APPENDIX 7

Retail Needs Assessment (Taktics4)

Taktics4
Millars Landing
Local Structure Plan

Retail Needs Assessment

Cedar Woods Properties
September 2020

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1 EXECUTIVE SUMMARY

This Retail Needs Assessment represents an update to the June 2019 report to reflect the planned introduction of additional retail centres to Baldivis centres network. This Retail Needs Assessment for Millars Landing reveals that:

- An opportunity exists for a local retail centre of 2,500sqm to be developed within Millars Landing, North Baldivis
- The local centre would primarily service the Millars Landing community as well as provide additional choice for the adjoining communities served by other planned supermarket-based centres – including North Baldivis and Spud Shed Neighbourhood centres
- Relevant policy initiatives have previously allocated a local centre to Millars Landing (East Baldivis Local Centre)
- This local centre has previously been allocated a nominal size of 1,500sqm and is currently planned not to include a supermarket within the centre.
- Policy and market demand both confirm that the Millars Landing catchment will be able to support a small supermarket based local centre.
- A small supermarket of 1,500sqm is considered necessary to ensure the development of a centre in Millars Landing. It is difficult to develop and sustain a local centre which is not supported by a small supermarket.
- Without a supermarket the local entre is likely to be developed to a single café type size of 250sqm.
- If retail activity is not developed in Millars Landing, it would result in an inequitable provision of space throughout the catchment.
- The inclusion of a small supermarket at Millars Landing will not impact the delivery and sustainability of the neighbourhood centres planned for the Baldivis North catchment.

2 INTRODUCTION

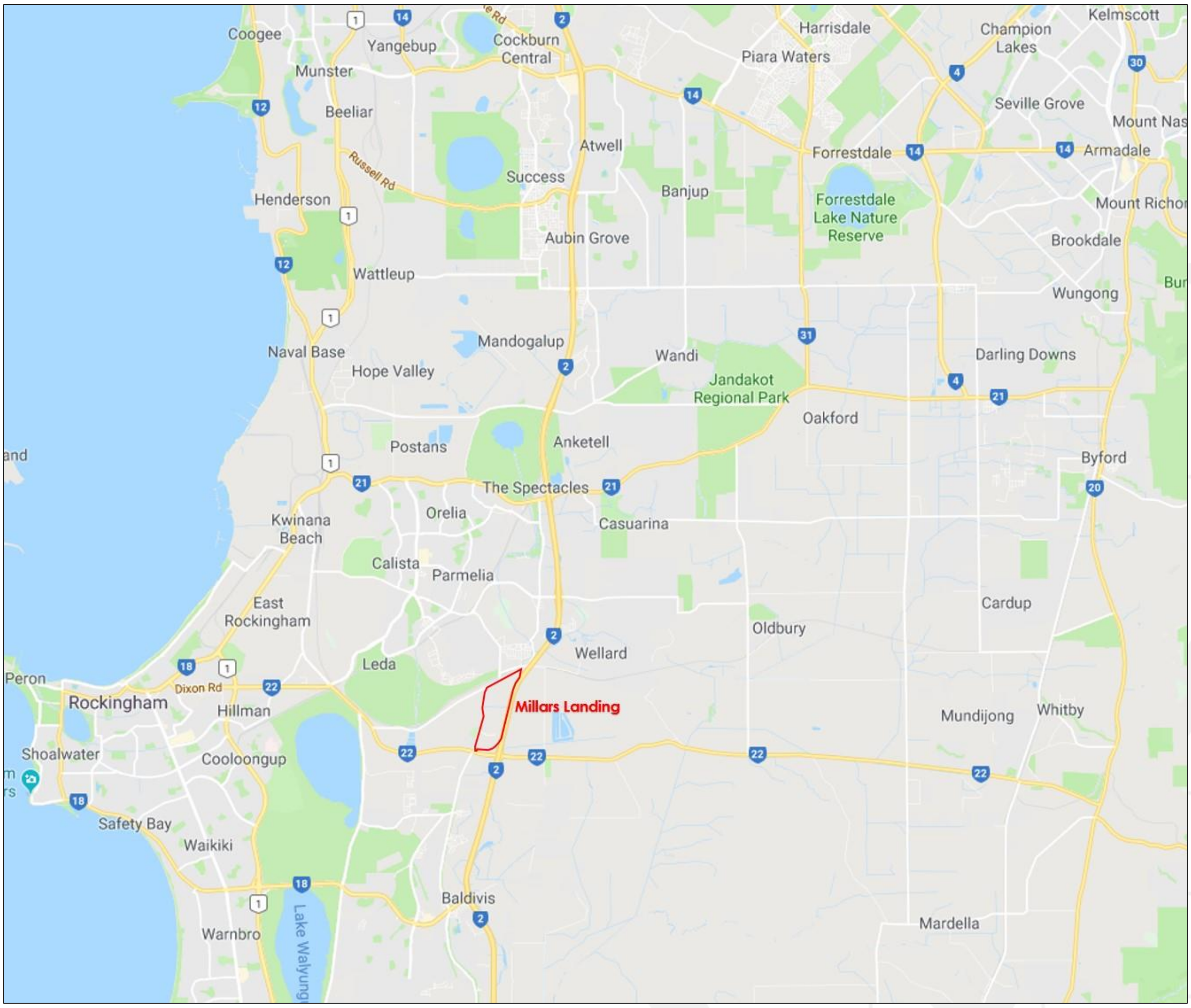
This Retail Needs Assessment (RNA) for the Millars Landing residential estate (Millars Landing) was completed by Taktics4 on behalf of developer Cedar Woods Properties for the primary purpose of assessing the specific retail needs required to satisfy the future community within the residential development in North Baldivis.

The RNA assesses all factors that will influence the delivery and sustainability of retail activity in the community including, policy initiatives, commercial competition, market accessibility, and market demand.

This report represents an update to the June 2019 report to reflect the planned introduction of additional retail centres to Baldivis centres network.

Millars Landing is in North Baldivis, within the City of Rockingham. It is bound by Baldivis Road, Kwinana Freeway, Millars Road West and Kulija Road, North Baldivis.

FIGURE 1 – LOCALITY MAP



Google maps

FIGURE 2 – SITE MAP

Cedar Woods Properties

3 POLICY INFLUENCES

Planning of retail activity centres for Millars Landing have been formulated and considered in the context of the following policy and strategy initiatives. The application and interpretation of the objectives and principles of these respective policies has resulted in the allocation of several retail-based activity centres over time.

3.1 State Planning Policy 4.2 – Activity Centres

The State Planning Policy 4.2 – Activity Centres Perth and Peel was adopted by the WAPC in 2010. The main purpose of this policy is to specify broad planning requirements for the planning and development of new activity centres and the redevelopment and renewal of existing centres in Perth and Peel. It is mainly concerned with the distribution, function, broad land use and urban design criteria of activity centres, and with coordinating their land use and infrastructure planning. This policy also guides the preparation and review of local planning strategies, schemes and structure plans, and development control. SPP4.2 defines and delineates the following relevant centres in relation to Millars Landing:

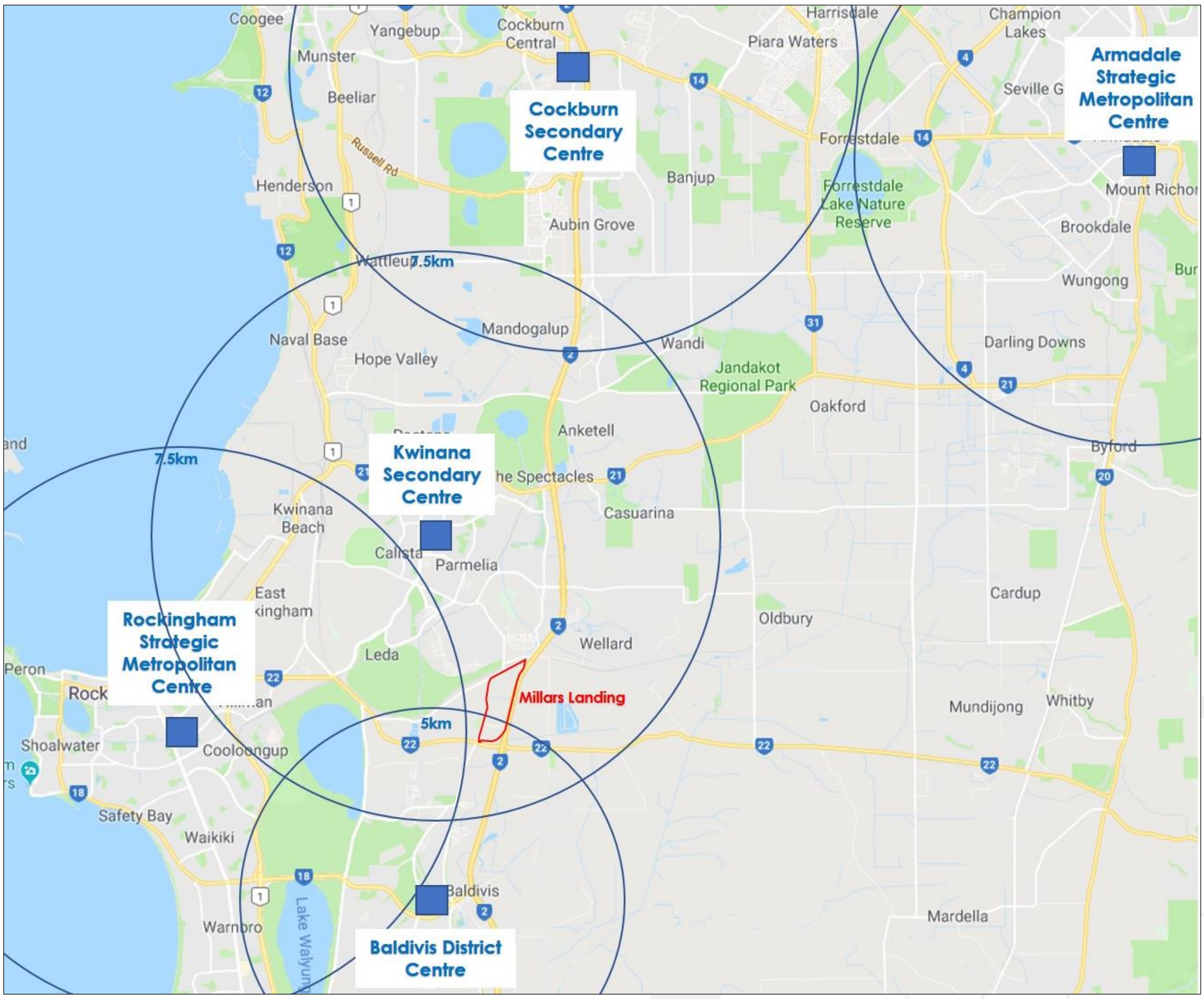
FIGURE 3 – SPP4.2 – RELEVANT ACTIVITY CENTRES

