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Economic Impact and Demand Assessment

Entertainment Facility including Cinemas

2 – 64 Steer Road, Gregory Hills

Prepared for: United Cinemas Australia Pty Ltd
June 2018

Printed: 18 June 2018
File Name: C:\OneDrive\DFP Planning Pty Ltd\DFP Planning Pty Ltd - Documents\Projects\20093A 2-64 Steer Rd, Gregory Hills\EIA_Demand Assessment\Demand Assessment_Gregory Hills.docx
Project Manager: E. Robertshaw
Client: United Cinemas Australia Pty Ltd
Project Number: 20093A

Document Control

Version	Prepared By	Reviewed By	Issued To	Date
Rev_1, Draft	E. Robertshaw	D. Kettle	Client	18 June 2018
Rev_2, Final	E. Robertshaw		Council	18 June 2018

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1. Extract from Screen Australia website re: Cinema Screen provision

1 Introduction

1.1 Commission

DFP has been commissioned by United Cinemas to assess the potential economic impact of and likely demand for cinemas as part of a proposed mixed-use development at 2-64 Steer Road, Gregory Hills.

The proposed development comprises:

- Cinema complex with 9 screens;
- Three (3) drive-through takeaway food tenancies;
- Food court with 7 tenancies and communal seating; and
- Three (3) indoor recreation tenancies.

1.2 Purpose of this Assessment

This report has been prepared to respond to a request for further information (by letter dated 23 April 2018) received from Camden Council in response to their assessment of the development application (DA) for the proposed development.

Specifically, Council requires the following:

The proposal has not demonstrated the potential impacts upon the viability of other existing and planned centres. This is to ensure that there are no detrimental economic impacts upon the locality due to a reduction in the availability or adequacy of services or facilities currently enjoyed by or planned for those centres.

For instance, Part B1 of the Turner Road Development Control Plan 2007 (DCP) provides for the development of an Entertainment Precinct that will, amongst other things, "support the provision of a variety of recreation, entertainment, residential and support uses within the precinct." Whilst the DCP does not specifically nominate "entertainment facilities" as a preferred land use for the precinct, mixed use developments are envisaged and the precinct's objectives clearly envisage recreation and entertainment uses in that location.

Concerns are also raised regarding the suitability of the land use mix, having regard to a significant 'entertainment' component recently approved by the panel under DA/2017/45/1 within Gregory Hills, and the impacts upon other centres such as Narellan Town Centre to the south.

An economic impact analysis that considers the demand for the proposed uses (i.e. cinema, recreation facilities and food and drink premises), and the impacts upon other existing and planned entertainment facilities is required.

The purpose of this report is to assess the potential economic impact of and demand for the proposed development and to evaluate the proposal on the basis of that impact and its relationship with other existing and proposed facilities and centres in the area. In this regard the existing retail/business network and the impact of the proposed development (and more specifically, the various components of the proposed development) on existing centres in the locality will be assessed. In order to address this, the following aspects will be discussed in this report:

- The extent and function of existing business centres in the area;
- Identification of a notional catchment area for the development;
- Population characteristics of the catchment area including population projections; and
- Expenditure characteristics and trends in the catchment area.

Following this investigation, an assessment will be made regarding the impact the proposed development might have, including an assessment of the likely demand for the development.

2 Context

2.1 Proposed Development

The proposed development comprises the erection a building containing;

- Cinema complex with nine (9) screens;
- Three (3) drive-through takeaway food tenancies;
- Food court with seven (7) tenancies and communal seating;
- Three (3) indoor recreation tenancies;
- Multiple amenity rooms;
- Centre management offices;
- Two (2) storey above ground car park comprising 298 parking spaces (including eight (8) accessible spaces) and;
- Business identification signage.

The key development statistics of the development are detailed in **Table 1**.

Table 1 Development Statistics	
Site Area (total lot)	64,146m ² (6.4ha)
Site Area (proposed works)	17,000m ² (1.7ha)
Cinema Floor Space (LFA)	4,359m ²
Indoor Recreation (LFA)	6,040m ²
Commercial Floor Space (LFA)	2,072m ²
Leasable Floor Area (LFA)	12,471m ²
Car Parking Spaces	298 spaces (Including 8 accessible spaces)

The proposed operating hours of the development are from 9am to 12am every day. It is proposed that the cinemas will have a 3am close 12 times a year for midnight screenings of new release “blockbuster” movies. Plans of the proposed developments prepared by MM Atelier Architects are included at Appendix 2 to the Statement of Environmental Effects (SEE) submitted with the DA.

