The background of the entire page is a close-up photograph of fresh vegetables, including cherry tomatoes, green beans, and leafy greens, all in sharp focus. The colors are vibrant, with deep reds, bright greens, and yellows.

LOT 408 NEERABUP AVE CLARKSON: RETAIL SUSTAINABILITY ASSESSMENT

Prepared for Woolworths Group (Fabcot)
November 2020

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EXECUTIVE SUMMARY

The analysis and findings outlined in this report indicate that the proposed development within the Clarkson Activity Centre will deliver a net community benefit. The estimated turnover impacts for other activity centres are not considered sufficient enough to warrant refusal of the development given the positive impacts likely to eventuate due to the development. These positive impacts include:

- **Increased consumer choice** associated with the provision of additional retail and commercial amenities;
- The **activation of a strategic site** which has remained vacant for several years; and
- **Increased employment opportunities** in the short term through the construction phase and considerable ongoing employment.

The key findings supporting this conclusion are summarised below.

- **Increasing Retail Spend:** There are a number of active estates which are supporting population growth near the Clarkson Activity Centre. Combined with per capita retail expenditure increases, annual retail expenditure generated by residents in the trade area is forecast to increase from \$961 million in 2020 to \$1,185 million in 2030 (in 2020 dollar terms).
- **Retail Need:** There has been limited expansion of retail floorspace in the primary catchment over recent years despite increasing population in the trade area. As such, the proposed development will help address recent and forecast population and spending growth in the trade area and expand the catchment and performance of the Clarkson Activity Centre.

- **Retail Turnover Impact:** Overall, impacts from the proposed development are expected to be relatively minimal and no impacts are expected to be detrimental to the sustainability of any individual centre. The one-off impacts in 2023 on individual centres range from -1.2% to -7.7%, which are within acceptable levels that would not impact the sustainability of any one centre. There are no impacts close to 10%, a notional benchmark for when impacts need to be more closely considered. The positive effect of market growth will, to varying degrees, help to offset the one-off trading impacts over the short-term following the completion of the proposed development.
- **Employment Generation:** An expansion of floorspace in the local area however allows more people to be employed closer to home. During the construction phase, the development is likely to yield approximately 79 jobs (in terms of full-time equivalent job years) given the substantial level of investment (\$17m). In terms of ongoing jobs, the proposed development is likely to yield approximately 272 jobs. The mix adopted within the Woolworths floorspace within the Ocean Keys Shopping Centre will influence the overall net impact. Indicatively, the net impact is estimated at approximately 220 jobs.

Overall, the proposed development is expected to deliver a significant range of direct and demonstrable benefits for the community whilst maintaining a sustainable existing and planned activity centre hierarchy.

INTRODUCTION



STUDY BACKGROUND

Previous Shop Retail Approval

The subject site is located within the Clarkson Activity Centre Plan No. 2 (CACP 2). In 2019, the City of Wanneroo and Western Australian Planning Commission approved modifications to CACP 2 relating to the redevelopment of the former Bunnings Warehouse site at Lot 408 Neerabup Road, Clarkson. The modifications included preferred land uses of Shop and Restaurant and a maximum retail floorspace of 10,000 sq.m net lettable area.

The modifications were supported by a retail sustainability assessment which was prepared by Urbis (April 2018). This RSA concluded that the “development will generate a range of benefits for the community whilst enhancing the activity centre hierarchy in the north west coastal corridor” (p. 24). It noted that:

- The development would not present a significant negative impact to either the Ocean Keys Shopping Centre or the surrounding retail floorspace of the Clarkson Secondary Centre, or indeed the other centres in the broader area;
- The catchment supports a need for additional floorspace within the Clarkson Activity Centre; and
- The development will increase the offering and appeal of the Clarkson Activity Centre by adding a variety of additional shops and services.

This previous RSA informs this current report however population and turnover forecasts were updated to reflect more recent trends and the assumed impacts associated with Covid-19.

Clarkson Activity Centre Context Map



Source: Bunnings Clarkson Site Retail Sustainability Assessment (April 2018)

STUDY APPROACH

Approach Overview

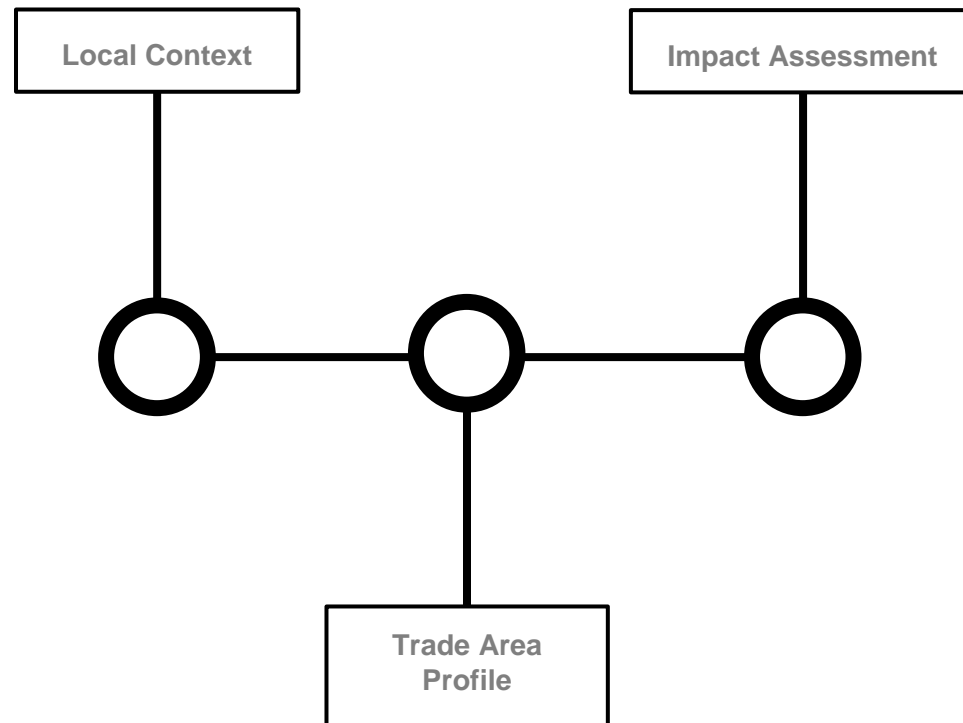
This RSA was developed to assess the net community benefit of the proposed development. Focus was afforded to the impacts on the activity centre hierarchy and local community.

This RSA was developed in line with the requirements of SPP 4.2 Activity Centres for Perth and Peel and the City of Wanneroo's Activity Centres Local Planning Policy 3.2.

This study included the following tasks.

- **Local context** – assessment of the competitive environment and urban development context;
- **Trade area profile** – assessment of the attributes of the defined trade area; and
- **Impact assessment** – assessment of the expected impacts of the proposed development.

