Shepparton North Neighbourhood Centre

Economic Impact Assessment

January 2017

MacroPlanDimasi

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Executive summary

- Shepparton is situated approximately 190 km north of Melbourne and acts as a major industrial, employment and service centre for northern Victoria. The subject site for a proposed neighbourhood centre in Shepparton North is located at the south-eastern corner of Numurkah Road (the Goulburn Valley Highway) and Ford Road. Goulburn Valley Highway is a major traffic route and is the main north-south carriageway through Shepparton.

- The Commercial Activity Centres Strategy, which was prepared by Essential Economics for the City of Greater Shepparton in July 2015 and adopted by Council in February 2016, identifies Shepparton North as an appropriate location for additional retail facilities. In particular, Shepparton North Action 3 details that *"...In indicative terms, an increase of 6,000m2 in shop floorspace may be supported on land outside the existing Commercial 1 Zone at Shepparton North, which is sufficient to accommodate a 2nd supermarket and supporting retail such as specialty shop..."*.

- The extent of the trade area expected to be served by the proposed Shepparton North Neighbourhood Centre reflects the high profile location of the site on the Goulburn Valley Highway, the surrounding competitive context and proposed composition of the centre. The trade area for the proposed Shepparton North Neighbourhood Centre is defined to include a primary and a secondary sector. The main trade area population is estimated at 22,220 people in 2015, including 16,030 residents within the primary sector. Shepparton North is planned as a major growth area in the regional city, and over the forecast period the main trade area population is projected to increase by 300 residents per year and is estimated at 25,520 at mid 2026.

- In terms of retail facilities within the trade area, a Fairleys Supa IGA is located in Shepparton North, some 500 metres south of the subject site, while two foodstores are located at Numurkah some 30 km north of the subject site. Beyond the trade area, the most notable retail facilities include the Shepparton CBD, located 3.5 km south of the subject site, Shepparton Plaza and Shepparton Marketplace.

- There is a planning permit for additional specialty retail floorspace to be provided to the north of Fairleys Supa IGA centre. The permit was granted in April 2012, however the application is currently deferred. Fairleys Supa IGA revealed plans for a $30 million expansion to the existing centre, which was planned to increase the amount of retail and commercial floorspace to around 14,000 sq.m. It is our understanding that an updated plan for the site has recently been lodged with Council for a new IGA supermarket, with an Aldi supermarket and specialty stores to be provided within the current IGA supermarket building.

- There is currently a substantial underprovision of supermarket floorspace in the trade area. There is one supermarket and two foodstores located in the trade area, which has a resident population of 22,220, with over 16,000 residents in the primary sector. The primary sector population alone is considered sufficient to support two supermarkets, particularly if the supermarkets are located on the Goulburn Valley Highway.

- The total retail sales potential of the centre is estimated at $41 million at 2017/18 (expressed in constant 2014/15 dollars). This estimate of sales potential reflects the location of the site on a major traffic route, the available population within the defined main trade area and the limited provision of supermarket floorspace within the surrounding area.

- The proposed Shepparton North Neighbourhood Centre is likely to result in a range of economic impacts, with the key positive impacts including:
    - Addressing the underprovision of supermarket floorspace in the trade area;
    - Serving the future residential growth in Shepparton North;
    - Creating a focal point for local residents;
    - Substantially improving shopping choice, convenience and amenity for local residents; and
    - Creation of additional employment opportunities.

Furthermore, the proposed development would meet the objectives outlined in the *City of Greater Shepparton Commercial Activity Centres Strategy*, in particular:

- At present, the limited mix of uses in the Shepparton North activity centre is not consistent with the expectations of both planning policy and the general community;
- An increase of 6,000 sq.m in shop floorspace may be supported on land outside the existing Commercial 1 Zone at Shepparton North, which is sufficient to accommodate a second supermarket and supporting retail such as specialty shops; and
- An appropriate site in the area fronting the Goulburn Valley Highway between Ford Road in the north and Hawkins Street in the south can be endorsed for this extension to the Commercial 1 Zone.

• Against these benefits, some impacts are projected on centres in the surrounding area. The potential trading impacts arising from the proposed Shepparton North Neighbourhood Centre would be dispersed across a range of retail centres. The potential impacts are not expected to threaten the ongoing viability of any existing retail centre or retail shop, and in particular would not impact the retail facilities within the Shepparton CBD. Therefore, it can be concluded that a net community benefit will result from the proposed development, particularly as the development will provide greatly increased shopping choice for local residents while also creating job opportunities for the local community.

Introduction

This report presents an independent assessment of the market potential for a neighbourhood centre at 221-229 Numurkah Road in Shepparton North, as well as the economic impacts arising from the proposed development. The report is structured as follows:

- **Section 1** provides an overview of the regional and local context of the site, reviews the proposed development and discusses the relevant planning framework.
- **Section 2** examines the trade area available to the proposed centre, including estimates and projections of population and retail expenditure levels in the trade area, as well as detailing the socio-demographic profile of trade area population.
- **Section 3** reviews the competitive environment of the surrounding area.
- **Section 4** assesses the likely sales potential and market shares for the proposed neighbourhood centre.
- **Section 5** outlines the potential economic and social benefits, and also assesses the impacts that can be anticipated from the proposed development.

Section 1: Site context and planning framework

This section details the context of the site and the proposed development and also discusses the relevant planning framework.

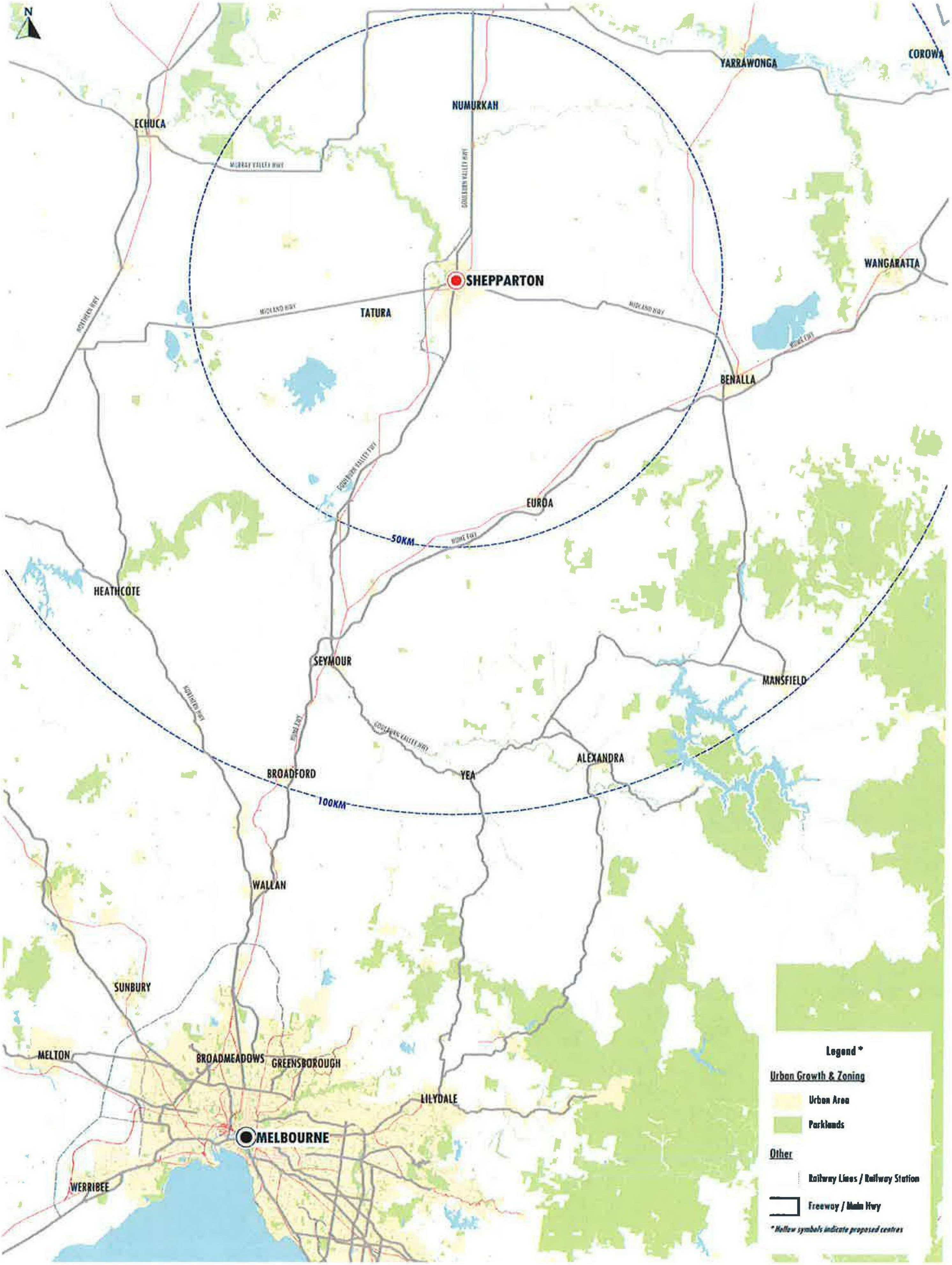
1.1 Regional context and site location

Shepparton is situated approximately 190 km north of Melbourne (refer Map 1.1) and acts as a major industrial, employment and service centre for northern Victoria.

Shepparton is an important agricultural and horticultural production centre. The municipality forms part of the 'Food Bowl of Australia', which accounts for 25% of the total value of Victoria's agricultural production. Other major industries in the region include construction, manufacturing, healthcare and retail trade. Greater Shepparton also acts as a logistics hub for several iconic companies operating in the region.

The subject site for the proposed neighbourhood centre is located at 221-229 Numurkah Road (the Goulburn Valley Highway) in Shepparton North. Map 1.2 shows the subject site as well as the surrounding land uses including large areas of land planned for future residential development to the immediate north and east of the site. The existing retail facilities provided on the Goulburn Valley Highway are also shown including the location of the Fairleys Supa IGA supermarket to the south of the subject site.

The Goulburn Valley Highway connects Shepparton with Cobram to the north and Seymour to the south. According to VicRoads *Traffic Volume Data for Victoria* (July 2014), there were an average of 9,000 vehicle movements per day in both directions on the Goulburn Valley Highway between Numurkah Road and Barmah-Shepparton Road.



Map 1.1: Shepparton

Regional context

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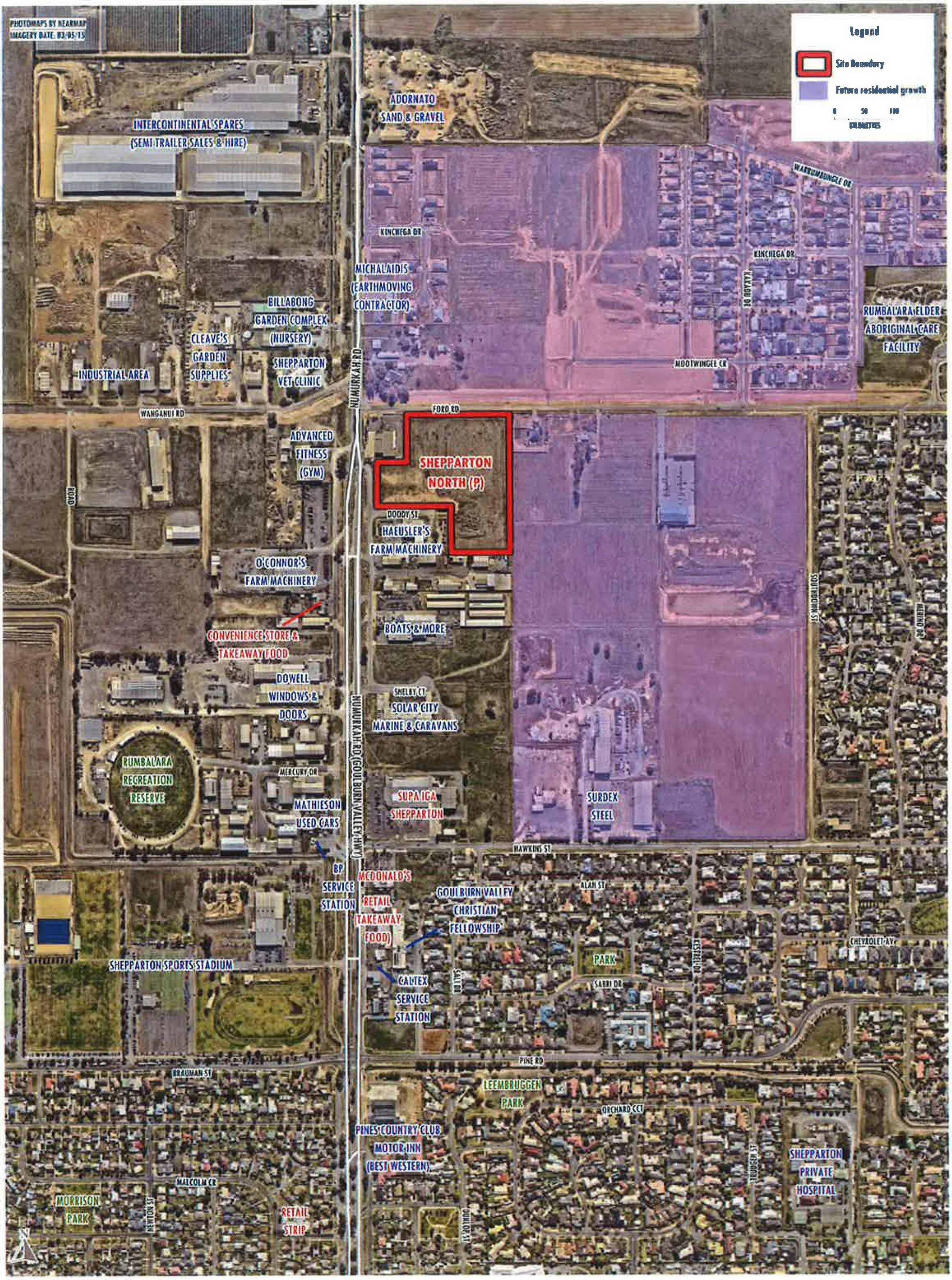

Map 1.2: Shepparton North

Site location

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1.2 City of Greater Shepparton Commercial Activity Centres Strategy

The Commercial Activity Centres Strategy (the Strategy), which was prepared by Essential Economics for the City of Greater Shepparton in July 2015 and adopted by Council in February 2016, identifies Shepparton North as an appropriate location for a sub-regional centre.

