

Skennars Head, Ballina

Retail demand and impact analysis to support rezoning

June 2017

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Table of contents

| | |
|--|------|
| Executive summary | i |
| Introduction | viii |
| Section 1: Site context and centre overview | 1 |
| 1.1 Local and regional context | 1 |
| 1.2 Proposed developed | 4 |
| 1.3 Strategic planning context | 7 |
| Section 2: Trade area analysis | 9 |
| 2.1 Trade area definition | 9 |
| 2.2 Trade area population | 12 |
| 2.3 Socio-demographic profile | 15 |
| 2.4 Retail expenditure capacity | 17 |
| 2.5 Tourism catchment | 22 |
| Section 3: Competition | 24 |
| 3.1 Existing competition | 24 |
| 3.2 Proposed competition | 26 |
| Section 4: Retail market gap and development potential | 27 |
| 4.1 Skennars Head market potential | 27 |
| 4.2 Supportable retail floorspace | 30 |
| 4.3 Estimated sales potential | 43 |
| 4.4 Designated centre location | 44 |
| Section 5: Impacts on centres hierarchy | 45 |
| 5.1 Purpose of an impact assessment | 45 |
| 5.2 Impact assessment and implications | 46 |
| Section 6: Other economic and community impacts | 50 |
| 6.1 Employment benefits | 50 |
| 6.2 Other community benefits | 52 |

Executive summary

This report presents an independent assessment of the need and demand for proposed retail facilities located within the Skennars Head Coastal Village site, located in the Ballina Shire Local Government Area (LGA), as well as analysing the likely consequent impacts on other relevant activity centres throughout the surrounding region, and other economic impacts. This report also supports a rezoning application for the existing B1 – Neighbourhood Centre land, which is proposed to move south of the current designated retail site located on the northern side of the main internal access route to the southern side.

Site context and centre overview

- Skennars Head is located approximately 6 km north-east of Ballina in Northern New South Wales (NSW). The Skennars Head concept master plan comprises around 400 residential lots, located along The Coast Road, to the south of Headlands Drive. The site is slightly set back from The Coast Road, with the northern part of the site having direct exposure to passing traffic. The main access into the site is proposed via a traffic intersection along The Coast Road at its intersection with Sharpes Beach.
- The currently designated retail site comprises a small B1 zone of around 2,000 sq.m with parking outside of this area located along the northern extent of the development area, on the northern side of the main internal access route. The retail centre is proposed to move south of the current designated retail site to the southern side of the main internal access route. The Skennars Head concept master plan and draft neighbourhood centre concept plan outline a B1 zoned area of around 13,000 sq.m, allowing for a reasonable provision of at-grade car-parking, retail, commercial and other local services located in the north-eastern part of the site, near the entry and The Coast Road.

Trade area analysis

- The trade area that could potentially be served by retail facilities at the Skennars Head centre consists of a primary sector and three secondary sectors, referred to as the main trade area. The main trade area population is estimated at 13,430 residents as at June

2016, including around 4,300 persons in the primary sector. At June 2017, the main trade area population is forecast to have increased slightly to around 13,640 people.

- Future population growth in the trade area will largely be driven by Greenfield developments comprising a number of small-medium sized residential estate development, as well as two large developments which include the Intrapac Skennars Head subject site (in primary sector), potentially supporting a population of around 1,100 persons, as well as the Epiq Lennox Head development located in the secondary north sector, which also comprises around 500 lots. The main trade area population is expected to increase to 18,630 people by 2031, with the primary sector anticipated to reach 6,000 people. This represents average annual growth of 2.2% over the forecast period.
- The retail expenditure capacity of the main trade area is forecast to increase from around \$200 million in 2016 to \$314 million by 2031, at an average annual growth rate of 3.1%. The total retail expenditure capacity of primary sector residents is also expected to grow by 3.1% per annum, from \$64 million at 2016 to \$101 million by 2031.
- Take home food, packaged liquor and groceries (FLG) expenditure is estimated at \$86 million in 2016, and accounts for around 43% of total main trade area retail expenditure. FLG expenditure is estimated to reach almost \$138 million by 2031, reflecting average annual growth of 3.2%. The fastest growing category is expected to be food catering, which currently accounts for 13% of main trade area retail expenditure. Total food catering expenditure is estimated to grow at a rate of 3.7% per annum, increasing from \$26 million in 2016, to \$45 million in 2031.
- In addition to the resident market, tourists present a significant potential market for capture by proposed retail facilities at Skennars Head. If total visitor nights are taken together, including an allocation for domestic day-trippers, the visitor market equates to a year-round, equivalent daily population of almost 4,800 persons throughout Ballina Shire, with Lennox Head – Skennars Head accounting for around 20 – 25% (1,000 persons).

Tourists are estimated to generate over \$250 million in annual expenditure, including travel, accommodation, entertainment and retail expenditure throughout Ballina Shire, with approximately \$107 million of this was considered retail expenditure. While tourists

in Lennox Head – Skennars Head are estimated to generate almost \$50 million in annual expenditure, with around \$21 million considered retail expenditure.

Competition

- Retail facilities within the trade area include a small neighbourhood centre located 3.5 km south west of Skennars Head, at East Ballina which is anchored by a small Foodworks store (of less than 500 sq.m) and an IGA supermarket at Lennox Head located around 5 km north of Skennars Head. Neither of the existing retail centres/precincts within the main trade area provides a major supermarket. Within the combined main trade area, with an existing population of around 13,000 people increasing to over 18,000 people by 2031, there is clearly a gap in this market for additional supermarket facilities.
- Ballina, which is located outside of the main trade area, contains the largest concentration of retail facilities within the region with major retail facilities located around Kerr Street, and within the Ballina Town Centre, along River Street to the south of the Kerr Street precinct.
- There is a large B1 – Neighbourhood Centre site identified within the master-planned development at Epiq Lennox Head. Previous plans for this centre have identified a full-line supermarket as part of this development. For the purpose of this assessment we have assumed that a full-line supermarket (of around 3,200 sq.m) and supporting specialty retail totalling around 4,500 sq.m is developed prior to the Skennars Head centre.

However the proposed retail centre at Epiq is poorly located, given its internalised location and lack of main road exposure, and is not well situated to serve the growing main trade area population. Further we believe that the proposed subject centre is likely to struggle to attract one of the major supermarket tenants (Coles, Woolworths or Aldi) to this site in the current climate.

Development potential

- The majority of retail expenditure that the Skennars Head retail centre can expect to retain from trade area residents will be in the Food & Liquor category (FLG), which includes expenditure on food and groceries purchased for consumption at home, as well as packaged liquor.

- Across the total retail spectrum, the proportion of available retail expenditure which the centre is forecast to retain from the defined trade area is in the order of around 8%. This proportion increases to 13% – 14% across the primary sector, which is the key sector for the Skennars Head centre. This means that 92% of all expenditure generated by residents in the main trade area would be directed to other retail facilities including IGA Lennox Head, as well as East Ballina, Ballina Town Centre and the Kerr Street retail precinct.
- The estimated amount of supportable retail floorspace for the centre would be in the order of around 2,300 sq.m from 2021 onwards, with the bulk of that floorspace being allocated to take-home food and packaged liquor. In addition to retail floorspace, a typical centre would also contain a further amount of non-retail floorspace. This would include facilities such as financial services (e.g. banks), medical/personal services, childcare centre, fitness centre, real estate agencies and other similar uses, which are found in centres of this nature to provide for an integrated and convenient destination for surrounding residents' daily use.
- There is an identified market gap of around 1,370 sq.m of supermarket floorspace within the primary sector in 2016, and around 4,520 sq.m within the main trade area. Over time this gap is forecast to increase to 6,600 sq.m within the main trade area, which shows that two additional supermarkets could be supported and planned for within the main trade area over the next 5-10 years.
- Even allowing for a full-line supermarket within the proposed neighbourhood centre at Epiq Lennox Head by around 2021, a gap of around 1,900 sq.m would still exist for additional supermarket facilities across the main trade area. This indicates that a small supermarket (of around 1,100 sq.m) could be supportable in the trade area from 2021 onwards. However we have assumed that a small supermarket is likely to become supportable at the subject site by 2021/22 (with first year sales in 2022/23) when the core primary trade area population is expected to reach around 5,000 residents.
- Based on the above analysis and information on similar centres, a 1,100 sq.m supermarket and around 1,000 sq.m of specialty retail, with the retail floorspace totalling around 2,100 sq.m could be supported at the subject site. In addition around 900 sq.m of non-

retail floorspace (including medical, child care, gym and commercial uses), with total floorspace of 3,000 sq.m. This assumes a full-line supermarket anchored centre at Epiq Lennox Head.

- Regardless of the location of the designated retail centre within Skennars Head Coastal Village, there is clearly an under-supply of supermarket facilities across the main trade area, and a small supermarket of around 1,100 sq.m could be supported at the proposed centre. In addition, we consider that a provision of retail specialty floorspace in the order of 1,000 sq.m would also be supportable at the Skennars Head centre. Therefore this assessment supports the relocation of the currently designated retail site (i.e. a small B1 zone of around 2,000 sq.m) on the northern side of the main internal access route, to the southern site which would facilitate the development of a proposed centre of 3,000 sq.m (including around 900 sq.m of non-retail floorspace). We consider the proposed development to be in line with the intent of the B1 zone.

Impacts on centres hierarchy

- The greatest % impact is expected to be absorbed by the proposed supermarket based centre at Epiq Lennox Head, which is one of the closest centres and is assumed to provide the most proximate full-line supermarket offer. This is likely to be the main destination for food and grocery shopping for residents of the main trade area. However an impact in the order of around 10% is considered moderate in nature.
- Impacts on the larger centres, beyond the trade area located within the Kerr Street precinct, providing the most comprehensive supermarket offer (Woolworths, Coles and Supa IGA), are expected to be between 5 – 10%, which is considered minor to moderate. These centres are likely to be used often for food and grocery shopping by residents of the main trade area.
- Given the Ballina Town Centre performs a different role and function to a convenience based neighbourhood centre, we expect impacts to be minor at around 5%. The retail facilities within the Ballina Town Centre also serve a much broader catchment than just the main trade area.

- Impacts on Lennox Head are expected to be minor at around 5%, as this centre will continue to serve its immediate local catchment for top-up grocery shopping, with the proposed retail facilities anticipated to only draw a very limited market shares from the secondary north and far north sectors, which are considered to be the primary catchment for Lennox Head. Lennox Head will continue to be the closest retail facilities for residents of the secondary north and far north sectors.
- We expect impacts on East Ballina to be negligible.
- These estimated impacts across the identified centres are considered to be within an acceptable range. When considered in the context of the size, performance and role and function of surrounding centres, it would be highly unlikely to result in a material reduction of retail service provision in these centres.

Other economic and community impacts

- The net increase in direct on-site retail employment that could potentially be created if the proposed development at the subject site were to proceed is estimated 85 jobs once the neighbourhood centre development is fully operational. Making an allowance of around 5% for employment being redirected from other centres, the proposed development could result in a net addition of 80 jobs.
- The proposed development at the subject site would generate a range of other economic/community benefits, in particular the following:
 - Increased choice and amenity for the population of the main trade area as well as likely increased competition for the benefit of consumers.
 - More convenient access to new food and grocery shopping facilities (including a small supermarket), and other supporting retail and non-retail services, to serve both the current residents of the main trade area and future residents. In particular where supermarket facilities are currently limited within the main trade area.
 - Providing additional convenience retail to service a growing residential growth area, without reducing the level of service provision anywhere else, particularly within Lennox Head, East Ballina or the Ballina Town Centre and Kerr Street retail precinct.

- Reduced travel distances, leading to savings on time and fuel for main trade area residents, due to a much better provision of food and grocery shopping facilities at the local level.
- Provide facilities to service the local community who swim/surf at Sharpes Beach.
- Reinforces the retail hierarchy in the region by providing a greater range of retail amenity at an already identified centre location, without reducing the level of service provision anywhere else, nor preventing any future retail centres from establishing across the region.
- Opportunities for small businesses to open premises within the neighbourhood centre.
- Providing jobs near people's homes and consequent economic multiplier impacts, which will boost the local economy.

Introduction

This report presents an independent assessment of the need and demand for proposed retail facilities located within the Skennars Head Coastal Village site, located in the Ballina Shire Local Government Area (LGA), as well as analysing the likely consequent impacts on other relevant activity centres throughout the surrounding region, and other economic impacts. This report also supports a rezoning application for the existing B1 – Neighbourhood Centre land, which is proposed to move south of the current designated retail site located on the northern side of the main internal access route to the southern side.

The report has been prepared in accordance with instructions received from Intrapac Skennars Head, and is presented as follows:

- **Section 1** reviews the regional and local context of the subject site and provides an overview of the proposed development. This section also reviews the key strategic planning documents of relevance.
- **Section 2** examines the potential trade area to be served by the centre, including current and projected population and spending levels, as well as the socio-demographic profile of the trade area population. This section also provides an overview of the tourist customer segment that will be available to the proposed centre.
- **Section 3** outlines the current and future competitive environment within which the centre will operate.
- **Section 4** considers the appropriate scale and composition of retail facilities at the proposed Skennars Head centre, as well as examining the centre's sales potential. In order to support our recommendations as to the appropriate size and composition of the neighbourhood centre development at the subject site we have also examined a range of case study examples across Australia.

- **Section 5** presents our estimates of indicative trading impacts (based largely on a qualitative assessment) on the surrounding retail/centres hierarchy and discusses the implications of these impacts.
- **Section 6** examines the net community benefits associated with the proposed development, including employment generation and other economic and social benefits.