Study Tasks



LOCAL CONTEXT



LOCAL CONTEXT

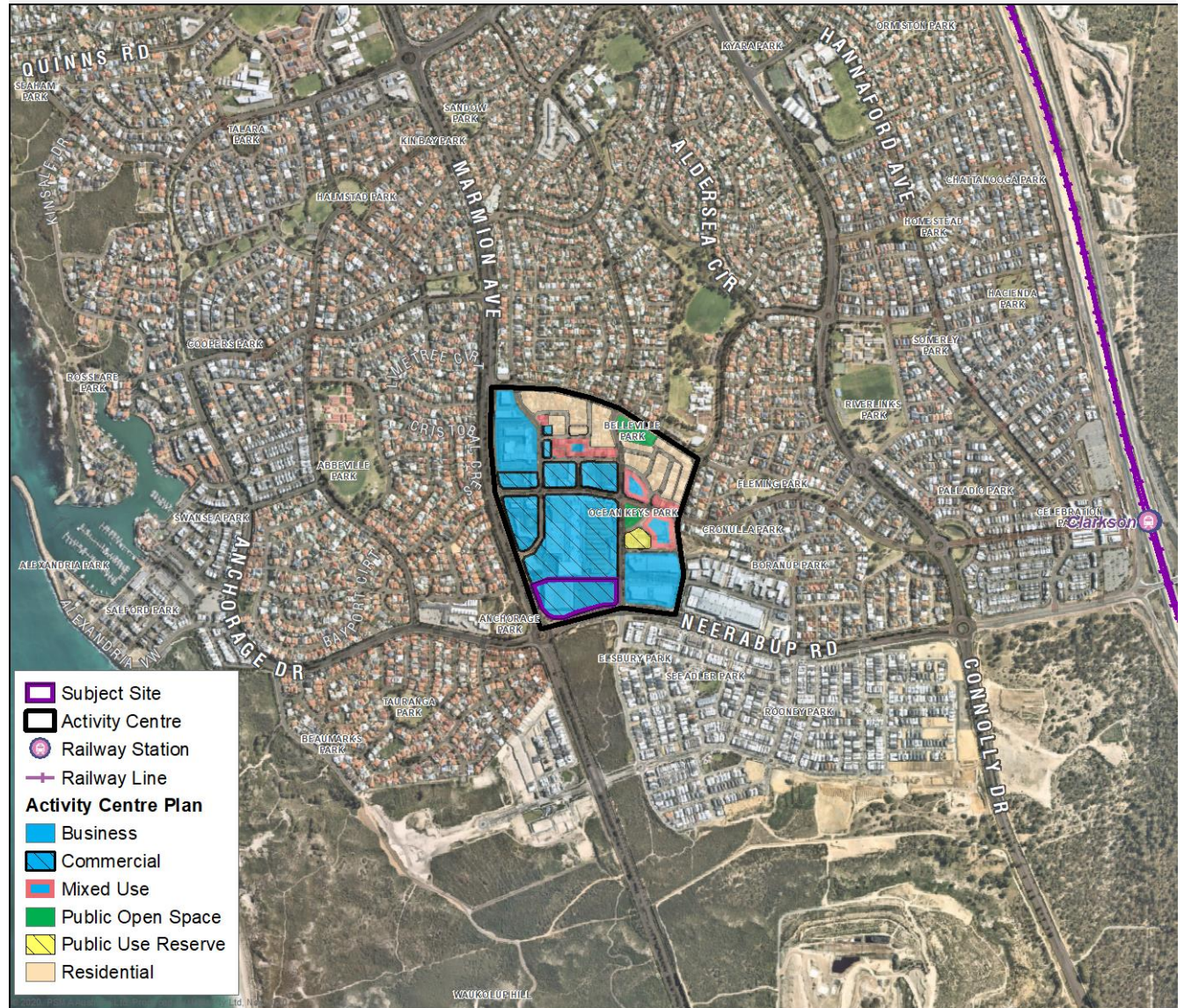
Key Findings

Within the Clarkson Activity Centre, the subject site is located facing Marmion Avenue and Neerabup Road; immediately south of the existing shop-retail core comprised of Ocean Keys Shopping Centre and a range of convenience retail developments.

The site is highly accessible by car and well-exposed to passing trade along Marmion Avenue. Public transport is provided by bus services to Clarkson Train Station and the surrounding suburbs, with a bus stop located on the western edge of the site.

Outside of the Ocean Keys Shopping Centre, the Clarkson Activity Centre features a variety of land uses including a large format retail precinct, commercial / industrial areas and commercial / showroom precincts. To the north of Ocean Keys Shopping Centre, Ocean Keys Boulevard forms a main street environment that incorporates civic, retail, non-retail and food catering uses.

Local Context Map



LAND DEVELOPMENT CONTEXT

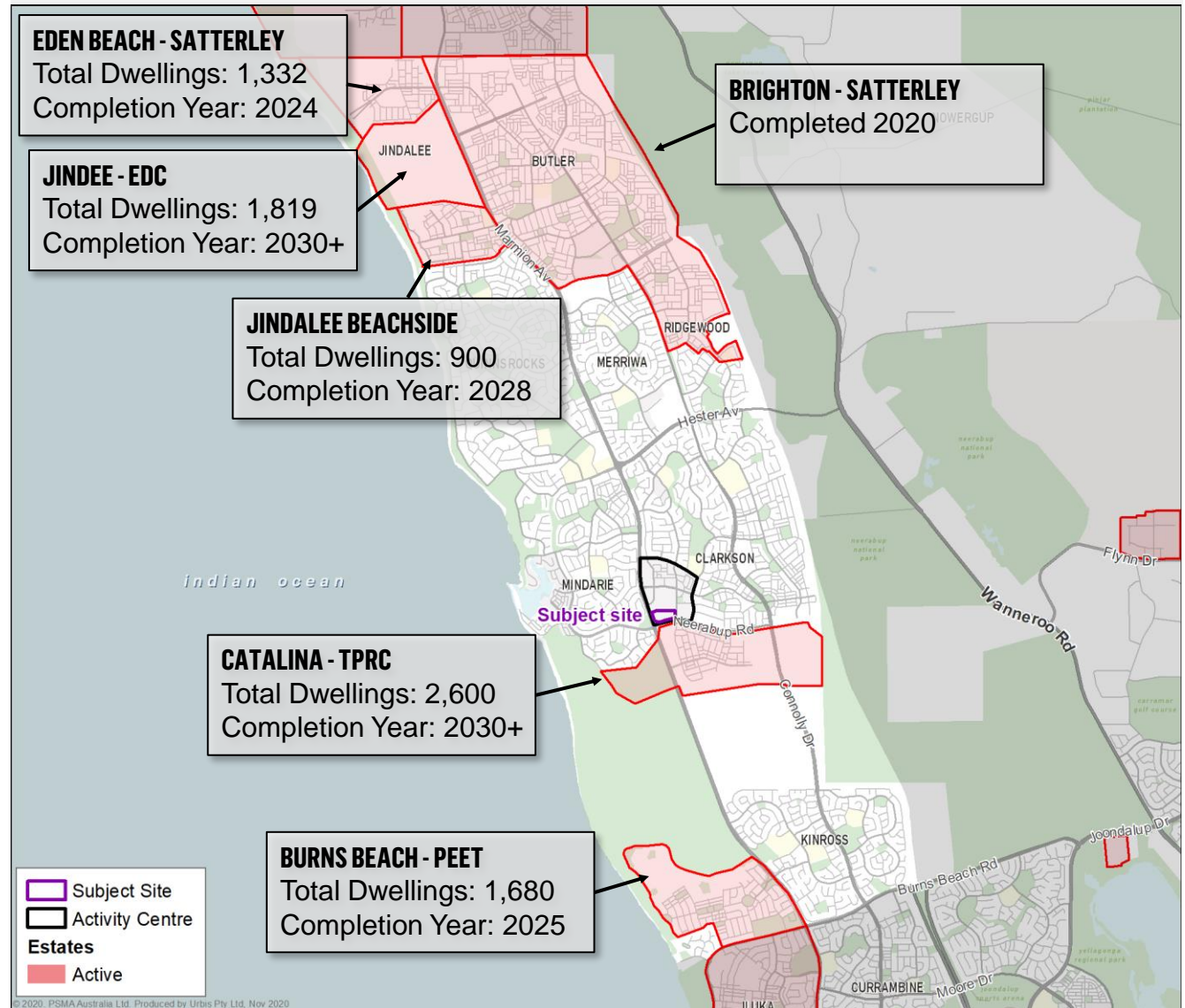
Key Findings

Perth's north west corridor has a fast-growing population which is accommodated by a range of land development estates. There are a number of active estates which are supporting population growth near the Clarkson Activity Centre, such as:

