Tallawarra Lands Part 3A Concept Plan Application

Economic Impact Assessment

December 2010

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Business Insight

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Introduction

This report presents an independent Economic Impact Assessment of the proposed convenience retail and bulky goods facilities at the Tallawarra Lands Site (TLS) at Yallah, approximately 13 km south-west of Wollongong.

The report is presented in five sections as follows:

- **Section 1** details the location of the TLS as well as its regional and local context. The proposed uses for the site are also outlined.
- **Section 2** outlines the strategic planning framework that is of relevance to the proposed development.
- **Section 3** examines the trade area which is likely to be served by future retail facilities at the TLS, including the convenience retail centre and bulky goods precinct. This section also includes the current and projected population and retail spending levels within the trade area, as well as the socio-demographic profile of the trade area population.
- **Section 4** outlines the competitive environment within which the retail facilities at the TLS would operate, including both existing and proposed competitive developments in the region. Both traditional retail and bulky goods facilities have been considered.
- **Section 5** outlines our assessment of the sales potential for the proposed retail facilities, as well as an Economic Impact Assessment for the development. The likely trading impacts on other retailers within the region are considered, as are the employment and other economic effects of the proposed development.

Section 1: Site location and proposed development

1.1 Regional and local context

The Tallawarra Lands Site (TLS) is a 560 hectare land holding located at Yallah, approximately 13 km south-west of Wollongong (refer Map 1.1). The TLS, situated on the western foreshore of Lake Illawarra, is situated within the Wollongong Local Government Area (LGA) and comprises the majority of the Yallah locality.

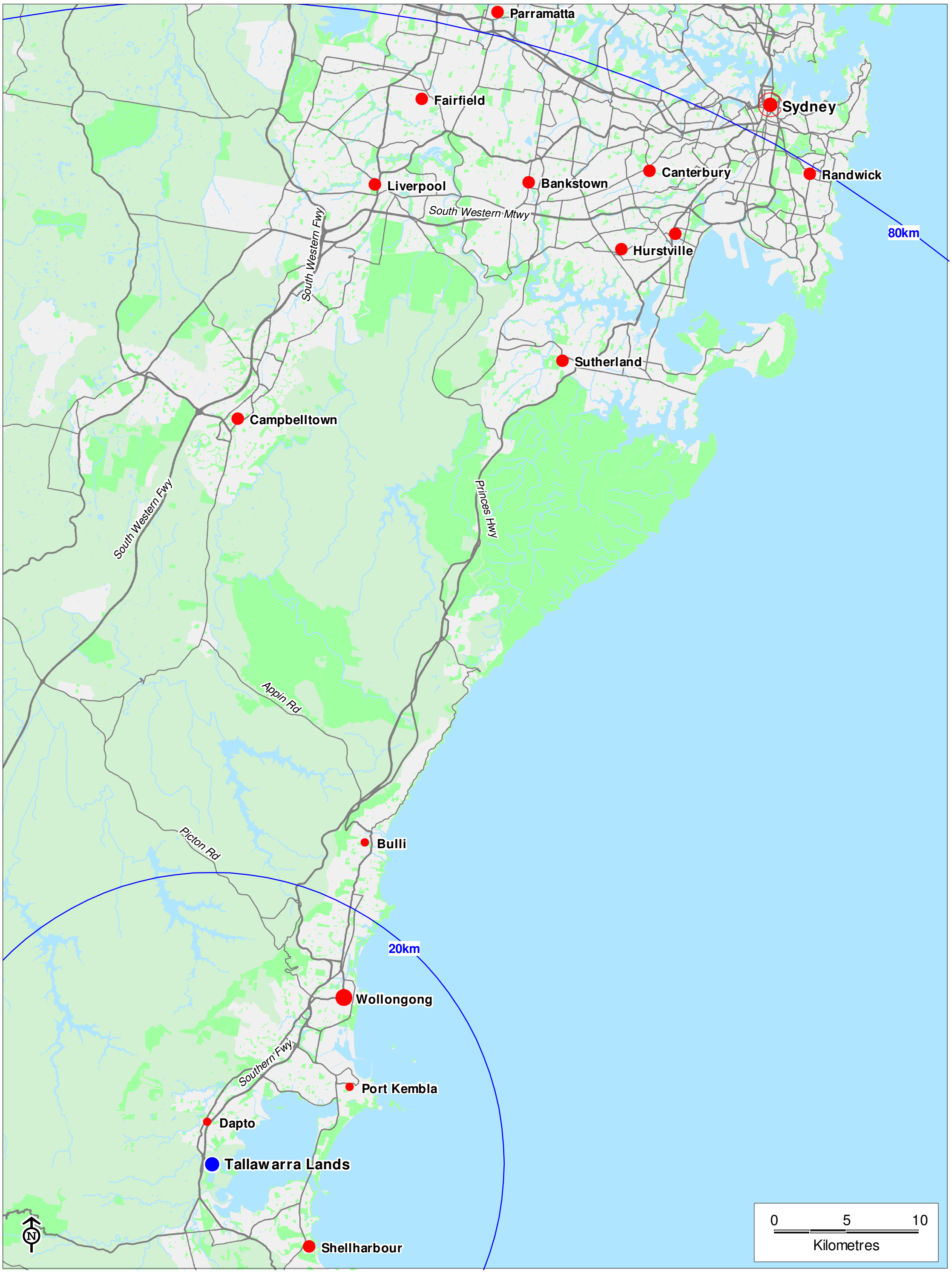
Currently, the site is partially occupied by the Tallawarra Gas Power Station, which requires some 40 hectares of land to operate. The remainder of the land remains unoccupied, but has been earmarked for significant development in the future.

The Tallawarra Gas Power Station is a 435 megawatt combined cycle natural gas power station. The $350 million construction of the power station was completed in March 2009. A Stage B application is currently under consideration with the NSW Department of Planning for the development of a second gas turbine power station.

The area surrounding the TLS includes the suburbs of Koonawarra and Dapto to the north and Lake Illawarra to the east. Albion Park, Albion Park Rail and the recently established suburb of Haywards Bay are located to the south, with the suburbs of Marshall Mount, Penrose and the future West Dapto urban release area, located to the west.

The Illawarra Regional Airport is located approximately 5 km south of the TLS and is owned and operated by Shellharbour City Council. The Historical Aircraft Restoration Society (HARS) museum and workshop is located at the airport and a modern and vintage 'Wings Over Illawarra' show is held annually each year, attracting more than 35,000 tourists to the region. The airport is directly accessible from the Princes Highway (off Airport Road), and is adjacent to the South Coast Railway Line which connects with Sydney.

Existing residential suburbs in the area, such as Dapto and Koonawarra are well serviced by an established road network including the Princes Highway and the Southern Freeway (F6), which are both major arterial routes connecting with Wollongong and Sydney in the north. The future road network at the TLS (discussed further in Section 1.2) is planned to be integrated with the existing network, providing the site with accessibility from both a regional and local perspective.



Map 1.1: Tallawarra Lands

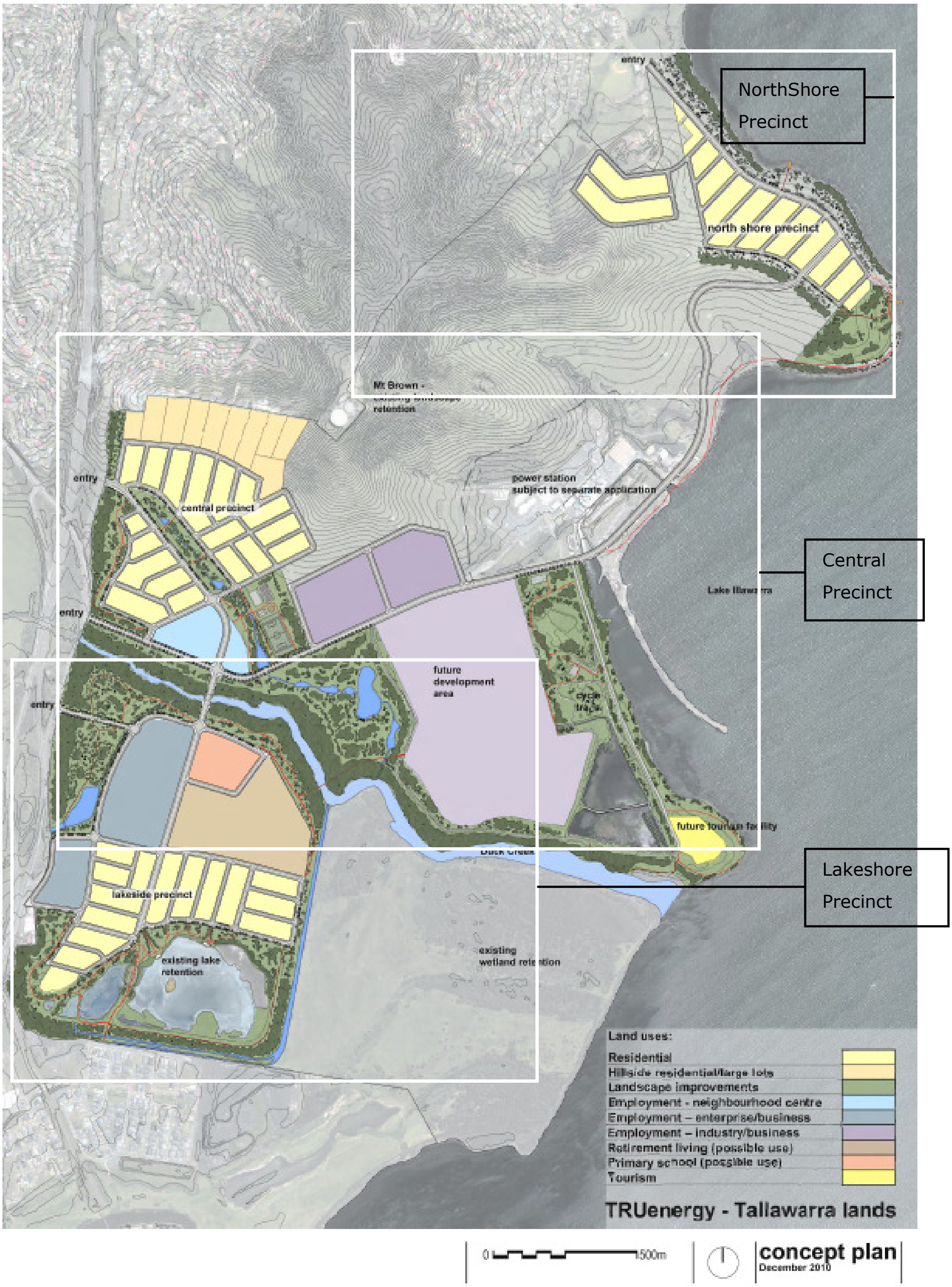
Regional Context

1.2 Site location and accessibility

As illustrated on Figure 1.1, the TLS is located to the west of Lake Illawarra and to the east of the Princes Highway and Southern Freeway. Access to the TLS is currently limited to Yallah Bay Road, which carries little traffic other than employee's vehicles to the power station.

Figure 1.1 also identifies the proposed road network and access points to the TLS as outlined in the Warren Lee Urban Design Concept Plan*.* The main entry point to the site will be from the Princes Highway along the northern side of the Duck Creek riparian zone. A secondary entry point will be from Kanahooka to the north, which forms part of an extension of Gilba Road. The entry point off Cormack Avenue, on the northern part of the western boundary, will also serve local residents, while the entry point to the south of the main entry will be mainly used for commercial purposes. Table 1.1 identifies the proposed road linkages to the TLS, which have been designed to ensure that the site will be engaged with the surrounding community.

Figure 1.1 - Masterplan



1.3 Proposed development

As also shown on the previous Figure 1.1, according to the Warren Lee Urban Design Concept Plan, the TLS is to be developed in three precincts, in response to the structure, topography and natural features of the site:

- The Northshore precinct has a total area of 110 ha, and is an elevated precinct, well suited to housing, and connected to existing housing areas to the west.
- The Central precinct totals 210 ha, and is proposed to include residential, employment/industry, neighbourhood/convenience retail centre (one of the subjects of this economic impact assessment), tourism and connector street usages upon development.
- The Lakeside precinct, of 215 ha, is proposed for development into a mixed use urban precinct, including residential accommodation, employment/enterprise uses (such as a large format/bulky goods retail offer, which is the second subject of this report), retirement living, a primary school (possibly), and connector streets.

Section 2: Strategy and planning framework

This section of the report reviews the relevant planning and policy documents released by the NSW Government and Wollongong City Council for future development within the Illawarra region.

2.1 NSW Draft Activity Centres Policy

The *Draft Activity Centres Policy* released by the NSW Department of Planning in April 2009, sets planning guidelines for retail and commercial development in New South Wales. Once adopted, this will be the overriding policy document with regard to retail and commercial development in NSW.

This document identifies six key planning principles to guide future retail and commercial development:

- 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 all 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 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.

Each of the key principles detailed above is of direct relevance to the development of retail facilities at the TLS. Principle 1 will be fulfilled by both the convenience retail and bulky goods centres, which will be well placed to serve the needs of the immediate worker and resident populations.

Principles 2-5 provide guidelines to the planning system that should be employed with respect to retail and commercial facilities. These principles stress that planning regulations should be flexible enough to allow market forces to dictate the supply and demand of retail floorspace.

Furthermore, the NSW Department of Planning and the NSW Better Regulation Office recently released a review report titled *Promoting Economic Growth and Competition Through the Planning System* (April 2010). This review includes the following recommendations that aim to promote opportunities for competition and economic growth in NSW:

- The planning system must be flexible enough to accommodate a mix of uses, and provide opportunities for economic growth so that effective markets can develop and prosper. As appropriate, opportunities must be made for new centres to emerge. In line with the *Competition Principles Agreement 1995,* any restriction on the growth of existing or new centres should only be imposed if the benefits of the restriction outweigh the costs.

- The final Activity Centres Policy should consider ways to increase opportunities for competition by allowing more types of shops into centres that currently only permit 'neighbourhood shops'.

