

## **Greater Shepparton Planning Scheme**

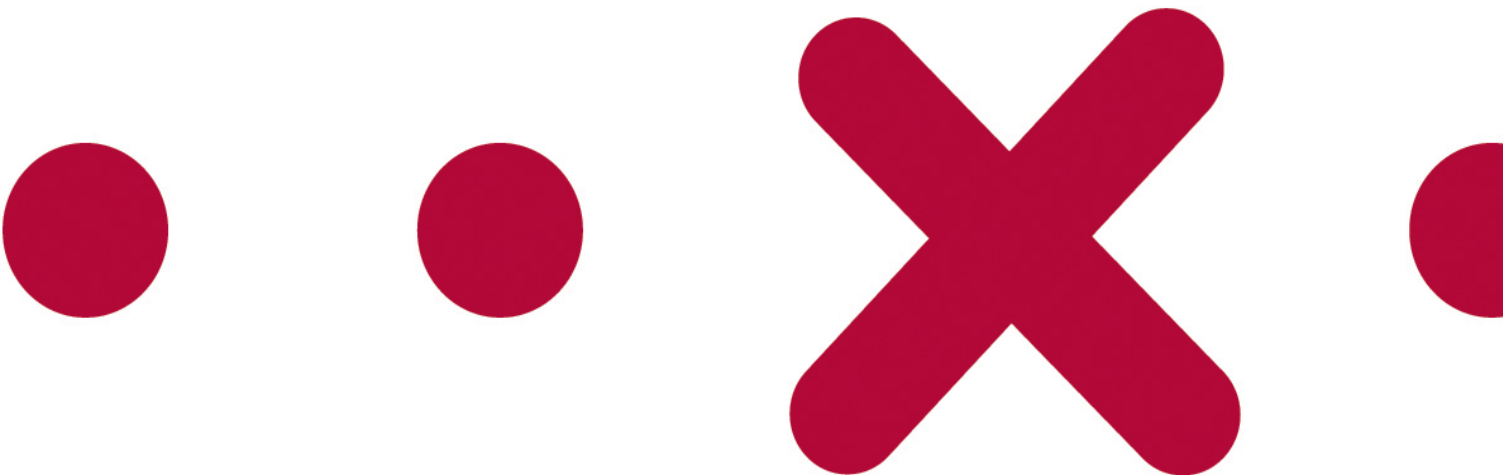
### **Amendments C192 and C193**

#### **Commercial/Business Areas of Greater Shepparton including the Shepparton North Sub-regional Centre**

**Statement of Economic Evidence of Gavin Duane**

**Prepared for Planning Panels Victoria**

**17<sup>th</sup> July 2017**



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## 1 INTRODUCTION

### Personal Details

- 1.1 My business address is Level 6 56 Pitt Street, Sydney, New South Wales 2000.
- 1.2 I am an economist and Director of Location IQ.

### Qualifications and Experience

- 1.3 I have provided independent advice in the field of market analysis and strategic research for a wide range of clients in the retail and shopping centre industry. This included working for the following firms:
- i. JHD Advisors: November 1993 – December 2002.
  - ii. Dimasi Strategic Research/Pitney Bowes MapInfo: April 2003 – December 2008.
  - iii. Location IQ: January 2009 – Present.
- 1.4 I regularly appear as an independent expert in State Planning courts and tribunals in relation to matters such as Economic Impact Assessments, retail market definitions, industry trends, market shares, consumer behaviour, retail sustainability and the implications of all of the above.
- 1.5 Key clients in the area of shopping centre and retail development include Lend Lease, The GPT Group, Stockland and Woolworths Limited.
- 1.6 Attached as Appendix 1 is my detailed curriculum vitae.

### Instructions

- 1.7 I have prepared this statement, which investigates the economic implications of Amendments C192 and C193 in the context of current and future development of Activity Centres in Greater Shepparton including in particular Shepparton North.

- 1.8 In preparing this Statement of Evidence, I have not received any instructions to accept, adopt or reject any particular opinion.
- 1.9 I have reviewed the following documents in order to prepare this Statement of Evidence:
- i. The Amendment C192 and C193 exhibition documents.
  - ii. The *City of Greater Shepparton – Commercial Activity Centres Strategy*, prepared for Greater Shepparton City Council by Essential Economics in November 2015.
  - iii. The *City of Greater Shepparton – Commercial Activity Centres Strategy Draft*, prepared for the City of Greater Shepparton by Essential Economics in July 2015.
  - iv. The *Shepparton North Neighbourhood Centre Economic Impact Assessment*, prepared by MacroPlan Dimasi in January 2017 for Lascorp Development Group.
  - v. The *Review of Shepparton North Retail Proposal* prepared for Greater Shepparton City Council by Hill PDA in July 2016 and updated in February 2017.
  - vi. The panel report for the *Greater Shepparton Planning Scheme Amendment C119 Planning Permit 2008 – 436*.
- 1.10 I have made all of the enquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have to my knowledge been withheld from the panel.

## 2 AMENDMENT C119

- 2.1 The panel report in relation to Greater Shepparton Planning Scheme C119 Planning Permit 2008 – 436 is dated March 2011.
- 2.2 The purpose of the amendment was to:
- i. Rezone land at 177-193 Numurkah Road, Shepparton from the Business 4 Zone to the Business 1 Zone;
  - ii. Amend the schedule to the Business 1 Zone to include a retail floorspace cap for the Shepparton North Shopping Centre.
- 2.3 The subject land of Amendment C119 is at 177-193 Numurkah Road is on the north-east corner of the intersection of Hawkins Street and includes the existing Fairley's IGA supermarket. The subject site has a total area of approximately 4.5 hectares.
- 2.4 The existing centre is approximately 5,189 sq.m in size including:
- i. The IGA supermarket of approximately 4,133 sq.m.
  - ii. Approximately 1,059 sq.m of warehouse and office space understood to be serving the supermarket.
- 2.5 The amendment sought to establish an expanded neighbourhood activity centre including:
- i. Rezoning the entire site to Business 1 Zone.
  - ii. Include a limit of 8,000 sq.m of shop floorspace and 900 sq.m of office floorspace. The existing supermarket was proposed to remain unchanged.
- 2.6 The expanded centre was accompanied by an Economic Impact Assessment carried out by Essential Economics in June 2008.

2.7 The panel indicated that the amendment and planning permit application has a high level of planning policy support and that the amendment should be adopted and that the planning permit application 2008 – 436 should be granted.

2.8 Relevantly in relation to that permit, Point 21 entitled *Time for Starting and Completion* outlines the following:

*This permit will expire if one of the following circumstances applies:*

- a. The development is not started within five years of the date of this permit;*
- b. The development is not completed within seven years of the date of this permit.*

*The responsible authority may extend the period referred to if a request is made in writing before the permit expires or within three (3) months afterwards.*

2.9 I understand the permit came into effect in April 2012. This means the development would have to have started by April 2017 (recently extended to April 2018, with works now having started) and the development to be completed by April 2019.

2.10 Relevantly, well before the development permit had expired in relation to a work start (2.5 years), Greater Shepparton City Council had commissioned Essential Economics to prepare a Commercial Activity Centres Strategy in late 2014.

### 3 CITY OF GREATER SHEPPARTON – COMMERCIAL ACTIVITY CENTRE STRATEGY

3.1 Amendment C192 was prepared in October 2016 by Greater Shepparton City Council. The amendment implements the recommendations of ‘*The City of Greater Shepparton – Commercial Activity Centre Strategy*’ (CGSCACS), November 2015 by amending the municipal strategic statement and activity centre zone.

3.2 More specifically, the amendment will:

*Update the activity centre hierarchy in the MSS at Clause 21.06-5 Commercial/ Activity Centres.*

*Amend the MSS at Clause 21.06-5 Commercial/ Activity Centres to:*

- *discourage the location of cinema and department stores outside the retail core (Precinct 1).*
- *reinforce the Shepparton CBD as the principal retail centre.*
- *include the Commercial Activity Centres Strategy November 2015 as a reference document.*
- *encourage expansion of retail and commercial convenience facilities in Shepparton North, subject to detailed planning and development assessment criteria.*
- *Rezone the Shepparton Marketplace, land along Benalla Road (Enterprise Corridor) and Wyndham Street (Wyndham Street North) from Commercial 1 and 2 Zone to Activity Centre Zone.*
- *Provide an increase to the retail floorspace cap at Shepparton Marketplace from 15,000sqm to 22,500sqm.*

- *Remove Schedule 3 to the Design and Development Overlay relating to the land in the Wyndham Street North Precinct and update the Overlay maps accordingly.*
- *Update Clause 21.06-7 Strategic Work Program to reflect work undertaken and include the preparation of Structure Plans/ Urban Design Frameworks for relevant activity centres.*
- *Update Clause 21.08 General Implementation to reflect the recommendations of the Commercial Activity Centres Strategy November 2015.*
- *Update Clause 21.09 Reference Documents to include the Commercial Activity Centres Strategy November 2015.*
- *Amend the Schedule to Clause 34.01 Commercial 1 Zone to remove reference to Shepparton Marketplace.*

3.3 The CGSCACS was prepared for the Greater Shepparton City Council by Essential Economics. The date of the report is November 2015, with an earlier draft strategy documents dated December 2014, April 2015 and July 2015.

#### **Greater Shepparton Draft Commercial Activity Centres Strategy**

3.4 Essential Economics prepared the *City of Greater Shepparton – Commercial Activity Centres Strategy* for the City of Greater Shepparton in December 2015. It is stated in the preface that:

*“The role of an activity centre strategy is to provide a sensible policy framework that ensures the commercial areas within a municipality function in a manner that supports business growth, employment and community well-being. In Greater Shepparton, no comprehensive activity centre policy framework has previously been implemented, although numerous strategic policies individually deal with activity centre planning issues.”*



## **Centres Hierarchy**

3.5 A retail hierarchy is defined by Essential Economics for the activity centres in Greater Shepparton on pages 21 – 23, including:

- The Central Activities District being the Shepparton CBD.
- A regional retail centre incorporating Shepparton Marketplace.
- Sub-regional centres at Shepparton North, Riverside and the Mooroopna CBD.
- Neighbourhood/town centres.
- Local/township centres.
- Enterprise corridor.

3.6 Shepparton North is one of three designated sub-regional centres, with the others including Riverside and the Mooroopna CBD. Specifically, Sub-Regional Centres are defined as:

*“Important locations for retail and commercial activity that serve an immediate residential catchment in the surrounding urban area, as well as a broader rural and regional hinterland that is highly accessible via regional road networks.”*

3.7 On page 39 of the Essential Economics report, it is noted that the designation of these centres as sub-regional is not intended to imply a desire or otherwise for retail uses (such as discount department stores) that are often considered as a sub-regional type of use in general property industry terminology.

3.8 Sub-regional centres are the third highest designated centres behind the Shepparton Central Activities District which is the Shepparton CBD and the Regional Retail Centre which is Shepparton Marketplace, with both these facilities including discount department stores and department stores as well as other larger amounts of non-food floorspace.

- 3.9 The sub-regional centres at Mooroopna, Riverside Plaza and Shepparton North all contain full-line supermarkets, being those supermarkets typically greater than 2,500 – 3,000 sq.m in size, comprising a full range of departments such as dry groceries, frozen foods, fresh food, bakery, butcher, delicatessen, seafood and the like. Across these three locations, all the national chain brands are present (Woolworths, Coles, Aldi and IGA), with three full-line Woolworths and Coles supermarkets supplied within the Greater Shepparton area.
- 3.10 The remaining lower order centres typically include smaller sized foodstores or specialty shops as their anchors and do not comprise full-line supermarket facilities.

### **Shepparton North**

- 3.11 In regards to Shepparton North, the report states on page 23 that:

*“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 activity. This is in contrast to the greater scale, range and diversity of uses present in the Riverside and Mooroopna CBD centres.*

*A shop floorspace cap of 8,000 sq.m applies to the Shepparton North Activity Centre in the Greater Shepparton Planning Scheme, along with a 900 sq.m cap on office uses. Both caps have not been reached by current on-site uses. The application of this cap is appropriate in ensuring any development is consistent with the role of this centre in the Activity Centre hierarchy.”*

- 3.12 There is an 8,000 sq.m shop floorspace cap in place under the planning scheme, with Essential Economics indicating that only 4,000 sq.m of retail floorspace is currently occupied. It would appear that Essential Economics include only the trading component of the Supa IGA floorspace at Fairleys as part of this floorspace cap. On page 17 of the previous report prepared by Essential Economics for Coombs Consulting in June 2008 on the Shepparton North Neighbourhood

Shopping Centre, it is noted that the 1,030 sq.m storage warehouse used by the supermarket was formerly used by a previous tenant on the subject site. Essential Economics classified and appear to continue to classify the warehouse as a non-retail use. In my view, this warehouse space should be included as retail floorspace.

