CONSULTING

Appendix

F

Economic Report

MARKET ANALYSIS

PROPOSED CABARITA RETAIL CENTRE

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The sole purpose of this report is to provide W.A. Stockwell Pty Ltd (the Client) with information in accordance with Foresight Partners Pty Ltd's scope of services set out in its proposal to the Client.

Foresight Partners has relied upon information relevant to this report provided by government agencies, the Client and others. Except as otherwise stated in the report, Foresight Partners has not attempted to verify the accuracy or completeness of such information.

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1 Introduction

W.A. Stockwell Pty Ltd are considering the development of a shopping centre on Tweed Coast Road in Cabarita Beach. The site is within the Business Precinct under the Tweed Shire Council's Locality Plan for the Bogangar/Cabarita Beach Community. The site is currently used by a mix of business including a service station, post office and a motel.

The proposal for the site includes the development of a 2,608 m^2 supermarket, 1,101 m^2 of speciality stores, 678 m^2 of commercial space and 18 residential units above the development.

1.1 PURPOSE OF REPORT AND METHODOLOGY

Foresight Partners Pty Ltd was commissioned by W.A. Stockwell to provide advice on:

- the centre's likely trade area;
- existing and likely future competitive centres in and near this trade area;
- population growth prospects within the trade area and the demographic characteristics of the area; and
- centre turnover likely to be achievable on the proposed site.

Investigations undertaken to form this advice included:

- a determination of the centre's likely trade area based upon the location and function of competitive centres, the coastal road network and patterns of residential development;
- a review of population growth and household formation trends within this trade area. Forecasts of future population and households were produced based on small area dwelling approval trends, medium series population forecasts prepared by the New South Wales Government Department of Planning, discussions with Tweed Shire Council and a reconnaissance of housing development in the area;
- socio-economic characteristics of the trade area's population were compiled from the first release of the 2006 Census and interpreted in terms of retail demand and propensity to spend on various goods and services;
- estimation of the pool of retail expenditure potential available from the trade area households at June 2006 (the base year for this analysis) and forecasts of how this pool will increase (in constant June 2006 dollars) over an ten year period to June 2016; and
- the market share and turnover likely to be achieved by the centre.

The results of these investigations are presented in the following sections.

2 Retail Network

2.1 TWEED SHIRE PLANNING

The Tweed Shire has a Retail Strategy (September 2005) which aims to sustain and reinforce the nature of towns and villages in the Shire and to cater for growing retail needs of its communities. The extract below summarises the acceptable retail mix of the communities in the Tweed Shire area.

Table 4.1
Retail Strategy Matrix

	Tweed Heads	Tweed Heads South	Tweed Heads West	Bilambil/Bilambil Heights	Area E	Banora Point	Fingal	Chinderah	Kingscliff	Salt / Casuarina	Cabarita	Hastings Point	Pottsville	Murwillumbah	Emerging Communities (includes potential new centres in Tweed Shire)
Chore Retail (major supermarket)	ER	■	ER	ER	ER	ER	•	ER	■	ER	•	•	ER	■	ER
Impulse Retail	■	■	■	■	■	■	■	ER	■	■	■	■	■	■	■
Personal Retail	■	■	■	■	■	■	■	ER	■	■	■	■	■	■	■
Homewares Retail/Bulky Goods	ER	■	•	•	•	•	•	■	ER	•	•	•	•	ER	•
Retail Services	■	■	■	■	■	■	■	ER	■	■	■	■	■	■	■
Professional Services	■	■	■	■	■	■	■	ER	■	■	■	■	■	■	■
General Commercial Office	■	■	•	•	•	•	•	ER	■	•	•	•	•	■	•
Industry	■	■	•	•	•	•	•	ER	ER	•	•	•	•	■	•
Recreation	■	■	•	•	•	•	•	•	ER	•	•	•	•	■	•
Entertainment/Leisure	■	■	•	•	•	•	•	•	ER	•	•	•	•	■	•
Indended Catchment	Tweed Heads & south Gold Coast	Urban North & south Gold Coast	Local and nearby towns	Local	Local	Local and nearby suburbs	Local	Coastal and Rural west (part)	North Tweed Coast and tourists	Local	Local	Local	Local	Rural West	Local

Key

■	Acceptable
•	Unacceptable
ER	Economic Review Required

For the Tweed Coast area from Kingscliffe south to Pottsville, the Retail Strategy:

- identifies Kingscliffe as the major 'Chore Retail' centre, which is to cater to the type of shopping associated with the regular weekly or fortnightly trip to a major supermarket ('major supermarket' is not defined in the retail strategy);
- indicates that Kingscliffe could have the capacity to support another supermarket and would be an acceptable development;
- indicates that should the economic conditions and population change sufficiently around the communities of Pottsville and Salt-Casuarina, other 'Chore Retail' centres may be required;

- designates Cabarita as 'unacceptable' for Chore Retail development but 'acceptable' for 'Impulse Retail', which is intended to serve '*...the short-term, immediate needs of the household and often is provided in local shopping groups. This can include small supermarkets, food services retailers, bakers, newsagencies and video shops*' (page 3).

The Retail Strategy does not define either 'major' or 'small' supermarkets. The proposed 2,608 m² supermarket is not a *full-line* supermarket and would not meet the chore shopping needs of all residents, and presumably it would not constitute a major supermarket, at least in terms of size and intended function.

The proposed supermarket and associated tenancies would cater to the immediate food shopping needs, including top-up and some of the chore, weekly/fortnightly food shopping, but whether Council would consider it a 'small' supermarket is uncertain.

2.2 EXISTING RETAIL FACILITIES

2.2.1 Supermarkets

The Tweed Shire area is currently serviced by supermarkets in Kingscliffe, Tweed Heads and Murwillumbah. Kingscliffe offers the nearest major supermarket (Woolworths) to the Cabarita area, and is approximately ten kilometres travel distance north of Cabarita. The next nearest major supermarket to the west or south is a Murwilllumbah, about 20 kilometres by road from Cabarita.

2.2.2 Convenience Stores

A number of convenience stores are located within the coastal communities south of Kingscliffe.

The developing community of Salt is the first community south of Kingscliffe and has an small IGA Express for convenience shopping.

