HillPDA
CONSULTING

Level 3, 234 George St
Sydney NSW 2000
02 9252 8777
sydney@hillpda.com
hillpda.com
ABN 52 003 963 755

Tamworth Reginal Council

5 April 2019

DEMAND FOR RETAIL SPACE IN ARCADIA

Demand for retail space is derived mainly from three sources being residents (household expenditure), workers and visitors or tourists. For a new centre in Arcadia it is expected that the vast majority of total retail sales (turnover) will be generated from local residents. It is also expected that the majority of shoppers will travel by car although there will be some residents within walking distance that will often or occasionally walk.
The methodology for quantifying demand for retail space in Arcadia is expenditure modelling which involves the following steps:

- Define the trade area or trade areas
- Estimate the trade area population
- Forecast expenditure generated by the population
- Apply likely capture rates by expenditure or retail store type to derive potential retail sales
- Convert potential retail sales into require square metres

1.1 Trade Area definition

The primary trade area (PTA) is defined as the area where an existing or proposed centre draws the majority of its expenditure from. At a local level this relates predominantly to essential and regular shopping items such as food and groceries. The PTA for Arcadia is likely to be the future suburb of Arcadia as shown on the Preliminary Structure Plan, March 2019.

The secondary trade area (STA) is the area where the centre is likely to draw some expenditure from. The suburbs/localities of Kingswood and Warral would be included in the STA. The suburb of Hillvue would also be in the STA but much will depend on whether or not a similar or competitive food and grocery shopping centre is developed in this locality.

As a general rule shoppers tend to travel inwards (towards Tamworth City) to undertake shopping rather than outwards. Also a considerable proportion of shopping is done in the PM peak time (commuting home from work). In the interest of convenience shoppers generally do not pass home to go shopping. For these reasons we don't envisage say South Tamworth for example being in the trade area.

1.2 Trade Area Population

Based on the preliminary structure plan for Arcadia we estimate a resident population of 6,000 when fully developed.

Zone	Avg size (sqm)	Hectares	Dwellings
Medium Density Residential	350	12.43	355
Small Lot Residential	550	100.46	1,827
Large Lots Residential	750	24.09	321
Neighbourhood Centre		1.86	
Open Spaces & trunk drainage		50.00	
TOTAL		188.84	2,503

Average household size in Tamworth is around 2.5 and assuming 4% vacancy this amounts to 6,000 residents. There are a further 1,400 residents in Kingswood and Warral and a further 6,400 in Hillvue.

1.3 Forecast expenditure

Expenditure data was sourced from MDS Marketinfo 2017 which utilises national accounts, ABS Census and ABS Household Expenditure Survey data to derive estimated household expenditure down to SA1 level for 625 different categories of expenditure.

In 2017 average spend per capita on retail goods and services in the Tamworth LGA was $13,255. Average spend by residents in the STA is a little higher at around $14,300 per annum. If we adopt say $13,650 per capita for PTA residents then total annual spend by PTA residents is estimated as follows:

Commodity Type	PTA ($m)	STA ($m)
Food & Groceries	26.3	35.1
Liquor Take-Away	4.3	5.8
Take-Away Food	5.2	7.3
Apparel	6.1	8.6
Homewares & Manchester	1.8	2.6
Bulky Goods	11.5	16.6
Other Goods	18.1	23.4
Selected Personal Services	2.4	3.4
Liquor Consumed On Premises	1.7	2.3
Meals in Pubs, Clubs, Restaurants	4.6	6.5
TOTAL	81.9	111.4

1.4 Potential Retail Sales and Floor Space Demand

From the expenditure data potential retail sales is forecast by firstly converting expenditure by commodity type to expenditure by retail store type and then applying likely capture rates from PTA and STA residents. Dividing potential retail sales by target retail turnover density is done to derive the appropriate size of the centre by store type. The results are shown in the table below.

Retail Store Type	Primary Trade Area: Avg spend per capita	Primary Trade Area: Capture Rate	Primary Trade Area: Potential sales	Secondary Trade Area: Avg spend per capita	Secondary Trade Area: Capture Rate	Secondary Trade Area: Potential sales	Total Potential Sales*	Target RTD**	Require size (sqm)
Supermarkets & Grocery Stores	4,488	75%	20.2	4,730	30%	11.1	32.8	10,500	3,126
Specialty Food Stores	1,007	70%	4.2	1,078	28%	2.4	6.9	8,500	813
Fast-Food Stores	914	50%	2.7	1,002	20%	1.6	4.5	8,000	565
Restaurants, Hotels and Clubs*	1,022	40%	2.5	1,132	16%	1.4	4.1	5,000	812
Department Stores	805	0%	0.0	904	0%	0.0	0.0	3,500	0
Apparel Stores	1,044	0%	0.0	1,048	0%	0.0	0.0	6,000	0
Fabric and Soft Goods Stores	110	0%	0.0	177	0%	0.0	0.0	3,500	0
Furniture & Floor Coverings Retailers	585	0%	0.0	664	0%	0.0	0.0	3,500	0
Domestic Hardware and Houseware Retailing	559	0%	0.0	663	0%	0.0	0.0	3,500	0
Electrical Appliances Stores	922	0%	0.0	1,038	0%	0.0	0.0	4,500	0
Recorded Music Retailers	50	0%	0.0	51	0%	0.0	0.0	6,000	0
Sport and Camping Goods Stores	130	0%	0.0	147	0%	0.0	0.0	3,500	0
Other Personal & Household Goods Retailing	1,764	25%	2.6	1,814	10%	1.4	4.3	5,000	853
Household Equipment & Repairs	49	0%	0.0	57	0%	0.0	0.0	3,500	0
Selected Personal Services**	386	40%	0.9	435	16%	0.5	1.5	4,000	386
TOTAL	**13,835**	**40%**	**33.2**	**14,941**	**16%**	**18.4**	**54.1**	**5,064**	**6,555**
Non-retail specialties @ say***	16% of total specialties								653
Vacancies	5% of total specialties								204
TOTAL SHOP FRONT SPACE									7,412
+ Non leasable space @ say	15% of total GFA								1,308
TOTAL GFA									8,720

