



CIRCA RETAIL REZONING SUBMISSION

AUGUST 2009





Circa Rezoning Report

Prepared for FKP

Level 4, 17 -19 Bridge Street
Sydney NSW 2000
August 2009

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Executive Summary

- Urbis have been commissioned by FKP to prepare an Economic Impact Assessment (EIA) to support the proposed rezoning of land to accommodate a supermarket based centre in Norwest Business Park, located in the Local Government Area (LGA) of Baulkham Hills. The purpose of this report is to determine the potential impacts the proposed centre may have on the retail centres within the locality.
- The proposed supermarket development is located within the Circa Precinct, which is one of the latest stages of development within Norwest Business Park. The subject site is proposed to comprise of: a small supermarket (1,500 sq.m) as well as 1,000 sq.m of specialty retail floorspace.
- The trade area has been determined with consideration to the proximity of competing retailers, the strength and character of the subject site, the accessibility of the centre and the location of any physical barriers such as freeways. We have also assumed that a retailer similar to ALDI would occupy the supermarket space to base this assessment on the highest potential impact scenario. We note that alternative supermarket or food and grocery tenants that could occupy this space are likely to have a lower economic impact profile (e.g. IGA, Foodworks, Harris Farm Markets, etc).
- Given the above, the trade area has been broken down into 4 sectors. The **primary** trade area consists of the suburbs of Bella Vista and Crestwood. The **secondary north** trade area extends into Kellyville, encompassing parts of Stanhope Gardens. The **secondary south and west** trade areas incorporate parts of the suburbs of Baulkham Hills and Glenwood Park respectively.
- The trade area defined above generates an average of \$12,748 per capita in retail spending. This is well above the Sydney Average of \$11,637. At present the trade area generates \$569.4m in total retail spend. Growth in population and expenditure will see this increase to \$649.7 million by 2016, this represent an average annual growth of 1.7%.
- The retail expenditure generated by the trade area is currently distributed between a number of retail centres such as Castle Towers, Rouse Hill, Stockland Baulkham Hills, Norwest Marketown, Stanhope Gardens as well as a number of other centres.
- The proposed development will provide an opportunity for residents in the trade area as well as workers within Norwest to conduct both top up and weekly shopping within the Circa Retail Precinct with the convenience of being able to shop at two supermarkets as well as a range of specialty retailers. The co-location of an additional supermarket/food and grocery tenant and a Woolworths will result in more competitive pricing for residents in the trade area, as well as superior products. The existence of two supermarkets in the same location also provides an alternate shopping experience for budget conscious households.
- As stated above, this report estimates the likely turnover and impact of a supermarket chain which would have the widest trade area and therefore the greatest turnover and impacts. By determining the likely capture of expenditure, or market share, generated by each of the trade areas, Urbis has calculated that as the highest impact scenario the proposed supermarket is likely to turn over \$18.2m in its first established full year of trade (2012). The centre as a whole is expected to turn over \$24.2m.
- In terms of impacts, the proposed supermarket based centre is unlikely to affect the viability of any retail centre within the surrounding hierarchy. Indeed, the proposed centre is likely to enhance, rather than detract from the retail offer within Circa. Urbis' impact models show that no centre is likely to experience an impact of more than -3.2% in 2012, which is considered insignificant. As this centre will be Circa Retail itself, the proposed development will more than make up for any negative impacts that Circa Retail will suffer due to the increased patronage that will come from the inclusion of an additional supermarket. In addition, growth in population and retail spending will lessen the impact of the proposed development.

EXECUTIVE SUMMARY



- It is important to note that the proposed development makes up a very small proportion of the total supply that Council's Draft Centres Directions forecasts is necessary to meet future demand within the Local Government Area. The proposed supermarket will satisfy only 2.48% of the 60,500 sq.m of supermarket floorspace that is forecast to 2031 and the specialty component of the development will fulfil less than 1% of the 143,000 sq.m that is forecasted for supply over the next few decades. This demonstrates that the proposed development will not impede any future development within the trade area and that there is ample demand in the LGA to support the required future supply of retail floorspace.
- Various case law precedents in the Land and Environment Court have provided guidance on the matter of economic impact. In the case of *Fabcof*, Justice Lloyd found that economic trade and competition between individual retailers was not a relevant planning consideration as this is a matter of fair trading. If, however, a proposed development is found to detract from the current or planned retail centre then it is a matter for consideration. The proposed centre at Circa will enhance, rather than detract from the retail offer within the precinct and indeed Norwest as a whole, as it will provide a strong anchor. In addition no one retailer is expected to be compromised in terms of their viability as a result of the proposed development.
- The proposed development will also provide employment and shopper convenience. The proposed development is forecast to create 25 direct jobs during the construction phase and 122 jobs once the centre is complete. The construction of the proposed centre will also create more jobs indirectly as a result of multiplier factors, these are estimated at 64 jobs during construction and 219 post construction.
- With growth in population and expenditure in the trade area and the remainder of the LGA the proposed development will not restrict future growth but will satisfy requirements of the NSW Draft Centres Policy in that it will create a vibrant, active retail centre which will encourage competition between other retailers resulting in better prices and products for consumers. The development seeks to meet the growing consumer demand for greater choice within the market and will provide a high level of amenity for residents and workers within the trade area.

Essentially, the proposed development will provide a number of social and economic benefits for residents and workers within the trade area and for the retail centre of Circa as a whole. The proposed development will meet the retailing demands of the trade area and will offer an alternate shopping experience, particularly for budget conscious households. Further, the proposed development is unlikely to adversely affect the viability of any retail centre within the hierarchy and seeks only to fulfil a void in the trade area's retail market. Given that the proposed development is unlikely to result in the closure of any retail centre, that it meets the requirements of both the Draft Centres Direction and the NSW Draft Centres Policy and it will result in a range of social and economic benefits for residents and workers in the trade area, there is no reason, on economic grounds why the proposed development should not be approved.

INTRODUCTION



1 Introduction

Urbis was commissioned by FKP to prepare an Economic Impact Assessment (EIA) to determine the impacts relating to the rezoning of land in Circa. The purpose of Urbis' assessment is to document the likely need and demand for the proposed supermarket development and its potential impact on the surrounding retail hierarchy.

The remaining sections of this report outline the following analysis:

- Section Two – considers the site in its local and regional context.
- Section Three - identifies the subject site's likely trade area and provides an assessment of the current and forecast population and retail spending trends as well as the demographic profile of residents.
- Section Four-- reviews the retail hierarchy in the region of relevance to the proposed development, noting the competing centres.
- Section Five – outlines our assessment of the economic need, demand and impact of the proposed development. Section Five also provides turnover forecast and commentary on the likely market share of the development.
- Section Six – reviews the relevant planning considerations that relate to the site and proposed development.



2 Site Context and Development Details

2.1 Local and Regional Context

Norwest Business Park is a 377 hectare employment, commercial and residential development located within the Local Government Area of Baulkham Hills. The Business Park is situated within the north west subregion of Sydney which is one of the City's fastest growing regions. Under the Draft North West Subregional Strategy, the subregion is earmarked to facilitate much of the City's population and employment growth to 2031. Under the draft strategy, the key targets for the north west sector include the development of 140,000 new homes as well as 130,000 new jobs. Within the strategy, Norwest Business Park is identified as a Specialised Centre and defined as "a significant business park for the subregion performing a vital economic employment role, generating metropolitan wide benefits."

The subject site lies within the Circa precinct of Norwest Business Park. The majority of Norwest Business Park, including the subject site, is zoned Employment Area 10(a) (Business Park) under the Baulkham Hills Local Environment Plan 2005. The Employment Area 10(a) zoning allows for the development of a range of employment generating uses such as light industry, business and commercial uses.

2.2 Proposed Development

The subject site is situated on a 4.74ha parcel of land known as the Circa precinct which for the most part is zoned Employment Area 10(a) (Business Park) under the Baulkham Hills LEP. Presently the subject site's zoning does not allow for the development of retailing, despite its proximity to an existing retail centre. The purpose of this assessment is to demonstrate that there is sufficient demand within the trade area to support additional small scale retail to compliment recently completed Circa retail centre.

It is important to note that FKP do not wish to change the zoning of the site in its entirety, rather, FKP is seeking permission to add this retail land use to those that are permissible under Schedule 6 of the LEP for the Employment Area 10(a) (Business Park).

The proposed development is to include a small supermarket of 1,500 sq.m and 1,000 sq.m of specialty retailing. The supermarket chain was not determined at the time of reporting, however due to its size, retailers such as ALDI, Foodworks, IGA or even Harris Farm Markets would be appropriate. To ensure the full extent of the developments' impacts were accounted for, our modelling assumed that a supermarket such as ALDI with the potential to have the largest impact would be the anchor. As such any other potential supermarket or food and grocery tenant is likely to have a lower economic impact.

