

ALBURY

Retail floor space and industry review



Prepared for Albury City Council

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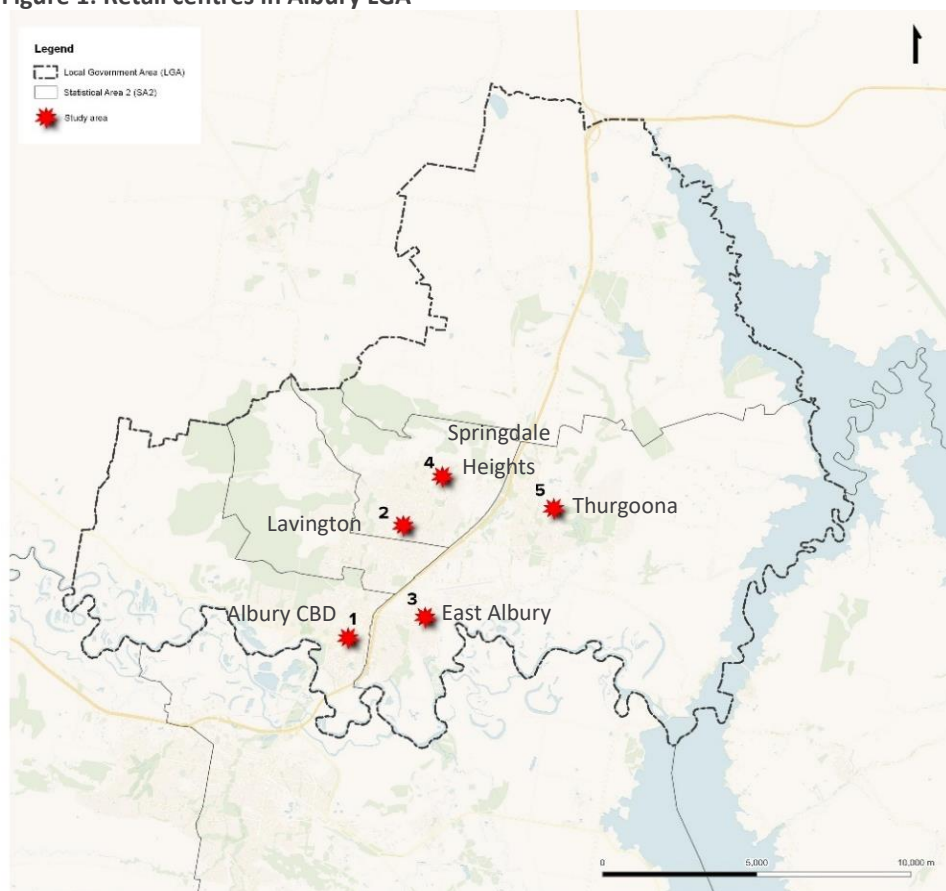
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EXECUTIVE SUMMARY

HillPDA was commissioned by Albury City Council (Council) to prepare the 'Albury Retail Floorspace and Industry analysis' paper (the Study). The Study provides a comprehensive assessment of the demand and supply for retail development in Albury's major retail precincts, including the CBD, Lavington, East Albury (including bulky goods along Borella Road), Springdale Heights and Thurgoona.

Figure 1: Retail centres in Albury LGA



Source: QGIS; HillPDA

Existing Retail centres

The key centres in the Albury LGA accommodate approximately 199,000 sqm of occupied retail floorspace and a further 17,000sqm of vacant retail floorspace.

The Albury CBD currently accounts for 56% of the total retail floorspace in Albury. This reflects the importance of the Albury CBD in the regional economy and its dominance in the retail hierarchy.

Some key changes from the previous audit in 2014-15 include:

- Total Gross Lettable Area Retail (GLAR) for the Albury LGA has increased by 15,900sqm to approximately 199,000sqm currently
- Total occupied GLAR in the CBD has decreased by 1,370sqm which can largely be accounted for by the increased vacant space (and conversion of retail uses into non-retail shopfront space)
- The GLAR in Lavington's retail core has increased to 40,400sqm GLAR (+2,900sqm from 2015) with current vacancy rates broadly in line with 2015 levels
- The opening of the Bunnings store in Albury (12,000sqm) has significantly increased the amount of bulky goods retailing in the region.

Drivers of demand

Population growth: As at June 2020, the estimated resident population for the Albury LGA was **55,055**. The LGA has shown strong and steady growth (with a five year growth rate to 2020 of 1.3%) and is **projected to increase to 67,500 persons** by 2036. Almost 60% of this growth will be in the Thurgoona Growth Area.

Socio-demographic profile: Compared to Regional NSW, Albury LGA's residential population is younger, with above average representations of residents aged between 20 to 49 years. In terms of household type, family households make up the majority of all households in the Albury LGA (at 60.7% in the Albury LGA compared to 64.3% in Regional NSW). These family households, particularly those with dependent children, are concentrated in the Thurgoona Growth Area, Glenroy-Hamilton Valley and the Rural areas.

Albury LGA's median weekly household income is generally in line with Regional NSW, but a little higher in Albury, Albury East, Glenroy, Hamilton Valley and the Thurgoona Growth Area. There are opportunities for the Albury retail sector to capitalise on the region's strong family base which is expected to grow as Thurgoona expands.

Retail expenditure: Retail spend per capita in NSW has increased substantially from approximately \$910 per month in 1992 to around \$1,100 to \$1,200 per month in 2020-21 – an increase of around 26%. Consumer preference between store types has also changed substantially over the last few decades, with department stores capturing a smaller proportion of total expenditure, whilst the share of supermarkets, restaurant and cafés increased from 43% of total retail expenditure in the 1980s to 53% in 2020. Over the three years to January 2021, total retail turnover increased by \$1.1 billion or 12% to \$9.5 billion, with a sharp spike in turnover in the month of March 2020 as a result of “panic buying” as borders closed and lockdown measures were implemented due to COVID-19.

Employment growth:

Albury LGA's labour force was estimated at 27,748 workers as at March 2021, which is down from 29,459 workers over the same period in 2020. This is likely an impact of COVID-19. The retail trade industry was the second largest employer, behind Health Care and Social Assistance in 2016 and 2020 and provided 13% of all jobs in the Albury LGA, which highlights the importance of the retail sector for Albury's economy. Applying the Regional NSW employment growth rate of 1.2% per annum (sourced from employment projections provided by the Department of Education, Skills and Employment) would suggest that by 2036, the numbers of workers will grow to around 33,000.

Tourism growth:

In Albury Wodonga, the number of domestic overnight visitor nights increased from 2015 to 2019 at a rate of 7.6% per annum (from 611,000 visitor nights in 2014 to 819,000 visitor nights in 2019), then decreased sharply to 301,000 visitor nights as a result of the COVID-19 outbreak. Similar trends occurred with domestic day travel (which fell from 938,000 visitors in 2019 to 686,000 visitors in 2020, which equates to a 30% decrease) and international overnight travel.

Notwithstanding the fall in visitation to Albury Wodonga, the tourism market is likely to rebound as the lockdowns and restrictions are lifted. Tourism Research Australia project

that visitor nights will grow by around 3% over the next decade at a State level. Albury is likely to increase at a similar rate.

Each visitor to Albury spends around \$70 per day on retail goods and services including food services. Population, workers and tourism growth, as well as increased affluence and favourable socio-demographics will support Albury's retail sector and stimulate further demand for retail space.

Retail Trends

The retail business model is changing: More retailers are using online platforms and moving towards digitalised business models, with COVID accelerating this trend. Stakeholders are seeing evidence of this trend in the Albury LGA with retailers increasingly transitioning to omni-channel retailing and online fulfilment - particularly in response to the COVID-19 pandemic and lockdowns. This trend will likely continue (and evolve) post-COVID as online shopping behaviour and customer expectations have become embedded. This trend could place downwards pressure on the demand and supply of retail floorspace. However the impacts of this are likely to be less pronounced in Albury since (and noted by Stakeholders interviewed) bricks and mortar stores continue to be the preferred form of retailing in the Albury LGA over the foreseeable future.

Property divestiture and rationalisation by retailers and centres: With profit margins in the retail industry declining over the years, this has forced many retail chains to close poorer performing stores, reduce their physical footprint and optimise their network. Department stores, Myer and David Jones have expressed their intent to reduce their floorspace by up to 20%. Some commentators are also predicting apparel stores will downsize their selling space by more than 10% by 2024. However this trend is not prevalent in Albury. In fact the shopping centre managers and leasing agents have witnessed a counter trend with retailers seeking to increase their footprint to meet customer demand. Myer and the other large anchors in the CBD are currently trading quite well and hence there is little reason for them to downsize.

E-commerce: There has been continued growth of online retailing, with COVID-19 turbocharging this trend and changing consumers online spending behaviours in favour of online shopping. National online spend estimates for 2020 vary between 12% to 16% of total retail sales. The share of online purchases are significantly higher in metropolitan areas compared to regional areas such as Albury. E-commerce can be as much a

complementary channel as a competing channel. Moreover, while online shopping will continue to strengthen, it will not replace traditional brick and mortar retail with a high proportion of online sales occurring through physical stores.

Increase in retailtainment and in-store experiences: To compete with the online shopping experience, there is a shift towards brick-and-mortar stores becoming more experiential with many centres combining leisure, entertainment and retail. We expect this trend will continue post COVID. Centres across the Albury LGA may benefit from the inclusion of more leisure and entertainment attractors to help improve the attractiveness of a centre and encourage multi-purpose visits.

Repurposing and conversion to mix uses: In recent times we have observed larger shopping centre developments and development proposals to integrate medical services, offices, hospitality, childcare centres with retail uses as well as a surge of mixed-use developments (including residential) throughout Australia and globally. Many of the recent developments and applications in Albury CBD include a mix of uses which is likely to continue longer term.

New format supermarkets in smaller centres: A recent trend, which is likely to continue to influence the retail market, is the demand for new and larger format supermarkets in smaller centres (i.e. greater than the traditional retail small centre floor plates of 400- 600 sqm). This trend would see an increase in proposals seeking to develop supermarkets of around 1,000 sqm to 1,500 sqm in smaller retail centres where previously smaller supermarkets or convenience stores may have prevailed. This trend will become increasingly relevant as the Thurgoona Growth Area population grows and neighbourhood centres are planned.

Pop-up retail: Pop-up retailing has become increasingly popular in recent years, with this type of retailing now becoming a permanent fixture in Australia's retail landscape. The use of pop-ups has been successful in many cities around the world, with several local councils also embracing the concept to successfully activate and reinvigorate a struggling precinct. The use of pop-up stores has not gained momentum in Albury and may in part be the result of generally healthy occupancy rates.

Better designed eating experiences: With the rise of the café culture prior to COVID and increased food awareness, the eating experience has become increasingly important. With customers seeking an experience where it is not just about the food but also the

environment they eat in, creating the need to design venues that also enhance and excite a customer's sense of touch, smell, sight and taste. This 'experience' has seen increased demand for comfortable outdoor dining options. Venues are extending trading hours, providing themes or taking advantage of existing natural assets or open spaces to improve amenity and increase dining experience. Albury's climate is particularly conducive to this culture and outdoor dining, with opportunities to expand outdoor dining offer, particularly in Dean Street Albury and Mate Street Lavington.

Bulky goods and out-of-centre retailing: The continuing high level of demand for floorspace from bulky goods operators (and other retailers such as supermarkets) will lead to continued pressure to develop in out-of-centre locations and industrial areas, given the costs and, in some cases accessibility constraints, with in-centre development. Factors and constraints that contribute to the attractiveness of out-of-centre developments have been the lack of appropriate and affordable sites in established centres. Albury is somewhat advantaged with opportunities to accommodate expansion in Hume Street and Young Street and there are further opportunities along Wagga Road / Mate Street in Lavington.

Longer trading hours: Over the last three decades, we saw a modernisation of retail trading laws across Australia allowing retailers to trade with extended hours and on weekends. Longer opening hours are necessary for a night-time economy. Trading hours have recently been restricted with COVID-19, however demand for longer trading hours should return post COVID-19.

Demand for fine grain retailing: Consumers are increasingly demanding fine-grain retail experiences (small-scale spaces that provide a variety of diverse and specialised activities) as they offer 'a more unique retail experience compared to shopping centres. Anecdotal evidence has suggested that this demand for fine-grain retail is becoming increasingly evident in Albury. Albury CBD already benefits from a strong retail strip (including fine retailing) between the two key enclosed centres, however there are opportunities to increase the provision of fine grain retailing in Lavington and Thurgoona.

Click and collect services: Click and collect is an omnichannel strategy where online shoppers order goods online and then collect them up from a physical location rather than have it delivered to them at home. A number of stores within Albury's CBD introduced a click and collect service amidst COVID-19 to help control social distancing. There may be opportunities to expand this service across the LGA.

Demand for retail space

An analysis of supply and demand shows that occupied retail space in the LGA is currently roughly in equilibrium (net of COVID-19 impacts). The amount of bulky goods retailing is also roughly in equilibrium. However there is a current shortage of supermarket space suggesting that these stores are currently over-trading. There appears to be some oversupply of department stores suggesting that they are somewhat under-trading. These stores will continue to underperform to 2036 due to the trend of declining market share unless they turn that trend around.

It is estimated that Albury retailers would have captured around \$1.13b of total retail sales in 2020-21 if it wasn't for COVID 19. Assuming a 'return to normal' post-COVID 19 we expect total potential retail sales to increase to \$1.48b by 2036. Around 60% of this increase is contributed by population growth in Albury LGA, 30% by growth in the Victorian LGAs and 9% from growth in tourism.

Growth in potential retail sales increases the demand for shopfront floorspace. After deducting current supply (including current vacancies) there is demand for an additional 13,000sqm of shopfront space by 2026, 29,350sqm by 2031 and 46,600sqm by 2036. This includes a target allowance for vacancies and non-retail uses that typically occupy shopfront spaces such as financial, real estate, travel and medical services.

Most of the demand for additional floor space would be able to be accommodated in the existing Albury and Lavington CBD centres or planned centres in the Thurgoona Growth Area.

Table 1: Additional shopfront floorspace required GLA (sqm)

	Super-markets& Groceries	Specialty Food	Bulky Goods	Department stores	Restaurants & takeaway	Other specialty stores*	Vacancies**	Additional non-retail uses***	TOTAL
Demand for floor space									
Year 2021	28,474	7,795	65,412	24,867	25,409	50,512	10,123		212,593
Year 2026	30,985	8,405	70,202	25,538	27,585	54,416	10,857		227,988
Year 2031	33,523	9,015	74,934	26,103	29,824	58,316	11,586		243,302
Year 2036	36,231	9,659	79,909	26,668	32,220	62,438	12,356		259,481
Current Supply	20,679	11,342	66,300	27,038	27,565	46,294	17,115		216,333
Net Increase in Demand									
Year 2021	7,795	-3,547	-888	-2,171	-2,156	4,218	-6,992	414	-3,326
Year 2026	10,306	-2,937	3,902	-1,500	20	8,122	-6,258	1,401	13,056
Year 2031	12,844	-2,327	8,634	-935	2,259	12,022	-5,529	2,386	29,355
Year 2036	15,552	-1,683	13,609	-370	4,655	16,144	-4,759	3,430	46,578

* Includes apparel, other non-food specialties and selected personal services (dry cleaning, optometry, clothing alterations, hair and beauty)

** Assumes demand for vacancies = 5% of demand for occupied space

*** Assumes 10% of retail space is shop front space for non-retail commercial uses such as real estate, financial, medical and travel services.

Short term opportunities for Albury

- Potential for a second supermarket with some additional specialty stores in Thurgoona growth area over the next 5 to 10 years
- Over time the retail mix in Albury has evolved to become more service based - the impact of this development is the retail offer has become somewhat homogenous. Albury's retail sector may benefit from the inclusion of more niche or independent retailers rather than national brands (which are already well represented in Albury) to help build a more unique and diverse offer – this will also help to build the centre's resilience to online retailing and aligns with current trends (i.e. increased localism and buying local brands)
- The inclusion of key cultural or entertainment attractor and/or green or recreation space to activate the east end of Dean Street
- Opportunities to build the tourist base through reactivated events and the like as well as improved amenity
- In terms of restaurant and takeaway floorspace the mix is predominantly fast-food and targeted towards low to mid-market. Stakeholders suggested that the CBD, in particular, could benefit from additional reputable restaurants that encourage increased dwell time and improve the overall shopping experience. Although the analysis suggests that there is a current oversupply of restaurant and takeaway floorspace, there may be opportunities to transition (rather than expand) towards a more high quality food and beverage offer over the next five years to meet the needs of the growing affluence.

Long term opportunities for Albury

In summary the following shopfront space should be planned for

- Further expansion in the Albury CBD of around 15,000 to 25,000sqm. Much of this demand is generated by growth in the Victorian LGAs as well as growth in tourism. Additional floorspace can largely be accommodated within the existing CBD area through redevelopment of underutilised or undeveloped sites.
- Over time the Thurgoona growth area could support a 'district centre' of up to 20,000sqm which could include a discount department store of around 4,000sqm

and with a second supermarket as well supporting specialty retail and commercial services. An alternative is to keep the existing Thurgoona district centre and plan a new larger district centre elsewhere in Thurgoona (potentially in one of locations identified for a future centre in the Thurgoona Wirlinga Precinct Structure Plan). Note that this is a long-term plan when the population in Thurgoona growth area exceeds 20,000 – likely to be beyond 2036.

- In addition to a district centre there is the opportunity for one or two additional smaller centres in the Thurgoona growth area (say two by 2,000sqm to 5,000sqm each) to support the additional population projected. The location of these centres would help promote walkable catchments but their locations need to be carefully planned so that their viability would not be threatened by the stronger retail offer at the larger Thurgoona district centre. The Thurgoona Wirlinga Structure Plan identifies two additional major neighbourhood centres and four village centres but these sites would need to be rezoned to protect them from future residential subdivision. Again the timing of these centres is likely to be well beyond 2036.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by Albury City Council (Council) to prepare the ‘Albury Retail Floorspace and Industry analysis’ paper (this Study). This Study provides a comprehensive assessment of the demand and supply for retail development in Albury’s major retail precincts, including the CBD, Lavington, East Albury (including bulky goods retailing along Borella Road) and Thurgoona. Moreover, this Study provides the technical analysis of Albury’s retail network, with considerations given to current retail trends. Recommendations relating to planning and space allocation are also included to assist Council in their future planning and policy decisions.

The key objectives of this Study are to:

- Identify key retail trends (global, national, localised) impacting the industry, including a review of COVID-19 induced retail impacts;
- Undertake a high-level evaluation of Council’s plans and policies impacting the retail sector, including land use zoning, design and development guidelines;
- Assess the future demand and supply for retail by retail store type; and
- Provide recommendations for the future development of retail across the Albury Local Government Area (LGA).

1.1 Background and context

The retail sector plays a crucial role accounting for 6.7% of Albury’s total economy¹. It employs around 3,394 workers². Retailing is also intrinsically linked to everyday life and meeting consumer needs, with physical stores and outlets also facilitating social connectivity.

The Retail Development Strategy 2015-2025 (the Strategy) was developed to provide direction for the future of retail in the Albury LGA. Since this Strategy was developed, there has been significant change in the retail landscape at a local, national and international level. For instance, the COVID-19 pandemic and resulting lockdowns and social distancing

measures has dramatically disrupted the retail sector and has accelerated structural trends, such as online shopping, that the retail industry had been facing in previous years.

In response to these impacts and trends, Council is seeking to prepare a revised retail strategy to reflect the new retail environment. The revised strategy will serve as a blueprint for retail development in the Albury LGA, with the view to ensure its future prosperity. Thus, the purpose of this Study is to provide relevant information, insights and recommendations related to Albury’s retail sector to inform the development of a revised Retail Sector Development Strategy later in the year.

1.2 Study area

The study area for the Study is the Albury Local Government Area (LGA), with a focus on Albury’s major retail precincts being the CBD, East Albury, Lavington and Thurgoona (refer to Figure 2 below).

¹ Remplan 2020 Value add report for the Albury LGA

² Remplan 2020 Employment report for the Albury LGA

Figure 2: Retail Centres in Albury LGA



Source: Google Maps

1.3 The study's structure

To meet the requirements of the brief, this Study is set out in the following manner:

- Chapter 2 | provides a high-level appraisal of Council's plans and policies that impact the retail sector.
- Chapter 3 | presents the economic environment in which Albury's retail sector operates in. As part of this analysis, key retail drivers such as: population growth; retail expenditure; and worker and visitor growth and spend are explored.

- Chapter 4 | identifies the broader retail trends impacting the industry, including the impacts of COVID-19. The implications and impacts of these trends on demand and space allocation are also explored.
- Chapter 5 | reviews the existing hierarchy of centres within the Albury LGA and provides a detailed summary of the provision of retail floorspace across the key centres (CBD, Lavington, East Albury and Thurgoona). The current performance of these centres and competing regional centres (where such information is available) is also reviewed, with the key findings used to inform the demand analysis.
- Chapter 6 | assesses the demand for retail across the Albury LGA. As part of this assessment, the quantum of retail floorspace that could be accommodated within Albury from 2021 to 2036 without impacting the viability of surrounding centres will be estimated. Forecast floorspace demand would be compared to supply to determine the residual needs for additional retail floorspace and any deficiencies in provision.
- Chapter 7 | This chapter will distil findings from the demand and supply analysis as well as the retail trend analysis to identify:
 - where the additional floorspace could be accommodated within the key centres; and
 - short term and long term opportunities/recommendations to inform the revised Retail Sector Development Strategy.

1.4 Definitions

Retail sector: For the purpose of this Study the retail sector is defined as the purchase of goods (excluding garden supplies, marine equipment and motor vehicle and related trade) and services (including food services) by customers for personal and household consumption. As such building supplies, garden supplies, timber yards and so forth have

been excluded from the definition since they mainly serve the trade or non-household sector³.

Retail Categories

For the purpose of this study, estimates of retail floorspace and expenditure are divided into the following retail categories:

- **Supermarket and groceries:** Comprises household spending and floorspace involved in the selling of take-home food and groceries;
- **Specialty food:** Spend on food products such as meat, fish, fruits and vegetables, baked goods, candy, alcohol and gourmet foods from retailers in physical retail locations and often specialising in a single product category;
- **Department stores:** are retail establishments offering a wide range of consumer goods in different areas of the store, each area ("department") specialising in a product category.
- **Restaurants and takeaways:** Comprises household spending and floorspace associated with cafes, restaurants and take-away food stores;
- **Apparel:** Comprises household spending and floorspace associated with clothing, footwear, jewellery and fashion accessories;
- **Other non-Food:** Comprises spending on non-food retail products such as homewares, leisure goods and other general merchandise;
- **Bulky goods:** Comprises household spending and floorspace associated with furniture and floorcoverings, large appliances, hardware, camping equipment, household electrical products and Manchester and
- **Personal Services:** this comprises spending on services such as hairdressers, dry cleaning, clothing alterations and repairs, key cutting, photo processing and optical dispensing which typically operate from shopfront locations. These uses were defined as retail businesses in the ABS Retail Census 1991.

³ With the exception of hardware stores such as Bunnings, Mitre 10 which service both the household and non-household sectors.

STRATEGIC CONTEXTUAL REVIEW

2.0 STRATEGIC CONTEXTUAL REVIEW

The following section provides a high-level appraisal of Council's plans and policies that impact Albury's retail sector. The following documents have been included in the strategic context review:

- Albury retail sector development strategy 2015-2025
- Albury Local Strategic Planning Statement (LSPS) September 2020
- Albury 2030 community strategic plan
- QEII Cultural precinct master plan
- East Albury industrial precinct master plan
- Albury destination management plan 2019-2023
- 2019-2023 Economic development plan
- Nexus – Albury industrial hub master plan
- Commercial activities on the public land policy
- Thurgoona Wirlinga precinct structure plan
- Planning for the future of retail: Discussion paper.

2.1 Albury retail sector development strategy 2015-2025

The Albury Retail Development Strategy was prepared by Essential Economics and Michael Baker Consulting in 2015 and provides recommendations to guide the future prosperity of the retail sector. The key objectives for the Strategy are as follows:

1. To retain Albury CBD's role as the highest-order retail destination in the region;
2. Increase the retail sector's trade from residents and visitors beyond Albury;
3. Ensure that Albury's hierarchy of retail centres function in a complementary manner;
4. Use the retail sector to drive further investment and economic development; and
5. Build and promote a retail sector that supports Albury and enhances the Albury 'brand'.

A summary of key actions that support the delivery of the five objectives are as follows:

- Consolidate Lavington's role as the 'second centre' for Albury which services a strong sub-regional catchment;
- Support the growth of appropriate homemaker and large-format retailing in East Albury;
- Support smaller centres and neighbourhood centres in Albury (e.g. neighbourhood centres at East Albury and Springdale Heights and at Hamilton Valley) through only permitting new development within these existing centres;
- Council to meet with representatives of the owners of West End Plaza, Myer Centrepoint, City Walk and Lavington Square to inform them of their support for redevelopment of retail and other activities at these sites;
- Facilitate the development of laneway retailing in the Albury CBD and 'laneway culture' as part of the council's wider placemaking activities;
- Target small niche and independent traders (including food and beverage) for laneway locations outside the traditional core commercial areas of the CBD; and
- Improving Albury's retail offer through: targeting new international retailers in Australia; improving the quality of the food and beverage (and include more fine dining options), the inclusion of a contemporary mix of fashion stores, including labels aimed at those aged 18 to 25 years; and introducing pop up shops, food vans and other opportunities to temporarily activate underutilised spaces.

The above objectives are ongoing and still relevant to date. Targeting international retailers and contemporary mix of fashion shops may be increasing more difficult in the current challenged environment and growing presence of online retailing.

The Strategy identifies that total requirement for additional retail floorspace in Albury is forecast to be between 22,800 sqm and 39,400 sqm by 2036 based on forecast growth of the trade area population and real growth in retail expenditure per capita.

The Strategy also identifies that Thurgoona which is expected to accommodate 50,000 residents could expand to include a 'district centre' (which typically has a population threshold of 40,000 residents) consisting of a discount department store, two full-line

supermarkets, speciality stores and office floorspace. HillPDA largely agrees with the thresholds and with the area being able to support a district centre once the residential population is well established (and assuming the projected population levels are realised).

The Strategy suggests that the majority of Albury's retail floorspace growth will be located in residential areas to the north in and around Lavington and Thurgoona and will predominantly service the resident population. The Strategy does not indicate the amount of additional floorspace that is likely to be delivered in the Albury CBD suggesting the lack of vacant / underutilised sites may limit the extent of floorspace growth potential. The Strategy also suggests major changes to the existing CBD retail offer will come through redevelopment of older retailers and centres as opposed to major floorspace increases. HillPDA also agrees that additional floorspace will be directed towards the new residential areas in Thurgoona and to a lesser extent Lavington. However some expansion of the Albury CBD retail core is warranted given that new residents will spend a large proportion of their discretionary shopping in the CBD .

It is not necessary to expand the current zoning as there are a large number of underutilised sites (such as the Albury railway lands and several large surface car parks) that could be redeveloped to accommodate expansion.

2.2 Albury Local Strategic Planning Statement (LSPS)

The aim of the LSPS is to guide future land use planning and influence public and private investment so that it enhances the wellbeing of the Albury community and environment. It sets out a 20 year vision to guide land use planning and it priorities future strategic activities, in the form of studies and strategies.

In terms of centres and the retail and hospitalities industries the LSPS largely reinforces the Retail Strategy. The CBD is recognised as the highest order centre for destination retailing in the wider region with Lavington and Thurgoona as important supporting retail centres.

