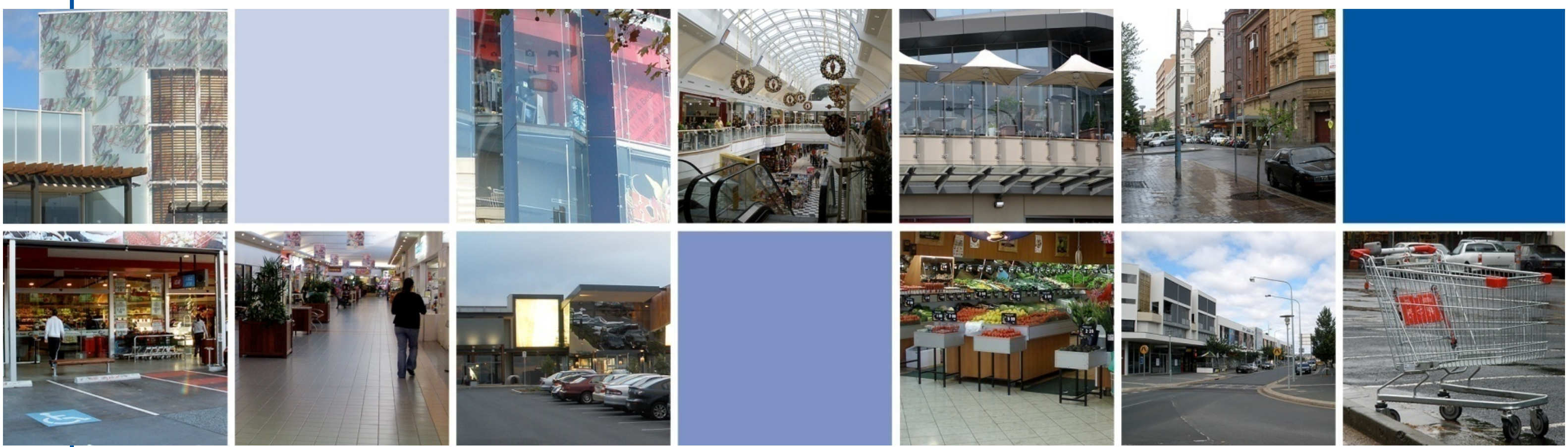
Vincentia Marketplace

EIA Supplementary Report

March 2011



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Introduction

Pitney Bowes Business Insight (PBBI) has previously prepared Economic Impact Assessments (EIA) for the proposed Vincentia Marketplace. The original EIA was prepared in January 2006 and an updated report was issued in September 2009, reflecting changes in scale and timing for the planned development.

This supplementary report reflects a number of further changes which are now proposed to Vincentia Marketplace, in particular the following:

i. The physical nature of the centre is now proposed to be altered, primarily by enclosing and air-conditioning the Canopy Walk and Boardwalk malls.

ii. The scale and timing of the centre is now proposed to be altered, as compared with the information provided in the September 2009 report.

Consequently, the report is presented in two sections as follows:

- **Section 1** examines the reasons for the proposal to enclose and air-condition the Canopy Walk and Boardwalk malls.
- **Section 2** details the scale and timing of Vincentia Marketplace as now proposed, and discusses the reasons for the changes now being sought.

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Section 1: Proposed changes to centre mall areas

The revised plans for Vincentia Marketplace now propose to enclose the Canopy Walk and the Boardwalk malls. There are a number of reasons for these planned changes, in particular the following:

- Increasingly the feedback from residents/customers in comparable locations to Vincentia is that an enclosed, air-conditioned environment, but which also provides ample natural light and a feeling of spaciousness, is greatly preferred to an open air main street type environment for shopping and recreational purposes of this nature.

- The existing examples of recently built main street type centres in Australia highlight the need for the critical shopping precincts within such centres to be enclosed and air-conditioned.

- The Building Code of Australia (BCA) 2011 Part J proposed draft changes, which, if implemented, will effectively prevent any open front shops which are air-conditioned opening onto space which is not air-conditioned. Clause J 3.4 of the proposed BCA 2011 provisions requires that each tenancy entrance must be sealed against air infiltration and be provided with one of the following:

    a. an airlock

    b. a self-closing door

    c. a revolving door

- A cafe, restaurant, or open front shop is provided with an exemption to these provisions when fitted with a control device that will deactivate the air-conditioning if the entrance has been open for more than one minute. In effect, therefore, air-conditioned shops or cafes/restaurants which open onto a main street will not be able to be open front.

- Therefore, if these proposed draft changes are implemented, then any premises to be provided in Vincentia Marketplace which front an open air street would either not be able to be air-conditioned, or if air-conditioned would be effectively precluded from having any open front, e.g. cafes/restaurants spilling out onto the street.

It is worth noting at this point that the existing examples of recently built main street centres in Australia, which are discussed in further detail later in this section, were all able to be built under the previous BCA provisions, which permitted air-conditioned open front shops opening onto space which is not air-conditioned. Those provisions meant that the existing centres had much greater flexibility in terms of store design and layout, as compared with the much more restrictive provisions of BCA 2011 Part J.

