

23 September 2022

Samantha Mitchell
Development Manager
Landcom
Level 14, 60 Station Street
Parramatta NSW 2150

Sent via email: smitchell@landcom.nsw.gov.au

Dear Samantha,

RE: RESPONSE TO SUBMISSION – CHERRYBROOK STATION STATE SIGNIFICANT PRECINCT

This letter has been prepared for Landcom in response to the submission to the Cherrybrook Station State Significant Precinct Proposal received from Sim Lian – Metro Capital (“SLMC Australia”), with regards to feedback on the Economic and Land Use Assessment prepared by AEC Group Pty Ltd (“AEC”).

BACKGROUND

AEC was first engaged in 2017 to prepare a market assessment for the commercial/retail components of the Cherrybrook Station State Significant Precinct (SSP) Proposal, as well as provide an economic assessment in relation to employment, commercial and retail impacts. The AEC analysis was informed by a review of the resident trade area, projected population growth, review of existing centres in the catchment and retail analysis provided by Location IQ.

RECOMMENDED RETAIL FLOORSPACE

AEC’s report included recommendations on the quantum of supportable retail floorspace and potential tenant mix of between 2,900 sqm to 5,500 sqm retail and commercial GFA, with a supermarket anchor (between 1,650 sqm to 3,000 sqm) and a mix of specialty retail and non-retail shopfronts to complement the convenience offer of the Precinct.

The Reference Scheme for the Cherrybrook Station SSP includes “around 3,200 sqm of retail Gross Floor Area (GFA), including the potential for a supermarket providing for the day to day convenience and lifestyle needs of residents”. This is more comparable to AEC’s “Low” recommendation of retail floorspace, which suggests an indicative supermarket size of 1,650 sqm. A supermarket of this size is considered to be consistent with the convenience-based retail offering of a local centre.

The draft site-specific DCP requires a minimum of 3,000 sqm of commercial GFA, with no maximum GFA set. However, any commercial development will be required to function as a local centre within the centres hierarchy, and will be subject to relevant traffic and transport provisions, which is likely to limit the amount of floorspace achieved.

It is unlikely that a larger supermarket tenancy (i.e. 5,500sqm, as indicated in SLMC Australia’s submission) will be achievable based on these controls and is not aligned with AEC’s recommendation of a supermarket provision of between 1,650 sqm to 3,000 sqm (depending on the total GFA).

CAR PARKING CONSIDERATIONS

Transit oriented developments are encouraged to minimise car parking provisions and demonstrate the inclusion of transport alternatives to discourage private motor vehicle use. Given the Site is highly accessible by public transport, it is considered acceptable to adopt lower rates of car parking.

As such, the Proposal adopts a rate of 1 space per 70 sqm of retail GFA, equating to 46 car spaces for the retail component (please refer to SCT Consulting's Traffic and Transport Assessment for more detail).

POPULATION GROWTH IN THE CATCHMENT

Since the preparation of AEC's report, the Australian Bureau of Statistics ('ABS') released the results from the 2021 Census. According to the 2021 Census, the resident population in the main trade area was 44,938 persons. This represents a 0.5% variance compared to DPE's projected 2021 population (which were reported in AEC's report). Overall, this does not appear to be significant and not expected to materially impact the recommendations in our report.

Table 1. Comparison of 2021 ABS Census Population to AEC Report

Trade Area Sector	ABS Census	AEC Report	Variance	% Variance
Primary Sector	12,560	12,857	-297	-0.4%
Secondary Sectors				
• North	14,715	14,681	+34	0.2%
• East	3,915	4,029	-114	-2.8%
• South	5,468	5,529	-61	-1.1%
• West	8,280	8,047	+233	2.9%
Total Secondary	32,378	32,285	+92	0.3%
Main Trade Area	44,938	45,142	-204	-0.5%

Note: : The ABS Census figures included above will differ slightly from ERP as the Census data only includes those who have responded as of Census night.
Source: AEC, ABS 2021 Census.

In addition to the release of the 2021 census data, the NSW Department of Planning and Environment ('DPE') released a 2022 update to its population projections for the State. The previous projections dataset was released in 2019 and was relied upon in AEC's report.

The 2022 NSW Population Projections are currently only available at the LGA and Statistical Area Level 2 (SA2). The table below compares population projections of the SA2s relevant to the main trade area. A comparison of the SA2s to the catchment is included in Appendix A.

