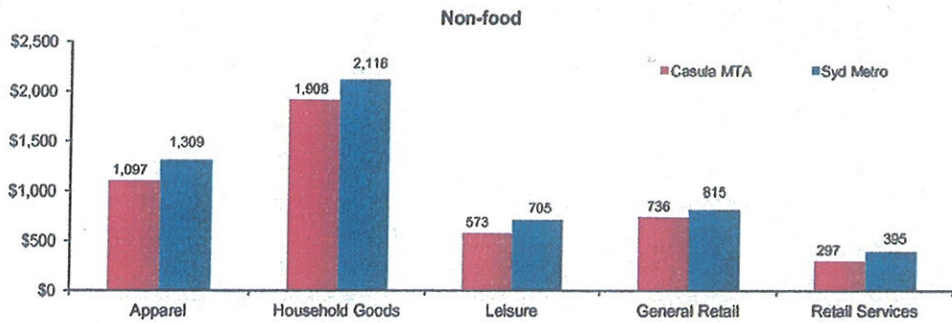
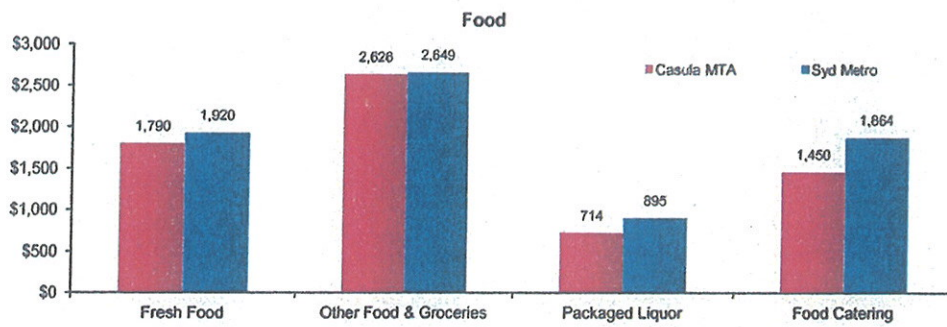
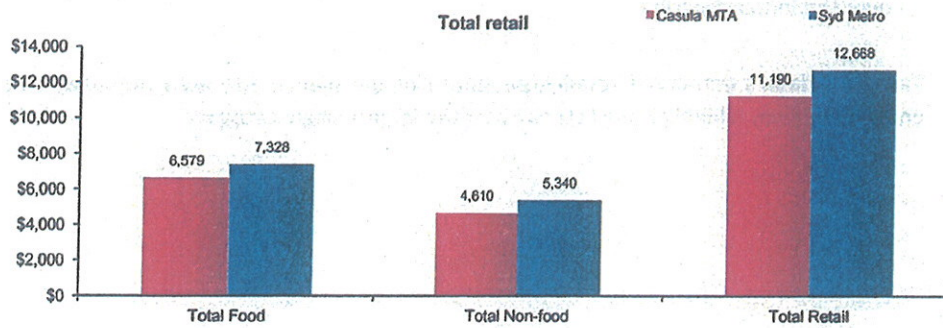


## Section 2: Trade area analysis

Chart 2.2

Casula trade area - retail spending per person, 2011/12\*



\*Including GST

Source: MarketInfo; MacroPlan Dimasi

## Section 2: Trade area analysis

**Table 2.3**

Casula main trade area - retail expenditure (\$M), 2012-2026

Year ending June	Primary sector	Secondary sector	Main TA
2012	177	134	311
2013	185	136	321
2014	193	138	331
2015	201	141	342
2016	210	143	353
2017	217	145	362
2018	223	148	371
2019	229	150	379
2020	235	153	388
2021	242	155	397
2022	248	158	406
2023	253	161	414
2024	259	164	423
2025	265	167	432
2026	271	169	441
<b>Average annual growth (\$M)</b>			
2012-2026	7	3	9
<b>Average annual growth (%)</b>			
2012-2026	3.1%	1.7%	2.5%

*\*Constant 2011/12 dollars & including GST  
Source: MarketInfo; MacroPlan Dimasi*

