Forster, New South Wales

Retail Floorspace Need and Demand Assessment

Prepared for Woolworths Limited

20 May 2009

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INTRODUCTION

This report presents an independent assessment of the need and demand for additional retail facilities at Forster, a town on the Mid-North Coast of New South Wales. The report also considers the likely economic impacts that would result from the proposed additional retail floorspace.

This report has been prepared on behalf of Woolworths Limited who controls a site opposite the Stockland Forster Shopping Centre and the existing free-standing Woolworths operated supermarket in Forster.

The report is presented in **five (5)** sections as follows:

- **Section 1** details the regional location of Forster and discusses the context of the Woolworths controlled site within Forster.
- **Section 2** examines the trade area which is served by retail facilities in Forster, including current and projected population and retail spending levels.
- **Section 3** provides an overview of the retail structure within the surrounding region.
- **Section 4** outlines our assessment of the need and demand for further retail facilities in the Forster trade area over the period to 2031.
- **Section 5** outlines an economic impact assessment of the additional retail floorspace likely to be demanded in the Forster trade area including employment impacts.

1 REGIONAL CONTEXT & SITE LOCATION

1.1 Regional Context

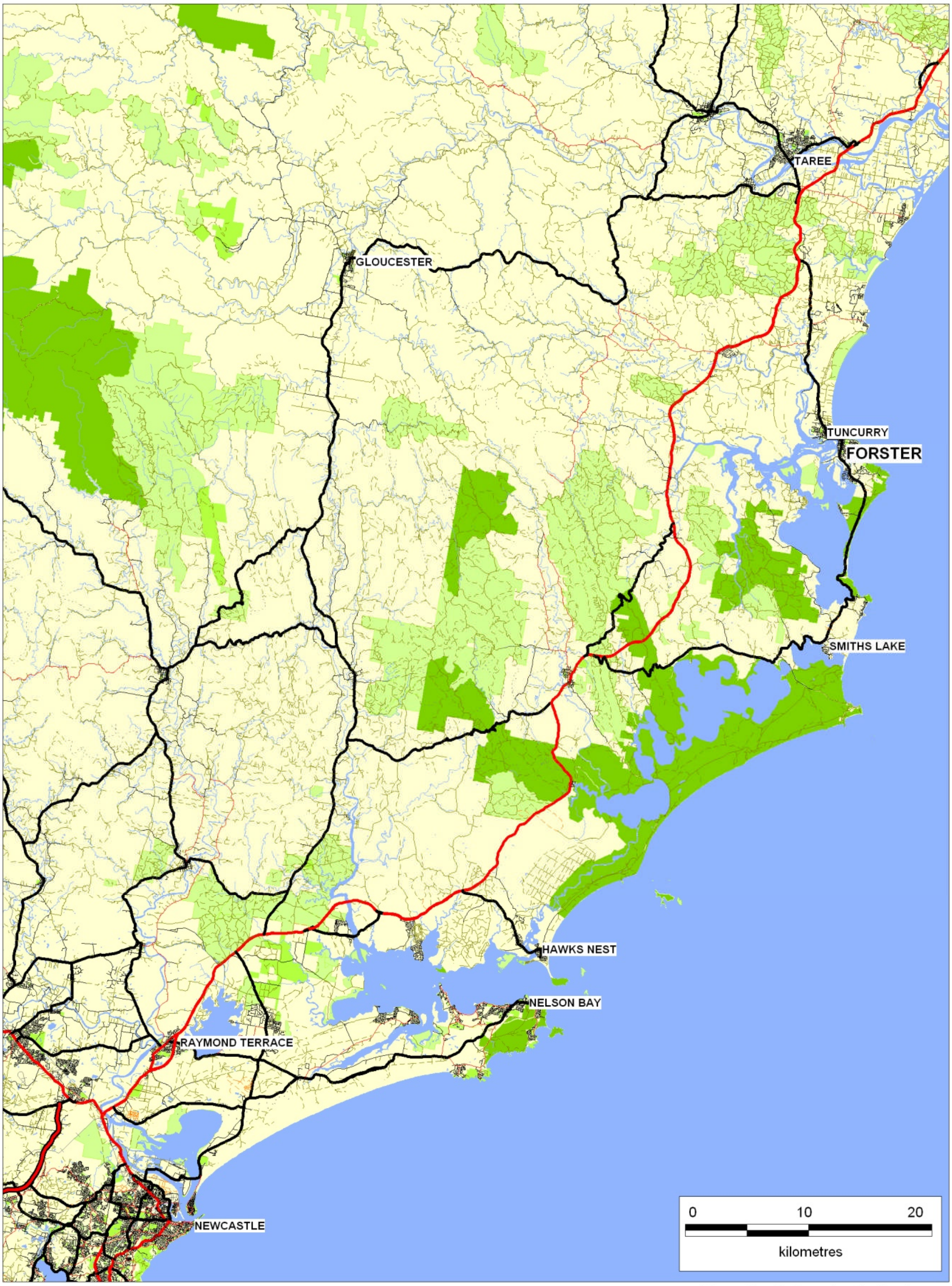
Forster, and its twin town of Tuncurry, are located on the New South Wales Mid-North Coast, some 300 km north of Sydney (refer Map 1.1) and 35 km south-east of Taree. Forster supports an established population and is also a popular holiday destination.

Forster provides the major concentration of administrative, commercial and retail facilities within Great Lakes Local Government Area (LGA) and as such, attracts residents from the surrounding smaller towns, which do not provide a similar scale and range of facilities.

The *Mid-North Coast Regional Strategy,* prepared by the New South Wales Department of Planning, identifies Forster as a Town, at a lower designation to Taree which is designated as a Major Town. There is an opportunity for facilities in Forster to increase so that residents of the region are less reliant on facilities provided at Taree.

Forster is very easily accessible by car for the population to the north and south, with the The Lakes Way being the major carriageway running directly through town. The Lakes Way connects to the Pacific Highway to the west.