- 3.13 Pages 42 and 43 of the Commercial Activities Centre Strategy make other specific comments on Shepparton North. One of the key comments includes:

*“However, the role of the centre in meeting community needs 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).”*

- 3.14 The main features and issues outlined on page 42 of the Draft Commercial Activities Centre Strategy for the Shepparton North Activity Centre are:

- **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 8,000 sq.m 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 has been identified by Greater Shepparton and is located a short distance to the east and 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.*
- **Centre layout** – *Shepparton North Activity Centre is dominated by the Fairley's IGA site, and it is appropriate that opportunities for further expansion are considered. This could represent an extension of the existing Commercial 1 Zoned land or, if required, a new area within the Commercial 1 Zoned land located elsewhere in that part of the Shepparton North Gateway between Ford Road and Hawkins Street in which a range of commercial uses are currently concentrated.*

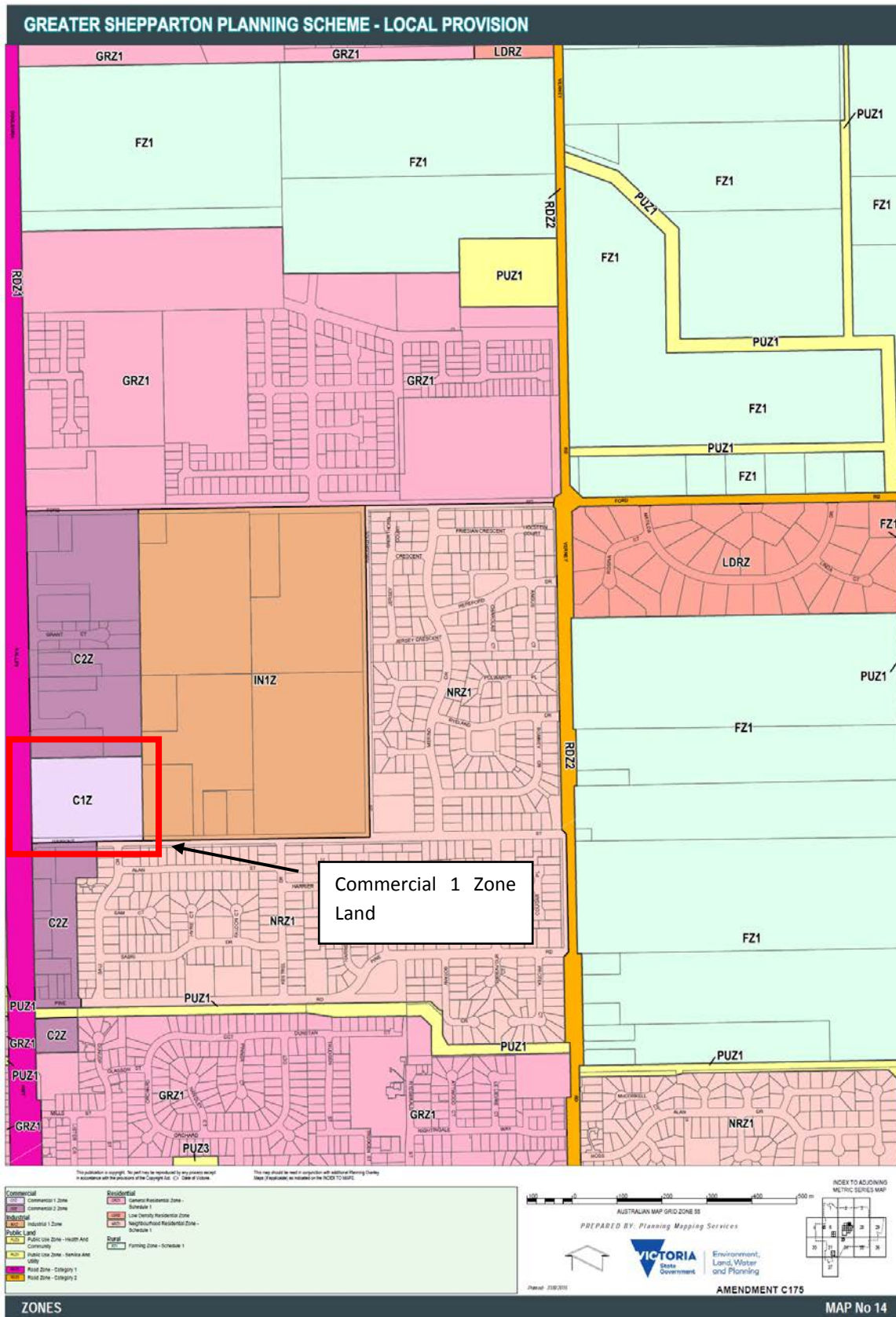
3.15 Figure 3.1 outlines the Commercial 1 zoned land at Shepparton North, which includes the Fairleys Supa IGA supermarket as well as the immediately surrounding area. The total site is some 45,000 sq.m, of which existing facilities are only occupying approximately 11.5% of that space. Typically, any retail development occupies around 30% - 35% of land area, assuming a single level development. The Fairley's IGA site, zoned Commercial 1, could incorporate approximately 14,000 – 15,000 sq.m of floorspace on this basis.

3.16 Given the Essential Economics report was prepared over the period of late 2014 to early 2015 when an existing permit was in place for expansion of the Fairley's IGA centre which had a number of years before it expired, it is difficult to see how the conclusion was reached that other lands are required for development in this region. More recently, Stage 1 of the permit was extended to April 2018 with works having started.

3.17 Essential Economics undertook a review of the potential for additional retail development throughout the Shepparton retail hierarchy. The analysis of increased retail floorspace demand is undertaken at a high level, without a specific analysis of the Shepparton North area itself. Table 4.10 of the report, on

page 71, outlines how floorspace may be distributed throughout the hierarchy of centres as indicated by Essential Economics. This indicates a significant range in growth for centres, including Shepparton North.

FIGURE 3.1 – COMMERCIAL ZONED LAND SHEPPARTON NORTH



- 3.18 Section 7 of the Commercial Activities Centre Strategy is entitled *Objectives and Actions for Activity Centres*, while Section 9 is entitled *Detailed Actions for Activity Centres*, with information relating to Shepparton North on pages 116 – 118 at Section 9.4. It is noted that retail facilities at Shepparton North are proposed for expansion including the following:

*“Although retaining a contiguous area of land in the Commercial 1 Zone is a preferred outcome, the potential for expansion of other available sites in the area between Ford Road and Hawkins Street may be required to achieve the required growth in retail and commercial activity.”*

- 3.19 The key actions for Shepparton North include:

- Action 1 – encourage the expansion of retail and commercial facilities in the existing Commercial 1 Zone area.
- Action 2 – expansion of Shepparton North centre to provide a full range of retail and non-retail facilities that is consistent with sub-regional status. This could include the addition of a second full-line supermarket and retail shops.
- Action 3 – indicates a full-line supermarket could be provided by way of an increase of 6,000 sq.m in shop floorspace in land outside the existing Commercial 1 Zone at Shepparton North, as this would be sufficient to accommodate a second supermarket and supporting retail specialty shops. An appropriate site is deemed to be in the area fronting the Goulburn Valley Highway (Numurkah Road) between Ford Road in the north and Hawkins Street in the south which could be endorsed as an extension of the Commercial 1 Zone. It is also noted that Essential Economics indicate that a detailed assessment through application of the Planning and Development Assessment criteria to any proposal should be undertaken (recent changes to planning indicate that an Economic Impact Assessment must be undertaken as part of any new development).

- Action 6 – indicates that development of a small Local Centre in association with the new north-east residential growth area could be considered to meet the local and convenience needs of residents only. It is indicated that this would not include a full-line supermarket which would be more appropriately located in the Shepparton North Activity Centre.
- 3.20 Overall, Essential Economics note that there is an 8,000 sq.m shop floorspace cap at Shepparton North and that a further increase in floorspace cap could be allowed subject to a supermarket application of planning and development assessment criteria. In indicative terms, Essential Economics support a further 6,000 sq.m of shop floorspace on the extension of the Commercial 1 Zone. This would indicate 14,000 sq.m of floorspace being supported throughout the area.
- 3.21 Relevantly, as indicated previously, the size of the existing Commercial 1 Zone land could incorporate 14,000 sq.m of floorspace as proposed by Essential Economics, without the need to zone further Commercial 1 floorspace.
- 3.22 Overall, the *Commercial Activity Centres Strategy* prepared for the City of Greater Shepparton by Essential Economics in November 2015 outlines the need for additional retail floorspace at Shepparton North, although a detailed analysis of the trade area for this catchment and the current and future issues is not specifically outlined. A detailed analysis would cover typical components of an economic impact assessment including catchment size, population growth, competition, potential sales and implications for existing and proposed centres, including existing Commercial 1 zoned land.
- 3.23 In the planning guidance section of the report, Essential Economics propose a recommendation to rezone further available land to Commercial 1 Zone to allow for further supermarket/specialty retail development. This may not be necessary given the current provision of Commercial 1 Zoned land can accommodate a retail expansion.



- 3.24 In general, as will be discussed further in this report, I agree that there is the opportunity for expanded retail facilities at Shepparton North over time. The location of such facilities, however, should be on the existing Commercial 1 Zoned land rather than the zoning of additional separate Commercial 1 Zoned land as proposed.

## 4 AMENDMENT C193 – PLANNING PERMIT APPLICATION 2016 - 269

4.1 Amendment C193 was prepared in November 2016. The Amendment proposes the rezoning of land at 221-229 Numurkah Road and 10 Ford Road, Shepparton, from the Commercial 2 Zone to Commercial 1 Zone and applies a public acquisition overlay for part of 221-229 Numurka Road, part of 38-50 Ford Road and part of 25 Hawkins Road. The amendment was prepared by Greater Shepparton City Council at the request of Debra Butcher Consulting Pty Ltd on behalf of Lascorp Development Group Pty Ltd.

4.2 More specifically, the amendment proposes:

- *Buildings and works for a supermarket and additional retail space, medical centre and community meeting space;*
- *Use of the land for a community meeting space;*
- *Packaged liquor licence (bottle shop);*
- *The creation and alteration of access points to a road in a Road Zone Category 1; and*
- *Erection and display of advertising signs.*

*The development will comprise of the following key elements:*

- *A 'full-line' supermarket comprising 3,960 square metres which includes an area for the sale of liquor. The west facing main entry to the supermarket will be access via a town square area with seating and outdoor dining options proposed in conjunction with the west facing tenancies located to the north of the entry. The loading dock to the supermarket will be located on the east side of the building with access via Ford Road and egress provided via Doody Street;*
- *Specialty retail tenancies wrapping around the supermarket building along its west and north sides with a total floor area of 2030 square metres. The*

- specialty retail tenancies are expected to comprise a variety of uses including shops, cafes, takeaway food premises and other retail uses. Delivery areas for the specialty retail tenancies are proposed to the north east and south west corners of the supermarket;*
- A chemist and medical centre is proposed adjacent to the south west corner of the supermarket. This tenancy will have a floor area of 560 square metres of which approximately 300 square metres will be used for the medical centre and 260 square metres for the chemist;*
  - A space to be used for community purposes is also proposed to be located in one of the tenancies along the north side of the centre;*
  - Bicycle facilities are proposed adjacent to the south west corner of the supermarket including change room facilities and internal bike lockers. Additional external bicycle parking is also proposed adjacent to the north west corner of the building.*
  - Convenient pedestrian access is proposed throughout the development. This includes along the frontage of all the specialty stores, with a direct pedestrian connection through to Numurkah Road from the town square and supermarket entry and additional connections along Doody Street and to the south, providing access to the recently approved child care centre and the future residential development to the east;*
  - One pylon sign is proposed to be located along Numurkah Road and one located along Ford Road, both extending to a height of approximately 11.5 metres; and*
  - Council has identified that the proposed development triggers an upgrade to Council's drainage infrastructure for the catchment. A PAO will be placed over a portion of the land adjacent to the existing Yakka Basin south east of the subject site, to ensure the availability and accessibility of this drainage infrastructure for the broader catchment.*

*Access and development of this Basin can be undertaken in stages as each land parcel in the catchment is developed, however the PAO will be placed over the entire portion of the site servicing the commercial areas, to ensure consistency.*

4.3 An Economic Impact Assessment prepared for the proposed shopping centre was prepared by MacroPlan Dimasi on behalf of Lascorp Developments Pty Ltd in January 2017. An earlier draft was prepared in July 2016, however, I have not seen this report.

