Vincentia District Centre, NSW
Economic Impact Assessment Summary

January 2006

Prepared for

Stockland Property Group

TABLE OF CONTENTS

INTRODUCTION

This report presents an independent assessment of the demand and market scope for the proposed development of a discount department store centre at Vincentia in New South Wales. The report also considers the likely economic impacts that would result from the development of the centre. This report is presented in five sections as follows:

- **Section 1** details the location of the Vincentia District Centre site, and discusses the context of the site in NSW.

- **Section 2** examines the trade area which is relevant to the proposal including current and projected future population and retail spending levels within the trade area.

- **Section 3** provides an overview of the retail structure within the surrounding region, particularly the main competitive facilities to the proposed Vincentia District Centre.

- **Section 4** outlines an assessment of the sales potential for the discount department store-based centre, and then presents an Economic Impact Assessment for the proposal. The likely trading impacts on other retailers throughout the surrounding region are considered, as are the employment and other economic effects of the proposed development.

SECTION 1 SITE LOCATION AND PROPOSED DEVELOPMENT

The proposed site for a discount department store-based centre at Vincentia is located on the north-eastern corner of The Wool Road and Naval College (Jervis Bay) Road. The site is located in the Shoalhaven City Council municipality, on the South Coast of NSW (refer Map 1.1). Vincentia is located approximately 25 km south-east of Nowra and 200 km south of the Sydney CBD.

The site for the proposed discount department store-based centre is currently vacant, but adjoins a number of major community facilities including a leisure centre, which is located immediately east of the proposed parcel of land, and a high school, located on the opposite site of The Wool Road. The location of the site, therefore, is a major destination currently for community facilities.

Stockland plans to redevelop the total site to include a District Centre as well as a residential component of 604 lots. An indicative total floor area of the District Centre is 32,000 sq.m with approximately 20,000 sq.m proposed in Stage 1 and 12,000 sq.m proposed in Stage 2. The District Centre is planned to include:

- A retail centre including a Big W discount department store, Woolworths supermarket as well as a specialty shop component (Stage 1). The composition of the centre is outlined in Table 1.1.

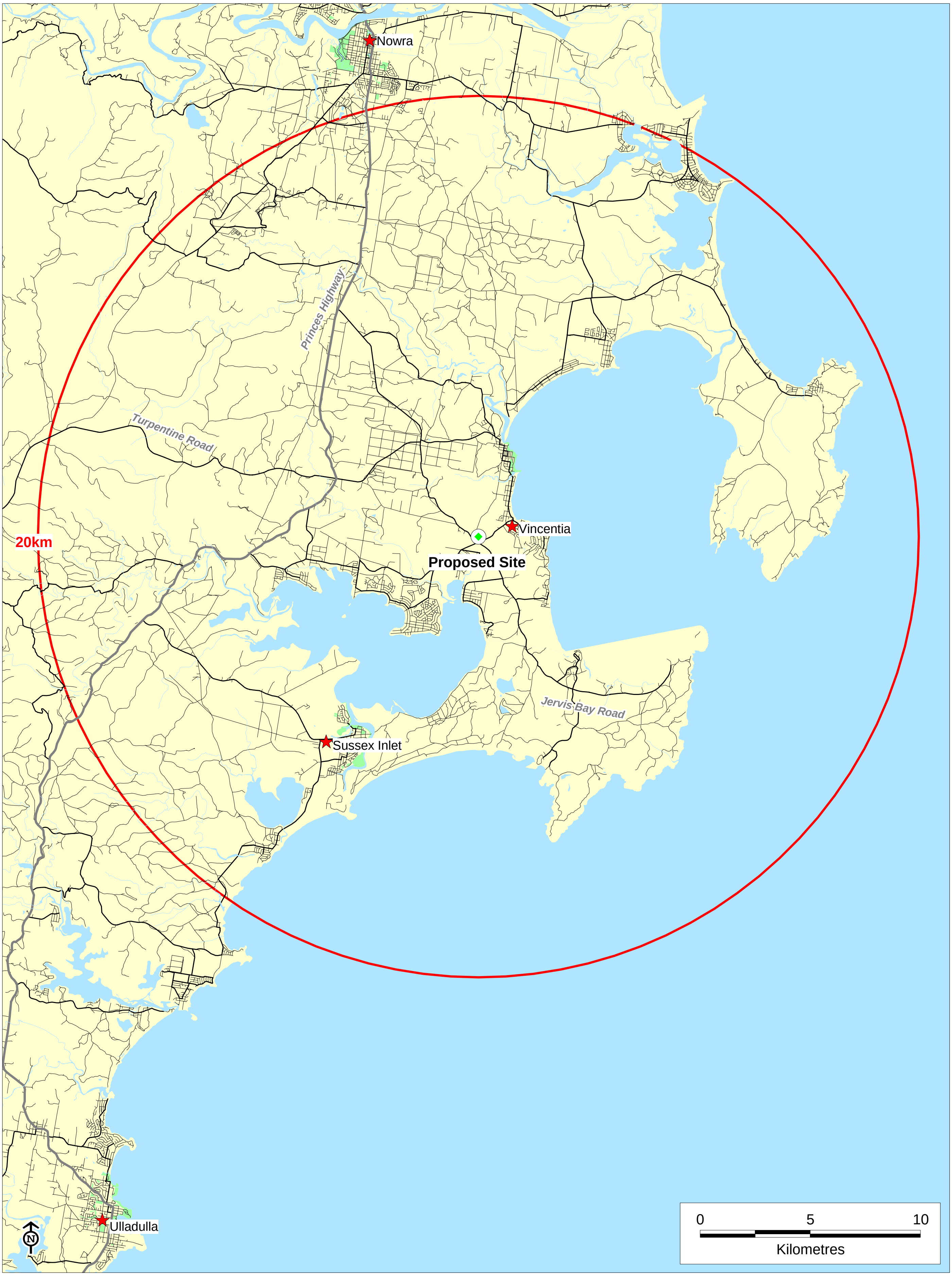
- A medical centre.

- Childcare, Nursery and other commercial components.

- A possible bulky goods component for future development (Stage 3).

The proposed development, therefore, will include a mix of uses including retail, commercial and residential components. The proposed retail component sits on the southern periphery of the site, fronting Jervis Bay Road, however with also easy access from The Wool Road. Some 1,399 spaces will be provided for the retail site. Figure 1.1 outlines the proposed layout of the Vincentia Coastal Village and District Centre.

The proposed site would be easily accessible for the existing population of the Vincentia region, with Jervis Bay Road and The Wool Road being the major north-south and east-west carriageways throughout this area. The proposed retail centre will also provide a conveniently located shopping centre for the growing population throughout the Vincentia region, which includes both older retirees as well as younger families, who are attracted to the lifestyle offered on the South Coast of NSW.



