

Warnervale Town Centre

Assessment of market potential

June 2010



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Introduction

This report presents an independent assessment of the sales potential of the Warnervale Town Centre (WTC), a proposed sub-regional shopping centre development at Warnervale, north-east of Wyong on the NSW Central Coast.

The report assesses, in the first instance, the sales potential for a Big W discount department store of 8,000 sq.m, a Woolworths supermarket of 4,200 sq.m and a Dan Murphy's liquor store of 1,400 sq.m, which will be the major tenants at the proposed development. It also considers the likely market demand for an Aldi supermarket, tavern and cinema complex at the proposed development. On the basis of the size and likely trading performance of major tenants as well as the trade area and competitive context, the supportable provision of retail specialty floorspace is then considered in detail.

The report addresses the following in assessing the sales potential for the proposed development:

- First, the regional context and the location of the future WTC are reviewed. The proposed development, based on plans provided to this office, is also outlined (refer Figure 1.1 and Table 1.1).
- Tables 2.1-2.4 together with Charts 2.1 and 2.2, examine the trade area expected to be served by the centre, including the population and spending levels within the trade area, as well as the socio-demographic profile of trade area residents.
- Tables 3.1 and 3.2 summarise the competitive retail environment within which the proposed WTC would operate, including both existing and proposed competitive facilities.
- Tables 4.1-4.8 present our assessment of the likely future potential of the WTC, including the supportable provisions of retail specialty floorspace. Indicative gross specialty rents and projected market shares are also detailed.

Map 1 outlines the regional context of Warnervale, while Map 2 illustrates the proposed site for the WTC. Map 3 shows the trade area likely to be served by the centre as well as the locations of the major competitive facilities in the region, while the locations of competitive pub/tavern facilities are depicted on Map 4.

Executive summary

- i. The Warnervale Town Centre (WTC) is a sub-regional shopping facility proposed at Warnervale, a rapidly growing suburb in the Central Coast region of NSW.
- ii. As currently proposed by Woolworths, the WTC retail development will be anchored by a Big W discount department store, a full-line Woolworths supermarket, and a Dan Murphy's liquor store, with supporting mini-major stores and specialty floorspace. The addition of an Aldi supermarket, cinema complex and tavern to the development has also been mooted.
- iii. The total trade area defined for the WTC is currently estimated to contain a population of over 110,000, including 81,650 persons in the main trade area and 18,500 persons in the primary sector. The total trade area population is projected to increase at levels of 1,900-2,650 persons or 1.7%-2.1% per annum over the period to 2021, to reach 136,390 persons. This includes more than 100,000 persons within the main trade area, and 32,350 within the primary sector.
- iv. Also of relevance to the proposed WTC is the worker population that is expected to be employed in close proximity to the proposed retail development. 1,200 jobs are planned to be created with the completion of the WTC, while the Wyong Employment Zone, located approximately 1km to the west of the proposed WTC, is planned to generate some 6,000 jobs in the Warnervale locality. According to the Central Coast Regional Strategy, around 4,500 additional jobs are also expected to be created in the North Wyong region.
- v. In general, the total trade area population comprises predominantly Australian born residents, earning below average incomes. However, residents of the primary and secondary north-west sectors earn above average household incomes, and are more family oriented than the residents of other sectors. The socio-demographic profile of future residents moving into the area is likely to be similar to the current primary sector residents.

- vi. The sub-regional Lake Haven shopping centre, located around 4.5 km to the east of the proposed WTC, is the main competitive facility within the total trade area. However, Westfield Tuggerah, a regional shopping centre located 10km to the south-west of WTC, and anchored by a David Jones department store, Big W and Target discount department stores, as well as Coles, Woolworths and Aldi supermarkets is the major shopping destination in the region.
- vii. The WTC, as currently proposed by Woolworths, will comprise 20,640 sq.m of retail and non-retail floorspace. In our view, an Aldi supermarket and small provision of additional specialty floorspace, along with a tavern facility, would also be supportable in the initial stage of development (which, on the basis of forecast population growth in the trade area, we consider could occur by 2012/13). However, given the close proximity of cinema facilities at Westfield Tuggerah, we estimated very limited initial scope for a cinema complex in the development.
- viii. The total recommended specialty floorspace provision (retail and non-retail) of 6,200 sq.m is somewhat generous at the outset, but in our opinion will be well supportable at the centre over the medium term as anticipated population growth in the region is realised.
- ix. The ideal specialty mix at the proposed WTC should, in our opinion, be oriented toward convenience retail, with strong representation in the take-home food, food catering, general and leisure categories. There is scope for the provision of fashion and homewares retail. However, given the young nature of the population, and the extensive retail offer at Westfield Tuggerah, the provision of such stores should be lower than average at the WTC.
- x. The proposed WTC is projected to achieve sales of \$151.1 million in 2012/13. This total includes combined major and mini-major store sales of \$108.1 million, representing 72% of total centre sales. Total sales for the retail specialty floorspace are projected at \$43.0 million.

- xi. The proposed WTC is projected to achieve a market share of 9.1% of total trade area retail spending in 2012/13, including an 11.1% share of available main trade area spending. Within the key primary trade area sector, the centre is expected to achieve an 18.2% share of retail spending, comprising 23.2% of food spending and 11.6% of non-food expenditure.
- xii. The average gross rental potential for the 5,500 sq.m of retail specialty floorspace is projected at around \$950-\$1,000 per sq.m, reflecting an occupancy cost ratio of in the range of 12%-12.5%.

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Findings and conclusions

1 Centre location and proposed development

- 1.1 The Warnervale Town Centre (WTC) is a sub-regional shopping facility proposed at Warnervale, a rapidly growing suburb in the Central Coast region of NSW. Warnervale is located the Local Government Area (LGA) of Wyong, approximately 7 km north-east of Wyong and around 95 km north of the Sydney Central Business District (refer Map 1).
- 1.2 As stated in the NSW Department of Planning's *Central Coast Regional Strategy 2006-2031*, the WTC has been identified as the a new Town Centre to service the growth areas within the Wyong LGA (especially the North Wyong region). According to information released by Wyong Shire Council, the completed WTC will consist of the following once completed:
- Retail and commercial floorspace totalling over 40,000 sq.m.
 - Housing for some 4,000-5,000 new residents.
 - Employment opportunities for around 1,200 persons.
 - A new railway station and transport interchange.
 - A wide range of community and entertainment facilities.
- 1.3 As illustrated on Map 2, the 119 hectare WTC site is bounded by Hakone Road to the North, Hiawatha Road to the east, Sparks Road to the south and the Northern Railway Line to the west.
- 1.4 Access to the site would be predominantly provided via Sparks Road from the south, which is the major connector route in the region, linking with the Pacific Highway in the east and the Sydney-Newcastle Freeway in the west. Access to the locality (especially via public transport) is expected to improve substantially in future, with significant transport infrastructure planned for the area including a train station at the WTC.

- 1.5 The retail component of the WTC, which is the focus of this report, is to be built in close proximity to the future Warnervale Railway Station. The WTC retail facilities would also therefore serve commuters utilising the station.
- 1.6 As currently proposed by Woolworths and detailed in Table 1.1, the WTC is to be anchored by a Big W discount department store (dds) of 8,000 sq.m, a Woolworths supermarket of 4,200 sq.m, and a Dan Murphy's liquor store of 1,400 sq.m. It is also proposed that the remainder of the centre will comprise two mini-major tenancies totalling 1,930 sq.m and specialty shops of 5,110 sq.m.
- 1.7 The addition of an Aldi supermarket, tavern, cinema complex and further specialty floorspace to the proposed scheme has also been mooted, and these possibilities are all considered in our assessment of total centre potential.

2 Trade area

- 2.1 The trade area most likely to be served by the proposed WTC is illustrated on the attached Map 3. The trade area includes a primary sector, four secondary sectors and two tertiary sectors, which are described as follows:
- The **primary sector** is limited by the Pacific Highway to the east and the Sydney-Newcastle Freeway to the west. This sector includes the majority of the future growth areas in the North Wyong region, especially around the suburbs of Warnervale and Hamlyn Terrace.
 - The **secondary north-east sector** contains many suburbs including Lake Munmorah, Colongra and Budgewoi.
 - The **secondary south-east sector** is located to the east and south of the Pacific Motorway and encompasses Lake Haven, Kanwal, Gorokan, Tacoma, Tuggerawong, Wyongah and Wadalba, as well as a small segment of Charmhaven.
 - The **secondary south sector** predominantly contains the Wyong Central Business Area (CBA).

- The **secondary north-west sector** is the largest trade area sector and contains many suburbs including Wyee, Wyee Point and Kiar.
- The **tertiary north sector** contains the regional towns of Morisset and Bonnells Bay, and is limited to the north by competitive retail facilities at Glendale.
- The **tertiary south-east sector** incorporates the northern portion of The Entrance Peninsula and includes Canton Beach, Magenta, Norah Head, Noraville, The Entrance North and Toukley.

2.2 The combination of the primary and secondary sectors is referred to as the main trade area throughout the remainder of this report. The combination of the main trade area and the tertiary sectors is referred to as the total trade area.

Trade area population

- 2.3 As detail in Table 2.1, the total trade area defined for the WTC is currently estimated to contain a population of over 110,000, including 81,650 persons in the main trade area and 18,500 persons in the primary sector. Over the period 2001-2006 (the most recent inter-censal period), population growth within the total trade area population has been predominantly driven by the primary sector. This trend is expected to continue over the forecast period to 2021.
- 2.4 According to in the Central Coast Regional Strategy, 70% of the 100,000 new residents projected to move into the Central Coast region (over the period to 2031) will be accommodated within the Wyong LGA. A significant portion of this growth, at least over the short to medium term, is expected to be concentrated around the Warnervale area in the primary sector.

- 2.5 As stated previously, Warnervale has significant capacity to accommodate future residents moving into the area and is planned to contain a resident population of up to 5,000 persons. Other significant residential projects currently being planned in the Warnervale locality include 'Precinct 7A', a large plot of land located immediately south of the WTC (refer Map 2) which has the capacity to accommodate some 3,300 residents in 1,900 dwellings.
- 2.6 Other significant residential projects proposed within the total trade area are detailed below:
- The suburb of Gwandalan in the secondary north-east sector is earmarked for a large residential development containing some 623 dwellings. This project is currently in the early planning stages, but is expected to be completed with the next decade.
 - The Moonee Waters development is also located within the secondary north-east sector and is proposed to contain some 300 lots over the next five years.
 - A 300 lot residential development is being currently planned in the suburb of Dora Creek, within the tertiary north sector. This project has an expected completed date of mid-2014.
 - The Morisset Country Club (tertiary north sector) is to be redeveloped to include around 285 new dwellings. The redevelopment is planned to commence in mid-2014 and is expected to be completed four years later.
- 2.7 According to the *Lower Hunter Regional Strategy 2006-2031*, the localities of Wyee (secondary north-west sector) and Cooranbong (tertiary north sector) have significant potential to accommodate future population growth in the region. As stated in the Regional Strategy, Wyee has been identified as a 'major release area' and could potentially accommodate up to 2,000 new dwellings over the period to 2031. Similarly, the former Avondale Airport in the Cooranbong area is to contain the majority of the 3,000 new dwellings that have been identified to be supportable in the locality.