Section 1: Site context and centre overview

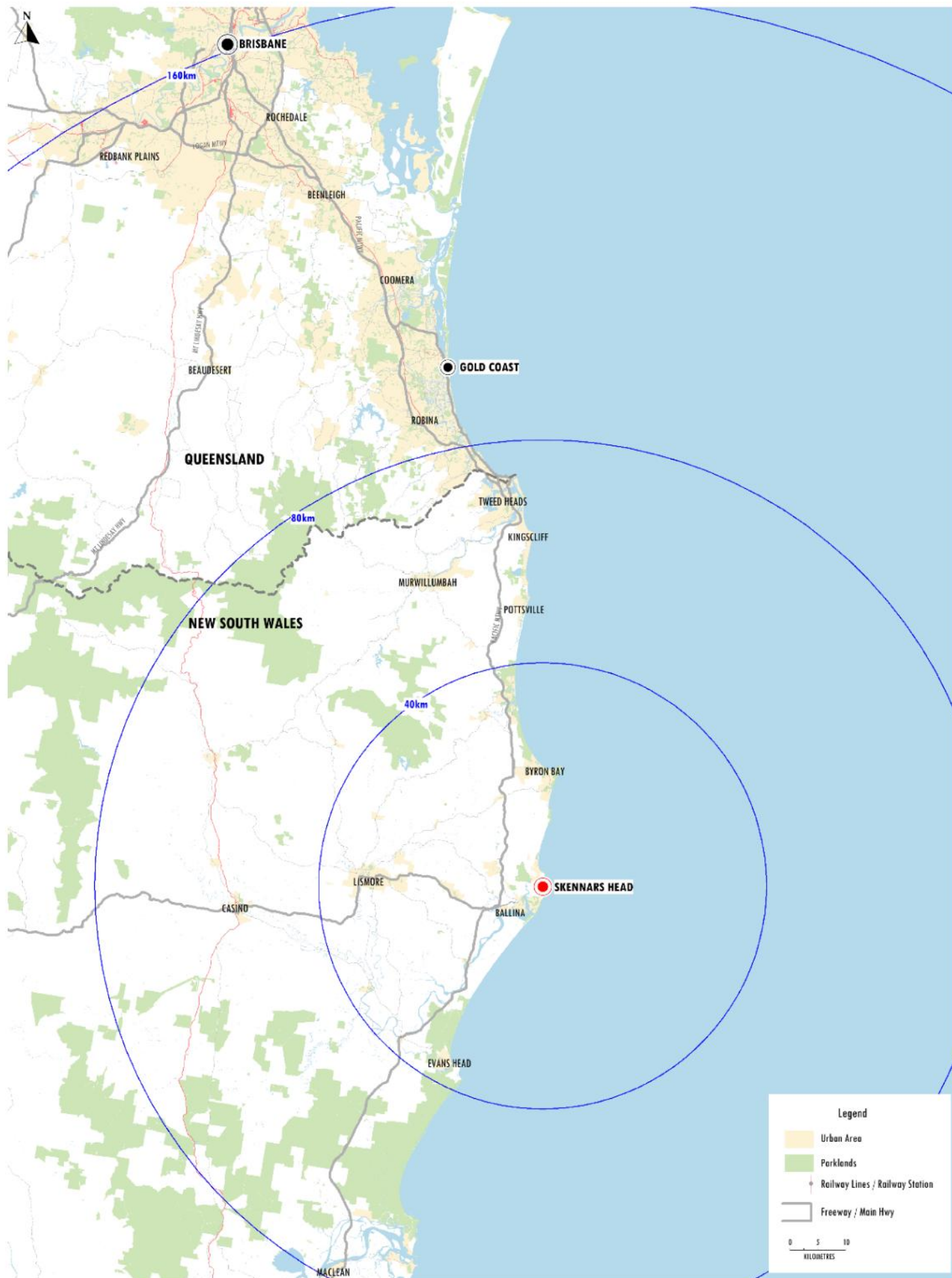
This section of the report reviews the regional and local context of the subject site and provides an overview of the proposed development. This section also reviews the key strategic planning documents of relevance.

1.1 Local and regional context

Skennars Head is located approximately 6 km north-east of Ballina in Northern New South Wales (NSW), approximately 230 km south of Brisbane and 780 km north of Sydney (refer Map 1.1).

Ballina, together with its surrounding region, form a popular tourist destination in the North Rivers tourism region of NSW. According to the statistics from Destination NSW, the North Rivers region (which covers Grafton to Tweed Heads and includes Ballina, Lismore, Byron Bay and Murwillumbah) attracted over 6.8 million domestic and international visitors during the year ending December 2016, equating to an equivalent year round daily population of approximately 38,750 persons.

Skennars Head is a coastal suburb, located adjacent to Sharpes Beach. The Coast Road is the main access route that links Skennars Head with Lennox Head in the north, as well as providing access further north to Byron Bay; and provides direct access into Ballina to the south.



Map 1.1: Skennars Head
Regional context



Map 1.2: Skennars Head
Site location

1.2 Proposed developed

The proposed Skennars Head Village development is located along The Coast Road, to the south of Headlands Drive. The site is slightly set back from The Coast Road, with the northern part of the site having direct exposure to passing traffic. The main access into the site is proposed via a traffic intersection along The Coast Road to the north of the development, in line with Sharpes Beach.

The Skennars Head concept master plan comprises around 400 residential lots in total. A development application for stage one, including 214 residential lots, was lodged with Council in May 2017 and is currently being assessed.

The currently designated retail site comprises a small B1 zone of around 2,000 sq.m with parking outside of this area located along the northern extent of the development area, on the northern side of the main internal access route. The retail centre is proposed to move south of the current designated retail site to the southern side of the main internal access route.

The Skennars Head concept master plan and draft neighbourhood centre concept plan outline a B1 zoned area of around 13,000 sq.m, allowing for a reasonable provision of at-grade car-parking, retail, commercial and other local services located in the north-eastern part of the site, near the entry and The Coast Road.

The Skennars Head concept master plan is shown in Figure 1.1, while Figure 1.2 shows the draft neighbourhood centre concept plan.

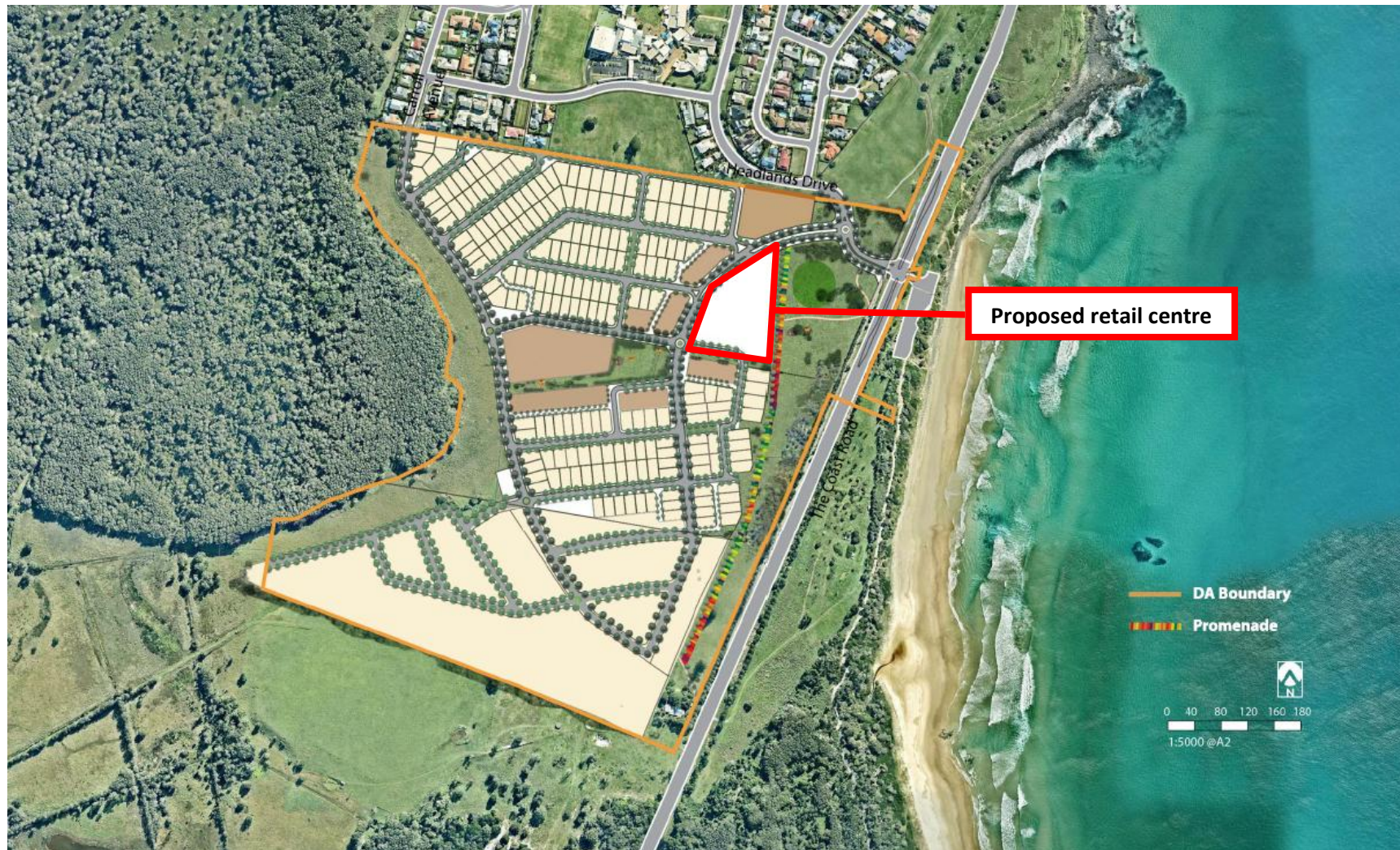


Figure 1.1

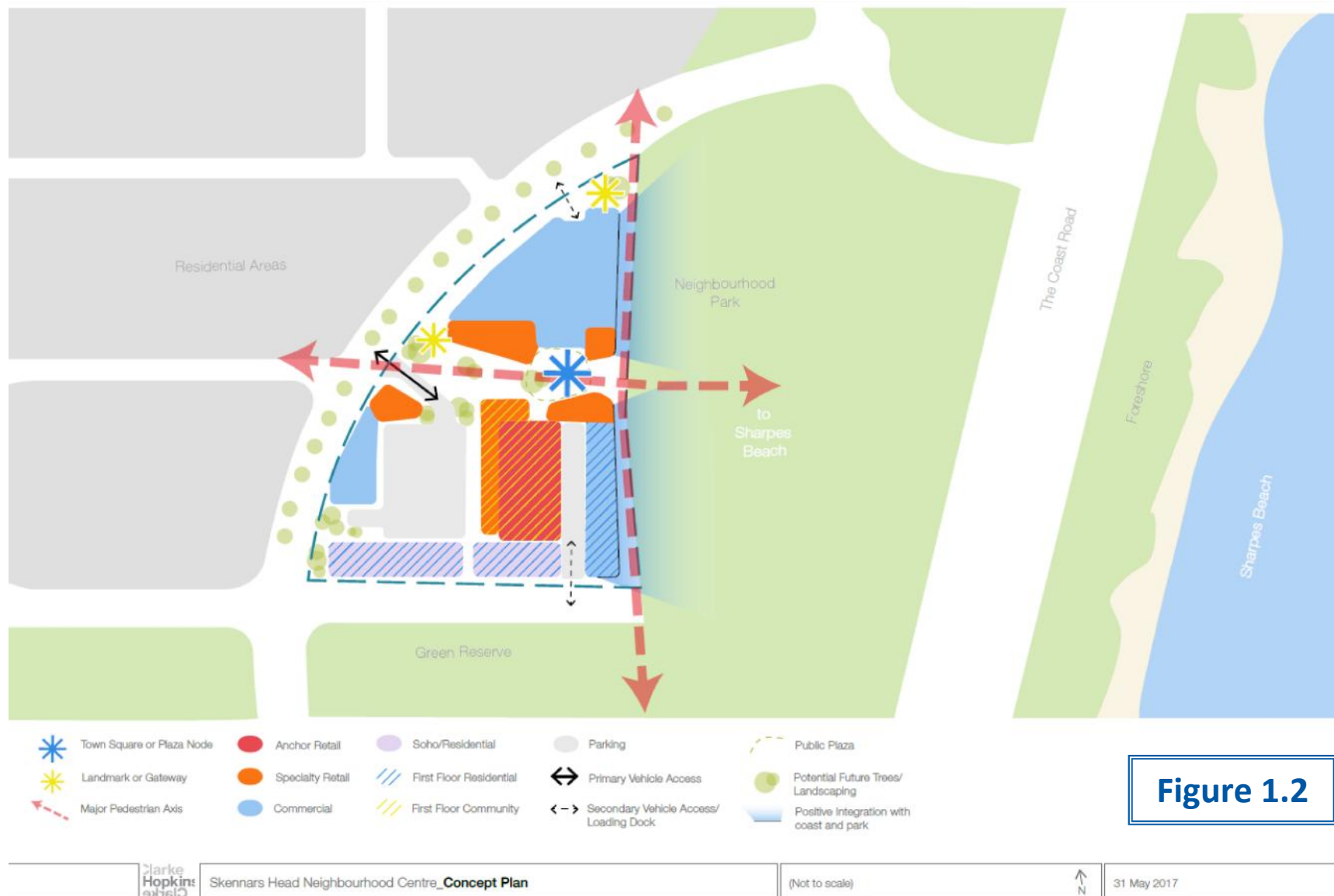


Figure 1.2

1.3 Strategic planning context

Ballina Shire Local Environmental Plan (LEP) 2012

The currently designated site is zoned B1 – Neighbourhood Centre, according to the 2012 Ballina Shire Local Environmental Plan (LEP). There is generally little difference in the zone objectives for the B1 zone compared with the B2 zone, except in regards to scale. The B1 zone explicitly states ‘small scale’ development in its objectives, whereas the B2 zone does not apply this condition.

