Broome North
Planning Design Forum

Commercial Activity Ideas & Implications

LandCorp
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Contact

Enquiries regarding this document should be directed to

Greg Davis
M +61 439 959 762
g.davis@taktics4.com.au

Taktics4
45 Ventnor Avenue
WEST PERTH WA 6005
P +61 8 9429 8813
F +61 8 9203 6161
www.taktics4.com.au

Project Potential Pty Ltd (ACN 108 512 876) as trustee for DCG Trust (ABN 99 523 261 927) trading as Taktics4

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CONTENTS

EXECUTIVE SUMMARY

The commercial initiatives suggested in this strategy represent a balanced outcome for both the future Broome North community and the Broome community in general.

Retail

The Broome North community will have access to a range of day to day food and grocery shopping in two centrally located small shopping centres. Each centre will be anchored by a small supermarket operator of about 1,500sqm (half the size of a typical suburban supermarket) and between 10-15 shops. These shops will cater primarily to local residents and will be less reliant on tourist and visitor spending.

The centres will be configured within a small main street environment with a length of approximately 75 metres.

The Broome North community will create sufficient retail spending to support the two new centres but also contribute significantly to Chinatown and Boulevard. This approach therefore balances the need to provide the day to day needs of the community with the equally important desire by the community to maintain the long term sustainability of Chinatown and Boulevard.

Office

The centres will comprise opportunities for a range of small local offices. Future local office space in Broome North will be incorporated within the two Village centres. The vast majority of future corporate, regional and government offices will be located elsewhere in Broome – predominantly in Chinatown.

Community

The centres will also comprise opportunities for a range of small community facilities. These facilities should be integrated into the two centres in order to add a range of 'after hour's' vitality.

Blue Haze

The Blue Haze industrial estate will be expanded to accommodate the service industry to support the needs of the resident Broome population. Industry which supports the larger development and primary resource sectors would be catered for in other locations outside the Broome North Area.

The demand for additional service industrial will require the existing Blue Haze precinct to double in size. The preferred approach is to expand Blue Haze within the areas previously allocated for expansion.

Showroom

Blue Haze may also provide opportunities for a limited amount of showroom retail.

1 INTRODUCTION

This paper outlines the opportunities and implications for the future planning of retail, office and industrial activity in Broome North.

1.1 Objectives

Findings from this paper were used to inform discussions, planning and design prior to, during and after the Planning Design Forum (PDF) conducted in Broome from 19th-22nd August 2009.

In particular, findings highlight options and implications for:

1. Market demand for sustainable business activity, floorspace, land area in Broome North
2. Spatial patterns and distribution of commercial activity including locations, catchments, sites, within Broome North

Investigations consider the social, economic and commercial drivers and issues that will determine impacts, sensitivity, and scenarios influenced by consumers, infrastructure, competition, tenant demand, exposure and access.

The focus of this report is Broome North. Analysis and findings are therefore limited to a Broome North context only. The findings do not expand on spatial implications for commercial activity considered to be better suited outside Broome North, as these issues will detract from the focus of this report and are covered within the Shire of Broome Commercial Centres Strategy – adopted by Council in 2006. This report is designed to complement the Broader Strategy.

1.2 Assumptions

The level of demand for activity will largely be driven by the resident population generated in the Broome North precinct. As the planning for lot yields and ultimate population numbers will be a product of the Forum, we have adopted an estimate simply to guide the analysis.

As a guide, the Broome North precinct represents a similar size to the existing urban residential area in Broome. It is therefore conceivable that Broome North may ultimately generate a lot yield capable of generating between 3,000 and 4,000 dwellings which would create a population of up to 7,000 – 11,000 residents. We have adopted a potential population base of 9,000 residents for the purpose of resident market demand analysis.

The demand for activity may therefore vary from those calculated in this paper depending on the residential lot/dwelling yields resulting from the Planning Design Forum.

This paper also accepts the findings in relation to the potential economic and population growth from selected resources sector projects planned near Broome as highlighted in the Kimberley LNG Social Impact Assessment (July 2009). These projects are expected to hasten the timing of population growth and subsequently lot take-up for retail, industrial and office activity. However, they will not influence the amount of demand for these activities as they pertain to population driven demand.

