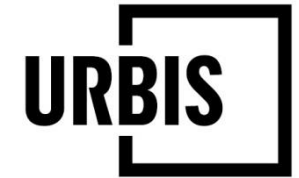


# **KALAMUNDA ACTIVITY CENTRE PLAN – EMPLOYMENT AND RETAIL ANALYSIS**

## **DRAFT REPORT**

Shire of Kalamunda



MAY 2018

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### **Urbis staff responsible for this report were:**

Director	Tim Connoley
Associate Director	Michael Knight
Consultant	Dermott Carr

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# INTRODUCTION

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# INTRODUCTION

## BACKGROUND AND PURPOSE

This analysis has been prepared by Urbis to support the development of the Kalamunda Activity Centre Plan. The analysis is intended to provide the context and evidence base for the activity centre plan and to provide guidance on the appropriate quantum and timing of future floorspace provision within the town centre.

This analysis explores key demographic factors, household types, income distribution, dwelling distribution and population projections. The purpose of this task is to understand the current and future retail needs of local residents.

The analysis additionally explores the distribution of employment and floorspace within the activity centre based on the State Government's Land Use and Employment Survey (LUES). The purpose of this task is to explore the ability to concentrate employment uses over and above retail in the centre, which usually means attracting key population servicing uses like civic, health, administration and education functions as well as office-based businesses.

The retail needs assessment is the core focus of this analysis. This task considers the potential for supportable new floorspace in the town centre out to 2027 based on population and retail expenditure projections. The retail needs analysis also considers the extent of current and future competing retail supply in order to understand the future role and function of the activity centre's retail businesses.

## STUDY STRUCTURE

This study is comprised of the following sections:

- **Key Findings** – summary of the study's findings and recommendations;
- **Demographic Profile** – overview of demographic and socio-economic attributes of the surrounding residential neighbourhood;
- **Economics Profile** – overview of employment and worker attributes in Kalamunda;
- **Centre Floorspace Review** – review of floorspace and employment within the Kalamunda activity centre;
- **Trade Area Analysis** – analysis of the retail expenditure patterns in the Kalamunda activity centre's trade area;
- **Retail Competition** – overview of distribution of retail centres in the wider area and competitive positioning of the Kalamunda activity centre; and
- **Retail Needs Assessment** – assessment of current and future retail demand.

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# KEY FINDINGS

## KEY FINDINGS

- **Convenience Offering:** The Kalamunda activity centre currently accommodates a mixture of stand-alone retail stores, small multi-tenancy retail properties and the Kalamunda Central Shopping Centre. The vast majority of retail shops are considered to be convenience retail offerings which is a reflection of the relatively low level of population density within Kalamunda and surrounds and the proximity of higher order centres (e.g. Midland).
- **Low Development Activity:** The activity centre was estimated to have 20,700 square metres of retail floorspace as of 2017. The only notable growth in retail over the past decade is an Aldi store (equivalent to 1,600 square metres). Unlike many of Perth's other district centres, the Kalamunda activity centre is not home to a discount department store or a large number of specialty non-food retailers.
- **Low Population Growth:** Across the defined retail trade area – which extends from Maida Vale to the west, Lesmurdie in the south, Pauls Valley in the East and Helena Valley in the north – population growth has been limited. Over the 2012 to 2017 period, the trade area' population increased by only 0.1% per annum. This represents relatively low growth compared to other outer-ring areas in Perth and reflects the established nature of the area and lack of major planned development areas and infill development activity. A moderate decline in the resident population in the surrounding suburbs (defined by the suburbs of Kalamunda, Maida Vale and Gooseberry Hill) is expected to be attributable to declining household sizes as residents age and increased rental vacancy rates. generally older families, couples and singles. There is a relatively low level of young families despite the housing stock consisting predominantly of large family homes.

- **Below Average Turnover:** Based on Property Council and Urbis databases, the activity centre is considered to be trading at levels approximately 20% below benchmark district centres and large neighbourhood centres. Moreover, the activity centre has a high level of vacant floorspace (equivalent to more than 3,000 square metres) of which some of this floorspace could accommodate retail uses.
- **Limited Retail Demand:** The lack of population growth combined with geographical constraints that limit visitation to the centre from the wider area are considered key reasons behind low levels of retail development activity in the centre and below average turnover volumes. Additionally, the retail offering is dispersed across a large area and it is not co-located with other destinational uses (e.g. hospital, administration building, etc.) and the public realm does not adequately encourage trip linking. The lack of residential population growth will limit the extent of retail demand growth in the catchment. Any future redevelopment or expansion of retail provision in the activity centre will thus likely require increased visitor / tertiary trade and / or increased market shares. That is, the activity centre will need to draw a greater share of spending in order to support redevelopment and / or expansion of the retail offering.

## RETAIL DEMAND PROJECTIONS

- **Low Demand Growth:** Based on forecast population growth levels in the trade area, per capita real expenditure growth and stable visitation levels, the need for additional retail floorspace is expected to be limited to approximately 1,500 to 2,500 square metres by 2027 on a business as usual basis. However, given below average trading levels and current high vacancy levels, this demand growth may not eventuate into development activity.
- **Focus on Increased Desirability and Visitation:** Given the retail modelling under a business as usual scenario suggests that retail expansion will be limited in the activity centre, the focus should be on measures that increase the desirability of the centre. Initiatives should focus on increasing population levels within the immediate area, increasing visitor expenditure and increasing trip-linking and co-location. Urbis assessed the potential demand if public realm and associated activation and policy control initiatives encourage increased expenditure in the activity centre. Under this scenario, both trading levels and market shares increase and translate into future additional demand equivalent to 2,800 to 3,800 square metres. Whilst this scenario is not a forecast, it provides an indication of the potential demand outcomes if the centre improves its desirability to residents and visitors as a place to visit and shop.

Scenario	2027 Market Share Capture	Indicative Spend Capture	Implied Sq.m	Implied Net New Floorspace Demand (approx.)
Business As Usual	18%	\$137,550,000	22,500 - 23,500	1,500 - 2,500
Improved share, improved productivity	21%	\$157,200,000	24,000 - 25,000	2,800 - 3,800

