

Table 3 – Food and Non Food Spending 2010-2019

Rocky Point Shopping Centre Main Trade Area Retail Food and Non-Food Spending, 2010-2019

Year	F&G \$M	Total Food \$M	DSTM \$M	Total Non-Food \$M	Total Retail \$M
2010	269.3	427.9	283.3	316.2	744.1
2011	273.0	435.5	294.0	327.4	762.9
2012	276.5	442.8	304.8	338.7	781.6
2013	279.6	449.3	314.1	348.5	797.8
2014	282.7	455.8	323.5	358.5	814.2
2015	286.3	462.3	331.9	367.4	829.7
2016	289.9	469.0	340.5	376.5	845.5
2017	293.3	475.2	349.0	385.5	860.7
2018	296.3	480.9	357.3	394.3	875.2
2019	299.4	486.8	365.8	403.3	890.1
Average Annual Growth¹					
2010-13	1.3%	1.6%	3.5%	3.3%	2.3%
2013-19	1.1%	1.3%	2.6%	2.5%	1.8%
2010-19	1.2%	1.4%	2.9%	2.7%	2.0%

1. Assumes average annual per capita growth of 1.7% in 2010-2013 and 1.4% thereafter, with different growth rates for each product group

2. Current year is financial year ; Forecast years are financial years

Source: MDS, MarketInfo 2009; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis (\$2010) Excluding GST

Table 4 – Trade Area FLG Spending, 2010 – 2016

Rocky Point Shopping Centre Trade Area FLG Spending, 2010-2019 (\$2010 million, Excluding GST)

Year	Primary	Secondary Trade Area				Main	Total
	TA	North	South	West	Total	TA	TA
2010	92.8	82.3	79.3	59.1	220.7	313.5	313.5
2011	94.2	83.1	80.6	59.8	223.5	317.8	317.8
2012	95.6	84.0	81.7	60.5	226.3	321.9	321.9
2013	96.8	84.9	82.6	61.1	228.7	325.5	325.5
2014	98.0	85.8	83.6	61.8	231.1	329.1	329.1
2015	99.4	86.8	84.6	62.5	233.9	333.3	333.3
2016	100.8	87.8	85.7	63.2	236.7	337.5	337.5
2017	102.1	88.7	86.7	63.9	239.3	341.4	341.4
2018	103.3	89.5	87.6	64.6	241.7	344.9	344.9
2019	104.5	90.4	88.4	65.2	244.0	348.5	348.5
Average Annual Growth¹							
2010-13	1.4%	1.1%	1.4%	1.1%	1.2%	1.3%	1.3%
2013-19	1.3%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
2010-19	1.3%	1.0%	1.2%	1.1%	1.1%	1.2%	1.2%
Share of Total Trade Area							
2010	29.6%	26.2%	25.3%	18.9%	70.4%	100.0%	100.0%
2013	29.7%	26.1%	25.4%	18.8%	70.3%	100.0%	100.0%
2019	30.0%	25.9%	25.4%	18.7%	70.0%	100.0%	100.0%

Source: MDS, MarketInfo 2009; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

4 Retail Hierarchy

This section provides commentary around the current provision of competitive retail floor space relevant to the proposed development. This commentary establishes the relative competitive framework and provides background to assist in determining the level of impact that will be attributed to individual competing centres.

We have considered the centres based on their relative position in the overall retail hierarchy, with convenience based centres at the entry level moving up through neighbourhood centres, sub-regional centres and ultimately regional centres, which serve the broadest role in the retail hierarchy.

4.1 Regional Centres

Westfield Hurstville is located on the corner of Cross and Park Street, 3.9km east of the subject site, just beyond the Main Trade Area (MTA). The centre is situated in Hurstville, approximately 100m from Hurstville train station and comprises around 59,500 sq.m of retail floor space. Tenants include Coles, Aldi, Myer, Kmart and Target as well as 248 specialty stores with good range of fashion retailers. The centre also incorporates a cinema complex and food court.

Westfield Miranda is located 9.6km to the south of the site beyond the Georges River and is accessible via the Princes Highway and Taren Point Road. It comprises 106,890 sq m retail floorspace with tenants including Myer, David Jones, Target, Big W, Woolworths, Franklins and Toys R Us as well as 41,400 sq m specialty retailing including a broad range of national retailers. The centre also incorporates a cinema complex and food court.