At page 23, the Strategy states as follows:

> *Although Shepparton North has been identified as a sub-regional centre in the hierarchy, in reality the centre currently serves a more limited role that is dominated by a single use (supermarket) and a lack of diversity in retail and commercial activities. This is in contrast to the greater scale, range and diversity of uses presented in the Riverside and Mooroopna CBA centres.*

At page 40, the Strategy states as follows, regarding the Shepparton North Centre:

> *Fairleys IGA is a popular grocery shopping destination and is one of the best-performing independent supermarkets in Victoria.*
>
> *However, the role of the centre in meeting community need is limited by the lack of supporting specialty shops and other non-retail uses that would typically characterise a centre of this type. This has been reflected in previous planning policy considerations relevant to the centre (for example Amendment C119).*

Additionally, at page 40, identifying the main features and issues for the Shepparton North Activity Centre, the Strategy states as follows:

> ***Main Features and Issues***
>
> *Considerations for the Strategy relevant to the Shepparton North activity centre include:*
>
> - ***Potential Expansion** – the opportunity exists for the Shepparton North activity centre to expand within the existing planning framework for the*

centre that includes a shop floorspace cap of 8,000m2 and significant land in the Commercial 1 Zone that is currently vacant. This opportunity for expansion has not been realised.

- ***Growing Demand** – the northern parts of the Shepparton urban area continue to experience population growth, and this is expected to continue for the foreseeable future. Development of the north-east growth area that has been identified by Greater Shepparton and is located a short distance to the east will further increase demand for additional facilities required to meet the needs of this expanding population.*
- ***Mix of Uses** – at present, the limited mix of uses in the Shepparton North activity centre is not consistent with the expectations of both planning policy and the general community.*
- ***Future Role** – as the Shepparton North centre expands to meet the needs of surrounding residents and a large regional hinterland, an enhanced role for the activity centre hierarchy as a sub-regional centre is anticipated. For this to occur, the centre must contain a broader range of retail and commercial functions consistent with this definition within the hierarchy.*

Finally, at page 114, regarding an additional location for an expansion of retail floorspace in the Shepparton North area:

Shepparton North Action 3:

Ensure that future development of the Shepparton North centre takes place in a manner supported by appropriate urban design and planning guidance. In indicative terms, an increase of 6,000m2 in shop floorspace may be supported on land outside the existing Commercial 1 Zone at Shepparton North, which is sufficient to accommodate a 2nd supermarket *and supporting retail such as specialty shops. This should be subject to detailed assessment through application of the Planning and Development Assessment Criteria to any proposal.*

An appropriate site in the area fronting the Goulburn Valley Highway between Ford Road in the north and Hawkins Street in the south can be endorsed for this extension to the Commercial 1 Zone.

1.3 Proposed development

The proposed centre at 221-229 Numurkah Rd, referred to in this document as the proposed Shepparton North Neighbourhood Centre, is planned to be developed at the south-eastern corner of Numurkah Road (the Goulburn Valley Highway) and Ford Road. The centre is proposed to be anchored by a supermarket and include a number of supporting specialty shops and services.

Table 1.1 details the proposed composition of the centre, with the supermarket to occupy 3,960 sq.m, while Figure 1.1 illustrates the indicative plans for the site.

Table 1.1
Shepparton North - Proposed composition

Category	GLA (sq.m)
Supermarket	3,960
Specialty retail	2,030
Total retail	**5,990**
Medical	300
Council/community	100
Total centre	**6,390**

Source: Lascorp; MacroPlan Dimasi


FORD STREET
MIDDAY SUN
AFTER NOON SUN
NUMURKAH ROAD
SITE ANALYSIS
SUPERMARKET / LIQUOR 3960m²
SPECIALTY RETAIL 2030m²
TOTAL RETAIL 5990m²
MEDICAL 300m²
COMMUNITY CENTRE 100m²
TOTAL CARS PROVIDED ON SITE 445
TROLLEY BAYS 17
TOWN PLANNING
LASCORP
NORTH SHEPPARTON
NUMURKAH ROAD
SHEPPARTON VIC 3630
PROPOSED SITE PLAN
TP02
A

Figure 1.1

Section 2: Trade area analysis

This section of the report analyses the trade area available to the proposed Shepparton North Neighbourhood Centre at 221-229 Numurkah Road, including current and projected population levels, the socio-demographic profile of the population, and the estimated current and future retail expenditure capacity of trade area residents.

2.1 Trade area definition

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

i. The relative attraction of the retail facility or centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.

ii. The proximity and attractiveness of competitive retail tenants, or centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre or retail facility is effectively able to serve.

iii. The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre, or retail facility.

iv. Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre, or retail facility.

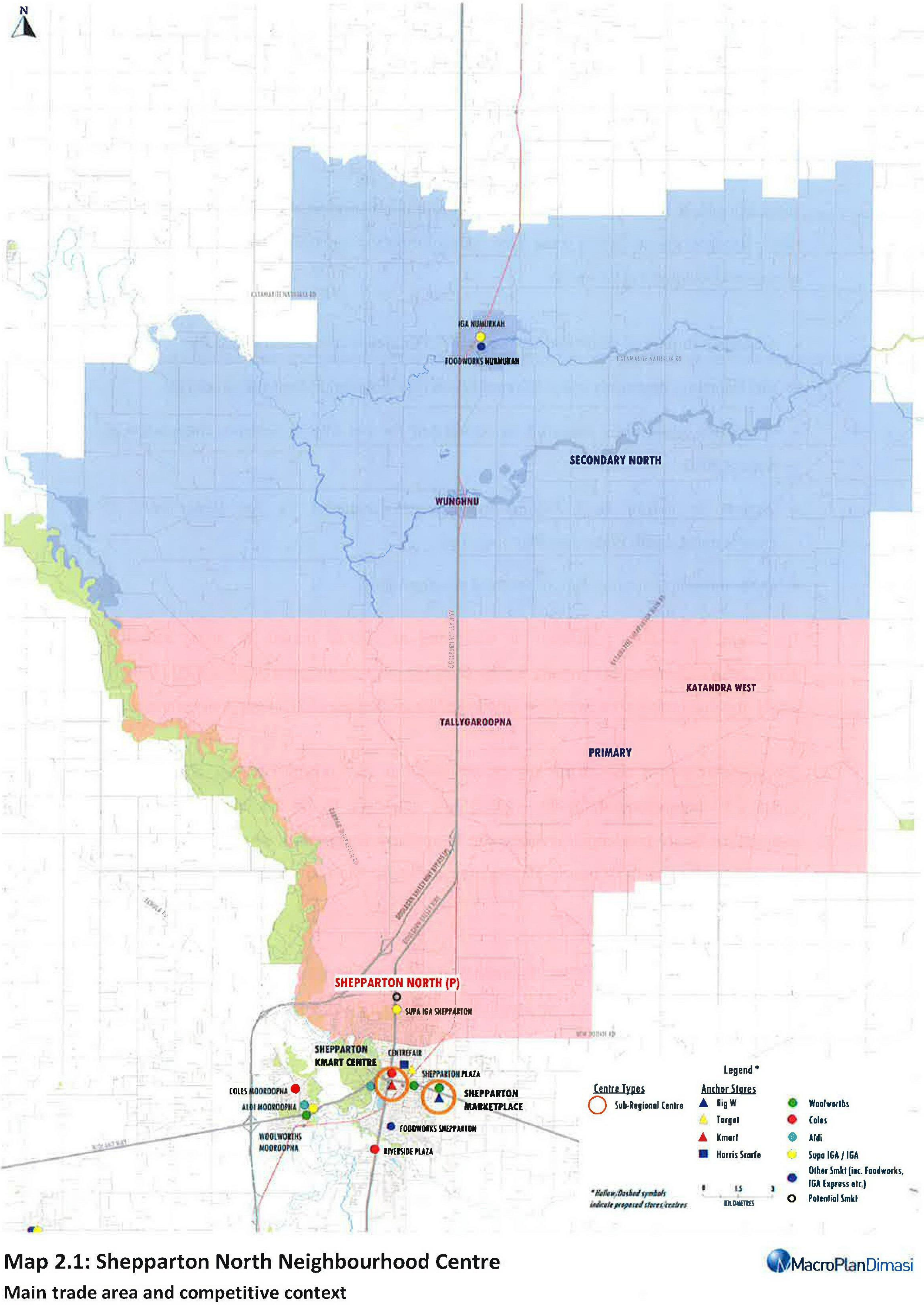
The key determinants of the trade area expected to be served by the proposed Shepparton North Neighbourhood Centre include the following:

- The high profile location of the site fronting the Goulburn Valley Highway, which is the main north-south traffic route through Shepparton.
- The surrounding competitive context, which includes a Supa IGA anchored centre in Shepparton North, two foodstores located in Numurkah, and the Shepparton CBD situated 3.5 km south of the subject site.
- The composition of the proposed centre, which is to include a new supermarket together with a range of supporting specialty shops and services.

Map 2.1 illustrates the trade area defined for the proposed centre, which includes a primary sector and a secondary sector, described as follows:

- The **primary sector** encompasses the area of Shepparton generally north of Goulburn River and Balaclava Road and includes the towns of Tallygaroopna and Katandra West.
- The **secondary sector** encompasses the towns of Numurkah and Wunghnu as well as the surrounding rural area.

In combination, the above sectors form the main trade area for the proposed Shepparton North Neighbourhood Centre.



Map 2.1: Shepparton North Neighbourhood Centre

Main trade area and competitive context

2.2 Trade area population

Table 2.1 details the estimated current and future population levels within the Shepparton North Neighbourhood Centre trade area. This information has been collected from a range of sources including the following:

- Australian Bureau of Statistics (ABS) Census of Population and Housing (2011);
- ABS Dwellings Approvals and Estimated Residential Population Data (2011 – 2016);
- Population projections prepared by forecast.id for the City of Greater Shepparton in August 2015;
- Victoria in Future 2016 Population Forecasts prepared by the Department of Environment, Land, Water and Planning; and
- Other investigations of future residential developments.

The main trade area population is estimated at 22,220 people in 2015, including 16,030 residents within the primary sector. Over the most recent intercensal period (2006 to 2011), the main trade area population increased by an average of 320 people per annum.

Shepparton North is one of the key growth areas in the regional city, and the area has capacity for approximately 1,500 – 2,000 new dwellings. Figure 2.1 illustrates the land planned for future residential development in northern Shepparton, which is sourced from the *Greater Shepparton Housing Strategy* (prepared for the City of Greater Shepparton in May 2011).

Over the forecast period to 2026, the main trade area population is projected to increase by 300 residents per year and is estimated at 25,520 at mid 2026, including 19,100 residents in the primary sector.

Table 2.1
Shepparton North trade area population, 2006-2026*

Trade area sector	Estimated population 2006	2011	2015	Forecast population 2018	2021	2026
Primary	13,390	14,910	16,030	16,870	17,710	19,110
Secondary	6,030	6,110	6,190	6,250	6,310	6,410
Main trade area	**19,420**	**21,020**	**22,220**	**23,120**	**24,020**	**25,520**
Trade area sector		**Average annual growth (no.) 2006-11**	**2011-15**	**2015-18**	**2018-21**	**2021-26**
Primary		304	280	280	280	280
Secondary		16	20	20	20	20
Main trade area		**320**	**300**	**300**	**300**	**300**
Trade area sector		**Average annual growth (%) 2006-11**	**2011-15**	**2015-18**	**2018-21**	**2021-26**
Primary		2.2%	1.8%	1.7%	1.6%	1.5%
Secondary		0.3%	0.3%	0.3%	0.3%	0.3%
Main trade area		**1.6%**	**1.4%**	**1.3%**	**1.3%**	**1.2%**

