

Appendix D – Economic Impact Assessment

Following is *18 John Oxley Drive, Port Macquarie - Economic Impact Assessment of Development Proposal*, August 2012, prepared by MacroPlan Dimasi Pty Ltd, on behalf of the proponent.

It provides background on aspects of the implications of the proposed change in planning controls.

The term “development proposal” should not be interpreted as meaning that Council is currently considering approving a specific development application.

18 John Oxley Drive, Port Macquarie

Economic Impact Assessment of Development Proposal

August 2012



MacroPlan Dimasi

MELBOURNE

Level 4

356 Collins Street

Melbourne VIC 3000

(03) 9600 0500

GOLD COAST

Suite 5

492 Christine Avenue

Robina QLD 4226

(07) 5562 0767

SYDNEY

Level 4

39 Martin Place

Sydney NSW 2000

(02) 9221 5211

PERTH

Ground Floor

12 St Georges Terrace

Perth WA 6000

(08) 9225 7200

Prepared for: PMQ Investments Pty Ltd

MacroPlan Dimasi staff responsible for this report:

Anthony Dimasi, Managing Director

James Turnbull, Manager

Fraser Brown, Analyst

Table of contents

Introduction	i
Section 1: Site location and regional context.....	1
1.1 Regional and local context	1
1.2 Proposed development	4
Section 2: Strategic and planning framework	7
2.1 Mid North Coast Regional Strategy (2009)	7
2.2 Port Macquarie-Hastings Retail Strategy Review (2010)	8
2.3 Urban Growth Management Strategy (2011-2031)	10
2.4 Planning for Bulky Goods Retail Discussion Paper (2011)	10
2.5 Port Macquarie-Hastings John Oxley Drive Precinct Structure Plan (2012)	11
2.6 Port Macquarie-Hastings Local Environmental Plan 2011	12
2.7 Summary	12
Section 3: Trade area analysis	15
3.1 Trade area definition	15
3.2 Trade area population	19
3.3 Socio-demographic profile	22
3.4 Retail expenditure capacity	25
Section 4: Competition	31
4.1 Primary sector	32
4.2 Secondary north sector	33

4.3 Beyond trade area	33
4.4 Proposed homemaker retail developments	33
Section 5: Retail need and economic impacts	35
5.1 Market gap	35
5.2 Sales potential	38
5.3 Trading Impacts	40
5.4 Employment impacts	42
5.5 Other economic benefits	44
Section 6: Key findings	45
Appendix 1: Marketinfo data.....	47

Introduction

This report presents an independent Economic Impact Assessment (EIA) of potential bulky goods development at 18 John Oxley Drive, Port Macquarie and will inform Port Macquarie-Hastings Council's planning proposal for the subject site. The subject site is indicated as a "Business Investigation" site in the John Oxley Drive Precinct Structure Plan, which was recently endorsed by Council at its meeting on the 25th July 2012.

As stated in the official minutes of that Council meeting, "Business Investigation areas... may be suitable for future business use such as bulky goods retail and light industry, as defined in Port Macquarie-Hastings Local Environmental Plan (LEP) 2011. The types of land use permitted will be determined in future LEP amendments with regards to site characteristics and constraints, existing and future development on adjoining land and an economic assessment of supply and demand for business uses at the time the LEP is prepared.

Council will consider the use of a B6 Business Enterprise zone, subject to the LEP aims, which include: to ensure that development does not conflict with the hierarchy of business and retail centres in the Port Macquarie-Hastings area and the role of the Greater Port Macquarie Central Business District as the focus for sub-regional functions and service delivery".

Subject to the above change, the John Oxley Drive Precinct (i.e. including the subject site) provides an opportunity to address an expected shortage of bulky goods land and the proposed identification of future bulky goods retail options in the Structure Plan is consistent with Council's adopted strategic planning framework.

This report is presented in **six (6) sections** as follows:

- **Section 1** details the location of the subject site as well as its regional and local context. The nature, scale and composition of the proposed development are also outlined.
- **Section 2** outlines the strategic planning framework that is of relevance to the proposed development.
- **Section 3** examines the trade area which is expected to be served by the proposed bulky goods development. This section includes the current and projected population and retail spending levels within the trade area, as well as the socio-demographic profile of the trade area population.
- **Section 4** outlines the competitive environment within which the proposed bulky goods development would operate.
- **Section 5** outlines our assessment of the market need; sales potential for the proposed retail facilities; as well as of the economic impacts likely to result from the development.
- **Section 6** summarises the key findings of the report.

Section 1: Site location and regional context

1.1 Regional and local context

Port Macquarie is a regional city located in the Mid North Coast region of New South Wales, approximately 380 km north of Sydney and 550 km south of Brisbane and (refer Map 1.1).

Port Macquarie is one of the largest cities between Tweed Heads in the north and Newcastle to the south, and is the main focus for retail, commercial and community facilities serving the broader surrounding region.

Regional accessibility to Port Macquarie is provided by the Pacific Highway and the Oxley Highway, which are both major carriageways, providing easy access to Port Macquarie for the surrounding regional population.

Map 1.2 illustrates the subject site for the proposed bulky goods development in a localised context. The subject site is located on the south-west corner of the intersection of the Oxley Highway, Wrights Road and John Oxley Drive and forms part of the broader John Oxley structure plan area.

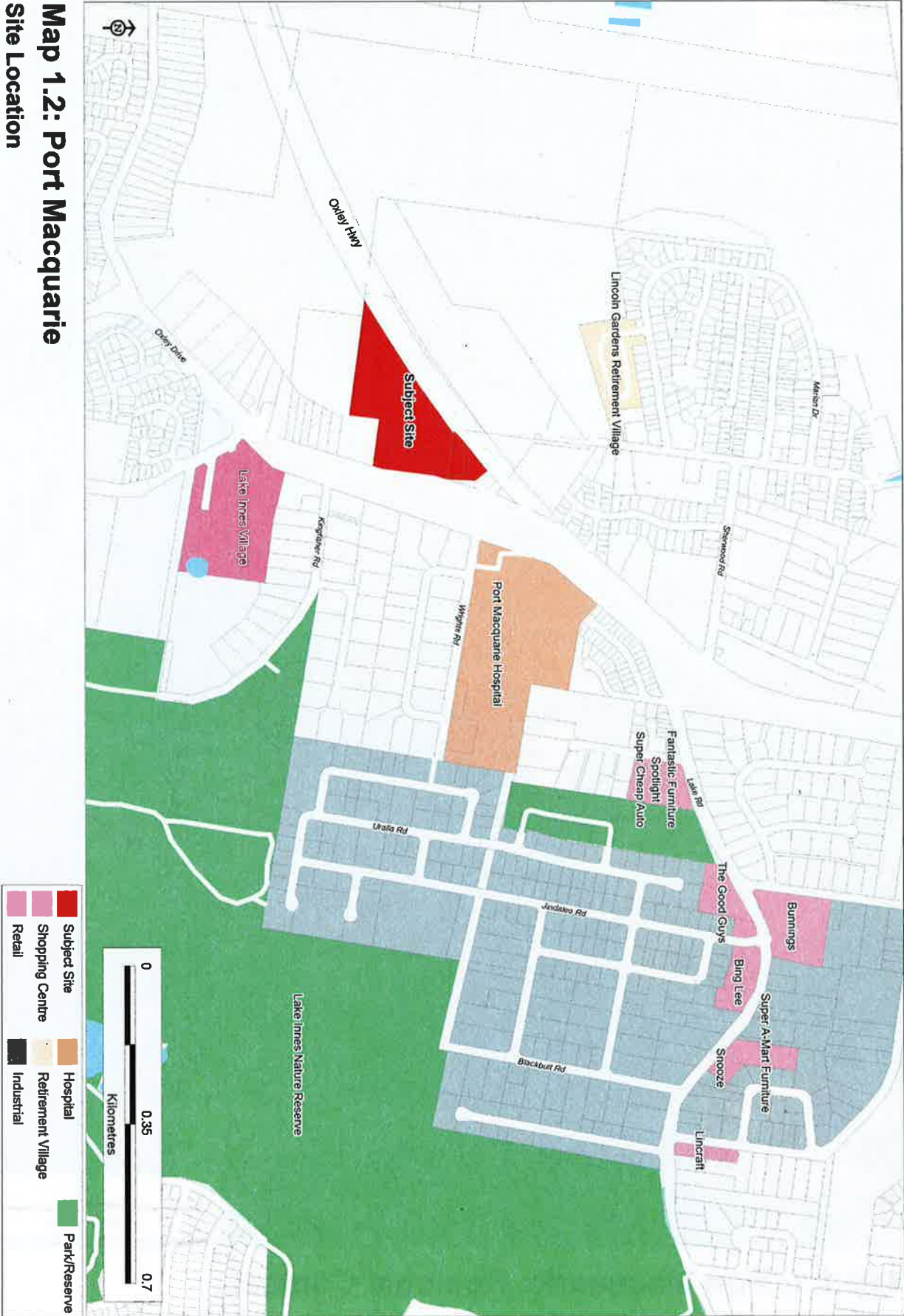
The site is proximate to an area of existing employment activity including the Lake Innes Village shopping centre and the Port Macquarie Base Hospital.