- 2.8 Taking the above into consideration, the total trade area population is forecast to increase to 136,390 by 2021, including over 100,000 persons within the main trade area and 32,350 persons within the primary sector. The total trade area population growth is projected to average 1,900-2,650 persons or 1.7%-2.1% per annum over this period.

Worker population

- 2.9 In addition to the 1,200 jobs planned to be created with the completion of the WTC, the Central Coast Regional Strategy also identifies the need for a significant provision of dedicated employment lands to be developed within the Wyong LGA, to meet the employment needs of the growing population. Major employment lands are therefore planned be provided at the 'Wyong Employment Zone' to meet future employment needs of the population.
- 2.10 The Wyong Employment Zone, located some 1 km west of the proposed WTC, is planned to generate some 6,000 jobs in the Warnervale locality. Furthermore, around 4,500 additional jobs are also expected to be created in the North Wyong region.
- 2.11 The worker market, therefore, will be of direct relevance to the proposed development. As mentioned previously, the retail facilities at the WTC are planned to be located in close proximity to the future Warnervale train Station, which is likely to a major mode of transportation for many of these workers. Retail facilities at the proposed WTC can therefore be expected to benefit from the custom of the nearby worker population, especially during lunch time as well as during the morning and evening rush hours.

Socio-demographic profile

- 2.12 As shown on Table 2.2 and Chart 2.1, the total trade area resident population generally comprises Australian born residents, earning below average incomes. The socio-demographic profile of the new residents moving into the area is likely to be similar to the primary sector residents, comprising a more family-oriented community. These future residents are also expected to have stronger average income levels.

2.13 Key points to note regarding the characteristics of the current main trade area population include:

- The average age of the main trade area residents, at 38.3 years, is younger than the non-metropolitan NSW benchmark of 39.1 years.
- Main trade area residents earn income levels which are lower than the comparable non-metropolitan NSW benchmarks on both a per capita and per household basis, by 10.2% and 6.9%, respectively. However, the residents of the primary and secondary north-west sectors have above average household incomes.
- The main trade area population is largely Australian born.
- A review of the household structure of the main trade area population indicates a slightly lower than average proportion of traditional families (i.e. households consisting of couples with dependent children). The primary and secondary north-west sectors are much more family-oriented in comparison to other main trade area sectors.

Trade area spending

2.14 As at 2009/10, main trade area residents are estimated to spend 6.1% per head less on retail goods and services than the non-metropolitan New South Wales benchmark, with lower spending per capita on both food and non-food items (refer Chart 2.2).

2.15 As shown in Table 2.3, main trade area retail expenditure is currently estimated at \$939 million and is projected to increase by 6.4% per annum to exceed \$1.8 billion by 2021. All spending forecasts presented in this report are in inflated dollars (assuming annual inflation of 3%) and include GST.

2.16 Table 2.4 provides a summary of the total trade area retail expenditure by key commodity group. Take-home food and packaged liquor spending accounts for the highest proportion of total main trade area retail expenditure, at around 47.3%.

3 Competition

- 3.1 Tables 3.1 and 3.2 detail the relevant competitive facilities located both within and beyond the main trade area defined for the WTC. The locations of these centres are also illustrated on Map 3.

Within the trade area

- 3.2 Within the main trade area, Lake Haven Shopping Centre is the most relevant competitive facility to the proposed WTC. It is located some 4.5 km to the east. The centre, which contains just over 30,000 sq.m of retail floorspace, is anchored by Kmart (7,985 sq.m), Woolworths (3,464 sq.m) and Coles (4,244 sq.m) majors, which are all believed to be trading strongly. It is estimated that the Kmart dds records sales of over \$4,000 per sq.m, while the combined supermarket floorspace is estimated to be trading at levels in excess of \$10,000 per sq.m. The centre also includes over 100 retail and non-retail specialty shops as well as a significant provision of mini-major tenants (including major national brands such as The Reject Shop, Go-Lo and Best & Less).
- 3.3 The Lake Haven MegaCentre, a significant homemaker/bulky goods centre, is also located opposite the Lake Haven Shopping Centre and contains a substantial provision of bulky goods floorspace (which has a high representation of national brands). These two facilities in combination currently offer the most extensive provision of retail facilities provided within the main trade area and are a major destination for the regional population.
- 3.4 The closest supermarket based facility to the proposed WTC is the free-standing Coles supermarket of around 1,500 sq.m at Wadalba Shopping Centre, which is located some 3 km to the south.
- 3.5 Village Central Wyong is the only supermarket facility currently provided at Wyong and contains around 6,200 sq.m of retail floorspace provided over two levels. The Coles supermarket anchoring the centre is provided on the lower level, with accessibility to carparking provisions provided on the upper and undercroft levels.

A development application for an Aldi-anchored supermarket facility at Wyong was approved in 2009, but has not yet commenced construction. This facility is likely to contain an Aldi supermarket of around 1,500 sq.m in addition to a further 2,000 sq.m of retail/commercial floorspace. For the purposes of this assessment, this facility is assumed to be trading in 2013.

- 3.6 Northlakes Shopping Centre is a new shopping facility located in San Remo, around 7km to the north-east of the proposed WTC. It is anchored by a 3,490 sq.m Coles supermarket and commenced trading in late 2008. The centre also contains a 1st Choice Liquor Superstore.

- 3.7 A freestanding Coles supermarket of some 2,200 sq.m is currently the only supermarket facility serving the suburb of Toukley. This facility is located some 7.5km to the east of the WTC.

A 1,310 sq.m Franklins supermarket has also now been approved at Toukley, and we understand is planned to commence construction in mid 2011. This facility has been assumed to be trading in 2013.

- 3.8 In the secondary north east sector at Lake Munmorah, a Woolworths supermarket of some 3,800 sq.m has been proposed, and a rezoning application is currently before council. Our analysis assumes that this store will be trading by 2012.

- 3.9 The other existing and proposed supermarket facilities located within the total trade area are considered to be of limited competitive relevance to the proposed WTC, as they serve (and will serve) different catchments in their respective areas

Beyond trade area

- 3.10 Westfield Tuggerah is the major retail destination in the region, located beyond the WTC trade area, around 10 km to the south-west. Westfield Tuggerah is a major regional shopping centre, and currently contains over 84,000 sq.m of retail. The centre is currently anchored by a David Jones department store, Big W and Target discount department stores, in addition to Woolworths, Coles and Aldi supermarkets. A wide range of mini-major stores (including a Dan Murphy's liquor store) and over 220 specialty shops

(retail and non-retail) are also provided at the centre, including a high representation of national brand tenants.

Westfield Tuggerah has now been approved for substantial expansion, to occur at the eastern end of the centre, which will see the addition of a Kmart dds (of around 6,750 sq.m), new mini-major tenants, as well as additional retail specialty shops. It is our understanding that a 12,000 sq.m Myer department store will also be provided at the centre once completed in 2014.

- 3.11 The only other significant retail facility of relevance (to the proposed WTC), which is provided beyond the total trade area, is the Stockland Bay Village sub-regional shopping centre. This facility, located some 20km south-east of Warnervale, contains a Kmart dds as well as a triple supermarket offer based on Woolworths, Coles and Aldi supermarkets. Over 100 retail and non-retail specialty stores are also provided at the centre.

Large format liquor stores

- 3.12 The previously mentioned 1st Choice Liquor Superstore at Northlakes Shopping Centre is currently the only large format liquor store provided within the total trade area defined for the proposed WTC.
- 3.13 The closest Dan Murphy's liquor store to Warnervale is provided at Westfield Tuggerah, some 10km to the south-west. This store, which has a trading area of almost 1,000 sq.m, is believed to be an extremely strong trader achieving over \$20,000 per sq.m in sales.
- 3.14 The only other Dan Murphy's store located in the immediate region is provided at Swansea, which is located over 30 km to the north-east of Warnervale. Similar in size to the Dan Murphy's store at Tuggerah, this store is also believed to be recording strong sales exceeding \$14,000 per sq.m.

Cinema and pub/tavern facilities

- 3.15 There are no cinema facilities currently provided within the total trade area defined for the proposed WTC. Beyond the trade area, to the south-west and south-east, respectively, cinemas are provided at Westfield Tuggerah and The Entrance.
- 3.16 The Westfield Tuggerah cinema offer currently comprises 8 screens, operated by Greater Union, and located on the upper level of the shopping centre. This facility is understood to benefit from the complementary outdoor dining and entertainment precinct provided at the front of the centre along Wyong Road.
- 3.17 The independent Majestic Cinemas at The Entrance is a 2-screen cinema complex, located in the heart of The Entrance village. The cinema screens a wide variety of films from the latest blockbusters to independent and foreign movies.
- 3.18 Map 4 illustrates the locations of pub/tavern facilities throughout the defined WTC total trade area. As shown, there are currently no such facilities provided in the Warnervale locality.

4 Sales potential

- 4.1 On the basis of the preceding commentary and analysis, this subsection of the report first assesses the potential of the major tenants (Big W, Woolworths, Aldi), at the proposed WTC. This includes a consideration of the optimal timing and potentially staging of the proposed development.
- 4.2 Following the findings in relation to the proposed centre's major tenant potential, a detailed assessment of the appropriate and supportable provision of mini-major and specialty floorspace has been carried out. The potential for cinema & tavern facilities at the proposed centre has also been considered.