**As at June*
Source: ABS Census 2011; Victoria In Future 2015; Forecast.id; MacroPlan Dimasi

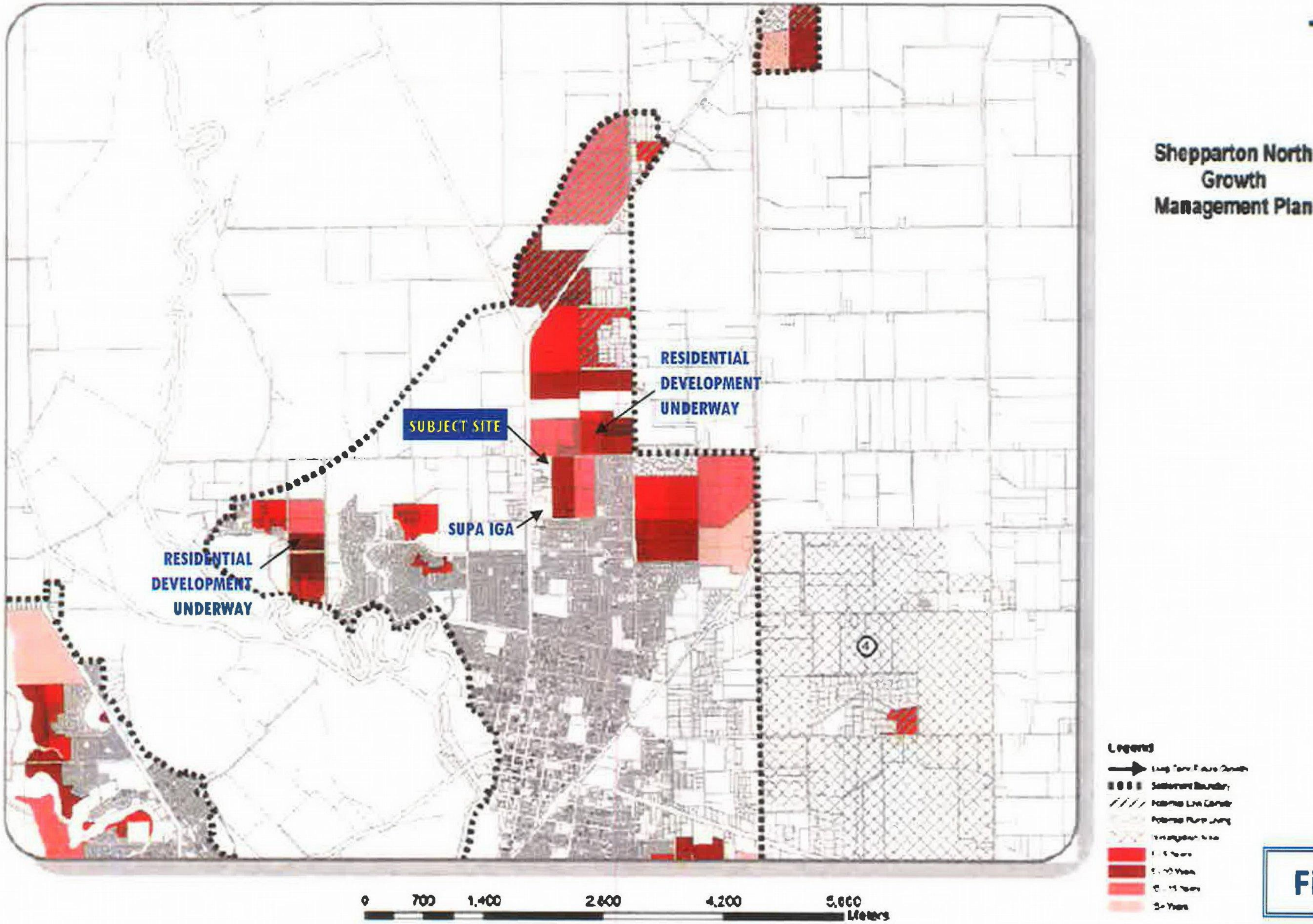

Shepparton North
Growth
Management Plan
RESIDENTIAL
DEVELOPMENT
UNDERWAY
SUBJECT SITE
SUPA IGA
RESIDENTIAL
DEVELOPMENT
UNDERWAY
4
Legend
0
700
1,400
2,800
4,200
5,600
Meters

Figure 2.1

2.3 Socio-demographic profile

Table 2.2 and Chart 2.1 detail the socio-demographic profile of the Shepparton North trade area population, sourced from the 2011 ABS Census of Population and Housing. The profile is compared with benchmarks for non-metropolitan Victoria, with the key points to note including the following:

- Main trade area residents earn below average per capita income levels compared with the benchmark for non-metropolitan Victoria and Australia, however average household income levels are slightly above the benchmark for non-metropolitan Victoria.
- The trade area has an younger age profile compared with non-metropolitan Victoria, and contains an above average proportion of children and below average proportion of residents aged 60 years and over.
- The proportion of Australian born residents in the main trade area is comparable to the non-metropolitan Victoria benchmark.
- The main trade area contains an above average proportion of traditional families (i.e. households comprising couples with dependent children) and a below average proportion of lone person households.

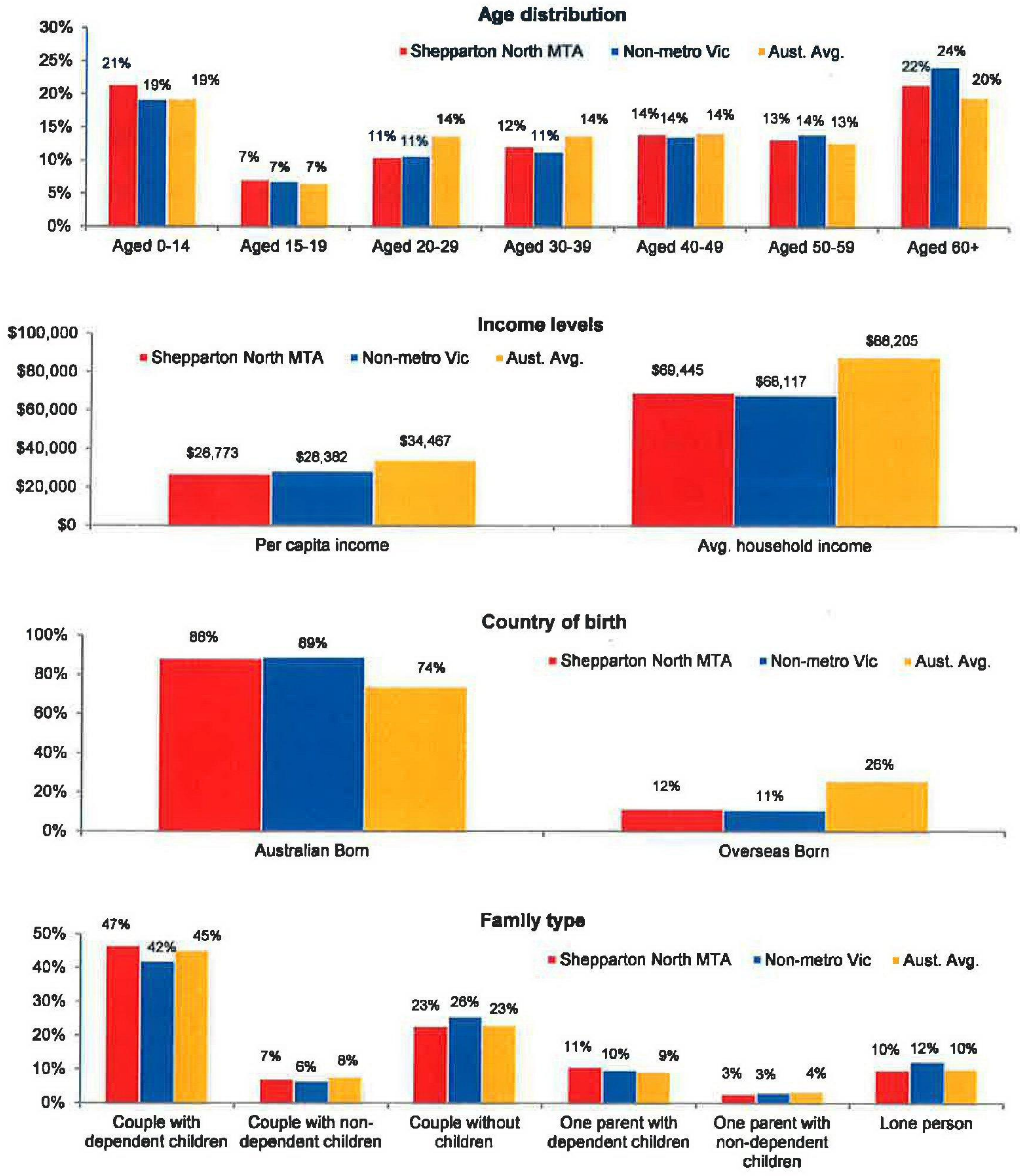
Table 2.2
Shepparton North main trade area - socio-demographic profile, 2011

Census item	Primary sector	Secondary sector	Main TA	Non-metro Vic avg.	Aust. avg.
Per capita income	$27,693	$24,525	$26,773	$28,382	$34,467
Var. from Non-metro Vic benchmark	*-2.4%*	*-13.6%*	*-5.7%*		
Avg. household income	$74,325	$58,802	$69,445	$68,117	$88,205
Var. from Non-metro Vic benchmark	*9.1%*	*-13.7%*	*1.9%*		
Avg. household size	2.7	2.4	2.6	2.4	2.6
Age distribution (% of population)					
Aged 0-14	22.2%	19.5%	21.4%	19.2%	19.3%
Aged 15-19	7.3%	6.5%	7.1%	6.8%	6.5%
Aged 20-29	11.1%	9.1%	10.5%	10.7%	13.8%
Aged 30-39	12.8%	10.4%	12.1%	11.3%	13.8%
Aged 40-49	14.3%	13.2%	14.0%	13.7%	14.2%
Aged 50-59	12.8%	14.3%	13.3%	14.0%	12.8%
Aged 60+	19.4%	27.0%	21.6%	24.2%	19.6%
Average age	37.3	41.6	38.6	40.1	37.9
Housing status (% of households)					
Owner (total)	72.0%	74.6%	72.8%	74.0%	68.7%
• Owner (outright)	32.9%	40.0%	34.9%	39.6%	32.9%
• Owner (with mortgage)	39.1%	34.5%	37.8%	34.3%	35.8%
Renter	27.1%	24.3%	26.3%	25.2%	30.4%
Other	0.9%	1.1%	0.9%	0.8%	0.9%
Birthplace (% of population)					
Australian born	86.4%	93.3%	88.4%	89.0%	74.0%
Overseas born	13.6%	6.7%	11.6%	11.0%	26.0%
• Asia	3.9%	0.8%	3.0%	1.8%	8.6%
• Europe	5.9%	4.2%	5.4%	7.1%	10.5%
• Other	3.8%	1.7%	3.2%	2.1%	7.0%
Family type (% of households)					
Couple with dep't children	48.7%	41.8%	46.5%	41.9%	45.3%
Couple with non-dep't child.	7.2%	6.5%	7.0%	6.5%	7.7%
Couple without children	20.8%	26.8%	22.7%	25.6%	23.0%
One parent with dep't child.	11.5%	8.6%	10.6%	9.8%	9.2%
One parent w non-dep't child.	2.7%	2.7%	2.7%	3.1%	3.5%
Other family	0.7%	0.6%	0.7%	0.8%	1.1%
Lone person	8.4%	12.9%	9.8%	12.3%	10.2%

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

Chart 2.1

Shepparton North main trade area - socio-demographic profile, 2011



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

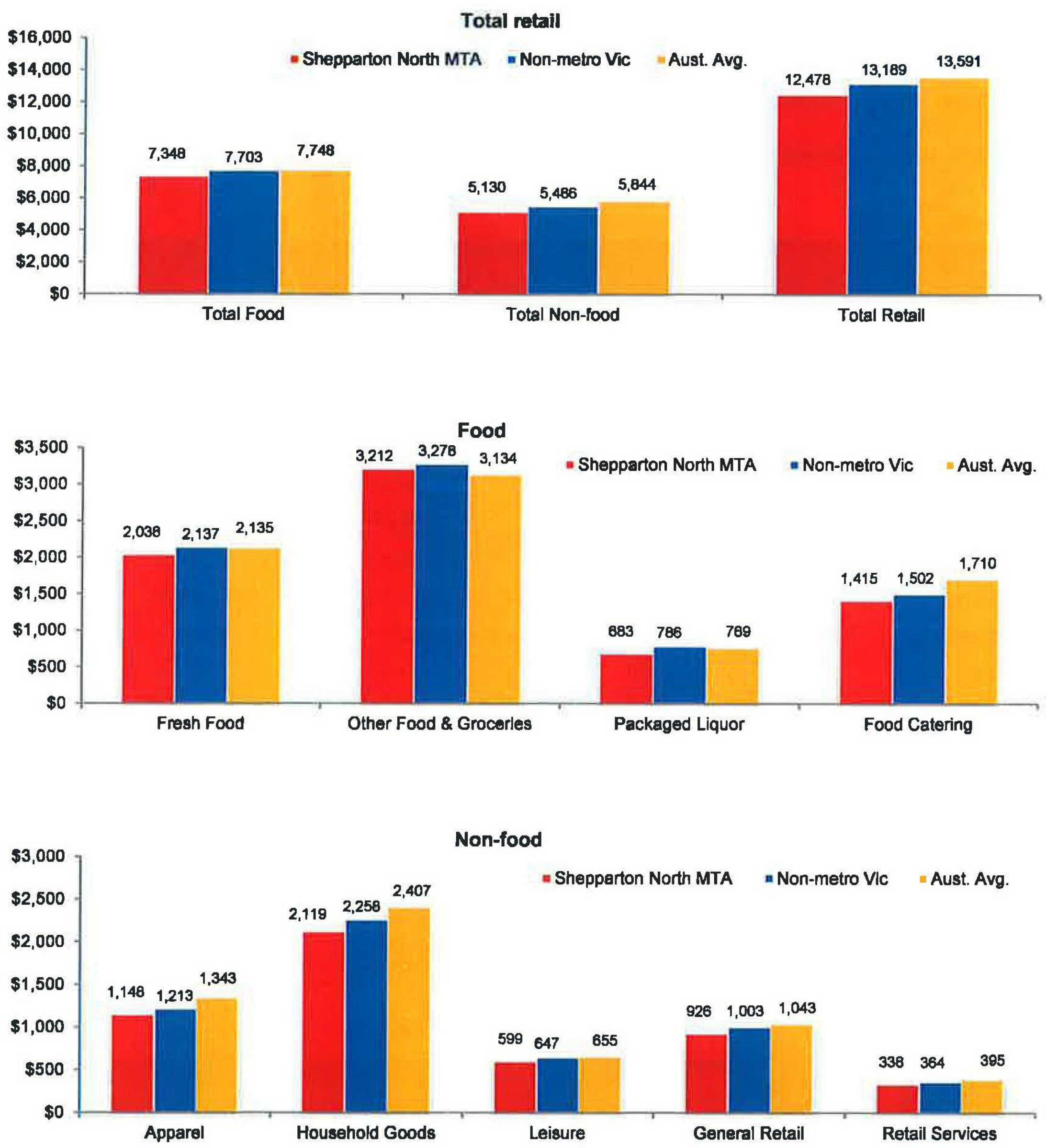
2.4 Trade area retail spending

The estimated retail expenditure capacity of the main trade area population is sourced from MarketInfo, which is developed by Market Data Systems (MDS) and utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information. The MarketInfo estimates for spending behaviour prepared independently by MDS are used by a majority of retail/property consultants.