Map 1.1: Vincentia

Regional Context

Table 1.1
Vincentia District Centre - Proposed Composition (Stage 1)

Component	Vincentia District Centre Floorspace sq.m	% of Total
Majors		
Big W	6,670	31.5%
Woolworths	4,187	19.8%
Total Majors	10,857	51.2%
Retail Specialties	6,095	28.8%
Total Centre - Retail	16,952	80.0%
Non-retail	905	4.3%
Total Centre	17,857	84.3%
Medical Centre	630	3.0%
Restaurant	650	3.1%
Nursery	400	1.9%
Commercial	1,650	7.8%
Total Property	21,187	100.0%

Source : Riverview Group; Dimasi

Figure 1.1: Vincentia District Centre

Site Layout

SECTION 2 TRADE AREA ANALYSIS

This section of the report examines the trade area that is likely to be served by the proposed discount department store-based centre at Vincentia. The trade area population levels are detailed, including future projections, as are the socio-demographic profile of the trade area population and the retail expenditure levels and forecasts.

2.1 Trade Area Definition

The proposed development at the Vincentia District Centre site would comprise one modern discount department store, one modern supermarket and specialty shops. The trade area which would be served by the centre will essentially be a localised area, although with some business being attracted to the centre from beyond the trade area from tourists as well as from residents located some distance away to shop at the proposed discount department store.

The extent of the trade area or catchment that is served by any shopping centre, including a discount department store-based centre as proposed at Vincentia, is shaped by the interplay of a number of critical factors. These factors are the following:

i. The most important factor that serves to determine any particular centre's trade area is the relative attraction of the centre in question as compared with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily the scale and composition of the centre. In particular, the major trader or traders that are included within it; the layout and ambience/atmosphere of the centre; and carparking, including access and ease of use, are critical aspects.

ii. As compared with the strengths of the centre in question which directly impact on its attraction, the proximity and attraction of competitive retail centres serve to restrict a centre's ability to extend its trade area. Thus, the locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which the centre in question is able to effectively serve.

iii. The available road network and public transport as they operate to effect ease of access to the centre in question are also important factors impacting on its relative attractiveness.

iv. Significant physical barriers which are difficult to negotiate or which take considerable time to cross can often act as the delineating boundaries to the trade areas that are able to be served by specific centres.

The trade area that is most likely to be served by the proposed discount department store centre at Vincentia has been defined taking all of the above factors into account. In this respect, the most important factors that will impact on the extent of the trade area to be served by the proposed centre are considered to be the following:

- The location of existing and proposed retail facilities throughout the region, including at the Nowra Town Centre to the north, and Batemans Bay to the south.

- The internalised location of the centre within Vincentia, some distance from the major highway (Princes Highway).

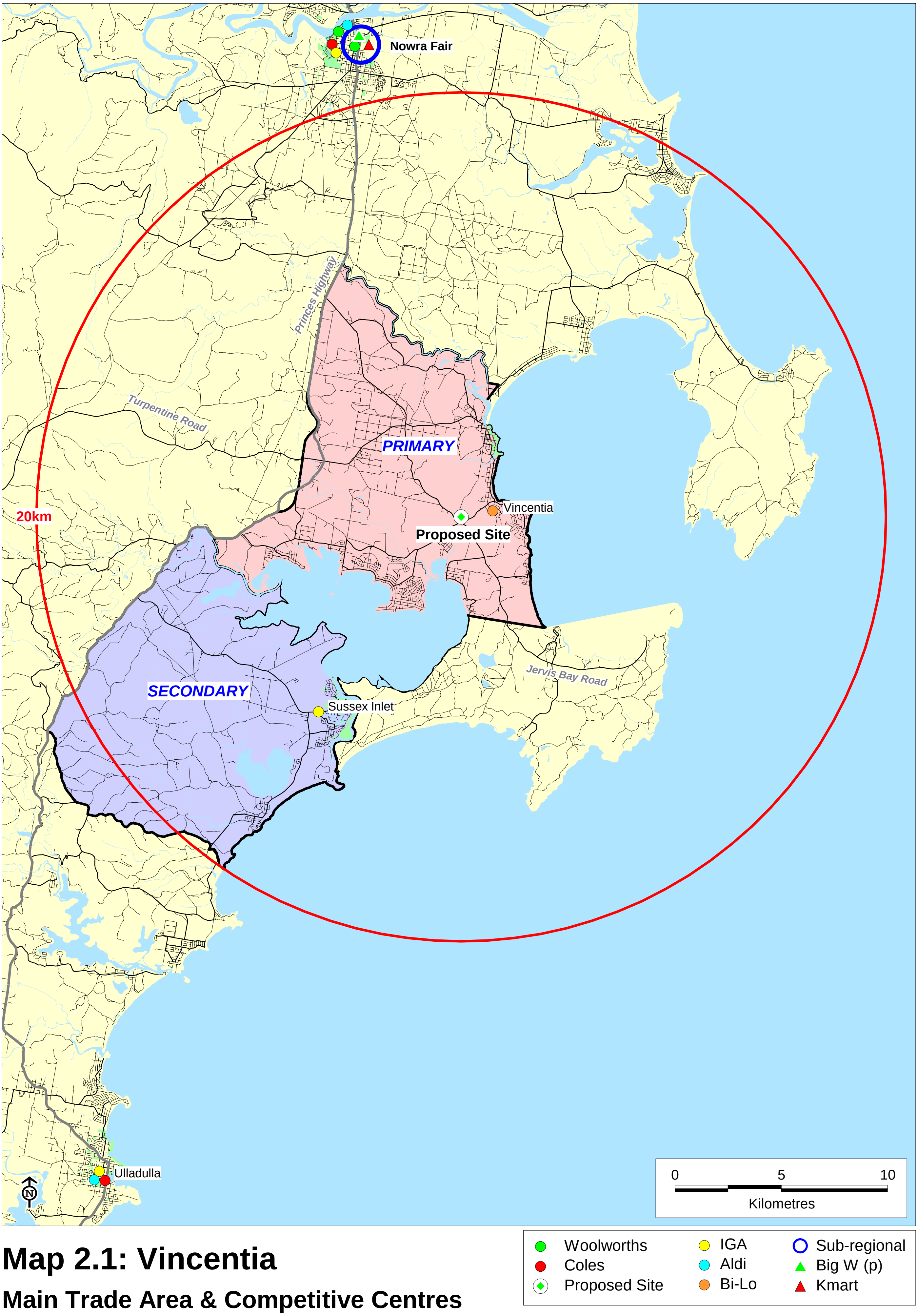
- The pattern of urban growth within the surrounding region.

