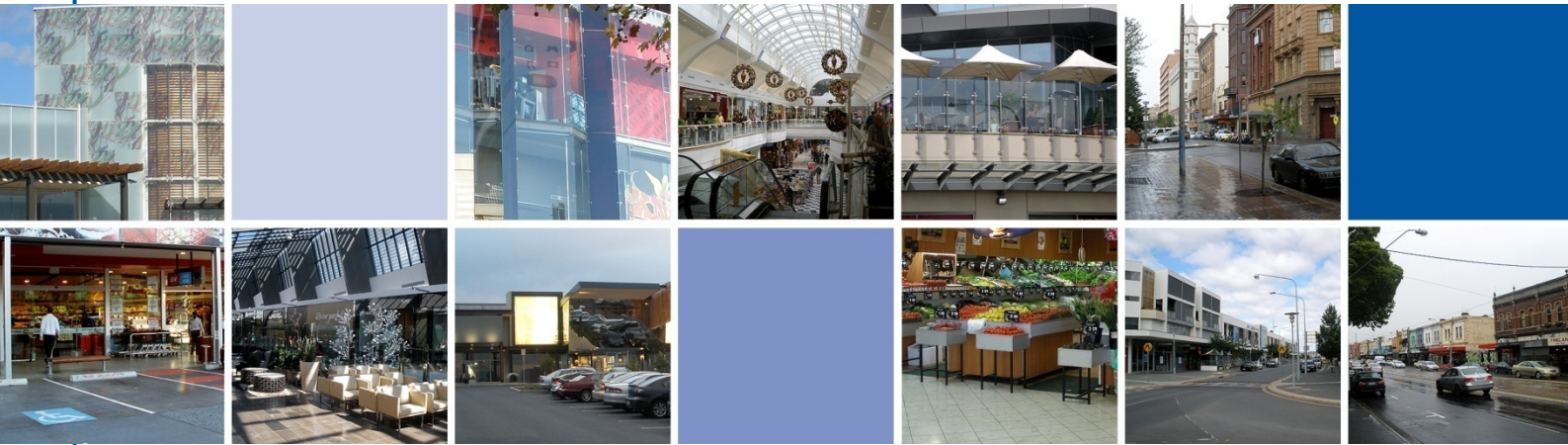


# Armstrong Creek, East Precinct

Neighbourhood activity centre

September 2009



**Pitney Bowes Business Insight**

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## Introduction

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This report examines the market potential for the East Precinct Neighbourhood Activity Centre (NAC) within the Armstrong Creek growth area on the Bellarine Peninsula immediately south of Geelong. The report is structured in four sections as follows:

- **Section 1** details the Armstrong Creek Growth Area, including the areas extent and regional context, and also the planned activity centres network for the growth area.
- **Section 2** presents an analysis of the trade area which will be relevant to the East Precinct NAC within Armstrong Creek.
- **Section 3** examines the competitive framework within which the East Precinct NAC will operate.
- **Section 4** details the sales potential for the East Precinct NAC, examining the scope for major tenants, retail and non-retail specialty uses, and other facilities.

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## Section 1: Armstrong Creek growth area

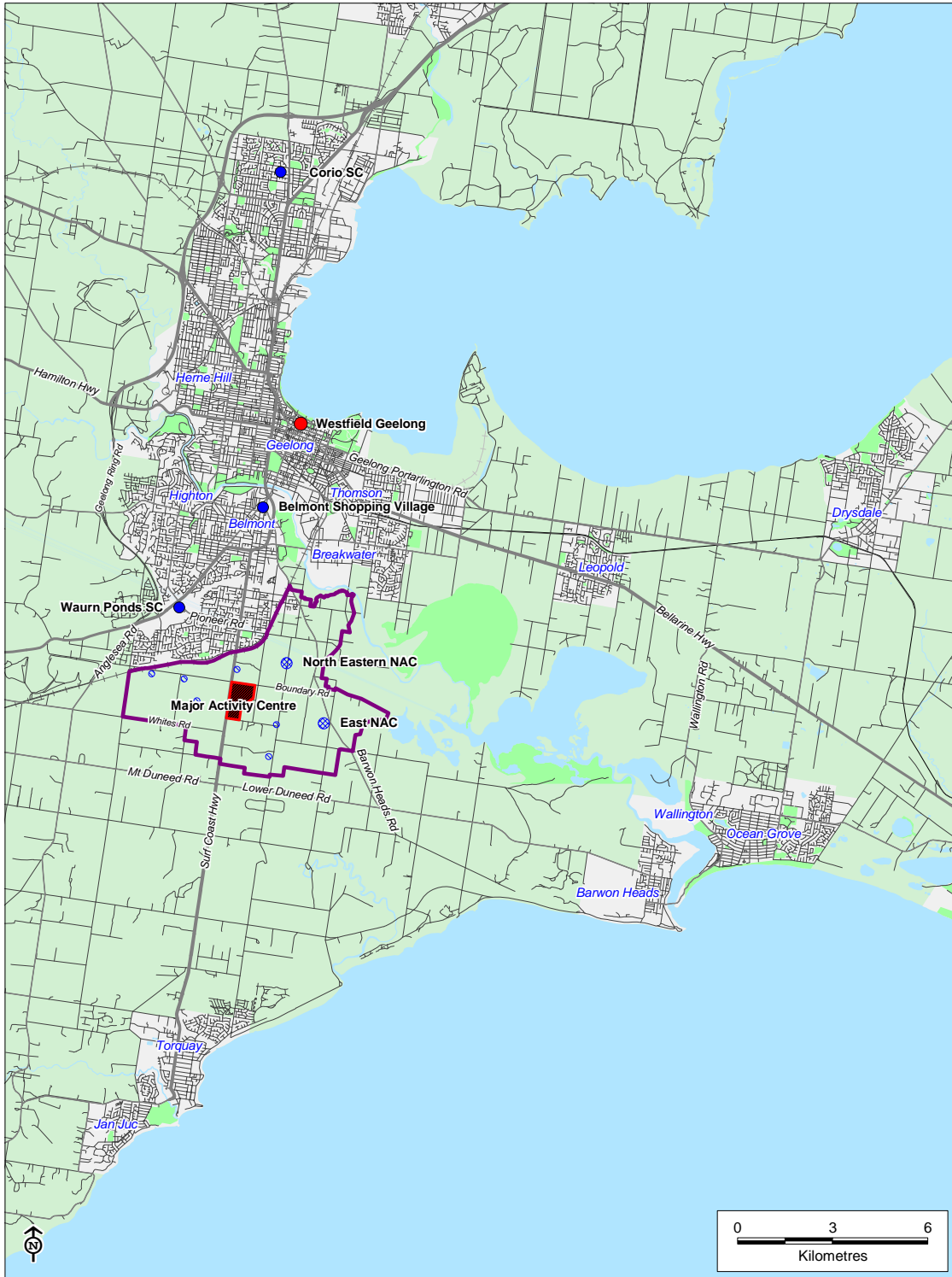
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Armstrong Creek is the future growth area for Geelong, the second largest city in Victoria. The vision for Armstrong Creek is detailed in the relevant planning infrastructure as follows:

*The Armstrong Creek urban growth area will be developed into a sustainable community that sets new benchmarks in best practice urban development. Natural and cultural features will be protected and enhanced to create a distinct urban character. Armstrong Creek will become a highly sought after location for living, working and recreation, forming an attractive addition to Geelong.*

### 1.1 Regional context

Map 1.1 shows the Armstrong Creek growth area within the broader regional context of the Geelong urban area, to its north, and the various towns of the Bellarine Peninsula, to the south and east.