This section of the report, therefore, presents the reasons why it is highly desirable to enclose and air-condition both the Canopy Walk and the Boardwalk malls, in order to optimise the chances of success of the centre by better meeting the needs and aspirations of residents. The need to air-condition these mall areas is further heightened by the BCA 2011 Part J changes.

1.1 Customer feedback on open air centres

For a number of years now planning authorities throughout most Australian states have been advocating the need to replace the previously enclosed shopping centre model, which has been successfully built and operated at more than 300 locations across all parts of Australia over the past 30 or so years, with more open air, main street based activity centres.

There have been many reasons put forward for this change in approach, largely related to a generally held view by many, if not most, planners that such open air centres would be more successful in creating integrated, mixed use, successful community hubs.

At the same time, though, retailers and developers of shopping centres have generally struggled to make the open air/main street centre work effectively, both from a retail/shopping amenity point of view, and even more so, from a feasibility point of view.

Three significant open air/main street activity centres have been developed at various locations in Australia over recent years, and at present these represent the best examples, or at least the most relevant, that exist in this country of such facilities. Those three centres are Rouse Hill Town Centre in north-western Sydney; the Springfield Orion Town Centre in south-western Brisbane; and the Point Cook Town Centre in the western suburbs of Melbourne. Each of those three examples is considered later in this report.

There is, however, a growing body of evidence that customers are not particularly impressed with many aspects of main street/open air centres, and in some instances that they are downright hostile to such proposals. Appendix 1 to this report presents customer feedback from Directional Insights, the leading independent market researcher of retail and shopping facilities throughout Australia. Directional Insights, as indicated in Appendix 1, has undertaken detailed research at more than 100 shopping/activity centres across Australia, including high street retail nodes and major shopping centres, since 2002. During that time, the company has interviewed more than 90,000 Australians on matters relating to their shopping behaviours, likes and dislikes.

In 2007, Directional Insights conducted an online poll to ascertain if Australians prefer to shop in shopping centres or high street retail locations. The findings showed that 75% prefer enclosed shopping centre locations, with 25% preferring strip shopping in high streets.

The major reasons for these findings as given by Directional Insights, and for customers' clearly expressed and very strong preference for enclosed shopping centres, are the following:

- One stop shopping
- Access and parking
- Undercover from elements
- Safe and secure environment
- Clean and available amenities
- Facilities for special needs, disabled, elderly, young mothers
- Selection and variety
- Ability to do more than just shop
- Meeting people they know
- Connecting with the local community

Directional Insights further expresses the reasons given in qualitative focus group discussions by customers describing their preference for shopping centres and identification of shopping centres as the new town centre, including the following:

> *Shopping centres definitely have that village atmosphere and it is a meeting place. There is everything from food to coffee shops, it is undercover for when it is raining and it is a place where you can even take your kids, or parents. I suppose it is the hub of any community.*

Directional Insights also details the reasons why consumers have such strongly held concerns about open air centres, which relate to:

- Being exposed to vehicular traffic, especially for care with young children
- Being exposed to the noise and pollution associated with passing traffic
- Exposure to weather elements, particularly in winter

Directional Insights concludes that there is a clear evident trend, namely that customers want the look of outdoors but the comfort and benefit of being indoors. Therefore, customers want incorporated into their internal centres factors such as abundant natural light, a feeling of openness and spaciousness with an outlook to the sky or to the outside, perhaps live greenery and the sound of nature and running water, as well as easy access to an outside alfresco area mainly for some casual dining.

A second source of direct customer feedback on the question of open air/main street town centres is research recently conducted on behalf of Lend Lease Retail relating to the Craigieburn Town Centre, a new main street town centre of approximately 50,000 sq.m (Stage 1) which is to be built in the rapidly growing outer northern corridor of Melbourne.

When the open air/main street development plan for the town centre was put to local residents in a series of focus group discussions conducted in late 2009, the overall reactions to the plans were very negative, resulting in substantial disappointment and, in some cases, quite an angry response. The reasons given by these focus group participants for such a response were that, in their view, their basic needs of having a centre that was convenient and functional would not be met by the open air/main street proposal.

The key elements of the proposed development plan with which the local residents were dissatisfied were:

- The inclusion of a trafficable street through the heart of the retail precinct
- The lack of full weather protection throughout the main retail precinct
- The perceived risk to their safety
- The lack of convenience and comfort
- The inability of such a development plan to create a ‘sense of occasion’

The key modifications sought by the focus group participants in that instance were:

- To close the main street to through traffic.
- If the main street must remain open, to reconfigure the centre so that the core retail could all be provided on one side of the main street, with separate functions on the other side.
- To provide more weather protection, preferably in a fully enclosed and climate controlled environment, with the possible exception of alfresco cafes and dining.

Some of the qualitative responses received in this particular focus group process were as follows:

> *‘All under one roof, like Epping Plaza. It is more convenient as you do not have to get in and out of your car to move around.’*
>
> *‘It is convenience and comfort of a shopping centre. You can look around and get a coffee too. You can’t do that in a strip shopping area’.*
>
> *‘You shop longer if you can stay indoors and can stop and have a coffee. Street shopping is old fashioned like in Craigieburn.’*
>
> *‘It is safer and easier under one roof if you have kids.’*
>
> *‘You want it all under cover, glassed in, but you want light.’*
>
> *‘Centres are easier to know where everything is.’*
>
> *‘Strip shopping is no different to what is already in Craigieburn, so it will not be an improvement.’*

'Currently in Craigieburn you cannot do shopping easily as you get wet or it is too hot.'