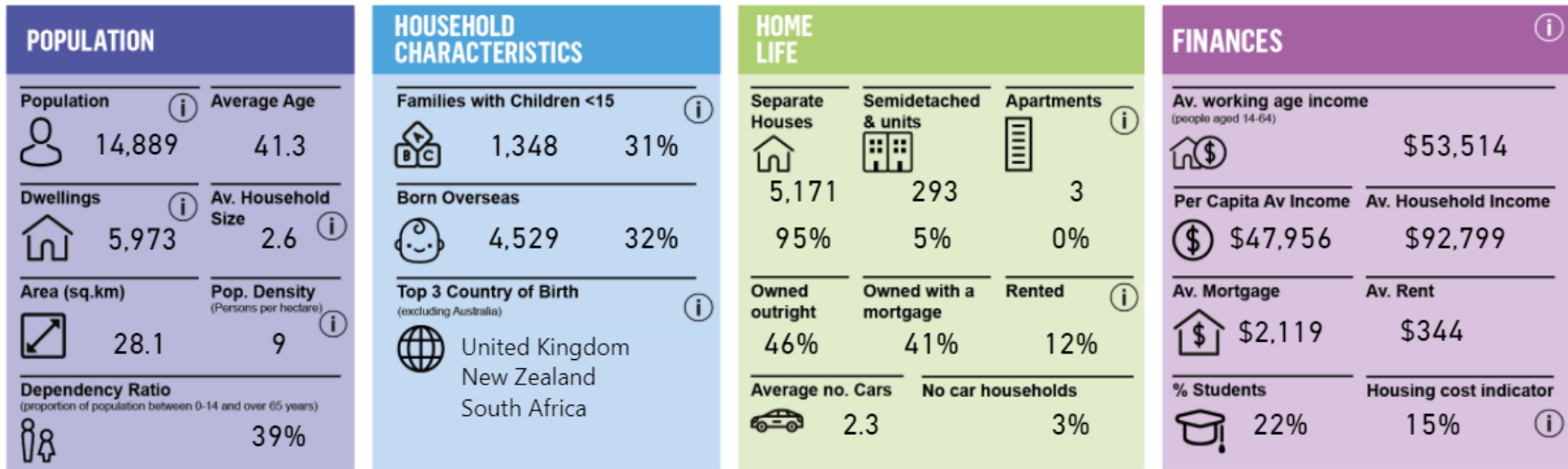
Source: Urbis

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# DEMOGRAPHIC PROFILE



# DEMOGRAPHIC SNAPSHOT



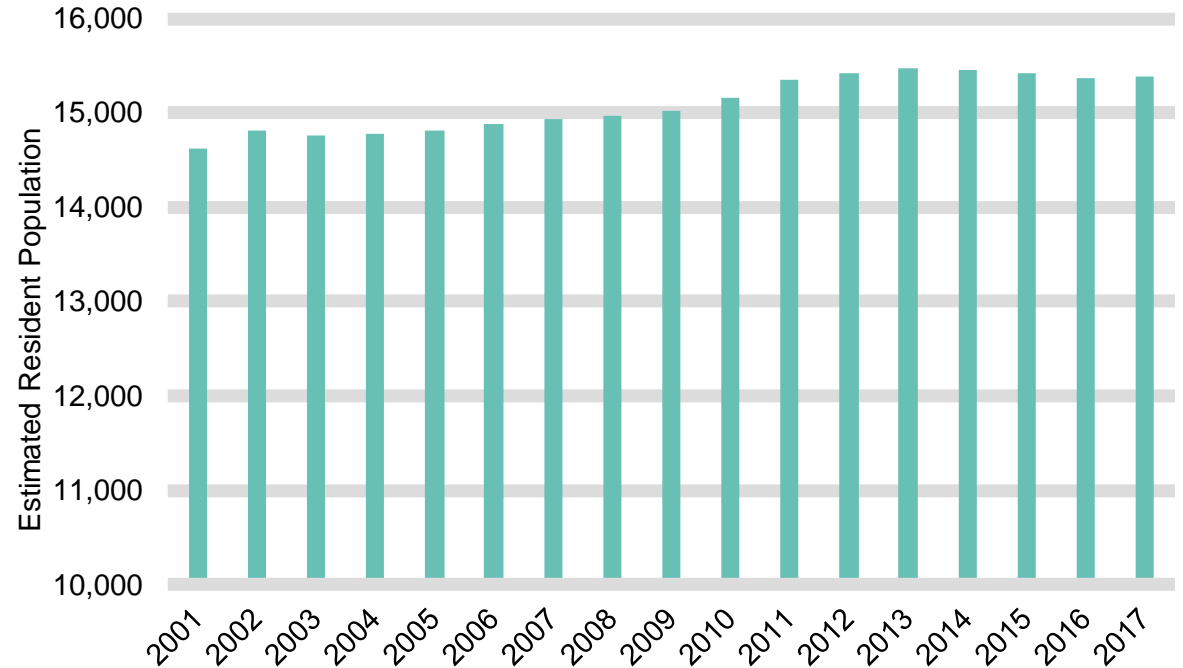
Kalamunda - Maida Vale - Gooseberry Hill SA2's compared to the Greater Capital City Area  
 Source: Based on ABS 2016 Census Data

# POPULATION AND DEMOGRAPHIC ATTRIBUTES

## KEY FINDINGS

- Population levels have been relatively stable over the past five years in the region. An ageing population, declining household sizes and increased rental vacancy levels have resulted in a moderate decline in the estimated resident population over this period.

## ESTIMATED RESIDENT POPULATION

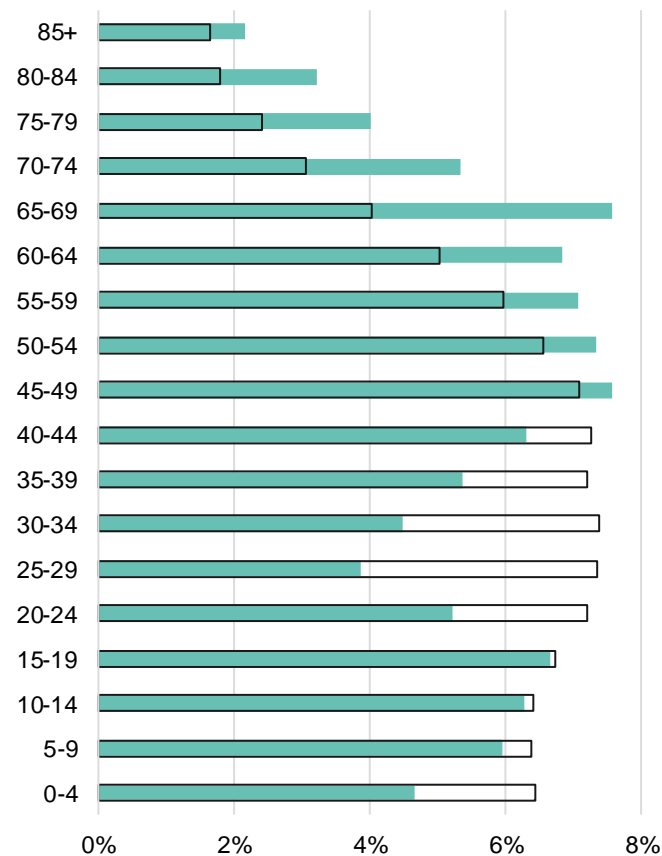


# AGE STRUCTURE

## KEY FINDINGS

- The region was estimated to have a relatively older age profile than the Perth average. As shown to the right, the region had a particularly large baby boomer cohort as of 2016 and a large number of residents aged 80 and above.
- The demography points to the area being a location for older more settled families, couples without children and lone person households. It is not a strong destination for younger families although presentation of the area as a viable lifestyle destination for such may improve this demographic over time.

## PROPORTION OF POPULATION BY AGE- SA2 VS GREATER PERTH



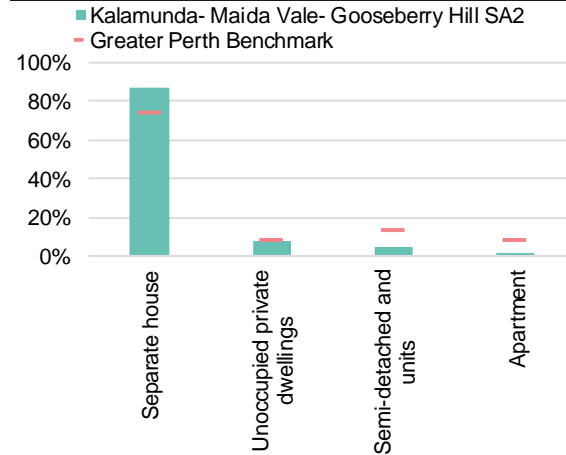
SA2's compared to the Greater Capital City Area  
 Source: Urbis, based on ABS 2016 Census Data

# HOUSING STOCK ATTRIBUTES

## KEY FINDINGS

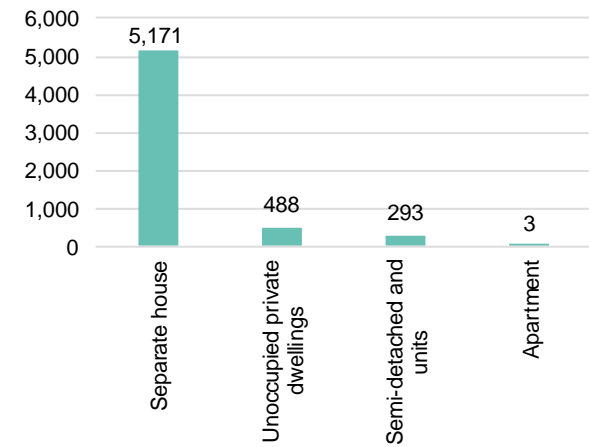
- The region had a larger proportion of separate houses accounting for 87% (5,171 houses) of all occupied dwellings as of 2016. This is above the Greater Perth benchmark by 14%. Moreover, nearly 55% (3,002 houses) of dwellings in the region had four or more bedrooms compared to 45% across Perth.
- The dwelling stock implies that the area is able to accommodate families however the lack of smaller and diverse housing products may potentially limit the retention and attraction of other cohorts.

