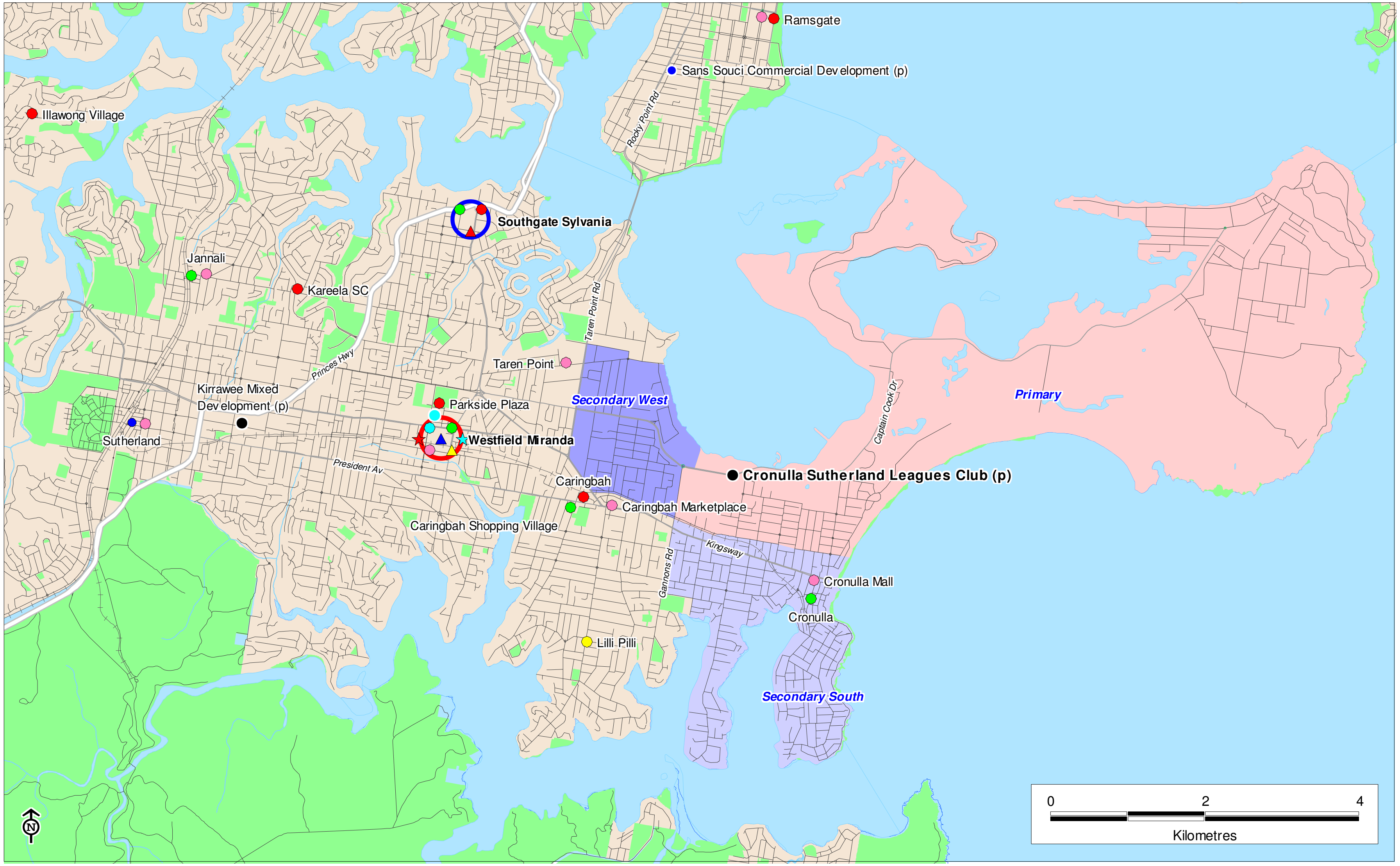


Map 2.1: Cronulla Sutherland Leagues Club

Trade Area & Competition

** Halo object indicates proposed store*

Pitney Bowes Business Insight

2.2 Trade area population

Table 2.1 details the current and projected population levels within the main trade area by sector. This information is sourced from the following:

- 2001 and 2006 Censuses of Population and Housing.
- New dwelling approvals data for the period 2006–2010.
- Population projections prepared by the New South Wales Department of Planning.

