

27 August 2018

The Secretary
NSW Department of Planning & Environment
GPO Box 39
Sydney NSW 2001

Dear Secretary

Assessment of Wilton Town Centre Precinct Indicative Layout Plan

This letter presents a review of the draft Wilton Town Centre Precinct Indicative Layout Plan (ILP) and analysis of the expected employment generation achieved within the precinct. The assessment draws on economic analysis contained in reports that have been prepared on behalf of the Department of Environment & Planning (DPE) in the context of the Wilton Priority Growth Area Interim Land Use and Infrastructure Implementation Plan (LUIIP).

I also provide comment on how achieving the intended outcomes at Wilton Town Centre may be adversely affected by rezoning requests in nearby precincts that undermine the retail role of the Wilton Town Centre.

Background

The Wilton Town Centre Precinct is planned to become the business and community hub for Wilton New Town, which is a new land release area that was included in an amendment to the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 as the '*Wilton Priority Growth Area*'.

The Wilton PGA is at the southern end of the wider Greater Macarthur Investigation Area (GMIA), for which planning and economic investigations have been undertaken in recent years, and which also includes urban renewal in the corridor from Glenfield to Macarthur, and land release areas at Menangle Park - Mount Gilead - West Appin.

The Wilton PGA as a whole is envisaged to provide around 15,000 homes over a 20-30-year planning horizon, supported by 60,000 sqm of retail and business space and a target of 15,000 local jobs.

Planning for the Wilton PGA and preparation of the interim LUIIP has been informed by economic assessments which are summarised in this letter and provide the basis for an examination of development opportunity and employment outcomes within the Wilton Town Centre Precinct and a review of the proposed ILP.

Wilton Interim LUIP

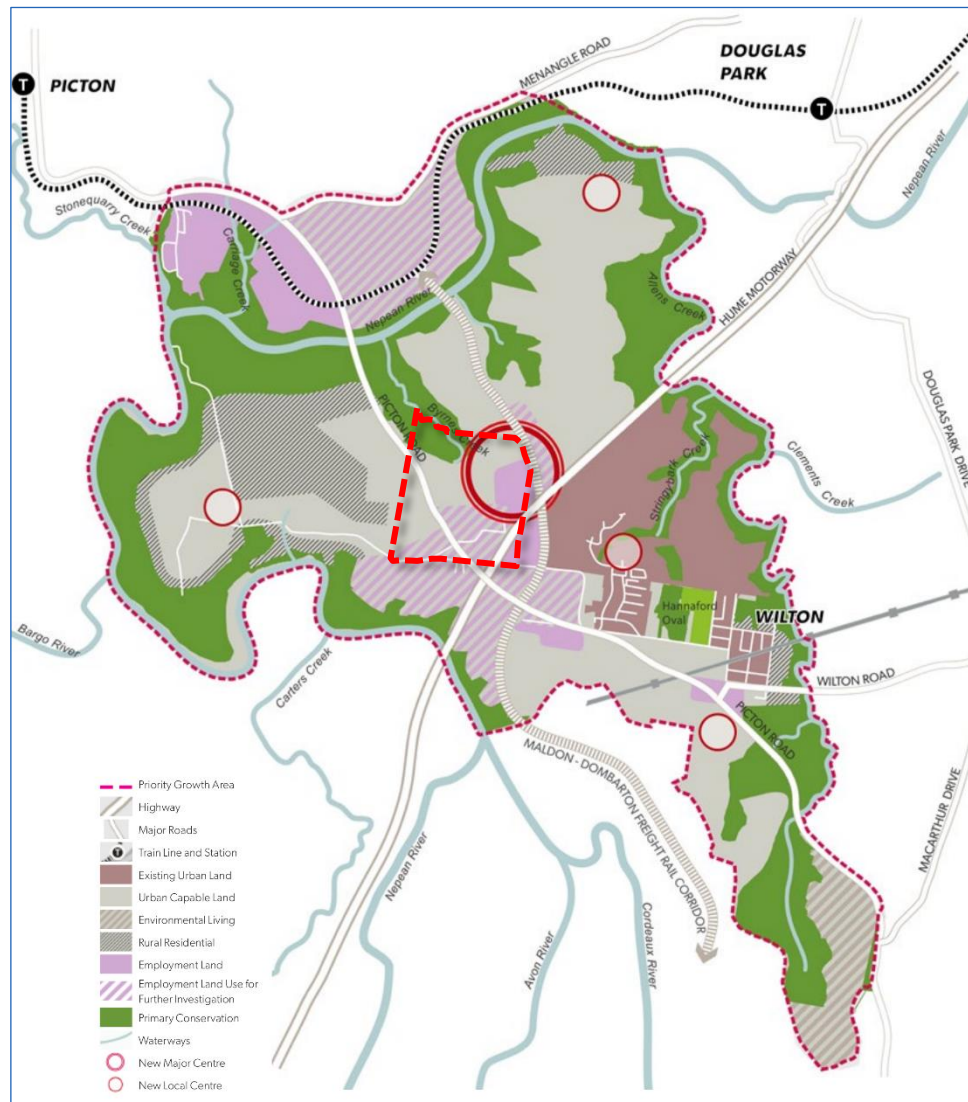
The Interim LUIP describes the vision for the Wilton Growth Area and provides a broad land use structure as a basis for identifying future infrastructure to support the new community as it develops.