4.2 Sub-Regional Centres

Rockdale Plaza is located on Rockdale Plaza Drive approximately 1.8km north of the site within the Main Trade Area and has approximately 21,300 sq.m of retail floor space over two levels. The centre is anchored by a Woolworths supermarket, Franklins and Big W with other major tenants including Dick Smith Electronics and Rebel Sport. There are approximately 59 specialty stores that include a small range of fashion retailers, services, fresh food and 8 food court tenancies.

Rockdale Plaza is likely to be the main weekly shopping destination for a significant proportion of people within the trade area.

Southgate Shopping Centre is located on the corner of Port Hacking Road and the Princes Highway, 6.5km south of the subject site beyond the Georges River and beyond the MTA. There is approximately 31,500 sq.m of retail floor space with Coles, Woolworths and Target anchoring the centre in addition to AMF Bowling and the Sylvania Library. The centre has 51 specialty retailers over one level with a small selection of fashion, services, fresh food retailers and 5 food court tenancies.

Southgate is likely to attract a proportion of residents from the southern trade areas.

These regional and sub-regional centres are likely to capture the majority of the discretionary spending generated by the trade area. As Regional and Sub Regional centres they provide a higher level of service and retailing not typically provided in a lower order centre.

4.3 Neighbourhood and Supermarket Based Centres

Neighbourhood and supermarket based centres traditionally serve a smaller catchment than Sub Regional or Regional Centres. Their main purpose is to provide weekly shopping opportunities for the local population, however in smaller centres, where a full line supermarket is not provided, their role is to service the day to day convenience shopping needs of the local community. Such centres in surrounding suburbs include the following:

Kogarah Town Centre is a small two level retail mall of around 5,100 sq.m, located adjacent to Kogarah Train Station, approximately 1.6km north west of the subject site. With direct access to the

railway platforms, the centre is ideally situated to capture commuter trade. A Woolworths supermarket and Woolworths Liquor anchors the development, which also contains a food court and specialty retail tenancies. The centre is dated, being in need of refurbishment, and has experienced a growing level of vacancy in the food court and in portions of the centre that were leased to non-retail uses such as a medical practice. We understand that ALDI is likely to occupy the ground floor of the centre by 2013.

The centre is located at the northern end of the Kogarah major centre precinct, which includes the St George Private and Public Hospitals and a range of specialty retailing and shop-top apartments.

Beyond the shopping centre, strip shopping within Kogarah major centre extends along Railway Parade and contains a mix of grocery, take away food and restaurants as well as independent clothing and footwear and retail services. There is strong representation from Asian businesses which is reflective of demographic profile of the area. These strip shops appear to be well leased with very little vacancy recorded during our field work.

Ground floor retailing is also contained in the mixed use developments between Railway Parade and St George hospital, principally along Montgomery Street. Retailing within Kogarah is geared towards providing daily needs of local residents and commuters within a walk-in catchment.

Kogarah is identified as a 'major centre' in the South Subregion draft Subregional Strategy.

Ramsgate Beach Plaza and the adjoining Coles supermarket local centre is located at the eastern end of Ramsgate Road, approximately 2.6km to the east of the subject site. These shops effectively function as a single neighbourhood shopping centre anchored by Coles and Franklins supermarkets (2,072 sq m and 761 sq m respectively) and supported by a limited number of specialty retailers a medical centre and St George Bank. Ramsgate Beach Plaza currently serves the daily and main food shopping needs of residents in the Ramsgate / northern Sans Souci area within the Secondary South Trade Area.

4.4 Supermarkets

There are also a number of freestanding supermarkets in the surrounding suburbs, including the following:

Coles Brighton Le Sands is a 2,293 sq.m supermarket located 3km north east of the site at Bay Street. The supermarket is contained at ground floor level of a residential apartment complex.

Franklins South Hurstville is located 4.9km west of the subject site beyond the MTA. It comprises a 2,050 sq.m supermarket. Access is from Greenacre Road, off Kings Georges Road, with other retailers in the proximity including BWS, McDonalds, Hurstville RSL and other services.

4.5 Strip Shopping

There are also several small clusters of shops in the surrounding suburbs, as below:

Rockdale Town Centre extends along the Princes Highway between Bestic Street and King Edward Street and is concentrated around Sevenways and King Street Plaza pedestrianised mall. Rockdale contains a diverse mix of grocery, clothing and footwear, food, specialised retail and services located along the Princes Highway with either end of the main strip having a high concentration of homewares and furniture stores.

