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URBIS

GLENMORE PARK EXPANSION

Retail Advice

Prepared for
VIANELLO HOLDINGS PTY L:TD
6th April 2022

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INTRODUCTION

This report provides a preliminary market potential assessment of the development of new retailing at the land south of Glenmore Park within the proposed Glenmore Park Stage 3 (GP3) release area. The report has been prepared on behalf of Vianello Holdings Pty Ltd.

Our analysis demonstrates market potential for a mid-sized supermarket within the GP3 release area, which could anchor a neighbourhood shopping centre of 4,500 sq.m to 5,000 sq.m gross lettable area (GLA).

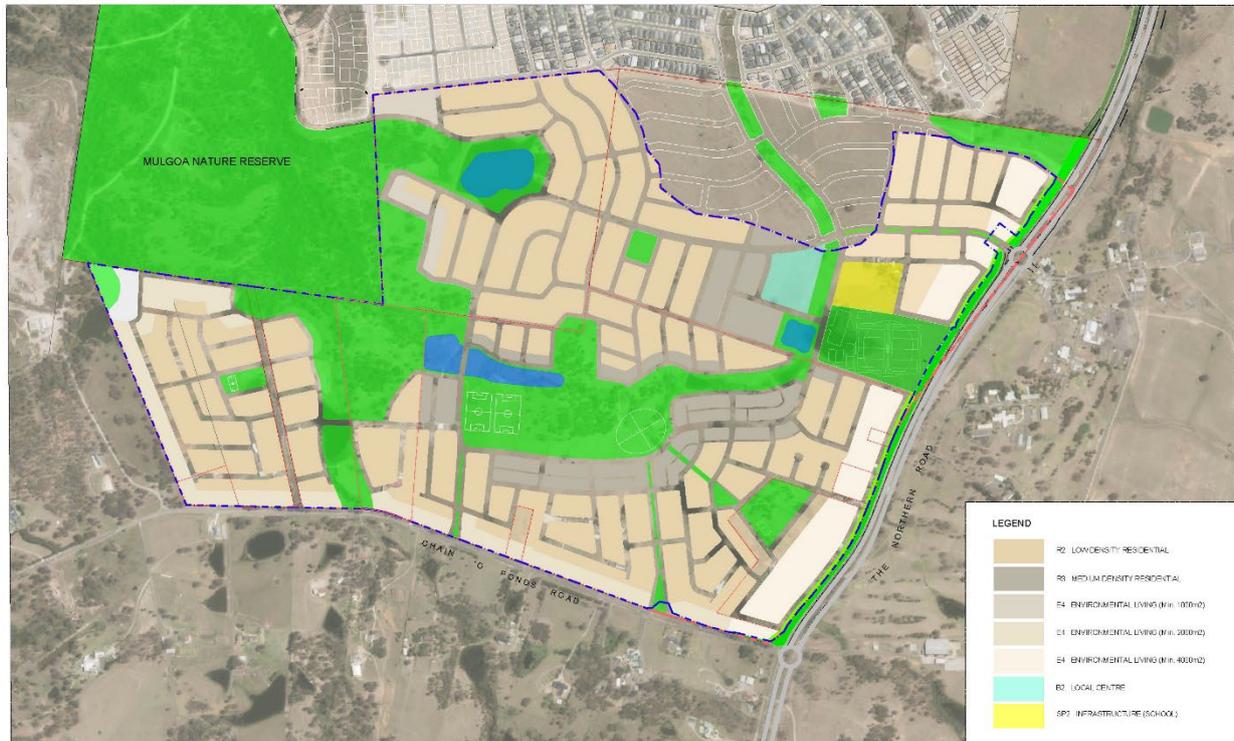
The analysis is based on the following assumptions:

- An indicative residential development of 2,400 dwellings within the GP3 release area, as advised by Vianello Holdings Pty Ltd. This includes a mix of low and medium density dwellings.
- The proponent seeks to integrate non-retail uses, including a school, childcare, sports and community facilities, together with retailing in a single location to maximise accessibility, activation and multi-use visitation.
- The proposed location of GP3 Neighbourhood Centre is setback from the Northern Road, and adjacent to a new school.
- It is assumed that a 1,500 sq.m metro supermarket will be built within the Glenmore Park Stage 2 (GP2) release area.

