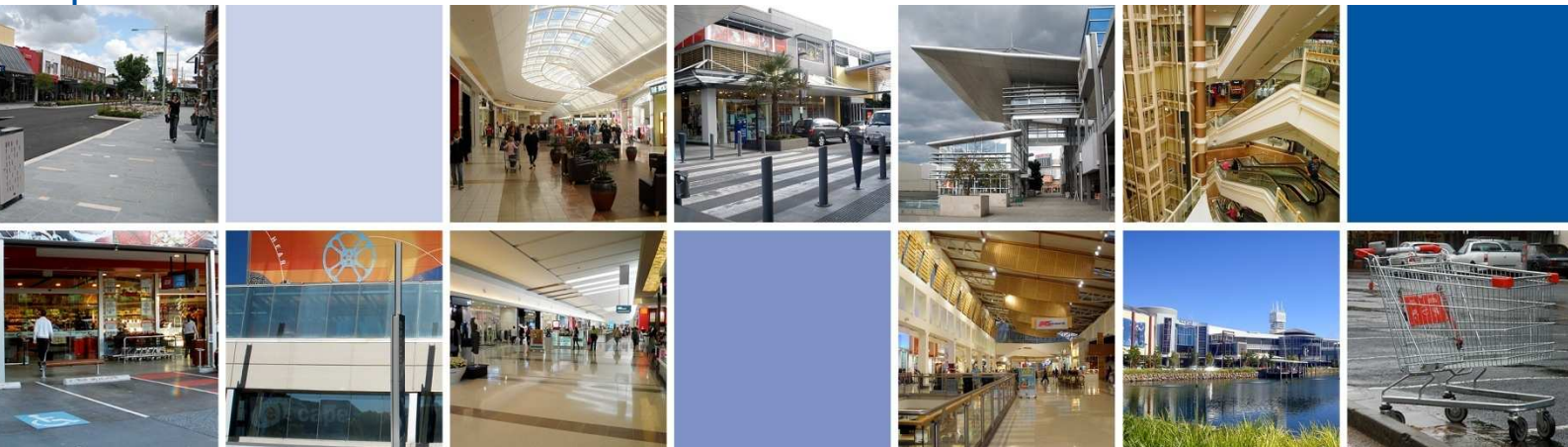


Neighbourhood Centre, Goulburn NSW

Economic Impact Assessment

August 2012



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Introduction

This report presents an assessment of retail need and economic impacts in regards to a planning proposal lodged at a site on the corner of Marys Mount Road and Crookwell Road in Goulburn NSW.

The site is currently zoned B1 – Neighbourhood Centre, under the existing Goulburn-Mulwaree Local Environmental Plan (LEP) however retail floorspace is limited to 1,000 sq.m in this zone. This report examines whether there is sufficient market demand to support a larger provision of retail floorspace at the subject site.

This report has been prepared under instruction from Goulburn-Mulwaree Council and is structured as follows:

- **Section 1 – Background:** provides an overview of the subject site; details the composition of the planning proposal; provides an overview of relevant retail trends and provides a review of the relevant planning and policy context.
- **Section 2 – Trade area analysis:** examines the relevant trade area for the planning proposal; provides estimates of anticipated population levels within the trade area; analyses the socio-demographic profile of the trade population; and assesses retail expenditure volumes that will be generated by the trade area population.
- **Section 3 – Competition:** examines the surrounding competitive centres network as it relates to retail within Goulburn, including existing and future centres of relevance to the planning proposal.

- **Section 4 – Need and demand:** assesses the overall demand for supermarket floorspace generated by residents within Goulburn generally and compares demand with existing supply of supermarket floorspace to estimate the present and future market gap for supermarket floorspace within Goulburn. This section also assesses the market shares that the retail facilities at the subject site could achieve from the main trade area and the appropriate scale and timing of retail floorspace at the subject site.
- **Section 5 – Impacts and benefits:** presents our estimates of likely trading impacts on the surrounding retail network, in particular the Goulburn Central Business District; examines the likely consequences of such impacts; and also examines the net community benefits of the development, including employment generation.
- **Section 6 – Conclusions:** summarises the key findings from the analysis and our recommendation in regards to the suitability of the planning proposal and the current planning controls for the B1 – Neighbourhood Centre zone.

Section 1: Background

This section of the report details the regional and local context of the subject site; examines recent trends of relevance to retail facilities at the subject site and reviews the relevant strategic planning and policy framework as it relates to the planning proposal and retail development within Goulburn-Mulwaree.

1.1 Regional context

Goulburn is a major regional centre in the Southern Tablelands region of New South Wales (NSW), situated adjacent to the Hume Highway, approximately 80 km north-east of Canberra and 200 km south-west of Sydney.

The Goulburn Central Business District (CBD) is the commercial heart of the Goulburn-Mulwaree LGA and surrounding region and accommodates the majority of traditional retail and commercial floorspace within the LGA.

The CBD Masterplan Economic Assessment prepared in 2008, estimated retail floorspace within the CBD in the order of 40,000 sq.m, including automotive retail, and bulky goods retailers such as Harvey Norman and Retravisson. Since then, Target has also located within the CBD.

The CBD is the key commercial and administrative node for the Goulburn-Mulwaree LGA and surrounding region and also accommodates the majority of accommodation and entertainment uses.



Map 1.1: Goulburn, Regional Context

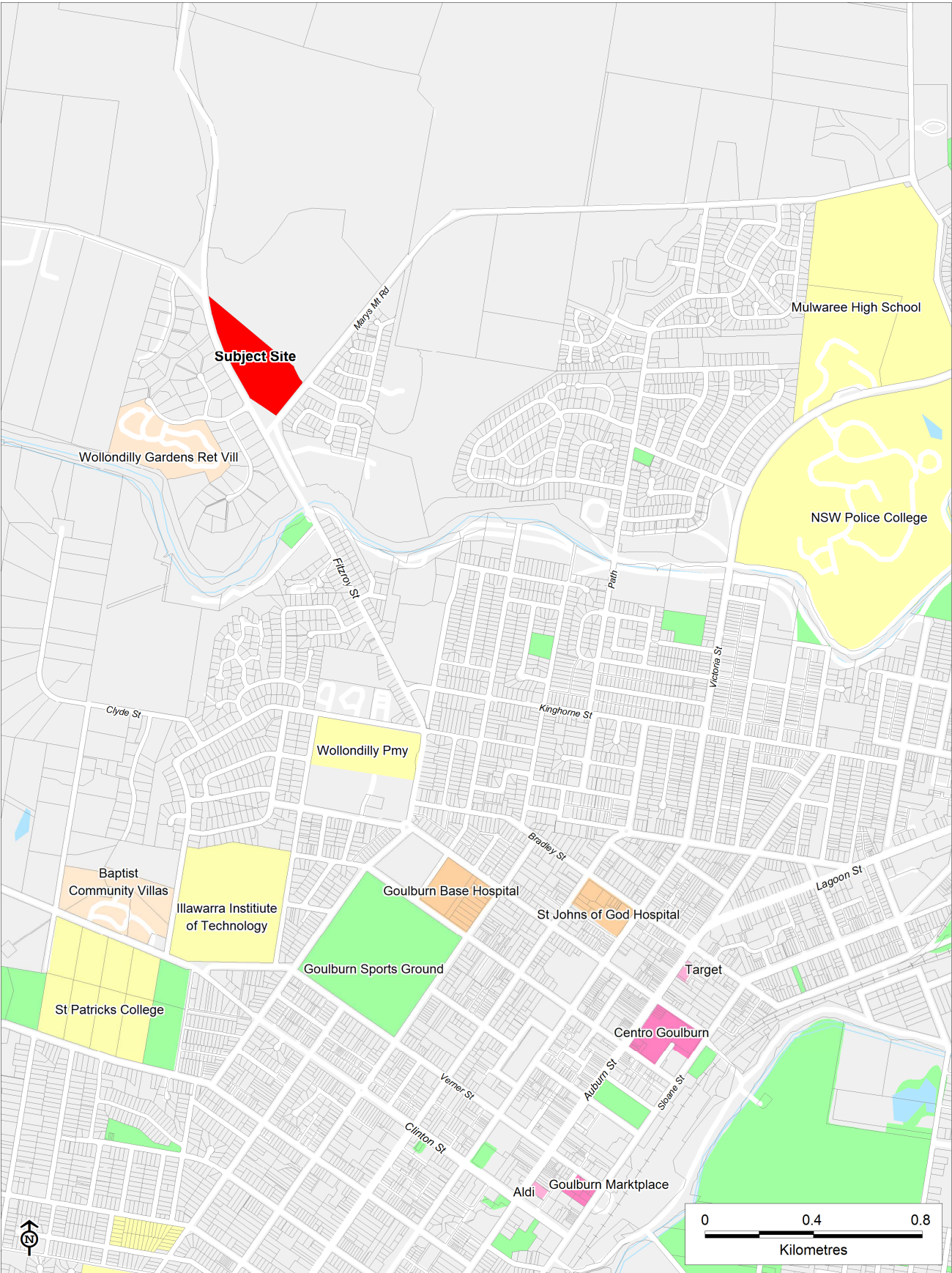
1.2 Local context

The subject site is situated at the intersection of Marys Mount Road and Crookwell Road, approximately 3km north of the Goulburn CBD. The six (6) hectare subject site is currently zoned 'B1 - Neighbourhood Centre' under the Goulburn-Mulwaree Local Environmental Plan (LEP) 2009.