**Map 1.1: Armstrong Creek Regional Context**



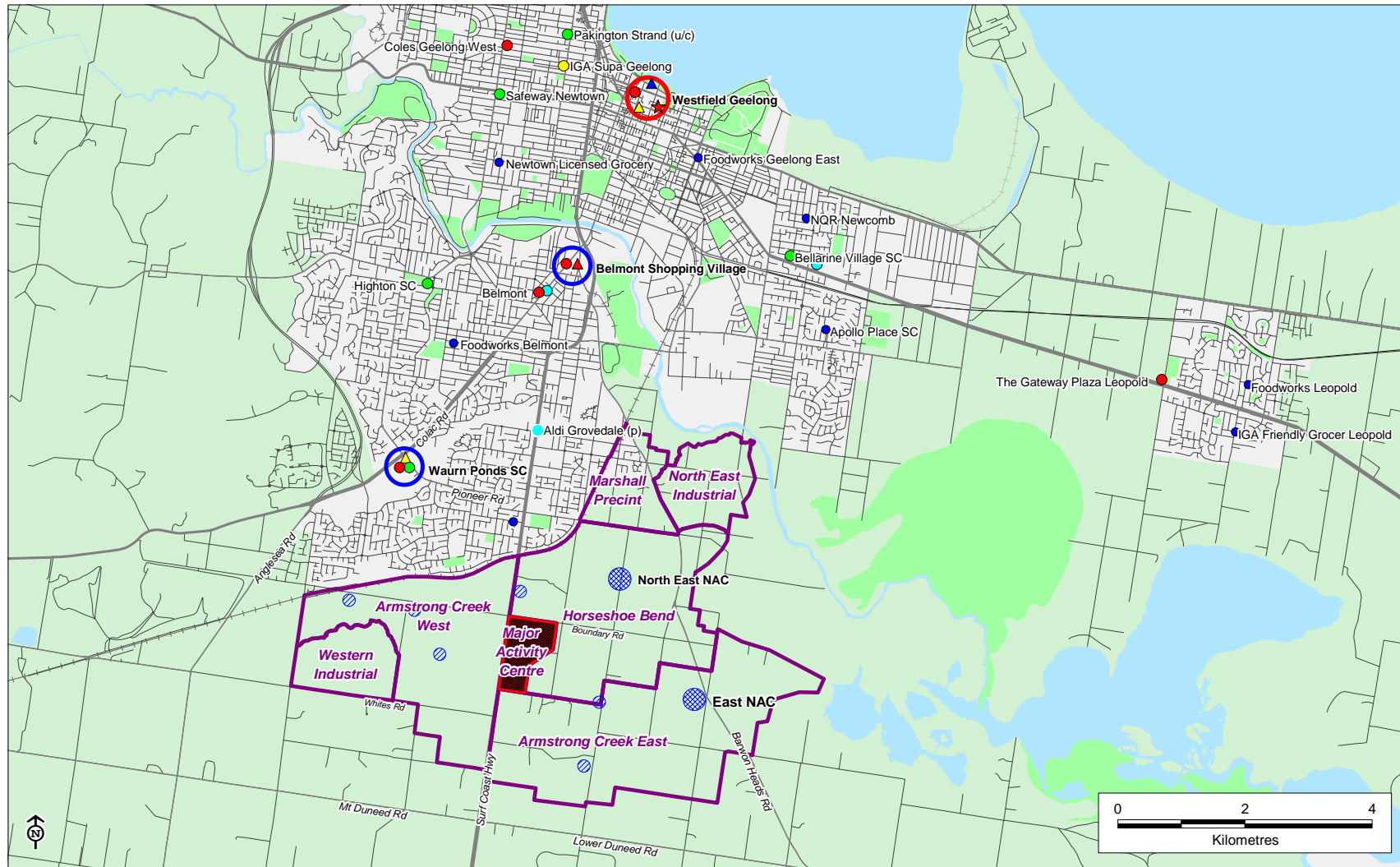
The main features of the Armstrong Creek growth area can be summarised as follows:

- The total area is 4,284 hectares in size, of which 2,580 hectares will be developed.
- The projected residential population is 55,000 – 65,000 when the growth area is fully developed.
- Approximately 22,000 homes are to be built, at a range of housing densities.
- Approximately 22,000 jobs are to be provided within the growth area.
- 3 railway stations will be located within the growth area.
- Development is expected to commence some time in 2010.

## 1.2 Activity centres network

A number of activity centres has been planned to service the Armstrong Creek growth area, comprising one Major Activity Centre, to be located on Surf Coast Highway, two significant Neighbourhood Activity Centres, one of which is the East Precinct NAC which is the subject of this report; and a number of small Local Activity Centres. Map 1.2 shows in greater detail the planned activity centres network for Armstrong Creek.

Section 1: Armstrong Creek growth area



**Map 1.2: Armstrong Creek**  
**Precinct Boundaries and Activity Centres**

Precinct Boundaries	Regional Centre	Myer	Safeway
Major Activity Centre	Sub-Regional Centre	Big W	Coles
Neighbourhood Activity Centre	Local Activity Centre	Target	Aldi
Local Activity Centre		Kmart	Other Independent

*\* Haloed symbols indicate proposed stores*

The Armstrong Creek growth area has been subdivided into six distinct precincts, as shown on Map 1.2. The major activity centre, occupying a site of some 65.6 hectares at the south-eastern corner of Surf Coast Highway and Boundary Road, has been defined as a discrete precinct. This MAC is proposed to contain the following main elements:

- Approximately 35,000 sq.m of traditional retail space.
- Approximately 7,000 sq.m of entertainment space.
- Approximately 25,000 sq.m of homemaker/bulky goods retail space.
- Approximately 35,000 sq.m of office space.
- Approximately 35,000 sq.m of community services space, including education and health.
- High density shop top housing.
- A public transport interchange.
- Provision for approximately 3,500 jobs.
- A street based retail environment incorporating 'main street principles'.
- A town square.

Clearly, if all of these objectives are realised, the Major Activity Centre will be the heart of the Armstrong Creek growth area, and will present a world class town centre when completed.