## Section 2: Trade area analysis

**Table 2.4**

Casula main trade area - retail expenditure by product group (\$M), 2012-2026\*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services
2012	143	40	31	53	16	20	8
2013	147	42	31	55	16	21	8
2014	152	43	32	56	17	22	9
2015	157	45	33	58	17	23	9
2016	162	46	34	60	18	24	9
2017	166	48	35	61	18	24	9
2018	170	49	36	63	19	25	10
2019	174	51	37	64	19	26	10
2020	178	52	37	65	19	26	10
2021	182	53	38	67	20	27	10
2022	186	55	39	68	20	28	10
2023	190	56	40	69	21	28	11
2024	194	57	40	71	21	29	11
2025	198	59	41	72	21	30	11
2026	202	60	42	73	22	30	11
<b>Average annual growth (\$M)</b>							
2012-2026	4	1	1	1	0	1	0
<b>Average annual growth (%)</b>							
2012-2026	2.5%	2.9%	2.3%	2.3%	2.3%	2.8%	2.3%

\*Constant 2011/12 dollars & including GST

Source: MarketInfo; MacroPlan Dimasi

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## Section 3: Competition

This section of the report outlines the competitive retail environment within which a new supermarket at the subject site at Casula would operate.

Table 3.1 details the major competitive retail facilities in the region, while the previous Map 2.1 illustrates the locations of these facilities.

Centre	Retail GLA (sq.m)	Major traders	Dist. by road from Casula (km)
<b><u>Regional City</u></b>			
<b><u>Liverpool CBD</u></b>	<b><u>110,500</u></b>		5.0
• Westfield Liverpool	85,527	Myer, Big W, Target, Woolworths, Coles	
• Liverpool Plaza	6,373	Franklins	
• Other CBD	18,600		
<b><u>Town Centres</u></b>			
Casula Mall	19,992	Kmart, Coles, Franklins	1.5
Carnes Hill Marketplace	17,124	Big W, Woolworths	7.7
<b><u>Village Centres</u></b>			
Miller Centre	9,700	Woolworths, Franklins	7.3
Macquarie Fields	17,000	Woolworths, Coles, Aldi, Franklins	7.3
Cecil Hills	4,500	Woolworths	12.6
<b><u>Other supermarket based centres</u></b>			
Collingwood Hotel (p)	3,200	Coles (p)	3.5
Flowerdale SC	2,500	Aldi	4.5
Moorebank	5,000	Franklins	6.8
Wattlegrove SC	4,000	Coles	7.6
Chipping Norton	5,000	Coles, IGA	7.7
Holsworthy Plaza (p)	5,400	Woolworths (p), Aldi (p)	8.8
Valley Plaza	12,800	Woolworths, Coles	10.1
<b><u>Planned Centres - South West Growth Centre</u></b>			
Edmonson Park Town Centre (p)	c. 25,000	DDS, 2 x Supermarket	5.0
Leppington Major Town Centre (p)	c. 80,000	2 x DDS, 2 x Supermarket	9.0
Austral Town Centre	c. 15,000	DDS, 1-2 x Supermarkets	10.4

Source: Property Council of Australia; MacroPlan Dimasi

### 3.1 Regional and sub-regional centres

**Liverpool Regional City** is the major business district in the south-west and is anchored by the Westfield Liverpool regional shopping centre which provides a Myer department store, Big W and Target discount department stores as well as Coles and Woolworths supermarkets. The total centre comprises over 85,500m<sup>2</sup> of retail floorspace. Overall, the Liverpool CBA accommodates in excess of 110,000m<sup>2</sup> of retail floorspace.

**Casula Mall** is located within the main trade area and is the closest sub-regional shopping centre to the proposed site, situated about 1.5 kilometres by road trip from the subject site. The centre contains over 19,900m<sup>2</sup> of retail floorspace, including Kmart, Coles and Franklins.

**Carnes Hill Marketplace** is located 7.7 km west of the subject site and is anchored by a Big W discount department store and a Woolworths supermarket. This centre has a DA approval for a small scale expansion of 665m<sup>2</sup> to the existing Woolworths as well as 21 additional car spaces.

### 3.2 Supermarket centres

There are no other supermarket anchored centres located within the main trade area. The closest supermarket anchored facilities are located at Miller and Macquarie Fields.

### 3.3 Proposed centres

Holsworthy Plaza has DA approval to provide over 5,400m<sup>2</sup> of retail floorspace, including Woolworths and Aldi supermarket. This site however is located some 8 kilometres from the subject site, and it is not completely relevant.

