Planning and development consultants
Traffic and transportation engineers
Urban designers

Ratio Consultants Pty Ltd
ABN 47 005 725 413
Riverwalk first floor
649 Bridge Road
Richmond VIC 3121
Australia
T +61 03 9429 3111
F +61 03 9429 3011
E mail@ratio.com.au
www.ratio.com.au

City of Casey

Hampton Park Activity Centre Review

Prepared by Ratio Consultants

June 2006

(Ratio Reference 7372)

1. OBJECTIVES

The principal objectives of the study are two-fold:-

- assess future retail and service floorspace requirements for the Hampton Park Activity Centre, taking account of the existing and future potential catchment, together with current and projected market shares of the activity centre;
- assess the future potential for a discount department store to be located at the Hampton Park Activity Centre;
- examine the implications of the economic analysis for the future layout and functionality of the Hampton Park Activity Centre.

2. METHODOLOGY

There are several steps in the methodology applied in the economic assessment process:-

- determine main trade area catchment;
- estimate current and residential population in the catchment;
- assess current household income and retail expenditure characteristics;
- analyse current and projected gross retail expenditures in the Hampton Park catchment area;
- estimate current and projected market share characteristics;
- assess current and projected retail sales;
- assess current and potential rates of floorspace provision;
- determine retail floorspace requirements (including discount department store requirements);
- assess total floorspace requirements.

2.1 Trade area catchment.

There is no in-centre survey data available.

The estimated main trade area (MTA) catchment is shown in Figure 1. The form of the catchment is influenced by:

- principal access routes to the centre;
- the allocation of competing major centres, particularly Fountain Gate and Cranbourne and the supermarket based centre at Thompsons Parkway;
- it is also influenced by the development of Casey Central and the MTA shown in Figure 1 would also by likely to be the catchment area for a discount department store (DDS) at Hampton Park, assuming one was developed at Casey Central;
- the catchment also takes account of “major breaks in the pattern of urban settlement”.

It is estimated that at the present time, approximately 13% of the centre’s trade is drawn from beyond its primary and secondary catchment area (this is referred to as the Main Trade Area, refer Table D.2, Column 7). It is currently estimated that the supermarkets have a marginally more expansive catchment than the balance of the centre.

In the future (2011, 2021) it is likely that there will be a marginal contraction in the supermarket catchments due to increasing competition, particularly from the approved Lynbrook centre. On the basis that a discount department store is developed at the Hampton Park Activity Centre, there is likely to be a measurable increase in the catchment of the centre for bulky goods and other household goods. This has been allowed for in the retail sales assessments (refer Table D.2, Column 8).

2.2 Current and projected residential population in the catchment:

Applying population projections by Ratio Consultants for the City of Casey, the estimated resident population of the catchment area was assessed to be approximately (refer Table A):-

- 22,830 persons at 2001
- 25,610 persons at 2005
- 29,930 persons at 2011
- 29,870 persons at 2021

It is observed that virtually all of the residential growth will be in the southern areas of the catchment, and that the population will peak at about 2011. The population is also ageing in the catchment area.

2.3 Household income and retail expenditure characteristics

Household income characteristics of the catchment area were assessed from the 2001 Census of Housing and Population. Applying this information, together with information from the Australian Household Expenditure Survey (98/99), a retail expenditure profile was determined for the Hampton Park area by MarketInfo (a Queensland based consultancy) at 2003/04 prices and updated to achieve June 2005 constant prices by Ratio (refer Table B).

2.4 Assessment of gross household retail expenditures

Gross household retail expenditures were determined for the Hampton Park catchment area as the product of household retail expenditures and projected population. The results are shown in Table C. It can be seen that total household retail expenditures for the Hampton Park catchment area are estimated as follows:-

- approximately $234.3 million at June 2005 constant prices for 2004/05;
- approximately $288.2 million (at June 2005 constant prices) for 2010/11;
- approximately $314.6 million (at June 2005 constant prices) for 2020/21.

2.5 Current and projected market share characteristics

There is no in-centre or in-home survey information available. Estimates of current and future market shares were made on the basis of the current tenancy structure of the Hampton Park Activity Centre, the professional experience of the consultants and the likely impacts of a medium sized discount department store at Hampton Park. The estimated market shares are set out in Table D.3 (Columns 2 & 3).

It will be noted that the current estimated market share for food, groceries and liquor is 55% (2004/05). That is, it is estimated that approximately 55% of resident expenditures in the Hampton Park catchment area for food, groceries and liquor purchases were destined to the Hampton Park Activity Centre. This is projected to fall to about 45% by 2011 and 2021 as a consequence of the approved supermarket at Lynbrook which will impact on the southern area of the catchment for grocery and convenience shopping.

