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Conics the new name for Core Economics

Our Ref: **0801023**
Date: **2 October 2008**

Attn: **Reg van Rij**

Leda Manorstead Pty Ltd
Level 1, 46 Cavill Avenue
Surfers Paradise
Qld 4217

Dear Mr van Rij

RE: Cobaki Lakes Centres Overview

As per your instruction I have undertaken a preliminary investigation in relation to the scale and location of the centres in the proposed Cobaki Lakes community. I have significant experience in the Tweed region having prepared the Tweed Retail Development Strategy in 2005 for the Tweed Shire Council. A copy of my CV is attached for your reference.

In undertaking this analysis I have had regard to:

- The documentation provided for the application – in particular Concept Plan Led006 / SK 01.01 (dated 15 Aug08) and the Development Matrix Led006 / SK 01.02 (dated 22Aug08).
- The Tweed Retail Strategy.
- Council resolutions dated 28 November 2005.

Project Understanding

- Cobaki Lakes is a master planned community located adjacent to the NSW/Qld border and to the west of the Gold Coast airport.
- The site (at completion) is estimated to house 12,000 residents in 5,500 dwelling units
- Cobaki Lakes is proposed to contain a Town Centre / Village Centre with the following characteristics:
 - Site Area – approximately 17.4 Ha
 - Maximum Height - 3 storeys
 - 200 residential units
 - Shop / pub / takeaway food / restaurant – 3,000 Sq M NLA (max)
 - Supermarket – 4,000 Sq M NLA (max)
 - Office, commercial and medical – 4,000 Sq M NLA (max)
 - Community Use – 1,000 Sq M NLA (max)
 - The Town Centre is located in the northern half of the site on Sandy Lane with access provided from Cobaki Parkway
- The community will also contain a village centre in the southern half of the site on the southern intersection of Sandy Lane and Cobaki Parkway

The project will be generally staged from north to south with access to the area provided by Boyd Street.

Site Analysis

Cobaki Lakes, for its regional accessibility, is somewhat isolated and distinct at a local level. The combined factors of history/politics (the NSW/Qld border), topography (steep ridgeline and the Terranora Broadwater) and the pattern of development (Gold Coast Airport and the Tugan Bypass) will mean that Cobaki Lakes will be a distinct 'pocket' of urban development. The distance from other residential and/or employment areas means that the community will be largely self contained in a centres/retail sense. This will require the retail and centres



facilities to be scaled according to the needs and demand of the Cobaki Lakes community. I have formed the preliminary opinion that the Cobaki Lakes community is the primary catchment for the Cobaki Lakes Town Centre.

Population and Retail Demand

A population of 12,000 people at capacity will exceed the threshold required to support a full line supermarket (8,000 to 10,000 people) and a local pub/tavern (7,000 people). This population is also well short of the 20,000 to 30,000 required to support a discount department stores (eg Target, Kmart or Big W).

Thus, a contained catchment of 12,000 people should be able to access the following types of service and retail in the local area.

- Chore shopping (major/full line supermarket)
- Impulse (convenience) retail
- Personal retail
- Retail services (hairdresser)
- Professional services (medical, dental etc)

Retail Hierarchy

In a retail sense, supermarket anchored and small neighbourhood shopping centres are properly classified as lower order retail centres as they cater to regular household requirements. This group can be further defined as follows:

- Chore Retail (based on a major supermarket) - this type of shopping is based on the regular (weekly or fortnightly) trip to a major supermarket. Supporting retail can include other food and grocery retailers (fruit/veg, butcher, deli, chicken, etc), bottle shop, retail/professional services, food service retailers and other retail that caters to the regular needs of the household. This type of centre is driven by the range, selection and price offered by the major supermarket and the supporting retailers. The Town Centre is properly classified as a chore retail centre.
- Impulse Retail - this serves the immediate (top up) needs of the household and often is provided in small shopping groups. This can include small supermarkets (typically up to 500 Sq M), food service retailers (restaurants, cafes, fast food), bakers, newsagencies, bottle shops, retail/professional services and video shops. This type of centre services a 'neighbourhood' catchment (typically up to 2,000 households) and can be present in a suburban or village setting. The village centre in the southern part of the site is properly classified as an impulse retail centre.

