



Wolli Creek Retail | Retail Sustainability Assessment

DRAFT REPORT

October 2007

PREPARED FOR MARCHESE PARTNERS

MACROPLAN AUSTRALIA PTY LTD
SYDNEY | MELBOURNE | BRISBANE | PERTH



Contact Information

PROJECT DIRECTOR

Richard Brice (Associate Director,
Retail Analysis Group)
MELBOURNE

REPORT CONTACT

Justin Malkiewicz (Senior Consultant,
Retail Analysis Group)
MELBOURNE

Signed⁺

.....
Dated

SYDNEY

Fairfax House
Level 5, 19-31 Pitt Street,
Sydney, NSW. 2000
t. 02 9252 1199 f. 02 9241 6002

MELBOURNE

Level 4, 356 Collins Street
Melbourne, Vic. 3000
t. 03 9600 0500 f. 03 9600 1477

BRISBANE

Level 2, 371 Queen Street,
Brisbane QLD 4000
t. 07 3100 1314

PERTH

Level 49, 152 – 158 St Georges Terrace,
Perth WA 6000
t. 08 9429 7614 f. 08 9429 7680

e. info@macroplan.com.au

w. www.macroplan.com.au

⁺ This document has been reviewed by the Sydney State Director, MacroPlan Australia.
This document is for discussion purposes only unless signed and dated by the person(s) identified.

Disclaimer

© MacroPlan Australia Pty Ltd

All Rights Reserved. No part of this document may be reproduced, transmitted, stored in a retrieval system, or translated into any language in any form by any means without the written permission of MacroPlan Australia Pty Ltd. Intellectual Property Rights

All Rights Reserved. All methods, processes, commercial proposals and other contents described in this document are the confidential intellectual property of MacroPlan Australia Pty Ltd and may not be used or disclosed to any party without the written permission of MacroPlan Australia Pty Ltd.



Contents

Executive Summary	ii
1 Introduction	1
1.1 Scope of this Report	1
1.2 Methodology	1
1.3 Information Sources	2
1.4 Report Limitations	2
2 Development Proposal and Location	3
2.1 Proposed shopping centre	3
2.2 Site location	3
3 Trade Area Analysis	5
3.1 Competitive Framework	7
4 Demand Framework	9
4.1 Population: Existing and Forecast	9
4.2 Socio-Demographic Profile	10
5 Retail Expenditure Pool	12
5.1 Real Growth in Retail Expenditure	12
5.2 Expenditure Forecasts	13
5.3 Sustainable Floorspace	14
6 Market Potential	15
6.1 Sub-Regional Centre Potential	15
6.2 Conclusions	17



Executive Summary

Introduction

- MacroPlan has been commissioned by Marchese Partners to undertake a Retail Sustainability and Strategic Planning Assessment for a proposed sub-regional shopping centre at Wolli Creek in the Sydney municipality of Rockdale.
- The proposed retail development will fill an important gap in the current retail hierarchy in the municipality of Rockdale. There are number of neighbourhood strip shopping centres in the immediate catchment, however there is a limited supply of sub-regional centres including a Discount Department Store (DDS) retail floorspace.
- The proposed development provides 21,456m² of retail floorspace including:
 - 3,558m² of Supermarket floorspace
 - a 1,250m² fresh food market
 - 8,966m² of speciality retail
 - 1,649m² of mini-major floorspace (i.e. electrical or furniture retailers)
 - a 6,033m² Discount Department Store (i.e. a Kmart or Target)
- Tenants would typically include complementary yet differing retailers within the bulky goods category in order to create an apt synergy within the critical mass of the complex and retailers currently existing within the town centre.

Residential Development

- Historically an industrial precinct, the area is being transformed into a high quality, high density urban environment for living, working and recreation. When complete, the Wolli Creek Redevelopment Area will be a vital community of some 6,500 residents and 7,000 workers.
- The immediate surrounds of the subject site are characterised by new residential and mixed use development, mainly focused around the Wolli Creek Station.

Retail Demand Assessment

- Overall, the current provision of retailing formats proximate to the proposed development is varied in terms of product offered and quality.
- There are a limited number of sub-regional centres established or planned within the Wolli Creek trade area to serve future residents, currently residents are required to visit the Campsie Centre, Ashfield Mall, Rockdale Plaza and Marrickville Metro centres for higher order and specialty retailing.
- From a supermarket and neighbourhood centre view, the proposed development is intended to service future residents within the Wolli Creek Redevelopment Area. Therefore the proposed development is not likely to influence the expenditure patterns of existing residents and hence provide a limited influence on existing neighbourhood centres and strip shops.