## DWELLING STRUCTURE PROPORTION



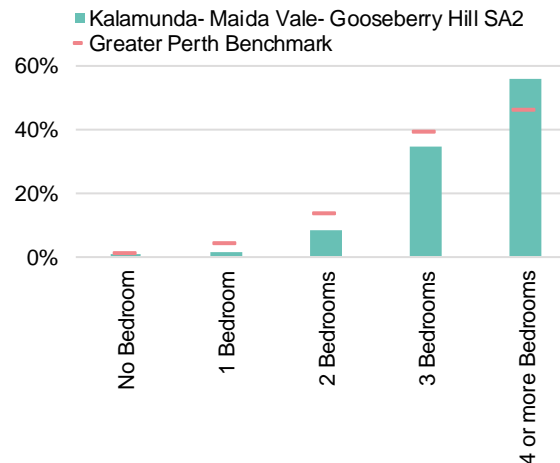
Source: Based on ABS 2016 Census Data

## TOTAL OCCUPIED DWELLINGS



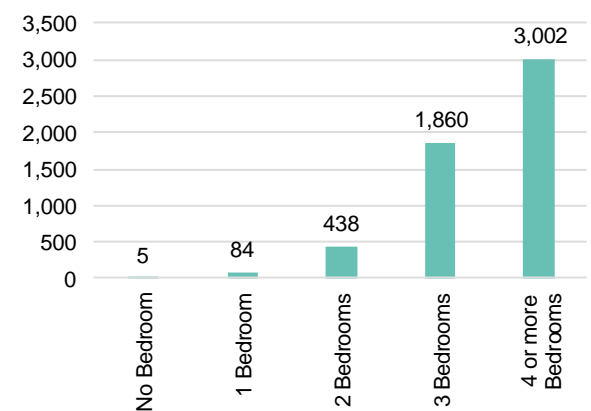
Source: Based on ABS 2016 Census Data

## NUMBER OF BEDROOMS PROPORTION



Source: Based on ABS 2016 Census Data

## DWELLING STOCK BY BEDROOMS



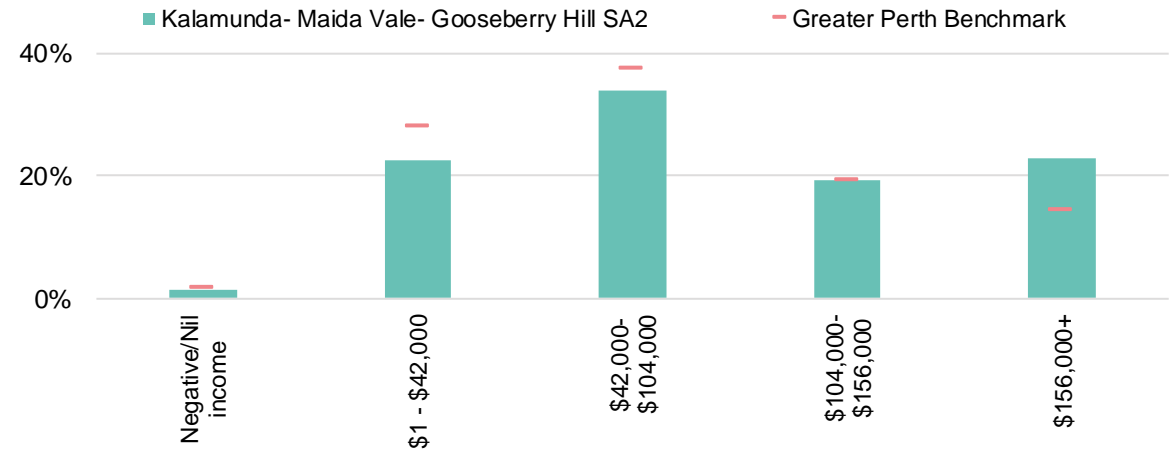
Source: Based on ABS 2016 Census Data

# HOUSEHOLD INCOME ATTRIBUTES

## KEY FINDINGS

- Residents within the region were found to, on average, live in medium to high income households. There was a particularly large number of households found to be earning more than \$156,000 per annum compared to Perth-wide averages.

## TOTAL HOUSEHOLD INCOME, 2016 (PER ANNUM)



Source: Based on ABS 2016 Census Data

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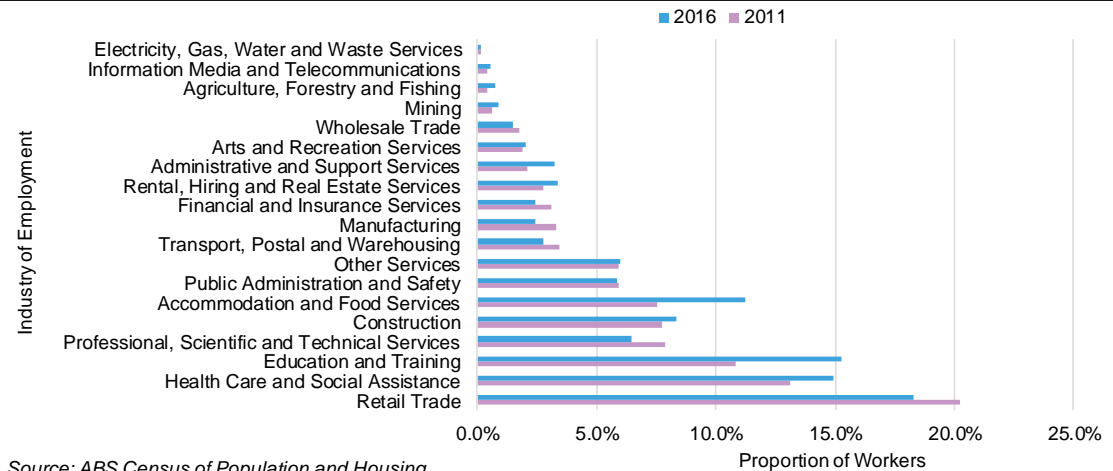
# ECONOMIC PROFILE

# INDUSTRY COMPOSITION

## KEY FINDINGS

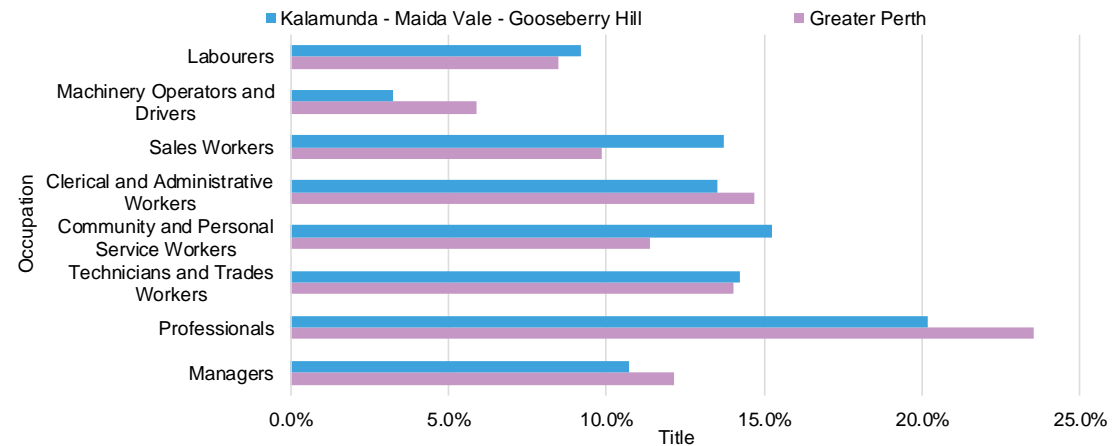
- As of the 2016 Census, there were estimated to be approximately 3,350 people working in the region (i.e. Kalamunda, Maida Vale and Gooseberry Hill). This number has increased from 3,000 jobs as of 2011, with growth driven by health, hospitality and education sectors. Of note, the number of retail sector jobs was steady over the five-year period.
- Worker Incomes are lower in Kalamunda than they are in Greater Perth, with 70.9% of all workers receiving incomes of under \$65,000, while only 57.9% of all workers across Greater Perth had an income under \$65,000 in 2016.
- In line with the lower incomes observed in Kalamunda, there is a relatively low proportion of high earning occupations, such as professionals and managers, and a higher proportion of typically lower paying occupations such as sales workers, and community service workers.

