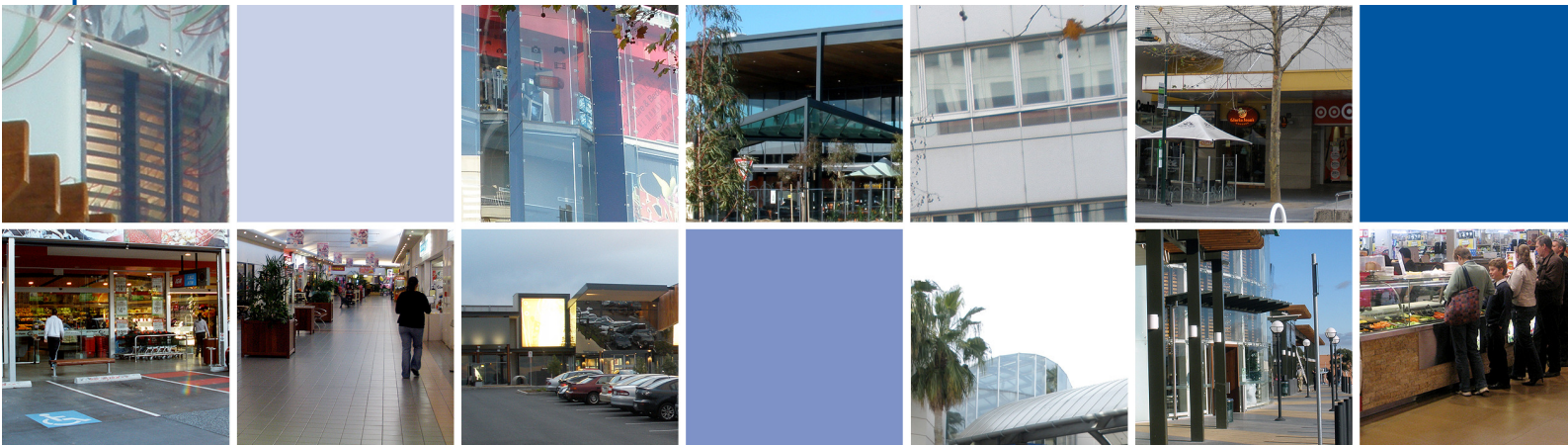


Tempe IKEA, Sydney

Economic Impact Assessment

September 2008



Pitney Bowes MapInfo

SYDNEY

Level 7, 1 Elizabeth Plaza

North Sydney NSW 2060

(02) 9437 6255

MELBOURNE

Level 20, 40 City Road (HWT)

Southbank VIC 3006

(03) 9694 3300

Prepared for: Valad Property Group

Pitney Bowes MapInfo staff responsible for this report:

Gavin Duane, Director, Client Services

Rosemary Aung Thein, Senior Consultant

Lee Cikuts, Consultant

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Introduction

This report presents an independent assessment of the demand and market scope for the development of an IKEA store within the inner south-western suburbs of Sydney at Tempe. The report also provides an assessment of the economic impacts that can be expected to result from the development, including positive benefits for the surrounding population, as well as projected impacts on competitive facilities.

The report has been prepared in accordance with instructions received from Valad Property Group and is structured and presented as follows:

- **Section 1** provides an overview of the regional and local context of the proposed centre and also details the proposed development scheme. In addition, commentary on the relevant planning schemes within the region are also discussed.
- **Section 2** reviews the Australian bulky goods market and the key development trends in this sector.
- **Section 3** considers the trade area for the proposed development. This section outlines the current and projected population and spending levels of the defined trade area over the period to 2021, as well as detailing the socio-demographic profile of the Tempe trade area population.
- **Section 4** provides an overview of the retail environment within which the proposed Tempe IKEA store will operate.
- **Section 5** provides an assessment of the floorspace capacity for bulky goods/homemaker facilities throughout the region.
- **Section 6** outlines our assessment of the sales potential for the proposed Tempe IKEA store and then considers the likely economic impacts arising from the proposed development.

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Section 1: Site location and proposed development

This section of the report provides an overview of the regional and local context of the proposed Tempe IKEA store and also summarises the proposed development scheme. In addition, the relevant planning documents within the region are discussed, specifically in terms of the proposed IKEA store.

1.1 Site location

Tempe is an inner south-western suburb of Sydney, situated within the Marrickville Local Government Area (LGA), located approximately 8 km from the Sydney Central Business District (CBD) (refer Map 1.1).

The proposed Tempe site is situated on the southern side of the Princes Highway, generally bounded to the north by the Princes Highway and Bellevue Street, and to the south by Smith Street.

The site for the proposed IKEA store at Tempe is highly visible and easily accessible given the Princes Highway is a major north-south arterial route in Sydney, which extends south and links to the M5 Motorway.

Given its location along the Princes Highway, the immediate surrounding uses on the southern side of the Princes Highway include a range of industrial and warehouse facilities. On the northern side of the Princes Highway there are a range of uses including some commercial and residential facilities.

The proposed site is located to the west of the South Sydney growth area, comprising the suburbs of Alexandria, Waterloo, Zetland and Rosebery, which is now undergoing a major program of urban renewal. Reflecting this major development, population growth has been increasing rapidly over the past decade and is projected to continue over the next 15 years.

1.2 Proposed development

The Valad Property Group control a 10 hectare site along the Princes Highway at Tempe. The site is currently zoned light industry, however, the Valad Property Group are proposing to rezone the site to bulky goods usage.

Valad Property Group are planning the development of a freestanding IKEA store and adjoining ATECO commercial floorspace at the site, near the south-western intersection of Princes Highway and Bellevue Street in Tempe. The total development is proposed to incorporate some 38,529 sq.m of floorspace. The proposed IKEA store would be aligned perpendicular to the Princes Highway and would total some 33,999 sq.m, while the adjoining ATECO commercial floorspace is planned to total 4,530 sq.m.

As the purpose of this economic assessment is to assess the likely need and impact of additional retail floorspace at the development, the impact of the adjoining non-retail floorspace (ATECO) is not taken into consideration in this analysis.

The IKEA store itself is planned to be simply designed over two levels, incorporating around two thirds of total floorspace across the ground floor and a third over the first floor. The development will comprise a café/restaurant component of 1,932 sq.m.

Some 1,775 carspaces will be provided at the site, at-grade over a single level, including an undercover component, with direct access to IKEA. Access to the centre will be provided from the Princes Highway. Figure 1.1 illustrates the proposed layout of the Tempe IKEA store.

The proposed carparking provision would represent around 4.6 spaces per 100 sq.m of GLA. This is significantly higher than the typical provision for a bulky goods facilities in Australia of 2.5-3 spaces per 100 sq.m of GLA.

There is currently only one existing IKEA store situated within Sydney, located at Rhodes Waterside Shopping Centre, over 15 km west of the Sydney Central Business District (CBD) and over 15 km north-west of Tempe.

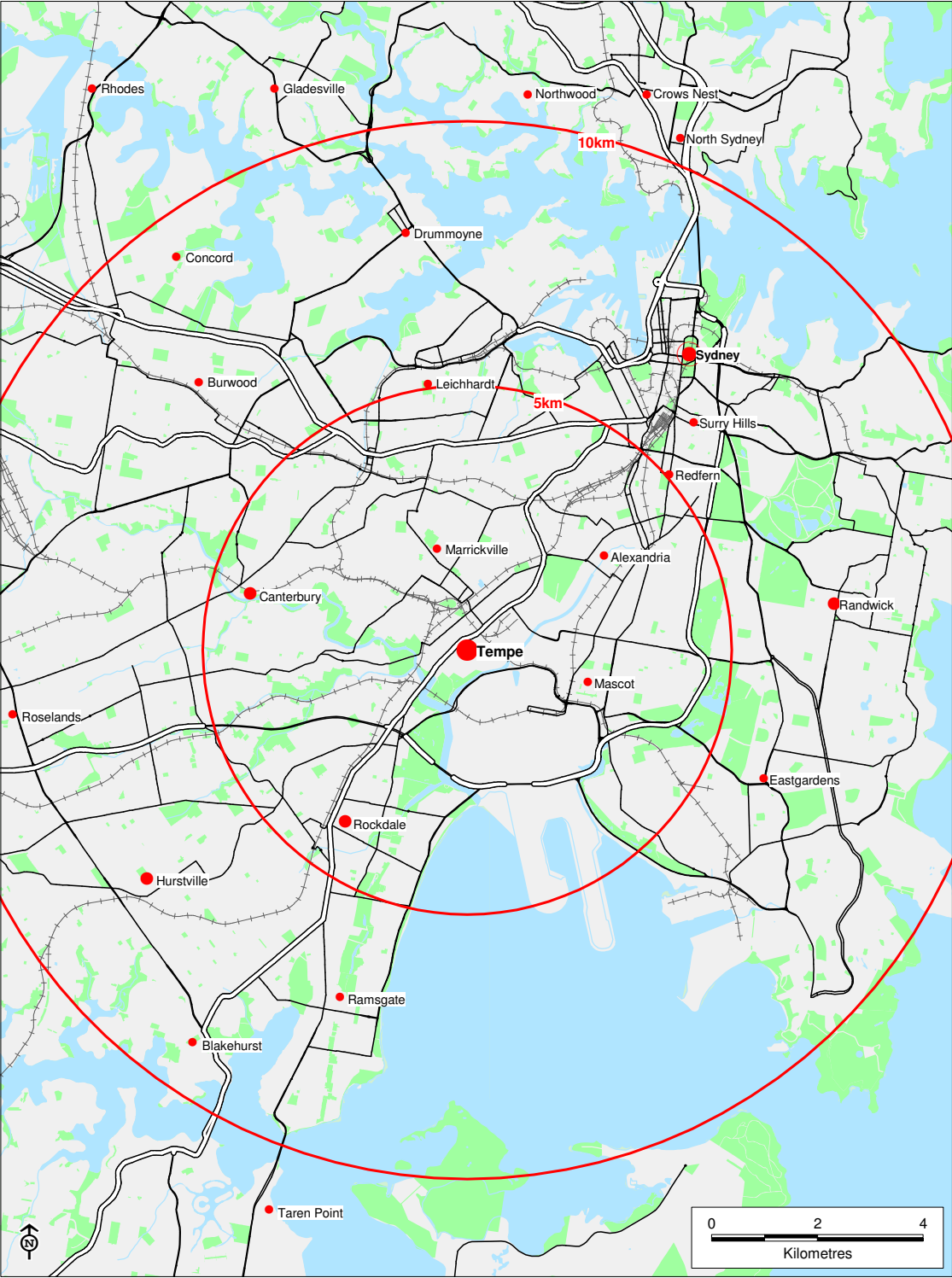
A review of that store indicated that the key departments within the IKEA store include:

- Bedroom
- Dining
- Secondary storage
- Lighting
- Kitchen
- Workspaces
- Bathroom
- Decoration and mirrors
- Textiles
- Youth room
- Laundry
- Small storage
- Children's IKEA
- Hallway
- Cooking and eating
- Living room

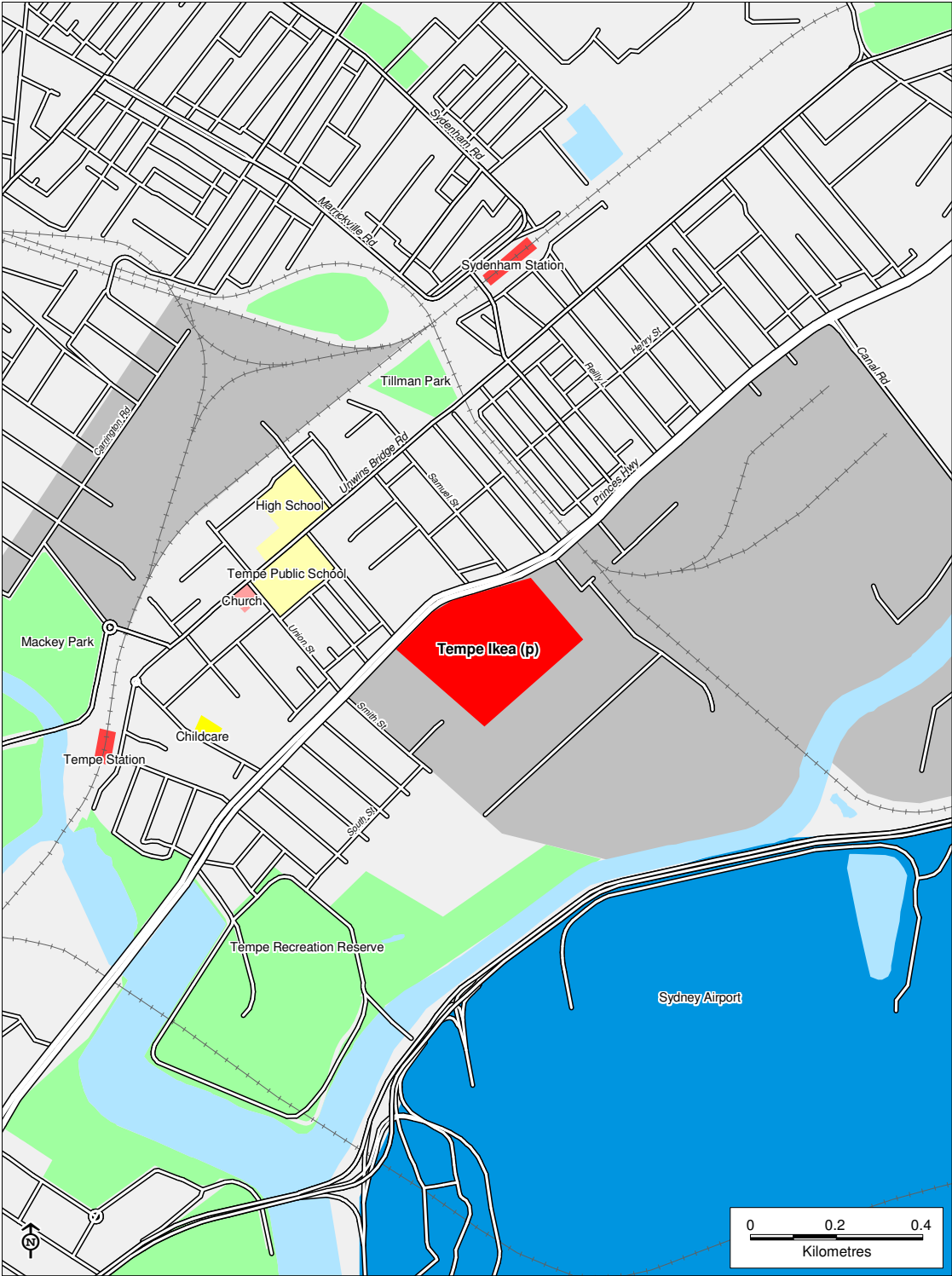
The range of products at IKEA, therefore, varies extensively from very large items of furniture to smaller dining and homewares items. The majority of items are bulky in nature with a pick up facility to load directly in cars provided on site.

Anecdotal evidence indicates that IKEA at Rhodes has been very successful and appeals to a broad market throughout Sydney. Reflecting this success, IKEA are looking to open another outlet within the Sydney market to serve residents in the coastal areas, in the eastern and southern suburbs of Sydney.

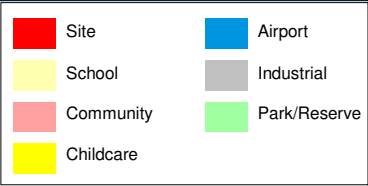
Given the size and strong drawing power of an IKEA centre, the stores usually serve very extensive regions. Consequently for a city of over 4 million people in Sydney, it is likely that there are plans to include three or more IKEA outlets. The stores draw business across a very broad area offering value for furniture and homewares.



