



Nepean Green

Retail Economic Impact Assessment

July 2012

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Executive Summary

Parkview Penrith Pty Ltd propose to develop a Masters Home Improvement store at 164 Station Street, Penrith, NSW as part of a joint Concept Plan and Stage 1 Project Application for proposed mixed use redevelopment.

The Concept Plan application seeks approval for the staged construction of a mixed-use development, which includes a new Masters store of 13,603 sq.m with car parking for 380 cars, landscaping and site works.

More broadly, the Concept Plan application also seeks approval for:

- Approximately 570 residential flat dwellings, private and communal open space, parking and public domain works; and
- Ancillary non-residential uses including:
 - Neighbourhood shops and food and drink premises within the ground floor of the residential buildings, up to a maximum of 995 sq.m; and
 - A Tavern with gross floor area of 1,800sqm, ancillary car parking and associated site works.

The subject site benefits from three street frontages, including Station Street to the west, Woodriff Street to the east and Jamison Road to the south. It is located to the south of Centro Nepean Sub Regional Shopping Centre and is strategically located at the meeting point of the Penrith CBD and the Penrith Bulky Goods / Homemaker precinct on Mulgoa Road.

At 2011 the Main Trade Area (MTA) for the proposed Masters home improvement store contained approximately **169,670** persons, of which the Primary Trade Area (PTA) accounted for 73% with **124,570** persons. Population growth averaging 1.3% per annum is predicted across the Main Trade Area between 2012 to 2016 and 2021. By 2016 the MTA population is forecast to reach **181,170** by 2016, **191,920** by 2021 and **201,670** by 2026.

This equates to an annual increases of **2,300** persons between 2012-2016, **2,150** persons between 2016-21 and **1,950** between 2021-26. The proportion of people within the Primary Trade Area is forecast to remain relatively constant at around 70% over the period. Population growth is forecast across the Main Trade Area as we anticipate that the residential sites identified on the Metropolitan Development Programme and the Penrith Draft Urban Strategy come on line progressively to meet the continued demand for residential land and housing in Western Sydney.

The household “home improvement” spending market is estimated at **\$217** million in 2012. By 2015, home improvement spending in the Main Trade Area is forecast to increase to **\$239.7 million**, reflecting average annual growth of 3.4% per annum and a net increase of **\$22.7m** over the period. The total home improvement market available is estimated at **\$339.7** in 2015, including **\$100m** by the non-household, trades sector market.

The introduction of a new large format home improvement competitor into the market at 2014 will have some trading impacts on home improvement precincts competing within the same markets.

The proposed Masters store at Nepean Green is expected to generate \$35 turnover, of which 20% (\$8m) is expected to be drawn from the Trades Sector. The total impact on competing precincts within the vicinity of the MTA is \$20.2m i.e. excluding trade which will be drawn from further afield and from the Trades Sector.

The average impact of the development on the turnover of competing precincts will be around **1.9%** relative to what stores would have achieved in 2015.

This **1.9%** impact is the one-off impact on home improvement sales that centres would otherwise have captured should the Masters store not be developed.

Relative to current 2012 trading levels, the identified precincts on average will be trading at levels that are **2.8%** higher in 2015, with the exception of the North Penrith precinct. The reduction in trade in the case of North Penrith would in part be due to the competitive trading impacts of the new Masters at St Mary's which is approved and anticipated to be trading before Nepean Green.

No existing retail precinct is forecast to exceed a **10%** impact which typically demonstrates that the impacts are within a manageable range. Typically impacts of around 10% are considered to be manageable without affecting the long term trading viability of centres / precincts. This indicates that the new development should not affect the ongoing viability of existing home improvement / bulky goods precincts.

The Penrith CBD and the Penrith Bulky Goods precinct in particular will also benefit from annual growth within broader retail spend categories, which reflects the broader range of products sold at these destinations.

The proposed development is expected to provide positive employment impacts both locally and in the broader economy. Masters have indicated that they expect around 180 direct jobs per store will be created during construction as well as 130-150 operational jobs per store.

Other benefits associated with the proposed development include:

- Increased competition within the home improvement sector which should result in greater choice and price savings for customers;
- Reduced travel times for Penrith residents and trades workers seeking to access a range of home improvement products and services and, accordingly, potential vehicle emission savings (particularly from trades vehicles) by minimising the need for customers to travel greater distances to make purchases; and
- Increased expenditure retention within the Main Trade Area reducing the amount of expenditure that is leaked to other LGAs.

From a town planning perspective, and having regard to the requirements of the Director General's Environmental Assessment Requirements (DGEARs), the Nepean Green site offers the best opportunity to secure Masters at this point in time by providing a site that meets all of its locational requirements at a site that is strategically located within the Penrith CBD and adjacent the existing Penrith Bulky Goods / Home Improvement Precinct on Mulgoa Road.

Whilst there are two other sites within the Mulgoa Road precinct which could potentially accommodate a Masters store, the Nepean Green site offers superior outcomes in terms of visibility and accessibility, as well as being located within the CBD.

Given that the Nepean Green site is close to both of these alternative sites, the competitive impacts of a Masters development would be very similar whether the store be constructed at Nepean Green or on either of the other two sites. This is due to the fact that competition with individual "Hardware and Garden" and "Home Improvement" retailers which are most likely to be directly competitive would be unchanged in either scenario. We also note that the southern end of the subject site is better suited to the Masters development, whereas the northern end of the site is well placed to accommodate residential development that will have a better interface and synergy with Centro Nepean.

A third potential site at the Castlereagh / Andrews Road intersection in North Penrith is substantially removed from the Penrith CBD and would further fragment retailing with the potential to increase competitive impacts on the North Penrith Bulky Goods / Home Improvement Precinct.

The limited scale of ancillary specialty retailing proposed within the residential component of the development will not have any significant impacts on existing shopping centres within Penrith, including Penrith CBD.

Overall, having regard to the above there are no reasons on economic grounds that should prevent the development from proceeding.

Introduction

Parkview Penrith Pty Ltd propose to develop a Masters Home Improvement store at 164 Station Street, Penrith, NSW as part of a joint Concept Plan and Stage 1 Project Application for the proposed redevelopment of the site for a mixed-use development.

The renewal site comprises approximately 7.855 hectares of land in the southern portion of the Penrith Central Business District. The northern part of the site is occupied by a light industrial development comprising a number of older-style buildings and hardstand areas, while the balance of the southern part of the site is undeveloped. The site is surrounded by a range of development types, including retail, residential and recreation/sporting uses.

The Concept Plan application seeks approval for the staged construction of a mixed-use development, which includes a new Masters store of 13,603 sq.m with car parking for 380 cars, landscaping and site works.

More broadly, the Concept Plan application also seeks approval for:

- Approximately 570 residential flat dwellings, private and communal open space, parking and public domain works; and
- Ancillary non-residential uses including:
 - Neighbourhood shops and food and drink premises within the ground floor of the residential buildings, up to a maximum of 995 sq.m; and
 - A Tavern with gross floor area of 1,800sqm, ancillary car parking and associated site works.

This report examines the economic impacts of the proposed Masters Home Improvement store as well as the potential impacts of the neighbourhood shops at the ground floor of the residential buildings in accordance with the requirements of the supplementary Director General's Environmental Assessment Requirements (DGEARs) issued on 6/6/2012, and the original DGEARs issued in September 2010.

The report is structured as follows:

- **Section 1** considers the nature of the proposed development;
- **Section 2** examines the market for home improvement retail within the trade area identified for the proposed development;
- **Section 3** provides an assessment of available expenditure for home improvements within the domestic household and trades sectors;
- **Section 4** examines existing retail provision within the trade area, both in terms of home improvement stores and precincts and broader 'traditional' retailing;
- **Section 5** sets out the economic impacts associated with the proposed development, considering trading impacts on precincts and centres as well as employment generation;
- **Section 6** considers potential alternative sites for the retail component of the proposal within the LGA and adjoining LGA's.

1 Nature of Use and Product Range

1.1 SITE DESCRIPTION

The street address of the property is 164 Station Street, Penrith and is commonly known as the former 'Panasonic Site'. The legal description of the property is Lot 12 in Deposited Plan 234581. The key features of the site are described below:

- Total site area of 7.855 hectares;
- Three street frontages, including Station Street to the west, Woodriff Street to the east and Jamison Road to the south;
- There is a number of single storey industrial / warehouse style buildings on the northern portion of the site which are being used for a variety of light industrial purposes. The southern part of the site is undeveloped;
- Vehicle access is provided by way of two driveway crossings in Station Street towards the northern end of the site;
- The site topography is generally flat;
- The site has relatively few trees, most being located at the northern end of the site scattered around the existing buildings.

1.2 MASTERS

The proposal includes a free-standing Masters Home Improvement store of approximately 13,603sq.m on a vacant site at 164 Station Street. The site is situated within Penrith CBD, between Station Street to the west, Woodriff Street to the east and Jamison Street to the South. The proposed future residential development will occur to the north of the proposed Masters store, between it and Centro Nepean Sub Regional Shopping Centre.

The indicative site layout is shown in Figure 1.

FIGURE 1 – PROPOSED DEVELOPMENT: INDICATIVE SITE PLAN



1.3 RANGE AND VARIETY

The 'Masters' concept is to provide a home improvement centre (General Sales, Trade Supplies, and Landscape Gardening Supplies), within a clean and air-conditioned retail environment. The typical layout will consist of a total floor area of approximately 13-14,000 sq.m with associated car parking. Generally a site of around 3 to 4 hectares is required to support the building, loading and car parking facilities. In this instance the land take for the Masters and associated car parking subject site measures approximately 3 hectares and is therefore ideally sized to accommodate the proposed development and to provide safe and efficient access and servicing arrangements.

Masters is a joint venture between Woolworths Limited and Lowes Companies Incorporated. Woolworths is Australia's largest retailer and private sector employer, employing over 191,000 people. Lowes is the second largest home improvement retailer in the world and has over 1,700 stores across the USA and Canada.

The Woolworths/Lowe's vision is to enhance choice for Australian (retail and trade) consumers with increased competition in the destination home improvement sector, improved product range representing value and choice and a fresh new offer.

The Masters store will focus on providing hardware and garden goods, as well as a smaller component of home improvement products.

1.4 SPECIALTY RETAILING

The proposed residential component of the scheme will include ground floor retailing (to a maximum of 995 sq.m) at the base of residential buildings on the northern part of the site, adjacent to the proposed plaza.

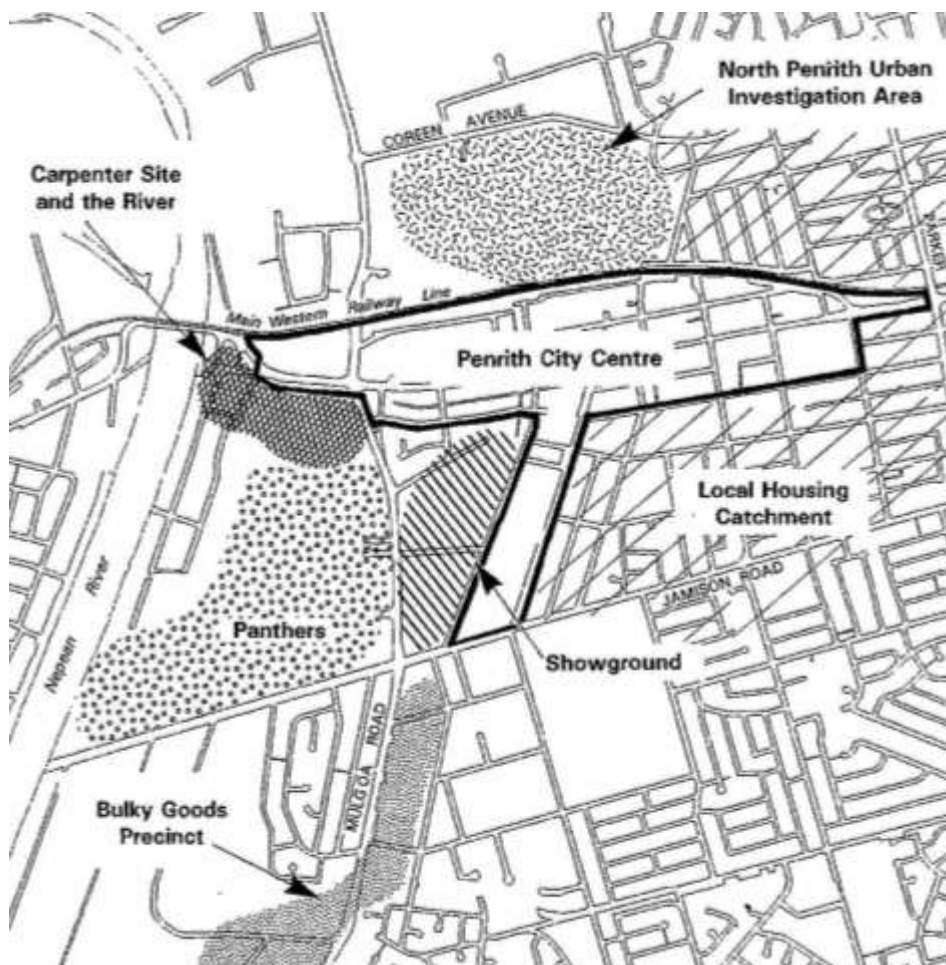
Tenants have yet to be identified, but are likely to be focused on small scale restaurants, cafes and services serving the development within the population.

Retailing within this part of the site would need to complement rather than duplicate the retail offer within Centro Nepean given its proximity and strength of offer. We would assume that a future retail mix might include a café, restaurant as well as some retail-related services targeted at local residents such as real estate agent, dry cleaner / laundry etc.

