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3 May 2010

Mr Michael Watt
Development & Planning Manager
FKP
Level 4, 17 – 19 Bridge Street
SYDNEY NSW 2000

Dear Michael,

Further to our discussions in recent weeks relating to the demand for retail floorspace that will be generated by the employees at Circa, we have prepared the analysis detailed in the table below.

Essentially, our assessment outlines the likely spending market generated by the workers at Circa. Information provided to Urbis by FKP identifies that upon completion of the precinct, there will be approximately 16,626 individuals employed within Circa. Using an expenditure rate of \$15.20 per person per work day (assuming 230 working days) we have calculated that the total retail market generated by the employees at Circa is likely to be in the order of \$58.12 million dollars per annum.

Generally, the spend generated by workers within any area is distributed to retailers within a reasonably close proximity. A general rule of thumb is that the expenditure is directed to retailers within a 10 minute walk of an individual's work place. Given the relationship of the precinct to the remainder of the business park, workers are unlikely to walk to any other part of Norwest Business Park for daily purchases. In saying this, the location of Circa – being next to a main exit, will still allow it to capture expenditure from other parts of the business park before or after work. Similarly, some expenditure from workers in Circa could be directed to other areas based on car movements (e.g. working in the field or driving to other retail locations during the working day).

From the table provided below we can see that the working population in Circa could support 6,067sq.m of retail net lettable area. Given that the existing retail centre at Circa as approved under the LEP comprises 3,890 sq.m of retail gross floor area in addition to 1,250 sq.m of approved non retail floorspace which primarily relies on a residential catchment, the expenditure generated by employees will further support this existing retail and justify additional retail floorspace.

It is acknowledged by Council that Circa Retail currently services a wider catchment external to the Business Park. This is particularly the case for Woolworths (as commented by Council) which accounts for 2,800 sq.m of Circa Retail's floorspace. Indeed, Circa Retail draws residential expenditure from neighbouring suburbs which include but are not limited to – Bella Vista, Crestwood and Kings Langley. On this basis, it is fair to assert that the additional floorspace requested at Circa (2,500 sq.m) would also be supported by the surrounding residential community, particularly if there was another small format supermarket to offer competition and balance the retail offer provided by Woolworths. The table demonstrates that the retail additional floorspace FKP has requested would be supportable by both the residential and working community.

It is also important to note that the assessment below is based solely on the likely expenditure generated by workers within Circa alone. It does not take into consideration the expenditure generated by other workers in Norwest who may visit the centre or the external Woolworths catchment. Based on this it is reasonable to conclude that the expansion of Circa Retail as requested, is wholly supportable.

Ltr_RetailDemand_0410F



Employee Retail Demand - Circa Precinct, 2012

Retail Sector	2012
Circa Worker Population	16,626
Average Number of Work Days	230
Worker Days	3,823,980
Av. Daily Retail Spend (\$)	
• Proportion of Food and Groceries	\$1.10
• Food & Beverage	\$7.70
• Other - Non Food	<u>\$6.40</u>
Total	\$15.20
Worker Spending Market	58.12
<u>Circa Retail Market Share (\$M)</u>	
Worker Food and Grocery Market	4.21
Circa Supermarket Share	85%
Circa Supermarket Market Share	3.58
General Merchandise Sales (Supermarket)	0.36
Supermarket Turnover From Workers	3.93
Worker Food and Beverage Market	29.44
Circa Development Market Share	85%
Circa Food and Beverage Market Share	25.03
Worker Non Food Market	24.47
Circa Development Non Food Market Share	80%
Circa Non Food Market Share	19.58
Total Circa Development Market Share (\$M)	48.54
Demand Generated @ a Turnover of 8,000/sq.m¹	6,067

Source: Urbis

1. Demand is assessed using a benchmark turnover of \$8,000/sq.m which is considered an average benchmark for this type of development. Demand relates to the total amount floorspace deemed supportable by Circa workers alone.

Should you have any queries relating to this assessment, please do not hesitate to contact me in the office on 8233 9900.

Yours sincerely,

Clinton Ostwald
Director

Attachment 1

CIRCA EMPLOYMENT ESTIMATES TABLE

		Floor Area		Total FA	Employment	Cars
CIRCA PRECINCT						
217	Australian United Securities	Office	Warehouse	Manufacture		
190	Q Central	11,140		5,605	50	124
126	NEMMCO	8,110			533	330
132	Reserve Bank	3,560			106	106
075	Resmed Stage 1	4,571			55	167
125	Resmed Stage 2	3,000		13,500		390
156	Resmed Stage 3	11,600		3,000	1,320	455
194	Circa Works (Building A)*		1,556	1,500		93
178	Circa Retail*					
186	Thakral (Technical Real Estate)	1,935	9,955	10,755	150	150
179	Norwest Private Hospital	7,000		22,374	467	690
Lot 6061		47,000		47,000	3,133	1,880
Lot 6063		43,000		43,000	2,867	1,720
Lot 6017, 6052-6055		54175		54175	3612	2167
Circa Business Centre		65000		65000	4333	2210
Total		260,091	11,511	34,360	16,626	10,482

* Included in Circa Business Centre