- Given growth in the main retail generators such as population and increase densities, the available pool of retail expenditure would experience significant growth over future years and provide the opportunity to accommodate an increase in local and higher order retail facilities.
- Based on this research, MacroPlan have identified opportunities for a sub-regional centre, these relate to the growing resident population, high amenity environment and accessibility to other centres via transport linkages.

Retail Development Opportunities

- There is a current need for at least one sub-regional centre in the PTA. This demand for this type of retail facility is currently being met outside the MTA by centres including Rockdale Plaza, Ashfield Mall, Camspie Centre and Marrickville Metro Shopping Centre.
- Expenditure by residents of the proposed development will support an end capacity of 20,060 sq.m of supermarket, convenience and specialty retail and 6,466 sq.m of bulky goods floorspace. It is noted that bulky good floorspace within the proposed development primarily consist of smaller retailers including electrical, small appliance, houseware and softgoods.
- There is significant proposed retail development in and around the proposed development. Analysis of the market potential for additional retail floorspace in the proposed development trade area suggests there is sufficient scope for the development to proceed by 2010.



1 Introduction

1.1 Scope of this Report

MacroPlan Australia has been engaged by Marchese Partners to undertake a Retail Sustainability and Strategic Planning Assessment for a proposed sub-regional shopping centre at Wolli Creek in the Sydney municipality of Rockdale.

The Retail Sustainability Assessment provides an analysis of the existing supply and demand conditions within the area, as well as assessing the timing and quantum of sustainable floor space for the development with respect to existing centres in the region.

The outcome of this analysis is to provide a detailed justification of the development concept to the landowner, local government representatives and key stakeholders.

1.2 Methodology

MacroPlan has used a trade area based methodology for the assessment of retail sustainability. We have considered the role of the centre in relation to the existing regional hierarchy of centres. We have also considered the likely growth in demand for the centre over time and its ability to capture market share across the retail mix proposed. The methodology used for this assessment is detailed below:

Defining the Trade Area and Forecasting Growth

A trade area is a geographical area from which the sub-regional centre will draw the majority of future trade. The delineation of a trade area typically comprises a primary, secondary and in some circumstances tertiary trade area. Trade areas are defined by the following factors which are discrete to each development proposal, including:

- The proposed development type and merchandise sold
- Site location including access and exposure
- Proximity, role and function of existing competing retailers
- Natural and man-made barriers.

Primary research of comparable centres and extensive trade area experience are also used to derive trade areas.

Defining the Current and Future Expenditure of the Trade Area

Trade area expenditure is tied to the socio-economic circumstances of a given location. Expenditure information is derived from the Household Expenditure Survey (HES) conducted by the ABS and the MarketInfo database. MarketInfo is an independent consultancy used by the majority of retail economists to derive accurate retail expenditure data at a Census Collection District (CCD) level in Australia. MarketInfo has developed a micro-simulation technique that utilises over 40 socio-economic variables in each CCD to produce accurate retail expenditure results.

Estimates of expenditure are then linked to population forecasts within the defined catchment to build a forecasted expenditure pool.



Identification of Competing Centres and Performance

Competing centres are those shopping locations that are considered to be overlapping in the trade area with the proposed development. Performance figures are derived from the Property Council for larger sites and from the ABS for smaller sites based on average performance by tenancy types.

1.3 Information Sources

This report draws on a wide range of information sources. The more important information sources include:

- Census of Population and Housing, Australian Bureau of Statistics (2006)
- New South Wales Shopping Centre Directory, Property Council of Australia (2007)
- Population Projections, NSW Department of Planning.
- Household Expenditure Survey, Australian Bureau of Statistics (1999)
- Marketinfo, MDS Market Data Systems (2004)
- Census of Retail Activity, Australian Bureau of Statistics (1992, 1998/99)
- Monthly Retail Trade data, Australian Bureau of Statistics
- Consumer Price Index, Australian Bureau of Statistics, and
- Relevant experience associated with other shopping centres throughout New South Wales and Australia. With particular reference to customer survey information, trade areas, turnover performance and market shares.

1.4 Report Limitations

This report is prepared on the instructions of the party to whom it is addressed and is thus not suitable for the use other than by that party. As the report involves future forecasts, it can be affected by a number of unforeseen variables. It represents for the party to whom or which it is addressed the best estimates of MacroPlan Australia Pty Ltd, but no assurance can be given by MacroPlan Australia Pty Ltd that the forecasts will be achieved.



2 Development Proposal and Location

2.1 Proposed shopping centre

The proposed retail development will fill an important gap in the current retail hierarchy in the municipality of Rockdale. There are currently a number of neighbourhood strip shopping centres in the immediate catchment, however there is a limited supply of discount department store retail floorspace which impacts on the retailing opportunities for residents.

