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Thornton Central Village – Retail Impact Assessment

Thornton Central Village by St Hilliers is a planned mixed-use development in Penrith in Western Sydney. The development forms part of the broader Thornton Central precinct — a transport-oriented development comprising 1,050 residential units which commenced development in 2015, with Stages 1 - 4, (comprising 546 residential units) already complete.

In 2017, Thornton Central Village (the subject of this report) was granted development approval for:

- 62 residential units
- Retail floorspace of 2,550 sq.m, anchored by a small supermarket of 1,916 sq.m
- Commercial floorspace of 1,182 sq.m; and
- A childcare centre of 1,489 sq.m.

Urbis prepared a Retail Impact Assessment for Thornton Central Village dated 21 April 2017. This letter provides an addendum to the Retail Impact Assessment, taking into consideration the following:

- The now planned development scheme.
- The main trade area definition, including current and projected population and retail spending levels.
- Current and planned competition changes.
- Forecast sales.

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Site Location

The proposed Thornton Central Village mixed-use development is in the block bounded by Lord Sheffield Circuit to the north and east, the railway line to the south, and Dunshea Street to the west. This precinct is located immediately north of the Penrith Central Business Area (CBA) and railway station.

The site is somewhat internalised within the broader Thornton Central precinct, however, its strategic location — immediately north of the Penrith CBA and railway station, and in proximity to a light industrial precinct — will attract additional customers from the commuter and local worker markets. The site is located 700 metres to the east of Castlereagh Road, and a similar distance to the south of Coreen Avenue.

Map 1 illustrates the local context of the Thornton Central Village site. Key points to note are as follows:

- Penrith railway station is located to the south of the site. The commuter car park is located to the immediate west. Commuters utilising the northern entrance/exit of the station will be funnelled directly past the site.
- Surrounding high-density residential uses to the north and east – which form part of the broader Thornton Central precinct.
- Ron Mulock Oval is located to the north-east of the site.
- Penrith CBA to the south of the railway line. In total, ~156,000 sq.m of retail floorspace is provided. Westfield Penrith (83,800 sq.m) is the largest component, anchored by Myer, Big W, Target, and Woolworths.

Overall, the Thornton Central Village site enjoys a strategic location as part of the broader Thornton Central development which has a significant on-site resident population, in addition to access to both the local worker and commuter markets.



MAP 1. THORNTON CENTRAL VILLAGE LOCAL CONTEXT



Development Approved 2017 Plan and Current Development Application

In 2017, Thornton Central Village received development approval for a proposed scheme including 2,550 sq.m of retail floorspace, anchored by a small supermarket of 1,916 sq.m and shops. St Hilliers have revised the plan for the site and are submitting a new development application (refer Figure 1).

Table 1 compares the Development Approved 2017 Plan and the now planned Development Application scheme composition, based on an indicative mix. Key points to note include:

- Supermarket floorspace is now reduced by 416 sq.m to 1,500 sq.m.
- An increase in retail specialty floorspace of 1,006 sq.m.

The new development application scheme is similar in both scale and composition as previously assessed in the Development Approved 2017 Plan. The total size of the retail component of the development now planned at 3,140 sq.m is around 590 sq.m larger.

Overall, the proposed Thornton Central Village development will provide a mix of convenience focused retail floorspace by way of the small supermarket and complementary shops, as well as a mix of destination tenants, including a range of food catering options that would trade extended hours.

TABLE 1. THORNTON CENTRAL VILLAGE DA APPROVED & CURRENT DA

Component	2017 DA Approved		2021 DA		Change GLA (sq.m)
	GLA (sq.m)	% of Total	GLA (sq.m)	% of Total	
Supermarket	1,916	75.1%	1,500	47.8%	-416
Specialty Shops	<u>634</u>	<u>24.9%</u>	<u>1,640</u>	<u>52.2%</u>	<u>1,006</u>
Total Retail	2,550	100%	3,140	100%	590

Source: St Hilliers

Thornton Central Village Resident Main Trade Area Analysis

Map 2 illustrates the resident trade area (defined by Location IQ) which is likely to be served by the retail floorspace at Thornton Central Village. The resident trade area includes two primary sectors and one secondary sector, as follows:

- The **primary west sector** generally extends up to 2 km from the site, bound to the north by Andrews Road, up to 500 m to the west at Castlereagh Road, 600 m to the east at Thornton Park, and immediately to the south by Penrith Train Station.
- The **primary east sector** extends 0.6 - 1.7 km beyond the site and is limited by Coreen Avenue in the north, Parker Street in the east, and the Main Western Train Line to the south.
- The **secondary north-east sector** extends 0.7 – 1.8 km beyond the site and includes the residential pocket north of Coreen Avenue and south of Kingswood Park Village.