Cabarita Beach/Bogangar is located along the Tweed Coast Way ten kilometres south of Kingscliffe. The community has a 7-2-7 convenience store and a range of other services including a butcher, green grocer, newsagent/Post Office as well as a number of restaurants and bakeries.

Hastings Point, about five km south of Cabarita Beach along the Tweed Coast Way, is primarily serviced by the Hastings Point General Store.

The last village along the Tweed Coast Way is Pottsville. It is approximately 2.5 kilometres south of Hastings Point and currently has two convenience centres. The first is the village centre only has a small general store but nevertheless offers a slightly larger range of services and stores than presently offered at Cabarita Beach/Bogangar. The other convenience centre is located in Pottsville Waters and is anchored by a Foodworks.

2.3 PROPOSED AND APPROVED DEVELOPMENTS

2.3.1 Retail Developments

A number of potential retail developments are proposed within the Tweed Coast area.

There is currently a proposal for the development of a second supermarket in Kingscliffe on a site adjoining the Woolworths supermarket centre on Turnock Street. Discussions with Tweed Council indicate that it has no issues with the development of a second supermarket. The developer however wishes to include a discount department store as part of the development and the matter is being resolved by the courts.

DDS Kingscliffe

A 500 m^2 IGA has been approved for development in the Pottsville village centre. Council expects that, ultimately, a larger supermarket will be developed in Pottsville, most likely in the Seabreeze development west of the village centre.

Casuarina Beach is expected to incorporate a supermarket when the village centre is developed. Council is expecting that this supermarket will be around 1,000 m^2. However, it is understood that a supermarket of approximately 2,500 m^2 is likely to be sought by the developer.

The large Kings Forest development behind Casuarina Beach is also expected to eventually seek to include a supermarket based centre.

2.3.2 Residential Developments

Several major residential developments are underway, approved or proposed along the Tweed Coast. The two major areas of development are south of Kingscliffe (to the Cudgen National Park) and around Pottsville.

South of Kingscliffe

The Salt residential development is progressing rapidly, as have the resort developments of Peppers and Mantra. About a third of the 450 residential lots appears to be about a third completed with detached dwellings and the project's interactive masterplan indicates that over 50% of the residential lots appear to be sold.

Seaside City is located between Salt and Casuarina Beach. The commencement of this development was announced in the last week of June 2007. It is believed that the development will consist of approximately 100 houses and 700 units.

Casuarina Beach is the next residential development along the coast. All of the residential portions of the development appear to be underway with the retail and commercial component to be last stage of the development.

Kings Forest is a very large residential development (approximately 4,000 lots) by Leda Properties and is located behind Casuarina Beach and Cudgen Creek.

This development has no set starting date but has been included in the Shire's planning framework. Part of the site near Cudgen Lake is currently the subject of litigation regarding ownership.

Cudgen Lake is a proposed residential development by Austcorp, just to the south of Kings Forest on the northern side Cudgen Lake. (Bogangar/Cabarita is located at the southern side of the Cudgen Lake). Development of this site has been held up with disputes over ownership and development approval of the site. The development is unlikely to occur until after work has started on Kings Forest. The development is expected to cater for approximately 900 dwellings on 100 of the 288 hectare site.

Pottsville

Koala Beach is north of Pottsville behind Cudgera Creek just after the Hastings Point Community. This development is estimated to consist of 500 lots and appears to be over 50 percent developed. Council will shortly build a link road between Koala Beach and Seabreeze. This link road will allow for access to the Pacific Highway for the development via Cudgera Creek to the south rather than going through Pottsville to the south or passing through Cabarita to Clothiers Creek in the north.

Seabreeze is a development that is occurring to the west of Pottsville. This development is estimated to be of 800 lots, and will include a number of townhouses. The development appears to be almost a quarter developed.

Dunloe Park is expected to become an investigation area to the south of Seabreeze and behind the existing Pottsville Waters development and below the quarry to the south west of Pottsville.

Black Rocks is a development that is occurring south of Pottsville Waters and off the Coast Road along Overall Drive. This project marks the southern limit of development in the area and is almost completed with work just starting on the final 68 lots.

Figure 3.1 in the next section shows the locations of existing and proposed retail centres and residential developments in the area south of Kingscliffe.

3 Market Fundamentals

Population growth and increases in available retail spending potential will drive the need for additional retail shops and services in Cabarita and surrounding areas. This section sets out the expected trade area of the proposed centre, its population characteristics, growth potential and available retail expenditure.

3.1 POPULATION AND HOUSEHOLD CHARACTERISTICS

The information presented below is based on the 2001 and 2006 Censuses, unpublished dwelling approvals data by census collector district, and population forecasts prepared by the New South Wales Government's Department of Planning. Projections also incorporate portions of the future dwellings expected in planned and proposed developments over the next ten years.

3.1.1 Trade area defined

The trade area for the proposed Cabarita centre will draw the majority of its customers from a large, but linear, geographic area. Figure 3.1 shows this trade area, from which the centre is likely to draw the majority of its customers. It is defined by census collector district boundaries and includes:

- a primary area comprising the Cabarita/Bogangar Community. This area is relatively compact because of surrounding national park areas;
- a secondary north area includes areas north and west of Cabarita/Bogangar, including the developments of Salt and Casuarina Beach and the proposed developments of Seaside City, Kings Forest and Cudgen Lake; and
- a secondary south area includes the areas south and west of Cabarita/Bogangar. The area includes Wooyung in the south and Mooball in the southwest. Most of the population, however, is located in the Pottsville and Hasting Point areas, and the developing areas of Koala Beach, Seabreeze, Black Rocks and Dunloe Park.

The secondary areas are geographically extensive because of the very large rural and park areas encompassed by the census collector districts. However, the majority of their populations are concentrated along the coastal strip.

3.1.2 Population and households

The trade area had an estimated population of 9,031 people in 3,568 occupied private dwellings at the time of the 2001 census. At the 2006 Census, the area had grown to 10,803 people in 4,202 private dwellings. As shown in Table 3.1, the trade area population is forecast to reach:

- 16,280 persons in 6,250 households by June 2010;

- 18,600 persons in 7,120 household in 2012;
- 20,610 persons in 7,910 households in 2014; and
- 22,490 persons in 8,680 household in 2016.

