Gregory Hills Corporate Park, Sydney

Cinema Environment

Prepared for Gregory Hills Corporate Park Pty Ltd

May 2017

TABLE OF CONTENTS

INTRODUCTION i

1 LOCATION & PROPOSED DEVELOPMENT 1

2 TRADE AREA ANALYSIS 9

2.1 Trade Area Definition 9

2.2 Trade Area Population 11

2.3 Socio-economic Profile 16

3 COMPETITIVE CINEMA ENVIRONMENT 18

3.1 Current and Future Cinemas 18

3.2 Summary 19

3.3 Cinema Provision 20

INTRODUCTION

This report presents an independent assessment of the demand and market scope for cinema screen(s) as part of the Soma Lifestyle Precinct at the Gregory Hills Corporate Park in south-western Sydney.

This report has been prepared in accordance with instructions received from Gregory Hills Corporate Park Pty Ltd and is structured and presented in **three (3)** sections as follows:

- **Section 1** reviews the regional and local context of the proposed Soma Lifestyle Precinct at the Gregory Hills Corporate Park, including an overview of the planned composition.
- **Section 2** details the trade area likely to be served by a cinema offer at Gregory Hills. Current and projected population and cinema expenditure figures are provided over the period to 2031.
- **Section 3** summarises the competitive environment within which the proposed cinema offer would operate and the current provision of cinemas per persons.

1 LOCATION & PROPOSED DEVELOPMENT

i. Gregory Hills Corporate Park is situated within the developing suburb of Gregory Hills, some 45 km to the south-west of the Sydney Central Business District (CBD) and 6 km to the north of the Campbelltown City Centre (refer Map 1.1). The development is provided along Camden Valley Way and forms part of the South West Priority Growth Area.

ii. The South West Priority Growth Area comprises 18 precincts and is expected to accommodate 110,000 new dwellings, or some 350,000 persons, once fully developed over a 30 year time period.

iii. Gregory Hills Corporate Park is situated adjacent to the Camden Valley Way, the major arterial road throughout the South West Priority Growth Area, connecting Camden in the south to Edmondson Park in the north, stretching in excess of 21 km. Ultimately, the Camden Valley Way links to the Hume Highway and M5 and M7 Motorways and as such is a crucial road network connecting South West Sydney to the broader Sydney region.

iv. The New South Wales Government has recently completed (2015) a $280 million upgrade to the Camden Valley Way that has increased capacity from two lanes to four lanes, improved access to the M5 and M7 Motorways and created new bus priority lanes.

v. According to the Roads and Maritime Service (RMS) NSW, the average daily traffic volume in 2017 along the Camden Valley Way, at the junction of the Gregory Hills site, was 31,943, equating to an annual volume of approximately 11.7 million vehicles. As such, this stretch of the Camden Valley Way is one of the busiest in terms of traffic volume in South West Sydney.

vi. Gregory Hills Corporate Park is situated within a rapidly developing commercial, retail and community precinct within Gregory Hills (refer Map 1.2). In particular, uses around the site include:

— A large provision of commercial uses, including Clintons Toyota, GMIL Logistics warehouse and a range of smaller commercial tenancies.

— Home Centre Gregory Hills, a large format retail centre of nearly 30,000 sq.m was previously anchored by a Masters Hardware store before its closure (December 2016). Other tenants at the site include Total Tools and Service NSW.

— Community and entertainment uses, such as Exceed Childcare and Swim School, Jump Zone Revolution and Gregory Hills Hotel.

vii. Overall, Gregory Hills Corporate Park encompasses in excess of 150,000 sq.m and several uses, including large format retail, a private hospital, hotel, medical centre, commercial and leisure floorspace. Key components currently trading at the site, comprising several national, destinational tenants, include Officeworks, Sydney Tools, Autobarn, Caltex and Jetts Fitness.

viii. Information provided by Gregory Hills Development Company states that a State Significant Development Application (DA) has been approved for an integrated and extensive medical precinct. This includes the largest private hospital in Sydney, with a capacity of 473 beds, as well as a DA for a specialist medical centre within a 40 bed private children's hospital. An integrated primary health facility at the western end of the SOMA Lifestyle Precinct has already received pre-commitments from a range of medical providers.

ix. As part of the ongoing development at Gregory Hills Corporate Park, a Lifestyle Precinct, referred to as SOMA, is now proposed at the site. In excess of 25,000 sq.m of floorspace (refer Table 1.1 and Figures 1.1 – 1.3) is proposed at the SOMA Lifestyle Precinct across a range of uses, with nearly half of the total floorspace comprising bulky goods/large format retail (47.9%).

x. The cinema of 3,947 sq.m is located on the First and Second Floor of the SOMA Lifestyle Precinct at Gregory Hills Corporate Park. Convenient travelator access is provided between the basement car park and the Ground Floor as well as between the Ground Floor and the First Floor.

xi. A leisure and entertainment precinct totalling 2,145 sq.m is also proposed. This is proposed to include three – four destinational uses such as rock climbing and trampolining.

xii. Entertainment and food catering uses are considered essential complementary services with a cinema offer as it provides additional uses for customers to spend additional time at the centre with positive spillover benefits and increased foot traffic to tenants at the site.

xiii. There are vehicular access points to the SOMA Lifestyle Precinct component of the site, including left hand turn-in access via Gregory Hills Drive, the main road past the site, as well as along Digitaria Drive to the north of the site.