- Catalina (directly south of the Clarkson Activity Centre);
- Burns Beach (approximately 4 km south of the Clarkson Activity Centre); and
- Several developments to the north such as Jindalee Beachside, Jindee and Eden Beach.

These estates will contribute to population growth and retail spending in the broader area and support the need for additional retail services. Moderate infill development will additionally support population and retail spending growth.

Land Development In Corridor



© 2020, PSMA Australia Ltd. Produced by Urbis Pty Ltd, Nov 2020
Source: Urbis, Landgate Sales Details

RETAIL COMPETITION

Key Findings

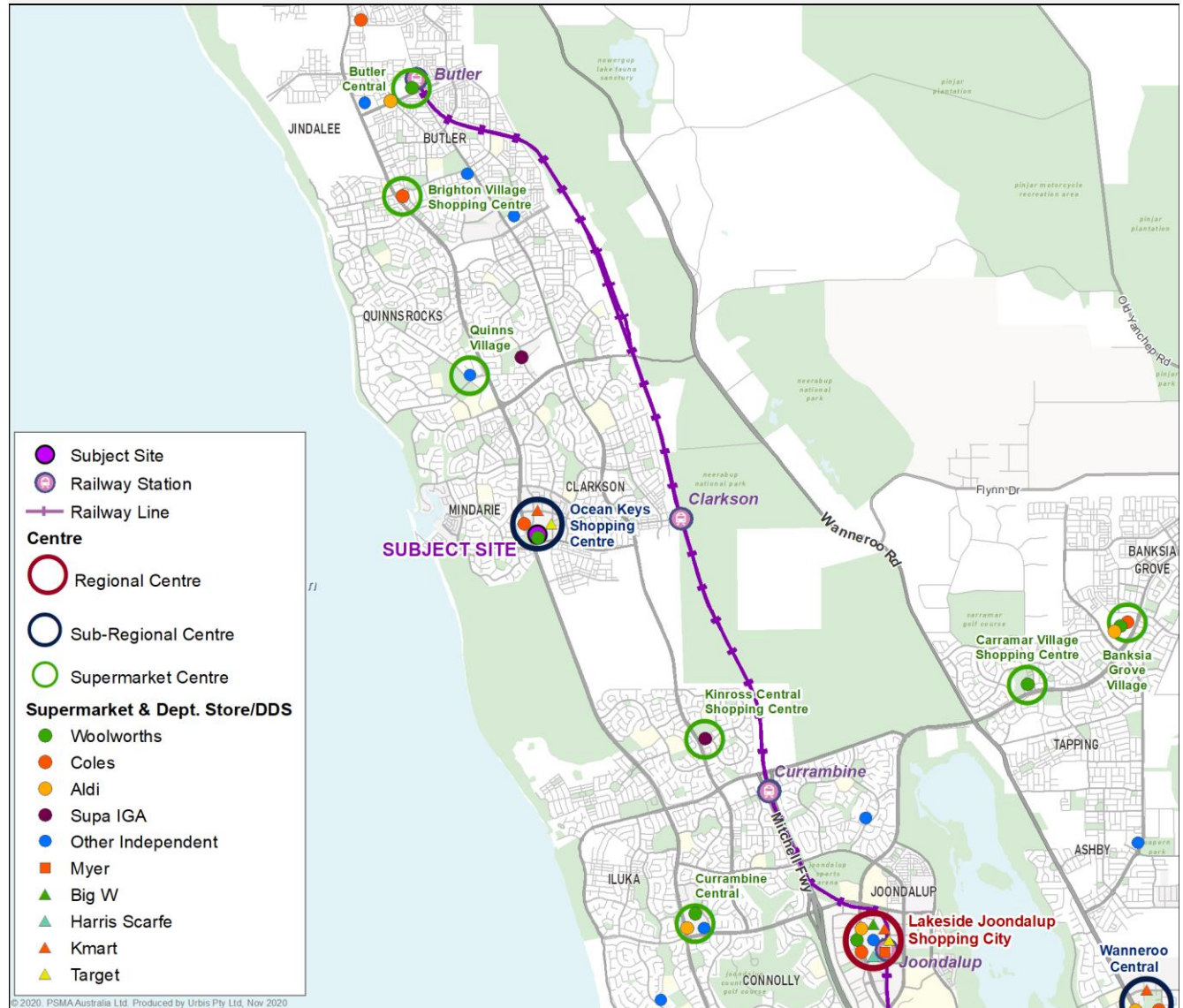
The performance of the Clarkson Activity Centre is influenced by a range of other activity centres in the broader area.

The key centres of relevance are summarised below.

- Joondalup:** The higher order Joondalup Strategic Metropolitan Centre accommodates a diversity of retail uses for residents across Perth's north west corridor. Lakeside Joondalup is a major shopping centre which helps to meet retail need in the wider area.
- Currambine:** The Currambine District Centre is anchored by Currambine Marketplace. This activity centre will limit patronage of retails in the Clarkson Activity Centre from residential areas to the south such as Iluka, Kinross and Burns Beach.
- Butler:** The Butler District Centre is anchored by the Butler Central Shopping Centre. Whilst this activity centre is still developing, it will expand over time as neighbouring residential developments are completed over the next decade.
- Neighbourhood and Local Centres:** There are a range of lower order centres in the wider area such as Brighton Village Shopping Centre, Quinns Village and Kinross Central Shopping Centre which cater to daily and weekly convenience shopping needs.

The Clarkson Activity Centre provides higher order retail, commercial and community needs for the wider area and also convenience retail needs for the immediate area adjacent such as Mindarie and Clarkson.

Retail Competition



RETAIL COMPETITION

Key Findings

Overall, there is limited shop retail proposed to be developed in the medium term in the wider area surrounding the Clarkson Activity Centre.

Whilst the Tamala Park Neighbourhood Centre (in the Catalina estate) will provide a range of shop retail uses, no timing is currently known for this centre.

A Coles-anchored development is approved in Currambine which is approximately 5km south by car from the subject site. A retail assessment supporting this development demonstrated that this additional retail floorspace will cater to an unmet need for convenience-based retail services in the Currambine, Joondalup and Iluka suburbs. This is expected to have a limited impact on the Clarkson Activity Centre.

The approved showroom development in Butler will primarily include non-shop retail uses such as furniture, office goods and appliances.

