

Food tenants have a significant emphasis on Asian food traders, particularly from North-East and South-East Asia.

- iii. Given the sub-regional shopping centres are further away from Punchbowl than the regional shopping centres, these centres are of less competitive relevance for supermarket shopping.

### 3.3 Supermarket Based Centres within the Main Trade Area

- i. Within the defined Punchbowl main trade area there are currently three supermarkets, namely an IGA supermarket at Punchbowl and IGA and a recently opened Aldi supermarket at Lakemba.

#### Punchbowl

- i. The IGA supermarket at Punchbowl is located near the intersection of The Boulevarde and Punchbowl Road. This store is approximately 700 sq.m in size.
- ii. This Punchbowl IGA supermarket of 700 sq.m in size does not provide for the weekly food and grocery shopping needs of the local population. As such, local residents would have to frequent the larger, inconvenient regional shopping centres in the surrounding area to undertake a supermarket shop.
- iii. Based on a survey of the Punchbowl precinct undertaken by this office in March 2010, the remainder of the Punchbowl retail and commercial precinct comprises some 140 retail and non-retail shopfronts (refer Table 3.2). Some 63.6% of shopfronts are retail shopfronts with 15.7% of shopfronts (i.e. 22 shops) being food retail shops. The remaining 47.9% of shopfronts are non-food tenants.
- iv. There are only 22 food and grocery retail specialty shopfronts out of a total of 140 shopfronts in Punchbowl. It is these stores which would be likely to most directly compete with a supermarket offer at the proposed The Broadway Punchbowl site. This means that less than 16% of shops would be likely to compete directly with the proposed supermarket offer. Consumers, however, demand a range of shops for fresh food purchases. Further, the range of food retail shops at Punchbowl are

mainly catering to the specific needs of the surrounding ethnically diverse population with a number of these shops being nationality specific traders. A supermarket offer would not replicate the offer of these stores.

- v. There were only 12 vacancies in the Punchbowl retail and commercial precinct, or 8.6% of total shopfronts. A number of these vacant shopfronts are older shops, commercial shops or are located on the less frequented northern side of the railway line.

### **Lakemba**

- i. At Lakemba, some 1.8 km to the east of Punchbowl, a small IGA supermarket of approximately 700 sq.m and a recently opened Aldi supermarket anchor the retail strip that is provided along both sides of Haldon Street.
- ii. Similar to IGA at Punchbowl, neither of these two supermarkets are full-line stores that would serve the weekly food and grocery shopping needs of the surrounding population.
- iii. Throughout the remainder of the Lakemba retail precinct, there is a provision of some 221 retail and non-retail shopfronts. There are 49 food retail shopfronts (22.2% of total shopfronts) with a number of these traders catering to specific nationalities.
- iv. Lakemba also has a large provision of some 69 (31.2% of total shopfronts) non-retail shopfronts.
- v. There are only nine vacant shopfronts in the Lakemba precinct, accounting for 4.1% of total shopfronts. In addition, the former Lakemba Palms Plaza remains derelict after being destroyed by fire in late 2007.

**TABLE 3.2 – PUNCHBOWL AND LAKEMBA SHOPFRONTS**

| Category                      | Punchbowl  | Lakemba    |
|-------------------------------|------------|------------|
| Food & Liquor                 | 22         | 49         |
| Food Catering                 | 15         | 23         |
| Apparel                       | 3          | 19         |
| Household Goods               | 3          | 7          |
| General                       | 17         | 18         |
| Leisure                       | 3          | 10         |
| Retail Services               | 26         | 17         |
| <b>Total Retail Specialty</b> | <b>89</b>  | <b>143</b> |
| Non-retail                    | 39         | 69         |
| Vacant                        | 12         | 9          |
| <b>Total Specialty</b>        | <b>140</b> | <b>221</b> |

\* Based on a floorspace survey undertaken by this office in March 2010

### Supermarket Floorspace Provision

- i. Table 3.3 summarises the provision of supermarket floorspace throughout the Canterbury and Bankstown Local Government Areas (LGA). As shown, within the Canterbury LGA there are some nine supermarkets with a combined Gross Lettable Area (GLA) of 16,652 sq.m. This equates to a supermarket floorspace provision of 127 sq.m per 1,000 persons, which is around one third of the Australian average of 330 sq.m per 1,000 persons.
- ii. Within the Bankstown LGA, there are some 15 supermarkets encompassing 34,110 sq.m of floorspace which is a provision of 187 sq.m per 1,000 persons, just over half the Australian average.
- iii. The analysis in Table 3.3 highlights the significant under provision of supermarket floorspace throughout the south-west region of Sydney. As such, residents have a lack of choice and variety for supermarket shopping.
- iv. Each of the three supermarkets within the defined main trade area is significantly smaller than 2,500 sq.m in size and are not considered full-line stores. As such,

residents would have to frequent other larger supermarkets beyond the main trade area to undertake a full weekly supermarket shop.

- v. Table 3.4 summarises the provision of supermarket floorspace by main trade area sector. As shown, the provision of supermarket floorspace at 59 sq.m per 1,000 persons is less than 20% of the Australian average of 330 sq.m per 1,000 persons.
- vi. The provision of supermarket floorspace in the primary sector, at 37 sq.m per 1,000 persons, is around 11% of the Australian average.