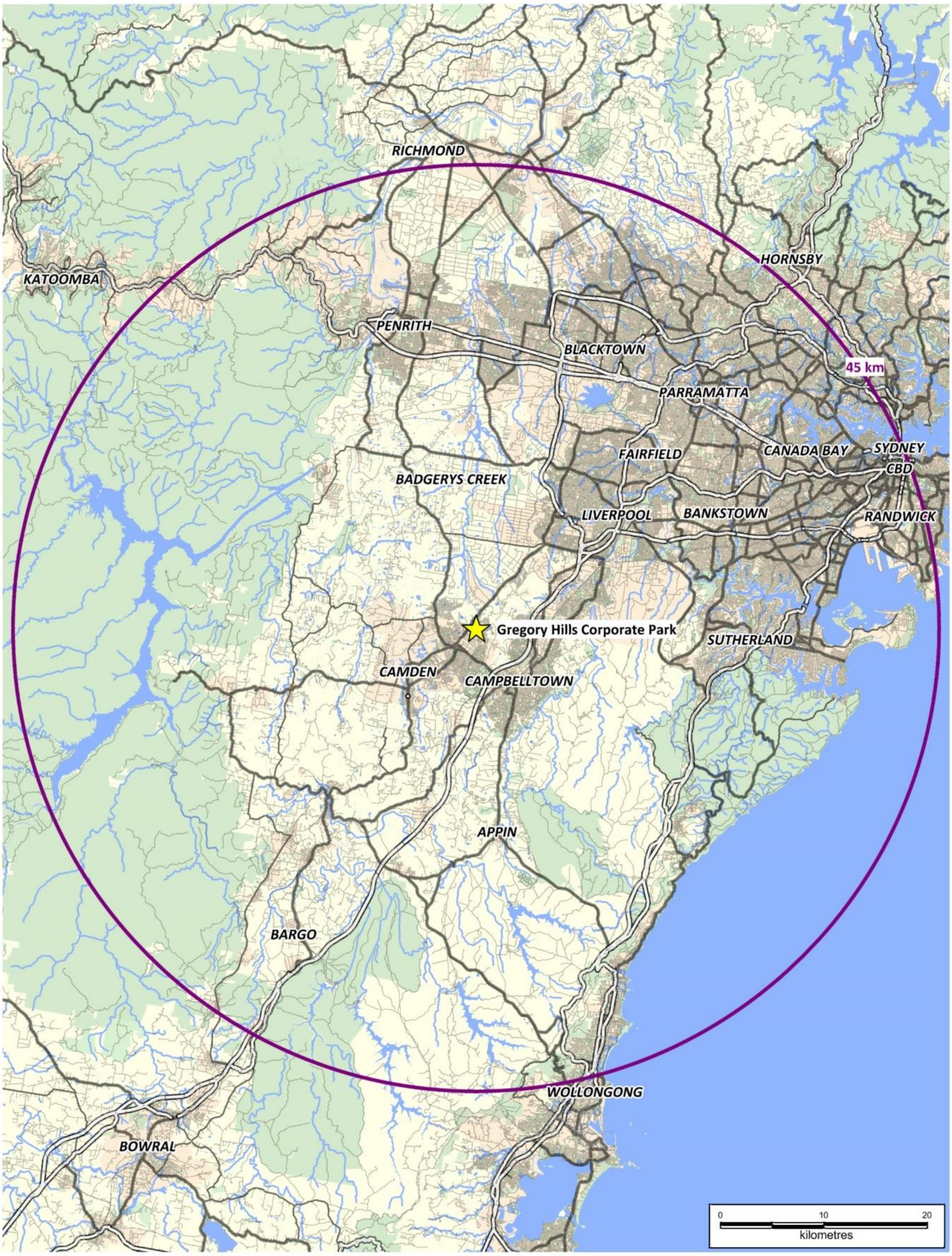
xiv. Car parking is proposed at-grade and through basement level, with a total of 853 car spaces planned.

TABLE 1.1 – SOMA LIFESTYLE PRECINCT FLOORSPACE, GREGORY HILLS CORPORATE PARK

Tenancy Type	**GLA (sq.m)**	**Percentage**
SOMA Lifestyle Precinct		
Cinema	3,947	9.6%
Bulky Goods/Large Format Retail	19,734	47.9%
Business Premises	9,175	22.3%
Food and Drink Premises	454	1.1%
Hotel	5,427	13.2%
Leisure*	2,440	5.9%
Total Other Uses	41,177	100%

**Reducing the cinema use which is recorded individually*

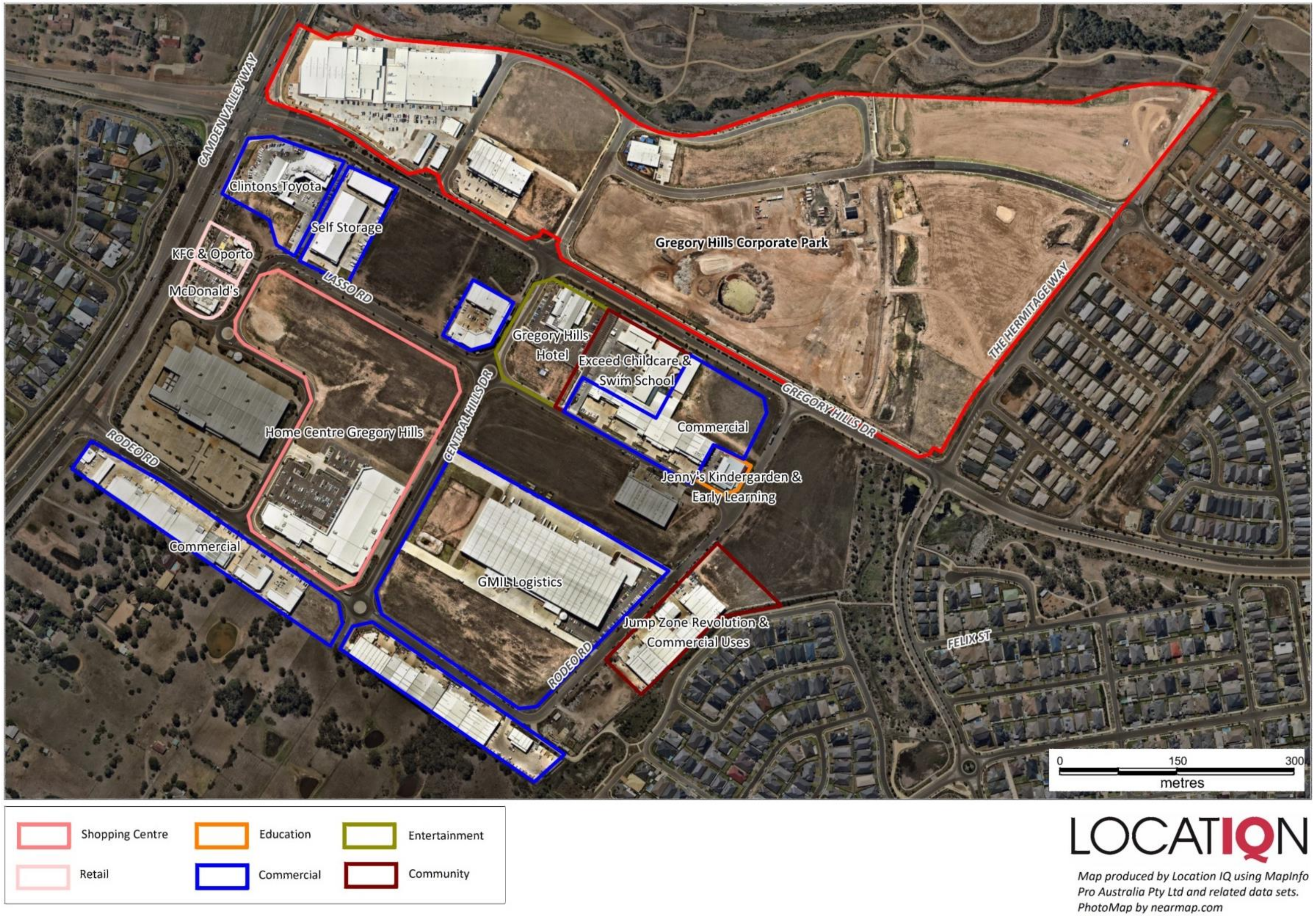
MAP 1.1 – GREGORY HILLS CORPORATE PARK REGIONAL CONTEXT



LOCATIQN

Map produced by Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

MAP 1.2 – GREGORY HILLS CORPORATE PARK LOCAL CONTEXT



LOCATIQN

Map produced by Location IQ using MapInfo Pro Australia Pty Ltd and related data sets. PhotoMap by nearmap.com