2.2 Illawarra Regional Strategy 2006-31

The *Illawarra Regional Strategy 2006-31* (January 2007) applies to the local government areas of Kiama, Shellharbour and Wollongong, and has a strong focus on job creation as well as sustainable residential outcomes. It is understood that the document will be reviewed by the NSW Department of Planning every five years. The aims of the Strategy are to:

- Provide 38,000 new dwellings in the region by 2031, to accommodate an additional 47,600 people.
- Ensure that 50% of new dwellings are provided in the form of detached housing, achieved through existing land release areas and the delivery of the West Dapto release area.
- Ensure an adequate supply of strategically located land to support economic growth and the capacity for an additional 30,000 new jobs. The TLS has been identified as one of the region's most significant potential employment lands which will provide opportunities for future job creation and investment.

The proposed West Dapto release area is identified as the primary location for new Greenfield development within the region and is expected to deliver some 19,350 new dwellings over the next 30 to 40 years. Currently, the West Dapto urban release area has a housing capacity of 11,000 new dwellings, comprising 8,250 detached dwellings and 2,750 medium density dwellings. Additionally, the TLS is identified as a smaller land release area which will also contribute to the Illawarra region housing supply.

Furthermore, the Strategy proposes an employment capacity target of 0.5 jobs per dwelling within new urban release areas, to ensure an adequate supply of employment lands and job opportunities. It is proposed that the West Dapto and Kembla Grange areas will accommodate approximately 8,400 new jobs upon completion.

2.3 Illawarra Urban Development Program Update and Explanation

The Illawarra Urban Development Program (IUDP) is the NSW State Government's key program for managing land and housing supply in the Illawarra region. The *Illawarra Urban Development Program Update and Explanation* reports (2010) are based on information gathered from an industry forum held in November 2008.

The Explanation report provides additional detail on the housing targets that underpin the Illawarra Regional Strategy and provides a framework for the new Illawarra Urban Development Program. It is understood that the NSW Department of Planning will release an annual update on the Illawarra region housing supply.

The key points from the reports are summarised below:

- The Illawarra region has a Greenfield dwelling potential of approximately 32,000 dwellings in 16 major release areas. It is projected that there will be a considerable increase in Greenfield lot production in 2010-11, with the commencement of Stages 1 and 2 of the West Dapto release area.

- A review of the release area was undertaken by the Growth Centres Commission (GCC) in 2008 which recommended that Stages 1 and 2 be rezoned and released for development, while the remaining stages are subject to further review and re-exhibition. The GCC also recommended that the projected dwelling yield for the West Dapto release area be amended from 19,000 to 16,000 dwellings.

- The reports also indicate that the West Dapto release area has a Greenfield dwelling potential of approximately 6,900 lots within the next five years and 9,500 lots beyond the next five years. The Greenfield dwelling forecasts estimate approximately 830 new dwellings will be accommodated at West Dapto by 2013. It is understood that servicing and delivery works for Stages 1 and 2 will commence shortly on site.

- The TLS is identified as one of three planned release areas within the Wollongong LGA. The reports estimate that the site will provide 700 residential lots within the next five years.

2.4 Wollongong Local Environmental Plan (LEP) 2009

The Wollongong Local Environmental Plan (LEP) 2009 was approved by the NSW Minister for Planning in February 2010 and replaces the Wollongong LEP 1990 and the Wollongong City Centre LEP 2007. The Wollongong LEP 2009 applies to land within the Wollongong LGA, with the exception of the West Dapto Release Area and Dapto Town Centre, which has been subject to a separate LEP as outlined in Section 2.5.

The zoning for the proposed retail component of the TLS in the Wollongong LEP 2009 is Zone B1 Neighbourhood Centre. The objectives of this Zone are:

- To provide a range of small-scale retail, business and community uses that serve the needs of people who live or work in the surrounding neighbourhood.
- To allow for residential accommodation and other uses while maintaining active retail, business or other non-residential uses at street level.

Additionally, the zoning for a land parcel directly opposite the neighbourhood centre is Zone B6 Enterprise Corridor. This Zone permits with consent bulky goods premises and includes the following objectives:

- To provide a range of employment uses (including business, office, retail and light industrial uses) and residential uses (but only as part of a mixed development).
- To encourage activities which will contribute to the economic and employment growth of Wollongong.

2.5 West Dapto Local Environmental Plan (LEP) 2010

The West Dapto LEP 2010 was approved by the Minister for Planning in May 2010. The rezoning allows the development of Stages 1 and 2 of the West Dapto release area to commence as early as 2011. It is estimated that Stages 1 and 2 will accommodate some 6,900 new dwellings and more than 330 hectares of employment land upon completion. The aims of the Plan include:

- To achieve economically, environmentally and socially sustainable urban development on land at West Dapto and Dapto Regional Centre for the current and future residents of Wollongong.

- To ensure development at West Dapto is consistent with the principles of integrating land use and transport.

Stages 1 and 2 of the West Dapto release area as proposed in the draft Development Controls of the Wollongong Development Control Plan (DCP) 2009 include:

- The Kembla Grange employment area.

- The expansion of the Dapto Town Centre to a major regional centre.

- Development potential for approximately 6,900 dwellings representing lot supply to cater for the predicted demand of the next 15-20 years.

- Bong Bong Town Centre to service the southern part of the release area comprising approximately 15,000 sq.m of floorspace.

- Darkes Road Town Centre comprising approximately 7,500 sq.m of floorspace.

- Integration of Horsley into the overall urban structure for West Dapto by provided direct access from new development to the west through Horsley via Bong Bong Road and providing a new north-south link to the east of Horsley.

In March 2010, Wollongong Council recommended that a draft Planning Proposal for Stages 3 and 4 of the West Dapto Release Area be forwarded to the NSW Department of Planning as a proposed amendment to the Wollongong LEP 2009.

Stages 3 and 4 of the West Dapto release area as proposed in the draft Development Controls of the Wollongong DCP 2009 include:

- Further development potential for approximately 9,500 new dwellings.
- Protection and rehabilitation of conservation areas.

2.6 Tallawarra Local Environmental Study

The *Tallawarra Local Environmental Study* (2006) was adopted by Council in 2007. The purpose of the Study was to determine the suitability and capacity of the TLS for a range of land uses. The key points from the report are summarised below:

- The development of the TLS will strongly influence the future F6 interchange to provide direct access to/from the site.
- The TLS should be provided with many support services, such as neighbourhood shopping, to minimise traffic movements to and from the site.
- The site's connectivity to existing suburbs to the north and the future railway station at Huntley will ensure availability of public transport.
- Matching site resident status with employment opportunities will encourage 'self-sufficiency' and maximise the amount of internal site trips – alleviating effects to the surrounding road network.
- Detailed assessment of existing local roads will be required to ascertain improvement works to support additional traffic generated by the TLS.

Section 3: Trade area analysis

This section of the report details the trade areas likely to be served by the proposed retail facilities at the TLS, both the convenience retail centre and the bulky goods precinct.

3.1 Trade area definition

The extent of the trade area or catchment that is served by any retail or bulky goods facility is shaped by the interplay of a number of critical factors. These factors include:

i. The relative attraction of the centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.

ii. The proximity and attractiveness of competitive retail and bulky goods facilities. The locations, compositions, quality and scale of competitive facilities all serve to define the extent of the trade area which a centre is effectively able to serve.

iii. The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access the centre.

iv. Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre.

The following Sections 3.1.1 and 3.1.2 detail the trade areas likely to be served by the convenience and bulky goods retail facilities at the TLS, respectively.

The facilities to be provided at the convenience retail centre would play a localised role in the market, servicing the immediate needs of the resident and worker populations in the locality. On the other hand, the proposed bulky goods traders at the TLS would serve a much larger catchment, attracting customers from a broader region.

3.1.1 Convenience retail centre trade area

The factors that will impact on the extent of the trade area to be served by the proposed convenience retail centre at the TLS are considered to be the following:

- Demand for retail facilities, driven by the convenience-based needs of the immediate resident and worker populations.
- The location of higher order retail facilities to the north and south, at Dapto and Shellharbour, respectively.

On this basis, Map 3.1 illustrates the extent of the trade area likely to be served by the proposed TLS convenience centre. The trade area is defined to include a primary sector and two secondary sectors, described as follows:

- The **primary sector** comprises the entirety of the TLS, and is determined by the Southern Freeway and the Princess Highway to the west.
- The **secondary north sector** contains a large portion of the suburb of Koonawarra. This sector is restricted to the north and west by competitive retail facilities at Dapto Mall.
- The **secondary south sector** incorporates the growing suburb of Haywards Bay.

The combination of the primary and secondary sectors is referred to as the main trade area throughout the remainder of this report. The main trade area defined for the convenience centre at the TLS is a localised area, reflecting the purely convenience-based function the centre would play in the locality.

3.1.2 Bulky goods trade area

The key determinants of the trade area likely to be served by bulky goods facilities at the TLS include:

- The location of the TLS, in close proximity to the major arterial routes throughout the region – the Southern Freeway and the Princes Highway.

- The locations of competitive bulky goods facilities in the area, especially at Warrawong, Shellharbour and Wollongong.

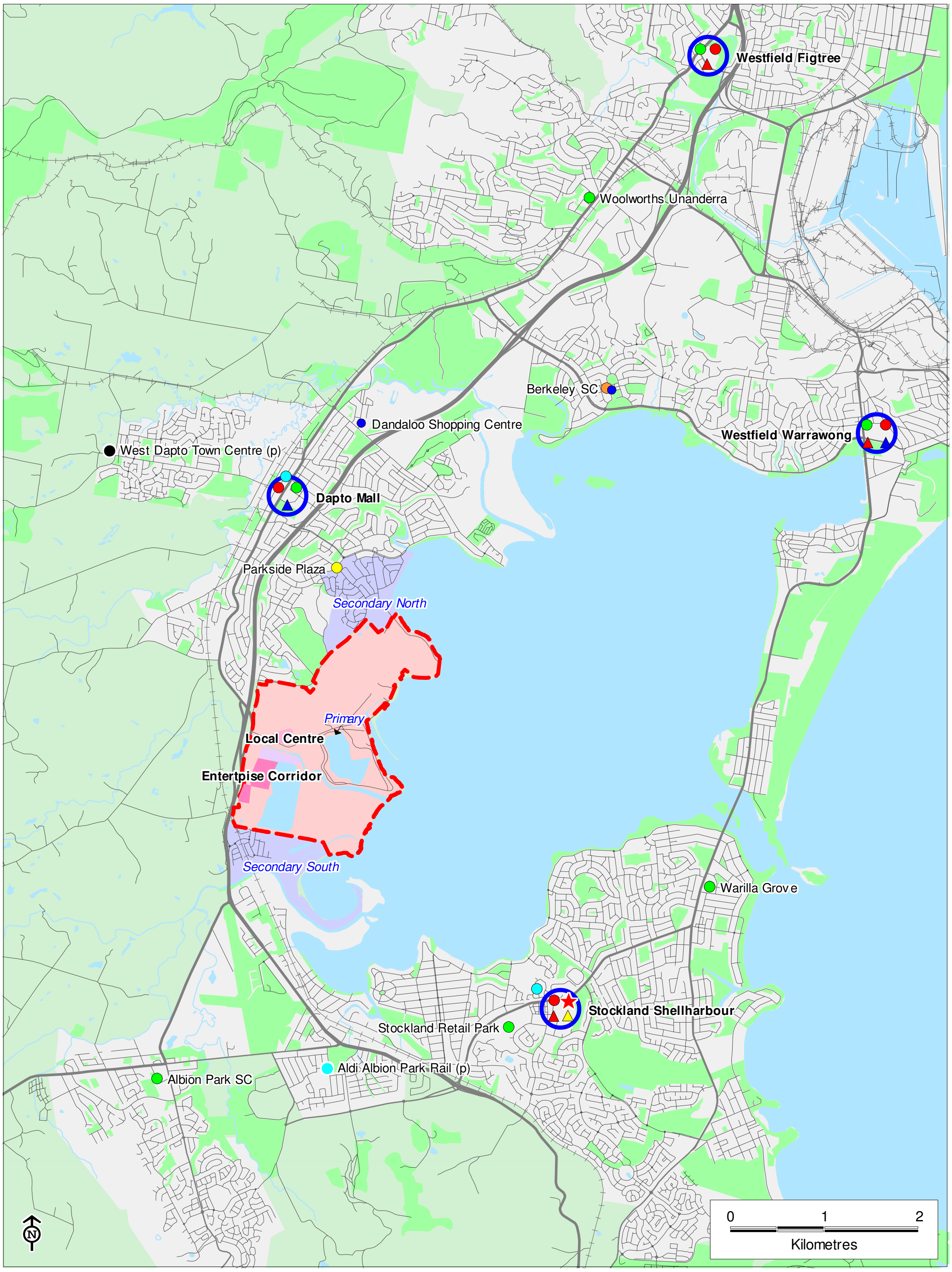
The trade area which is likely to be served by the bulky goods facilities at the TLS is shown on the attached Map 3.2 and includes a primary sector and two secondary sectors as follows:

- The **primary sector** contains the future growth precincts at West Dapto, Calderwood and Tullimbar. This sector is limited by Lake Illawarra to the east and rural areas to the west.

- The **secondary north sector** is determined to the north by competitive bulky goods facilities at Wollongong and incorporates many suburbs including Warrawong, Unanderra and Port Kembla.

- The **secondary south sector** encompasses the residential areas focussed around Shellharbour, including the developing suburb of Shell Cove.

In general, the main trade area defined for the bulky goods facilities at the TLS incorporates a substantial region, extending from Figtree in the north to Curramore in the south.

