

Warnervale, New South Wales

**Updated Big W, Woolworths and Dan Murphy's
Assessment**

Prepared for Woolworths Limited

June 2010



TABLE OF CONTENTS

PROJECTED SALES AND IMPACTS 1

TABLES..... **Error! Bookmark not defined.**

PROJECTED SALES AND IMPACTS

1. This report provides an updated assessment of the sales potential for a Big W discount department store, a Woolworths supermarket and a Dan Murphy's liquor store at the planned Warnervale Town Centre on the Central Coast of New South Wales. The report is an update to the previous work prepared in February 2009.
2. The proposed store sizes are similar to the previous assessment and are as follows:
 - Big W of 8,000 sq.m
 - Woolworths of 4,200 sq.m
 - Dan Murphy's of 1,400 sq.m
3. Updated information from the previous report that has been taken into consideration is as follows:
 - In the February 2009 analysis, an Aldi supermarket of 1,350 sq.m was also assumed. According to the most recent concept masterplan (Figure 1), an Aldi supermarket will no longer be provided at the Town Centre and so has been excluded from this assessment.
 - The Woolworths supermarket is now proposed to occupy the eastern end of the site, closer to the planned Warnervale Train Station with the Big W discount department store occupying the western end of the site. A mini-major is now planned to adjoin the supermarket to the south-east and a second mini-major is planned to adjoin Big W to the south-west. A Tavern will also be provided in the north-east corner of the site.
 - Woolworths are pursuing a supermarket of 3,200 sq.m at Wadalba in the primary sector (refer to Map 1). For the purposes of this report, two scenarios are being considered, namely with and without a Woolworths of 3,200 sq.m at Wadalba in 2013.