Big W potential

4.3 The key factors that we have taken into account in assessing the sales potential of a Big W dds at the proposed WTC are as follows:

- The 8,000 sq.m Big W proposed at the WTC would be the only store to represent the brand in the region to the north of Wyong. The only other Big W store in the area is currently provided beyond the defined trade area, as part of a double dds offer at Westfield Tuggerah (located some 10km to the south). Given the extensive regional draw of Westfield Tuggerah, the two dds traders at the centre would serve a large portion of the defined total trade area for the proposed WTC.
- Kmart at Lake Haven Shopping Centre is currently the only dds provided within the main trade area and is estimated to be achieving sales in the order of \$4,000 per sq.m, which is significantly above the average of around \$3,600 per sq.m for similar stores in single dds based centre in Australia. This performance is particularly notable, in that the Kmart brand is well represented in the area, with two other stores at Westfield Tuggerah and Stockland Bay Village. The performance of the Lake Haven Kmart suggests excellent potential for a Big W store at the WTC, especially when considering that in general Big W stores outperform Kmart stores by a considerable margin on a sales per sq.m basis.
- A catchment of around 40,000 persons would typically be required to sustain a discount department store of the size proposed at WTC, which is larger than the typical 6,500-7,000 sq.m footprint of a full-line store. Based on this metric and taking into account the Kmart at Lake Haven, the total trade area population in 2013 (of over 116,000 residents) could comfortably support a Big W of the size proposed at the WTC, even allowing for the likelihood that a substantial proportion of trade area residents would continue to utilise the dds facilities at Westfield Tuggerah (proposed to be expanded in 2014 to include a new Kmart).
- As mentioned previously, strong population growth is expected in the trade area in future, with some 25,700 additional residents expected over the period to 2021. More than half of this future population growth

is to be concentrated in the primary sector, which will be the key catchment area for the proposed Big W at the WTC.

- 4.4 Taking the above into account, Table 4.1 details the projected sales potential for an 8,000 sq.m Big W dds at the proposed WTC, which has been assumed to start trading in 2013. All forecast sales in this report include retail inflation, assumed to average 3% per annum, and include GST.
- 4.5 Sales for Big W at the WTC are projected at \$26.9 million in 2013, reflecting a solid sales density of \$3,358 per sq.m. These sales are projected to grow at an average rate of around 5.5% per annum, to reach \$41.2 million (\$5,154 per sq.m) by 2021.
- 4.6 It is our view that the introduction of the Big W store at the WTC in 2013 would result in a sales impact in the order of \$3-\$4 million on the Big W at Westfield Tuggerah at that date.

Supermarket potential

- 4.7 The assessment of sales potential for the Woolworths supermarket, and potentially also an Aldi supermarket at the proposed WTC takes into consideration the following factors:
- Typically in Australia, a major supermarket of around 3,000 sq.m is provided for every 9,000–10,000 persons. The defined primary trade area sector alone is forecast to accomodate almost 22,000 persons in 2013, and therefore, could support two major supermarkets. These primary sector residents are currently believed to be predominantly utilising the Coles and Woolworths supermarkets at Lake Haven Shopping Centre, which are estimated to be achieving a combined sales density of over \$12,000 per sq.m. These strong trading levels indicate solid potential for a major supermarket at the proposed WTC in 2013 and beyond.
 - The demand for supermarket floorspace is further highlighted by the currently limited provision of supermarket floorspace in the main trade area, which is estimated at some 154 sq.m per 1,000 persons. This is

significantly lower than both the New South Wales and Australian averages of 288 sq.m and 328 sq.m per 1,000 residents, respectively.

- The inclusion of a discount supermarket such as Aldi would also provide a point of difference to other supermarket facilities within the main trade area, and would complement the Woolworths supermarket proposed at the centre. Aldi supermarkets are considerable customer generators at most centres, and generally record sales levels of around \$9,000 per sq.m. The closest Aldi store currently provided in the region at Westfield Tuggerah is believed to be trading at well over \$11,000 per sq.m.
- As mentioned previously in Section 3 of this report, a new Aldi supermarket is already approved at Wyong and has been assumed to be trading in 2013. The potential for an Aldi store at the WTC is likely to be impacted by the development of the Wyong Aldi (if it proceeds), but not to an extent that would threaten its viability.

4.8 Based on the above factors, Table 4.1 details the forecast sales potential for the proposed Woolworths supermarket of 4,200 sq.m, and also of an Aldi supermarket, assumed to occupy a tenancy of some 1,500 in the WTC. Both stores have been assumed to start trading in 2013. In our opinion, the trade area can support a single staged development of the proposed retail facilities.

4.9 As shown, total supermarket sales at the WTC in 2013 are projected at around \$58.3 million, of which \$44.9 million would be attributed to the large Woolworths supermarket. The Aldi supermarket is also projected to achieve solid sales of \$13.4 million or \$8,944 per sq.m.

4.10 The proposed Woolworths supermarket at the WTC is expected to have a substantial impact on the existing Woolworths supermarket at Lake Haven Shopping Centre, estimated at \$8-\$9 million in 2013. However, the existing Woolworths store at Lake Haven Shopping Centre will continue to trade very successfully. These adverse impacts are likely to be comfortably absorbed in the longer term, with the strong population growth in the primary sector.

Mini-major potential

4.11 A 1,400 sq.m Dan Murphy's store is currently proposed at the WTC. The key factors that will determine the broad market scope for a Dan Murphy's store, as they pertain to the proposed centre's trade area, are as follow:

- The only large format liquor store within the defined total trade area is the 1st Choice Liquor Superstore at Lake Haven. However, there are two other Dan Murphy's stores in the region, at Westfield Tuggerah and Swansea.
- Given the location of two Dan Murphy's stores beyond the defined the trade area and the 1st Choice Liquor at Lake Haven, the 2013 total trade area population of over 116,000 would be stretched to sustain an additional large format liquor store at the WTC. However, considering the superior offer of the Dan Murphy's brand (to 1st Choice Liquor) and its popularity in the region, it is our view that a Dan Murphy's store would still be viable at the proposed WTC.

4.12 In considering other suitable mini-major tenants to be included at the WTC, we have reviewed the current supply of mini-major tenants in the region, and identified that a large format fresh produce store, a discount variety store and/or a large format discount chemist / Priceline pharmacy would be appropriate mini-major tenants to be added to the proposed centre.

4.13 In terms of the most likely operator for a large format fresh produce store, it is our view that a large Harris Farm Market would be a good fit, albeit providing strong competition to the Woolworths fresh food offer. Harris Farm typically operate store formats ranging from 600-900 sq.m in size, however, do also have a few stores operating in boxes larger than 1,000 sq.m. The brand has some representation in the broader region, with stores located at Glendale to the north and Erina to the south. The proposed WTC would offer a good opportunity for Harris farm to penetrate a growing market and be located within a major sub-regional facility, which has a strong food retail offer based on a double supermarket offer and a Dan Murphy's liquor store.

- 4.14 Given the provision of major national branded discount variety stores (such as The Reject Shop and Go-Lo) in the region at Lake Haven and Tuggerah, it is our view that Crazy Clarks would be an appropriate third mini-major tenant at the proposed WTC. Crazy Clarks have a substantial network of stores in non-metropolitan locations throughout Australia (generally operating stores of around 900-1,000 sq.m), but do not have significant representation in the Central Coast region of NSW. Such a store would complement the non-food retail offer at the completed centre, and serve as a further customer generator along with the Big W discount department store.
- 4.15 As illustrated on Figure 1.1, it is our understanding that the mini-major boxes (of 1,150 sq.m and 780 sq.m) located on either side of the centre would accommodate two large format tenants, with the Dan Murphy's mini-major provided in a separate location. Given the typical store sizes of each of our recommended mini-major stores, it is our recommendation that the Harris Farm or discount chemist/Priceline be provided in the smaller mini-major box of 780 sq.m, with Crazy Clarks to be located in the larger box. However, we note that in the current proposed centre layout the smaller mini-major tenancy is the less proximate of the two to the Woolworths supermarket. This is not ideal in terms of creating a fresh food precinct within the centre.
- 4.16 Table 4.2 details the sales potential associated with the mini-major tenants we recommend for inclusion at the proposed WTC. As shown, the combined mini-major sales at the centre (assuming Dan Murphy's, Harris Farm and Crazy Clarks are secured) are projected to total \$22.9 million in 2013, and are expected to grow at around 6.9% per annum to reach \$39.1 million by 2021. In the event that a discount pharmacy, rather than Harris Farm is secured for the 780 sq.m tenancy, these sales would be expected to be \$1.0-1.5 million lower in 2013. The 1,400 sq.m Dan Murphy's store is projected to be the strongest trading mini-major tenant, achieving sales of \$13.3 million in its first year of trade.

Specialty potential

- 4.17 In determining the supportable provision of retail specialty floorspace at the proposed WTC, we have taken into account a benchmark based upon a sample of single dds/single supermarket based centres located in non-metropolitan locations across Australia. Given the our view that a second supermarket (Aldi) would also be supportable at the proposed WTC, a second benchmark compiled from a sample of the best performing single dds/double supermarket based centres in Australia has also been included for comparison purposes.
- 4.18 Information from other centres, and averages compiled as benchmarks, are of assistance in determining the optimal specialty mix for the WTC. It must be remembered, however, that no two centres are alike, and that substantial variations exist in the amount of specialty floorspace that is provided from centre to centre. These variations often reflect individual constraints – there are many similar centres, including a number of highly successful Marketplaces previously developed by Woolworths, where the amount of specialty floorspace is relatively limited because of physical site constraints.
- 4.19 In addition, the amount of specialty floorspace provided in any new centre is also a reflection of the degree of risk which the developer is prepared to take. An amount above the typical level, for example, will involve a greater level of risk, and may take a longer period to lease in full, but can be appropriate for centres (such as the WTC) which will serve growing trade areas.
- 4.20 Given the existing and proposed provision of significant retail facilities at Westfield Tuggerah, as well as the nature of the trade area population, the initial specialty mix of WTC should predominantly contain a convenience-based offer to support the Woolworths and Aldi supermarkets, with more limited apparel and household goods offers. However, considering the significant provision of major and mini-major floorspace proposed at the WTC and the fact that the centre will be servicing an area planned for strong growth in the future, it is our view that a larger provision of retail specialty floorspace can be supported, in comparison to the single dds/single supermarket based centre benchmark.