4.4 In relation to this report, my key comments are as follows:

- i. The extent of the trade area to be served by the proposed Shepparton North Neighbourhood Centre is appropriate, although potentially could extend to include the town of Nathalia as part of the secondary north sector.
- ii. The rates of population growth outlined in the trade area are relatively accurate.
- iii. The indicated size of the Fairley's IGA supermarket of 3,400 sq.m is not accurate, with the size of the store 4,133 sq.m as well as including a warehouse and office areas of 1,056 sq.m. The actual size of the store as typically measured for a supermarket including trading area, back of house storage and office is 5,189 sq.m and this should be the appropriate figure used in the MacroPlan floorspace calculations.
- iv. MacroPlan Dimasi do not recognise that the IGA store at Numurkah is currently undergoing expansion of 550 sq.m.

4.5 Section 3.2 outlines the provision of supermarket foodstore floorspace in the trade area. There are a number of issues with this analysis, including:

- i. To apply a floorspace provision per capita across the Shepparton North trade area and not allow for some of this provision to escape this trade area is not appropriate when there are existing Coles, Woolworths and Aldi supermarkets in the Shepparton CBD within 3 km of this trade area, which

would also serve this region. Shepparton North trade area is not an enclosed catchment and there will be escape expenditure from the catchment over time.

ii. In particular, the application of 700 sq.m per 1,000 persons as suggested by MacroPlan Dimasi is not appropriate for the following reasons:

- Some of these comparable towns also serve tourists.
- The supermarkets are also provided in townships which serve a broader area.
- Shepparton North is a suburban area as part of a larger metropolitan area and the provision across Shepparton in total would be a more appropriate analysis.

4.6 The conclusion reached by MacroPlan Dimasi that there is a significant under provision of floorspace without allowing for escape expenditure does not provide a useful guide to the opportunity for the timing of the full-line supermarket to service the Shepparton North catchment.

4.7 For example, if the appropriate size of the Fairley's IGA supermarket is used at 5,189 sq.m and the expansion of the IGA at Numurkah of 550 sq.m is included, the current supermarket provision throughout the defined trade area would be 7,339 sq.m, equivalent to a rate of 330 sq.m per 1,000 residents, in-line with the national benchmarks of 330 sq.m per 1,000 residents, detailed by MacroPlan Dimasi.

### **Projected Centre Sales**

4.8 Section 4.1 and Table 4.1 of the MacroPlan Dimasi report detail projected centre sales for the subject Lascorp development. This indicates the following:

- i. The supermarket is projected to achieve sales of \$33 million at a rate of \$8,333 per sq.m.

- ii. The retail specialty stores of 2,030 sq.m are projected to achieve sales less than \$4,000 per sq.m.
- 4.9 Detailed analysis of the supermarket potential are not provided, however, it is noted that the supermarket includes packaged liquor.
- 4.10 A trading level of \$8,000 per sq.m would be considered a level which would be sustainable for the major supermarkets in the early stages of a store opening. In relation to the specialty stores, however, sales of \$4,000 per sq.m are very low. For example, a review of the Urbis Shopping Centre benchmarks 2016 for supermarket centres indicates specialty stores trade in-excess of \$8,000 per sq.m.
- 4.11 The proposal is indicated to include a pharmacy. A typical pharmacy achieves sales of close to \$10,000 per sq.m. The proposed pharmacy at the site at 260 sq.m alone would be expected to achieve sales of at least \$2.6 million from 260 sq.m. This means the remaining retail specialty shop floorspace at the centre of 1,770 sq.m is projected to achieve sales of \$5.4 million at \$3,000 per sq.m. This trading level is clearly not a sustainable trading level for specialty stores, with this trading level typically of larger mini-major tenants.
- 4.12 The projected sales for the subject Lascorp development, particularly specialty sales, would not be sustainable at the proposed opening date and would not be for some years.
- 4.13 Relevantly, the projected sales have not allowed for any expansion of retail facilities at the Fairley's IGA site, with MacroPlan Dimasi indicating that the proposal has been deferred. There are proposals for this centre to be expanded which would impact on sales for the specialty and supermarket traders at the proposed Lascorp centre.
- 4.14 The analysis of sales presented by MacroPlan Dimasi has two implications:
  - i. The first is that potentially sales for the centre have been underestimated and, therefore, impacts have been underestimated.

- ii. Secondly, if sales are accurate, that the size of the centre is not sustainable in the short term given projected sales levels.

### **Trading Impacts**

- 4.15 Table 5.3 details trading impacts from the proposed Shepparton North centre as estimated by MacroPlan Dimasi. In my view, the impact on Shepparton North Fairley's IGA centre has been understated at 10.5%. In the short term, it is my view that this impact would be greater at 15% - 20%. Consequently, the analysis by MacroPlan Dimasi that the Fairley's IGA Shepparton North facility would recover its sales by 2023 is too early.

### **Case Study Analysis**

- 4.16 Section 5.3 of the MacroPlan Dimasi report outlines various case studies where supermarkets operate. In my view, these case studies are not relevant given they are examples of towns which are the focus for retail activity in the broader catchments that they serve.
- 4.17 Shepparton North is a sub-catchment of the greater City of Shepparton catchment. The provision of facilities in the Shepparton CBD 3 km south of Shepparton North mean that this analysis is irrelevant.

### **Conclusions**

- 4.18 Overall, it is my view that the MacroPlan Dimasi report presents an optimistic scenario in relation to the timing for a supermarket based development at Shepparton North and the likely impacts, in the short term, on competitive facilities including Fairley's IGA.
- 4.19 The sustainability of specialty shops at any centre as outlined by MacroPlan Dimasi is in question given the low trading levels outlined.
- 4.20 Finally, MacroPlan Dimasi do not present any view in relation to the Commercial 1 Zoned land at the Fairley's IGA site and why a second supermarket could not be

incorporated on existing Commercial 1 Zone floorspace and the benefits of that development potentially occurring.



## 5 REVIEW OF SHEPPARTON NORTH RETAIL PROPOSAL – HILL PDA

5.1 Hill PDA prepared a review of the Shepparton North Retail Proposal MacroPlan Dimasi Economic Impact Assessment for the Greater Shepparton City Council in July 2016 and updated February 2017.

5.2 In Table 1 on page 9 of the Hill PDA report, it makes reference to the Greater Shepparton Commercial Area Strategy at the location of future retail facilities at Shepparton North, noting the third point as follows:

*“Although retaining a contiguous area of land in the Commercial 1 Zone as the preferred outcome, the potential for expansion on other available sites in the area between Ford Road and Hawkins Street may be required to achieve the required growth in retail and commercial activity.”*

5.3 This view is reinforced by Hill PDA Conclusion 5 on page 31 of their report, with reference to future retail facilities at Shepparton North, the following is stated:

*“In terms of location, the proposed centre (Lascorp) is well located but not ideally located. Ideally, the proposed development would be co-located with existing IGA supermarket/Commercial 1 Zone so as to maximise co-location benefits for customers. Whilst co-location would be desirable, the reality of this being achieved appears limited due to lot configuration and land ownership patterns.”*

5.4 It is unclear what Hill PDA is referring to in relation to lot configuration and land ownership patterns. The IGA centre is presently owned by IGA Retail Services Pty Ltd, but with a signed letter of offer for 18 Pty Ltd to purchase the site, who has a plan for development including two major supermarkets on the Commercial 1 Zoned land.

5.5 On pages 16 and 17 of the Hill PDA report, analysis of capture rates for supermarkets and local shop space in the Northern Shepparton Sub-Region is

undertaken. This provides a range of high and low capture rates for a range of stores, including specifically for supermarkets and grocery stores.

5.6 The assessment in relation to supermarkets details:

*“In the high case scenario, the supportable supermarket floorspace is:*

*- Including passing trade:*

*a. 5,500 sq.m in 2016.*

*b. 6,100 sq.m in 2021.*

*c. 7,000 sq.m in 2031.”*

5.7 If the size of the IGA supermarket as reported by Hill PDA is 4,000 sq.m, the remaining supermarket floorspace supportable is:

i. 1,500 sq.m in 2016.

ii. 2,100 sq.m in 2021.

iii. 3,000 sq.m in 2031.

5.8 The conclusion reached by Hill PDA on page 20 of their report, therefore, is as follows:

*“On face value, the overall quantum of supermarket space proposed is on the high side, with the 2021 estimate generated for this review showing a need for approximately 6,100 sq.m – thus nominally 1,500 sq.m of supermarket space above short term needs is proposed to be provided.”*

5.9 This under provision is lower again when the actual size of the Fairley’s IGA supermarket of 5,189 sq.m rather than 4,000 sq.m (excluding warehouse) is used.

5.10 Hill PDA effectively, therefore, are indicating that a second supermarket ideally would not be provided until post 2021.

5.11 In relation to the review of the MacroPlan Dimasi report, Hill PDA make the following conclusions:

- *Potential supermarket sales are at the lower end of a reasonable range and as such may marginally inflate the need for space at the location.*
- *In relation to the impact on the IGA centre, it is stated that possible actual scale of initial impact on the IGA centre could be higher – and the impacts elsewhere be lower – as at 2017/18.*

5.12 Finally, in Section 6 of the Hill PDA report, in terms of the location of future retail floorspace, further information about the location of the centre and the preference for a second full-line supermarket to be co-located with the existing IGA supermarket on the Commercial 1 Zone land is detailed. The report specifically notes that the distance between the proposed development site at Hawkins Road and the existing Commercial 1 Zone is 500 metres, meaning that most people would not walk between the two retail nodes in the one location.

5.13 Hill PDA indicate that the potential for co-location of a second supermarket with the Fairley's IGA appears difficult to achieve on face value. Recent plans, however, show a potential development on the Fairley's IGA land with two supermarkets.

5.14 Further, Hill PDA question the design of the Hawkins Road site in terms of exposure to the major road and accessibility to the site. Again, there is a plan which has been prepared which shows appropriate exposure and accessibility can be incorporated on the existing Commercial 1 Zoned land (Fairley's IGA site).

## 6 LOCATION IQ ANALYSIS

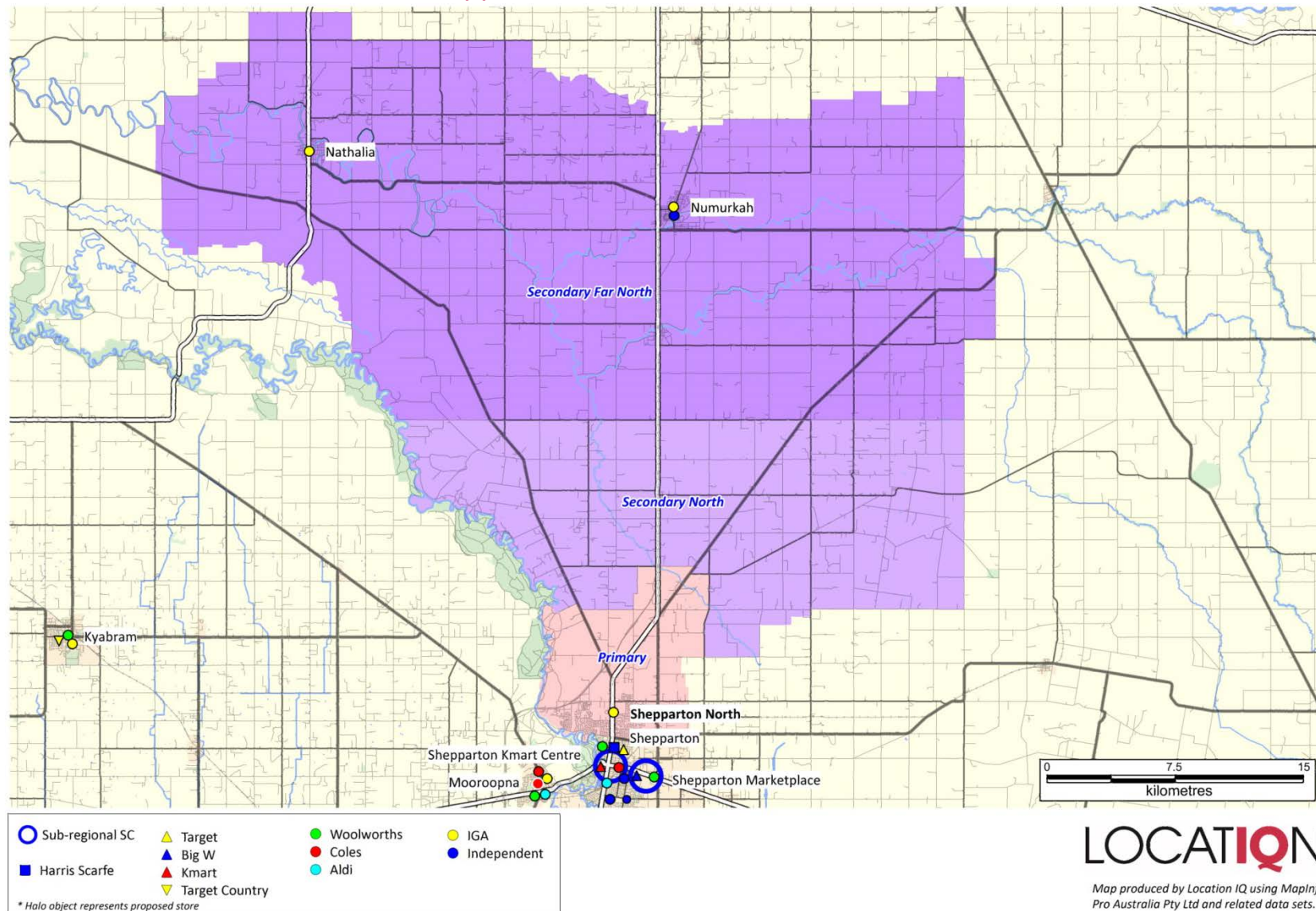
- 6.1 This section presents my analysis of the demand for retail floorspace throughout Shepparton North and the optimal location for such facilities.