FIGURE 1.1 – SOMA LIFESTYLE PRECINCT - GREGORY HILLS CORPORATE PARK, GROUND FLOOR PLAN

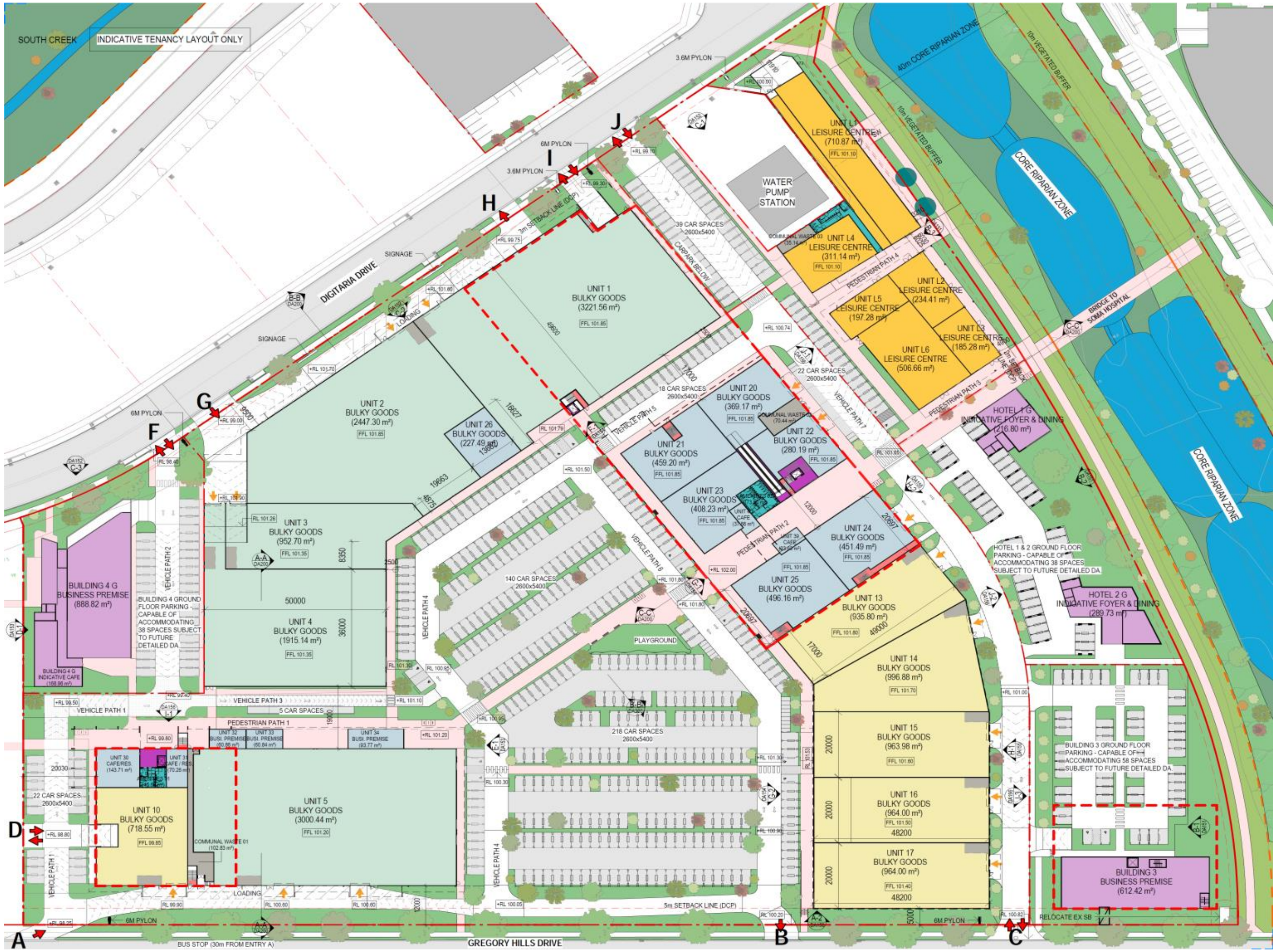


FIGURE 1.2 – SOMA LIFESTYLE PRECINCT - GREGORY HILLS CORPORATE PARK, FIRST LEVEL FLOOR PLAN

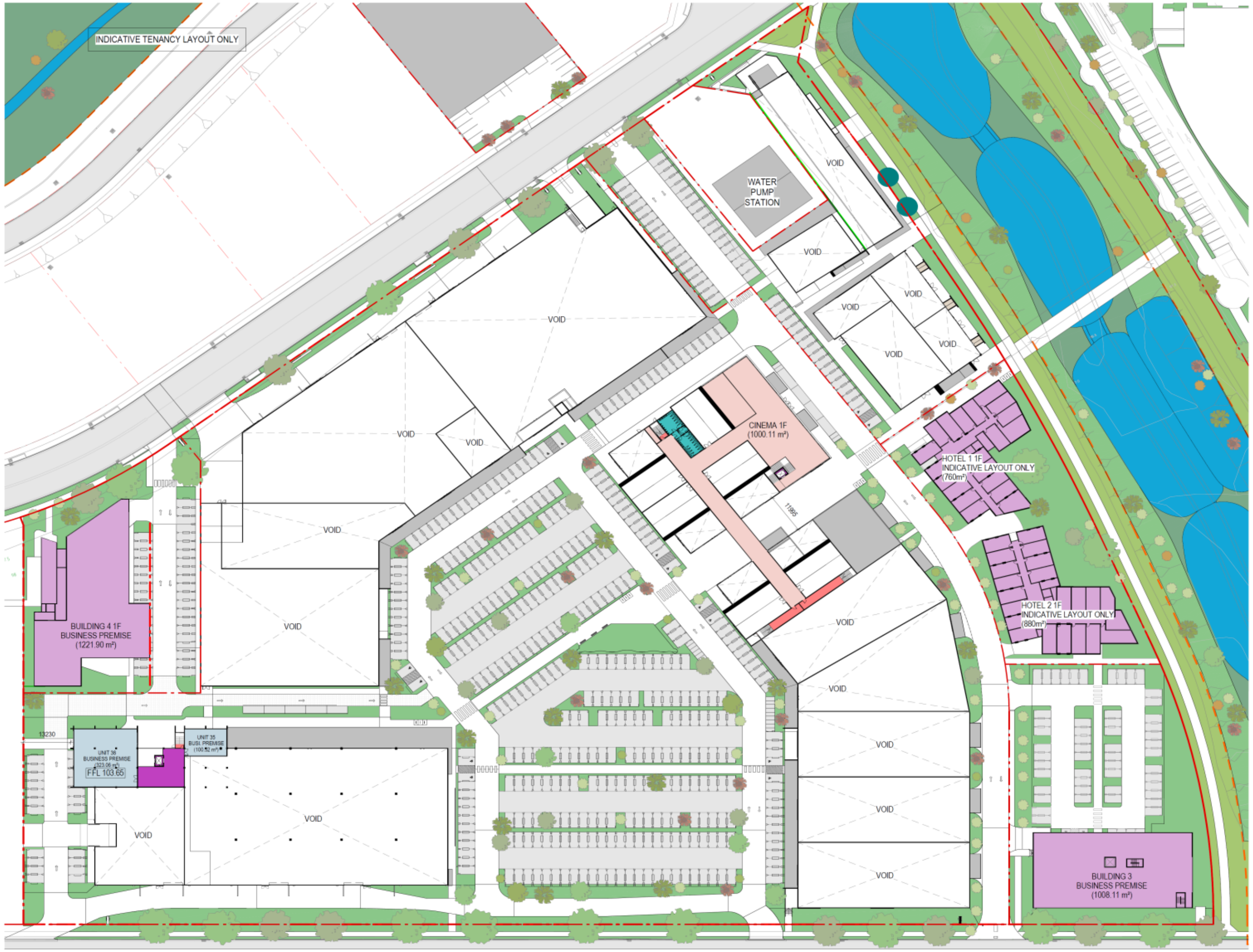
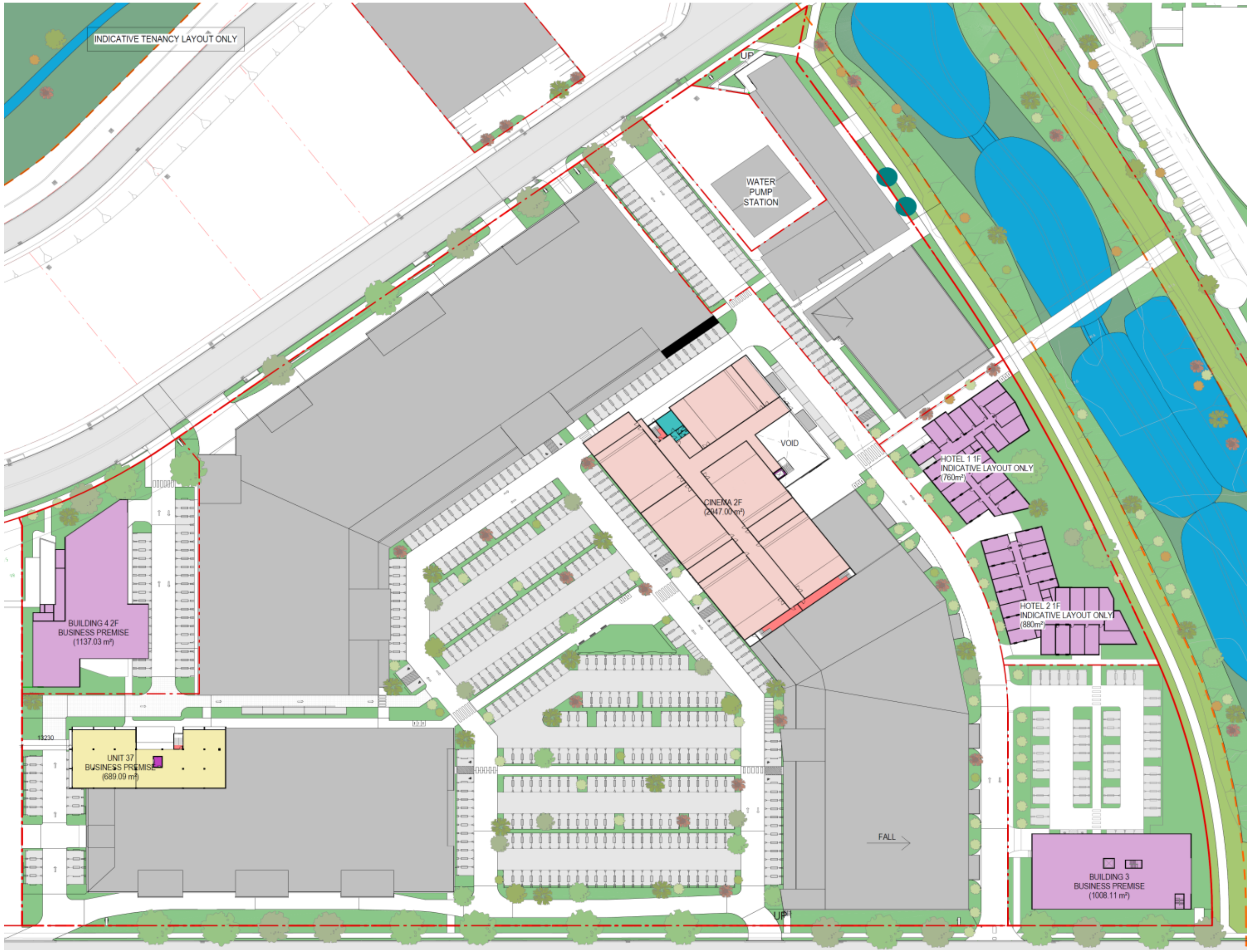


FIGURE 1.3 – SOMA LIFESTYLE PRECINCT - GREGORY HILLS CORPORATE PARK, SECOND LEVEL FLOOR PLAN



2 TRADE AREA ANALYSIS

This section of the report outlines the trade area likely to be served by a planned cinema offer at Gregory Hills Corporate Park, including current and projected population and cinema expenditure levels. A review of the socio-economic profile of the population is also provided.

2.1 Trade Area Definition

i. The trade area likely to be served by a planned cinema offer at Gregory Hills Corporate Park has been defined taking into consideration the following:

   – The pattern of urban development within the South West Priority Growth Area and the surrounding Gregory Hills Corporate Park.