Table 2. Comparison of 2019 and 2022 NSW Population Projections

SA2s	Pennant Hills - Cheltenham	Cherrybrook	Castle Hill - East	West Pennant Hills	Total
2019 Projections					
2016 ERP	20,891	19,233	5,354	13,118	58,595
2041 ERP	22,608	20,516	5,244	14,067	62,435
Growth	+1,718	+1,283	-110	+949	+3,839
Average Annual Growth (%)	0.3%	0.3%	-0.1%	0.3%	0.3%
2022 Projections					
2016 ERP	21,175	19,460	5,754	13,184	59,573
2041 ERP	22,292	20,650	6,564	13,989	63,495
Growth	+1,117	+1,190	+810	+805	+3,922
Average Annual Growth (%)	0.2%	0.2%	0.6%	0.2%	0.3%

SA2s	Pennant Hills - Cheltenham	Cherrybrook	Castle Hill - East	West Pennant Hills	Total
Difference					
2016 ERP	+284	+227	+400	+66	+978
2041 ERP	-316	+134	+1,321	-78	+1,061

ERP = Estimated Resident Population

Source: NSW Department of Planning and Environment Population Projections (2019, 2022).

The 2022 NSW Population Projections forecasts a greater resident population in 2041, in all SA2s relevant to the main trade area, when compared to the previous 2019 projections. The higher population projections are expected to result in an increased demand for retail floorspace within the currently under-supplied catchment.

CONSIDERATION FOR APPROVED AND PROPOSED DEVELOPMENTS

SLMC Australia notes the plan prepared by Location IQ appears to be an out-of-date plan given the Woolworths at The Module, Beecroft is noted as being under construction. Whilst the map is outdated, appropriate consideration was given to this development, now known as 'Beecroft Place' (included in Table 2.6 of AEC's report).

The only potential competitive development within the Cherrybrook main trade area is the proposed expansion of the Cherrybrook Shopping Village. Development approval for the expansion was granted in September 2017 and includes the addition of 3,100 sqm retail floorspace, including an 1,823 sqm ALDI supermarket, an expanded Woolworths (99 sqm additional) and specialty shops. Mirvac (previous owner of Cherrybrook Village) did not proceed with the expansion plans, but instead undertook a renovation, and subsequently sold the centre to SLMC Australia in 2021.

The existing provision of supermarket floorspace within the main trade area remains unchanged when applying the most recent 2021 Census population figures (172 sqm per 1,000 persons). The inclusion of the approved redevelopment at Cherrybrook Village will result in an increase to the average provision within the main trade area to 215 sqm per 1,000 persons. This is still lower than the average provision across the Sydney metropolitan area of 275 sqm per 1,000 persons indicating a potential undersupply within the catchment.

Table 3. Existing Supermarket Floorspace Provision (including Approved and Proposed Developments)

Trade Area	No. of Supermarkets*	GLA (sqm)	2022 Population	GLA per 1,000 persons
Primary Sector	1	1,204	12,560	96
Secondary Sectors				
• North	1	3,923	14,715	267
• East	1	1,924	3,915	491
• South	0	0	5,468	0
• West	1	700	8,280	85
Total Secondary	3	6,547	32,378	202
Main Trade Area	4	7,751	44,938	172
<i>Approved ALDI at Cherrybrook Village</i>	<i>1</i>	<i>+1,823</i>		
<i>Expansion of Woolworths</i>		<i>+99</i>		
Main Trade Area (including approved)	5	9,673	44,938	215
Australian Average				275

* Defined as 500 sqm or larger.

Source: AEC.

In addition, there is only one full-line supermarket (i.e. 3,000 sqm or larger) within the main trade area (Woolworths supermarket at Cherrybrook Village). The AEC analysis indicated there is demand for up to four (4) full-line supermarkets within the catchment (based on a benchmark of 8,000 to 10,000 persons per full-line supermarket). As such, it is still considered there is significant potential for the provision of additional supermarket floorspace within the catchment.

CONCLUSION

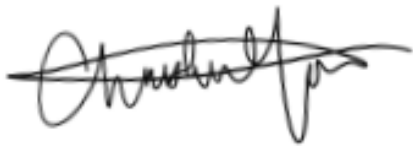
In response to SLMC Australia's submission to the Cherrybrook Station SSP Rezoning Proposal, AEC makes the following comments:

- The main trade area population as reported in AEC's report appears to be in line with the 2021 ABS Census information. Review of the most recent NSW DPE Population Projections (2022) also suggests the 2041 resident population within the catchment will also be higher than the 2019 projections, which were included in AEC's analysis.
- The provision of supermarket floorspace within the main trade area is lower than the average Sydney metropolitan area, even when considering any approved and proposed development such as the Aldi at the Cherrybrook Village.
- The Proposal seeks to reduce car reliance and emphasises a 'convenience-based retail offering' for any retail provision on the Site. Given the lower car parking rates, likely customers of the retail component will be residents within the immediate catchment (i.e. residents of the Cherrybrook Station SSP) and commuters of the Cherrybrook Metro Station. Residents demanding higher order needs will likely continue to travel to Cherrybrook Village or Castle Towers Shopping Centre to seek out these goods and/or services.