### Trade Area Definition

- 6.2 The trade area likely to be served by a supermarket(s) and complementary retail floorspace at Shepparton North takes into consideration the following:
- The surrounding provision of competitive facilities, including the designated retail hierarchy.
  - Regional and local accessibility.
  - The pattern of urban development throughout the region.
- 6.3 Taking all of the above into consideration, Maps 6.1 and 6.2 illustrate the defined Shepparton North supermarket(s) trade area which is defined to include one primary sector and two secondary sectors as follows:
- The **primary sector** extends 6 - 8 km to the north of the site, 4 - 5 km to the east and west and 1.5 km to the south, comprising the Shepparton North urban area. Residents to the south of New Dookie Road, the southernmost extent of the primary sector, generally have easier access to the Shepparton CBD and are therefore not included within the primary sector.
  - The **secondary north sector** roughly extends 9 km to the north of the primary sector to encompass rural areas, and is generally limited along the Goulburn River to the west and Broken Creek to the east.
  - The **secondary far north sector** stretches a further 18 km to the north of the secondary north sector, to include the towns of Numurkah and Nathalia.
- 6.4 Overall, the combination of the primary sector and the two secondary sectors is referred to as the Shepparton North main trade area throughout the remainder

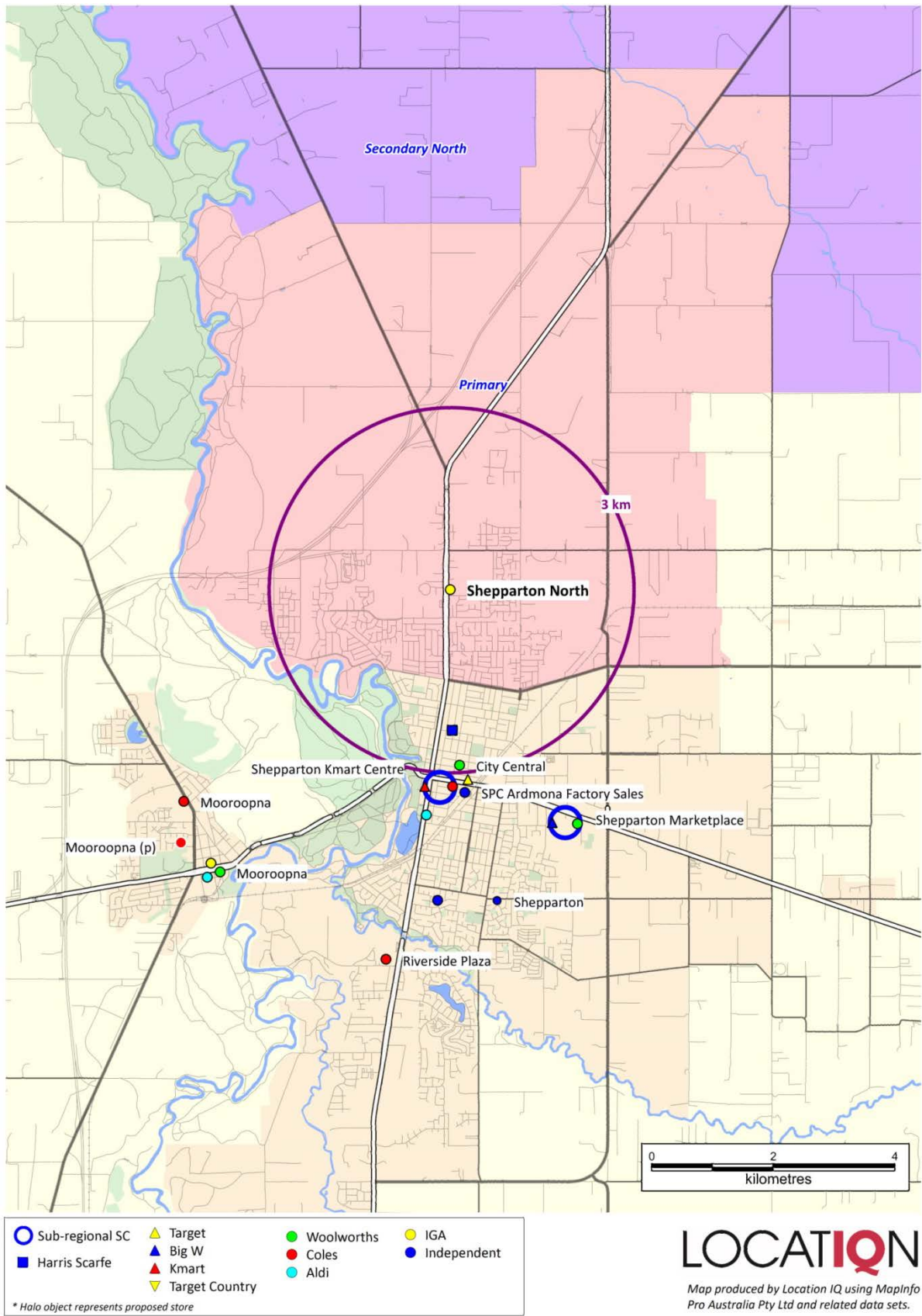
of this report. This is the region from which supermarket(s) at Shepparton North would attract the majority of sales. Sales would also be generated from passing traffic given the site is on a major road at the northern gateway of Shepparton as well as from other areas to the south of the trade area who have brand loyalty to the Fairleys Supa IGA banner. This business is typically called business from beyond the trade area and typically varies between 5% - 15% of sales for a supermarket development.

MAP 6.1 – SHEPPARTON NORTH SUPERMARKET(S) MAIN TRADE AREA





MAP 6.2 – SHEPPARTON NORTH PRIMARY SECTOR



## **Main Trade Area Population**

6.5 Table 6.1 details the current and projected population levels for the Shepparton North main trade area for the period 2006 – 2031, based on the following:

- The 2006 and 2011 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS), with the results of the 2016 Census to be released mid - 2017;
- New dwelling approval statistics sourced from the ABS over the period from 2006/07 – 2015/16 (refer Chart 6.1).
- Population forecasts prepared at the small area level by Forecast.id that were adopted by the City of Greater Shepparton in August 2015.
- Small Area Forecast information (SAFi) population projections prepared by id Consulting that were released in early 2015.
- Investigations by this office in relation to residential estates within the main trade area.
- Population projections by official sources, such as Forecast.id and SAFi, provide the closest approximation to the main trade area defined, with Victorian State Government projections conducted for the broader LGA region.

6.6 The Shepparton North main trade area population is currently estimated at 25,040 (2017), including 14,360 persons within the primary sector. The main trade area population is projected to increase to 31,750 by 2036, including 20,440 in the primary sector, representing an average annual growth rate of 1.3% throughout the main trade area over the period from 2016 – 2036.

6.7 The majority of population growth is projected to occur within the primary sector, with major estates including:



- The Boulevard is the largest residential estate in the main trade area, with a total yield of 458 lots. Construction started in 2008 with development of the 15<sup>th</sup> and final stage expected by March 2017. Discussions with the selling agent indicates that the entire estate will be completed by January 2018.
- Connolly Park Estate is situated 1.5 km to the north east of the site with a total residential yield of approximately 250 dwellings, with approximately 130 currently completed. Completion of the estate is expected by 2019.
- The Gardens is a new residential estate 1.5 km to the west of the site that will accommodate some 150 dwellings and is projected to be completed by 2023.

6.8 The Greater Shepparton City Council has also created the *Shepparton North East Precinct Structure Plan*, which is bounded by Ford Road, Grahamvale Road and Verney Road (primary sector), as illustrated in Figure 6.1. Discussion with the Victorian Planning Authority indicates that the precinct will encompass between 3,000 – 4,000 lots (over 10,000 residents) and will be developed over a 30 year period. Construction is projected to commence in mid 2018.

6.9 According to the *City of Greater Shepparton Residential Land Supply Assessment* (2016) conducted by Spatial Economics, there is capacity for 802 lots within zoned broadhectare land in the Shepparton North East area. Out of this total of 802 lots, 589 are anticipated to be developed over the next 10 years. Assuming an average household size of 2.7 persons, this leads to an increase in population of 1,590 persons by 2026. Residential development in the Shepparton North East area is projected to drive growth in the primary sector once the current developments mentioned above in Paragraph 6.7) have been completed.

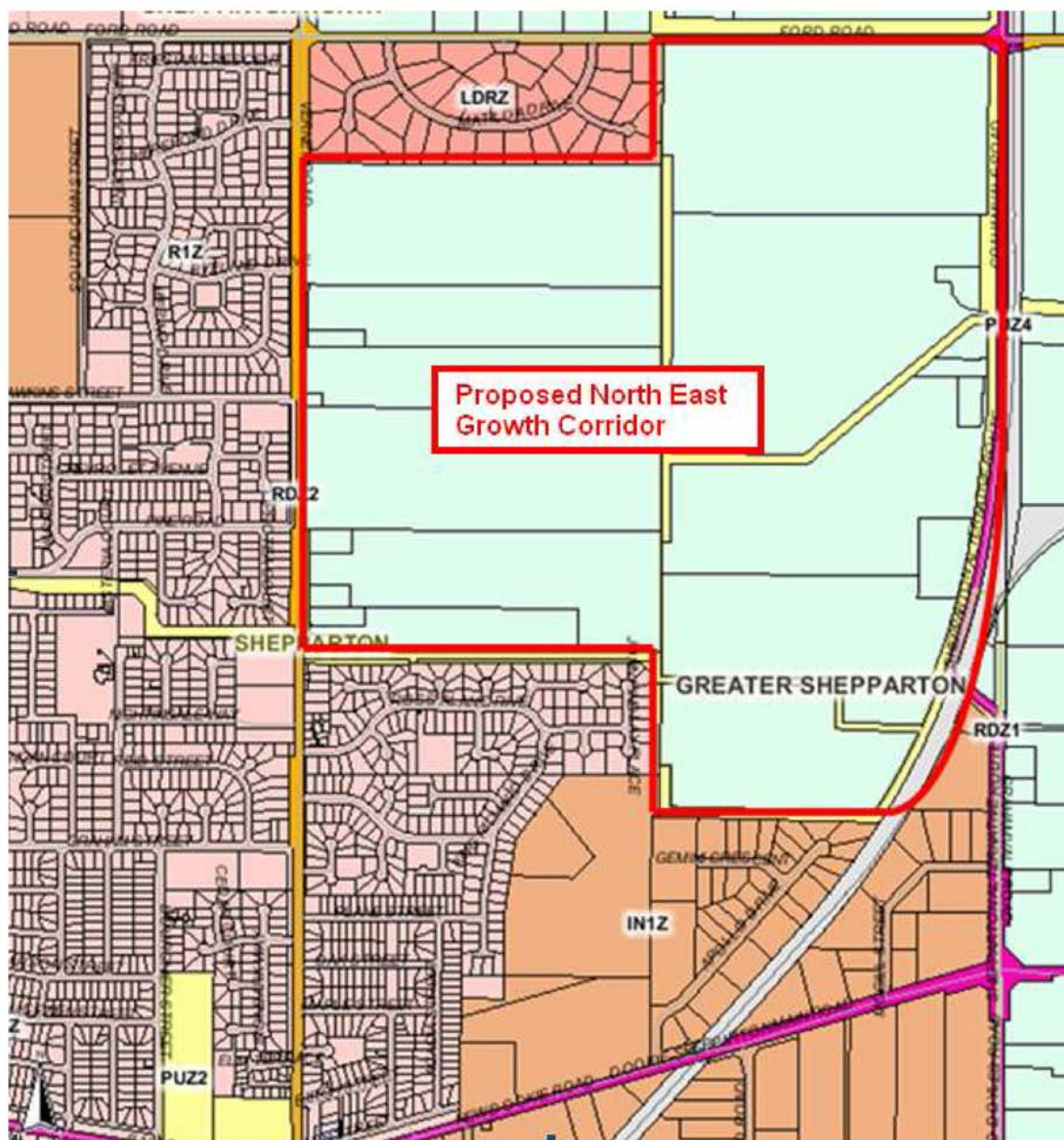
6.10 Overall, there are several estates located throughout the defined main trade area, with greenfield land available for residential development.

