TWEED COAST STRATEGY 2002

RETAIL ASSESSMENT

FEBRUARY 2003

Prepared for :

GALES HOLDINGS

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Date 18 February 2003
Report No 03/94
Job Code TWEE007

TABLE OF CONTENTS

LIST OF TABLES

LIST OF MAPS

INTRODUCTION

This report provides a submission to the Tweed Shire Council in response to the Draft Tweed Coast Strategy. The submission deals specifically with issues relating to the location of District and Local Centres.

EXECUTIVE SUMMARY

The JHD analysis strongly supports the designation of the Turnock Street site, Kingscliff as a Local Centre and the Chinderah site as a District Centre. Turnock Street, Kingscliff has the capacity and market potential to immediately redress the shortage of supermarket and convenience based retailing in the Kingscliff area. Because of lack of suitable road accessibility from the major transport systems, the Turnock Street site however is not suitable for a District Centre. In contrast the Chinderah site, which does have the necessary access across the region, is an ideal location for designation as a District Centre. It is not suitable for a Local Centre alone for the time being.

The retail potential for major retailers, such as a discount department store at the Chinderah site is almost twice the potential available at Turnock Street. This means that development of a District Centre at Chinderah is practical by 2008. It is not practical at Turnock Street Kingscliff for several years after that date, if at all.

The Kings Forest site is not suitable as a District Centre because of lack of connection to the major road system and the separated nature of urban development which will occur in that locality. Kings Forest may be a Local Centre in due course, depending on the extent of residential development.

1.0 BACKGROUND

1.1 JHD Advisors Pty Limited (JHD) is a leading firm of retail and economic consultants with wide experience in the planning of retail locations, assessment of market demand and need for retail facilities, forecasting of achievable retail sales turnovers and necessary viability levels, and the provision of planning and investment advice.

1.2 JHD has reviewed a range of documents and reports relevant to the draft Tweed Coast Strategy including :

- The proposed strategy itself.
- The Kingscliff Centres Study prepared by Patrick Partners (September 2001).
- The Centres Structure Study (Deicke Richards).
- The household interview survey on shoppers in Kingscliff prepared by Rigby Consulting Pty Limited.
- The Tweed Shire Council Development Control Plan Number 43 – Kingscliff (27 March 2001).
- A range of publicly available population and statistical publications.

1.3 In addition JHD has prepared specific market demand and impact assessments for retail development proposals at Kingscliff. These studies include analysis of the Turnock Road site and the Chinderah site for Gales Holdings Pty Limited, and Kingscliff store turnover potentials for possible major retailers.

1.4 It is submitted that the review by JHD of the available information and the conclusions drawn in the analysis can assist in the current review and decision making a respect of the retail strategy.

1.5 As part of the submission, prior to considering need and demand and specific site issues, some aspects of retail planning and retailer site evaluation are relevant and are now discussed.

2.0 RETAIL PLANNING

2.1 The Tweed Coast is a rapidly emerging residential and tourist locality but the population and available market is not yet sufficient to support a full range of retail facilities. However, the rapid growth in population will enable the Coast to achieve population and market thresholds which will soon enable a much wider range of retail facilities to be provided.

2.2 As a result of its limited population base in the past the Tweed Coast is still very much undersupplied with retail facilities. This undersupply includes both everyday convenience retailing such as supermarkets as well as stores selling less frequently purchased comparison goods, such as discount department stores, department stores and comparison specialty shops.

2.3 Now that the population is becoming substantial and continuing to grow, it will be possible in particular to first bring the supply of convenience shopping in the area towards a higher degree of self-sufficiency. Over time it will also be possible to provide for a proportion of the demand for comparison goods requirements to be satisfied locally.

2.4 As further population growth continues, it will be possible to expand the shopping centre space for both convenience and comparison goods. As population growth in any area increases from a low base, the food and convenience needs of the population can be satisfied at an earlier date than the comparison goods needs. In other words, supermarket or Local Centres can be built much earlier than District Centres containing retailers such as a discount department store.

2.5 More than 50% of all retail spending undertaken by residents of any area is spent on food, groceries and liquor. Accordingly, shops meeting these demands, including supermarkets, can be supported by a relatively small population base. Such shops do not require major population concentrations, or an ability to draw across extensive regions, to be viable.