1.5 LOCAL AND REGIONAL CONTEXT

The subject site is located in the southern part of the Penrith City Centre which forms a T-shape, extending along the Main Western Railway Line between Parker Street and Castlereagh Road and south to Jamison Road (refer to Figure 2 below).

FIGURE 2 – PROPOSED DEVELOPMENT: LOCAL CONTEXT



(Source: Penrith City Council, Penrith City Centre Strategy July 2006.)

The site is surrounded by a range of land uses and activities as outlined below:

- **Residential:** the development to the south east on the opposite side of Woodriff Street comprises low density residential development, predominantly single storey detached dwellings on large lots. The properties to the south, on the opposite side of Jamison Road also comprise residential development, predominantly residential flat buildings and multi-unit dwellings ranging between two and five storeys in height. A small pocket of lower density development comprising detached dwellings are located between Dent Street and Regentville Road, however, the development further west of Regentville Road comprises medium and higher density residential development of up to four storeys.
- **Child Care Centres:** Kidz Biz Preschool And Long Day Care Centre is located at 110 Woodriff Street, Nepean Tiny Tots is located at 118 Woodriff Street and Nepean Pre-School and Learning

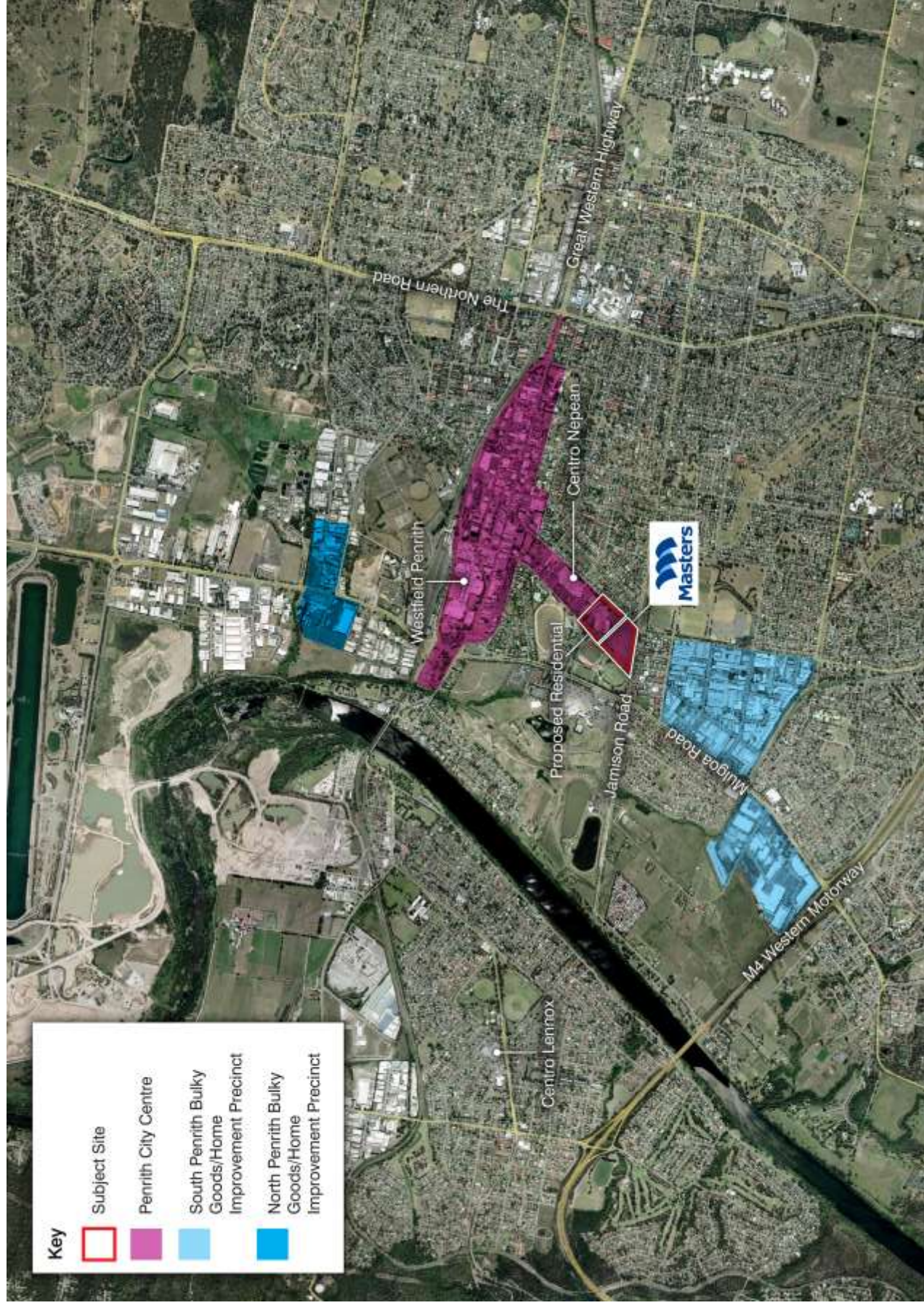
Centre is located at 120 Woodriff Street. Each of these centres is located immediately opposite the development site.

- **Retail:** Centro Nepean is located on the corner of Woodriff Street and Station Street. It is a single level, Subregional Shopping Centre anchored by a discount department store and a supermarket with around 20,500 sq.m floorspace. There are also a number of freestanding buildings to the south between the centre and the site, including a First Choice liquor outlet.
- **Sport and Recreation:** the land to the west and north west of the site comprises a variety of sporting and recreational activities including Penrith Showground, Penrith Stadium, Penrith Park and Howell Oval. Jamison Park is located to the south east on the opposite side of Jamison Road.

The site is approximately 950 metres south of Penrith railway station. It also benefits from excellent access to local bus services, with a number of routes operating along Station Street and Woodriff Street, in close proximity to the development site.

Strategically, the site is centrally located on Jamison Road at the meeting point of Penrith CBD and the South Penrith and Jamisontown suburbs.

FIGURE 3 – SITE CONTEXT



2 The Market

2.1 TRADE AREA ANALYSIS

The trade area refers to the area in which an existing or proposed centre or retailer is most likely to draw custom. The size and scale of trade areas vary due to the geographical context of the retail development in question. Other factors which may define a trade area include:

- The strength, range and appeal of the subject site;
- The proximity, composition and quality of competing retail facilities;
- The presence of similar retail centres as well as the general provision of retail space within the area;
- The accessibility of the site including the road and transport network, as well as access to ample parking; and
- Physical barriers such as freeways, rivers/lakes, bushland and drive times.

In defining a trade area for the proposed Masters store at Nepean Green, we have also considered the typical catchments served by other large format home improvement stores. These stores serve regional sized catchments, generally extending up to 10 km through residential areas depending on specific competition factors and physical attributes of the surrounding area.

For the proposed Masters Home Improvement store SA1 statistical analysis districts (the smallest and most recent ABS statistical areas used in the 2011 Census) have been combined to form the following areas:

- A **Primary Trade Area** which covers Penrith and surround suburbs, extending as far as Castlereagh in the north, Glenmore Park and Wallacia to the south, Cambridge Park to the east and Emu Plains to the west. All of these suburbs are within a 20 minute drive time of the subject site.
- A **Secondary Trade Area** comprising:
 - A **Secondary West Trade Area** which extends into the Blue Mountains LGA as far as Springwood.
 - A **Secondary East Trade Area** which covers the Claremont Meadows, Werrington, St Mary's release area to the North of the Western Motorway and the predominantly rural residential lands south of the Western Motorway as far as Luddenham and Twin Creeks.

The Main Trade Area is illustrated in Figure 4.

Due to the emergence of the approved Masters store at St Mary's, the Main Trade Area for Masters at Nepean Green generally extends in a northern and southern direction.

The approximate drive times from each suburb to the subject site are presented in Table 1, below. The table demonstrates that the subject site is highly accessible as the vast majority of suburbs are within 15-20 minutes' drive time of the site and are all within 20km.

FIGURE 4 – MASTERS NEPEAN GREEN MAIN TRADE AREA (INCLUDING 2012 POPULATION ESTIMATE)

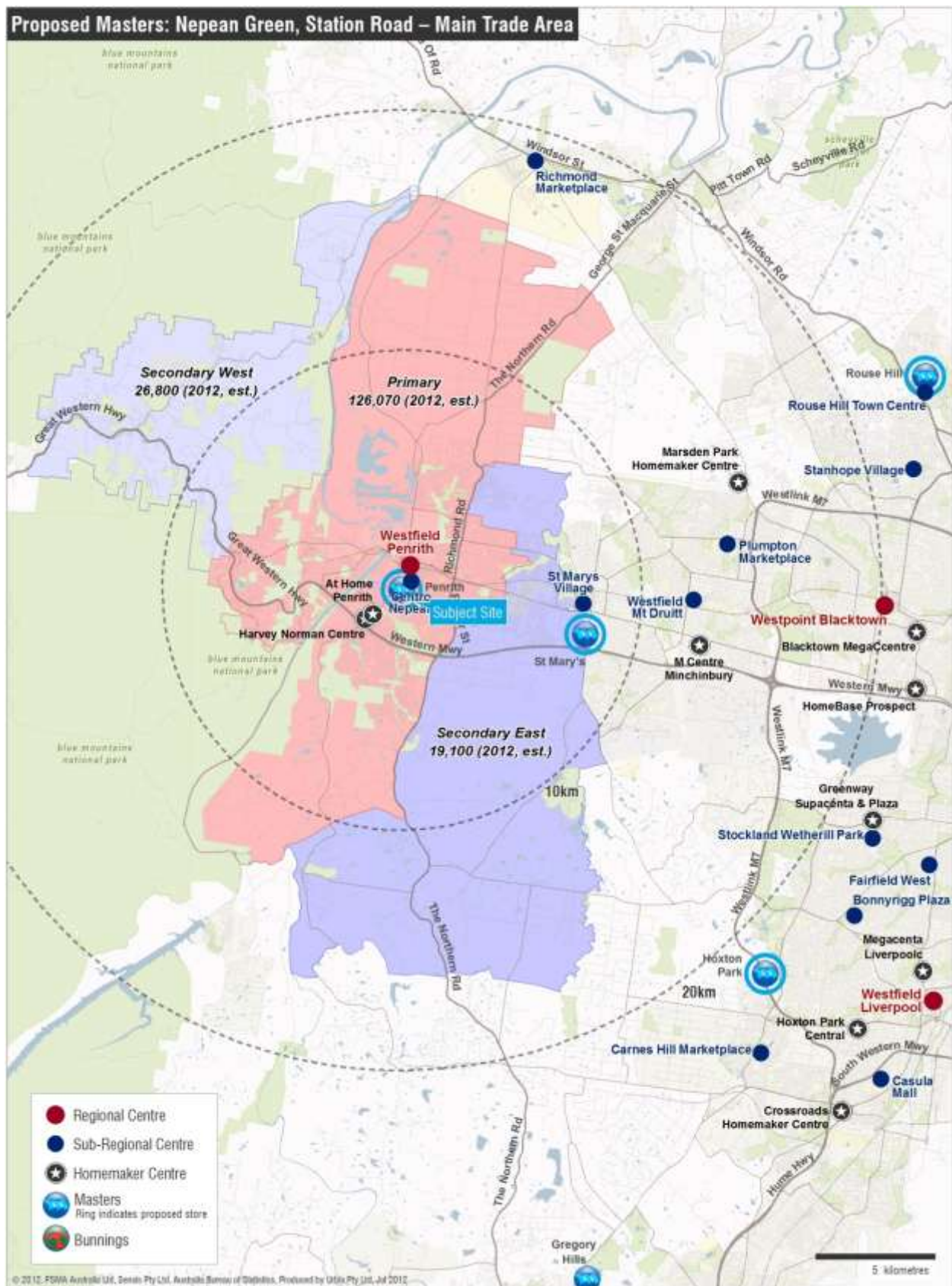


TABLE 1 – MASTERS NEPEAN GREEN: DRIVE TIME ANALYSIS

Drive Time Analysis

MASTERS NEPEAN GREEN

Suburb	Time / Distance to Subject Site	
	(mins)	(km)
Primary Trade Area		
Glenmore Park	7	3.8
Emu Plains	10	10.0
Castlereagh	13	13.0
Wallacia	20	15.0
Secondary East Trade Area		
St Mary's Release Area	8	11.0
Claremont Meadows	10	10
Werrington	12	12.0
Luddenham	20	16.5
Twin Creeks	20	17.5
Secondary West Trade Area		
Glenbrook	11	9.1
Warrimoo	16	15.0
Springwood	22	20.0

Source : Google Maps

2.2 TRADE AREA POPULATION

Using the trade area defined previously we can determine the current population and forecast expected growth within the region. Urbis has prepared population forecasts for the proposed trade areas taking into account the following sources:

- Information from the 1991, 1996, 2001, 2006 and 2011 Census of Population and Housing;
- New Dwelling Approvals (NDAs) in the region over the ten years to September 2011;
- Official population projections published in April 2010 by the New South Wales Department of Planning, NSW Bureau of Transport Statistics as well as the NSW Draft Subregional Strategy; and
- Information on planning approvals and construction activity from Cordell Connect.

From the data in Table 2 we can surmise the following:

At 2011 the Main Trade Area (MTA) for the proposed Masters Home Improvement store contained approximately **169,670** persons, of which the Primary Trade Area (PTA) accounted for 73% with **124,570** persons.

Population growth averaging 1.3% per annum is predicted across the Main Trade Area between 2012 to 2016 and 2021. By 2016 the MTA population is forecast to reach **181,170** by 2016, **191,920** by 2021 and **201,670** by 2026.

This equates to an annual increases of 2,300 persons between 2012-2016, 2,150 persons between 2016-21 and **1,950** between 2021-26. The proportion of people within the Primary Trade Area is forecast to remain relatively constant at around 70% over the period.