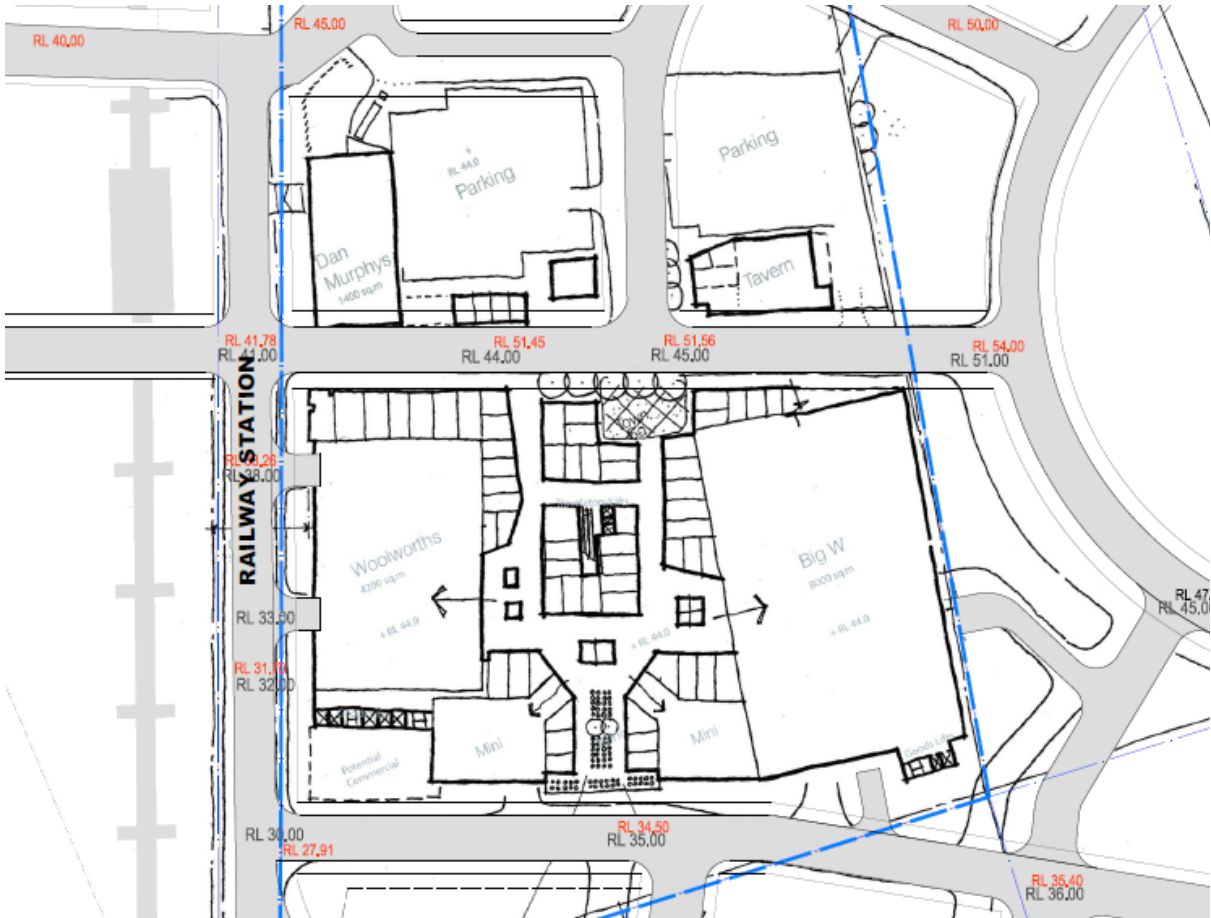
- Coles supermarkets have since opened at Village Central Wyong (2,801 sq.m) and at the Bay Centre at Bonnells Bay (2,800 sq.m), replacing the previous smaller IGA. Woolworths at Lake Haven Shopping Centre has also expanded from 3,464 sq.m to and 4,300 sq.m. These developments have been factored into the current assessment.
 - Also in Wyong, an Aldi supermarket of 1,350 sq.m has since been approved and is assumed in the current analysis.
4. A main trade area that includes a primary, six secondary sectors and two tertiary sectors has been defined (refer Map 1) and remains the same as the previous February 2009 analysis.
 5. Table 1 details the updated current and projected main trade area population. The current main trade area population is estimated at 107,800 and is projected to increase to 141,950 persons by 2026. The trade area population is similar to the previous assessment.
 6. Table 2 details updated projected sales for for Big W (8,000 sq.m), Woolworths (4,200 sq.m) and Dan Murphy's at Warnervale Town Centre.
 7. There is solid potential for a Big W discount department store at Warnervale Town Centre reflecting the size of the population catchment that this store will serve with over 100,000 persons, the strong performance of existing discount department stores at Tuggerah and Lake Haven, as well as the rapidly growing young family population in the trade area.
 8. A Woolworths supermarket at Warnervale should trade very strongly with over 10,000 persons in the primary sector alone and a low provision of competition in this sector. The opening of a Woolworths supermarket at Wadalba is likely to impact the sales of the planned Woolworths at Warnervale Town Centre by \$7 million.
 9. With the absence of a competing supermarket in the Warnervale Town Centre, namely Aldi, Woolworths has the potential to perform more strongly than previously

projected but this is offset now taking into account recent expansion of Woolworths at Lake Haven.

10. Dan Murphy's should also be a solid performer at Warnervale, restricted however, by the nearby locations of the recently opened First Choice Liquor outlet at Northlakes Shopping Centre and Dan Murphy's at Tuggerah.