The main trade area population is currently estimated at 32,120, including 8,100 persons within the primary sector.

Major residential developments which have been proposed within the main trade area include:

- As previously outlined in Section 1, approximately 700 residential dwellings are proposed to be developed on the land to the west of the Toyota Stadium.
- Also within the primary sector, Australand and Breen Holdings have received an approval from the New South Wales Department of Planning for the rezoning of 130 hectares of land near Wanda Beach in Kurnell. It is understood that the land could accommodate around 420 residential dwellings.

There are no major residential projects within the secondary sectors, reflecting the established nature of this part of the Sutherland Shire.

Taking the above into account, the main trade area population is forecast to grow at an average annual rate of 170-270 persons, or 0.5%-0.8% per annum, resulting in the projected population of 34,420 by 2021, including 10,200 persons within the primary sector.

Table 2.1

Cronulla trade area population, 2001-2021*

Trade area	Estimated population 2001	2006	2011	Forecast population 2014	2016	2021
Primary sector	8,000	7,950	8,100	8,550	8,950	10,200
Secondary sectors						
• South	19,090	19,040	19,090	19,120	19,140	19,190
• West	4,840	4,880	4,930	4,960	4,980	5,030
Total secondary	23,930	23,920	24,020	24,080	24,120	24,220
Main trade area	**31,930**	**31,870**	**32,120**	**32,630**	**33,070**	**34,420**

Trade area	Average annual growth (no.) 2001-06	2006-11	2011-14	2014-16	2016-21
Primary sector	-10	30	150	200	250
Secondary sectors					
• South	-10	10	10	10	10
• West	8	10	10	10	10
Total secondary	-2	20	20	20	20
Main trade area	**-12**	**50**	**170**	**220**	**270**

Trade area	Average annual growth (%) 2001-06	2006-11	2011-14	2014-16	2016-21
Primary sector	-0.1%	0.4%	1.8%	2.3%	2.6%
Secondary sectors					
• South	-0.1%	0.1%	0.1%	0.1%	0.1%
• West	0.2%	0.2%	0.2%	0.2%	0.2%
Total secondary	0.0%	0.1%	0.1%	0.1%	0.1%
Main trade area	**0.0%**	**0.2%**	**0.5%**	**0.7%**	**0.8%**

**As at June*
Source: ABS; Pitney Bowes Business Insight

2.3 Socio-demographic profile

Table 2.2 and Chart 2.1 below detail the socio-demographic profile of the trade area population. This information is sourced from the 2006 Census of Population and Housing at the Census Collection District (CCD) level and aggregated to correspond with the defined main trade area. The information for the main trade area population is benchmarked with the comparable Sydney metropolitan averages, with key points to note as follows:

- The average age of the main trade area population, at 39.2 years, is older than the Sydney metropolitan average of 36.6 years. The average age of the primary sector population, however, is generally in-line with the benchmark.

- The income profile of main trade area residents is higher than the benchmarks on both a per capita and per household basis, by 21.1% and 2.8%, respectively.

- A review of trade area residents' housing status shows some variations across trade area sectors, with the primary and secondary west sectors having above average home ownership levels as compared with the Sydney metropolitan benchmark.

- The trade area population is largely Australian born, with this trend evident in all trade area sectors.

- A review of the household structure of the main trade area population indicates a higher than average proportion of households consisting of couples without children and lone persons. Traditional households (i.e. couples with dependent children) are more prevalent within the primary sector (44.5%) and the secondary west sector (42.8%) than the secondary south sector (37.3%).

The main trade area population is a relatively established, affluent, Australian born population who could be expected to associate strongly with convenience based shopping facilities such as the proposed retail centre at the Cronulla Sutherland Leagues Club.

