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26 August, 2020

BY EMAIL

Mr Jim Apostolou
Architecture and Building Works
Level 3
Suite 309
7-9 Gibbons Street
REDFERN NSW 2016

Dear Mr Apostolou

RE: THIRROUL PLAZA RE-DEVELOPMENT – ECONOMIC IMPACT ASSESSMENT– SUPPLEMENTARY INFORMATION

Background

I refer to your e-mail of 20th August, 2020 concerning three issues raised by Wollongong City Council (Council) in relation to the proposed redevelopment of Thirroul Plaza.

As requested, we have addressed issues itemised in Council's letter under the heading Wollongong Development Control Plan – Chapter 4 Development in Business 4 Zones.

Specialty Tenant Mix

Recently we have been provided with a list of prospective tenancies in the proposed redeveloped centre. This list is provided at APPENDIX A to this letter.

We understand that as a result of amendments to the proposed allocation of retail floorspace, the supermarket will occupy some 2,890m² and specialty retail and other floorspace some 980m². In relation to the latter, we note that 190m² of this space is intended to be devoted to non-retail activities such as offices and the like.

Impact

The Economic Impact Assessment (EIA) report prepared by Leyshon Consulting in December, 2019 took account of **both** the impact of the proposed expanded Coles supermarket and the proposed specialty floorspace.

We have updated TABLE 4.2 from the EIA report to reflect the changed floorspace noted above. As a result, we estimate the annual sales increase of the redeveloped centre (over and above existing sales) will now be some +$17.7 million ($2019) in its first full-year of trading rather than the $18 million estimated in the EIA. The reduction primarily is due to the smaller component of specialty retail floorspace now proposed for the centre.

TABLE 4.2
ESTIMATED IMPACT of THIRROUL PLAZA REDEVELOPMENT, 2021 ($2019)

Centre ...	2018 Sales ($ Mil. p.a.)	2021 Sales Pre-Impact ($ Mil. p.a.)	2021 Sales Post-Impact ($ Mil. p.a.)	– Sales Change Pre- and Post- Impact – $ Mil.	%
Corrimal	$149.6	[1] $164.1	$156.6	($7.5)	(4.6)%
Bulli	$58.6	$62.1	$57.9	($4.2)	(6.8)%
Woonona	$48.7	$50.2	$48.2	($2.0)	(4.0)%
Helensburgh	$42.5	$45.1	$42.7	($2.4)	(5.3)%
Other Centres [2]	n.a.	n.a.	n.a.	($1.6)	n.a.
Total				($17.7)	

Notes:
1. Assumes addition of Aldi.
2. Includes both trade area and non-trade area centres.

Source: Leyshon Consulting Estimates, August 2020.

As indicated in the revised TABLE 4.2, the centre's updated total sales in 2021 leads to some slight changes to the estimated impact on centres. These can be summarised as follows:

- Corrimal ... previously -4.4% now -4.6%
- Bulli ... previously -7.2% now -6.8%
- Woonona ... no change
- Helensburgh ... previously -5.5% now -5.3%.

These changed impacts do not alter any of the conclusions set out in the EIA in relation to the economic implications of the proposed redevelopment.

Parking Changes

We understand there will be some changes to available on-street parking in Thirroul if the proposed development is approved. In net terms, this involves the loss of nine (9) car spaces. The spaces lost mostly will be along parts of Lawrence Hargrave Drive and in King Street.

We have been provided with a plan of the centre prepared by Indesco which details the changed car parking arrangements. This indicates the potential for more on-street parking on the north-western side of the site near the railway line.

We also note the proposed development will result in a net increase of 44 off-street car spaces on-site for shoppers and the like.

In our opinion, the loss of on-street car parking will be more than offset by the proposed increase in off-street, on-site parking. Consequently, there should not be any significant adverse impacts on existing retailers in the centre.

Escape Spending

The EIA did not identify directly so-called 'escape spending' flowing out of the Thirroul trade area. The principal reason for this being the difficulty of accurately identifying the volume of escape spending from any particular area without undertaking detailed household expenditure surveys. Such surveys are simply uneconomic, however, except for the most major of retail development proposals.

TABLE 3.4 in the EIA identified the Thirroul trade area residential population would generate estimated total available retail spending of $247.8 million per annum ($2019) in 2018.

It is our assessment that total retail sales in Thirroul itself would have exceeded $70 million per annum in 2018. The other major centre in the trade area, Bulli, had estimated sales of about $58.6 million per annum in 2018. Broadly this means that some $119.2 million per annum ($2019) in available resident spending was directed to other centres which mostly lie outside the trade area.

A significant component of this spending outflow would be directed to higher-order centres just beyond the trade area–for instance, Corrimal. Resident spending would also be directed to bulky goods precincts in other parts of Wollongong, to the Wollongong CBD and also to other higher-order centres in southern Sydney such as Westfield Miranda.

We estimate that if the proposed development is approved, total spending in the Thirroul centre will increase to about $90 million ($2019) in the first full-year of trading (assumed to be 2021). Total spending directed to Thirroul and Bulli combined would thus be about $148.6 million per annum in 2021.

Hence, by 2021 theoretical escape spending flowing to centres other than Thirroul would still be in the order of $110.4 million per annum ($2019) based on available resident spending of $259.0 million per annum in 2021 (EIA TABLE 3.4 refers).

I trust the above advice is of assistance in terms of your client's ongoing discussions with Council. Please contact me on 9224-6111 or pdl@leycon.com.au if any further information can be provided.

Yours sincerely
LEYSHON CONSULTING PTY LTD

PETER LEYSHON
DIRECTOR.

APPENDIX A

Shop 1	–	homewares
Shop 2	–	office
Shop 3	–	office
Shop 4	–	homewares
Shop 5	–	homewares
Shop 6	–	chemist
Shop 7	–	chemist
Shop 8	–	Telstra/Optus phone/Office
Shop 9	–	newsagency/homewares
Shop 10	–	hairdresser
Shop 11	–	beautician
Shop 12	–	hairdresser
Shop 13	–	Liquorland
Kiosk 1	–	Juice Bar
Kiosk 2	–	ATM