FIGURES, MAPS AND TABLES

FIGURE 1 – PLANS FOR WARNERVALE TOWN CENTRE



MAP 1 – WARNERVALE TOWN CENTRE TRADE AREA & COMPETITION

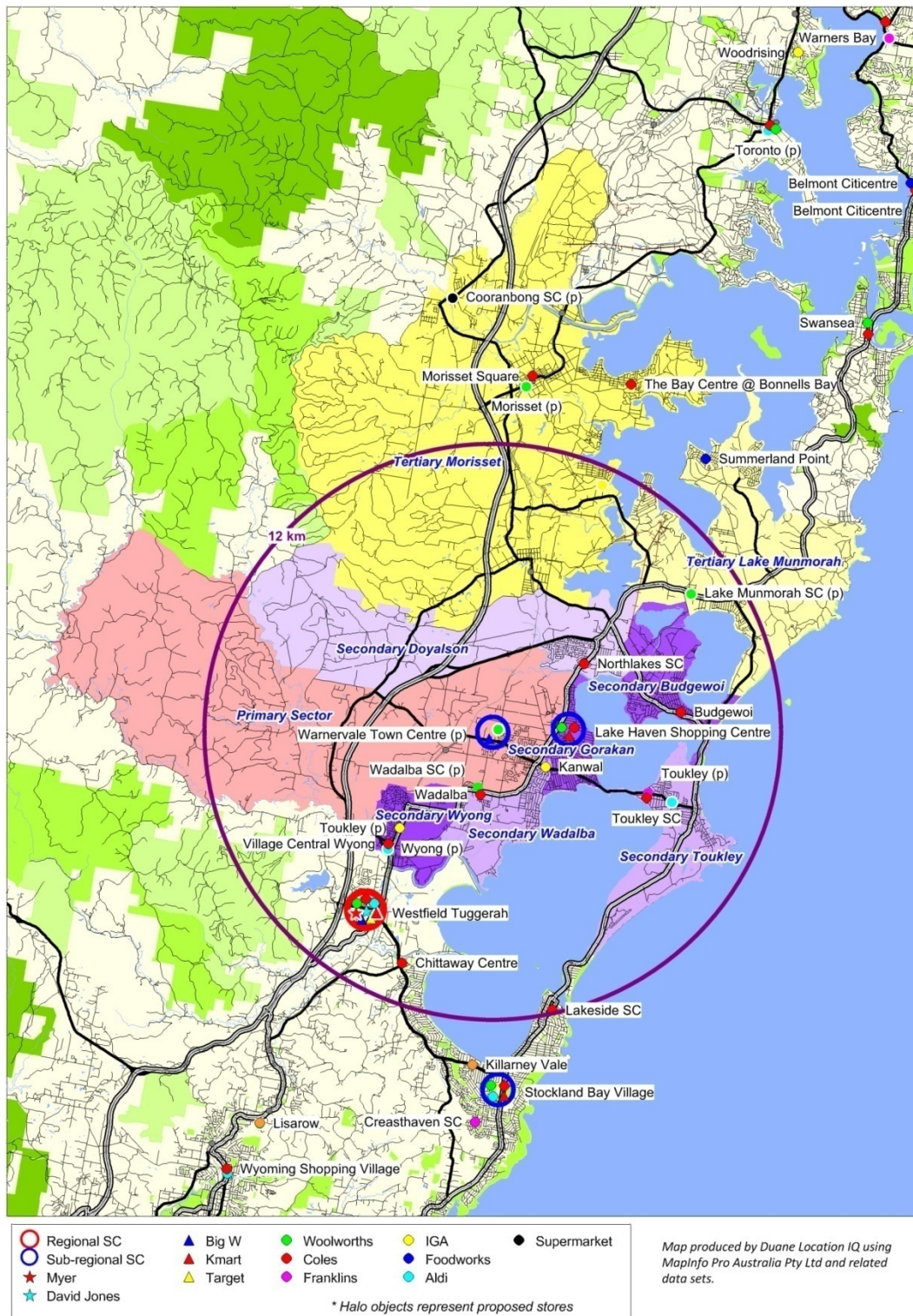



TABLE 1 – TRADE AREA POPULATION, 2006-2026

Trade Area Sector	Actual Population	Forecast Resident Population				
	2006	2010	2013	2016	2021	2026
Primary Sector	10,130	11,530	13,630	16,630	21,630	24,630
Secondary Sectors						
• Doyalson	10,870	11,150	11,900	12,650	13,900	15,150
• Budgewoi	8,950	9,150	9,300	9,450	9,850	10,450
• Gorokan	13,180	13,300	13,720	14,140	15,140	16,140
• Toukley	9,100	9,580	10,480	11,380	13,130	14,880
• Wadalba	9,060	9,260	9,410	9,560	9,810	10,060
• Wyong	<u>6,840</u>	<u>7,040</u>	<u>7,190</u>	<u>7,340</u>	<u>7,590</u>	<u>7,840</u>
Total Secondary	58,000	59,480	62,000	64,520	69,420	74,520
Main Trade Area	68,130	71,010	75,630	81,150	91,050	99,150
Tertiary Sectors						
• Morisset	20,560	21,560	22,310	23,060	24,310	25,560
• Lake Munmorah	<u>15,030</u>	<u>15,230</u>	<u>15,380</u>	<u>15,740</u>	<u>16,490</u>	<u>17,240</u>
Total Tertiary	35,590	36,790	37,690	38,800	40,800	42,800
Total Trade Area	103,720	107,800	113,320	119,950	131,850	141,950
<i>*as at June</i> <i>Sources : ABS; Forecast id</i>						