A rezoning application has been submitted for a 13,500m<sup>2</sup> Costco store to be located at the Crossroads Homemaker Precinct. The status of this is yet unknown and our understanding is that this application is still being assessed.

A 2,500m<sup>2</sup> Coles supermarket is proposed to be constructed as part of a mixed-use development in Liverpool. This project has development approval, but construction has not yet begun. We have assumed this centre will be developed prior to the development of the proposed new supermarket at Casula.

The SWGC Structure Plan outlines a network of centres ranging from Major Centres (ie. Oran Park & Leppington), to sub-regional centres (e.g. Turner Road) to small walkable convenience shops or neighbourhood centres such as those proposed for East Leppington.

The largest centre within the SWGC will be the proposed **Leppington Town Centre**, categorised as a Major Regional Centre under the Metropolitan Strategy. This centre is expected to eventually supply up to 80,000 m<sup>2</sup> of retail and commercial floorspace including two supermarkets, two discount department stores and a full line department store. The intention is for the centre to integrate with the planned Leppington Railway Station.

Although this precinct is in the final stages of planning approval (draft ILP on exhibition), MacroPlan is of the view that the development of this centre will occur well beyond 2021 (Stage 1 – assumed 2026) given the highly fragmented land ownership in the North



### Section 3: Competition

Leppington precinct and the need for the catchment to generate a minimum level of critical mass for the centre (first stage) to be viable and functional.

**Edmondson Park** was one of the first precincts released for development. The planning for this precinct has earmarked a 25,000m<sup>2</sup> sub-regional centre with two supermarkets and a discount department store. This planned retail component will be supported by mixed use retail development and high density residential development.

The development difficulties arising from land fragmentation have been demonstrated at this precinct, which was one of the first to be released but has yet to see much development. The sub-regional centre at Edmondson Park is not expected to be delivered prior to 2021, and as such this leaves a major gap in services for residents in the north-west part of the SWGC.

We consider that additional supermarket facilities in this region will be required to ensure that new residents are sufficiently provided with convenience retail facilities, particularly in the short to medium term.

**Turner Road** was also one of the first precincts to be released and is expected to accommodate a smaller town centre of 15,000m<sup>2</sup> and 96 hectares of employment land. Residential development in this location is just starting to take-off with key estates at Gregory Hills for release.

The available capacity of this precinct could sustain an end population of about 12,000 persons, and support a sub-regional town centre. However, we consider the delivery of the town centre in this precinct to be a longer term proposition, particularly given the development of the Oran Park Town Centre as well as the proximity to Narellan and Mount Annan. It is possible that as this precinct gains critical mass, a small convenience node (or Stage 1 of the town centre) could be established.

Planning for the **Austral Precinct** is currently underway, with the SWGC Structure Plan showing a town centre in addition to two smaller village centres along major roads and employment lands in the north of the Precinct. The Austral Precinct will also be serviced by the new Leppington Major Centre and the proposed South West Rail Link.

Precinct planning for the **Catherine Fields** precinct has only just commenced. The part of the precinct which has been released is located close to Oran Park and is not expected to accommodate town centre development prior to 2021 given its proximity to Oran Park, although it may accommodate some smaller scale supporting convenience retail in the medium term.

The **Catherine Fields North** precinct is not identified as an early release area. This precinct is expected to accommodate up to 26,000 dwellings at capacity and is earmarked to support a town centre as well as 6 to 7 neighbourhood nodes. **Catherine Fields** is expected to accommodate a town centre plus 8 neighbourhood nodes.

In summary, the SWGC will experience significant population growth into the future supported by a full-hierarchy of retail centres. However, many of these centres are still 5-10 years away from having sufficiently large catchments to establish trading. Therefore



### Section 3: Competition

additional supermarket facilities provided in the short term will not only benefit Casula main trade area residents, but also new residents of the northern parts of the SWGC.





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## Section 4: Need and demand

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This section of the report assesses the demand for supermarket floorspace generated by residents of the study area, and then compares demand with existing supply of supermarket floorspace, outlining the estimated current and future market gap for supermarket floorspace within the main trade area.

In order to provide an accurate picture of the retail floorspace demand generated by the main trade area population, the available retail expenditure is translated into an estimate of retail floorspace. Floorspace estimates are generated by applying appropriate thresholds of desired turnover levels per m<sup>2</sup> of floorspace, normally referred to as retail turnover densities (RTD's) to the available retail expenditure volume.

