# West Belconnen Retail Market Potential Assessment

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# Executive Summary

The Riverview Group, working with the ACT and NSW Governments, intends to develop a 1,623ha landholding at West Belconnen to achieve a vision of inspiring sustainable living, development practice and awareness. Achieving a high quality of life for the people living at Belconnen is at the heart of the project planning and design. Ensuring that future retail development is economically sustainable – appropriately sized to meet the needs of the emerging population – is also a key important consideration.

## KEY ISSUES

The key issues for planning future retail development at West Belconnen are as follows:

- With up to 11,500 new dwellings being proposed, West Belconnen could achieve an eventual population of around **30,000** on completion
- A population of this size will sustain supermarket-based retailing and will require convenient access to shops in order to undertake weekly and top-up household shopping
- Retail facilities will therefore need to ensure that they are located to maximise convenience and accessibility
- In view of the lengthy build period envisaged for West Belconnen as a whole, it is likely that retail development will need to be delivered in two stages in order that there is not an over provision of floorspace relative to the growing population
- In the first years of the development, until such time as there is a critical mass of population to support new retail floorspace at sustainable trading levels (prior to 2025), new residents at West Belconnen are likely to use nearby centres such as Kippax.
- As the population of West Belconnen increases it is expected that new retail development will be able to retain a sustainable level of expenditure from the population to trade successfully (from 2025)

## KEY DRIVERS OF SUCCESSFUL SHOPPING CENTRES

The performance of any retail centre will largely depend on the successful implementation of design features that optimise the following:

- Accessibility
- Car parking
- Exposure and visibility
- Quality of design and management
- Tenant mix
- Complementary uses

In our view that current implementation of the ACT centres hierarchy is creating 'winners' and 'losers' in so far as the larger group centres align more closely with the success drivers for retail development than local centres which, in the main do not offer an attractive shopping experience.

Design and location of retail development in West Belconnen should therefore ensure:

- Location on or close to a main road
- Maximum accessibility to residents
- Strong anchor tenant(s)
- A sufficient critical mass of offer – with fewer larger centres preferred to many small centres
- A retail mix that meets the daily and weekly needs of shoppers
- Good exposure, visibility and signage
- High quality design to make centre(s) exciting and welcoming places to visit

## RETAIL FLOORSPACE DEMAND ASSESSMENT

In total, the trade area (including West Belconnen, Macgregor West and the golf course site) is forecast to contain around **35,000** residents upon completion.

It is estimated that in 2013 the trade area has a total available retail spend of **$58m**. This is spending by the Macgregor West and golf course residents currently within the trade area. By 2054, when it is assumed that the West Belconnen residential development will be completed it is forecast that the trade area total retail spending market will reach **$998m** (in $2013 dollars)**.** Food retailing will make up the largest proportion of total retail spending, accounting for **$266m** (in $2013 dollars) or 27% in 2054.

In undertaking our assessment of potential market shares we have assumed that all future retail floorspace will be built within a single shopping precinct close to the entry to the site at Parkwood Road, rather than being dispersed in multiple locations across the site.

Including provision for a highly destination food and beverage offer, we forecast that a retail centre of around **8,000 sq.m** could be supportable by 2025, and that this could be expanded to around **12,000 sq.m** by 2035. The location of West Belconnen on the periphery of Canberra limits the amount of floorspace that could be provided compared to a more central location with a similar sized trade area.

### Indicative Composition and Staging of Retail Development

WEST BELCONNEN GROUP CENTRE

| | Stage 1<br>2025-26 | Stage 2<br>2035-36 | Total at<br>Capacity |
|---|---|---|---|
| Supermarket 1 | 3,500 | | 3,500 |
| Supermarket 2 | | 1,500 | 1,500 |
| Mini Majors | 400 | 250 | 650 |
| Specialties[1] | 1,400 | 1,300 | 2,700 |
| Total retail floorspace | 5,300 | 3,050 | 8,350 |
| Non retail specialties[2] | 1,300 | 800 | 2,100 |
| **Total centre** | **6,600** | **3,850** | **10,450** |
| *Plus destinational food & beverage* | *1,500* | | *1,500* |
| **Total[1]** | | | |

*1. Includes food, non food and retail services and tenants on pad sites*

*2. Includes banks, insurance, post office, TAB, bar, office suites etc*

*Source : Urbis Retail Averages 2013*

The development of a 12,000 sq.m shopping centre with at-grade parking and circulation could require around **3.5 hectares** of land. If a range of complementary commercial uses are incorporated into centre planning, the amount of land required could increase to around **4.5 hectares.**

## RETAIL OUTLOOK FOR KIPPAX

We believe there is capacity to support additional retail floorspace at Kippax. The current trade area population of 38,200 could typically support two and a half full line supermarkets and a discount department store.

Increased resident population at West Belconnen and growth in per capita expenditure from Kippax trade area residents over the long term create an opportunity for Kippax retailers to enhance their productivity and potentially for the centre to add additional floorspace. An expanded Kippax centre will also improve retail expenditure containment for local residents and reduce escape spending to other centres such as Belconnen.

Until such time as new retail facilities are operational at West Belconnen, Kippax is likely to benefit from food and grocery spending by new residents until around 2025. Longer term Kippax is likely to benefit from additional passing trade generated by West Belconnen residents, as well as attracting some spend from Macgregor West and golf course residents. In contrast, existing Kippax customers are unlikely to travel further afield to West Belconnen to access a similar range of retail services, therefore a supermarket based centre in West Belconnen is unlikely to have a material negative impact on Kippax's trading performance.

The extent to which Kippax group centre is able to retain this expenditure growth will be largely dependent upon the management of the centre focusing on meeting the expectations of the needs of trade area residents. An enhanced Kippax should be able to achieve an increased share of expenditure growth which could stimulate demand for additional retail floorspace and productivity gains for existing retailers.

# Introduction

In September 2013 Urbis was appointed by the Riverview Group Pty Ltd to provide advice on the development of retail uses within the proposed West Belconnen residential land release.

As part of the assessment the following tasks have been undertaken as agreed:

- Review of key location drivers of successful shopping centres
- Retail demand assessment for the West Belconnen structure plan area
- High level review the future market outlook for the existing Kippax Local Centre

The remainder of this report is structured as follows:

**Chapter 1** provides a summary of the proposed West Belconnen development.

**Chapter 2** examines the key principles guiding successful retail developments, examining a selection of centres within the Belconnen subregion and setting out key criteria that should be considered when planning retail development in West Belconnen.

**Chapter 3** sets out a retail floorspace demand assessment for West Belconnen. It examines anticipated population growth and spending patterns of future residents. The assessment also considers spatial requirements for new retail floorspace, potential staging and competitive impacts on existing centres in Canberra.

**Chapter 4** considers the long term outlook for the Kippax group centre and considers how this might be affected by future development at West Belconnen.

# 1 The Proposal

## 1.1 SUBJECT SITE

The West Belconnen subject site is a 1,623ha landholding straddling the ACT and New South Wales Border. In May 2013 the landowners and the ACT Government signed a heads of agreement which facilitates the development of the land, primarily for residential uses.

The western portion of the site forms an escarpment to the Murrumbidgee River and it is proposed that this land will be maintained as a river corridor with public access. The majority of the site is gently undulating and offers potential for residential subdivision. A central portion of the site is currently used for landfill and as a recycling centre.

Access to the site is currently provided via Parkwood Road (to the landfill and recycling centre) and via Stockdill Drive to the southern site boundary.

The site is located on the north western edge of Canberra adjacent to the suburbs of Macgregor and Holt.

The site is bounded:

- On the east by Stockdill Drive and the Belconnen Magpies Golf Course (a portion of which was recently rezoned for residential development), as well as by the Macgregor West residential area
- On the south and west by the Murrumbidgee River
- On the north by the Ginninderra Creek beyond the ACT/NSW boundary

The subject site is illustrated in the maps and photographs on the following pages.

## 1.2 KEY DEVELOPMENT PRINCIPLES

The Riverview Group, working with the ACT and NSW Governments, intends to develop the West Belconnen site to achieve a vision of inspiring sustainable living, development practice and awareness. Achieving a high quality of life for the people living at Belconnen is at the heart of the project planning and design.

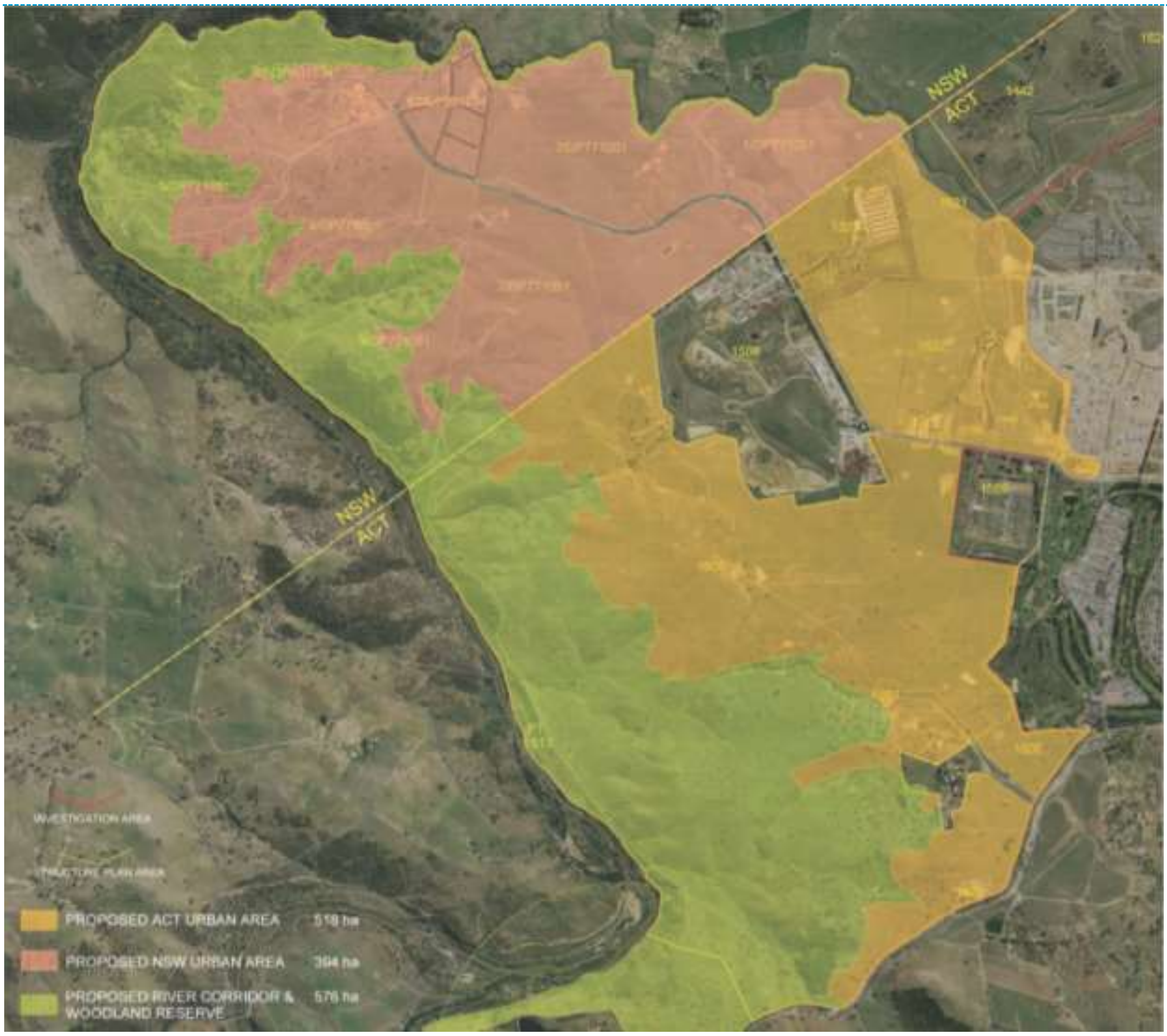
The intent is to create a community that exemplifies world's west practice in its design, construction and long-term liveability. As a model of sustainable community living it will be a place and community that can be showcased throughout Australia and internationally. The following guiding principles are amongst those shaping the master planning process for West Belconnen:

- Designing neighbourhoods that support and encourage community interactions through imaginative, functional and enjoyable public spaces
- Building on existing local infrastructure
- Ensuring long-term economic viability through design excellence and community building
- Integrating with the Belconnen commercial, retail and employment networks
- Growing a formal and informal green economy that fosters local jobs and builds regional learning around green innovation and technology

Ensuring that future retail development is economically sustainable – appropriately sized to meet the needs of the emerging population – is also an important consideration. Under providing retailing could result in people having to travel beyond the suburb to undertake their weekly shopping. Conversely over providing retail floorspace (or providing retail in inappropriate locations) could result in difficult to let premises and vacancies which can blight the appearance and performance of centres.