The site is highly accessible for residents of Port Macquarie, residents of the surrounding growth areas such as Thrumster and Wauchope, and for residents across the broader region.

Section 1: Site location and regional context



Map 1.1: Port Macquarie, Regional Context



Map 1.2: Port Macquarie

Site Location

1.2 Proposed development

The subject site is located at 18 John Oxley Drive, Port Macquarie. According to the proposed concept plan prepared by BN Group on behalf of PMQ Investments, the proposed development will comprise of a Masters Home Improvement Store and supporting bulky goods floorspace as follows (refer Figure 1.1):

- Hardware (Masters Home Improvement) – 13,457 sq.m.
- Bulky goods – 6,538 sq.m.
- Carparking – 348 spaces for hardware and 153 spaces for bulky goods

Figure 1.1



This page has been intentionally left blank.

Section 2: Strategic and planning framework

This section of the report reviews the relevant planning and policy documents pertaining to bulky goods retail development in Port Macquarie, including NSW state government and Port Macquarie-Hastings Council documents.

2.1 Mid North Coast Regional Strategy (2009)

The *Mid North Coast Regional Strategy 2009* (MNCRS) was produced to guide the region's land use over the period 2006-2031. The strategy aims to ensure that future developments cater for the housing and employment needs for an estimated additional 59,600 new homes and more than 94,000 new residents between 2006 and 2031.

The Strategy identifies Port Macquarie as a Regional Centre, expected to accommodate major services and the majority of employment growth including *"...higher order shopping...and bulky goods operations."*

Port Macquarie is supported by a range of major towns, towns and villages across the mid-north coast and a key element of the strategy was to ensure that this centres hierarchy is protected and maintained.

Potential retail development at the subject site has already been subjected to extensive strategic review by Council and is intended to be limited to bulky goods retailing. Such retail development operates in a manner which is quite distinct to traditional retail centres, as discussed later in this report.

The proposed development will also provide job opportunities and services for residents of Port Macquarie and new residents in the growth areas in the western part of Port Macquarie around the Pacific Highway, within the Thrumster Urban Growth Area (Area 13).

The MNCRS does not identify the John Oxley Drive precinct for employment purposes. However correspondence dated 30th April 2012 from the NSW Department of Planning and Infrastructure (DPI) provides a formal

acknowledgement of the relationship of the adopted John Oxley Drive structure plan and subsequent planning proposal with the MNCRS.

A key element of this correspondence is that while the structure plan indicates the subject site falls outside the MNCRS growth area boundary, the *"reasonable adjustment to the growth area boundary provision on page 18 of the MNCRS could be applied in this instance."*

2.2 Port Macquarie-Hastings Retail Strategy Review (2010)

Hill PDA prepared the *Port Macquarie-Hastings Retail Strategy Review* (The Retail Strategy) in January 2010 to inform the preparation of Council's Urban Growth Management Strategy (UGMS). The key elements of the Retail Strategy as they relate to bulky goods development at the subject site are as follows:

- The requirements, or locational principles for bulky goods retail development are as follows:
 - Large land area preferably on the fringe of a major or regional shopping centre;
 - Main road frontage or strong visual exposure from a main road that carries considerable traffic;
 - Having a large trade area and being located in the middle of, or near the entry of, the trade area;
 - Preferably having a trade area that is affluent and/or experiencing household growth.
- There is projected demand for 1,000-1,200 sq.m. of bulky goods floorspace per year, or some 24,000 sq.m. by 2031.
- It is acknowledged that bulky goods retail floorspace is generally provided in discrete additions, rather than gradually each year (i.e. it is "lumpy" in nature). Therefore, it is likely that Port Macquarie will see large increases in supply at any given point in time.

- Additional large scale provision of bulky goods retail floorspace would serve not only residents of Port Macquarie, but residents of the broader region such as those living in Taree and Kempsey. Large retail formats that attract residents from such distances are likely to drive additional visitation across traditional retailers within Port Macquarie.
- Specific mention is made of the new Masters Home Improvement format which requires large land parcels up to 3ha and can include a significant trade component. It is noted that a tenant such as this blurs the lines between retail and wholesale industry, and by extension, commercial and industrial land uses.
- It is acknowledged that a super centre style bulky goods development (up to 25,000 sq.m, requiring land area of 6-8 hectares) could be absorbed into the Port Macquarie market in the future, and would need to be of such critical mass to be competitive and functional.
- There is a shortage of sites for bulky goods retail. Given that there are very limited remaining opportunities in Lake Road and Hastings River Drive, the preferred location identified for a significant expansion of bulky goods retailing is along Oxley Highway at the John Oxley Precinct, which includes the subject site. This precinct enjoys a high level of visual exposure from the road, excellent accessibility, and would provide an appropriate buffer between the main highway and surrounding residential development.
- Finally, Hill PDA acknowledges that bulky goods retailing tends to have minor, if any, impacts upon traditional retail centres because it provides a different type of retail function which is not typically present in such centres.

2.3 Urban Growth Management Strategy (2011-2031)

In accordance with the Regional Strategy, Mid North Coast councils are required to prepare a Local Growth Management Strategy for their respective local government areas, addressing all forms of urban development to 2031. The Urban Growth Management Strategy (UGMS) prepared for Port Macquarie-Hastings examined key land use typologies to determine the optimal approach to future development and to inform the preparation of the Local Environmental Plan (LEP) 2011.

Section 5 of the UGMS examines economic development and employment within Port Macquarie. In relation to retail development, the UGMS aims to *"provide a wide range of quality shopping opportunities and commercial experiences for consumers in a hierarchy of viable retail centres consistent in scale with existing towns and villages and centrally located within each community."*

The retail component of the UGMS was informed by the Retail Strategy and it includes most, if not all, of the key recommendations made by Hill PDA. Of particular note, one of the key recommendations of the UGMS, given the lack of site options, was to *"identify opportunities for bulky goods style retailing in accessible locations in or near commercial centres and restrict this form of retailing in industrial zones"*.

The proposed bulky goods development at the subject site is consistent with the recommendations of both the Retail Strategy and the UGMS.

2.4 Planning for Bulky Goods Retail Discussion Paper (2011)

Urbis prepared a discussion paper investigating the suitability of the "Gateway Site" for future use for bulky goods retail development. This paper reviewed the existing strategic documentation of relevance to bulky goods development including the Retail Strategy and analysed various sites within the John Oxley Drive precinct against site suitability criteria. Urbis found that the Gateway Site exhibited the following key attributes:

- Strong visual exposure and accessibility to the regional road network.

- Provides a logical extension to the existing Port Macquarie settlement pattern.
- Can accommodate the bulky goods floorspace projected to be demanded over the next 20 years to 2031.
- Has very limited environmental constraints.
- Is currently held in single ownership and capable of delivering the bulky goods floorspace in the immediate future to capture current investor interest.
- Has the interest of a major anchor tenant looking to commence operations in the Port Macquarie LGA.

2.5 Port Macquarie-Hastings John Oxley Drive Precinct Structure Plan (2012)

Planning for the John Oxley Drive Precinct included the preparation of a structure plan, the intention of which is to provide a planning framework, against which future land use decisions can be assessed and as a basis for coordinated outcomes in the long term. This structure plan was adopted by Port Macquarie-Hastings Council on the 25th of July 2012.

The location and accessibility of the precinct makes it suitable for further residential development and employment-generating uses, including bulky goods retailing, which is consistent with the uses for the site proposed in the UGMS.

The structure plan indicates that the north-east portion of the precinct, which includes the subject site, currently accommodates the Port Gateway Residential Park. The owners have indicated that this will be closed in December 2012 and concept plans for bulky goods retail floorspace have been submitted for the subject site.