The proposed development provides 21,456m² of retail floorspace including:

- 3,558m² of Supermarket floorspace
- a 1,250m² fresh food market
- 8,966m² of speciality retail
- 1,649m² of mini-major floorspace (i.e. electrical or furniture retailers)
- a 6,033m² Discount Department Store (i.e. a Kmart or Target)

Tenants would typically include complementary yet differing retailers within the bulky goods category in order to create an apt synergy within the critical mass of the complex and retailers currently existing within the town centre.

In addition to the supply of retail floorspace a cinema is also proposed on the top floor of the development. The cinema will be between 2,880m² and 4,590m² depending on configuration.

2.2 Site location

Located on the Princes Highway in Wolli Creek, the site covers 1.24 hectares, and represents a large retail development for the region. It is bounded by Arncliffe Street and Brodie Spark Drive and has walkable access to the Wolli Creek rail station.

A depiction of the sites location is provided below.



Figure 1. Site Location



Source: Marchese Partners



3 Trade Area Analysis

The first step in undertaking a retail demand analysis is to identify the areas / catchment from within the majority of trade for a centre will be drawn. For the purposes of this study, MacroPlan has applied professional judgement with respect to a range of influencing factors including:

- Potential development type, i.e. a sub-regional centre such as Ashfield Mall, has the primary function of providing weekly convenience and limited higher order offer attracting the local community.
- Site location, including the available road network and public transport system. This influences the concern of ease of access and exposure to the development for the wider region.
- Proximity and pattern of existing and potential competitors. The relative attraction of the centre compared to alternative competing centres is assessed according to the scale, composition, quality, size and diversity of retail services provided in those centres and stores, and
- Physical barriers, such as, lakes, railways and freeways can affect the size and composition of trade catchments.

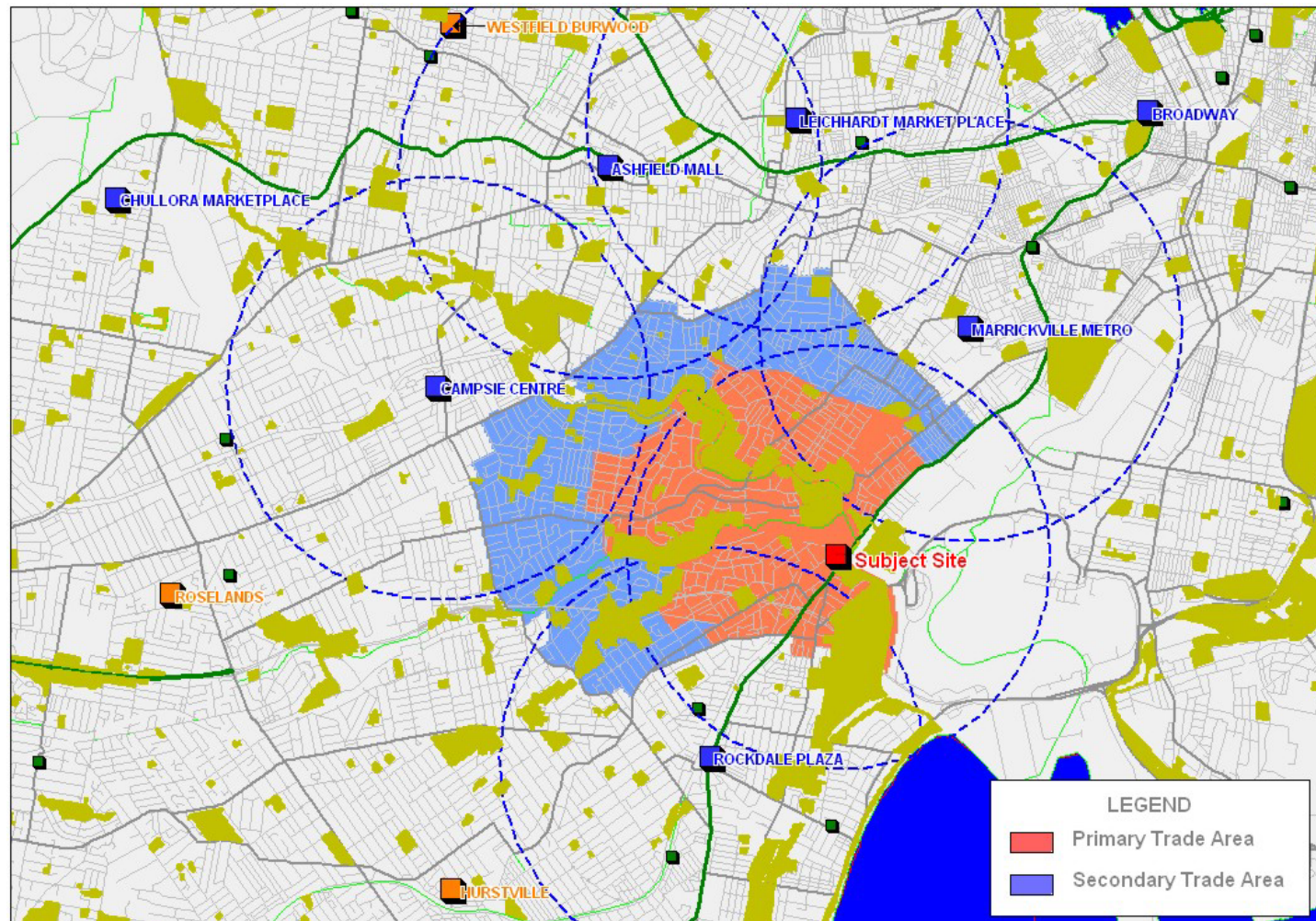
Therefore, the trade area served by the proposed development has been defined taking into account the above factors.