## WEST BELCONNEN SUBJECT SITE

MAP 1.1



PICTURE 1 – WESTERN SITE BOUNDARY – PROPOSED RIVER CORRIDOR

PICTURE 2 – GENTLY UNDULATING LAND WITH DEVELOPMENT POTENTIAL

PICTURE 3 – GENTLY UNDULATING LAND WITH DEVELOPMENT POTENTIAL

## 1.3 DEVELOPMENT PROPOSAL, DWELLING YIELD AND STAGIN

Preliminary structure planning indicates that up to 11,500 new dwelling could be constructed at West Belconnen. With an estimated completion rate of around 300 dwellings per annum, the neighbourhood would be constructed over a 38 year period.

We understand that the broad intent would be to development the lands within the ACT in the first instance, starting from Stockdill Drive heading north, with the NSW lands to be built as a final stage.

Road connections to West Belconnen are envisaged from Southern Cross Drive / Parkwood Road, Stockdill Drive and Ginninderra Drive.

## 1.4 KEY ISSUES FOR RETAIL DEVELOPMENT

Having regard to the preliminary structure planning and visioning for the site, the key issues for planning future retail development are as follows:

- With up to 11,500 new dwellings being proposed, West Belconnen could achieve an eventual population of around **30,000** on completion
- A population of this size can sustain supermarket-based retailing and will require convenient access to shops in order to undertake weekly and top-up household shopping
- Retail facilities will therefore need to be located to maximise convenience and accessibility
- In view of the lengthy build period envisaged for West Belconnen as a whole, it is likely that retail development will need to be staged in order that there is not an over provision of floorspace relative to the growing population
- In the first years of the development, until such time as there is a critical mass of population to support new retail floorspace at sustainable trading levels, new residents at West Belconnen are likely to use nearby centres such as Kippax
- As the population of West Belconnen increases it is expected that new retail development will be able to retain a sustainable level of expenditure from the population to trade successfully

# 2 Key Factors for Successful Shopping Centres

## 2.1 INTRODUCTION

The purpose of this section is to set out key planning principles for retail centres in new residential suburbs having regard to:

- Key drivers for success that Urbis has experienced nationally, and
- The ACT experience, where a planned hierarchy of centres of varying sizes has been implemented

## 2.2 THE ACT RETAIL HIERARCHY

The ACT Government, through the Territory Plan, has adopted a hierarchical system of centres with the aim of providing residents with access to a range of facilities and services regardless of where they live, work or undertake recreation. The hierarchy consists of Civic (or Canberra City) as the pre-eminent centre, followed by town centres, group centres and local centres. Beyond this formal hierarchy there are also commercial areas that support office parks, leisure and accommodation, and mixed-use development.

The intent of each centre within this hierarchy is quite distinct and is intended to serve a different catchment of the community. The intent of each centre, as described in the Territory Plan, is detailed below:

- **Town Centres**

  *Town Centres provide the main commercial and community focus for the district populations of Belconnen, Gungahlin, Tuggeranong and Woden/Weston Creek. They also provide opportunities for business investment and employment and facilitate decentralisation. Planning policies seek to promote town centres as vibrant and viable centres with a wide range of services, facilities and employment and provide opportunities for higher density residential development.*

- **Group Centres**

  *Group Centres are larger shopping centres throughout Canberra that serve groups of nearby suburbs. They incorporate a wide range of shopping, community, recreation and business facilities. As well as providing for major food retailing, they also offer opportunities for speciality shops, non-retail commercial uses such as banks, and residential development. Planning policies for group centres seek to retain a relatively relaxed, low-key character with mainly low-rise development, promote competition and investment, and support improved facilities for the community.*

- **Local Centres**

  *Local Centres are smaller shopping centres throughout Canberra that provide for convenience retailing and other accessible, convenient shopping and community and business services to meet the daily needs of the local population. They also act as a social focus for the neighbouring community and may vary in size and composition from one or two shops to a larger centre incorporating a range of community and commercial activities. Planning policies for local centres seek to retain a smaller scale character that is consistent with adjacent areas, provide opportunities for residential development, and ensure that basic shopping is available to the local community.*

The distribution of centres across Canberra is as follows:

- There are four Town Centres:
  - Belconnen
  - Woden
  - Gungahlin
  - Tuggeranong
- There are seventeen Group Centres, including the following within the Belconnen subregion:
  - Charnwood
  - Kaleen
  - Kippax (Holt)
  - Hawker
  - Jamison (Macquarie)
- There are approximately 70 Local Centres, including the following within the Belconnen subregion:
  - Dunlop
  - Hawker
  - Macgregor
  - Cook
  - Holt
  - Latham
  - Higgins
  - Fraser
  - Scullin
  - Spence
  - Florey
  - Evatt
  - Melba

In addition, the role of Fyshwick has changed from an industrial area in the 1960's to a major bulky goods retail destination.

## 2.3 CASE STUDIES – ACT SHOPPING CENTRES

Urbis has reviewed a selection of six shopping centres within the Belconnen subregion against the success drivers for retail development. Our review includes three group centres (Kippax, Charnwood and Jamison) and three local centres (Holt, Higgins and Scullin). The centres are shown in Map 2.1. Our assessment suggests that the implementation of the centres hierarchy is creating 'winners' and 'losers' in so far as the larger group centres align more closely with the success drivers for retail development.

By contrast, local centres in the main do not align with the key factors for successful retail development and generally do not offer an attractive shopping experience.

The key reasons for this disparity seem to be:

- **Belconnen Town Centre** has an overarching role, in so far as it is the major shopping destination for the area, particularly for non-food retailing. As such Belconnen Town Centre, and also Canberra Civic, are expected to continue to draw a significant proportion of discretional spending from the Belconnen sub region

- **Group centres** are dispersed throughout the area and each typically provides supermarket-based shopping for two to three suburbs. The critical mass of retailing at group centre (at least one supermarket, supported by a range of food and essential household products and ancillary services) is sufficient to offer a compelling reason for residents to drive to the centre to undertake weekly and top-up shopping. Supermarkets act as the anchor tenant in each centre and are the principal attractors

- Extended trading hours at supermarkets encourages more visitation and spending

- The inclusion of destination uses (such as medical facilities, gyms, pubs) at group centres also assists in encouraging people to visit the centre on a regular basis

- Group centres tend to be located close to, or on, a main road. They may not be directly visible from the road (due to the extensive landscaping throughout Canberra) but are assisted by directional signage. The scale of the centres (details) enables them to incorporate business identification signage into the building façade

- Group centres are typically built around a large, flat site where at-grade car parking is immediately available. The presence of pad sites (service station or fast food) can also enhance the visibility of the centre

- Whilst the design quality of individual group centres varies, successful elements typically include simple mall design, use of bold colour to strengthen visibility, at-grade parking at the front of the building, shading in external areas (e.g. street awnings), shop front activation and provision of indoor-outdoor dining, and use of natural light within internal malls

- By contrast, **local centres** generally present poorly, often with multiple vacancies, and provide an extremely limited retail offer. There appear to be a number of reasons for this:

  – Poor location, tucked away in the middle of residential areas with no exposure to main roads

  – Poor accessibility resulting from a combination of lack of exposure and limited car parking.

  – Pedestrian accessibility is limited by the prevailing low density residential character and the fact that many centres are built on the edge of public open space which creates physical separation

  – Lack of exposure to passing trade resulting from location on quiet residential streets, as well as poor signage and excessive landscaping

  – Limited provision of car parking, and in some instances car parking to the rear of the centre which is not visible and which may pose safety issues

  – Poor quality design manifesting in shop fronts that are orientated to the rear of the building, blank facades and small uninviting plazas between shops. Generally, the centres do not feel like places that shoppers would want to visit

  – A lack of critical mass of retail activity and / or complementary uses. Local centres are typically too small and lacking in anchor tenants with the result that they struggle to compete within the broader hierarchy against centres with a supermarket anchor. Vacant premises contribute to poor amenity.

  – Centres are typically too small and poorly located to attract the anchor tenants which could otherwise enhance their critical mass

  – Backfilling of vacant properties with small community facilities which could be delivered more efficiently from a larger, more centralised location

  – Inadequate directional and business identification signage

  – Lack of complementary uses such as medical centres, gyms etc. that would otherwise broaden the destinational appeal of the centre

– Sporadic hours of opening, in particular café / restaurant tenancies which may be closed during the day and open for a short period during the evening. Vacant premises and closed shops contribute to poor amenity

CASE STUDIES: SELECTED CENTRES, BELCONNEN SUB REGION MAP 2.1


The following tables summarise how selected group centre and local centres within the Belconnen subregion perform against important success factors for retail floorspace.

## ACT Group Centres: Belconnen Subregion

KEY ATTRIBUTES TABLE 2.1

| INDICATOR | KIPPAX | JAMISON | CHARNWOOD |
|---|---|---|---|
| **Size** | Around 8,000 sq.m retail floorspace at Kippax Fair with around 3,500 sq.m retail elsewhere in the centre (including ALDI) | Shopping Mall provides around 10,000 sq.m retail floorspace | Provides around 8,000 sq.m floorspace in total (retail & ancillary) |
| **Location and trade area served** | Hardwick Crescent. Serves the suburbs to the west of Belconnen – Holt, Macgregor, Higgins, Latham | Bowman Street. Serves the suburbs to the south of Belconnen – Macquarie, Cook, Aranda | Lhotsky Street. Serves the north western suburbs around Belconnen – Charnwood, Dunlop, Flynn, Fraser |
| **Accessibility** | Vehicular access within 150 metres of Southern Cross Drive, a key east-west link through Belconnen | Vehicular access within 120 metres of Redfern Street, an important east-west link through Macquarie, 260m of Bindubi Street and 650m from Belconnen Way | Vehicular access within 250m of Ginninderra Drive, a key east west link between Canberra City Centre and the north western suburbs. |
| **Car Parking** | 700 at grade spaces<br><br>At grade car parking provide at the front of the mall | 800 at grade spaces | 300 at grade spaces |
| **Exposure** | Located between a residential neighbourhood and green space corridor, the centre itself is not particularly visible to passing motorists, but signage and its close proximity to Southern Cross Drive mean that it is accessible to surrounding residents | Visible from Redfern Street. Use of block colours on façade assists visibility | Pad sites visible from Ginninderra Drive |

| INDICATOR | KIPPAX | JAMISON | CHARNWOOD |
|---|---|---|---|
| **Quality of Design** | An internal shopping mall containing Woolworths and specialty retailers in a straight line – north south.<br><br>ALDI has been added at the northern end of the mall with separate access<br><br>Strip retail and pad sites located on the opposite side of the parking (on Hardwick Crescent) partially sleeving the parking on two sides | Internal mall with some external (covered) dining and pad sites<br><br>Supermarkets located next to one another in the centre of the mall<br><br>Internal mall runs in a straight line east-west | External mall in horseshoe configuration around grade car parking<br><br>Small supermarket anchor at western end. Pad sites and commercial / community uses have been added to the eastern end |
| **Anchor tenants** | Woolworths and ALDI | Coles and ALDI | Woolworths and McDonalds |
| **Scale and mix of retail uses** | Woolworths and ALDI provide complementary supermarket mix<br><br>Specialties including Reject Shop, liquor, bakery, butcher, pharmacy, newsagent, beautician, cafes<br><br>Fast food and service station pad sites broaden overall offer<br><br>Recreation centre and bar adjacent to the mall also broaden overall activity<br><br>No vacancies within enclosed mall<br><br>One vacant retail tenancy on Hardwick Crescent<br><br>Three vacant commercial tenancies on Kippax Place | Coles and ALDI provide complementary supermarket mix<br><br>Specialties focused on fresh food, pharmacy and giftware with limited apparel<br><br>Includes café with indoor / outdoor seating and small number of internal take away food retailers<br><br>Provides a full range of weekly household shopping needs<br><br>Bar / club opposite the centre broadens overall activity<br><br>No vacant tenancies | Small Woolworths store (currently undergoing expansion)<br><br>Specialties including liquor, bakery, butcher, pharmacy, beautician<br><br>Sufficient range to accommodate majority of weekly household items, but with limited product lines.<br><br>Fast food and service station pad sites broaden overall offer<br><br>Two vacant tenancies |
| **Signage / way finding** | External building signage is clearly visible on approach | External building signage is highly visible. | Pad site signage is visible from Ginninderra Drive External mall layout around car park is simple to understand |

| INDICATOR | KIPPAX | JAMISON | CHARNWOOD |
|---|---|---|---|
| **Non-retail complementary uses** | Pub, recreation centre, pathology, medical centre, library, offices, bank, service station | Pub, gym, post office, commercial offices | Pub, child care centre, service station, gym |
| **Operating Hours** | 7am to 11pm, 7 days a week (Woolworths) | 7am to midnight, 7 days a week (Coles) | 7am to 10pm (Woolworths) |