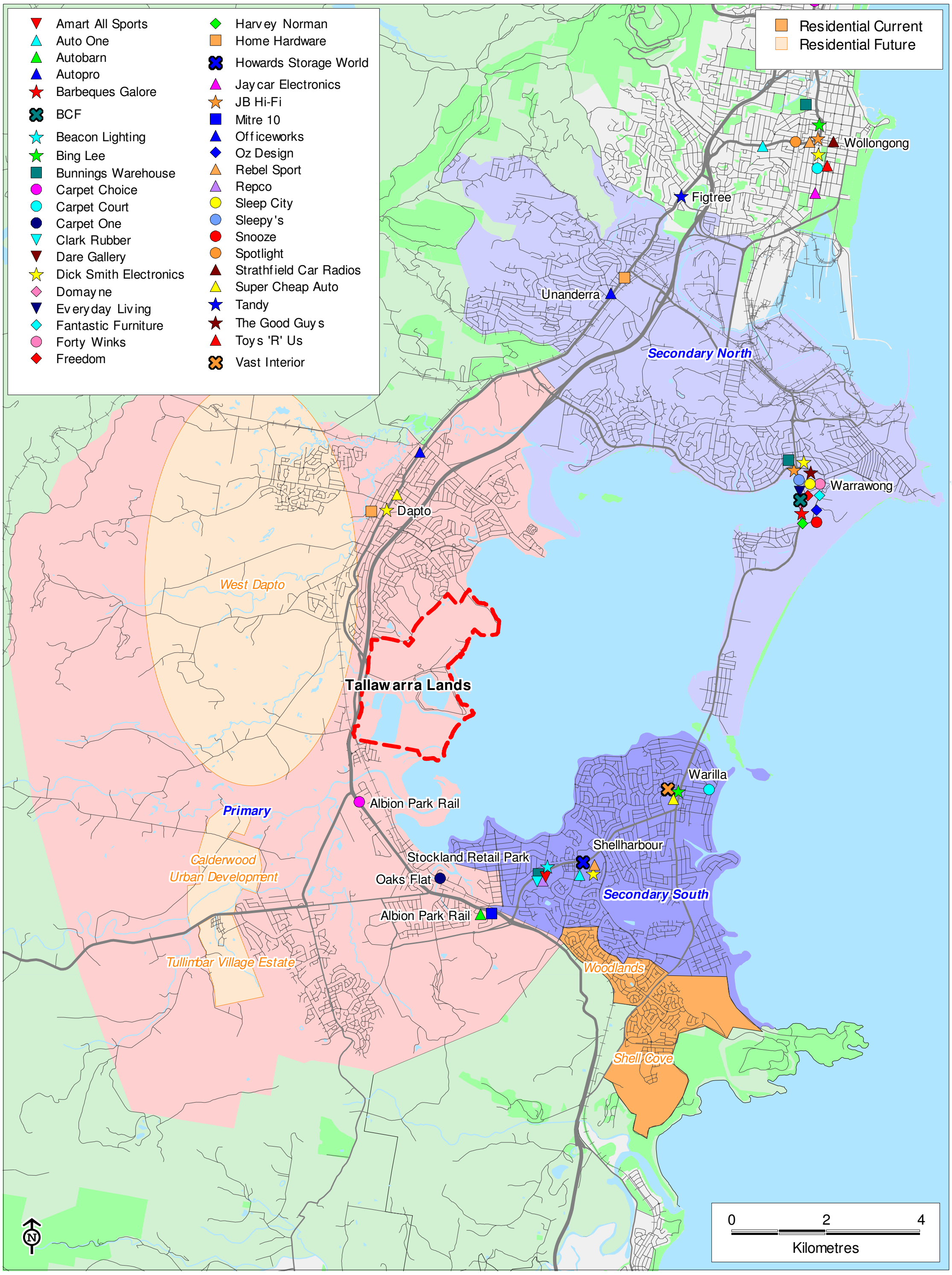


Map 3.1: Tallawarra Lands

Local Centre Trade Area & Competition

Sub-regional SC
Myer
Big W
Kmart
Target
Woolw orths
Coles
IGA
Bi-Lo
Independent
Aldi
Supermarket

** Halo object indicates proposed store*



Map 3.2: Tallawarra Lands

Bulky Goods Trade Area & Competition

3.2 Convenience retail centre trade area analysis

The following sub-sections analyse the main trade area defined to be served by a convenience retail centre at the TLS, and includes an analysis of the current and forecast population levels as well as the socio-demographic profile and retail spending capacity of trade area residents.

3.2.1 Trade area population

Table 3.1 details the current and projected population levels within the main trade area defined for the TLS convenience centre. This information is sourced from the following:

- The 2001 and 2006 Census of Population and Housing.
- Population projections prepared by the NSW Department of Planning and the Department of Health and Ageing.
- All relevant planning documentation, including the *Illawarra Regional Strategy 2006-31* and the *Wollongong City Housing Study*, July 2005.
- New dwelling approval activity over the period 2006-2009, as sourced from the Australian Bureau of Statistics (ABS).
- Projected residential yields at the TLS, as provided by TRUenergy.

The current main trade area population is estimated at 2,720 but does not include any residents within the primary sector, which predominantly contains the TLS.

Future population growth within the main trade area will be driven by the significant residential development planned to take place in the TLS, within the primary sector. As mentioned previously, the latest masterplan from TRUenergy indicates the potential to construct some 1,210 dwellings at the TLS, which is likely to be home to around 2,800 residents once completed.

For the purpose of this assessment, it has been assumed that residential development at the TLS would commence in 2011, with the project progressively developed over the next decade to be completed by 2021.

Population growth within the secondary north sector is expected to be minimal over the forecast period to 2021, reflecting the established nature of the area. Future population growth in the secondary south sector will be driven by the newly established suburb of Haywards Bay, which has the capacity to accommodate around 150 additional dwellings in the future.

Taking the above into consideration, the convenience centre main trade area population is projected to increase to 5,995 by 2021, including 2,800 residents in the primary sector. This reflects an annual average growth rate of 6.5%-8.5% over the forecast period.

Table 3.1
Tallawarra Convenience Centre - trade area population, 2001-2021*

	Estimated population			Forecast population		
	2001	2006	2010	2013	2016	2021
Primary sector	0	0	0	600	1,425	2,800
Secondary sectors						
• North	2,650	2,520	2,420	2,420	2,420	2,545
• South	0	0	300	450	525	650
Total secondary	2,650	2,520	2,720	2,870	2,945	3,195
Main trade area	**2,650**	**2,520**	**2,720**	**3,470**	**4,370**	**5,995**
		Average annual growth (no.)				
		2001-06	2006-10	2010-13	2013-16	2016-21
Primary sector		0	0	200	275	275
Secondary sectors						
• North		-26	-25	0	0	25
• South		0	75	50	25	25
Total secondary		-26	50	50	25	50
Main trade area		**-26**	**50**	**250**	**300**	**325**
		Average annual growth (%)				
		2001-06	2006-10	2010-13	2013-16	2016-21
Primary sector		0.0%	0.0%	0.0%	33.4%	14.5%
Secondary sectors						
• North		-1.0%	-1.0%	0.0%	0.0%	1.0%
• South		0.0%	0.0%	14.5%	5.3%	4.4%
Total secondary		-1.0%	1.9%	1.8%	0.9%	1.6%
Main trade area		**-1.0%**	**1.9%**	**8.5%**	**8.0%**	**6.5%**

**As at June*
Source: ABS; Pitney Bowes Business Insight

3.2.2 Worker population

In addition to the resident population expected to move into the Tallawarra area, the TLS is also planned to contain significant employment land, particularly in the Central and Lakeside precincts.

It is reasonable to assume that a certain portion of this worker population would use the facilities at the TLS convenience centre, particularly at lunch time and on their way to and from work. The sales potential which may be attributed to the convenience centre from this worker population, is considered in our analysis of the centre in Section 5.

3.2.3 Socio-demographic profile

Table 3.2 details the indicative socio-demographic profile of the main trade area population to be served by the proposed convenience centre. The profile for the secondary north sector residents is sourced from the 2006 Census of Population and Housing. However, data for the primary and secondary south sectors is not available, as there were no persons residing in these sectors when the Census was carried out in 2006.

In the absence of this data, Census data gathered from the newly established suburb of Shell Cove has been used as a proxy for the future residents of the primary and secondary south sectors, assuming that future residents of these sectors are likely to have a similar profile to existing Shell Cove residents.

Shell Cove is a new beachside suburb located to the immediate south-east of Shellharbour, which commenced construction in the 1990s. At the time, it was one of the largest coastal tourist/residential development ever initiated by a local government authority in Australia. The suburb has been progressively developed over the last two decades and had attracted an affluent, family-oriented community of around 2,750 in 2006.

Currently, the secondary north sector contains a significant proportion of public housing and generally includes residents who earn significantly lower than average income levels in comparison to the non-metropolitan NSW benchmarks.

Our analysis assumes that future residents moving into the primary and secondary south sectors would be similar in profile to the existing residents of Shell Cove, and comprise young, Australian born families, earning above average income levels.

Table 3.2

Tallawarra Convenience Centre - main trade area socio-demographic profile, 2006

	Primary* sector	Secondary sectors North	Secondary sectors South*	Non-metro NSW avg.
Per capita income	$28,484	$17,459	$28,484	$22,878
Variation from benchmark	24.5%	-23.7%	24.5%	
Avg. household income	$90,145	$50,818	$90,145	$56,695
Variation from benchmark	59.0%	-10.4%	59.0%	
Avg. household size	3.2	2.9	3.2	2.5
Age distribution (% of pop'n)				
Aged 0-14	30.4%	25.7%	30.4%	20.4%
Aged 15-19	5.2%	8.2%	5.2%	6.9%
Aged 20-29	7.5%	11.9%	7.5%	10.4%
Aged 30-39	19.7%	13.2%	19.7%	12.2%
Aged 40-49	15.2%	14.2%	15.2%	14.5%
Aged 50-59	10.2%	12.9%	10.2%	13.6%
Aged 60+	11.7%	13.8%	11.7%	22.1%
Average age	31.8	33.8	31.8	39.1
Housing status (% of h'holds)				
Owner/purchaser	83.7%	53.4%	83.7%	71.4%
Renter	16.0%	46.3%	16.0%	27.6%
Other	0.3%	0.4%	0.3%	1.0%
Birthplace (% of pop'n)				
Australian born	80.9%	80.6%	80.9%	89.2%
Overseas born	19.1%	19.4%	19.1%	10.8%
• Asia	1.3%	1.4%	1.3%	1.3%
• Europe	14.1%	15.6%	14.1%	7.1%
• Other	3.7%	2.4%	3.7%	2.5%
Family fype (% households)				
Couple with dep't children	62.8%	39.3%	62.8%	42.3%
Couple with non-dep't children	6.1%	10.6%	6.1%	7.2%
Couple without children	21.4%	17.7%	21.4%	24.9%
One parent with dep't children	6.8%	20.3%	6.8%	10.4%
One parent with non-dep't child.	0.7%	5.0%	0.7%	3.2%
Other family	0.0%	0.8%	0.0%	0.8%
Lone person	2.2%	6.3%	2.2%	11.2%

** Socio-demographic information of Shell Cove used as a proxy.*

Source: ABS Census of Population & Housing, 2006; Pitney Bowes Business Insight

3.2.4 Trade area spending

Methodology

The single major determinant of total retail spending capacity for any population is the available income level. Other factors which then serve to impact on the likely distribution of the retail expenditure capacity (i.e. between food and non-food spending or different segments of non-food spending) include the age distribution, the ethnic profile and the family structure of that population.

The estimated retail expenditure capacity of the main trade area population served by the convenience centre is based on information sourced from Market Data Systems (MDS), which utilises a detailed micro-simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources, including the regular ABS Household Expenditure Survey, National Accounts Data, Census Data and other information.

The MarketInfo product from MDS starts with the household expenditure survey, a comprehensive exercise conducted by the ABS every five years. In the latest survey, just under 7,000 households across Australia were asked to provide complete details of their spending over specified periods.

In addition to a thorough interview, each member of the household in question over the age of 15 is required to keep a diary of every single expenditure made over a two week period. The respondents itemise all outgoings by attaching grocery receipts as well as accurately recording all other transactions which may range from taxi fares to insurance and alimony payments, to the amount of pocket money given to children in the household. Complete financial and social information about the entire household is also provided.

All of these data are then matched with the Census, Centrelink, National Accounts and other data collected by state and national governments to create a model of spending that is at the heart of MarketInfo. Micro-simulation techniques are the method by which these detailed calculations are performed.

MarketInfo calculates spending levels down to the Census Collection District (CCD), the smallest defined area used by the ABS. Each CCD covers an area of approximately 180 households. MarketInfo is able to drill down to this level because it starts with the unit records from the household expenditure survey and then uses the spending and other information from all of the nearly 7,000 surveyed households as the basis for modelling these actual results to the broader community.

MarketInfo is used by a broad range of organisations throughout Australia. Among the current users are AMP, Centrelink, The Coles Group, Commonwealth Bank, Ernst and Young, KPMG Consulting, Lend Lease, McDonalds, WA Health Department, Westfield and Woolworths.

Throughout New South Wales, Victoria and Queensland, the MarketInfo estimates of retail spending that are prepared independently by MDS are commonly used by all parties in Economic Impact Assessments of a similar nature to the Tallawarra proposal.

Expenditure estimates

Given the absence of relevant data/information for the primary and secondary south sectors, existing Shell Cove residents have again been used as proxy to estimate the spending behaviour and retail expenditure capacity of the future residents of these sectors.