Section 4.8.1 of the structure plan indicates Council's concern with the loss of affordable housing from the area, but the land owners have provided significant initiatives towards providing alternative accommodation for displaced residents. Such initiatives have been endorsed by Housing NSW and community housing.

Of particular note however, is the following finding in the structure plan, *"the assessment of constraints and opportunities by Council in this Structure Plan leads to a conclusion that the site is not ideal for residential development. In addition, there is significant development potential for non-residential uses on the site and bulky goods retail is likely to be an appropriate outcome in the circumstances."* (p. 21, MacroPlan Dimasi emphasis).

Furthermore, section 4.8.4 indicates the provision of land for bulky goods development will *"lead to increased employment within the precinct."*

2.6 Port Macquarie-Hastings Local Environmental Plan 2011

The Port Macquarie-Hastings Local Environmental Plan (LEP) 2011 is the overarching planning document for the Local Government Area (LGA). The subject site, and more broadly the John Oxley Drive precinct, is presently zoned RU1 – Primary Production.

The current zoning does not permit bulky goods retailing, however, on 25th July 2012, Council resolved to prepare a planning proposal in relation to the proposed bulky goods development at 18 John Oxley Drive.

This Economic Impact Assessment will be used to inform Council's planning proposal, which is the first stage in implementing Council's recently adopted John Oxley Drive precinct structure plan.

2.7 Summary

The review of the strategic planning framework above indicates consistent support for bulky goods development at the subject site. It is generally acknowledged in the relevant strategic planning documents that bulky goods retailing will not disrupt or impact to any substantial degree on the defined centres hierarchy, given the different nature of this retail format as compared with traditional retail uses.

In fact, the UGMS (informed by the Retail Strategy) indicates that bulky goods development is often provided in significant “lumps” and the proposed development of 20,000 sq.m of such space should be considered in the context of the following key attributes:

- Bulky goods retail requires critical mass;
- Bulky goods tenants require large format premises;
- New entrants should be encouraged into the market (i.e. Masters Home Improvement);
- There is a trade oriented aspect of such retailers which serves a separate market in addition to the residential market. The latter was the only market considered in the Hill PDA review;
- Bulky goods development creates construction jobs and supports on-going employment at the subject site and through the broader industry supply chain.

This page has been intentionally left blank.

Section 3: Trade area analysis

This section of the report details the trade area likely to be served by the proposed bulky goods/homemaker facilities at the subject site.

3.1 Trade area definition

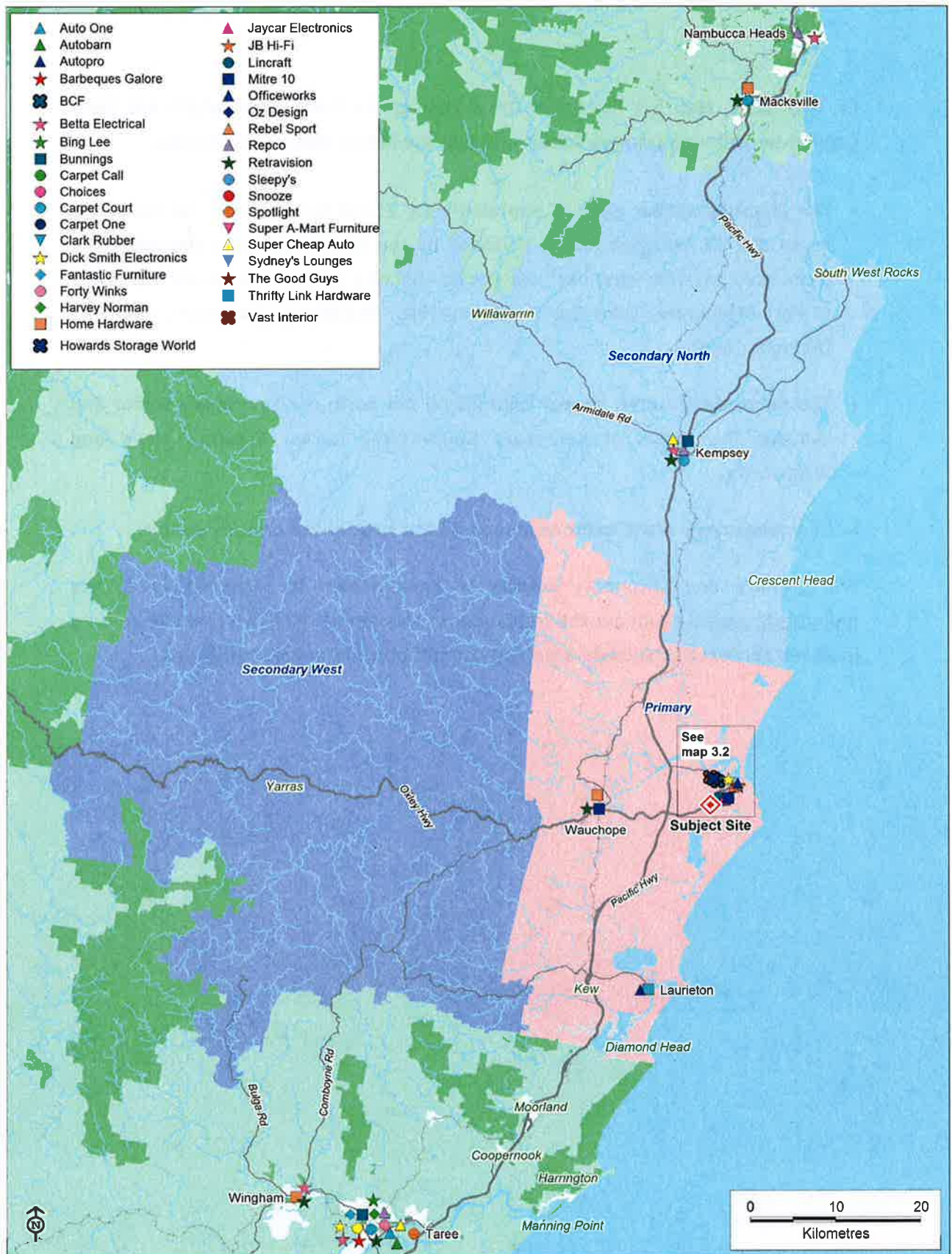
The extent of the trade area or catchment that is served by any shopping centre is shaped by the interplay of a number of critical factors. These factors include:

- i. The relative attraction of the centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.
- ii. The proximity and attractiveness of competitive retail centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre is effectively able to serve.
- iii. The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre.
- iv. Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre.

On this basis, Map 3.1 highlights the extent of the trade area, which has been defined to contain a primary sector and two secondary sectors, as follows:

- The **primary sector** extends approximately 25 km to the north, 30 km to the south and 22 km west and is bounded by the Pacific Ocean to the east. The trade area extends west past the Pacific Highway and encompasses the towns of Port Macquarie, Lake Cathie, Bonny Hills, Wauchope, Laurieton, Kew and Diamond Head.
- The **secondary north sector** extends 60 km north of the primary sector and includes the towns of Kempsey, South West Rocks, Crescent Head and Willawarrin.
- The **secondary west sector** extends 55 km west of the primary sector.

The primary and secondary sectors in combination are referred to as the main trade area throughout the remainder of this report. Map 3.2 provides a more localised context of the trade area and competition within Port Macquarie.



**Map 3.1: Port Macquarie
Trade Area & Bulky Competition**

Section 3: Trade area analysis



Map 3.2: Port Macquarie
Close up Bulky Competition

3.2 Trade area population

Table 3.1 details the current and projected population within the defined main trade area. This information is sourced from the following:

- Population data from the Australian Bureau of Statistics (ABS) including the 2006 and 2011 Census of Population and Housing;
- ABS New dwelling approval data over the period 2007-2011;
- Population projections prepared by the NSW Department of Planning and Infrastructure, which were last update in 2008;
- Relevant planning documentation from the NSW state government and Port Macquarie-Hastings Council;
- Investigations of residential developments by this office.

Over the most recent inter-censal period (2006-2011), the main trade area population grew at an average rate of 0.9% per annum and is currently estimated at 106,040, including 72,820 residents within the key primary sector.

The latest census data show that the population of the Port Macquarie-Hastings LGA (i.e. the primary and secondary west sector) grew at around 740 residents per annum between 2006 and 2011.

Future population growth within the main trade area is expected to be driven by a number of large residential developments within the primary sector, including:

- Thrumster Urban Growth area (Area 13), which includes "Sovereign Hills", is located to the east of the Pacific Highway. The entire development is expected to yield in excess of 3,500 new homes and more than 11,000 residents upon completion.
- Lake Cathie / Bonny Hills (Area 14) is zoned residential and mixed use and will ultimately contain a further 2,000 new dwellings.