### 4.1 Supermarket floorspace market gap

Table 4.1 highlights the community need and demand for additional supermarket floorspace facilities with the Casula main trade area, and in particular to service the growing population within this area.

For the purpose of calculating the estimated gap, we have adopted a 2012 RTD for Supermarkets and Grocery stores of \$8,800 per square metre, which we consider would be a very successful and profitable average trading level and representative of a conservative supply position. In fact, an RTD of \$8,000 to \$8,500 would represent a viable trading level for supermarkets.

We have also allowed for only 70 percent of food, liquor and grocery (FLG) expenditure to be directed to supermarkets and grocery stores, an accounted for 5 percent of turnover to be comprised of general merchandise (ie. non-food) retail items.

As shown in Table 4.1, the main trade area residents generate demand currently for 11,800m<sup>2</sup> of supermarket floorspace (at 2012), forecast to increase to some 16,600m<sup>2</sup> by 2026.

The main trade area accommodates two supermarkets (Coles and Franklins), both at Casula Mall totalling 7,212m<sup>2</sup>.

We have therefore identified an existing gap of around 4,600m<sup>2</sup> of supermarket floorspace at 2012. This gap is forecast to increase by a further 4,800m<sup>2</sup> by 2026.

Some of the identified gap will be met by supermarkets located outside the main trade area, particularly higher order centres such as Liverpool. However equally, offsetting that escape expenditure, some additional expenditure will be drawn from outside the main trade area by supermarkets at Casula Mall, as well as by the proposed new supermarket.

## Section 4: Need and demand

Most importantly, the size of the gap will increase rapidly over future years, reflecting greatly increased need by the trade area population.

**Table 4.1**  
Casula Main Trade Area - supermarket floorspace demand

Factor	Year ending June						
	2012	2013	2014	2015	2016	2021	2026
Population	28,150	28,750	29,350	29,950	30,550	32,550	34,350
FLG Spend per capita* (\$)	\$5,130	\$5,183	\$5,236	\$5,291	\$5,345	\$5,622	\$5,911
70% of FLG spend to smkts (\$)	\$3,591	\$3,628	\$3,665	\$3,703	\$3,742	\$3,935	\$4,138
5% of Smkt sales to GM (\$)	\$189	\$191	\$193	\$195	\$197	\$207	\$218
Smkt Spend per capita (\$)	\$3,780	\$3,819	\$3,858	\$3,898	\$3,939	\$4,143	\$4,356
Total smkt expenditure (\$M)	\$106	\$110	\$113	\$117	\$120	\$135	\$150
<b>RTD @ \$9,000/sq.m</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>
Supermarket demand (sqm)	11,822	12,199	12,583	12,973	13,370	14,982	16,624
Supermarket supply (sqm)	<u>7,212</u>	<u>7,212</u>	<u>7,212</u>	<u>7,212</u>	<u>7,212</u>	<u>7,212</u>	<u>7,212</u>
<b>Supermarket Gap (sqm)</b>	<b>4,610</b>	<b>4,987</b>	<b>5,371</b>	<b>5,761</b>	<b>6,158</b>	<b>7,770</b>	<b>9,412</b>

\*Constant 2011/12 dollars and including GST  
Source: Marketinfo; MacroPlan Dimasi

## Section 5: Impacts and benefits

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This section of the report examines the likely sales potential of a new supermarket at the subject site, presents our estimates of likely trading impacts on the surrounding retail network, examines the possible consequences and implications of such impacts for the retail hierarchy, and also details the economic benefits from the proposed development.

These benefits will include improved shopping choice, more competitive (ie. lower) pricing and reduced private vehicle trip distances. Other benefits include employment that is created during the construction of the project as well as on-going employment created on site, which will also lead to additional flow-on, or multiplier induced, impacts through the broader Sydney and NSW economy.

### 5.1 Estimated sales potential

Table 5.1 summarises our estimates of likely sales 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 2014, with its first year of trading being 2014/15.

We have estimated that the 4,300m<sup>2</sup> Woolworths supermarket will generate sales in the order of \$37.8 million (approximately \$8,800 per square metre) in its first full year, as the supermarket establishes its presence within the trade area. We expect the supermarket will improve its performance over time, driven by growth in population and real expenditure growth.

The proposed development is estimated to capture about 15 percent of the available main trade area food expenditure and 9.4 percent of the total retail expenditure market. Within the primary sector, we expect the centre will capture about 19 percent of the available food expenditure market and about 11.6 percent of the total retail expenditure market.

