Kaufland
Belmont North

Economic Impact Assessment

Prepared for BWP Trust
24 January 2019

Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

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Document Name

BWP Trust report - Kaufland Belmont North EIA - 24 Jan 2019

Assumptions and data sources

All spending data includes GST and is expressed in future dollars.

Sources include:

Australian Bureau of Statistics
- 2016 Census
- Dwelling approvals, 2011/12-2016/17
- Estimated resident population updates, 2012-2017

Deloitte Access Economics
- Spend per capita estimates and forecasts by category, 2012-2028

Market Data Systems
- MarketInfo retail spending propensity by category, 2011/12

NSW Government – Department Planning & Environment
- Transport for NSW - Population Projections by Travel Zone 2016
- Local planning zones

Property Council of Australia
- Shopping Centre Directory, 2017

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Introduction

1.1 Site context

The subject site is located at 393 Pacific Highway, Belmont North, approximately 18 km southwest of the Newcastle CBD.

The 4.04-hectare site is currently occupied by a 12,640 sqm Bunnings Warehouse. However, Bunnings has announced plans to relocate to a new 30,000 sqm homemaker centre development at Bennetts Green, 4 km north, on a site that previously had approval for a Masters home improvement store.

The subject site is situated behind several premises fronting Pacific Highway and is accessed via a two-way access road off Pacific Highway, leading onto a large at-grade car park. The access road is signalised, allowing movement in all directions from Pacific Highway, which is the main north-south regional arterial linking Newcastle to the Central Coast.

Residential housing adjoins the site to the north while the Belmont Wetlands abuts the site to the east. Light industrial, service stations, fast food outlets and large format retailing are the predominant uses along the immediate Pacific Highway corridor, with residential dwellings abutting these uses slightly further east and south. Belmont High School is located 400 metres south on the Pacific Highway.

Figure 1—Aerial image and site context

Source: Deep End Services; Nearmap

1.2 Development proposal

The subject site is currently zoned B7, with the exception of part of the access road which is zoned B4. The owners of the site, BWP Trust, are seeking to have an Additional Permitted Use ("APU") applied to the planning controls for the site to enable the development of a Kaufland supermarket and a small number of specialty shops to replace Bunnings.

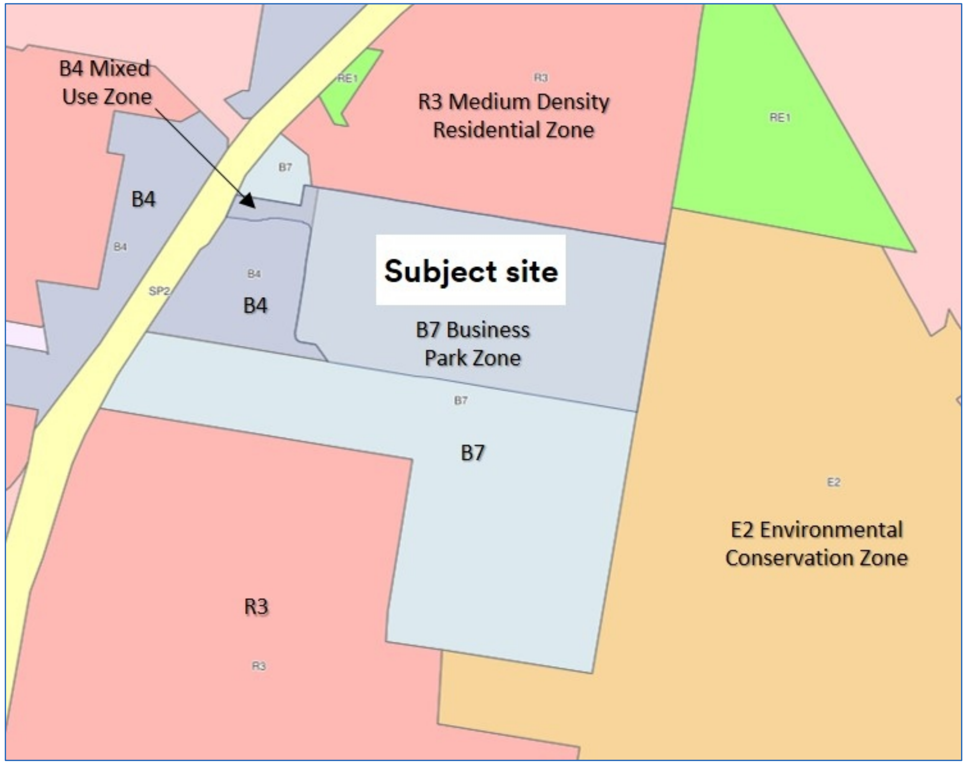
A redevelopment plan is not available at this stage however we have been told to assume that the retail floorspace to be occupied by the tenants will be as follows:

- 4,000 sqm Kaufland supermarket; and
- 500 sqm specialty tenancies.