**TABLE 3.3 – LGA CURRENT SUPERMARKET FLOORSPEACE PROVISION**

| TA Sector                 | 2009<br>Population | No. of<br>Smkts | GLA<br>(sq.m) | Provision<br>per 1,000 persons |
|---------------------------|--------------------|-----------------|---------------|--------------------------------|
| Canterbury LGA            | 131,028            | 9               | 16,652        | 127                            |
| Bankstown LGA             | 181,988            | 15              | 34,110        | 187                            |
| Combined LGA's            | 313,016            | 24              | 50,762        | 162                            |
| <i>Aust. Average</i>      |                    |                 |               | <b>330</b>                     |
| LOCATION <sup>quone</sup> |                    |                 |               |                                |

**TABLE 3.4 – MAIN TRADE AREA CURRENT SUPERMARKET FLOORSPEACE PROVISION**

| TA Sector                 | 2009<br>Population | No. of<br>Smkts | GLA<br>(sq.m) | Provision<br>per 1,000 persons |
|---------------------------|--------------------|-----------------|---------------|--------------------------------|
| Primary Sector            | 19,090             | 1               | 700           | 37                             |
| Secondary Sectors         |                    |                 |               |                                |
| • North                   | 8,945              | 0               | 0             | 0                              |
| • East                    | 12,520             | 2               | 2,050         | 164                            |
| • South                   | <u>5,770</u>       | <u>0</u>        | <u>0</u>      | <u>0</u>                       |
| Secondary Sector          | 27,235             | 2               | 2,050         | 75                             |
| Main Trade Area           | 46,325             | 3               | 2,750         | 59                             |
| <i>Aust. Average</i>      |                    |                 |               | <b>330</b>                     |
| LOCATION <sup>quone</sup> |                    |                 |               |                                |

### 3.4 Supermarket Based Centres beyond the Main Trade Area

- i. The supermarkets of limited relevance located **beyond the defined main trade area** serve separate catchments and include:
  - Coles and Woolworths at Riverwood Plaza;
  - IGA at Beverly Hills; and
  - Woolworths at Padstow.
- ii. Each of the above supermarket destinations is located a round trip of around 7 km or more for Punchbowl residents.

### 3.5 Proposed Developments

- i. Proposed retail developments in the surrounding area are described as follows:
  - At 13 - 19 Boronia Road in Greenacre (secondary north sector), a development application has been submitted for a retail centre that will be based on a Coles supermarket of 4,026 sq.m in addition to some 463 sq.m of specialty floorspace. This centre is assumed to be trading by 2012/13.
  - At the site of the former Lakemba Palms Plaza (secondary east sector) which was destroyed by fire in late 2007, an application for a mixed use development including residential, commercial and retail floorspace has been approved. This development includes some 44 residential units, commercial floorspace of 446 sq.m, a supermarket of 1,951 sq.m and retail specialty floorspace of 859 sq.m. Carparking will be in a basement level. It is understood that a construction certificate is to be issued in May 2010 and the development is assumed to be open by 2012/13.
  - A development application has been approved for the expansion of Centro Roselands to incorporate a 12 screen cinema complex, a bowling alley, a restaurant, additional retail floorspace and carparking. This development application is for an additional 29,000 sq.m of floorspace. Given the financial

difficult of Centro, for the purposes of this report, we have assumed that the expansion of this centre occurs post 2012/13. Regardless of the Punchbowl proposal, there would still be significant scope for the expansion of this centre which serves a very broad region.

- The Campsie Civic Centre is a redevelopment of the Town Hall in Campsie which is the block bounded by Clissold Parade to the south, Shakespeare Street to the east and Beamish Street to the west. The Council adopted masterplan provides for a supermarket of 3,700 sq.m in addition to 500 - 2,500 sq.m of homewares, 500 sq.m of food specialty and catering floorspace and 1,000 sq.m of other specialty shops. In total, a retail development of 5,700 – 7,700 sq.m is planned in addition to Council Civic, Administration and Library, Orion Centre, commercial and residential components. Discussions with Council indicate that plans are currently awaiting minister approval before the expression of interest campaign for the joint venture project can begin. Timing at this stage is uncertain, but it is assumed that the opening date is likely to be within five years.
  - At Clemton Park, a large mixed use development is proposed at the former Sunbeam site on Charlotte Street. The proposal includes a supermarket of around 2,500 sq.m over a single level with other components of this development being commercial and bulky goods. This development is assumed to be trading by 2012/13.
  - A supermarket based development has been approved within the suburb of Kingsgrove. This development is planned to include a small supermarket and liquor store occupying around 1,280 sq.m. A provision of 290 sq.m of retail specialty floorspace is also planned. This development is assumed to be trading by 2012/13.
- ii. As shown in Table 3.5, even allowing for the addition of a supermarket of 4,200 sq.m at The Broadway Punchbowl, a Coles supermarket of 4,026 sq.m at Greenacre (secondary north sector) and a supermarket of 1,951 sq.m at Lakemba Palms Plaza (secondary east sector) by 2012/13, the main trade area supermarket floorspace

provision at 199 sq.m per 1,000 persons would be around 60% of the Australian average. The primary sector supermarket floorspace provision at 255 sq.m per 1,000 persons would be around 77% of the Australian average. This is a significant undersupply and would indicate that a substantial amount of supermarket spending would be escaping the local area.

**TABLE 3.5 – MAIN TRADE AREA SUPERMARKET FLOORSPACE PROVISION, 2012/13**

| TA Sector                     | 2013<br>Population | No. of<br>Smkts | GLA<br>(sq.m) | Provision<br>per 1,000 persons |
|-------------------------------|--------------------|-----------------|---------------|--------------------------------|
| Primary Sector                | 19,240             | 2               | 4,900         | 255                            |
| Secondary Sectors             |                    |                 |               |                                |
| • North                       | 27,490             | 1               | 4,026         | 146                            |
| • East                        | 12,520             | 3               | 4,001         | 320                            |
| • South                       | <u>5,770</u>       | <u>0</u>        | <u>0</u>      | 0                              |
| Secondary Sector              | 45,780             | 4               | 8,027         | 175                            |
| <b>Main Trade Area</b>        | <b>65,020</b>      | <b>6</b>        | <b>12,927</b> | <b>199</b>                     |
| <i>Aust. Average</i>          |                    |                 |               | <b>330</b>                     |
| LOCATION <sup>quana</sup> IQN |                    |                 |               |                                |

- iii. Taking into consideration all of the above approved and proposed developments and other supermarket proposals throughout the Bankstown and Canterbury LGA's, Table 3.6 summarises the provision of supermarket floorspace in 2012/13. As shown, the provision of supermarket floorspace would still be less than the Australian average, indicating additional demand for supermarket floorspace throughout the region.