The position of the Town Centre Precinct within the wider Wilton Growth Area is shown in Figure 1. The key features of the growth area as described in the Interim LUIP Background report include:

- Around 15,000 new homes in a diversity of formats
- Around 60,000 sqm of retail and business space to provide shops, restaurants and services
- A target to create around 15,000 local jobs
- A focus on job creation in the new Major Centre.

Figure 1—Wilton Growth Area Interim LUIP

Source: DPE (August 2017)

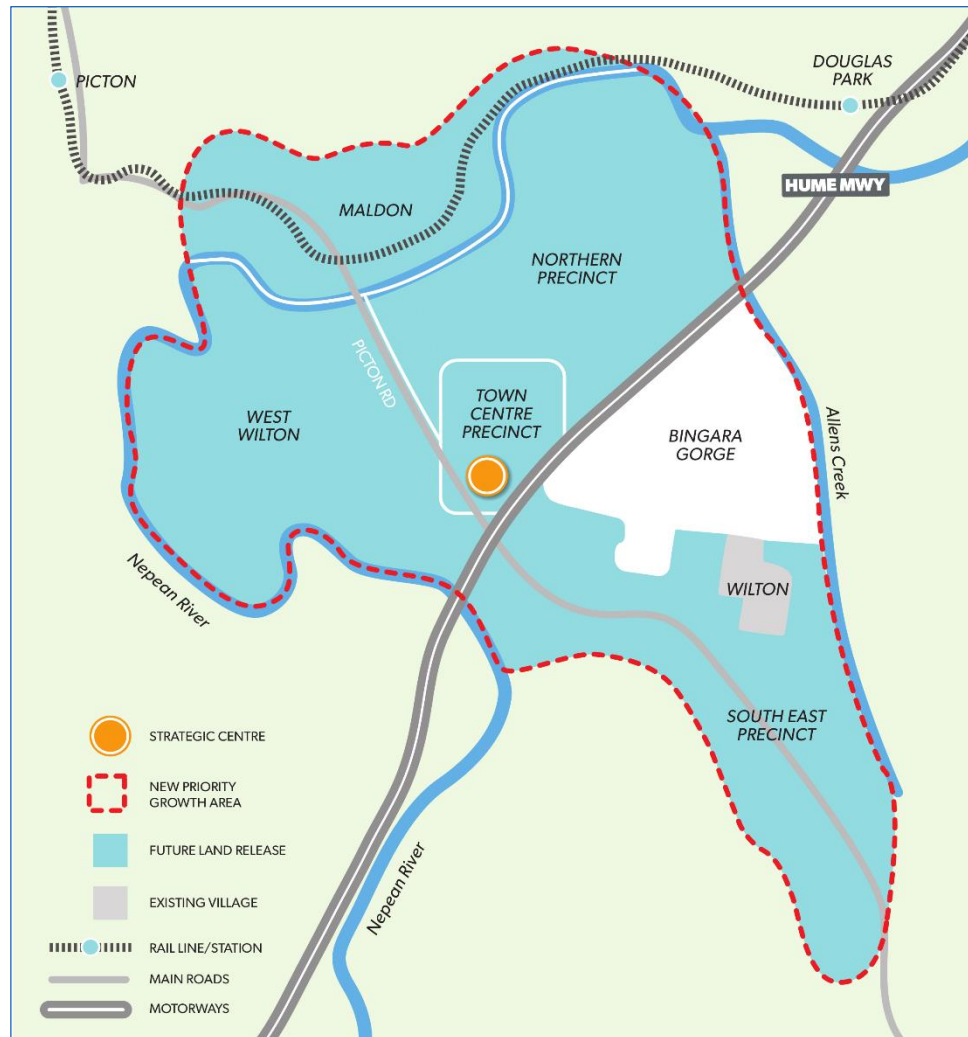


The LUIP designates the Town Centre Precinct for a mix of retail, business and mixed uses within a town centre environment, employment-related activities and residential housing.

