

KIAMA TOWN CENTRE

Economic Study



Prepared for Kiama Municipal Council

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Signature		Dated	28/02/19
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Report Details

Job Number	C19027
Version	FINAL
File Name	Kiama Town Centre Economic Study
Date Printed	28 February 2019

Executive Summary

Kiama's high quality coastal amenity combined with its proximity to Wollongong and Sydney and improved transport links has increased the pressure on the local housing market. Kiama town centre has the potential to contribute both to the supply of housing and employment helping meet the LGA's growing population and local economy.

This pressure from the housing sector has impacted the local character of the centre, with a number of new developments considered to be not-in-keeping with the desired future character of the centre. To assist Council in their planning and development assessment functions the need for a Town Centre Study was identified.

To inform the development of the Town Centre Study, HillPDA was commissioned by Council to undertake evidence based assessment of the centre and its economic performance. To meet the requirements of the study HillPDA undertook the following:

- An assessment of the current economic performance of the centre
- A review of current and future retail trends within the food and beverage sector
- Projected the future demand for commercial and retail floorspace requirements for the centre
- A review of the current commercial and retail market in the centre.

Kiama town centre

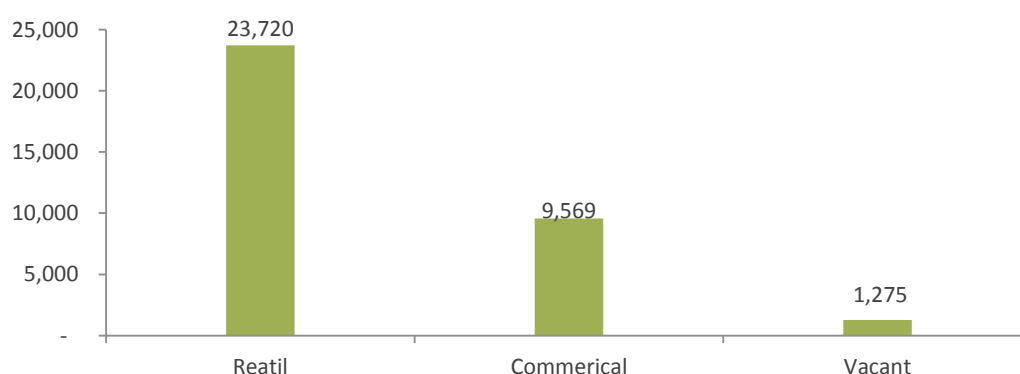
An audit of the town centre found that the centre provided a total of around 100,000sqm of mixed use floorspace.

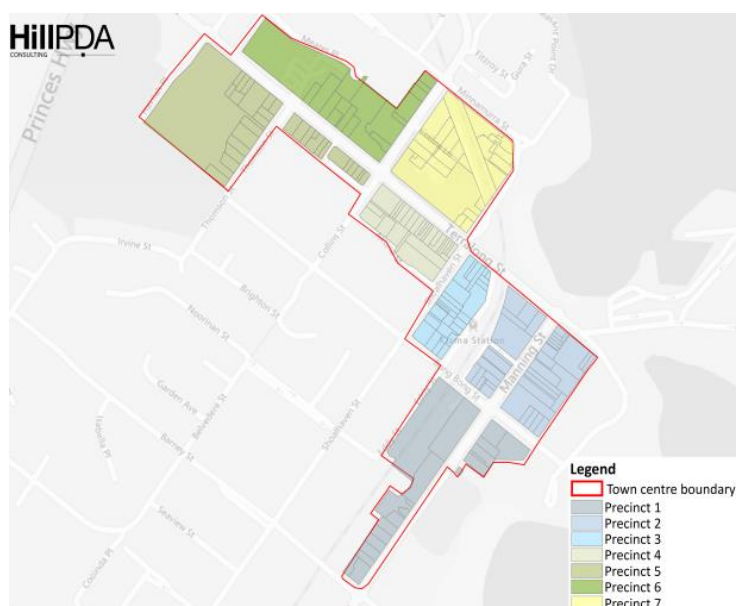
Of this total floorspace around 34,560sqm was attributed to commercial and retail uses including:

- 23,720sqm or 69% retail space
- 9,569sqm or 28% commercial space
- 1,275sqm or 4% vacant space.

There was also around 2,010sqm of commercial/retail floorspace under construction provided in the Bathers development, located along Manning Street. It has been assumed that this would be split between commercial and retail end uses.

Of the current retail floorspace the majority (24%) is comprised of café and restaurant space. This would be expected given the town's seaside location and tourism trade. Supermarket, speciality non-food and persons services were the next largest retail categories.





To better understand any unique precincts or particular concentrations of floorspace, the town centre was divided into seven sub-precincts, as seen in the figure to the left.

This analysis found that sub-precincts 2 and 4 were the commercial core of the centre, being a highly sought after and concentrated location for commercial, retail and café/restaurant space.

The survey specifically found that the top three:

1. Retail sub-precincts were numbers 2, 4, and 6
2. Commercial sub-precincts were numbers 2, 4, and 5
3. Café/restaurant sub precincts were numbers 2, 4, and 7.

Existing economic environment

In 2016, Kiama LGA generated around 5,365 jobs which contributed \$697 million in gross value added (GVA) to the local economy. The majority of this economic activity (38% of employment and 41% of GVA) was generated in Kiama town centre highlighting its economic importance to the LGA.

Our review of socio-demographic data found the following key findings of relevance to the continued health of the town centre:

- Kiama's resident population has experienced significant ageing in recent years, with this trend forecast to continue. This trend will increase the demand for aged care and health related services which could be accommodated in the town centre or in close proximity
- Kiama has a highly educated local workforce, implying it could attract a higher proportion of skilled workers increasing demand for commercial related floorspace in the centre
- Higher average household incomes in Kiama, imply that a greater proportion could be directed towards discretionary spending, increasing demand for retail space in the centre
- Cafés and restaurants was the highest single employment industry in 2016, highlighting its economic importance to the centre and lifestyle attractor for the town centre
- The location of Council offices in the centre has a significant economic benefit to the centre through employment generation, increased activation and foot traffic generation
- Kiama LGA's overall employment containment rate is considered low (58%) for a regional area. However, commercial related industries generally have a high containment rate (above 70%) implying that increases in working aged residents may increase demand for commercial space in the LGA and the town centre
- Although international and domestic overnight tourists comprised 27% of total visitors to the LGA, they spent a combined 110 million or 68% of all expenditure spent in the LGA by visitors, highlighting their larger economic contribution and the importance of proving adequate and quality accommodation
- Provision of high quality accommodation in the centre may raise its profile increasing patronage rates & the economics flow on effects of tourism.

Food and beverage trends

As identified in the existing environment review of the town centre, the food and beverage sector plays a significant economic role in the centre. To better provide Council with an understanding of how this sector is evolving and how they can support its growth, we undertook a review of emerging trends.

This review identified five emerging trends that could be applicable to the future growth of the sector in the town centre, these being:

1. Food sustainability
2. The growth of healthy food options
3. Diversity of offer
4. E-commerce
5. Better designed eating experience.

From the review, we have identified some key ways Council could promote, host or provide a catalyst role in helping support local businesses leverage off these trends. These being:

- Helping connect local producers with café, hotel and restaurant operators in the centre
- Creating/promoting local branding such as Kiama or Illawarra made
- The possible inclusion of a microbrewery in the centre with food and beverage options, this could act as a key attractor to the centre and encourage evening/night time activity
- Connecting the retail strip/businesses with the towns natural assets, water bodies and scenic corridors
- Providing information or programs on how to set up a web presence and ensure high quality access to the internet
- Promoting and facilitating food and wine festivals, highlighting local produce and extending trading hours
- Provision of an additional supermarket preferably with a new format offer.

Retail floorspace requirements

From our audit, it was found that the centre contained around 23,720sqm of occupied floorspace with around 1,275sqm of vacant space also being present. A further 1,830sqm NLA was due for completion over the next year with a 50/50 split between commercial and retail space assumed.

Our retail demand modelling suggests that retail supply and demand in the centre is currently considered to be close to equilibrium. However over the next 18 years, without any further additions, there would be a supply deficit of around 6,630sqm.

From the table below the following conclusions are made:

- Current undersupply within the centre is considered minimal – equivalent to around six to eight small retail shops
- Current demand in supermarket/grocery floorspace is sufficient for the development of an additional supermarket – this would also strengthen the centres trade area and attractiveness to shoppers
- There is some current oversupply of café/restaurant space which is forecast to decrease over time. It's likely that restaurants and fast food premises are benefiting from the under supply of supermarket space since there is some direct competition
- There could be demand for an additional bulky goods or hardware store in the centre.

Please note that, although our modelling suggests that supply of café/restaurants is exceeding demand, initiatives to improve visitation rates and the night time economy would increase demand for such services – creating demand for additional space.

Table 1: Kiama town centre supply and demand by broad retail category

Retail category	Supply		Demand		Over/undersupply (+/-)	
	2018	2019+	2018	2036	2018	2036
Supermarkets & Grocery Stores	3,255	3,255	7,101	9,382	-3,846	-6,127
Specialties	7,302	8,216	5,972	7,580	1330	636
Café, restaurants, Hotels and Clubs	8,170	8,170	6,250	7,726	1,920	444
Personal services	2,785	2,785	2,172	2,777	613	9
Bulky goods	777	777	1,421	1,893	-644	-1,116
Clothing	1,590	1,590	1,387	1,779	203	-189
Vacant space*	1,273	1,273	1,209	1,557	64	-284
Total	25,152	26,066	25,512	32,693	-360	-6,627

Source: HillPDA

Commercial floorspace requirements

Our land use audit found that Kiama town centre currently contained around 9,570sqm of occupied commercial space with around 915sqm under construction. This would equate to around 10,485sqm of space provided in the centre over the coming years.

To project the future demand for additional commercial floorspace in the centre we projected employment within commercial industries using a population based method.

Specifically, to project the demand for commercial floorspace in the centre we undertook the following methodology:

1. Assessed population projections by age
2. Assessed and applied labour force status by age to population projections to forecast employment
3. Assessed and applied the proportion of employment in commercial industries to forecast employment
4. Applied commercial industry containment rates to forecast growth in commercial employment
5. Adjusted some commercial containment rates for an aspirational employment scenario
6. Applied observed commercial employment densities to determine floorspace demand
7. Subtracted current and pipeline floorspace from demand.

Applying the above steps we project that under a “Base Case” scenario commercial employment would increase from around 719 jobs in 2018 to around 776 jobs in 2036, an increase of around 57 jobs.

Applying observed commercial employment densities to this employment generation, we found that there is a current demand for 9,645sqm in the centre, increasing to around 11,485sqm by 2036. It is therefore considered that the centre is currently in equilibrium with demand.

However, even accounting for the Bathers development, over the next 18 years demand for an additional 572sqm of commercial floorspace is forecast in the centre. This is equivalent to around 32sqm per annum.

As previously identified, some industries in Kiama currently have low containment rates. As such, we adjusted some commercial containment rates to an overall rate of 80%. This was undertaken to assess the potential demand if this “Aspirational” scenario could be achieved.

Under this scenario commercial employment would increase from around 810 jobs in 2018 to around 961 jobs in 2036.

Applying commercial employment densities, we found that there would be a current demand for 10,876sqm in the centre, increasing to around 12,468sqm by 2036.

As such, the centre would have a current undersupply of around 1,310sqm, increasing to 1,986sqm by 2036. This would be equivalent to a demand of around 110sqm per annum.

Market assessment

Agents indicated that performance in the centre is forecast to improve, in around two years, with a number of developments either due for completion or in the pipeline. Demand for new space ranged between 100-300sqm. Rents along the strip are varied with prices depending on the location and quality of fit out. The prime location is Terralong Street between Shoalhaven and Thompson Streets. Demand for first floor commercial space is mixed with local agents suggesting that it is difficult to sell first floor commercial space, given the low market rents achieved in the centre. Currently, professional services that are located on ground floor are content paying ground floor rates, with little incentive to relocate above ground.

A current trend identified among locals is to work from home with commercial operators adding an additional structure to their place of residence or repurposing a spare room. If this trend increases it would decrease the amount of additional commercial floorspace required to be accommodated in the centre.

Residents choosing to work from home may also be a result of the lack of affordable space in the town centre.

We know in our experience the development of first floor commercial space in regional locations is often difficult to achieve viability, in most cases commercial space needs to be subsidised by residential through increased planning controls (FSR/building height).

From a redevelopment perspective the end sale value of commercial ranges between \$3,400/sqm NLA to \$4,500/sqm NLA, while residential is achieving between \$8,200/sqm NLA to \$11,100/sqm NLA. Therefore there would be little incentive for a developer to incorporate commercial into new development.

The requirement that first floor should be commercial space in a blanket approach for the town centre, without any viability testing, should be avoided. With the absence of testing for viability, it may be better to apply the 'look and see' approach as new development in the town centre is completed, which will assist in the viability of retail trade, increasing rents/ asset values.

Encouraging specific businesses to locate in the area is difficult. Businesses will tend to choose their location based on a variety of individual factors such as style, identity, skill base, demographics, accessibility, competition, proximity to other businesses, utilities, rents, infrastructure, and ordinance. To support new investment, a clear vision and direction for the study area can be embedded in the planning framework. Maintaining flexibility in the size of and variety of floor plates will be important to attract the greatest diversity of uses. Protecting the existing supply of commercial floorspace will also be important so not to adversely affect rents and the affordability of the location.

One strategy the Council could use is to provide a bonus FSR and height for developments that incorporate additional commercial GFA. It should be worth noting that not all developers may utilise a bonus FSR incentive as the cost to acquire a site may have reduced their profit margin, therefore they would prefer 1st floor residential over commercial.

A second strategy is Council can designate an employment area for Commercial businesses behind the retail strips similar to Military Road in Neutral Bay which is zoned B4 Mixed Use, or a B6 Enterprise Corridor near the town centre. This employment area could again be hampered by the viability of providing commercial space over residential space.

From our discussion it was noted that land uses that were absent or sought after in the centre included:

- A competing or second supermarket – such as Aldi, Supa-IGA or Coles
- Childcare in the town centre – one facility is available
- Quality accommodation i.e. hotel/motel
- Hardware store
- Speciality and discretionary retailing such as fashion.

The need for an additional supermarket and possible hardware store were also identified in our retail demand modelling. The development of these land uses would further strengthen the centres competitiveness position in the Illawarra and LGA. While the provision of additional high quality accommodation in the centre would raise its profile, with increased tourism also having additional positive economic flow-on benefits.

INTRODUCTION

1.0 INTRODUCTION

Kiama town centre is located in Kiama Local Government Area (LGA), in the southern part of the Illawarra. In 2016, the LGA generated around 5,365¹ jobs which contributed \$697 million in gross value added (GVA) to the local economy². The majority of this economic activity (38% of employment and 41% of GVA) was generated in Kiama town centre. Notwithstanding this, Kiama also fills an important role in providing retail and commercial services for the daily and weekly needs of the surrounding resident and worker population.

Town centres, such as Kiama, also provide an important focal point in promoting social cohesion and a local identity as residents often identify with their local centre as “their home” or “our village”. The continuation of this local identity and their function in providing a range of service are highly valued by the community.

Kiama’s high quality coastal amenity combined with its proximity to Wollongong and Sydney and improved transport links has increased the pressure on the local housing market. Kiama town centre has the potential to contribute both to the supply of housing and employment opportunities helping meet the LGA’s growing population and local economy.

However, a number of new developments are considered to be not-in-keeping with the desired future character of the centre.

In response, Kiama Municipal Council (Council) identified the need for the development of a Town Centre Study. It is intended that the study would be used to assist Council with its planning and development assessment functions, whilst also informing the direction of future strategic planning studies and policies.

1.1 Town Centre Study objectives

The primary objectives of the Town Centre Study are to:

- Accommodate growth in the town centre in a form that respects and supports the existing established character
- Facilitate the articulation of a clear direction on the future development of the town centre
- Provide a blue-print on where and how future development may best take place within the town centre
- Provide guidance and direction for the statutory planning functions of Council, especially with regard to the Local Environmental Plan (LEP) and Development Control Plan (DCP)
- Ensure that future development is financially viable, suits the needs of residents and is sustainable
- Facilitate the achievement of the underlying principles, as supported by Council, for the improvement of the town centre.

1.2 The economic study

To provide Council and the wider project team with an understanding as to the current economic performance and potential future demand for the centre, HillPDA was commissioned by Council to undertake an evidence based economic assessment of the centre (the study).

¹ 2016 ABS POW data

² REMPLAN, ABS Australian Industry tables 2016-17 – excludes industry value added from inadequately described or not stated employment

As stated, the study will inform the basis for the overall development of a vision and structure for the town centre. To meet the requirements of the economic project brief, this study undertook the following:

- An assessment of the current economic performance of the centre
- A review of current and future retail trends within the food and beverage sector
- Projection of the future demand for commercial and retail floorspace requirements for the centre
- A review of the current commercial and retail market in the centre
- Town centre boundary.

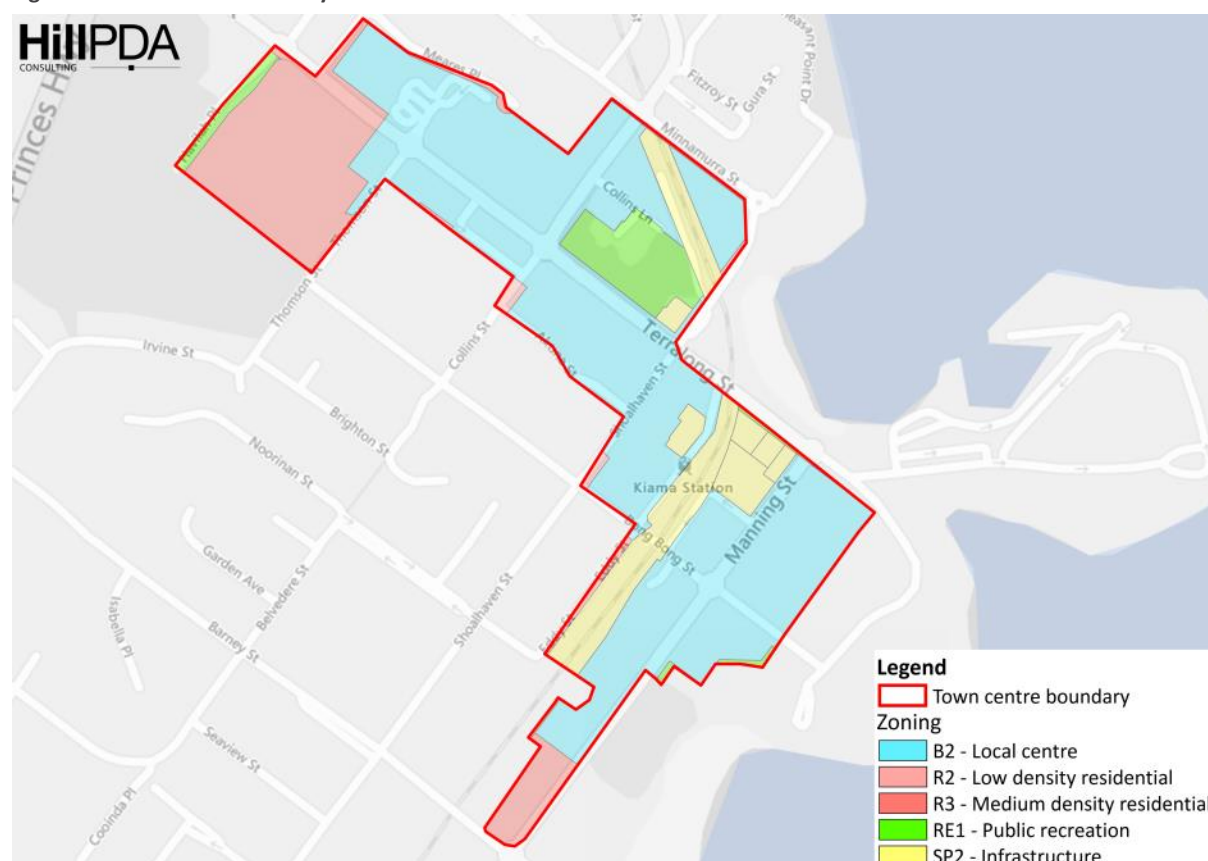
For the purpose of this study, Kiama town centre has been defined as the area encompassed by the red boundary in Figure 1 below, hence after referred to as the town centre.

