ECONOMIC IMPACT ASSESSMENT
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PROPOSED RETAIL DEVELOPMENT at COORANBONG, NSW

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MISC04.11
FEBRUARY 2005

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Introduction Section 1

This Report has been prepared by Leyshon Consulting Pty Ltd for JW Planning Pty who act for Avondale Greens Developments Pty Ltd (Avondale).

Avondale propose to make application to Lake Macquarie City Council (Council) to rezone an area of some 279 hectares at Cooranbong, New South Wales. The rezoning is to facilitate development of a new residential area with associated provision for neighbourhood retail facilities, open space, educational facilities and the like.

The key purpose of this Report is to:

- analyse the demand for additional retail/commercial floorspace at Cooranbong; and

- analyse the likely economic effects of the provision of retail/commercial floorspace within the proposed new development area at Cooranbong.

The area earmarked for residential uses is 161.8 hectares. Broadly, this would yield about 1,940 dwellings at full development, ultimately catering for an additional population of 5,460 people in the Cooranbong area.

Demographic Overview Section 2

We consider it likely that new residents settling in the Cooranbong/Avondale area as a result of the proposed development will have substantially different socio-economic characteristics to the area's 2001 population.

The 2001 Census found the existing population in the Cooranbong area had socio-economic characteristics similar to those of the Newcastle Statistical Division (SD) average. By contrast, residents of new residential areas in western Newcastle/Lake Macquarie are characterised by:

- a younger age structure

- a higher proportion of traditional (family) households

- a well below average unemployment rate

- much higher average household incomes.

EXECUTIVE SUMMARY

Demand Assessment Section 3

Assuming an average occupancy rate of 2.8 persons per dwelling, at full development the project would result in an additional residential population of +5,460 persons. This suggests an ultimate population of between 10,090 and 11,000 persons in the Cooranbong trade area at full development.

Assuming a residential population of 11,000, the trade area would generate available retail spending of approximately $87.9 million ($2004) per annum. This represents an increase of +$53.6 million in real terms over current annual available spending levels.

Total available supermarket spending today is estimated at only $11.0 million per annum ($2004). At full development, this could rise to about $28.1 million per annum ($2004). Annual available spending of this scale would be sufficient to support a full-line supermarket within the trade area.

A new supermarket-based centre developed at Cooranbong of some 4,585 sq.m. potentially could achieve annual sales of $31.1 million ($2004) once the population threshold reaches about 11,000 residents. Annual sales of $31.1 million likely would be distributed between the supermarket ($23.9 million) and specialty retailing ($7.2 million).

The centre's floorspace broadly would be distributed as follows:

- supermarket ... 2,990 sq.m.
- specialty stores ... 1,595
- **Total ... 4,585.**

A new centre of this scale would require a site area of around 11,378 sq.m. (1.1 hectares). This includes allowance for non-retail floorspace, parking and landscaping areas.

If the centre was developed to meet the needs solely of future residents of the proposed new residential area, a centre of 2,815 sq.m. (assuming it contains an independent supermarket operator) would be appropriate. This would require a site area of about 0.7 hectares.

Impact Assessment Section 4

The three existing centres likely to be most directly affected by the proposed new centre are:

- Cooranbong village shops
- Morisset
- Toronto.

EXECUTIVE SUMMARY

Impact Assessment Cont'd

Assuming a new centre of 4,585 sq.m. commenced trading once the population reached a threshold of 8,000 residents, if could be expected to have a relatively significant impact on the annual sales of Cooranbong (and Morisset) if it was not "grafted onto" the existing Cooranbong centre namely:

- Cooranbong ... -$6.5 million (-57.5% impact)
- Morisset ... -$16.0 (-27.3% impact)
- Toronto ... -$3.5 (-2.8% impact).

If the new centre was in fact "grafted onto" the existing Cooranbong shops, then the impact on the latter would be negated: their existing sales would be subsumed by those of the new centre. Under this scenario, the impact on Morisset would remain similar to that described above.

Compared with their situation today, both Morisset and Toronto would be materially better off in terms of their annual sales once full residential development of the proposed Cooranbong project was achieved.

Under a scenario whereby a new, "freestanding" centre was developed on a site elsewhere in the Cooranbong trade area, annual sales at the existing Cooranbong village shops post-development of this centre may be some 20% less than they are today. In essence, existing Cooranbong shopkeepers would experience rising sales as new residents settled in the area but would then experience a significant impact once the new 'free-standing' centre commenced trading.

This impact notwithstanding, the Cooranbong shops would still fulfill a convenience retail service role for local residents albeit at a somewhat lesser scale than prior to introduction of the new centre.

Conclusion Section 5

There is a clear need for a new neighbourhood-scale centre to service the proposed residential development planned at Cooranbong.

Once full development of the proposed project is achieved, the Cooranbong trade area would support a full-line supermarket and additional specialty retailing.

Based on the extent of residential settlement expected to occur in the Cooranbong area, at full development a centre in the order of 4,770 sq.m. anchored by a full-line supermarket of around 3,000 sq.m. appears appropriate. A conventional enclosed or semi-enclosed centre of this scale would require a site area of around 1.1 hectares.

EXECUTIVE SUMMARY

Conclusion Cont'd

If the proposed new centre is developed in a free-standing location, then the existing Cooranbong village shops can be expected to have an on-going role in providing convenience retail and associated services to local residents. Nevertheless, their significance to the area's retail hierarchy will likely diminish over time.