Map 1.1: Tempe
Regional Context



Map 1.2: Tempe
Site Location



Section 1: Site location and proposed development

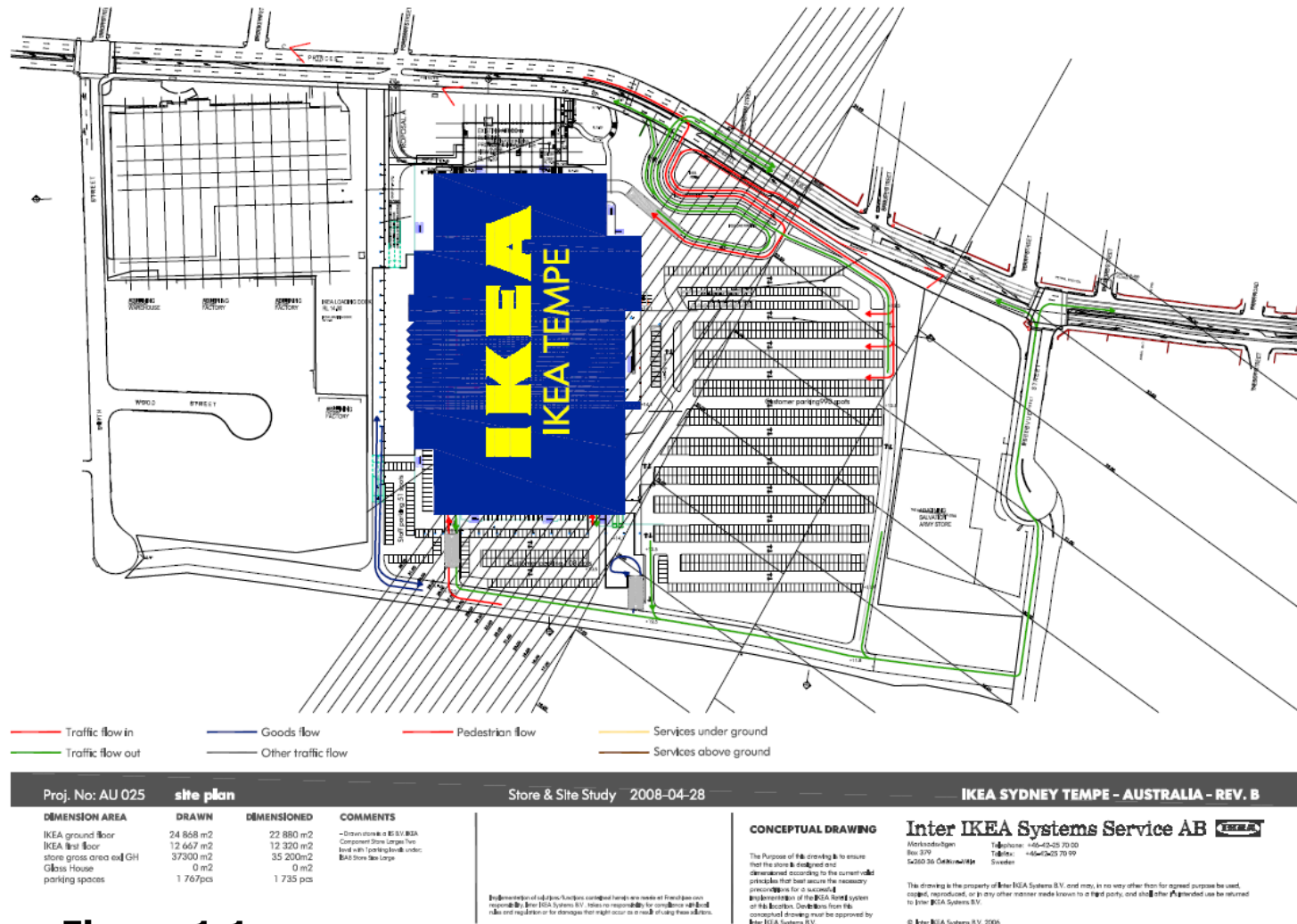


Figure 1.1

1.3 Planning considerations

There are a number of planning documents that have been prepared by various government departments that specifically relate to the Tempe IKEA proposal.

City of Cities – Sydney Metropolitan Strategy

City of Cities – A Plan For Sydney's Future, the Sydney Metropolitan Strategy released by the New South Wales Department of Planning is an all encompassing planning strategy that was released in 2005. This strategy seeks to position Sydney for the next 25 years of growth, by supporting a metropolis made up of five Regional Cities (the CBD, North Sydney, Parramatta, Liverpool and Penrith) and 22 other Strategic Centres.

Sydney's population is anticipated to grow by 1.1 million persons between 2004 and 2031, and reach 5.3 million people by this time. To cater for this growth, the Government has predicted that there will be the requirement for the following:

- *640,000 new homes*
- *500,000 more jobs*
- *6.8 million sq.m of additional commercial floorspace*
- *3.7 million sq.m of additional retail floorspace*

The relevant planning for Tempe (and hence the IKEA site) comes under the Centres and Corridors Strategy for Sydney. All major centres have been classified to take into consideration the many different components of centres throughout Sydney. To meet additional demand, Sydney's Strategic Centres include:

- *Global Sydney, encompassing Sydney Central and North Sydney, with national and internationally significant businesses, entertainment and cultural facilities;*
- *Regional cities providing a focus for cultural, shopping and business services;*
- *Specialist centres of high value economic activity; and*
- *Major shopping, civic and recreation centres around public transport.*

In addition, the strategy identifies that there are a number of high use corridors that link many of Sydney's major centres. These corridors can be classified across one or more categories, including:

- *Economic corridors, which contain important economics activities in centres and specialised places.*
- *Renewal corridors which are areas that are partly run down and/or have significant underutilised infrastructure.*
- *Enterprise corridors which are the strips of commercial or industrial activity along busy roads.*

Particular corridors can be defined across one or a number of these definitions. The major corridors identified in the strategy include Parramatta to City, the City to Airport and North Sydney to Macquarie Park.

As such, given its location, the Tempe IKEA site is positioned along the Princes Highway within the City to Airport corridor.

The City to Airport has been identified as an *Economic Corridor* under the strategy, with the Princes Highway itself, outlined as a *Potential Enterprise Corridor*.

The Metropolitan Strategy also identifies the global economic corridor, extending from Macquarie Park to North Sydney and continuing through the City to the Airport. As a result, the Tempe site also forms part of this global economic corridor. This global corridor contains around 660,000 jobs or around 32% of Sydney's total jobs.

The key recommendations for actions from the Centres and Corridors Strategy relate to concentrating the majority of activities and future employment and commercial and retail space within these defined precincts to promote the vibrancy of these centres.

As a result, the Tempe IKEA site is located within a strong economic corridor and it is our view that this development would satisfy the requirements of the Sydney Metropolitan Strategy. This development would involve the continued focus on employment within this corridor, and furthermore, would assist in the regeneration of the area, providing a unique anchor tenant which would attract business from a wide region.

Draft Sub-Regional Strategy

The *Draft South Sub-Regional Strategy*, which was prepared by the New South Wales Department of Planning, will guide land use planning until 2031 in the Canterbury, Hurstville, Kogarah, Marrickville, Rockdale and Sutherland Local Government Areas. This document is an extension of the Sydney Metropolitan Strategy. The *Draft South Sub-Regional Strategy* is an important document that sets the standard for future development within the southern region of metropolitan Sydney and as such, it is important to consider the document and its implications in relation to the proposed IKEA store at Tempe.

The *Draft South Sub-Regional Strategy* contains a number of targets relating to dwelling and employment targets within the region until 2031. These targets include an additional 35,000 dwellings and 29,000 jobs by 2031.

Within this document, a hierarchy of centres is identified including major centres at Hurstville and Kogarah, nine Town Centres including Rockdale, Marrickville Road and Stanmore, standalone shopping centres, villages, small villages and neighbourhood centres.

In addition to this, a number of potential renewal and enterprise corridors have been identified, with the Princes Highway outlined as both a potential renewal and enterprise corridor.

The *Draft South Sub-Regional Strategy* defines a Renewal Corridor as:

"...corridors of existing development declining in age and use that have the potential for additional growth due to their existing or proposed infrastructure investments."

Enterprise Corridors are identified to include the following uses:

- *Start-up offices*
- *Light Industrial*
- *Showrooms*
- *Building Supplies and;*
- *Retail*

The Princes Highway has been identified as an Enterprise Corridor, and it is outlined in the strategy that facilities within these corridors would benefit from the high traffic volume generated within these areas and would provide a 'buffer' between residential development and these major arterial roads.

Enterprise Corridors are also designated as:

"...a more appropriate location for bulky goods retail land uses, where they can take advantage of signage opportunities, have a more compatible built-form and where there is better access to public transport."

As indicated this document outlines overall support for developments such as the planned Tempe IKEA store along the Princes Highway, which will provide a new bulky goods destination within this region of Sydney and encourage the development of the surrounding precinct. Furthermore, the development will further enhance employment opportunities within the precinct, with is identified as another key objective within the *Draft South Sub-Regional Strategy*.

Section 2: The bulky goods/homemaker market

This section defines the bulky goods/homemaker market in Australia and outlines the key development trends for these centres.

2.1 Bulky goods/homemaker market definition

The homemaker market specifically refers to the part of the retail market involved in the sale of whitegoods, browngoods, flooring, furniture, hardware and homewares. This segment of the retail market is also sometimes referred to as the “bulky goods” market, although this inference relates to the size of goods, not all of the goods sold within this part of the retail market are large in size.

The relevant market comprises approximately 20% of total retail spending in Australia and includes the following categories:

- Home Entertainment Equipment
- Computer Hardware & Software
- Household Appliances
- Home Decoration
- Manchester
- Furniture
- Floor Coverings
- Whitegoods
- Hardware/Garden
- Recreational Equipment / Sporting Goods

These categories form the core products typically sold in large tenant/bulky goods outlets. However, there are several other spending categories (e.g. communications and glassware/tableware and pet supplies) which are also found in some bulky goods outlets but are not the key focus of their business or represent the majority of their sales. As discussed in Section 1, IKEA is primarily a furniture retailer but also sells a range of homewares products such as crockery, cutlery, glasses and the like.

Traditionally, department stores such as Myer and David Jones, and to a lesser extent discount department stores (Big W, Target and Kmart) were important retailers within this market. In more recent times however, and especially over the past decade, specialist bulky goods retailers including “big box” stores such as IKEA, Harvey Norman and Bunnings, as well as smaller retailers, have been capturing an increasing share of the bulky goods market in Australia.

The homemaker/bulky goods segment of the total retail market has generated enormous interest from retailers, property developers and investors over the past decade. This interest has been fuelled by the rapidly changing nature of this segment of total retail spending, and the emergence of specialist retailers, such as those noted above, to cater specifically for this segment.

Demand for goods sold by stores such as Harvey Norman, Bunnings, IKEA, Freedom Furniture, Barbeques Galore and other national chain bulky goods stores has been driven by a boom in new home formation throughout all parts of Australia. This increase in the formation of new homes has in turn, been driven not only by population growth, but also by changing lifestyles and continually reducing average household sizes. Thus, new households are formed in many cases because of the reduction in average household size (i.e. an increase in single person households or couple households with no children) and that factor in turn drives increased demand for new homemaker goods.

The rapid development of technology has been another contributing factor, with expenditure on leisure and entertainment items, such as those retailed by Harvey Norman in particular but also by retailers such as Retravision and Dick Smith Powerhouse, having grown strongly as a consequence.

The upshot of this combination of factors is that there is not a clear cut demarcation, either on the demand side or on the supply side, between the bulky goods/homemaker market and the other segments of the total retail market. There are many “traditional” retailers which serve in part, the needs of bulky goods/homemaker consumers, but whose primary focus is on other retail segments, e.g. department stores and discount department stores. There are other retailers which focus primarily on the bulky goods/homemaker segment of the retail market, but which also sell some more traditional retail goods. Harvey Norman and Dick Smith Powerhouse are both examples of such retailers.

The more prominent national bulky goods retailers include:

- Harvey Norman
- Bunnings Warehouse
- Freedom Furniture
- IKEA
- Barbeques Galore
- Bing Lee
- Forty Winks
- Dick Smith Powerhouse
- Retravision
- Capt'n Snooze
- Domayne
- Fantastic Furniture

2.2 Bulky goods/homemaker centre development

The development of homemaker centres in Australia is a continually evolving process. Originally, homemaker tenants typically preferred free-standing locations along major traffic routes in suburban areas. The location decisions of these retailers were being primarily driven by the level of exposure to passing traffic and low rentals on offer at these sites. The bulky nature of items on offer at homemaker centres in general necessitates a large display floor area, resulting in a relatively low return on floorspace and consequently making low rentals one of the primary drivers of location choice for these retailers.

Over time, a number of homemaker retailers began clustering together, recognising the considerable cross-benefits available from co-location with other similar retailers. The main benefit from such a co-location derives from the nature of the homemaker market, which is a "comparison goods" market, whereby shoppers are seeking to compare prices across a number of different retailers. In recognition of the considerable flow on benefits of increasing shopper convenience, a number of bulky goods destinations have evolved throughout Australia. These developments, however, are typically on separate land titles without shared carparking and access.

Over the past decade, distinct homemaker centres have become much more prevalent throughout Australia. These centres are now one of the fastest growing categories in terms of new retail related property developments. These centres have provided a higher level of shopper amenity including a wide range of tenants, simple and easily accessible carparking, and in some cases, enclosed air-conditioned centres.

The key principles required for a strong performing homemaker centre are broadly the same as for any other shopping centre; however, carparking and accessibility are paramount. Typically, one or a number of large box retailers are the key anchors effectively providing the key drawcard and generating the customer traffic at the centre. Other retailers then “hang off” these icon tenants, benefiting from the customer flows in a similar manner to the specialty shops in more traditional shopping centres.

More recently, a number of precincts have emerged throughout major metropolitan cities such as Sydney for premier bulky goods locations. These locations typically incorporate up to 100,000 sq.m of bulky goods floorspace in one location. Such examples include Parramatta Road at Auburn and Moore Park/Alexandria in the eastern suburbs of Sydney. These precincts are typically made up of a large number of traders with the largest trader usually 10,000 sq.m in size.

IKEA stores at around 30,000 sq.m in size, are one of the largest, if not the largest bulky goods operator in the Australian market. The requirements for an IKEA store at a standalone centre are reflective of its size and pulling power. IKEA stores do not need to locate with other bulky goods facilities in its immediate region given the strength of the brand.

Section 3: Trade area analysis

This section details the trade area that is likely to be served by the proposed IKEA store at Tempe. In addition, the current and projected trade area population and spending levels are detailed and the socio-demographic profile of the trade area population is also summarised.

3.1 Trade area definition

The extent of the trade area or catchment that is served by any shopping centre is shaped by the interplay of a number of critical factors. These factors include 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.
- ii. While the strength and appeal of the subject centre directly impact on the breadth of customer draw, the proximity and attraction of competitive retail centres serve to restrict a subject 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 effectively able to serve.
- iii. The available road network and public transport system, 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 to delineate the boundaries of the trade areas that are able to be served by specific centres.

The trade area that is likely to be served by the proposed IKEA store has been defined taking into account each of the above factors. The most important factors that will shape the extent of the trade area for the centre are considered to be the following:

- The location of competitive facilities within the Eastern and Southern suburbs of Sydney.
- The only IKEA store within Sydney currently is located at Rhodes Waterside Shopping Centre in the North-West of Sydney. As such, the proposed IKEA store at the Tempe site is ideally located to service the population located to the south of Parramatta Road. IKEA is a major destinational store drawing from a very significant region, usually up to 1 hours drive from the store. Consequently, IKEA at the proposed site will have a significant regional draw.
- The location of the site along the Princes Highway, which provides easy accessibility from major roads such as the M5 Motorway/Eastern Distributor and Botany Road.

