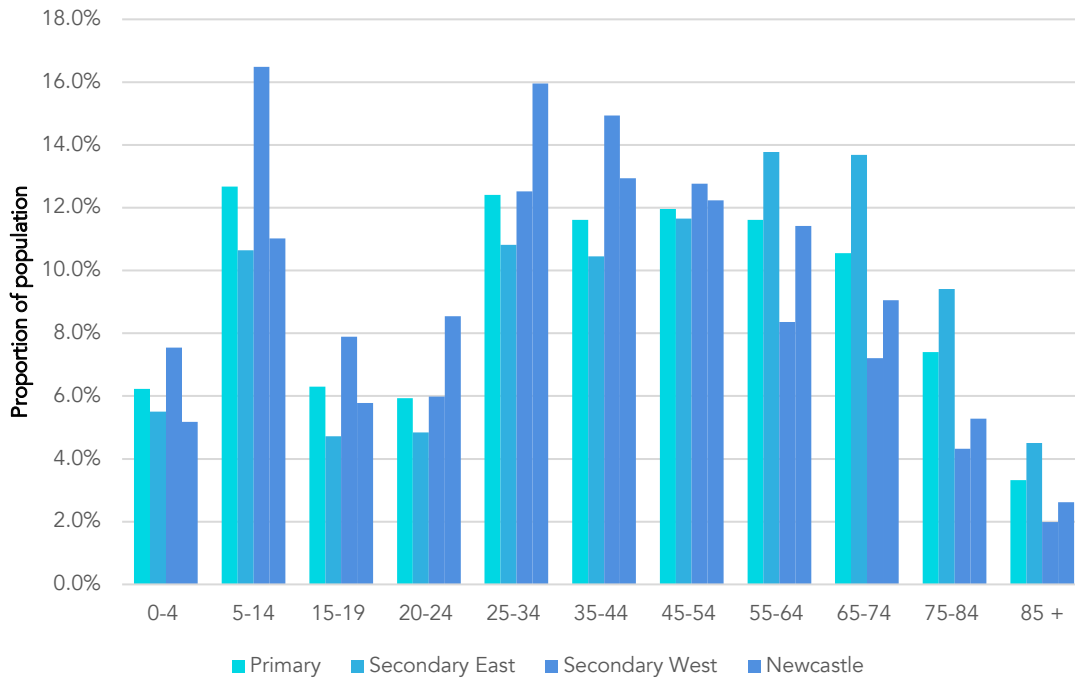
- The STA W has the highest proportion of separate houses with 96.9% followed by the PTA with 84.5% and the STA E with 79.1%.
- Over half (59%) of households in the STA W have children. This comprises couple family with children at 43% and one parent family at 16%. This is greater than the PTA in which 44% of households have children and the STA E with 33%.
- The age profile of the STA W is significantly younger than the other trade areas. This is reflective of the higher proportion of families and young children in the area.
- Home ownership levels in the PTA (66.7%), STA E (64.7%) and STA W (66.6%) are all slightly higher than the Newcastle average (62.4%).

There is a noticeable difference in the demographic profile of the STA W compared to the other areas with a significantly higher proportion of young families with children in this area. Families generally prioritise convenience and accessibility when it comes to fulfilling retail and service needs. A supermarket on the subject site would also be the most proximate and convenient centre for a number of residents in the STA W until/if a new supermarket is developed as part of the future Warnervale Town Centre.

The STA E has a higher proportion of older people and single households, reflective of more retirees residing in this area compared to the other identified trade areas.

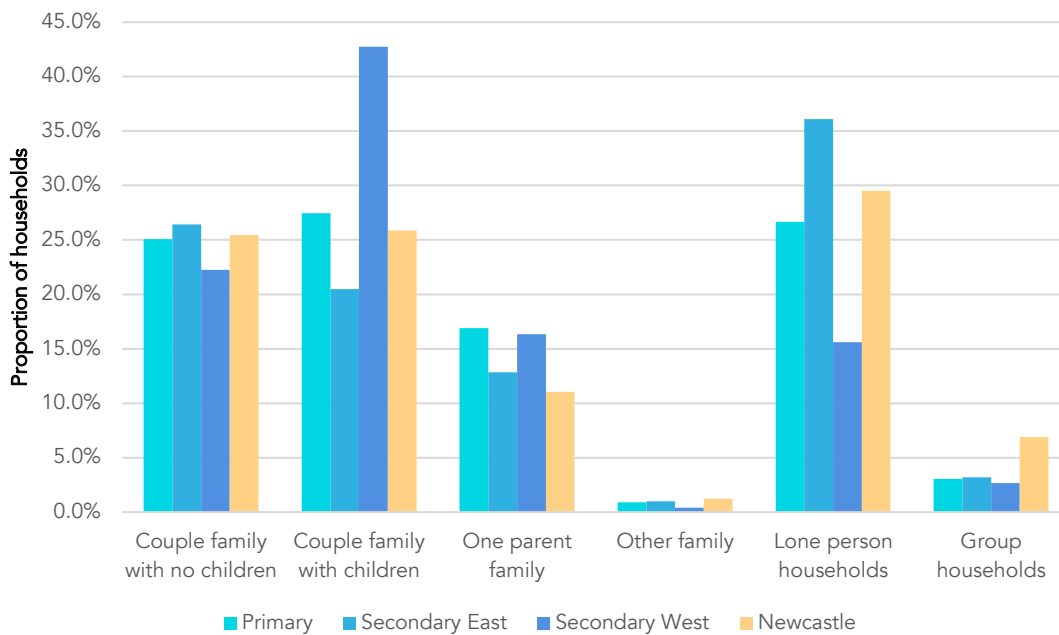
While each of the trade areas have different demographic profiles, all trade area residents will benefit from the additional choice and convenience retail facilities on the subject site will provide.

