

PROPOSED SHOPPING CENTRE MURWILLUMBAH

ECONOMIC NEED AND IMPACT ASSESSMENT

Client:

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Disclaimer

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Summary

A convenience-oriented shopping centre of 2,387 m² is proposed in the town of Murwillumbah in the Tweed Shire. The site of the proposed centre is in a commercial district on the southern side of Tweed Valley Way east of the Murwillumbah town centre. The proposal is effectively a variation of an existing approval for development of a fruit barn, specialty shops and a bulky goods outlet on the site, which would be more viable than the approved development.

The subject centre is proposed to provide a second full line supermarket for residents of Murwillumbah and the rural west, in a location that will be highly convenient to regional residents and passing traffic. A retail strategy prepared by Core Economics for Tweed Shire Council anticipates development of a second supermarket at Murwillumbah.

Existing retail facilities in the area are concentrated in Murwillumbah CBD and include the area's only full line supermarket. The nearest significant higher order retail facilities are located approximately 30 km to the north in the Tweed Heads area.

Market Characteristics

The forecast main trade area of the proposed centre extends from Murwillumbah into the rural west of the Tweed Shire as far as Uki to the south and Tyalgum to the west. The extent of the trade area is restricted by supermarkets to the north in Banora Point and Tweed Heads.

The trade area has an estimated population of 18,400 in the year 2006 and is expected to increase to 18,751 by the year 2008, the assumed first year of operation of the proposal. The trade area population has an average household income of \$39,671 which is 13.7% below the NSW non-metro average of \$45,958.

Trade area households are forecast to generate approximately \$141.8 million in non-automotive retail expenditure in the 2008. This is expected to increase to \$155.5 million by 2016.

Forecast Performance and Impacts

In 2008, the subject centre is forecast to generate turnover of \$14.5 million which represents an average productivity of \$6,345 per square metre.

The impact of the subject centre is forecast to be focused principally on the Coles supermarket at Sunnyside Shopping Mall, with only minor impacts on other Murwillumbah retailers. Impacts on retailers other than the Coles supermarket are estimated to be comparable to those that would occur under

the existing approval. Impacts are not expected to threaten the viability of any existing retailers.

The proposal conforms to requirements under Clause 8 (2) of the Tweed Local Environment Plan in that:

- It meets an identified community need; and
- Our investigations show that there is no appropriate site available within the Murwillumbah town centre that could accommodate the proposal.

The proposal is forecast to generate several benefits for the community including:

- Providing a use on the site that will be more economically viable than the approved development,
- Providing the community with an alternative full line supermarket;
- Providing increased competition with consequent price benefits;
- Contributing to a reduction of retail expenditure leakage from Murwillumbah;
- Boosting the economy of the area, as the planned IGA supermarket has advised that it will buy a significant proportion of its stock from local producers, unlike major national supermarket operators;
- Generating around 80 new jobs.

Conclusion

The appropriateness of the subject proposal has been considered with regard to its benefits in meeting a growing community need for a second supermarket. These benefits compare to the proposal's adverse impacts, which are substantially focused on Coles, a retailer that is capable of absorbing the impact and that will continue to trade at a healthy turnover.

It is concluded that there is a need for the development and the impacts are clearly outweighed by the proposal's benefits to the community.

1 Introduction

Southpac Property Trust proposes to redevelop the Norco Dairy Factory site located along Tweed Valley Way in Murwillumbah. Proposed is a convenience retail centre that is intended to cater to the population of Murwillumbah and the rural western area of the Tweed Shire by providing an alternative full line supermarket to the existing Coles in the centre of town, in a location that is highly convenient to regional residents and passing traffic on Tweed Valley Way.

An approval currently exists on the site for a 2,448 m² centre that would comprise a large fruit and vegetable store, bulky goods retailing, and specialty shops and services. The applicant advises that this approval did not attract the required retailers and was found to be unviable. Therefore, the proposal has been revised.

The purpose of this report is to assess the need and impacts of the revised proposal.

1.1 SITE LOCATION

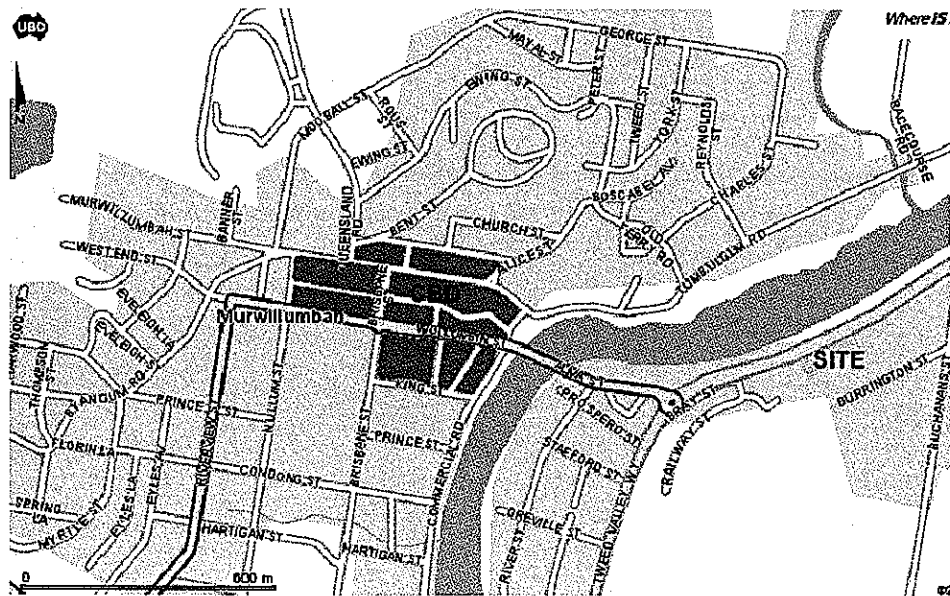
The subject site is located on the southern side of Tweed Valley Way which links Murwillumbah to Tweed Heads and Brunswick Heads. At this location Tweed Valley Way carries an estimated two way traffic volume of approximately 14,523 vehicles per day¹.