The closest supermarket facilities are those located within the Goulburn CBD, including Woolworths and Aldi at Goulburn Marketplace and Coles at Centro Goulburn. There is a very limited provision of retail north of the Wollondilly River, which includes the Bradfordville Shops and Friendly Grocer at Crestwood Drive. Another planned centre on the corner of Marys Mount Road and Monastery Drive has not eventuated.

The subject site is located at the south-west corner of the Marys Mount Release Area, a significant residential growth front that could support over 2,000 lots once developed to capacity.

The site is highly accessible for existing and future residents within this area of Goulburn and is a strategic location for a neighbourhood centre.



Map 1.2: Goulburn
Site Location

■	Subject Site	■	Hospital
■	Shopping Centre	■	Retirement Village
■	Retail	■	Park/Reserve
■	Education		

1.3 Planning proposal

A planning proposal has been lodged in respect to the subject site, which has been zoned 'B1 - Neighbourhood Centre' since the adoption of the Goulburn-Mulwaree LEP in 2009. Neighbourhood shops are permissible in the Neighbourhood Centre zone although Clause 5.4 in the LEP limits retail floorspace to 1,000 sq.m.

The planning proposal seeks to allow up to 4,500 sq.m of neighbourhood shops at the subject site, including a supermarket of 3,200 sq.m and 1,300 sq.m of ancillary retail.

In addition to this, the planning proposal seeks to provide a mixed recreational facility of 22,332 sq.m including a motel, tavern, function centre and sport centre; a 3,800 sq.m service station, with 80 sq.m of associated retail; and 2,500 sq.m of fast food outlets as well as shop-top housing. However these uses are currently permissible under the LEP.

Table 1.1
Goulburn - Planning proposal composition

Land Use	Floor Area	Permissibility
Recreational facility	22,332	Permissible
– Motel		
– Tavern		
– Function Centre		
– Sport Centre		
Service Station	3,800	Permissible
Service Station - Retail	80	Permissible
Fast Food Outlets (3)	2,500	Permissible
Retail - Supermarket	3,200	Not permissible
Retail - Ancillary	1,200	Not permissible
Shop Top Housing	Unknown	Permissible

Source: Goulburn-Mulwaree Council

1.4 Retail trends

In the 20 years preceding the Global Financial Crisis (GFC) the retail sector in Australia grew at about 1.3-1.5% per annum in real terms, with particularly strong growth in new formats through the 1990's and 2000's, e.g. bulky goods retail, fuelled by strong population growth and new housing development.

The growth in retail expenditure and consequent retail floorspace over this time occurred during an extended boom cycle of 15 years, fuelled in the latter years by an over-reliance on credit and a global economy driven by debt. Prior to the GFC, the household savings ratio in Australia was negative, at about -2%.

In the years since the GFC, there has been a significant change in household consumption behaviour, as well as a marked slowdown in retail development. Since the GFC there have been further major global economic crises, most recently the European sovereign debt crisis.

Other factors, including house price stabilisation, the rise of internet retailing in some categories, changes in consumer preferences to more experience-based retailing, a redistribution of household consumption expenditure and a historically high household savings ratio (11-12%), have all impacted negatively on Australia's retail sector.

The GFC has also resulted in structural shifts in the retail sector with much tighter financing conditions for major retail developments. This has meant developments are typically subject to much greater market testing and require demonstrated demand and turnover threshold levels to be met in order to proceed. Essentially, lenders are highly unlikely to finance new development unless there is demonstrated demand growth.

While there has been a large increase in household savings ratios, consumers have not closed their wallets. Increased price pressures for household utilities, education and transport have eroded household budgets, while the strong Australian dollar has meant residents are travelling overseas in record numbers, with some 8 million short-term resident departures in the year to June 2012.

Convenience retailing has held up strongly as the old adage 'people need to eat' continues to hold true. While total retail trade as measured by the Australian Bureau of Statistics (ABS) was up 2.9% over the year to March 2012, food retailing recorded a much greater 4.3% growth for the year.

This growth compares with declines recorded in department stores (-1.7%) and clothing/apparel stores (-2.3%) sales. It is expected that food (and non-discretionary) retailing will continue to grow strongly within Australia, due to the strong employment market and continuing population growth.

MacroPlan Dimasi benchmark data show that sales for neighbourhood supermarket anchored centres grew by 3.3% in the year to March 2012, while sales for DDS anchored centres grew by 2.7% and regional centre sales by just 0.1%, the latter impacted by tenancy mixes weighted towards fashion and department stores.

Furthermore, food based and convenience oriented centres will face much less competition from internet penetration than fashion and apparel based centres.

The rise of internet retailing has eroded the market share of some retail categories (i.e. fashion, music), however in general this trend is not expected to impact noticeably on land use planning for physical retail space. The market penetration of internet retailing into the supermarket sector within Australia has been minimal to date, and in any case most of the fulfilment of internet orders is actually undertaken from supermarket outlets, i.e. the 'bricks and mortar' store, and not via distribution centres, for reasons of viability.

The typical drivers of supermarket floorspace demand, therefore, remain very strong within the Goulburn region, and will continue to do so in the future. The key drivers include population growth and growth in real incomes which leads to real expenditure growth.

Section 2: Trade area analysis

This section of the report details the potential trade area that could be served by retail facilities at the subject site, including current and forecast population levels, the socio-demographic profile of trade area residents and estimates of their current and projected retail expenditure levels.

This section also assesses these characteristics for the broader Goulburn region, in order to determine whether there is a market gap for additional retail facilities within Goulburn.

2.1 Trade area definition

The extent of the trade area or catchment that is served by any retail development is shaped by the interplay of a number of critical factors. These factors include:

- The relative attraction of the centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.
- The proximity and attractiveness of competitive retail centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre is effectively able to serve.
- The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre.
- Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre.