**Figure 3.2 Main trade area - Age profile**



Source: Census of Population and Housing 2021, Think Economics 2022

**Figure 3.3 Main trade area - Family and household structure**



Source: Census of Population and Housing 2021, Think Economics 2022

**Table 3.1 Main trade area - Socio-demographic profile**

	Primary	Secondary East	Secondary West	Newcastle
<b>Population (ERP):</b>				
2020	30,436	10,026	10,578	167,763
2021	30,583	9,968	11,238	169,202
Average Annual Growth 2016 - 21 (%)	0.85%	-0.14%	7.15%	1.05%
Population Density (persons/sqkm)	2,148.7	947.4	529.4	896.6
Male (%)	47.9%	49.2%	48.5%	49.2%
Female (%)	52.1%	50.9%	51.3%	50.9%
<b>Household Size:</b>	2.54	2.18	3.03	2.36
<b>Age Profile:</b>				
0-4	6.2%	5.5%	7.5%	5.2%
5-14	12.7%	10.6%	16.5%	11.0%
15-19	6.3%	4.7%	7.9%	5.8%
20-24	5.9%	4.8%	6.0%	8.5%
25-34	12.4%	10.8%	12.5%	16.0%
35-44	11.6%	10.5%	14.9%	12.9%
45-54	12.0%	11.7%	12.8%	12.2%
55-64	11.6%	13.8%	8.4%	11.4%
65-74	10.5%	13.7%	7.2%	9.1%
75-84	7.4%	9.4%	4.3%	5.3%
85 +	3.3%	4.5%	2.0%	2.6%
<b>Birthplace:</b>				
Australia	85.1%	87.8%	83.0%	84.5%
Elsewhere	14.9%	12.2%	17.0%	15.5%
<b>Indigenous Population:</b>	7.3%	7.2%	6.1%	4.4%
<b>Family and Household Composition:</b>				
Couple family with no children	25.1%	26.4%	22.3%	25.4%
Couple family with children	27.5%	20.5%	42.7%	25.9%
One parent family	16.9%	12.8%	16.3%	11.0%
Other family	0.9%	1.0%	0.4%	1.2%
Lone person households	26.6%	36.1%	15.6%	29.5%
Group households	3.0%	3.2%	2.7%	6.9%
<b>Tenure:</b>				
Owned outright	32.1%	38.7%	22.5%	30.0%
Owned with a mortgage	34.6%	26.0%	44.0%	32.4%
Rented	33.3%	35.3%	33.4%	37.6%
<b>Dwelling Structure:</b>				
Separate House	84.5%	79.1%	96.9%	69.3%
Semi-Detached	7.4%	11.4%	3.0%	16.2%
Flat or Apartments	7.7%	8.7%	0.0%	14.2%

Source: ABS Census of Population and Housing 2021, Think Economics 2023

### 3.3 Population projections

To inform estimates of projected population growth, analysis of a range of data and information sources has been undertaken, including:

- Estimated Residential Population (ERP) Data (2016-2021);
- NSW Department of Planning and Environment population projections; and
- *Draft Greater Warnervale Structure Plan 2021-2041*.

**Table 3.2 Population projections**

	2021	2022	2023	2024	2025	2026	2031	2036
PTA	30,583	31,172	31,703	32,235	32,660	33,086	34,001	34,878
STA E	9,968	10,244	10,520	10,795	11,071	11,347	12,347	13,375
STA W	11,238	12,073	12,908	13,743	14,578	15,413	19,588	23,763
<i>Main Trade Area</i>	<i>51,789</i>	<i>53,489</i>	<i>55,131</i>	<i>56,773</i>	<i>58,310</i>	<i>59,846</i>	<i>65,936</i>	<i>72,015</i>

Source: ABS, NSW Department of Planning and Environment, *Greater Warnervale Structure Plan*, *Think Economics 2023*

Population growth in the PTA is forecast to increase from 31,703 people in 2023 to 34,878 people by 2036, an increase of 10% or 244 people per year. While there is some greenfield land for new residential lots, the majority of this growth is expected to come from infill developments, such as that proposed for the subject site. (Note that forecast population growth within the PTA will be reviewed once the residential yield onsite is confirmed)

The STA E is forecast to increase from 31,703 people in 2023 to 34,878 people by 2036, an increase of 27% over this timeframe or 220 people per year.

The STA W is forecast to experience the highest level of population growth. This will be from new greenfield developments in parts of Hamlyn Terrace, Wadalba and Warnervale. As part of the Greater Warnervale Structure Plan a number of greenfield and infill development sites have been identified which will see this area increase from around 20,000 people in 2021 to just over 46,000 people by 2036. Whilst this area includes part of the PTA most of this growth will be in the STA W. This will see the population of the STA W increase from just under 12,908 people in 2023 to 23,763.

Total population growth in the Main Trade Area (MTA) is forecast to grow from 51,789 in 2023 to 72,015 in 2036. This is an annual average growth of 2.1% over this time or 1,298



people per year. As the population grows, so too will demand for additional retail and commercial uses.

## 4.0 Retail Demand Assessment

### 4.1 Retail expenditure profile and forecasts

The retail demand profile for the trade area will be dependent on the retail expenditure characteristics for residents within the area. Think Economics estimates retail expenditure capacity generated by trade area residents based on the latest available 2021 Consumer Spend Potential (CSP) data sourced from Precisely.

Unlike other products on the market, CSP was designed using a top-down method which overcomes several biases in base data for household expenditure. The size of the market for each CSP category is calculated from a variety of sources, the primary one being Household Final Consumption Expenditure (HFCE) tables from the National Accounts (Australia's gross domestic product figures). Because this dataset is an integral part of GDP statistics, it is the final arbiter of the size of the household market in Australia. In addition, Precisely uses other data sources to augment HFCE data. These include other National Accounts tables from the Australian Bureau of Statistics, as well as Retail Trade, Apparent Consumption of Alcohol, International Trade in Services, and Socio Economic Indexes for Areas (SEIFA). They also incorporate data from other Commonwealth sources – the Australian Prudential Regulation Authority, the Productivity Commission, and Tourism Research Australia – as well as other publicly available sources.

The CSP data is considered to be an accurate and detailed measure of retail expenditure capacity and behaviour and is widely relied on in the retail industry. Total retail expenditure is detailed in a number of categories, as follows:

- Food and groceries – goods typically sold in supermarkets and specialty fresh food stores.
- Off Premise liquor – packaged beer, wine and spirits such as those purchased at bottle-shops and liquor outlets. The combination of take-home food and groceries and packaged liquor is referred to as FLG expenditure.

- Meals out and Fast Food – cafes, take-away outlets and restaurants, including liquor consumed on such premises.
- Apparel – clothing, footwear, fashion and accessories.
- Household goods – giftware, electrical, computers, furniture and homewares.
- Leisure – sporting goods, music, DVDs, games, books, magazines and newspapers.
- General retail space –pharmaceutical goods, cosmetics, toys, florists and mobile phones.
- Retail Services – retail services such as key cutting, shoe repairs, hair and beauty.

Figure 4.1 presents a comparison of the retail spending behaviour of the trade area residents with Newcastle averages. The total level of annual retail expenditure per person for PTA is estimated at \$15,747, the STA E at \$13,596 and STA W at \$17,987. With the exception of the STA W the other areas are below the average of \$17,495 across the Newcastle region.