The current market share for bulky goods and other non-food retail goods is currently (2004/05) estimated at 5% and 15% respectively, (refer Table D.3, Column 2). On the basis that a national chain discount department store is located at Hampton Park (eg a Target store or a Big W store). The market share for bulky goods is likely to rise to about 20% and about 25% for the centre as a whole (refer Table D.3, Column 3).

Strictly speaking, the demand for a discount department store is worked out on the basis of an estimate of "Department Store Trade Merchandise" (DSTM). This is an estimate of the proportion of retail goods expenditures which a fully equipped department store/discount department store is likely to cater for. The estimated current and future DSTM is set out in Table D.2 (Columns 3 & 4). The market share which a Hampton Park based discount department store (DDS) would be likely to attract is set out in Table D.2, Column 5. It can be seen that the market share is in the range 15-25%, with an average of 20% of potential DSTM. It is maintained that this is a realistic and attainable market share and needs to be relatively low to allow for the overshadowing effect of Fountain Gate and likely high levels of escape expenditure to other centres.

2.5 Current and projected retail sales

Estimates of current and projected retail sales were made for the Hampton Park Activity Centre. These are set out in Table D.3, Columns 9-11. It can be seen that:-

- the estimated current retail sales for the activity centre are approximately $99.6 million at June 2005 constant prices;
- on the basis that a discount department store is developed in the activity centre, the projected retail sales will rise to approximately $118 million by 2011 and $126.8 million by 2021 (at June 2005 constant prices).

- Separate analysis for the discount department store indicates a potential trade of approximately $23.8 million at 2011, rising to approximately $27 million by 2021 (at June 2005 constant prices). This information is set out in Table D.2, Columns 7 & 8.

- It will be noted that the net additional trade between 2005 and 2011 (approximately $18.4 million at June 2005 prices) is less than the trade that a DDS would be likely to generate at 2011 ($23.8 million). The trade differential would be likely drawn from existing stores and services in the centre. Thus, the DDS would draw additional trade into the centre, but a proportion of its turnover (about $5.4 million, or approximately 22.7% would be transferred from existing stores and services.

2.6 Existing Activity Centre Floorspace

The assessment of future floorspace requirements for the Hampton Park Activity Centre took account of existing floorspace in the Centre. A recent inventory undertaken by Casey City Council in April 2005 indicated that the total shopfront of the Activity Centre is approximately 14,000m^2 GLA and the total floorspace provision in the Centre (all categories of floorspace including retail floorspace) is approximately 29,440m^2 GLA (refer Table D.1).

2.7 Current and future retail goods floorspace requirements

On the basis of the projected catchments, market shares and retail sales, and allowing for competitive retail density requirements (ie sales requirements per square metre of retail floorspace) the sustainable retail goods floorspace could be then calculated for future years. The analysis indicates that the Hampton Park Activity Centre can sustain the following occupied retail goods floorspace requirements (refer Table D.3, Columns 13-15):-

- approximately 14,350m^2 Gross Leasable Area (GLA) at 2005;
- approximately 20,160m^2 GLA at 2011;
- approximately 22,030m^2 GLA at 2021.

The analysis indicates that the Hampton Park Activity Centre and its catchment are can sustain a medium sized discount department store of approximately 6,000-7,000m^2 GLA (based on 2011and 2021 demands, refer Table D.2, Columns 10 & 11).

These floorspace assessments only take account of the needs for <u>retail goods floorspace</u>. Total shopfront floorspace in an activity centre must also allow for <u>retail services floorspace</u>. This is shopfront activity and includes a wide range of tenancies that provide important services, but do not sell goods (eg hairdressers, beauticians, dry cleaners, clothing repairs, travel agencies, credit agencies, video hire outlets, mobile phone repair outlets, key cutting services). Providing an allowance for these services will add in excess of 3,000 m^2 GLA of floorspace requirements to the activity centre. The total <u>shopfront floorspace requirements</u> for the Hampton Park Activity Centre are as follows (refer Table E.1):-

- at 2005, approximately 18,090m^2 GLA:
- at 2011, approximately 24,600m^2 GLA and a similar quantum by 2021;
- at 2021, approximately 26,870m^2 GLA.