Priority 6 is titled "Vibrant CBDs and strong local centres". The action under that Priority are as follows:

- 6.1 Continue to support a hierarchy of retail centres that operate in a complementary manner, including retaining Albury CBD as the highest-order retail destination in the region (as per the Retail Strategy).*
- 6.2 Review the Retail Strategy in response to the changing retail environment.*
- 6.3 Review the Albury and Lavington CBD Master Plans (2009) and Cultural Precinct Master Plan.*
- 6.4 Develop a night-time economy strategy.*
- 6.5 Support higher density living and increased housing choice, including town houses, villas and apartments, within and close to our centres.*
- 6.6 Reinforce the grid pattern and street hierarchy of Albury CBD, including the significant Dean St axis.*
- 6.7 Continue to evolve Lavington CBD noting the changing environment following the Hume Freeway bypass and the opportunities to enhance streetscapes and improve commercial, community and visual characteristics of the centre.*
- 6.8 Encourage development of the existing Thurgoona centre to support our growing community, improve integration with Charles Sturt University and explore further civic, commercial, retail, higher density residential and education opportunities.*
- 6.9 Implement our CBD Parking Strategy.*
- 6.10 Work with Transport for NSW on implementing the Movement and Place Framework for our CBDs, recognising the important 'place' role streets have in the life, economy and enjoyment of our City.*
- 6.11 Explore opportunities to activate our laneways and other public spaces.*
- 6.12 Consider efficient local freight and loading access in our CBDs whilst protecting urban amenity*

2.3 Albury 2030 community strategic plan

The purpose of the Albury 2030 community strategic plan (CSP) is to identify the community's main priorities and aspirations for the future, and plan strategies to achieve

them. The CSP is based on four principal themes that have emerged from community consultation that was conducted in 2009, including:

- A growing economy
- An enhanced natural environment
- A caring community
- A leading community.

Of relevance to the retail sector are the community goals and actions including:

- Promotion for Albury industry and business (Outcome 1.5) through encouraging expansion and job creation (Action 1.5.6) and ensuring high quality support infrastructure and services are available. The retail sector is a key industry and employer in Albury. Growing this industry will generate new jobs and will help to service other industries as well as improve worker amenity;
- Outcome 1.3 identifies a need for growth and diversity of residential and commercial development in the Albury CBD and Lavington. To achieve this outcome, the provision of retail will need to be commensurate and support the Albury CBD and Lavington growth;
- There are opportunities for Albury's food and beverage sector to contribute to 'supporting and promoting regional food production and distribution' (Action 2.2.4) and partner with local producers to bring added appeal (i.e. lower environmental impacts, fresher ingredients etc.).
- A strong retail offer (i.e. quality food and beverage offer) will be key to 'promoting tourism and enhancing the Albury-Wodonga region as a destination of choice' (Outcome 1.1.1).
- The existing and future retail offer within the Albury LGA would benefit from an integrated transport network (as proposed in Objective 1.6) and improved CBD accessibility (as proposed in Action 1.6.2).
- Increased participation in a diverse range of art and cultural activities and programs (as proposed in Objective 3.7) in Albury centres will help to increase patronage which in turn has flow on benefits for existing retailers.

- CSP also encourages local patronage to help 'grow a sustainable economy' and highlights that this should be reinforced to the community through council initiative. Such initiatives are also relevant for Albury's retail sector.

2.4 Cultural precinct master plan

Albury City Council developed a master plan for the QEII Cultural Precinct located on the block bounded by Swift Street to the north, Olive Street to the east, Dean Street to the South, and Kiewa Street to west. The master plan provides a collective vision and long-term plan for the Cultural Precinct. QEII Square is at the heart of the precinct, surrounded by cultural institutions such as St Matthews Anglican Church, Albury Library Museum, Albury Entertainment Centre and Murray Art Museum Albury (MAMA). The master plan includes the redevelopment of the convention wing of the Albury Entertainment Centre to meet the current capacity of the Theatre wing. This development will have a positive impact on the immediate surrounding retailers, with opportunities for a quality food and beverage to front and support the Cultural Precinct. The Master Plan also identifies potential additional cafes or ground-floor retail uses with possible future building redevelopments to assist in activating the cultural precinct⁴.

2.5 East Albury industrial precinct master plan

The master plan prepared in 2012, estimated almost 85,000sqm of bulky goods retailing in Albury/Wodonga which equated to a shortfall of almost 30,000sqm. Outside the existing centres the plan identified a 5.9 hectare site in East Albury for bulky goods retailing and recommended restricting additional bulky goods retailing to 20,000sqm. The purpose was to encourage some bulky goods retailing to expand in the existing centres.

We are of the view that this study overstated the undersupply of bulky goods.. While some further space should be planned for to meet population growth (discussed further in Section 6) there is capacity in Albury CBD or fringe to accommodate that growth.

⁴ https://haveyoursay.alburycity.nsw.gov.au/download_file/157/434

2.6 Albury destination management plan (DMP) 2019-2023

The DMP was prepared in 2019 and is a four-year plan for guiding sustainable growth and ensuring the viability and resilience of the tourism industry in the region. The plan is centred around five key objectives:

- Grow visitor numbers (especially during non-peak times)
- Increase visitor spend
- Grow the average length of stay of visitors
- Introduce more commissionable (paid) product
- Increase profile by State tourism agencies.

The plan focuses on overnight visitors (domestic and international) rather than domestic day trippers as these markets are higher yielding and generate greater spend. Although not stated in the plan, meeting the above objectives requires the support of the retail sector. Providing a strong retail offer (including food services) is essential for attracting additional visitation, increased visitor spend and length of stay. To achieve these objectives and attract additional tourists, Albury may benefit from: targeting additional food and alcohol manufacturers (e.g. beer and whisky) and retail operators to establish in the CBD, or expanding existing businesses to provide unique experiences. Increased tourism will in turn drive further demand for retail.

2.7 Albury-Wodonga Regional Economic Development Strategy 2018-2022

The Albury – Wodonga Regional Economic Development Strategy 2018–2022 (EDS) sets out the long term economic vision and associated strategies for the Albury-Wodonga Functional Economic Region (Albury-Wodonga or the region), which includes the Albury LGA. The EDS identifies tourism as an engine of growth sector for the region's economy, and a major employer in the region as reflected in the high number of workers employed in the Accommodation and Food Services and Retail Trade (i.e. 3rd largest employing industry as at 2016) sectors. Developing and growing the sector and visitor economy is a key element of the EDS. The EDS also identifies the 'Food and Beverage Services' as an emerging sector, which could potentially develop into regional specialisation. As such the tourism and retail trade industry are a key strength for Albury, with opportunities for Albury to capitalise on this strength and grow these industries further.

2.8 Nexus – Albury industrial hub master plan

Construction of the infrastructure for the Nexus Industrial precinct is now complete, with the Davey Road Interchange also near finalisation. The Davey Road Interchange involves building a northbound off-ramp and southbound on-ramp at Davey Road, which provides freight and logistics with greater access to the NEXUS Industrial Precinct. The 450-hectare Industrial Precinct at Ettamogah has been transformed over the last 10 years. This project is expected to generate an annual \$1.5 billion in Gross Regional Product (GRP) for the Albury regional economy and create 9,400 local jobs over the next 30 years and beyond (AEC Group Nexus Industrial Precinct Enabling Infrastructure - Economic Analysis, 2018). Given the site's proximity to Lavington and Thurgoona, the retail centres within these regions are likely to benefit from additional trade from these future workers.

2.9 Thurgoona Wirlinga precinct structure plan

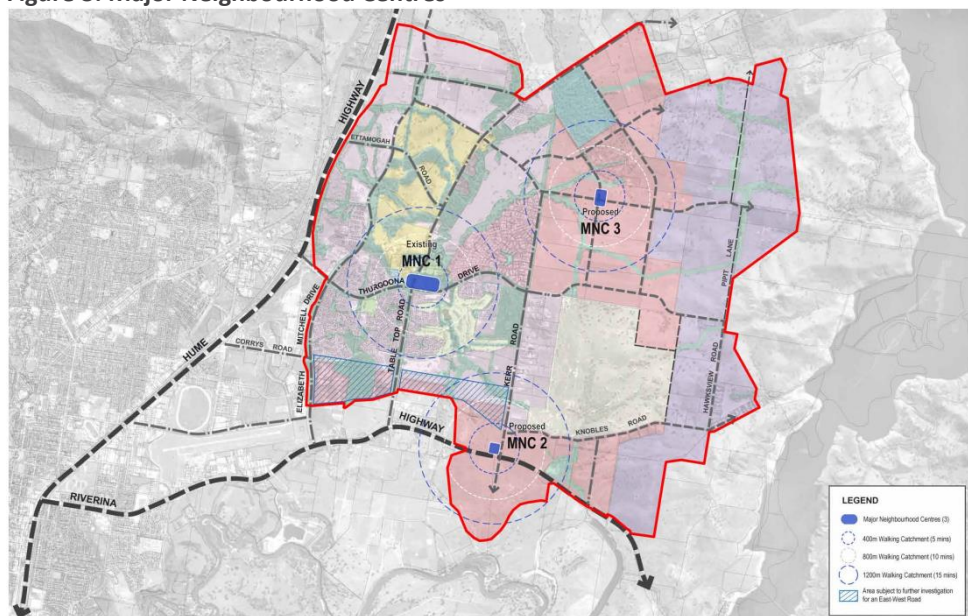
The Thurgoona Wirlinga Precinct Structure Plan (TWSP) investigates, identifies and creates a framework that facilitates the development of land in the short, medium and long term. The plan considers the land provision and location of activity centres for the region.

The TWSP focuses on the entire Thurgoona Wirlinga area which is over 4,500 hectares, and will support an ultimate population of almost 50,000 people over the next 50 years. The plan suggests that the region could accommodate:

- One district centre of 35,000sqm GFA, which includes a discount department store of 7,000sqm, 2 full line supermarkets, 10,000sqm of speciality stores and 10,000sqm of commercial floorspace on a five hectare site. This could be an expansion of the existing neighbourhood centre or new centre;
- Three major neighbourhood centre, including Thurgoona Plaza, of 6,000sqm GFA. The neighbourhood centres would each require a 1.5 to 2.5 hectare site and could include a supermarket, post office, newsagent, pharmacy, food and beverage and around 1,000sqm of commercial floorspace; and
- Four village centres, each approximately 2,000sqm, and each comprising a 1,000sqm small supermarket and 1,000sqm of specialty retail. The village centre's role will be to primarily serve the local convenience retail needs of local residents.

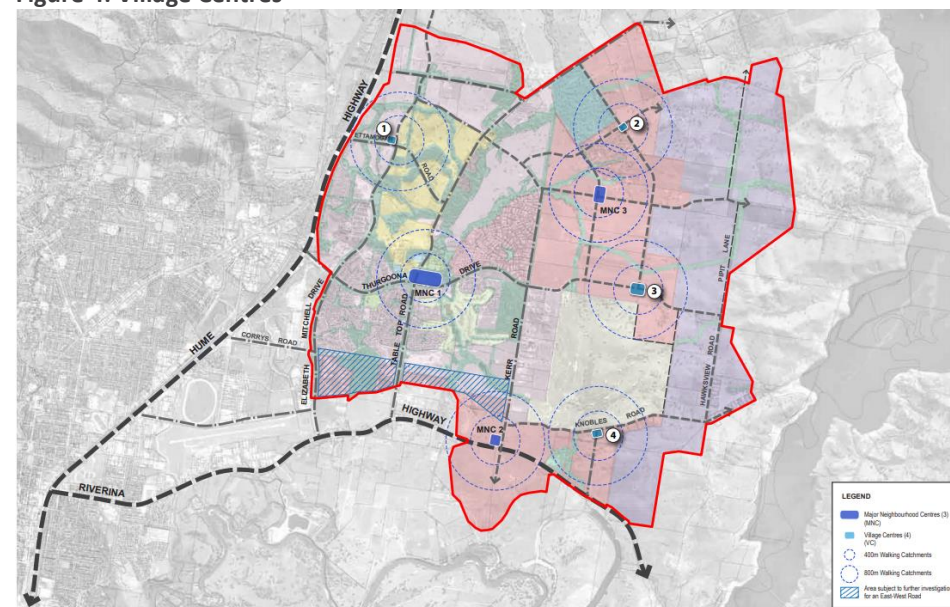
The location of these centres are shown in the following extracts.

Figure 3: Major Neighbourhood Centres



Source: Thurgoona Wirlinga precinct structure plan 2013

Figure 4: Village Centres



Source: Thurgoona Wirlinga precinct structure plan 2013

HillPDA largely agrees with the thresholds and agrees that the area will be able to support a district centre once the residential population is well established (and assuming those population projections i.e. 50,000 residents are achieved). Note however that this is long term – well beyond the forecasts of in this report (to 2036). HillPDA suggests that the district centre should ultimately be around 15,000-20,000sqm by 2036 (which could be an expansion of Thurgoona Plaza). There is likely to be potential for a couple of smaller scale neighbourhood centres (around 2,000 to 5,000sqm) as shown in Figure 4 above. However this is a long term scenario (beyond 2031 and even beyond 2036) and their location will need to be carefully selected to ensure that they are not competitively disadvantaged.

We note that the current zoning of the additional centres shown on the above figures is R1 Residential. Council should look at the rezoning of the sites as a priority to ensure they are quarantined for future centres and would not be developed for housing in the interim.

2.10 Planning for the future of retail: discussion paper.

The discussion paper describes how the NSW planning system could address the State's dynamic retail sector. The paper asserts that the retail sector's outlook is positive because it is supported by strong economic conditions and forecast economic and population growth). However NSW retailers will face significant competitive pressure from globalisation and technology, land price increases as well as vacancies due to retailers consolidating their store networks. The competitive pressures and levels of vacant spaces are likely to be higher now due to impacts of COVID-19.

The paper identifies five outcomes that will serve the needs of the contemporary retail sector and today's customer (as at 2018):

- 'Clustering of retail to provide easy, multipurpose, frequent shopping' – meeting the needs of empowering customers who require immediacy, choice and convenience;
- Orderly development of new retail formats – catering to customers choosing to shop in places that offer specific or unique experiences. Time poor customers want frictionless shopping for essentials, same day delivery, one-tap purchases, reserving in-store visits for experiential shopping and entertainment;
- Strategic planning and zoning flexibility – responding to new and innovative retail formats. New retailing includes:
 - large format showrooms developing in former industrial sites when they cannot secure space in centres;
 - ancillary retailing being established to support primary manufacturing, industrial or warehousing to not only service workers, but attract a wider customer base and shorten supply and distribution chains (e.g. microbreweries, factory outlets);
 - pop up retailing filling vacant space;
 - supermarkets operating beyond typical opening hours to fulfil online grocery orders;
- Better planning for last mile distribution and innovative supply chains – enabling convenient delivery models with less congestion for local communities;

- Strategic planning that revitalises regional centres – supporting regional communities and customers who welcome investment and want to protect their main streets and centres. Out-of-centre retail developments can have more pronounced negative impacts as they draw social, cultural and economic activity away from the established shopping strips. Regional centres are also more sensitive to the arrival or exit of a major anchor tenant such as a department or supermarket.'

To address these outcomes the plan identifies three key directions:

- 'Direction 1: better local strategy planning of retail. For example, establishing longer term place-based outcomes for retail; updating local retail strategies to reflect current and future retail trends; and align strategic narrative and strategic planning controls.
- Direction 2: orderly development of new retail formats in centres. For instance plans for new retail; renewing main streets; and providing centre guidance.
- Direction 3: adaptability and certainty for retailers, that is, an emphasis for strategic planning for controlling retail land use outcomes to be matched with changes to current statutory controls e.g. increasing flexible open zones; establishing a retail innovation provision; and introducing a strategic plan aligned zoning framework (longer term).'

These outcomes and directions are also relevant for Albury LGA and are considered in Section 4.

2.11 DPIE Employment Zones Reform

Department of Planning, Industry and Environment (DPIE) is currently undertaking a suite of reforms which includes the delivery of a simplified employment zones framework that suits the future of work, is fit for purpose, supports productivity and jobs growth while facilitating delivery of strategic plans and planning priorities.

From stakeholder consultation which has included Councils there was criticism directed at the current employment zones under the standard instrument regarding inflexibility with the land use tables and land use definitions, outdated definitions and inconsistencies in implementation and development assessments.

There are a number of objectives that the reform aims to achieve but mainly DPIE intend to simplify and reduce the number of different zones and widen permissible uses. This should increase flexibility with retail options – store types and location – but it is still too early to make assumptions about likely outcomes.

2.12 Local planning instruments

Land uses and development standards are controlled through the LEP, DCP, the Albury CBD and Lavington CBD master plans.

It is important to protect commercial activity in the B zones. For this reason we recommend that residential only development continues to not be permitted in the B3 zone but mixed use development or shop top housing be permitted as per current planning controls.

Maximum floor space ratio controls are illogical in that they are inversely correlated with lot size. This discourages site amalgamation and even encourages subdivision. The intention of the control was to encourage fine grain retailing but it does undermine flexible development solutions. We would recommend a maximum of 3:1 across the entire B3 zone regardless of lot size. Setbacks and building separation controls and on-site car parking requirements will encourage site amalgamation which provides greater flexibility in design and meeting multiple urban design objectives.

The DCP should include a map for Albury and Lavington CBD to identify required street front activation. This is to identify the active main street and ensure that no inappropriate development such as a residential only building disrupts it or breaks the continuity of street activation.

MACRO ECONOMIC TRENDS

3.0 MACRO ECONOMIC TRENDS

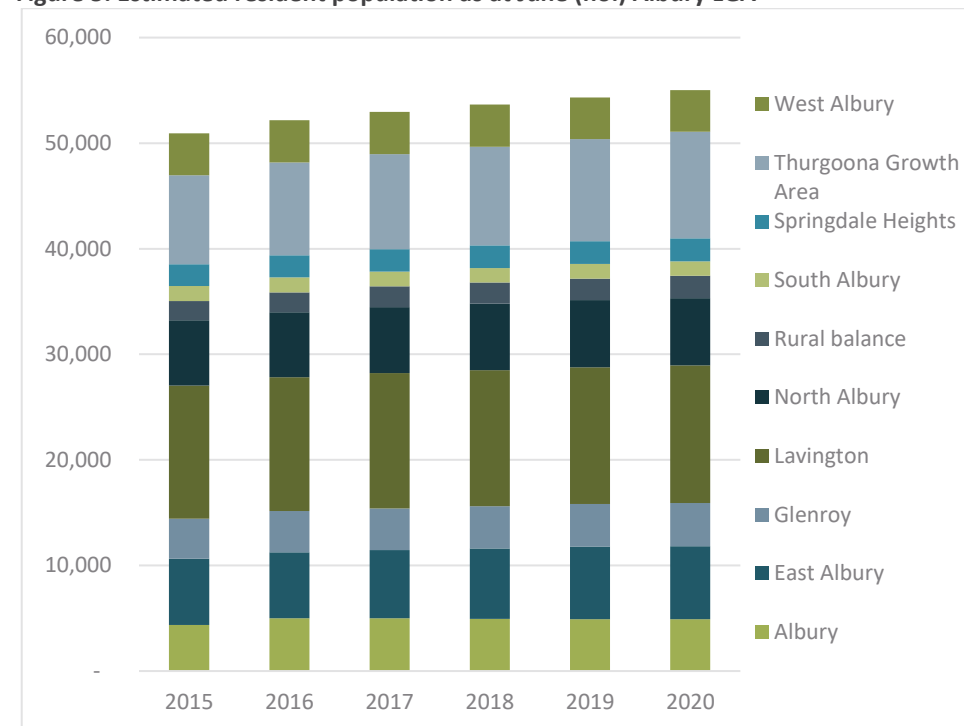
This chapter considers the economic environment in which Albury's retail sector operates in. As part of this analysis, key retail drivers such as population growth, socio demographics, retail spend as well as worker and visitation numbers and spend are explored. The importance of the retail sector in terms of its contribution to Albury's economy is also considered.

3.1 Retail drivers

3.1.1 Population growth

As at 30 June 2020 the estimated resident population for Albury LGA was 55,055 persons, which is up from 54,344 persons in 2019. This equates to a growth rate of 1.3% per annum. The population growth rate in the LGA has remained steady over the last five years at 1.3% per annum. As such, despite the impacts of the COVID-pandemic, growth over the year to 2020 has remained consistent with longer term trends.

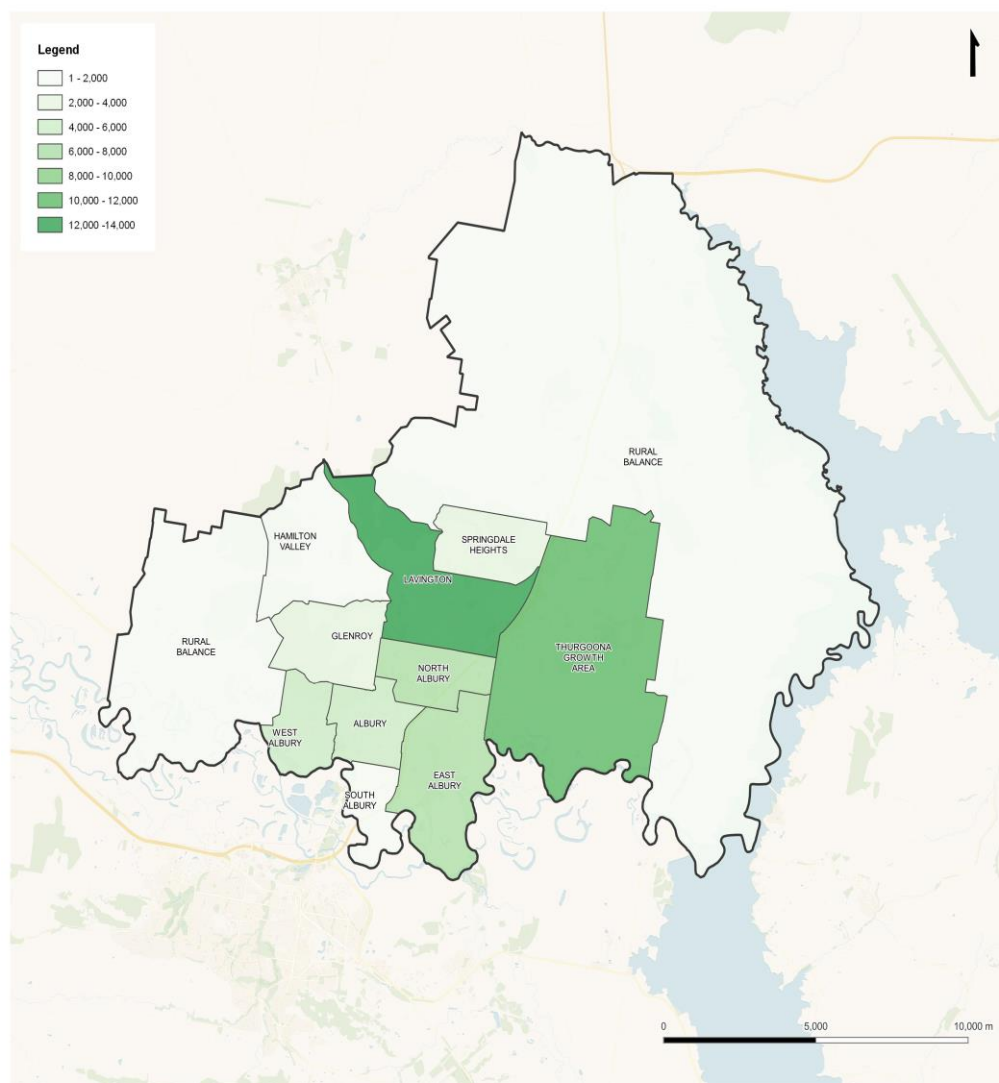
Figure 5: Estimated resident population as at June (no.) Albury LGA



Source: ABS Regional Population Data

As shown in Figure 6, Albury LGA's population is concentrated in Lavington and the Thurgoona Growth Area. Most of the population growth is in the Thurgoona Growth Area (refer to Table 1), with the region's five year growth rate to 2020 at 3.6% (or an additional 1,634 residents over this period). East Albury has also experienced some growth over this same period.

Figure 6: Albury LGA population as at 2020 by region



Source: QGIS, Forecast.ID, HillPDA

Table 2: Historical population growth for the Albury LGA by region*

Local Area	2015	2016	2017	2018	2019	2020	2015-2020 (No.)	5 yr growth rate (%)
Albury	4,368	4,993	4,993	4,936	4,923	4,919	551	2.4%
East Albury	6,260	6,262	6,460	6,674	6,866	6,913	653	2.0%
Glenroy-Hamilton	3,801	3,900	3,938	3,995	4,030	4,070	269	1.4%
Lavington	12,623	12,683	12,834	12,890	12,963	13,056	433	0.7%
North Albury	6,181	6,144	6,248	6,300	6,361	6,357	176	0.6%
Rural balance	1,820	1,877	1,956	1,994	2,019	2,115	295	3.0%
South Albury	1,429	1,433	1,407	1,388	1,393	1,379	-50	-0.7%
Springdale Heights	2,045	2,074	2,109	2,143	2,155	2,190	145	1.4%
Thurgoona Growth Area	8,440	8,809	9,023	9,347	9,661	10,074	1,634	3.6%
West Albury	3,958	3,995	3,981	3,988	3,944	3,956	-2	0.0%
Albury LGA	51,486	52,171	52,989	53,705	54,344	55,055	3,569	1.3%

Source: ABS Regional Population Data; HillPDA Research * Regions align with those identified in ForecastID.

Albury LGA's population is expected to continue to grow over the next 15 years and beyond. Based on population forecast data prepared by Forecast.ID, the resident population for the Albury LGA is projected grow to almost 67,500 persons by 2036 (refer to Table 2). This equates to a growth rate of 1.3% per annum which is consistent with historical trends. As depicted in Figure 7, much of this growth will occur in the Thurgoona Growth Area. Some growth is also anticipated in the Glenroy and Hamilton Valley region⁵.

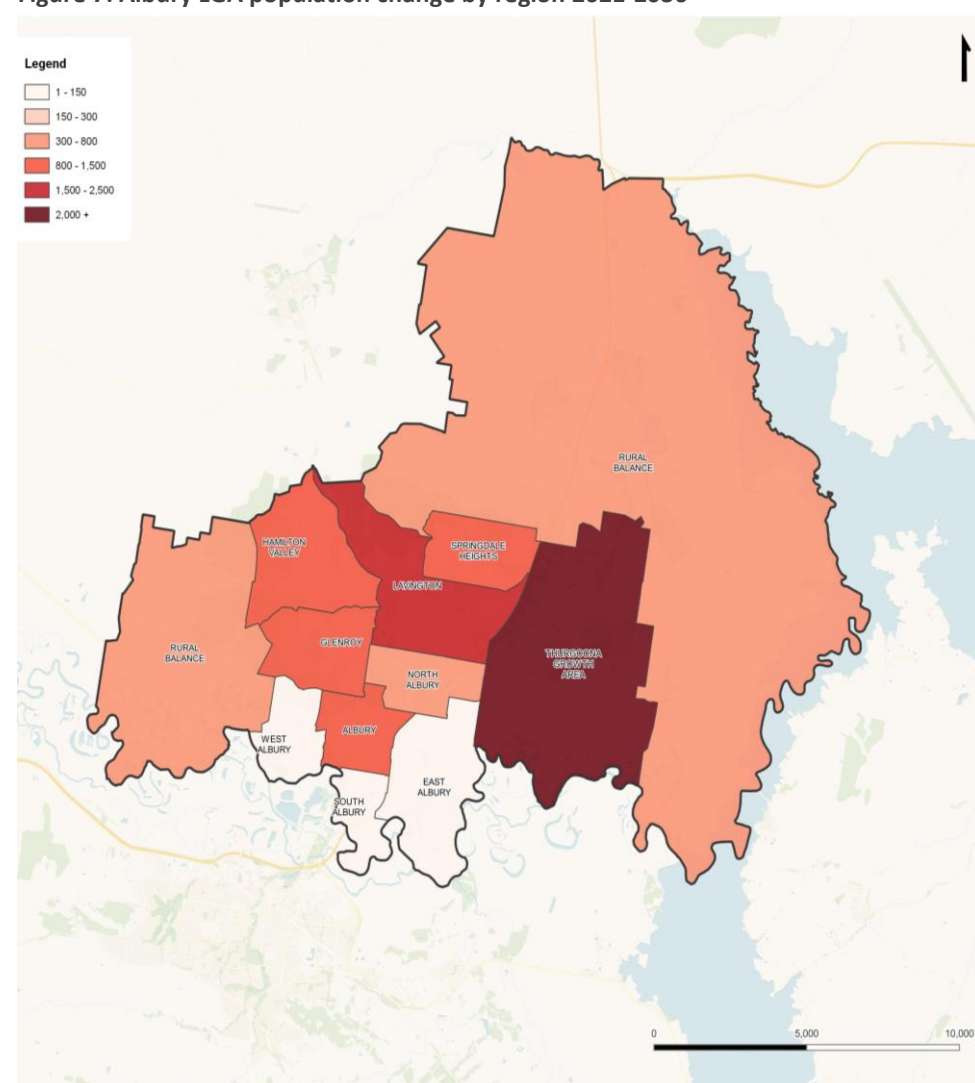
⁵ Driven by the continued development of the Hume Country and Hamilton Valley estates.