The main residential precincts will be Armstrong Creek West, Armstrong Creek East, and Horseshoe Bend. Armstrong Creek East is proposed to contain around 7,500 dwellings, with around 6,500 to be provided in the Armstrong Creek West precinct and some 8,400 in the Horseshoe Bend precinct. A smaller number of dwellings, approximately 1,900, is also planned for the Marshall precinct in the northern part of the growth area. In addition to the Major Activity Centre and the four residential precincts, there are two industrial precincts also planned, one to the north-east and one to the west of the growth area.

As well as the Major Activity Centre, two substantial neighbourhood activity centres are also planned, one being located in the East Precinct which is the subject of this report, and a second (the north-eastern NAC) to be located in the Horseshoe Bend precinct. The East Precinct NAC will occupy a site of some 13.9 hectares and at this stage is planned to provide:

- Approximately 6,000 sq.m of retail space, including a supermarket and convenience shops;
- Approximately 1,200 sq.m of business and community service space;
- A community hub of children and family support services including parenting support, child health services, medical community health and wellness services;
- A primary school with sporting and other facilities;
- Shop top housing;
- A street based retail environment following main street principles.

Within the East Precinct there are also plans for two Local Activity Centres, which may contain in the order of 1,000 sq.m each of local convenience shops and services.

The North-east NAC, to be situated within the Horseshoe Bend precinct, is planned to have the following main elements:

- Approximately 7,000 sq.m of retail space, including a supermarket and convenience shops.
- Approximately 1,400 sq.m of business and community services space.
- A community hub, similar to the East Precinct NAC.
- A primary school and associated local sporting facilities, again similar to the East Precinct NAC.

- A secondary school with indoor sport stadium, active sports grounds and base for youth services.
- Provision for approximately 250 jobs.
- Shop top housing.
- A street based retail environment incorporating main street principles.

Within the Horseshoe Bend precinct there are also plans for one Local Activity Centre, to contain approximately 1,000 sq.m of local convenience shops and services.

Three further Local Activity Centres are planned for the West Precinct.

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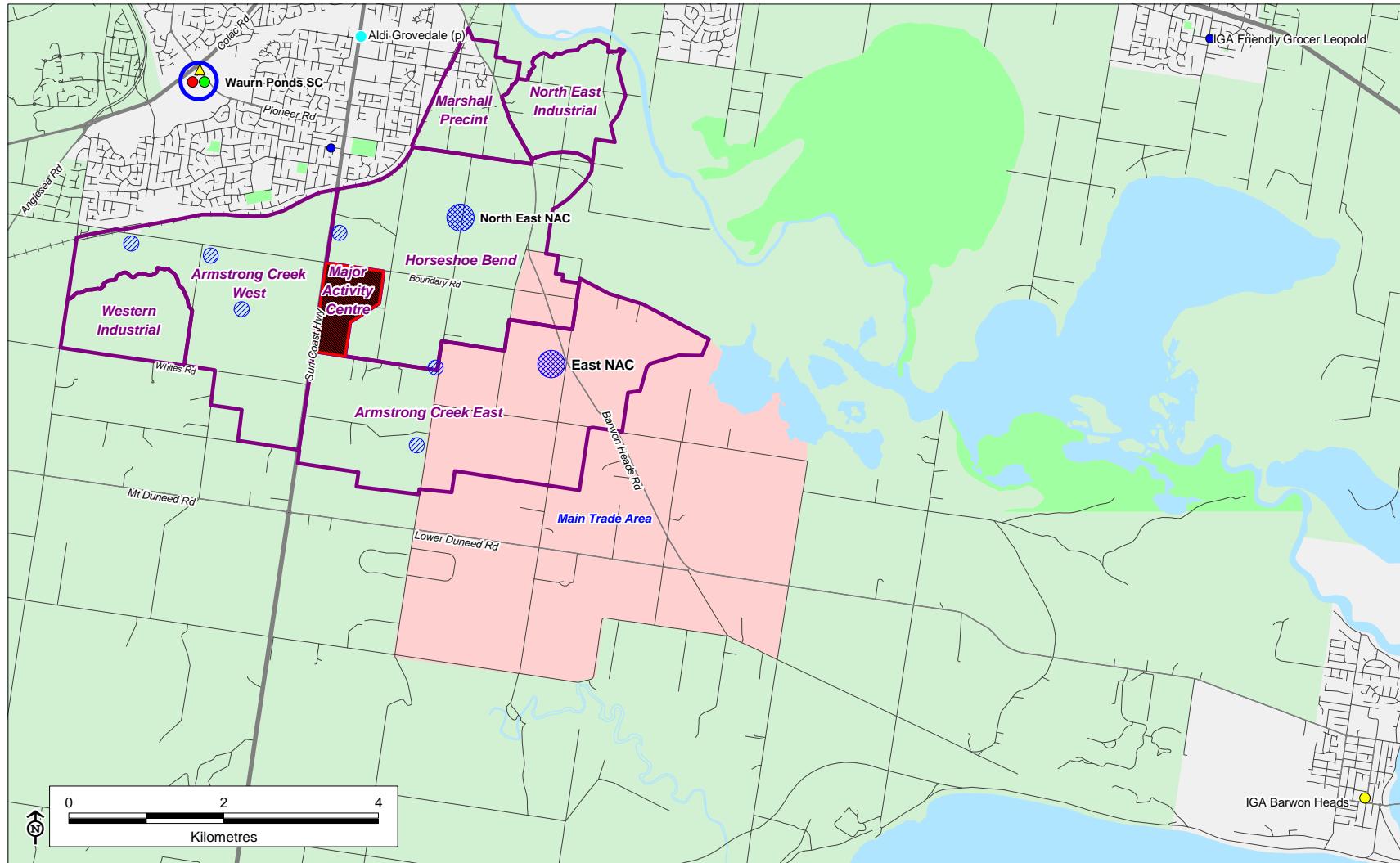
## Section 2: East NAC – trade area analysis

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This section of the report examines the trade area that would be served by the Eastern Precinct NAC, and provides estimates of the trade area population, the socio-demographic profile of that population, and the retail expenditure capacity that will be generated by the population.

### 2.1 Trade area definition

The main trade area that will be served by the East Precinct NAC at Armstrong Creek is shown on the attached Map 2.1. In defining this main trade area we have had regard to the road network throughout the surrounding area; the pattern of urban development which exists and will be built in the future throughout the surrounding area; and the locations of existing and proposed future activity centres.



**Map 2.1: Armstrong Creek East NAC**  
Trade Area & Activity Centres

Precinct Boundaries	Sub-Regional Centre	Safeway
Major Activity Centre	Target	Coles
Neighbourhood Activity Centre	Aldi	Other Independent
Local Activity Centre	* Haloed symbols indicate proposed stores	

The defined main trade area would be expected to generate the majority of the available business for the East Precinct NAC, in the order of 70%. However, because of the activity centres' strategic location on Barwon Heads Road, the centre will also enjoy significant additional business from passing traffic and from residents of the Barwon Heads/Ocean Grove area who will use Barwon Heads Road to access the Geelong urban area, e.g. for work.