The town centre predominately extends along Terralong Street and Manning Street. The town centre largely consists of land zoned B2 – Local Centre some parcels are zoned R2 residential, RE1 recreational and SP2 infrastructure.

A small amount of local centre zoned land is present outside of the town centre boundary. However, this land is predominantly occupied either by residential uses, is vacant land or has a church and, as such, would not significantly contribute to employment generation or floorspace provision within the town centre.

The exception to this is Akuna Court, immediately adjacent to the town centre boundary on the corner of Akuna Street and Shoalhaven Street. This building contains a mix of commercial and retail premises. For the purpose of the study it was included in the floorspace audit.

Figure 1: Town centre boundary



Source: HillPDA

1.3 Town centre floorspace provision

HillPDA undertook a land use survey of the town centre in October 2018. Standalone residential buildings were not included, with residential space in the below table being shop top housing.

The audit found that the centre provided a total of around 100,000sqm of floorspace.

Of this total floorspace around 34,560sqm was attributed to commercial and retail floorspace, of this:

- 23,720sqm or 69% was retail space
- 9,569sqm or 28% was commercial space
- 1,270sqm or 3.7% was vacant space.

The above is indicative of a healthy centre with a good mix of commercial and retail space, and adequate vacant space to allow new, or repositioning of, businesses within the centre.

There was also around 2,010sqm FGA of commercial/retail floorspace recently completed in the Bathers development, located along Manning Street. At the time of the survey it was still vacant. However, we have been informed that the majority has been leased.

Table 2: Land use and floorspace, Kiama town centre NSA

Land use	Area (sqm)
Retail	
Clothing	1,590
Persons services	2,625
Café/restaurant	5,630
Takeaway	475
Speciality food	1,387
Speciality non food	3,155
Supermarket	3,255
Specialties	2,285
Hotel/pub*	2,540
Bulky goods	272
Homeware	505
Subtotal	23,719
Commercial	
Financial	3,015
Medical	2,333
General commercial	2,936
Real estate	525
Commercial travel	325
Legal	435
Subtotal	9,569
Automotive	200
Accommodation	9,725
Aged care	30,000
Community	4,005
Education	200
Government	4,755
Residential (shop top)	14,512
Vacant	1,273
Vacant under construction**	1,830
Vacant land***	24,067
Total (excluding vacant land)	99,788

Of the current retail floorspace the majority (24%) is comprised of café and restaurant space. This would be expected given the town's seaside location and tourism trade. Supermarket, speciality non-food and persons services were the next largest retail categories.

Source: HillPDA 2018,

*eating and drinking areas of pubs/clubs

**includes the soon to be completed Bathers Development, which was vacant (soon to be occupied) at the time of the survey

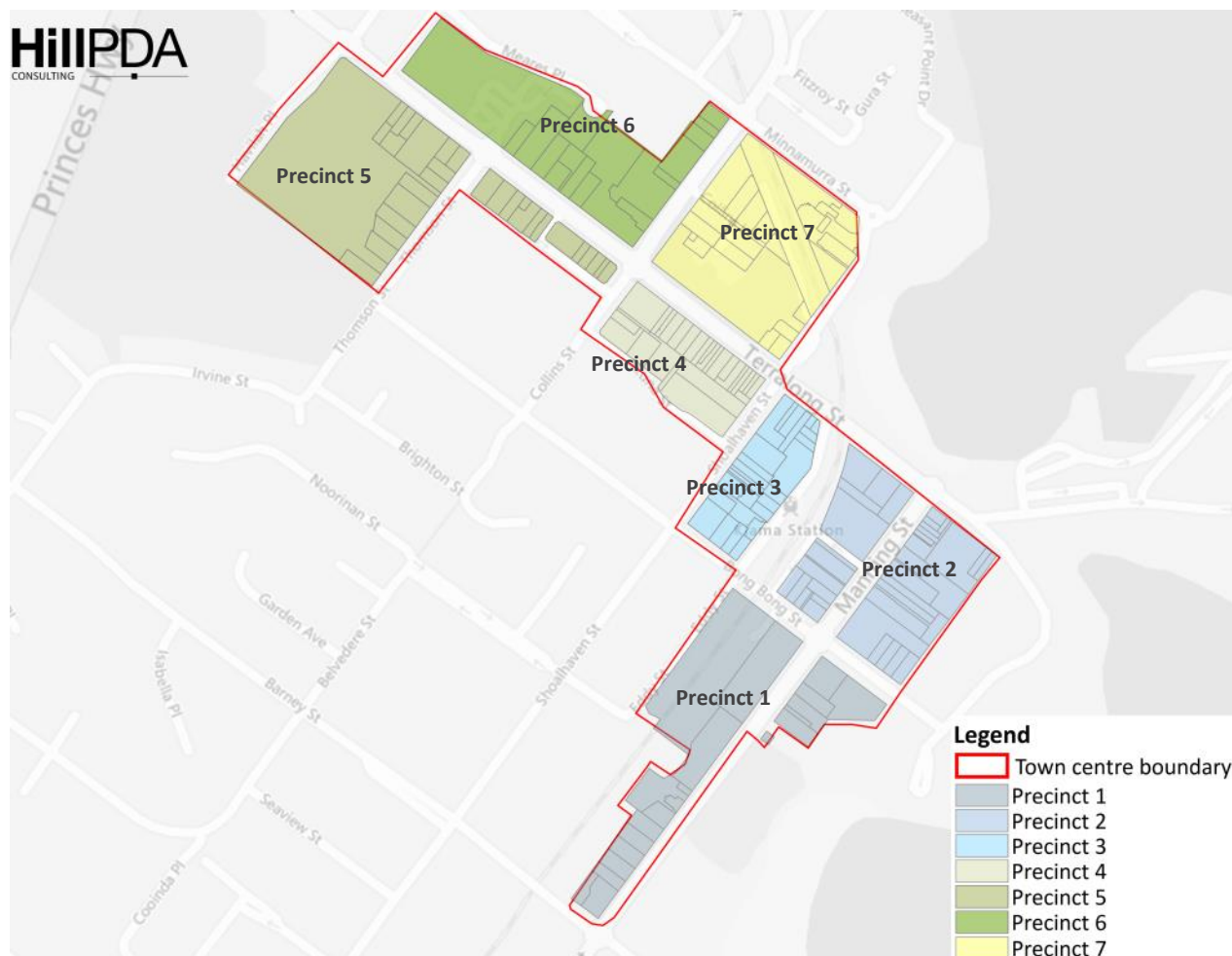
***includes 8,950sqm park

1.4 Town centre precincts

In undertaking our floorspace survey we divided the town centre into seven sub-precincts, as seen in Figure 2.

This analysis was undertaken to identify any local concentrations of retail or commercial services.

Figure 2: Kiama town centre land use audit sub-precincts



Source: HillPDA

The table below provides the commercial, retail and vacant floorspace contained in each of the seven sub-precincts.

The largest three sub-precincts, by total floorspace were:

1. Sub-precinct 6 with 11,265sqm of floorspace or 33%
2. Sub-precinct 4 with over 6,000sqm of floorspace or 16%
3. Sub-precinct 2 with over 5,600sqm of floorspace or 10%.

Of the total vacant floorspace (excluding that under construction), the majority was contained in:

1. Sub-precinct 4 with 570sqm equating to around 45% of total vacant space
2. Sub-precinct 2 with 490sqm equating to around 38% of total vacant space.

Table 3: Kiama town centre floorspace provision by sub-precinct

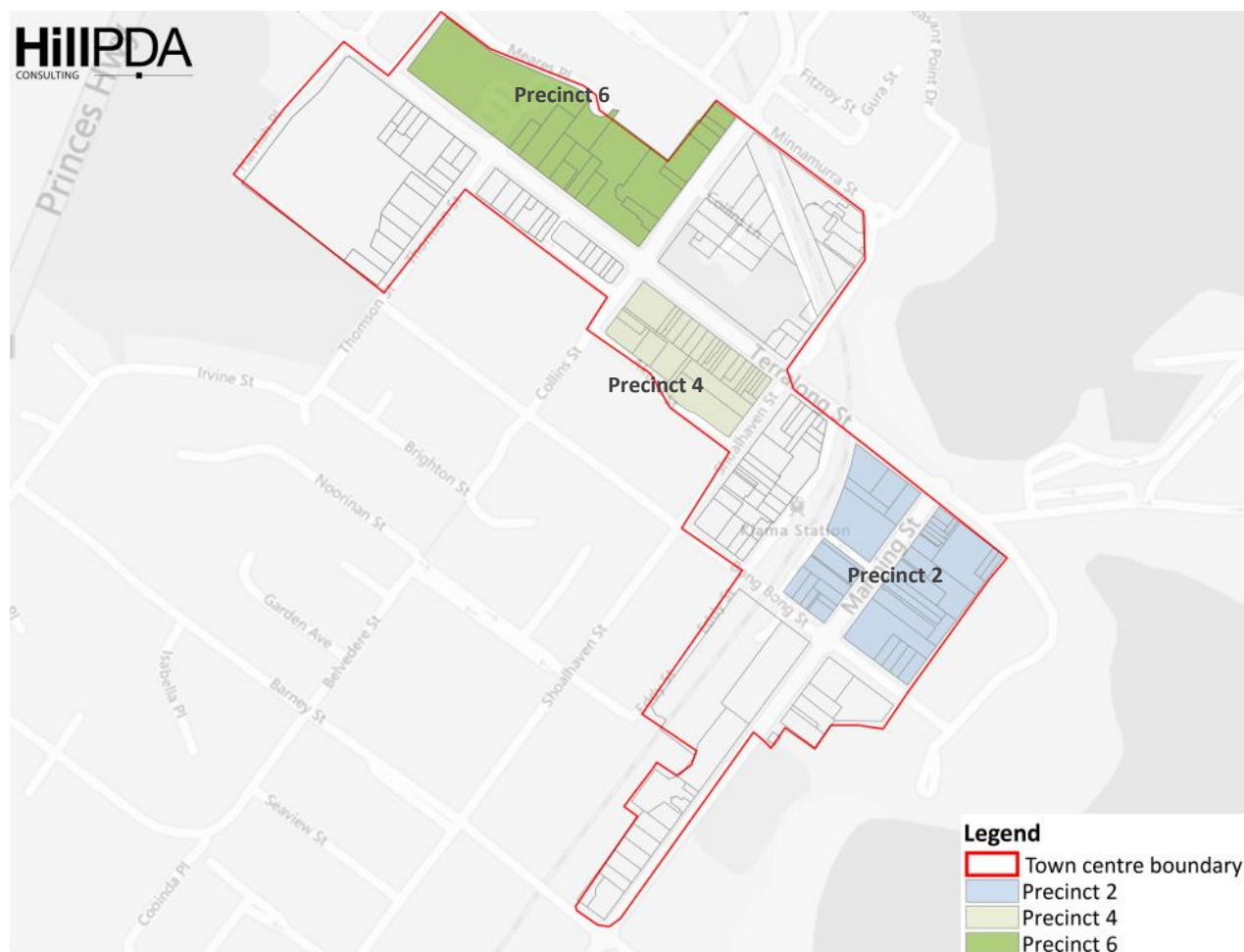
Land use	Sub-precinct						
	1	2	3	4	5	6	7
Retail							
Clothing	100	260		680	60	300	190
Persons services	215	320	165	640	955	60	140
Café/restaurant	630	995	770	1,010	270	850	1,105
Takeaway		75	100	200	100		
Speciality food		300	647	305	50		85
Speciality non food	400	60		865	915	445	470
Supermarket						3,255	
Specialties						2,285	
Hotel/pub		440				2,100	
Bulky goods	92					180	
Homeware				55		450	
Subtotal	1,437	2,450	1,682	3,755	2,350	9,925	1,990
Commercial							
Financial	115	1650	200	315	395	340	
Medical	930		240	230	280	590	63
General commercial		1010	275	480	440	400	331
Real estate				335	100		90
Commercial travel				165	160		
Legal				300	135		
Subtotal	1,045	2,660	715	1,825	1,510	1,330	484
Vacant floorspace		490	65	570	80	8	60
Total	2,482	5,600	2,462	6,150	3,940	11,263	2,534
Floorspace %							
Retail	58%	44%	68%	61%	60%	88%	79%
Commercial	42%	48%	29%	30%	38%	12%	19%
Vacancies	0%	9%	3%	9%	2%	0%	2%
Total	100%	100%	100%	100%	100%	100%	100%

Source: HillPDA

The largest three precincts, by total retail floorspace are highlighted in Figure 3 below. From the audit we found:

- Sub-precinct 6 contained the largest amount of retail floorspace, partly a result of the presence of the shopping centre
- The second most dense retail sub-precinct is the area along Terralong Street, between Collins and Shoalhaven Streets. This area receives significant foot traffic throughout the day – a key consideration for most retailers
- The third largest sub-precinct was number 3, with its proximity to Council, the railway station and beach likely key factors for the concentration of retailers here.

Figure 3: Kiama town centre top three retail sub-precincts



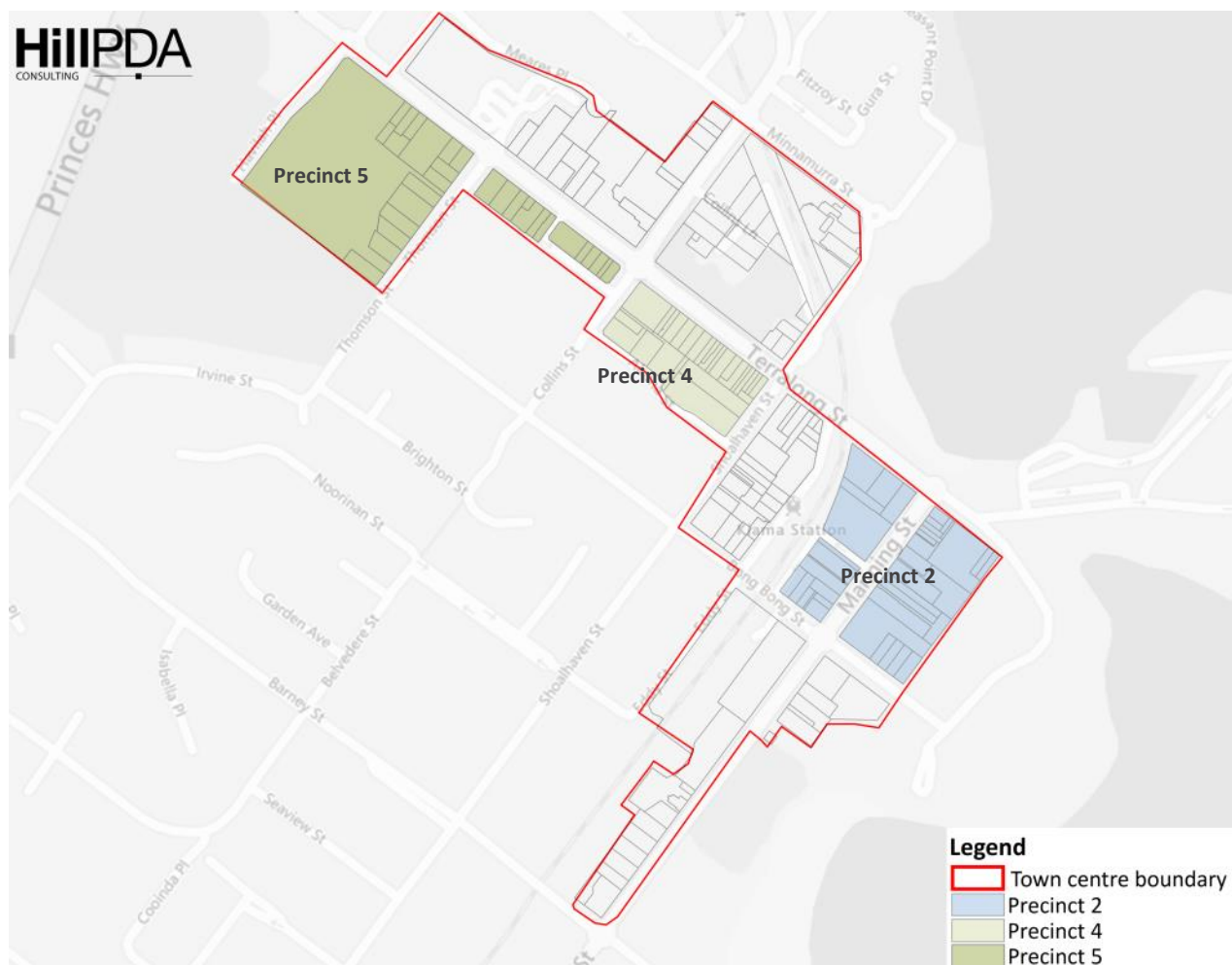
Source: HillPDA

The largest three sub-precincts, by total commercial floorspace are highlighted in Figure 4 below. From the audit we found:

- Sub-precinct 2 contained the largest amount of commercial floorspace, with the majority being financial and general commercial space. This area contains a number of banks, inclusion of Council would further increase its non-retail floorspace
- As with retail, the second densest commercial sub-precinct was number 4. This area is considered a prime location by both commercial and retail operators

- The third largest sub-precinct was number 5. The area contains a number of medical, financial and legal services.

Figure 4: Kiama town centre top three commercial sub-precincts

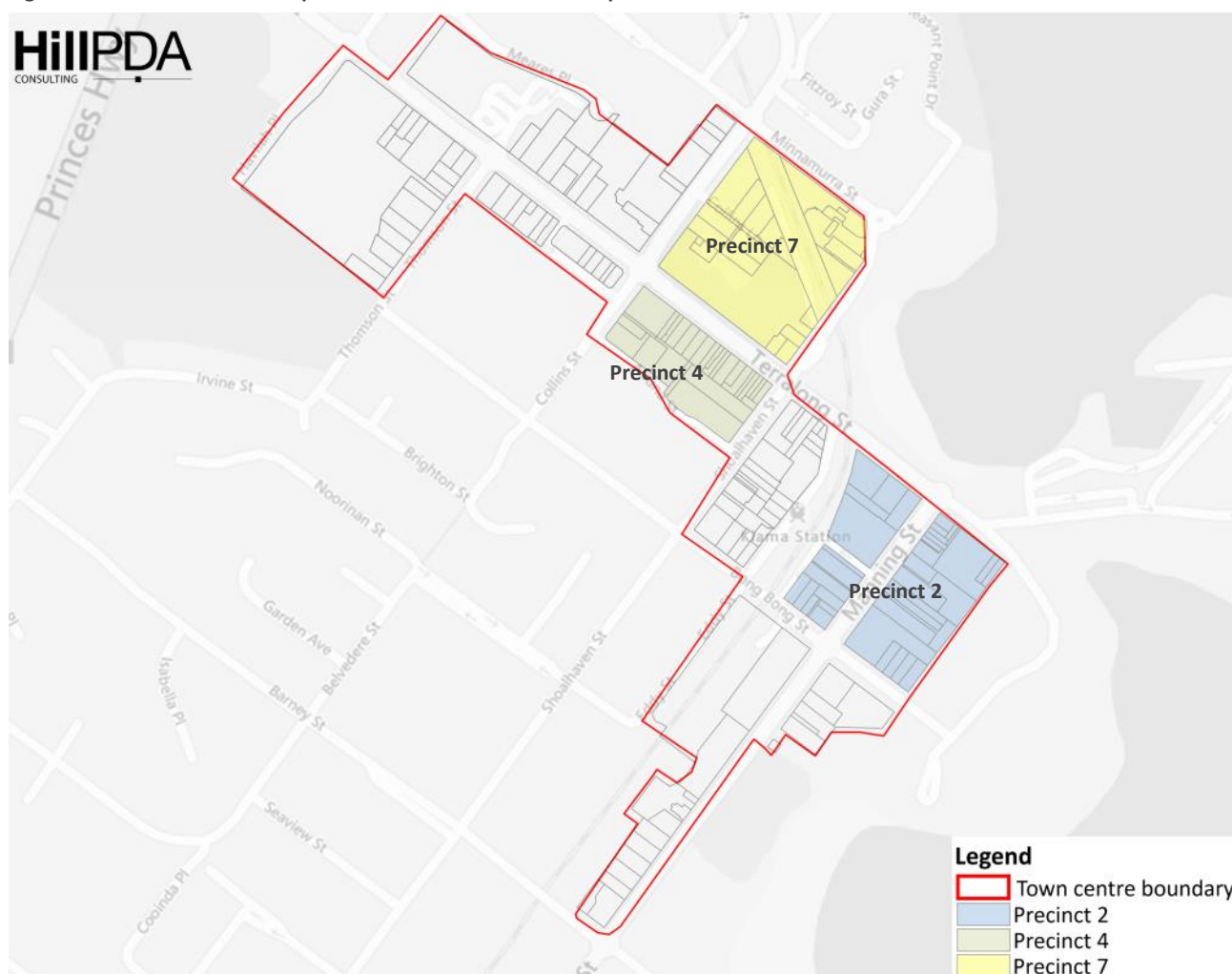


Source: HillPDA

The largest three sub-precincts, by total café and restaurant floorspace are highlighted in Figure 5 below. The audit found that the top three café/food sub-precincts are/have:

- Views or access to natural space or scenic views
- Located in areas of high pedestrian foot traffic
- Located near community facilities or recreation areas
- Located near the railway station.