1. SUBJECT SITE

The Glenmore Park release area comprises the lands located immediately south of the existing Glenmore Park suburb and is bounded by The Northern Road, Chain of Ponds Road and Mulgoa Nature Reserve. CCL Developments has indicated that the indicative masterplan will deliver a total of 2,775 new residential lots, including 2,400 within the area proposed to be rezoned.

Figure 1 Glenmore Park Stage 3 Indicative Masterplan



New CPCP Boundaries Response

Mulgoa
Chain-O-Ponds & The Northern Road
Plan A.1 - 4000 m2 lots along
The Northern Road

architect
MIRVAC DESIGN
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T 02 9268 8000
www.mirvac.com.au
urban design
landscape design
spatial design

client
mirvac

date 04-04-2022 scale @ A1 1:4000
job no. drawing no. **PL 01** rev **F**

2. GLENMORE PARK RETAIL ENVIRONMENT

The closest major centre to the site is the existing **Glenmore Park Town Centre**. Located approximately 4km by road from the centre of the release area, the centre has been expanded to 17,000 sq.m GLA and contains ALDI, Coles and Woolworths supermarkets as well as Liquorland and 60 specialty retailers. It provides 750 car parking spaces and is centrally located within the existing Glenmore Park suburb.

The closest higher order retailing is located within the **Penrith CBD** (10km to the north). The CBD includes the Westfield Penrith Regional Shopping Centre and Nepean Village sub regional shopping centre.

Southlands shopping centre, which includes a full line Woolworths supermarket, is located 6km to the north of the subject site

Development approval is in place for a metro supermarket of 1,500 sq.m GLA within the proposed Glenmore Village in the GP2 release area. The site remains undeveloped at the beginning of 2022. Our analysis assumes that this will open by 2024.

3. TRADE AREA

The definition of the Trade Area for any retail development is determined by several factors including:

- The appeal and attractiveness of the centre in question, determined by success factors such as composition, layout, car parking and the presence of other local complementary uses
- The proximity, composition, quality, size and diversity of retail, business services and community facilities in competing retail centres
- The accessibility of the subject centre in terms of road and public transport networks
- Topography and other physical barriers such as rivers, railways and freeways
- Proximity and accessibility to potential shoppers.

