



APPENDIX D RETAIL NEEDS & ECONOMIC ASSESSMENT



Murdoch Mixed Use Precinct

Retail Needs Assessment and Employment Generation

October 2015

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Executive Summary

In November 2012, Urbis delivered a Retail Needs Assessment and Economic Strategy to support the preparation of an Activity Centre Structure Plan for the Murdoch Mixed Use Precinct (MUP). Since that report was prepared, the West Australian economic and demographic landscape has changed somewhat, with flow on implications for the demand estimation and, ultimately, precinct planning and design.

This report is intended as an update of the analysis conducted in 2012 with the key findings to be summarised in a format suitable for inclusion in the revised Activity Centre Structure Plan prepared by Taylor Burrell Barnett. This report is intended as a stand-alone appendix to the Activity Centre Structure Plan.

The original Retail Needs Assessment and Economic Strategy was written at a time when the WA economy was emerging from a boom period of resources sector activity and private sector investment that drove high levels of employment and population growth, placed upward pressure on residential property prices and rents and stimulated record low CBD office market vacancy rates.

Since that time, the economic environment has cooled significantly. The resources sector has entered the production phase, requiring less skilled labour and private sector capital expenditure than during the construction phase, while interstate and overseas immigration has lessened greatly. Residential property markets have become more affordable for both owners and renters, with higher vacancy rates and downward pressure placed on rents and values.

Demand for office space in Murdoch and within the MUP area will be driven primarily by activities related to the hospitals and, to a lesser extent, by Murdoch University and reflect the importance of the location as a knowledge hub. The previously mooted relocation of aspects of the WA Police to the Murdoch MUP under the State Government's Office Accommodation Master Planning Strategy now seems less likely to occur, due in part to changes in economic and office market conditions over the past three years. In the absence of a significant government anchor tenant, take-up of the commercial office space is expected to be largely determined

by market activity and the extent to which there is a requirement for such space from the prospective uses described above.

Development of the commercial space is only likely to proceed given its commercial feasibility and the prevailing market conditions suggests that development of the space is likely to be constrained over the near to medium term, unless there is some other space demand driver to emerge out of the health precinct, such as a shortage of specialised office space / consulting rooms in the hospital complexes as they now stand.

The revised Retail Needs Assessment & Economic Strategy was undertaken by Urbis to assess the demand for retail floorspace generated within the surrounding context (retail trade area). The findings of this analysis are summarised as follows:

- The total trade area turnover by 2030 for the Murdoch MUP is forecasts to reach \$45.3 million. \$22.4 million (46.8%) will be derived from residents, with the hospital and university staff, patients, visitors and students expected to generate a further \$22.9 million.
- The analysis indicates supportable retail floorspace for the MUP of 5,271 m² by 2030. The turnover suggests that a supermarket format in the order of 2,500 - 3,000 sq.m could be supported as early as 2021, subject to the quantum of development completed within the Murdoch precinct by this time, with the balance to be comprised of an array of specialty stores.
- By 2030 Grocery / Fresh Food is expected to comprise 73.5% of forecast turnover generated from the Murdoch MUP residents and other user groups. Food and beverage spend (i.e. non grocery), general expenditure and services expenditure account for 13.9%, 10.8% and 5% of turnover respectively.
- A key risk to the potential of a supermarket on the subject site is the road accessible to the site from surrounding areas (i.e. outside the MUP). For residents travelling to the site from the north or east there appears to be no direct (trafficked signal intersection) access to the site. These

potential shoppers would need to travel further west and enter the MUP via the main entry point at Fiona Wood Road and then use the internal roads to access the site. This rather circuitous route for shoppers could be a significant deterrent to the centre's usage.

