

56-76 Mandalong Rd Morisset

Additional Permitted Uses

Economic Impact Assessment

Prepared for Winarch Capital
16 July 2021



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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

Winarch Capital report - Morisset EIA - 16 July 21

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, 2016/17-2019/20
- Estimated resident population updates, 2012-2020

Central Coast Council

- *Retail Centres Strategy*, October 2013

Deloitte Access Economics

- Spend per capita estimates and forecasts by category, 2012-2030

forecast.id – small area population projections

- Central Coast Council, March 2018

Lake Macquarie City

- *Shaping the Future - Local Strategic Planning Statement*, March 2020

Market Data Systems

- MarketInfo retail spending propensity by category, 2011/12

Nearmap

- Aerial imagery

Property Council of Australia

- *Shopping Centre Directory*, September 2020

REMPAN

- Lake Macquarie City population projections by locality, May 2021

Winarch Capital

- Development plan

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Introduction



1.1 Site context

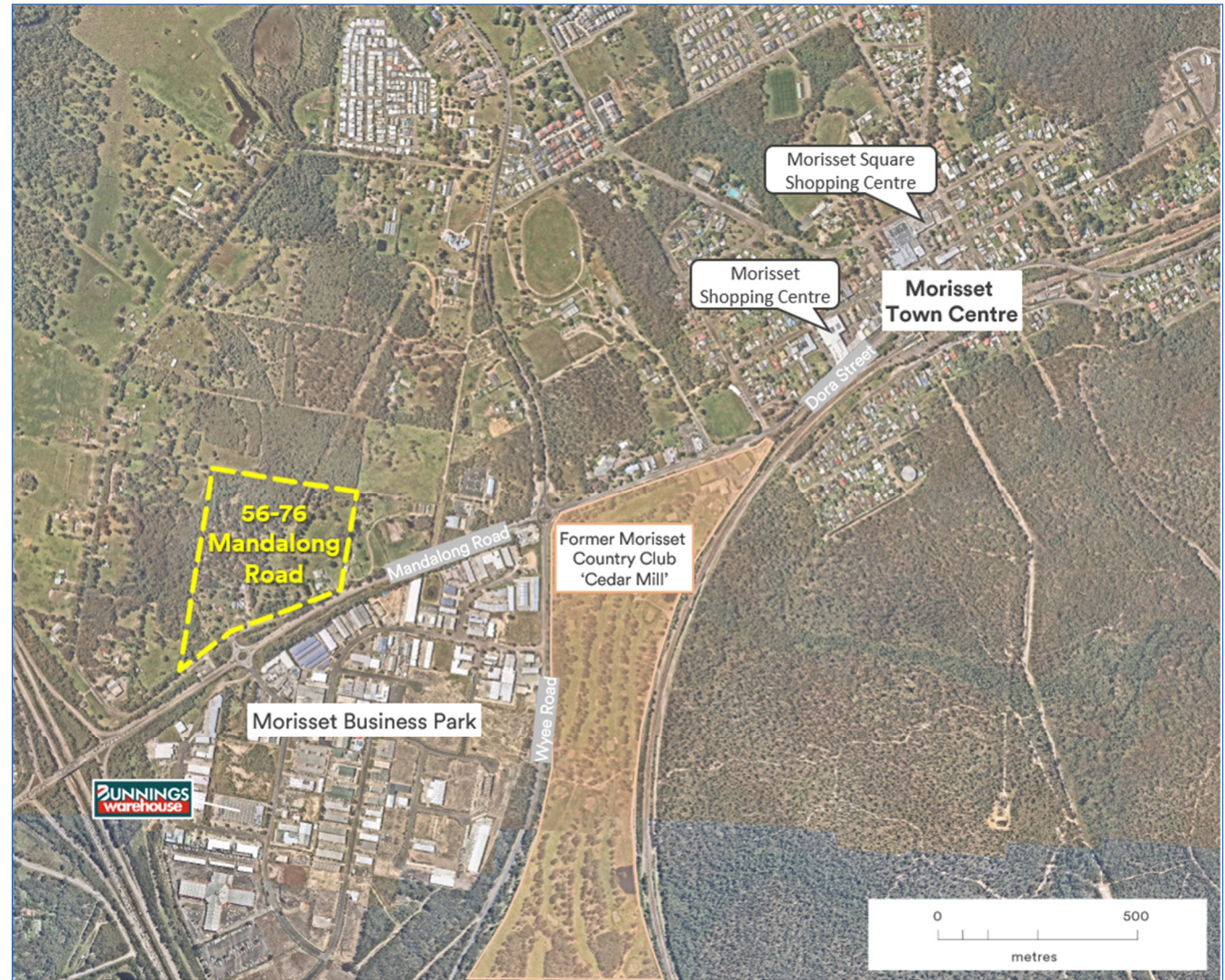
The subject site is located at 56-76 Mandalong Road, Morisset and is approximately 35 km south-west of the Newcastle CBD and 90 km north of the Sydney CBD.

Mandalong Road connects the Morisset Town Centre (1.5 km to the east of the subject site) to the Pacific Motorway (400 metres to the west) and is a busy throughfare carrying an average of 14,500 vehicles per day.

The subject site currently contains a dwelling and print/copy business but is otherwise undeveloped. The Morisset Business Park is located on the southern side of Mandalong Road and extends from the Pacific Motorway to Wyee Road. This area contains a mixture of light industrial and showroom uses, including a relatively small Bunnings Warehouse store. Total employment in this area is significant, growing from 1,096 in 2016 to 1,657 in 2021.

Figure 1 shows the subject site and its proximity to the Morisset Town Centre, Morisset Business Park and the Pacific Motorway. It also shows the location of the former Morisset Country Club which Winarch Capital is developing as “Cedar Mill”. The \$235 million, 72-hectare project will include a new concert venue, cafés and restaurants, tourist accommodation, Australia’s largest aquatic play park and lifestyle living dwellings.

Figure 1—Aerial image and site context



Source: Deep End Services; Nearmap

1.3 Alternative sites

The APUs have total floorspace of 4,100 sqm. Given the nature of the uses to be introduced by the APUs (i.e. neighbourhood supermarket, other shops, cafes and restaurants) and associated parking requirements, a site coverage of approximately 33% is deemed appropriate. This means that approximately 1.25 ha of contiguous and accessible land would be required within the Town Centre as an alternative to provide the range of APUs sought at the subject site.

Revision 25 to the Lake Macquarie DCP was adopted on 28 September 2020 and, at Part 10 – Town Centre Area Plans – Morisset, contains a figure indicating the desired Town Centre structure.