Chart 2.2 details the estimated retail spending levels of the main trade area population on a per capita basis in 2014/15. Retail spending per person within the main trade area is estimated at $12,478. All spending figures presented in this report are expressed including GST.

Chart 2.2

Shepparton North main trade area - retail expenditure per person, 2014/15*



*Including GST
Source: MarketInfo; MacroPlan Dimasi

Table 2.3 presents projections of the estimated retail spending capacity of the main trade area population over the forecast period of 2015 – 2026. Total retail expenditure by the main trade area population is estimated at $277 million in 2015, including $199 million by the primary sector population. The retail expenditure capacity of the main trade area population is projected to increase to $356 million by 2026, presented in constant 2014/15 dollars (i.e. excluding retail inflation).

Table 2.3

Shepparton North main trade area - retail expenditure ($M), 2015-2026*

Year ending June	Primary sector	Secondary sector	Main TA
2015	198.9	77.7	276.6
2016	204.3	78.7	282.9
2017	209.7	79.6	289.3
2018	215.2	80.6	295.8
2019	220.9	81.7	302.6
2020	226.8	82.7	309.5
2021	232.9	83.9	316.8
2022	239.3	85.1	324.3
2023	245.6	86.3	331.9
2024	252.2	87.5	339.7
2025	258.9	88.8	347.7
2026	265.8	90.1	355.9
Average annual growth ($M)			
2015-2026	6.1	1.1	7.2
Average annual growth (%)			
2015-2026	2.7%	1.4%	2.3%

*Constant 2014/15 dollars & including GST
Source: Marketinfo; MacroPlan Dimasi

Table 2.4 presents the retail spending capacity of the main trade area population across key retail categories, as well as the category definitions. Take-home food, grocery and packaged liquor (FLG) expenditure by main trade area residents, which is the key segment of the retail market for supermarkets, is estimated to increase from $132 million in 2015 to $172 million at 2026 (presented in 2014/15 constant dollars). Table 2.5 provides the same information for the primary sector population.

Table 2.4 Shepparton North main trade area - retail expenditure by category ($M), 2015-2026*								
Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	**Total retail**
2015	132.2	31.2	25.3	46.8	13.2	20.4	7.5	276.6
2016	135.3	32.1	25.8	47.8	13.5	20.8	7.6	282.9
2017	138.5	33.1	26.3	48.8	13.7	21.2	7.8	289.3
2018	141.7	34.0	26.8	49.8	14.0	21.6	8.0	295.8
2019	145.1	35.0	27.3	50.8	14.2	22.0	8.2	302.6
2020	148.5	36.0	27.8	51.9	14.5	22.4	8.4	309.5
2021	152.1	37.1	28.3	53.1	14.8	22.8	8.6	316.8
2022	155.9	38.2	28.9	54.2	15.1	23.3	8.8	324.3
2023	159.6	39.3	29.5	55.4	15.4	23.7	9.0	331.9
2024	163.5	40.5	30.0	56.6	15.7	24.2	9.2	339.7
2025	167.5	41.7	30.6	57.9	16.0	24.7	9.5	347.7
2026	171.5	42.9	31.2	59.1	16.3	25.1	9.7	355.9
Average annual growth ($M)								
2015-2026	3.6	1.1	0.5	1.1	0.3	0.4	0.2	7.2
Average annual growth (%)								
2015-2026	2.4%	2.9%	1.9%	2.2%	1.9%	1.9%	2.4%	2.3%

*Constant 2014/15 dollars & including GST
Source: MarketInfo; MacroPlan Dimasi

Retail expenditure category definitions:

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

Table 2.5
Shepparton North primary sector - retail expenditure by category ($M), 2015-2026*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	**Total retail**
2015	94.1	22.8	18.7	33.8	9.5	14.7	5.4	198.9
2016	96.7	23.5	19.1	34.6	9.8	15.0	5.5	204.3
2017	99.4	24.3	19.5	35.5	10.0	15.4	5.7	209.7
2018	102.1	25.1	19.9	36.4	10.2	15.7	5.8	215.2
2019	104.9	25.9	20.4	37.3	10.4	16.0	6.0	220.9
2020	107.8	26.7	20.8	38.2	10.7	16.4	6.2	226.8
2021	110.8	27.6	21.3	39.2	10.9	16.8	6.3	232.9
2022	113.9	28.5	21.8	40.2	11.2	17.2	6.5	239.3
2023	117.0	29.5	22.3	41.2	11.4	17.6	6.7	245.6
2024	120.2	30.4	22.8	42.2	11.7	17.9	6.9	252.2
2025	123.6	31.4	23.3	43.2	11.9	18.3	7.1	258.9
2026	127.0	32.5	23.8	44.3	12.2	18.8	7.3	265.8
Average annual growth ($M)								
2015-2026	3.0	0.9	0.5	1.0	0.2	0.4	0.2	6.1
Average annual growth (%)								
2015-2026	2.8%	3.3%	2.3%	2.5%	2.3%	2.3%	2.8%	2.7%

*Constant 2014/15 dollars & including GST
Source: MarketInfo; MacroPlan Dimasi

Section 3: Competition

This section provides an overview of the competitive context of the surrounding area, and details the supermarket floorspace within the main trade area.

3.1 Competitive context

Table 3.1 details the provision of retail facilities within the main trade area, as well as major retail centres located beyond the trade area. The previous Map 2.1 illustrates the locations of these centres.

Table 3.1
Shepparton North - schedule of major retail facilities

Centre	Retail GLA (sq.m)	Major traders	Dist. by road from subject site (km)
Within trade area			
Shepparton North	4,000	Supa IGA	0.5
Gateway North (Numurkah Rd)	1,500	-	0.5
Numurkah	5,500	IGA, Foodworks	32.0
Outside trade area			
Shepparton CBD	85,000		3.5
• City Central Plaza	10,000	Target	
• Kmart Centre	11,000	Kmart, Coles	
• Other (strip retail)	64,000	Harris Scarfe, Aldi, Dan Murphy's	
Shepparton Plaza	12,500	Woolworths	4.5
Shepparton Marketplace	15,500	Big W, Woolworths	6.0
Riverside Plaza	13,900	Coles, Harvey Norman	6.5
Benalla Rd Bulky Goods Precinct	40,000	Bunnings, Forty Winks, The Good Guys	6.5
Mooroopna	14,000	Woolworths, Coles, Supa IGA, Aldi	7.5
Gateway South (Melbourne Rd)	6,000	-	7.5

Source: Property Council of Australia; City of Greater Shepparton Commercial Activity Centres Strategy, July 2015; MacroPlan Dimasi

The main retail facilities located within the defined main trade area including the following:

- A Fairleys Supa IGA of approximately 3,400 sq.m is located in Shepparton North, some 500 metres south of the subject site at the corner of Hawkins St and Numurkah Road. The supermarket centre also includes a small number of adjoining specialty shops.
- A number of food catering stores are located south of Hawkins Street including McDonalds, Subway, Eagle Boys and Crust Pizza.
- A small number of bulky goods retailers are situated in this area, which together form the Gateway North (Numurkah Road) precinct.
- Numurkah, situated 30 km north of the subject site in Moira Shire, includes two foodstores – IGA and Foodworks – as well as some 40 specialty shops.

The Shepparton CBD is located approximately 3.5 km south of the subject site and extends from Knight Street in the north to Hayes Street in the south. The Shepparton CBD includes approximately 85,000 sq.m of retail floorspace, with City Central Plaza being the main enclosed centre which is anchored by a Target discount department store. Other major retailers include a Kmart discount department store and a Coles supermarket at the Kmart Centre, as well as Harris Scarfe, Aldi and Dan Murphy's. Shepparton Plaza, which is anchored by a Woolworths supermarket, is located immediately east of the Shepparton CBD on the Midland Highway.

Shepparton Marketplace is the largest enclosed shopping centre in Shepparton and is anchored by a Big W discount department store and a Woolworths supermarket. The centre is located on the southern side of the Midland Highway/Benalla Road, to the east of the Shepparton CBD.

Riverside Plaza is a mixed uses centre including a supermarket, specialty shops and homemaker/bulky goods facilities. Expanded in 2015, Riverside Plaza now includes a 7,400 sq.m Harvey Norman store and a Fun City recreation facility.

The largest concentration of bulky goods facilities in the Shepparton area is located on Benalla Road to the east of Shepparton Marketplace. The precinct includes Home Central, as well as a range of other major retailers such as Bunnings and The Good Guys.

Mooroopna is situated 7.5 km south-west of the subject site and includes an estimated 14,000 sq.m of retail floorspace, including Woolworths, Coles, Aldi and Supa IGA supermarkets

Future retail facilities

There is a planning permit for additional specialty retail floorspace to be provided to the north of Fairleys Supa IGA, however the application is currently deferred. The permit was granted in April 2012 for a total of 8,000 sq.m of floorspace. Fairleys Supa IGA also revealed plans for a $30 million expansion to the existing centre, which was planned to comprise a total of approximately 14,000 sq.m of retail and commercial floorspace. It is now our understanding that an updated plan for the site has recently been lodged with Council for a new IGA supermarket, with an Aldi supermarket and specialty stores to be provided within the current IGA supermarket building.

3.2 Supermarket/foodstore floorspace provision

There is currently only one supermarket and two foodstores located within the main trade area – the 3,400 sq.m Supa IGA in Shepparton North and the IGA (approximately 800 sq.m in size) and Foodworks (600 sq.m) foodstores in Numurkah. In combination, these supermarkets/foodstores provide a total of 4,800 sq.m of floorspace. The main trade area population is estimated at 22,220 in 2015, which is a substantial population to be served by only one supermarket, with the population projected to increase solidly in the future.

Across the nation, there is an estimated 330 sq.m of supermarket floorspace (defined as stores over 500 sq.m in size) provided for every 1,000 residents. In rural and regional Australia, the average provision is noticeably higher than the national average, for a number of reasons. First, the provision of alternative food and grocery shopping destinations available in rural and regional areas is much lower than is the case in the major metropolitan areas (e.g. fresh food markets, specialty food stores). Second, because the concentrations of population are much lower in rural and regional areas, and because supermarket operators still tend to build typically sized stores in order to be able to provide a full range of products, the floorspace provision relative to population tends to be higher. In rural and regional areas, supermarket floorspace provisions in excess of 400 sq.m per 1,000 people are not unusual, and even levels as high as 700 sq.m per 1,000 people or greater have been observed for towns such as Camperdown, Yarrawonga, Mulwala and Ararat.

Using the national average, the main trade area population in 2015 could potentially support 7,300 sq.m of supermarket floorspace. If a figure of 400 sq.m per 1,000 people was applied, the amount of supportable supermarket floorspace would total 8,900 sq.m. By 2026, using the national average, the main trade area population of 25,500 could potentially support 8,400 sq.m of supermarket floorspace, which would increase to 10,200 sq.m of supermarket floorspace if a higher figure of 400 sq.m per 1,000 people was applied.

This analysis demonstrates the significant underprovision of supermarket floorspace in the trade area, requiring local residents to travel beyond the local area to access supermarket facilities (i.e. to the Shepparton CBD).

Section 4: Centre retail sales potential and distribution

4.1 Estimated sales potential

In order to be able to consider the question of potential economic benefits and impacts that might arise from the proposed Shepparton North Neighbourhood Centre, the first step is to quantify the level of sales which the proposed centre can reasonably expect to achieve.

The sales performance of any particular retail facility, be it an individual store or a collection of stores provided in a shopping centre or precinct, is determined by a combination of the following factors:

- The quality of the facility, with particular regard to the major trader/traders which anchor the centre; the strength of the tenancy mix relative to the needs of the catchment which it seeks to serve; the physical layout and ease of use; the level of accessibility and ease of parking; and the atmosphere/ambience of the centre.
- The size of the available catchment which the centre seeks to serve. This factor sets the upper limit of the sales potential able to be achieved by the centre or store.
- The location and strengths of competitive retail facilities and the degree to which those alternative facilities are able to effectively serve the needs of the population within the relevant trade area.

The key considerations for the proposed Shepparton North Neighbourhood Centre are as follows:

- The site is well located on the Goulburn Valley Highway, the main north-south traffic route through Shepparton. The proposed centre would therefore enjoy excellent exposure to passing traffic and would be easily accessible for local residents.

- The available population within the main trade area defined for the Shepparton North Neighbourhood Centre is estimated at 22,220, with over 16,000 residents within the primary sector. The population of the primary sector is estimated to grow solidly over the forecast period and reach over 19,100 residents by 2026.

- There is only a limited provision of supermarket floorspace within the main trade area, with the Supa IGA in Shepparton North the only supermarket located within the trade area. There are two small foodstores (IGA and Foodworks) located in Numurkah, some 30 km north of the subject site.

Supermarket

The key points taken into consideration when assessing the sales potential for a supermarket on the subject site are as follows:

- Supermarkets generate almost all of their sales from the take-home food, grocery and packaged liquor (FLG) retail expenditure category, as detailed in Section 2 of this report. The primary sector population will provide the majority of the sales for the proposed supermarket at the subject site. The available FLG spending generated by the primary trade area sector population is estimated at $94 million at 2015, and is expected to increase, in real terms, to $127 million by 2026.

- Typically, Australians direct between 65% – 80% of food and grocery spending to supermarkets and major foodstores (i.e. grocery stores greater than 500 sq.m). This ratio can vary from location to location and is dependent upon the provision of supermarkets and foodstores within the particular area or region, as well as the socio-demographic profile of the population. The likely share directed to supermarkets is expected to be at the higher end of this range for the Shepparton North trade area, which is typical in regional towns and rural locations where there is a lower than average provision of fresh food options such as food markets and grocery stores.

- There are currently three supermarkets/foodstores located in the main trade area – the Supa IGA supermarket in Shepparton North and the IGA and Foodworks foodstores in

Numurkah. The provision of supermarket/foodstore floorspace in the trade area is estimated at just 215 sq.m per 1,000 sq.m, which is substantial below the national average of 330 sq.m per 1,000 residents.