Section 3: Trade area analysis

- Area 15, near Camden Haven High School, was rezoned in early 2012 and could provide up to 900 dwellings.
- The Innes Peninsula/Mahers Headland release area, will accommodate future residential subdivisions. At present, Innes Lake has subdivision approval for up to 291 lots and the Brierley Hills estate has subdivision approval for 112 lots.
- Richmond Horizons, has been steadily developed over the past 15 years and is expected to accommodate up to 100 residential dwellings.
- Beechwood Road subdivision, which could accommodate some 231 lots, is expected to proceed over the medium to longer term.
- Emerald Downs Estate, which has been steadily growing over the past 20 years, could potentially accommodate a further 200 dwellings.

Taking the above into account, the main trade area population is projected to grow strongly over the forecast period, at an average rate of 1.0% per annum, to reach 122,350 by 2026.

Table 3.1
18 John Oxley Drive trade area population, 2006-2026*

Trade area	Estimated population			Forecast population		
	2006	2011	2012	2016	2021	2026
Primary sector	68,240	72,020	72,820	76,820	81,820	87,320
Secondary sectors						
• North	28,850	29,700	29,860	30,460	31,210	31,710
• West	<u>3,470</u>	<u>3,370</u>	<u>3,360</u>	<u>3,400</u>	<u>3,450</u>	<u>3,500</u>
Total secondary	32,320	33,070	33,220	33,860	34,660	35,210
Main trade area	100,560	105,090	106,040	110,680	116,480	122,530

Trade area	Average annual growth (no.)				
	2006-11	2011-12	2012-16	2016-21	2021-26
Primary sector	756	800	1,000	1,000	1,100
Secondary sectors					
• North	170	160	150	150	100
• West	<u>-20</u>	<u>-10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total secondary	150	150	160	160	110
Main trade area	906	950	1,160	1,160	1,210

Trade area	Average annual growth (%)				
	2006-11	2011-12	2012-16	2016-21	2021-26
Primary sector	1.1%	1.1%	1.3%	1.3%	1.3%
Secondary sectors					
• North	0.6%	0.5%	0.5%	0.5%	0.3%
• West	<u>-0.6%</u>	<u>-0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>
Total secondary	0.5%	0.5%	0.5%	0.5%	0.3%
Main trade area	0.9%	0.9%	1.1%	1.0%	1.0%

*As at June

Source: ABS; NSW Department of Planning and Infrastructure 2008; MacroPlan Dimasi

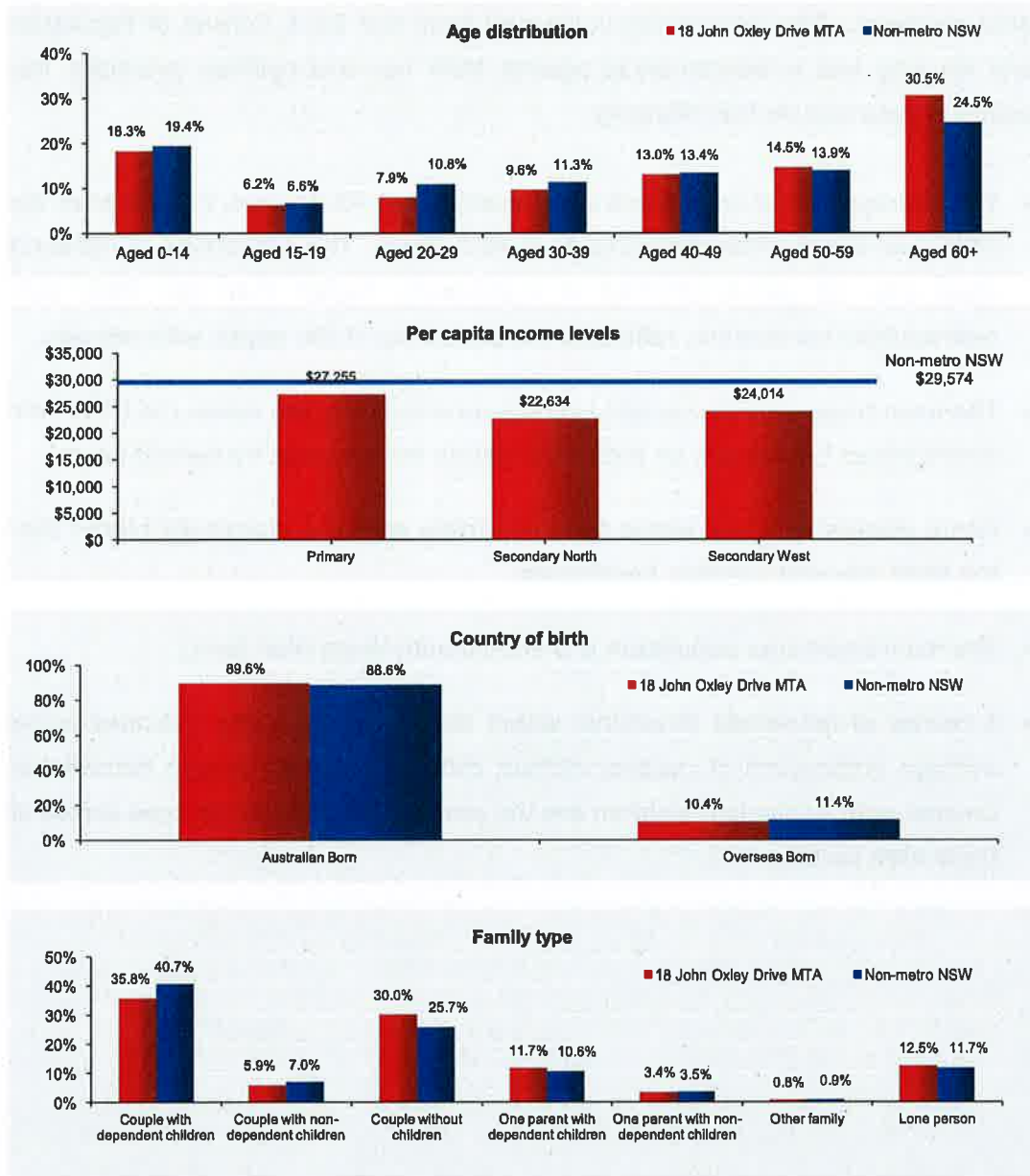
3.3 Socio-demographic profile

Chart 3.1 and Table 3.2 detail the socio-demographic profile of the main trade area residents. This information is sourced from the 2011 Census of Population and Housing and is benchmarked against NSW non-metropolitan averages. Key points to note include the following:

- The average age of main trade area residents, at 43.3 years, is older than the NSW non-metropolitan benchmark of 40.2 years. The proportion of residents aged over 60 years (30.5%) is significantly higher than the NSW non-metropolitan benchmark, reflecting the popularity of the region with retirees.
- The main trade area population average income levels are below the NSW non-metropolitan benchmark on both a per capita and average household basis.
- Home ownership levels within the main trade area are marginally higher than the NSW non-metropolitan benchmark.
- The main trade area population is predominantly Australian born.
- A review of household structures within the main trade area indicates above average proportions of couples without children and lone person households. Couples with dependent children are the predominant household type across all trade area sectors.