An adequate level of on-grade parking will be provided at the front of the facility, with access continuing from the all ways signalised intersection at the Pacific Highway.

With the existing Bunnings store having 3 years left on its lease, it is assumed the Kaufland supermarket and associated specialties will be open at Belmont North in late 2021 or early 2022, with the first full financial year of trading therefore being 2022/23.

Figure 2—Zoning map



Source: Deep End Services; NSW Government, Planning & Environment

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Supermarket catchment analysis

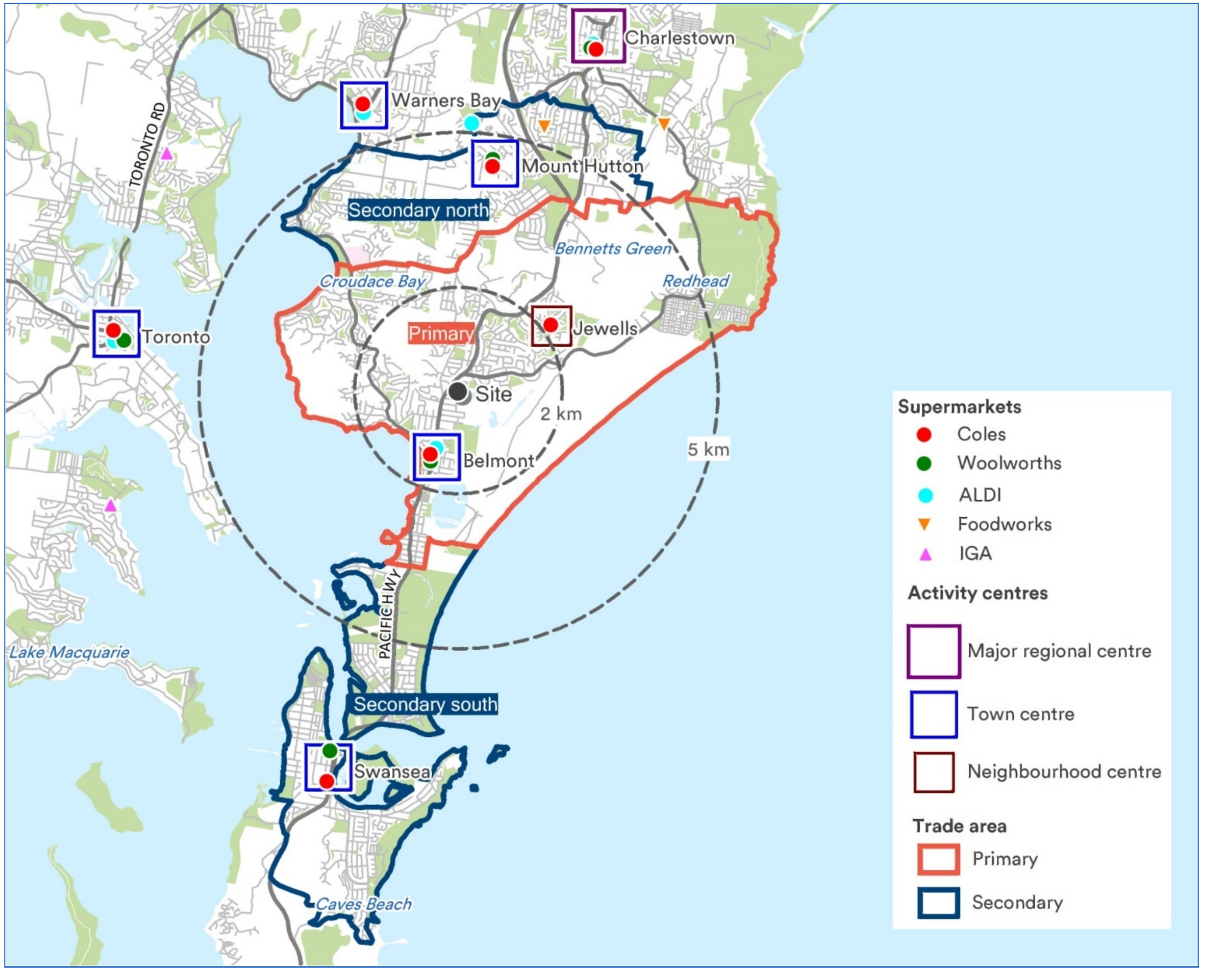
2.1 Catchment definition

The catchment area for the proposed Kaufland supermarket at Belmont North is influenced by a range of factors including the regional and local road network and the location of other supermarkets, noting that Kaufland's offer means that it will draw customers from a wider area than a typical supermarket.