TABLE 1 – TRADE AREA POPULATION, 2006-2026 CONTINUED

	Average Annual Change (No.)				
	2006-2010	2010-2013	2013-2016	2016-2021	2021-2026
Primary Sector	350	700	1,000	1,000	1,000
Secondary Sectors					
• Doyalson	70	250	250	250	250
• Budgewoi	50	50	50	80	100
• Gorokan	30	140	140	200	200
• Toukley	120	300	300	350	350
• Wadalba	50	50	50	50	50
• Wyong	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Total Secondary	370	840	840	980	1,000
Main Trade Area	720	1,540	1,840	1,980	2,000
Tertiary Sectors					
• Morisset	250	250	250	250	250
• Lake Munmorah	<u>50</u>	<u>50</u>	<u>120</u>	<u>150</u>	<u>150</u>
Total Tertiary	300	300	370	400	400
Total Trade Area	1,020	1,840	2,210	2,380	2,400
	Average Annual Change (%)				
	2006-2010	2010-2013	2013-2016	2016-2021	2021-2026
Primary Sector	3.3%	5.7%	6.9%	5.4%	4.0%
Secondary Sectors					
• Doyalson	0.6%	2.2%	2.1%	1.9%	1.8%
• Budgewoi	0.6%	0.5%	0.5%	0.8%	1.0%
• Gorokan	0.2%	1.0%	1.0%	1.4%	1.3%
• Toukley	1.3%	3.0%	2.8%	2.9%	2.7%
• Wadalba	0.5%	0.5%	0.5%	0.5%	0.5%
• Wyong	<u>0.7%</u>	<u>0.7%</u>	<u>0.7%</u>	<u>0.7%</u>	<u>0.7%</u>
Total Secondary	0.6%	1.4%	1.3%	1.5%	1.5%
Main Trade Area	1.0%	2.1%	2.4%	2.3%	2.0%
Tertiary Sectors					
• Morisset	1.2%	1.1%	1.1%	1.1%	1.0%
• Lake Munmorah	<u>0.3%</u>	<u>0.3%</u>	<u>0.8%</u>	<u>0.9%</u>	<u>0.9%</u>
Total Tertiary	0.8%	0.8%	1.0%	1.0%	1.0%
Total Trade Area	1.0%	1.7%	1.9%	1.9%	1.7%
<i>*as at June</i> <i>Sources : ABS; Forecast id</i>					

TABLE 2 – UPDATED PROJECTED SALES TABLE

Y/E June	Sales (\$M)*			
	Big W	Woolworths		Dan Murphy's
		No Wadalba WOW	With Wadalba WOW	
2013	28.4	47.6	40.6	15.4
2014	30.1	50.9	43.5	16.3
2015	31.9	54.6	46.7	17.3
2016	33.8	58.8	50.4	18.4
2017	35.9	63.3	54.4	19.6
2018	38.1	68.0	58.5	20.8
2019	40.3	72.8	62.8	22.1
2020	42.8	78.0	67.4	23.5
2021	45.3	83.6	72.3	24.9
2022	48.1	89.7	77.7	26.5
2023	50.9	95.8	83.1	28.1
2024	53.8	102.0	88.6	29.7
2025	56.9	108.7	94.5	31.5
2026	57.8	111.2	96.8	29.3
Ave. Ann. Growth (2013-26)	5.6%	6.7%	6.9%	5.1%
*Inflated dollars assuming 2.5% retail inflation annually and excluding GST.				

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