- In this regard, the potential market shares assessed for the supermarket could be significantly lower than forecast. Furthermore, the accessibility of the site to the wider resident market may prove a barrier to attracting a major chain supermarket, particularly in terms of a store in the 2,500 - 3,000 sq.m range. In this outcome, a smaller supermarket of less than 1,000 sq.m that focusses on serving the MUP, and the occasional shop from the wider resident market may only be realised.
- Planning for the proposed retail centre therefore should allow for a 2,500 - 3,000 sq.m supermarket and a smaller 400-800 sq.m supermarket.
- Ideally, retail floorspace should be concentrated rather than dispersed, and it is suggested the preferred location for the retail space is in an area most easily accessible by the majority of tenants within the MUP and external to the precinct. This would suggest the locations at Lots 1A and 1D, however retail concentrated around Lots 7C and 7D may provide superior accessibility to the users of the health campuses at the same time as retaining a degree of accessibility for internal precinct residents.
- The floorspace yields contained within the Murdoch MUP Activity Centre Structure Plan suggest that by full build out and at full occupancy, the precinct may result in net new employment of approximately 2,430 FTEs. The analysis makes no allowance for the relocation of Police functions to the precinct as had previously been mooted and assumes a conventional take up rate of floorspace over time.

1 Introduction

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This report is intended as an update of the analysis conducted in 2012 with the key findings to be summarised in a format suitable for inclusion in the revised Activity Centre Structure Plan prepared by Taylor Burrell Barnett. This report is intended as a stand-alone appendix to the Activity Centre Structure Plan.

Much of the original context for the analysis remains as it was in 2012 with this report focussing on:

- Revisiting the economic context and updating the key economic and demographic indicators;
- Reviewing the retail analysis with a view to re-examining the retail catchment, revisiting the population forecasts and employment projections; and
- Understanding the impacts on the demand for floorspace in the Mixed Use Precinct.

- have places for general commercial and community services to support its employees, students, visitors and residents; and
- provide places where interaction can occur between users of the centre, so that stronger links can be facilitated across a range of organisations and businesses in the centre.

The Murdoch MUP is located at the juncture of the Kwinana Freeway and South Street, immediately adjacent to the Murdoch train station. It is bordered by South Street to the north, Fiona Stanley Hospital to the south, Kwinana Freeway to the east, and St John of God Hospital to the west. Other surrounding major uses include Murdoch University (800 metres West) and Challenger TAFE (800 metres South).

1.1 SITE LOCATION AND CONTEXT

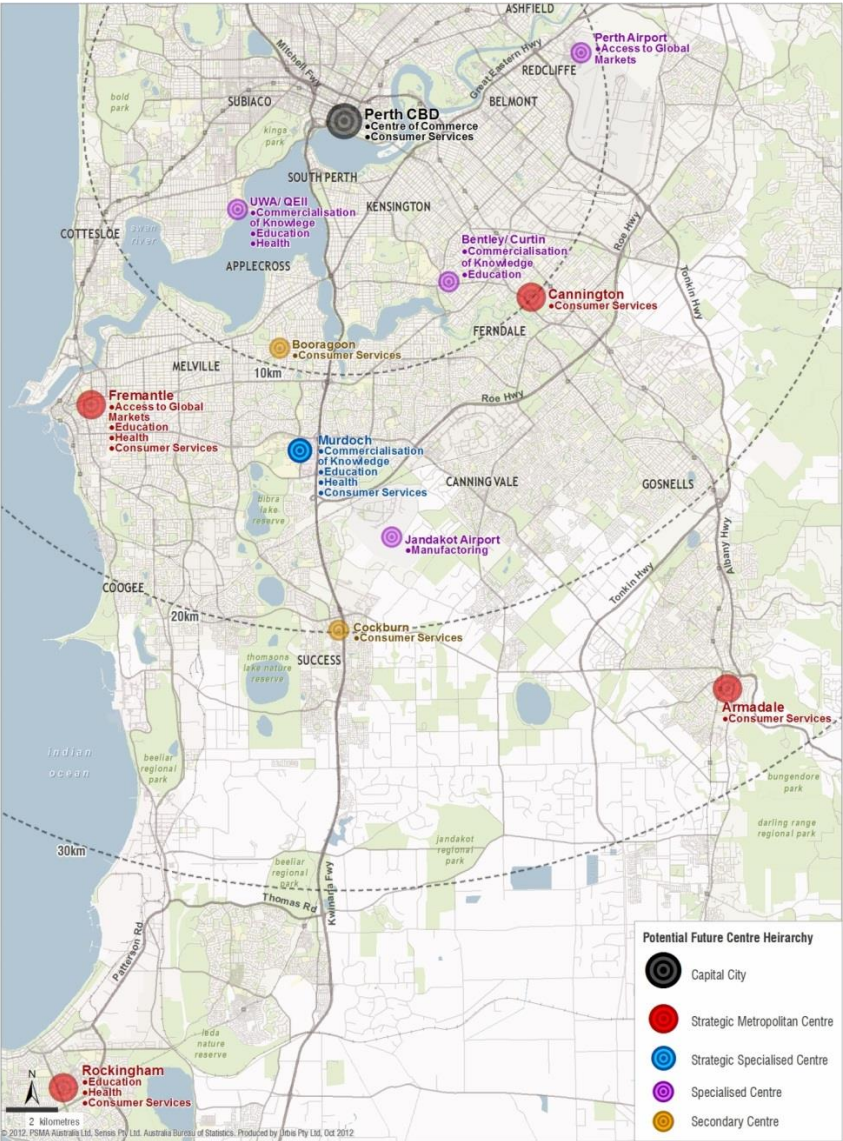
The proposed Murdoch MUP is located approximately 13 kilometres south of Perth CBD, within the Murdoch Activity Centre, in the City of Melville Local Government Area (LGA). Directions 2031 identifies Murdoch as a specialised centre. Specialised centres are places that have strong specialised roles based around major institutions or airports within the centre. These centres are expected to:

- provide adequate locations for business and smaller institutions related to the main institutions;

Activity Centres Hierarchy

AMENDED FROM DIRECTIONS 2031

MAP 1.1



2 Economic Context

The original Retail Needs Assessment and Economic Strategy was written at a time when the WA economy was emerging from a boom period of resources sector activity and private sector investment that drove high levels of employment and population growth, placed upward pressure on residential property prices and rents and stimulated record low CBD office market vacancy rates.

Moreover, by the end of 2012, the cash rate was 3.0%, down from the 4.75% that it had been through most of 2011 and on its way to the now record low of 2.0% (reached in May 2015). High population growth and low interest rates were stimulating high levels of building approvals and dwelling commencements, with favourable first home ownership conditions resulting in a strong domestic construction sector.

Since that time, the economic environment has cooled significantly. The resources sector has entered the production phase, requiring less skilled labour and private sector capital expenditure than during the construction phase, while interstate and overseas immigration has lessened greatly. Residential property markets have become more affordable for both owners and renters, with higher vacancy rates and downward pressure placed on rents and values.

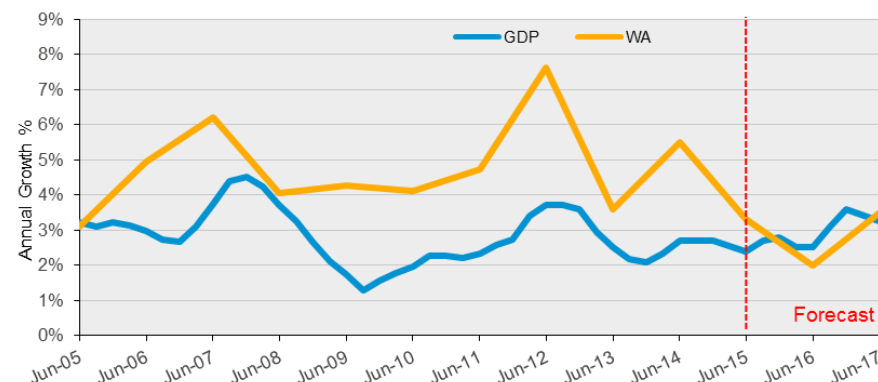
- Non-mining sector investment is taking its time to build and modest consumer demand and residential dwelling investment are currently insufficient to take the economy back to trend growth.
- WA faces a difficult period of adjustment over the year ahead and indeed beyond.
- The OECD is forecasting world economic growth of 3.8% in 2016. India (7.6%) and China (6.7%), two of Australia's largest trading partners, will be key contributors. Solid growth (2.9%) is also anticipated in Australia.
- Final Demand (SFD) in WA slowed by 1.8% in the March quarter (or by 4.9% since March 2014). WA Treasury forecasts Gross State Product growth (SFD plus net exports) of 3.3% in 2014-15 falling to 2% in 2015-16 in response to large falls in mining investment.