The catchment is elongated north-south along the major arterial Pacific Highway and comprises a Primary and two Secondary sectors as follows:

- The Pacific Highway bisects the key Primary sector, with the Pacific Ocean to the east and Lake Macquarie to the west providing natural barriers in these directions. This sector includes the suburbs of Belmont, Belmont North, Jewells, Redhead, Bennetts Green, Croudace Bay and Valentine.
- The Secondary north sector extends up to 6 km north of the site to Warners Bay Road and Heshbon Street, incorporating the suburbs of Eleebana and Gateshead and parts of Mount Hutton and Windale.
- The Secondary south sector extends up to 11 km south to Old Pacific Highway and Scenic Drive to encompass the suburbs of Caves Beach, Swansea, Pelican, Blacksmiths and Marks Point.

Figure 3—Catchment area



Source: Deep End Services; Mapinfo

2.2 Demographics

The key demographic features of the catchment area (compared to Regional NSW) are as follows:

- Slightly larger household sizes due to a higher proportion of 'couple with children' households in the Primary and Secondary north
- Lower proportion of residents aged 20-34 years
- Above average proportion of tertiary educated residents and white-collar workers in the Primary and Secondary north sectors
- Hence, above average individual and household income levels
- Less ethnically diverse
- Skew away from rented dwellings

Overall, there is considerable variation between the catchment sector profiles. The Primary and Secondary north sectors reflect a more affluent and family-based community with a higher proportion of mortgaged homes. The Secondary south sector is oriented towards older residents more likely to be retired and with generally lower levels of education and income. This sector also has a higher proportion of higher-density and unoccupied dwellings, indicative of a coastal holiday market.

Table 1—Catchment area characteristics, 2016

Demographic characteristic (2016 Census)	Primary	Secondary north	Secondary south	Total catchment	Regional NSW
Persons and dwellings					
Usual resident population	30,149	16,995	14,176	61,320	2,656,237
Total private dwellings	12,459	6,786	6,611	25,856	1,203,937
- % unoccupied	7%	7%	10%	8%	12%
Average household size (5)(7)	2.52	2.61	2.34	2.50	2.44
At same address: (1)					
- 1 year ago	88%	89%	88%	89%	85%
- 5 years ago	67%	68%	66%	67%	60%
Economic indicators					
Participation rate (2)	57%	56%	50%	55%	55%
Unemployment rate (2)	6.7%	7.3%	7.7%	7.1%	6.7%
White collar workers (2)	47%	46%	39%	45%	44%
Bachelor degree or higher (2)(3)	16%	16%	11%	15%	14%
Age group					
0-9	12%	12%	10%	12%	12%
10-19	13%	14%	11%	13%	12%
20-34	15%	16%	13%	15%	17%
35-49	19%	19%	17%	18%	18%
50-64	20%	20%	23%	21%	21%
65+	21%	19%	26%	21%	21%
Average age	41.6	40.4	45.3	42.1	41.5
Annual individual income (2)					
<$15,600	20%	21%	21%	21%	21%
$15,600 - $41,700	40%	41%	45%	42%	42%
$41,700 - $78,200	23%	22%	21%	22%	23%
$78,200 - $104,200	9%	8%	7%	8%	7%
>$104,200	8%	8%	6%	7%	6%
Average individual income	$46,646	$44,967	$41,049	$44,587	$42,778
Variation from Regional NSW average	9%	5%	-4%	4%	-
Annual household income (1)(3)(5)					
<$33,800	23%	22%	29%	24%	25%
$33,800 - $78,200	33%	34%	36%	34%	37%
$78,200 - $130,300	22%	22%	19%	21%	22%
$130,300 - $182,400	12%	12%	10%	12%	9%
>$182,400	10%	10%	6%	9%	7%
Average household income	$88,470	$88,534	$74,501	$85,100	$79,157
Variation from Regional NSW average	12%	12%	-6%	8%	-
Average household loan repayment	$24,238	$22,762	$22,150	$23,418	$20,950
% of household income	18%	17%	18%	18%	18%
Average household rent payment	$15,980	$13,357	$15,505	$15,080	$14,721
% of household income	28%	27%	29%	28%	24%
Country of birth (1)					
Australia	92%	91%	93%	92%	88%
England	3%	3%	3%	3%	3%
New Zealand	1%	1%	1%	1%	1%
Scotland	0%	1%	0%	0%	0%
Germany	0%	0%	0%	0%	0%
South Africa	0%	0%	0%	0%	0%
Other	3%	4%	3%	3%	7%
Occupied private dwelling tenure (1)(4)(5)(6)					
Fully owned	41%	35%	45%	41%	39%
Being purchased	36%	36%	28%	34%	32%
Rented	23%	30%	27%	26%	29%
Dwelling type (1)(4)(7)					
Separate house	82%	88%	77%	82%	84%
Townhouse/semi-detached	14%	9%	9%	11%	9%
Apartment	4%	3%	14%	6%	7%
Household composition (4)(5)					
Couples with children	33%	34%	26%	31%	28%
Couples without children	29%	26%	30%	28%	29%
One parent family	12%	15%	12%	12%	12%
Lone person	25%	23%	30%	26%	28%
Group	2%	2%	2%	2%	3%
Motor vehicle ownership per dwelling (1)(5)					
None	7%	7%	8%	7%	6%
One	34%	33%	38%	35%	37%
Two	40%	39%	35%	38%	38%
Three or more	20%	21%	18%	20%	19%