Table 3: Projected population growth for the Albury LGA by region

Region	2016*	2021	2026	2031	2036	2016-2036 (no.)	5 Year Growth Rate (%)
Albury	4,923	5,123	5,323	5,569	5,848	925	0.9%
East Albury	6,300	6,394	6,440	6,419	6,438	138	0.1%
Glenroy	3,337	3,641	4,017	4,330	4,389	1,052	1.4%
Hamilton	579	775	1,010	1,224	1,436	857	4.6%
Lavington	12,706	13,204	13,603	13,922	14,247	1,541	0.6%
North Albury	6,170	6,354	6,467	6,581	6,684	514	0.4%
Rural balance	1,872	1,940	2,030	2,120	2,209	337	0.8%
South Albury	1,413	1,438	1,439	1,424	1,436	23	0.1%
Springdale Heights	2,064	2,305	2,522	2,769	3,023	959	1.9%
Thurgoona Growth Area	8,862	10,981	13,116	15,253	17,654	8,792	3.5%
West Albury	3,939	4,004	4,037	4,046	4,065	126	0.2%
Albury LGA	52,165	56,159	60,003	63,657	67,427	15,262	1.3%

Source: Albury City ForecastID; HillPDA Research. *Note the estimated population figures differ slightly from those reported in Table 1 as there are differences in boundaries defined and data sources used.

Figure 7: Albury LGA population change by region 2021-2036



Source: Albury City ForecastID; HillPDA, QGIS

3.1.2 Socio-demographic profile

The socio-demographic profile of the Albury LGA as compared to Regional NSW is summarised as follows (refer to Table 3):

- Albury LGA's median weekly household income is generally in line with Regional NSW, with greater affluence in Albury, Albury East, Glenroy, Hamilton Valley and the Thurgoona Growth Area and below average median household incomes in Lavington, North Albury, Springdale Heights and South Albury;
- The proportion of residents within the working age cohort (i.e. 15-64 years) is above the Regional NSW average across all suburbs except for West Albury, which has a higher proportion of older persons;
- The Albury LGA has a younger population compared to Regional NSW, with above average representations of residents aged between 20 to 49 years (38.2% in Albury LGA compared to 34.5% in Regional NSW) across all suburbs except for West Albury (which has higher representations of retiree aged residents) and the Rural Balance (which has higher representations of dependent aged children);
- Family households make up the vast majority of all households in the Albury LGA (at 60.7%), however representations are below the Regional NSW average (at 64.3%). Family households, particularly those with dependent children, are concentrated in the Thurgoona Growth Area, Glenroy-Hamilton Valley and the Rural Balance; and
- Albury LGA has higher representations of lone person households across all suburbs except for the Thurgoona Growth Area, Glenroy-Hamilton Valley and the Rural Balance (which as discussed above are more family orientated).

Table 4: Socio demographic profile of Albury LGA by region*

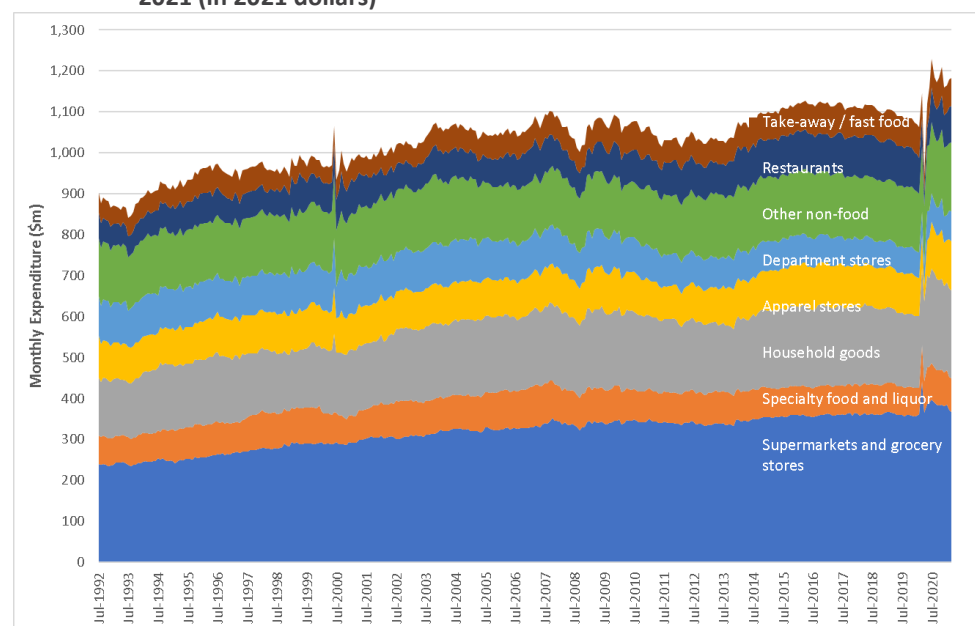
Metric	Albury	East Albury	Glenroy-Hamilton Valley	Lavington	North Albury	Rural Balance	South Albury	Springdale Heights	Thurgoona Growth Area	West Albury	Albury LGA	Regional NSW
Median age	43	39	40	40	38	42	37	39	32	47	39	43
Working age population (aged 15-64 years) (%)	62.7	64.3	63.9	62.8	63.4	62.9	72.5	61.3	64.5	58.1	63.3	61.1
Median weekly household income (\$)	\$1,372	\$1,327	\$1,428	\$933	\$959	\$1,989	\$878	\$948	\$1,618	\$1,138	\$1,185	\$1,168
Age Profile (%)												
0-14	16.1	17.9	18.3	17.4	19.3	24.2	14	20.5	23.9	15.9	18.8	18.3
15-19	5.5	6	7.2	5.8	5.9	8.4	5.6	5.9	7	7.1	6.4	6
20-24	6.3	6.2	6.8	6.9	7.3	4.6	9.1	6.2	8.6	5.4	6.9	5.6
25-34	12.1	13.5	11.4	13	12.9	6.1	17.2	12.1	14.6	9.3	12.7	11
35-49	19	20.2	19.8	17.5	18.8	20.1	20.2	18.1	19.7	15.7	18.6	17.9
50-64	19.8	18.4	18.7	19.6	18.5	23.7	20.4	19	14.6	20.6	18.7	20.6
65-84	17.5	14.6	15.6	17.3	15	12.1	11.5	17.2	10.5	19.5	15.3	17.7
85 and older	3.4	3.2	2.3	2.5	2.3	0.8	1.9	1.2	1.0	6.6	2.6	2.7
Household Type (%)												
Couples with children	19	25.2	32.5	20.3	19.1	45.8	15.1	22.9	39.8	21	24.6	25.4
Couples no children	24.4	25.1	31.7	23.6	19.9	34.8	13.4	23	27.8	26.3	24.7	27
One parent families	7.7	8.8	9.1	11.8	14.3	4.6	8.6	14.5	9.1	11.8	10.6	11
Other families	0.4	0.2	0.5	0.6	0.7	0.5	1.8	0.4	0.6	1.1	0.8	0.9
Group household	3.6	4.3	2.8	3.5	3.9	0.6	5.2	3.8	5.3	2.9	3.8	3.1
Lone person	35.8	30.5	20.1	33.8	32.8	9.7	45.9	29.7	13.9	30.8	28.9	25.5
Other not classifiable household	6.2	4.5	3.3	5.7	8.6	3.1	8.2	5.1	2.5	5.5	5.4	5.1
Visitor only households	2.9	1.4	-	0.8	0.6	0.8	1.8	0.7	0.9	0.6	1.2	2.0

Source: ABS Regional Population Data; HillPDA Research, * Regions correspond to those depicted in Figure 6 above

3.1.3 State retail expenditure by store type

As shown in Figure 8, retail spend per capita in NSW (measured in 2021 dollars) has increased from around \$910 per month in 1992 to around \$1,100 to \$1,200 in 2020/21 – an increase of around 26%. Most of the growth happened during the nineties and early noughties during the period of ‘economic rationalism’. Much of this growth happened due to a number of factors including increased participation of women in the workforce and dual income households, increasing professionalism, technological change and increasing consumerism. Consumers have become more affluent.

Figure 8: Monthly retail spend per capita in NSW (seasonally adjusted) 1992 to June 2021 (in 2021 dollars)



Source: ABS Retail sales, population estimate and CPI (all capital cities)

From around 2006 retail sales in NSW has been largely flat in real terms per capita. 2006 to 2008 was a short period where rising interest rates and petrol prices resulted in some contraction in spend, particularly on domestic travel and luxury goods. This was followed

by the global financial crisis (GFC) where job security was less certain. Since then, non-food retail sales have been quite flat if not declining until just recently.

The other interesting trend has been the changes in consumer preference between store types. In the 1980s department stores captured around 15% of total sales, with the average NSW resident spending around \$120 per month (in 2021 dollars) in department stores. As at June 2021, NSW residents were spending around \$60 per month in department stores (less than 6% of total expenditure on retail goods and services).

Supermarkets captured around 24% of total NSW expenditure in the 1980s (less than \$220 per person per month in 2021 dollars). This has now crept up to around 32% of total expenditure in June 2021 (\$380 per person per month). Spend in restaurants also increased from around 5% (\$40 per person per month in 2020 dollars) to more than 7% (\$90 per person per month) over this same period. Spend on food generally⁶ has increased from 43% of total NSW retail sales in the 1980s to around 53% in 2020.

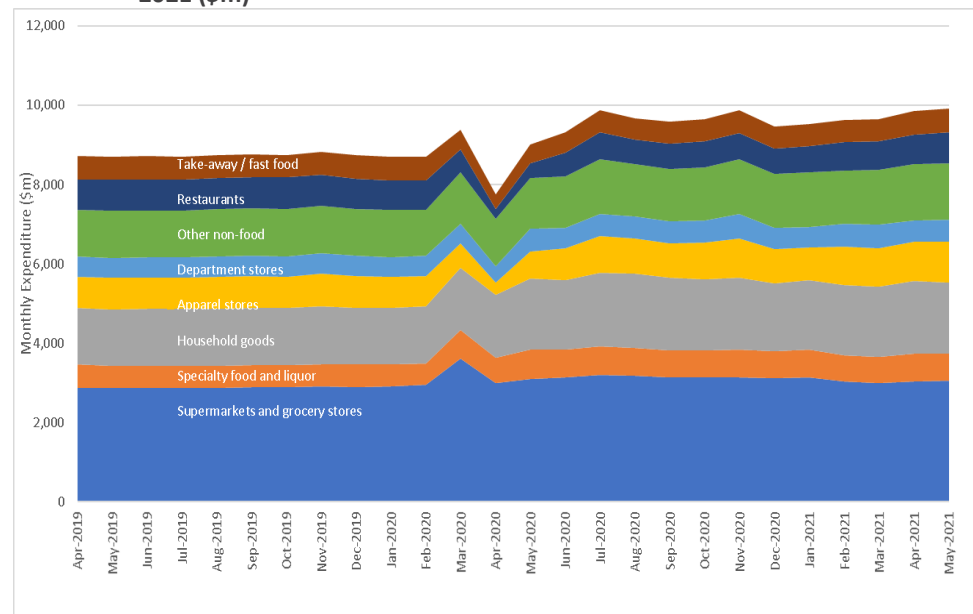
Impacts of COVID 19

Over the three years to January 2021, total monthly retail turnover increased by \$1.1 billion or 12% to \$9.5 billion.

However, close analysis reveals a sharp spike in turnover in the month of March 2020, with monthly turnover increasing to \$9.4 billion. This was up from \$8.7 billion in February 2020. This may have been the result of “panic buying” as borders closed and lockdown measures were implemented due to COVID-19.

⁶ Includes spend in supermarkets, restaurant and cafe retail

Figure 9: Total retail sales per quarter in NSW (seasonally adjusted) April 2019 to May 2021 (\$m)



Source: ABS Retail Sales

The spike in retail turnover between March 2020, was primarily led by supermarket expenditure which increased by more than 25% above the monthly average in the previous year. As expected with lockdown measures, turnover in restaurants fell more than 55% over March and April.

Following the March 2020 spike, retail turnover plummeted \$1.6 billion dollars (17%) in the month of April. It was the hardest month for restaurants with a turnover of around one third the normal level. Sales in apparel stores were also around 40% of normal levels. Only hardware bucked the trend with a 10% increase in sales compared 2019 levels.

3.1.4 Worker growth

As at 2016 there were approximately 24,800 workers in the Albury LGA, with the vast majority working in the Albury South SA2 (51%), followed by Albury East SA2 (refer to Table 4). The number of workers has since grown to 26,163 as at March 2020⁷ as sourced from Remplan. This equates to a growth rate of 1.3% per annum (or 1,347 additional workers). Note that small areas labour market data estimates Albury LGA's labour force over this corresponding period to be significantly higher at 29,459 workers (which equates to a four year growth rate of 4.4% per annum). Also shown in Table 4 and Figure 9, the retail trade industry was the second largest employer, behind Health Care and Social Assistance in 2016 and 2020 and provided 13% of all jobs in the Albury LGA. This highlights the importance of the retail sector for Albury's economy.

Table 5: Workers by industry type for Albury LGA 2016 - 2020

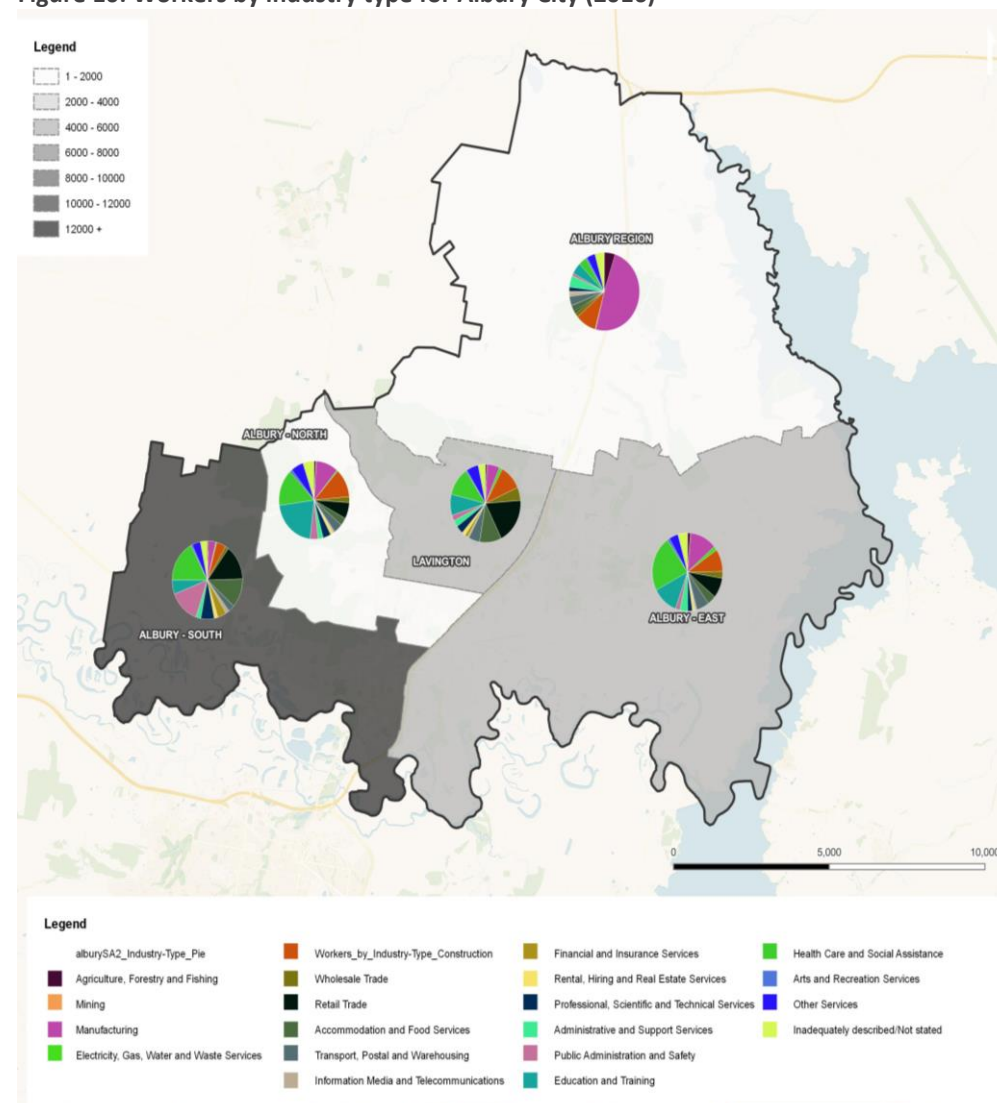
Industry	2016*							2020**	
	Albury East SA2 No.	Albury South SA2 No.	Albury North SA2 No.	Lavington SA2 No.	Albury Rural No.	Albury LGA No.	Albury LGA (%)	Albury LGA No.	Albury LGA (%)
Agriculture, Forestry and Fishing	82	67	17	32	22	220	1%	246	1%
Mining	7	3	3	4	0	17	0%	15	0%
Manufacturing	714	423	191	229	216	1,773	7%	1,888	7%
Electricity, Gas, Water & Waste Services	100	55	10	57	1	223	1%	243	1%
Construction	543	541	225	419	42	1,770	7%	2,347	7%
Wholesale Trade	165	194	46	222	9	636	3%	660	3%
Retail Trade	486	1,813	127	761	3	3,190	13%	3,394	13%
Accommodation and Food Services	232	1,512	61	407	12	2,224	9%	2,352	9%
Transport, Postal Warehousing***	339	372	77	209	17	1,014	4%	-	-
Information Media & Telecommunications	41	206	14	30	6	297	1%	310	1%
Financial and Insurance Services	17	510	4	54	2	587	2%	631	2%

⁷ Derived from Remplan Economic Modelling Software March 2020 as sourced from the Albury Economic Indicators Report November 2020

Industry	2016*							2020**	
	Albury East SA2 No.	Albury South SA2 No.	Albury North SA2 No.	Lavington SA2 No.	Albury Rural No.	Albury LGA No.	Albury LGA (%)	Albury LGA No.	Albury LGA (%)
Rental, Hiring and Real Estate Services	62	212	23	65	1	363	1%	387	2%
Professional, Scientific & Technical Services	125	774	69	138	8	1,114	4%	1,202	5%
Administrative and Support Services ***	209	291	44	111	21	676	3%	-	-
Public Admin and Safety	120	1,749	68	96	5	2,038	8%	2,184	8%
Education and Training	688	739	397	353	21	2,198	9%	2,352	9%
Health Care and Social Assistance	1,337	2,165	286	478	16	4,282	17%	4,612	18%
Arts and Recreation Services	66	95	22	22	3	208	1%	220	1%
Other Services	245	482	107	223	17	1,074	4%	1,166	5%
Inadequately described/ not stated ***	255	405	98	135	19	912	4%	-	-
Total	5,833	12,608	1,889	4,045	441	24,816		26,163	

Source: *ABS 2016 Census of Population and Housing, HillPDA; **Derived from Remplan Economic Modelling Software March 2020 as sourced from the Albury Economic Indicators November 2020 ***Data for these industry sectors was not provided in Remplan Economic Modelling Software March 2020 as sourced from the Albury Economic Indicators November 2020

Figure 10: Workers by industry type for Albury City (2016)



Source: ABS 2016 Census of Population and Housing, HillPDA, QGIS

As at 2016 and shown in the Table 5, white collar workers (i.e. managers and professionals) represented almost a third (31%) of jobs in the Albury LGA, while grey collar workers (i.e. community and personal service workers, para-professionals, clerical and administrative and sales workers) represented 41% of all jobs. Albury LGA has higher representations of white and grey collar workers than blue collar workers (i.e. technical and trades, labourers, machinery operators and drivers), with the former categories typically associated with higher disposable incomes.

Table 6: Workers by occupation type for Albury LGA (2016)

Occupation type	Albury East	Albury South	Albury North	Lavington	Albury Rural	Albury Total no.	Albury Total (%)
Managers	618	1,288	196	436	75	2,613	11%
Professionals	1,314	2,634	429	512	58	4,947	20%
Technicians and Trades	915	1,325	316	605	115	3,276	13%
Community and Personal Service Workers	659	1,704	279	505	20	3,167	13%
Clerical and Administrative	707	2,307	199	509	41	3,763	15%
Sales Workers	466	1,762	107	751	9	3,095	13%
Machinery Operators and Drivers	476	441	154	270	88	1,429	6%
Labourers	602	932	183	406	30	2,153	9%
Inadequately / Not stated	85	208	26	50	10	379	
TOTAL	5,842	12,601	1,889	4,044	446	24,822	

Source: ABS 2016 Census of Population and Housing, HillPDA

Based on Small Area Labour Market data and shown in Table 6, Albury LGA's labour force was estimated at 27,748 workers as at March 2021, which is down from 29,459 workers in March 2020. This is likely due to COVID-19. Prior to COVID 19, employment grew at a rate of 9.9% per annum, with most of the growth occurring in the Albury East SA2. These growth rates are high and well above the population growth rates for Albury LGA, suggesting that the employment levels may be somewhat over-estimated. For this reason, to estimate Albury LGA's employment projections to 2036, HillPDA have opted to use the Regional NSW employment growth.

⁸ TRA Albury LGA Profile

Table 7: Workers for Albury LGA by SA2 2016-2021 (as at March)

Region	2017	2018	2019	2020	2021	2017-20 Change p.a.(%)
Albury LGA	22,176	23,665	28,467	29,459	27,748	9.9%
Albury – East SA2	6,926	7,500	9,211	9,626	9,070	11.6%
Albury – North SA2	4,197	4,476	5,367	5,541	5,219	9.7%
Albury – South SA2	4,692	4,912	5,797	5,911	5,569	8.0%
Lavington SA2	5,793	6,168	7,366	7,580	7,135	9.4%
Rural balance	568	609	726	801	755	12.1%

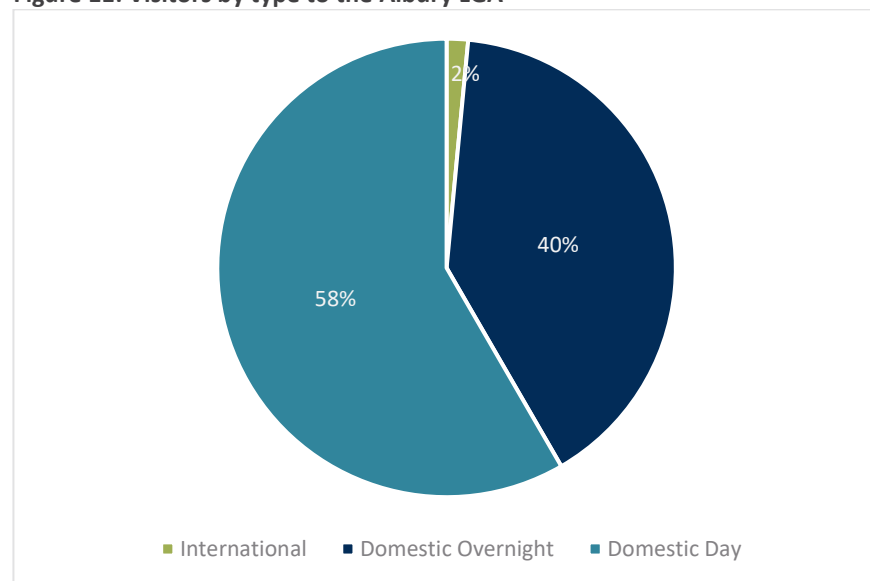
Source: Small Area Labour Market Publication March 2021

Applying the Regional NSW employment growth rate of 1.2% per annum as sourced from the employment projections provided by the Department of Education, Skills and Employment (and more in line with historical growth rates for Albury LGA as sourced from Remplan) to the current estimated labour market would suggest that by 2036 the number of workers will grow to around 33,000.

3.1.5 Visitation growth and spend

From 2016 to 2019 the Albury LGA welcomed 1.3 million visitors annually. As shown in Figure 11, the majority of these visitors were domestic day trippers (734,000 visitors), followed by domestic overnight visitors (505,000 visitors)⁸.

Figure 11: Visitors by type to the Albury LGA



Source: TRA Albury LGA Profile; HillPDA

International visitors stayed a total of 168,000 nights in Albury (which equates to an average length of stay of 9 nights), whilst domestic visitors stayed a total of 1.2 million nights (which equates to an average length of stay of 2 nights)⁹.

Total visitor expenditure in the LGA as at 2019 was estimated at \$400m, with \$10m from international visitors, \$238m from domestic overnight visitors and the balance from domestic day trippers. The average spend was as follows:

- \$62 per night for international visitors, of which 54% or \$33 was on retail related goods and services
- \$205 per night for domestic overnight visitors, of which 35% or \$71 was on retail related goods and services

- \$207 per trip for domestic day trippers, of which 35% or \$72 was on retail related goods and services¹⁰.

In the broader Albury Wodonga, the number of domestic overnight visitor nights increased from 2015 to 2019 at a rate of 7.6% per annum (i.e. from 611,000 visitors in 2014 to 819,000 visitors in 2019)¹¹. Most of the growth occurred over the last year (i.e. 31% increase from 2018 to 2019). Over the year to 2020, domestic visitor nights sharply decreased to 301,000 nights as a result of the COVID-19 outbreak which subsequently led to the cancellation of events (e.g. Albury Gold Cup), border closures, travel restrictions and lockdowns and public health orders prohibiting public gatherings.

The number of international visitors (which historically was also steadily increasing in Albury Wodonga i.e. from 19,719 visitors in 2016 to 26,580 in 2019) also faced the same fate and sharply fell in 2020. The number of international trips was not reported in the Albury Wodonga Visitor Economic Trends analysis due to the impacts of COVID-19 on international travel. Similarly, domestic day trippers to the Albury Wodonga fell from 938,000 visitors in 2019 to 686,000 visitors in 2020 (30% decrease) due to reasons outlined above¹². In terms of average daily expenditure per trip in the Albury Wodonga region, domestic day visitors spend \$207, while domestic overnight visitors spend \$205 and international night visitors spend \$62¹³. This is consistent with TRA Albury LGA Profile.

Notwithstanding the fall in visitation to Albury Wodonga, the tourism market is likely to rebound as the lockdowns and restrictions are lifted. Tourism Research Australia project that visitor nights will grow by around 3% over the next decade at a State level. On this basis we can assume that visitor nights in Albury will increase at a similar level.

This suggests that Albury retail sector can also leverage from a strong tourist market.

3.1.6 Other macroeconomic influences

Below is a high-level overview of other macroeconomic factors which directly or indirectly influence Albury's retail sector.