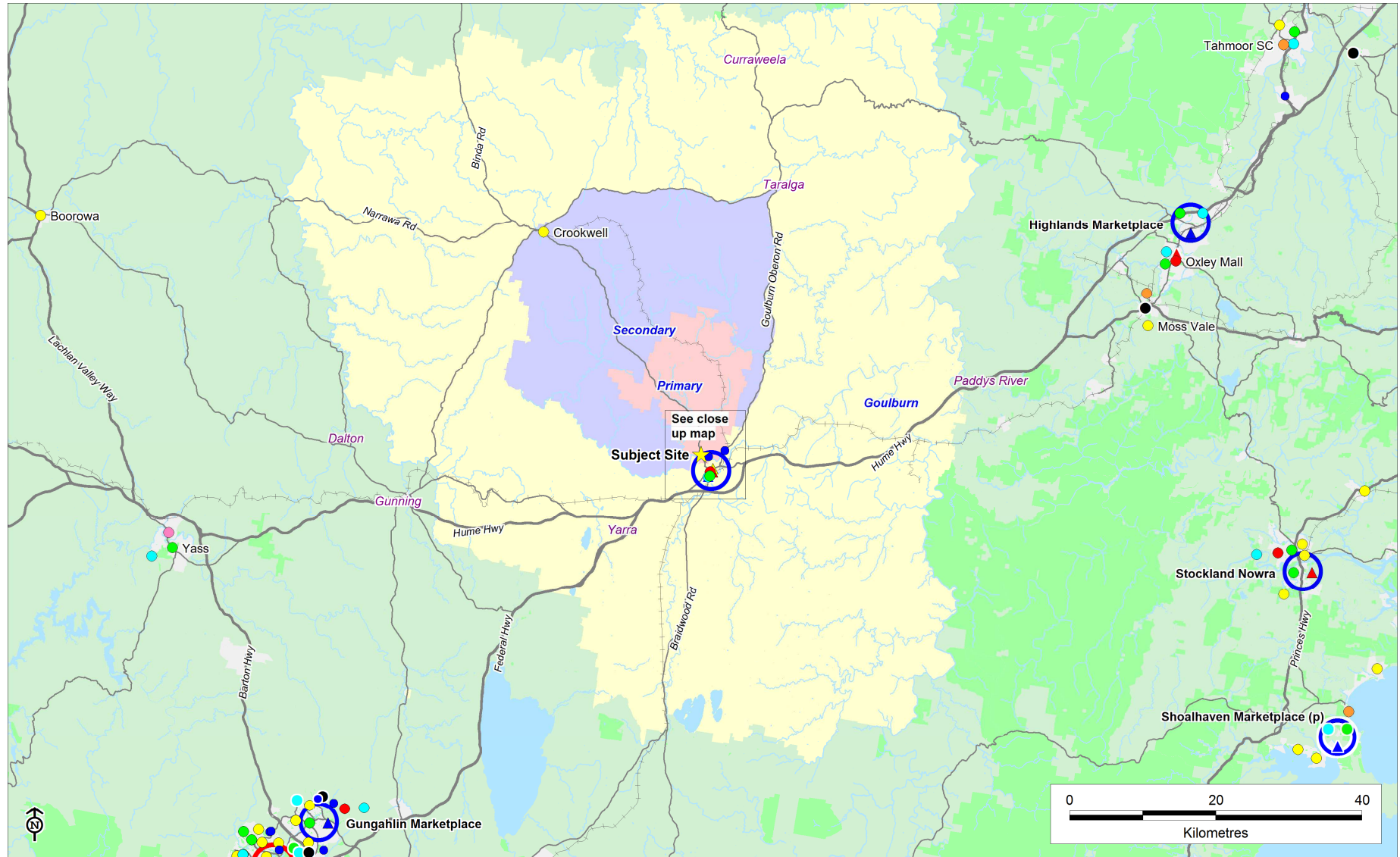
On this basis, the potential trade area served by potential supermarket facilities at the subject site has been defined to include a primary and a secondary sector, illustrated on Map 2.1 and Map 2.2 (close up) and described below:

- The **primary sector** extends about 15-20 km north including the Marys Mount release area and extends about 1.5km south to Newton Street, south of the Wollondilly River. This sector will comprise about 70% of overall trade at the centre.
- The **secondary sector** extends north from the primary sector a distance of about 40-50 km towards, and including, Crookwell and Taralga. This sector will comprise about 20% of overall trade at the centre.

The combination of the primary and secondary sector is referred to as the **main trade area** throughout the remainder of this report. We expect an additional 10% of trade to be generated from beyond the defined trade area.

In addition to the main trade area, we have also examined the broader trade area for the Goulburn region, in order to assess the size of any surplus/shortfall in supermarket supply generally, and the appropriateness of additional supermarket facilities within Goulburn.

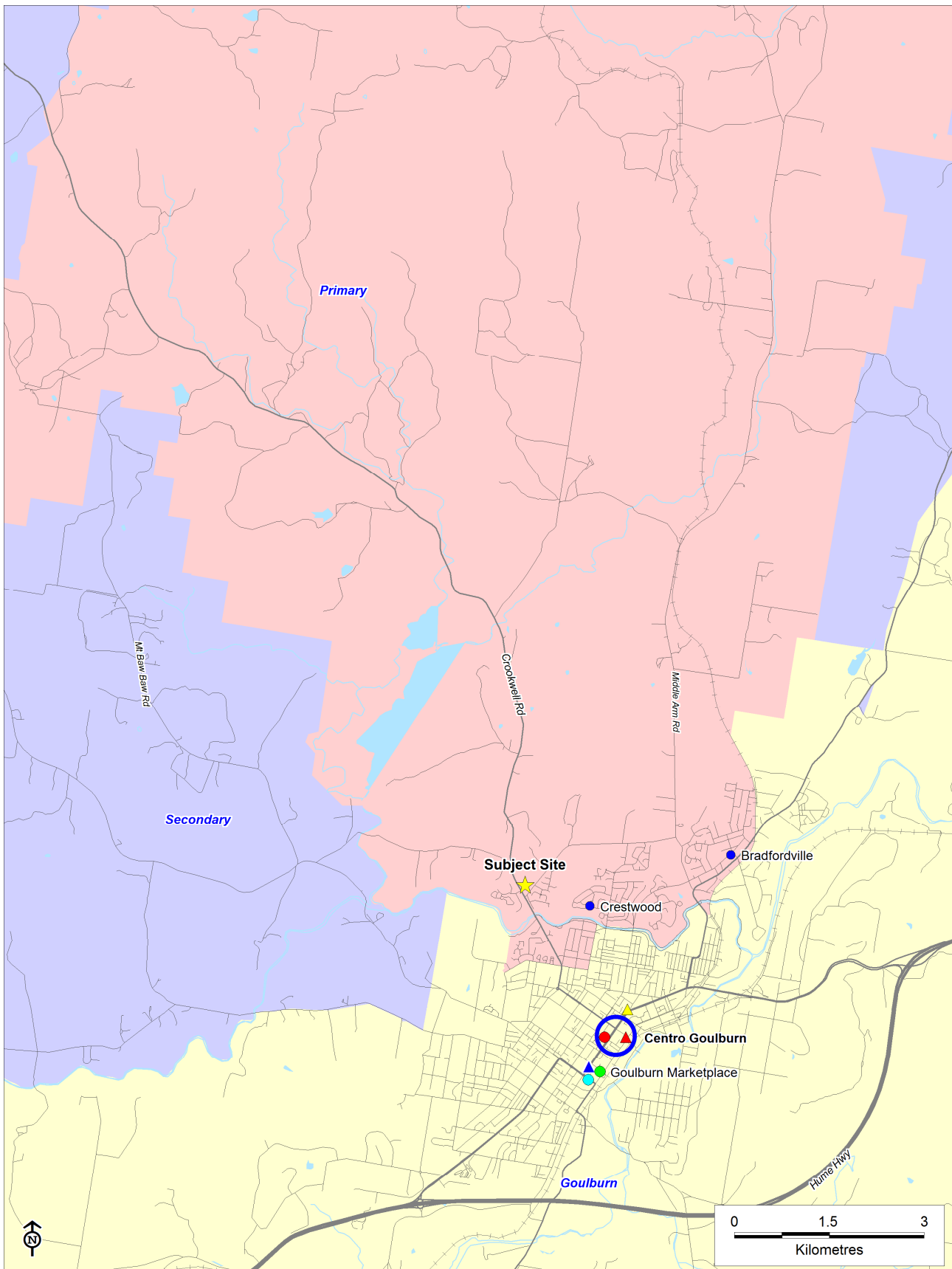
- The **Goulburn region trade area** includes an area extending approximately 40-60 km in all directions and is determined in part by the locations of competitive facilities at Mittagong and Bowral to the east and towards Yass and Canberra to the west and south-west.



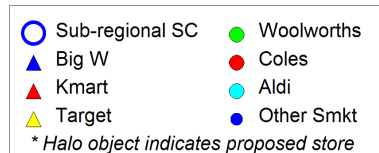
Map 2.1: Goulburn
Goulburn Region Trade Area & Competition

* Halo object indicates proposed store

- | | | |
|-------------------|--------------|----------------|
| ○ Sub-regional SC | ● Woolworths | ● Aldi |
| ▲ Big W | ● Coles | ● IGA |
| ▲ Kmart | ● Bi-Lo | ● Other Smkt |
| ▲ Target | ● Franklins | ● Unknown Smkt |



Map 2.2: Goulburn
Main Trade Area & Competition



2.2 Trade area population

The main trade area includes the current and future population of the Marys Mount release area as well as residents in the broader region towards Crookwell and Taralga. In determining the current and future population of the trade area we have relied upon a range of sources, including the following:

- Australian Bureau of Statistics Census Data (2001, 2006, 2011)
- Australian Bureau of Statistics Estimated Resident Population (2007-2011)
- Australian Bureau of Statistics Dwelling Approvals (2006-2011)
- NSW Department of Planning and Infrastructure (DPI) Household and Population projections (2006-2036)
- Other information sources including State government and Council planning documents regarding surrounding residential dwelling growth.