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1 INTRODUCTION

1.1 Background

This Report has been prepared by Leyshon Consulting Pty Ltd on the instruction of JW Planning Pty Ltd who we understand act for Avondale Greens Developments Pty Ltd (Avondale), the development proponent.

We understand that Avondale propose to make application to Lake Macquarie City Council (Council) to rezone an area of some 279 hectares at Cooranbong, New South Wales. The rezoning is to facilitate development of a new residential area with associated provision for neighbourhood retail facilities, open space, education facilities and the like.

Cooranbong and the adjoining settlement of Avondale are located to the west of the Sydney/Newcastle freeway on the western shore of Lake Macquarie. The area currently contains a mix of residential and rural/residential settlement.

As discussed below in more detail, the Cooranbong trade area (defined in Section 2.1 of this Report) had an estimated resident population of 4,630 at the 2001 Census. Cooranbong is perhaps best known for its large Seventh Day Adventist facility (Avondale) and the Sanitarium Health Food Company headquarters.

The proposed new residential development effectively would see a doubling in the trade area's population leading to a requirement for additional retail, commercial and other services.

As part of the planning process for the site, the amount of land which should be set aside for retail/commercial development needs to be ascertained. The rezoning submission to Council also needs to determine the volume of retail/commercial development required to service new residents and demonstrate that its impact on other centres (both existing and proposed) in the region surrounding Cooranbong is likely to be acceptable.

In summary, the key purpose of this Report is to:

- analyse the demand for additional retail/commercial floorspace in the Cooranbong trade area; and

- analyse the likely economic effects of the provision of retail/commercial floorspace within the proposed new development area.

1.2 Proposed Development

The preferred development option for the subject site is depicted in FIGURE 1.1. As noted above, the total site area is 279 hectares with the area earmarked for residential uses being 161.8 hectares. Broadly, this would yield about 1,940 dwellings resulting in an estimated additional population of 5,460 in the Cooranbong trade area at full development (that is, when the proposed additional residential area is fully developed and settled).

2 DEMOGRAPHIC OVERVIEW

2.1 Existing Population

For the purposes of analysis, a trade area for Cooranbong has been identified (FIGURE 2.1 refers).

As previously noted, the trade area population count at the 2001 Census was 4,540 persons. The key demographic attributes of this population are summarised in TABLE 2.1.

As can be noted from TABLE 2.1, the demography of the Cooranbong trade area population in 2001 differed somewhat from that of Newcastle Statistical Division (NSD) principally as follows:

- the trade area had a significantly older population structure with 23.1% aged 60+ years compared with 19.2% in the NSD

- consistent with its older age structure, the trade area contained a significantly higher proportion of couple only households—31.4% compared with 26.4% in the NSD

- the trade area had a markedly higher proportion of residents employed in professional and managerial occupations—31.1% compared with 22.6% in the NSD

- it also contained a higher proportion of residents employed in low-skilled occupations (labourers, for example)—12.9% compared with 9.0% in the NSD

- and had a lower unemployment rate (9.1%) compared to 10.2% in the NSD.

TABLE 2.1
DEMOGRAPHIC ATTRIBUTES of COORANBONG TRADE AREA POPULATION and SELECTED AREAS, 2001 (% Population)

Characteristic ...	CTA	Estelville	Lakelands	Maryland	Newcastle Statistical Division (NSD)
Population Count, 2001 (No. Persons)	4,540	980	1,573	6,878	468,861
Age Structure					
0-9 years	12.8	24.5	17.3	19.0	13.7
10-19	14.9	11.5	19.4	16.6	14.2
20-29	11.9	16.6	7.9	13.3	12.7
30-39	11.5	22.5	16.8	17.9	13.9
40-49	14.3	11.9	18.0	16.6	14.4
50-59	11.4	7.4	10.9	9.7	11.9
60+	23.2	5.6	9.7	6.9	19.2
Household Structure					
Couples & Children	33.2	56.4	56.1	47.8	32.2
Couples Only	31.4	28.7	20.5	23.7	26.4
Single Parents	11.5	9.2	8.5	13.7	12.4
Other	0.9	0.0	1.2	0.9	1.1
Total Family	77.0	94.2	86.4	86.1	72.1
Non-Family Households					
Lone Person	20.7	4.6	12.0	12.2	24.5
Group	2.3	1.2	1.6	1.7	3.4
Total Non-Family	23.0	5.8	13.6	13.9	27.9
Average Household size (persons/dwelling)	**2.67**	**3.12**	**3.17**	**3.01**	**2.53**
Occupational Structure					
Managers & Administrators	7.0	4.4	8.8	3.7	5.7
Professionals	24.2	10.9	20.8	12.8	16.9
Associate Professionals	9.9	12.0	12.9	10.1	11.3
Tradespersons & Related	15.0	18.5	9.9	14.6	14.6
Advanced Clerical/Sales/Service	4.6	3.6	6.9	3.5	3.5
Intermediate Clerical/Sales/Service	12.1	16.1	18.1	19.6	16.6
Intermediate Production & Transport	6.4	12.4	5.7	11.9	9.4

TABLE 2.1
DEMOGRAPHIC ATTRIBUTES of COORANBONG TRADE AREA POPULATION and SELECTED AREAS, 2001 (% Population)