## EMPLOYMENT BY INDUSTRY



Source: ABS Census of Population and Housing

## EMPLOYMENT BY OCCUPATION



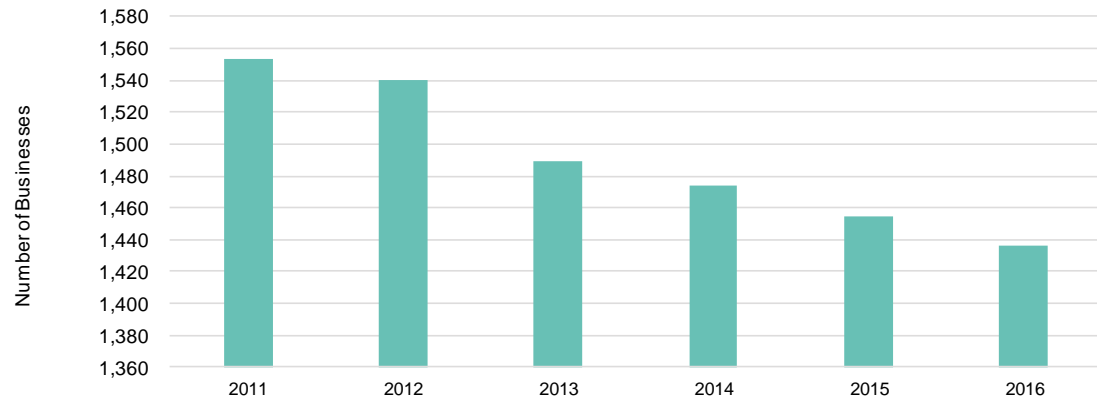
Source: ABS Census Population and Housing

# BUSINESS ATTRIBUTES

## KEY FINDINGS

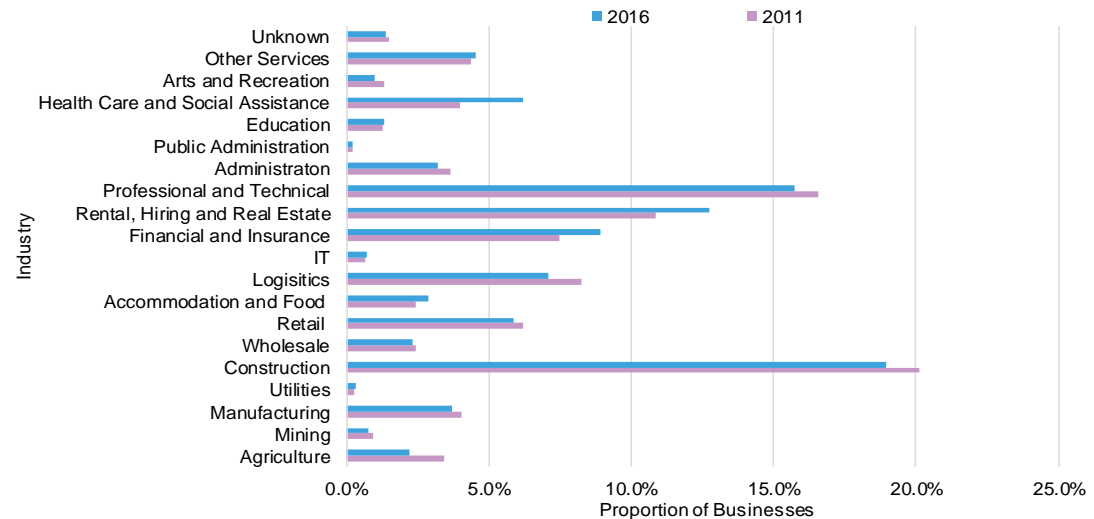
- The number of registered businesses in the region has been steadily decreasing over the past 5 years, falling from 1,553 to 1,436 during this period. The industry which saw the most substantial declines was the construction industry, losing 40 businesses from 2011 to 2016 (many of which were sole traders).
- The largest proportion of businesses are in the construction industry, followed by businesses in the professional and technical services industry. The proportion of all businesses in these sectors have been declining over the past five years, in line with deteriorating business conditions, particularly in residential construction. It is important to note that a large share of these businesses are sole traders (i.e. non employing businesses).
- The businesses that have increased in proportion of total businesses is health care and social assistance, as well as rental, hiring and real estate services. Of note, 27 additional health care and social assistance businesses have been registered in the region since 2011.
- Employment self-sufficiency (ESS) is relatively low in the Kalamunda area, with approximately 6,881 workers residing in Kalamunda, while there are only 3,353 people working there. This gives a self-sufficiency rate of 48.7%. While this is not inherently problematic for economic development, higher levels of ESS can help to optimise investment in public infrastructure and support shorter commute times.

## REGISTERED BUSINESSES, 2011-16



Source: ABS Business Counts, Catalogue No. 8165.0

## BUSINESSES BY INDUSTRY SECTOR



Source: ABS Business Counts, Catalogue No. 8165.0



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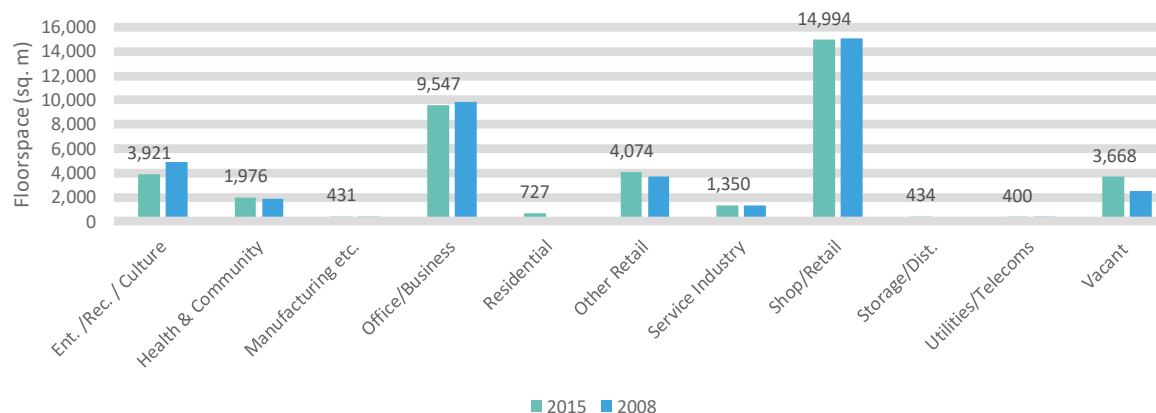
# **CENTRE FLOORSPACE REVIEW**

# FLOORSPACE AND EMPLOYMENT ATTRIBUTES

## KEY FINDINGS

- According to the Department of Planning, Lands and Heritage's Land Use and Employment Survey, the land use composition of floorspace within the Kalamunda ACP has not changed substantially from 2008 to 2015, with only 2,800 sq. m of new floorspace over this period (note, Aldi was developed subsequent to the survey and is not included in this analysis).
- Notably, vacancy levels over this period increased significantly to the equivalent of 3,700 sq. m. as of 2015 (equivalent to 8.8%). Vacancy rates remain high, with an estimated 12 properties available for lease as of May 2018 in the activity centre.
- Shop retail forms the largest category of floorspace though there is a notable level of office-based uses, health and recreation uses and other retail (i.e. bulky goods).
- Within the shop retail floorspace, there were approximately 33 shops. The most significant floorspace was for supermarkets, followed by food catering (2,900 sq. m.).
- Kalamunda Central is approximately 23% larger than the comparable single supermarket centre benchmark however it is smaller than comparable with district centre shopping centres given the lack of a national brand discount department store. Based on reported turnover per square metre, this shopping centre is performing at approximately only about 80% of benchmark levels.
- There were an estimated 1,400 jobs within the activity centre as of 2015 according to this survey. This equates to 42% of employment in the broader region and 9.7% of jobs within the City of Kalamunda.