**TABLE 6.1 – SHEPPARTON NORTH MAIN TRADE AREA POPULATION, 2006 – 2036**

| Trade Area Sector   | Estimated Resident Population |               | Forecast Population |               |               |               |               |
|---|-------------------------------|---------------|---------------------|---------------|---------------|---------------|---------------|
|   | 2006                          | 2011          | 2017                | 2021          | 2026          | 2031          | 2036          |
| Primary Sector  | 11,210                        | 12,650        | 14,360              | 15,640        | 17,290        | 18,940        | 20,440        |
| Secondary Sectors   |                               |               |                     |               |               |               |               |
| • North   | 1,860                         | 1,960         | 2,020               | 2,060         | 2,110         | 2,160         | 2,210         |
| • Far North   | <u>8,280</u>                  | <u>8,450</u>  | <u>8,660</u>        | <u>8,800</u>  | <u>8,900</u>  | <u>9,000</u>  | <u>9,100</u>  |
| Total Secondary   | 10,140                        | 10,410        | 10,680              | 10,860        | 11,010        | 11,160        | 11,310        |
| <b>Main Trade Area</b>  | <b>21,350</b>                 | <b>23,060</b> | <b>25,040</b>       | <b>26,500</b> | <b>28,300</b> | <b>30,100</b> | <b>31,750</b> |
| <b>Average Annual Change (No.)</b>  |                               |               |                     |               |               |               |               |
|   | 2006-2011                     | 2011-2017     | 2017-2021           | 2021-2026     | 2026-2031     | 2031-2036     |               |
| Primary Sector  |                               | 288           | 285                 | 320           | 330           | 330           | 300           |
| Secondary Sectors   |                               |               |                     |               |               |               |               |
| • North   |                               | 20            | 10                  | 10            | 10            | 10            | 10            |
| • Far North   |                               | <u>34</u>     | <u>35</u>           | <u>35</u>     | <u>20</u>     | <u>20</u>     | <u>20</u>     |
| Total Secondary   |                               | 54            | 45                  | 45            | 30            | 30            | 30            |
| <b>Main Trade Area</b>  |                               | <b>342</b>    | <b>330</b>          | <b>365</b>    | <b>360</b>    | <b>360</b>    | <b>330</b>    |
| <b>Average Annual Change (%)</b>  |                               |               |                     |               |               |               |               |
|   | 2006-2011                     | 2011-2017     | 2017-2021           | 2021-2026     | 2026-2031     | 2031-2036     |               |
| Primary Sector  |                               | 2.4%          | 2.1%                | 2.2%          | 2.0%          | 1.8%          | 1.5%          |
| Secondary Sectors   |                               |               |                     |               |               |               |               |
| • North   |                               | 1.1%          | 0.5%                | 0.5%          | 0.5%          | 0.5%          | 0.5%          |
| • Far North   |                               | <u>0.4%</u>   | <u>0.4%</u>         | <u>0.4%</u>   | <u>0.2%</u>   | <u>0.2%</u>   | <u>0.2%</u>   |
| Total Secondary   |                               | 0.5%          | 0.4%                | 0.4%          | 0.3%          | 0.3%          | 0.3%          |
| <b>Main Trade Area</b>  |                               | <b>1.6%</b>   | <b>1.4%</b>         | <b>1.4%</b>   | <b>1.3%</b>   | <b>1.2%</b>   | <b>1.1%</b>   |
| <i>Non Metro Vic</i>  |                               | <i>1.0%</i>   | <i>0.9%</i>         | <i>0.8%</i>   | <i>0.7%</i>   | <i>0.6%</i>   | <i>0.6%</i>   |
| <i>Australian Average</i>   |                               | <i>1.8%</i>   | <i>1.7%</i>         | <i>1.6%</i>   | <i>1.5%</i>   | <i>1.4%</i>   | <i>1.4%</i>   |
| <p><i>All figures as at June</i></p> <p><i>All figures are based on 2011 SA1 boundary definition with the exception of 2006 which is based on 2006 CCD boundary definition. 2006 and 2011 ERP is calculated using 2011 enumeration factor.</i></p> <p><i>Sources : ABS; SAfi by .id</i></p> |                               |               |                     |               |               |               |               |

**CHART 6.1 – SHEPPARTON NORTH MTA NEW DWELLING APPROVALS, 2006/07 – 2015/16**

FIGURE 6.1 –SHEPPARTON NORTH EAST PRECINCT STRUCTURE PLAN



### **Socio-economic Profile**

6.11 Table 6.2 summarises the socio-economic profile of the main trade area population compared with the non-metropolitan Victoria and Australian benchmarks. This information is based on the 2011 Census of Population and Housing, with the results of the 2016 Census recently released but still to be processed. Key points to note include the following:

- The main trade area is characterised by a slightly less affluent population on a per person basis. In the primary sector, however, residents earn average household income levels that are 8.1% higher than the non-metropolitan Victoria benchmark.
- The average household size in the primary sector at 2.7 persons per household is larger than the benchmark.
- A younger than average main trade area population.
- Predominantly Australian born residents.
- Household structure comprising a high proportion of families with children (including single parents).

6.12 Overall, the socio-economic profile of the main trade area population is typical of non-metropolitan Victoria, with a slightly younger, Australian born, family based population.

**TABLE 6.2 – MAIN TRADE AREA SOCIO-ECONOMIC PROFILE, 2011 CENSUS**

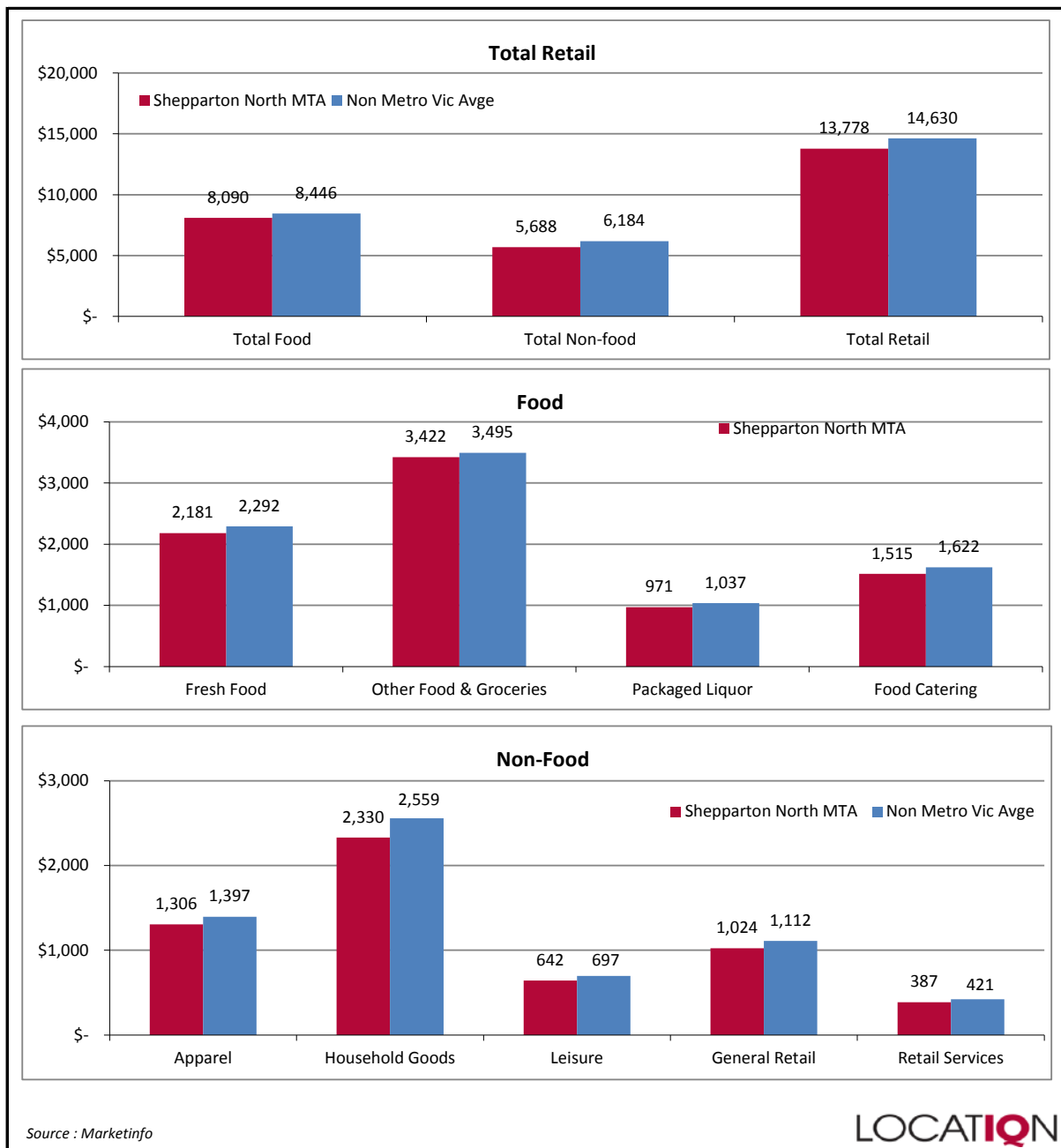
| Characteristics               | Primary Sector | Secondary Sectors |           | Main TA  | Non Metro Vic Average | Aust Average |
|-------------------------------|----------------|-------------------|-----------|----------|-----------------------|--------------|
|                               |                | North             | Far North |          |                       |              |
| Income Levels                 |                |                   |           |          |                       |              |
| Average Per Capita Income     | \$28,001       | \$27,363          | \$24,534  | \$26,671 | \$28,456              | \$34,201     |
| Per Capita Income Variation   | -1.6%          | -3.8%             | -13.8%    | -6.3%    | n.a.                  | n.a.         |
| Average Household Income      | \$74,658       | \$75,933          | \$59,152  | \$68,851 | \$69,058              | \$87,928     |
| Household Income Variation    | 8.1%           | 10.0%             | -14.3%    | -0.3%    | n.a.                  | n.a.         |
| Average Household Size        | 2.7            | 2.8               | 2.4       | 2.6      | 2.4                   | 2.6          |
| Age Distribution (% of Pop'n) |                |                   |           |          |                       |              |
| Aged 0-14                     | 22.6%          | 21.1%             | 19.7%     | 21.4%    | 19.2%                 | 19.3%        |
| Aged 15-19                    | 7.2%           | 7.4%              | 6.5%      | 7.0%     | 6.8%                  | 6.5%         |
| Aged 20-29                    | 11.5%          | 8.1%              | 8.9%      | 10.3%    | 10.9%                 | 13.8%        |
| Aged 30-39                    | 12.8%          | 13.6%             | 10.2%     | 11.9%    | 11.4%                 | 13.8%        |
| Aged 40-49                    | 14.2%          | 15.5%             | 13.1%     | 13.9%    | 13.7%                 | 14.2%        |
| Aged 50-59                    | 12.1%          | 15.9%             | 14.0%     | 13.2%    | 13.9%                 | 12.8%        |
| Aged 60+                      | 19.5%          | 18.4%             | 27.6%     | 22.4%    | 24.1%                 | 19.6%        |
| Average Age                   | 37.2           | 37.8              | 41.8      | 39.0     | 40.1                  | 37.9         |
| Housing Status (% of H'holds) |                |                   |           |          |                       |              |
| Owner/Purchaser               | 70.3%          | 85.7%             | 76.1%     | 73.7%    | 74.6%                 | 69.3%        |
| Renter                        | 29.7%          | 14.3%             | 23.9%     | 26.3%    | 25.4%                 | 30.7%        |
| Birthplace (% of Pop'n)       |                |                   |           |          |                       |              |
| Australian Born               | 85.3%          | 94.1%             | 93.5%     | 89.1%    | 88.7%                 | 73.9%        |
| Overseas Born                 | 14.7%          | 5.9%              | 6.5%      | 10.9%    | 11.3%                 | 26.1%        |
| • Asia                        | 3.8%           | 0.2%              | 0.9%      | 2.4%     | 1.6%                  | 7.6%         |
| • Europe                      | 4.7%           | 4.0%              | 3.6%      | 4.2%     | 6.5%                  | 9.4%         |
| • Other                       | 6.2%           | 1.7%              | 2.1%      | 4.3%     | 3.2%                  | 9.1%         |
| Family Type (% of Pop'n)      |                |                   |           |          |                       |              |
| Couple with dep't children    | 48.2%          | 52.4%             | 42.6%     | 46.5%    | 42.0%                 | 45.3%        |
| Couple with non-dep't child.  | 6.5%           | 9.8%              | 6.1%      | 6.6%     | 6.5%                  | 7.7%         |
| Couple without children       | 20.2%          | 23.6%             | 26.6%     | 22.8%    | 25.7%                 | 23.0%        |
| Single with dep't child.      | 12.6%          | 6.2%              | 8.3%      | 10.5%    | 9.8%                  | 9.2%         |
| Single with non-dep't child.  | 2.8%           | 1.8%              | 2.7%      | 2.7%     | 3.1%                  | 3.5%         |
| Other family                  | 0.8%           | 0.4%              | 0.7%      | 0.7%     | 0.8%                  | 1.1%         |
| Lone person                   | 8.8%           | 5.8%              | 13.1%     | 10.1%    | 12.3%                 | 10.2%        |