* Includes a further 5% turnover captured from outside the trade area

** Target Retail turnover density measured as $/sqm based on industry benchmarks (Non-metropolitan NSW)

*** Includes banks, real estate and travel agents, medical services, etc.

The table shows that a centre with a gross leasable area (GLA) of around 7,500sqm anchored by a 3,200sqm is achievable. Note however that this assumes a similar centre would not proceed in Hillvue. If that happened then the required GLA would be less at around 5,500sqm and the required supermarket would be around 2,300sqm.

Please note that a supermarket of around 2,300sqm may be too small for a full-line Coles or Woolworths supermarket. Traditionally these operators required 2,800 to 3,000sqm as a minimum although recently in the Sydney metropolitan region they are introducing various other sized formats. We note that the Coles in Northgate is 1,800sqm.

1.5 Retail Mix

The centre should be anchored by a supermarket and include a range of specialty stores including liquor, specialty foods, take-aways, restaurants, newsagency, chemist, etc. It should also provide a range of non-retail uses such as medical, financial, travel and real estate services.

1.6 Place Making

Key Elements for People's lives have become time poor with where they choose to live, work, shop, undertake social interactions, relax and play merging into one. This has increased the importance of local centres as a focal point in promoting social cohesion as residents often identify with their local centres as "their village or community". As such it is not only important to provide commercial and retail services but to ensure that the mix of those and surrounding uses, layout and environment encourages use and activation.

The following provides a few core qualities that enhance a centres performance and activation.

Commercial sustainability: ensuring commercial sustainability is key objective of any centre. This requires a careful balance of planning, design, economic and governance initiatives. Some initiatives include:

- Ensuring an appropriate diversity of and mix of tenants relative to the intended function of the centre
- Reduced traffic speed through the centre and increase pedestrian connectivity
- Create activity throughout the day and if possible into the evening.

Pedestrian realm: centres need to encourage pedestrian movement by operating at the human scale. A centre that provides a comfortable pedestrian experience will encourage movement throughout, social interactions, increase activation and the opportunity for increased trade. Some initiatives for this quality include:

- Provision of street furniture
- Pedestrian friendly streets (reduced traffic speeds, wider footpaths and pedestrian priority share-ways)
- Protection from the natural elements (tress and awnings)
- Removal of obstructions, both those that obstruct movement and line of sight.

Sense of place: The creation of a sense of place creates a strong connection to a centre by an individual and the community. Some initiatives for this quality include:

- The provision of outdoor dining
- Orientation of the commercial and retail uses as to encourage use (such as cafes and restaurants facing the street and public open space)
- Provision of public space and community facilities
- Use of views and vistas and public art

Successful local centres (centres that cater predominantly for regular food and grocery shopping) are either located in the middle of their trade area or at the main entry point. The position shown on the preliminary structure plan (March 2019) is appropriate and frontage to the park provides a good synergy. It meets that sense of place test. An alternative position is to have a strip shopping centre fronting Werris Creek Road. This is desirable in terms of providing more convenience for southbound PM commuters and other potential passing motorists. However the amenity may be compromised. Shoppers do appreciate higher amenity and will often select centres that provide it.

Another solution is a 'main street' centre that has a visible entry point at Werris Creek Road and district park / land mark say 200m to 250m at the other end. The retail could be positioned on one side of the entry road or both sides. Both sides is desirable, even preferable, unless traffic is heavy resulting in some pedestrian/traffic conflict. The best and successful main street centres have a single lane of slow moving traffic each side of the street and short term parking in front of the shops.

Should you have any questions please do not hesitate to contact us in our Sydney office on 02 9252 8777.

Yours sincerely,

Signed by

…………………………………………………….

Adrian Hack
Principal, Urban and Retail Economics
M. Land Econ. B.Town Planning (Hons). MPIA
Adrian.Hack@hillpda.com

HillPDA Consulting
Level 3, 234 George Street,
Sydney NSW 2000, Australia
GPO Box 2748, Sydney NSW 2001
T | +61 2 9252 8777
W | hillpda.com
ABN | 52 003 963 755

Shaping tomorrow's cities today.

HillPDA are a leading independent property consultancy providing strategic advice in economics, planning, valuation and advisory. The success of the HillPDA offering is the capacity to draw upon the complex marriage between strategic planning, commercial intelligence and economic know-how. Our specialist team comprises of economic, social, urban and economic planners, land economists, property valuers and geographers providing the key skills necessary to deliver realistic, practical and innovative solutions.

hillpda.com

HillPDA
CONSULTING

Contact us.

SYDNEY | Level 3, 234 George Street, Sydney NSW 2000 | GPO Box 2748 Sydney NSW 2001 | +61 2 9252 8777 | sydney@hillpda.com

MELBOURNE | Suite 114, 838 Collins Street, Docklands VIC 3008 | +61 3 9629 1842 | melbourne@hillpda.com