Table 2.1 shows the current main trade area population at June 2012 contained approximately at 10,700 persons, of which about 7,100 persons were within the key primary sector.

Historical population growth within the primary sector has been moderate, at 0.8% per annum between 2006 and 2011, while secondary sector growth has been negligible. Across the broader Goulburn region trade sector, population growth has been slightly stronger, averaging about 1.0% between 2006 and 2011.

We expect moderate growth to continue in the short-term, however we expect growth rates to increase over the medium to longer term, as the Goulburn-Mulwaree economy matures further to become a more prominent focal point between Sydney and Canberra.

The Sydney-Canberra Corridor Regional Strategy indicated that the Goulburn-Mulwaree region was expected to accommodate a dwelling target of 2,000 new dwellings between 2008 and 2031.

An analysis of approved and planned sub-divisions across the main trade area indicates that future dwelling and population growth could be expected to grow steadily with several areas around Goulburn having experienced recent sub-division activity.

Lot and dwelling production in the main trade area will be predominantly within the primary sector and this sector will be the key driver of overall main trade area population. Secondary trade area growth is expected to be negligible over the next 10-15 years.

Having regard for the above factors, population in the primary trade area is estimated to increase to 8,300 persons by 2021 and up to 10,200 persons by 2031, at an average growth rate of 1.8% per annum. The main trade area population is expected to increase from 10,600 persons to 14,100 persons in this timeframe.

The broader Goulburn region trade area is expected to grow from 33,200 persons in 2012 to 38,500 persons in 2031, at average growth rate 0.8% per annum. This is an increase of about 5,300 persons over the next 20 years.

Table 2.1

Goulburn Neighbourhood Centre - trade area population, 2006-2031*

Trade area	Estimated population			Forecast population			
	2006	2011	2012	2016	2021	2026	2031
Primary sector	6,720	7,010	7,085	7,505	8,255	9,155	10,175
Secondary sector	<u>3,510</u>	<u>3,560</u>	<u>3,570</u>	<u>3,610</u>	<u>3,710</u>	<u>3,810</u>	<u>3,910</u>
Main trade area	10,230	10,570	10,655	11,115	11,965	12,965	14,085
Goulburn Region	32,090	32,933	33,168	34,028	35,378	36,878	38,478

Trade area	Average annual growth (no.)					
	2006-11	2011-12	2012-16	2016-21	2021-26	2026-31
Primary sector	58	75	105	150	180	204
Secondary sector	<u>10</u>	<u>10</u>	<u>10</u>	<u>20</u>	<u>20</u>	<u>20</u>
Main trade area	68	85	115	170	200	224
Goulburn Region	169	235	215	270	300	320

Trade area	Average annual growth (%)					
	2006-11	2011-12	2012-16	2016-21	2021-26	2026-31
Primary sector	0.8%	1.1%	1.5%	1.9%	2.1%	2.1%
Secondary sector	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>
Main trade area	0.7%	0.8%	1.1%	1.5%	1.6%	1.7%
Goulburn Region	0.5%	0.7%	0.6%	0.8%	0.8%	0.9%

*As at June

Source: ABS; NSW Department of Planning and Infrastructure 2008; MacroPlan Dimasi

2.3 Socio-demographic profile

Table 2.2 illustrates the socio-demographic profile of the main trade area population, compared with the respective non-metropolitan NSW benchmarks. These data are sourced from the 2011 ABS Census of Population and Housing.

Key points to note include the following:

- Main trade area residents earn per capita and per household incomes that are fairly similar to non-metropolitan NSW benchmarks.
- Average household sizes in the main trade area are slightly higher than average at about 2.5 persons per dwelling.
- Approximately 72.3% of main trade area households either own their home or are paying a mortgage, which is slightly above the non-metropolitan NSW benchmark of 70.6%.
- The age of the main trade area population is similar to NSW metropolitan benchmarks, with a younger skew in the primary sector, driven by higher proportions across the various younger age cohorts.
- The main trade area family composition is fairly similar to non-metropolitan NSW benchmarks, with the primary sector exhibiting slightly higher proportions of couples and singles with dependent children.

Overall, the main trade area exhibits a socio-demographic profile quite similar to that of non-metropolitan NSW. Although non-metropolitan regions tend to exhibit incomes about 20% below metropolitan areas, reflecting a potential sensitivity to grocery prices and travel costs.

The provision of convenience based retail facilities at the subject site would suit the main trade area demographics. Such facilities would lead to enhanced competition in the Goulburn supermarket sector and reduced travel distances, which is likely to translate to lower prices and lower travel costs for residents.

Table 2.2
Goulburn Neighbourhood Centre main trade area - socio-demographic profile, 2011

Census item	Primary sector	Secondary sector	Main TA	Non-metro NSW avg.
Per capita income	\$29,208	\$28,262	\$28,889	\$29,574
<i>Variation from benchmark</i>	-1.2%	-4.4%	-2.3%	
Avg. household income	\$75,636	\$64,875	\$71,715	\$70,977
<i>Variation from benchmark</i>	6.6%	-8.6%	1.0%	
Avg. household size	2.6	2.3	2.5	2.4
<u>Age distribution (% of population)</u>				
Aged 0-14	21.1%	17.1%	19.7%	19.4%
Aged 15-19	7.7%	6.4%	7.3%	6.6%
Aged 20-29	11.8%	7.6%	10.4%	10.8%
Aged 30-39	12.3%	9.4%	11.3%	11.3%
Aged 40-49	13.6%	12.5%	13.2%	13.4%
Aged 50-59	12.3%	14.7%	13.2%	13.9%
Aged 60+	21.2%	32.3%	24.9%	24.5%
Average age	37.8	44.4	40.0	40.2
<u>Housing status (% of households)</u>				
Owner/purchaser	69.3%	78.2%	72.3%	70.6%
Renter	29.9%	21.1%	26.9%	28.4%
Other	0.8%	0.8%	0.8%	0.9%
<u>Birthplace (% of population)</u>				
Australian born	93.7%	93.1%	93.5%	88.6%
Overseas born	6.3%	6.9%	6.5%	11.4%
<u>Family type (% of households)</u>				
Couple with dep't children	43.4%	37.1%	41.1%	40.7%
Couple with non-dep't child.	7.9%	6.8%	7.5%	7.0%
Couple without children	22.7%	30.6%	25.6%	25.7%
One parent with dep't child.	13.6%	7.3%	11.3%	10.6%
One parent w non-dep't child.	3.1%	3.4%	3.2%	3.5%
Other family	0.6%	1.3%	0.8%	0.9%
Lone person	8.7%	13.6%	10.5%	11.7%

Source: ABS Census of Population & Housing, 2011; MacroPlan Dimasi

2.4 Retail expenditure

MacroPlan Dimasi estimates retail expenditure capacity generated by the main trade area residents based on information sourced from Market Data Systems (MDS), which utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information.

We consider MarketInfo data to be quite an accurate measure of available retail expenditure and it is widely relied on in the retail industry. This office has undertaken thousands of retail assessments using actual retail sales turnover data from retailers and shopping centres and numerous customer surveys to understand the expenditure behaviour of shoppers.

Total retail expenditure is detailed in a number of categories, as follows:

- Take-home food and groceries – goods typically sold in supermarkets and specialty fresh food stores.
- Packaged liquor – packaged beer, wine and spirits such as those purchased at bottle-shops and liquor outlets.
- Food catering – cafes, take-away outlets and restaurants, including liquor consumed on such premises.
- Apparel – clothing, footwear, fashion and accessories.
- Household Goods – giftware, electrical, computers, furniture, homewares, and hardware goods.
- Leisure – sporting goods, music, DVDs, games, books, newsagents and film processing/photography.
- General Retail –pharmaceutical goods, cosmetics, toys, florists, mobile phones.
- Retail Services – retail services such as key cutting, shoe repairs, hair and beauty.