2.6 In contrast, other items of expenditure constitute a much smaller proportion of the retail market. For example, spending on apparel, including all types of clothing and footwear, represents only about 10% of total retail spending. Shops and shopping centres selling these specialised comparison goods need a much greater market, and therefore a much greater population base, than food retailing. It also follows from this situation that if comparison shops need to serve a large population base, they also need a location where they are accessible to a wide regional population base.

2.7 In contrast a local shopping centre is dependent on a local population with sufficient numbers to support one or more full scale supermarkets.

2.8 For example, a population of 10,000 people will generate a demand for 5,000 sq.m of supermarket floorspace and a further 3,000 sq.m-5,000 sq.m of other food and convenience merchandise.

2.9 However, with its need to generate a high proportion of sales in comparison merchandise, including apparel, a minimum population of 30,000 people to 40,000 people with good accessibility is required to support a discount department store, such as Kmart, Target or Big W, and therefore to support a comparison shopping centre based on such a major retailer.

2.10 The location requirements of these different types of centres also vary. A local shopping centre based on one or more supermarkets needs to be located in the middle of its immediate trade area which generally extends 4 kms from the site and contains about 10,000 people or so. Such a Local Centre is dependent on the immediate population in this surrounding area. It is not dependent on serving a broad region and being accessible from across this broad region.

2.11 In contrast, with a trade area population requirement of 40,000 people or so, a District Centre based on say a discount department store must be located in a position where it has the accessibility and identification necessary to service customers coming from extended distances. The trade area for a District Centre in an urban/rural location such as the Tweed Coast will frequently extend 20 kms or more.

2.12 The location requirements of Local Centres and District Centres are therefore quite different. It is for this reason that whilst District Centres can also serve a local function, generally Local Centres and District Centres are separated from each other and have different functions and different trade areas.

2.13 These issues are recognised in the documentation available and forming part of the input to the Tweed Coast Strategy.

3.0 EXISTING PLANNING REPORTS

3.1 The *"Strategy Plan Tweed Shire 2000+"* notes in Strategic Principles, Page 17, Point 8, a need to:

> *"Consolidate higher order retailing and commercial centres at Tweed Heads as a sub-regional centre and at the District Centres of Murwillumbah and Kingscliff."*

3.2 Because the population base in the Tweed Coast will always be limited, a proportion of the retail requirements for residents living in this region will continue to be satisfied by the major retail facilities at Tweed Heads, even after District Centres are developed elsewhere in the region.

3.3 The Kingscliff Centres Study (Patrick Partners) (Page 15) confirms that populations of 10,000 people are necessary to support a supermarket based convenience centre, and that a population of 40,000 people is necessary to support a discount department store based centre.

3.4 Much larger populations are necessary for the broader type retail facilities incorporating a department store of the nature provided at Tweed Heads. The Centres Study also notes (Page 17) that a District Centre will have three primary functions, namely as a Local Centre for the Kingscliff district, as a service centre for a broader catchment area, and as a service centre for the immediate locality. The discussion paper also notes that the District Centre must be highly accessible to the whole trade area which it will serve.

3.5 Also on Page 24, the Centres Study notes that :

> *"The district level centre must afford a high level of accessibility to its whole catchment area and should provide direct access to traffic originating from the outer edges of its catchment area."*

3.6 The Centres Structure Study proposed by Deicke Richards recognises (Page 8, Page 10) *"The excellent access for regional catchment"* offered by Chinderah although favouring a District Centre at Turnock Street. This report also rejects the concept of a District Centre at Kings Forest for reasons of access and urban connectivity (Page 2).

3.7 All of these issues are compatible with the retail planning issues discussed above.

4.0 JHD REPORTS

4.1 The analyses conducted by JHD have concluded that immediate market scope and need exists for the existing Kingscliff centre to be expanded as a Local Centre satisfying the food and convenience needs of its surrounding population in Kingscliff and nearby.