Figure 5: Kiama town centre top three café and restaurant sub-precincts



Source: HillPDA

2.0 EXISTING ECONOMIC ENVIRONMENT

The following Chapter undertakes a review of the existing economic environment of the town centre. The information in this Chapter has been sourced from the Australian Bureau of Statistics (ABS), REMPLAN, Transport, Performance Analytics (TPA) and our land use survey.

Where relevant, the wider Kiama LGA or Illawarra region³ was used as a comparison to highlight any unique characteristics of the town centre.

Resident population

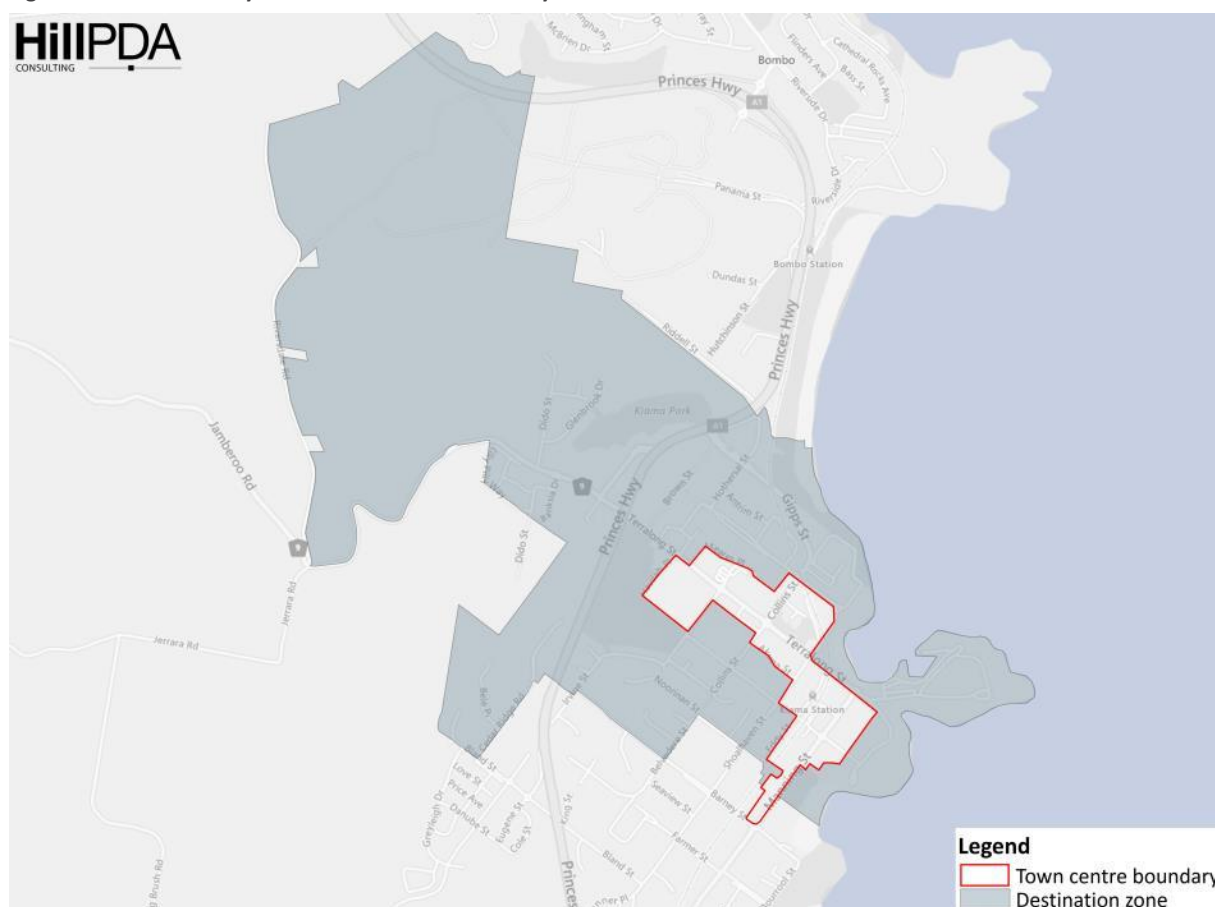
Kiama LGA has been analysed to identify local resident population trends that may or could influence the type and amount of commercial/retail space in Kiama town centre.

Employment profile

The smallest geographical boundary that the ABS and TPA provide place of work employment data for is known as a Destination Zone (DZ) or Travel Zone (TZ). As such, analysis of workforce data for the town centre has been undertaken at the DZ referred to as 111387634 (refer to Figure 6).

The DZ used for the employment analysis is referred to as the study area.

Figure 6: Economic analysis and town centre boundary



Source: HillPDA

³ Comprised of Kiama, Shellharbour, Wollongong and Shoalhaven local government areas

2.1 Resident population characteristics

2.1.1 Population growth by age composition

From 2006, the resident population in Kiama LGA increased by around 2,495, reaching a total of 21,475 in 2016. This represented an annual compound growth rate of 1.2%, which was slightly higher than the Illawarra region (1.1%) over the same period.

Over this 10 year period, the population in Kiama aged at a faster rate when compared to the Illawarra region. This is evident in persons aged 60+ years increasing from 25% to 32% of total population. By comparison persons aged 60+ years in the Illawarra region over the same period increased from 22% to 26% of the total population.

The significant increase in older residents results in an increase in demand for health and aged care services. Some of these services are likely to locate in the town centre.

Residents in the working aged cohort of 15-59 years recorded some net growth over the 10 years to 2016 (165 more persons). However as a proportion to total population it decreased significantly from 57% to 51%.

The provision of increased employment opportunities in the LGA and town centre would increase the attractiveness of the area to younger residents, improving the overall economic performance of the LGA and its centre.

Table 4: Historic resident population growth

Age cohort	Kiama LGA				Illawarra	
	2006	%	2016	%	2016	%
0-14	3,589	18.9%	3,609	16.8%	70,086	17.8%
15-29	3,070	16.2%	3,203	14.9%	72,445	18.4%
30-44	3,286	17.3%	3,316	15.4%	69,428	17.7%
45-59	4,383	23.1%	4,516	21.0%	77,607	19.7%
60-74	2,790	14.7%	4,628	21.6%	67,869	17.3%
75+	1,861	9.8%	2,201	10.3%	35,769	9.1%
Total	18,979	100.0%	21,473	100.0%	393,204	100.0%

Source: ABS 2016, HillPDA

2.1.2 Population projections

Over the next 20 years, the population in Kiama LGA is forecast to reach around 27,100 residents, representing an increase of 5,100 residents or 23% over the period.

Ageing of the population is projected to continue in the LGA, with residents aged 60+ years forecast to comprise 39% of the population by 2036, a proportional increase of 8% over the period.

Of the forecast net growth in population, only 950 persons are projected to be aged 15-59 years. Increased employment opportunities and promotion of other lifestyle benefits of living in a coastal town may attract/retain younger working residents to the LGA.

With around 3,750 additional residents aged 60+ years residing in the LGA over the next 20 years, employment and demand for space in allied health and other aged care/seniors services will increase.

Table 5: Population projections Kiama LGA

Age cohort	2016	%	2036	%	Change 16-36	% growth
0-14	3,850	17.5%	4,250	15.7%	400	10.4%
15-29	3,100	17.1%	3,150	11.6%	50	1.6%
30-44	3,600	19.8%	3,900	14.4%	300	8.3%
45-59	4,750	26.2%	5,350	19.7%	600	12.6%
60-74	4,450	24.5%	5,650	20.8%	1,200	27.0%
75+	2,250	12.4%	4,800	17.7%	2,550	113.3%
Total	22,000	100%	27,100	100%	5,100	23%

Source: NSW DP&E 2016, HillPDA

2.1.3 Resident employment by industry

From 2006, the number of employed residents in Kiama LGA increased by around 995, reaching a total of 9,491 in 2016. This represented an annual compound growth rate of 1.1%, in line with population growth over the period.

As of 2016 the employment profile of Kiama LGA residents was reflective of the wider Illawarra region. However residents in the LGA were less inclined to be employed in the industries of manufacturing and retail. Employment in these industries had decreased by 220 and 144 jobs respectively over the 10 year period to 2016.

The lower proportion and decline of residents employed in retail jobs could partially be a result of surrounding LGAs having larger retail centres such as Wollongong CBD, Shellharbour and Nowra thereby providing greater opportunities for employment. Increased retail services in the centre would provide additional employment opportunities to local residents. It may also be partly due to higher house prices in Kiama and lower salaries in the industry and hence many shop assistants working in Kiama live outside the LGA.

Over the period the top five growth industries, by total employment, were:

- Health care and social assistance – 393 additional jobs
- Construction – 230 additional jobs
- Public administration and safety – 167 additional jobs
- Accommodation and food services – 124 additional jobs
- Professional, scientific & technical services – 100 additional jobs.

Table 6: Resident employment by industry

Industry	Kiama LGA				Illawarra	
	2006	%	2016	%	2016	%
Agriculture, forestry and fishing	178	2.1%	180	1.9%	1,369	0.8%
Mining	114	1.3%	166	1.7%	2,738	1.7%
Manufacturing	666	7.8%	446	4.7%	9,495	5.8%
Electricity, gas, water and waste ser	78	0.9%	98	1.0%	1,735	1.1%
Construction	849	10.0%	1,079	11.4%	16,099	9.8%
Wholesale trade	164	1.9%	140	1.5%	3,032	1.9%
Retail trade	911	10.7%	767	8.1%	17,098	10.4%
Accommodation and food services	701	8.3%	825	8.7%	13,007	7.9%
Transport, postal and warehousing	299	3.5%	342	3.6%	7,104	4.3%
Information media & tele	103	1.2%	74	0.8%	1,671	1.0%
Financial and insurance services	228	2.7%	236	2.5%	5,015	3.1%
Rental, hiring and real estate services	179	2.1%	152	1.6%	2,455	1.5%
Professional, scientific & technical ser	444	5.2%	544	5.7%	8,309	5.1%
Administrative and support services	201	2.4%	247	2.6%	5,780	3.5%
Public administration and safety	680	8.0%	847	8.9%	12,940	7.9%
Education and training	1,164	13.7%	1,232	13.0%	16,764	10.2%
Health care and social assistance	969	11.4%	1,362	14.4%	24,085	14.7%
Arts and recreation services	110	1.3%	156	1.6%	2,331	1.4%
Other services	272	3.2%	293	3.1%	6,502	4.0%
Inadequately described/not stated	185	2.2%	305	3.2%	6,173	3.8%
Total	8,495	100.0%	9,491	100.0%	163,702	100.0%

Source: ABS 2016, HillPDA

2.1.4 Unemployment rate

In line with the wider Illawarra region, the unemployment rate in the LGA has decreased over the last ten years. Over the three census periods the unemployment rate recorded in the LGA has continually been significantly lower than that recorded for the Illawarra.

The low unemployment rate may indicate that as the resident population increases in the LGA, demand for additional employment opportunities would also increase. The location of these future jobs would likely be directed and accommodated in the town centre, where existing transport, services and clustering benefits exist.

Table 7: Unemployment rate

	2006	2011	2016	Change
Kiama LGA	4.7%	4.3%	4.4%	-0.3%
Illawarra region	7.7%	6.9%	6.8%	-0.9%

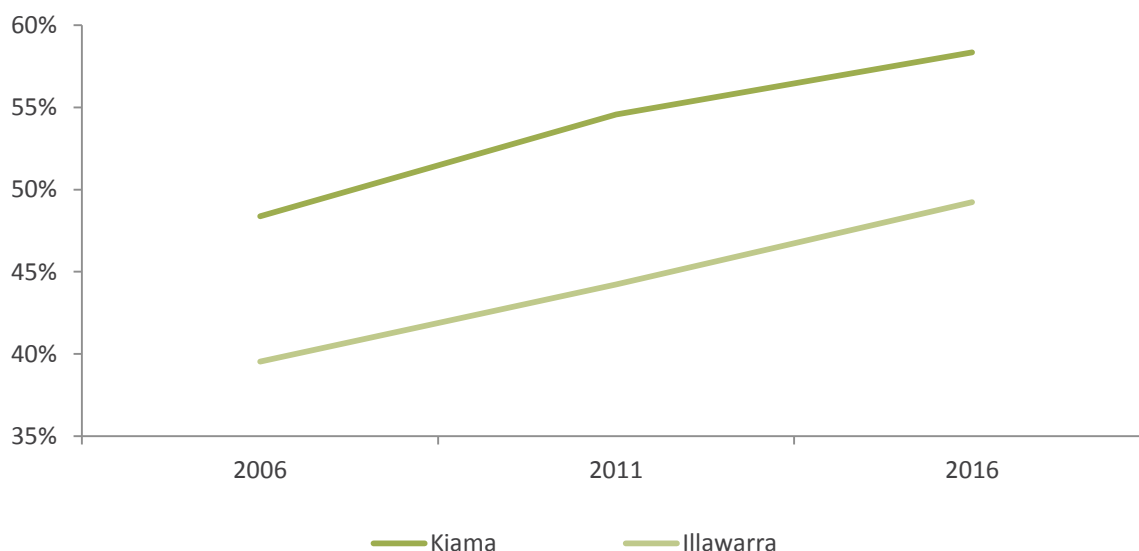
Source: ABS 2016, HillPDA

2.1.5 Non-School qualifications

As seen in the figure below, Kiama has a skilled and educated workforce with low unemployment rates when compared to the wider Illawarra region. In 2016, Kiama had a significantly higher proportion of residents that had obtained a bachelor degree (17%) when compared to the wider Illawarra region (11%) and a slightly higher

proportion that had obtained an advanced diploma and diploma level compared to the Illawarra (12% and 9% respectively).

Figure 7: Proportion of population attaining non-School qualifications



Source: ABS 2016, HillPDA - % of resident population over 15 years

2.1.6 Labour force participation

Labour force participation (the number of persons in the labour force expressed as a percentage of persons aged 15 years and over) in the LGA has decreased over the last ten years (-2.2%).

Interestingly, over the same period labour force participation in males decreased by 3.8% while females recorded a lesser 0.9% decline.

Table 8: Labour force participation

	2006	2011	2016	Change
Kiama LGA	57.8%	58.3%	55.6%	-2.2%
Males	63.8%	63.6%	60.0%	-3.8%
Females	52.3%	53.3%	51.4%	-0.9%
Illawarra region	54.6%	55.0%	54.4%	-0.2%

Source: ABS 2016, HillPDA

2.1.7 Household income

Average household incomes in Kiama LGA have continually been higher than that recorded for the Illawarra region. Higher household incomes could indicate that residents have a higher proportion of disposable income that could be spent on discretionary or leisure items.

Table 9: Household incomes

	2006	2011	2016	Change	% increase
Kiama LGA	\$55,122	\$63,979	\$78,046	\$22,924	41.6%
Illawarra region	\$45,612	\$54,009	\$65,271	\$19,659	43.1%

Source: ABS 2016, HillPDA

2.2 Employment characteristics

The following employment analysis refers to persons aged 15 years and over working in the area regardless of their place of usual residence.

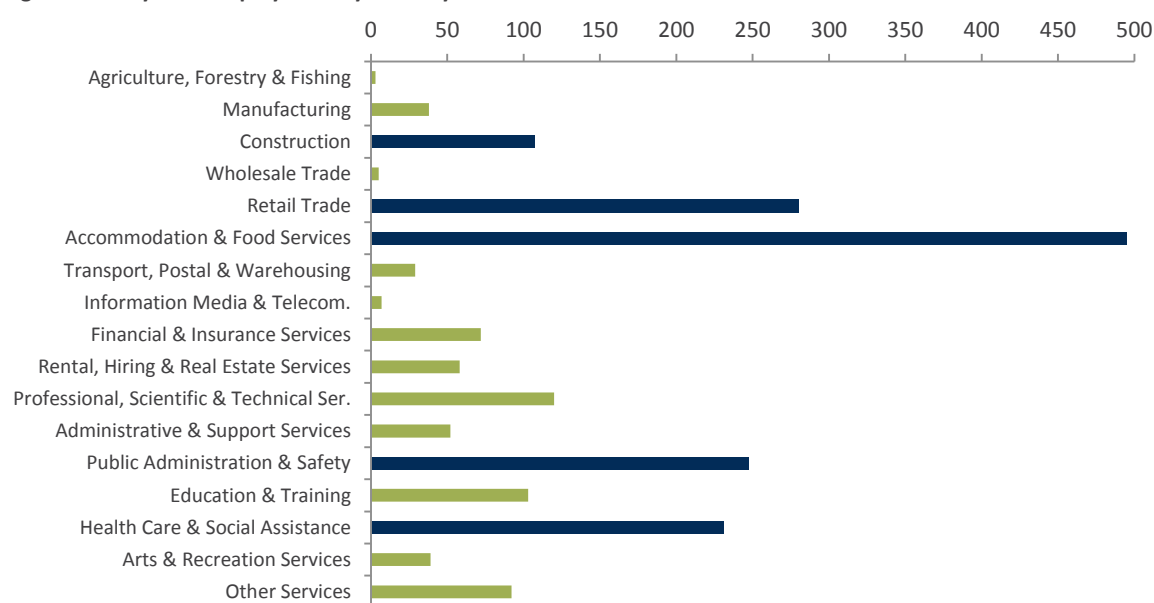
2.2.1 Employment by industry

Of the 135,740 jobs generated across the Illawarra in 2016, around 5,365 or 4% were located within Kiama LGA. Of these jobs 2,035 or 38% were located in the study area.

As of 2016, the five top employment generating industries in the study area were:

1. Accommodation and Food Services – 495 jobs
2. Retail Trade – 280 jobs
3. Public Administration and Safety – 247 jobs
4. Health Care and Social Assistance – 231 jobs
5. Professional, Scientific and Technical Services - 120 jobs.