The site is situated approximately 350 metres east of the Alma Street roundabout turnoff into the town centre and is about one kilometre east of the Murwillumbah CBD across the Tweed River. The Tweed River is on the opposite side of Tweed Valley Way and the North Coast Railway (which is now discontinued) runs along the rear boundary of the site. Adjacent to the site are car yards.

A variety of other retail and commercial facilities are located to the north and south of the site along Tweed Valley Way.

The site location is shown on the following map.

¹ Source: RTA Traffic Volumes 2004 Publication, Main Rd No. 679 – Tweed Valley Way.



Source: Base Map UBD

1.2 PROPOSED DEVELOPMENT

The proposed development is an unenclosed shopping centre with a gross floor area of 2,387 m² situated on a 6,252 m² site, comprising the following:

- A 1,712 m² Supa IGA supermarket;
- Seven convenience-oriented specialty shops varying in size from 50 m² to 190 m² with a total floor space of 675 m²; and
- A car park of 96 spaces as well as two loading bays in the main dock area and a separate loading bay and waste disposal area.

Access to the site will be via Tweed Valley Way.

The lettable area of the centre is less than one third that of Sunnyside Shopping Mall, and the proposed supermarket is less than half the size of the Coles supermarket in Sunnyside Shopping Mall.

1.3 FUNCTIONS OF THE DEVELOPMENT

The proposal is intended to provide for the regular retail needs of residents in Murwillumbah and the rural west areas by:

- Providing an alternative full line supermarket to the existing Coles supermarket. This will contribute to price competition and greater choice, thereby benefiting the community;
- Catering to a regional population which is under-served with respect to supermarket provision;

- Contributing to a reduction of retail expenditure leakage from Murwillumbah.
- Providing a more viable retail centre than the centre currently approved.

The proposed supermarket operator is an independent local retailer branded as Supa IGA. This operator advises that it intends to purchase a substantial portion of its fresh food products from within the local community, including fruit and vegetables, milk, dairy products, fruit juices etc. This in turn will have a positive effect on the local economy, not matched by large supermarket chains, which purchase mainly through national suppliers.

IGA also runs a Community Chest program which supports the local community. This system includes a percentage of certain sales being put aside for community uses, direct store donations, sponsorship of local sporting teams and involvement in special events. The community also has input into deciding recipients of the benefits.

The proposal also reflects the Tweed Shire Council retail strategy prepared by Core Economics in September, 2005. That strategy anticipates a second supermarket in Murwillumbah, noting: "It is likely that as the local population increases, need will increase for a supermarket..."²

1.4 TWEED LOCAL ENVIRONMENT PLAN

The Tweed Local Environment Plan (LEP) gives the desired outcomes of the Tweed Shire 2000+ Strategic Plan and of particular note (for the purposes of this report) the approach to assessing development applications that are inconsistent with these desired outcomes stated in the LEP.

The subject site of the proposed development is zoned '3(c) commerce and trade.' The objectives of the zoning from clause 11 are outlined below:

Zone 3 (c) Commerce and Trade states:

Zone objectives

Primary objective

- *to provide for commercial, bulky goods retailing, light industrial and trade activities which do not jeopardise the viability or function of the sub-regional or business centres.*

Secondary objectives

- *to provide for those retailing activities which are not suited to, or desirable in, the other business zones or which serve the needs of the other businesses in the zone.*

² Source: Core Economics, Tweed Shire Retail Strategy, September, 2005, Section 1.

- *to allow for other development that is compatible with the primary function of the zone.*

Development of shops is allowed with consent and must satisfy the provisions of Clause 8 (2).

Clause 8 (2) states that:

The consent authority may grant consent to development specified in Item 3 of Table to clause 11 if the applicant demonstrates to the satisfaction of the consent authority that:

(a) the development is necessary for any one of the following reasons:

- (i) it needs to be in the locality in which it proposed to be carried out due to the nature, the function or service catchment of the development.*
- (ii) it meets an identified urgent community need,*
- (iii) it comprises a major employment generator, and*

(b) there is no other appropriate site on which the development is permitted with consent development (other than as advertised development) in reasonable proximity, and

(c) the development will be generally consistent with the scale and character of existing and future lawful development in the immediate area, and

(d) the development would be consistent with the aims of this plan and at lets one of the objectives of the zone within which it is proposed to be located.

The most suitable zoning for a shopping centre (such as the proposed), consistent with the Tweed LEP is the '3 (b) General Business zoning', which applies to the Murwillumbah town centre area.

The proposed development seeks approval for development of a shopping centre within a 3 (c) Commerce and Trade zoning as set out in the Tweed LEP. Under the provisions of clause 8 (2), development consent may be granted in a location zoned 3 (c) if it meets an identified need and there is no other appropriate site available in the 3 (b) zoned area.

This provision was used in the approval of the currently approved retail centre on the site.

Alternative Sites

The Tweed Shire Retail Strategy prepared by Core Economics notes that "The Murwillumbah Town Centre is effectively land-locked and is only capable of

incremental expansion and redevelopment, with the possible exception of the area to the south of King Street.”³

To determine the availability of alternative sites, an investigation was made in May 2006 of all sites in the 3 (b) zone that would (i) be large enough to host the proposed development, (ii) do not have demolition controls, and (iii) are either unoccupied or underutilised. Our inspection showed that in the 3 (b) zone, all suitable sites are occupied with buildings, with no significant vacancies. Therefore, the proposal would likely require assembly of land under multiple ownerships with multiple tenancies.

The applicant advises that it has attempted to purchase several sites within the allocated 3 (b) zoning of the Murwillumbah town centre. However, asking prices for these sites made the proposal development economically unfeasible for the following reasons:

- High entry property prices and current construction costs would result in uneconomic returns on a completed development such as the proposed.
- Above industry standard rental rates would be necessary to justify high entry costs. These may be unsustainable, as rents would be considerably higher than those of the surrounding retail premises.

³ Source, Core Economics, Ibid.

2 Existing and Proposed Retail Facilities

2.1 MURWILLUMBAH RETAIL FACILITIES

Murwillumbah retail facilities exist mainly in the CBD under the council's 3(b) zoning. There is approximately 48,000 m² of retail space in Murwillumbah CBD⁴ situated predominantly on the main street and in the only centre in the area anchored with a full line supermarket.