Table 2.2

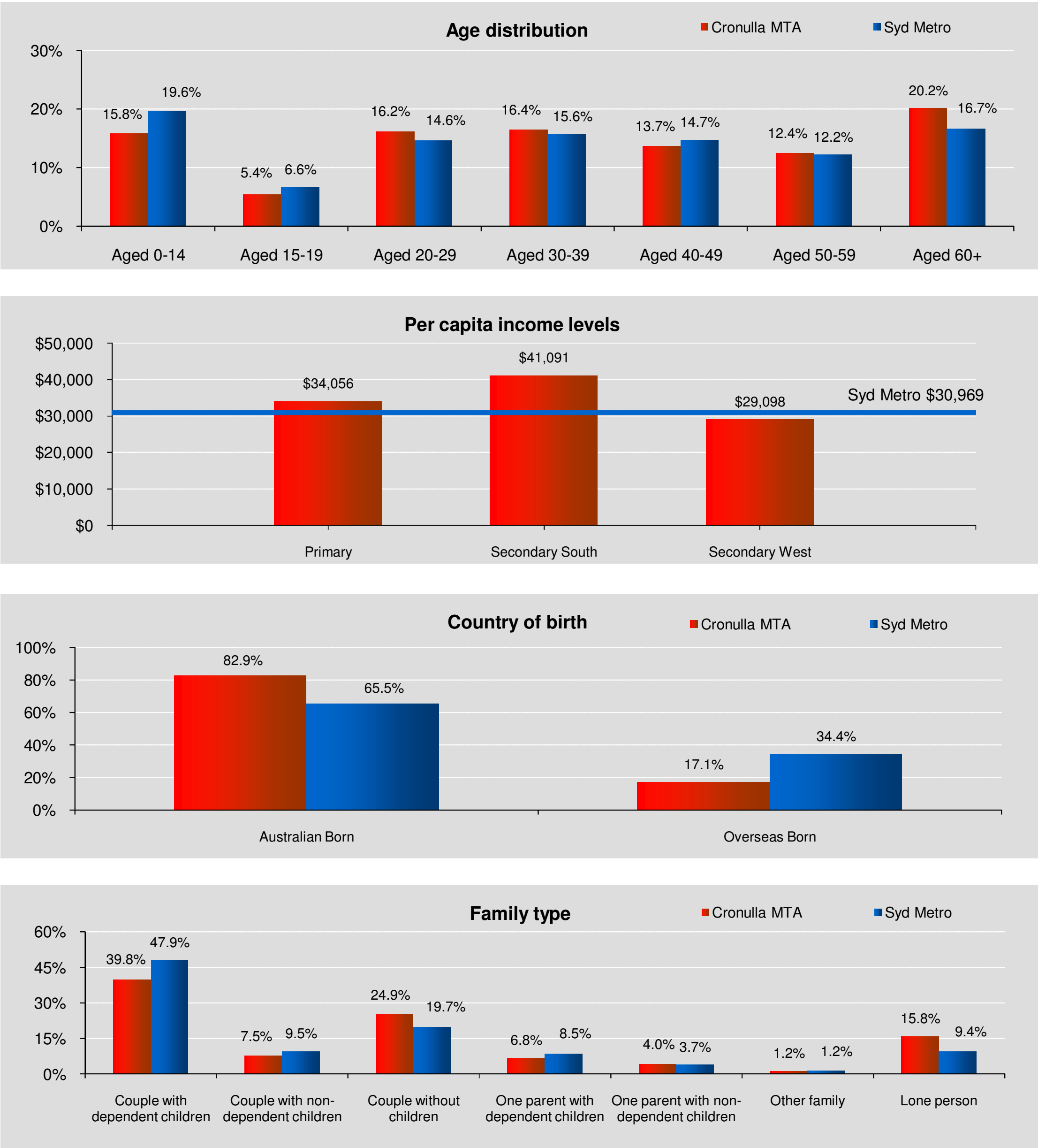
Cronulla main trade area - socio-demographic profile, 2006