2.2 Site Context

2.2.1 Subject Site

The site is known as 2 – 64 Steer Road, Gregory Hills and is legally described as Lot 601 in Deposited Plan (DP) 1157674. The site is located within the Central Hills Business Park which is part of the Gregory Hills Business Park. The Gregory Hills Business Park is located in the suburb of Gregory Hills which is in the Turner Road Precinct of the South West Growth Area.

The location of the site within the Central Hills Business Park is shown in the plan at **Figure 1**.

The proposed development is located on the north-west portion of the site (shown outlined in orange in **Figure 2**). This part of the site is currently vacant.

2 Context



Figure 1 Site Location within wider Gregory Hills Business Park



Figure 2 Site Context within Central Hills Business Park Source Nearmaps. Image taken 12/09/2017

2 Context

2.2.2 Surrounding Development

The Gregory Hills Business Park is located either side of Gregory Hills Drive and to the east of Camden Valley Way.

Along Camden Valley Way, on the north-western side of Lasso Road there are three drive-through fast food tenancies (McDonalds, Oporto and Red Rooster). To the north is 'Rent a Space' self-storage units; to the south is 'The Home Centre' and to the south west is a large hardware supply (Bunnings Warehouse) store. To the east lies the residential area of Gregory Hills whilst to the west is the residential area of Harrington Grove. To the north west is the residential suburb and town centre of Oran Park.

2.3 Road Network

Gregory Hills Drive is the main east-west sub arterial road through the precinct linking Camden Valley Way in the west to the suburb of Gregory Hills in the east. Ultimately the road will be extended east to connect to Badgally Road.

In the vicinity of the site, Camden Valley Way comprises a landscaped divided carriageway which two travel lanes in each direction and a posted speed limit of 60km/hr. No on-street parking is permitted. Major intersections including the intersection with Camden Valley Way and Central Hills Drive and Camden Valley Way and Rodeo Drive are traffic signal controlled.

Camden Valley Way links to the Camden by-pass and Old Hume Highway at Narellan, to the south of the site and to Campbelltown Road and the South Western Freeway to the north of the site. The location of the site immediately adjacent to Camden Valley Way means that it is very accessible to a large catchment area.

Rodeo Drive is a local street linking Camden Valley Way in the west with industrial developments in the east.

2.4 Locality Context

The Turner Road and Oran Park Precincts were among the first priority land release areas in the South West Growth Area. The area is transforming quickly from the previous rural land uses to a mix of residential, commercial and industrial land uses.

The site is located within the Turner Road Precinct of the South West Growth Centre. Since its rezoning in 2007, the Turner Road Precinct has rapidly changed from a rural area (see **Figure 3**) into an urban area (**Figure 4**). The Oran Park Precinct immediately adjoins the Turner Road Precinct to the north-west.

The site is approximately 3.7km from the existing Oran Park town centre (corner of Peter Brock Drive and Oran Park Drive) and approximately 3km north-east of the Narellan town centre – refer **Figure 5**.

The Campbelltown regional centre is approximately 10km south-east of the site. The Hume Highway is located 6.5km to the south-east of the site.

The Turner Road Precinct was designed to facilitate the development of:

- 4,020 new homes;
- 15,000 square metres of town centre land;
- 77 hectares of open space; and
- 96 hectares of employment land.

2 Context

The site is located within the employment lands area of the Turner Road Precinct. The Turner Road Precinct is outlined in blue in **Figures 3 and 4**.