On this basis, Map 2.1 shows the extent of the trade area which it is considered that the proposed District Centre at Vincentia will serve, comprising a primary sector and a secondary sector to the south.

The primary sector includes the townships of Vincentia, Huskisson, Sanctuary Points and Jervis Bay. This area is bounded by the Princes Highway to the west, St George's Basin to the south, the coast to the east and a waterway to the north.

A secondary sector to the south has also been defined to encompass Sussex Inlet and Swan Haven. Residents in this area would travel to the proposed centre along the Princes Highway and then The Wool Road. These residents, however, would have a choice between shopping at Vincentia or Nowra. Although Nowra is located further away for these residents, the township incorporates a much broader range of retail facilities.

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



Map 2.1: Vincentia

Main Trade Area & Competitive Centres

2.2 Trade Area Population

The existing and projected population levels within the main trade area are detailed in Table 2.1. The current trade area population is estimated at 23,720, including 19,060 persons in the primary sector.

Table 2.1
Vincentia Trade Area Population, 1996-2016

Trade Area Sector	Estimated Resident Population 1996	2001	2005	Forecast Population 2008	2011	2016
Primary Sector	14,260	16,980	19,060	20,620	22,210	24,860
Secondary Sector	3,640	4,220	4,660	4,990	5,290	5,740
Main Trade Area	17,900	21,200	23,720	25,610	27,500	30,600
		Average Annual Change (No.)				
		1996-2001	2001-2005	2005-2008	2008-2011	2011-2016
Primary Sector		544	520	520	530	530
Secondary Sector		116	110	110	100	90
Main Trade Area		660	630	630	630	620
		Average Annual Change (%)				
		1996-2001	2001-2005	2005-2008	2008-2011	2011-2016
Primary Sector		3.6%	2.9%	2.7%	2.5%	2.3%
Secondary Sector		3.0%	2.5%	2.3%	2.0%	1.6%
Main Trade Area		3.4%	2.8%	2.6%	2.4%	2.2%

**as at June*
Sources : ABS; Dimasi

The population levels in the main trade area increased on average by 660 persons each year in the period between 1996 – 2001, representing average annual growth of 3.4%. Most of the growth in the trade area was accommodated in the primary sector.

A recent study prepared by Shoalhaven City Council, entitled *Jervis Bay Settlement Strategy*, projects population growth in the Vincentia region between 2001 – 2016 of around 9,000 – 10,000 persons. In total, this represents some 3,000 additional residential lots to be developed, of which the proposed Stockland site will accommodate approximately 604 residential lots.

Taking this information into account, the population level within the main trade area is projected to continue to grow at a rate of around 2% - 3% over the next 15 years, representing average annual growth of 620 – 630 persons.

On this basis, the trade area population is projected to increase to 27,500 persons by 2011, and 30,600 persons by 2016. The total trade area population, therefore, is projected to increase by around 7,000 persons, or by approximately one-third, over the next 10 years.

2.3 Socio-Demographic Profile

The results of the 2001 Census of Population and Housing enable detailed profiling of the Vincentia trade area population to be undertaken. The following Charts 2.1 – 2.4 illustrate a comparison of the key characteristics of the Vincentia trade area population with the respective benchmarks for non-metropolitan NSW. Specifically, these Charts show:

- The trade area population includes a high proportion of residents aged over 60 years, reflecting the popularity of the South Coast of NSW with retirees. In addition, more than 20% of trade area residents are aged between 0 – 14 years, reflecting the popularity of the region with establishing young families.

- Income levels across the main trade area are some 17.5% below the comparable non-metropolitan NSW average measured on a per person basis. The lower than average income levels of residents, measured on a per person basis, reflects the large number of retirees in the region who have low income levels but would be more reliant on capital savings.

- There are very high levels of home ownership throughout the trade area.

- The trade area population is predominantly Australia born.

- A review of the family structure indicates a high proportion of couples without children, reflecting the older age of population in the region.

Overall, the trade area population tends to be older and slightly less affluent than non-metropolitan NSW benchmarks reflecting the number of retirees in the region. Over time, as the trade area population grows, the number of younger families within the region is expected to increase.

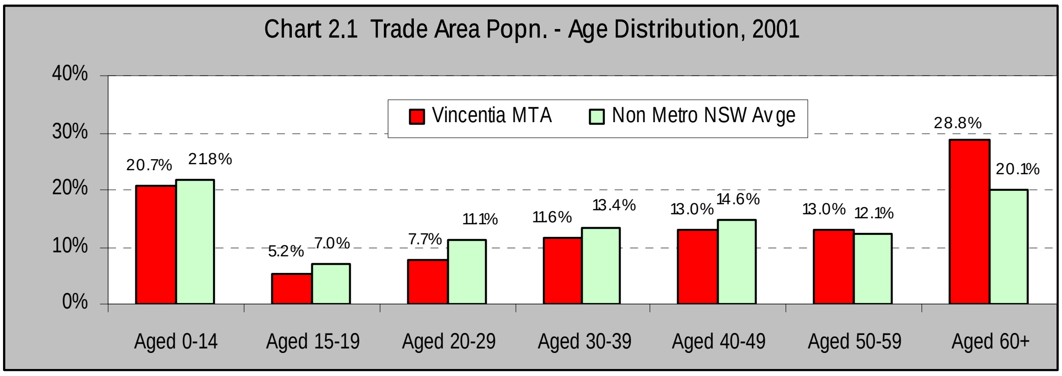


Chart 2.1 Trade Area Popn. - Age Distribution, 2001
Vincentia MTA
Non Metro NSW Avge
40%
30%
20%
10%
0%
20.7%
21.8%
5.2%
7.0%
7.7%
11.1%
11.6%
13.4%
13.0%
14.6%
13.0%
12.1%
28.8%
20.1%
Aged 0-14
Aged 15-19
Aged 20-29
Aged 30-39
Aged 40-49
Aged 50-59
Aged 60+