Source: Deep End Services; ABS

Notes:

(1) Excludes not stated

(2) 15 years and over and excludes not stated

(3) Excludes inadequately described and/or partially stated

(4) Excludes other

(5) Occupied private dwellings

(6) Includes visitor only households

(7) Excludes visitor only households

2.3 Population

The catchment area is estimated to have contained 63,135 people at June 2018, with 31,061 people (or 49%) residing in the Primary sector.

The catchment area covers well-established urban areas along the main transport corridors and surrounding coastal communities and consequently, the majority of future population growth will occur as a result of infill development.

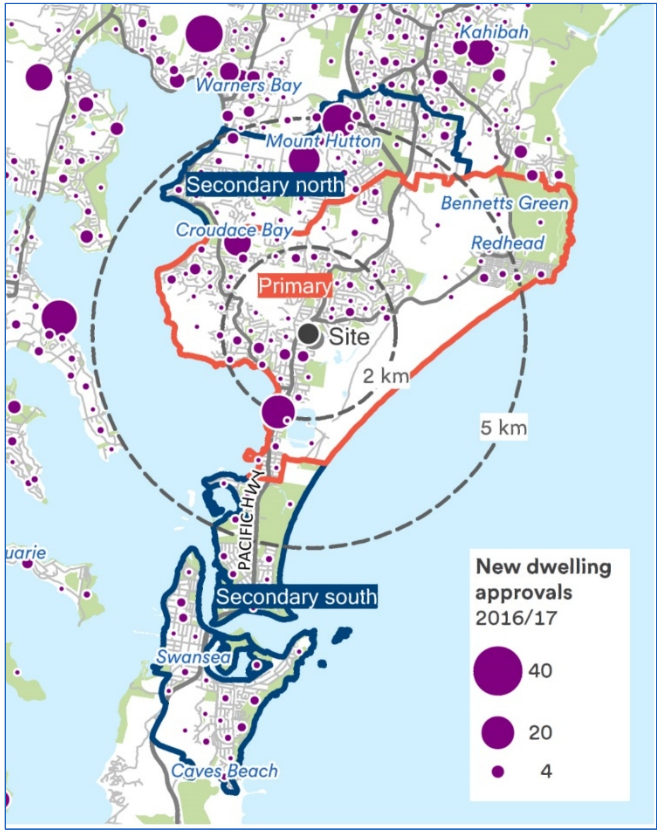
By 2028, the catchment area is forecast to contain a population of 64,545 people, an increase of 1,410 over the next 10-year period, at an average rate of 0.2% per annum.

Table 2—Catchment area population, 2011 - 2028

Catchment area sector	2011	2016	2018	2023	2028
Population					
Primary	30,764	30,991	31,061	31,396	31,666
Secondary north	17,616	17,456	17,492	17,637	17,762
Secondary south	14,410	14,493	14,582	14,877	15,117
Total	62,790	62,940	63,135	63,910	64,545
Population growth (No. per annum)					
Primary	-	45	35	67	54
Secondary north	-	-32	18	29	25
Secondary south	-	17	45	59	48
Total	-	30	98	155	127
Population growth (% per annum)					
Primary	-	0.1%	0.1%	0.2%	0.2%
Secondary north	-	-0.2%	0.1%	0.2%	0.1%
Secondary south	-	0.1%	0.3%	0.4%	0.3%
Total	-	0.0%	0.2%	0.2%	0.2%

Source: Deep End Services: ABS; Transport for NSW – NSW Population Projections by Travel Zone 2016

Figure 4—New dwelling approvals, 2016/17



Source: Deep End Services, ABS, MapInfo

2.4 Retail spending

Per capita spending levels for the catchment area are modelled by Market Data Systems and take into account demographic variables such as income, ethnicity, age and education level, as well as regional factors, on a household's propensity to purchase products and services. As a result, catchment area retail spend per capita is 3.4% higher than the Regional NSW average.

Combining population estimates and forecasts with per capita spending levels in the catchment area generates the retail spending market for each of the major product groups as shown in Table 3.

The market of most relevance to a Kaufland supermarket is the Food, Liquor & Groceries ("FL&G") market. Annual spending on FL&G by catchment area residents is estimated to have been $419.1 million in 2018, having grown from $339.1 million in 2011 at an average rate of 3.1% per annum.