Strong population growth is therefore forecast across the Main Trade Area as we anticipate that the residential sites identified on the Metropolitan Development Programme and the Penrith Draft Urban Strategy come on line to meet the strong demand for residential land and housing in Western Sydney.

TABLE 2 – MASTERS NEPEAN GREEN: MAIN TRADE AREA POPULATION 2001-2026

Trade Area Population

MASTERS NEPEAN GREEN, 2001-2031

Trade Area Sector	Estimated Residential Population				Forecast Population		
	2001	2006	2011	2012	2016	2021	2026
Primary Trade Area	121,050	121,110	124,570	126,070	132,070	138,070	143,070
Secondary Trade Area							
• Secondary West	24,830	25,090	26,750	26,800	27,000	28,000	29,000
• Secondary East	15,850	16,260	18,350	19,100	22,100	25,850	29,600
Total Secondary	40,680	41,350	45,100	45,900	49,100	53,850	58,600
Main Trade Area	161,730	162,460	169,670	171,970	181,170	191,920	201,670

Average Annual Change (No.)

	2001-06	2006-11	2011-12	2012-16	2016-21	2021-26
Primary Trade Area		692	1,500	1,500	1,200	1,000
Secondary Trade Area						
• Secondary West		332	50	50	200	200
• Secondary East		418	750	750	750	750
Total Secondary		750	800	800	950	950
Main Trade Area		1,442	2,300	2,300	2,150	1,950

Average Annual Change (%)

	2001-06	2006-11	2011-12	2012-16	2016-21	2021-26
Primary Trade Area		0.6%	1.2%	1.2%	0.9%	0.7%
Secondary Trade Area						
• Secondary West		1.3%	0.2%	0.2%	0.7%	0.7%
• Secondary East		2.4%	4.1%	3.7%	3.2%	2.7%
Total Secondary		1.8%	1.8%	1.7%	1.9%	1.7%
Main Trade Area		0.9%	1.4%	1.3%	1.2%	1.0%

1. As at June.

Source : ABS Cdata 1991, 1996, 2001, 2006 and 2011; ABS, Regional Population Growth, Australia 2010-2011 (3218.0);

DP&I, TDC; Urbis

This level of growth is consistent with the rate of growth forecast by the NSW Bureau of Transport Statistics and Department of Planning & Industry Statistics within the Main Trade Area, which is illustrated graphically in Figures 5 and 6, below.

In order to achieve the population growth forecast new dwelling approval rates would need to continue their upward trajectory to the rates achieved around 1999/2000, which would be consistent with forecast MDP dwelling production rates.

In addition, if the Penrith Panthers scheme is approved this would have the potential to boost population growth within the Primary Trade Area as it includes provision for around 1,000 apartments.

FIGURE 5 – FORECAST POPULATION CHANGE (BY TRAVEL ZONE 2011-2016)

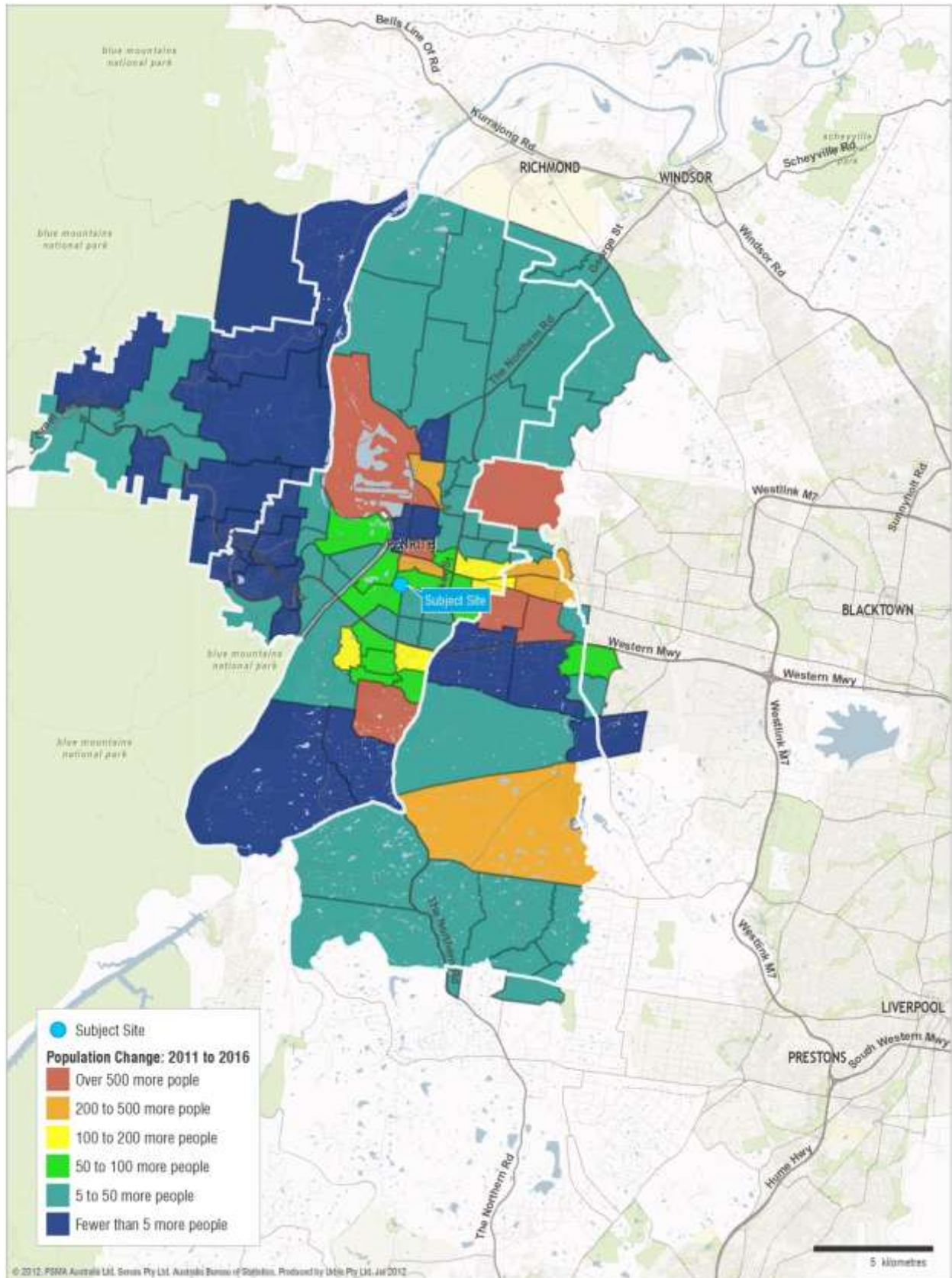
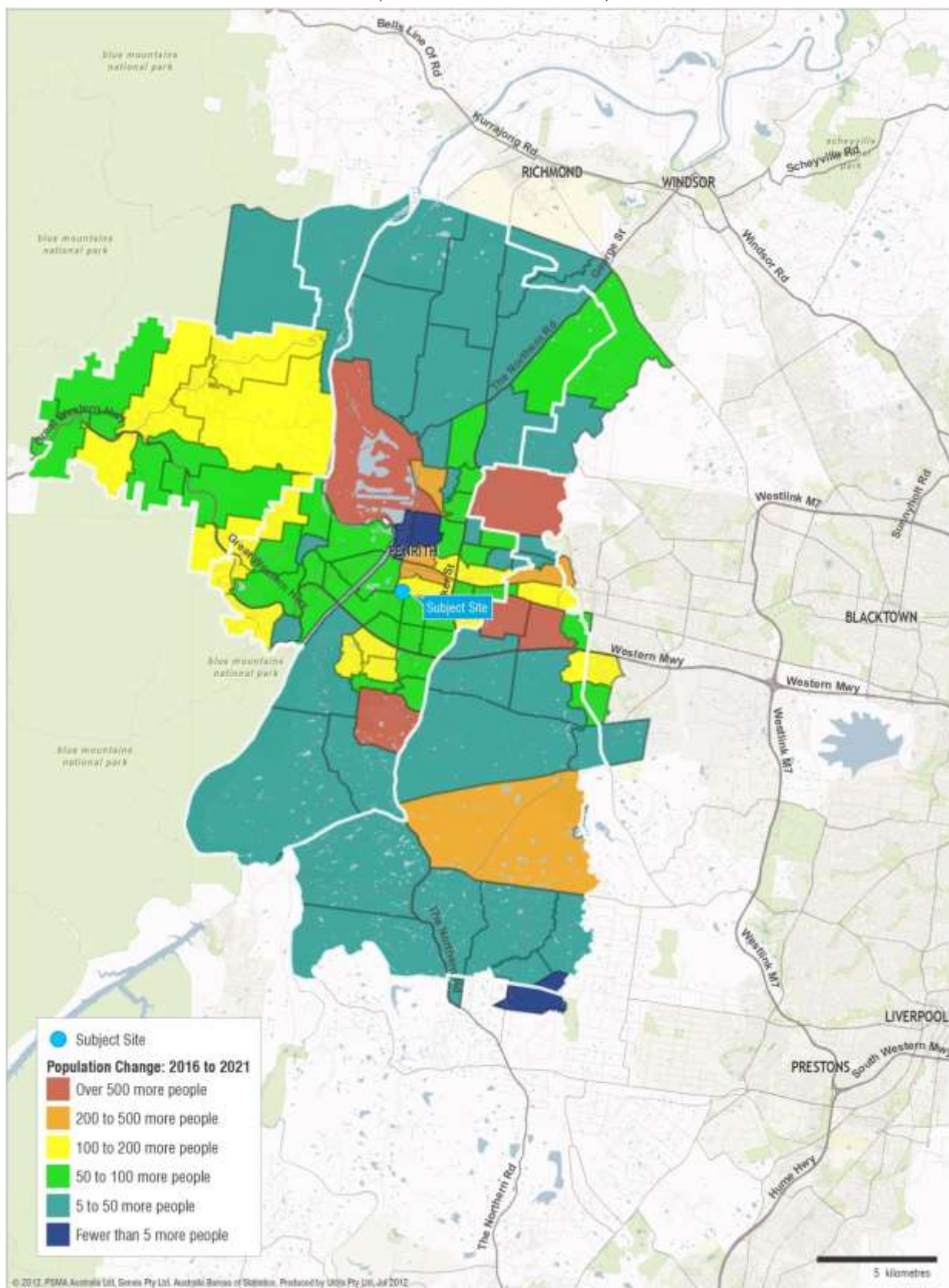


FIGURE 6 – FORECAST POPULATION CHANGE (BY TRAVEL ZONE 2016-2021)



Bureau of Transport Statistics population forecasts are largely consistent with growth that is expected in areas identified as key infill, transit node and release areas identified in the Metropolitan Development Program over the short, medium and long term as shown in Table 3 below:

TABLE 3 – MDP DWELLING PRODUCTION FORECAST – KEY SITES

MDP Dwelling Production Forecast - Key Sites

MASTERS NEPEAN GREEN MAIN TRADE AREA

Penrith LGA	Trade Area	Dwelling Production Potential Indicative				Population Growth Indicative ¹			
		Short Term 2010/11 - 2014/15	Medium Term 2015/16 - 2019/20	Long Term 2020/21 - 2025/26	Total 2010 - 2025/26	Short Term 2010/11 - 2014/15	Medium Term 2015/16 - 2019/20	Long Term 2020/21 - 2025/26	Total 2010 - 2025/26
<u>Transit Nodes</u>									
Penrith	PTA	295	550	0	845	821	1,531	0	2,352
Kingswood	PTA	94	40	0	134	262	111	0	373
Blue Mountains (combined)	SWTA/PTA	125	115	0	240	343	315	0	658
<u>Growth Precincts / Major Sites</u>									
North Penrith	PTA	200	500	300	1,000	557	1,391	835	2,783
Twin Creeks	SETA	244	82	0	326	700	235	0	936
Parkview	PTA	159	491	0	650	442	1,366	0	1,809
Putland & Princess Mary Streets	PTA	0	54	0	54	0	150	0	150
Great Western Highway, Kingswood	PTA	31	30	0	61	86	86	0	172
High Street, Penrith	PTA	69			69	192	0	0	192
<u>Greenfield Release Areas</u>									
Caddens Road	SETA	414	700	136	1,250	1,188	2,009	390	3,588
Claremont Meadows	SETA	169	86		255	485	247	0	732
Glenmore Park (Stage 2)	PTA	826	728	60	1,614	2,299	2,026	167	4,492
Penrith Lakes	PTA	0	225	1,050	1,275	0	626	2,922	3,548
South Werrington Urban Village	SETA	110	225	45	380	316	646	0	962
St Mary's ADI	SETA	1,270	1,650	680	3,600	3,645	4,736	1,952	10,333
Waterside	PTA	0	38	11	49	0	106	31	136
Total		4,006	5,514	2,282	11,802	11,336	15,582	6,297	33,215

1. Based on Trade Area Average Household Size, 2011
Source : MDP, Urbis

2.3 DEMOGRAPHIC CHARACTERISTICS

In relation to the home improvement spending, the key characteristics which tend to influence per capita spending are detailed in Table 4. All of these characteristics, with the exception of “Renter Occupied Households” are shown to have a positive effect on per capita spending on Hardware/Garden, Furniture/Floor Coverings and Bulky Goods products.

TABLE 4 – KEY DRIVERS OF HOME IMPROVEMENT SPENDING

Spending Drivers

HOME IMPROVEMENT

Drivers	Hardware / Garden	Effect on Spending Furniture / Floor Covering	Bulky Goods
Average Household Income		+	+
Household Income		+	+
White Collar Workers		+	+
Home Ownership	+		
Home Renters	-		-
Detached Dwellings	+		
2+Cars	+		
Population Growth	+	+	+
New Household Formation	+	+	+

Source: MDS Marketinfo; Urbis

Table 5 summarises the key socio-economic characteristics for the trade area. These key characteristics are based on usual resident data from the 2011 Census of Population and Housing and are compared with Sydney averages.