'I think of graffiti and vandalism on strip shops, but I feel a shopping centre is a more secure.'

'So should not they base the design on what the community one? Are they going to pay attention to what we are actually saying or has this been a waste of time?'

'That would again be my last resort. I would not do a full shop there, I would limit it to certain type of shopping or in certain areas. I prefer to drive 15 minutes away to do a proper shop and spend more of my money.'

'If that was like that I would get in my car and go home before I would cross that road to go there.'

'If the four major stores are split and not covered, I would normally go to Coles and Aldi but I would not do that there.'

'Once I go outside I am going home. That's what I am used to. I have grown up with shopping centres I guess so I will not go strip shopping.'

'Someone more cosmopolitan and younger, a trendy Chapel Street type would have designed that.'

'You will get a lot of jaywalkers. Cars would be skittling people.'

'It will just become another local shopping strip like here, we will just drop in and get a few things we can quickly.'

> *'To do something bodgie and save money by not covering it, why would they bother, we would still go to Epping if they do not do it right.'*

This customer feedback highlights the fact that open air/main street activity centres are not perceived by the customers, particularly in outer suburban residential areas, in the same positive vein as they may be perceived by planners and state and local governments. There are very good reasons why the enclosed shopping centre has evolved so successfully throughout Australia, and why customers are so wedded to the comfort and convenience which the enclosed shopping centre can offer them.

In the main those reasons are:

- The ability to separate vehicular traffic from shopping and pedestrian uses.
- The ability to provide comfort and amenity in all weather conditions.
- The ability to provide ease of use and convenience of all parts of the centre.
- The ability to provide a safer, more secure environment.

At the same time, the enclosed shopping centre has also met, more effectively than any other model, the needs of retailers, by enabling all retailers to have reasonable access to passing pedestrian flow on the one hand, and shared carparking which is easily and conveniently accessible on the other. These two objectives are both far more difficult to deliver in any open air/main street centre, meaning that the financial thresholds that are required to be met in order for investment in such centres to be feasible, are significantly less likely to be achieved. By definition, a main street centre requires large areas of open streets to be successfully activated.

Unless large volumes of pedestrians can be enticed/cajoled to walk past all parts of those main streets, then the various retailers or services provided on them will not be able to trade successfully. That in turn leads to lower rental outcomes, and hence, lower capital values for the centre owner/developer. Even more importantly though, such an outcome often leads to vacancy and potential blight in at least parts of the centre, which in turn then reflects poorly on the total centre and creates a downward spiral in long term financial performance. A centre which does not perform well financially ultimately is not able to deliver the social outcomes which it is designed to do.

The main street objective cannot and should not be an end unto itself, since an unsuccessful main street centre will still be an unsuccessful activity centre.

1.2 Existing examples of main street town centres

Figures 1.1 – 1.3 shows the layout plans for the three most recent examples of main street based activity centre built in Australia, namely Rouse Hill Town Centre in north-western Sydney, Springfield Orion in south-western Brisbane, and Point Cook Town Centre in western Melbourne. In broad terms, the sizes and scales of these three centres are as follows:

- **Rouse Hill Town Centre**: Stage 1 was built at a scale of 60,000 sq.m, anchored by two discount department stores (Big W and Target) and two supermarkets (Coles and Woolworths) and containing some 180 shops. The centre will be expanded in the future to more than 80,000 sq.m, most likely to also include a Myer department store anchor. The main trade area population served by the centre contains a current population of approximately 140,000, but will grow to in excess of 200,000, since the trade area is the rapidly growing north-west growth centre of Sydney.

- **Springfield Orion Town Centre**: Stage 1 of this centre as it currently exists is approximately 25,000 sq.m in size, anchored by a Big W discount department store and a Woolworths supermarket. A further stage of development planned in the near future will take it to in excess of 40,000 sq.m. The centre's main trade area currently contains approximately

60,000 residents, but this figure is projected to grow to in excess of 100,000 over the medium term, as this trade area again is contained within a rapidly growing sector of Brisbane. Furthermore, Stage 1 of the Orion Town Centre is one part of what will eventually be a major town centre to include not only retail elements but also tertiary education facilities for some 5,000 sq.m, a major hospital, other related health services, approximately 148,000 sq.m of commercial office floorspace, and 140,000 sq.m of industrial uses. In addition, a large number of residential dwellings are proposed to be developed within the town centre, while in retail terms, the town centre when completed will contain some 150,000 sq.m of retail and bulky goods floorspace.

- **Point Cook Town Centre**: Stage 1 of this centre comprises approximately 40,000 sq.m of retail floorspace, built in four quadrants and anchored by a Target discount department store, a Harris Scarfe department store, as well as Coles and Aldi supermarkets. A further stage of development planned for the near future will take it to in excess of 60,000 sq.m. The main trade area population is currently 60,000, and projected to increase to in excess of 90,000 over the next decade or so.