Planned Developments

Project Title	Address	Completion Date	Description
Catalina Estate Tamala Park Activity Centre	Lot 9504 Marmion Av & Connolly Dr, Lot 807 Neerabup Rd & Mitchell Fwy	2025	3,300sq.m at the Tamala Park Neighbourhood Centre, with 650sq.m of other local centre retail NLA.
Lampeter Road Mixed Use Development	31 Lampeter Rd, Butler	2022	600sq.m of retail as part of a mixed use development in the Butler activity centre.
Currambine Aged Care Accommodation and Supermarket Centre	16 Sunlander Drive, Currambine	2024	This development, as part of a broader aged care precinct is set to include a Coles supermarket, and several associated specialties, including a cafe and hairdressers.
Butler Central Showroom Development	101 Butler Boulevard, 161 Butler Boulevard & 220 Cambourne Parkway	2023	This future showroom development is adjacent to Butler Central, and will feature a number of bulky goods retailers, with the potential for 1-2 food catering focussed shop retail tenancies.

Source: Cordell Connect, relevant development applications, Urbis

TRADE AREA PROFILE



TRADE AREA DEFINITION

Key Findings

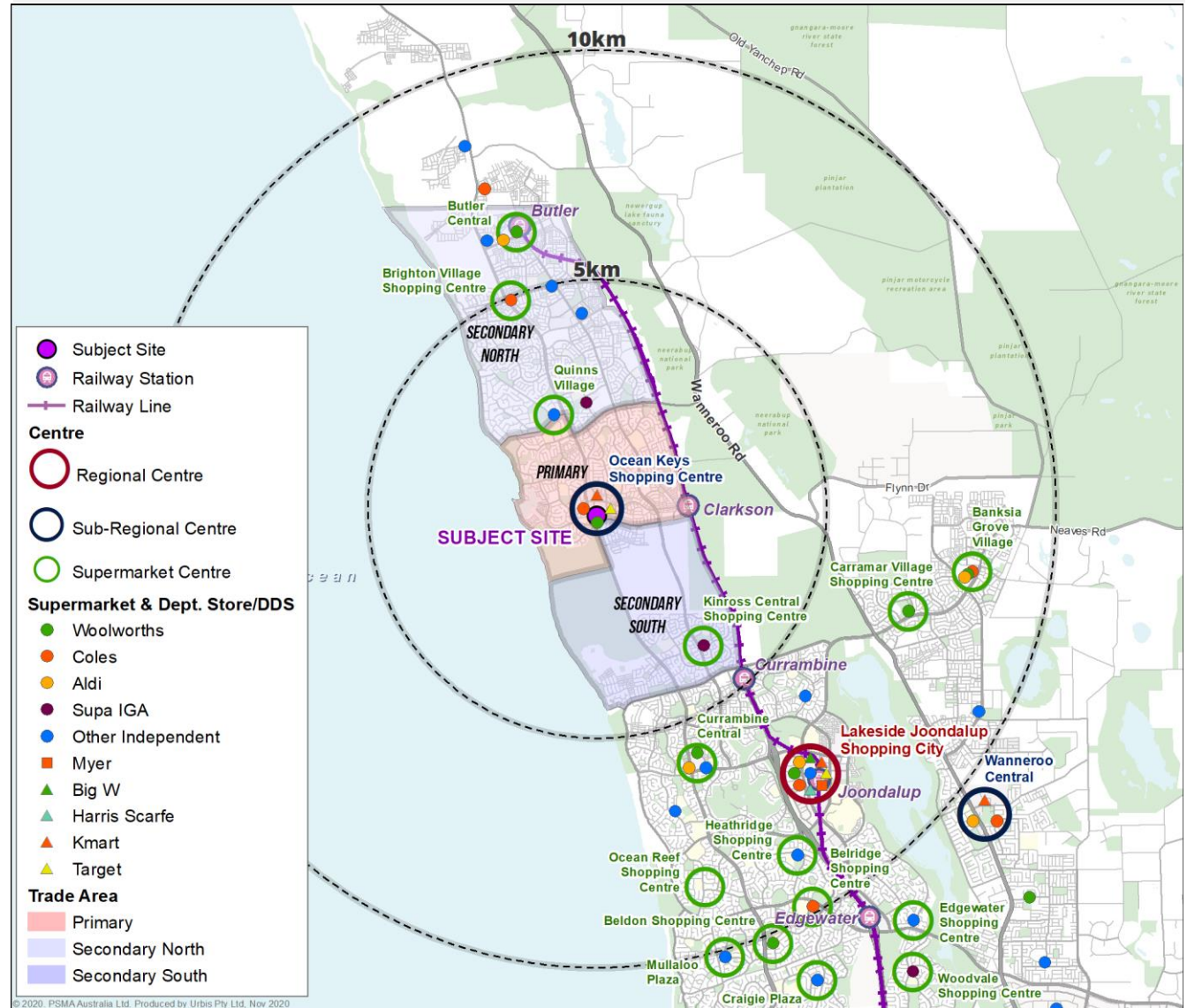
The defined trade area for the Clarkson Activity Centre was based on:

- The supply and mix of retail at the Clarkson Activity Centre and at surrounding centres;
- The accessibility of the centre compared to other centres; and
- Previously defined trade areas for this centre (i.e. the April 2018 RSA).

Key trade area attributes are summarised below.

- The trade area includes a total of three sectors, the Primary, the Secondary North and the Secondary South.
- The Primary Trade Area covers the suburbs of Clarkson and Mindarie, within 1km-3km from the subject site. The Primary Sector is estimated to generate a large share of the market demand for this activity centre.
- The Secondary North Sector incorporates Butler, Jindalee, Quinns Rocks, Merriwa and Ridgewood. Although these suburbs are served by local centres, residents still rely on the Clarkson Activity Centre for the provision of higher order goods and services.
- The Secondary South Sector extends across Tamala Park to include the suburbs of Burns Beach and Kinross. Given the proximity to the Lakeside Joondalup Shopping Centre some 3km (direct line distance) to the south east, market demand from this sector is expected to be less significant compared to the Primary and the Secondary North sectors. Nonetheless, Clarkson offers a convenient alternative shopping destination.

Clarkson Activity Centre Trade Area



POPULATION GROWTH

Key Findings

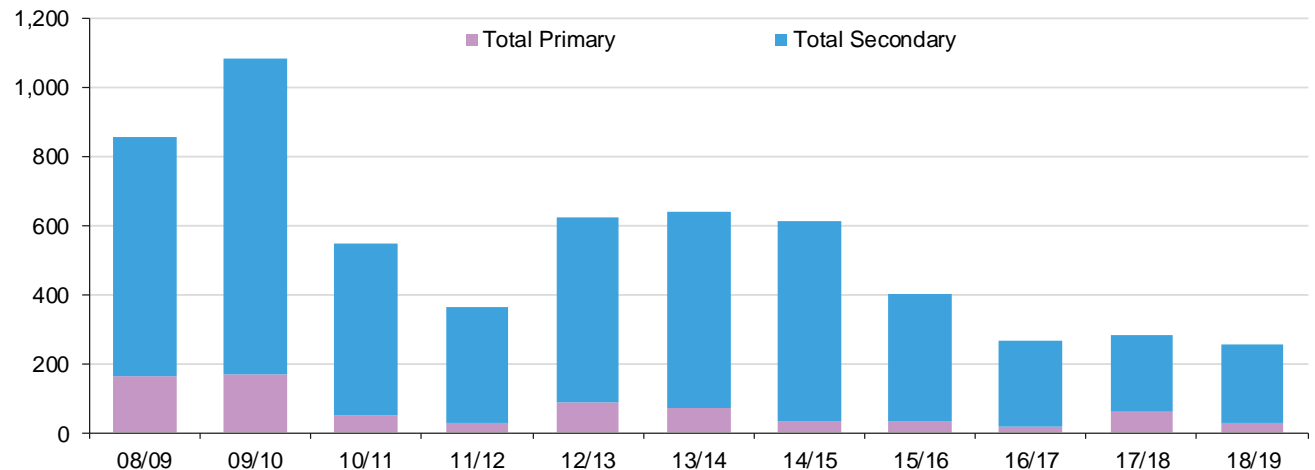
Overall, the trade area's population grew from approximately 67,720 to 71,070 residents over the 2015 to 2020 period. It is expected to continue to grow over the next decade as many existing land estates have significant capacity to support new residents over this period.