Figure 3 Surrounding Development 2007. Source Nearthmaps. Image taken 08/01/2010



Figure 4 Surrounding Development 2017. Source Nearthmaps. Image taken 12/09/2017

2 Context

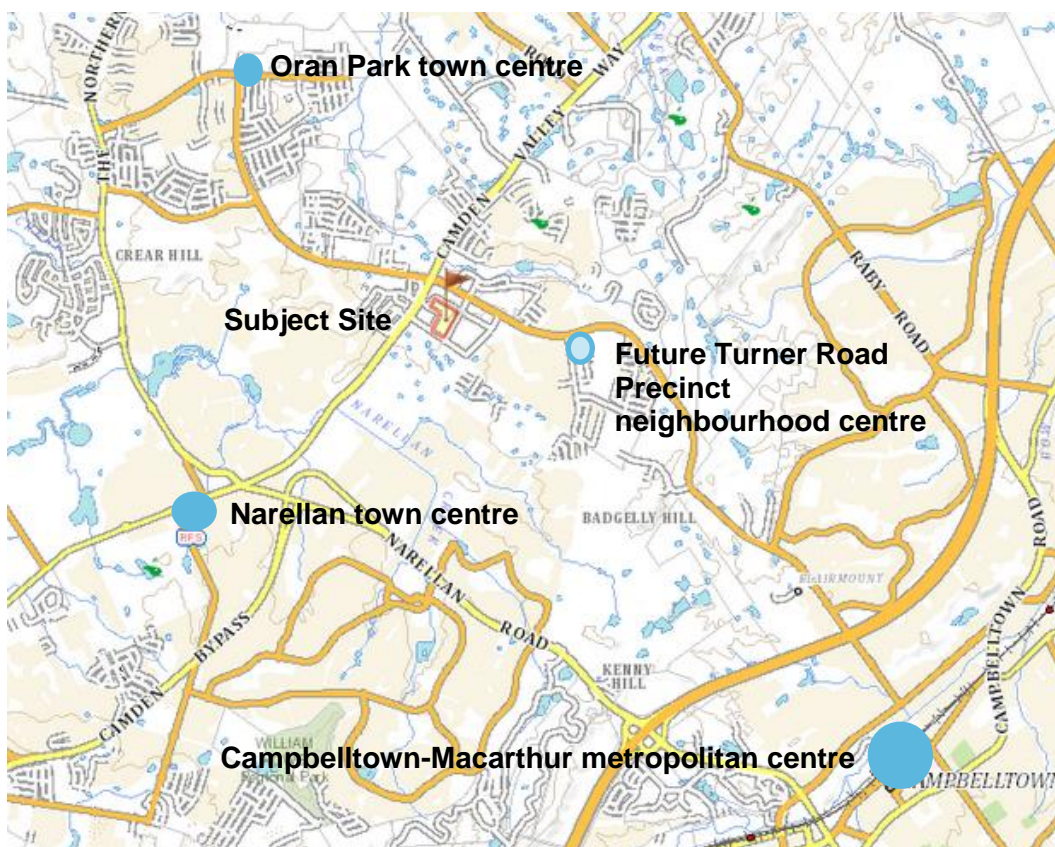


Figure 5 Locality Plan

The Oran Park town centre has been developed. This centre is anchored by a Woolworths supermarket. Ultimately, it is anticipated that 55,000m² of gross lettable area (retail GLAR¹) could be developed in and around the Oran Park town centre.

2.5 Turner Road Business Development Area

The site is within the Central Hills Business Park which is part of the Turner Road Business Development Area. The Turner Road Development Control Plan describes the Turner Road Business Development Area as follows:

The Turner Road Business Development Area is approximately 51ha in area and is located primarily along the western sections of Badgally Road. It will provide for a range of business development type activities, including bulky goods retail, business premises, light industry, warehouses and distribution uses. Small-scale retail uses to cater to the needs of employees of the Business Development and Industrial areas will also be provided.

The following floor space restrictions apply:

The maximum aggregate of retail premises is 2,500m² GLAR, excluding food and drink premises.

The land within the Turner Road Business Development Area is zoned B5 Business Development. Development for the purposes of *entertainment facilities, food and drink premises, recreation facilities (indoor) and signage* are all permissible with consent in the B5 Business Development zone.

The objectives of the B5 zone are:

- *To enable a mix of business and warehouse uses and specialised retail uses that require a large floor area, in locations that are close to, and that support the viability of, centres.*

¹ GLAR means the total area of a tenancy by the Property Council of Australia's Method of Measurement definition

2 Context

- *To provide for a wide range of employment generating development.*
- *To provide for a mix of ancillary uses to support the primary function of providing employment generating development.*
- *To maintain the economic strength of centres by limiting the retailing of food, clothing and convenience shopping.*
- *To provide for a range of uses, including recreational uses and function centres, that complement other permissible employment generating land uses within the zone.*

How the proposed development is consistent with the objectives of the B5 zone is discussed elsewhere in this assessment.

3 Existing and Proposed Facilities

3.1 Introduction

The site is within an area that is currently undergoing significant change and growth.

The site is within the South West Growth Centre which comprises 18 precincts and will ultimately provide for the development of approximately 110,000 new dwellings and 350,000 persons. Development has already commenced and is expected to continue over the next 20 - 25 years.

To cater for the needs of this growing community, a range of new centres are proposed. These will operate in conjunction with and complement the services provided within existing centres.

3.2 Narellan Town Centre

The site is located approximately 3km north east of the Narellan town centre.

The Western City District Plan identifies the following role and function for the Narellan Town centre as one of the major established centres serving the existing and future population of Camden and those precincts within the southern part of the South West Growth Centre.

The Narellan town centre is transitioning to provide all of the services and facilities that a community needs, including employment opportunities in a range of industries, services and professions. It has potential for increased residential density and a range of dwelling typologies.