Census item	Primary sector	Secondary sectors South	Secondary sectors West	Main TA	Syd Metro avg.
Per capita income	$34,056	$41,091	$29,098	$37,499	$30,969
Variation from benchmark	*10.0%*	*32.7%*	*-6.0%*	*21.1%*	
Avg. household income	$82,645	$89,338	$68,436	$84,709	$82,406
Variation from benchmark	*0.3%*	*8.4%*	*-17.0%*	*2.8%*	
Avg. household size	2.4	2.2	2.4	2.3	2.7
Age distribution (% of pop'n)					
Aged 0-14	18.3%	13.9%	18.6%	15.8%	19.6%
Aged 15-19	5.4%	5.4%	5.3%	5.4%	6.6%
Aged 20-29	15.9%	17.1%	12.8%	16.2%	14.6%
Aged 30-39	17.7%	15.9%	16.7%	16.4%	15.6%
Aged 40-49	14.3%	13.5%	13.2%	13.7%	14.7%
Aged 50-59	12.1%	12.8%	11.3%	12.4%	12.2%
Aged 60+	16.2%	21.3%	22.1%	20.2%	16.7%
Average age	36.8	40.1	39.3	39.2	36.6
Housing status (% of h'holds)					
Owner/purchaser	68.6%	62.3%	70.8%	65.2%	67.0%
Renter	30.8%	37.3%	28.4%	34.4%	32.3%
Other	0.6%	0.3%	0.8%	0.5%	0.8%
Birthplace (% of pop'n)					
Australian born	84.0%	82.5%	82.7%	82.9%	65.5%
Overseas born	16.0%	17.5%	17.3%	17.1%	34.4%
• Asia	1.5%	2.2%	4.0%	2.3%	13.0%
• Europe	9.4%	9.9%	8.2%	9.5%	11.6%
• Other	5.1%	5.4%	5.2%	5.3%	9.9%
Family type (% households)					
Couple with dep't children	44.5%	37.3%	42.8%	39.8%	47.9%
Couple with non-dep't children	8.5%	7.2%	7.5%	7.5%	9.5%
Couple without children	21.5%	27.1%	21.1%	24.9%	19.7%
One parent with dep't children	7.0%	6.3%	8.1%	6.8%	8.5%
One parent with non-dep't child.	4.0%	3.7%	5.2%	4.0%	3.7%
Other family	1.4%	1.1%	1.5%	1.2%	1.2%
Lone person	13.1%	17.3%	13.8%	15.8%	9.4%

Source: ABS Census of Population & Housing, 2006; Pitney Bowes Business Insight

Chart 2.1

Cronulla main trade area - socio-demographic profile, 2006



Source: ABS Census of Population & Housing, 2006; Pitney Bowes Business Insight

2.4 Trade area spending

Chart 2.2 illustrates the retail expenditure levels per person for the main trade area population, benchmarked with Sydney metropolitan averages. Overall, retail spending levels are 10.9% above average, with food and non-food spending being 10.8% and 11.0% above the benchmarks, respectively.

Table 2.3 summarises the total retail expenditure of the main trade area population in 2011 and projections over the period to 2021. As shown, retail expenditure by the main trade area population is currently estimated at $488 million and is projected to increase at an average rate of 4.0% per annum, to reach $720 million in 2021. All spending forecasts presented in this report are expressed in inflated dollars and include GST.