Planning for the Wilton Growth Area is being undertaken on a precinct basis in accordance with the map below which is an excerpt from the LUIIP Background Report.

Figure 2—Wilton interim LUIIP precincts

Source: Wilton Growth Area Interim LUIIP Background Report



Within the framework proposed by the LUIIP, the Wilton Town Centre Precinct is envisaged to develop with a District Centre at its heart. The centre is anticipated to become a focus for service delivery and employment creation, with a full range of retail, business and community uses to service the Wilton PGA and surrounding region.

Uses are to include:

- Multiple supermarkets, including at least two full-line stores
- Specialty retail (20,000 sqm indicative)
- Cafés and food services
- Offices and retail services (around 9,000 sqm)
- Education, health, leisure and civic uses.

Retail market analysis

Designation of these uses is based on expert studies undertaken during preparation of the LUIP, as reviewed in the following sections.

A retail economic analysis of development potential within the Greater Macarthur and Wilton Priority Growth Area was conducted by Urbis in November 2016.

The report was based on anticipated residential yields at that time, which forecast around 52,500 new residents across the Wilton and Greater Macarthur Priority Growth Area and a population of 155,000 new residents.

The approach taken was to identify catchments likely to be served by the higher order centres within the growth area (including Wilton Town Centre), and analyse spending rates and market share potential in order to calculate appropriate levels of future retail floorspace provision.

Importantly, the report included separate analysis of the capacity to support discount department store and supermarket developments. This is important to understand where and when these anchor stores might be accommodated as the basis for shopping centre development.

Top-down checks were then undertaken to ensure that the retail provision across the growth area as a whole was logically consistent.

Overall, the approach taken in the retail market analysis report is appropriate, with the normal caveat that projecting spending flows over long timeframes (in this case to 2046) is uncertain at best, and therefore the results should be taken as indicative rather than prescriptive. Importantly, the top-down checks combined with capacity analyses for DDS and supermarkets provides some surety that the proposed centres framework is appropriate for the population it is intended to serve.

The key finding is that there is potential to establish a sub-regional retail shopping facility at Wilton Town Centre, with identified floorspace potential of 52,600 sqm consisting of:

- 2 discount department stores
- 2 full-line supermarkets
- 1 smaller supermarket
- 20,000 sqm of retail specialty and mini major floorspace
- 9,000 sqm of ancillary commercial and other non-retail floorspace.

Beyond the town centre, the Urbis study recommends smaller supermarket-based centres to serve local markets, including two that are within the Wilton Growth Area:

- Bingara Gorge/Wilton Plaza
- Wilton environs.

An important conclusion is that the Urbis report nominates just one supermarket-based centre within the West Wilton, Wilton North and Wilton South East precincts, although the LUIP provides an opportunity for each of these precincts to include a local centre. Appropriate controls on development outcomes within these precincts is important to ensure that the primary retail focus on the town centre is maintained.

The Urbis report also concludes that demand for household goods and other larger items would support provision for around 27,400 sqm of large format retailing to be provided across the growth area.

In terms of timing, the report sets out the following relevant milestones having regard to anticipated catchment population growth:

- Wilton Town Centre Stage 1 (DDS 1, supermarket 1): by 2025
- Bingara Gorge supermarket: by 2031
- Wilton Town Centre Stage 2 (DDS 2, supermarket 2): by 2036
- Wilton environs supermarket: by 2040
- Wilton Town Centre Stage 3 (supermarket 3): by 2046

It is important to recognise that the development timeframes are indicative at best, with the expectation that actual development would be guided by market considerations, including the decisions of major retail operators.

Later analysis of employment generation within the Wilton Town Centre precinct presented in this letter applies a slightly different timeframe based on a more recent understanding of likely residential development rates and catchment population levels.

Economic and employment assessment

The report *Greater Macarthur Priority Growth Area – Future Employment Analysis* was prepared by Urbis in April 2017 to examine potential employment outcomes generated within the growth area.

Future employment projections are based on the following:

- Retail floorspace outcomes are from the Urbis retail market assessment, with employment estimates based on typical floorspace-job ratios
- Floorspace associated with other population-driven uses (education, community, etc) is calculated from population threshold benchmarks applied to the forecast population, and then converted to employment by applying a floorspace-job ratio for each use
- Strategic employment uses are based on examinations of particular sectors such as tertiary education, private hospitals, industrial land, commercial accommodation and tourism, with conclusions as to the ability to accommodate such uses within the growth area and the appropriate size for each use
- Employment generation for the strategic uses is based on calculations undertaken for each of the sectors.