## 2.2 Trade area population

Table 2.1 below details the current trade area population, which is minimal, and also shows the projected future population as development gathers momentum within Armstrong Creek. At this point, given that development has not yet commenced, these population projections must be considered indicative only, and they will obviously depend on the speed at which development of the area, and particularly of the East Precinct, proceeds. In preparing these indicative projections we have had regard to the current plans for development of the area to commence in 2010, and we have assumed that will be the case.

Once development commences, we consider that the area will prove very attractive, and, given increasing expectations that an economic recovery will be underway in Australia at much the same time as development at Armstrong Creek gets underway, we expect that the annual level of sales will be strong. The East Precinct is expected to be the first to commence development, and it is very well located with proximity to both Barwon Heads/Ocean Grove and Torquay. We have allowed for around 750 lots per annum on average to be sold in the total East Precinct following the commencement of development.

The expected socio-demographic profile of the trade area population is outlined in Table 2.2 and also in Chart 2.1. The population of the area does not yet exist, so some assumptions need to be made regarding the nature of the population which is likely to purchase the lots and build homes within Armstrong Creek. Our view is that the population profile will approximately match that which is currently evident in the trade area and surrounding areas, thus the information in Table 2.2 and Chart 2.1 reflects this view.

In particular, we expect that the resident population will show the following characteristics:

- An average income level which will be significantly above the average for non-metropolitan Victoria.
- An age distribution which will be younger than the average for non-metropolitan Victoria, reflecting the attractiveness of the area to many families.
- A high level of home ownership.
- A largely Australian born population.

**Table 2.1**

**Armstrong Creek Trade Area Population, 2001-2021**

Trade Area Sector	Estimated Resident Popn		Forecast Population						
	2001	2006	2009	2011	2013	2015	2017	2019	2021
Main Trade Area	170	410	420	1,120	3,030	5,970	9,040	11,850	13,250
	Average Annual Change (No.)								
	2001-06	2006-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	
Main Trade Area	48	3	350	955	1,470	1,535	1,405	700	
	Average Annual Change (%)								
	2001-06	2006-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	
Main Trade Area	19.3%	0.8%	63.3%	64.5%	40.4%	23.1%	14.5%	5.7%	

\*as at June

Sources : ABS; Armstrong Creek Draft Masterplan; Pitney Bowes Business Insight

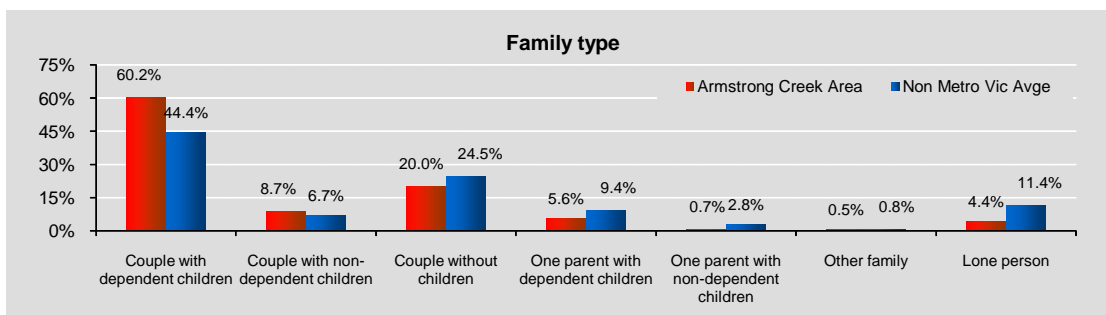
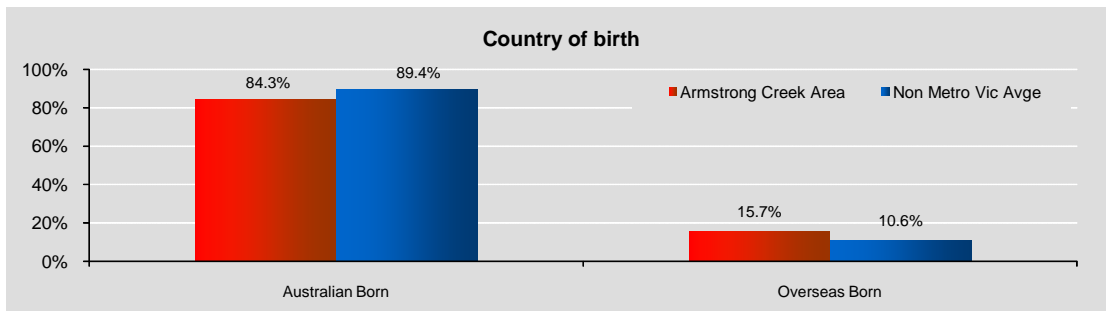
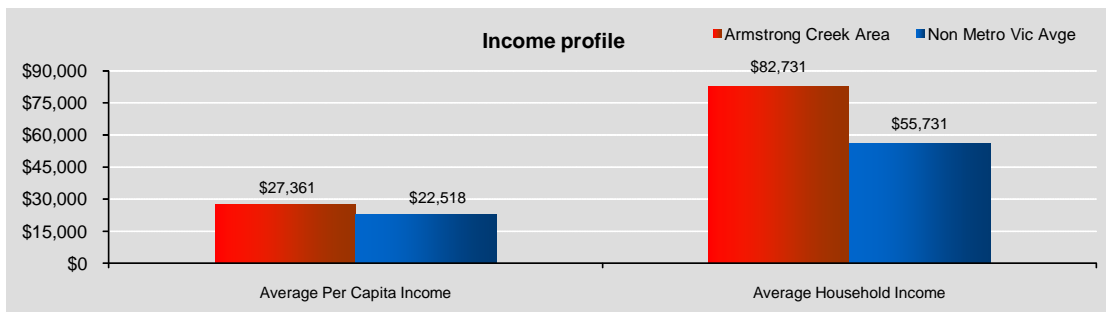
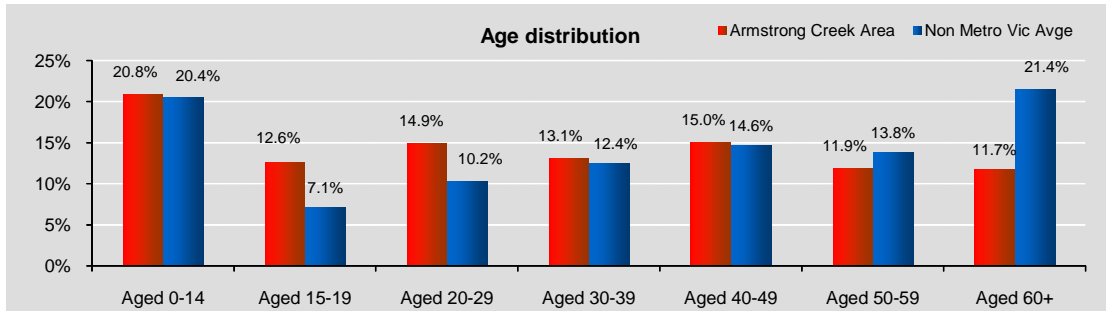
**Table 2.2**  
**Socio-Demographic Profile of the Armstrong Creek Area Population**