Rockdale town centre is located immediately to the north of the Main Trade Area.

King Street Plaza runs off the Princes Highway and contains a 600 sq m Foodworks supermarket, a fresh fruit store as well as a number of cafes.

Rockdale town centre also includes a 4,300 sq m Target store which is located behind the main street frontage, and which provides upper level car parking. We understand that this Target store is expected to close in the near future and could potentially be relocated within the proposed Rocky Point Road

development (subject site). We understand that Target is due to close as a result of Rockdale Council's planned redevelopment of the car park in which Target is located.

At present the target store is setback off the princes Highway and is not well connected to the strip shopping in Rockdale Town centre. There is no obvious synergy between Target and the rest of the specialty shops within the centre, all of which appear to trade strongly within their respective markets. We don't consider that the current Target store is a major anchor within Rockdale town centre and it lacks a prominent location at present. The proposed relocation will allow Target to trade out of an enhanced retail environment at the subject site, whilst still serving Rockdale and Kogarah residents.

Rocky Point Road contains several clusters of retailers south of the subject site within the MTA. They contain around 10-15 general specialised and service related retailers each, such as beauticians, cafes, banks, hair salons, real estate agents servicing the surrounding residents. There are three main clusters, firstly on the western side of Rocky Point Road between Fitzgerald Street and Hillpine Avenue, the second on both sides between Torwood and Park Street to the south and Hastings and Clarkes Road to the north and lastly from Ritchie to Sandringham Street on the eastern Side and Rawson Street to Broughton Street on the western side.

Railway Parade contains two local retail nodes around Carlton and Allawah railway stations. Containing a range of restaurants, take away shops and convenience stores.

Bexley local centre is located 3.1 km north west to the subject site at the intersection of Forest Road and Harrow Road beyond the MTA. It contains an IGA supermarket and a range of specialty retailers, cafes and restaurants, banks and a small Mitre 10 store.

Table 7 below provides a summary of the retail environment surrounding the subject site. This information was compiled based on our floorspace survey undertaken on 7th June 2010 in addition to industry publications such as the Property Council Australian Shopping Centres Directory 2010. Competing Centres are illustrated in Figure 2 in Section 3.1

Table 5 – Retail Hierarchy

Centre Competition JULY 2010

Centre	Retail	Dist. ¹ From	Major Tenants	
	GLA (Sq.m)	Rocky Point (km.)	Food	Non Food
Regional				
Westfield Hurstville	59,504	3.9	Coles, ALDI	Myer, Kmart, Target
Westfield Miranda	106,890	9.6	Woolworths, Franklins	Myer, Target, David Jones, Big W
Sub Regional				
Rockdale Plaza	21,130	1.8	Woolworths, Franklins	Big W, Rebel Sports, Dick Smith
Southgate Shopping Centre	21,551	6.5	Coles, Woolworths	Kmart
Supermarket Centres				
Kogarah Town Centre	5,153	1.2	Woolworths	
Supermarkets				
Foodworks Rockdale	600	2.4		
Coles Ramsgate	2,072	2.9		
Franklins Ramsgate	761	2.6		
Coles Brighton Le Sands	2,293	3.0		
Franklins South Hurstville	2,050	4.9		
Strip Shopping				
PTA (Kogarah TC, Rocky Point Road, Princes Highway)	45,450	1.2 - 1.6		
SSTA (ex. Ramsgate Plaza)	10,400	1.6 - 2.8		
SWTA	5,400	2.0		
Beyond SNTA (Rockdale & Bexley)	50,135	2.1 - 3	Foodworks, IGA	Target
Proposed				
Wolli Creek	4,200	5.1		
ALDI, Kogarah Town Centre	1,300	1.2	ALDI	

1. Distance measured as shortest route by car
 (p) = proposed; (u/c) = under construction
 Source : Urbis

5 Need, Supply and Demand

This section of the report analyses the level of demand for additional retail floorspace, as generated by the trade area. Analysing demand helps to give an indication of the likely turnover for a new retail development and helps to determine whether a proposed development can be supported. To analyse demand, factors such as population growth, income growth, amount of available supply and the proportion of expenditure attributed to food and grocery (F&G) and department store type merchandise (DSTM) are considered.