The primary catchment was estimated to have experienced a moderate decline in the resident population over the 2015 to 2020 period due primarily to increased rental vacancies. However, more recent rental market strength has likely resulted in positive population growth in recent months.

There was a declining level of development activity over the past five years as a result of broader declines in property market conditions and immigration levels. More recently, stimulus measures and stronger population growth over the past 18 months have resulted in increased development activity across Perth and in the trade area (with lot sales across Perth more than double levels 12 months ago according to UDIA WA). This is expected to support near term population growth in the secondary catchments.

Over the medium and longer term, there is significant capacity to support population growth in land estates and medium density development though it is assumed that limited migration due to Covid-19 health restrictions will limit population growth compared to previous forecasts published in the April 2018 RSA. As such, the total trade area's population is estimated to increase from 71,070 to 80,470 over the next decade.

Dwelling Approvals, Trade Area, 2008-2019



Source: ABS; Urbis

Activity Centre Population Forecast, Trade Area, 2015-2030

	2015	2020	2025	2030	15-20	20-25	25-30
Primary:							
Primary	20,810	20,230	20,410	20,520	-116	36	22
Secondary:							
North	35,520	37,690	41,220	43,930	434	706	542
South	11,390	13,150	14,770	16,020	352	324	250
Total Secondary	46,910	50,840	55,990	59,950	786	1,030	792
Main Trade Area	67,720	71,070	76,400	80,470	670	1,066	814

Source: ABS; SAFI Population Forecasting; Urbis

RESIDENT DEMOGRAPHIC PROFILE

Key Findings

The level of future expenditure and retail demand in the trade area will be influenced by the socio-economic profile of current and future residents.

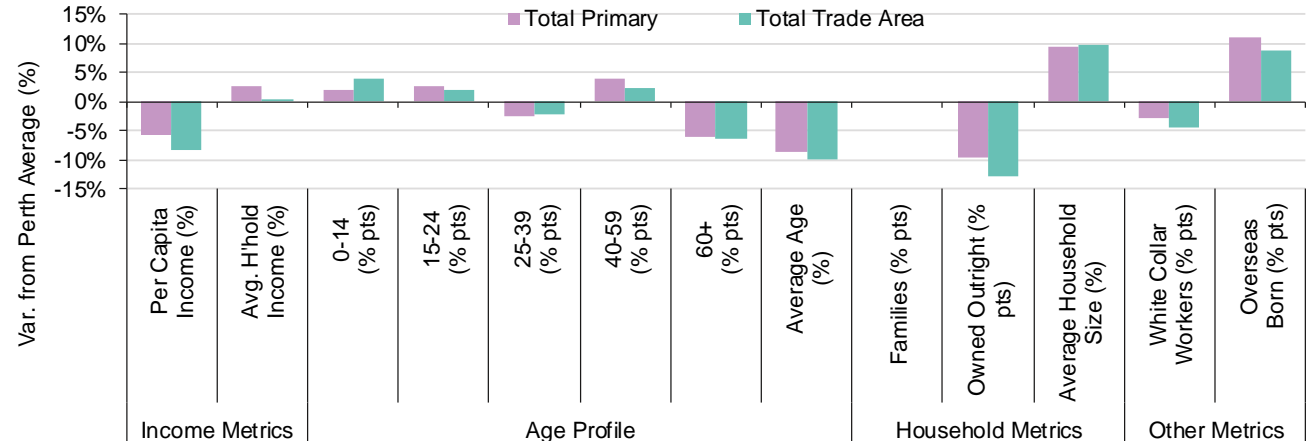
Based on data from the 2016 Census of Population and Housing, the demographics of the catchment area reflect the outer suburban nature of the area with a high representation of young families and larger households.

Trade area residents are estimated to have moderately lower average retail expenditure compared to the metropolitan Perth average (6% below). There is estimated to be a particularly lower level of spending on retail services (e.g. hairdressers, nail salons) and food catering.

The retail spending market was estimated using MarketInfo – a micro-simulation model developed by MDS Market Data Systems Pty Ltd. This model is based on information from the ABS' Household Expenditure Survey (HES), the Census of Population and Housing and other information sources that provide up-to-date information on changes in spending behaviour and/or income levels (e.g. Australian National Accounts, Australian Taxation Statistics, etc.). MarketInfo is used widely by stakeholders in the retail industry and by other consultants preparing Retail Sustainability Assessments/Economic Impact Assessments.

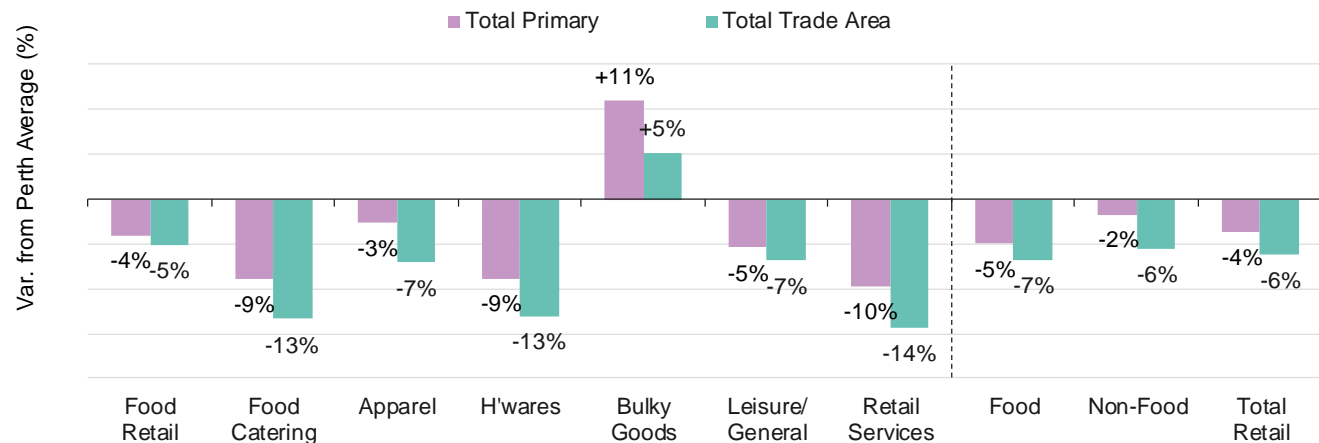
The model uses micro-simulation techniques to combine propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending per capita estimates on a small area basis (i.e. the Statistical Area 1 level).