MAP 1.1 – FORSTER REGIONAL CONTEXT



Map produced by Duane Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

1.2 Site Location

Map 1.2 illustrates the location of retail facilities in Forster and Tuncurry. The major retail facilities are located around the intersection of The Lakes Way and Breese Parade. Key facilities provided within this precinct include:

- Stockland Forster Shopping Centre is anchored by a Kmart discount department store, Coles and Aldi supermarkets and a Bunnings Warehouse.
- A free-standing Woolworths operated supermarket.
- Great Lakes Council Chambers.
- Bulky goods retailers such as Harvey Norman, BBQs Galore and Retravision along Breese Parade.

Elsewhere within Forster/Tuncurry, there are two tourist orientated retail strips along Wharf Street at Forster and Manning Street at Tuncurry. The Tuncurry retail strip is anchored by a small Bi-Lo supermarket.

Woolworths Limited controls a strategic site opposite the corner of The Lakes Way and Breese Parade in Forster (refer Map 1.2). The site is currently vacant and adjoins an existing hotel. The site represents a logical extension of the major retail node in Forster, able to accommodate the demand for further higher order retail facilities in the Forster/Tuncurry region.

MAP 1.2 – FORSTER LOCAL CONTEXT

Map produced by Duane Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

2 TRADE AREA ANALYSIS

This section of the report examines the trade area that is served by existing and proposed retail facilities in Forster. The current and future population and retail spending levels are detailed as is the socio-demographic profile of the population.

2.1 Trade Area Definition

The trade area for retail facilities in Forster has been defined taking into consideration the following key factors:

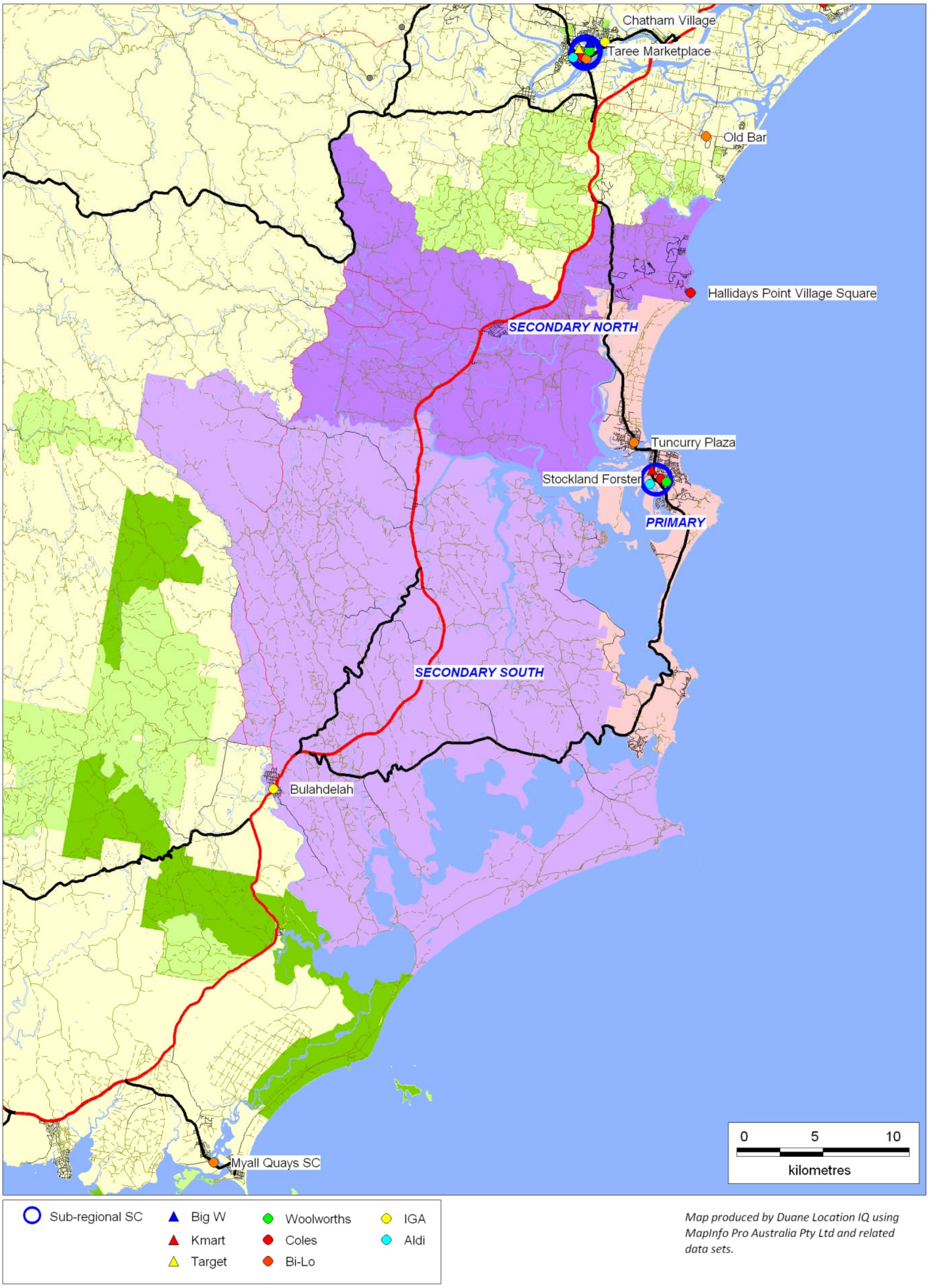
- The scale and composition of existing facilities within Forster/Tuncurry.
- The provision of retail facilities throughout the region at locations such Taree.
- Regional accessibility to Forster.
- The pattern of urban development along the Mid-North Coast of New South Wales.
- Significant physical barriers such as the Great Lakes waterway system.

Map 2.1 highlights the defined trade area for retail facilities in Forster which is described as follows:

- The **primary sector** generally covers the coastal area extending 30-40 km from Forster/Tuncurry in the north to include the key towns of Green Point, Tiona, Blueys Beach, Smith Lakes and Pacific Palms in the south.
- The **secondary north sector** encompasses Diamond Beach and Nabiac.
- The **secondary south sector** extends some 50-60 km south of Forster to Bulahdelah.

The combination of the primary and secondary sectors is referred to throughout the remainder of this report as the main trade area, in accordance with normal conventions for analysis of this nature.