PICTURE 4 – KIPPAX GROUP CENTRE, STREETSCAPE WITH AT-GRADE CAR PARKING

PICTURE 5 – CHARNWOOD GROUP CENTRE  – PAVEMENT AWNINGS PROVIDE SHADE

PICTURE 6 – JAMISON GROUP CENTRE – UNOBSTRUCTED SIGHTLINES AND USE OF BOLD COLOUR

PICTURE 7 – STRONG ANCHOR TENANTS, JAMISON

PICTURE 8 – FOCUS ON FRESH PRODUCE, JAMISON

## ACT Local Centres: Belconnen Subregion

KEY ATTRIBUTES

TABLE 2.2

| INDICATOR | HIGGINS | HOLT | SCULLIN |
|---|---|---|---|
| **Size** | Around 1,500 sq.m total floorspace of which at least 550 sq.m is vacant | Around 1,000 sq.m total floorspace of which at least 150 sq.m is vacant | Around 1,000 sq.m total floorspace of which at least 500 sq.m is vacant |
| **Location** | Higgins Place off Fullagar Crescent. | Holt Place off Beaurepaire Crescent 1.5km from Kippax Fair | Ross Street Crescent, in the suburb of Scullin. Located opposite Southern Cross primary school |
| **Accessibility** | Accessible by car. Low residential density and separation of sports oval limits walk-in accessibility | Accessible by car | Accessible by car |
| **Car Parking** | Provides approximately 50 parking spaces, majority to the rear of the building | Provides approximately 35 parking spaces, majority to the rear of the building | Provides around 60 car parking spaces at the front and rear of the centre |
| **Exposure** | Lacks exposure to any main road. Centre is tucked away in the middle of the residential suburb adjacent to an oval | Lacks exposure to any main road. Centre is tucked away in the middle of the residential suburb | The site is elevated above street level and benefits from exposure to Ross Street Crescent. It is therefore visible to local residents and people visiting the school. Lacks visibility to main roads. |
| **Quality of Design** | Small retail cluster around an open public plaza. Car parking to front and rear.<br><br>Excessive blank facades create unwelcoming environment | Shop entries are located at the rear of the premises, with blank walls to the main street frontage. This creates an unwelcoming appearance<br><br>Run down, semi derelict appearance | Strip retail configuration. Steps and ramps to address level separation between car park, shops and street.<br><br>Standard strip retailing with little architectural innovation |
| **Anchor tenants** | No anchor tenant | Small IGA | No anchor tenant. High vacancies. Vacant tenancies appear to have been bakery and two cafes |

| INDICATOR | HIGGINS | HOLT | SCULLIN |
|---|---|---|---|
| **Scale and mix of retail uses** | Hairdresser, post office, bottle shop, chemist, beautician<br><br>Two vacancies<br><br>Lack of critical mass of retail activity | Small IGA, liquor store, hair dresser, 2 x takeaway<br><br>One vacancy<br><br>Lack of critical mass of retail activity | Small independent supermarket, 2 x restaurants, hair dresser, op shop<br><br>Three vacant tenancies |
| **Signage / way finding** | Lack of centre / business identification signage and way finding signage | Lack of centre / business identification signage and way finding signage | Tenancy signage is visible from road due to elevation. |
| **Non-retail complementary uses** | Community project office | Community office | Medical centre, hair dresser, accountants office |
| **Operating House** | Variable | Variable | Variable |

PICTURE 9 – HIGGINS LOCAL CENTRE


PICTURE 10 – HOLT LOCAL CENTRE

PICTURE 11 – SCULLIN LOCAL CENTRE

## 2.4 SUCCESS FACTORS FOR RETAIL DEVELOPMENT

The case studies and our experience of shopping centres throughout Australia show that their success will be driven by a range of market and design factors. Importantly:

- The **size of the development** should be commensurate with the size of the available spending market. Too many shops can create leasing problems regardless of the layout chosen, likewise too few shops diminish the critical mass of a centre making it unsustainable

- **Anchor tenants -** specialty shops require the activity generated by major tenants. If they are located off the 'ant track' of shopper activity there can be leasing problems

- **Location** – the choice of location for a retail centre needs to have consideration for the likely trade area required for the type of centre

- **Accessibility** – a retail centre needs to be accessible to its catchment by a number of modes; however we note that car accessibility is generally of primary importance, particularly in a low density residential environment such as the ACT

- **Car parking** – for most neighbourhood and supermarket based centres the best performing retailers within shopping centres are often those located closest to car parking, as this maximises their convenience

- **Exposure** – the centre as a whole needs to obtained the highest level of exposure to passing and local trade in order to maximise its utilisation by a wide cross section of the community. Specific tenants within the centre also need to have good exposure to customer foot traffic, with isolated portions of a centre that received limited pedestrian traffic performing at lower levels

- **Quality of design and management** – the quality of a retail centre will affect its attractiveness to potential customers and therefore its performance. As such consideration needs to be given to the choice of finishes that create a theme, differentiate the centre from its competitors and result in a character that will have enduring appeal

- **Tenant mix and scale -** this factor is one of the strongest, if not the strongest driver of success within a retail environment. Anchor tenants such as a supermarket in a neighbourhood centre context are the major driver of customer visitation, with the specialty tenants needing to respond to the offer provided by the anchor tenant. The amount of specialty floorspace should cater for the weekly shopping needs of trade area residents

- **Complementary uses** such as a medical centre, gym and professional suites that do not form part of a traditional retail offer may also be considered for the centre, to broaden its overall appeal and maximise frequency of visitation

## 2.5 RECOMMENDATIONS

Based on our experience of shopping centre design and our review of existing centres within the West Belconnen subregion, retail development in West Belconnen needs to ensure:

- Location on, or close to, a main road
- Location that maximises accessibility to residents
- Strong anchor tenant(s)
- A sufficient critical mass of offer – with fewer larger centres preferred to many small centres
- A retail mix that meets the daily and weekly needs of shoppers
- Good exposure, visibility and signage
- High quality design to make centres exciting and welcoming places to visit
- Adequate provision of car parking
- An appropriate mix of supporting non-retail uses that can enhance the destinational appeal of new centre(s) and frequency of visitation.
- Recognising that West Belconnen is located on the periphery of Canberra there is likely to be a two-fold challenge of retaining resident spend as well as attracting top-up spend from beyond the suburb. Innovative complementary uses that can add to the destinational appeal of the centre(s) will therefore be an important consideration.

# 3 Retail Floorspace Demand Assessment

## 3.1 INTRODUCTION

This section provides an assessment of the level of supportable retail floorspace at West Belconnen and also considers:

- The amount of land likely to be required for centre development based on floorspace, parking and access requirements

- Advice on the timing of new floorspace delivery based on the staging of residential development at West Belconnen

## 3.2 TRADE AREA ASSESSMENT

The trade area refers to the area in which an existing or proposed centre or retailer is most likely to draw custom. The size and scale of trade areas vary due to the geographical context of the retail development in question. Other factors which may influence the definition of a trade area include:

- The strength, range and appeal of the subject centre
- The proximity, scale and quality of competing retail facilities
- The accessibility of the centre including the road and transport network, as well as access to ample parking
- Physical barriers such as freeways, rivers/lakes, bushland and drive times

In this instance we have considered the trade area for future retail development as a whole, before considering potential locations for a new centre(s). In the absence of a subdivision plan or road network plan the following assumptions are made with regard to the future subdivision plan for West Belconnen:

- The primary access point to the subdivision will be via Parkwood Road, which is an extension to Southern Cross Drive. Southern Cross Drive is a major east-west connection between the site and Belconnen town centre. Access will also be provided via Stockdill Drive to the south and Ginninderra Drive to the north

- Retailing should be located so as to maximise its accessibility to the resident population and its exposure to traffic. We have therefore assumed that a potential location could be on Parkwood Road adjacent to the existing garden centre and vet. This location would have the benefit of being located:

  – within close proximity of existing residential areas at Macgregor West and the residential development at the Magpies golf course

  – close to the existing landfill site which is a potential future location for employment generating uses

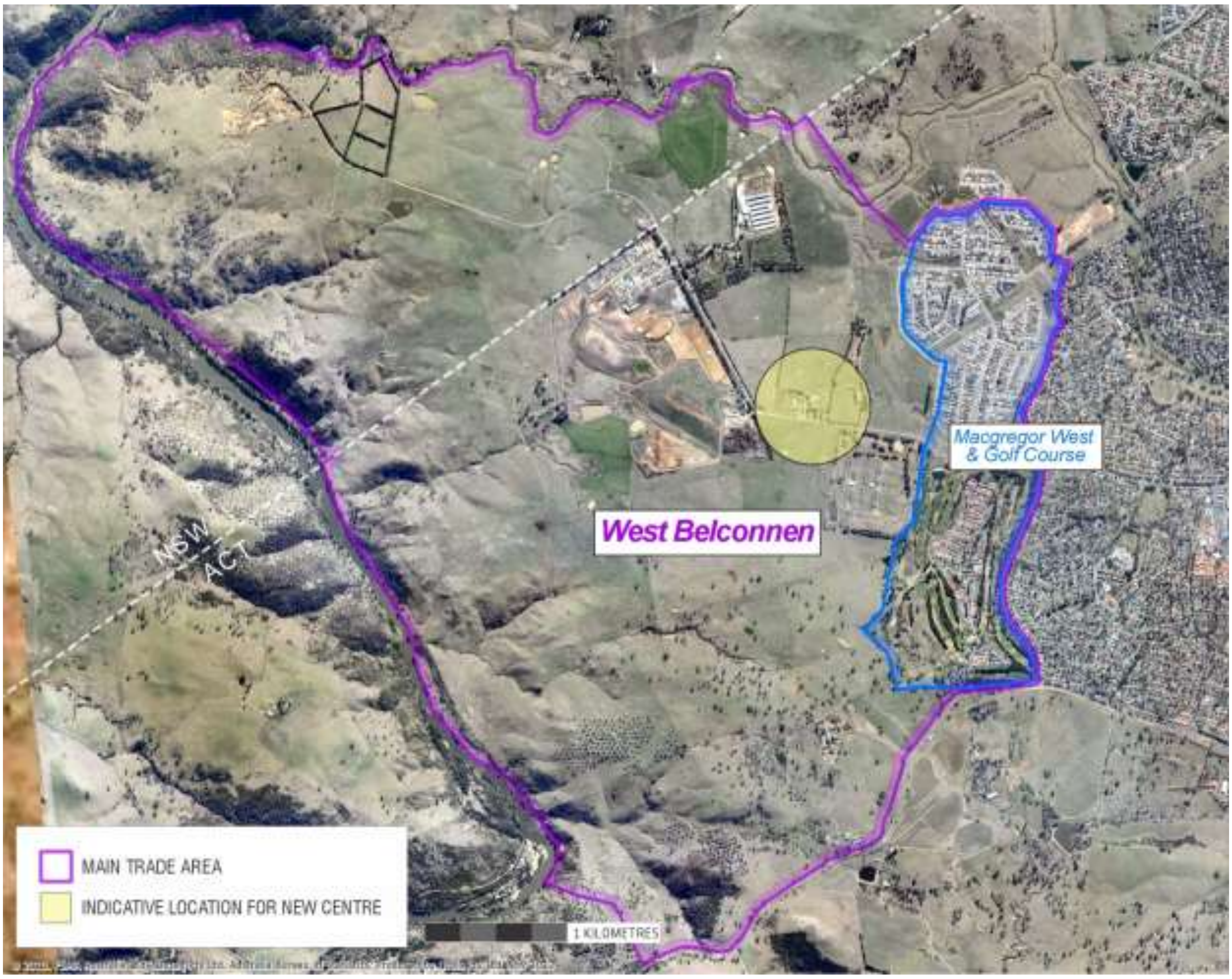
  – central to West Belconnen and Macgregor West residents

  – in an area that contains established commercial uses (garden centre and vet)

Having regard to these factors we consider that the new land release at West Belconnen will serve its own defined trade area. This will include the subject site as well as the residential areas at Macgregor West and the residential development around the Magpies golf course.