4.2 However, because of lack of accessibility to the broader catchment area comprising all or most of the Tweed Coast, the area necessary to support a District Centre, the existing Kingscliff centre in and around Turnock Street, Pearl Street and Marine Parade, is not a suitable location for such a District Centre. The Turnock Street site does not have adequate accessibility to the major regional road system, including the motorway, to attract customers in adequate numbers from across the whole of the region and therefore to support a discount department store within a reasonable time period.

4.3 In contrast, the Chinderah site has the regional accessibility and integration with the motorway, as well as the identification and site area necessary, to become a central site for the whole of the Tweed Coast from a district shopping centre viewpoint. The site at this stage however does not have the immediate base population necessary to be only a Local Centre.

4.4 The Kings Forest site to the south does not have the centrality to the regional population, (much of which is located in the Kingscliff area to the north) necessary for a District Centre, nor the ready and immediate accessibility to the major road system to be a District Centre in the medium term. Equally the site will not have the immediate location population necessary to support a Local Centre for several years to come. Eventually it may, depending on the future residential development which occurs.

5.0 RECOMMENDED POLICY

5.1 In these circumstances it is appropriate policy to facilitate the development of Kingscliff as a strong Local Centre immediately. Such a policy will redress the existing substantial shortage of food and convenience shopping space and also provide for future increasing demand in the Kingscliff locality.

5.2 It is also appropriate policy to designate the Chinderah site as a District Centre for development in the medium term based on a discount department store with good access to the transport system. The Chinderah site is the only site of those under consideration which has the centrality and accessibility necessary to attract adequate numbers from across an extensive trade area.

5.3 It is clear that the key issue in the development of a District Centre is the ability to incorporate and establish a major retailer, such as a discount department store. The research and analysis undertaken by JHD suggests that a discount department store could be developed on a viable basis on the Chinderah site by 2008.

5.4 In contrast, the market potential for a discount department store at the Turnock Street site, because of lack of accessibility and the limited extent of the trade area which would be served, suggest sales only 60% of the sales of such a store at Chinderah. The limited access to the Turnock Street site from the surrounding region via low volume suburban roads rather than major arterials is a key issue in this conclusion. A District Centre at Turnock Street Kingscliff is therefore not viable, or at least would need to be deferred for several years after 2008.

5.5 It is therefore sound planning policy to designate Kingscliff as a Local Centre and facilitate immediate supermarket type development and to designate Chinderah as a District Centre for development in about five years.

5.6 This overall policy is compatible with maintaining Tweed Heads as the major commercial centre for the broader region and at the same time facilitating the provision of the widest range of local retail facilities possible for residents of the Tweed Coast at the earliest opportunity.

5.7 An issue raised in the retail strategy has been the need to ensure that any future District Centre is based on “street” retailing principles rather than on an enclosed, separated mall concept. This aspect is a design issue rather than a location issue and a number of planned centres are now being integrated with adjoining community, service, entertainment and retail functions.

6.0 SUPPORTING INFORMATION

Reports have been prepared by JHD in terms of population growth, market demand and sales forecasting supporting the above conclusions. The key elements of these analyses are now summarised and supporting maps and tables are attached to this submission.

6.1 Trade Area

6.1.1 The area which will be served by retail facilities in the Tweed Coast region is basically that part of Tweed Shire located south of the Tweed River and to a lesser extent parts of the Byron Shire, including Ocean Shores and Brunswick Heads. For a District Centre this whole region will form a total trade area, provided that the District Centre site has a location with adequate accessibility to attract customers from the entire area. A District Centre will also have a primary trade area within its total trade area. Most customers will come from the primary trade area. This primary trade area will also be the most important sector for Local Centres in or around Kingscliff. The primary trade area will extend from the Tweed to Pottsville and can be divided into northern and southern components. These trade area sectors, and the existing retail facilities, are shown in Map 2.1 attached.

6.1.2 As illustrated in Table 2.1 attached, this trade area is expected to increase from a current population of approximately 50,000 people to 62,450 people by 2011 and 69,200 by 2016. The key primary sector, from which most of the business for both a Local Centre and a District Centre will come, has a current population of 17,550 which is forecast to increase to about 26,000 people by 2011.

6.1.3 As discussed earlier a population of 40,000 or more is required to support a District Centre. A Tweed Coast District Centre must therefore be in a location with sufficient accessibility and centrality to enable it to serve a broader trade area than the primary sector. Otherwise the population target is not met even by 2011.