MAP 2.1 – FORSTER TRADE AREA & COMPETITION



Map produced by Duane Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

2.2 Trade Area Population

Table 2.1 details the current and forecast main trade area population by sector. This information is sourced from the 2006 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS); the *Mid-North Coast Regional Strategy*; Council documents including the *Forster/Tuncurry Conservation and Development Strategy, September 2003*; and investigations by this office into new residential developments in the region.

TABLE 2.1 – FORSTER MAIN TRADE AREA POPULATION, 2006-2031

Trade Area Sector	**Estimated Resident Popn** 2006	2009	**Forecast Population** 2012	2016	2021	2026	2031
Primary Sector	22,130	23,030	24,080	25,480	27,230	28,980	30,730
Secondary Sectors							
• North	5,830	6,430	7,330	8,530	10,030	11,530	13,030
• South	3,270	3,420	3,570	3,770	4,020	4,270	4,520
Total Secondary	9,100	9,850	10,900	12,300	14,050	15,800	17,550
Main Trade Area	**31,230**	**32,880**	**34,980**	**37,780**	**41,280**	**44,780**	**48,280**
		Average Annual Change (No.)					
		2006-2009	2009-2012	2012-2016	2016-2021	2021-2026	2026-2031
Primary Sector		300	350	350	350	350	350
Total Secondary		250	350	350	350	350	350
Main Trade Area		**550**	**700**	**700**	**700**	**700**	**700**
		Average Annual Change (%)					
		2006-2009	2009-2012	2012-2016	2016-2021	2021-2026	2026-2031
Primary Sector		1.3%	1.5%	1.4%	1.3%	1.3%	1.2%
Total Secondary		2.7%	3.4%	3.1%	2.7%	2.4%	2.1%
Main Trade Area		**1.7%**	**2.1%**	**1.9%**	**1.8%**	**1.6%**	**1.5%**

**as at June*
Sources : ABS

The current main trade area population is estimated at 32,880 persons and is projected to increase to 48,280 persons by 2031. This represents annual population growth of 1.5%-2.0% or 700 persons.

2.3 Socio-Demographic Profile

The 2006 Census of Population and Housing allows a detailed profiling of the Forster main trade area population to be undertaken. Table 2.2 summarises the key socio-economic characteristics of the main trade area population compared with the respective non-metropolitan New South Wales benchmarks. Key trends are as follows:

- Residents of the main trade area are considerably older (i.e. some six years older) than the benchmark, with an average age of 45.5 years. The Mid-North Coast region of New South Wales is popular with retirees.
- Residents earn below average incomes across each sector, reflecting the large retiree population who would likely have an above average level of accumulated wealth.
- The main trade area population is largely Australian born.
- There are a significantly higher proportion of households consisting of couples without children.

The socio-demographic profile of the Forster main trade area population is consistent with a coastal destination that is popular with retirees. It is important that these residents are provided with a wide range of retail facilities within close proximity to their homes. Price competition is also very important for retirees.

TABLE 2.2 – SOCIO-DEMOGRAPHIC PROFILE

Characteristics	Primary Sector	Secondary Sectors North	Secondary Sectors South	Main TA	NM NSW Average
Average Per Capita Income	$20,420	$20,888	$19,263	$20,386	$23,056
Per Capita Income Variation	-11.4%	-9.4%	-16.5%	-11.6%	n.a.
Average Household Income	$44,643	$54,837	$44,702	$46,296	$57,128
Household Income Variation	-21.9%	-4.0%	-21.8%	-19.0%	n.a.
Average Household Size	2.2	2.6	2.3	2.3	2.5
Age Distribution (% of Pop'n)					
Aged 0-14	14.2%	19.7%	15.7%	15.4%	18.9%
Aged 15-19	6.6%	7.8%	8.7%	7.1%	8.4%
Aged 20-29	7.0%	6.5%	4.6%	6.7%	10.4%
Aged 30-39	8.5%	11.2%	9.5%	9.1%	12.2%
Aged 40-49	12.4%	15.3%	15.4%	13.3%	14.5%
Aged 50-59	13.1%	16.0%	17.5%	14.1%	13.6%
Aged 60+	38.2%	23.5%	28.7%	34.4%	22.1%
Average Age	47.2	40.0	43.7	45.5	39.1
Housing Status (% of H'holds)					
Owner/Purchaser	71.8%	83.3%	81.1%	74.9%	72.2%
Renter	28.2%	16.7%	18.9%	25.1%	27.8%
Birthplace (% of Pop'n)					
Australian Born	90.3%	89.0%	87.9%	89.8%	89.2%
Overseas Born	9.7%	11.0%	12.1%	10.2%	10.8%
• Asia	0.6%	0.5%	0.8%	0.6%	1.3%
• Europe	7.1%	8.2%	8.7%	7.5%	7.1%
• Other	2.0%	2.3%	2.6%	2.1%	2.4%
Family Type (% of Pop'n)					
Couple with dep't children	30.3%	44.7%	34.9%	33.5%	42.3%
Couple with non-dep't child.	5.7%	6.6%	5.6%	5.9%	7.2%
Couple without children	35.8%	29.7%	32.5%	34.3%	24.9%
Single with dep't child.	9.9%	9.0%	11.3%	9.9%	10.4%
Single with non-dep't child.	3.2%	2.4%	2.4%	3.0%	3.2%
Other family	0.6%	0.1%	0.8%	0.5%	0.8%
Lone person	14.5%	7.4%	12.5%	13.0%	11.2%