The contents of this report will demonstrate that there is sufficient supermarket demand within the trade area to support this development and that any retail space developed will not jeopardise the future potential of any other centre within the hierarchy. Indeed, the proposed development seeks approval for a very small proportion (0.72%) of the total retail floorspace deemed necessary to accommodate demand under the Draft Centres Direction. A site aerial photo of the Circa Precinct can be found in Appendix 1.



3 Trade Area Analysis

3.1 Trade Area Definition

The trade area refers to the area in which an existing or proposed centre or retailer is most likely to draw custom. The size and scale of trade areas vary due to the geographical context of the retail development in question. Other factors which may define a trade area include:

- The strength, range and appeal of the subject centre;
- The proximity, composition and quality of competing retail facilities. The presence of similar retail centres as well as the general provision of retail space within the area;
- The accessibility of the centre including the road and transport network, as well as access to ample parking; and
- Physical barriers such as freeways, rivers/lakes, bushland and drive times.

With regard to the above factors, the adopted trade area for the proposed extension to the Circa Retail Centre at Norwest has been based on collection districts surrounding the subject site. These collection districts have been combined to form the following areas:

- The primary trade area encompasses parts of the suburbs of Bella Vista and Crestwood and is bounded by Glenwood Park Drive to the west, Merindah Road to the south, Windsor Road to the north and east.
- The proposed supermarket will also draw trade from three secondary sectors. The northern secondary trade area extends into Kellyville, encompassing parts of Stanhope Gardens. The secondary south trade area incorporates parts of the suburb of Baulkham Hills as well as the remainder of Crestwood and the secondary west trade area extends into parts of Glenwood Park.

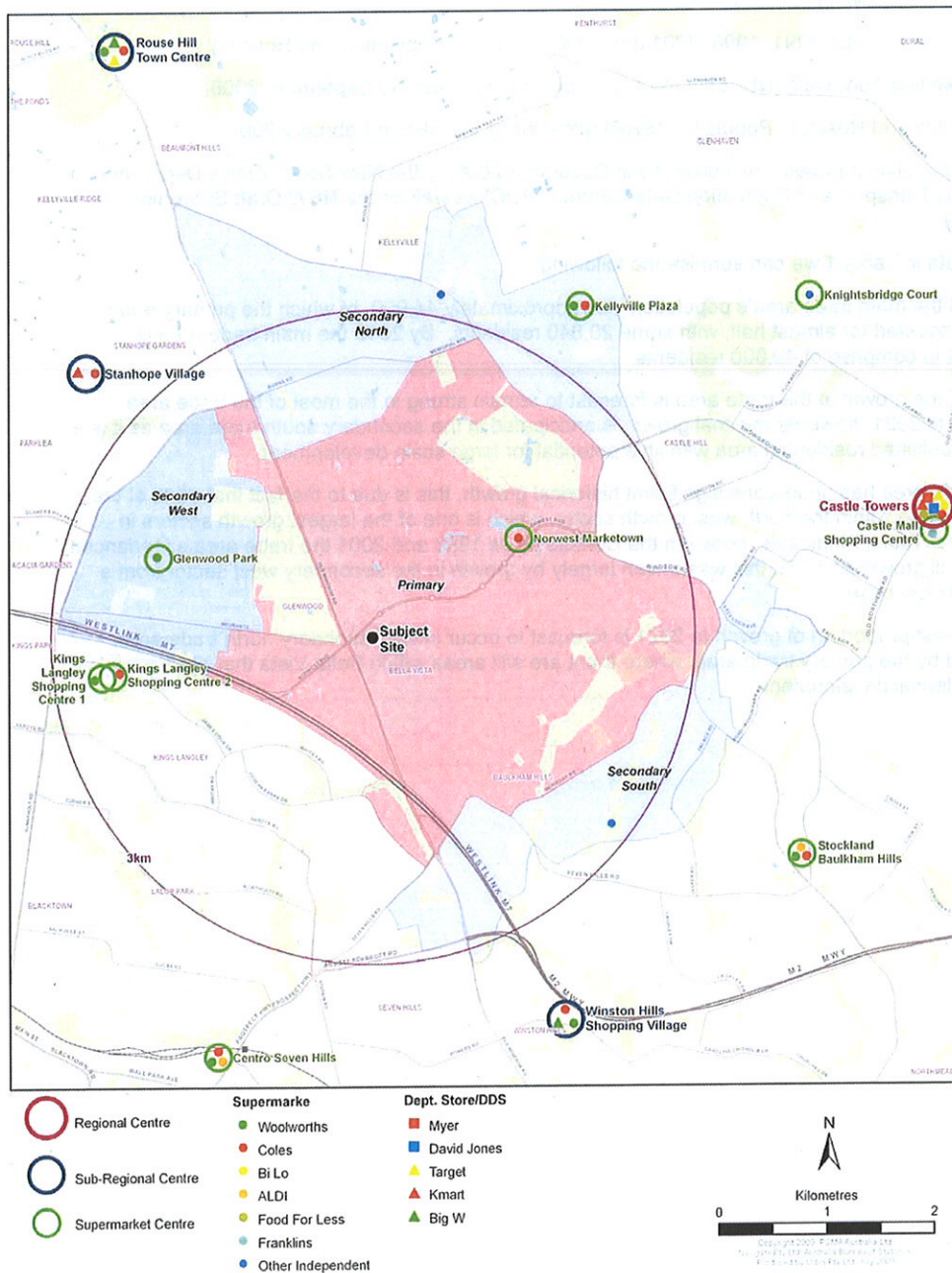
The trade area has been defined with regard to the proximity and layout of existing supermarkets in the area. In addition, the subject site's location within Norwest Business Park has also influenced the definition of the trade area. Norwest Business Park is one of Sydney's largest employment hubs and is home to a number of multinational corporations. With such a high number of workers it is essential to provide adequate retail facilities. A convenient median scale supermarket supported by specialties will fulfil an important role within the retail hierarchy in that it will provide an opportunity for local residents and workers to undertake shopping in close proximity to their place of residence or work, providing enhanced competition and choice.

According to ABS 2006 Journey to Work Data, there were 10,738 workers within Norwest Business Park. Of these workers, 10,366 individuals live outside Norwest and Bella Vista and would most likely conduct their weekly shopping at centres outside the trade area. Under the Draft Subregional Strategy, Norwest Business Park is forecast to accommodate an additional 25,000 workers to 2031. It is more than likely that the vast majority of these workers will live outside the trade area. With the additional retail proposed at the subject site, the Circa Precinct could capture a reasonable proportion of this expenditure and therefore bring more expenditure into the centre as a whole and also result in the creation of more jobs.

TRADE AREA ANALYSIS

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Figure 1 – Trade Area Map



TRADE AREA ANALYSIS



3.2 Trade Area Population

Using the trade area defined above we can determine the current population and forecast expected growth within the region. Urbis has prepared population forecasts for the proposed trade area taking into account the following sources:

- Information from the 1991, 1996, 2001 and 2006 Census of Population and Housing;
- New Dwelling Approvals (NDAs) in the region over the ten years to September 2008;
- 2006 Estimated Resident Population (ERP) released by the ABS in February 2007
- Official population projections published in December 2006 by the New South Wales Department of Planning Transport and Population Data Centre (TPDC) as well as the NSW Draft Subregional Strategy.

From the data in Table 1 we can surmise the following:

- At 2008 the main trade area's population was approximately 44,900, of which the primary trade area accounted for almost half, with some 20,840 residents. By 2016 the main trade area is forecast to comprise of 49,000 residents.
- Overall, the growth in the trade area is forecast to remain strong in the most of the trade area through to 2021, however minimal growth is anticipated in the secondary south trade area as it is a well established residential area with little potential for large scale development.
- The trade area has undergone significant historical growth, this is due to the fact that parts of the trade area lie within the north west growth sector, which is one of the largest growth sectors in NSW. As Table 1 indicates, between the Census years 1996 and 2001 the trade area experienced an overall growth of 8.6%, this was driven largely by growth in the secondary west sector from a relatively low base.
- The largest proportion of growth to 2021 is forecast to occur in the secondary north trade area, followed by the primary trade area, where there are still areas within Bella Vista that are earmarked for residential development.

TRADE AREA ANALYSIS



Table 1 – Trade Area Population, 1991 - 2021

Norwest Retail Centre Trade Area Population, 1991-2021

Trade Area Sector	Actual Residential Population ¹				Forecast Population			
	1991	1996	2001	2006	2008	2011	2016	2021
Primary Trade Area	9,630	10,690	16,870	20,420	20,840	21,580	23,180	24,940
Secondary Trade Area								
• North	1,880	3,250	4,970	7,160	7,400	7,820	8,510	9,440
• South	7,290	7,560	8,050	7,900	7,920	7,950	8,020	8,100
• West	0	2,040	5,710	8,520	8,730	8,860	9,310	9,880
Total Secondary	9,170	12,850	18,730	23,580	24,050	24,630	25,840	27,420
Total Trade Area	18,800	23,540	35,600	44,000	44,890	46,210	49,020	52,360

Average Annual Change (No.)