Narellan has potential for increased commercial office, retail and community services. The vision of the Narellan town centre will reflect the history and heritage of the Camden Local Government Area, while providing opportunities for the growing community.

Retailing within the Narellan town centre is dominated by the Narellan Town Centre shopping centre. This centre was recently expanded and now comprises approximately 72,000m² of floorspace.

Retail facilities within this centre include Kmart, Big W and Target discount department stores (DDSs), Coles and Woolworths supermarkets, and a range of specialty shops. Non retail facilities in the centre include banks, medical facilities, a gymnasium and United Cinema complex.

The United Cinema complex comprises 8 cinema screens and a total seating capacity of 1,642.

3.3 Campbelltown Regional Centre

The Campbelltown regional centre is identified as one of the five metropolitan clusters in the Western City District Plan. The Campbelltown-Macarthur metropolitan cluster is located approximately 10km south-east of the site.

Apart from retail and commercial facilities, this centre is also the cultural and tertiary education hub for the Macarthur region. A range of government authorities also have representation in the Campbelltown regional centre.

The Western City District Plan estimates that the centre has the potential to grow up to 31,000 jobs (a 52% increase) by 2036.

Major retail centres in Campbelltown include Macarthur Square and Campbelltown Mall.

There are 11 cinema screens in the Event Cinema complex in Macarthur Square and another 3 screens in the independently operated centre on Dumaresq Street.

3.4 Gregory Hills

The Gregory Hills Business Park is part of the Turner Road Precinct.

The site is within the Home Centre development within the Gregory Hills Business Park.

3 Existing and Proposed Facilities

To the north of Gregory Hills Drive is the Gregory Hills Corporate Park which incorporates the SOMA Medical and Lifestyle Precincts.

A development application for a mixed use development comprising 18 bulky goods premises, nine business premises, five food and drink premises, six recreation facilities (indoor), two hotels, a cinema as part of the Gregory Hills Corporate Park was recently approved by the Sydney Western City Planning Panel.

3.5 Turner Road Entertainment Precinct

The Turner Road development control plan (DCP) identifies an 'entertainment precinct' in Gledswood Hills which is in the vicinity of the Camden Valley Golf Resort.

Although cinemas are a permissible use within the B4 Mixed Use zoning which applies to this precinct, the controls within the DCP suggest that this precinct will be developed as club based activities including golf (and associated recreation), club and hotel accommodation.

4 Assessment of Catchment Area

4.1 Estimated Catchment Area

Cinemas and the other associated facilities proposed within the development are destination facilities and are therefore likely to attract patrons from a wider area than a traditional retail precinct.

The catchment area for the proposed development has been estimated taking into consideration:

- The accessibility of the site to development occurring within the South West Growth Area, and in particular areas to the east upon construction of Bagdally Road;
- Other existing and proposed centres in the vicinity; and
- Other existing cinema facilities in the area.

Based on this, it is anticipated that the proposed development (and in particular the cinemas) will have a regional draw potential and will attract patrons from the Campbelltown, Camden and Wollondilly LGAs.

4.2 Characteristics of the Catchment Area Population

The most recent comprehensive population characteristics are those provided in the 2016 Census. Significant characteristics of the 2016 population of the catchment area are detailed in **Table 2**. This information has been sourced from the ABS Basic Community Profile data for the 2016 Census.

Table 2 Selected Characteristics for Catchment Area based on 2016 Basic Community Profile					
	Camden	Campbelltown	Wollondilly	Total Catchment	
Total Persons	78,218	157,006	48,519	283,743	
Aged 15 or more	59,515	123,148	37,841	220,504	77.7%
Average Occupancy (Persons/dwelling)	3.1	3	3	3.0	
Occupied private dwellings	24,074	49,980	15,033	89,087	
Age Groups in the Population					
0-14	18,703	33,858	10,678	63,239	22.3%
15-24	10,213	22,107	6,313	38,633	13.6%
25-54	33,698	63,975	15,538	113,211	39.9%
55+	15,604	37,066	15,990	68,660	24.2%
Total	78,218	157,006	48,519	283,743	
Average children per family (families with children)	2	1.9	2	2.0	
Employment					
Worked full time	26,915	45,764	15,610	88,289	62.4%
Worked part time	10,922	19,503	7,116	37,541	26.5%
Unemployed	1,726	5,874	997	8,597	6.1%
Other/away from work	2,173	3,572	1,333	7,078	5.0%
Total	41,736	74,713	25,056	141,505	
Nature of Occupancy					
Owned	5,821	12,116	4,656	22,593	25.3%
Owned with a mortgage	12,527	19,590	7,576	39,693	44.5%
Rented	5,013	16,463	2,290	23,766	26.7%
Other tenure	234	507	180	921	1.0%
Not Stated/Not applicable	480	1,310	399	2,189	2.5%
Total	24,075	49,986	15,101	89,162	