- 4.21 A proportion of the total specialty floorspace to be provided at the centre will be occupied by non-retail uses. We have assumed at this stage that around 700 sq.m will be devoted to such non-retail uses (such as bank outlets, travel agents, real estate agents and medical practitioners), although the figure could range from 500 sq.m to 1,000 sq.m, depending on the eventual demand from specific tenants.
- 4.22 Taking the above into account, Table 4.3 details the proposed composition of the WTC as recommended by Pitney Bowes. As shown, the proposed centre would contain a total of over 22,500 sq.m of retail floorspace, significantly more than the single dds/single supermarket benchmark, but slightly less than the single dds/double supermarket benchmark. This predominantly reflects the large scale footprints that have been allocated to the major and mini-major stores at the centre.
- 4.23 Based on our analysis of both benchmarks provided, and having regard to the specific circumstances of WTC in terms of trade area and competitive context, we consider that the proposed provision of around 5,500 sq.m of specialty floorspace in Stage 1 is appropriate.
- 4.24 In assessing the sales potential of the recommended specialty floorspace, we have adopted a tenancy mix which we consider would be most appropriate for the site, incorporating the following usages:
- Food Retail – A comprehensive provision of food operators, including a baker, butcher, patisserie, delicatessen, health food/vitamin store and seafood operator, should be located in close proximity to the supermarket component of the centre, ideally in the vicinity of the Woolworths supermarket. National brand retailers that could be incorporated in this category, and which generally perform well in comparable centres, include:
 - Michel's Patisserie - Joe's Meat Market - Red Lea Chicken
 - Bush's Fresh - Cut Price Deli - Healthy Life Meats

- De Costi - Lenard's Chicken - Go Vita
Seafoods
- Baker's Delight - Brumby's
- Food Catering – The WTC could incorporate a small food court with 5-6 takeaway food stores, as well as a few external-facing cafés or restaurants. These facilities would appeal to both the resident and worker populations in the region. In addition to a selection of independent operators, the food catering mix at the proposed centre could include:
 - Subway - McDonalds - KFC
 - Boost Juice - Gloria Jeans Coffee - Donut King
 - Muffin Break - Wendy's
- Apparel (including Jewellery) - Given the substantial provisions of apparel retailers available at Westfield Tuggerah, a below average floorspace provision (in comparison to both benchmarks) has been recommended in this category. The apparel traders included at the WTC would ideally include a high representation of national brands, including:
 - Just Jeans - Cotton On - Lowes
 - Jeans West - Cotton On Body - Jays Jays
 - Diva Accessories - Rockmans - Sussan
 - Millers Fashion Club - Strandbags - SES
 - Bras N Things - Valley Girl - Sportsgirl
 - Man to Man - Rivers - Michael Hill Jeweller
 - Sunglass Hut - Angus & Coote - Prouds
 - Goldmark - Payless Shoes - Ed Harry
 - Roger David - Athlete's Foot

Considering that the new residents moving into the area in the future are likely to be family oriented, it is our view that 1-2 children's apparel stores (such as Pumpkin Patch) are also likely to be supportable.

- Household Goods – Again given the substantial provision of floorspace provided in this category at both Tuggerah and Lake Haven, around 2-3 household goods traders could be provided, including homewares and gift stores such as:
 - Dick Smith Electronics - Adairs - House
 - Homeart - Mansours - King of Knives
 - Howards Storage World

- General/Leisure – Essential traders in these categories include a newsagent and a pharmacy, which should ideally be provided in tenancies of at least 200-250 sq.m in size. Other tenants in these categories typically include a music shop, sports store, book store, tobacconist, florist, pet store and/or mobile phone outlets. Specific retailers that could be incorporated in these categories, in addition to a leading newsagency and pharmacy, include:
 - Sanity - Amart Allsports - Pets Paradise
 - EB Games/GAME - Angus & Robertson - Rabbit Photo
 - Allphones - Cigarettes/tobacco - Dymocks

- Retail Services - The range of retail services could include 1-2 optometrists/sunglasses retailers and up to 3-4 hairdressing/beauty services. A key cutting/shoe repairs kiosk, a dry cleaner/clothing alterations shop and a video rental store are other tenants which should be considered in this category. The best performers in similar centres include:
 - Just Cuts - Mister Minit - OPSM
 - Christiane's Hair Design - Pearl Nails - The Optical Shop
 - Price Attack

Cinema and tavern potential

- 4.25 The current average provision of cinema screens throughout New South Wales is estimated at 11 screens per 100,000 persons. Based on this metric the total trade area population of over 116,000 residents in 2013 could support around 12-13 screens. However, as mentioned previously in Section 3, a total of 10 cinema screens are already provided in the area at Westfield Tuggerah and The Entrance.
- 4.26 According to statistics sourced from the Australian Film Commission, the Australian average annual cinema visitation per person is 7.3 visits, with a range of 5.6 – 9.3 visits across different age brackets.
- 4.27 Table 4.4 applies these average visitation statistics to the demographic profile of each trade area sector, to determine the potential level of cinema attendance by trade area residents. As shown, total trade area annual cinema attendance is estimated at over 730,000 visits.
- 4.28 Major cinema facilities throughout Australia, containing 8-9 screens require approximately 400,000 visits to be sustainable. On this basis, there would appear to be potential for a cinema complex at the proposed WTC. However, existing facilities at Westfield Tuggerah, and to a lesser extent The Entrance, would be expected to draw a significant proportion of these visits.
- 4.29 Table 4.4 further illustrates the indicative market shares (of cinema visitation) that a cinema at the proposed WTC could be expected to achieve, given the competitive landscape. As shown, the forecast attendance on this basis is around 210,000 visits in 2013. As a result, it is our view that there is a small possibility of attracting a major national brand cinema to the WTC in its first phase of development. A smaller, independent 2-3 screen cinema complex may be viable, but such a facility will likely trade at below average levels (given the competitive environment) which may not be sustainable. A larger cinema centre may be considered over the longer term, beyond the forecast period.

4.30 On the other hand, given the strong forecast population growth in the region, which is expected to occur largely in the primary trade area sector, combined with the lack of existing facilities in the locality (refer Map 4), it is our view that a tavern could be comfortably included as part of the centre. A tavern would serve the needs of the primary sector residents and workers, and would enhance the role of the centre as a substantial community hub for the local population.

Total centre potential

4.31 The ultimate sales potential for retail and non-retail specialty floorspace at the proposed WTC will depend on the performance of the major anchor tenants, and to a lesser degree, also on the mini-major tenants at the centre. These larger tenants act as key customer attractors, with specialty shops benefiting from the associated customer flows.

4.32 As shown in Table 4.5, the retail floorspace provision proposed at the WTC is projected to generate total sales of \$151.1 million in 2013, which is much higher than the single dds/single supermarket based centre benchmark. Total major store sales are forecast at \$85.2 million, which represents 56.4% of total retail sales at the centre. The retail specialty floorspace at the centre is projected to record sales of almost \$43 million, reflecting an average trading level of \$7,815 per sq.m. This is slightly lower than the single dds / double supermarket benchmark of \$8,350 per sq.m, but nevertheless very solid for a new, greenfield shopping centre development.

4.33 New retail facilities typically do not achieve their ultimate trading potential in their first year of operation, with sales levels consolidating and growing over a period of time after establishment. This is also expected to be the case with the proposed WTC, with sales expected to increase steadily over time as the main trade area experiences strong population growth.

4.34 The forecast performance of all retail components at the proposed WTC in 2013 are solid, especially considering that these sales reflect the Day 1 potential for a major retail facility serving a growing population. As shown on Table 4.6, the sales performance of the centre is projected to increase significantly over the forecast period to 2021.

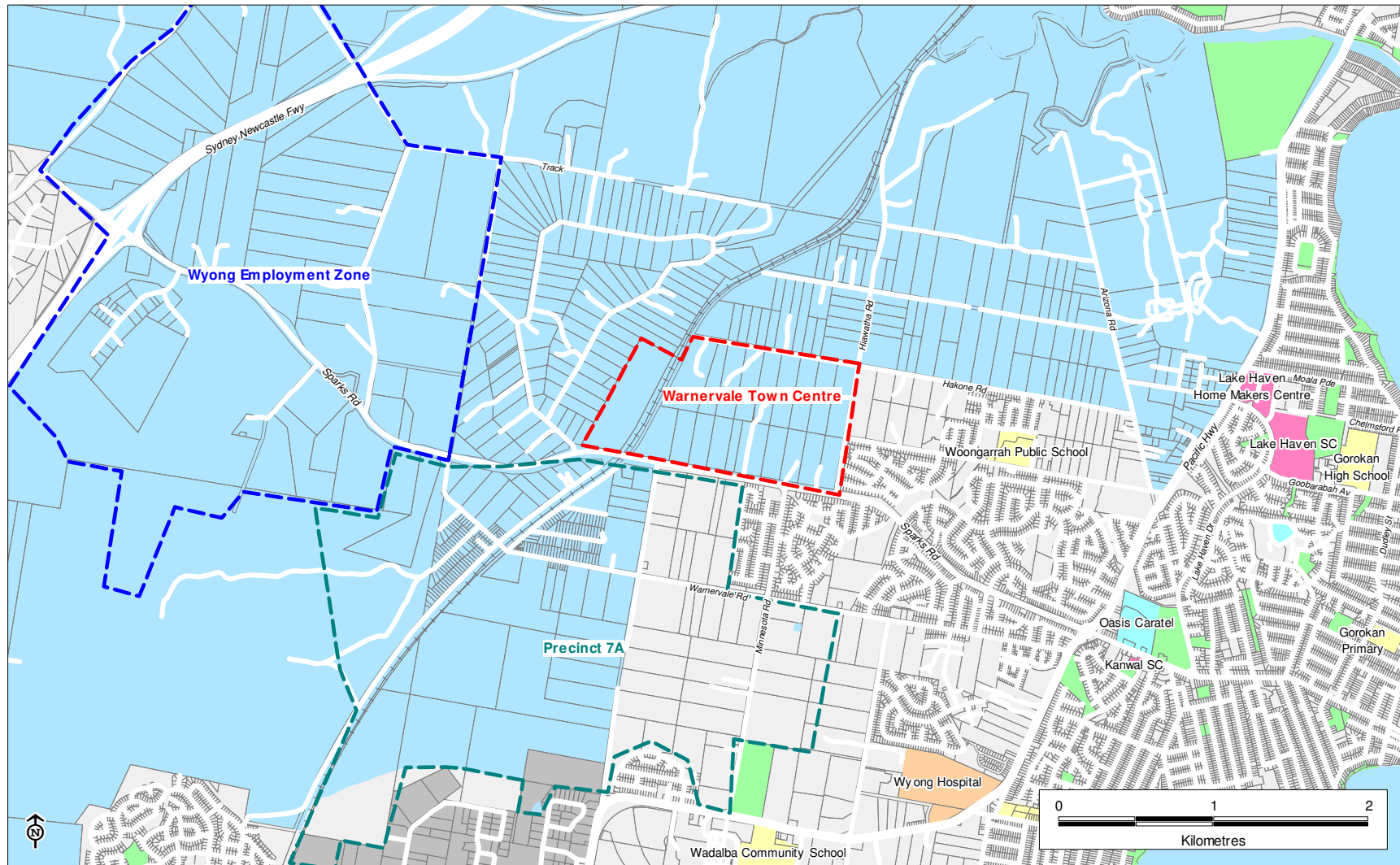
- 4.35 Tables 4.7 summarises the projected market shares for the proposed WTC in 2013. Once completed, the centre is projected to attract a 9.1% market share of the total trade area retail expenditure in 2014, with a 9.7% share of food spending and an 8.4% share of non-food spending. In the main trade area, the WTC is projected to achieve an 12.8% share of food spending and a 8.7% share of the non-food spending. The forecast primary sector market share of 23.2% of food and groceries reflects the strong role the centre would play in the market, as the major food retail destination.
- 4.36 Table 4.8 summarise projected gross rents for the indicative retail specialty floorspace at the completed WTC in 2013. Gross rental levels for the 5,500 sq.m of retail specialty floorspace are projected at \$950-\$1,000 per sq.m, reflecting an occupancy cost ratio of around 12%-12.5%.