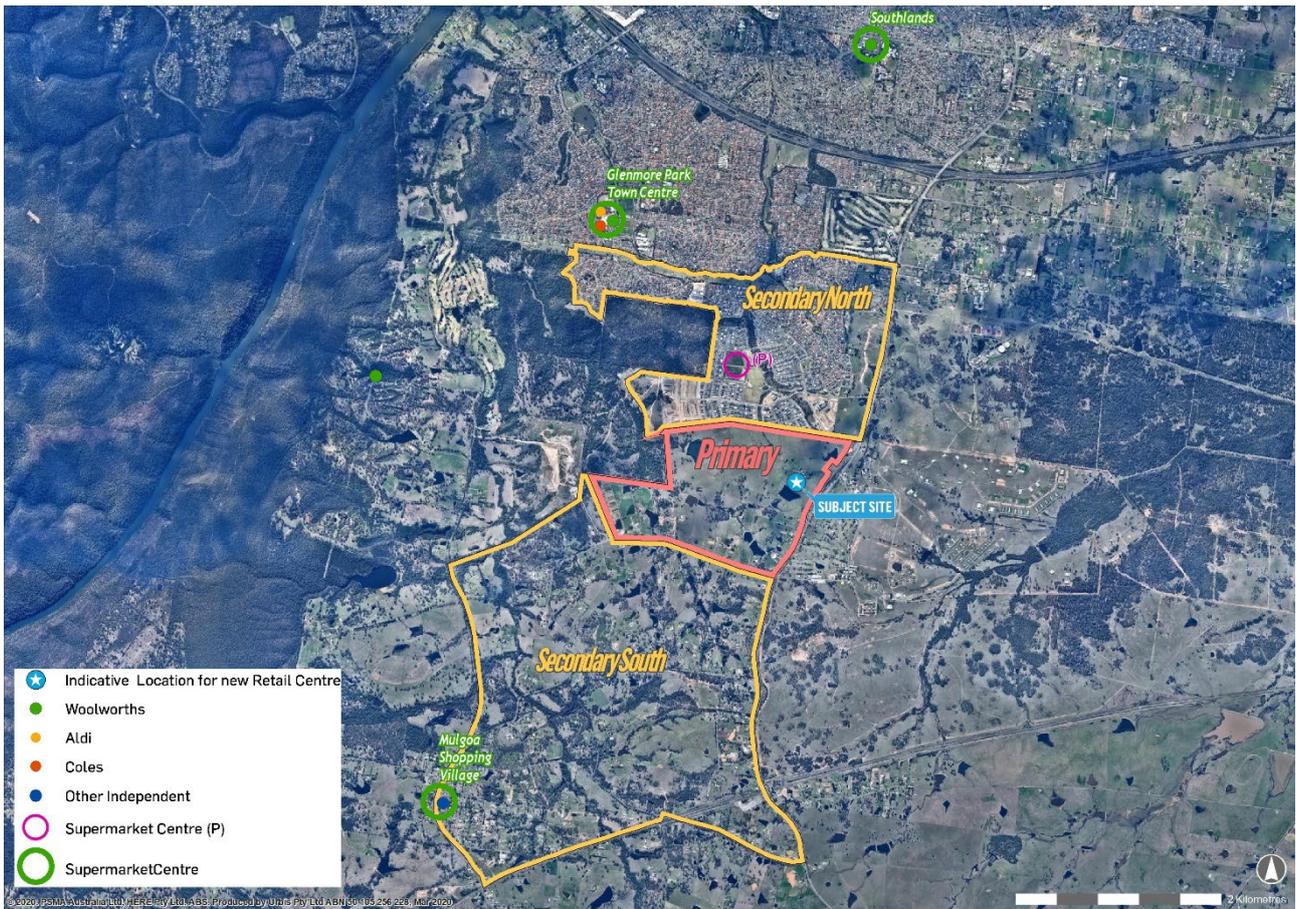
On this basis, we have defined the Main Trade Area for a new centre as follows:

- A **Primary Trade Area** which includes the area covered by the indicative masterplan and residential land immediately to the north
- A **Secondary North Trade Area** which extends north of the Primary Trade Area into the existing Glenmore Park suburb between Surveyors Creek and Glenmore Parkway, as well as the Glenmore Park Stage 2 lands. Residents in this area will be able to access any future retail development at the subject site as well as Glenmore Park Town Centre and a proposed neighbourhood centre to the west of Surveyors Creek. The proximity of Glenmore Park Town Centre limits the extent of this Trade Area
- A **Secondary South Trade Area** which extends into the rural lands to the south and incorporates the village of Mulgoa. The subject site would be easily accessible for Mulgoa residents via Chain-O-Ponds Road to the south and the proposed intersection with The Northern Road to the north.

Providing a new centre at the intersection of key GP3 north-south and east-west connector roads would maximise its exposure and accessibility for residents.

Locating the centre to optimise its commercial performance means that it can provide a critical mass of retail and services for the benefit of future residents whilst minimising the impact on residential amenity of the new community from traffic.