	1991-96	1996-01	2001-06	2006-08	2006-11	2011-16	2016-21
• Primary	212	1,236	710	210	232	320	352
Primary Trade Area	212	1,236	710	210	232	320	352
Secondary Trade Area							
• North	274	344	438	120	132	138	186
• South	54	98	-30	10	10	14	16
• West	408	734	562	105	68	90	114
Total Secondary	736	1,176	970	235	210	242	316
Total Trade Area	948	2,412	1,680	445	442	562	668

Average Annual Change (%)

	1991-96	1996-01	2001-06	2006-08	2006-11	2011-16	2016-21
• Primary	2.1%	9.6%	3.9%	1.0%	1.1%	1.4%	1.5%
Primary Trade Area	2.1%	9.6%	3.9%	1.0%	1.1%	1.4%	1.5%
Secondary Trade Area							
• North	11.6%	8.9%	7.6%	1.7%	1.8%	1.7%	2.1%
• South	0.7%	1.3%	-0.4%	0.1%	0.1%	0.2%	0.2%
• West	n.a	22.9%	8.3%	1.2%	0.8%	1.0%	1.2%
Total Secondary	7.0%	7.8%	4.7%	1.0%	0.9%	1.0%	1.2%
Main Trade Area	4.6%	8.6%	4.3%	1.0%	1.0%	1.2%	1.3%
Total Trade Area	4.6%	8.6%	4.3%	1.0%	1.0%	1.2%	1.3%

¹ as at June

Source : ABS Cdata 1991, 1996, 2001 and 2006; ABS, Regional Population Growth, Australia, Electronic Delivery (3218.0.55.001); NSW Department of Planning, SLA Population Projections, 2001 to 2031, 2005 Release; Urbis; Urbis

TRADE AREA ANALYSIS



3.3 Demographic Characteristics

The demographic characteristics of the trade area population are shown in Table 2. The information reflected in Table 2 is based on 2006 Census data and is benchmarked against Sydney SD. Key points to note regarding the demographics are as follows:

- The average household income of the trade area is 31.6% higher than that of Sydney SD which has been used for comparative purposes. The primary trade area has the highest household income of each of the sectors and is 41.4% above Sydney's average.
- The trade area as a whole has a higher average household size than the benchmark at 3.3 compared to 2.7 in Sydney, additionally, the average age of trade area residents is lower than the Sydney average (33 and 37 respectively). These two demographic characteristics essentially suggest that the trade area is largely consists of young families with above average incomes. These groups typically have a higher requirement for supermarket based shopping.
- The trade area is predominantly Australian born, although there is also a high proportion of Asian born residents in the trade area and a high concentration of other ethnic groups in the secondary west trade area (23%).

The socio economic profile of the trade area, particularly the high household incomes suggests that the trade area has capacity to support an additional supermarket and associated retail. Moreover, the addition of another supermarket in the trade area will increase competition and choice, thereby resulting in a better outcome for consumers.

TRADE AREA ANALYSIS



Table 2 – Key Socio Economic Characteristics, 2006

Norwest Retail Centre Key Socio-Economic Characteristics of the Trade Area Population, 2006								
Characteristics	Primary TA	North	Secondary South	Trade Area West	Total	Main TA	Sydney Average	Australia Average
Household Income								
\$Nil	1%	1%	0%	1%	1%	1%	2%	1%
\$1-\$26,000	6%	8%	8%	6%	7%	7%	17%	21%
\$26,000-\$52,000	12%	15%	17%	15%	16%	14%	23%	26%
\$52,000-\$88,400	24%	24%	28%	29%	27%	26%	25%	27%
\$88,400 plus	57%	53%	46%	50%	49%	53%	33%	25%
Average Household Income	\$111,144	\$100,539	\$94,836	\$96,498	\$97,136	\$103,474	\$78,617	\$67,525
Var'n from Sydney Avg.	41.4%	27.9%	20.6%	22.7%	23.6%	31.6%	n.a.	-14.1%
Var'n from Australian Avg.	64.6%	48.9%	40.4%	42.9%	43.9%	53.2%	16.4%	n.a.
Average Household Size	3.4	3.2	3.0	3.4	3.2	3.3	2.7	2.6
UR Personal Income								
\$Nil	11%	11%	9%	10%	10%	11%	10%	8%
\$1 - \$20,800	25%	25%	27%	23%	25%	25%	33%	37%
\$20,800 - \$41,600	21%	22%	25%	25%	24%	23%	25%	27%
\$41,600 - \$83,200	29%	30%	28%	31%	30%	30%	24%	22%
\$83,200 +	14%	13%	11%	10%	11%	12%	9%	7%
UR Avg. Per Capita Income	\$32,734	\$31,453	\$31,133	\$28,207	\$30,167	\$31,362	\$29,221	\$26,191
UR Per Capita Income Var'n	+12.0%	+7.6%	+6.5%	-3.5%	+3.2%	+7.3%	+0.0%	
Age Distribution								
Aged 0-13	21%	23%	21%	28%	24%	23%	18%	18%
Aged 14-24	18%	15%	14%	13%	14%	16%	15%	15%
Aged 25-39	19%	25%	21%	28%	25%	22%	23%	21%
Aged 40-59	32%	27%	30%	24%	27%	29%	27%	28%
Aged 60+	9%	10%	15%	7%	10%	10%	17%	18%
Average Age	33	32	36	30	32	33	37	37
Dependency Ratio ¹	29%	30%	31%	33%	31%	30%	32%	33%
Housing Status								
Owner ²	31%	25%	39%	14%	26%	28%	33%	35%
Purchaser ²	56%	57%	48%	64%	56%	56%	34%	35%
Renter ²	13%	18%	13%	22%	18%	16%	32%	29%
Housing Costs (% Income)								
Mortgage Repayments ³	23%	27%	25%	27%	26%	24%	30%	27%
Rent Payments ³	17%	18%	17%	18%	18%	17%	18%	16%
Car Ownership								
% 0 Cars	1%	2%	2%	1%	2%	2%	14%	10%
% 1 Car	19%	23%	26%	28%	26%	23%	40%	38%
% 2 Cars +	79%	74%	72%	71%	72%	76%	46%	52%
Labour Force								
Labour Force Participation	75%	76%	74%	76%	75%	75%	66%	65%
% Unemployed	4%	4%	3%	3%	3%	4%	5%	5%
Birthplace								
Australian Born	64%	65%	70%	59%	65%	64%	66%	76%
Overseas Born	36%	35%	30%	41%	35%	36%	34%	24%
• Asia	17%	13%	12%	19%	15%	16%	11%	6%
• Europe	8%	9%	9%	5%	8%	8%	10%	10%
• Other	12%	13%	9%	17%	13%	12%	13%	8%

1. Dependency ratio refers to the proportion of the population between 0-14 and over 65 years.

2. 'Other' Tenure Types have not been included.

3. As a percentage of household income.

Source : ABS Census of Population and Housing 2006, Cdata 2006; Urbis

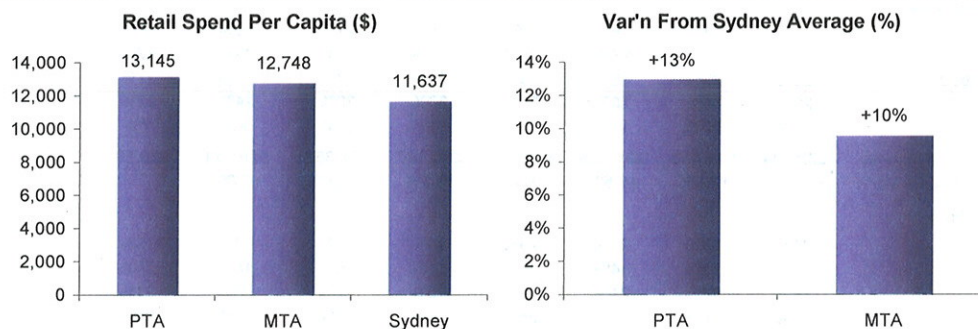
3.4 Trade Area Spending

Retail spending estimates are derived using *MarketInfo*, a micro-simulation model developed by Market Data Systems Limited (MDS). This model, which is based on information from the national ABS Household Expenditure Survey (HES) and the Census of Population and Housing, uses micro-simulation techniques to combine a household's propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending per capita estimates on a small area basis.