<b>Characteristics</b>	<b>Armstrong Creek Area</b>	<b>Non Metro Vic Average</b>
Average Per Capita Income	\$27,361	\$22,518
Per Capita Income Variation	21.5%	n.a.
Average Household Income	\$82,731	\$55,731
Household Income Variation	48.4%	n.a.
Average Household Size	3.0	2.5
<b>Age Distribution (% of Pop'n)</b>		
Aged 0-14	20.8%	20.4%
Aged 15-19	12.6%	7.1%
Aged 20-29	14.9%	10.2%
Aged 30-39	13.1%	12.4%
Aged 40-49	15.0%	14.6%
Aged 50-59	11.9%	13.8%
Aged 60+	11.7%	21.4%
Average Age	32.9	39.0
<b>Housing Status (% of H'holds)</b>		
Owner/Purchaser	87.9%	75.8%
Renter	11.9%	23.5%
Other	0.3%	0.8%
<b>Birthplace (% of Pop'n)</b>		
Australian Born	84.3%	89.4%
Overseas Born	15.7%	10.6%
• Asia	4.0%	1.1%
• Europe	8.9%	7.5%
• Other	2.8%	2.0%
<b>Family Type (% of Pop'n)</b>		
Couple with dep't children	60.2%	44.4%
Couple with non-dep't child.	8.7%	6.7%
Couple without children	20.0%	24.5%
Single with dep't child.	5.6%	9.4%
Single with non-dep't child.	0.7%	2.8%
Other family	0.5%	0.8%
Lone person	4.4%	11.4%

Sources : ABS Census of Population and Housing 2006; Pitney Bowes Business Insight

Chart 2.1

Armstrong Creek Area - Socio-Demographic Profile, 2006



Sources : ABS Census of Population and Housing 2006; Pitney Bowes Business Insight

### 2.3 Retail expenditure capacity

Given the population levels forecast as shown in Table 2.1, and the expected socio-demographic profile of this population as shown in Table 2.2, the projected level of retail expenditure generated by the trade area population is shown in Table 2.3, including spending on retail food items, non-food items and in total. Table 2.4 shows a further breakdown of the total available retail expenditure by broad community group, including:

- take-home food and packaged liquor (which is of greatest relevance to supermarkets);
- food catering (relevant for cafes, restaurants and takeaway food stores);
- apparel;
- household goods;
- leisure goods (including music, books, video games);
- general retail goods (which includes pharmacy, phones, florist, toys etc.); and
- retail services, such as optometry, hair and beauty, key cutting/shoe repairs, and other similar services typically acquired in retail premises.

**Table 2.3**  
**Armstrong Creek Trade Area Retail Expenditure, 2009-2021\* (\$M)**

Y/E June	Food Exp.	Non-Food Exp.	Total Retail Exp.
2009	2.6	2.4	4.9
2010	2.9	2.6	5.5
2011	5.3	4.9	10.2
2012	10.3	9.5	19.8
2013	17.4	16.1	33.5
2014	27.4	25.3	52.7
2015	39.5	36.5	76.0
2016	52.9	48.9	101.8
2017	67.3	62.1	129.4
2018	82.0	75.7	157.7
2019	97.2	89.7	186.9
2020	113.3	104.6	217.8
2021	123.8	114.3	238.1
<b>Expenditure Growth</b>			
2009-2011	2.7	2.5	5.2
2011-2016	47.7	44.0	91.7
2016-2021	70.9	65.4	136.3
2009-2021	121.3	112.0	233.2
<b>Average Annual Growth Rate</b>			
2009-2011	43.9%	43.9%	43.9%
2011-2016	58.6%	58.6%	58.6%
2016-2021	18.5%	18.5%	18.5%
2009-2021	38.2%	38.2%	38.2%

\*Inflated dollars & including GST

Source : Marketinfo; Pitney Bowes Business Insight

Table 2.4

## Armstrong Creek TA Retail Expenditure by Key Commodity Group, 2009-2021\* (\$M)

Y/E	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2009	2.1	0.4	0.7	1.0	0.3	0.3	0.1
2010	2.4	0.5	0.7	1.1	0.3	0.4	0.1
2011	4.4	0.9	1.4	2.1	0.5	0.7	0.2
2012	8.6	1.7	2.6	4.1	1.1	1.3	0.4
2013	14.5	2.9	4.5	6.9	1.8	2.2	0.7
2014	22.8	4.6	7.0	10.9	2.8	3.4	1.1
2015	32.9	6.6	10.1	15.7	4.1	4.9	1.6
2016	44.1	8.8	13.6	21.1	5.5	6.6	2.1
2017	56.1	11.2	17.3	26.8	7.0	8.4	2.7
2018	68.4	13.7	21.1	32.6	8.5	10.2	3.3
2019	81.0	16.2	24.9	38.6	10.1	12.1	3.9
2020	94.4	18.9	29.1	45.0	11.7	14.2	4.6
2021	103.2	20.6	31.8	49.2	12.8	15.5	5.0
<b>Expenditure Growth</b>							
2009-2011	2.3	0.5	0.7	1.1	0.3	0.3	0.1
2011-2016	39.7	7.9	12.2	19.0	4.9	6.0	1.9
2016-2021	59.1	11.8	18.2	28.2	7.3	8.9	2.9
2009-2021	101.1	20.2	31.1	48.2	12.6	15.2	4.9
<b>Average Annual Growth Rate</b>							
2009-2011	43.9%	43.9%	43.9%	43.9%	43.9%	43.9%	43.9%
2011-2016	58.6%	58.6%	58.6%	58.6%	58.6%	58.6%	58.6%
2016-2021	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%
2009-2021	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%

\*Inflated dollars &amp; including GST

Source : Marketinfo; Pitney Bowes Business Insight

The total retail expenditure generated by the main trade area population is estimated at only \$4.9 million at 2009, but is projected to increase over the next 12 years by more than \$230 million.

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## Section 3: Competitive framework

The competitive retail facilities of most relevance to the East Precinct NAC are shown on Map 2.1 previously. Clearly by far the most important competitive facility will be the major activity centre which will in due course be built at Armstrong Creek. The second neighbourhood activity centre, in the Horseshoe Bend Precinct, will also be competitively relevant, and is one of the factors which helps determine the extent of the main trade area for the East Precinct NAC.

The existing facilities at Waurm Ponds in particular, and to a lesser extent at Barwon Heads/Ocean Grove, are also competitively relevant. All of these facilities are summarised in Table 3.1 below.