Characteristic ...	CTA	Estelville	Lakelands	Maryland	Newcastle Statistical Division (NSD)
Elementary Clerical/Sales/Service	5.8	13.0	11.4	12.8	11.2
Labourers and Related	12.9	7.4	5.1	9.3	9.0
Inadequately Described	0.2	1.7	0.4	0.7	0.7
Not Stated	1.9	0.0	0.0	1.0	1.1
Unemployment Rate	**9.1**	**2.9**	**3.9**	**7.7**	**10.2**
Annual Household Income ($2001)					
Nil/Negative	0.7	1.1	1.4	0.4	0.5
$0-$10,384	3.7	0.0	2.1	2.1	5.3
$10,385-$15,584	9.3	1.4	4.6	4.8	11.0
$15,585-$20,784	11.9	4.2	3.7	9.0	12.4
$20,785-$25,948	13.3	2.5	6.5	7.2	9.7
$25,950-$31,148	6.1	6.3	2.3	5.9	6.4
$31,149-$36,348	7.2	5.6	6.7	7.1	7.0
$36,349-$41,548	5.3	5.6	3.5	7.0	5.2
$41,549-$51,948	9.9	16.1	8.8	13.9	9.9
$51,949-$62,348	7.6	14.0	10.0	11.8	8.5
$62,349-$77,948	10.2	22.3	13.0	13.8	8.8
$77,949-$103,948	8.9	14.0	21.3	11.5	9.4
Above $103,948	5.9	7.0	16.2	5.6	6.1
Average Annual Household Income ($2001)	**$44,816**	**$59,900**	**$66,324**	**$51,317**	**$44,575**

Source: ABS Census, 2001.

We consider it likely that new residents settling in the Cooranbong/Avondale area assuming the proposed development proceeds will have substantially different socio-economic characteristics to the area's 2001 population. To provide some insight into this issue we have examined the characteristics of three selected areas in the Hunter Region which have experienced recent urban settlement, namely Estelville, Lakelands and Maryland.

As indicated in TABLE 2.1, the socio-economic characteristics of the populations residing Estelville, Lakelands and Maryland in 2001, although differing somewhat from each other, were all substantially different to the Cooranbong trade area. These differences can be summarised as follows:

- a much younger population—small children and young adults in the family formation stage

- a much higher incidence of traditional households (that is, couples with dependent children)

- very low unemployment rates—ranging from 2.9% to 7.7% in 2001

- average annual household incomes ranging between $51,317 and $66,324—between +15% and +48% higher than the Cooranbong average in 2001.

Based on our knowledge of new urban release areas in New South Wales generally and in the Hunter Region in particular, we consider the future population likely to reside in the proposed project at Cooranbong will have socio-economic characteristics closest to the population of the Estelville release area.

If this assumption is correct, the addition of 5,460 persons should lift the average household income in the Cooranbong/Avondale area as a whole. This, in turn, will mean that average annual retail spending will be significantly greater than its current level.

Broadly, if the estimated additional population of 5,460 had socio-economic characteristics similar to those of Estelville in 2001, then the average household income in the Cooranbong trade area would have been almost 20% higher in 2001 at around $53,225 per annum in 2001 compared with just $44,816.

For the purposes of estimating the scale of future retail demand in the Cooranbong trade area (assuming full development of the subject site), we have assumed that the 'incoming' population has demographic characteristics similar to those residing in the Estelville area in 2001.

We consider the type of residents attracted to Cooranbong are unlikely to have a socio-economic status as high as that exhibited by residents of Lakelands (which we understand was a prestige urban release area), but will be much higher than that exhibited by residents of Maryland. The latter included a substantial component of low-cost housing.

3 DEMAND ASSESSMENT

3.1 Population Growth

The Cooranbong trade area had an **estimated resident population** of 4,630 persons at the 2001 Census. Irrespective of whether the subject development proceeds or not, we understand the Cooranbong area has some potential for additional population growth over the forthcoming decade. This will result from in-fill housing development in the Cooranbong and Avondale areas and from continuing rural/residential settlement in areas to the west of Cooranbong. The majority of future population growth in the area will occur following settlement of the subject land, however.

As previously indicated, we are advised that development of the subject site for residential purposes could yield 1,940 dwellings. Assuming an average occupancy rate of 2.8 persons per dwelling, at full development the project would result in an additional population of +5,460 persons. This suggests an ultimate population of between 10,090-11,000 persons in the Cooranbong trade area at full development.

It is difficult to pinpoint in what year this target population will be achieved. Residential settlement of the site obviously will occur over an extended time-frame—possibly over a period of up to 15 years from the area's initial settlement.

3.2 Retail Spending Growth

Based on data from the 2001 Census (updated to current values) and data contained in the Australian Bureau of Statistics' (ABS) 1998-99

Household Expenditure Survey (HES; latest available), we estimate that residents of the trade area currently have average retail spending levels of $7,329 per capita per annum ($2004). We estimate that this could rise to about $7,995 per capita per annum ($2004) at full development of the site.

As indicated in TABLE 3.1, the trade area's existing population is estimated to generate total available retail spending of approximately $34.3 million per annum ($2004). Total available supermarket spending meanwhile is estimated at $11.0 million per annum ($2004).

