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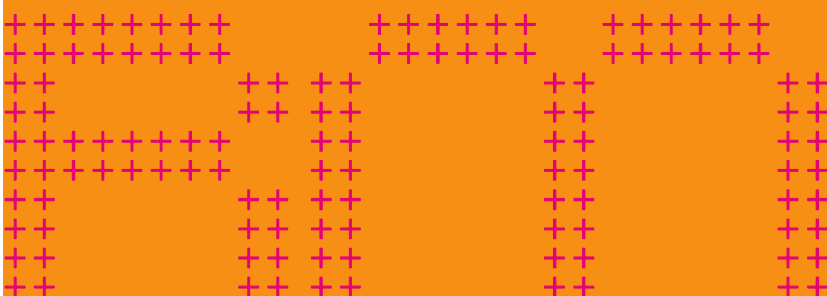
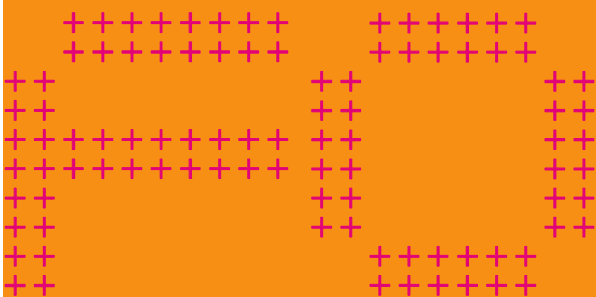
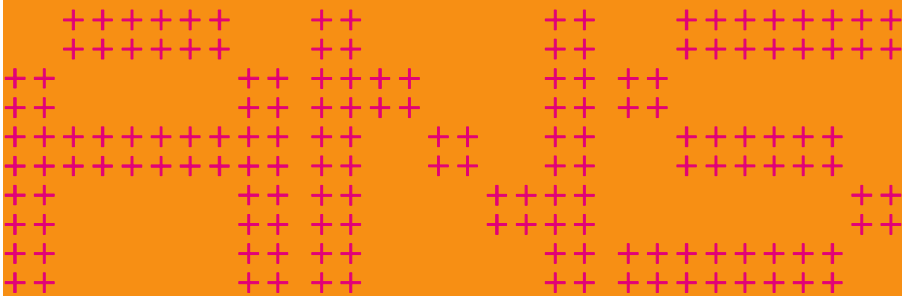
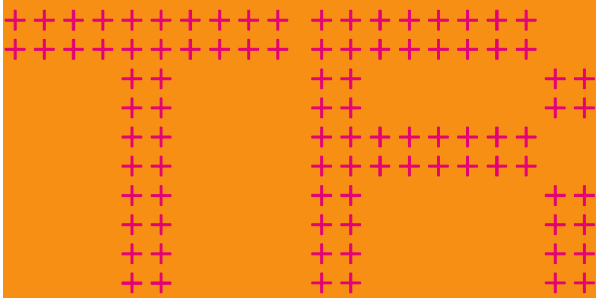
Economic impact assessment

Settlement City Shopping Centre – Port Macquarie
Environmental Assessment proposed Stage 1

Settlement City

Economic Impact Assessment

June 2009



urbis



Settlement City

Economic Impact Assessment

Prepared for ING Retail Property Fund Australia

Level 11, 345 George Street
SYDNEY NSW 2000

17 June 2009

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Executive Summary	i
1 Introduction.....	1
1.1 Report Background.....	1
2 Regional and Local Context	2
2.1 Regional Context	2
2.1.1 Location	2
2.1.2 Access	2
2.1.3 Tourism.....	4
2.1.4 Population.....	4
2.1.5 Other Economic Factors.....	5
2.2 Local Context.....	5
3 Settlement City	8
3.1 Location and Accessibility	8
3.2 Size, Composition and Layout.....	9
3.3 Performance	11
3.4 Consumer Research Results, 2007	11
3.5 Proposed Development.....	12
4 Planning Policy Considerations	15
4.1 Settlement City Draft Structure Plan, 2008	15
4.2 Hastings Retail Policy Plan (RPP).....	17
4.3 Review of Economic Effects, Leyshon Consulting, 2006.....	18
4.4 Retailing Review, Hill PDA, 2007	19
5 Trade Area Analysis.....	20
5.1 Trade Area Definition.....	20
5.2 Regional Population	22
5.2.1 Explanation of Population Forecasts.....	22
5.3 Trade Area Population.....	26
5.4 Trade Area Demographics	28
5.5 Spending	29
5.5.1 Retail Spending per capita	29
5.5.2 Total Retail Spending Market	29
5.6 Existing Trade Area Market Shares	31
5.7 Tourism.....	32
5.8 Existing Retail Hierarchy	33
5.8.1 Greater Port Macquarie CBA	33
5.8.2 Greater Port Macquarie Area	34
5.8.3 Other Hastings LGA	34
5.9 Proposed Retail Developments.....	35
5.10 Composition and Performance of Key Centres.....	37
6 Cinema Analysis.....	39
6.1 Methodology	39
6.2 Cinema Market Attributes	39
6.3 Port Macquarie Market Attributes.....	40
6.3.1 Cinema Supply	40
6.3.2 Age and Income Profile	40
6.3.3 Price and Convenience	40

6.3.4	Tourism	40
6.4	Proposed Cinema	41
6.5	Need and Demand Assessment.....	41
6.5.1	Cinema Market	41
6.5.2	Type and Quality of Cinemas	42
6.5.3	Product Range and Choice	42
6.5.4	Co-Location	42
6.6	Forecast Attendance.....	42
7	Need and Demand	44
7.1	Need	44
7.1.1	Retailer Need.....	44
7.1.2	Consumer Need.....	45
7.1.3	Demand	46
7.1.4	Escape Expenditure.....	46
7.1.5	Population and Market Growth	47
8	Potential Market Shares and Turnover.....	50
8.1	Future Assumptions.....	50
8.2	Stage 1 - 2012	51
8.2.1	Base Case Scenario	51
8.2.2	Development Case Scenario.....	51
8.3	Stage 2 – 2016	52
8.3.1	Base Case Scenario	52
8.3.2	Development Case Scenario.....	53
8.4	Net Additional Turnover	54
8.4.1	Stage 1 Development Case - 2012	54
8.4.2	Stage 2 Development Case - 2016	55
9	Impacts and Benefits Assessment	56
9.1	Overview of Impact Assessment Approach.....	56
9.2	Stage 1 - 2012	56
9.2.1	General Impact - 2012.....	56
9.3	Impacts on Specific Centres.....	58
9.3.1	Methodology	58
9.3.2	Pre-Development Turnover Levels - 2012.....	58
9.3.3	Methodology	60
9.3.4	Impacts on Specific Centres - 2012.....	60
9.4	Stage 2 – 2016	63
9.4.1	Predevelopment Turnover Levels – 2016.....	64
9.4.2	Impacts on Specific Centres – 2016.....	65
9.5	Other Economic and Consumer Benefits	67
9.6	Employment Effects.....	67
APPENDICES:	69
Appendix A	Additional Tables & Figures	

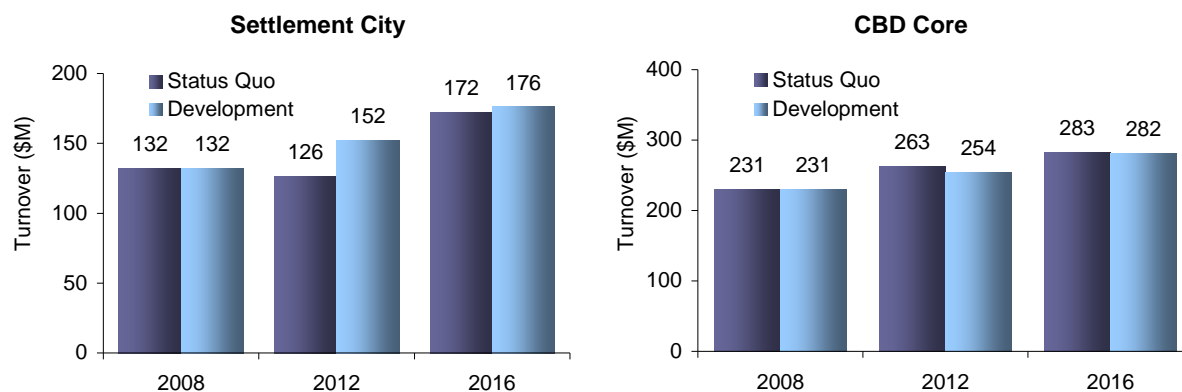
DEFINITIONS

Executive Summary

1. Urbis has been engaged by Armstrong Jones Retail Fund (ING Real Estate), owners of Settlement City shopping centre to prepare an economic need and impact assessment of proposed refurbishments and extensions.
2. Multiple reports have been released regarding Port Macquarie's provision of retail floorspace, with all identifying a need for further floorspace to accommodate the region's growth into the future.
3. Settlement City is an enclosed sub-regional centre comprising 18,786 sq.m of retail floorspace, anchored by Big W and Woolworths (gross area is 19,157 sq.m). The centre was opened in 1984, with its most recent expansion in 2000.
4. Settlement City is known as a convenience centre in Port Macquarie due to its retail offering, ample convenient carparking and proximity to the population. As such the convenience aspects of the centre perform well and complement the higher order retailing in the CBA.
5. The proposed expansion of Settlement City will be developed over two stages. Overall, the expansion will add 16,704 sq.m of retail and commercial floorspace, bringing the total centre to 35,861 sq.m, including 25,158 sq.m of retail floorspace. The majority of the development occurs in Stage 1, with its main elements including the following:
 - An upstairs leisure and entertainment precinct including cinemas, bowling and a gym.
 - A restaurant precinct will also be developed on the ground level to activate the streetscape, and appropriate retail tenants would be anticipated to locate in this precinct as well.
 - The addition of almost 3,000 sq.m of large format retail and retail showrooms, many of which will have destination appeal.
 - Around 2,000 sq.m of retail specialties.
 - An additional 1,406 sq.m of floorspace is proposed for Stage 2. We understand that a larger scheme of 3,000 sq.m is being considered by ING for this stage, however given the later scheme is only in the preliminary stages of planning, the report assesses Stage 2 on the basis of an additional 1,406 sq.m.
 - Total car parks will increase to 1,528 spaces, including 813 in the decked carpark. The total provision is therefore over 6 spaces per 100 sq.m of retail floorspace, which is a generous carparking provision for a centre of this type.
6. Allowing for town planning and construction time frames, the most realistic opening date for Stage 1 of the proposed expansion is 2011 and 2015 for Stage 2. On this basis we have assumed the first full year of operation for Stage 1 of the extended centre is calendar year 2012 and calendar year 2016 for Stage 2. All references to 2012 and 2016 in the report including future turnover, impacts and other market analysis relate to their respective calendar years when the full effects of the centre are evaluated.
7. The trade area for Settlement City comprises four sectors – a primary central trade area incorporating Port Macquarie CBA and suburbs to the south, a primary west trade area incorporating Settlement City and growth areas to the west, a secondary south trade area based on the growth and tourism areas around Lake Cathie and Laurieton, and a secondary west trade area based on Wauchope.
8. The trade area has a current day population of around 69,000 people. It has increased by 8,000 people since 2001 and is conservatively forecast to add a further 16,000 people to reach 85,000 by 2021. The primary trade area should increase from 43,000 people to 53,000 in the same period, housing 65% of the trade area's growth. Around 80% of Port Macquarie's growth has historically come from net migration.

9. Tourism is also an important element of the regional economy with around 1.3 million visitors per annum staying 2.8 million visitor nights in Port Macquarie. This is equivalent to an average daily, or resident equivalent, population of almost an additional 8,000 people.
10. Trade area retail spending by residents is estimated at \$730 million in 2008, of which around 63% is from the primary sector. By 2016, trade area spending is projected to increase to \$868 million. Given that tourism plays a vital role in the local economy, it is estimated that a further \$205 million can be generated from beyond the trade area by 2016. The region's combined projected increase in retail expenditure over the next 8 years should support the equivalent of 31,000 sq.m of retail floorspace.
11. Port Macquarie has an estimated 150,000 sq.m of floorspace, with the Greater Port Macquarie CBA hosting 75,000 sq.m or around 50%. Retailing in Port Macquarie is characterised by the Greater Port Macquarie CBA precinct incorporating the CBA core, Settlement City Precinct, Gordon Street Precinct and Munsters Shopping Village. This area comprises 6 supermarkets, two DDSs and the majority of the commercial and retail functions of the wider region. Currently there plans to further add to the Greater CBA Precinct with a full line Woolworths supermarket, Dan Murphy's and specialty shops.
12. Research conducted by Peter Leyshon and confirmed by focus groups conducted at Settlement City has indicated there is no real preference exhibited by shoppers in Port Macquarie with significant cross usage between Settlement City and the CBA Core. While shoppers identify Settlement City as being more convenient, the CBA is seen as the main destination for comparison shopping. The proposal at Settlement City is unlikely to dramatically change these perceptions or usage patterns.
13. The proposed expansion at Settlement City will provide the opportunity for many retailers absent from Port Macquarie to expand their store networks, and for those already in Port Macquarie to upgrade, if required. There are very few destinational mini major tenants in Port Macquarie, and the food and leisure/general merchandise offering is quite poor. The proposed expansion allows for these types of retailers to locate in Port Macquarie.
14. There is a notable absence of national specialty retailers in Port Macquarie across a range of merchandise and product groups. As the township passes 50,000 people and the region 70,000 people, Port Macquarie is approaching the scale of a large regional city where many national retailers will consider establishing with the right opportunity. The redevelopment of the Centre and commitment of major and mini major retailers, will satisfy the location needs of many prospective tenants.
15. The consumer research undertaken at Settlement City has highlighted deficiencies in the Port Macquarie retail market that will be directly addressed by the expansion. Some key findings of the research included :
 - There is very strong support for a leisure and entertainment precinct. The proposal including cinemas, bowling and restaurants will provide locals and tourists with such a precinct, which is also supported in the Settlement City Precinct Structure Plan.
 - Consumers want a greater diversity of retailing, which the expansion would provide.
16. Based on resident population and spending growth and including all additional competitive developments, including Settlement City, by 2012 the Port Macquarie retail market will essentially be in balance with an indicative marginal floorspace oversupply of only 1,900 sq.m, assuming all developments proceed (i.e. Settlement City, other **approved** DA applications and the proposal at Laurieton – total 20,000 sq.m). However by 2016, market growth will once again create an undersupply of between 8,000-9,800 sq.m, including the Settlement City development.
17. The existing centre is trading strongly. On a turnover per sq.m basis Settlement City trades 17% stronger than the average for similar centres across Australia. It is expected the proposals in Port Macquarie, particularly in the CBA Core, will have a noticeable impact on some tenants at Settlement City.

18. The expanded Stage 1 development at Settlement City, when fully operating in 2012, is forecast to generate \$152.4 million or \$26.0 million more than if the centre remained in its current form. The Stage 2 development in 2016 is forecast to generate \$176.1 million, \$4.0 million greater than what the centre would have achieved if only Stage 1 was developed. These forecasts take into account future competitive developments.
19. This additional turnover will be predominantly sourced from trade diversion from other centres within the trade area (refer Chart 1).

Settlement City and CBD Core : Forecast Centre Turnover**Chart 1**

Source : Urbis

20. Around half the additional turnover in both stages is expected to be drawn from within the Primary Trade Area. The remainder is spread fairly evenly between tourists and visitors from beyond the trade area and secondary sectors. This indicates that impacts will be higher on centres in the primary sectors than those in the secondary sectors.
21. The projected impacts of up to 3.8% on any given centre in Stage 1 and 0.5% on any given centre in Stage 2 are not excessive and well within the bounds of a normal competitive environment. Impacts of this magnitude are not expected to affect the viability of any individual centre, with market growth quickly mitigating any potential loss in turnover soon after its opening.
22. As would be expected, the core area within the Port Macquarie CBA experiences the greatest overall impact of around -\$9.2 million in Stage 1 and -\$1.5 million in Stage 2. In both these instances however, the CBA core achieves a greater turnover volume post expansion in comparison to its existing turnover (refer Chart 1).
23. There are significant employment benefits forecast from the expansion of Settlement City through the construction phase (419 positions), the ongoing operation of the centre (598 new positions) and other multiplier effects (1,136 positions).
24. The proposed expansion of Settlement City addresses the deficiencies in Port Macquarie's retail structure. It has strong community support and responds to the expressed needs of a range of demographic and consumer segments, measured through the primary research. It can be justified based on market growth and meets the guidelines stipulated in Settlement City Precinct Draft Structure Plan. It will not present a major oversupply in retail floorspace that will unduly impact the continued operation or long term viability of any centres in the trade area.

1 Introduction

Urbis has been engaged by ING Retail Property Fund Australia to prepare an economic need and impact assessment of proposed refurbishments and extensions of Settlement City, Port Macquarie. This report forms part of the 3A project application to the Department of Planning (DoP).

1.1 Report Background

Settlement City was opened in 1984 anchored by Big W Discount Department Store (DDS) and Woolworths supermarket. It has since been expanded in 2000 with the inclusion of Best and Less and a foodcourt. Given the strong growth of the market and positioning of the centre in Port Macquarie, the owners believe the time has come to once again expand and refurbish the centre in order to satisfy market demand and remain relevant to consumers.

The extensions will see the addition of new mini-major tenants, a new entertainment and leisure precinct comprising cinemas, a bowling alley, gym and a range of specialty shops increasing the centre's total floorspace from 19,157 sq.m to 35,861 sq.m over two stages.

The owners submitted a preliminary environmental assessment (EA) to the DoP in 2006, however no Economic Impact Assessment (EIA) was submitted as part of the EA. The DoP have therefore asked for an economic impact assessment of the proposed development with particular emphasis on :

- justification for the additional floorspace; and
- effects on the greater CBA area, including impacts and benefits.

Given these requirements, we have approached the preparation of this EIA with a view to specifically addressing these issues. In doing so we have undertaken the following:

- A review of relevant documents including Peter Leyshon's review, the Hill PDA review, existing retail strategy and the DRAFT Settlement City Precinct Structure Plans.
- Reviewed the market, including population growth, catchment areas, and competitive developments.
- Examined the amount and type of retail floorspace proposed, to determine the market's ability to support such an expansion.
- Determined which centres are likely to, both currently and post development, be competitive with Settlement City and any likely impact that may arise on these centres as a result of the proposed expansions.

2 Regional and Local Context

The first section of this report presents a summary of Port Macquarie's role in the broader region and where Settlement City fits in the local context.

2.1 Regional Context

2.1.1 Location

Port Macquarie is located on the Mid North coast of New South Wales, approximately 420 kms north of Sydney and 510 kms south of Brisbane. Port Macquarie is the largest town within the Port Macquarie - Hastings municipality and is the administrative, commercial and retail centre for the Port Macquarie - Hastings region. The Port Macquarie - Hastings region is detailed in Map 2.1.

The other key towns surrounding Port Macquarie within Hastings are :

- Lake Cathie a coastal town 14 kms south of Port Macquarie.
- Wauchope, an inland town 17 kms west of Port Macquarie.
- Bonny Hills, 17 kms south of Port Macquarie.
- The Camden Haven area near Camden Haven Inlet and Queens Lake which includes the towns of Laurieton, North Haven, Lakewood and Dunbogan.
- Kendall, 30 kms south-west of Port Macquarie.

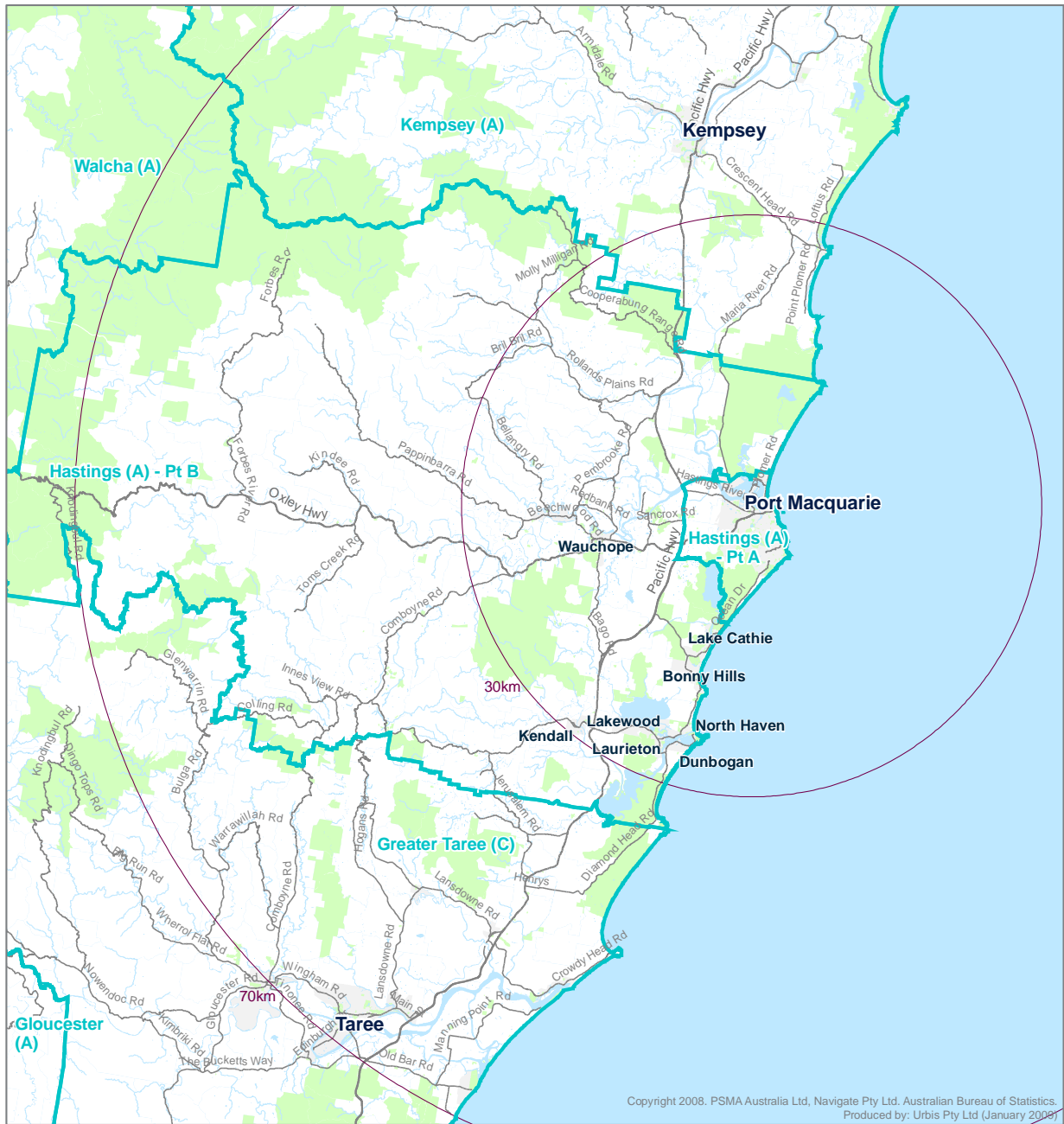
Much of the Port Macquarie - Hastings Shire is dedicated to national parks, state forest and nature reserves. The majority of the population within Hastings resides in the east of the municipality along the coast in Port Macquarie and the towns of Wauchope, Lake Cathie, Bonny Hills, Laurieton and Kendall.

2.1.2 Access

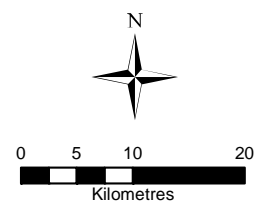
Port Macquarie is directly accessible by road, bus and air and indirectly by rail:

- Car :
 - The **Pacific Highway** is the main north-south road link between Sydney and Brisbane. Although bypassing Port Macquarie, access is provided through Kempsey, 40 km to the north and Taree, 67 km to the south. Kempsey and Taree are the two closest large towns outside the Port Macquarie - Hastings municipality.
 - The **Oxley Highway** generally extends east-west through New South Wales from Port Macquarie to Tamworth and Gunnedah. The Oxley Highway provides access to Port Macquarie from the town of Wauchope, and, along with Hastings River Drive, provides east-west access to Port Macquarie from the Pacific Highway.
- Rail –there is no direct rail link to Port Macquarie. Countrylink provide daily passenger services from Sydney and Brisbane to Wauchope, with coach links to Port Macquarie.
- Bus – Greyhound provide three services per day from Sydney and two services per day from Brisbane to Port Macquarie.
- Air – The Port Macquarie Airport, located 5 km west of the CBA, with Qantaslink and Virgin offering daily flights to/from Sydney and Brindabella Airlines offering daily flights to/from Coffs Harbour and Brisbane. Airport traffic is growing with 168,000 passenger movements in 2008, an increase of 35% over the previous year. Passenger movements are forecast to reach 180,000 in 2009.

Map 2.1 – Port Macquarie Regional Context



- Highway Freeway
- Main Road
- River
- Waterbody
- Park

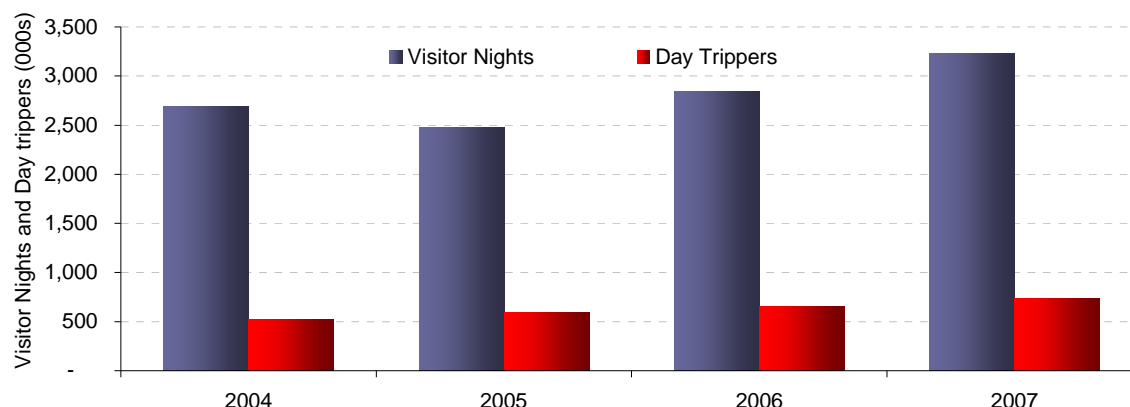


2.1.3 Tourism

Port Macquarie is a popular tourist destination characterised by several categories including retirees, backpackers and the general holiday and vacation market typical of the central north coast. There has been an average of around 2.8 million visitor nights (690,000 visitors staying an average of 4.05 nights) and 626,000 day trips to Port Macquarie – Hastings municipality between 2004-2007, with a general upwards trend (refer Chart 2.1).