Based on 2006 Census data and the population forecasts provided in Table 1 we have determined the proportion of expenditure that is directed to retail on a per capita basis. This is provided in the graphs below.

Figure 2 – Trade Area Spending Per Capita

Norwest Retail Centre Trade Area Retail Spending Per Capita, 2008 (ex GST)



Source : MDS, MarketInfo; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

From the graphs in Figure 2 we can see that the primary trade area (PTA) spends more per capita in the retail sector than the Sydney average, at \$13,145 and \$11,637 respectively, representing a +13% difference. Overall the main trade area (MTA), which incorporates the primary and secondary trade area spends \$12,748 per capita, per annum within the retail sector, which is 10% higher than the Sydney Average.

As the major tenant in the proposed development will be a supermarket, the market of most importance to this assessment is the Food, Liquor and Groceries (FLG) market. FLG expenditure is directed to supermarkets, specialty food retailers and some non food retailers such as department stores and discount department stores.

Applying the population forecasts outlined previously and estimates of retail spending per capita, the current and future FLG spending market in the trade area is detailed in Table 3. Current total FLG spending by the trade area is estimated at \$226.9m, which is forecast to increase to \$250.3m in 2016. It is important to note that some negative growth in spending per capita to 2011 has been assumed to reflect the current economic climate. The average annual growth in FLG spending for the trade area between 2008 and 2016 is estimated at 1.3%. By 2012, when the subject site is anticipated to be open for trade, the trade area is expected to generate some \$234.8m in FLG expenditure.

Table 4 segments the retail market into the two main components, food and grocery (F&G) and department store type merchandise (DSTM) and then provides the totals for food and non food retailing. Total food incorporates catering, take away food and restaurant expenditure, whereas total DSTM incorporates things like machine hire and entertainment. From Table 4 we can see that the total retail market in 2008 was \$569.4m, by 2016 this is forecast to increase by 1.7% to \$649.7m.

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Table 3 – Trade Area FLG Spending, 2008 – 2016

Circa Retail Centre Trade Area FLG Spending, 2008-2016 (\$2008 million, ex GST)						
Year (end June)	Primary TA	North	Secondary Trade Area		Total	Total TA
			South	West		
2008	106.4	37.4	40.5	41.3	119.2	225.6
2009	107.1	37.9	40.4	41.4	119.7	226.9
2010	108.3	38.6	40.4	41.6	120.6	228.9
2011	109.8	39.3	40.6	41.9	121.8	231.6
2012	111.5	40.2	40.7	42.3	123.2	234.8
2013	113.6	41.0	41.0	42.9	124.9	238.4
2014	115.7	41.9	41.2	43.5	126.6	242.3
2015	117.9	42.8	41.5	44.2	128.4	246.3
2016	120.1	43.7	41.7	44.8	130.2	250.3
Average Annual Growth¹						
2008-11	1.0%	1.7%	0.0%	0.5%	0.7%	0.9%
2011-16	1.8%	2.1%	0.6%	1.3%	1.3%	1.6%
2008-16	1.5%	2.0%	0.4%	1.0%	1.1%	1.3%

1. Assumes average annual per capita growth of -0.6% in 2008-2011 and 1.3% thereafter.

Source : MDS, MarketInfo; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

Table 4 – Trade Area Food and Non Food Spending, 2008 - 2016

Norwest Retail Centre Trade Area Retail Food and Non-Food Spending, 2008-2016 (\$2008, ex GST)					
Year (end June)	F&G \$M	Total Food \$M	DSTM \$M	Total Non-Food \$M	Total Retail \$M
2008	192.8	312.6	236.2	256.9	569.4
2009	193.9	311.6	230.8	251.0	562.6
2010	195.6	313.7	231.1	251.4	565.1
2011	197.9	317.9	236.8	257.4	575.3
2012	200.7	322.8	243.8	264.8	587.6
2013	203.8	328.6	252.1	273.6	602.2
2014	207.1	334.9	260.7	282.7	617.6
2015	210.5	341.4	269.6	292.1	633.5
2016	213.9	347.9	278.8	301.8	649.7
Average Annual Growth¹					
2008-11	0.9%	0.6%	0.1%	0.1%	0.3%
2011-16	1.6%	1.8%	3.3%	3.2%	2.5%
2008-16	1.3%	1.3%	2.1%	2.0%	1.7%

1. Assumes average annual per capita growth of -0.2% in 2008-2012 and 1.3% thereafter, with different growth rates for each product group.

Source : MDS, MarketInfo; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis



4 Retail Hierarchy

This section provides commentary around the current provision of competitive retail floor space relevant to the proposed development. This commentary establishes the relative competitive framework and provides background to assist in determining the level of impact that will be attributed to individual competing centres.

We have considered the centres based on their relative position in the overall retail hierarchy, with convenience based centres at the entry level moving up through neighbourhood centres, sub-regional centres and ultimately regional centres, which serve the broadest role in the retail hierarchy.

4.1 Regional Centres

Castle Towers Shopping Centre is located on Castle Street, Castle Hill, 6.7km east of the subject site. The centre is situated in the centre of Castle Hill and is one of the largest indoor shopping centres in Australia. Castle Towers comprises some 110,000 sq.m of retail floorspace and is home to tenants such as David Jones, Myer, Target, Kmart, Coles, Bi-Lo and Dan Murphy's. The centre also boasts a high number of fashion retailers ranging from Lisa Ho to Country Road and RM Williams. In 2001 the centre was expanded to include Myer and an additional 34 speciality retailers. As well as a large number of fashion and apparel retailers, Castle Towers has some 70 food retailers including cafes and restaurants and a large cinema complex. Due to the centre's size and scale, it has a very wide trade area which extends to most of the north west subregion.

4.2 Sub-Regional Centres

Rouse Hill Town Centre is located on the eastern side of Old Windsor Road, with access available from White Heart Drive, Rouse Hill Drive and Civic Way and is 8.2km from the subject site.

Stage 1 of the development opened in September 2007 and comprises approximately 20,000 sq.m of retail floor area, anchored by Coles and Woolworths supermarkets and 80 speciality stores. Stage 2 of the development opened in March 2008 and comprises of Big W and Target DDS, 220 speciality stores and Reading cinema complex.

The retail precinct is well equipped with foot and cycle paths, ensuring visitors can get access to the area via car, bicycle, foot or public transport. The Town Centre also has a T-Way interchange located adjacent to the market square, fronting Old Windsor Road, therefore benefiting from exposure to passing traffic.

The development has future expansion potential that will result in it ultimately becoming a regional centre.

Stanhope Village is located 5 km north west of the subject site, on the south-western corner of Stanhope Parkway and Sentry Drive and is anchored by a Coles supermarket. The centre comprises approximately 15,490 sq.m of retail floor area. The centre recently completed Stage 2 of its development, comprising a Kmart DDS and 40 specialty stores, with a mix of food, fashion and non-retail offerings.

Stockland Baulkham Hills is located 6.8 km south-east of the subject site. The centre was recently expanded and now occupies 17,252 sq.m. Stockland Baulkham Hills is anchored by three supermarkets, Woolworths, Aldi and Coles. The centre also has 97 speciality stores, with a strong representation of national brands, including Harris Farm Markets. Despite the fact that this centre does not include a DDS, which is a usual requirement for inclusion as a sub-regional centre, the size of the centre and the provision of three supermarkets elevates it into a sub-regional centre role.

Winston Hills Shopping Centre is located 6.0 km south of the subject site. The centre is anchored by Big W, Woolworths and Coles and comprises a total of 22,731 sq.m of retail floorspace. In terms of specialty retailers, Winston Hills Shopping Centre has 70 retailers offering a range of food and non food goods.

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These regional and sub-regional centres are likely to capture the majority of the discretionary spending generated by the trade area. As Regional and Sub Regional centres they provide a level of service and retailing that cannot be provided in a Neighbourhood Centre, like that proposed at within the Circa Precinct.