The combination of the primary and secondary sectors is referred to as the Thornton Central Village resident main trade area throughout the remainder of this report. The defined main trade area generally extends 1 – 2 km around the site which is consistent with the geographic extent of smaller supermarkets across Australia, acknowledging that overlapping catchments are typical in any retail hierarchy.

The geographic extent of the main trade area has been reduced from the previous Urbis RIA, with the primary west sector no longer extending north past Andrews Road due to the nearby location of Cranebrook Village Shopping Centre (anchored by Woolworths and Aldi supermarkets), and the removal of the secondary west sector.

Table 2 outlines the resident main trade area current and projected population levels. Immigration from overseas forms the largest component of population growth in Australia. There is likely to be large impact on Australia's population growth over the next 2 - 3 years due to the border closures and lower immigration as a result of the COVID-19 pandemic. This has been factored into the population projections.

The Thornton Central Village resident main trade area population is currently estimated at 9,250, including 7,590 persons in the combined primary sectors. The resident main trade area population is projected to increase to 13,850 by 2036, representing an average annual growth rate of 2.7%. This includes an ultimate population of over 8,600 in the primary west sector in 2036; an increase of 4,100 residents (above current levels).

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Future population growth within the resident main trade area will be driven by the following developments:

- Thornton Central (primary west sector), will ultimately comprise a total of 1,050 apartments. Stages 1 – 4 (546 apartments) are now complete. The remaining ~550 units which form the Thornton Central Village development (subject of this report) are assumed to be completed over the next five years.
- A number of townhouses (350 – 400) and granny flats (120) are proposed to the north of the Thornton Central development (primary west sector) and are assumed to be developed over the next 5 – 10 year period.
- Construction has recently commenced on the Markham Avenue Units (primary east sector) on 1-7 Markham Avenue. Upon completion, this development will comprise 49 units (~100 persons).

Table 3 outlines the total retail expenditure within the resident main trade area. All figures are provided in 2021 constant dollars (i.e. excluding inflation) and include GST. Resident main trade area retail expenditure is currently estimated at \$99.3 million and is projected to increase to \$152.4 million by 2036, representing an annual average growth rate of 2.9%.

Table 4 details the main trade area retail expenditure generated by key commodity group. The largest spending market is food and liquor at \$51.5 million, or 51.8% of the total spending market. The food catering spending market is \$11.1 million in 2021, increasing to \$15.8 million by 2036.



MAP 2. THORNTON CENTRAL VILLAGE RESIDENT MAIN TRADE AREA



TABLE 2. THORNTON CENTRAL VILLAGE RESIDENT MAIN TRADE AREA POPULATION, 2011 – 2036

Population	Actual		2021	Forecast		
	2011	2016		2026	2031	2036
Primary Sectors						
• East	2,520	2,760	3,060	3,210	3,410	3,510
• West	<u>10</u>	<u>780</u>	<u>4,530</u>	<u>7,330</u>	<u>8,580</u>	<u>8,630</u>
Total Primary	2,530	3,540	7,590	10,540	11,990	12,140
Secondary North-east	1,550	1,610	1,660	1,710	1,710	1,710
Main Trade Area	4,080	5,150	9,250	12,250	13,700	13,850

Average Annual Change (No.)	Actual	2016-21	Forecast			
	2011-16		2021-26	2026-31	2031-36	
Primary Sectors						
• East		48	60	30	40	20
• West		<u>154</u>	<u>750</u>	<u>560</u>	<u>250</u>	<u>10</u>
Total Primary		202	810	590	290	30
Secondary North-east		12	10	10	0	0
Main Trade Area		214	820	600	290	30

Average Annual Change (%)	Actual	2016-21	Forecast			
	2011-16		2021-26	2026-31	2031-36	
Primary Sectors						
• East		1.8%	2.1%	1.0%	1.2%	0.6%
• West		<u>139.0%</u>	<u>42.2%</u>	<u>10.1%</u>	<u>3.2%</u>	<u>0.1%</u>
Total Primary		6.9%	16.5%	6.8%	2.6%	0.2%
Secondary North-east		0.8%	0.6%	0.6%	0.0%	0.0%
Main Trade Area		4.8%	12.4%	5.8%	2.3%	0.2%