Over the ten year forecast period, the trade area is forecast to gain 11,687 new residents in over 4,478 additional households. Very little of this growth is expected within the primary trade area, given its relatively small area (a function of census collector district boundaries and national park areas). About 70% of the forecast increase will occur in the secondary north area, with the secondary south area generating about 27% of the population increase.

These forecasts are dependent upon the actual rates of development in a number of the larger new residential estates planned for the area, such as Cudgen Lake (900 lots), Kings Forest (4,000 lots) and Casurina Beach (1,600 lots), to the north of Cabarita. Consequently, there is some uncertainty as to how quickly the secondary areas will actually grow over the next five years or so. The forecasts in Table 3.1 incorporate the following assumptions regarding the level of housing competed in these major residential projects by 2016.

Secondary north area

- Salt—750 of the 900 houses and units completed (83%);
- Seaside City—650 of 803 houses and units completed (75%);
- Casuarina—1,300 of 1,600 houses and units completed (81%);
- Kings Forest—500 of 4,000 houses completed (13%);
- Cudgen Lake—90 of 900 houses completed (10%);

Secondary south area

- Koala Beach—500 houses completed (100%);
- Seabreeze—800 houses complete (100%);
- Black Rock—168 houses complete (100%);
- Dunloe Park—160 of 800 houses complete (20%).

Figure 3.1: Cabarita Trade Area and Retail and Residential Developments

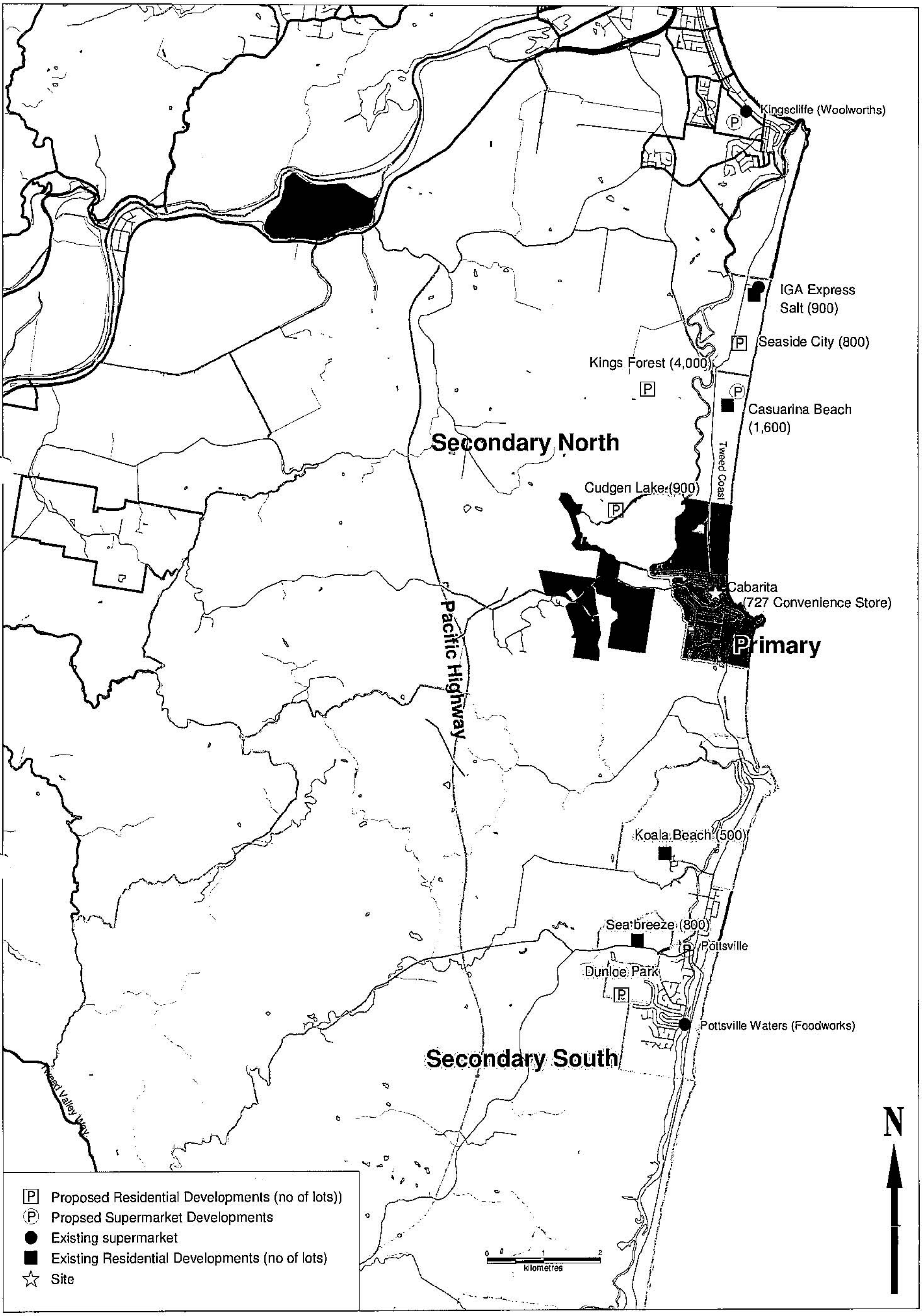


Table 3.1 Estimated population and households, Cabarita trade area, June 2001 to June 2016

Trade areas	*2001*	*Incr. p.a.*	*2006*	*Incr. p.a.*	*2010*	*Inc. p.a.*	*2012*	*Inc. p.a.*	*2014*	*Inc. p.a.*	*2016*
Primary area											
Population	2,990	13	3,056	41	3,220	30	3,280	15	3,310	15	3,340
Occupied dwellings	1,161	5	1,185	21	1,270	15	1,300	10	1320	10	1,340
Persons per dwelling	2.58		2.58		2.54		2.52		2.51		2.49
Secondary North											
Population	1,112	131	1,766	824	5,060	845	6,750	835	8,420	775	9,970
Occupied dwellings	421	40	620	295	1,800	310	2,420	310	3040	300	3,640
Persons per dwelling	2.64		2.85		2.81		2.79		2.77		2.74
Secondary South											
Population	4,929	210	5,981	505	8,000	285	8,570	155	8,880	150	9,180
Occupied dwellings	1,986	82	2,397	196	3,180	110	3,400	75	3550	75	3,700
Persons per dwelling	2.48		2.50		2.52		2.52		2.50		2.48
Total trade area											
Population	9,031	354	10,803	1,369	16,280	1,160	18,600	1,005	20610	940	22,490
Occupied dwellings	3,568	127	4,202	512	6,250	435	7,120	395	7910	385	8,680
Persons per dwelling	2.53		2.57		2.60		2.61		2.61		2.59
Ave annual growth rates		**2001-06**		**2007-10**		**2010-12**		**2012-14**		**2014-16**	
Population (%)		3.6%		10.8%		6.9%		5.3%		4.5%	
Households (%)		3.3%		10.4%		6.7%		5.4%		4.8%	