It is re-emphasised that the population projections are based on potential yields within Broome North. Commercial activity is based on satisfying the needs of Broome North residents. Therefore the population projections for Broome North represent the main drivers for demand in this report.

1.3 Philosophy

Findings formed throughout this paper are based on:

- Respecting the need to maintain the long term economic viability of existing centres and precincts
- Finding a suitable balance between community equity, commercial efficiency to produce an effective planning outcome capable of being delivered in a sustainable manner
- Producing a design outcome consistent with the planned nature of Broome North and Broome in general

2 RETAIL DEMAND

The delivery of sustainable retail activity is directly related to demand generated by various consumer markets, primarily residents and visitors.

2.1 Consumer Markets

Resident Markets

Demand for additional retail activity in Broome North will be driven primarily by the resident population ultimately generated in the study area.

Broome residents spend an average of 5% less than the average WA household (ABS Household Expenditure Survey (2003/04). They generally spend 10% less on fashion (whether it is due to lack of opportunity to purchase or lack of demand for the same level of fashion needs). However Broome residents on average spend the same amount as WA households on food and grocery and convenience based goods.

Broome North residents will therefore spend an estimated $103.5M p.a. upon full development (9,000 residents) of the precinct. This spending comprises $71M p.a. on food/grocery and other convenience based goods, $24M p.a. on fashion and other comparisons goods and $8.5M p.a. on household and other bulky goods items.

Tourist/Visitor Markets

Tourist /visitor markets will also contribute to demand for retail space in Broome North. But only in close proximity to existing and planned tourist or short stay accommodation.

Broome currently captures 235,000 visitors per annum generating up to 1.8M visitor nights per annum (Australia's North West Overnight Visitor Fact Sheet - Tourism WA 2008). Visitors spend an average of $15 per visitor per day (Tourism Bureau Monitor 2008) on purely retail related goods and services including food/grocery and gifts (not including travel, accommodation, leisure and event fees). These profiles would result Broome tourists generate a total of $26M p.a. on retail goods each year. Convenience spending comprises 70% ($18M p.a.) of tourist retail sales, while spending on comparison/gifts/fashion etc represents $8M p.a. (not including pearl emporiums).

2.2 Sustainable Retail Floorspace

Resident Demand

Based on industry accepted sales productivity data, retail spending by Broome North residents will support an overall sustainable demand for 16,500 sqm of retail floorspace.

Convenience based retail floorspace will comprises 8,500 sqm – including 3,500 sqm of supermarket space (the equivalent of one full line supermarket operator – Coles or Woolworths) or up to three smaller supermarkets (1,250 sqm).

Comparison based retail floorspace comprises 5,700 sqm – including provision for 2,500 sqm of Discount Department Store (DDS) space – (Kmart, Target, or BigW). This space represents the size of a typical Country Target which is a third of a typical suburban size DDS.

Tourist/Visitor Demand

Tourism markets in Cable Beach adjacent to Broome North are expected to be generating an overall demand for 4,000 sqm of retail floorspace, comprising 2,300 sqm of convenience based space and 1,700 sqm of comparison goods space (not including pearl emporiums).

Total Floorspace Demand

The total demand for retail space generated from Broome North markets is therefore 21,000 sqm, including 11,000 sqm of convenience space and 7,500 sqm of fashion and personal goods retailers and 2,500 sqm of bulky goods/showroom retailers.

Not all of this space needs to be or should be provided in Broom North. It will be important to provide an opportunity for existing centres and precincts to benefit from spending generated from Broome North consumer markets.

Market	Convenience	Comparison	Showroom	Total
Broome North Residents	8,500	5,700	2,500	16,500
Visitors	2,300	1,700	0	4,000
Total Demand*	11,000	7,500	2,500	21,000