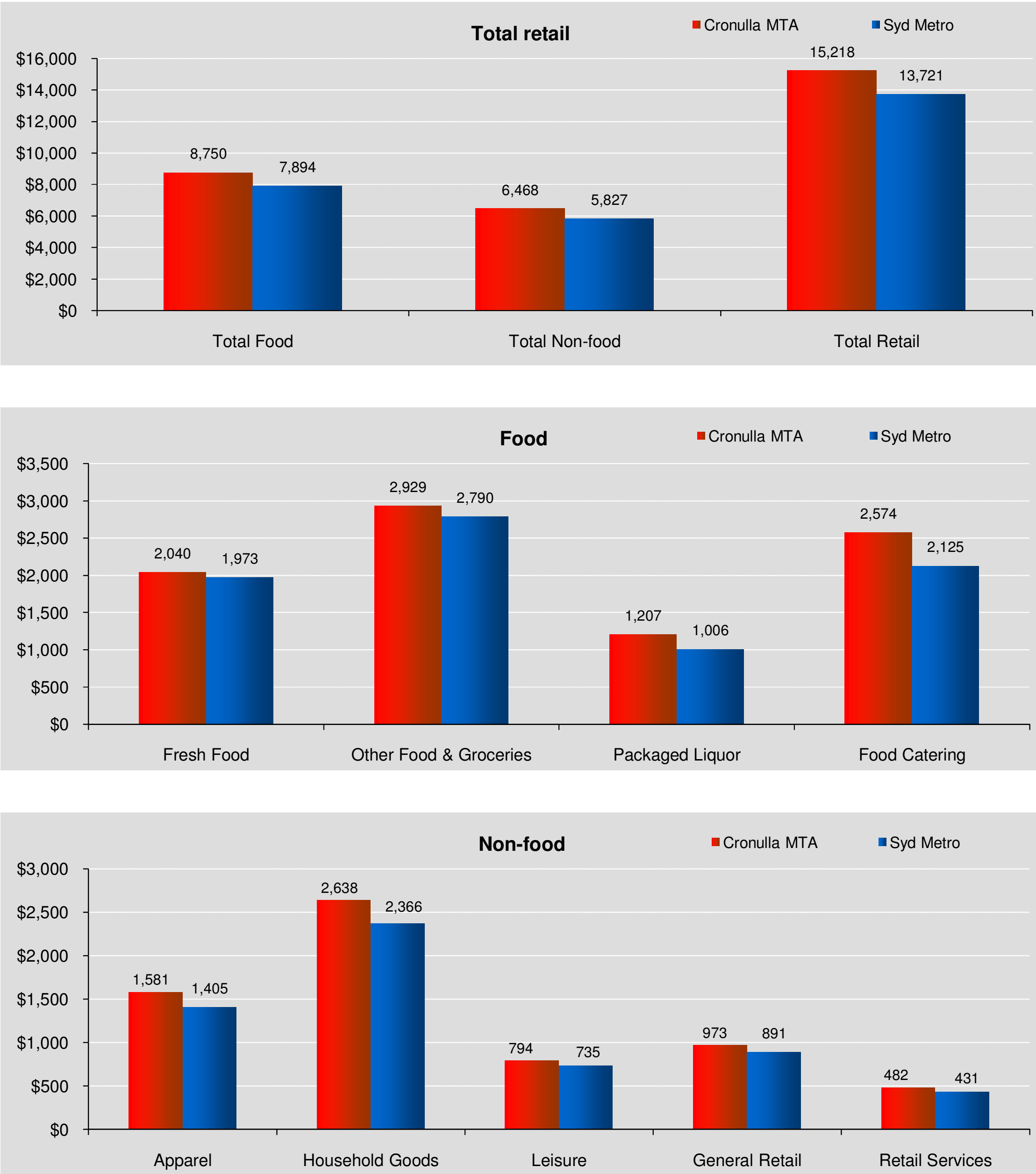
The average annual growth rate of 4.0% reflects the following components:

- An assumed average retail inflation rate of 2.5% per annum over the forecast period.
- Real increases in retail spending of 0.8% per annum.
- Average population growth of 0.7% per annum over the forecast period.

Table 2.4 provides a more detailed summary of the retail expenditure of the main trade area population. As shown, take-home food and packaged liquor spending together account for 40.6% of total retail spending.