While this definition could be open to many interpretations, we understand this generally refers to ‘small scale’ anchor tenants, because the area of the existing/proposed B1 zoned site and permissible floorspace ratio (FSR) would provide an overall limitation to the potential floorspace that could be developed on any particular B1 zoned precinct. However there is no specific quantum of floorspace indicated for B1 – Neighbourhood centres.

According to the 2012 Ballina Shire Local Environmental Plan (LEP), the following uses are generally permitted in the B1 zone:

- **Business Premises** – such as banks, post offices, hairdressers, dry cleaners, travel agencies, internet access facilities, betting agencies and the like.
- **Child Care Centres** – which are permitted in most zones.
- **Health Consulting Rooms** – which are permitted in many zones.
- **Neighbourhood Shop** – meaning premises used for the purpose of selling general merchandise such as food stuffs, personal care products, newspapers or the like and may include ancillary services such as a post office, bank or dry cleaning.

Ballina Retail Strategy 2003

The Ballina Retail Strategy, dated August 2003, states that *‘small scale retail activities to service the needs of the local resident community may be provided within Headlands Estate’*, which is the existing settlement at Skennars Head. However it also states that for new development/rezoning proposals within Skennars Head *‘It is envisaged, however, that facilities of a local scale only would be provided in these areas’*.

The Ballina Economic Development Strategy Discussion Paper (February 2016)

The Discussion paper has been developed as a prelude to the draft strategy, while Council consult with local businesses and industry groups. However the document identifies two areas of importance to the proposed development.

Firstly, it identifies Skennars Head as one of the main ‘greenfield’ residential development areas in the region where:

Ballina Shire has a large reserve of land supply in the Cumbalum/Kinvara, Lennox Head/Skennars Head and Wollongbar localities, sufficient to meet projected demand for 20-30 years.

Secondly, which is of most importance to the proposed retail facilities at Skennars Head, it identifies the importance of the Ballina Town Centre and the Kerr Street in the retail hierarchy:

Council’s long term planning for commercial and industrial development is based upon a retail centre hierarchy for the shire. The hierarchy establishes the Ballina Town Centre and the Kerr Street Retailing Precinct as the primary retail centres for the shire, and indicates that these facilities should be protected and consolidated at the top of the retail hierarchy.

Section 2: Trade area analysis

This section of the report outlines the trade area that could potentially be served by retail facilities at the Skennars Head centre, including current and projected population and spending levels, and the socio-demographic profile of trade area residents. This section also provides an overview of the tourist customers segment that is available to the proposed centre.

2.1 Trade area definition

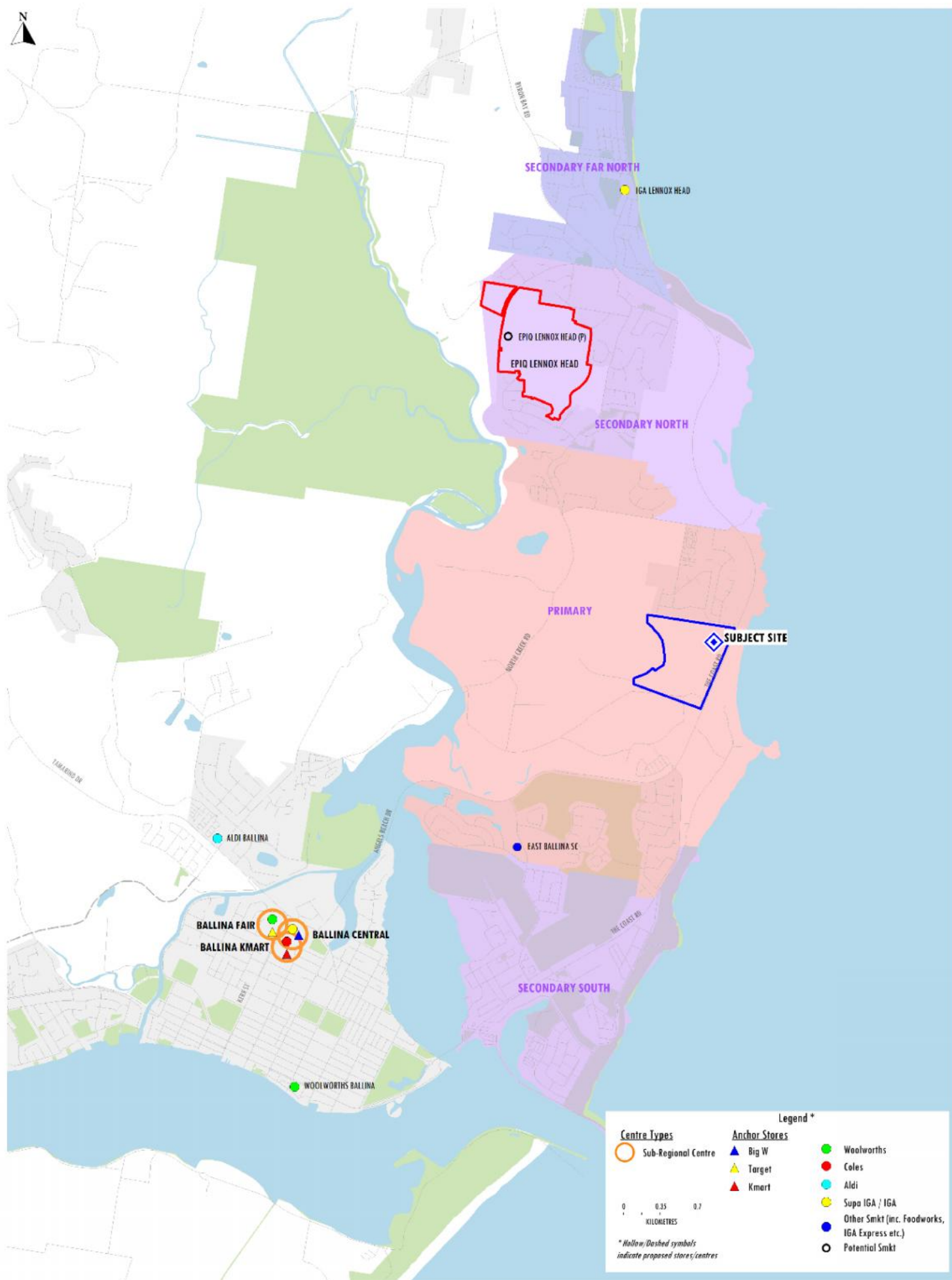
The extent of the trade area or catchment that is served by any shopping centre or retail facility is shaped by the interplay of a number of critical factors. These factors include:

- The relative attraction of the centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.
- The proximity and attractiveness of competitive retail centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre is effectively able to serve.
- The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre.
- Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre.

Having regard for the above, the trade area that could potentially be served by retail facilities at the Skennars Head centre consists of a primary sector and three secondary sectors, described as follows (refer Map 2.1):

- The **primary sector** extends along the coast to include the suburb of Skennars Head, the southern part of Lennox Head (south of Montwood Drive) and the northern part of East Ballina (north of the Ballina Golf and Sports Club, Anderson Street and Bellevue Avenue), and is bounded by North Creek to the west.
- The **secondary north sector** includes the majority of residential development located to the west of The Coast Road at Lennox Head, and is generally located to the south of Hutley Drive.
- The **secondary far north sector** includes the majority of the beachside township of Lennox Head, located to the east of The Coast Road, as well as a small area to the west north of Hutley Drive.
- The **secondary south sector** is bounded by North Creek in the south and west, and includes the southern part of East Ballina and Angels Beach.

In combination, the primary and secondary sectors are referred to as the **main trade area** throughout the remainder of this report.



Map 2.1: Skennars Head
Trade area and competition

2.2 Trade area population

Table 2.1 details the current and projected population levels within the main trade area. This information has been collected from a range of sources, including the following:

- Australian Bureau of Statistics Census of Population and Housing (2006 and 2011);
- Australian Bureau of Statistics Dwelling Approvals Data (2011–15);
- Australian Bureau of Statistics Estimated Residential Population Data (ERP) (2011–15);
- NSW Department of Planning and Environment (DPE) (2014);
- Forecast.id population projections prepared for the Ballina Shire in February 2016; and
- Other investigations of future residential development, undertaken by this office.

Since the 2011 ABS Census the population of the main trade area has grown by around 1.0% per annum, or around 130 persons per annum. The main trade area population is estimated at 13,430 residents as at June 2016, including around 4,300 persons in the primary sector. At June 2017, the main trade area population is forecast to have increased slightly to around 13,640 people.

Future population growth in the trade area will largely be driven by Greenfield developments. In addition to small-medium sized residential estate development, the two main Greenfield developments proposed within the trade area include:

- The **Intrapac Skennars Head** subject site (primary sector), which will comprise over 400 lots, potentially supporting a population of around 1,100 persons, assuming an average dwelling density of 2.7 per household. We are advised that the development will begin to sell in 2018, with around 140 lots launched as part of Stages 1A and 1B.
- **Elevation**, located in the primary sector, could comprise up to around 100 dwellings in total. There have been around 60 dwellings delivered to date with current subdivision approval for around 40 future lots. Stage 5 and 6 (19 lots) are currently for sale.

- **Angels Beach North**, also located in the primary sector, comprises around 70 lots in total and is nearing completion.
- The **Epiq Lennox Head** development located in the secondary north sector, which comprises around 500 lots. Approximately 120 lots as part of Stages 1 and 2 have sold quickly.
- **Coastal Grove**, located in the secondary north sector, comprises around 40 dwellings, with around half developed to date.
- In addition, there are also a number of smaller subdivisions (10 – 30 lots) that are also located throughout the main trade area.

Having regard to the above, the main trade area population is expected to increase to 18,630 people by 2031, representing an increase of 5,200 people. This growth is forecast at an average annual rate of 2.2% over the forecast period. The primary sector is anticipated to reach almost 6,000 people by 2031, representing an increase of almost 1,700 people, at an average annual growth rate of 2.2%.

Table 2.1
Skennars Head trade area population, 2006-2031*

| Trade area sector | Estimated population | | | Forecast population | | | |
|------------------------|----------------------|---------------|---------------|---------------------|---------------|---------------|---------------|
| | 2006 | 2011 | 2016 | 2018 | 2021 | 2026 | 2031 |
| Primary | 3,990 | 4,100 | 4,300 | 4,400 | 4,700 | 5,450 | 5,950 |
| Secondary sectors | | | | | | | |
| • North | 2,220 | 2,490 | 2,690 | 2,890 | 3,340 | 4,340 | 5,340 |
| • Far North | 3,030 | 3,080 | 3,230 | 3,310 | 3,430 | 3,630 | 3,830 |
| • South | <u>3,090</u> | <u>3,110</u> | <u>3,210</u> | <u>3,250</u> | <u>3,310</u> | <u>3,410</u> | <u>3,510</u> |
| Total secondary | 8,340 | 8,680 | 9,130 | 9,450 | 10,080 | 11,380 | 12,680 |
| Main trade area | 12,330 | 12,780 | 13,430 | 13,850 | 14,780 | 16,830 | 18,630 |

| Trade area sector | Average annual growth (no.) | | | | | |
|------------------------|-----------------------------|------------|------------|------------|------------|------------|
| | 2006-11 | 2011-16 | 2016-18 | 2018-21 | 2021-26 | 2026-31 |
| Primary | 22 | 40 | 50 | 100 | 150 | 100 |
| Secondary sectors | | | | | | |
| • North | 54 | 40 | 100 | 150 | 200 | 200 |
| • Far North | 10 | 30 | 40 | 40 | 40 | 40 |
| • South | <u>4</u> | <u>20</u> | <u>20</u> | <u>20</u> | <u>20</u> | <u>20</u> |
| Total secondary | 68 | 90 | 160 | 210 | 260 | 260 |
| Main trade area | 90 | 130 | 210 | 310 | 410 | 360 |

| Trade area sector | Average annual growth (%) | | | | | |
|------------------------|---------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2006-11 | 2011-16 | 2016-18 | 2018-21 | 2021-26 | 2026-31 |
| Primary | 0.5% | 1.0% | 1.2% | 2.2% | 3.0% | 1.8% |
| Secondary sectors | | | | | | |
| • North | 2.3% | 1.6% | 3.7% | 4.9% | 5.4% | 4.2% |
| • Far North | 0.3% | 1.0% | 1.2% | 1.2% | 1.1% | 1.1% |
| • South | <u>0.1%</u> | <u>0.6%</u> | <u>0.6%</u> | <u>0.6%</u> | <u>0.6%</u> | <u>0.6%</u> |
| Total secondary | 0.8% | 1.0% | 1.7% | 2.2% | 2.5% | 2.2% |
| Main trade area | 0.7% | 1.0% | 1.6% | 2.2% | 2.6% | 2.1% |

*As at June
Source: ABS Census 2011; NSW Department of Planning and Environment 2014; Forecast.id; MacroPlan Dimasi

2.3 Socio-demographic profile

Table 2.2 details the socio-demographic profile of the main trade area population compared with the respective benchmarks for non-metropolitan NSW and Australia, as sourced from the ABS 2011 Census of Population and Housing. The key points to note include:

- Main trade area residents earn per capita and household incomes that are above the non-metropolitan NSW average (11.8% and 15.8% respectively).
- Average household sizes (2.5 persons per dwelling) are largely in line with the non-metropolitan NSW average (2.4). Average household size in the secondary north sector (2.9) is above average, and reflects the household structure that the primary sector is anticipated to experience in the future.
- The average age of main trade area residents, at 40.2 years, is in-line with the non-metropolitan NSW average. Across the main trade area, the secondary north has a younger age structure, drive by a higher proportion of the population aged 0-14 years (24.4%) in comparison to the average (19.4%), while the secondary south sector tends to be older with 27.9% aged over 60 years compared to the average of 24.5%.
- Home ownership (outright and paying a mortgage) levels within the main trade area (71.8%) are slightly higher than the respective average for non-metropolitan NSW (70.6%). The share of households paying off mortgages in the secondary north sector is higher than average (49% v 32%), this is particularly the case for areas accommodating new residential development.
- The main trade area population is predominantly Australian born (87.7%), and is broadly in line with the non-metropolitan NSW average of 88.7%.
- Traditional families (i.e. couples with dependent children) are the most prevalent household type, accounting for 43.4% of main trade area households, which is above the respective average for non-metropolitan NSW (40.7%), followed by couples without children (27.7% vs 25.7%). The share of traditional families is particularly high in the secondary north sector (56.6%), while the secondary south sector has higher than average proportion of couples without children and lone person households.