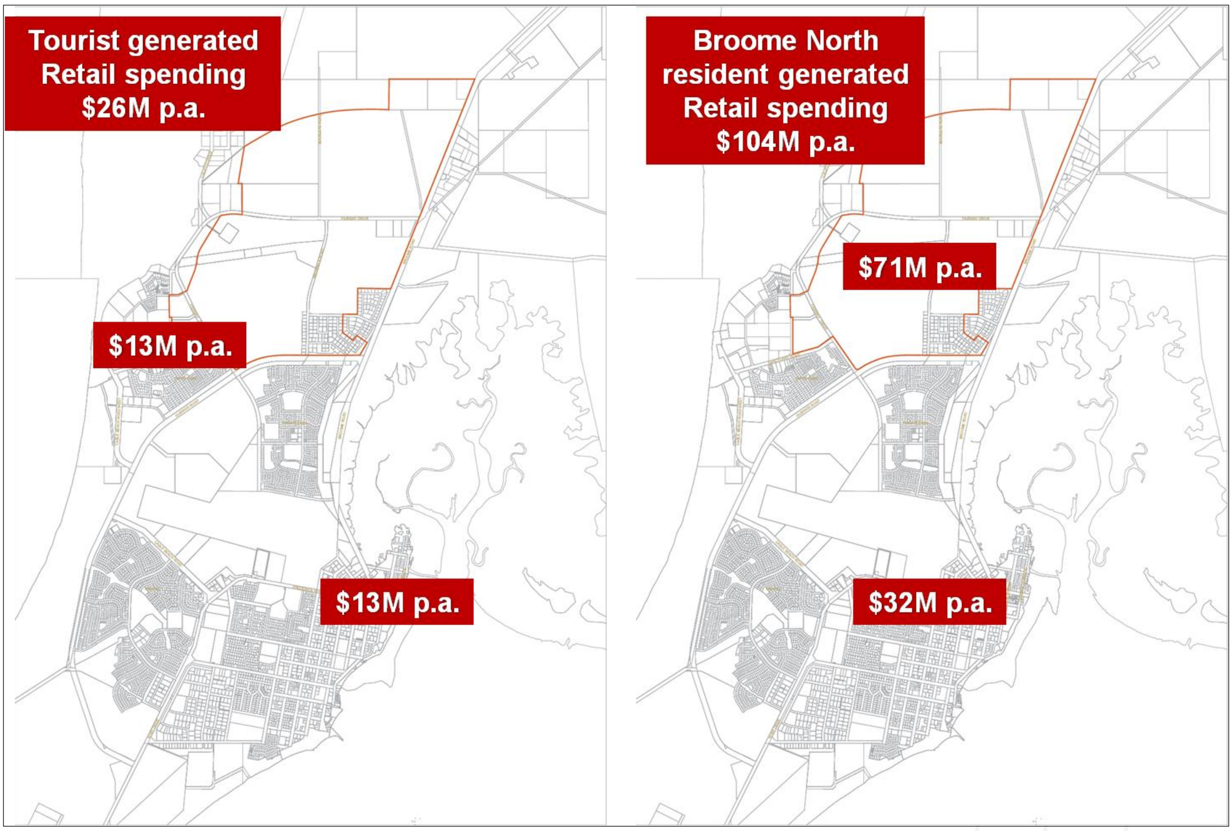
*Totals rounded

2.3 Location Drivers

Key drivers determining the amount, nature, distribution and location of retail activity include the need to provide for day to day convenience based goods for residents and visitors in Broome North. We should therefore provide for at least 11,000sqm of convenience based retail floorspace within Broome North.

There is less need to retain comparison, gift and bulky goods retail activity within the Broome North study area. Therefore we can debate whether Broome North represents the most suitable location for the remaining 10,000 sqm of comparison retail that will be created by Broome North consumer markets.

It is reasonable to expect that Broome North should accommodate retail activity able to satisfy the day to day need of the local community while non convenience based spending could continue to be captured by existing activity outside the Broome North area.



Commercial Centres Strategy

The Commercial Centres Strategy (2005) for Broome was endorsed by the Shire of Broome in 2006. The strategy incorporated findings for an area north of Broome Airport and Gubinge Road consistent with the Broome North Study Area.

The centre's suggested in the Strategy represents a logical distribution of centres to satisfy the needs of future residents and visitors in the key locations. In particular it identified the need to develop three small supermarket based centres. One of the centres was to be located in Cable Beach to serve the needs of the visitor market. The other two were to be located within the area now depicted as the Broome North Study Area

Millington Road

The Millington Road Development Plan is expected to be endorsed by the WAPC. This area incorporates commercial activity to cater predominantly to the needs of visitors staying in Cable Beach. We expect that this centre will be complementary to the Broome North activity and accommodate the floorspace demanded by these particular markets.