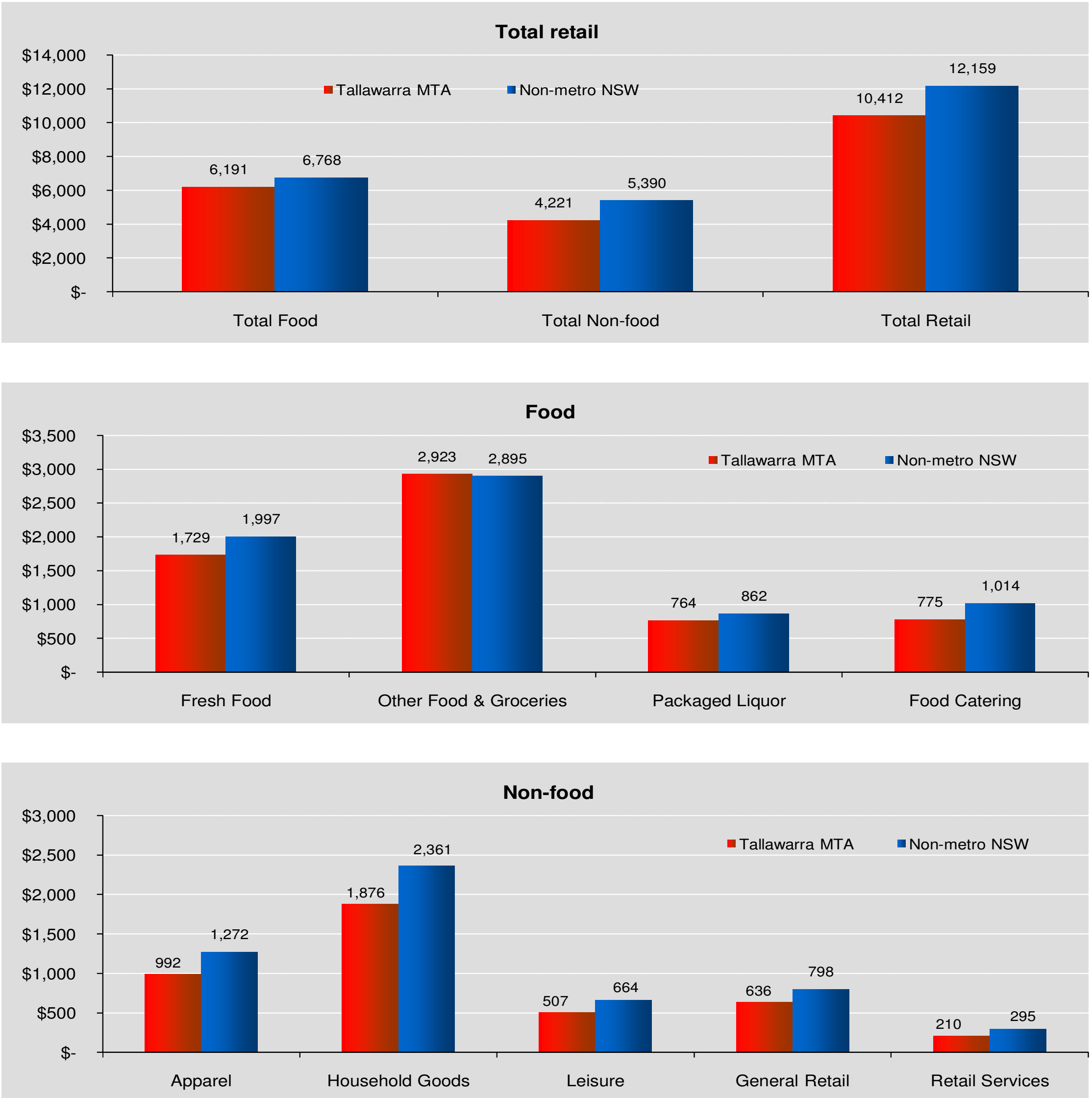
On this basis, Chart 3.1 illustrates the estimated retail expenditure levels per person for the main trade area population, benchmarked with the non-metropolitan NSW averages for each retail category. Overall, the total retail expenditure per capita within the main trade area is estimated to be lower than the comparable benchmark.

The food and consumables segment of retail expenditure, as defined for the purposes of this analysis, includes take-home food and groceries, all packaged liquor, food catering expenditure at takeaway food stores, cafes and restaurants and all non-food consumables spending (such as on health and beauty items, personal hygiene, pharmaceutical groceries, home cleaning products and pet food).

Non-food spending for the purposes of this analysis includes expenditure on apparel, household appliances, homewares, bulky goods, recreation goods, health and beauty and retail services.

Chart 3.1

Tallawarra Convenience Centre - main trade area retail spending per person, 2009/10*



Source: MarketInfo; Pitney Bowes Business Insight

Table 3.3 details the total estimated retail expenditure for the main trade area population in 2010 and projected increases in retail spending to 2021. All spending forecasts presented throughout this report are expressed including GST and in constant 2009/10 dollars (i.e. excluding retail inflation).

As shown, the current retail expenditure of the main trade area population is estimated at $26.1 million and is projected to increase by 10.8% per annum over the forecast period to exceed $80 million in 2021.

Table 3.4 details the estimated retail spending of the trade area population by key commodity group. As shown, food and liquor spending currently accounts for the highest proportion of main trade area retail expenditure, at around 52%.

Table 3.3

Tallawarra Convenience Centre main trade area - estimated retail expenditure, 2010-2021

Year ending June	**Primary sector**	**Secondary sectors** North	South	**Main TA**
2010	0.0	25.1	1.1	26.1
2011	0.0	25.2	4.6	29.7
2012	3.3	25.4	5.3	34.0
2013	6.7	25.7	6.1	38.5
2014	10.2	25.9	6.8	42.9
2015	13.7	26.2	7.2	47.1
2016	18.5	26.5	7.7	52.6
2017	23.1	26.9	8.1	58.0
2018	26.7	27.4	8.6	62.6
2019	30.9	27.9	9.0	67.8
2020	35.7	28.5	9.5	73.7
2021	41.3	29.1	10.0	80.4
Average annual growth ($M)				
2010-2016	3.1	0.2	1.1	4.4
2016-2021	4.6	0.5	0.5	5.6
2010-2021	3.8	0.4	0.8	4.9
Average annual growth (%)				
2010-2016	0.0%	0.9%	39.2%	12.4%
2016-2021	17.5%	1.9%	5.5%	8.9%
2010-2021	0.0%	1.4%	22.7%	10.8%

**Constant 2009/10 dollars & including GST*
Source: MarketInfo; Pitney Bowes Business Insight

Table 3.4

Tallawarra Convenience Centre main trade area - retail expenditure by product group, 2010-2021*

Year ending June	Food & liquor	Food catering	Apparel	Household goods	Leisure	General retail	Retail services
2010	13.6	1.9	2.5	4.7	1.3	1.6	0.5
2011	15.1	2.3	2.9	5.5	1.5	1.8	0.6
2012	17.0	2.6	3.4	6.5	1.7	2.1	0.7
2013	18.9	3.0	3.9	7.5	1.9	2.4	0.8
2014	20.8	3.4	4.4	8.5	2.2	2.7	0.9
2015	22.6	3.8	4.8	9.5	2.4	3.0	1.0
2016	24.9	4.2	5.5	10.8	2.7	3.4	1.2
2017	27.2	4.7	6.1	12.1	3.0	3.8	1.3
2018	29.1	5.1	6.6	13.1	3.2	4.1	1.4
2019	31.3	5.5	7.2	14.4	3.5	4.4	1.5
2020	33.8	6.0	7.9	15.8	3.8	4.8	1.6
2021	36.6	6.6	8.6	17.4	4.2	5.3	1.8
Average annual growth ($M)							
2010-2016	1.9	0.4	0.5	1.0	0.2	0.3	0.1
2016-2021	2.3	0.5	0.6	1.3	0.3	0.4	0.1
Average annual growth (%)							
2010-2016	10.6%	13.8%	14.0%	14.8%	13.2%	13.4%	13.9%
2016-2021	8.0%	9.3%	9.6%	10.0%	9.3%	9.2%	9.4%

**Constant 2009/10 dollars & including GST*
Source: MarketInfo; Pitney Bowes Business Insight

3.3 Bulky Goods trade area analysis

The following sub-sections of the report now assesses the trade area likely to be served by proposed bulky goods facilities at the TLS.

3.3.1 Trade area population

Table 3.5 details the current and projected population levels within the main trade area served by the bulky goods facilities at the TLS. This information has been collated using the same sources of data as outlined in Section 3.2.1.

The current main trade area population is estimated at 142,350, including 52,400 residents within the primary sector. Over the period from 2001-2006 (the most recent inter-censal period), population growth throughout the main trade area averaged some 852 persons or 0.6% per annum, predominantly driven by residential development within the primary sector.

The main trade area is expected to experience steady population growth in the future, particularly due to the significant amount of greenfield land available for residential development in the primary sector. The most significant developments currently proposed within the main trade area are as follows:

- The West Dapto release area (primary sector) has the capacity to accommodate some 16,400 new dwellings over the next 30-40 years. The Wollongong Local Environmental Plan (LEP) 2009 was gazetted in early 2010 and it is understood that Council is in the early planning stages for the development of Stages One and Two, which will be released to incorporate some 6,900 new dwellings.

- The Calderwood Urban Development is a major residential project proposed to be developed by Delfin Lend Lease in the primary sector, and is located to the south west of the TLS (refer Map 2.2). This project has the potential to yield over 4,000 lots once completed, but it is our understanding that it will be developed only over the longer term, with the West Dapto land release likely to get first priority for development. The NSW government is unlikely to be able to supply Calderwood and West Dapto with the required infrastructure at the same time, and therefore, it is expected that the West Dapto land would be developed first.

- Tullimbar Village is a major project currently under development in the primary sector, and is expected to be home to some 5,000 residents once completed over the next 10-15 years. The developer, The Miltonbrook Group, has already completed the initial stages of the project which is believed to consist of some 20-30 stages in total.

- The newly established suburb of Shell Cove has been the main driver of population growth within the secondary south sector, and is planned for further growth in the future. The Boat Harbour Precinct of the suburb has now been identified to be developed over the next 5-10 years, and will involve the construction of over 1,200 new dwellings.

Taking the above into consideration, the bulky goods main trade area population is projected to increase from 142,350 currently to 154,725 by 2021, including 61,150 residents in the primary sector. Over the forecast period, population growth within the main trade area is projected to be a moderate 0.5%-0.9% per annum. However, the annual growth rate within the primary sector is expected to be higher in comparison, projected to average some 0.9%-1.7%.

Table 3.5

Tallawarra Bulky Goods trade area population, 2001-2021*

	Estimated population			Forecast population		
	2001	2006	2010	2013	2016	2021
Primary sector	47,610	50,800	52,400	53,900	56,150	61,150
Secondary sectors						
• North	48,300	47,400	47,000	46,925	47,075	47,325
• South	39,780	41,750	42,950	43,850	44,750	46,250
Total secondary	88,080	89,150	89,950	90,775	91,825	93,575
Main trade area	**135,690**	**139,950**	**142,350**	**144,675**	**147,975**	**154,725**
		Average annual growth (no.)				
		2001-06	2006-10	2010-13	2013-16	2016-21
Primary sector		638	400	500	750	1,000
Secondary sectors						
• North		-180	-100	-25	50	50
• South		394	300	300	300	300
Total secondary		214	200	275	350	350
Main trade area		**852**	**600**	**775**	**1,100**	**1,350**
		Average annual growth (%)				
		2001-06	2006-10	2010-13	2013-16	2016-21
Primary sector		1.3%	0.8%	0.9%	1.4%	1.7%
Secondary sectors						
• North		-0.4%	-0.2%	-0.1%	0.1%	0.1%
• South		1.0%	0.7%	0.7%	0.7%	0.7%
Total secondary		0.2%	0.2%	0.3%	0.4%	0.4%
Main trade area		**0.6%**	**0.4%**	**0.5%**	**0.8%**	**0.9%**

**As at June*
Source: ABS; Pitney Bowes Business Insight

3.3.2 Socio-demographic profile

i. Table 3.6 and Chart 3.2 illustrate the socio-demographic profile of the bulky goods main trade area population, compared with the respective non-metropolitan NSW averages. This information is sourced from the 2006 Census of Population and Housing.

ii. In general, the main trade area population comprises Australian born families earning solid income levels in comparison to the non-metropolitan NSW benchmarks. This trend is expected to consolidate in the future with the influx of new residents moving into the area.

iii. Key points to note regarding the characteristics of the current main trade area population include:

- The average age of the main trade area population at 37.2 years is younger than the non-metropolitan NSW average of 39.1 years. This trend is especially evident in the primary trade area sector.

- The main trade area population earns income levels that are slightly below the non-metropolitan NSW benchmarks on a per capita basis. However, these residents have above average household incomes.

- Home ownership levels within the main trade area are generally higher than the non-metropolitan NSW average.

- The main trade area population is largely Australian born. However, this population has an above average proportion of residents born overseas (22.4%).

- A review of the household structure within the main trade area indicates an above average provision of traditional families and a lower provision of lone person households. This trend is especially evident in the primary sector which is more family oriented in comparison to other trade area sectors.