**Figure 4.1 Trade Area - Retail Expenditure Per Capita**

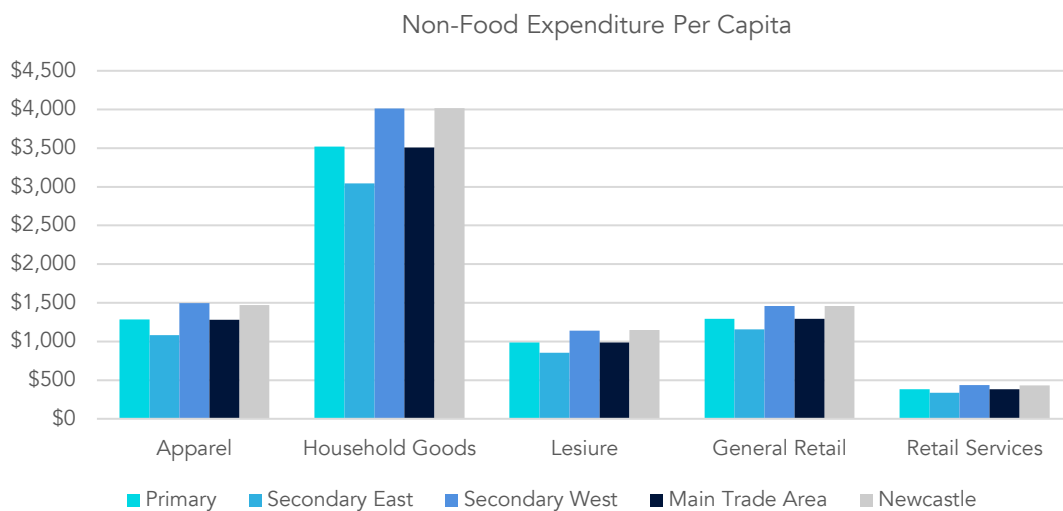
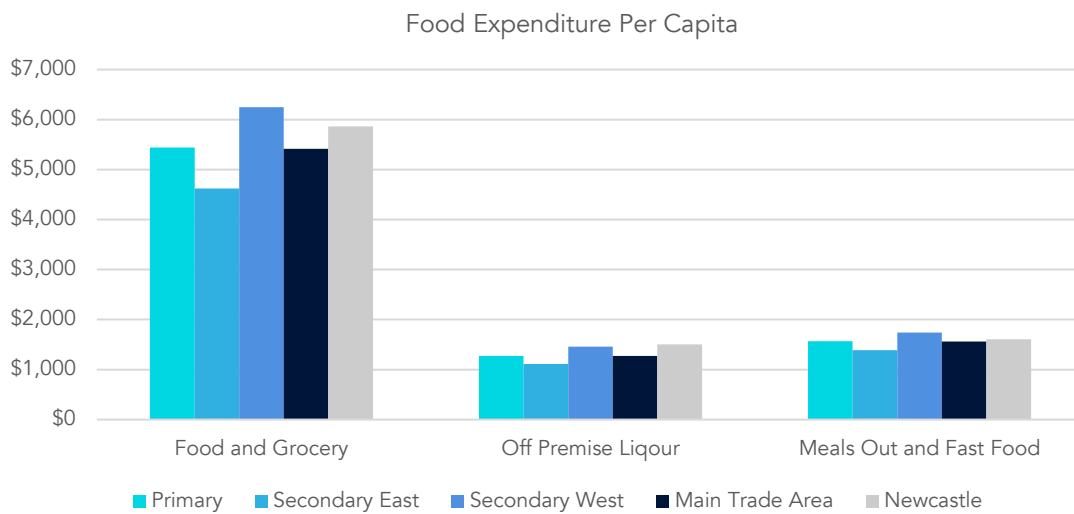
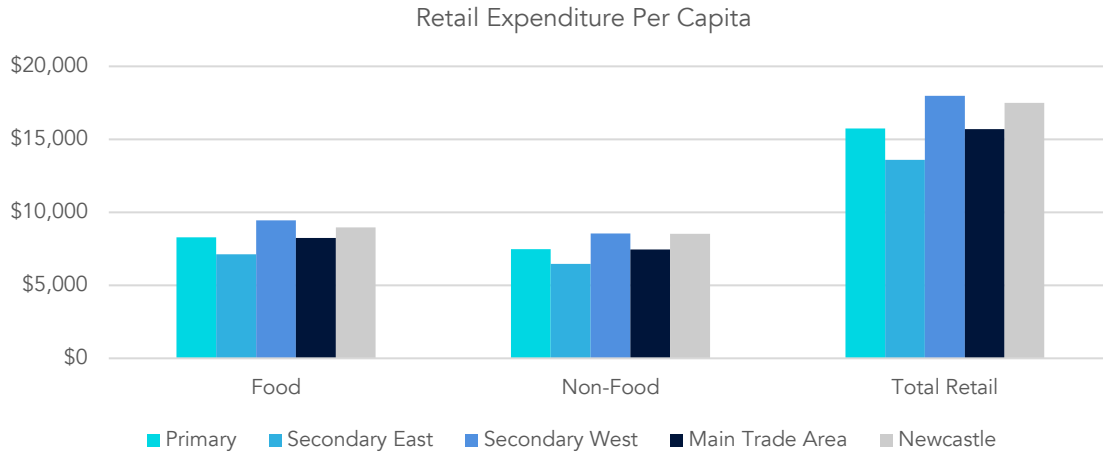


Table 4.1 presents estimates of total retail expenditure generated by the resident population within the primary, secondaries and combined main trade area over the forecast period to 2036. All spending forecasts include inflation and estimated real growth in retail expenditure, which is assumed to average 0.6% per annum across all retail categories.

Total available retail expenditure within the trade area is forecast to grow strongly, from \$819.3 million at 2021 to \$1,281.1 million at 2036, reflecting an average annual growth rate of around 3.0% per annum over the forecast period. On average the retail expenditure pool in the main trade area is forecast to increase by \$30.8 million per annum.

**Table 4.1 Kanwal Trade Area – Retail expenditure by sector**

Year	Kanwal - Retail Expenditure (\$M), 2021 - 2036			
	Primary	Secondary East	Secondary West	Main Trade Area
2021	481.6	135.5	202.1	819.3
2022	494.2	140.2	218.6	853.0
2023	506.0	144.9	235.3	886.2
2024	517.9	149.7	252.2	919.8
2025	528.2	154.6	269.3	952.1
2026	538.7	159.5	286.6	984.9
2027	545.4	163.4	304.2	1,013.0
2028	552.1	167.4	322.0	1,041.4
2029	558.9	171.4	340.0	1,070.2
2030	565.7	175.4	358.2	1,099.4
2031	572.5	179.5	376.7	1,128.7
2032	579.4	183.7	395.4	1,158.5
2033	586.3	188.0	414.3	1,188.6
2034	593.2	192.3	433.5	1,219.0
2035	600.3	196.7	452.9	1,249.9
2036	607.4	201.1	472.6	1,281.1
Average annual growth (\$M)				
2021 - 2036	8.4	4.4	18.0	30.8
Average annual growth (%)				
2021 - 2036	1.6%	2.7%	5.8%	3.0%

\*Constant 2022 dollars & including GST

Source: Precisely 2022 Consumer Spend Potential, Think Economics (2022)

Table 4.2 details the projected retail spending of the Kanwal main trade area population by retail category.