Sources : ABS Census of Population and Housing 2011

LOCATION

### **Main Trade Area Retail Spending**

- 6.13 The estimated retail expenditure capacity of the Shepparton North main trade area population is based on information sourced from MDS Market Data Systems. MDS utilises a detailed micro-simulation model of household expenditure behaviour for all residents of Australia.
- 6.14 The MDS model takes into account information from a wide variety of sources, including the regular ABS Household Expenditure Survey, National Accounts Data, Census Data and other information. MarketInfo estimates used in this analysis are based on the 2014 release, benchmarked against the latest National Accounts data, released by the ABS. Throughout Australia, the MarketInfo estimates of retail spending that are prepared independently by MDS are commonly used by all parties in economic assessments.
- 6.15 Chart 6.2 provides a review of the per capita retail spending behaviour of residents within the Shepparton North main trade area compared with the non-metropolitan Victorian benchmark. All figures are in constant 2016/17 dollars (i.e. excluding inflation) and including GST.
- 6.16 Table 2.4 outlines the retail expenditure levels generated by the Shepparton North main area population. The total retail expenditure level is currently estimated at \$342.6 million and is projected to increase at an average annual rate of around 2.4% to \$538.5 million by 2036. All figures presented in this report are in constant 2017 dollars.
- 6.17 The average annual retail spending growth rate of 2.4% reflects the following:
- Real growth in retail spending per capita of 1.0% annually;
  - Main trade area population growth of around 1.3% per annum.

**CHART 6.1 – RETAIL SPENDING PER PERSON, 2016/17**



**TABLE 6.4 – SHEPPARTON NORTH MAIN TRADE AREA RETAIL EXPENDITURE, 2017 – 2031**

| Y/E<br>June  | Primary<br>Sector | Secondary Sectors |           | Main<br>TA |
|--|-------------------|-------------------|-----------|------------|
|  |                   | North             | Far North |            |
| 2017   | 194.9             | 28.9              | 118.8     | 342.6      |
| 2018   | 200.6             | 29.3              | 120.1     | 350.0      |
| 2019   | 207.4             | 29.8              | 122.1     | 359.3      |
| 2020   | 214.5             | 30.3              | 124.0     | 368.8      |
| 2021   | 221.8             | 30.8              | 126.0     | 378.6      |
| 2022   | 229.1             | 31.3              | 128.0     | 388.4      |
| 2023   | 236.6             | 31.9              | 129.8     | 398.3      |
| 2024   | 244.3             | 32.4              | 131.7     | 408.4      |
| 2025   | 252.3             | 32.9              | 133.6     | 418.8      |
| 2026   | 260.6             | 33.5              | 135.5     | 429.6      |
| 2027   | 268.8             | 34.1              | 137.4     | 440.3      |
| 2028   | 277.1             | 34.6              | 139.4     | 451.2      |
| 2029   | 285.6             | 35.2              | 141.4     | 462.3      |
| 2030   | 294.4             | 35.8              | 143.4     | 473.7      |
| 2031   | 303.5             | 36.4              | 145.5     | 485.4      |
| 2032   | 312.4             | 37.0              | 147.6     | 497.0      |
| 2033   | 316.2             | 37.5              | 149.4     | 503.0      |
| 2034   | 324.9             | 38.1              | 151.5     | 514.6      |
| 2035   | 334.0             | 38.8              | 153.7     | 526.4      |
| 2036   | 343.2             | 39.4              | 155.9     | 538.5      |
| <b>Expenditure Growth</b>  |                   |                   |           |            |
| 2017-2021  | 26.8              | 1.9               | 7.3       | 36.0       |
| 2021-2026  | 38.8              | 2.7               | 9.4       | 51.0       |
| 2026-2031  | 42.9              | 2.9               | 10.0      | 55.9       |
| 2031-2036  | 39.7              | 3.0               | 10.4      | 53.1       |
| 2017-2036  | 148.3             | 10.5              | 37.1      | 196.0      |
| <b>Average Annual Growth Rate</b>  |                   |                   |           |            |
| 2017-2021  | 3.3%              | 1.6%              | 1.5%      | 2.5%       |
| 2021-2026  | 3.3%              | 1.7%              | 1.5%      | 2.6%       |
| 2026-2031  | 3.1%              | 1.7%              | 1.4%      | 2.5%       |
| 2031-2036  | 2.5%              | 1.6%              | 1.4%      | 2.1%       |
| 2017-2036  | 3.0%              | 1.6%              | 1.4%      | 2.4%       |
| <i>*Constant 2016/17 dollars &amp; Including GST</i><br><i>Source : Marketinfo</i> |                   |                   |           | LOCATIONIQ |

## Competition Environment

6.18 The previous Maps 6.1 and 6.2 illustrate the competitive supermarket environment, with these facilities summarised in Table 6.5. Table 6.5 have been classified on the basis of how economists define centres based on the major trader at a centre, as compared with the planning documents.

6.19 Consequently, the centres are defined as follows:

- Shepparton CBA, including the largest range of retail facilities
- A sub-regional shopping centre at Shepparton Marketplace; and
- Supermarket based shopping centres.

**TABLE 6.5 – CURRENT RETAIL FACILITIES**

| Centre  | Shopfront<br>GLA<br>(sq.m) | Anchor Tenants  | Dist. From<br>Shepparton North<br>(km) |
|---|----------------------------|---|--|
| <b>Sub-regional Shopping Centres</b>                |                            |   |  |
| <i><u>Shepparton CBA</u></i>                        | <i><u>79,800</u></i>       |   | <i><u>3.0</u></i>                      |
| • Shepparton Kmart Centre                           | 11,800                     | Kmart (7,800), Coles (4,027)  |  |
| • Remainder   | 68,000                     | Target (7,513), Aldi (1,350)<br>FoodWorks (450), IGA X-Press (350)<br>SPC Ardmona Factory Sales (1,300) |  |
| Shepparton Marketplace                              | 16,400                     | Big W (8,000), Woolworths (3,470)   | 5.5                                    |
| City Central  | 5,000                      | Woolworths (3,699)  | 6.0                                    |
| <b>Supermarket Based Shopping Centres</b>           |                            |   |  |
| Shepparton North                                    | 7,000                      | Fairley's Supa IGA (5,200)  | -                                      |
| Mooroopna   | 11,000                     | Coles (2,966), Woolworths (2,945),<br>Aldi (1,350), IGA (1,250)   | 7.5                                    |
| Numurkah  | 7,000                      | Dyson's IGA Plus Liquor (1,000),<br>FoodWorks (600)   | 31                                     |
| Nathalia  | 6,000                      | IGA Plus Liquor (1,100)   | 40                                     |
| Cobram  | 9,000                      | Target Country (1,257), Woolworths (2,583)<br>Supa IGA (1,400)  | 41                                     |
| Source: Australian Shopping Centre Council Database |                            |   |  |

### **Within The Main Trade Area**

6.20 Within the defined main trade area, retail facilities are as follows:

- Approximately 7,000 sq.m of retail floorspace is provided at Shepparton North, including the Fairleys Supa IGA supermarket of 5,200 sq.m and a range of further food catering and general shop uses provided along Numurkah Road.
- At Numurkah (secondary far north sector), a Dyson's IGA Plus Liquor of 1,000 sq.m and a FoodWorks supermarket of 600 sq.m anchor the retail strip located along Melville Street, which includes a range of fresh food, food catering, medical and non-retail tenants. Dyson's IGA Plus Liquor is also currently undergoing development that will involve an expansion of 550 sq.m, resulting in a total supermarket size of 1,550 sq.m.
- An IGA Plus Liquor (1,100 sq.m) is the main retail tenant located along the Murray Valley Highway in Nathalia (secondary far north sector). A further range of convenience orientated specialty retail tenants are also provided, including fresh food and food catering specialty retail tenants.

### **Beyond the Main Trade Area**

6.21 Beyond the defined main trade area to the south are the major shopping destinations in the Shepparton CBA and Shepparton Marketplace, including discount department stores, full-line supermarkets, mini-majors and a wide range of specialty stores. Retail facilities within the Shepparton CBA would serve a broad region extending up to 100 km around the township including the Shepparton North trade area.

6.22 Shepparton North trade area resident spending, particularly for higher order non-food retail shopping, would be directed to these facilities, which are briefly described as follows:

- In the Shepparton Central Business Area (CBA), some 3 km to the south, there is in-excess of 84,000 sq.m of retail floorspace, including a Harris Scarfe department store (3,300 sq.m), Kmart and Target discount department stores, Coles (4,027 sq.m), Woolworths (3,699 sq.m) and Aldi (1,350 sq.m) supermarkets, an SPC Ardmona Factory Sales (1,300 sq.m) store, as well as mini-majors and specialty shop floorspace. In total, there is approximately 9,100 sq.m of supermarket floorspace within the Shepparton CBA, which is the largest concentration of supermarket floorspace throughout the wider region.
  - Shepparton Marketplace is located 3 km to the south-east of the Shepparton North Centre and includes a Big W discount department store, a Woolworths supermarket of 3,470 sq.m and specialty retail shops. A range of homemaker/large format retail facilities reinforce this site as a destination for shoppers throughout the broader Shepparton region.
- 6.23 Full-line supermarkets located at Mooroopna, including Woolworths, Coles and Aldi, would involve at least a 15 km round trip for residents of the Shepparton North main trade area, as well as Shepparton North residents bypassing supermarkets in the Shepparton CBA.
- 6.24 Elsewhere within the Shepparton urban area are a range of smaller supermarket centres which are located further away and are of less competitive relevance.
- 6.25 In terms of proposed retail developments:
- i. The Fairley's IGA site is proposed to increase in a number of stages to 13,550 sq.m of retail floorspace including a second full-line supermarket, mini-majors and specialty stores.
  - ii. The Lascorp site, the subject of Amendment C193, if rezoned, could provide up to 15,000 sq.m of retail including a full-line supermarket.

### **Supportable Retail Floorspace**

- 6.26 The estimated provision of retail floorspace in Australia has increased from around 1.5 sq.m per person in 1985/86 to around 2.3 sq.m per person currently, representing an average annual growth rate of 1.5%.
- 6.27 The growth in retail floorspace per person has largely been driven by real growth in income levels throughout Australia and consequently increases in retail spending capacity. In addition, new retail formats have been introduced as the retail industry has evolved.
- 6.28 For example, a typical household in Australia would spend 30% of its income on housing repayments in 1996, and could spend 50% of its income today on housing repayments and still maintain the same standard of living as enjoyed in 1996. In effect, as Australians have become wealthier, our standard of living has increased as the amount of money devoted to retail shopping has increased.
- 6.29 Consequently, during this period, Australia has witnessed the extensive development of super regional and regional shopping centres, many more neighbourhood centres anchored by supermarkets, homemaker centres and outlet centres.
- 6.30 Large non-metropolitan regional towns such as Shepparton are not of a scale to support large super regional and regional shopping centres anchored by department stores as well as outlet centres such as factory outlets/discount outlets.
- 6.31 More recently, since the Global Financial Crisis of 2008, and also with new retail formats such as online shopping, growth in the retail floorspace provision has slowed.
- 6.32 In order to assess the potential for increased retail floorspace provisions throughout the Shepparton North trade area, a conservative approach is taken which allows for the provision of retail floorspace remaining at 2.3 sq.m over the

forecast period, in-line with the Australian average, which presents a conservative scenario given the provision in locations such as Shepparton.