**TABLE 3.6 – LGA SUPERMARKET FLOORSPACE PROVISION, 2012/13**

| TA Sector                     | 2009<br>Population | No. of<br>Smkts | GLA<br>(sq.m) | Provision<br>per 1,000 persons |
|-------------------------------|--------------------|-----------------|---------------|--------------------------------|
| Canterbury LGA                | 131,828            | 14              | 33,114        | 251                            |
| Bankstown LGA                 | 186,258            | 17              | 39,610        | 213                            |
| <b>Combined LGA's</b>         | <b>318,086</b>     | <b>31</b>       | <b>72,724</b> | <b>229</b>                     |
| <i>Aust. Average</i>          |                    |                 |               | <b>330</b>                     |
| LOCATION <sup>quana</sup> IQN |                    |                 |               |                                |

### 3.6 Summary

- i. A major full-line supermarket is at least 3,000 sq.m in size and allows for the weekly shopping needs of the surrounding population. A full-line supermarket is 2,500 – 3,000 sq.m in size and allows for a full shop but does not have the range or offer of a major full-line supermarket. Any supermarket less than 2,500 sq.m in size, such as IGA at Punchbowl and Lakemba, does not provide a range or offer for consumers to undertake a full weekly shop.
- ii. There is a significantly lower than average provision of supermarket floorspace throughout the south-western suburbs of Sydney and within the defined main trade area.
- iii. The nearest major supermarket facilities for the Punchbowl population are provided at the large regional shopping centres, namely Centro Bankstown and Centro Roselands. These centres are not convenient for supermarket shopping.
- iv. The proposed The Broadway Punchbowl supermarket of 4,200 sq.m would be a major full-line supermarket that would serve the weekly shopping needs of the surrounding population. In the Punchbowl precinct, 15.7% of shopfronts are food and liquor stores with many of these stores serving specific ethnic populations. The vast majority of specialty shops would not compete with a proposed supermarket offer and would not be negatively impacted.
- v. With proposed supermarkets in the surrounding area at Greenacre and Lakemba, the Punchbowl retail and commercial precinct will likely be impacted by these developments if a similar provision of facilities is not provided at Punchbowl in the future.
- vi. It is important to provide supermarket facilities for the local population of Punchbowl. The planned retail component of the proposed The Broadway Punchbowl would be based on a major full-line supermarket of 4,200 sq.m in addition to a provision of retail specialty shops. This development will provide for

the local convenient food and shopping needs of Punchbowl and immediate surrounding population base.

- vii. The location of the proposed The Broadway Punchbowl site at the eastern end of the Punchbowl retail and commercial strip along The Boulevarde would provide an anchor tenant in the form of a major full-line supermarket which would in turn retain local spending within the precinct. The proposed site would be integrated with the existing retail strip and within close proximity to the Punchbowl railway station.

## 4 ASSESSMENT OF POTENTIAL FOR RETAIL FACILITIES

This section of the report considers the sales potential for the planned retail component of the proposed The Broadway Punchbowl, as well as the likely trading and other impacts that can be anticipated following the construction of the proposal.

### 4.1 Sales Overview

- i. In order to assess the potential economic benefits and impacts that may arise from the development of the planned retail component of the proposed The Broadway Punchbowl the sales level which the development is projected to achieve is outlined.
- ii. The sales performance of any particular retail facility, be it an individual store or a collection of stores provided in a shopping centre or precinct, is determined by a combination of the following critical factors:
  - The composition and quality of the facility, including major trader or traders; the specialty mix; centre layout and configuration; ease of accessibility and parking; and the overall feel of the centre.
  - The size of the available catchment which the facility serves.
  - The locations and strengths of competitive retail facilities.
- iii. The sales potential for the retail component of the proposed The Broadway Punchbowl, which would be anchored by a supermarket and a provision of retail specialty shops, is now considered taking into account these factors.

### 4.2 Supermarket Sales Potential

- i. The proposed The Broadway Punchbowl development will include a supermarket of 4,200 sq.m. Supermarkets generate sales primarily from the food and groceries market, as discussed and measured in Section 2 of this report.
- ii. Table 4.1 details the potential sales for the proposed The Broadway Punchbowl supermarket. The calculations in this Table go through a series of steps, commencing

with the available expenditure that is of relevance to supermarkets, namely food and grocery spending; assessing the share of the expenditure which all supermarkets are likely to achieve; and then concluding with the likely sales which the trade area supermarkets can expect to generate.

- iii. The assessment detailed in Table 4.1 is based on the experience of many comparable analyses in locations throughout both New South Wales and Australia. Projected sales are detailed for the proposed supermarket of 4,200 sq.m as well as existing and proposed main trade area supermarkets, including:
  - The existing Punchbowl IGA of 700 sq.m.
  - The existing Lakemba IGA of 700 sq.m.
  - The existing Lakemba Aldi of 1,350 sq.m.
  - The proposed Coles supermarket of 4,026 sq.m at Greenacre.
  - The approved supermarket of 1,951 sq.m at Lakemba Palms Plaza.
- iv. Supermarkets are defined as grocery and dry goods stores of at least 500 sq.m. Smaller foodstores are excluded from this analysis.
- v. The analysis in Table 4.1 is as follows:
  - For the main trade area defined earlier in this report, the total food and grocery spending market is projected at \$165.1 million for the year to June 2009. The food and grocery spending market for the main trade area population is projected to increase to \$172.7 million (in constant 2009 dollar terms) by 2012/13 and further to \$190.5 million by 2021 (in constant 2009 dollars).
  - Typically in Australia, approximately 70 - 75% of food and grocery expenditure is directed to supermarkets and major foodstores (i.e. grocery stores greater than 500 sq.m), not including small corner stores, convenience stores and milk bars. This ratio does vary from location to location depending on the provision of such facilities and the socio-economic profile of the trade area population.