Chart 3.1

18 John Oxley Drive main trade area - socio-demographic profile, 2011



Source: ABS Census of Population & Housing, 2011; MacroPlan Dimasi

Table 3.2

18 John Oxley Drive main trade area - socio-demographic profile, 2011

Census item	Primary sector	Secondary sectors North	West	Main TA	Non-metro NSW avg.
Per capita income	\$27,255	\$22,634	\$24,014	\$25,817	\$29,574
Variation from benchmark	-7.8%	-23.5%	-18.8%	-12.7%	
Avg. household income	\$62,747	\$54,276	\$58,862	\$60,254	\$70,977
Variation from benchmark	-11.6%	-23.5%	-17.1%	-15.1%	
Avg. household size	2.3	2.4	2.5	2.3	2.4
<u>Age distribution (% of pop'n)</u>					
Aged 0-14	17.8%	19.8%	16.2%	18.3%	19.4%
Aged 15-19	6.0%	6.4%	7.7%	6.2%	6.6%
Aged 20-29	7.7%	8.5%	6.2%	7.9%	10.8%
Aged 30-39	9.7%	9.5%	8.5%	9.6%	11.3%
Aged 40-49	12.9%	12.9%	15.3%	13.0%	13.4%
Aged 50-59	13.8%	15.6%	20.1%	14.5%	13.9%
Aged 60+	32.1%	27.2%	25.9%	30.5%	24.5%
Average age	44.0	41.6	42.8	43.3	40.2
<u>Housing status (% of h'holds)</u>					
Owner/purchaser	70.3%	71.9%	81.9%	71.2%	70.6%
Renter	27.9%	27.6%	16.7%	27.4%	28.4%
Other	1.8%	0.6%	1.3%	1.4%	0.9%
<u>Birthplace (% of pop'n)</u>					
Australian born	88.4%	92.5%	89.4%	89.6%	88.6%
Overseas born	11.6%	7.5%	10.6%	10.4%	11.4%
<u>Family type (% households)</u>					
Couple with dep't children	36.4%	34.0%	38.2%	35.8%	40.7%
Couple with non-dep't child.	5.6%	6.3%	8.7%	5.9%	7.0%
Couple without children	31.2%	27.0%	30.3%	30.0%	25.7%
One parent with dep't child.	10.4%	15.4%	8.2%	11.7%	10.6%
One parent w non-dep't child.	3.2%	4.1%	2.8%	3.4%	3.5%
Other family	0.7%	0.9%	0.5%	0.8%	0.9%
Lone person	12.6%	12.3%	11.3%	12.5%	11.7%

Source: ABS Census of Population & Housing, 2011; MacroPlan Dimasi

3.4 Retail expenditure capacity

MacroPlan Dimasi estimates retail expenditure capacity generated by trade area residents based on information sourced from Market Data Systems (MDS), which utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources, including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information.

We consider MarketInfo data to be quite an accurate measure of available retail expenditure and it is widely relied on in the retail industry. This office has undertaken thousands of retail assessments using actual retail sales turnover data from retailers and shopping centres and numerous customer surveys to understand the expenditure behaviour of shoppers.

Appendix 1 provides a more detailed explanation of MarketInfo data and details the suitability and usage of MarketInfo data, particular in regards to economic impact assessments analysing turnover impacts. In particular, Appendix 1 provides a reconciliation of the household retail expenditure data based on MarketInfo estimates with the ABS reported retail turnover data.

Total retail expenditure is detailed in a number of categories, as follows:

- Take-home food and groceries – expenditure on goods typically found in supermarkets and specialty fresh food stores.
- Packaged liquor – expenditure on packaged beer, wine and spirits such as those purchased at bottle-shops and liquor outlets (does not include liquor consumed on premises, such as at bars/clubs/pubs).
- Food catering – expenditure on cafes, take-away outlets and restaurants, including liquor consumed on such premises.
- Apparel – expenditure upon clothing, footwear, fashion and accessories.
- Household Goods – expenditure on giftware, electrical, computers, furniture, homewares, and hardware goods.

- Leisure – expenditure on sporting goods, music, DVDs, games, books, newsagents and film processing/photography and the like.
- General Retail – expenditure on, pharmaceutical goods, cosmetics, toys, florists, mobile phones and the like.
- Retail Services – expenditure on retail services such as key cutting, shoe repairs, hair and beauty and the like.

Chart 3.2 illustrates the retail expenditure levels per person for residents within the main trade area, benchmarked with corresponding NSW non-metropolitan averages for each retail category.

Annual retail expenditure per capita within the main trade area is estimated to be about \$11,400 per person, which is about 1.1% lower compared with NSW non-metropolitan averages. However annual per capita retail expenditure on homemaker goods is estimated to be around \$2,100 per person, which is 0.9% higher than the NSW non-metropolitan average.

Table 3.3 provides a summary of the “homemaker” expenditure per capita of the main trade area population by product type. The broad homemaker category encapsulates the expenditure on items normally retailed in bulky goods/homemaker retail precincts. Expenditure on hardware and garden products accounts for the highest proportion of total homemaker expenditure, at 21.6%.

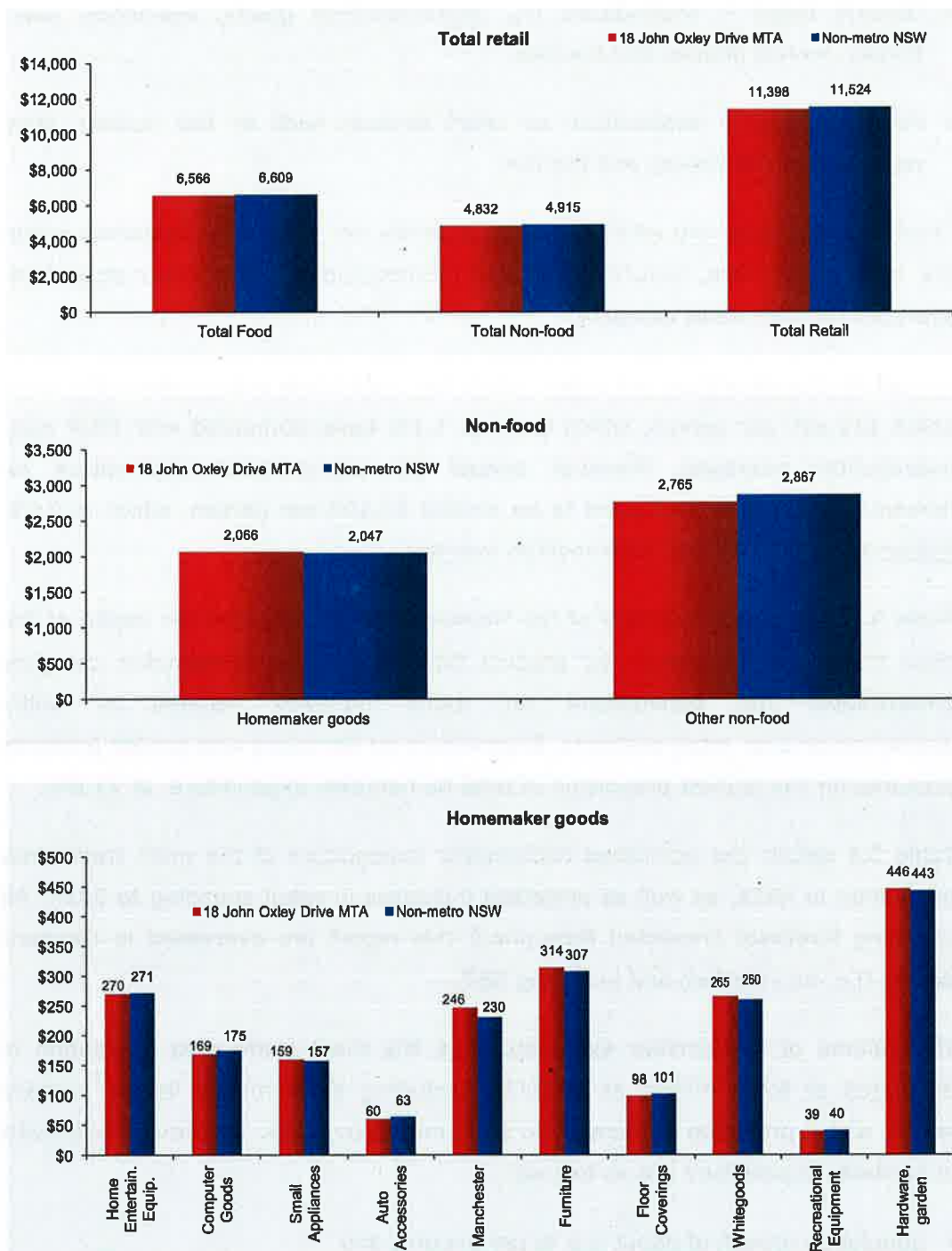
Table 3.4 details the estimated homemaker expenditure of the main trade area population in 2012, as well as projected increases in retail spending to 2026. All spending forecasts presented throughout this report are expressed in constant dollars (i.e. no inflation) and including GST.

The volume of homemaker expenditure by the main trade area population is estimated at \$220 million at 2011/12, including \$158 million in the primary sector, and is projected to increase to \$285 million by 2026. The drivers of growth in available expenditure are as follows:

- population growth of about 1.0 % per annum; and
- real growth in retail expenditure per capita of 0.8% per annum.