Food and groceries is the main expenditure category for supermarkets. Spending on food and groceries currently represents 35% of the total retail expenditure in the main trade area and is forecast to grow from \$282.6 million at 2021 to \$450.7 million by 2036, reflecting an average annual growth rate of 3.2% or an average annual increase of \$11.2 million.

**Table 4.2 Kanwal Trade Area – Retail expenditure by category**

Kanwal - Main Trade Area Retail Expenditure (\$M), 2021 - 2036									
Year	Food and Grocery	Off Premise Liquor	Meals Out and Fast Food	Apparel	Household Goods	Leisure	General Retail	Retail Services	Total Retail
2021	282.6	66.4	81.4	66.9	183.1	51.5	67.4	19.9	819.3
2022	294.6	69.2	85.1	69.4	190.3	53.5	70.1	20.8	853.0
2023	306.5	72.0	88.7	71.9	197.4	55.5	72.7	21.6	886.2
2024	318.5	74.9	92.5	74.3	204.5	57.4	75.3	22.4	919.8
2025	330.2	77.6	96.1	76.7	211.3	59.3	77.8	23.2	952.1
2026	342.0	80.4	99.8	79.0	218.2	61.2	80.3	24.0	984.9
2027	352.2	82.8	103.1	81.0	224.1	62.7	82.5	24.7	1,013.0
2028	362.6	85.2	106.4	83.0	230.0	64.3	84.6	25.4	1,041.4
2029	373.1	87.7	109.7	85.0	235.9	65.9	86.8	26.1	1,070.2
2030	383.8	90.2	113.2	87.0	241.9	67.6	89.0	26.8	1,099.4
2031	394.5	92.7	116.7	89.0	247.9	69.2	91.2	27.5	1,128.7
2032	405.4	95.3	120.2	91.0	254.0	70.8	93.4	28.2	1,158.5
2033	416.5	97.9	123.8	93.0	260.2	72.5	95.7	29.0	1,188.6
2034	427.7	100.5	127.5	95.1	266.4	74.1	98.0	29.7	1,219.0
2035	439.1	103.2	131.3	97.1	272.6	75.8	100.3	30.5	1,249.9
2036	450.7	105.9	135.1	99.2	279.0	77.5	102.6	31.3	1,281.1
Average annual growth (\$M)									
2021 - 2036	11.2	2.6	3.6	2.2	6.4	1.7	2.3	0.8	30.8
Average annual growth (%)									
2021 - 2036	3.2%	3.2%	3.4%	2.7%	2.8%	2.8%	2.8%	3.0%	3.0%

\*Constant 2022 dollars & including GST

Source: Precisely 2022 Consumer Spend Potential, Think Economics (2022)



## 4.2 Supermarket demand analysis

An analysis of the current supermarket floorspace and expenditure levels in the MTA has been undertaken to assess any current and future floorspace under/oversupply. The current estimated supermarket floorspace supply within the MTA is 18,900sqm.

Around 80% of food and grocery expenditure is estimated to be captured by supermarkets. An estimated 5% of supermarket expenditure has also been calculated as coming from outside of the MTA. Full line supermarkets also have a portion of floorspace dedicated to non-food and grocery items, such as household items. This is estimated at around 6% of total sales.

Using average retail turnover densities, the level of supportable supermarket floorspace in the MTA in 2021 has been calculated at 22,500sqm. This is then projected to increase to 26,100sqm in 2026 and 29,000sqm by 2031.

Table 4.3 over the page illustrates the level of supermarket expenditure in MTA and supportable supermarket floorspace.

**Table 4.3 Supermarket Expenditure**

	2021	2026	2031	2036
<b>Food and Grocery Market (\$M)</b>				
Main Trade Area	282.6	342.0	394.5	450.7
<b>Spending to Supermarkets (\$M)</b>				
Main Trade Area	226.0	273.6	315.6	360.5
<b>Supermarket - Retained Expenditure (\$M)</b>				
Main Trade Area	180.8	218.9	252.5	288.4
<i>Plus Beyond Trade Area Sales (\$M)</i>	9.5	11.5	13.3	15.2
<b>Supermarket - Total F&amp;G Sales (\$M)</b>	190.4	230.4	265.8	303.6
<i>Plus Non-F&amp;G Sales (\$M)</i>	12.2	14.7	17.0	19.4
<b>Total Sales (\$M)</b>	<b><u>202.5</u></b>	<b><u>245.1</u></b>	<b><u>282.7</u></b>	<b><u>323.0</u></b>
<b>Estimated Sustainable Floorspace (\$M)</b>				
RTD @ \$9,000sq.m increasing 0.8% p.a	9,000	9,366	9,746	10,143
Supportable Supermarket Floorspace	22,501	26,168	29,009	31,843
<b>Existing Supermarket Supply</b>				
Coles Toukley	2,300			
Aldi Toukley	1,600			
Coles Wadalba	1,800			
Woolworths Wadalba	4,000			
IGA Express Kanwal	400			
Aldi Lake Haven	1,600			
Coles Lake Haven	3,600			
Woolworths Lake Haven	3,600			
<b>Total Supply</b>	18,900	18,900	18,900	18,900
<b>Supermarket Floorspace Gap</b>	-3,601	-7,268	-10,109	-12,943

Source: Consumer Spend Potential 2021 Precisely, Think Economics 2023

Based on the above comparison of estimated floorspace demand and existing supermarket floorspace within the MTA, there is an estimated undersupply of approximately 3,600sqm in the MTA in 2021. Without any additional supermarkets in the MTA, this undersupply is projected to increase to around 7,300 sqm by 2026 and 10,100sqm by 2031. This indicates that there is currently demand for one additional full line supermarket of around 3,600sqm in the MTA and at least one additional supermarket by 2031.

### Rate of Provision

An alternative method to determine demand for a full line supermarket is to assess typical rates of provision. A full line supermarket is one which people can purchase 100% of their grocery needs at, such as Coles and Woolworths. Full line supermarkets generally have a

floorspace of at least 3,200 Sq M. The general rate of provision for a full line supermarket in Australia is one for every 9,000 people.