Sources : ABS Census of Population and Housing 2006

2.4 Trade Area Retail Expenditure Capacity

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

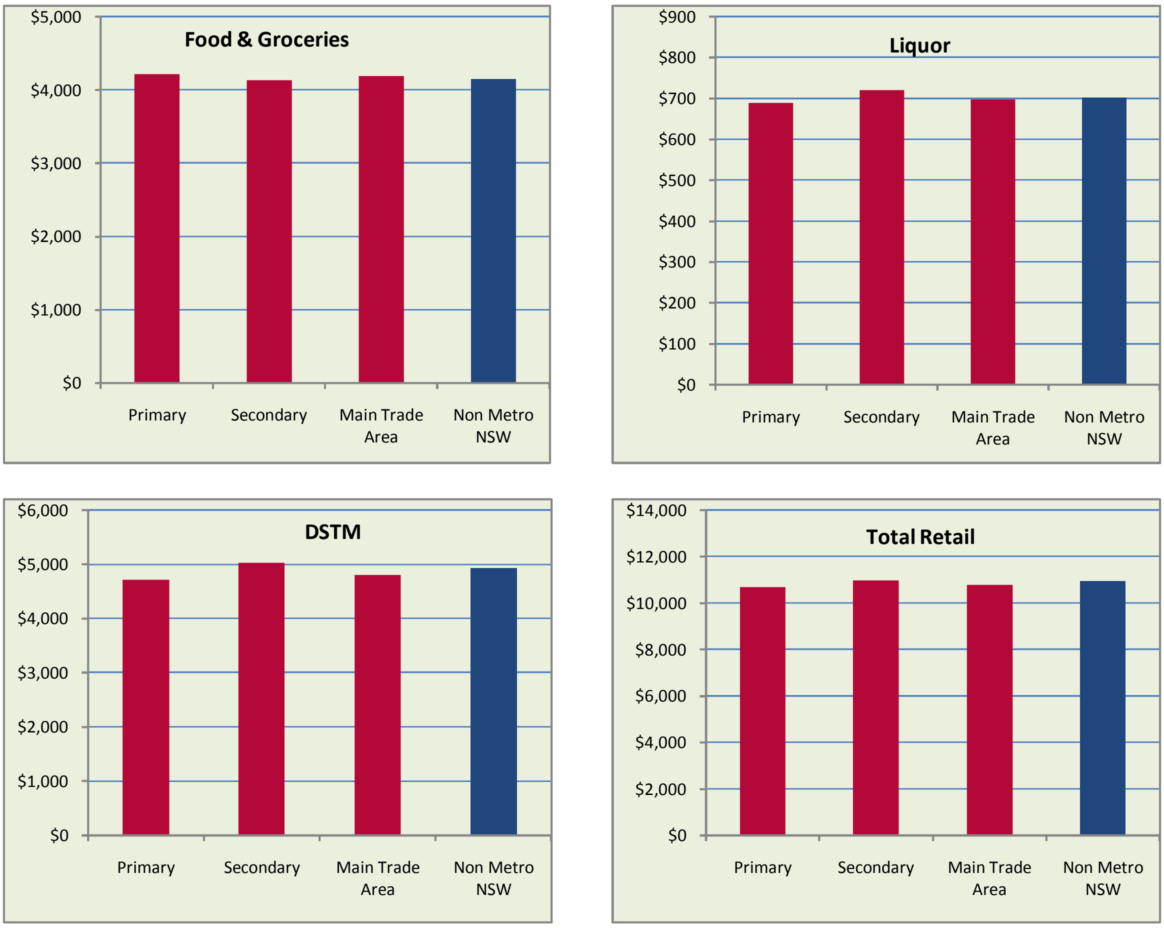
Throughout New South Wales, Victoria and Queensland, the MarketInfo estimates of retail spending that are prepared independently by MDS are commonly used by parties in Economic Impact Assessments.

The estimated retail expenditure levels of the Forster main trade area population, benchmarked with the averages for non-metropolitan New South Wales, are shown in Chart 2.1 for food and groceries (which is most relevant for supermarkets), packaged liquor, Department Store Type Merchandise (DSTM i.e. spending on non-food retail goods) and total retail. Overall, total retail spending levels per person throughout the defined main trade area are slightly below the comparable non-metropolitan New South Wales averages with food and grocery spending slightly higher than the benchmark.

Table 2.3 summarises the level of total retail expenditure generated by the main trade area population by category, together with the projected growth in the retail spending capacity to 2031. Total estimated retail spending generated by the Forster main trade area population for the year to June 2009 is estimated at $338.0 million. Total main trade area retail spending is projected to grow by $285.8 million to $623.8 million in 2031. As is the case for all retail expenditure estimates presented within this report, these spending projections include GST and are expressed in constant 2009 dollars (i.e. excluding retail inflation).

For the purposes of these forecasts, the main trade area population growth is assumed as detailed earlier in this report, and real growth in retail spending per person is assumed to average 1.0% per annum over the forecast period. The assumed level of real growth is in keeping with the typical trends generally evident throughout New South Wales and Australia over long-term periods.

CHART 2.1 – RETAIL SPENDING PER PERSON, 2008/09



Source : Marketinfo

TABLE 2.3 – MAIN TRADE AREA RETAIL EXPENDITURE, 2009-2031

Y/E June	Primary Sector	Secondary Sectors North	Secondary Sectors South	Main TA
2009	244.5	71.5	22.0	338.0
2010	250.4	75.1	22.5	348.0
2011	256.7	79.2	23.1	359.0
2012	263.2	83.6	23.7	370.4
2013	269.7	87.9	24.2	381.8
2014	276.2	92.2	24.8	393.3
2015	283.0	96.7	25.4	405.1
2016	289.9	101.5	26.0	417.4
2017	296.8	106.2	26.6	429.6
2018	303.8	110.8	27.2	441.8
2019	310.9	115.6	27.9	454.3
2020	318.2	120.6	28.5	467.3
2021	325.7	125.8	29.2	480.6
2022	333.2	130.9	29.8	494.0
2023	340.8	136.0	30.5	507.2
2024	348.5	141.2	31.2	520.9
2025	356.4	146.6	31.9	534.9
2026	364.5	152.3	32.6	549.3
2027	372.6	157.9	33.3	563.8
2028	380.8	163.4	34.0	578.2
2029	389.1	169.2	34.7	593.0
2030	397.6	175.1	35.5	608.2
2031	406.4	181.2	36.2	623.8
Expenditure Growth				
2009-2012	18.7	12.0	1.7	32.4
2012-2016	26.7	17.9	2.3	47.0
2016-2021	35.8	24.3	3.2	63.3
2021-2026	38.8	26.5	3.4	68.7
2026-2031	41.9	28.9	3.7	74.5
2009-2031	161.9	109.7	14.3	285.8
Average Annual Growth Rate				
2009-2012	2.5%	5.3%	2.5%	3.1%
2012-2016	2.4%	5.0%	2.4%	3.0%
2016-2021	2.4%	4.4%	2.3%	2.9%
2021-2026	2.3%	3.9%	2.2%	2.7%
2026-2031	2.2%	3.5%	2.2%	2.6%
2009-2031	2.3%	4.3%	2.3%	2.8%

**Constant 2008/09 dollars & Including GST*
Source : Marketinfo

2.5 Mid-North Coast Tourism

Based on information sourced from Tourism New South Wales for the year to June 2007, the Great Lakes LGA attracted some 511,000 domestic overnight visitors who stayed a total of 1.864 million nights. Dividing the number of nights stayed by 365 (i.e. days in a year) indicates that the domestic overnight tourists to the region are equivalent to an additional permanent resident population of some 5,100.