List of maps, tables and charts

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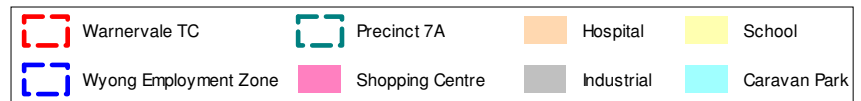


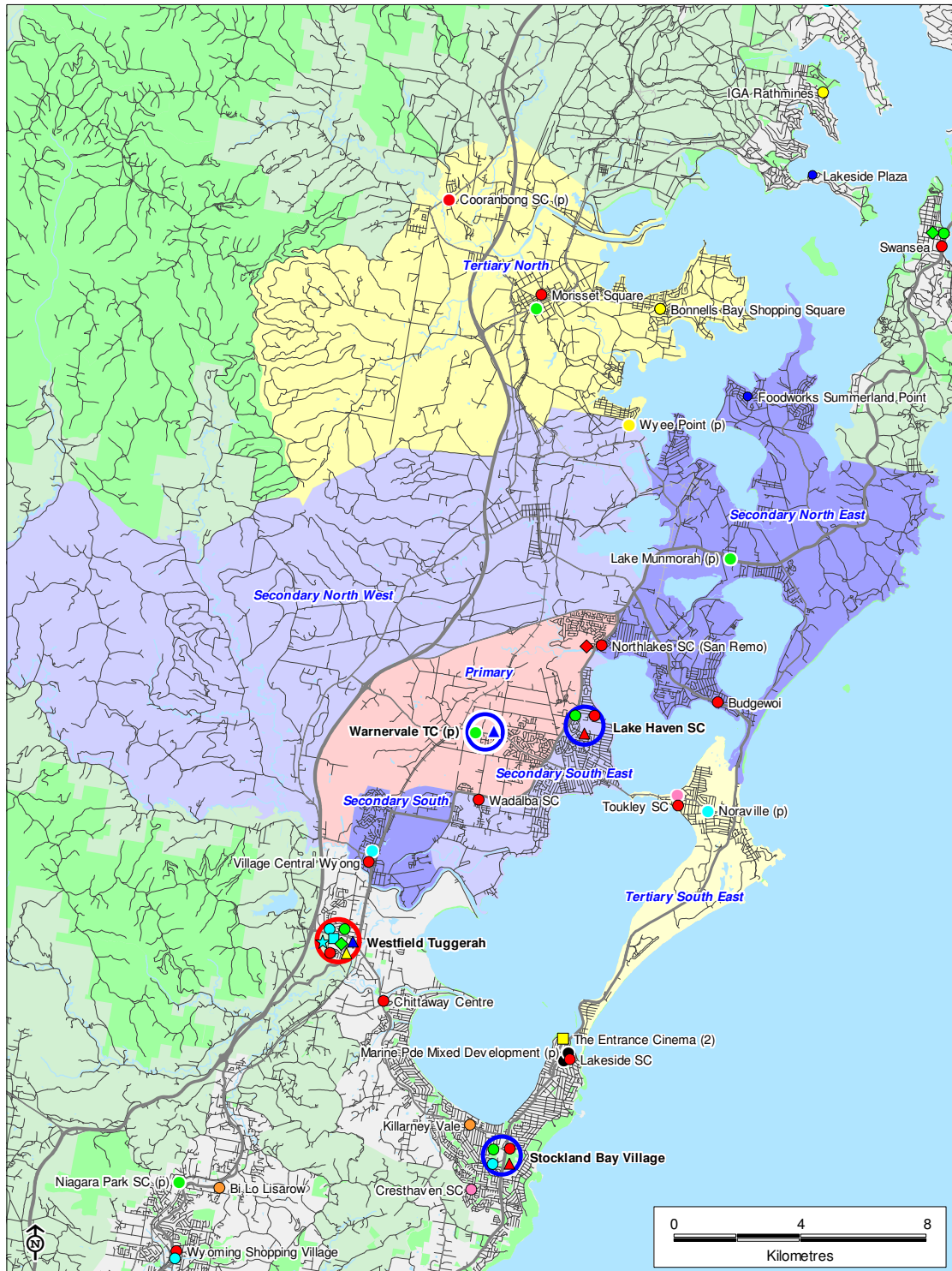
Map 1: Warnervale
Regional Context



Map 2: Warnervale Town Centre

Site Location

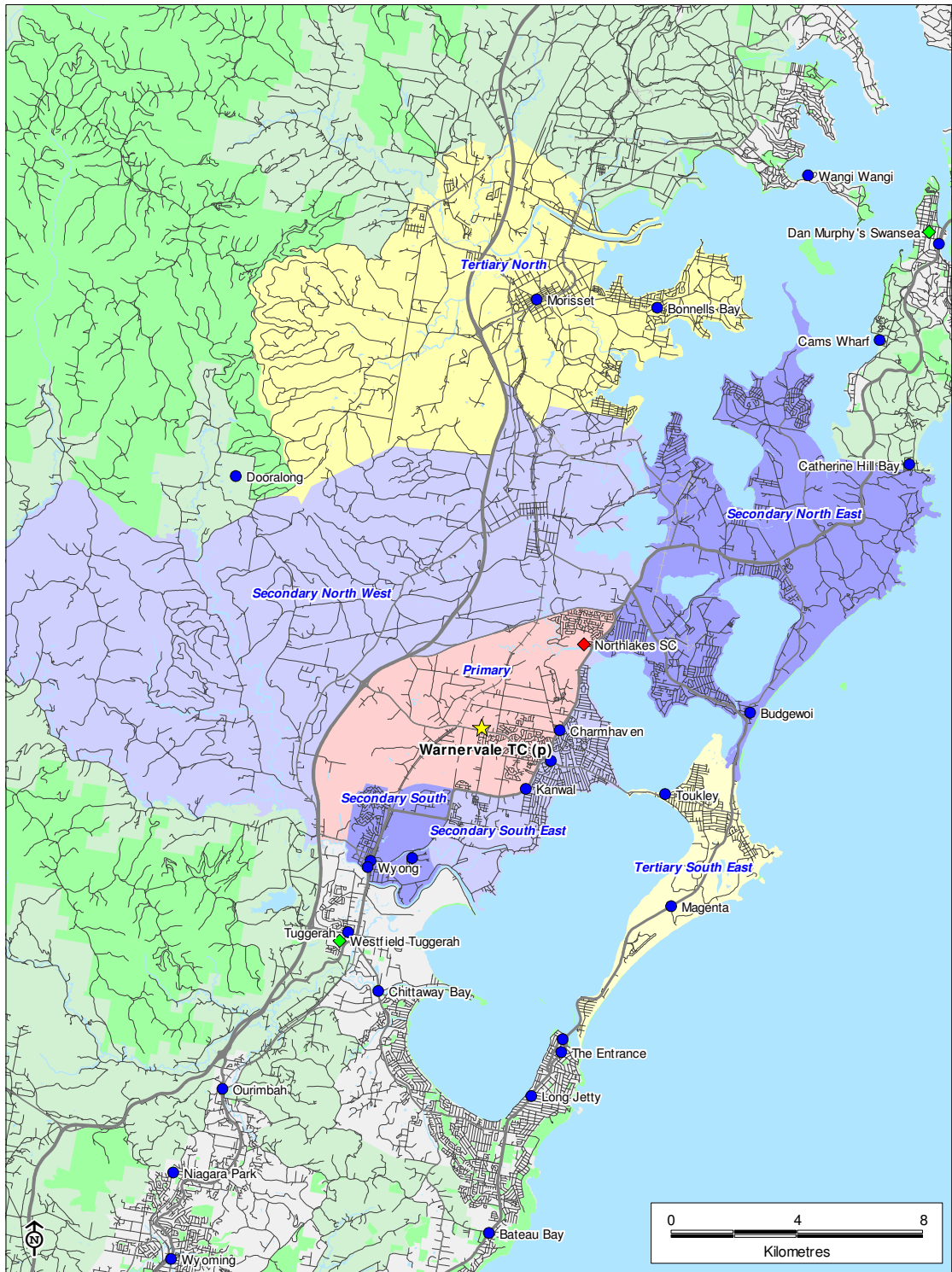




Map 3: Warnervale Town Centre
Trade Area & Competition

* Halo object indicates proposed store

○ Regional SC	● Woolworths	□ Greater Union
○ Sub-regional SC	● Coles	□ Independent Cinema
★ David Jones	● Franklins	◆ Dan Murphy's
★ Myer	● IGA	◆ 1st Choice Liquor
★ Big W	● Aldi	
▲ Kmart	● Independent	
▲ Target	● Supermarket	



**Map 4: Warnervale Town Centre
Pubs & Taverns**

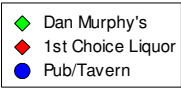




Figure 1.1

Table 1.1
Warnervale TC - Proposed centre composition*

	GLA	
	(sq.m)	(% of retail)
<u>Major tenants</u>		
DDS	8,000	38.8%
Supermarket	<u>4,200</u>	<u>20.3%</u>
Total majors	12,200	59.1%
Mini-majors*	3,330	16.1%
Total retail spec.	<u>5,110</u>	<u>24.8%</u>
Total Retail	20,640	100.0%

**The mini-major floorspace for Warnervale TC Includes a 1,400 sq.m Dan Murphy's liquor outlet.
Source: Woolworths; Pitney Bowes Business Insight*