Looking further ahead, the annual spending market on FL&G is forecast to reach $533.6 million by 2028, equivalent to an average growth rate of 2.4% over the next 10 years. This also represents an increase of $114.5 million from the current annual spending market.

Table 3—Catchment area retail spending, 2011-2028

	Spending market ($m)					Average change (%pa)			
Spending category	2011	2016	2018	2023	2028	2011-16	2016-18	2018-23	2023-28
Food, Liquor & Groceries									
Primary	167.1	193.5	207.1	228.9	263.7	3.0%	3.4%	2.0%	2.9%
Secondary north	94.0	107.2	114.9	126.2	144.9	2.6%	3.5%	1.9%	2.8%
Secondary south	78.0	90.2	97.1	107.9	124.9	3.0%	3.7%	2.1%	3.0%
Total	339.1	391.0	419.1	463.0	533.6	2.9%	3.5%	2.0%	2.9%
Other food									
Primary	53.6	65.5	67.2	72.6	80.7	4.1%	1.3%	1.6%	2.2%
Secondary north	29.0	34.9	35.8	38.6	42.8	3.8%	1.3%	1.5%	2.1%
Secondary south	22.9	27.9	28.8	31.4	35.2	4.1%	1.5%	1.7%	2.3%
Total	105.5	128.3	131.8	142.5	158.7	4.0%	1.3%	1.6%	2.2%
Non-food & retail services									
Primary	180.8	220.9	225.0	244.0	273.8	4.1%	0.9%	1.6%	2.3%
Secondary north	97.9	117.7	119.8	129.1	144.4	3.8%	0.9%	1.5%	2.3%
Secondary south	77.4	94.3	96.6	106.1	120.2	4.0%	1.2%	1.9%	2.5%
Total	356.1	433.0	441.4	479.1	538.4	4.0%	1.0%	1.7%	2.4%
Total									
Primary	401.4	480.0	499.3	545.4	618.2	3.6%	2.0%	1.8%	2.5%
Secondary north	221.0	259.8	270.4	293.9	332.2	3.3%	2.0%	1.7%	2.5%
Secondary south	178.4	212.5	222.5	245.3	280.3	3.6%	2.3%	2.0%	2.7%
Total	800.7	952.3	992.3	1,084.6	1,230.7	3.5%	2.1%	1.8%	2.6%

Note:
Food, Liquor & Groceries (FL&G) is the majority of supermarket turnover and includes perishable and non-perishable food, take-home liquor, cigarettes, personal care and non-prescription pharmaceuticals, magazines & stationery
Other Food includes takeaway food, dining out at cafés and restaurants
Non-food & retail services include auto accessories, fashion, furniture & furnishings, hardware & garden, pharmaceuticals, home appliances & entertainments, homewares, reading & writing, recreational goods, hairdressing & personal care, dry cleaning, optical, repairs & alterations, photo developing & video hire.

Source: Deep End Services; ABS; Market Data Systems; Deloitte Access Economics

2.5 Retail hierarchy

Residents of the catchment area are currently served by a number of centres situated within the catchment and beyond. These are described below and floorspace estimates – based on inspections and other data – are provided within Table 4 on the following page.

Catchment area

The catchment area contains three Town Centres and a Neighbourhood Centre of relevance, as classified in the *Lake Macquarie City Lifestyle 2030 Strategy*. These centres comprise the following components:

- Belmont Town Centre – includes two shopping centres, the Coles-anchored Belmont Citi Centre and the Woolworths-anchored Belmont Central. The town centre also includes local strip-based retailing mainly along a 1.3 km stretch of the Pacific Highway. The strip includes a freestanding ALDI supermarket (the closest supermarket to the subject site), The Reject Shop and a large Liquorland store.
- Mount Hutton Town Centre – located within the Secondary north sector, the main shopping component is Lake Macquarie Fair, the only enclosed sub-regional shopping centre in the catchment. The shopping centre is anchored by a 4,165 sqm Woolworths and a 6,350 sqm Big W. Adjoining Lake Macquarie Fair is the smaller Coles-anchored Mount Hutton Plaza. These two Charter Hall-owned centres are currently undergoing a major redevelopment, involving the demolition of Mount Hutton Plaza and the construction of a new larger Coles tenancy and specialty stores. The new 4,224 sqm Coles and mall will integrate with the existing Lake Macquarie Fair, with completion expected by the end of 2018. The balance of the town centre includes the adjacent Lake Macquarie Tavern and a small cluster of shopfronts along Wilsons Road, 200 metres north of the shopping centre.
- Swansea Town Centre –situated 8 km south of the subject site, this centre consists of local convenience retail shopfronts extending 700 metres on the western side of the Pacific Highway. The centre is anchored by a 3,485 sqm Woolworths to the north and a 3,262 sqm Coles to the south as well as a Dan Murphy's liquor store.
- Jewells Neighbourhood Centre – the only neighbourhood centre of relevance within the catchment, the centre is embedded within a residential neighbourhood located 3 km north-east of the subject site. The centre comprises Jewellstown Plaza, a small Coles-anchored (formerly Bi-Lo) neighbourhood shopping centre.