6.1.4 The retail market generated by residents in the trade area is currently $348 million per annum, or which $208 million is in food, as shown in Table 2.2. These figures confirm the importance of food expenditure as well as the need for shopping centres directed mainly to non-food expenditure to serve larger base populations.

6.1.5 By 2012 the market is expected to increase from $348 million to $651 million, an increase of more than $300 million over a 10 year period. This increase in the market confirms the need for rapid expansion in retail facilities in the trade area.

6.1.6 Outside of the main Tweed Heads area there are no major retail facilities in the trade area, with the exception of Murwillumbah. Other centres are based on supermarkets, including Kingscliff, as shown in Table 2.3.

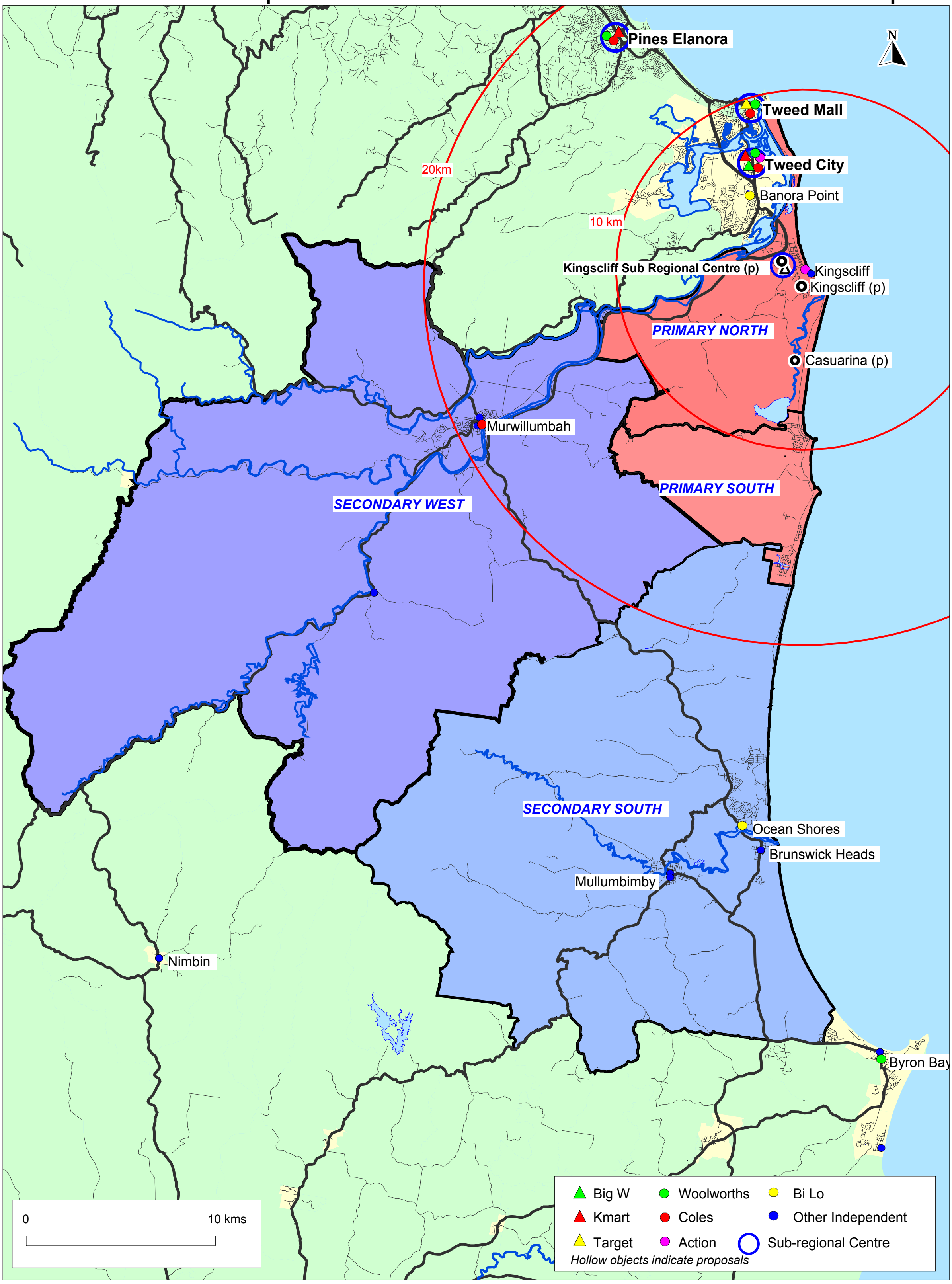
6.1.7 There is an undersupply of supermarket space currently in the primary trade area, with the only existing supermarket being the 1,560 sq.m Action facility. The current provision of 90 sq.m of supermarket space per 1,000 persons is well below the Australian average of around 305 sq.m per 1,000 persons. The addition of a 3,200 sq.m supermarket in Kingscliff, as well as the expansion of the existing supermarket, would create a situation where the supermarket supply would be in balance by 2004 but again below average by 2011. There is a strong immediate need for additional supermarket facilities at Kingscliff.

