

APPENDIX C – RESPONSE TO ECONOMIC PEER REVIEW
Location IQ

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Meringandan West, Toowoomba

This letter presents a response to the peer review of the economic needs assessment prepared by Location IQ in relation to a proposed service station and food and drink outlets at 7 Meringandan-Shirley Road, Meringandan West.

Background

Location IQ prepared an economic needs assessment for the proposed development in November 2024. Toowoomba Regional Council commissioned Foresight Partners to present a peer review, with the response received on 25 June 2025. The peer review recommended:

- The food catering and petrol station expenditure estimates for the main trade area and wider catchment area be amended.
- Consider omitted food catering facilities noted in the peer review and provide an assessment of the total food catering floorspace in the main trade area.
- Provide a supply/demand analysis to support the needs assessment for the food catering component of the proposal.
- Address the inconsistencies in the report concerning the proposed service station's total sales, fuel sales and fuel sales volume.
- Provide further justification for the proposed service station, given that estimated sales and fuel volumes are well below benchmark levels.
- Amend Table 6.1 to reflect revised expenditure estimates.
- Provide a revised impact assessment that accounts for redirected fuel sales from designated centres, updates the projected sales at other centres in 2027 to reflect more realistic sales growth rates and trading levels for existing retail in Meringandan West.

Each of these issues is now addressed.

Trade Area Analysis

The peer review by Foresight Partners agrees with the definition of the catchments as well as the population projections and demographic profile. Further, per capita spending values for petrol stations and food catering categories are also agreed.

Table 1 represents updated petrol station and food catering expenditure estimates reflecting the following changes:

- The petrol station spending inadvertently included an allowance for inflation and has now been excluded.



- The food catering expenditure was linking to the wrong data within the Excel tables and is now adjusted. Note real growth for food catering is 1% per annum.

It is relevant to note that the linking errors in the Excel table did not impact on the conclusions of the report.

TABLE 1. ADJUSTED PETROL AND FOOD CATERING SPENDING LEVELS

Y/E June	Main Trade Area		Wider Catchment Area	
	Petrol Station	Food Catering	Petrol Station	Food Catering
2024	11.9	15.8	44.4	67.7
2025	12.2	16.2	45.9	70.0
2026	12.5	16.6	47.5	72.3
2027	13.0	17.3	49.3	75.0
2028	13.5	18.0	50.8	77.4
2029	14.0	18.7	52.5	79.9
2030	14.6	19.4	54.1	82.5
2031	15.1	20.2	55.9	85.1
2032	15.7	21.0	57.6	87.8
2033	16.2	21.7	59.3	90.4
2034	16.8	22.5	61.1	93.1
2035	17.4	23.3	62.9	95.9
2036	18.0	24.1	64.8	98.7
2037	18.6	25.0	66.6	101.4
2038	19.2	25.8	68.2	103.9
2039	19.8	26.6	69.9	106.4
2040	20.5	27.5	71.6	109.1
2041	21.1	28.4	73.4	111.7
2042	21.8	29.3	75.1	114.4
2043	22.4	30.2	76.9	117.1
2044	23.1	31.2	78.7	119.9
2045	23.8	32.1	80.6	122.7
2046	24.5	33.1	82.5	125.6
Expenditure Growth				
2024-26	0.6	0.8	3.0	4.6
2026-31	2.6	3.6	8.4	12.8
2031-36	2.9	3.9	8.9	13.6
2036-41	3.1	4.3	8.5	13.0
2041-46	3.4	4.7	9.1	13.9
2024-46	12.6	17.3	38.0	57.9
Average Annual Growth Rate				
2024-26	2.6%	2.6%	3.4%	3.4%
2026-31	3.8%	3.9%	3.3%	3.3%
2031-36	3.5%	3.6%	3.0%	3.0%
2036-41	3.3%	3.3%	2.5%	2.5%
2041-46	3.0%	3.1%	2.4%	2.4%
2024-46	3.3%	3.4%	2.9%	2.9%

*Constant 2023/24 dollars & including GST
Source : CommBank iQ, Location iQ

Food Catering Supply and Demand

Table 2 presents analysis of food catering supply and demand in the catchment. This analysis is based on:

- The population levels within the catchment area and the wider area.
- Applying a provision of 0.25 sq.m of food catering floorspace per person.
- Comparing demand with an estimate of supply throughout the catchment.

As shown, there is significant undersupply of food catering facilities within the catchment at 779 sq.m currently, with demand increasing over time for a further ~1,000 sq.m to 1,754 sq.m.. The subject proposal, at 495 sq.m, will only account for a small proportion of total demand or even the undersupply over time (1,754 sq.m). Further, as noted, using the updated food catering spending levels, the proposed centre would only attract 16.6% of the food catering market share (noted by Foresight Partners to be a sustainable level).