2.4 Spatial Distribution Ideas

The spatial distribution of retail centres in Broome North will determine their commercial efficiency. The sustainability of convenience based centres will usually depend on the ability to attract and sustain a major customer drawcard. In the current retail environment, supermarkets dictate the consumer behaviour of day to day consumers. Without supermarkets a centre will struggle to attract sufficient patronage to sustain smaller retailers in the long term.

A full line supermarket (3,500 sqm) generally requires a resident catchment of 1.5 km radius to be sustainable. Smaller supermarkets of 1,000sqm may be sustainable with a 750m – 1km catchment.

The current centre distribution in Broome highlights that both Coles and Woolworths are able to trade sustainably with a population base largely within a 1.5km radius of their stores. Broome North study area is largely contained within a 1.5km radius of the centre of the study area.

The following maps represent a range of ideas for distributing retail activity throughout Broome North. The tenant types depicted on the maps are offered as examples only to guide the understanding of the tenant type that could be accommodated in each idea.

It is not possible to legislate against the inclusion of particular retail brands in centres. Allocating particular retail sizes for supermarkets allows for all current supermarket operators to be incorporated in the centres if they are prepared to adopt the model suggested.

<u>Idea 1 – Single Centre</u>

The first option is to provide a single, centrally located shopping centre anchored by either one or both full line supermarkets.

- 9,000 sqm at 'North Central' (land area - 2.5 Ha)
- 2,000 sqm at Cable Beach (land area - 0.5 Ha)

A single centre provides the most commercially efficient delivery of retail activity by reducing the risk of duplicating activity in an unsustainable manner.

The size of the centre is able to accommodate the delivery of the same two supermarkets in the north to replicate the existing offer in the south. This approach therefore creates community equity for Broome North residents in that they will have the same level of access to goods and services to those experienced by existing Broome residents. This becomes even more important if the airport remains in the current location – limiting direct access to the Boulevard from Broome North.

As such, Coles and Woolworths would both be duplicating their store network in Broome. Effectively reduce any future growth potential for the two existing supermarket operators in Broome, as Broome North residents will not have to drive to existing centres.

This approach retains most of the convenience based spending in the Broome North precinct – but releases additional non food and showroom spending ($32M p.a.) from Broome North to be captured by Boulevard and Chinatown businesses.

Idea 2 – Twin Centres

The second approach involves two separate centres each with a potential full line supermarket, with both centres catering to the needs of the entire Broome North catchment.

- Each centre is up to 4,500 sqm (land area - 1.5 Ha)

This approach would also deliver the same access to goods and services for Broome North residents that is available to south Broome residents.

However, two centres adopting the same role, same offer and with a significant catchment overlap will severely reduce the commercial efficiency of the network. The greatest risk from this approach is that one centre may develop earlier and trade successfully, while the other centre does not develop or is unable to maintain the performance level of the first centre.

If this occurs, the community around the struggling centre would have further to travel. Like idea one, this approach retains most of the convenience based spending in the Broome North precinct – but releases additional non food and showroom spending ($32M p.a.) from Broome North to be captured by Boulevard and Chinatown businesses.

An alternative to this idea is to reduce the size of the supermarkets and overall floorspace for each centre to ensure that there is sufficient catchment to accommodate each centre. The spatial distribution of this option is crucial – with sufficient distance needed between the two to ensure that they enjoy dedicated catchments within Broome North. This approach suggests a smaller supermarket configuration up to 1,500sqm.

- Each centre is up to 3,000 sqm (land area – 1.0 Ha)

The operator logos represent size and likely interest by the major operators – the strategy cannot allocate operators to sites

Idea 3 – Smaller Centre Network

A distribution of smaller supermarket based centres with subsequently smaller catchments

- Each centre is 1,500sqm - 2,000sqm (land area - 0.5 Ha)

Delivers ease of access to residents and produces best opportunity to create the Broome character in centres. However, it also suggests that Broome North residents will continue to travel to Coles and Woolworths regularly for choice of offer.

This approach is bitter sweet for existing larger operators in Broome. On the one hand they don't necessarily have to duplicate their offer in Broome. They can also expect to capture a share of sales from Broom North as residents will continue to shop at the larger stores for weekly food and grocery needs. On the other hand they lose the opportunity to capture a larger share of sales from Broome North residents

This is also a difficult network to establish as a single centre may develop and prosper at the expense of the other centres. Each centre will also need to provide a similar offer, alternatively one centre attracts a newsagent, and another the hairdresser, creating need for multiple trips for the consumer within the overall network of centres.

