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Sutherland Shire Council Locked Bag 17 Sutherland NSW 1499

## TAREN POINT (130 – 142 PARRAWEENA ROAD, MIRANDA) – ECONOMIC IMPACT ASSESSMENT ADDENDUM

This short report presents an addendum to an economic report prepared by MacroPlan Dimasi in August 2016 as part of a planning proposal for the development of a new Woolworths supermarket at 130 – 142 Parraweena Road titled *"Taren Point (130 – 142 Parraweena Road, Miranda) – Economic Impact Assessment, Sequential Test & Net Community Benefit Test."* (Taren Point EIA).

This addendum has been prepared in light of some additional information that has now been provided by Woolworths, and given that 10 months has now passed since the preparation of our Taren Point EIA report.

The key purpose of the document is to present revised estimates of sales and visitation levels achieved by the existing Ritchies Supa IGA at Taren Point at 122 Parraweena Road, Taren Point, as well as providing estimates of the potential future sales and visitation levels of a proposed Woolworths supermarket at 130 – 142 Parraweena Road, Taren Point.

## **Ritchies Supa IGA: Estimated sales and visitation levels**

The existing IGA at Taren Point is 3,700 sq.m. It is clearly not a typical IGA store with a small footprint and limited range. Most IGA stores tend to range between 1,500 and 2,500 sq.m, with a limited number greater than 3,000 sq.m across Australia. Indeed, the store is one of the largest supermarkets in the Sutherland Shire, with the only stores larger being the Woolworths and Coles at Westfield Miranda; Woolworths at Caringbah; Woolworths at Menai Marketplace; and Woolworths Engadine.

As we identified in our Taren Point EIA report the nearby IGA store is located in a trade area serving a population of around 12,600 persons, including 7,600 in the primary sector, generating food, grocery & packaged liquor (FLG) expenditure of around \$78 – 79 million in 2016.

There are no other supermarket facilities within the defined main trade area at present, and in our EIA we estimated that the IGA store sales were in the order of \$30 - 31 million (inc. GST), which is equivalent to around \$8,250 per sq.m. This is considered to be a conservative estimate of sales. We adopted a conservative estimate of in order to not understate the percentage trading impacts from the proposed new Woolworths

Strategic Planning • Property Advisory • Economic Analysis • Retail Analysis • Spatial Planning • Policy and Strategy • Financial Analysis • GIS Mapping MacroPlan Dimasi Pty Ltd (ACN: 154 875 635) atf MacroPlan Dimasi Unit Trust (ABN: 61 572 298 520) supermarket in our EIA and having regard to our understanding of typical productivity levels for IGA branded supermarkets across Australia.

However, based on more recent information provided by Woolworths, we consider this estimate should be revised. As previously mentioned, the IGA store at Taren Point is unusual, being one of the largest stores under the IGA banner and which also includes a liquor component.

Given the size of the available FLG expenditure market, and that there are around 15,000 workers in the surrounding Taren Point employment precinct, if the store is meeting its market and trading successfully, it would be achieving sales well in excess of \$31 million, perhaps closer to national average productivity levels of \$10,000 sq.m. On review we estimate the store is achieving productivity levels closer to the national average, (i.e. \$9,500 - \$10,000 per sq.m.), i.e. around \$35 million or so.

The typical average basket sizes at suburban supermarkets is in the order of 35 - 45, which would equates to around 875,000 customers per annum (i.e. assuming a 40 basket size).

## **Proposed Woolworths store: Estimated sales and visitation levels**

In the Taren Point EIA we estimated that the proposed 3,800 sq.m Woolworths store could potentially achieve sales in the order of \$36.1 million, with a further \$3 million or so from an adjacent liquor store, a total of around \$39.1 million, in 2020 (\$2016). On review, this estimate is considered on the high side, given that IGA store is estimated to be trading better than we expected in our previous Taren Point EIA.

In this context, given we have revised our estimate for the IGA store by around \$4 million or so, we are of the view that a commensurate reduction in sales might be expected at the proposed Woolworths store (i.e. around \$35 - 35.5 million or so in 2020 (\$2016)).

Assuming an average basket size of around 35 - 45 (i.e. assuming a 40 basket size), we estimate the store would achieve around 875,000 - 900,000 customers per annum.

## Comparison with approved Coles store at Kirrawee Brick Pit

The South Village (ex-Brick Pit site) development at Kirrawee has approval. This project is expected to include a 4,740 sq.m Coles supermarket and a 1,450 sq.m Aldi supermarket, as well as supporting retail and ancillary non-retail uses.

MacroPlan Dimasi prepared an EIA for a new Woolworths and Dan Murphy's development at 24 – 38 Flora Street, Kirrawee in November 2016, in which we estimated the total retail sales for the South Village development at around \$100 million in the year FY2018/19 (assuming no Woolworths store at Kirrawee – i.e. a

baseline estimate). This estimate had regard to the estimated sales figure prepared by Hill PDA in its EIA that accompanied the original application, adjusted to account for recent developments/new time periods etc. In forming this estimate, we estimated likely retail sales as follows:

- Coles: \$49.5 50 million (\$2016) at approximately \$10,500 per sq.m.
- Aldi: \$16 million (\$2016) at approximately \$11,000 per sq.m
- Other specialty retail: \$34 35 million (\$2016) at around \$6,000 per sq.m.

In this context, allowing for an additional year's worth of growth (about 1.5%), to align with the likely Taren Point opening year of FY 2019/20, the approved Coles supermarket at the Kirrawee Brick Pit site is estimated to achieve sales of around \$50.5 million (\$2016) at around \$10,700 per sq.m. This is some 40-45% greater than the revised sales forecast for Woolworths Taren Point at \$35 million.

Yours sincerely

James Turnbull Senior Manager – Retail MacroPlan Dimasi