Key Socio-Economic Attributes, Trade Area, 2016



Source: ABS Census (2016); Urbis

Retail Spend per Capita, Trade Area, 2016



Source : ABS; MarketInfo; Urbis

TRADE AREA RETAIL EXPENDITURE

Key Findings

The main trade area is estimated to generate approximately \$1.2 billion in retail expenditure (in 2020 dollar terms) by 2030. This market size will support a range of additional supermarkets, convenience based retailing, food catering tenancies, specialty stores and retailers, and non-retail services.

The forecast growth in retail expenditure by trade area residents incorporates the following:

- Forecast population growth outlined above;
- Retail spend per capita growth (the lower rate in the first five years allows for the softer economic environment currently but expectation for more normalised growth from 2023 onwards); and
- The forecasts exclude retail price inflation and are expressed in constant 2020 dollar terms (including GST).

The Clarkson Activity Centre will need to play a role in providing additional shops and facilities that adequately address the requirements of residents within the trade area, visitors and workers.

Forecast Trade Area Retail Spending, Clarkson Secondary Activity Centre, \$2020

	Food Retail	Food Catering	Apparel	Home-wares	Bulky Goods	Leisure/General	Retail Services	Total Retail	Annual Growth	=	Pop Growth	+	Per Cap Spend Growth
Primary Trade Area:													
2020	126	28	27	19	39	32	9	282					
2025	129	30	31	20	41	34	10	295	1.0%		0.2%		0.8%
2030	132	33	35	22	41	35	14	311	1.1%		0.1%		1.0%
Main Trade Area:													
2020	438	94	91	65	130	112	31	961					
2025	477	108	109	73	144	127	36	1,074	2.2%		1.5%		0.8%
2030	510	123	130	81	153	135	53	1,185	2.0%		1.0%		0.9%

Source: ABS; MarketInfo; Urbis






RETAIL NEED

Key Findings

This development will help address a range of current and increasing retail needs by increasing shop retail floorspace by up to 6,027 sq.m (gross lettable area). In particular, this development will:

- Help address increased population and spending growth in the trade area;
- Expand the catchment and performance of the Clarkson Activity Centre; and
- Increase the diversity of retail and non-retail amenities and services available to trade area residents.

Retail Need Considerations

	NEED DRIVER	ASSESSMENT FINDINGS
	Exposure	<ul style="list-style-type: none"> ▪ The site is highly visible to passing traffic and has high exposure to Marmion Avenue. ▪ This exposure will support increasing the catchment of the Clarkson Activity Centre.
	Transport Access	<ul style="list-style-type: none"> ▪ Access to/from the subject site is currently provided via 2 crossovers providing customer access – left in/left out only from Neerabup Road and full movement in the north-east of the site. ▪ The development of the site will improve catchment access to retail services and serve to activate a key location within the activity centre.
	Population Growth	<ul style="list-style-type: none"> ▪ The total trade area's population is estimated to increase from 71,070 to 80,470 over the next decade. This will support increasing needs for retail floorspace and diversity.
	Retail Need	<ul style="list-style-type: none"> ▪ Retail expenditure by residents living in the trade area is estimated to increase by \$224 million over the next decade. The proposed development represents a net increase of approximately 15% of this additional spending.
	Development Synergies	<ul style="list-style-type: none"> ▪ The activation of this key strategic site and investment in the Clarkson Activity Centre will encourage greater patronage of this activity centre and support an increase in the diversity of retail and non-retail services and amenities.

IMPACT ASSESSMENT



IMPACT ASSESSMENT METHODOLOGY

An impact assessment is expected to provide an indication of the trading environment and average trading conditions within which retailers operate, and implications for likely turnover declines or gains on average for the retailers involved.

Because an impact assessment forecasts how groups of people are likely to alter their shopping behaviour in response to a given change in the competitive environment, it is not possible to estimate individual retailer impacts or each group of retailers in each location.

Therefore in any impact assessment of this type it is not possible to estimate impacts on any specific individual retailer. The impact on any one individual retailer or any small group of retailers in a given location would depend on many factors (e.g. retailer profitability), some of which are within their control. The actions which each of these retailers take will determine the eventual impact on each, and furthermore the actions which they each take will also determine the eventual impact on the other retailers involved.

All of these factors need to be kept in mind when considering the likely impact of any relocation and expansion of a retailer within the existing retail network. Existing retailers are not passive participants but rather will play a major role in the eventual impact which they will experience.

Shopper behaviour is related to the satisfaction of particular requirements. Decisions made regarding where to shop are based on a number of judgements, including relative accessibility, availability of particular retailers, convenience, variety, carparking and others. As a result, residents like to spread their purchases across a wide variety of shopping centres and areas, and use the full range of facilities available to satisfy particular needs.

The method of analysis used to assess the impacts on individual centres from a retail development is based on a 'competitive usage' model. This model is based on the principle that if shoppers choose to direct some of their retail expenditure to the subject development proposal, then they will reduce their expenditure at other centres in a similar proportion to their usage of each centre or location (reflected by each centre's market share from the various trade area sectors). In assessing the potential impacts on other centres in the hierarchy we have adopted a 'turnover allocation approach'.

The assessment of impacts on specific retail centres relies upon an understanding of the existing turnover and level of usage of centres in the trade area and beyond. The model estimates the degree to which various shopping locations within and beyond the trade area are used for retail shopping, by allocating a proportion of turnover to each trade area sector (i.e. source of sales). These estimates result in market share calculations for each competitive centre, and thereby form the basis of which the impact of the proposed retail development is distributed to all other centres used by residents of the trade area for retail shopping. This is commonly referred to as the 'one-off' impact.

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

CLARKSON ACTIVITY CENTRE COMPOSITION

Key Findings

Based on plans provided in December of 2020, the proposed development is estimated to increase the scale of shop retail in the Clarkson Activity Centre by approximately 6,027 sq.m GLAR (approximately 4,300sq.m NLA).

In order to understand the economic impact of the expansion, this study developed assumptions regarding the mix of shop retail which could be accommodated within the existing Woolworths floorspace within the Ocean Keys Shopping Centre. Broadly, this floorspace is assumed to be accommodated by a mix of mini major, food retail, food catering, homewares and general / retail services.

Clarkson Activity Centre Current (2020) & Proposed Composition (2023)

	Current Centre GLA (sq.m)	Proposed Centre GLA (sq.m)	Development Addition GLA (sq.m)
Majors:			
DDS/s	13,825	13,825	-
Supermarket/s	7,625	7,678	+53
Mini-Major/s	2,100	3,600	+1,500
Majors:	23,550	25,103	+1,553
Retail Specialties:			
Food Retail	3,500	4,699	+1,199
Food Catering	4,200	5,427	+1,227
Apparel	3,652	3,652	-
Homewares	3,715	4,715	+1,000
Leisure/General	4,700	5,000	+300
Retail Services	1,500	2,248	+748
Total Retail Specialties	21,267	25,741	+4,474
Total Retail	44,817	50,844	+6,027

Source: DPLH; Urbis

TURNOVER OF CLARKSON ACTIVITY CENTRE

Key Findings

The turnover performance of the Clarkson Activity Centre is based on future market demand, attainable market shares and trading densities (e.g. turnover per sq.m). Estimated market shares take into account the scale, composition and quality of the proposed retail development as well as the location and competitiveness of other retail locations. Turnover figures are expressed in constant \$2020 including GST.