4.3 Supermarket Based Centres

The supermarket based centres located within close proximity to the Circa Precinct and that will provide the most direct level of competition include:

- **Circa Retail Centre** is located adjacent to the subject site and was recently opened. Circa Retail is anchored by a Woolworths supermarket and consists of a mix of food and non food specialty retailers to make up a total 5,140 sq.m (3,890 sq.m retail, 1,250 sq.m non retail).
- **Norwest Marketown** is located within Norwest Business Park and is anchored by a Coles supermarket. Norwest Marketown is some 8,500 sq.m and offers over 50 specialty retailers and food outlets as well as a Liquorland (located on a pad site). The centre is situated in the north east pocket of the business park opposite Hillsong Church and has a strong lunch time working trade.
- **Glenwood Shopping Centre** is a 3,180 sq.m neighbourhood centre located 3.3 km north west of the subject site. The centre is anchored by a Woolworths supermarket and includes 10 specialty stores. Located on Glenwood Park Drive, the centre draws most of its trade from the immediate residents within the Glenwood Park/Parklea Estate.
- **Castle Mall Shopping Centre** is a supermarket based centre located opposite Castle Towers. The centre is anchored by a Franklins supermarket as well as The Warehouse. Castle Mall Shopping Centre comprises of 9,752 sq.m of retail floorspace in total.
- **Knightsbridge Shopping Centre** is a small neighbourhood shopping centre located north east of the study area. Knightsbridge Shopping Centre is anchored by an IGA and comprises of a range of specialty retailers aimed at providing convenience shopping for local residents.
- **Kings Langley Shopping Centre**, anchored by Coles and Woolworths supermarkets is located 4.4 km west of the subject site on the corner of James Cook Drive and Ravenhill Street. The centre comprises 6,420sq.m of retail floor area including 27 specialty stores.
- **Kellyville Plaza** is anchored by Coles and Woolworths supermarket and is located 4.9 kms north of the subject site. The centre also consists of approximately 17 specialty stores as well as a medical centre and other service related retailers.

Supermarket based centres traditionally serve a smaller catchment than Sub Regional or Regional Centres. Their main purpose is to provide weekly shopping opportunities for the local population, however in smaller centres, where a full line supermarket is not provided, their role is to service the day to day convenience shopping needs of the local community.

There are also a number of freestanding supermarkets in the surrounding suburbs including: ALDI Rouse Hill, Quakers Hill and Seven Hills, Welcome Mart Crestwood, IGA Express Kellyville.

Table 5 below provides a summary of the retail environment surrounding the subject site.

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Table 5 – Trade Area Retail Hierarchy

Norwest Retail Centre Competition				
Centre	Retail GLA (Sq.m)	Dist. ¹ From Norwest SM (km.)	Major Tenants	
			Food	Non Food
Regional				
Castle Towers	109,951	6.7	Bi Lo, Coles, Dan Murphy	David Jones, Myer, Target
Sub Regional				
Rouse Hill Town Centre	66,193	8.2	Coles, Woolworths	Target, Big W, Bing Lee
Stockland Baulkham Hills	17,825	6.8	Coles, Woolworths, ALDI, Harris Farm	
Stanhope Village	15,303	5.0	Coles	Kmart
Winston Hills Shopping Centre	22,731	6.0	Woolworths, Coles	Big W
Neighbourhood				
Circa Retail	5,140	0.0	Woolworths, Woolworths Liquor	
Norwest Marketown	8,500	1.8	Coles, Liquorland	
Kellyville Plaza	4,749	4.9	Coles, Woolworths	
Glenwood Shopping Centre	3,181	3.3	Woolworths	
Kings Langley Shopping Centre	8,841	4.4	Woolworths, Coles, Liquorland	
Knightsbridge Shopping Centre	3,000	6.4	IGA	
Castle Mall Shopping Centre	9,752	6.7	Franklins, Harris Farm Markets	The Warehouse

¹ Distance measured in most direct route by road
Source : Urbis



5 Need, Demand and Impacts

This section of the report analyses the level of demand for retail floorspace, particularly supermarket floorspace as generated by the trade area. Analysing demand helps to give an indication of the likely turnover for a new retail development and helps to determine whether a proposed development can be supported. To analyse demand, factors such as population growth, income growth, amount of available supply and the proportion of expenditure attributed to F&G are considered.

As discussed in previous sections of this report, there are limited small supermarket shopping opportunities within the trade area and there is an insufficient provision of specialty retailers in the southern portion of Norwest Business Park to meet the convenience needs of the local working and residential community.

5.1 Need

As part of the assessment criteria it is necessary to establish the need and demand for the proposed supermarket based centre. It is assumed the supermarket and accompanying retail floorspace at Circa will have its first full year of trade in 2012.

In our view, an appropriate principle to be applied when assessing the market potential for any retail development can be described as follows :

"The residents of an area should be provided with the broadest range of conveniently located retail facilities and services which the market can support, at the earliest possible time without jeopardising the sustainability of other centres in the network which are adequately fulfilling consumer needs."

Of course, other planning considerations relating to the proposal will also be important in determining whether to give planning consent, including traffic, parking provision, amenity and various community benefit considerations. However, as far as the economic aspects are concerned, the above statement represents a practical principle to apply in a market economy which encourages competition and focuses on consumer needs.

There are a range of indicators of need and demand for additional supermarket facilities in the subject region, including the proposed supermarket based centre in the Circa Precinct. These include the following:

- Market growth provides a quantifiable need for additional supermarket facilities. Growth in parts of the trade area is expected to remain consistent. Additionally, the growth in the working population is anticipated to remain strong. The range of land uses located within the Circa Precinct represents a diverse and vibrant business area. With a 166 private bed hospital located next to the retail precinct at Circa, the demand for convenient retail shopping facilities is even more prevalent.
- There is ample expenditure within the trade area and beyond. The provision of an additional supermarket at the scale proposed on the subject site will not jeopardise the viability of any other centre, particularly the other retail facilities located Circa Retail.
- The proposed development will provide a convenient shopping option for local workers. The proposed supermarket will also provide an alternate shopping option to Woolworths, reducing the risk of a monopoly of the market, giving consumers a wider range of goods to choose from and a higher level of competition.

5.2 Turnover Potential

It is our view that an impact assessment can reasonably be expected to provide an indication of the trading environment and average trading conditions which retailers are likely to operate within, and implications for likely turnover declines or turnover gains, on average, for the retailers involved. Because an impact assessment seeks to forecast how groups of people are likely to alter their shopping behaviour in response to a given change in the competitive environment, it is not possible to be so

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precise as to estimate exactly what will happen to each individual retailer, or each group of retailers in each location.

It is therefore not possible in any impact assessment of this type to estimate precisely what will be the trading impacts on any specific individual retailer. The impact on any one individual retailer, or any small group of retailers in a given location, would depend on many factors, some of which are within their control. For example, the impact of the proposed supermarket on the performance of existing supermarkets in the trade area will depend very much upon the competitive response which results from the introduction of the supermarket itself on the subject site (e.g. pricing policy, etc).

The actions which each of these retailers take will determine the eventual impact on each of them, and furthermore the actions which they each take will also determine the eventual impact on the other retailers involved.

All of these factors need to be kept in mind when considering the likely impact of any relocation and expansion of a retailer within the existing retail network. Existing retailers are not passive participants, but rather will play a major role in the eventual impact which they will experience.

The development comprises a small supermarket as well as 1,000 sq.m of specialty floorspace. The vast majority of the turnover potential of the development is therefore going to be FLG (e.g. more than 80%).

To determine the subject site's potential turnover, the following assumptions were made:

- The subject site will be open to trade in 2011. The impact on other retail centres is therefore considered in the first full year of trading 2012.
- Trade Area population growth is forecast as per Section 3.
- Trade Area retail spending is forecast to increase by an average of \$10m per annum over the period 2008 - 2016 to \$649.7m (in constant \$2008 dollars and excluding GST).
- The proposed development will proceed as described in this report, thereby providing residents and workers in the trade area with an enhanced level of amenity compared to that which is currently available within Norwest Business Park.
- The assessment takes into consideration the size and likely strength of the proposed centre, having regard to the major tenant, location considerations and the extent, composition and quality of competing retail facilities.
- We have assumed that the supermarket operator will be of a high calibre, such as ALDI, therefore, the modelling reflects the highest possible impacts based on the range of potential tenants for the supermarket space. In other words, the turnover and impact analysis provided in the sections below represents the development scenario likely to lead to the highest economic impact.

The competitive environment in which the centre will trade is outlined in Section 4.

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Table 6 – Sales Potential by Tenant, 2012

Circa Retail Centre Sales Potential by Tenant, 2012 (ex GST)

Tenant	Floorspace (GLA)	Forecast Turnover		Forecast Turnover	
	2012 (Sq.m)	Constant \$2008 (\$M)	(\$/Sq.m)	Inflated Dollars (\$M)	(\$/Sq.m)
Majors					
Supermarket	<u>1,500</u>	<u>18.2</u>	<u>12,120</u>	<u>20.5</u>	<u>13,642</u>
Retail Specialties					
Food	370	2.7	7,201	3.0	8,105
Non-Food	350	2.3	6,441	2.4	6,755
Services	<u>280</u>	<u>1.1</u>	<u>4,014</u>	<u>1.3</u>	<u>4,518</u>
Total Specialty	1,000	6.0	6,043	6.6	6,628
Total Centre	2,500	24.2	9,689	27.1	10,836

Source : Urbis

Table 6 reflects the likely turnover for the proposed development by tenant type in 2012. Potential turnover is calculated by analysing the amount of retail expenditure available in a trade area in relation to the retail supply present. All turnover figures are expressed in constant 2008 dollars.