The total floorspace requirements for the Hampton Park Activity Centre need to allow for <u>non-retail floorspace</u> (ie entertainment, office/commercial and community services). Taking account of the needs for these categories of floorspace, the <u>total floorspace requirements</u> of the Hampton Park Activity Centre are as follows (refer Table E.3):-

- at 2001, 32,560m^2 GLA;
- at 2011, 41,520m^2 GLA and a similar quantum by 2021;
- at 2021, 43,800m^2 GLA.

The net additional floorspace requirements for the Centre are set out in Table E.4 (Column 4). On the basis that a discount department store is attracted to the Centre, the Activity Centre can support approximately:-

- 11,850m^2 GLA additional shopfront space over the period 2005-2021;
- and a further 2,340m^2 GLA of non-retail floorspace over the same time period.

3 IMPLICATIONS OF THE ECONOMIC ANALYSIS FOR THE LAYOUT OF THE CENTRE

The analysis indicates that the Hampton Park Activity Centre currently functions as a supermarket based activity centre. In detail, the supermarkets function as independent nodes within the activity centre precinct. Any proposal to include a discount department store should provide for the physical integration of the centre and for a central place to be developed. In the view of the consultants the current draft plans appear to achieve the first objective, but not the second. A failure to achieve these objectives will undermine potential benefits that a discount department store and other investment could provide to the centre.

4 CONCLUSIONS AND RECOMMENDATIONS

The above analysis indicates that the Hampton Park Activity Centre can sustain a medium sized discount department store. It also indicates that the centre has potential for further activity floorspace development, including other stores and cafes, retail services and non-retail services. Even allowing for a discount department store, the peak demand for the centre is likely to plateau from 2011 onwards, due to falling population levels and the spatial limits of the catchment.

As indicated in this report, the demand for a discount department store should be utilised to achieve two qualitative objectives for the Hampton Park Activity Centre; its physical integration and the creation of an attractive central place and community focus for the activity centre. The current draft plans appear to achieve the first objective, but not the second.

It will be appreciated that the analysis is based on a series of assumptions by the consultants. It is believed the assumptions are conservative and are likely to marginally understate real levels of demand and market share. However, the assumption should be checked if major new development and investment at the Hampton Park Activity Centre is to proceed. In particular, it is recommended that the following be undertaken:-

- an in-centre survey at the Hampton Park Activity Centre;
- an in-home telephone survey of households resident in the Hampton Park catchment area.

These surveys will provide a significantly more accurate basis for the market assessments.

Finally, it is recommended that a peer design review or charrette workshop be convened to review the draft plans for the Hampton Park Activity Centre, with a view of developing a framework to achieve the two objectives of a physical integration of the centre and an acknowledged high quality central place and community focus for the centre.

Table A.

Hampton Park Activity Centre

Main Trade Area (MTA): Current and Projected Residential Population (1996 - 2021)

Prepared by Ratio Consultants, April 2006. Source: Ratio Consultants Population Forecasts (2004).

Suburb	% of Suburb	No. Persons					
		1996	1999 (est.)	2001	2006	2011	2021
Hampton Park	100%	18,920	20,400	21,380	22,320	22,060	19,180
Lyndhurst	80%	110	590	910	3,610	8,050	11,730
Narre-Warren South	5%	4,610	10,590	14,580	21,880	28,630	26,280
Total Suburban Catchment Population		23,640	31,580	36,870	47,810	58,740	57,190
Effective Catchment Population		19,240	21,400	22,840	26,300	29,930	29,880

I:\Projects\7000\7372 Hampton Park Activity Centre\Data\[7372 060524 Catchments Hampton Park.xls]Table A

Table B.
Hampton Park Activity Centre
Main Trade Area: Existing and Projected Per Capita Retail Expenditures
Prepared by Ratio Consultants, April 2006. Source: Marketinfo Personal Expenditure per Annum (2004).

Hampton Park

Major Commodity Group	Per Capita Retail Expenditures ($)						
	At 2003/04 Prices	At June 2004 Prices	June 2005 Constant Prices				
			June 2005	June 2011	June 2016	June 2021	June 2031
Food, groceries and liquor	5,030	5,110	5,290	5,450	5,580	5,720	5,870
Bulky goods	1,510	1,530	1,610	1,800	1,980	2,180	2,400
Other household goods	2,130	2,160	2,250	2,380	2,500	2,630	2,760
Total Retail Goods	8,670	8,800	9,150	9,630	10,060	10,530	11,030
Column (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Applied the following compound rates (relevant real factors):-

Food, groceries and liquor - approximately 0.5% per annum

Bulky goods - approximately 2.0% per annum

Other household goods - approximately 1.0% per annum

Column (3) = Column (2) x 1.015
Column (4) = Column (3) x 1.03 x above growth factors
Column (5) = Column (4) x above growth factors
Column (6) = Column (5) x above growth factors
Column (7) = Column (6) x above growth factors
Column (8) = Column (7) x above growth factors

Table C.