Chart 2.2

Cronulla trade area - retail spending per person, 2010/11*



Source: MarketInfo; Pitney Bowes Business Insight

Table 2.3

Cronulla main trade area - retail expenditure ($M), 2011-2021

Year ending June	Primary sector	Secondary sectors South	Secondary sectors West	Main TA
2011	118	302	68	488
2012	123	312	71	506
2013	130	323	73	526
2014	137	333	76	546
2015	144	345	78	567
2016	152	356	81	589
2017	161	368	84	613
2018	171	381	87	638
2019	181	393	90	664
2020	192	407	93	692
2021	204	420	96	720
Average annual growth ($M)				
2011-2021	9	12	3	23
Average annual growth (%)				
2011-2021	5.6%	3.4%	3.5%	4.0%

**Inflated dollars & including GST*
Source: MarketInfo; Pitney Bowes Business Insight

Table 2.4

Cronulla main trade area - retail expenditure by category ($M), 2011-2021*

Year ending June	Food & liquor	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	Total
2011	198	83	51	85	25	31	15	488
2012	205	86	52	88	26	33	16	506
2013	213	90	54	91	27	34	17	526
2014	221	94	56	94	28	35	17	546
2015	230	99	58	97	29	37	18	567
2016	239	103	60	101	30	39	18	589
2017	249	108	62	105	31	40	19	613
2018	259	113	64	108	32	42	20	638
2019	269	119	66	113	33	44	21	664
2020	280	124	68	117	34	46	21	692
2021	292	130	71	121	36	48	22	720
Average annual growth ($M)								
2011-2021	9	5	2	4	1	2	1	23
Average annual growth (%)								
2011-2021	3.9%	4.7%	3.4%	3.7%	3.4%	4.5%	3.6%	4.0%

**Inflated dollars & including GST*
Source: MarketInfo; Pitney Bowes Business Insight

Section 3: Competitive context

This section of the report reviews the major competitive retail facilities to the proposed retail centre at the Cronulla Sutherland Leagues Club. Table 3.1 provides a summary of the size and composition of these retail facilities which are illustrated on the previous Map 2.1.

Table 3.1
Cronulla schedule of competing retail facilities

Centre	Retail GLA (sq.m)	**Major traders**	Dist. by road from Cronulla (km)
Within trade area			
Cronulla	15,000	Woolworths, Franklins	2.3
Beyond trade area			
Caringbah	*15,200*		*2.5*
• Caringbah Shopping Village	5,800	Woolworths	
• Caringbah Marketplace	2,400	Franklins	
• Other	7,000	Coles	
Taren Point	3,700	Franklins	3.5
Lilli Pilli	500	IGA	4.0
Miranda	*113,400*		*4.2*
• Westfield Miranda	106,900	David Jones, Myer, Big W, Target, Woolworths, Franklins, Aldi	
• Parkside Plaza	4,600	Coles	
• Other	1,900	Aldi (p)	
Southgate Sylvania	21,600	Kmart, Woolworths, Coles	6.3

Source: Property Council of Australia; Pitney Bowes Business Insight

Within the main trade area

Currently, retail facilities within the main trade area are provided at Cronulla. Major tenants within the Cronulla retail precinct include a Woolworths supermarket of approximately 650 sq.m and a Franklins supermarket of 850 sq.m. This precinct is generally characterised by food catering tenants, convenience based retailers (e.g. newsagent and chemist) and a number of surf shops.

Beyond the main trade area

Westfield Miranda is the only regional shopping centre within the Sutherland Shire. The centre is anchored by Myer and David Jones department stores; Big W and Target discount department stores; Woolworths, Franklins and Aldi supermarkets and a cinema complex. This centre encompasses 106,900 sq.m of retail floorspace, provided over four levels. Given such an extensive provision of retail floorspace, the centre is the major destination for higher order non-food shopping in the Sutherland Shire. The centre has also received a development approval for a further expansion to incorporate 17,700 sq.m of additional retail floorspace, including an expanded supermarket, mini-major tenants and retail specialty stores. Construction has yet to commence at the centre.

Other retail facilities within close proximity of Westfield Miranda include Parkside Plaza, which is anchored by a Coles supermarket. In addition, an Aldi supermarket is currently under construction at the Miranda RSL site, which is situated near Westfield Miranda. It is understood that construction is scheduled to be completed by the end of 2011.