This activity centre is estimated to accommodate a total retail turnover of approximately \$311.6 million by 2023. This is based on the following market share considerations.

- The primary trade area represents a major market for this centre given the lack of competition for higher and lower order centres. As a result, this activity centre provides convenience-based retail and less frequent, high order shopping amenities.
- As the only higher order centre in the trade area, this activity centre attracts a notable level of trade from the two secondary catchments.
- Approximately 6% of turnover is estimated to be sourced from beyond the trade area. This is reflective of the lack of a significant worker and visitor market and the extension of the Mitchell Freeway to Romeo Road which will lead to lower levels of commuter traffic past this centre.

Clarkson Activity Centre, Turnover With Development, 2023 (\$2020)

	Resident Spending (\$M)			Market Share Potential			Turnover Potential (\$M)		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
Total Primary Trade Area	157.4	131.8	289.2	49.8%	45.4%	47.8%	78.4	59.9	138.3
Secondary Trade Area									
Secondary North	298.1	238.2	536.3	19.8%	23.2%	21.3%	58.9	55.3	114.3
Secondary South	108.4	91.4	199.8	17.1%	23.4%	20.0%	18.5	21.4	39.9
Total Secondary	406.4	329.7	736.1	19.1%	23.3%	20.9%	77.5	76.7	154.2
Main Trade Area	563.9	461.4	1,025.3	27.6%	29.6%	28.5%	155.9	136.6	292.5
Turnover From Beyond TA							9.1	10.0	19.1
Centre Retail Turnover (\$M)							164.9	146.6	311.6

Source: Urbis

ALTERNATIVE SCENARIO

Key Findings

This study additionally assessed a scenario whereby the existing Woolworths floorspace within the Ocean Keys Shopping Centre is occupied by other commercial uses and services (i.e. non-Shop Retail uses).

This scenario illustrates that the Clarkson Activity Centre would operate with a relatively lower turnover than the aforementioned base case scenario.

Clarkson Activity Centre, Turnover With Development (Existing Woolworths Tenancy Occupied by non-Shop Retail), 2023 (\$2020)

	Resident Spending (\$M)			Market Share Potential			Turnover Potential (\$M)		
	Food	NF	Total	Food	NF	Total	Food	NF	Total
Primary Trade Area									
Total Primary Trade Area	157.4	131.8	289.2	48.6%	42.9%	46.0%	76.6	56.5	133.1
Secondary Trade Area									
Secondary North	298.1	238.2	536.3	19.2%	22.0%	20.4%	57.3	52.4	109.7
Secondary South	108.4	91.4	199.8	16.5%	22.2%	19.1%	17.9	20.3	38.2
Total Secondary	406.4	329.7	736.1	18.5%	22.1%	20.1%	75.1	72.7	147.8
Main Trade Area	563.9	461.4	1,025.3	26.9%	28.0%	27.4%	151.7	129.2	280.9
Turnover From Beyond TA							8.8	9.5	18.3
Centre Retail Turnover (\$M)							160.5	138.7	299.2

Source: Urbis

COMPETITIVE CONTEXT

Key Findings

The turnover of each relevant impacted centre was estimated using a combination of available published data from the Property Council's survey of shopping centres and from annual reports.

Where published data was not available, Urbis retail benchmarks were used to generate a turnover volume consistent with other centres with the same components (e.g. single supermarket based centres, single DDS based centres).

The turnover per square metre of GLA does not necessarily imply whether a centre is trading well given it is influenced by the tenancy mix.

Current Competing Centre Turnover Estimates, 2020 (\$2020)

	Est. Retail Turnover (\$M)	Average Turnover Level (\$)	GLA (sq.m)
Centres within Trade Area			
Clarkson Secondary Centre	266.2	\$5,940	44,817
Kinross Central Shopping Centre	37.6	\$7,661	4,910
Brighton District Centre	35.4	\$8,697	4,070
Quinns Local Centre	21.0	\$9,145	2,292
Meriwa Local Centre	13.4	\$8,403	1,600
Butler District Centre & Standalone Retail	118.9	\$8,839	13,451
Other Centres			
Joondalup Strategic Metropolitan Centre	652.5	\$6,951	93,870
Currabine District Centre	134.3	\$9,609	13,975
Carramar District Centre	51.7	\$11,183	4,623
Trinity SC & Alkimos IGA	56.5	\$10,176	5,550

Source: Urbis, Property Council of Western Australia Shopping Centre Database (Shopping Centres Online)

TURNOVER IMPACTS (BASE CASE)

Key Findings

Overall, impacts from the proposed development are expected to be relatively minimal and no impacts are expected to be detrimental to the sustainability of any individual centre.

The key findings and considerations are noted below.

- The one-off impacts in 2023 on individual centres range from -1.2% to -7.7%, which are within acceptable levels that would not impact the sustainability of any one centre. There are no impacts close to 10%, a notional benchmark for when impacts need to be more closely considered.
- The positive effect of market growth will, to varying degrees, help to offset the one-off trading impacts over the short-term following the completion of the proposed development.
- The turnover levels are assumed to decline for a number of centres due to market share erosion as a result of new developments (e.g. the Currumbine Coles-anchored development, Lampeter Road Mixed Use Development) and near-term declines in retail spending per capita in select categories.
- The impact on retailers within the Clarkson Activity Centre will be mixed and dependent on the tenancy mix accommodated within the existing Woolworths floorspace. Overall, the centre's turnover is estimated to increase by approximately \$32.9 million.

The level of impacts are within the bounds of a normal and healthy competitive environment and would support the continued sustainability of the activity centre hierarchy.

Turnover Impact Estimates (Base Case), 2023 (\$2020)

	Est. Retail Turnover (\$M)			Turnover Inc./Dec. (\$M)		Impact (+/- %)	
	Existing	Pre-Dev	Post-Dev.	Existing	Pre-Exp	2020	2023
	2020	2023	2023	2020	2023	(6)=(4)/(1)	(7)=(5)/(2)
	(1)	(2)	(3)	(4)=(3)-(1)	(5)=(3)-(2)	(6)=(4)/(1)	(7)=(5)/(2)
Centres within Trade Area							
Clarkson Secondary Centre	266.2	278.6	311.6	45.3	32.9	+17.0%	+11.8%
Kinross Central Shopping Centre	37.6	37.5	36.3	-1.3	-1.2	-3.5%	-3.3%
Brighton District Centre	35.4	35.4	34.2	-1.2	-1.2	-3.5%	-3.4%
Quinns Local Centre	21.0	20.9	19.3	-1.6	-1.6	-7.9%	-7.7%
Meriwa Local Centre	13.4	13.1	12.6	-0.9	-0.5	-6.4%	-3.8%
Butler District Centre & Standalone Retail	118.9	120.9	117.1	-1.8	-3.8	-1.5%	-3.1%
Other Centres							
Joondalup Strategic Metropolitan Centre	652.5	675.7	667.6	+15.1	-8.2	+2.3%	-1.2%
Currumbine District Centre	134.3	133.0	129.3	-5.0	-3.7	-3.7%	-2.8%
Carramar District Centre	51.7	51.8	51.1	-0.6	-0.6	-1.1%	-1.2%
Trinity SC & Alkimos IGA	56.5	58.1	56.6	+0.1	-1.6	+0.1%	-2.7%
Currumbine Future Coles	-	37.7	36.8	-	-0.8	-	-2.2%

Source: Urbis

TURNOVER IMPACTS (ALTERNATIVE SCENARIO)

Key Findings

This scenario assumes that there is a lower net increase in shop retail floorspace and resulting lower level of retail turnover for the Clarkson Activity Centre. As such, the turnover impacts are estimated to be relatively lower than the base case scenario.