The estimation of sales potential for the proposed supermarket firstly considers the appropriate expenditure category, which is the take-home food and packaged liquor (FLG) market. The typical proportion of this expenditure directed to supermarkets is then assessed. Finally, the market shares of this retail expenditure market are estimated for each sector of the main trade area, while there is an allowance for some business to be captured from beyond the trade area.

The sales potential for **a 3,960 sq.m supermarket (including packaged liquor) at the proposed Shepparton North Neighbourhood Centre at 2017/18 is estimated at $33 million** (constant 2014/15 dollars and including GST). The estimate of sales potential reflects an initial trading level of approximately $8,330 sq.m, which is considered a successful initial trading level.

Specialty floorspace

The indicative plan for the proposed Shepparton North Neighbourhood Centre has a provision of 2,030 sq.m of specialty floorspace, which includes the provision for a chemist. The types of stores considered supportable at the proposed centre by retail category as follows:

- Fresh food – a number of fresh food stores are considered supportable including possibly a fresh produce store, a bakery, a butcher and/or a poultry shop.
- Food catering – two food catering outlets are likely to be supportable including a take-away food store, as well as a cafe.
- General retail – two stores are considered to be supportable in this category including the planned pharmacy as well as possibly a discount variety store or a florist.

- Retail services – a beauty salons/hairdressers and a drycleaner are considered to be supportable.

In addition to retail specialty stores, non-retail tenants, which are destinational in nature, are generally provided at supermarket based centres. A neighbourhood centre of the nature and scale proposed at Shepparton North could support a number of non-retail outlet such as a fitness centre, a medical centre and possibly a real estate agent or a travel agent.

Total centre retail sales potential and market shares

Table 4.1 provides the total retail sales potential estimated for the proposed Shepparton North Neighbourhood Centre. The total retail sales potential of the centre is estimated at $41 million at 2017/18 (expressed in constant 2014/15 dollars).

Table 4.1

Shepparton North - Potential mix and centre sales by retail category, 2017/18*

Category	GLA (sq.m)	Est. sales potential ($'000)	($/sq.m)
Major tenants			
Supermarket	3,960	33,000	8,333
Retail specialties	2,030	8,000	3,941
Total centre - retail	**5,990**	**41,000**	**6,845**

*Constant 2014/15 dollars & including GST
Source: MacroPlan Dimasi

Table 4.2 presents the estimated centre market shares of available retail expenditure at 2017/18. The estimated market shares of available food and non-food retail spending are calculated based on the following key points:

i. The total estimated sales potential of each component of the proposed centre as detailed previously (supermarket and specialty stores) is split into food and non-food sales, taking account of the typical sales distribution for each retailer type.

ii. The total sales that are expected to be generated by the centre from each trade area sector are then estimated, taking into account the likely shopping patterns of trade area residents.

iii. The total available retail expenditure within each trade area sector is calculated, based on the MarketInfo estimates (refer Section 2).

iv. The estimated market shares expected to be achieved by the new centre, of both food and non-food expenditure in each trade area sector, are then calculated by dividing the estimated centre sales from each sector by the projected retail expenditure available in each sector.

The proposed Shepparton North Neighbourhood Centre is estimated to potentially achieve a 12.5% market share of total retail spending of the main trade area population, comprising an 18.0% share of food spending and a 4.4% share of non-food spending. The majority of centre sales would be drawn from the primary sector ($29.9 million), with $7 million estimated to come from the secondary sector. In addition, the proposed centre is estimated to capture $4.1 million of retail spending from people residing beyond the main trade area.

Table 4.2

Shepparton North - Estimated centre market shares, 2017/18*

	Retail spend ($M)			Centre retail sales ($M)			Market share		
Trade area	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food	Total
Primary	127.2	88.0	215.2	25.6	4.3	29.9	20.1%	4.9%	13.9%
Secondary	48.5	32.1	80.6	6.0	1.0	7.0	12.4%	3.1%	8.7%
Main TA	**175.7**	**120.1**	**295.8**	**31.6**	**5.3**	**36.9**	**18.0%**	**4.4%**	**12.5%**
Sales from beyond TA				3.5	0.6	4.1			
Total centre retail sales				**35.1**	**5.9**	**41.0**			

*Constant 2014/15 dollars & including GST
Source: MarketInfo; MacroPlan Dimasi

4.2 Origins of centre sales

Map 4.1 attached shows the expected origins of centre sales, highlighting the proportions of centre sales expected to originate from the east, west, south and north.

As shown on Map 4.1, the anticipated distribution of centre sales by origin is as follows:

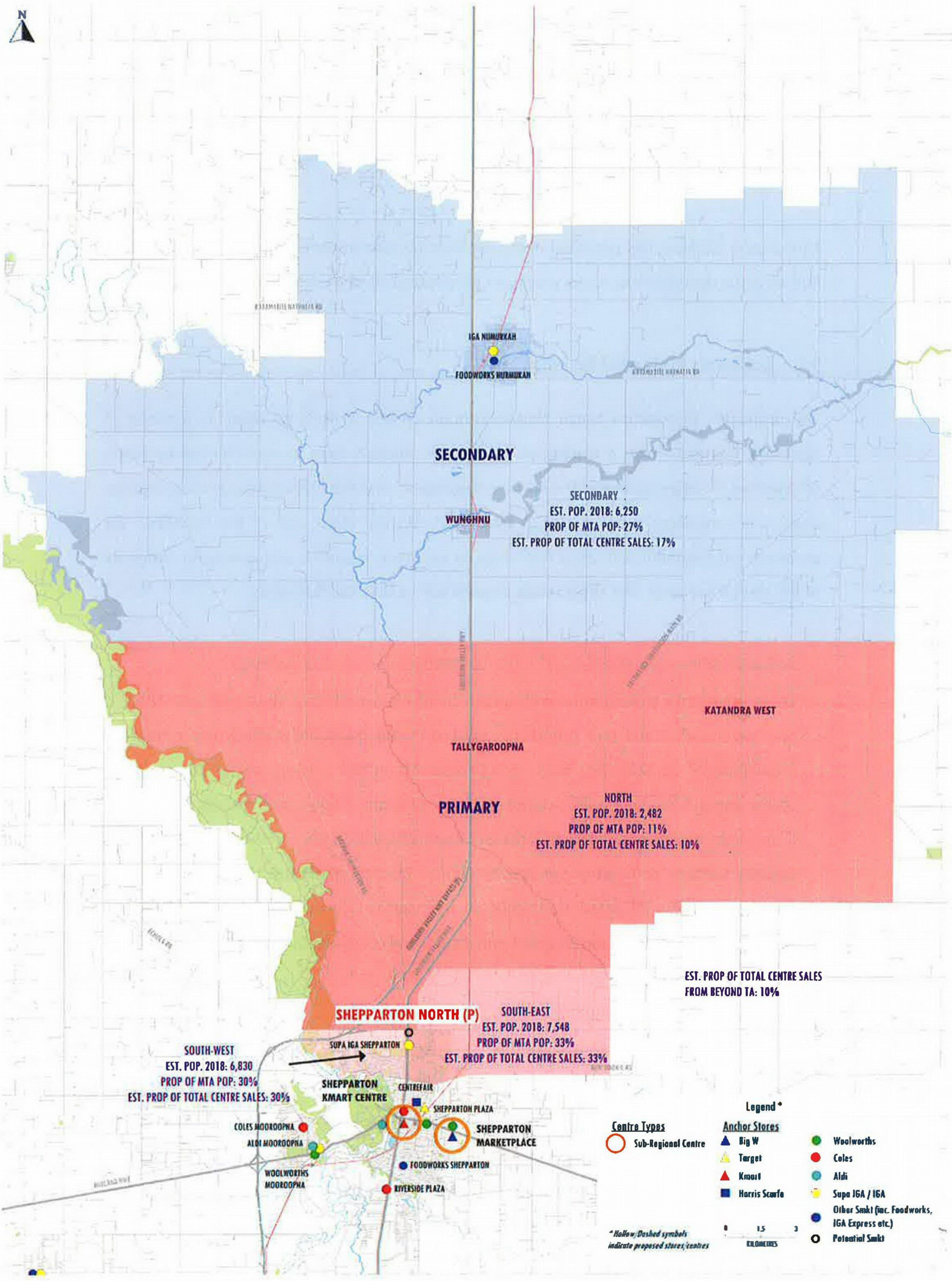
- Approximately 30% of centre sales are expected to originate from the south-western quadrant of the defined primary trade area. These customers would enter the site from the south, travelling along Goulburn Valley Highway to access the centre, having accessed the highway via Brannan Street, Branditt Avenue, Grutzner Avenue or Balaclava Road.

- An estimated 33% of the centre sales are expected to access the centre generally from the east or south-east. These customers would access the site either off Ford Road, directly into the carpark, or from the south along Goulburn Valley Highway, having previously accessed the highway via Hawkins Street, Pine Road, Graham Street, or Balaclava Road.

- Approximately 27% of total centre sales are expected to originate from the north, with those customers accessing the site off Goulburn Valley Highway south of Ford Road.

- Approximately 10% of centre sales are expected to be drawn from beyond the trade area, and almost all of these customers would originate from the south, i.e. from the balance of the Shepparton and Mooroopna urban areas.

In summary therefore, slightly more than one-quarter of total centre business (27%) is expected to enter the site from the north via Goulburn Valley Highway.



Map 4.1: Shepparton North Neighbourhood Centre

Estimated distribution of centre sales by origin

MacroPlanDimasi

Section 5: Economic impact considerations

This section outlines the potential economic benefits and impacts that can be anticipated following the development of the proposed Shepparton North Neighbourhood Centre.

5.1 Economic and social benefits

The proposed Shepparton North Neighbourhood Centre is likely to result in a range of economic impacts. From a trading point of view, impacts may be experienced by some competitive facilities located in the surrounding region, and the likely extent of these trading impacts is considered further later in the report. On the other side of the equation, the proposed development will result in a range of economic benefits, particularly for residents of the main trade area. The key positive impacts will include the following:

1. Addressing the underprovision of supermarket floorspace in the trade area

   There is currently a substantial underprovision of supermarkets in the trade area. There is one supermarket and two foodstores located in the trade area, which has a resident population of 22,220, with over 16,000 residents in the primary sector. The primary sector population alone is considered sufficient to support two supermarkets, particularly if the supermarkets are located on the Goulburn Valley Highway. Furthermore, The *City of Greater Shepparton Commercial Activity Centres Strategy* identifies that there is a need for an expansion of retail floorspace in Shepparton North, which could potentially accommodate a second supermarket and supporting retail specialty shops.

2. Serving the future residential growth in Shepparton North

   Shepparton North is a major growth area of the regional city. The primary sector population is projected to increase by around 280 residents per year and is estimated to grow to over 19,100 at 2026, an increase of over 3,000 residents over the forecast period. The proposed Shepparton North Neighbourhood Centre would be ideally located to service this growing demand, with the subject site located in close proximity to the land planned for future residential development in the surrounding area.

3. Creating a focal point for local residents

   Being located at the gateway to the residential growth area of Shepparton North, the proposed Shepparton North Neighbourhood Centre, which is to include a major supermarket and a range of specialty shops and services, will assist in creating a focal point for community activity and interaction in the area, including both existing and future residents in the area.

4. Substantially improving shopping choice and convenience for local residents

   The proposed Shepparton North Neighbourhood Centre would greatly improve shopping choice and convenience for trade area residents. The centre is proposed to include a new supermarket and a range of supporting specialty stores, and would offer local residents greatly increased choice, convenience and amenity for food and grocery shopping. In particular, local residents would be able to undertake their food and grocery shopping in a modern and easily accessible shopping centre.

5. Creation of additional employment opportunities

   The proposed Shepparton North Neighbourhood Centre would create a number of additional jobs, both for the construction and related industries during the construction phase, and ongoing jobs when the centre is completed. The additional employment creation is discussed further later in this report.

5.2 Employment stimulus

This sub-section provides estimates of the employment levels likely to be created by the proposed Shepparton North Neighbourhood Centre. The methodology used in estimating the number of potential news jobs at the centre is regularly used in retail economic impact assessments. The purpose is to provide a general indication of the number of jobs potentially created from the development.

Table 5.1 details the employment likely to be created by the proposed Shepparton North Neighbourhood Centre. Based on the amount and nature of floorspace to be included in the proposed development, we estimate that approximately 280 ongoing jobs would be created by the proposed retail development.

Table 5.1

Shepparton North - estimated centre employment levels

Type of use	Estimated employment per '000 sq.m	Shepparton North GLA (sq.m)	Shepparton North Employment (persons)
Supermarket	40	3,960	158
Specialty shops	60	2,030	122
Total centre[1]		**5,990**	**280**
Net increase[2]			**266**

1. Excludes non-retail components
2. Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 5% of the total increase
Source: Lascorp; MacroPlan Dimasi

As the retail expenditure generated by the trade area population increases, new retail developments will provide new job opportunities that will not necessary impact on the number of jobs at existing centres. Nevertheless, it may be argued that some job losses will occur at other centres as a result of the proposed Shepparton North Neighbourhood Centre. In estimating the net employment opportunities, we have allowed for 5% of the additional employment that is likely to be created at the future centre to be absorbed in job losses at other centres, resulting in a projected net employment increase of 266 jobs.

The proposed Shepparton North Neighbourhood Centre will also create a number of new jobs during the construction and related industries during the construction phase, and for the economy generally once they are completed. Table 5.2 provides an estimation of both direct and indirect employment that would arise from the proposed Shepparton North Neighbourhood Centre. Based on the estimated construction costs of the project of $10 million, we consider that during the construction period of the project approximately 43 direct jobs would be created.

Further jobs in the broader community would also be created from supplier induced multiplier effects during this period (based on the appropriate ABS input/output multipliers). Jobs created include both full-time and part-time positions.