Southgate Sylvania is the only sub-regional shopping centre serving Sutherland Shire residents to the east of the Princes Highway. This centre is anchored by a Kmart discount department store, Woolworths and Coles supermarkets and a 1st Choice large format liquor store. In addition to the associated specialty store mix at the centre, Southgate Sylvania is complemented by a number of non-retail tenants including an AMF Bowling alley.

A substantial provision of retail floorspace is also provided at Caringbah, immediately to the west of the main trade area. This precinct includes Woolworths, Coles and Franklins supermarkets. It is our understanding that supermarkets in this precinct generally trade solidly, with the modern Woolworths supermarket of some 4,400 sq.m being the strongest performer.

Around 3.5 km to the north-west of the Cronulla Sutherland Leagues Club, a Franklins supermarket of around 3,700 sq.m is also provided at Taren Point.

Section 4: Potential for retail facilities

This section of the report examines specifically the demand for supermarket floorspace within the defined main trade area, and also presents an assessment of the market potential for other retail facilities at the Cronulla Sutherland Leagues Club.

4.1 Demand for supermarket floorspace

Table 4.1 summarises the current estimates of both population and supermarket floorspace provision within the main trade area. As shown, the current provision of supermarket floorspace within the defined main trade area is estimated at 47 sq.m per 1,000 persons, which is well below the Australian average of 320 sq.m per 1,000 persons.

Table 4.1

Estimated supermarket floorspace provision within Cronulla main trade area, 2011

Trade area sector	No. of Smkts	Smkt Floorspace (sq.m)	Est. 2011 Population	Smkt provision (sq.m per 1,000 persons)
Primary	0	0	8,100	0
Secondary South	2	1,503	19,090	79
Secondary West	0	0	4,930	0
Main Trade Area	**2**	**1,503**	**32,120**	47
Sutherland Shire	30	62,149	218,800	284
Australian Average				320

Source: Pitney Bowes Business Insight

The absence of full-line supermarkets and a very low supermarket floorspace provision within the main trade area mean that trade area residents currently have to travel beyond the main trade area for their grocery shopping needs. Significant proportions of these residents are likely to travel to Caringbah which currently has a triple supermarket offer, as well as Miranda, where four supermarkets are provided, with a fifth under construction.

As shown in Table 4.1, the average provision of supermarket floorspace within the eastern part of the Shire (refer Map 4.1) is currently estimated at 201 sq.m per 1,000 residents. This provision is still much lower than the Australian average, and reflects a level of undersupply of supermarket floorspace in the region, which could be addressed by the proposed supermarket provision at the Cronulla Leagues Club development.

Assuming that the proposed full-line supermarket of 4,188 sq.m at the Cronulla Leagues Club proceeds, the supermarket provision within the main trade area would increase to around 175 sq.m per 1,000 persons in 2013, still well below the Australian benchmark. The supermarket floorspace provision within the broader Sutherland East region would increase to 279 sq.m per 1,000 persons in 2013, which is also below the Australian benchmark.

In our view, there is potential for a second, smaller supermarket (such as Aldi) to complement the proposed full-line supermarket at the Cronulla Sutherland Leagues Club. Aldi currently operates two stores within the Sutherland Shire, at Westfield Miranda and Menai, with a third store also under construction at Miranda. Residents living in the central and western parts of the Sutherland Shire therefore have relatively easy access to Aldi stores.

However, residents living in the eastern part of the Sutherland Shire would have to travel to Miranda, which can be congested at times, to shop at Aldi. On this basis, we consider that Aldi could occupy the tenancy of 1,597 sq.m at the proposed development. Aldi stores are typically around 1,500 sq.m in size, so in the event that Aldi is secured as a tenant at the proposed development, a slightly smaller tenancy than that currently planned may be required.

In the event that two supermarkets are provided at the Cronulla Leagues Club, the supermarket floorspace provision within the main trade area would increase to 225 sq.m per 1,000 persons, while the provision within the Sutherland East region would increase to 314 sq.m per 1,000 persons.