Overall there is less choice for Broome North residents – so part of the convenience based spending will still gravitate to Boulevard and Chinatown food/grocery and convenience based businesses.

Idea 4 – One Big and One Small

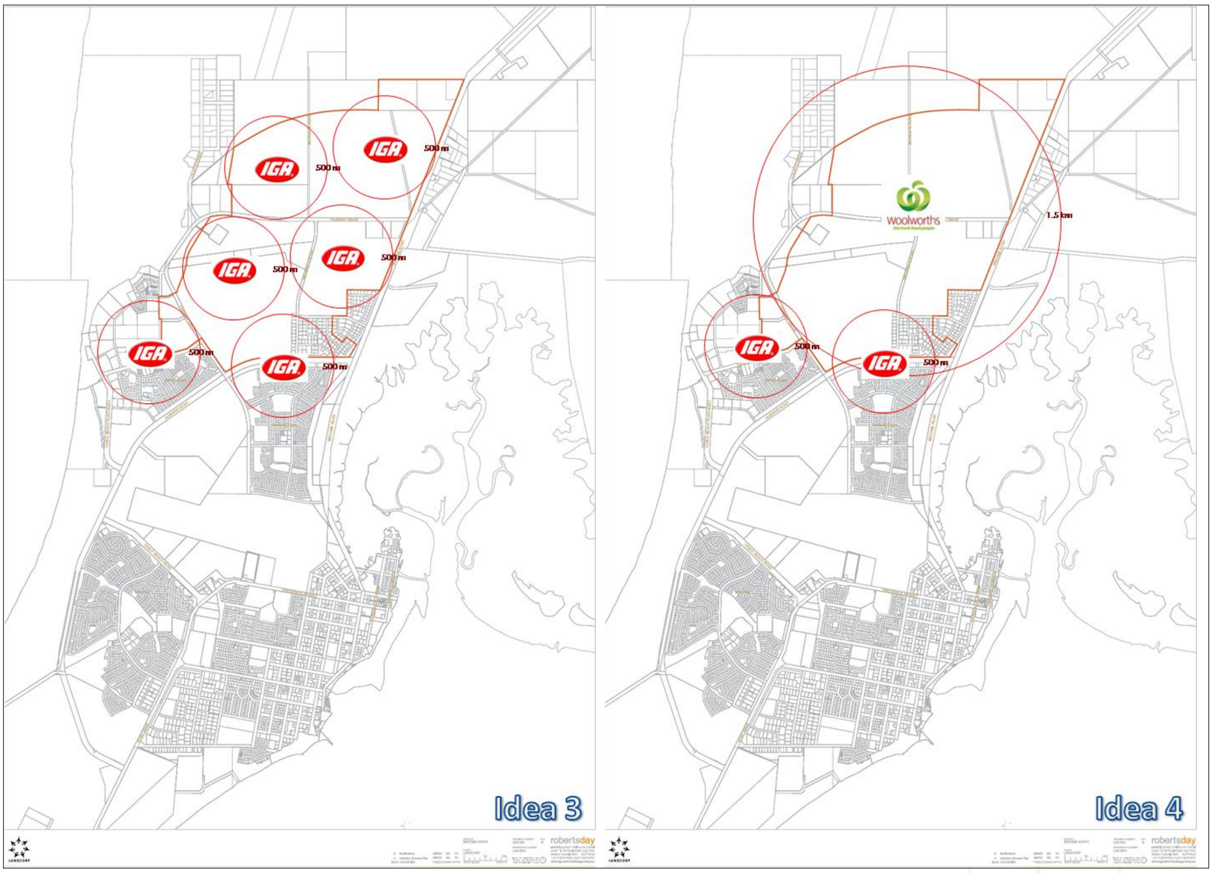
The last main option represents a combination of Idea 1 and Idea 3 – a single central supermarket based centre with a smaller supermarket based centre on Gubinge Road.

- 'North Central' is 5,500 sqm (land area - 1.5 Ha)
- one smaller centre of 2,000 sqm (land area - 0.5 Ha)

Delivers a single full line supermarket operator to Broome North residents but still requires travel to the south for choice – offset slightly by the introduction of a smaller supermarket operator.