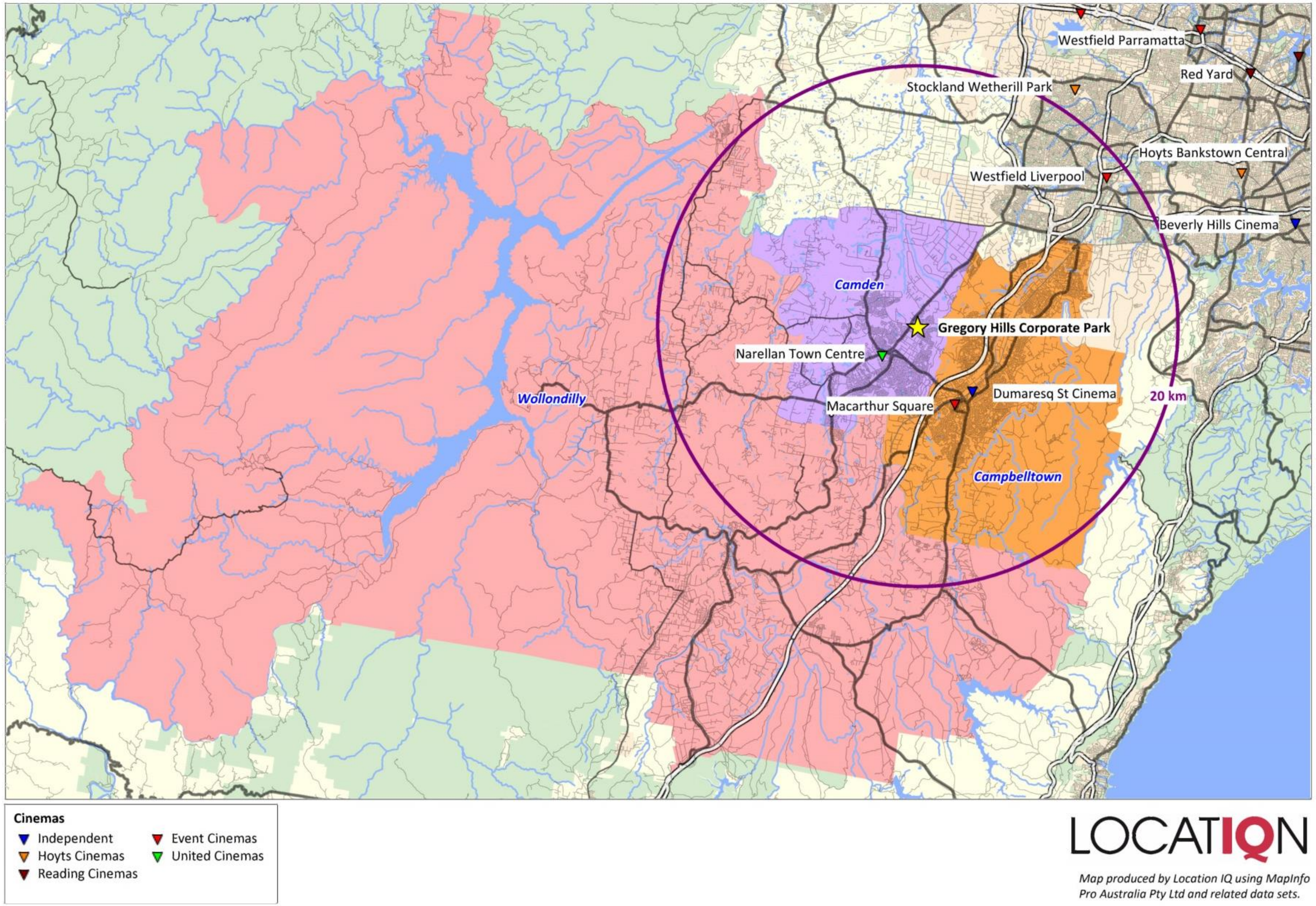
   – The provision of existing cinema facilities throughout the region.

   – Regional and local accessibility.

ii. Map 2.1 illustrates the defined trade area that is likely to be served by a cinema offer at the Gregory Hills Corporate Park site, with the Campbelltown, Camden and Wollondilly LGA's defined as three distinct sectors. Current and future residents in this region would likely utilise cinema facilities within proximity to their homes, with the next closest cinema offer at Westfield Liverpool, 25 km to the north-east of the Gregory Hills site.

iii. The geographic extent of the trade area reflects the larger regional draw that a cinema provides as well as the co-location of the cinema with other uses at the developing Gregory Hills Corporate Park.

MAP 2.1 – GREGORY HILLS CORPORATE PARK TRADE AREA & CINEMA COMPETITION



2.2 Trade Area Population

i. Table 2.1 details the population levels within the Gregory Hills trade area over the period to 2031. This information is sourced from the following:

- The 2006 and 2011 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS), with the results of the 2016 Census to be released by mid-2017 at the earliest;
- New dwelling approval statistics sourced from the ABS for the period from 2006/07 to 2015/16;
- Population projections prepared at the LGA level by the New South Wales Department of Planning and Environment.

ii. The Gregory Hills trade area population is currently estimated at 287,930 (2016), including 158,600 persons within the Camden LGA, which contains the Gregory Hills site. Over the forecast period to 2031, the trade area population is forecast to increase to in-excess of 467,000, including 185,500 persons in the Camden LGA., which is the fastest growing LGA in the trade area, increasing at an average annual growth rate of 5.7% per annum.

iii. The South West Priority Growth Area contains 17,000 hectares of designated land and upon completion the area will house some 115,000 new dwellings and a population of around 300,000. The trade area encompasses several of these precincts within the South West Priority Growth Area, with these illustrated in Map 2.2 and detailed in Table 2.2.