Table 3.6

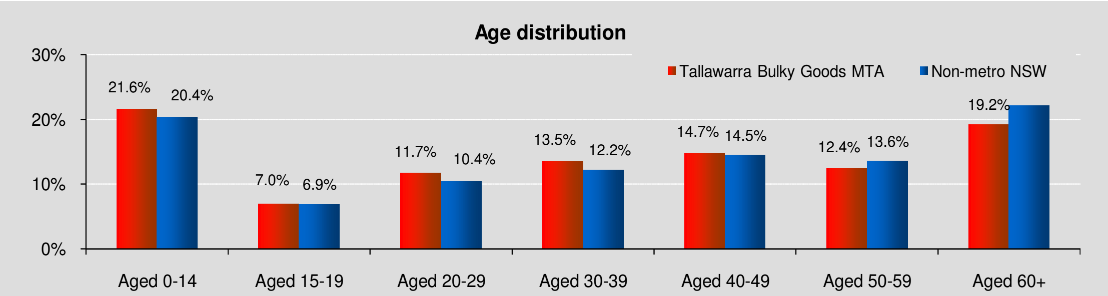
Tallawarra Bulky Goods main trade srea - socio-demographic profile, 2006

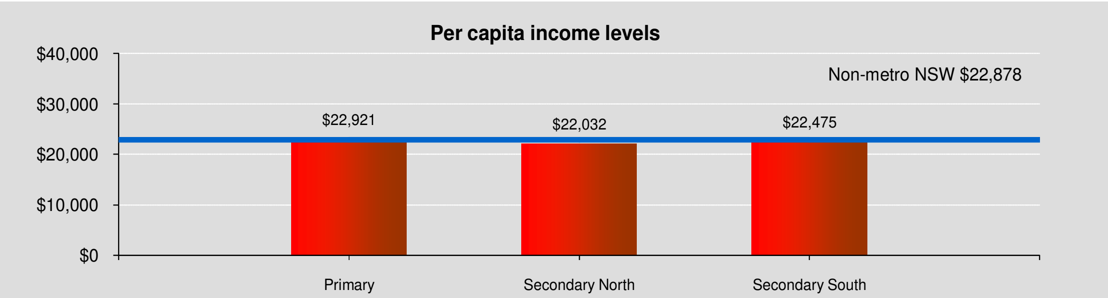
	Primary sector	Secondary sectors North	Secondary sectors South	Main TA	Non-metro NSW avg.
Per capita income	$22,921	$22,032	$22,475	$22,487	$22,878
Variation from benchmark	0.2%	-3.7%	-1.8%	-1.7%	
Avg. household income	$63,980	$57,815	$60,208	$60,698	$56,695
Variation from benchmark	12.8%	2.0%	6.2%	7.1%	
Avg. household size	2.8	2.6	2.7	2.7	2.5
Age distribution (% of pop'n)					
Aged 0-14	23.4%	19.5%	21.8%	21.6%	20.4%
Aged 15-19	7.0%	7.0%	6.9%	7.0%	6.9%
Aged 20-29	12.1%	11.6%	11.2%	11.7%	10.4%
Aged 30-39	14.4%	12.6%	13.3%	13.5%	12.2%
Aged 40-49	14.6%	14.8%	14.8%	14.7%	14.5%
Aged 50-59	12.0%	12.4%	12.7%	12.4%	13.6%
Aged 60+	16.6%	22.1%	19.3%	19.2%	22.1%
Average age	35.6	39.0	37.2	37.2	39.1
Housing status (% of h'holds)					
Owner/purchaser	78.2%	71.1%	69.8%	73.3%	71.4%
Renter	21.0%	28.1%	29.6%	26.0%	27.6%
Other	0.7%	0.8%	0.6%	0.7%	1.0%
Birthplace (% of pop'n)					
Australian born	82.1%	72.0%	78.4%	77.6%	89.2%
Overseas born	17.9%	28.0%	21.6%	22.4%	10.8%
• Asia	1.3%	2.0%	1.1%	1.5%	1.3%
• Europe	14.7%	22.3%	17.8%	18.2%	7.1%
• Other	1.9%	3.6%	2.8%	2.8%	2.5%
Family fype (% households)					
Couple with dep't children	48.6%	42.1%	44.3%	45.0%	42.3%
Couple with non-dep't children	9.8%	11.5%	10.6%	10.6%	7.2%
Couple without children	20.6%	20.7%	21.2%	20.8%	24.9%
One parent with dep't children	10.7%	10.6%	11.1%	10.8%	10.4%
One parent with non-dep't child.	3.2%	4.3%	3.9%	3.8%	3.2%
Other family	0.6%	0.8%	0.7%	0.7%	0.8%
Lone person	6.6%	9.9%	8.2%	8.2%	11.2%

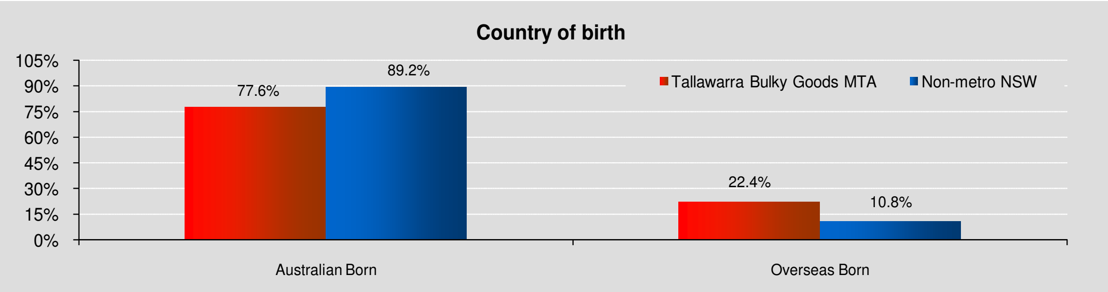
Source: ABS Census of Population & Housing, 2006; Pitney Bowes Business Insight

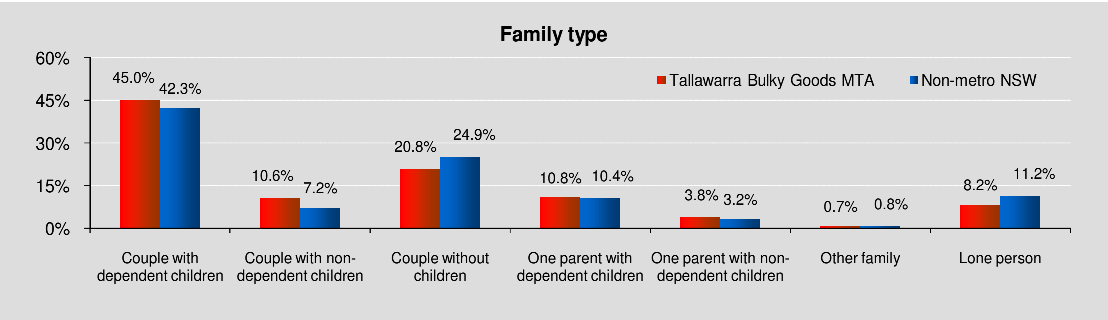
Chart 3.2

Tallawarra Bulky Goods main trade area - socio-demographic profile, 2006









Source: ABS Census of Population & Housing, 2006; Pitney Bowes Business Insight

3.2.3 Trade area spending

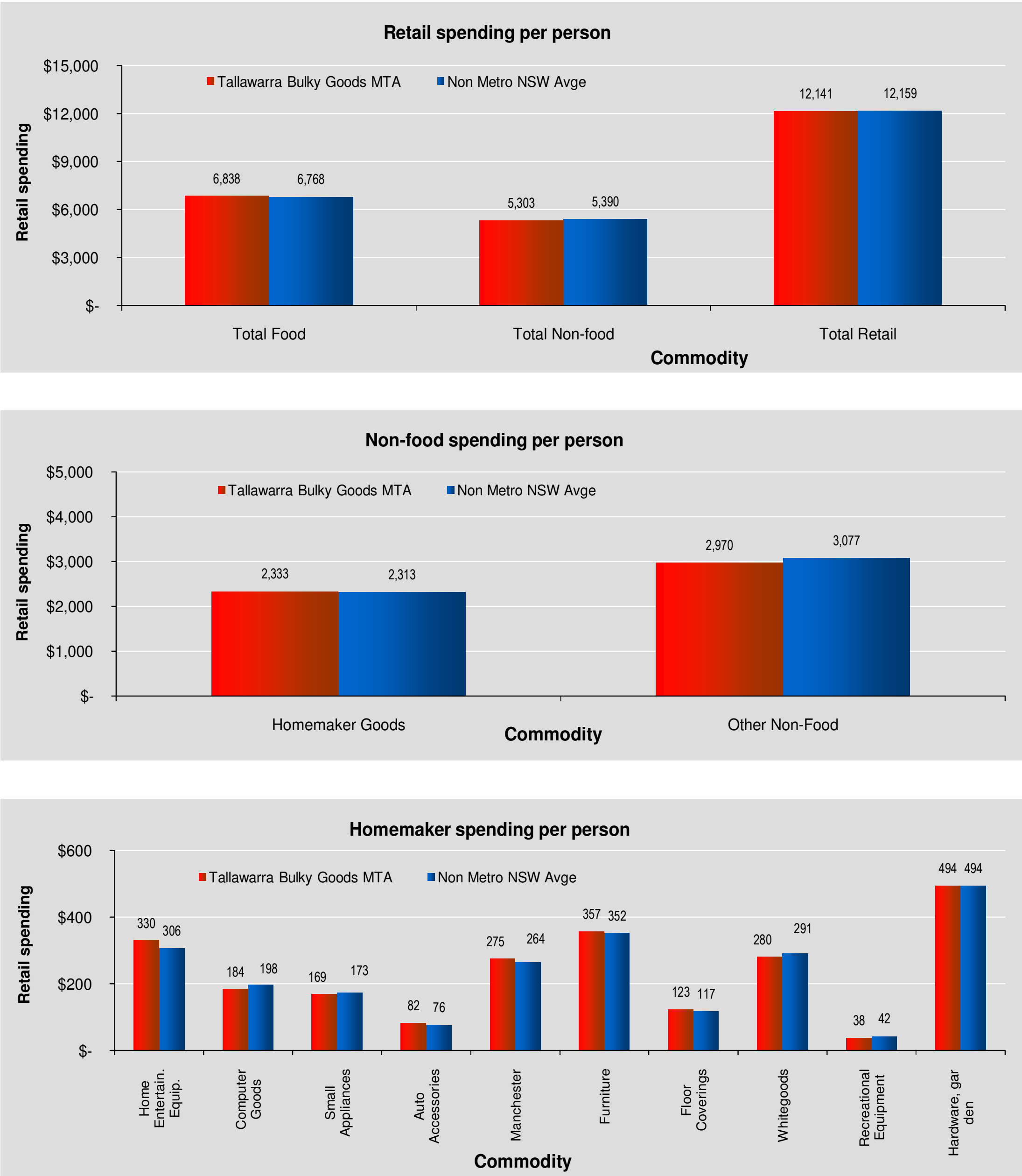
Similar to the exercise carried out in Section 2.2.3, MarketInfo estimates have once again been utilised to estimate the retail expenditure capacity of the bulky goods main trade area population.

Chart 3.3 and Table 3.7 illustrate retail expenditure levels per person for the bulky goods main trade area population, benchmarked with the non-metropolitan New South Wales averages, and focusing on homemaker expenditure in particular. Retail expenditure per capita by main trade area residents is generally in line with the non-metropolitan New South Wales benchmark, for most expenditure categories.

Table 3.8 summarises the main trade area's homemaker expenditure. As shown, homemaker expenditure is currently estimated at $331.4 million and is projected to increase by 2.3% per annum, to reach $424.7 million by 2021.

Chart 3.3

Tallawarra Bulky Goods trade area - retail spending per person, 2009/10*



Source : Marketinfo; Pitney Bowes Business Insight

Table 3.7

Tallawarra Trade Area - Homemaker Expenditure Per Capita ($), 2009/10*

Category	Primary Sector	Secondary Sectors North	Secondary Sectors South	Main TA	Non-metro NSW Avg	Var'n from Avg
Homemaker Market						
Home Entertain. Equip.	333	316	343	330	306	7.9%
Computer Goods	188	175	189	184	198	-7.1%
Small Appliances	173	158	176	169	173	-2.4%
Auto Accessories	84	81	82	82	76	8.3%
Manchester	284	256	285	275	264	4.1%
Furniture	389	318	361	357	352	1.5%
Floor Coverings	140	107	120	123	117	5.5%
Whitegoods	299	256	285	280	291	-3.6%
Recreational Equipment	42	33	37	38	42	-10.6%
Hardware, garden	536	452	488	494	494	0.0%
Total Homemaker	**2,468**	**2,153**	**2,366**	**2,333**	**2,313**	**0.9%**
Total Retail	12,389	11,741	12,278	12,141	12,159	-0.1%
% of Total Retail	19.9%	18.3%	19.3%	19.2%	19.0%	

**Including GST*

Source : Marketinfo; Pitney Bowes Business Insight

Table 3.8

Tallawarra Bulky Goods Trade Area Homemaker Expenditure, 2010-2021* ($M)

Y/E June	Primary Sector	Secondary Sectors North	Secondary Sectors South	Secondary Sectors Total	Main TA
2010	128.8	101.3	101.3	202.6	331.4
2011	131.9	102.7	103.5	206.2	338.0
2012	135.1	104.2	105.8	210.0	345.1
2013	138.4	105.7	108.1	213.8	352.2
2014	142.1	107.3	110.5	217.8	359.9
2015	146.2	109.0	112.9	221.9	368.2
2016	150.5	110.8	115.4	226.2	376.6
2017	155.1	112.6	117.9	230.5	385.5
2018	160.1	114.4	120.4	234.8	394.9
2019	165.3	116.2	123.1	239.3	404.6
2020	170.7	118.1	125.7	243.8	414.5
2021	176.2	120.0	128.5	248.4	424.7
Expenditure Growth					
2010-2013	9.6	4.4	6.9	11.2	20.9
2013-2016	12.0	5.1	7.3	12.4	24.4
2016-2021	25.8	9.2	13.1	22.3	48.1
2010-2021	47.4	18.7	27.2	45.9	93.3
Average Annual Growth Rate					
2010-2013	2.4%	1.4%	2.2%	1.8%	2.1%
2013-2016	2.8%	1.6%	2.2%	1.9%	2.3%
2016-2021	3.2%	1.6%	2.2%	1.9%	2.4%
2010-2021	2.9%	1.5%	2.2%	1.9%	2.3%

**Constant 2009/10 dollars & including GST*
Source : Marketinfo; Pitney Bowes Business Insight

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Section 4: Competitive context

This section of the report discusses the existing and future competitive retail environment within which the proposed retail facilities at the TLS would operate, providing the framework for an assessment of the trading impacts on competitive retail facilities that the proposed centre is likely to generate. As the TLS retail facilities are proposed to include both traditional retail and bulky goods components, an overview of the competitive environment in both categories has been provided.

4.1 Traditional retail competition

Competitive traditional retail facilities in the surrounding region have been detailed in Table 4.1, with the previous Map 3.1 identifying the locations of these facilities. These include:

- Four sub-regional shopping centres, at Dapto, Shellharbour, Figtree and Warrawong.
- A number of supermarket based centres serving the immediate populations in their respective localities.

There are currently no major competitive retail facilities located within the TLS convenience centre main trade area, as the surrounding area is underdeveloped. The only significant retail facility located within the main trade area is a 350 sq.m IGA foodstore at Parkside Plaza in Koonawarra (secondary north sector). The most relevant existing and proposed retail facilities located beyond the main trade area are discussed in the following sub-sections.