## DISTRIBUTION OF FLOORSPACE BY USAGE TYPE - 2015



## DISTRIBUTION OF FLOORSPACE BY USAGE TYPE - 2015

Sector	Full Time Employment	Part Time Employment	Total	%
Entertainment/Recreation/Culture	26	64	90	6%
Health/Welfare/Community Services	18	39	57	4%
Manufacturing/Processing/Fabrication	4	5	9	1%
Office/Business	210	195	405	29%
Other Retail	70	43	113	8%
Service Industry	18	4	22	2%
Shop/Retail	213	488	701	50%
Storage/Distribution	1	2	3	0%
Utilities/Communications	3	3	6	0%

\*\* Analysis based on LUES complex number 750. This excludes community uses within the ACP boundary east of Railway Road.

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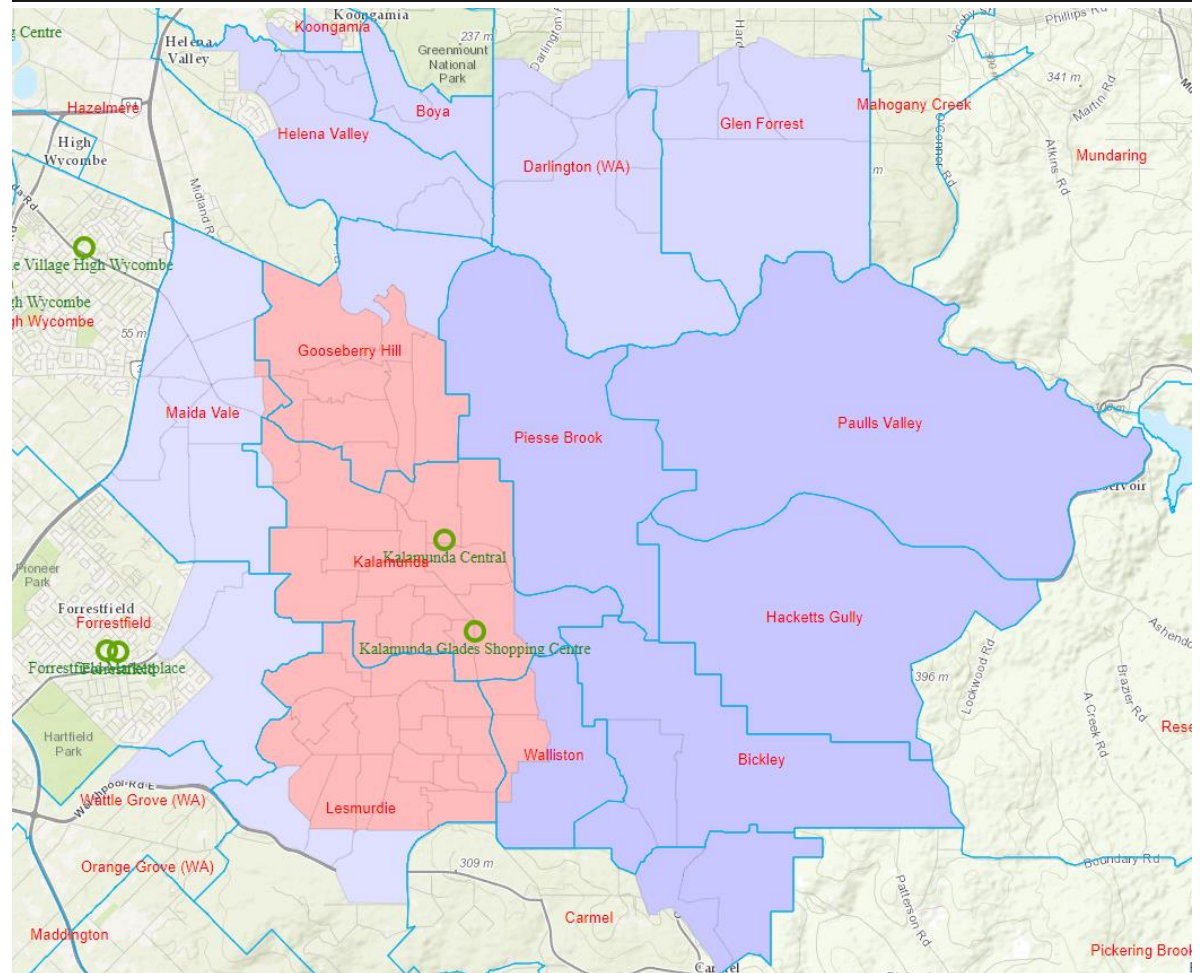
# TRADE AREA ANALYSIS

# TRADE AREA DEFINITION

## KEY FINDINGS

- The definition of a trade area for a retail development is based on a range of factors including the strength, range and appeal of shops/services provided in the core area, the location, the quality and relative offer of competing centres/precincts, road and public transport accessibility, and physical and geographical barriers.
- Based on an assessment of these attributes, the Kalamunda activity centre trade area has been defined as a central primary catchment and three secondary catchments.
- The primary catchment broadly corresponds to the suburbs of Kalamunda, the majority of Gooseberry Hill to the north and Lesmurdie to the south and the western portion of Walliston. Depending on the role and scale of a centre, the primary catchment typically represents approximately 50% to 70% of spending in a centre.
- The extent of the secondary catchment west and secondary catchment north are limited by accessibility and the proximity of convenience-based centres in the wider area.
- In addition to the catchment areas, spending from residents residing outside these areas forms a considerable level of demand. Whilst visitation estimates are not accurately known, tertiary (i.e. non-resident) trade is expected to represent approximately 10-20% of spending in the activity centre.

## KALAMUNDA TOWN CENTRE MAIN TRADE AREA AND RETAIL SUPPLY



# POPULATION GROWTH

## KEY FINDINGS

- The level of population growth in the trade area has been very low over the 2012 to 2017 period. Despite Perth's population increasing considerably over this period, population levels only moderately increased and are projected to increase by approximately 1,090 persons over the coming decade.
- The established nature of surrounding urban areas combined with an ageing profile implies that household sizes will decrease. Growth will therefore be driven by moderate infill development in Kalamunda and growth within the secondary north and west catchments.
- The lack of residential population growth will limit the extent of retail demand growth in the catchment. Any future redevelopment or expansion of retail provision in the activity centre will likely require increased visitor / tertiary trade and / or increased market shares.

## POPULATION PROJECTIONS

	2012	2017	2022	2027
<b>Total Primary</b>	<b>18,840</b>	<b>18,850</b>	<b>18,980</b>	<b>19,190</b>
Secondary:				
West	6,310	6,270	6,450	6,810
East	2,110	2,030	2,090	2,220
North	7,780	8,000	8,090	8,020
<b>Total Secondary</b>	<b>16,200</b>	<b>16,300</b>	<b>16,630</b>	<b>17,050</b>
<b>Total Trade Area</b>	<b>35,040</b>	<b>35,150</b>	<b>35,610</b>	<b>36,240</b>

<sup>1</sup> As at June 30.

<sup>2</sup> Source: ABS; Western Australia Tomorrow 2015; SA Fi; Urbis

## PROJECTED POPULATION GROWTH RATES

	Annual Population Growth (no.)			Annual Population Growth (%)		
	12-17	17-22	22-27	12-17	17-22	22-27
<b>Total Primary</b>	<b>2</b>	<b>26</b>	<b>42</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.2%</b>
<b>Total Secondary</b>	<b>20</b>	<b>66</b>	<b>84</b>	<b>0.1%</b>	<b>0.4%</b>	<b>0.5%</b>
<b>Total Trade Area</b>	<b>22</b>	<b>92</b>	<b>126</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.4%</b>

<sup>1</sup> As at June 30.