Syd Metro	1.9%	1.8%	1.6%	1.6%	1.5%
Australian Average	1.7%	1.4%	1.3%	1.3%	1.2%

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

Sources : ABS; Transport for NSW

TABLE 3. THORNTON CENTRAL VILLAGE RESIDENT MTA RETAIL SPEND, 2021 – 2036

Y/E June	Primary Sectors		Secondary Sector	Main Trade Area
	East	West		
2021	48.1	27.6	23.6	99.3
2022	48.9	35.0	23.7	107.6
2023	49.3	38.0	23.9	111.2
2024	50.2	41.5	24.2	115.9
2025	51.0	45.4	24.5	121.0
2026	51.9	49.7	24.9	126.5
2027	52.9	52.8	25.1	130.9
2028	53.9	54.7	25.3	134.0
2029	55.0	56.7	25.5	137.2
2030	56.1	58.7	25.7	140.5
2031	57.2	60.8	25.9	143.9
2032	58.2	62.1	26.1	146.4
2033	59.0	62.6	26.3	147.9
2034	59.8	63.1	26.5	149.4
2035	60.6	63.6	26.7	150.9
2036	61.4	64.1	26.9	152.4
Expenditure Growth				
2021-26	3.8	22.0	1.3	27.1
2026-31	5.3	11.1	1.0	17.5
2031-36	4.2	3.3	1.0	8.5
2021-36	13.3	36.5	3.3	53.1
Average Annual Growth Rate				
2021-26	1.5%	12.5%	1.1%	4.9%
2026-31	2.0%	4.1%	0.8%	2.6%
2031-36	1.4%	1.1%	0.8%	1.2%
2021-36	1.6%	5.8%	0.9%	2.9%

*Constant 2020/21 dollars & including GST

Source : MarketInfo

TABLE 4. THORNTON CENTRAL VILLAGE RESIDENT MTA CATEGORY SPEND, 2021-36

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2021	51.5	11.1	8.0	14.4	3.3	8.5	2.6
2022	56.5	11.6	8.5	15.3	3.5	9.4	2.7
2023	58.7	11.9	8.7	15.7	3.6	9.8	2.8
2024	61.4	12.2	9.0	16.3	3.7	10.3	2.9
2025	64.2	12.6	9.3	16.9	3.9	10.9	3.1
2026	67.3	13.1	9.7	17.6	4.0	11.5	3.2
2027	69.7	13.4	10.0	18.2	4.2	12.0	3.3
2028	71.3	13.8	10.3	18.7	4.3	12.4	3.4
2029	72.9	14.1	10.5	19.1	4.4	12.7	3.5
2030	74.6	14.4	10.8	19.6	4.5	13.1	3.6
2031	76.4	14.7	11.0	20.1	4.6	13.5	3.7
2032	77.5	15.0	11.2	20.5	4.7	13.8	3.7
2033	78.1	15.2	11.4	20.7	4.7	13.9	3.8
2034	78.7	15.4	11.5	21.0	4.8	14.1	3.8
2035	79.3	15.6	11.7	21.3	4.8	14.3	3.9
2036	79.9	15.8	11.8	21.6	4.9	14.5	3.9
Expenditure Growth							
2021-26	15.8	2.0	1.7	3.3	0.7	3.0	0.6
2026-31	9.1	1.7	1.3	2.5	0.5	2.0	0.5
2031-36	3.5	1.1	0.8	1.5	0.3	1.0	0.3
2021-36	28.4	4.7	3.9	7.2	1.6	6.0	1.4
Average Annual Growth Rate							
2021-26	5.5%	3.3%	4.0%	4.2%	3.8%	6.3%	4.6%
2026-31	2.6%	2.4%	2.6%	2.6%	2.6%	3.2%	2.8%
2031-36	0.9%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
2021-36	3.0%	2.4%	2.7%	2.7%	2.6%	3.6%	2.9%

*Constant 2020/21 dollars & including GST

Source : MarketInfo

Worker Trade Area

Information in this sub-section is based on Journey to Work data released by the ABS 2016 Census of Population and Housing at a destination travel zone level.

Map 3 illustrates the surrounding worker precinct which extends ~1km north of the site, to include the light industry-zoned precinct around Castlereagh Road.

Table 5 provides summary details for the worker main trade area. Key points to note include:

- The worker trade area population is currently estimated at close to 6,000 and is projected to increase by 2,250 workers to reach 8,170 in 2036. This represents an average annual growth rate of 2.2%.
- The average age of workers is 40.1 years — comparable with the Sydney CBD benchmark.
- Worker average annual income levels at \$61,089 are ~12% lower than the Sydney CBD average (\$69,192), with the worker trade area accommodating a high proportion (51.3% of blue collar workers as compared with the Sydney CBD benchmark (23.3%).

The estimated retail expenditure of the worker population is \$88.5 million. It is estimated that 15% - 20% of workers' expenditure will be directed to retail facilities near their place of work, indicating \$13 – \$18 million of available expenditure for local retail facilities. Generally, worker spending is directed towards food catering (i.e. takeaway food, cafes/restaurants), as well as food and liquor, and retail services.

It is important to note that a proportion of this market is likely to be a sub-set of the resident spending market, as some workers would live within the resident main trade area. However, residents who both live and work within the worker areas would have the opportunity to use the retail facilities at the site more regularly than if they worked elsewhere.