There are a total of five full line supermarkets located within the MTA. The closest existing supermarkets to the subject site are the Coles and Woolworths at the Lake Haven Town Centre in the PTA. There are also two supermarkets in the STA W and one in the STA E. There is also a Coles located just outside of the PTA in San Remo, though the catchment for this supermarket likely only has a small overlap with the MTA (residents of Charmhaven).

Table 4.4 below demonstrates the demand for full line supermarkets in the MTA.

**Table 4.4 Supermarket demand**

	2023	2026	2031
MTA Population	55,131	59,846	65,936
SM ROP (people per SM)	9,000	9,000	9,000
SM Demand	6.1	6.6	7.3
SM Supply	5	5	5
SM Gap	-1.1	-1.6	-2.3

Source: IQ Provision Benchmarks 2021, Think Economics

Based on the current population of the MTA there is currently demand for six supermarkets, with this rising to seven by 2031. With five existing supermarkets in the MTA there is currently considered to be an undersupply of one supermarket. If no other supermarkets are developed this undersupply increases to two by 2031, which is consistent with the expenditure forecast modelling presented in Table 4.1.

The subject site's location along two major traffic thoroughfares in Wallarah Road and the Pacific Highway is highly favourable for this use. Many people both inside and outside the MTA are likely to travel past the site on their way to/from work and conduct their supermarket shopping at a convenient location as part of their journey. The proposed supermarket at the subject site will provide this convenience and respond to the current undersupply in the local area.

An added benefit of the subject site is that it supports the ability for the proposed retail uses to front Wallarah Road, opposite the existing convenience retail uses. The retail uses at the subject site combined with these existing uses will create a two sided main street retail

environment, with the benefit of the expanded catchment area benefitting the existing convenience retail uses and creating a more vibrant and active local centre environment.

## 5.0 Retail Supply Assessment

There are a number of existing retail centres in the local area which are illustrated in Figure 3.1 and summarised in Table 5.1 below.

**Table 5.1 Retail supply assessment**

Centre Name	GLA (sq.m)	Retail GLA (sq.m)	Supermarket	Supermarket GLA (sq.m)	Distance by road to subject site (km)
<b>Within Trade Area</b>					
Lake Haven SC	43,072	39,422	Coles, Woolworths	8,509	2.3
Kanwal Village	2,400	2,200	IGA	800	0.1
Wallarrah Road local centre	1,900	1,400			1.9
Toukley SC	27,205	12,065	Coles, Aldi	3,780	4.6
Wadalba SC	6,260	5,930	Coles, Woolworths	4,860	4.3
Warnervale Road local centre	120	120			
<b>Beyond the Trade Area</b>					
Northlakes SC	4,821	4,569	Coles	3,500	5.1
Budgewoi Village	8,375	4,650	Coles	2,800	12.2
Aldi Blue Haven	996	996	Aldi	996	8.1
IGA Buff Point	315	315	IGA	315	11.7
Village Central Wyong	6,205	5,605	Coles	2,801	9.3
Cutler Centre	1,250	1,250	IGA	380	8.7
Aldi Wyong	1,533	1,533	Aldi	1,533	8.8

Source: PCA Shopping Centre Directory, Think Economics

Directly opposite the subject site is the Kanwal Village shopping centre which is zoned as a neighbourhood centre. This centre includes an IGA, Amcal chemist, liquor store, takeaway shops, fruit market, butcher, beauty salon, real estate agent and medical centre.

To the north of the subject site is the Lake Haven Town Centre which is designated as a local centre. It hosts a Woolworths, Coles, Aldi, Kmart, Best & Less, JB Hi-Fi, Dan Murphy's and specialty stores. As well as retail uses there are also a number of mixed use and community uses surrounding this centre including medical facilities, a library, fast food outlets, movie theatre along with some large format retail.

Along Wallarrah Road to the east of the subject site is a strip of shops zoned as a neighbourhood centre. These shops include a liquor store, pharmacy, post office, takeaway stores, hairdresser, real estate agent and some allied health uses such as physio and

optometrist. It should be noted that this strip of shops has a low level of amenity and many of the shopfronts appear to be run down.

Toukley local centre is located along Main Road and includes a Coles and specialty stores. Further east along Main Road in Toukley is a smaller local centre including an Aldi, takeaway stores and a pharmacy. It should be noted that outside of the Aldi this strip of shops is also looking rundown with a low level of amenity.

To the southwest of the subject site along the Pacific Highway is the Wadalba Local Centre. This centre has both a Coles and Woolworths supermarket, Amcal pharmacy along with a selection of specialty stores. There are also a GP practice and dentist as part of this area.

Northlakes Shopping Centre is located in San Remo around 4.3km north of the subject site. This centre includes a Coles along with a selection of specialty stores.

As well as these existing centres there are those proposed centres within the Greater Warnervale Structure Plan area. These centres are however outside of the main trade area and will be dependent on planned growth within the structure plan area closest to the proposed Warnervale Town Centre site location. They therefore have limited relevance to the proposed retail at the subject site and this assessment.

## 6.0 Retail Impact Assessment

This section presents an assessment of the potential competitive trading effects that may arise due to the establishment of the proposed retail facilities at the subject site, discusses the implications of these impacts; and examines the net community benefits associated with the proposed expansion, including employment generation and other economic and social benefits.

### 6.1 Methodology

The analysis uses a recognised approach to conducting retail impact assessments and considers the following factors when assessing the potential impacts of new and expanded retail floorspace based development on each existing centre:

- Sales performance at existing relevant centres are estimated based on industry averages and our own inspections.
- Existing centre turnover is then projected forward to 2026 assuming sales change in line with growth in the underlying market, and accounting for any future developments in the region that may also impact on the future sales of existing centres.
- Sales for the proposed centre are forecast for 2026 (i.e., the first year of trading) based on likely market shares achieved by catchment area sector and allowing for some spending to be sourced from residents who live beyond the catchment area.
- Sales captured by the expanded centre are assumed to be drawn from other centres in the surrounding region (inc. existing retailers on-site) based on a competitive usage framework which considers existing market shares by centre.
- The greatest impacts are typically absorbed by the closest comparable centres. For example, a new large supermarket is generally likely to impact the closest nearby large supermarket of the same brand to the greatest extent, followed by impacts on

other comparable large supermarkets and at the lower end of the spectrum, by smaller scale supermarkets/food stores, which serve much more limited roles.

- The sales redistributed from the surrounding centres are then compared to the pre-impact sales to identify the nominal (\$m) and relative (%) impacts likely to be experienced by the other centres.

Sales and impacts are expressed at the centre level, and not typically assessed as business-on-business impacts unless they are likely to lead to an overall reduction in service levels.