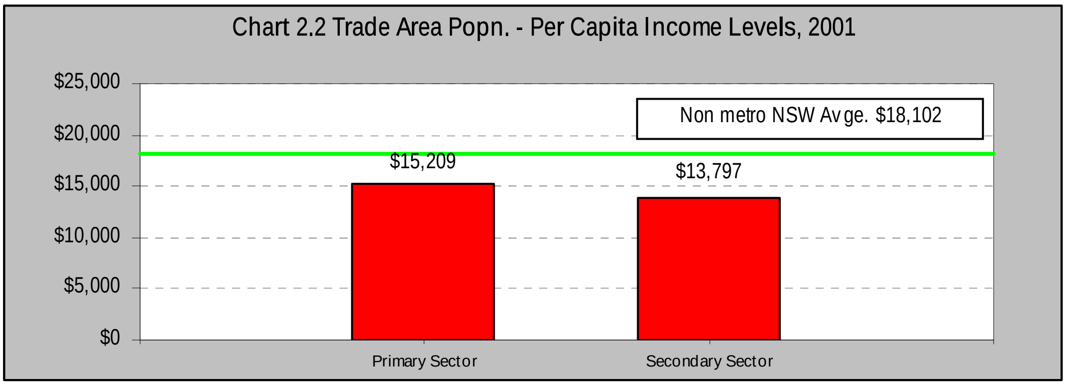


Chart 2.2 Trade Area Popn. - Per Capita Income Levels, 2001
Non metro NSW Avge. $18,102
$25,000
$20,000
$15,000
$10,000
$5,000
$0
$15,209
$13,797
Primary Sector
Secondary Sector

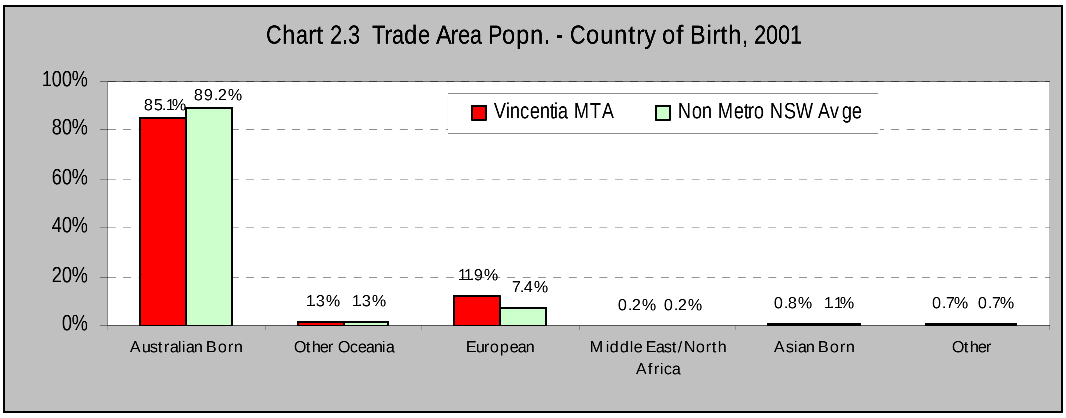


Chart 2.3 Trade Area Popn. - Country of Birth, 2001
Vincentia MTA
Non Metro NSW Avge
100%
80%
60%
40%
20%
0%
85.1%
89.2%
1.3%
1.3%
11.9%
7.4%
0.2%
0.2%
0.8%
1.1%
0.7%
0.7%
Australian Born
Other Oceania
European
Middle East/North Africa
Asian Born
Other

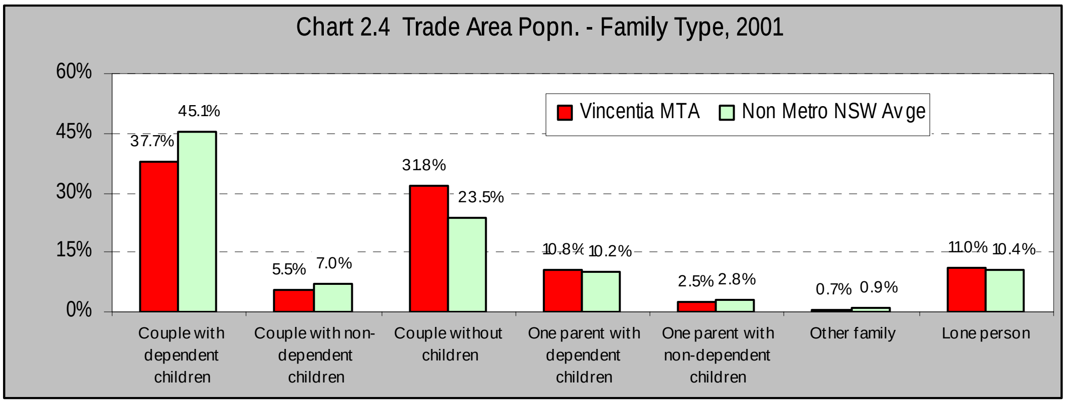


Chart 2.4 Trade Area Popn. - Family Type, 2001
Vincentia MTA
Non Metro NSW Avge
60%
45%
30%
15%
0%
37.7%
45.1%
5.5%
7.0%
31.8%
23.5%
10.8%
10.2%
2.5%
2.8%
0.7%
0.9%
11.0%
10.4%
Couple with dependent children
Couple with non-dependent children
Couple without children
One parent with dependent children
One parent with non-dependent children
Other family
Lone person

2.4 Residents' Retail Expenditure Capacity

The socio-demographic profile of the population of the Vincentia trade area, as outlined, has a major bearing on the retail expenditure capacity of that population. By far the single major determinant of total retail spending capacity for any population is the available income level. Other factors which then serve to impact on the likely distribution of that retail expenditure capacity (e.g. between food and non-food spending, or between different segments of non-food spending) include the age distribution and the ethnic profile and family structure of the population.

The estimated retail expenditure behaviour of the Vincentia trade area population, again benchmarked with the overall averages for non-metropolitan NSW, is shown in Chart 2.5 (total retail spending), Chart 2.6 (food and consumables spending) and Chart 2.7 (spending on non-food retail goods and services).

This comparison of retail spending behaviour, based on information sourced from Market Data Systems, is based on a detailed micro-simulation model of household expenditure behaviour for all residents of Australia. For the Vincentia trade area, the comparison shows that with respect to total retail spending, the typical spending behaviour of trade area residents is approximately 4.6% below the comparable non-metropolitan NSW benchmark on a per person basis. A detailed review by category indicates the following:

- In the food and consumables segment of retail expenditure, spending by trade area residents is some 3.4% below average. This is the market most relevant for supermarket and food specialty stores. Spending on the take home food and groceries portion of food and consumables is slightly above average, but spending on all packaged liquor and food catering/takeaway food expenditure is below average.

- In non-food expenditure, the market relevant to discount department stores and non-food specialty stores, retail expenditure per person is some 6.0% below the non-metropolitan NSW average. Spending is below average in each of the apparel, household appliances, homewares, recreational goods and other non-food categories, but is above average in bulky goods and health & beauty items.