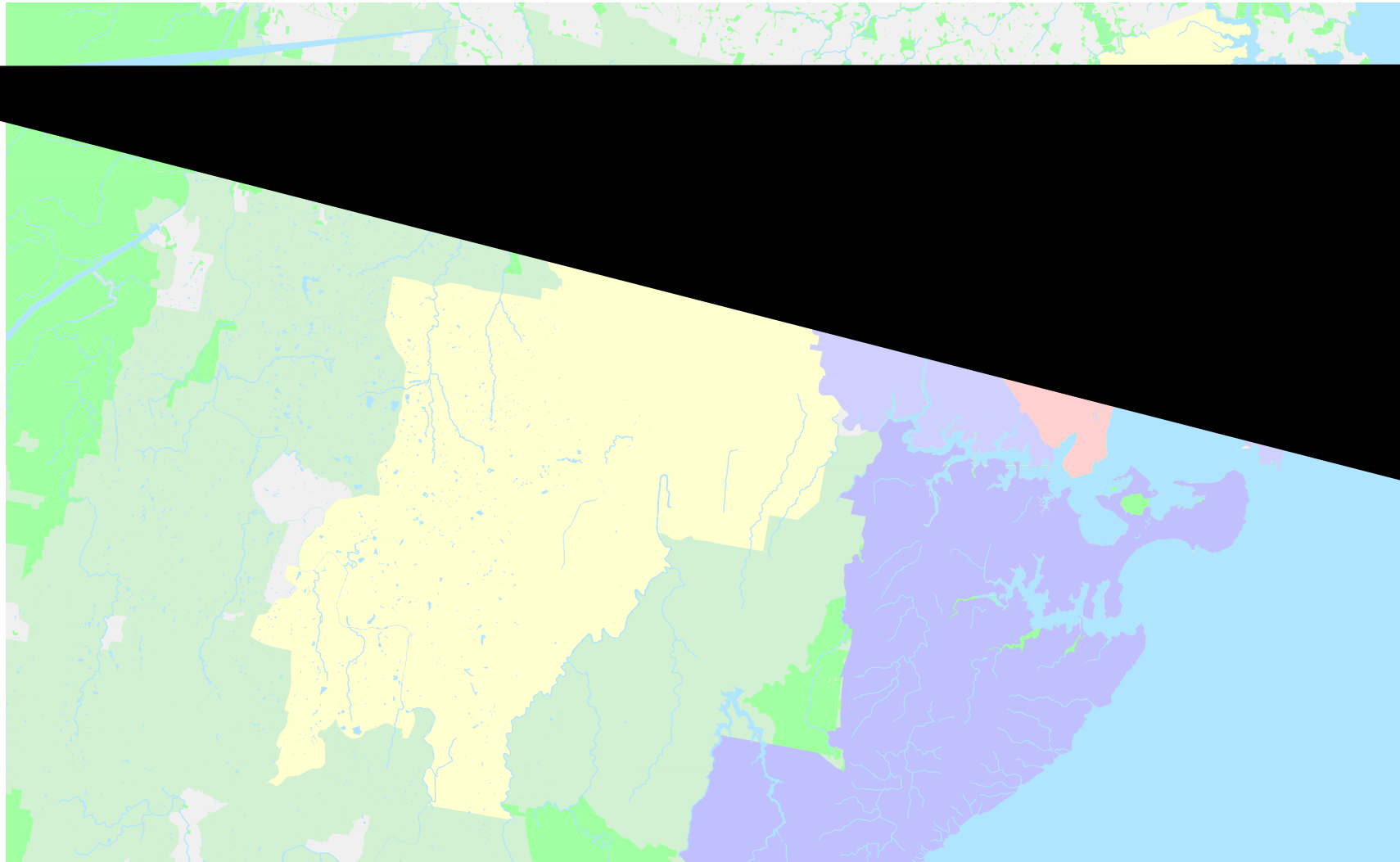
Taking all of the above factors into account, Map 3.1 and 3.2, illustrate the extent of the trade area that is likely to be served by the proposed Tempe IKEA store. As shown, the defined trade area incorporates a broad region, encompassing significant parts of southern and eastern Sydney and is defined to incorporate a primary sector, four secondary sectors and two tertiary sectors, described as follows:

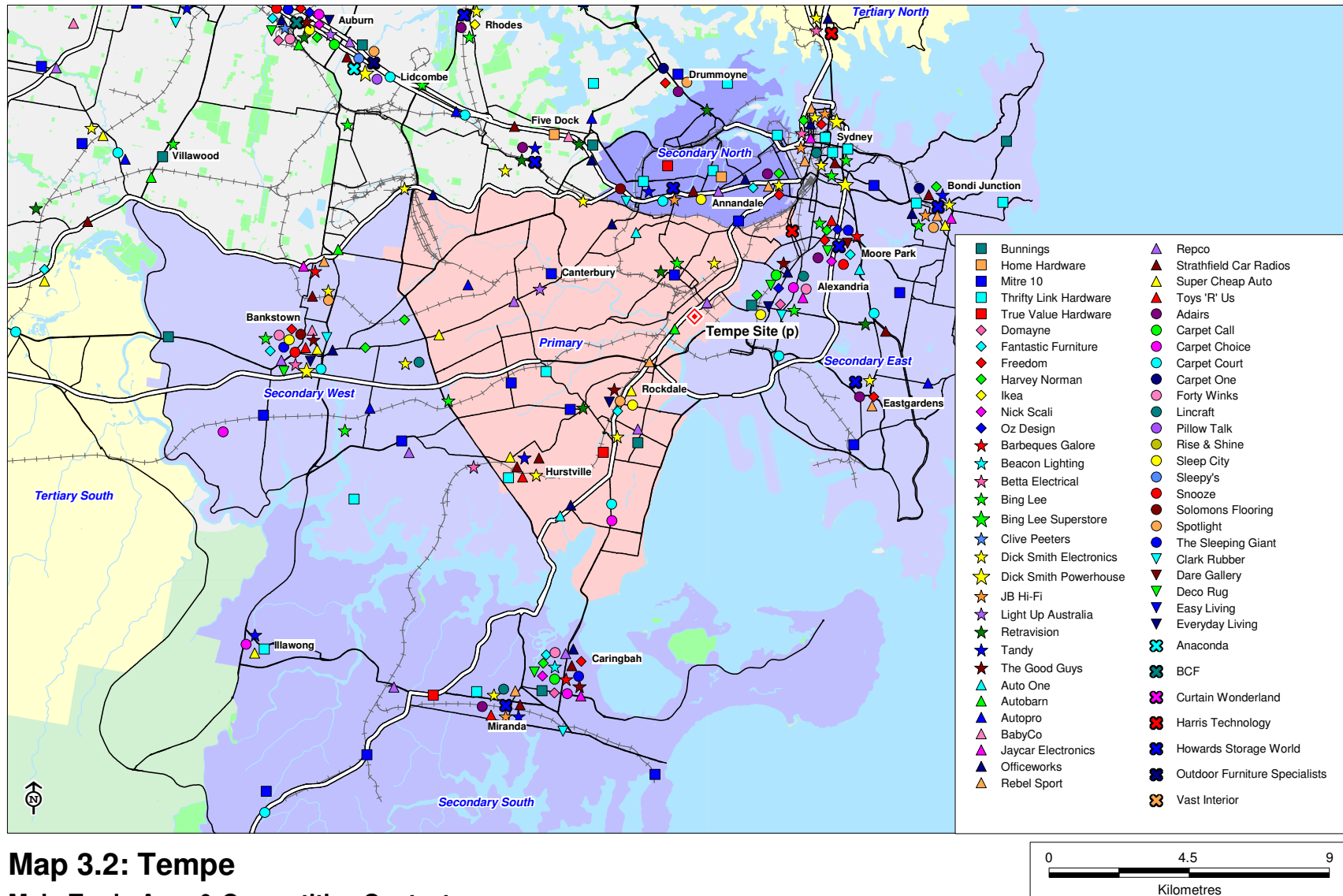
- The **primary sector** includes the inner south-western Sydney area, extending from Ashfield and Newtown in the north through to Georges River in the south. The extent of the primary sector is limited to the east by competing bulky goods retail facilities at Alexandria and Moore Park and to the west by bulky goods retail facilities at Bankstown.
- The **secondary north sector** includes the inner western suburbs of Sydney, extending further north of the primary sector through to Birkenhead Point. This sector includes the suburbs of Five Dock, Leichhardt, Annandale, Glebe and Pyrmont.

- The **secondary east sector** comprises the Sydney CBD as well as the eastern and southern suburbs of Sydney. The secondary east sector is bounded to the north by the Sydney Harbour and to the east and south by the coastline.
- The **secondary south sector** incorporates suburbs located to the south of Georges River within the Sutherland Shire.
- The **secondary west sector** encompasses suburbs located to the west of the primary sector, bounded by King Georges Road to the east, Georges River to the south, Henry Lawson Drive to the west and Liverpool Road/Hume Highway to the north.
- The **tertiary south sector** includes the outer south-western region of Sydney. Residents of this sector would have easy access to the Tempe site via the M5 Motorway. These residents can choose to shop at either Rhodes Waterside IKEA or the proposed IKEA at Tempe since it is likely to take similar time to travel to each of these stores from this sector.
- The **tertiary north sector** extends north to include the Lower North Shore of Sydney, bounded to the south by Sydney Harbour and east by Middle Harbour. This sector extends north to Chatswood.

In general, the extent of the trade area is limited to the north by the existing IKEA store at Rhodes Waterside Shopping Centre and bulky goods facilities along Parramatta Road in Auburn. The proposed site, therefore, would have a main focus on serving the southern and eastern suburbs of Sydney, as well as the Lower North Shore of Sydney, where residents would have a choice between the Rhodes store and the Tempe store.

The combination of the primary sector and secondary sectors are referred to throughout the remainder of this report as the main trade area (refer Map 3.2). The combination of the main trade area and the tertiary north and tertiary south sector is then referred to as the total trade area (refer Map 3.1).





3.2 Trade area population

Table 3.1 and 3.2 detail the recent and projected future population levels within the total trade area defined for the proposed Tempe IKEA store. This information is sourced from the following:

- The 2001 and 2006 Census of Population and Housing.
- New dwelling data from the Australian Bureau of Statistics (ABS) over the period 2001-2006.
- Planning reports such as the Draft South Sub-Regional Strategy.
- Population projections prepared by the New South Wales Department of Planning.

In general, the population growth within the trade area has been solid, with the majority of growth occurring within the primary, secondary east and tertiary south sectors.

Table 3.1 and 3.2 detail the current and projected future population levels within the Tempe trade area. The trade area population is currently estimated at 1,895,140, including 374,650 persons within the primary sector and 1,350,550 within the main trade area.

The attached Map 3.3 highlights the new dwelling approvals throughout the southern region of Sydney over the period 2001-2006. As highlighted, there have been significant new dwelling approvals in the immediate region of the Tempe site. New dwelling approval activity is shown for new houses as well as other dwellings which include town houses, flats and multi-unit developments. In general, there is a high level of residential activity throughout the region. This level of dwelling growth would indicate strong demand for homemaker goods.

Population growth within the defined trade area is projected to continue to be strong. With the exception of the tertiary south sector, which will be Greenfield development, the majority of growth within the region will predominately be in-fill development. This is a result of the established and built-up nature of the Sydney metropolitan region.

Several major residential developments are currently proposed or underway within the defined trade area, with the most relevant including:

- Discovery Point, situated within the suburb of Wolli Creek, at the south-eastern edge of the primary sector. This development has masterplan approval and proposes the addition of in-excess of 1,000 units. The development will also include some retail and commercial floorspace. This development is assumed to be staged and is likely to be complete post 2016.
- Frasers Broadway, on the former Carlton and United Breweries site within Chippendale, in the secondary north sector. This development, which has concept plan approval, proposes the addition of up to 1,666 residential dwellings. In addition, a significant commercial, retail and community centre component is also planned. This development will be built progressively to 2017.
- The South Sydney Urban Renewal Corridor proposes an additional 22,000 dwellings over the next 20 years. Major components include Green Square Town Centre, within the secondary east sector, provided within the suburb of Alexandria. The Green Square Town Centre redevelopment area is projected to incorporate a future population of some 5,500 persons within the Town Centre itself, with the ultimate population projection of over 33,000 persons by 2021. This development is currently in the planning stages, along with the Victoria Park Town Centre, which proposes some 3,185 dwellings or around 6,000-6,500 persons upon completion.
- Another significant project currently proposed within the region is the Harbour Foreshore Park and Commercial Complex located in East Darling Harbour, Barangaroo, situated within the secondary east sector. This development is currently in the initial planning stages and as such, the final composition of the centre has not yet been determined. It is likely, however, that the significant development will incorporate a large residential, retail and commercial component. This development is unlikely to be complete until around 2020.
- In addition, a substantial redevelopment of the former Eveleigh Railway Yards, in the secondary east sector, is proposed to incorporate over 1,250 residential dwellings. Similarly, this development is unlikely to be complete until 2020.

Taking the above into account, the trade area population is projected to increase to 2,120,600 by 2021, including 1,457,220 persons within the main trade area and 394,650 persons within the key primary sector.

Table 3.1
Tempe Trade Area Population, 1996-2021

Trade Area Sector	Estimated Resident Population			Forecast Population			
	1996	2001	2006	2008	2011	2016	2021
Primary Sector	355,940	364,520	371,650	374,650	379,150	386,650	394,650
Secondary Sectors							
• North	100,730	111,960	120,010	122,290	125,710	130,860	136,310
• East	348,780	369,270	386,950	395,170	407,500	428,350	450,450
• South	208,000	219,870	217,500	218,000	218,750	219,250	219,500
• West	<u>222,340</u>	<u>232,990</u>	<u>237,460</u>	<u>240,440</u>	<u>244,910</u>	<u>251,510</u>	<u>256,310</u>
Total Secondary	879,850	934,090	961,920	975,900	996,870	1,029,970	1,062,570
Main Trade Area	1,235,790	1,298,610	1,333,570	1,350,550	1,376,020	1,416,620	1,457,220
Tertiary Sectors							
• North	170,430	181,960	189,760	191,820	194,910	198,910	202,910
• South	<u>294,870</u>	<u>334,130</u>	<u>345,770</u>	<u>352,770</u>	<u>367,770</u>	<u>409,820</u>	<u>460,470</u>
Total Tertiary	465,300	516,090	535,530	544,590	562,680	608,730	663,380
Total Trade Area	1,701,090	1,814,700	1,869,100	1,895,140	1,938,700	2,025,350	2,120,600

*as at June

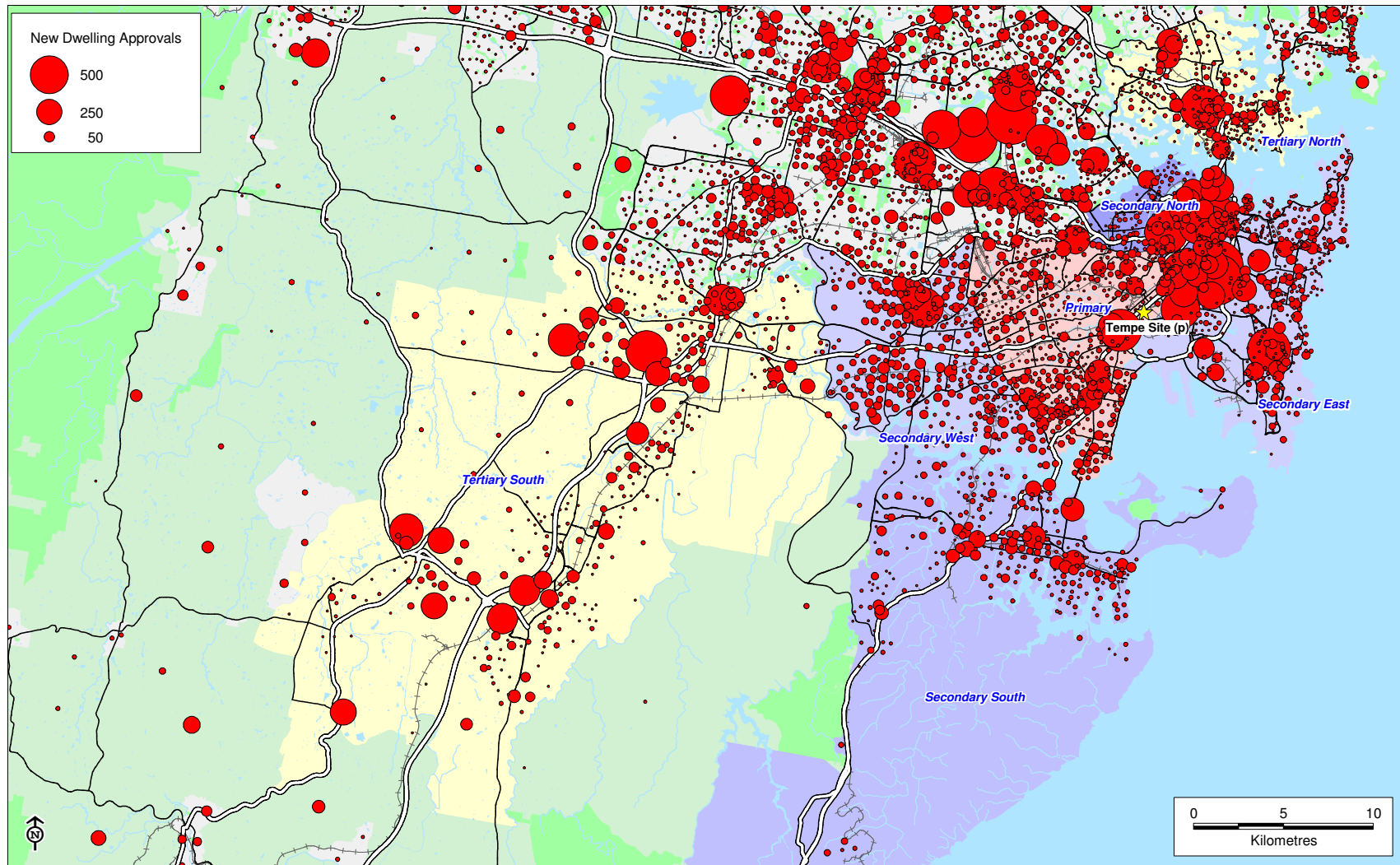
Sources : ABS; Planning NSW; Pitney Bowes MapInfo