Sunnyside Shopping Mall is located in the Murwillumbah CBD and has a lettable area of 7,515 m². The centre is anchored by a 4,264 m² Coles supermarket and has 24 specialty shops including a Crazy Clarks and a small Country Target which mostly sells clothing. The centre has recently been refurbished and on inspection was fairly quiet except for the Coles supermarket, which was trading well. There was one vacancy but only due to renovations for a new tenant.

The CBD also has two smaller food stores that mainly cater to top-up shopping needs and therefore would not be directly competitive with the subject proposal:

- **5 Star Food Store** has approximately 300 m² of retail space and is situated below the cinemas. The food store carries most dry items, fruit and vegetables and also has a deli.
- **IGA** is located in a small arcade on the corner of Murwillumbah Street and Brisbane Street. The food store has approximately 150 m² of retail space and carries mostly non-perishable items.

Murwillumbah Street accommodates cafés and public bars, with numerous affordable clothing stores. Only a few national retailers are located in the town centre. This retail precinct is healthy and well-patronised, with parking at a premium and virtually no unoccupied premises.

2.2 URBAN NORTH RETAIL FACILITIES

The Urban North is located approximately 30 km north of the subject site and incorporates Tweed Heads, Tweed Heads South, Tweed Heads West and Banora Point. It has approximately 170,000 m² of retail space in this area making it the largest retail node in North Coast Region. Retail facilities include a regional and a sub-regional centre and seven full line supermarkets

Tweed City Shopping Centre is a regional shopping centre and is the largest in the region with 42,395 m² of lettable area. It comprises a 7,381 m² Kmart, 7,033 Big W, 4,527 m² Woolworths, 2,717 m² Action, 2,583 Coles, a 1,152 m²

⁴ Source: Core Economics, Tweed Shire Retail Strategy, September 2005.

Best and Less and 121 specialty shops. An application has been lodged for an additional 10,000 m² of retail space which will consolidate it as the region's largest centre.

Centro Tweed is a subregional shopping centre located on the corner of Wharf and Bay Streets in Tweed Heads. The centre comprises a 4,083 m² Woolworths, a 4,054 m² Coles supermarket and 86 specialty stores and services.

Banora Shopping Village is located south of Tweed Heads and has 3,908 m² of retail space. The centre is anchored by a 1,993 m² Bi-Lo supermarket and has 22 specialty shops.

2.3 COASTAL RETAIL FACILITIES

The Tweed Coast stretches from Kingscliff to Pottsville. This area is currently seeing a substantial amount of new development.

Kingscliff has approximately 16,892m² of retail space. It is mainly concentrated in Kingscliff Shopping Village anchored by a Woolworths supermarket, which is the closest full line supermarket outside of Murwillumbah. Additional retail shops and services are located along Marine Parade.

Cabarita Beach has approximately 3,000 m² of retail space based on Coast Road.

Salt Village is a retail precinct integrated into the resort development. The village comprises an IGA Express and 10 specialty shops and services from tourist apparel to a hairdresser. It is catering mainly to the tourist industry but does provide some convenience retailing for local residents.

Pottsville has approximately 4,300 m² of retail space, which contains local convenience retail services and dining uses.

2.4 PLANNED AND PROPOSED CENTRES

Tweed Heads

The existing Tweed City has lodged an application to council for an additional 10,000 m² of retail space to be added to the centre. It is assumed that this will be approved and that it will be completed by 2009.

Casuarina Beach

A supermarket anchored convenience centre is planned in the Casuarina Beach development. Consolidated Properties have a commitment from Coles supermarket to occupy a 2,500 m² space within the centre. Application for the centre will be lodged after consultation and is expected to be completed by

2009. The centre will primarily serve Casuarina Beach residents and the neighbouring coastal developments.

Pottsville

There is a small retail centre planned in the Sea Breeze estate in Pottsville. However an application has been lodged for a bigger centre that will eventually contain a full line supermarket and a number of specialty stores. The centre will be developed in line with the growth of the residential development.

Kings Forest

Kings Forests is a proposed planned community just west of Kingscliff. There is a proposed retail component to the development which will support the residents of the community. However the proposed site has not been granted change of land usage yet. It is assumed that this will be approved in the future when warranted by local population growth.

Kingscliff

A supermarket anchored shopping centre is proposed adjacent to the existing Kingscliff shopping centre. Approval is uncertain due to environmental and economic issues.

Banora Point

A 3,000 m² retail centre has been approved on a site on the corner of Leisure and Fraser Drives in Banora Point. The centre will comprise a full line supermarket and complementary specialty stores. It is assumed it will be in operation by 2008.

The developments proposed will specifically serve their own catchment areas and will have insignificant or no bearing on the catchment of the Murwillumbah trade area.

2.4 NEAREST SUPERMARKETS

There are currently 9 full line supermarkets and one proposed in the Tweed Shire, only one of which is in the defined trade area for the proposed site. The list of existing and proposed supermarkets is in Table 1.

Table 1
Full line Supermarkets Nearest to the Subject Site

Supermarket	Location	Size (sqm)	Driving Distance From Site (km)
Coles	Sunny Side Plaza	4,264	1
Woolworths	Kingscliff Shopping Village	2,500	24
Coles (Proposed)	Casuarina Beach	2,500	26
Proposed	Banora Point	2,200	26
Bi-Lo	Banora Point	1,993	27
Aldi	Tweed Head South	1,350	28
Coles	Tweed City	2,583	28
Action	Tweed City	2,717	28
Woolworths	Tweed City	4,527	28
Woolworths	Centro Tweed	4,084	30
Coles	Centro Tweed	4,053	30