An efficient network given the exposure and access to the smaller centre on Gubinge Road will create a different role from the main supermarket centre.

There will be a direct impact on same supermarket operator sales – but overall Broome North consumers will still gravitate to Boulevard or Chinatown for alternate supermarket offer.



The operator logos represent size and likely interest by the major operators – the strategy cannot allocate operators to sites

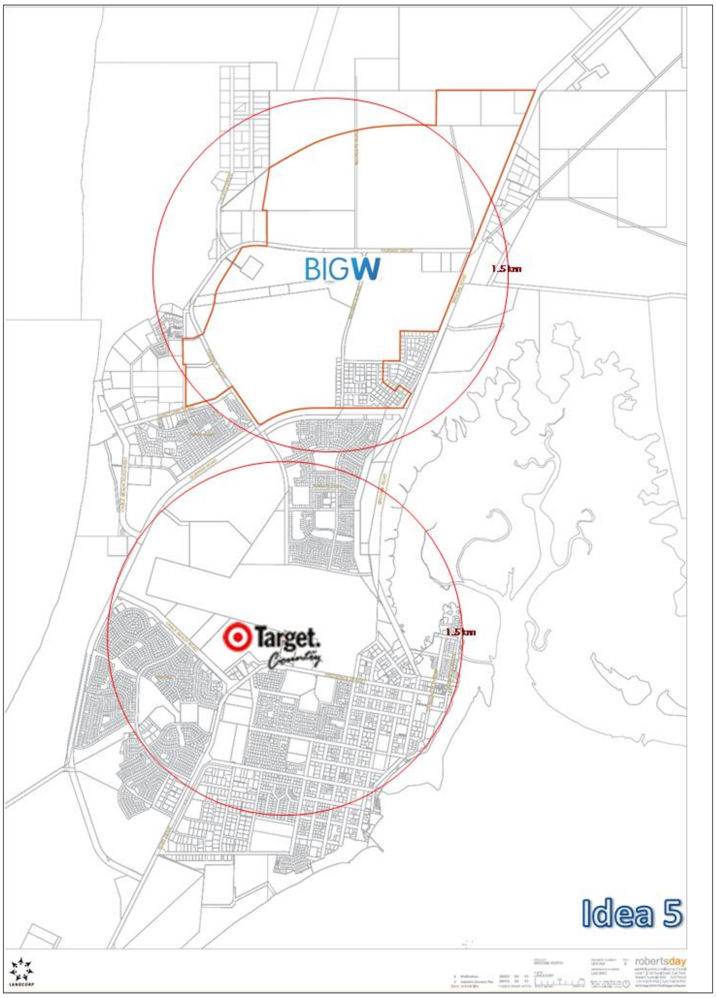
Idea 5

There is also an opportunity to provide for a second DDS (Big W, Kmart, and Country Target) in Broome at the centrally located centre in idea 1.

- 15,000 sqm at 'North Central' – including comparison goods (land area - 5 Ha)

This idea delivers a DDS to Broome North residents limiting the need for access to the Boulevard, but may also divide trips across Broome. Unlike the supermarket offer in earlier ideas, the different DDS offer at Broome North will result in regular trips from the southern communities to the northern centre and vice versa. The alternative option is to allow the development of future DDS at the Boulevard which would elevate that centre in the overall hierarchy above anything offered in Broome North.

This approach retains a greater share of the non food spending generated from Broome North limiting the growth potential for Boulevard and other retail existing Broome.



Preferred Delivery for Retail Activity

The design team determined during the Planning Design Forum that the smaller centre version of Idea 2 was the most appropriate distribution of retail and commercial space for Broome North.

This approach delivers the most balanced outcome for Broome North, incorporating:

- Two similar sized centres of 3,000 sqm, with each centre containing a supermarket up to 1,500 sqm and 1,500sqm of shops

- A third small supermarket based centre located in Cable Beach (within Millington Road precinct) outside the Broome North Study Area.

The two Broome North centres should be centrally located in a manner consistent with Idea two. This approach promotes the continued sustainability of existing Broome centres, and reinforces a suitable allocation of commercial activity for visitor needs in Cable Beach.