MacroPlan has reviewed the characteristics of the Rockdale region and based on the gravitation model a trade area was formed, figure 2 overleaf. The figure illustrates the trade area which is considered for the proposed development. The trade area is defined to include the main trade area (MTA) as follows:

- The PTA covers the immediate region surrounding the site, extending up to 2.5km to the north west of the site. This area is currently under-serviced for sub-regional retailers, with residents within the PTA required to travel distance for sub-regional goods.
- The STA extends to the north and west of the site, extending up to 3.5 km from the subject site. The STA is restricted due to established sub-regional centres such as Campsie Centre and Marrickville Metro. It is noted that the proposed development trade area is likely to overlap with existing centres within the STA.



Figure 2. Main Trade Areas



Source: MacroPlan, MapInfo



3.1 Competitive Framework

In order to establish the potential for future retailing within Rockdale, a review of retailing within the municipality has been undertaken.

The proposed site is located within proximity to two Major Retail Centres, five Sub-Regional Centres, and one Neighbourhood Centre. The current provision of retailing is detailed in Table 1.

Table 1. Current Retail Provision

Centre Type	Retail TRA	MAT	Pedestrian Estimate	Major Traders		Distance from site
	Sq.m	\$ millions	millions	Non Food	Food	Km
Regional Centres						
Hurstville	58,738	\$356	16.3	Myer, Kmart, Toys'r'us	Dan Murphy's, Food for less, Aldi	3km
Roselands	58,782	\$255	8	Myer, Target	Coles, Food for Less	8km
Total Regional Centres	117,520					
Sub Regional Centres						
Ashfield Mall	24,589	\$124	7.1	Kmart, Target	Coles, Franklins, Woolworths	5km
Campsie Centre	13,068		5.2	Big W	Food for Less	5km
Marketplace Leichhardt	17,619	\$111	3.4	Target	Woolworths, Bi-Lo	5km
Marrickville Metro Shopping Centre	23,230	\$167.7	5	Kmart,	Woolworths, Aldi	3km
Rockdale Plaza	21,130		4.5	Big W, Rebel Sport	Woolworths Liquor, Franklins	3km
Total Sub – Regional Centres	99,636					
Neighbourhood Centres						
Kogarah Town Centre	5,175	\$35	3.8		Woolworths	2km
Total Neighbourhood Centres	5,175					

Source: Shopping Centre Council, MacroPlan 2007.

Regional Centres

Hurstville, is located approximately 3kms south west of the proposed site, on the corner of Cross Street and Park Road. The centre comprises of 240 specialty shops and is anchored by Myer, Kmart and Target. The full line supermarket totalling 3,395sq.m is Coles totalling. Hurstville is classified as a Regional Centre.



Roselands, is located approximately 8kms west of the proposed site, Roselands Drive. The centre comprises of 240 specialty shops and is anchored by Myer, Kmart and Target. The full line supermarket totalling 3,395sq.m is Coles totalling. Hurstville is classified as a Regional Centre.

Sub – Regional Centres

Ashfield Mall is classified as a Sub-Regional Centre located approximately 5km North West of the proposed site, on Liverpool road. The centre comprises of 91 specialty stores and is anchored by Kmart and Target. The full line supermarkets totalling 5,122sq.m include Coles, Franklins, and Woolworths. Ashfield Mall has an annual turnover of \$124 million, and has a combined retail area of 24,589 square metres.