4 Assessment of Catchment Area

Table 2 Selected Characteristics for Catchment Area based on 2016 Basic Community Profile

	Camden	Campbelltown	Wollondilly	Total Catchment	
Household Composition					
Family Households	20,420	39,635	12,552	72,607	81.4%
Lone Person Households	3,298	9,180	2,316	14,794	16.6%
Group Households	360	1,161	232	1,753	2.0%
Total Households	24,078	49,976	15,100	89,154	
Medians					
Weekly Rent	\$460	\$350	\$365	\$392	
Monthly Mortgage	\$2,220	\$1,842	\$2,167	\$2,076	
Weekly Household Income	\$2,047	\$1,459	\$1,871	\$1,792	
Motor Vehicles					
Average per dwelling	2.2	1.8	2.4	2.1	

Source: ABS 2016 Census

Key characteristic of the 2016 population of the estimated catchment area included:

- A population of 283,743 people living in 89,162 households.
- 22.3% of the population comprised children aged 0 - 14 years and 13.6% of the population were aged between 15 and 24 years of age.
- The median weekly household income was \$1,792.
- Of occupied private dwellings, 25.3% were owned outright, 44.5% were owned with a mortgage and 26.7% were rented.
- 81.4% of all households were family households, 16.6% were single person households and 2.0% were group households.
- The average car ownership was 2.1 cars per household.

The profile of the population of the catchment area is such that it comprises a high proportion of teenagers and young adults and a high proportion of families with young children. These characteristics suggest that the cinemas and other associated facilities would be a popular form of entertainment for much of the population.

A large proportion of the catchment area comprises areas within the South West Growth Centre Precinct Area. Much of this area will be developed over the next twenty years.

In addition, the NSW State Government recently announced the release of the Wilton Growth Centre in the Wollondilly LGA.

Further, the Greater Macarthur Growth Area and Glenfield to Macarthur Urban Renewal Precincts are being planned by NSW Department of Planning and Environment to provide new homes and jobs and both of these areas are within the catchment area.

It is anticipated that the characteristics of the future population of the residential areas of the South West Growth Centre Precincts that are within the catchment area but are not yet developed and the Wilton Growth Centre will be similar to those of the more recently developed areas in Camden and Wollondilly.

4 Assessment of Catchment Area

4.3 Population Projections

As discussed above, the estimated catchment area of the proposed facilities will experience significant growth over the next twenty years.

Table 3 is an estimate of population and household growth within the estimated catchment area between 2018 and 2036.

Area	2018		2021		2026		2031		2036	
	Persons	H'holds	Persons	H'holds	Persons	H'holds	Persons	H'holds	Persons	H'holds
Camden LGA	94,705	31,185	122,926	40,803	161,448	54,022	197,705	66,776	233,299	79,631
Wollondilly LGA (ex. Wilton Growth Centre)	50,788	16,929	53,738	17,913	59,040	19,680	64,649	21,550	70,790	23,597
Wilton Growth Centre	0	0	8,250	2,500	24,750	7,500	39,600	12,000	50,000	15,000
Campbelltown LGA	169,382	57,337	180,957	61,759	212,002	72,212	244,088	83,070	275,778	93,397
Total Catchment Area	314,875	105,452	365,871	122,975	457,240	153,414	546,042	183,396	629,867	211,625

Source:

Camden:

For years 2021 - 2036: Population and household forecasts, 2016 to 2036, prepared by .id, the population experts, October 2017.
For 2018, DFP estimates based on 2016 population and factoring in growth rate of 8.84%/annum

Wollondilly:

Attachment to Council Report to meeting of 21 November 2016 (Item PE4 - Exhibition of Draft Wollondilly Contributions Plan 2017)
No. of households: DFP estimates based on ABS 2016 Census occupancy rate for dwellings in Wollondilly LGA

Wilton Growth Centre

DFP estimates based on NSW Department of Planning and Environment forecasts of development growth in Wilton Growth Centre

Campbelltown LGA

For years 2021 - 2036: Population and household forecasts, 2016 to 2036, prepared by .id, the population experts, October 2017.
For 2018, DFP estimates based on 2016 population and factoring in growth rate of 2.47%/annum

The estimates in **Table 3** support the premise that there will be significant and rapid population growth throughout the catchment area over the next 20 years.