**TABLE 4.1 – THE BROADWAY PUNCHBOWL SUPERMARKET SALES POTENTIAL**

|                                                                                  | 2009         | Financial Year |              | 2021         |
|----------------------------------------------------------------------------------|--------------|----------------|--------------|--------------|
|                                                                                  |              | 2013           | 2016         |              |
| <b>Total Food &amp; Grocery (F&amp;G) Spending</b>                               |              |                |              |              |
| Primary Sector                                                                   | 67.9         | 70.9           | 73.5         | 78.1         |
| Secondary Sectors                                                                |              |                |              |              |
| • North                                                                          | 32.4         | 34.1           | 35.5         | 38.1         |
| • East                                                                           | 42.7         | 44.5           | 45.9         | 48.5         |
| • South                                                                          | <u>22.0</u>  | <u>23.2</u>    | <u>24.1</u>  | <u>25.8</u>  |
| Secondary Sector                                                                 | 97.2         | 101.8          | 105.6        | 112.4        |
| <b>Main Trade Area</b>                                                           | <b>165.1</b> | <b>172.7</b>   | <b>179.1</b> | <b>190.5</b> |
| <b>F&amp;G Spending to Supermarkets</b>                                          |              |                |              |              |
| Primary Sector (@ 55% incr. to 60% in 12/13)                                     | 37.4         | 42.6           | 44.1         | 46.9         |
| Secondary Sectors                                                                |              |                |              |              |
| • North (@ 55% incr. to 60% in 12/13)                                            | 17.8         | 20.5           | 21.3         | 22.9         |
| • East (@ 55% incr. to 60% in 12/13)                                             | 23.5         | 26.7           | 27.6         | 29.1         |
| • South (@ 55% incr. to 60% in 12/13)                                            | <u>12.1</u>  | <u>13.9</u>    | <u>14.5</u>  | <u>15.5</u>  |
| Secondary Sector (@ 55% incr. to 60% in 12/13)                                   | 53.5         | 61.1           | 63.3         | 67.4         |
| <b>Main Trade Area (@ 55% incr. to 60% in 12/13)</b>                             | <b>90.8</b>  | <b>103.6</b>   | <b>107.5</b> | <b>114.3</b> |
| <b>F&amp;G Spending Retained by TA Smkts</b>                                     |              |                |              |              |
| Primary Sector (@ 20% incr. to 65% in 12/13)                                     | 7.5          | 27.7           | 28.7         | 30.5         |
| Secondary Sectors                                                                |              |                |              |              |
| • North (@ 15% incr. to 65% in 12/13)                                            | 2.7          | 13.3           | 13.8         | 14.9         |
| • East (@ 50% incr. to 70% in 12/13)                                             | 11.8         | 18.7           | 19.3         | 20.4         |
| • South (@ 15% incr. to 35% in 12/13)                                            | <u>1.8</u>   | <u>4.9</u>     | <u>5.1</u>   | <u>5.4</u>   |
| Secondary Sector (@ 30% incr. to 60% in 12/13)                                   | 16.2         | 36.9           | 38.2         | 40.6         |
| <b>Main Trade Area (@ 26% incr. to 62% in 12/13)</b>                             | <b>23.7</b>  | <b>64.5</b>    | <b>66.9</b>  | <b>71.1</b>  |
| F&G Sales from Beyond TA (@ 10% incr. to 32.5% in 12/13)                         | <u>2.6</u>   | <u>31.1</u>    | <u>32.2</u>  | <u>34.2</u>  |
| <b>Total F&amp;G Sales for TA Smkts</b>                                          | <b>26.3</b>  | <b>95.6</b>    | <b>99.1</b>  | <b>105.3</b> |
| General Merchandise Sales (@ 6%)                                                 | <u>1.7</u>   | <u>6.1</u>     | <u>6.3</u>   | <u>6.7</u>   |
| <b>Total TA Smkt Sales</b>                                                       | <b>28.0</b>  | <b>101.7</b>   | <b>105.4</b> | <b>112.0</b> |
| Smkt Floorspace in TA (sq.m)**                                                   | 2,750        | 12,927         | 12,927       | 12,927       |
| Average Trading Level (\$/sq.m)                                                  | 10,193       | 7,866          | 8,155        | 8,667        |
| <b>Distribution of TA Smkt Sales</b>                                             |              |                |              |              |
| The Broadway Punchbowl Smkt                                                      | 0.0          | 32.3           | 33.5         | 35.7         |
| Other TA Supermarkets**                                                          | <u>28.0</u>  | <u>69.3</u>    | <u>71.9</u>  | <u>76.4</u>  |
| <b>Total TA Smkt Sales</b>                                                       | <b>28.0</b>  | <b>101.7</b>   | <b>105.4</b> | <b>112.0</b> |
| *Constant 2008/09 dollars & Including GST                                        |              |                |              |              |
| **Existing supermarket in MTA as at March 2010 are Punchbowl IGA and Lakemba IGA |              |                |              |              |

- In the defined The Broadway Punchbowl main trade area, the proportion of spending to supermarkets is currently estimated at 55% given the low supermarket provision and the socio-economic profile of the population which means residents are more likely to spend at themed local food retailers. This proportion is projected to increase to 60% with the addition of the proposed supermarkets at The Broadway Punchbowl, Greenacre and Lakemba Palms Plaza.
  - The next step in the analysis is to estimate the likely proportion of food and grocery expenditure which can be retained by main trade area supermarkets; specifically the proportion of expenditure that can be retained by the existing and proposed supermarket facilities within the main trade area as compared with the spending directed to supermarkets outside the main trade area at locations such as Centro Roselands, Centro Bankstown, Chullora Marketplace and Campsie.
  - Based on the defined main trade area, it is estimated that 26% of the food and grocery spending directed to supermarkets is retained by the existing supermarkets, including 20% in the primary sector. Around \$3 in every \$4 of main trade area resident supermarket food and grocery spending is estimated to be escaping the trade area. After the addition of the proposed supermarkets, the level of retained spending is projected to increase to 62%.
  - Additionally, an estimated 32.5% of total supermarket sales are likely to be attracted from beyond the defined main trade area, reflecting the locations of the proposed Greenacre and Lakemba supermarkets on the edge of the main trade area.
- vi. The steps detailed above generate the annual estimates of food and grocery spending available to supermarkets within the main trade area. On this basis, after The Broadway Punchbowl development and the two other proposals, this figure is projected at \$95.6 million in 2012/13, an increase from the current level of

\$26.3 million. These projected figures do not include retail inflation, thus the increase shown over this time period reflects real growth.