MAP 3. THORNTON CENTRAL VILLAGE WORKER TRADE AREA

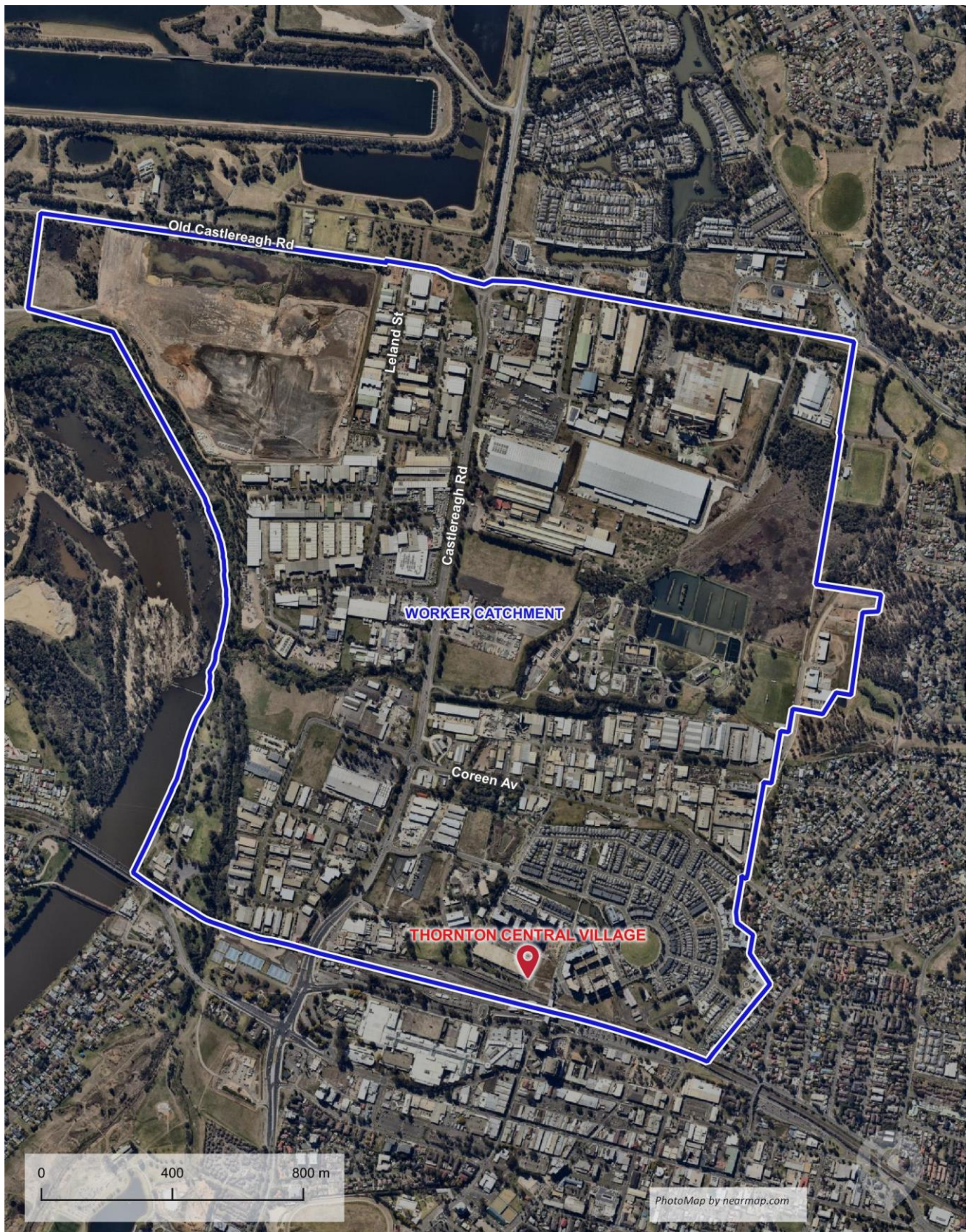


TABLE 5. WORKER MAIN TRADE AREA OVERVIEW

Characteristics	Worker TA	Syd Metro* Average
Socio-economic Profile		
Population (2021)	5,920	2,209,136
Average Age	40.1	40.4
Average Income	\$61,089	\$69,192
Industry Split		
White Collar Workers (%)	47.1%	74.8%
Blue Collar Workers (%)	51.3%	23.3%
Other (%)	1.6%	1.9%
Retail Expenditure (2021)		
Est Retail Expenditure Per Capita (\$)	\$15,153.0	n.a.
Total Worker Retail Expenditure (\$M)	\$88.5	n.a.
Retail Expenditure Near Place of Work (15%-20%)	\$13.3M - \$17.7M	n.a.

**Based on 2016 Census*

**Source : MarketInfo & based on 10 km resident spend market as a proxy*

Sources: ABS Census of Population and Housing 2016 & MarketInfo

Commuter Market

Penrith railway station is located immediately south of the Thornton Central Village site. The station attracts patronage from the broader region, based on its fast rail link into the Sydney CBD (~50 minutes). Retail facilities within the Thornton Central development would likely benefit from the commuter market trade, picking up convenience items on their way to and from work.