Several other small neighbourhood centres within residential pockets are located throughout the catchment. These centres are typically anchored by small Foodworks or Friendly Grocer supermarkets and cater to the everyday convenience needs of local residents, rather than providing an alternative supermarket shopping function. Hence, their competitive relevance to the proposed development is minimal.

Beyond catchment

- Charlestown Regional Centre – located 8 km north of the subject site, this centre is the only designated regional centre within the City of Lake Macquarie and serves the higher order retail and commercial needs for the Hunter region. The main retail core is centred on Charlestown Square, a super-regional shopping centre containing almost 90,000 sqm floorspace and is anchored by Myer, Big W, Target, Woolworths and Coles and includes a Reading cinema complex. In addition, Charlestown Regional Centre encompasses a large street-based precinct surrounding the shopping centre to the east and north.
- Warners Bay Town Centre – located on the northern shores of Lake Macquarie, 6 km north of the subject site (10 km by road), the main retail focus is on Warners Bay Village, a convenience-based neighbourhood centre anchored by a moderate sized Coles. Just to the south is a new apartment development incorporating a ground level shopping complex, Shearwater Plaza. This new centre is anchored by ALDI and 10 specialty shops, which are yet to be leased. The balance of the town centre comprises attractive strip-based retailing with a focus on cafes and restaurants along the foreshore.

Table 4—Estimated retail floorspace by category

	Occupied retail floorspace (sqm)				
Activity centre	Smkts	Other food & drink	Total food & drink	Non-food & services	Total retail
WITHIN CATCHMENT					
Belmont Citi Centre	4,856	680	5,536	810	6,346
Belmont Central	3,784	440	4,224	1,200	5,424
Balance Belmont Town Centre	1,796	3,130	4,926	7,320	12,246
Belmont Town Centre	10,436	4,250	14,686	9,330	24,016
Lake Macquarie Fair*	8,389	1,453	9,842	10,845	20,687
Balance Mount Hutton Town Centre	0	300	300	400	700
Mount Hutton Town Centre	8,389	1,753	10,142	11,245	21,387
Swansea Town Centre	6,747	3,000	9,747	3,200	12,947
Jewells Neighbourhood Centre	2,032	600	2,632	1,500	4,132
Total catchment	27,604	9,603	37,207	25,275	62,482
BEYOND CATCHMENT					
Charlestown Square	10,565	5,705	16,270	55,992	72,262
Balance Charlestown precinct	0	2,190	2,190	5,030	7,220
Charlestown Regional Centre	10,565	7,895	18,460	61,022	79,482
Warners Bay Village	3,012	675	3,687	850	4,537
Shearwater Plaza	1,509	0	1,509	0	1,509
Balance Warners Bay Town Centre	0	4,300	4,300	2,600	6,900
Warners Bay Town Centre	4,521	4,975	9,496	3,450	12,946

*Redeveloped Lake Macquarie Fair including new Coles and retail specialty floorspace (construction anticipated to be completed end of 2018)

Source: Deep End Services floorspace survey October 2018; Property Council Australia.

2.6 Catchment area – current and future floorspace and sales

A summary of catchment area retail floorspace by broad product group (Food, Liquor & Grocery, Non-Food & Services and Total) is provided in Table 5 at right. This table also provides estimated sales and trading levels for the activity centres in 2018. This is based on information in published sources such as Shopping Centre News and supplemented by Deep End Services' databases and observations.

No significant supermarket-based retail developments are assumed to occur within the catchment area over the period 2018 to 2023.

As a result, the combined sales within the catchment area centres is forecast to increase from $491.8 million in 2018 to $538.3 million in 2023, a $46.5 million increase over 5 years.

The largest increase will be in the FL&G market, with sales recorded by local retailers in these product groups forecast to increase by $32.3 million during the next 5 years.

Within the relevant centres beyond the catchment, a small increase in retail specialty floorspace (and sales) is assumed for the Warners Bay Town Centre due to the assumption that the retail tenancies at Shearwater Plaza and adjacent approved Water Edge development will be fully leased by 2023.