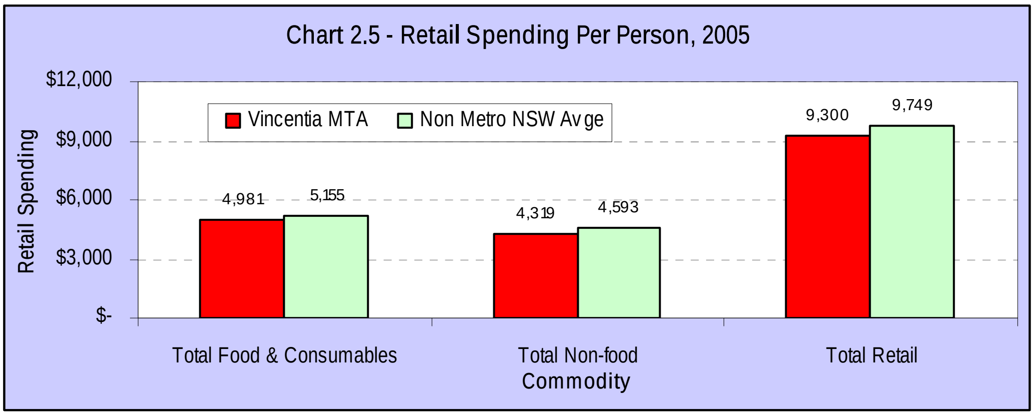


Chart 2.5 - Retail Spending Per Person, 2005
Retail Spending
$12,000
$9,000
$6,000
$3,000
$-
Vincentia MTA
Non Metro NSW Avge
4,981
5,155
4,319
4,593
9,300
9,749
Total Food & Consumables
Total Non-food
Total Retail
Commodity

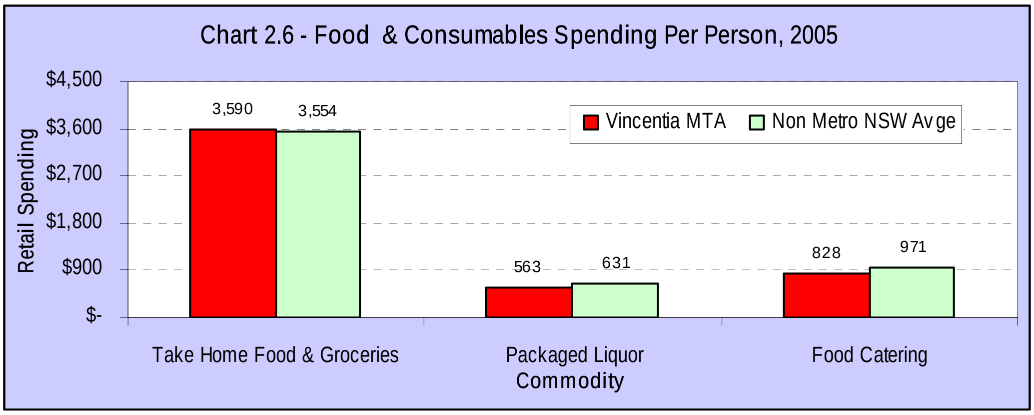


Chart 2.6 - Food & Consumables Spending Per Person, 2005
Retail Spending
$4,500
$3,600
$2,700
$1,800
$900
$-
Vincentia MTA
Non Metro NSW Avge
3,590
3,554
563
631
828
971
Take Home Food & Groceries
Packaged Liquor
Food Catering
Commodity

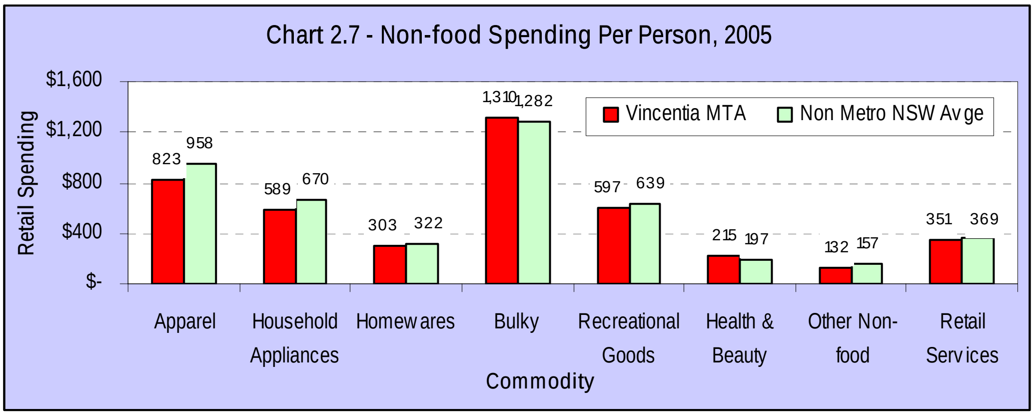


Chart 2.7 - Non-food Spending Per Person, 2005
Retail Spending
$1,600
$1,200
$800
$400
$-
Vincentia MTA
Non Metro NSW Avge
823
958
589
670
303
322
1,310
1,282
597
639
215
197
132
157
351
369
Apparel
Household Appliances
Homewares
Bulky
Recreational Goods
Health & Beauty
Other Non-food
Retail Services
Commodity

Table 2.2 Vincentia Trade Area Retail Expenditure*, 2005-2016 ($M)			
Y/E June	Primary Sector	Secondary Sector	Main TA
2005	174.5	43.0	217.5
2006	181.2	44.5	225.7
2007	187.9	45.9	233.8
2008	194.8	47.5	242.3
2009	201.8	49.0	250.8
2010	208.9	50.4	259.4
2011	216.3	51.9	268.3
2012	223.7	53.4	277.1
2013	231.1	54.8	285.9
2014	238.7	56.3	295.0
2015	246.6	57.8	304.4
2016	254.8	59.3	314.1
Expenditure Growth			
2005-2009	27.3	6.0	33.3
2009-2016	53.0	10.4	63.3
2005-2016	80.2	16.3	96.6
Average Annual Growth Rate			
2005-2009	3.7%	3.3%	3.6%
2009-2016	3.4%	2.8%	3.3%
2005-2016	3.5%	3.0%	3.4%

**Constant 2005 dollars & including GST*
Source : Dimasi

Total estimated retail expenditure generated by the Vincentia trade area population for the year to June 2005 was $217.5 million, and this is projected to grow to $314.1 million by 2016 (refer Table 2.2). These expenditure estimates, as is the case for all retail expenditure estimates presented in this report, include GST, and are expressed in constant 2005 dollars (i.e. excluding retail inflation).

Table 2.3 illustrates both the existing level of food and consumables expenditure and non-food expenditure generated by the trade area population and the projected future levels to 2016, taking into account the population levels forecast for the trade area over this period.

Available food and consumable spending within the Vincentia trade area is projected to increase from $116.5 million to $134.3 million between 2005 and 2009, including GST and expressed in constant 2005 dollar terms (i.e. excluding retail inflation). Thus, in real terms, available food and consumables spending is forecast to grow by $17.8 million over the next four years, and then by an average of around $5.0 million annually thereafter.