TABLE 3.1
FORECAST AVAILABLE RETAIL SPENDING – COORANBONG TRADE AREA at FULL DEVELOPMENT ($2004)

Factor ...	Existing Population	At 6,000 Persons	At 8,000 Persons	At Full Development
Population (No. Persons)	4,676	6,000	8,000	11,000
Average Annual Retail Spending ($ per capita)	$7,329	$7,995	$7,995	$7,995
Total Available Retail Spending ($ Mil. p.a.)	$34.3	$48.0	$64.0	$87.9
Spending by Category ($ Mil.)				
Food/Liquor/Groceries	$11.4	$15.7	$20.9	$28.8
Food Out	$3.8	$5.5	$7.3	$10.0
Alcohol (Off License)	$1.3	$1.8	$2.4	$3.3
Tobacco	$1.2	$1.7	$2.2	$3.0
Clothing and Accessories	$3.6	$5.2	$7.0	$9.6
Household Furnishings and Equipment	$4.4	$6.1	$8.2	$11.3
Household Non Durables	$1.2	$1.7	$2.3	$3.2
Medical/Pharmacy	$0.6	$0.8	$1.0	$1.4
Vehicle Accessories	$0.8	$1.1	$1.5	$2.0
Recreation	$4.3	$6.0	$8.0	$11.0
Personal Care	$0.9	$1.2	$1.6	$2.1
Miscellaneous Goods and Services	$0.8	$1.2	$1.6	$2.2
Total Retail Spending	**$34.3**	**$48.0**	**$64.0**	**$87.9**
Supermarket Spending	**$11.0**	**$15.4**	**$20.5**	**$28.1**

Source: Leyshon Consulting Estimates, July 2004.

As also indicated in TABLE 3.1, annual available retail spending in the trade area would rise significantly assuming the proposed development proceeds. At full development (11,000 persons), trade area residents would generate approximately $87.9 million ($2004) per annum, an increase of +$53.6 million in real terms over current levels.

A supermarket will be the 'anchor' tenant of any new retail development in the trade area. Of particular relevance, therefore, is the estimated growth in available supermarket spending.

As indicated in TABLE 3.1, **total available supermarket spending** today is estimated at only $11.0 million per annum ($2004). At full development, this is projected to rise to about $28.1 million per annum ($2004). Annual available spending of this scale would be sufficient to support a full-line supermarket within the trade area. The term "full-line" refers to supermarkets which contain the full range of fresh food and grocery lines. The fresh food offer would therefore include separate departments for fruit and vegetables, delicatessen, meat and bakery products.

3.3 Retail Potential

In the context of the projected growth in retail spending discussed above, an assessment has been made of the potential demand for a new centre in the Cooranbong trade area which would provide the majority of convenience retail services required by future residents of the area.

In preparing this assessment we have had regard to the other two significant centres which service the Cooranbong trade area, namely those at Morisset and Toronto. Morisset is the nearest centre and contains approximately 9,600 sq.m. of retail and related floorspace. The centre is anchored by a Bi-Lo supermarket of 2,500 sq.m..

To the north lying on the western shore of Lake Macquarie, Toronto is the major district retail centre. Toronto contains an estimated 29,000 sq.m. of retail floorspace with both Coles and Woolworths full-line supermarkets and a wide range of specialty retail outlets and services.

As discussed later in this Report, a small centre exists in the village of Cooranbong itself which provides basic convenience retail services for local residents.

Assuming there is no significant change to the nature of retailing in Toronto and Morisset over the forthcoming decade, we consider that supermarket and related convenience spending could be highly self-contained within the Cooranbong trade area if an attractive and accessible new centre was developed—either within the proposed development area or if it was "grafted onto" the existing Cooranbong village centre.

TABLE 3.2 provides an assessment of the sales we estimate could be captured by a new supermarket-based centre in the Cooranbong trade area assuming the levels of annual available expenditure identified in TABLE 3.1.

As indicated in TABLE 3.2, we estimate that a new centre could achieve annual sales of $31.1 million ($2004) at full development comprised as follows:

- supermarket ... $23.9 million
- specialty retail ... $7.2.

This assessment assumes such a centre captures 85% of available trade area supermarket spending and around 12% of other (non-supermarket) available expenditure.

TABLE 3.2
FORECAST RETAIL SALES – COORANBONG ($2004)

Category …	Existing Population	At 6,000 Persons	At 8,000 Persons	At Full Development
Available Spending ($. Mil.pa)				
Supermarket	$11.0	$15.4	$20.5	$28.1
Other Retail	$23.3	$32.6	$43.5	$59.8
Total	$34.3	$48.0	$64.0	$87.9
Market Share (%)				
Supermarket	85.0	85.0	85.0	85.0
Other Retail	12.0	12.0	12.0	12.0
Total	35.4	35.4	35.4	35.4
Potential Sales ($.Mil.pa)				
Supermarket	$9.3	$13.0	$17.4	$23.9
Other Retail	$2.8	$4.0	$5.2	$7.2
Total	$12.1	$17.0	$22.6	$31.1

Source: Leyshon Consulting Estimates, July 2004.

Overall, the centre is projected to achieve a market share of about 35.4% which is high for a neighbourhood-scale centre. Our experience of similar centres elsewhere in Australia, for instance, indicates that the majority capture around 20.0% of available retail spending generated within their respective trade areas. In this case, we believe a much higher market share could be achieved given the somewhat isolated location of Cooranbong and that the proposed centre would be anchored by a full-line supermarket rather than a smaller supermarket (<2,000 sq.m.) as is usually found in neighbourhood centres.