- vii. In 2015/16, available food and grocery spending directed to main trade area supermarkets is projected to increase to \$99.1 million, with further growth to \$105.3 million in 2020/21, expressed in constant 2009 dollar terms.
- viii. Finally, in order to estimate the total likely sales volume available to main trade area supermarkets, additional components of sales other than food and grocery sales is allowed for. The major component of sales other than food and grocery sales that supermarkets typically include are general merchandise and non-food items. Non-food items typically generate around 6% of total store sales for modern supermarket chains.
- ix. On this basis, the total volume of sales available to main trade area supermarkets is estimated to increase from the current level of \$28.0 million to \$101.7 million in 2012/13 and further to \$112.0 million in 2020/21.
- x. The existing supermarkets in the main trade area are estimated to be recording sales of around \$10,200 per sq.m, which is well above the average sales level recorded by major supermarkets throughout Australia of around \$8,000 per sq.m. Supermarkets throughout the area are understood to trade at levels higher than the Australian average reflecting the under provision of supermarket floorspace to serve these residents.
- xi. After the addition of the proposed The Broadway Punchbowl supermarket and the Greenacre and Lakemba Palms Plaza stores in 2012/13, the average trading level for the supermarkets provided within the main trade area is projected at approximately \$7,900 per sq.m. Over time, sales for main trade area supermarkets (excluding inflation), would be expected to increase to \$8,700 by 2020/21.
- xii. At the bottom of Table 5.1, the distribution of sales for The Broadway Punchbowl supermarket as compared with the other supermarkets in the main trade area is detailed. The proposed The Broadway Punchbowl supermarket is projected to

achieve sales of \$32.3 million in 2012/13 with sales for the other supermarkets in the main trade area projected at \$69.3 million.

- xiii. Post the addition of the supermarket at The Broadway Punchbowl, the five other main trade area supermarkets are projected to achieve an average sales level of \$7,945 per sq.m. These supermarkets would still be viable.
- xiv. There are currently only three supermarkets provided within the defined main trade area, namely IGA at Punchbowl and IGA and Aldi at Lakemba. These stores are all less than 2,500 sq.m in size, significantly smaller than a major full-line offer of more than 3,000 sq.m. As such, these stores would not cater for the major weekly shop of local residents.
- xv. Taking the above into account, there is clearly demand for an additional supermarket at Punchbowl. The addition of a supermarket at the proposed The Broadway Punchbowl will provide a major full-line supermarket with an offer that will allow residents to undertake a full weekly shop locally.

#### 4.3 Total Centre Sales Potential

- i. The proposed The Broadway Punchbowl development will include a supermarket of 4,200 sq.m in addition to 2,400 sq.m of retail specialty floorspace.
- ii. The proposed supermarket is projected to achieve sales of \$32.3 million in 2012/13.
- iii. The retail specialty floorspace, based on an indicative composition prepared by this office and also a detailed inspection of existing retail floorspace throughout the area, is projected to achieve an average trading level of around \$5,896 per sq.m. Based on this trading level, the 2,400 sq.m of retail specialty floorspace is projected to achieve sales of \$14.2 million (i.e. 2,400 sq.m of retail specialty shop floorspace multiplied by \$5,896 per sq.m).
- iv. As summarised in Table 4.2, total retail sales for the planned retail component of the proposed The Broadway Punchbowl are projected at \$46.5 million in 2012/13

(constant dollars and including GST). The projected sales volume for the development would average \$7,045 per sq.m across all retail floorspace.

**TABLE 4.2 – PROJECTED CENTRE SALES, 2012/13**

| Component              | GLA<br>(sq.m) | Projected Sales* |              |
|------------------------|---------------|------------------|--------------|
|                        |               | (\$'000)         | (\$/sq.m)    |
| Supermarket            | 4,200         | 32,348           | 7,702        |
| Total Retail Specialty | 2,400         | 14,150           | 5,896        |
| <b>Total Retail</b>    | <b>6,600</b>  | <b>46,498</b>    | <b>7,045</b> |

\*Constant 2008/09 dollars & Including GST

- v. Table 4.3 provides a summary of the projected market shares for the retail component of the proposed The Broadway Punchbowl. With projected sales of \$46.5 million, the centre is projected to achieve a 9.5% market share of main trade area spending, with a 12.7% food share and a 5.1% non-food share. The centre is also projected to draw around 10% of sales from beyond the defined main trade area.
- vi. The primary sector is the area from which the proposed centre would draw the majority of the projected retail sales, with a 15.2% market share of primary sector retail spending including a 20.4% food market share.