Source: Australian Bureau of Statistics CDATA 2001; Census 2006; Transport and Population Data Centre (TPDL), NSW Department of Development and Planning; Foresight Partners estimates.

3.2 TRADE AREA SOCIO-ECONOMIC CHARACTERISTICS

Selected socio-economic characteristics of the trade area population as at the 2006 Census are shown in Table 3.2. Benchmark data has been included for the Richmond-Tweed Statistical Division and for New South Wales. Key points are:

- The trade area's age profile is notable in that it has both a higher proportion of people aged 14 and under, and aged 65+ compared to the NSW average. This reflects the influx of new families into the area, and especially in the secondary north area, where almost a quarter of its population is aged 14 and under. This area also has the lowest proportion of retirement aged people (7% compared to 15% for the total trade area).
- The trade area has a higher proportion of families comprised of couples without children and one parent households relative to the whole of NSW. The secondary north area is the exception, with over 41% of its households consisting of couples with children compared to 34% for NSW and 30% for the total trade area. This further suggests the attraction of the secondary north area for young families.
- Unemployment data is currently unavailable from the 2006 Census but Small Area Labour Market unemployment data indicate that unemployment rate for the Tweed Shire in June 2006 was 7.6%, which is above the New South Wales figure of 5.1%. More recent figures (March 2007) indicates that the Tweed Shire unemployment rate has fallen to 6.4%, but is still above the NSW rate of 5.2%.
- Average annual household income in the trade area is $53,024, which is about 18% below the NSW average of $64,834, but about 11% above that of the Richmond-Tweed SD ($47,848). The secondary north area's average household income of $79,387 is well above average, reflecting its more youthful population. The future second release 2006 Census data is likely to show that this area has an above average number of employed persons per household contributing to this well above average figure.
- The average annual household income for the primary ($48,661) and secondary south ($48,493) trade areas are slightly higher then those for the Richmond-Tweed SD ($47,848).
- Over 88% of the housing stock consists of detached/semi-detached houses compared to 81% for the whole of NSW (86% for the Richmond-Tweed SD). Almost all secondary north housing consisted of this type of dwelling at the 2006 Census, although unit development has occurred since then. The secondary south area is notable for the high proportion (10.6%) of its permanently occupied housing consisting of caravans/other.

- The trade area has a very high level of mobility with over half of all households owning two or more motor vehicles, mainly due to the influence of the secondary north area, where 72% of all households have two or more vehicles.
- Less than 6% of trade area households (7.5% in the primary area) are without a vehicle compared to 9% and 12% for the Richmond-Tweed SD and NSW, respectively.

3.2.1 Summary and implications

With respect to the propensity to use retail facilities, trade area socio-economic characteristics indicate:

- the secondary north area has a relatively young population dominated by couples with young children. Its households have well above average incomes, with a concomitant means to purchase retail goods and services at above the average for rest of the trade area, the Richmond-Tweed Statistical Division and New South Wales, with spending on food, apparel and homewares likely to be high and sustained.
- The primary and secondary south areas have an older age profile and lower household incomes. This indicates that spending on household goods will be lower than the NSW average, with a greater propensity to spend proportionately more on take home food and less on meals out-take away and apparel. This is likely to change over time as new residential areas attract new families to the area.

Table 3.2: Summary of selected socio-economic characteristics, 2006, Cabarita trade area

	Primary area	*Secondary North*	*Secondary South*	*Total trade area*	*Richmond -Tweed Stat. Div*	*NSW*
AGE (= 100%)						
0–14	23.2	24.9	21.8	22.7	19.2	19.9
15-24	11.6	10.8	9.4	10.3	11.4	13.3
25-44	26.2	28.7	23.8	25.3	22.8	28.2
45-64	25.0	28.4	27.4	26.8	27.8	24.7
65 +	14.0	7.3	17.6	14.9	18.8	13.8
FAMILY TYPE						
Couples with children	28.6	41.4	28.4	30.3	26.3	33.6
Couples without children	25.0	32.5	32.8	30.5	28.9	25.7
One parent household	18.3	8.2	13.4	14.1	12.6	11.1
Other Family Household	0.5	1.0	0.2	0.4	0.9	1.2
Lone person household	23.7	13.4	23.0	21.8	27.2	24.6
Group / other household	3.9	3.5	2.3	2.9	4.2	3.8
HOUSEHOLD INCOME (%)						

	Primary area	*Secondary North*	*Secondary South*	*Total trade area*	*Richmond -Tweed Stat. Div*	*NSW*
\$0–\$26,000	27.7	12.3	29.5	26.5	30.1	22.6
\$26,001–\$52,000	33.7	21.3	31.9	30.9	33.0	25.4
\$52,001-\$104,000	31.3	38.1	30.1	31.6	28.7	31.7
\$104,000 +	7.3	28.3	8.5	11.0	8.2	20.4
Average income (2006 \$ values)	\$48,661	\$79,387	\$48,493	\$53,024	\$47,848	\$64,834
DWELLINGS (%)						
Detached/semi-detached	88.5	98.8	85.2	88.1	86.1	81.2
Flats/units	9.5	0.0	4.2	5.1	9.8	17.7
Caravan/other	2.0	1.2	10.6	6.7	4.1	1.1
Owned/purchasing	59.8	71.0	68.4	66.3	70.1	68.7
MOBILITY (=100%)						
No car	7.5	2.2	5.6	5.6	9.2	12.1
1 car	44.9	26.0	46.5	43.0	43.4	39.9
2 or more cars	47.6	71.8	48.0	51.3	47.4	48.0

Source: Australian Bureau of Statistics 2006 Census

3.3 RETAIL EXPENDITURE POTENTIAL

Average household retail expenditure levels for trade area households were derived using household income data from the 2006 Census, the 2003-04 Household Expenditure Survey, and National and State Accounts data on final household consumption published by the Australian Bureau of Statistics (ABS). Dollar values from these sources were inflated to common June 2006 values using Sydney Consumer Price Index and other data.