Table 4.1
Tallawarra Local Centre - Schedule of competing retail facilities

Centre	Retail GLA (sq.m)	**Major traders**	Dist. by road from the TLS (km)
Sub-regional Shopping Centres			
Dapto			*4.5*
• Dapto Mall	21,000	Big W (6,800), Woolworths (4,358), Coles (3,700)	
• Other	5,500	Aldi (1,200)	
Shellharbour	*67,000*		*9.7*
• Stockland Shellharbour	36,100	Kmart (7,460), Target (7,171), Coles (3,846)	
• Stockland Retail Park	21,900	Woolworths (4,370)	
• Other	9,000	Aldi (1,200)	
Westfield Figtree	21,800	Kmart (7,515), Woolworths (2,072), Coles (3,470)	14.0
Westfield Warrawong	45,500	Big W (8,283), Kmart (8,031), Woolworths (2,179), Coles (4,395)	15.0
Supermarket Centres			
Parkside Plaza	500	IGA (300)	4.2
Dandaloo SC	1,300	Foodworks (800)	5.8
Albion Park SC	4,600	Woolworths (3,200)	6.2
Proposed Facilities			
Albion Park Rail	1,400	Aldi (1,200)	6.3
West Dapto TC	6,000	Supermarket (4,000)	7.3

Source: Property Council of Australia; Pitney Bowes Business Insight

4.1.1 Sub-regional centres

Dapto Mall is the most relevant sub-regional facility to the TLS convenience centre, and is located approximately 4.5 km north-west of the TLS. The centre comprises some 21,000 sq.m of retail floorspace and is anchored by a Big W (6,800 sq.m) discount department store, as well as Woolworths (4,358 sq.m) and Coles (3,700 sq.m) supermarkets. This centre, which is provided over a single level, also contains over 50 specialty shops including a high representation of national brand tenants.

A 1,200 sq.m Aldi supermarket is also located directly opposite Dapto Mall, along the Princes Highway.

Stockland Shellharbour is located approximately 9.7 km to the south-east of the proposed site. The centre currently incorporates some 36,100 sq.m of retail and is a double DDS based centre provided over one level, with a north-south running mall connecting the various components of the centre. Kmart anchors the northern end of the centre and Target anchors the southern end, with Coles located centrally.

A development application for the redevelopment and expansion of Stockland Shellharbour has been approved by Council, paving the way for the addition of a Myer department store and a further supermarket to the centre. The expansion will comprise four stages and provide an additional 36,000 sq.m of retail floorspace, increasing the total centre size to over 70,000 sq.m. This project, which would also involve some 220 new specialty stores, has an anticipated completion time of late 2012.

A 1,200 sq.m Aldi supermarket is located adjacent to Stockland Shellharbour, on the southern side of New Lake Entrance Road. Also in the Shellharbour locality, a 4,206 sq.m Woolworths supermarket anchors the Stockland Retail Park. This facility was formerly known as Stoney Range Shopping Centre and also includes a substantial provision of bulky goods retailing.

The two Westfield shopping centres at Warrawong and Figtree are located well over 10 km from the TLS, and are therefore of negligible competitive relevance to a convenience-based centre proposed at the TLS.

4.1.2 Supermarket centres

Presently, there are only two existing supermarket based facilities in the area which are of competitive relevance to the proposed TLS convenience centre These are:

- The Dandaloo Shopping Centre, which is anchored by a Foodworks supermarket of around 800 sq.m.
- Albion Park Shopping Centre, which is anchored by a Woolworths supermarket of 3,200 sq.m.

There are other supermarket based facilities located beyond the defined trade area, but these are of virtually no competitive relevance to the proposed TLS convenience centre, as they serve different catchments.

4.1.3 Proposed facilities

Proposed retail facilities in the Tallawarra region are currently limited to two supermarket facilities, which are described below:

- An Aldi supermarket of 1,200 sq.m and 3 specialty shops have approval to be constructed at Albion Park Rail, some 6.3 km to the south of the TLS. This project has an anticipated completion date in late 2010.

- The NSW Department of Planning and Wollongong City Council are in early planning stages for a Town Centre development at Bong Bong Road, as part of Stage 1 of the West Dapto release area (refer Figure 4.1). This centre is initially expected to be some 6,000 sq.m in size (to be anchored by a 4,000 sq.m supermarket), however, has the potential to be expanded to 15,000 sq.m over the longer term, to service the strong population growth planned for the West Dapto area. A second Town Centre Development is also likely to be constructed at Darkes Road, to the north-east of the Bong Bong road facility.

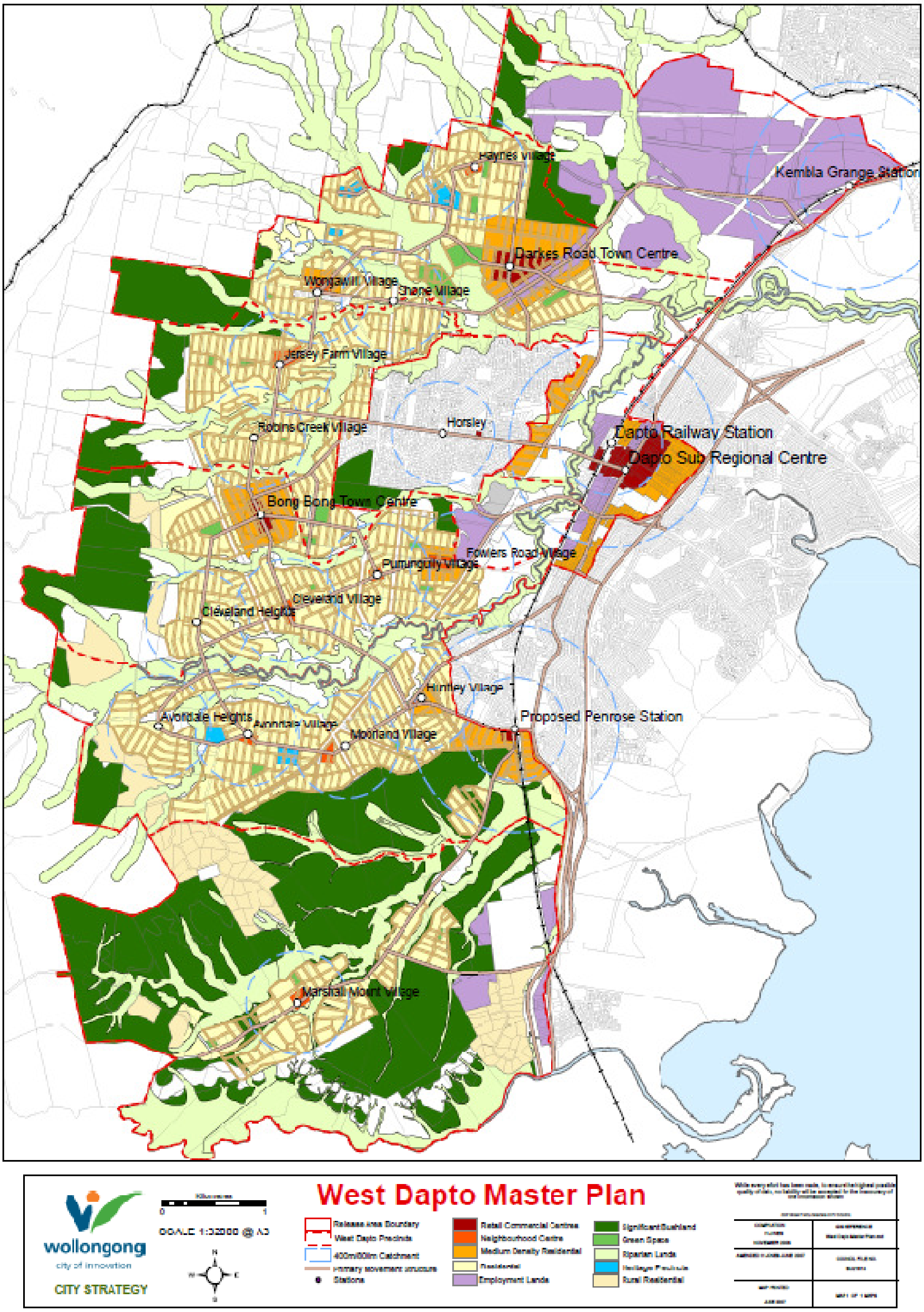
Haynes Village
Kembla Grange Station
Darkes Road Town Centre
Wongawilli Village
Shone Village
Jersey Farm Village
Robins Creek Village
Horsley
Dapto Railway Station
Dapto Sub Regional Centre
Bong Bong Town Centre
Fowlers Road Village
Purrungully Village
Cleveland Village
Cleveland Heights
Huntley Village
Proposed Penrose Station
Avondale Heights
Avondale Village
Mooreland Village
Marshall Mount Village
West Dapto Master Plan
wollongong
city of innovation
CITY STRATEGY
SCALE 1:32000 @ A3
0
1
Release Area Boundary
West Dapto Precincts
400m/800m Catchment
Primary movement structure
Stations
Retail Commercial Centres
Neighbourhood Centre
Medium Density Residential
Residential
Employment Lands
Significant Bushland
Green Space
Riparian Lands
Heritage Precincts
Rural Residential

Figure 4.1

4.2 Main trade area bulky goods facilities

Table 4.2 summarises the existing bulky goods provision and competitive environment within the Tallawarra Lands region, while the previous Map 3.2 illustrates the locations of these bulky goods retailers. As shown, there are multiple bulky goods facilities located within the main trade area.

Warrawong, located approximately 15 km north-east of the TLS, contains the most significant bulky goods precinct in the defined main trade area. The suburb contains approximately 56,300 sq.m of bulky goods floorspace, including The Good Guys, Forty Winks, Harvey Norman, Fantastic Furniture and BCF. These facilities are predominantly provided on the eastern side of King Street stretching between Hoskins Avenue to the north and Shellharbour Road to the south. Additionally, the Bayview centre which is located directly opposite Westfield Warrawong, is anchored by a Bunnings Warehouse and a JB Hi-Fi.

The Central Business Park located at Albion Park Rail in the primary sector, is the only bulky goods precinct in the primary sector. The Business Park contains a mix of bulky goods retailers as well as trade suppliers, including Mitre 10 and Autobarn.

Within the secondary south sector, Shellharbour is the main bulky goods precinct. It contains approximately 16,600 sq.m of bulky goods floorspace, including tenants such as Beacon Lighting, Auto One, Rebel Sport and Howards Storage World. The bulky goods floorspace at Shellharbour is proved across multiple facilities such as Shellharbour Super Centre, Shellharbour City Plaza and Stockland Retail Park.

Additional bulky goods facilities in the region are provided beyond the trade area, within the Wollongong Central Business Area (CBA). The majority of these tenants are provided along Crown and Keira Streets, which are at the centre of the retail core of the Wollongong CBA.

In late 2009 the NSW Department of Planning rejected a proposed 12,800 sq.m homemaker and 24,000 sq.m factory outlet centre at Kembla Grange (on the corner of Wylie and West Dapto Roads), on the basis that the proposed development was inconsistent with current zoning. No other bulky goods retail developments are proposed within the main trade area at this time.

Table 4.2

Tallawarra Bulky Goods - Schedule of major competing retail facilities

Centre	Est. Retail GLA (sq.m)	**Major traders**	Dist. by road from the TLS (km)
Primary sector			
Albion Park Rail	*10,000*		*5.0*
• Central Business Park	6,000	Autobarn, Mitre 10	
• Other	4,000	Carpet Choice	
Dapto	*3,800*		4.5
• Dapto Mall	300	Dick Smith Electronics	
• Other	3,500	Autopro, Home Hardware, Super Cheap Auto	
Oaks Flat	500	Carpet One	5.9
Secondary north sector			
Unanderra	500	Autopro, Home Hardware	11.7
Warrawong	*56,300*		*15.0*
• Bayview Centre	13,600	Bunnings Warehouse, JB Hi-Fi	
• Westfield Warrawong	700	Dick Smith Electronics	
• Other	42,000	Barbeques Galore, BCF, Domayne, Freedom, Everyday Living, Fantastic Furniture, Forty Winks, Harvey Norman, Oz Design, Sleep City, Sleepy's, Snooze, The Good Guys	
Secondary south sector			
Shellharbour	*16,600*		*9.7*
• Shellharbour Super Centre	1,300	Amart All Sports	
• Shellharbour City Plaza	900	Rebel Sport	
• Stockland Shellharbour	700	Dick Smith Electronics, Howards Storage World	
• Stockland Retail Centre	12,500	Clark Rubber, Bunnings Warehouse, Repco	
• Other	1,200	Auto One, Beacon Lighting,	
Warilla	*2,700*		*13.0*
• Warilla Grove SC	1,000	Bing Lee	
• Other	1,700	Carpet Court, Super Cheap Auto, Vast Interior	

Source: Pitney Bowes Business Insight

Section 5: Forecast centre sales and likely impacts

Given the differing drivers of supply and demand for convenience and bulky goods retail, it is most insightful to consider the potential and possible impacts of the two proposed retail components at the TLS in turn. Section 5.1 below considers the sales potential for the convenience retail centre at the TLS, as well as the likely trading and other impacts that can be associated with the development. Section 5.2 then provides an analysis of the market scope and sales potential for bulky goods facilities at the TLS, followed by a discussion and quantification of the likely economic impacts (both positive and negative) of such a development.

5.1 Convenience retail centre

In order to consider the question of potential economic benefits and impacts that may arise from the proposed TLS convenience centre, the necessary first step is to seek to quantify the level of sales which the centre can expect to achieve.

The sales performance of any particular retail facility is determined by a combination of the following critical factors:

i. The scale and quality of the centre, with particular regard to:

   - the major trader or traders which anchor the centre;
   - the strength of the tenancy mix relative to the needs of the catchment which it seeks to serve;
   - the physical layout and ease of use; and
   - its amenity and ambience of the centre.

ii. Accessibility to the centre and available carparking once there.

iii. The size of the available catchment which the centre serves, which sets the maximum limit of the likely sales potential that the centre can achieve; and

iv. The locations and strengths of competitive retail facilities, and the degree to which those alternative facilities are able to effectively serve the needs of the population within the relevant area.

The estimated sales potential for the proposed TLS convenience centre, detailed in Section 5.1.1 following, takes into consideration each of these factors, which have been discussed in earlier sections of this report.

5.1.1 Projected centre sales and market shares

The key drivers of demand (and hence of the sales performance) for convenience retail facilities at the TLS are the size of the resident and worker populations of the trade area, and the extent to which their convenience retail needs are met by existing facilities.