Higher order retail centres cater to a diversity of less regular retail needs including homewares, computers, electronics, clothing, fashion accessories, furniture, hardware, auto accessories, household maintenance and specialist services. These types of retail are provided in major shopping centres that include department stores (eg Myer, Grace Bros), discount department stores (Big W, Target, Kmart) and concentrations of specialty stores or large bulky goods precincts. Residents of Cobaki Lakes will need to travel to Tweed Heads, South Tweed or other major centres to conduct higher order shopping.

Tweed Retail Strategy

In September 2005 Core Economics (now known as Conics) produced the Retail Strategy for Tweed Shire. This concluded 2 years of work that focused on the key questions of the scale of new centres and how to integrate new development into existing communities in a manner that was socially and economically sustainable.

The retail strategy embraced a philosophy of consolidating existing higher order centres (South Tweed and Tweed Heads) and establishing new/expanded chore centres (anchored by full line supermarkets) in line with



demand. As defined in the Retail Strategy, from 2004 to 2024 the population of Tweed Shire was expected to increase from 86,700 to 131,600. This increase of 44,900 people would generate demand for at least an additional 5 supermarkets, most of which were to be located in expansion areas. Cobaki Lakes was identified as an expansion area in 2005 with a population capacity of 10,000 people. The current population capacity of 12,000 people reinforces the need to provide suitable chore retail facilities in the Town Centre.

In consideration of the Tweed Retail Strategy in November 2005 [at Council meeting 16 November 2005], the Tweed Shire Council passed a number of resolutions:

1. The character of existing towns and villages and also retail facilities have to be protected
2. Where appropriate, TSC will support the incremental expansion of existing retail centres in such a way as not to threaten or fracture those centres, rather than building new ones
3. Reinforce Tweed Heads South as the major district retail centre by encouraging its expansion when the Tweed's population demands an increased range and level of shopping
4. Maintain, and where possible, enhance the special appeal of the retail centre of Murwillumbah and those village centres of similar style
5. Limit the scale of new large-scale retail centres in the coastal region to a level which caters for the majority of chore-type shopping needs. This concept is to reflect the need to reduce fuel consumption and to support sustainability within each centre through discouraging vehicle use and encouraging walking
6. Council does not support the establishment of another district retail shopping centre
7. The retail concepts in these recommendations form the basis of locality plans in the Shire and any retail development applications which are submitted in the interim of these locality plans being prepared and approved by Council be assessed so that the above retail strategies are supported and not compromised.

How the Town Centre 'fits' these resolutions is described as follows:

Item	Cobaki Lakes
The character of existing towns and villages and also retail facilities have to be protected.	The proposed town centre will have a scale and function that does not threaten other centres and will reinforce the higher order functions of the higher order centres in Tweed Heads and South Tweed.
Where appropriate, TSC will support the incremental expansion of existing retail centres in such a way as not to threaten or fracture those centres, rather than building new ones.	The population growth in Cobaki Lakes is a clear instance where a new centre is required to support the population.
Reinforce Tweed Heads South as the major district retail centre by encouraging its expansion when the Tweed's population demands an increased range and level of shopping.	Higher order shopping will be directed to the larger district centres including the major district centre of Tweed Heads South.
Maintain, and where possible, enhance the special appeal of the retail centre of Murwillumbah and those village centres of similar style;	The proposed centre will have a scale and function that does not threaten other centres.
Limit the scale of new large-scale retail centres in the coastal region to a level which caters for the majority of chore-type shopping needs. This concept is to reflect the need to reduce fuel consumption and to support sustainability within each centre through discouraging vehicle use and encouraging walking;	The proposed town centre will provide for the chore shopping needs (ie supermarket and associated retail) of the local population. Without a full line supermarket in the local area, residents will be required to drive between 7 and 17Km in order to conduct their regular weekly (chore) shopping. A long trip distance does not produce a social, environmental or economically sustainable outcome.



Item	Cobaki Lakes
Council does not support the establishment of another district retail shopping centre.	The proposed town centre is not a district centre.

Location of the Town Centre

A community such as Cobaki Lakes will require 10 to 15 years to be developed. The town centre is best located where it can be established as early as possible (to assist community building), is proximate to the concentration of the population and is located on a major road access. The proposed site meets these (often conflicting) criteria.