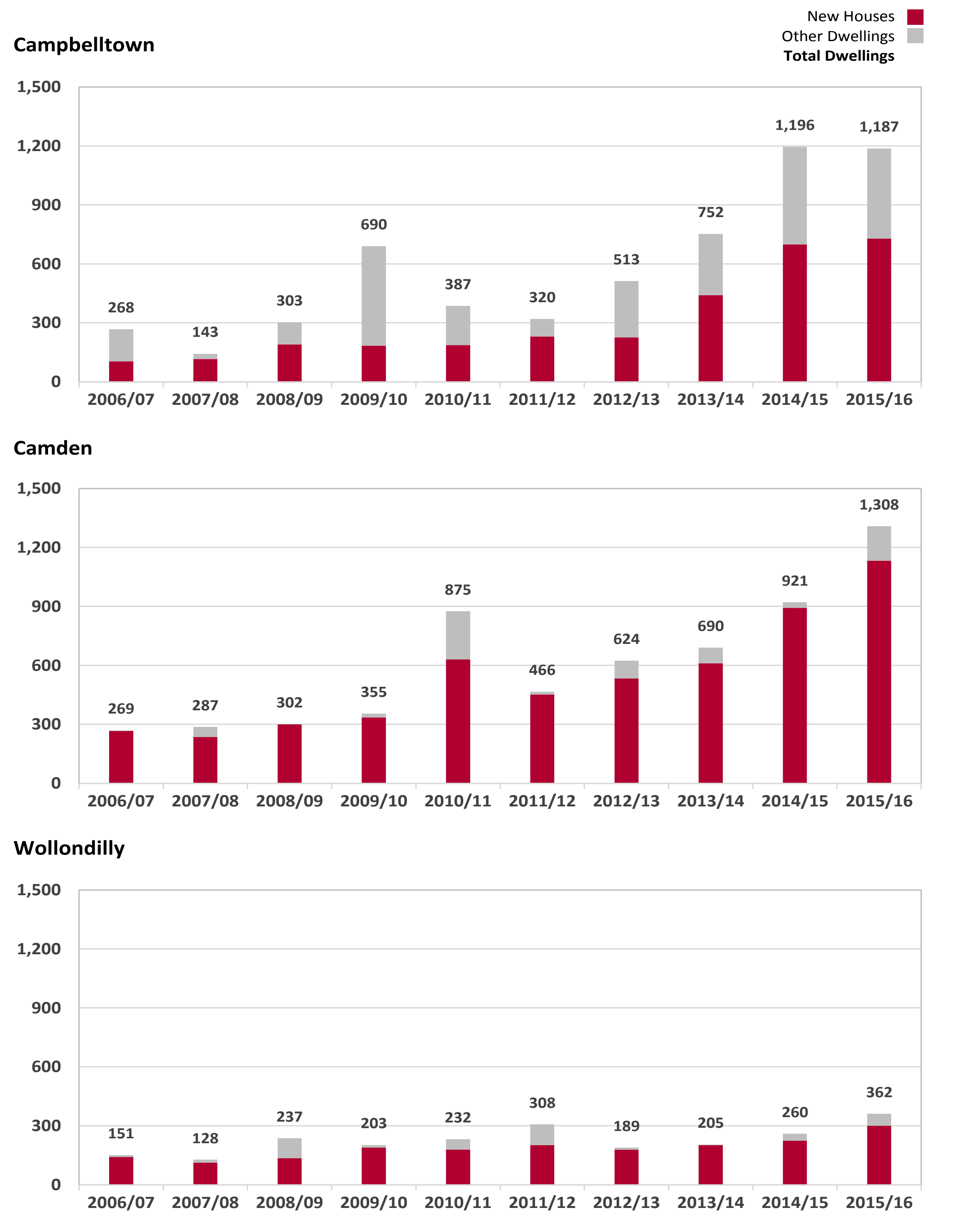
iv. Discussions with the New South Wales Department of Planning and Environment indicates that there are no timelines or targets for the completion of residential development for each of the particular precincts. Overall, The South West Priority Growth Area will drive residential development and population growth in the Gregory Hills main trade area over the short to long term.

TABLE 2.1 – GREGORY HILLS TRADE AREA POPULATION, 2006-2031

Trade Area Sector	Estimated Resident Population 2006	2011	Forecast Population 2016	2019	2021	2026	2031
Sectors							
• Campbelltown	146,770	151,250	158,600	164,300	168,500	204,400	234,400
• Camden	51,090	58,350	80,800	97,900	109,300	147,750	185,500
• Wollondilly	41,390	44,430	49,180	50,350	51,130	57,180	64,280
Trade Area	**239,250**	**254,030**	**287,930**	**308,990**	**323,830**	**392,880**	**467,580**
		Average Annual Change (No.)					
		2006-2011	2011-2016	2016-2019	2019-2021	2021-2026	2026-2031
Sectors							
• Campbelltown		896	1,470	1,900	2,100	7,180	6,000
• Camden		1,452	4,490	5,700	5,700	7,690	7,550
• Wollondilly		608	950	390	390	1,210	1,420
Trade Area		**2,956**	**6,780**	**7,020**	**7,420**	**13,810**	**14,940**
		Average Annual Change (%)					
		2006-2011	2011-2016	2016-2019	2019-2021	2021-2026	2026-2031
Sectors							
• Campbelltown		0.6%	1.0%	1.2%	1.3%	3.9%	2.8%
• Camden		2.7%	6.7%	6.6%	5.7%	6.2%	4.7%
• Wollondilly		1.4%	2.1%	0.8%	0.8%	2.3%	2.4%
Trade Area		**1.2%**	**2.5%**	**2.4%**	**2.4%**	**3.9%**	**3.5%**
Syd Metro		*1.6%*	*1.6%*	*1.6%*	*1.6%*	*1.5%*	*1.3%*
Australian Average		*1.8%*	*1.7%*	*1.7%*	*1.6%*	*1.5%*	*1.4%*

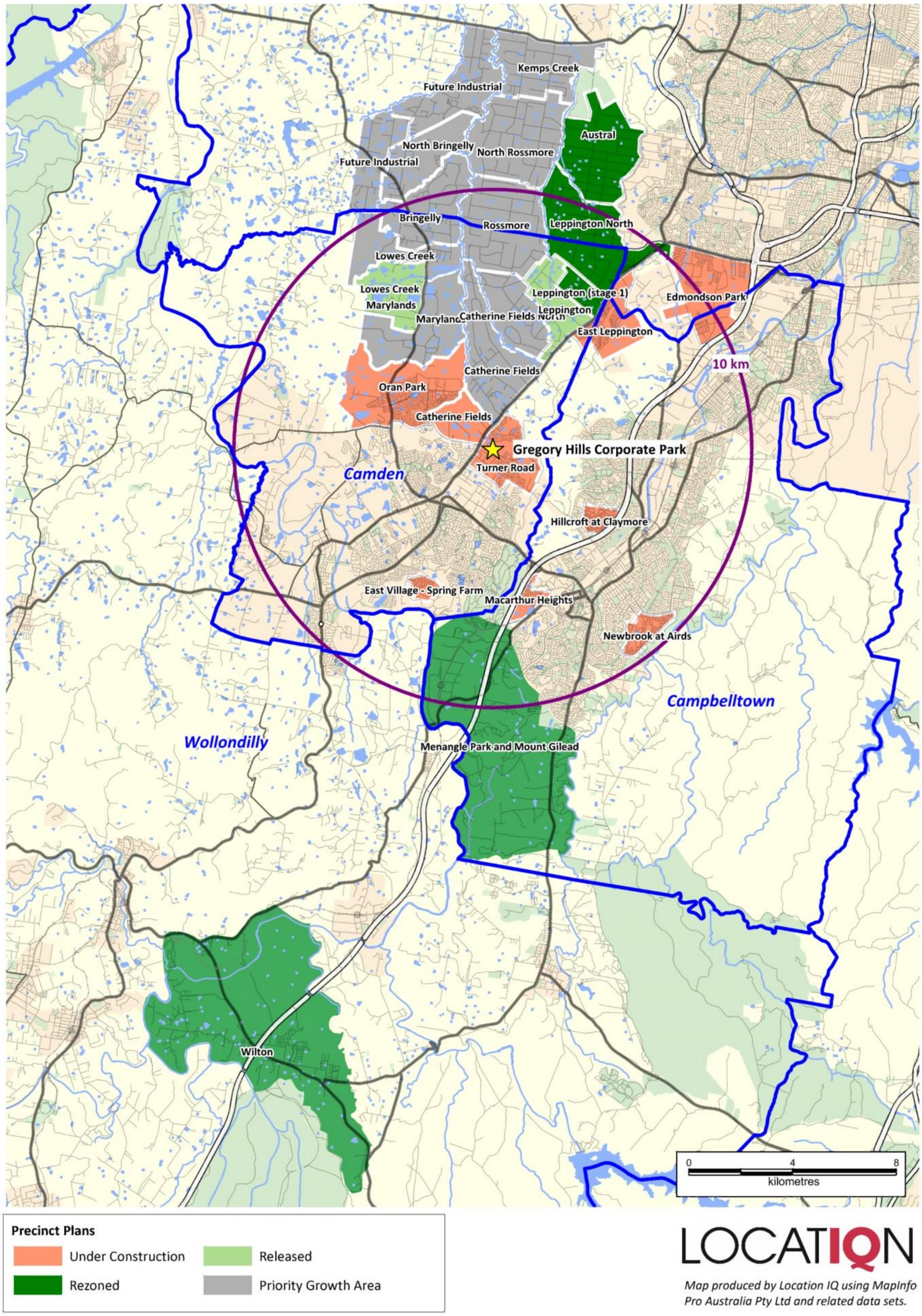
All figures as at June
All figures are based on 2011 SA1 boundary definition with the exception of 2006 which is based on 2006 CCD boundary definition. 2006 and 2011 ERP is calculated using 2011 enumeration factor.
Sources : ABS; NSW Department of Planning