⁹ TRA Albury LGA Profile

¹⁰ TRA Albury LGA Profile, National Visitor Survey 2019, International Visitor Survey 2019

¹¹ Albury Wodonga Visitor Economy Trends 2020

¹² Albury Wodonga Visitor Economy Trends 2020

¹³ Albury Wodonga Visitor Economy Trends 2020

Interest rates: Lowering interest rates (generally through expansionary monetary policy) typically encourages greater spend, with flow on benefits for retailers. National interest rates have continued to fall post-GFC crisis and currently are at a historical low. Australia's official interest rate will remain low over the short-term and will slowly increase again as the economy recovers. Lower interest rates will help to stimulate spend and support Albury's retail sector over the shorter term. As interest rates increase over the medium term this will discourage some spend, with residents more inclined to save their disposable income. The reduced propensity to spend, however, will be somewhat offset by wage growth.

GDP and economic growth: Retail sales are driven by the economic environment. A robust economy is typically associated with higher disposable income and increased retail expenditure. It also allows retailers to sell more valuable goods, such as high-end electronics. On the other hand, a sluggish economy decreases consumer confidence and can cause people to spend less, leading to declining sales and forcing retailers to lower their prices. Gross Regional Product (GRP) is a measure of the size or net wealth generated by a local economy¹⁴. Economic growth is usually measured by the percentage increase in GRP. Economy.id estimates that over the 14 years to June 2020, the Albury LGA recorded a \$0.6 billion increase in its GRP, with GRP reaching \$3.3 billion in June 2020. The average annual proportional change over this 14-year period was around 1.4%.

Consumer confidence: Consumer confidence is positively correlated to increased spend. ANZ-Roy Morgan Consumer Confidence dropped 2.8pts to 111.4 in June 2021 as Melbourne and Victoria were plunged into a fourth lockdown. Consumer Confidence is now almost level with the 2021 weekly average of 111.3 but is 13.1pts higher than the same week a year ago, May 31, 2020 (98.3)¹⁵. ANZ-Roy Morgan survey data show that short lock-downs do not have a lasting impact on consumer sentiment. The impact of the current ongoing lockdowns in NSW on consumer confidence is uncertain at this point of time. It is assumed, however, that consumer confidence will return as economic conditions improve.

¹⁴ Economy.id

¹⁵ ANZ-Roy Morgan Consumer Confidence Survey 2021

¹⁶ Economy.id

3.1.7 Economic and social contribution of the retail sector

The retail sector is an important contributor to Albury LGA's economy. Over the 2019/2020 financial year, the Albury LGA's retail trade industry contributed \$250.5 million in gross value add (GVA) and accounted 6.7% of the LGA's total GVA. The retail trade industry also employed over 3,390 persons (fulltime equivalent or FTE) which is 13% of total employment. The **retail sector has a higher impact on employment than larger sectors of the economy**. It has twice the share of jobs than finance and insurance services, while being a third of its size¹⁶.

In addition to its economic contribution, the retail sector is also an important part of the Albury LGA's social fabric as it:

- is a significant trip generator, attracting foot traffic to local areas and contributing to the vibrancy and activity of centres and precincts;
- provides goods and services for residents, workers and visitors;
- promotes local development and supports local property values;
- supports a sense of urban life vitality closely related to the flow of people in retail areas;
- influences the growth of urban areas;
- contributes to the social and cultural infrastructure of a place, providing a focus for events and supporting social interaction;
- plays an important role in successful precinct development and revitalisation;
- has a major influence on travel behaviours and land use productivity; and
- contributes to social and economic vibrancy of local places¹⁷.

¹⁷B. Ozduru et al. (2013). Retail location and urban resilience: towards a new framework for retail policy.

Resilient Cities Vol.6(1).; Department of Planning and Environment.. (2018). Planning for the Future of retail

RETAIL TREND ANALYSIS

4.0 RETAIL TREND ANALYSIS

The following section discusses the emerging broader retail trends and potential implications on the retail sector. It includes qualitative discussion regarding land use implications on demand and supply and spatial requirements. The impact of COVID-19 on Albury's retail sector is also discussed.

To inform the trend analysis as well as the subsequent situational and demand analysis, HillPDA interviewed numerous key stakeholders across the various industries and businesses including personnel from Albury Business Connect, local commercial real estate agencies shopping centre managers / tenancy managers and local retail property owners.

4.1 Retail industry trends in brief

The future of retail is shifting strongly towards experience and convenience, with technology driving the change. Consumers are also changing in their demands with more environmentally conscious, time poor and price savvy customers. Retailers are being forced to adapt to changing consumer expectations such as:

Trend 1 – Hyper-personalisation – retailers are forensically analysing data to deliver hyper-personalised experiences and products;

Trend 2 – Price savvy consumers – price no longer encompasses the product alone but the whole user experience;

Trend 3 – Automation – customers are more accepting of automatic checkouts and technological advancements;

Trend 4 – Experiential retailing – the promotion of experience and placemaking through various platforms to drive customers to purchases; and

Trend 5 – Environmentally conscious – growing sentiment towards environmentally friendly products

Trend 6 – Social currency – social media is a component of the purchasing journey for many customers¹⁸; and

Trend 7 – Buy local – growing support for local design and manufactured products to support Australian businesses.

The retail industry's innovative nature is driven largely by the need to anticipate and respond to its customers' needs and desires and changing socio-demographics and lifestyles. Individual retailers are required to constantly monitor shifts in demand and reposition their offer, and in some instances, their mode of operation and distribution.

Some emerging national retail trends include:

- Full line supermarkets (over 3,000 sqm) are increasingly anchoring smaller centres
- Reduced traction for department stores, such as Myer, David Jones, Target and Big W, due to online competition and reduced demand for physical space;
- Transitioning bulky-goods or traditional out-of-centre retailers seeking opportunities in local or shopping centres (i.e. Ikea trialling a small scale, shop front store in Warringah Mall)¹⁹;
- Integration of residential and other commercial and community uses above shopping centres²⁰;
- Strengthening 'retail placemaking' with a stronger focus on community, dining, events and entertainment²¹;
- Greater integration of indoor and outdoor environments²²
- Continued expansion of new international retailers entering the market (although this trend has been stalled by the COVID-19 pandemic);
- Pop-up, creative and market style uses that generate higher-turnover and 'destination' factor in their own right²³;

¹⁸ KPMG 2019, 'Retail Trends 2019 – Global Consumer & Retail' February 2019

¹⁹ Miles, G 2019, 'Physical stores leverage the last mile advantage', Shopping Centre News, Vol. 37, Number 3

²⁰ Taylor, K 2019, 'Community and togetherness', Shopping Centre News, Vol. 37. Number 2

²¹ CBRE 2016, 'Global Retail Placemaking Report'

²² Taylor, K 2019, 'Community and togetherness', Shopping Centre News, Vol. 37. Number 2

²³ Prpic, M 2019, 'Reinventing Space', Shopping Centre News, Vol. 37. Number 2

- The emergence of ‘dark’ and “last mile” stores for online sales. Dark and last mile stores are warehouses or distribution centres that cater to online shopping. They do not require sales areas and are designed for easy product picking;
- Growing online grocery market and specialised food stores; and
- Reinvesting in shopping centre to reinvent offering and overhaul purpose and the way they interact with customers and wider community.

The next section explores some of these emerging trends in the context of Albury and their implications on retail floorspace in more detail. Council’s role in supporting the retail industry adapt to these trends is also explored.

4.2 The retail business model is changing

The COVID-19 pandemic has significantly disrupted the physical retailing paradigm globally and nationally. It has dramatically increased the adoption and use of online platforms, with many retailers moving towards a more digitalised business model. COVID-19 has forced many retailers to quickly develop capabilities and invest in online fulfilment; omnichannel retailing; home delivery; data analytics and process automation in order to remain trading. This trend will likely continue, with retailers constantly having to stay abreast of the latest technology and digital advancements²⁴.

Retailers’ will have to build their capabilities or partnering with other platform companies to help deliver on these requirements (refer to case study 1). Larger retailers such as Myer have also capitalised on strategic partnerships, recently entering into a multi-year agreement with its e-Commerce fulfilment partner, Australia Post, to provide warehousing and online fulfilment services. The agreement will enable a streamlined supply chain for customers online purchases, click-and-collect and home delivery to further enhance the company’s ability to provide an efficient and fast online experience for customers. This shift towards a more digitalised platform paradigm will place more pressure on physical stores to be in the right location²⁵.

Stakeholders are seeing evidence of this trend (i.e. a more digitalised operating model) occurring in the Albury LGA, with retailers increasingly transitioning to omni-channel retailing and online fulfilment - particularly in response to the COVID-19 pandemic and

lockdowns. This trend will likely continue (and evolve) post-COVID as online shopping behaviour and customer expectations have become embedded. Woolworths and Coles and to a lesser extent Myer and some CBD restaurants are examples of where this shift towards online fulfilment has resonated well with Albury residents.

Why this matters?

The rapid shift to a more digitalised operational model and partnerships with online platforms has and will continue to keep certain retailers more competitive and will help to engage customers and improve their shopping experience. Those retailers who do not make the switch are at greater risk of store closures and going into administration over the longer term. As retailers invest and build their delivery channels and transition to a more digitalised business model, this will enable retailers to target a new and wider market and build resilience.

This shift to a more digitalised operational model, has potential implications on the supply and demand for retail floorspace, including:

- Potential reduction in demand for brick-and-mortar stores due to increased competition from e-commerce (refer to Section 4.4 Ecommerce);
- Potential reduction in supply for brick and mortar as retailers shift their focus on building their online presence to leverage from the wider catchment and lower operating costs; and
- Reduced store networks as retailers may opt to consolidate their physical assets rather than expand (since one physical store is able to service a significantly wider catchment through its online platform).

Most stakeholders felt that omni-channel retailing in Albury is largely complementary to traditional retailing and that bricks and mortar stores will remain the preferred form of retailing in Albury for the foreseeable future. They also indicated that the adoption and impacts of the digitalised operational model on space allocation are likely to be lower in Albury compared to major city centres.

²⁴ KPMG. (2020) Global retail trends 2020.

²⁵ KPMG. (2020) Global retail trends 2020.

Council Initiatives

To assist retailers in adapting to this new retail environment, Council can partner with Albury Business Connect to support retailers in diversifying their sales channels (i.e. helping small brick-and-mortar retailers transition to omni-channel retailing).

Trend: shift toward a more digitalised operational model	Comment	Risk / benefit	Timeframe
Impact on traditional retail	This model will help retailers build resilience (particularly during lockdowns)	Positive	Short-term and ongoing
	Potentially lead to reduced demand and supply of traditional floorspace in Albury due to increased competition from e-commerce and wider serving catchments. However brick and mortar stores in Albury have remained and are likely to remain the preferred form of retail over the short to medium term.	Low Risk	Longer term
Initiatives	Council can support retailers in diversifying their sales channels		Short term priority

Case Study 1 – Food ordering and delivery platforms in Australia

Online food delivery (OFD) platforms offer consumers a convenient and fast delivery service of foods and drinks sourced from foodservice partners (e.g. restaurants, quick service restaurants). Menulog is Australia's widest-reaching food delivery service, delivering to 90% of all addresses and has over 11,000 food services partners. Menulog beat the previous year's delivery orders by 104% last year in Australia, according to its annual earnings report. The company also added an additional 3,000 regional restaurants last year and indicated that it wanted to focus on expanding outside major cities into 2021. This demonstrates the growing demand for food delivery and shift towards digitalisation, with restaurants leveraging from existing online platforms to drive online sales and expand their reach (or outsourcing this capability)²⁶. Other delivery platforms in Australia include (and are not limited to): Deliveroo, Ubereats, door dash, Zomato, Eat now, Easi, Order up, Hey you, Bopple, Skip, Delivery Hero, Postmates.

This trend towards online food services and delivery is also evidenced by the increasing market size of the Online Food Ordering and Delivery Platforms industry in Australia, which has grown 43.8% per annum between 2016 and 2021. The market is expected to increase to 12.1% by the end of the calendar year²⁷. Analysts at Morgan Stanley expect online takeaway food orders will rise from about \$1.5 billion or 10 per cent of the fast-food market, to \$4.2 billion by 2025 (ie 23 per cent of the market)²⁸.

What does this mean?

Notwithstanding this new market, shopping centre owners, through discussions with HillPDA, have not expressed concerns about the impacts. They consider it to be a small market, will continue to be a small market and it will not discourage consumers from dining in centres as a means of social interaction post COVID-19. Also a large part of food delivery will be generated by restaurants with physical stores and hence the impact on demand for bricks and mortar space is likely to be small. Moreover, stakeholders reported that a number of the traditional restaurants which expanded their offer to include online food services and delivery thrived over the pandemic period. As such offering online food services can help to build resilience.

²⁶ Business Insider Australia, Briefing - Menulog saw an 104% increase in orders and added 8,000 new restaurants — and now the delivery company wants to conquer regional Australia, 2021

²⁷ Ibis Online Food Ordering and delivery Platforms in Australia 2007-2020, 2020

²⁸ <https://www.sbs.com.au/news/are-food-delivery-services-worth-the-cost-for-small-businesses>

4.3 Property divestiture and rationalisation by retailers and centres

Declining sales has forced many retail chains globally and nationally to optimise their network through closing poorer performing stores and re-developing or looking at new ways to secure value from their existing assets²⁹.

This strategy of optimising store network has been implemented by department stores across Australia. In their 2020 annual report Myer indicated that they are “proactively seeking to realign their cost base through efficiencies and cost savings with a focus to reducing costs and space and aiming to reduce their gross lettable area by more than 110,000sqm” and are “progressing discussions with landlords on how they can constructively reduce their space”³⁰. Similarly, David Jones have been having discussions with landlords in a bid to reduce floorspace, with the retailer seeking to cut 31,000sqm of floorspace by the middle of 2022 as part of its longer-term goal (i.e. reducing its 486,000sqm to 390,000sqm by 2025, which equates to a 20% reduction)³¹. Myer and David Jones are from a list of national retailers seeking to downsize and close stores. Aside from department stores, other retailers which have announced plans to close stores include (and are not limited to) H&M, Zara, Noni B, Microsoft and Accent Group (which also announced it will close 28 stores and focus on online sales)³².

Interestingly though, despite an average decline in spending of -0.2% between 2015 and 2020, apparel retailers increased their physical footprint by almost 2%. This may in part be to meet population led demand. However, given the expressed long-term plan of major retailers it is expected that apparel and department store retailers will downsize their selling space, with McKinsey predicting a floor-space reduction of more than 10% between now and 2024³³.

Responses from stakeholders on this trend varied. A small proportion of stakeholders expect Albury retailers (including big box retailers) will follow suit and seek to reduce their physical footprint, or alternatively will look to reduce the front of house space to allow for greater back of house to accommodate for increased online shopping behaviour. Shopping centre managers and leasing agents have witnessed a counter trend

in Albury, with retailers seeking to increase their footprint to meet customer demand. These were typically retailers occupying smaller premises, however, of 40-60sqm. All stakeholders agreed, that it was unlikely that the Myer in the CBD would downsize or vacate as it was trading well owing to the lack of competition. The latter is further evidenced by plans to refurbish the store in the near future.

Why this matters?

- As bigger retailers and franchise organisations continue to grow their delivery channels and seek new ways to maximise profits, it is anticipated this trend of property divestment and rationalisation will continue, particularly over the short to medium term. Retailers will leverage customer data and analytics in order to make informed decisions regarding their footprint and deciding the role of each store moving forward³⁴;
- Although store closures and downsizing will place pressure on regional and sub-regional centres and strip retailing nationally, based on discussions with stakeholders it is unlikely that this will occur with any of the key anchor retailers in Albury (including Myer); and
- Should large format store closures occur in Albury, centre managers will be forced to creatively fill this vacant space. This could involve altering the tenancy mix and/or repurposing the existing space to drive footfall through their centres. Tenancy remixing strategy (refer to case study 2 below) could also involve replacing former goods retailing with entertainment, services or other non-traditional tenants (e.g. medical services, hospitality, education, leisure, recreation etc)³⁵.

Council Initiatives

- Council can support retail landlords in their retail mixing strategies through flexible land use controls.

²⁹ RBA, M Carter (2019). Competition and Profit Margins In the Retail Sector; KPMG. (2021) Australian retail Outlook 2021; David Jones and Myer Annual Reports 2021.

³⁰ Myer Annual Report 2020

³¹ David Jones Annual Report 2020

³² Various media releases

³³ McKinsey & Company, Retail Ghost Town, 2019

³⁴ McKinsey & Company, Retail Ghost Town, 2019; HillPDA Research

³⁵ JLL. (2020). Queensland Retail Spend, Trends & Outlook, The Queensland Edge Series

Case Study 2 – Examples of tenancy re-mixing strategies in action

Indooroopilly Shopping Centre is an iconic super-regional shopping centre situated in Brisbane's inner western suburbs, providing approximately 116,000 sqm of gross lettable area (GLA). Since opening in 1970 the centre has continually evolved to meet retailer and customer demand through extensive renovations and redevelopment works including the addition of cinemas, outdoor dining & fresh food precincts, international fashion brands, new supermarkets and the inclusion of an additional department store. Recently the centre consolidated 28 smaller tenancies on Level 3 to establish three 'mini major' sized tenancies and improve internal pedestrian access within the shopping centre.

Similarly, the Myer Centre in Albury also consolidated a number of its smaller retail tenancies in response to market demand.

Another remixing strategy implemented by Toombul Shopping Centre was filling a vacant mini major with a Bunnings in 2016. The centre also re-purposed redundant space on the top-level into a food and beverage precinct to service the growing population in surrounding suburbs³⁶.

4.4 E-commerce

A major topic of debate regarding the future of retail in Australia is the continued growth of online retailing and the likely impacts this may have on 'bricks and mortar' retail stores. The Planning for the future of retail discussion paper provided global information regarding the percentage of revenues earned in brick and mortar stores (93 per cent as of 2014), with that figure expected to drop to 81 per cent in five years (2020). Australian and NSW specific information was not provided. With national online spend estimates varying between 11% to 16% (excluding cafés, restaurants and takeaway food)³⁷ in 2020, would suggest we are below those earlier projections.

However, it is clear from the evidence, that COVID-19 has accelerated online spend. As seen in the below figure, online sales have grown, particularly during COVID-19's highest impact period³⁸.

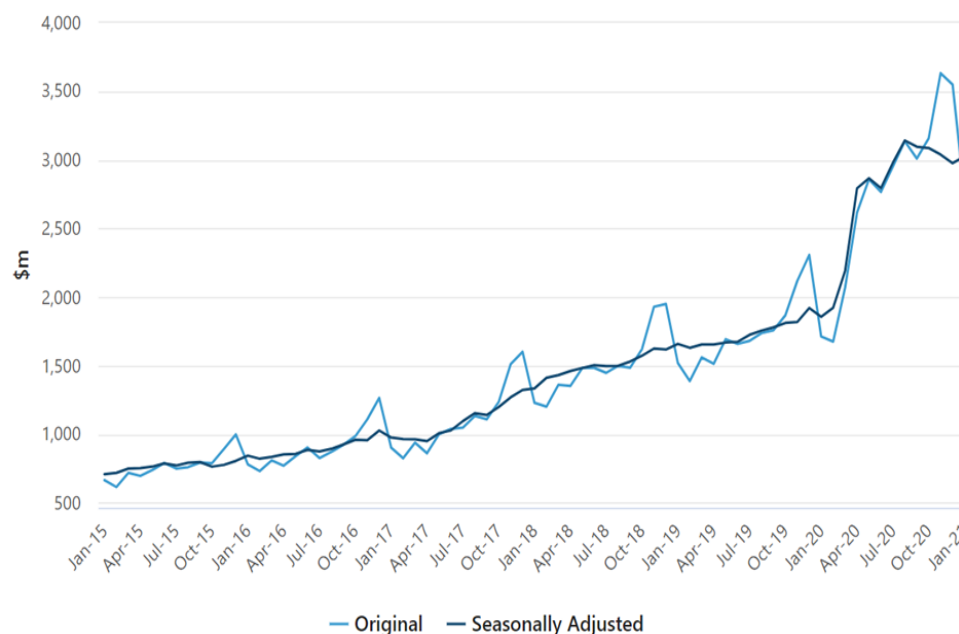
Trend: Property divestiture and rationalisation	Comment	Risk/ Benefit	Timeframe
Impact on traditional retail	Unlikely to have a significant impact in Albury as key anchor retailers in the major centres are unlikely to reduce their footprint or close their store	Low Risk	Longer term
Initiatives	Flexible land use controls to enable land owners and centre managers to adapt uses in the event a major retailer vacates		Short term priority

³⁶ JLL. (2020). Queensland Retail Spend, Trends & Outlook, The Queensland Edge Series; Centre Websites

³⁷ Online Physical Goods Index (produced by Quantum), and ABS Retail Trade s. Figures exclude cafés, restaurants and takeaway food services, February 2021

³⁸ Note that ABS online trade data is only available at the national level and the data available does not capture the differences in online shopping behaviour between states. For this reason online spending data at state and regional levels, prepared by Australia Post and Quantum have been adopted.

Figure 12: Total online spend



Source: ABS, Retail Trade; Australia Post (2021). Ecommerce Industry Report

In their latest e-commerce industry report, Australia Post reported that ‘increased online engagement resulted in online purchases in 2020 growing by 57% YOY, and Australians spending a record \$50.46 billion online, which equates to 16.3% of total retail sales’. Australia Post estimate that online spend will increase to 20% by 2022 — three years ahead of their projections prior to the pandemic³⁹. How much of the increased online spending is cyclical and how much is trend remains unknown.

At the outset, online shopping was driven by necessity as bricks and mortar stores were temporarily closed, with social distancing and teleworking also contributing to the sustained engagement with online shopping. Recent analysis undertaken by Australia Post suggest that sustained engagement over this period has led to permanent changes in consumers online spending behaviour since they found that more than half of the 1.3 million new households which entered the market through to December 2020 continued to buy online on a frequent basis (in at least three of the months that followed April). This suggests that the habit has become ingrained even when restrictions eased. Recent surveys also found that more people plan to shop online for a portion of their purchases post COVID-19⁴⁰, with a third of respondents indicating they prefer to shop online now more than they did before the pandemic⁴¹.

Notwithstanding the above, online spend varied between state and periods of restrictions. In the 12 months to December 2020 online purchases increased by 50.5% in NSW which was above all other states with exception of Victoria which was significantly higher at 81.9%.⁴² This would suggest that much of the growth in online shopping has increased as a result of the lockdowns rather than changing shopping behaviours. It should also be noted, and particularly relevant for Albury, online purchases were significantly higher for metropolitan areas compared to regional areas, with metro regions accounting for 70% of all online purchases. Stakeholders also confirmed that online purchasing was less pronounced in Albury and increases in online purchases typically coincided with increased restrictions. The majority of stakeholders indicated that traditional retailing was still the preferred form of retailing, as evidenced by the sharp increase in traditional retail activity immediately after restrictions were lifted.

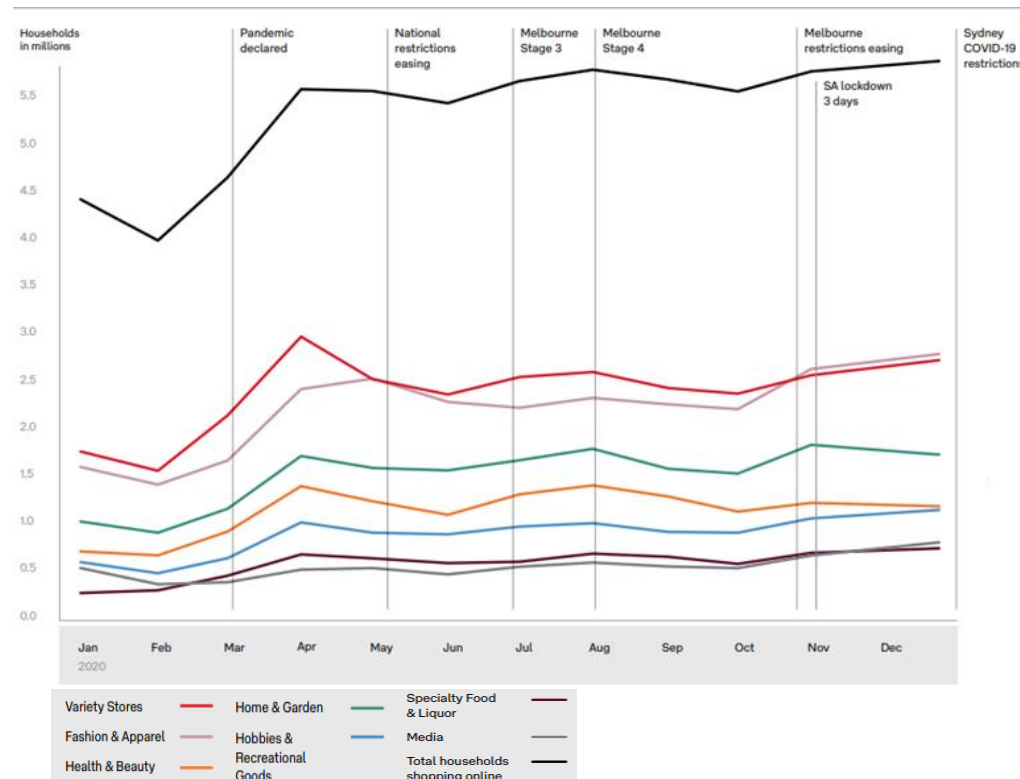
³⁹ Australia Post, Inside Australian Online Shopping, eCommerce Report, March 2021

⁴⁰ McKinsey & Company (2020) Covid-19 Australia Consumer Pulse Survey 9-4-2020

⁴¹ ABS Household Impacts of COVID-19 Survey

⁴² Australia Post, Inside Australian Online Shopping, eCommerce Report, July 2021

Figure 13: Household participation in online shopping



Source: Australia Post (2021). Ecommerce Industry Report

Growth in online spend was evident across all retail categories in 2020 (refer to figure above). Prior to Covid-19, however, department and variety stores were the fastest growing e-commerce segment, with Kmart, Myer and Target all in the top ten for online retailers. Woolworths and Coles topped the list with more people choosing to do their weekly grocery shops online⁴³. Stakeholders also confirmed that Albury has also witnessed an increase in online grocery shopping in recent times.

Is online retailing a key competitor for Albury's traditional retail?

⁴³ Australian Ecommerce in 2019, WebAlive viewed at: <https://www.webalive.com.au/ecommerce-statistics-australia/#references>

The growth of online retail nevertheless is changing the way shoppers interact with physical retail stores. Online shopping has created opportunity for smaller boutique retailers in smaller local centres to access larger customer markets as discussed in Section 4.2. It has also created additional competition for established bricks and mortar premises. Shopping centre managers in discussions with HillPDA consider online shopping a major competitor to traditional retail, particularly for high end fashion. Shopping centre managers reported that the demand of high end retail and apparel in Albury is largely being met by online shopping retailing rather than traditional retailing. They also inferred that online shopping has contributed to a lack of high end apparel retailers (including jewellery stores) and the shift towards a more serviced based offer in Albury (i.e. increase in beauty salons, massage therapists and the like along Dean Street) which contributes to a less diverse and attractive offer.

While online shopping is unlikely to replace traditional bricks and mortar retail, there is a growing trend that shoppers seek out online channels for convenience, increased variety and to compare prices.

Despite the growth, a number of barriers in online retailing are preventing some business owners from fully leveraging this market to the greatest potential. These include:

- Slow or limited internet connectivity;
- Unfamiliarity with the internet or web design;
- Limited vacancy in warehouse and distribution space; and
- Consumer preference to view and touch commodities before purchase commitment.

The emergence of online retailing has also affected land use and building requirements. Regional areas are seeing a growing demand for warehousing and distribution facilities, including in inner city and fringe locations. These locations ensure that consumers get same-day delivery, with some stores opting for "within an hour."

CBRE has estimated that across Australia the growth in e-commerce sales will generate demand for an additional 350,000sqm of distribution space annually⁴⁴. This figure is likely to have increased since then with the increased engagement in online spending. The

⁴⁴ Sydney Morning Herald, Omni-channel retail the new fix for quick service, By Carolyn Cummins 2018

growth in online retailing will affect the traditional brick and motor stores to some degree. However, traditional retailing will not become obsolete. A high proportion of online sales will continue to be done through physical stores. The need for people to touch, feel and above all experience a product and its offerings cannot be underestimated and has been emphasised by most stakeholders. Therefore, online sales can be as much a complementary channel as a competing channel.