Average household retail expenditures consist of four broad categories:

- take home food - which includes food expenditure at supermarkets, grocery stores, greengrocers, butchers, bakers, tobacconists, delis and bottle shops;
- meals out-take away food - including restaurants, takeaways, cafes and coffee shops;
- apparel - clothing and footwear, including hire services; and
- homewares/services - includes chemists, newsagents, hardware, homewares, durable goods and non-food goods and personal services (e.g. hairdresser, video hire, dry-cleaning). This also includes non-food merchandise sold in supermarkets and other food stores, such as paper and plastic products, pet food/supplies and health and beauty merchandise.

Table 3.3 sets out estimates of the average household retail expenditure for the centre trade area, together with estimates for the Richmond-Tweed SD and New South Wales.

Table 3.3: Average household retail expenditure by commodity group, Cabarita centre (June 2006 $ values)

Area	*Take home food ($)*	*Meals out take away ($)*	*Apparel ($)*	*Homewares/ services ($)*	*Total ($)*
Primary	8,240	2,700	2,150	9,100	22,190
Secondary north	10,700	3,630	3,590	11,810	29,730
Secondary south	8,220	2,700	2,150	9,080	22,150
Total trade area	**8,590**	**2,840**	**2,360**	**9,490**	**23,280**
Richmond Tweed Stat. Division	8,160	2,680	2,130	9,010	21,980
New South Wales	9,750	3,200	2,550	10,770	26,270

Source: Foresight Partners calculations.

Multiplying these average household expenditures by the number of trade area households at the June 2006 base year produces an estimate of total retail expenditure potential. Similar calculations were used to produce estimates of the pool of expenditure potential by commodity group for the forecast years between 2010 and 2016, as shown in Table 3.4. Figure 3.2 shows this increase by food and non-food groups over this period.

Figure 3.2: Growth in available retail spend, Cabarita trade area (constant 2006 $ values)

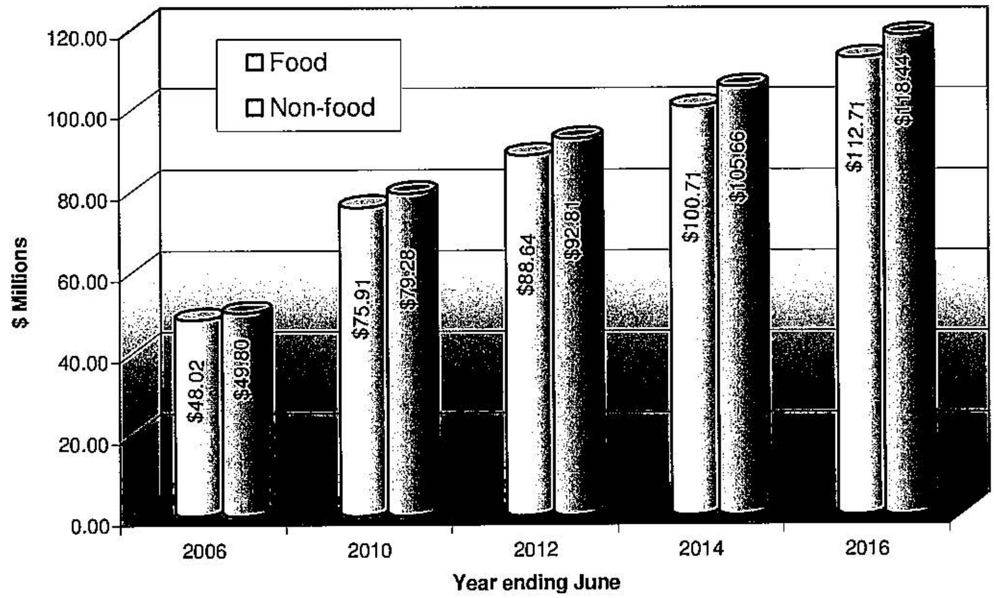


Table 3.4: Retail expenditure potential generated by Cabarita centre trade area households, 2006–2016 (June 2006 $ values)

Trade area and year ending June	*Take home food ($m)*	*Meals out take away ($m)*	*Apparel ($m)*	*Homewares/ services ($m)*	*Total ($m)*
2006					
Primary	9.76	3.20	2.55	10.78	26.30
Secondary north	6.63	2.25	2.23	7.32	18.43
Secondary south	19.70	6.47	5.15	21.77	53.09
Total trade area	36.10	11.92	9.93	39.87	97.82
2010					
Primary	10.68	3.50	2.79	11.79	28.75
Secondary north	19.65	6.67	6.59	21.69	54.59
Secondary south	26.67	8.76	6.97	29.46	71.86
Total trade area	56.99	18.92	16.35	62.93	155.20
2012					
Primary	11.04	3.62	2.88	12.19	29.72
Secondary north	26.68	9.05	8.95	29.45	74.13
Secondary south	28.80	9.46	7.53	31.81	77.60
Total trade area	66.52	22.13	19.36	73.45	181.45
2014					
Primary	11.32	3.71	2.95	12.50	30.48
Secondary north	33.85	11.48	11.36	37.37	94.06
Secondary south	30.37	9.98	7.94	33.55	81.84
Total trade area	75.54	25.17	22.25	83.41	206.37
2016					
Primary	11.61	3.80	3.03	12.82	31.25
Secondary north	40.94	13.89	13.73	45.19	113.75
Secondary south	31.97	10.50	8.36	35.32	86.15
Total trade area	84.52	28.19	25.12	93.32	231.15
Increase 2006-2010	20.89	7.00	6.42	23.06	57.37
Increase 2010–2016	27.53	9.27	8.77	30.39	75.96

Source: Tables 3.1 and 3.3; Foresight Partners calculations

Retail expenditure potential generated by trade area households at June 2006 is estimated at $97.8 million, which should increase to:

- $155.2 million by 2010;
- $181.4 million by 2012;
- $206.4 million by 2014; and
- $231.1 million by 2016.