Port Macquarie - Hastings Municipality - Visitor Nights and Daytrippers, 2004-2007

Chart 2.1



1. Tourism Research Australia, National Visitor Survey, 2004-2007, International Visitor Survey, 2004-2007

Source : Urbis

Visitors and tourists to Port Macquarie have a variety of accommodation options ranging from 5 star resorts to caravan parks and hostels. Currently the ABS Survey of Tourist Accommodation (September 2008 issue) indicates that in the Port Macquarie Hastings municipality, there are :

- 49 hotels, motels and serviced apartments (greater than 5 rooms)
- 8 holiday flats, units and houses
- 18 caravan parks
- 4 backpacker hostels

The coastline, particularly to the south, has a good offering of hotel and resort accommodation however the majority of the main accommodation providers are located on the coast in Port Macquarie.

2.1.4 Population

The Port Macquarie – Hastings municipality is one of the most rapidly expanding residential areas in New South Wales. Port Macquarie and the coastal areas of Lake Cathie, Bonny Hills and Camden Haven have undergone significant population growth over the last decade, and this growth is forecast to continue.

The population growth in the Port Macquarie - Hastings region is largely attributed to the net migration of people from other locations in Australia. Over the period 2001-2006, the Port Macquarie – Hastings municipality had a net inflow of 4,783 residents, including 3,984 residents from the Sydney Statistical Division (SD). At the LGA level, the Hastings municipality achieved the highest net migration gains from LGAs within Sydney, whilst the highest net losses were recorded for Newcastle and LGAs focussed around Brisbane.

2.1.5 Other Economic Factors

Discussions with local real estate agents have indicated 2004 to be the end of a residential boom and since then median house prices have been relatively stagnant at around \$350,000 for a detached dwelling and \$250,000 for a unit. House prices appear to be slowing, with the data for March 2008 showing a reduction in values of around -5% for the quarter, reminiscent of the slowdown in New Dwelling Approvals (NDAs).

The economy of Port Macquarie has a tourism focus with the labour force being made up of, in order of importance, retail trade, health care and social assistance, accommodation and food services, education and training and construction. Port Macquarie is also a major fishing port as it is located at the mouth of the Hastings River. Major institutions in Port Macquarie include :

- The Port Macquarie Base Hospital has 161 beds, with modern facilities including emergency department, mental health services, psychiatric patient unit and the North Coast Cancer Institute. The facility is therefore a major employer of the region.
- The Port Macquarie Private Hospital provides 76 beds with private rooms.
- The Port Macquarie TAFE is the major education provider in the region. There are however no higher education facilities currently in Port Macquarie.
- The Glasshouse project on the northern side of Port Central in the CBA is currently being developed. Once completed it will be the main conference and function centre in Port Macquarie.

2.2 Local Context

The Port Macquarie urban area is generally bound by Hastings River to the north, the South Pacific Ocean to the east, Lake Innes Nature Reserve to the south and rural areas to the west. Kooloonbung Creek and the Lake Innes Nature Reserve bisect the urban area south-west of the Hastings River. The majority of the population of the Port Macquarie live in the eastern portion of the urban area. Vehicular access between west and east is limited to William/Buller Street and Lake Road (refer Map 2.2).

Port Macquarie CBA has developed over time to become the economic heart of the region with the main commercial and community facilities located within its core. While development has occurred around the CBA, it has had little effect on its role as the commercial hub of the region.

Settlement City is the main development to have occurred outside the CBA in Port Macquarie. Given its proximity to the CBA, Settlement City is envisaged to integrate with the traditional CBA by offering a complimentary range of uses. Currently, with poor linkages between the two centres and similar retail offers, there is little differentiation between the centres and as such they are largely competing in a retail sense. Map 2.2 highlights the pattern of activity centres and retailing within the Greater Port Macquarie CBA and is characterised as follows :

- The Main Business District comprises the region encompassing Gordon Street, Murray Street and the Hastings River. The core retail component is centred around Horton Street, between William Street and Clarence Street and includes Port Central. Outside Settlement City, this precinct is the only precinct in Port Macquarie housing non-major national retail brands.
- Settlement City located 1.3 km from the CBA on the opposite side of the Hastings River is the largest shopping centre outside the CBA. This region is recognised by council as being part of the Greater Port Macquarie CBA and as such the surrounding region has a strong tourist element. The Panthers Club entertainment complex is located adjacent to the centre on Park Street, with an entry from the Settlement City foodcourt. This complex provides a restaurant, bistro, bars and gaming. Two small retail developments sit adjacent to Settlement City with The Shores providing national tenants not wishing to locate within Settlement City and The Marina providing some leisure and food catering tenants.
- Supermarket based neighbourhood centres in Munster and Gordon Street are located within the Greater Port Macquarie CBA while Lake Innes and Lighthouse Beach serve individual suburban catchments outside the CBA.

- Other local level retailing provides daily convenience needs of local residents and tourists.

Outside Port Macquarie, the townships of Wauchope, Lake Cathie, Westhaven and Laurieton provide for convenience and some higher order needs of its residents and tourists.

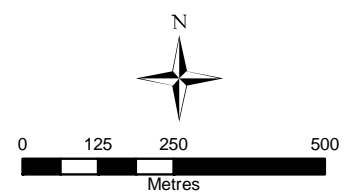
Entertainment options are limited in the Greater Port Macquarie CBA and the entire region. Two small cinema complexes and a bowling alley provide some entertainment, however the township does not take full advantage of its prime waterfront location with very few quality restaurants and eating establishments.

Traffic can become quite congested around the Greater Port Macquarie CBA. This makes both pedestrian and car access difficult at times and creates barriers to the integration of Settlement City and the CBA core. While traffic jams are rare, Park Street and Bay Street carry a lot of traffic around Settlement City particularly around school times, while William Street, Horton Street and Gordon Street in the CBA can become congested. The eventual closure of St Josephs School should decrease the congestion around Settlement City and the site's redevelopment should assist in further integrating Settlement City with the CBA core.

Map 2.2 – Port Macquarie Local Context



- | | |
|--|--|
| Settlement City | Greater Port Macquarie CBA |
| Port Macquarie CBA Core: | Gordon St Retail Precinct |
| Retail | |
| Commercial / Periphery Retail | |
| Tourism Accommodation, cafes, etc. | |



3 Settlement City

3.1 Location and Accessibility

Settlement City is located off Park Street and Bay Street in the Settlement Point district in the northern suburbs of Port Macquarie. The centre is 1.3 kms from the Port Macquarie Central Business District (CBA), but is physically separated from the CBA by the Hastings River and Kooloonbung Creek.

Direct access to the centre is via Park and Bay Streets. Park Street provides north-south access including from Settlement Shores on the northern side of the Hastings River and from the CBA. The Oxley Highway/Gordon Street and Hastings River Road provide access to the centre from the broader area (refer Map 3.1). The Panthers Club is co-located on the northern part of the site with Settlement City, overlooking the water.

Carparking is provided in a decked carpark in the south-western end of the site and at-grade at the corner of Park and Bay Streets with a few spaces at the northern end near the Woolworths entrance. Millers Fashion Club is slightly distanced from the remainder of the centre within the decked carpark. The centre currently shares carparking with the Panthers Club. The at-grade carpark at the south-eastern end also accommodates a Woolworths Plus Petrol outlet.

Pedestrian access is provided through the decked carpark near Millers Fashion, adjacent to the foodcourt, next to Woolworths and the Reject Shop and via the Panthers Club through the foodcourt. Traffic counts at these entrances show the decked carpark entrance is most utilised, with 50% of visitors using this entrance.

Eight local bus services operate to Settlement City from the CBA, Flynns Beach, Shelley Beach, Kendall, Laurieton, Wauchope and Kempsey. The local bus stop is located in the at-grade carpark next to Best and Less.

Settlement City is located in a larger retail precinct. The other key component is The Shores Shopping Centre, adjacent to Settlement City on the corner of Park and Bay Streets which houses some national tenants. The Marina is location opposite the Shores Centre, but mainly caters to the tourist and leisure market.

St Josephs Primary School is located opposite Settlement City Shopping Centre on Bay Street. The site is owned by the Catholic Church with primary school students still attending this campus. Senior school students have however been relocated to a new campus at Thrumster. Retail developments have been mooted on this site, however Council have recently blocked any retail development applications occurring until at least 2013. Currently this site is zoned as 2t meaning it is designated for tourism type uses meaning a rezoning is required for any retail developments to occur.

Other uses surrounding Settlement City include :

- Panthers Club
- The Sails Hotel and Resort, on the opposite side of Park Street
- Westport Park
- Westport Bowls Club
- Hotels

These uses are likely to remain as part of the Precinct Structure Plan, with potential redevelopments mainly occurring on the foreshore and school site.

3.2 Size, Composition and Layout

Settlement City was developed in 1984. After its most recent expansion in 2000, the centre comprises 19,157 sq.m, including 18,786 sq.m in retail floorspace making it the largest retail centre outside of Port Macquarie CBA in the region. The anchor tenants are a Big W DDS (6,618 sq.m) and Woolworths supermarket (4,253 sq.m) along with 7,915 sq.m of mini-majors and retail specialty shops (refer Table 3.1 and Figure 3.1).

Tenant	Settlement City December 2008	Sgle DDS Centre Average ¹	Difference	
			sq.m	%
Majors :				
BIG W	6,618	7,182	- 564	-8%
WOOLWORTHS	4,253	3,610	+ 643	+18%
Total Majors	10,871	11,989	- 1,117	-9%
Mini-Majors ²	2,681	1,389	+ 1,292	+93%
Retail Specialty Shops :				
Food Specialties	562	1,123	- 560	-50%
Non-Food Specialties	4,671	3,642	+ 1,029	+28%
Total Retail Specialties	5,234	4,765	+ 468	+10%
Other Reporting Categories ³	112	462	- 350	-76%
Non-Retail Shops ⁴	177	599	- 422	-70%
Vacant Shops	57	287	- 231	-80%
Total Shops	5,579	6,113	- 533	-9%
Total Centre	19,157	21,058	- 1,901	-9%
Shopping Centre - Retail	18,786	18,143	+ 643	+4%

1. Data for Australian Single DDS are for the year to June 2008 from Urbis Retail Averages 2007/08

2. The mini majors in the centre are The Reject Shop, Millers Fashion and Best & Less

3. Other reporting categories includes lotto, travel, automotive accessories and pad sites

4. Non retail shops includes banks, financial services and postal shops.

Source : Urbis Retail Averages 2007/08

Also located on the north eastern edge of the site is the Panthers Club, comprising 11,214 sq.m. The Panthers Club does not currently form part of the retail centre, however does provide an entrance/exit to the foodcourt.

A Woolworths/Caltex petrol station is located at the southern end of the site fronting Bay Street with direct access from both the at-grade carpark and decked carpark.

The eastern mall around Best and Less and the foodcourt lacks a major activity generator. Given the carparking promotes usage of the northern and southern parts of the mall, the lack of an anchor tenant means this part of the centre is often bypassed.

The configuration of the Y shaped internal mall in some areas leads to poor sight-lines and quiet areas of the centre. The anchor tenants are however well positioned at the northern and southern ends of the centre, with access predominantly from the decked carpark at the southern end.

The centre provides 1,203 carparks (6.4 spaces per 100 sq.m retail floorspace), with the decked carpark adjacent to Big W being the most convenient and well utilised by shoppers. All other parking is at-grade.

Figure 3.1 – Existing Layout



Settlement City is around 4% larger than the average for single DDS based centres (refer Table 3.2), with the main points to note regarding its composition being :

- The centre has an underprovision of food specialty tenants, particularly in food retailing.
- The centre has an above average provision of mini-majors including Best and Less, The Reject Shop and Millers Fashion. These retailers mix in well with the existing tenancy mix aimed at value and convenience.
- There is an underprovision of non-retail tenants. Notably there are no financial institutions currently represented in the centre.
- There is a large provision of non-food specialities. These are however predominantly major national brands that perform well.

Settlement City Retail GLA and Turnover Compared with Australian Averages (ex GST)

Table 3.2

Tenant Type	Unit	Settlement City	Sgle DDS Centre Average ¹	Settlement City Var. from Average
Retail Floorspace	sq.m	18,786	18,143	+ 4%
Retail Turnover	\$M	132.4	109.1	+ 21%
Average Trading Level	\$/sq.m	7,046	6,012	+ 17%

1. Settlement City is based on annualised turnover estimates for tenants in the centre at December 2008

2. Data for Australian Single DDS are for the year to June 2008 from Urbis Retail Averages 2007/08

Source : Urbis Retail Averages 2006/07

3.3 Performance

Settlement City is currently performing very well, with its MAT to December 2008 being \$132.5 million, 21% greater than the single DDS centre average (refer Table 3.2). Therefore, given the centre is only 4% larger than the average, the centre trades 17% above the average at \$7,046 sq.m. This is particularly evident given regional DDS centres generally trade at a discount to the average, and the dated appearance of the centre.

The strong performance of Settlement City can be attributed to:

- Strong major tenants generating significant foot traffic.
- Being more convenient and accessible than the CBA.
- Minimal comparable competition and an under provision of high quality retail space in Port Macquarie. Settlement City and the CBA are the only real destination type centres offering a mix of comparison shopping and convenience shopping in the region.
- Strong national branded specialty shops.
- Convenient parking.

Settlement City will likely have to reposition itself with the influx of new competitive developments and closing of St Joseph's School. This is likely to affect the entire centre, however the foodcourt, youth fashion and convenience aspects of the centre will be affected, meaning alternative options will need to be explored for the centre to remain competitive.

Overall, Settlement City is overtrading due to being a constrained centre. Its performance is reflective of its provision of value oriented, major tenants and national well recognised specialty stores. The centre requires an expansion to meet the needs of the local community and reposition itself as an apparel and homewares destination as well as a convenience oriented centre.

3.4 Consumer Research Results, 2007

In June 2007, Urbis conducted focus groups for Settlement City Shopping Centre to determine residents' perceptions of the centre and its strengths, weaknesses and opportunities for increasing the centre's relevance and usage. The research also explored perceptions of competitors and suggestions for consideration for the future master planning of Settlement City. The main findings include :

- Residents are unhappy with the range of entertainment options available in Port Macquarie.
- The CBAs cinema is not well liked. Residents find it "dirty" and parking difficult. A cinema in a more convenient location would be desirable.
- Residents desire a greater variety and number of restaurants.
- Traffic, parking and road conditions are seen as a major downfall in Port Macquarie, particularly in the CBA.
- There is no strong loyalty to either of the main shopping centres, with Port Central and Settlement City sharing an overlapping customer base.
- Shoppers are influenced on which location to shop at by :
 - Price
 - Other activities
 - Preference for a specific discount department store (DDS) or supermarket brand
- Settlement City is perceived to have more convenient and have a greater provision of parking than the CBA or Port Central.
- Shoppers would welcome choice and increased competition from new stores particularly those not currently located in Port Macquarie.

- Residents want a greater diversity of retailers. This includes upmarket fashion, menswear, giftware, homewares and cafes.
- Residents indicated they would enjoy a centre with a more welcoming ambience in terms of design, layout, amenities and background music.
- Currently Settlement City is not perceived as a leisure destination, with shoppers primarily using it for shopping and services.
- A weakness of Settlement City is its lack of ambience. Shoppers do not enjoy visiting the centre due to the lack of leisure related retailers and cafes.
- Shoppers see Port Central, the CBA and Settlement City complement each other and that additional retail shops should be consolidated in these centres.
- Residents require a 'one stop' shopping destination rather than having to visit multiple locations to find what they're looking for.
- Settlement City should capitalise on its location beside the water and the community's growing interest in lifestyle related retail and leisure experiences (i.e. the merging of shopping, leisure and entertainment).

3.5 Proposed Development

The proposed expansion of Settlement City will occur over two stages. Figures of both stages of the expansion can be found in Appendix A3.1 – A3.3, with a breakdown of composition in Table 3.3. The proposal includes :

- Stage 1 to be completed 2011 comprises :
 - The addition of 2,094 sq.m of mini major and large format retailers bringing the total to 4,775 sq.m in Stage 1.
 - An additional 2,604 sq.m of specialty floorspace including 2,192 sq.m of retail space. Total retail specialties upon completion of Stage 1 will be 7,425 sq.m.
 - Relocation and expansion of the existing foodcourt.
 - Development of new external facing restaurants.
 - An additional 325 carparks, taking the centre's total to 1,528 spaces.
 - An upstairs leisure and entertainment precinct comprising a six screen cinema, bowling alley and gym.
 - 2,748 sq.m of commercial office space.
 - Associated improvements to access, internal malls and parking arrangements for the centre.
- At the completion of Stage 1, total floorspace at Settlement City will comprise 34,455 sq.m including 23,936 sq.m of retail floorspace.
- An additional 1,406 sq.m of floorspace is proposed for Stage 2. We understand that a larger scheme of 3,000 sq.m is being considered by ING for this stage, however given the later scheme is only in the preliminary stages of planning, the report assesses Stage 2 on the basis of an additional 1,406 sq.m. Stage 2 is expected to be completed in 2015 and is proposed to include:
 - An additional 754 sq.m of specialty floorspace, including 570 sq.m of retail floorspace.
 - 652 sq.m of additional showrooms.

Once completed, the total floor area will be 35,861 sq.m with a retail component of 25,158 sq.m and non-retail components of 10,703 sq.m. Table 3.3 presents the existing and net additional floor areas by tenancy type.

On completion, Settlement City will have :

- 10,871 sq.m of major tenants
- 4,775 sq.m of mini-major and large format retail tenants
- 1,516 sq.m of retail showrooms
- 7,996 sq.m of retail specialty shops
- 10,703 sq.m of non-retail uses including cinemas, gym and bowling alley
- 1,528 carparking spaces

Settlement City : Current and Proposed Centre Floor space **Table 3.3**

	Current Sq.m	Proposed Additional Sq.m	Total Sq.m
<u>Stage 1</u>			
Majors	10,871	0	10,871
Mini Majors/Large Format Retail	2,681	2,094	4,775
Retail Specialities	5,234	2,192	7,426
Retail Showrooms	0	864	864
Total Retail Stage 1	18,786	5,150	23,936
<u>Non Retail Uses</u>			
Non Retail Specialties	371	412	783
Leisure/Gym/Health Spa	0	2,300	2,300
Cinemas	0	3,523	3,523
Bowling	0	1,165	1,165
Commerical Offices	0	2,748	2,748
Total Non Retail Stage 1	371	10,148	10,519
Total Stage 1	19,157	15,298	34,455
<u>Stage 2¹</u>			
Retail Showrooms	0	652	652
Specialty Retail	<u>0</u>	<u>570</u>	<u>570</u>
Total Retail Stage 2	0	1,222	1,222
Non Retail Specialties	<u>0</u>	<u>184</u>	<u>184</u>
Total Stage 2	<u>0</u>	1,406	1,406
Total Retail Centre	18,786	6,372	25,158
Total Centre	19,157	16,704	35,861

1. Can be developed up to 3,000 sq.m
Source : The Buchan Group; Urbis

The physical expansion will take the form of new external malls at the eastern end of the existing centre, with some external tenancies and upper level commercial and entertainment/leisure uses.

Stage 1 will include :

- The relocation of the foodcourt to the northern end of the centre outside Woolworths.
- Construction of a new internal road surrounding the existing eastern carpark.
- The majority of new specialty stores and mini-majors will flank the new internal road, with some also flanking Bay Street and Park Street to improve the visual amenity and street scapes of the centre.
- The construction of gym, cinemas and bowling upstairs.

Stage 2 includes :

- The extension of the internal road through to the northern part of the centre
- New mini-majors and specialty retailers being developed through the northern part of the centre, including through the existing Panthers Club auditorium

This will enable the centre to provide for the entertainment needs of local residents while enhancing individual precincts within the centre.

This will result in :

- Potential large format retailers, including sports and outdoor stores, book store, electronics and fresh food
- Numerous restaurants fronting the Panthers Club and integrating with the upstairs leisure precinct.

Ultimately, the north-south external mall to the east of the existing centre will be flanked by specialty stores and mini-majors opening up the centre to the streetscape, while the east-west mall fronting the Panthers Club is proposed to provide some restaurant and leisure uses. Large format showrooms will flank Park and Bay Streets and the decked carparking for improved visual amenity to the street fronts. The existing centre will also be refurbished and upgraded in keeping with the standards of the new extension.

The majority of carparking at the centre will remain at the southern end, in both the decked carpark adjacent to Big W and a redevelopment of the existing at-grade carpark on the corner of Park Street and Bay Street.

In retailing terms the proposed development will expand the role of Settlement City with the major benefits to customers being :

- The new leisure and entertainment precinct will provide local residents and tourists with high quality cinemas, a bowling alley, gym, restaurants and the Panthers Club in one convenient location. These services are not provided for centrally elsewhere in Port Macquarie.
- The proposed mini-majors and large format stores will include better quality destination stores which will compliment the leisure and entertainment precinct and other precincts within the centre.
- The proposed specialty shops will target a range of national retailers and services not presently found in Port Macquarie including a strong emphasis on better quality, mid-level fashion, footwear and homewares. A range of other new retailers to Port Macquarie will be secured in music, electronic games, communications, jewellery and financial and personal services.
- A redeveloped and better located food court will provide a more enjoyable shopping experience for shoppers at Settlement City.
- A visually and aesthetically more pleasing centre to shop in.

4 Planning Policy Considerations

A number of documents have been released highlighting council's vision for Port Macquarie and its surrounding areas. These have been developed based on research conducted in Port Macquarie regarding types and provision of floorspace requirements. It is important the proposed development at Settlement City meets the criteria stipulated to ensure Settlement City as part of the Greater Port Macquarie CBA remains a vibrant, sustainable city.

4.1 Settlement City Draft Structure Plan, 2008

The **Draft Settlement City Structure Plan** developed by Macroplan will provide the planning framework for the area's development, including Part 3A applications, which will influence the DoP in their decision making, but is not binding. This document provides council's vision for the development of the Settlement City Precinct, in which Settlement City Shopping Centre is located. The proposal at Settlement City provides council with many of their objectives through :

"The outcome within the Precinct must therefore ensure a high level of accessibility and amenity to the surrounding residential areas and establish a strong synergy with the Port Macquarie Central Business District, so that together the two centres create a vibrant, active and viable greater town centre." (p12)

The proposal will provide differentiation to the CBA, ensuring a complimentary offer is developed. It will provide convenient parking and create a synergy with the Greater Port Macquarie through its entertainment and increased retail offer, something Port Macquarie currently lacks.

"The Precinct has the capacity to expand and cater for appropriate forms of mixed use development such as a restaurant/entertainment..." (p13)

The plans for the centre shown in the Appendices highlight the diversity of uses the centre will offer once completed. The addition of a high quality cinema, bowling alley and restaurants in a leisure precinct provides not only for the vision in the Structure Plan, but also residents' needs as outlined in Section 3.3.

The Draft Structure Plan summarises the objectives of the 3(t) Tourist Business Zone, in which Settlement City is located as :

"To permit development appropriate to the status and function of the particular business centre.

To permit a range of tourist developments which take advantage of the tourism potential of the centre." (p14)

The development of the entertainment and leisure precinct in the centre, along with an enhanced shopping experience, will allow council to begin to achieve the objectives of the Settlement City precinct as a tourist destination.

Reducing traffic congestion to activate a more pedestrian friendly precinct is rightly one of the major focuses of the Structure Plan as follows :

"The areas around Bay Street, Park and Buller Streets are subject to significant traffic congestion which inhibits pedestrian movement." (p19)

"The Shopping Centre has active frontages only to the carpark and a small section to Governors Way at the entry point." (p19)

"Pedestrian access is very poor, across the precinct with traffic speeds and congestion causing major safety issues crossing Park Street." (p19)

"Bay Street has some pedestrian crossings but these crossings do not connect to continuous pedestrian networks throughout the Shopping Centre Site or to Park Street and require pedestrians to cross on grade public parking areas to reach destinations" (p19)

Plans for the proposed centre show a significant improvement to the existing layout. Improvements are made to enhance pedestrian connectivity and activate the centre to both Park and Bay Streets through the activation of the southern carpark. This should also enhance the availability and appearance of the centre with its frontages to the street. It is also likely traffic will considerably decrease if the adjacent school is closed, creating a safer, less congested, more walkable precinct.

There is an emphasis throughout the structure plan on Settlement City's relationship with the Port Macquarie CBA. The major issues include :

"Need to improve linkages and better integrate the Settlement City Precinct with the CBA."
(p31)

"Settlement City Precinct should not compete with the Port Macquarie CBA." (p31)

In order for Settlement City to not compete with the CBA, the Structure Plan sees an opportunity for the precincts to integrate through :

"...enhance(ing) and develop(ing) the synergy and interdependence of the main CBA and the Settlement City Precinct so that together they become the Greater Port Macquarie CBA as the primary regional town." (p35)

The result of this would be :

"The Settlement City Precinct provides a major commercial and retail node that forms part of the Greater Port Macquarie CBA. The Precinct assists the Greater CBA (in) maintain(ing) its role as the primary commercial centre in the Port Macquarie LGA and a major centre on the NSW mid-north coast." (p33)

Ultimately, the Settlement City proposal will help to achieve these objectives. It is unlikely to affect the viability of the CBA given it will retain the core commercial functions of the region and given the structure plan's vision of integrating the two precincts, the retailing function would become integrated. If anything, the decisions of major tenants within the CBA have more potential to impact its future viability, rather than the enhancement of Settlement City.

Once completed, the proposal will have assisted council in achieving its objectives of :

"...strengthen(ing) and link(ing) this precinct with the main CBA area to encourage shared visitation and enjoyment of the foreshore area.

...develop(ing) and reinforce(ing) uses and facilities in the precinct that compliments the main CBA and supports the long term viability and activity for both nodes.

...encourage(ing) uses that meet the needs of the local community as well as tourists and visitor, by offering a range of uses and activities, including recreational opportunities, social meeting places and a range of facilities for all ages.

...encourage(ing) mixed use development that provides activity throughout the day and night..." (p41).

These objectives will take time to achieve, however with the proposal at Settlement City creating a new leisure and entertainment precinct with active frontages and the potential for better integration with the CBA, the Greater Port Macquarie CBA will be markedly improved.

4.2 Hastings Retail Policy Plan (RPP)

General guidelines in relation to the planning of future retail developments in the Hastings Shire are provided in Council's Retail Policy Plan (RPP). Among the stated objectives of the RPP are :

“To maintain and enhance the present hierarchy of retail centres throughout the Hastings Local Government Area.”