3 Forecast Trade Area

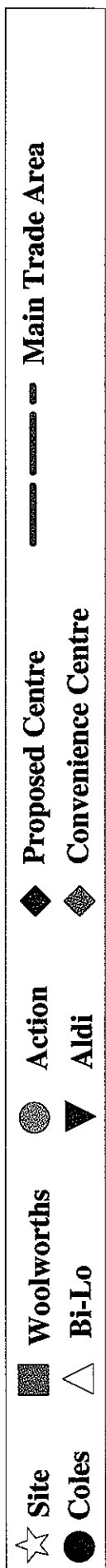
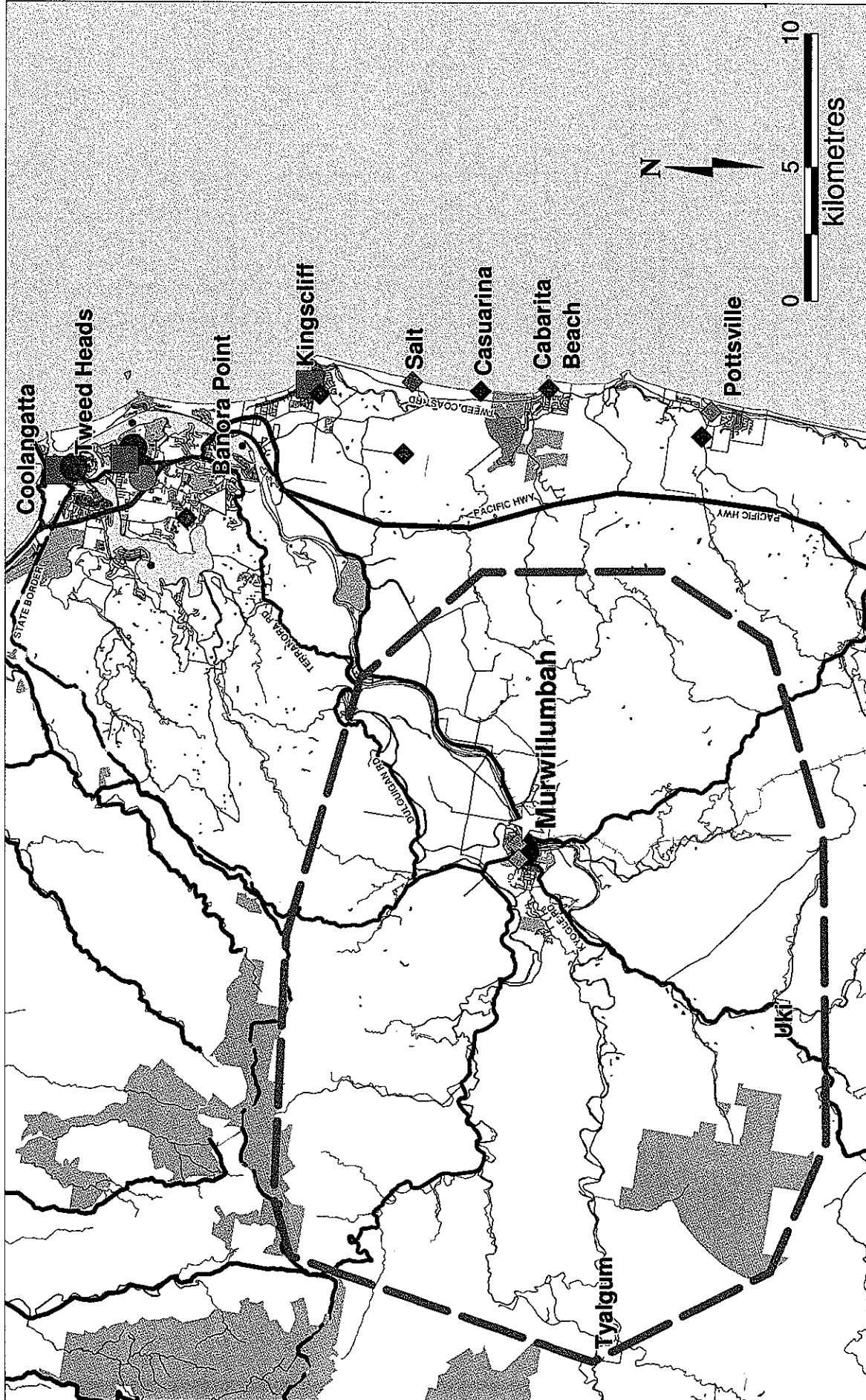
The forecast trade area of the proposed development has been defined having regard to the size and type of development planned, relative accessibility, types and locations of competitive facilities and patterns of residential developments.

The forecast main trade area of the proposed centre extends from Murwillumbah into the rural west of the Tweed Shire as far as Uki to the south and Tyalgum to the west. The extent of the trade area is restricted by supermarkets to the northeast in Banora Point and Tweed Heads, and retail facilities existing and planned in coastal communities such as Casuarina to the east. The New Pacific Highway separates the trade area from the coastal region to the east.

In addition, the subject centre is expected to capture some expenditure originating from outside the trade area, generated from regional traffic using Tweed Valley Way, and visitors to the local area.

Map 1 shows the defined primary trade area and the existing and proposed retail facilities:

Map 1.
Forecast Main Trade Area



4 Trade Area Population Characteristics

4.1 POPULATION

The current and forecast main trade area population is derived from the ABS Census, the New South Wales Government's Department of Planning and Tweed Shire Council. Population forecasts for Tweed Shire have been broken into three main areas of growth: Urban North, the Coastal Region and the Rural West. The forecast trade area lies within the Rural West.

Table 2
Population Forecast of the Rural West of Tweed Shire

	2001	2004	2014	2024
Murwillumbah	7,340	8,880	9,630	10,380
Rural West Others	11,124	11,229	11,581	11,392
Total	18,464	20,109	21,211	21,772
Murwillumbah	2001-2004 2004-2014 2014-2024			
Growth		1,540	750	750
%		20.98%	8.45%	7.79%
Per Year		6.15%	0.81%	0.75%
Rural West Others				
Growth		105	352	-189
%		1.4%	4.0%	-2.0%
Per year		0.3%	0.3%	-0.2%
Rural West				
Growth		1,645	1,102	561
%		8.9%	5.5%	2.6%
Per year		2.8%	0.5%	0.3%

Source: ABS Population 2001, Tweed Shire Council and Core Economics.

The main trade area has an estimated population of 18,400. Murwillumbah has around half of the trade area population with the balance in the rural west. Murwillumbah had an annual growth rate of 6.1% between the years 2001 and 2004 and a forecast 0.8% between 2004 and 2014 and 0.75% between 2014 and 2024. The forecast population is summarised in Table 3.

Table 3
Forecast Trade Area Population

	2001	2006	2008	2011	2016	2021
Murwillumbah	7,340	9,024	9,246	9,396	9,783	10,185
Trade Area Other	9,360	9,418	9,505	9,564	9,506	9,556
Total Trade Area	16,700	18,442	18,751	18,960	19,289	19,741

Source: ABS Census data 2001, Tweed Shire Council and Foresight Partners calculations.