Chart 3.2

18 John Oxley Drive trade area - retail spending per person, 2011/12*



*Including GST

Source: MarketInfo; MacroPlan Dimasi

Section 3: Trade area analysis

Table 3.3

18 John Oxley Drive main trade area - per capita homemaker expenditure, 2011/12

Category	Primary sector	Secondary sectors		Main TA	Non-metro NSW Avg.
		North	West		
<u>Homemaker market</u>					
Home Entertain. Equip.	278	253	257	270	271
Computer Goods	177	146	172	169	175
Small Appliances	166	141	165	159	157
Auto Accessories	59	61	65	60	63
Manchester	260	213	233	246	230
Furniture	330	273	331	314	307
Floor Coverings	102	88	112	98	101
Whitegoods	275	243	253	265	260
Recreational Equipment	41	36	37	39	40
Hardware, garden	<u>461</u>	<u>403</u>	<u>486</u>	<u>446</u>	<u>443</u>
Total Homemaker	2,150	1,857	2,111	2,066	2,047
Total Retail	11,685	10,664	11,698	11,398	11,524
% of Total Retail	18.4%	17.4%	18.0%	18.1%	17.8%
<i>*Including GST</i>					
<i>Source: MarketInfo; MacroPlan Dimasi</i>					

Table 3.4

18 John Oxley Drive main trade area - homemaker expenditure (\$M), 2012-2026

Year ending June	Primary sector	Secondary sectors		Main TA
		North	West	
2012	158	56	7	220
2013	161	56	7	224
2014	164	57	7	229
2015	168	58	7	233
2016	172	59	7	238
2017	175	59	8	242
2018	179	60	8	246
2019	183	61	8	251
2020	186	62	8	256
2021	190	62	8	260
2022	194	63	8	265
2023	198	64	8	270
2024	203	64	8	275
2025	207	65	8	280
2026	211	66	8	285
<u>Average annual growth (\$M)</u>				
2012-2026	4	1	0	5
<u>Average annual growth (%)</u>				
2012-2026	2.1%	1.2%	1.1%	1.9%
*Constant 2011/12 dollars & including GST				
Source: MarketInfo; MacroPlan Dimasi				

This page has been intentionally left blank.

Section 4: Competition

This section of the report reviews the competitive framework within which the proposed bulky goods development at the subject site would operate.

Table 4.1 details the competitive provision of bulky goods/homemaker retail facilities within the main trade area, with the previous Map 3.1 and Map 3.2 indicating the locations of these facilities.

Table 4.1

18 John Oxley Drive schedule of competing bulky goods/homemaker facilities

Centre	Major traders	Dist. by road from 18 John Oxley Drive (km)
Port Macquarie		
• Lake Road	Bunnings, Bing Lee, The Good Guys, Carpet Court, Spotlight, Super Cheap Auto, Lincraft, Snooze, Super A-Mart, Clark Rubber, Carpet One, Repco, Jaycar	1.4
• Port Home Zone	Oz Design, Howards Storage World, Fantastic Furniture BCF, Forty Winks, Autobarn	4.4
• Other	JB Hi-Fi, Harvey Norman, Officeworks, Barbeques Galore, Mitre 10, Dick Smith Electronics (2), Rebel Sport, Vast Interior, Choices	-
Wauchope	Home Hardware, Retravisio, Mitre 10	15.2
Laurieton	Thrifty Link Hardware, Autopro	35.4
Kempsey	Bunnings, Betta Electrical, Carpet Court, Retravisio, Repco, Super Cheap Auto	51.7

Source: Property Council of Australia; MacroPlan Dimasi

4.1 Primary sector

The existing provision of bulky goods/homemaker facilities within the primary sector are contained within Port Macquarie, Wauchope and Laurieton. Within Port Macquarie there are two main homemaker precincts, described as follows:

- **The Lake Road** precinct is located some 1.4 km north-east of the subject site and contains the largest provision of bulky goods and homemaker retailers in the main trade area. Major tenants located along Lake Road include Bunnings, The Good Guys, Spotlight, Lincraft, Snooze and Super A-Mart, supported by smaller tenants including Rovert Lighting, Clark Rubber, Dulux 3D Paint and Colour Centre, Barbeques Galore, Plumbtex and Workout World.
- **Port Home Zone** is located on Hastings River Drive, adjacent to the freestanding Harvey Norman store. Port Home Zone provides 6 bulky goods retailers, including Oz Design, Fantastic Furniture, BCF and Forty Winks.

Other notable bulky goods/homemaker retailers such as Mitre 10, Harvey Norman, Officeworks and Barbeques Galore are scattered throughout Port Macquarie.

There is a paucity of bulky goods retail floorspace provided within the Port Macquarie town centre and broader area towards Settlement City. Major national brand tenants include Dick Smith, Officeworks and JB Hi-Fi. These centres accommodate a significant provision of traditional retail floorspace including major supermarkets, discount department stores and specialty retail including cafes and restaurants.

The town of Wauchope is located 15.2 km west of Port Macquarie and contains a limited provision of bulky goods/homemaker retailers, namely Home Hardware, Retravisson and Mitre 10.

Laurieton is located 35.4 km south of Port Macquarie and provides a Thrifty Link Hardware and an Autopro store.

4.2 Secondary north sector

Bulky goods/homemaker facilities within the secondary north sector are limited to the town of Kempsey and include Bunnings, Betta Electrical, Retravisson and Carpet Court.

4.3 Beyond trade area

Beyond the main trade area the most substantial provision of bulky goods/homemaker facilities is located at Taree, some 76 km south-west of Port Macquarie. There is a relatively good provision of bulky goods/homemaker retailers located at Taree including Bunnings, Spotlight, Harvey Norman, Retravisson and Fantastic Furniture.

4.4 Proposed homemaker retail developments

There are no approved or proposed bulky goods developments in Port Macquarie, or more broadly across the trade area. This could potentially indicate that the lack of available sites is restricting the market providing additional bulky goods retail space. This is therefore restricting new entrants from entering the market and limiting the range of the offer for residents of the main trade area.

This page has been intentionally left blank.

Section 5: Retail need and economic impacts

This section of the report provides an analysis of the demand and market scope for bulky goods/homemaker facilities in Port Macquarie and then estimates the sales potential for the proposed development at the subject site.

This section also examines the potential economic impacts that are likely to result from the proposed development including estimated trading impacts, employment creation and other net community benefits.

5.1 Market gap

Table 5.1 overleaf examines the bulky goods/homemaker expenditure market demand generated by main trade area residents, and then compares this demand with existing supply of bulky goods/homemaker floorspace, outlining the estimated current and future market gap for bulky goods/homemaker floorspace within the region.

In calculating the estimated gap, we have undertaken the following steps:

- Estimated the current and future population within the main trade area, as previously identified in section 3. The main trade area population is presently 106,600 persons and is expected to increase to 123,200 persons by 2026.
- Estimated expenditure per capita on bulky goods/homemaker items using MarketInfo data and multiplied this by the main trade area population to determine the bulky goods/homemaker expenditure capacity of the main trade area. At present expenditure capacity is \$220.3 million and is expected to increase to \$285.5 million by 2026, in constant 2011/12 dollar terms.
- The available expenditure market is then translated into floorspace demand by dividing by an applied retail turnover density.

- Generally, homemaker and bulky goods stores across Australia generate sales in the order of \$3,000-\$4,000 per square metre, although in recent times average trading levels have tended towards the lower end of this range. Furthermore, trading levels vary greatly depending upon the retail tenant type (e.g. electrical goods traders could achieve an average trading level which is significantly above this level while furniture traders and hardware stores generally trade well below this level).
- We have applied an average RTD for bulky goods retail stores of \$3,200 per sq.m in 2012, which we consider would be a successful and profitable average trading level in Port Macquarie, and representative of an appropriate supply position. It is possible that the average trading level could be a little lower than this figure.
- Based on the above steps, Table 5.1 shows that residents of the main trade area region currently generate demand for about 68,800 sq.m of bulky goods/homemaker floorspace, and this demand is forecast to increase to about 89,200 sq.m by 2026.
- Many bulky goods/homemaker retailers also service a commercial (i.e. trade) market and the line between retail and wholesale is slightly blurred in this regard. Bunnings and Masters home improvement stores, for example, have large dedicated 'trade' departments which comprise 20% or more of total floor area. We have estimated that on average commercial business demand could contribute an additional 15% of total bulky goods/homemaker demand within the main trade area.
- We therefore estimate total bulky goods/homemaker retail demand within the main trade area to be 79,200 sq.m at present, increasing to 102,600 sq.m by 2026.
- There is currently an estimated supply of bulky goods/homemaker floorspace of 65,450 sq.m within the main trade area. Most of this supply, about 60,000 sq.m, is provided within Port Macquarie.
- By subtracting estimated supply from estimated demand, we have identified an existing bulky goods/homemaker gap of about 13,700 sq.m.