The Forster main trade area accommodates a resident population of around 33,000. On this basis, domestic overnight tourism is equivalent to 15.5% of the permanent resident population. As such, these visitors would account for additional retail spending for facilities in the region, particularly for the popular coastal towns during the peak summer period. The region also attracted 401,000 domestic day trippers who would also undertake expenditure.

Tourist expenditure would be mainly directed across a range of categories including supermarket shopping, food catering outlets and apparel/surfwear. The majority of the tourist population would be situated along the coast. Forster is a major tourist and retail destination on the Mid-North Coast and would, therefore, attract a significant amount of retail expenditure from the tourist market.

3 COMPETITIVE ENVIRONMENT

This section of the report reviews the competitive environment within the Forster/Tuncurry region, in order to assist in the assessment of future retail floorspace need and demand.

The major retail facilities serving residents of the Forster main trade area are summarised in Table 3.1 and illustrated in the previous Map 2.1.

TABLE 3.1 – COMPETITIVE RETAIL FACILITIES

Centre	Retail GLA (sq.m)	**Anchor Tenants**	Dist. From Site (km)
Sub-regional Shopping Centres			
Breese Parade Precinct	*46,700*		-
• Stockland Forster	33,400	Kmart, Target Country, Coles, Aldi, Bunnings	
• Other	13,300	Woolworths, Harvey Norman, Retravision	
Supermarket Based Shopping Centres			
Foster CBA - Wharf Street	11,500		3.0
Tuncurry CBA - Manning Street	7,600	Bi-Lo	4.7
Hallidays Point	2,400	Coles	
Blueys Beach	700		20.0
Smith Lake	1,200		27.0
Bulahdelah	2,000	IGA	55.0

3.1 Forster/Tuncurry

The main concentration of traditional retail facilities in the Great Lakes LGA is found at the intersection of The Lakes Way and Breese Parade. The key retail facilities are described as follows:

- Stockland Forster, which is the largest shopping facility in the trade area at 33,400 sq.m. The centre is anchored by a Kmart discount department store, Target Country store, Best and Less mini-major and Coles and Aldi supermarkets. The centre includes some 73 specialty stores as well as an adjoining bulky goods component anchored by Bunnings.

- A free-standing Woolworths operated supermarket adjoins Stockland Forster to the south.

- Bulky goods facilities along Breese Parade and The Lakes Way including Harvey Norman, Retravision, BBQs Galore and Rise and Shine.

In total there is around 46,700 sq.m of retail floorspace in the Breese Parade precinct.

There are two smaller Town Centre in Forster/Tuncurry comprising local retail centres, arcade based centres and strip retailing. These include:

- Wharf Street Forster comprises a large range of tourist orientated facilities including cafes, surf stores and the like as well as services such as banks, medical facilities and offices.

- Tuncurry Town Centre along Manning Street, on the northern side of Wallis Lake. The major tenant in this precinct is a Bi-Lo supermarket of only 1,670 sq.m that anchors Tuncurry Plaza. This supermarket is not a full-line store.

Table 3.2 provides a summary of the provision of specialty shops throughout the Tuncurry and Forster (Wharf Street) Town Centres, as well as Stockland Forster, based on a survey undertaken by this office in May 2009. Key points to note include:

- There are some 254 retail, non-retail and vacant specialty shops provided in the Forster and 115 in Tuncurry. Of the total shopfronts, 63% or 232 shops are retail specialty shops.

- Food catering and apparel make up the largest component of the Forster Wharf Street development.

- Some 35 vacant retail and non-retail specialty shops were counted in Forster and Tuncurry, which represents some 9% of all shopfronts. The majority of vacant shopfronts are in the Wharf Street strip in Forster. A number of these vacant shopfronts are non-retail shops for commercial/office uses and a number of others are in dated buildings or small arcades off the main street.

TABLE 3.2 – SPECIALTY SHOPFRONTS

	Specialty Shop Count by Location									
Category	Tuncurry Plaza	Other Tuncurry	**Tuncurry Total**	Forster Wharf St	Stockland Forster	Other Forster	**Forster Total**	Blueys Beach	Smiths Lake	Hallidays Point
Retail Specialty										
Food & Grocery	3	7	10	4	7	2	13	3	3	2
Food Catering	3	11	14	29	11	2	42	3	3	1
Apparel	2	6	8	19	15	1	35	0	2	0
Household Goods	0	7	7	6	8	10	24	0	0	0
General	2	11	13	12	8	1	21	1	2	1
Leisure	2	3	5	7	4		11	0	2	1
Retail Services	2	9	11	13	3	2	18	0	2	2
Total Retail Spec.	**14**	**54**	**68**	**90**	**56**	**18**	**164**	**7**	**14**	**7**
Vacant	2	6	8	25	1	1	27	0	2	2
Non-retail	0	39	39	46	16	1	63	0	0	4
Total Specialty	**16**	**99**	**115**	**161**	**73**	**20**	**254**	**7**	**16**	**13**

** Based on a field survey undertaken by this office in May 2009.*

3.2 Hallidays Point

The provision of retail floorspace in Hallidays Point is generally limited to the open-air Hallidays Point Village Square. This centre includes some 13 shopfronts with Coles supermarket of around 1,800 sq.m being the major component. Residents of Hallidays Point/Diamond Beach would regularly travel to Forster to undertake a major shop, given the limited offer of the Coles supermarket.