Table 5—Existing floorspace and sales estimates, 2018

	Floorspace (sqm)			Estimated sales ($m)			Trading level ($/sqm)		
Activity centre	FL&G	NF & Services	Total	FL&G	NF & Services	Total	FL&G	NF & Services	Total
WITHIN CATCHMENT									
Belmont Town Centre	13,016	11,000	24,016	119.2	62.8	182.1	$9,161	$5,712	$7,581
Mount Hutton Town Centre	9,117	12,270	21,387	92.7	62.9	155.6	$10,170	$5,122	$7,274
Swansea Town Centre	8,667	4,280	12,947	86.0	28.1	114.1	$9,925	$6,562	$8,813
Jewells Neighbourhood Centre	2,307	1,825	4,132	27.2	12.6	39.9	$11,809	$6,925	$9,652
Total catchment	33,108	29,374	62,482	325.2	166.4	491.6	$9,823	$5,665	$7,868
BEYOND CATCHMENT									
Charlestown Regional Centre	17,732	61,750	79,482	201.5	397.1	598.7	$11,365	$6,431	$7,532
Warners Bay Town Centre	8,773	4,173	12,946	87.7	30.8	118.5	$10,001	$7,373	$9,153

Source: Deep End Services (including floorspace survey October 2018); Property Council of Australia

Table 6—Future floorspace and sales forecasts, 2023 ("base case")

	Floorspace (sqm)			Estimated sales ($m)			Trading level ($/sqm)		
Activity centre	FL&G	NF & Services	Total	FL&G	NF & Services	Total	FL&G	NF & Services	Total
WITHIN CATCHMENT									
Belmont Town Centre	13,016	11,000	24,016	131.1	68.2	199.3	$10,070	$6,200	$8,297
Mount Hutton Town Centre	9,117	12,270	21,387	101.9	68.2	170.1	$11,178	$5,560	$7,955
Swansea Town Centre	8,667	4,280	12,947	94.6	30.5	125.0	$10,909	$7,122	$9,657
Jewells Neighbourhood Centre	2,307	1,825	4,132	29.9	13.7	43.7	$12,981	$7,517	$10,567
Total catchment	33,108	29,374	62,482	357.5	180.6	538.1	$10,797	$6,149	$8,612
BEYOND CATCHMENT									
Charlestown Regional Centre	17,732	61,750	79,482	221.5	431.1	652.6	$12,492	$6,981	$8,211
Warners Bay Town Centre	9,693	4,703	14,396	99.2	34.9	134.1	$10,234	$7,422	$9,316

Source: Deep End Services

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Economic impact assessment

3.1 Sales forecast

Supermarket

The sales forecast for the Kaufland supermarket has been prepared on a market share basis as set out in Table 7 at right. As indicated, a market share of 10.5% is expected to be achieved in the key Primary sector due to proximity and excellent accessibility to the site. Whilst accessibility is also very good for the secondary sectors, considerably lower market shares are forecast to be achieved, at 3.8% within the Secondary south and 2.2% from the more competitive Secondary north sector. Additional sales are forecast to be sourced from non-catchment residents (15%) and non FL&G product categories (10%).

The resulting sales forecast for the Kaufland supermarket is $40.4 million in 2023, representing a strong first year performance.

Other tenants

Forecast sales for the associated retail specialty tenants are $3.6 million in 2023, the majority of which is assumed to be derived from specialty food retail tenants (i.e. fresh food, takeaway food and/or café).

Total centre

The total retail sales forecast for the subject site in 2023 are $44.0 million as set out in Table 8. Of this, $39.4 million is forecast to be derived from Food & Liquor goods and $4.6 million from Non-Food & Services.

Table 7—Forecast Kaufland Belmont North supermarket sales, 2023

Catchment sector	FL&G spending ($m)	Market share (%)	Turnover ($m)	Sales distribution (%)
Primary	228.9	10.5%	24.0	66.1%
Secondary				
Secondary north	126.2	2.2%	2.8	7.6%
Secondary south	107.9	3.8%	4.1	11.3%
Total secondary	234.1	2.9%	6.9	18.9%
Total catchment area	463.0	6.7%	30.9	85.0%
Beyond sales (15%)			5.5	15.0%
Total FL&G sales			36.4	
Non-FL&G sales (10%)			4.0	10.0%
Total			40.4	

Source: Deep End Services

Table 8—Forecast Kaufland Belmont North total centre sales, 2023

	Floorspace	Sales	Trading level	Sales by category ($m)		
Tenancy	(sqm GLA)	($m)	($/sqm)	FL&G	NF & Services	Total retail
Supermarket	4,000	40.4	$10,100	36.4	4.0	40.4
Other tenants	500	3.6	$7,100	3.0	0.6	3.6
Total retail	4,500	44.0	$9,767	39.4	4.6	44.0

Source: Deep End Services

3.2 Trading impacts

The trading impacts from the proposed development are set out in Table 9 for 2023.

Due its large "draw", the proposed Belmont North Kaufland supermarket will attract sales from many supermarkets and other retailers throughout the region (including beyond the catchment at Charlestown and Warners Bay).