The layout plans for each of these centres highlight the fact that, while they are built along main streets, the most critical shopping areas are all enclosed, air-conditioned spaces.

The Rouse Hill Town Centre (Figure 1.1) is effectively four quadrants, built along a main street. Most of the specialty store areas, other than those fronting directly onto the main street, are either undercover or air-conditioned. The foodcourt and all of the fresh food supermarket/specialty precincts within the centre are both enclosed and able to be air-conditioned. Thus, all of the specialty store areas outside the Woolworths and Coles supermarkets, are provided within enclosed malls with capacity for air-conditioning. It is by virtue of the scale of the centre, and the very substantial population which the centre can serve, that a significant main street has been able to be created, since the four components generate sufficient levels of activity between them to be able to create appropriate levels of cross-flow activity to support a main street. In addition, the main street is further supported by residential, civic and commercial uses.

Springfield Orion Town Centre, as Figure 1.2 shows, effectively comprises two enclosed shopping centres built on opposite side of the main street. Again, all of the specialty stores provided outside the Woolworths supermarket as well as those provided outside the Big W discount department store are built within enclosed, air-conditioned malls. The same principles that apply to the Rouse Hill Town Centre also apply to Springfield Orion Town Centre. Again, because of the scale of development which can be built, and the substantial population which can be supported, as well as the many other significant uses which will be provided within the eventual town centre, the necessary levels of activity to activate a main street can be generated in due course.

As Figure 1.3 shows, the same principles also apply for the Point Cook Town Centre. This centre comprises four enclosed, air-conditioned elements, built on four corners of the intersection between two streets. While there is also some activity provided on each of the two streets, the focus is within the enclosed, air-conditioned spaces, in this instance, outside the Coles supermarket, the Target discount department store, the Harris Scarfe department store, and the Aldi supermarket.

Again, like the other two examples, Point Cook Town Centre is of a sufficiently large scale, and able to serve a sufficiently large trade area population, that some reasonable levels of on street activity can be created in due course.

For each of these three centres, therefore, despite the very substantial scale of each centre and the large and very rapidly growing population levels which they each serve, the bulk of the retail floorspace is actually provided as enclosed, air-conditioned shopping centres, with associated carparking.

A fourth example which is also helpful to consider is a centre which was originally built as an open air street based centre, but which has subsequently been enclosed and air-conditioned – Robina Town Centre on the Gold Coast in Queensland. The attached Figure 1.4 shows the layout of Robina Town Centre.

This centre was originally built utilising a ‘hub and spoke’ model of central piazza and open air streets, in 1996. The centre struggled greatly after opening, and was generally regarded as being dysfunctional.

The centre was sold and acquired by QIC in 1999. After acquisition, QIC set about totally remodelling the centre, with one of its major objectives being to enclose and air-condition the previously open air streets. This initiative was undertaken because feedback from customers indicated that there were too many days during the year when the centre was either too hot or rainfall was too heavy, and on those days customers opted not to visit but instead shopped elsewhere. Therefore, despite the fact that the centre is located on the Gold Coast, the major tourist/holiday region in Australia, with a climate that many would regard as being warm and appealing, it still did not perform well as an open air centre.

QIC’s initial redevelopments involved the enclosure and air-conditioning of two of the key open air streets, Bazaar Street and Arbour Lane, both of which generated enormous improvements in customer appeal and trading performance. A recent major expansion to the centre, including the addition of a new Myer department store, has been built as an enclosed, air-conditioned mall area.

QIC now reports great customer satisfaction and trading success for the redeveloped centre, with all of the key specialty areas now being provided in enclosed, air-conditioned malls.