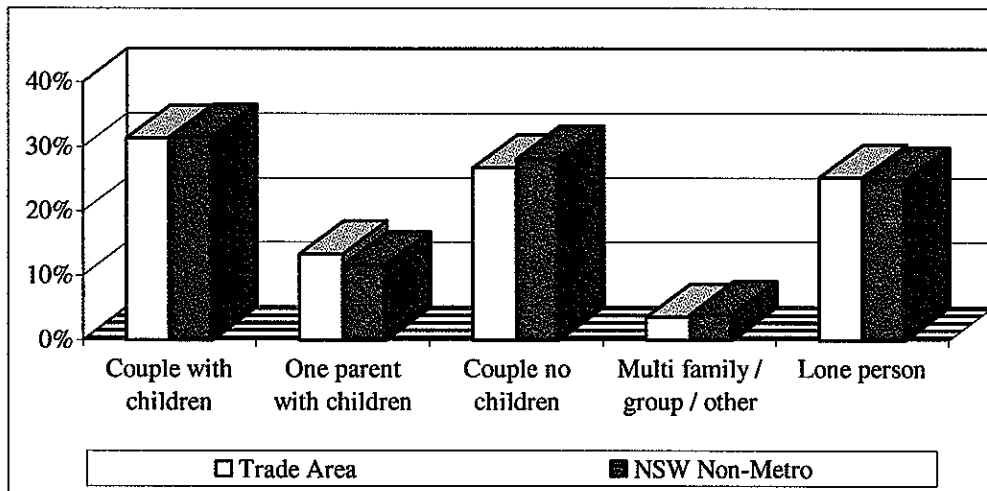
Over the long term it is expected that substantial population growth in the coastal region of the Tweed Shire will spark higher housing costs and increase demand in areas such as Murwillumbah which has more affordable housing. This may contribute higher population growth rates in the area in future.

4.2 TRADE AREA DEMOGRAPHIC CHARACTERISTICS

The demographic characteristics of the trade area population are derived from the Australian Bureau of Statistics 2001 census. The benchmark for comparison is the New South Wales Non-Metropolitan area which covers all of New South Wales excluding the Metropolitan area of Sydney and the Australian Capital Territory.

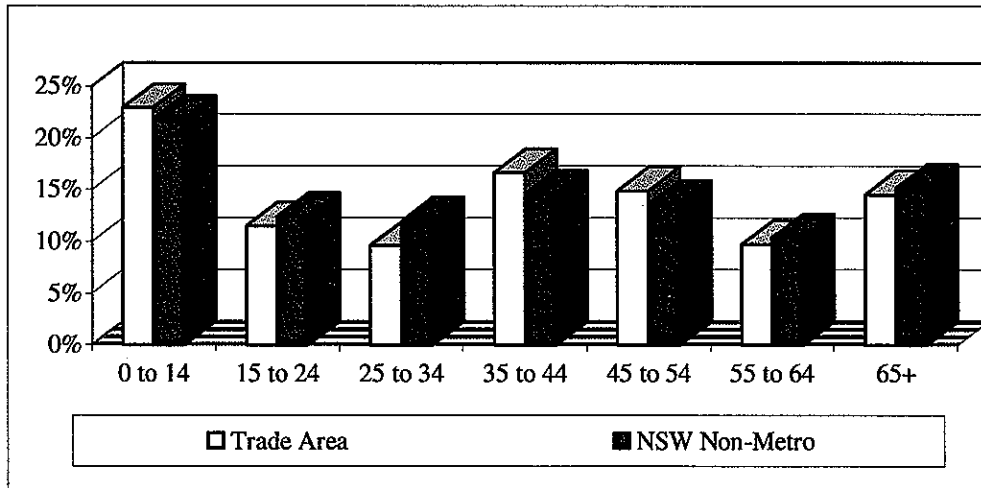
Household Structure

The trade area is similar to that of the NSW Non-Metropolitan area, although there are a slightly higher percentage of one parent families. The average house hold size in the trade area is 2.7 people compared to 2.6 for the NSW Non-Metro area.



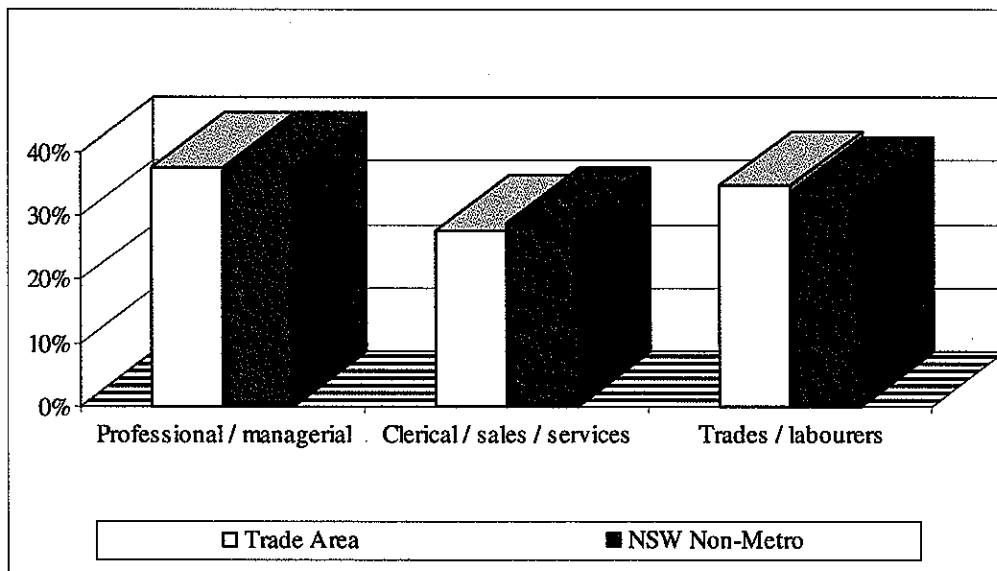
Age Distribution

The trade area has a higher percentage of middle aged residents (between the ages of 35-54) than the NSW Non-Metro area and a lower percentage of residents between the age of 15 and 34.