The turnover impacts are estimated to vary from -0.5% to -5.4% which is considered to be within the bounds of a normal and healthy competitive environment, based on other retail sustainability assessments completed by, and reviewed by, Urbis.

Turnover Impact Estimates (Alternative Scenario), 2023 (\$2020)

	Est. Retail Turnover (\$M)			Turnover Inc./Dec. (\$M)		Impact (+/- %)	
	Existing 2020	Pre-Dev 2023	Post-Dev. 2023	Existing 2020	Pre-Exp 2023	2020	2023
	(1)	(2)	(3)	(4)=(3)-(1)	(5)=(3)-(2)	(6)=(4)/(1)	(7)=(5)/(2)
Centres within Trade Area							
Clarkson Secondary Centre	266.2	278.7	299.2	32.9	20.5	+12.4%	+7.4%
Kinross Central Shopping Centre	37.6	37.5	36.7	-0.9	-0.8	-2.5%	-2.2%
Brighton District Centre	35.4	35.4	34.5	-0.9	-0.8	-2.5%	-2.4%
Quinns Local Centre	21.0	20.9	19.8	-1.2	-1.1	-5.7%	-5.4%
Meriwa Local Centre	13.4	13.1	12.7	-0.7	-0.4	-5.3%	-2.7%
Butler District Centre & Standalone Retail	118.9	120.9	118.1	-0.8	-2.8	-0.7%	-2.3%
Other Centres							
Joondalup Strategic Metropolitan Centre	652.5	675.8	672.1	+19.5	-3.7	+3.0%	-0.5%
Currambine District Centre	134.3	133.1	130.3	-4.0	-2.7	-3.0%	-2.1%
Carramar District Centre	51.7	51.8	51.3	-0.4	-0.5	-0.7%	-0.9%
Trinity SC & Alkimos IGA	56.5	58.2	56.9	+0.4	-1.4	+0.7%	-2.3%
Currambine Future Coles	-	37.7	37.0	-	-0.7	-	-1.8%

Source: Urbis

EMPLOYMENT GENERATION

Key Findings

Employment opportunities within the trade area are somewhat limited, with most residents travelling outside of the catchment to work in major employment centres in inner Perth. An expansion of floorspace in the local area however allows more people to be employed closer to home.

During the construction phase, the development is likely to yield approximately 79 jobs (in terms of full-time equivalent job years) given the substantial level of investment (\$17m).

In terms of ongoing jobs, the proposed development is likely to yield approximately 272 jobs.

The mix adopted within the Woolworths floorspace within the Ocean Keys Shopping Centre will influence the overall net impact. Indicatively, the net impact is estimated at approximately 220 jobs.

Construction Phase Employment, Proposed Development

Impact Summary	Direct Effect	Supply-Chain Effect	Total Effect
Output (\$M)	\$17.00	\$18.32	\$43.72
Employment (Jobs)	19	38	79
Wages and Salaries (\$M)	\$2.11	\$3.81	\$7.82
Value-added (\$M)	\$4.19	\$6.95	\$15.58

Source: Urbis, REMPLAN Input Output Modelling

Ongoing Employment, Proposed Development

Floorspace Category	Floorspace	Floorspace per Employee (sq.m)	Total Ongoing Jobs
Total Retail	6,027	27.6	218
Childcare Pad Site	573	37.2	15
Other Car Park Pad Site*	3,073	81.1	38
Total Development Jobs	9,673	35.6	272

Source: Urbis, Perth Planning And Land Use Survey 2015/17,

*This floorspace number is based on plans acquired by Urbis created by Brown Falconer, with a rate of 60% effective floorspace from site area being applied, consistent with comparable developments in WA.

NET COMMUNITY BENEFIT

Key Findings

Overall, the estimated turnover impacts for other activity centres are not considered sufficient enough to warrant refusal of the development given the positive impacts likely to eventuate due to the development. These positive impacts include:

- **Increased consumer choice** associated with the provision of additional retail and commercial amenities;
- The **activation of a strategic site** which has remained vacant for several years; and
- **Increased employment opportunities** in the short term through the construction phase and considerable ongoing employment.

Net Community Benefit Assessment Findings

IMPACT	ASSESSMENT FINDINGS
Increased Consumer Choice	<ul style="list-style-type: none"> ▪ The proposed retail centre will provide for brand new retail outlets and formats which align closely to retail spending trends and needs. ▪ The centre will provide increased choice and price competition to the local community.
Activation of Strategic Site	<ul style="list-style-type: none"> ▪ The development is expected to significantly increase the amenity of the Clarkson Activity Centre given that this site has been vacant for a long period of time.
Increased Employment Opportunities	<ul style="list-style-type: none"> ▪ The construction of the development and the ongoing operation will generate additional employment opportunities for the local community. ▪ The construction phase will support the Covid-19 recovery and support sustainable workloads for local businesses. ▪ Retail centres are also important providers of employment for young workers and workers re-entering the workforce which is highly relevant for this trade area. Moreover, there is considerable research to suggest that the propensity for some people to engage in criminal activity is directly linked to employment outcomes. Therefore a reduction in crime, social dislocation and government dependency is expected to be a positive outcome from the project.
Trading Impacts	<ul style="list-style-type: none"> ▪ The analysis of trading impacts indicates that the level of trade diversion from existing and planned activity centres would be well within the bounds of a normal and healthy competitive environment and the viability and role of individual centres would not be threatened. ▪ Assuming that the existing Woolworths floorspace within the Ocean Keys Shopping Centre is occupied by shop retail uses, the one-off impacts in 2023 on individual centres range from -1.2% to -7.7%, which are within acceptable levels that would not impact the sustainability of any one centre. There are no impacts close to 10%, a notional benchmark for when impacts need to be more closely considered.

APPENDIX



This report is dated **November 2020** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of **Woolworths (Fabcot)** (Instructing Party) for the purpose of a **Retail Sustainability Assessment** (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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Urbis staff responsible for this report were:

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Project code	P0028573
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Report number	Version 1.0
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COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, is causing a material impact on the Australian and world economies and increased uncertainty in both local and global market conditions.

The effects (both directly and indirectly) of the COVID-19 Outbreak on the Australian real estate market and business operations is currently unknown and it is difficult to predict the quantum of the impact it will have more broadly on the Australian economy and how long that impact will last. As at March 2020, the COVID-19 Outbreak is materially impacting global travel, trade and near-term economic growth expectations. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance now and potentially into the future. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

The Report Content and the data and information that informs and supports it is current as at the date of this report and (unless otherwise specifically stated in the Report) necessarily assumes that, as at the date of this report, the COVID-19 Outbreak has not materially impacted the Australian economy, the asset(s) and any associated business operations to which the report relates and the Report Content. However, it is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong could be (or has been) materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

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