Generally, in non-metropolitan locations throughout Australia, a full-line supermarket of around 3,000 sq.m is provided for every 8,000-9,000 residents. The main trade area population is currently estimated to be around 2,720 persons and is forecast to increase to almost 6,000 by 2021. On this basis, a full line supermarket would not be supportable on the TLS within the forecast period. Trade area residents would be likely to conduct their major weekly grocery shop at higher order facilities in Dapto, Albion Park and Shellharbour.

As mentioned previously, a substantial worker population is expected to populate the employment/enterprise lands at the TLS once it is fully developed. Workers can generally be expected to conduct a proportion of their convenience shopping at sites located in close proximity to their place of employment, suggesting that convenience retail at the TLS would also generate sales from the worker population.

The convenience retail centre that could be provided at the TLS would therefore play a “top up” shopping role, providing convenience and amenity for residents and workers, and complementing the supermarket offers of nearby facilities. Therefore, in our opinion, a convenience retail centre incorporating a small supermarket/food store (of around 500 sq.m) and supporting specialty retail, would be appropriate to stet the TLS.

Table 5.1 below details our forecast sales for a 500 sq.m supermarket/food store, which is assumed to start trading at the TLS in 2016. As shown, forecast sales in 2016 are projected at some $2.3 million ($4,543 per sq.m), growing at an average annual rate of 8.1% to reach $3.4 million ($6,717 per sq.m) in 2021. All sales forecasts in this report include GST and are presented in constant 2009/10 dollar terms (i.e. excluding retail inflation).

New retail facilities typically do not achieve their ultimate trading potential in their first year of operation, with sales levels consolidating and growing over a period of time after establishment. This is especially relevant to the TLS supermarket/food store, with sales projected to increase rapidly over time, as the main trade area experiences strong population growth. The store’s trading levels (of around $4,500-$5,500 per sq.m) in the initial years of trading are at the lower end of a viable range for small format stores, but nonetheless sustainable, especially in the context of expected sales growth.

Table 5.1

Tallawarra Convenience Centre - Supermarket/Foodstore Sales Potential, 2016-2021*

Year ending June	Forecast Sales ($M)	Forecast Sales $/sq.m
2016	2.3	4,543
2017	2.5	5,032
2018	2.7	5,382
2019	2.9	5,777
2020	3.1	6,220
2021	3.4	6,717
Avg. ann. growth, 2016-2021	8.1%	8.1%

**Constant 2009/10 dollars & including GST*
Source: Pitney Bowes Business Insight

The key principle in the success of any shopping centre is the major tenant or tenants, which act as key customer generators, with the supporting specialty shops feeding off the customer flows generated by these major traders. Consequently, the tenant mix and composition of the proposed TLS convenience retail centre, if it was anchored by a small supermarket/foodstore, would generally include convenience-based retailing to serve the resident and worker populations in the immediate locality.

Table 5.2 below provides a summary of the projected sales potential and composition, by component, for the proposed TLS convenience retail centre. The centre has been assumed to commence trading in 2016.

Table 5.2

Tallawarra Convenience Centre - Forecast centre sales by retail category, 2015/16*

Category	GLA (sq.m)	Forecast sales ($'000)	($/sq.m)
Major tenants			
Supermarket/Food store	500	2,271	4,543
Total majors	500	2,271	4,543
Retail specialities			
Food & liquor	75	450	6,000
Food catering	200	700	3,500
Apparel	0	0	0
Household	0	0	0
Leisure	75	375	5,000
General	50	150	3,000
Retail services	50	188	3,750
Total retail spec.	450	1,863	4,139
Total Retail	**950**	**4,134**	**4,351**

**Constant 2009/10 dollars & including GST*
Source: Pitney Bowes Business Insight

As shown, total centre sales in 2016 are projected at $4.1 million, of which around $2.3 million or 55% can be attributed to the supermarket/foodstore. The retail specialty floorspace at the centre is estimated to achieve sales of around $1.9 million, or $4,139 per sq.m.

It is important to note that Table 5.2 outlines the day 1 sales for the proposed TLS convenience retail centre. As mentioned previously, these sales are likely to increase strongly over time, predominantly driven by the significant population growth expected in the primary trade area sector.

Table 5.3 details the projected main trade area market shares for the proposed TLS convenience retail centre. The projected main trade area market share in 2016 is 6.9%, including a 9.9% share of food retail expenditure and a 3.1% share of non-food retail. These relatively low market shares reflect the purely convenience-based role the centre would play in the area, serving the needs of the resident and worker populations in the immediate locality.

Table 5.3

Tallawarra Convenience Centre - Forecast market shares, 2015/16*

	Retail spend ($M)			**Centre sales ($M)**			**Market share**		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary sector	9.6	8.9	18.5	1.5	0.4	1.8	15.2%	4.1%	9.8%
Secondary sectors									
• North	15.6	10.8	26.5	1.0	0.2	1.2	6.3%	2.3%	4.7%
• South	4.0	3.7	7.7	0.5	0.1	0.6	11.4%	3.1%	7.4%
Total secondary	19.6	14.5	34.1	1.4	0.4	1.8	7.4%	2.5%	5.3%
Main TA	**29.1**	**23.5**	**52.6**	**2.9**	**0.7**	**3.6**	**9.9%**	**3.1%**	**6.9%**
Sales from beyond TA				0.4	0.1	0.5			
Total centre sales				**3.3**	**0.8**	**4.1**			

**Constant 2009/10 dollars & including GST*
Source: TRUenergy; Marketinfo; Pitney Bowes Business Insight

5.1.2 Nature of likely impacts

The development of the TLS convenience retail centre is likely to generate a range of economic consequences. From a trading point of view, some impacts are likely to be experienced by competitive retailers in the region. These trading impacts are considered later in this report.

On the other side of the equation, it is clear that the proposed centre would result in a range of economic benefits, particularly for nearby residents and workers. These key positive impacts include the following.

i. Convenience: The provision of retail facilities at the TLS convenience retail centre would benefit local residents as well as the worker population in the Tallawarra area, by meeting their convenience shopping needs.

   The commodity which most Australian consumers increasingly have less of is time, due to the ever greater workforce participation by women and increasingly hectic lifestyles for families. This is especially relevant for a growing area such as Tallawarra, with the new residents moving into the area likely to consist of young families who would be relatively time poor. The convenience retail centre at the TLS would therefore function as a convenient 'top-up' shopping destination for these local residents and workers.

ii. Reduced costs, travel times and escape expenditure: Currently in the Tallawarra locality, there are no conveniently located retail facilities, with the closest alternative facilities located at least a 9 km roundtrip away, at Parkside Plaza. The proposed TLS convenience retail centre would provide a convenient shopping destination which is located in close proximity to the growing local population. The TLS convenience retail centre will reduce the need for residents to travel beyond the main trade area to complete their top-up shopping, resulting in time and fuel cost savings for the local residents.

iii. Additional Employment: Once fully operational, the TLS convenience retail centre would be likely to employ around 52 people. Allowing for an estimated 2.5% of the total increase to be as a result of reduced employment at existing retail facilities in the region, the net additional jobs for the area provided at the TLS convenience retail centre are estimated at 51 (refer Table 5.4).

In terms of wages and salaries, the additional 51 retail employees within the centre would earn an average annual wage of around $28,000 (as sourced from the latest ABS statistics on average weekly earnings). This represents an additional $1.4 million in salaries and wages for the local region, directly as a result of the proposed convenience retail centre.

In addition to the jobs created once the proposed convenience retail centre is operational, the construction phase of the project would also generate employment opportunities for the region.

Table 5.4

Tallawarra Convenience Centre - Estimated Future Additional Employment Levels

Type of Use	Estimated Employment Per '000 sq.m	Tallawarra Convenience Centre GLA (sq.m)	Tallawarra Convenience Centre Employment (persons)
Supermarket	50	500	25
Specialty Shops	60	450	27
Total Centre[1]		**950**	**52**
Net Increase[2]			**51**

1. Excludes non-retail components.
2. Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 2.5% of the total increase
Source : Pitney Bowes Business Insight

As highlighted, a number of significant economic benefits can be expected to flow directly from the proposed TLS convenience retail centre. Against these positive impacts, the question of likely trading impacts on other retailers within the surrounding region also needs to be considered.

5.1.3 Considerations of broad trading impacts

The following sub-section of this report presents an indicative projection of the anticipated impacts of the proposed TLS convenience retail centre on competing retail facilities in the area. Such projections must be considered as indicative, on the basis that it is very difficult to predict with certainty the precise impact on any one retailer or any one centre that will result from any change to the retail structure serving a particular area or region.

The impacted centre has a number of possible actions which it may be able to take, for example, which may mitigate or eliminate the extent of the impact. Expansions and improvements may be undertaken at other centres and locations throughout the region, and all of these factors can change the nature of the impact.

Table 5.5 presents a summary of the growth in retail spending generated by the main trade area population, compared with projected sales for the proposed TLS convenience retail centre.

The Table (Part 1A) commences with an estimation of the likely sales volumes which will be achieved by retail traders within the main trade area, assuming that the TLS convenience retail centre proceeds. The total level of retail sales in the trade area is projected to increase by some $5.2 million between 2010 and 2016, from $3.2 million to $8.4 million. The components of this growth include:

- Forecast growth in the main trade area retail spending market of $26.5 million

- An increase in the level of resident net escape spending of $21.3 million, which would be directed to facilities beyond the trade area, largely Dapto Mall.

Part 1B of the table then presents projected sales for the TLS convenience retail centre in 2016, which are estimated at $4.1 million. Total retail sales for other trade area retailers (predominantly Parkside Plaza) are projected to increase by $1 million (or 32.7%) in 2016, even with the TLS convenience retail centre commencing trade.

On the same basis, part 2 of the table then illustrates a scenario, assuming the TLS convenience retail centre does not proceed. In this instance, the total level of retail sales in the main trade area are projected to increase by some $1.1 million between 2010 and 2016, from $3.2 million to $4.3 million. This total growth comprises organic growth in main trade area resident spending of $26.5 million, offset by an increase in net escape resident spending of $25.4 million.

When compared to the estimated net escape spending as detailed in Part 1A ($21.3 million), it is clear that the proposed TLS convenience retail centre would be expected to reduce the level of escape expenditure from the main trade area. However, the majority of available expenditure would still continue to escape the main trade area, to higher order facilities such as Dapto Mall.

Table 5.5

Tallawarra Convenience Centre - Trading Impact Assessment, 2010-2016*

	2009/10	2015/16	Change	
	$M	$M	$M	%
Part 1A : Estimated Retail Spending Market (With Parkhurst SC)				
Main TA Residents Spending	26.1	52.6	26.5	101.4%
Net Escape Resident Spending	22.9	44.2	21.3	92.9%
Est. Retail Sales to Main TA Retailers	3.2	8.4	5.2	162.5%
Part 1B : Calculation of Main TA Retail Sales (With Tallawarra Convenience Centre)				
Tallawarra Convenience Centre	0.0	4.1	4.1	n.a.
Other Trade Area Retailers	3.2	4.2	1.0	32.7%
Est. Retail Sales to Main TA Retailers	3.2	8.4	5.2	162.5%
Part 2A : Estimated Retail Spending Market (Without Tallawarra Convenience Centre)				
Main TA Residents Spending	26.1	52.6	26.5	101.4%
Net Escape Resident Spending	22.9	48.3	25.4	110.6%
Est. Retail Sales to Main TA Retailers	3.2	4.3	1.1	35.4%
Part 2B : Calculation of Main TA Retail Sales (Without Tallawarra Convenience Centre)				
Tallawarra Convenience Centre	0.0	0.0	0.0	0.0%
Other Trade Area Retailers	3.2	4.3	1.1	35.4%
Est. Retail Sales to Main TA Retailers	3.2	4.3	1.1	35.4%
Part 3 : Est. Sales Impact of Development on Other Trade Area Retailers (2016)				
• Projected Sales Post Tallawarra Convenience Centre Compared with Current Sales (2010)				32.7%
• Projected Sales Post Tallawarra Convenience Centre Compared with Projected Sales Pre Exp. (2016)				-2.0%

**Constant 2009/10 dollars & including GST*
Source : Pitney Bowes Business Insight

Part 3 of the table summarises the potential impact of the TLS convenience retail centre on existing retailers within main trade area, by comparing their post-development projected sales with:

i. 2010 sales projections, and

ii. Sales projections for these retailers under the scenario in which the TLS convenience retail centre does not proceed.

These comparisons illustrate the following:

- Projected sales levels for existing retailers throughout the trade area in 2016, assuming that the TLS convenience retail centre goes ahead, would be on average 32.7% higher than the current estimated 2009/10 sales.
- As compared with the sales volume which all other retailers in the main trade area are projected to achieve in 2016 if the TLS convenience retail centre development does NOT proceed, the post-development sales volume would be on average 2% lower.

The results of these calculations demonstrate that the TLS convenience retail centre would likely have limited trading impacts on other retailers throughout the main trade area (as mentioned previously, predominantly Parkside Plaza).

Once trading commences, the proposed Tallawarra convenience centre will also result in a redirection of retail spending from facilities beyond the main trade area, largely those provided at Dapto Mall. Dapto Mall is currently believed to be recording strong sales of well over $130 million.

The expenditure estimated to be retained by the TLS convenience retail centre in 2016 (of some $4 million), which would otherwise be largely directed to Dapto Mall, would therefore reflect an impact of less than 3% on this facility.

Generally, the levels of impact projected above (on retail facilities both within and beyond the main trade area) will not threaten the ongoing viability of existing retail centres or precincts throughout the area, or the future potential for expansion of retail facilities in the region. All facilities in the region would continue to trade viably after the opening of the proposed TLS convenience retail centre.

5.2 Bulky goods retail

This sub-section of the report provides an assessment of the market scope and sales potential for bulky goods facilities at the TLS, and then also discusses and quantifies the economic impacts from such a development.

Table 5.6 presents our analysis of the provision of bulky goods floorspace throughout the defined main trade area. The analysis summarised in Table 5.6 is discussed in the following sub-sections.