Table 6 shows that we estimate that in 2012 the proposed development will turnover approximately \$24.2m (in constant \$2008). Of this \$24.2m, the supermarket component is forecast to turnover somewhere in the order of \$18.2m which equates to \$12,120/sq.m. The specialty component of the development is forecast to turnover approximately \$6.0m in 2012, which equates to \$6,043/sq.m. The trading potential of the proposed store is assumed to be high with a strong propensity to draw from a large customer base which encompasses the working population, visitors to the hospital as well as the residential population.

The proposed development is anticipated to have an overall market share of 3.0%, that is, it is likely to capture 3.0% of the total retail spend generated by the trade area. The primary trade area is forecast to direct the highest proportion of its expenditure toward the subject site at 3.8%, while the secondary areas are forecast to direct 1.6% (west) 2.3% (south) and 2.9% (north) of their total retail expenditure to the subject site. The proposed centre is likely to capture a reasonably high percentage of trade from 'beyond', meaning from outside the trade area. This is due to the site's location within Norwest Business Park and the likelihood of the 10,738 workers in Norwest (and the 25,000 that are forecast to be employed there into the future) conducting some, if not all their grocery shopping in the subject site as well as Circa Retail. In addition, due to the subject site's proximity to the hospital, it is likely to capture a proportion of expenditure from visitors.

5.3 Impact Analysis

5.3.1 Overview of Approach

The approach adopted by Urbis in assessing the economic impacts and other effects of the proposed supermarket centre development can be summarised by the following steps, namely:

- A market assessment, including a review of competition and the likely future demand for the proposed centre.
- An assessment of the turnover potential of the proposed centre based on the development scheme;
- Calculation of the additional turnover resulting from the centre development;

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- Assessment of the possible impact on the trading performance of other centres, particularly those centres located throughout the subject centre's area of influence; and
- Assessment of the effects of the calculated impacts.

5.3.2 Description of Economic Impacts

For the purposes of this report "economic impact" on specific centres is defined to mean the probable change in retail turnover at various shopping centres resulting from the introduction of new competition in the form of a new or expanded/refurbished shopping centre.

The reduction in turnover usually relates to a reduced turnover volume from that applicable if the status quo had been maintained (i.e. if the centre's competitive circumstances remained unchanged).

As discussed in this section, in our view it is appropriate to express the impact on particular shopping centres or activity centres as a percentage of their potential turnover in the opening year of the proposed centre, as well as comparing impacts with the estimated current trading situation at each centre.

This latter measure is important because it shows the extent to which current conditions will be sustained even after the impact of competitive developments, recognising that growth in the market, from population growth or real spending growth per capita, can offset in whole or part the effects of new competition.

Therefore the relevant measures are considered to be two-fold:

- **Turnover impact** representing the reduction in turnover as a result of new competition, compared with turnover which would otherwise have been achieved by a particular centre.
- **Turnover change** represents the anticipated overall increase or decrease in turnover for a centre in the forecast year (2012 in this report) compared with the current situation (2008). This measure reflects the combination of the impact of new competitive developments, counteracted by any underlying growth in turnover which would be achieved by the centre anyway.

The proposed supermarket centre is assumed to be completed and open for trading by 2011. The impacts outlined in this report are based on the financial year 2012, which is taken as the first full year of trading for the proposed development.

It is also important to recognise that the relevance of an economic impact assessment in planning terms relates essentially to the broader issue of net community benefit and this includes consideration of the sustainability of existing and planned centres in the activity centre network.

The effects of new competition on individual businesses are not a relevant planning consideration. The relevant consideration in planning terms relates to the ongoing ability of centres to continue to provide for the needs of the community which they serve, and to ensure that new development does not fundamentally undermine the viability and role of existing and planned centres.

5.3.3 Impacts

To determine the impacts of the proposed centre on surrounding retailers, Urbis has considered the issues discussed above, with particular focus on the competitive context in which the new centre would exist, including the strength and proximity of other centres. Table 7 details the amount of expenditure the proposed development captures from competing centres and from other centres.

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Table 7 – Distribution of the Proposed Centre's Impacts, 2012

Circa Retail Centre - Distribution of Impact on Key Centres, 2012 (\$2008, ex GST)

Shopping Area	Est. Retail Turnover (\$M) ¹			Turnover Incr./Decr. (\$M)		IMPACT	
	Existing	Pre-Exp ¹	Post Exp.	Relative to:		Relative to:	
	2008 (1)	2012 (2)	2012 (3)	Existing 2008 (4)=(3)-(1)	Pre-Exp 2012 (5)=(3)-(2)	2008 (6)=(4)/(1)	2012 (7)=(5)/(2)
Circa Retail Centre	0.0	0.0	24.2	+24.2	+24.2	n.a.	n.a.
Competing Centres							
Norwest Marketown	58.3	59.9	58.2	-0.1	-1.8	-0.2%	-2.9%
Glenwood Shopping Centre	29.6	30.2	29.6	+0.1	-0.5	+0.3%	-1.7%
Kellyville Plaza	96.4	98.5	96.5	+0.1	-1.9	+0.1%	-2.0%
Kellyville Court	5.5	5.6	5.5	+0.0	-0.0	+0.7%	-0.7%
Circa Retail	31.5	32.4	31.4	-0.1	-1.0	-0.4%	-3.2%
Kings Langley Shopping Centre	52.3	53.0	52.3	+0.0	-0.7	+0.0%	-1.2%
Stanhope Village	82.7	83.9	83.0	+0.3	-0.9	+0.4%	-1.1%
Rouse Hill Town Centre	155.2	157.7	155.9	+0.7	-1.8	+0.4%	-1.2%
Castle Towers	590.9	597.5	593.2	+2.4	-4.2	+0.4%	-0.7%
Stockland Baulkham Hills	94.9	96.2	94.3	-0.6	-1.9	-0.7%	-2.0%
Winston Hills Shopping Centre	142.3	144.0	142.1	-0.3	-1.9	-0.2%	-1.3%
Windsor Road Centre	10.7	12.9	12.8	+2.1	-0.1	+19.7%	-0.9%
Total All Above Centres³	1,350.4	1,371.8	1,354.9	4.5	-16.9	+0.3%	-1.2%
Other centres					-7.4		
Total Competing Centres					-24.2		

1. Year ending June

2. Turnover CHANGE is a comparison to current 2008 turnover

Turnover IMPACT is a comparison to expected turnover would otherwise be in the forecast year if the subject development did not occur.

3. Excludes Circa Retail

Source : Property Council 'NSW Shopping Centre Directory', 2009; Shopping Centre News 'Big Guns 2008'; Urbis

The data presented in Table 7 shows that the centre will draw \$16.9m from competing centres within the hierarchy and \$7.4m from beyond. Given the nature of the centre's location and its role within the Business Park, it is highly likely that the proportion from beyond in Table 7 is at the lower end of a reasonable range, with the high number of workers in the area, as well as visitors to the hospital, the proposed centre is likely to achieve a high proportion of customers from beyond. The important factor to note however, is that despite this, the subject development is still unlikely to have a detrimental impact on the economic viability of any of the centres listed above. Due to growth in spending, as well as the size and scale of the development, no retail centre is forecast to experience an impact greater than -3.2% which is considered to be a manageable level of impact. Indeed most centres will continue to trade at levels in excess of their 2008 level.

Moreover, the centre most impacted is Circa Retail itself, which is likely to benefit from the additional supermarket development once the one off impact in 2012 has been absorbed. An additional supermarket will act as another anchor for the centre, bringing more expenditure into the retail centre, thereby increasing Circa Retail's potential exposure to additional custom. Also, as ALDI, Foodworks and IGA supermarkets and large food and grocery retailers such as Harris Farm Markets do not supply a full line of goods like a national chain supermarket such as the Woolworths in Circa Retail, the two are likely to form a nexus relationship, providing broader amenity for its customers. The proposed development will therefore have an overall net positive impact on retailing within the Circa Precinct. The \$7.4m drawn from other centres may come from freestanding supermarkets such as the ones listed in Section 4.

Table 8 shows that the introduction of the proposed supermarket will not result in an oversupply, indeed, with growth in the trade area's spending and population, as well as the high proportion of

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expenditure from beyond the trade area, there will be an undersupply of retail floorspace. Table 8 represents the total spending available to trade area supermarkets, including the expenditure derived from outside the subject site's trade area. The table clearly demonstrates that the proposed supermarket can be supported and does not limit the potential of expansion for other supermarkets within the trade area.