Table 5 shows that:

- The proportion of owner / purchaser households across the PTA (73.1%) and MTA (74.3%) is higher than Sydney average (66.8%);
- There is a significantly lower proportion of flats / units / apartments as a proportion of the PTA and MTA housing stock, and conversely a higher incidence of detached and semi-detached dwellings;
- The average household size in the PTA and MTA (2.8 persons per dwelling) is higher than the Sydney average (2.7 persons per dwelling);
- Average income per capita in the MTA is 8% below the Sydney average; which is largely compensated for by the relatively high population growth and new household formation. We also note that conversely the PTA and MTA both have a higher proportion of households earning over \$78,000 per annum compared to the Sydney average;
- Car ownership, and the proportion of households with two or more cars is higher in the PTA (58.8%) and MTA (59.2%) than the Sydney average (47.9%).

The socio economic profile of the Main Trade Area is contains many of the drivers that support home improvement spending. The high incidence of owner / purchasers, detached and semi-detached dwellings, and large household sizes are all factors that tend to generate demand for home renovations.

The fact that average household income is slightly below the Sydney average is also an indication of a market that will be value-conscious and one that will respond well to added competition within the marketplace.

In addition to these factors population growth, new household formation and residential development are all strong drivers of spending growth.

TABLE 5 – SOCIO ECONOMIC CHARACTERISTICS OF THE TRADE AREA POPULATION 2011

Key Socio-Economic Characteristics

MASTERS NEPEAN GREEN TRADE AREA, 2011

Characteristics	Primary TA	Total TA	Sydney Average
Average Income Per Capita (aged 15-64)	33,030	33,262	36,285
<i>Variation from Sydney Avg</i>	-9%	-8%	+0%
Income Above \$78,000 (% of Population)	27.8%	27.3%	23.8%
Owner/Purchaser Occupied Households (% of Hhold)	73.1%	74.3%	66.8%
Average Household Size	2.8	2.8	2.7
Average Age	35.6	35.9	37.1
Aged 65+ Years (% of Population)	10.6%	10.8%	12.9%
Flats/ units/ apartments as % of housing stock	7.6%	6.7%	25.8%
Ownership of two or more cars (% of Household)	58.8%	59.2%	47.9%
Other Characteristics¹			
Labour Force Participation	70.2%	70.2%	65.6%
White Collar Workforce	66.3%	67.2%	72.8%

1. 2006 Census Data. 2011 not yet available

Source : ABS Census of Population and Housing 2011& 2006; Urbis

3 Trade Area Household Expenditure

The “home improvement” market defined in this statement reflects the spending market available to the proposed Masters store. The home improvement market is derived from two key segments, namely “hardware/garden” and “other home improvement”. The sum of these markets forms the basis for the Main Trade Area spending analysis and the store turnover and impact assessment presented in this statement.

This section focuses on home improvement spending generated from the household or resident sector. An analysis of store turnover likely to be derived from the non-household sector is presented in Section 3.3.

3.1.1 METHODOLOGY

The retail spending estimates outlined below are derived using MarketInfo, a micro-simulation model developed by MDS Market Data Systems Pty Ltd and now widely used throughout the retail consultancy and retail network strategy industries. This model is based on information from the ABS’ Household Expenditure Survey (HES) as well as other information sources that provide up-to-date information about changes in spending behaviour and/or income levels (i.e. ABS National Accounts, Australian Taxation Statistics, etc).

The model uses micro-simulation techniques to combine propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending per capita estimates on a small area basis (i.e. the Census Collector District (CCD) level).

The key MarketInfo spending categories which are relevant to the “home improvement” market are Hardware/Garden, Home Decoration, Furniture, Floor Coverings, Whitegoods, and Recreational Equipment. These categories are groupings of individual HES categories which are likely to be sold in a Masters store. For example, hardware/garden is a broad category that includes lawnmowers, hand and power tools, plants, nails etc.

The hardware/garden market is expected to make up the majority of sales in the proposed Masters Home Improvement store with the other spending categories identified making up the remainder of the “home improvement” market.

It should be noted that retail expenditure estimates throughout the report exclude the component of turnover attributable to goods and services tax (GST), and all values are expressed in 2012 dollar terms (i.e. inflation is not included in expenditure forecasts).

3.1.2 DRIVERS OF PER CAPITA EXPENDITURE

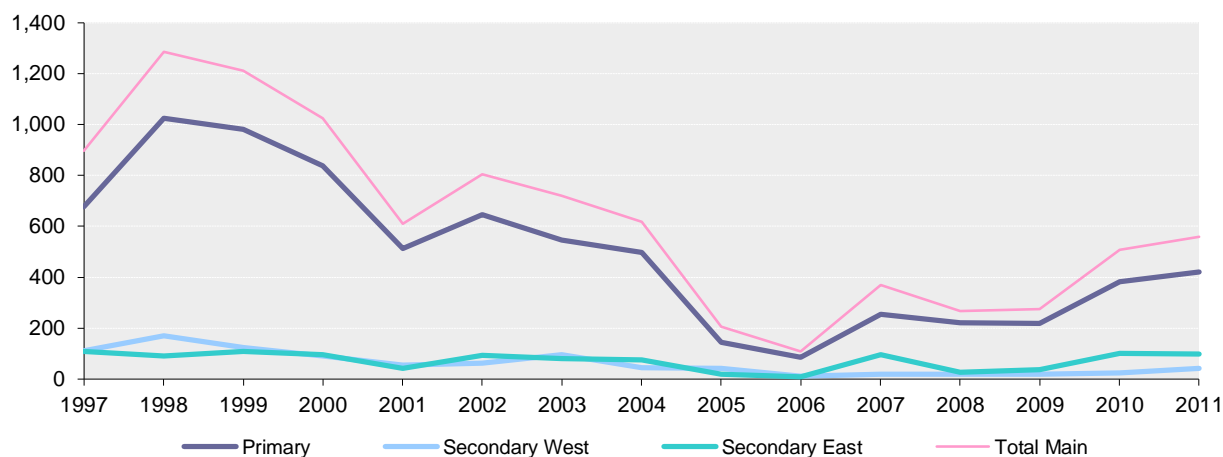
As shown in Table 5 earlier, socio-economic characteristics have some effect on the propensity of trade area residents to spend on home improvement goods. In addition to these demographic drivers, home improvement spending is also broadly driven by residential building activity. The key indicators of building activity include:

- **New Dwelling Approvals**, which are published by the ABS. The number of NDAs within the Main Trade Area in recent years is detailed in Figure 7 below. This shows that NDA activity in the MTA averaged around 900 dwellings per annum between 1997-2004, before declining around 2004-2009 in particular. Since 2009 dwelling approvals have increased and are now averaging around 560 per annum.
- In order to achieve the population growth forecast in Table 2, new dwelling approval rates would need to continue their upward trajectory to the rates achieved around 1999/2000, which would be consistent with the forecast MDP dwelling production rates.

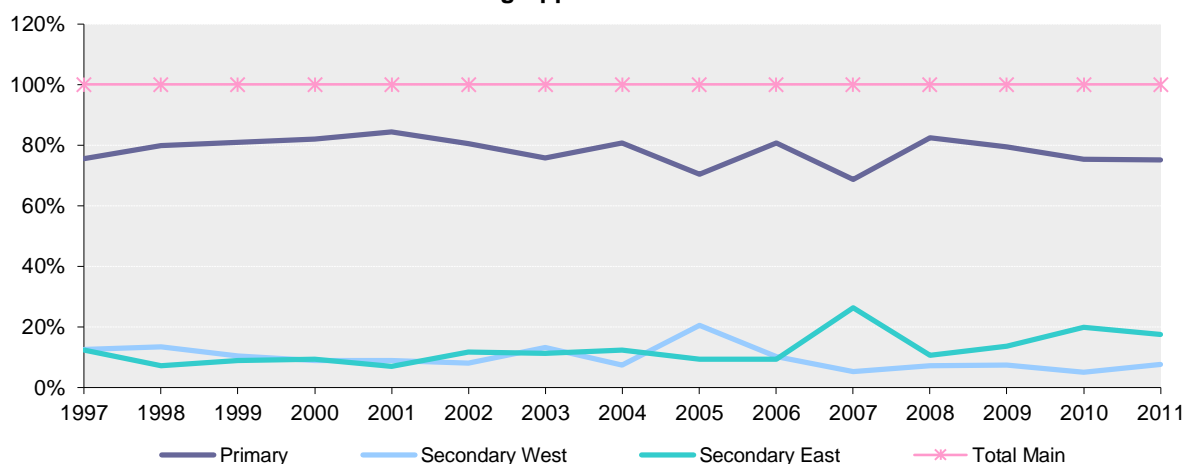
FIGURE 7 – NEW DWELLING APPROVALS 1997-2010

New Dwelling Approvals

MASTERS NEPEAN GREEN TRADE AREA, 1997-2011



Share of New Dwelling Approvals in Trade Area Sector



Source : ABS, Building Approvals, Australia (8731.0); Urbis

Continued strong housing growth would be an important driver of household spending on home improvement goods as well as trade sector related sales of hardware products in particular.

3.1.3 PER CAPITA HOUSEHOLD EXPENDITURE

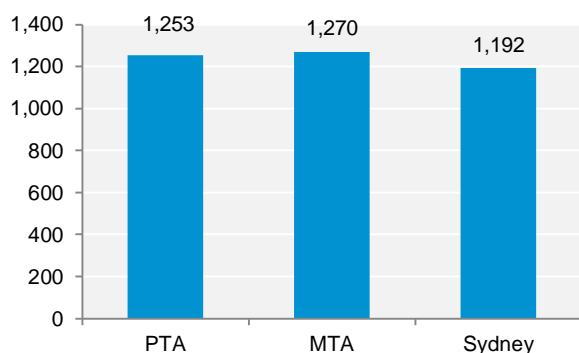
Figure 8 illustrates the level of expenditure per capita on 'home improvement' items and compares this to the Sydney average. Home improvement spending by Main Trade Area residents is estimated at \$1,270 per capita in 2012, which is 7% above the Sydney average of \$1,192 per capita. This is consistent with the demographic and household characteristics of the Main Trade Area (MTA) which support spending on "home improvement" products.

FIGURE 8 – MAIN TRADE AREA HOME IMPROVEMENT SPEND PER CAPITA \$2012

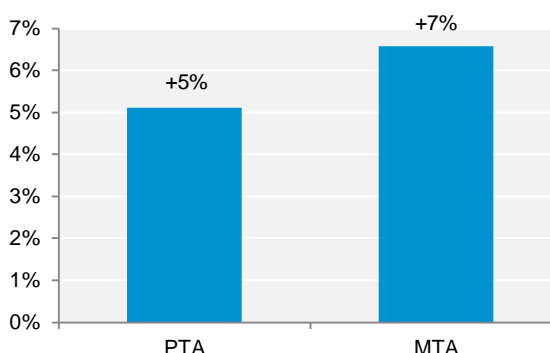
Home Improvement Retail Spend Per Capita

MASTERS NEPEAN GREEN TRADE AREA (\$2012, EX. GST)

Home Improvement Retail Spend Per Capita (\$)



Var'n From Sydney Average (%)



Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

Future growth in per capita spending is based on Urbis' latest projections by product category.

Forecast growth rates for NSW are summarised in Table 6 and reflect "real" growth in spending per capita (i.e. excluding the effects of population growth and inflation). The forecasts are based on the latest Australian National Accounts data and anticipated future growth trends in each category, having regard for the recent GFC downturn.

TABLE 6 – URBIS REAL PER CAPITA SPEND GROWTH FORECASTS

Urbis Retail Per Capita Spend Forecast¹

MASTERS NEPEAN GREEN

Home Improvement Spend Category	Product Group Category	2010	2011	2012	2013	2014	2015	2016	2017+
Hardware, garden	Bulky Goods	-1.4%	-1.0%	-1.7%	0.3%	3.1%	2.5%	2.2%	1.8%
Home decoration	Homewares	-1.6%	-0.6%	-1.3%	0.5%	4.4%	3.6%	3.0%	3.9%
Furniture, Floor Coverings, Whitegoods	Bulky Goods	-1.4%	-1.0%	-1.7%	0.3%	3.1%	2.5%	2.2%	1.8%
Recreational Equipment	General	-0.2%	7.5%	-1.5%	0.4%	3.4%	2.8%	2.4%	1.7%

1. Excluding inflation and population growth

Source: Urbis

3.2 TOTAL HOUSEHOLD EXPENDITURE

The total volume of household home improvement spending is derived from the trade area population estimates and the per capita spending estimates. The household home improvement spending market is estimated at **\$217 million** in 2012, of which around 28% is hardware/garden spend. Around 72% of the home improvement market is attributable to the Primary Trade Area, or **\$157 million** (refer Table 7).

TABLE 7 – MAIN TRADE AREA HOME IMPROVEMENT EXPENDITURE, 2012 (\$M, EXCL GST)

Home Improvement Expenditure

MASTERS NEPEAN GREEN 2012 (Excl GST)

	Primary TA	Secondary Trade Area			Main TA
		West	East	Secondary	
Hardware, garden	44.1	10.9	6.1	17.0	61.1
Home Decoration	10.3	2.7	1.5	4.2	14.5
Furniture	38.7	8.8	5.5	14.3	53.0
Floor Coverings	17.0	3.9	2.3	6.2	23.2
Whitegoods	35.4	8.5	5.0	13.6	49.0
Recreational Equipment	11.4	3.1	1.7	4.8	16.2
Total Home Improvement Market	157.0	37.9	22.1	60.0	217.0

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0);

Future growth in the household home improvement market will be derived from population growth and real growth in spending per capita as outlined above.