Table 5.2 Shepparton North - estimated future employment levels*					
Original stimulus	Direct employment (long-term)	Direct employment (const'n period)	Supplier employment multiplier effects	Total	
Centre employment[1]	266		106	373	
Construction of project ($10m. est. capital costs)		43	68	111	Job years[2]
Total	**266**	**43**	**175**	**484**	

** Employment totals include both full-time and part-time work*
1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development
2. Indicates the estimated number of jobs over the life of the construction project, for the equivalent of one year
Source: Lascorp; MacroPlan Dimasi

5.3 Consideration of trading impacts

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

In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect across the surrounding competitive network if the proposed supermarket based development at Shepparton North were to proceed as planned.

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

The following factors are typically of relevance/importance when assessing the potential impacts of a new supermarket based development on each existing facility or centre:

- The distance of the (impacted) centre, or retail precinct, by road, from the proposed development.
- The size of the centre or precinct, in terms of total retail floorspace.
- The amount of supermarket floorspace, and brands of those supermarkets.
- The role and function of the centre or precinct.
- Relative accessibility and relative convenience compared with the proposed retail development.
- The estimated performance of the centre/precinct (in current sales) and future performance (in the impact year), accounting for any future developments in the region that may also impact on the future sales of existing centres.
- The share of available expenditure which the centre/precinct attracts from the identified main trade area of the proposed development. A centre may not be situated in the identified trade area of the proposed development but its main trade area may extend to include parts, or all, of the trade area. For example, the Shepparton CBD serves all of Shepparton and a broad surrounding area, including the catchment defined for the proposed neighbourhood centre at Shepparton North, but in a very different manner to a small, local centre.

The following key principles are then relied on when assessing the dollar (and percentage) impacts that are likely to be absorbed by existing facilities/centres:

- The greatest impacts are typically absorbed by the closest comparable centres/stores. For example, everything else being equal, a new Woolworths supermarket is generally likely to impact the closest nearby Woolworths supermarket to the greatest extent, followed by impacts on other comparable large supermarkets (e.g. Coles), and at the lower end of the spectrum, by smaller scale supermarkets/food stores, which serve much more limited roles.
- Impacts on small scale, local supermarkets/food stores, tend to be relatively smaller in scale, as these stores normally attract a small market share of available main trade area expenditure and perform a different role and function in the hierarchy, often serving the local walkable catchments surrounding them, and/or serving more specialised/discerning needs (e.g. a small Foodworks foodstore).

It is clear, therefore , that a number of factors need to be taken into account in determining the likely broad trading impacts and subsequent consequences arising from the proposed centre on other retail facilities in the surrounding region. The following analysis presents an indicative projection of the anticipated impacts on other shopping centres in the surrounding area. Such projections can be considered indicative only for the simple reason that it is very difficult to predict with certainty the precise impact on any one retailer or any other centre that will result from the change of retail structure serving a particular region.

The impacted centre or retailer has a number of possible actions which it may be able to take that may mitigate the extent of the impact or may eliminate it all together. Expansions and improvements may be undertaken at other centres throughout the region, and all of those factors can change the nature of the impact of the new centre being developed.

It is much more reasonable for the purposes of impact analysis, therefore, to consider the likely broad changes in competitive circumstances, and in particular the changes in availability of retail spending for competitive centres, that can reasonably be expected to result from the proposed Shepparton North Neighbourhood Centre. These broad changes effectively set the market conditions within which the competitive centres will operate as a result of this development, and reasonable conclusions can then be drawn about the possible impacts, and even more importantly, the possible implications, of these broad changes in market conditions.

In this regard, impact assessments should not be about planning being used by individual competitors to entrench or protect established financial positions. Impact considerations should be focused on the community needs, and how those needs can most effectively be made.

Under particular circumstances, it is strongly arguable that estimates of trading impacts should be given little or no consideration. As an example, in circumstances where

a. there is a clearly stated strategic objective to provide a necessary/appropriate level of retail facilities to serve a particular area or catchment; and

b. there is an existing provision of such facilities which falls well short, on any reasonable measure, of the quantum/mix which is required (and supported by relevant strategic documents) for that particular area/region

then an initiative to provide additional facilities in line with the agreed strategic objectives should not raise concerns that could reasonably be argued on impact grounds. The existing facility or facilities under those circumstances are meeting only some of the needs of the relevant population, and additional facilities are both required and supportable to meet the clearly evident gap. Therefore, whether or not there might be some impact on the existing facility becomes a moot point, unless it can be unequivocally demonstrated that the existing facility, as a consequence of that impact, would be lost to the community. Even then, it would also need to be further demonstrated that the planned new facility would not replace what might be lost if the existing facility were to fail as a consequence of such impact.

The Shepparton North area meets both of criteria (a) and (b) outlined above – as detailed in this impact assessment, strategic planning for the area provides for additional retail facilities such as now proposed at Shepparton North Neighbourhood Centre which is the subject of this report, and the existing facilities available within Shepparton North fall well short of the level required to meet the reasonable neighbourhood shopping needs of local residents.

Table 5.3 details the estimated trading impacts on retail centres in the surrounding area that can be anticipated following the proposed development of the Shepparton North Neighbourhood Centre. The table outlines the estimated sales and potential impacts for each strip centre located in the main trade area, as well as for the major retail centres located beyond the trade area. All figures are expressed in constant 2014/15 dollars and include GST.

Table 5.3

Shepparton North - estimated impact on retail centres, 2017/18 ($M)*

Centre	Est. sales 2014/15	Estimated 2017/18 No dev't	Estimated 2017/18 With dev't	Impact 2017/18 $M	Impact 2017/18 %	Change 2015-18 (%) No dev't	Change 2015-18 (%) With dev't	Estimated 2022/23 No dev't	Estimated 2022/23 With dev't	Change 2015-23 (%) No dev't	Change 2015-23 (%) With dev't
Within trade area											
Shepparton North	37	40.0	35.8	-4.2	-10.5%	8.2%	-3.2%	45.7	40.9	23%	11%
Numurkah	31	32.2	31.0	-1.2	-3.7%	3.8%	-0.1%	34.4	33.2	11%	7%
Total within trade area	**68**	**72.2**	**66.8**	**-5.4**	**-7.5%**	**6.2%**	**-1.8%**	**80.1**	**74.0**	**18%**	**9%**
Beyond trade area											
Shepparton CBD	408	440.6	419.6	-21.0	-4.8%	8.0%	2.9%	500.9	477.1	23%	17%
Shepparton Marketplace	112	121.0	113.8	-7.2	-6.0%	8.0%	1.6%	137.5	129.3	23%	15%
Shepparton Plaza	49	52.9	49.5	-3.4	-6.4%	8.0%	1.1%	60.2	56.3	23%	15%
Other	n.a	n.a	n.a	-4.0	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Total beyond	**n.a**	**n.a**	**n.a**	**-35.6**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
Total impacts				**-41.0**							

Constant 2014/15 dollars & including GST

Source: City of Greater Shepparton Commercial Activity Centres Strategy, July 2015; MacroPlan Dimasi

The following observations and conclusions can be drawn from the above analysis:

- The existing retail facilities in Shepparton North, including the Fairleys Supa IGA centre, are estimated to be impacted by an average of 10.5% by the proposed development. With significant population growth occurring in Shepparton North, sales of the existing retail facilities are estimated to recover quickly, and all elements will be able to continue to trade successfully.

- Retail facilities in Numurkah are expected to experience an initial small trading impact, however they will continue to effectively serve the local catchment and the estimated impacts will not threaten the viability of any retail store.

- The closest major centres located beyond the trade area are also expected to experience some trading impacts, including the Shepparton CBD, Shepparton Marketplace and Shepparton Plaza. However, the potential impacts are considered to be well within the reasonable bounds of normal competition and would not threaten the viability of these centres. In fact, sales for these centres are projected to still increase over the period from 2015 to 2018, even allowing for the proposed development at Shepparton North.

- The information in Table 5.3 also shows the projected situation at 2022/23, i.e. approximately five years after the Shepparton North Neighbourhood Centre is assumed to have opened. That analysis shows that, after absorbing the one-off impact at 2017/18 which would result from the opening of the new centre, all of the existing retail facilities throughout Shepparton, including at Shepparton North, can reasonably expect to enjoy steady growth in total retail turnover. For the existing Shepparton North facility, for example, real growth of 11% in retail sales is projected in total over the period 2015-2023, while for the Shepparton CBD real growth of 17% is projected over the period.

The impacts detailed in Table 5.3 above relate to total retail expenditure, not supermarket expenditure. Since the bulk of the estimated $41 million of retail sales for the new centre will be supermarket sales, it can reasonably be concluded that the order of impacts on the supermarkets at the locations beyond the trade area (Shepparton CBD, Shepparton Marketplace and Shepparton Plaza) will be greater than the figures shown in Table 5.3. At

Shepparton North, however, the impact on the supermarket will not be greater than the estimates shown in Table 5.3, since the total estimated sales for the existing facility at Shepparton North are supermarket sales, as there is only a supermarket provided.

There can be no reasonable argument made that any existing retail facilities within Shepparton, including those at Shepparton North, will face any threat to their long term sustainability as a result of this proposed new development. For context, Table 5.4 below shows the current and projected future populations and retail expenditure levels, expressed in constant 2015/16 dollars, for the City of Greater Shepparton.

Table 5.4

City of Greater Shepparton: Population and retail expenditure

Trade area	2015/16	2017/18	2022/23
Population*	65,010	66,690	70,950
Retail spend per capita** ($)	12,753	12,965	13,563
Total retail spend** ($M)	829.1	864.6	962.3

*As at June

**Constant 2015/16 dollars & including GST

Source: ABS Census 2011; DTPLI, Victoria in Future 2015; MarketInfo; MacroPlan Dimasi

The information in Table 5.4 above highlights the following:

- At 2015/16, the 65,010 residents of the City of Greater Shepparton spent an estimated $829 million on retail goods.
- By 2017/18, that figure is projected to increase, in real terms, by approximately $35 million, to $864.6 million.
- By 2022/23, the available expenditure is projected to increase to approximately $962 million, in constant 2015/16 dollar terms – some $133 million greater than the current level.

The proposed Shepparton North Neighbourhood Centre will therefore account for less than 5% of the total available retail expenditure of City of Greater Shepparton residents at 2017/18. Put another way, the estimated $41 million of retail turnover to be achieved by the new centre will be less than one-third of the projected real growth in retail expenditure by residents of the City of Greater Shepparton between 2015/16 and 2022/23.

Case study analysis

There are many examples of situations where a major chain supermarket has opened near an existing independent supermarket, such as IGA, and the independent supermarket continues to trade sustainably following the opening of the new supermarket. Two such examples are discussed below in detail - Camperdown in Victoria and Maleny in Queensland – where, prior to development of the Woolworths supermarket, it was claimed the incumbent independent operator would disappear as a consequence of the expected impact.

Two other examples are discussed where small regional towns have supermarket floorspace provisions which include substantial independents plus chain stores. In both examples - Maryborough and Ararat - the independent and chain supermarkets have operated together for many years.

In each of the examples discussed, the catchment population of each town is comparable to or substantially less than the population of the primary sector defined for the proposed Shepparton North Shopping Centre.

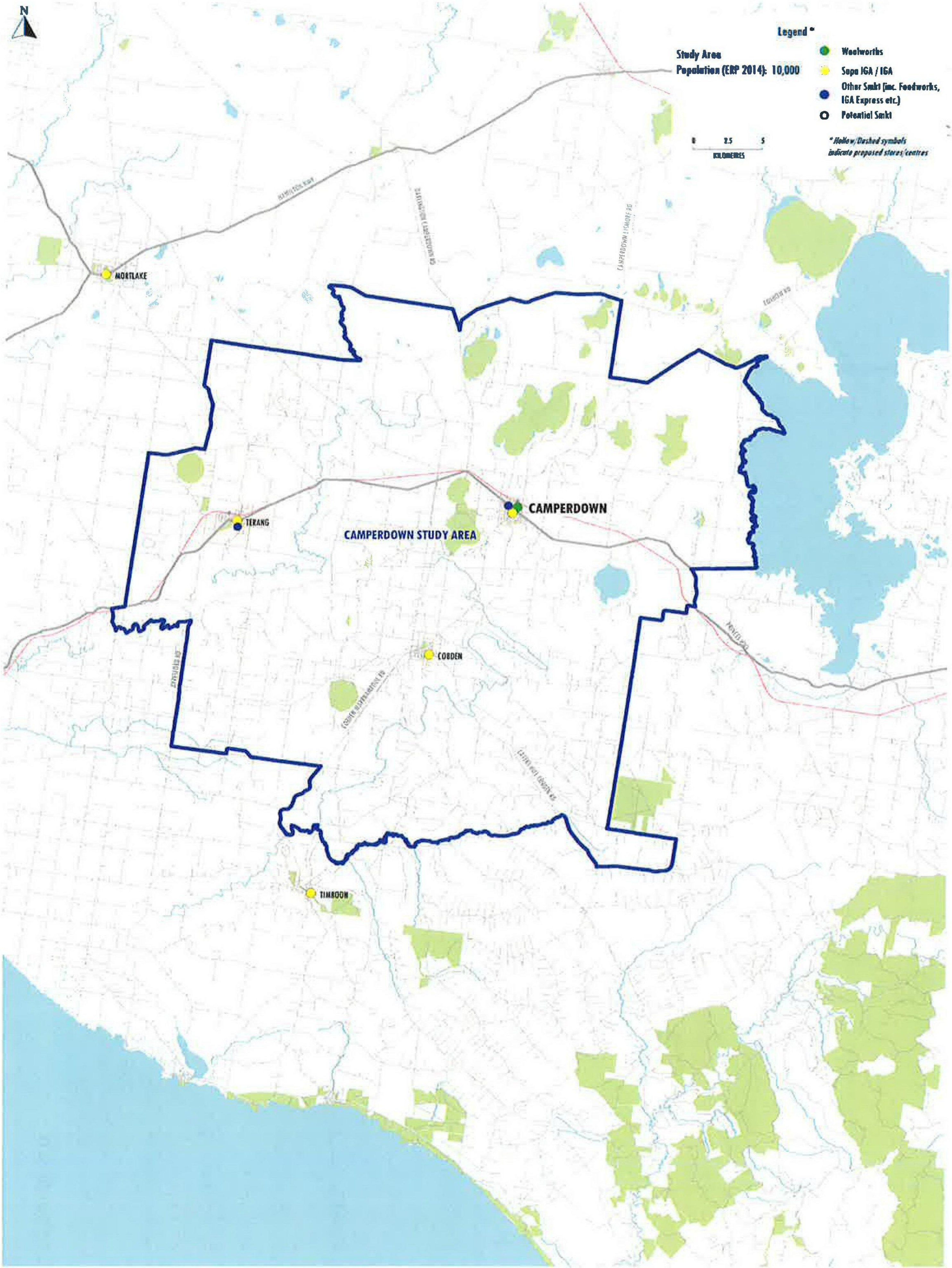
Camperdown

Camperdown is a small town located in western Victoria. Camperdown is somewhat comparable to the situation in Shepparton North, primarily because a new Woolworths supermarket was added at Camperdown in 2004 at a location approximately 300 metres from an already existing Ritchies Supa IGA supermarket (approximately 1,600 sq.m in size). Also within Camperdown, which is a small town, there was an existing smaller Foodworks foodstore (approximately 800 sq.m), situated approximately 500 metres from the Ritchies Supa IGA and 600 metres from the site for the proposed new Woolworths store.