Figure 2 Glenmore Park Expansion Trade Area



3.1. POPULATION AND RETAIL SPENDING

3.1.1. Population

In assessing the population forecast for the proposed centre's Main Trade Area, we have had regard to:

- Existing Australian Bureau of Statistics estimated resident population (ERP) data to 2021.
- The residential yields for the Primary Trade Area provided by the client includes:
 - 1,760 low density dwellings
 - 510 medium density dwellings
 - 30 Fonzie flats
 - 100 shop top dwellings
- The dwelling yields have been multiplied by an average household size of 3.2 persons per low density dwelling. This is consistent with existing household size in Glenmore Park. Additionally, we have applied 2.2 persons per medium density dwelling (includes Fonzie flats and shop top dwellings).
- We have assumed that residential development at the subject site is developed between FY2023 and FY2032 and that during the peak period of construction up to 350 dwelling completions can be achieved. The timing of population growth may be subject to change, but this would not affect the size of the population on completion.
- There are also an estimated 275 dwellings to be completed within the GP2 release area which fall within the Primary Trade Area. We assume that these will be completed by FY2024.

Table 1 shows that the Main Trade Area population is estimated to be **12,150 residents in 2021**, and is to reach **21,020** residents in **2032** when the release area is assumed to reach full development. Most of the projected growth will occur in the Primary Trade Area which is forecast to reach **8,320** people in 2032.

We have assumed that no major residential development will occur in the Secondary South Trade Area.

Table 1 Main Trade Area Population, 2021-2032

	Population (no.)				Annual Population Growth (%)		Annual Population Growth (no.)	
	2021	2022	2027	2032	22-27	27-32	22-27	27-32
Primary:								
Primary	320	830	5,170	8,320	44.2%	10.0%	868	630
Primary Trade Area	320	830	5,170	8,320	44.2%	10.0%	868	630
Secondary:								
Secondary North	10,070	10,340	10,940	10,940	1.1%	0.0%	120	0
Secondary South	1,760	1,760	1,760	1,760	0.0%	0.0%	0	0
Secondary Trade Area	11,830	12,100	12,700	12,700	1.1%	0.0%	120	0
Main Trade Area	12,150	12,930	17,870	21,020	6.7%	3.3%	988	630

1. Data provided as at June.

Source: Australian Bureau of Statistics (ABS); Urbis

3.1.2. Retail Spending

Retail spending estimates are derived using MarketInfo, a micro-simulation model developed by Market Data Systems Limited (MDS). This model, which is based on information from the national ABS Household Expenditure Survey (HES) and the Census of Population and Housing, uses micro-simulation techniques to combine a household's propensity to spend on particular commodities with the socio-economic characteristics of individuals. Therefore, results derive spending per capita estimates on a small area basis.

We have assumed that per capita retail spend for future Primary Trade Area residents will match that of existing residents in the GP2 area (in the southern part of the Secondary North Trade Area), which is 7.5% higher than the Sydney benchmark, and higher than that of residents in the Secondary South Trade Area.

Key socio-economic characteristics of existing Secondary Trade Area residents are summarised in the table on the following page. It demonstrates that relative to the metropolitan Sydney benchmark existing residents

have higher per capita incomes, a higher proportion of households with children under 15 and a higher incidence of households with mortgages. This suggests young, relatively affluent family households.

Table 2 Trade Area Demographics, 2016

	Per Capita Income Variation ¹	% Households with income above \$130,000	% Professionals	25-39 Year Olds	% Households with children under 15	% Households with Mortgage
Secondary:						
Secondary North	2%	48%	20%	25%	51%	62%
Secondary South	5%	44%	16%	16%	42%	47%

1. Variation from Sydney Average

Source: ABS, Urbis

Shading Legend:

Low Proportion

High Proportion

The current and future size of the Main Trade Area retail spending market is shown in Table 3.

The retail spending market is forecast to grow strongly, driven by both population growth and retail spending per capita growth, from **\$215 million in 2022**, **\$314 million in 2027** and **\$393 million in 2032** (all in constant \$2021 dollars including GST).

This results in **additional \$178 million** available retail expenditure within the Main Trade Area between 2022 and 2032.

Food retail spending, which includes spending directed to supermarkets, is forecast to increase by **\$54 million** between 2022 and 2032, accounting for 30% of total retail spend by 2031.