By 2015, home improvement spending in the Main Trade Area is forecast to increase to **\$239.7 million**, reflecting average annual growth of 3.4% per annum and a net increase of **\$22.7m** over the period. (Refer Table 8, below).

In terms of population growth, we estimate that there could be an additional 6,900 persons resident within the Main Trade Area between mid 2012 and mid 2015 based on the growth forecast in Table 2.

MTA Household Home Improvement Expenditure 2012-26

Average Annual Growth						
2012-15	3.2%	3.3%	3.3%	3.4%	3.3%	3.4%
2012-16	3.2%	3.3%	3.3%	3.4%	3.3%	3.4%
2016-21	2.7%	3.0%	2.9%	3.2%	2.9%	3.1%
2021-26	2.6%	2.8%	2.8%	3.0%	2.7%	3.0%

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

3.3.1 METHODOLOGY

This survey was last conducted in 2005-06 for the whole of Australia and for selected businesses in retail and wholesale industries (i.e. businesses listed under Division G and Division F respectively in the 2006 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC06)). This survey asks the businesses the following question:

¹Source: ABS Survey of Retail Industries Questionnaire, 2005-06

The results of the survey are then used by the ABS to calculate the amount of wholesale sales, which is defined as “the sales of goods to businesses and other organisations”. Based on ABS data, therefore, we have estimated the proportion of retail vs wholesale sales using the broad “hardware/garden” and “other home improvement” categories.

The percentage splits of total store sales listed in Table 9 are derived from the ABS Survey of Retail Industries, discussed above. While hardware/garden sales are split almost 50/50 between retail and wholesale, other home improvement categories are more weighted to retail sales (i.e. generally around 80/20) although there is some variation between the individual ANZSIC categories covered. It should be acknowledged that the ratios in Table 9 are a national average and the actual split between household (“Retail”) and non-household (“Wholesale”) sales will vary by geographical area and by retailer.

TABLE 9 – RETAIL VS WHOLESALE – HOME IMPROVEMENT CATEGORIES

	% Sales	
	Retail	Wholesale
Hardware, Garden	51%	49%
Other Home Improvement	<u>83%</u>	<u>17%</u>
Total Home Improvement Market	72%	28%

1. Hardware, Garden market consists of the “Hardware, Building & Garden Supplies Retailing” category.

2. Other home improvement market comprises the ANZSIC06 categories - Furniture retailing, Floor covering retailing, Electrical, electronic and gas appliance retailing, Other electrical and electric goods retailing, and Sport and camping equipment retailing.

Source: ABS, Retail and Wholesale Industries, Australia, 2005-06 (8622.0); Urbis

3.3.2 TOTAL HOME IMPROVEMENT MARKET

Based on these ratios, we have estimated non-household home improvement spending directed to retail stores. These sales, combined with available household spending in home improvement categories, generate the total home improvement market of relevance to retailers.

Home improvement “spending” from the non-household sector is estimated to be in line with the ratios identified in Table 9. Table 10 details the total home improvement market available to the proposed development. Consequently, this is estimated at **\$339.7** in 2015, including **\$100m** by the non-household market.

TABLE 10 – TOTAL TRADE AREA HOME IMPROVEMENT EXPENDITURE, 2015 (\$M, EXCL GST)

Total Area Home Improvement Expenditure

MASTERS NEPEAN GREEN 2015 (Excl GST)

	Primary TA	Secondary Trade Area			Main TA
		West	East	Secondary	
Residential Home Improvement Market					
Hardware, garden	48.5	11.6	7.2	18.9	67.3
Home Decoration	11.6	3.0	1.8	4.8	16.4
Furniture	42.5	9.4	6.5	15.9	58.4
Floor Coverings	18.7	4.2	2.7	6.9	25.6
Whitegoods	38.9	9.1	6.0	15.1	54.0
Recreational Equipment	12.6	3.3	2.0	5.3	17.9
Total Residential Market	172.9	40.5	26.3	66.8	239.7
Non-Residential Home Improvement Market					
Homeware, garden (@49%)	46.6	11.2	7.0	18.1	64.7
Other Home Improvement (@17%)	25.5	5.9	3.9	9.8	35.3
Total Non-Household market	72.0	17.1	10.9	28.0	100.0
Total Home Improvement Market					
Homeware, garden	95.0	22.8	14.2	37.0	132.0
Other Home Improvement	149.9	34.8	23.0	57.8	207.7
Total Home Improvement Market	244.9	57.6	37.2	94.8	339.7

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis
ABS, Retail and Wholesale Industries, Australia 2005-06 (8622.0)

If projected growth within the non-residential market is included, then the net additional spend on “home improvement products” within the Main Trade Area between 2012-2015 is expected to be **\$32m** over the period.

3.4 TOTAL RETAIL EXPENDITURE

Table 11 shows projected growth across all retail products groups within the Masters Main Trade Area. It demonstrates that between 2012 and 2015 total retail spend is expected to grow by **\$144m** from \$1.947bn to **\$2.091bn** with growth averaging 2.4% per annum forecast beyond 2015.

The Homewares, bulky goods and general / leisure categories collectively amount to 29.1% of the total retail spend market in 2012 or **\$567.4m**. Much of this spend is expected to be directed towards existing bulky goods retailers within the MTA as well as Department Stores and Discount Department Stores in the Penrith CBD, although we note that the CBD and Penrith Bulky Goods Precinct will have a larger Main Trade Area than the proposed Masters Trade Area by virtue of their larger critical mass of activities.

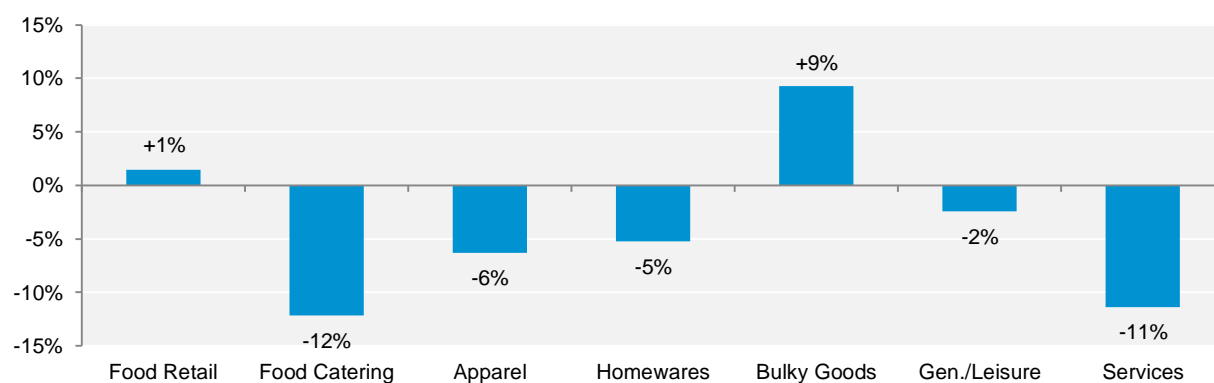
The \$217m Residential Home Improvement Market (as outlined in Table 7) equates to around 11% of the total retail spend market in 2012.

Figure 9 demonstrates that retail spend per capita in the MTA is above the Sydney Average for food retailing and Bulky Goods retailing, which reflects the current provision of floorspace in both of these categories. Similarly, the below average spend per capita on food catering in the MTA may be attributable to the lack of food and beverage dining opportunities in Penrith relative to other parts of the Sydney Metropolitan area.

FIGURE 9 – RETAIL SPEND PER CAPITA VARIATION FROM SYDNEY BENCHMARK 2012

Retail Spending Per Capita Var'n From Sydney B'mark, 2012

MASTERS NEPEAN GREEN MAIN TRADE AREA (\$2012, EX. GST)



Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

TABLE 11 – TOTAL SPENDING BY PRODUCT GROUP 2012-26

Total Retail Spending by Product Group, 2012-2026

MASTERS NEPEAN GREEN MAIN TRADE AREA (\$2012, EX. GST)

Year	Food Ret.	Catering	Apparel	H'wares	Bulky	General/ Leisure	Services	Total
2012	879.6	246.2	177.6	136.3	186.3	244.8	76.2	1,947.0
2013	891.8	249.8	180.3	138.7	189.4	248.9	77.5	1,976.5
2014	907.6	256.3	185.9	146.7	197.8	260.7	81.3	2,036.3
2015	922.9	262.4	191.0	153.9	205.4	271.4	84.8	2,091.8
2016	937.9	268.3	195.9	160.6	212.5	281.4	88.0	2,144.5
2017	954.1	273.9	201.3	168.8	219.0	289.7	89.9	2,196.7
2018	970.1	279.5	206.6	177.5	225.5	298.1	91.9	2,249.1
2019	986.2	285.2	212.1	186.5	232.2	306.7	93.9	2,302.7
2020	1,002.4	291.0	217.7	196.0	239.0	315.5	95.9	2,357.5
2021	1,018.8	296.8	223.4	206.0	246.1	324.5	97.9	2,413.4
2022	1,034.7	302.6	229.2	216.3	253.1	333.5	99.9	2,469.4
2023	1,050.3	308.2	234.9	227.0	260.3	342.7	101.9	2,525.3
2024	1,066.0	314.0	240.7	238.2	267.6	352.0	104.0	2,582.4
2025	1,081.8	319.8	246.7	249.9	275.0	361.5	106.0	2,640.8
2026	1,097.7	325.7	252.8	262.2	282.7	371.3	108.1	2,700.6

Average Annual Growth¹

2012-16	1.6%	2.2%	2.5%	4.2%	3.3%	3.5%	3.6%	2.4%
2016-21	1.7%	2.0%	2.7%	5.1%	3.0%	2.9%	2.2%	2.4%
2021-26	1.5%	1.9%	2.5%	4.9%	2.8%	2.7%	2.0%	2.4%

Spending Distribution 2012

<i>Masters Nepean Gree</i>	45.2%	12.7%	9.9%	7.2%	9.9%	12.0%	3.9%	100.0%
<i>Sydney Avg. (%)</i>	43.6%	14.1%	9.5%	7.2%	8.6%	12.6%	4.3%	100.0%
<i>Aust. Avg. (%)</i>	45.8%	11.5%	9.6%	7.4%	9.6%	12.4%	3.8%	100.0%

1. Assumes per cap growth of 0.2% in 2013, 1.8% in 2014, 1.5% in 2015, 1.3% in 2016, & 1.1% thereafter, with different rates for each product group.

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

4 Existing Retail Provision

This section provides a description of the centres and retail precincts considered to be of most relevance to the proposed Masters store, and also those of importance in terms of the sub-regional retail hierarchy.

The competitive retail environment is shown on the Trade Area map in Figure 4.

4.1 HOME IMPROVEMENT PRECINCTS WITHIN THE MAIN TRADE AREA

The relevant home improvement / homemaker precincts and retail centres are shown in Figure 9. The key locations within the Main Trade Area include.

- **Penrith Homemaker and Bulky Goods Precinct:** The Penrith Homemaker and Bulky Goods Precinct is located along Mulgoa Road and commences approximately 300 metres from the intersection with Jamison Road, near the subject site. The Australian Bulky Goods Directory 2011/12 notes that this is the 10th largest precinct in Australia and the 4th largest precinct in Sydney.
- The precinct contains two centres – “At Home Penrith” and the “Harvey Norman Centre Penrith” which collectively contain around 58,000 sq.m bulky goods / home improvement floorspace. The precinct as a whole contains around **92,000 sq.m** bulky goods / home improvement floorspace. Some of the largest tenants include:
 - Bunnings Warehouse;
 - Harvey Norman (Electrical & Furniture);
 - Domayne;
 - Spotlight;
 - Anaconda;
 - Toys R Us;
 - Lincraft;
 - My Design Furniture;
 - Whitewood Furniture;
 - Mitre10.
- At Home Penrith and the Harvey Norman Centre Penrith are well integrated and share access and parking arrangements. Both contain the majority of premium bulky goods operators within the precinct. Although Bunnings warehouse is located at the rear of the site, it benefits from frontage and visibility to the M4 Motorway for eastbound traffic.
- Part of the Harvey Norman complex is closed for refurbishment at present but due to reopen once complete.
- There are a number of hardware type retailers clustered on Batt Street including paint suppliers, a tool store, Penrith Timber and Hardware as well as a large Dick Smith outlet fronting Mulgoa Road.
- Elsewhere within the precinct there is a 4,200 sq.m vacant premises within the Penrith Trade Centre on Mulgoa Road, but in the main most home improvement / bulky goods premises are occupied and trading.
- Given the size and critical mass of activity within the Penrith Homemaker and Bulky Goods Precinct, we would expect it to have a large Trade Area, extending into the Blue Mountains LGA. Hawkesbury LGA and east towards the Blacktown LGA.
- At **North Penrith** there is a cluster of home improvement uses around Castlereagh Road which includes a Bunnings Warehouse on Mullins Road and Reece Plumbing on Coombes Drive as well as Stratco, Total Tools and Beaumont Tiles.
- There is a Bunnings store at **Valley Heights** in the Blue Mountains within the Secondary West Trade Area.

4.2 HIGHER ORDER RETAIL CENTRES WITHIN THE MAIN TRADE AREA

Department Stores and Discount Department Stores typically carry a limited range of stock which can be described as 'bulky', although this tends to fall within the 'home decorations', 'white goods' and 'recreational goods' categories rather than 'hardware / garden' which forms the bulk of Masters product lines. Within the Main Trade Area the following centres contain Department Store and/or Discount Department Store Retailing:

- **Westfield Penrith** is a Regional Shopping Centre containing 76,700 sq.m retail floorspace. It is the main retail destination within Penrith CBD and contains Myer, Big W, Target, Freedom Home as well as Woolworths and Franklins supermarkets.
- **Centro Nepean** is a subregional shopping centre located immediately adjacent the north of the subject site. It provides 19,000 sq.m retail floorspace and includes a Kmart Discount Department Store in addition to a Coles supermarket.