Map 5.1 shows Camperdown and the surrounding area, as well as the defined Camperdown study area. In 2004, when the new Woolworths supermarket was built, the population of the Camperdown study area was 10,780. Map 5.2 shows the local context of the town including the locations of the three supermarkets.

Not too far from Camperdown are two other towns – Cobden and Terang. The Ritchies Group also operates an IGA supermarket of some 1,200 sq.m in Cobden, while a further IGA supermarket (approximately 1,000 sq.m) operated by a separate group, is also provided at Terang.

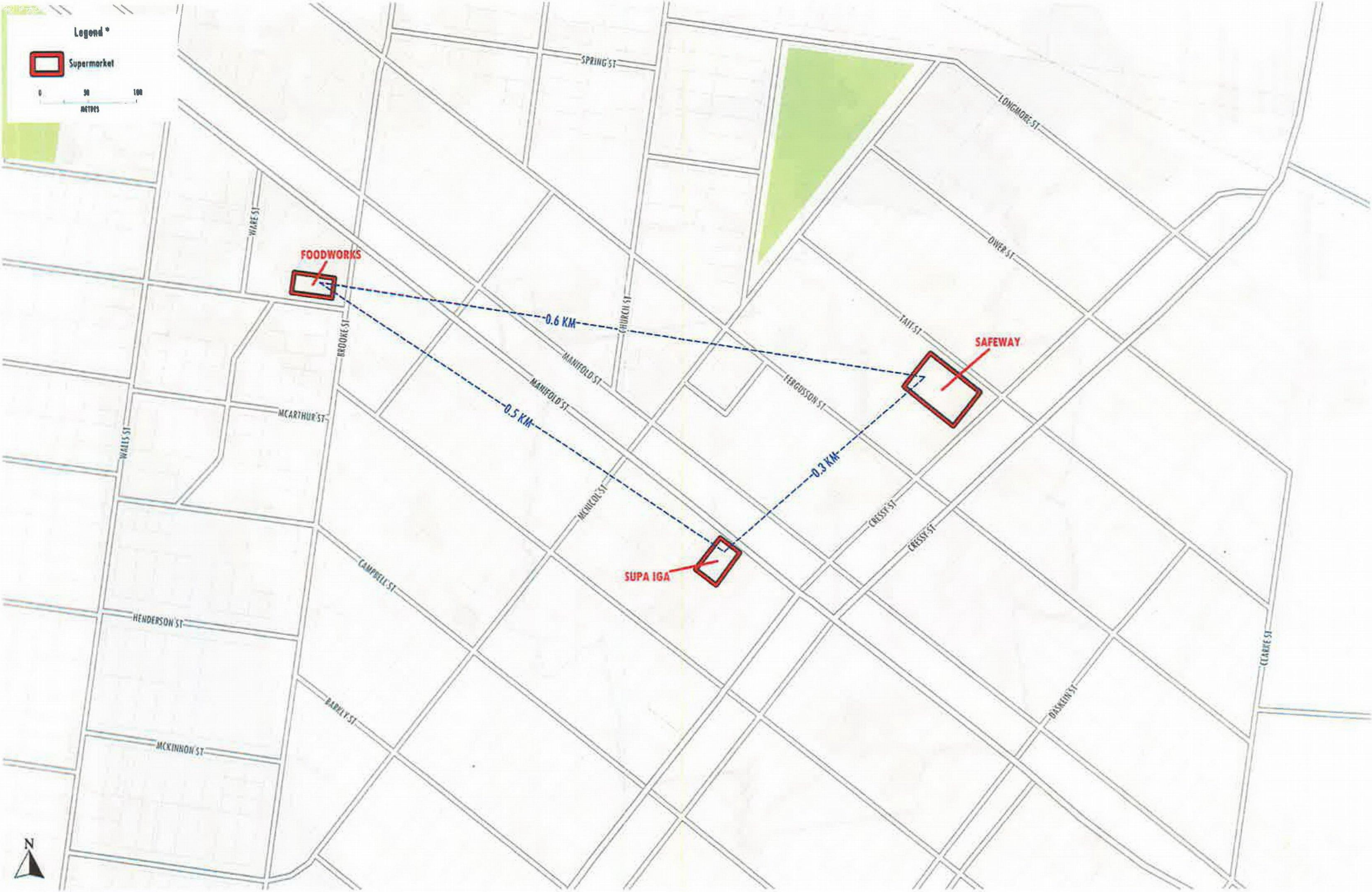
The Woolworths proposal was the subject of an Independent Panel at which The Ritchies Group appeared and provided expert evidence claiming that there would be a catastrophic result on the Ritchies businesses if the new Woolworths supermarket were to proceed. In the event, the new Woolworths store duly opened, and eleven years later both independent supermarkets continue to operate in Camperdown, as do the independent stores at both Cobden and Terang.



Map 5.1: Camperdown

Study area

MacroPlanDimasi



Map 5.2: Camperdown

Site location

MacroPlanDimasi

MacroPlan Dimasi conducted a detailed post-implementation review of the situation at Camperdown in February 2006, approximately 19 months after the new Woolworths supermarket had opened. As it happened, the manager of the Ritchies IGA supermarket had recently appeared in the local newspaper, and publicly indicated as follows:

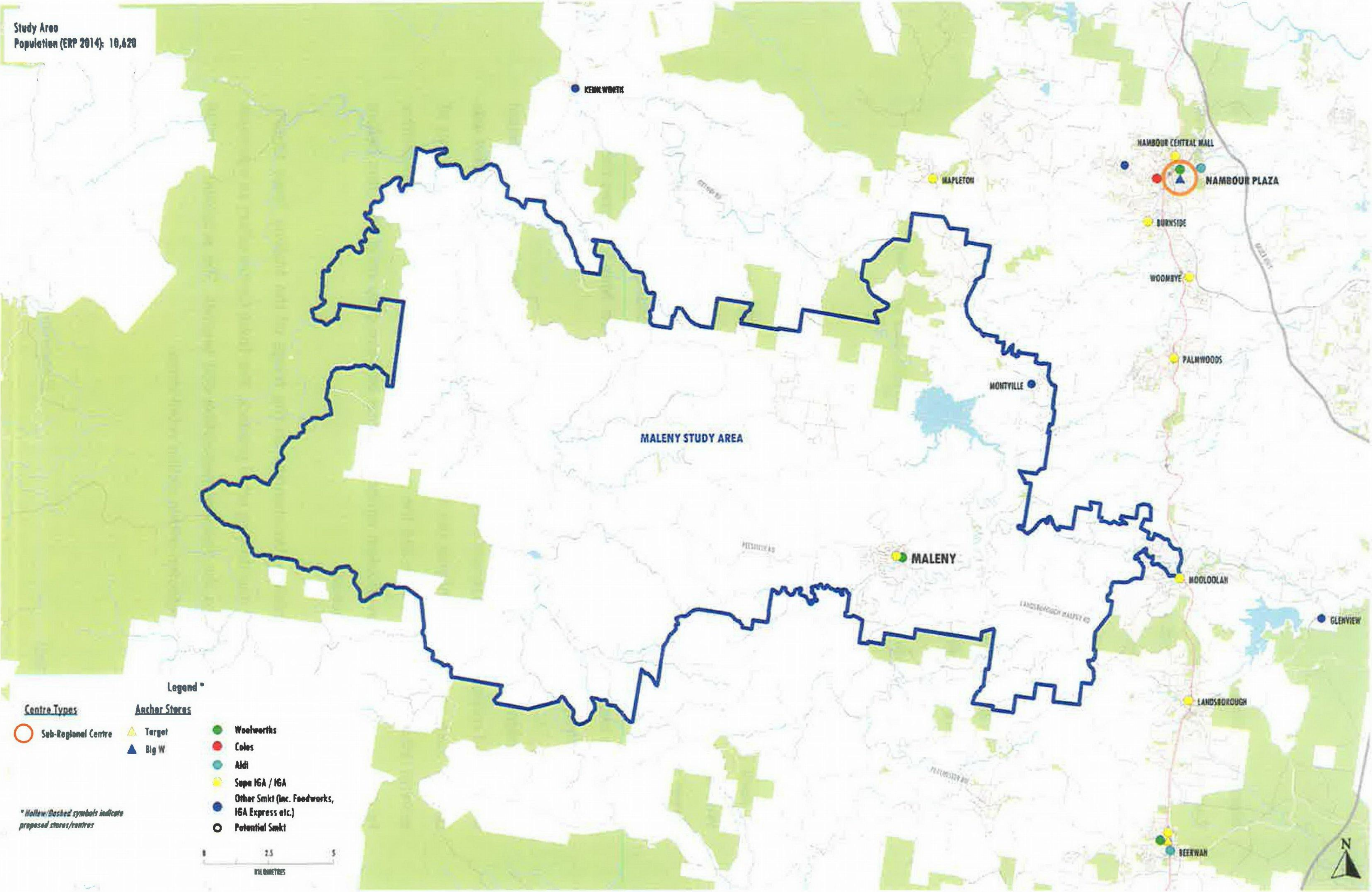
- The Ritchies Supa IGA store had initially been impacted, as also, to a lesser degree, had the Ritchies store at Cobden and another store at Timboon.
- However, all stores had since recovered most or all of their lost sales and their sales trends were increasing.
- No staff were retrenched, although some natural attrition had occurred.

Maleny

Maleny is a small town located in the Hinterland region of the Sunshine Coast in Queensland. In April 2006, after a bitter approval struggle with some vocal objectors, a freestanding Woolworths supermarket was opened in Maleny at a site on the northern side of Bunya Street to the east of Obi Obi Creek. MacroPlan Dimasi conducted a post-implementation review of the Woolworths supermarket development and surrounding retail facilities in July 2008, some two years after the Woolworths supermarket opened. Map 5.3 shows the study area for Maleny, while Map 5.4 shows the local context.

The main objective of the post-implementation review was to properly record the actual impacts and consequences observed some two years after the Woolworths supermarket was opened. Such an analysis highlights the fact that the consequences/benefits – in terms of general retail vibrancy, prosperity and the range of facilities available in nearby competitive facilities – are frequently overlooked amidst concerns expressed by vocal objectors before and during the approval process.

Following the opening of Maleny Woolworths on the fringe of the Maleny Town Centre, Maleny has a bright, vibrant and thriving retail precinct. The Town Centre offers an extensive range of shops that cater to the resident population and tourists. The provision of retail shops includes all tenants expected within similar retail strips.



Map 5.3: Maleny

Study area

MacroPlanDimasi

Map 5.4: Maleny

Site location

MacroPlanDimasi

Far from causing a drastic negative impact on the town centre, the Woolworths development added a large food anchor tenant which is the largest supermarket within the Hinterland region outside of Nambour. As such, the supermarket complements the existing retail and non-retail offer of Maleny and has established the town as the most significant retail location outside of Nambour in this region. Residents of the smaller towns including Montville, Palmwoods, Mooloolah and Woombye would be likely to frequent Maleny more often than they did prior to the Woolworths development which is to the benefit of all retailers.

The review showed that throughout Maleny, there were some 104 occupied retail shopfronts and some 195 occupied retail and non-retail shopfronts as at May 2008. There were only eight vacant shopfronts in Maleny with only three of those on Maple Street. Further, there was continued investment in Maleny Town Centre, with some new shopfronts in the process of being built both on Maple Street and also three commercial/retail shopfronts on Coral Street at the time of my review.

Based on an inspection, the Supa IGA supermarket was trading strongly and to this day still remains an attractive destination for the local population who support this store. In an article from the Sydney Morning Herald titled *Town slings off at Woolies and Goliath stumbles,* dated 14 October 2006, the following was reported:

> *The IGA's owner, Rob Outridge, can't believe his luck. When Woolworths opened, he budgeted for a 25 per cent fall in turnover. Six months later the hit is just 5 per cent, and he is preparing to kick his rival while it is down by* ***doubling his store's size.*** (my emphasis)

In another article from the Courier Mail dated 29 October 2007 titled *Maleny wages counter attack - Unwelcome Woolworths shunned by community members*, the viability of IGA, some 18 months after the opening of Woolworths, still appears strong:

> *In contrast up the street, the locally-owned Super IGA was abuzz with its rear carpark almost full and a community cake stall doing brisk business out*

the front. Owner Rob Outridge said he was "really happy" with the way his IGA store was trading, adding that he had expected his figures to be hit when Woolworths opened in April last year.