Hampton Park

Main Trade Areas: Projected Gross Household Retail Expenditures (2005, 2011, 2021)

Prepared by Ratio Consultants, April 2006. Source: Ratio Consultants Population Forecasts (2004), and Marketinfo Personal Expenditure per Annum (2004).

Hampton Park

Major Commodity Group	Household Retail Expenditure ($ *) Year ended 30 June		
	2005	2011	2021
Food, groceries and liquor	135,480	163,120	170,870
Bulky goods	41,230	53,870	65,120
Other household goods	57,620	71,230	78,570
Total Retail Goods	234,330	288,220	314,560

* All dollar figures are shown at June 2005 constant prices

Table D.1.
Hampton Park Activity Centre
Summary of Existing Floorspace
Prepared by Ratio Consultants, May 2006. Source: Fieldwork, April 2005.

Activity	Existing Floorspace (m^2 GLA)	Percentage of Total
Shopfront Activities		
Food, Groceries & Liquor	9,280	31.5
Restricted Retail	470	1.6
Department Store & Discount Department Store	0	0.0
Other Household Goods Stores	1,700	5.8
Total Retail Goods	11,450	38.9
Retail Services	2,540	8.6
Total Shopfront Floorspace	13,990	47.5
Entertainment / Hospitality		
Cafes, Bars and Restaurants	2,180	7.4
Entertainment and Commercial Recreation	160	0.5
TOTAL Entertainment / Hospitality	2,340	7.9
Office / Commercial Services	3,790	12.9
Professional & Community Services*	7,740	26.3
Vacant	1,440	4.9
Dwellings	140	0.5
Total	29,440	100.0

* Includes Community Services category

I:\Projects\7000\7372 Hampton Park Activity Centre\Data\[7372 060524 Catchments Hampton Park.xls]Table D2-3

Table D.2

Hampton Park Activity Centre

Department Store Trade Merchandise Floorspace Sustainability (2005 - 2021)

Prepared by Ratio Consultants, April 2006. Source: Ratio Consultants Population Forecasts (2004), and Marketinfo Personal Expenditure per Annum (2004).

Assessment of Department Store Trade Merchandise (DSTM) Trends

Major Commodity Group	Proportion to DSTM (%)	Proportion to DSTM ($,000) At June 2005 constant prices		DDS Market Share (% of DSTM market)	Estimated Trade from beyond MTA (%)	DDS Trade Potential ($,000) At June 2005 constant prices		Turnover Density Requirement, 2011, 2021 ($/ m² GLA/ annum)	Sustainable DDS Floorspace m² GLA	
		2011	2021			2011	2021		2011	2021
Food, groceries and liquor	4%	6,525	6,835	20%	15%	1,535	1,608	*** nem	*** nem	*** nem
Bulky goods	80%	43,096	52,096	15%	15%	7,605	9,193	*** nem	*** nem	*** nem
Other Household Goods	70%	49,861	54,999	25%	15%	14,665	16,176	*** nem	*** nem	*** nem
Total Potential DSTM market in MTA	*** nem	99,482	113,930	20%	15%	23,805	26,978	4,000	5,950	6,740
Column (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Table D.3.

Hampton Park Activity Centre

Estimated Supportable Retail Goods Floorspace for 2005, 2011, 2021

Assumes a Discount Department Store (DDS) is in place

Major Commodity Group	Estimated Market Share		MTA Household Retail Expenditure			Estimated Trade from beyond MTA (%)		Retail Goods Trade Potential			RTD Requirement ($/ m² GLA/ annum, June 2005 constant prices)	Sustainable Retail Goods Floorspace		
	2004/05	2011, 2021	2005	2011	2021	2004/05	2011, 2021	2005	2011	2021	2005	2005	2011	2021
Food, groceries and liquor	55% *	45% **	135,480	163,120	170,870	15%	13%	87,664	84,372	88,381	8,000	10,960	10,550	11,050
Bulky goods	5% *	20% **	41,230	53,870	65,120	10%	15%	2,291	12,675	15,322	3,500	650	3,620	4,380
Other non-food retail goods	15%	25%	57,620	71,230	78,570	10%	15%	9,603	20,950	23,109	3,500	2,740	5,990	6,600
Total retail goods	*** nem	*** nem	234,330	288,220	314,560	13%	14%	99,557	117,998	126,812	*** nem	14,350	20,160	22,030
Column (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

* No discount department store.