Only around 5% of Penrith station commuters are understood to reside within the resident main trade area. Penrith station draws commuters from the broader Penrith region, with over 95% of commuters residing beyond the main trade area, across a range of locations, including:

- 10.5% from the Castlereagh - Cranebrook SA2
- 8.5% from the Kingswood - Werrington SA2
- 7.3% from the Glenmore Park - Regentville SA2

Based on information sourced from Transport New South Wales for Penrith station, annual passenger movements in CY2019 (pre-COVID impacted) were ~4.3 million movements (total entries and exits). It is understood that 31.5% of Penrith station visitors utilise the northern entrance/exit and 68.5% use the southern entrance/exit.

On this basis, the Thornton Central Village site has exposure to ~1.3 million commuters movements per annum — or ~700,000 individual commuters, if most passengers exit the station from the same location that they entered. It is noted that these individual commuters would have an opportunity to shop at the proposed development twice — on both the outbound and inbound trip.

In summary, the commuter market would likely contribute to the trading performance of the Thornton Central Village development, particularly in drawing trade from beyond the local resident main trade area. However, the average basket size for this customer segment would likely be lower than local residents, given that they would not be undertaking a full supermarket shop while commuting.

Centres Hierarchy

The retail hierarchy is defined based on how retail economists typically define hierarchies which often differs to how hierarchies are defined in planning schemes and strategic documents such as the Sydney Metropolitan Strategy. Retail hierarchy is typically determined by the provision of major tenant floorspace (refer Table 6).

Penrith CBA

The Penrith CBA encompasses ~150,000 – 160,000 sq.m of retail floorspace. Key components within the CBA:

- **Westfield Penrith** (91,324 sq.m) is a regional shopping centre serving the higher-order shopping needs of the western Sydney region. The centre is anchored by Myer, Big W, Target, and Woolworths (3,800 sq.m). The centre also encompasses some 15 mini-majors and 279 shops. Total centre sales for Westfield Penrith were \$692 million, with specialty sales per sq.m of \$12,116 per sq.m (*Shopping Centre News – Big Guns 2020*). Westfield Penrith total sales have increased by \$122 million since 2017 (i.e., the date of the previous Urbis assessment). Total sales and specialty sales per sq.m for Westfield Penrith are well above the *Urbis Retail Averages 2018/19* for Other Regional Shopping Centres of \$510 million and around \$10,000 per sq.m, respectively.
- **Nepean Village** (23,057 sq.m) is a sub-regional shopping centre located along Station Street. The centre is based on strong trading Kmart and Coles (4,330 sq.m) stores. Total centre sales for Nepean Village are \$251 million, with specialty sales per sq.m of \$12,272 per sq.m (*Shopping Centre News – Little Guns 2020*). Nepean Village total sales have increased by \$31 million since 2017 (i.e., the date of the previous Urbis assessment). Total sales and specialty sales per sq.m for Nepean Village are well above the *Urbis Retail Averages 2018/19* for Single Discount Department Store based Sub-regional Shopping Centres of around \$150 million and around \$8,600 per sq.m, respectively.
- **Penrith Aldi:** a free-standing Aldi supermarket is provided along High Street, on the eastern side of the CBA.

- **The East Bank** dining precinct is situated 3.5 km south-west of the subject site. In total, eight food catering tenants are provided, including The Coffee Club, Lone Star, Goji, and Riverbank Bar & Dining.
- **Other Penrith CBA:** A range of retail and non-retail shopfronts, mainly along both sides of High Street and Henry Street from Westfield Penrith in the west to Kendall Street in the east.

The Penrith CBA services residents from the broader Western Sydney region, and while its trade area overlaps with that of the proposed Thornton Central Village development, the CBA operates at a higher level in the retail hierarchy and as such, would not compete directly with facilities at Thornton Central Village.

Neighbourhood Centres

Key centres of competitive relevance to Thornton Central Village located include:

- **Marketland Shopping Centre** (2,100 sq.m) is located on the northern fringe of the secondary north-east sector. The centre is anchored by an IGA (1,070 sq.m) and has a strong convenience focus, serving residents of the immediately surrounding area.
- **Cambridge Gardens** (4,200 sq.m) is a neighbourhood shopping centre located 2.2 km north-east of the subject site. The centre is anchored by a full-line Coles supermarket (3,830 sq.m).
- **Cranebrook Village Shopping Centre** (6,660 sq.m) is located 3.5 km north of the subject site — beyond the main trade area. The centre is anchored by a Woolworths (3,800 sq.m) and Aldi supermarkets.

Summary

In summary, the Thornton Central Village site is located immediately north of the Penrith CBA and is well positioned to recent and future growth within the broader Thornton Central precinct.