Delineated Centres	Main Role / Function	Typical Retail Types	Indicative Service Catchment
Rockingham Strategic Metropolitan Centre	Strategic metropolitan centres are the main regional activity centres. They are multipurpose centres that provide a diversity of uses. These centres provide the full range of economic and community services necessary for the communities in their catchments.	• Department store/s • Discount department stores • Supermarkets • Full range of specialty shops	150,000 – 300,000 persons
Kwinana Secondary Centre	Secondary centres share similar characteristics with strategic metropolitan centres but serve smaller catchments and offer a more limited range of services, facilities and employment opportunities. They perform an important role in the economy and provide essential services to their catchments.	• Department store/s Discount department store/s • Supermarkets • Specialty shops	Up to 150,000 persons
Baldivis District Centre	District centres have a greater focus on servicing the daily and weekly needs of residents. Their relatively smaller scale catchment enables them to have a greater local community focus and provide services, facilities and job opportunities that reflect the needs of their catchments.	• Discount Department Stores • Supermarkets • Convenience goods • Small scale comparison shopping • Personal services • Specialty shops	20,000 – 50,000 persons

Source SPP4.2 (Page 12)

These three centres are crucial in their respective roles for providing broader retail and services to the Millars Landing community and should not be unduly influenced by the delivery of retail activity in Millars Landing. Millars Landing is located within each of these centres trade areas.

FIGURE 4 – SPP4.2 RELEVANT CENTRES LOCALITY MAP



Source: Google Maps and SPP4.2 (WAPC)

SPP4.2 further states in relation to Neighbourhood and Local centres.

"Neighbourhood centres are important local community focal points that help to provide for the main daily to weekly household shopping and community needs. They are also a focus for medium- density housing. There are also many smaller local centres such as delicatessens and convenience stores that provide for the day-to-day needs of local communities. Neighbourhood and Local Centres play an important role in providing walkable access to services and facilities for communities. These centres should be recognised in local planning strategies, and in structure plans for new urban areas."

However, Neighbourhood and Local Centres are not specifically spatially allocated within SPP4.2. The facilitation of these centre types is typically allocated during the preparation of Local Commercial Strategies and detailed further during the formulation of District and Local Structure Plans.

Other plans and strategies have also contributed to the more detailed distribution and allocation of retail activity centres throughout the North Baldivis region.

3.2 Planning Policy 3.1.2 - Local Commercial Strategy

The City of Rockingham Local Commercial Strategy was formerly endorsed by the City of Rockingham in 2004 and the WAPC in 2007. It has been amended various times up to and including July 2018.

The purpose of the Local Commercial Strategy is to:

- Establish the objectives, principles, and key strategies for retailing and commercial development in Rockingham.
- Guide private sector investment and the City's capital works expenditure.
- Provide Council with a sound basis for decision making on development applications, rezoning proposals and the provision and location of future Council services and facilities.
- Identify centres and commercial locations requiring particular action,
- Provide development opportunities to enable a diverse supply of commercial and residential floorspace to meet projected community needs.
- Cater for a full range of needs from shopping, commercial and community services from local convenience to higher-order comparison retail/goods and services.
- Mitigate the potential for an over-concentration of shopping floorspace in large activity centres at the expense of a more equitable level of service to communities; and
- Promote 'liveable neighbourhood' principles of access to employment, retail, and community facilities by distributing activity centres to improve access by foot or bicycle, rather than having to depend on access by car in urban areas.

The detailed planning for Millars Landing is assessed in Section 2.4.4 Precinct 4 - Baldivis.

This section includes Figure 2.4.2 (Figure 5 in this report) which delineates the planned retail hierarchy for Baldivis and Baldivis North. Figure 2.4.2 reaffirms the designation of Baldivis Town Centre as District centre and introduces the potential for:

- six Neighbourhood centres
- four Local centres

Four of the designated neighbourhood centres are located south of the Baldivis Town centre and are unlikely to influence the delivery of retail activity in Millars Landing. The remaining two neighbourhood centres that will have the highest potential influence over the delivery of retail activity in Millars Landing are located at:

- Baldivis North Neighbourhood Centre
- Spud Shed Neighbourhood Centre on Kerosene Lane

Local centres are also designated at:

- Baldivis East Local Centre (adjacent to Millars Landing – and the likely subject of this RNA)
- Lakeside Caravan Park Local Centre

2.4.4 Precinct 4 – Baldivis

This section was reviewed in 2012 to incorporate the recommendations of State Planning Policy 4.2 – Activity Centres for Perth and Peel (SPP4.2). The identification of floorspace maximums for neighbourhood and local activity centres has resulted in an undersupply of retail floorspace for residents. Recently, SPP4.2 adopted a more flexible approach for Centres, particularly encouraging mixed-use *development and the need to identify and assess the role and function of the Centre rather than a specific size of the centre in terms of retail floorspace. Specific maximums on Neighbourhood and Local Centres in Baldivis have been removed, with a revised focus on the role and function of each Centre. The role and function of these Neighbourhood and Local Centres is detailed in Table 2.8, providing an overview of the key features of each Centre type within the hierarchy including a review of the typical floorspace, ideal catchment population, common anchor tenants and other forms of activities.*

Table 2.8 – Neighbourhood and Local Centre Descriptions in the Baldivis Precinct

Level in hierarchy	*Neighbourhood Centre (NC)*	*Local Centre (LC)*
Approximate catchment served	*5,000 to 20,000 residents*	*Up to 5,000 residents, walkable catchments*
Typical floorspace provision	*Generally, 4,500m2 to 10,000m2*	*Generally, less than 1,500m2*
Typical retail anchor tenants	*Comparison, weekly and convenience services including a supermarket (variety of sizes including full, mid-size and discount offer), range of specialty stores and personal services.*	*Convenience shops, limited specialty stores, personal services.* *Supermarkets generally not appropriate for local activity centres.*
Potential mix of uses	*Local service and commercial facilities, including banks, post office, real estate agents and local commercial.* *Medium density and shop-top residential.*	*Local professional services.* *Shop-top housing.*
Baldivis Centres	*NCs play an important 'community' based role in servicing the every-day needs of residents who live within proximity to the centre.* *Existing and Proposed Centres in Baldivis include:* *- Tuart Ridge* *- Stargate (Precinct E)* *- Baldivis North* *- The Spud Shed* *- Settlers Hills* *- Parkland Heights*	*LCs provide convenience shops or a small strip of shops serving a walkable catchment.* *Further LC development within Baldivis will not impact on the achievement of an appropriate hierarchy and is encouraged as an overall net community benefit will result if additional LCs are established.* *It is noted that the development feasibility of LCs is very difficult to achieve, and any development without a major anchor (such as a supermarket) should be viewed favourably.*

A Retail Sustainability Assessment (RSA), prepared in accordance with SPP4.2, will be required under any of the following circumstances:

- *Any proposal that facilitates an expansion of shop/retail floorspace in a Neighbourhood Centre by more than 3,000m2, except where the total shop/retail floorspace of that centre will be less than 6,000m2; and*
- *Any proposal that would result in an alteration to the role and function of that centre in the hierarchy of centres (e.g. by the development of a supermarket in a Local Centre or a department store in a Neighbourhood Centre).*

The RSA needs to outline:

- *A need or demand for Centre floorspace provision to serve the identified catchment.*
- *The current and forecast population level within the catchment for the next 5 to 10 years.*
- *Depending on the land use proposed, the assessment should highlight key demand factors, such as spending (retail), jobs (commercial), etc.*
- *Show where the proposed Centre provision would fit within the hierarchy.*
- *Indicate the existing major competing supply serving the catchment.*
- *Provide details of any other proposals for new or expanded development which could influence the viability of what is proposed.*
- *Indicate whether there are any existing gaps which the proposal will fill; and*

- *Provide details, where required by the City, on any relevant alternative sites to proposed site, and demonstrate how the proposed site is the preferred site for the proposal.*

Expansion outside of the designation for Activity Centres should be considered in cases which:

- *There is an assessment of the expected impact/trading effect on existing Centres.*
- *There is a demonstration of the extent to which the proposal is expected to lead to an overall improvement in the provision of facilities.*
- *An assessment is undertaken of the estimated employment outcome, including any loss of employment within other Centres.*
- *Significant net employment is generated during construction and operation.*
- *The Centre contributes to public transport usage.*
- *There is an increase in the choice and competition provided to the community – particularly for retail uses.*
- *There is a contribution to other community-related goals such as social interaction and safety; and*
- *There has been a consideration where appropriate other factors such as traffic and parking impacts, amenity, etc.*

If, after a period of time satisfactory to the City, it can be shown that a Local Centre is not commercially viable and the deletion of the Centre will not significantly compromise access to commercial facilities in the locality, the City may permit the site to be developed for a non-commercial use.