3.3 Bulahdelah

There is a vibrant retail strip at Buladelah, located just off the Pacific Highway. The centre attracts significant trade from passing traffic. An IGA supermarket with liquor of around 400 sq.m is provided near the western end of the Bulahdelah strip. This store is well presented; however due to its limited size, does not provide a full-line offer. As such, residents of Buladelah would regularly travel to Forster/Taree to undertake a major shop.

3.4 Other Trade Area

The beachside communities of Blueys Beach and Smiths Lake provide a limited range of retail facilities, generally at less than 1,500 sq.m.

3.5 Beyond Trade Area

The nearest major retail destination beyond the trade area is Taree, some 35 km to the north-west. Taree provides some higher order non-food retail facilities including a Big W discount department store and full-line Target discount department store as well as a number of supermarkets.

It is likely that residents within the defined trade area would currently direct a proportion of their retail spending to Taree, particularly their non-food retail spending, given the more limited provision of such facilities within the main trade area.

3.6 Summary

Forster contains the major concentration of retail floorspace within the Great Lakes LGA. As such, retail facilities at Forster serve not only the local residents and tourists in the region, but also residents of the surrounding region.

The current provision of retail floorspace in the trade area is estimated at 72,100 sq.m. A number of major tenants are missing from the market, which are provided at Taree, such as a Big W discount department store and a full-line Target discount department store. As the population in the Forster main trade area increases, the ability to support further retail facilities will increase.

It is important that Forster includes a competitive range of retail facilities to meet the demand of residents and tourists, particularly given it is a roundtrip of 70 km to Taree. Forster also includes a large number of retirees who should be provided with a wide range of retail facilities close to their homes.

4 RETAIL FLOORSPACE DEMAND

This section of the report considers the potential for additional retail floorspace to serve residents of the Forster main trade area over the period to 2031.

4.1 Australian Retail Floorspace Provision

In Australia, there is around 2.2 sq.m of retail floorspace provided for every resident. The provision of retail floorspace has increased from around 1.8 sq.m in the late 1980's, representing an average annual increase of 1.7% over this period.

The increase in the retail floorspace provision per person reflects a number of key factors including:

- Real incomes earned by Australian residents have increased and as Australians have become wealthier they have spent an increasing proportion of their income on retail items.
- The range and size of tenants in the Australian market has increased substantially with many new mini-major tenants such as Toys R Us, JB Hi-Fi and the like.
- New retail concepts such as Homemaker Centres and Factory Outlet Centres.
- Improved and more efficient operations, including warehousing, resulting in costs savings which allow more costs to be devoted to trading floorspace for retail goods.

Assuming the provision of retail floorspace per person was to continue to increase at an average rate of 1.7% annually, the provision would be 3.2 sq.m per person by 2031. Even if the rate of increase slowed to 0.85% annually, half the rate of the past twenty years, the provision would be 2.65 sq.m per person by 2031.

4.2 Trade Area Retail Floorspace Demand

Table 4.1 details the demand for retail floorspace in the Forster main trade area, including from local residents as well as tourists.

The calculations in Table 4.1 go through a series of simple steps as follows:

i. The current main trade area population (2009) of 33,000 persons could support 72,336 sq.m of retail floorspace at a rate of 2.2 sq.m per person.

ii. Tourists add an estimated 15% to demand for floorspace, indicating total retail floorspace demand of 83,186 sq.m.

iii. The total retail floorspace demand can be compared with the current provision of retail floorspace indicated previously in Section 3 of 72,100 sq.m. This indicates a shortfall of 11,086 sq.m currently.

iv. Not all of the trade area residents demand would be catered for locally. As indicated previously, some spending escapes to facilities at Taree in particular. The current shortfall indicates around 13.3% of main trade area retail floorspace demand (i.e. 11,086 sq.m divided by 83,186 sq.m) is being catered for outside the trade area. Overtime, as the population in the main trade area increases, a greater range of retail facilities should be supportable in the main trade area and the level of escape spending should reduce.

v. The next step in the analysis is to determine the increase in retail floorspace demand from growth in the trade area population base and also the increase in the provision of retail floorspace per person.

vi. The population base in the main trade area is projected to increase by 15,400 persons between 2009 and 2031. At the current floorspace provision of 2.2 sq.m per person, this represents demand for an additional 33,880 sq.m of retail floorspace.

vii. Additionally, the provision of retail floorspace per person will increase over the period to 2031. The likely provision would be 2.65 sq.m to 3.2 sq.m per person, representing a per person increase of 0.45 sq.m to 1.0 sq.m in that time. Applying the more conservative estimate of 0.45 sq.m of additional retail floorspace to the main trade area population of 48,300 persons at 2031, indicates additional demand for 21,700 sq.m.

TABLE 4.1 – RETAIL FLOORSPACE DEMAND

	Factor	Unit	
	2009		
(1)	Main Trade Population	(No.)	32,880
	Retail Floorspace Demand (@ 2.2 sq.m per person)		
(2) = (1) * 2.2	• Residents Retail Floorspace Demand	(Sq.m)	72,336
(3) = (2) * 0.15	• Tourist Retail Floorspace Demand (@15% of residents)	(Sq.m)	10,850
(4) = (2) + (3)	• Total Retail Floorspace Demand	(Sq.m)	83,186
(5)	Current Retail Floorspace	(Sq.m)	72,100
(6) = (5) - (4)	• Undersupply	(Sq.m)	-11,086
	2031		
(7)	Main Trade Population	(No.)	48,280
	Retail Floorspace Demand (@ 2.2 sq.m per person)		
(8) = (7) * 2.2	• Residents Retail Floorspace Demand	(Sq.m)	106,216
(9) = (7) - (2)	• Increase from 2009-2031	(Sq.m)	33,880
	Retail Floorspace Demand (@ 2.65 sq.m per person)		
(10) = (7) * 0.45	• Additonal Residents Demand @ 0.45 sq. per person	(Sq.m)	21,726
(11) = (9) + (10)	Total Increase in Retail Floorspace Demand (2009-2031)	(Sq.m)	55,606

The steps detailed above generate a total increase in retail floorspace demand in the Forster main trade area of 55,600 sq.m over the period to 2031, leaving aside any increase from tourists. This represents an additional 2,500 of retail floorspace being demanded each year. By 2016, the main trade area could support a further 17,700 of retail floorspace.