“To encourage new retail development to occur within the existing identified CBAs of the Hastings LGA to meet the needs of a resident population of 97,800 people and a sub-regional population of 150,000.”

The RPP defines the Greater Port Macquarie CBA as the combined Port Macquarie Town Centre, Settlement City and those areas in between. The proposed Settlement City expansion is therefore consistent in retaining development within the defined CBA. The population figures quoted in the RPP are however not pegged to time and unlikely to be achieved during the timeframes quoted in this report.

Initiatives to achieve the RPP objectives are outlined in the Policy Plan Provisions for future retail development. The provisions outline a number of initiatives that seek to enhance the form and function of the CBA thus strengthening the viability of the CBA as a retail destination. In relation the Settlement City, the proposed expansion is expected to have a direct positive effect on provisions such as :

“Employment – Encourage the growth of retail and services in the Hastings CBAs”

“Planning...To encourage policies that increase the multi-purpose nature of the Hastings CBAs which help to make visits to these areas more than just a shopping trip”

The proposed development is expected to have a positive impact on employment levels, both locally and in the broader economy. The employment generated would be as a result of two components, namely the full time and part time employment of staff in the centre itself and employment generated over the construction period. This is covered in more detail in Section 9.6.

The addition of a high quality cinema, bowling alley and restaurants as part of a new leisure precinct will enhance the multi-purpose nature of the CBA through addressing the perceived lack of leisure facilities in the local area.

A requirement of the RPP is to assess new retail development and re-zoning applications on the basis of :

“Demonstration of need by reference to an assessment of the demand for additional retail services and any identifiable shortfalls in the supply of retail services within (the) Hastings LGA in general or relevant parts of the LGA in particular...”

A detailed assessment of retail need and demand is provided in Section 6 of this report, with the main conclusions identifying a lack of high quality retail floorspace, particularly in the Greater Port Macquarie CBA.

4.3 Review of Economic Effects, Leyshon Consulting, 2006

This report provides analysis of impacts of alternative developments within Port Macquarie. The main conclusions of this report in regards to the proposal at Settlement City are :

- A future need for additional retail floorspace comprising a DDS, supermarket and specialty shops;
- That capacity exists for some additional retail floorspace in the short-term;
- There are no appropriate sites to accommodate the identified demand within the CBA; and
- The Panthers site is capable of accommodating the identified demand.

Ultimately, the report suggests :

“Assuming ING can gain control of the Panthers Club site, the proposed expansion of Settlement City appears to be a realistic way to meet the identified needs for additional retailing in the Port Macquarie CBA.” (piv)

Therefore, given ING have acquired a 49% interest in and confirmed the Panthers Club’s partnership in the application, the report indicates Settlement City would be the most appropriate location to meet the unsatisfied demand for retail in Port Macquarie.

As part of this report, a shopper survey was conducted at Settlement City, Port Central and the balance of the Port Macquarie CBA. The results of this survey support the findings of the Settlement City focus groups and include :

- Supermarket shopping was the primary reason for visiting all three centres;
- No individual centre dominates the market with significant cross shopping being undertaken between all three centres;
- The CBA and Port Central appeal to apparel, homewares and food catering consumers, while Settlement City dominates the supermarket market; and
- Port Central appeals to a younger age demographic.

This indicates that currently Settlement City and the CBA complement each other with their varying retail offers. The proposal at Settlement City will ensure this continues with the addition of further convenience retailers, while the CBA will potentially be invigorated or impacted by major supermarkets’ future decisions rather than the development of Settlement City.

4.4 Retailing Review, Hill PDA, 2007

This retail review was commissioned by council to look at the economic effects of developing a 20,000 sq.m centre on the St Josephs School site, opposite Settlement City. This report is a supplementary report to that undertaken by Leyshon Consulting in 2006 and reviews the impacts of individual proposals on the wider community. The report assumes the expansion of Settlement City and provides justification for further retailing throughout Port Macquarie. The main conclusions drawn from this report include :

- There is currently an undersupply of retail floorspace in Port Macquarie;
- Support for a third DDS by 2016, with 2014 being an appropriate opening date;
- By 2016, there will be demand for an additional 21,000 sq.m of retail floorspace in Port Macquarie, however this is based on relatively strong population growth and average trading levels of around \$5,500; and
- The maximum size recommended for Area 13 is 7,500 sq.m including a full line supermarket and specialty stores (Council have approved this with the developer applying for greater floorspace than the cap of 5,000 sq.m per the RPP. There is also a provision for up to 5,000 sq.m of bulky goods).

Given this report assumes an 11,000 sq.m expansion of Settlement City with the addition of a further retail floorspace elsewhere in Port Macquarie, it provides strong justification that the quantum of floorspace proposed at Settlement City is required to meet the demand of local residents and tourists.

5 Trade Area Analysis

This section reviews the trade area served by Settlement City including population, spending market, demographics and tourism. An estimate of current market shares for Settlement City is also provided based on the trade area analysis and the current centre turnover presented in Section 5.6.

5.1 Trade Area Definition

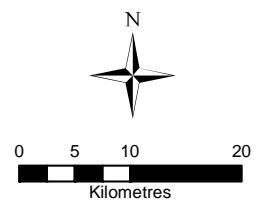
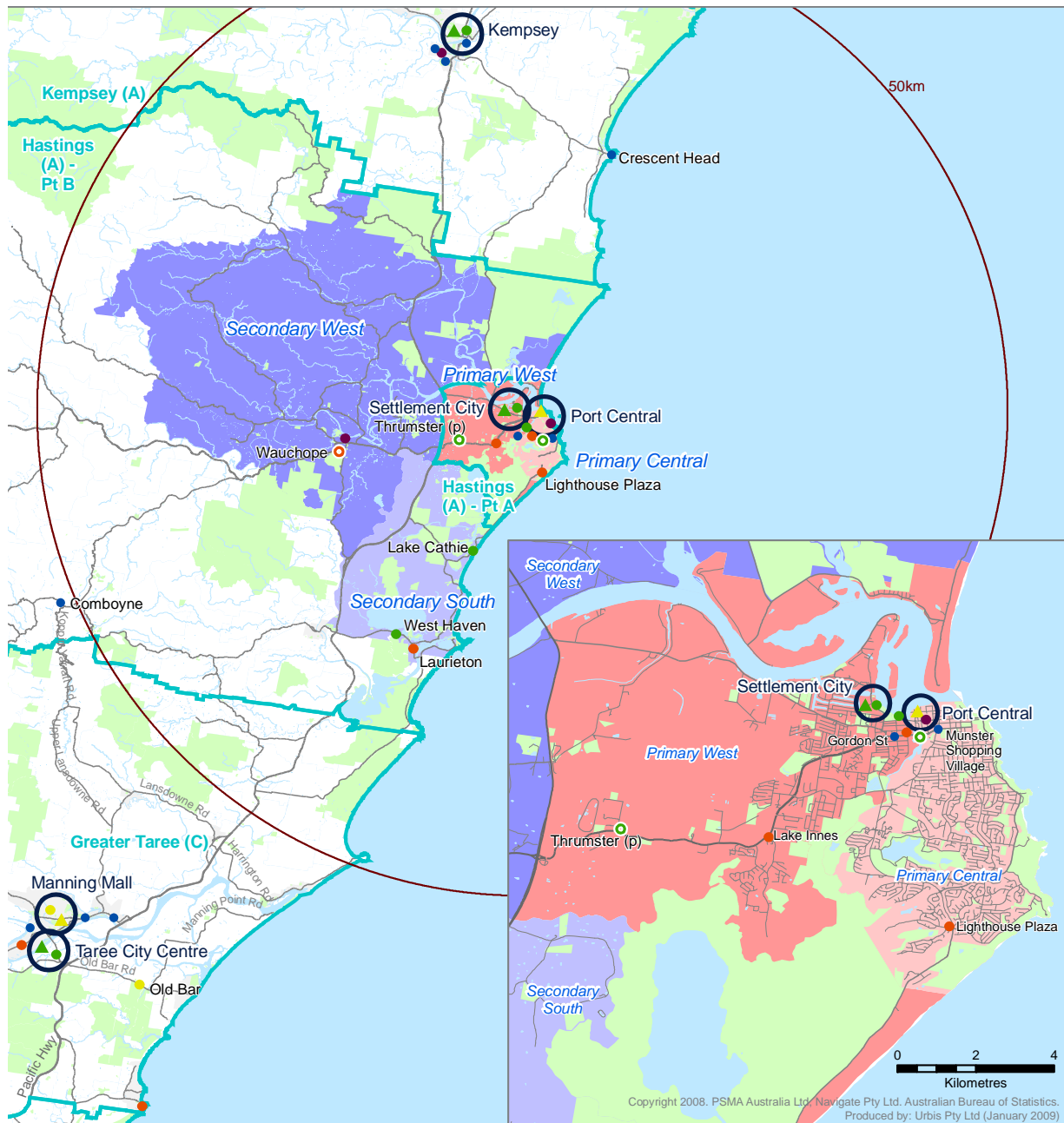
Settlement City's trade area is defined based on location, access and offer of the centre, the proximity of competing centres, the road network and the presence of physical barriers. While an exit survey was not conducted at the centre, previous research conducted by Leyshon Consulting and our knowledge of Port Macquarie and shopping centres in general have also been used to define the trade area.

The trade area served by Settlement City is shown on Map 5.1 and comprises two primary and two secondary sectors as follows :

- A primary west sector bound by the Hastings River to the north, Kooloonbung Creek to the west, Cathie Creek and Lake Innes to the south and the Pacific Highway to the west. Settlement City Shopping Centre is located in the primary west sector, which includes the western portion of the urban area of Port Macquarie and the surrounding rural areas stretching west to the Pacific Highway.
- A primary central sector which includes the eastern part of the Port Macquarie urban area, including the CBA. This sector is bound by the Hastings River to the north, the South Pacific Ocean to the east, and Lake Innes Nature Reserve and Kooloonbung Creek to the south and west.
- A secondary south sector extending south of the primary sector to include Lake Cathie, Bonny Hills and Laurieton. The secondary south sector is bound to the east by the South Pacific Ocean, and to the south and west by the Pacific Highway and State Forest.
- A secondary west sector which extends west to include the town of Wauchope and non-urban areas further west. To the north the sector includes predominantly non-populated areas including Limburners Creek Nature Reserve and the south-eastern portion of the Ballengarra State Forest. The sector includes Wauchope, Beechwood, Brombin, Hollisdale, Mortons Creek, Pembroke, Rawdon Island, Redbank, Rosewood, Sandcrox, Huntingdon and Yippin Creek.

Combined, the primary central and primary west sectors are equivalent to the Hastings Part A SLA, and the secondary sectors comprise most of Hastings Part B.

Map 5.1 – Settlement City Trade Area and Competition



5.2 Regional Population

The Port Macquarie – Hastings municipality has been the beneficiary of strong population growth in the past however this has slowed in recent history (refer Table 5.1). The main points regarding the municipality's population to note include :

- The Port Macquarie Hastings municipality had a 2006 population of around 71,280, with growth of around 22,000 residents since 1991.
- Urbis forecast growth of around 18,550 residents to 2021, with the population forecast to reach almost 90,000, slightly short of Council's most recent estimates and well short of the 97,000 forecast in Council's Retail Policy.
- Growth is expected to slow in the short term (2006-2011), before rebounding beyond 2011.
- Growth is expected to be strong across the municipality with new land releases in both SLAs and infill developments around the Port Macquarie CBA.

Port Macquarie-Hastings : Population and Comparison with Council Forecasts, 1991-2021 **Table 5.1**

SLA	Actual Resident Population ¹				Forecast Resident Population ¹		
	1991	1996	2001	2006	2011	2016	2021
Port Macquarie-Hastings (A) - Pt A	27,460	32,670	38,130	41,250	44,000	47,950	52,450
Port Macquarie-Hastings (A) - Pt B	<u>21,990</u>	<u>24,550</u>	<u>27,250</u>	<u>30,030</u>	<u>32,280</u>	<u>34,480</u>	<u>36,980</u>
Total Port Macquarie - Hastings LGA	49,450	57,220	65,380	71,280	76,280	82,430	89,430
Average Annual Change (No.)							
	1991-96	1996-01	2001-06	2006-11	2011-16	2016-21	
Port Macquarie-Hastings (A) - Pt A	1,042	1,092	624	550	790	900	
Port Macquarie-Hastings (A) - Pt B	<u>512</u>	<u>540</u>	<u>556</u>	<u>450</u>	<u>440</u>	<u>500</u>	
Total Port Macquarie - Hastings LGA	1,554	1,632	1,180	1,000	1,230	1,400	
Average Annual Change (%)							
	1991-96	1996-01	2001-06	2006-11	2011-16	2016-21	
Port Macquarie-Hastings (A) - Pt A	3.5%	3.1%	1.6%	1.3%	1.7%	1.8%	
Port Macquarie-Hastings (A) - Pt B	<u>2.2%</u>	<u>2.1%</u>	<u>2.0%</u>	<u>1.5%</u>	<u>1.3%</u>	<u>1.4%</u>	
Total Port Macquarie - Hastings LGA	3.0%	2.7%	1.7%	1.4%	1.6%	1.6%	

1. as at June

Source : ABS, Regional Population Growth, Australia, Electronic Delivery (3218.0.55.001); NSW Government, Department of Planning, NSW SLA Population Projections 2001-2031, 2005 release; NSW State and Regional Population Projections, 2008 release; Port Macquarie - Hastings Council (ID Consulting), Population forecasts, December 2008; Urbis

5.2.1 Explanation of Population Forecasts

Urbis' population forecasts at SLA level have considered a number of factors including :

- Council (I.D. Consulting) forecasts released in December 2008;
- Council forecasts released in HUGS in 2001;
- State government forecasts released at SLA level in 2005 and SD level in 2008;
- Land releases and residential developments as stipulated by council;
- Historical NDA data;
- Changes to migration patterns due to economic conditions or other factors; and
- Other consultant reports.

Urbis' population forecasts are marginally lower than that forecast by Council (I.D Consulting) and the State Government Forecasts (refer Table 5.2). All forecasts agree that it is unlikely Port Macquarie – Hastings municipality will reach forecast levels of close to 100,000 by 2021 as stipulated in HUGS in 2001, with forecast population of around 90,000 being generally accepted by all sources.

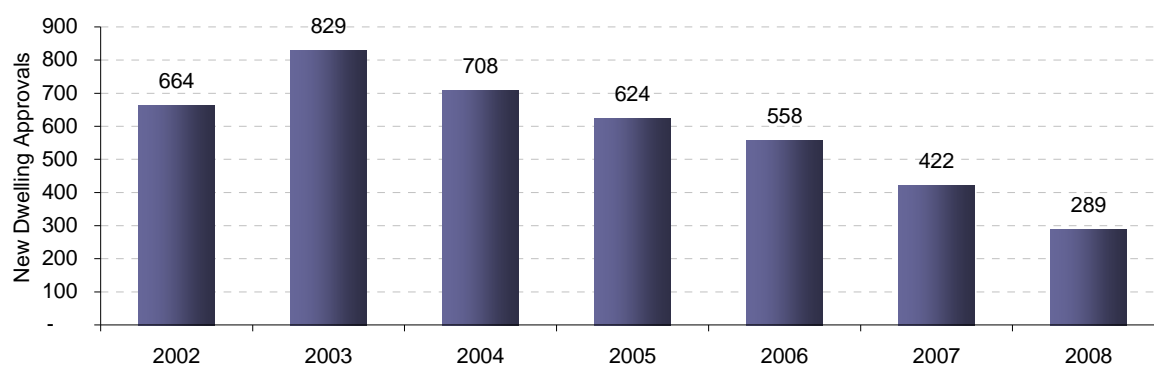
Port Macquarie-Hastings : Forecast Population (Various Sources), 2011-2021**Table 5.2**

SLA	Forecast Resident Population ¹		
	2011	2016	2021
Urbis Forecasts	76,280	82,430	89,430
Council Forecasts	75,639	82,691	90,484
NSW Government Forecasts	78,374	84,513	90,508

1. as at June

Source: NSW Government, Department of Planning, NSW SLA; Population Projections 2001-2031, 2005 release; NSW State and Regional Population Projections, 2008 release; Port Macquarie - Hastings Council (ID Consulting) Population Forecasts, 2008; Urbis

Evidence has indicated growth is currently slowing. The ABS 2006 census of Population and Housing, showed the region's population being approximately 1,620 people less than that forecast by HUGS, while New Dwelling Approvals (NDAs) data show a significant decline, particularly since 2006 (refer Chart 5.1). The majority of NDAs between 2001-2006 are located in the outer suburbs of Port Macquarie in regions such as Lighthouse Beach and Lake Innes, with towns such as Lake Cathie further south also showing a large number of approvals (refer Map 5.2).

Port Macquarie-Hastings Municipality : New Dwelling Approvals 2002-2008**Chart 5.1**

1. 2008 NDAs for 9 months to March 2008

Source : ABS, Building Approvals, Australia (8731.0); Urbis

In relation to migration, it is thought growth has the potential to recover to pre 2006 levels once the global credit crisis passes and migration from capital cities can begin to filter through to these types of regions once again.

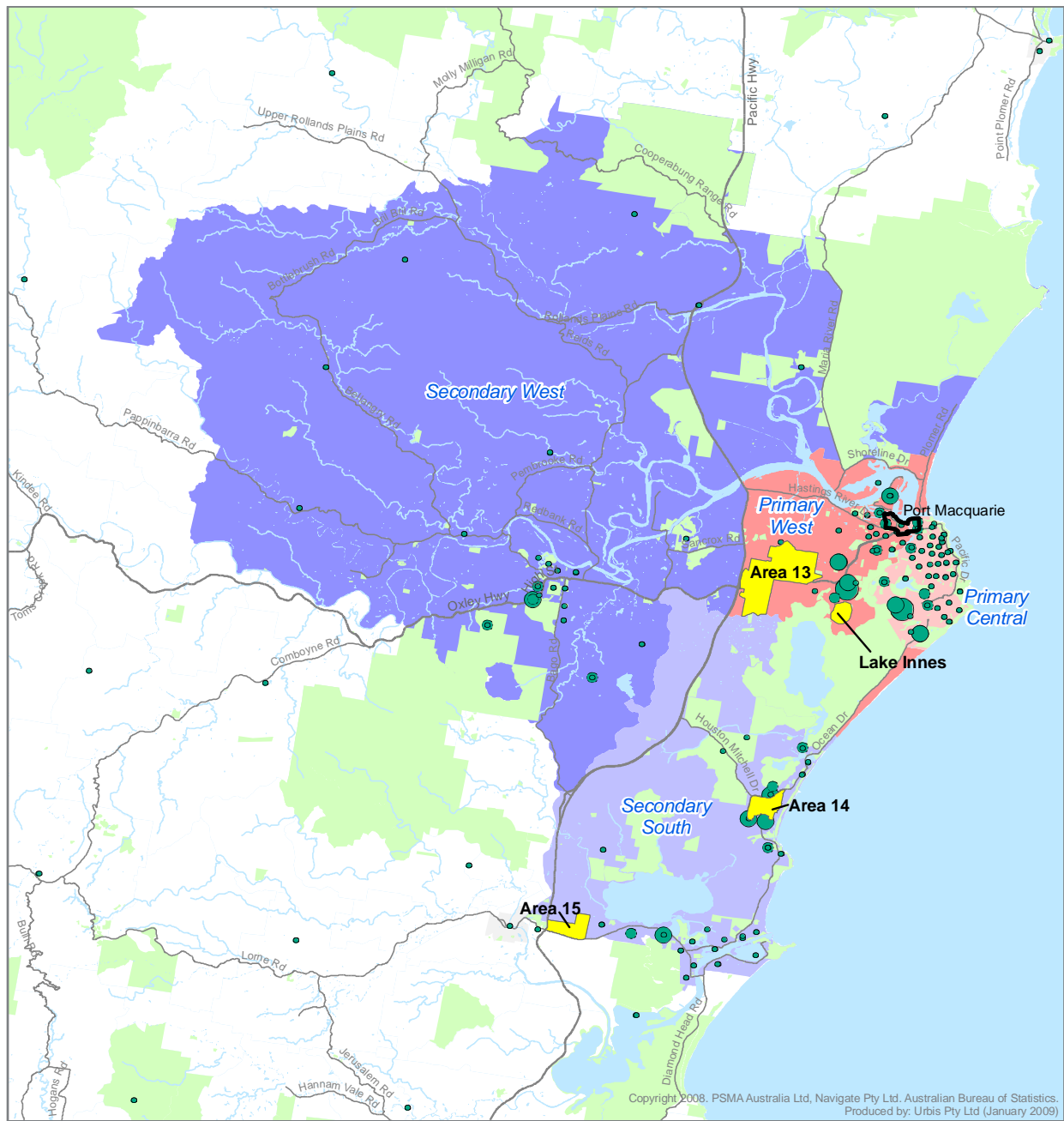
Council have been proactive in ensuring there is ample land and infrastructure to support new residents in the region. Greenfield growth in the future is expected to revolve around four key areas as shown in Map 5.2, along with some higher density and infill development around the CBA. The main areas of release include :

- The 90 hectare circular area adjacent to Lake Innes Reserve is expected to yield upwards of 100 lots. This region is expected to develop steadily over the coming years.

- Area 13 in Thurmster is the largest area with master planning approval in Port Macquarie. Once completed, in around 2030, Area 13 is expected to house around 10,000 residents around in 2030. Approvals for around 70 homes have reportedly been received with construction commencing shortly.
- Area 14, between Lake Cathie and Bonnie Hills is expected to yield around 2,100 dwellings once completed. Council has adopted a masterplan for the site, however currently only 50-60% of the site is appropriately zoned for residential development. Discussions with council have indicated construction is expected to commence within 12-18 months on parts of the site, however development time frames are expected to be quite long given the development in Area 13.
- Area 15 is located in Kew to the south of Port Macquarie. The site is currently an investigation area, with council preparing a Local Environmental Study before any rezoning of the land can occur. Given the provision of residential land further north in Areas 13 and 14, it is unlikely the site will be developed within the time frame of this report.

Given population growth has slowed, it is expected these developments will not reach capacity until well after 2021, thus ensuring land supply is not a constraining factor in population growth in the region.

Map 5.2 – Port Macquarie–Hastings NDAs and Land Release Areas



5.3 Trade Area Population

The Settlement City Trade Area population levels are based on the regional population characteristics described in Section 5.2. Historic and forecast population can be seen in Table 5.3, with the main points including :

- The trade area has an existing population of around 69,350, including 42,740 in the primary sectors.
- The trade area is expected to reach a population of around 85,270 by 2021, including 53,040 in the primary sectors.
- The most critical primary west sector is forecast to experience the fastest growth, due largely to the Area 13 and (Lake Innes) developments. The secondary south is also forecast to experience strong growth due to infill developments around Lake Cathie and Bonnie Hills and eventually Area 14.
- The primary central sector is expected to continue to experience moderate growth due to higher density infill developments around the Port Macquarie CBA.
- As with the regional growth forecasts, growth is expected to remain comparatively slow until after 2011, before economic conditions allow the influx of migrants to return. Growth post 2011 (1,200+), is expected to return to pre 2006 levels on a total growth basis.

Settlement City Trade Area Population, 1991-2021

Table 5.3

Trade Area Sector	Estimated Resident Population ¹						
	1991	<u>Actual</u> 1996	2001	2006	2008	2011	<u>Forecast</u> 2016 2021
Primary Trade Area							
• Central	17,950	21,740	25,190	26,670	27,180	27,920	29,130 30,490
• West	<u>9,930</u>	<u>11,380</u>	<u>13,250</u>	<u>14,950</u>	<u>15,560</u>	<u>16,570</u>	<u>19,360</u> <u>22,550</u>
Total Primary	27,880	33,120	38,440	41,620	42,740	44,490	48,490 53,040
Secondary Trade Area							
• South	9,210	10,360	12,110	13,870	14,460	15,330	16,900 18,670
• West	<u>9,100</u>	<u>10,080</u>	<u>10,890</u>	<u>11,910</u>	<u>12,150</u>	<u>12,500</u>	<u>13,000</u> <u>13,560</u>
Total Secondary	18,310	20,440	23,000	25,780	26,610	27,830	29,900 32,230
Total Trade Area	46,190	53,560	61,440	67,400	69,350	72,320	78,390 85,270
Average Annual Change (No.)							
	1991-96	1996-01	2001-06	2001-08	2008-11	2011-16	2016-21
Primary Trade Area							
• Central		758	690	296	284	247	242 272
• West		<u>290</u>	<u>374</u>	<u>340</u>	<u>330</u>	<u>337</u>	<u>558</u> <u>638</u>
Total Primary		1,048	1,064	636	614	583	800 910
Secondary Trade Area							
• South		230	350	352	336	290	314 354
• West		<u>196</u>	<u>162</u>	<u>204</u>	<u>180</u>	<u>117</u>	<u>100</u> <u>112</u>
Total Secondary		426	512	556	516	407	414 466
Total Trade Area		1,474	1,576	1,192	1,130	990	1,214 1,376
Average Annual Change (%)							
	1991-96	1996-01	2001-06	2006-08	2008-11	2011-16	2016-21
Primary Trade Area							
• Central		3.9%	3.0%	1.1%	1.1%	0.9%	0.9% 0.9%
• West		<u>2.8%</u>	<u>3.1%</u>	<u>2.4%</u>	<u>2.3%</u>	<u>2.1%</u>	<u>3.2%</u> <u>3.1%</u>
Total Primary		3.5%	3.0%	1.6%	1.5%	1.3%	1.7% 1.8%
Secondary Trade Area							
• South		2.4%	3.2%	2.8%	2.6%	2.0%	2.0% 2.0%
• West		<u>2.1%</u>	<u>1.6%</u>	<u>1.8%</u>	<u>1.6%</u>	<u>1.0%</u>	<u>0.8%</u> <u>0.8%</u>
Total Secondary		2.2%	2.4%	2.3%	2.1%	1.5%	1.4% 1.5%
Total Trade Area		3.0%	2.8%	1.9%	1.7%	1.4%	1.6% 1.7%

1. as at December

Source : ABS Cdata 1991, 1996, 2001 and 2006; ABS, Regional Population Growth, Australia, Electronic Delivery (3218.0.55.001);
 NSW Government, Department of Planning, NSW SLA; Population Projections 2001-2031, 2005 release; NSW State and Regional
 Population Projections, 2008 release; Port Macquarie - Hastings Council (ID Consulting) Population Forecasts; Urbis

5.4 Trade Area Demographics

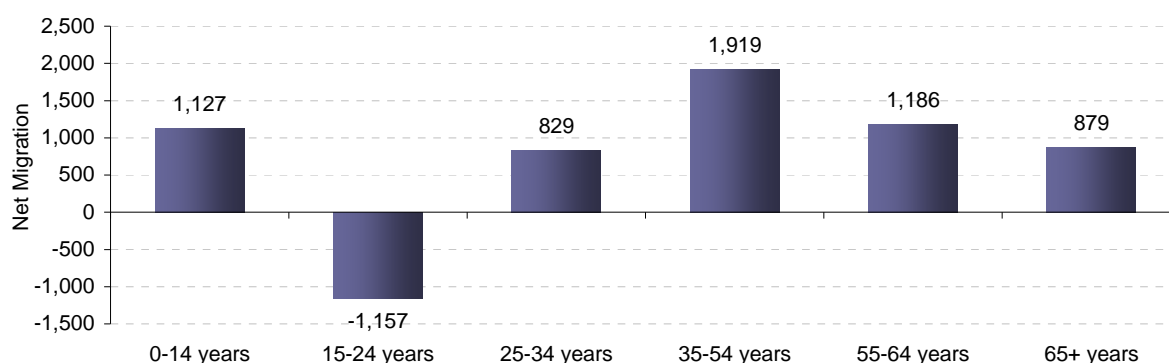
A detailed breakdown of the trade area demographics can be found in Appendix Table A5.1, with the main points as follows :

- Household incomes (\$49,730) and per capita incomes (\$22,511) across the trade area are well below the non metro NSW average, except for the Primary Central sector where incomes are around the average.
- The trade area exhibits an ageing population, with 30% of residents aged over 60, compared to 22% for the non metro NSW average. This translates to a lower proportion of younger residents. The ageing demographic can be at least partly attributed to the migration trends of the region. Chart 5.2 shows that of the 4,783 net migrants to Port Macquarie, more than 2,000 are over the age of 55 indicating these residents are replacing younger residents seeking broader opportunities in the community.
- The primary west and secondary south sectors exhibit the oldest age profile, with an average age of 46 years, seven years above the non metro NSW average of 39 years.
- Home ownership levels are comparable with the average.
- Trade area residents spend an above average proportion of their income on housing costs, with 34% being spent on mortgage repayments and 20% being spent on rent in comparison to 29% and 16% for non metro NSW. The regions under the highest strain are the primary west and secondary south sectors.
- Due to the older demographic, labour force participation is below average.