The trade area is shown in Map 3.1

WEST BELCONNEN TRADE AREA MAP 3.1



## 3.3 POPULATION FORECASTS

Using the trade area defined above we can determine the forecast expected population within the trade area.

The population forecast is based on the following assumptions:

- Residential development at Macgregor West is largely complete
- There are an additional 300 dwellings planned adjacent to the Magpies golf course, with construction due to start within six months
- We have assumed that 2016 would be the earliest date for the construction of new dwellings on the subject site at West Belconnen
- Based on discussions with the client we assume that the development can achieve a take up of 300 dwellings per annum
- This would result in a residential construction period extending from 2016-2054
- An average household size of 2.6 persons per dwelling has been adopted for the new development, which is slightly small than the Gungahlin SA3 area average, (a greenfield expansion area), reflecting the potential include a mix of detached dwellings and town houses
- A smaller household size of 2.4 persons per dwelling has been adopted for Macgregor West and the Magpies golf course site based on 2011 census data
- We have assumed that there are around 1,700 existing dwellings at Macgregor West and the Magpies golf course site (based on aerial photography and figures in the ACTPLA Macgregor West Concept Plan)

Based on the rate of development and population density outlined above, the population is expected to grow by around 780 persons per annum during the construction period (2016-2054). Upon completion the West Belconnen land release is forecast to contain around **30,000** residents.

In total the trade area is forecast to contain around **35,000** residents upon completion.

In view of the long development timeframe for West Belconnen we envisage that retail development will need to be undertaken in a staged manner.

## West Belconnen Trade Area
POPULATION FORECAST 2013-54 TABLE 3.1

| | Population | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | 2020 | 2030 | 2040 | 2050 | 2054 |
| West Belconnen Release | 0 | 3,900 | 11,700 | 19,500 | 27,300 | 30,000 |
| Macgregor West and Golf Course | 4,100 | 4,776 | 4,776 | 4,776 | 4,776 | 4,776 |
| **Total Trade Area** | **4,100** | **8,676** | **16,476** | **24,276** | **32,076** | **34,776** |

| | Annual Population Growth (no.) | | | |
|---|---|---|---|---|
| | 2016-20 | 2020-30 | 2030-40 | 2040-50 |
| West Belconnen Release | 780 | 780 | 780 | 780 |
| Macgregor West and Golf Course | 97 | 0 | 0 | 0 |
| **Total Trade Area** | **877** | **780** | **780** | **780** |

*1. As at October 2013*
*Source: Australian Bureau of Statistics, Cat No 3218.0, July 2012 (ASGS 2011)*
*ACT PLA 2012, Riverside Group, Urbis*

## 3.4 CURRENT RETAIL PROVISION

As a greenfield site, there is currently no retail provision within the trade area. Figure 3.1 and 3.2 and Table 3.2 below provide a summary of the existing retail hierarchy within the Belconnen subregion.

Given the extensive retail offer at Belconnen town centre and Canberra CBD, it is anticipated that a sizable proportion of future discretional spend from West Belconnen will be directed to these higher order centres. Belconnen town centre will continue to be the major discretional shopping destination for the Belconnen subregion as it contains a mix of strong anchor tenants (Myer, Kmart, Harris Scarfe) and an extensive mix of specialty retail.

As Kippax group centre is located off Southern Cross Drive (which will form the main east-west link road between West Belconnen and Belconnen town centre) it may also benefit from additional passing trade generated by West Belconnen residents, as well as attracting some spend from Macgregor West and golf course residents. As West Belconnen expands westwards, Kippax will become less peripheral within Canberra.

In the first years of residential development at West Belconnen, until such time as new retail facilities are operational, Kippax is also likely to benefit from food and grocery spending by new residents at West Belconnen.

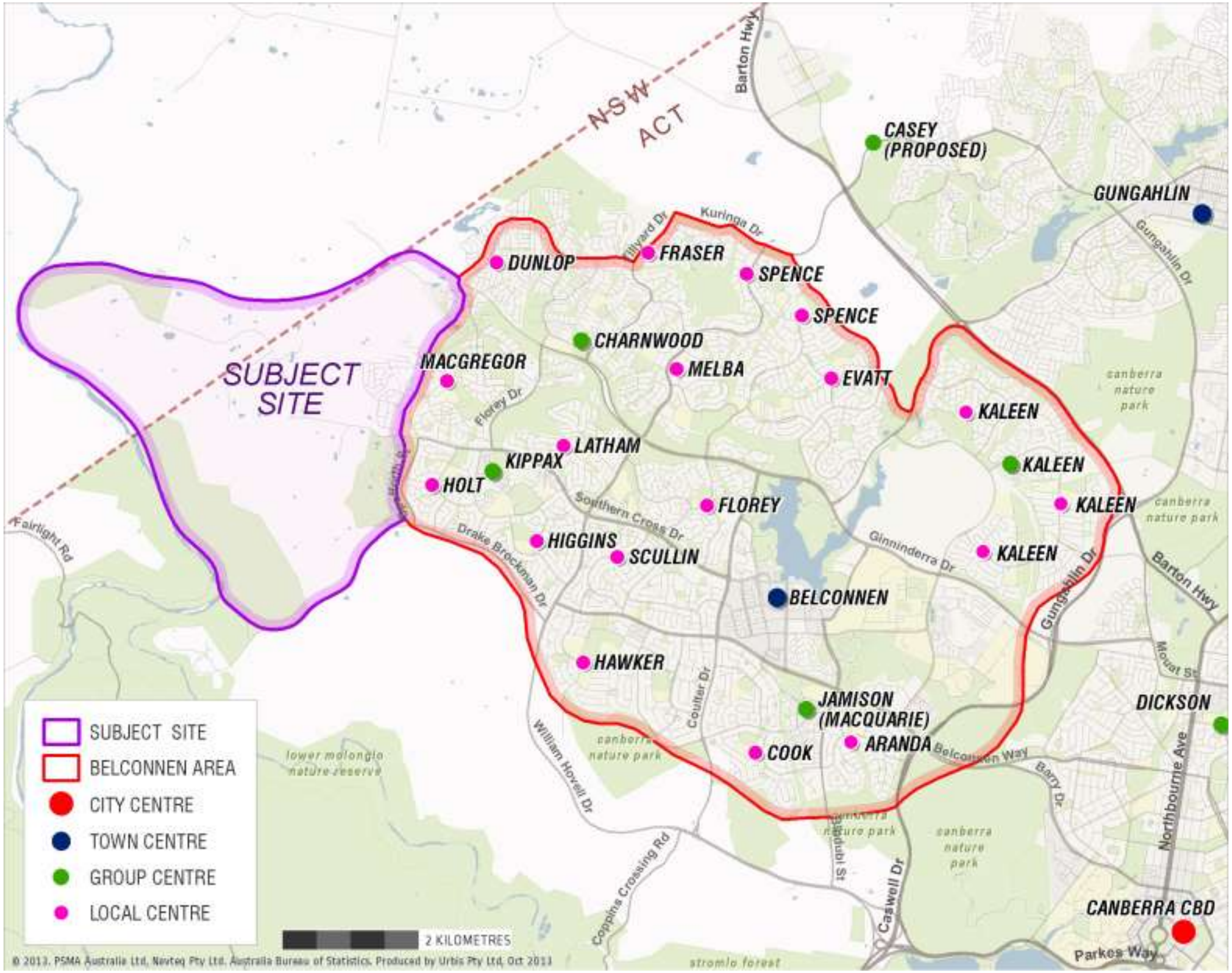
## Current Retail Environment

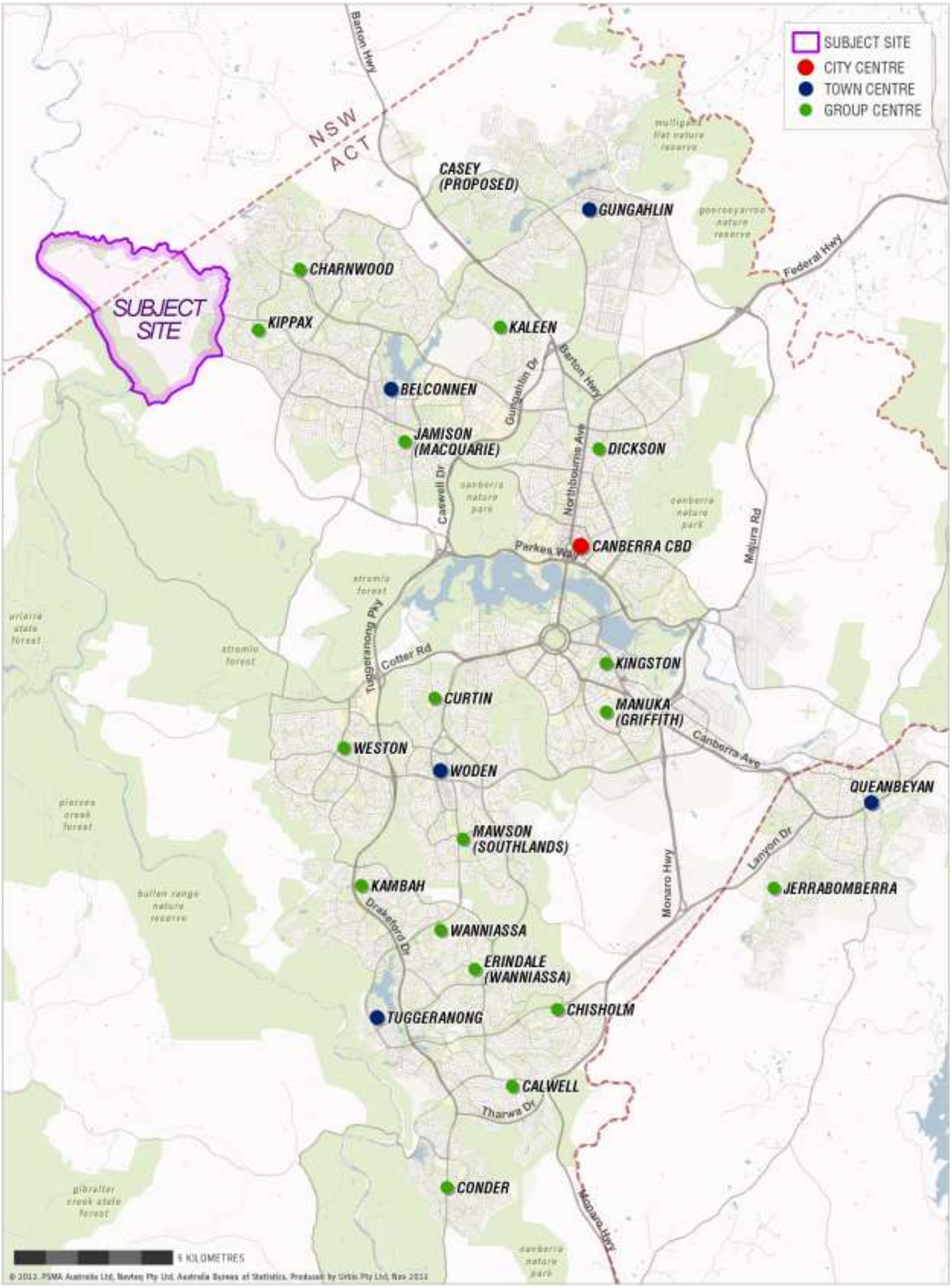
CANBERRA CBD AND BELCONNEN SUBREGION SHOPPING CENTRES TABLE 3.2

| Centre | Retail GLA (Sq.m) | Distance From Subject Site (km.) | Major Tenants Food | Major Tenants Non Food |
|---|---|---|---|---|
| **City Centre*** | | | | |
| Canberra Centre | 83,000 | 17 | Supabarn, ALDI | DJs, Myer, Big W, Target |
| **Town Centres*** | | | | |
| Belconnen | 78,000 | 8 | Coles, Woolworths | Myer, Kmart, Harris Scarfe |
| Gungahlin Marketplace | 19,000 | 16 | Woolworths | Big W |
| Westfield Woden | 52,000 | 23 | Coles, Woolworths | Big W, David Jones |
| Tuggeranong Hyperdome | 45,000 | 31 | Coles, Woolworths | Kmart, Target |
| **Group Centres*** | | | | |
| Kippax Fair | 8,000 | 3 | ALDI, Woolworths | |
| Charnwood | 8,000 | 5 | Woolworths | |
| Jamison | 10,000 | 11 | ALDI, Coles | |
| Kaleen | 3,000 | 12 | Supabarn | |
| **Local Centres** | | | | |
| Holt | 1,000 | 3 | IGA | |
| Latham | 100 | 4 | Convenience Store | |
| Dunlop | 750 | 5 | Woolworths | |
| Higgins | 2,000 | 5 | Foodworks | |
| Scullin | 1,500 | 6 | Independent | |
| Florey | 3,500 | 6 | Supabarn | |
| Melba | 1,000 | 7 | IGA | |
| Hawker | 2,500 | 7 | Supa IGA | |
| Fraser | 500 | 7 | IGA | |
| Evatt | 1,000 | 9 | IGA | |
| Spence | 1,000 | 9 | Independent | |
| Cook | 1,500 | 10 | Independent | |