Competing supermarket-based centres in the local area are small in scale and generally serve the convenience needs of the immediately surrounding residents. It is understood that all supermarkets in the Penrith CBA and Penrith urban area trade strongly, with most achieving average sales higher than the Australian benchmark of \$10,000 - \$11,000 per sq.m.

Total sales and specialty sales per sq.m for the two largest shopping centres, namely Westfield Penrith and Nepean Village are well above comparable centre benchmark levels.



TABLE 6. EXISTING COMPETITION

Centre	Shopfront GLA (sq.m)	Anchor Tenants	Dist. From Site (km)
Regional Shopping Centres			
<u>Penrith</u>	<u>156,000</u>		-
• Westfield Penrith	83,800	Myer (20,100), Big W (8,740), Target (7,100) Woolworths (3,800)	1.6
• Nepean Village	23,100	Kmart (8,430), Coles (4,330)	2.2
• Other	46,000	Aldi (1,605)	1.6
Supermarket-Based Centres			
Marketland Shopping Centre	2,100	IGA (1,070)	1.7
Cambridge Gardens	4,200	Coles (3,830)	2.2
Cranebrook Village Shopping Centre	6,660	Woolworths (3,800), Aldi (1,650)	3.5

Source: Australian Shopping Centre Council Database

Forecast Sales and Impacts

Figure 2 outlines forecast likely impacts of the 2017 Development Scheme as detailed in the *Thornton North Retail Impact Assessment*, undertaken by Urbis. Key points to note are as follows:

- Based on forecast retail sales of \$34.9 million in 2021 (quoted in 2017 dollars), key impacts resulting from the proposed development in dollar terms are:
 - Westfield Penrith: -\$12.7 million (or -2.1%)
 - Nepean Village: -\$6.6 million (or -2.8%)
 - Penrith CBA: -\$3.0 million (or -1.8%).
- The largest impact in percentage terms is anticipated to be on Marketland Shopping Centre - at -4.3% - is well within the normal competitive range of ~-10%.

Table 7 compares the composition and forecast sales of both the 2017 and 2021 Development Schemes for Thornton Central Village. For comparison purposes, forecast sales for both scenarios are presented in 2021 dollars. Key points to note are as follows:

- Composition:** the net additional floorspace of the retail component in the 2021 Development Application scheme (3,140 sq.m) compared with the approved 2017 Development Scheme (2,550 sq.m) is +590 sq.m, including a smaller supermarket (-416 sq.m) and a larger retail specialty

component (+1,006 sq.m). A retail specialty provision of this level is comparable with that of most single supermarket-based shopping centres, enabling a full convenience-based offer (including fresh food traders, food catering outlets and retail services such as a hairdresser, key cutting/shoe repairs, optometrist etc.) to complement the supermarket.

- **Forecast Sales:** under the 2021 Development Scheme, forecast total retail sales are \$32.9 million; some \$5.6 million lower than under the 2017 Development Scheme (\$38.5 million in \$2021). This reflects:

Supermarket:

- The smaller size of the supermarket under the new scheme. Under the new scheme supermarket forecast sales are \$22.3 million, or almost \$15,000 per sq.m. Total forecast sales are \$10.6 million lower than under the 2017 Development Scheme, given that it is a smaller format offer. Supermarket sales under the 2021 scheme now account for ~68% of total centre retail sales, compared with 85% under the 2017 scheme.
- This trading level is well above the single supermarket-based shopping centre benchmark of ~\$10,000 - \$11,000 per sq.m, reflecting the strong trading performance of existing supermarkets and access to multiple customer segments (residents, workers, and commuters).

Retail Specialty Component:

- Assuming an average sales productivity level of \$6,500 per sq.m indicates total retail specialty forecast sales of \$10.7 million under the 2021 Development Scheme. This volume is \$5.0 million higher than under the 2017 Development Scheme.
- Forecast sales of \$10.7 million present a 'worst case scenario' in terms of competitive impacts, given that a proportion of the floorspace allocated to the specialty component will likely include some non-retail tenants (e.g. post office, travel agent, medical services etc.), and as such, forecast retail specialty sales would likely be lower, meaning that likely impacts on surrounding competitors will also be lower.

Given that total centre retail sales under the 2021 Development Scheme are anticipated to be \$5.6 million lower than the 2017 Development Scheme, the likely impact of the 2021 Development Scheme will also likely be lower than outlined in Figure 2.

The small changes in composition of Thornton Central Village (including a larger provision of retail specialty space and a smaller supermarket offer) may slightly alter the distribution of impacts across surrounding centres and precincts, as compared with the 2017 analysis. However, all impacts are still expected to be minimal and smaller than previously anticipated under the 2017 Development Scheme.