The trade area exhibits a region of modest wealth with an ageing population. Residents are likely to have relatively low disposable incomes and hence seek value in their shopping requirements. The proposal at Settlement City is conducive to meeting the needs of trade area residents through its proposed provision of new stores not currently in Port Macquarie.

Port Macquarie-Hastings : Net Migration by Age Group

Chart 5.2



Source : I.D. Consulting, Urbis

5.5 Spending

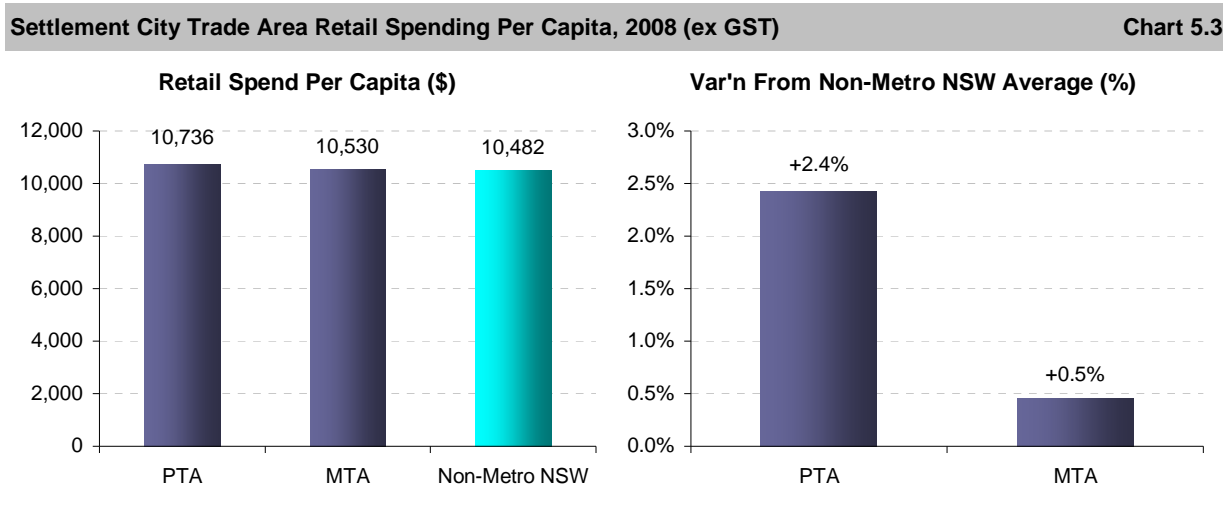
The market potential of the expansion of Settlement City and the consequent economic impacts is partly driven by the total retail spending market generated by trade area residents and its growth.

Retail spending estimates outlined in this report are derived from MarketInfo 2007, a model developed by MDS Market Data Systems Pty Ltd. The data is based on information from the national ABS Household Expenditure Survey (HES), the census of Population and Housing and other information services (i.e. ABS, National Accounts, Australian Taxation Statistics, etc). The model uses micro simulation techniques to combine propensity to spend on particular commodities, with socio-economic characteristics of individuals to derive per capita spending estimates on a small area basis (i.e. Census Collect or District (CCD) level). On the basis of MarketInfo 2007 data, this section of the report details the level of retail spending in per capita and total dollar in terms, generated by the population in the Settlement City Trade Area.

5.5.1 Retail Spending per capita

The level of retail spending by individuals is primarily determined by income, although it is influenced by a number of other factors, including household structure, age profile and home ownership levels of trade area residents.

Chart 5.3 details average per capita spending levels throughout the Settlement City Trade Area. Average retail spending levels of \$10,530 per capita are 0.5% above the non-metropolitan NSW average. Primary trade area residents have the highest per capita spending at \$10,736 per capita, 2.4% above the non-metropolitan NSW Average.



Source : MDS, MarketInfo; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

5.5.2 Total Retail Spending Market

The retail market generated by trade area residents is estimated at \$729.7 million (\$2008 excluding GST), including \$458.5 million in the primary sector (refer Table 5.4). The retail market is expected to increase in the future as a result of trade area population growth and real growth in per capita spending. The latter is estimated at 0.2% per annum between 2008-2012 and 1.2% per annum thereafter, consistent with historical trends.

Table 5.4 shows the total trade area spending will increase with population and retail spending growth, by an average of 2.5% per annum over the period to 2021 to reach \$774.1 million by 2012 and \$1 billion by 2021. Table 5.5 shows total food spending in the Trade Area is forecast to increase at an average of 2.0% to 2021 and total non-food spending by 3.2% per annum to 2021.

Total growth in trade area spending over the period to 2021 is estimated at \$276.7 million. The expanded Settlement City will capture some of this additional spending, particularly that generated from the primary sectors.

Settlement City Retail Spending by Trade Area, 2008-2021 (\$2008 million, ex GST) **Table 5.4**

Year (end December)	Primary Trade Area			Secondary Trade Area			Total TA
	Central	West	Total	South	West	Total	
2008	300.8	157.7	458.5	148.3	122.9	271.1	729.7
2012	313.3	172.3	485.6	160.4	128.1	288.5	774.1
2016	341.2	205.1	546.3	182.2	139.0	321.2	867.5
2021	381.8	255.2	637.0	214.7	154.7	369.4	1,006.4
Average Annual Growth¹							
2008-12	1.0%	2.2%	1.4%	2.0%	1.0%	1.6%	1.5%
2012-16	2.2%	4.5%	3.0%	3.2%	2.1%	2.7%	2.9%
2016-21	2.3%	4.5%	3.1%	3.3%	2.2%	2.8%	3.0%
2008-21	1.9%	3.8%	2.6%	2.9%	1.8%	2.4%	2.5%

1. Assumes average annual per capita growth of 0.2% in 2008-2012 and 1.2% thereafter, with different growth rates for each product group.
Source : MDS, MarketInfo; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

As shown in Table 5.5, the department store type merchandise (DSTM) market is forecast to grow considerably faster at 3.2% to 2021, than the Food and Groceries (F&G) market at 1.9% to 2021. The DSTM spending will reach \$451.6 million by 2021, while the F&G market is forecast to reach \$383.1 million, both off a comparatively similar 2008 base.

The expanded Settlement City would remain anchored by a Big W Discount Department Store (DDS), and Woolworths supermarket. Supermarkets primarily serve the food retail market while DDSs primarily serve the Department Store Type Merchandise (DSTM), which comprises the apparel, homewares, bulky and leisure spending markets, of which many retailers can be located in large format stores.

Settlement City Trade Area Retail Food and Non-Food Spending, 2008-2021 (\$2008, ex GST) **Table 5.5**

Year (end June)	F&G \$M	Total Food \$M	DSTM \$M	Total Non-Food \$M	Total Retail \$M
2008	301.1	408.6	299.1	321.1	729.7
2012	317.8	430.7	320.3	343.4	774.1
2016	344.7	469.6	372.2	397.9	867.5
2021	383.1	525.6	451.6	480.8	1,006.4
Average Annual Growth¹					
2008-12	1.4%	1.3%	1.7%	1.7%	1.5%
2012-16	2.1%	2.2%	3.8%	3.7%	2.9%
2016-21	2.1%	2.3%	3.9%	3.9%	3.0%
2008-21	1.9%	2.0%	3.2%	3.2%	2.5%

1. Assumes average annual per capita growth of 0.2% in 2008-2012 and 1.2% thereafter, with different growth rates for each product group.
Source : MDS, MarketInfo; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

5.6 Existing Trade Area Market Shares

An assessment of existing market shares achieved by Settlement City illustrates the role of the centre in the market and provides a basis to determine the scope for increased sales across the trade area and beyond for an expanded centre. Market shares are calculated from :

- Estimating the proportion (and volume) of turnover at the centre which is drawn from each trade area sector.
- Expressing that turnover as a proportion of the total retail spending generated by trade area residents.

Given no exit surveys were completed for this EIA, prior research into the Port Macquarie market and the research conducted by Leyshon and HillPDA were used to determine the proportion of turnover directed to Settlement City from each trade area sector.

Table 5.6 summarises the market shares including food and non-food shares attracted by the centre and the proportion of sales coming from beyond the trade area. The centre currently achieves an estimated 13.2% market share from the main trade area, including an 11.3% share of food spending and 15.7% share of non-food spending. This is comparable to the single DDS centre average market share of 13.1% across Australia.

As expected, shares are moderate in both categories as Settlement City has a relatively strong mix of major tenants and specialty shops in both categories. Shares in both food and non-food product groups do not suggest in any way, that Settlement City has a dominant influence over the local market, indeed it suggests it operates in a highly competitive market.

With no changes to the centre, Settlement City's market share is expected to decline in future years as competitive developments erode its potential market.

Settlement City - TOTAL CENTRE Market Shares, 2008 (ex GST)

Table 5.6

Sector	Resident Spending (\$M)			Centre Turnover (\$M) ¹			Estimated Market Share		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
• Central	164.9	135.9	300.8	21.5	21.6	43.2	13.1%	15.9%	14.4%
• West	<u>89.8</u>	<u>67.9</u>	<u>157.7</u>	<u>13.3</u>	<u>12.8</u>	<u>26.1</u>	<u>14.8%</u>	<u>18.8%</u>	<u>16.5%</u>
Total Primary	254.8	203.8	458.5	34.9	34.4	69.3	13.7%	16.9%	15.1%
Secondary Trade Area									
• South	84.4	63.8	148.3	5.5	8.6	14.1	6.5%	13.5%	9.5%
• West	<u>69.4</u>	<u>53.5</u>	<u>122.9</u>	<u>5.9</u>	<u>7.3</u>	<u>13.2</u>	<u>8.5%</u>	<u>13.7%</u>	<u>10.8%</u>
Total Secondary	153.8	117.3	271.1	11.4	15.9	27.3	7.4%	13.6%	10.1%
Total Trade Area	408.6	321.1	729.7	46.3	50.3	96.6	11.3%	15.7%	13.2%
Turnover from Beyond Trade Area				13.0	22.8	35.8	21.9%	31.2%	27.0%
Total Centre (Retail)				59.3	73.1	132.5	n.a.	n.a.	n.a.

1. Annualised estimate of Settlement City's turnover at December 2008

Source : Urbis

Approximately 52% of Settlement City's turnover is derived from the primary sectors highlighting the centre's convenience role. As the population thins and distance becomes an issue in the secondary sectors, Settlement City's role also diminishes. Currently it is estimated around 21% of the centre's turnover is generated from these sectors. The large proportion (27%) of turnover from beyond the trade area also highlights both the regional role the centre plays and the number of tourists to the centre.

5.7 Tourism

As highlighted by the centre's turnover from beyond the trade area, a large number of tourists visit the Port Macquarie region annually. As discussed in Section 2, around 690,000 overnight visitors spend around 2.8 million nights per annum in Port Macquarie along with 625,000 daytrips. These tourists will also spend on retail items whilst in the region and require high quality retail facilities to conduct their shopping.

Analysis conducted in by Leyshon has indicated approximately \$137 million of expenditure from visitors and tourists was spent in the Port Macquarie – Hastings municipality in 2006. This is supported by HillPDA's estimate of \$131 million.

These figures appear slightly understated and after our own analysis we have concluded that approximately \$173 million of expenditure from tourists and visitors was spent in the Settlement City trade area in 2008. Some of this variation will be attributed to differences in trade area definition, meaning estimates could be comparable. This analysis is based on market research from existing Port Macquarie centres regarding their proportion of turnover from beyond the trade area and with the following assumptions :

- Greater Port Macquarie CBA centres attract approximately 23.3% of retail expenditure from beyond the trade area.
- Centres outside the CBA attract approximately 20.0% of retail expenditure from beyond the trade area.

Based on these assumptions, approximately \$902.5 million is currently available for retail expenditure within the Port Macquarie trade area and by 2016 \$1.07 billion is available within the trade area.

Settlement City Main Trade Area - Total Retail Market **Table 5.7**

	Current 2008	Forecast	
		2012	2016
Spending Market (\$M) ¹	729.7	774.1	867.5
Estimated Tourism Expenditure (beyond) ²	172.8	183.4	205.5
Total Available Market	902.5	957.5	1,073.0

1. Excludes bulky goods

2. Tourism expenditure growth based on growth in local expenditure market

Source : Urbis

5.8 Existing Retail Hierarchy

An overview of the existing supply of retail floorspace within the trade area has been collated for the Port Macquarie CBA, the Greater Port Macquarie area and other townships within the trade area. Estimates of the supply of current floorspace have been primarily sourced from the *Retailing Review* report produced for Council by Hill PDA in 2007, although some estimates have been verified by an Urbis site inspection conducted in February 2009. All notable discrepancies between the two sources are highlighted where applicable.

5.8.1 Greater Port Macquarie CBA

Around two thirds of retail floorspace in the Hastings LGA is focussed in and around the Port Macquarie CBA, which supports an estimated 74,700 sq.m of retail floorspace. Almost half of this is contained within two internal shopping centres (Port Central and Settlement City), with the remaining floorspace dispersed throughout the CBA proper and along Gordon Street to the south. The retail precincts within the CBA are summarised as follows :

Port Macquarie CBA

- **Port Central Shopping Centre** is an indoor centre situated on Horton Street in the CBA and is generally bounded by Clarence Street, Murray Street, William Street and Horton Street. The centre opened in 1995 and supports an estimated 14,900 sq.m in retail floorspace, including a 7,100 sq.m Target DDS and a 2,250 sq.m Supa IGA supermarket (formerly Action and Franklins). The centre supports over 50 specialty shops and features a small fresh food hall area, foodcourt and a strong representation of national chain tenants. The centre integrates well into the retail strips along Horton Street and Clarence Street. Pedestrian access is available from Horton and Hay Streets, and the centre provides some decked carparking.
- The remainder of the **Port Macquarie CBA Core** extends over a large area and, together with Port Central, is the main focal point of retailing in Port Macquarie. The CBA generally extends to Clarence Street to the north, Murray Street to the east, Hayward Street to the south and Short Street to the west, with the highest concentration of retailing situated on Horton Street between Hayward and Clarence Streets. Outside Port Central and Settlement City, Horton Street provides the only collection of national tenants in Port Macquarie. In total, the CBA Core comprises an estimated 43,000 sq.m (including Port Central). Unlike CBAs in many non-metropolitan areas, Port Macquarie is characterised by active streetscapes that are well maintained, generating a pleasant ambience. Retailing in the CBA benefits from the presence of tourists and the local workforce, in addition to local and broader resident markets. The key tenants of the CBA outside Port Central are as follows :
 - A Coles supermarket of 3,000 sq.m is located near the intersection of Short Street and Hayward Street, with an adjacent Liquorland store and dedicated parking. In our view it is likely to be trading at strong levels.
 - A Food For Less supermarket operated by Woolworths of approximately 2,000 sq.m is located at the intersection of Short Street and William Street including a Woolworths liquor store and carparking. Woolworths are currently seeking approval to redevelop the site within the existing tenancy, however, we believe this is unlikely to occur.

The remainder of the retail strip incorporates approximately 180 retail specialty stores including around 55 food retailers, 120 non-food retailers and 95 non-retail/commercial and vacant tenancies.

Other Port Macquarie CBA

- An IGA (Hastings Co op) supermarket of 1,600 sq.m is located on **Gordon Street** between Hindman Street and Gore Street. The store is located within a retail area which includes the Grower's Market, a 1,100 sq.m fresh produce store and other specialty retailers who appear to perform strongly. Also within Gordon Street is a large Amart All Sports, Liquorland and around 3,200 sq.m of retail specialty stores. Gordon Street there are a number of other retailers and commercial outlets.

- **Munster Village** is a small convenience centre situated on the corner of Gordon Street and Munster Street. The centre comprises a small FoodWorks supermarket of 700 sq.m and two specialty shops.

Settlement City Precinct

- **Settlement City** is located 1.3 kms west from the CBA in the Settlement Point district of Port Macquarie, which is separated from the CBA by the Hastings River and Wrights Creek. Settlement City is 18,900 sq.m in size and anchored by a Big W DDS (6,618 sq.m) and a Woolworths supermarket (4,253 sq.m). The centre features a foodcourt and multi-deck parking and is situated adjacent to the Panthers Club entertainment complex. Settlement City includes some 66 specialty shops, including some national chain tenancies.
- Adjacent to Settlement City on Bay Street, **The Shores Shopping Centre** which includes around 15 specialty shops, including a number of national retailers including Go Lo, Rivers, Toy World, and McDonalds.
- The Marina located on Park St also offers some leisure and tourism retailing, however is currently not well integrated with the remainder of the Settlement City precinct.

5.8.2 Greater Port Macquarie Area

Lighthouse Plaza is located at the southern edge of the urban area, 5.5 kms from the CBA. The centre, was recently redeveloped and now includes a 3,000 sq.m Coles supermarket and 11 specialty shops. Access to Lighthouse Plaza from Ocean Road is only provided for northbound traffic, which somewhat limits the convenience aspect of the centre.

Lake Innes Shopping Centre opened in late 2007, south-west of the Port Macquarie CBA. The centre is located on the corner of the Oxley Highway and Major Innes Road and is anchored by a Coles supermarket of 3,000 sq.m and comprises 1,500 sq.m of specialty retailing. The specialty shops are not fully let at this point in time, with around 5 shops currently vacant.

Other smaller centres in Port Macquarie appealing to the convenience needs of local residents and tourists include **Wainora, Shelley Beach, Flynn's Beach, Lighthouse Beach** and **Clifton Drive**.

5.8.3 Other Hastings LGA

The town of **Lake Cathie** is located 14 kms south of the Port Macquarie CBA. A Woolworths anchored centre of around 4,000 sq.m has opened in the town in recent years, with the supermarket occupying around 2,800 sq.m. Convenient and ample parking are a feature of this centre.

Wauchope is located approximately 17 kms west of Port Macquarie. Retail floorspace in the town is currently around 9,000 sq.m, including a Hastings Co-operative IGA of approximately 1,500 sq.m in the main retail strip and a Hastings Co-operative department store. This centre primarily serves its local catchment with minimal tourist or visitor expenditure. A Farmers Market is also held at Wauchope each month, which has been established with the support of the Council to allow primary producers the opportunity to sell their goods directly to the public. The market does not encompass arts and crafts but focuses on the provision of foodstuffs.

The town of **Laurieton** is located approximately 25 kms south of Port Macquarie at the southern periphery of the trade area. The town is the largest retail centre in the southern part of the Hastings LGA, comprising 7,500 sq.m of retail floorspace, including a Coles supermarket of approximately 2,000 sq.m.

Lakewood Shopping Centre in West Haven is situated close to Laurieton. This centre is anchored by a Woolworths supermarket of approximately 3,200 sq.m and comprises around 1,000 sq.m of specialty shops.

Smaller foodstores also operate in the small towns of **Kendall** and **Comboyne** outside the trade area.

5.9 Proposed Retail Developments

Our assumptions for the future retail provision in the trade area have been derived from enquiries with Council regarding the status of all known proposed/mooted retail developments. The details of approved developments in the trade area are as follows :

- **Port Macquarie CBA** – Woolworths secured an exclusivity arrangement on Council's Short Street carpark and bus terminal site and a DA was recently approved for a freestanding supermarket (3,500 sq.m), six shops and Dan Murphy's liquor store on adjoining land. The development is assumed to be trading by 2012.
- **Area 13, Sovereign Hills.** A Local Environment Study (LES) produced for Area 13 assigns up to 30,000 sq.m of floorspace for retail, dining/entertainment, personal/professional services and office functions to serve future growth areas on the western edge of Port Macquarie. Council adopted a recommendation to approve a first stage of 7,500 sq.m (which differs from Council's RPP) and an application has since been approved for a 3,000 sq.m Woolworths and speciality shops assumed to be trading by 2012.
- **Laurieton** – A development application is close to being approved at Laurieton for the conversion of the existing Coles supermarket to Target Country store (2,000 sq.m) and the construction of a new Coles (3,200 sq.m) assumed to be trading by 2012.
- **Wauchope** – Approval was recently granted for a freestanding 2,800 sq.m Coles supermarket on former railway land. A proposed 300 sq.m expansion of the existing Supa IGA supermarket has also been approved.

Other retail developments are planned/mooted within the trade area without development approval are as follows :

- **Port Macquarie CBA** – In addition to the Short Street development, Woolworths are seeking to redevelop the existing Food For Less supermarket and shops, which would include a replacement 2,000 sq.m supermarket. We understand that this application was recently rejected, although is likely to be pursued further in court. Given that recent approval in Short Street, it is unlikely this proposal will proceed further.
- **Walters Street** – Located adjacent to Settlement City, there have been various mooted developments on the school site. Council have informed us that no development will take place on this site until at least 2013, where a supermarket centre could potentially locate. After 2015 however, if there is sufficient market demand, a DDS could potentially locate on this site.
- **Kings Creek.** A supermarket proposal around the location of an existing IGA was identified in previous enquiries with Council however it has not been supported and is unlikely to progress further.

Port Macquarie-Hastings : Retail Structure

Table 5.8

Centre	Retail GLA (Sq.m)	Dist. ¹ From S. City (km.)	Major Tenants
<u>Port Macquarie CBA Core</u>			
Port Central	14,600	1.3	Target, Ritchies Supa IGA
Other CBA Core	<u>28,200</u>	1.3	Coles, Food For Less
Total Port Macquarie CBA Core	42,800		
<u>Settlement City Precinct</u>			
Settlement City	18,786	-	Big W, Woolworths
The Shores	4,200	-	
Port Marina	<u>620</u>	-	
Total Settlement City Precinct	23,606		
<u>Other Greater Port Macquarie CBA</u>			
Gordon Street	7,300	1.0	IGA Hastings Co-op, Growers Market
Munster Shopping Village	<u>950</u>	1.5	FoodWorks
Total Other Greater CBA	8,250		
Total Greater CBA	74,700		
<u>Other Port Macquarie</u>			
Lake Innes SC	3,650	4.0	Coles
Lighthouse Plaza	4,000	6.0	Coles
Lighthouse Beach	1,100	4.0	
Waniora Plaza	790	3.5	
Flynn's Beach	900	3.0	
Clifton Drive	1,280	1.0	
Shelley Beach	<u>200</u>	4.7	
Total Other Port Macquarie	11,920		
<u>Other Hastings LGA</u>			
Lake Cathie	3,750	14.0	Woolworths
Wauchope	9,500	16.0	Supa IGA Hastings Co-op
Lakewood Centre (West Haven)	4,200	24.0	Woolworths
Laurieton	7,450	26.0	Coles
Kings Creek	250	16.0	
North Haven	400	22.0	
Bonny Hills	450	17.0	
Kew	<u>200</u>	26.0	
Total Other Hastings LGA	26,200		
<u>Bulky Goods</u>			
Port Home Zone	16,500	2.0	Harvey Norman
Lake Road	<u>20,200</u>	3.0	Bunnings, Spotlight
Total Bulky Goods	36,700		
Total Port Macquarie	149,500		

1. Distance measured in a straight line.

Source : Urbis

Shire of Hastings : Proposed and Mooted Retail Developments

Table 5.9

Proposed Development	Description	Additional sq.m	Assumed Completion
<u>DA Approved</u>			
Port Macquarie CBA	New Woolworths supermarket, Dan Murphy's and six specialty shops on carpark site	5,300	2012
Thrumster (Area 13)	New Woolworths supermarket (3,500 sq.m) in new neighbourhood centre.	4,500	2012
Wauchope	New freestanding Coles supermarket on former railway land.	2,800	2012
	Expansion of Supa IGA supermarket	<u>300</u>	2012
Total DA Approved		12,900	
<u>DA Pending</u>			
Port Macquarie CBA	Redevelopment of existing FFL store.	100	
St Joseph's School Site (Wartlers Street)	Seeking approval for retail development	Unknown	
Laurieton	New Target Country DDS and Coles supermarket, Target to occupy existing Coles space.	2,000	
Total DA Pending		2,100	

Source : Urbis

5.10 Composition and Performance of Key Centres

A summary of the retail floorspace and estimated turnover of competitive centres to Settlement City is provided in Table 5.10. These estimates are based on inspections by this office as well as industry information (e.g. Property Council publications, reports compiled for Hastings Council and the like), our understanding of the demand-supply balance in the area, and market growth factors throughout the region generally. The information provided in Table 5.10 will be referred to in later sections of this report when the likely impacts of the development are assessed.