The site in the northern half of the community will allow the Town Centre to be established as early as possible with the location on the corner of Sandy Lane and Cobaki Parkway providing vehicular, cycle and pedestrian access. This also provides a clear function and suitable location for the village centre at the southern inspection of Sandy Lane and Cobaki Parkway

Conclusion

On the basis of this initial analysis the Town Centre of Cobaki Lakes will be able to support between 6,000 Sq M and 10,000 Sq M of retail and related floorspace and 2,000 Sq M to 3,000 Sq M of commercial/medical floorspace. Major operators would include a full-line supermarket and tavern/pub. This is consistent with the proposed floorspace and uses contained in the development matrix.

I would be happy to confirm my initial findings with a more detailed analysis should this be required.

Yours faithfully
CONICS (Gold Coast) Pty Ltd

William Owen
National Partner Economics + Advisory

C.V. WILLIAM OWEN

POSITION

National Partner – Economics + Advisory

QUALIFICATIONS

- Bachelor of Town Planning, University of Queensland

PROFILE

William Owen is a qualified Urban Planner who has been dealing specifically with urban research and economic issues since 1987 in Australia, New Zealand and South East Asia. He has a personal interest in cities, urban systems and the behaviour of people as part of these landscapes. These interests are utilised on a daily basis when projecting economic need, consumer demand and future urban and economic patterns.

A broad knowledge base, an understanding of interrelationships between land uses and the ability to develop practical solutions are all skills William can bring to any project. A key strength is the amount of private sector projects and clients William Owen has been associated with over the last 20 years. Dealing with decision makers who are responsible for investment and property decisions, provides a “real world” grounding which is evident in his approach to generating practical and implementable strategies.

William has a key interest in “making places work” and this underpins the economic modelling, demand assessments and feasibility studies that form the basis of much of his work. William formed Core Economics in 2000.

KEY PROJECT INVOLVEMENT

Impact Assessments

- Preparation and project co-ordination of Economic Impact Assessments for various projects within Queensland and NSW including retail (large format retail, shopping centres, supermarkets), commercial (business and industry parks, commercial office buildings), residential (masterplanned communities, townhouses) and tourism (water theme parks, cinemas).

Research

- **Network Strategies, Site Assessments, Shopper Surveys, Postcode Surveys, Market Share and Turnover Analysis.** Clients include: Super Cheap Auto, Petbarn, Harvey Norman, Bunnings.
- **Kawana Waters** provided advice on the 2,000 Ha master planned community on Queensland’s Sunshine Coast, on wide ranging economic and

needs issues, including: Economic and Employment Strategies; Town Centre Feasibility Analysis; Retail and Commercial Strategy and Industrial Potential Analysis.

- **Retail Floorspace and Centres Review and Development Strategy, Tweed Shire Council.** The purpose of the retail and floorspace report was to provide an understanding of ‘what is on the ground’ in terms of retail, commercial, industry, recreation and entertainment uses and to produce a strategy framework which included existing supply of these non-residential uses and the associated timing of future development.

Commerce and Due Diligence

- **Yarrabilba - Centres Strategy** - An initial Centre Strategy was produced, which matched the expectations and expenditure capacity within the future community of Yarrabilba with the services which could reasonably be delivered by a network of centres.
- **Crestmead and the Berrinba Wetlands Development, Logan City Council** - Part of the consultancy team advising Council on the development of the Crestmead and Berrinba Wetlands Industrial area.
- **Policy Advice** includes: Preparation of Guidelines for the Infrastructure Charges Plan component of the IPOLAA amendments to IPA for DLGP; Advice to Gold Coast Water regarding infrastructure policy and pricing. Client – Gold Coast City Council (Gold Coast Water

Project Facilitation

- William has advised on a number of business and technology parks including Swanbank, the Kawana Business Village and Metroplex. Most recently he has advised Silvo Pradella on the business case for the purchase of the Wacol Army Barracks site. The Wacol site will be a generational improvement on the Metroplex at Gateway site that has set the standard for industrial and business parks in Australia.

PREVIOUS EXPERIENCE

Will worked at Thomas Consultants as Manager prior to starting Core Economics in 2000.

MEMBERSHIPS AND ACHIEVEMENTS

- Member - Planning Institute of Australia
- Member – Urban Land Institute (USA)