Competitive impacts would be likely in the first year of opening for the proposed Thornton Central Village with all shopping centres then able to attract additional sales from resident and worker population growth after this time. The proposed development would not result in a deterioration in the level of service to the local community.

The Thornton Central Village development will also allow residents to shop locally for a range of day-to-day items by virtue of the inclusion of a supermarket, in addition to providing a unique retail offer given the planned al fresco dining precinct.

FIGURE 2. 2017 DEVELOPMENT SCHEME FCAST DISTRIBUTION OF IMPACTS (URBIS)

	Est. Retail Turnover (\$M)			Turnover Inc./Dec. (\$M)		Impact	
	Existing	Pre-Dev	Post-Dev.	Existing	Pre-Exp	2017	2021
	2017	2021	2021	2017	2021		
	(1)	(2)	(3)	(4)=(3)-(1)	(5)=(3)-(2)	(6)=(4)/(1)	(7)=(5)/(2)
Thornton North Penrith	0.0	0.0	34.9	n.a.	+34.9	n.a.	n.a.
Centres within 5km radius							
Westfield Penrith	570.0	605.0	592.3	+22.3	-12.7	+3.9%	-2.1%
Nepean Village	220.0	233.5	226.9	+8.9	-6.6	+3.1%	-2.8%
Penrith CBD	162.0	172.0	169.0	+8.9	-3.0	+4.3%	-1.8%
Cambridge Gardens	53.5	56.8	54.5	+0.9	-2.3	+1.8%	-4.1%
Lennox Village	100.0	106.1	104.4	+4.4	-1.7	+4.4%	-1.6%
Cranebrook Shopping Centre	58.5	62.1	60.5	+2.0	-1.6	+3.5%	-2.5%
Jordan Springs	58.0	73.5	72.6	+16.6	-0.9	+29.6%	-1.3%
Southlands	49.0	51.0	50.5	+1.5	-0.5	+3.1%	-1.0%
Marketland	11.0	11.6	11.1	+0.2	-0.5	+1.6%	-4.3%
Werrington County Shopping Village	14.0	14.5	14.5	+0.6	-0.0	+4.0%	-0.1%
Total Above Centres	1,294.0	1,386.2	1,356.3	62.3	-29.9	+4.8%	-2.2%
Other Centres					-5.0		
Total Competing Centres					-34.9		

Source: SCCA Shopping Centre Directory, SCN Big Guns, Little Guns, Mini Guns, Urbis

TABLE 7. COMPOSITION & FORECAST SALES COMPARISON – 2017 VS 2021 SCHEME

Component	2017 Scheme - Approved			2021 Devt. Scheme			Variance	
	GLA	Fcast Sales ¹		GLA	Fcast Sales ²		GLA	Fcast Sales
	(sq.m)	(\$,000)	(\$/sq.m)	(sq.m)	(\$,000)	(\$/sq.m)	(sq.m)	(\$,000)
Supermarket	1,916	32,894	17,168	1,500	22,285	14,857	-416	-10,609
Specialty Shops	634	5,629	8,879	1,640	10,660	6,500	1,006	5,031
Total Retail	2,550	38,523	15,107	3,140	32,945	10,492	590	-5,578

1. Source: Thornton North Economic Impact Assessment 2017, Urbis. 2017 dollars grown out to 2021 dollars @ 2.5% p.a.

Consumer Benefits

The retail offer at Thornton Central Village will result in a range of important economic benefits. These key positive employment and consumer impacts will include the following:

- The provision of a wider range of shopping facilities for local residents, including a small supermarket and complementary shops. Residents should be provided with a wider range of conveniently located retail facilities within proximity to their homes.
- Price competition with more options available for consumers.
- The proposed Thornton Central Village development would provide a unique internal and external shopping experience. The development will also provide complementary uses in the form of a gymnasium, childcare centre, and the like which will reinforce the convenience focus of the centre.
- The proposed Thornton Central Village will create a substantial number of additional jobs, both for the construction and related industries during the construction phase of the development and for the economy generally once the development is completed.

Employment Generation

Table 8 summarises the projected level of employment likely to be generated by the planned retail component at Thornton Central Village which totals 3,140 sq.m. The employment benchmarks (jobs per 1,000 sq.m) used to calculate the indicative total jobs generated is based on typical floorspace and employment yield benchmarks.

The retail component of the proposal is projected to employ 156 persons, allowing for a conservative reduction of 10% to allow for reduced employment at existing facilities.

In addition to this direct employment, multiplier effects will flow through the local economy and indirectly generate additional employment opportunities through ancillary businesses/suppliers that support the development and services, as well as additional consumption expenditure by workers provided within the additional GFA (spending wages). This is estimated to be in the order of 148 jobs.

Construction of the planned retail and complementary component is an indicative \$30 million, generating employment within the construction and associated industries during the development of the project. By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of \$16.9 million (i.e. in 1996/97 dollars), it is estimated that the construction period of the proposed retail and commercial component would directly create some 118 full-time, part time and temporary jobs over the development timeline. Again, additional jobs would be created via multiplier effects as a result this construction (190 additional jobs).