Chart 2.1 highlights the per capita retail expenditure of the main trade area population, compared with the non-metropolitan NSW benchmark averages.

Total per capita retail spending in the main trade area is fairly similar to non-metropolitan NSW benchmarks. In particular, spend per capita in fresh food and other food and groceries – key components of supermarkets – are only slightly lower than benchmarks.

Table 2.3 details the estimated retail expenditure of the main trade area population in 2012, as well as projected increases in retail spending to 2026, by trade area sector. The key primary sector comprises about 67% of total retail expenditure capacity generated by the main trade area, increasing to about 71% by 2026.

The current retail expenditure of the main trade area population is estimated at \$120 million, including \$80 million in the primary sector, and is projected to increase to \$160 million by 2026 or about 33%.

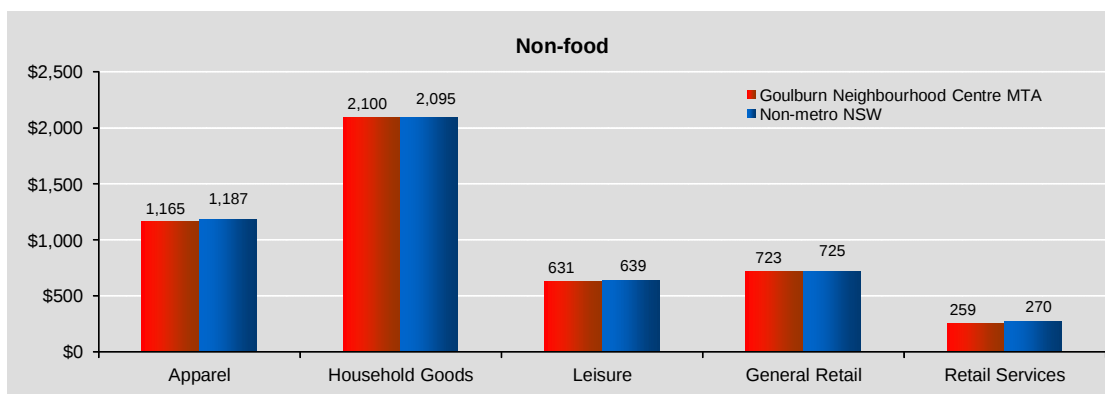
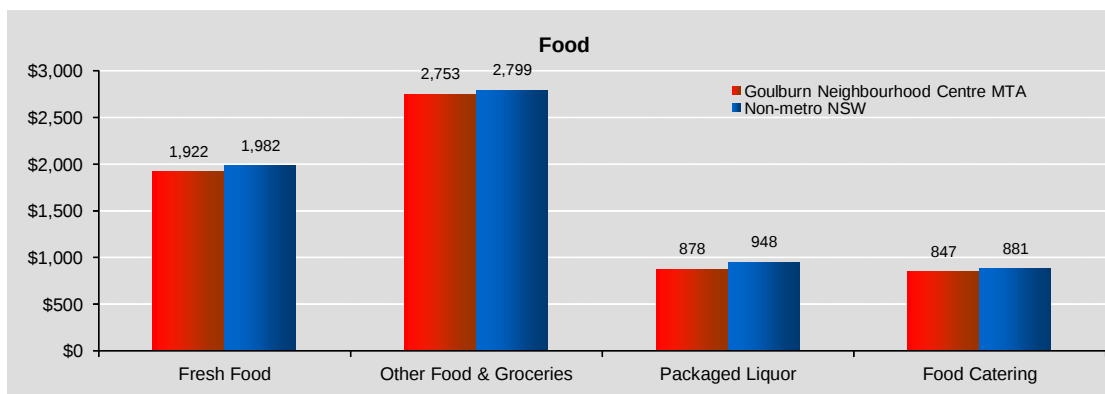
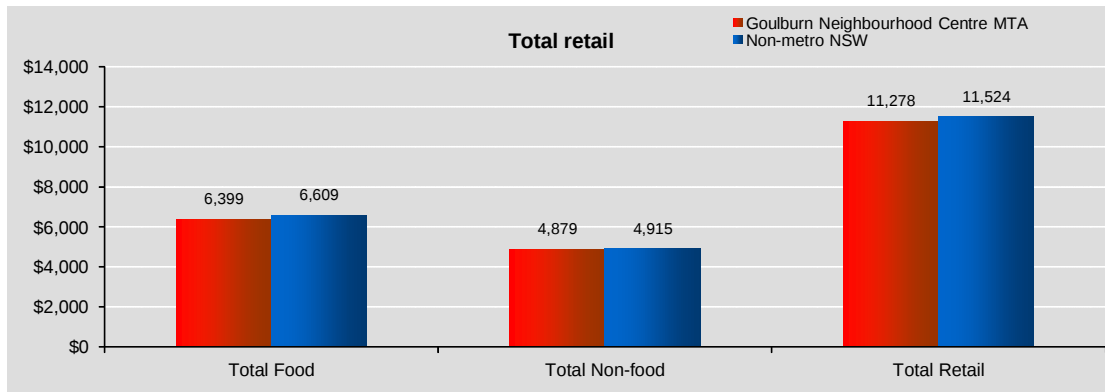
All spending forecasts presented throughout this report are expressed in constant 2011/12 dollars (i.e. not including an average inflation rate) and including GST. Therefore, the estimated retail expenditure growth rate of 2.1% per annum reflects the following components:

- Average annual trade area population growth of 1.4%.
- Real growth in per capita retail spending, which is expected to average 0.7% per annum over the forecast period.

Table 2.4 details estimated retail expenditure of the main trade area population by key commodity group, highlighting take-home food, packaged liquor and groceries (FLG) as by far the largest single category. This commodity group accounts for about 49% of total annual retail expenditure per person and represents the significant majority (90-95%) of items found within supermarkets.

Chart 2.1

Goulburn Neighbourhood Centre trade area - retail spending per person, 2011/12*



*Including GST

Source: MarketInfo; MacroPlan Dimasi

Table 2.3

Goulburn Neighbourhood Centre main trade area - retail expenditure (\$M), 2012-2026*

Year ending June	Primary sector	Secondary Sector	Main TA
2012	80	40	120
2013	81	40	122
2014	83	41	124
2015	85	41	126
2016	87	41	128
2017	89	42	131
2018	91	42	134
2019	94	43	137
2020	96	44	140
2021	99	44	143
2022	101	45	146
2023	104	45	149
2024	107	46	153
2025	110	46	156
2026	113	47	160
<u>Average annual growth (\$M)</u>			
2012-2026	2.4	0.5	2.9
<u>Average annual growth (%)</u>			
2012-2026	2.5%	1.2%	2.1%
*Constant 2011/12 dollars & including GST			
Source: MarketInfo; MacroPlan Dimasi			

Table 2.4

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

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total retail
2012	59	9	12	22	7	8	3	120
2013	60	9	13	23	7	8	3	122
2014	61	9	13	23	7	8	3	124
2015	62	10	13	23	7	8	3	126
2016	63	10	13	24	7	8	3	128
2017	65	10	13	24	7	8	3	131
2018	66	10	14	25	7	9	3	134
2019	67	10	14	25	8	9	3	137
2020	69	11	14	26	8	9	3	140
2021	71	11	14	26	8	9	3	143
2022	72	11	15	27	8	10	3	146
2023	74	12	15	27	8	10	3	149
2024	76	12	15	28	8	10	3	153
2025	77	12	16	29	9	10	4	156
2026	79	12	16	29	9	11	4	160
<u>Average annual growth (\$M)</u>								
2012-2026	1.5	0.2	0.3	0.5	0.1	0.2	0.1	2.9
<u>Average annual growth (%)</u>								
2012-2026	2.1%	2.4%	1.9%	2.0%	1.9%	2.4%	1.9%	2.1%

*Constant 2011/12 dollars & including GST

Source: MarketInfo; MacroPlan Dimasi

Section 3: Competitive supply

This section of the report outlines the competitive retail supply with Goulburn and the surrounding region, including current and future planned centres.

Table 3.1 details the major competitive retail facilities of relevance to retail development at the subject site, while the previous Map 2.1 illustrates the locations of these facilities.