Table 3.2
Tempe Trade Area Population Growth, 1996-2021

Trade Area Sector	Average Annual Change (No.)					
	1996-2001	2001-2006	2006-2008	2008-2011	2011-2016	2016-2021
Primary Sector	1,716	1,426	1,500	1,500	1,500	1,600
Secondary Sectors						
• North	2,246	1,610	1,140	1,140	1,030	1,090
• East	4,098	3,536	4,110	4,110	4,170	4,420
• South	2,374	-474	250	250	100	50
• West	<u>2,130</u>	<u>894</u>	<u>1,490</u>	<u>1,490</u>	<u>1,320</u>	<u>960</u>
Total Secondary	10,848	5,566	6,990	6,990	6,620	6,520
Main Trade Area	12,564	6,992	8,490	8,490	8,120	8,120
Tertiary Sectors						
• North	2,306	1,560	1,030	1,030	800	800
• South	<u>7,852</u>	<u>2,328</u>	<u>3,500</u>	<u>5,000</u>	<u>8,410</u>	<u>10,130</u>
Total Tertiary	10,158	3,888	4,530	6,030	9,210	10,930
Total Trade Area	22,722	10,880	13,020	14,520	17,330	19,050

	Average Annual Change (%)					
	1996-2001	2001-2006	2006-2008	2008-2011	2011-2016	2016-2021
Primary Sector	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%
Secondary Sectors						
• North	2.1%	1.4%	0.9%	0.9%	0.8%	0.8%
• East	1.1%	0.9%	1.1%	1.0%	1.0%	1.0%
• South	1.1%	-0.2%	0.1%	0.1%	0.0%	0.0%
• West	<u>0.9%</u>	<u>0.4%</u>	<u>0.6%</u>	<u>0.6%</u>	<u>0.5%</u>	<u>0.4%</u>
Total Secondary	1.2%	0.6%	0.7%	0.7%	0.7%	0.6%
Main Trade Area	1.0%	0.5%	0.6%	0.6%	0.6%	0.6%
Tertiary Sectors						
• North	1.3%	0.8%	0.5%	0.5%	0.4%	0.4%
• South	<u>2.5%</u>	<u>0.7%</u>	<u>1.0%</u>	<u>1.4%</u>	<u>2.2%</u>	<u>2.4%</u>
Total Tertiary	2.1%	0.7%	0.8%	1.1%	1.6%	1.7%
Total Trade Area	1.3%	0.6%	0.7%	0.8%	0.9%	0.9%

Sources : ABS; Planning NSW; Pitney Bowes MapInfo



Map 3.3: Tempe
New Dwelling Approvals, 2001 - 2006

3.3 Socio-demographic profile

The results from the 2006 Census of Population and Housing enable a detailed profiling of the Tempe trade area population to be undertaken. In general, the socio-demographic profile differs substantially between sectors, with the secondary north and secondary east sectors of the trade area population, consistent with an affluent inner suburban area of a major capital city, comprising mostly singles and couples who are professional workers. The population of the secondary west, secondary south and tertiary sectors of the trade area are characterised by more traditional families (i.e. with dependent children) living on the outskirts of the metropolitan area, where larger dwellings are more affordable. The characteristics of the primary sector population is somewhat mixed between the above two groups.

Table 3.3 and 3.4, as well as Chart 3.1, summarise the key socio-economic characteristics of the Tempe trade area population. Key points to note regarding the profile of the trade area population, as compared with the respective Sydney metropolitan average, are as follows:

- The total trade area population has an average age comparable to the Sydney metropolitan average. Generally, the average age of the population in each of the main trade area sectors is older than the benchmark level. The combined average age of residents within the tertiary sectors at 34.8 years, however, is younger than the Sydney average of 36.6 years, with over 21% of residents aged below 14 years.
- The main trade area population earn average per capita incomes that are higher than the Sydney average, which is mainly influenced by significantly higher incomes from the secondary north and secondary east sectors. On a per household basis, the average income level of the overall main trade area population is more comparable with the Sydney metropolitan average. Residents of the primary and secondary west sectors, however, earn income levels which are below the Sydney metropolitan average. The tertiary north sector residents consist of a more affluent, older population, while residents within the tertiary south sector earn income levels that are below average on both a per capita and per household basis. The Outer South-Western region of Sydney, which makes up the tertiary south sector, is becoming increasingly popular for young families with dependent children who prefer larger houses and these are more affordable in this region compared with inner city suburbs.

- There is a lower level of homeownership throughout the main trade area, with the corresponding high proportion of rental properties, especially within the secondary north and secondary east sectors, where over 49% of rental properties compared with the benchmark level of 32.3%. This reflects the inner city location with a significantly higher average price for houses and apartments. The combined tertiary sectors have the highest level of home ownership at around 65.3%.
- A review of the household structure of the trade area population indicates a higher than average proportion of households consisting of couples without children and lone person households within the secondary north and secondary east sectors while the secondary south, the secondary west and tertiary sectors comprise the above average proportions of traditional families with children. The majority of the population within the primary sector comprises couples with dependent children.

Given the diverse nature of the trade area population, there are a number of different customer segments who would all demand bulky goods facilities. The planned IKEA store at Tempe would therefore, be well positioned to cater for the demand from this diverse population.

Table 3.3
Socio-Demographic Profile of the Tempe Main Trade Area Population

Characteristics	Primary	Secondary Sectors				Main	Syd Metro
	Sector	North	East	South	West	TA	Average
Average Per Capita Income	\$27,406	\$48,263	\$43,151	\$34,075	\$24,279	\$34,384	\$30,969
Per Capita Income Variation	-11.5%	55.8%	39.3%	10.0%	-21.6%	11.0%	n.a.
Average Household Income	\$70,847	\$103,237	\$93,228	\$91,635	\$68,638	\$84,309	\$82,406
Household Income Variation	-14.0%	25.3%	13.1%	11.2%	-16.7%	2.3%	n.a.
Average Household Size	2.6	2.1	2.2	2.7	2.8	2.5	2.7
Age Distribution (% of Pop'n)							
Aged 0-14	17.4%	11.8%	12.6%	19.7%	20.9%	16.5%	19.6%
Aged 15-19	5.4%	4.4%	4.9%	7.0%	6.9%	5.7%	6.6%
Aged 20-29	15.9%	22.6%	20.8%	12.6%	13.2%	16.9%	14.6%
Aged 30-39	17.4%	23.1%	19.8%	14.5%	13.8%	17.5%	15.6%
Aged 40-49	14.9%	14.2%	13.8%	15.0%	14.3%	14.4%	14.7%
Aged 50-59	11.4%	11.5%	11.1%	13.2%	11.8%	11.7%	12.2%
Aged 60+	17.7%	12.6%	16.9%	18.0%	19.1%	17.3%	16.7%
Average Age	37.5	36.4	38.0	37.5	37.3	37.5	36.6
Housing Status (% of H'holds)							
Owner/Purchaser	62.1%	49.8%	50.0%	77.9%	70.0%	61.6%	67.0%
Renter	37.3%	49.8%	49.3%	21.3%	29.3%	37.8%	32.3%
Other	0.6%	0.4%	0.7%	0.8%	0.7%	0.6%	0.8%
Birthplace (% of Pop'n)							
Australian Born	53.4%	65.2%	57.6%	82.8%	62.9%	62.2%	65.5%
Overseas Born	46.6%	34.8%	42.4%	17.2%	37.1%	37.8%	34.4%
Family Type (% of Pop'n)							
Couple with dep't children	43.7%	33.2%	35.6%	50.1%	49.5%	42.5%	47.9%
Couple with non-dep't child.	10.7%	5.5%	7.0%	10.4%	10.9%	9.2%	9.5%
Couple without children	20.7%	30.1%	26.1%	20.3%	17.2%	22.4%	19.7%
Single with dep't child.	8.2%	6.4%	6.4%	6.5%	8.7%	7.3%	8.5%
Single with non-dep't child.	4.3%	3.5%	3.7%	3.3%	4.3%	3.9%	3.7%
Other family	1.6%	2.4%	2.5%	0.8%	1.1%	1.7%	1.2%
Lone person	10.8%	18.9%	18.6%	8.4%	8.2%	12.9%	9.4%

Sources : ABS Census of Population and Housing 2006; Pitney Bowes MapInfo

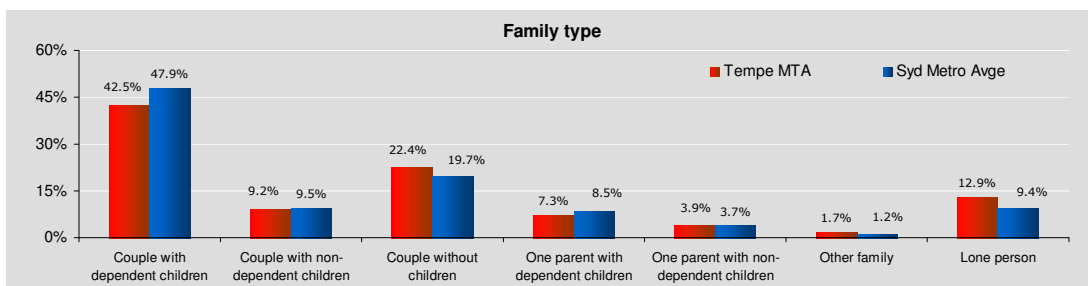
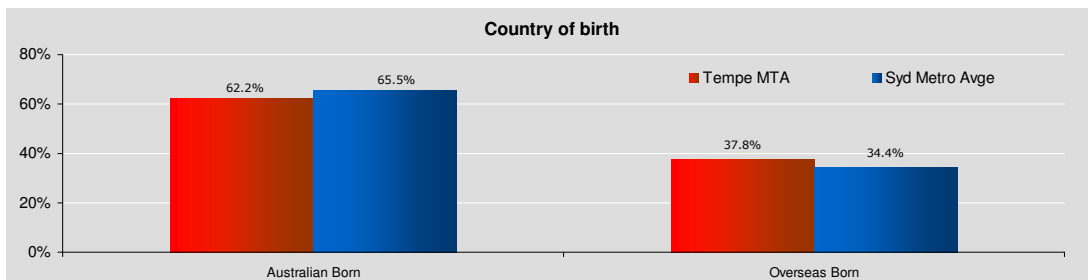
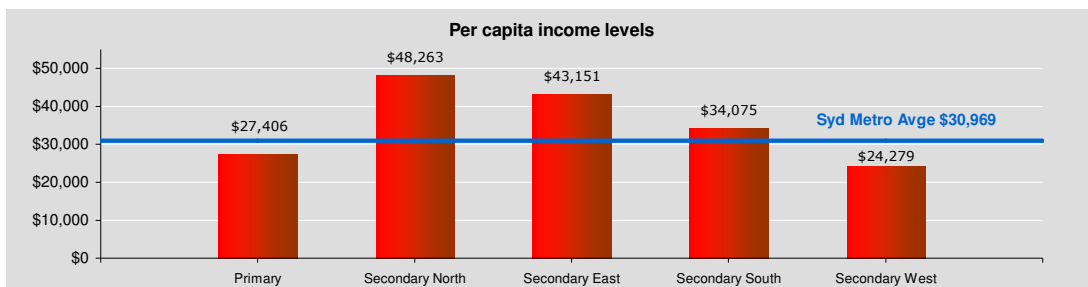
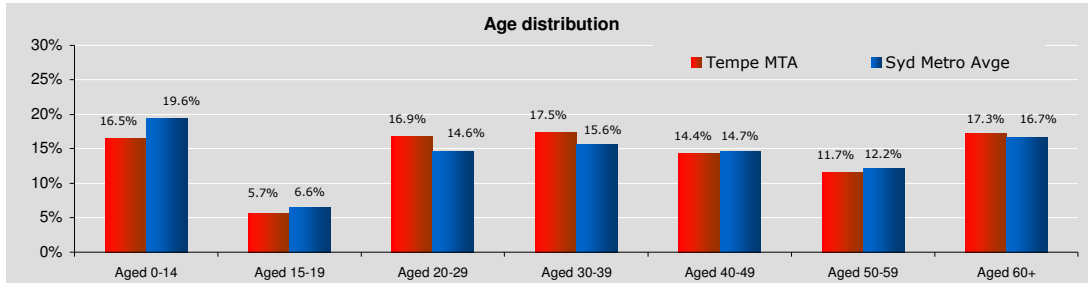
Table 3.4
Socio-Demographic Profile of the Tempe Trade Area Population

Characteristics	Primary Sector	Secondary Sector	Main TA	Tertiary Sector	Total TA	Syd Metro Average
Average Per Capita Income	\$27,406	\$37,078	\$34,384	\$33,903	\$34,247	\$30,969
Per Capita Income Variation	-11.5%	19.7%	11.0%	9.5%	10.6%	n.a.
Average Household Income	\$70,847	\$89,147	\$84,309	\$90,841	\$86,065	\$82,406
Household Income Variation	-14.0%	8.2%	2.3%	10.2%	4.4%	n.a.
Average Household Size	2.6	2.4	2.5	0.0	2.5	2.7
Age Distribution (% of Pop'n)						
Aged 0-14	17.4%	16.2%	16.5%	21.3%	17.9%	19.6%
Aged 15-19	5.4%	5.8%	5.7%	6.7%	6.0%	6.6%
Aged 20-29	15.9%	17.2%	16.9%	15.0%	16.3%	14.6%
Aged 30-39	17.4%	17.5%	17.5%	16.6%	17.2%	15.6%
Aged 40-49	14.9%	14.2%	14.4%	14.7%	14.5%	14.7%
Aged 50-59	11.4%	11.8%	11.7%	12.0%	11.8%	12.2%
Aged 60+	17.7%	17.2%	17.3%	13.6%	16.3%	16.7%
Average Age	37.5	37.5	37.5	34.8	36.7	36.6
Housing Status (% of H'holds)						
Owner/Purchaser	62.1%	61.3%	61.6%	65.3%	62.6%	67.0%
Renter	37.3%	38.0%	37.8%	34.1%	36.7%	32.3%
Other	0.6%	0.7%	0.6%	0.6%	0.6%	0.8%
Birthplace (% of Pop'n)						
Australian Born	53.4%	65.6%	62.2%	66.2%	63.3%	65.5%
Overseas Born	46.6%	34.4%	37.8%	33.8%	36.7%	34.4%
Family Type (% of Pop'n)						
Couple with dep't children	43.7%	42.1%	42.5%	48.9%	44.4%	47.9%
Couple with non-dep't child.	10.7%	8.6%	9.2%	8.7%	9.0%	9.5%
Couple without children	20.7%	23.1%	22.4%	18.9%	21.4%	19.7%
Single with dep't child.	8.2%	7.0%	7.3%	9.5%	8.0%	8.5%
Single with non-dep't child.	4.3%	3.8%	3.9%	3.5%	3.8%	3.7%
Other family	1.6%	1.8%	1.7%	1.2%	1.6%	1.2%
Lone person	10.8%	13.7%	12.9%	9.3%	11.9%	9.4%

Sources : ABS Census of Population and Housing 2001; PB MapInfo Dimasi

Chart 3.1

Tempe Main Trade Area - Socio-Demographic Profile, 2006



Sources : ABS Census of Population and Housing 2006; Pitney Bowes MapInfo

3.4 Trade area retail expenditure capacity

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

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

The MarketInfo product from MDS starts with the household expenditure survey, a comprehensive exercise conducted by the ABS every five years. In the latest survey, just under 7,000 households across Australia were asked to provide complete details of their spending over specified periods. In addition to a thorough interview, each member of the household in question over the age of 15 is required to keep a diary of every expenditure made over a two week period. The respondents itemise all outgoings by attaching grocery receipts as well as accurately recording all other transactions which may range from taxi fares to insurance and alimony payments, to the amount of pocket money given to children in the household. Complete financial and social information about the entire household is also provided.

All of this data is then matched with the Census, Centrelink, National accounts and other data collected by state and national governments to create a model of spending that is at the heart of MarketInfo. Micro-simulation techniques are the method by which these detailed calculations are performed.

MarketInfo calculates spending levels down to the Census Collection District (CCD), the smallest defined area used by the ABS. Each CCD covers an area of approximately 180 households. MarketInfo is able to drill down to this level because it starts with the unit records from the household expenditure survey and then uses the spending and other information from all of the nearly 7,000 surveyed households as the basis for modelling these actual results to the broader community.

MarketInfo is used by a broad range of organisations throughout Australia. Among the current users are AMP, Centrelink, Commonwealth Bank, Ernst and Young, KPMG Consulting, Lend Lease, McDonalds, WA Health Department, Westfield and Woolworths.

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

Table 3.5 presents the estimated retail expenditure per person by food and non-food commodity groups for residents of the Tempe trade area in 2007/08. These spending levels are compared with the respective Sydney metropolitan benchmarks in each instance, indicating an overall higher spending level. All spending figures in this report include GST.

Table 3.6 details the expenditure per capita on bulky goods/homemaker goods by segment for the trade area population. Overall, the bulky goods/homemaker expenditure throughout the trade area on a per person basis is comparable with the Sydney metropolitan average. The estimated homemaker expenditure per capita, however, differs substantially between sectors, with the highest expenditure recorded in the tertiary north sector, followed by the secondary north, secondary south and secondary east sectors. Spending in these sectors is all substantially higher than the Sydney metropolitan average. On the other side of the equation, spending recorded within the primary sector, secondary west and tertiary south sector is substantially lower than the Sydney metropolitan average. Chart 3.2 illustrates the retail spending per person within the Tempe total trade area in 2007/08.