Key Shopping Centres - Estimated Retail Trading Performance, 2008

Table 5.10

Suburb	Food			Non-Food			Total Retail		
	GLA Sq.m	Turnover \$M	\$psm	GLA Sq.m	Turnover \$M	\$psm	GLA Sq.m	Turnover \$M	\$psm
<u>Port Macquarie CBA Core</u>									
Port Central	3,600	29	7,942	11,000	53	4,841	14,600	82	5,606
Other CBD Core	<u>12,200</u>	<u>74</u>	<u>6,056</u>	<u>16,000</u>	<u>75</u>	<u>4,676</u>	<u>28,200</u>	<u>149</u>	<u>5,273</u>
Total Port Macquarie CBA Core	15,800	102	6,486	27,000	128	4,744	42,800	231	5,387
<u>Settlement City Precinct</u>									
Settlement City	5,132	57	11,044	13,654	76	5,543	18,786	132	7,046
The Shores	1,000	5	5,291	3,200	12	3,735	4,200	17	4,105
Port Marina	<u>200</u>	<u>1</u>	<u>5,811</u>	<u>400</u>	<u>2</u>	<u>5,296</u>	<u>600</u>	<u>3</u>	<u>5,468</u>
Total Settlement City Precinct	6,332	63	9,970	17,254	90	5,202	23,586	153	6,482
<u>Other Greater Port Macquarie CBA</u>									
Gordon Street	4,100	26	6,432	3,200	12	3,822	7,300	39	5,288
Munster Shopping Village	<u>900</u>	<u>6</u>	<u>6,232</u>	<u>0</u>	<u>0</u>	<u>n.a.</u>	<u>900</u>	<u>6</u>	<u>6,559</u>
Total Other Greater CBA	5,000	32	6,396	3,200	13	3,914	8,200	45	5,427
Total Greater Port Macquarie CBA	27,132	198	7,283	47,454	230	4,854	74,586	428	5,738
<u>Other Port Macquarie</u>									
Lake Innes SC	3,100	21	6,756	600	3	5,233	3,700	24	6,509
Lighthouse Plaza	3,400	38	11,235	600	4	7,421	4,000	43	10,663
Lighthouse Beach	900	6	6,537	200	1	5,044	1,100	7	6,266
Waniora Plaza	500	3	6,145	300	1	4,891	800	5	5,675
Flynn's Beach	600	4	6,537	300	1	4,585	900	5	5,887
Clifton Drive	800	5	6,537	500	2	4,402	1,300	7	5,716
Shelley Beach	200	1	5,811	0	0	n.a.	200	1	6,392
<u>Other Hastings LGA</u>									
Lake Cathie	3,100	27	8,629	600	4	6,513	3,700	31	8,286
Wauchope	4,800	36	7,400	4,700	21	4,390	9,500	56	5,911
Lakewood Centre (West Haven)	3,600	24	6,662	600	4	5,905	4,200	28	6,554
Laurieton	4,200	28	6,713	3,300	14	4,237	7,500	42	5,623
Kings Creek	300	1	4,842	0	0	n.a.	300	2	5,327
North Haven	200	1	6,537	200	1	4,127	400	2	5,332
Bonny Hills	300	2	5,992	200	1	3,611	500	3	5,040
Kew	200	1	6,537	0	0	n.a.	200	1	7,191
Port Home Zone	100	1	5,811	16,400	53	3,210	16,500	53	3,225
Lake Road	200	1	5,811	20,000	55	2,751	20,200	56	2,781
Total	53,632	398	7,422	95,954	396	4,123	149,586	794	5,306

Note : Turnover excludes GST; year ending June

1. GLA based on Urbis retail definition (ie. including cafes and restaurants). GLA excludes vacancies, non-retail services and other non-retail (i.e. banks, doctors, fitness clubs, cinemas, offices).

Source : Property Council of Australia Shopping Centre Database 2008, Shopping Centre News, 2007 Mini Guns; Urbis

6 Cinema Analysis

A component of Settlement City proposal is the addition of an entertainment and leisure precinct. As part of this, a six screen cinema is proposed which will be a driving force behind the after hours success of the precinct. Therefore this section of the report determines the level of attendance and turnover from the proposed complex and the impact this may have on the existing cinema complexes in the region.

6.1 Methodology

As with a retail development, a cinema complex has certain drivers which will enable its success, both from a planning perspective and commercial perspective. In exploring these, our methodology includes :

- Assessment of market attributes and capacity for cinema visitation
- Description of existing facilities
- Analysis of the proposed cinema complex's attributes
- A need and demand assessment of cinemas in Port Macquarie
- Forecast attendance at cinemas across Port Macquarie
- Impacts and benefits

6.2 Cinema Market Attributes

The cinema market has slightly different attributes to that of the retail market. Ultimately, the cinema market revolves around its market's propensity for cinema visitation. The propensity for cinema visitation has been under increasing pressure in recent years due to innovations in technology and a reduction in the price of home cinemas, DVDs and Blu-ray and has such decreased in recent years.

Currently across Australia, this is estimated at around 4.08 visits per capita per annum, having decreased from close to 5 visits per capita per annum earlier in the decade. This can however vary considerably between individual markets for a range of factors including :

- Quality and quantity of cinema supply
- Age and income profile of the market (high proportion of 14-29 year olds on high incomes)
- Quality and quantity of movies screening
- Price
- Convenience
- Number of tourists

Due to these factors, capital and regional cities generally have a higher per capita visitation level than the average if a quality provision of cinema facilities is provided.

6.3 Port Macquarie Market Attributes

It would be reasonable to assume the Port Macquarie market would have a below average propensity for cinema visitation due to:

6.3.1 Cinema Supply

Currently within the Port Macquarie – Hastings municipality there are two cinema complexes comprising three screens as follows :

- Majestic Cinemas is a twin-plex located in the Port Macquarie CBA with approximately 350 seats
- A single screen cinema located in Laurieton.

Both these cinemas provide mainstream and arthouse films, with average ticket prices estimated at around \$8.50 given their provision of movie club and concession discounts. Combined, an estimate 400 seats are provided within the trade area. Both are centrally located to large populations, surrounded by supporting uses, however given the current size of the Port Macquarie market, it is unlikely they are able to meet demand, particularly when new blockbuster films are released.

6.3.2 Age and Income Profile

As discussed in Section 5, 51% of Port Macquarie's trade area population are over the age of 45, with 24% over the age of 65. Excluding the very young (0-4 years), this age cohort have, on average, the lowest per capita visitation rates of any age cohort.

Incomes were also discussed in Section 5. Given cinema visitation is seen as a luxury, it is generally residents with higher incomes who frequent cinemas more often. Incomes across the trade area are generally relatively low, with household incomes in some sectors being over 20% below the non metro NSW average. Although much of this is driven by retirees with little or no income, disposable income among residents is somewhat below average.

6.3.3 Price and Convenience

The cost of cinema visitation can play a role in determining visitation. Lower quality cinemas are forced to decrease the price of admission to gain attendances, while high quality cinemas are able to charge a premium. Currently across Port Macquarie, average ticket prices at the existing cinemas are estimated at around \$8.50, which is one indicator the cinemas are of relatively poor quality.

Cinema visitation can also be affected by its convenience to local residents. This will include its location and accessibility to the population, ease of carparking and co-location with other activity generators such as retail and other entertainment. The existing Port Macquarie cinemas have some issues with convenience, particularly with accessibility and carparking given the congestion at times around the CBA. They are however located in the CBA, meaning their co-location attributes with other activity generators is high.

6.3.4 Tourism

Given Port Macquarie receives around 1.2 million tourists per annum (refer Section 5), a large proportion of cinema visitation can be attributed to tourism. Survey results from the Leyshon study in 2006 indicate at least 15% of retail patronage is attributed to tourists, however we believe in Port Macquarie this is significantly higher. Given the strong correlation between retail and cinema visitation, it is not unreasonable to assume at least 15% of total cinema visitation can be attributed to tourists.

6.4 Proposed Cinema

The proposed cinema at Settlement City will comprise 6 screens on the upper level of Settlement City Shopping Centre. They are proposed to be constructed as part of the Stage 1 development with an opening date of 2011. Therefore, the first full year of operation is deemed to be 2012. The main points to note from the development include:

- The cinema complex will be modern with stadium seating, digital sound and wall to wall screens.
- A total of 1,050 seats are proposed, making it the largest complex in Port Macquarie.
- It will be located in an entertainment/leisure precinct with numerous high quality restaurants, bars and a bowling alley. The precinct will be one of the premier entertainment destinations in Port Macquarie.
- Some leisure type retailers will compliment the leisure precinct. These are assumed to have late trading hours in line with cinema visitation.

6.5 Need and Demand Assessment

6.5.1 Cinema Market

Profitable cinemas require between 45,000 and 65,000 attendances per screen per annum, varying with operator, seating capacity and a number of other variables. At the existing Australian rate of cinema visitation per capita, Port Macquarie should currently have at least 283,000 cinema visitations per annum or 94,000 visits per screen (refer Table 6.1). This is unlikely to be the case given the lack of screens and the poor quality cinema environment. There is therefore undoubtedly latent demand.

Applying an average of 50,000 visits per screen, which is a reasonable average across arrange of theatre types, Port Macquarie residents are estimated to attend the Port Macquarie cinemas less than 2.2 times per annum (excluding tourists). This is a very low attendance rate.

It is clearly evident that the existing cinemas serving the current Port Macquarie market are unable to meet the latent market demand currently, and as shown in Table 6.1, even less so in 2012.

Port Macquarie - Existing and Potential Cinema Visitation

Table 6.1

	2008	2012
Population	69,300	73,500
<u>Based on Australian Average</u>		
Number of Screens	3	3
Cinema Visits per annum ¹	4.08	4.08
Potential Visits	282,744	299,880
Visits per Screen	94,248	99,960
<u>Existing Visitation at Australian Average</u>		
Australian Average visits per screen	50,000	50,000
Total visits	150,000	150,000
Cinema Visits per annum	2.2	2.0

1. 2007 Australian Average

Source : Urbis

6.5.2 Type and Quality of Cinemas

The type of cinema proposed will provide an alternative cinema destination to the CBA of Port Macquarie. The existing twin-plex is small and dated, while the proposal will provide residents with a range of auditoriums and film choices.

6.5.3 Product Range and Choice

The existing cinemas in Port Macquarie are unable to handle the demand potentially generated by blockbuster movies and is no longer suited to accommodating the range of first release films available to the public.

Ultimately, the proposed cinema complex would have the capacity to handle these mainstream movies, including peak demand during school holidays. While these are currently shown at the existing twin-plex and may continue to be, alternative screenings including arthouse, second release, and the broad range of films now available, should ensure duplication is kept to a minimum.

6.5.4 Co-Location

The proposed cinema's co-location with other activity generators ensures it will become a broadly based entertainment destination. The provision of restaurants, bowling and other retailing (particularly associated with the leisure market) will provide a critical mass of related uses in a single destination, thereby meeting the requirements of the Settlement City Structure Plan.

6.6 Forecast Attendance

Given the market attributes described above, Table 6.2, shows our estimated cinema visitation across Port Macquarie for 2012 and Settlement City's forecast market share, with main points to note as follows :

- A total of 419,000 cinema visits could be achieved across all cinemas in Port Macquarie should the proposal proceed.
- The new complex should generate significant supply induced demand over and above existing attendance levels. This has the potential to raise attendance levels per capita above the existing Australian average, noting also that the age profile throughout Port Macquarie is also important.
- There are substantial variations in cinema visitations per capita across trade area sectors. This can be attributed to the market fundamentals of each sector (i.e. age profile, incomes) and the readily available supply of quality cinemas.
- 356,000 visits are forecast to come from trade area residents, while 63,000 visits are forecast to come from residents beyond the trade area (i.e. tourists).

The total cinema visitation would substantially exceed existing visitation levels due to the presence of a new, high quality, modern facility, and the undersupply at the present time. Our forecast attendance levels would be spread across both the new and incumbent cinema facilities across Port Macquarie. However, given that the proposed facility will be of a high standard with all modern features and located in an entertainment precinct, it would be expected to gain a premium share of the region's overall attendances.

Given Settlement City will account for 67% of the region's screens and 72% of the region's seats in a high quality modern facility, it is not unreasonable to assume a market share in the vicinity of 70%-75%. This translates to attendances at the proposed cinema of at least 293,000 (419,000 x 70%), with attendances at just under 50,000 per screen. The remaining 126,000 attendances would be shared amongst the incumbent cinemas in the region at an average of 42,000 attendances per screen.

Port Macquarie Cinema Potential and Settlement City Market Share, 2012

Table 6.2

Trade Area Sector	Population	Cinema Attendances Per Capita	No.
Primary Trade Area			
• Central	28,040	5.4	152,170
• West	<u>16,860</u>	<u>5.0</u>	<u>83,730</u>
Total Primary	44,900	5.3	235,900
Secondary Trade Area			
• South	15,490	4.2	65,110
• West	<u>12,550</u>	<u>4.4</u>	<u>54,880</u>
Total Secondary	28,040	4.3	119,990
Main Trade Area	72,940	4.9	355,890
Beyond @ 15%		15%	62,804
Total Attendance @ Port Macquarie Cinemas			418,694

Source : Urbis

This is likely to result in a reduction on the incumbent cinemas' existing attendances, however should not affect their ongoing viability, and in any event there is a demonstrable unmet need.. The affected cinemas are also likely to take action and differentiate themselves from the proposal by :

- offering alternative types of screenings including arthouse and later release movies;
- upgrading their existing facilities; and
- offering incentives to movie goers (e.g. reward clubs, movie meal deals etc).

These complexes are also at an advantage at being the incumbent facilities in the region, particularly with the Port Macquarie complex being located in a historic building in the heart of the tourist precinct and the core of the CBA.

7 Need and Demand

This section provides an assessment of the need and demand for the proposed expansion of Settlement City by a range of measures and considerations. In our view, an appropriate principle to be applied when assessing the market potential for any retail development can be described as follows :

"The residents of an area should be provided with the broadest range of conveniently located retail facilities and services that the market can support, at the earliest possible time, without jeopardising the sustainability of other centres in the network that are adequately fulfilling consumer needs."

Of course, other planning considerations relating to the proposal will also be important in determining whether to give planning consent, including traffic, parking, amenity and various community benefit considerations. However, as far as the economic aspects are concerned, the above statement represents a practical principle to apply in a market economy which encourages competition and focuses on consumer needs.

While it is difficult to imagine the existence of a public need without the presence of a recognisable and quantifiable demand, it could perhaps be considered that need in planning terms is a relative concept that should take into account the quality and convenience of existing and proposed facilities, relative to the subject development proposal, and that demand simply measures the extent to which people will use the proposed centre.

In *Leisuremark (Aust) Pty Ltd -v- Noosa Shire Council* (1988) QPLR 137 at p149 the following distinction between need and demand was made :

"Need in planning terms is a relative concept. It does not promote pressing urgency but rather relates to the general wellbeing of the community. A use is needed if it would on balance improve the services and facilities in the community."

Consequently, the need and demand for any new shopping centre or retail development proposal should not be premised only on current or future market growth, since other issues of some importance may arise from the type, quality and location of existing facilities serving the area concerned.

7.1 Need

The need for the proposed redevelopment of Settlement City can be broken down into :

- Retailer need
- Consumer need

7.1.1 Retailer Need

The needs of many national retailers are unable to be met in the existing Port Macquarie landscape. The expansion and redevelopment of Settlement City will provide the type of location and environment these retailers seek before committing to opening a store.

There is a notable absence of many national chain specialty shops in Port Macquarie across a range of merchandise and product groups. As the township approaches 50,000 people and trade area of 70,000 people, Port Macquarie is approaching the scale of a large regional city where more national retailers will consider establishing with the right opportunity. To do so however, many prefer major centres with successful anchor tenants and strong ownership and management. The existing Big W and Woolworths tenancies at Settlement City will satisfy the location needs of many prospective specialty and mini-major retailers due to their strong anchor status, and the proposed extensions will enable many new tenants to co-locate in a well co-ordinated leasing plan with like minded retailers.

The development proposal therefore provides an incentive for the owners and existing tenants to upgrade the centre and individual tenancies and addresses the needs of retailers who have either identified Port Macquarie in their future growth strategies or store networks and others who could be encouraged by access to a large and growing market.

7.1.2 Consumer Need

The two main components of the proposal are the addition of a leisure and entertainment precinct and new retail floorspace. The combination of these uses provides Council with the opportunity to meet some of their objectives in the Settlement City Structure Plan.

Leisure and Entertainment Precinct

The lack of choice regarding Port Macquarie's existing leisure activities has been cited as a major issue through the Settlement City focus groups, but also highlighted through the Settlement City Structure Plan. The addition of a leisure and entertainment precinct will provide residents and Council with the precinct they require in the Greater Port Macquarie CBA.

The proposed six screen cinema complex at Settlement City will provide Port Macquarie residents with a range of benefits including :

- Providing an alternative to the existing duplex in the CBA, meaning more competition in the market.
- Ensuring residents have access to blockbuster movies, something which the existing facilities struggle to cater for.
- Enhancing the range and number of screenings of movies to residents of Port Macquarie.
- Providing cinemas in a convenient location in a major activity centre, including other entertainment options.

The provision of cinemas as part of a larger entertainment complex, including a bowling alley to compete with the existing Port City Wave Bowl complex, and a range of entertainment activities will provide residents with a range of activities not currently available to them in a consolidated entertainment node.

Port Macquarie currently lacks "quality restaurants", particularly in a single leisure destination offering choice. The proposed will provide for this need through the proposed leisure oriented facilities.

Retailing

The retailing proposed at Settlement City will provide consumers with alternatives to the retailing already provided for in the Greater Port Macquarie CBA. The majority of the additional floorspace will be consumed by retailers not currently represented in the Port Macquarie market who provide significant differentiation from existing retail formats. The provision of almost 6,000 sq.m of mini major and large format retail floorspace could potentially include a large format camping and outdoors store, a fruit and vegetable store and other tenancies requiring a large floor plate. Beyond the small number of large format retailers in the CBA and Gordon Street, these retailers have no alternative locations in Port Macquarie. Their decision to locate in Port Macquarie will provide consumers with a more diversified retail offering and address some of the issues highlighted in the consumer research at the centre.

The consolidated retailing format providing both internal and external orientation provides a unique shopping experience in Port Macquarie. The internal and external malls coupled with a diverse range of new retailers will provide a diverse range of shopping environments for the community in one location.

The proposed expansion will address the community's need for improved car parking, better circulation and an improved shopping experience in the contemporary designed extension and refurbishment of the existing complex. Improvements in the range of stores and the physical changes to the centre will have broad appeal for both the young and elderly age groups and those in different household, occupation and income segments. The provision of an entertainment precinct will provide another entertainment option for all income and age segments with particular emphasis on the youth.

Community need is often translated into the concept of net community benefit. The discussion of retailer and consumer need indicates there are a number of community benefits that can be gained from the development application for the Settlement City development. These include access to a wider range of retailers in a single location, the reduced need to travel further to alternative options and a more comfortable and enjoyable shopping experience through providing a range of different shopping environments.

7.1.3 Demand

Market demand for the proposed expansion and the additional retail floorspace at Settlement City can be primarily evaluated by having regard to the fundamental drivers of demand, namely population, spending and tourism growth driving demand for new retail floorspace, as well as by noting existing gaps in the market.

An analysis of escape expenditure levels has also been conducted to determine if there is potential to retain any expenditure currently leaving Port Macquarie. The rate of retail floorspace provision in Port Macquarie (now and in the future) was analysed against national benchmarks to determine an appropriate level of retail floorspace within Port Macquarie.

7.1.4 Escape Expenditure

Further development within Port Macquarie is unlikely to warrant a significant reduction of escape expenditure, primarily due to distances required to travel to higher order retail destinations. Therefore it is likely the escape expenditure of \$108.8 million, as outlined in Table 7.1 below, is spent by residents on holidays and occasional visits to major centres, rather than seeking better retail facilities. Having said this it is also likely that some reduction will be apparent.

Escape expenditure, defined as the level of expenditure by trade area residents directed to retailers or outlets outside the trade area is a natural and inevitable occurrence in every market. The extent to which it occurs generally reflects whether the demand for retail floorspace is being met by appropriate levels of supply - both quality and quantity. In this instance the net inflow of tourism expenditure has also been calculated.

Table 7.1 summarises our findings of which estimates have been sourced from

- the detailed floorspace inventories;
- turnover estimates; and
- tourist visitation data.

Using a detailed floorspace survey of retailers in the Port Macquarie region undertaken by Urbis and estimates of turnover from various sources, we estimate that Port Macquarie's retailers currently trade at approximately \$5,300 sq.m.

Settlement City Trade Area : Escape Expenditure, 2008

Table 7.1

	Total
Total Spending Market (2008)	729.7
Retail Floorspace	149,476
Average Trading Level	5,310
Total Turnover	793.7
Less Turnover from Beyond	<u>172.8</u>
Turnover Attributed to Trade Area Residents	620.9
Escape Expenditure ¹ (\$M)	108.8
Escape Expenditure ² (%)	15%
Net Inflow ⁴	64.0

1. Escape expenditure to retailers beyond main trade area

2. Net inflow of turnover to MTA - spending by residents beyond MTA (tourists) less escape expenditure

Source : Urbis

Turnover generated from beyond the main trade area (i.e. from tourists, visitors) is estimated at \$172.8 million based on tourist visitation data. Subtracting the in-bound expenditure level from total turnover gives a residual turnover attributable to trade area residents (\$620.9 million). When the turnover generated by trade area residents is compared with their spending capacity (\$729.7 million) leaves an estimated \$108.8 million escaping the trade area - or equivalent to 15% of total expenditure.

It is however unlikely escape expenditure will be significantly reduced by more local or neighbourhood shopping, a few bulky goods retailers or tourist based facilities. The research suggests that clothing, apparel, footwear and homewares are the most demanded retailers required in Port Macquarie. Since these retailers benefit from co-location and maximise their reach and potential in larger centres, Settlement City is the most realistic location to accommodate such an extended range of shops. This may and can have some prospect of reversing the large volume of spending escaping Port Macquarie and its trade area.

7.1.5 Population and Market Growth

In addition to the consumer need for the proposed development at Settlement City, the growing population and lack of higher order shopping development in Port Macquarie has lead to an undersupply of retail floorspace. The Hill PDA Retailing Review highlights the problems an undersupply of floorspace can create on Page 21 as follows :

- *"It undermines the objective of residents having the widest possible range of shopping opportunities and commercial services;*
- *It undermines the objective of providing quantity, quality and convenience for consumers;*
- *It results in longer travel times for shopping and increased car use;*
- *It results in increased congestion, parking difficulties and loss of convenience; and*
- *It results in considerable expenditure escaping the LGA to other areas."*

Table 7.2 highlights the total likely floorspace within the trade area over the period 2008-2021. Using Leyshon's and Hill PDA's estimates of floorspace in Port Macquarie, combined with Urbis' estimates from recent field work, it is estimated there is currently 149,500 sq.m of retail floorspace in Port Macquarie. This translates to an existing provision of around 2.2 sq.m per person, slightly above the Australian average of 2.1 sq.m per person. Port Macquarie however has a large number of tourists and given the magnitude of tourism expenditure and net inflows calculated in Table 7.1, the provision per person could potentially be higher (in this case we have assumed around 2.3 sq.m per person).

Assuming all DA approved developments, and the development at Laurieton and Settlement City are completed by 2012, the anticipated provision of floorspace per person would increase to 2.3 sq.m per person by 2012. Beyond this time the provision of floorspace decreases, signifying that further retail developments will be required in order to satisfy market demand in the longer term

Port Macquarie-Hastings : Projected Accumulative Additional Retail Floorspace¹**Table 7.2**

Area	2008	2012	2016	2021
<u>Port Macquarie</u>				
CBA Core	42,800	48,100	48,100	48,100
Settlement City Precinct	23,600	28,750	29,972	29,972
Other Greater CBA	8,250	8,250	8,250	8,250
Other Port Macquarie	<u>48,600</u>	<u>53,100</u>	<u>53,100</u>	<u>53,100</u>
<i>Total</i>	<i>123,250</i>	<i>138,200</i>	<i>139,422</i>	<i>139,422</i>
<u>Other Hastings</u>				
Wauchope	9,500	12,600	12,600	12,600
Lake Cathie	3,800	3,800	3,800	3,800
West Haven	4,200	4,200	4,200	4,200
Laurieton	7,500	9,500	9,500	9,500
Other	1,200	1,200	1,200	1,200
<i>Total</i>	<i>26,200</i>	<i>31,300</i>	<i>31,300</i>	<i>31,300</i>
Total Retail (sq.m)	149,550	169,500	170,722	170,722
Trade Area Population	69,350	73,500	78,400	85,300
Retail Floor space Provision²	2.2	2.3	2.2	2.0

1. Includes developments that are DA approved or likely to be DA approved

2. Retail floor space provision refers to sq.m of retail per resident

Source : Urbis

Table 7.3 calculates the existing notional undersupply of retail floorspace at around 8,589 sq.m based on an assumption of 2.3 sq.m of retail floorspace per person. This undersupply is supported by the above average trading levels of centres within Port Macquarie, trading at an estimated \$5,300, 6% above the Australian average of \$5,000 sq.m.

Based on resident population growth and including all additional competitive developments, including Settlement City, by 2012 the Port Macquarie market will be marginally oversupplied with retail floorspace if everything comes on line by this time. However by 2016, population growth in the market will once again create an undersupply of around 8,000 sq.m, including the Settlement City development.

Port Macquarie - Existing and Future Supply of Retail Floorspace**Table 7.3**

	2008	2012	2016
Population	69,350	73,500	78,400
Existing Floor space	149,500	169,500	170,722
Provision	2.2	2.3	2.2
Appropriate Provision ¹	2.3	2.3	2.3
Supportable floor space	158,089	167,549	178,719
Under/(over) provision	8,589	(1,950)	7,997

1. Considers an uplift due to positive inflow of tourists

Source : Urbis

Although the market has a slight oversupply of retail floorspace in 2012, the expansions proposed to have occurred by this time are relatively small. The HillPDA report suggested around 4,000 sq.m of retail floorspace can be absorbed each year, suggesting the market will be in equilibrium within 6 months of Settlement City's completion. We believe this may be optimistic, however we expect equilibrium by 2013.

Beyond this time, the undersupply of around 8,000 sq.m of retail floorspace by 2016 indicates there is potential for other retail developments to occur in Port Macquarie including Settlement City.