Available non-food spending within the Vincentia trade area is currently estimated at $101.0 million. This spending level is projected to increase to $116.5 million between 2005 – 2009, including GST and expressed in constant 2005 dollar terms (i.e. excluding retail inflation). Thus, in real terms, available non-food spending is forecast to grow by $15.5 million over the next four years, and then by an average of around $4.0 million annually thereafter.

For the purposes of these forecasts, trade area population growth is assumed as detailed earlier in the report, and real growth in retail spending per person is assumed to average 1.0% per annum over the forecast period. Such real growth would be in keeping with the typical trends generally evidenced throughout Australia over long-term periods.

Table 2.3
Vincentia Trade Area Food & Non-Food Expenditure*, 2005-2016 ($M)

Y/E June	Food & Consumables	Non-Food	Total Retail
2005	116.5	101.0	217.5
2006	120.9	104.8	225.7
2007	125.2	108.6	233.8
2008	129.7	112.5	242.3
2009	134.3	116.5	250.8
2010	138.9	120.5	259.4
2011	143.7	124.6	268.3
2012	148.4	128.7	277.1
2013	153.1	132.8	285.9
2014	158.0	137.0	295.0
2015	163.0	141.4	304.4
2016	168.2	145.9	314.1
Expenditure Growth			
2005-2009	17.8	15.5	33.3
2009-2016	33.9	29.4	63.3
2005-2016	51.7	44.9	96.6
Average Annual Growth Rate			
2005-2009	3.6%	3.6%	3.6%
2009-2016	3.3%	3.3%	3.3%
2005-2016	3.4%	3.4%	3.4%

**Constant 2005 dollars & including GST*
Source : Dimasi

SECTION 3 COMPETITIVE FRAMEWORK

This section of the report reviews the competitive structure within and around the Vincentia District Centre in order to assist in the assessment of likely trading impacts on these other retailers as a result of the proposed development of a discount department store based centre at Vincentia.

3.1 Existing Centres

Each of the major competing centres to Vincentia District Centre is summarised in Table 3.1 below, and illustrated in Map 2.1 previously.

Table 3.1
Vincentia Region Competitive Framework

Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. From Site (km)
District Centres			
Nowra Town Centre	51,400		30.0
• Stockland Nowra	15,700	Kmart (7,190), Woolworths (4,230), Big W (p)	
• Nowra Mall	5,700	Coles (3,716)	
• Remainder	30,000	Woolworths (3,537), Aldi (1,200), IGA (1,505), Target Country (800), Best & Less (800), Mitre 10	
Batemans Bay	28,500		85.0
• Stockland Centre	12,500	Kmart, Coles, Aldi	
• Bridge Plaza	6,000	Woolworths (4,015)	
• Remainder	10,000	Woolworths (1,893), Allens (1,500)	
Supermarket Centres			
Vincentia	5,500	Bi-Lo (2,600)	1.5
Sanctuary Point	2,000	IGA Riteway (700)	3.0
Huskisson	3,000		5.0
Sussex Inlet	3,500	IGA (1,000)	10.0
Milton	3,000	IGA Riteway (700)	35.0
Ulladulla	15,000	Coles (3,400), Aldi (1,200), IGA (1,200), Allens (1,800)	45.0
Proposed Centres			
Vincentia District Centre	16,952	Big W (5,500), Woolworths (3,800)	-
Nowra Sub-Rgnl Centre	35,000	DDS1 (7,735), DDS2 (7,000), Smkt (4,000)	30.0

Source : Dimasi

3.2 Centres within the Trade Area

Within the primary sector of the trade area, the major existing retail facilities are located at Vincentia approximately 1.5 km east of the proposed Stockland site near the intersection of Burton Street and The Wool Road. Current retail facilities at Vincentia total 5,500 sq.m including a 2,600 sq.m Bi-Lo supermarket and approximately 45 specialty stores. The breakdown of specialty stores by category is as follows:

- Food retail 5
- Food catering 7
- Apparel 3
- Homewares 1
- Bulky goods 1
- General 4
- Retail services 5
- Non-retail including real estate agents, banks and the like 17

The existing specialty mix incorporates few national specialty tenants and a very limited range of non-food stores as indicated above. There are no vacant stores at Vincentia, indicating strong demand for retail space.

The proposed development of a district centre at Vincentia will compete with existing retail facilities, particularly for supermarket spending. The addition of a major centre at Vincentia, however, will strengthen the overall location as a retail destination. In our view, therefore, retailers in the Vincentia area generally stand to benefit from spending being retained within the region, rather than spending being directed to retail facilities outside the trade area at Nowra.

A tourist orientated retail strip exists at Huskisson, approximately 5 km north of Vincentia. The retail strip includes some 40 specialty stores including the following tenants:

• Food retail	5
• Food catering	14
• Apparel	2
• Homewares	1
• Bulky goods	0
• General	3
• Retail services	2
• Non-retail including real estate agents, banks and the like	13

The above breakdown of tenancies clearly indicates that the strip is mainly a food catering and non-retail services facility providing for local residents as well as tourists. There are no major tenants at Huskisson, and, therefore, the proposed sub-regional shopping centre at Vincentia would operate on a different level to existing retail facilities at Huskisson. The two centres, however, will co-exist.

A small shopping strip is also located at Sanctuary Point focussed around the intersection of Kerry Street and Paradise Beach Road, approximately 3 km south-east of the proposed site. In total, the strip includes approximately 20 stores including a small IGA Riteway foodstore of 400 sq.m. The remaining tenants include a limited number of both food retailing, food catering, general and non-retail stores.

Importantly, throughout each of the major retail centres in the primary sector of the trade area currently, there are no vacant stores, indicating strong demand for retailing throughout the trade area. The level of projected population growth throughout the region will create demand for additional retail facilities.

The only other major retail area in the trade area is located in the secondary sector at Sussex Inlet. This centre is located approximately 15 km south of Vincentia. The retail strip at Sussex Inlet includes approximately 25 stores including an IGA supermarket of 1,000 sq.m. The retail centre services the convenience needs of residents within the secondary sector of the trade area, however, with the bulk of their major supermarket and non-food shopping being directed to retail facilities at Nowra currently.

3.3 Retail Facilities beyond the Trade Area

Beyond the trade area, the major retail facilities are located in Nowra, 30 km north of the proposed Vincentia District Centre site. Retail facilities in Nowra total in excess of 50,000 sq.m in a number of components, including:

- Stockland Nowra of 15,700 sq.m anchored by a Kmart dds and Woolworths supermarket.
- Nowra Mall of 5,700 sq.m anchored by a successful Coles supermarket of 3,700 sq.m.
- The remainder of the Nowra Town Centre including Woolworths, Aldi and IGA supermarkets together with a wide range of retail and non-retail stores.