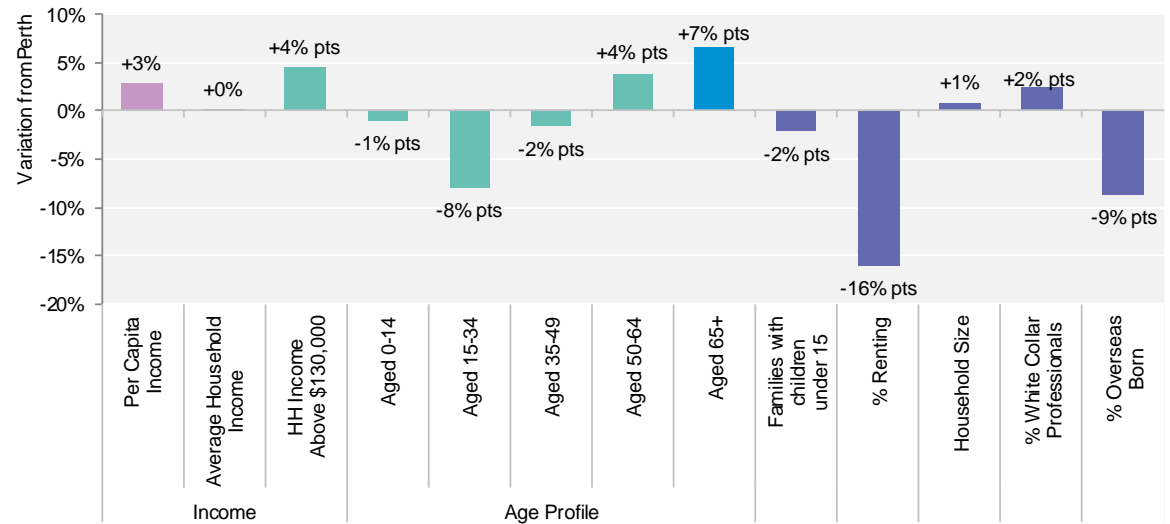
<sup>2</sup> Source: ABS; Western Australia Tomorrow 2015; SA Fi; Urbis

# DEMOGRAPHIC ATTRIBUTES

## KEY FINDINGS

- In addition to the number of residents in the trade area, the demographic and socio-economic attributes are an important driver of the retail expenditure levels and needs in an area.
- Based on a review of trade area resident characteristics, there are a number of attributes that support above average retail expenditure. These include:
  - Marginally higher per capita and household incomes ( +3% and +4% respectively);
  - A lower than average incidence of younger persons and families with children; and
  - A higher incidence of home owners and purchasers (implying lower mortgage costs).

## CATCHMENT DEMOGRAPHICS VARIATION FROM PERTH AVERAGE



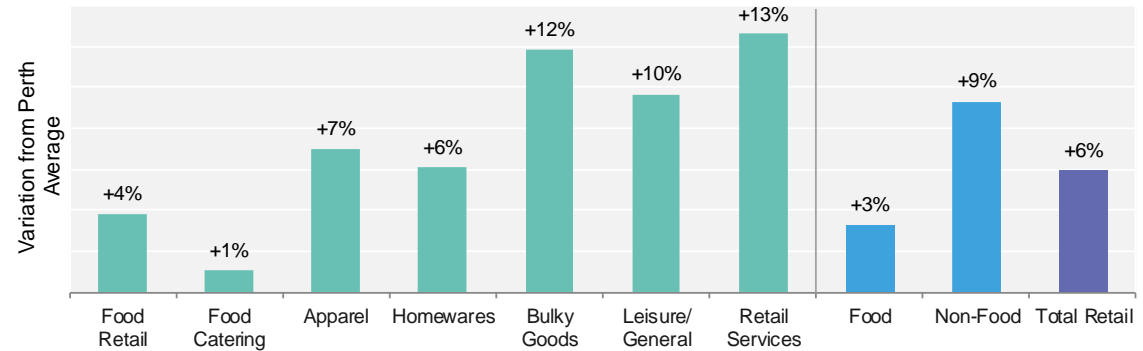
Source: ABS; Urbis

# RETAIL EXPENDITURE ATTRIBUTES

## KEY FINDINGS

- Urbis derived estimates of the average retail expenditure of residents in the trade area using MarketInfo. MarketInfo is an independently formulated model and is used by the majority of retail economists in understanding the retail floorspace needs of an area. This model estimates an area's propensity to spend on retail goods based on a range of socio-economic characteristics.
- Within the trade area, there is a relatively high level of per capita expenditure across all spending categories, particularly in the non-food sector. Per capita retail expenditure, on average, is estimated to be 6% higher than the Perth average.

## RETAIL EXPENDITURE BY CATEGORY, TRADE AREA VERSUS PERTH AVERAGE



Source: ABS; MarketInfo; Urbis

# RETAIL EXPENDITURE PROJECTIONS

## KEY FINDINGS

- It is important to note that the retail market is not immune to structural changes that are occurring in the economy and society. The retail sector in Australia is being tested by numerous factors, including, but not limited to:
  - Changing consumers – consumers are altering their trading patterns, with higher levels of retail spending devoted to experiential items such as sporting events, concerts, restaurants and cafes;
  - Online trading – online trading is increasing much faster than traditional 'bricks and mortar' stores, (additionally, retail outlets are devoting more resources to accommodating both online and in-store customers);
  - Low wage growth – with real growth in retail expenditure challenged by wage and other spending pressures; and
  - Regulatory changes – WA is playing catch up to more mature retail markets, with trading law changes activating centres for longer hours.
- Urbis adopted a set of assumptions that recognise changing expenditure patterns and growth. Based on these assumptions, retail expenditure across the trade area is expected to increase from \$567m to \$655m over the coming decade.
- The vast majority of this growth is expected to be driven by real expenditure growth (per capita). There is therefore a risk that – if economic conditions do not improve as expected – growth to this degree will not materialise.

## RETAIL EXPENDITURE PROJECTIONS BY CATEGORY (\$ MILLIONS)

	Food Retail	Food Catering	Apparel	Home-wares	Bulky Goods	Leisure/General	Retail Services	Total Retail	Annual Growth	=	Pop Growth	+	Per Cap Spend Growth
Primary Trade Area:													
<b>2017</b>	135	32	28	22	36	39	12	<b>305</b>					
<b>2022</b>	140	35	30	24	39	42	13	<b>322</b>	1.3%		0.2%		1.1%
<b>2027</b>	148	38	33	27	42	45	15	<b>348</b>	1.5%		0.2%		1.3%
Total Trade Area:													
<b>2017</b>	252	60	52	41	68	71	22	<b>567</b>					
<b>2020</b>	257	63	54	43	71	74	23	<b>584</b>	1.2%		0.3%		1.0%
<b>2027</b>	280	72	62	51	80	83	28	<b>655</b>	1.6%		0.3%		1.3%

Source: ABS; MarketInfo; Urbis



# RETAIL EXPENDITURE PROJECTIONS

## KEY FINDINGS

- As a relative share of overall catchment expenditure, in the ten years to 2027, food retail is projected to soften slightly to just under 43% of the total spend. All other sectors are forecast to experience a slight increase in their relative share.
- Proportionally, growth in retail services is expected to increase significantly. This reflects the changing nature of expenditure.
- It is important to note that this analysis does not include expenditure that occurs in the catchment by residents, but rather the quantum of expenditure of residents.