Between 2018 and 2026, the population is estimated to grow by 142,365 persons and in the 10 years between 2026 and 2036, a further 172,627 persons will be living in the catchment area.

By 2036, it is estimated that there will be almost 630,000 persons living in the catchment area.

4.4 Household Expenditure and Entertainment Expenditure

For the purposes of assessing the retail expenditure potential of existing and future households within the estimated catchment area, a technique which categorises a community in terms of household income and combines these characteristics with the general expenditure on specific retail items as noted from the 2015/2016 Household Expenditure Survey (and updated by applying the Consumer Price Index) will be used. Using this technique, annual household expenditure as shown in **Table 4** has been estimated from households within the catchment area of the proposed development.

4 Assessment of Catchment Area

Retail Commodity Group	\$per Household	Total all households 2018 (\$mil)	Total all households 2021 (\$mil)	Total all households 2026 (\$mil)	Total all households 2031 (\$mil)	Total all households 2036 (\$mil)
Food for Home	\$12,675.2	\$1,356.7	\$1,618.1	\$2,095.4	\$2,600.3	\$3,114.7
Clothing	\$3,036.3	\$325.0	\$387.6	\$501.9	\$622.9	\$746.1
Small Household Goods	\$6,705.2	\$717.7	\$856.0	\$1,108.5	\$1,375.5	\$1,647.7
Large Household Goods	\$10,076.5	\$1,078.6	\$1,286.3	\$1,665.8	\$2,067.2	\$2,476.1
Personal Services	\$3,467.0	\$371.1	\$442.6	\$573.2	\$711.2	\$852.0
Food Restaurants	\$4,175.8	\$447.0	\$533.1	\$690.3	\$856.7	\$1,026.1
Take Away Food	\$2,540.1	\$271.9	\$324.3	\$419.9	\$521.1	\$624.2
TOTAL (\$)	\$42,676.1	\$4,568	\$5,447	\$7,055	\$8,754	\$10,487

Source: ABS: Basic Community Profile, Household Income Data.

ABS: Household Expenditure Survey, 2015/16

Cat No. 65300DO004_201516 Household Expenditure Survey, Australia: Summary of Results, 2015–16

Base Data: ABS Consumer Price Index, March 2018

Totals: Annual Growth Rate of 0.75% factored in

Based on the above, we estimate that:

- Households in the catchment area could each expend an average of \$42,676 on retail commodity items in 2018. This equates to total estimated expenditure of \$4,568 million in 2018.
- By 2021 it is estimated that this expenditure potential could have increased to \$5,447 million.
- And in 2026 there could be \$7,055 million of retail expenditure available from catchment households.
- By 2036 it is estimated that households within the catchment could be expending \$10,487 million on retail commodity items.

The household expenditure survey also included details of expenditure on entertainment, including cinema expenditure. The survey found that, on average, each household in Australia expends a total of \$1.90 per week on cinema expenditure².

Factoring in a growth rate of 0.75% per annum, by 2036 it is estimated that households could expend almost \$2.20 per week in cinema entertainment.

Based on the estimated number of households in the catchment in 2036 (**Table 3**), this would equate to total expenditure of around \$24.05 million or 0.23% of total retail expenditure from all households however it should be noted that expenditure at cinemas is derived from the recreation expenditure component of total household expenditure and is not considered to be retail expenditure.

² Table 4.3A HOUSEHOLD EXPENDITURE, Detailed expenditure items, Gross household income quintiles – Estimates from ABS 2015/16 Household Expenditure Survey

5 Competitive Environment

5.1 Introduction

This section of the report provides an assessment of existing and potential future cinema provision within the catchment area and assesses this against the benchmark of cinema screen provision in NSW and other states in Australia.

5.2 Existing and Approved Cinema Provision

Within the catchment area there are currently a total of 22 cinema screens distributed as follows:

- United Cinemas in Narellan Town Centre - 8 screens
- Event Cinemas in Macarthur Square shopping centre at Campbelltown - 11 screens
- An independent operator on Dumaresq Street, Campbelltown – 3 screens

There are also cinemas at Liverpool (12 screens) and Wetherill Park (12 screens) however these locations are beyond the catchment area.

Recently, approval was issued for a bulky goods and entertainment development within the Gregory Hills Corporate Park which is to the north of Gregory Hills Drive in Gregory Hills. This development is part of the Lifestyle Precinct in a development referred to as SOMA.

Approximately half of the 25,000m² of floorspace within this development will comprise bulky goods retail outlets. The cinema floorspace will occupy 3,947m² of the development. The number of screens proposed in the cinema is not stated however it is estimated that there could be approximately 10 screens within this complex. Other components of the approved development include a hotel, leisure facilities, food and drink premises and business premises.