Why this matters?

- While online shopping will continue to strengthen, it will not replace traditional brick and mortar retail. Bricks and mortar retail will instead need to adapt to provide more experiences and retail placemaking elements to maintain customer patronage;
- The recent surge in retailing, particularly online retailing is likely due to responses to the COVID-19, potentially fuelled by reduction in other spending (e.g. travel and transport);
- Online shopping may influence passing trade in business centres if more people opt to utilise online deliveries for weekly goods, rather than travel to a centre or main street. Centres will need to adapt and integrate more placemaking outcomes that encourage people to travel to and shop within the centre;
- The increasing number of home-based deliveries and package distribution may have a flow on consequence on the efficiency of the road network and demand for loading zones;
- Click and collect and kerbside pickup options may have impacts for the location of pick up, either being centres or out-of-centre warehousing areas; and
- The impact of increased online sales upon some retailers could reduce space requirements as traditional brick and motor retailers require less instore storage/display space and greater back of store space and café and restaurants shift towards increased sales from takeaway delivered through third party delivery services.

Council Initiatives

- Build retailers resilience by supporting them diversify their sales channels (i.e. helping small brick-and-mortar retailers transition to omni-channel retailing)
- Investing in the public domain in centres and main streets, including targeted investment in social and cultural infrastructure supports effective access and well-designed spaces that attract people and main streets become a focal point for community interaction⁴⁵.

Trend: E-commerce	Comment	Risk/ Benefit	Timeframe
Impact on traditional retail	• While online shopping will continue to strengthen, it will not replace traditional brick and mortar retail with a high proportion of online sales occurring through physical stores • Will put pressure on retailers to: transition to omni-channel retailing; and provide more experiences and retail placemaking elements to maintain customer patronage	Medium Risk	Ongoing
Council Initiatives	• Build retailers resilience by supporting them diversify their sales channels • Invest in public domain, social and cultural infrastructure in centres and main streets to attract people		Ongoing

⁴⁵ Department of Planning & Environment (2018). Planning for the future of retail

4.5 Increase in retailtainment and in-store experiences

To compete with the online shopping experience, brick-and-mortar stores became increasingly more experiential over the last decade. Retailers increasingly focussed on curating immersive in-store experiences to drive foot fall and in-store sales. This trend is expected to continue in the post-COVID era, in response to the COVID-induced rise of online shopping. Examples of in-store experiences include hands on experience (e.g. customers can test the product prior to purchasing), frictionless checkouts, cashierless store technology and the use of virtual reality and augmented reality. Front-line employees will increasingly move from being a salesperson to a consultant or expert, with many retailers using “their stores to educate consumers on product offerings, reinforce their brand’s positioning, and support e-commerce sales”⁴⁶.

Another observed trend in centres was the emergence of retailtainment (i.e. centres combining leisure, entertainment and retail) with this trend likely to grow and further evolve post-COVID.

Whilst having some leisure and entertainment within a retail centres has been around for decades, with traditional entertainment (ie cinemas, bowling alleys, sociable gaming environments etc) no longer a point of differentiation (as they have become somewhat displaced by home entertainment such as online streaming and games consoles), centres and retail strips (particularly in Albury CBD) may need to consider the inclusion of non-traditional forms of leisure and entertainment to drive footfall⁴⁷.

Many shopping mall owners throughout Australian have also invested heavily in refurbishing and expanding their centres to provide retail, leisure, entertainment, recreation and hospitality activities under one roof. There has been movement from developing convenience shopping precincts to developing ‘destination’ retail precincts and this may become increasingly relevant for Albury as population and visitor numbers continues to grow.

Why this matters?

- Shopping centres and strip retailing may benefit from integrating entertainment uses with their retail uses. Pending on the type of entertainment and leisure

anchor, the integration of leisure anchors at centres may have implications on: centre design, floorspace requirements of centres and the types of permissible uses on commercial zones. Although Council has a limited role in this process of diversification, Council could support retail land owners with this process, through providing more flexible commercial zones or using more broadly-stated land uses and development controls to enable retailers to adapt to the changing retail environment and consumer’s increasing expectations;

- A successful destination retail precinct does not only need the right retail and entertainment mix, it also requires high quality public realm spaces and transport accessibility which Council can influence; and
- Main streets can be renewed through public domain improvements.

Trend: retailtainment & instore experiences	Comment	Risk/ Benefit	Timeframe
Impact on traditional retail	• Inclusion of leisure and entertainment attractors will help to improve the attractiveness of a centre, encourage multi-purpose visits, with flow on benefits for surrounding retailers	Positive	Ongoing
Council Initiatives	• Flexible centre zones • Main streets can be renewed through public domain improvements		Ongoing

4.6 Repurposing and conversion to mixed-uses

In recent times we have observed a number of larger shopping centre developments and development applications which integrate medical services, offices, hospitality, childcare services with retail uses (Woonona Shopping Centre, Googong, Rhodes, Ed.Square Town

⁴⁶ McKinsey & Company. (2020). Adapting to the next normal in retail: The customer experience imperative

⁴⁷ AECOM, The Rise of Retailtainment: Convergence of Leisure Entertainment and Retail, 2014

Centre, Caddens Corner)⁴⁸. There has also been surge in the development of mixed-use projects (which typically include a residential component) throughout Australia and globally.

With increasing pressure for retail landlords to alter their tenant mix as retailers optimise their network and exit centres (refer to Section 4.3) we anticipate centres will increasingly be forced to diversify their uses and become more service oriented. Landlords will seek to repurpose existing space to drive footfall through their centres (refer to prior Case Study 3 – Tenancy re-mixing strategies) and enhance the viability and value of their asset.

A JLL retail expert states that “a greater opportunity lies in converting pure play retail assets to mixed-use. The pressures from structural shifts in demographics and retail sector can be mitigated if landlords seek to enhance the value of their assets by exploring other uses such as office, hotel, healthcare or residential developments”. They also predict that ‘this type of integration will increase in the future, especially where public transport is in close proximity’. Many of the recent developments and applications in Albury CBD include a mix of uses and we anticipate this will intensify over the longer term.

Why this matters?

Similar to the preceding trend (and acknowledging Council role is limited), Council can provide supportive policy and initiatives that facilitate this type of mixed-use development, particularly in the CBD (e.g. zoning code amendments).

Trend: repurposing and conversion to mix use	Comment	Risk/ Benefit	Timeframe
Impact on traditional retail	Integration of other land uses (including residential) with retail uses will help to support the retail uses	Positive	Longer term (for higher density development)

⁴⁸ Cordell and HillPDA research

⁴⁹ JLL (2020) Queensland Retail Spend, Trends and Outlook; KPMG (2021). Australia Retail Outlook

4.7 Growth in localism

One of the most notable impacts of Covid-19 on retail spend (aside from increased online spend) is retail spending being re-directed from the city to the outer suburbs and regional areas⁴⁹. The pandemic has instilled in many consumers a greater interest in supporting local businesses (e.g. in the latest McKinsey pulse survey 26% of respondents indicated they shopped at a retailer to support local business⁵⁰). CBD retailers across Australia saw a sharp decline in revenue and footfall during the pandemic, whilst suburban retailers were more resilient. Stakeholders in discussions with HillPDA also disclosed that they have also witnessed a similar trend occurring in Albury, with the retail sector benefiting from greater support from local residents and a greater interest in local and sustainable produce. Whilst the retail sector has benefited from increased local spending, the recent border closures has meant that Albury retailers have lost significant trade from townships in northern Victoria and domestic overnight visitors.

Teleworking due to COVID-19 has also encouraged residents to shop closer to where they live, with smaller local and neighbourhood centres benefiting at the expense of the CBD retailers. This trend is evident in Albury, with anecdotal evidence suggesting convenience shopping has increased at Thurgoona Plaza. Notwithstanding this, Albury CBD and Lavington continue to capture most of Albury LGA’s retail expenditure, including discretionary spend, due to these centres’ stronger retail offer and wider catchment.

This shift of spend to the suburbs can be largely attributed to the increased share of people teleworking, with fewer people commuting to the city centre. The COVID-19 pandemic has significantly impacted standard work practices with a noticeable increase in people working from home and moving to regional areas following the lockdown and pandemic isolation measures. Surveys undertaken over the COVID pandemic have shown that:

- up to 32 per cent of working Australians were working from home at the peak of the economic lockdown
- 41 per cent worked from home at least once a week in February 2021, compared with 24 per cent at least once a week before March 2020⁵¹

⁵⁰ McKinsey & Company (2020) Covid-19 Australia Consumer Pulse Survey 9-4-2020

⁵¹ ABS (2021) Household Impacts of COVID-19 Survey conducted from 12 – 21 February 2021

- 47 per cent of employed Australians expected the amount of work from home to remain the same (11 per cent expected a decrease and 8 per cent expected an increase)⁵².

Why this matters?

- Due to Albury CBD's stronger retail offer compared to lower order centre and the ease of access to the CBD, it is unlikely that this will have a significant impact on Albury's CBD retailers and trade will likely rebound upon the re-opening of borders.

Trend: Growth in localism	Comment	Risk/ Benefit	Timeframe
Impact on traditional retail	• Teleworking due to COVID-19 has also encouraged residents to shop closer to where they live, with smaller local and neighbourhood centres benefiting at the expense of the CBD retailers	Low risk	Temporary

4.8 New format supermarkets in smaller centres

A recent trend, which is likely to continue to influence the retail market, is the demand for larger format retail space and other new format supermarkets in smaller centres (i.e. greater than the traditional retail small centre floor plates of 400-600 sqm). This trend would see an increase in proposals seeking to develop supermarkets of around 1,000 sqm to 1,500 sqm in smaller retail centres where previously smaller supermarkets or convenience stores may have prevailed. It is anticipated that this trend will continue in urbanised areas owing to:

- Growing demand for additional supermarket facilities as a result of urban infill development;
- Accommodating full-line supermarkets is difficult due to site amalgamations and increasing land scarcity;
- Full-line supermarkets implementing their market share growth strategy via targeting smaller centres;
- Consumer habits increasingly favouring multiple smaller convenience shopping trips during the week rather than one large trolley load;
- Increasing desire from consumers for walkable, convenient access to food and grocery shopping reflecting declining vehicle ownership/usage and expectations for access to retail facilities outside of traditional trading hours;
- Strong activity from smaller supermarket operators including ALDI and Harris Farm, with Coles and Woolworths increasingly competing at this end of the market (refer to Case study 3 – Supermarket changing market share).

This trend has been accounted for in the NSW Department's recent amendments to the definition of a neighbourhood supermarket in the Standard Instrument. This change in land use definition permits the development of small-scale supermarkets up to 1,000sqm in size in the B1 Neighbourhood Centre zones. The restricted size of a maximum gross floor area (GFA) of 1,000 sqm is intended to ensure compatibility with the scale and nature of the surrounding, predominately residential, area while also allowing for the development of essential services to serve the needs of people who live and work in the surrounding neighbourhood.

The attraction of larger supermarkets (over 1,000 sqm) into smaller centres can have both a negative and positive impact. On the one hand, larger supermarkets directly compete with smaller speciality shops, such as bakeries, butchers and fruit and vegetable shops. On the other hand, the presence of a larger supermarket can increase the attractiveness of a centre to its surrounding community, thereby increasing the number of times they choose to shop there. This increased foot traffic or number of persons visiting the centre has positive effects for other shops in the centre. This is mainly through increased opportunity for capturing passing trade. This trend will become increasingly relevant as the Thurgoona

⁵² ABS (2021) Household Impacts of COVID-19 Survey conducted from 12 – 21 February 2021

Growth Area population grows and neighbourhood centres are planned for. It should also be noted that a number of the sites identified for commercial development within Thurgoona have not been quarantined for such purposes. If a healthy supply of commercial zoned land is not maintained, this could lead to an opportunity loss for future residents, resulting in lower levels of economic self-containment, and reduced levels of commercial services and price competition.

Why this matters?

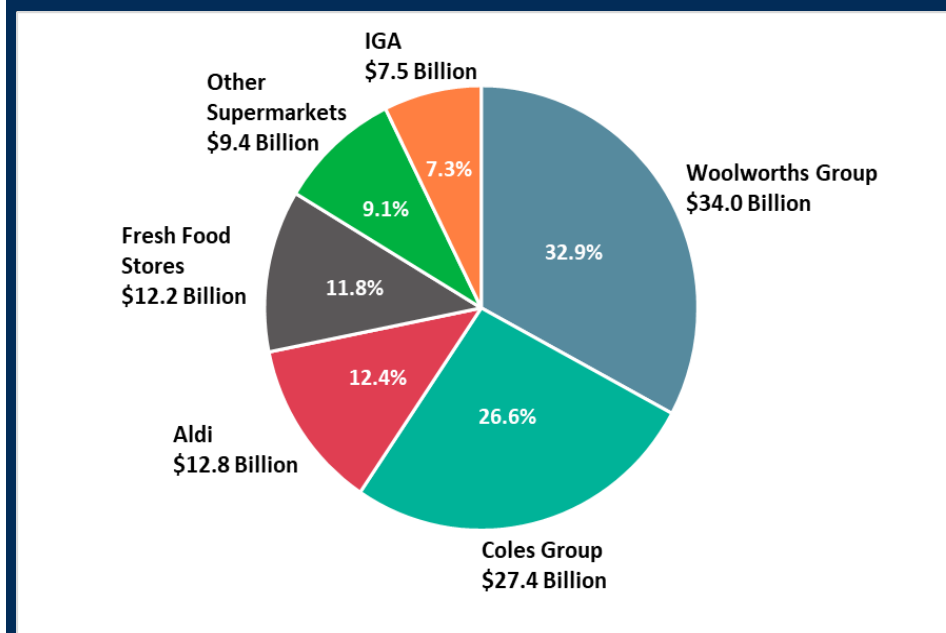
- Supermarkets should be restricted to distributed suburban retail precincts to reduce out of centre retailing impacts; and
- Consideration should be given to effects on the retail hierarchy before approving any new supermarket developments.

Case Study 3- Supermarket changing market share

The Australian supermarket industry is dominated by the two large, national companies; Coles Group and the Woolworths Group, with each company capturing around thirty percent of the market share. However new data in Roy Morgan's Fresh Food and Grocery Report shows a noteworthy longer-term trend regarding changing market share which is consistent with this preference for 1,000-1,500sqm supermarkets.

Woolworths Group and Coles Group's market share both declined, while ALDI and most other smaller chains increased. Woolworths Group market share of 32.9% (\$34 billion) of the total grocery market fell 0.7% compared to the previous year, while Coles Group declined 1.4% to 26.6% (\$27.4 billion) and IGA declined 0.1% to 7.3%. Conversely, all other supermarket chains witnessed an increase, with ALDI increasing to 12.4% (+0.6%) or \$12.8 billion, Fresh Food Stores to 11.8% (+0.5%) or \$12.2 billion and Other Supermarkets to 9.1% (+1.3%) or \$9.4 billion. Moreover, ALDI's market share has grown from 6.7% in 2011 to over 12.4% in 2019 and has recorded strong growth in customer penetration over the last year. The chain offers no self-service check out, or seamless transactions nor has it expressed any plans to facilitate online deliveries, despite its two key competitors investing heavily in these developments. Aldi continues to be an exception to rule and in 2020 was named Australia's best supermarket by

consumer review website Canstar Blue (the seventh time in a decade), and second-most trusted brand (after Bunnings) by Roy Morgan⁵³.



Source: RoyMorgan Fresh Food and Grocery Report 2020

Why this matters?

New entrants in the supermarket sector such as ALDI are reshaping the traditional format of supermarkets (they are significantly smaller than full line supermarkets, typically ranging from 1,000 to 1,500sqm in size) yet are becoming key anchors in local centres.

⁵³ RoyMorgan Fresh Food and Grocery Report 2020

Trend: New formats in smaller centre	Comment	Risk/Benefit	Timeframe
Impact on traditional retail	Development of larger supermarkets (i.e. 1,000 to 1,500 sqm) into smaller centres can have both a negative and positive impact in that a larger supermarket can directly compete with smaller speciality shops and on the other hand increase the attractiveness of a centre with flow on effects for other retailers. Consideration should be given to the hierarchy as neighbourhood centres are planned for Thurgoona Growth Area in the future.	Low risk	Longer term

4.9 Pop-up retail

Pop up retailing has been growing in recent years, with this type of retailing now becoming a permanent fixture of Australia's retail landscape. Pop up stores "are temporary retail spaces that can be used to promote and sell products of all types, ranging from food and drinks to clothing, gifts or other merchandise⁵⁴". They can be set up anywhere from shopping centres, kiosks, community spaces, streets. Pop up stores can provide a number of benefits which include and are not limited to:

Benefits to sellers:

- Cost savings as rents are often substantially lower than the normal rates
- Lower risk - short-term leases make pop-ups more affordable and less risky
- Gives sellers the opportunity to test the product, market, location

- Helps to build brand awareness and move stock and build a customer base
- Creating urgency - customers are often more willing to buy immediately if they feel the shop or the item will only be there for a short period which plays to people's 'fear of missing out'⁵⁵.

Benefits to centre owners

- Drives revenue growth for centre owners (i.e. enables centre owners to earn an income from their otherwise vacant commercial space)
- Activates and reinvigorates a dormant retail space
- Enhances the customer experience and drives interest in the centre⁵⁶.

Other benefits

- Opportunity to incubate new retailers
- Reduces shopper fatigue through creating a new experience for customers.

The use of pop ups has been successful in many cities around the world, with several local councils also embracing the concept to successfully activate and reinvigorate a struggling precinct. An example of this is MANY 6160, which has transformed the former Myer building in Kings Square, Fremantle, into a 20,000 square-metre hub filled with an eclectic mix of pop-up stores. Another example is That Space at 11 King William Street, Bayswater, Perth. The largely vacant Bayswater building was converted into a bustling hub of short-term pop-up stores⁵⁷.

Retail experts expect to see a rise in this type of retailing post COVID-19. Evidence of this can be seen in Australia, with Sydney planning to convert George Street and The Rocks area into an outdoor dining precinct, and in Melbourne, restaurants and cafés are expecting to spend up to \$100,000 to get back to serving meals via pop-up outdoor dining pods.

Commentators and experts also believe that the future pop-up space, like all retail spaces, will look very different in the future (i.e. it will include more digitalised components and pop up stores will be used to educate consumers.

⁵⁴ Small Business Development Corporation Benefits of running a pop up

⁵⁵ Small Business Development Corporation Benefits of running a pop up

⁵⁶ S. Pini. (2021). Pop Up Power. Shopping Centre News.

⁵⁷ Commercial Real Estate. (2019). Why we love pop-up shops: Owners share the secrets of success

The use of pop-up stores has not gained momentum in Albury and may in part be the result of the generally healthy vacancy rates. Pop-up retailing has been previously trialled in Albury, however proved to be unsuccessful. Pop-up retailing to activate dormant areas of the CBD and Lavington may be beneficial if shopfront vacancy were to increase sharply. However, given historical performance, Albury is more likely to benefit from placemaking and street activation initiatives aimed at encouraging longer dwell times.

Trend: Pop up retailing	Comment	Risk/ Benefit	Timeframe
Impact on traditional retail	Helps to activate dormant space, improves the shopper experience with flow on benefits for surrounding retailers. The trend has not gained momentum in Albury, with previous attempts to include pop-up retailing in Albury relatively unsuccessful.	Neutral	Long term

4.10 Changes in food services

The food offering is increasing, largely as a result of changes in consumer behaviour – less cooking at home. Prior to COVID-19 we witnessed an increase in the consumption of meals out and a desire for entertainment and socialisation whilst eating. Anecdotal evidence suggests that eating out has remained strong in Albury throughout the Covid-pandemic (with the exception of the lockdown period). Stakeholders advised that the issue for Albury’s restaurants and cafes in recent times has largely been the social distancing measures in place for restaurants and cafes (i.e. 1 person per 4sqm). This has severely

reduced the patronage. It is anticipated that the industry will rebound once these measures are lifted.

Food is also diversifying, resulting in a broadening of consumer choices and palates and an increased diversity in ethnicity of the population. More and more consumers are expecting high-quality food and a wide choice anywhere, at any time.

Cooking shows have had a 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 has developed a taste for gourmet foods that were once exclusively targeted at affluent consumers who had the knowledge and the means.⁵⁸

Speciality food stores, take-away and restaurants are changing, and new formats are 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 that offer pre-prepared meals.⁵⁹ The East Village, Zetland development is an example of this kind of offering. These formats look more and more like fresh food halls than traditional supermarkets with several long aisles.

⁵⁸ The democratisation of food, SCN

⁵⁹ Loughran, F 2019, ‘Prepared food is driving traffic in malls, mixed use and supermarkets’, Shopping Centre News, Volume 37, Number 3

Figure 14: East Village, Zetland



Source: Mirvac

There are a number of overseas examples of emerging trends and new retail formats which have recently made their way on to the Australian market or are likely to 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 Mercado da Ribeiro Timeout Market in Lisbon and the Chelsea Markets in New York
- 3D printed food designed by the customer themselves
- Pop-up kitchen and restaurants
- Pre-prepared food options in supermarkets (and fuel retailers recently) or fresh food home delivered such as Marley Spoon and Hello Fresh (refer to Case Study 4 - Ready made meals)
- Restaurants combined with cooking classes

- Uber eats, Deliveroo etc. where traditional restaurant options are delivered (the impact of this trend on bricks and mortar retail is not as significant as it potentially is for non-food retail. This is because when food is ordered online it is prepared, in most cases, by the same store or restaurant that people sit down in)
- Internet shopping and social media are being used increasingly in food services
- Dark kitchens.

Some of these trends (e.g. food service delivery, pre-prepared meals etc) have commenced in Albury, whilst other trends such as Amazon markets and dark kitchens are more likely to be longer term.

Why this matters?

- Diverse food offerings can encourage stronger night-time economies;
- Retail precincts will adapt to local contexts to provide food offerings;
- Local strategies focusing on 'placemaking' outcomes can help support and grow the food offering; and
- The increasing expansion of home delivered meals, groceries and dining options as well as pre-prepared food may reduce the foot-traffic in centres and potential passing trade, with centres becoming more like distribution areas

Case Study 4– Ready Made Meals

As society has increasingly become time-poor and health conscious, the demand for ready-made meals (RMM) has surged, particularly in recent times as COVID-19 and restrictions forced consumers to eat more meals at home. According to data analytics company Nielsen the RMM market is worth more than \$300 million in Australia and is growing at over 40% per annum. Hellofresh and Lite'n'Easy, two of the original online retailers offering convenient and healthy meals/kits, have experienced rapid growth in sales over 2020. Australian supermarkets (such as Coles, Woolworths and Aldi) have been quick to capitalise on this growth, dedicated isles specifically for RMM to cater to growing demand and to drive foot fall. This is not a new concept with international grocers such as Tesco, Waitrose, Sainsbury offering this product for over a decade. Last year, Woolworths announced its partnership with Marley Spoon (subscription-based meal kit provider) with the view to grow the Marley Spoon and Dinnerly brands in Australia.

Why this matters?

The growth in RMM has redirected sales away from cafés and restaurants in retail centres and strip retailing. This increased competition from RMM will place further pressure on the profit margins of restaurants and cafes and may reduce the demand for this type of retailing⁶⁰.

Anecdotal evidence suggests that RMM is less of a threat for Albury over the short to medium term. Based on observations and anecdotal evidence, people in the locality enjoy the dining experience and prefer to eat out rather than eat in.

Trend: Changes in food services	Comment	Risk/Benefit	Timeframe
Impact on traditional retail	More diverse food offering which can encourage a stronger night-time economies	Positive	Ongoing

4.11 Better designed eating experiences

With the rise of the café culture and increased food awareness, the eating experience has become increasingly important. With customers seeking an experience where it is not just about the food but also the environment they eat in, creating the needs 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 experiences can evoke an emotional response and attachment from customers that will have them talking and referring friends and family. Albury's climate is particularly conducive to this culture and outdoor dining, with opportunities to expand outdoor dining offer, particularly in Lavington.

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

⁶⁰ KPMG (2021) Australian Retail Outlook 2021

Providing certainty for venues over the long term is important, particularly when venues utilise public space such as footpaths for dining. Permitting processes for these uses can be complex, with time limits, trial periods, bonds and fees. These processes are managed by Council and subject to local policy.

The contemporary food courts are new spaces to congregate rather than just transact and are increasingly used as the driver of footfall by centre operators. Retail operators are using the evolution of shopping centre food courts to drive customers back in.

Why this matters?

- Effective integration and encouragement of outdoor dining and indoor-outdoor dining opportunities can improve the sense of place and experience;
- Outdoor dining has implications for the physical layouts of precincts, including a need for wider footpaths, and a focus on urban amenity including elements such as trees, street furniture and ensuring pedestrian safety;
- Cafes and restaurants can become local gathering places in local centres. By bringing people to local centres they can also increase their spending in other nearby retailers; and
- Cafes and restaurants can also be strategically located in fringe locations of centres, near recreational spaces, parks and sporting fields or courts to service the users of these facilities.

Council Initiatives

- Council can respond to this trend through public domain improvements, providing high levels of amenity and ensuring that local centres are easily accessed from surrounding suburbs.
- Council can consider reviewing advice regarding encouraging outdoor dining policies and fees to encourage greater activation.

Trend: Better designed eating spaces	Comment	Risk/Benefit	Timeframe	
Impact on traditional retail	Increase in outdoor and indoor-outdoor dining options. This can improve the sense of place and experience, with cafes and restaurants becoming local gathering places in local centres. By bringing people to local centres they can also increase their spending in other nearby retailers. It should be noted, however, that outdoor dining has implications for the physical layouts of precincts.	Positive	Ongoing	in the foreseeable future. Centres are also typically located near major roads to attract trade from passing motorists⁶¹. The large format retail sector is also shifting from a traditional homemaker centre to a more hybrid model including serviced-based retail, gymnasiums, children's play centres, learn to swim schools, pet retailers, baby goods retailers and sport and recreational uses, which drive the popularity of these centres⁶². The development of out-of-centre retailing, especially those with supermarkets, has the potential to affect the continued economic viability of the established centres such as the CBD and Lavington. For example, an international study found that the presence of out-of-centre retailing can negatively affect retail activity in nearby centres by around 12 per cent.⁶³

4.12 Bulky goods and out-of-centre retailing

With housing construction and intrinsically linked with bulky goods retailing, steady population growth and housing development in Albury will continue to drive demand for bulky goods retail floorspace.

The continuing high level of demand for floorspace from bulky goods operators (and other retailers such as supermarkets) will lead to continued pressure to develop on out-of-centre industrial and employment sites, given the constraints in in-centre development. Factors and constraints that contribute to the attractiveness of out-of-centre developments have been the lack of appropriate and sizable sites in established centres and the relatively low land values when compared to the high street.

There has also been a trend for home-maker centres to co-locate with large box retail shopping centre (e.g. Westfield Carindale and The Grove in Warwick Farm). This has evolved to increase the attractiveness of the centre and convenience for consumers. Given the current retail hierarchy and provision of bulky goods in Albury this is unlikely to occur

Service stations have also contributed to increased out-of-centre retailing, as they have expanded their offer to include food and convenience retailing. This has been aided by fuel retailers partnering with supermarkets (e.g. Caltex and Woolworths opened their first new supermarket-servo in North Ryde) and other major retailers (BP's partnerships with David Jones to provide high-end convenience stores with ready-made meals etc). Increased spend on convenience items at fuel retailers has coincided with (and most likely contributed to) the decline in annual sales revenue of convenience stores (i.e. 0.7% decline).⁶⁴

Although new centres should be allowed to form and develop, especially in areas of high growth and where demand is shown, existing centres should be the primary location for new commercial and retail floorspace. This could be achieved by tightening the sequential approach assessment, reducing barriers to in-centre development such as development contribution levels, adherence to certain design requirements and retail demand and impact assessments, as well as providing disincentives for out-of-centre investment (for example developer contributions towards public transport and other infrastructure).