Campsie Centre is classified as a Sub-Regional Centre located approximately 5km west of the proposed site, on Amy Street. The centre comprises of 53 specialty stores and is anchored by Big W. The full line supermarket totalling 1,177sq.m is Food for Less. Campsie Centre has a combined retail area of 13,068 square metres.

Marketplace Leichhardt is classified as a Sub-Regional Centre located approximately 5km north of the proposed site, on corner of Marion and Flood Streets. The centre comprises of 68 specialty stores and is anchored by Target. The full line supermarkets totalling 6,714sq.m include Woolworths and Bi-Lo. Marketplace Leichhardt has an annual turnover of \$111 million, and has a combined retail area of 17,619 square metres.

Marrickville Metro Shopping Centre is classified as a Sub-Regional Centre located approximately 3km north east of the proposed site, on Victoria road. The centre comprises of 107 specialty stores and is anchored by Kmart. The full line supermarkets totalling 6,133sq.m include Woolworths and Aldi. Marrickville Metro Shopping Centre has an annual turnover of \$169 million, and has a combined retail area of 23,230 square metres.

Rockdale Plaza is classified as a Sub-Regional Centre located approximately 3km south of the proposed site, on Rockdale Plaza Drive. The centre comprises of 55 specialty stores and is anchored by Big W and Rebel Sport. The full line supermarket totalling 2,583sq.m is Franklins. Additionally within the centre there is a Woolworths Liquor totalling 4,085sq.m of TRA. Rockdale Plaza has a combined retail area of 21,130square metres.

Neighbourhood Centres

Kogarah Town Centre is classified as a Neighbourhood Centre located approximately 2km south of the proposed site, on Railway Parade. The centre comprises of 28 specialty stores and is anchored by Woolworths full line supermarkets totalling 2,381sq.m. Kogarah Town Centre has an annual turnover of \$34 million, and a combined retail area of 5,176 square metres.



4 Demand Framework

Accurate representation of the demand framework for a particular development is critical in ensuring the future sustainability of both that centre and its competitors. MacroPlan specialises in the analysis of regional areas, including demographic characteristics, housing choice and retailing behaviour, having undertaken a vast and varied amount of market research in this field, combined with local experience across regional New South Wales. Due to the developing nature of the location, the sources of future retail demand will be derived from two distinct groups:

- Existing residents residing in established residential areas, and
- New and potential residents.

As such, the assessment of growth, spending, retail sustainability, and the implications for the future retailing network for which the proposed centre contributes, has been undertaken in this manner.

4.1 Population: Existing and Forecast

All demographic forecasts rely on a variety of historical information. This historical information forms the basis for decisions concerning future events. Forecasting is therefore influenced by a wide range of economic and social trends.

Historically an industrial precinct, the area is being transformed into a high quality, high density urban environment for living, working and recreation. When complete, the Wolli Creek Redevelopment Area will be a vital community of some 6,500 residents and 7,000 workers.

The immediate surrounds of the subject site are characterised by new residential and mixed use development, mainly focused around the Wolli Creek Station. These include the Meriton Apartments Residential Development (550 units); Discovery Point Mixed Use Development (1,000 units and 55,000sqm of non-commercial); Multiplex's 360 Mixed Use Development (290 units and 14,000sqm of commercial). Further, there are a number of car dealerships along Princes Highway adjacent to the subject site, including Isuzu.

The primary source of population forecasts in New South Wales is the Department of Infrastructure, Planning and Natural Resources, Transport and Population Data Centre, 2004-2031. In addition, household projections for the PTA has been assessed using the Metropolitan Development Program to detail the increase in housing density at the Wolli Creek Redevelopment Area.

These projections are based on an assessment of ABS resident population estimates (2006), demographic trends and settlement patterns, which reflect changes in social policy, social behaviour and/or economics.

Table 2 illustrates these population projections applied to the trade area, updated with actual population figures identified in the ABS 2006 Census. The population is expected to grow in absolute terms to 79,641 persons by 2021.

Table 2. Estimated Residential Population, 2007-2021

	Existing	Forecast		
	2007	2011	2016	2021
Primary Trade Area	29,138	33,782	36,590	36,231
Secondary Trade Area	40,703	42,066	43,281	43,411
Main Trade Area	69,841	75,848	79,871	79,641
Average annual growth		1.7%	3.5%	-0.02%

Source: NSW SLA Population Projections, 2001 to 2031, 2005 Release, ABS Census 2006, MacroPlan (2007)

It is further noted that there are a number of economic development and employment initiatives under consideration for the City of Rockdale, if these developments and initiatives come to fruition, it is anticipated that the rate of population growth could escalate above current forecasts.