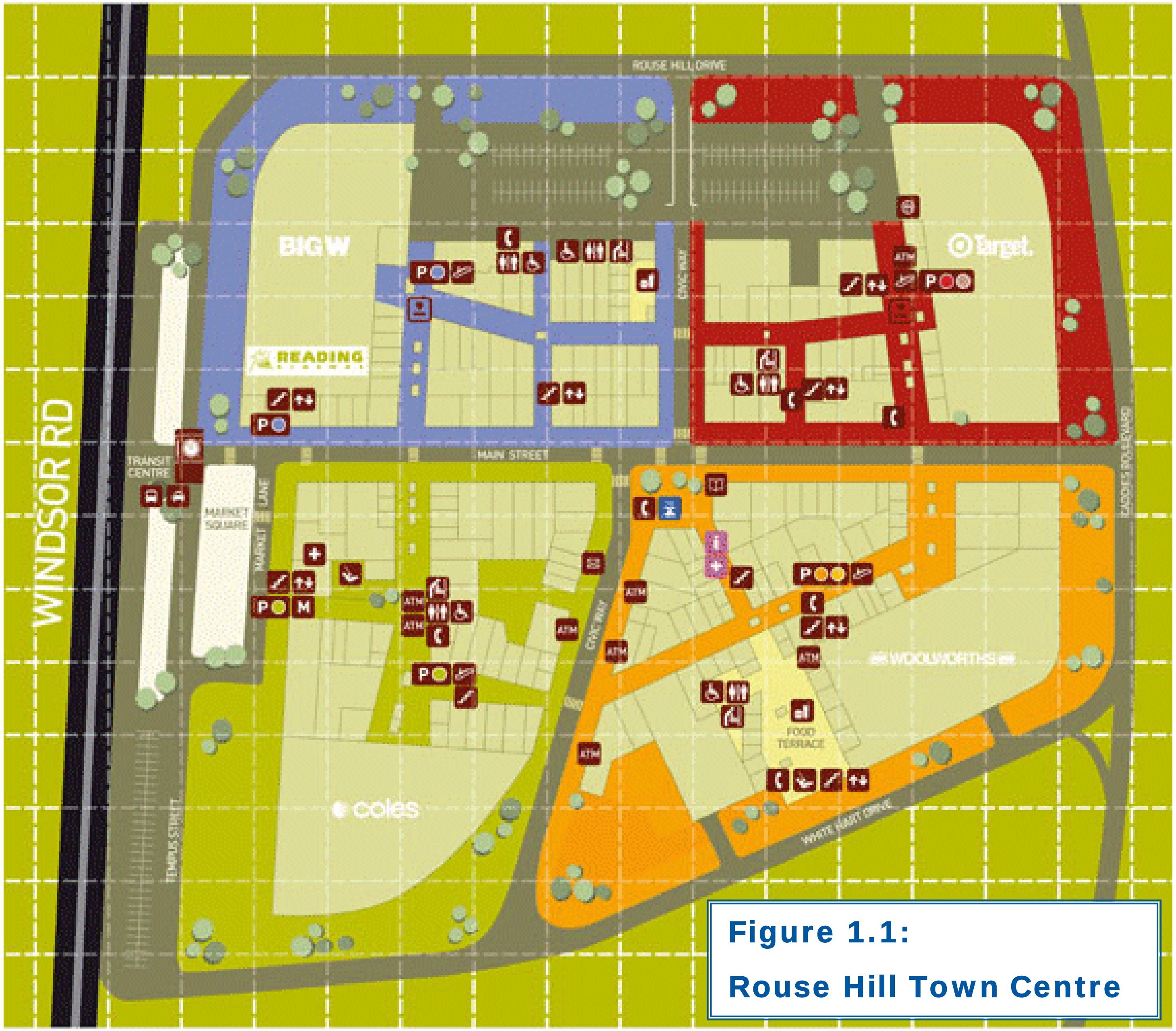

Figure 1.1:

Rouse Hill Town Centre

Figure 1.2: Springfield Orion Town Centre

Figure 1.3: Point Cook Town Centre

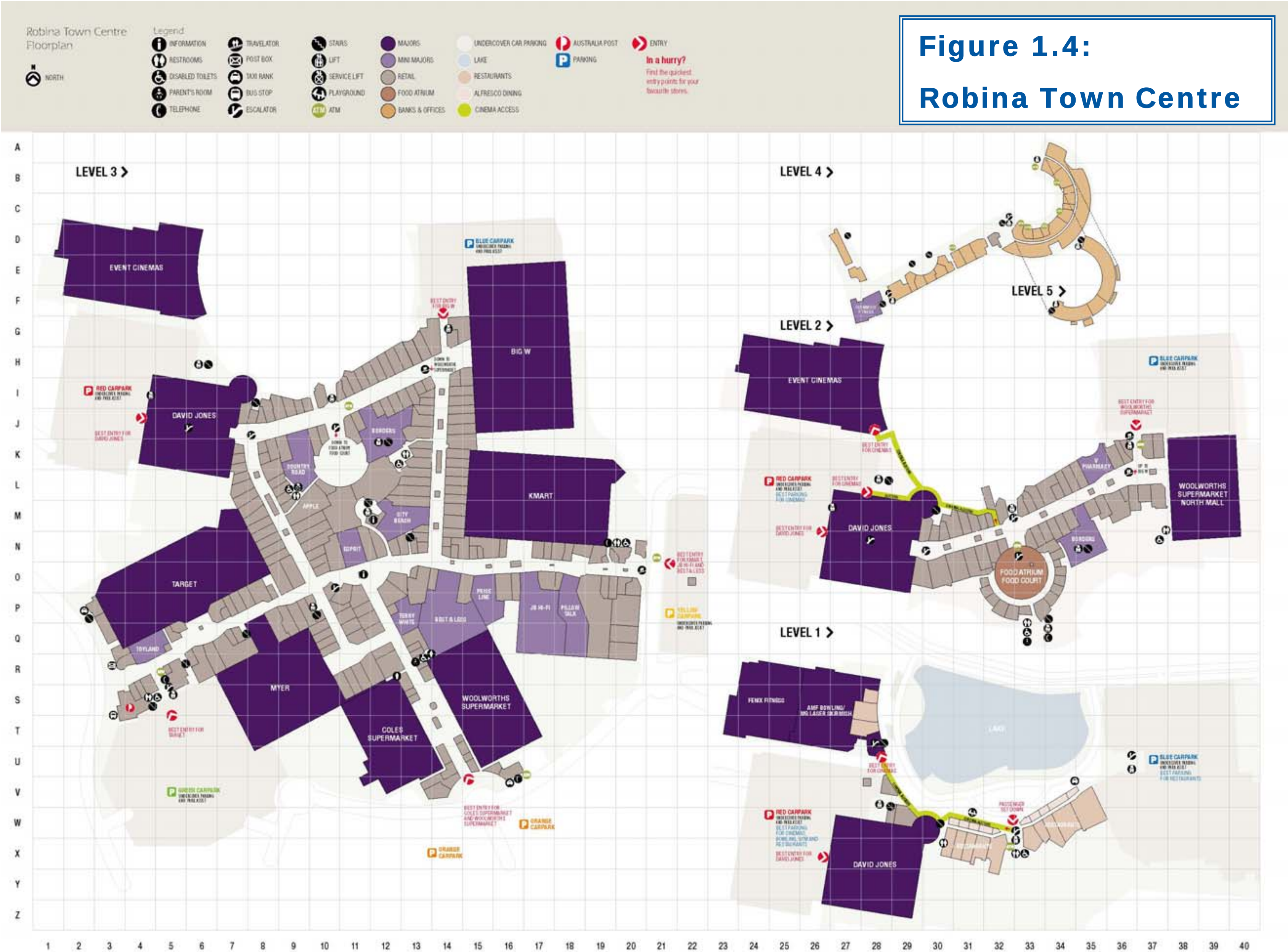

Figure 1.4: Robina Town Centre

1.3 Implications for Vincentia Marketplace

In the case of the Vincentia Town Centre, the advantages which will be delivered by an enclosed, air-conditioned centre over an open air centre will be particularly important. The main trade area population, for example, is quite heavily skewed to elderly residents, with almost one-third aged 60 and over, and with an average age of 44.2 years, compared with a non-metropolitan New South Wales average of 39.1 years based on the 2006 Census results. This elderly population will be particularly sensitive to issues regarding comfort and amenity in all weather conditions, safety and security, as well as ease of use and convenience.

The need for comfort and amenity in all weather conditions is further underlined by an independent climate and comfort analysis undertaken by Cundall, which has concluded that in June, July and August, approximately 90% of the days would have more than two hours during which it is too cold to use the centre, and that from a business perspective this proportion is too high. Overall, Cundall concluded that the climate at Vincentia would be too cold for 24% of the time across a typical year.

With regard to the question of safety and security, enclosure of the mall areas would result in a much lower security risk, particularly given the relatively remote location of the centre, and would therefore result in a lower requirement for local policing in order to provide the necessary level of security.

The Vincentia Marketplace will be much smaller than any of the three recent town centre examples discussed in this report, and the catchment population which it will serve will be far lower than the levels which apply for each of these three other centres. Vincentia Marketplace will contain a total retail component of around 30,000 sq.m when completed, and its main trade area population is currently in the order of 40,000 and projected to grow to around 50,000. At these levels, the available population will be around half the level which will be available at both Springfield Orion and Point Cook Town Centres over the next decade, and about a quarter the population level which will be available within the main trade area of Rouse Hill Town Centre.

This much lower population level available to be serviced, and much smaller scale of centre, both have significant implications for the ability to provide substantial activation of open air main streets at Vincentia. In essence, because of the scale of the centre, it will be very difficult to successfully activate lengthy main streets with retail activity at Vincentia, particularly for Stage 1 of the centre. The bulk of the activity will clearly be generated by the two anchors, Woolworths supermarket and Big W discount department store. The specialty stores will want to cluster around these two stores, and to have access to high levels of passing pedestrian traffic. The best way that such an outcome can be achieved is by enclosing the space, so that all parts of the shopping centre will be more or less equally attractive to visit for all customers. The alternative approach runs a much higher risk of failure of at least parts of the centre.

Further, supermarket and fresh food shopping will be by far the major driver of visitation to the Vincentia Marketplace. The updated Economic Impact Assessment prepared by PBBI in September 2009, highlighted the forecast potential sales for the centre at Table 3.1 on page 14 for Stage 1 as then proposed, and Table 3.2 on page 15 for Stages 1 & 2 combined. For Stage 1, supermarket sales together with food and liquor sales were projected at $63.6 million or approximately 56% of total projected centre sales of $113.8 million. For Stages 1 & 2 in combination, total supermarket and food related sales were projected at $86 million out of a centre total of $148.3 million, or 58%.

For all of these reasons, therefore, the proposed changes to Vincentia Marketplace, to enclose the Boardwalk and Canopy Walk mall areas, would achieve the objectives of:

- Greatly improving the comfort, amenity, safety and overall attraction of the centre to local residents, enabling the centre to better fulfil its designated role; and
- Trading more successfully across all parts of the centre, reducing the risk of failure or potential blight in some parts.

The masterplan for Vincentia Town Centre proposes to include an open air element at Stage 2 of development, with the planned Arbour Walk, between Stages 1/1A and Stage 2 being an open air street leading onto a new library, as well as communal open space.

By the time that Stage 2 can be delivered, the trade area population will have increased further, and the level of activity generated by Vincentia Marketplace will have increased substantially as compared with the initial levels that will be generated by Stages 1A and 1B.

Therefore, the likelihood of being able to deliver an effective and viable open air/main street element to the centre is greatly increased by introducing that element at Stage 2.