⁶¹ SGS (2020). Liverpool Centres and Corridors Study

⁶² Department of Planning & Environment (2018). Planning for the future of retail

⁶³ Land Use Policy, The impact of out-of-town shopping centres on town-centre retailers and employment: The case of the Region of Murcia. Armando Ortuño Padillaa; Antonia Alarcón Hermosillab; and Olga Tomás Ozoresc 2017

⁶⁴ SGS (2020). Liverpool Centres and Corridors Study; IBISWorld (2016) Convenience Stores in Australia; HillPDA Research

Why this matters?

Where insufficient land is available to meet demand in centres over the longer term, consider:

- Identifying additional land within centres (e.g. council car parks or additional levels above existing shopping centres) to facilitate new retail development;
- Where there is a genuine demand that cannot be met in centres or on the edge of centres, provide a clear process for facilitating the development of new centres, which are well connected to public transport and consumer markets; and
- Where retailing/wholesaling is appropriate to service businesses and workers in out-of-centre areas, consider how zone objectives, land use definitions and additional local provisions can help ensure consumer-focused businesses do not draw demand from centres.

Trend: Bulky goods and out of centre retailing	Comment	Risk/ Benefit	Timeframe
Impact on traditional retail	Development of out-of-centre retailing, especially those with supermarkets, has the potential to affect the continued economic viability of the established centres	Low risk	Long term

4.13 Other trends

Other broader retail trends which have been influencing and shaping the new retail environment are outlined below.

⁶⁵ CBRE, 2015a, 'Implications for retailers as the demographic wave moves through'; CBRE, 2015b, 'Asia Pacific Consumer Market: How we like to shop online'

⁶⁶ Australia Post. (2020). Aussie pride in Australian made: Why more Aussies are buying local

⁶⁷ Ray Morgan (2019). Aussies give stamp of approval to Australian-made goods. Finding No. 7848. opic: Press Release Special Poll

4.13.1 Buying local brands

Over the last decade, Australia witnessed an increase of international retailers moving to our shores, with research revealing that 18-34 years preferred retail centres which offered foreign brands⁶⁵. In recent years however, there has been an increasing trend in buying Australian made goods.⁶⁶ Research has shown that in 2019, 80% of Australians purchase Australian-made food and drinks over imported foods and 73% prefer locally made toys and baby care products.⁶⁷ The recent bushfires and pandemic are likely to have driven those numbers higher.⁶⁸ In recent surveys undertaken by Australia Post, they found that 26% of the respondents reported "they're trying to buy more from Australian companies than previously"⁶⁹, 44% of consumers showed a preference for locally grown products and locally owned brands⁷⁰. The recent movement towards sustainable purchasing will further support this trend towards buying locally.

Why this matters?

Buying Australian and locally made products has a positive impact on Australia's and Albury's economy, through: retaining profits and taxes in the Australian economy; maintaining the local manufacturing base; and supporting Australian business/ industries and local jobs.

Council Initiatives

Council can support this movement which in turn will benefit local retailers and the wider economy through campaigns and initiatives directed at building consumer awareness.

4.13.2 Longer trading hours

Over the last three decades, there was a modernisation of retail trading laws across Australia allowing retailers to trade on weekdays and weekends, as well extending their trading hours (with some stores e.g. Kmart and some supermarkets opening 24/7). This progression occurred in response to: increased globalisation and online spend; and societal changes such as flexible/non-traditional working hours, the growing participation of

⁶⁸ Nielsen research in May 2020

⁶⁹ Australia Post. (2020). Aussie pride in Australian made: Why more Aussies are buying local

⁷⁰ Mckinsey & Company (2020) Covid-19 Australia Consumer Pulse Survey 9-4-2020

women in the workforce and single parent households that demand alternate shopping times. Longer opening hours helped to stimulate the night-time economy of centres⁷¹. Trading hours have been restricted with COVID-19, however it is anticipated the demand for longer trading hours will return post COVID-19. Albury currently does support late night trading, however it would benefit further from expanding and strengthening its night time economy.

Why this matters?

Unconstrained trading hours may benefit certain retailers, particular with the increased competition from online spend. Allowing late night trading would also activate the night economy, particularly if hospitality uses are operating.

4.13.3 Return of value based shopping

Consumer behaviour pulse surveys undertaken by McKinsey⁷² and stakeholder consultation led by KPMG with various retailers⁷³ has found that consumers are becoming increasing more budget conscious and price sensitive with “value becoming an increasingly important driver of consumers’ purchasing decisions”. This is also evidenced by the latest ABS data which has shown a substantial fall in retail spend for luxury goods.

What this means?

Changing consumer preferences may lead to:

- A change in the retail mix of centres, with centres moving towards providing a more value- based offer (e.g. Kmart serves as stronger retail anchor).
- High end retail and luxury brands may respond by introducing a more affordable line of their product (e.g. fashion brand Armani markets products under several labels which have differing price points and enables the brand to target a wider market).
- Restaurants changing their menu (more affordable options and/or fewer options to reduce operational costs) and prices.

⁷¹InsideRetail.(2014). Should retailers extend trading hours

⁷²McKinsey & Company (2020) Covid-19 Australia Consumer Pulse Survey 9-4-2020

⁷³KPMG (2021) Australian Retail Outlook 2021

4.13.4 Demand for fine grain retailing

Consumers are increasingly demanding fine-grain retail experiences (small-scale spaces that provide a variety of diverse and specialised activities) as they offer ‘a more unique retail experience compared to shopping centres’. Anecdotal evidence has suggested that this demand for fine-grain retail is becoming increasingly evident in Albury. Fine grain retailing also provides “opportunities for community building and for cultural and creative expression” and are typically located on a main street or high street⁷⁴. There is greater risk with main street retail as there is limited control on the type and where certain retailers and business set up. The absence of store fitouts requirements may result in some premises not be maintained to a high standard or they may not complement the surrounding shops aesthetically. Successful main streets have strategically included cafes and cultural uses such as art galleries and performance spaces to differentiate their offer from shopping centres and online shopping and have become destinations in their own right⁷⁵. Albury CBD already benefits from a strong retail strip (including fine retailing) between the two key enclosed centres, however there are opportunities to increase the provision of fine grain retailing in Lavington and Thurgoona.

Why this matters?

- There will be continued demand for main street retailing.

4.13.5 Click and collect services

Click and collect is an omnichannel strategy where online shoppers order goods online and then collect them up from a physical location rather than have it delivered to them at home or to another personally relevant address.

A number of stores within Albury’s CBD (e.g. major supermarkets in Albury and the Myer store) introduced a click and collect service amidst COVID-19 to help control social distancing. There may be opportunities to expand this service across the LGA. Click and collect can take on several forms from

⁷⁴SGS (2020). Liverpool Centres and Corridors Study

⁷⁵SGS (2020). Liverpool Centres and Corridors Study

- 1) delivery to a collection point of a third party network (see Case Study 5 – Myer to house Amazon’s click and collect hub)
- 2) collection from a designated store and
- 3) collection from a centralised click-and-collect hub in a shopping centre.

The click and collect service is likely to continue in the post COVID-19 era. Although click and collect (which is marketed at time poor consumers) may reduce dwell times at centres and retail strips, it may drive footfall with retailers benefiting from the increased patronage.

Case study 5 – Myer to house Amazon’s click and collect hub

Myer has also recently announced that it will house Amazon’s click and collect hubs across a number of stores. This will mean that Amazon customers will be able to pick up their parcels from the new ‘Amazon Hub’ counters inside selected Myer stores. Myer entered this partnership with the view to boost foot traffic within Myer stores and attract business from Amazon customers using the click and collect service⁷⁶.

Why this matters?

- Click and collect services have the potential to influence the future design of centres and strip retailing as it reduces the demand for car spaces (centres can potentially incorporate designated click and collect car parking bays for those shoppers only intending to visit the centre briefly to collect their goods). A well designed centralised click and collect hub and ancillary warehousing may become a key feature of shopping centres going forward; and
- Click and collect services has the potential to reduce demand for retail floorspace and increased distribution related space in centres and retail strips, however the impact of this is likely to be minimal in Albury over the foreseeable future.

4.14 Snapshot of the COVID-19 induced retail impacts

As identified above, COVID-19 has also accelerated a number of structural trends that the retail sector had been facing over the past decade or two. These include:

- Increased online spending / e-commerce (with Australia Post suggesting online spend levels have increased several years ahead of projections prior to the pandemic) and permanent changes to consumers online consumption behaviour and attitudes. These impacts have been less pronounced in the Albury LGA;
- The lockdowns and more specifically the NSW/VIC border closures have led to a significant loss of retail trade (this impact is largely temporary, with the re-opening of borders in the past typically followed by a surge in traditional retail trading);
- The social distancing measures has significantly reduced the capacity of restaurants and has affecting profit margins;
- More retailers moving towards omnichannel with stakeholders expecting that this trend will persist post COVID-19;
- Closure of a few stores which were struggling over the lockdown period – with a number of stakeholders suggesting that the vacancy rate will increase further if the recent border closure is prolonged to the end of the year; and
- Loss of trade from the visitor market. Over 2018 to 2019 Albury hosted a number of sporting, corporate and conference events which were drawing a lot of visitors to the region. COVID-19 has put a number sporting, corporate and conference events on hold. This, coupled with the border closures has reduced Albury’s tourist market significantly and in turn tourist retail expenditure in Albury – the recovery of the tourist market will be key to the recovery of Albury’s retail sector.

⁷⁶ Keating. (2020). Myer to house Amazon click-and-collect ‘hubs’: But will shoppers use them?

RETAIL CENTRE REVIEW

5.0 RETAIL CENTRE REVIEW

The following Chapter undertakes a review of the surrounding retail hierarchy around Albury and provides details on the current and future retail provision within the Albury LGA.

A comprehensive land use audit was undertaken by HillPDA in July 2021 to understand the current retail provision and mix within the Albury LGA. The audit recorded all retail and commercial related premises within:

- Albury City Centre's B3 – Commercial Core and B4 – Mixed Use zones;
- Lavington's B3 – Commercial Core and B4 – Mixed Use zones;
- East Albury's B6 Enterprise Corridor and B2 Local Centre zones;
- Thurgoona B2 Local Centre zone; and
- Additional retail premises along Cardo Drive, Springdale Heights and Borella Road.

The performance of the existing retail centres (where such information is available), the current retail mix and vacancy rate as well as the key opportunities and constraints for each of the main centres is also assessed.

5.1 Centres outside the LGA

This section provides an overview of the retail landscape influencing Albury's retail sector, including the key retail centres which compete with Albury.

5.1.1 Wodonga

Wodonga is the twin city of Albury, and its CBD is located in Victoria, 6km south of the Albury CBD. Wodonga's retail environment both competes and complements Albury's retail offer. Much of Wodonga's retail is focussed in three retail centres: Wodonga CBD, Birallee Village and White Box Rise. These retail centres have a total retail floorspace of 66,000 sqm (excluding bulky goods). The CBD and bulky goods retailers within Wodonga

service a regional catchment which extends beyond Wodonga LGA to include the Local Government Areas (LGA) of Albury, Indigo, Towong and the Greater Hume Shire. The current population of the catchment for the Albury-Wodonga region is 180,000⁷⁷.

The CBD is focussed along Elgin Boulevard and High Street and provides 52,000sqm of retail floorspace. The CBA includes:

- Wodonga Plaza which is a sub-regional shopping centre totalling 17,000sqm of retail floorspace, and is anchored by a Target and Coles supermarket, 3 mini majors and 48 specialty stores. The centre benefits from strong national brand representation and currently has a few vacancies. The centre underwent a \$2 million refurbishment in 2018, which saw the inclusion of Best & Less, Cotton On, additional fashion retailers and new 140 seat food court;
- Mann Central which opened in October 2017 along South Street. The 11,000sqm centre is anchored by a full line Coles supermarket and a 6,500sqm Kmart as well as nine speciality retail stores, with more retailer floorspace planned as part of Stage 2. The development of Mann Central has resulted in a displacement of some existing retailers within the CBA to Mann Central;
- A new Woolworths Supermarket of 4,100sqm on the corner of Hume Street and Elgin Boulevard recently replaced the existing Safeway supermarket. The Woolworths is supported by speciality retail and commercial office space; and
- Additional retail along High Street and Elgin Boulevard: There are some 80 shopfronts along these streets of which 54 are occupied by retail premises. There were significant number of vacancies (9 tenancies) at the time of HillPDA's audit in July 2021. The High Street offer is largely convenience based, with a limited selection of restaurants and cafes, comparison shopping, personal and professional services.

The CBA is currently undergoing transition and the Victorian Government has committed significant investment into the Wodonga CBD over the next 20 years. As

⁷⁷ City of Wodonga, Wodonga Activity Centre Hierarchy 2019

such, the overall quality of the retail offering in Wodonga is expected to continue to improve with this confirmed by the Stakeholders interviewed.

Other retail in Wodonga includes:

- Birallee Neighbourhood Centre provides 6,000sqm and services the resident population in West Wodonga;
- White Box Rise is 8,000sqm single supermarket based local centre. The Centre is anchored by Woolworths and ALDI supermarkets; and
- bulky goods retailers along Anzac Parade (which includes a Homemaker Centre), Melbourne Road and other sporadic locations providing a total of 38,000sqm of occupied floorspace⁷⁸.

5.1.2 Wagga Wagga

Wagga Wagga, which is a major regional centre, is approximately an hour and half drive north of Albury. The CBD is similar in size to Albury with an estimated 110,000sqm of retail floorspace⁷⁹. The CBD is focused around the commercial and recreational grid bounded by Best and Tarcutta Streets, the Murrumbidgee River and Sturt Highway. The centre provides a significant provision of retail and commercial floorspace, with a wide trade area which includes the Riverina region. The CBD includes Wagga Wagga Marketplace, which is a subregional shopping centre of 24,667sqm located along Baylis Street. The centre is anchored by a Big W (6,443sqm), Woolworths supermarket (5,011sqm) and 79 specialty tenants. The MAT as of September 2020 was \$177.2 million, which equates to \$7,105/sqm. This is 6% below the median for similar sized Australian shopping centres⁸⁰.

The CBD also includes a number of high-profile tenants including Myer, Target, Kmart, Coles, ALDI, Woolworths, Harris Scarfe, Officeworks and The Good Guys.

5.1.3 Wangaratta

The Wangaratta CBD is located approximately 70km south-west of Albury and contains approximately 60,000sqm of retail floorspace. The core retail streets are Murphy and Reid Streets, with the central focus on the key intersecting axis of Reid and Murphy Streets. These streets support the main retail shopping and gathering activity in the CBD. The

traditional CBD contains Woolworths, ALDI, Big W, Target Country and Harvey Norman. A Coles and Kmart anchored centre is located approximately 600m to the south of Murphy Street.

5.1.4 Other

In addition to the above, other smaller centres with some competitive relevance include Corowa, Beechworth and Holbrook.

5.2 Albury CBD

Albury CBD's is centrally located in the Albury-Wodonga urban area. The CBD has been defined to include the land zoned as B3 (Commercial Core) and the B4 (Mixed Use) and is largely bounded by the railway corridor in the east and Wodonga Place to the west.

Role of centre: Albury is the largest and highest order centre for a broader catchment area which includes southern NSW and north-eastern Victoria. Albury CBD is also the main service centre for a range of commercial, administrative and community functions in the region. Stakeholder engagement suggested that certain retailers capture as much as 30% to 40% of their trade from north-eastern Victoria.

Accessibility: The centre benefits from strong local and regional accessibility with links to the Hume Highway, the Riverina Highway and the Old Hume Highway providing direct access to the commercial core. Connectivity between the southern areas of Wodonga and Indigo Shire to Albury CBD is also strong, with the road network enabling residents and visitors to bypass Wodonga. The CBD is also serviced by rail, with Albury Train Station adjacent to the commercial core.

5.2.1 Floorspace audit

There are 376 occupied retail premises totalling 112,220sqm within the Albury CBD. The provision of retail space currently remains broadly in line with the previous 2015 audit which was estimated at 113,590sqm (with the decrease largely accounted for by an increase in vacant floorspace and/or conversion of retail uses into non-retail shopfront space). 22% of this floorspace (25,224sqm) was bulky goods related floorspace and 17%

⁷⁸ City of Wodonga, Wodonga Activity Centre Hierarchy 2019

⁷⁹ Essential Economics and Michael Baker Consulting (2015). Albury Retail Development Strategy

⁸⁰ Shopping Centre News "Big Guns" 2020

was restaurants and takeaway floorspace. Supermarket and speciality food related floorspace also accounted for a larger proportion of this space (14%). There were 35 retail premises which were vacant at the time of the audit, totalling 9,498sqm GLA. As such the retail vacancy rate was estimated at 7.8% based on GLA and 8.5% based on number of tenants. The extent of vacant floorspace has increased considerably from 2015 which was estimated at 4,910sqm. The CBD also provided 398 other businesses occupying 90,433sqm of floorspace. The breakdown by retail category is provided in the table below.

Table 8: Albury CBD's retail mix

Albury CBD	No. Tenants	GLA (sqm)
Supermarket & groceries	5	7,469
Specialty food	18	7,843
Restaurants & takeaways	99	18,586
Department store	3	19,438
Apparel	84	14,241
Other non-food	42	8,885
Personal services	86	10,533
Bulky goods	39	25,224
Total	376	112,219
Retail vacancy	35	9,498
Total (including vacancy)	411	121,717
Other land uses	398	90,433

Source: HillPDA Floorspace Audit June 2021

As shown in the figure below the retail provision is largely focussed in Albury's B3 zone along Dean Street between (and inclusive of) the two enclosed shopping centres, namely, Myer Centrepoint and West End Plaza. The centres serve as anchors at the opposite ends of the commercial core and are supported by additional strip retailing between the centres.

The two enclosed centres are described as follows:

- **Myer Centrepoint:** This is a subregional shopping centre (as defined by the PCA) anchored by a Myer department store of 10,053sqm and a Woolworths supermarket of 2,945sqm and includes 52 specialty stores. The centre has a good representation of

national brands, with some mid to high end fashion. The Myer Centrepoint is an important 'anchor' for the CBD. The centre also provides a central carparking location. Anecdotal evidence suggests the centre, including the Woolworths and Myer is trading reasonably well however the centre was impacted by the border closures with NSW and VIC. The centre appears to be a tired and dated however it is understood there are plans to refurbish it in the near future⁸¹. There were no vacancies in the centre at the time of the survey.

- **West End Plaza:** A subregional centre providing almost 16,000sqm of retail floorspace and is anchored by a Kmart (6,556sqm) and Coles supermarket (3,880sqm) and some 43 specialties. The retail mix is oriented towards low to mid-market. There was one vacancy at the time of the survey. As at 2019 the reported MAT for centre was at \$86.5 million which equates to \$5,436/sqm. This is 37% below the median for similar sized regional shopping centres⁸². The lower rate is reflective of the centre comprising a discount department store, which typically have lower trading levels.

The shopfront floorspace between (and inclusive) of these centres (e.g. Kiewa, Dean and David Streets) is considered Albury's prime retail as it attracts significantly higher rents at around \$600/sqm (which is line with most regional street based centres in Australia) compared to \$240-\$360/sqm in the secondary fringe locations⁸³. Historically vacancies are typically absorbed within 6-9 months⁸⁴.

Other major tenants within the CBD core include a Target discount department store and large format liquor stores, 1st Choice Liquor and Dan Murphy's.

There are also a number of retailers co-located with other non-retail uses such as office, showrooms, warehousing and light industrial uses within the CBD fringe (i.e. the B4 zoned area in Albury's LEP), with major tenants including Officeworks, JB Hi-Fi, the Good Guys and ALDI. Most of these retailers front the Riverina Highway and benefit from passing traffic.

⁸¹ BMDA Development Advisory, 2020 and Stakeholder engagement)

⁸² Shopping Centre News "Mini Guns" 2020

⁸³ Source: HillPDA interview with local commercial real estate agents in June 2021

⁸⁴ Source: HillPDA interview with local commercial real estate agents in June 2021

Figure 15: Albury CBD



Sources: HillPDA Floorspace Audit June 2021, QGIS, Commercial Real estate, PCA, HillPDA Research

As shown in Figure 15 the City Walk continues to suffer from high representations of vacancies, with a high concentration of vacant tenants also located along Dean Street near David Street. In addition to these vacancies, there are further vacancies distributed across the CBD with a particularly high concentration in Volt Lane arcade. The estimated vacancy rate of 7.8% is generally in line with other activity centres during these times. Stakeholders, however, anticipate that the vacancy rate for Albury CBD and Albury more generally may increase by the end of year should the NSW and VIC border closure continue through to the end of the year.

Below is a high-level SWOT analysis of the retail provision for Albury CBD. The analysis has been informed by the stakeholder engagement and a contextual appraisal of the site.

Strengths

- As the highest order retail destination, the centre also provides significantly more retail floorspace than its key competing centres (e.g. Wodonga, Wangaratta);
- Services a wide regional catchment extending beyond the boundary of the LGA into the LGAs of Greater Hume, Federation, Snowy Valleys, Wodonga, Alpine, Hume, Towong and Indigo;
- Strong local and regional accessibility, with regional road networks providing direct access to the commercial core from the broader catchment – this connectivity is further enhanced through Albury CBD's access to the rail network;
- Strong national brand retail representation, offering the only national department store (i.e. Myer) as well as other key national brand retailers (Kmart, Dan Murphy's, Officeworks, The Good Guys and JB Hi-Fi) in the broader catchment. Stakeholders indicate that the Myer is key anchor for the CBD, along with the middle to high end retailers;
- An extensive range of commercial, administrative and community functions which facilitate multi-purpose trips to the CBD and provides another source of expenditure (i.e. worker expenditure) which in turn supports the CBD retailers;
- High footfall and track between the two indoor centres, supported by good pedestrian access;
- Excellent streetscape quality and amenity (by Council supporting beautification works and other improvements) along the eastern end of Dean Street; and

- The CBD benefits from a strong visitor base, which has in the past (prior to COVID) been fuelled by sporting, corporate and conference events.

Weaknesses

- Higher vacancy rates, coupled with lower rents compared to historical levels would suggest that Albury's retail sector has recently been struggling;
- Albury's CBD is relatively distant from the City's growth areas located to the north and northeast;
- The quality of buildings and streetscape deteriorates in parts of Dean Street outside the core retail strip, with some buildings that are tired and outdated;
- The number of bars/ restaurants/ nightclubs in the CBD has declined over the years which has impacted Albury's night-time economy;
- Strip retail mix has changed over time to become more serviced based with increased representation of massage and beauty related services and less apparel retailers which may be an impact of online competition – this combined with the reduced entertainment and restaurant space has made the strip retailing mix somewhat less attractive; and
- Although Albury CBD has heritage items and conservation areas which contribute to Albury's CBD identity and sense of place there is a lack of green space in the CBD.

Opportunities

- Some dated buildings not built to planning limits in the centre periphery offer redevelopment opportunity;
- The inclusion of green or recreation space can facilitate multi-purpose visits with flow on benefits for retailers;
- Inclusion of specialty, niche or independent retailers to create a more diverse offer which also builds the centres resilience to online retailing;
- Increased access for non-motorised transport; and
- Strengthening 'retail placemaking' with a stronger focus on community, dining, events and entertainment.

Threats

- Continued border closures with VIC and reduced tourism could lead to further store closures and increased vacancies – rent incentives and popup retailing could alleviate some these impacts should this occur; and
- Increased competition from: Wodonga CBD which is undergoing a significant urban renewal program; and online retailing.

5.3 Lavington

Lavington is Albury LGA's largest suburb and is located 4.3km north of Albury CBD. Lavington centre has been defined to include the land zoned as B3 (Commercial Core) and the B4 (Mixed Use). The centre is largely focussed around the intersection of Mate Street, Wagga Road, Urana Road, Union Road and Waugh Road.

Role of centre: Lavington serves as Albury's second major retail centre and provides a range of retail and other services that are complementary to the Albury CBD. Overall, the centre serves a strong sub-regional role north of the Murray River drawing trade from northern suburbs of the Albury LGA and to a lesser degree the Thurgoona Growth Area.

Accessibility: Access to the centre is provided via Mate Street and Union Street which links to Hume Highway. The commercial and retail offer is car-orientated. The relocation of the Hume Highway to the freeway bypass had adversely impacted the centre's trade due to reduced passing traffic along Wagga Road.

5.3.1 Floorspace audit

As at July 2021 there were 132 occupied retail premises spanning over 40,400sqm within the Lavington retail core, which up from 37,570sqm in 2015 (+2,873sqm). 20% of the current floorspace (8,100sqm) is supermarket and grocery related floorspace, with a further 6% of specialty food space. Department stores account for 19% of the total provision of retail floorspace. There were 22 retail premises spanning over 6,590sqm of floorspace which were vacant at the time of the survey. This equates to a retail vacancy of 14% based on total floorspace and number of tenants which is fairly high. Previously in 2015, the total shopfront vacancy was at 15% based on number shopfront and just over 10% based on total floorspace. Lavington also includes 137 other business premises with 31,800sqm GLA. The breakdown by retail category is provided in the table below.

Table 9: Lavington's retail mix

Lavington	No. Tenants	GLA (sqm)
Supermarket & groceries	4	8,073
Specialty food	12	2,376
Restaurants & takeaways	42	7,132
Department store	1	7,600
Apparel	15	3,426
Other non-food	19	4,188
Personal services	25	3,961
Bulky goods	14	3,686
Total	132	40,443
Retail vacancy	22	6,493
Total (including vacancy)	154	46,936
Other land uses	137	31,791

Source: HillPDA Floorspace Audit June 2021

Lavington Square Shopping Centre, which is located along Griffith Road, accommodates most of this retail floorspace. The subregional centre provides almost 20,500sqm of retail floorspace and is anchored by a Big W department store (7,600sqm) and Woolworths supermarket (3,800sqm) and includes 55 specialty stores. The retail mix is more aligned to the lower to mid household income market. There was one vacancy at the time of the survey. As at 2019 the reported MAT for centre was at \$126 million which equates to \$6,214/sqm. This is 38% below the median for similar sized Australian shopping centres. The centre appears to be tired and dated.

Adjacent to Lavington Square and set back from Urana Road is a stand-alone full-line Coles supermarket. An ALDI supermarket on Wagga Road is a further anchor store. Additional strip retailing interspersed with the traditional light industrial, trade showrooms and bulky goods retailing also extends north along both sides of Wagga and Urana Roads. A small stretch of retailing is also provided on the northern end of Mate Street. As shown in the Figure 15, retail vacancies are concentrated outside the centre at the Urana and Wagga Road intersection. Stakeholders indicated that Lavington Square achieved rents which were comparable to West End Plaza, however the rents outside the centre are generally lower.

Below is a high-level SWOT analysis of the retail provision for Lavington.

Strengths

- Strong existing residential population supporting the centre;
- Well positioned relative to the Thurgoona Growth Area, with the road network providing Thurgoona residents easy access to and from the centre;
- Convenience based offer with strong anchors including all three major supermarkets and a discount department store. The current offer is meeting the regular retail needs of its surrounding residential population;
- Its convenience base offer has meant that the centre's performance has remained relative stable over the pandemic period;
- Retail strip along Mate Street has the capacity to foster a pedestrian friendly environment and café culture;
- Proximity to Jelbart Park and swim centre along with the proposed medical centre at the five Way intersection create opportunities for the centre to leverage from users of these facilities; and
- Recent development and investment have helped to improve the amenity and profile of the area.

Weaknesses

- High vacancy rates at 13.8% which detract from the overall shopping experience - although levels have come down from its previous level of 15% in 2015;
- Despite recent developments in the centre, the amenity and pedestrian connection in the core retail precinct remains poor, particularly in the strip retailing outside Lavington Square;
- The provision of public open space and green space in Lavington is limited;
- Vehicular and pedestrian movement is further hindered at the five ways intersection;
- Albury CBD limits Lavington's trading potential to the south;
- Lavington Square is tired and outdated and could benefit from major refurbishments and/or redevelopment;

- Centre lacks an integrated shopping environment and approach to attracting investment and supporting business development; and
- Perception of Lavington being inferior and more 'down market' compared to Albury CBD.