The application for the bulky goods and entertainment development within the Gregory Hills Corporate Park was supported by a report by Location IQ which considered the demand and market scope for cinema screens as part of the SOMA Lifestyle Precinct and an Economic Assessment prepared by MacroPlan for the short-term accommodation and other facilities in the development. The MacroPlan report also considered the impact of the provision of cinemas as part of the SOMA development.

Both the Location IQ and MacroPlan reports were peer reviewed by AEC.

With respect to the catchment area defined by Location IQ for the cinema component of the mixed-use development, AEC concurred that the trade area comprising the Campbelltown, Camden and Wollondilly local government areas (LGA) was reasonable. We have reached the same conclusion as discussed in **Section 4.1** of this report.

Although AEC was of the opinion that the Location IQ predictions in terms of cinema screen demand were optimistic, they agreed with the broad findings in terms of *a growing demand for demand for cinema facilities in this area due to population expansion which warrants further provision*³.

³ AEC Peer Review of SOMA Precinct Economic Assessments for Camden Council, 31 October 2017

5 Competitive Environment

5.3 Cinema Screen Provision

Data available on the Screen Australia website indicates that in 2016 there was an average of 10.6 screens per 1,000 persons. **Table 5** below shows the number of screens per 1,000 persons on a state by state basis.

Table 5 Number of screens per 1,000 persons by state in 2016

State/Territory	2016 population	No. of screens	Screens per 1,000 persons
NSW/ACT	7,877,085	691	11.4
Victoria	5,926,624	574	10.3
South Australia	1,676,653	168	10.0
Western Australia	2,474,410	206	12.0
Queensland	4,703,193	503	9.4
Tasmania	509,965	35	14.6
NT	228,833	33	6.9
Australian average	23,401,892	2210	10.6

Source: Motion Picture Distributors Association of Australia (MPDAA); Australian Bureau of Statistics (ABS), Australian Demographic Statistics (cat. no. 3101.0), June 2017.

<https://www.screenaustralia.gov.au/fact-finders/cinema/industry-trends/screens-and-theatres/by-state>.

Populations ABS 2016 Census

The highest proportion of cinema screen provision is in Tasmania, where there are 14.6 screens for every 1,000 persons. In 2016 in NSW and ACT, there was 11.4 screens per 1,000 persons and in Australia, 10.6 screens per 1,000 persons.

An extract from the web page of Screen Australia fact finders is provided at **Appendix 1** to this report.

Using a benchmark of 10.6 screens per 1,000 persons:

- In 2018 the population of the catchment area would equate to 30 screens
- By 2021 the population of the catchment area would equate to 35 cinema screens; and
- By 2036, the number of screens required would equate to 60 screens.

There are currently 22 screens in the catchment area (excluding those facilities close to but outside the catchment area). This equates to a cinema screen provision of 12.9 screens per 1,000 persons and represents a theoretical shortfall of 8 screens.

If the approved development at Gregory Hills Corporate Park proceeds, this will account for much of the deficit, however, as noted in **Section 4** of this assessment, the catchment area is undergoing significant and rapid population growth and the demand for facilities, including cinema facilities will also increase.

Even with the provision of the cinemas within the Gregory Hills Corporate Park, there will be a deficiency in cinema screen provision by 2021.

The provision of 9 cinemas as part of the proposed development in addition to the existing and approved facilities, will bring the total number of cinema screens in the catchment area to 41 screens.

Based on the population estimates in **Table 3**, by 2026 the population in the catchment would have grown to a size to match the demand for this number of screens.

Therefore, although there is the potential for there to be an oversupply of cinema screens in the short term, the rate of population growth within the catchment is predicted to be such that this situation will only be temporary.

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It is understood that the Edmondson Park town centre will include entertainment facilities including cinemas. The Edmondson Park town centre will be accessible to residents in the northern part of the catchment area and areas beyond the nominated catchment area for the proposed development at this site. Therefore, the shortfall in cinema provision that might be experienced in the area after 2026 will, in part, be addressed by the provision of cinemas within the Edmondson Park town centre.

As part of the assessment of the proposed development at Gregory Hills Corporate Park, Camden Council commissioned AEC to undertake a peer review of the assessment prepared by Location IQ in relation to the demand for cinemas in the area.

Although AEC had some reservations as to popularity of cinemas in the future (based on competition from cheaper, alternative service providers), on-demand service providers such as Netflix do not offer the same experience as a 'night at the movies'. The same could have been said about the advent of the VCR however that did not result in wholesale closure of cinemas for the very reason that watching a video at home offers a completely different experience that the social benefits of going to the movies.