Section 3: Trade area analysis

Table 3.5

Tempe Trade Area - Retail Expenditure Per Capita (\$), 2007/08*

Category	Primary Sector	North	Secondary Sectors			West	Main TA	Tertiary Sectors		Total TA	Syd Metro Average	Var'n from Average
			East	South				North	South			
Food												
Fresh Food	1,626	1,746	1,726	1,746	1,618	1,684	1,859	1,514		1,670	1,661	0.5%
Other Food & Groceries	2,348	2,692	2,615	2,520	2,295	2,476	2,625	2,343		2,466	2,415	2.1%
Packaged Liquor	<u>890</u>	<u>1,460</u>	<u>1,274</u>	<u>1,092</u>	<u>790</u>	<u>1,069</u>	<u>1,435</u>	<u>770</u>		<u>1,050</u>	<u>1,161</u>	<u>-9.6%</u>
Total FLG	4,864	5,898	5,616	5,359	4,703	5,228	5,918	4,626		5,186	5,237	-1.0%
Food Catering	<u>1,564</u>	<u>2,304</u>	<u>2,055</u>	<u>1,699</u>	<u>1,401</u>	<u>1,767</u>	<u>2,321</u>	<u>1,259</u>		<u>1,729</u>	<u>1,582</u>	<u>9.3%</u>
Total Food	6,428	8,202	7,670	7,057	6,104	6,995	8,239	5,886		6,915	6,819	1.4%
Non-food												
Apparel	1,328	1,853	1,680	1,684	1,298	1,531	1,966	1,222		1,517	1,462	3.8%
Household Goods	2,084	2,613	2,498	2,493	2,050	2,313	2,844	1,942		2,298	2,288	0.4%
Leisure	669	945	862	745	617	753	969	565		740	710	4.3%
General Retail	<u>659</u>	<u>839</u>	<u>800</u>	<u>784</u>	<u>654</u>	<u>736</u>	<u>887</u>	<u>622</u>		<u>730</u>	<u>707</u>	<u>3.3%</u>
Total DSTM	4,741	6,249	5,840	5,706	4,620	5,333	6,666	4,351		5,286	5,166	2.3%
Retail Services	<u>340</u>	<u>513</u>	<u>465</u>	<u>398</u>	<u>311</u>	<u>396</u>	<u>523</u>	<u>284</u>		<u>388</u>	<u>360</u>	<u>7.8%</u>
Total Non-food	5,081	6,762	6,306	6,103	4,931	5,729	7,189	4,635		5,674	5,526	2.7%
Total Retail	11,509	14,964	13,976	13,161	11,035	12,725	15,428	10,521		12,589	12,346	2.0%

*Including GST

Source : Marketinfo; Pitney Bowes MapInfo

Table 3.6

Tempe Trade Area - Homemaker Expenditure Per Capita (\$), 2007/08*

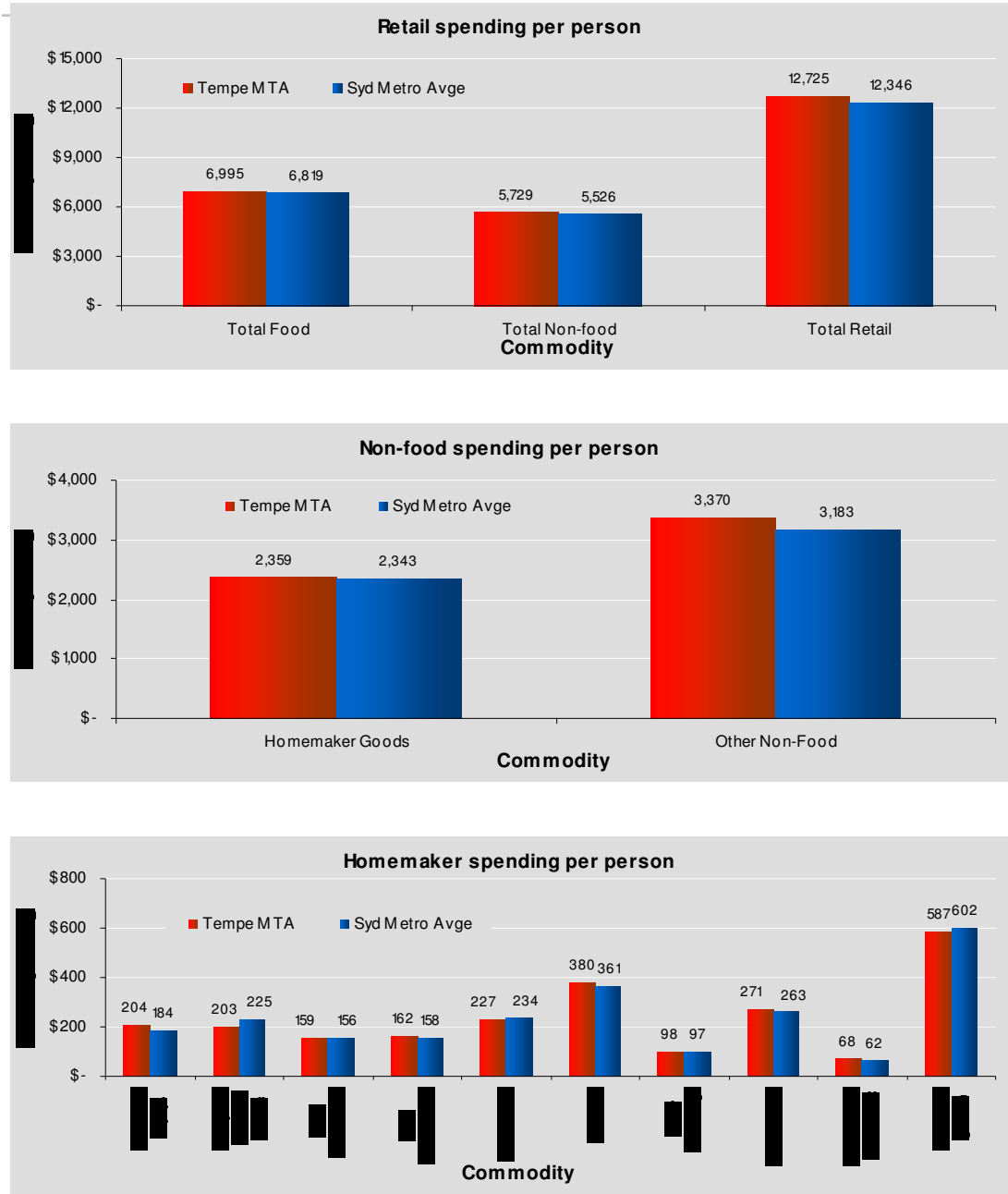
	Primary	Secondary Sectors				Main	Tertiary Sectors		Total	Syd Metro	Var'n from
Category	Sector	North	East	South	West	TA	North	South	TA	Average	Average
<u>Homemaker Market</u>											
Home Entertain. Equip.	186	258	245	177	164	204	261	154	201	184	9.2%
Computer Goods	176	245	245	196	161	203	256	135	196	225	-13.2%
Small Appliances	145	172	172	172	142	159	190	142	159	156	1.7%
Auto Accessories	149	177	175	168	146	162	183	153	162	158	2.8%
Manchester	193	228	225	300	216	227	290	206	229	234	-2.2%
Furniture	351	446	416	386	327	380	491	309	378	361	4.8%
Floor Coverings	103	90	95	102	97	98	94	87	96	97	-1.3%
Whitegoods	245	313	299	278	240	271	340	226	270	263	2.6%
Recreational Equipment	61	81	76	69	57	68	83	50	66	62	5.9%
Hardware, garden	<u>531</u>	<u>623</u>	<u>583</u>	<u>697</u>	<u>563</u>	<u>587</u>	<u>663</u>	<u>556</u>	<u>589</u>	<u>602</u>	<u>-2.2%</u>
Total Homemaker	2,138	2,633	2,531	2,546	2,114	2,359	2,851	2,019	2,346	2,343	0.1%
Total Retail	11,509	14,964	13,976	13,161	11,035	12,725	15,428	10,521	12,589	12,346	2.0%
% of Total Retail	18.6%	17.6%	18.1%	19.3%	19.2%	18.5%	18.5%	19.2%	18.6%	19.0%	

*Including GST

Source : Marketinfo; Pitney Bowes MapInfo

Chart 3.2

Tempe Trade Area - Retail Spending Per Person, 2007/08



Source : Marketinfo ; Pitney Bowes MapInfo

Expenditure on the core range of goods normally sold in bulky goods/homemaker centres accounts for approximately 20% of the total retail expenditure of the Tempe trade area population. This pattern of expenditure is only slightly lower than the Sydney metropolitan benchmark (19%).

Table 3.7 summarises the total level of bulky goods/homemaker expenditure generated by the trade area population and the projected increases in this expenditure over the period to 2021. Similar information is shown for the total levels of retail expenditure generated by the trade area population in Table 3.8. All forecasts are expressed in constant 2008 dollars (i.e. excluding inflationary growth).

Table 3.7

Tempe Trade Area Homemaker Expenditure, 2008-2021* (\$M)

Y/E	Primary	Secondary Sectors				Main	Tertiary Sectors		Total
June	Sector	North	East	South	West	TA	North	South	TA
2008	799.4	320.5	994.8	554.7	506.6	3,176.0	545.5	708.8	4,430.4
2009	814.7	328.3	1,020.2	563.7	517.4	3,244.3	556.6	728.1	4,529.1
2010	830.2	336.3	1,046.2	572.8	528.4	3,313.9	568.0	749.4	4,631.3
2011	846.0	344.5	1,072.8	582.1	539.6	3,385.1	579.6	771.2	4,735.9
2012	862.1	352.7	1,100.0	591.3	550.9	3,456.9	591.1	796.8	4,844.9
2013	878.5	360.9	1,127.7	600.4	562.1	3,529.6	602.4	826.5	4,958.4
2014	895.1	369.3	1,156.1	609.7	573.6	3,603.8	613.9	857.3	5,074.9
2015	912.1	377.8	1,185.2	619.1	585.3	3,679.6	625.6	889.2	5,194.4
2016	929.5	386.6	1,215.0	628.7	597.2	3,757.0	637.6	922.3	5,316.9
2017	947.2	395.6	1,245.7	638.4	609.0	3,835.7	649.8	957.4	5,442.9
2018	965.3	404.8	1,277.1	648.1	620.4	3,915.8	662.2	994.6	5,572.6
2019	983.8	414.2	1,309.4	658.0	632.1	3,997.6	674.8	1,033.4	5,705.7
2020	1,002.7	423.9	1,342.5	668.0	644.0	4,081.1	687.6	1,073.6	5,842.3
2021	1,021.9	433.8	1,376.4	678.2	656.2	4,166.4	700.7	1,115.4	5,982.5
Expenditure Growth									
2008-2011	46.6	24.0	78.0	27.3	33.0	209.0	34.1	62.4	305.5
2011-2016	83.4	42.1	142.2	46.6	57.6	372.0	58.0	151.0	581.0
2016-2021	92.5	47.2	161.4	49.4	58.9	409.4	63.1	193.1	665.7
2008-2021	222.5	113.3	381.6	123.4	149.6	990.4	155.3	406.6	1,552.2
Average Annual Growth Rate									
2008-2011	1.9%	2.4%	2.5%	1.6%	2.1%	2.1%	2.0%	2.9%	2.2%
2011-2016	1.9%	2.3%	2.5%	1.6%	2.0%	2.1%	1.9%	3.6%	2.3%
2016-2021	1.9%	2.3%	2.5%	1.5%	1.9%	2.1%	1.9%	3.9%	2.4%
2008-2021	1.9%	2.4%	2.5%	1.6%	2.0%	2.1%	1.9%	3.5%	2.3%

*Constant 2007/08 dollars & including GST

Source : Marketinfo; Pitney Bowes MapInfo

Table 3.8
Tempe Trade Area Retail Expenditure, 2008-2021* (\$M)

Y/E	Primary	Secondary Sectors				Main	Tertiary Sectors		Total
June	Sector	North	East	South	West	TA	North	South	TA
2008	4,303.2	1,821.4	5,493.8	2,867.4	2,645.1	17,130.9	2,951.4	3,692.9	23,775.2
2009	4,367.6	1,858.4	5,611.6	2,902.1	2,690.6	17,430.3	2,999.7	3,778.1	24,208.1
2010	4,432.8	1,895.9	5,731.2	2,937.2	2,736.8	17,734.0	3,048.7	3,872.7	24,655.4
2011	4,499.1	1,934.3	5,853.3	2,972.8	2,783.8	18,043.2	3,098.5	3,969.8	25,111.5
2012	4,566.2	1,972.2	5,977.2	3,007.8	2,830.4	18,353.8	3,147.1	4,085.1	25,586.1
2013	4,634.2	2,009.8	6,103.0	3,042.2	2,876.6	18,665.8	3,194.5	4,220.2	26,080.4
2014	4,703.2	2,048.0	6,231.5	3,076.9	2,923.6	18,983.3	3,242.6	4,359.8	26,585.6
2015	4,773.3	2,087.0	6,362.7	3,112.1	2,971.4	19,306.5	3,291.4	4,504.0	27,101.9
2016	4,844.4	2,126.8	6,496.7	3,147.7	3,020.0	19,635.5	3,341.0	4,652.9	27,629.5
2017	4,917.0	2,167.5	6,633.8	3,183.3	3,067.0	19,968.6	3,391.2	4,810.8	28,170.6
2018	4,991.2	2,209.1	6,774.1	3,219.0	3,112.4	20,305.8	3,442.0	4,978.2	28,726.0
2019	5,066.5	2,251.5	6,917.4	3,255.1	3,158.4	20,648.9	3,493.6	5,151.5	29,294.0
2020	5,143.0	2,294.7	7,063.8	3,291.7	3,205.2	20,998.3	3,546.0	5,330.7	29,875.0
2021	5,220.7	2,338.7	7,213.2	3,328.6	3,252.6	21,353.8	3,599.2	5,516.3	30,469.3
Expenditure Growth									
2008-2011	195.9	112.9	359.4	105.4	138.6	912.3	147.0	276.9	1,336.3
2011-2016	345.3	192.5	643.4	174.9	236.2	1,592.3	242.5	683.1	2,518.0
2016-2021	376.3	211.9	716.5	180.9	232.6	1,718.3	258.2	863.4	2,839.9
2008-2021	917.4	517.4	1,719.4	461.2	607.5	4,222.9	647.8	1,823.4	6,694.1
Average Annual Growth Rate									
2008-2011	1.5%	2.0%	2.1%	1.2%	1.7%	1.7%	1.6%	2.4%	1.8%
2011-2016	1.5%	1.9%	2.1%	1.1%	1.6%	1.7%	1.5%	3.2%	1.9%
2016-2021	1.5%	1.9%	2.1%	1.1%	1.5%	1.7%	1.5%	3.5%	2.0%
2008-2021	1.5%	1.9%	2.1%	1.2%	1.6%	1.7%	1.5%	3.1%	1.9%

*Constant 2007/08 dollars & including GST

Source : Marketinfo; Pitney Bowes MapInfo

The total retail expenditure generated by the Tempe trade area population for the year to June 2008 is estimated at \$23.8 billion, of which bulky goods/homemaker expenditure accounted for approximately \$4.4 billion. Over the period to 2021, the total retail expenditure is forecast to increase by \$6.7 billion to \$30.5 billion. Total homemaker/bulky goods expenditure is forecast to increase over this period by \$1.6 billion to \$6.0 billion.

Retail expenditure forecasts throughout this report make an allowance for real growth in retail expenditure estimated at 1.5% for the homemaker/bulky goods market and 1.0% across all other retail categories. The level of real growth of 1.5% for the homemaker/bulky goods market is lower than recent real growth rates achieved in this market which has been running at 2.0%-3.0% over the past decade, while the growth of 1.0% for other retail floorspace is consistent with long term Australian trends.

Section 4: Competitive framework

This section of the report reviews the competitive framework within which the proposed Tempe IKEA store would operate. This review includes analysis of the existing and proposed bulky goods/homemaker centres and precincts as well as traditional retail facilities which offer competitive floorspace.

The locations of major bulky goods facilities provided throughout the Sydney metropolitan region are shown on the previous Maps 3.3 and 3.4, with Table 4.1 summarising these facilities, including estimated sizes and composition based on all available information.

4.1 Primary sector

The existing provision of bulky goods stores within the primary sector are concentrated at Hurstville and Rockdale. There are no major dedicated homemaker centres within the primary sector. There are, however, a number of freestanding major bulky goods retailers along Princes Highway, about 5 km south of the Tempe site. Some of the major national bulky goods traders within this sector include Bing Lee, Spotlight, Officeworks and Bunnings.