4.2 Socio-Demographic Profile

Table 3 details the key socio-economic characteristics of the trade area population, benchmarking the characteristics of Wolli Creek with respect to both Rockdale and Sydney averages. The information presented has been derived from the ABC 2006 Census. The key characteristics of the catchment population, reveals the following about the proposed development:

- Levels of individual wealth in Wolli Creek are 28% above the Sydney average, and the household income is 8% higher than the Sydney average.
- Wolli Creek's Flat, Unit or apartment share (86.5%) is significantly higher than that of Sydney's average (25.7%). This suggests a residential preference for higher density living due to the proximity to the CBD.
- The profile of residents in Wolli Creek is dominated by a high representation of couple families with no children (56.7%). This suggests the location is preferred by young professionals with few young family responsibilities.
- Wolli Creek's median age of 28 years is significantly lower than that of Sydney's 35 years. This further suggests the area accommodates for young professionals.



Table 3. Socio-Economic Characteristics – Wolli Creek State Suburb

	Wolli Creek State Suburb	Rockdale LGA	Sydney Statistical Division
Persons (usual residents)	2,652	92,126	4,119,190
Income and Wealth			
Median annual individual income	34,476	23,764	26,936
<i>Variation from Sydney average</i>	+28%	-12%	
Median annual household income	65,156	53,820	60,008
<i>Variation from Sydney average</i>	+8%		
Age Distribution			
0-4 years	5.7%	6.4%	6.6%
5-14 years	6.4%	11.0%	13.0%
15-24 years	23.4%	12.5%	13.8%
25-54 years	57.5%	44.1%	44.1%
55-64 years	4.0%	10.4%	10.2%
65 years and over	3.0%	15.6%	12.3%
Median age of persons	28	37	35
Family Type			
Couple families with children	28.4%	47.0%	49.3%
Couple families without children	56.7%	35.4%	33.2%
One parent families	9.7%	15.3%	15.6%
Other families	5.2%	2.4%	1.9%
Dwelling Type			
Separate house	12.4%	49.1%	61.7%
Semi-detached, row or terrace house, etc	1.0%	13.0%	11.8%
Flat, unit or apartment	86.5%	37.1%	25.7%
Other dwellings	0.0%	0.7%	0.7%

Source: ABS Census (2006).

5 Retail Expenditure Pool

In order to estimate the future market potential for any future retail development within the trade area, the total retail expenditure generated by residents needs to be assessed.

The total retail market is based on the definition of shopfront retailing adopted by the ABS for the purpose of collecting retail statistics.

Retail expenditure is derived using MarketInfo, a micro-simulation model developed by MDS Market Data Systems Pty Ltd. This model is based on information from the National ABS Household Expenditure Survey (HES), the Census of Population and Housing as well as other information sources (i.e. ABS National Accounts, Australian Tax Office Statistics, Medicare data etc). The model uses micro-simulation techniques to combine propensity to spend on particular commodities with socio-economic characteristics of individuals, thus deriving spend estimates on a small area basis (i.e. CCD level). Retail expenditure per capita levels with the trade area are presented in Table 4 below.

Table 4. Retail Expenditure Per Capita (\$2005/06)

Supermarket	\$3,848	\$3,935
Restaurant and Café	\$1,593	\$1,660
Clothing and Accessories	\$1,032	\$1,072
Furniture and Whitegoods	\$687	\$720
Electrical	\$663	\$684
Houseware and Softgoods	\$272	\$297
Hardware	\$258	\$275
Sports and Hobbies	\$291	\$293
Services	\$365	\$391
Newsagent and Chemist	\$629	\$674
Bottle-shop	\$487	\$502

Source: MDS, Market Data Systems, MarketInfo, MacroPlan

5.1 Real Growth in Retail Expenditure

Retailing within the trade area can be expected to increase in future years as a result of the following factors:

- Real growth in retail expenditure, which indicates increased propensity of retail consumption above inflation
- Household growth, and
- Retail price inflation as measured by the ABS based on a basket of retail goods and services.

A combination of these factors can be expected to result in increases in the retail spending generated by residents from the trade area over the forecast period to 2021. In terms of real growth in retail expenditure, 1.1% pa growth has been forecast for total retail, based upon the historical long term growth rates illustrated in Table 5.



Table 5. Real Growth in Retail Sales

	Food Retailing	Clothing and Apparel (DSTM)	Homewares	Bulky Goods (inc Hardware)	TOTAL RETAIL
1984-2002	0.7%	-0.4%	2.4%	4.6%	1.1%

Source: Australian Bureau of Statistics, Retail Trade Australia, 8501.2.

It is important to note that price inflation has been excluded from the analysis of available retail expenditure in order to present future market forecasts in constant 2005/06-dollar terms.