6.1.8 It is forecast that by 2008 a discount department store at the West Kingscliff site could achieve a sales volume of $15-$20 million per annum by 2008 (constant 2002 dollars excluding GST), a turnover adequate to support such a facility. A District Centre of 14,800 sq.m achieving a sales volume of $62.3 million would also be realistic at this time. Such a centre would be viable in 2008 and achieve adequate turnover levels with subsequent further growth potential.

6.1.9 In contrast a discount department store at Kingscliff would be forecast to only achieve a turnover volume of less than $10 million by 2010, an inadequate sales level.

6.1.10 The Kings Forest site is too far removed from the main population concentrations in the trade area, especially in the key primary trade area, to be viable as a District Centre for the foreseeable future. The site does not have the road accessibility or centrality to attract customers from across the whole trade area. Kings Forest however will have the potential to support a Local Centre as the immediate population level approaches 10,000 people at some time in the future.

Main Trade Area and Competitive Centres **Map 2.1**



Source : Census Basics 01 with MapInfo
Produced by JHD Advisors Pty Ltd

Kingscliff Trade Area **Table 2.1**
Forecast Trade Area Population, 1991-2016*

Trade Area Sector	Estimated Resident Population 1991	1996	2001	Estimated Current Population 2002	2006	Forecast Population 2011	2016
Primary Sectors							
• Primary North	7,800	8,000	9,200	9,700	11,700	15,200	19,200
• Primary South	4,200	6,400	7,500	7,850	9,250	10,750	12,000
Total Primary	12,000	14,400	16,700	17,550	20,950	25,950	31,200
Secondary Sectors							
• Secondary South	13,700	15,300	17,100	17,500	19,100	20,600	21,600
• Secondary West	14,400	14,400	14,900	15,000	15,400	15,900	16,400
Total Secondary	28,100	29,700	32,000	32,500	34,500	36,500	38,000
Main Trade Area	**40,100**	**44,100**	**48,700**	**50,050**	**55,450**	**62,450**	**69,200**

Forecast Average Annual Change (No.)

	1991-1996	1996-2001	2001-2002	2001-2006	2006-2011	2011-2016
Primary Sectors						
• Primary North	40	240	500	500	700	800
• Primary South	440	220	350	350	300	250
Total Primary	480	460	850	850	1,000	1,050
Secondary Sectors						
• Secondary South	320	360	400	400	300	200
• Secondary West	0	100	100	100	100	100
Total Secondary	320	460	500	500	400	300
Main Trade Area	**800**	**920**	**1,350**	**1,350**	**1,400**	**1,350**

Forecast Average Annual Change (%)

	1991-1996	1996-2001	2001-2002	2001-2006	2006-2011	2011-2016
• Primary North	0.5%	2.8%	5.4%	4.9%	5.4%	4.8%
• Primary South	8.8%	3.2%	4.7%	4.3%	3.1%	2.2%
Total Primary	3.7%	3.0%	5.1%	4.6%	4.4%	3.8%
Secondary Sectors						
• Secondary South	2.2%	2.2%	2.3%	2.2%	1.5%	1.0%
• Secondary West	0.0%	0.7%	0.7%	0.7%	0.6%	0.6%
Total Secondary	1.1%	1.5%	1.6%	1.5%	1.1%	0.8%
Main Trade Area	**1.9%**	**2.0%**	**2.8%**	**2.6%**	**2.4%**	**2.1%**