**TABLE 4.3 – PROJECTED MARKET SHARES, 2012/13**

| Trade Area<br>Sector         | Retail Spending (\$M) |              |              | Centre Sales (\$M) |             |             | Centre Market Share |             |             |
|------------------------------|-----------------------|--------------|--------------|--------------------|-------------|-------------|---------------------|-------------|-------------|
|                              | Food                  | Non-food     | Total        | Food               | Non-food    | Total       | Food                | Non-food    | Total       |
| Primary Sector               | 104.1                 | 76.9         | 181.0        | 21.2               | 6.3         | 27.5        | 20.4%               | 8.2%        | 15.2%       |
| Secondary Sectors            |                       |              |              |                    |             |             |                     |             |             |
| • North                      | 49.0                  | 36.8         | 85.8         | 2.4                | 0.7         | 3.1         | 4.8%                | 1.9%        | 3.6%        |
| • East                       | 66.9                  | 48.6         | 115.5        | 4.4                | 1.3         | 5.7         | 6.6%                | 2.7%        | 4.9%        |
| • South                      | 34.2                  | 25.6         | 59.8         | 4.3                | 1.3         | 5.6         | 12.6%               | 5.0%        | 9.3%        |
| Secondary Sector             | 150.1                 | 111.0        | 261.1        | 11.1               | 3.3         | 14.3        | 7.4%                | 3.0%        | 5.5%        |
| <b>Main Trade Area</b>       | <b>254.1</b>          | <b>187.9</b> | <b>442.0</b> | <b>32.3</b>        | <b>9.6</b>  | <b>41.8</b> | <b>12.7%</b>        | <b>5.1%</b> | <b>9.5%</b> |
| Sales From Beyond Trade Area |                       |              |              | 3.6                | 1.1         | 4.6         |                     |             |             |
| <b>Total Centre</b>          |                       |              |              | <b>35.9</b>        | <b>10.6</b> | <b>46.5</b> |                     |             |             |

\*Constant 2008/09 dollars & Including GST

## 4.4 Sales Impacts

- i. This sub-section of the report outlines the likely sales impacts on competitive retail centres/facilities as a result of the development of the retail component of the proposed The Broadway Punchbowl.
- ii. It is important to note that impacts outlined in this report are indicative as it is difficult to precisely project the sales impact of the opening of a new store/centre on existing retail facilities. A number of factors can influence the impact on individual centres/retailers, including but not limited to:
  - Refurbishment/improvements to existing centres.
  - Expansions to existing centres.
  - Loyalty programs of existing retailers.
  - The existing centre mix and how it competes with the proposed development.
- iii. For all these reasons and other similar factors, sales impacts outlined in this report should be used as a broad indication.
- iv. Table 4.4 outlines projected sales impacts from the retail component of the proposed The Broadway Punchbowl. The steps involved in assessing the sales and impacts on competitive centres are presented as follows:
  - Step 1 - Estimate sales levels for existing centres in the 2008/09 financial year
  - Step 2 - Project sales for existing and proposed centres in the 2012/13 financial year, the first full year of trading for the proposed The Broadway Punchbowl. These projections allow for retail market growth and new retailers/centres. All sales projections in 2012/13 are presented in constant 2009 dollars (i.e. excluding inflation).

- Step 3 - Outline the change in sales at each centre in 2012/13 as a result of the development of The Broadway Punchbowl. Again, all sales are expressed in constant 2009 dollars.
- Step 4 - Show the impact on sales in 2012/13, both in dollar terms and percentage of sales.

**TABLE 4.4 – THE BROADWAY PUNCHBOWL PROJECTED CENTRE IMPACTS, 2009-2013**

|                                           | Unit | Estimated<br>2009 | Projected 2013 |           | Impact 2013 |        |
|-------------------------------------------|------|-------------------|----------------|-----------|-------------|--------|
|                                           |      |                   | Pre Dev.       | Post Dev. | \$M         | %      |
| <b>Regional Shopping Centres</b>          |      |                   |                |           |             |        |
| Centro Roselands                          | \$M  | 289.6             | 297.8          | 285.9     | -11.9       | -4.0%  |
| Bankstown                                 | \$M  | 387.5             | 398.4          | 382.5     | -15.9       | -4.0%  |
| <b>Sub-regional Shopping Centres</b>      |      |                   |                |           |             |        |
| Chullora Marketplace                      | \$M  | 110.0             | 115.4          | 112.0     | -3.5        | -3.0%  |
| Campsie**                                 | \$M  | 158.5             | 186.3          | 183.6     | -2.8        | -1.5%  |
| <b>Supermarket Based Shopping Centres</b> |      |                   |                |           |             |        |
| Punchbowl                                 | \$M  | 42.0              | 41.9           | 86.9      | 45.0        | 107.6% |
| • The Broadway Punchbowl (p)              | \$M  | 0.0               | 0.0            | 46.5      | 46.5        | n.a.   |
| • Other                                   | \$M  | 42.0              | 41.9           | 40.4      | -1.5        | -3.5%  |
| Lakemba**                                 | \$M  | 75.5              | 94.2           | 88.1      | -6.1        | -6.5%  |
| Riverwood Plaza                           | \$M  | 73.0              | 76.6           | 75.8      | -0.8        | -1.0%  |
| Greenacre**                               | \$M  | 10.0              | 40.5           | 37.1      | -3.4        | -8.5%  |

\*\* Assuming expansion by 2013

\*Constant 2008/09 dollars &amp; Including GST

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v. The key information outlined in Table 4.4 is summarised as follows:

- The planned retail component of the proposed The Broadway Punchbowl development is projected to record sales of \$46.5 million in 2012/13.
- Of this total, some \$11.0 million is projected as a result of a redirection of spending from competitive facilities in the main trade area, with the remainder (\$35.5 million) being a reduction in expenditure from facilities beyond the main trade area.
- The highest impacts on facilities within the main trade area will be on the proposed new supermarkets at Greenacre and Lakemba. There is a significantly

below average provision of supermarket floorspace in the main trade area and consequently, supermarkets are likely to trade at levels well above the national average. The projected impacts will not threaten the viability of any of the supermarkets.