Within the Primary Trade Area food retail spending is forecast to reach **\$32 million by 2027** and **\$52 million by 2032**.

Table 3 Forecast Retail Spending, 2022-2032 (\$M2021, incl. GST, excl. inflation)

	Forecast Expenditure (\$M) ¹										
	F&G	Liquor	F&B	Apparel	H'wares	E'tronics	Bulky Goods	Leisure	General	Retail Services	Total Retail
Primary Trade Area:											
2022	5	1	2	2	0	1	2	1	1	0	14
2027	32	4	13	11	2	4	13	5	5	3	91
2032	52	7	22	20	3	7	22	8	8	5	155
2022-2032	47	7	20	19	3	7	20	8	7	5	142
Main Trade Area:											
2022	78	11	28	26	5	9	30	10	11	7	215
2027	110	15	44	39	7	13	43	16	16	11	314
2032	131	18	55	51	9	18	56	21	21	14	393
2022-2032	54	7	27	25	4	9	26	10	9	6	178

1. Data provided for the year ending December including GST and excluding inflation.

Source: MarketInfo; Australian Bureau of Statistics (ABS); Urbis

4. MARKET POTENTIAL

The Primary Trade Area population is projected to reach over 8,000 residents by 2032. This is broadly in line with the threshold rate of 8,500 people that would support a major supermarket (greater than 400 sq.m) at close to benchmark productivity rates, indicating that a mid-sized supermarket would be more supportable. The Main Trade Area (combined Primary and Secondary Trade Areas) population is forecast to reach around 21,000 by 2032.

4.1. SUPERMARKET PROVISION

To assess the demand for supermarket floorspace at the subject site, we have conducted a floorspace provision assessment to understand the amount of supermarket floorspace supportable within the Main Trade Area. We have reviewed the New South Wales (NSW), Sydney and Penrith Local Government Area (LGA) provisioning rates. As highlighted in table 4, currently there is demand for around **3,767 sq.m** of floorspace when using the Penrith LGA provision rate. This demand is currently being met by centres beyond the trade area, notably Glenmore Park.

By 2032, the supportable level of supermarket floorspace is set to increase to **6,516 sq.m** at the Penrith LGA provision rate. This increase in demand of 2,750 sq.m is driven by population and spend growth in the trade area. Even allowing for ongoing leakage to existing centres, this demonstrates that the size of the market can support future supermarkets at both GP3 and GP2.

Table 4 Supermarket Floorspace Provisioning, Main Trade Area

	Main Trade Area Population no.	Supportable Floorspace (sq.m)		
		NSW B'Mark at 30.8 sq.m per 100 residents	Sydney B'Mark at 26.0 sq.m per 100 residents	Penrith LGA B'Mark at 31.0 per 100 residents
2021	12,150	3,742	3,159	3,767
2022	12,930	3,982	3,362	4,008
2027	17,870	5,504	4,646	5,540
2032	21,020	6,474	5,465	6,516

Source: Urbis

4.2. SUPERMARKET ASSESSMENT

In addition to the provisioning assessment, Urbis has reviewed the demand for floorspace based on a market potential and sustainable \$ per sq.m turnover levels. Table 5 provides an indicative assessment of the market potential for a new supermarket at the subject site. All figures are provided in constant 2021 dollars and are inclusive of GST.

The analysis is based on the following assumptions:

- It is assumed that in 2024 a 1,500 sq.m metro supermarket will open within the Glenmore Park Stage 2 (GP2) release area, prior to the subject site.
- The potential for a supermarket at the subject site has been considered from 2027 onwards, by which time it is assumed there to be 5,710 Primary Trade Area residents. In greenfield areas supermarket operators can often open stores with lower than benchmark turnover initially where it is known that market growth will follow. This provides amenity for residents in early stages of a residential development. An earlier opening date is therefore possible and subject to operator interest.
- As new supermarket floorspace is added within the Main Trade Area, the proportion of food and grocery expenditure that is retained by trade area residents will increase. This is because residents will no longer need to travel beyond the Main Trade Area for supermarket purchase (and therefore leakage to other centres declines)

The table demonstrates there will be an estimated **\$87.7 million** of total available supermarket expenditure in 2027 (from Main Trade Area residents), increasing to **\$105 million** in 2032.