- The Retail Strategy indicated scope in Port Macquarie for about 24,000 sq.m of additional bulky goods floorspace over the period to 2026. The analysis present in Table 5.1 below is broadly consistent with those findings but allows explicitly for "trade" demand.
- By 2016, we estimate total floorspace demand will have increased by about 6,200 sq.m from current levels. Table 5.1 indicates the addition of the proposed 19,995 sq.m development at the subject site would be appropriate and would bring the overall provision of bulky goods/homemaker floorspace to a level of general equilibrium.

Table 5.1

18 John Oxley Drive Main Trade Area - Estimated Demand & Supply of Bulky Goods Facilities

Factor	Year ending December			
	2012	2016	2021	2026
Population	106,608	111,245	117,069	123,155
Total Homemaker/Bulky Goods Expenditure (\$M)	220.3	237.5	260.4	285.5
Retail Turnover Density (\$ per sq.m)	3,200	3,200	3,200	3,200
Resident Bulky/Homemaker Floorspace Demand (sq.m)	68,843	74,232	81,381	89,209
Commercial/Trade Expenditure (\$M)	33.0	35.6	39.1	42.8
Commercial/Trade Demand (sq.m)	<u>10,326</u>	<u>11,135</u>	<u>12,207</u>	<u>13,381</u>
Total floorspace demand (sq.m)	79,169	85,367	93,588	102,590
Existing & Proposed Supply	65,450	85,445	85,445	85,445
• Existing Facilities	65,450	65,450	65,450	65,450
• The Gateway Site		19,995		
Under (-)/Over (+) Supply	-13,719	78	-8,143	-17,145

Source: MarketInfo; MacroPlan Dimasi

Furthermore, there are many major national bulky goods/homemaker tenants without current representation in Port Macquarie. Table 5.2 highlights at least 35 such tenants including Anaconda, Betta Electrical, Domayne, Freedom, Masters, Retravisio and The Sleeping Giant. Additional provision of new bulky goods tenants into the market will create wider consumer choice for residents.

Table 5.2

Major bulky goods/homemaker tenants not represented in Port Macquarie

Adairs/Adairs Kids	Curtain Wonderland	OMF
Amart All Sports	Dare Gallery	Outdoor Furniture Specialists
Anaconda	Deco Rug	Pillow Talk
Auto One	Domayne	Retravision
Autopro	Early Settler	Rise and Shine
Bay Leather Republic	Easy Living	Solomon's Flooring
Beacon Lighting	Freedom	Strathfield Car Radios
Bedshed	Gold Cross Cycles	The Sleeping Giant
Berkowitz	IKEA	Thrifty Link Hardware
Betta Electrical	Masters	Toys 'R' Us
Clive Anthonys	Nick Scali	True Value Hardware

Source: Property Council of Australia; MacroPlan Dimasi

5.2 Sales potential

Table 5.3 summarises our estimates of sales potential and the estimated market shares which the proposed development is, in our view, likely to attract. We have assumed that the proposed development will be completed before mid 2015 which allows for the time normally taken for rezoning, development planning and construction. Thus the first year of trading is assumed to be 2015/16.

We have estimated that the bulky goods tenants at the site will generate combined sales in the order of \$50.0 million (approx. \$2,600 per sq.m) in its first full year, as the development establishes its presence within the trade area, and having regard to the tenancy mix which be obviously be dominated by a large home improvement store (Masters). We expect the tenants will then improve their performance somewhat over time, driven by growth in population and real expenditure growth.

The proposed development is estimated to capture about 16.4% of the available main trade area bulky goods/homemaker expenditure market. Within the primary sector, we expect the development will capture about 20.1% of the available

expenditure market. In the secondary north sector we expect a market share of about 6.5% and in the secondary west sector we expect a market share of about 10.9%.

Given the site's highly accessible location on the Oxley Highway, we expect that about 10% of the total residential turnover will be attracted in the form of "beyond trade area" expenditure (i.e. passing traffic/customers from the broader region beyond the trade area).

Ancillary and non-household (e.g. trade) sales are projected to account for 15% of total centre sales. Ancillary sales are defined as non-core homemaker sales such as manchester, glassware, sporting goods etc sold in some homemaker centres but which are not the main focus for these stores (i.e. the majority of sales generated by these categories).

Table 5.3

18 John Oxley Drive - Estimated market shares, 2015/16*

Trade area	Homemaker spend (\$M)	Est. sales (\$M)	Market share
Primary sector	168.0	33.7	20.1%
Secondary sectors			
• North	57.8	3.8	6.5%
• West	7.3	0.8	10.9%
Total secondary	<u>65.1</u>	<u>4.6</u>	<u>7.0%</u>
Main trade area	233.2	38.3	16.4%
Business from beyond TA		<u>4.3</u>	
Total homemaker sales		42.5	
Plus ancillary sales		<u>7.5</u>	
Total sales potential		50.0	

*Constant 2011/12 dollars & including GST

Source: The Condon Group; Marketinfo; MacroPlan Dimasi

5.3 Trading impacts

Retail developments will usually result in some trading impacts on other retail centres within or beyond the main trade area. Table 5.4 shows the estimated trading impacts that we expect across the surrounding network of centres. These estimates provide indications as to whether the scale of the expansion is reasonable and also whether any centres are at risk to the extent that the community would suffer a net disbenefit, as a result of the proposed development.

We have estimated the trading impacts by following the following methodology:

- First, the sales potential of the proposed bulky goods/homemaker development is estimated at \$50.0 million in its first year, as detailed above (ie. 2015/16);
- Sales are then estimated across the surrounding competitive supply network as at 2011/12 based on general benchmarks and other known information;
- Sales for the surrounding competitive supply network in 2015/16 are then estimated, assuming the proposed development does not occur.
- Sales for all competitive centres as at 2015/16 are then estimated, assuming the proposed development does occur. An assessment of likely trading impacts is then made by comparing the estimated sales for each centre with and without the proposed development.

Table 5.4

18 John Oxley Drive - Estimated Impact on bulky goods precincts*

Centres	GLA (sq.m)	Estimated 2011/12 \$M	Projected 2015/16		Est. Impacts		Chg. 2012-16 %
			Without Development \$M	With Development \$M	\$M	%	
Port Macquarie - bulky goods	60,000	210.0	226.4	183.6	35.2	-15.5%	-12.6%
Wauchope - bulky goods	1,700	6.0	6.4	5.7	0.7	-10.9%	-3.9%
Laurieton - bulky goods	250	0.9	0.9	0.8	0.1	-10.6%	-3.6%
Kempsey - bulky goods	3,500	12.3	13.2	11.7	1.5	-11.4%	-4.4%
Port Macquarie - traditional retail**	<u>130,000</u>	<u>715.0</u>	<u>771.0</u>	<u>763.5</u>	<u>7.5</u>	<u>-1.0%</u>	<u>6.8%</u>
Retained escape					<u>5.0</u>		
Impacts Total	195,450	229.1	247.0	201.9	50.0	-18.2%	-11.9%

*Constant 2011/12 dollars & including GST

**Includes Port Macquarie town centre, Settlement City and other traditional retailers

Source: MacroPlan Dimasi; Hill PDA Retail Strategy Review

As illustrated, the majority of trading impacts are expected to be experienced by existing bulky goods/homemaker retailers within Port Macquarie. Given that bulky goods stores, in particular Masters Home Improvement stores, provide goods across many retail categories, we expect impacts to be distributed broadly across the majority of bulky goods/homemaker retailers within Port Macquarie. We expect these trading impacts to be in the order of 15.5%.

The trading impacts on bulky goods/homemaker facilities in surrounding towns are expected to be moderate (10-12%), while we expect minimal impacts on the traditional retail centres across the main trade area.

Overall, any trading impacts on existing bulky goods/homemaker retailers are expected to be short-lived, with trading levels expected to rebound as the population growth in the region continues to generate increased demand for bulky goods/homemaker items.

Most importantly though, the market gap analysis presented in this report shows that there is scope for the addition of the proposed bulky goods development at the subject site and the location is considered optimal by Council.

5.4 Employment impacts

The development of bulky goods retail at the subject site will result in additional on-going employment on-site as well as further jobs through the supply chain, across 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 employment during the period of construction as well as additional jobs through the broader economic supply chain (ie. multiplier impacts).