This structure is used as the base in Figure 3 at right. It is apparent that there are no candidate 1.25 ha sites available within the Town Centre. The two indicated areas of the Town Centre are unsuitable due to the following:

- Morisset Square and surrounds
 - Includes 5 houses
 - Would require part demolition of existing centre
 - Significant slopes
- Lean Memorial Park and surrounds
 - Park is to be maintained
 - Includes houses and businesses.

Figure 3—Desired Morisset Town Centre Structure, with 1.25 ha site overlays

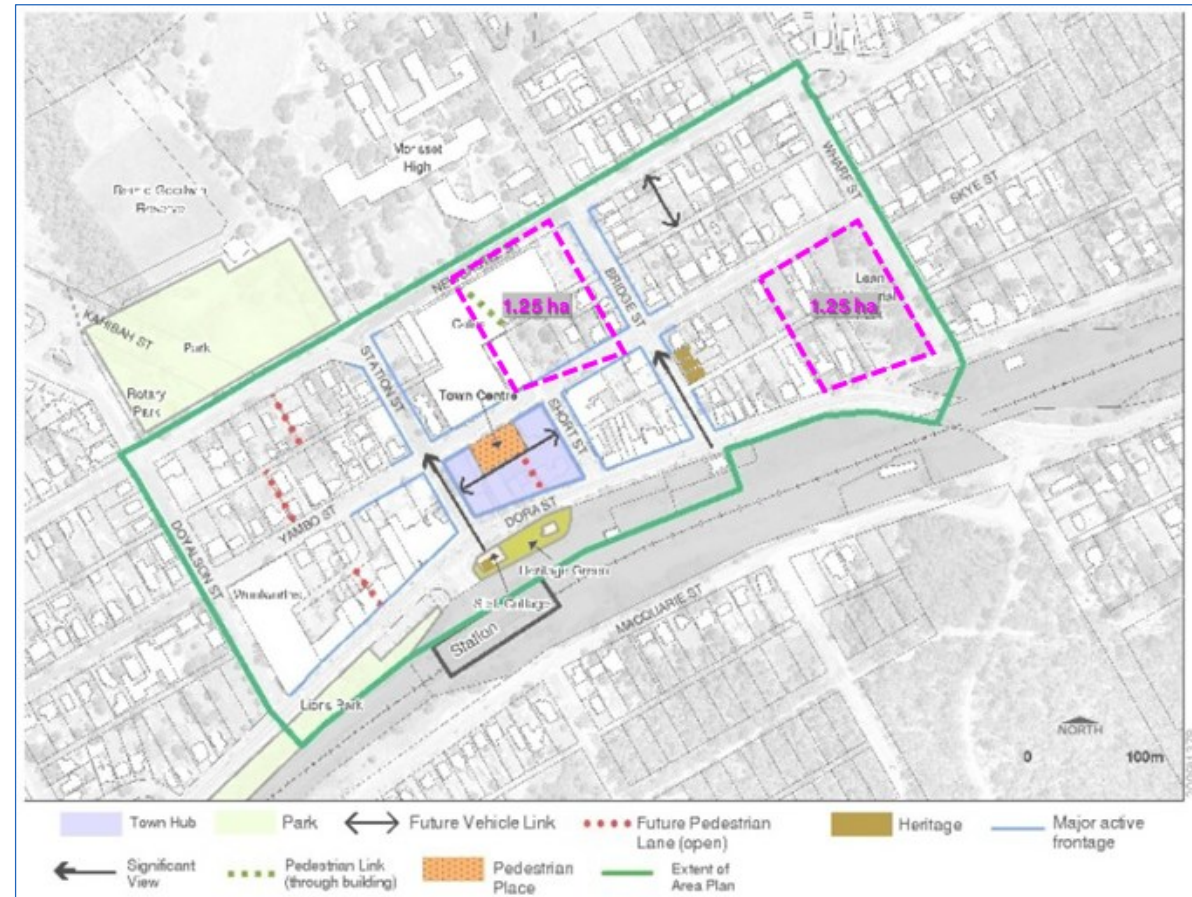


Figure 2 - Morisset: desired town centre structure

LMCC DCP 2014 – Revision 25
Page 4 – F2019/00741
Adopted by Council 28 September 2020