The Princes Highway forms the major arterial road throughout the locality and as such, it is the location for a large proportion of retailing within this precinct. There are a number of smaller independent bulky goods traders provided along the Princes Highway within the immediate Tempe region. The types of bulky goods facilities provided within the area surrounding the Tempe IKEA site are predominately focused on the automotive industry, with a number of smaller independent furniture stores, electrical traders and hardware stores also provided. The types of automotive traders include a number of mechanics, smash repairers, car showrooms, auto accessories and the like.

Taking the above into account, it is unlikely that the proposed IKEA store will compete directly with these types of existing traders along the Princes Highway.

Retailers positioned along the Princes Highway, within the immediate Tempe IKEA precinct, are generally quite dated, including several vacancies, and are provided in a piece-meal fashion. Consequently, many of these traders are in need of renewal and redevelopment. In addition to this, a large proportion of these Princes Highway tenants do not typically provide adequate, easily accessible carparking.

4.2 Secondary north sector

There are no dedicated homemaker centres within the secondary north sector of the trade area. There are, however, a number of freestanding bulky goods retailers along Parramatta Road, in the suburbs of Annandale, Camperdown and Leichhardt. A number of bulky goods traders are also located at Broadway Shopping Centre and include Harvey Norman, Dick Smith Electronics, Rebel Sport, Freedom and Adairs. Some of the remaining major national bulky goods traders within this sector include Officeworks, Sleep City and Fantastic Furniture.

4.3 Secondary east sector

The south-eastern region of Sydney is a significant bulky goods destination with bulky goods retailing provided in two significant homemaker centres, namely Moore Park Supa Centa and at Style At Home Alexandria. These centres include 32,500 sq.m and 22,500 sq.m of bulky goods floorspace, respectively, and provide a number of the key major national tenants.

Moore Park Supa Centa previously included an IKEA store, which closed in May 2006 when IKEA opened at Rhodes. Moore Park Supa Centa is currently very popular given that it is the largest concentration of bulky goods facilities for the local population. This centre is located on Dacey Avenue and has a provision of basement level carparking.

Style At Home Alexandria opened in 2005, and includes over 30 retailers with key tenants including The Good Guys, Oz Design, Forty Winks and Bing Lee. The centre is also easily accessible via O'Riordan Street and is a two level centre with basement level carparking and also includes a smaller provision of carparking provided on the upper level.

In addition to the bulky goods facilities provided at the designated homemaker centres, there are also a number of bulky goods stores provided in this sector including Officeworks, Domayne, Harvey Norman and Bunnings.

The secondary east sector also incorporates the Sydney CBD, and as such, includes a large provision of bulky goods traders within this central precinct. Major tenants located within the Sydney CBD include Harvey Norman, Officeworks, JB Hi-Fi, Rebel Sport and Bing Lee.

4.4 Secondary south sector

Within the secondary south sector, the majority of the bulky goods stores are located at Homeworks Caringbah, located within the Taren Point Road bulky goods precinct, some 14.5 km south of Tempe. National tenants represented at this centre include Fantastic Furniture, Freedom, Forty Winks and Nick Scali. Elsewhere within the Taren Point Road precinct are Bunnings Warehouse, Officeworks, Domayne and Beacon Lighting.

Westfield Miranda, located within the secondary south sector, also incorporates a number of national bulky goods tenants, including Adairs, Toys R Us and Dick Smith Electronics.

4.5 Secondary west sector

Within the secondary west sector, the Chapel/Canterbury Road precinct in Bankstown is the only dedicated bulky goods centre. Home Central Bankstown and Bankstown Homemaker City comprise two main components of this precinct.

Home Central Bankstown is located on the north-east corner of Chapel Road and Canterbury Road, 18 km south-west of the Sydney CBD and 14 km west of the Tempe site. Home Central Bankstown opened in 2002 and consists of 17 tenancies incorporated into a U-style, or horseshoe format, over a single level. The total floorspace of the centre is approximately 17,900 sq.m, with a provision of over 300 at-grade carparking spaces. This centre is anchored by The Goods Guys, Toys R Us, Snooze, Super Cheap Auto and a number of other tenancies.

Bankstown Homemaker City is located immediately south of Home Central Bankstown. Homemaker City comprises some 24 tenants over 18,600 sq.m of space. Tenants at this centre include Freedom, Bing Lee, Dick Smith Powerhouse, Forty Winks and Deco Rug. The Chapel Road precinct, therefore, is a major destination for homemaker shopping in Bankstown and within the secondary west sector.

4.6 Tertiary north sector

There are a limited number of bulky goods traders located on the Lower North Shore of Sydney, primarily situated around the Pacific Highway. Major provisions of tenants are situated in the suburbs of Chatswood, Crows Nest and Artarmon.

The majority of the bulky goods retailers within this precinct are free-standing stores, drawing business from passing traffic along the busy Pacific Highway. Some of the major national bulky goods tenants situated within the region include Bunnings, Harvey Norman, Bing Lee, Dick Smith Powerhouse, The Good Guys, JB Hi-Fi and Fantastic Furniture.

4.7 Tertiary south sector

There are a number of competitive bulky goods/homemaker centres within the tertiary south sector including Liverpool Mega Centre and Crossroads Homemaker Centre at Casula.

Liverpool Mega Centre is around 30,000 sq.m in size, located 25 km south-west of the Tempe site on the eastern side of the Cumberland Highway. Major tenants at this centre include Harvey Norman, Domayne, Forty Winks, Sleep City, Everyday Living and Deco Rug. Tandy, Dick Smith Electronics and Toys R Us are also located within Westfield Liverpool regional shopping centre. Elsewhere within Liverpool, there are a number of free-standing bulky goods retail suppliers such as Officeworks and Spotlight.

Crossroads Homemaker Centre is located within the suburb of Casula, 28 km south-west of Tempe. This centre is around 50,000 sq.m in size and is strategically located between the Hume Highway and the South-Western Freeway. The centre would, therefore, serve the needs of residents in Outer South-Western Sydney. Retailers represented at this centre include The Good Guys, Barbecues Galore, The Sleeping Giant and Beacon Lighting.

The majority of the bulky goods retailers within Campbelltown are free-standing stores. Some of the major national bulky goods tenants include Bunnings, Domayne, Everyday Living, Fantastic Furniture, The Goods Guys, Spotlight and Toys R Us. Macarthur Square regional shopping centre also has some bulky goods suppliers including Adairs, Dick Smith Electronics and Rebel Sport.

4.8 Beyond trade area

Beyond the trade area, there are a number of competing bulky goods/homemaker centres. The most significant of these is the Auburn Home Mega Mall, located over 16 km north-west of Tempe. The centre is one of the largest enclosed homemaker centres in Australia at 32,000 sq.m with national tenants Snooze, Deco Rug, Freedom Furniture and The Good Guys. The centre is located in the largest bulky goods precinct in Sydney and Australia, including around 100,000 sq.m of bulky goods floorspace within the total region. Other major tenants in the immediate vicinity include Harvey Norman, Bunnings and Domayne. This limits the extent of the Tempe trade area to the north.

The existing IKEA store within Sydney is located at Rhodes Waterside Shopping Centre, over 15 km north-east of Tempe. This IKEA store, however, is not located within a designated bulky goods precinct, instead is located in a traditional shopping centre. Additional bulky goods/homemaker tenants within Rhodes Waterside Shopping Centre include Adairs, Dick Smith Electronics, Bing Lee and Howards Storage World.

4.9 Proposed retail developments

Table 4.2 details a number of the most relevant developments that will incorporate bulky goods/homemaker floorspace within the defined trade area. As shown, the most significant developments include:

- Home Headquarters at Artarmon within the tertiary north sector. This development is planned to include some 26,337 sq.m of floorspace, with a focus on bulky goods floorspace. The development will also include some floorspace for associated uses as well as a café. This development is likely to be complete in late 2009.
- A bulky goods development is currently proposed at Kogarah within the primary sector. This development is planned to be a mixed use centre of around 17,000 sq.m, including bulky goods retailers, commercial, medical and community floorspace. A development application has been lodged with Council and is awaiting approval. For the purposes of this analysis we assume a bulky goods component of some 5,000 sq.m. If approved it is likely that the development will be completed in early 2010.

In addition to the bulky goods/homemaker competition, there are a number of proposed developments that are likely to include significant proportions of traditional retail floorspace, the most significant developments include:

- Green Square
- Zetland (Victoria Park)
- Discovery Point
- Barangaroo

It is unlikely that these facilities will incorporate a bulky goods/homemaker component and as such, will not compete directly with the planned IKEA store at Tempe.

A significant bulky goods component was proposed to form part of an expanded Sydney Airport, however, this proposal is now unlikely to proceed in the current form and, at this stage, no additional plans have been lodged. The development was planned to include a retail component of 48,400 sq.m, including a 24,000 sq.m outlet centre, 10,000 sq.m homemaker centre, a large discount store and a food court. The Federal Transport Minister has announced that the development will not proceed due to safety implications. It is possible that Sydney Airport Corporation may consider a revised development, however, any future application would be subject to the same procedures and review.

Taking the above into consideration, as no development is currently approved at the site, for the purposes of this analysis we assume that the development does not proceed. This position is in-line with standard EIA assumptions regarding mooted developments.

There is also a proposed retail development at Bankstown Airport. A draft masterplan has recently been approved, with a view to commercial bulky and industrial floorspace likely to be developed at the site in the future. A Bunnings store of around 12,500 sq.m is currently provided on Airport land along Milperra Road. This development is unlikely to compete significantly with the planned IKEA development, being located around 14 km from the planned Tempe site.

Table 4.1

Tempe - Schedule of Competing Bulky Goods Facilities

Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. From Tempe (km)
Primary			
St Peters	200	Repco	1.0
Wolli Creek	200	Autobarn	1.0
Marrickville	3,500	Mitre 10, Retravisio, Big Lee, Dick Smith Electronics	2.1
Rockdale	21,500	Bing Lee, Super Cheap Auto, Spotlight, Everyday Living, Repco, Fantastic Furniture, Dick Smith Electronics, Rebel Sport, Bunnings, The Good Guys, Sleep City	4.0
Petersham	1,800	Officeworks, Carpet Court	4.5
Bexley	1,000	Retravisio, Mitre 10	5.0
Ashfield	500	Dick Smith Electronics	6.5
Bexley North	300	Thrifty Link Hardware	7.0
Kogarah	500	True Value Hardware, Carpet Court	7.0
Kingsgrove	1,000	Mitre 10	7.5
Canterbury	1,500	Mitre 10, Light Up Australia	7.5
Ramsgate	200	Carpet Choice	7.5
Carlton	1,700	Officeworks, Auto One	8.0
Hurstville	8,500	Thrifty Link Hardware, Bing Lee, Strathfield Car Radios *2, Tandy, Toys R Us, Dick Smith Electronics, Super Cheap Auto	8.0
Campsie	300	Repco	9.0
Lakemba	500	Super Cheap Auto	11.0
Belmore	200	Autopro	11.0
South Strathfield	1,500	Officeworks	14.5

Source : Pitney Bowes MapInfo

Table 4.1 (Continued)
Tempe - Schedule of Competing Bulky Goods Facilities

Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. From Tempe (km)
Secondary North			
Newtown	1,000	Mitre 10, Auto One	4.0
Annandale	8,000	Home Hardware, Thrifty Link Hardware, Sleep City, Solomons Flooring	5.0
Stanmore	1,000	Fantastic Furniture	5.0
Camperdown	1,200	Strathfield Car Radios, Repco	5.0
Broadway SC	6,500	Dick Smith Electronics, Adairs, Harvey Norman, Rebel Sport, Freedom	5.5
Glebe	1,500	Officeworks	5.5
Haberfield	400	Clark Rubber	5.5
Leichhardt	2,500	Tandy, Thrifty Link Hardware, True Value Hardware, Howards Storage World, JB Hi-Fi	6.5
Pymont	300	Thrifty Link Hardware	7.5
Rozelle	200	Retravisision	7.5
Balmain	300	Thrifty Link Hardware	9.0
Secondary East			
Mascot	15,000	Carpet Court, Clark Rubber, Repco, Bunnings	2.5
<u>Alexandria</u>	<u>72,500</u>		3.5
• Style At Home	22,500	Bing Lee, Deco Rug, Carpet Call, Forty Winks, Oz Design, The Good Guys, Lincraft,	
• Remainder	50,000	Harris Technology, Sleep City, Domayne, Officeworks, Everyday Living, Harvey Norman, Carpet Choice, Jaycar Electronics	
Kingsford	2,500	Carpet Court, Autopro, Strathfield Car Radios, Retravisision	6.0
Haymarket	1,000	Bing Lee	7.0
Moore Park	32,500	Adairs, Deco Rug, Toys R Us, Barbeques Galore, Snooze, Oz Design, Harvey Norman, The Sleeping Giant, Fantastic Furniture, Freedom, Howards Storage World, Nick Scali, Dick Smith Powerhouse, Bing Lee, Dare Gallery	7.5
Sydney CBD	20,000	Jaycar Electronics, Officeworks, Lincraft, Strathfield Car Radios, Harvey Norman, Dick Smith Electronics *2, Freedom, JB Hi-Fi *2, Thrifty Link Hardware *2, Rebel Sport *2, Betta Electrical, Dick Smith Powerhouse, Bing Lee	8.0
Kensington	500	Auto One	8.0
Westfield Eastgardens	4,000	Adairs, Dick Smith Electronics, Freedom, Howards Storage World, Rebel Sport	8.5
Randwick	1,000	Mitre 10	9.0
Matraville	1,000	Mitre 10	10.0
Paddington	2,000	Mitre 10	10.5
Kings Cross	500	Thrifty Link Hardware	11.0
Bondi Junction	11,000	Jaycar Electronics, Officeworks, Carpet One, Bing Lee, Harvey Norman, Dick Smith Electronics, Strathfield Car Radios, Tandy, Spotlight, Rebel Sport, Super Cheap Auto, JB Hi-Fi, Howards Storage World, Thrifty Link Hardware	12.0
Bondi	500	Thrifty Link Hardware	14.5
Rose Bay	1,500	Bunnings	15.0

Source : Pitney Bowes MapInfo

Table 4.1 (Continued)			
Tempe - Schedule of Competing Bulky Goods Facilities			
Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. From Tempe (km)
Secondary South			
<u>Caringbah</u>	<u>32,500</u>		14.5
• Homeworks Caringbah	17,500	Barbeques Galore, Carpet Call, Deco Rug, Nick Scali, The Sleeping Giant, Fantastic Furniture, Forty Winks, Freedom, Harvey Norman	
• Remainder	15,000	Clark Rubber, Carpet Choice, Bunnings, The Good Guys, Domayne, Strathfield Car Radios	
Taren Point	3,000	Beacon Lighting, Jaycar Electronics, Officeworks, Repco	14.5
<u>Miranda</u>	<u>8,500</u>		16.5
• Westfield Miranda	7,500	Adairs, Toys R Us, Dick Smith Electronics, Howards Storage World, Lincraft, Rebel Sport, Strathfield Car Radios, Tandy, JB Hi-Fi,	
• Remainder	1,000	Thrifty Link Hardware	
Cronulla	1,000	Mitre 10	19.0
Kirrawee	1,000	True Value Hardware	19.0
Sutherland	1,500	Repco, Mitre 10	22.5
Engadine	1,500	Mitre 10, Carpet Court	26.0
Illawong	500	Thrifty Link Hardware	26.0
Menai	800	Super Cheap Auto, Carpet Choice, Tandy	26.5
Secondary West			
Penshurst	500	Betta Electrical	9.5
Centro Roselands	2,000	Lincraft, Dick Smith Electronics	10.0
Peakhurst	1,000	Repco, Mitre 10	11.0
Wiley Park	10,000	Harvey Norman	12.0
Punchbowl	15,000	Harvey Norman, Officeworks	12.5
Riverwood	500	Autopro	13.5
Bankstown	70,000	Dick Smith Electronics, Repco, Fantastic Furniture, Deco Rug, Betta Electrical, Freedom, Strathfield Car Radios, Barbeques Galore, Rebel Sport, Jaycar Electronics, Super Cheap Auto, Sleep City, Clark Rubber, Snooze, Everyday Living, Toys R Us, Babyco, The Sleeping Giant, Dick Smith Powerhouse, Forty Winks, Spotlight, The Good Guys, Bunnings, Solomons Flooring, Bing Lee	14.0
Lugarno	500	Thrifty Link Hardware	14.0
Padstow	200	Carpet Court	14.0
Chullora	500	Dick Smith Electronics	16.0
Revesby	1,000	Mitre 10	16.0
Greenacre	500	Autobarn	17.5
Panania	800	Carpet Choice	18.0
Source : Pitney Bowes MapInfo			