In our view, the majority of this floorspace demand (over 90%) should be accommodated in the main trade area. As the population in the main trade area increases, the ability to support a wider range of retail facilities increases.

4.3 Hill PDA Study

Hill PDA prepared a study entitled *"Forster-Tuncurry Employment Land Implementation Strategy"* for Great Lakes Council in November 2008. Section 9 provides a retail demand component.

The results of the Hill PDA study indicate that over the period from 2006 to 2031 that an additional 48,600 sq.m of retail floorspace will be demanded by the Forster trade area population. However, taking account of escape spending, Hill PDA estimate the retail floorspace demand will be lower at 36,980 sq.m.

In general, the Hill PDA floorspace demand figures correspond with our estimates, although at the lower end of the floorspace demand scale. Hill PDA, however, estimates that retail floorspace is over-supplied in the trade area currently. Given this indicated over-supply, they project the increase in retail floorspace demand to be 22,540 sq.m over the period to 2031.

If the Forster area was oversupplied with retail floorspace it would be expected that there would be a large number of vacancies. However, an inspection by this office in May 2009 revealed the level of vacancy was at 38 shopfronts, or 9% of the total. Some of these were poorly located or dated facilities. Others were non-retail uses. This does not indicate an oversupplied market and does not take into account tenant specific requirements and demands. Further, new quality retail floorspace such as Stockland Forster is fully tenanted. This centre is targeted at retaining residents spending. The Wharf Street Strip is targeted at tourists and has a higher level of vacancies.

In any case, Hill PDA project a substantial increase in retail floorspace in the Forster region including additional discount department stores, supermarkets, bulky goods tenants and food catering tenants. In our view, the demand for such tenants will be at a much earlier date than indicated by Hill PDA. Further the benefits of additional competition, convenience and choice are not discussed in the Hill PDA report. These are important considerations when assessing the potential for additional retail facilities. The broadest range of retail facilities should be provided at Forster, at the earliest possible date.

4.4 Demand by Tenant Type

This subsection of the report outlines the likely future tenants that would be attracted to Forster and the likely location within the main trade area that they would be expected to demand.

Department Stores/Discount department store

In Australia there is approximately 0.25 sq.m of department store and discount department store floorspace per person (in combination). With a projected population of 38,000 persons in the Forster main trade area by 2016, this indicates some 9,500 sq.m of department store and discount department store floorspace being supportable. Allowing for tourists to account for a further 15% of demand, the supportable level of department store and discount department store floorspace would be 11,200 sq.m.

Currently there is 7,338 sq.m of discount department store floorspace in the main trade area, namely Kmart and Target Country at Stockland Forster. The shortfall in demand would be around 4,000 sq.m by 2016.

Clearly there is demand for a further discount department store in the Forster main trade area over the next five years. Big W is not represented and Target only provides a small format store.

Discount department stores typically locate in the same centres as supermarkets, or at least close by to a full-line supermarket. Any new operator would be looking for a location as close as possible to the existing facilities around the intersection of The Lakes Way and Breese Parade. The Woolworths Limited controlled site would be an ideal location for a discount department store and at the same time would reinforce, not fragment the existing retail node in the area.

Although our investigations are not exhaustive there would not appear to be any other suitably large sites in Forster to accommodate a large format use such as a discount department store, particularly with main road exposure.

Supermarket Floorspace

There is approximately 0.36 sq.m of supermarket floorspace per person in non-metropolitan New South Wales. With a population of 38,000 persons in the Forster trade area by 2016, this indicates demand for 13,700 sq.m of supermarket floorspace. Allowing for tourists to account for a further 15% of demand, the supportable level of supermarket floorspace would be 16,100 sq.m.

Currently there is a 13,081 sq.m of supermarket floorspace in the main trade area. The shortfall in demand would be around 3,000 sq.m by 2016, indicating demand for at least one new full-line supermarket by 2016.

New supermarket floorspace could comprise expanded facilities at Tuncurry and/or a new store complementing a discount department store on the Woolworths Limited controlled site.

Mini-major Tenants

Mini-major tenants are an increasingly important and growing part of the retail industry in Australia. Existing mini-major tenants in Forster/Tuncurry include Best & Less, Go-Lo, Dick Smith and Priceline.

There are a number of other mini-major tenants which locate in regional locations in Australia who are not represented in Forster/Tuncurry, including a large format fruit and vegetable trader, a large format liquor store, JB Hi-Fi and the like.

As demand for retail floorspace increases in the main trade area, the demand from mini-major tenants will increase. These tenants, much like the discount department store, locate near other major non-food retailers. The Woolworths controlled site near Breese Parade would be an ideal location.

Bulky Goods Tenants

There is approximately 0.6-0.7 sq.m of bulky goods floorspace per person in Australia. With a population of 38,000 persons in the Forster main trade area by 2016, this indicates some 26,600 sq.m being supportable. Tourists would not contribute to the level of demand for bulky goods tenants substantially.

Currently, there is around 20,000 sq.m of bulky goods floorspace in the main trade area. The shortfall in demand by 2016 would be around 6,700 sq.m.

There is demand for further bulky goods floorspace in the Forster main trade area over the next five years. New tenants could be attracted to the region or existing retailers with old format stores, such as Harvey Norman, could consolidate to a new store with supporting retailers.

The Breese Parade/Lakes Way intersection would be the preferred location for bulky goods retailers in the Forster region, complementing and supporting the existing provision of such floorspace.

Specialty Tenants

As with any retail development, the major tenants act as the key customer generators with specialty stores feeding off the customer flows generated by the major retailers. The addition of major retailers at Forster would support further specialty shop tenants. The composition, size and scale of major tenants would determine the likely scale of supportable specialty floorspace.

Summary

There is demand for additional retail floorspace in the Forster/Tuncurry main trade area over the short term to 2016. This additional space could comprise a discount department store, further supermarket facilities, mini-major/bulky goods tenants and additional specialty shop space.

In our view, at least 15,000 sq.m of additional space could be supported by 2016. This increase may result in some of the uses trading at slightly lower than average levels to begin with, but as with any retail project, floorspace is added in large increments, with the floorspace to meet current and future demand. In the case of discount department store and supermarkets, the leases are for 20 years and more.