**Table 3.1**  
**Armstrong Creek East NAC - Schedule of Competing Retail Facilities**

Centre	Retail GLA (sq.m)	Anchor Tenants	Dist. By Road From Armstrong Creek East NAC (km)
<b>Within Armstrong Creek Growth Area</b>			
Armstrong Creek MAC (p)	35,000	Proposed DDS based centre	3.4
East NAC (p)	6,000	Supermarket	-
North-East NAC (p)	7,000	Supermarket	2.9
Other LAC (p)			
<b>Beyond Armstrong Creek Growth Area</b>			
Grovedale	3,500	Foodtown (1,200)	5.2
Waurm Ponds SC	21,230	Target (5,450), Safeway (4,030), Coles (2,283)	7.4
<b>Belmont</b>	<b>30,000</b>		9.4
• Belmont Village	13,200	Kmart (8,355), Coles (3,313)	
• Balance	16,800	Coles (2,000), Aldi (1,350), Foodworks (600)	
<b>Geelong CBD</b>	<b>119,300</b>		13.0
• Westfield Bay City	52,200	Myer (12,526), Target (8,765), Big W (8,500) Coles (5,050)	
• Market Square	15,100	Harris Scarfe (3,233), Best & Less	
• Balance	52,000		

Source : Shopping Centre Council; Pitney Bowes Business Insight

### Section 3: Competitive framework

The main issues regarding the competitive framework in so far as the East Precinct NAC is concerned are the following:

- The location of the Major Activity Centre at Armstrong Creek will obviously determine the extent of the main trade area for the East Precinct NAC to the west in particular.
- The location of the North-Eastern NAC in Armstrong Creek, which will be of broadly similar scale and composition to the East Precinct NAC, will determine the extent of the main trade area to the north and the north-east.
- The existing retail facilities at Barwon Heads are fairly limited in nature, although more extensive facilities are available at Ocean Grove, including Coles and Safeway supermarkets. Therefore, some substantial business is likely to be attracted from the Barwon Heads area to the East Precinct NAC, although we would not be inclined to include the Barwon Heads area within the defined main trade area for the Neighbourhood Activity Centre.

## Section 4: Town centre retail potential

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The appropriate scale and composition of the planned East Precinct NAC will be determined by a combination of the following important factors:

- i. The location of the centre and the regional context of that location, including the locations of other relevant/competitive activity centres.
- ii. The extent of the trade or catchment area which the centre is designed to serve or will effectively serve, and the population levels within that trade area.
- iii. The socio-demographic profile of the trade area population.
- iv. The pattern of urban development, including physical breaks/barriers to accessibility.
- v. The available transport routes and the ease of access to the site relative to its competitors.

Each of these factors has been considered in previous sections of this report. This section now details the appropriate scale and composition for the East Precinct NAC taking all of those factors into account.

### 4.1 Sales potential for town centre

The amount of floorspace which can be supported at the East Precinct NAC, and which will be appropriate to meet the needs of the trade area population, will be driven primarily by the level of retail sales which the centre can expect to retain from the pool of expenditure generated by the trade area population.

Table 4.1 below provides an indicative assessment of the volume of sales, by retail category, which the East Precinct NAC could reasonably expect to retain from the trade area population, taking into account the nature of the centre and the things which a centre of this nature can do and cannot do. Also taken into account in these indicative estimates is the competitive framework in which the NAC will operate.

## Section 4: Town centre retail potential

For example, the East Precinct NAC will not serve the broader comparison regional roles which are served by the Geelong CBD, Belmont and Waurin Ponds at present, and in the future will also be served particularly by the Armstrong Creek Major Activity Centre.

Equally, a centre such as the East Precinct NAC is unlikely to be able to play a significant role with regard to large footprint bulky goods/homemaker type retail, because the available trade area population will not be sufficient to support these types of uses in sufficient critical mass at any stage in the foreseeable future. This will be the case particularly given the planning for a substantial complement of such uses (in the order of 25,000 sq.m, but probably more if required/supportable) to be provided within the MAC.

On the other hand, the East Precinct NAC will be able to retain much of the food and groceries spending of trade area residents, and will also be able to retain high proportions of trade area residents' spending on food catering (take-away food, cafés and restaurants); general retail (pharmacy, florist, toys, discount variety); and retail services (optometrist, key cutting, hair & beauty, clothing alterations, shoe repairs, etc).

Table 4.1 takes all of these factors into account in providing indicative estimates of the sales potential for the East Precinct NAC for each retail category.

Table 4.1

Armstrong Creek TA - Potential Retained Retail Expenditure by Key Commodity Group, 2009-2021\* (\$M)

Y/E	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services	Total Retained
2009	1.1	0.1	0.0	0.1	0.0	0.1	0.0	1.4
2010	1.2	0.1	0.0	0.1	0.0	0.1	0.0	1.5
2011	2.2	0.2	0.1	0.1	0.0	0.2	0.1	2.8
2012	4.3	0.4	0.1	0.2	0.1	0.3	0.1	5.5
2013	7.3	0.7	0.2	0.3	0.1	0.5	0.2	9.4
2014	11.4	1.1	0.4	0.5	0.1	0.9	0.3	14.7
2015	16.5	1.6	0.5	0.8	0.2	1.2	0.4	21.2
2016	22.1	2.2	0.7	1.1	0.3	1.7	0.5	28.5
2017	28.0	2.8	0.9	1.3	0.3	2.1	0.7	36.2
2018	34.2	3.4	1.1	1.6	0.4	2.6	0.8	44.1
2019	40.5	4.0	1.2	1.9	0.5	3.0	1.0	52.2
2020	47.2	4.7	1.5	2.3	0.6	3.5	1.1	60.9
2021	51.6	5.2	1.6	2.5	0.6	3.9	1.2	66.6
% retained	50.0%	25.0%	5.0%	5.0%	5.0%	25.0%	25.0%	28.0%

\*Inflated dollars &amp; including GST

Source : Pitney Bowes Business Insight

As shown in the above table, the proportions of retail expenditure within each of the commodity groups which the East Precinct NAC can be expected to retain range from only around 5% in the case of apparel spending, to 50% of spending on take-home food and packaged liquor. Across the total retail spectrum, the proportion of available retail expenditure which the centre is forecast to retain is in the order of 30%.

## 4.2 Supportable retail floorspace

Table 4.2 provides indicative estimates of the amount of supportable retail floorspace within the East Precinct NAC on a year by year basis taking account of the information previously presented in Table 4.1, i.e. the estimated level of retail sales which the East Precinct NAC is considered likely to retain. Floorspace figures in Table 4.2 are calculated by applying an average Retail Turnover Density (RTD) to the estimated available retail sales volume. The RTD is simply the level of sales per sq.m which it is considered new retailers at East Precinct NAC would need to achieve in order to create a successful town centre. The floorspace figures in Table 4.2 are total supportable floorspace, including any major (eg. supermarket) or mini-major stores floorspace.