Table 4.1 (Continued)
Tempe - Schedule of Competing Bulky Goods Facilities

Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. From Tempe (km)
Tertiary North			
North Sydney	2,000	Harris Technology, Betta Electrical, Dick Smith Electronics, Officeworks	11.5
Crows Nest	12,500	Sleepys, Freedom, Forty Winks, The Sleeping Giant, Sleep City	13.0
Neutral Bay	400	Dick Smith Electronics	13.5
St Leonards	2,500	Carpet Court, Snooze	13.5
Gore Hill	500	Dick Smith Electronics, Jaycar Electronics	14.5
Naremburn	200	True Value Hardware	14.5
Northbridge	200	Howards Storage World	14.5
Artarmon	10,000	Officeworks, Strathfield Car Radios, Barbeques Galore, Repco, Fantastic Furniture, Bunnings	15.5
Mosman	1,500	Officeworks, Thrifty Link Hardware, Retravisoin	15.5
Willoughby	4,000	Solomons Flooring, Auto One	16.0
Chatswood	21,000	Adairs, Dick Smith Electronics, Bing Lee, Bunnings, Harvey Norman, Dick Smith Powerhouse, Nick Scali, Carpet Call, The Good Guys, JB Hi-Fi, Rebel Sport, Strathfield Car Radios, Tandy, Toys R Us	18.0
Tertiary South			
<u>Liverpool</u>	<u>49,000</u>		25.0
• Liverpool Mega Centre	30,000	Deco Rug, Domayne, Everyday Living, Forty Winks, Harvey Norman, Sleep City	
• Westfield Liverpool	6,000	Toys R Us, Tandy, Adairs, Dick Smith Electronics, JB Hi-Fi	
• Remainder	13,000	Super Cheap Auto, Strathfield Car Radios, Spotlight, Mitre 10, Carpet Court, Officeworks, Repco	
Casula	50,000	Clive Peeters, Barbeques Galore, The Sleeping Giant, Bunnings, Everyday Living, Curtain Wonderland, Beacon Lighting, Sleep City, Freedom, Deco Rug, Snooze, Bing Lee, Autopro, The Good Guys	28.0
Warwick Farm	2,000	Super Cheap Auto, Fantastic Furniture	28.0
Macquarie Fields	1,000	Retravisoin	31.0
Green Valley	300	Autobarn	32.0
Carnes Hill	500	Dick Smith Electronics	32.5
Austral	1,000	Home Hardware	34.0
Minto	1,000	Auto One, Home Hardware	37.0
Leumeah	500	Barbeques Galore	39.0
Campbelltown	70,000	Carpet Call, Forty Winks, Spotlight, Babyco, Everyday Living, Freedom *2, Fantastic Furniture, The Good Guys, BCF, Toys R Us, Harvey Norman, Vast Interior, Deco Rug, Sleep City, Dick Smith Electronics *2, Strathfield Car Radios *2, Officeworks, Auto One, Bing Lee Superstore, Clark Rubber, Carpet Court, The Sleeping Giant, Autopro, Domayne, Nick Scali, Outdoor Furniture Specialists, Rebel Sport, Bunnings, Autobarn, Adairs, JB Hi-Fi, Lincraft, Dick Smith Powerhouse, Howards Storage World, Super Cheap Auto, Jaycar Electronics, Repco	42.0
Narellan	5,500	Carpet Choice, Solomons Flooring, Mitre 10, Dick Smith Electronics, Super Cheap Auto, Repco	48.0
Camden	1,000	Mitre 10	53.5

Source : Pitney Bowes MapInfo

Table 4.1 (Continued)

Tempe - Schedule of Competing Bulky Goods Facilities

Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. From Tempe (km)
Beyond Trade Area			
Burwood	4,000	Tandy, Adairs, Bing Lee, Retravisio, Dick Smith Electronics, Howards Storage World	9.0
Rhodes	28,500	Adairs, Dick Smith Electronics, Ikea, Bing Lee, Howards Storage World	15.0
Auburn	85,000	Carpet Call, Rebel Sport, Domayne, Strathfield Car Radios, Light Up Australia, Carpet Choice, Super Cheap Auto, Nick Scali, Harvey Norman, Everyday Living, Fantastic Furniture, Freedom, Oz Design, Snooze, Deco Rug, Pillow Talk, Retravisio, Sleep City, The Sleeping Giant, Bunnings, Forty Winks, Officeworks, Clive Peeters, Sleepys, BCF, The Good Guys, Autobarn	16.0
Balgowlah	10,000	Bay Leather Republic, Harvey Norman, Carpet Choice, Outdoor Furniture Specialists, The Sleeping Giant, Snooze, Freedom, Sleep City, Thrifty Link Hardware, Fantastic Furniture	19.5
North Ryde	20,000	Thrifty Link Hardware, Domayne, Officeworks, Harris Technology, Freedom, Dick Smith Powerhouse, Adairs, Howards Storage World, JB Hi-Fi, Rebel Sport	21.0

Source : Pitney Bowes MapInfo

Table 4.2
Proposed Bulky Goods/Homemaker Competition

Centre	Suburb	Sector	Homemaker Component (GLA)	Status	Assumed Opening
Princes Hwy	Kogarah	Primary	5,000*	DA Submitted	2011
Terry St	Rozelle	Secondary North	2,830	Approved	2011
Platinum Estate	Alexandria	Secondary East	2,753	DA Sumitted	2011
Bourke Rd	Alexandria	Secondary East	4,575	Approved	2010
The Ark	Alexandria	Secondary East	3,457	Construction	2010
Taren Point Rd	Caringbah	Secondary South	5,757	Approved	2011
Captain Cook Dr	Caringbah	Secondary South	4,546	Approved	2010
Bunnings	Kirawee	Secondary South	13,435	Construction	2010
Canterbury Rd	Bankstown	Seconary West	5,968	Approved	2011
Hume Hwy	Greenacre	Secondary West	4,000	Approved	2010
Home Headquarters	Artarmon	Tertiary North	26,337	Approved	2010
Bunnings	Prestons	Tertiary South	13,290	Construction	2009
Bunnings	Narellan	Tertiary South	7,750	DA Submitted	2010
Grange Rd	Leumeah	Tertiary South	9,805	Construction	2009

**Estimated bulky goods provision*

Source : Pitney Bowes MapInfo

4.10 Summary

In summary, it can be seen that there are a number of bulky goods retailers within this region of Sydney. This being said, there is only a provision of one existing IKEA store within the region, at Rhodes Waterside, located beyond the trade area. Given the substantial size and unique draw of IKEA, it is more likely that this facility will compete with the existing store at Rhodes Waterside as compared with traditional bulky goods retailers situated throughout the region.

The major bulky goods precincts within the defined trade area are situated within the secondary east sector (Alexandria/Moore Park), the secondary west sector (Bankstown) and the tertiary south sector (Campbelltown and Casula). Major precincts situated beyond the trade area include the facilities along Parramatta Road at Auburn to the north.

Remaining bulky goods facilities within the immediate Tempe region are generally stand-alone traders situated along major roads and generally serve a more localised catchment, as well as passing traffic.

Section 5: Bulky goods floorspace capacity

This section of the report provides a simple but instructive analysis on the floorspace capacity for bulky goods/homemaker facilities throughout the defined Tempe trade area. This analysis is based on the current and projected resident population and the likely spending levels that will create demand for bulky goods floorspace.

Table 5.1 presents our analysis of the provision of bulky goods/homemaker floorspace throughout the defined Tempe trade area. This is the area from which the proposed store, and most of the bulky goods retailers within the region, would draw the majority of their sales.

This analysis can be summarised in the following key steps:

Demand side

In order to outline the demand for bulky goods floorspace within the trade area currently and in the future, the first step is to outline the population throughout the defined trade area. The current population is estimated at 1,895,140 and is projected to increase to 2,025,350 by 2016. This represents an increase of 130,210 persons over the next eight years or an additional 7.0% of the existing trade area population.

Expenditure levels per person and in total are then outlined, with current homemaker/bulky goods expenditure estimated at \$4.4 billion, increasing to \$5.3 billion by 2016, expanded in constant 2007/08 dollars, i.e. excluding inflation.

The next step in the analysis is to estimate the total supportable floorspace, based on a retail turnover density or average trading level per sq.m for bulky goods floorspace. Typically, bulky goods floorspace trades at around \$3,000-\$3,500 per sq.m throughout the Australian environment. Having said this, trading levels vary substantially according to tenant type (e.g. electrical goods can trade far above this level, while furniture stores trade well below this level), between

national and independent brands, with national brands typically being more popular, and also based on location. Given the average incomes achieved throughout the trade area population (the total trade area household income is generally slightly higher than the Sydney metropolitan average) we have adopted an average sales level of \$3,500 per sq.m across the bulky goods floorspace in the Tempe trade area.

On this basis, the level of demand for bulky goods/homemaker floorspace throughout the defined Tempe trade area is currently estimated at 1,265,817 sq.m (\$4.4 billion in total expenditure divided by \$3,500 per sq.m). This figure is projected to increase to 1,519,108 sq.m over the period to 2016, a total increase of around 253,292 sq.m over eight years. This represents approximately 31,660 sq.m of bulky goods floorspace required each year. As a result, the development of the IKEA store itself would only satisfy just over one year of demand.

Table 5.1
Tempe Trade Area - Estimated Demand & Supply of Bulky Goods Facilities

Factor	Year	
	2008	2016
Population	1,895,140	2,025,350
Expenditure Per Person (\$)*	2,338	2,625
Total Expenditure (\$M)*	4,430	5,317
Retail Turnover Density (\$ per sq.m)	3,500	3,500
Bulky/Homemaker Floorspace Demand (sq.m)	1,265,817	1,519,108
Increase in Demand (sq.m)		253,292
<i>Proposed Supply</i>		<i>138,502</i>
• Proposed Bulky/Homemaker Dev'ts		104,503
• Proposed Tempe IKEA		33,999
Under (-)/Over (+) Supply		-114,790
* Homemaker/Bulky Goods Expenditure		
Source : Pitney Bowes MapInfo		

Supply side

Given the extensive trade area, incorporating a large proportion of metropolitan Sydney, it is difficult to estimate exactly the total provision of bulky goods floorspace within the trade area. This being said, we estimate that there is a provision of some 700,000 sq.m of bulky goods floorspace dedicated to the major tenants (refer Table 4.3). Therefore, taking a conservative approach and assuming the total provision of bulky goods traders is in the order of 850,000-900,000 sq.m throughout the trade area, this would still indicate a significant deficiency of bulky goods floorspace at over 350,000-400,000 sq.m (i.e. 1,265,800 sq.m-900,000 sq.m).

The current low provision of bulky goods/homemaker floorspace within the trade area is demonstrated further in the previous Section 4 when the existing floorspace provision is divided by the existing population level in order to obtain the provision of floorspace per capita. Across the total trade area, the provision is around 0.4-0.45 sq.m per person, which is significantly below the Australian average of 0.65 sq.m per person.

The estimated 850,000-900,000 sq.m provision of bulky goods/homemaker floorspace includes floorspace in homemaker and bulky goods centres and precincts, and also the estimated provision of competitive bulky goods/homemaker floorspace provided in regional and sub-regional shopping centres (i.e. proportion of department store and discount department stores dedicated to bulky goods). As such, we have adopted an all encompassing approach where we have allowed for all competitive homemaker/bulky goods floorspace.

This existing undersupply of bulky goods/homemaker floorspace would increase substantially each year without any additional bulky goods development in the region.

As shown, by 2016, the bulky goods/homemaker floorspace demand is projected to grow by 253,292 sq.m. This is in addition to the existing undersupply of around 350,000-400,000 sq.m. Consequently, it can be seen that the significant deficiency in bulky goods floorspace is expected to continue in the future.

As discussed in the previous section, there are a number of bulky goods developments that are currently underway or proposed within the trade area. It is estimated that this floorspace would total some 104,500 sq.m. Even allowing for the addition of the proposed Tempe IKEA store, this would result in an additional floorspace supply of 138,502 sq.m, which is still significantly below the current demand, let alone additional demand that is likely to result in the future. As such, there will be a continuing undersupply of bulky goods floorspace, even after the addition of IKEA.

Section 6: Potential sales and possible impacts

The final section of this report considers the market scope and sales potential for the proposed Tempe IKEA store and also discusses and quantifies the likely economic impacts from the development.

The success 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:

- The quality of the facility, with particular regard for the major traders or combination of 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 carparking.
- Ambience and atmosphere of the centre or store.
- The size of the available catchment which the facility serves. This factor sets the maximum limit to the sales potential that can be achieved.
- 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 Tempe IKEA store is now considered, taking all of these factors into account, each of which has been addressed in earlier sections of this report.

6.1 Bulky goods potential

A number of key factors are considered important to the development and ongoing success of homemaker centres or precincts in Australia. These factors include regional accessibility, critical mass, major tenant mix, carparking, trade area population and competition.

In relation to the proposed development of the Tempe IKEA store, each of these factors is now considered.

Regional accessibility

The proposed centre is located on the Princes Highway which is a major arterial route throughout the region and is also in close proximity to the M5 Motorway. The centre, therefore, has excellent visibility and accessibility from both a local and regional perspective.

Critical mass

The size of the centre at 38,529 sq.m, includes 33,999 sq.m of retail floorspace planned for an IKEA store. An IKEA store of 33,999 sq.m would make it the largest IKEA and largest bulky goods store in Sydney. The centre is also located in close proximity to a major bulky goods precinct at Alexandria.

Major tenants

The only retail tenant to locate at the site will be a single IKEA store, incorporating some 33,999 sq.m of floorspace. In addition, a commercial component of 4,530 sq.m is also planned to adjoin the centre. IKEA currently operates only one store within the Sydney metropolitan area, which is located at Rhodes and has been very successful. It is understood that this IKEA store of around 25,000 sq.m, trades at in excess of \$100 million. A second larger IKEA store at Tempe is also likely to trade strongly.

Carpark and design

The store will be simply designed over two levels and will also incorporate a café/restaurant component. The carpark will be provided at-grade over a single level, including an undercover component, with direct access to IKEA. Access to the centre will be provided from the Princes Highway.

Trade area population

The proposed Tempe IKEA store will serve a large population including an extensive primary and large secondary sectors. This population will continue to grow in the future.

Competition

There are a number of proposed competitive facilities within the trade area, particularly at Moore Park/Alexandria, and also beyond the trade area at Auburn and north-western Sydney. In terms of IKEA stores themselves, however, there is only one smaller IKEA store currently in Sydney, located at Rhodes Waterside Shopping Centre.

As demonstrated in the previous section, there is currently an undersupply of bulky goods/homemaker floorspace throughout the defined Tempe trade area. As such, there is potential for additional facilities within the region, even taking into account the development of the Tempe IKEA store.

Taking each of the above key factors into consideration, Table 6.1 presents projected total centre sales for the IKEA Tempe store in 2010/11 (assuming the first full year of trading for the store). Sales forecasts presented in this report are in constant 2008 dollars and include GST.

Table 6.1

Tempe IKEA - Forecast Market Shares, 2010/11*

	Homemaker Spend	Forecast Sales	Market Share
Primary Sector	846.0	39.0	4.6%
Secondary Sectors			
• North	344.5	3.3	1.0%
• East	1,072.8	17.4	1.6%
• South	582.1	9.5	1.6%
• West	<u>539.6</u>	<u>11.5</u>	<u>2.1%</u>
Total Secondary	2,539.1	41.7	1.6%
Main Trade Area	3,385.1	80.7	2.4%
Tertiary Sectors			
• North	579.6	3.0	0.5%
• South	<u>771.2</u>	<u>4.6</u>	<u>0.6%</u>
Total Tertiary	1,350.8	7.5	0.6%
Total Trade Area	4,735.9	88.3	1.9%
Beyond Trade Area		<u>12.6</u>	
Total Homemaker Sales		100.9	
Ancillary Sales		<u>2.6</u>	
Total Sales		103.5	

*Constant 2007/08 dollars & including GST

Source : Pitney Bowes MapInfo

As IKEA is the only major retail trader that will locate on this Tempe site, with sales projected at \$103.5 million in 2010/11, this would equate to an average of around \$3,000 per sq.m across retail floorspace. The trade area market share of the proposed centre is projected at 1.9%, including a 2.4% share of main trade area spending and a 0.6% share of tertiary sector spending. Customers from beyond the trade area are projected to account for 12.5% of total homemaker centre sales of around \$12.6 million. Ancillary sales are likely to total some \$2.6 million.

6.2 Assessment of likely economic benefits

The proposed development of the Tempe IKEA store will result in a range of economic impacts. From a trading point of view, some impacts are likely to be experienced by competitive retailers throughout the trade area, with these impacts quantified in the following sub-section.