The main trade area population is relatively affluent and although overall the trade area is fairly typical of coastal regions in NSW, characteristics are mixed across its different sectors. While the secondary south tends to reflect an older, retiree market, the secondary north sector is more popular with younger families. Over time, the primary sector is anticipated to experience changing demographics which are more in-line with the secondary north sector, and reflect a growing residential area.

Table 2.2
Skennars Head main trade area - socio-demographic profile, 2011

| Census item | Primary sector | Secondary sectors | | | Main TA | Non-metro NSW avg. | Aust. avg. |
|---|----------------|-------------------|-----------|----------|----------|--------------------|------------|
| | | North | Far North | South | | | |
| Per capita income | \$32,107 | \$33,486 | \$34,138 | \$32,925 | \$33,064 | \$29,574 | \$34,467 |
| <i>Var. from Non-metro NSW benchmark</i> | 8.6% | 13.2% | 15.4% | 11.3% | 11.8% | | |
| Avg. household income | \$81,024 | \$96,384 | \$84,605 | \$72,708 | \$82,203 | \$70,977 | \$88,205 |
| <i>Var. from Non-metro NSW benchmark</i> | 14.2% | 35.8% | 19.2% | 2.4% | 15.8% | | |
| Avg. household size | 2.5 | 2.9 | 2.5 | 2.2 | 2.5 | 2.4 | 2.6 |
| <u>Age distribution (% of population)</u> | | | | | | | |
| Aged 0-14 | 18.8% | 24.4% | 19.5% | 15.3% | 19.2% | 19.4% | 19.3% |
| Aged 15-19 | 7.1% | 7.6% | 5.9% | 5.9% | 6.6% | 6.6% | 6.5% |
| Aged 20-29 | 7.2% | 7.1% | 10.2% | 12.3% | 9.1% | 10.8% | 13.8% |
| Aged 30-39 | 10.2% | 11.9% | 12.9% | 9.8% | 11.1% | 11.3% | 13.8% |
| Aged 40-49 | 15.3% | 17.5% | 15.4% | 12.6% | 15.1% | 13.4% | 14.2% |
| Aged 50-59 | 17.3% | 16.5% | 15.8% | 16.2% | 16.5% | 13.9% | 12.8% |
| Aged 60+ | 24.2% | 15.2% | 20.2% | 27.9% | 22.4% | 24.5% | 19.6% |
| Average age | 41.2 | 36.1 | 39.2 | 43.0 | 40.2 | 40.2 | 37.9 |
| <u>Housing status (% of households)</u> | | | | | | | |
| Owner (total) | 78.2% | 82.2% | 64.4% | 62.6% | 71.8% | 70.6% | 68.7% |
| • Owner (outright) | 46.5% | 32.8% | 36.4% | 39.5% | 39.7% | 38.8% | 32.9% |
| • Owner (with mortgage) | 31.6% | 49.4% | 28.0% | 23.1% | 32.2% | 31.9% | 35.8% |
| Renter | 21.6% | 17.8% | 35.1% | 37.2% | 27.9% | 28.4% | 30.4% |
| Other | 0.2% | 0.0% | 0.5% | 0.2% | 0.3% | 0.9% | 0.9% |
| <u>Birthplace (% of population)</u> | | | | | | | |
| Australian born | 88.5% | 88.3% | 86.3% | 87.7% | 87.7% | 88.7% | 74.0% |
| Overseas born | 11.5% | 11.7% | 13.7% | 12.3% | 12.3% | 11.3% | 26.0% |
| • Asia | 1.2% | 1.1% | 1.3% | 1.1% | 1.2% | 1.7% | 8.6% |
| • Europe | 7.3% | 6.3% | 7.0% | 6.9% | 6.9% | 6.8% | 10.5% |
| • Other | 3.0% | 4.3% | 5.4% | 4.4% | 4.2% | 2.8% | 7.0% |
| <u>Family type (% of households)</u> | | | | | | | |
| Couple with dep't children | 44.1% | 56.6% | 44.2% | 33.4% | 43.3% | 40.7% | 45.3% |
| Couple with non-dep't child. | 6.8% | 5.6% | 6.0% | 4.1% | 5.6% | 7.0% | 7.7% |
| Couple without children | 29.8% | 22.2% | 24.5% | 31.7% | 27.7% | 25.7% | 23.0% |
| One parent with dep't child. | 7.5% | 7.7% | 11.2% | 12.1% | 9.7% | 10.6% | 9.2% |
| One parent w non-dep't child. | 2.6% | 2.8% | 3.7% | 3.8% | 3.2% | 3.5% | 3.5% |
| Other family | 0.3% | 0.3% | 0.5% | 0.4% | 0.4% | 0.9% | 1.1% |
| Lone person | 8.8% | 4.9% | 9.9% | 14.6% | 10.0% | 11.7% | 10.2% |

Source: ABS Census of Population & Housing, 2011; MacroPlan Dimasi

2.4 Retail expenditure capacity

MacroPlan Dimasi estimates retail expenditure capacity generated by the main trade area residents based on information sourced from Market Data Systems (MDS), which utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information. We consider MarketInfo data to be an accurate measure of available retail expenditure and it is widely relied on in the retail industry.

Total retail expenditure is detailed in a number of categories, as follows:

- Take-home food and groceries – goods typically sold in supermarkets and specialty fresh food stores.
- Packaged liquor – packaged beer, wine and spirits such as those purchased at bottle-shops and liquor outlets.
- Food catering – cafes, take-away outlets and restaurants, including liquor consumed on such premises.
- Apparel – clothing, footwear, fashion and accessories.
- Household Goods – giftware, electrical, computers, furniture, homewares, and hardware goods.
- Leisure – sporting goods, music, DVDs, games, books, newsagents and film processing/photography.
- General Retail – pharmaceutical goods, cosmetics, toys, florists, mobile phones.
- Retail Services – retail services such as key cutting, shoe repairs, hair and beauty.

Chart 2.1 illustrates the average per capita retail expenditure capacity of main trade area residents for the year 2015/16, and compares these estimates with the average for non-metropolitan NSW and Australia. All expenditure estimates are presented inclusive of GST. Key points to note include the following:

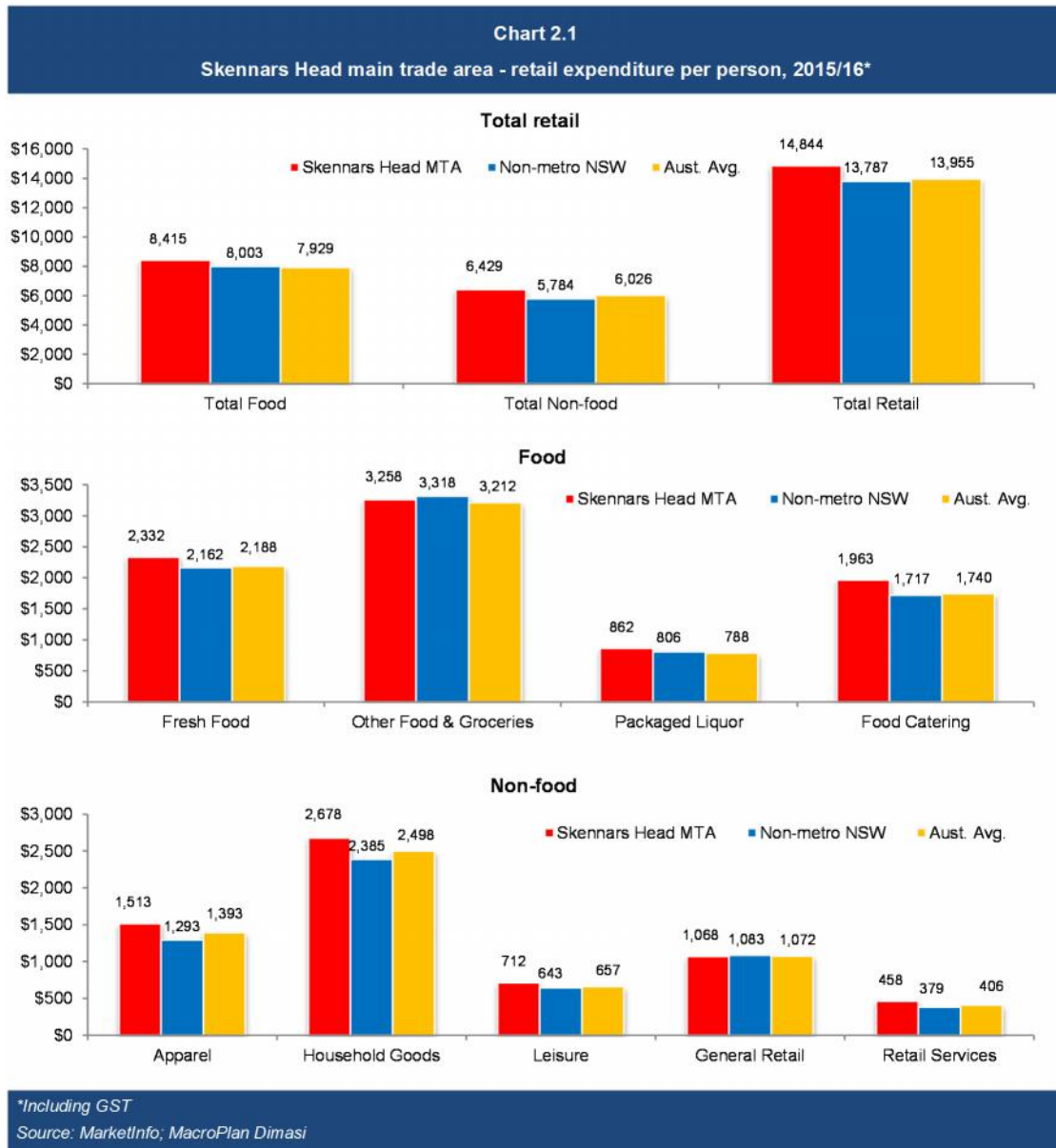
- The estimated retail expenditure per person across the main trade area is around 7 – 8% above the non-metropolitan NSW average.
- Average spend per capita on food & groceries is in generally line with average, while spend per capita on fresh food is around 8% above average. Average spend per capita on food catering is 14% above average
- Spend per capita on non-food retail is 11% above average, and is particularly high for retail services, and apparel (21% and 17% above average respectively).
- We expect the expenditure profile of main trade area population to improve further as the new population establishing in the main trade area is expected to consist of more affluent, working families and an increasing share of young couples looking to start families.

Table 2.3 presents the estimated total retail expenditure capacity generated by the main trade area population, by trade area sector, over the period from 2016 to 2031. Expenditure forecasts are presented inclusive of GST and in constant 2015/16 dollars.

The retail expenditure capacity of the main trade area is forecast to increase from around \$200 million in 2016 to \$314 million by 2031, at an average annual growth rate of 3.1%. The average annual growth rate comprises the following three components:

- Residential population growth, which is expected to average 2.2% per annum; and
- Real growth in per capita retail expenditure, which is expected to average 0.9 - 1.0% per annum over the forecast period.

The total retail expenditure capacity of primary sector residents is also expected to grow by 3.1% per annum, from \$64 million at 2016 to \$101 million by 2031.



| Table 2.3 Skennars Head main trade area - retail expenditure (\$M), 2016-2031* | | | | | |
|---|-------------------|-------------------|-----------|-------|------------|
| Year ending June | Primary sector | Secondary sectors | | | Main TA |
| | | North | Far North | South | |
| 2016 | 63.8 | 39.6 | 47.6 | 47.3 | 198.4 |
| 2017 | 65.1 | 41.0 | 48.5 | 48.1 | 202.7 |
| 2018 | 66.4 | 42.9 | 49.6 | 48.8 | 207.7 |
| 2019 | 68.2 | 45.2 | 50.6 | 49.5 | 213.5 |
| 2020 | 70.3 | 47.8 | 51.7 | 50.3 | 220.2 |
| 2021 | 72.6 | 50.6 | 52.8 | 51.1 | 227.1 |
| 2022 | 75.1 | 53.7 | 53.9 | 51.9 | 234.7 |
| 2023 | 78.1 | 57.1 | 55.0 | 52.7 | 242.9 |
| 2024 | 81.2 | 60.8 | 56.2 | 53.5 | 251.6 |
| 2025 | 84.4 | 64.6 | 57.3 | 54.3 | 260.6 |
| 2026 | 87.7 | 68.7 | 58.5 | 55.1 | 270.1 |
| 2027 | 90.7 | 72.7 | 59.7 | 55.9 | 279.0 |
| 2028 | 93.1 | 76.4 | 60.9 | 56.8 | 287.2 |
| 2029 | 95.6 | 80.4 | 62.1 | 57.6 | 295.8 |
| 2030 | 98.2 | 84.6 | 63.4 | 58.5 | 304.7 |
| 2031 | 100.9 | 89.0 | 64.6 | 59.4 | 313.9 |
| <u>Average annual growth (\$M)</u> | | | | | |
| 2016-2031 | 2.5 | 3.3 | 1.1 | 0.8 | 7.7 |
| <u>Average annual growth (%)</u> | | | | | |
| 2016-2031 | 3.1% | 5.5% | 2.1% | 1.5% | 3.1% |
| *Constant 2015/16 dollars & including GST Source: MarketInfo; MacroPlan Dimasi | | | | | |

Table 2.4 presents projections of retail expenditure for the main trade area, by retail category, over the period 2016 to 2031.