Table 2.1
Warnervale trade area population, 2001-2021*

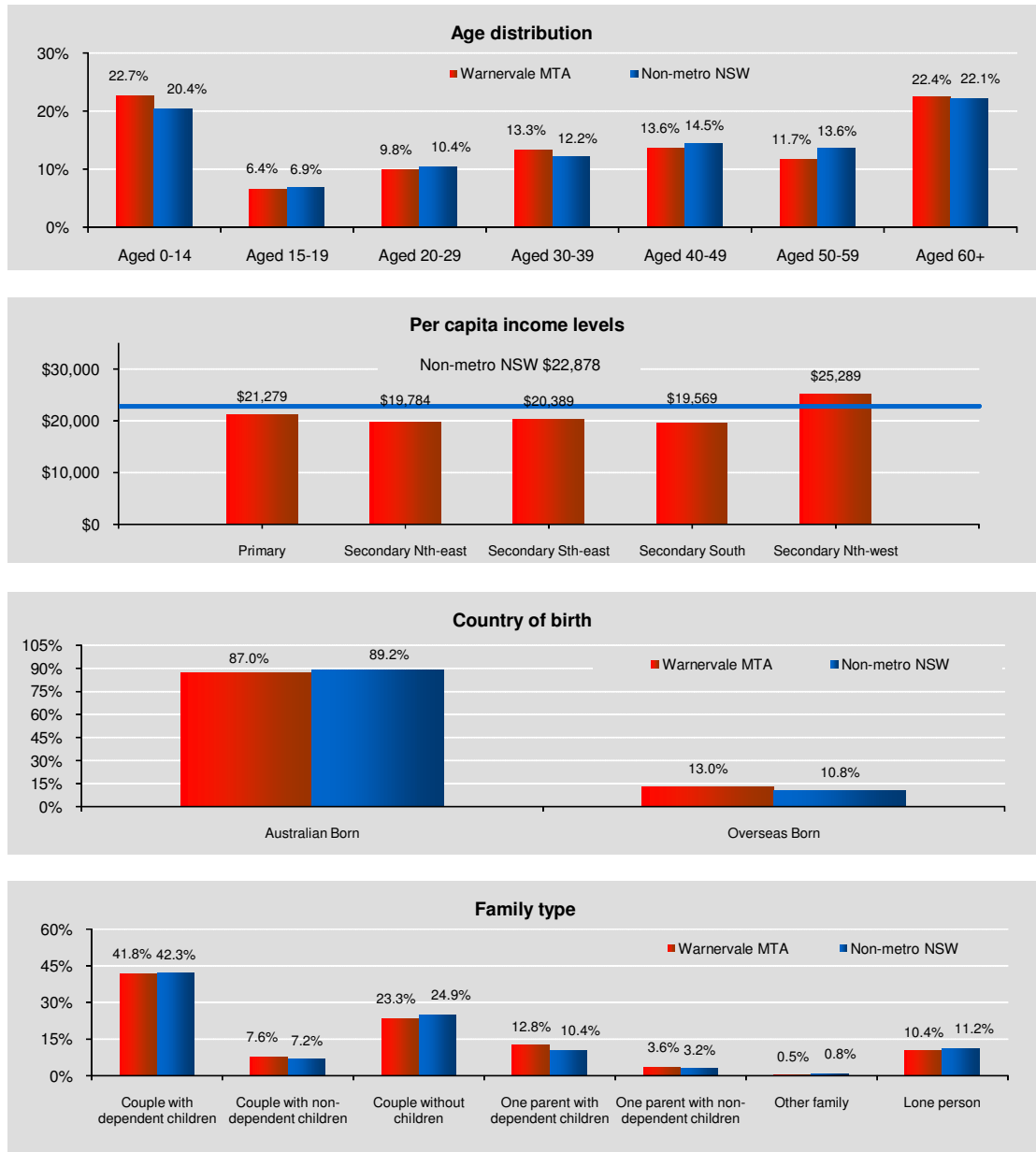
	Estimated population			Forecast population		
	2001	2006	2010	2013	2016	2021
Primary sector	8,950	14,500	18,500	21,950	25,850	32,350
Secondary sectors						
• Nth-east	27,360	28,330	28,830	29,280	29,880	31,380
• Sth-east	21,980	22,200	22,600	23,050	23,500	24,500
• South	6,680	6,850	7,050	7,200	7,350	7,725
• Nth-west	<u>4,530</u>	<u>4,570</u>	<u>4,670</u>	<u>4,970</u>	<u>5,495</u>	<u>6,745</u>
Total secondary	60,550	61,950	63,150	64,500	66,225	70,350
Main trade area	69,500	76,450	81,650	86,450	92,075	102,700
Tertiary sectors						
• North	16,260	17,810	18,610	19,210	19,960	21,960
• Sth-east	<u>10,110</u>	<u>10,230</u>	<u>10,430</u>	<u>10,730</u>	<u>11,105</u>	<u>11,730</u>
Total tertiary	26,370	28,040	29,040	29,940	31,065	33,690
Total trade area	95,870	104,490	110,690	116,390	123,140	136,390
Average annual growth (no.)						
	2001-06	2006-10	2010-13	2013-16	2016-21	
Primary sector		1,110	1,000	1,150	1,300	1,300
Secondary sectors						
• Nth-east		194	125	150	200	300
• Sth-east		44	100	150	150	200
• South		34	50	50	50	75
• Nth-west		<u>8</u>	<u>25</u>	<u>100</u>	<u>175</u>	<u>250</u>
Total secondary		280	300	450	575	825
Main trade area		1,390	1,300	1,600	1,875	2,125
Tertiary sectors						
• North		310	200	200	250	400
• Sth-east		<u>24</u>	<u>50</u>	<u>100</u>	<u>125</u>	<u>125</u>
Total tertiary		334	250	300	375	525
Total trade area		1,724	1,550	1,900	2,250	2,650
Average annual growth (%)						
	2001-06	2006-10	2010-13	2013-16	2016-21	
Primary sector	10.1%	6.3%	5.9%	5.6%	4.6%	
Secondary sectors						
• Nth-east	0.7%	0.4%	0.5%	0.7%	1.0%	
• Sth-east	0.2%	0.4%	0.7%	0.6%	0.8%	
• South	0.5%	0.7%	0.7%	0.7%	1.0%	
• Nth-west	<u>0.2%</u>	<u>0.5%</u>	<u>2.1%</u>	<u>3.4%</u>	<u>4.2%</u>	
Total secondary	0.5%	0.5%	0.7%	0.9%	1.2%	
Main trade area	1.9%	1.7%	1.9%	2.1%	2.2%	
Tertiary sectors						
• North	1.8%	1.1%	1.1%	1.3%	1.9%	
• Sth-east	<u>0.2%</u>	<u>0.5%</u>	<u>0.9%</u>	<u>1.2%</u>	<u>1.1%</u>	
Total tertiary	1.2%	0.9%	1.0%	1.2%	1.6%	
Total trade area	1.7%	1.5%	1.7%	1.9%	2.1%	
NSW average		1.1%	1.1%	1.1%	1.0%	

*As at June

Source: ABS; Pitney Bowes Business Insight

Chart 2.1

Warnervale main trade area - socio-demographic profile, 2006



Source: ABS Census of Population & Housing, 2006; Pitney Bowes Business Insight

Table 2.2

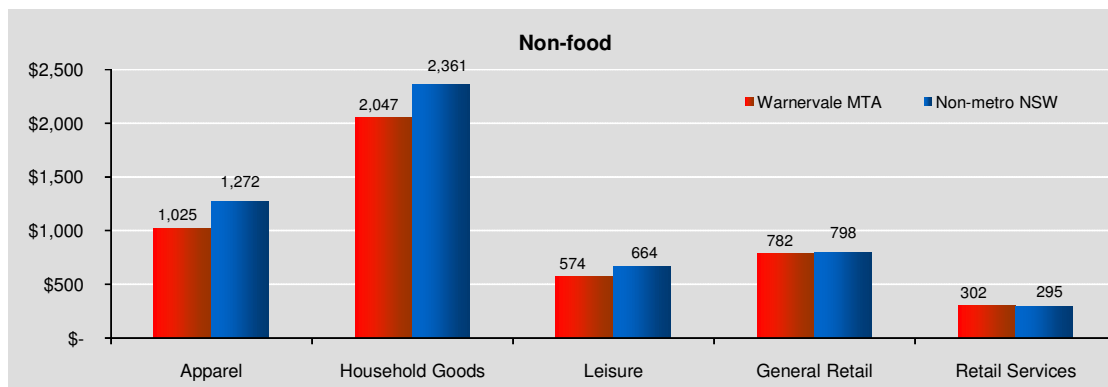
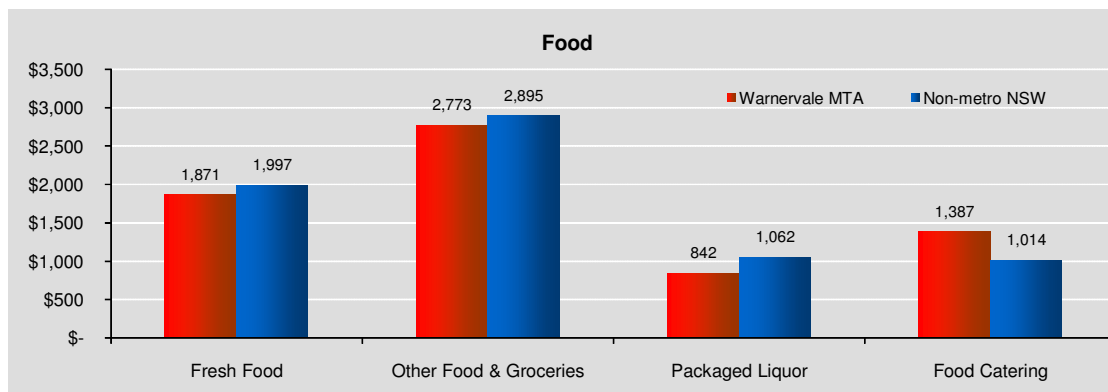
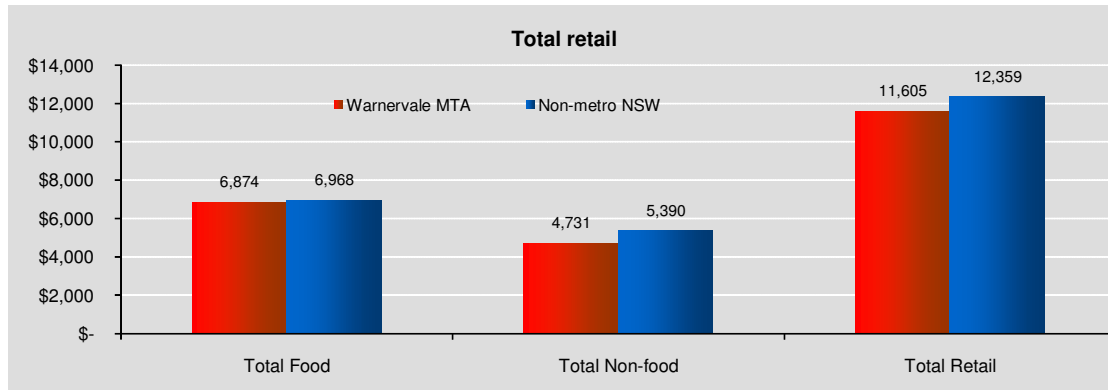
Warnervale total trade area - socio-demographic profile, 2006