Detailed Area Plans should be prepared for all new Neighbourhood and Local Centres to guide the orderly development of the Centre in accordance with SPP4.2.

According to this policy, the Baldivis East Local Centre is currently allocated 1,500sqm. Any consideration to introduce a small supermarket (up to say 1,500sqm) to the Baldivis East Local Centre, and subsequently increasing the size of the centre from 1,500sqm up to 2,500sqm in retail floor space, would not trigger the first circumstance but would trigger the second circumstance. Thereby introducing the need to produce an RSA.

If the findings from this RNA proposes the introduction or expansion of a centre outside the currently allocated hierarchy this section of the LCS would be triggered.

This section becomes critical should any planned centre at Baldivis East Local Centre be unable to attract a small supermarket operator, potentially resulting in the development of a local centre as unviable.

3.3 Baldivis North District Structure Plan

The Baldivis North District Structure Plan was prepared for the City of Rockingham in 2000. In relation to retail activity it highlights:

Neighbourhood Centre

The potential population of Baldivis (North) generates the need for a neighbourhood level shopping centre. The neighbourhood centre is strategically positioned at the intersection of Nairn Drive (a district distributor road) and Fifty Road (a neighbourhood connector) which is central to all residents within Baldivis (North).

"…a total population of 11,583 is estimated for the Baldivis (North) District Structure Plan area. This estimated population generates the need for 6,138m2 NLA of neighbourhood/ local level retail floorspace, based on the WA Planning Commission Metropolitan Centres Policy (total population x 0.53m2)."

There is limited information or data in relation to the demand for this neighbourhood centre. However, the spatial allocation of the Baldivis North NC appears sound and robust based on its distance from Baldivis Town Centre and central location in respect to its intended catchment.

3.4 North East Baldivis Local Structure Plan

The North East Baldivis Local Structure Plan was prepared in 2017. In relation to commercial activity the LSP states:

The market demand will exist for a local centre of 1,500sqm which will support businesses such as accountancy, barristers and solicitors, training specialists, people services/business coaching, personal training and/or health and wellness coaches, independent book publishing – eBooks and website development, property development consultants and the like.

However, the position of this RNA is that it is highly improbable that these business types would be attracted to a small local centre in an urban catchment that is not anchored by a major customer attractor such as supermarket operator. Many of these business types are not typically attracted to Neighbourhood Centres and are more likely to be attracted to District Centres. In fact, many of these business types differentiate the broader District level uses from the neighbourhood and local centres.

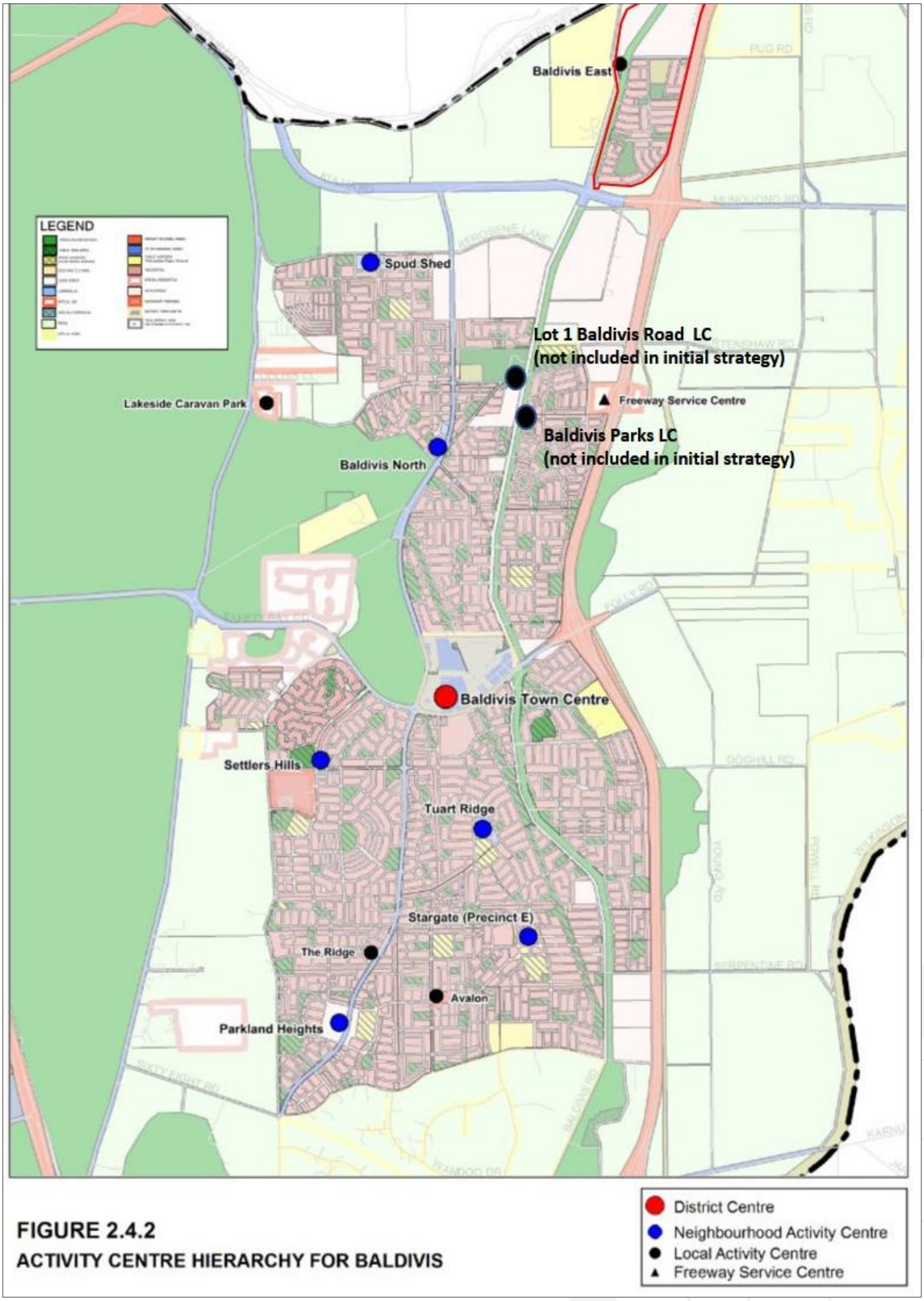
3.5 Baldivis Road Structure Plan

A local centre has been proposed for Lot 1 Baldivis Road on the corner of Fifty Road, Baldivis. The Local centre comprises a total floor space of 1,000 sqm and is intended to include a shop, service station/convenience store and fast food outlet. The planned activities and overall design and layout are predominantly car based and unlikely to perform the role of a local centre satisfying the needs of walkable catchment. However, the centre does satisfy the key definition criteria of a local centre in the City of Rockingham, being no more than 1,000sqm and comprising predominantly retail uses.

3.6 Baldivis Parks Structure Plan

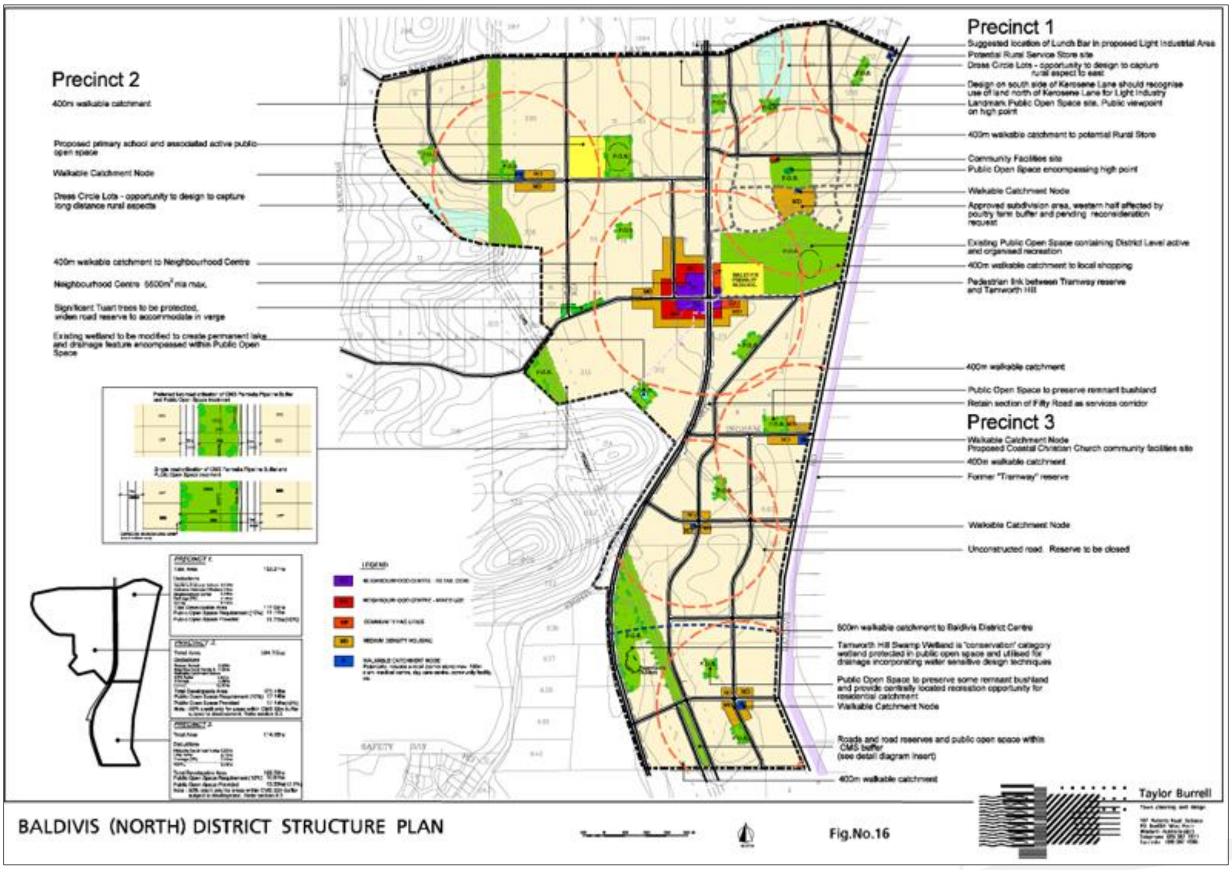
A local centre is also proposed for Baldivis Parks on the corner of Baldivis Road and Daintree Street. The centre is planned to incorporate 1,275 sqm of retail floor space (NLA) include a small supermarket (863sqm), and 3 retail stores including liquor store (137sqm), Café (135sqm), pharmacy (139sqm). A medical centre of 240sqm is also planned for the centre.