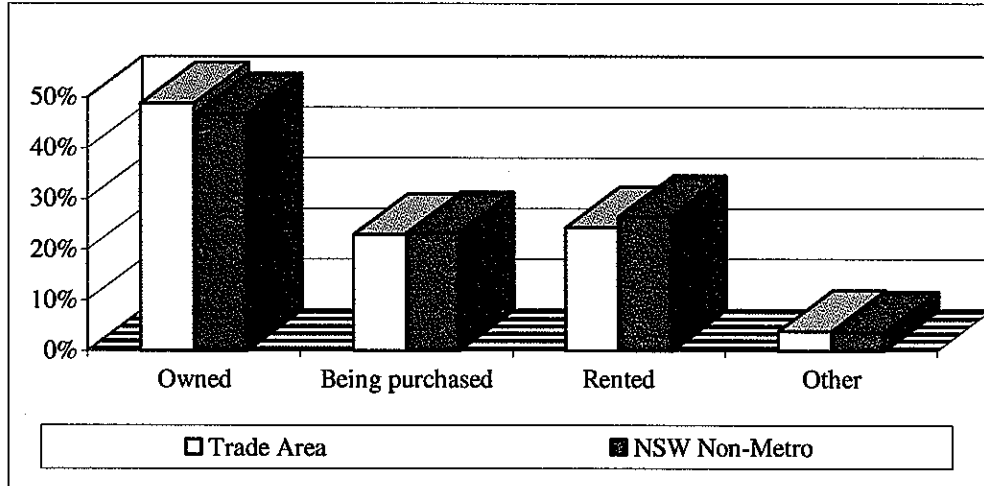
Occupation

The distribution of occupations of residents in the trade area is similar to that of the NSW Non-Metro area.



Home Tenure

Almost 50% of all homes in the trade area are owned which is slightly higher than the NSW Non-Metropolitan area.



Housing Type

Approximately 87.6% of dwellings in the trade area are detached houses, compared to the NSW Non-Metropolitan area average of 82.4%.

Average Household Income

Average household income in the trade area is an estimated 13.7% lower than the NSW Non-Metro average. Due to a larger average house hold size, average income per capita is an estimated 16.9% below the NSW Non-Metropolitan average.

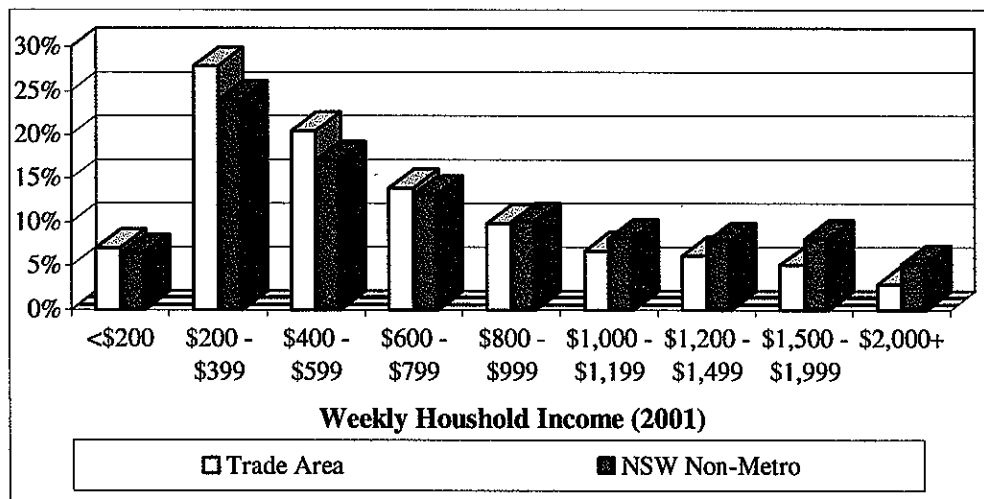


Table 4
Estimated Average Household and per Capita Income

	NSW Non-Metro	Trade Area	Variation
Average Household Income	\$45,958	\$39,671	-13.7%
Average Household Size	2.6	2.7	3.8%
Average Income per Capita	\$17,676	\$14,693	-16.9%

Restated in June 2005 Dollars

5 Retail Expenditure Potential

5.1 TRADE AREA RESIDENT EXPENDITURE POTENTIAL

Average retail expenditure levels for households in the trade area were derived using mean household income data based upon the 2001 Census, the ABS 2003-2004 Household Expenditure Survey and National and State Accounts data. Dollar values from these sources were inflated to common June 2005 values using New South Wales Consumer Price Index data.

Average household retail expenditures for each component of the trade area were compiled by the broad retail categories identified in Table below. It is virtually impossible to define mutually exclusive household expenditures by major store type because of the broad and overlapping range of goods and services offered by retailers. Consequently, estimates of household spending cannot be taken as exclusively available to any one particular retail activity.

Future trade area convenience expenditure potential is forecast under the assumption that in terms of constant dollars, there will be no change in average retail expenditure per person over the forecast period. Therefore, changes in total trade area retail expenditure will result only from changes in trade area population. Table 5 summarises the average household expenditure potential in the trade area:

Table 5
Average household retail expenditure by commodity group, Trade Area

Area	Take home food (\$)	Meals out take away (\$)	Apparel (\$)	Homewares / services (\$)	Total (\$)
Trade Area	7,675	2,240	1,900	8,335	20,150
NSW Non-Metro	7,740	2,670	2,230	9,220	21,860

Source: ABS 2003-04 Household Expenditure Survey, National & State Accounts; Foresight Partners calculations expressed in June 2005 dollar values

Multiplying these average household expenditures by the trade area households as at the June 2006 base year produces an estimate of total retail expenditure potential. Similar calculations for the forecast years 2009, 2011 and 2016 produce estimates of the pool of expenditure potential available, as shown in Table 6.

Retail expenditure potential generated by trade area households as at June 2006 is estimated at \$140.2 million, which should increase to:

- \$141.7 million by 2008;

- \$146.9 million by 2011; and
- \$155.5 million by 2016.

Over the ten year period to 2016, retail expenditure potential available from trade area households is forecast to increase by about \$14.8 million in constant 2005 dollar values.