The location of Nowra limits the northern extent of the trade area likely to be served by a retail centre at Vincentia. Retail facilities in Nowra would currently service a broad region including all of the proposed Vincentia District Centre trade area as well as extending south towards Ulladulla and Batemans Bay. Retail facilities at Nowra, therefore, would service a much broader region than those proposed at Vincentia, and subsequently serve a much larger population base.

In the future, Stockland Nowra could be expanded to possibly include a second discount department store and additional specialty shops. There is also a proposal to develop a sub-regional centre of 35,000 sq.m, to be located adjacent to the east of Stockland Nowra. Two discount department stores, a supermarket as well as mini-majors stores and specialty shops are mooted at this site.

The major retail facilities to the south of Vincentia are located at Ulladulla, some 45 km away. Retail facilities in Ulladulla total 15,000 sq.m, with the major tenants being Coles, Aldi and IGA supermarkets. A more limited provision of non-food retailing is provided in the township. A major supermarket, either Woolworths or Bi-Lo, is also proposed at Ulladulla.

It is likely that the proposed retail centre at Vincentia would attract some business from residents of Ulladulla. However, the majority of their non-food spending would be directed to the larger retail facilities at Nowra or Batemans Bay.

Further away, at Batemans Bay, some 85 km south of Vincentia, the recently opened sub-regional centre which will restrict the amount of business that Vincentia attracts from areas south of Ulladulla.

3.4 Retail Floorspace

Table 3.2 below summarises the provision of retail floorspace throughout the Vincentia trade area. Overall, the provision of retail floorspace throughout the trade area is currently estimated at around 15,500 sq.m or 0.65 sq.m per person. The typical provision in Australia is around 2.0 sq.m per person, indicating a significant undersupply of retail floorspace throughout the Vincentia trade area.

Table 3.2
Vincentia Trade Area Estimated Retail Floorspace Provision

Trade Area Sector	Population 2005*	Estimated Retail Floorspace (Sq.m) Food	Non-food	Total	Retail Floorspace Provision Per Person (Sq.m) Food	Non-food	Total
Primary Sector	19,060	7,500	4,500	12,000	0.39	0.24	0.63
Secondary Sector	4,660	2,250	1,250	3,500	0.48	0.27	0.75
Main Trade Area	23,720	9,750	5,750	15,500	0.41	0.24	0.65
Trade Area Sector	**Population 2009***	**Estimated Retail Floorspace (Sq.m) Food**	**Non-food**	**Total**	**Retail Floorspace Provision Per Person (Sq.m) Food**	**Non-food**	**Total**
Primary Sector	21,150	14,775	14,827	29,602	0.70	0.70	1.40
Secondary Sector	5,090	2,250	1,250	3,500	0.44	0.25	0.69
Main Trade Area	26,240	17,025	16,077	33,102	0.65	0.61	1.26

**as at June*
Sources : Dimasi

The undersupply of retail floorspace throughout Vincentia reflects the majority of trade area resident spending being directed to retail facilities in Nowra currently. The population level in the trade area, however, is now reaching a level which will support larger scale facilities than currently exists.

In total, however, even with the addition of some 17,602 sq.m of retail floorspace at the proposed Vincentia district site (total centre retail of 16,952 sq.m and 650 sq.m of restaurants) , the provision of retail floorspace throughout the trade area would increase to approximately 1.26 sq.m per person by 2009. This would still be approximately 60% of the average of retail floorspace throughout Australia, indicating the clear need for additional retail facilities in the trade area. A significant proportion of trade area residents spending, therefore, will continue to be directed to retail facilities at Nowra.

The detailed analysis in Table 3.2 indicates that a below average provision of retail floorspace is evident across both the food and non-food categories indicating both the need for both a supermarket and dds in the trade area.

3.5 Summary

There is currently a limited provision of retail facilities provided throughout the Vincentia trade area. The addition of a dds and a full scale supermarket at Vincentia will provide trade area residents with a conveniently located centre to undertake their full weekly food and grocery shop, as well as some non-food shopping. With a growing population in the trade area, the provision of full range of conveniently located facilities is essential for trade area residents.

SECTION 4 POTENTIAL CENTRE SALES AND POSSIBLE IMPACTS

This section considers the sales potential for the proposed dds based centre at Vincentia as well as the likely trading and other impacts that can be anticipated following the construction of the store.

In order to be able to consider the question of potential economic benefits and impacts that may arise from the development of the proposed centre at Vincentia, the necessary first step is to seek to quantify the likely level of sales which the centre can reasonably expect to achieve.

The sales performance of any particular retail facility, be it an individual store or a collection of stores provided in a shopping centre, is determined by a combination of the following critical factors:

i. The quality of the facility, with particular regard to the major trader or traders which anchor the centre; the strength of the tenancy mix relative to the needs of the catchment which it seeks to serve; the physical layout and ease of use; ease of accessibility and parking; and atmosphere and ambience of the centre or store.

ii. The size of the available catchment which the facility serves. This factor sets the maximum limits to the likely sales potential that can be achieved.

iii. The locations and strengths of competitive retail facilities and the degree to which those alternative facilities are able to effectively serve the needs of the population within the relevant trade area.

The likely sales potential for the Vincentia District Centre is now considered, taking account of all of these factors, each of which has been addressed in earlier sections of this report.

4.1 Total Centre Potential

The proposed district centre at Vincentia will include a Big W dds of 6,670 sq.m, Woolworths supermarket of 4,187 sq.m and some 6,100 sq.m of retail specialty shop space.

The Big W dds is projected to achieve sales of some $16.7 million in 2008/09. The Woolworths supermarket is projected to achieve sales of $42.1 million, with an average trading level of $10,050 per sq.m.

With this level of major trader sales, the specialty space is projected to achieve an average trading level of $4,850 per sq.m, resulting in sales of $29.5 million (i.e. 6,095 sq.m by $4,850 per sq.m).

Total centre retail sales on this basis are summarised in Table 4.1, and are projected at $88.4 million in 2009.