Table 5.5 illustrates the estimated net increase in direct employment that would be created if the subject site were to be developed. In estimating the employment impacts, we have relied upon various data sources including data from retailers, the ABS and several state and local government agencies as well as 20-30 years of experience in the retail industry.

The total additional employment created is expected to be in the order of 246 jobs. Allowing for some minor impacts on employment at other precincts, estimated to be in the order of 5%, the overall net employment created at the centre is expected to be in the order of 234 jobs.

Table 5.5			
18 John Oxley Drive - estimated potential employment			
Type of use	Estimated employment per '000 sq.m	Subject Site	
		GLA (sq.m)	Employment (persons)
Hardware	11	13,457	148
Bulky goods	15	6,538	98
Total proposed development		19,995	246
Net employment			234
*Net increase includes an allowance for reduced employment levels elsewhere, estimated at 5% of total increase			
Source: MacroPlan Dimasi			

Table 5.6 provides an estimate of the total additional employment that would be created as a result of the proposed development, including both on-going direct and indirect (multiplier induced) employment and on-going direct and indirect (multiplier induced) employment from the construction phase of the project.

Table 5.6

18 John Oxley Drive - estimated future additional centre employment levels*

Original stimulus	Estimated capital costs (\$M)	Direct employment	Supplier employment multiplier effects	Total	
Construction of project	20	94	151	246	Job years ¹
Centre employment ²		234	94	327	

* Employment totals include both full-time and part-time work
 1. Indicates the estimated number of jobs over the life of the construction project, for the equivalent of one year
 2. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development
 Source: MacroPlan Dimasi

To calculate the likely total economic stimulus that can be attributed to the proposed development, both due to the direct retail employment which it will create, and also due to its construction, we have relied upon ABS Australian National Accounts Input/output multipliers.

ABS Input/output multipliers measure general economic flows between industry sectors. There are several types of input/output multipliers that can be relied upon and we consider for the basis of estimating fairly small scale, and localised impacts, that *employment* multipliers are most suitable for estimating the employment effects of the proposed expansion.

Typical construction costs for bulky goods retail development, in regional NSW range between \$1,200 and \$1,500 per sq.m (Rawlinson 2012) however the proposed development will also include car-parking, site works and fit-outs and we therefore estimate capital costs of the project could be in the order of \$20.0 million.

Based upon estimated construction costs of \$20 million, which is expected to occur over one year, estimated employment resulting from the construction of the project is 246 jobs per year, including 94 created directly and a further 151 resulting from multiplier induced effects.

As previously estimated, net employment resulting from the proposed expansion is expected to be 234 net jobs. Based upon the ABS employment multiplier for the retail industry we estimate this would also lead to a further 94 multiplier induced jobs. The proposed expansion will therefore result in a significant stimulus to local employment and across the broader mid-north coast region of New South Wales.

5.5 Other economic benefits

The proposed development will result in a range of economic benefits. The key benefits, summarised below, include:

- Increased consumer choice and competition for the population of the main trade area and commercial business operators;
- Ensuring sufficient bulky goods/homemaker floorspace is made available to meet demand;
- Ensuring the right type of retail is provided in the right location at the right time to meet the needs of the consumer;

Section 6: Key findings

There is strong economic evidence indicating there is a market gap for additional bulky goods retail floorspace within Port Macquarie, which would result in a net community benefit to residents and businesses within the main trade area. In large part, this gap reflects the continuing emergence of new players into the market, most recently Masters Home Improvement superstores.

We have identified an existing gap of around 14,200 sq.m. of bulky goods/homemaker floorspace for the main trade area at present and this gap is expected to increase to be almost 20,000 sq.m by 2016. The proposed development would bring the market back to a level of general equilibrium.

Bulky goods retail floorspace is provided in large discrete developments, rather than gradual additions, and this is acknowledged and expected at the subject site according to Council's UGMS. The large footprint nature of many retailers in this category of retailing, compared with relatively low average turnover levels per sq.m, means that supply of such facilities will increase substantially from time to time, especially as new formats emerge, such as Masters.

We expect moderate trading impacts will be experienced by existing bulky goods retailers within the main trade area, but there will be very limited impacts upon the traditional retail centres hierarchy of the region.

The proposed development will create about 234 net additional jobs on site, a further 94 jobs through the broader economy, while the construction phase of the project will see some 94 direct jobs and 151 indirect jobs created.

The development will also provide enhanced consumer choice and competition, in particular a new Masters Home Improvement store not present within the Port Macquarie market. Furthermore, the new bulky goods retail node that will be created at the subject site will enhance the role and function of Port Macquarie as the key regional centre of the mid-north coast.

This page has been intentionally left blank.

Appendix 1: Marketinfo data

MarketInfo Explanation

The MarketInfo dataset from MDS starts with the household expenditure survey, a comprehensive exercise conducted by the ABS every five years. In the latest survey, just under 7,000 households across Australia were asked to provide complete details of their spending over a specific period.

In addition to a thorough interview, each member of the household in question over the age of 15 is required to keep a diary of every expenditure made over a two week period. The respondents itemise all outings by attaching grocery receipts as well as accurately recording all of the transactions which may range from taxi fares to insurance and alimony payments, to the amount of pocket money given to children in the household. Complete financial and social information about the entire household are also provided.

All these data are then matched with Census, Centrelink, National Accounts and other data collected by State and National Governments to create a model of spending that is at the heart of MarketInfo. Micro simulation techniques are the method by which these detailed calculations are performed.

MarketInfo calculates spending levels down to the Census Collection District (CCD), the smallest defined area used by the ABS. Each CCD covers an area of approximately 180 households. MarketInfo is able to draw down to this level because it starts with the unit records from the Household Expenditure Survey and uses the spending and other information from all of the nearly 7,000 surveyed households as the basis for modelling these actual results to the broader community.

Retail Trade v MarketInfo

Table Appendix 1 below shows size of the overall retail market capacity as defined by MarketInfo for the years June 2010 and June 2011. In current prices, MarketInfo data show that the size of the retail expenditure market by Australian households was some \$267.61 billion for the year to June 2010, and increased to \$275.96 billion for the year to June 2011.

According to the ABS Retail Trade (#8501.0) publication, total recorded retail sales across all store types within Australia were \$239.13 billion in the year to June 2010, and increased to \$245.35 billion in the year to June 2011. The monthly Retail Business Survey captures most, though not all, retail businesses.

Table Appendix 1 shows that household expenditure capacity as measured by MarketInfo is about 12% greater than the retail turnover measured by the ABS Retail Publication. There are, however, a number of reasons for this difference, in particular:

- A number of sources of retail turnover, which account for substantial amounts of business, are not included in the ABS retail trade numbers. The list includes:
 - Wholesale operators who also sell at retail
 - Fresh food markets and roadside vendors
 - Wine clubs and cellar doors
 - Non-employing businesses, i.e. small retail enterprises which only employ family members
- Online retailing, a rapidly growing segment of the total Australian retail market, is not fully captured within the ABS retail turnover statistics. Clearly, online expenditure which is directed to overseas retailers is not accounted for in the ABS retail turnover series, nor is online expenditure which is directed to 'pure play' retailers which do not form part of the retail turnover series.

Therefore, while there might be some small discrepancy between household retail expenditure as estimated based on the MarketInfo data and ABS retail turnover, the majority of this discrepancy can be explained by such differences.

Table Appendix 1
MarketInfo versus Retail Trade

	Jun-10	Jun-11
Aust Population (mid-point of fin yr)	22,131,177	22,446,046
<u>MarketInfo</u>		
Exp. Per Capita Per Yr (\$)	\$12,002	\$12,201
MarketInfo Australia Per Yr (\$m)	\$265,610	\$273,861
Retail Trade		
ABS Retail Trade Per Yr (\$m)	\$239,134	\$245,347
Difference (\$m)	\$26,476	\$28,515
Difference (%)	11%	12%

Source: MarketInfo, ABS

Economic impacts

Even if one accepts that MarketInfo data overstate to some degree, available retail expenditure, any resulting analysis of trading impacts would still result in consistent outcomes on a proportionate basis, as overstated turnover estimates would be applied across all centres in any analysis, including the proposed development.

Further, while MarketInfo data are used to estimate the size of the available retail market, the growth in this market is driven primarily by population growth and assumptions of expected real growth in expenditure.

If future sales estimates for a subject centre are based on market shares applied to a market defined by MarketInfo data, and if this 'overstates' the market size, then future estimated sales will similarly be overstated. The relative (i.e. percentage) impact will therefore still be accurate.