FLG expenditure (take-home food, groceries and packaged liquor) is estimated at \$86 million in 2016, and accounts for around 43% of total main trade area retail expenditure. FLG expenditure is estimated to reach almost \$138 million by 2031, reflecting average annual growth of 3.2%.

The fastest growing category is expected to be food catering, which currently accounts for 13% of main trade area retail expenditure. Total food catering expenditure is estimated to grow at a rate of 3.7% per annum, increasing from \$26 million in 2016, to \$45 million in 2031.

Table 2.4
Skennars Head main trade area - retail expenditure by category (\$M), 2016-2031*

| Year ending June | FLG | Food catering | Apparel | Household goods | Leisure | General retail | Retail services | Total retail |
|---|-------|---------------|---------|-----------------|---------|----------------|-----------------|--------------|
| 2016 | 86.2 | 26.2 | 20.2 | 35.8 | 9.5 | 14.3 | 6.1 | 198.4 |
| 2017 | 88.2 | 27.0 | 20.6 | 36.5 | 9.7 | 14.5 | 6.3 | 202.7 |
| 2018 | 90.4 | 27.8 | 21.0 | 37.4 | 9.9 | 14.8 | 6.4 | 207.7 |
| 2019 | 93.0 | 28.7 | 21.5 | 38.4 | 10.1 | 15.2 | 6.6 | 213.5 |
| 2020 | 96.0 | 29.8 | 22.1 | 39.5 | 10.4 | 15.6 | 6.8 | 220.2 |
| 2021 | 99.0 | 30.9 | 22.7 | 40.7 | 10.7 | 16.0 | 7.0 | 227.1 |
| 2022 | 102.4 | 32.1 | 23.3 | 42.1 | 11.0 | 16.5 | 7.3 | 234.7 |
| 2023 | 106.1 | 33.4 | 24.1 | 43.5 | 11.3 | 17.0 | 7.5 | 242.9 |
| 2024 | 109.9 | 34.8 | 24.8 | 45.0 | 11.7 | 17.6 | 7.8 | 251.6 |
| 2025 | 113.9 | 36.2 | 25.6 | 46.6 | 12.1 | 18.1 | 8.1 | 260.6 |
| 2026 | 118.1 | 37.7 | 26.4 | 48.2 | 12.4 | 18.7 | 8.4 | 270.1 |
| 2027 | 122.1 | 39.2 | 27.2 | 49.8 | 12.8 | 19.3 | 8.7 | 279.0 |
| 2028 | 125.8 | 40.5 | 27.9 | 51.2 | 13.1 | 19.8 | 8.9 | 287.2 |
| 2029 | 129.6 | 42.0 | 28.6 | 52.7 | 13.5 | 20.3 | 9.2 | 295.8 |
| 2030 | 133.6 | 43.5 | 29.3 | 54.2 | 13.8 | 20.8 | 9.5 | 304.7 |
| 2031 | 137.7 | 45.0 | 30.1 | 55.8 | 14.2 | 21.4 | 9.8 | 313.9 |
| <u>Average annual growth (\$M)</u> | | | | | | | | |
| 2016-2031 | 3.4 | 1.3 | 0.7 | 1.3 | 0.3 | 0.5 | 0.2 | 7.7 |
| <u>Average annual growth (%)</u> | | | | | | | | |
| 2016-2031 | 3.2% | 3.7% | 2.7% | 3.0% | 2.7% | 2.7% | 3.2% | 3.1% |
| *Constant 2015/16 dollars & including GST | | | | | | | | |
| Source: MarketInfo; MacroPlan Dimasi | | | | | | | | |

Retail expenditure category definitions:

- FLG: take-home food and groceries, as well as packaged liquor.
- Food catering: expenditure at cafes, take-away food outlets and restaurants.
- Apparel: clothing, footwear, fashion accessories and jewellery.
- Household goods: giftware, electrical, computers, furniture, homewares and hardware goods.
- Leisure: sporting goods, music, DVDs, computer games, books, newspapers & magazines, stationery and photography equipment.
- General retail: pharmaceutical goods, cosmetics, toys, florists, mobile phones and pets.
- Retail services: hair & beauty, optical goods, dry cleaning, key cutting and shoe repairs.

2.5 Tourism catchment

As mentioned earlier, tourism contributes significantly to the wider Ballina economy, benefiting a range of affiliated sectors, with over 6.8 million domestic and international visitors during the year ending December 2016.

At a more local level, Table 2.5 shows that Ballina Shire attracted 828,000 domestic and international tourists. This comprised over 355,000 domestic day-trippers, over 457,000 domestic overnight visitors (contributing almost 1.4 million visitor nights) and about 15,000 international visitors for the year ending December 2016. Lennox Head – Skennars Head accounted for 155,000 of these tourists, with almost 57,000 domestic day trippers, 93,000 domestic overnight visitors, and over 5,000 international visitors.

If total visitor nights are taken together, including an allocation for domestic day-trippers, the visitor market equates to a year-round, equivalent daily population of almost 4,800 persons throughout Ballina Shire, with Lennox Head – Skennars Head accounting for around 20 – 25% (1,000 persons).

Table 2.6 presents an overview of the estimated annual retail expenditure and total expenditure generated by tourists in Ballina Shire and Lennox Head – Skennars Head. Tourists are estimated to generate over \$250 million in annual expenditure, including travel, accommodation, entertainment and retail expenditure throughout Ballina Shire, with approximately \$107 million of this was considered retail expenditure. While tourists in Lennox Head – Skennars Head are estimated to generate over \$50 million in annual expenditure, with around \$21 million considered retail expenditure.

While this expenditure would be distributed across a range of retail shopping centres and restaurant/dining precincts, it presents a significant potential market for capture by proposed retail facilities at Skennars Head.

Table 2.5
Skennars Head - Tourist visitor numbers and nights, 2011-2016

| Region | Item | Year ending December 2016 | | | | | |
|---|----------------------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Lennox Head - Skennars Head | Int'l visitors ('000) | 2.9 | 4.8 | 3.4 | 3.4 | 3.1 | 5.4 |
| | Int'l visitor nights ('000) | 101.2 | 38.4 | 44.8 | 19.7 | 32.6 | 72.8 |
| | Average stay (days) | 35.4 | 8.0 | 13.0 | 5.8 | 10.4 | 13.6 |
| | Domestic o'night visitors ('000) | 26.7 | 39.1 | 67.9 | 53.1 | 67.5 | 93.0 |
| | Domestic o'night nights ('000) | 93.7 | 284.7 | 425.5 | 227.9 | 197.3 | 263.5 |
| | Average stay (days) | 3.5 | 7.3 | 6.3 | 4.3 | 2.9 | 2.8 |
| | Domestic daytrip visitors ('000) | 50.1 | 0.0 | 35.7 | 41.5 | 51.2 | 56.7 |
| Ballina Shire* | Int'l visitors ('000) | 12.5 | 14.8 | 13.3 | 11.7 | 14.7 | 15.1 |
| | Int'l visitor nights ('000) | 156.7 | 142.2 | 123.3 | 99.8 | 97.8 | 179.8 |
| | Average stay (days) | 12.5 | 9.6 | 9.2 | 8.5 | 6.6 | 11.9 |
| | Domestic o'night visitors ('000) | 248.4 | 289.0 | 262.7 | 278.3 | 240.7 | 457.5 |
| | Domestic o'night nights ('000) | 722.1 | 1,213.8 | 1,076.2 | 1,022.1 | 831.4 | 1,389.2 |
| | Average stay (days) | 2.9 | 4.2 | 4.1 | 3.7 | 3.5 | 3.0 |
| | Domestic daytrip visitors ('000) | 420.3 | 388.3 | 294.0 | 290.0 | 323.6 | 355.4 |
| Tourism TA equivalent daily population | | 603 | 885 | 1,337 | 735 | 700 | 999 |
| <i>Annual growth (%)</i> | | | 46.9% | 51.1% | -45.0% | -4.8% | 42.7% |
| Ballin Shire equivalent daily population | | 2,983 | 4,247 | 3,689 | 3,471 | 2,989 | 4,785 |
| <i>Annual growth (%)</i> | | | 42.4% | -13.1% | -5.9% | -13.9% | 60.1% |

* Includes Ballina, Lennox Head-Skennars Head and Ballina region SA2s

Source: Tourism Research Australia; MacroPlan Dimasi

Table 2.6
Skennars Head - Estimated annual tourism expenditure (2016)^

| | | Est. Retail Expenditure | Est. Total Expenditure |
|-----------------------------|-----------------------------|-------------------------|------------------------|
| Visitor Type | | (\$M) | (\$M) |
| Lennox Head - Skennars Head | International Visitors | \$1.84 | \$4.4 |
| | Domestic Overnight Visitors | \$14.53 | \$38.0 |
| | Domestic Day Tripper | <u>\$4.94</u> | <u>\$8.5</u> |
| | Total Expenditure | \$21.3 | \$50.9 |
| Ballina Shire* | International Visitors | \$4.55 | \$10.9 |
| | Domestic Overnight Visitors | \$76.59 | \$200.1 |
| | Domestic Day Tripper | <u>\$25.39</u> | <u>\$43.7</u> |
| | Total Expenditure | \$106.5 | \$254.7 |

^ Expenditure estimates are based on latest available data

* Includes Ballina, Lennox Head-Skennars Head and Ballina region SA2s

Source: Tourism Research Australia - International Visitor Survey & National Visitor Survey; MacroPlan Dimasi

Section 3: Competition

This section of the report outlines the current and future competitive environment within which the proposed Skennars Head centre will operate.

3.1 Existing competition

Although located outside of the main trade area, Ballina contains the largest concentration of retail facilities within the region. Major retail facilities are located around Kerr Street, creating a broader critical mass at the precinct, including:

- **Ballina Fair** is located on the western side of Kerr Street. The 13,500 sq.m enclosed mall is anchored by a Target dds and a Woolworths supermarket, as well as Best & Less and a range of specialty retailers. The centre also includes the only cinemas in Ballina.
- **Ballina Central** is located on the eastern side of Kerr Street. This centre comprises 14,100 sq.m of retail floorspace and is anchored by a Big W dds and a Ritchie's Supa IGA supermarket. The specialty mix includes a number of food and beverage tenants.
- **Ballina Kmart** is situated immediately south of Ballina Central on Kerr Street. The 9,500 sq.m centre is anchored by a Kmart dds and a Coles supermarket and includes a First Choice liquor store.

The balance of the retail floorspace in Ballina is provided within the Ballina Town Centre, along River Street to the south of the Kerr Street precinct, and includes a Woolworths supermarket. There is also an Aldi supermarket on the north-eastern corner of the Pacific Highway and Southern Cross Drive, which is located in close proximity to a number of bulky goods retailers.

Retail facilities within the trade area include:

- A small neighbourhood centre located 3.5 km south west of Skennars Head, in the primary sector, at **East Ballina** which is anchored by a small Foodworks store (of less than 500 sq.m).
- An IGA supermarket (around 500 sq.m) at **Lennox Head** located around 5 km north of Skennars Head, in the secondary far north sector, which forms part of a larger retail strip located along Ballina Street, which provides for the convenience and top-up shopping needs of local residents.

Neither of the existing retail centres/precincts within the main trade area provides a major supermarket. Within the combined main trade area, with an existing population of around 13,000 people increasing to over 18,000 people by 2031, there is clearly a gap in this market for additional supermarket facilities.

| Table 3.1 Skennars Head - schedule of competing retail facilities | | | |
|--|-------------------------|------------------------|---|
| Centre | Retail GLA (sq.m) | Major traders | Dist. by road from Skennars Head (km) |
| Within trade area | | | |
| East Ballina | 1,500 | Foodworks | 3.5 |
| Lennox Head | 5,000 | IGA | 5.0 |
| Beyond trade area | | | |
| Ballina | 67,100 | | 7.0-7.5 |
| • Ballina Fair | 13,500 | Target, Woolworths | |
| • Ballina Central | 14,100 | Big W, Supa IGA | |
| • Ballina Kmart | 9,500 | Kmart, Coles | |
| • Other | 30,000 | Woolworths, Aldi, Spar | |
| Future retail facilities | | | |
| Epiq Lennox Head* | 4,500 | Supermarket (p) | 4.5 |
| * A supermarket anchored centre is assumed at Epiq Lennox Head neighbourhood centre - estimated retail floorspace Source: Property Council of Australia; MacroPlan Dimasi | | | |

3.2 Proposed competition

There is a large B1 – Neighbourhood Centre site identified within the master-planned development at Epiq Lennox Head. Previous plans for this centre have identified a full-line supermarket as part of this development. For the purpose of this assessment we have assumed that a full-line supermarket (of around 3,200 sq.m) and supporting specialty retail totalling around 4,500 sq.m is developed prior to the Skennars Head centre.

However the proposed retail centre at Epiq is poorly located, given its internalised location and lack of main road exposure, and is not well situated to serve the growing main trade area population. Further we believe that the proposed subject centre is likely to struggle to attract one of the major supermarket tenants (Coles, Woolworths or Aldi) to this site in the current climate. The implications of this centre not progressing in the form assumed above, for the proposed retail facilities at Skennars Head, are outlined in Section 4.

Section 4: Retail market gap and development potential

This section of the report considers the appropriate scale and composition of retail facilities at the proposed Skennars Head centre, as well as examining the centre's sales potential. In order to support our recommendations as to the appropriate size and composition of the neighbourhood centre development at the subject site we have also examined a range of case study examples across Australia.

4.1 Skennars Head market potential

The amount of floorspace which can be supported at the proposed Skennars Head retail centre, and which will be appropriate to meet the needs of the trade area population, will be driven primarily by the level of retail sales which the centre can reasonably expect to retain from the pool of available expenditure generated by the trade area population.