The analysis of supportable retail floorspace for the East Precinct NAC shown in Table 4.2 above points to the following main conclusions:

- At 2016, the year in which the East Precinct is considered likely to have reached a threshold population of 6,000, the estimated amount of supportable retail floorspace would be in the order of 4,000 sq.m, with around three-quarters of that floorspace being allocated to take-home food and packaged liquor, thereby supporting a full range supermarket.
- At 2021, the East Precinct NAC is considered likely to support in the order of 10,000 sq.m of retail floorspace, of which around 7,500 sq.m would be allocated to take-home food, packaged liquor and food catering – at that point, if not before, two supermarkets would be supportable in the centre.

The indicative timing suggested above will of course depend on the rate at which residential development within the precinct proceeds. The timing of the NAC should be flexible around this critical factor, however generally in situations of this nature the activity centre should be developed sooner rather than later. In that way, the existence of the centre itself stimulates take-up of the residential development. Furthermore, in this instance, the NAC's strategic location on Barwon Heads Road will generate substantial business from passing traffic and from Barwon Heads' residents, providing further underpinning for the sales potential.

Table 4.2

Armstrong Creek TA - Indicative Supportable Floorspace (sq.m) by Key Commodity Group, 2009-2021

Y/E	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services	Total Floorspace
2009	142	19	7	12	3	10	5	198
2010	159	22	8	14	3	12	5	222
2011	293	40	15	25	5	21	10	410
2012	571	78	29	49	10	42	19	798
2013	968	132	50	82	17	71	33	1,353
2014	1,522	207	78	130	27	111	52	2,128
2015	2,195	299	113	187	39	160	75	3,069
2016	2,942	401	151	251	53	215	100	4,113
2017	3,739	509	192	318	67	273	128	5,226
2018	4,558	621	234	388	82	333	156	6,371
2019	5,399	735	277	460	97	394	184	7,547
2020	6,294	857	323	536	113	460	215	8,798
2021	6,880	937	353	586	123	502	235	9,618
RTD*	7,500	5,500	4,500	4,200	5,200	7,700	5,300	6,921

\*Retail Turnover Density - Turnover (\$) per sq.m

Source : Pitney Bowes Business Insight

In addition to the retail floorspace outlined in Table 4.2 above, a typical town centre such as is proposed for the East Precinct NAC would also contain a substantial amount of non-retail floorspace. Thus, financial services floorspace (e.g. banks), medical/personal services (e.g. Medicare), real estate agencies, medical centre and other similar uses which are found in town centres of this nature would represent additional floorspace over and above the approximately 10,000 sq.m of retail floorspace which the centre could serve once the trade area has been more or less fully developed.

### 4.3 Scope for anchor tenants

The analysis outlined in Sub-Sections 4.1 – 4.2 above presents a view, based on all of the available numbers, as to the approximate sales volume which the East Precinct NAC could expect to retain given the available trade area retail expenditure, and the consequent levels of retail floorspace of various types which such sales volumes could then support.

The development of retail centres in practice though is not quite as straightforward. There are many other real world complications which serve to make the planning and development of effective retail centres rather more complex. The three most important of these other factors are the site features; the commerce of construction cost, income and value; and most importantly the availability of major tenants to successfully anchor any new retail development.

In this regard, Table 4.3 shows the indicative potential sales volumes that would be available to a supermarket (or supermarkets) within the East Precinct NAC, taking into account the total volume of food and grocery retail expenditure generated by the trade area population; the proportion of that expenditure which the town centre can expect to retain; the proportion of that retained expenditure which in turn a supermarket or supermarkets anchoring the town centre would be likely to attract; and passing traffic.

The information shown in Table 4.3 highlights the following:

- At about 2016, assuming a rate of residential development is achieved as indicated previously, the potential indicative sales volume would be in excess of \$20 million, making a store feasible at that date, and probably a year or so earlier.
- Sales potential would grow very strongly, so that the supermarket would be trading at above average levels by around 2019/20.
- By about 2020, the available sales volume suggests that two supermarkets would be supportable at East Precinct NAC.

Table 4.3

## Armstrong Creek East NAC - Indicative Supermarket Sales Potential (\$M), 2014-2021\*

Y/E June	Total (\$M)
2014	13.4
2015**	16.7
2016	22.4
2017***	24.1
2018	29.4
2019	34.8
2020****	51.1
2021	55.9
Average Annual Growth : 2014-21	22.7%
<i>*Inflated dollars &amp; including GST</i>	
<i>**Assume smkt at North-East NAC</i>	
<i>***Assume development of MAC</i>	
<i>**** Assume second smkt. added to East Precinct NAC</i>	
<i>Source : Pitney Bowes Business Insight</i>	

The trade area population would not be able to successfully support any significant non-food major stores particularly in the short to medium term. The analysis in Table 4.2 shows that at 2021 the approximate amount of non-food retail floorspace which the East Precinct NAC could support would be in the order of 2,000 sq.m, but distributed across the various non-food retail categories – apparel, household goods, leisure goods and general retail.

The available trade area population would not be sufficient to support a discount department store or even a substantial non-food mini-major (e.g. Best & Less) due to the fact that the trade area population is confined to the East Precinct (part) population, and given the network of other centres proposed, especially the MAC.

On the other hand, a smaller multi-purpose non-food mini-major (e.g. Priceline) would be a possibility for the town centre, but only once the total precinct population is nearing capacity.

#### 4.4 Potential for other (non-retail) facilities

In addition to traditional retail and non-retail stores, the East Precinct NAC could incorporate a range of supporting personal, commercial, and community facilities. In particular, the following outlets are likely to be supportable at a residential capacity of about 2,000 lots – 2,500 lots (i.e. when a full scale supermarket is supportable at the site):

- A range of non-retail specialty services, primarily focused on financial services, including banks; personal services such as Medicare; and commercial services such as real estate agencies. The amount of such services which can be successfully incorporated within the centre will be dependent primarily on the willingness of operators to locate at the centre. Typically, in a centre such as the East Precinct NAC as analysed in this report, the non-retail services can account for one-quarter to one-third of the total combined retail and non-retail services floorspace. Table 4.4 later in this report details the extent of non-retail specialty services floorspace which we consider can be incorporated within the East Precinct NAC.
- A medical centre, incorporating general practitioners and possibly other services such as dentistry and physiotherapy. Such a facility would strengthen the town centre's role as a convenience based destination for local residents.
- It is highly likely that a childcare centre operator would be keen to develop a centre at the site, reflecting the large number of traditional families with young children expected to reside within the area. Suburban childcare facilities though typically require relatively large amounts of land in order to accommodate the centre itself and associated components such as carparking and play areas.
- A community centre offering a range of services to residents of all ages.

There should also be scope for incorporating a petrol outlet in close proximity to the supermarket, particularly given the discount fuel incentives offered by the major supermarket operators. A petrol outlet at the site would ideally have direct access off the main road, as well as being easily accessible from the supermarket site.

There would also be potential for further limited non-retail facilities to be incorporated, such as a gymnasium.