As discussed in previous sections of this report, the St. George Economic and Employment Strategy 2006 identified a significant undersupply of retail floorspace in the region, particularly in terms of supermarket provision, noting that:

"Supermarkets are currently planned for Hurstville (Supercentre), Wolli Creek and Oatley. A strong preference based on demand should also be given to Beverley Park and Rocky Point Road in Ramsgate or Sans Souci"

The Strategy states that by 2015 there will be demand in Kogarah for an additional 10,900 sq m of supermarket and grocery stores floorspace, 9,900 for specialty foods and meals out, 9,400 for clothing and footwear stores and 2,800 for other goods retailers.

The proposed development is therefore ideally placed to contribute towards meeting this demand particularly given its proximity to the identified areas of need.

5.1 Need

As part of the assessment criteria it is necessary to establish the need and demand for the proposed DDS based centre. It is assumed the development will have its first full year of trade in 2013.

In our view, an appropriate principle to be applied when assessing the market potential for any retail development can be described as follows:

"The residents of an area should be provided with the broadest range of conveniently located retail facilities and services which the market can support, at the earliest possible time without jeopardising the sustainability of other centres in the network which are adequately fulfilling consumer needs."

Of course, other planning considerations relating to the proposal will also be important in determining whether to give planning consent, including traffic, parking provision, amenity and various community benefit considerations. However, as far as the economic aspects are concerned, the above statement represents a practical principle to apply in a market economy which encourages competition and focuses on consumer needs.

There are a range of indicators of need and demand for additional retail facilities in the subject region, including the proposed DDS based centre at Rocky Point Road. These include the following:

- There is ample expenditure within the trade area and beyond. The provision of an additional retailing at the scale proposed on the subject site will not jeopardise the viability of any other centre, including those within the main trade area.
- The proposed development is located on the edge of Kogarah Town Centre and provides a convenient shopping option for local residents. The proposed supermarket will provide an alternate shopping option to Woolworths at Kogarah Town Centre, giving consumers a wider range of goods to choose from and a higher level of competition.
- The inclusion of a DDS and mini major provision within the development will provide a value-driven retail offer for local residents, closely linked to the prevailing socio-economic trends in the trade area.

5.2 Current Floorspace Provision

At present the trade area contains approximately 95,000 sq.m retail floorspace. Based on the 2011 population estimate this equates to a low provision of 1.54 sq.m per capita. The gap between demand and supply is large and results in spending being directed out of Kogarah to centres and locations outside of the LGA, notably Rockdale Town Centre and other centres to the north, Westfield Hurstville to the west and Westfield Miranda and Southgate shopping centres further south.

On average across Australia there is 2.1 sq.m of retail floorspace for every person. Applying the Australian benchmark to the trade area population indicates that trade area residents currently generate some 129,948 sq.m of retail floorspace demand. Thus there is a current undersupply of around 35,000 sq.m within the Main Trade Area (MTA) based on this ratio alone. Other considerations such as the availability of competition outside of the MTA are outlined in Section 3.

With population growth and the continuing trend for higher floorspace per capita as retailing evolves and caters to increasing wealth and spending capacity, this demand is expected to increase to 146,503 by 2021.

Table 6 – Retail Floorspace Demand

Rocky Point Shopping Centre Main Trade Area - Retail Floorspace Demand

	Unit	2011	2016	2021
Main Trade Area Population		61,880	63,559	64,539
Retail Floorspace per Capita (Growth @ 0.8% p.a.)		2.10	2.19	2.27
Retail Floorspace Demand		129,948	139,193	146,503

Source : Urbis

5.3 Demand

The additional demand for retail floorspace by trade area residents has been estimated based on the forecast growth in population and the amount of retail floorspace that is capable of being supported at average \$/sq.m turnover levels based on the Urbis Retail Averages. The analysis has been undertaken for the main trade area as it represents the area where the proposed development would draw the majority of its demand and compete most strongly with other centres serving the area.

5.3.1 Demand for Discount Department Store (DDS) floorspace

At present there is a single DDS within the main trade area – the Big W at Rockdale Plaza. In addition, there is also a Target DDS at Rockdale Town Centre which we understand is to close in the near future as a result of Rockdale Council's planned redevelopment of the car park in which Target is located.

As shown in Table 7, below, we estimate that there will be \$51.1m total available expenditure directed to DDS within the trade area at 2013. Average turnover rates for a DDS are in the order of \$3,184 per sq.m meaning that there will be an undersupply of some 9,000 sq.m of DDS floorspace within the main trade area, even accounting for the existing Big W store.