Table 3.1
Goulburn Neighbourhood Centre surrounding retail facilities

Centre	Retail GLA (sq.m)	Supermarket GLA (sq.m)	Major traders
Bradfordville	400	200	Friendly Grocer
Crestwood	250	250	Friendly Grocer
Blue Hills (Corner Store & Shops)	500	100	na
Crookwell	1,000	400	IGA (400)
Marulan (p)	500	0	IGA (p) (350)
Gunning	500	0	na
<u>Goulburn CBD</u>	<u>42,600</u>	<u>8,451</u>	
Centro Goulburn	13,800	3,521	Kmart (4,021), Coles (3,521)
Goulburn Marketplace			
• Existing	5,800	4,930	Woolworths (3,677), Aldi (1,250)
• Proposed (p)	9,698	0	Big W (7,038) (p)
Other Goulburn CBD*	23,000	0	Target (4,900)

*Includes bulky goods but not auto retail

Source: Property Council of Australia; MacroPlan Dimasi

3.1 Current supply

Goulburn Central Business District

The Goulburn CBD is the primary commercial heart of the Goulburn-Mulwaree region and it accommodates approximately 42,600 sq.m of retail floorspace including bulky goods retail but excluding automotive retailing.

Centro Goulburn is the largest shopping facility in the CBD, and includes a small 4,021 sq.m Kmart discount department store (DDS) and a 3,521 sq.m Coles supermarket.

Goulburn Marketplace is anchored by a 3,677 sq.m Woolworths supermarket and supported by six specialty shops and a 1,250 sq.m Aldi supermarket on Auburn Street.

The remainder of retail within the Goulburn CBD is distributed across several streets/blocks stretching from Clinton Street to Bradley Street and includes a range of independent specialty shops as well as a Target DDS on Auburn Street. We estimate there to be about 23,000 sq.m of retail floorspace in addition to Centro Goulburn and Goulburn Marketplace.

Main trade area

There is limited retail supply within the defined main trade area for the subject site. There is a small set of shops on Queen Street in **Bradfordville**, including a local convenience store of about 200 sq.m and there is a Friendly Grocer located on **Crestwood Drive** of about 250 sq.m.

Crookwell contains a small IGA supermarket of about 400 sq.m and some retail strip shops totalling approximately 1,000 sq.m.

In total we estimate there to be 850 sq.m of supermarket/convenience floorspace in the main trade area, including the Friendly Grocer at Bradfordville.

Other retail supply

Marulan and Gunning both contain a very limited provision of convenience retail in their main streets and the residents of these townships would likely be travelling to Goulburn or other centres for the majority of their shopping needs.

The closest regional retail facilities are provided within **Canberra** about 80km south-west, which accommodates in excess of 500,000 sq.m of retail floorspace including the 100,000 sq.m Canberra Centre, several regional shopping centres in Belconnen, Woden, Tuggeranong, about 200,000 sq.m of bulky goods/retail showrooms at Fyshwick as well as Costco and DFO near the airport.

The area around **Mittagong** and **Moss Vale**, about 80-85 km to the east of Goulburn, also accommodates a significant range of convenience and sub-regional retail facilities including several supermarkets and a Big W DDS plus bulky goods and street based retailing.

Yass is located about 80-85km to the west along the Hume Highway and provides a Woolworths, Aldi and Franklins supermarkets and about 10-15,000 sq.m of other street and strip based retail floorspace. Given that Canberra is about the same distance from Goulburn as Yass, it is not considered to be a major attractor for residents of Goulburn.

The competitive offers in these surrounding locations will limit the extent of the trade area of the Goulburn CBD, and places such as Canberra will continue to service some of the higher order retail requirements of Goulburn residents. However, it is important to consider the provision of retail facilities that will strengthen the overall role and function of Goulburn in particular, local convenience retail facilities serving residents north of the Goulburn CBD.

3.2 Proposed supply

There are several proposed retail and mixed-used developments within Goulburn, at various stages of planning. There have previously been approvals for other retail developments within the Goulburn CBD but some of these projects have been deferred or abandoned.

A DA approval has previously been granted for a 3,200 sq.m supermarket and supporting specialty retail of about 1,200 sq.m at 57 Verner Street in Goulburn, however this consent has not been enacted on.

A proposal has been submitted to Council for an expansion of the **Goulburn Marketplace**. This proposal indicates expansion plans for an additional 9,700 sq.m of retail floorspace that would entail the closure of Verner Street. The application seeks to provide a 7,000 sq.m Big W DDS, 12 additional specialty tenants and significant additional car-parking provided. This application is currently being considered by the approval authority.

There is also a separate approval for an expansion of the existing Aldi supermarket of 337 sq.m, which is expected to be completed by 2013.

There is a DA approval for small convenience based development at 69-73 George Street, **Marulan** but this project has been deferred for several years. The approval is for 550 sq.m of retail including a small supermarket and six (6) specialty shops. Should this development proceed, it would be of little competitive relevance to retail facilities within Goulburn.

Section 4: Retail need

This section of the report assesses the demand for supermarket floorspace generated by residents of the main trade area and the Goulburn region more broadly; compares this demand with the existing supply of supermarket floorspace; and outlines the estimated current and future market gap for supermarket floorspace with Goulburn and examines the sales and market share potential of retail floorspace at the subject site.

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

4.1 Supermarket floorspace market gap – Goulburn

Table 4.1 overleaf compares demand for supermarket floorspace generated by residents of the Goulburn Region as defined in Map 2.1, and then compares this demand with existing supply of supermarket floorspace, outlining the estimated current and future market gap for supermarket floorspace within the region.

For the purpose of calculating the estimated gap, we have undertaken the following steps:

- Estimated the current and future population within the Goulburn Region, which is slightly larger than the Goulburn-Mulwaree LGA.
- Estimated expenditure per capita on take-home food, packaged liquor and groceries (FLG) using MarketInfo data.

- Allowed for only 70% of FLG expenditure to be directed to supermarkets and grocery stores. This is consistent with national benchmarks.
- Accounted for 5% of turnover to be comprised of general merchandise (i.e. non-food) retail items, which is typical across national supermarkets.
- The above steps lead to an estimate of supermarket expenditure per capita, which is then translated into a total supermarket expenditure market by multiplying per capita expenditure by population.
- The total supermarket expenditure pool is then translated into supermarket floorspace demand by dividing by a applied retail turnover density.
- We have applied a RTD for Supermarkets and Grocery stores of \$9,000 per sq.m in 2012, which we consider would be a very successful and profitable average trading level and representative of a conservative supply position. In fact, an RTD of \$8,000 to \$8,500 would represent a viable trading level for supermarkets.
- Based upon the above steps, Table 4.1 shows that residents of the broader Goulburn region currently generate demand for about 17,600 sq.m of supermarket floorspace, which is forecast to increase to about 20,800 sq.m by 2026.
- There is currently an estimated supply of supermarket floorspace of 8,451 sq.m within the Goulburn CBD. In our modelling, we have assumed that 70% of FLG expenditure is allocated to supermarkets, which are defined as being greater than 500 sq.m. However, if the small Crestwood Drive and Bradfordville Friendly Grocers, the Blue Hills corner store and the IGA at Crookwell are included, then there is an estimated 9,400 sq.m of supermarket floorspace within the defined Goulburn region.
- By subtracting estimated supermarket supply from estimated supermarket demand, we have identified an existing supermarket gap of about 6,200 sq.m of supermarket floorspace and this gap is forecast to increase by about 1,900 sq.m by 2016 to 8,100 sq.m and further to 9,200 sq.m by 2026.

Some of the identified gap at present would be escaping to supermarkets located outside the main trade area, to Yass, Moss Vale, Mittagong or Canberra as residents access higher order retail or employment in these locations. However as supermarket and convenience shopping is typically undertaken frequently and close to one's place of residence not all of this gap would be attributable to 'escape expenditure' and we suspect that the existing supermarkets within Goulburn are generating annual turnover above \$9,000 per sq.m.

On these metrics, the Goulburn region could currently support additional supermarket facilities. Where these additional facilities are provided, e.g. the subject site the Goulburn CBD or elsewhere, is a key issue of this current study and is further examined in Section 4.2 and Section 5 of this report.