If the 1,500 sq.m supermarket is developed at GP2 prior to 2026, we assume that a mid-sized supermarket at the subject site could achieve the following share of the spend retained in the Main Trade Area from 2026:

- Primary Trade Area: 80%
- Secondary North: 25%
- Secondary South: 90%
- An additional 15% from beyond the Main Trade Area associated with passing trade from drivers on The Northern Road and other occasional spending. An allowance is also made for a supermarket to generate sales from liquor (8%) and general merchandise (6%).

Table 5 demonstrates that a **2,200 sq.m** supermarket at GP3 achieving these market shares could achieve turnover of **\$16.8 million** in 2027, increasing to **\$22.8 million** by 2032. This level of turnover and productivity would support a mid-sized supermarket which could be operated by either a major chain or an independent. **A supermarket of this size would perform a local top up role, which would not impact on the primary role of Glenmore Park Town Centre.**

Table 5 Main Trade Area Supermarket Potential, 2022-2032 (\$M 2021, incl. GST)

	2022	2027	2030	2032
F&G Spending Available to Supermarkets:				
Primary	4.0	25.3	38.6	41.4
Secondary North	49.4	53.5	54.1	54.5
Secondary South	8.7	8.9	9.0	9.1
Total F&G Spending Available to MTA Supermarkets	62.0	87.7	101.7	105.0
F&G Spending Retained by TA Supermarkets:				
Primary	0.0	8.3	12.7	13.7
Secondary North	0.0	16.0	16.2	16.4
Secondary South	0.0	1.8	1.8	1.8
TA Supermarket Spend Retained by TA Supermarkets	0.0	26.2	30.8	31.8
Proposed Supermarket Market Share by Trade Area:				
Primary		80%	80%	80%
Secondary North		25%	25%	25%
Secondary South		90%	90%	90%
Main Trade Area		47%	52%	52%
Plus F&G from beyond MTA		15%	15%	15%
Plus Liquor		8%	8%	8%
Plus non-food turnover		6%	6%	6%
Proposed Supermarket Turnover (\$M, 2021, incl. GST):				
Primary		6.7	10.2	10.9
Secondary North		4.0	4.1	4.1
Secondary South		1.6	1.6	1.6
Main Trade Area		12.3	15.9	16.7
Plus F&G from beyond MTA		2.2	2.8	2.9
Plus Liquor		1.3	1.7	1.8
Plus non-food turnover		1.0	1.3	1.4
Total Supermarket Turnover		16.8	21.7	22.8
Proposed Supermarket GLA		2,200	2,200	2,200
Turnover Per Sq.m		\$7,643	\$9,865	\$10,361

1. Includes allowances for increased F&G retention linked to development of a new supermarket at the subject site

Source: Urbis

Table 6 below, demonstrates that the residual spending retained in the Main Trade Area could also support the proposed 1,500 sq.m supermarket at Glenmore Village in GP2. There would likely be some initial impact on trading levels resulting from the opening of a new supermarket at the subject site in 2027, but this would be improved by annual growth in the market. This supermarket would also perform a top up role for its immediate catchment.

Table 6 Proposed Metro Supermarket, Glenmore Village, GP2 Supermarket Potential

	2024	2027	2030	2032
Balance directed to 1,500 sq.m Supermarket (GP2):				
<i>MTA Market Share (Indicative)</i>	100%	53%	48%	48%
MTA Turnover (Indicative)	11.9	13.9	14.9	15.2
Plus F&G from beyond MTA (10%)	1.4	1.7	1.8	1.8
Plus non-food turnover (6%)	0.9	1.0	1.1	1.1
Total Turnover (Indicative)	14.2	16.5	17.7	18.1
Proposed Supermarket GLA	1,500	1,500	1,500	1,500
Turnover Per Sq.m	\$9,475	\$11,015	\$11,824	\$12,049

Source: Urbis

This analysis is provided for indicative purposes. The performance of a supermarket at the GP2 site would be subject to a range of operational and locational factors.