2.5 Design & Configuration

The following graphic provides an indication of the land area required to accommodate the centres discussed in the various ideas. The dimensions represent a land area three times the floorspace in order to accommodate car parking landscaping and non retail activity. This area is a guide only and the exact configuration should be developed during local area plans.

3 OFFICE DEMAND

Demand for office space is created from two distinct drivers.

Service related office based business is directly linked to population growth, with businesses and employment opportunities increasing in conjunction with growth in residential activity.

Primary and industry led corporate business which is attracted to an area by proximity to core business or access and exposure to related businesses. The primary and resource related industry and office is primarily catered for in designated areas outside the Broome North precinct. This analysis deals predominantly with service related office demand.

Broome businesses currently provide a labourforce of 5,500 employees. The Broome North population is expected to create an additional labourforce of 4,000 employees.

Up to 1,200 of these employees (ABS 2006) will be employed in office based businesses reflecting similar coastal regional towns of similar subsequent population. The current proportion of office related employment in Broome remains consistent with larger coastal populations at Albany and Geraldton and WA in general. The proportion of office based employment in Broome is therefore not expected to change dramatically as the population increases.

These businesses and their employees will generate a demand for nearly 30,000sqm of office space in Broome (Comm & Ind Land Use Surveys - DPI 2006).

Nearly a quarter of all office based businesses provide a local service to their immediate communities (Comm & Ind Land Use Surveys - DPI 2006). Therefore 7,500sqm of office space should reasonably be accommodated in Broome North centres. The overall split should be evenly distributed to centres depending on the preferred approach to retail distribution.

The local office space equates to a 200 metre street (double sided) with 25 metre deep offices. This space could be accommodated predominantly above retail activity planned in the Broome North.

The remaining 22,500sqm of office space demand created by the population in Broome North will need to be accommodated elsewhere in Broome and is best suited to reinforcing the existing business and commercial precincts in Broome including Chinatown, Mixed Business and Boulevard precincts.

<u>Preferred Delivery for Office Activity</u>

Local office demand may be incorporated in each of the two Village centres – predominantly on second level above retail.

4 SERVICE INDUSTRIAL DEMAND

Like office space, demand for industry space is created from two distinct drivers.

- Service related industry is directly linked to population growth, with businesses and employment opportunities increasing in conjunction with growth in residential activity.
- Primary and resource sector led business which is attracted to an area by proximity to core business or access and exposure to related businesses.

The primary resource sector industries are likely to create a strong demand for additional industrial land that may be more suited to heavy industry locations either in the Port area or future industrial areas earmarked further north of Broome.

The potential growth in various primary resource sector employment generators will contribute more to the take-up of residential land and therefore the timing of population and demand for service industrial land take up.

This analysis deals predominantly with service related industrial demand.

Based on extrapolation of ABS data and comparative town populations (Albany & Geraldton), the Broome North population will create an additional labourforce of 4,000 employees. Nearly a quarter (900 employees) of these employees will be service industry based.

Service related industry typically provides for 100sqm per employee (Comm & Ind Land Use Surveys - DPI 2006) creating a potential increase in demand for over 90,000 sqm in industrial floorspace. A preferred future average plot ratio up to 40% will create an additional land requirement for 230,000 sqm in the Blue Haze area.

Allowing for roads and drainage the land required to be set aside to accommodate this additional industrial space is 27Ha which may be equated to a parcel of land measuring 300 metres by 900 metres.

An average lot size of 1,750 sqm will provide a yield of 130 industrial lots. An average lot size of 2,500sqm would provide a yield 90 industrial lots.

There are currently just under 90 undeveloped lots forming part of the future Blue Haze estate within the Broome North study area. These undeveloped lots form an area of 29.5Ha.

Future demand for industrial land generated from the Broome North residential development would therefore be capable of being supported by the amount of land and lots provided in the undeveloped area of Blue Haze. A reduction in lot size would further promote greater lot yield within the same overall development area.