*Source : Property Database, Australian Shopping Centre Database 2012 ; Urbis*

** Denotes retail floorspace within specific shopping centres. Excludes retail floorspace beyond the shopping centre*


SUBJECT SITE
NSW
ACT
CASEY (PROPOSED)
GUNGAHLIN
DUNLOP
FRASER
SPENCE
SPENCE
CHARNWOOD
MACGREGOR
MELBA
EVATT
KALEEN
LATHAM
KIPPAX
KALEEN
HOLT
FLOREY
KALEEN
HIGGINS
SCULLIN
KALEEN
BELCONNEN
HAWKER
JAMISON (MACQUARIE)
DICKSON
COOK
ARANDA
CANBERRA CBD
SUBJECT SITE
BELCONNEN AREA
CITY CENTRE
TOWN CENTRE
GROUP CENTRE
LOCAL CENTRE
2 KILOMETRES
© 2013, PSMA Australia Ltd, Navteq Pty Ltd, Australia Bureau of Statistics. Produced by Urbis Pty Ltd, Oct 2013


SUBJECT SITE
CITY CENTRE
TOWN CENTRE
GROUP CENTRE
SUBJECT SITE
NSW
ACT
CASEY (PROPOSED)
GUNGAHLIN
CHARNWOOD
KIPPAX
KALEEN
BELCONNEN
JAMISON (MACQUARIE)
DICKSON
CANBERRA CBD
KINGSTON
CURTIN
MANUKA (GRIFFITH)
WESTON
WODEN
QUEANBEYAN
MAWSON (SOUTHLANDS)
KAMBAH
JERRABOMBERRA
WANNIASSA
ERINDALE (WANNIASSA)
CHISHOLM
TUGGERANONG
CALWELL
CONDER
Barton Hwy
Federal Hwy
Gungahlin Dr
Northbourne Ave
Caswell Dr
Parkes Way
Majura Rd
Tuggeranong Pky
Cotter Rd
Canberra Ave
Lanyon Dr
Monaro Hwy
Drakeford Dr
Tharwa Dr
5 KILOMETRES

## 3.5 RETAIL EXPENDITURE

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 to derive spending per capita estimates on a small area basis.

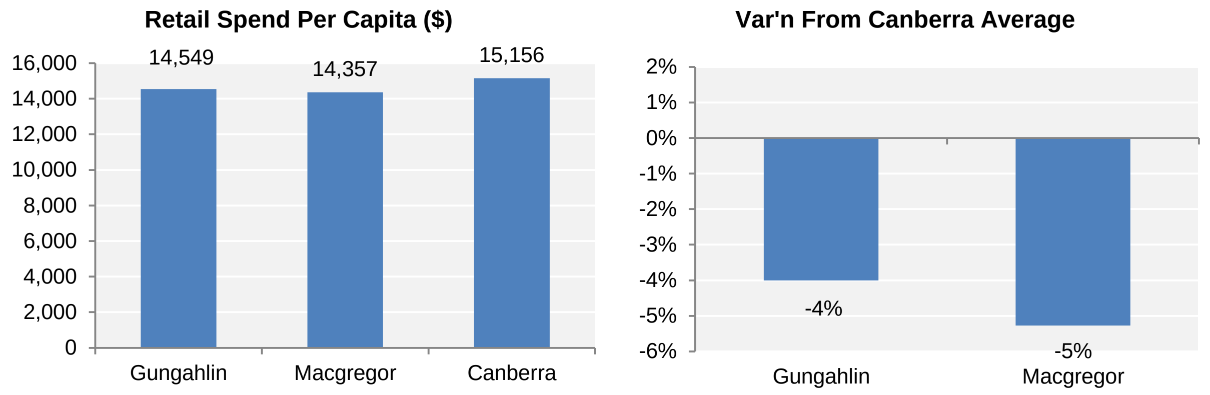
As there is currently no significant resident population within West Belconnen, we have considered existing areas within Canberra that are likely to display a similar socio-economic profile to future West Belconnen residents.

West Belconnen is intended to deliver a broad mix of housing types with mass market appeal, particularly targeting existing Canberra residents looking to trade up and upsize from existing homes. In this regard we consider that the socio economic profile is likely to be similar to Gungahlin, which is also a greenfield expansion area on the edge of Canberra.

Based on 2011 Census data and the population forecasts provided in Table 3.1 we have determined the proportion of expenditure that is expected to be directed to retail on a per capita basis. This is provided in the graphs below.

### Retail Spending Per Capita Variation From Canberra Benchmark, 2013

GUNGAHLIN SA3 & MACGREGOR WEST ($2013, EX. GST) CHART 3.1




*Source: MDS, MarketInfo 2012; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis*

From the graphs above we can see that the Gungahlin SA3 district spend slightly less per capita on retail than the Canberra average, at **$14,549** compared to the Canberra average of $15,156 representing a -4% difference overall.

We have therefore applied the Gungahlin spend per capita figure to the West Belconnen population moving forward.

Existing residents at Macgregor West and the golf course site also spend slightly less per capita at **$14,357**, which is -5% below the Canberra average.

The existing and forecast available retail spending by product group within the trade area has been identified in Table 3.2. It is estimated that in 2013 the trade area has a total available retail spend of **$58m**. This is spending by the Macgregor West and golf course residents currently within the trade area.

By 2054, when it is assumed that the West Belconnen residential development will be completed it is forecast that the trade area total retail spending market will reach **$998 million** (in $2013 dollars).

Food retailing makes up the largest proportion of total retail spending, accounting for **$266m** (in $2013 dollars) or 27% in 2054.

## Trade Area Market Growth

TOTAL RETAIL SPEND BY PRODUCT CATEGORY 2013-2054 ($2013M) TABLE 3.3

| | Food Retail | Food Catering | Apparel | Home-wares | Bulky Goods | Leisure/ General | Retail Services | **Total Retail** | *Annual Growth* | = | *Pop Growth* | + | *Per Cap Spend Growth* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2013** | 27 | 7 | 6 | 4 | 6 | 6 | 2 | **58** | | | | | |
| **2020** | 60 | 18 | 14 | 11 | 15 | 17 | 6 | **140** | *13%* | | *11%* | | *2%* |
| **2030** | 117 | 37 | 31 | 30 | 37 | 42 | 14 | **309** | *8%* | | *7%* | | *2%* |
| **2040** | 178 | 62 | 54 | 65 | 70 | 82 | 27 | **537** | *6%* | | *4%* | | *2%* |
| **2050** | 243 | 93 | 83 | 126 | 118 | 143 | 47 | **852** | *5%* | | *3%* | | *2%* |
| **2054** | 266 | 106 | 95 | 160 | 142 | 173 | 56 | **998** | *4%* | | *2%* | | *2%* |

*Source: MDS, MarketInfo 2012; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis*

## 3.6 MARKET SHARES AND SUPPORTABLE FLOORSPACE AT CAPACITY

In the following sections we outline the demand for supermarket floorspace within the defined West Belconnen trade area at capacity and consider how much additional retail and supporting floorspace could be provided based on Urbis benchmarks.

In undertaking our assessment of potential market shares we have assumed that all future retail floorspace will be built within a single shopping precinct, rather than being dispersed in multiple locations across the site. There are a number of reasons for adopting this approach:

- As noted in section 2 of this report, the most successful centres within the Belconnen subregion are those that deliver a critical mass of retail activity. We have highlighted inherent problems with the group centre / local centre hierarchy, in so far as smaller local centres tend to deliver a sub-optimal outcome
- In our view, a single shopping centre in a highly accessible location offers the best potential for economic sustainability. It also allows for the broadest ranges of uses to be agglomerated in a single location for the maximum benefit of residents
- From a practical perspective, there is no internal road hierarchy or superlot plan available yet for the West Belconnen land release. At this stage the likely access point to the site are known, but there is no further detail on internal connectivity
- Planning for new centre development in this way is consistent with the approach that Urbis and the NSW State Government has undertaken at similar sized land releases within the North West and South West Growth Centres in Sydney
- A single centre with a critical mass of retail and supporting uses provides an opportunity to create a focal point for community congregation and activity

### 3.6.1 SUPERMARKET RETAILING AT CAPACITY

Supermarket floorspace per capita benchmarks for the ACT provide a useful measure to consider future demand for retail floorspace

Supermarket retailing in ACT is provided at a rate of around 330-350 sq.m per 1,000 population based on 2009-2010 ACTPLA & Urbis benchmarks.

With a population of around 35,000 upon completion the trade area could notionally support **10,500-12,500** sq.m supermarket floorspace – i.e. up to two and a half full line major supermarkets based on these benchmarks.

In view of the  location of West Belconnen on the edge of the urban area, and given the competitive retail environment outlined in Section 3.3 it is important to have regard to potential market shares that could be achieved by a new supermarket(s) at the subject site rather than to solely rely on Canberra-wide benchmarks.

Our assessment of demand for supermarket floorspace, based on what we consider to be achievable market shares, is shown in Table 3.4.  The table indicates that by 2054 the trade area could support around **5,000 sq.m** supermarket floorspace at competitive turnover per sq.m rates (based on the Urbis retail Averages 2013 for supermarket-based centres)

## Market Shares and Turnover Assessment – Supermarket Floorspace

WEST BELCONNEN 2020-46 ($2013M) TABLE 3.4

| | | Amount (Constant $2013 and Ex GST) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Factor | Unit | 2020 | 2025 | 2030 | 2035 | 2040 | 2050 | 2054 |
| Total F&G Spend | | 36 | 53 | 71 | 88 | 107 | 145 | 159 |
| McGregor West & Golf Course | % | 30% | 30% | 30% | 35% | 35% | 35% | 35% |
| West Belconnen | % | 35% | 35% | 35% | 40% | 40% | 40% | 40% |
| • Total Trade Area | % | 32% | 33% | 34% | 39% | 39% | 39% | 39% |
| Share of  TA supermarket spend | $M | **11.7** | **17.6** | **23.6** | **34.3** | **41.6** | **56.9** | **62.6** |
| Plus Business from Beyond TA | % | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| Total F&G Turnover | $M | **12.7** | **19.0** | **25.6** | **37.1** | **45.0** | **61.6** | **67.6** |
| Plus GM Turnover | % | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |
| **Total Store Potential** | **$M** | **14.9** | **22.3** | **30.0** | **43.6** | **52.9** | **72.3** | **79.5** |
| Average Supermarket Turnover | $/sq.m | 6,759 | 6,383 | 8,581 | 8,713 | 10,577 | 14,469 | 15,896 |
| Supportable Supermarket Floorspace | **Sq.m** | **2,200** | **3,500** | **3,500** | **5,000** | **5,000** | **5,000** | **5,000** |

*Source : Urbis*

Our assessment is based on the following:

- Population forecast, spending and potential centre location assumptions as outlined previously
- Around 70% of total food and grocery retail expenditure (food retail excluding take home liquor sales) being directed to supermarkets in the Belconnen area – in line with previous benchmarking undertaken by Urbis
- Initially we have assumed that **30%** of available expenditure from the Macgregor West and golf course site, and **35%** of available expenditure from the West Belconnen site could be directed towards a new supermarket.  These market shares are consistent with benchmarks that we have applied in other greenfield residential release areas and reflect the competitive effects of the existing retail hierarchy.  As Macgregor West and the golf course are closer to the Kippax Group centre we have assumed that the future retention from these areas will be lower
- These market shares assume that between 65-70% of supermarket expenditure will continue to be directed to existing centres beyond the trade area.  This will occur as a result of people shopping close to where they work, and also as a result of people undertaking grocery shopping as part of a broader shopping trip to a higher order centre (e.g. Belconnen town centre, Canberra city centre) or through on line shopping
- Some additional supermarket expenditure will be generated as a result of occasional spend from beyond the trade area (+7.5%), take home liquor sales (+7.5%) and non-food general merchandise (+8%).  These percentages are based on Urbis benchmarks of comparable locations
- A full line supermarket could initially achieve sales of around $22m per annum (in $2013 dollars) by 2025.  When sales exceed $35m there may be potential to add additional supermarket floorspace, *either through expansion or through the development of a second supermarket*

- An expanded, or a second supermarket coupled with a strong specialty retail offer could result in an increased market share. Accordingly, our assessment allows for a 5% increase in market shares by **2035**, by which point we estimate that sales of around **$44m** could be achieved

- Our assessment indicates that a fully developed centre at West Belconnen could sustain around **5,000 sq.m** of supermarket floorspace at competitive turnover per sq.m levels. In order to provide a broad retail offer at the centre this could include the development of a full line supermarket of around 3,500 sq.m and a second smaller supermarket of around 1,500 sq.m.