3.5 Retail Floorspace Requirements

The projection of potential sales which a new centre in Cooranbong could achieve (discussed above) have been converted into an indicative estimate of additional retail floorspace required. In doing so we have used standard industry floorspace turnover rates for full-line supermarkets and specialty stores, namely:

- supermarket ... $8,000 per sq.m. per annum
- specialty stores ... $4,500.

As indicated in TABLE 3.3, we estimate that at full development a new centre of some 4,585 sq.m. would be viable in the Cooranbong trade area broadly comprising the following key components:

- supermarket ... 2,990 sq.m.
- specialty stores ... 1,595
- **Total ... 4,585.**

TABLE 3.3
FORECAST RETAIL FLOORSPACE DEMAND – COORANBONG ($2004)

Category ...	Existing Population	At 6,000 Persons	At 8,000 Persons	At Full Development
Retained Sales ($. Mil.pa)				
Supermarket	$9.3	$13.0	$17.4	$23.9
Other Retail	$2.8	$4.0	$5.2	$7.2
Total	$12.1	$17.0	$22.6	$31.1
Average Sales Rate ($/Sq.M./pa)				
Supermarket	$8,000	$8,000	$8,000	$8,000
Other Retail	$4,500	$4,500	$4,500	$4,500
Total	$6,783	$6,783	$6,783	$6,783
Notional Floorspace Demand (Sq.M.)				
Supermarket	1,165	1,631	2,175	2,990
Other Retail	622	870	1,159	1,595
Total	1,787	2,501	3,334	4,585

Source: Leyshon Consulting Estimates, 2004.

3.6 Non-Retail Demand

In addition to demand for retail floorspace to service new Cooranbong residents, demand will also exist for non-retail services and commercial uses. The extent of the latter is more difficult to assess, however, but can be expected to come from uses including:

- medical and related services
- real estate services
- accountancy/financial services.

As a broad indicator, it is usual for up to 10% of so-called specialty floorspace in modern neighbourhood centres which are anchored by a full-line supermarket to be occupied by non-retail uses. In determining the appropriate level of floorspace for a new centre in the Cooranbong area we have therefore assumed that about 10% of specialty space will be occupied by non-retail functions.

3.7 Potential Land-Take

Assuming a centre as described above, we have prepared an indicative land-take. In doing so we have presumed that a new neighbourhood centre is constructed on one level and has at-grade parking. We have also assumed the centre would be partially enclosed as far as its specialty element is concerned.

As indicated in TABLE 3.4, we estimate that the centre would require a site area of around 11,378 sq.m. (1.1 hectares). This includes allowance for car parking and associated circulation space as well as a 30% open space component.

TABLE 3.4
ESTIMATED LAND-TAKE of PROPOSED COORANBONG CENTRE (Sq.M.)

Element ...	Area	Site Area
Supermarket	3,000	
Specialty Stores[1]	1,770	
Total	4,770	5,962 [2]
Parking Spaces	159	2,790
Open Space (30%)	n.a.	2,626
Total Site Area		**11,378**

Notes:
1. Includes 160 sq.m. non-retail floorspace.
2. Assumes 25% circulation/non-rentable space.

Source: Leyshon Consulting Estimates, February 2005.

If the proposed centre is developed along "main street" principles, rather than taking the form of an enclosed or semi-enclosed centre, then its land-take will be greater than 1.1 hectares. This is primarily due to the need to provide additional space for footpaths and road space.

3.8 Self-Contained Retail Option

If retail facilities were contemplated which served only the proposed new residential area, the optimum size of the centre would be much smaller than that noted above. Under such a scenario a new centre would be located within the proposed area and would not be designed (or located) to attract sales from residents of the wider Cooranbong trade area.

Under such a scenario, the maximum population likely to be served by the development would be about 5,460 persons. As noted in

TABLE 3.5, a population of 5,460 persons would generate total available spending of about $43.4 million per annum ($2004) and available supermarket spending of some $14.8 million per annum. The total sales which could be captured by a new "internalised" neighbourhood centre under this scenario would be in the order of $15.2 million per annum ($2004) at full development.

TABLE 3.5
ESTIMATED SALES for INTERNALISED CENTRE OPTION at FULL DEVELOPMENT ($2004)

Factor ...	
Population	5,460
Average Annual Retail Spending	$7,995
Total Available Retail Spending ($ Mil. p.a.)	$43.4
Total Available Supermarket Spending ($ Mil. p.a.)	$14.8
Captured Spending ($ Mil.)	
Supermarket	$11.8
Other Retail	$3.4
Total	**$15.2**

Source: Leyshon Consulting Estimates, 2005.

Broadly, this volume of spending would support a supermarket of 1,475 sq.m. and specialty retail outlets of 760 sq.m.. The supermarket would not be full-line in status. It possibly could be expanded to 1,970 sq.m. if operated by an independent trader (such as IGA) as independents can operate successfully at lower turnover rates (for instance, $6,000 per sq.m. per annum) unlike full-line stores.

Taking account of non-retail floorspace in such a centre (about 85 sq.m.), the total area of the centre (gross leaseable area) would be some 2,815 sq.m.. This broadly translates into a land-take of about 0.7 hectares.