Source: Deep End Services; Lake Macquarie City

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Catchment analysis



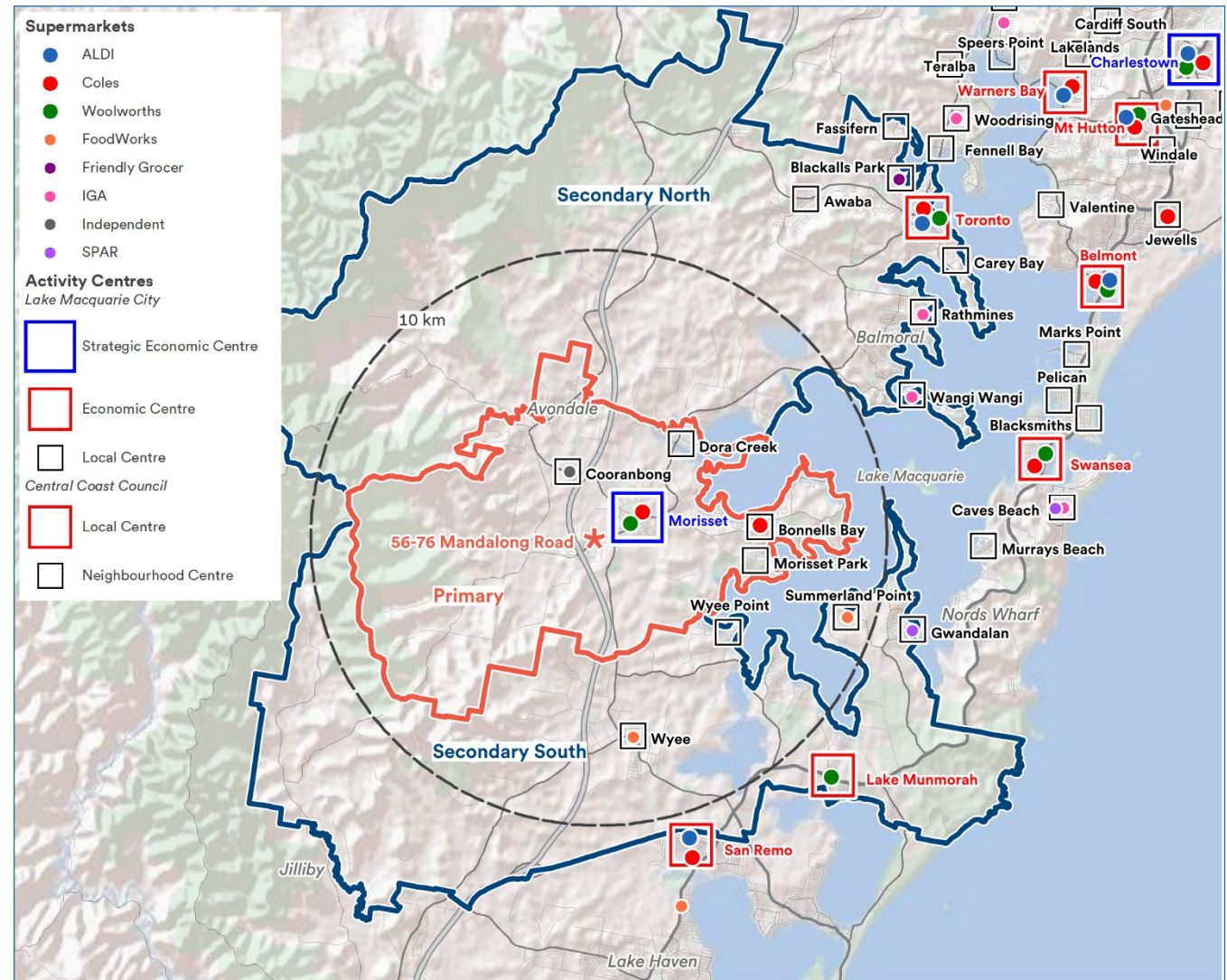
2.1 Catchment definition

The catchment area defined for the APUs at the proposed development is influenced by a number of factors including the co-location with large format retailers, the regional road network, location of other retail facilities and surrounding geography.

The resulting catchment encompasses most of the townships on the western side of Lake Macquarie and comprises a Primary sector and two Secondary sectors as follows:

- **Primary** – bisected by the Pacific Motorway, the sector extends almost 10 km east to include the townships of Morisset, Bonnells Bay and Silverwater, as well as the growth township of Cooranbong on the western side of the Pacific Motorway.
- **Secondary North** – extends up to 18 km north and includes Toronto, as well as the lakeside townships of Wangi Wangi, Rathmines, Carey Bay and Blackalls Park.
- **Secondary South** – encompasses the townships of Wyee, Lake Munmorah, Gwandalan and Summerland Point located up to 12 km south-east of the site.

Figure 4—Catchment area definition



Source: Deep End Services; MapInfo

2.2 Demographic profile

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

- Slightly older age profile
- Generally typical income levels but higher in the Secondary North sector
- Low levels of ethnic diversity (consistent with Regional NSW)
- Homes fully owned or under mortgage
- Higher proportion of separate houses (as opposed to townhouses or apartments)
- Slightly higher proportions of households comprising couples without children
- Slightly higher levels of vehicle ownership.

Overall, the catchment area presents as containing a relatively homogeneous community with characteristics which are generally very similar to Regional NSW averages.

Table 1—Catchment area demographics, 2016 Census

Demographic characteristic (2016 Census)	Primary	Secondary North	Secondary South	Total catchment	Regional NSW
Persons and dwellings					
Usual resident population	19,164	23,301	20,867	63,332	2,656,237
Total private dwellings	8,415	10,282	9,239	27,936	1,203,937
- % unoccupied	12%	12%	12%	12%	12%
Average household size ⁽⁵⁾⁽⁷⁾	2.48	2.46	2.48	2.47	2.44
Economic indicators					
Participation rate ⁽²⁾	50%	52%	51%	51%	55%
Unemployment rate ⁽²⁾	8.0%	7.5%	7.0%	7.5%	6.7%
White collar workers ⁽²⁾	42%	44%	34%	40%	44%
Bachelor degree or higher ⁽²⁾⁽³⁾	15%	15%	8%	13%	14%
Age group					
0-9	11%	10%	11%	11%	12%
10-19	12%	12%	12%	12%	12%
20-34	16%	14%	15%	15%	17%
35-49	16%	17%	17%	17%	18%
50-64	19%	22%	20%	21%	21%
65+	25%	25%	25%	25%	21%
Average age	43.7	44.3	43.7	43.9	41.5
Annual household income ⁽¹⁾⁽³⁾⁽⁵⁾					
<\$33,800	23%	21%	23%	22%	25%
\$33,800 - \$78,200	39%	37%	42%	39%	37%
\$78,200 - \$130,300	22%	23%	22%	23%	22%
\$130,300 - \$182,400	9%	10%	9%	10%	9%
>\$182,400	6%	8%	5%	6%	7%
Average household income	\$77,215	\$84,662	\$74,396	\$79,089	\$79,157
Variation from Regional NSW average	-2%	7%	-6%	0%	.
Country of birth ⁽¹⁾					
Australia	86%	91%	90%	89%	88%
England	4%	4%	4%	4%	3%
New Zealand	3%	1%	2%	2%	1%
Other	7%	4%	4%	5%	7%
Occupied private dwelling tenure ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾					
Fully owned	42%	43%	45%	43%	39%
Being purchased	33%	35%	36%	35%	32%
Rented	25%	23%	19%	22%	29%

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

Source: Deep End Services; Australian Bureau of Statistics

Demographic characteristic (2016 Census)	Primary	Secondary North	Secondary South	Total catchment	Regional NSW
Dwelling type ⁽¹⁾⁽⁴⁾⁽⁷⁾					
Separate house	89%	90%	98%	92%	84%
Townhouse/semi-detached	9%	7%	1%	6%	9%
Apartment	2%	3%	1%	2%	7%
Household composition ⁽⁴⁾⁽⁵⁾					
Couples with children	27%	28%	28%	28%	28%
Couples without children	32%	33%	33%	33%	29%
One parent family	12%	12%	12%	12%	12%
Lone person	25%	25%	26%	25%	28%
Group	3%	2%	2%	2%	3%
Motor vehicle ownership per dwelling ⁽¹⁾⁽⁵⁾					
None	5%	5%	4%	5%	6%
One	39%	34%	39%	37%	37%
Two	35%	40%	36%	37%	38%
Three or more	21%	21%	21%	21%	19%

Source: Deep End Services; ABS

2.3 Population

The catchment area was estimated to contain 67,585 people at June 2020, with 21,065 people (or 31%) residing in the Primary sector.

The catchment area had experienced an average growth rate of 1.1% per annum since 2016, with the highest rate of growth observed in the key Primary sector during this time.