#### **4.5 Total centre potential**

Based on the analysis presented in this report, it is likely that the initial development of the proposed East Precinct NAC can be anchored by a full range supermarket in around 2015/16. Other retail facilities likely to be supportable at that time would be limited to a range of mainly convenience orientated specialty shops. The total centre, therefore, could incorporate around 4,000-4,500 sq.m of retail floorspace at that date.

A Stage 2 development may then be supportable by around 2019/20, incorporating a second supermarket, together with additional specialty space and a range of commercial/community facilities (e.g. medical, childcare, community centre). The centre, therefore, would increase to around 9,000 – 10,000 sq.m of retail floorspace (but greater total GLA) at that date.

## Section 4: Town centre retail potential

Table 4.4 below details a broad indicative mix for the retail component of the East Precinct NAC at each of the two possible stages of development outlined above, and the estimated sales potential for each.

**Table 4.4**  
**Armstrong Creek East NAC - Forecast Sales by Tenant**

Tenant/ Category	2014/15			2019/20		
	GLA (sq.m)	Forecast Sales* (\$'000) (\$/sq.m)		GLA (sq.m)	Forecast Sales* (\$'000) (\$/sq.m)	
<b>Majors</b>						
Supermarket	<u>3,200</u>	<u>16,712</u>	<u>5,222</u>	<u>6,400</u>	<u>51,104</u>	<u>7,985</u>
Total Majors	3,200	16,712	5,222	6,400	51,104	7,985
Mini-majors	600	2,100	3,500	1,000	3,896	3,896
<b>Retail Specialties</b>						
Food & Liquor	130	1,055	8,118	380	3,490	9,185
Food Catering	100	580	5,798	300	1,312	4,374
Apparel	190	957	5,036	790	4,258	5,390
Household Goods	0	0	0	200	905	4,527
Leisure	100	638	6,378	200	1,443	7,216
General Retail	100	986	9,857	420	3,805	9,060
Retail Services	<u>80</u>	<u>390</u>	<u>4,871</u>	<u>310</u>	<u>2,292</u>	<u>7,394</u>
Total Retail Spec.	700	4,605	6,579	2,600	17,506	6,733
<b>Total Retail</b>	<b>4,500</b>	<b>23,417</b>	<b>5,204</b>	<b>10,000</b>	<b>72,505</b>	<b>7,251</b>
Non-retail/Other	<u>1,500</u>			<u>2,000</u>		
<b>Total</b>	<b>6,000</b>			<b>12,000</b>		

*\*Inflated dollars & including GST  
Source : Pitney Bowes Business Insight*

## 4.6 Employment stimulus

Table 4.5 presents a conservative estimate of the number of additional employment opportunities likely to be created by the East Precinct NAC. Based on the amount and nature of the floorspace to be incorporated in the proposed development, we estimate that an additional 616 jobs will be accommodated.

It may be argued that some job losses will occur at other centres as a result of the NAC. In determining the employment opportunities in Table 4.5, we have allowed for 5% of the additional employment that is likely to be created, to be absorbed in job losses at other impacted centres, thus resulting in a projected net employment increase of 585 jobs.

Type of Use	Estimated Employment Per '000 sq.m	<b>Armstrong Creek East NAC</b>	
		GLA (sq.m)	Employment (persons)
Supermarket	50	6,400	320
Mini-majors	20	1,000	20
Retail Specialty Shops	60	2,600	156
Non-Retail/Other	60	<u>2,000</u>	<u>120</u>
<b>Total Centre</b>		<b>12,000</b>	<b>616</b>
<b>Net Increase<sup>1</sup></b>			<b>585</b>

1. Net increase includes an allowance for reduced employment levels at impacted centres, estimated at 5% of the total increase  
Source: Pitney Bowes Business Insight

Table 4.6 below then utilises the estimated net level of job creation at the East Precinct NAC, together with ABS input/output multipliers, to calculate the likely total employment stimulus that can be attributed to the development of the centre.

Using the estimated capital costs for the various construction activities which will be generated by the development of the whole East Precinct (including the residential component), Table 4.6 also shows the estimated employment stimulus levels to the economy that can be anticipated as a result of construction.

Table 4.6

## Armstrong Creek East NAC - Estimated Future Additional Employment Levels\*

Original Stimulus	Estimated Capital Costs (\$M)	Direct Employment	Supplier Employment <i>Multiplier Effects</i>	Total	
Construction of Homes	1,750	3,204	9,967	13,171	
Civil Construction	350	1,495	2,395	3,890	
Landscaping	40	171	274	445	
Construction of Centre	24	103	164	267	
Community Facilities/Active Open Space	<u>70</u>	<u>299</u>	<u>479</u>	<u>778</u>	
<b>Total Construction of Project</b>	<b>2,234</b>	<b>5,271</b>	<b>13,279</b>	<b>18,550</b>	Job Years <sup>1</sup>
Centre Employment <sup>2</sup>		<u>585</u>	<u>555</u>	<u>1,141</u>	Long Term
<b>Total</b>		<b>5,856</b>	<b>13,834</b>	<b>19,691</b>	

\* Employment totals include both full-time and part-time work

1. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year

2. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development

Source : Australian National Accounts: Input-Output Tables 1996-97; Pitney Bowes Business Insight

Utilising appropriate ABS input/output multipliers, we estimate that the construction phase of the East Precinct will create some 5,270 direct jobs and a further 13,280 multiplier induced jobs, which includes both full-time and part-time work.

Upon completion, an additional 585 jobs will potentially be created through the staffing and the upkeep of the centre, etc. Again applying the ABS input/output multipliers, the stimulus created by centre employment will create an estimated 555 further jobs in the broader economy.

Thus, the proposed development of the East Precinct will be a major stimulus to employment creation, both directly and indirectly, throughout the surrounding region. In this way, the construction of the project and the centre will make a major contribution to employment self-sufficiency for the surrounding region.

## 4.7 Conclusions

The main conclusions which can be drawn from this analysis of the market potential for the East Precinct NAC can be summarised as follows:

- The town centre in our view could support a supermarket anchored retail component of approximately 4,500 sq.m. at 2014/15, including a supermarket of 3,200 sq.m. The remaining floorspace would comprise 10 – 12 retail and service specialties, focusing on fresh food (e.g. bakery, fresh produce, butcher); food catering (take-away food and café); general retail (newsagency, pharmacy); and retail services.
- By 2019/20, the trade area population is projected at around 12,000. This population would be spending an estimated \$218 million on retail goods and services at that date. The NAC at that date could comprise approximately 10,000 sq.m of retail floorspace, anchored by two supermarkets, and also containing some 35 – 40 retail stores.
- In addition, non-retail services, such as financial, personal, medical, gymnasium and so on could add substantially to the centre's total floorspace. The specialty floorspace provision could be increased by approximately a further 50% above the retail floorspace component to allow for such services, creating a total town centre of around 12,000 sq.m, not including any community floorspace.