4 IMPACT ASSESSMENT

4.1 Introduction

The purpose of this section of the Report is to analyse what impact a centre of the scale described above could have on existing retail and commercial centres in the surrounding area. In this regard, much will depend on the form such a new centre takes—that is, whether it is 'grafted' onto the retail centre which already exists at Cooranbong—or whether it is in fact a quite separate, new centre.

The three existing centres most likely to be directly affected by the proposed new centre are:

- Cooranbong
- Morisset
- Toronto.

4.2 Nature of Existing Centres

4.2.1 Cooranbong

A small commercial centre is located near the intersection of Freemans Drive and Alton Road, Cooranbong. Inspection of this centre by ourselves found it currently contains 11 retail and five non-retail premises together with one vacant shop. The total floor area of the centre is estimated at 1,800 sq.m..

The existing Cooranbong centre could be described as providing basic convenience retail services to the local population. It includes a small

Welcome Mart supermarket, a bakery, café, newsagent, chemist, hairdresser and takeaway food outlet. The centre's non-retail services include a medical centre, doctor's surgery, physiotherapist and a real estate agent.

By reference to the existing Lake Macquarie Local Environmental Plan 2004, the area zoned for commercial activity (3(1) Urban Centre) at Cooranbong is far greater than that actually developed to date. This indicates that the centre has the physical capacity for further expansion including the possible redevelopment of existing retail and service premises.

4.2.2 Morisset

The Morisset centre is estimated to contain 9,600 sq.m. of retail floorspace and is anchored by a Bi-Lo supermarket of 2,500 sq.m.. The centre contains a very wide range of convenience retail services and a reasonably comprehensive range of commercial, financial and personal services. It has a wide representation of banks and building societies and includes services not usually found in smaller neighbourhood-scale centres. Examples of these are the post office, a photo lab, taxation and investment advice service providers, several clothing shops and a fitness centre. In essence, Morisset provides sub-district level services for the localities of Morisset, Dora Creek, Bonnells Bay and the Cooranbong trade area.

Our recent field inspection of Morisset found the centre had only six vacant premises or about 540 sq.m. in total. This represents a vacancy factor of 5.5% for the centre as a whole which is relatively low and suggests Morisset is performing well at present.

4.2.3 Toronto

As previously discussed, Toronto is a major district centre which contains an estimated 29,000 sq.m. of floorspace. The anchor tenants of Toronto are full-line Coles and Woolworths supermarkets. Toronto provides higher level retail services, particularly specialty retailing, to residents of communities on the western shore of Lake Macquarie including Morisset, Cooranbong, Dora Creek, Rathmines and Toronto.

4.2.4 Other Centres

A number of other centres, as well as the Morisset Markets, could experience some impact from the proposed development at Cooranbong.

The Morisset Markets are a permanent weekend market operating from a large site near the intersection of Mandalong Road and the freeway to the west of Morisset and to the south of Cooranbong. We consider the Markets would benefit from additional spending generated by new residents settling in the area.

Local shopping facilities of a very restricted nature are also found at Dora Creek and at Bonnells Bay. Both of these centres serve only localised trade areas and are unlikely to be affected by further retail development in the Cooranbong trade area.

The introduction of a major new residential population to Cooranbong should also be positive for certain retail centres located in Wyong Shire to the south, as well as the Glendale centre is located in Lake Macquarie LGA to the north. From shopper surveys undertaken at Westfield Tuggerah in 2003 and at Lake Haven in 2001, for instance, we are aware that some trade area residents shop at these centres.

By 2007 a new district centre is also likely to be operating at Warnervale. The centre is planned to expand over time to include a discount department store (DDS). The Warnervale centre will be relatively accessible to existing and future residents of Cooranbong given that the freeway links both locations. It centre should therefore also benefit from the introduction of a substantial new residential population at Cooranbong.

4.3 Assessment of Potential Impact

Assessment of the potential impact on the retail sales achieved by nearby existing and proposed centres resulting from a new centre developed at Cooranbong is complicated by a number of factors.

First, the timing of the proposed Cooranbong centre is unknown. Second, as discussed above, the impact will vary depending on whether additional retail functions are "grafted onto" the existing Cooranbong centre or whether a new, freestanding centre is constructed.

Third, up until retail facilities are significantly expanded in the trade area, existing centres like Morisset should experience significant increases in their annual retail sales due to the population growth associated with the proposed development.

Finally, there is the issue of long-term population growth projected for the Morisset planning district (which includes Cooranbong). We note Council's Strategy Plan for Lake Macquarie (*Lifestyle 2020 – A Strategy For Our Future*) forecast population increase from 17,100 in 1996 to 25,000 in 2020, a growth of +7,900 persons. This forecast excluded any population growth associated with the current proposal as the project had not been canvassed at the time the Strategy Plan was prepared.

Any growth in the resident population of the Morisset planning district (that is, over and above that flowing from the subject development) will generate increased retail spending in addition to that projected in this Report thereby adding further to retail floorspace demand in centres such as Morisset during the period to 2020.

To assess the potential impact of development of a new centre in the trade area on existing centres, we have adopted the following approach:

- estimated the sales of relevant existing centres in 2004

- estimated the growth in sales which might accrue to each centre up until a threshold population of 8,000 persons is reached in the trade area

- estimated what impact on the future sales of these centre might be following development of a new centre in the trade area

- estimated what additional sales existing centres might capture from ongoing population growth in the trade area between when a new centre opens and when the trade area population reaches 11,000 persons.