Table 8 – Supermarket Potential Assessment,

Circa Retail Centre Main Trade Area Supermarket Potential Assessment, 2011 - 2016

Factor	Unit	Amount (Constant \$2008 and Ex GST)					
		2011	2012	2013	2014	2015	2016
Total Available Spending to TA Smkts	\$M.	208.7	211.7	215.2	219.0	222.7	226.6
Existing & Proposed Supermarket Space ¹	Sq.m	20,215	20,215	20,215	20,215	20,215	20,215
Resulting Average Trading Levels ²	\$/Sq.m	10,323	10,475	10,647	10,832	11,019	11,207
Average Supermarket Turnover	\$/sq.m	8,628	8,671	8,715	8,758	8,802	8,846
Supportable Supermarket Floorspace	Sq.m	24,187	24,419	24,697	25,002	25,307	25,611
Surplus/Deficiency (+/-)	Sq.m	-3,972	-4,204	-4,482	-4,787	-5,092	-5,396

1. Supermarket floorspace consists of Woolworths, ALDI and Coles Kellyville Plaza, Woolworths Glenwood Park, Coles Norwest, Woolworths Circa,

The Windsor Road Centre and the subject site

2. Assumes 0.5% real increase in average trading levels per year

Source : Urbis

5.4 Other Effects

The construction of the proposed development would result in other important economic effects with the most likely significant benefits summarised below.

5.4.1 Employment Benefits

The proposed small supermarket and specialties is expected to provide positive employment impacts both locally and in the broader economy that will fall into three categories:

1. Employment generated during the construction phase of the entire project; and
2. Total employment within the subject site, which will be ongoing permanent employment. As Table 9 shows, the proposed development is likely to generate a total of 122 retail jobs.

In addition to these direct effects, there would also be flow-on employment effects resulting from the initial employment and injection of income into the economy. These are known as multiplier effects.

Table 9 – Direct Retail Employment

Circa Retail Centre - Direct Employment Impact of Proposal

Type of Use	Employment Per '000 Sq.m	Circa Retail Centre Expansion Additional ¹	
	Industry Average	GLA (Sq.m)	Employment (Persons)
Supermarket(s)	40.8	1,500	61
Specialty Shops	60.7	1,000	61
Total Property²		2,500	122

1. Takes into account reduced vacancies

2. Includes non-retail and external components. Excludes additional management, cleaning & security staff

Source : Urbis

Table 10 shows the total number of jobs that are expected to be created as a result of the proposed retail centre at Circa. It is important to note that Table 10 details the total number of jobs created by the

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retail component of the development only. Table 10 shows that the proposed development will result in the creation of 147 direct jobs and 136 jobs as a result of economic multipliers.

Table 10 – Total Employment

Circa Retail Centre - Total Employment Impact of Proposal			
Development Option/ Type of Employment	Direct Employment	Supplier Employment Multiplier Effects	Total Jobs ²
Construction Phase	25	39	64
Centre Employment Increase	<u>122</u>	97	219
Total	147		

1. Total Employment - full-time, part-time and casual

2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects.

Jobs are for the equivalent of one year of employment.

Source : Urbis

5.4.2 Other Benefits

In addition to the employment benefits to be generated by the proposed development, other positive effects include :

- Consumer choice – an additional supermarket will also give consumers greater choice when undertaking supermarket shopping. The co-location of two supermarkets at Circa will result in a greater product range and the opportunity for consumers to satisfy their top up and weekly shopping needs.
- Price competitiveness – As mentioned previously, the addition of another supermarket at Circa would be expected to enhance price competitiveness among the supermarkets serving Bella Vista residents and Norwest Business Park Workers. Lower prices have a direct positive impact on the budgets of households.
- Retention of primary trade area spending – with the introduction of the Circa Retail Development trade area residents and workers no longer have to travel as far to shop at a supermarket to fulfil their FLG shopping needs. Another supermarket in the Circa Precinct therefore assists in enhancing travel cost and environmental benefits for the community, and the ability to reduce regional traffic congestion in the area by promoting more local rather than regional trips.



6 Planning Considerations

6.1 Planning Regulations

6.1.1 The Baulkham Hills Draft Centres Direction

The Baulkham Hills Draft Centres Direction provides guidance on the planning and development of Baulkham Hills LGA. More specifically, it provides direction on the development of employment centres as well as retail and commercial centres. The main role of the Draft Centres Direction is to create a frame-work to encourage the development of attractive, viable centres which satisfy the community's demand for retail and commercial space.

The Draft Centres Direction forecasts the likely demand for retail space within the LGA to 2031 as well as providing a discussion on the trends facing the retail sector. The Centres Direction forecasts that by 2031, Baulkham Hills LGA will require an additional 346,000 sq.m of retail floorspace. Of this, 60,500 sq.m will be supermarket floorspace and 143,000 sq.m will be required to meet the demand for specialty retailers.

To determine the most appropriate location for this development to occur, Council has divided the LGA into four sectors. Norwest and the subject site fall into the Central Sector, which also includes Baulkham Hills, Castle Hill, West Pennant Hills and Glenhaven. The Centres Direction stipulates that between 2006 and 2021, the Central Sector will require the addition of:

- 7 Large Supermarkets (4,500 sq.m each);
- 2 Small Supermarkets (1,000 sq.m each);
- 4 Department/Discount Department Stores (7,000 sq.m each);
- 629 Specialty Retail Stores (100 sq.m each).

The proposed development would meet only a small proportion of the demand forecast for the local area, with the supermarket fulfilling 2.48% and the specialty stores meeting less than 1% of the forecasted demand. This demonstrates that there is ample demand in the trade area to support additional retailing in the area and that the proposed development will not jeopardise the potential for further retail opportunities in the future. In addition, the proposed development will not compromise the ability for other centres within the retail hierarchy to achieve their objectives or fulfil their respective roles within the hierarchy.

6.1.2 NSW Draft Centres Policy

The NSW Draft Centres Policy is an initiative developed by the NSW Department of Planning (DoP) designed to facilitate the development of new retail and commercial centres within the state. The aim of the policy is to create "a network of vital and vibrant centres that cater for the needs of business, and are places where individuals and families want to live, work and shop".

The Policy is set around 6 key principles:

Principle 1 – Retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.

Principle 2 – The planning system should be flexible enough to enable centres to grow, and new centres to form.

Principle 3 – The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.

PLANNING CONSIDERATIONS



Principle 4 – The planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and promote competition.

Principle 5 – The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.

Principle 6 – Retail and commercial development should be well designed to ensure it contributes to the amenity, accessibility, urban context and sustainability of centres.

The proposed development satisfies each of these principles in that:

- It is located next to an existing centre (Circa Retail) and within a Specialised Centre and is therefore not out of centre. It also facilitates the growth of an existing centre as stipulated in Principle 2;
- There is ample expenditure within the trade area, as a result of the extensive working population as well as the residential population to support the proposed development, indeed demand in the trade area that there will be a demand deficit in terms of supermarket floorspace after the development of the subject site;
- The emergence of a new retailer within the trade area will create added competition between supermarket retailers, thereby resulting in better products and prices for consumers;
- The subject site will consolidate the retail offer in the southern portion of Norwest Business Park, creating a vibrant, sustainable centre and ensuring a high level of amenity for residents and workers in the trade area.

6.2 Statutory Planning Regulations

The Environmental Planning and Assessment Act provides a guideline for Councils to determine Development Applications. Section 79(1)(b) specifically applies to the consideration of competition and the resultant impacts a new development may have on a centre, both social and economic. Under this legislation, a number of precedents have been made in the Land and Environment Court. These include *Fabco Pty Ltd v Hawkesbury City Council* (97), *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979), and *Cartier Holdings Pty Ltd v Newcastle City Council and Anor* [2001]. We have utilised the Environmental Planning and Assessment Act and precedent decisions to inform our approach to this economic impact assessment.

In *Fabco* Justice Lloyd found that economic trade and competition between individual traders is not a relevant planning consideration. Justice Lloyd went on to say that the *Trade Practices Act 1974* (Cth) and the *Fair Trading Act 1987* (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere threat of economic competition between competing business". Justice Lloyd concluded by saying that the only factor Council may need to consider when assessing a Development Application is the economic impact on the locality as a whole.

In the *Kentucky* case Justice Stephen found that "if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning".

As discussed in several sections of this report, there is sufficient demand in the trade area to support the proposed development. Whilst the proposed development is likely to result in the competition between retailers, as the *Fabco* case points out, it is a matter of fair trading and not a relevant planning consideration. Indeed, the proposed development is not likely to result in the closure of any of the retail centres within the hierarchy and instead, seeks to enhance the shopping experience of residents and workers within the trade area. Moreover, any negative impacts incurred by surrounding retailers as a result of the development will be "made good" by the additional trade it is likely to draw in and the level of amenity it will provide to consumers.

