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Dear Paul

ADDENDUM TO EIA – CNR APPIN ROAD AND KELLERMAN DRIVE, ST HELENS PARK

Thank you for the instructions to provide further information to the original EIA dated May 2019, pursuant to council feedback. In order to facilitate further consideration for this proposal, council have requested;

- More detailed analysis of the expected changes to the retention rates of supermarket spend within the trade area, as well as the distribution of spend across the trade area supermarkets; and
- Table 4.3 to include a breakdown of impacts on Rosemeadow Marketplace across the supermarket anchor and mini-majors/specialty shops.

Table 1 following provides the detailed analysis of the expected retention rates of supermarket spend for the trade area supermarket(s), and the likely changes in the retention rates if a small supermarket is developed at the subject site as proposed.

Table 1 Supermarket sales detailed analysis		
	2018/19	2021/22
Main trade area population ('000)	18.2	18.8
Main trade area FLG spending (\$M)	110.3	117.2
Estimated % of FLG spending directed to smkts	70%	70%
FLG spending in MTA available to TA smkts (\$M)	77.2	82.0
Estimated % of FLG spending retained by TA smkts		
• Primary sector	35%	38%
• Secondary sector	40%	40%
• Main trade area	37%	39%
TA smkt estimated FLG sales potential from MTA (\$M)	28.8	31.9
Estimated % of sales drawn from beyond MTA		
Sales from beyond main trade area (\$M)	5.1	5.6
TA smkt estimated total FLG sales potential (\$M)	33.9	37.6
Estimated % of general merchandise (GM) sales		
Estimated GM sales (\$M)	2.2	2.4
TA smkt total sales potential (\$M)	36.0	40.0
Subject site proposed supermarket		
Est market share of total TA smkt sales		12%
Total smkt sales for subject site		5.0
<i>*Constant 2018/19 dollars & including GST</i>		
<i>Source: MarketInfo; MacroPlan</i>		

An analysis of Table 1 indicates;

- The available population of the defined catchment is estimated to increase from 18,200 residents at 2019 to 18,800 at 2022 (refer to Section 2 to of the EIA);
- The available food, liquor and grocery (FLG) expenditure generated by trade area residents is approximately \$110 million currently, and projected to grow to \$117 million at 2022, in constant 2018/19 dollar terms (again refer to Section 2 to of the EIA).
- The proportion of that trade area FLG expenditure which is typically directed to supermarkets (as opposed to fresh food operators and other retailers) is estimated at 70%, this reflects the outer metropolitan location of the area.
- The proportion of that supermarket expenditure which is expected to be retained by trade area supermarkets (which is only the Woolworths supermarket at Rosemeadow Marketplace) is estimated at 37%. The retention rate is higher in the secondary sector given that the Woolworths supermarket is located within that sector.
- Potential expenditure directed to trade area supermarkets from beyond the trade area is then allowed for, estimated at 15% of the total.

- An allowance of supermarket sales from non-F&G goods, such as general merchandise, is allowed for, estimated at 6% of total sales.
- The resultant sales for the existing Woolworths supermarket is then shown, estimated at \$36 million.
- If a small supermarket is developed at the subject site, the retention rates of supermarket spend is estimated to increase from 35% to 38% in the primary sector, resulting in the retention rate across the main trade area increasing to 39%. This still allows for more than 60% of the FLG expenditure of trade area residents to be directed to other supermarkets in the region.
- Based on this methodology, total supermarket sales for trade area residents at 2022 are estimated at \$40 million. The sales potential for a small supermarket at the subject site is estimated at \$5 million, which is approximately 12% of the total sales of supermarkets within the trade area. This leaves 88% or \$35 million for the Woolworths supermarket at Rosemeadow Marketplace.

Table 4.3 from the EIA has been updated with the latest estimated sales for Rosemeadow Marketplace and also now shows the breakdown of impacts and sales at Rosemeadow Marketplace across the supermarket anchor compared with the mini-major/specialty shops.

Centre	GLA (sq.m)	Est. sales (2018/19) \$M	Est. Sales (2021/22)			Est. Impacts (2021/22)		
			Without dev. \$M	With dev. \$M	Dist. Of impacts (%)	Est. Impacts \$M	%	Sale change with dev. %
Rosemeadow	<u>7,500</u>	<u>60.0</u>	<u>62.7</u>	<u>59.2</u>	<u>37.5%</u>	<u>3.6</u>	<u>-5.7%</u>	<u>-1.4%</u>
• Woolworths	3,700	36.0	37.6	35.0	27.5%	2.6	-7.0%	-2.7%
• MM & Specialty	3,800	24.0	25.1	24.1	10.0%	1.0	-3.8%	0.6%
Ambarvale	1,500	18.5	19.3	19.3	0.0%	0.0	0.0%	4.6%
Bradbury	2,500	17.0	17.5	17.5	0.0%	0.0	0.0%	3.0%
Airds**	1,000	5.5	15.0	15.0	0.0%	0.0	0.0%	171.4%
Ruse	1,300	10.0	10.5	10.5	0.0%	0.0	0.0%	4.6%
Campbelltown- Macarthur RC	165,000	1,015.0	1,061.4	1,057.5	40.0%	3.8	-0.4%	4.2%
Appin	<u>1,700</u>	<u>13.0</u>	<u>13.5</u>	<u>13.3</u>	<u>2.5%</u>	<u>0.2</u>	<u>-1.8%</u>	<u>1.8%</u>
Sub-total	188,000	1,199	1,263	1,251	117.5%	11.2	-0.9%	4.4%
Other centres/elsewhere					<u>20.0%</u>	<u>1.9</u>		
Total est. sales proposed development					100.0%	9.5		

*Constant 2018/19 dollars and including GST
 **Assumes Airds Town Centre is redeveloped to include mid-sized supermarket and new specialties
 Source: Property Council of Australia; MacroPlan

The analysis in the table shows that the impact on Rosemeadow Marketplace is estimated 5.7% if the proposed developed proceeds, including a 7% impact on the Woolworths supermarket and 3.8% on the mini-majors and specialty shops at the centre. These impacts would not threaten the ongoing viability of the centre, which would still have ample capacity to achieve good sales volumes and continue to operate successfully.

To reiterate points from the original EIA, it is clear that the defined trade area is undersupplied with supermarkets when compared with national benchmarks. The Sydney metro benchmark of supermarket GLA per capita is currently 0.27 sqm. The defined trade area currently offers only 0.20 sqm per capita, 26% less than the benchmark. Put another way, using the benchmark, almost 5,000 sqm of supermarket GLA is absorbable just to reach the benchmark, demonstrating a shortfall of close to 1,300 sqm. The proposed supermarket is approximately 860 sqm.

In summary, we confirm our view that Rosemeadow Marketplace's trade (including pad sites) will experience modest forecast impacts in 2021/22 as result of the proposed development of the subject site, being:

- 5.7% total centre
- 7% on supermarket
- 3.8% on specialty

Given this level of impact will not threaten the viability of the centre it is concluded that a net community gain will arise from improved supermarket and specialty amenity, adjacent to a 24 hour service station, located on a busy arterial road.

Yours sincerely



Warwick Turpin
General Manager – Retail