TABLE 12 – COMPETING ENVIRONMENT: MASTERS NEPEAN GREEN MAIN TRADE AREA

Competitive Environment

Masters Nepean Green

Centre	Retail GLA ¹ (Sq.m)	Dist. ² From Masters (km.)	Major Tenants
Bulky Goods & Home Improvement Precincts			
Penrith Homemaker & Bulky Goods	92,500	450m	Bunnings, Harvey Norman, Domayne, Spotlight, Anaconda, Toys 'R' Us
North Penrith	15,500	2.6km	Bunnings, Reece
Valley Heights Bunnings	1,500	20km	Bunnings
Regional Centres			
Westfield Penrith	76,700	1.6km	Myer, Big W, Target, Freedom Home, Woolworths
Sub Regional Centres			
Centro Nepean	19,000	220m	Kmart, Coles
Penrith CBD Strip Retailing			
High Street / Henry Street & Environs	31,200	1km	The Good Guys

¹ PCA, Australian Shopping Centre Database 2012 for current centres, BGRA Bulky Goods Directory 2011/12, Urbis

² Distance measured by most direct road route

³ Only Main Trade Area Regional, Sub Regional and Bulky Goods Precincts included

(p) = proposed; (u/c) = under construction; (a) = approved

Source : PCA, Australian Shopping Centre Database 2012 ; Australian Bulky Goods Directory 2011/12 Urbis

4.3 PENRITH CBD

Penrith CBD is anchored by Westfield Penrith and Centro Nepean Shopping Centres. It also contains a Franklins Supermarket at Henry Street and an ALDI supermarket at Doonmore Street. Urbis estimates indicate that the CBD also contains up to 31,200 sq.m specialty shop front retailing of which around 5% may be homeware sales related. The CBD includes the Henry Lawson Centre, which is a small showroom type development located on Henry Street within the CBD. The main tenant is the Good Guys which occupies the majority of the main building.

4.4 HOME MAKER / BULKY GOODS BEYOND THE MAIN TRADE AREA

Beyond The Main Trade Area, there is limited bulky goods/ home maker provision between Penrith and the M7. Destinations are limited to individual large format hardware stores in the following locations:

- A bulky goods / homemaker cluster on the Great Western Highway, Minchinbury which includes a Bunnings Warehouse (11,800 sq.m) and The M Centre at Minchinbury (6,100 sq.m). The M Centre

has struggled historically and is largely vacant, which is most likely a factor of poor tenanting and the fact that the Western Sydney Parklands and Western Sydney Employment lands limit the extent of its trade area to the south and east.

- A proposed Masters store at St Mary's, 9km to the east of the subject site. This development was recently granted development approval and is located at Lot 23 DP 1142130, St Marys Rugby League Club, Boronia Road (corner Forrester Road).
- A Bunnings Warehouse stores at McGrath Hill (9,200 sq.m) some 25 km to the north; and
- The new Masters store at Gregory Hills to the south some 40 km to the south.

Beyond Minchinbury, there is limited bulky goods / homemaker provision until Prospect and Castle Hill, both of which are significantly further afield. The Penrith Homemaker and Bulky Goods precinct is therefore likely to have an extensive trade area, which will exceed the proposed Masters Trade Area given its broader retail offer.

5 Impact Analysis

5.1 APPROACH

The approach adopted in assessing the potential trading impacts and other economic effects of the proposed Nepean Green Masters development is summarised in the following steps:

- Conduct a market assessment, including a review of centres of relevance to the home improvement sector (Section 4);
- Derive an estimate of the turnover potential of the proposal store and the market shares likely to be achieved (Table 11, below);
- Assess the possible impact of the turnover level achieved by the proposed development on the trading performance of other competitive centres;
- Assess the effects of the calculated trading impacts on competing home improvement precincts and other relevant centres;
- Estimation of other economic benefits resulting from the proposed development including employment opportunities generated and other community benefits (convenience, consumer choice, etc.) which should be considered in determining whether the proposal generates a net community benefit;
- The Masters store will draw some trade from home improvement / bulky goods precincts (e.g. The Penrith Homemaker Precinct, North Penrith) but “home improvement” sales in those centres are one component of sales, with the balance coming from other categories including glassware / tableware, home entertainment equipment, computer hardware & software, communications, small appliances, manchester, toys & games;
- In accordance with the NSW Draft Centres Policy impacts on individual retailers are not itemised as this is a normal function of competition within the marketplace.

KEY ASSUMPTIONS

Prior to discussing the results, the following assumptions and qualifications are noted:

- The Masters Nepean Green store is assumed to open by the beginning of 2014 so that the first full year of trading is 2015.
- As noted in Section 3.2, growth within the residential Home Improvement market in the Main Trade Area between 2012-15 will generate an additional \$22.7m, and an additional \$63.7m expenditure within the Trade Area by 2020 relative to 2012 levels. This will be also supplemented by growth within the Trades Sector.
- The forecast total turnover volume to be achieved by the proposed Masters Nepean Green store from each trade area sector is as outlined in Table 13, below. The Masters store is forecast to turnover **\$35m** in its first full year of trading.
- The most important consideration of the impact analysis is the effect of the development on existing home improvement precincts.

TABLE 13 –MASTERS NEPEAN GREEN TURNOVER AND MARKET SHARE FORECAST 2015

Masters - Turnover and Market Share, 2015 (\$2012, ex GST)									
	Resident Spending (\$M)			Market Share Potential			Forecast Turnover		
	Hard.	Other HI	Total	Hard.	Other HI	Total	Hard.	Other HI	Total
Primary Trade Area									
Primary Trade Area	48.5	124.4	172.9	31.2%	4.7%	12.1%	15.1	5.9	21.0
Secondary Trade Area									
Secondary West	11.6	28.9	40.5	8.7%	1.4%	3.5%	1.0	0.4	1.4
Secondary East	7.2	19.1	26.3	27.8%	4.1%	10.6%	2.0	0.8	2.8
Secondary Trade Area	18.9	47.9	66.8	16.0%	2.5%	6.3%	3.0	1.2	4.2
Total Trade Area	67.3	172.4	239.7	27.0%	4.1%	10.5%	18.1	7.06	25.2
<i>Plus Turnover From Beyond TA</i>				10.0%	10.0%	10.0%	2.02	0.78	2.8
Total Turnover from H'hold Sector (\$M)							20.2	7.8	28.0
<i>Plus Turnover From Non-Household Sector</i>				20.0%	20.0%	20.0%	5.0	2.0	7.0
Total Store Turnover (\$M)							25.2	9.8	35.0

Source : Urbis

5.2 GENERAL IMPACTS

For the purposes of this report “economic impact” on specific centres is defined to mean the probable reduction in retail turnover at various home improvement precincts and centres resulting from the introduction of new competition in the form of a new Masters hardware store.

The reduction in turnover usually relates to a reduced turnover volume from that applicable if the status quo had been maintained (i.e. if the centre's competitive circumstances remained unchanged).

As discussed in this section, in our view it is appropriate to express the impact on particular precincts as a percentage of their potential turnover in the opening year of the proposed centre, as well as comparing impacts with the estimated current trading situation at each centre.

This latter measure is important because it shows the extent to which current conditions will be sustained even after the impact of competitive developments, recognising that growth in the market, from population growth or real spending growth per capita, can offset in whole or part the effects of new competition. This is particularly relevant in areas that are expected to experience substantial population growth.

Therefore the relevant measures are considered to be two-fold:

- **Turnover impact** representing the reduction in turnover as a result of new competition, compared with turnover which would otherwise have been achieved by a particular centre.
- **Turnover change** represents the anticipated overall increase or decrease in turnover for a centre in the forecast year (2015 in this report) compared with the current situation (2012). This measure reflects the combination of the impact of new competitive developments, counteracted by any underlying growth in turnover which would be achieved by the centre anyway.

The proposed Masters is assumed to be completed and open for trading by the beginning of 2014. The impacts outlined in this report are based on 2015, which is taken as the first full year of trading for the proposed development.

It is also important to recognise that the relevance of an economic impact assessment in planning terms relates essentially to the broader issue of net community benefit and this includes consideration of the sustainability of existing and planned centres in the centres hierarchy.

The effects of new competition on individual businesses are not a relevant planning consideration. The relevant consideration in planning terms relates to the ongoing ability of centres to continue to provide for the needs of the community which they serve, and to ensure that new development does not fundamentally undermine the viability and role of existing and planned centres.

It is our view that an impact assessment can reasonably be expected to provide an indication of the trading environment and average trading conditions which retailers are likely to operate within, and implications for likely turnover declines or turnover gains, on average, for the retailers involved. Because an impact assessment seeks to forecast how groups of people are likely to alter their shopping behaviour in response to a given change in the competitive environment, it is not possible to be so precise as to estimate exactly what will happen to each individual retailer, or each group of retailers in each location.

The impact of the proposed development on surrounding home improvement precincts is presented in Table 14.

TABLE 14 –MASTERS NEPEAN GREEN IMPACT ON KEY PRECINCTS / CENTRES

Masters Nepean Green - Distribution of Impact on Key Centres, 2015 (\$2012, ex GST)							
Shopping Area	Est. Retail Turnover (\$M) ¹			Turnover Incr./Decr. (\$M)		IMPACT	
	Existing	Pre-Exp ¹	Post Exp.	Relative to:		Relative to:	
	2012 (1)	2015 (2)	2015 (3)	Existing 2012 (4)=(3)-(1)	Pre-Exp 2015 (5)=(3)-(2)	2012 (6)=(4)/(1)	2015 (7)=(5)/(2)
Masters Station Street, Penrith	0.0	0.0	35.0	+35.0	+35.0	#N/A	#N/A
Competing Centres							
Penrith Bulky Goods Precinct	303.8	326.6	311.5	+7.8	-15.0	+2.6%	-4.6%
North Penrith Precinct	46.7	48.1	43.9	-2.8	-4.2	-6.0%	-8.8%
Penrith CBD ⁵	647.9	671.4	670.5	+22.5	-0.9	+3.5%	-0.1%
Total Above Centres	998.3	1,046.0	1,025.8	27.5	-20.2	+2.8%	-1.9%
New Additions							
Masters St Marys	#N/A	36.5	33.0	#N/A	-3.5	#N/A	-9.6%
Total All Above Centres	998.3	1,082.5	1,058.8	60.5	-23.7	+6.1%	-2.2%
Other centres ³					-4.3		
Trade Sector ⁴					-7.0		
Total Competing Centres					+35.0		

1. Year ending June

2. Turnover CHANGE is a comparison to current 2012 turnover

Turnover IMPACT is a comparison to expected turnover would otherwise be in the forecast year if the subject development did not occur.

3. Includes Homemaker and Home Improvement Stores beyond the MTA

4. Includes trade related sales, other sales to non household sector, other centres not indicated above, including centres further afield.

5. Includes Westfield Penrith, Centro Nepean and CBD Specialty Shops

Source : PCA Australian Shopping Centre Database 2010, Shopping Centre News "Big Guns", "Little Guns" and "Mini Guns"; Urbis

Australian Bulky Goods Directory 2011/12, Urbis

Table 14 demonstrates the following:

- The introduction of a new large format home improvement competitor into the market at 2014 will have some limited trading impacts on home improvement precincts competing within the same markets. Here we consider the average impact on those stores competing for the same market.
- As shown in Table 14, this analysis considers the available market to be the home improvement sales generated within the trade area, plus an allowance for the value of the non-household market.
- We have included Penrith CBD into the assessment, however we note that impacts within the CBD will tend to be directed to stores which trade within the "home improvements" market. This would include a component of Department Store and Discount Department Store trade as well as a limited number of specialty retailers.
- The Masters store at Nepean Green is expected to generate **\$35** million of turnover from this trade area market. The total impact on competing precincts within the vicinity of the MTA is **\$20.2m** i.e. excluding trade which will be drawn from further afield and from the Trades Sector.
- Therefore, the average impact of the development on the turnover of competing precincts that market will be around **1.9%** (\$20.2 million divided by \$1,046.9m) relative to what stores would have achieved.

- This **1.9%** impact is the one-off impact on home improvement sales that centres would otherwise have captured should the Masters store not be developed. Indeed, as demonstrated in Section 3.2 growth within the residential Home Improvement market in the Main Trade Area between 2012-15 will generate an additional \$22.7m, and an additional \$63.7m expenditure within the Trade Area by 2020 relative to 2012 levels. This will be also supplemented by growth within the Trades Sector. This demonstrates that strong annual growth within the “home improvement” sector should absorb initial trading impacts within a relatively short period, providing scope for turnover growth for competitors and Masters.
- Note that the estimated 2015 pre expansion turnover makes an allowance for potential trading impacts of the proposed new Masters Store at St Mary’s being operational before the Nepean Green store.
- We note that relative to current 2012 trading levels, the identified precincts on average will be trading at levels that are **2.8%** higher in 2015, with the exception of the North Penrith precinct. The reduction in trade in the instance of North Penrith instance would be in part due to the competitive trading impacts of the new Masters at St Mary’s.
- No precinct is forecast to exceed a 10% impact which typically demonstrates that the impacts are within a manageable range. Typically impacts of around 10% are considered to be manageable without affecting the long term trading viability of centres / precincts. This indicates that the new development should not affect the ongoing viability of existing home improvement / bulky goods precincts.
- As the trades sector is forecast to account for 20% or **\$7m** of the new store turnover (see Table 14), the total loss of trade from all home improvement precincts / stores not listed in Table 14 is in the order of **\$4.3m**. This would be dispersed across a broad range of retailers throughout the metropolitan area (including the Blue Mountains) and is not considered significant.
- The Penrith CBD and the Penrith Bulky Goods precinct in particular will also benefit from annual growth within broader retail spend categories, as outlined in Section 3.4.
- The projected impacts on the proposed store at St Mary’s will have been factored into Masters own network growth analysis.
- We have not assessed impacts on potential retail development at the Penrith Panthers site, as the potential timing, scale and nature of development is uncertain at this time. We note that if the Panthers scheme were to proceed with factory outlet retailing, it have a broad trade area with a focus on apparel sales. As such it would not compete directly with the proposed Masters Home Improvement store in the ‘Home Improvement’ market segment.