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Section 2: Proposed changes to development staging

The updated EIA prepared by PBBI in September 2009 outlined an anticipated 2-staged development processed for Vincentia Marketplace, as detailed in Table 2.1 below, which is a replication of Table 2.1 as presented in the September 2009 EIA update.

Table 2.1

Vincentia District Centre - Proposed Composition

Tenant/ Category	**Stage 1 Centre** 2011 GLA (sq.m)	**Stage 2 Addition** 2014 GLA (sq.m)	**Total Stage 1 & 2** 2014 GLA (sq.m)
Majors			
Big W	8,044	0	8,044
Supermarket (s)	5,585	3,400	8,985
Total Majors	13,629	3,400	17,029
Mini-majors	1,000	1,000	2,000
Retail Specialty	6,600	1,000	7,600
Total Retail	**21,229**	**5,400**	**26,629**
Non-retail*	2,375	350	2,725
Club	0	1,700	1,700
Total Centre	**23,604**	**7,450**	**31,054**

**Includes commercial floorspace*

Source : Pitney Bowes Business Insight

The development plan now proposed for the centre, and the staging plan as part of that development, differs from Table 2.1, although not dramatically. Table 2.2 below details the staging now proposed, which can be summarised as follows:

- Stage 1A, to be built first, will deliver 19,587 sq.m of gross leasable area (GLA) at ground level and 338 sq.m of commercial area at first floor level, for a total of 19,925 sq.m, excluding amenity and circulation areas. The elements to be included in Stage 1A are the same as those proposed in Stage 1 in 2009, namely:

    - A full-scale Big W discount department store
    - Two supermarkets – Woolworths and Aldi
    - Approximately 1,183 sq.m of mini-majors floorspace
    - Some 5,431 sq.m of retail and non-retail specialty floorspace, together with 338 sq.m of first floor commercial space

  Stage 1A as now proposed is slightly smaller and contains a lower provision of specialty floorspace, than Stage 1 as previously proposed in 2009. These changes reflect in large part the economic difficulties experienced as a result of the global financial crisis over the past few years, which have resulted in a significant short-term reduction for specialty retail floorspace due to some reluctance on the part of specialty retailers to lease new stores in the current climate. The changes also reflect the desired physical and layout outcomes for the centre, in particular the need to minimise building any areas which are likely to remain vacant for a long period of time, and thereby to potentially stigmatise the centre.

  Stage 1B would therefore add additional specialty floorspace, totalling approximately 1,197 sq.m of net new space, at a later date, once the surrounding population has further increased and the centre is well established. The additional specialty floorspace to be added in Stage 1B, including the floorspace which will in due course front Arbour Walk on the northern side of the discount department store, as well as the additional floorspace which will extend Canopy Walk in a northerly direction to link through with the planned Stage 2 development, would be at much greater risk of failure if built as part of Stage 1A.

Table 2.2

Vincentia District Centre - Proposed Composition (as at March 2011)

Tenant/ Category	Stage 1A (sq.m.)	Stage 1B (sq.m.)	Stage 2 (sq.m.)	Total Centre (sq.m.)
Majors				
Big W	7,974			7,974
Supermarket (s)	4,999		3,344	8,343
Total Majors	12,973		3,344	16,317
Mini-majors	1,183		1,107	2,290
Retail Specialty	4,345	1,197	2,626	8,168
Total Retail	**18,501**	**1,197**	**7,077**	**26,775**
Non-retail space*	1,424		1,241	2,665
Library			1,400	1,400
Total Centre	**19,925**	**1,197**	**9,718**	**30,840**

**Includes non-retail specialty and commercial floorspace*

Source : Pitney Bowes Business Insight

- Stage 2 would then add the third supermarket, totalling 3,344 sq.m, as well as an additional mini-major store of 1,107 sq.m, and a further 3,283 sq.m of retail and non-retail specialty floorspace. Stage 2 would also add a further 584 sq.m of commercial floorspace, and a new library. The total GLA to be added in Stage 2, excluding the library, would be 7,734 sq.m, taking the total centre GLA to 29,440 sq.m, of which 26,775 sq.m would be retail floorspace.

In total terms, therefore, the centre will differ only very slightly from the proposal which was outlined in the September 2009 EIA. In retail floorspace terms there is minimal difference, with the indicated retail floorspace comprising the same key elements as the 2009 plan, and being of almost identical scale to the 2009 plan.

As a result, the conclusions of the updated EIA prepared in 2009 still hold. In particular, the anticipated trading impact on other trade area retailers will remain of similar magnitude, and indeed, will generally be lower than indicated in the September 2009 EIA, since the development of Vincentia Marketplace will now occur at a later date (the 2009 EIA assumed that the first year of trading for the new centre would be 2010/11).

- The economic benefits which the centre would be expected to deliver will be broadly similar to those indicated in the previous EIAs, in particular:
  - The provision of a wider range of shopping facilities for local residents, in a convenient and readily accessible location, reducing the need for travel outside the area and reducing the level of escape expenditure.
  - The creation of a community hub for the growing population, offering high levels of comfort, amenity, safety and security.
  - The creation of a substantial number of additional jobs, adding to the employment self containment of the Vincentia area.