- The impact on facilities in the remainder of Punchbowl will be relatively low reflecting the diverse retail offer. The IGA supermarket will continue to be viable. The proposed The Broadway Punchbowl will result in spending being retained in Punchbowl which will be to the benefit of surrounding retailers.
- The projected impacts on other facilities within the remainder of the Punchbowl will be less than the 5%, within the bounds of normal competition. There are only 22 food and grocery retail specialty shopfronts out of a total of 140 shopfronts in Punchbowl. It is these stores which would be likely to most directly compete with a supermarket offer at the proposed The Broadway Punchbowl site. This means that less than 16% of shops would be likely to compete directly with the proposed supermarket offer. Consumers, however, demand a range of shops for fresh food purchases. Further, the range of food retail shops at Punchbowl are mainly catering to the specific needs of the surrounding ethnically diverse population with a number of these shops being nationality specific traders. A supermarket offer would not replicate the offer of these stores.
- The proposed The Broadway Punchbowl will strengthen the retail offer of the precinct and provide the opportunity for existing retailers to benefit from the customer flows generated. Without the development of the proposed The Broadway Punchbowl, the precinct would be expected to be impacted by the development of supermarkets and other retail facilities at nearby centres including Greenacre and Lakemba. The development of the proposed The Broadway Punchbowl would provide a major full-line supermarket offer at Punchbowl, which would allow the precinct to compete with these expanded centres.

- All other retail facilities in the region are projected to be impacted by less than 10% including Centro Roselands and Centro Bankstown. The impact of these centres will mainly fall upon the successful major full-line supermarkets that anchor each of these centres. On average, projected impacts are substantially less than 10% and well within the normal competitive range.
  - In total, more than 50% of the projected sales for the planned retail component of the proposed The Broadway Punchbowl would be expected to come from the regional shopping centres within 2 – 3 km of Punchbowl. These centres will continue to remain viable, reflecting the wide regional draw of these centres and the significant non-food offer at each that that would in no way be impacted from the development of a supermarket and retail specialty shops at Punchbowl.
  - Other minimal impacts are likely to be spread across a range of centres. In all of these instances, projected impacts would be low and would in no way impact on the viability of any retailers or centres.
- vi. The development of the planned retail component of the proposed The Broadway Punchbowl will not impact on the ability of other retailers to operate in the future due to the significant population in the area and the under provision of supermarket floorspace. The proposed development would not compete with the majority of shopfronts in Punchbowl. There is substantial demand for all facilities.

#### 4.5 Employment and Consumer Impacts

- i. The development of the planned retail component of the proposed The Broadway Punchbowl will result in a range of important economic benefits. These key positive employment and consumer impacts will include the following:
  - The provision of a wider range of shopping facilities for local residents, including a major full-line supermarket and retail specialty floorspace in a convenient location.

- The retail component of the development is projected to employ around 354 persons as summarised in Table 4.5. Taking a conservative view and allowing for an estimated 10% of the total increase to be as a result of the reduced employment at existing retail facilities, the net additional jobs are estimated at 319.
- The additional 319 permanent retail employees would earn an average annual wage of around \$28,800 as sourced from the ABS. This represents an additional \$9.2 million in salary and wages for the local economy, directly as a result of the retail component of the proposed development.
- Further jobs would be created from the supplier induced multiplier effects as a result of the retail jobs for the on-going running of the retail component of the proposed The Broadway Punchbowl as well as from the construction of the development. Jobs created are full-time equivalent jobs, which may include both full-time and part-time positions. In total, some 302 jobs are projected to be created in the broader community, based on ABS Input/Output Multipliers (refer Table 4.6).
- The retail component of the proposed The Broadway Punchbowl will create a substantial number of additional jobs, both for the construction and related industries during the construction phase of the development and for the economy generally once the development is completed.
- The estimated total capital costs for the construction of the development are \$30 million. By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of \$23.6 million (i.e. in 1996/97 dollars), it is estimated that the construction period of the retail component of the proposed The Broadway Punchbowl would create some 165 jobs (refer Table 4.7).
- The additional construction jobs (165), will result in a further 264 jobs in the broader community based on ABS Input/Output Multipliers (refer Table 4.7).

**TABLE 4.5 – ESTIMATED EMPLOYMENT IMPACT**

| Type of Use                                                                                                                                                                     | Estimated Employment<br>Per '000 sq.m | <u>The Broadway Punchbowl</u><br>Change in GLA<br>(sq.m) | Employment<br>(persons) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------|-------------------------|
| Supermarket                                                                                                                                                                     | 50                                    | 4,200                                                    | 210                     |
| Retail Specialty Shops                                                                                                                                                          | 60                                    | 2,400                                                    | 144                     |
| <b>Total Centre<sup>1</sup></b>                                                                                                                                                 |                                       | <b>6,600</b>                                             | <b>354</b>              |
| <b>Net Increase<sup>2</sup></b>                                                                                                                                                 |                                       |                                                          | <b>319</b>              |
| <p>1. Excludes non-retail components.</p> <p>2. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase</p> |                                       |                                                          |                         |

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**TABLE 4.6 – ESTIMATED EMPLOYMENT IMPACT**

| Original Stimulus                                                                                                                                                                                                                                              | Direct Employment | Supplier Employment<br>Multiplier Effects | Total |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------|-------|
| Centre Employment <sup>1</sup>                                                                                                                                                                                                                                 | 319               | 302                                       | 621   |
| <p>* Employment totals include both full-time and part-time work</p> <p>1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development</p> <p>Source : Australian National Accounts: Input-Output Tables 1996-97</p> |                   |                                           |       |

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**TABLE 4.7 – ESTIMATED CONSTRUCTION EMPLOYMENT IMPACT**

| Original Stimulus                                                                                                                                                                                                                                                                                                                                                             | Estimated Capital Costs (\$M) <sup>1</sup> | Direct Employment | Supplier Employment<br>Multiplier Effects | Total |                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------|-------------------------------------------|-------|------------------------|
| Construction of Project                                                                                                                                                                                                                                                                                                                                                       | 23.6                                       | 165               | 264                                       | 429   | Job Years <sup>2</sup> |
| <p>* Employment totals include both full-time and part-time work</p> <p>1. Adjusted by inflation and productivity to 1996/97 Dollars</p> <p>2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year</p> <p>Source : Australian National Accounts: Input-Output Tables 1996-97</p> |                                            |                   |                                           |       |                        |

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## 5 NEEDS ANALYSIS

The final section of this report summarises the key conclusions of the impact analysis for the planned retail component of the proposed The Broadway Punchbowl.