The approach taken is considered suitable to build an understanding of the potential type and quantity of jobs likely to be generated within the precinct, noting that there is a high degree of uncertainty associated with the results given the long forecasting period involved.

The employment projections were undertaken for a low and high cases which represent different dwelling yields and population outcomes. The low case is for a population of 136,200 people within the Greater Macarthur Priority Growth Area (ie including Wilton, West Appin and Menangle Park/Mount Gilead), while the high case assumes a population of 146,800 people at full development.

The key conclusions from the economic and employment assessment are as follows:

- Retail development outcomes would include a total of 140,000 sqm of retail floorspace across the GMPGA, generating 6,500 jobs within designated centres
- Commercial office development potential of 30,600 sqm to 33,000 sqm, mainly focussed around the district centre at Wilton, generating 1,500 to 1,700 jobs
- Wide range of education, health, community services, entertainment, essential services, and recreational facilities distributed across the growth area to serve the needs of residents, generating around 6,600 jobs
- Significant employment associated with working from home and contractors working in the construction industry.

The most relevant conclusion with respect to Wilton Town Centre is that a large share of the higher-order retail and commercial office development is anticipated to occur within this precinct, generating an important focus for employment creation.

Wilton Town Centre Precinct draft ILP

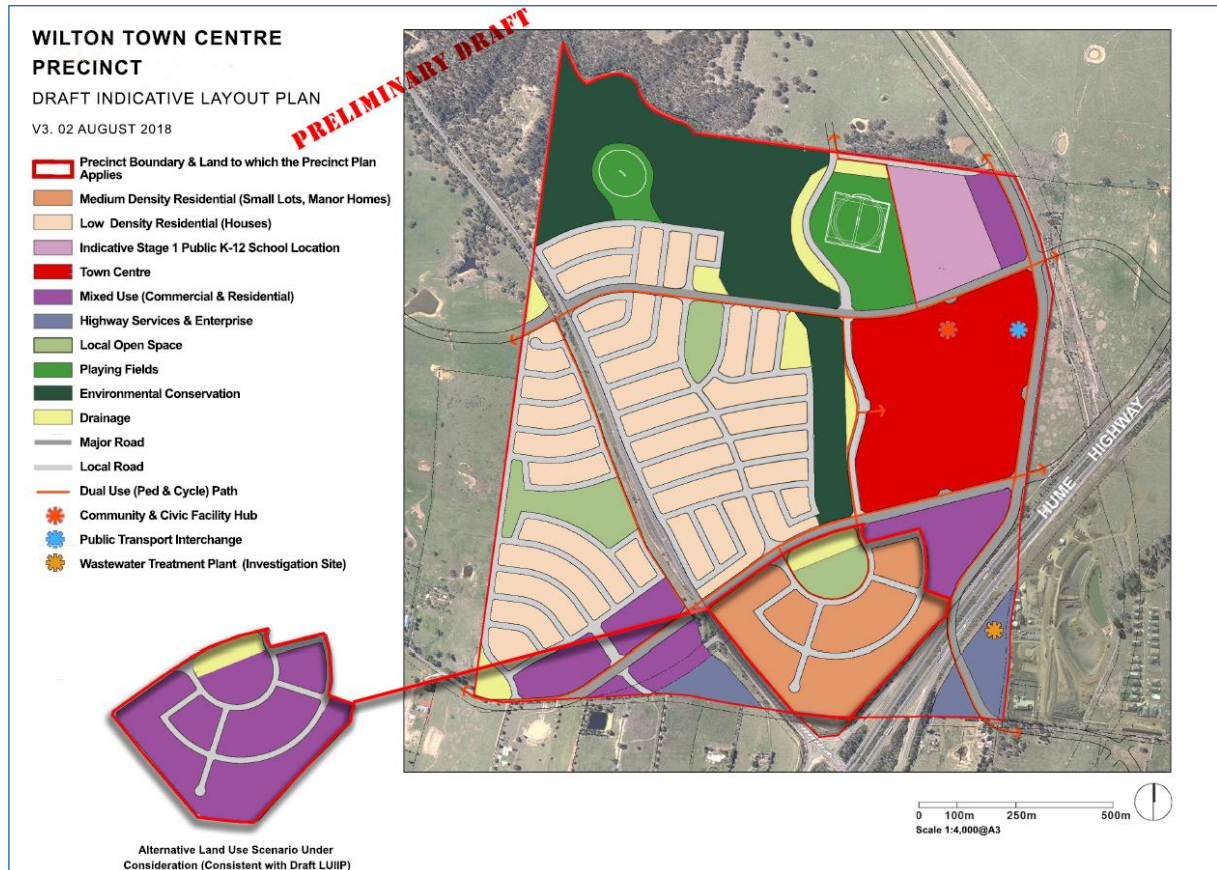
A draft Indicative Layout Plan (ILP) has been prepared to guide development within the Wilton Town Centre in accordance with the Wilton interim LUIIP and in response to technical investigations prepared on behalf of DPE. The draft ILP is shown in Figure 3.