FIGURE 5 – ACTIVITY CENTRE HIERARCHY MAP - PRECINCT 4



Source: City of Rockingham Local Commercial Policy

FIGURE 6 – BALDIVIS NORTH DISTRICT STRUCTURE PLAN MAP



Source: Baldivis North District Structure Plan

FIGURE 7 – NORTH EAST BALDIVIS LOCAL STRUCTURE PLAN MAP

Source: North East Baldivis Local Structure Plan

4 COMMERCIAL INFLUENCES

The retail network throughout Australia is currently influenced by the distribution and network strategy of major retail tenants including Discount Department Stores (DDS) and supermarkets. Planning for retail activity requires a balanced approach of providing a commercially efficient retail network which will be financially viable for the commercial and investor sectors and delivering a competitive environment capable of delivering choice and equity for the communities they are intended to serve.

4.1 Discount Department Stores

There are currently three main Discount Department Stores (DDS) operators in Australia including Kmart, Target and Big W. These stores generally occupy a floor space of around 8,500sqm and formulate the main anchor for District Centres and create the main differentiation from the Neighbourhood Centre. The role of the DDS has diminished over recent years as more dedicated tenants and online retail impact their performance and sustainability. The market can expect to see a rationalisation of these DDS tenancies in the short to medium term. Subsequently we can expect to see fewer DDS operators developed in District Centres making these centre types more vulnerable than the supermarket-based neighbourhood centre in time. An average DDS operating in an urban environment around Australia may currently require at least a 3.5 km dedicated residential catchment, although this varies according to residential densities and competitive environments in specific catchments.

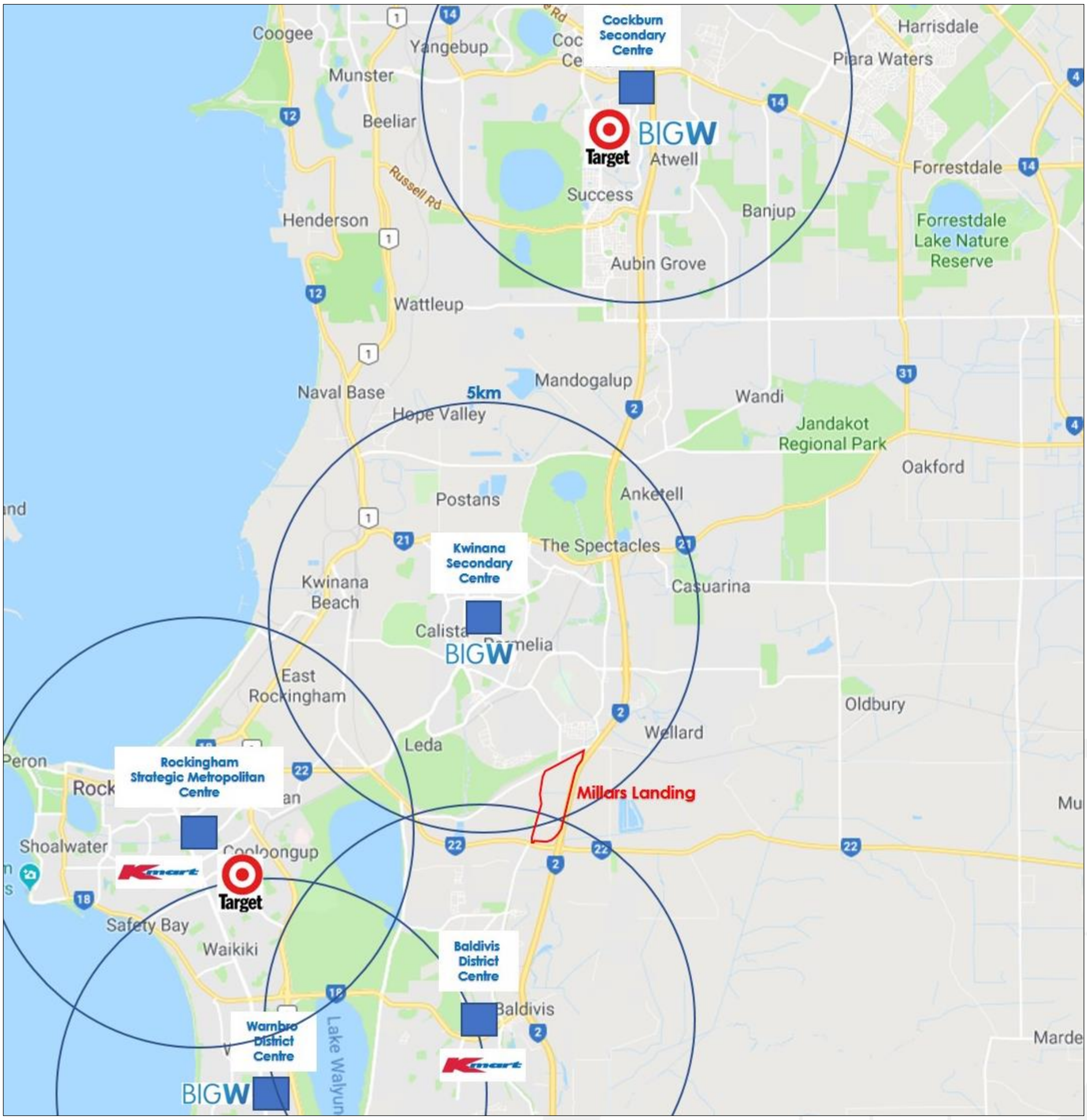
A search of the Discount Department Stores currently operating in the region shows that each of the three DDS operators currently have stores located at centres which cater to the broader needs of the planned Millars Landing community.

FIGURE 8 – DDS LOCATIONS

Centre	Hierarchy	Distance to Millars Landing	DDS Tenants
Kwinana Town Centre	Secondary Centre	5 km north	Big W
Baldivis Town Centre	District Centre	5 km south	Kmart
Rockingham Town Centre	Strategic Metropolitan Centre	8km west	Kmart Target
Warnbro Town Centre	District Centre	9 km south west	Big W
Cockburn Town Centre	Secondary Centre	17 km north	Target Big W

Source – operators store locater web sites

FIGURE 9 – DDS NETWORK DISTRIBUTION MAP



Source: store locater web sites

4.2 Supermarkets

Neighbourhood Centres are invariably anchored by a supermarket, ranging from 1,500sqm (typically IGA and Aldi) sized supermarket to 3,500sqm full line supermarkets (typically preferred by Coles and Woolworths). Commercial evidence is clear that NC simply will not be developed unless they are anchored by one of these operators as smaller tenants rely on the foot traffic created by supermarkets to trade successfully. Without attracting a supermarket, developers and investors would be unable to secure the rental income level required from smaller shops to justify the investment in the centre.

Full line supermarkets typically trade to a dedicated catchment of at least 1.5km whilst the smaller convenience based 1,500sqm supermarkets can trade to an area of 1km. an exception is Aldi, which at 1,500sqm currently caters to a smaller section of the overall consumer market and subsequently requires a larger trade area to be viable – although this may change over time as their offer becomes more attractive to a higher proportion of potential customers.

To highlight the importance of the supermarket network in the establishment of retail centres in Australia, there have been a significant number of supermarket-based neighbourhood centres developed throughout urban Perth over the past 5-10 years. Most of these range in size from 2,500sqm (anchored by a 1,500sqm supermarket) and 5,000sqm (anchored by a 3,500sqm supermarket). During that same period there have been very few – if any – non supermarket anchored local centres of 1,500sqm. This is despite their continued allocation within Local Government Planning and Activity Centres Strategies.

This lack of development can be put down to the high commercial risk of developing retail tenancies which may not be leased due to the inability to attract/provide the traditional pulling power created by a supermarket (even a small one). Whilst this may not be desirable in an urban planning context it remains nonetheless real. A local centre is therefore more likely to take the form of a single café/restaurant commercial operator trading to a high amenity location – with vistas to parkland, waterways etc. than a strip of 10-15 shops (1,500sqm) without an anchor tenant.