Table 4.1 provides an indicative assessment of the volume of sales, by retail category, which the Skennars Head retail centre could reasonably expect to retain from the trade area population, taking into account the planned nature of the centre in the foreseeable future, as well as the nature and extent of the trade area.

These indicative estimates also take into account the competitive framework in which the Skennars Head centre will operate, having regard to the surrounding alternative offers discussed in Section 3 earlier.

The Skennars Head centre will be able to retain a reasonable proportion of the food and grocery spending of primary trade area residents, and will also be able to attract a relatively large proportion of primary trade area residents' spending on food catering (take-away food, cafés and restaurants); general retail (pharmacy, florist, toys, discount variety); and retail services (key cutting, hair & beauty, clothing alterations, shoe repairs, etc). Similarly, the centre should also be able to draw reasonable trade from the secondary south sector.

However, the respective retention rates which are considered achievable by the subject centre from the secondary north and far north sectors allow for alternative retail facilities in those sectors prior to the development of the Skennars Head retail centre. The ability of Skennars Head to retain strongly from the secondary north and far north sector will be constrained by the location of a proposed neighbourhood centre anchored by a full-line supermarket within the Epiq development at Lennox Head, as well as the existing IGA and surrounding retail strip located along Ballina Street at Lennox Head.

Table 4.1 takes all of these factors into account in providing indicative estimates of the sales potential for the subject centre by retail category for the defined trade area, based on estimated market shares of available retail expenditure, by category and by trade area sectors, which the centre can attract.

The majority of retail expenditure that the Skennars Head retail centre can expect to retain from trade area residents will be in the Food & Liquor category (FLG), which includes expenditure on food and groceries purchased for consumption at home, as well as packaged liquor. It does not include take-away food, café/restaurant expenditure, or liquor consumed on the premises, all of which fall within the food catering category. Across the total retail spectrum, the proportion of available retail expenditure which the centre is forecast to retain from the defined trade area is in the order of around 8%. This proportion increases to 13% – 14% across the primary sector, which is the key sector for the Skennars Head centre.

This means that 92% of all expenditure generated by residents in the main trade area would be directed to other retail facilities including IGA Lennox Head, as well as East Ballina, Ballina Town Centre and the Kerr Street retail precinct.

Table 4.1
Skennars Head MTA - potential retained retail expenditure by category (\$M), 2017-2031*

| Year ending June | FLG | Food catering | Total food | Apparel | HH goods | Leisure | General retail | Retail services | Total non-food | Total retail |
|--------------------------------------|--------------|---------------|-------------------|-------------|-------------|-------------|----------------|-----------------|-----------------------|---------------------|
| 2017 | 11.2 | 2.8 | 14.0 | 0.5 | 0.8 | 0.3 | 0.7 | 0.3 | 2.6 | 16.6 |
| 2018 | 11.5 | 2.8 | 14.3 | 0.5 | 0.8 | 0.3 | 0.7 | 0.3 | 2.7 | 17.0 |
| 2019 | 11.8 | 2.9 | 14.7 | 0.5 | 0.9 | 0.3 | 0.7 | 0.3 | 2.7 | 17.5 |
| 2020 | 12.2 | 3.0 | 15.2 | 0.5 | 0.9 | 0.3 | 0.8 | 0.3 | 2.8 | 18.0 |
| 2021 | 12.5 | 3.1 | 15.7 | 0.5 | 0.9 | 0.3 | 0.8 | 0.3 | 2.9 | 18.6 |
| 2022 | 12.9 | 3.3 | 16.2 | 0.5 | 0.9 | 0.4 | 0.8 | 0.3 | 3.0 | 19.2 |
| 2023 | 13.4 | 3.4 | 16.8 | 0.5 | 1.0 | 0.4 | 0.8 | 0.4 | 3.1 | 19.8 |
| 2024 | 13.9 | 3.5 | 17.4 | 0.6 | 1.0 | 0.4 | 0.8 | 0.4 | 3.2 | 20.6 |
| 2025 | 14.4 | 3.7 | 18.0 | 0.6 | 1.0 | 0.4 | 0.9 | 0.4 | 3.3 | 21.3 |
| 2026 | 14.9 | 3.8 | 18.7 | 0.6 | 1.1 | 0.4 | 0.9 | 0.4 | 3.4 | 22.1 |
| 2027 | 15.4 | 4.0 | 19.3 | 0.6 | 1.1 | 0.4 | 0.9 | 0.4 | 3.5 | 22.8 |
| 2028 | 15.8 | 4.1 | 19.9 | 0.6 | 1.1 | 0.4 | 0.9 | 0.4 | 3.5 | 23.4 |
| 2029 | 16.3 | 4.2 | 20.5 | 0.6 | 1.2 | 0.4 | 1.0 | 0.4 | 3.6 | 24.1 |
| 2030 | 16.7 | 4.4 | 21.1 | 0.6 | 1.2 | 0.4 | 1.0 | 0.4 | 3.7 | 24.8 |
| 2031 | 17.2 | 4.5 | 21.7 | 0.7 | 1.2 | 0.5 | 1.0 | 0.5 | 3.8 | 25.5 |
| % retail expenditure retained | | | | | | | | | | |
| Primary | 20.0% | 17.5% | 19.4% | 5.0% | 5.0% | 7.5% | 10.0% | 10.0% | 6.5% | 13.8% |
| Sec North | 7.5% | 5.0% | 6.9% | 0.5% | 0.5% | 0.5% | 1.0% | 1.0% | 0.6% | 4.1% |
| Sec Far North | 5.0% | 2.5% | 4.4% | 0.5% | 0.5% | 0.5% | 1.0% | 1.0% | 0.6% | 2.8% |
| Sec South | 15.0% | 12.5% | 14.4% | 2.0% | 2.0% | 3.0% | 5.0% | 5.0% | 2.8% | 9.5% |
| MTA | 12.8% | 10.3% | 12.2% | 2.3% | 2.3% | 3.3% | 4.9% | 4.8% | 3.0% | 8.2% |

*Constant 2015/16 dollars & including GST
Source: MacroPlan Dimasi

4.2 Supportable retail floorspace

Having addressed the market capture which the Skennars Head centre is considered able to achieve, Table 4.2 provides indicative estimates of the amounts of supportable retail floorspace for the subject centre on a year on year basis, taking into account the estimated levels of expenditure which the centre is considered likely to retain.

| Table 4.2 Skennars Head MTA - indicative supportable retained floorspace by category (sq.m), 2017-2031* | | | | | | | | | | |
|--|-------|------------------|-----------------------|---------|-------------|---------|-------------------|--------------------|---------------------------|-------------------------|
| Year ending June | FLG | Food catering | Total food | Apparel | HH goods | Leisure | General retail | Retail services | Total non-food | Total retail |
| 2017 | 1,178 | 423 | 1,600 | 102 | 197 | 58 | 101 | 54 | 513 | 2,114 |
| 2018 | 1,199 | 432 | 1,631 | 104 | 200 | 58 | 102 | 55 | 520 | 2,151 |
| 2019 | 1,225 | 444 | 1,668 | 105 | 204 | 59 | 104 | 56 | 529 | 2,197 |
| 2020 | 1,255 | 457 | 1,712 | 107 | 208 | 61 | 106 | 58 | 540 | 2,252 |
| 2021 | 1,287 | 471 | 1,758 | 109 | 213 | 62 | 108 | 59 | 551 | 2,309 |
| 2022 | 1,323 | 486 | 1,809 | 112 | 219 | 63 | 111 | 61 | 565 | 2,373 |
| 2023 | 1,363 | 503 | 1,865 | 115 | 225 | 65 | 113 | 62 | 580 | 2,445 |
| 2024 | 1,404 | 521 | 1,925 | 118 | 231 | 66 | 116 | 64 | 596 | 2,520 |
| 2025 | 1,447 | 539 | 1,986 | 121 | 238 | 68 | 119 | 66 | 612 | 2,598 |
| 2026 | 1,492 | 558 | 2,050 | 124 | 245 | 70 | 122 | 68 | 629 | 2,679 |
| 2027 | 1,532 | 576 | 2,108 | 126 | 251 | 71 | 125 | 70 | 643 | 2,751 |
| 2028 | 1,567 | 592 | 2,159 | 129 | 256 | 72 | 127 | 71 | 655 | 2,813 |
| 2029 | 1,603 | 608 | 2,211 | 131 | 261 | 74 | 129 | 73 | 667 | 2,878 |
| 2030 | 1,641 | 625 | 2,265 | 133 | 266 | 75 | 131 | 75 | 679 | 2,944 |
| 2031 | 1,679 | 642 | 2,321 | 135 | 271 | 76 | 133 | 76 | 691 | 3,012 |
| RTD* | 9,500 | 6,500 | 8,700 | 4,500 | 4,200 | 5,500 | 7,000 | 5,500 | 5,100 | 7,800 |
| *Retail Turnover Density - Turnover (\$) per sq.m in constant 2015/16 dollars Source: MacroPlan Dimasi | | | | | | | | | | |

Estimates of supportable floorspace figures in Table 4.2 are calculated by applying an average Retail Turnover Density (RTD) to the estimated available retail sales volume. The RTD is simply the level of sales per sq.m which it is considered new retailers at the proposed Skennars Head centre would need to achieve in order to create a successful centre. Adopted RTD levels range from \$9,500 per sq.m for retailers in FLG (including any supermarket provided) to \$4,200 per sq.m for homewares retailers. The resultant figures show the estimated supportable levels of floorspace, including any major (e.g. supermarket) or mini-major stores floorspace.

The estimated amount of supportable retail floorspace for the centre would be in the order of around 2,300 sq.m from 2021 onwards, with the bulk of that floorspace being allocated to take-home food and packaged liquor. In addition to the retail floorspace outlined in Table 4.2, a typical centre would also contain a further amount of non-retail floorspace. This would include facilities such as financial services (e.g. banks), medical/personal services, childcare centre, fitness centre, real estate agencies and other similar uses, which are found in centres of this nature to provide for an integrated and convenient destination for surrounding residents' daily use. The potential non-retail uses are discussed in more detail later in Section 4.4.

Supportable supermarket floorspace

The method outlined above, of applying typical retail turnover densities (RTDs) to the available retail expenditure, can provide general estimates of demand for each expenditure category and/or each broad retail type. Alternatively, an average floorspace provision per capita method can also be applied which provides estimates for particular retail formats (e.g. supermarket).

We have assessed this based on a rate of 0.4 sq.m per capita against the primary and main trade area. This is based on an average of 0.4 sq.m of supermarket floorspace per capita across non-metropolitan NSW. In outer suburban locations of metropolitan cities and in regional areas where land is generally more abundant the average per capita supermarket provision rate also tends to be around 0.4 sq.m per capita. Provision rates in excess of 0.4 sq.m per capita in growth areas is not unusual as supermarket facilities are often provided early to attract population and on the premise of serving future growth.

Table 4.3 compares the supermarket floorspace demand with the supply of supermarket floorspace within the main trade area, to provide an indicative assessment of the appropriate timing of supermarket facilities within the main trade area, as well as taking into account the proposed full line supermarket assumed to open at the Epiq neighbourhood centre prior to Skennars Head.

| Table 4.3 Skennars Head trade area - supermarket floorspace gap (2016 - 2031) | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|------------------------|
| Indicator/Category | 2016 | 2018 | 2021 | 2026 | 2031 | Tot. growth 2016-31 |
| <u>Est. population</u> | | | | | | |
| Primary sector | 4,300 | 4,400 | 4,700 | 5,450 | 5,950 | 1,650 |
| Total secondary sectors | <u>9,130</u> | <u>9,450</u> | <u>10,080</u> | <u>11,380</u> | <u>12,680</u> | <u>3,550</u> |
| Main trade area | 13,430 | 13,850 | 14,780 | 16,830 | 18,630 | 5,200 |
| <u>Est. retail demand per person (sq.m per capita)*</u> | | | | | | |
| Supermarket* | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | |
| <u>Est. retail smkt demand (sq.m.)</u> | | | | | | |
| PTA smkt demand | 1,720 | 1,760 | 1,880 | 2,180 | 2,380 | 660 |
| MTA smkt demand | 5,372 | 5,540 | 5,912 | 6,732 | 7,452 | 2,080 |
| <u>Est. retail smkt supply (sq.m.)</u> | | | | | | |
| PTA smkt supply** | <u>350</u> | <u>350</u> | <u>350</u> | <u>1,450</u> | <u>1,450</u> | |
| • Subject site | | | | 1,100 | | |
| MTA smkt supply*** | <u>850</u> | <u>850</u> | <u>4,050</u> | <u>5,150</u> | <u>5,150</u> | |
| • Epiq retail centre**** | | | 3,200 | | | |
| <u>Est. supermarket floorspace gap (sq.m)</u> | | | | | | |
| PTA smkt gap | 1,370 | 1,410 | 1,530 | 730 | 930 | |
| MTA smkt gap | 4,522 | 4,690 | 1,862 | 1,582 | 2,302 | |
| *Accounts for net outflows and inflows | | | | | | |
| **Includes existing Foodworks East Ballia (<500 sq.m). | | | | | | |
| ***Includes existing Foodworks at East Ballia (<500 sq.m) and IGA at Lennox Head | | | | | | |
| ****Allows for a 3,200 sq.m supermarket to be developed at Epiq Lennox Head around 2021. | | | | | | |
| Source: MacroPlan Dimasi | | | | | | |

As shown above, there is currently demand for over 5,300 sq.m of supermarket floorspace within the main trade area, which is forecast to increase to almost 7,500 sq.m by 2031. There is around 850 sq.m of existing supermarket supply within the main trade area, including the existing Foodworks at East Ballina and the IGA at Lennox Head. When the existing supply is compared with the existing demand, there is an identified market gap of around 1,370 sq.m within the primary sector in 2016, and around 4,520 sq.m within the main trade area. Over time this gap is forecast to increase to 6,600 sq.m within the main trade area, which shows that two additional supermarkets could be supported and planned for within the main trade area over the next 5-10 years.