The key land use features comprise:

- Development area:
 - Total net developable area of approximately 179.6 ha
 - 144.2 ha (80%) located east of Picton Road
 - 35.4 ha (20%) located west of Picton Road
- Residential:
 - A residential component in the western part of the precinct either side of Picton Road, with an anticipated yield of around 800 dwellings
 - A proposed medium density precinct in the southern part of the precinct (between Picton Road and Hume Motorway) with a yield of around 400 dwellings
 - Anticipated higher density development occurring within the town centre and mixed use areas, with total yield of 400 dwellings
 - Overall dwelling yield of 2,000 dwellings with a population of around 4,880 persons
- Education:
 - 6.5 ha designated for a school (K-12) in the northern part of the precinct adjacent to playing fields
- Employment:
 - Town centre of 22.2ha (NDA)
 - Mixed use area adjacent to realigned/upgraded Wilton Park Road
 - Employment land (5.1 ha) within a small precinct east of the Hume Motorway and another small precinct adjacent to the school
 - Emergency services precinct close to Picton Road/Berwick Park Road.

With a total of more than 40 ha associated with employment-generating uses (excluding the school), the precinct has significant capacity to absorb the levels of employment generation forecast in the Urbis employment analysis.

Figure 3—Wilton Town Centre Precinct draft ILP



Source: Inspire Urban Design + Planning

ILP employment outcomes

This section presents an examination of the potential employment that might be generated within the Wilton Town Centre precinct, having regard to the types of uses likely to be accommodated in accordance with the Urbis assessment for the growth area as a whole.

Estimates are provided for the likely level of ongoing employment created by these uses, as well as the employment associated with construction activity occurring during the life of the project.

Assumptions

Analysis is undertaken for a set of development assumptions that are based on information contained in the Urbis employment and economic analysis, with some adjustments made as detailed below.

Development outcomes

The employment estimates are based on anticipated uses to be developed within the Wilton Town Centre Precinct as identified by Urbis.

Adjustments have been made to the Urbis findings in terms of the types of uses and likely scale of development, based on the availability of land as indicated in the draft ILP and on advice from Governors Hill.

A summary of the development outcomes is provided in Table 1.

The total dwelling yield is assumed to be 2,000 based on information from Governors Hill.

Development timing

Development timing is our 'best estimate' having regard to anticipated population growth rates within Wilton and the wider region (as indicated by Urbis), typical population thresholds for delivery of key social infrastructure (made with reference to social infrastructure assessment report), development timeframe provided by Governors Hill and consideration of market factors and competition.

Residential construction activity is anticipated to commence in 2021, with initial commercial uses constructed in 2023.

Major retail elements of the town centre are expected to be delivered in stages as follows:

- Stage 1: Supermarket centre – 2023 (when the immediate population catchment is estimated at approximately 8,000 residents)
- Stage 2: DDS, supermarket #2, expanded specialties/mini majors – 2027 (when the wider sub-regional catchment reaches approximately 40,000 residents)
- Stage 3: DDS #2, supermarket #3, wider range of specialties etc – 2035 (when the wider catchment reaches approximately 65,000 residents)

Ongoing employment

Ongoing (direct) employment generated by the anticipated uses has been calculated on the basis of employment rates determined by Urbis (April 2017), with minor adjustments made to reflect our understanding of typical employment generation for some uses.

Construction activity

Estimates of construction cost have been made by adopting broad estimates of the per sqm cost of construction for different uses, based on online construction cost calculators and with some estimates made by the consultants. Reference has also been made to the methodology and inputs used in the *Wilton South East Precinct economic impact assessment* (Macroplan, July 2016).

Construction for each major use is generally assumed to occur within a 12-month project timeframe, other than the larger items such as schools, second and third stages of the shopping centre component, hospital etc for which costs are apportioned over a 2-year development timeframe.

Although site preparation and other 'base' infrastructure development has been included for residential components by including a per-lot cost factor, no allowance has been made for general site works and infrastructure services establishment across non-residential precincts. The analysis of construction activity costs therefore represents a conservatively low estimate of the total investment (and employment) associated with site preparation.