In support of the above analysis, Table 7.4 provides an assessment of additional supportable retail floorspace in the main trade area based on two parts. Firstly, the additional floorspace that can be supported through market or organic growth in expenditure between 2008 and 2012 and out to 2016. Secondly, additional retail floorspace based on tourism to Port Macquarie.

Settlement City Main Trade Area - Supportable Retail Floorspace (2008-2016)			Table 7.4
	Current 2008	Forecast 2012	2016
Supportable Floorspace based on Organic Expenditure Growth			
Spending Market (\$M)	729.7	774.1	867.5
Growth (\$M)	n.a	44.4	137.8
Additional Supportable Floorspace (@ \$5,500 sq.m)	n.a	8,078	25,057
Supportable Floor space based on Tourism Expenditure			
Estimated Tourism Expenditure (beyond) ¹	172.8	183.4	205.5
Growth (\$M)	n.a	10.5	32.6
Additional Supportable Floorspace (@ \$5,500 sq.m)	n.a	1,913	5,935
Total Supportable Floor space	n.a	9,992	30,992
Proposed Floor space	n.a	20,000	21,222
Under/(over) provision	n.a	(10,008)	9,770

1. Tourism expenditure growth based on growth in local expenditure market
Source : Urbis

The major considerations regarding the assessment of future demand for retail floorspace based on growth in retail expenditure are:

- The main trade area spending market is forecast to grow from \$730 million in 2008 to \$774 million in 2012 (at \$2008), an increase of **\$44 million**.
- The average weighted turnover per square metre for existing retailers (conventional retailers and bulky goods) in the MTA is estimated at around \$5,306 per sq.m. Applying an average of \$5,500 to the available expenditure growth (\$44 million/ \$5,500 sq.m) yields additional supportable retail floorspace of around **8,000 sq.m** in 2012. Under the same assumptions the supportable floorspace increases to 25,000 sq.m in 2016 due to increases in population and per capita spending growth.
- Growth in the tourist market (assumed at the same rate as population growth) is expected to yield an additional \$11 million by 2012 and \$34 million by 2016. Applying the same average trading level of \$5,500 sq.m there in provision for a further 2,000 sq.m by 2012 and 5,900 sq.m by 2016. This is likely to be quite conservative given that tourist spending is generally up to three times resident equivalent levels.

Taken together the two calculations suggest a total of 10,000 sq.m of additional supportable floorspace in 2012 based on growth on the residential and tourism markets. This increases to 31,000 sq.m by 2016. Assuming the proposed developments described above proceed, this method of analysis suggests an overprovision of 10,000 sq.m by 2012. Please note, however, that latent demand is not included and that based on the previous analysis it is arguably that the calculated overprovision indicated above would be absorbed immediately. Based on growth in the market leading up to 2016., and including the proposed developments, the Port Macquarie market would be undersupplied by 10,000 sq.m by 2016. This analysis suggests the market will be in equilibrium by around 2014, although, as previously indicated, this is a conservative estimate.

Both methods of analysis support the Port Macquarie retail market being in equilibrium by 2013-2014 even with the competitive developments and Settlement City occurring. After this time, the market is forecast to experience reasonably strong growth enabling other competitive developments to occur. Therefore, Settlement City will be expanded in time to meet some of the future demand for retail floorspace within Port Macquarie and meet some of Council's objectives of consolidating the Greater CBA. Given the proposal at Settlement City (6,372 sq.m of retail space) corresponds to around 20% of the additional floorspace demand by 2016 (i.e. 6,372 sq.m of the 30,992 sq.m), there remains potential for other retail developments to occur, particularly those already proposed.

8 Potential Market Shares and Turnover

8.1 Future Assumptions

The key assumptions and factors which are considered in assessing the future turnover potential of the centre are as follows :

- The first stage of the expanded centre is assumed to open in 2011, with the calendar year of 2012 being the first full 12 months of operation, with the second stage assumed to open in 2015, with the calendar year of 2016 being the first full 12 months of operation.
- The impact assessment in this report is therefore for the 2012 calendar year for Stage 1 and 2016 for Stage 2.
- Population growth is forecast as per Section 5.3.
- The trade area retail spending is forecast to increase by an average of 1.5% per annum over the period 2008-2012 to \$774 million (\$2008 excluding GST) and 2.9% per annum over the period 2012-2016 to \$868 million (\$2008 excluding GST). Total growth in retail spending between 2008-2012 is therefore estimated at \$44 million, and \$94 million between 2012-2016 in real terms.
- Settlement City will be expanded as per the proposal outlined in Section 3.5. The completed centre will include one medium sized Big W DDS, a full line Woolworths supermarket and a number of new destinational mini-major and large format retailers.
- The expansion will significantly strengthen the centre as both a food and non-food shopping destination. The potential to create precincts such as a food precinct around Woolworths, homewares and apparel around the Big W and an entertainment and leisure precinct will significantly add to consumers' shopping experience. The specialty mix is assumed to include a reasonable provision of national chain stores and will have a similar mix to single double DDS centres in Australia.
- The competitive environment in which the centre will trade is outlined in Sections 5.8 and 5.9. Key considerations include the CBA developments including Woolworths and Dan Murphy's and the development of a centre in Thrumster.

8.2 Stage 1 - 2012

8.2.1 Base Case Scenario

The Base Case assumes the centre does not expand. Table 8.1 outlines the forecast market shares and turnover potential of the centre in 2012, based on the Base Case.

Based on the above assumptions, Settlement City would have the potential to achieve a retail turnover of \$126.4 million in 2012 (\$2008, excluding GST). Turnover volume is forecast to decrease by \$6.1 million over the current level, mostly due to the competitive impacts of new supermarkets on Settlement City Woolworths and other food retailers. However, these impacts are expected to be partially countered by growth in the retail market, including population growth and real growth in spending per capita.

Accordingly, market shares are expected to decrease in the primary trade area and the secondary west sector where new supermarkets are proposed. This, in turn, is expected to have a moderate impact on the trading performance of other tenants in the centre in line with reduced visitation to Settlement City.

Settlement City - TOTAL CENTRE Forecast Food and Non-Food Market Share, 2012 (\$2008, ex GST) Table 8.1
CASE : STATUS QUO

	Resident Spending (\$M)			Market Share Potential			Forecast Turnover		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
• Central	170.6	142.7	313.3	11.1%	15.7%	13.2%	19.0	22.4	41.4
• West	<u>97.5</u>	<u>74.8</u>	<u>172.3</u>	<u>11.5%</u>	<u>17.9%</u>	<u>14.3%</u>	<u>11.2</u>	<u>13.4</u>	<u>24.6</u>
Total Primary	268.1	217.5	485.6	11.3%	16.4%	13.6%	30.2	35.8	65.9
Secondary Trade Area									
• South	90.7	69.6	160.4	5.6%	13.0%	8.8%	5.1	9.0	14.1
• West	<u>71.9</u>	<u>56.2</u>	<u>128.1</u>	<u>5.4%</u>	<u>13.3%</u>	<u>8.9%</u>	<u>3.9</u>	<u>7.5</u>	<u>11.4</u>
Total Secondary	162.6	125.9	288.5	5.5%	13.1%	8.8%	9.0	16.5	25.5
Total Trade Area	430.7	343.4	774.1	9.1%	15.2%	11.8%	39.2	52.3	91.5
<i>Plus Turnover From Beyond TA</i>				22.5%	31.1%	27.6%	11.4	23.6	34.9
Centre Retail Turnover (\$M)							50.5	75.8	126.4

Source : Urbis

8.2.2 Development Case Scenario

The forecast turnover and market shares after the Stage 1 redevelopment of Settlement City are provided in Table 8.2. We have taken into account factors expected to influence the turnover potential of the centre, particularly the proposed layout, the trade area retail market, and location and strength of competing centres, and consider that :

- The creation of a food precinct is forecast to add to the centre's food turnover potential. The centre's food tenants are forecast to turnover \$73.7 million, an increase of \$23.2 million over the base case.
- Consistent with our experience with other similar centre expansions, average retail trading levels for the increased range of specialty shops will be lower than presently the case – reducing to \$7,398 sq.m. Based on the above, total turnover for the expanded Settlement City is estimated at around \$152.4 million in 2012 (\$2008) trading at around \$6,200 sq.m – or 13% below its current average level.
- Main Trade Area market shares are forecast to increase to 14.2% including a 12.6% food market share and 16.3% non-food market share with a significant proportion continuing to be generated from beyond the trade area. Primary sector market shares increase to 16.0% in total, including 15.0% in food and 17.6% in non-food.

Settlement City - TOTAL CENTRE Forecast Food and Non-Food Market Share, 2012 (\$2008, ex GST) Table 8.2
CASE : DEVELOPMENT

	Resident Spending (\$M)			Market Share Potential			Forecast Turnover		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
• Central	170.6	142.7	313.3	14.5%	16.7%	15.5%	24.8	23.9	48.7
• West	<u>97.5</u>	<u>74.8</u>	<u>172.3</u>	<u>15.8%</u>	<u>19.1%</u>	<u>17.2%</u>	<u>15.4</u>	<u>14.3</u>	<u>29.7</u>
Total Primary	268.1	217.5	485.6	15.0%	17.6%	16.1%	40.2	38.2	78.4
Secondary Trade Area									
• South	90.7	69.6	160.4	8.2%	13.8%	10.7%	7.5	9.6	17.1
• West	<u>71.9</u>	<u>56.2</u>	<u>128.1</u>	<u>9.3%</u>	<u>14.5%</u>	<u>11.6%</u>	<u>6.7</u>	<u>8.1</u>	<u>14.8</u>
Total Secondary	162.6	125.9	288.5	8.7%	14.1%	11.1%	14.2	17.8	31.9
Total Trade Area	430.7	343.4	774.1	12.6%	16.3%	14.2%	54.3	56.0	110.3
<i>Plus Turnover From Beyond TA</i>				23.7%	31.0%	27.6%	16.9	25.2	42.1
Centre Turnover (\$M)							71.2	81.2	152.4

Source : Urbis

8.3 Stage 2 – 2016

8.3.1 Base Case Scenario

Assuming the centre does not expand beyond Stage 1, Table 8.3 outlines the forecast market shares and turnover potential of the centre in 2016. Based on the above assumptions, Settlement City would have the potential to achieve a retail turnover of \$172.1 million in 2016 (\$2008 excluding GST). Turnover volume is forecast to increase by \$19.7 million over the 2012 level due to growth in the retail market, including population growth and real growth in spending per capita.

Market shares are expected to remain constant to Stage 1 should no further retail developments be constructed.

Settlement City - TOTAL CENTRE Forecast Food and Non-Food Market Share, 2016 (\$2008, ex GST) Table 8.3
CASE : STATUS QUO

	Resident Spending (\$M)			Market Share Potential			Forecast Turnover		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
• Central	180.6	160.6	341.2	14.5%	16.7%	15.6%	26.2	26.9	53.1
• West	<u>113.0</u>	<u>92.2</u>	<u>205.1</u>	<u>15.8%</u>	<u>19.1%</u>	<u>17.3%</u>	<u>17.8</u>	<u>17.6</u>	<u>35.4</u>
Total Primary	293.5	252.8	546.3	15.0%	17.6%	16.2%	44.0	44.5	88.6
Secondary Trade Area									
• South	100.3	81.9	182.2	8.2%	13.8%	10.8%	8.3	11.3	19.6
• West	<u>75.8</u>	<u>63.1</u>	<u>139.0</u>	<u>9.3%</u>	<u>14.5%</u>	<u>11.7%</u>	<u>7.1</u>	<u>9.1</u>	<u>16.2</u>
Total Secondary	176.1	145.0	321.2	8.7%	14.1%	11.1%	15.3	20.5	35.8
Total Trade Area	469.6	397.9	867.5	12.6%	16.3%	14.3%	59.4	65.0	124.4
<i>Plus Turnover From Beyond TA</i>				23.7%	31.0%	27.7%	18.5	29.3	47.7
Centre Retail Turnover (\$M)							77.8	94.2	172.1

Source : Urbis

8.3.2 Development Case Scenario

The forecast turnover and market shares after completion of the redevelopment of Settlement City in 2016 are provided in Table 8.4. We have taken into account factors expected to influence the turnover potential of the centre, particularly the proposed layout, the trade area retail market and location and strength of competing centres, and consider that :

- Given there are minimal other proposed centres between 2012-2016 and the modest increase in floorspace, specialty shops are forecast to increase their average trading levels to around \$8,500 sq.m.
- Main Trade Area market shares are forecast to increase to 14.6% including a 12.9% food market share and 16.7% non-food market share with a significant proportion continuing to be generated from beyond the trade area. Primary sector market shares increase to 16.6% in total, including 15.3% in food and 18.1% in non-food.

Settlement City - TOTAL CENTRE Forecast Food and Non-Food Market Share, 2016 (\$2008, ex GST) Table 8.4
CASE : DEVELOPMENT

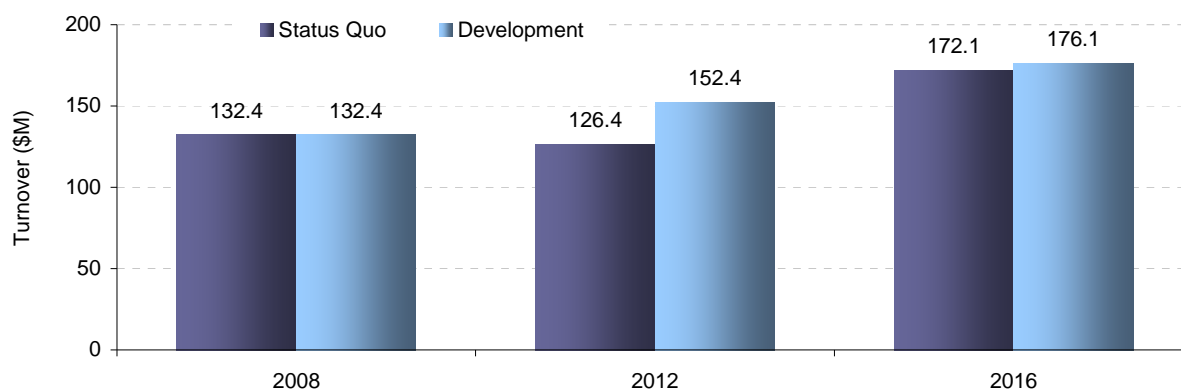
	Resident Spending (\$M)			Market Share Potential			Forecast Turnover		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
• Central	180.6	160.6	341.2	14.9%	17.2%	16.0%	26.9	27.7	54.5
• West	113.0	92.2	205.1	15.9%	19.5%	17.6%	18.0	18.0	36.0
Total Primary	293.5	252.8	546.3	15.3%	18.1%	16.6%	44.9	45.7	90.5
Secondary Trade Area									
• South	100.3	81.9	182.2	8.4%	14.2%	11.0%	8.4	11.6	20.0
• West	75.8	63.1	139.0	9.5%	14.7%	11.9%	7.2	9.3	16.5
Total Secondary	176.1	145.0	321.2	8.9%	14.4%	11.4%	15.7	20.9	36.5
Total Trade Area	469.6	397.9	867.5	12.9%	16.7%	14.6%	60.5	66.5	127.1
<i>Plus Turnover From Beyond TA</i>				<i>23.8%</i>	<i>31.1%</i>	<i>27.8%</i>	<i>18.9</i>	<i>30.0</i>	<i>49.0</i>
Centre Retail Turnover (\$M)							79.5	96.6	176.1

Source : Urbis

Chart 8.1 highlights the performance of Settlement City both under the Status Quo and Development scenarios in 2012 and 2016. It shows the centre will need to absorb substantial competitive impacts, particularly in 2012 and emphasises the need for Settlement City to expand in order to meet the needs of local residents and tourists.

Settlement City : Forecast Centre Turnover

Chart 8.1



Source : Urbis

8.4 Net Additional Turnover

The net additional turnover at Settlement City is the difference between :

- **Stage 1 Development Case** - The Base Case and Stage 1 Development Case. If the proposed expansion proceeds, the centre could achieve retail turnover of \$152.4 million in 2012, a net increase of \$26.0 million (refer Table 8.5).
- **Stage 2 Development Case** – The Stage 1 Development Case in 2016 should the final (Stage 2) stage of development not proceed and the Stage 2 Development Case. If the proposed expansion proceeds, the centre should achieve retail turnover of \$176.1 million in 2016, a net increase of \$4.0 million on the Status Quo (refer Table 8.6).

8.4.1 Stage 1 Development Case - 2012

Of the \$26.0 million, it is estimated \$20.7 million will be drawn from improvements to the food offering at Settlement City. This includes Woolworths recapturing market share, a new fresh food precinct, new restaurants and improved foodcourt. Some \$18.8 million is forecast to be drawn from the main trade area, with the remaining \$7.2 million being drawn from outside the main trade area as a result of the expanded range of shops and increased tourism expenditure in Settlement City.

The net additional turnover of \$26.0 million is the total impact on all shopping centres as a result of the proposed expansion. The final section of this report assesses how this total impact is expected to be distributed across the range of centres.

Settlement City - TOTAL CENTRE Net Additional Turnover, 2012 (\$2008, ex GST)

Table 8.5

	Resident Spending (\$M)			Market Share Potential			Forecast Turnover		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
• Central	170.6	142.7	313.3	3.4%	1.1%	2.3%	5.8	1.5	7.3
• West	<u>97.5</u>	<u>74.8</u>	<u>172.3</u>	<u>4.3%</u>	<u>1.2%</u>	<u>3.0%</u>	<u>4.2</u>	<u>0.9</u>	<u>5.1</u>
Total Primary	268.1	217.5	485.6	3.7%	1.1%	2.6%	10.0	2.4	12.4
Secondary Trade Area									
• South	90.7	69.6	160.4	2.6%	0.9%	1.9%	2.4	0.6	3.0
• West	<u>71.9</u>	<u>56.2</u>	<u>128.1</u>	<u>3.9%</u>	<u>1.1%</u>	<u>2.7%</u>	<u>2.8</u>	<u>0.6</u>	<u>3.4</u>
Total Secondary	162.6	125.9	288.5	3.2%	1.0%	2.2%	5.2	1.2	6.4
Total Trade Area	430.7	343.4	774.1	3.5%	1.1%	2.4%	15.2	3.7	18.8
Plus Turnover From Beyond TA				26.7%	30.9%	27.6%	5.5	1.6	7.2
Centre Retail Turnover (\$M)							20.7	5.3	26.0

Source : Urbis

8.4.2 Stage 2 Development Case - 2016

As with Stage 1, Stage 2 experiences an increase in turnover from the Status Quo. In this case the \$4.0 million as seen in Table 8.6 corresponds fairly similarly to those in Stage 1, however it is likely to gain a greater market share of non-food turnover.

Settlement City - TOTAL CENTRE Net Additional Turnover, 2016 (\$2008, ex GST)

Table 8.6

	Resident Spending (\$M)			Market Share Potential			Forecast Turnover		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
• Central	180.6	160.6	341.2	0.4%	0.5%	0.4%	0.6	0.8	1.4
• West	<u>113.0</u>	<u>92.2</u>	<u>205.1</u>	<u>0.2%</u>	<u>0.4%</u>	<u>0.3%</u>	<u>0.2</u>	<u>0.4</u>	<u>0.6</u>
Total Primary	293.5	252.8	546.3	0.3%	0.5%	0.4%	0.8	1.1	2.0
Secondary Trade Area									
• South	100.3	81.9	182.2	0.2%	0.3%	0.2%	0.2	0.3	0.4
• West	<u>75.8</u>	<u>63.1</u>	<u>139.0</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>
Total Secondary	176.1	145.0	321.2	0.2%	0.3%	0.2%	0.3	0.4	0.7
Total Trade Area	469.6	397.9	867.5	0.2%	0.4%	0.3%	1.2	1.6	2.7
<i>Plus Turnover From Beyond TA</i>				29.0%	33.5%	31.6%	0.5	0.8	1.3
Centre Retail Turnover (\$M)							1.6	2.3	4.0

Source : Urbis

9 Impacts and Benefits Assessment

The issues generally considered to be relevant to an assessment of economic impacts for the purpose of the planning approval are as follows :

- An assessment of the increased turnover levels anticipated from the proposed expansion of Settlement City, as estimated in Section 8.
- An analysis of the likely impacts on the retail turnover volumes of retail centres used by residents of the region.
- Forecast of employment effects and other consumer benefits arising from the proposed expansion.

9.1 Overview of Impact Assessment Approach

The approach adopted by Urbis in assessing the economic impacts and other effects of the proposed expansion of Settlement City can be summarised by the following steps, namely :

- A market assessment, including a review of competition and the likely future demand for the proposed development (Sections 2-5 and 7).
- An assessment of the turnover potential of the development proposal based on the proposed development scheme (Section 8).
- Calculation of the additional turnover resulting from the subject development (Section 8).
- Assessment of the possible impact on the trading performance of other activity centres, particularly those centres located throughout the subject centre's area of influence (Section 9).
- Assessment of the effects of the calculated impacts (Section 9).

This approach has been undertaken in 2012 for Stage 1 of the development and 2016 for Stage 2 of the development.

9.2 Stage 1 - 2012

9.2.1 General Impact - 2012

General impact levels can be examined by reference to average impacts across retail facilities throughout the trade area as a whole, taking into account the turnover forecasts provided previously, and the underlying market growth over the period between 2008-2012.

It is apparent that population growth combined with real increases in retail spending per capita are expected to result in a significant increase in the available retail market.

As indicated in Table 9.1, the size of the retail market generated by residents of the main trade area is estimated at \$730 million in the year to December 2008. By 2012, this is forecast to increase to \$774 million in 2008 dollar terms, representing real growth in expenditure of \$44 million between 2008-12. In addition, further growth should be expected from tourists beyond the trade area, the majority of which would be directed to Port Macquarie retailers.

Trade area expenditure growth, as well as growth from outside the trade area, would generally be shared by existing centres serving the area, including Settlement City and other centres in the region. Consequently, all things being equal, growth in retail expenditure by trade area residents amounting to \$44 million between 2008-2012 would be available to all centres and stores currently serving the trade area, as well as new facilities, over and above the turnover levels currently being achieved.

In the event the Status Quo was maintained (i.e. there was no change to the competitive circumstances affecting existing centres), and indeed assuming that they also maintain their current competitive positioning, all centres would potentially experience turnover growth of approximately 1.5% per annum over the 2008-2012 period (in-line with spending growth).

As shown in Table 9.1, without any expansion Settlement City's estimated turnover volume from the trade area would be expected to decrease to \$91.5 million by 2012 (constant 2008 dollar terms) due to competitive developments. The amount of retail expenditure available to other centres or stores would therefore increase by some \$49.2 million to \$682.7 million by 2012, a 1.9% per annum increase on the current 2008 level.

Under the no-expansion scenario, the variation in turnover growth between centres is determined by a combination of the relative growth of the spending market from which each centre's turnover is generated and changes to the competitive environment.

On the basis that the expansion to Settlement City proceeds, the additional turnover that is expected to derive from the centre's main trade area is estimated at \$14.1 million as compared with the current situation. This increase in turnover from main trade area residents would represent average annual growth of 3.5% between 2008 and 2012, which is significantly stronger than the forecast growth in trade area retail spending. There would therefore be trade diversion. The expansion scenario would therefore effectively result in a more limited \$30.4 million or a 1.2% per annum increase in trade area retail spending directed to other shopping centres and stores over the period 2008-2012. There would therefore be trade diversion amounting to \$18.8 million.

Settlement City - Estimated General Impact of Proposal, 2012 (\$2008 ex GST) **Table 9.1**

Description	Current 2008	Forecast 2012	Increase/ Decrease	Avg. Ann. Growth ¹
Est./F'cast Trade Area Retail Spending (\$M)	729.7	774.1	44.4	1.5%
<u>No Settlement City Expansion</u>				
Settlement City Turnover From TA (\$M)	96.2	91.5	-4.8	-1.3%
Other Centres/Stores-Excl. Settlement City (\$M)	633.4	682.7	49.2	1.9%
SETTLEMENT CITY DEVELOPMENT				
<u>Post Settlement City Expansion</u>				
Settlement City Turnover From TA (\$M)	96.2	110.3	14.1	3.5%
Other Centres/Stores-Excl. Settlement City (\$M)	633.4	663.8	30.4	1.2%
<u>Average Impact Levels Post Expansion</u>	Vs. 2012 levels		Vs. 2008 levels	
Turnover Change, 2012-Other Centres (\$M)	-18.8		+30.4	
Turnover Change, 2012-Other Centres (%)	-2.8%		+4.8%	

1. Over the 2008-2012 period
Source : Urbis

In this report, the fact that market growth is estimated at \$44.4 million, while trade diversion is estimated at \$18.8 million, indicates that it is not unreasonable to expect other retailers to experience an increase in turnover as compared with 2008 levels, despite the full operation of the expanded centre in 2012. The proposed Settlement City expansion would therefore be likely to account for just under half of the overall spending market growth in the trade area between 2008-2012 (i.e. \$18.8 million out of total market growth of \$44.4 million), some of which would have been directed to Settlement City in any event.

The analysis therefore shows that the expansion to Settlement City would result in trade area residents directing \$18.8 million less to other centres than may have otherwise been achieved in the year 2012 if the expansion did not proceed. This represents a 2.8% reduction in the amount of spending directed by trade area residents to other centres and is a measure of the maximum overall impact on the average turnover of all retailers at that time (i.e. 2012), assuming no additional retention of escape spending or satisfaction of latent demand.

Moreover, as indicated above it is also apparent that other centres and stores are forecast to achieve a \$30.4 million increase in turnover, as compared with current levels (i.e. 2008), despite the proposed expansion, again assuming current levels of escape spending. This represents a 4.8% increase in turnover.

In broad terms the proposed expansion is forecast to result in a “turnover impact” averaging -2.8% in 2012 on the range of centres currently used by trade area residents, and a “turnover change” averaging +4.8% when compared with current turnover volumes.

Overall, the general impact of the proposed alterations and extensions of Stage 1 at Settlement City would not be considered significant. Indeed this analysis demonstrates that it is not unreasonable to expect other retailers and centres to experience an increase in turnover relative to current trading levels, rather than a decline. This situation does not mean, of course, that the impact on any one or more centres will not necessarily be greater than the average, and this issue is discussed in detail in the following sub-sections of this report. In a regional context, however, economic impacts can be expected to be modest.

9.3 Impacts on Specific Centres

Potential economic impacts on specific centres from the proposed expansion of Settlement City are now estimated and discussed. Given telephone surveys have not been conducted at Settlement City, an indicative market share approach has been used in order to estimate the level of impacts on specific centres.