Currently, the spend available to DDS retailing is being directed to centres beyond the main trade area, including the higher order shopping centres at Hurstville and Miranda. The proposed development therefore represents an ideal opportunity to retain some of this expenditure within the main trade area.

A portion of the available DDS expenditure will also be spent at Target at Rockdale, however the closure of this store provides a further opportunity to meet the demand for DDS floorspace within the Main Trade Area.

Whilst Table 7 indicates capacity for 9,000 sq. m DDS floorspace at 2013, the development of a DDS in the order of 6,000 sq.m at Rocky Point Road (in this instance the potential relocation and expansion of the Rockdale Target store) would respond to demand without utilising all of the surplus available expenditure.

Table 7 – Main Trade Area DDS Potential

Rocky Point Shopping Centre - Trade Area DDS Potential Assessment, 2013 - 2019

Factor	Unit	2013	2014	2015	2016	2017	2018	2019
Total Available Spending to TA DDS's	\$M.	51.1	52.6	54.2	55.6	57.1	58.5	59.9
Existing DDS Space	Sq.m	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Resulting Average Trading Levels	\$/Sq.m	7,295	7,518	7,746	7,948	8,155	8,358	8,557
Average DDS Turnover \$ sq.m.	\$/sq.m	3,184	3,247	3,312	3,378	3,446	3,515	3,585
Supportable DDS Floorspace	Sq.m	16,039	16,206	16,370	16,467	16,565	16,645	16,708
Surplus/Deficiency (+/-)	Sq.m	-9,039	-9,206	-9,370	-9,467	-9,565	-9,645	-9,708

1. Existing Trade Area DDSs include

2. Assumes 2.5% real increase in average trading levels per year

Source : Urbis

5.3.2 Demand for Supermarket Floorspace

Table 8, below, demonstrates that there will be \$184m total available expenditure directed to supermarkets within the trade area at 2013.

Currently, there is approximately 12,000 sq.m supermarket floorspace within the MTA at the following locations:

- Kogarah Town Centre: Woolworths (2,381 sq.m);
- Rockdale Plaza: Coles (4,246 sq.m), Franklins (2,583 sq.m);
- Ramsgate: Coles (2,072 sq.m) Franklins (761 sq.m).

In addition, we understand that Kogarah Town Centre shopping centre is likely to be upgraded by 2013 to accommodate a new ALDI supermarket.

Table 8 demonstrates that, taking account for the proposed new ALDI store, the amount of available expenditure for supermarket retailing within the Main Trade Area would support an additional full line supermarket of around 4,000 sq.m at 2013, rising to 4,625 sq. m at 2019.

Table 8 – Main Trade Area Supermarket Potential

Rocky Point Shopping Centre - Main Trade Area Supermarket Potential Assessment, 2013 - 2019

Factor	Unit	Amount (Constant \$2010 and Ex GST)						
		2013	2014	2015	2016	2017	2018	2019
Total Available Spending to TA Smkts	\$M.	184.0	186.1	188.2	190.6	193.1	195.3	197.3
Existing Supermarket Space	Sq.m	13,343	13,343	13,343	13,343	13,343	13,343	13,343
Resulting Average Trading Levels ²	\$/Sq.m	13,792	13,947	14,105	14,286	14,469	14,636	14,788
Average Supermarket Turnover	\$/sq.m	10,658	10,712	10,765	10,819	10,873	10,927	10,982
Supportable Supermarket Floorspace	Sq.m	17,266	17,374	17,483	17,619	17,755	17,872	17,968
Surplus/Deficiency (+/-)	Sq.m	-3,923	-4,031	-4,140	-4,276	-4,412	-4,529	-4,625

5.3.3 Demand for Specialty Retail Floorspace

Tables 7 and 8 above demonstrate that there is significant capacity within the trade area to support the development of a new DDS and supermarket. The proposed development of the Rocky Point Road site offers an opportunity to accommodate both at a single location as part of a sub-regional shopping centre.