**as at June*
Source : JHD Advisors

Kingscliff Trade Area **Table 2.2**

Forecast Trade Area Retail Expenditure, Year ending June, 2002-2016 (Current$* and Excluding GST)

	Total Retail Exp. ($M)			**Non-food Exp. ($M)**			**Food Exp. ($M)**		
Year	PTA	STA	MTA	PTA	STA	MTA	PTA	STA	MTA
2002	123.4	225.0	348.3	50.2	89.8	140.0	73.2	135.1	208.3
2003	133.9	236.8	370.7	54.7	95.1	149.8	79.1	141.8	220.9
2004	144.9	248.7	393.6	59.5	100.3	159.9	85.4	148.4	233.8
2005	157.5	262.3	419.8	65.0	106.3	171.3	92.5	156.0	248.5
2006	171.2	276.6	447.8	71.0	112.6	183.6	100.2	164.0	264.2
2007	185.9	291.1	477.0	77.5	119.1	196.5	108.4	172.0	280.4
2008	201.6	305.9	507.5	84.5	125.8	210.2	117.2	180.1	297.3
2009	218.8	321.4	540.2	92.1	132.9	225.0	126.6	188.6	315.2
2010	237.4	337.8	575.2	100.5	140.4	240.9	136.9	197.4	334.3
2011	257.6	355.0	612.6	109.7	148.3	257.9	148.0	206.7	354.7
2012	278.7	372.5	651.2	119.3	156.4	275.6	159.5	216.1	375.6
2013	300.6	390.2	690.8	129.3	164.7	293.9	171.3	225.6	396.9
2014	324.2	408.8	733.0	140.2	173.4	313.6	184.1	235.4	419.4
2015	349.8	428.2	778.0	152.0	182.6	334.6	197.8	245.7	443.4
2016	377.4	448.6	826.0	164.9	192.2	357.1	212.5	256.4	468.9
Expenditure Growth ($M)									
2002-2006	47.9	51.6	99.4	20.8	22.8	43.6	27.0	28.8	55.8
2006-2011	86.4	78.5	164.9	38.6	35.7	74.3	47.8	42.8	90.6
2011-2016	119.8	93.6	213.4	55.2	43.9	99.2	64.6	49.7	114.2
Average Annual Growth Rate (%)									
2002-2006	8.5%	5.3%	6.5%	9.1%	5.8%	7.0%	8.2%	5.0%	6.1%
2006-2011	8.5%	5.1%	6.5%	9.1%	5.7%	7.0%	8.1%	4.7%	6.1%
2011-2016	7.9%	4.8%	6.2%	8.5%	5.3%	6.7%	7.5%	4.4%	5.7%

** Includes annual retail inflation of 2.5%*
Source : JHD Advisors

Kingscliff **Table 2.3**

Schedule of Competing Retail Facilities, October 2002

Shopping Centre	Retail GLA (Sq.m)	Dist. From Kingscliff (kms)	Major Traders Non Food	Major Traders Food
Sub-Regional Centres				
Tweed City	35,000	7.0	Kmart (7,300)	Woolworths (4,300), Coles (2,500),
			Big W (6,800)	Action (2,700)
Tweed Mall	16,000	10.0	Target (4,100)	Coles (4,100), Woolworths (3,700)
Supermarket Centres				
Kingscliff	6,000	-		
• Kingscliff Shopping Centre	2,400			Action (1,560)
• Retail Strip	3,600			
Banora Village	4,200	6.0		Bi-Lo (2,000)
Murwillumbah	15,500	19.0		
• Sunnyside Shopping Mall	7,500		Target Country	Coles (4,300)
• Retail Strip	8,000			IGA (400), 5-Star (650)
Ocean Shores	4,000	30.0		Bi-Lo (1,800)
Mullumbimby	8,000	30.0		IGA (600), 5-star (550)
Brunswick Heads	2,500	31.0		5-star (300)
Byron Bay	22,000	43.0		Woolworths (2,400), United Star (550)

Source : JHD Advisors

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