‘Need’ or ‘Community Need’ in a planning sense is a relative concept that relates to the overall wellbeing of a community. A use is needed, for example, if it would, on balance, improve the services and facilities available in a locality. The reasonable demands and expectations of a community are important, therefore, in assessing need.

A number of important factors that relate to need, particularly economic need, include:

- Population and supermarket demand
- Consumer Trends
- Supply of retail facilities.
- Impacts on existing retail facilities.
- Location.
- Net community benefits.

### 5.1 Population and supermarket demand

- i. In Australia, there is one major supermarket of around 3,000 sq.m provided for every 8,000 – 9,000 persons.
- ii. The provision of supermarket floorspace throughout the defined main trade area is well below the Australian average of 330 sq.m per 1,000 persons across each sector. The main trade supermarket floorspace provision is currently less than 20% of the Australian average.
- iii. The provision of supermarket floorspace in the primary sector, at 37 sq.m per 1,000 persons, is around 11% of the Australian average.

- iv. Taking the above into account, there is clearly demand for an additional supermarket at Punchbowl. The addition of a major full-line supermarket at The Broadway Punchbowl will allow residents to undertake a full weekly shop locally. The addition of this tenant would result in the retention of customers in the Punchbowl retail and commercial precinct, with all other retailers standing to benefit from higher customer flows.
- v. Even allowing for the addition of a supermarket of 4,200 sq.m at The Broadway Punchbowl, a Coles supermarket of 4,026 sq.m at Greenacre (secondary north sector) and a supermarket of 1,951 sq.m at Lakemba Palms Plaza (secondary east sector) by 2012/13, the main trade are supermarket floorspace provision at 199 sq.m per 1,000 persons would be around 60% of the Australian average. The primary sector supermarket floorspace provision at 255 sq.m per 1,000 persons would be around 77% of the Australian average. This is a significant undersupply and would indicate that a substantial amount of supermarket spending would be escaping the local area.

## 5.2 Consumer Trends

- i. There is a strong need for convenience shopping facilities and a wider choice of facilities within close proximity to the homes of residents of Punchbowl. Consumers visit supermarkets, on average, two to three times a week.
- ii. Over the past five years, there has been an increasing trend towards convenience shopping. This trend has been largely driven by broader social trends that have resulted in consumers becoming more time poor. These social trends include:
  - Longer working hours.
  - An increase in the numbers of women in the labour force.
- iii. Time pressures are ranked at the top of the list of issues that consumers face when undertaking their regular food and grocery shopping.

- iv. As a result of the increasing time pressures that consumers face when it comes to food and grocery shopping, there is growing demand for convenience shopping facilities to meet the needs of local residents.
- v. There are a limited number of convenience based facilities in the south-western suburbs of Sydney with major supermarket facilities only provided at the larger regional shopping centres.

### 5.3 Supply of Retail Facilities

- i. The development of the planned retail component of the proposed The Broadway Punchbowl would provide a major full-line supermarket in addition to a provision of retail specialty shops.
- ii. The proposed supermarket offer would cater to the needs of the local population and allow them to undertake a weekly food and grocery shop.

### 5.4 Impacts on Existing Retailers

- i. The analysis of impacts provided in the previous section of this report shows the projected impacts on other retailers throughout the region from the development of the planned retail component of the proposed The Broadway Punchbowl will not threaten the viability or continued operation of any centres.
- ii. The majority of projected impacts would fall on other major full-line supermarkets at the larger regional shopping centres, which are all understood to trade at levels well above the national average. The viability of these supermarkets would not be impacted with the addition of a supermarket at Punchbowl with all supermarkets to continue to trade successfully at levels above the national average.
- iii. The impacts for the proposed supermarket based development are only likely to be experienced by competitive centres in the short-term, and these centres stand to benefit from market growth after these impacts have been absorbed.

- iv. The proposed development will enhance the attraction and offer of the Punchbowl retail and commercial precinct. Other retailers in the area stand to benefit from the additional customers attracted to the precinct. With competitive supermarket developments in the surrounding area including at Greenacre and Lakemba, Punchbowl will become a less attractive retail precinct than these locations if a full-line supermarket is not provided at Punchbowl.
- v. The inclusion of a major full-line supermarket will result in local residents being able to undertake a weekly food and grocery shop at Punchbowl instead of travelling to larger and more inconvenient centres outside of the area. Resident spending that is currently escaping the area, particularly food and grocery spending, will remain local.

## 5.5 Location

- i. The site of the proposed The Broadway Punchbowl would promote pedestrian accessibility and cross shopping with other facilities and would provide an anchor tenant for the precinct which is currently lacking.
- ii. The high profile site would be very convenient and easily accessible for the local population.
- iii. Currently, IGA at Punchbowl promotes limited cross shopping due to its location at a very busy intersection and the lack of any significant provision of carparking.

## 5.6 Net Community Benefits

- i. It is the conclusion of this report that a substantial net community benefit will result from development of the planned retail component of the proposed The Broadway Punchbowl. Offsetting the trading impacts on some existing retailers, there are very substantial positive impacts including the following:
  - Significant improvement in the range of retail facilities that will be available to residents, particularly in terms of convenient supermarket retailing. Currently, residents of the region have little choice in terms of supermarket location, and

the addition of the proposed supermarket will likely improve choice of location and also allow for price competition.

- Further, residents of the region should be provided with a wider range of conveniently located retail specialty shops within close proximity to their homes.
- The creation of additional employment which will result from the project, both during the construction period, and more importantly, on an ongoing basis once the development is completed and operational.

- ii. It is concluded that the combination of the substantial positive economic impacts serve to more than offset the trading impacts that could be anticipated for a small number of the existing retail stores, particularly supermarkets, in the region. Further, the impacts would not threaten the viability of any of these retailers or centres.

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