The opening followed years of verbal opposition as well as a concentrated two years of bitter physical protests punctuated with arrests, anti-Woolworths marches and campaigns and stand-offs with police. "It (the impact) was a lot less than we budgeted for," Mr Outridge said. "Having a Woolworths open nearby ...can really hit you -- but thank God it didn't. It was a very worrying time."

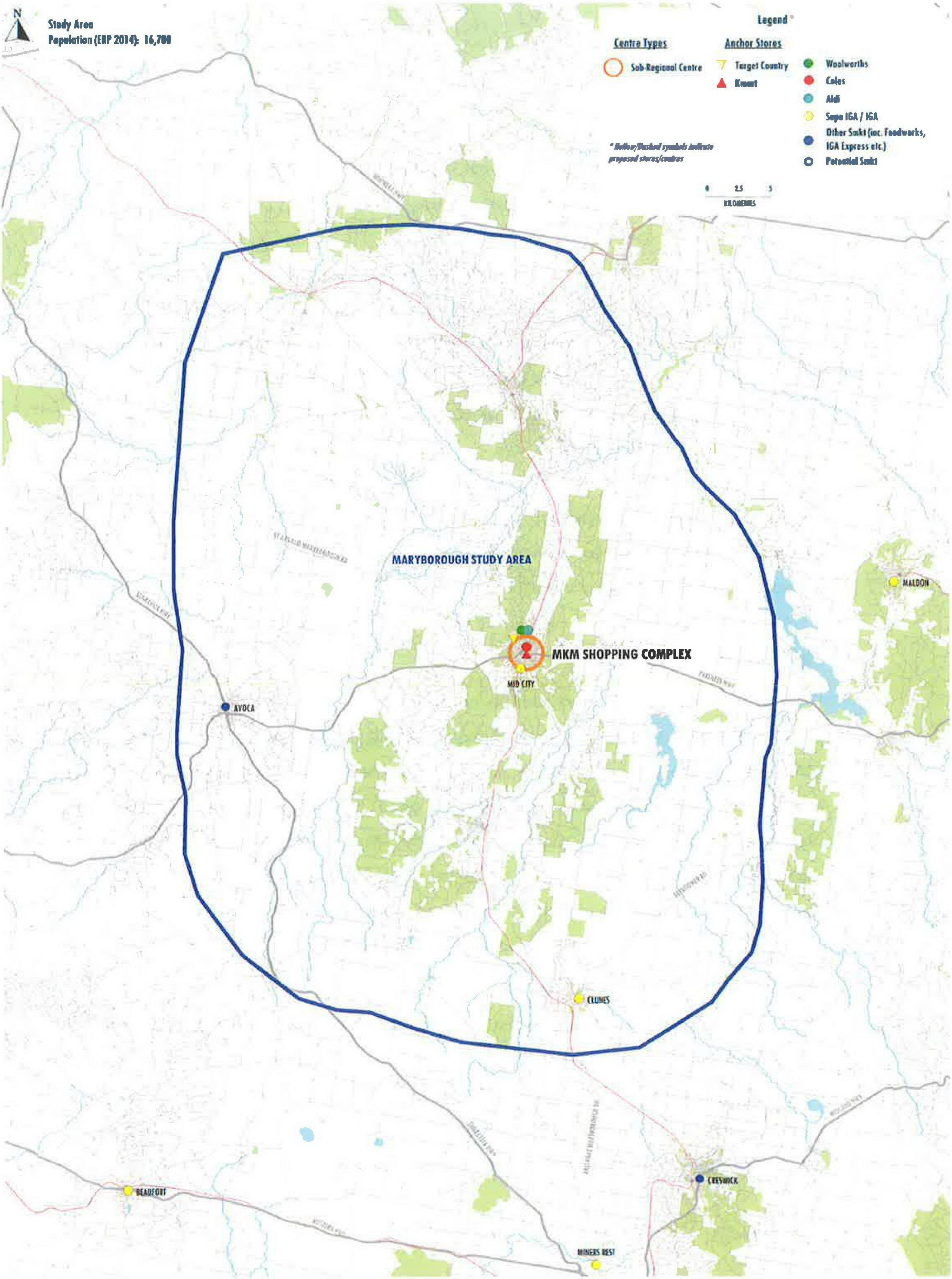
The IGA store continues to trade strongly, with the impact on the store from the evidence presented above estimated to be less than 10%. This is in the normal competitive range of impacts considered sustainable throughout Australia.

Maryborough

The town of Maryborough is situated in north-western regional Victoria, with Map 5.5 showing the study area for the town. Although serving a catchment with a population comparable to the population of the primary sector defined for Shepparton North (an estimated 16,700), Maryborough contains all three national chain supermarkets – Woolworths, Coles and Aldi – plus Supa IGA (refer Map 5.6). Between them, the four supermarkets total in the order of 11,000 sq.m of floorspace, far greater than the combination of the existing and proposed supermarket floorspace in Shepparton North.

Ararat

Ararat is also a small town in north-western Victoria, with the resident population of the defined catchment estimated at 9,270 in 2014. Map 5.7 shows the context in the surrounding area, while Map 5.8 shows the locations of the various supermarkets provided in Ararat. There are three supermarkets in the town – Woolworths, Fishers IGA and Aldi – with the total provision of supermarket floorspace in the town estimated at 8,080 sq.m.



Map 5.5: Maryborough

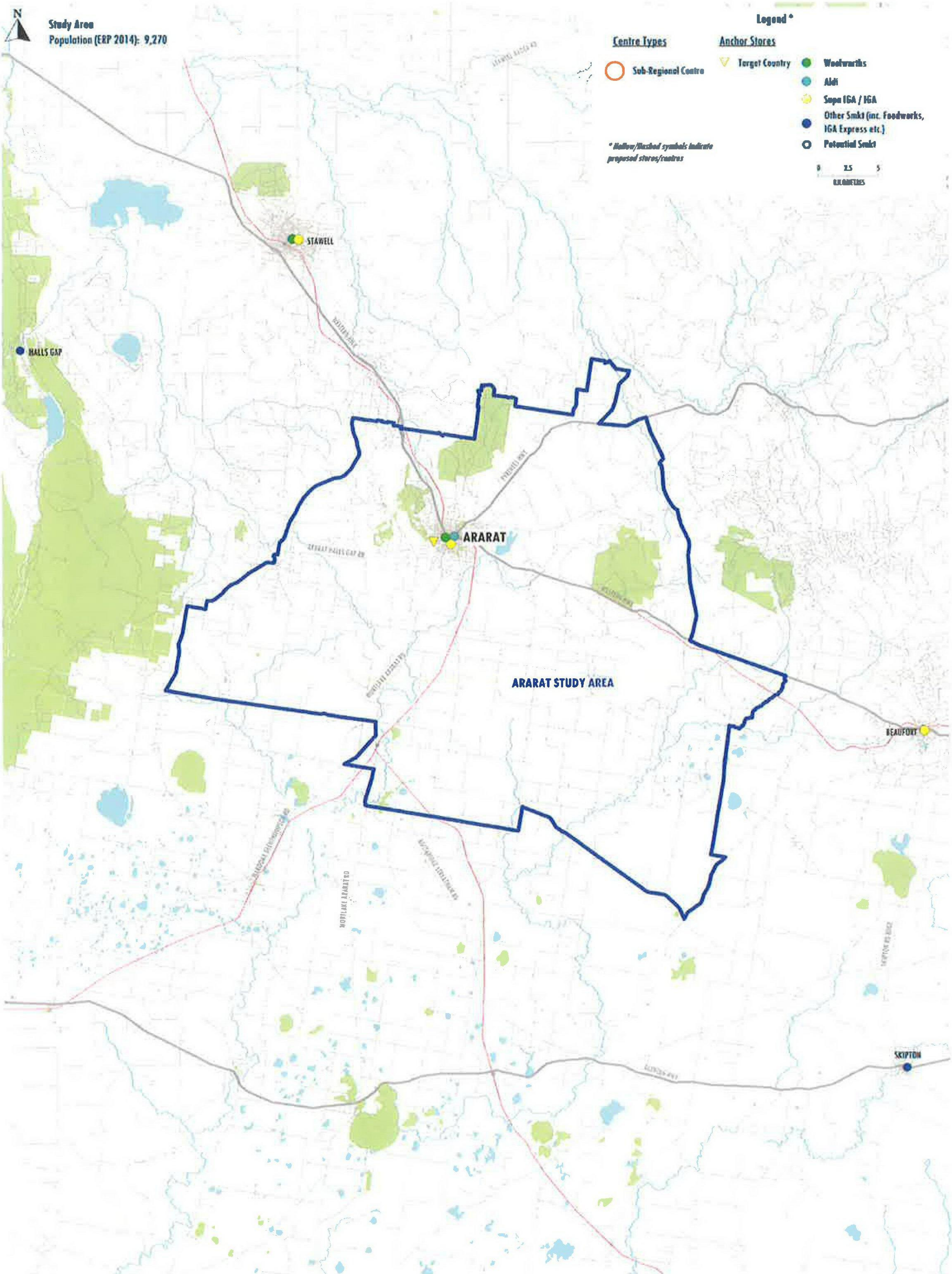
Study area

MacroPlanDimasi

Map 5.6: Maryborough

Site location

MacroPlanDimasi



Map 5.7: Ararat

Study area

MacroPlanDimasi

Map 5.8: Ararat

Site location

MacroPlanDimasi

5.4 Potential impacts on the Shepparton CBD

The Shepparton CBD comprises a number of enclosed shopping centres and an extensive provision of strip retail facilities, mostly situated between Sobraon Street in the south and Nixon Street in the north. The performance of the Shepparton CBD over recent years has been mixed, and there is currently a number of vacant shopfronts in the CBD.

The Greater Shepparton Council has been working on improving the Shepparton CBD for a number of years, and the Shepparton CBD Revitalisation continues to be one of the "Priority Projects" for the Council. The project seeks to transform the Shepparton CBD into *a modern, lively and desirable retail and lifestyle precinc*t. The project involves the creation of a piazza style town square, improving Maude Street Mall, proving direct access between the Shepparton Railway Station and the CBD, as well as upgrading the streetscape, parking and general amenity of the area. The ongoing revitalisation of the CBD will assist existing businesses as well as attract new businesses to the area.

The proposed development at the subject site at Shepparton North will add a supermarket and a limited number of supporting specialty shops, which will serve the convenience shopping needs of local residents. The development will not adversely impact retailers within the Shepparton CBD, as detailed in the previous sub-section, as it will provide for the needs of the growing population of Shepparton North. Local residents will still regularly visit the Shepparton CBD to undertake the bulk of their shopping needs, including close to all of their non-food shopping, and to access the broad range of non-retail facilities in the CBD, as is currently the situation.

The existing Fairleys Supa IGA centre in Shepparton North has approval to expand to 8,000 sq.m, though is understood to be proposing to potentially expand to 14,000 sq.m. If a larger 14,000 sq.m centre were to be approved at the Fairleys Supa IGA site, it would create uncertainty, particularly with regard to the potential uses which might be provided at such a centre, including the mix of majors, mini-majors and specialty shops. A 14,000 sq.m centre has the potential, for example, to adversely impact the Shepparton CBD especially if it were to contain a significant mix of non-food shopping facilities and possibly non-food anchor stores. A considerably larger shopping centre at the Fairleys site offers a much greater potential to become a destination centre, potentially serving a large trade area, and therefore also has the potential to have a much greater negative impact on the Shepparton CBD, again particularly if it were to contain a significant non-food shopping offer.

The best outcome with regard to potential impacts on the CBD would be the development of a new centre at the subject site as well as the expansion of Fairleys Supa IGA centre to 8,000 sq.m as approved. This would result in a total of around 14,000 sq.m of floorspace provided across two facilities. The two neighbourhood level facilities at Shepparton North would, in combination, serve the convenience shopping needs of local residents, and both facilities would serve localised catchments reflecting the size of each centre, and would result in a smaller impact on the Shepparton CBD as compared with the potential impacts of one 14,000 sq.m centre.

5.5 Summary and net community benefit

In summary, the development of the Shepparton North Neighbourhood Centre would provide a new neighbourhood centre in Shepparton North, which currently has an underprovision of supermarket facilities. Although its development is likely to have some trading impacts on existing facilities, those adverse impacts will not be such as to threaten any existing facility's ability to continue operating successfully.

There is a clearly evident gap in the market for a new neighbourhood centre, and especially a new supermarket, at the subject site, and the proposed Shepparton North Neighbourhood Centre will service the growing needs of the catchment. The Shepparton North Neighbourhood Centre would also satisfy the community need for greater retail variety, with the centre proposed to include a supermarket and a broad range of other shops and services. The analysis in this report has demonstrated that a range of economic and social benefits are likely to arise from the proposed Shepparton North Neighbourhood Centre, including the following:

- Addressing the underprovision of supermarket floorspace in the trade area;

- Serving the future residential growth in Shepparton North;
- Creating a focal point for local residents;
- Substantially improving shopping choice, convenience and amenity for local residents; and
- Creation of additional employment opportunities.

Furthermore, the proposed development would meet the objectives outlined in the *City of Greater Shepparton Commercial Activity Centres Strategy*, in particular:

- At present, the limited mix of uses in the Shepparton North activity centre is not consistent with the expectations of both planning policy and the general community;
- An increase of 6,000 sq.m in shop floorspace may be supported on land outside the existing Commercial 1 Zone at Shepparton North, which is sufficient to accommodate a second supermarket and supporting retail such as specialty shops; and
- An appropriate site in the area fronting the Goulburn Valley Highway between Ford Road in the north and Hawkins Street in the south can be endorsed for this extension to the Commercial 1 Zone.

Against these benefits, some impacts are projected on centres in the surrounding area. The potential trading impacts arising from the proposed Shepparton North Neighbourhood Centre would be dispersed across a range of retail centres. The potential impacts though would not threaten the ongoing viability of any existing retail centre or retail shop. Therefore, it can be concluded that a net community benefit will result from the proposed development, particularly as the development will provide greatly increased shopping choice for local residents while also creating job opportunities for the local community.