Table 5.6

Tallawarra Bulky Goods Trade Area - Estimated Demand & Supply of Bulky Goods Facilities

	Year			
Factor	2010	2013	2016	2021
Population	142,350	144,675	147,975	154,725
Total Expenditure ($M)*	331.4	352.2	376.6	424.7
Retail Turnover Density ($ per sq.m)	3,500	3,500	3,500	3,500
Bulky/Homemaker Floorspace Demand (sq.m)	94,676	100,634	107,607	121,336
Existing & Proposed Supply	*90,400*	*90,400*	*90,400*	*90,400*
• Existing Facilities	90,400	90,400	90,400	90,400
• Proposed Facilities	0	0	0	0
Under (-)/Over (+) Supply	-4,276	-10,234	-17,207	-30,936

** Homemaker/Bulky Goods Expenditure*

Source : Pitney Bowes Business Insight

5.2.1 Demand for bulky goods floorspace

The first step in the analysis is to outline the population throughout the defined bulky goods main trade area over the period to 2021. The current main trade area population is estimated at 142,350 and is projected to increase to 154,725 by 2021. This represents an increase of 12,375 persons over the next 11 years or an additional 8.7% to the existing trade area population.

The total retail expenditure capacity of the main trade area residents is then outlined, with current homemaker/bulky goods expenditure estimated at $331.4 million, increasing to $424.7 million by 2021 in constant 2009/10 dollar terms (excluding inflation).

The next step in the analysis is to estimate the total supportable homemaker/bulky goods floorspace, based on a retail turnover density or average trading level per sq.m for bulky goods floorspace. Typically, bulky goods floorspace generates sales in the range of $2,500-$5,000 per sq.m throughout Australia. Trading levels vary substantially depending on tenant type (e.g. electrical goods traders could achieve an average trading level which is significantly above this level while furniture traders are likely to trade below this level). On the basis of the expected average income levels of the trade area residents (slightly below average on a per capita basis but above average per household, in comparison to the non-metropolitan New South Wales benchmark), we have adopted an average trading level of $3,500 per sq.m across bulky goods floorspace in the trade area.

Considering the above, the level of demand for homemaker/bulky goods floorspace throughout the defined bulky goods main trade area is currently estimated at 94,676 sq.m ($331.4 million in total homemaker/bulky goods expenditure divided by $3,500 per sq.m). This figure is projected to increase to 121,336 sq.m over the period to 2021, a total increase of 26,660 sq.m. This represents an additional 2,424 sq.m of bulky goods floorspace required annually.

5.2.2 Bulky goods floorspace provision

As discussed previously in Section 4.2 of this report, the current provision of bulky goods floorspace within the main trade area is relatively comprehensive, with the strongest provision of space at Warrawong, and lesser provisions at locations such as Shellharbour and Albion Park Rail. We estimate the total bulky goods provision within the main trade area to be approximately 90,400 sq.m.

On this basis, there is currently an estimated undersupply of bulky goods floorspace serving the main trade area population. It is estimated that some 94,676 sq.m of bulky goods floorspace is supportable by the main trade area residents. This represents an underprovision of 4,276 sq.m of bulky goods floorspace which would continue to increase each year without any additional bulky goods development within the main trade area. By 2021, continuing population growth within the main trade area will lead to a larger bulky goods floorspace shortage, estimated at almost 31,000 sq.m if no further bulky goods floorspace is added.

Considering the above, it is our view that around 20,000 sq.m of bulky goods floorspace would be supportable at the TLS in 2016. This provision is arguably a little high in 2016, when compared to the underprovision of 17,207 sq.m. However, bulky goods centres are ideally built to cater for more than the Day 1 demand in areas of such strong growth.

Taking all of the into account, Table 5.7 presents projected sales for the proposed TLS bulky goods facilities in 2016, as well as the estimated market shares from each trade area sector.

The sales likely to be achieved by the proposed TLS bulky goods centre will be clearly dependent on the types of traders that are provided at the site. At this stage, the tenancy mix of the proposed TLS bulky goods facility is not known. However, it is likely to include large format homemaker/bulky goods retailers which are not currently represented within the main trade area, including major national brands such as Pillow Talk, Carpet Call and Officeworks. The addition of these tenants would add to the mix and variety of retail facilities in the primary sector, which is earmarked for significant growth, but does not currently contain a dedicated bulky goods facility.

Leaving aside the ultimate tenant mix to be provided at the TLS bulky goods centre, projected sales are $61.2 million in 2016, reflecting an average of $3,057 per sq.m across the 20,000 sq.m of floorspace. This is a solid initial level of trading for such a provision of bulky goods floorspace, especially when considering that these sales are likely to increase strongly with the significant population growth projected in the main trade area.

The centre is projected to achieve a main trade area market share of 12.4% including a 24.2% share of the primary sector spending. Customers from beyond the defined main trade area are projected to account for around 10.0% of total centre sales.

Ancillary and non-household (business) sales are further projected to account for 15% of total centre sales. Ancillary sales are defined as non-core bulky goods/homemaker sales such as manchester, glassware, sporting goods etc sold in some bulky goods outlets but which are not the main focus for these stores (i.e. the majority of sales generated by these categories).

Table 5.7

Tallawarra Bulky Goods - Forecast Market Shares, 2015/16*

	Homemaker Spend	Forecast Sales	Market Share
Primary Sector	150.5	36.4	24.2%
Secondary Sectors			
• North	110.8	4.0	3.6%
• East	115.4	6.4	5.6%
Total Secondary	226.2	10.4	4.6%
Main Trade Area	**376.6**	**46.8**	**12.4%**
Beyond Trade Area		5.2	
Total Homemaker Sales		**52.0**	
Ancillary Sales		9.2	
Total Sales		**61.2**	

**Constant 2009/10 dollars & including GST*

Source : Marketinfo; Pitney Bowes Business Insight

5.2.3 Nature of likely impacts

As with the development of the convenience retail centre at the TLS, the provision of a bulky goods facility at the site would result in a range of economic impacts. The primary benefits will include the following:

i. Choice and convenience: As indicated previously, there are a number of national bulky goods tenants who are not currently represented in the region, which could be provided at the TLS. This would promote price competition and greater variety for local residents.

   Additionally, the TLS facilities would provide a convenient alternative for main trade area residents, and especially those within the primary sector, which is earmarked for significant population growth. In the absence of future bulky goods facilities at the TLS, the residents of the primary sector would have to utilise other distantly located facilities such as those provided at Warrawong and Shellharbour. The facilities at the TLS would be much more conveniently located to these residents.

ii. Additional Employment: The TLS bulky goods facility would create a number of additional jobs, both for the construction phase of the project and for the economy generally once the centre is operational. As detailed in the Table 5.8, the bulky goods facilities at the TLS would employ some 220 once completed, representing a net additional increase of some 215 (allowing for impacts on other centres).

   In terms of wages and salaries, the additional 215 employees at the bulky goods facility would earn an average annual wage of around $28,000 (as sourced from the latest ABS statistics on average weekly earnings). This represents an additional $6 million in salaries and wages for the local region, directly as a result of the proposed centre.

Table 5.8

Tallawarra Bulky goods facility - Estimated Future Additional Employment Levels

Type of Use	Estimated Employment Per '000 sq.m	Tallawarra buky goods GLA (sq.m)	Employment (persons)
Bulky Goods	11	20,000	220
Total Centre[1]		**20,000**	**220**
Net Increase[2]			**215**

1. Excludes non-retail components.
2. Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 2.5% of the total increase
Source : Pitney Bowes Business Insight

5.2.4 Considerations of broad trading impacts

As with the convenience retail centre impacts discussed previously, impact projections for the bulky goods facilities at the TLS must be considered as indicative only, for the simple reason that it is very difficult to predict with certainty the precise impact on any one retailer or any one centre that will result from a change to the retail structure serving a particular area or region. This is particularly true when the final tenancy mix at the centre is unknown at this stage. The mix of stores (i.e. whether the centre includes electrical retailers or furniture retailers) is of importance in assessing the impacts on competing centres which incorporate different types of these tenants.

It is much more reasonable for the purposes of impact analysis to consider the likely broad changes in competitive circumstances, and in particular, the changes in the availability of retail expenditure for competitive centres that can be reasonably expected to result from the introduction of the bulky goods facilities at the TLS. These broad changes effectively set the market conditions within which the competitive centres will operate as a result of the proposed development, and reasonable conclusions can then be drawn about the possible impacts of these broad changes in market conditions.

In this vein, Table 5.9 compares the sales likely to be generated by the existing trade area bulky goods traders in 2016, with and without the development of the proposed bulky goods facilities at the TLS.

The analysis is presented in four parts as follows:

i. Part 1 – The first part of the table presents an analysis of the proportion of homemaker spending directed to bulky goods/homemaker stores as compared with traditional retailers in shopping centres such as department stores, discount department stores and specialty shops as well as other store types. The proportion of homemaker spending directed to bulky goods/homemaker stores is projected at 81.2% in 2016 with the development of the proposed TLS bulky goods centre and other competitive floorspace. In comparison, without the proposed TLS bulky goods centre, this level is estimated at 77.7%.

ii. Part 2 of the table then calculates the proportion of the homemaker spending market directed to bulky goods/homemaker stores retained within the defined trade area. This level is estimated at 89.7% in 2016 with the development of the proposed TLS bulky goods centre and 87.3% without the proposed development.

iii. Part 3 of the table then allows for business at bulky goods/homemaker stores from beyond the defined trade area, which is estimated at 17.5%. In addition, ancillary sales are estimated at 15% for the overall trade area bulky goods retailers.

iv. Part 4 of the table then compares the bulky goods sales that would be achieved by the existing main trade area bulky goods retailers with the proposed TLS bulky goods centre and without the development.

Considering the projected sales level for the proposed TLS bulky goods centre, the overall impact on the existing trade area bulky goods retailers is estimated at $36.6 million in 2016, or around 10%. Though this level of projected impact is significant, it is important to note that it would not impact the viability of any competitive centres or precincts. In the event that the TLS bulky goods facility proceeds, total sales for other main trade area bulky goods facilities are projected at $327.7 million in 2016, representing an average trading level of $3,625 per sq.m. This represents a solid trading level for other bulky goods facilities (excluding those at the TLS) within the main trade area, and is higher than $3,578 per sq.m currently estimated to be achieved by these traders.

The majority of the estimated sales recorded by the TLS bulky goods facility would be generated from the primary sector, as this facility would be the most conveniently located bulky goods facility to the residents of this sector. Considering that growth in the homemaker market is likely to be predominantly driven by the population growth in the primary sector, the TLS bulky goods facility would be expected to capture the majority of growth in the main trade area homemaker market.

As shown in the Table 5.9, the major impacts are likely to fall on the larger bulky goods centres in the region. These can be detailed as follows:

i. The projected 10.9% impact on the bulky goods precinct at Warrawong reflects the current role of the precinct as the major bulky goods destination in the region. However, given the wide range of bulky goods facilities at Warrawong (including many national brand traders) and the strong trading performance of the precinct in general (projected at over $3,700 per sq.m in 2016), this is impact is not likely to affect the viability of any bulky goods trader at Warrawong.

ii. Bulky goods facilities at Shellharbour are also expected to be significantly impacted (10%) by the TLS bulky goods centre in 2016, but are still projected to be trading at levels over $3,500 per sq.m. This level of trading is again considered to be solid and is not likely to threaten the viability of any bulky goods traders at Shellharbour.

iii. Other projected impacts for main trade area bulky goods facilities range from 3.5% to 7.5%, largely reflecting the composition of each facility and their relative distance from the proposed facilities at Tallawarra.

Table 5.9

Tallawarra Bulky Goods Facility - Trading Impact Assessment, 2016*

	Homemaker Retail Expenditure ($M) Forecast 2016 Without Tallawarra Bulky	With Tallawarra Bulky	**Impact** From Tullawarra Bulky $M	%
Part 1 : Homemaker Spending Available to Homemaker/Bulky Goods Tenants				
Main Trade Area Homemaker Spending	376.6	376.6		
% of Spending to Bulky/Homemaker Tenants	77.7%	81.2%		
Spending Available to Homemaker Tenants	292.7	305.8		
Spending Available to Other Facilities	84.0	70.8		
Part 2 : Proportion of Available Market Available to Trade Area Homemaker Tenants				
% of Spending Directed to MTA Retailers	87.3%	89.7%		
Spending Available to Homemaker Tenants	255.5	274.4		
Part 3 : Sales from Beyond & Ancillary Sales				
% of Spending Directed to MTA Retailers	29.9%	29.5%		
Spending Available to Homemaker Tenants	108.8	114.5		
Part 4 : Est. Sales Impact for Homemaker Centres Within Main Trade Area				
Main Trade Area Homemaker Sales	364.3	388.9	24.6	6.7%
Tallawarra Bulky Goods	0.0	61.2	61.2	n.a
Warrawong	237.8	211.8	-25.9	-10.9%
Albion Park Rail	34.9	32.3	-2.6	-7.5%
Dapto	13.9	12.9	-1.0	-7.5%
Oaks Flat	1.6	1.5	-0.1	-5.0%
Unnanderra	1.5	1.5	-0.1	-5.0%
Shellharbour	65.4	58.9	-6.5	-10.0%
Warilla	9.1	8.8	-0.3	-3.5%

**Constant 2009/10 dollars & including GST*
Source: Pitney Bowes Business Insight

As mentioned previously, the impact of the proposed bulky goods facilities at the TLS will ultimately depend on the tenant mix provided at the centre. In any event, however, these impacts would be expected to dissipate after a relatively short time, as the population growth in the region continues to drive retail demand.

5.3 Summary of impacts

It is the conclusion of this report that a substantial net community benefit will flow to the Tallawarra region area as a result of the proposed retail facilities at the TLS. Offsetting the trading impacts on surrounding retailers, which will not impact on the viability of these centres and/or precincts, there are very substantial positive impacts including the following:

i. Improvement in the range of retail facilities that will be available to residents including a wider provision of bulky goods and convenience-based floorspace.

ii. The provision of conveniently located retail facilities in a region, in close proximity to a major growth area in NSW.

iii. The creation of additional employment which will result from the retail developments, both during the construction period, and more importantly, on an ongoing basis once the centres are completed and are operational. This will include a significant number of youth employment opportunities.

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