From an alternative perspective, typically in Australia one major supermarket is provided for every 9,000-10,000 persons. The estimated Leagues Club trade area population of some 32,000 persons suggests that up to three full-line supermarkets could be provided within the main trade area. In fact, the primary trade area population alone (currently estimated at 8,100 and forecast to increase to 10,200 persons by 2021) could sustain a full-line supermarket.

Map 4.1: Cronulla Sutherland Leagues Club

Sutherland East Region & Competition

** Halo object indicates proposed store*

Regional SC	Big W	Woolworths	Aldi
Sub-regional SC	Kmart	Coles	Supabarn
Myer	Target	Franklins	Supermarket
David Jones		IGA	

Pitney Bowes Business Insight

4.2 Supermarket potential

On the basis of the preceding discussion, we have assumed that the proposed Cronulla Sutherland Leagues Club would be anchored by a full-line supermarket (Woolworths or Coles) of 4,188 sq.m and an Aldi supermarket of 1,597 sq.m (or slightly smaller, per our previous comments).

Table 4.2 presents our estimates of sales potential for supermarkets at the proposed Cronulla Sutherland Leagues Club in 2012/13. All figures presented in this report assume an average inflation rate of 2.5% and include GST.

Table 4.2

Cronulla Sutherland Leagues Club supermarket sales potential, 2013-2021*

Year Ending June	Forecast sales ($M) Supermarket 1 (4,188 sq.m)	Supermarket 2 (1,597 sq.m)	Total
2013	39.1	14.5	53.6
2014	41.6	15.4	57.0
2015	44.6	16.5	61.0
2016	46.5	17.2	63.6
2017	48.5	17.9	66.4
2018	50.6	18.7	69.3
2019	52.8	19.5	72.4
2020	55.2	20.4	75.6
2021	57.6	21.3	79.0
Avg. ann. growth, 2013-2021	5.0%	4.8%	5.0%

**Inflated dollars & including GST*
Source: Pitney Bowes Business Insight

As shown, the estimated sales potential for proposed supermarkets at the Cronulla Sutherland Leagues Club is $53.6 million in 2012/13. This represents an average trading level of $9,270 per sq.m, which is within the range typically achieved by successful supermarkets in Australia, estimated to be $8,000-$10,000.

Supermarket sales potential is then projected to grow at an average rate of 5.0% per annum, to reach $79.0 million by 2021.

4.3 Mini-major stores potential

A mini-major tenant is defined as a retail tenant of 400 sq.m or greater. Mini-major usages typically include large format liquor, discount variety, fresh produce, consumer electronics and apparel stores. Mini-major tenants act as customer generators similar to the majors, and are becoming an increasingly important component of most shopping centres in Australia.

Map 4.2 illustrates the locations of the leading mini-major tenants throughout the main trade area. As shown, the largest concentration of mini-major tenants within the Sutherland Shire is currently provided at Westfield Miranda, followed, to a much lesser extent, by Southgate Sylvania. A number of mini-major retailers are also located at supermarket based centres and retail strips throughout the Sutherland Shire. These mini-major retailers however are provided in a piece-meal manner and are unlikely to act as strong customer generators for their respective centres/strips.

In our view, there is potential for the proposed Cronulla Sutherland Leagues Club to incorporate mini-major tenants, to complement the proposed supermarket anchor tenants at the centre. Potential retailers which could occupy mini-major tenancies at the proposed Cronulla Sutherland Leagues Club include:

- A large format liquor store such as Dan Murphy's or 1st Choice Liquor. At present, a Dan Murphy's store is provided at Menai, while 1st Choice Liquor store is located at Southgate Sylvania. In our view, there is scope for one of these brands to be provided at the proposed Cronulla Sutherland Leagues Club.
- A large format fresh produce store such as Harris Farm. In our view, a large format fresh produce store would complement the proposed supermarket offer and help to create a point of difference and strengthen the fresh food offer at the proposed Cronulla Sutherland Leagues Club.
- A large format pharmacy such as Priceline. Priceline currently operates two stores at Cronulla and Miranda. However, there is a scope for a Priceline store to be provided at the proposed Leagues Club development to improve the convenience offer.
- A discount variety store such as The Reject Shop.