5.2 Expenditure Forecasts

Total retail expenditure levels within the trade area in 2007 and future years are assessed by combining the population forecasts presented in the previous section with average per capita expenditure levels allowing for real growth in retail sales. A summary of forecast retail expenditure generated from within the MTA over the next 15 years to 2021 is provided below in Table 6.

Table 6. Wollie Creek Forecast Retail Expenditure, 2007 – 2021 (\$Million)

	2007	2011	2016	2021	2026
Wollie PTA					
Forecast Population	29,138	33,782	36,590	36,231	36,001
CSS TOTAL	250.80	294.22	336.60	352.03	369.47
BGS TOTAL	57.16	70.57	86.06	95.94	107.34
ALL RETAIL SECTORS	307.95	364.80	422.66	447.97	476.81
Wollie STA					
Forecast Population	40,703	42,066	43,281	43,411	43,529
CSS TOTAL	350.87	378.84	411.69	436.15	461.92
BGS TOTAL	82.36	93.59	108.41	122.43	138.22
ALL RETAIL SECTORS	433.23	472.42	520.11	558.58	600.14
Wollie MTA					
Forecast Population	69,841	75,848	79,871	79,641	79,530
CSS TOTAL	601.66	673.06	748.30	788.18	831.39
BGS TOTAL	139.52	164.16	194.48	218.37	245.56
ALL RETAIL SECTORS	741.18	837.22	942.77	1,006.55	1,076.95

Source: MacroPlan Australia (2007)

As illustrated, the total retail expenditure pool generated by residents in Wollie Creek MTA is currently estimated to be \$741.1 million. The total expenditure pool is forecast to increase to \$837.22 million by 2011 and further to \$1,006.55 million by 2021 (expressed in constant dollars \$2005/06).

A significant proportion of the expenditure generated by residents within the PTA over the next 10 years will generate local demand for the proposed development, with growth in the STA further sustaining the proposed development.

5.3 Sustainable Floorspace

Bringing all previous analysis together an estimate of sustainable floorspace for future retail development is established including timing and quantum. The key stages, inputs and assumptions incorporated in the model are summarised below:

1. Forecast future household development across the trade areas and estimate current population within the trade area.
2. Estimate current and future retailing expenditure per capita within the catchment.
3. Estimate the average turnover per square metre required by current and future retailers to effectively operate (2005/06 constant dollars). Averages are based on turnover performance information collected by the ABS.
4. Detail existing floorspace in terms of centre and floorspace type. Based on floorspace provision, estimate likely floorspace retention of each site with regard to the MTA expenditure to calculate competing floorspace provision.
5. Calculate the maximum level of sustainable retail floorspace based on associated retention rates.

Based on the results of the previous section, MacroPlan has developed a sustainable retail floorspace for the MTA; refer table 7.

Table 7. Wollie Creek Sustainable Floorspace

	2007	2011	2016	2021	2026
Wollie PTA					
Forecast Population	29,138	33,782	36,590	36,231	36,001
CSS TOTAL	39,462	44,489	48,427	48,189	48,121
BGS TOTAL	16,929	20,086	23,306	24,721	26,315
ALL RETAIL SECTORS	56,391	64,575	71,733	72,910	74,436
Wollie STA					
Forecast Population	40,703	42,066	43,281	43,411	43,529
CSS TOTAL	55,395	57,477	59,430	59,905	60,365
BGS TOTAL	24,570	26,830	29,572	31,774	34,130
ALL RETAIL SECTORS	79,964	84,306	89,002	91,678	94,496
Wollie MTA					
Forecast Population	69,841	75,848	79,871	79,641	79,530
CSS TOTAL	94,857	101,966	107,858	108,093	108,487
BGS TOTAL	41,498	46,916	52,878	56,495	60,445
ALL RETAIL SECTORS	136,356	148,882	160,735	164,588	168,932

Source: MacroPlan Australia (2007)

The total sustainable floorspace within the MTA is forecast to grow from 136,356 sq.m currently to almost 170,000 sq.m by 2026. The increase is expected to occur in line with forecast population growth and increase retail expenditure. It is noted that the level of sustainable floorspace does not take into account expenditure injection / leakage to other centres. This analysis is detailed in the following section.

6 Market Potential

6.1 Sub-Regional Centre Potential

There is currently no sub-regional retail centres located within the MTA. Currently it is estimated that main trade area residents spend \$601 million per annum on CSS goods and \$139 million per annum on BGS. The level of this expenditure available to retailing within the MTA will also vary based on:

- The level of current retail floorspace in the trade area (ie. If there is adequate floorspace to meet demand).
- The provision and location of competing retailers, and.
- The socio-demographics of the trade area, and associated relative expenditure.