Across Australian metropolitan areas, sub-regional shopping centres include an average of 31,228 sq.m gross leasable area (GLA) broken down as follows:

Table 9 – Sub Regional Shopping Centres: Average Size

**Metropolitan Sub-Regional Shopping Centres
Centre Size and Turnover, 2008/09**

	Average GLA	
	sq.m	% Centre
Majors		
Discount Department Stores	9,052	29.0%
Supermarkets	5,923	19.0%
Department Stores & Other Majors	773	2.5%
Total Majors	15,748	50.4%
Mini Majors	2,227	7.1%
Specialties		
Food Specialties	1,694	5.4%
Non-Foods Specialties	4,566	14.6%
Retail Services	764	2.4%
Total Specialties (Retail)	7,023	22.5%
Other Reporting Categories	912	2.9%
Non-Retail Shops	761	2.4%
Vacant Shops	522	1.7%
Total Shops (<400 sq.m)	9,219	29.5%
Cinemas	928	3.0%
Entertainment	182	0.6%
Other Non-retail & Non-Reporting	2,867	9.2%
Other Vacant	48	0.2%
Total Centre	31,228	100%
Total Centre - Reporting	26,839	85.9%

1. Mini Majors include tenants with GLA > 400 sq.m
Source : Urbis

Table 9 demonstrates that on average, 1,000 sq.m major retail floorspace typically sustains 446 sq.m specialty retail floorspace and 141 sq.m mini major floorspace.

In the case of Rocky Point Road, we understand that the proponent has strong interest from a number of mini-major retailers as well as a DDS and supermarket operator. Having regard to this, an indicative centre mix that could be supported by a DDS and supermarket is demonstrated in Table 10, below.

Table 10 – Rocky Point Road, Indicative Centre Mix

Indicative Shopping Centre Mix - Comparaison with average Sub Regional Centre

	GLA		Variation from Average	
	sq.m	% Centre	sq.m	%
DDS	6,000	29.3%	-2,494	-33.7%
Supermarket	4,000	19.6%	-1,482	-32.5%
Other Major	0	0.0%	-522	-100.0%
Total Majors	10,000	48.9%	-4,498	-36.5%
Mini Majors	4,950	24.2%	2,939	122.3%
Specialty Retail	4,000	19.6%	-2,335	-43.0%
Non Retail	1,500	7.3%	-509	-47.8%
Total	20,450	100.0%	-4,272	-26.6%

Source : Urbis

Relative to the average metropolitan subregional shopping centre, a development of this scale would contain:

- 26% less floorspace in total than average;
- 43% less specialty floorspace;
- 48% less non-retail floorspace (professional suites and offices);
- 122% more mini-major retail provision.

A retail mix of this scale would be generally consistent with the average tenancy mix in a sub-regional shopping centre, containing a slightly lower mix of major retailers (48.9% compared to 50.4%) a greater proportion of mini-majors (24.2% compared to 7.1%) and a reduced rate of specialty retail (19.6% compared to 22.5%).¹

5.4 Economic Benefits

The provision of additional retail floorspace within Kogarah will have a net benefit in terms of overall shopping provision within the centre. The subject site provides an opportunity to accommodate new DDS, supermarket and mini-major retailing and at present, we are unaware of any other sites within close proximity to Kogarah town centre that provide a comparable opportunity.

The addition of new value-drive retailing within Kogarah is entirely consistent with the South Subregion sub regional strategy which notes that:

“Kogarah may need to become a more distinctive specialised retail destination to distinguish itself from the larger retail malls and wider retail offer at Hurstville and Rockdale”

5.4.1 Employment Benefits

The proposed small development is expected to provide positive employment impacts both locally and in the broader economy that will falls into three categories:

1. Employment generated during the construction phase of the entire project; and
2. Total employment within the subject site, which will be ongoing permanent employment.

¹ Source: Urbis Retail Averages 2009: Sub Regional Centres

In addition to these direct effects, there would also be flow-on employment effects resulting from the initial employment and injection of income into the economy. These are known as multiplier effects.

Table 12 shows the total number of jobs that are expected to be created as a result of the proposed development. It demonstrates that the proposed development has the potential to create up to 740 jobs on-site.