5.3 EMPLOYMENT AND OTHER BENEFITS

The proposed development is expected to provide positive employment impacts both locally and in the broader economy. Masters have indicated that they expect around 180 direct jobs per store will be created during construction as well as 130-150 operational jobs per store.

Other benefits associated with the proposed development include:

- Increased competition within the home improvement sector which should result in greater choice and price savings for customers;
- Reduced travel times for Penrith residents and trades workers seeking to access a range of home improvement products and services and, accordingly, potential vehicle emission savings (particularly from trades vehicles) by minimising the need for customers to travel greater distances to make purchases; and
- Increased expenditure retention within the Main Trade Area reducing the amount of expenditure that is leaked to other LGAs.

5.4 IMPACT OF ANCILLARY SPECIALTY RETAILING

The proposed residential component of the scheme will include ground floor retailing (to a maximum of 995 sq.m) at the base of residential buildings on the northern part of the site, adjacent to the proposed plaza.

Tenants have yet to be identified, but are likely to be focused on small scale restaurants, cafes and services serving the development within the population.

Retailing within this part of the site would need to complement rather than duplicate the retail offer within Centro Nepean given its proximity and strength of offer. We would assume that a future retail mix might include a café, restaurant as well as some retail-related services targeted at local residents such as real estate agent, dry cleaner / laundry etc.

At a maximum of 995 sq.m, and assuming that a portion of this floorspace is dedicated to non-retail uses such as real estate agents, child care, gym etc. in future, the potential turnover of the specialty retailing is indicated in Table below:

TABLE 15 – SPECIALTY RETAIL, INDICATIVE MIX AND RETAIL TURNOVER

Specialty Retail: Indicative Mix						
Tenant	Centre			Single Supermarket		Centre Var'n from Aust. Avge
	GLA (Sq.m)	Turnover (\$M) ¹	\$/Sq.m	Average Turnover (\$M)	\$/Sq.m	
Specialty Stores						
• Food	220	1.4	6,321	4.6	8,058	-21.6%
• Non-Food	0	0.0	n.a.	4.2	6,207	n.a.
• Services	80	0.3	3,806	0.9	4,483	-15.1%
Total Specialty	300	1.7	5,651	9.7	6,693	-15.6%
Total Retail Space	300	1.7	5,651	47.8	8,611	-34.4%
Non Retail:						
Potential uses could include Childcare, gym etc	695					

Source : Urbis, Urbis Retail Averages 2010/11

Given the location and relative small scale of the site, the turnover levels that could be achieved are lower than would be achieved in a supermarket-based shopping centre, and are consistent with the rates we would expect specialty retailers in non-core locations within Penrith CBD to achieve in 2015.

A floorspace configuration of this nature could achieve a notional turnover of around **\$1.7m** which would be largely derived from the residential customer base within the apartment complex. The proposal does not make provision for any significant car parking outside of the retail component and this would be an important factor in limiting its role to serve the resident population. In the absence of car parking, and notwithstanding the competition from Centro Nepean and the Penrith CBD the scale of proposed retailing is not sufficient to make it 'destinational' to a broader trade area.

A turnover of **\$1.7m** would equate to an average weekly spend of around **\$21** by each future resident within the residential complex. From an economic impact perspective, this is not significant, given that:

- Any spend generated by residents of the new development is additional spend not currently available within the market;
- By comparison, the adjoining Centro Nepean currently achieves annual retail sales in excess of \$150m per annum

- As shown in Table 11, spend on Food Retailing and Catering within the Main Trade Area is expected to grow by \$59.5m between 2012 and 2015 and food catering by \$16.2m over the same period. There is therefore ample expenditure growth within the MTA to support the limited scale of ancillary retail development proposed.

Taking all of the above into account, and given that the developer does not wish to provide retailing that would directly compete with Centro Nepean or other established shopping centres, we are of the view that the limited scale of ancillary retailing will not have any significant impacts on existing shopping centres within Penrith, including Penrith CBD.

6 Suitability of Alternative Sites

This section of the report address the Director General's Environmental Assessment Requirements (DGEARs) to:

“consider alternative sites for the retail component of the proposal, including the bulky goods retail premises. Justification for the location of the bulky goods retail premises at the site having regard to other zoned sites currently available within Penrith City LGA and within neighbouring Government LGAs”.

In addressing this DGEAR requirement, we have considered:

- The permissibility of the proposed use within the Penrith LGA;
- The availability of suitably zoned alternative sites within with Penrith LGA; and
- Opportunities for development in adjoining LGAs having regard to Masters' roll-out strategy.

In considering suitable alternative sites, we have only considered land that meets the following requirements the zones, as development within any other zone is prohibited.

- Land in which the proposed use is permissible;
- Suitably sized sites to accommodate the proposed development; and
- Land within the close proximity to Penrith CBD and the Penrith Bulky Goods / Homemaker precinct, as this is the preferred location for Masters.

6.1 PERMISSIBILITY AND ZONING WITHIN PENRITH LGA

The DGEARs define the Masters use as comprising elements of “*bulky goods, hardware and building supplies and garden centre*” uses.

In order for a Masters store to be a permissible within a zone, it is our understanding that each of these uses would need to be permissible.

There are eight zones in the Penrith LGA in which Masters development may be permissible. These include:

- The B4 Mixed Use Zone, IN1 General Industrial Zone and IN2 Light Industrial zones in the Penrith LEP 2010;
- The B3 Commercial Core Zone , and B4 Mixed Use Zone in the LEP 2008 Penrith City;
- The 4(E1) Employment – Restricted Zone in the LEP 1994 (Erskine Park Employment Area);
- The Zone 2 (Urban) in LEP 188;
- The 3D Special Business – Service Area Zone in LEP 150.

Some further consideration of the permissibility of the Masters use in each zone is set out in the Table below:

TABLE 16 – MASTERS PERMISSIBLY IN PENRITH LEP'S

LEP	ZONE	PERMISSIBLE USES	PROHIBITED USES	COMMENTS	PERMISSIBLE
Penrith LEP 2010	B4 Mixed Use	Commercial Premises		'Commercial premises' overarching definition term includes bulky goods, hardware & building supplies and garden centre. The Masters use is therefore permissible.	Yes
	IN1 General Industrial	Hardware & Building Supplies, Plant Nursery	Bulky Goods	We anticipate that a forthcoming Circular from DP&I concerning "Principal Purposes" in Standard LEP definitions would likely clarify the overall permissibility of the Masters use by making garden centre an ancillary use to the principal purpose.	Technically not permissible, but likely to be resolved through DP & I Circular.
	IN2 Light Industrial	Hardware & Building Supplies, Plant Nursery Bulky Goods (at Mulgoa Road)			Yes
LEP (South Werrington Urban Village) 2009	IN2 Light Industrial	Hardware & Building Supplies, Garden Centre	Bulky Goods	Masters as defined in DGEARs is not wholly permissible	Technically not permissible, but likely to be resolved through DP & I Circular.
LEP 2008 Penrith City	B3 Commercial Core	Retail		'Retail' overarching definition includes bulky goods, hardware & building supplies and garden centre. The Masters use is therefore permissible.	Yes
	B4 Mixed Use	Retail		'Retail' overarching definition includes bulky goods, hardware &	Yes

LEP	ZONE	PERMISSIBLE USES	PROHIBITED USES	COMMENTS	PERMISSIBLE
				building supplies and garden centre. The Masters use is therefore permissible.	
LEP 1994 (Erskine Park Employment Area)	4(E1) Employment - Restricted	Bulky Goods		In the absence of more detailed definitions, bulky goods would appear to cover the Masters use in this LEP Bulky Goods is permissible subject to impact assessment	Yes, subject to impact assessment
LEP 188	Zone 2 Urban	-	None of the uses are listed as prohibited	Permissible, subject to development control plans for South Penrith Urban release Area	Yes, subject to impact assessment
LEP 150	3D Special Business – Service Area	Bulky Goods		Bulky Goods is permissible subject to impact assessment, consistency with zone objectives, and subject to there being no alternative sites within a business centre in the locality	Yes, subject to impact assessment

6.2 AVAILABILITY OF SUITABLE ZONED LAND IN PENRITH LGA CENTRES

Masters site selection criteria typically requires a site of at least 3 hectares to support the building, loading and car parking facilities. The bulky nature of goods sold means that the majority of customer visitation is via car and sites that are on main roads are preferred as this assists in minimising traffic congestion. Car parking is typically provided at-grade level and the site requires sufficient space to enable the manoeuvring of large delivery vehicles and the separation of delivery and customer vehicles.

From a trading performance perspective, Masters seeks to maximise the resident population within a 15 minute drive time, therefore efficient road connections are also preferred for this reason.

Having regard to these important site location factors we have undertaken an assessment of land in supportive zones across the Penrith LGA.

Masters looked at a number of possible sites within the Penrith LGA as part of their site selection process. Whilst it is noted that there may be other zoned sites within the Penrith LGA that could potentially be amalgamated and purchased, from Masters perspective none of those sites have the required attributes namely:

- Location within Penrith CBD;
- Exposure;
- Multi directional access; and
- Located close to existing retail precincts.

Our analysis has identified two potential sites within the Penrith Bulky Goods / Homemaker Precinct around Mulgoa Road which could accommodate a Masters development, in terms of being able to provide a suitably size site. There is also an L-shaped site at the Castlereagh Road / Andrews Road intersection in North Penrith which is around 5 hectares.

Beyond that, there are no suitably sized sites within the Penrith and North Penrith Bulky Goods / Homemaker Precincts and no suitably sized sites elsewhere within the Penrith CBD. We are unaware of any immediate prospect of being able amalgamate a 3-4 hectare site within Penrith CBD to accommodate a Masters store, and from a planning perspective retaining fine-grain green Main Street retailing in the core CBD would be a preferable outcome.

Table 17 demonstrates that whilst these sites could be suitable in terms of availability of land, none are without their problems, principally in terms of accessibility, visibility, potential site works costs, or distance from the CBD. The Nepean Green site offers superior outcomes in this respect.

From an economic impact perspective, given that the Nepean Green site is close to both of the Penrith Bulky Goods / Homemaker Precinct sites we are of the opinion that the competitive impacts of a Masters development as described in Table 14, would be very similar whether the store be constructed at Nepean Green or on either of these two sites. This is due to the fact that competition with individual “Hardware and Garden” and “Home Improvement” retailers which are most likely to be directly competitive would be unchanged in either scenario.

The site at Andrews Road may have the potential to increase impacts on the North Penrith bulky goods precinct, as local residents would have a direct choice of whether to purchase products at Masters or at the North Penrith precinct which is 1.5km to the south.