## 6.2 Expansion sales potential

Table 6.1 provides an estimate of the sales potential of the proposed retail uses at the subject site as well as the market shares associated with these sales.

We have assessed potential turnover, market shares and impacts based on assumed market conditions for the financial year 2025/26 as this is assumed to be the first full FY year of trading. It is noted that if the retail centre were to be established later than this it would allow the catchment to further mature which would improve demand conditions.

Sales estimates are presented in constant 2022-dollar terms and include GST.

In estimating the sales potential for the proposed development, we have had regard to all of the information set out in the previous sections of the report, and in particular the following:

- The location of the subject site including the accessibility that will be created for residents within the main trade area.
- The available resident populations, and in particular the F&G expenditure capacity, within the trade area.
- The provisions of competitive supermarkets in the surrounding centres.
- Achievable market share performance in each trade area sector.



- Known information in regard to supermarket turnover levels across NSW and Australia.

Based on a RTD of \$8,923/sq.m, the proposed retail centre is expected to achieve sales of around \$46.8 million in 2025/26.

**Table 6.1 Estimated expansion turnover and market shares**

Category	GLA (Sq.m)	Est. sales (\$'000)	(\$/sq.m)
Supermarket	2,815	\$26,576	\$9,441
Specialty retail	2,430	\$20,228	\$8,324
<b>Total</b>	<b>5,245</b>	<b>\$46,804</b>	<b>\$8,923</b>

Trade area	Retail Spend (\$M)	Centre sales (\$M)	Market share (%)
Primary	\$538.7	\$31.8	5.9%
Secondary sectors			
- East	\$159.5	\$3.0	1.9%
- West	\$286.6	\$5.0	1.7%
Total secondary	\$446.1	\$8.0	1.8%
<b>Main trade area</b>	<b>\$984.9</b>	<b>\$39.8</b>	<b>4.0%</b>
Sales from beyond MTA		\$7.0	
<b>Total expansion sales</b>		<b>\$46.8</b>	

Source: Think Economics 2022

Table 6.1 also presents the estimated market shares which the proposed development is expected to achieve in order to deliver the estimate sales potential. Overall, the market share of available retail expenditure within the main trade area is estimated at 4.0%. This means that around 96% of all expenditure generated by residents in the main trade area would be directed to other retail facilities including those convenience-oriented centres within the main trade area and those higher order centres outside of the main trade area.

Based on the location of the subject site and typical retail performance and market share patterns of similar centres, we expect around 15% of sales turnover to be generated from beyond the defined main trade area.

## **6.3 Trading impacts**

The purpose of an impact assessment is to provide guidance as to whether or not there is likely to be a net community benefit or disbenefit from any proposed development. In particular, if there is a real possibility of some existing facilities potentially being impacted to such a degree that they may be lost to the community. If the service or services provided by those facilities are not at the very least replaced by the proposed new facilities, then a community disbenefit could result.

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect across the surrounding competitive network if the proposed expansion at the subject site were to proceed as planned.

These estimates provide indications as to whether the scale of the proposed retail development is reasonable and whether any surrounding centres are likely to be at risk to the extent that the community would suffer a net disbenefit, attributable to the proposed retail development. In considering likely trading impacts on any individual centre or individual retailer, it must first be acknowledged that such estimation can only realistically expect to provide a broad indication of likely outcomes, since there are many factors which can change in response to any new retail development, and which will have a bearing on the consequent outcomes.

The competitive response of each relevant centre or trader is one such factor, as are further redevelopments/ improvements which one or more of the competitive networks of centres might implement.

Table 6.2 presents forecasts of one-off trading impacts resulting from the proposed expansion on each of the identified centres, showing:

- The estimated sales volume for each centre at 2025/26 assuming no development at the subject site, which is expected to be the first full year of trading for the proposed centre. This is the baseline scenario.
- The estimated sales volume for each centre at 2025/26 after allowing for the proposed expansion at the subject site.
- The consequent estimated trading impact measured both as a sales volume and a percentage impact, on each centre.

**Table 6.2 Proposed Kanwal centre – Estimated trading impacts**

Centre	Retail GLA (sqm)	Est. sales 2022/23 (\$M)	Estimated sales 2025/26		Estimated impacts (2025/26)			% diff from 2023
			Without dev. (\$M)	With dev. (\$M)	Est. Impacts (\$M)	Est. Impacts (%)	Post impact sales (\$M)	
<b>Within trade area</b>								
Subject site	5,245			\$46.8				
Lake Haven SC	39,422	\$308.9	\$337.8	\$322.3	-\$15.45	-4.6%	\$322.3	4.4%
Kanwal Village	2,200	\$17.2	\$18.8	\$16.5	-\$2.34	-12.4%	\$16.5	-4.2%
Wallarrah Road local centre	1,400	\$11.0	\$12.0	\$10.8	-\$1.17	-9.8%	\$10.8	-1.3%
Toukley SC	12,065	\$94.5	\$103.4	\$96.4	-\$7.02	-6.8%	\$96.4	1.9%
Wadalba SC	5,930	\$46.5	\$50.8	\$43.8	-\$7.02	-13.8%	\$43.8	-5.8%
Warnervale Road local centre	120	\$0.9	\$1.0	\$1.0	\$0.00	0.0%	\$1.0	9.4%
<b>Beyond trade area</b>								
Northlakes SC	4,569	\$35.8	\$39.1	\$35.6	-\$3.51	-9.0%	\$35.6	-0.5%
Budgewoi Village	4,650	\$36.4	\$39.8	\$39.4	-\$0.47	-1.2%	\$39.4	8.1%
Aldi Blue Haven	996	\$7.8	\$8.5	\$8.5	\$0.00	0.0%	\$8.5	9.4%
IGA Buff Point	315	\$2.5	\$2.7	\$2.7	\$0.00	0.0%	\$2.7	9.4%
Village Central Wyong	5,605	\$43.9	\$48.0	\$45.7	-\$2.34	-4.9%	\$45.7	4.0%
Cutler Centre	1,250	\$9.8	\$10.7	\$10.2	-\$0.47	-4.4%	\$10.2	4.6%
Aldi Wyong	1,533	\$12.0	\$13.1	\$13.1	\$0.00	0.0%	\$13.1	9.4%
<b>Sub-total</b>	<b>85,300</b>	<b>\$627.3</b>	<b>\$685.9</b>	<b>\$692.9</b>	<b>-\$39.78</b>	<b>-5.8%</b>	<b>\$646.1</b>	<b>3.0%</b>
Other retail centres					-\$7.02			
<b>Total est. sales for Subject Site retail centre</b>					<b>\$46.8</b>			

Source: Think Economics

In summary, the impact assessment shows the following:

- The greatest impacts in terms of aggregate dollars are expected to be absorbed by those retail centre that are located most proximate to the subject site and that represent direct competition. This is largely informed by the presence of a full line supermarket. The most significant impacts are expected to be to the Lake Haven Shopping Centre followed by the Wadalba Shopping Centre and the Toukley Shopping Centre. These centres provide the most proximate supply of full line supermarkets and are presently the main destination for food and grocery shopping for residents of the main trade area. However, the assessed reductions in sales at these centres would be moderate at -4.6%, -13.8% and -6.8% respectively.
- The Kanwal Village centre opposite the subject site is expected to be impacted based on proximity, however, the relatively small convenience centre is expected to benefit from the increased catchment area that will be established by the proposed retail development onsite which will attract a greater number of shoppers to the consolidated precinct. While the initial impact is estimated as -12.4% in 2025/26, the impact compared to current estimated turnover levels is only -4.2% which is considered minor. Further, there is potential for these estimated impacts to be offset by the catchment effect that will be created by the consolidated scale and mix of retail that would be established between the subject site and Kanwal Village.
- Other existing centres throughout the main trade area are expected to experience minor to moderate impacts as a result of the increased retail uses at the subject site.
- It is important to note that much of the estimated impacts are expected to be offset by ongoing growth in retail expenditure generated within the main trade area as a result of population growth. For example, those estimated impacts in 2026 are expected to be largely offset by growth between 2023 and 2026, with most centres expected to trade at above or close to current levels in 2023 (indicated as '% diff from 2023' in Table 6.2).

Generally, retail trading impacts between 10% and 15% are considered by the industry to be significant but acceptable, with impacts less than 10% considered relatively moderate, and impacts less than 5% generally considered minor/negligible. However, other factors such as the current trading performance; expansions of centres; potential loss of services to

the community; expected growth in the region; and overall net community benefit should be considered.

Based on the level of estimated impacts, all competing centres are expected to continue to trade at viable levels with the majority of impacts on individual centres expected to be less than or only marginally above 10%. Those centres that are expected to be impacted by more than 10% will benefit from expenditure growth over the next three years prior to the establishment of the proposed centre and will continue to benefit from forecast growth which is expected to offset any impacts within the few years following the first year of operation at the subject site.

The potential impacts on land use and future growth planning within the Warnervale Structure Plan area have also been considered. Based on the planned increase in population from 20,162 people to 57,000 people, there will be need for substantial additional centres infrastructure to serve this population increase and while a Warnervale Town Centre has been designated, section 7.5.1 of the Draft Structure Plan does note that the removal of the Warnervale Railway Station by State Government has *“limited the chances of developing a successful town centre.”*

It is likely that establishing additional commercial centres within the greenfield areas in Warnervale will take time to address site related issues (such as amalgamation) and to allow for a critical mass of population to establish in developing areas. The subject site provides the opportunity to increase the supply of commercial centre uses in a location that is walkable for existing and future residents within the structure plan area (including in Precinct 6 and 7). The subject site will create early amenity which is expected to support residential development and growth within these areas, with the opportunity for additional centres to the west remaining.

## 6.4 Social, community and employment impacts

The proposed supermarket will result in additional on-going employment on site, as well as further jobs throughout the supply chain, including those in industries servicing the retail tenants at the site, such as transport workers, wholesalers and the like. Furthermore, the construction phase of the project will support temporary construction related employment, and additional temporary jobs through the broader economic supply chain (i.e. multiplier impacts).

In estimating the various employment benefits, we have relied upon various data sources including information from supermarket operators, the ABS, state and local government agencies, as well as past experience in preparing assessments of this nature.

The following table illustrates the estimated net increase in direct on-site employment that could potentially be created if the proposed centre at the subject site were to proceed. An estimated 142 additional jobs could be created once the expansion is fully operational. Making an allowance of around 5% for employment being redirected from other centres, the proposed development could result in a net addition of 134 jobs.

**Table 6.3 Estimated Employment Impacts**

	Estimated employment per '000 sq.m	GLA (sq.m)	Employment (persons)
Proposed retail uses	25	5,100	128
Proposed office/medical	20	700	14
Additional Centre Employment			142
<b>Net employment increase*</b>			<b>134</b>

Source: Think Economics 2022

The proposed development at the subject site would generate a range of other economic benefits, in particular the following:

- Increased choice and amenity for the population of the main trade area as well as likely increased competition for the benefit of consumers.



- More convenient access to new food and grocery shopping facilities to serve both the current residents of the main trade area and future residents.
- Reduced travels distances, leading to savings on time and fuel for main trade area residents, due to a better provision of food and grocery shopping facilities at the local level.
- Providing additional convenience retail to service a growing residential growth area, without reducing the level of service provision anywhere else.
- Providing jobs near people's homes and consequent economic multiplier impacts, which will boost the local economy.
- Street front activation providing a greater level of passive and active surveillance and increased security and safety for local residents and visitors to the area.
- The enhanced local amenity, including retail services and job creation, is expected to contribute to residential attraction, supporting and potentially accelerating residential development within the Warnervale Structure Plan area to the west.
- Increased residential choice and affordability in the local area, responding to the specific housing needs of the local community.
- Providing an integrated mixed use precinct that provides people the opportunity to live, work and recreate onsite, with onsite public transport providing connectivity to other precincts throughout the surrounding area.

This report provides evidence indicating that there is a market gap for the proposed expansion at the subject site which would result in a net community benefit to residents within the main trade area and surrounds, and only minor to moderate trading impacts upon the surrounding centres network. Overall, we consider the proposed development concept will provide a strong positive net community benefit.

## 7.0 Residential Needs Review

### 7.1 Socio-economic drivers

The mixed use project is planned to deliver 804 residential apartments onsite, including a mix of one, two and three bedroom apartments, supporting an estimated 1,600 residents onsite. The proposed apartments will create a significant increase in accommodation capacity onsite, replacing the existing caravan park and contributing to residential dwelling growth in the local area.

The increase in apartment dwellings will provide a strong positive response to local residential and socio-demographic need conditions, which clearly demonstrate that residents would benefit from the increased housing choice and affordability that would be established by the increase in apartment dwellings. These residential and socio-demographic conditions are demonstrated by the following indicators which provide comparison between the local area (defined as the Gorokan-Kanwal-Charmhaven SA2)<sup>1</sup> and New South Wales (NSW):

- 23.0% of households had a weekly household income of less than \$650 compared to 16.3% for NSW;
- 11.5% of local residents were aged 75+, compared to 7.9% for NSW;
- 26.5% of families in the local area comprised one parent families, compared to 15.8% for NSW; and
- 30.1% of households were single person households, compared to 25.0% of households for NSW.