Looking ahead, an adjustment has been incorporated within population forecasts for the region to anticipate the impact of COVID-19 on overseas migration, interstate movement and reduced fertility rates for the period 2020 to 2024. These impacts are, however, very minor for this region.

Future population growth will occur as a result of both infill development and greenfield estate development, with the latter occurring in areas such as Cooranbong, Gwandalan, Wyee and the northern parts of Morisset.

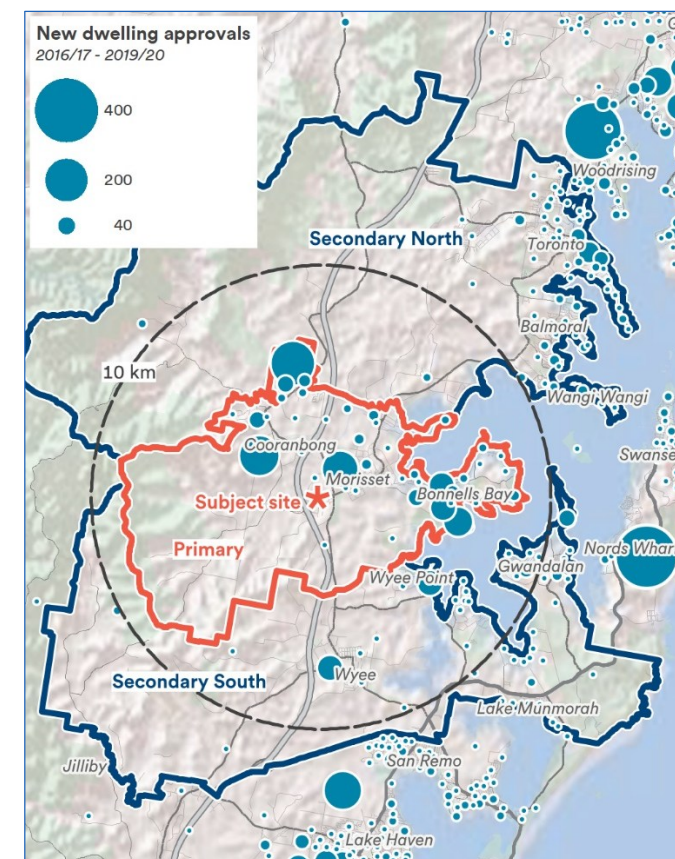
By 2036, the catchment area is forecast to contain a population of 87,563, an increase of almost 20,000 over the next decade and half, with growth at an average rate of 1.6% per annum.

Table 2—Catchment area population, 2016 - 2036

Catchment area sector	2016	2020	2024	2028	2032	2036
Population						
Primary	19,603	21,065	22,247	23,986	25,925	27,558
Secondary North	23,869	24,118	24,583	25,309	25,769	26,169
Secondary South	21,278	22,402	23,526	26,135	30,027	33,836
Total	64,750	67,585	70,356	75,430	81,721	87,563
Population growth (no. per annum)						
Primary	-	366	295	435	485	408
Secondary North	-	62	116	182	115	100
Secondary South	-	281	281	652	973	952
Total	-	709	693	1,269	1,573	1,460
Population growth (% per annum)						
Primary	-	1.8%	1.4%	1.9%	2.0%	1.5%
Secondary North	-	0.3%	0.5%	0.7%	0.5%	0.4%
Secondary South	-	1.3%	1.2%	2.7%	3.5%	3.0%
Total	-	1.1%	1.0%	1.8%	2.0%	1.7%

Source: Deep End Services: ABS; REMPLAN; forecast.id

Figure 5—New dwelling approvals, 2016/17 – 2019/20



Source: Deep End Services, ABS, MapInfo

2.4 Retail spending

Total retail spending by catchment area residents is presented in Table 3 at right.

The spending projections combine population estimates and per capita spending forecasts as modelled by Market Data Systems. These per capita spending rates 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.

In 2024, spending generated by catchment area residents is forecast to comprise:

- \$464.8 million on Food & Groceries
- \$207.1 million on Other Food & Liquor
- \$542.5 million on Non-Food & Services
- \$1,214.3 million in total.

Each of these markets has relevance for the proposed APUs at the subject site.

After 2024, total retail spending is forecast to increase at annual rates between 4.4% and 4.7% per annum, with the total annual spending market reaching \$2.07 billion by 2036.

Table 3—Catchment area retail spending, 2016-2036

Spending category	Spending market (\$m)						Average change (%pa)			
	2016	2020	2024	2028	2032	2036	2020-24	2024-28	2028-32	2032-36
Food & Groceries										
Primary	106.2	130.8	146.4	172.4	205.0	240.1	2.8%	4.2%	4.4%	4.0%
Secondary North	132.7	153.7	165.8	186.3	208.7	233.3	1.9%	3.0%	2.9%	2.8%
Secondary South	114.3	138.2	152.6	184.5	233.0	288.7	2.5%	4.9%	6.0%	5.5%
Total	353.2	422.7	464.8	543.3	646.7	762.1	2.4%	4.0%	4.5%	4.2%
Other Food & Liquor										
Primary	52.7	55.0	65.5	81.3	100.0	122.0	4.5%	5.5%	5.3%	5.1%
Secondary North	69.0	67.6	77.9	92.3	107.0	124.8	3.6%	4.3%	3.8%	3.9%
Secondary South	52.5	53.9	63.7	81.3	106.1	137.0	4.3%	6.3%	6.9%	6.6%
Total	174.2	176.4	207.1	254.9	313.1	383.9	4.1%	5.3%	5.3%	5.2%
Non-Food & Retail Services										
Primary	131.1	144.7	174.6	209.5	252.8	299.4	4.8%	4.7%	4.8%	4.3%
Secondary North	166.8	173.0	201.9	231.2	262.7	297.3	3.9%	3.4%	3.2%	3.1%
Secondary South	127.7	138.0	165.9	205.2	263.2	330.6	4.7%	5.4%	6.4%	5.9%
Total	425.6	455.7	542.5	645.9	778.7	927.2	4.5%	4.5%	4.8%	4.5%
Total										
Primary	290.0	330.5	386.5	463.2	557.8	661.5	4.0%	4.6%	4.8%	4.4%
Secondary North	368.6	394.3	445.5	509.8	578.4	655.4	3.1%	3.4%	3.2%	3.2%
Secondary South	294.4	330.0	382.3	471.0	602.3	756.2	3.7%	5.4%	6.3%	5.9%
Total	953.0	1,054.8	1,214.3	1,444.0	1,738.6	2,073.2	3.6%	4.4%	4.7%	4.5%

Note:

Food & Groceries (F&G) is the majority of supermarket turnover and includes perishable and non-perishable food, cigarettes, personal care and non-prescription pharmaceuticals, magazines & stationery

Other Food & Liquor includes takeaway food, dining out at cafés/restaurants and take-home liquor

Food is the sum of **Food & Groceries** and **Other Food & Liquor**

Non-Food & Retail Services (NF & Services) includes 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

Total Retail is the sum of **Food** and **Non-Food & Retail Services**

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

2.5 Retail hierarchy

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

Catchment area

The catchment area contains one Strategic Economic Centre, one Economic Centre and a number of Local/Neighbourhood Centres, as designated in the *Lake Macquarie City, Local Strategic Planning Statement (March 2020)* and the *Central Coast Council, Retail Centres Strategy (October 2013)*. These centres comprise the following components:

- **Morisset** – Designated as a Strategic Economic Centre which includes two shopping centres, the Coles- and Target-anchored Morisset Square Shopping Centre and the Woolworths-anchored Morisset Shopping Centre. The Town Centre also includes local strip-based retailing, primarily on a 550 metre stretch along Dora Street. The Dora Street shopping strip includes a variety of food and non-food specialty retail tenants as well as non-retail uses such as real estate agents, allied health and offices.
- **Toronto** - located within the Secondary North sector, Toronto is a designated Economic Centre, and functions as a major commercial hub for the north-western Lake Macquarie townships. The Town Centre is anchored by Coles (4,086 sqm), Woolworths (3,230 sqm) and ALDI (1,450 sqm). Toronto's main shopping component is located along The Boulevarde, which runs east-west through the Town Centre and is the primary retail shopping strip in Toronto. To the north of The Boulevarde is the Coles-based centre, Toronto Town Square, which also comprises The Reject Shop, Liquorland and several other specialty tenants. To the south of The Boulevarde is the freestanding Woolworths and ALDI centre, accompanied by a butcher and a number of other retail services.
- **Bonnells Bay** - situated 5.5 km east of the subject site, Bonnells Bay Shopping Centre is a designated Local Centre, anchored by a 3,556 sqm Coles supermarket and accompanied by a range of local convenience retailers. It is the only retail destination on the Morisset Peninsula and serves a localised catchment, catering to the every-day retail needs of the surrounding area.
- **Lake Munmorah** – Located in the Secondary South, Lake Munmorah Shopping Centre is anchored by a 3,800 sqm Woolworths and accompanied by a range of specialty retail shops catering to the lakeside townships at the southern end of Lake Macquarie.

Several other small Local/Neighbourhood Centres are located throughout the catchment, such as Rathmines, Wangi Wangi, Wyee and Gwandalan. These centres are typically anchored by a small Foodworks, IGA or other independent supermarket brand and cater to the everyday convenience needs of local residents. Their competitive relevance to the proposed development is, however, considered minimal.

Beyond catchment

- **San Remo** - located 12 km south of the subject site, is a designated Local Centre situated just beyond the Secondary South sector. It comprises Northlakes Shopping Centre, anchored by Coles (3,490 sqm) and a variety of specialty tenants, with a focus on food. In addition to Northlakes Shopping Centre, a freestanding ALDI is located to the north-west, near the residential neighbourhoods of Blue Haven and has direct access to Doyalson Link Road.
- **Woodrising** - located on the north-western shores of Lake Macquarie, 18.5 km north of the subject site and situated just beyond the Secondary North sector. Woodrising Shopping Centre is a convenience-based Local Centre anchored by a Carlo's SUPA IGA and accompanied by a small variety of specialty retailers, including a pharmacy, butcher and independent liquor store.

Table 4—Estimated occupied retail floorspace (sqm) by category

Activity centre	Supermarkets	Other Food & Liquor	Non-Food & Retail Services	Total
WITHIN CATCHMENT				
<u>Strategic Economic Centre</u>				
Morisset Town Centre	7,114	2,477	7,784	17,375
<u>Economic Centre (LMC)/Local Centre (CCC)</u>				
Lake Munmorah	3,800	845	825	5,470
Toronto Town Centre	8,766	3,335	6,080	18,181
<u>Local Centre (LMC)/Neighbourhood Centre (CCC)</u>				
Blackalls Park	200	150	125	475
Bonnells Bay	3,556	504	552	4,612
Carey Bay	0	250	300	550
Cooranbong	300	375	550	1,225
Dora Creek	0	380	175	555
Gwandalan	200	400	250	850
Rathmines	300	600	400	1,300
Summerland Point	400	750	200	1,350
Wangi Wangi	750	425	650	1,825
Wyee	450	150	0	600
Total catchment	25,836	10,641	17,891	54,368
BEYOND CATCHMENT				
San Remo	4,890	774	383	6,047
Woodrising	1,000	125	50	1,175

Note: LMC = Lake Macquarie City, CCC = Central Coast Council

Source: Deep End Services floorspace survey (March 2021); Property Council of Australia

2.6 Catchment area – current floorspace and sales

A summary of catchment area retail floorspace by product group (Food, Non-Food & Services and Total) is provided in Table 5 at right. This table also provides estimated sales and trading levels for the designated activity centres within and just beyond the catchment in 2021.

This is based on information from published sources such as Shopping Centre News and supplemented by Deep End Services' databases and observations.

Total sales for retailers located in the identified centres within the catchment area are estimated at \$451.3 million in 2021, at a strong average trading level of \$8,301 per sqm.

Table 5—Existing floorspace and sales estimates, 2021

Activity centre	Floorspace (sqm)			Estimated sales (\$m)			Trading level (\$/sqm)		
	Food	NF & Services	Total	Food	NF & Services	Total	Food	NF & Services	Total
WITHIN CATCHMENT									
<u>Strategic Economic Centre</u>									
Morisset Town Centre	9,093	8,282	17,375	97.4	39.1	136.6	\$10,713	\$4,726	\$7,859
<u>Economic Centre (LMC)/Local Centre (CCC)</u>									
Lake Munmorah	4,379	1,091	5,470	46.9	7.4	54.3	\$10,712	\$6,802	\$9,932
Toronto Town Centre	11,371	6,810	18,181	128.0	44.9	172.8	\$11,253	\$6,590	\$9,506
<u>Local Centre (LMC)/Neighbourhood Centre (CCC)</u>									
Blackalls Park	344	131	475	1.6	0.5	2.1	\$4,680	\$3,454	\$4,342
Bonnells Bay	3,811	801	4,612	32.3	5.2	37.5	\$8,485	\$6,432	\$8,129
Carey Bay	250	300	550	1.8	1.4	3.1	\$7,100	\$4,500	\$5,682
Cooranbong	666	559	1,225	3.5	2.8	6.3	\$5,249	\$4,972	\$5,122
Dora Creek	380	175	555	2.8	0.8	3.6	\$7,316	\$4,500	\$6,428
Gwandalan	594	256	850	3.9	1.3	5.2	\$6,557	\$5,000	\$6,088
Rathmines	891	409	1,300	6.1	2.1	8.2	\$6,837	\$5,033	\$6,269
Summerland Point	1,138	212	1,350	6.4	1.0	7.4	\$5,582	\$4,943	\$5,481
Wangi Wangi	1,153	673	1,825	7.3	3.4	10.6	\$6,293	\$5,033	\$5,829
Wyee	587	14	600	3.7	0.1	3.7	\$6,225	\$5,500	\$6,208
Total catchment	34,656	19,712	54,368	341.5	109.8	451.3	\$9,854	\$5,570	\$8,301
BEYOND CATCHMENT									
San Remo	5,210	837	6,047	56.0	7.2	63.2	\$10,756	\$8,567	\$10,453
Woodrising	1,075	100	1,175	5.7	0.5	6.1	\$5,256	\$4,750	\$5,213