6.33 Taking the above into account, Table 6.3 presents an analysis of retail floorspace demand throughout the Shepparton North main trade area, and the share of floorspace which could be attracted by the Shepparton North Centre. The steps included in this process are as follows:

- The population throughout the defined main trade area is detailed, increasing from 25,040 in 2017 to 31,750 by 2036.
- Supportable retail floorspace for residents within the defined main trade area is projected to increase from 57,592 sq.m in 2017 to 73,025 sq.m by 2036, based on an assumed rate of 2.3 sq.m per person. Additional floorspace demand generated by main trade area residents, the bulk of which will be in the primary sector, therefore, is projected at 15,433 sq.m.
- The next step in the analysis is to calculate what share of the market could ultimately be attracted by facilities at Shepparton North. Under the High Market Share Scenario, market shares are estimated at:
  - 35% in the primary sector.
  - 15% in the secondary north sector.
  - 5% in the secondary far north sector.
- These shares reflect the amount of spending that could be retained locally by full-line supermarket based facilities within the primary sector. Although these shares are subjective, they provide a guide to the amount of supportable floorspace with more detailed assessments of individual components of any retail centre undertaken in the next sub-section.

- Based on the above market shares, the indicative retail floorspace supportable at Shepparton North is some 13,253 sq.m in 2017, increasing to 18,263 by 2036.

6.34 Under a Low Market Share Scenario, where market shares are reduced to 30% in the primary sector, 10% in the secondary north sector and remain at 5% in the secondary far north sector, the supportable level of floorspace is 12,277 sq.m in 2019, increasing to 15,658 sq.m by 2036.

6.35 Over time, Essential Economics estimate that sub-regional shopping centres, of which the Fairley's Supa IGA shopping centre is one of three, could attract up to 25% of retail floorspace growth by 2036. Total projected floorspace growth within Greater Shepparton over the period to 2036 is approximated at 55,300 sq.m (Essential Economics Table 4.9). Therefore, sub-regional shopping centres could attract 13,825 sq.m of retail floorspace over the period to 2036. If retail facilities at North Shepparton were to grow by 7,000 – 9,000 sq.m, they would account for just over 50% of growth in sub-regional centres noting that Shepparton North is the focus for growth over time.

**TABLE 6.6 – RETAIL FLOORSPACE DEMAND, SHEPPARTON NORTH**

|             | Main Trade Area Sectors   | 2017          | 2021          | Year 2026     | 2031          | 2036          |
|-------------|---|---------------|---------------|---------------|---------------|---------------|
| (1)         | <u>Population</u>   |               |               |               |               |               |
|             | Primary   | 14,360        | 15,640        | 17,290        | 18,940        | 20,440        |
|             | Secondary North   | 2,020         | 2,060         | 2,110         | 2,160         | 2,210         |
|             | Secondary Far North   | <u>8,660</u>  | <u>8,800</u>  | <u>8,900</u>  | <u>9,000</u>  | <u>9,100</u>  |
|             | <b>Main Trade Area</b>  | <b>25,040</b> | <b>26,500</b> | <b>28,300</b> | <b>30,100</b> | <b>31,750</b> |
| (2)=(1)*2.3 | <u>Retail GLA (sq.m) at 2.3 sq.m per person</u>                         |               |               |               |               |               |
|             | Primary   | 33,028        | 35,972        | 39,767        | 43,562        | 47,012        |
|             | Secondary North   | 4,646         | 4,738         | 4,853         | 4,968         | 5,083         |
|             | Secondary Far North   | <u>19,918</u> | <u>20,240</u> | <u>20,470</u> | <u>20,700</u> | <u>20,930</u> |
|             | <b>Main Trade Area</b>  | <b>57,592</b> | <b>60,950</b> | <b>65,090</b> | <b>69,230</b> | <b>73,025</b> |
|             | <u>High Market Share Scenario GLA Retention at Shepparton North (%)</u> |               |               |               |               |               |
| (4)=(2)*35% | Primary   | 11,560        | 12,590        | 13,918        | 15,247        | 16,454        |
| (4)=(2)*15% | Secondary North   | 697           | 711           | 728           | 745           | 762           |
| (4)=(2)*5%  | Secondary Far North   | <u>996</u>    | <u>1,012</u>  | <u>1,024</u>  | <u>1,035</u>  | <u>1,047</u>  |
|             | <b>Main Trade Area</b>  | <b>13,253</b> | <b>14,313</b> | <b>15,670</b> | <b>17,027</b> | <b>18,263</b> |
|             | <i>Existing Floorspace in Shepparton North</i>                          | 7,000         | 8,500         | 8,500         | 8,500         | 8,500         |
|             | <i>MTA Under/Over Supply</i>  | <b>-6,253</b> | <b>-5,813</b> | <b>-7,170</b> | <b>-8,527</b> | <b>-9,763</b> |
|             | <u>Low Market Share Scenario GLA Retention at Shepparton North (%)</u>  |               |               |               |               |               |
| (3)=(2)*30% | Primary   | 9,908         | 10,792        | 11,930        | 13,069        | 14,104        |
| (3)=(2)*10% | Secondary North   | 465           | 474           | 485           | 497           | 508           |
| (3)=(2)*5%  | Secondary Far North   | <u>996</u>    | <u>1,012</u>  | <u>1,024</u>  | <u>1,035</u>  | <u>1,047</u>  |
|             | <b>Main Trade Area</b>  | <b>11,369</b> | <b>12,277</b> | <b>13,439</b> | <b>14,600</b> | <b>15,658</b> |
|             | <i>Existing Floorspace in Shepparton North</i>                          | 7,000         | 8,500         | 8,500         | 8,500         | 8,500         |
|             | <i>MTA Under/Over Supply</i>  | <b>-4,369</b> | <b>-3,777</b> | <b>-4,939</b> | <b>-6,100</b> | <b>-7,158</b> |
| LOCATION    |   |               |               |               |               |               |

**Supportable Supermarket Floorspace**

6.36 As indicated in the Activity Centre Strategy, supermarkets are intended to be the major component of any retail activity centre at Shepparton North. This subsection considers the level of supportable supermarket floorspace within the defined catchment.

6.37 As a guide, a full-line supermarket is typically supportable for every 8,000 – 9,000 persons. A full-line supermarket is typically described as a store of at least 2,500



- 3,000 sq.m and larger, selling a full range of goods such as dry groceries, perishables, deli, bakery, seafood, produce, meat and the like.

6.38 The primary sector population by 2021 would be some 15,646 persons and is projected to increase to 20,440 persons by 2036. This indicates that two full-line supermarkets will be supportable within the catchment over time, taking into account:

- A proportion of primary sector residents spending will be directed to supermarkets throughout the Greater Shepparton urban area.
- There will be an inflow of spending from the defined secondary sectors to supermarkets at Shepparton North.

6.39 The population level within the primary sector is critical level in supporting retail facilities at Shepparton North, reflective of the area where they would attract their largest market shares. The level of population within this area, therefore, is of the most importance in terms of supporting additional retail facilities including supermarkets.

6.40 To take account of these outflows and inflows and calculate the likely potential opening date for a second full-line supermarket, Table 6.7 details the potential for supermarkets within the Shepparton North main trade area. These calculations go through a series of steps, commencing with the available expenditure that is of relevance to supermarkets, namely food and grocery spending; assessing the share of the expenditure which all supermarkets are likely to achieve; and then concluding with the likely sales which main trade area supermarkets can expect to generate.

6.41 The assessment detailed in Table 6.7 is based on the experience of many comparable analyses in locations throughout both Victoria and Australia. Supermarkets are defined as grocery and dry goods stores of at least 500 sq.m. Smaller foodstores (i.e. less than 500 sq.m) are excluded from this analysis.

6.42 For this assessment, a maximum set of values has been assumed in that full provision of supermarket facilities would be provided to serve the Shepparton North area. The first year is 2021, given by the time the panel amendment occurs and any store is built, an opening date is assumed by June 2020, just under three years away. The analysis in Table 6.7 is as follows:

- For the main trade area defined earlier in this report, the total food and grocery spending market (excluding liquor spending) is projected at \$152.5 million for the year to June 2021. This market is projected to grow to \$191.2 million by 2031 (in constant 2017 dollar terms).
- Typically in Australia, approximately 75% of food and grocery expenditure is directed to supermarkets and major foodstores (i.e. grocery stores greater than 500 sq.m), not including small corner stores, convenience stores and milk bars. This ratio varies from location to location depending on the provision of such facilities and the socio-economic profile of the population.
- In the defined main trade area, the proportion of spending to supermarkets is projected at 77.5% in the future. This results in spending directed to supermarkets of \$118.2 million in 2021, increasing to \$148.2 million by 2031.
- The next step in the analysis is what proportion of spending should be targeted for trade area supermarkets as compared with spending directed outside the trade area. These figures are projected at:
  - 80% in the primary sector.
  - 85% in each of the secondary north and secondary far north sectors.

These proportions reflect that the majority of convenience based supermarket shopping should be directed in close proximity to resident's homes, typically within 1 – 3 km of their residence in urban areas. Ultimately, these figures will vary depending on the provision within the

defined Shepparton North trade area, but taking into account that retail facilities in the Shepparton CBA and at Shepparton East will continue to attract a share of the market given their proximity to residents in Shepparton North, the variety of shopping provided and where residents attend workplaces, schools, etc.

- Additionally, 6.5% of total supermarket sales are likely to be attracted from beyond the main trade area due to the high profile nature of the site and an allowance of 6% of sales in general merchandise is also made.

6.43 Based on the above, the total volume of sales available to main trade supermarkets is estimated to increase from \$108.5 million in 2021 to \$135.5 million in 2030/31.

6.44 Existing supermarket floorspace in the trade area is some 7,889 sq.m, increasing to 8,439 sq.m by 2021, including:

- Fairleys Supa IGA of 5,189 sq.m (including warehouse, liquor and coffee shop).
- IGA at Nathalia of 1,000 sq.m.
- An IGA of 1,000 sq.m which is currently expanding by 550 sq.m to a total supermarket size of 1,550 sq.m and a FoodWorks of 600 sq.m at Numurkah.
- The supermarket floorspace does not include any second full-line supermarket at Shepparton North.

6.45 The next step of the analysis is to outline what level of supermarket floorspace is supportable, based on a trading level of major chain and independent supermarkets (i.e. Woolworths, Coles, Aldi, IGA, etc.) of around \$9,250 per sq.m currently, grown by 1% annually over the forecast period (i.e. real growth). On this basis, the level of supermarket floorspace that would be supportable in 2021 is some 11,267 sq.m, increasing to 12,744 sq.m by 2031.

**TABLE 6.7 – MAIN TRADE AREA SUPPORTABLE SUPERMARKET FLOORSPACE**

|   | Financial Year |               |               |
|---|----------------|---------------|---------------|
|   | 2021           | 2026          | 2031          |
| <b>Total Food &amp; Grocery (F&amp;G) Spending</b>  |                |               |               |
| Primary Sector  | 88.4           | 102.7         | 118.4         |
| Secondary Sectors   |                |               |               |
| • North   | 12.2           | 13.1          | 14.1          |
| • Far North   | <u>52.0</u>    | <u>55.3</u>   | <u>58.8</u>   |
| Total Secondary   | 64.1           | 68.4          | 72.8          |
| <b>Main Trade Area</b>  | <b>152.5</b>   | <b>171.1</b>  | <b>191.2</b>  |
| <b>F&amp;G Spending to Supermarkets</b>   |                |               |               |
| Primary Sector (@ 77.5%)  | 68.5           | 79.6          | 91.8          |
| Secondary Sectors   |                |               |               |
| • North (@ 77.5%)   | 9.4            | 10.1          | 10.9          |
| • Far North (@ 77.5%)   | <u>40.3</u>    | <u>42.8</u>   | <u>45.5</u>   |
| Total Secondary (@ 77.5%)   | 49.7           | 53.0          | 56.5          |
| <b>Main Trade Area (@ 77.5%)</b>  | <b>118.2</b>   | <b>132.6</b>  | <b>148.2</b>  |
| <b>F&amp;G Spending Retained by TA Smkts</b>  |                |               |               |
| Primary Sector (@ 77.5%)  | 53.1           | 61.7          | 71.1          |
| Secondary Sectors   |                |               |               |
| • North (@ 85%)   | 8.0            | 8.6           | 9.3           |
| • Far North (@ 85%)   | <u>34.2</u>    | <u>36.4</u>   | <u>38.7</u>   |
| Total Secondary (@ 85%)   | 42.2           | 45.0          | 48.0          |
| <b>Main Trade Area (@ 80.6%)</b>  | <b>95.3</b>    | <b>106.8</b>  | <b>119.1</b>  |
| F&G Sales from Beyond TA (@ 6.5%)   | <u>6.6</u>     | <u>7.4</u>    | <u>8.3</u>    |
| <b>Total FLG Smkt Sales</b>   | <b>101.9</b>   | <b>114.2</b>  | <b>127.4</b>  |
| General Merchandise Sales (@ 6%)  | <u>6.5</u>     | <u>7.3</u>    | <u>8.1</u>    |
| <b>Total TA Smkt Sales</b>  | <b>108.5</b>   | <b>121.5</b>  | <b>135.5</b>  |
| Smkt Floorspace in TA (sq.m)**  | 8,439          | 8,439         | 8,439         |
| <b>Supportable Smkt Floorspace</b>  |                |               |               |
| Supportable Smkt Trading Level (\$/sq.m)***   | 9,626          | 10,117        | 10,633        |
| Supportable Smkt Floorspace (sq.m)  | <u>11,267</u>  | <u>12,006</u> | <u>12,744</u> |
| <b>Under/Over Supply (sq.m)</b>   | <b>-2,828</b>  | <b>-3,567</b> | <b>-4,305</b> |
| *Constant 2016/17 dollars & Including GST   |                |               |               |
| **Existing supermarket in TA as at July 2017 include Fairleys IGA, Nathalia IGA, and Foodworks & IGA Nu           |                |               |               |
| *** Supportable floorspace is assessed at \$9,250 per sq.m and is grown by 1.0% annually over the forecast period |                |               |               |

- 6.46 On this basis, there is projected to be an undersupply of supermarket floorspace of 2,828 sq.m by 2021 and 3,567 sq.m by 2026. This would indicate that a full-line supermarket would be supportable some time between 2021 and 2026.

