

07022

10 August 2011

Sharon Waddell
Stockwell Development Group
399 Montague Road
WEST END QLD 4101

Dear Sharon,

RE: PROPOSED CABARITA MIXED USE DEVELOPMENT – VARIATION IN FLOORSPACE

We understand there has been a minor variation in the distribution of floorspace for the proposed Cabarita Mixed Use Development. Our Socio-Economic Impact Assessment prepared in February 2009 was for the development of a 2,110m² supermarket and 1,150m² of associated specialty shops and services. The current plans show an increase in supermarket floorspace by around 200m² to 2,303m² and a reduction in the retail specialty floorspace to 913m².

The objective of this assessment is to provide justification for the redistribution of centre floorspace. Our analysis will discuss these implications with respect to turnover levels and the resulting impacts on the retail network serving the Cabarita Beach/Bogangar area. This analysis is based on our Socio-Economic Impact Assessment prepared in 2009. It reflects the tenancy schedule shown on the Cabarita Mixed Use Development Plan (July 2011).

Centre Performance and Economic Impacts

The minor redistribution in floorspace of about 200m² between the supermarket and specialty retailers within the proposed Cabarita Mixed Use Development represents a difference of less than 1% with respect to market shares. This is assuming that the supermarket and retail specialties achieve the forecast turnover as indicated in our letter of correspondence dated the 12 November 2009. The difference is insignificant and therefore the market penetration rates have been retained at 12.4% as per our Table 4.2 of our Socio-Economic Impact Assessment. Overall, the turnover levels of the supermarket and specialty retailers remain unchanged, however, the productivity levels will be affected slightly, given the variation in floorspace distribution (Table 1).

**Table 1: Proposed Cabarita Forecast Market Shares and Retail Turnover, June 2011
(June 2007 \$ values)**

	<i>Original</i>			<i>With minor floorspace variation</i>		
	<i>Floorspace</i>	<i>Turnover (\$m)</i>	<i>Prod. (\$/m²)</i>	<i>Floorspace</i>	<i>Turnover (\$m)</i>	<i>Prod. (\$/m²)</i>
Supermarket	2,110m ²	16.21	7,682	2,303m ²	16.21	7,039
Specialty retailers	1,080m ²	5.62	5,204	843m ²	5.62	6,667
Total	3,190m ²	21.86	6,853	3,146m ²	21.86	6,949

* Note an additional 70m² of specialty retail floorspace has been assigned to a professional service.

Source: Table 4.2 Socio-Economic Impact Assessment, Foresight Partners estimates.

As per our previous assessment, the total centre was forecast to achieve a turnover of \$21.86 million (\$6,853m²) in June 2011, the centre's assumed first full year of trading. Of this total, the 2,110m² supermarket was forecast to achieve a turnover of \$16.21 million translating into a productivity level of \$7,682/m². With the minor floorspace revisions, the productivity level of the 2,303m² supermarket is forecast to decline by about 9% to \$7,039/m² reflecting the increase in supermarket floorspace provision. However, this still represents a healthy productivity level and indicates that the Woolworths supermarket will trade viably.

The 1,080m² of specialty retailers was forecast to contribute \$5.62 million to the overall centre's turnover (\$5,204/m²). With a slight reduction in the specialty retail floorspace to 843m² (note: 70m² of the specialty floorspace assumed to be occupied by a professional service as per our Socio-Economic Impact Assessment), the productivity levels would increase to \$6,667/m².

As the redistribution of floorspace in the proposed Cabarita Mixed Use Development will not result in any changes to the overall turnover of the centre, the likely distribution or transfer of the \$21.86 million in impacts upon the retail network will correspond to Table 4.4 of our Socio-Economic Impact Assessment. Therefore, levels of impact are unlikely to jeopardise the vitality or viability of individual retailers.

Overall our conclusions with respect to economic impact remain unchanged and the proposed Cabarita development would not affect the vitality, viability or functional role of Cabarita Beach/Bogangar or other centres and areas serving Tweed Shire.

Function

The increase in supermarket floorspace does not change the intended function of the supermarket. As the proposed 2,303m² supermarket is smaller than a *full-line* supermarket (at least 2,500m² but generally greater than 3,000m²) it is still unlikely to meet all the chore food shopping needs of residents. The decrease in specialty shop floorspace to 913m² will result in the provision of two to three fewer specialty shops.

The proposed supermarket and associated tenancies would continue to cater to the immediate food shopping needs, including top-up and some of the regular weekly/fortnightly food shopping. It would retain some, but not all, such shopping locally, as well as service other areas lacking in similar (or larger) supermarket facilities.

Further Implications

This analysis reports the centre's performance for the year ending June 2011, which was the assumed first full year of operation of the Cabarita Mixed Use Development in our 2009 Socio-Economic Impact Assessment. For the purposes of comparability, population growth factors and increases in average household retail expenditure have not been updated for this analysis. Collectively, these factors would influence the centre's performance with turnover levels expected to be marginally higher than the original June 2011 forecasts, as would the pool of available retail expenditure.

Conclusion

We conclude from this analysis that the redistribution of floorspace within the Cabarita Mixed Use Development would not result in any changes to the total centre turnover, nor would it result in any heightened impacts on the existing retail network serving Tweed Shire.

If there is anything further we can assist you with please do not hesitate to contact us.

Yours sincerely,



Vivienne Bolla
Senior Analyst