Even allowing for a full-line supermarket within the proposed neighbourhood centre at Epiq Lennox Head by around 2021, Table 4.3 shows that in the short-medium term, a gap of around 1,900 sq.m would still exist for additional supermarket facilities across the main trade area. This indicates that a small supermarket (of around 1,100 sq.m) could be supportable in the trade area from 2021 onwards. However we have assumed that a small supermarket is likely to become supportable at the subject site by 2021/22 (with first year sales in 2022/23) when the core primary trade area population is expected to reach around 5,000 residents, with further sales support also coming from the combined secondary sectors.

The indicative timing suggested above will of course depend on the rates at which residential development within the area proceeds. However as a general guide, the centre should be developed sooner rather than later, which would stimulate the take-up of the residential development, as well as provide appropriate facilities and a community focus for the growing population.

As the above analysis shows that a small supermarket of around 1,100 sq.m could be supported now at the Skennars Head centre, which is most likely to be tenanted by an independent supermarket (such as IGA). We believe an independent supermarket operator would consider this location especially given the superior site attributes of the subject centre with good access and exposure to The Coast Road versus the inbound nature of the proposed retail centre at Epiq.

Although less likely to locate at the proposed Skennars Head centre, there are also other large fresh food retailers/grocers that could provide an alternative anchor tenant option, such as Harris Farm; About Life; The Standard Market Company (Ferry Road Markets and James Street Markets). These branded tenants tend to prefer a slightly smaller footprint (800 – 1,200 sq.m), and locate in boutique main streets, or in shopping centres with full-line supermarkets. However there are some instances of these tenants being the primary anchor in a retail centre but generally these will be in established/highly populated premium/affluent catchments, with a high proportion of young, health conscious working professionals.

Further, a supermarket of around this size (1,000 – 1,500 sq.m) would usually also be considered by Aldi. However given the existing location of Aldi along Tamarind Drive in Ballina, we do not believe that Aldi would be likely to prioritise a second store within the Ballina region.

Case studies

In order to contextualise the analysis outlined above, we have also examined a range of small neighbourhood centres in both Greenfield locations and in urban/established areas to provide some context to the scale and mix of retail and ancillary non-retail uses that could potentially be supported at the subject site.

Table 4.4 presents a summary of selected neighbourhood/local centres across Australia with small-medium sized supermarket anchors, with the key point outlined below:

- **Breakfast Point Village Centre** forms part the Breakfast Point residential urban renewal project, and is the key focal point of the estate. The centre is well designed and appears to trade reasonably successfully due in part to the isolated nature of the Breakfast Point estate and the critical mass of the supermarket anchor, which at 1,600 sq.m is sufficient to provide most convenience/top-up shopping items for local residents. The centre contains around 8 specialty retailers, including 4 cafes/restaurants as well as a dentist and childcare centre. In total, the centre contains around 3,145 sq.m of GLA including retail and non-retail tenants.
- **Ropes Crossing** is centrally located within the Ropes Crossing St Mary's, Sydney residential development area, where the centre serves the main convenience and top of surrounding local residents. The centre provides around 3,400 sq.m of retail floorspace, anchored by a Coles supermarket of 2,500 sq.m.
- **Wadalba Centre** is located within a growing residential area on the Central Coast, and includes a small Coles supermarket of around 1,500 sq.m, as well as 750 sq.m of specialty retail and 750 sq.m of non-retail floorspace. Nationally branded specialty tenants include Amcal Chemist.
- **Crace Central (ACT)** is a relatively new local centre built in the suburb of Crace, which is located in the northern growth area of Canberra. One of the major issues, historically, with the local centre network in Canberra has been a lack of critical mass, with particularly small supermarkets or food stores that do not provide a sufficient range of products. The Crace Central shopping centre contains a Supabarn supermarket of almost 1,500 sq.m, which is

very large in local centre hierarchy in Canberra, and provides a good anchor to support around 5 specialty shops as well as a 375 sq.m gym. The broader Crace local centre also contains a medical centre, and child care centre.

- **Casuarina Village** recently opened in early 2016, and provides a vibrant neighbourhood centre of around 3,600 sq.m, which is anchored by a 2,500 sq.m Coles supermarket. There is a strong mix of food and non-food retail specialties, including national tenants Rip Curl, Discount Drug Store and Liquorland. Non-retail uses within the centre include a medical centre, vet, real estate agent and Flight Centre.
- **Salt Village** is located at Casuarina in northern NSW, and serves both the surrounding residential estates, as well as the tourist market with a number of hotels located adjacent to the centre. The centre is anchored by a small IGA supermarket of around 500 sq.m, and provides a large range of retail specialties, with a strong focus on food catering tenants including restaurants, take-aways and cafés. Nationally branded apparel tenants Witchery and Sunburn are also located within the centre. Non-retail uses include the Salt Bar bistro / tavern, three travel agents/tour companies and a real estate agent.
- **Crestwood Plaza** is located in the suburb of Molendinar on the Gold Coast and comprises 3,650 sq.m of total floorspace, including a 1,400 sq.m Supa IGA supermarket. The centre has an extensive specialty retail offer, with a particularly strong range of food catering tenants. There is also a wide range of non-retail uses at the centre including a TAB, White Lady funerals, AJ Family Law and a medical centre.

Table 4.4
Small neighbourhood centres - composition and mix

| Category | Breakfast Point Village NSW | | Ropes Crossing Village NSW | | Wadalba Centre NSW | | Crace Central ACT | | Casuarina Village NSW | | Salt Village NSW | | Crestwood Plaza QLD | |
|---------------------------|--|--------------|---|--------------|---|--------------|--|--------------|---|--------------|---|--------------|--|--------------|
| Supermarket | IGA - 1,600 sq.m. | | Coles - 2,484 sq.m | | Coles - 1,500 sq.m | | Supabarn - 1,478 sq.m | | Coles - 2,500 sq.m | | IGA - 500 sq.m | | IGA - 1,400 sq.m | |
| Notes: | Solid, attractive local centre part of Breakfast Point estate in Sydney. | | Key focal point of estate. | | Small neighbourhood centre - includes Amcal chemist. | | Small supermarket centre developed as part of Masterplanned Crace estate. | | Well presented centre - Rip Curl and Discount Drug Store are key specialty tenants. | | Located within a holiday resort area, focus on dining. | | Local centre that provides good range of retail and non-retail uses. | |
| Zoning | B1 Neighbourhood Centre (Canada Bay) | | Regional Environment Plan (Blacktown/NSW) | | B2 Local Centre (Wyang) | | CZ4 Local Centre (ACT) | | B2 Local Centre (Tweed) | | SP3 Tourist (Tweed) | | Neighbourhood Centre (Gold Coast) | |
| Centre mix | No. tenants | Sq.m | No. tenants | Sq.m | No. tenants | Sq.m | No. tenants | Sq.m | No. tenants | Sq.m | No. tenants | Sq.m | No. tenants | Sq.m |
| Supermarket | 1 | 1,600 | 1 | 2,484 | 1 | 1,500 | 1 | 1,478 | 1 | 2,500 | 1 | 500 | 1 | 1,400 |
| Retail specialties | 8 | 945 | 8 | 890 | 7 | 750 | 5 | 597 | 10 | 1,100 | 12 | 1,200 | 15 | 1,490 |
| Food retail | | | 1 | 100 | 1 | 150 | | | 3 | 400 | 1 | 100 | 1 | 200 |
| Food catering | 4 | 545 | 3 | 235 | 3 | 300 | 3 | 300 | 2 | 100 | 7 | 700 | 10 | 960 |
| Apparel | 2 | 200 | | | | | | | 1 | 200 | 2 | 200 | | |
| Household goods | | | | | | | | | | | | | | |
| Leisure | | | 1 | 95 | 1 | 100 | | | | | | | | |
| General retail | | | 1 | 260 | 1 | 100 | | | 1 | 150 | | | 1 | 80 |
| Retail services | 2 | 200 | 2 | 200 | 1 | 100 | 2 | 297 | 3 | 250 | 2 | 200 | 3 | 250 |
| Total retail | 9 | 2,545 | 9 | 3,374 | 8 | 2,250 | 6 | 2,075 | 11 | 3,600 | 13 | 1,700 | 16 | 2,890 |
| Non-retail | 2 | 500 | 2 | 24 | 4 | 750 | 1 | 375 | 4 | 400 | 5 | 900 | 7 | 760 |
| Total asset | 11 | 3,145 | 11 | 3,398 | 12 | 3,000 | 7 | 2,450 | 15 | 4,000 | 18 | 2,600 | 23 | 3,650 |
| Other uses / Non-retail | Included in retail asset - child care centre, dentist | | Childcare centre, medical centre, community hub | | Medical centre, pathology, dentist and child care form part of centre | | Includes 375 sq.m gym. Child care centre & medical centre also in precinct | | Included in retail asset - medical centre, vet, real estate, travel agent | | Included in retail asset - tavern, real estate, travel agents | | Included in retail asset - TAB, medical centre, funerals, lawyer | |

Source: MacroPlan Dimasi

We make the following comments in relation to the centres outlined in above and in Table 4.4:

- Similar centres generally tend to be anchored by a supermarket of between 500 – 2,500 sq.m (averaging around 1,600 sq.m), and are anchored by both major and independent supermarket operators.
- Centres provide on average around 1,000 sq.m of specialty retail, with some centres providing up to 1,500 sq.m of retail specialty. Specialty retailers comprise mainly food retail, general retail and retail services, as well as a solid food catering offer. While tenants in the household goods category tend to be limited.
- Non-retail floorspace averages around 500 sq.m, but can range up to around 1,000 sq.m.
- Total centre floorspace ranges from around 2,500 sq.m up to 4,000 sq.m.

Recommend centre composition

Based on the above analysis and information on similar centres, a 1,100 sq.m supermarket and around 1,000 sq.m of specialty retail, with the retail floorspace totalling around 2,100 sq.m could be supported at the subject site. In addition around 900 sq.m of non-retail floorspace (including medical, child care, gym and commercial uses), with total floorspace of 3,000 sq.m.

Recommend specialty scale and mix

The amount of specialty shop space that can be successfully incorporated at the proposed Skennars Head centre will be in large part dependent on the level of supermarket sales at the site. The key principle in the success of any shopping centre is that the anchor tenants act as the customer generators, with the specialty shops then feeding off the customer flows created by the major traders.

In determining the provision and mix of supportable retail specialty floorspace at the Skennars Head centre, we have had regard to the following:

- The nature of the centre, as a supermarket-anchored centre which will focus on serving the food and convenience needs of the surrounding population, particularly in the primary trade area sector.
- The nature of the defined catchment, which is planned to experience continued residential growth in the future, accommodating young and large families.
- The locations of the major competing retail facilities in the region.
- The location of the centre adjacent to the coastline and Sharpes Beach, and with good access and exposure to The Coast Road.
- A consideration of the composition and performance of supermarket based centres across Australia.

Whilst the available trade area population within the forecast period is a significant population base, the small supermarket anchored centre at Skennars Head would be unlikely to successfully support a large amount of non-food operators, given its scale and role is more suited as a food and convenience centre. The analysis in Table 4.2 shows that at 2023, the approximate amount of non-food retail floorspace which the Skennars Head centre could support would be in the order of 500-600 sq.m, but distributed across the various non-food retail categories, namely apparel, household goods, leisure goods, general retail and retail services. In effect, the amount of non-food floorspace supportable at the Skennars Head

centre is significantly constrained by the provision of higher-order centres located beyond the trade area, namely within Ballina.

Taking the above into account, we consider that a provision of retail specialty floorspace in the order of 1,000 sq.m would be supportable at the Skennars Head centre, where similar centre case studies show that this level of retail specialty shops can be supported at a centre anchored by a smaller supermarket.

The key components of the retail specialty mix would include the following:

- Food retail – 1-2 fresh food operators, including a bakery, butcher or poultry operator, as well as a liquor store. These tenants should be located ideally in close proximity to the supermarket, creating a modern fresh food precinct.
- Food catering – the smaller centre should still incorporate a number of takeaway food stores and casual cafés and restaurants (around 4), which would help to provide a community focus to the centre. This could include a pad site for a food catering tenant (such as McDonald's, Red Rooster, Zambrero's, etc.) in that provision.
- Apparel/household goods – The focus of the centre would be on food and convenience retailing, with limited opportunity to include retailers in these categories.
- General/leisure – Essential traders in these categories include a pharmacy and a newsagency, which should ideally be provided in tenancies of around 100 sq.m.
- Retail services – The potential retail services include one hairdressing or beauty salon.

Other uses – commercial/non-retail

In addition to the provision of retail specialty floorspace, the proposed Skennars Head centre would support a range of non-retail service operators, to further enhance the convenience offer of the centre. The types of non-retail traders that could be included at the centre include banking facilities, real estate agents and travel agents. Other uses are also outlined below:

- Medical and allied health services providers – With a growing proportion of individual expenditure going to healthcare costs, medical facilities are increasingly important uses in centres around Australia. They play an important role in generating a steady flow of people to a region seven days a week, with obvious benefits for retailers and commercial establishments in an adjacent centre. Health facilities attract all population segments, though the most important customer groups are likely to be elderly residents and young families.

There is typically one GP provided per 1,000 persons across Australia, although this ratio varies depending on location, with provision rates in regional areas and growth areas typically lower (i.e. one GP for every 1,000 – 1,500 residents), and higher in metropolitan locations (i.e. one GP per 750 – 1,000 persons). In this context, the population across the main trade area, currently generates demand for around 13 GPs, and this is expected to increase to 18 by 2031, an increase of around 5 GPs.