Overall, the Proposal seeks to include a minimum of 3,000 sqm of retail and commercial floorspace, which is consistent with the role of a local centre to cater to the everyday needs of its immediate residents and commuters. It is unlikely that there will be a significant impact on existing nearby centres.

Please contact the undersigned should you require any clarification.

Yours sincerely,



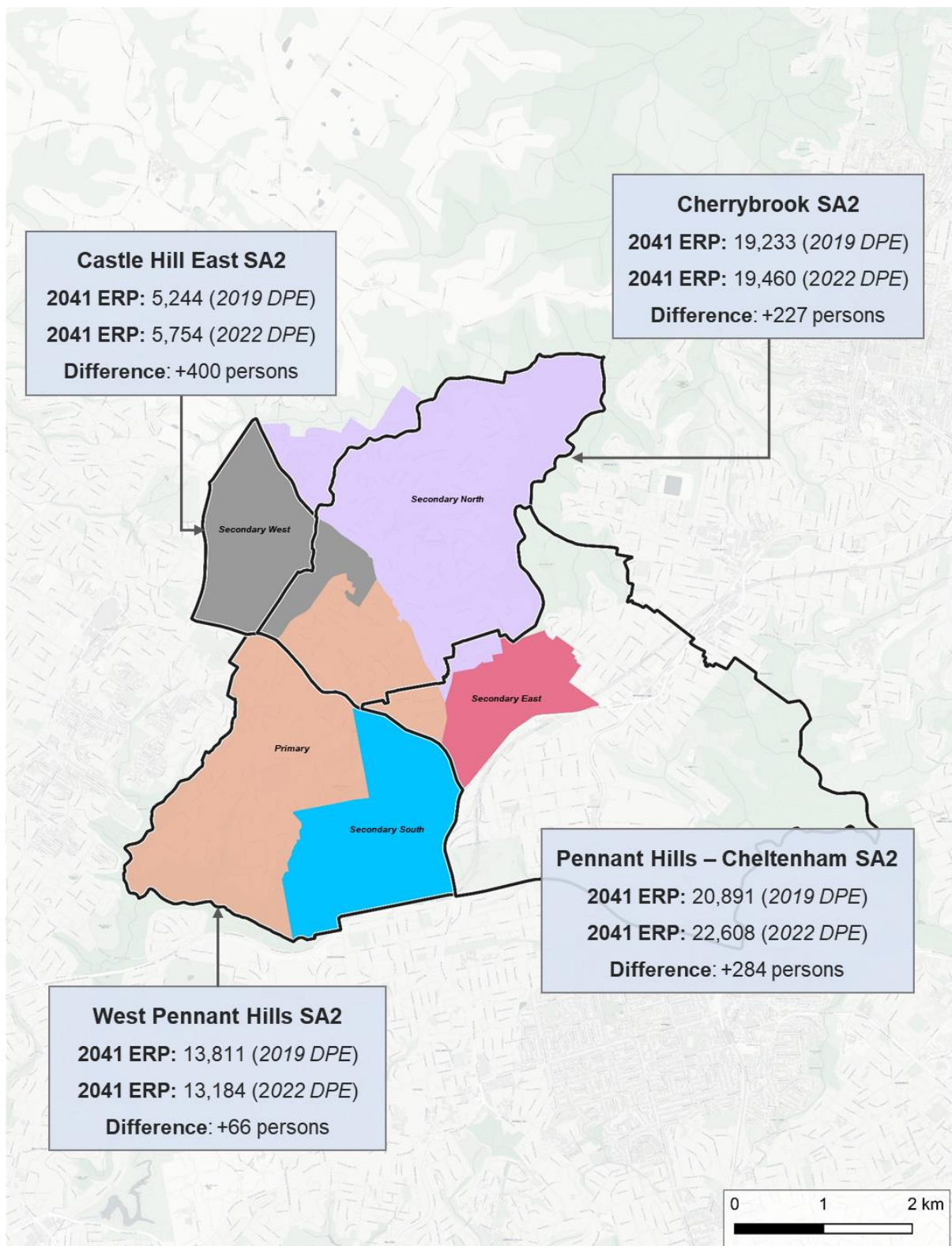
Christine Yang

Senior Consultant, Property Advisory

T: 02 9283 8400

E: christine.yang@aecgrouppltd.com

APPENDIX A: NSW DPE POPULATION PROJECTIONS, SA2 (2019 VS 2022)



Source: AEC, NSW Department of Planning and Environment Population Projections (2019, 2022).