Note: LMC = Lake Macquarie City, CCC = Central Coast Council

Source: Deep End Services (including floorspace survey March 2021); Property Council of Australia

2.7 Catchment area – future floorspace and sales

Table 6 at right summarises catchment area retail floorspace by product group with estimated sales and trading levels for activity centres within the catchment and just beyond in 2024.

These estimated sales figures represent the ‘base case’ development scenario (i.e. the expected trading performance of the activity centres if the development at 56-76 Mandalong Road did not take place).

Total sales by the catchment area centres is forecast to increase from \$451.3 million in 2021 to \$478.1 million in 2024, representing an increase of \$26.8 million over the next 3 years.

The largest increase will be in the Food market, with sales recorded by local retailers in these product groups forecast to increase by \$22.1 million during the next 3 years.

These forecasts are prepared on the basis that there will be no other major retail developments within the catchment area – with the Target Country in Morisset replaced by tenant(s) recording similar sales volumes after it closes – and that retailer sales will therefore increase in line with anticipated catchment area spending.

Table 6—Future floorspace and sales forecasts, 2024 ('base case')

Activity centre	Floorspace (sqm)			Estimated sales (\$m)			Trading level (\$/sqm)		
	Food	NF & Services	Total	Food	NF & Services	Total	Food	NF & Services	Total
WITHIN CATCHMENT									
<u>Strategic Economic Centre</u>									
Morisset Town Centre	9,093	8,282	17,375	103.5	40.8	144.4	\$11,388	\$4,931	\$8,310
<u>Economic Centre (LMC)/Local Centre (CCC)</u>									
Lake Munmorah	4,379	1,091	5,470	49.8	7.7	57.5	\$11,365	\$7,098	\$10,514
Toronto Town Centre	11,371	6,810	18,181	136.2	46.8	183.1	\$11,982	\$6,876	\$10,069
<u>Local Centre (LMC)/Neighbourhood Centre (CCC)</u>									
Blackalls Park	344	131	475	1.7	0.5	2.2	\$4,999	\$3,604	\$4,614
Bonnells Bay	3,811	801	4,612	34.3	5.4	39.7	\$8,998	\$6,712	\$8,601
Carey Bay	250	300	550	1.9	1.4	3.3	\$7,551	\$4,695	\$5,993
Cooranbong	666	559	1,225	3.8	2.9	6.7	\$5,673	\$5,188	\$5,452
Dora Creek	380	175	555	3.0	0.8	3.8	\$7,788	\$4,695	\$6,813
Gwandalan	594	256	850	4.2	1.3	5.5	\$7,071	\$5,217	\$6,513
Rathmines	891	409	1,300	6.6	2.1	8.7	\$7,399	\$5,252	\$6,724
Summerland Point	1,138	212	1,350	6.9	1.1	8.0	\$6,060	\$5,158	\$5,918
Wangi Wangi	1,153	673	1,825	7.8	3.5	11.3	\$6,761	\$5,252	\$6,205
Wyee	587	14	600	3.9	0.1	4.0	\$6,621	\$5,739	\$6,601
Total catchment	34,656	19,712	54,368	363.6	114.6	478.1	\$10,490	\$5,812	\$8,794
BEYOND CATCHMENT									
San Remo	5,210	837	6,047	59.4	7.5	66.9	\$11,406	\$8,939	\$11,065
Woodrising	1,075	100	1,175	6.0	0.5	6.5	\$5,577	\$4,956	\$5,525

Note: LMC = Lake Macquarie City, CCC = Central Coast Council

Target Country Morisset vacating mid-2021. Assumption that floorspace and sales will be replaced by another non-food mini major tenant.

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

3

Economic impact assessment



3.1 Sales forecasts for APUs

Supermarket

The sales forecast for a supermarket of 1,800 sqm has been prepared on a market share basis as set out in Table 7 at right. As indicated, an F&G market share of 6.8% is expected to be achieved in the Primary sector, with shares in the more contestable Secondary sectors expected to be considerably lower due to the presence of competition within these sectors and their distance from Morisset.

Additional sales are forecast to be sourced from non-catchment residents (8%) and Non-F&G product categories (8%).

The resulting total sales forecast for the supermarket at 56-76 Mandalong Road is \$16.3 million in 2024.

Other tenants (restaurant or café and shops)

Forecast sales for the other APUs are \$12.8 million in 2024, comprising \$3.8 million for restaurant or café uses and \$9.0 million for shop uses.

Total centre

The total sales forecast for the APUs are \$29.0 million in 2024 as set out in Table 8. Of this, \$22.3 million is forecast as Food spending and \$6.7 million as Non-Food & Services spending.