Cost escalation has been assumed at 3.75% per year initially, falling over time to 2.75% in 2036.

The total Net Present Value for construction activity is based on applying a discount rate of 4.3% which is determined from the latest advice by the Independent Pricing and Regulatory Tribunal (IPART) NSW.

Construction employment

Construction employment estimates have been prepared on an annual basis by estimating the share of total construction cost associated with labour costs (50% residential construction, 40% non-residential construction), and applying an average construction wage based on latest ABS data.

Results

The key results from our analysis are summarised as follows, with the detailed estimates provided in Table 1:

- Total ongoing employment of 4,670 jobs
- Total nominal construction value of \$1.655 billion over the life of the project, consisting of:
 - Residential (including lot construction): \$1.05 bn
 - Non-residential (doesn't include infrastructure/services): \$0.605 bn
- NPV for construction activity value = \$1.12 bn
- The peak construction period will be 2023 to 2027 when both residential and commercial development is anticipated
- Peak annual construction employment generated within the Town Centre Precinct is estimated at approximately 1,050 jobs in 2027.

An important observation is that the anticipated employment generation occurring within employment areas (4,285 jobs) represents a significant 53% share of the forecast total employment generation identified in the Urbis report for town centre type uses within the whole of the GMPGA (ie 6,500 jobs within centres plus another 1,500 to 1,700 jobs associated with commercial office type uses). This reflects the important role that the Wilton Town Centre precinct will have in achieving the overall economic outcomes for the wider growth area.

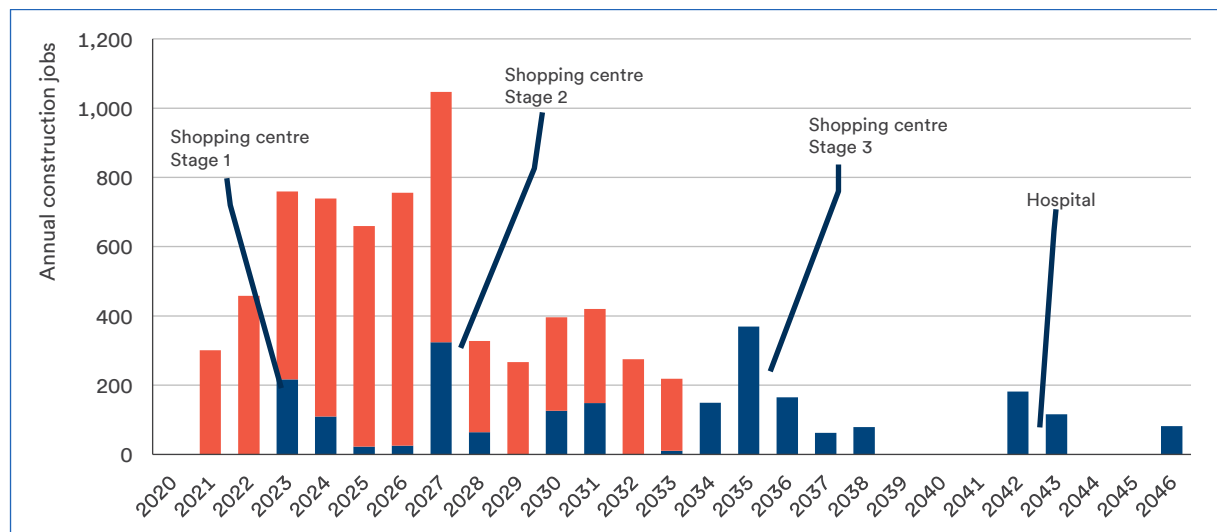
Also relevant is that the draft ILP includes around 40 ha of land to accommodate employment type uses, which is sufficient to accommodate the proposed land use outcomes shown in Table 1, while potentially accommodating more intensive development over time if market conditions warrant it.