On the other side of the equation, it is clear that the development would also result in a range of economic benefits. The primary benefits would include the following:

- The provision of a wider range of shopping alternatives for bulky and homemaker goods for the surrounding population.
- The development of the Tempe IKEA store would create a number of additional jobs, both for the construction and related industries during the construction phase of the project and for the economic generally once the store is operational.
- The development of this large vacant site for a typical retail use within this largely industrial area of Tempe, may stimulate values and interest in the surrounding land areas. Furthermore, the development is in-line with objectives outlined in the *Draft South Sub-Regional Strategy*.

6.3 Employment stimulus

As a result of the proposed Tempe IKEA development, one of the most important economic benefits that will flow from the project will be additional employment.

Table 6.2 provides an estimate of the likely additional retail employment that will be provided at the Tempe IKEA store due to the addition of 33,999 sq.m of retail floorspace.

In estimating the additional employment outlined in Table 6.2, we have adopted a conservative view, taking into account the nature of the additional floorspace that would be added. Once fully operational, the additional retail floorspace at the proposed centre would be likely to employ around 680 persons. Allowing for an estimated 10% of the total increase to be as a result of the reduction of employment in existing retail facilities, the net additional jobs to the Temple IKEA store is estimated at 612.

In terms of wages and salaries, the additional 612 permanent retail employees within the centre proper would earn an average annual wage of around \$22,000 as sourced from the latest ABS statistics of average weekly earnings. This represents an additional \$13.5 million in salary and wages for the local region, directly as a result of the proposed development. It would also be expected that further wages and salaries would result from jobs in the construction period and from multiplier effects.

Table 6.2
Tempe IKEA Future Additional Employment Levels

Type of Use	Estimated Employment Per '000 sq.m	Tempe IKEA	
		Bulky Goods Development	
		GLA (sq.m)	Employment (persons)
Total Retail	20	33,999	680
Total Project		33,999	680
Net Increase¹			612

1. Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 10% of the total increase

Source : Pitney Bowes MapInfo

The development of the Tempe IKEA store would also create a substantial number of additional jobs during the construction phase of the centre. The estimated capital cost of construction for the development is \$100 million. By utilising the ABS Input/Output Multipliers for 1996/97 (the most recently available data) and deflating the assumed \$100 million to 1996/97 dollars (\$79 million) it is estimated that the construction period of the proposed centre would create some 550 direct jobs with a further 881 jobs resulting from supplier induced multiplier effects over this period (Table 6.3). Jobs created are full-time equivalent, which may include both full-time and part-time positions.

The additional retail jobs in the centre proper as previously outlined (612) will result in a further 581 jobs in the broader community based on ABS Input/Output Multipliers.

Table 6.3
Tempe IKEA Future Additional Employment Levels*

Original Stimulus	Estimated Capital Costs (\$M) ¹	Direct Employment	Supplier Employment <i>Multiplier Effects</i>	Total	
Construction of Project	79	550	881	1,430	Job Years ²
Centre Employment ³		<u>612</u>	<u>581</u>	<u>1,193</u>	
Total		1,162	1,461	2,623	

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

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

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

3. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development

Source : Australian National Accounts: Input-Output Tables 1996-97; Pitney Bowes MapInfo

6.4 Consideration of broad trading impacts

A number of factors need to be taken into account in the consideration of the likely broad trading impacts of the proposed development of the IKEA Tempe store. The following sub-section of this report presents indicative projections of the anticipated impact.

Impact projections must be considered as indicative only for the simple reason that it is very difficult to predict with certainty the precise impact on any one retailer or any one centre that will result from a change to the retail structure serving a particular area or region.

The impacted retailer or centre also has a number of possible actions which they may be able to take for example, which may mitigate the extent of impact, or may eliminate it altogether. Expansions and improvements may be undertaken at other centres and other locations throughout the region, and all of these factors can change the nature of the impact.

It is much more reasonable for the purposes of impact analysis to consider the likely broad changes in competitive circumstances, and in particular, the changes in the availability of retail expenditure for competitive centres that can be reasonably expected to result from the development of the Temple IKEA store.

These broad changes effectively set the market conditions within which the competitive centres will operate as a result of the proposed development, and reasonable conclusions can then be drawn about the possible impacts of these broad changes in market conditions.

In this respect, the analysis of the additional sales achieved by the proposed Tempe IKEA development, detailed in earlier parts of this section has yielded the following conclusions:

- The proposed Tempe IKEA development is projected to achieve some \$88.3 million of homemaker spending throughout the trade area, with a further \$12.6 million from beyond the trade area.
- In market share terms, the development is projected to achieve a market share of 1.9%.
- The most critical question, with respect to likely impacts, is the issue of where the projected \$88.3 million of additional homemaker expenditure, achieved by the proposed development from residents within the trade area, will be diverted from.

Table 6.4 presents a summary of the growth in homemaker retail expenditure that will be generated by the total trade area population, as compared with the projected sales that will be achieved by the overall centre.

As shown, forecast retail growth in the trade area bulky goods/homemaker spending is projected at \$305.5 million over the period from 2007/08 to 2010/11. Further, some additional \$1,246.6 million of bulky goods retail expenditure is expected to be generated in the Tempe trade area over the period from 2010/11 to 2020/21.

In broad terms, Table 6.4 shows the sales for the IKEA store from the defined total trade area will be \$217.2 million (\$305.5 million minus \$88.3 million) lower than the projected real growth of the bulky goods spending capacity of the Tempe trade area over the forecast period to 2011. Consequently, there is ample opportunity for the store to be provided as well as for further bulky goods facilities to be developed elsewhere in the region and continuing sales growth for other stores within the trade area.

After 2011, there is continued significant growth in spending that is available to other bulky goods facilities within the defined region.

Table 6.4

Tempe IKEA - Trade Area Growth & Homemaker Expenditure*

Trade Area	Homemaker Retail Expenditure (\$M)				Growth (\$M)			
Sector	Current		Forecast		2008-11	2011-16	2016-21	2008-21
	2008	2011	2016	2021				
Residents Homemaker Expenditure								
Primary Sector	799.4	846.0	929.5	1,021.9	46.6	83.4	92.5	222.5
Secondary Sectors								
• North	320.5	344.5	386.6	433.8	24.0	42.1	47.2	113.3
• East	994.8	1,072.8	1,215.0	1,376.4	78.0	142.2	161.4	381.6
• South	554.7	582.1	628.7	678.2	27.3	46.6	49.4	123.4
• West	<u>506.6</u>	<u>539.6</u>	<u>597.2</u>	<u>656.2</u>	<u>33.0</u>	<u>57.6</u>	<u>58.9</u>	<u>149.6</u>
Total Secondary	2,376.6	2,539.1	2,827.6	3,144.5	162.4	288.5	317.0	767.9
Main Trade Area	3,176.0	3,385.1	3,757.0	4,166.4	209.0	372.0	409.4	990.4
Tertiary Sectors								
• North	545.5	579.6	637.6	700.7	34.1	58.0	63.1	155.3
• South	<u>708.8</u>	<u>771.2</u>	<u>922.3</u>	<u>1,115.4</u>	<u>62.4</u>	<u>151.0</u>	<u>193.1</u>	<u>406.6</u>
Total Tertiary	1,254.3	1,350.8	1,559.9	1,816.1	96.5	209.0	256.3	561.8
Total Trade Area	4,430.4	4,735.9	5,316.9	5,982.5	305.5	581.0	665.7	1,552.2
Tempe IKEA - Homemaker Sales								
Centre Sales from Total TA	0.0	88.3	98.0	108.9	88.3	9.7	10.9	108.9
Centre Sales from Beyond Total TA	<u>0.0</u>	<u>12.6</u>	<u>14.0</u>	<u>15.6</u>	<u>12.6</u>	<u>1.4</u>	<u>1.6</u>	<u>15.6</u>
Total Centre Sales - Homemaker	0.0	100.9	112.0	124.4	100.9	11.1	12.4	124.4

*Constant 2007/08 dollars & including GST

Source : Pitney Bowes MapInfo

6.5 Centre specific impacts

Table 6.5 summarises the above analysis, which compares the likely sales from the proposed Tempe IKEA store in 2011 as compared with if the development did not proceed.

Table 6.5
Tempe IKEA - Centre Specific Impacts*

Centre/ Precinct	Homemaker Retail Expenditure (\$M)		Impact	
	Forecast 2011		from Tempe	
	No Tempe IKEA	With Tempe IKEA	IKEA (\$M)	(%)
Part 1: Homemaker Spending Available to Homemaker/Bulky Goods Tenants				
Trade Area Homemaker Spending	4,735.9	4,735.9		
% of Spending to Bulky/Homemaker Tenants	67.5%	68.0%		
Homemaker Spending Available to Homemaker Tenants	3,196.7	3,220.4		
Homemaker Spending Available to Other Facilities	1,539.2	1,515.5		
Part 2: Proportion of Available Spending Market Available to Trade Area Homemaker Tenants				
% of Spending Directed to TA Retailers	68.1%	69.0%		
Spending Available to Homemaker Tenants	2,176.6	2,221.5		
Part 3: Sales from Beyond & Ancillary Sales				
% of Spending Directed to TA Retailers	30.6%	30.6%		
Spending Available to Homemaker Tenants	666.3	680.0		
Part 4 : Estimated Sales for Homemaker Centres Within Trade Area				
Trade Area Homemaker Sales	<u>2,842.9</u>	<u>2,901.5</u>	<u>58.6</u>	<u>2.1%</u>
Tempe IKEA	0.0	103.5	103.5	n.a.
Other Trade Area Bulky Goods Retailers	2,842.9	2,798.1	-44.8	-1.6%

**Constant 2006/07 dollars & including GST*
Source : Pitney Bowes MapInfo

The analysis is presented in four parts as follows:

- i. Part 1 of the table presents an analysis of the proportion of homemaker spending directed to bulky goods/homemaker stores as compared with traditional retailers in shopping centres such as department stores, discount department stores and specialty shops as well as other store types. The proportion of homemaker spending directed to bulky goods/homemaker stores is projected at 68.0% in 2011 with the development of the Tempe IKEA store and other competitive floorspace. In comparison, without the Tempe IKEA store, this level is estimated at 67.5%.
- ii. Part 2 of the table then calculates the proportion of the homemaker spending market directed to bulky goods/homemaker stores retained within the defined trade area. This level is estimated at 69.0% in 2011 with the development of the Tempe store and 68.1% without the proposed development.
- iii. Part 3 of the table then allows for business at bulky goods/homemaker stores from beyond the defined trade area, which is estimated at 12.5%. In addition, ancillary sales are estimated at 2.5% for the overall trade area bulky goods retailers.
- iv. Part 4 of the table then compares the bulky goods sales that would be achieved by the existing trade area bulky goods/homemaker centre retailers with and without the proposed development of the Tempe IKEA store.
- v. Considering the projected sales level for the development of the Tempe IKEA store, the overall impact on the existing trade area bulky goods retailers is \$44.8 million in 2010/11, or 1.6% (of projected sales assuming the Tempe development does not proceed). This level of projected impact is well within the bounds of normal competition and will not threaten the future viability of any competitive centres or precincts. Impacts are only expected to occur in the first year of trading for the centre, 2010/11. Post 2011, all bulky goods traders would benefit from the significant market growth in the trade area.

The largest impacts are projected to fall on the main trade area bulky traders. These impacts are all considered to be within an acceptable range, and as such, no centre or precinct will be detrimentally impacted. As detailed in Section 1 of this report, an IKEA store includes a large number of departments and will compete with a large number of retailers, particularly in bulky goods locations but also across traditional retail centres. No one individual store will be significantly impacted from the proposed development.

Importantly, further growth in available spending means that all impacts on competitive facilities will likely be absorbed within one year, with their sales growth outlook resuming again thereafter. Most retailers will still be achieving a higher sales level in 2011 than they are today even after the addition of the proposed Temple IKEA store.

The likely impact of the proposed IKEA development on existing and future bulky goods stores provided along the Princes Highway will be minimal. This is primarily a reflection of the different markets that the existing stores currently serve. As stated previously, the majority of bulky goods facilities provided within the immediate Tempe locality are focused on the automotive industry or provide a smaller more specialised retail offer. These facilities take advantage of the high profile location along the Princes Highway, serving passing traffic. As a result, these types of traders will not compete directly with the planned IKEA development.

In addition, the majority of existing facilities provided within this precinct are dated and in need of regeneration. It is our view that an IKEA store in this location would provide a unique anchor tenant and would further enhance the appeal of the surrounding region, attracting business from a broad region. Such a development would also contribute to the future rejuvenation of the Princes Highway corridor.

Consequently, it is our view that the planned IKEA development would have a minimal impact on existing traders within the immediate Princes Highway region and furthermore, would contribute to the renewal and overall appeal of the Highway precinct.

In summary, the proposed Tempe IKEA store will only have impacts on competing bulky goods/homemaker facilities within the normal competitive range, particularly those within the immediate precinct. These impacts are not considered significant, largely due to the rapidly expanding market within the region as well as the wide regional draw of IKEA, with the impacts likely to be spread across a number of different precincts and centres.

Given the lumpy nature of bulky goods developments, after the initial trading impacts, all retail facilities throughout the trade area will have the opportunity to serve customers from the rapidly growing trade area market. As illustrated in Table 3.7 earlier, the homemaker market in the trade area is projected to increase by \$1.6 billion over the period 2008-2021, a 35% increase on current levels.

The development of the Tempe IKEA store will go some way to providing bulky goods floorspace that will be demanded by the surrounding population. Further, demand will increase substantially in the future with an additional 225,500 persons expected to be living in the trade area over the period to 2021. The location of the site, along the Princes Highway and in close proximity to the major bulky goods precincts at Moore Park/Alexandria, will provide the ability for consumers to cross shop among a larger mass of bulky goods tenants within the region.

It is also important to note that a significant proportion of business at the proposed Tempe IKEA store will likely be the result of a re-direction of sales from the existing Rhodes Waterside IKEA store. This existing IKEA store is currently serving the entire Sydney metropolitan region. Consequently, with the development of the Tempe IKEA store, this will provide a more convenient location for surrounding residents who would previously travel to the Rhodes Waterside site.

Table 6.6 presents an analysis of the sales projected for the Tempe IKEA store, with the likely source of these sales detailed. As shown, the proposed sales breakdown for the IKEA store is described as follows:

- \$23.7 million from traditional retail centres, primarily bulky goods spending directed to larger department and discount department stores and a range of other homewares and electrical traders within these precincts. There are a range of regional shopping centres and sub-regional facilities within the trade area including major centres such as the Sydney CBD, Bondi Junction, Westfield Miranda, Westfield Hurstville, Roselands, Bankstown, Chatswood, Liverpool and Campbelltown. \$23.7 million of sales from a range of these centres represents substantially less than 0.5% of their total retail sales.
- \$44.8 million from surrounding bulky goods traders in the defined trade area, meaning an impact of less than 2.0% as detailed previously in the year 2011.
- \$20.0 million resulting from the re-direction of sales away from the existing IKEA store at Rhodes Waterside.
- \$15.0 million from remaining bulky goods facilities and traditional retail facilities beyond the trade area.

Table 6.6
Tempe Ikea - Components of Projected Sales Increase, 2010/11*

	\$M
<i>Tempe Ikea Sales (2010/11)</i>	<i>103.5</i>
Impacts on Competitive Centres	
Bulky Goods Traders in TA	-44.8
Non-bulky Traders (ie Traditional Retail Facilities)	-23.7
Redirection from existing Rhodes Ikea	-20.0
Bulky Goods Traders Beyond TA	-15.0
<i>Source : Pitney Bowes MapInfo</i>	

6.6 Conclusions

It is the conclusion of this report that a substantial net community benefit will flow to the South Sydney metropolitan region as a result of the development of the Tempe IKEA store and also that there is strong economic need for the development of this store. Offsetting the normal competitive trading impacts on surrounding retailers, it will not impact on the validity of these centres and/or precincts, there are very substantial positive impacts including the following:

- Improvement in the range of retail facilities that will be available to residents, including a wider provision of bulky goods floorspace.
- The provision of a second IKEA store within the Sydney metropolitan region, reducing congestion and providing a more efficient and even distribution of homemaker expenditure across the two IKEA stores.
- The creation of additional employment which will result from the project, both during the construction period, and more importantly, on an ongoing basis once the centre is completed and operational.
- The strengthening of the Princes Highway and more specifically, the Tempe region as a major retail destination for bulky goods/homemaker facilities. As such, this will likely provide flow on benefits for the surrounding traders.

It is concluded that the combination of the substantial positive economic impacts will more than serve to offset the projected trading impacts that could be anticipated on existing and proposed trade area retailers. Further, these impacts are unlikely to threaten the viability of any of these retailers or centres, or inhibit likely other proposed future developments.