## TOTAL CATCHMENT RETAIL SPENDING - 2017

	Food Retail	Food Catering	Apparel	Home-ware	Bulky Goods	Leisure/General	Retail Services	Total Retail
Primary:								
<b>Total Primary</b>	<b>135</b>	<b>32</b>	<b>28</b>	<b>22</b>	<b>36</b>	<b>39</b>	<b>12</b>	<b>305</b>
Secondary:								
West	45	11	9	7	13	12	4	100
East	15	3	3	2	4	4	1	33
North	58	14	12	9	16	16	5	129
<b>Total Secondary</b>	<b>117</b>	<b>28</b>	<b>24</b>	<b>19</b>	<b>32</b>	<b>32</b>	<b>10</b>	<b>262</b>
<b>Total Trade Area</b>	<b>252</b>	<b>60</b>	<b>52</b>	<b>41</b>	<b>68</b>	<b>71</b>	<b>22</b>	<b>567</b>

Source: ABS; MarketInfo; Urbis

## TOTAL CATCHMENT RETAIL SPENDING - 2027

	Food Retail	Food Catering	Apparel	Home-ware	Bulky Goods	Leisure/General	Retail Services	Total Retail
Primary:								
<b>Total Primary</b>	<b>148</b>	<b>38</b>	<b>33</b>	<b>27</b>	<b>42</b>	<b>45</b>	<b>15</b>	<b>348</b>
Secondary:								
West	52	13	11	9	16	15	5	121
East	17	4	4	3	5	5	2	40
North	62	16	14	11	18	18	6	146
<b>Total Secondary</b>	<b>132</b>	<b>34</b>	<b>29</b>	<b>23</b>	<b>38</b>	<b>38</b>	<b>13</b>	<b>307</b>
<b>Total Trade Area</b>	<b>280</b>	<b>72</b>	<b>62</b>	<b>51</b>	<b>80</b>	<b>83</b>	<b>28</b>	<b>655</b>

Source: ABS; MarketInfo; Urbis

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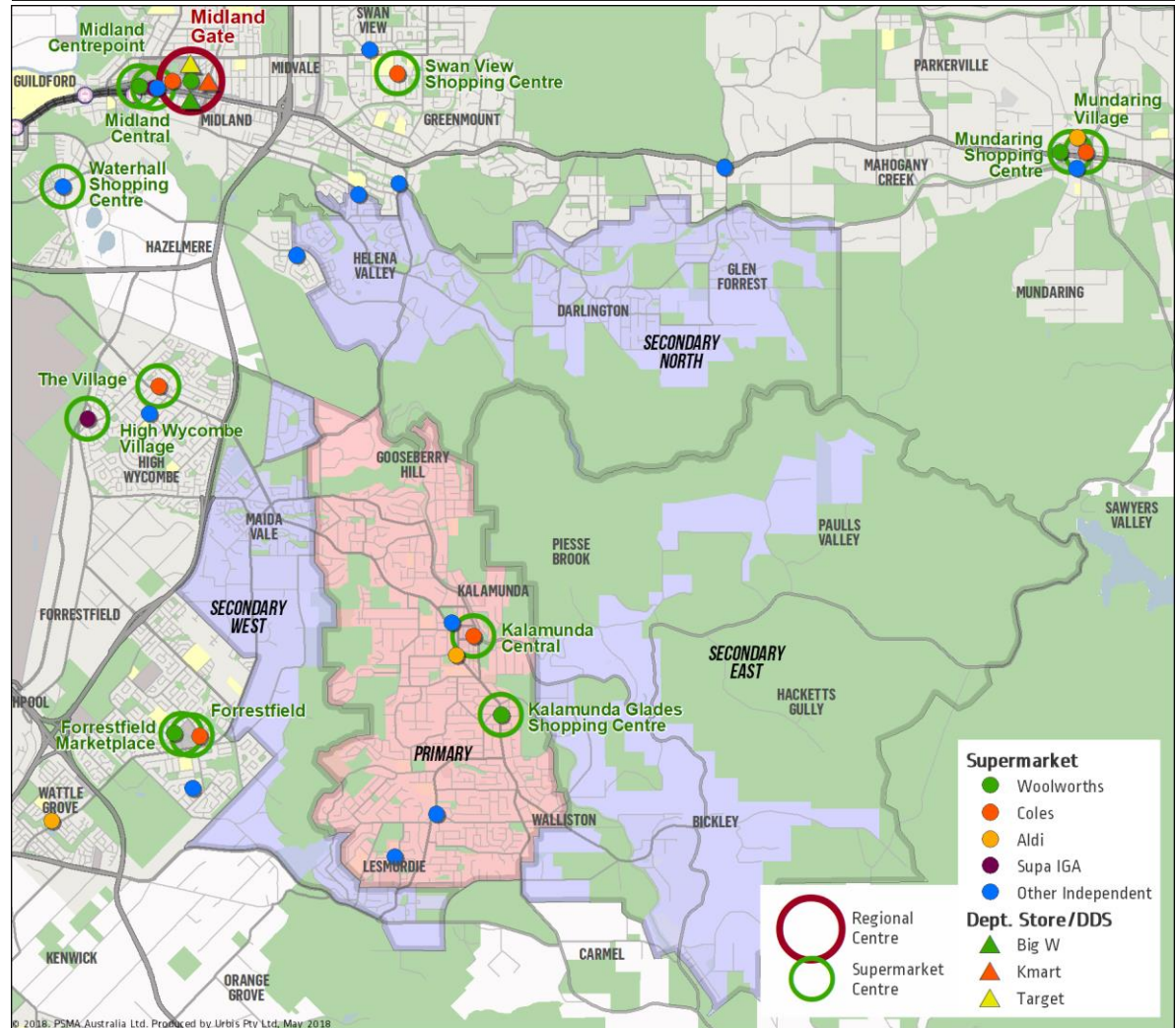
# RETAIL COMPETITION

# RETAIL HIERARCHY

## KEY FINDINGS

- The Kalamunda activity centre is located in the Perth's north-east corridor. The activity centre is defined as a district centre. Other district centres in the wider area include Forrestfield and Mundaring. Meanwhile, Midland – as a strategic metropolitan centre – is the largest centre in the corridor and caters to the largest range of retail, health, office and civic uses in the area.
- Competition within the trade area is limited to local convenience centres and Kalamunda Glades Shopping Centre – a Woolworths supermarket-anchored neighbourhood centre.
- Geographical and physical barriers have a much greater effect on the extent of the trade area than retail competition. Nonetheless, the proximity of Kalamunda Glades Shopping to the south and local and neighbourhood offerings in High Wycombe have a limiting impact on retail demand at the Kalamunda activity centre.

## CATCHMENT CENTRES AND KEY STORES



# COMPETITION POSITIONING

## KEY FINDINGS

- Within the catchment as profiled there was a total of 28,200 sq. m of PLUC 5 Shop Retail floorspace (net lettable area) as of 2015. The table also illustrates the level floorspace within shopping centres in the catchment based on Urbis and Property Council databases equivalent to 19,000 sq.m.
- The dominant shopping centre in the catchment is the Kalamunda Central Shopping Centre with an estimated 7,300 sq. m of retail floorspace. Of note however, is that the centre accounts for just 40% of the total retail floorspace in the Kalamunda activity centre.
- A recent addition to the floorspace in the activity centre is a stand alone Aldi store with floorspace equivalent to approximately 1,600 sq. m.
- We note that while there are a number of plans and concepts to upgrade the presentation and access to centres within the catchment, including Kalamunda Central and the Sanderson IGA, it is our understanding that there are no plans to introduce new retail floorspace within the catchment.