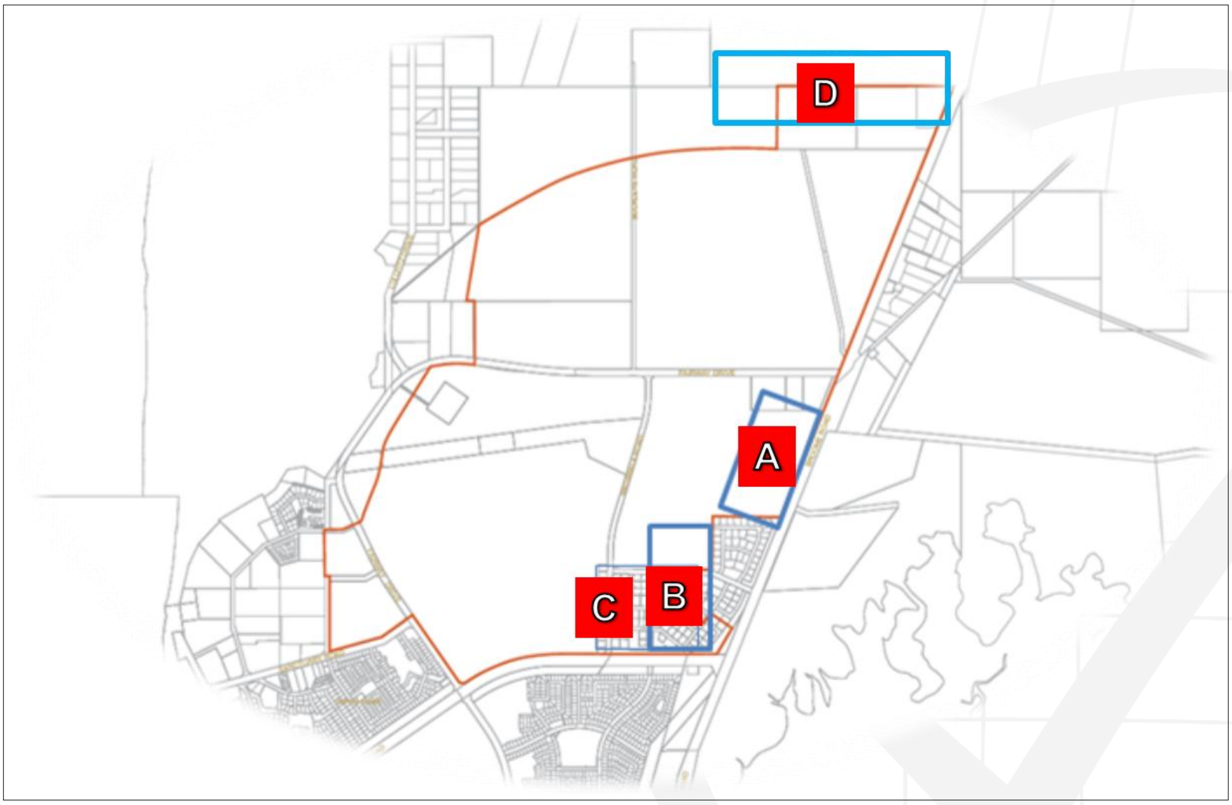
There is no direct link between the employment and residential precincts although it is reasonable to expect that some businesses will directly cater to the community developed in Broome North. Planning for Broome North should therefore consider the spatial requirements for future development of Blue Haze. Ideas may include.

Idea A - development of Blue Haze north along Broome Road. This approach caters for the majority of future space and effectively replicates the existing Blue Haze undeveloped area to the west. The remaining area may be managed in a redeveloped LIA and/or mixed business airport precinct.

Idea B – 'squaring up' of the Blue Haze precinct to effectively fill in the North West quadrant of the existing planned area but squeezing the area to restrict encroachment into the study area.

Idea C – in accordance with existing Blue Haze cadastral allocation

Idea D – future land area for industrial activity is provided elsewhere within Broome North (perhaps north extremity) or elsewhere in Broome and not provided within the Broome North study area.



Showroom

The additional population in Broome North will generate an increased demand for 2,500sqm of bulky goods showroom related space. This would require a land area of 10,000 sqm or 1 Ha and could be accommodated on land measuring approximately 50 metres by 200 metres.

This space could theoretically be accommodated in a number of areas, including:

- Adjacent to 'North Central' under the idea 5 with larger footprint
- As a buffer to industrial activity in Blue Haze
- Along Gubinge Road

Preferred Delivery for Industrial and Showroom

The Planning Design team determined the consolidation of Blue Haze represented the most sustainable location for industrial activity.

A relatively small allocation of land within the expanded Blue Haze precinct would accommodate the showroom activity.