

ANALYSIS OF THE POTENTIAL FOR & IMPACT OF ANCILLARY CONVENIENCE SHOPPING AS PART OF THE MURDOCH UNIVERSITY MASTER PLAN

We have been asked to assess the potential of a hypothetical Convenience Shopping Centre at Murdoch as part of the Murdoch University master Plan. The proposal is to locate the centre adjacent or near South Street between St Ives Retirement Village and existing and future residential accommodation for students. The centre would be focused on serving on-campus needs. This proposal has no status as yet in the City of Melville Community Planning Scheme and was not therefore considered as part of the Local Commercial Strategy.

It is our understanding that the centre would initially be a small local convenience centre, but could be expanded to a Neighbourhood Centre size in the future if warranted.

In order to test the maximum impact such a centre could have we assumed a large Neighbourhood Centre opened in the short term. The hypothetical centre was assumed to open in 2006 with 4,500m² NLA. The results of the with and without scenarios at 2006 are shown in the following Table

TABLE A2.1 MODEL RESULTS FOR 2006 WITH AND WITHOUT A HYPOTHETICAL CENTRE OF 4,500m² AT MURDOCH

| Centre Name | 2001-2003 Existing (MCP Policy) NLA | 2006 Modelled Potential (Two Centres Constrained) without Murdoch | 2006 Modelled Potential (Two Centres Constrained) with Murdoch at 4,500m ² NLA | % Impact |
|-------------------------------|-------------------------------------|---|---|----------|
| MURDOCH HYPOTHETICAL | 0 | 0 | 4500 | |
| McKIMMIE RD NTH | 2540 | 1616 | 1595 | 1.3% |
| WINTHROP | 3401 | 5651 | 4880 | 13.6% |
| APPLECROSS (Constrained) | 3572 | 4000 | 3954 | 1.1% |
| FARRINGTON | 3674 | 6188 | 5956 | 3.7% |
| PARRY AVE | 1980 | 5559 | 5394 | 3.0% |
| STOCK RD | 390 | 250 | 242 | 3.3% |
| HISLOP RD (Constrained) | 1652 | 2760 | 2707 | 1.9% |
| MYAREE | 3572 | 3247 | 3128 | 3.7% |
| NORTH LAKE RD | 1182 | 1309 | 1283 | 1.9% |
| BRENTWOOD | 1346 | 2661 | 2578 | 3.1% |
| ATTADALE | 1082 | 640 | 630 | 1.6% |
| WILLAGEE | 1198 | 1765 | 1678 | 5.0% |
| MARMION ST | 1075 | 846 | 821 | 3.0% |
| WEBBER ST | 1034 | 663 | 639 | 3.6% |
| MT PLEASANT | 815 | 1608 | 1579 | 1.8% |
| PALMYRA | 940 | 586 | 577 | 1.5% |
| BRISTOL AVE | 745 | 463 | 458 | 1.0% |
| MELVILLE FRESH | 700 | 681 | 640 | 6.1% |
| ALFRED COVE | 560 | 761 | 746 | 2.0% |
| CASTLE HILL | 535 | 227 | 224 | 1.4% |
| BAWDON | 330 | 263 | 253 | 3.9% |
| SOMERVILLE | 310 | 499 | 453 | 9.4% |
| ARCHIBALD ST | 354 | 445 | 406 | 8.8% |
| YEE SENG ORIENTAL SUPERMARKET | 350 | 341 | 320 | 6.1% |
| McKIMMIE STH | 255 | 179 | 176 | 1.7% |
| GIBSON ST | 190 | 228 | 225 | 1.5% |
| GLENELG ST | 173 | 239 | 236 | 1.3% |
| REYNOLDS RD/HWY | 85 | 97 | 96 | 1.3% |
| HARRISON ST WILLAGEE | 71 | 73 | 68 | 6.7% |

Source: Retail model July 2003.

The site is only 1 kilometre by road from Kardinya District Centre and 2.5 kilometres from Bullcreek District Centre on the same road, namely South Street. The site is about 1 kilometre by road from Winthrop Neighbourhood Centre via Prescott Drive.

The model indicates that a centre of 4,500m² at Murdoch would be viable at 2006, (although this is not intended). This is not surprising noting that the modelling in the main body of the report (Table 4.6 in Chapter 4) indicated there was an under supply of Neighbourhood and Local centres south of Leach Highway.

Given that all new development will have some impact on existing development, even infinitesimal, there is the question what constitutes an acceptable level of impact.

Jebb Holland Dimasi, a leading firm of economists and retail consultants, in evidence before the Western Australian Planning Tribunal (1998) noted:

Detailed consideration has been given to the effects of shopping centre expansion on other shopping centres throughout Australia in recent years and it has been generally held by the Courts, planning tribunals and other authorities, as well as by planners and the industry generally, that impacts in excess of 10% and probably 15% are necessary for the prospects of a significant decline in the level of service available to the community to be a consideration. This view has been held even in areas where no ongoing population or spending growth exists to offset the short term impacts of one centre expansion.

We, however adopt a more conservative approach based on our experience:

Much depends on current trading patterns in the locality under consideration. If they are buoyant, existing centres will feel the impact in terms of lost custom but will survive. If they are not buoyant the same level of impact could be much more serious.

In average trading conditions we say an impact of less than 5% is assessed as being of low or insignificant consequence and is within the bounds of normal retail competition. An impact of between 5% and 10% is assessed as being significant and would impact on the viability of some retailers within a centre. An impact greater than 10% is assessed as having a significant impact, which depending on the buoyancy of the competing centres could affect the viability of many retailers within a centre, resulting in a higher number of vacant tenancies.

The nature that significant impact manifests itself is usually in two forms. The first is immediate. It results from the new centre-poaching tenants from older less well placed centres. The second is a decline in trading profitability, where even if trade is sustainable, re-investment and renewal becomes unprofitable, especially in older centres.

Our modelling indicates that the closest Neighbourhood Centres to Murdoch, namely Winthrop, Parry Place and Farrington Fayre are buoyant, or should be by the extent of their trade areas.

We therefore conclude that the extreme case impact of 13.6% on Winthrop by a new similar centre opening at Murdoch in 2006 will be severe and will be felt by the traders. However, in our opinion it will not cause the demise of the centre or its tenants. Most other centres are within the bounds of normal competition.

We do not believe a local convenience centre of about 1,000m² NLA directed to serving campus needs would have any impact of consequence on any other centre.