## RETAIL SUPPLY - KEY CENTRES WITHIN AND OUTSIDE THE CATCHMENT

Complex No.	Complex Name	Shop Retail and Other Retail Floorspace (Sq. m)	Key Centre	Key Centre Retail Floorspace (Sq. m)	Key Tenants
<b>Within Catchment</b>					
750	Kalamunda Centre	19,068	Kalamunda Central Shopping Centre	7,300	Coles,
752	Gooseberry Hill	895	Gooseberry Hill Village	895	
754	Kalamunda Glades	3,760	Kalamunda Glades	4,983	Woolworths
755	Sanderson	2,197	Sanderson IGA	2,729	IGA
757	Lesmurdie	700	Lesmurdie IGA	1,080	IGA
Not identified	Aldi Kalamunda	1,600	Aldi	1,600	Aldi
<b>Total</b>		<b>28,220</b>		<b>18,587</b>	
<b>Outside Catchment (Key Centres Only)</b>					
751	Forrestfield Forum	13,271	Forrestfield Forum & Market Place	11,600	Coles, Woolworths
758 & 768	High Wycombe & High Wycombe Hotel	6,944	The Village High Wycombe & High Wycombe Village	5,809	Coles, Supa IGA
<b>Total</b>		<b>20,215</b>		<b>17,409</b>	

Source: Urbis

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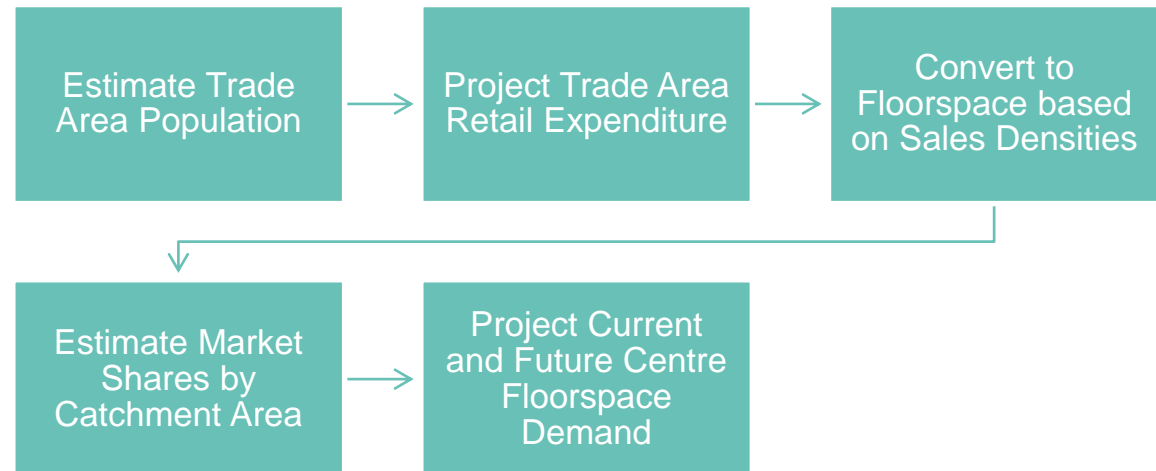
# RETAIL NEEDS ASSESSMENT

# APPROACH

## METHODOLOGY

- Retail expenditure estimates noted earlier in the report form a core input into estimates of total retail floorspace demand. In order to convert these expenditure estimates to floorspace levels, Urbis applied sales densities to each retail category. Sales densities are the dollar sales per square metre of floorspace required to sustainably operate that use in the trade area.
- For example, an average supermarket may need \$7,500 of sales per square metre per annum to continue to operate that space at a commercially viable level. This is a broad average, with some supermarkets in inner metropolitan markets requiring \$8,500 of sales per square metre per annum to operate viably and regional areas requiring lower spending of approximately \$6,500 per square metre.
- Industry sales densities are based on the Urbis Retail Benchmarks database. This database is an annual survey of operating turnover of thousands of retail tenancies across the country.
- In order to understand demand for floorspace within the Kalamunda activity centre, Urbis estimated current market shares by catchment area and tertiary trade levels.
- Urbis projected centre floorspace demand based on a business as usual scenario and a higher growth scenario.

## RETAIL FLOORSPACE DEMAND STEPS



# FLOORSPACE DEMAND ESTIMATES

## KEY FINDINGS

- Retail tenancies are estimated to be underperforming, on average, compared to Perth-wide benchmarks. This is evidenced by turnover input for Kalamunda Central, the high level of vacancies in the centre and advertised lease costs. Overall, the activity centre is estimated to attract approximately \$121 million of retail expenditure per annum (as of 2017).
- Current demand in the Kalamunda activity centre is expected to be driven heavily by the primary catchment. The primary catchment is estimated to support approximately 60-65% of expenditure in activity centre – equating to a market share of 25%.
- Whilst population growth is expected to be larger within the secondary north and west catchments, there is a high level of competition in these suburbs that captures a large – and potentially increasing – share of additional retail expenditure. As such, the secondary catchments are expected to support approximately 20-25% of expenditure in the catchment – equating to a market share of 10%.
- A review of Tourism Research Australia visitor data suggests that visitation levels are equivalent to approximately 350-400 day trips per day, on average. Additionally, input through community and business engagement suggest that visitation – especially weekend visitation – forms a critical component of patronage and revenue within the activity centre. As such, this analysis assumes that tertiary trade contributes approximately 15% of turnover within the activity centre.
- Given the relative under-trading performance of the activity centre, future redevelopment and expansion of retail provision will require increased population growth, market shares and / or visitor expenditure.

## TURNOVER ESTIMATES, 2017

	Floorspace (sq. m.)	Turnover (p.a.)	Sales Density (\$ / sq. m.)
Shop Retail	16,600	\$106,738,000	\$6,430
Other Retail	4,100	\$14,350,000	\$3,500
<b>Total Retail</b>	<b>20,700</b>	<b>\$121,000,000</b>	<b>\$5,845</b>

## MARKET SHARE ESTIMATES, 2017

	Primary Catchment	Secondary Catchments	Total Trade Area	Total Centre (inc. tertiary)
Retail Expenditure	\$305,000,000	262,000,000	\$567,000,000	-
Centre Sales	\$76,250,000	\$26,200,000	\$102,450,000	\$121,000,000
Market Shares	25%	10%	18%	-

# FLOORSPACE SCENARIOS

## KEY FINDINGS

- Urbis assessed two scenarios in order to understand the likely level of future demand for retail floorspace within the activity centre.
- Scenario one is a business as usual scenario whereby the activity centre is able to maintain its market shares over the coming decade. Under this scenario, the overall retail expenditure captured by the centre is estimated to increase by \$16.5 million to \$137.5 million. This equates to an additional 1,500 – 2,500 sq. m of retail floorspace demand.
- Scenario two proposes a higher market share and visitor expenditure capture and a 10% improvement in the average turnover levels per square metre (to levels still below comparable benchmarks). Whilst this scenario is not a forecast, it provides an indication of the potential demand outcomes if the centre improves its desirability to residents and visitors as a place to visit and shop. Under this scenario, this overall retail expenditure capture increases by \$36.1 million to \$157.2 million. This scenario suggests an additional 2,800 – 3,800 sq. m of retail floorspace might be required by 2027.

## KALAMUNDA TOWN CENTRE FLOORSPACE SCENARIOS

Scenario	2027 Market Share Capture	Indicative Spend Capture	Implied Sq.m	Implied Net New Floorspace Demand (approx.)
Business As Usual	18%	\$137,550,000	22,500 - 23,500	1,500 - 2,500
Improved share, improved productivity	21%	\$157,200,000	24,000 - 25,000	2,800 - 3,800

Source: Urbis





### **BRISBANE**

Level 7, 123 Albert Street  
Brisbane QLD 4000  
Australia  
T +61 7 3007 3800

### **GOLD COAST**

45 Nerang Street,  
Southport QLD 4215  
Australia  
T +61 7 5600 4900

### **MELBOURNE**

Level 12, 120 Collins Street  
Melbourne VIC 3000  
Australia  
T +61 3 8663 4888

### **PERTH**

Level 14, The Quadrant  
1 William Street  
Perth WA 6000  
Australia  
T +61 8 9346 0500

### **SYDNEY**

Tower 2, Level 23, Darling Park  
201 Sussex Street  
Sydney NSW 2000  
Australia  
T +61 2 8233 9900

### **CISTRI – SINGAPORE**

*An Urbis Australia company*  
12 Marina View, Asia Square  
Tower 2, #21– 01  
Singapore 018961  
T +65 6653 3424  
W [cistri.com](http://cistri.com)