TABLE 17 – AVAILABILITY OF SUITABLE LAND IN PENRITH LGA

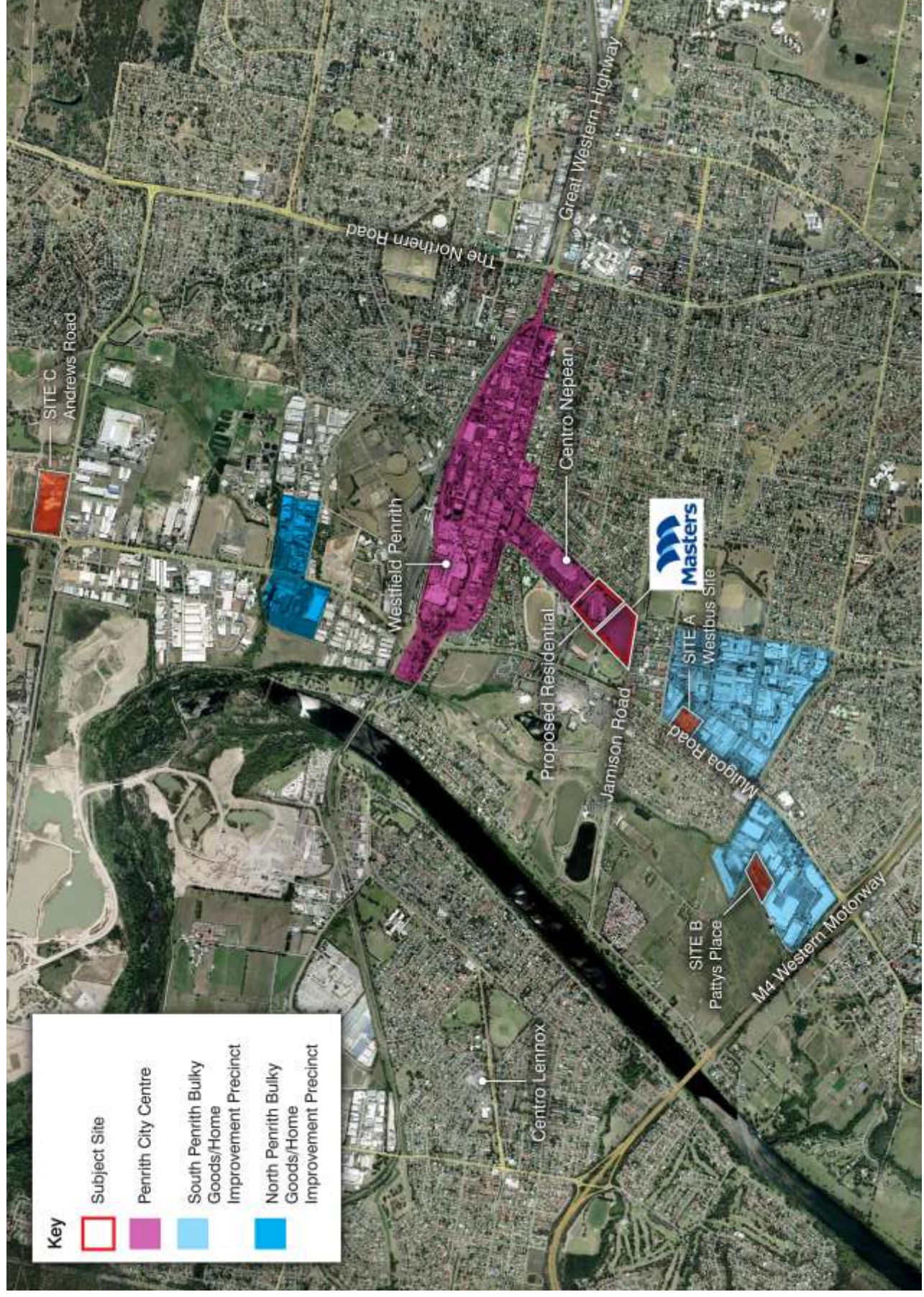
SITE REFERENCE	LOCATION	ZONE	SUITABLY SIZED SITE IN SINGLE OWNERSHIP?	SUITABILITY	ECONOMIC IMPACTS
Site A	WestBus site, Mulgoa Road, Bulky Goods Precinct Penrith	IN2 Light Industrial	Greater than 4 hectares in total.	<p>We understand that the WestBus Depot site on Mulgoa Road, may become available for sale in the near future and this may offer a suitably sized site for development.</p> <p>The site is located on the eastern side of Mulgoa Road and is therefore only accessible to southbound traffic at present.</p> <p>Due to the site previous industrial use would further environmental investigations would likely be required to determine its suitability.</p> <p>From a commercial perspective, the limited existing accessibility to the site and potential contamination investigations add significant risk and potential cost and uncertainty, which collectively impact on the economic viability of development.</p>	<p>The Nepean Green site is located 500m from the Westbus site. In economic terms, the competitive impacts on the “hardware and garden” and “home improvement” retailers within the Mulgoa Road Precinct which are most likely to compete with Masters will be very similar regardless of whether Masters were to locate at Nepean Green or the WestBus site.</p> <p>The Nepean Green site offers enhanced accessibility and no environmental constraints and is immediately available for development.</p>

SITE REFERENCE	LOCATION	ZONE	SUITABLY SIZED SITE IN SINGLE OWNERSHIP?	SUITABILITY	ECONOMIC IMPACTS
Site B	Patty's Place, Rear of Mulgoa Road, Bulky Goods Precinct Penrith	IN2 Light Industrial	Approximately 2.5 hectares	<p>From a commercial perspective, this site lacks frontage to a main road, meaning that its ability to trade successfully would be restricted. We note that Bunnings is also located within this precinct, however the Bunnings site has the benefit of frontage and visibility to the M4 Motorway as well as integration into the car parking layout of the Harvey Norman and At Home Penrith developments.</p> <p>At 2.5 hectares, the site is smaller than Masters would prefer in terms of delivering a store with appropriately configured at grade parking and access.</p> <p>The Nepean Green site is superior from a locational perspective insofar as it benefits from greater visibility and accessibility, whilst also being strategically located between the Mulgoa Road precinct and Penrith City Centre.</p>	As above, in economic terms, the competitive impacts on the "hardware and garden" and "home improvement" retailers within the Mulgoa Road Precinct which are most likely to compete with Masters will be very similar regardless of whether Masters were to locate at Nepean Green or the Patty's Place site.

SITE REFERENCE	LOCATION	ZONE	SUITABLY SIZED SITE IN SINGLE OWNERSHIP?	SUITABILITY	ECONOMIC IMPACTS
Site C	Andrews Road / Castlereagh Road intersection	IN 1 General Industrial We understand that the 'Bulky Goods' Masters component as defined in the DGEARs is technically not permissible, but likely to be resolved through a forthcoming DP&I Circular	An L shaped site of approximately 5 hectares	<p>The site is located on at the northern edge of the existing Penrith urban area and is some 2.3 km from the northern edge of the CBD.</p> <p>The site is isolated from other retail uses, with the nearest being Bunnings 1.5km to the south. The site is adjacent to the new Stockland Sanctuary residential development.</p> <p>From a planning perspective, a Masters store in this location would be a fragmented use, isolated from existing CBD and Home Improvement / Bulky Goods Precinct and would result in further 'ribbon development' of home improvement / bulky goods retailing along Mulgoa & Castlereagh Roads. This would be an undesirable outcome, compared to the Nepean Green option which provides a location on the edge of the CBD and adjacent to the existing Penrith Bulky Goods Precinct.</p> <p>From a commercial perspective, the isolation of the site means that it would not benefit from synergies</p>	<p>Broadly, the competitive impacts on the "hardware and garden" and "home improvement" retailers within the Mulgoa Road Precinct which are most likely to compete with Masters will be very similar regardless of whether Masters were to locate at Nepean Green or at Andrews Road.</p> <p>As the site is closer to, but separate from the North Penrith bulky goods precinct the impacts on this precinct may be greater as local residents would have a direct choice of whether to purchase products at Masters or at North Penrith.</p> <p>Overall, locating a Masters store at Andrews Road would be a lost opportunity in terms of directing future revenue and employment away from edge of the CBD to an isolated site on the northern edge of the existing urban area.</p>

SITE REFERENCE	LOCATION	ZONE	SUITABLY SIZED SITE IN SINGLE OWNERSHIP?	SUITABILITY	ECONOMIC IMPACTS
				<p>with other retailers as part of linked shopping trips.</p> <p>The Andrews Road site is also likely to receive less passing trade than the Nepean Green site, which limit its commercial viability significantly.</p>	

FIGURE 10 – PENRITH LGA POTENTIAL ALTERNATIVE SITES



6.2.1 AVAILABILITY OF LARGE SITES IN OTHER LGAS

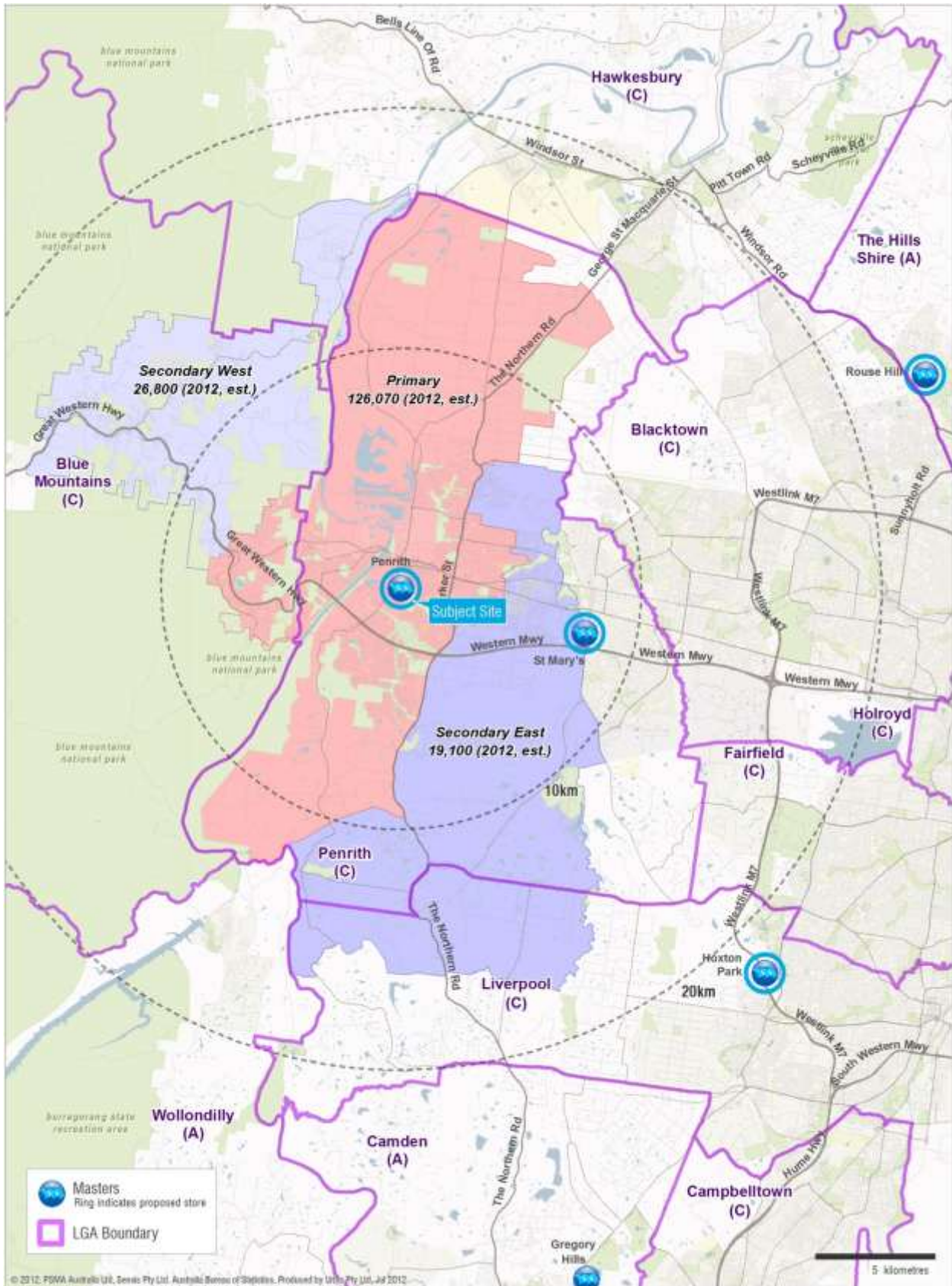
The DGEARs require an assessment of potential alternative sites in neighbouring LGAs. From a commercial assessment, surround LGAs are already well serviced by Masters' store roll out programme, whereas Penrith remains a key strategic investment location. The current Masters store roll out is illustrated in Figure 11 and demonstrates that:

- The proposed Masters store at Rouse Hill will service the immediate market demand to the north east of the Penrith MTA, and additional sites within Blacktown LGA are also under consideration;
- The approved Masters stores at St Mary's will service the immediate market demand immediately to the east of the Penrith MTA;
- The existing Masters store at Gregory Hills and the proposed store at Hoxton Park will service the immediate market demand immediately to the east of the Penrith MTA.

As well as meeting demand from Penrith residents the proposed Nepean Green Masters is also well placed to meet immediate demand from the lower part of the Blue Mountains LGA. Having regard to these factors, it is clear that:

- There are no suitably sized or located sites in adjoining LGAs that are close enough to Penrith CBD to satisfactorily service the Penrith LGA Market; and
- A Masters store roll-out programme is underway which will address market demand in adjacent LGAs.

FIGURE 11 – MASTERS STORE ROLL OUT PROGRAMME



7 Conclusion

This Economic Impact Assessment confirms that:

- There is ongoing growth within home improvement retail spending market in the Main Trade Area;
- There is sufficient capacity and demand to accommodate a new Masters store at Nepean Green in 2015, which could be expected to achieve sales of around \$35m in its first year of trading.
- The development of a new Masters store at Nepean Green at 2014 new development should not affect the ongoing viability of existing home improvement precincts. All forecast impacts are expected to be within a manageable range.
- The proposed development is expected to provide positive employment impacts both locally and in the broader economy. Masters have indicated that they expect around 180 direct jobs per store will be created during construction as well as 130-150 operational jobs per store.

Other benefits associated with the proposed development include:

- Increased competition within the home improvement sector which should result in greater choice and price savings for customers;
- Reduced travel times for Penrith residents and trades workers seeking to access a range of home improvement products and services and, accordingly, potential vehicle emission savings (particularly from trades vehicles) by minimising the need for customers to travel greater distances to make purchases; and
- Increased expenditure retention within the Main Trade Area reducing the amount of expenditure that is leaked to other LGAs.

From a town planning perspective, and having regard to the requirements of the DGEARs, the Nepean Green site offers the best opportunity to secure Masters at this point in time by providing a site that meets all of its locational requirements at a site that is strategically located within the Penrith CBD and adjacent the existing Penrith Bulky Goods / Home Improvement Precinct on Mulgoa Road.

Whilst there are two other sites within the Mulgoa Road precinct which could potentially accommodate a Masters store, the Nepean Green site offers superior outcomes in terms of visibility and accessibility, as well as being located within the CBD.

Given that the Nepean Green site is close to both of these alternative sites, the competitive impacts of a Masters development would be very similar whether the store be constructed at Nepean Green or on either of the other two sites. This is due to the fact that competition with individual “Hardware and Garden” and “Home Improvement” retailers which are most likely to be directly competitive would be unchanged in either scenario.

A third potential site at the Castlereagh / Andrews Road intersection in North Penrith is substantially removed from the Penrith CBD and would further fragment retailing by contributing to ‘ribbon development’. Development on this site may also have the potential to increase competitive impacts on the North Penrith Bulky Goods / Home Improvement Precinct.

The limited scale of ancillary specialty retailing proposed within the residential component of the development will not have any significant impacts on existing shopping centres within Penrith, including Penrith CBD.

Overall, having regard to the above there are no reasons on economic grounds that should prevent the development from proceeding.

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