Table 4.1
Goulburn Region - supermarket floorspace demand

Factor	Year ending June						
	2012	2013	2014	2015	2016	2021	2026
Population	33,168	33,383	33,598	33,813	34,028	35,378	36,878
FLG Spend per capita* (\$)	\$5,730	\$5,855	\$5,980	\$6,120	\$6,268	\$6,215	\$6,151
70% of FLG spend to smkts (\$)	\$4,011	\$4,098	\$4,186	\$4,284	\$4,387	\$4,351	\$4,306
5% of Smkt sales to GM (\$)	\$211	\$216	\$220	\$225	\$231	\$229	\$227
Smkt Spend per capita (\$)	\$4,222	\$4,314	\$4,406	\$4,509	\$4,618	\$4,580	\$4,533
Total smkt expenditure (\$M)	\$140	\$144	\$148	\$152	\$157	\$162	\$167
RTD @ \$9,000/sq.m	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Supermarket demand (sqm)	15,560	16,001	16,449	16,941	17,461	18,003	18,572
Supermarket supply (sqm)	<u>9,401</u>	<u>9,401</u>	<u>9,401</u>	<u>9,401</u>	<u>9,401</u>	<u>9,401</u>	<u>9,401</u>
Total Supermarket Gap (sqm)	6,159	6,600	7,048	7,540	8,060	8,602	9,171

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

4.2 Supportable retail floorspace – Subject site

Tables 4.2 and 4.3 summarises our estimates of sales potential and market shares that a supermarket anchored neighbourhood centre at the subject site would be likely to attract.

We have assumed that 2015/16 would be the earliest that such a development would begin trading which accounts for planning and construction timeframes.

We have assessed all sales forecasts in constant 2011/12 dollars and inclusive of GST. We have assumed that no other competitive developments within the main trade area from 2015/16. Realistically, other developments will occur in the future as the region develops, so there will be various impacts on this centre over time. For example, the Goulburn Marketplace expansion, if developed, would make the Goulburn CBD a much more competitive and attractive retail node.

Table 4.2 shows that a supermarket of 3,200 sq.m at the subject site would be expected to generate sales of about \$24.4 million in its first year of trading. This equates to about \$7,500 per sq.m, which would be below the benchmark RTD of \$9,000 per sq.m referred to in Section 4.1. However this is indicative of the early stages of a new supermarket establishing itself within its trade area. It would be expected to gradually improve sales over time in line within population growth in the trade area.

We expect the associated 1,300 sq.m of specialty retail would be likely to include a mix of convenience oriented tenants such as a baker, butcher, cafe/coffee shop, newsagent, pharmacy and hairdresser.

The specialty retail sales potential would be aligned with the supermarket sales potential and growth, and we estimated that this component could generate about \$7.0 million in sales at in 2015/16 about \$5,400 per sq.m.

We expect sales to grow over time at about 2.4% per annum, a combination of population growth of about 1.4% and real growth of 1.0%. Thus, we expect total centre sales to increase from about \$31.3 million in 2016 up to about \$35.1 million by 2021.

Table 4.2

Goulburn Neighbourhood Centre - supermarket and specialty sales potential, 2016-2026*

Year ending	Supermarket estimated sales potential**		Total centre estimated sales potential***	
	Total (\$M)	\$ per sq.m	Total (\$M)	\$ per sq.m
June				
2016	24.2	7,600	31.3	7,000
2017	24.7	7,700	31.9	7,100
2018	25.3	7,900	32.7	7,300
2019	25.9	8,100	33.5	7,400
2020	26.5	8,300	34.3	7,600
2021	27.2	8,500	35.1	7,800
2022	27.8	8,700	36.0	8,000
2023	28.6	8,900	36.9	8,200
2024	29.3	9,200	37.9	8,400
2025	30.0	9,400	38.9	8,600
2026	30.8	9,600	39.8	8,800
Avg. ann. growth, 2015-2026	2.4%	2.4%	2.4%	2.4%
*Constant 2011/12 dollars & including GST				
**Assumes supermarket of 3,200 sq.m				
***Assumes specialty of 1,300 sq.m + supermarket of 3,200 sq.m				
Source: MacroPlan Dimasi				

Table 4.3 indicates that convenience based neighbourhood centre is estimated to capture about 30.7% of the available main trade area food expenditure and 22.1% of the total retail expenditure market. This means about 4 out of every 5 dollars of retail expenditure capacity of the main trade area, or about \$100 million, would be directed elsewhere towards centres such the Goulburn CBD or Canberra, for example.

Within the primary sector, we expect the centre will capture about 36.4% of the available food expenditure market and about 26.1% of the total retail expenditure market.

There is very limited competition within the main trade area and these market shares would be considered to be reasonable and accurately representative of the likely trading profile of a 3,200 sq.m supermarket and supporting specialties at the subject site.

Given the centre's prominent location on Crookwell Road and Marys Mount Road, we expect that about 10% of the total annual turnover will be attracted in the form of "beyond trade area" expenditure. This is a conservative assumption and it may very well be that this is actually closer to 15%.

Table 4.3

Goulburn Neighbourhood Centre - Estimated market shares, 2015/16*

Trade area	Retail spend (\$M)			Centre sales (\$M)			Market share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary sector	49.0	36.9	86.0	17.8	4.6	22.4	36.4%	12.4%	26.1%
Secondary sector	<u>23.9</u>	<u>17.5</u>	<u>41.5</u>	<u>4.6</u>	<u>1.2</u>	<u>5.7</u>	<u>19.1%</u>	<u>6.7%</u>	<u>13.9%</u>
Main TA	73.0	54.5	127.4	22.4	5.7	28.2	30.7%	10.6%	22.1%
Sales from beyond TA				<u>2.5</u>	<u>0.6</u>	<u>3.1</u>			
Total centre sales				24.9	6.4	31.3			

**Constant 2011/12 dollars & including GST*

Source: Marketinfo; MacroPlan Dimasi

Section 5: Impacts and benefits

This section of the report presents our estimates of likely trading impacts on the surrounding retail network, in particular the Goulburn CBD; examines the possible consequences and implications of such impacts; and also details the economic benefits from the proposed development.

5.1 Trading impacts

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

In order to understand whether any particular centre, or more specifically, the Goulburn CBD may be impacted to the extent that its viability may be at risk, we have estimated specific retail impacts that might result from a proposed 4,500 sq.m supermarket anchored neighbourhood centre at the subject site.

These estimates provide indications as to whether the scale and timing of the development is reasonable, and whether the Goulburn CBD and surrounding centres will be adversely impacted.

Table 5.1 shows the estimated trading impacts that we expect across the surrounding retail environment. We have estimated the trading impacts by the following methodology:

- First, the sales potential of the proposed development is estimated at \$31.3 million in its first year as detailed in Section 4.2 above (ie. 2015/16).

- Sales are then estimated across the surrounding competitive supply network as at 2011/12 based on publicly available data, detailed inspections of the various facilities, plus other known information.
- Sales for the surrounding competitive supply network in 2015/16 are then estimated, assuming the proposed development does not occur.
- Sales for the surrounding competitive centres as at 2015/16, are finally estimated, assuming the proposed development does occur.
- An assessment of likely trading impacts is then made by comparing the estimated sales for each centre with and without the proposed development.

Table 5.1
Goulburn Neighbourhood Centre - Estimated Impact on Specific Centres*

Centres	GLA (sq.m)	Estimated 2011/12 \$M	Projected 2015/16		Est. Impacts		Chg. 2012-16 %
			Without Development \$M	With Development \$M	\$M	%	
Goulburn CBD	42,600	264.3	283.0	253.3	29.7	-10.5%	-4.2%
• Centro Goulburn	13,800	100.0	107.1	94.6	12.5	-11.7%	-5.4%
• Goulburn Marketplace**	5,800	60.0	64.2	53.5	10.7	-16.7%	-10.8%
• Other Goulburn CBD	23,000	104.3	111.7	105.2	6.5	-5.8%	0.8%
Bradfordville	400	2.2	2.4	2.3	0.05	-2.1%	4.8%
Crestwood	250	1.6	1.7	1.7	0.03	-1.7%	5.2%
Blue Hills	500	2.5	2.6	2.6	0.02	-0.8%	6.3%
Crookwell	1,000	3.0	3.2	3.0	0.2	-6.2%	0.4%
Retained escape exp.	na	0.0	0.0	0.0	1.3	na	na
Impacts Total	44,750	273.6	292.9	262.9	31.3	-10.2%	-3.9%

*Constant 2011/12 dollars & including GST

**Includes Woolworths and Aldi

Source: Shopping Centre Council; MacroPlan Dimasi

There will be some trading impacts upon the existing retail network, which is quite a natural occurrence in any dynamic retail market. As shown in the table above, estimated trading impacts on the surrounding centres network are estimated to be moderate, in the order of 10-11% of annual sales. That is, estimated sales in 2014/15 for retailers across the competitive network would be 10-11% lower if the proposed development at the subject site were developed, than if it were not to proceed.