TABLE 2. FOOD CATERING DEMAND/SUPPLY ANALYSIS

	Current 2024	Projected					Change 2024-46
		2026	2031	2036	2041	2046	
Population							
Main Trade Area	5,517	5,817	6,717	7,617	8,517	9,417	3,900
Wider Catchment Area	20,558	21,958	24,458	26,958	28,958	30,958	10,400
Estimated Food Catering Floorspace Supply							
Main Trade Area	600	600	600	600	600	600	
Wider Catchment Area	4,100	4,100	4,100	4,100	4,100	4,100	
Food Catering Floorspace Demand (0.25 sq.m per person)							
Main Trade Area	1,379	1,454	1,679	1,904	2,129	2,354	975
Wider Catchment Area	5,140	5,490	6,115	6,740	7,240	7,740	2,600
Food Catering Floorspace Over/Under Supply							
Main Trade Area	-779	-854	-1,079	-1,304	-1,529	-1,754	
Wider Catchment Area	-1,040	-1,390	-2,015	-2,640	-3,140	-3,640	

Over/Under Supply

Source: Location IQ

Fuel Volumes

In relation to projected fuel volumes, the Location IQ report notes that the average for service stations around Australia is around 3.2 million litres per station. This is the average, with metropolitan stations achieving a much higher average sales level as compared with regional located stores. The subject store would be located in a regional area and therefore would achieve a lower volume than typical throughout Australia, although noting volumes would increase over time with growth in the trade area.

Table 3 presents an updated sales analysis for the petrol station based on the adjusted spending figures for petrol stations. The proposed service station is projected to achieve:

- Some \$3.4 million in petrol sales.
- \$1.2 million in convenience store sales.

- The equivalent of around 2.0 million litres in fuel.

This is still a successful sales volume for the proposed site, given its regional location. Further, petrol station sales are projected to increase to \$6.2 million by 2036 (2.7 million litres in fuel sales), indicating increasing demand for such a use. In addition, demand is increasing in the wider catchment area, meaning impacts are of no concern.

TABLE 3. PETROL STATION DEMAND

	Financial Year		
	2025	2028	2036
Spending to Petrol Stations (\$M)			
Main Trade Area	12.2	13.5	18.0
Wider Catchment Area	45.9	50.8	64.8
Petrol Station Spending Retained by Service Station			
Main Trade Area (@10% incr. to 42.5% 2027/28)	1.2	5.7	7.6
Wider Catchment Area (@ 60% incr. to 62.5% 2027/28)	27.6	31.8	40.7
Distribution of MTA Service Station Sales			
Meringandan West Development	0.0	4.6	6.2
Other MTA Service Stations**	<u>1.2</u>	<u>1.1</u>	<u>1.5</u>
Total MTA Service Station Sales	1.2	5.7	7.6
Distribution of Wider Catchment Area Service Station Sales			
Meringandan West Development	0.0	4.6	6.2
Other Wider Catchment Area Service Stations**	<u>27.6</u>	<u>27.2</u>	<u>34.5</u>
Total Wider Catchment Area Service Station Sales	27.6	31.8	40.7

Impact Analysis

In relation to the inclusion of fuel sales, the volume in dollar terms has not been included in the estimation of centre sales. Consequently, any increase from inclusion of these sales would also result in a subsequent increase in sales for these centres. Table 4 presents the updated impact analysis with the inclusion of petrol sales. The updated table is now for 2025 through to 2028.

Overall, impacts on competing centres are well within the normal competitive range (10% and less) and will not impact on the viability of any centre. All other centres will be trading at comparable or higher levels by 2028 as compared with existing levels.

TABLE.4. UPDATE CENTRE IMPACT ANALYSIS

	Unit	Estimated 2025	Projected 2028		Impact 2028	
			Pre Dev.	Post Dev.	\$M	%
Meringandan West Development	\$M	n.a.	n.a.	9.2	n.a.	n.a.
Within the Main Trade Area						
Meringandan West Produce & Petrol	\$M	3.1	3.4	3.1	-0.3	-10.0%
Meringandan West Hotel Precinct	\$M	5.1	5.6	5.5	-0.1	-2.5%
Within the Wider Catchment Area						
<u>Highfields</u>						
• Highfields Village SC	\$M	73.0	80.7	77.1	-3.6	-4.5%
• Highfields Plaza	\$M	45.0	49.8	48.8	-1.0	-2.0%
• Other	\$M	54.0	59.7	56.1	-3.6	-6.0%

** includes other drive-thru tenants

* Constant dollars and including inflation

¹ Proposed centres and expansions assumed to be trading for a full year by FY2028

Other issues to address in the impact assessment included:

- Foresight Partners indicate impacts on the Meringandan Hotel and the Meringandan West service station and convenience store are misleading given they have been combined in the Location iQ report. Table 4 also provides indications of impacts on these facilities individually and the impacts are well within the normal competitive range.
- In relation to the Meringandan West facilities implied sales productivity levels of \$10,000 per sq.m for existing facilities. The sales estimates less than \$10,000 sq.m and are reasonable given the nature of such facilities including petrol and liquor options.

Overall, the changes recommended by Foresight Partners do not change the conclusions of the Location IQ report, that the proposed development will not impact the viability or continued operation of any existing or proposed facility within the main trade area, wider catchment area or surrounding area. The growth in the market will more than offset competitive impacts in the short term.

Yours sincerely,



Gavin Duane

Director