Figure 8: Study area employment by industry 2016

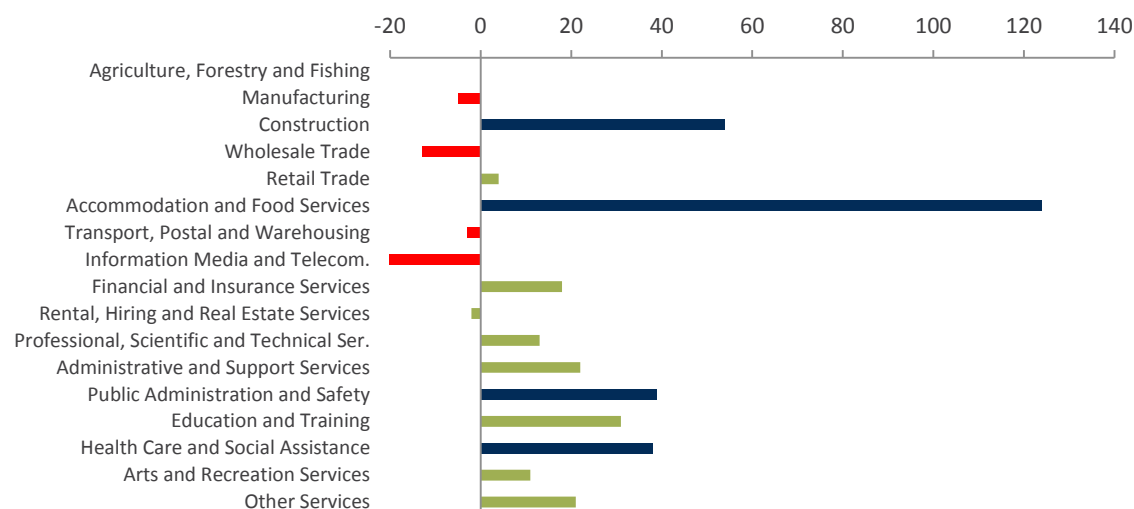


Source: ABS 2016, HillPDA

While over the period the top five growth industries, by total jobs, were:

1. Accommodation and Food Services - 124 additional jobs
2. Construction – 54 additional jobs
3. Public Administration and Safety – 39 additional jobs
4. Health Care and Social Assistance – 38 additional jobs
5. Education and Training- 31 additional jobs.

Figure 9: Study area employment change by industry 2006-2016



Source: ABS 2016, HillPDA

From the above and table below, we can deduce the following for the study area:

- Accommodation and food services, which includes cafes and restaurants, is a major employment generator and growth industry
- The location of Council Administration in the town centre has likely contributed to the industry of public administration and safety being a high employment generator and growth industry, with 78% of such employment provided in the study area
- The recent construction of residential apartments in the town centre has increased construction related employment
- Over half of retail and accommodation/food service jobs generated in the LGA are located in the study area, highlighting their preference to be located in or close to the town centre
- Around 44% of commercial related jobs generated in the LGA were located in the study area, also highlighting their preference to be located in or close to the town centre.

A closer look at employment generated in the study area, at the ANZSIC 4 Digit level⁴, reveals that the top ten employment industries are as identified in Table 10 below. From the table below, the following can be deduced:

- As identified previously, cafes and restaurants was the largest employment industry in the study area (241 jobs), with around 60% of all such employment generated in the LGA located in the study area. This is an important employment industry and lifestyle attractor for the town centre
- Local government administration was the second largest employment industry (220 jobs), with over 80% of all such employment generated in the LGA located in the study area. The location of Council Administration in the centre is likely having a beneficial economic effect through activation and foot traffic generation
- The Woolworths supermarket is the second largest single employer in the study area. It attracts shoppers from a wider area around the town centre, benefiting other surrounding services. The provision of a second supermarket would likely increase both employment in the centre and its attractiveness to shoppers. This will have beneficial flow effects to surrounding retailers and commercial services

⁴ This is the smallest industry classification level for the Australian and New Zealand Standard Industrial Classification (ANZSIC)

- Accommodation was the fourth largest employment industry, although only 39% of all such employment generated in the LGA was located in the study area. This indicates that the majority of accommodation is likely located elsewhere in the LGA. This may imply that the economic benefits from visitors and tourism may not be fully recognised or directed to the town centre.

Table 10: Top ten industries by employment in the study area 2016 (ANZSIC 4-digit)

Industry	Jobs in the study area	%	% of LGA
Cafes and Restaurants	241	12%	59%
Local Government Administration	220	11%	82%
Supermarket and Grocery Stores	110	5%	51%
Accommodation	92	5%	39%
Takeaway Food Services	77	4%	65%
Aged Care Residential Services	59	3%	35%
Hairdressing and Beauty Services	54	3%	58%
Real Estate Services	48	2%	52%
General Practice Medical Services	45	2%	65%
Pharmaceutical, Cosmetic & Toiletry Goods Retail	40	2%	70%
Remaining	1,049	56%	20%
Total	2,035	100%	38%

Source: ABS 2011/2016, HillPDA

2.2.2 Gross Value Added

Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to the countries or regions wealth or gross domestic product (GDP). The main components that comprise GVA are staff remunerations, company profits and government taxes.

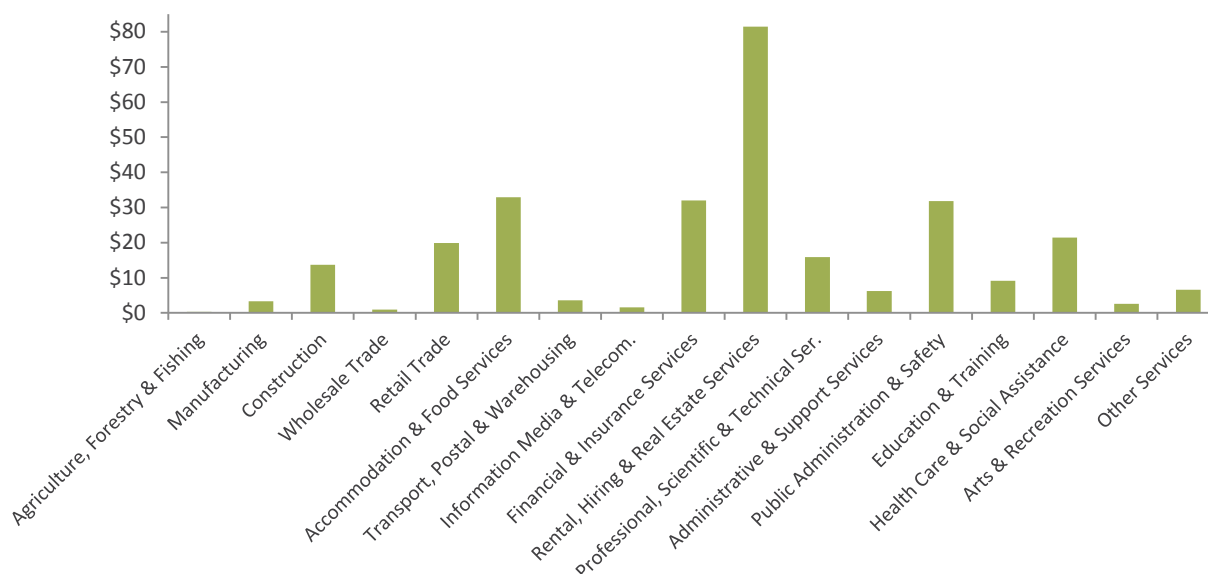
It is estimated that the study area contributed around \$283 million to Kiama's GDP being 41% of the total LGA economy (\$697 million)⁵.

The top GVA industries were in line with the top employment and growth industries however, financial and real-estate services was the greatest contributor to the town centre's economy. In line with their employment generation, retail and accommodation / food services also significantly contributed to the town centre's economy.

This highlights that although some commercial industries may not be high employers, they are none the less important economic generators and contributors to the study area and wider LGA.

⁵ Excludes employment inadequately identified and not stated. As such, GVA is likely higher

Figure 10: Study area GVA 2016



Source: Remplan, ABS 2016, HillPDA – excludes employment inadequately identified and not stated

2.2.3 Employment containment rates

As of 2016, of the total employment generated in Kiama LGA around 58% of employees lived within the LGA, while around 22% lived in Shellharbour, 13% in Wollongong and 6% in Shoalhaven.

A closer look reveals that commercial related services generally had a higher containment rate (above 70%) when compared to retail and accommodation and food services (61-63%).

Health care and social assistance related employment was below retail, commercial related services and the wider LGA containment rate (55%).

Table 11: Employment containment rates

Employment industry	Employment	Proportion live in LGA
Retail	369	63%
Accommodation and food services	620	61%
Information media & tele	12	92%
Financial and insurance services	54	47%
Rental, hiring and real estate services	95	78%
Professional, scientific & technical services	267	76%
Health and social assistance	337	55%
Total employment containment	3,282	58%

Source: Remplan 2018, HillPDA

2.2.4 Tourism and visitor statistics

In 2017, almost 1.1 million tourists visited Kiama LGA, of these around 1% were international visitors, 26% were domestic overnight and 73% were domestic day visitors.

These visitors spent a combined \$163 million on accommodation and services in the LGA. Although international and domestic overnight tourists comprised 27% of total visitors to the LGA, they spent a combined 110 million or 68% of all expenditure spent in the LGA by visitors. This highlights the significant spending contribution overnight visitors provide and the importance of providing adequate and appropriate accommodation.

Table 12: Tourism and visitor statistics

	International	Domestic overnight	Domestic day	Total
Visitors ('000)	11	285	789	1,085
Nights ('000)	84	743	-	827
Average stay (nights)	7	3	-	3
Spend (\$m)	6	104	53	163
Average spend per trip (\$)	513	366	67	151

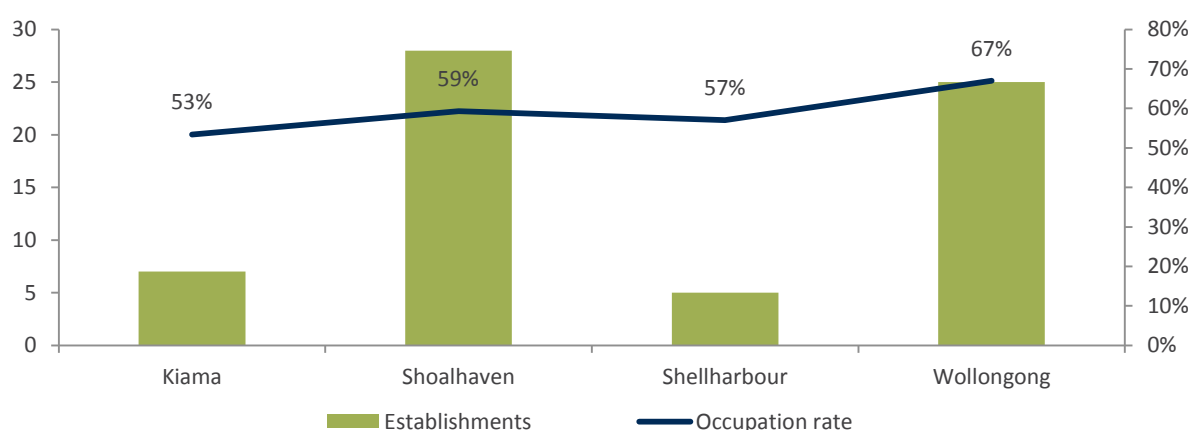
Source: Tourism Research Australia 2018

2.2.5 Accommodation establishments and rooms

As of 2016, there were only seven accommodation establishments⁶ in Kiama LGA that provided 15 or more rooms. Although this was higher than that recorded for Shellharbour (five establishments), it was significantly lower than Shoalhaven and Wollongong (28 and 25 establishments respectively).

The seven establishments in Kiama provided a total of 141 rooms, with the lowest occupation rate recorded in Illawarra (53%). In comparison, Shoalhaven and Wollongong provided 713 and 887 rooms respectively with an occupation rate of 59% and 67% in 2016.

Figure 11: Number of accommodation establishments and occupancy rate



Source: Destination NSW

The low occupation rate and inclusion of short term accommodation in Kiama implies that there is likely adequate supply of accommodation to meet the number of overnight visitors to the area.

However, the occupation rate is likely seasonal with demand potentially increasing sharply in the summer months. Furthermore, the provision of higher quality accommodation in the study area with access to the beach, services and

⁶ Hotels, motels and serviced apartments with 15 rooms or more

ocean views may raise the profile of the centre to potential visitors, increasing patronage and flow-on economic benefits.

2.3 Key findings

- The population of Kiama has aged over the last ten years with this trend forecast to continue. As such, there would likely be increased demand for health and seniors services to be accommodated in or in close proximity to the centre
- Kiama has a highly educated local workforce, implying it could attract a higher proportion of skilled workers increasing demand for commercial related floorspace in the centre
- Higher average household incomes in Kiama means that residents have a higher proportion of disposable income that could be spent on discretionary or leisure items, increasing demand for retail space
- Cafes and restaurants was the largest single employment industry in the study area (241 jobs). This is an important employment industry and lifestyle attractor for the town centre
- Local government administration was the second largest single employment industry (220 jobs), with over 80% of all such employment generated in the LGA located in the study area. The location of Council in the centre has a beneficial economic effect for local services with increased activation
- Woolworth's supermarket is the second largest single employer in the town centre. Other commercial and retail services benefit from its large trade area, attracting shoppers from a wide area to the centre. The provision of a second supermarket would likely increase both employment generation and the centre's attractiveness to shoppers which would have beneficial flow-on effects to surrounding retailers and commercial services
- Kiama LGA's overall employment containment rate is considered low (58%) for a regional area. However, commercial related industries generally have a high containment rate (above 70%) implying that increases in working aged residents may increase demand for commercial space in the LGA and centre
- Although international and domestic overnight tourists comprised 27% of total visitors to the LGA, they spent a combined \$110 million or 68% of all expenditure in the LGA, highlighting their larger economic contribution and the importance of providing adequate and quality accommodation
- The low occupation rate and inclusion of short term accommodation in Kiama implies that there is likely adequate supply of accommodation to meet the number of overnight visitors to the area, however the occupation rate is likely seasonal
- The provision of higher quality accommodation in the town centre may raise the profile of the centre to potential visitors, increasing patronage and economic flow on effects.

3.0 EMERGING RETAIL TRENDS

This section analyses commercial and retail trends at a macro and then micro level, in order to better understand potential future influencers applicable to Kiama town centre. Given the importance that the food and beverage sector plays in the town centre, trends in this industry have been focused upon.

3.1 Retail trends

The future of retail is shifting towards experience and convenience with technology driving change⁷. Over the past three decades, significant change has occurred in the retail industry, of which online retailing has caused the largest disruption. The retail industry's innovative nature is driven largely by the need to anticipate and respond to its customers' needs and desires. Changing socio-demographics and lifestyles, require individual retailers to constantly monitor shifts in demand and reposition their offer, presentation and in some instances mode of operation and distribution.

All retail industry groups have recorded positive growth in turnover over the last three and a half decades. However, food retailing has out-performed all other industries over this period, recording a \$3 billion or 709% growth in turnover. Of this growth, around \$2.5 billion was attributed to supermarket and grocery stores with this subcategory comprising 83% of the turnover recorded for food retailing in 2018.

Strong growth has also been recorded in the industry of household goods retailing, especially circa 2000. This industry is closely linked to the property market where the purchase of new white goods and other furnishings go hand and hand with the purchase of a new dwelling or redevelopment/refurbishment of an existing dwelling. This linkage can be seen in the slight decline in turnover experienced by the industry between 2009 and 2012. This is likely a result of the global financial crisis where uncertainty subdued development and retail expenditure.

The growth in leisure shopping and the rise of the café culture in NSW have witnessed strong growth in the provision and turnover of the cafes, restaurants and takeaway food services industry in recent years. This is evident in the industry experiencing a \$645 million or 49% increase in turnover over the last eight years.

The rise of the café culture has seen a dramatic increase in the number of cafes and restaurants across Sydney with increased demand for outdoor dining options and enhanced amenity within centres to facilitate this.

Turnover of department stores has been variable and subdued over recent years, recording only a \$2 million increase in turnover over the last eight years. Recently department stores have experimented with new innovative sales and in-store experiences to attract shoppers and reverse this trend, while they also are shrinking in size. Innovation in new technologies, niche markets and unique experiences will need to be constantly provided and examined for this industry type to remain relevant and profitable.

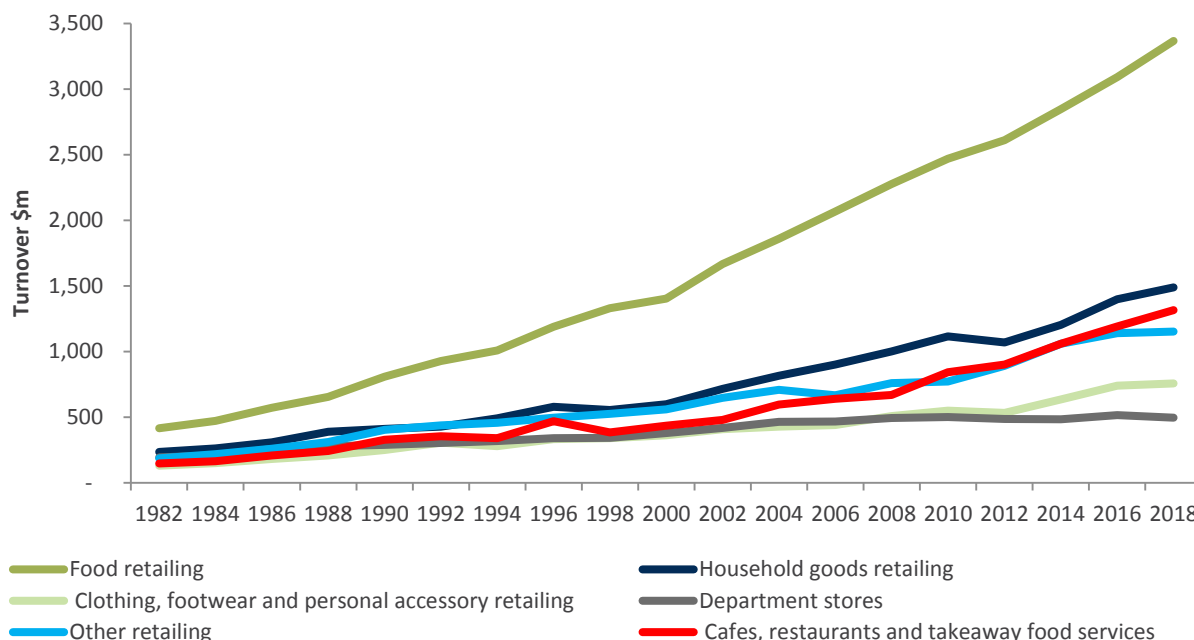
From the above analysis, and given a stable economic environment, we can determine:

- Demand for supermarket and grocery stores will continue to experience strong growth in the coming years, with the possible provision of a second supermarket in Kiama being required
- The growth in the café culture will continue to increase demand for new cafés and restaurants across the LGA. Demand for outdoor dining options will also increase which may require amenity improvements in some areas of the centre
- The attraction of a department store to the centre is unlikely as their market share has been relatively flat over the period. Existing stores will continue to consolidate, evolving and innovating to reflect the changing

⁷ CBRE 2018 Market Outlook - Australia

trends in shopper preferences and habits. The attraction of a minor major store would be more likely and beneficial to the centre.

Figure 12: Growth in retail turnover in NSW 1982-2018 by industry group (month of April)



Source: ABS Cat. 8501.0 Retail Trade, Australia Table 13

3.1.1 Trends in consumer spend

In NSW since 1985, real (net of inflation) average spend per capita has increased almost 30% due to increasing affluence, technological changes and increased participation of women in the workforce. The long term trend line is around 0.9% per annum. The distribution of that growth by store category shows considerable variation. Department stores have been big losers with a fall of 43% (average loss of 1.5% per annum) in real spend per capita.