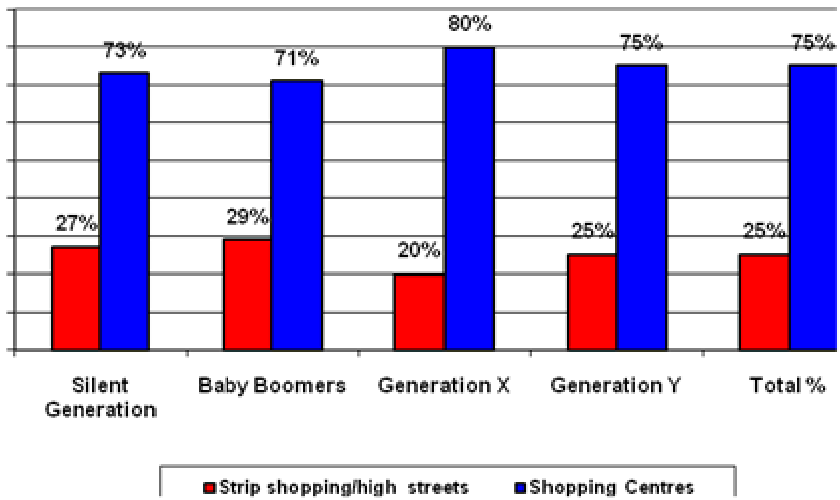
Appendix 1

From: Helen Bakewell [mailto:Helen@directional.com.au]
Sent: Tuesday, 15 March 2011 12:39 PM
To: Tony Dimasi
Cc: Margaret McQueen
Subject: Shopping Inside and Out

Dear Tony,

In answer to your recent question. Directional Insights have been asked to provide an opinion as to whether Australian Shoppers prefer to shop along external shopfronts exposed to the elements or within enclosed climate controlled shopping centres.

As way of background, Directional Insights is a consumer research company specialising in the shopping behaviour of Australians. Established in 2002, Directional Insights has been involved with over one hundred retail premises including high street retail nodes and major shopping centres across Australia. Moreover we have interviewed more than 90,000 Australians on how they shop. Quantitatively in 2007 Directional Insights conducted an online poll to ascertain if Australians preferred to shop in Shopping Centres or high street retail locations. Overall 75% of Australian indicated they prefer shopping centre locations.



Qualitatively we know the main reason customers prefer shopping centre locations includes:

- One stop shopping
- Access and parking
- Undercover from elements
- Safe and secure environment
- Clean and available amenities
- Facilities for special needs, disabled, elderly, young mothers
- Selection and variety
- Able to do more than just shop
- Run into people they know and connect with the local community.

Qualitative narrative from customers describing their shopping centre preference and identification of shopping centres as the new town centre include:

"Shopping centres definitely have that village atmosphere and it is a meeting place. There is everything from food to coffee shops, it's under cover for when it's raining and it's a place where you can even take your kids, or parents. I suppose it is the hub of any community."

"I think shopping centres probably are the new town centre because people congregate there and you always run into somebody you know when you are down (at the) mall, and have a chat. So it is quite a social place to come."

Overtime Shopping Centres have become the preferred location for shopping for Australians. The next questions is what shape should that shopping centre take.

If you ask customers "*what sort of shopping centre do you prefer, internal or external*" normally you will hear praise for the feel of the external centre; the openness and the natural light, the atmosphere and the ambience. However this is only part of the story.

What customers want is the look of outdoors, but at the same time the benefits and comfort of being indoors. They want natural light, but they also want shade. They want openness, but they also want protection from the elements. They want to feel as if they are not cut off from the world outside, but at the same time they want to feel as if they are protected from it.

In focus groups that have been conducted, customers express a variety of views on internal and external shops. What customers don't want from an internal shopping centre includes:

- Being cut off from the outside especially in gauging the weather
- Feeling closed in "(*the centre) has everything, but I have no clue as to what is happening outside".*
- Being in a stifling air conditioned environment
- No natural sounds available – no bland music playing in the background.

But there are very real concerns about external centres. What customers don't want from external centres includes:

- Being exposed to local traffic, and the risk of being exposed to passing traffic (especially for carers with young children) *"streets and cars you have to contend with"*
- Being exposed to the noise and pollution of being outside near passing traffic*"... noise of traffic, music and pollution*
- Exposure to weather elements, sun, wind and rain *"great in summer, but a different experience (...) in winter"*

In our experience there is a clear running trend: Customers want the look of outdoors, but the comfort and benefit of being indoors. Elements customers want incorporated into their internal centres to achieve this sort of external ambience includes:

- Abundant natural light

- Feeling of openness and spaciousness with an outlook to the sky / outside
- Live greenery inside the centre
- Sounds of nature and running water
- Easy access to an outside alfresco area – mainly dining areas

Centres with purely outwardly focussed retail to external elements are similarly criticised as totally inwardly focussed internal traditional shopping centres. The ideal for Australian customers are undercover shopping precincts with lots of natural lights a feeling of openness with sounds of being outdoors and the protection of being indoors. The centre should offer some outdoor area but the main focus of this is for mainly dining preference (with indoor options during inclement weather).

I hope this assists with your enquiry.

Kind regards
Helen

Helen Bakewell | Managing Director

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