	Primary sector	Secondary sectors				Main TA	Tertiary Sectors		Total TA	Non-metro NSW avg.
		Nth-east	Sth-east	South	Nth-west		North	Sth-east		
Per capita income	\$21,279	\$19,784	\$20,389	\$19,569	\$25,289	\$20,553	\$21,624	\$21,750	\$20,853	\$22,878
Variation from benchmark	-7.0%	-13.5%	-10.9%	-14.5%	10.5%	-10.2%	-5.5%	-4.9%	-8.9%	
Avg. household income	\$63,711	\$48,789	\$49,935	\$48,339	\$71,539	\$52,757	\$53,851	\$47,556	\$52,360	\$56,695
Variation from benchmark	12.4%	-13.9%	-11.9%	-14.7%	26.2%	-6.9%	-5.0%	-16.1%	-7.6%	
Avg. household size	3.0	2.5	2.4	2.5	2.8	2.6	2.5	2.2	2.5	2.5
<u>Age distribution (% of pop'n)</u>										
Aged 0-14	29.1%	21.1%	20.7%	22.2%	21.9%	22.7%	18.9%	16.2%	21.4%	20.4%
Aged 15-19	5.4%	6.4%	6.7%	7.3%	6.9%	6.4%	6.7%	5.9%	6.4%	6.9%
Aged 20-29	10.3%	9.1%	10.4%	11.2%	8.3%	9.8%	9.7%	10.2%	9.8%	10.4%
Aged 30-39	17.4%	12.4%	12.0%	13.2%	13.2%	13.3%	11.5%	10.6%	12.8%	12.2%
Aged 40-49	12.3%	13.7%	13.4%	14.1%	16.2%	13.6%	13.1%	12.0%	13.3%	14.5%
Aged 50-59	9.4%	11.7%	12.4%	12.3%	15.4%	11.7%	12.6%	12.5%	11.9%	13.6%
Aged 60+	16.0%	25.6%	24.3%	19.7%	18.1%	22.4%	27.5%	32.6%	24.3%	22.1%
Average age	33.4	39.8	39.8	37.1	37.9	38.3	41.5	44.6	39.4	39.1
<u>Housing status (% of h'holds)</u>										
Owner/purchaser	76.0%	77.3%	71.2%	61.0%	83.7%	74.2%	72.9%	64.2%	73.0%	71.4%
Renter	23.3%	22.3%	27.6%	38.8%	15.0%	25.1%	22.8%	34.4%	25.6%	27.6%
Other	0.7%	0.4%	1.2%	0.2%	1.3%	0.7%	4.3%	1.5%	1.4%	1.0%
<u>Birthplace (% of pop'n)</u>										
Australian born	85.5%	88.2%	87.1%	84.3%	88.4%	87.0%	85.1%	87.9%	86.8%	89.2%
Overseas born	14.5%	11.8%	12.9%	15.7%	11.6%	13.0%	14.9%	12.1%	13.2%	10.8%
• Asia	1.5%	0.8%	1.2%	2.9%	0.9%	1.2%	1.4%	1.0%	1.2%	1.3%
• Europe	8.9%	8.6%	8.4%	7.9%	7.8%	8.5%	8.0%	8.5%	8.4%	7.1%
• Other	4.1%	2.5%	3.3%	4.9%	2.8%	3.3%	5.5%	2.6%	3.6%	2.5%
<u>Family type (% households)</u>										
Couple with dep't children	53.5%	39.3%	38.8%	38.0%	48.4%	41.8%	40.2%	30.7%	40.3%	42.3%
Couple with non-dep't children	6.4%	7.7%	7.8%	6.8%	10.2%	7.6%	7.2%	7.0%	7.5%	7.2%
Couple without children	20.4%	26.1%	22.7%	19.1%	23.2%	23.3%	27.4%	27.5%	24.5%	24.9%
One parent with dep't children	12.5%	12.3%	13.4%	16.9%	7.8%	12.8%	10.6%	12.4%	12.4%	10.4%
One parent with non-dep't child.	2.0%	3.3%	4.2%	5.7%	2.6%	3.6%	3.5%	4.0%	3.6%	3.2%
Other family	0.4%	0.5%	0.5%	0.8%	0.5%	0.5%	0.8%	1.0%	0.6%	0.8%
Lone person	4.8%	10.9%	12.6%	12.6%	7.3%	10.4%	10.2%	17.3%	11.1%	11.2%

Source: ABS Census of Population & Housing, 2006; Pitney Bowes Business Insight

Chart 2.2

Warnervale trade area - retail spending per person, 2009/10*



Source: MarketInfo; Pitney Bowes Business Insight

Table 2.3

Warnervale main trade area - retail expenditure, 2010-2021

Year ending June	Primary sector	Secondary sectors				Main TA
		Nth-east	Sth-east	South	Nth-west	
2010	210	330	259	79	62	939
2011	232	345	271	82	65	995
2012	255	361	284	86	69	1,055
2013	281	377	297	90	74	1,119
2014	310	395	311	95	79	1,188
2015	340	413	325	99	85	1,263
2016	374	433	341	104	91	1,342
2017	409	454	357	109	98	1,427
2018	445	477	375	114	107	1,518
2019	484	501	393	120	116	1,614
2020	527	527	412	126	125	1,718
2021	573	553	433	133	136	1,828
<u>Average annual growth (\$M)</u>						
2010-2016	27	17	14	4	5	67
2016-2021	40	24	18	6	9	97
<u>Average annual growth (%)</u>						
2010-2016	10.1%	4.6%	4.7%	4.8%	6.7%	6.1%
2016-2021	8.9%	5.0%	4.9%	5.0%	8.3%	6.4%

*Inflated dollars & including GST

Source: MarketInfo; Pitney Bowes Business Insight

Table 2.4

Warnervale main trade area - retail expenditure by product group, 2010-2021*

Year ending June	Food & liquor	Food catering	Apparel	Household goods	Leisure	General retail	Retail services
2010	444	112	83	166	46	63	24
2011	469	119	88	177	49	67	26
2012	496	126	94	188	52	71	27
2013	524	134	100	201	56	76	29
2014	555	142	106	215	59	80	31
2015	588	151	113	229	63	85	33
2016	623	161	121	245	67	91	35
2017	660	171	129	262	72	97	37
2018	700	182	137	280	76	103	39
2019	742	193	147	300	82	109	42
2020	787	206	157	321	87	117	45
2021	835	219	167	343	93	124	47
<u>Average annual growth (\$M)</u>							
2010-2016	30	8	6	13	3	5	2
2016-2021	42	12	9	20	5	7	3
<u>Average annual growth (%)</u>							
2010-2016	5.8%	6.2%	6.5%	6.7%	6.4%	6.2%	6.1%
2016-2021	6.0%	6.4%	6.7%	7.0%	6.6%	6.4%	6.3%

*Inflated dollars & including GST

Source: MarketInfo; Pitney Bowes Business Insight

Table 3.1

Warnervale TC schedule of competing retail facilities within total trade area

Centre	Retail GLA (sq.m)	Major traders	Dist. by road from Warnervale TC (km)
Sub Regional Shopping Centres			
Lake Haven SC	30,600	Kmart (7,985), Woolworths (3,464), Coles (4,244)	4.5
Supermarket Based Shopping Centres			
Wadalba SC	2,300	Coles (1,500)	3.0
<u>Wyong</u>	<u>11,200</u>		<u>6.0</u>
• Village Central Wyong	6,200	Coles (2,801)	
• Other	5,000	Aldi (p)	
Northlakes SC	5,000	Coles (3,490)	7.3
<u>Toukley</u>	<u>5,500</u>		<u>7.6</u>
• Toukley SC	3,500	Coles (2,200)	
• Other	2,000	Franklins (1,310) (p)	
Noraville	2,500	Aldi (1,580) (p)	9.0
Lake Munmorah	10,000	Woolworths (3,800) (p)	13.6
Budgewoi	3,000	Coles (2,800)	14.8
Wyee Point	1,400	IGA (530)	20.0
<u>Morisset</u>	<u>15,300</u>		<u>22.0</u>
• Morisset Square	10,900	Target (1,654), Coles (3,834)	
• Morisset Marketplace	4,400	Woolworths (3,075) (p)	
Summerland Point	1,000	Foodworks (650)	24.0
Bonnells Bay SC	1,000	IGA (600)	27.0
Cooranbong SC	3,700	Coles (2,611) (p)	30.0

Source: Property Council of Australia; Pitney Bowes Business Insight

Table 3.2

Warnervale TC schedule of competing retail facilities beyond total trade area

Centre	Retail GLA (sq.m)	Major traders	Dist. by road from Warnervale TC (km)
Regional Shopping Centres			
Westfield Tuggerah	84,600	David Jones (13,198), Target (7,169), Big W (7,060) Woolworths (5,100), Coles (3,570)	10.0
Sub Regional Shopping Centres			
Stockland Bay Village	25,100	Kmart (7,587), Coles (5,135), Woolworths (3,600)	20.0
Supermark Based Shopping Centres			
<u>The Entrance</u>			18.8
• Lakeside SC	5,000	Coles (3,084), Unknown supermarket (3,600) (p)	
• Other	6,800	Unknown supermarket (2,360) (p)	
Chittway Centre	3,000	Coles (1,470)	11.8
Cresthaven SC	3,000	Franklins (1,200)	23.7
Niagara Park SC		Woolworths (3,200) (p)	25.0