Over the ten year forecast period to 2016, retail expenditure potential available from trade area households should increase by $133.3 million in constant 2006 dollar values. Of this increase, some $48.4 million will be for take home food.

No allowance has been made for inflation in forecasting future retail expenditure, as inflation does not create demand for retail floor space.

However, a 0.5% per annum increase in real spending potential has been factored into post-2006 expenditure estimates.

4 Market prospects

Market performance prospects of the Cabarita Beach centre will be determined by a number of factors such as the supermarket operator, rates of population growth and future competition. This section sets out our estimates of centre performance at June 2010, the assumed first full year of trading (implying a 2009 opening).

4.1 CENTRE MARKET SHARES AND TURNOVER FORECASTS

Assessing the centre's market share prospects incorporated a number of assumptions:

- the ultimate centre design will allow easy customer access and parking. We note that the preliminary plan shows only a small amount of surface parking which could adversely affect the centre's performance if ease of access between the centre (especially the supermarket) and the parking is compromised;
- the retail component of the development is single level (commercial space is above;
- the centre is anchored by a major chain supermarket (Coles or Woolworths);
- a supermarket based centre (possibly Coles) is trading in the Casuarina development by 2010; and
- no supermarket based centre is introduced in the secondary south trade area (Pottsville) within the this period, other than the approved 500 m² IGA store.

Table 4.1 below sets out our estimates of market shares and sales likely to be achievable by the proposed centre at 2010. It assumes that the 2,606 m² supermarket is accompanied by a small number of take home food, café/restaurant and homewares/services specialty shops. (Note that approximately 260 m² of the supermarket space is allocated to the homewares/services commodity group in Table 4.1 to reflect its non-food merchandise). Overall, the centre is forecast to achieve sales of $24.9 million ($6,713/m²) at June 2010.

Figure 4.1 shows the origin of the centre's turnover at 2010 by trade area.

The centre is expected to draw over half the take home food spending generated by primary area households and 27.4% of its retail market overall. It is also expected to draw almost a third (32%) of the secondary south's take home food spending and about 16.4% overall.

Only a small share of the secondary north's take home food spending (8.5%) is expected to be drawn to the Cabarita centre (4.5% overall market share) as a supermarket based centre is expected to be trading in Casuarina by 2010.

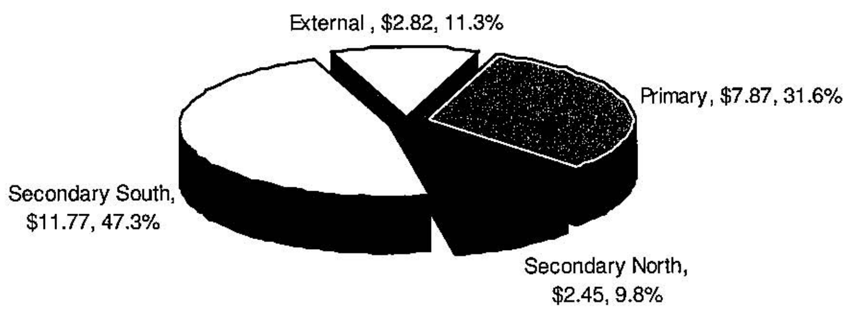
About 11.3% of the centre's sales (10% of take home food and homewares, 25% of meals out-take away) is expected to come from visitors to the area and others residing outside the defined trade area.

Table 4.1: Proposed Cabarita Beach Shopping Centre forecast market shares and retail turnover, June 2010 (June 2006 $ values)

Trade area	Take home food	Meals out/ takeaway	Apparel	Homewares & services	Total
Retail floor space	2,546 m²	420 m²		743 m²	3,709 m²
Market shares	(%)	(%)	(%)	(%)	(%)
Primary	55.0	15.0	–	12.5	27.4
Secondary north	8.5	3.5	–	2.5	4.5
Secondary south	32.0	10.0	–	8.0	16.4
Total trade area	**28.2**	**8.6**	**–**	**6.9**	**14.2**
Resulting turnover	($m)	($m)	($m)	($m)	($m)
Primary	5.87	0.53	–	1.47	7.87
Secondary north	1.67	0.23	–	0.54	2.45
Secondary south	8.53	0.88	–	2.36	11.77
Total trade area	16.08	1.63	–	4.37	22.08
External/rogue sales*	1.79	0.55	–	0.49	2.82
Total centre turnover	**17.86**	**2.18**	**–**	**4.86**	**24.90**
Productivity	$7,015/m²	$5,188/m²	–	$6,538/m²	$6,713/m²

**Assumes 10% of take home food and homewares/servces,and 25% meals out-take away sales originate outside the defined trade area. Source:Tables 3.4; Foresight Partners estimates.*

Figure 4.1: Origin of centre sales, 2010 ($M)



Assuming the assigned market shares remain constant, i.e. no other major retail additions occur over the forecast period, the centre's sales would increase to:

- \$27.25 million (\$7,347/m²) by 2012;
- \$29.28 million (\$7,894/m²) by 2014; and
- \$31.31 million (\$8,441/m²) by 2016.

Table 4.2 sets out the detailed origin of sales for these years.