Market shares have been calculated for the Wolli Creek retailing based upon the maximum amount of sustainable floorspace, the existing retailing floorspace presented and the likely market shares a sub-regional centre would typically achieve.

MacroPlan estimated potential market shares are based on professional judgement on the likely market shares the proposed centre will hold within the trade area given the competitive environment and sub-regional nature of the proposal.

The proposed development is likely to attract a significant proportion of the total growth in retail floorspace demand to 2011 whilst also servicing significant latent demand currently existing within the trade area.

Based upon analysis of the market potential, combined with an assessment of existing supply, forecast market shares can be predicted. The proposed development is forecast to draw an 18% share of the PTA expenditure pool. These market shares are detailed in Table 8 below.

Table 8. Wolli Creek Market Potential

Wolli PTA	
Convenience Supermarket, Specialty	21%
Bulky Goods	11%
All Retail Sectors	18%
Wolli STA	
Convenience Supermarket, Specialty	11%
Bulky Goods	8%
All Retail Sectors	10%
Wolli MTA	
Convenience Supermarket, Specialty	15.43%
Bulky Goods	9.61%
All Retail Sectors	13.66%

Source: MacroPlan (2007)

As illustrated, the proposed development market shares are expected to be considerably higher for Convenience and Specialty retailing categories in which the proposed development has significant critical mass and a subsequent competitive advantage based upon co-location and destination shopping.

For the purposes of this study, market shares for centres within the main trade area have been assessed based on national benchmarks for comparable centres (i.e. sub-regional centres). Some minor adjustments to the market shares have been made in order to maintain realistic expectations of trade retention within the MTA.

The method of assessing retail potential utilised by MacroPlan is based upon market growth and sustainable timing. That is, retail development is only economically viable and sustainable, once there is critical mass in the market to support it. In this case, the market potential of each respective sub market (e.g. sub-regional, neighbourhood centre, strip shops, main street) has been balanced with the provision of retail critical mass and demand for goods and services.

The current low market shares for sub-regional retailing result in significant levels of escape expenditure to centres located beyond a typical sub-regional catchment. Therefore, the development of additional higher order retail facilities in the MTA will increase the level of expenditure retained by providing an increase in the range of goods and variety, which results in increased convenience.

Table 9. Wolli Creek Max. Potential Retention (sq.m)

	2007	2011	2016	2021	2026
Wolli PTA					
Forecast Population	29,138	33,782	36,590	36,231	36,001
CSS TOTAL	8,421	9,494	10,334	13,240	13,221
BGS TOTAL	1,937	2,298	2,667	3,388	3,606
ALL RETAIL SECTORS	10,358	11,792	13,001	16,627	16,827
Wolli STA					
Forecast Population	40,703	42,066	43,281	43,411	43,529
CSS TOTAL	6,276	6,512	6,733	6,787	6,839
BGS TOTAL	2,059	2,248	2,478	2,662	2,860
ALL RETAIL SECTORS	8,335	8,760	9,211	9,449	9,699
Wolli MTA					
Forecast Population	69,841	75,848	79,871	79,641	79,530
CSS TOTAL	14,697	16,006	17,067	20,026	20,060
BGS TOTAL	3,996	4,546	5,145	6,050	6,466
ALL RETAIL SECTORS	18,693	20,552	22,212	26,077	26,526

Source: MacroPlan (2007)

Expenditure by residents of the proposed development will support an end capacity of 20,060 sq.m of supermarket, convenience and specialty retail and 6,466 sq.m of bulky goods floorspace. It is noted that bulky good floorspace within the proposed development primarily consist of smaller retailers, including electrical, houseware and softgoods.

Based on this research, MacroPlan have identified opportunities for a sub-regional centre, these relate to the growing resident population, high amenity environment and accessibility to other centres via transport linkages.

Macroplan recommend a total retail floorspace of up to 26,000 sqm. maintaining a focus on the higher order and specialty orientated sectors.



6.2

Conclusions

Expenditure by residents of the proposed development will support an end capacity of 20,060sq.m of supermarket, convenience and specialty retail and 6,466 sq.m of bulky goods floorspace. It is noted that bulky good floorspace within the proposed development primarily consist of smaller retailers including electrical, small appliance, houseware and softgoods.

There is a current need for at least one sub-regional centre in the PTA of approximately 21,000 sq.m. This demand for this type of retail facility is currently being met outside the MTA by centres including Rockdale Plaza and Marrickville Metro Shopping Centre.

There is significant proposed retail development in and around the proposed development. Analysis of the market potential for additional retail floorspace in the proposed development trade area suggests there is sufficient scope for the development to proceed by 2011.