- Whilst our modelling assumes market shares of 35% and 40% in each trade area after 2035 it should be noted that this is a very *long term* forecast. In practice, in the period to 2054 it is reasonable to expect that there will be increased competition within the Canberra retail market which could affect the ability of retailing at West Belconnen to maintain these shares. For this reason, our recommendation is to limit supermarket provision to around 5,000 sq.m so that it can trade competitively, rather than to make provision for additional floorspace which could be more susceptible to long term changes in the competitive environment.

- The location of West Belconnen on the periphery of Canberra limits the amount of floorspace that could be provided compared to a more central location with a similar sized trade area.

### 3.6.2 DISCOUNT DEPARTMENT STORE RETAILING

Discount department store (DDS) retailing in Canberra is provided at an approximate rate of 1 store per 32,000 people. The forecast resident population of 35,000 people at capacity is therefore in line with the benchmark size to support a DDS store.

DDS stores also rely on the ability to attract passing trade and less frequent ‘destinational’ spending from a much broader trade area. Given the peripheral location of West Belconnen within Canberra we have reservations about the ability to support a DDS at the subject site.

Our preliminary assessment indicates that it would be necessary to achieve an overall market share of **30%** from trade area residents in order to support a standard sized discount department store trading at average levels (circa $3,250 per sq.m in 2013) upon completion of residential development at West Belconnen.

Given the strong pull of Belconnen town centre (which includes Kmart, Target as well as Myer), Canberra City Centre (which contains Target, Big W, Myer and David Jones), and to a lesser extent big box retailing at Canberra airport and other centres, as well as the potential for new competing centres to emerge over time, we consider it unlikely that these high shares could be achieved at West Belconnen, particularly given its peripheral location and lack of access to passing trade.

On this basis we do not recommend that provision be made for a Discount Department Store as part of the retail planning for West Belconnen.

### 3.6.3 SPECIALTY FLOORSPACE AT CAPACITY

In any retail centre, the major tenants drive the success of supporting specialty shops, and to a lesser extent, mini-majors. Without strong successful anchors, the other components of the centre are not sustainable, and the vitality of the centre is compromised.

The scale of specialty shop or mini-major floorspace is also heavily influenced by the major tenants. An analysis of Australian centres indicates that there is a very consistent relationship between major tenant floorspace and turnover and specialty shop space and turnover.

We have analysed a range of centres around Australia that are anchored by a single supermarket or two supermarkets, similar to how we envisage supermarket floorspace could develop within West Belconnen over time. Likewise, we have also considered the composition of supermarket centres to inform our view as to the likely supportable specialty shop floorspace.

Based on comparison with national benchmarks for double supermarket based centres, we estimate that a new centre at West Belconnen with 5,000 sq.m of supermarket floorspace could support around 650 sq.m mini major floorspace and around 2,700 sq.m specialty floorspace at capacity.

Specialty floorspace would comprise a mix of:

- Food retail (e.g. delicatessen, butcher, bakery)
- Food catering (e.g. café / takeaway)
- General retail (e.g. pharmacy, florist)
- Retail services( e.g. optometrist)

### 3.6.4 NON RETAIL SPECIALTIES

Non retail specialties include a range of uses such as banks, insurance and real estate offices, post office, TAB, bar/hotel, and small office suites.

These uses can be highly 'destinational' in the sense that they attract specific visits from customers who may not otherwise need to visit the shopping centre. Once these customers are at the centre they are then more likely to make a broader shopping purchase.

As such, incorporating an appropriate mix of non-retail uses is an important part of enhancing the overall attractiveness of a centre.

It will be important for a new centre at West Belconnen to act as a focal point for community activities that go beyond shopping. As such we envisage that uses such as a bank, post office and a pub/hotel will be highly desired by future residents.

#### DESTINATIONAL FOOD AND BEVERAGE USE

In our view there is potential to move away from a conventional pub/club to deliver a high quality indoor/outdoor licenced premises which can link into the environmental sustainability aspect of the development and provided locally sourced products.

A venue such as the "Grounds of Alexandria" in Sydney performs this role very well by combining a high quality indoor and outdoor area, growing products on site, and incorporating bespoke coffee roasting and microbrewery facilities. It is located on a site of around 1,600 sq.m of which around 40% is indoor space and 60% is landscaped outdoors providing a mix of seating, food growing areas and market stall space.

Located in an old pie factory from the early 1900's, The Grounds of Alexandria is the flagship venue for its specialty coffee. The site hosts a coffee research and testing facility alongside a café, opening onto a luscious garden of heirloom vegetables and fragrant herbs.

With a holistic approach to food and design, the kitchen uses sustainable practices including; picking fresh herbs every morning and working with full time horticulturalist to grow seasonal produce for the menu.

The Grounds markets are held on the first weekend of each month in the sprawling café garden. They allow visitors able to enjoy The Grounds brunch and own-roasted coffee whilst exploring of fresh produce and wholesome goods sold direct from the source. The markets also include live music performances, arts and craft activities and a petting zoo

The success of The Grounds is reflected in its large customer base and the waiting time to be seated in an otherwise unremarkable industrial estate in Alexandria.

This type of use, integrated within a centre, could create a high quality community destination for West Belconnen and could also assist in drawing weekend custom from beyond the trade area. It could provide a counterpoint, albeit on smaller scale, to the role of the Old Bus Depot Markets at Kingston Foreshore.

PICTURE 12 – GROUNDS OF ALEXANDRIA

PICTURE 13 – GROUNDS OF ALEXANDRIA

## 3.7 STAGING

Table 3.5 presents an indicative composition and staging for the development of the retail components at West Belconnen.

### Indicative Composition and Staging of Retail Development

WEST BELCONNEN GROUP CENTRE — TABLE 3.5

| | Stage 1 2025 | Stage 2 2035 | Total at Capacity |
|---|---|---|---|
| Supermarket 1 | 3,500 | | 3,500 |
| Supermarket 2 | | 1,500 | 1,500 |
| Mini Majors | 400 | 250 | 650 |
| Specialties[1] | 1,400 | 1,300 | 2,700 |
| Total retail floorspace | 5,300 | 3,050 | 8,350 |
| Non retail specialties[2] | 1,300 | 800 | 2,100 |
| **Total centre** | **6,600** | **3,850** | **10,450** |
| *Plus destinational food & beverage* | *1,500* | | *1,500* |

**Total[1]**

*1. Includes food, non food and retail services and tenants on pad sites*

*2. Includes banks, insurance, post office, TAB, bar, office suites etc*

*Source : Urbis Retail Averages 2013*

Based on the dwelling take up rates assumed in our assessment our analysis indicates that Stage 1 of the retail development could occur by **2025**, with stage 2 occurring around **2035**.

The initial stage of development around 2025 is heavily dependent on good population growth within the trade area. Given the forecast growth, the initial stage would be the development of a 3,500 sq.m supermarket. At this time, the performance of the supermarket could also support a mini-major tenant of around 400 sq.m such as a pharmacy, along with around 1,400 sq.m of retail specialty shop floorspace.

Given the annual rate of population growth the performance of the supermarket is expected to improve greatly within a couple of years of opening, this level of specialty shop floorspace should certainly be sustainable, and provide residents in the local catchment area with a convenient retail offer, with a focus on fresh food and groceries and other everyday shopping needs. A further 1,300 sq.m of non-retail shops (e.g. banks, post office, bar/hotel) could take the total centre to around **6,600 sq.m.**

In order to account for a destinational food and beverage use with the development (like the Grounds of Alexandria example) we have also provision for the inclusion of a premium food and beverage outlet of 1,500 sq.m to be incorporated within the development mix, which would take the size of the centre to around **8,000 sq.m**

A **Stage 2** expansion, supported by a second smaller supermarket of around 1,500 sq.m could occur around 2035. Beyond 2035, the introduction of a second supermarket, taking total supermarket provision to 5,000 sq.m, would also support additional mini-major, specialty and non-retail floorspace. We estimate that an additional 250 sq.m mini major floorspace, 1,300 sq.m specialty floorspace space and 800 sq.m non retail floorspace could be added. This would take the total size of a Group Centre at West Belconnen to around **10,450 sq.m** by 2035, or up to around **12,000 sq.m** including a premium food and beverage outlet.

This scale of retail development would be around 70% of the size of an average Australian double supermarket-based shopping centre and is consistent with the scale of retailing provided at the Kippax and Jamison group centres.

In the event that future supermarkets are able to achieve a higher market share they would achieve stronger sales which in turn could support additional floorspace.

## 3.8 OTHER COMMERCIAL AND COMMUNITY USES

Urbis has undertaken a separate employment lands study for West Belconnen which considers demand for a range of employment generating uses based on local population drivers as well as regional drivers.

A number of uses have been identified that have the potential to be located adjacent to the main retail facilities, and therefore within the land to be allocated to a future centre zone. These uses include:

- Gym - the West Belconnen population will generate demand for a commercial gym which could be provided in the vicinity of the proposed centre
- Child care centre – the growing population will generate demand for several child care facilities. At least one could be provided in the vicinity of the proposed centre
- Community health / medical centre – a mix of community health facilities and private medical suites could be provided as part of the overall planning of centre for West Belconnen.
- Community / civic centre - the West Belconnen population will generate demand for a range of community / civic facilities. Provision could be made for a community hub within the vicinity of the proposed centre

These uses are excludes from the retail demand assessment but are considered as part of the spatial requirements assessment in the following section

## 3.9 SPATIAL REQUIREMENTS

In determining the amount of land required to develop a new shopping centre of this scale we have had regard to:

- Typical rate of car parking provision for supermarket-based shopping centres in Australia (based on the 2013 Urbis Retail Averages)
- Standard parking, access and circulation metrics and
- Potential for the inclusion of complementary commercial and community uses

We have assumed that parking will be provided at-grade, consistent with other group centres in the area, notably Kippax and Jamison.

Table 3.6 below illustrates that the development of a 12,000 sq.m shopping centre with at-grade parking and circulation could require around **3.5 hectares** of land. If the range of commercial and community uses outlined in Section 3.8 uses are incorporated into centre planning, the amount of land required could increase to around **4.5 hectares**.

## Indicative Land Requirement

WEST BELCONNEN GROUP CENTRE — TABLE 3.6

| | | Parking Provision | | | Indicative Spatial Requirements | | |
|---|---|---|---|---|---|---|---|
| | Floorspace sq.m | Rate (spaces per 100 sq.m) | Total Spaces | sq.m per space[1] | Parking (sq.m) | Loading[2] (sq.m) | Total (hectares) |
| Shopping Centre[3] | 11,950 | 5.22 | 624 | 35 | 21,833 | 598 | 3.4 |
| **Non Retail Uses[4]** | | | | | | | |
| Gym | 900 | 2.00 | 18 | 35 | 630 | N/A | 0.2 |
| Child Care Centre | 700 | N/A | N/A | N/A | N/A | N/A | 0.2 |
| Community Health | 800 | 3.50 | 28 | 35 | 980 | N/A | 0.2 |
| Medical centre | 900 | 3.50 | 32 | 35 | 1,103 | N/A | 0.2 |
| Community / Civic Centre | 2,800 | 1.50 | 42 | 35 | 1,470 | 140 | 0.4 |
| **Total Retail & Non-Retail** | **17,150** | | | | | | **4.5** |

*Source : Urbis, ACTPLA parking and vehicular acces general code 2013*
*1. includes parking and circulation space*
*2. Assumes 5% of building GFA*
*3. Including destinational F&B outlet*
*3. from Urbis Employment Lands Study. Site area requirements based on floorspace to land ratios sourced from benchmarking developments and includes car parking and access*

Additional land may be required subject to centre design, building separation, landscaping requirements, buffering and mandated parking rates.

Maps 3.4 and 3.5 below show the extent of land use and zonings at the Jamison and Kippax Group centres. They demonstrate that the amount of land that would be required to accommodate a new centre within West Belconnen is consistent with the land that has been zoned CZ1 Commercial Core at both of these centres.