Table 7—Forecast 56-76 Mandalong Road supermarket sales, 2024

Catchment sector	Food & Groceries		Non-F&G		Total	Geographic sales distribution (%)	Product group sales distribution (%)
	Market size (\$m)	Market share (%)	Sales (\$m)	Sales (\$m)	Sales (\$m)		
Primary	146.4	6.8%	10.0	0.9	10.8	66.5%	-
Secondary North	165.8	1.1%	1.8	0.2	2.0	12.2%	-
Secondary South	152.6	1.3%	2.0	0.2	2.2	13.3%	-
<i>Sub-total Secondary</i>	<i>318.4</i>	<i>1.2%</i>	<i>3.8</i>	<i>0.4</i>	<i>4.2</i>	<i>25.5%</i>	<i>-</i>
Total catchment	464.8	3.0%	13.8	1.3	15.0	92.0%	-
Beyond catchment	-	-	1.2	-	-	8.0%	-
Total F&G	-	-	15.0	-	-	100.0%	92.0%
Non-F&G	-	-	-	1.3	-	-	8.0%
Total	464.8	3.0%	15.0	1.3	16.3	100.0%	100.0%

Source: Deep End Services

Table 8—Forecast 56-76 Mandalong Road centre APU sales, 2024

Tenancy	Floorspace	Sales	Trading level	Sales by category (\$m)		
	(sqm GLA)	(\$m)	(\$/sqm)	Food	NF & Services	Total retail
Supermarket	1,800	16.3	\$9,033	15.0	1.3	16.3
Restaurant or café	500	3.8	\$7,500	3.8	0.0	3.8
Shops	1,800	9.0	\$5,000	3.6	5.4	9.0
Total centre	4,100	29.0	\$7,076	22.3	6.7	29.0

Source: Deep End Services

3.2 Trading impacts

The trading impacts from the proposed development at 56-76 Mandalong Road are set out in Table 9 for 2024.

The proposed development will attract sales from a number of supermarkets and other retailers throughout the region (including from beyond the catchment). The development is anticipated to have a strong draw, due to centre's proposed large format retail anchors and significant local employment base.

The average one-off impact assessed across the catchment area is forecast as -4.9% for Food and -3.3% for Non-Food & Services, representing an overall average of -4.6% or -\$21.8 million.

The highest one-off impacts are expected to be experienced by nearby activity centres, such as the Morisset Town Centre (-6.7%), Cooranbong (-5.3%) and Bonnells Bay (-4.9%). Toronto Town Centre will experience a -3.7% impact.

However, these impacts are modest, and all centres would continue to operate successfully after the introduction of the APUs at 56-76 Mandalong Road.

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 56-76 Mandalong Road centre APU trading impacts, 2024

Activity centre	Floorspace (sqm)			Base Case Forecast sales (\$m)			Post-development Forecast sales (\$m)			Impacts					
	Food	NF & Services	Total	Food	NF & Services	Total	Food	NF & Services	Total	Change (\$m)			Change (%)		
										Food	NF & Services	Total	Food	NF & Services	Total
56-76 Mandalong Road development	2,756	1,344	4,100	-	-	-	22.3	6.7	29.0	22.3	6.7	29.0	-	-	-
WITHIN CATCHMENT															
<u>Strategic Economic Centre</u>															
Morisset Town Centre	9,093	8,282	17,375	103.5	40.8	144.4	95.9	38.8	134.7	-7.6	-2.0	-9.7	-7.4%	-5.0%	-6.7%
<u>Economic Centre (LMC)/Local Centre (CCC)</u>															
Lake Munmorah	4,379	1,091	5,470	49.8	7.7	57.5	48.2	7.6	55.8	-1.5	-0.2	-1.7	-3.1%	-2.3%	-3.0%
Toronto Town Centre	11,371	6,810	18,181	136.2	46.8	183.1	130.5	45.7	176.2	-5.7	-1.1	-6.9	-4.2%	-2.4%	-3.7%
<u>Local Centre (LMC)/Neighbourhood Centre (CCC)</u>															
Blackalls Park	344	131	475	1.7	0.5	2.2	1.7	0.5	2.2	0.0	0.0	0.0	-1.3%	-0.7%	-1.2%
Bonnells Bay	3,811	801	4,612	34.3	5.4	39.7	32.5	5.2	37.7	-1.8	-0.2	-2.0	-5.1%	-3.6%	-4.9%
Carey Bay	250	300	550	1.9	1.4	3.3	1.8	1.4	3.2	-0.1	0.0	-0.1	-3.4%	-1.2%	-2.5%
Cooranbong	666	559	1,225	3.8	2.9	6.7	3.5	2.8	6.3	-0.3	-0.1	-0.4	-6.6%	-3.6%	-5.3%
Dora Creek	380	175	555	3.0	0.8	3.8	2.8	0.8	3.6	-0.2	0.0	-0.2	-5.8%	-1.8%	-4.9%
Gwandalan	594	256	850	4.2	1.3	5.5	4.1	1.3	5.4	-0.1	0.0	-0.1	-2.8%	-1.0%	-2.4%
Rathmines	891	409	1,300	6.6	2.1	8.7	6.4	2.1	8.5	-0.2	0.0	-0.2	-3.0%	-1.3%	-2.6%
Summerland Point	1,138	212	1,350	6.9	1.1	8.0	6.7	1.1	7.8	-0.2	0.0	-0.2	-2.8%	-1.3%	-2.6%
Wangi Wangi	1,153	673	1,825	7.8	3.5	11.3	7.6	3.5	11.0	-0.2	-0.1	-0.3	-3.0%	-1.7%	-2.6%
Wyee	587	14	600	3.9	0.1	4.0	3.8	0.1	3.9	-0.1	0.0	-0.1	-1.7%	-3.8%	-1.7%
Total catchment	34,656	19,712	54,368	363.6	114.6	478.1	345.6	110.8	456.4	-18.0	-3.8	-21.8	-4.9%	-3.3%	-4.6%
BEYOND CATCHMENT															
San Remo	5,210	837	6,047	59.4	7.5	66.9	58.0	7.3	65.3	-1.4	-0.1	-1.6	-2.4%	-1.8%	-2.3%
Woodrising	1,075	100	1,175	6.0	0.5	6.5	5.9	0.5	6.4	-0.1	0.0	-0.1	-1.8%	-1.8%	-1.8%
Sub-total beyond catchment	6,285	937	7,222	65.4	8.0	73.4	63.9	7.8	71.7	-1.5	-0.1	-1.7	-2.3%	-1.8%	-2.3%
Other centres/locations										-2.8	-2.7	-5.6			
Total										-22.3	-6.7	-29.0			

Note: LMC = Lake Macquarie City, CCC = Central Coast Council

Source: Deep End Services

3.3 Other economic effects

Employment benefits

The construction of the buildings which would contain the APUs would support approximately 50 full-time equivalent jobs during development, with an additional 44 indirect FTE jobs supported in the local economy due to this construction employment.

An estimated 105 ongoing FTE jobs will be created on-site as a result of the APUs once development is complete, with approximately 80 FTE jobs supported in addition to this locally as a result of multiplier effects (refer Table 10).

Most, if not all, new jobs created by the development would be filled by local residents, resulting in a direct positive benefit on the local economy and community. 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.