Therefore, although there may be a slight decline in cinema attendance, overall, due to population growth in the identified catchment area, it is anticipated that there will be adequate demand to support all existing and proposed facilities.

Furthermore, based on the current and likely future characteristics of the population of the catchment area, cinemas offer a cost-effective form of entertainment that will appeal to the teenagers and families who will comprise a significant proportion of the future population of the area.

5.4 Impacts on Centres

The closest centres to the proposed development are the Narellan town centre and the Oran Park town centre.

Both centres are anchored by major supermarkets and, in the case of the Narellan Town Centre shopping centre, three DDSs. The primary role and function of these centres is to provide for the convenience retail needs of households within their respective catchment areas, particularly food purchases.

Although there are cinemas located within the Narellan town centre, the cinemas are not considered to be the anchor tenant or major attractor to centre patrons. The provision of cinemas within the centre however could have the benefit of expanding the catchment area of the centre.

The proposed development includes other entertainment facilities (which will essentially function as a secondary attractor to the cinemas) and food and drink premises.

The food and drink premises will occupy around 2,000m² of floorspace within the proposed development.

It is estimated that in 2021, the turnover of the food and drink premises will be approximately \$7,300/m².

Based on the estimated floorspace, the total turnover of the proposed food and premises is estimated to be \$15.1 million in 2021.

Using the expenditure estimates in **Table 4**, \$15.1 million represents 4.6% of the total available expenditure that households in the catchment area are likely to direct to take away food outlets in 2021.

Given that food and drink premises are not the principal attractors to centres within the catchment area, it is considered that the potential redistribution of 4.6% of expenditure in this

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retail commodity category is unlikely to impact on the ability of these centres to continue to trade effectively.

As previously noted, the Campbelltown metropolitan centre is a much higher order centre and offers a broader range of services that are not offered in other centres. The size and range of services provided in Campbelltown will ensure it retains its dominance as the main centre in the Macarthur region.

6 Conclusion

In our opinion, the range of uses to be included in this development, including the cinemas, are unlikely to impact on the capacity of existing centres within the catchment to continue to provide a level of services commensurate with their roles and functions.

Some of the components of the proposed development are facilities not readily available in the immediate area and could stem the flow of expenditure which might be currently escaping the local area, particularly entertainment expenditure.

There is a potential synergistic effect between the cinemas and other facilities within the proposed development, particularly the food and drink premises and the other entertainment facilities. In our opinion, the cinemas will be the major attractor of patrons to the centre and the other facilities will function as secondary or supplementary to the cinemas.

The development will provide employment opportunities for skilled and unskilled workers, particularly part time employment for youths at the various entertainment facilities. Such impacts are the direct effects of the development.

Indirect effects of the development would be linked to the increased demand for supplies as a response to these direct effects. The development will also lead to induced effects in the form of additional consumption by those earning wages generated either directly or indirectly by the activities within the development. The sum of these effects is a series of multiplier effects.

In view of these opportunities, it is considered that the proposed development will have a net positive effect in terms of community benefit.

The nature of activities and facilities proposed to be provided within this mixed-use development is such that it is unlikely to impact on the role and function of existing and proposed retail centres.

Further, the nature of uses within the proposed development will not result in the creation of another centre due to the lack of provision of essential services and convenience functions as part of the development.

The proportions of expenditure that could be directed to facilities within this development are relatively insignificant in terms of the estimated available expenditure given the significant population growth forecast to occur within the catchment area over the next 20 years.

This assessment has also demonstrated that, due to the significant and rapid growth in population in the catchment area, particularly over the next 20 years, the proposed cinema provision will be required to supplement the number of screens existing and approved in the area. Any oversupply of cinema screens as a result of this development is likely to be temporary only.

It is also noted that the applicant for the proposed development, United Cinemas, is also the operator of the existing cinema complex in the Narellan Town Centre. As an operator in the area for over 20 years, United Cinemas has a thorough appreciation and understanding of the cinema attendance patterns of the catchment population. United Cinemas considers that, due to the population increase that will occur in the catchment, there will be significant demand for cost effective entertainment facilities for families and there will be sufficient support for the proposed development as well as existing and approved facilities (if built).

Whilst there is the potential that some operators may experience a reduction in turnover as a result of this development commencing operation, we would not expect these impacts to be so significant as to impact on the capacity of other outlets to continue to trade effectively. And in any event, any impacts experienced by cinema operators are unlikely to affect an entire centre unless that operator is the major anchor tenant of the centre. Given the nature of facilities proposed within this development we would not expect such outlets would represent the anchor tenant of a centre.