Table 4.1
Vincentia District Centre - Forecast Sales by Tenant, 2008/09 (Constant $2005)*

Tenant	GLA	Forecast Sales	
	Sq.m	$000's	$/Sq.m
Majors			
Big W	6,670	16,727	2,510
Woolworths	4,187	42,065	10,050
Total Majors	10,857	58,792	5,415
Retail Specialty	6,095	29,563	4,850
Total Retail Centre	16,952	88,354	5,212
Non-Retail	905		
Total Centre	17,857		
Medical Centre	630		
Restaurant	650		
Child Care	0		
Nursery	400		
Commercial	1,650		
Medical/Police	0		
Total Property	21,187		

**Constant 2005 dollars & including GST*
Source : Dimasi

4.2 Assessment of Likely Impacts

The proposed development at Vincentia is likely to result in a range of impacts. From a trading point of view, some impacts are likely to be experienced by competitive retailers such as the supermarkets throughout the trade area at Vincentia and Sussex Inlet. However, as will be discussed later in this section, all existing supermarkets in the region will continue to remain viable. In addition, the proposed development will also redirect some spending from retail facilities at Nowra to the proposed Vincentia District Centre. These facilities at Nowra, however, will also remain viable, drawing on a large and growing population base outside the proposed Vincentia trade area. A proportion of residents' spending throughout the Vincentia trade area will also continue to be directed to retail facilities at Nowra.

On the other side of the equation, it is clear that the development of the centre will also result in a range of important economic benefits. These key positive impacts will include the following:

1. The provision of a wider range of shopping facilities for local residents, including a dds and full range supermarket in a convenient location.

2. The Vincentia District Centre will create a substantial number of additional jobs, both for the construction and related industries during the construction phase, and for the economy generally once the store is completed. The estimated total construction cost and fit-out of the District centre is $44 million. On this basis, some 308 new construction jobs would be created directly as a result of the project, with the subsequent multiplier impacts throughout the economy likely to generate approximately a further 748 additional jobs.

3. Once fully operational, the centre would be likely to employ an additional 680 people above existing levels, which would be a significant impetus for the local economy. Based on Australian Bureau of Statistics (ABS) statistics, the multiplier effects resulting from additional retail employment will serve to increase the number of jobs in the wider economy by a further 861 jobs.

4. The commodity which most Australian consumers have least of these days is time. Increasingly hectic lifestyles, with ever greater workforce participation by women, have resulted in time pressures being ranked at the top of the issues with respect to all kinds of shopping. It is because of these time pressures that having everything under one roof is so important.

5. Further, with rising petrol costs, residents of the region should be provided with a wide range of conveniently located food and non-food stores within close proximity to their homes rather than a round trip of at least 60 km to and from Nowra. Rising petrol prices will have an impact on budgets of the main trade area residents.

6. The development of the centre would result in a substantial increase in rateable value for the subject site, which in turn would stimulate rate revenue for the local government, helping in the process to build the local government's revenue base for the provision of infrastructure projects and social services.

Therefore, a number of very significant economic benefits can be expected to flow directly from the development of a dds based centre at Vincentia. Against these positive impacts, the question of likely trading impacts on other existing retailers within the surrounding region needs to be considered. As a first step, Table 4.2 presents a summary of growth in retail spending generated by Vincentia trade area population, which can be compared with the projected sales for the proposed centre.

Table 4.2
Vincentia Trade Area - Retail Market Growth, 2005-2011*

TA Sector	Main TA Retail Spend ($M) 2005	2009	2011	Growth ($M) 2005-09	2009-11
Primary Sector	174.5	201.8	216.3	27.3	14.5
Secondary Sector	43.0	49.0	51.9	6.0	3.0
Main Trade Area	217.5	250.8	268.3	33.3	17.5

**Constant 2005 dollars & including GST*
Source: Dimasi

Forecast real growth in the trade area retail market is estimated at $33.3 million between 2004/05 and 2008/09. The market is then projected to grow by an additional $17.5 million in real terms between 2008/09 and 2010/11.

The total projected growth in the retail market of $33.3 million over the next four years can be compared with around $88.4 million in sales projected for the proposed Vincentia District Centre in 2008/09. More than one third of the sales for the proposed centre, therefore, will come from market growth within the proposed Vincentia trade area, with further growth projected after 2009. In addition, this market has also been growing very rapidly in the past decade, with minimal increase in retail floorspace over that same time. There is a strong demand, therefore, for retail facilities in the trade area currently.

The remaining sales for the proposed Vincentia District Centre are likely to be a redirection from existing retail facilities including the Nowra Town Centre, the South Nowra bulky goods area as well as retail stores in the trade area such as the Bi-Lo supermarket at Vincentia.

In Section 3 of this report it was indicated that the provision of retail floorspace throughout the Vincentia trade area is extremely low at around 0.65 sq.m per person, compared with the Australia average of 2 sq.m per person. Existing retail stores all appear to be trading well, with a minimal amount of vacant retail floorspace in the primary sector. Even after the addition of the proposed Vincentia District Centre, the provision of retail floorspace throughout the trade area would be 1.16 sq.m per person, approximately 60% of the Australia average.

The retail store within the trade area which is most likely to be impacted by the proposed development would be the Bi-Lo supermarket at Vincentia. This store is quite small by modern supermarket standards at 2,600 sq.m in size, with most full-line modern supermarkets at least 3,000 sq.m in size. The store, however, is estimated to be trading very well. Trade area supermarkets (Bi-Lo at Vincentia and IGA at Sussex Inlet) are currently estimated to be achieving an average trading level of around $11,150 per sq.m. This is well above the comparable Australian national average for major supermarkets of around $7,300 per sq.m. Following the addition of the Woolworths supermarket, all trade area supermarkets are projected to achieve an average trading level of $8,500 per sq.m, still well above the national average.

This result can be understood by examining the average provision of supermarket floorspace throughout the trade area. Currently, it is estimated that there is 160 sq.m of supermarket floorspace per 1,000 residents throughout the trade area, compared with the Australia average of 310 sq.m per 1,000 residents. After the addition of a 4,187 sq.m Woolworths supermarket at Vincentia in 2009, the average supermarket provision will be 308 sq.m per 1,000 residents, in line with the national average. This provision, however, would fall rapidly over time to less than 290 sq.m per 1,000 residents by 2012, reflecting the rapid population growth throughout the trade area.

Clearly, given the current under-provision of supermarket floorspace and the rapid population growth in the trade area, there is strong potential for existing and proposed supermarkets throughout the Vincentia trade area.

In summary, therefore, the addition of the proposed Vincentia District Centre will have an impact on the Bi-Lo supermarket at Vincentia, however, it will not affect the viability of this store. The existing specialty shops around the Vincentia Bi-Lo store, therefore, will continue to be supported by a supermarket as the major trader. The proposed Vincentia District Centre will also have a strong non-food component including apparel and homewares stores, of which there are currently limited provisions of these types of stores in the trade area currently.

Overall, the proposed Vincentia District Centre will serve a growing trade area population which is currently provided with a limited range of retail facilities. The proposed district centre facility will serve existing and future trade area residents in a convenient location. Local residents currently have to travel more than 20 minutes for most of their food and non-food shopping.