Table 1—Ongoing employment generation Wilton Town Centre

Use type	Examples	Area sqm	Employment
Employment areas (town centre, mixed use):			
Retail	Supermarkets, DDS, other shops, large format	51,500	1,200
Commercial	Ancillary centre uses, highway commercial, commercial offices	38,000	1,705
Entertainment	Pubs/clubs, cinema, F&B, commercial accommodation	17,300	300
Education	Child care, schools, TAFE/Uni	26,400	585
Community services	Library, community Facility, youth services, etc	5,550	65
Recreation	Indoor centre/aquatic centre, gyms	5,500	80
Emergency services	Ambulance, fire, police	10,000	100
Medical	Health centres, hospital, aged care	10,300	250
Total employment areas		164,550	4,285
Other:			
Working from home (8%)			220
No fixed place of work (6%)			165
All employment			4,670

Source: refer text

Figure 4—Annual construction employment

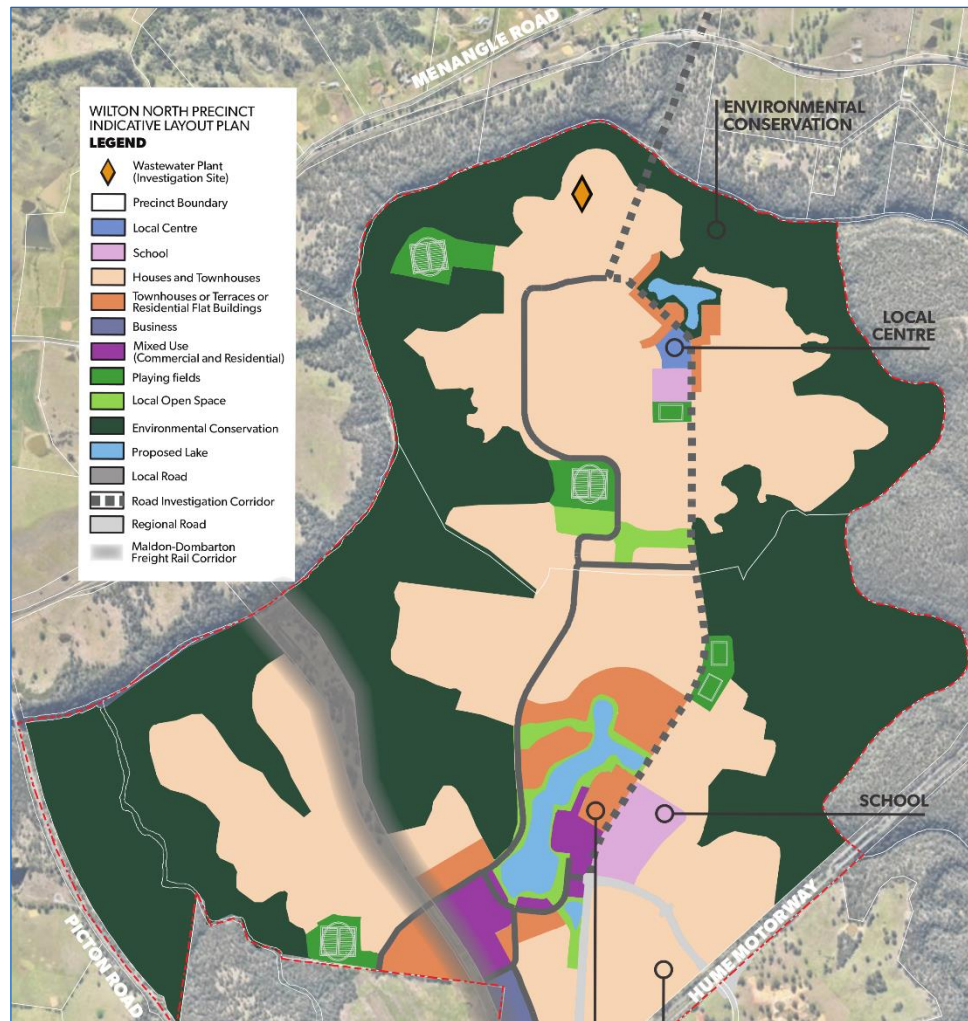


Proposed Wilton North rezoning proposal

A Rezoning Proposal has been lodged to enable future development within the Wilton North precinct, which adjoins the Town Centre precinct to the north. A copy of the proposed ILP for this precinct is shown as Figure 5.

Figure 5—Wilton North proposed ILP

Source: DPE



I have been requested to make comment on the proposed land use controls within the Wilton North precinct, and in particular the designation of land for retail and other employment uses.

In doing so, I have considered the following relevant documents:

- Wilton North draft precinct Plan (November 2017)
- Wilton West Precinct Rezoning Planning Proposal (January 2017)
- Wilton Junction Employment Projections and Land Need (May 2014) and Wilton Junction Economic Development and Employment Strategy (May 2014), submitted as technical reports to the rezoning amendment
- Submission to the draft ILP prepared on behalf of Governors Hill by Inspire

My observations with respect to the draft Wilton North IP are as follows:

Proposed land uses

The ILP proposes to accommodate employment uses within a lakeside “activity area”, which is situated around 1.2km to the north of the Wilton Town Centre, and a northern “neighbourhood centre” located a further 2km to the north.