Table 6
Trade Area Non-Automotive Retail Expenditure Potential (\$m)

Year ending June	Take home food (\$m)	Meals out take away (\$m)	Apparel (\$m)	Homewares / Services (\$m)	Total (\$m)
2006	53.4	15.6	13.2	58.0	140.2
2008	54.0	15.8	13.4	58.7	141.8
2011	56.0	16.3	13.9	60.8	146.9
2016	59.2	17.3	14.7	64.3	155.5
2021	63.1	18.4	15.6	68.6	165.7
Increase					
2006-2009	0.6	0.2	0.1	0.6	1.6
2009-2011	2.0	0.6	0.5	2.1	5.2
2011-2016	3.2	0.9	0.8	3.5	8.5
2016-2021	3.9	1.1	1.0	4.2	10.3

*Source: Foresight Partners. Derived from ABS 2003-2004 Household Expenditure Survey
Figures do not include visitor spending. All amounts are in June 2005 dollar values.*

No allowance has been made for inflation in forecasting future retail expenditure, as inflation does not create demand for retail floor space. However, a small increase of 0.5% per annum has been factored into the expenditure estimates for 2006 to 2021 to reflect forecast real increases accruing in household spending over the period.

6 Market Prospects, Economic Impacts

This section sets out estimates of the proposed centre's future performance. The potential impacts arising from the centre's development on the retail network, their amelioration and community need and demand are then addressed.

6.1 CENTRE PERFORMANCE PROSPECTS

6.1.1 Indicative Tenancy Mix

An assumed tenancy mix has been employed for the purposes of forecasting the centre's turnover in the year 2008 (the assumed first full year of operation).

The proposed centre will contain a total lettable floor area of 2,387 m², comprising a 1,712 m² supermarket and 575 m² of specialty shops and services. The tenancy mix is expected to include (but is not limited to) convenience retailers such as a bakery, bottle shop, newsagent, pharmacy, butcher, hairdresser and one or two restaurant/takeaway stores, plus a professional service such as a real-estate agent. The total retail lettable floor area (excluding professional services) is assumed to be 2,287 m².

6.1.2 Forecast Centre Performance

Table 7 sets out forecast market shares and resulting turnover of the proposed centre. The centre's overall share of the trade area's retail expenditure potential is expected to be approximately 10.0%, the majority of which will be derived from take home food expenditure (83%). Meals out and takeaway accounts for 3.4% and homewares and services 12.4%.

The centre's sales for the year 2008 are forecast to be approximately \$14.5 million of which around 91% (\$13.2 million) is forecast to originate from trade area residents.

Assuming no change in the retail network and a constant market share is maintained, the subject centre's turnover would increase to \$15.0 million by 2011 and \$15.9 million by 2016 due solely to population growth within the trade area.

Table 7
Forecast market shares and centre turnovers as at 2009, 2011 and 2016.

Trade area	Take home food	Meals out/ takeaway	Apparel	Homewares & services	Total
Floor Area m2	1,803	84	0	400	2287
Resident Expenditure Potential (\$m)					
2006	53.4	15.6	13.2	58.0	140.2
2008	54.0	15.8	13.4	58.7	141.8
2011	56.0	16.3	13.9	60.8	146.9
2016	59.2	17.3	14.7	64.3	155.5
2021	63.1	18.4	15.6	68.6	165.7
Market shares					
Residents Expend	20%	4%	0%	3%	10%
Resulting turnover (\$m)					
2008					
Trade Area Sales	10.8	0.6	0.0	1.8	13.2
Rogue sales*	1.1	0.1	0.0	0.2	1.3
Total centre turnover	11.9	0.7	0.0	1.9	14.5
Productivity (\$/m2)	6,590	8,256	n/a	4,839	6,345
2011					
Trade Area Sales	11.2	0.7	0.0	1.8	13.7
Rogue sales*	1.1	0.1	0.0	0.2	1.4
Total centre turnover	12.3	0.7	0.0	2.0	15.0
Productivity (\$/m2)	6,829	8,556	n/a	5,014	6,575
2016					
Trade Area Sales	11.8	0.7	0.0	1.9	14.5
Rogue sales*	1.2	0.1	0.0	0.2	1.4
Total centre turnover	13.0	0.8	0.0	2.1	15.9
Productivity (\$/m2)	7,226	9,053	n/a	5,306	6,957

*10% of turnover assumed for visitor retail expenditure and residents living beyond the defined trade area in the rural west.

Forecast assume no significant change to the retail infrastructure in the trade area and Murwillumbah over the forecast period other than those identified in this report.

Source: Foresight Partners estimate

6.2 IMPACT ANALYSIS

6.2.1 Economic and Community Impact Defined

Economic impact is the probable reduction in retail turnover at existing shopping centres and retail areas resulting from the introduction of competitive development in the form of a new centre, or the expansion of an existing centre. The expected turnover generated by the new centre, or the additional turnover generated by centre extensions, represents the dollar impact on an area's retail network in the first full trading year in which it is introduced.

That is, once the new centre or centre extensions have been trading long enough to 'settle in' (usually a year), subsequent improvements in that centre's turnover performance cannot be considered as a further impact, as it is an established part of the retail network. It then becomes subject to the impacts of competitive strategies of other centres and/or the impacts of further new competition.

Dollar impacts are usually distributed among competitive centres and retail areas taking into account:

- the new or extended centre's size and function;
- the location of competitive centres or retail areas of comparable size and/or function;
- shopper access relative to competitive centres/retail areas; and
- physical attributes of competitive centres and retail areas, such as age, design, situation (free-standing centre or part of a central business area), etc.

No universally accepted standards of impact exist (or are possible) as each retail market and retail development is different. The primary concern is to ensure that the premature or inappropriate introduction of a new centre or centre extension does not jeopardise the current or future delivery of a range of retail goods and services to the community.

In stable or declining markets, significant impacts upon an existing centre or retail area would be cause for concern. There may be insufficient prospects for growth to ameliorate these impacts within a reasonable time period (usually about three years). Even then, the potential loss (or change of use) of existing retail facilities, which might consist of old or outdated floor space, must be weighed against the replacement and improvement of retail and related facilities that a new development might bring.