## Section 5: Impacts and benefits

**Table 5.1**

Casula - Estimated market shares, 2014/15\*

Trade area	Retail spend (\$M)			Centre sales (\$M)			Market share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary sector	115.5	85.5	201.0	22.0	1.4	23.4	19.0%	1.6%	11.6%
Secondary sector	<u>85.9</u>	<u>54.7</u>	<u>140.6</u>	<u>8.2</u>	<u>0.5</u>	<u>8.7</u>	<u>9.6%</u>	<u>1.0%</u>	<u>6.2%</u>
Main TA	201.4	140.2	341.6	30.2	1.9	32.1	15.0%	1.4%	9.4%
Sales from beyond TA				<u>5.3</u>	<u>0.3</u>	<u>5.7</u>			
<b>Total centre sales</b>				<b>35.5</b>	<b>2.3</b>	<b>37.8</b>			

\*Constant 2011/12 dollars & including GST

Source: Marketinfo; MacroPlan Dimasi

Given the centre's location adjacent to the Hume Highway, we expect that about 15% of the total annual turnover will be attracted in the form of "beyond trade area" expenditure (i.e. passing traffic), which is a fairly conservative estimate given the traffic volumes along this road and based on our experience.

Table 5.2 below shows the anticipated sales growth trend for the proposal, assuming no other competitive developments within the main trade area from 2014/15, highlighting very high growth potential. These sales estimates account for approved competitive developments in particular Holsworthy Plaza, Carnes Hill Marketplace and Liverpool Collingwood Hotel (See Map 2.1).

Realistically, other developments will proceed progressively as the area develops, so there will be various impacts on this centre over time, which will temper the very strong underlying growth potential. Such an outcome is very typical in similar growth areas.

## Section 5: Impacts and benefits

**Table 5.2**  
Casula supermarket sales potential, 2015-2021\*

Year ending June	Estimated sales potential	
	Total (\$M)	\$ per sq.m
2015	37.8	8,800
2016	39.2	9,110
2017	40.4	9,390
2018	41.4	9,620
2019	42.4	9,860
2020	43.4	10,100
2021	44.5	10,350
Avg. ann. growth, 2015-2021	2.8%	

\*Constant 2011/12 dollars & including GST  
Source: MacroPlan Dimasi

### 5.2 Centre specific trading impacts

Retail developments will usually result in some trading impacts on other retail centres within or beyond the main trade area. At the heart of this argument is typically whether any other centres, as a whole, and not individual tenants or businesses, may be affected to the extent that their viability is in question, or the population served by the 'subject' centre and other centres will suffer some reductions in the level of service with they enjoy.

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect surrounding centres to experience if a new supermarket as proposed were to be developed at the subject site.

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.



## Section 5: Impacts and benefits

Table 5.3 shows the estimated trading impacts that we expect across the surrounding network of centres. We have estimated the trading impacts by following the following methodology:

- First, the sales potential of the proposed full-line supermarket development is estimated at \$37.8 million in its first year as detailed above (ie. 2014/15).
- Sales are then estimated across the surrounding competitive supply network as at 2011/12 based on detailed inspections of the various facilities, plus other known information.
- Sales for the surrounding competitive supply network in 2014/15 are then estimated, assuming the proposed supermarket development does not occur.
- Sales for all competitive centres as at 2014/15, if the proposed full-line supermarket development were to occur, are finally estimated. An assessment of likely trading impacts is then made by comparing the estimated sales for each centre with and without the proposed development.