Table 4.2: Proposed Cabarita Beach Shopping Centre forecast retail turnover at June 2012 to 2016 (constant June 2006 \$ values)

Trade area	Take home food (\$m)	Meals out/ takeaway (\$m)	Apparel (\$m)	Homewares & services (\$m)	Total (\$m)
2012					
Primary	6.07	0.54	–	1.52	8.14
Secondary north	2.27	0.32	–	0.74	3.32
Secondary south	9.22	0.95	–	2.55	12.71
Total trade area	17.55	1.81	–	4.81	24.16
External/rogue sales	1.95	0.60	–	0.53	3.09
Total centre turnover	**19.50**	**2.41**	**–**	**5.34**	**27.25**
Productivity	\$7,660/m²	\$5,733/m²	–	\$7,186/m²	\$7,347/m²
2014					
Primary	6.23	0.56	–	1.56	8.34
Secondary north	2.88	0.40	–	0.93	4.21
Secondary south	9.72	1.00	–	2.68	13.40
Total trade area	18.82	1.96	–	5.18	25.96
External/rogue sales	2.09	0.65	–	0.58	3.32
Total centre turnover	**20.91**	**2.61**	**–**	**5.76**	**29.28**
Productivity	\$8,214/m²	\$6,210/m²	–	\$7,748/m²	\$7,894/m²
2016					
Primary	6.38	0.57	–	1.60	8.56
Secondary north	3.48	0.49	–	1.13	5.10
Secondary south	10.23	1.05	–	2.83	14.11
Total trade area	20.09	2.11	–	5.56	27.76
External/rogue sales	2.23	0.70	–	0.62	3.55
Total centre turnover	**22.33**	**2.81**	**–**	**6.17**	**31.31**
Productivity	\$8,769/m²	\$6,686/m²	–	\$8,310/m²	\$8,441/m²

Source:Table 4.1; Foresight Partners estimates.

The centre is strongly reliant on sales generated by secondary south households, with over 47% of the centre's sales originating from this area at 2010. Only about 32% of sales originate from the primary area. This highlights the centre's potential susceptibility to future competition from the secondary south area should a major supermarket based centre appear in that area within the forecast period.

Given that such a centre is envisaged for this area in Council's Retail Strategy and Planning Scheme, this should be factored into Stockwell's decision-making. Appearance of such a centre may not challenge the viability of the proposed Cabarita centre, but it would be likely to have a significant impact upon its trading levels.

4.2 SUPERMARKET AND SPECIALTY PERFORMANCE

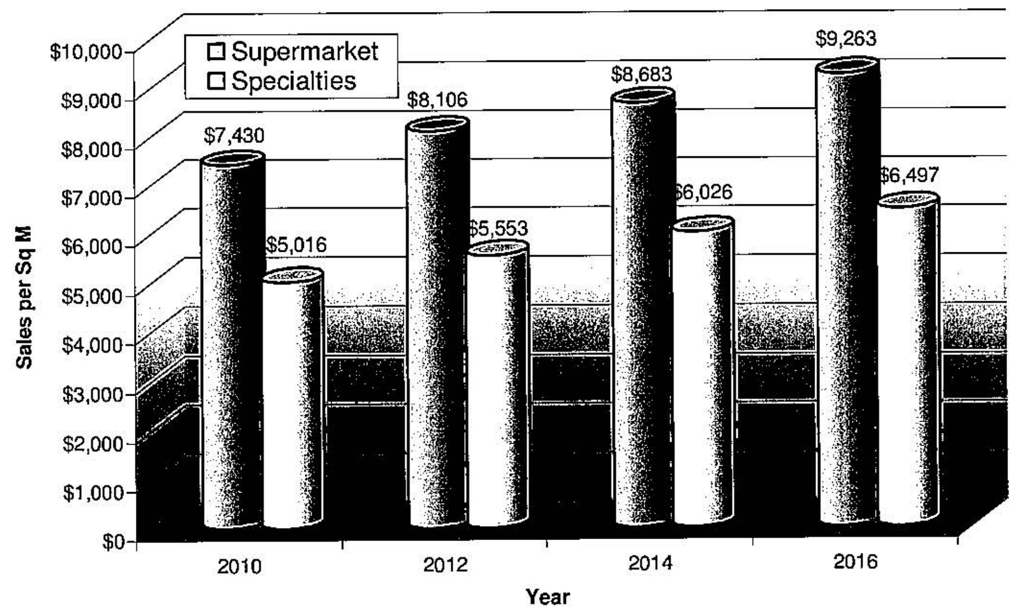
Table 4.3 show the likely split of sales between the supermarket and the specialty shops over the forecast period.

Table 4.3: Sales split between supermarket and specialty shops, proposed Cabarita Beach Shopping Centre, June 2010 to 2016 (constant June 2006 $ values)

		2010	2012	2014	2016
Supermarket turnover	($m)	19.36	21.12	22.63	24.14
Productivity	($/m²)	7,430	8,106	8,683	9,263
Specialty shops turnover	($m)	5.53	6.13	6.65	7.17
Productivity	($/m²)	5,016	5,553	6,026	6,497

Source:Table 4.2; Foresight Partners estimates.

Figure 4.2: Increase in productivity levels, June 2010 to 2016 (constant June 2006 $ values)