The average one-off impact across the catchment area is forecast as -7.1% for Food, Liquor & Groceries and -1.7% for Non-Food & Services, representing an overall average of -5.3% or -$28.4 million.

The highest one-off impacts are anticipated within the Belmont Town Centre (-7.3%) and the Jewells Neighbourhood Centre (-6.8%). However, both centres are anchored by successful supermarkets which would continue to operate after the introduction of Kaufland at Belmont North.

Anticipated one-off impacts on other centres are substantially lower.

As a result, the proposed development will not have an unreasonable detrimental economic impact on the commercial viability of any existing activity centre.

Table 9—Forecast Kaufland Belmont North development trading impacts, 2023

	Base case sales 2023			Post development sales			Impacts $m			Impacts %		
Activity centre	FL&G	NF & Services	Total	FL&G	NF & Services	Total	FL&G	NF & Services	Total	FL&G	NF & Services	Total
Kaufland Belmont North development				39.4	4.6	44.0						
WITHIN CATCHMENT												
Belmont Town Centre	131.1	68.2	199.3	118.5	66.3	184.7	-12.6	-1.9	-14.5	-9.6%	-2.8%	-7.3%
Mount Hutton Town Centre	101.9	68.2	170.1	97.0	67.6	164.6	-4.9	-0.6	-5.6	-4.8%	-0.9%	-3.3%
Swansea Town Centre	94.6	30.5	125.0	89.4	30.3	119.7	-5.1	-0.2	-5.3	-5.4%	-0.8%	-4.3%
Jewells Neighbourhood Centre	29.9	13.7	43.7	27.2	13.5	40.7	-2.8	-0.2	-3.0	-9.2%	-1.7%	-6.8%
Total catchment	357.5	180.6	538.1	332.1	177.6	509.7	-25.4	-3.0	-28.4	-7.1%	-1.7%	-5.3%
BEYOND CATCHMENT												
Charlestown Regional Centre	221.5	431.1	652.6	215.6	430.3	645.9	-5.9	-0.8	-6.7	-2.7%	-0.2%	-1.0%
Warners Bay Town Centre	99.2	34.9	134.1	97.4	34.9	132.3	-1.8	0.0	-1.8	-1.8%	-0.1%	-1.4%
Other centres/locations							-6.3	-0.8	-7.1			
Total							-39.4	-4.6	-44.0			

Source: Deep End Services

3.3 Other economic effects

Employment benefits

The total cost for the construction of the proposed development is estimated at $25 million with the work conducted over an 18-month period. The construction phase is expected to generate 150 full-time equivalent jobs ("FTE") over this period. Another 265 indirect FTE jobs are expected be created in the wider economy, some of which would be retained locally through supply contracts, expenditure and wages, etc.

An estimated 100 ongoing jobs (FTE) will be directly created during operation, with approximately 125 jobs created through multiplier effects, some of which would be retained locally (refer Table 10).

An important aspect is that most, if not all, jobs created on-site would be filled by local residents, and a share of the indirect jobs would also support the local labour market. Retail job opportunities are important for community members such as students and semi-retirees who are seeking to work close to home with flexible hours.

Other benefits

The development will introduce a new supermarket brand to the region, enhancing the choice and range available to residents in the area. The small number of specialty shops to be provided will also enhance the experience.

Table 10—Employment creation, Kaufland Belmont North development, 2023 onwards

Tenancy type	Floorspace (sqm)	FTE direct job creation per 100 sqm	Direct ongoing jobs (FTE)	Indirect jobs (FTE)
Supermarket	4,000	2.2	85	106
Other retail	500	3.0	15	19
Job creation			100	125

Source: Deep End Services

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Net community benefit

4.1 Summary of opinion

The planned relocation of Bunnings from Belmont North presents a significant redevelopment opportunity for this large strategic site and it is in this context that the possible introduction of a Kaufland supermarket has been assessed.

The unique nature of Kaufland means that it will attract customers from a wider region than a typical supermarket. This contributes to the assessment that the store is likely to achieve sales slightly in excess of $40 million in 2023, its first year of trading.

Sales will be redirected from centres throughout the catchment and beyond (including Charlestown and Warners Bay). One-off impacts are anticipated to be modest and not threaten the viability of any of the centres (including those closest at Belmont and Jewells).

On the other hand, the proposed redevelopment will introduce a new international retail brand to the Hunter region and a new supermarket alternative for residents in the area. The additional choice and increased competition will likely increase downward pressure on food and grocery prices, providing another benefit for local consumers.

Furthermore, the redevelopment will provide 150 direct and 265 indirect FTE jobs during the construction phase as well as an estimated 100 ongoing direct FTE jobs and additional employment created in the wider economy through the employment multiplier.

As a consequence, it is assessed that the proposed Kaufland Belmont North development will result in a positive net community benefit.