The Kippax group centre includes around 12 hectares (including roads), of which

- Around 5 hectares is dedicated to Kippax Fair, ALDI, the library and at-grade car parking and is within the CZ1 Commercial Core Zone
- The balance of the land accommodates mix of strip retail, commercial uses, pad sites, residential apartments together with parking circulation and space for expansion

The Jamison group centre includes around 12 hectares (including roads), of which

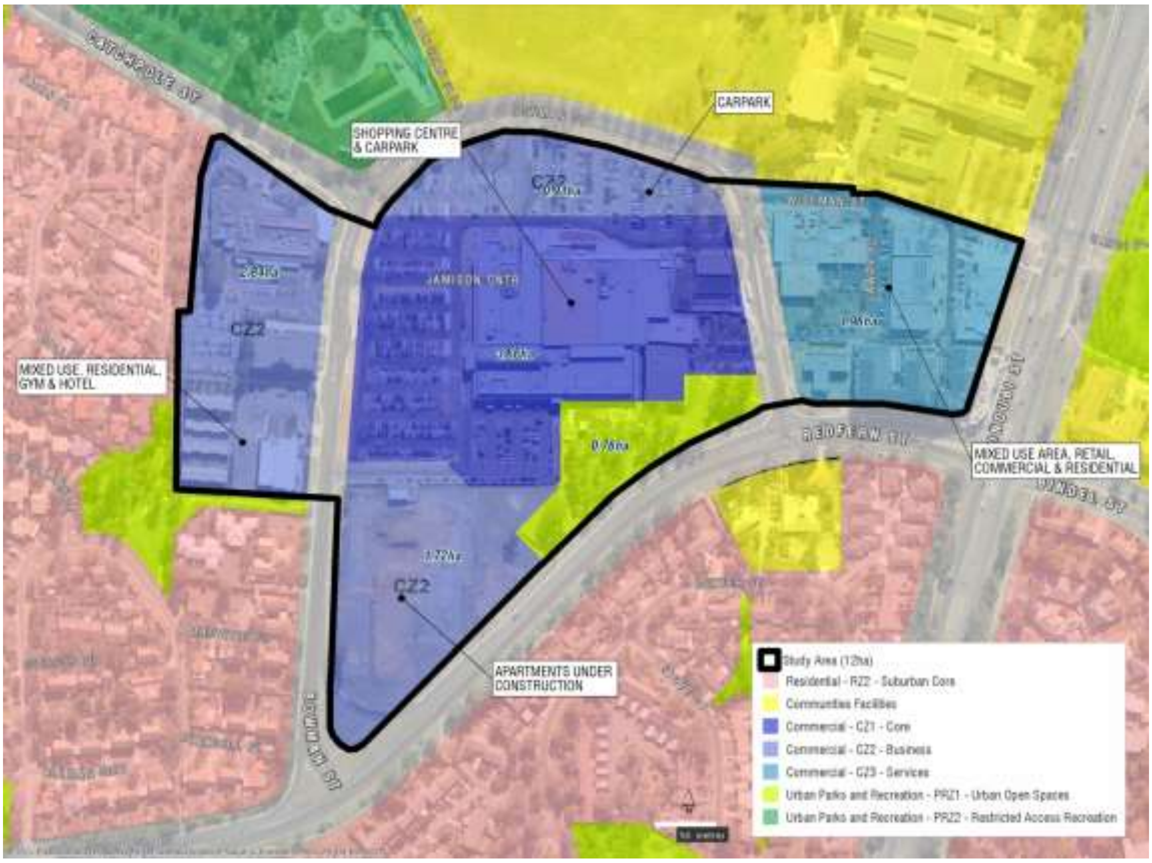
- Around 4.5 hectares is dedicated to the shopping centre and car parking (within the CZ1 and CZ2 zones)
- The balance of the land accommodates mix of commercial, leisure and residential uses and open space

## KIPPAX GROUP CENTRE ZONING AND LAND TAKE

MAP 3.4


## JAMISON GROUP CENTRE ZONING AND LAND TAKE

MAP 3.5



## 3.10 COMPETITIVE IMPACTS

We consider that residential development at West Belconnen can have a positive impact on existing retail centres.

Residential development will add an additional 30,000 people and around **$940m** additional total retail expenditure by 2054. As West Belconnen is a greenfield release area, all of this is additional population and expenditure which does not currently exist.

As demonstrated in Table 3.4, we forecast that new retail development at West Belconnen has the potential to capture between 35%-40% of supermarket expenditure between 2020-2054, and a lower share of expenditure retention in discretional spending (as the retail mix will be predominantly focused on food and grocery retailing).

This means that overall a significant proportion of the spend generated by West Belconnen residents will not be retained, but will be directed to existing Canberra Centres. This is all additional expenditure that will enhance the sales growth of existing retail centres.

In the case of Kippax, as the closest competing group centre, in the long term we consider that residential development at West Belconnen has potential to enhance its sales potential as follows:

- In the early years of development at West Belconnen, Kippax is likely to benefit from the additional spending generated by West Belconnen residents, until such time as a new shopping centre is opened

- Once a new shopping centre is opened at West Belconnen we envisage that it will claw back some of the resident expenditure leakage to Kippax, as well as some spend from the Macgregor West and golf course residents

- Over the broader period, we would expect that a proportion of the on-going expenditure leakage from West Belconnen will be directed to Kippax. The location of the Kippax group centre, just off Southern Cross Drive which will be the main east-west road connection in West Belconnen for residents working at Belconnen or Canberra City Centre. Kippax is therefore well placed to pick up a proportion of passing trade from West Belconnen residents.

- We have assumed that new retailing at West Belconnen will receive a modest (+7.5%) of its supermarket turnover from beyond its Trade Area. This is spend that will be derived from occasional visits. Given that West Belconnen is located on the edge of the urban area, and that shoppers are typically more likely to be drawn to a central CBD location than a peripheral location, any impacts associated with this are likely to be extremely modest and dispersed across a number of centres.

By adding an additional 30,000 residents, West Belconnen development can therefore make a positive contribution to the overall demand for retailing within Canberra.

# 4 Long Term Retail Outlook for Kippax

This section of the report considers the long term outlook for the Kippax group centre. As noted previously, we consider that residential development at West Belconnen has the potential to enhance retail sales at Kippax moving forward.

## 4.1 EXISTING RETAIL AT KIPPAX

Retailing within the Kippax (Holt) group centre is concentrated around Hardwick Crescent and includes:

- The Kippax Fair shopping centre
- Strip shopping on the western side of Hardwick Crescent north of Luke Street
- Pad site at the northern and southern ends (McDonalds and Caltex service station)
- A pub at the northern end of the centre and
- Single storey commercial offices to the south of Kippax Fair beyond Kippax Place

As a whole Kippax provides a broad range of convenience and specialty retailing to meet weekly household needs for shoppers, supported by a range of ancillary services.

Woolworths and ALDI are strong supermarket anchor tenants within Kippax Fair, complementing each other in terms of product range and pricing. The specialty mix is varied and includes a good mix of food catering, food retail, general retail and leisure retailing.

The food catering mix, particularly within the strip retailing contains a mix of national and local operators, and assists in attracting people during evening periods.

Table 4.1, below provides a breakdown of retail floorspace at Kippax.

Kippax Fair Group Centre
RETAIL COMPOSITION – OCTOBER 2013 TABLE 4.1

| Centre | Retail GLA (Sq.m) | Tenancy Mix |
|---|---|---|
| **Kippax Fair** | **8,000** | |
| Major Supermarket | 4,000 | Woolworths |
| Specialties | 4,000 | Food retail, food catering, Reject Shop (mini major), general & leisure + services & non retail |
| **Kippax Balance** | **3,500** | |
| Supermarket | 1,500 | ALDI |
| Specialties | 2,000 | Food catering, services, food retail, pad sites, non retail & commercial |
| **Total Retail** | **11,500** | |

*Source : PCA Australian Shopping Centre Database 2012 ; Urbis*

## 4.2 LOCATIONAL CONTEXT / COMPETITION

The nearest competing centres to Kippax are highlighted in the table below and shown in Map 4.1.

Kippax serves the north-western sector of the Belconnen sub region including the suburbs of Holt, Higgins, Latham and Macgregor.

Other retaining in these suburbs is limited to small local centres providing 1,000 to 1,500 sq.m retail floorspace.

## Kippax Group Centre

COMPETING RETAIL CENTRES — TABLE 4.2

| CENTRE | TYPE | DISTANCE FROM KIPPAX | SIZE (SQ.M) | CATCHMENT |
|---|---|---|---|---|
| Belconnen | Town Centre | 5.4km | 78,000 | Belconnen sub region |
| Charnwood | Group Centre | 3.3km | 8,000 | Charnwood, Flynn, Dunlop (north of Ginninderra Drive) |
| Holt | Local | 1.3km | 1,000 | Holt – between Trickett and Messenger Streets |
| Higgins | Local | 1.7km | 1,500 | Immediate walk-in and passing residents |
| Latham | Local | 1.9km | 100 | Immediate walk-in and passing residents |

Broadly we consider that the Kippax trade area is defined by the following suburbs:

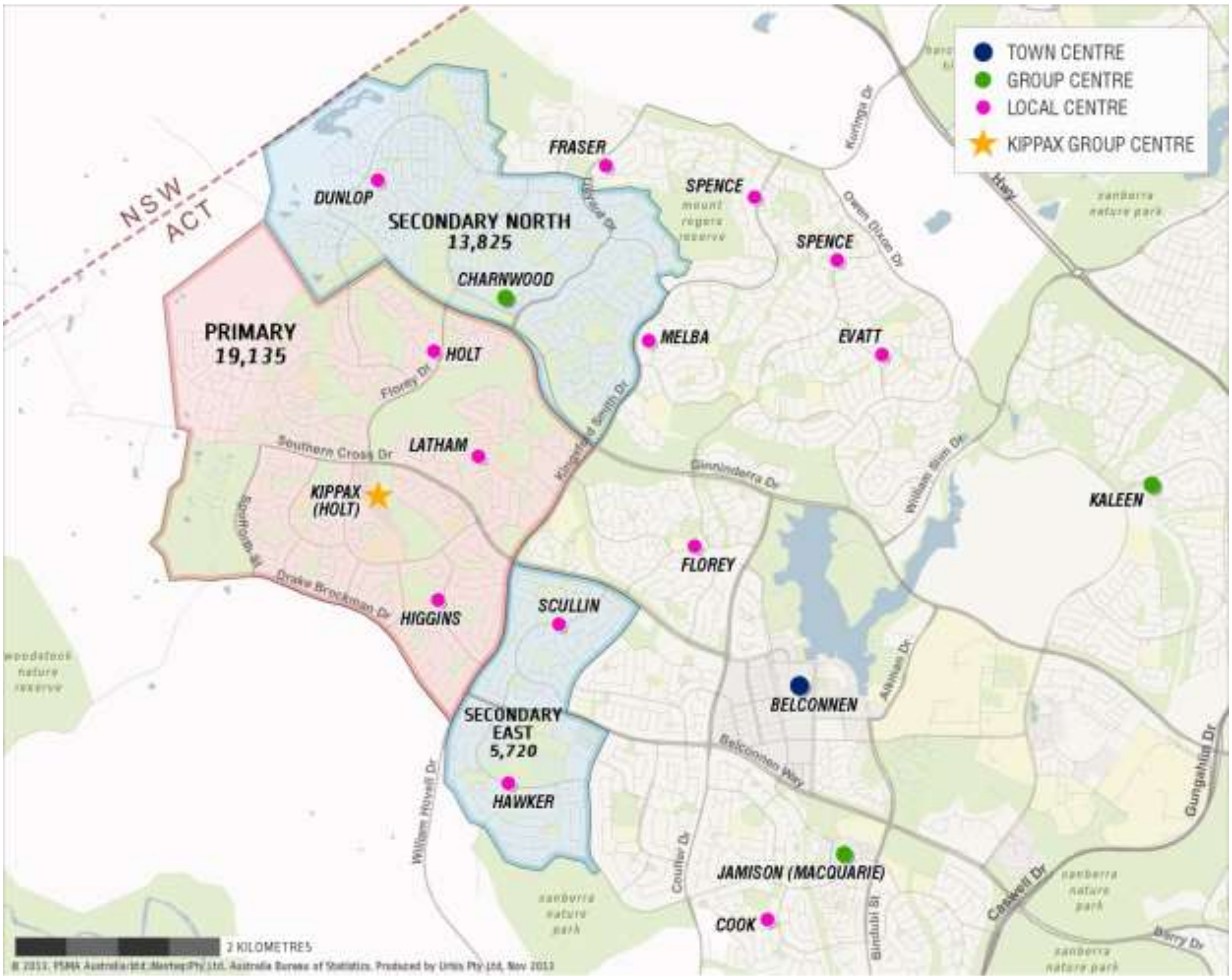
- A **Primary trade area** consisting of the closest suburbs of Holt, Higgins, Latham and Macgregor
- A **Secondary north trade area** including the suburbs of Dunlop, Charnwood and Flynn
- A **Secondary east trade area** including the suburbs of Scullin and Hawker

In defining a trade area for Kippax we have had particular regard to:

- The strength, range and appeal of the subject centre
- The proximity, composition and quality of competing retail facilities
- The accessibility of the centre including the road and transport network, as well as access to ample parking

The trade area is shown in Map 4.1.