CONCLUSIONS



7 Conclusions

The purpose of this report is to demonstrate that the proposed land use addition to the existing zone Employment Area 10(a) (Business Park) under the LEP should be approved. The proposal seeks approval for the addition of a retail land use to allow for the development of a 2,500 sq.m retail centre. The centre is likely to comprise of supermarket as well as 1,000 sq.m of specialty retail floorspace.

In preparing this assessment we have given regard to Council's Draft Centres Direction, Local Environment Plan as well as the NSW Draft Centres Policy. The proposed development seeks approval to supply a minor percentage of the total demand forecast over the next few decades. The addition of a small supermarket (1,500 sq.m) and accompanying specialties (1,000 sq.m) on the site will fill a void which currently exists in the local market.

Given that:

- There is ample expenditure in the trade area to support the additional retail proposed;
- The proposed development will not impede future retail development in and around the area;
- The proposed development will create added competition in the marketplace which will lead to superior products for consumers as well as lower prices;
- The proposed development will offer an alternative shopping experience for budget conscious shoppers and the opportunity for trade area residents and workers to access basic products at lower prices;
- The proposed development will not jeopardise the viability of any retail centre, indeed no centre will experience an initial impact greater than -3.2%, which is considered a manageable impact;

there is no reason, on economic grounds, that the proposed land use type should not be included in the LEP.

APPENDICES

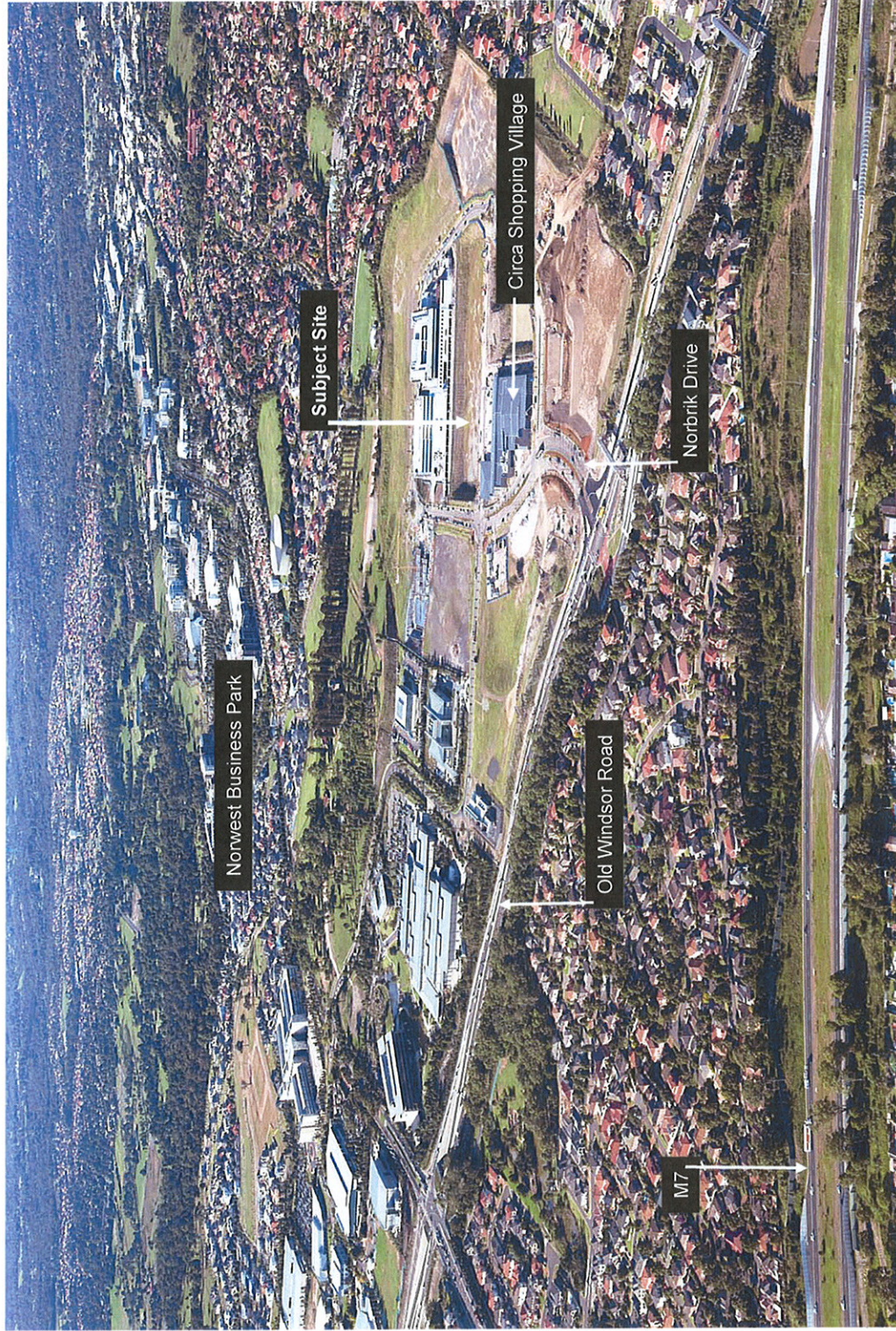


Appendix A Circa Aerial Photograph.

APPENDICES



A.1 Circa Site Plan.



Circa Site Aerial Photo

DEFINITIONS

Definitions

DEFINITIONS

The following definitions have been adopted for the purposes of this report :

- **Retail** refers to the Australian Bureau of Statistics (ABS) definition adopted for the purposes of the 1991/92 Retail and Services Census, with some minor exclusions. This definition includes Total Shopfront Retailing less garden supplies and marine equipment. Motor vehicle and related retailers are also excluded. This definition has been adopted for the purposes of detailing the retail market using the ABS Household Expenditure Survey (HES), and also for categorising shopping centre turnover and tenancy details.
- **Non-Retail** therefore refers to various store types, services and expenditure categories, not included in the appropriate Australian & New Zealand Standard Industrial Classification (ANZSIC) included within the scope of the latest Retail and Services Census. The non-retail component includes the following tenancy types

– Amusements	Garden Supplies
– Appliance Rental Lottery & Gaming	Auto Accessories
– Marine Equipment	Banks and Building Societies
– Medical and Dental Services	Cinemas
– Offices	Equipment Hire
– Post Office	Financial and Property Services
– Travel Agency	

In addition to the above tenant types which are quite often found in shopping centres, facilities such as garden supplies, builders supplies, and similar businesses which are predominantly wholesale, are usually treated entirely as non-retail stores, despite the fact that a proportion of the business may be retail orientated.

- The **Food & Groceries (F&G)** market refers to the market relevant to supermarkets, and comprises spending on take-home food and groceries. Some non-supermarket traders, including fresh food specialties, milk bars and convenience stores and to a limited extent non-food stores such as Discount Department Stores (DDSs), also compete for F&G spending. The F&G category includes food items only and therefore does not include the general merchandise items sold in supermarkets. The F&G category also excludes spending on liquor. Where a specific supermarket competes for bottled liquor spending, the analysis takes this component into account separately.
- The **Department Store Type Merchandise (DSTM)** market specifically refers to the market relevant to department stores and DDSs. It comprises expenditure on department store and DDS type merchandise, all of which is included in the defined retail market. More specifically it comprises expenditure on :
 - Clothing and Accessories including all clothing, footwear, clothing accessories, jewellery and cosmetics.
 - Furniture, Floor Coverings and Major Electrical including all furniture, floor coverings, televisions, refrigerators, and other large electrical appliances.
 - General Merchandise including books, printed material, toys, hardware items, small electrical appliances, bikes, photographic equipment, etc.

This category excludes spending on food items which these stores also stock, such as confectionery, soft drinks, tobacco, tea and coffee and other consumable items.

- **Financial Years:** Analysis throughout this report relates to financial years (ending June) unless otherwise specified

DEFINITIONS

Abbreviations

The following abbreviations are used in this report :

ABS	Australian Bureau of Statistics
ANZSIC	Australian & New Zealand Standard Industrial Classification
CBD	Central Business District
DDS	Discount Department Store
DSE	Department of Sustainability and Environment
DSTM	Department Store Type Merchandise
ERP	Estimated Resident Population
F&G	Food & Groceries
GLA	Gross Leasable Area
GST	Goods and Services Tax
HES	Household Expenditure Survey
MDS	Market Data Systems Limited
SLA	Statistical Local Area

Goods and Services Tax (GST)

The tax package has had differential effects on turnover by various categories of retailers as a result of changes in prices and consumer demand.

These effects have been estimated by UrbisJHD and from 2001 the spending market and turnover forecasts presented in this report are exclusive of GST.

MarketInfo

Spending estimates provided in this report are based on the *MarketInfo* 2004 micro-simulation model developed by MDS Market Data Systems. *MarketInfo* 2004 is based on the Household Expenditure Survey and Australian National Accounts. Given that the estimates are based on survey data they will be subject to sampling variability.