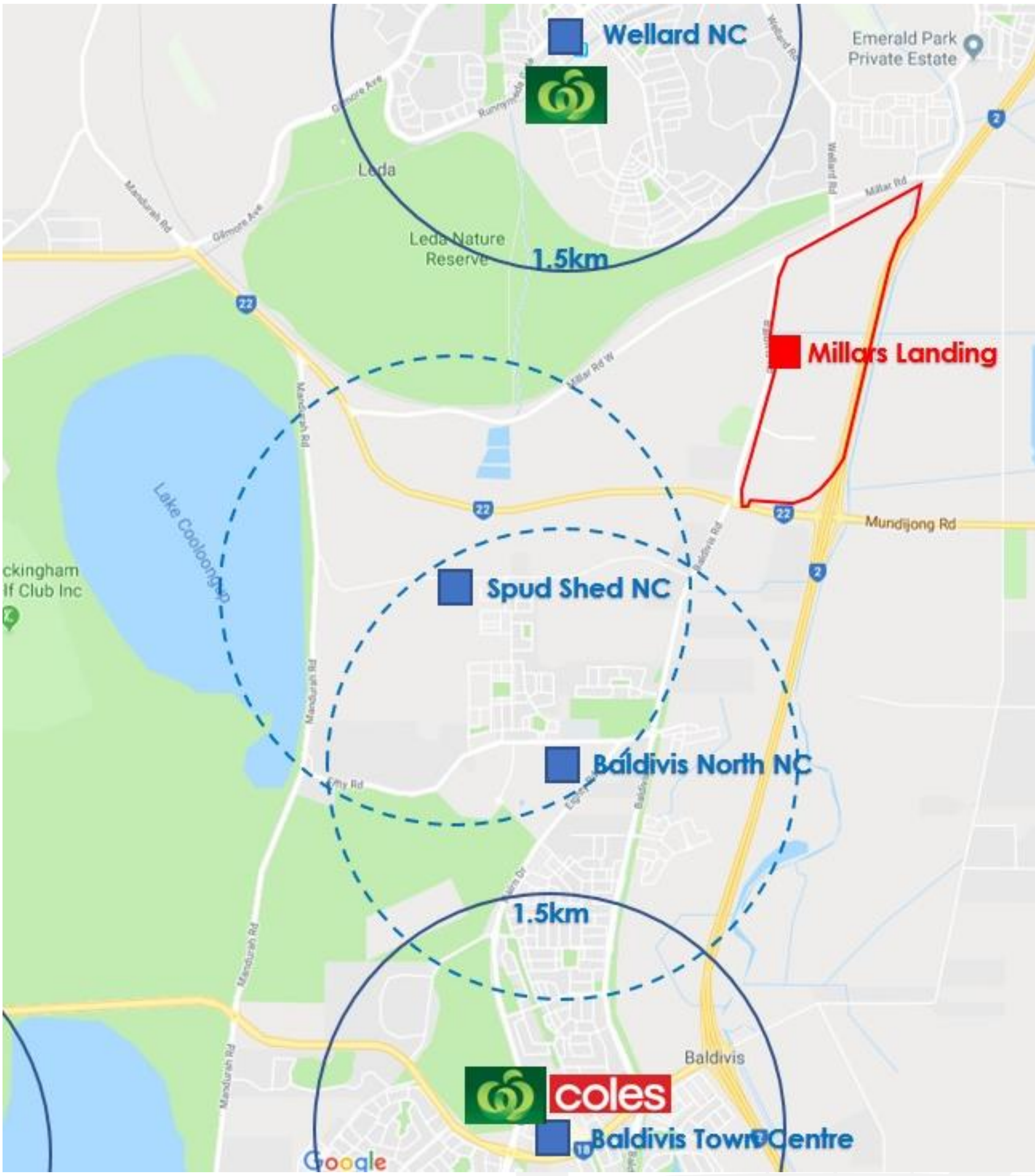
A search of the major supermarket tenants currently operating in the region shows that each of the main supermarket operators are in centres which will be likely to influence the delivery and performance of retail activity in Millars Landing.

FIGURE 10 – SUPERMARKET LOCATIONS

Centre	***Hierarchy***	***Distance to Millars Landing***	***Supermarket Tenants***
Bertram	*Local Centre*	*6 km north*	*IGA*
Medina	*Local Centre*	*6 km north*	*IGA*
Baldivis South	*Local Centre*	*6 km south*	*IGA*
Kwinana Town Centre	*Secondary Centre*	*5 km north*	*Coles* *Woolworths* *Aldi*
Wellard Town Centre	*Neighbourhood Centre*	*2.5 km north*	*Woolworths*
Baldivis Town Centre	*District Centre*	*5 km south*	*Coles* *Woolworths*
Rockingham Town Centre	*Strategic Metropolitan Centre*	*8km west*	*Coles* *Woolworths* *Aldi*
Warnbro Town Centre	*District Centre*	*9 km south west*	*Coles* *Woolworths*
Baldivis Park Local Centre	*Local Centre*	*3km south*	*Potential IGA*

Source – operators store locater web sites

FIGURE 11 – SUPERMARKET NETWORK DISTRIBUTION MAP



Source: Store locator web sites for major tenants

4.3 Likely Future Centre Network and Distribution

Based on the policy and commercial influences discussed in previous sections it is possible to explore a likely future distribution pattern for activity within the areas and centres surrounding Millars Landing.

Those centres with the greatest level of likely influence over the delivery and sustainability of retail activity in Millars Landing include:

Baldivis Town Centre

Located 5 km to the south of Millars Landing the Baldivis Town Centre already includes both full line supermarkets in Coles and Woolworths.

Potential development opportunities remain for the Town Centre, with neither Aldi nor IGA currently accommodated in the centre. The proximity of IGA at Baldivis South Local Centre less than 1km to the south of the town centre lessens the likelihood of attracting an IGA to the Town Centre – particularly in the short to medium term.

Baldivis North Neighbourhood Centre

The Baldivis North Neighbourhood Centre has not yet been developed. However, it is currently being planned. It is currently planned to be located on the corner of Nairn Driver and Fifty Road, North Baldivis. It will be situated 2.5km south west of Millars Landing.

It is an allocated Neighbourhood centre and has subsequently been allocated between 5,000sqm and 10,000sqm of retail floor space. A single full line supermarket (3,500sqm) based centre could be delivered within 5,000sqm of retail floor space, whilst a dual supermarket (2 stores of 3,500sqm each) based centre could be delivered within 10,000sqm of retail floorspace.

There is no doubt that this centre will be delivered initially as a single supermarket-based neighbourhood centre anchored by either Coles or Woolworths. There may be potential for the centre to ultimately include a second supermarket – whether it is a second full line (3,500sqm) supermarket or a smaller (1,500sqm) supermarket.

Spud Shed Neighbourhood Centre

The Spud shed Neighbourhood centre is an anomaly by retail planning terms. It does not purport to trade to traditional convenience based residential trade areas. Instead it caters to a far wider customer base on the principle of direct produce and cheaper prices. Whilst it is listed as a Neighbourhood centre in relevant policy and strategy initiatives. It will continue to provide a much narrower role to a much wider customer base than other Neighbourhood Centres. That is not to say that it will not partly serve its immediate local catchment, but it will not solely rely on this trade to be successful.

It is unlikely to attract a second supermarket operator to the centre, and it will need to compete directly for customers with the Baldivis Neighbourhood Centre less than 1.5km south east of the Spud Shed. The proximity of the Spud Shed may reduce the likelihood of Baldivis North Neighbourhood Centre attracting a second supermarket operator.

Wellard Neighbourhood Centre

The Wellard Neighbourhood Centre is located 3km north of Millars Landing in the City of Kwinana. Although this centre is not located in the City of Rockingham and does not fall under the jurisdiction or control of the City of Rockingham, this centre will influence the delivery and sustainability of retail activity in Millars Landing. It already incorporates a full line Woolworths supermarket and has the land capacity to incorporate a second supermarket if demand permits it. However, it is likely that it will remain a single supermarket-based Neighbourhood centre in the short to medium term.

Lot 1 Baldivis Road

Lot 1 Baldivis Road represents an anomaly in the planned centre hierarchy of Baldivis. Its function and components are more reflective of uses typically forming part of a larger supermarket-based neighbourhood centre. As such it will need to draw from beyond a typical local centre catchment and will also have to compete directly with similar uses planned for the Baldivis North Neighbourhood Centre. However, its plans do not include an opportunity for even a small supermarket, making it difficult to see how it may compete or function within a limited catchment.

Baldivis Parks Local Centre

This local centre will perform a similar role to that planned for the East Baldivis community. Anchored by a small supermarket it will predominantly serve its intended local catchment, despite operating in the trade area of the Baldivis North Neighbourhood Centre.

4.4 Catchment Implications

The following figure shows the result of overlaying the catchments to the location and nature of current and future potential centres according to policy, existing and likely tenant distribution. It highlights that:

- There is a significant overlap of potential catchments between the Baldivis North Neighbourhood Centre and the Spud Shed Neighbourhood Centre (notwithstanding that Spud Shed effectively trades beyond the typical neighbourhood centre catchment) – reinforcing the position that an anomaly exists in relation to the neighbourhood centre distribution planned in the Baldivis North Region.

- The Millars Landing community does not fall within the dedicated catchment of any of the nominated existing or planned Neighbourhood or Local Centres as prescribed in the policy frameworks.

- A nominal supermarket-based Local Centre catchment of 1 km from the East Baldivis Local Centre incorporates the entire Millars Landing development.