CHART 2.1 – GREGORY HILLS MAIN TRADE AREA NEW DWELLING APPROVALS, 2006/07 – 2015/16



Sources : ABS Census of Population and Housing 2011

MAP 2.2 – SOUTH WEST PRIORITY GROWTH AREA



LOCATIQN

Map produced by Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

TABLE 2.2 – SOUTH WEST PRIORITY GROWTH AREA, INDICATIVE DWELLINGS AND POPULATION

Precinct	Local Government Area	Indicative Dwellings	Indicative Population**
Under Construction			
Turner Road	Camden	4,200	11,760
Harrington Grove	Camden	2,400	6,720
Catherine Fields	Camden	9,000	25,200
Oran Park	Camden	17,500	49,000
Hillcroft at Claymore*	Campbelltown	1,490	4,172
East Leppington	Camden/Campbelltown	3,200	8,960
East Village - Spring Farm*	Camden	1,400	3,920
Spring Farm - Remaining Precincts	Camden	2,480	6,944
Edmondson Park	Campbelltown/Outside LGA's	6,000	16,800
Macarthur Heights*	Campbelltown	900	2,520
Newbrooks at Airds*	Campbelltown	1,119	3,133
Emerald Hills/Gledswood Hills*	Camden	4,400	12,320
Released			
Leppington	Camden	12,000	33,600
Lowes Creek/Marylands	Camden	11,000	30,800
Appin	Campbelltown/Outside LGA's	3,600	10,080
Rezoned			
Austral	Outside LGA's	8,000	22,400
Leppington North	Camden/Outside LGA's	12,000	33,600
Priority Growth Area			
Catherine Fields North	Camden	9,500	26,600
Kemps Creek	Outside LGA's	1,000	2,800
Bringelly	Camden/Outside LGA's	5,000	14,000
North Bringelly	Outside LGA's	5,000	14,000
North Rossmore	Outside LGA's	6,500	18,200
Rossmore	Camden/Outside LGA's	9,000	25,200
Menangle Park and Mount Gilead*	Campbelltown	18,100	50,680
Wilton	Wollondilly	16,600	46,480
Total		**171,389**	**479,889**

** Not part of the South West Priority Growth Area*
*** At 2.8 persons per dwelling*
Source: NSW Department of Planning and Environment

2.3 Socio-economic Profile

i. Table 2.3 summarises the socio-economic profile of the Gregory Hills main trade area by sector, based on the 2011 Census of Population and Housing, with the results of the 2016 Census to be released by mid-2017 at the earliest. A comparison to the Sydney metropolitan and Australian benchmarks is also provided.

ii. The key socio-economic characteristics of the Gregory Hills main trade area population include:

— Average per capita and household income levels are below the relevant benchmarks.

— Residents are generally younger than the benchmark, in particular there are a higher proportion of children, teenagers and young adolescents.

— Residents are predominantly Australian born.

— The household structure contains a larger proportion of couples with dependent children.

iii. Overall, the socio-economic profile of Gregory Hills main trade area reflects a younger, family based population with this trend likely to continue in the future given the amount of new residential development. It is important to note that teenagers and young adolescents possess the highest attendance rate (85.0%) and highest cinema visitation frequency (7.7 visits per annum) compared with other age brackets.

TABLE 2.3 – GREGORY HILLS CORPORATE PARK MTA SOCIO-ECONOMIC PROFILE, 2011 CENSUS

Characteristics	Primary Sector	Secondary Sectors North	Secondary Sectors East	Secondary Sectors South	Main TA	Syd Metro Average	Aust Average
Income Levels							
Average Per Capita Income	$30,452	$29,333	$28,270	$35,009	$30,196	$36,941	$34,201
Per Capita Income Variation	-17.6%	-20.6%	-23.5%	-5.2%	-18.3%	n.a.	n.a.
Average Household Income	$98,356	$100,066	$81,818	$102,351	$92,651	$99,586	$87,928
Household Income Variation	-1.2%	0.5%	-17.8%	2.8%	-7.0%	n.a.	n.a.
Average Household Size	3.2	3.4	2.9	2.9	3.1	2.7	2.6
Age Distribution (% of Pop'n)							
Aged 0-14	25.3%	25.0%	21.8%	23.5%	23.5%	19.2%	19.3%
Aged 15-19	8.1%	7.7%	7.8%	7.4%	7.8%	6.3%	6.5%
Aged 20-29	14.1%	13.1%	15.2%	12.5%	14.0%	14.7%	13.8%
Aged 30-39	14.4%	15.8%	13.5%	15.1%	14.4%	15.3%	13.8%
Aged 40-49	14.4%	15.5%	13.2%	14.5%	14.2%	14.2%	14.2%
Aged 50-59	12.5%	11.2%	13.3%	11.7%	12.4%	12.3%	12.8%
Aged 60+	11.1%	11.7%	15.2%	15.3%	13.7%	18.0%	19.6%
Average Age	32.4	33.0	34.8	34.9	34.0	37.2	37.9
Housing Status (% of H'holds)							
Owner/Purchaser	75.7%	80.4%	68.2%	81.4%	74.8%	67.4%	69.3%
Renter	24.3%	19.6%	31.8%	18.6%	25.2%	32.6%	30.7%
Birthplace (% of Pop'n)							
Australian Born	77.7%	62.1%	72.0%	85.0%	73.5%	63.7%	73.9%
Overseas Born	22.3%	37.9%	28.0%	15.0%	26.5%	36.3%	26.1%
• Asia	3.7%	8.7%	6.8%	1.8%	5.7%	13.7%	7.6%
• Europe	7.8%	9.3%	7.2%	8.0%	7.9%	9.1%	9.4%
• Other	10.8%	19.9%	14.0%	5.1%	13.0%	13.6%	9.1%
Family Type (% of Pop'n)							
Couple with dep't children	53.2%	61.4%	45.4%	54.8%	52.1%	48.2%	45.3%
Couple with non-dep't child.	11.4%	10.9%	11.2%	9.4%	10.8%	9.1%	7.7%
Couple without children	14.4%	13.4%	16.9%	18.6%	16.1%	20.1%	23.0%
Single with dep't child.	12.6%	7.7%	13.5%	8.5%	11.1%	8.5%	9.2%
Single with non-dep't child.	3.5%	2.9%	4.9%	2.8%	3.8%	3.9%	3.5%
Other family	0.7%	0.6%	1.0%	0.6%	0.8%	1.2%	1.1%
Lone person	4.1%	3.1%	7.0%	5.4%	5.3%	9.0%	10.2%