The big winners in NSW have been in food retail and services. In 1985 food and groceries (supermarkets, liquor and other specialty food stores), fast food/take-away and restaurants (including meals in clubs and hotels) in total made up 43% of all expenditure on retail goods and services. Today that proportion has increased to 53.4%. The same trend has occurred Australia wide (from 44% to 54%).

Supermarkets and grocery stores in NSW have increased their share from 24% to 32% largely due to expansion and diversification of their offer. Take-away liquor stores increased a little from 3.1% to 3.6% but other specialty food stores have declined from 4.8% to 2.8% due almost entirely to expansion and diversification of the supermarket offer into traditional specialty foods (fresh fruit and vegetables, meats, seafood, bakery, delicatessen, etc). Average real growth per capita spend in supermarkets has been almost 2% per annum.

The other big growth area has been in food services (fast foods and meals on premises). Real spend per capita in this category has increased 81% (64% long term trend line or 1.5% per annum). This reflects the trend that consumers are choosing convenience more and more and cooking less at home. It also reflects a behavioural trend of using food services for entertainment and socialisation.

3.2 Food and beverage trends

We identified five emerging trends that will likely influence this sector, these being:

1. Food sustainability

2. The growth of healthy food options
3. Diversification of food services
4. E-commerce
5. Better designed eating experience

3.2.1 Food sustainability

A growing number of customers, particularly millennials, want to know where their food produce is sourced from, with a particular interest/desire for locally produced products. This trend has increased over recent years as customers have become more environmentally conscious and are seeking increased sustainability through local products.

The promotion and provision of regional food products will increasingly become important to the food and beverage sector. Given its regional location, the town could leverage from this trend.

A review of food manufacturing employment within the Illawarra region reveals that the area is more concentrated in a number of food industries, when compared to regional NSW.

The below food industries could be explored by Kiama for further branding and connection with Kiama and the Illawarra such as “Illawarra made” products.

Although cheese and other dairy product manufacturing were not as concentrated in the Illawarra as compared to Regional NSW, it still remains relatively more concentrated in the Illawarra.

Table 13: High concentration food manufacturing industries, Illawarra

Industry	Illawarra	Regional
Bakery Product Manufacturing (Non-factory based)	25.5%	10.6%
Bread Manufacturing (Factory based)	24.1%	10.7%
Grain Mill Product Manufacturing	17.9%	5.6%
Confectionery Manufacturing	1.5%	0.9%
Seafood Processing	1.2%	0.7%
Cheese and Other Dairy Product Manufacturing	5.8%	6.6%

Source: ABS 2016

This trend has also led to the re-insurgence of the micro-brewery, where locally made beer and spirits can raise the profile of an area. Over the last four years the number of craft beer breweries in NSW has increased from 78 to 150. This represents a proportion increase of 92% or 18 new breweries per annum. An example of a successful micro-brewery is “stone & wood”, which is made in Byron Bay and is now sold nationwide. Breweries themselves can become quite popular often providing eating and drinking areas, increasing both day and night-time activity in an area.

Another example is the *James Charming Squire* in Brisbane, where James Squire beer is distilled and sold on site along with food options. In conjunction with the development of a new convention centre and eat street in the locality, the brewery has increased night time activity and attractiveness of the South Bank locality in Brisbane.

Figure 13: Charming Squire, South Bank, Brisbane



Source: Google images

3.2.2 Growth of healthy food options

Along with food sustainability, customers are increasingly seeking transparency about where their food is sourced from. In the coming years customers are going to become more educated, aware and conscious about what they are eating, preferring locally sourced organic and often unique regional products.

This trend is sometimes known as the “paddock to plate trend”, where cafes and restaurants clearly state and promote those products that are locally made, if they are organic and where sourced (down to the farm).

An example is *The Farm Byron Bay* which contains a collection of micro-businesses. One of these businesses is the *Three Blue Ducks Café*. The café endeavours to source the majority of its produce from the farm, venturing further afield when needed. The website states:

“We believe that it is first-hand experience of seeing how food is grown and produced that makes the eating of it so much more pleasurable”.

Figure 14: The Farm Byron Bay



Source: The Farm web site and the Gold Coast, Restaurant Review, Road trips down under by Sharky

Council may be able to support this trend with the Kiama & District Business Chamber, helping connect local businesses with local producers, or the hosting of food and wine events in Kiama, where locally produced food is celebrated. The flow-on effects of these events would also benefit other retailers, activating certain areas and, depending on the event hours, promote the night-time economy.

3.2.3 Diversification of food services

Food offering is increasing largely as a result of changes in consumer behaviour – less cooking at home, increasing consumption of meals out and more entertainment and socialisation whilst eating. Food is also diversifying resulting from a number of fronts – more consumer experimentation, a widening of consumer choices and palates and an ethnic diversification of the population. More and more consumers are expecting high quality food and a wider choice anywhere and at any time.

Cooking shows have had significant impact on consumer behaviour. They have changed the way people eat out and prepare their own meals from simple meals to fine dining. With such an intense focus on fine food and the unique ingredients used to create it the general public have developed a taste for gourmet foods that were once exclusively targeted at affluent consumers who had the knowledge and the means⁸.

Our widening palates and love for fine dining will continue in the foreseeable future. Specialty food stores, take-aways and restaurants are changing and new formats emerging. Supermarkets are also changing their formats. Certain discount format supermarkets such as Bi-Lo and Flemings have disappeared while Coles and Woolworths have introduced more metro style and upmarket formats. These formats look more and more like fresh food halls than traditional supermarkets.

There are a number of overseas examples of emerging trends and new retail formats some of which have recently made their way on to the Australian market or may make their way into the Australian market over the next decade or so. These include the following:

- Amazon markets with no checkouts where the shopper can eat-in or take-out and have the items automatically billed to their credit account
- Adaptation of heritage buildings such as the Tram Shed in Glebe, Mercado da Ribeira Time out Market in Lisbon and the Chelsea Markets in New York
- 3-D printed food designed by the customer
- Pop-up kitchen and restaurants
- Restaurants combined with cooking classes
- Ubereats where fine dining is delivered.

3.2.4 E-commerce

A major topic of debate regarding the future of retail in Australia is the continued growth of e-commerce or online retail and the impact this may have to 'bricks and mortar' stores.

The National Australia Bank (NAB) estimates that Australians spent around \$22.23 billion on online retailing, this was equivalent to 7.3% of the traditional bricks and motor retail sector in March 2017, although market penetration rates vary significantly across category types. Retail analysts agree that this will increase in the future although there is no consensus as to the amount of growth that can be expected⁹.

One of the biggest advantages from e-commercial is that they allow customers to research and compare different products in a time effective manner from the convenience of a customer's home, office, whilst travelling or anytime via their phone.

The growth of e-commerce has impacted the food and beverage sector through online food delivery companies which deliver café/restaurant food, alcohol or wholesale/groceries. Across Australia:

- Customers have been slower to adopt online grocery deliveries, when compared to the United Kingdom and United States. However, industry revenue is forecast to increase by 11.8% in 2017-18, to total \$3.1 billion. While it is forecast to increase by an annualised 12.4% over the five years through 2022-23, to total \$5.5 billion¹⁰
- Online alcohol revenue is expected to climb 10.5% in 2017-2018 reaching \$446.4 million. While it is forecast to grow at an annualised 8.6% over the five years through 2022-23, to reach \$675.1 million. The establishment of Dan Murphy's Connections online store, which offers a product range from over 200

⁸ The democratisation of food, SCN

⁹ NAB Online Retail Sales Index: In-depth report – March 2017

¹⁰ IBIS World Reports 2018

boutique winemakers and craft beer suppliers, has increased the range of premium and niche products available to consumers online¹¹

- The introduction of Menulog, UberEats, Deliveroo and Foodora has greatly increased the market penetration of food delivery companies, with food delivery services now worth 12% of sales of the lucrative \$44.1 billion cafe, restaurant and takeaway food services industry¹².

As stated, e-commerce allows businesses in Kiama to sell and deliver goods well beyond their traditional markets and geographies.

The ABS states that around 91% of retail and accommodation/food service businesses across the country have access to the internet while the proportion of commercial businesses is higher at around 99%. Despite the benefits that e-commercial provides businesses, only 56% of retail and accommodation/food services businesses have a web presence while the proportion of commercial businesses is higher at 60%¹³.

Informing businesses on the benefits of the internet, providing information or programs on how to set up a web presence while also ensuring that businesses have adequate access to the internet are active ways in which local authorities and organisations can help businesses get the most out of e-commerce.

Although e-commerce has many benefits for food and beverage retailers, such as connecting them to a wider range of customers, there are some implications that retailers will need to consider. The most significant of these is that with the growth of on-lines sales there is a reduction in the need for storage, display and customer eating/drinking space. As such, retailers will need to consider the amount of space they need and the number of staff they need to support operations without compromising their customer experience.

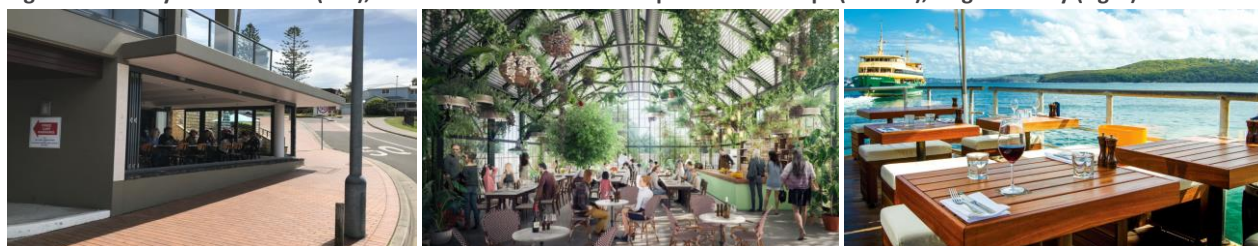
3.2.5 Better designed eating experiences

With the rise of the café culture and increased food awareness, the eating experience has become increasingly important. Customers seeking an experience where it is not just about the food but also about the environment they eat in, is creating the need for designing venues that also enhance and excite a customer's sense of touch, smell, sight and taste. Venues that create this "point of difference" or unique experience can evoke an emotional response and attachment from customers that will have then talking and referring friends and family.

This "experience" has seen increased demand for comfy outdoor dining options with centres needing to respond through providing improved amenity. Venues can also extend their trading hours, provide natural themes or take advantage of existing natural assets or open space. Venues that open onto scenic views or green spaces can also create a connection to the land, increasing dining experience.

An example of this in Kiama is the Penny Whistler café, which opens onto the Black Beach Reserve and has ocean views. The café takes advantage of these assets through outdoor dining and windows which fully open connecting the dinners with the surrounding environment. At the time of our site visit this café was very busy.

Figure 15: Penny Whistler café (left), Burwood Brickworks Rooftop Garden concept (middle), Hugo's Manly (right)



Source: HillPDA, Frasers Property, Hugos.com.au

¹¹ IBIS World Reports 2018

¹² News.com.au, Australia's shocking food delivery bill revealed by new research by Alexis Carey, February 2018

¹³ Summary of IT Use and Innovation in Australian Business, 2016-17

3.3 Applicability to Kiama

Kiama contains a healthy food and beverage sector, however in light of the above trends and to encourage extended trading hours (i.e night time activity), Council could promote, host or provide a catalyst role in:

- Connecting surrounding local producers with local café, hotel and restaurant operators and vice versa
- Creating/promoting local branding such as Kiama or Illawarra made
- The possible inclusion of a microbrewery in the centre with food and beverage options, this could act as a key attractor to the centre and encourage evening/night time activity
- Connecting the retail strip/businesses with local natural assets, water bodies and scenic corridors
- Providing information or programs on how to set up a web presence and ensure high quality access to the internet
- Promoting and facilitating food and wine festivals, highlighting local produce and extending trading hours
- There is a strong need for an additional supermarket in Kiama – preferably a new format supermarket that would also promote local branding and produce (refer to Section 6 below). An ideal location would be to anchor the centre at the south-eastern end near the railway station.

4.0 COMPARABLE CENTRES ANALYSIS

The following Chapter undertakes a comparable analysis of three centres across Australia. The purpose of the chapter is to compare various economic and other factors of these centres to Kiama town centre.

4.1 Benchmark comparable centres

Three benchmark comparable centres are:

4.1.1 Hamilton, Newcastle

Hamilton is four kilometres west of Newcastle CBD. The suburb grew from the coal mining boom beginning in the middle of the 19th century, with the commercial area extending along Beaumont Street. By 1928 there were over 400 retail outlets in Hamilton, having increased from around 80 in 1909¹⁴, these businesses developed primarily to service the local needs of the coal miners.

Hamilton went through a difficult period of business closures and long term vacancies due to a number of factors including the scaling down and eventual closure of the steelworks and increasing competition from the new larger indoor shopping centres in suburbs such as Kotara, Waratah Village, Marketown and Junction Fair.

Hamilton has a very active business chamber that has worked with Council in revitalising the Hamilton town centre. Hamilton was one of the first older strip shopping centres to introduce free Wi-Fi. Both the chamber and Council have worked together on a number of fronts, such as finding tenants to fill vacancies in the commercial centre, supporting start-up businesses, marketing and heritage promotion. They continue to organise and host annual events such as the Hamilton Music, Food and Wine Festival and the Chinese Night Food Market and Street Festival. The business chamber has also been active in the planning of the local area and politicked hard to improve public transport services.

Today there are few vacancies in the town centre and the centre has developed into a popular destination strip. The diverse range of restaurants combined with a heritage streetscape has made it one of the most popular places to eat out.

These factors have led to Beaumont Street today becoming one of Newcastle's cosmopolitan hubs providing a multi-cultural atmosphere through the provision of a mixture of restaurants, retail, fashion and commercial outlets.

4.1.2 Shellharbour Village

Shellharbour Village is located around 3 kilometres east of Shellharbour City and around 13 kilometres north of Kiama town centre. A township was laid out in 1851 around the port of Shellharbour, however the relocation of Council to Albion Park in 1897 coincided with a decline in Shellharbour Village, which continued as Albion Park grew as a lucrative beef and dairy cattle district.

The retail strip in Shellharbour Village extends along Addiston Street, the development of Shellharbour City Centre, only a 3 kilometre drive to the west, further reduced the attractiveness of the Village to potential tenants and trade. However, today the town contains a good mixture of commercial and retail services with many footpath cafés and shops and the Roo Theatre Company extending along Addison Street and ending with the Ocean Beach Hotel opposite the harbour.

Also adding to its economic turnaround has been the strong population growth witnessed in the LGA with recent mixed use and apartment buildings being completed/developed in the Village.

¹⁴ Newcastle City Council, Discover our Suburbs

4.1.3 Forsyth Street, Whyalla

Whyalla is a port town located on the east coast of the Eyre Peninsula in South Australia. Construction of the harbour and a blast furnace in 1939 saw a sharp rise in the town's economic profile. This growth continued with the construction of the steel works in 1968. The economic future of the town was optimistic at this time, evident in the Department of Lands planning for a city of around 100,000 people¹⁵.

However with the reduction in the shipbuilding and steel industries in the 1970s, the economic output and population growth of the town was significantly reduced, with the population only reaching around 33,000 in the mid-1970s.

The main street of the town suffered during this economic downturn with many tenancies becoming vacant. Further impacting the commercial and retail strip was the development of the Westland Shopping Centre, built in the geographical centre of Whyalla near the Mount Laura Homestead Museum. This location was away from the traditional commercial strip, redirecting customers and potential tenants.

However, in the 1980s the Whyalla Economic Development Board was established to strengthen and diversify the economic, commercial and employment base of Whyalla. The Board has usefully been able to diversify the town's industrial and economic base which has had a stabilising effect on the town's resident and worker population. This in turn has led to the main street recovering somewhat, with falling vacancy rates and increased investment.

4.2 Performance criteria

The success of a centre is dependent on a number of factors including:

- Population growth
- Business mixture
- Employment growth
- Activation.

To benchmark the performance of Kiama town centre against the chosen centres, we have assessed the following:

1. Resident population growth
2. Change in the number of commercial and retail businesses
3. Employment growth
4. Number/proportion of persons employed in various retail and commercial industries
5. Number of businesses that are open past 6pm.

4.3 Resident population criteria

For the majority of retailers the primary factor influencing their sustainability is their local resident catchment. As such, understanding this user group, in terms of growth and spending potential, is an important factor.

The local resident catchment population analysis was undertaken at the SA2 level.

4.3.1 Population growth

Kiama's immediate surrounding resident population recorded the second greatest increase over the ten year period, in terms of actual and proportional growth (1,161 residents and 18% respectively). The centre was second only to Shellharbour which significantly increased over the period (51%).

¹⁵ Whyalla Council

Table 14: Resident population growth 2006-16

Year	Kiama	Hamilton	Shellharbour	Whyalla
2006	6,539	11,160	11,155	21,425
2011	7,165	11,739	13,447	21,992
2016	7,700	11,848	16,826	21,751
Increase	1,161	688	5,671	326
% growth	18%	6%	51%	2%

Source: ABS 2016

4.3.2 Household income

Kiama's median household income has more or less remained second ranked across the centres. However, proportionally it recorded the third largest growth over the period.

High median household income could imply that a higher proportion of a household's income could be directed toward good and services, increasing demand for retail and commercial space in the locality.

Table 15: Median household incomes (weekly)

Year	Kiama	Hamilton	Shellharbour	Whyalla
2006	915	781	1,172	762
2011	1,042	1,074	1,506	943
2016	1,325	1,298	1,806	988
% growth	45%	66%	54%	30%

Source: ABS 2016

4.3.3 Labour force

As of 2016, Kiama contained the lowest unemployment rate across the centres. However, its labour force participation rate¹⁶ was also the lowest. The lower labour force participation rate could be a result of a higher retirement population in the locality.

Table 16: Labour force statistics 2016

	Kiama	Hamilton	Shellharbour	Whyalla
Unemployment rate	5%	8%	6%	13%
Labour force participation	52%	61%	65%	54%

Source: ABS 2016

4.4 Employment and night time

Employment has been analysed at a Destination Zone level.

Please note that the Destination Zone for Whyalla encompasses the whole township, which includes a large shopping centre. This would lead to an overestimation of employment generated in the small retail strip. As such, this town has been excluded from the below employment analysis.

¹⁶ The number of persons in the labour force expressed as a percentage of persons aged 15 years and over

4.4.1 Employment

Kiama has a significantly larger amount of land zoned for commercial uses when compared to the other centres, with it being around double the size of Hamilton. However, the smaller size of the other centres increases their employment density, even though Kiama generated over double the employment generated in Shellharbour.

From the below table we can see:

- Although café and restaurants are a significant employment generator in Kiama, proportionally it is greater in Shellharbour
- Employment in accommodation is the highest in Kiama
- The presence of a Woolworths supermarket in Kiama provides a significant anchor role, which is absent in the other centres
- Commercial employment was relatively comparable in Kiama and Shellharbour however, it was significantly higher in Hamilton.