The conclusions above differ from the Hill PDA study prepared for Council which indicates that additional floorspace should not be provided in Forster/Tuncurry over the period to 2016. In our view, the Hill PDA analysis relies on the incorrect assumption that there is an oversupply of retail floorspace in the market. The analysis detailed above indicates that for various types of tenants, there is clear and present demand, such as for a further discount department store.

5 ECONOMIC IMPACTS

The final section of this report summarises the key economic benefits from a thriving and growing retail industry in Forster/Tuncurry. A number of important factors are considered:

i. Population Growth.

ii. Consumer Benefits.

iii. Location.

iv. Employment Impacts.

v. Net community benefits.

5.1 Population Growth

The local resident and tourist populations are growing in the Forster main trade area, with annual growth in the residential population at over 1.5%. This growing population base will demand and support a greater range of retail facilities.

Importantly, if Forster/Tuncurry is to continue to attract new residents it is important to supply a wide variety of appropriately supportable facilities at a local level. The provision of major retailers enables residents to fulfill their shopping needs within close proximity to their homes.

5.2 Consumer Trends

There is a strong need for convenience shopping facilities and a wider choice of facilities within close proximity to the homes of residents of the Forster main trade area.

The need for convenience and choice is particularly relevant for the elderly residents of Forster, who currently have to undertake a round trip of around 70 km to access other facilities at Taree.

5.3 Location

The additional retail facilities at Forster/Tuncurry would include major retailers. These major retailers locate with other major stores. The only logical location for further retail space in Forster would be to reinforce the existing node around the intersection of the Lakes Way and Breese Parade.

This location is highly convenient for the surrounding population with the site located on the main traffic route through this part of Forster. The site also sits adjacent to the existing major facilities. Other sites, including the Forster Wharf St precinct and the Tuncurry CBA do not have appropriately sized parcels of land to accommodate large format uses.

5.4 Employment Impacts

The development of additional retail floorspace will result in a range of important economic benefits. These key positive employment and consumer impacts will include the following:

i. An additional 15,000 sq.m of retail floorspace in the Forster main trade area by 2016 is projected to employ around 500 persons, as summarised in Table 5.1. Taking a conservative view and allowing for an estimated 10% of the total increase to be as a result of the reduced employment at existing retail facilities, the net additional jobs are estimated at 450.

ii. The additional 450 permanent retail employees within the centre would earn an average annual wage of around $22,000 as sourced from the ABS. This represents an additional $9.9 million in salary and wages for the local economy, directly as a result of the proposed development.

TABLE 5.1 – ESTIMATED EMPLOYMENT IMPACT, RETAIL FLOORSPACE

Type of Use	Estimated Employment Per '000 sq.m	Forster GLA (sq.m)	Forster Employment (persons)
Total Retail[1]	30	15,000	500
Net Increase[2]			450

1. Excludes non-retail components.
2. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase

iii. Further jobs would be created from the supplier induced multiplier effects as a result of the retail jobs. Jobs created are full-time equivalent jobs, which may include both full-time and part-time positions. The additional retail jobs in the centre (450), will result in a further 427 jobs in the broader community, based on ABS Input/Output Multipliers (refer Table 5.2).

TABLE 5.2 - ESTIMATED EMPLOYMENT IMPACT, RETAIL MULTIPLIER EFFECTS

	Direct Employment	Supplier Employment *Multiplier Effects*	**Total***
Centre Employment[1]	450	427	877
Total	**450**	**427**	**877**

** Employment totals include both full-time and part-time work*
1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development
Source : Australian National Accounts: Input-Output Tables 1996-97

iv. The projected additional supportable floorspace will also create a substantial number of additional jobs for the construction and related industries during the construction phase of the centre.

v. The estimated total capital costs for the construction for the retail floorspace are $50 million. By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of

$39.3 million (i.e. in 1996/97 dollars), it is estimated that the during the construction period of the proposed retail floorspace some 275 jobs would be created (refer Table 5.3).

vi. The additional construction jobs (275), will result in a further 440 jobs in the broader community based on ABS Input/Output Multipliers (refer Table 5.3).

TABLE 5.3 – ESTIMATED EMPLOYMENT IMPACT, CONSTRUCTION

Original Stimulus	Estimated Capital Costs ($M)[1]	Direct Employment	Supplier Employment *Multiplier Effects*	**Total***	
Construction of Project	39.3	275	440	715	Job Years[2]

** Employment totals include both full-time and part-time work*

1. Adjusted by inflation and productivity to 1996/97 Dollars

2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year

Source : Australian National Accounts: Input-Output Tables 1996-97

vii. The creation of jobs is particularly important at Forster and in the Great Lakes LGA given the unemployment rate is over 15% (2006 Census). The level of unemployment is triple the national average of around 5% as sourced from the Australian Bureau of Statistics.

viii. Further, retail trade accounts for close to 13.8% of all jobs in Great Lakes LGA as compared with 11.4% for the State of New South Wales. Retail is an important employer in regional locations and will continue to be in the future.

ix. The cost of development of further retail floorspace at $50 million would be equivalent to 200% of the typical value of non-residential building approvals in Great Lakes Shire in any one year (i.e. two years worth of investment). This is a substantial investment for a community such as Forster in a time of economic uncertainty. The average value of non-residential building approvals per year was $25 million for the years between 2002 and 2006.

5.5 Net Community Benefits

It is the conclusion of this report that a substantial net community benefit will flow to Forster/Tuncurry and the surrounding region as a result of the development of further retail floorspace. The very substantial positive impacts include the following:

– Significant improvement in the range of retail facilities that will be available to residents. Further retail floorspace will likely improve the quality, the size of the offer, and also allow for price competition.

– The creation of additional employment which will result both during the construction period, and more importantly, on an ongoing basis once the retail floorspace is completed and operational.

– Retention of spending within the immediate Forster region, which will result in reduced traffic and travel times for residents who currently commute outside the defined main trade area to Taree.

– Further, residents of the region should be provided with a wider range of conveniently located retail facilities within close proximity to their homes, rather than having to drive long round trips to other townships in the region for such spending. High petrol bills will have an impact on budgets and will especially be felt by the elderly population in the trade area. In addition there are environmental costs associated with such long trips for shopping.

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