Table 10—Employment creation, 56-76 Mandalong Road centre APUs, 2024 onwards

Tenancy type	Floorspace (sqm)	FTE direct		Indirect FTE jobs	Total FTE jobs
		job creation per 100 sqm	Direct FTE jobs		
Supermarket	1,800	2.2	40	25	65
Restaurant or café	500	2.2	10	5	15
Shops	1,800	3.0	55	50	105
Total	4,100	-	105	80	185

Source: Deep End Services; ABS

Based upon typical employment densities, the number of FTE jobs which would be supported by 4,100 sqm of showrooms or 1.25 ha of light industrial development (as per the existing Mandalong Road area or Bennetts Green) on the subject site would be as follows:

- Showrooms 41 direct + 25 indirect = 66 total
- Light industrial (low) 31 direct + 29 indirect = 60 total
- Light industrial (high) 37 direct + 44 indirect = 81 total

The number of additional jobs supported by the APUs compared to alternative forms of development would therefore range as follows:

- Direct 64-74 FTEs
- Indirect 36-55 FTEs
- Total 104-125 FTEs.

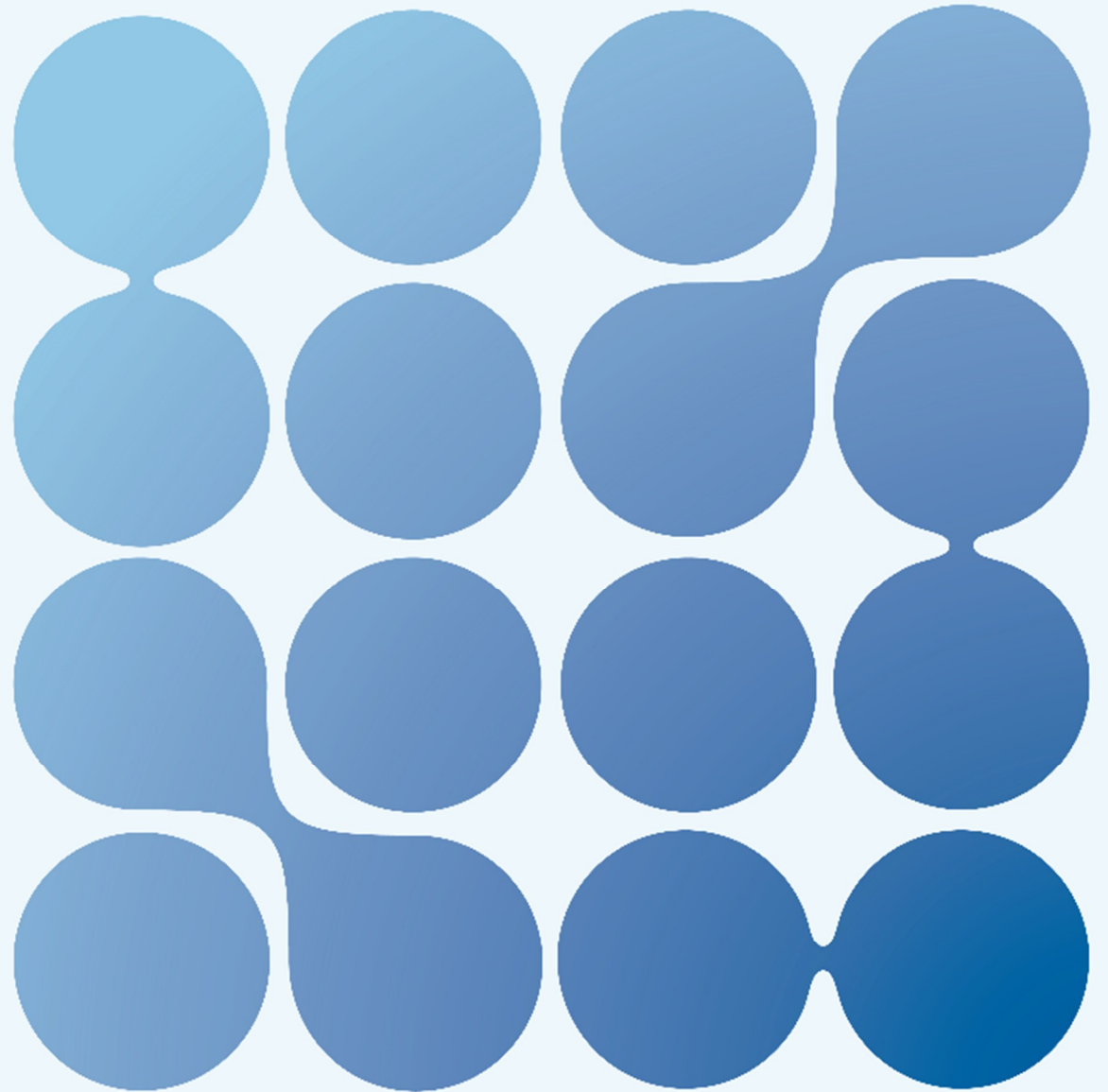
Other benefits

The proposed development at 56-76 Mandalong Road would also:

- Enhance the choice and convenience of supermarket, dining and other retail options available to local residents and nearby workers
- Increase competition in the region, putting downward pressure on prices and raising service levels
- Activate an underutilised site and;
- Increase taxes and rates payable to Council.

4

Net community benefit



4.1 Summary of opinion

The proposed development at 56-76 Mandalong Road, Morisset presents a significant development opportunity for this large strategic site, prominently located at the main entrance to the Morisset Town Centre.

The proposed APUs would enhance the centre's appeal to local residents and workers and also assist in extending the draw of the centre throughout a catchment which takes in most of the western shores of Lake Macquarie.

The APUs would allow the introduction of another supermarket operator within Morisset, which would improve local competition within this important sector of the market. Dining and other retail uses which could be introduced via the APUs would be modest in scale but would be important amenity additions to the proposed centre (and reflective of trends observed elsewhere in Australia in similar developments such as the recently opened Spotlight Centre at Bennetts Green). There is no site available within the Morisset Town Centre which accommodate the APUs in the manner proposed at the subject site, with 1.25 ha of land required.

Sales generated by the APUs would be redirected from centres throughout the catchment and beyond. One-off impacts are anticipated to be low and would not threaten the commercial viability of any of the existing centres, which currently operate successfully and would be expected to continue to do so.

The proposed development of the APUs will provide 50 direct and 44 indirect FTE jobs during the construction phase, as well as an estimated 185 ongoing direct and indirect FTE jobs for the local economy once completed. This level of employment would be significantly higher than if the site was developed for traditional showroom or light industrial uses.

In summary, it is assessed that the proposed APUs at 56-76 Mandalong Road will result in a positive net community benefit.