Many small neighbourhood centres tend to provide medical facilities and pharmacies. A small medical /allied health offer could therefore be established at the Skennars Head centre, of around 200 – 250 sq.m. These facilities could include GP's, physiotherapists, podiatrists, psychologists, dentists, sports therapists, pathologists and veterinarians.

- Boutique offices/professional suites – Such floorspace would generally suit small personal/entrepreneurial businesses, such as accountants, lawyers, architects, and will increase the on-site daytime population base able to be served by the centre. In particular, this population would represent an added customer segment providing further sales support to the catered food component at Skennars Head centre.

- Childcare centre – Childcare facilities are typically well suited to growth areas, with newly developed Greenfield areas attracting young families and couples intending to start a family. Locating this type of facility close to activity centres capitalises on the generally ‘time poor’ nature of parents of young children, many of whom are likely to value the convenience of a retail centre adjacent to their childcare centre.

For a given population there is generally demand for one child care place per 6 - 7 children aged 0 - 4 years of age. Generally around 7% of a given population is aged 0 – 4 years of age and we expect the new residents in the area will include singles, couples as well as young families. The main trade area population is expected to grow by around 5,500 persons over the next 15 years, which would generate demand equivalent to around 50 child care places over this time.

While there is a solid provision of existing childcare centres in the surrounding region, with future growth in demand, we consider there may be some opportunity for a small child care facility at the subject site. A facility of around 15 - 20 places is recommended, which would be around 200 – 250 sq.m of building area.

- Gymnasium/wellness facilities – Skennars Head could also be a suitable location to accommodate a full-service gymnasium or 24-hour gymnasium (e.g. Anytime Fitness).

4.3 Estimated sales potential

The analysis outlined in the previous Sections 4.1 and 4.2 details the approximate sales volume which the Skennars Head centre could expect to retain given the available trade area retail expenditure, and the consequent levels of retail floorspace across each of the seven various categories which such sales volumes could then support.

The development of retail centres in practice though is not quite as straightforward. There are many other real world factors which serve to make the planning and development of effective retail centres rather more complex. The three most important of these other factors are the site features; the commerce of construction cost, income and value; and most importantly the availability of major tenants to successfully anchor the new retail development.

Table 4.5 presents our estimates of total centre sales potential at the proposed Skennars Head centre. Potential centre sales are estimated at around \$17 – \$18 million (in constant dollars), including around \$6.5 million in specialty sales, reflecting an initial average trading level of around \$6,500 per sq.m for the retail specialty floorspace.

| Table 4.5 | | | |
|---|---------------|------------------------|-------------------------|
| Skennars Head - Centre sales potential by retail category, 2022/23* | | | |
| Category | Skennars Head | | |
| | GLA (sq.m) | Est. sales (\$'000) | Est. sales (\$/sq.m) |
| <u>Major tenants</u> | | | |
| Supermarket | 1,100 | 11,000 | 10,000 |
| Retail specialties | <u>1,000</u> | <u>6,500</u> | <u>6,500</u> |
| Total centre - retail | 2,100 | 17,500 | 8,333 |
| <i>*Constant 2015/16 dollars & including GST</i> | | | |
| <i>Source: MacroPlan Dimasi</i> | | | |

The above sales estimates assume a full-line supermarket anchored centre at Epiq Lennox Head.

4.4 Designated centre location

Regardless of the location of the designated retail centre within Skennars Head Coastal Village, there is clearly an under-supply of supermarket facilities across the main trade area, and a small supermarket of around 1,100 sq.m could be supported at the proposed centre. In addition, we consider that a provision of retail specialty floorspace in the order of 1,000 sq.m would also be supportable at the Skennars Head centre.

Therefore this assessment supports to relocation of the currently designated retail site (i.e. a small B1 zone of around 2,000 sq.m) on the northern side of the main internal access route, to the southern site which would facilitate the development of a proposed centre of 3,000 sq.m (including around 900 sq.m of non-retail floorspace). We consider the proposed development to be in line with the intent of the B1 zone.

Section 5: Impacts on centres hierarchy

This section of the report presents our estimates of indicative trading impacts (based largely on a qualitative assessment) on the surrounding retail/centres hierarchy and discusses the implications of these impacts.

5.1 Purpose of an impact assessment

The purpose of an impact assessment is to provide guidance as to whether or not there is likely to be a net community benefit or disbenefit from any proposed development. In particular, if there is a real possibility of some existing facilities potentially being impacted to such a degree that they may be lost to the community and if the service or services provided by those facilities are not at the very least replaced by the proposed new facilities, then a community disbenefit could result.

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, or whether any future centres will have their future role and function threatened, we have estimated likely indicative impacts that we expect across the surrounding competitive network that could result from the proposed retail centre development at Skennars Head.

These estimates provide indications as to whether the scale of the proposed retail development is reasonable and whether any surrounding centres are likely to be at risk to the extent that the community would suffer a net disbenefit, attributable to the proposed retail development. In considering likely impacts on any individual centre or individual retailer, it must first be acknowledged that such estimation can only realistically expect to provide a broad indication of likely outcomes, since there are many factors which can change in response to any new retail development, and which will have a bearing on the consequent outcomes. The competitive response of each relevant centre or trader is one such factor, as are further redevelopments/improvements which one or more of the competitive network of centres might implement.

5.2 Impact assessment and implications

The following factors are typically considered when assessing the potential impacts of a new centre on each existing facility or centre:

- The distance of the (impacted) centre, or retail precinct, by road, from the proposed development.
- The size of the centre or precinct, in terms of total retail floorspace.
- The amount of supermarket and major tenant floorspace, and brands of these supermarkets.
- The role and function of the centre or precinct.
- Relative accessibility and relative convenience compared with the proposed retail development.
- The share of available expenditure which the centre/precinct attracts from the identified main trade area of the proposed development. A centre may not be situated in the identified trade area of the proposed development but its main trade area may extend to include parts, or all, of the trade area. For example, the trade area for large regional shopping centre typically includes several hundred thousand persons. Such a trade area is likely to include (partially or completely) trade areas for smaller convenience based centres, sub-regional centres, retail strips and stand-alone supermarkets.

The following key principles are then relied on when assessing the levels of impact that are likely to be absorbed by existing facilities/centres:

- The greatest impacts are typically absorbed by the closest comparable centres. For example, a centre that expands from a supermarket based neighbourhood centre to a sub-regional centre is generally likely to impact the closest nearby sub-regional centres to the greatest extent, followed by impacts on other large supermarket based centres, and at the

lower end of the spectrum, by smaller scale supermarkets/food stores, which serve much more limited roles.

- Impacts on small scale, local supermarkets/food stores, tend to be relatively smaller in scale, as these stores normally attract a small market share of available main trade area expenditure and perform a different role and function in the hierarchy, often serving the local walkable catchments surrounding them, and/or serving more specialised/discerning needs (e.g. specialty food stores).

Table 5.1 shows presents a summary of the key metrics for the surrounding centres of relevance to the proposed development, and provides an indicative assessment of the likely order of trading impact on each of the identified centres. It should be noted that this assessment of indicative impacts is high level in nature and we have not specifically undertaken detail step-by-step modelling as part of this analysis.

| Table 5.1 Skennars Head - Estimated impacts on specific centres | | | | | |
|--|-------------------------------|--------------------------------------|-----------------------|--------------------------------|--|
| Centre | Dist. from site (km) | Floorspace Total GLA (sq.m) | Smkt GLA (sq.m) | Supermarket Brand | Indicative impact from Skennars Head |
| Within trade area | | | | | |
| Skennar Head (subject site) | - | 2,100 | 1,100 | Assumed independent | - |
| East Ballina | 3.5 | 1,500 | 350 | Foodworks | Negligible impact (<5%) |
| Epiq Lennox Head (p) | 4.5 | 4,500 | 3,200 | Assumed major | Moderate impact (c.10%) |
| Lennox Head | 5.0 | 5,000 | 500 | IGA | Minor impact (c.5%) |
| Beyond trade area | | | | | |
| Ballina Kerr Street Precinct | 7.0 | 37,100 | 11,300 | Woolworths, Coles, Supa IGA | Minor-moderate impact (5-10%) |
| Ballina Town Centre & Other | 7.0-7.5 | <u>30,000</u> | <u>4,400</u> | Woolworths, Aldi, Spar | Minor impact (c.5%) |
| Source: MacroPlan Dimasi | | | | | |

The key points to note regarding the estimated impacts across the surrounding network of centres, as presented in Table 5.1, include the following:

- The retail sector is dynamic, and the development of new retail facilities is linked to evident undersupply and/or growth in population. New players, new centres, new competition will seek to enter any retail hierarchy where there is a market gap and/or future population growth to support such development.
- It is stressed, however, as already noted previously in this report, that the high level impact assessment set out above should be regarded purely as a guide as to the likely order of trading impacts on the various existing centres. What is far more important in this instance is the fact that the relevant area is underprovided with retail facilities, and therefore, any resultant trading impacts from the improvement in the provision of such facilities, particularly modern sub-regional shopping facilities, is not in reality a negative economic impact as such – rather, it is an addition to net community benefit, for all the reasons set out in this report. There is more than ample available demand for all existing facilities to continue to trade successfully and viably – all they need to do is reasonably meet the needs and aspirations of trade area residents.
- Generally, retail trading impacts between 10% and 15% are considered by the industry to be significant but acceptable, with impacts less than 10% considered relatively moderate, and impacts less than 5% generally considered minor/negligible. However, other factors such as the current trading performance; expansions of centres; potential loss of services to the community; expected growth in the region; and overall net community benefit should be considered.
- The greatest % impact is expected to be absorbed by the proposed supermarket based centre at Epiq Lennox Head, which is one of the closest centres and is assumed to provide the most proximate full-line supermarket offer. This is likely to be the main destination for food and grocery shopping for residents of the main trade area. However an impact in the order of around 10% is considered moderate in nature.

- Impacts on the larger centres, beyond the trade area located within the Kerr Street precinct, providing the most comprehensive supermarket offer (Woolworths, Coles and Supa IGA), are expected to be between 5 – 10%, which is considered minor to moderate. These centres are likely to be used often for food and grocery shopping by residents of the main trade area.
- Given the Ballina Town Centre performs a different role and function to a convenience based neighbourhood centre, we expect impacts to be minor at around 5%. The retail facilities within the Ballina Town Centre also serve a much broader catchment than just the main trade area.
- Impacts on Lennox Head are expected to be minor at around 5%, as this centre will continue to serve its immediate local catchment for top-up grocery shopping, with the proposed retail facilities anticipated to only draw a very limited market shares from the secondary north and far north sectors, which are considered to be the primary catchment for Lennox Head. Lennox Head will continue to be the closest retail facilities for residents of the secondary north and far north sectors.
- We expect impacts on East Ballina to be negligible.
- A proportion of sales is also forecast to come from other centres and retail facilities.
- In summary, because there is a significant under-supply of supermarket facilities across the main trade area, the provision of new supermarket facilities will help to significantly reduce escape expenditure and reduce travel times and distances for shoppers.
- These estimated impacts across the identified centres are considered to be within an acceptable range. When considered in the context of the size, performance and role and function of surrounding centres, it would be highly unlikely to result in a material reduction of retail service provision in these centres.

Section 6: Other economic and community impacts

This section of the report examines the net community benefits associated with the proposed development, including employment generation and other economic and social benefits.

6.1 Employment benefits

The development of the proposed retail facilities at Skennars Head will result in additional on-going employment on site, as well as further jobs throughout the supply chain, including those in industries servicing the retail and commercial tenants at the site, such as transport workers, wholesalers and the like.

Furthermore, the construction phase of the project will support temporary construction related employment, and additional temporary jobs through the broader economic supply chain (i.e. multiplier impacts).

In estimating the various employment benefits, we have relied upon various data sources including information from supermarket operators, the ABS, state and local government agencies, as well as 30 years' of experience in preparing assessments of this nature.

Table 6.1 illustrates the estimated net increase in direct on-site retail employment that could potentially be created if the proposed development at the subject site were to proceed. An estimated 85 jobs could be created on site once the neighbourhood centre development is fully operational. Making an allowance of around 5% for employment being redirected from other centres, the proposed development could result in a net addition of 80 jobs.

| Table 6.1 Skennars Head - Estimated employment impacts | | | |
|---|--|---------------|-------------------------|
| Scenario | Estimated employment per '000 sq.m | GLA (sq.m) | Employment (persons) |
| Supermarket | 25 | 1,100 | 28 |
| Retail specialties | 30 | 1,000 | 30 |
| Non-retail floorspace | <u>30</u> | <u>900</u> | <u>27</u> |
| Total development | 28 | 3,000 | 85 |
| Net employment increase* | | | 80 |
| <i>Source: MacroPlan Dimasi</i> | | | |

6.2 Other community benefits

The proposed development at the subject site would generate a range of other economic/community benefits, in particular the following:

- Increased choice and amenity for the population of the main trade area as well as likely increased competition for the benefit of consumers.
- More convenient access to new food and grocery shopping facilities (including a small supermarket), and other supporting retail and non-retail services, to serve both the current residents of the main trade area and future residents. In particular where supermarket facilities are currently limited within the main trade area.
- Providing additional convenience retail to service a growing residential growth area, without reducing the level of service provision anywhere else, particularly within Lennox Head, East Ballina or the Ballina Town Centre and Kerr Street retail precinct.
- Reduced travel distances, leading to savings on time and fuel for main trade area residents, due to a much better provision of food and grocery shopping facilities at the local level.
- Provide facilities to service the local community who swim/surf at Sharpes Beach.
- Reinforces the retail hierarchy in the region by providing a greater range of retail amenity at an already identified centre location, without reducing the level of service provision anywhere else, nor preventing any future retail centres from establishing across the region.
- Opportunities for small businesses to open premises within the neighbourhood centre.
- Providing jobs near people's homes and consequent economic multiplier impacts, which will boost the local economy.