The estimated retail sales of existing centres in 2004 are as follows:

- Cooranbong ... $7.8 million per annum
- Morisset ... $46.1
- Toronto ... $117.0.

Between 2004 and when a population of 8,000 is achieved in the trade area, annual available retail spending of up to +$29.0 million ($2004) will be available to these existing centres. We anticipate that Morisset would be the major beneficiary of this spending growth with its sales possibly rising to about $60.6 million per annum ($2004) by the time the trade area population reaches 8,000 persons.

As indicated in TABLE 4.1, the development of a centre as described above when the population in Cooranbong/Avondale has reached 8,000 would have relatively significant effects on Cooranbong and Morisset if it was not "grafted onto" the existing Cooranbong centre.

TABLE 4.1
ESTIMATED CHANGE in RETAIL SALES in SELECTED CENTRES ARISING from COORANBONG DEVELOPMENT ($2004; $.Mil. pa)

Centre ...	Estimated Current Sales 2004	Increase in Sales[1]	Adjusted Sales[1]	Potential Impact[2]	Additional Sales Potential[3]
Cooranbong	$7.8	$3.5	$11.3	($6.5)	+$1.5
Morisset	$46.1	$14.5	$60.6	($16.0)	+$14.0
Toronto	$117.0	$6.0	$123.0	($3.5)	+$3.0
Other	n.a.	$5.0	n.a.	($5.1)	+$5.4
Total	**n.a.**	**$29.0**	**n.a.**	**($31.1)**	**$23.9**

Notes:
1. Assumes Cooranbong/Avondale increases to 8,000 persons.
2. Assumes new freestanding centre opens when population reaches 8,000 persons.
3. Assumes Cooranbong/Avondale reaches full development.

Source: Leyshon Consulting Estimates, July 2004.

As indicated in TABLE 4.1, under this scenario the impact on centres could be in the order of:

- Cooranbong ... -$6.5 million (-57.5%)
- Morisset ... -$16.0 (-27.3%)
- Toronto ... -$3.5 (-2.8%).

Between when the population of the CTA reaches 8,000 and the area's full residential development, another $23.9 million per annum ($2004) of spending will become available to existing centres. This spending growth should significantly mitigate the impact of the proposed retail development on Morisset and to a lesser extent Cooranbong assuming a new freestanding centre is constructed.

If a new centre was "grafted onto" the existing Cooranbong shops, then the impact on the latter would be negated: Cooranbong's existing sales would be subsumed by those of the proposed centre. Under this scenario, the impact on Morisset would remain much the same as previously described.

As summarised in TABLE 4.2, compared with their situation today, each of the other centres would be materially better off in sales terms by the time full development of the proposed Cooranbong project is achieved. That is, at full development the sales achieved by Morisset and Toronto would substantially exceed (in real terms) their present levels.

If a new, freestanding centre is developed elsewhere in Cooranbong, we estimate that the sales of the existing Cooranbong village could be some 20% less than they are today. This impact notwithstanding, the Cooranbong village centre would still fulfill a convenience retail service role for local residents albeit at a somewhat lesser level than it does today.

TABLE 4.2
SUMMARY of CHANGE in SALES in SELECTED CENTRES ARISING from COORANBONG DEVELOPMENT ($2004) ($.Mil.pa)

Centre ...	Existing	Sales at 8,000 Person Threshold	Sales Post Centre Development	Full Development
Cooranbong	$7.8	$11.3	$4.8	$6.3
Morisset	$46.1	$60.6	$44.6	$58.6
Toronto	$117.0	$123.0	$119.5	$122.5

Source: Leyshon Consulting Estimates, July 2004.

In summary, while the proposed Cooranbong retail development is forecast to capture sales of $31.1 million per annum ($2004) at full residential settlement, the estimated increase in available retail spending arising from population growth in the Cooranbong/Avondale area will release a further $21.9 million in annual available retail spending which will benefit other nearby centres.

In summary, it needs to be pointed out that the impact assessment detailed above somewhat overstates the potential effect of the proposed centre, particularly as far as Morisset is concerned. On-going population growth in the area (forecast to be +7,900 persons by 2020), in addition to that associated with the proposed Cooranbong project specifically, should substantially reduce (if not eliminate) the impacts identified in TABLES 4.1 and 4.2.

5 CONCLUSION

5.1 Need for Development

As identified in this Report, there is a clear need for an additional neighbourhood-scale centre to service the proposed development at Cooranbong. While it could be argued that the existing and future population likely to reside to the west of the freeway could use centres such as Morisset (and to a lesser extent Dora Creek) for their retail needs, in our opinion, a more appropriate planning outcome is to provide adequate local retail facilities. For instance, the development retail facilities in the Cooranbong area will reduce travel times for residents as well as contribute to community life.

At full development of the proposed project, the Cooranbong trade area would support a full-line supermarket and additional specialty retailing in its own right. As discussed in this Report, we believe an appropriate provision would be for a centre in the order of 4,770 sq.m. anchored by a full-line supermarket of around 3,000 sq.m.. A centre of this scale is likely to require a site area of around 1.1 hectares if developed along enclosed or semi-enclosed lines. A larger area will be required if the centre is developed along so-called "main street" principles.