**Table 5.3**  
Casula - Estimated Impact on Specific Centres\*

Centres	GLA (sq.m)	Unit	Projected 2014/15			Est. Impacts		Chg. 2012-15 %
			Estimated 2011/12	Without Development	With Development	\$M	%	
Liverpool Regional City	110,500	\$M	623.8	684.4	676.2	8.2	1.2%	8.4%
Casula Mall	19,992	\$M	163.6	179.5	163.3	16.2	9.0%	-0.2%
Flowerdale SC	2,500	\$M	17.0	18.7	18.0	0.7	3.5%	5.9%
Presons IGA	400	\$M	3.2	3.5	3.4	0.2	4.5%	4.8%
Carnes Hill Marketplace	17,124	\$M	122.1	134.0	126.0	8.0	6.0%	3.1%
Miller Centre	9,700	\$M	63.1	69.2	68.3	0.9	1.3%	8.3%
Macquarie Fields	17,000	\$M	110.5	121.2	118.8	2.4	2.0%	7.5%
Cecil Hills Marketplace	4,500	\$M	29.3	32.1	31.9	0.2	0.5%	9.2%
Moorebank	5,000	\$M	32.8	36.0	35.8	0.2	0.5%	9.2%
Wattlegrove SC	4,000	\$M	31.0	34.0	33.7	0.3	1.0%	8.6%
Chipping Norton	5,000	\$M	32.5	35.7	35.5	0.2	0.5%	9.2%
Green Valley	<u>12,800</u>	\$M	<u>73.0</u>	<u>80.1</u>	<u>79.7</u>	<u>0.4</u>	<u>0.5%</u>	<u>9.2%</u>
<b>Impacts Total</b>	<b>208,516</b>	<b>\$M</b>	<b>1,301.9</b>	<b>1,428.2</b>	<b>1,390.4</b>	<b>37.8</b>	<b>2.7%</b>	<b>6.8%</b>

\*Constant 2011/12 dollars & including GST  
Source: Shopping Centre Council; MacroPlan Dimasi

## Section 5: Impacts and benefits

The majority of trading impacts on the surrounding retail network are expected to range between 0.5 percent and 4.5 percent of annual turnover, and these will dissipate very quickly given the rapid growth in population expected in the main trade area, and surrounds. The exceptions to this pattern are the expected impacts upon Carnes Hill Marketplace (6 percent) and Casula Mall (9 percent), although these impacts are considered to be minor in nature given the growth outlook.

Because of the relatively minor trading impacts and the surrounding growth environment, the estimated sales for all centres bar one at 2014/15 (i.e. the assumed first full year of trade for the new supermarket) are expected to be higher than current trading levels. The exception is Casula Mall, which at 2014/15 is estimated to trade at just 0.2 percent below current trading levels.

### 5.3 Implications for Centres Hierarchy

As shown, estimated trading impacts on the surrounding centres network are expected to generally minor, and will therefore have no deleterious effect on the ongoing viability or role and function of any of these centres. Rather, they will be normal competitive impacts that are to be expected in any growth environment.

Future, planned centres such as those with the SWGC are not expected to be impacted to the extent that their timing is delayed, nor the potential for supermarket anchors to be affected.

In our experience, major supermarket operators such as Woolworths, Coles, Aldi and IGA will be eager to locate within the future town centres of the SWGC, irrespective of their surrounding store networks. The growth potential of these regions is very significant.

Therefore, the proposed supermarket development will therefore have no impact on the existing centres hierarchy, nor the role and function of future planned centres across the hierarchy and nearby SWGC, given the minor scale of consequent trading impacts and the speed of population and retail expenditure growth expected within the study area.

### 5.4 Employment impacts

The development of a supermarket will result in additional on-going employment on-site as well as further jobs through the supply chain, across industries servicing the retail (and non-retail) tenants at the site such as transport workers, wholesalers and the like.

Furthermore, the construction phase of the project will support construction employment during the period of construction as well as additional jobs through the broader economic supply chain (ie. multiplier impacts).

Table 5.4 illustrates the estimated net increase in direct employment that would be created if the full-line supermarket were to be developed. We have relied upon various data sources including data from retailers, the ABS and several state and local government agencies as well as 20 to 30 years of experience in the retail industry to estimate the employment impacts.





## Section 5: Impacts and benefits

The total additional employment created is expected to be in the order of 237 jobs. Allowing for some minor impacts on employment at other centres, estimated to be in the order of 5%, the overall net employment created at the centre is expected to be in the order of 225 jobs.

**Table 5.4**  
Casula supermarket - estimated future employment levels

Type of use	Estimated employment per '000 sq.m	Casula	
		GLA (sq.m)	Employment (persons)
Proposed Supermarket	55	<u>4,300</u>	<u>237</u>
<b>Net increase*</b>			<b>225</b>

\*Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 5% of the total increase

Source: MacroPlan Dimasi

Table 5.5 provides an estimate of the total additional employment that would be created as a result of the proposed expansion, 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 5.5**  
Casula supermarket - estimated future additional centre employment levels\*

Original stimulus	Estimated capital costs (\$M)	Direct employment	Supplier employment multiplier effects	Total	
Construction of project	10	47	76	123	Job years <sup>1</sup>
Centre employment <sup>2</sup>		225	90	315	

\* 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.