However, we expect the majority of these trading impacts to be experienced by the supermarkets in the Goulburn CBD, and the specific shopping centres of which they are a part. This includes Goulburn Marketplace and its Woolworths and Aldi supermarkets; and Centro Goulburn and its Coles supermarket. We estimate that impacts on these centres will be in the order of 12-17%.

An analysis of sales data from the Property Council of Australia, an inspection of these centres and interrogation of the market size, tends to indicate that these centres are likely to be trading quite well and such impacts would not impact their continued viability.

Given the nature of the other CBD retail and the markets that it serves, we consider that the impacts on the remainder of the retail within the CBD will be lower, in the order of 6%.

The Goulburn CBD offers a range of retail experiences that will not be substituted by a supermarket anchored neighbourhood centre at the subject site. The range of bulky goods, specialty retail, cafes, restaurants, fashion and main street retail options in the Goulburn CBD is both significant and complementary to a convenience based retail node at the subject site.

The street based retail within the Goulburn CBD will continue to be supported by the daily worker population, tourists and visitors to the town and weekend shoppers. These are markets that would direct negligible, if any, expenditure towards a potential neighbourhood centre at the subject site.

Should the redevelopment of Goulburn Marketplace proceed, with the addition of a Big W and additional supporting specialty retail, it would be likely that the overall sales levels within the Goulburn CBD would be greater in 2015/16 than they are at present. In fact, any additional retail within the Goulburn CBD will strengthen its competitiveness and mitigate potential trading impacts.

The above assessment of potential trading impacts upon the total Goulburn CBD retail market shows that the proposed development is very unlikely to result in store closures or affect the ongoing viability or role and function of the CBD.

Rather, they will be normal competitive impacts that are to be expected in any dynamic environment and should be considered in conjunction with the economic benefits that convenience retail development at the subject site will also generate.

5.2 Employment impacts

The planning proposal for the subject site seeks to provide a range of employment generating uses, which will create employment opportunities for the Goulburn community. This will include on-going jobs at the site as well as jobs through the supply chain (i.e. across the broader economy) as well as temporary jobs created through the construction phase of the project, both on-site and through the broader economic supply chain (ie. multiplier impacts).

Table 5.2 illustrates the estimated net increase in direct employment that would be created if the entire planning proposal were to be developed in its entirety. We have relied upon various data sources including data from retailers, the ABS and several state and local government agencies as well as 20-30 years of experience in the retail industry to estimate the employment impacts.

The total additional permanent (i.e. on-going) employment created by the planning proposal is expected to be in the order of 870 jobs, of which the supermarket and specialty retail component would contribute about 254 jobs.

Allowing for some minor impacts on employment elsewhere, estimated to be in the order of 5%, the overall net permanent employment that could be created at the subject site is expected to be in the order of 827 jobs.

Based upon ABS employment multipliers for the relevant industries of employment we estimate this would also lead to a further 331 supplier induced multiplier jobs.

Table 5.2
Goulburn Neighbourhood Centre - estimated potential employment

Type of use	Estimated employment per '000 sq.m	<u>Subject Site</u>	
		GLA (sq.m)	Employment (persons)
<u>Convenience Retail</u>			
Supermarket	55	3,200	176
Specialty shops	60	<u>1,300</u>	<u>78</u>
Total Convenience Retail		4,500	254
<u>Other Uses</u>			
Recreational facility	20	22,332	447
Service station inc. retail	5	3,880	19
Fast food outlets	60	<u>2,500</u>	<u>150</u>
Total Planning Proposal		33,212	<u>870</u>
Net increase*			827
Supplier Induced Multiplier effects			<u>331</u>
Total Employment			1,157

**Net increase includes an allowance for reduced employment levels elsewhere, estimated at 5% of total increase*

Source: MacroPlan Dimasi

Without knowledge of construction costs and development timeframes, it is difficult to accurately determine the quantum of employment that would be created during construction as a result of the planning proposal.

However this employment would be in addition to that indicated in Table 5.2 and would be in the form of temporary direct and indirect (multiplier induced) employment.

The proposed expansion will therefore result in a significant stimulus to local employment within the Goulburn region. We would consider that this proposal would be developed over time in accordance with market demand for the various proposed land uses and may provide employment opportunities for new residents of the Marys Mount release area.

The type of employment at the subject site is considered complementary and unlikely to impact on the Goulburn CBD.

5.3 Other economic impacts

A supermarket anchored neighbourhood centre at the subject site would provide important local convenience options for residents in the north of Goulburn and the expected future population that will locate to the Marys Mount release area. Retail will both be a key need for these residents, but will also be a key factor in attracting potential new residents to this region.

Some of the other economic impacts that are likely to result from a neighbourhood centre of the size proposed in the planning proposal include:

- Increased convenience and amenity for the population of the main trade area.
- Ensuring sufficient retail floorspace is made available to meet demand.
- Ensuring the right type of retail is provided in the right location at the right time to meet the needs of the consumer.
- A reduction in vehicle kilometres travelled as people are able to conveniently shop in closer proximity to their place of residence or on the way home from work.
- A reduction in traffic that would otherwise be directed towards the CBD for convenience shopping purposes.

Section 6: Key findings

There is compelling economic evidence to suggest that Goulburn could support additional supermarket floorspace. The analysis in this report indicated a prevailing market gap in the order of 6,200 sq.m of supermarket floorspace based upon the existing population demand of 15,600 sq.m and current provision of 9,400 sq.m of supermarket floorspace.

While there would be some escape expenditure contributing to this market gap, we suspect that existing supermarkets are also trading above a retail turnover density of \$9,000 per sq.m and that additional retail could be comfortably absorbed into the market.

We consider that a supermarket anchored neighbourhood centre at the subject site at Marys Mount Road and Crookwell Road would be supportable from 2016 onwards, without requiring unrealistic market shares nor a major redirection of trade from the Goulburn CBD.

We estimate that the likely trading impacts upon the Goulburn CBD would be moderate, in the order of 10-11% at 2015/16. As a result of likely expansions within the Goulburn CBD (e.g. Goulburn Marketplace) the overall sales levels within the CBD are likely to be greater in 2015/16 than at present, when compared with current sales.

However, we expect the majority of these trading impacts to be experienced by the supermarkets in the Goulburn CBD, and the specific shopping centres of which they are a part. This includes Goulburn Marketplace and its Woolworths and Aldi supermarkets; and Centro Goulburn and its Coles supermarket. We estimate that impacts on these centres will be in the order of 12-17%.

Given the nature of the other CBD retail and the markets that it serves, we consider that the impacts on the remainder of the retail within the CBD will be lower, in the order of 6%.

The range of bulky goods, specialty retail, cafes, restaurants, fashion and main street retail options Goulburn CBD is significant and will continue to be supported by the daily worker population, tourists and visitors to the town and weekend shoppers. These are markets that would direct negligible, if any, expenditure towards a potential neighbourhood centre at the subject site.

More broadly, the planning proposal at the subject site could support in the order of 870 jobs at the site, and some 331 jobs across the broader Goulburn and NSW economy, in the form of supplier induced multiplier impacts. In addition, temporary construction jobs would be created through the build phase of the project and across the broader economy.

Overall, we recommend that the current floorspace restriction on retail uses, as defined in the Goulburn-Mulwaree LEP 2009, be lifted for the B1 – Neighbourhood Centre zone at the subject site.

We consider that the site could support a supermarket anchored neighbourhood centre of about 4,500 sq.m, as indicated in the submitted planning proposal for the subject site, from 2016 onwards, without any adverse impacts upon the Goulburn CBD, to the extent that we would not expect any shop closures as a result of the proposal. The type of employment at the subject site is considered complementary to the significant and diverse range provided in the Goulburn CBD.

Overall, the planning proposal seeks to provide a mix of uses, which would create a self-sustainable node and would support the convenience needs of the new residential growth areas around Marys Mount and northern Goulburn.