Opportunities

- Continued beautification works and investment to improve the amenity, street scape and presentation of the stores;
- Opportunities to transform the retail offer along Mate Street and/or Wagga Road into destination in its own right (e.g. eat street) – this will help to extend the centre's catchment;
- Leverage from the strong population growth projected in the Thurgoona Growth Area; and
- Opportunities to redevelop Lavington Square and include other land uses (e.g. commercial and residential) to support the retail component.

Threats

- Future expansion of the Thurgoona retail network may compete and draw trade from Lavington.

Figure 16: Lavington centre



Sources: HillPDA Floorspace Audit June 2021, QGIS, Commercial Real estate, PCA, HillPDA Research

5.4 Thurgoona

Thurgoona is an outer suburb of the Albury LGA, adjacent to the Hume Highway some 9.3km north east of the Albury CBD. Thurgoona is the major growth area in Albury and upon full development (i.e 30+ years) is expected to accommodate a substantial population of around 50,000 residents.

Role of centre: In time Thurgoona will accommodate a district centre serving a subregional role and two neighbourhood centres (which includes the existing Thurgoona Plaza). The centres will service the resident population and complement the retail offer at CBD. Currently Thurgoona Plaza is the only retail centre in Thurgoona and is co-located with the Charles Sturt University Albury-Wodonga campus. The centre largely serves a localised catchment. The strong provision of education institutions (including reputable schools) in the surrounds, however, has meant that the centre also benefits from additional trade from the student population and residents beyond the Thurgoona locality during school pick-up and drop off. Centre managers also noted that the centre attracts trade from workers in the nearby industrial precinct.

Accessibility: As shown in Figure 17 Thurgoona Plaza has good regional and local accessibility with easy access to Hume Highway via Thurgoona Drive. However, anecdotal evidence suggests that parking capacity is becoming an issue for the centre.

5.4.1 Floorspace audit

As at July 2021 Thurgoona Plaza had 12 occupied retail premises totalling 4,600sqm, which is slightly higher than the 4,200sqm estimated in the 2015 audit. The centre is anchored by a full-lined Woolworths store of 3,200sqm. There were no vacancies at the time of the audit. The centre manager indicated that the centre is trading well, noting improved performance since the COVID-19 outbreak. This is largely consistent with most convenience based centres anchored by supermarkets in regional locations.

Figure 17: Thurgoona



Sources: HillPDA Floorspace Audit June 2021, QGIS, Commercial Real estate, PCA, HillPDA Research

Table 10: Thurgoona Plaza's retail mix

Thurgoona	No. Tenants	GLA (sqm)
Supermarket & groceries	1	3,200
Specialty food	2	257
Restaurants & takeaways	5	643
Department store	-	0
Apparel	-	0
Other non-food	3	386
Personal services	1	129
Bulky goods	-	0
Total	12	4,614
Retail vacancy	-	-
Total (including vacancy)	12	4,614
Other land uses	5	1,280

Source: HillPDA Floorspace Audit June 2021

Below is a high-level SWOT analysis of the retail provision for Thurgoona.

Strengths

- Strong existing residential population supporting the centre, with strong projected population growth over the next 30 years (i.e. 50,000 people upon completion of development);
- The centre benefits from access to a student and worker population, with the University abutting Thurgoona Plaza to the north;
- Reputable schools and nearby industrial precincts means the centre also benefits from additional trade from: the student population; residents beyond Thurgoona during school drop off and pick up; and nearby blue-collar workers; and
- Well presented centre.

Weaknesses

- Opportunities to expand the existing Thurgoona Plaza laterally are limited by the University to north and east. There are vacant parcels of land east of the BP service station which can accommodate additional retail, however the retail offering will be fragmented.

Opportunities

- Opportunities to expand the retail network in Thurgoona as the population grows with consideration given to not undermine the role and performance of the existing centres at Lavington and Albury CBD;
- Opportunities to work with Charles Sturt University (CSU) for additional retail on CSU owned business zoned land;
- Opportunity to leverage from the potentially strong student population in the catchment with restaurants, cafes and bars as well as apparel retailers targeting the 18-25 year old age cohort (such as Levi's, Topman/Topshop, Officeworks, Cotton On, Sephora). This will help to differentiate the Thurgoona retail offer from Lavington and Albury CBD thereby minimising any impacts on these centres; and
- Opportunities to redevelop Thurgoona Plaza to reflect an urbanised form and include additional non-retail uses (commercial and residential).

Threats

- Risk that expansion of the retail network at Thurgoona may adversely impact the performance of retailers at Lavington; and
- Lack of adequate zoning to support additional retail centres within Thurgoona.

5.5 East Albury and bulky goods retail (Borella Road)

Additional retailing is provided in East Albury as follows:

- A neighbourhood based centre (as shown in the Figure 17) is located on the north side of the Riverina Highway. The centre serves a localised convenience role and includes an IGA supermarket of 1,000sqm and 8 retail specialty stores which are accessed via a service lane. On inspection the centre appeared to be a well utilised convenience centre and is supported in part by workers at the nearby Albury Base Hospital and Regional Cancer Centre.
- Homemaker Centre (as shown in the Figure 17) is also located on the northern side of Riverina Highway in proximity to the Albury Airport. The 23,400sqm centre includes 13 tenants and benefits from a strong representation of major homemaker retailers and brands. The centre had one vacancy at the time of the

audit. The homemaker centre benefits from a wide trade area with anecdotal evidence suggesting the centre is performing well;

- Additional bulky retailers including the Peards complex (which also includes a café and garden centre and supplies) is located along the southern side of Riverina Highway, opposite the Homemaker Centre; and
- A Bunnings warehouse of 18,000sqm (including the outdoor nursery etc.) opened in 2018 on Drome Street. Excluding the outdoor nursery, garden, building and landscape supplies space, HillPDA estimate the store's GLA to be around 12,000sqm.

Figure 18: Bulky Goods Retail and East Albury



Sources: HillPDA Floorspace Audit June 2021, QGIS, Commercial Real estate, PCA, HillPDA Research

The breakdown by retail category is provided in the table below (note the table excludes the Bunnings Warehouse).

Table 11: East Albury and bulky goods retail (Borella Road) retail provision

East Albury	No. Tenants	GLA (sqm)
Supermarket & groceries	1	1,034
Specialty food	2	425
Restaurants & takeaways	6	636
Department store	-	0
Apparel	-	0
Other non-food	2	147
Personal services	1	100
Bulky goods	15	25,396
Total	27	27,738
Retail vacancy	1	1,124
Total (including vacancy)	28	28,862
Other land uses	6	2,027

Source: HillPDA Floorspace Audit June 2021

5.6 Other retail

5.6.1 Springdale heights

A small local convenience centre is located on Kaitlers Road at Springdale Heights. The centre provides an IGA supermarket of 900sqm and four other specialty retailers including a tavern providing some 550-600sqm of food services. This centre serves local convenience needs only.

Figure 19: Springdale Heights



Sources: HillPDA Floorspace Audit June 2021, QGIS, Commercial Real estate, PCA, HillPDA Research

5.6.2 Hamilton Valley

Hamilton Valley is a developing residential area northeast of Albury that will accommodate 5,000 residents upon completion. The region plans to accommodate up to 1,400sqm of retail floorspace. The centre will service the localised catchment for convenience shopping only.

5.6.3 Other

Limited convenience and food retailing is located in the balance of Albury, including: a small provision in West and North Albury, although this retail activity is not considered significant in terms of the overall retail provision in the LGA.

5.7 Total retail floorspace in key centres

The key centres in Albury accommodate approximately 199,000 sqm of occupied retail floorspace and 17,000sqm of vacant retail floorspace as summarised in the below table.

Table 12 Retail floorspace by Centre 2021

Centre	Total Retail GLAR (sqm)	Vacant Retail Shopfront (sqm)
Albury CBD	112,219	9,498
Lavington	40,443	6,493
Thurgoona	4,614	0
East Albury and Bulky Goods Retail (Borella Road)	27,738	1,124
Springdale	2,210	0
Bunnings	12,000	0
Total Albury LGA	199,223	17,115

Source: HillPDA

The Albury CBD accounts for approximately 56% of the total retail floorspace in the Albury LGA. This reflects the importance of the Albury CBD in the regional economy and its dominance in the retail hierarchy.

5.8 Future developments with proposed retail floorspace

The below is a summary of pipeline developments (in addition to future Thurgoona retail network) which will include some additions to retail floorspace:

- A liquor shop of 288sqm and drive through facility has been approved at 29 Diamond Drive Thurgoona;
- A mixed use development has been approved at 470 Wodonga Place, Albury which will include 4,414sqm of commercial office and consultation space. Construction is likely to start in late 2022. A small provision of retail space is to be included on the ground level;

- An application for a service station and convenience store of 203sqm at 342 Urana Road, Lavington has been submitted to Council;
- A mixed use development is proposed at 482 Kiewa Street, Albury and will include 1,000sqm of retail floorspace on ground level and three storeys of commercial office floorspace on the upper levels;
- Early planning for a development along the Young Street corridor, between Wilson Street to Hume Street which may include retail uses;
- A plumbing supplies store development is currently underway at 398 Wagga Road which could include pool show room and additional retail space. The mix and quantum of floorspace is not known at this stage; and
- The current Albury Council depot site on Smollett Street has been earmarked for redevelopment in the longer term and may include a provision of retail floorspace.

RETAIL DEMAND ASSESSMENT

6.0 RETAIL DEMAND ASSESSMENT

This chapter provides the findings from the analysis of needs for retail services across the LGA in terms of space requirements, type of retail and geographic distribution.

6.1 Methodology

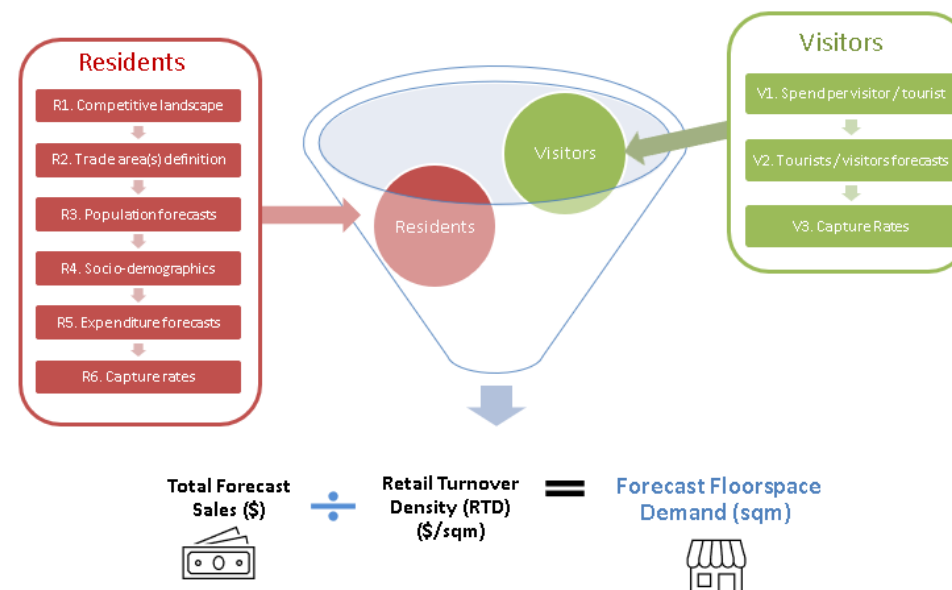
To forecast potential retail demand for the Albury LGA, HillPDA firstly identifies the key sources of expenditure and defines an appropriate trade area for Albury's centres based on the location of competing centres, travel times, urban settlement patterns and other criteria. HillPDA has utilised its proprietary expenditure models (which takes into account socio-demographics of the catchment, real growth in expenditure, population growth, potential capture rates and typical retail turnover densities) to forecast the quantum of retail floorspace that could be accommodated in the LGA in five year increments from 2021 to 2036.

For the purpose of the assessment our bespoke expenditure model for Albury reflects two key sources of demand for retail floor space being:

- Residents in the regional catchment and
- Visitors and tourists.

The process to forecast total potential retail demand for Albury is shown in the adjacent.

Figure 20: Methodology to forecast retail demand for the Albury LGA



Source: HillPDA research

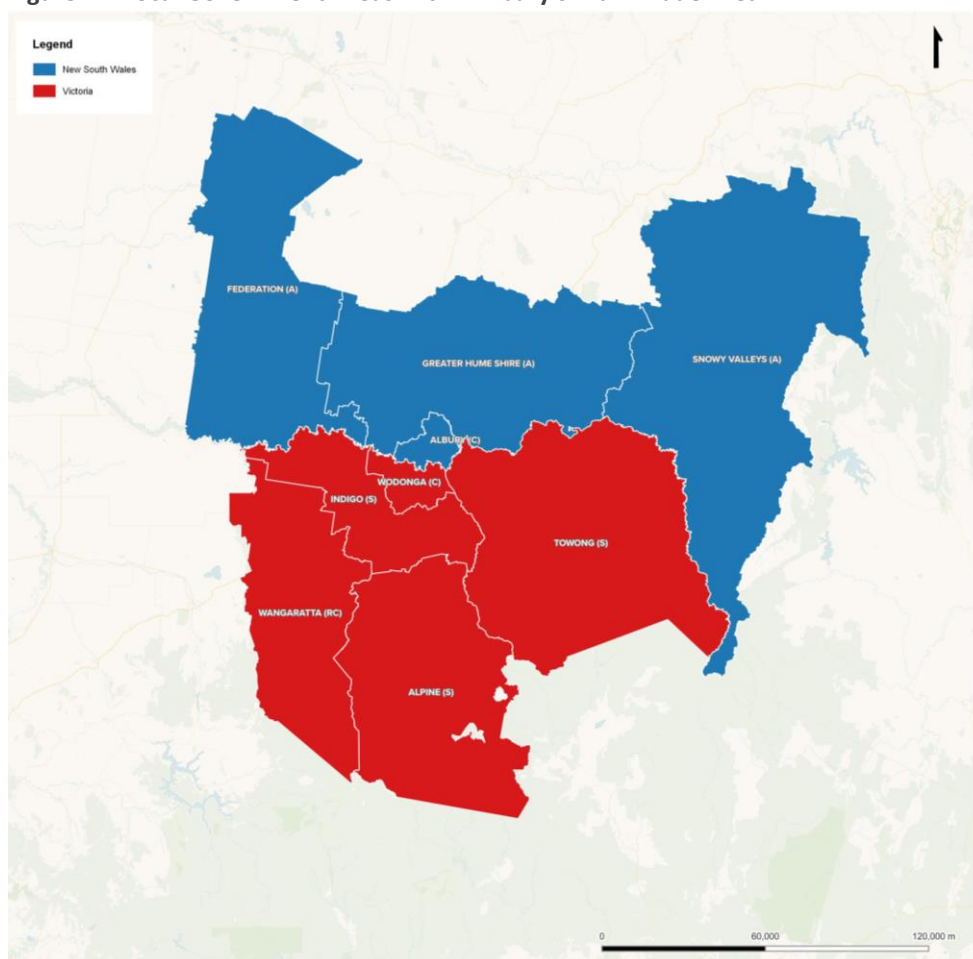
6.2 Residential catchment

A retail catchment area is the areal extent from which the main patrons of retail centre or store will be found⁸⁵. Albury CBD and bulky goods retailers service a wide regional catchment which extends beyond the LGA boundaries to include parts of southern NSW and north-eastern Victoria. Based on consultations with stakeholders and a review of the retail context, Albury's regional catchment has been defined to include the LGAs of Albury, Greater Hume, Federation (A), Snowy Valleys (A), Wodonga, Alpine, Indigo, Towong and

⁸⁵ Dolega L. Pavis M. & Singleton A. (2016). Estimating attractiveness, hierarchy and catchment area extents for a national set of retail centre agglomerations. Journal of Retailing and Consumer Services

Wangaratta⁸⁶. The regional catchment accommodates around 203,000 residents and is shown in Figure 21.

Figure 21: Local Government Areas within Albury's Main Trade Area

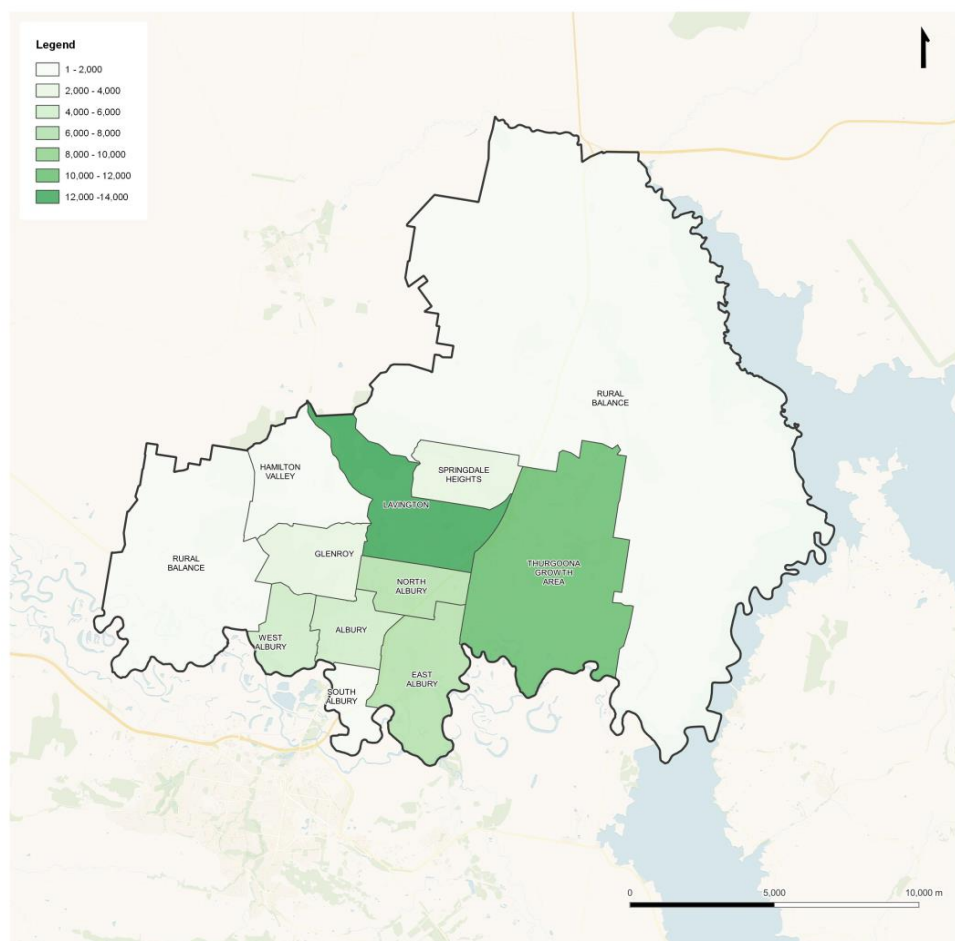


Within Albury's regional catchment are also Albury's lower order centres which service sub catchments as follows:

- Lavington centre: which largely services the convenience based retailing and some higher order shopping needs of residents in the suburbs or localities of Lavington, Hamilton, Springdale Heights, Greater Hume (partial) and rural balance (partial) shown in the figure immediately below;
- Thurgoona Plaza: which services the convenience retailing needs of residents within the Thurgoona Growth Area; and
- Neighbourhood centres such as Springdale Heights which largely service their immediate local areas.

⁸⁶ Note the regional catchment is significantly broader than the catchment previously defined for Albury in Albury Retail Strategy 2015 Report, however better reflects the feedback provided by stakeholders during consultation

Figure 22: Albury LGA regions



6.3 Retail expenditure from residents

Retail expenditure from residents was quantified using data sources from:

- Population and population projections as sourced from Forecast.ID and DPIE population forecasts
- ABS 2016 Census – population and household numbers by household income at SA2 level
- ABS Retail Sales – monthly reported sales by State by 12 different retail store types (ANZSIC) from 1982 to March 2021
- ABS Household Expenditure Survey 2015-16 which provides data on household expenditure by household income quintiles and household type at national and state levels.

The model estimates expenditure in 2021 generated by residents at regional level based on household size and income levels (higher income households spend more across all retail categories, particularly in more discretionary categories). The results are summarised in dollars spend per resident across eight different retail store categories. Expenditure by regional area is forecast to 2036 based on population growth and assumed real growth (non-inflationary) across the retail store types and market share. Real growth takes into consideration historic growth rates since 1982 as well as more recent retail trends. The long term timeframe has been limited to 15 years. Beyond a 15 year timeframe would be considered unreliable given the rapidly evolving nature of the retail industry and reliability of longer term population projections.

6.4 Retail expenditure from visitors and tourists

As shown in Section 3.1.5 overnight tourists (overnight international, overnight domestic) spent \$248m dollars in the Albury LGA in 2019 over 1.3 million visitor nights, of which an estimated 38% was spent on retail goods and services⁸⁷ – an average of \$70/ visitor night. Note it is understood that Albury retail network, particularly the CBD, also attracts significant trade from day trippers. Day trippers (and workers), however, were excluded from the expenditure model to avoid double counting with residential expenditure from surrounding LGAs and are assumed to be accounted for in the broader regional catchment. Day tripper expenditure data in the LGA was subsequently used to cross check the

⁸⁷ As sourced from the TRA Albury Visitor Profile 2019, TRA Murry Visitor profile 2010, National Visitor Survey 2019 and International Visitor Survey 2019. The remaining 62% of tourist expenditure is non-retail expenditure – mainly accommodation, transport costs and admissions.

estimates and ensure that figures have not been overestimated due to the larger regional catchment population.

6.5 Estimated retail sales

Expenditure from the two sources were collated and the capture rates outlined in the table below were assumed.

Table 13: Albury Capture Rates

LGA	Supermarkets & Groceries	Specialty Food	Bulky Goods	Apparel	Department Stores	Other non-Food	Restaurants & Takeaways	Personal Services	Total
Albury	86%	86%	86%	86%	86%	86%	86%	86%	86%
Greater Hume	35%	35%	75%	75%	75%	35%	35%	35%	48%
Federation	10%	10%	30%	30%	30%	10%	10%	10%	16%
Snowy Valleys	5%	5%	20%	20%	20%	5%	5%	5%	10%
Wodonga	25%	25%	60%	60%	60%	25%	25%	25%	36%
Alpine	10%	10%	24%	24%	24%	10%	10%	10%	14%
Indigo	13%	13%	30%	30%	30%	13%	13%	13%	18%
Towong	6%	6%	15%	15%	15%	6%	6%	6%	9%
Wangaratta	3%	3%	8%	8%	8%	3%	3%	3%	5%
Total	37%	42%	49%	53%	53%	36%	42%	40%	42%
Overnight tourist*	7.5%	10.0%	0.0%	10.0%	7.5%	10.0%	50.0%	5.0%	100%

Note: Capture of total overnight spend allowing for 3% growth p.a. in tourist visitation Source: HillPDA research and TRA tourism forecasts

Estimated retail sales by sources of expenditure in 2021⁸⁸ to 2036 by region and sources of expenditure are summarised in the tables on the following pages.

Note as discussed in Section 3.1.3 above real (over and above inflation) growth in expenditure per capita has been a trend since 1983 largely due to growing affluence and consumerism. The long term trend has been around 0.8% per annum but varies between

retail store types. For the purpose of the forecasting model we adopted 1% per annum growth in expenditure for supermarkets, food and personal services, -0.5% for department stores and 0.5% for all other store types. Weighted average across all categories is 0.7%.

⁸⁸ Expenditure does not take into account the impacts of COVID-19

Table 14: Potential Retail Sales (\$m) in Albury in 2021*

Region (LGA)	Supermarkets & Groceries	Specialty Food	Bulky Goods	Apparel	Department stores	Other non-food	Restaurants & Takeaways	Personal Services	Total
Albury City	218.1	48.2	99.2	56.6	39.8	84.3	71.0	22.4	639.5
Albury	25.3	5.7	11.8	6.5	4.8	10.1	8.5	2.7	75.4
East Albury	27.2	6.1	12.7	7.0	5.2	10.8	9.1	2.9	81.0
Glenroy	13.9	3.1	6.5	3.6	2.7	5.6	4.7	1.5	41.6
Hamilton Valley	2.7	0.6	1.3	0.7	0.5	1.1	0.9	0.3	8.1
Lavington	49.3	10.4	21.2	13.1	8.2	17.7	14.8	4.6	139.4
North Albury	24.1	5.1	10.3	6.4	4.0	8.7	7.2	2.3	68.0
Rural Balance	6.9	1.7	3.6	1.7	1.5	3.1	2.7	0.8	22.1
South Albury	6.4	1.3	2.7	1.7	1.0	2.2	1.9	0.6	17.9
Springdale Heights	8.2	1.8	3.6	2.2	1.4	3.0	2.5	0.8	23.4
Thurgoona Growth	38.1	8.8	18.4	9.7	7.7	15.9	13.4	4.3	116.3
West Albury	15.9	3.5	7.2	4.1	2.9	6.1	5.2	1.6	46.5
Greater Hume	15.3	2.9	16.9	9.4	6.1	6.3	6.6	1.6	65.2
Federation	5.5	1.0	8.3	4.8	2.9	2.2	2.3	0.5	27.6
Snowy Valleys	3.3	0.6	6.7	3.8	2.4	1.3	1.4	0.3	19.7
Wodonga	45.8	8.6	60.7	27.9	20.6	20.7	17.7	4.6	206.5
Alpine	4.8	0.9	6.4	2.9	2.2	2.2	1.9	0.5	21.7
Indigo	8.5	1.6	11.2	5.2	3.8	3.8	3.3	0.9	38.2
Towong	1.4	0.3	1.9	0.9	0.6	0.6	0.5	0.1	6.4
Wangaratta	3.5	0.6	4.6	2.1	1.6	1.6	1.3	0.3	15.6
Overnight tourists	7.0	9.3	0.0	9.3	7.0	9.3	46.6	4.7	93.2
Total Expenditure	313.2	74.1	215.9	122.9	87.0	132.3	152.5	35.9	1133.7

Note: Expenditure does not take into account the impacts of COVID-19

Table 15: Potential Retail Sales (\$m) in Albury in 2026

Region (LGA)	Supermarkets & Groceries	Specialty Food	Bulky Goods	Apparel	Department stores	Other non-food	Restaurants & Takeaways	Personal Services	Total
Albury City	244.0	52.6	108.5	61.7	41.4	92.2	79.6	25.1	705.1
Albury	27.7	6.1	12.6	6.9	4.9	10.7	9.3	2.9	81.0
East Albury	28.7	6.3	13.1	7.2	5.1	11.2	9.7	3.1	84.4
Glenroy	16.2	3.6	7.4	4.1	2.9	6.3	5.5	1.7	47.5
Hamilton Valley	3.7	0.8	1.7	0.9	0.7	1.5	1.3	0.4	10.9
Lavington	53.4	11.0	22.3	13.8	8.2	18.7	16.1	5.0	148.6
North Albury	25.7	5.3	10.8	6.6	4.0	9.0	7.7	2.4	71.6
Rural Balance	7.6	1.8	3.8	1.8	1.6	3.3	2.9	0.9	23.9
South Albury	6.7	1.4	2.8	1.7	1.0	2.3	2.0	0.6	18.5
Springdale Heights	9.5	2.0	4.0	2.4	1.5	3.3	2.9	0.9	26.5
Thurgoona Growth	47.9	10.8	22.6	11.8	8.9	19.4	16.9	5.4	143.7
West Albury	16.8	3.6	7.4	4.3	2.8	6.3	5.5	1.7	48.5
Greater Hume	16.4	3.1	17.6	9.8	6.1	6.5	7.0	1.7	68.3
Federation	5.6	1.0	8.2	4.8	2.8	2.2	2.3	0.6	27.5
Snowy Valleys	3.3	0.6	6.6	3.7	2.3	1.3	1.4	0.3	19.7
Wodonga	52.8	9.6	68.3	31.4	22.0	23.2	20.4	5.3	233.1
Alpine	5.1	0.9	6.6	3.1	2.1	2.3	2.0	0.5	22.7
Indigo	9.2	1.7	11.9	5.5	3.8	4.0	3.5	0.9	40.6
Towong	1.5	0.3	1.9	0.9	0.6	0.7	0.6	0.2	6.6
Wangaratta	3.7	0.7	4.8	2.2	1.6	1.6	1.4	0.4	16.5
Overnight tourists	7.7	10.3	0.0	10.3	7.7	10.3	51.5	5.1	102.9
Total Expenditure	349.4	80.9	234.6	133.4	90.5	144.4	169.7	40.1	1243.0