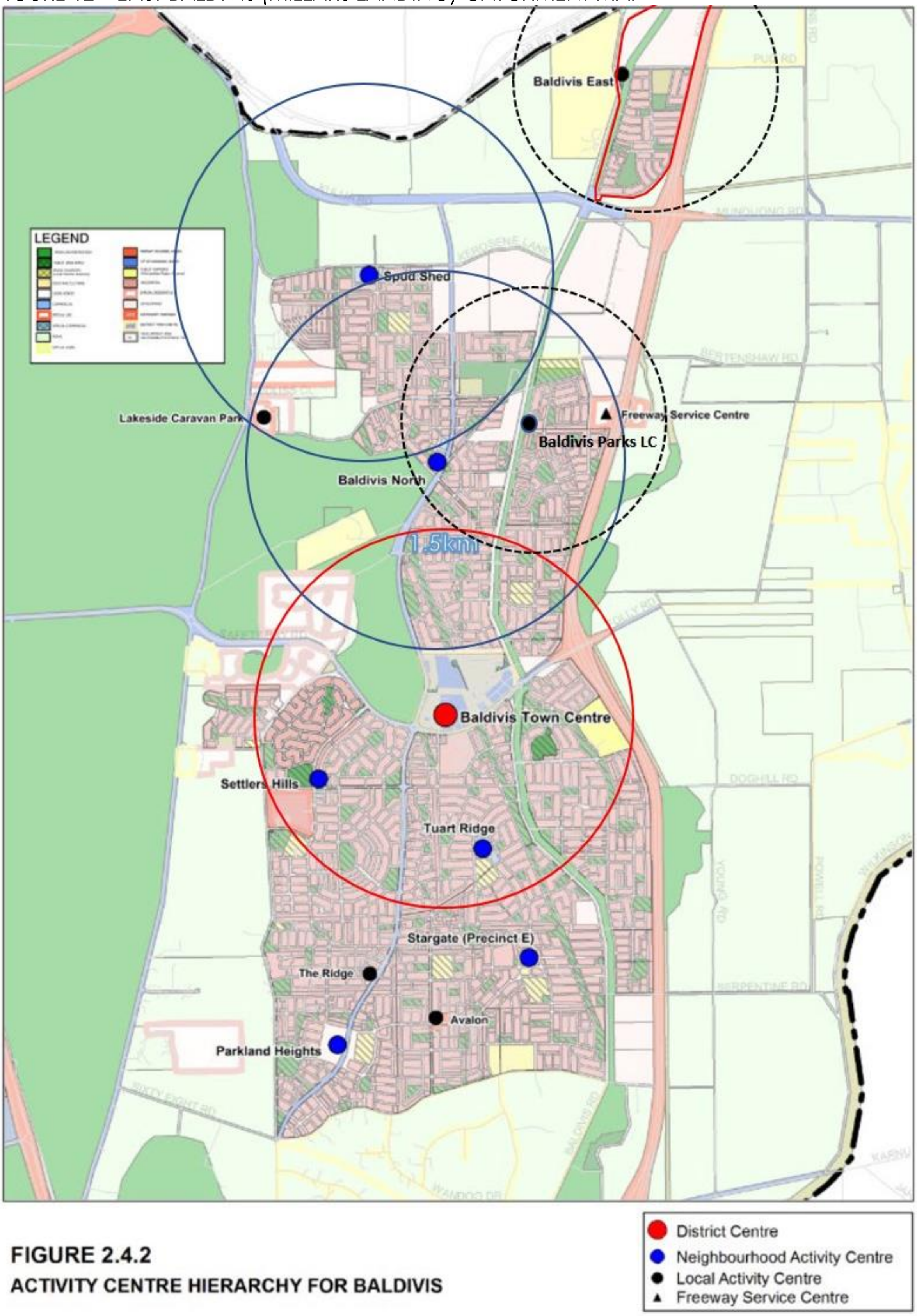
- There is no (or limited) overlap of the East Baldivis Local Centre catchment with catchments prescribed for adjacent neighbourhood centres in Wellard, Baldivis North and Spud Shed.

- It is therefore reasonable to expect that a centre trading in Millars Landing would be capable of capturing a sustainable share of the retail spending market generated from the Millars Landing community.

- A clear opportunity exists to provide an equitable provision of supermarket retail floor space to the future community in Millars Landing through the allocation of a supermarket-based centre (whether Neighbourhood or Local) in Millars Landing.

The market demand for a supermarket-based centre in East Baldivis/Millars Landing is explored in subsequent sections of this report.

FIGURE 12 – EAST BALDIVIS (MILLARS LANDING) CATCHMENT MAP



Source: Store locator web sites for major tenants

5 MARKET INFLUENCES

This section assesses the market potential of the likely intended catchment for a supermarket-based neighbourhood or local centre in East Baldivis/ Millars Landing (Millars Landing) based on the timing and staging of population, dwellings and spending capacity within the intended catchment.

5.1 Population and Dwellings

The City of Rockingham recorded a resident population of nearly 130,000 people in 2016.

WA Tomorrow

WA Tomorrow is a series of population forecasts based on demographic trends. The forecasts represent the best estimate of future population size if trends in fertility, mortality and migration continue. WA Tomorrow includes a forecast range (A to E), indicating five probable futures. A and B contain the lower forecasts, C is the median forecast and D and E represent the higher forecasts. Band C is generally used as the best estimate of future population size.

FIGURE 13 – FORECAST POPULATION - CITY OF ROCKINGHAM (BAND C)

	2016	2021	2026	2031	2016-2031
City of Rockingham	129,240	146,840	164,160	182,800	n/a
Growth per period	n/a	17,600	17,320	18,640	53,560
Average growth per annum	n/a	3,520	3,464	3,728	3,571

Source: WA Tomorrow (WAPC 2020)

The table highlights that Rockingham may expect to grow by an average of 3,500 residents over the next 15 years, resulting in the City of Rockingham growing to 146,840 in 2021 and 182,800 by 2031.

id forecasting

Consulting organisation, .id delivers population forecasts to councils across Australia and New Zealand. These are branded forecast.id and delivered through Local Government websites. Over 130 councils across Australia subscribe to this information resource, which forecasts how the population, age structure and household types will change over time.

According to the City of Rockingham /id forecast web site the City's population is forecast to increase by 24,600 residents to reach a total population of 153,900 residents by 2021. By 2036 the population for the City of Rockingham is expected to reach 192,800 presidents, an increase of 63,500 residents over 20 years at an average rate of 3,175 residents per annum.

FIGURE 14 – FORECAST POPULATION - CITY OF ROCKINGHAM

	2016	2021	2026	2031	2036	2016-2036
City of Rockingham	129,300	153,900	171,750	184,150	192,800	n/a
Growth per period	n/a	24,600	17,850	12,400	8,650	63,500
Average growth per annum	n/a	4,920	3,570	2,480	1,730	3,175

Source: id forecast

A comparison of the two population forecasting data sets for Rockingham reveals that the population for the City is expected to range from 182,800 and 184,150 in 2031. More detailed forecasting by small area is also available by id forecast. These forecasts are subsequently used for the remainder of this report.

Baldivis

The Baldivis District recorded a population of 32,850 residents in 2016. The area, comprising both Baldivis North and Baldivis South (Safety Bay Road as the boundary between the two) is forecast to increase to 69,750 residents by 2036 an increase of 36,900 residents which represents 58% of the total City of Rockingham population growth over the next 20 years.

Wellard West (north of the railway and in the City of Kwinana) is closer to Millars Landing than Baldivis South residents and these residents are more likely to influence retail sales in Millars Landing than Baldivis South residents. Wellard West is expected to double its population over the next 20 years – from 8,100 in 2016 to 17,600 by 2036.

FIGURE 15 – FORECAST POPULATION – BALDIVIS / WELLARD

Suburb	**2016**	**2021**	**2026**	**2031**	**2036**	**2016-2036**
Baldivis North	8,350	15,500	22,200	27,600	30,250	21,900
Baldivis South	24,500	32,600	37,800	39,500	39,500	15,000
Baldivis	**32,850**	**48,100**	**60,000**	**67,100**	**69,750**	**36,900**
% of Rockingham	**25%**	**31%**	**35%**	**36%**	**36%**	58%
Wellard West (Kwinana)	8,100	13,200	16,600	17,600	17,600	9,500
Total	**40,950**	**61,300**	**76,600**	**84,700**	**87,350**	**46,400**

Source: id forecast

Millars Landing

Millars landing is forecast to increase from no residents in 2016 to 4,100 residents in 2036 at an average growth rate of 200 residents per annum. it will ultimately represent 14% of the overall Baldivis North population.

FIGURE 16 – POPULATION GROWTH - MILLARS LANDING

	2021	**2026**	**2031**	**2036**
Dwellings total	175	635	1,285	1,515
Dwellings per period	175	460	650	230
Average per annum	35	92	130	46
Population	473	1,715	3,470	4,091
% of Baldivis North population	3%	8%	13%	14%

Source: id forecast

5.2 Catchment Population

The patterns of spending behaviour are likely to differ between catchments depending on the resident's relative access to and proximity to another supermarket offers. The following table shows the populations of the respective catchments that are likely to generate and contribute most retail sales to a retail centre at Millars Landing.

FIGURE 17 – POPULATION GROWTH - CATCHMENTS

	2021	2026	2031	2036
Millars Landing	500	1,700	3,500	4,100
Balance of Baldivis North	15,000	20,500	24,100	26,150
Wellard	13,200	16,600	17,600	17,600
Total	**28,700**	**38,800**	**45,200**	**47,850**

Source: id forecast

Across urban Australia, a full line supermarket is available on average for every 8,000 residents. This catchment therefore has the potential to accommodate up to 6 full line supermarkets.