4.3. INDICATIVE CENTRE SIZE

The Urbis Shopping Centre Benchmarks demonstrate that the average of a single supermarket based shopping centre is around 7,200 sq.m based on a larger average supermarket size of 3,600 sq.m. The ratio of supermarket to specialty and non-retail uses is roughly 50/50.

In our view there, a shopping centre of around 4,500 to 5,000 sq.m would be appropriate at the subject site, with an indicative mix (based on Urbis' Shopping Centre Benchmarks) outlined in the table below.

Table 7 Indicative GP3 Centre Size

	Indicative Size (sq.m)
Supermarket	2,200
Mini major	400
Specialty retail	1,750
Non-retail	650
Total	5,000

Non-retail uses could include child care, medical, gym, tavern or the like. These, and the overall retail provision would be subject to operator demand. The table above excludes any allowance for pad sites (service station, fast food and the like which could be additional subject to operator demand).

Comparable sized centres with a similar sized supermarket include the following:

- Beaumont Hills (4,500 sq.m)
- Doonside (4,400 sq.m)
- Greenway Village (5,500 sq.m)

4.4. COMPETITIVE IMPACTS

Competitive Impacts on Competing Centres to Be Assessed at DA Lodgement Stage

The analysis demonstrates that anticipated residential development, and resultant population growth means that a supermarket at GP3 is likely to be viable some years after development commences in the release area.

Due to the timescale involved, and changes that may occur in the retail landscape, as well as development more broadly – particularly around the Western Sydney Airport Growth Area - our view is that it is appropriate to undertake a retail impact assessment at the DA lodgement stage.

A Retail Impact Assessment would include the impacts of any future specialty retail as well as supermarket at the subject site.

Modest trading impacts on existing centres could be expected, however these should be offset by population growth both within the Main Trade Area and more broadly across the LGA.

The impact on any one individual retailer, or any small group of retailers in a given location, would depend on many factors, some of which are within their control. For example, the impact of the proposed supermarket on the performance of existing supermarkets in the Main Trade Area will depend very much upon their competitive response (e.g. pricing policy, promotions, refurbishment etc.).

The actions which each of these retailers take will determine the eventual impact on each of them, and furthermore the actions which they each take will also determine the eventual impact on the other retailers involved.

All 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.

An impact assessment can reasonably be expected to provide an indication of the trading environment and average trading conditions which retailers are likely to operate within, and implications for likely turnover decline or turnover gain, on average, for the retailers involved. Because an impact assessment seeks to forecast 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 be so precise as to estimate exactly what will happen to each individual retailer, or each group of retailers in each location.

Locally, the Mulgoa Friendly Grocer store at Mulgoa Shopping Village is less than 400 sq.m and performs a top-up convenience store role of local Mulgoa residents. It is not classified as a supermarket for the purposes of our market assessment. Given its distance from the GP3 neighbourhood centre site (5.5km), this store, and Mulgoa Shopping Village should continue to perform its local top up convenience role for Mulgoa residents following the development of a supermarket at GP3.

5. CONCLUSION

Population and spending growth resulting from the proposed residential development at Glenmore Park will support the development of new retail facilities.

The proposed location of a new centre within GP3, can support the development of a new neighbourhood centre anchored by a mid-sized supermarket. This will need to ensure adequate car parking provision to maximise its accessibility to trade area residents.

Development of a new centre would not preclude the development of a metro supermarket and neighbourhood centre at the GP2 site.

The inclusion of a new supermarket-anchored centre within GP3 would deliver equitable access to retail facilities, consistent with other locations throughout the Penrith LGA.

If lands on the eastern side of The Northern Road are developed for residential use in future, there may be some upside for the proposed retail development in terms of access to a broader trade area. This would be affected by the inclusion of any retail development within these lands.

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