Source: Property Council of Australia; Pitney Bowes Business Insight

Table 4.1

Warnervale TC major tenant sales potential, 2013-2021*

Year ending June	Forecast sales (\$M)			
	Big W	Woolworths	Aldi	Total
2013	26.9	44.9	13.4	85.2
2014	26.0	48.0	14.3	88.4
2015	27.8	51.4	15.3	94.5
2016	29.7	55.0	16.4	101.0
2017	31.7	58.7	17.5	108.0
2018	33.8	62.7	18.7	115.3
2019	36.1	67.0	20.0	123.1
2020	38.6	71.6	21.4	131.5
2021	41.2	76.5	22.8	140.5
Avg. ann. growth, 2013-2021	5.5%	6.9%	6.9%	6.5%

*Inflated dollars & including GST

Source: Pitney Bowes Business Insight

Table 4.2**Warnervale TC - Forecast mini-major sales sales, 2013-2021***

Y/E June	Dan Murphy's (\$M)	Harris Farm (\$M)	Crazy Clarks (\$M)	Total (\$M)
2013	13.3	7.0	2.6	22.9
2014	14.3	7.5	2.7	24.4
2015	15.3	8.0	2.8	26.1
2016	16.4	8.5	3.0	28.0
2017	17.6	9.1	3.2	29.9
2018	18.9	9.7	3.4	32.0
2019	20.2	10.4	3.6	34.2
2020	21.7	11.1	3.8	36.6
2021	23.2	11.8	4.1	39.1
Average Annual Growth : 2013-21	7.2%	6.7%	5.8%	6.9%

**Inflated dollars & including GST*
Source : Pitney Bowes Business Insight

Table 4.3

Warnervale TC - Proposed composition

Category	Proposed Centre		Single DDS / Single Smkt Centres		Single DDS / Double Smkt Centres	
	GLA (sq.m)	% of Retail	GLA (sq.m)	% of Retail	GLA (sq.m)	% of Retail
<u>Major tenants</u>						
DDS	8,000	35.5%	6,807	40.6%	7,434	31.3%
Supermarket	<u>5,700</u>	<u>25.3%</u>	<u>3,995</u>	<u>23.9%</u>	<u>7,275</u>	<u>30.6%</u>
Total majors	13,700	60.8%	10,802	64.5%	14,708	61.9%
Mini-majors	3,330	14.8%	1,254	7.5%	2,534	10.7%
<u>Retail specialities</u>						
Food & Liquor	500	2.2%	353	2.1%	653	2.7%
Food catering	850	3.8%	490	2.9%	811	3.4%
Apparel	1,750	7.8%	2,261	13.5%	2,351	9.9%
Household	400	1.8%	341	2.0%	613	2.6%
Leisure	550	2.4%	428	2.6%	571	2.4%
General	800	3.6%	439	2.6%	865	3.6%
Retail services	<u>650</u>	<u>2.9%</u>	<u>378</u>	<u>2.3%</u>	<u>662</u>	<u>2.8%</u>
Total retail spec.	5,500	24.4%	4,691	28.0%	6,527	27.5%
Total Retail	22,530	100.0%	16,747	100.0%	23,770	100.0%
Non-retail spec.*	<u>700</u>		<u>417</u>		<u>653</u>	
Total Centre**	23,230		17,164		24,423	

* Includes non-retail tenants such as bank outlets, travel agents, medicare, real estate agents, post outlets and medical practitioners.

**Excludes non-retail tenants such as commercial offices, taverns, libraries, fitness centres, cinemas and service stations. Also excludes pad sites.

Source: Woolworths; Pitney Bowes Business Insight

Table 4.4

Warnervale TC - Estimated annual cinema attendance, 2012/13

TA Sector	2013 Population (As at June)	Est. Cinema Visits (Per person p.a.)	Est. Total Cinema Attendance (p.a.)	Warnervale TC	
				Forecast Mkt Shares	Forecast Attendance
Primary sector	21,950	5.9	130,420	60.0%	29,344
Secondary Sectors					
• Nth-east	29,280	6.3	184,247	37.5%	69,093
• Sth-east	23,050	6.4	146,485	35.0%	51,270
• South	7,200	6.3	45,489	10.0%	4,549
• Nth-west	<u>4,970</u>	<u>6.2</u>	<u>31,045</u>	<u>37.5%</u>	<u>11,642</u>
Main Trade Area	86,450	6.2	537,686	30.9%	165,898
Tertiary Sectors					
• North	19,210	6.4	123,254	15.0%	18,488
• Sth-east	<u>10,730</u>	<u>6.5</u>	<u>70,112</u>	<u>15.0%</u>	<u>10,517</u>
Total Trade Area	116,390	6.3	731,052	26.7%	194,903
Allowance for Patronage from Beyond Trade Area (@ 7.5% of Total Attendance)					15,803
Forecast Attendance at Forecast Cinemas					210,706
Source: Pitney Bowes Business Insight					

Table 4.5

Warnervale TC - Forecast centre sales by retail category, 2012/13*

Category	Warnervale TC			Single dds/single smkt centres			Single dds/double smkt centres		
	GLA (sq.m)	Forecast sales (\$'000) (\$/sq.m)		GLA (sq.m)	Average sales (\$'000) (\$/sq.m)		GLA (sq.m)	Average sales (\$'000) (\$/sq.m)	
<u>Major tenants</u>									
DDS	8,000	26,866	3,358	6,470	27,984	4,326	7,434	27,531	3,704
Supermarket	<u>5,700</u>	<u>58,331</u>	<u>10,234</u>	<u>3,974</u>	<u>53,427</u>	<u>13,444</u>	<u>7,275</u>	79,432	<u>10,919</u>
Total majors	13,700	85,197	6,219	10,444	81,411	7,795	14,708	106,964	7,272
Mini-majors	3,330	22,908	6,879	81	212	2,605	2,534	11,802	4,657
<u>Retail specialities</u>									
Food & liquor	500	5,190	10,381	522	6,928	13,267	653	7,625	11,669
Food catering	850	7,198	8,469	499	4,081	8,186	811	7,640	9,417
Apparel	1,750	10,996	6,283	1,464	9,630	6,580	2,351	15,782	6,711
Household	400	2,404	6,010	217	1,560	7,173	613	4,162	6,793
Leisure	550	5,108	9,288	318	3,217	10,114	571	5,298	9,271
General	800	7,649	9,561	692	7,292	10,531	865	9,237	10,681
Retail services	<u>650</u>	<u>4,439</u>	<u>6,830</u>	<u>428</u>	<u>2,715</u>	<u>6,350</u>	<u>662</u>	<u>4,758</u>	<u>7,184</u>
Total retail spec.	5,500	42,985	7,815	4,140	35,423	8,557	6,527	54,502	8,350
Total Retail	22,530	151,090	6,706	14,665	117,046	7,981	23,770	173,267	7,289
Non-retail	<u>700</u>								
Total Centre	23,230								

*Inflated dollars & including GST

Source: Pitney Bowes Business Insight

Table 4.6

Warnervale TC - Forecast centre sales by retail category, 2013-2021*

Category	GLA	Forecast Sales (\$M)								
	(sq.m)	2013	2014	2015	2016	2017	2018	2019	2020	2021
Major tenants										
DDS	8,000	26.9	26.0	27.8	29.7	31.7	33.8	36.1	38.6	41.2
Supermarket	5,700	58.3	62.4	66.7	71.4	76.3	81.4	87.0	92.9	99.3
Total majors	13,700	85.2	88.4	94.5	101.0	108.0	115.3	123.1	131.5	140.5
Mini-majors	3,330	22.9	24.4	26.1	28.0	29.9	32.0	34.2	36.6	39.1
Total retail spec.	5,500	43.0	43.8	46.8	50.1	53.5	57.1	61.0	65.2	69.6
Total Retail	22,530	151.1	156.7	167.5	179.1	191.4	204.4	218.3	233.2	249.3

*Inflated dollars & including GST

Source: Pitney Bowes Business Insight

Table 4.7

Warnervale TC - Forecast market shares, 2012/13*

	Retail spend (\$M)			Centre sales (\$M)			Market share		
	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary sector	160.4	121.0	281.4	37.3	14.1	51.3	23.2%	11.6%	18.2%
Secondary sectors									
• Nth-east	225.5	151.7	377.2	7.2	10.5	17.7	3.2%	6.9%	4.7%
• Sth-east	176.6	120.3	296.9	29.5	9.9	39.4	16.7%	8.2%	13.3%
• South	<u>54.2</u>	<u>36.1</u>	<u>90.3</u>	<u>3.5</u>	<u>2.6</u>	<u>6.1</u>	<u>6.5%</u>	<u>7.1%</u>	<u>6.7%</u>
Total secondary	497.7	340.2	837.9	46.8	26.3	73.1	9.4%	7.7%	8.7%
Main TA	658.2	461.2	1,119.3	84.0	40.3	124.4	12.8%	8.7%	11.1%
Tertiary sectors									
• North	143.0	113.5	256.5	1.0	7.9	8.8	0.7%	6.9%	3.4%
• Sth-east	<u>81.2</u>	<u>53.4</u>	<u>134.6</u>	<u>0.5</u>	<u>4.4</u>	<u>4.9</u>	<u>0.7%</u>	<u>8.2%</u>	<u>3.6%</u>
Total tertiary	224.2	166.9	391.1	1.5	12.2	13.7	0.7%	7.3%	3.5%
Total TA	882.4	628.1	1,510.4	85.5	52.6	138.1	9.7%	8.4%	9.1%
Sales from beyond TA				<u>7.1</u>	<u>5.8</u>	<u>13.0</u>			
Total centre sales				92.7	58.4	151.1			

*Inflated dollars & including GST

Source: Woolworths; Marketinfo; Pitney Bowes Business Insight

Table 4.8

Warnervale TC - Forecast specialty performance, 2012/13*

	GLA	Forecast sales		Gross rents		Occ. cost
	(sq.m)	(\$'000)	(\$/sq.m)	(\$'000)	(\$/sq.m)	Ratio
Food & liquor	500	5,190	10,381	575	1,150	11.1%
Food catering	850	7,198	8,469	1,020	1,200	14.2%
Apparel	1,750	10,996	6,283	1,619	925	14.7%
Household	400	2,404	6,010	280	700	11.6%
Leisure	550	5,108	9,288	495	900	9.7%
General	800	7,649	9,561	760	950	9.9%
Retail services	<u>650</u>	<u>4,439</u>	<u>6,830</u>	<u>650</u>	<u>1,000</u>	<u>14.6%</u>
Total retail spec.	5,500	42,985	7,815	5,399	982	12.6%

*Inflated dollars & including GST

Source: Client; Pitney Bowes Business Insight