Appendix

G

Landscape Plan

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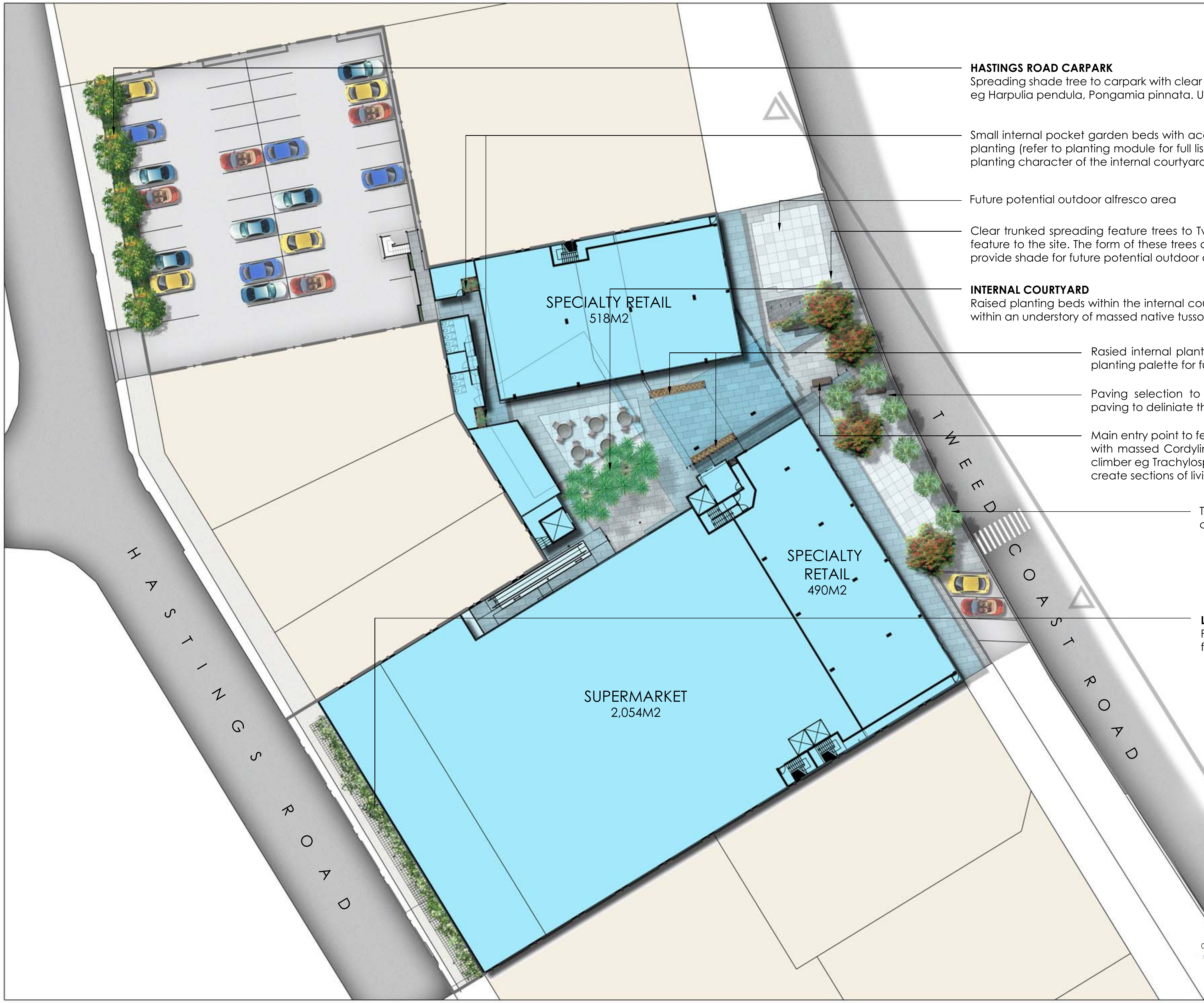
New South Wales – Queensland – Northern Territory



HASTINGS ROAD CARPARK
Spreading shade tree to carpark with clear trunks to two meters to maintain clear sightlines for security reasons eg Harpulia pendula, Pongamia pinnata. Understory layer of dense low hedge eg syzygium species

Small internal pocket garden beds with accents of Cordyline / Calathea / Clivea species and native tussock planting (refer to planting module for full listings) Sculptural feature plantings of Yukka elephantipes echo the planting character of the internal courtyard feature trees

Future potential outdoor alfresco area

Clear trunked spreading feature trees to Tweed Coast Road Entry to provide shade and a striking entrance feature to the site. The form of these trees allows for unimpeded views from the upper floor appartments and provide shade for future potential outdoor alfresco areas

INTERNAL COURTYARD
Raised planting beds within the internal courtyard to feature large sculptural trees eg Pandanus utilis planted within an understory of massed native tussock planting with accents of Cordyline / Calathea / Clivea species

Rasied internal planting beds to feature mass plantings of Cordyline species (refer to planting palette for full listings)

Paving selection to compliment architectural finishes palette, areas of contrasting paving to deliniate thier use ie courtyard / general pedestrian / enrty points

Main entry point to feature areas of timber seating and associated raised planting beds with massed Cordyline, Dietes species. Entry structure (roof over) to feature flowering climber eg Trachylospermum jasminoides over an alluminium 'screen' climbing wall - to create sections of living green wall entry features.

Tall native palms eg Livinstonia australis provide a vertical compliment to the architecture beyond

LIVING WALLS
Planting screen to western facade of supermarket to feature flowering climber eg Trachylospermum jasminoides

STATEMENT OF LANDSCAPE INTENT

CABARITA BEACH, NSW

NO	DATE	REVISION	BY

SCALE: AS SHOWN	DATE: DECEMBER 07	CLIENT: STOCKWELL 10/211 MONTAGUE ROAD WEST END QLD 4101
DESIGN: JB	CHECKED: SB	SHEET: 1 OF 2
DRAWN: JB	DRAWING NO: SLI - 01	REF: 668

NORTH

Level 1 2247 Gold Coast Hwy
Nobby Beach
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Fax: 07 5526 1502
admin@planitconsulting.com.au

PLANIT CONSULTING


Delonix regia


Pandanus utiis


Harpulea pendula


Harpulia pendula detail


Pongamia pinnata


Syzygium spp

TREES + SHRUBS

Delonix regia
Harpulia pendula
Pandanus utilis
Pongamia pinnata
Livinstonia australis
Syzygium spp


Trachylospermum jasminoides


Cordyline rubra


Cordyline stricta


Clivea spp


Clivea spp


Calathea spp


Calathea spp

ACCENTS

Cordyline rubra
Cordyline stricta
Calathea spp
Clivea spp
Yukka eelphantipes

Trachylospermum
jasminoides


Dianella longifolia


Lomandra longifolia


Dietes bicolor


Lomandra confertifolia


Dianella 'little rev'

GROUNDCOVERS

Dianella longifolia
Dianella 'little rev'
Dietes bicolor
Lomandra confertifolia
Lomandra longifolia

ELEVATION - TWEED COAST ROAD

NTS

Tall native palms eg Livinstonia australis provide a vertical compliment to the architecture beyond

Main entry point to feature areas of timber seating and associated raised planting beds with massed Cordyline, Dietes species. Entry structure (roof over) to feature flowering climber eg Trachylospermum jasminoides over an alluminium 'screen' climbing wall - to create sections of living green wall entry features.

Clear trunked spreading feature trees to Tweed Coast Road Entry to provide shade and a striking entrance feature to the site. The form of these trees allows for unimpeded views from the upper floor appartments and provide shade for future potential outdoor alfresco areas

Spreading shade tree to Hasting rd carpark with clear trunks to two meters to maintain clear sightlines for security reasons eg Harpulia pendula, Pongamia pinnata. Understory layer of dense low hedge eg syzygium species


ELEVATION - TWEED COAST ROAD

NTS

STATEMENT OF LANDSCAPE INTENT

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SHEET: 2 OF 2
REF: 668

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PLANIT CONSULTING

Appendix

H

Survey Plan