KIPPAX GROUP CENTRE – INDICATIVE TRADE AREA MAP 4.1




## 4.3 TRADE AREA POPULATION

Official population projections indicate that the trade area population is expected to stay fairly constant between 2011 and 2021, which is consistent with the forecast for the Belconnen subregion as a whole. This reflects the fact that all of the suburbs within the trade area are fully developed and offer limited prospects for infill development.

Table 4.2 shows that the Kippax trade area population is expected to stay fairly constant at around **38,200** people in 2016 and 2021. In the absence of any major shift in planning controls and market demand for infill development we expect the trade area population to remain consistent beyond 2021.

## Population Growth 2011-21

KIPPAX GROUP CENTRE TRADE AREA — TABLE 4.3

| | Population | | | Annual Population Growth (no.) | | Annual Population Growth (%) | |
|---|---|---|---|---|---|---|---|
| | **2013** | **2016** | **2021** | **2013-16** | **2016-21** | **2013-16** | **2016-21** |
| Kippax Primary | 19,135 | 19,270 | 19,380 | 45 | 22 | 0.2% | 0.1% |
| **Secondary:** | | | | | | | |
| North | 13,825 | 13,490 | 13,590 | -112 | 20 | -0.8% | 0.1% |
| East | 5,720 | 5,380 | 5,220 | -113 | -32 | -2.0% | -0.6% |
| **Total Secondary** | **19,545** | **18,870** | **18,810** | **-225** | **-12** | **-1.2%** | **-0.1%** |
| **Main Trade Area** | **38,680** | **38,140** | **38,190** | | | | |
| *Belconnen [2]* | *92,300* | *92,300* | *97,760* | *0* | *1,092* | *0.0%* | *1.2%* |

*1. As at July 2012*

*2. Belconnen pop at 2021 includes assumed population at West Belconnen subject site*

*Source: Australian Bureau of Statistics, Cat No 3218.0, July 2012 (ASGS 2011)*

*ACT Government, 2011, ACT Population Projections by Suburbs and Districts, 2009-2021*

## 4.4 SPENDING GROWTH

In a stable population environment, population growth will be primarily driven by growth in per capita expenditure or the proportion of personal income that is directed to retailing.

Table 4.4 below shows that spending growth within the Kippax trade area is expected to increase from $538m in 2013 to $1billion by 2046 (in $2013 dollars).

## Kippax Market Growth

TOTAL RETAIL SPEND BY PRODUCT CATEGORY 2013-2046 ($2013M) — TABLE 4.4

| | Food Retail | Food Catering | Apparel | Home-wares | Bulky Goods | Leisure/ General | Retail Services | **Total Retail** | *Annual Growth* | = | *Pop Growth* | + | *Per Cap Spend Growth* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2013** | 256 | 61 | 50 | 36 | 55 | 61 | 19 | **538** | | | | | |
| **2020** | 259 | 66 | 54 | 46 | 64 | 71 | 22 | **582** | *1%* | | *0%* | | *1%* |
| **2030** | 267 | 75 | 63 | 67 | 82 | 93 | 28 | **676** | *2%* | | *0%* | | *2%* |
| **2040** | 275 | 85 | 73 | 100 | 104 | 122 | 37 | **798** | *2%* | | *0%* | | *2%* |
| **2050** | 284 | 97 | 86 | 148 | 134 | 160 | 49 | **956** | *2%* | | *0%* | | *2%* |
| **2054** | 287 | 102 | 91 | 173 | 148 | 178 | 54 | **1,033** | *2%* | | *0%* | | *2%* |

*Source: MDS, MarketInfo 2012; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis*

## 4.5 DEMAND FOR ADDITIONAL FLOORSPACE

Table 4.4 shows that we forecast an additional **$495m** available expenditure within the Kippax trade area by 2054.

This growth will be driven by annual per capita expenditure growth which is expected to average around 2% in real terms per annum over the long term.

The extent to which Kippax group centre is able to retain this expenditure growth will be largely dependent upon the management of the centre moving forward, focusing on keeping the overall retail offer consistent with the needs of trade area residents.

With a trade area population of 38,200 Kippax could typically support two and a half full line supermarkets and a discount department store based on Canberra per capita benchmarks.

An enhanced Kippax group centre should be able to achieve an increased share of this expenditure growth which could stimulate demand for additional retail floorspace and productivity gains for existing retailers.

Whilst the development of new retail facilities at West Belconnen may compete for spend from residents of Macgregor West, this should be offset by the potential to capture passing trade from the 30,000 residents that will eventually live in West Belconnen. Conversely, it is unlikely that existing Kippax customers will travel past the centre to visit new retailing at West Belconnen which will have a broadly similar retail offer.

On balance therefore an increased resident population at West Belconnen and growth in per capita expenditure from trade area residents over the long term create an opportunity for Kippax retailers to enhance their productivity and potentially for the centre to add additional floorspace.

## 4.6 TOWN PLANNING CONSTRAINTS / OPPORTUNITIES

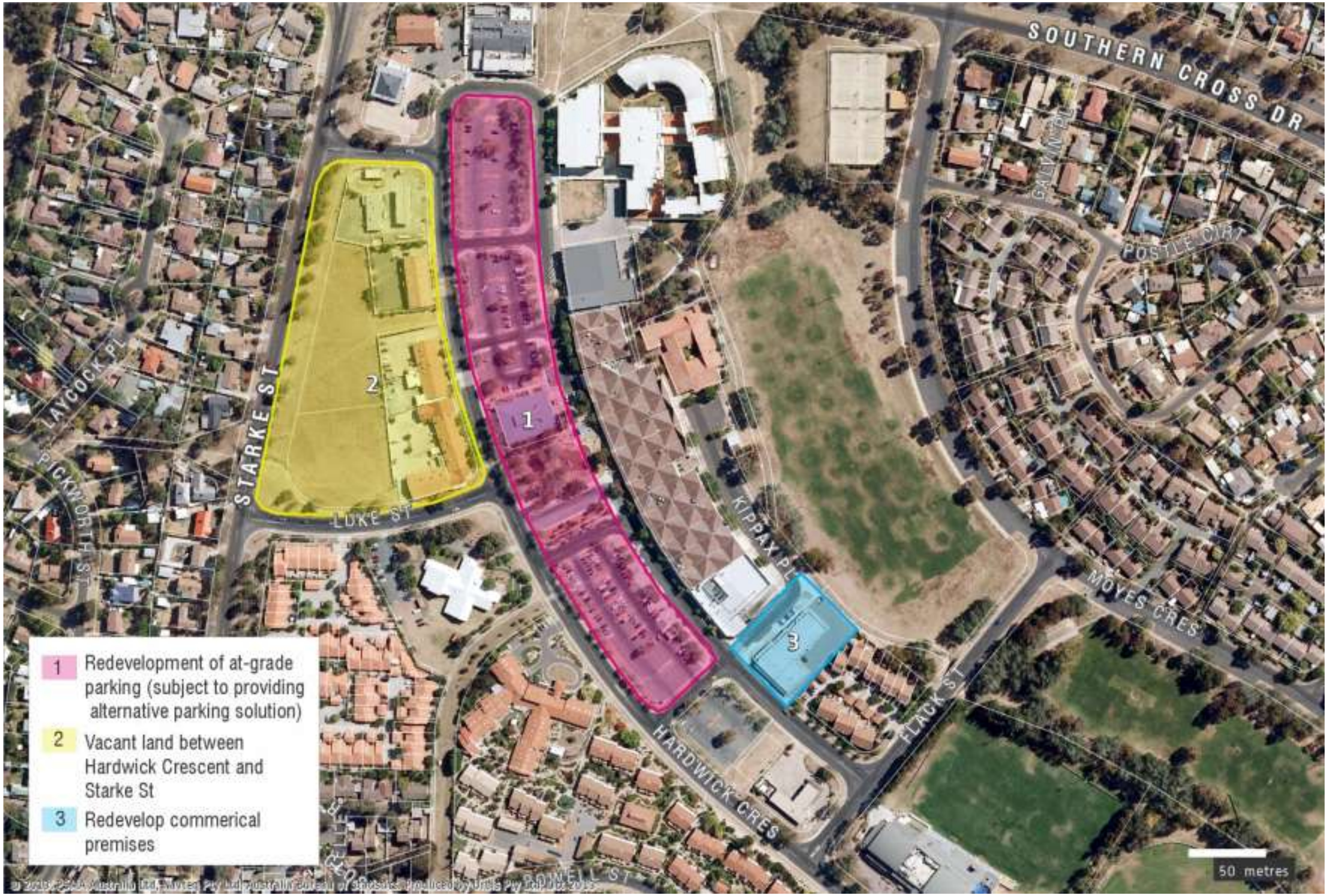
The Kippax group centre site is commercially zoned (split between the CZ1 Core, CZ 2 Business and CZ3 Services zones). Map 4.2 below outlines a number of indicative expansion opportunities within the current Commercial Zones. These include:

- Expansion of the mall in a westerly direction into the existing car parking space. This would require additional car parking to be provided elsewhere on the site, most likely through basement or stacked parking

- Expansion of the mall in a southerly direction by acquiring and demolishing the commercial tenancies to the south of Kippax Place. Three of these tenancies are currently vacant

- Redevelopment and expansion of the strip retailing on the land bounded by Hardwick Crescent, Luke Street and Stark Street

Each of these options would require detailed feasibility analysis. From a town planning perspective shops are a permissible use in each of the current commercial zones.


SOUTHERN CROSS DR
GALVIN PL
POSTLE CRT
LAYCOCK PL
STARKE ST
PICKWORTH ST
LUKE ST
KIPPAX PL
MOYES CRES
FLACK ST
HARDWICK CRES
1
2
3
1 Redevelopment of at-grade parking (subject to providing alternative parking solution)
2 Vacant land between Hardwick Crescent and Starke St
3 Redevelop commerical premises
50 metres

# 5 Conclusion

The key challenge for retail development in West Belconnen is to identify appropriate location(s) for new retailing to ensure:

- Maximum accessibility to residents
- A sufficient critical mass of offer – with fewer larger centres preferred to many small centres
- High quality design to make centres exciting and welcoming places to visit
- An appropriate mix of supporting non-retail uses that can enhance the destinational appeal of new centre(s) and maximize visitation. Recognising that West Belconnen is located on the periphery of Canberra there is likely to be a two-fold challenge of retaining resident spend as well as attracting top-up spend from beyond the suburb. Innovative complementary uses that can add to the destinational appeal of the centre(s) will therefore be an important consideration.

As the population within West Belconnen becomes established our assessment indicates that a full line supermarket of around **3,500 sq.m** would be viable by around 2025, with potential for a smaller supermarket of around **1,500 sq.m** to come on line after 2035.

The market could support an initial shopping centre development of around **8,000 sq.m** by 2025 (including provision for a destinational food and beverage offer) with scope to increase this to around **12,000 sq.m by 2035**. A centre of this size is consistent with the scale of group centres such as Kippax and Jamison.

The development of a 12,000 sq.m shopping centre with at-grade parking and circulation would require around **3.5 hectares** of land. If a range of non-retail related uses are incorporated into centre planning, the amount of land required could increase to around **4.5 hectares** subject to more detailed spatial planning.

In the first years of residential development at West Belconnen, until such time as new retail facilities are operational, the Kippax group centre is also likely to benefit from food and grocery spending by new residents at West Belconnen.

In the longer term Kippax is likely to benefit from additional passing trade generated by West Belconnen residents, as well as attracting some spend from Macgregor West and golf course residents.

An enhanced Kippax group centre should be able to achieve an increased share of expenditure growth within its own trade area which could stimulate demand for additional retail floorspace and productivity gains for existing retailers.

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