Overall, over 600 jobs are likely to be created both directly (274) and indirectly (338 jobs) as a result of the construction and operation of the planned development.

TABLE 8. THORNTON CENTRAL VILLAGE EMPLOYMENT GENERATION

Metric / Category	Est. Net Employment Increase ¹	Employment Multiplier Effects	Total Employment
Ongoing Employment from Planned Floorspace			
Retail	156	148	304
Construction Phase			
Direct Employment Generation	118	190	308
Net Additional Employment	274	338	612

Source: St Hillers; Australian National Accounts: Input-Output Tables 1996-97 (5209.0); Location IQ

1. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase

COVID-19 Retail Implications

COVID-19 is a respiratory illness caused by a new form of coronavirus. It was first reported in December 2019 in Wuhan City in China, with the virus able to be spread easily from person to person. The first Australian cases were recorded on 25 January 2020. Since the outbreak of COVID-19 in Australia, the Federal and State governments have taken a precautionary approach to implementing strategies to minimise disease transmission through strong border measures, social distancing legislation and communication activities.

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

Since the Global Financial Crisis of 2008, and more recently the COVID-19 pandemic, the rapid growth of online shopping as well as the rationalisation of store networks, growth in the retail floorspace provision has slowed. Online shopping currently accounts for around 13% of total retail sales and is projected to increase to near 20% in the next decade. In year-on-year terms, the growth in the NAB Online Retail Sales Index has slowed (33.8% YoY) from the record growth between April and November but remains elevated relative to recent years.

Online shopping has subdued the ongoing growth rate of 'bricks and mortar' retail floorspace demand. This has particularly been in key categories such as apparel, travel and electronics spending - and to a lesser degree in food retail spending, although most supermarket chains now providing click and collect and online facilities.

The major supermarket chains, namely Woolworths and Coles, continue to search for new store opportunities, particularly throughout metropolitan areas. The preferred store size for Woolworths and Coles has increased in

recent years, with both chains now typically seeking stores of 3,400 sq.m and larger. Aldi is also still seeking opportunities.

Woolworths (Metro), Coles (Local), and IGA have also developed smaller supermarkets to cater to more densely populated urban areas where full-line supermarkets cannot secure sites given the size of the population and/or land restrictions. These smaller supermarkets are around 250 – 1,500 sq.m in size (GLA) which is significantly smaller than full-line supermarkets of 3,400 sq.m and larger.

COVID-19 has resulted in a localisation of shopping, larger due to restrictions, with convenience and safety key requirements. Demand for local goods is growing, as consumers seek out products which they feel they can trust, and efficiency is also on consumers' minds, as they are doing fewer and larger shopping trips. As the vaccination rate across Australia increases and restrictions ease, there will be pent up demand for retail spending and out of home experiences. With limited new retail floorspace being built, there will be future demand for new retail floorspace once the new normal is established.

Summary

It is concluded that the combination of several substantial positive economic impacts will more than serve to offset the trading impacts that will be anticipated for existing and proposed retail facilities because of the retail component the Thornton Central Village mixed-use development.

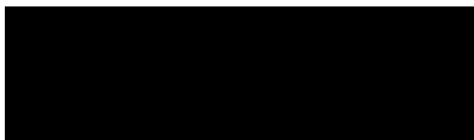
Across the indicative retail component of the Thornton Central Village Development Application scheme, the net additional floorspace compared to the 2017 Development Scheme is +590 sq.m, while forecast sales for the latest scheme, at \$32.9 million (\$2021), are \$5.6 million lower.

The largest impact under the original 2017 Development Scheme was only -4.3% (on Marketland Shopping Centre), well within the normal competitive range (~10%). Given that total centre retail sales under the 2021 Development Scheme are anticipated to be lower than the 2017 Development Scheme, the likely impact of the 2021 Development Scheme will also likely be lower.

The change in composition of Thornton Central Village (including a larger provision of retail specialty floorspace and a smaller supermarket) may slightly alter the distribution of impacts across centres and precincts compared with the 2017 analysis. However, all impacts are still expected to be minimal and smaller than previous anticipated under the approved 2017 Development Scheme. Competitive centres in the area have recorded relatively strong growth in sales since 2017 (when the original Economic Impact Assessment report was undertaken by Urbis) and continue to perform at above average trading levels relative to industry benchmarks.

The proposed Thornton Central Village mixed use development, on the northern side of the railway line, provides a unique opportunity for a quality of retail and mixed-use development. The assessed impacts on surrounding centres and retail would not affect the future viability of these facilities and impacts would be in the first year of opening only, with all facilities benefitting from population and retail spending growth in future years.

Yours Sincerely,



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