Table 17: Employment by industry type 2016

Industry category	Kiama		Hamilton		Shellharbour	
	#	%	#	%	#	%
Accommodation	92	5%	12	0%	14	2%
Cafes and Restaurants	241	12%	204	8%	147	16%
Food Retailing	122	6%	28	1%	10	1%
Other Store-Based Retailing	139	7%	184	8%	66	7%
Liquor Retailing	3	0%	3	0%	6	1%
Pubs, Taverns and Bars	28	1%	84	3%	17	2%
Supermarket and Grocery Stores	110	5%	14	1%	3	0%
Takeaway Food Services	77	4%	73	3%	45	5%
Commercial employment	257	13%	922	38%	94	10%
Total employment	2,035	100%	2,453	100%	933	100%
Commercial core land area (ha)	23.9		9.6		6.7	
Employment density job/ha	85		255		135	

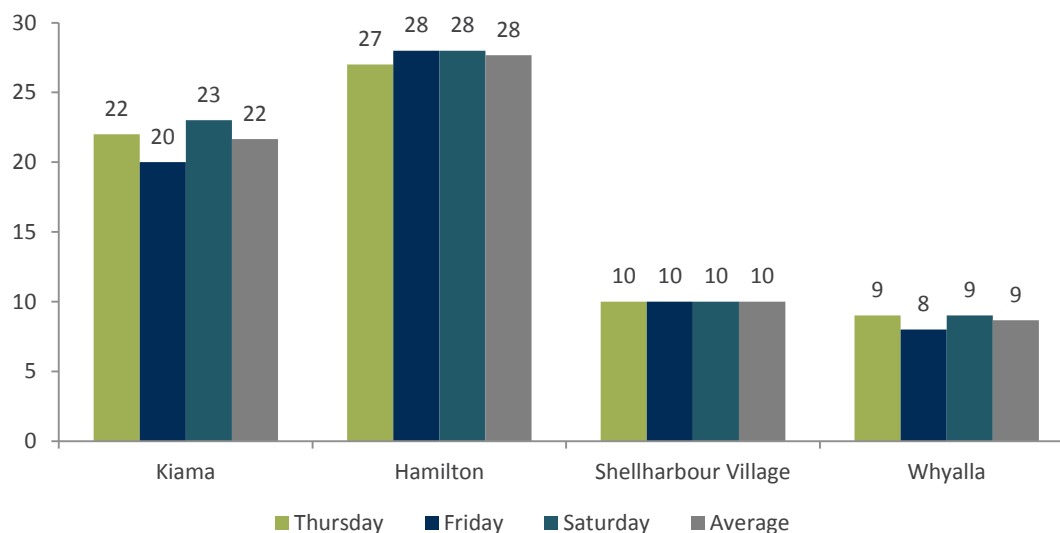
Source: ABS 2016

4.4.2 Night time activation/economy

A quick analysis of opening times of venues in the centres, using google open times, reveals that Kiama had the second highest number of venues open past 6pm. The number of venues open averaged around 22 across Thursday, Friday and Saturday evenings. This is compared to around 28 premises for Hamilton, nine for Whyalla and ten for Shellharbour Village.

The majority of premises open during this time in Kiama were restaurants, pubs, take away premises, a café and a bottle shop.

Figure 16: Number of premises opening hours past 6pm

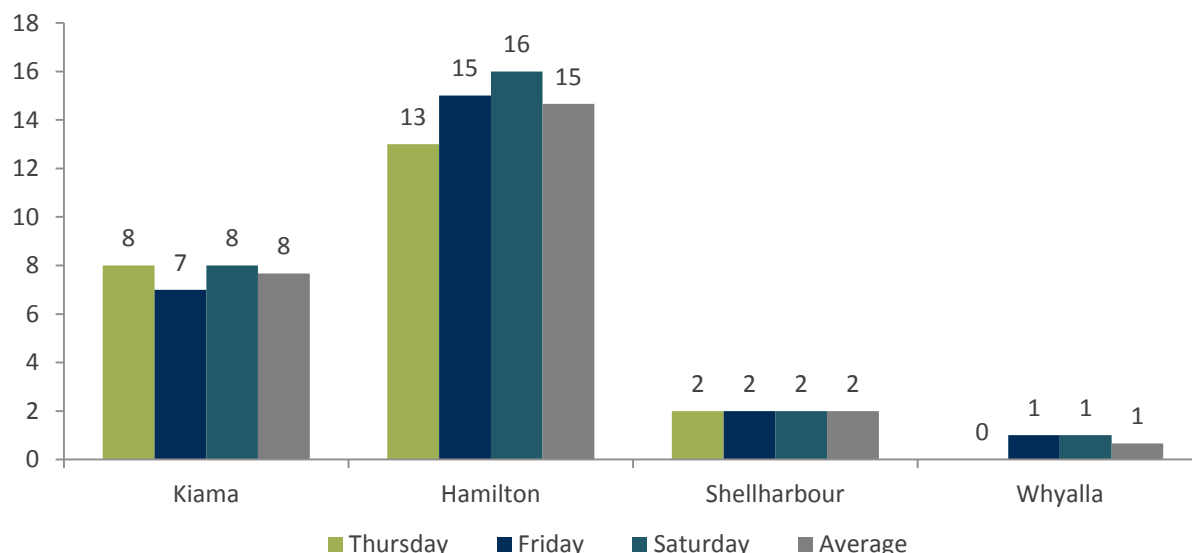


Source: Google open times, HillPDA – includes cafés, restaurants, take away, bar/pubs and bottle shops

Whilst the commercial centre of Hamilton is no larger than Kiama it has more venues open for night time trading. Also Shellharbour Village may have fewer places opened after 6pm than Kiama but as a proportion of total businesses it is considerably stronger given that it is a much smaller centre.

Analysis of venues open past 10pm reveals that Kiama ranks second with an average of eight venues open. However, this average was almost half of that recorded for Hamilton. Most of the night time venues in Shellharbour Village close between 8:30pm and 10:00pm.

Figure 17: Number of premises opening hours past 10pm



Source: Google open times, HillPDA – includes cafés, restaurants, take away, bar/pubs and bottle shops

4.5 Key findings for Kiama

Kiama has experienced relatively strong population and household income growth over the last ten years, with a low unemployment rate. These characteristics are expected to increase the demand for goods and services in the town centre.

Compared to the other centres Kiama ranked second to third, whilst notably having the lowest unemployment rate.

Analysis of employment highlighted:

- Although cafés and restaurants are a significant employment generator in Kiama, proportional to total employment it is much higher in Shellharbour Village
- Employment in accommodation is the highest in Kiama
- The presence of a Woolworths supermarket in Kiama provides a significant anchor role, which is absent in the other centres
- Commercial employment was relatively comparable in Kiama and Shellharbour Village however, it was significantly higher in Hamilton.

Analysis of Kiama's evening business activity reveals that the average number of businesses open across the three evenings remains constant at around eight. However, the majority are open between 6pm and 9pm, with the average number open past this time halving to around six premises.

Improved activation of the night time economy could be achieved by encouraging businesses to remaining open for longer.

Table 18: Number of venues open times by time bracket and evening

Day	6-9pm	9-10pm	past 10pm
Thursday	14	8	3
Friday	14	9	7
Saturday	14	11	8
Average	14	9	6

Source: Google open times,

5.0 RETAIL FLOORSPACE DEMAND

The following Chapter forecasts the likely demand for additional retail floorspace to be accommodated within Kiama town centre over the years. To achieve this, the Chapter:

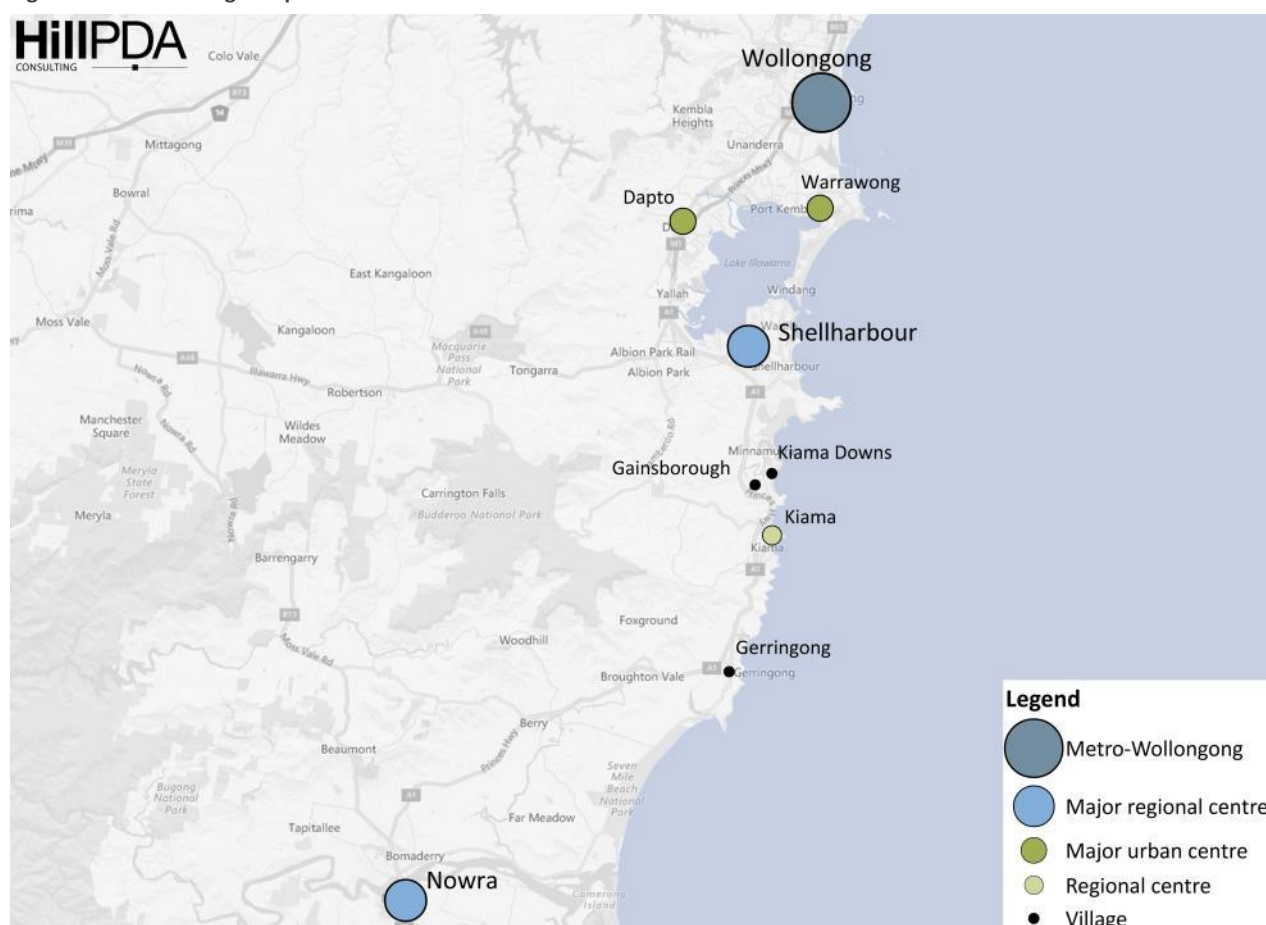
1. Considers the competitive retail landscape
2. Derives a main trade area for the centre
3. Projects population and retail expenditure growth within the main trade area
4. Translates retail expenditure captured directed towards the centre into floorspace demand
5. Quantifies the amount of additional floorspace required to be accommodated in the centre.

5.1 Competitive environment

The following provides an overview of the surrounding competitive retail environment. Retail centres that would likely influence the extent of Kiama's trade area and the amount/type of retail expenditure captured by the centres have been assessed (Figure 18).

Please refer to Appendix A for a more detailed description of each centre.

Figure 18: Surrounding competitive environment



Source: HillPDA

5.2 Trade area identification and analysis

In defining a trade area served by the retail centre, we have considered the below:

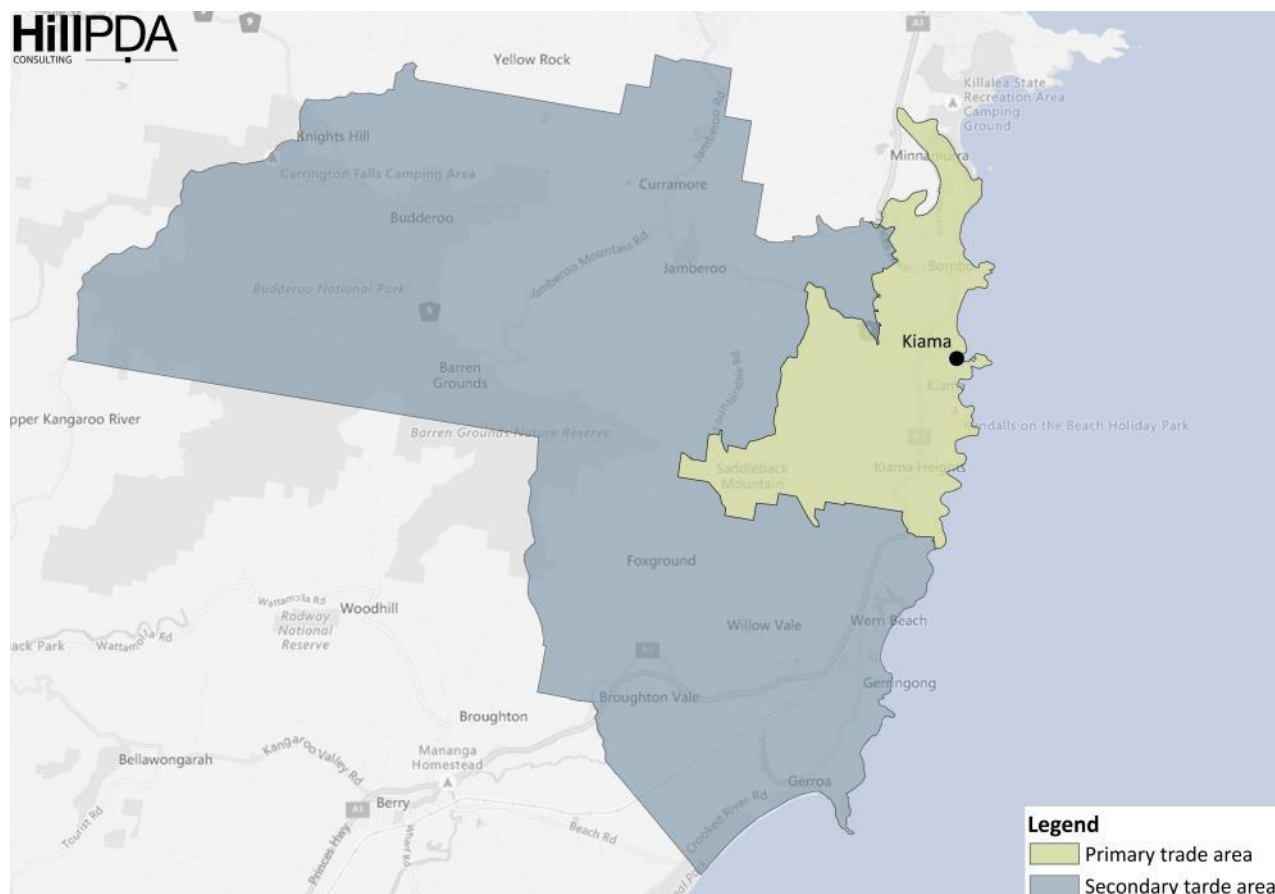
- The strength and attraction of the centre, as determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre
- Competitive retail centres, particularly their proximity to the centre and respective sizes, retail offer and attraction
- The location and accessibility of the centre, including the available road and public transport network and travel times
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

Based on the surrounding retail environment, the composition of the centre, transport connections and presence of artificial/natural barriers, we have derived a main trade area for the centre comprising two sub-trade precincts. These are as follows:

- Primary trade area (PTA) that comprises the suburbs of Bombo, Kiama, Kiama Downs, Jerrara, Saddleback Mountain, Minnamurra and Kiama Heights. These suburbs are located in close proximity to the Town Centre which provides a more convenient and accessible shopping option than other centres within or outside of the LGA
- Secondary trade area (STA) comprises the remaining proportion of Kiama LGA.

Combination of the PTA and STA comprise the main trade area (MTA).

Figure 19: Kiama town centre main trade area



Source: HillPDA

5.2.1 Main trade area key socio-demographic characteristics

Demand for retail floorspace is dependent not only on the number of households in the trade area but also the socio-demographic characteristics of those households. As such, we have examined some key socio-economic characteristics of the main trade area, benchmarked against the Illawarra region.

This analysis found:

- The age structure in the main trade area was reflective of an older population when compared to the wider Illawarra. This is evident in the higher median age when compared to the wider Illawarra region (47 years and 42 years respectively)
- Residents in the main trade area have significantly higher household incomes when compared to the Illawarra (\$78,620 and \$64,480 respectively)
- Personal incomes were also significantly higher in the main trade area when compared to the Illawarra region (\$683 and \$528 higher, respectively)
- The average household size in the main trade area was comparable to the Illawarra region
- There was a higher proportion of households that were comprised of couples without children in the main trade area when compared to the Illawarra
- Median rents for private dwellings were \$78 or 25% higher than the Illawarra.

Table 19: Socio-demographic statistics

Characteristic	Kiama	Illawarra
Median Age	47	42
Household income	\$1,509	\$1,240
Personal income	\$683	\$568
Average person/dwelling	2.5	2.5
Couple family with no children	46%	40%
% Owned dwelling outright	46%	38%
Median Weekly Rent	\$395	\$317

Source: ABS Census 2016

5.2.2 Trade area population projections

The following population projections have been sourced from:

- The ABS 2016 Census
- AnySite 2017 population projections
- Department of Planning and Environment population projections 2016.

Table 20: Main trade area population projections

	2016	2021	2026	2031	2036	Change
PTA	13,738	15,008	15,808	16,576	17,344	3,606
STA	7,727	8,442	8,892	9,324	9,756	2,029
Total	21,465	23,450	24,700	25,900	27,100	5,635

Source: 2016 ABS, NSW DPE 2016 population projections, AnySite 2017, HillPDA

The population in the main trade area is projected to increase from around 21,465 persons in 2016 to around 27,100 by 2036. This represents a 5,635 person or 26% increase over its 2016 base.

The majority of this growth (64%) is projected to occur within the PTA which is projected to increase by around 3,606 residents over the period.

5.2.3 Resident retail expenditure

This Section examines the projected growth in household retail expenditure within the main trade area between 2017 and 2036. Household expenditure was sourced from:

- ABS Household Expenditure Survey 2015-16 which provides household expenditure by broad commodity type by household income quintile
- AnySite 2017 data which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using microsimulation modelling techniques
- AnySite combines the data from the Census, HES and other sources to derive total HES by commodity type.

The main trade area residents generated an estimated \$314 million in retail expenditure in 2017. This figure is forecast to increase to approximately \$466 million by 2036.

Of total retail expenditure in 2017, approximately \$100 million, or about 32%, was spent in supermarkets and grocery stores. Expenditure in this retail sub-category is forecast to increase by around \$48 million, reaching a total of \$148 million by 2036.

For a detailed breakdown by the main trade areas sub-trade precincts, please refer to Appendix B.

Table 21: Resident main trade area total retail expenditure (\$2018m)

Retail category	2017	2021	2026	2031	2036
Supermarkets & Grocery Stores	99.8	113.5	124.4	135.8	147.8
Take-away Liquor Stores	10.9	12.4	13.6	14.8	16.1
Specialty Food Stores	11.6	13.2	14.5	15.8	17.2
Fast-Food Stores	14.4	16.3	17.9	19.5	21.3
Restaurants, Hotels and Clubs*	28.1	31.9	35.0	38.2	41.6
Department Stores	21.7	24.7	27.0	29.5	32.1
Apparel Stores	22.8	25.9	28.4	31.0	33.7
Bulky Goods Stores**	48.1	54.7	60.0	65.5	71.3
Other Personal & Household Goods Retailing	46.2	52.6	57.6	62.9	68.5
Selected Personal Services***	10.7	12.2	13.3	14.5	15.8
Total	314.4	357.4	391.8	427.5	465.5

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Bulky Goods includes fabrics, soft goods, furniture, floor coverings, hardware, houseware, electrical appliances, sports and camping stores.

*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

5.2.4 Tourism expenditure

Visitors are an important source of expenditure for retailers in the town centre. As previously identified, tourists and visitors spent a combined \$163 million in Kiama LGA in 2017, this was a \$3 million increase from that recorded in 2014 (\$160 million)¹⁷.

¹⁷ Destination NSW

The ABS identified that international and domestic tourists spent around 39.7% of total expenditure on takeaway and restaurant meals; shopping, gifts and souvenirs; food products; and alcoholic beverages and other beverages¹⁸.