## Section 5: Impacts and benefits

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 suburban, retail shopping centres in Sydney range between \$1,400 and \$1,600 per m<sup>2</sup>(Rawlinson 2012) however the proposed development would include providing car-parking, site works and fit-outs, and we estimate capital costs of the project to be about \$10 million.

Based upon estimated construction costs of \$10 million, which is expected to occur over one year, estimated employment resulting from the construction of the project is 123 jobs per year, including 47 created directly and a further 76 resulting from multiplier induced effects.

As previously estimated, net employment resulting from the proposed expansion is expected to be 225 net jobs. Based upon the ABS employment multiplier for the retail industry we estimate this would also lead to a further 90 multiplier induced jobs.

The proposed expansion will therefore result in a significant stimulus to local employment and across the broader south-west Sydney economy.

### 5.5 Other economic benefits

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

- Increased convenience and amenity for the population of the Casula main trade area as well as nearby workers.
- Ensuring sufficient retail 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.
- A significant contribution to local employment and consequent economic multiplier impacts.
- A reduction in vehicle kilometres travelled as people are able to conveniently shop in closer proximity to their place of residence or on the way home from work.



## Section 6: Conclusions

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There is compelling economic evidence indicating there is need for a proposed full-line supermarket at the Casula subject site which would result in a net community benefit to residents within the main trade area and surrounds, and result in only minor trading impacts upon the surrounding centres network.

Main trade area residents create demand for an estimated 11,800m<sup>2</sup> of supermarket floorspace as at 2012, and such demand will increase to some 16,600m<sup>2</sup> by 2026. The main trade area accommodates two supermarkets (Coles and Franklins), both at Casula Mall, totalling 7,212m<sup>2</sup>.

We have identified an existing gap of around 4,600m<sup>2</sup> of supermarket floorspace can be identified for the main trade area at 2012. This gap is expected to increase by a further 4,800m<sup>2</sup> by 2026.

The proposed supermarket will create about 225 net additional jobs on site, as well as a further 90 jobs through the broader economy, while the construction of the project will see some 47 direct jobs and 76 indirect jobs created through the construction phase of the project.

The majority of trading impacts a the surrounding retail network are expected to range between 0.5 percent and 4.5 percent of annual turnover, and these will dissipate very quickly given the rapid growth in population expected in the main trade area, and surrounds. Somewhat higher impacts are projected for Carnes Hill Marketplace (6 percent) and Casula Mall (9 percent), although these impacts will similarly dissipate quickly, and are moderate in any case.

Because of the generally minimal or minor trading impacts, and the surrounding growth environment, the estimated sales for all existing centres at 2014/15 (i.e. the assumed first full year of trade for the proposed new supermarket) are expected to be **higher** than current trading levels. The exception is Casula Mall which is estimated to trade at just 0.2 percent below current trading levels at 2014/15.

The estimated trading impacts on the surrounding centres network will therefore be normal competitive impacts that are to be expected in any growth environment.

Future, planned centres such as those with the SWGC are not expected to be impacted to any noticeable extent, certainly not to the extent that their timing might be delayed, nor will the potential for supermarket anchors at these centres be jeopardised.

The proposed development will result in additional consumer choice, convenience and amenity for food and grocery shopping; increased employment within the Casula region; and minimal or minor impacts on the viability of the hierarchy of centres. It will thus result in a net community benefit.

## Section 6: Conclusions

### Recommendation

From an economic perspective, we consider that a full-line supermarket should be accommodated at the subject site because it will result in:

- Increased convenience and amenity for the population of the main trade area, in particular those within the primary sector.
- Sufficient retail floorspace being made available to meet demand and competition is encouraged, for the betterment of the consumer.
- The right type of retail being provided in the right location at the right time to meet the needs of the consumer.
- A reduction in vehicle kilometres travelled as people are able to access an increased range of retail options within one location.
- A significant contribution to local employment and consequent economic multiplier impacts.



## Appendix 1: MarketInfo data

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### 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-employed 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
<b>MarketInfo</b>		
Exp. Per Capita Per Yr (\$)	\$12,002	\$12,201
MarketInfo Australia Per Yr (\$m)	\$265,610	\$273,861
<b>Retail Trade</b>		
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.



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