Table 11 – Rocky Point Road, Operational FTE Employment

Rocky Point Road - Employment FTE

Component	Retail GLA (Sq.m)	Employment Multiplier	No. Jobs
DDS	6,000	42.37	142
Supermarket	4,000	22.62	177
Mini Major	4,950	43.1	115
Specialty Retail	4000	16.47	243
Other	1500	23.42	64
Total	20,450		740

Source : Urbis

5.4.2 Other Benefits

In addition to the employment benefits to be generated by the proposed development, other positive effects include:

- Consumer choice – additional supermarket provision and the introduction of new DDS, supermarket, mini major and speciality retailing will provide consumers with greater choice when shopping at Kogarah. The proposed development will result in a greater product range and the opportunity for consumers to satisfy their top up and weekly shopping needs.
- Price competitiveness – As mentioned previously, the addition of additional retailing would be expected to enhance price competitiveness existing retailers within the trade area residents and workers. Lower prices have a direct positive impact on the budgets of households.
- Retention of primary trade area spending – with the introduction of the Rocky Point Road development trade area residents and workers no longer have to travel as far to access the range of goods provided within the proposed DDS, supermarket and mini majors. The proposed development therefore assists in enhancing travel cost and environmental benefits for the community, and the ability to reduce regional traffic congestion in the area by promoting more local rather than regional trips. It will also ensure that a greater proportion of expenditure generated by Kogarah LGA residents and workers is retained within the LGA.

6 Planning Considerations

6.1 Planning Regulations

6.1.1 NSW Draft Centres Policy

The NSW Draft Centres Policy is an initiative developed by the NSW Department of Planning (DoP) designed to facilitate the development of new retail and commercial centres within the state. The aim of the policy is to create “a network of vital and vibrant centres that cater for the needs of business, and are places where individuals and families want to live, work and shop”.

The Policy is set around 6 key principles:

Principle 1 – Retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.

Principle 2 – The planning system should be flexible enough to enable centres to grow, and new centres to form.

Principle 3 – The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.

Principle 4 – The planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and promote competition.

Principle 5 – The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.

Principle 6 – Retail and commercial development should be well designed to ensure it contributes to the amenity, accessibility, urban context and sustainability of centres.

The proposed development satisfies each of these principles in that:

- It is on the edge of the Kogarah Major Centre as identified in the south subregion draft subregional strategy. It also facilitates the growth of the existing centre as stipulated in Principle 2;
- We understand that a Voluntary Planning Agreement (VPA) will be established to make provision for a shuttle bus service between the site and the centre of Kogarah town centre. This will provide added opportunities for more shoppers to visit the existing Kogarah shops and the proposed development as part of a single shopping trip.
- There is ample expenditure within the trade area, as a result of the residential population and working population to support the proposed development; indeed the analysis indicates that there will be a continued demand deficit after the development of the subject site;
- The emergence of new retailers and retail forms within the trade area will create added competition, thereby resulting in better products and prices for consumers;
- The redevelopment of the subject site will significantly enhance the site and locality, enhancing its status as a vibrant southern gateway to Kogarah major centre.

6.2 Statutory Planning Regulations

The Environmental Planning and Assessment Act provides a guideline for Councils to determine Development Applications. Section 79(1)(b) specifically applies to the consideration of competition and the resultant impacts a new development may have on a centre, both social and economic. Under this

legislation, a number of precedents have been made in the Land and Environment Court. These include *Fabcot Pty Ltd v Hawkesbury City Council* (97), *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979), and *Cartier Holdings Pty Ltd v Newcastle City Council and Anor* [2001]. We have utilised the Environmental Planning and Assessment Act and precedent decisions to inform our approach to this economic impact assessment.

In *Fabcot* Justice Lloyd found that economic trade and competition between individual traders is not a relevant planning consideration. Justice Lloyd went on to say that the “*Trade Practices Act* 1974 (Cth) and the *Fair Trading Act* 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere threat of economic competition between competing business”. Justice Lloyd concluded by saying that the only factor Council may need to consider when assessing a Development Application is the economic impact on the locality as a whole.

In the *Kentucky* case Justice Stephen found that “if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning”.

As discussed in several sections of this report, there is sufficient demand in the trade area to support the proposed development. Whilst the proposed development is likely to result in the competition between retailers, as the *Fabcot* case points out, it is a matter of fair trading and not a relevant planning consideration. Indeed, the proposed development is not likely to result in the closure of any of the retail centres within the hierarchy and instead, seeks to enhance the shopping experience of residents and workers within the trade area. Moreover, any negative impacts incurred by surrounding retailers as a result of the development will be “made good” by the additional trade it is likely to draw in and the level of amenity it will provide to consumers.

7 Conclusions

The purpose of this report is to demonstrate that new retail facilities at the corner of Princes Highway and Rocky Point Road, Kogarah can be accommodated without significant adverse impact on existing retail centres. It provides the economic justification for an amendment to the planning controls pertaining to the subject site.