As such, we estimate that around \$65 million of tourism spend was captured by retailers in the LGA. This is forecast to increase to around \$80 million by 2036¹⁹.

We would assume that the majority would be captured by those in the town centre (say 70%).

5.3 Retail demand assessment

Having forecast the total amount of retail expenditure generated in the main trade area by local residents and visitors, the following quantifies the amount and type of retail floorspace that could be accommodated in the Kiama local centre.

5.3.1 Retail capture rates by broad store type

The previous analysis identified the total volume of retail expenditure in the main trade area. However, not all of this expenditure would be captured by retailers in the town centre. Reasons for this may include:

- The proximity of surrounding centres which provide a greater range and quantum of retail floorspace
- Residents leaving the locality to, predominantly, undertake discretionary shopping (in department stores, apparel stores and bulky goods stores elsewhere – such as Shellharbour City and Wollongong)
- Working residents spending a portion of annual retail expenditure close to their place of work (approximately 15-25%)
- Expenditure from residents who are on holidays / business trips or are away for other reasons for any extended period.

The capture rates (ie the proportion of expenditure captured by the site) that have been adopted for the purpose of this report are based on the type and quantum of retail floorspace observed in the land use survey and the surrounding competitive environment.

Capture rates applied are provided in the table below:

Table 22: Capture rates

Retail category	PTA Capture Rate	STA Capture Rate	Tourism
Supermarkets & Grocery Stores	90%	40%	10%
Take-away Liquor Stores	85%	38%	10%
Specialty Food Stores	85%	38%	10%
Fast-Food Stores	85%	38%	20%
Restaurants, Hotels and Clubs	85%	38%	40%
Department Stores	0%	0%	
Apparel Stores	35%	20%	5%
Bulky Goods Stores	15%	5%	
Other Personal & Household Goods Retailing	20%	10%	
Selected Personal Services	70%	31%	5%

Source: HillPDA

¹⁸ Australian National Accounts: Tourism Satellite Account, 2015-16

¹⁹ Forecast at around the average compound rate 2014-2017

5.3.2 Potential expenditure captured in Kiama town centre

Based on these capture rates the town centre would have achieved total retail sales of around \$188 million in 2017, increasing to \$267 million by 2036. This represents an increase of around \$79 million or 42% over the period.

As of 2017, around 45% of retailer expenditure generated by residents in the main trade area is captured by retailers in the town centre. As such, the balance, or around 55% of expenditure, would still be directed to other larger centres elsewhere in the Illawarra.

Table 23: Total potential retail expenditure captured by town centre (\$2018m)

Retail category	2017	2021	2026	2031	2036
Supermarkets & Grocery Stores	76.7	86.8	95.0	103.4	112.5
Take-away Liquor Stores	12.0	13.3	14.4	15.5	16.7
Specialty Food Stores	17.0	18.6	20.0	21.5	23.0
Fast-Food Stores	21.2	23.2	24.9	26.7	28.6
Restaurants, Hotels and Clubs*	30.6	33.9	36.6	39.5	42.5
Department Stores	0.0	0.0	0.0	0.0	0.0
Apparel Stores	9.0	10.1	10.9	11.8	12.8
Bulky Goods Stores**	5.5	6.3	6.9	7.5	8.2
Other Personal & Household Goods Retailing	7.6	8.7	9.5	10.4	11.3
Selected Personal Services***	8.2	9.2	10.0	10.8	11.6
Total Retailing	188.0	210.0	228.1	247.0	267.1

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Bulky Goods includes fabrics, soft goods, furniture, floor coverings, hardware, houseware, electrical appliances, sports and camping stores.

*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

5.3.3 Demand for retail floorspace

In order to determine the demand for retail floorspace within the town centre, target turnover rates (\$/sqm of retail floorspace, and otherwise known as Retail Turnover Densities (RTDs)) have been applied to projected retail expenditure drawn to the site. These RTD rates broadly represent industry averages.

Table 24: Potential retail floorspace demand (NLA)

Retail category	Target Rate*	2017	2021	2026	2031	2036
Supermarkets & Grocery Stores	10,000	7,671	8,546	9,162	9,782	10,424
Take-away Liquor Stores	12,000	1,002	1,090	1,155	1,221	1,288
Specialty Food Stores	8,000	1,562	1,702	1,804	1,907	2,014
Fast-Food Stores	8,000	2,368	2,556	2,697	2,840	2,988
Restaurants, Hotels and Clubs	5,500	6,810	7,348	7,752	8,161	8,584
Clothing Stores	6,000	1,504	1,652	1,758	1,866	1,977
Bulky Goods Stores	3,600	1,533	1,715	1,842	1,971	2,103
Other Personal & Household Goods	4,900	1,554	1,738	1,868	1,998	2,132
Selected Personal Services	3,500	2,357	2,584	2,748	2,914	3,085
Vacant space (5%)		1,318	1,446	1,539	1,633	1,730
Total Retailing	6,920	27,678	30,376	32,326	34,292	36,325

*Sources: ABS Retail Survey 1998-99 (2017 dollars), JHD Retail Averages, Shopping Centre News, Hill PDA and various consultancy studies

An Allowance for Real Growth in Retail Store Turnover of 0.4% per annum. Also assumes 10% trade captured by residents beyond the trade area

By applying the above RTDs, the centre could support up to 27,700sqm of retail floorspace in 2017. This is forecast to increase by around 8,600sqm, reaching around 36,325sqm in 2036.

Of this net growth, around 2,750sqm is attributed to supermarket floorspace. Currently, demand is sufficient for the development of a second full-line supermarket, typically around 3,000-4,000sqm within the town centre.

5.3.4 Supply versus demand

The PTA contains two additional smaller retail centres. With the addition of these into the equation, there is a current supply of 27,200sqm of retail floorspace, increasing to around 28,200sqm with the completion of a number of developments.

As seen in the table below, demand is considered in equilibrium with supply, with a slight undersupply (~472sqm) of around four to eight small retail premises. This equilibrium is further indicated by the low vacancy rate in the town centre (3.7%).

Assuming no further major additions to the supply side, over the next 18 years the PTA is forecast to have a supply deficit of around 8,125sqm. A significant proportion of this would be directed towards the town centre, say 85-95%.

Table 25: Retail floorspace supply versus demand

	2018	2021	2026	2031	2036
Kiama town centre	25,152*	26,066**	26,066	26,066	26,066
Kiama Downs	1,026	1,106***	1,106	1,106	1,106
Gainsborough Centre	1,028	1,028	1,028	1,028	1,028
Total floorspace supply - PTA	27,206	28,200	28,200	28,200	28,200
Demand	27,678	30,376	32,326	34,292	36,325
Over/undersupply (+/-)	-472	-2,176	-4,126	-6,092	-8,125

Source: HillPDA, includes Akuna Court retail space

*includes vacant floorspace

** includes 50% of Bathers floorspace (2,030sqm) towards retail space & 90% efficiency rate

***includes 80sqm for current development in centre

To estimate any particular deficiency in the town centre, we have assumed that around 90% would be directed to the centre. The current supply of retail space has also been proportioned into broad retail categories to better understand any specific deficiencies in provision.

From this we can estimate:

- Current undersupply within the centre is considered minimal – equivalent to around six to eight small retail shops
- Over the next 18 years around 6,630sqm of additional retail floorspace would be required in the centre
- Current demand is sufficient for the development of an additional supermarket
- A current oversupply of café/restaurant space exists, which is forecast to decrease to become in line with demand over the coming years
- Clothing is currently in equilibrium with demand
- There could be demand for an additional bulky goods or hardware store in the centre.

Please note that, although our modelling suggests that supply of café/restaurants is exceeding demand, initiatives to improve visitation rates and the night time economy would increase demand for such services – creating demand for additional space.

Table 26: Retail supply versus demand by broad category 2018

Retail category	Supply		Demand		Over/undersupply (+/-)	
	2018	2019+	2018	2036	2018	2036
Supermarkets & Grocery Stores	3,255	3,255	7,101	9,382	-3,846	-6,127
Specialties	7,302	8,216	5,972	7,580	1330	636
Café, restaurants, Hotels and Clubs	8,170	8,170	6,250	7,726	1,920	444
Personal services	2,785	2,785	2,172	2,777	613	9
Bulky goods	777	777	1,421	1,893	-644	-1,116
Clothing	1,590	1,590	1,387	1,779	203	-189
Vacant space*	1,273	1,273	1,209	1,557	64	-284
Total	25,152	26,066	25,512	32,693	-360	-6,627

Source: HillPDA, *5% allowance for vacant floorspace in demand

6.0 COMMERCIAL FLOORSPACE DEMAND

The following Chapter forecasts the demand for commercial floorspace to be accommodated in the town centre over the next 18 years (2036).

We have projected resident commercial related employment within Kiama LGA through:

1. Assessment of population projections by age
2. Assessment of labour force status by age
3. Proportion of employment in commercial industries
4. Applying commercial industry containment rates
5. Adjusting some commercial containment rates for an aspirational employment scenario.

6.1.1 Resident labour force employment forecasts

Using the above methodology we have estimated that residents in the labour force will increase from around 9,592 residents²⁰ in 2016 to 10,355 residents in 2036. This represents an increase of 763 or 8% additional residents in the labour force over the period.

Over this period, employment in commercial related services is projected to increase from around 1,017 to 1,098 residents by 2036. This represents an increase of around 81 additional residents in the labour force over the period.

The below table provides labour force employment forecasts by selected industries.

Table 27: Total resident labour force employment forecasts by industries

Industry	2016	2021	2026	2031	2036	Change
Information media & tele	75	76	78	79	81	6
Financial and insurance services	239	242	250	253	258	19
Rental, hiring and real estate services	154	156	161	163	166	12
Professional, scientific & technical ser	550	558	577	584	594	44
Total	1,017	1,031	1,067	1,080	1,098	81

Source: Remplan, ABS 2016, HillPDA

6.1.2 Residents employed in LGA

By applying containment rates, by industry type, assessed in Chapter 2.0 we can estimate the amount of employment accommodated in the LGA.

Through applying the containment rates, of the 1,017 residents employed in commercial related services in 2016, around 719 are estimated to work in the LGA. This is forecast to increase by 57 workers, reaching 776 jobs by 2036 – referred to as the base case.

This represents an overall containment rate of around 71%.

²⁰ Please note that this figure is higher than that stated in the ABS (around 101 persons) this is a result of the NSW DPE 2016 population projections higher population estimate in 2016. However this 1.1% variance is considered minimal, especially given the ABS is generally considered an undercount

Table 28: Employment within LGA – 2016 containment rates

Employment industry	Containment rate	2016	2021	2026	2031	2036	Change
Information media & telecom.	92%	69	70	72	73	74	5
Financial and insurance services	47%	112	114	118	119	121	9
Rental, hiring and real estate services	78%	120	122	126	127	129	10
Professional, scientific & technical ser	76%	418	424	438	444	451	33
Total employment	68%	719	729	754	763	776	57

Source: Remplan, HillPDA

The following table adjusts some of the industry containment rates to that more reflective of a regional LGA. While most industries have had minimal to no change, the financial and insurance services industry had a significantly lower containment rate, this has been increased from 47% to 75% under this aspirational scenario.

By adjusting the target rates, total employment contained in the LGA would increase to around 810 workers in 2016. This would increase by 65 workers over the next 20 years, reaching 875 workers by 2036.

The overall containment rate increases to around 80%.

Table 29: Employment within LGA – aspirational containment rates

Employment industry	Containment rate	2016	2021	2026	2031	2036	Change
Information media & telecom.	92%	69	70	72	73	74	5
Financial and insurance services	75%	179	181	188	190	193	14
Rental, hiring and real estate services	80%	123	125	129	131	133	10
Professional, scientific & technical ser	80%	440	446	461	467	475	35
Total employment	80%	810	822	850	861	875	64

Source: HillPDA

6.2 Commercial floorspace demand

We have projected the amount of commercial floorspace to be accommodated in the town centre by:

1. Quantifying the amount of employment directed toward the town centre
2. Applying average employment densities to total commercial and allied health employment by industry type.

6.2.1 Employment directed towards the town centre

As of 2016, around 67% of all commercial employment within the LGA was directed towards the town centre. We have set an additional aspirational target scenario of 75% of commercial employment directed towards the centre.

Applying these ratios to the two above employment scenarios we have estimated employment directed towards the town centre.

We have further applied an average employment density of 19sqm per worker to project the demand for commercial floorspace. This is based on observed commercial densities through our floorspace survey and industry benchmarks.

Table 30: Floorspace projections

Employment industry	Base case scenario			Aspirational scenario		
	2018	2036	Change	2018	2036	Change
Information media & tele	923	1,059	135	923	1,059	135
Financial and insurance services	1,504	1,725	220	2,401	2,752	351
Rental, hiring and real estate services	1,608	1,843	235	1,649	1,891	241
Professional, scientific & technical ser.	5,608	6,428	821	5,903	6,767	864
Total floorspace demand	9,644	11,055	1,411	10,876	12,468	1,592
Supply	9,569	10,483		9,569	10,483	
Over/undersupply (+/-)*	75	-572		-1,307	-1,986	

Source: HillPDA * includes 50% of the Bathers floorspace (2,030sqm GFA total) towards commercial space and 90% efficiency rate

Currently the town centre provides around 9,570sqm of commercial related space. This is forecast to increase to around 10,485sqm with the completion of the Bathers development. From our forecasting we can estimate that:

1. Under the base case scenario, supply and demand are currently in equilibrium. However, demand for an additional 572sqm of commercial floorspace is forecast to arise in the centre, over the forecast period. This is equivalent to around an additional 32sqm per annum
2. While under the aspirational scenario, there is currently an undersupply of around 1,300sqm. However, the completion of the Bathers development would address the majority of this deficit.

Accounting for the Bathers development, demand for an additional 1,986sqm of commercial floorspace is forecast to arise within the centre, over the forecast period. This is equivalent to around an additional 110sqm per annum.

7.0 MARKET ASSESSMENT

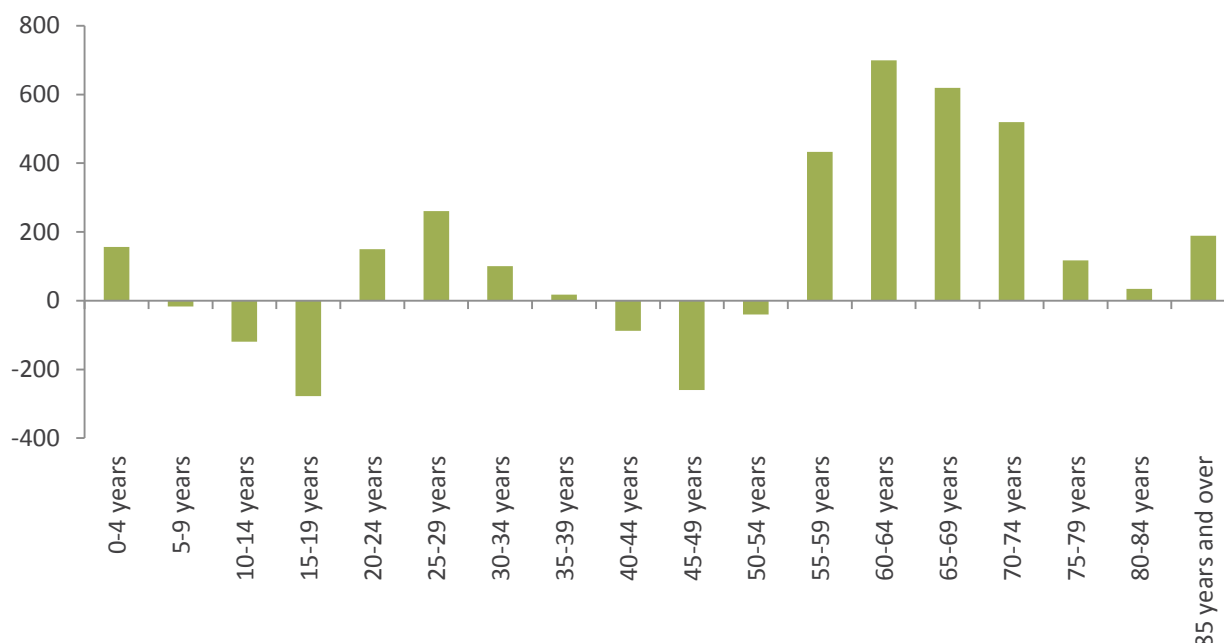
This Chapter provides a market assessment of commercial and retail typologies in the Kiama Town Centre. The information was obtained through various property data sources and augmented through discussions with local agents.

7.1 Market Overview

High level discussions with agents revealed there is stable demand for residential land, townhouse development and two and three bedroom apartments in Kiama, Shellharbour and Shellharbour City Centre. Local agents also revealed how these three areas attract different buyer demographics. For instance in Kiama and Shellharbour beach amenities attract owner occupiers downsizing and/ or investors looking for “weekenders”. In contrast, the Shellharbour City Centre area is more affordable and attracts first home buyers and local investor buyers.

Figure 20 below outlines the change in age structure in five year age groups from 2006 to 2016. The data clearly highlights the significant increase in the population for 55-74 year olds with each age bracket increasing by over 400 people. The trends shown in this information is useful in helping to understand the population movements of Kiama over the past ten years and help to outline why over 55's/ senior living may be plausible for the Subject Site.

Figure 20: Change in Age Structure – Five Year Age Groups, 2006 to 2016



Source: HillPDA 2017, ABS 2006 – 2016

Given the net increase in the ageing population as seen in Figure 20, there may be an opportunity for the town centre to provide seniors living.

Underpinned by the baby boomer generation, the number of persons aged 55+ years in the Kiama LGA has increased by 44% since 2006 (ABS 2016) compared to only 13% growth for all age groups. This has created a shortfall of seniors living accommodation not only in Sydney but mainly in the coastal parts of NSW where seniors wish to retire. To respond to the prevailing demand for seniors living in the 55+ age bracket, developers have begun construction of new facilities along coastal regions of NSW to take advantage of the ‘City to Sea change’ (Knight Frank ‘Seniors Living Insight’ 2017).

Coastal and inland ‘country retreat’ style markets are widely considered to be the prime development site opportunities to help cater for the lack of seniors living in the future. The market research completed by Knight Frank supports this statement outlining how the market for seniors living going forward will be heavily reliant on ‘sea change’ and ‘tree change’ locations.

In response to the ageing demographic of Australia’s population the government is enacting significant policy reforms such as the Seniors Housing SEPP in order to try and cope with the increases. These reforms have changed the way government funds traditional aged care services to a user pays system that may provide an advantage for the Subject Site given the end viability of the project.

7.2 The need for increased dwelling supply

Comparing the increase in housing supply against the population increase within Kiama LGA over the six years reveals that housing supply has remained below the achievable demand. Applying an average dwelling size of 2.5 persons per dwelling, the high level implied dwelling undersupply in the LGA is estimated at around 275 dwellings.

Table 31: Historic dwelling undersupply – Kiama LGA

Supply	
Housing stock, 2011	7,414
Housing stock, 2016	7,730
Change 2011-2016	316
Implied demand	
Average number of persons per dwelling	2.5
Population, 2011	19,986
Population, 2016	21,464
Population growth	1,478
Implied dwelling demand	591
Accumulated dwelling undersupply	-275
(supply less demand)	

Source: ABS Quick Stats, HillPDA

7.2.1 Projected dwelling growth

The LGA is estimated to require an additional 3,050 dwellings between 2016 and 2036, to house the additional 5,100 residents projected to reside within the Shire over the period²¹.

This represents an annual dwelling increase of 153 dwellings needing to be completed each year to meet this target.

7.2.2 Housing stress

Housing stress is a metric used to describe a situation where the cost of housing is high relative to the household income. As a rule of thumb, housing stress is defined as where housing costs (rent or mortgage repayments) are 30% or more of gross household income²².