9.3.1 Methodology

The **Indicative Market Share** approach is based upon an estimation of the current distribution of both the food and non-food turnover of each competing centre by trade area sector. This then enables an estimation to be made of the market shares that each centre captures from each trade area sector relevant to Settlement City. Each centre’s market share is then reduced on a pro-rata basis by the market share that is captured by the proposed development from each sector in 2012.

9.3.2 Pre-Development Turnover Levels - 2012

As mentioned previously, the key measures of impact are :

- The difference in turnover relative to the turnover volume each centre could reasonably have expected to achieve if the subject centre was not developed; and
- The estimated difference in turnover relative to current levels.

The existing estimated turnover levels for each centre in the Settlement City trade area are indicated in Table 9.2, together with pre-development turnover estimates for each centre in 2012, taking into account growth factors and impacts from new developments specific to each centre.

The 2012 forecasts for each centre/location prior to the implementation of the subject development proposal are based on the market growth rates for the trade area sectors of most relevance to each centre. In other words, each centre is assumed to achieve turnover growth in line with market growth with one off impacts from the development of other competing centres.

Table 9.2 includes an allowance for other trade area retail establishments, including small retail strips and centres not listed and stand alone shops and retail showrooms.

In total, main trade area centres are forecast to account for retail turnover of \$793.7 million in 2008, increasing to \$856.8 million in 2012 in the absence of the proposed development, an increase of \$63.1 million, or 8%.

Key Shopping Centres - Estimated Trading Performance (\$2008)

Table 9.2

Suburb	Floorspace		Average Turnover (\$M)		Average Trading Level (\$/sq.m) ¹	
	2008 Sq.m	2012 sq.m	Current 2008	Pre-Dev 2012	Current 2008	Pre-Dev 2012
Port Macquarie CBA Core						
Port Central	14,600	14,600	81.8	81.7	5,610	5,600
Other CBD Core	28,200	33,800	148.7	181.0	5,270	5,360
Settlement City Precinct						
Settlement City	18,786	23,936	132.4	126.4	7,050	5,280
The Shores	4,200	4,200	17.2	17.5	4,110	4,160
Port Marina	600	600	3.3	3.3	5,470	5,510
Gordon Street	7,300	7,300	38.6	36.5	5,290	5,000
Munster Shopping Village	900	900	5.9	5.3	6,560	5,920
Other Port Macquarie						
Lake Innes SC	3,700	3,700	24.1	20.9	6,510	5,640
Lighthouse Plaza	4,000	4,000	42.7	39.8	10,660	9,960
Lighthouse Beach	1,100	1,100	6.9	6.5	6,270	5,880
Waniora Plaza	800	800	4.5	4.4	5,670	5,450
Flynn's Beach	900	900	5.3	5.1	5,890	5,660
Clifton Drive	1,300	1,300	7.4	6.9	5,720	5,290
Shelley Beach	200	200	1.3	1.2	6,390	6,010
Other Hastings LGA						
Lake Cathie	3,700	3,700	30.7	30.0	8,290	8,110
Wauchope	9,500	13,100	56.2	67.6	5,910	5,160
Lakewood Centre (West Haven)	4,200	4,200	27.5	27.0	6,550	6,430
Laurieton	7,500	10,700	42.2	50.8	5,620	4,750
Kings Creek	300	300	1.6	1.2	5,330	4,040
North Haven	400	400	2.1	2.1	5,330	5,310
Bonny Hills	500	500	2.5	2.5	5,040	4,990
Kew	200	200	1.4	1.5	7,190	7,410
Port Home Zone	16,500	16,500	53.2	56.1	3,230	3,400
Lake Road	<u>20,200</u>	<u>20,200</u>	<u>56.2</u>	<u>59.2</u>	<u>2,780</u>	<u>2,930</u>
Total	149,586	167,136	793.7	834.5	5,310	4,990
New Centres						
Area 13 Development	n.a.	3,600	n.a.	22.3	n.a.	6,180
Total	149,586	170,736	793.7	856.8	5,310	5,020

1. GLA based on Urbisretail definition (ie including cafes and restaurants). GLA excludes vacancies and excludes non-retail services and other non-retail (i.e. banks, doctors, fitness clubs, cinemas, offices).

Source : Property Council of Australia Shopping Centre Database 2008, Shopping Centre News, 2007 Mini Guns; Urbis

9.3.3 Methodology

In addition to the above information, the assessment of impact on a market share approach relies upon an understanding of the estimated distribution of trade at each centre derived from each trade area sector and beyond.

The assumptions regarding distribution of trade and the resulting market share factors for each centre/location in 2008 are indicated in Appendix Table A9.1. The process followed in deriving these estimates is as follows :

- The floorspace and turnover of each centre/location is estimated based on the location, composition and other factors of relevance in each case, including industry knowledge and experience (refer Table 9.2).
- The percentage of food and non-food turnover from each of the trade area sectors of relevance to Settlement City is estimated, having regard to location, size, composition, role, and industry knowledge and experience.
- By multiplying the percentage of turnover from each sector by the estimated total turnover, the estimated turnover volume from each sector is derived.
- This is then divided by the size of the market in each trade area sector to derive the estimated market share from each sector.

The market shares generated by this model are one method used to estimate impacts on specific centres resulting from the redevelopment and extensions at Settlement City.

9.3.4 Impacts on Specific Centres - 2012

Having determined the estimated turnover levels and market shares for each centre/location, the next step involves reducing the turnover level which would otherwise be expected at each centre based on the market shares forecast for the Settlement City proposal and in accordance with the extent to which residents of each sector currently use existing centres (i.e. based on the market shares indicated in Appendix Table A9.2

In other words, it is assumed that each centre's share of the total retail market, and of food and non-food spending separately, decreases on a pro rata basis. Table 8.3 in the previous section indicated the additional turnover volume forecast for Settlement City in 2012, as compared with the Status Quo situation. This additional turnover is based on market share increases from each sector for both food and non-food shopping. It provides a summary of the estimated additional turnover drawn to Settlement City following the proposed redevelopment, the proportion of that turnover drawn from each sector of the trade area and the resulting additional market shares captured by the proposed expansion. These are the factors by which the competing centres' market shares would be expected to decline post-expansion.

Consequently, if for example Port Macquarie CBA achieves a 32.1% market share from the Primary Central sector of the Settlement City trade area in 2012 (pre-development), this share would be reduced by the increase in Settlement City's market share (2.3%) of 32.1% (i.e. to 31.4%) following the proposed Settlement City redevelopment. This is then adjusted for competitive factors. Given Port Macquarie CBA is the most direct competitor to Settlement City, it is likely to be impacted to a greater extent than other centres. As such its market share is likely to be further reduced. In the case above, the Primary Central Trade Area is estimated to be reduced by a further 0.5% of 32.1%. This approach is followed for all trade area sectors and for each of the centres for both food and non-food turnover and expressed as total turnover as indicated in Appendix Table A9.2.

Adopting this impact assessment method, Table 9.2 also indicates the anticipated turnover level for each centre over the period 2008-2012. The key points to note are as follows :

- A total of 23 specific centres/locations have been analysed to determine the extent of impact.

- As would be expected, the turnover impacts are greatest on those centres which are estimated to currently achieve the highest market shares. Consequently, the greatest dollar impacts are expected to be on the largest and/or closest centres, with the Port Macquarie CBA clearly being the most affected in dollar terms, due to its absolute size, location and competitive positioning, as well as its relative accessibility and appeal to trade area residents likely to benefit most from the development proposal.

It is also relevant to consider the dollar impacts in relation to the turnover that would potentially be generated by these and other shopping centres over the intervening period. Table 9.3 therefore details the turnover loss or net impact which is expected for each centre/location, expressed as a reduction in turnover and as a percentage of the forecast turnover level for each centre in 2012 as follows :

- Column 1 provides an estimate of the 2008 turnover level for each of the centres listed.
- Column 2 provides an estimate of the turnover level that could be achieved by each activity centre in 2012 if the proposed development does not proceed.
- Column 3 provides the estimated turnover level for each centre after the impact from the rezoning and retail development on the subject site.
- Column 4 provides an estimate of the difference between each centre's current estimated turnover and forecast turnover post the proposed development.
- Column 5 presents the estimated loss in turnover for each centre in 2012 following the proposed development compared with what each centre is estimated to have achieved in that year in the absence of the proposed development.
- Column 6 expresses the change in each centre's anticipated turnover level post the proposed development, relative to the current turnover level (2008) in percentage terms.
- Column 7 compares the turnover level of each centre following the proposed development with the turnover level that would otherwise been achieved in 2012, expressed in percentage terms.

Settlement City - Distribution of Impact on Key Centres, 2012 (\$2008, ex GST)

Table 9.3

Shopping Area	Est. Retail Turnover (\$M) ¹			Turnover Incr./Decr. (\$M)		IMPACT	
	Existing	Pre-Exp ¹	Post Exp.	Relative to:		Relative to:	
	2008 (1)	2012 (2)	2012 (3)	2008 (4)=(3)-(1)	2012 (5)=(3)-(2)	2008 (6)=(4)/(1)	2012 (7)=(5)/(2)
Settlement City	132.4	126.4	152.4	+20.0	+26.0	n.a.	n.a.
Competing Centres							
Port Macquarie CBA	230.6	262.7	253.5	23.0	-9.2	+10.0%	-3.5%
<u>Other Port Macquarie Greater CBA</u>							
The Shores	17.2	17.5	17.0	-0.2	-0.4	-1.2%	-2.6%
Port Marina	3.3	3.3	3.2	-0.0	-0.1	-1.0%	-1.7%
Gordon Street	38.6	36.5	35.2	-3.4	-1.3	-8.7%	-3.5%
Munster Shopping Village	<u>5.9</u>	<u>5.3</u>	<u>5.1</u>	<u>-0.8</u>	<u>-0.2</u>	<u>-13.1%</u>	<u>-3.7%</u>
Total Greater Port Macquarie CBA	427.9	451.7	466.6	38.6	14.9	+9.0%	+3.3%
<u>Other Port Macquarie</u>							
Lake Innes SC	24.1	20.9	20.1	-4.0	-0.8	-16.6%	-3.8%
Lighthouse Plaza	42.7	39.8	38.5	-4.1	-1.3	-9.7%	-3.3%
Lighthouse Beach	6.9	6.5	6.3	-0.6	-0.2	-9.1%	-3.2%
Waniora Plaza	4.5	4.4	4.2	-0.3	-0.1	-6.7%	-2.8%
Flynn's Beach	5.3	5.1	5.0	-0.3	-0.1	-6.4%	-2.6%
Clifton Drive	7.4	6.9	6.6	-0.8	-0.2	-10.5%	-3.3%
Shelley Beach	1.3	1.2	1.2	-0.1	-0.0	-8.8%	-3.0%
Lake Cathie	30.7	30.0	29.2	-1.5	-0.8	-4.8%	-2.7%
Wauchope	56.2	67.6	65.7	+9.6	-1.9	+17.0%	-2.8%
Lakewood Centre (West Haven)	27.5	27.0	26.3	-1.2	-0.7	-4.5%	-2.6%
Laurieton	42.2	50.8	49.7	+7.6	-1.1	+17.9%	-2.2%
Kings Creek	1.6	1.2	1.2	-0.4	-0.0	-26.7%	-3.4%
North Haven	2.1	2.1	2.1	-0.1	-0.0	-2.6%	-2.1%
Bonny Hills	2.5	2.5	2.4	-0.1	-0.1	-3.3%	-2.3%
Kew	1.4	1.5	1.5	+0.0	-0.0	+1.8%	-1.3%
Port Home Zone	53.2	56.1	55.4	+2.2	-0.7	+4.1%	-1.3%
Lake Road	<u>56.2</u>	<u>59.2</u>	<u>58.4</u>	<u>+2.2</u>	<u>-0.8</u>	<u>+4.0%</u>	<u>-1.3%</u>
Total Above Centres	661.4	708.2	687.9	+26.6	-20.2	+4.0%	-2.9%
New Additions							
Area 13 Development		22.3	21.4	n.a.	-0.9	n.a.	-3.8%
Total All Above Centres³	661.4	730.4	709.3	48.0	-21.1	+7.3%	-2.9%
Other centres					-4.9		
Total Competing Centres					-26.0		

1. Year ending June

2. Turnover CHANGE is a comparison to current 2008 turnover

Turnover IMPACT is a comparison to expected turnover would otherwise be in the forecast year if the subject development did not occur.

3. Excludes Settlement City

Source : Property Council of Australia Shopping Centre Database 2008, Shopping Centre News, 2007 Mini Guns; Urbis

The assessed impacts reflect a one off affect on each centre/location. Following this impact each centre would be expected to continue to experience growth in line with market growth.

In 2012, the average impact of the development proposal on the turnover levels of the key centres indicated in Table 9.3 is estimated at -2.9% relative to the turnover level which may otherwise have been achieved. This is reasonably consistent with the general impact assessment summarised in Table 9.1.

Compared to 2008 turnover levels Table 9.3 also shows that trade area centres/locations are expected to achieve turnover growth of around +7.3%, on average, despite the presence of expanded retail facilities at Settlement City and elsewhere.

This outcome is due to the growth in the spending market exceeding the additional turnover forecast for the proposed development.

In summary, the impact of the proposed development is expected to be distributed across a wide range of shopping centres and existing retail locations throughout the trade area, and the reduction in turnover at any one centre is not significant. Also, most centres are expected to achieve higher turnover levels in 2012 than the levels estimated to be achieved in 2008.

9.4 Stage 2 – 2016

General Impact - 2016

Given the assumptions above, the general impact from Stage 2 of the Settlement City development in 2016 can now be determined. These impacts are based on the same assumptions as the 2012 impact, however the Status Quo situation now include all developments that were to occur prior to 2012 including Stage 1 of Settlement City. Based on these assumptions, the main points to note include :

- Settlement City is likely to experience an increase in turnover of around \$12.8 million or 2.8% from trade area residents, in-line with other centres should the development not proceed.
- Other centres are likely to experience growth of \$80.6 million should Stage 2 of the development not proceed.
- Once completed, Settlement City is likely to increase its turnover by \$16.8 million from trade area residents.
- This results in a trade diversion of \$4.0 million over and above what other centres would otherwise have achieved in 2016.
- Other centres are likely to increase turnover by \$76.6 million to 2016 or 11.5% over 2012 levels even if Stage 2 of Settlement City proceeds.

This indicates that Settlement City is unlikely to significantly affect the viability of any centre and that even with its expansion, the majority of centres would continue to trade at higher levels than in 2016.

Settlement City - Estimated General Impact of Proposal, 2016 (\$2008 ex GST) **Table 9.4**

Description	Forecast 2012	Forecast 2016	Increase/ Decrease	Avg. Ann. Growth ¹
Est./F'cast Trade Area Retail Spending (\$M)	774.1	867.5	93.4	2.9%
<u>No Settlement City Expansion</u>				
Settlement City Turnover From TA (\$M)	110.3	123.1	12.8	2.8%
Other Centres/Stores-Excl. Settlement City (\$M)	663.8	744.4	80.6	2.9%
SETTLEMENT CITY DEVELOPMENT				
<u>Post Settlement City Expansion</u>				
Settlement City Turnover From TA (\$M)	110.3	127.1	16.8	3.6%
Other Centres/Stores-Excl. Settlement City (\$M)	663.8	740.4	76.6	2.8%
<u>Average Impact Levels Post Expansion</u>		Vs. 2016 levels	Vs. 2012 levels	
Turnover Change, 2016-Other Centres (\$M)		-4.0	+76.6	
Turnover Change, 2016-Other Centres (%)		-0.5%	+11.5%	

1. Over the 2012-2016 period

Source : Urbis

9.4.1 Predevelopment Turnover Levels – 2016

Using the same assumptions and methodology as for Stage 1, however assuming the Stage 1 development at Settlement City has been completed, Table 9.5 highlights the main centres' turnover for 2016. It highlights that centres within Port Macquarie will continue to trade strongly, with centre's increasing their turnover from \$861.7 million in 2012 (post Settlement City Stage 1 expansion) to \$965.2 million should the Stage 2 development proceed, with trading levels increasing by 12% to almost \$5,700 sq.m.

Key Shopping Centres - Estimated Trading Performance (\$2008) **Table 9.5**

Suburb	Floorspace		Average Turnover (\$M)		Average Trading Level (\$/sq.m) ¹	
	2012 Sq.m	2016 sq.m	Stage 1 2012	Pre-Dev 2016	Stage 1 2012	Pre-Dev 2016
<u>Port Macquarie CBA Core</u>						
Port Central	14,600	14,600	79.3	89.2	5,430	6,110
Other CBD Core	33,800	33,800	174.2	193.8	5,150	5,730
<u>Settlement City Precinct</u>						
Settlement City	23,936	23,936	152.4	172.1	6,370	7,190
The Shores	4,200	4,200	17.0	19.4	4,060	4,620
Port Marina	600	600	3.2	3.7	5,410	6,140
Gordon Street	7,300	7,300	35.2	38.8	4,830	5,310
Munster Shopping Village	900	900	5.1	5.5	5,700	6,160
<u>Other Port Macquarie</u>						
Lake Innes SC	3,700	3,700	20.1	22.4	5,430	6,060
Lighthouse Plaza	4,000	4,000	38.5	41.3	9,630	10,330
Lighthouse Beach	1,100	1,100	6.3	6.7	5,690	6,130
Waniora Plaza	800	800	4.2	4.6	5,300	5,770
Flynn's Beach	900	900	5.0	5.4	5,510	5,980
Clifton Drive	1,300	1,300	6.6	7.7	5,120	5,900
Shelley Beach	200	200	1.2	1.3	5,830	6,250
<u>Other Hastings LGA</u>						
Lake Cathie	3,700	3,700	29.2	32.3	7,890	8,720
Wauchope	13,100	13,100	65.7	71.9	5,020	5,490
Lakewood Centre (West Haven)	4,200	4,200	26.3	29.1	6,260	6,920
Laurieton	10,700	10,700	49.7	56.2	4,650	5,250
Kings Creek	300	300	1.2	1.2	3,900	4,160
North Haven	400	400	2.1	2.3	5,190	5,840
Bonny Hills	500	500	2.4	2.7	4,870	5,440
Kew	200	200	1.5	1.6	7,320	8,090
Port Home Zone	16,500	16,500	55.4	64.0	3,360	3,880
Lake Road	20,200	20,200	58.4	67.4	2,890	3,340
Area 13 Development	<u>3,600</u>	<u>3,600</u>	<u>21.4</u>	<u>24.5</u>	<u>5,940</u>	<u>6,810</u>
Total	170,736	170,736	861.7	965.2	5,050	5,650

1. GLA based on Urbisretail definition (ie including cafes and restaurants). GLA excludes vacancies and excludes non-retail services and other non-retail (i.e. banks, doctors, fitness clubs, cinemas, offices).

Source : Property Council of Australia Shopping Centre Database 2008, Shopping Centre News, 2007 Mini Guns; Urbis

9.4.2 Impacts on Specific Centres – 2016

Again, using the same assumptions detailed in Stage 1 with distribution and market share tables located in Appendix Tables A9.3 and A9.4, Table 9.6 highlights the impacts on individual centres in 2016, should the Stage 2 development proceed. The main points to note include :

- All centres will trade well above their 2012 forecast turnover (average +11.3%).
- On average an impact of -0.4% will be felt on centres in comparison to what they would have achieved if Stage 2 of the Settlement City development did not proceed.
- The major impact will be felt on the CBA of around -0.5% or \$1.5 million.

Settlement City - Distribution of Impact on Key Centres, 2016 (\$2008, ex GST)

Table 9.6

Shopping Area	Est. Retail Turnover (\$M) ¹			Turnover Incr./Decr. (\$M)		IMPACT	
	Stage 1 2012 (1)	Pre-Exp ¹ 2016 (2)	Post Exp. 2016 (3)	Relative to:		Relative to:	
				Existing 2012 (4)=(3)-(1)	Pre-Exp 2016 (5)=(3)-(2)	2012 (6)=(4)/(1)	2016 (7)=(5)/(2)
Settlement City	152.4	172.1	176.1	+23.7	+4.0	n.a.	n.a.
<u>Competing Centres</u>							
Port Macquarie CBA	253.5	283.0	281.5	-146.7	-1.5	-57.9%	-0.5%
The Shores	17.0	19.4	19.3	+2.3	-0.1	+13.2%	-0.5%
Port Marina	3.2	3.7	3.7	+0.4	-0.0	+13.1%	-0.3%
Gordon Street	35.2	38.8	38.6	+3.4	-0.2	+9.6%	-0.4%
Munster Shopping Village	5.1	5.5	5.5	+0.4	-0.0	+7.8%	-0.3%
<u>Greater Port Macquarie</u>							
Lake Innes SC	20.1	22.4	22.4	+2.3	-0.1	+11.4%	-0.3%
Lighthouse Plaza	38.5	41.3	41.2	+2.6	-0.2	+6.9%	-0.4%
Lighthouse Beach	6.3	6.7	6.7	+0.5	-0.0	+7.2%	-0.4%
Waniora Plaza	4.2	4.6	4.6	+0.4	-0.0	+8.5%	-0.4%
Flynn's Beach	5.0	5.4	5.4	+0.4	-0.0	+8.2%	-0.4%
Clifton Drive	6.6	7.7	7.6	+1.0	-0.0	+15.0%	-0.3%
Shelley Beach	1.2	1.3	1.2	+0.1	-0.0	+6.9%	-0.3%
<u>Other Centres</u>							
Lake Cathie	29.2	32.3	32.2	+3.0	-0.1	+10.3%	-0.2%
Wauchope	65.7	71.9	71.8	+6.1	-0.2	+9.2%	-0.2%
Lakewood Centre (West Haven)	26.3	29.1	29.0	+2.7	-0.1	+10.2%	-0.2%
Laurieton	49.7	56.2	56.0	+6.3	-0.2	+12.6%	-0.3%
Kings Creek	1.2	1.2	1.2	+0.1	-0.0	+6.4%	-0.2%
North Haven	2.1	2.3	2.3	+0.3	-0.0	+12.0%	-0.3%
Bonny Hills	2.4	2.7	2.7	+0.3	-0.0	+11.3%	-0.3%
Kew	1.5	1.6	1.6	+0.2	-0.0	+10.4%	-0.1%
Port Home Zone	55.4	64.0	63.7	+8.3	-0.3	+14.9%	-0.5%
Lake Road	58.4	67.4	67.1	+8.7	-0.3	+14.9%	-0.5%
Area 13 Development	21.4	24.5	24.5	+3.1	-0.1	+14.3%	-0.3%
Total Above Centres	709.3	793.1	789.8	+80.5	-3.3	+11.3%	-0.4%
Other centres					-0.7		
Total Competing Centres					-4.0		

1. Year ending June

2. Turnover CHANGE is a comparison to current 2012 turnover

Turnover IMPACT is a comparison to expected turnover would otherwise be in the forecast year if the subject development did not occur.

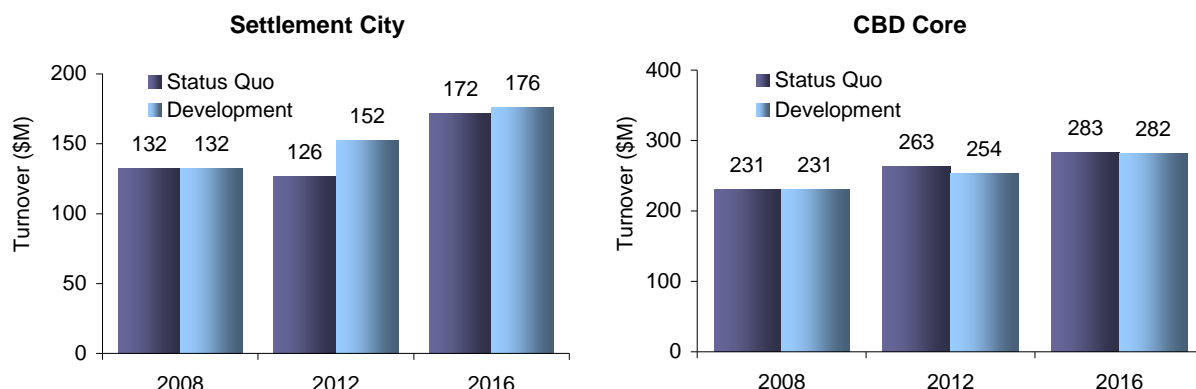
3. Excludes Settlement City

Source : Property Council 'NSW Shopping Centre Directory', 2002; 'Shopping Centre News 'Big Guns 2003'; Urbis

In conclusion, this approach provides a detailed assessment of the impacts resulting from the proposed redevelopment of Settlement City. It is clear from this analysis that the impacts should be negligible, especially compared with current trading levels, and that any negative effects are likely to be more than made good as a result of market growth. To emphasise this, Chart 9.1 highlights the Port Macquarie CBAs core turnover through each stage of developments. It is by far the most competitively relevant centre to Settlement City and yet is only marginally impacted through each stage of development. Settlement City on the other hand requires the proposed expansion in order to remain a viable functional centre and provide for the needs of locals and tourists into the future.

Settlement City and CBD Core : Forecast Centre Turnover

Chart 9.1



Source : Urbis

Despite impacts being minimal across the board, measures to restrict impacts on existing centres should involve changes and improvements which enhance the competitive positioning of centres and individual stores.

The extent that these measures improve the competitive position of individual stores is clearly in the hands of business operators and landlords, as would usually be the case in a competitive market environment.

In addition to private sector changes resulting from future competition, other measures to mitigate the effects of competition can also be introduced by the public sector. These could include the following :

- Traffic management improvements
- Landscaping and street beautification works
- Improved signage
- Improved carparking arrangements
- Encouragement of 'main street programs', including business centre management and marketing
- Development of urban design guidelines for property owners considering upgrading and improvements
- Facilitation of improved connectivity

Overall, the potential impacts of both Stage 1 and Stage 2 of the expansion are not significant and should not be cause of concern for council. The expansion proposed is part of being an operator in a competitive market and as such in order to remain competitive, Settlement requires an expansion.

9.5 Other Economic and Consumer Benefits

The proposed expansion of Settlement City will also have a number of specific benefits for consumers including :

- Significant improvements in the presentation of the centre to the public realm; including **improvements to traffic circulation on site, access to the centre** and a **more efficient layout**.
- The development of the **leisure precinct** including restaurants, new six-screen cinema complex and bowling will greatly improve the appeal of the centre and provide the community with greater entertainment options.
- Provide an **additional range of products and precincts**, through retailers not currently available within the trade area. The most obvious example is the addition of **food, homewares, and leisure precincts** and an extended range of fashion and other specialty retailers.
- Provide **additional choices** for consumers with greater competition with possible benefits in terms of price, competition and quality.
- The centre will remain a convenient option for residents with **ample carparking and access**. Residents will maintain their options between the CBA and Settlement City with existing differentiation still occurring, particularly in the apparel and convenience offering.
- An opportunity for **additional business and personal services**, to cater to the growing needs of the area.