5.3 Demographics

The social and economic demographic characteristics of the resident community in a specific catchment will determine its overall retail spending profile and market demand for retail goods and services.

There were no reported residents within Millars Landing at the time of the 2016 population and household census. The broader statistical suburbs of Baldivis and Wellard represents the current population base from the 2016 census that will most likely reflect the future Millars Landing socio-economic characteristics. These two suburbs reported a combined population of 40,000 in 2016. The demographic profile for this population is characterised by:

- A developing community, with significant number of new residents arriving over recent years
- An average household size which is 10% larger than Perth averages
- An average age which is 20% younger than Perth averages
- A higher representation of families with children
- Significantly fewer lone person households
- More people in the workforce
- More people working full time
- Reflected by more people in the workforce per dwelling
- Average personal incomes slightly above Perth averages
- Average household incomes slightly above Perth averages
- Larger concentrations of separate dwellings and fewer apartments and townhouses
- Larger dwellings
- Higher representations of mortgaged dwellings
- Fewer rented properties
- Average mortgage and rental commitments relatively consistent with Perth averages

FIGURE 18 – DEMOGRAPHIC CHARACTERISTICS

	Demographic Summary (2016)	Baldivis	Wellard	Perth	(Variation from Perth average) Baldivis	(Variation from Perth average) Wellard
Persons	**Resident population (no.)**	**31,652**	**9,095**			
	At home on census night	94%	95%	95%	-1%	0%
	Same address 1 year ago	78%	70%	83%	-5%	-15%
	Same address 5 years ago	32%	24%	53%	-39%	-55%
	Australian born	21%	16%	19%	12%	-13%
Households	**Average persons per dwelling**	**2.9**	**2.9**	**2.6**	13%	11%
	Average age (years)	30.6	30.0	37.5	-18%	-20%
	Families with children	56%	54%	46%	23%	19%
	Couples without children	26%	29%	27%	-2%	8%
	Lone person households	15%	13%	23%	-36%	-43%
Labourforce	**In Labourforce (no.)**	**15,954**	**5,163**			
	In Labourforce (%)	75%	79%	68%	10%	16%
	Employed Full time	46%	49%	38%	19%	27%
	Employed Part time	19%	19%	21%	-7%	-9%
	Average personal income	$60,228	$58,004	$56,643	6%	2%
	Average employment/dwelling	2.2	2.2	2.1	3%	4%
	Average household income	$108,452	$107,798	$104,006	4%	4%

$ values expressed in 2016 dollars

Dwellings	**Total dwellings (no.)**	**11,520**	**3,476**			
	Seperate dwellings	95%	93%	75%	27%	25%
	Apartments	5%	7%	25%	-81%	-73%
	Average bedrooms	3.69	3.67	3.33	11%	10%
	Mortgaged	60%	68%	43%	41%	58%
	Rented	23%	22%	27%	-12%	-18%
	Average monthly mortgage payments ($)	$2,208	$2,234	$2,170	2%	3%
	Average weekly rent payments ($)	$391	$374	$380	3%	-2%

$ values expressed in 2016 dollars

5.4 Retail Spending Profiles

Retail spending profiles across Australia are determined using a range of data sources including Household Expenditure Surveys (ABS 5 yearly), Retail Sales Australia (ABS quarterly). Results from the extrapolation of these data sources highlight several key spending patterns, including on average 40% of all resident retail expenditure is spent on food/grocery goods and services (with 80% of this spending captured by supermarkets) leaving 20% of this spending for non-supermarket food/grocery retailers.

The demographic profiles for the catchment indicate an average retail spending profile for the Millars Landing catchment population will be slightly above Perth averages. The following table shows that Millars landing residents may be expected to spend an average of $13,100 per person per annum across all retail goods and services.

This total includes an average of $4,465 per person per annum on supermarket and grocery store spending. This is the most relevant spending category for the Millars Landing catchment.

FIGURE 19 –AVERAGE PER CAPITA RETAIL SPENDING PROFILES

Retail Category	Baldivis / Wellard	Perth Averages
Supermarket and Grocery stores	$4,465	$4,282
Liquor	$590	$566
Other Food	$375	$360
Total Food and Grocery	**$5,429**	**$5,207**
Total Household Goods	**$2,439**	**$2,339**
Total Clothing, Footwear, Personal Accessory	**$780**	**$748**
Department Stores	**$882**	**$846**
Total Other	**$1,523**	**$1,460**
Total Café, Restaurant, Takeaway	**$2,046**	**$1,962**
Total Retail	**$13,099**	**$12,562**

Source: Taktics4 retail spending model
(Expressed in constant 2019 dollars)

6 RETAIL NEEDS ASSESSMENT

This section assesses the data and findings generated in previous sections to determine the level of retail demand that may be sustained in Cell D. It includes findings from analysis of the Taktics4 retail spending and sales model. The model is used to estimate the amount of retail floor space that may be capable of being supported from the nominated residential catchment(s). The model captures and collates data from a range of sources including:

1. Retail Trade, Australia - 8501.0 (ABS monthly)
2. Household Expenditure Survey, Australia – 65300.0 (ABS 2015/16)
3. Consumer Price Index, Australia – 6401.0 (ABS monthly)
4. Estimated Resident Population – 3101.0 (ABS Quarterly)
5. Population and Household Census (ABS 2016)

The Retail Spending Model extrapolates, collates, and introduces a range of data variables from each of these sources to generate the:

- average annual per capita retail spending profile for residents within the nominated catchment
- total annual resident retail spending capacity within the nominated catchment
- total annual retail sales potential for retail activity within the nominated catchment
- total retail floor space sustainable within the nominated catchment

In broad terms the estimate of sustainable floor space is derived using the following approach:

1. Determining the average annual per capita retail spending profile for the catchment
2. Multiplying the average annual per capita retail spending profile by the estimated current and future resident populations in the catchment to generate an annual resident retail spending capacity for the catchment.
3. Attributing the market share or market capture that retail activity in the catchment may likely be capable of sustaining given the competition and nature of constraints in accessing the centre from within the catchment to generate a total retail sales potential for the planned activity
4. Attributing industry accepted sales performance metrics (Sales/sqm per annum) that a retailer may expect to achieve in order to establish and maintain a sustainable venture to determine the level of retail floor space that may be sustainable in the catchment.

6.1 Retail Spending Capacity

The resident retail spending capacity for a catchment is formulated directly by multiplying the resident population for the catchment by the average retail spending profiles attributed to the catchment.

The size and nature of the Millars Landing centre will ultimately be determined by the nature and sustainability of its supermarket offering. The size and nature of any supermarket will subsequently determine the market sustainability for all other retail goods and services in Millars Landing. The focus of this RNA is therefore on assessing whether a supermarket in Millars Landing is sustainability.

Based on the demographic and retail spending profiles for Baldivis North, Wellard and Millars Landing, the resident population in these areas is estimated to generate a total supermarket spending capacity of $128.2M p.a. in 2021 increasing to $213.8M p.a. in 2036.

FIGURE 20 – SUPERMARKET SPENDING CAPACITY ($M p.a.)

	2021	2026	2031	2036
Millars Landing	$2.2	$7.6	$15.6	$18.3
Balance of Baldivis North	$67.0	$91.6	$107.7	$116.8
Wellard	$59.0	$74.2	$78.6	$78.6
All Catchments	**$128.2**	**$173.4**	**$202.0**	**$213.8**

Source: Taktics4 retail spending and sales model
(Expressed in constant 2019 dollars)

6.2 Market Capture

There are six full line equivalent supermarkets planned across the entire catchment of Baldivis North and Wellard catchment. Residents within these catchments will ultimately have access to all these supermarkets depending on their preference in relation to distance, time, amenity and offer.

A 1,500sqm supermarket at Millars landing represents 7% of total supermarket floor space planned for the Baldivis North and Wellard residents. this may be equated to suggest that all things being equal a supermarket at Millars Landing could expect to capture 7% of total supermarket spending capacity across the entire Baldivis North/Wellard catchments.

FIGURE 21 – POTENTIAL SUPERMARKET ALLOCATION BALDIVIS NORTH / WELLARD CATCHMENT

	Distance from Millars Landing	Allocated Supermarkets	Potential Supermarket floor space (sqm)	% of total supermarket floor space in catchment
Baldivis East/Millars Landing	**-**	**0.5**	**1,500**	**7%**
Baldivis Town Centre	6 km	2.5	8,000	38%
Baldivis North	3 km	1.0	3,500	17%
Spud Shed	3 km	1.0	3,500	17%
Wellard	3 km	1.0	3,500	17%
Baldivis Parks Local Centre	3 km	0.25	800	4%
Total		**6.25**	**20,000**	**100%**

Source: Taktics4 retail spending and sales model

As stated earlier, typically across urban Australia, there is a single full line supermarket for every 8,000 residents. The Baldivis North/Wellard catchment will ultimately comprise 46,000 residents meaning that this catchment should be able to support six full line supermarkets – or equivalent.

<u>Millars Landing Catchment</u>

When we reduce the catchment to Millars Landing, a 1,500sqm supermarket at Millars landing represents 18% of total supermarket floor space of the nearest supermarket-based centres to its residents. This equates to a supermarket at Millars Landing being able to capture 18% of the total spending capacity from within its catchment.

FIGURE 22 – POTENTIAL SUPERMARKET ALLOCATION MILLARS LANDING CATCHMENT

	Distance from Millars Landing	Allocated Supermarkets	Potential Supermarket floor space (sqm)	% of total supermarket floor space in catchment
Baldivis East/Millars Landing	-	0.5	1,500	18%
Baldivis North	3.2km	1.0	3,500	41%
Spud Shed	2.8km	1.0	3,500	41%
Total		**2.5**	**8,500**	**100%**

Source: Taktics4 retail spending and sales model

The Millars Landing catchment has an ultimate population of 4,000 residents which means that it should be capable of sustaining a half a full line supermarket – or equivalent – a small supermarket offer.