Note: Expenditure does not take into account the impacts of COVID-19

Table 16: Potential Retail Sales (\$m) in Albury in 2031

Region (LGA)	Supermarkets & Groceries	Specialty Food	Bulky Goods	Apparel	Department stores	Other non-food	Restaurants & Takeaways	Personal Services	Total
Albury City	271.1	57.1	117.8	66.8	42.8	100.2	88.6	28.0	772.4
Albury	30.4	6.5	13.5	7.5	5.0	11.5	10.2	3.2	87.7
East Albury	30.1	6.5	13.4	7.4	4.9	11.4	10.1	3.2	87.0
Glenroy	18.3	3.9	8.2	4.5	3.0	7.0	6.2	2.0	53.0
Hamilton Valley	4.7	1.0	2.1	1.1	0.8	1.8	1.6	0.5	13.7
Lavington	57.5	11.6	23.4	14.5	8.2	19.7	17.3	5.4	157.5
North Albury	27.5	5.5	11.2	6.9	3.9	9.4	8.3	2.6	75.5
Rural Balance	8.4	1.9	4.1	2.0	1.6	3.6	3.2	1.0	25.8
South Albury	7.0	1.4	2.8	1.8	1.0	2.3	2.1	0.6	19.0
Springdale Heights	10.9	2.2	4.5	2.8	1.6	3.8	3.3	1.0	30.1
Thurgoona Growth	58.5	12.9	26.9	14.1	10.1	23.2	20.6	6.5	172.9
West Albury	17.7	3.7	7.7	4.4	2.8	6.5	5.7	1.8	50.3
Greater Hume	17.5	3.2	18.3	10.2	6.0	6.8	7.5	1.8	71.4
Federation	5.7	1.0	8.1	4.7	2.6	2.1	2.3	0.6	27.2
Snowy Valleys	3.4	0.6	6.6	3.7	2.2	1.3	1.4	0.3	19.5
Wodonga	60.4	10.7	76.2	35.0	23.4	25.9	23.3	6.1	260.9
Alpine	5.5	1.0	6.9	3.2	2.1	2.4	2.1	0.6	23.7
Indigo	10.0	1.8	12.6	5.8	3.9	4.3	3.8	1.0	43.1
Towong	1.6	0.3	2.0	0.9	0.6	0.7	0.6	0.2	6.9
Wangaratta	4.0	0.7	5.1	2.3	1.6	1.7	1.6	0.4	17.4
Overnight tourists	8.5	11.4	0.0	11.4	8.5	11.4	56.8	5.7	113.7
Total Expenditure	387.6	87.8	253.5	144.1	93.7	156.7	188.1	44.6	1356.1

Note: Expenditure does not take into account the impacts of COVID-19

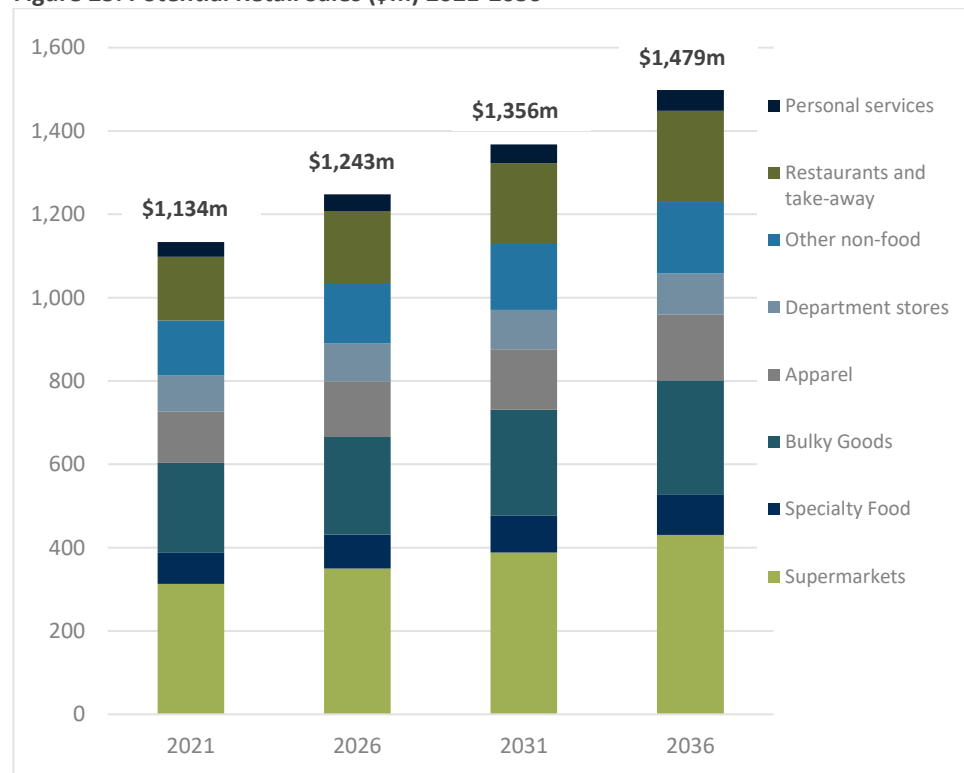
Table 17: Potential Retail Sales (\$m) in Albury in 2036

Region (LGA)	Supermarkets & Groceries	Specialty Food	Bulky Goods	Apparel	Department stores	Other non-food	Restaurants & Takeaways	Personal Services	Total
Albury City	300.8	61.9	127.7	72.3	44.2	108.6	98.6	31.1	845.4
Albury	33.6	7.0	14.5	8.0	5.1	12.4	11.3	3.6	95.4
East Albury	31.7	6.6	13.8	7.6	4.8	11.8	10.7	3.4	90.4
Glenroy	19.5	4.1	8.5	4.7	3.0	7.2	6.6	2.1	55.6
Hamilton Valley	5.8	1.2	2.5	1.4	0.9	2.2	2.0	0.6	16.6
Lavington	61.8	12.1	24.6	15.2	8.2	20.6	18.6	5.8	166.9
North Albury	29.4	5.8	11.7	7.2	3.9	9.8	8.8	2.8	79.4
Rural Balance	9.2	2.1	4.4	2.1	1.6	3.8	3.5	1.1	27.8
South Albury	7.4	1.4	2.9	1.8	1.0	2.4	2.2	0.7	19.8
Springdale Heights	12.6	2.5	5.0	3.1	1.7	4.2	3.8	1.2	34.0
Thurgoona Growth	71.2	15.3	31.9	16.8	11.4	27.5	25.1	8.0	207.1
West Albury	18.7	3.8	7.9	4.5	2.7	6.7	6.1	1.9	52.3
Greater Hume	18.6	3.3	19.0	10.6	6.0	7.1	8.0	1.9	74.4
Federation	5.8	1.0	8.0	4.7	2.4	2.1	2.4	0.6	26.8
Snowy Valleys	3.4	0.6	6.4	3.6	2.0	1.3	1.4	0.3	19.1
Wodonga	68.9	12.0	84.7	38.9	24.7	28.8	26.5	6.9	291.5
Alpine	5.8	1.0	7.2	3.3	2.1	2.4	2.3	0.6	24.7
Indigo	10.8	1.9	13.3	6.1	3.9	4.5	4.2	1.1	45.7
Towong	1.7	0.3	2.1	1.0	0.6	0.7	0.7	0.2	7.1
Wangaratta	4.3	0.8	5.3	2.5	1.6	1.8	1.7	0.4	18.4
Overnight tourists	9.4	12.5	0.0	12.5	9.4	12.5	62.7	6.3	125.5
Total Expenditure	429.5	95.3	273.8	155.5	96.9	169.9	208.3	49.4	1478.6

Note: Expenditure does not take into account the impacts of COVID-19

As depicted in the figure immediately below, the total potential retail sales for Albury retailers is forecast to increase from \$1.1 billion in 2021 to \$1.5 billion in 2036, which represents a 32% increase. Most of this growth is driven by food related expenditure, followed by bulky goods expenditure.

Figure 23: Potential Retail Sales (\$m) 2021-2036



Source: HillPDA estimate

6.6 Demand for retail floor space

Demand for retail space (GLAR) is estimated by dividing total potential retail sales by target retail turnover density levels (RTDs) measured by dollars per square metre. Target RTDs are based on industry standards and vary considerably between store types. For example department stores and bulky goods stores in metropolitan areas typically trade at around \$3,000 to \$4,500 per square metre, supermarkets trade at around \$10,000 to \$15,000/sqm

and specialty stores between \$4,000 and \$10,000/sqm. In regional areas RTDs are typically 15% to 20% lower than metropolitan areas. For the purpose of the forecast the retail turnover densities (RTDs) shown in the table below have been adopted. Note target RTDs are assumed to increase in real terms (net of inflation) at a rate of 0.5% per annum for supermarkets and personal services and 0.25% p.a. for all other retail categories.

Table 18: RTDs by store type 2021-2036 (\$/sqm)

Store type	2021	2026	2031	2036
Supermarkets	\$11,000	\$11,278	\$11,563	\$11,855
Specialty food	\$9,500	\$9,619	\$9,740	\$9,863
Bulky goods	\$3,300	\$3,341	\$3,383	\$3,426
Apparel	\$6,000	\$6,075	\$6,152	\$6,229
Department stores	\$3,500	\$3,544	\$3,588	\$3,634
Other non-food	\$6,000	\$6,075	\$6,152	\$6,229
Restaurants & take-away	\$6,000	\$6,152	\$6,307	\$6,466
Personal services	\$4,500	\$4,614	\$4,730	\$4,850
Total	\$5,599	\$5,726	\$5,855	\$5,988

Source: HillPDA, Urbis benchmark averages, various other consultancy reports

The results of the analysis are shown in Table 18 and reveals that the demand for retail floorspace increases by 30,000sqm (or 15%) over the 15 years to 2036, and reaches 247,000sqm by 2036.

Table 19: Forecast demand for retail space by retail category GLAR (sqm)

Year	Supermarkets & groceries	Specialty Food	Bulky Goods	Department stores	Restaurants & takeaway	Other non-food & personal services	TOTAL
2021	28,474	7,795	65,412	24,867	25,409	50,512	202,470
2026	30,985	8,405	70,202	25,538	27,585	54,416	217,132
2031	33,523	9,015	74,934	26,103	29,824	58,316	231,716
2036	36,231	9,659	79,909	26,668	32,220	62,438	247,125

Source: HillPDA estimate

6.7 Gap analysis

To understand the demand for additional retail floorspace in Albury we need to consider the existing supply of retail floorspace including vacant space. A comparison of supply and demand by retail category is outlined in the below table.

An analysis of the data reveals:

- Current demand and supply of total occupied retail space is roughly in equilibrium;
- Bulky goods supply is currently roughly in equilibrium;
- There is currently a shortage of supermarket and groceries and other non-food retail floorspace, with continued population and expenditure growth set to exacerbate this deficit further. It should be noted that some of the demand for food and groceries is likely to be met by specialty food stores (bakeries, delis, butchers etc) which there is currently some over-supply;
- There appears to be an over-supply of department store floorspace currently. This oversupply of department floorspace continues through to 2036.
- There also appears to be an oversupply of restaurant and takeaway floorspace currently. We suspect that there is some underperformance of these businesses combined with some undisclosed expenditure. Overtime however, this oversupply dissipates and there is a need for additional restaurant and takeaway floorspace as the population grows;
- Some of the current and future shortfalls in retailing (e.g. apparel, non-food retailing) can be accommodated in the current vacant floorspace;
- Allowing for a target vacancy rate of 5% there will be demand for an additional 11,700sqm of retail floorspace by 2026 increasing to 27,000sqm by 2031 and 43,150sqm by 2036; and
- Allowing for another 10% of shop front space (excluding bulky goods) to be occupied by non-retail tenants (e.g. banks, real estate agents, travel agents, etc) would suggest that a further 13,000sqm shopfront space would be required by 2026, 29,000sqm by 2031 and 46,600sqm by 2036.

These spaces are GLA⁸⁹. An additional 10% to 15% may be added to approximate GFA.

⁸⁹ Note Gross Lettable Area (GLA) also accounts for the non-retail uses

Table 20: Additional shopfront floorspace required GLA (sqm)

	Super-markets& Groceries	Specialty Food	Bulky Goods	Department stores	Restaurants & takeaway	Other specialty stores*	Vacancies**	Additional non-retail uses***	TOTAL
Demand for floor space									
Year 2021	28,474	7,795	65,412	24,867	25,409	50,512	10,123		212,593
Year 2026	30,985	8,405	70,202	25,538	27,585	54,416	10,857		227,988
Year 2031	33,523	9,015	74,934	26,103	29,824	58,316	11,586		243,302
Year 2036	36,231	9,659	79,909	26,668	32,220	62,438	12,356		259,481
Current Supply	20,679	11,342	66,300	27,038	27,565	46,294	17,115		216,333
Net Increase in Demand									
Year 2021	7,795	-3,547	-888	-2,171	-2,156	4,218	-6,992	414	-3,326
Year 2026	10,306	-2,937	3,902	-1,500	20	8,122	-6,258	1,401	13,056
Year 2031	12,844	-2,327	8,634	-935	2,259	12,022	-5,529	2,386	29,355
Year 2036	15,552	-1,683	13,609	-370	4,655	16,144	-4,759	3,430	46,578

* Includes apparel, other non-food specialties and selected personal services (dry cleaning, optometry, clothing alterations, hair and beauty)

** Assumes demand for vacancies = 5% of demand for occupied space

*** Assumes 10% of retail space is shop front space for non-retail commercial uses such as real estate, financial, medical and travel services.

RECOMMENDATIONS

7.0 RECOMMENDATIONS

This chapter distils the findings from the demand and supply analysis as well as the retail trend analysis and stakeholder engagement to identify short term and long-term opportunities/recommendations to inform the broader retail strategy. This will include discussions on potential land use changes and alternatives for the key retail centres including Albury CBD, Lavington and Thurgoona.

7.1 Short term opportunities

In addition to the opportunities identified for each retail centre in Section 5.2 the below outlines outcomes and opportunities which can be adopted to support Albury's retail sector over the short term (within the next 10 years):

- The retail demand and supply analysis indicates that there is justification for another large scale supermarket with some supporting specialty stores in the Thurgoona growth area by 2031;
- Over time the retail mix in Albury has evolved to become more service based as evidenced by the overrepresentation of personal services relative to retail categories such as apparel (particularly along Albury CBD's main street). This may be a consequence of online competition (also confirmed by Stakeholders). The impact of this development is the retail offer has become somewhat homogenous. Albury's retail sector may benefit from the inclusion of more niche or independent retailers rather than national brands (which are already well represented in Albury) to help build a more unique and diverse offer. This will also help to build the centre's resilience to online retailing (and aligns to current trends of increased localism and buying local brands);
- The provision of green or recreation space to activate the east end of Dean Street and facilitate multi-purpose visits with flow on benefits for retailers;
- In terms of restaurant and takeaway floorspace the mix is predominantly fast food and targeted towards low to mid market. Stakeholders suggested that the CBD in particular could benefit from additional reputable restaurants (e.g. Jamie Oliver,

Grill'd, Din Tai Fung etc along with independents) that encourage increased dwell time and improve the overall shopping experience. Although the previous chapter suggests that there is a sufficient number of restaurants and takeaway food stores, there may be opportunities to transition (rather than expand) towards a more high quality food and beverage offer over the next ten years to meet the needs of the more affluent residents in the region. This could also help to improve the region's destination brand perception and appeal to the tourist and corporate markets.

7.2 Long term opportunities

In summary the following shopfront space should be planned for by 2036:

- Further expansion in the Albury CBD of around 15,000 to 25,000sqm. Most of this demand for additional floorspace can be accommodated within the existing CBD area through underutilised or undeveloped sites;
- Expansion in the Thurgoona growth area. 60% of Albury's growth in population will be in this growth area. In the latter half of the next decade (2035-2040) Thurgoona could support a 'district centre' of up to 20,000sqm which could possibly include a discount department store of around 4,000sqm and an additional large scale supermarket as well supporting specialty retail and commercial services. An alternative is to keep Thurgoona to a smaller centre and plan a new district centre;
- In addition to a district centre there is the opportunity for one or two additional smaller centres in the Thurgoona growth area (say two centres by 2,000sqm to 5,000sqm each) to support the additional population projected. The location of these centres would help promote walkable catchments but their locations need to be carefully planned so that their viability would not be threatened by the stronger retail offer at the larger Thurgoona district centre. The Thurgoona Wirlinga Structure Plan identifies two additional major neighbourhood centres and four village centres but these sites would need to be rezoned to protect them from future residential subdivision. (Please note the timing of these centres is long

term (post 2036) as Thurgoona's population will be insufficient to support them in the medium-term); and

- Some expansion (up to 5,000sqm) in the Lavington centre to maintain its competitiveness as Thurgoona expands and service the Nexus industrial precinct to the north. Much of this demand for additional floorspace can be accommodated within the existing CBD area through underutilised or undeveloped sites. Lavington may also benefit from the inclusion of a destination or eat street along Mate Street.

7.3 Additional retail planning outcomes

As established in the trend analysis, the retail sector is undergoing significant change, with the changing nature of customer trends (most recently online shopping behaviours) highlighting the ongoing evolution of retail. These changes are driving competition and innovation across the retail supply chain leading to new store concepts. These new formats have driven the development of different land uses. Retail planning policy for the Albury LGA will need to provide greater flexibility for the evolving retail sector to enable the sector to respond to changing customers' needs and innovate their offering for local communities and markets. Below are a list of outcomes that will serve the needs of the contemporary retail sector and today's customers:

- **Clustering of retail to provide easy, multipurpose shopping:** retailers are increasingly innovating in terms of small-scale store concepts, using bricks and mortar stores as part of a multichannel offer (e.g. small stores using virtual retail walls and more intensive use of larger centre-based sites that double as distribution centres for online deliveries). COVID-19 and lockdown measures have also accelerated this trend along with localised shopping (residents shopping closer to where they live). These trends combined with population growth promotes the integration of various land uses including retail, particularly those close to major transport hubs, to facilitate more regular or multipurpose trips and meet residents' needs⁹⁰;
- **Orderly development of new retail formats:** shopping centres are moving towards store-as-destination shopping and expanding essential services and entertainment

offerings, while main streets are being renewed through public domain improvements and social and cultural attractions; and large format retailers are diversifying specialised product ranges. The most important implication of this trend is that retail precincts attract a broad range of uses, similar to a typical town centre and as such should be planned so that development is commensurate with infrastructure improvements⁹¹,

- **Strategic planning and zoning flexibility:** new retail models are emerging that challenge how planning systems will provide consistent and certain land use outcomes. (e.g. large format retail is developing showrooms on former industrial sites when they cannot be accommodated in centres; ancillary retail is being established to support manufacturing, industrial or warehousing use to not only service local workers but attract a wider customer base; Dark kitchens and pop-ups are filling temporary vacancies; supermarkets are operating after typical opening hours to fulfil online grocery orders). Council should review and update its plan every five years to ensure it aligns with recent retail trends and is aligned with the regional plans and when finalised the revised retail strategy⁹²;
- **Better planning for last mile distribution and innovative supply chains:** Direct-to customer and last-mile deliveries require greater public investment and planning of distribution channels such as consolidated centres where multiple retailers work with suppliers for effective order fulfilment. Planning frameworks will need to be flexible to ensure that retailers can adapt to consumers expectations and evolving shopping behaviours; and
- **Strategic planning that revitalises the city centre:** Centres, particularly regional centres, are sensitive to change from the arrival or departure of significant retail or anchor retail tenants. Centres should be supported by planning that allows diversity of land uses and encourages multi-trip visits.

⁹⁰ NSW Planning and Environment (2018) Discussion Paper

⁹¹ NSW Planning and Environment (2018) Discussion Paper

⁹² NSW Planning and Environment (2018) Discussion Paper

7.4 The future form of shopping centres

7.4.1 New urbanism

There has been a trend recently for new shopping centres to be designed on new urbanism principles. Rouse Hill Town Centre in Sydney is generally recognised as a benchmark of this new or retro form. It is a large 65,000sqm centre completed in a single stage in the northwest release area of Sydney. It has the benefits of a large indoor centre with car parking, which in this case is one and half levels of quasi-basement under the shopping centre. Above is a main street theme centre with a street that permits cars and short-term kerbside parking. There are other streets that are pedestrian but mostly the common area is outdoors and shops with awnings fronting the streets. The centre is largely square shape with the major tenants (two full-line supermarkets and two discount department stores) anchoring the corners. The retail is all on one level but a number of the buildings have shop top apartments and commercial suites up to eight stories high (see image below).



7.4.2 Mixed use development

Mixed use developments are becoming increasingly common, particularly in the capital cities whereby retail is provided on the ground floor in a multi-use (predominately residential) building. This enables a centre to expand outwards keeping the retail on the ground level. The residential component makes the development viable and also provides an added supply of customers for the retail. In turn the retail provides the amenity to help market the residential.



Major shopping centre owners like Westfield, QIC, AMP and GPT are now looking at such options for future expansion and/or renewal of their existing centres which is something that they never had considered 10 to 20 years ago.

While this form of development has not made significant traction in the regional areas there have been some interest from land owners and property developers. There have been several development applications submitted for mixed use development in the Dubbo CBD for example. Procurement costs remain an issue but long term we can expect to see this form of development in some inland regional cities and towns including Albury.

APPENDIX

A.1 Stakeholder consultations – Key Messages

- Increased interest in investment and movement into Albury as a result of COVID-19, with centres driven by their own communities
- Lavington' centre performance has been more stable over the COVID-19 period compared to the CBD and that may be a function of the centre being less reliant on Victorian markets – notwithstanding this Albury attracts significantly more trade with a wider catchment and superior offer
- Lavington took a large hit due to the bypass however has since recovered and witnessing a lot more investment nowadays
- Online spending impacts have been less pronounced, the people of Albury prefer a experiential based shopping experience – its also a social experience this has been even more evident after COVID with a trend back to bricks and mortar as people crave human contact
- We are seeing more omni-channel retailing with COVID- accelerating this trend, with more pressure on retailers to improve the in-store experience
- Demand for large floorspace retailers i.e. department stores are limited typically require a CBD profile
- Movement towards supporting local produce (with low milage) and local industries
- Opportunities to improve parking – use of streets for parking and changes to the length of stay
- Visitor economy should recover post covid
- Pop up stores could activate areas and encourage new starters to test the waters
- Strong spend in few months to March 2021 may in part have been a result of job seeker / keeper
- Significant trade from Victoria as much 60% for some retailers, many retailers have been severely impacted by the VIC lockdown (Myer losing as much 15,000 customers)
- Tourists are not a dominant market for Albury CBD
- Myer is a key anchor for the CBD, the Albury Myer is only Myer between Wagga Wagga and Bendigo and serves the wider region including the smaller townships of northern VIC
- Myer highly unlikely to close as reflected in the plans to refurbish the store
- Retail trade in Albury is good when people are free to move (i.e. when no lockdowns)
- Food services offer is limited in Albury; grocery e.g. Woolworths appears to be trading strongly
- Quality of retail in the main street has “gone backwards” there is an over supply of beauty bars which have replaced good quality food retailers and there has been a loss of diversity
- COVID has lead to more vacancies which has a negative impact on the centre
- Online spend is considered a key competitor for centre managers – key problem for Albury has been aligning the stock with the area’s demographic
- Myer and supermarkets have began using click and collect services
- Retailers (i.e. 40-60sqm) seeking larger retail spaces ie 150sqm
- The CBD lacks a strong food and beverage offer with indoor/outdoor food options and a lack of lunch time trade
- The CBD would benefit from green space
- The eastern side of Dean Street is less attractive than the western side and could do with some improvements

- Opportunities for improvements (e.g. green space, lifestyle attractors) near Regent cinemas and towards the station
- The CBD requires more parking and cycleways as well as boutique stores
- Attracting more tourists would also help to support retailers
- Currently they are making headways in Wodonga and Albury will need to respond
- Residential development has sharply increased 30-40% in Albury
- Coffee shops and cafes were having record sales in 6 months to March/April however with the latest lockdowns a number won't survive – 2 to 3 are known will close shortly
- Local trade has increased however this has been offset from lost trade from VIC due to the lockdowns
- Online retail is key competitor and will have an impact on traditional retail and reduce demand
- Dean street – apparel retailers (including jewellery stores) are rapidly disappearing and the mix is becoming increasingly service based
- Big box retailers are also downsizing
- The CBD would greatly benefit from an entertainment offer (and somewhere to sit)
- Improve the connection in Dean Street and create a thoroughfare
- Plan for commercial trade after 5:30pm to stimulate the night time economy e.g. pedestrianize the streets create structured community meeting spots, night clubs, more parking
- Peripheral office spaces would also support retailers
- During COVID - a number of retailers are re-negotiated their commercial leases, then there was job keeper /seeker there is also a number of retailers using their

own capital – this maybe disguising the vacancy rate -anticipate that this will increase by the end of the year

- Restaurants have responded to COVID by implementing home delivery
- Prime rents e.g. in the core retail strip (ie Dean Street) achieve \$600-\$700 dropping off to \$200 - \$300 in the secondary locations
- Longer term – Albury will need to adopt place-making designs and become a destination in its own right
- Dean Street is parts tired and loved – needs to be revamped and needs an activation Mall or tenant
- CBD will also benefit from mixed use with higher density residential
- Lavington is a difficult centre – perceived as downmarket with several vacancies (some vacant for 3-4 years)
- Thurgoona Plaza trading well – benefits from public schools, tradie population and university
- The site is land block – redevelopment will need to multilevel
- Thurgoona Plaza trade area goes beyond Thurgoona due to the school facilities drawing people into area from further afield as well as the ease of getting there
- Woolworths is open 24/7 to meet online orders
- Lavington is challenged centre and services a different socio demographic
- Development along Wagga Road has been successful and seeing activity pick up along that Road
- Rents are significant cheaper in Lavington, however that is not the case for Lavington Square rents
- Border closures have a huge impact on Albury – as the centre is VIC orientated
- Once borders reopen anticipate a big rebound as it has previously done
- Trade in CBD is 60% from Albury, 40% from VIC

- Restaurants are struggling with social distancing measures impacting their capacity
- Although hospitality appears to be strong this is also a function of it operating at half its capacity
- Retail industry is a tough industry to be in now
- Before Xmas retail trade was strong possibly due to job keeper
- Online shopping trends are generational, online shopping will never replace traditional retail
- Shopping centre rents are too high at the moment
- Strip retailing along Dean Street needs to be re-vamped
- Wodonga is Albury's competitor previously it was thought to be struggle town, Wodonga has changed a lot since then and is now a key retail competitor for Albury – the area also is experiencing strong population growth
- Strip retailing achieves rents of \$350- 500/sqm, \$600 for prime retail whilst Lavington achieves around \$500/sqm in shopping centres
- Online shopping is complementary to traditional retail, with greater use of omni-channel retailing in Albury
- Bulky goods retailing is achieving rents of around \$220-\$260/sqm
- Albury retail will benefit from increased tourism, beautification works and an improved night time economy
- Investment market is strong in Albury

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