These two nodes of activity are intended to provide local services and amenities to the population living within the precinct.

The northern neighbourhood centre is identified as a Local Centre, while the lakeside precinct is within a Mixed Use land use designation.

In addition, the draft ILP includes land nominated for Mixed Use and Business, situated adjacent to the Maldon-Dombarton Rail Freight Corridor.

Consistency with LUIIP

Development within the ILP is required to be in accordance with the Wilton Interim LUIIP, which identifies a local centre within the Wilton North precinct and designates land along the Maldon-Dombarton Rail Freight Corridor as ‘*Employment land use for further investigation*’.

It is not clear the extent to which further investigation of the land adjacent to the rail freight corridor has been undertaken. The technical reports released to accompany the rezoning proposal include reports by Macroplan Dimasi conducted for the entire Wilton Junction Precinct in 2014. Updates in the context of the interim LUIIP do not appear to have been completed.

In particular, designation of land at a ‘lakeside’ location within Wilton North represents a departure from the LUIIP and should require substantiation in terms of market demand and economic impact.

Proposed development outcomes

The *explanation of intended effect* document describes a novel zoning approach which includes a proposed new Urban Development Zone.

The description of the Part 4 development controls includes a proposed clause that would apply a maximum retail floorspace cap of 5,000 sqm for the Wilton North Precinct in order to ensure the viability of development within the Wilton Town Centre precinct.

The application of a floorspace control is warranted in this instance to ensure that the primacy of the town centre is maintained, and to enable early development within the town centre to establish its role as the focus of retail and business activity.

However, ambiguity arises because of inconsistencies between these proposed statutory controls and the wording in some of the supporting documents. For

example, the Planning Proposal report accompanying the proposed rezoning includes the following development recommendations for the two activity nodes:

- A lakeside activity hub containing 15,000 sqm of floorspace, including 5,000 sqm of service retail; and
- A local neighbourhood activity centre of 5,000 sqm floorspace.

The above statements imply that at least 10,000 sqm of retail floorspace is to be developed within the precinct, as well as another 15,000 sqm of additional floorspace not further defined.

Moreover, the amendment documentation includes reference to potentially 5,000 jobs being created within the Wilton North precinct. I have not been able to find the source for this estimate, but the figure implies a level of development that would compete with the Town Centre in terms of the focus for employment creation and economic activity.

Potential effect on town centre

This amount of floorspace development, without further statutory control, has potential to encourage applications for traditional shopping centre elements that would have the effect of diluting retail demand and adversely affecting the ability to establish a viable and successful town centre.

The potential future threat from overdevelopment within the Lakeside node is made more significant because of the large area of land over which the Mixed Use designation has been applied. Based on my analysis of the draft ILP, around 5.3 ha is specified in parcels of Mixed Use land to the east and to the south of the lake, while another 8 ha is designated for Mixed Use along the rail freight corridor, along with a further 8 ha of Business land.

The overall designation of 13.4 ha of Mixed Use land plus 8.0 ha of Business land is excessive given:

- The emphasis in the LUIIP for uses of this type to be within the Town Centre
- The lack of support in the LUIIP for significant employment activity to occur in the Wilton North precinct
- The recommendation within the LUIIP for additional investigations to be conducted (not yet completed) prior to designation of new land for employment activities along the rail freight corridor
- The potential delaying effect on investment into the Town Centre, and the potential overall adverse effect on total development opportunity.

Conclusion

In summary, analysis in this letter provides support for the draft ILP and the development outcomes that it facilitates, and shows that these outcomes would be in accordance with the Wilton Priority Growth Area Interim LUIP.

When the proposed uses are completed, the Town Centre will accommodate a total of around 4,670 jobs, while construction employment generated within the Town Centre Precinct would peak at approximately 1,050 jobs in 2027.

Development of the Town Centre would have a nominal construction value of \$1.655 billion over the life of the project, noting that this is a conservative estimate as it excludes some infrastructure delivery costs. The net present value of construction activity would be approximately \$1.12 billion.

I have also reviewed the Rezoning Proposal for Wilton North, and conclude that the controls for that precinct have potential to encourage development that may adversely affect the ability to realise the vision for the Town Centre precinct. These concerns arise because of ambiguous wording that appears to encourage retail and associated uses in excess of the proposed 5,000 sqm limit on retail development, and designation of large areas of land for Mixed Use and Business development without the necessary investigations stipulated in the LUIP.

I trust that the analysis in this letter is helpful at this time.

Kind regards



Matthew Lee
Principal