These benefits meet the retail and entertainment needs identified in the structure plan including those of the community and tourists.

9.6 Employment Effects

The expansion of Settlement City as proposed would have a positive impact on employment levels both locally and in the broader economy. Employment generated by the expansion would result from :

- The construction of the project, estimated at \$77.5 million plus individual shop fit outs estimated at around \$8.5 million (Total \$86 million).
- Full-time and part-time employment of staff in the centre as part of the ongoing operation.

The employment generated by 16,704 sq.m of additional GLA will vary according to different retail and non-retail uses, with more labour intensive outlets such as specialty shops generating greater employment demand. Table 9.7 shows that based on employment surveys undertaken by this firm in other centres, we estimate the expansion of Settlement City would generate around 703 additional full-time and part-time positions.

Both direct and indirect employment impacts are measured using employment multipliers derived from the Australian National Accounts Input-Output tables, 1996-97. When using these multipliers, a number of issues need to be kept in mind :

- The multipliers reflect how the economy was structured in 1996-97. Since then, the structure of the economy has changed, and the actual impacts are likely to have changed.
- The multipliers are based on a static view of the economy, and do not consider price changes driven by changes in demand. This means that results from Input-Output multiplier analysis are likely to represent the upper bound of employment impacts.
- The multipliers are National multipliers, not regional. Therefore, while many of the directly created jobs will be filled by locals, many of the indirect jobs are likely to be filled elsewhere.

Settlement City - Direct Employment Impact of Proposal

Table 9.7

Type of Use	Employment Per '000 Sq.m	Settlement City Expansion Additional ¹	
	Industry Average	GLA (Sq.m)	Employment (Persons)
Retail Showrooms/Large Format Retail	23.5	3,610	85
Specialty Shops	60.7	3,123	190
Non retail/External	42.7	10,029	429
Total Property²		16,762	703

1. Takes into account reduced vacancies

2. Includes non-retail and external components. Excludes additional management, cleaning & security staff

Source : Urbis

While it is important to keep these assumptions in mind, it remains the case that the proposed development at Settlement City will have a positive direct employment impact in the region. While more difficult to measure precisely, there will also be significant positive indirect employment impacts for the region.

Using National Accounts data and estimated construction costs, we estimate the construction phase would generate the equivalent of 419 workers with a job for one year. With a longer development period, the number of jobs created for individual workers would be a lesser number, but for a longer period.

In addition to the direct employment generated through construction and ongoing centre employment, there are multiplier effects felt throughout the local, state and national economies. Multiplier effects result from increased demand for materials, services and products from a whole range of suppliers, and subsequent increased consumption generated by wages of new employees. The Input-Output multipliers (discussed above) are used to calculate the employment impacts presented in Table 9.8.

The direct employment generated by the centre as previously noted, is estimated at 419 job years from the construction project and a net increase of around 598 ongoing jobs at the centre. A total of some 1,017 jobs can therefore be directly attributed to the development of the centre. The multiplier effects would take the centre employment increase to around 1,073 ongoing jobs, in addition to 1,080 extra job years as a result of the construction phase.

While we do note there may be a small transfer of jobs from the local and wider region, given the general strong performance of retailing in Port Macquarie, we believe the effects will be minimal. In fact, the above analysis indicates substantial employment benefits from the proposed expansion. Many of the ongoing positions are likely to be taken by local residents, with positive benefits on youth employment.

Settlement City - Total Employment Impact of Proposal

Table 9.8

Development Option/ Type of Employment	Direct Employment	Supplier Employment Multiplier Effects	Total Jobs ²
Construction Phase	419	660	1,080
Centre Employment Increase ³	<u>598</u>	476	1,073
Total	1,017		

1. Total Employment - full-time, part-time and casual

2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects.

Jobs are for the equivalent of one year of employment.

3. Indicates the estimated number of ongoing jobs as a result of the proposed expansion (ie the floorspace increase)

Source : Urbis

Appendix A Additional Tables & Figures

[illegible]

[illegible]

Settlement City Key Socio-Economic Characteristics of the Trade Area Population, 2006

Table A5.1

Characteristics	Primary Trade Area			Secondary Trade Area			Main TA	Non-Metro NSW Average	Australia Average
	Central	West	Total	South	West	Total			
Household Income									
\$Nil	0%	1%	1%	2%	1%	1%	1%	1%	1%
\$1-\$26,000	26%	35%	29%	35%	28%	32%	30%	27%	21%
\$26,000-\$52,000	32%	34%	33%	33%	33%	33%	33%	29%	26%
\$52,000-\$88,400	25%	21%	24%	21%	26%	24%	24%	25%	27%
\$88,400 plus	16%	10%	14%	9%	12%	10%	12%	17%	25%
Average Household Income	\$55,030	\$44,687	\$51,163	\$44,656	\$50,652	\$47,237	\$49,730	\$56,063	\$67,525
Var'n from Non-Metro NSW Avg.	-1.8%	-20.3%	-8.7%	-20.3%	-9.7%	-15.7%	-11.3%	n.a.	+20.4%
Var'n from Australian Avg.	-18.5%	-33.8%	-24.2%	-33.9%	-25.0%	-30.0%	-26.4%	-17.0%	n.a.
Average Household Size	2.4	2.2	2.3	2.3	2.6	2.4	2.3	2.5	2.6
UR Personal Income									
\$Nil	6%	5%	5%	5%	7%	6%	6%	7%	8%
\$1 - \$20,800	44%	53%	48%	55%	48%	52%	49%	45%	37%
\$20,800 - \$41,600	28%	28%	28%	26%	30%	27%	28%	27%	27%
\$41,600 - \$83,200	18%	12%	16%	12%	14%	13%	15%	18%	22%
\$83,200 +	4%	3%	3%	2%	2%	2%	3%	4%	7%
UR Avg. Per Capita Income	\$23,247	\$20,643	\$22,329	\$19,531	\$19,469	\$19,501	\$21,254	\$22,511	\$26,191
UR Per Capita Income Var'n	+3.3%	-8.3%	-0.8%	-13.2%	-13.5%	-13.4%	-5.6%	+0.0%	
Age Distribution									
Aged 0-13	17%	14%	16%	15%	19%	17%	17%	19%	18%
Aged 14-24	12%	12%	12%	10%	13%	11%	12%	14%	15%
Aged 25-39	15%	15%	15%	12%	15%	13%	14%	17%	21%
Aged 40-59	28%	24%	26%	27%	30%	28%	27%	28%	28%
Aged 60+	28%	35%	30%	36%	23%	30%	30%	22%	18%
Average Age	42	46	43	46	40	43	43	39	37
Dependency Ratio ¹	40%	44%	41%	45%	37%	42%	42%	37%	33%
Housing Status									
Owner ²	42%	41%	41%	52%	43%	48%	44%	41%	35%
Purchaser ²	28%	22%	26%	24%	34%	28%	27%	31%	35%
Renter ²	29%	33%	30%	21%	22%	22%	27%	28%	29%
Housing Costs (% Income)									
Mortgage Repayments ³	32%	39%	34%	38%	32%	35%	34%	29%	27%
Rent Payments ³	20%	21%	20%	22%	17%	20%	20%	16%	16%
Car Ownership									
% 0 Cars	9%	15%	11%	9%	7%	8%	10%	10%	10%
% 1 Car	47%	50%	48%	48%	36%	43%	46%	40%	38%
% 2 Cars +	44%	35%	41%	43%	57%	49%	44%	51%	52%
Labour Force									
Labour Force Participation	56%	47%	52%	44%	57%	50%	51%	59%	65%
% Unemployed	8%	10%	8%	10%	8%	9%	9%	7%	5%
% White Collar Industries	73%	65%	70%	64%	62%	63%	67%	64%	68%
% Blue Collar Industries	27%	35%	30%	36%	38%	37%	33%	36%	32%
Birthplace									
Australian Born	87%	87%	87%	90%	92%	91%	89%	89%	76%
Overseas Born	13%	13%	13%	10%	8%	9%	11%	11%	24%
• Asia	1%	1%	1%	1%	1%	1%	1%	1%	6%
• Europe	8%	8%	8%	7%	5%	6%	7%	6%	10%
• Other	4%	4%	4%	2%	2%	2%	3%	3%	8%

1. Dependency ratio refers to the proportion of the population between 0-14 and over 65 years.

2. 'Other' Tenure Types have not been included.

3. As a percentage of household income.

Source : ABS Census of Population and Housing 2006, Cdata 2006; Urbis

Estimated Distribution of Total Retail Centre Turnover and Competitive Usage, 2008 (\$2008, ex GST) Table A9.1

Suburb	Est. Distribution of Turnover						Est. Market Shares				
	Primary		Secondary		Beyond		Primary		Secondary		Total
	PCTA	PWTA	SSTA	SWTA	TA	Total	PCTA	PWTA	SSTA	SWTA	TA
Settlement City	32%	20%	11%	10%	27%	100%	14.3%	16.4%	9.6%	10.8%	13.2%
Port Macquarie CBA	33%	16%	12%	10%	29%	100%	28.5%	27.6%	18.7%	18.8%	24.7%
The Shores	31%	19%	11%	10%	29%	100%	1.8%	2.1%	1.3%	1.4%	1.7%
Port Marina	32%	19%	11%	10%	28%	100%	0.3%	0.4%	0.2%	0.3%	0.3%
Gordon Street	47%	20%	10%	6%	17%	100%	6.0%	4.9%	2.6%	1.9%	4.4%
Munster Shopping Village	50%	23%	10%	6%	11%	100%	1.0%	0.9%	0.4%	0.3%	0.7%
Lake Innes SC	10%	49%	5%	25%	11%	100%	0.8%	7.5%	0.8%	4.9%	2.9%
Lighthouse Plaza	69%	5%	12%	3%	11%	100%	9.9%	1.3%	3.5%	1.0%	5.2%
Lighthouse Beach	69%	5%	12%	3%	11%	100%	1.6%	0.2%	0.6%	0.2%	0.8%
Waniora Plaza	68%	4%	12%	3%	12%	100%	1.0%	0.1%	0.4%	0.1%	0.5%
Flynn's Beach	69%	4%	3%	3%	22%	100%	1.2%	0.1%	0.1%	0.1%	0.6%
Clifton Drive	5%	74%	0%	5%	16%	100%	0.1%	3.5%	0.0%	0.3%	0.9%
Shelley Beach	70%	4%	3%	3%	21%	100%	0.3%	0.0%	0.0%	0.0%	0.1%
Lake Cathie	12%	13%	56%	2%	17%	100%	1.2%	2.5%	11.6%	0.5%	3.5%
Wauchope	4%	2%	0%	74%	19%	100%	0.8%	0.8%	0.0%	34.0%	6.3%
Lakewood Centre (West Have	12%	12%	56%	2%	18%	100%	1.1%	2.1%	10.4%	0.4%	3.1%
Laurieton	12%	12%	56%	2%	18%	100%	1.7%	3.2%	15.9%	0.7%	4.7%
Kings Creek	3%	2%	0%	80%	15%	100%	0.0%	0.0%	0.0%	1.0%	0.2%
North Haven	12%	12%	56%	2%	18%	100%	0.1%	0.2%	0.8%	0.0%	0.2%
Bonny Hills	12%	12%	56%	2%	18%	100%	0.1%	0.2%	1.0%	0.0%	0.3%
Kew	10%	5%	15%	5%	65%	100%	0.0%	0.0%	0.1%	0.1%	0.1%
Port Home Zone	32%	17%	13%	9%	29%	100%	5.7%	5.7%	4.7%	3.9%	5.2%
Lake Road	32%	17%	13%	9%	29%	100%	6.0%	6.1%	4.9%	4.1%	5.5%
Total Above Stores							84%	86%	87%	85%	85%
Other Stores							16%	14%	13%	15%	15%
Total							100%	100%	100%	100%	100%

Source: Urbis

Pre and Post Impact Total Market Shares, 2012 Table A9.2

Shopping Area	Est. Market Shares PRE DEVELOPMENT 2012					Est. Market Shares POST DEVELOPMENT 2012				
	Primary		Secondary		Total	Primary		Secondary		Total
	PCTA	PWTA	SSTA	SWTA		PCTA	PWTA	SSTA	SWTA	
Settlement City	13.2%	14.3%	8.8%	8.9%	11.8%	15.5%	17.2%	10.7%	11.6%	14.2%
Port Macquarie CBA	32.1%	29.5%	20.2%	18.6%	26.9%	30.8%	27.9%	19.7%	18.0%	25.7%
The Shores	1.7%	1.8%	1.2%	1.2%	1.5%	1.6%	1.8%	1.2%	1.2%	1.5%
Port Marina	0.3%	0.4%	0.2%	0.2%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%
Gordon Street	5.4%	4.0%	2.4%	1.4%	3.8%	5.2%	3.8%	2.3%	1.4%	3.7%
Munster Shopping Village	0.9%	0.7%	0.4%	0.2%	0.6%	0.8%	0.7%	0.4%	0.2%	0.6%
Lake Innes SC	0.7%	6.0%	0.7%	3.4%	2.3%	0.7%	5.8%	0.7%	3.3%	2.3%
Lighthouse Plaza	8.7%	1.0%	3.2%	0.7%	4.5%	8.4%	1.0%	3.1%	0.7%	4.4%
Lighthouse Beach	1.4%	0.2%	0.5%	0.1%	0.7%	1.4%	0.2%	0.5%	0.1%	0.7%
Waniora Plaza	0.9%	0.1%	0.3%	0.1%	0.5%	0.9%	0.1%	0.3%	0.1%	0.5%
Flynn's Beach	1.1%	0.1%	0.1%	0.1%	0.5%	1.1%	0.1%	0.1%	0.1%	0.5%
Clifton Drive	0.1%	2.9%	0.0%	0.2%	0.7%	0.1%	2.8%	0.0%	0.2%	0.7%
Shelley Beach	0.3%	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.0%	0.0%	0.1%
Lake Cathie	1.1%	2.0%	10.7%	0.3%	3.2%	1.0%	1.9%	10.4%	0.3%	3.1%
Wauchope	1.0%	1.0%	0.0%	38.3%	6.9%	0.9%	0.9%	0.0%	37.1%	6.7%
Lakewood Centre (West Haven)	1.0%	1.7%	9.6%	0.3%	2.8%	0.9%	1.6%	9.3%	0.3%	2.7%
Laurieton	1.9%	3.3%	17.8%	0.7%	5.3%	1.8%	3.2%	17.5%	0.6%	5.2%
Kings Creek	0.0%	0.0%	0.0%	0.7%	0.1%	0.0%	0.0%	0.0%	0.7%	0.1%
North Haven	0.1%	0.1%	0.7%	0.0%	0.2%	0.1%	0.1%	0.7%	0.0%	0.2%
Bonny Hills	0.1%	0.2%	0.9%	0.0%	0.3%	0.1%	0.2%	0.9%	0.0%	0.3%
Kew	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.1%
Port Home Zone	5.5%	5.5%	4.3%	3.7%	5.0%	5.4%	5.4%	4.2%	3.6%	4.9%
Lake Road	5.8%	5.8%	4.5%	3.9%	5.2%	5.7%	5.6%	4.5%	3.8%	5.1%
Area 13 Development	0.7%	6.5%	0.7%	4.3%	2.6%	0.7%	6.2%	0.7%	4.2%	2.5%
Other	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Above Stores	85%	88%	88%	89%	87%	85%	88%	89%	89%	87%
Other Centres	15%	12%	12%	11%	13%	15%	12%	11%	11%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Urbis

Estimated Distribution of Total Retail Centre Turnover and Competitive Usage, 2016 (\$2008, ex GST) Table A9.3

Suburb	Est. Distribution of Turnover						Est. Market Shares				
	Primary		Secondary		Beyond		Primary		Secondary		Total
	PCTA	PWTA	SSTA	SWTA	TA	Total	PCTA	PWTA	SSTA	SWTA	
Settlement City	32%	19%	11%	10%	28%	100%	15.5%	17.2%	10.7%	11.6%	14.2%
Port Macquarie CBA	37%	18%	12%	9%	23%	100%	30.2%	28.2%	19.8%	18.1%	25.9%
The Shores	30%	18%	11%	9%	33%	100%	1.6%	1.8%	1.2%	1.2%	1.5%
Port Marina	31%	18%	11%	9%	32%	100%	0.3%	0.3%	0.2%	0.2%	0.3%
Gordon Street	46%	18%	11%	5%	20%	100%	5.2%	3.8%	2.3%	1.4%	3.7%
Munster Shopping Village	51%	22%	11%	5%	12%	100%	0.8%	0.7%	0.4%	0.2%	0.6%
Lake Innes SC	11%	49%	6%	21%	13%	100%	0.7%	5.8%	0.7%	3.3%	2.3%
Lighthouse Plaza	68%	4%	13%	2%	12%	100%	8.4%	1.0%	3.1%	0.7%	4.4%
Lighthouse Beach	68%	4%	13%	2%	13%	100%	1.4%	0.2%	0.5%	0.1%	0.7%
Waniora Plaza	67%	4%	13%	2%	14%	100%	0.9%	0.1%	0.3%	0.1%	0.5%
Flynn's Beach	66%	3%	3%	2%	25%	100%	1.1%	0.1%	0.1%	0.1%	0.5%
Clifton Drive	5%	72%	0%	4%	19%	100%	0.1%	2.8%	0.0%	0.2%	0.7%
Shelley Beach	67%	4%	3%	2%	24%	100%	0.3%	0.0%	0.0%	0.0%	0.1%
Lake Cathie	11%	11%	57%	1%	19%	100%	1.0%	1.9%	10.4%	0.3%	3.1%
Wauchope	4%	2%	0%	72%	21%	100%	1.0%	0.9%	0.0%	37.5%	6.8%
Lakewood Centre (West Have	11%	11%	57%	1%	20%	100%	0.9%	1.6%	9.3%	0.3%	2.7%
Laurieton	11%	11%	56%	2%	19%	100%	1.8%	3.2%	17.5%	0.6%	5.2%
Kings Creek	4%	2%	0%	75%	19%	100%	0.0%	0.0%	0.0%	0.7%	0.1%
North Haven	11%	11%	56%	2%	20%	100%	0.1%	0.1%	0.7%	0.0%	0.2%
Bonny Hills	11%	11%	56%	2%	20%	100%	0.1%	0.2%	0.9%	0.0%	0.3%
Kew	9%	4%	14%	3%	70%	100%	0.0%	0.0%	0.1%	0.0%	0.1%
Port Home Zone	31%	17%	12%	8%	32%	100%	5.4%	5.4%	4.2%	3.6%	4.9%
Lake Road	31%	17%	12%	8%	32%	100%	5.7%	5.6%	4.5%	3.8%	5.1%
Area 13 Development	10%	50%	5%	25%	10%	100%	0.7%	6.5%	0.7%	4.3%	2.6%
Total Above Stores							83%	87%	88%	89%	86%
Other Stores							17%	13%	12%	11%	14%
Total							100%	100%	100%	100%	100%

Source: Urbis

Pre and Post Impact Total Market Shares, 2016

Table A9.4

Shopping Area	Est. Market Shares PRE DEVELOPMENT 2016					Est. Market Shares POST DEVELOPMENT 2016				
	Primary		Secondary		Total	Primary		Secondary		Total
	PCTA	PWTA	SSTA	SWTA		PCTA	PWTA	SSTA	SWTA	
Settlement City	15.4%	17.1%	10.6%	11.5%	14.2%	16.0%	17.6%	11.0%	11.9%	14.6%
Port Macquarie CBA	30.6%	27.9%	19.6%	18.0%	25.6%	30.4%	27.7%	19.6%	18.0%	25.5%
The Shores	1.6%	1.8%	1.2%	1.2%	1.5%	1.6%	1.8%	1.2%	1.2%	1.5%
Port Marina	0.3%	0.3%	0.2%	0.2%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%
Gordon Street	5.1%	3.7%	2.3%	1.4%	3.6%	5.1%	3.7%	2.3%	1.4%	3.6%
Munster Shopping Village	0.8%	0.6%	0.3%	0.2%	0.6%	0.8%	0.6%	0.3%	0.2%	0.6%
Lake Innes SC	0.7%	5.6%	0.7%	3.2%	2.2%	0.7%	5.6%	0.7%	3.2%	2.2%
Lighthouse Plaza	8.1%	1.0%	3.0%	0.7%	4.2%	8.1%	0.9%	3.0%	0.7%	4.1%
Lighthouse Beach	1.3%	0.2%	0.5%	0.1%	0.7%	1.3%	0.2%	0.5%	0.1%	0.7%
Waniora Plaza	0.9%	0.1%	0.3%	0.1%	0.5%	0.9%	0.1%	0.3%	0.1%	0.5%
Flynn's Beach	1.0%	0.1%	0.1%	0.1%	0.5%	1.0%	0.1%	0.1%	0.1%	0.5%
Clifton Drive	0.1%	2.7%	0.0%	0.2%	0.7%	0.1%	2.7%	0.0%	0.2%	0.7%
Shelley Beach	0.2%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.0%	0.0%	0.1%
Lake Cathie	1.0%	1.9%	10.1%	0.3%	3.0%	1.0%	1.9%	10.1%	0.3%	3.0%
Wauchope	0.9%	0.9%	0.0%	36.9%	6.5%	0.9%	0.9%	0.0%	36.8%	6.5%
Lakewood Centre (West Haven)	0.9%	1.6%	9.1%	0.3%	2.7%	0.9%	1.6%	9.1%	0.3%	2.7%
Laurieton	1.8%	3.2%	17.3%	0.6%	5.2%	1.8%	3.2%	17.3%	0.6%	5.2%
Kings Creek	0.0%	0.0%	0.0%	0.7%	0.1%	0.0%	0.0%	0.0%	0.7%	0.1%
North Haven	0.1%	0.1%	0.7%	0.0%	0.2%	0.1%	0.1%	0.7%	0.0%	0.2%
Bonny Hills	0.1%	0.2%	0.8%	0.0%	0.3%	0.1%	0.2%	0.8%	0.0%	0.3%
Kew	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.1%
Port Home Zone	5.6%	5.5%	4.3%	3.7%	5.0%	5.5%	5.4%	4.3%	3.7%	5.0%
Lake Road	5.9%	5.8%	4.6%	3.9%	5.3%	5.8%	5.7%	4.6%	3.9%	5.2%
Area 13 Development	0.7%	6.3%	0.7%	4.2%	2.6%	0.7%	6.3%	0.7%	4.2%	2.6%
Other	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Above Stores	84%	88%	88%	89%	86%	84%	88%	88%	89%	87%
Other Centres	16%	12%	12%	11%	14%	16%	12%	12%	11%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Urbis

Definitions

The following definitions have been adopted for the purposes of this report :

1. **Retail** refers to the Australian Bureau of Statistics (ABS) definition adopted for the purposes of the 1991/92 Retail and Services Census, with some minor exclusions. This definition includes Total Shopfront Retailing less garden supplies and marine equipment. Motor vehicle and related retailers are also excluded. This definition has been adopted for the purposes of detailing the retail market using the ABS Household Expenditure Survey (HES), and also for categorising shopping centre turnover and tenancy details.
2. **Non-Retail** therefore refers to various store types, services and expenditure categories, not included in the appropriate Australian & New Zealand Standard Industrial Classification (ANZSIC) included within the scope of the latest Retail and Services Census. The non-retail component includes the following tenancy types:

▪ Amusements	▪ Garden Supplies
▪ Appliance Rental	▪ Lottery & Gaming
▪ Auto Accessories	▪ Marine Equipment
▪ Banks and Building Societies	▪ Medical and Dental Services
▪ Cinemas	▪ Offices
▪ Equipment Hire	▪ Post Office
▪ Financial and Property Services	▪ Travel Agency

In addition to the above tenant types which are quite often found in shopping centres, facilities such as garden supplies, builders supplies, and similar businesses which are predominantly wholesale, are usually treated entirely as non-retail stores, despite the fact that a proportion of the business may be retail orientated.

3. The **Food & Groceries (F&G)** market refers to the market relevant to supermarkets, and comprises spending on take home food and groceries. Some non supermarket traders, including fresh food specialties, milk bars and convenience stores and to a limited extent non-food stores such as Discount Department Stores (DDSs), also compete for F&G spending. The F&G category includes food items only and therefore does not include the general merchandise items sold in supermarkets. The F&G category also excludes spending on liquor. Where a specific supermarket competes for bottled liquor spending, the analysis takes this component into account separately.
4. **The Department Store Type Merchandise (DSTM)** market specifically refers to the market relevant to department stores and DDSs. It comprises expenditure on department store and DDS type merchandise, all of which is included in the defined retail market. More specifically it comprises expenditure on :
 - Clothing and Accessories including all clothing, footwear, clothing accessories, jewellery and cosmetics.
 - Furniture, Floor Coverings and Major Electrical including all furniture, floor coverings, televisions, refrigerators, and other large electrical appliances.
 - General Merchandise including books, printed material, toys, hardware items, small electrical appliances, bikes, photographic equipment, etc.

This category excludes spending on food items which these stores also stock, such as confectionery, soft drinks, tobacco, tea and coffee and other consumable items.
5. **Financial Years.** Analysis throughout this report relates to financial years (ending June) unless otherwise specified.

Abbreviations

The following abbreviations are used in this report :

ABS	Australian Bureau of Statistics
ANZSIC	Australian & New Zealand Standard Industrial Classification
CBA	Central Business District
CCD	Census Collect or District
DDS	Discount Department Store
DoP	Department of Planning
DSTM	Department Store Type Merchandise
EA	Environmental Assessment
EIA	Economic Impact Assessment
F&G	Food & Groceries
GLA	Gross Leasable Area
GST	Goods and Services Tax
HES	Household Expenditure Survey
LES	Local Environment Study
NDAs	New Dwelling Approvals
SD	Statistical Division

Goods and Services Tax (GST)

The tax package has had differential effects on turnover by various categories of retailers as a result of changes in prices and consumer demand.

These effects have been estimated by Urbis and from 2001 the spending market and turnover forecasts presented in this report are exclusive of GST.

MarketInfo

Spending estimates provided in this report are based on the MarketInfo 2007 micro simulation model developed by MDS Market Data Systems. MarketInfo 2007 is based on the Household Expenditure Survey and Australian National Accounts. Given that the estimates are based on survey data they will be subject to sampling variability.