While this figure provides a useful benchmark of housing affordability, the definition of affordability varies according to a household’s individual circumstances.

²¹ Forecast id

²² NSW Affordable Housing Ministerial Guidelines 2016-2017

As seen in the table below, the mortgage stress within the LGA has decreased significantly over the last five years being comparable with that recorded in 2006. This decrease over recent years is a result of average household incomes increasing while average mortgage repayments have remained stable.

However, households on average are likely to be experiencing stress within the LGA.

Table 32: Mortgage stress

Category	Per annum
Median weekly household income 2016	\$78,619
Median monthly mortgage repayments 2016	\$24,000
Income directed towards housing payments	31%
Median weekly household income 2011	\$64,291
Median monthly mortgage repayments 2011	\$24,000
Income directed towards housing payments	37%
Median weekly household income 2006	\$54,809
Median monthly mortgage repayments 2006	\$17,520
Income directed towards housing payments	32%

Source: ABS Quick Stats, HillPDA

7.3 Commercial and retail evidence

The commercial/retail market in Kiama is characterised by a mix of ground-floor retail in older two storey mixed-use buildings and some new retail in the Bathers Development on Manning Street.

Discussions with agents suggested the commercial/retail market performance will improve in two years once additional pipeline development (medium term) projects are completed. Commercial/ retail rents in the area remain varied depending on the location and quality of fit out. There is also a marked difference in rent between Manning Street and Terralong Street.

As such, providing a range for rent along the retail strip is difficult, therefore each sale should be looked at individually based on its site specific characteristics.

Table 33: Retail / Commercial Sales, Rents and Development Sites

Address	Type	Sold	Price	\$/sqm
Sold				
104 Terralong St	Ground Floor Retail + 1 st Restaurant	Sold Apr-17	\$1,800,000	\$4,090/sqm NLA (Sold) & \$200/sqm p.a NLA (Retail Rent)
29 Collins St	Two separate ground retail shops	Sold Mar-18	\$875,000	\$4,353/sqm NLA (sold)
5/125 Terralong St	1 st Floor Commercial	Sold Aug-18	\$350,000	\$4,795/sqm NLA (sold)
34-36 Manning St	Ground Floor Retail (café) with residential units above	Sold Dec-16	\$1,400,000	\$3,414/sqm NLA (sold)
Asking				
45 Manning St	Ground Floor Retail with 2 residential units above	N/A	\$1,700,000 (asking)	\$3,165/sqm site (based on asking) \$413/sqm NLA pa Net (Retail Rent)
1/89 Manning St	Ground Floor Commercial	N/A	By negotiation	\$413/sqm NLA pa Gross (Commercial Rent)
72 Manning St	Ground Floor Commercial	N/A	By negotiation	\$245/sqm NLA Gross

Address	Type	Sold	Price	\$/sqm
10/133 Terralong St	Ground Floor Commercial	N/A	\$2,275,000 (asking)	\$6,773/sqm NLA (based on asking) / \$464/sqm NLA Net or yield or 6.85%
Commercial and retail development sites				
68 Shoalhaven St	B2 Development Site with FSR of 1.5:1.	Jun – 18	\$880,000	\$1,197/sqm Permissible GFA
100 Terralong St	B2 Development Site with FSR of 1.5:1.	Dec -14	\$3,400,000	\$1,162/sqm Permissible GFA

Source: Realcommercial; CommercialRealEstate.com; RPData; HillPDA

7.4 Demand for Retail and Commercial Space

Discussions with the agents were completed to understand what types of retail and commercial land uses are being sought in the town centre and other local economics influencing retail/commercial trade. The discussions found:

- Most of the recent ground floor retail/commercial sales were sold to owner-occupiers. However, Kiama Council suggested that the majority of the buildings in Kiama are owned by non-resident land lords.
- Agents receive regular enquiries from regional investors for well-located retail space in the town centre.
- Agents suggested the target net investment yields for at-grade retail/commercial space would range between 6.85% and 7.25%.
- Retail rents for new space would range between \$400 - \$600/sqm net.
- Commercial rents for new first floor commercial space would range between \$250 - \$300/sqm net.
- One agent suggested there is an oversupply of hospitality retail (i.e. cafes) in the town centre, however discussions with a Café owner stated they trade quite well throughout the week adding to the viability argument of hospitality trade.
- The town centre is missing:
 - A competing supermarket i.e. Aldi or Coles
 - Childcare in the town centre – one centre currently
 - Decent accommodation i.e. hotel/motel
 - Hardware store
 - Speciality retails such as fashion but this typology could struggle without creating a destination precinct. It is likely speciality retail would require very attractive incentives to remain viable.
- The centre itself lacks connectivity with respect to ground facades and fit-outs. One agent suggested this is a result of long-term fragmented ownership with no capital investment. In contrast, the Agent at the Bathers development stated there is a positive change occurring in Manning Street specifically regarding the relocation of Raine & Horne and RMB Lawyers from Terralong Street who were after new offices in the Town Centre.
- New commercial and retail floor plates should range between 100sqm to 300sqm.
- All agents suggested there is little (if not no) demand for first floor commercial space.
- Professional services are more content renting ground level space given Kiama's location, amenities and acquisition cost.
- Four out of the six agents called stated it would be very hard to sell first floor commercial space in the area and would only attract professional service owner-occupiers.
- One agent stated there is sufficient supply of commercial space in the town centre, further noting that a number of professional services were choosing to locate their business in their residential dwelling. This is achieved by either adding an additional dwelling on site or repurposing a spare room. This saves a significant amount of cost and provides the 'working at home' or telecommuting option.

- Discussions with the marketing agent for the recently completed Bathers development by St Trinity Group on Manning Street found the mix of uses in the development was speciality retail (i.e. surf shop and cafe) and local professional services (Raine & Horne and RMB Lawyers). The developer has been selective in attracting quality long term tenants to ensure the image of the completed development is maintained. The asking price for the last retail space that faces Bong Bong Street and Manning Street is \$952,500 or \$5,474/sqm NLA. Compared to the established commercial and retail evidence above this is the upper range of sold at grade retail space.

7.5 Residential

This section investigates the sale prices of apartments in the town centre. The research is augmented with detailed discussions with local market and industry experts as well as a review of relevant property databases.

44 Bong Bong Street, Kiama ‘Bathers’

This development comprises of 71 units and 15 retail suites. The development mix is split between 2 one bedroom units, 45 two bedroom units and 24 three bedroom units. The development received approval in 2015 and is scheduled to complete late 2018.

Discussions with the developer found there is a high demand for additional residential units in the town centre. The agent did state the development of Bathers is changing the face of Manning Street and making it attractive for relocation of professional services such as Rain & Horne and RMB Lawyers from Terralong Street. At present only the penthouse and a 3 bedroom unit resale is on the market.

Unit	Sold Prices	Internal (sqm)	Internal (\$/ sqm)
2 Bedroom	\$780,000 - \$850,000	87 – 95	\$8220 - \$9770
3 Bedroom	1,060,000 - \$1,300,000	115-117	\$9,217 - \$11,111
Penthouse	\$2,250,000 (asking)	134	\$16,791

Source: Raine & Horne; St Trinity

44 Manning Street, Kiama

This development titled ‘Harbour side’ comprises of 16 three bedroom high end units and 2 ground floor commercial/ retail suites.

Discussions with the agent found 50% has presold with construction expected to start mid-2019. Practical completion is scheduled for early 2021. The agent has also sold one of the commercial suites to a professional service business but could not disclose the price.

Unit	Asking Prices	Internal (sqm)	Internal (\$/ sqm)
3 Bedroom	\$950,000 - \$1,200,000	108-117	\$8,796 - \$10,265

Source: Ray White

132 Shoalhaven Street, Kiama

This residential development comprises 51 units within 4 adjoining 4 storey buildings constructed over 3 stages, with car parking for 81 vehicles. Each of the 4 blocks within the residential flat development is progressively stepped down away from Shoalhaven Street. The development mix is split between 9 one bedroom units, 24 two bedroom units and 18 three bedroom units each with a balcony.

Discussions with the agent revealed the development began marketing in February 2017 and they have sold a total of 20 apartments to date. This equates to a take up rate of 1.81 units per month.

The selling agent indicated that most of the purchasers have been local owner occupiers along with downsizers from the area with sale values internally ranging from \$6,363sqm – \$8,554sqm.

An analysis of the apartment asking prices is provided below:

Unit	Sold Prices	Internal (sqm)	Internal (\$/ sqm)
1 Bedroom	\$479,000 – \$499,000	56 – 61	8,554 – 8,180
2 Bedroom	\$629,000 – \$699,000	87 – 94	7,230 – 6,904
3 Bedroom	\$769,000 – \$789,000	109 – 124	7,055 – 6,363

Source: HillPDA 2018, R&H Kiama

7.6 Key findings

Agents indicated that performance is forecast to improve, in around two years, with a number of developments either due for completion or within the pipeline. Demand for new commercial space ranged between 100-300sqm.

Rents along the strip are varied with prices depending on the location and quality of fit out, with strip retailing between Shoalhaven and Thompson Streets being considered a prime location. Demand for first floor commercial space is mixed with agents suggesting it would be difficult to sell first floor commercial space, given the low market rents achieved in the centre. Currently, professional services that are located on ground floor are content paying market rates, with little incentive to relocate above ground.

A current trend among locals is to work from home with commercial operators adding an additional structure to their place of residence or repurposing a spare room. This could either imply professional services prefer the working at home option or there is an underlying demand for more affordable commercial space.

We know in our experience the development of first floor commercial space in regional locations is often difficult to achieve viability, in most cases commercial space needs to be subsidised by residential through increased planning controls (FSR/building height).

From a redevelopment perspective the end sale value of commercial ranges between \$3,400/sqm NLA to \$4,500/sqm NLA, while residential is achieving between \$8,200/sqm NLA to \$11,100/sqm NLA. Therefore there would be little incentive for a developer to incorporate commercial into a new development.

The requirement that first floor should be commercial space in a blanket approach for the town centre, without any viability testing, should be avoided. With the absence of testing for viability, it may be better to apply the 'look and see' approach as new development in the town centre is completed, which will assist in the viability of retail trade, and increasing rents/ asset values.

Encouraging specific businesses to locate in the area is difficult. Businesses will tend to choose their location based on a variety of individual factors such as style, identity, skill base, demographics, accessibility, competition, proximity to other businesses, utilities, rents, infrastructure, and ordinance. To support new investment, a clear vision and direction for the study area can be embedded in the planning framework. Maintaining flexibility in the size of and variety of floor plates will be important to attract the greatest diversity of uses. Protecting the existing supply of commercial floorspace will also be important so as not to adversely affect rents and the affordability of the location.

One strategy the Council could use is to provide a bonus FSR for developments that incorporate additional commercial GFA. It is worth noting that not all developers may wish to utilise a bonus FSR incentive as the cost to acquire a site may have reduced their profit margin, therefore they may prefer 1st floor residential over commercial.

A second strategy is Council could designate an employment area for Commercial businesses behind the retail strips similar to Military Road in Neutral Bay which is zoned B4 Mixed Use, or a B6 Enterprise Corridor near the town centre. This employment area could again be hampered by the viability of providing commercial space over residential space.

It was noted that land uses that were absent or sought after included:

- A competing supermarket such as Aldi, Supa-IGA or Coles

- An alternative or further addition may be a fresh food mini-major such as Harris Farm
- Childcare in the town centre – although It is noted that there is one facility in the centre
- Quality accommodation i.e. hotel/motel
- Hardware store
- Speciality retails such as fashion.

With respect to residential apartments there is a strong demand for new stock in the town centre. This was reinforced by discussions with agents and assessment of current development applications. The asking dollar per square metre rate for off the plan apartments in Kiama ranges from \$6,636sqm – \$11,111sqm. The high range difference relates to the views being achieved, fitout (some new developments are luxury) and location in the town centre.

8.0 SUGGESTIONS FOR KIAMA

From the analysis above there are a number of issues in Kiama town centre including the need for a second supermarket or fresh food store, a quality hotel, specialty stores, hardware store and additional child care. Council has also expressed strong concern about the lack of non-retail commercial space for small businesses.

The planning of key sites is one way of addressing these issues. This is an outcomes first / planning controls second based approach of identifying potential development sites (which may require some site amalgamations) and then designing and testing built form and land use options.

In terms of planning controls in the town centre some councils have placed minimum commercial FSR controls on their town centre. For example the Holroyd LEP requires a minimum of 50% of floor space in a mixed use building in the Merrylands town centre to be non-residential. This generally translates to 3 levels of non-residential floor space in a building at a FSR of 3.5:1. Northern Beaches Council has a similar control in Dee Why. There has been mixed success with these types of controls. It is important not to set the bench too high as it may undermine development feasibility.

We suggest that for Kiama a clear commercial core is identified and defined and that, subject to meeting urban design and other environmental acceptability, the following controls be applied:

- Ground floor must have active uses facing the street and exclude residential use
- Above ground floor residential or shop top housing be permitted
- An incentive be given enabling the applicant to increase the overall height of the building by one level with an equivalent FSR uplift if the building incorporates an additional level of employment space

Further, that fringe areas around the commercial core allow residential, commercial or mixed use development. If commercial space is provided then the equivalent in floor space and height is given as an incentive.

APPENDIX A: COMPETITIVE RETAIL ENVIRONMENT

The following is a description of the surrounding retail centres that would likely influence the extent of Kiama's trade area and the amount/type of expenditure captured by the centre.

A.1.1 Wollongong

Wollongong City Centre is located approximately 80km south of Sydney, with a retail centre serving the Illawarra Region. Wollongong City Centre has an estimated total retail floorspace of 90,000sqm²³, accounting for 32% of retail floorspace within the LGA. Wollongong City Centre is the principle concentration of civic, government, community and commercial office activities, as well as several significant entertainment and recreational uses.

The main focus of commercial activity in Wollongong City Centre is along Crown Street, extending from Corrimal Street. Commercial and retail uses are also found along Market and Burelli Streets (parallel to Crown Street). The retail precinct of the City Centre is centred on the Crown Street Mall between Keira Street and Kembla Street, where Wollongong Central Shopping Centre is located.

Crown Street holds the primary concentration of retail floorspace (70,219sqm), with the principle tenant being the Wollongong Central Shopping Centre covering some 47,515sqm of retail floorspace.

Wollongong Central is anchored by Coles (4,080sqm), Target (2,640sqm), H&M (2,340sqm), JB Hi-Fi (1,882sqm), and some 189 specialty shops.

A.1.2 Shellharbour

Shellharbour City Centre is the largest retail centre in Shellharbour LGA, accounting for some 62,665sqm of lettable floorspace. The majority of retail space is provided by Stockland Shellharbour shopping centre which provides around 72,885sqm of retail space. Major tenants of the shopping centre include a Myer (11,939sqm), Target (7,170sqm), Kmart (6,500sqm), Coles (4,500sqm), Woolworths (3,870sqm), Harris Scarfe (2,500sqm), JB Hi-Fi (1,710sqm), Best & Less (1,270sqm) and a Best Friends Pets (1,180sqm). A further 231 speciality stores are also contained in the centre.

Stockland Shellharbour Retail Park is also located in the City Centre. The retail centre contains a total of 20,425sqm of space with main anchor tenants including a 7,600sqm Bunnings, 4,370sqm Woolworths supermarket, 1,500sqm Dan Murphy's Liquor Store, and 7,762sqm Bunnings Warehouse.

A.1.3 Nowra

Nowra is the major regional centre in Shoalhaven LGA, a riverside city approximately 43 kilometres south of Kiama. Nowra has two shopping centres: the 15,900sqm Stockland Nowra and the 6,040sqm Nowra Mall.

Stockland Nowra contains 15,000sqm of retail space with a Kmart (7,190sqm) and Woolworths (4,230sqm) providing anchor roles for 55 speciality shops.

Nowra Mall contains a 3,890sqm Coles as well as 1,985sqm of specialty retail over 15 stores.

A.1.4 Dapto

Dapto is defined by the Department of Planning as a major urban centre. The majority of space is contained in Dapto Mall (20,250sqm) which contains a 6,388sqm Big W, 4,360sqm Woolworths, 3,770sqm Coles and 4,745sqm of specialty retail over 58 stores.

²³ Kiama retail study , HillPDA 2007

A.1.5 Warrawong

Warrawong is located approximately 24 kilometres north of Kiama. Retail activity is focussed on King Street between Cowper Street and Northcliffe Drive. Retail floorspace in Warrawong is estimated at approximately 70,000sqm of which Westfield Warrawong accounts for 52,830sqm of floorspace.

Westfield Warrawong is anchored by a Bunnings (12,130sqm), Big W (8,283sqm), Target (5,970sqm), Coles (4,395sqm), Trade Secret (2,050sqm), ALDI (1,600sqm). 83 speciality stores are also located in the centre comprising some 12,540sqm of space.

A.1.6 Gerringong town centre

Gerringong is a small town centre that provides for the daily needs of the surrounding resident and visitor population. Retail space is primary located along Fern Street, with a 1,600sqm IGA supermarket located along Blackwood Street.

A.1.1 Jamberoo town centre

Jamberoo is a small town centre that provides for the daily needs of the surrounding resident and visitor population. Retail space is primary located along Allowrie Street, with a small 250sqm IGA supermarket fronting the street.

A.1.2 Kiama downs

Kiama Downs is a small local centre that provides for the daily needs of the surrounding resident and visitor population. Retail space is primary located along Johnson Street, with a total of around 1,200sqm of retail space being provided. A small 380sqm IGA supermarket is located in the centre.

A.1.3 Gainsborough

Gainsborough is a small local centre that provides for the daily needs of the surrounding resident and visitor population. Retail space is primary located along Meehan Drive, with a total of around 1,150sqm of retail space being provided. A small 350sqm supermarket is located in the centre.

APPENDIX B: RETAIL EXPENDITURE

The following are forecast expenditure tables from Chapter 5.

Table 34: MTA forecast household expenditure by trade area segment

PTA	2017	2021	2026	2031	2036
Supermarkets & Grocery Stores	64.5	73.3	80.3	87.6	95.4
Take-away Liquor Stores	7.1	8.1	8.9	9.7	10.5
Specialty Food Stores	7.5	8.6	9.4	10.2	11.1
Fast-Food Stores	9.4	10.6	11.7	12.7	13.8
Restaurants, Hotels and Clubs*	18.3	20.8	22.8	24.9	27.1
Department Stores	14.0	15.9	17.5	19.1	20.8
Apparel Stores	14.6	16.6	18.2	19.9	21.7
Bulky Goods Stores**	31.1	35.4	38.8	42.3	46.1
Other Personal & Household Goods Retailing	29.9	34.0	37.2	40.6	44.3
Selected Personal Services***	6.9	7.9	8.6	9.4	10.2
Total	203.3	231.1	253.4	276.5	301.0
STAN	2017	2021	2026	2031	2036
Supermarkets & Grocery Stores	35.4	40.2	44.1	48.1	52.4
Take-away Liquor Stores	3.8	4.3	4.7	5.1	5.6
Specialty Food Stores	4.1	4.7	5.1	5.6	6.1
Fast-Food Stores	5.0	5.7	6.2	6.8	7.4
Restaurants, Hotels and Clubs*	9.8	11.1	12.2	13.3	14.5
Department Stores	7.7	8.7	9.6	10.4	11.4
Apparel Stores	8.1	9.2	10.1	11.0	12.0
Bulky Goods Stores**	17.0	19.4	21.2	23.2	25.2
Other Personal & Household Goods Retailing	16.4	18.6	20.4	22.2	24.2
Selected Personal Services***	3.8	4.3	4.7	5.1	5.6
Total	111.0	126.3	138.4	151.0	164.4

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Bulky Goods includes fabrics, soft goods, furniture, floor coverings, hardware, houseware, electrical appliances, sports and camping stores.

*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

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