In preparing this assessment we have given regard to the NSW Draft Centres Policy as well as the St George Economic and Employment Strategy. The proposed development seeks approval to supply a proportion of the total demand forecast to 2015. The proposed development will fill a void which currently exists in the local market.

Given that:

- There is ample expenditure in the trade area to support the additional retail proposed;
- The proposed development will create added competition in the marketplace which will lead to superior products for consumers as well as lower prices;
- The proposed development will offer an alternative shopping experience for budget conscious shoppers and the opportunity for trade area residents and workers to access basic products at lower prices;

There is no reason, on economic grounds, that the LEP should not be amended to facilitate a development of the type and scale outlined in this report.

A.1

The following definitions have been adopted for the purposes of this report :

- **Retail** refers to the Australian Bureau of Statistics (ABS) definition adopted for the purposes of the 1991/92 Retail and Services Census, with some minor exclusions. This definition includes Total Shopfront Retailing less garden supplies and marine equipment. Motor vehicle and related retailers are also excluded. This definition has been adopted for the purposes of detailing the retail market using the ABS Household Expenditure Survey (HES), and also for categorising shopping centre turnover and tenancy details.
- **Non-Retail** therefore refers to various store types, services and expenditure categories, not included in the appropriate Australian & New Zealand Standard Industrial Classification (ANZSIC) included within the scope of the latest Retail and Services Census. The non-retail component includes the following tenancy types

– Amusements	Garden Supplies
– Appliance Rental Lottery & Gaming	Auto Accessories
– Marine Equipment	Banks and Building Societies
– Medical and Dental Services	Cinemas
– Offices.	Equipment Hire
– Post Office	Financial and Property Services
– Travel Agency	

In addition to the above tenant types which are quite often found in shopping centres, facilities such as garden supplies, builders supplies, and similar businesses which are predominantly wholesale, are usually treated entirely as non-retail stores, despite the fact that a proportion of the business may be retail orientated.

- The **Food & Groceries (F&G)** market refers to the market relevant to supermarkets, and comprises spending on take-home food and groceries. Some non-supermarket traders, including fresh food specialties, milk bars and convenience stores and to a limited extent non-food stores such as Discount Department Stores (DDSs), also compete for F&G spending. The F&G category includes food items only and therefore does not include the general merchandise items sold in supermarkets. The F&G category also excludes spending on liquor. Where a specific supermarket competes for bottled liquor spending, the analysis takes this component into account separately.
- The **Department Store Type Merchandise (DSTM)** market specifically refers to the market relevant to department stores and DDSs. It comprises expenditure on department store and DDS type merchandise, all of which is included in the defined retail market. More specifically it comprises expenditure on :
 - Clothing and Accessories including all clothing, footwear, clothing accessories, jewellery and cosmetics.
 - Furniture, Floor Coverings and Major Electrical including all furniture, floor coverings, televisions, refrigerators, and other large electrical appliances.
 - General Merchandise including books, printed material, toys, hardware items, small electrical appliances, bikes, photographic equipment, etc.

This category excludes spending on food items which these stores also stock, such as confectionery, soft drinks, tobacco, tea and coffee and other consumable items.

- **Financial Years:** Analysis throughout this report relates to financial years (ending June) unless otherwise specified

Abbreviations

The following abbreviations are used in this report :

ABS	Australian Bureau of Statistics
ANZSIC	Australian & New Zealand Standard Industrial Classification
CBD	Central Business District
DDS	Discount Department Store
DSE	Department of Sustainability and Environment
DSTM	Department Store Type Merchandise
ERP	Estimated Resident Population
F&G	Food & Groceries
GLA	Gross Leasable Area
GST	Goods and Services Tax
HES	Household Expenditure Survey
MDS	Market Data Systems Limited
SLA	Statistical Local Area

Goods and Services Tax (GST)

The tax package has had differential effects on turnover by various categories of retailers as a result of changes in prices and consumer demand.

These effects have been estimated by UrbisJHD and from 2001 the spending market and turnover forecasts presented in this report are exclusive of GST.

MarketInfo

Spending estimates provided in this report are based on the *MarketInfo* 2004 micro-simulation model developed by MDS Market Data Systems. *MarketInfo* 2004 is based on the Household Expenditure Survey and Australian National Accounts. Given that the estimates are based on survey data they will be subject to sampling variability.