Despite these several socio-demographic conditions that are representative of households that would benefit from smaller sized and more affordable dwellings, only 9.8% of dwellings in the local area were apartments/units in 2021, compared to 21.7% of dwellings throughout NSW. There was a total of 842 apartments in the local area in 2021, which means the proposed 804 apartments onsite would increase provision in the local area by 95.5% and significantly increase housing choice, competition and affordability.

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<sup>1</sup> Based on 2021 ABS Household Census Survey data

## 7.2 Strategic planning drivers

As well as increasing local housing choice and affordability in response to local socio-demographic conditions, the proposed supply will also contribute to wider residential development and growth objectives for the region. These objectives are outlined in regional planning documents including the Draft Warnervale Structure Plan and the Central Coast Regional Plan.

### Draft Warnervale Structure Plan

The subject site is situated just outside of the Warnervale Structure Plan area, approximately 200 metres east of Precinct 6 (Hamlyn Terrace Residential) and Precinct 7 (Woongarah Residential). The Structure Plan specific residential issues and opportunities that the proposed residential apartments are considered to provide a positive response to.

This includes section 7.7.3 *Aged and Affordable Housing* of the structure plan. This section states an objective to “Provide a mix of lot sizes and housing types to meet diverse housing needs including affordable housing options.” Under this objective, it is noted that there is a lack of housing choice with a high proportion of separate dwellings and a lack of affordable housing options. The proposed apartments will provide a positive response to these identified issues in a location that is proximate to the Warnervale Structure Plan area and can accommodate apartment demand relevant to the Warnervale area.

### Central Coast Regional Plan

Objective 5 of the regional plan is “Plan for ‘nimble neighbourhoods’, diverse housing and sequenced development.” This highlights that projected population growth to 2041 will require an additional 32,550 dwellings, with much of this additional supply to be delivered as infill projects, such as the proposed development.

The regional plan emphasises the housing supply objectives stated in the *NSW Housing Strategy 2041*, which are to increase supply, diversity, affordability, and resilience. The proposed residential apartments are strongly aligned with these objectives and specific objectives within the regional plan, including the provision of both housing density and diversity that is integrated with employment opportunities, community amenities, and public transport.

## 8.0 Office/Medical/Health

In addition to the proposed retail uses onsite, the commercial uses onsite are proposed to include 400sqm of office floorspace as well as 300sqm of medical floorspace. These uses will complement the role and function of the centre, providing an integrated mix of community services as well as employment opportunities at the subject site.

The office and medical uses onsite are expected to be a mix of local professional and financial services such as lawyers, accounts, architects, town planners, real estate agents and mortgage brokers as well as medical professionals including GPs, physiotherapists, psychologists and allied health practitioners.

The primary driver of small office space in a local area is typically population, given tenants often comprise professional and personal services. The typical rate of provision for office space supply is an average of 1sqm per person. With the population of the PTA of projected to increase by around 1,400 people by 2026 this would equate to 1,400 Sq M of additional office space. The proposed office space at the subject is expected to absorb approximately 30% of this demand, with the remaining demand expected to be absorbed by higher order employment precincts and centres.

Similarly, the demand and need for additional medical practitioners will be driven by local population growth. The average rate of provision for GPs nationally is 12.2 per 10,000 people. Based on forecast population growth within the PTA, there is expected to be need for an additional two GPs by 2026 as well as need for a range of additional allied health practitioners (particularly physiotherapists, psychologists, and dentists). Collectively, these need conditions support the proposed 300sqm of medical floorspace onsite which will increase accessibility and availability of medical services in the local area.

The increase in medical services provision onsite is well aligned with local drivers of need, including

## 9.0 Conclusion

The Economic Impact Assessment demonstrates an established economic need and demand for the proposed development within the Main Trade Area (MTA) which would result in a net community benefit to residents within the main trade area and surrounds, and only minor to moderate trading impacts upon the surrounding centres network.

Overall, we consider the proposed development concept will provide a significant net community benefit given the following:

- There is a demonstrated undersupply of supermarkets within the main trade area relative to the population capacity and the retail demand generated by this population. The subject site provides a location that will enhance accessibility and convenience for many residents in the main trade area as well as enhance competition and choice which will further benefit the local community.
- Overall, the proposed development is likely to result in minor to moderate impacts on surrounding centres, though will not affect the future viability of any centres. Based on ongoing residential growth, these impacts are expected to be offset by an increase in retail expenditure with all centres expected to trade close to or above estimated 2023 turnover levels in 2026, even after the proposed retail centre is established.
- Our analysis demonstrates that the proposed development concept is of an appropriate scale and composition based on demand conditions within the main trade area, including a mix of retail, office and medical uses that will respond to service and amenity needs as well as employment needs of the community.
- The proposal will create an estimated net increase of 134 net additional on-going jobs.
- The proposed development is likely to result in additional consumer choice, convenience and amenity for food and grocery shopping, and is also likely to reduce vehicle kilometres travelled by residents and workers, which in turn could reduce travel

times and ease congestion throughout the surrounding area, further contributing to community benefits.

- The proposal will generate a range of social and community benefits through the enhanced built form environment and the employment, residential choice and affordability options, and community amenities that will be created onsite.
- The proposed residential apartments will increase the provision of apartment dwellings in the local area by almost 100% (based on 2021 housing supply in the Gorokan-Kanwal-Charmhaven SA2) which will significantly increase housing choice, diversity and affordability.
- The proposed residential apartments are well aligned with the socio-demographic profile of the local area. This includes providing small housing (i.e. one and two bedroom apartments) that will cater to single person and older resident households.
- The proposed residential apartments will provide a positive response to existing and future housing need conditions indicated in the Draft Warnervale Structure Plan and the Central Coast Regional Plan, with both documents outlining that in addition to need for increased housing supply generally, that a substantial increase in housing diversity and affordability is required.

On the basis of the findings presented above, there is considered strong economic, planning and community need conditions supporting the proposed mixed use development at Kanwal. In addition, any retail trading related impacts are expected to be minor to moderate and offset by ongoing population and retail expenditure growth throughout the local area, with the overall project supporting substantial net positive community benefits.

# Disclaimers

## Inherent Limitations

This report provides a summary of Think Economics research during the course of the work undertaken for Vivacity Property under the terms of the engagement contract dated January 2023.

The services provided in connection with this engagement comprise a market research and advisory engagement, and consequently no opinions or conclusions intended to convey assurance have been expressed. Think Economics have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. Think Economics is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

## Third Party Reliance

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This report has been prepared at the request of Vivacity Property in accordance with the terms of Think Economics engagement letter/contract dated January 2023. Other than our responsibility to Vivacity Property, neither Think Economics nor any member or employee of Think Economics undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

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