### **Total Additional Retail Floorspace**

- 6.47 The total components of additional floorspace supportable at Shepparton North could include:

- A full-line supermarket of 3,500 – 4,000 sq.m.
- Mini-major tenants such as discount variety store or a large format chemist of up to 2,000 sq.m.
- Around 2,000 – 2,500 sq.m of specialty shop floorspace.
- Total supportable floorspace – 8,000 sq.m.

- 6.48 Relevantly, this provision of just over 2,000 sq.m of floorspace would result in a better variety of stores and stronger performance if anchored by two supermarkets in the one centre as compared with the MacroPlan Dimasi report which indicated the Lascorp centre, anchored by one supermarket with 2,000 sq.m of specialty shops achieving very low sales levels. The overall offer and sustainability of facilities in a centre anchored by two supermarkets would ensure a greater provision of shops and a better outcome for residents of the Shepparton North trade area over time.

- 6.49 The total increase of 8,000 sq.m of retail floorspace could be incorporated on existing Commercial 1 Zoned land. The existing Commercial 1 Zoned land as indicated previously could sustain approximately 15,000 sq.m based on the current land area of 45,000 sq.m allowing for approximately one third of the floorspace to be occupied by retail floorspace.

- 6.50 The need for rezoning of new floorspace to Commercial 1 to accommodate a second supermarket at Shepparton North, therefore, is not required, and would

likely lead to an oversupply of Commercial 1 floorspace within the surrounding area.

- 6.51 The optimal outcome would be achieved if the existing Commercial 1 zoned land was developed to create a single centre, rather than provision of two separate centres. The second centre at the Lascorp site on the corner of Ford Road and Numurkah Road is around 600 metres (door to door between supermarkets) to the north of the Commercial One zoned land (refer Map 6.2).

The proposed Lascorp site is 600 metres from the existing Commercial 1 Zone land, separated by a range of commercial and industrial uses and would not provide a walkable environment for residents in the region and a cohesive shopping experience. The split of specialty stores would also be an issue with facilities such as pharmacy only likely to locate at one centre, meaning shoppers would have to visit separate centres for different purposes.

A more extensive range and viable provision of specialty shops would likely be supportable with two supermarkets in one location rather than in separate centres, providing an enhanced experience for local residents.

- 6.52 In other major regional towns in Victoria such as Ballarat and Geelong in new growth areas, supermarkets are being provided in locations as part of one integrated activity precinct. These include:

- Lucas Town Centre in Ballarat West where a Coles supermarket will be developed adjoining an existing Woolworths supermarket. This area was previously developed by Lascorp.
- At Armstrong Creek in the Geelong growth area, a Town Centre is proposed with ownership of sites by Woolworths and Coles opposite each other.

- 6.53 There is also another risk if Amendment C193 proceeds. The existing Commercial 1 Zoned land together with the Lascorp zoned land could each potentially contain 27,500 sq.m of combined retail floorspace, including:

- 15,000 sq.m of retail floorspace on the Fairley's IGA site as discussed previously.
- The Lascorp site proposed for rezoning is approximately 38,000 sq.m which could incorporate around 12,500 sq.m of retail floorspace allowing for 30% -35% to be developed as floorspace.

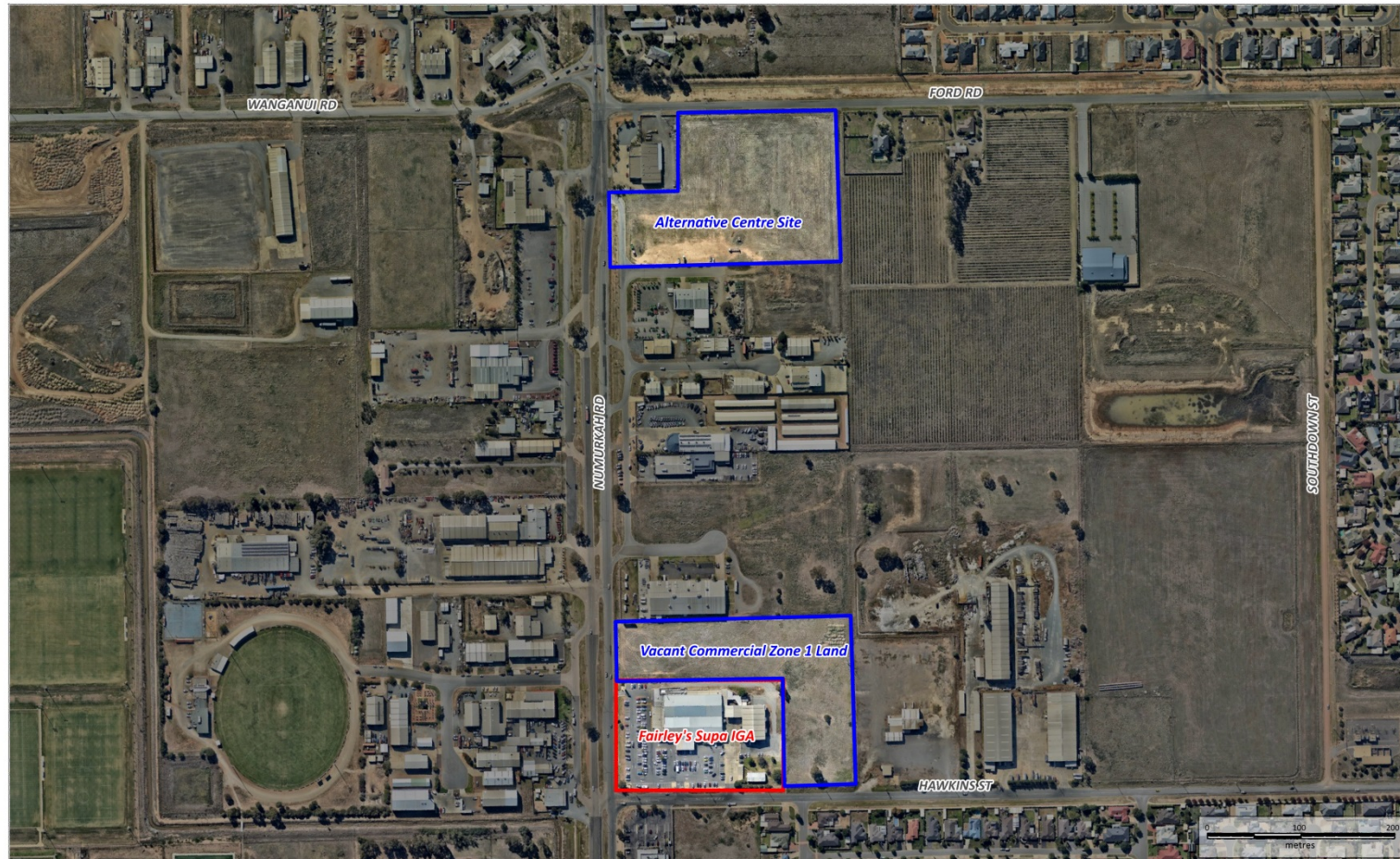
This would be significantly above the provision designated for sub-regional shopping centres in Shepparton in total by Essential Economics at Table 4.9 of some 13,825 sq.m for sub-regional centres and all of it being provided in the Shepparton North sub-regional centre.

6.54 The combined 27,500 sq.m of floorspace if developed would likely have a number of consequences:

- There may be the ability to attract a discount department store to Shepparton North over time, if no restriction on tenant size.
- Other retailers proposed in the Australian market such as Kaufland and Lidl which would serve broad regions throughout Shepparton may locate at the site contrary to the intentions of the Planning Scheme.



MAP 6.2 – INDICATED COMMERCIAL 1 ZONE SITE



LOCATIONIQ

Map produced by Location IQ using MapInfo  
Pro Australia Pty Ltd and related data sets.  
PhotoMap by nearmap.com



## 7 CONCLUSIONS

7.1 This section of the report reviews the key findings for this report that assesses the potential for additional supermarket and retail floorspace in the Shepparton North Activity Centre. Key findings include the following:

- Shepparton North is a growing urban area within the Greater Shepparton region.
- The provision of facilities currently within the area includes a full line supermarket also featuring liquor, a Tatts outlet, a café and a range of fast food outlets. A petrol station is located across the road.
- The Commercial 1 zoned land on which the Fairleys Supa IGA is located is some 45,000 sq.m. Assuming development of retail floorspace at one third of the total, indicates the potential for approximately 15,000 sq.m.
- The growing population will support additional retail floorspace, at up to a total of 15,000 sq.m over time on the Commercial 1 zoned land.
- Given demand for around 15,000 sq.m of retail floorspace, the current provision of Commercial 1 zoned land is sufficient over the period to 2036. The components of additional retail floorspace would include:
  - A second full-line supermarket of at least 3,500 – 4,000 sq.m.
  - Mini-major tenants such as a discount variety store.
  - Specialty retail and non-retail shop floorspace of around 2,500-3,000 sq.m.
- Given the existing Commercial 1 zoned land could support such an increase in floorspace, there is no need to rezone additional Commercial 1 zone floorspace on the assumption that the Shepparton North Centre site is redeveloped.

- The redevelopment of the Shepparton North site for a consolidated retail facility would result in a better public outcome in terms of shopper convenience including cross shopping between stores, a broader provision of retail specialty shops than would otherwise be supportable and improved amenity, with any alternate site potentially being over 600 metres away.
- The addition of supermarkets at the Shepparton North Centre site would provide additional choice, convenience and competition to the local market.

7.2 The added risk of rezoning the Hawkins Road Shepparton North site (Lascorp) is that there is then the opportunity for two sites to potentially incorporate up to 27,500 sq.m of floorspace combined. Over time, this means other tenants besides supermarkets including discount department stores may be attracted to the Shepparton North site. Other retailers may also enter the market, include Kaufland and Lidl.

7.3 This amount of floorspace within two sites zoned for Commercial 1 with the potential to incorporate 27,500 sq.m of floorspace has the potential to impact on the hierarchy of centres within Shepparton over the next 20 year period, with little control for Council if destinational retailers are attracted to these sites.

Signed:



Gavin Duane  
17<sup>th</sup> July 2017

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## APPENDIX 1

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## APPENDIX 1 GAVIN DUANE CURRICULUM VITAE

Gavin studied at the University of Melbourne between 1988 and 1991, graduating with a Bachelor of Economic (Honours). After a year at Melbourne Water as a graduate economist, Gavin commenced work in the field of retail and shopping centre analysis at JHD Advisors in November 1993.

Since 1993 Gavin has provided independent advice in the fields of market analysis and strategic research for a wide range of clients in the retail and shopping centre industries. He founded Duane Location IQ in January 2009. Prior to that time Gavin joined Dimasi Strategic Research as an Associate Director in April 2003. Dimasi Strategic Research was acquired by Pitney Bowes MapInfo in August 2005. Gavin held the role of Director of Client Services for the Strategy & Analytics division until December 2008.

Gavin regularly appears as an independent expert in state planning courts and tribunals, on matters relating to economic impact assessments, retail market definitions, industry trends, market shares, consumer behaviour and their implications.

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