It is therefore reasonable to expect that a centre in Millars landing would be able to capture a higher proportion of its share from Millars Landing due to the closer proximity of this population to the centre and subsequently achieve a smaller proportion of the market capture from the wider population catchments given they are further from the centre.

The following table shows the likely achievable market capture rates by a centre at Millars Landing from each catchment area. A 1,500sqm supermarket at Millars Landing should be capable of achieving 30% market share from the supermarket spending capacity within the Millars Landing catchment and 3% of the market share from the supermarket spending capacity from the balance of Baldivis North and Wellard resident catchment.

FIGURE 22 – POTENTIAL SUPERMARKET MARKET CAPTURE – MILLARS LANDING

	2021	2026	2031	2036
Millars Landing	30%	30%	30%	30%
Balance of Baldivis North	3%	3%	3%	3%
Wellard	3%	3%	3%	3%

Source: Taktics4 retail spending and sales model

These performance targets are achievable assuming that all supermarket offerings allocated to centres in Baldivis North and Wellard have been developed. Obviously, at this time Baldivis North is not developed.

6.3 Retail Sales Potential

Based on the market capture rates from each catchment, a supermarket-based centre should therefore expect to generate retail sales of up to $4.4M p.a. by 2021 and up to $11.4 Ma p.a. by 2036. This represents only 3.5% of total catchment supermarket spending capacity in 2021 and 5.3% of total catchment supermarket spending capacity in 2036. Meaning that 95% of all supermarket spending in the catchment will still gravitate to other supermarkets.

FIGURE 23 – SUPERMARKET SALES POTENTIAL BY CATCHMENT ($M p.a.)

	2021	2026	2031	2036
Millars Landing	$0.7	$2.3	$4.7	$5.5
Balance of Baldivis North	$2.0	$2.7	$3.2	$3.5
Wellard	$1.8	$2.2	$2.4	$2.4
All Catchments	**$4.4**	**$7.2**	**$10.3**	**$11.4**
% of total catchment supermarket spending	3.5%	4.2%	5.1%	5.3%

Source: Taktics4 retail spending and sales model
(Expressed in constant 2019 dollars)

In addition to the market capture for this centre, retail tenants typically have the potential to attract sales from beyond their dedicated catchment through passing traffic and visitors from outside the catchment. This could be true for example of visitors from outside the designated catchment to the Baldivis Cemetery adjacent to the site. Given the extensive nature of the catchment used, and the small supermarket-based centre planned, this is estimated to represent up to 1% of a tenant's retail sales which may be captured from outside the dedicated catchment. This would subsequently equate to an additional $0.1M p.a. in retail sales for the centre.

FIGURE 24- SUPERMARKET SALES POTENTIAL FROM BEYOND CATCHMENT ($M p.a.)

	2021	2026	2031	2036
Sales from beyond catchment	1%	1%	1%	1%
sales from beyond catchment	$0.1	$ 0.1	$0.1	$0.1

Source: Taktics4 retail spending and sales model
(Expressed in constant 2019 dollars)

A small supermarket at Millars Landing is therefore estimated to be capable of capturing from $4.5M p.a. in 2021 to $11.5M p.a. in 2036 when incorporating sales from beyond the designated catchment.

FIGURE 25- TOTAL SUPERMARKET SALES POTENTIAL ($M p.a.)

	2021	2026	2031	2036
From Catchments	**$4.4**	**$7.2**	**$10.3**	**$11.4**
From beyond catchment	$0.1	$0.1	$0.1	$0.1
Total Sales potential	**$4.5**	**$7.3**	**$10.4**	**$11.5**

Source: Taktics4 retail spending and sales model
(Expressed in constant 2019 dollars)

The table below shows the relative retail sales contribution made to a supermarket in Millars Landing from each of the nominated catchments. It shows that a supermarket in Millars Landing may expect that 48% of its sales are derived from retail spending generated within the Millars Landing catchment whilst 31% would be derived from the Balance of Baldivis North and the 21% from the Wellard catchment.

FIGURE 26- TOTAL SUPERMARKET SALES CONTRIBUTION by CATCHMENT

	2021	2026	2031	2036
From Millars Landing catchment	15%	31%	45%	48%
From the Balance of Baldivis North	45%	38%	31%	31%
From Wellard catchment	39%	30%	23%	21%
From outside catchment	1%	1%	1%	1%

Source: Taktics4 retail spending and sales model
(Expressed in constant 2019 dollars)

6.4 Centre Potential

The performance and sustainability of retail activity is generally assessed according to an industry accepted unit measure of sales productivity. Sales productivity represents the average sales captured by a tenancy for each square metre of retail space of that tenancy every year ($/sqm p.a.). The accepted industry benchmark for supermarket retail tenancies is an average $8,500/sqm per annum. Dividing the potential retail sales by this sales productivity measure provides a guide to the amount of supermarket floor space that may be capable of being sustained in the node.

FIGURE 27 – SUSTAINABLE SUPERMARKET RETAIL FLOORSPACE

	2021	2026	2031	2036
Total Sales Potential ($M p.a.)	$4.4	$7.2	$10.3	$11.4
Sales Productivity ($/sqm p.a.)	$8,500	$8,500	$8,500	$8,500
Potential Sustainable Supermarket floor space (sqm)	528	861	1,221	1,349

Source: Taktics4 retail spending and sales model
(Expressed in constant 2019 dollars)

The Model findings show that a 1,500sqm supermarket is capable of trading sustainably in Millars Landing by 2031. However, it would be unlikely to achieve its full trading potential until 2036. The centre could be developed sooner than 2031, but it would be unlikely to trade to required levels and poses a risk to the sustainability of the centre in the short term. A centre of this size is not usually developed in multi stages and therefore the entire centre could expect to be developed as one stage.

A small supermarket-based centre can typically support the inclusion of 5 to 10 additional retail shops. These specialty shops usually average 100sqm in floor space although they can range between 75sqm and 200sqm depending on the tenancy type. For example, newsagents, cafes, and pharmacies typically trade from larger stores while takeaway stores trade from smaller stores.

A small supermarket-based centre could therefore comprise a total of 2,500sqm in retail floor space including 1,500sqm in supermarket floor space and 1,000sqm in specialty shops floor space. It is not usual for a centre of this size to incorporate a significant office or community uses, as these uses are typically more likely to gravitate to and be attracted to larger neighbourhood centres or district centres.

Despite the provision for a 1,500sqm local centre allocated at Millars Landing, without the opportunity for a supermarket to anchor the centre a local centre is more likely to support a café in the order of 250sqm.

6.5 Employment

A small supermarket-based local centre of 1,500sqm is likely to support up to 78 employees. By contrast a local centre of 250sqm not anchored by a supermarket is likely to support up to 10 employees. The introduction of a small supermarket-based centre is therefore likely to contribute an additional 68 jobs to the area.

FIGURE 28 – EMPLOYMENT POTENTIAL BY CENTRE SIZE

	Retail Floor space (sqm)	Average retail floor space per retail employee (sqm)	potential retail employment
Supermarket	1,500	40	38
Specialty shops	1,000	25	40
Local centre (With supermarket)	**2,500**	**32**	**78**
Local centre (Café) without supermarket	250	25	10

Source: Taktics4 retail spending and sales model

6.6 Policy Implications

The current commercial policy supports the inclusion of a centre in Millars landing (East Baldivis). The policy currently allocates a centre size of 1,500sqm in retail floor space at this location. The RNA indicates that a centre of 2,500sqm may be supported in this location, meaning that current allocation in the policy has been increased by 1,000sqm. The clauses and triggers used in section 2.4.4 of the City of Rockingham Local Commercial Centres Policy show that cause must be given as to why and how a centre may be increased beyond either 3,000sqm or if the role of a centre is proposed to be changed (for example by including a supermarket in a local centre). The RNA findings confirm:

- that a centre has always been planned for the location
- the centre can be delivered and sustained in the location
- that a small supermarket does not alter the role of a local centre
- that small supermarket is required to support the development of a local centre
- that the inclusion of a small supermarket will not impact on the delivery and sustainability of the surrounding retail network
- the provision of a centre in Millars Landing is supported in accordance with proper retail planning and meets all industry benchmarks for the provision and sustainability of retail centres.

The inability to develop a small supermarket-based centre in Millars Landing may render the development of a local centre in Millars Landing unviable and unsustainable, which would subsequently result in a lack of equitable distribution of floor space throughout the Baldivis North precinct. The inclusion of a small supermarket-based local centre at Millars Landing as proposed within this RNA would promote the stated principles of the local commercial strategy by ensuring:

- Council has a sound basis for decision making on development applications, rezoning proposals and the provision and location of future Council services and facilities.
- Provision of development opportunities to enable a diverse supply of commercial and residential floorspace to meet projected community needs.
- Catering for a full range of needs from shopping, commercial and community services from local convenience to higher-order comparison retail/goods and services.
- Mitigating the potential for an over-concentration of shopping floorspace in large activity centres at the expense of a more equitable level of service to communities.
- Promoting 'liveable neighbourhood' principles of access to employment, retail, and community facilities by distributing activity centres to improve access by foot or bicycle, rather than having to depend on access by car in urban areas.

The RNA clearly supports the position that a small supermarket-based centre of 2,500sqm can be promoted for inclusion within Millars Landing as part of its Local Structure Plan process.