Sources : ABS Census of Population and Housing 2011

3 COMPETITIVE CINEMA ENVIRONMENT

This section of the report provides a summary of the existing and proposed competitive cinema facilities surrounding Gregory Hills. The previous Map 2.1 illustrates the location of competitive cinema complexes, with these summarised in Table 3.1.

TABLE 3.1 – COMPETITIVE CINEMA FACILITIES

Location	Type of Location	Cinema Operator	Distance (km)	2017 Screens
Cinemas within LGA's				
Narellan Town Centre	Sub-Regional SC	United	3.0	8
Macarthur Square	Regional SC	Event	11.0	11
Dumaresq Street Cinemas	Free Standing	Independent	11.0	3
Trade Area Cinema Screens				**22**
Cinemas Outside LGA's				
Westfield Liverpool	Regional SC	Event	21.0	12
Stockland Wetherill Park	Sub-Regional SC	Hoyts	25.0	12

3.1 Current and Future Cinemas

i. The closest cinema offer in the main trade area is at Narellan Town Centre (secondary south sector) which has eight screens, three of which are 3D. The cinema complex is situated adjacent to the restaurant and food catering precinct at the centre.

   Narellan Town Centre is currently undergoing a redevelopment and expansion to double retail floorspace from 36,000 sq.m to 72,000 sq.m, including the addition of Kmart and Target discount department stores, a relocation and expansion of the Coles supermarket, as well as a further range of retail specialty floorspace. In particular, a new food catering indoor/outdoor precinct has been developed that includes national tenants such as Hurricanes, Nandos and Guzman y Gomez, as well as a range of independent food traders. As such, Narellan Town Centre will continue to act as the major retail centre within the main trade area. Completion of the expansion is projected in 2018.

ii. Macarthur Square has an 11 screen cinema complex operated by Event Cinemas. Of these 11 screens, three are Gold Class, one is Vmax and seven are regular. A range of food catering and entertainment facilities are provided within close proximity to the cinema complex, including Kingpin Bowling – a licensed venue that includes tenpin bowling and laser skirmish. This is a major destination for the wider Macarthur region population.

iii. A free-standing cinema complex with three screens, known as Dumaresq Street Cinemas, is provided at Campbelltown, on the corner of Dumaresq Street and Hurley Street, adjacent to Campbelltown train station. Compared to competing cinema offers in the region, Dumaresq Street Cinemas has the cheapest ticket prices, all of which are $7.50. However, there is limited food catering and dining facilities provided within close proximity to the site and there is no 3D cinema offer.

iv. Beyond the main trade area, two cinema complexes are provided are 20 km, namely:

- Event Cinema operates a 12 screen cinema complex at Westfield Liverpool, with an escalator providing direct access from the food court to the cinemas. A provision of further entertainment uses are provided inside Westfield Liverpool, such as Timezone.

- Stockland Wetherill Park is a sub-regional shopping centre with a Hoyts cinema. Stockland Wetherill Park has recently completed a $222 million expansion that includes an outdoor dining precinct containing a range of national and independent tenants, a new 800 seat food court as well as an upgraded 12-screen Hoyts cinema complex.

3.2 Summary

i. Within the Gregory Hills trade area, there are two large cinema complexes with eight or more screens. An independent cinema complex known as Dumaresq Street Cinemas is also provided. In the future, a large cinema complex is also likely at Leppington Town Centre.

ii. Major screen operators, such as Event Cinemas and United Cinemas, are represented at competing cinema complexes within the region. There is, however, a gap in the market for other major screen operators, such as Hoyts Cinemas (the closest Hoyts Cinema is at Stockland Wetherill Park), Reading Cinemas (the closest Reading Cinemas is located at Auburn) or Palace Dendy Cinemas (the closest Dendy Cinemas is located at Newtown).

iii. The two national chain cinema operators within the main trade area are situated within sub-regional and regional shopping centres which have a large provision of entertainment and food catering facilities. These facilities in conjunction with a cinema create a strong lifestyle and entertainment precinct and would have a large regional draw.

3.3 Cinema Provision

i. Taking into account the information presented in Section 2, Table 3.1 presents a summary of the current and projected provision of cinema screens throughout the Gregory Hills trade area. This is compared with typical benchmarks throughout Australia.

ii. As shown, the Australian benchmark for is 8.8 cinema screens per 100,000 persons. This indicates that the supportable amount of cinema screens for the trade area population is 25, with 22 currently provided. Therefore, there is a current undersupply of three cinema screens throughout the trade area.

iii. With population growth within the main trade area and assuming no further competitive cinema offerings, the undersupply of cinema screens will increase over the forecast period. Over the period to 2031, with burgeoning population growth within the trade area, there is projected to be an undersupply of 19 cinema screens.

TABLE 3.1 – GREGORY HILLS MAIN TRADE AREA CINEMA PROVISION, 2016 – 2031

	2016	2019	2021	2026	2031
Trade Area Analysis					
Population	287,930	308,990	323,830	392,880	467,580
Supportable Screens*	25	27	28	35	41
Current Number of Screens	22	22	22	22	22
Under Supply	**-3**	**-5**	**-6**	**-13**	**-19**
Capital City Benchmarks - Screens per 100,000 persons					
New South Wales/ACT	8.2				
Victoria	9.1				
Queensland	9.7				
Western Australia	7.8				
South Australia	9.5				
Tasmania	6.7				
Northern Territory	11.0				
Total Australia	**8.8**				
Metropolitan	8.6				
Non-metropolitan	10.1				

**At 8.8 Screens per 100,000 persons*
Source: Screen Australia; ABS

Location IQ
02 8248 0100
Level 6, 56 Pitt Street
Sydney NSW 2000
www.locationiq.com.au