Areas with high growth potential and with a high level of planned and approved local residential development usually can absorb impacts on centre turnovers with little difficulty. Growth in the pool of retail expenditure available to support all retail centres usually will quickly restore turnover initially lost to new competitive centres in such areas.

First Full Year of Operation

The base-year used for analysis is 2008, the assumed first full year of trading for the subject centre. The impact is assessed by comparing forecast turnover in 2008 without the subject centre and forecast turnover in 2008 with the subject centre.

6.2.2 Forecast Impacts on Centres

Initial Impacts

Impacts are forecast by estimating the turnover that will be redirected to the subject centre from centres that are trading in 2008, and estimating the resulting percentage decline in their turnover. Turnover to the centre is expected to be redirected from other retailers (predominantly food retailers) within the Murwillumbah CBD and to a minor extent from the Urban North and the Coastal areas where some trade area expenditure is leaking.

Sunnyside Shopping Mall is forecast to have a turnover of around \$48.3 million in 2008 without the subject centre. An impact of \$8.7 million (18.0%) is forecast if the proposed centre is developed. The impact will largely be focused on the Coles Supermarket as it is the only existing full line supermarket in the trade area. The impact on specialty shops at Sunnyside is forecast to be relatively low, as the subject proposal will have only around seven specialty outlets, which is less than one third the number at Sunnyside.

The Murwillumbah CBD has approximately 40,000 m² of retail space outside the Sunnyside Shopping Mall, and is estimated to generate turnover of approximately \$85.0 million in 2008 without the proposed centre. An impact of \$3.6 million (4.3%) is forecast if the proposed centre is developed. The impacts are expected to be experienced largely by convenience retailers within the CBD.

The proposal is forecast to recapture approximately \$2.2 million in expenditure that is currently escaping from the area, mainly to Tweed Heads. Accordingly, impacts on Tweed Heads retailers would be minimal.

In all cases, initial impacts will be ameliorated by continuing market growth.

Forecast impacts on Murwillumbah and Tweed Centres are set out in Table 8.

Table 8
Forecast Impacts upon Murwillumbah and Tweed Centres, 2008

Centre/Area	Turnover		Impacts	
	Without (\$m)	With (\$m)	(\$m)	(%)
Sunnyside	48.3	39.6	8.7	18.0%
Murwillumbah Other	85.0	81.4	3.6	4.3%
Other	n/a	n/a	2.2	n/a

Source: Foresight Partners estimates

7 Need and Benefits

7.1 ASSESSMENT OF NEED AND DEMAND

The need and demand for the proposed development is demonstrated by the following:

Market Size and Growth

- The trade area is growing. The estimated population of the trade area in 2006 is 18,468 and it is forecast to increase to 18,751 by 2008 and 19,289 by 2016.
- Forecast trade area retail expenditure in 2008 (the assumed first full year of operation of the subject centre) is \$141.8 million, and is forecast to increase to \$146.9 million by 2011 and \$155.4 million by 2016.
- Trade area population and retail expenditure potential is sufficient to support two supermarkets.
- Our analysis indicates that in the Murwillumbah area, there is sufficient demand to warrant a second full-line supermarket to serve residents of Murwillumbah and the surrounding region.
- The applicant advises that it has received expressions of interest from existing retailers in Murwillumbah that seek to open another outlet in the subject development. This interest also demonstrates the need and demand for the proposal.
- The potential for a second supermarket in Murwillumbah is identified in the Tweed Shire Retail Strategy prepared by Core Economics.

Location

- The location of the site is close to the main population of the trade area and the most appropriate site outside the Murwillumbah CBD.
- The location is highly accessible to regional residents.
- Our investigations show that there are no suitable sites available within the Murwillumbah CBD.
- The location of the site is on Tweed Valley Way with high exposure to passing traffic that can otherwise bypass the Murwillumbah town centre. Accordingly it is more convenient to regional traffic than the CBD, and will allow passing traffic to provide for common retail needs without having to go into the Murwillumbah town centre and generate additional traffic congestion in doing so.

Function and Impacts

- The lettable area of the proposed centre is less than one third that of Sunnyside Shopping Mall, and equivalent to around 5% of the retail floorspace currently in Murwillumbah. The proposed supermarket is around 40% of the size of the Coles supermarket in Sunnyside Shopping Mall. Its limited size and Tweed Valley Way location give the proposed centre a strong convenience orientation which will complement the much more comprehensive retail offering in the Murwillumbah town centre.
- The limited size and function of the proposal will in itself restrict its impacts on the much larger Murwillumbah retail precinct.
- It is possible that some retailers from the existing Murwillumbah retail precinct will relocate to the subject centre. In view of the small number of specialty shops proposed and minimal existing vacancies of good quality retail floorspace, impacts due to relocation of existing retailers to the new centre are expected to be moderate and brief.
- The current approval on the site has provision for around 1,160 m² of convenience retail floorspace. The revised proposal represents only around 1,200 m² of convenience retail floorspace beyond that already approved for the site. Accordingly, the incremental impacts of the revised proposal (compared to the existing approval) are lower than the forecast total impacts set out in this report.

Conformance with Local Environment Plan (LEP), Clause 8 (2)

- Our assessment concludes that:
 - There is an identified community need for the proposal
 - There is no suitably zoned site in Murwillumbah available for the proposal

Accordingly, in terms of the above-noted economic and market considerations, the proposal warrants approval.

7.2 FORECAST BENEFITS

The proposed centre is expected to benefit the community by the following:

- Providing the community with a choice of supermarkets. Our investigations indicate that pricing and service is more competitive where a choice of supermarkets exists in a local area. This is of particular benefit in the trade area which has relatively low average household incomes;
- Contributing to a reduction of retail expenditure leakage from Murwillumbah;

- Further contributing to the economy of the area, through the supermarket's purchases of a significant proportion of produce from local producers, unlike the practice of major supermarket operators;
- Creating additional local employment opportunities. The proposed centre is forecast to generate the equivalent of about 80 full-time, part-time and casual positions. Although some of these may be transferred from existing businesses, most are forecast to be new jobs.
- Creating short-term employment during the construction phase. Construction employment can be highly dispersed in terms of employee residential origins and is therefore is likely to be of benefit to the broader Tweed region in addition to the trade area.

It is concluded that there is a need for the development and the impacts are clearly outweighed by the proposal's benefits to the community.