5.2 Impact

In the short term the proposed centre could have a significant impact on existing retail facilities at Cooranbong and Morisset assuming it was developed as a freestanding entity rather than being "grafted onto" the Cooranbong village. Over the longer term, however, and assuming full development of the Cooranbong area for residential purposes and population growth in the Morisset planning district of as projected in Council's *Lifestyle 2020* document, the major centres of Morisset and Toronto should recover any sales impact and in fact enjoy higher sales in real terms following the proposed development than they do today.

In relation to the Cooranbong village, there will no doubt be an on-going role for it in providing convenience retail and associated services to local residents. Nevertheless, if the proposed new centre is developed elsewhere in the Cooranbong area, the former's long-term role will likely diminish over time.

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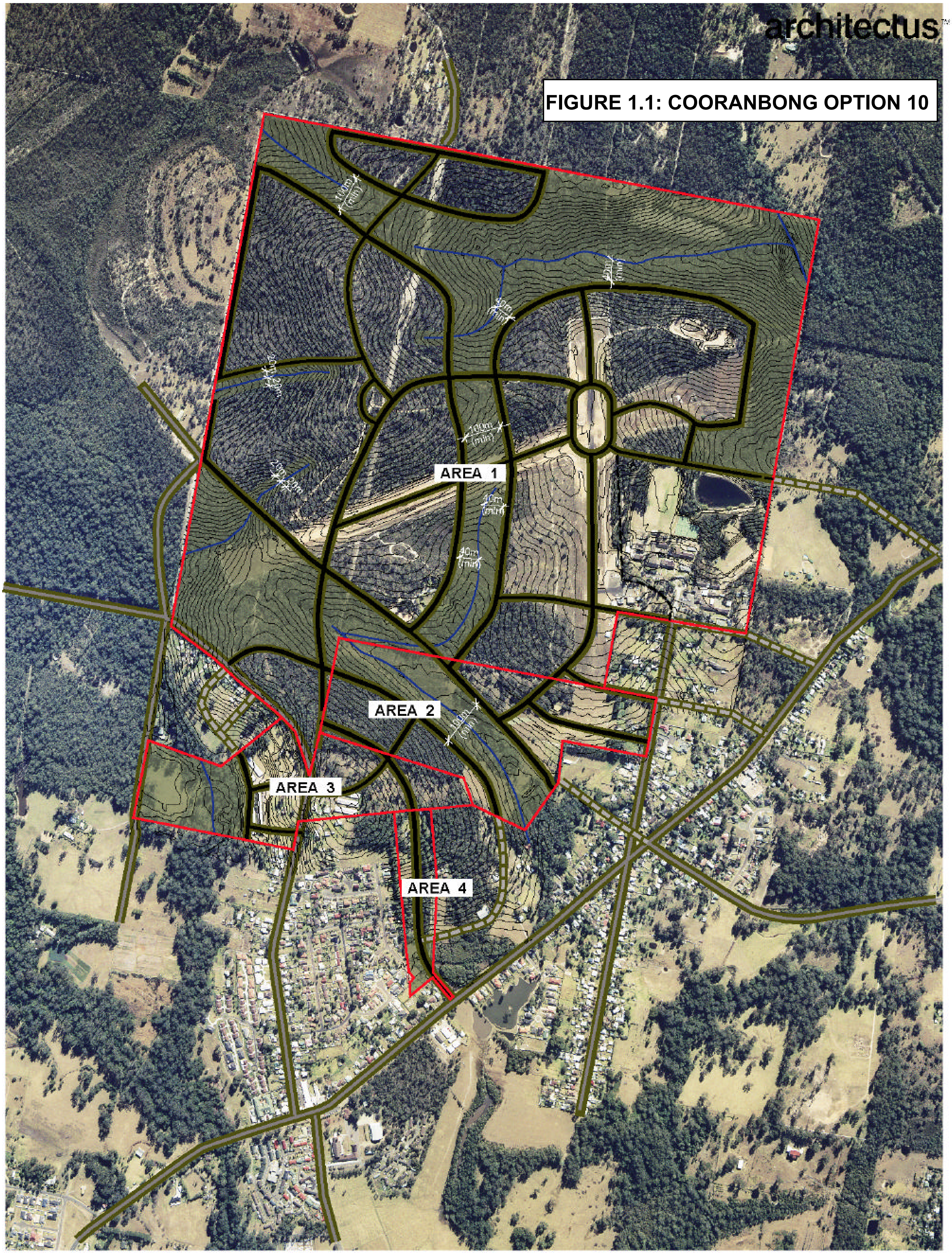
FIGURE 1.1: COORANBONG OPTION 10



AREA	retained landscape (ha)	developable land (ha)	TOTALS
1	74.5 ha	155.1 ha	229.6 ha
2	8.5 ha	18.5 ha	27.0 ha
3	6.0 ha	11.2 ha	17.2 ha
4	1.0 ha	3.4 ha	4.4 ha
TOTALS	90.0 ha	188.2 ha	278.2 ha

Key

- RETAINED LANDSCAPE & CREEK LINES
- DEVELOPABLE LAND & OPEN SPACE
- EXISTING KEY ROADS (FORMED & UNFORMED)
- NEW ROADS
- POTENTIAL ROAD LINKS

0 250m 500m

Structure Plan

Option 10

Avondale, Cooranbong

27.10.04

FIG 2.1: Cooranbong Trade Area

and surrounding areas