** Assumes a discount department store is in place.

*** nem - no estimate made

I:\Projects\7000\7372 Hampton Park Activity Centre\Data\[7372 060524 Catchments Hampton Park.xls]Table D2-3

Table E.1.
Hampton Park Activity Centre
Estimated Total Retail, Commercial and Community Floorspace (2005 to 2021)
Prepared by Ratio Consultants, April 2006. Source: Ratio Consultants Population Forecasts (2004), and Marketinfo Personal Expenditure per Annum (2004)

Activity	Floorspace Requirements (m² GLA)		
	2005	2011	2021
Shopfront Activities :			
Food, groceries and liquor	10,960	10,550	11,050
Restricted retail	650	3,620	4,380
Other non-food retail goods	2,740	5,990	6,600
Total retail goods	14,350	20,160	22,030
Retail services	3,040	3,490	3,810
Total: Shopfront Floorspace (occupied)	17,390	23,650	25,840
Vacant floorspace (allowance)	700	950	1,030
Total Shopfront Floorspace	18,090	24,600	26,870

Table E.2
Hampton Park Activity Centre
Provision of Commercial and Community Activities
Prepared by Ratio Consultants, May 2006. Source: Ratio Consultants Population Forecasts (2004), and Ratio Consultants Survey of Commercial, Retail and Community Floorspace (2005)

Activity	Existing provision of Floorspace (2005, m² GLA)	Floorspace Attributable to Main Trade Area (85% of total)	Actual Provision Rate (m² per resident)	MTA Projected provision of floorspace (m² GLA)	Hampton Park Activity Centre: Total Non-Retail Floorspace Required
			2005 [1]	2011, 2021 [2]	2011, 2021
Entertainment/Hospitality	2,340	1,990	0.08	2,330	2,740
Office/ Commercial	3,790	3,220	0.13	3,760	4,420
Community Services	7,740	6,580	0.26	7,690	9,050
Total non-retail floorspace	13,870	11,790	0.46	13,780	16,210
Vacant floorspace allowance	310	260	n/a	570	680
Total	14,180	12,050	0.46	14,350	16,890

[1] Based on estimated 2005 catchment population of 25,610 persons
[2] Based on projected 2011 and 2021 population of 29,930 persons

I:\Projects\7000\7372 Hampton Park Activity Centre\Data\[7372 060524 Catchments Hampton Park.xls]Table E

Table E.3.
Hampton Park Activity Centre
Total Floorspace Requirements
Prepared by Ratio Consultants, May 2006.

Activity	Floorspace Requirements		
	2005	2011	2021
Food, groceries and liquor	10,960	10,550	11,050
Restricted retail	650	3,620	4,380
Other non-food goods	2,740	5,990	6,600
Retail services	3,040	3,490	3,810
Total: Shopfront Floorspace (occupied)	17,390	23,650	25,840
Entertainment	2,340	2,740	2,740
Office/ Commercial	3,790	4,420	4,420
Community Services	7,740	9,050	9,050
Total Occupied Non-Retail Floorspace	13,870	16,210	16,210
Total Occupied Floorspace	31,260	39,860	42,050
Vacant Floorspace Allowance	1,300	1,660	1,750
Total Projected Floorspace	32,560	41,520	43,800

Table E.4
Summary of Additional Floorspace Requirements
Hampton Park Activity Centre
Prepared by Ratio Consultants, May 2006.

Activity	Existing Floorspace	Total Floorspace Requirements	Net Additional Floorspace Requirements
	2005	2021	2005-2021
Food, groceries and liquor	9,280	11,050	1,770
Restricted retail	470	4,380	3,910
Other non-food goods	1,700	6,600	4,900
Retail services	2,540	3,810	1,270
Total: Occupied Shopfront Floorspace	13,990	25,840	11,850
Entertainment	2,340	2,740	400
Office/ Commercial	3,790	4,420	630
Community Services	7,740	9,050	1,310
Total Occupied Non-Retail Floorspace	13,870	16,210	2,340
Total Occupied Floorspace	27,860	42,050	14,190
Vacant Floorspace Allowance	1440	1750	590
Total Floorspace	29,300	43,800	14,780

I:\Projects\7000\7372 Hampton Park Activity Centre\Data\[7372 060524 Catchments Hampton Park.xls]Table E