- WA's gross state product growth rate has comfortably outstripped national GDP for the past ten years, and is expected to again exceed national performance in the next 2-3 years once the softening effect of the resources sector downturn ameliorates.

Changes in GDP and GSP

WESTERN AUSTRALIA TO JUNE 2015

CHART 2.1



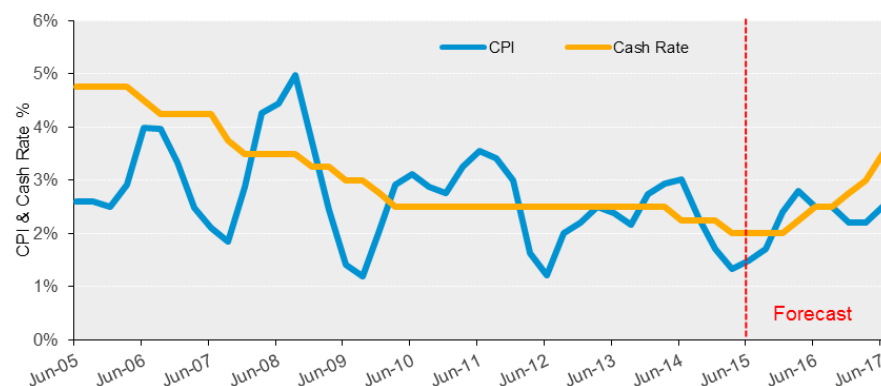
Source: ABS 5206.0; Urbis GDP forecasts; Western Australian State Government
Growth rate in the total real value of goods and services produced in Australia
National GDP reported quarterly and State GSP reported annually

- The decline in resources sector investment has been partially offset by domestic construction and State Government spending on key projects like the Perth Stadium and Forrestfield-Airport Link. In its latest budget, the state government announced a \$24.1 billion state-wide infrastructure investment programme over the next four years.
- The Reserve Bank of Australia expects inflation to remain within the target range of 2% to 3% over the next one to two years.
- Urbis economists expect the cash rate to remain on hold at record low levels until 2016. The widely held view by economic commentators is that the cash rate has bottomed out and movements next year will be upward.

National CPI and Cash Rate

HISTORICAL AND FORECAST

CHART 2.2



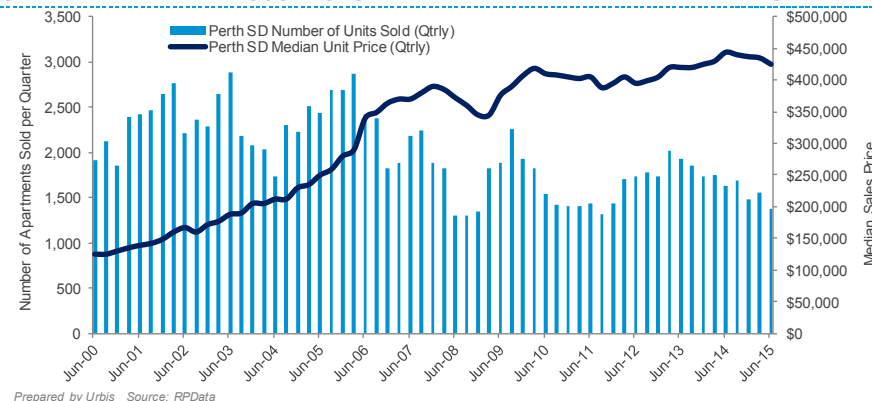
Source: ABS 6401.0; RBA; Urbis forecasts
CPI- percentage change from previous period trimmed mean

- Relatively high household incomes and comparatively low house prices mean that dwelling affordability is greater in Perth than on the east coast. Perth is arguably less exposed to the potential impacts of future interest rate rises.
- The June median Perth house price of \$543,333 represented an 8.7% increase over the preceding five years but has contracted 1.2% in the six months to June 2015 from a peak of \$550,000. In real terms, the decline in house prices is compounded to some degree by general CPI increases.
- Although median unit prices grew 3.7% over the five years to June 2015, they contracted 4.3% from their June 2014 peak of \$444,000.

Change in Unit Sales and Median Price

GREATER PERTH 2000 -2015

CHART 2.3



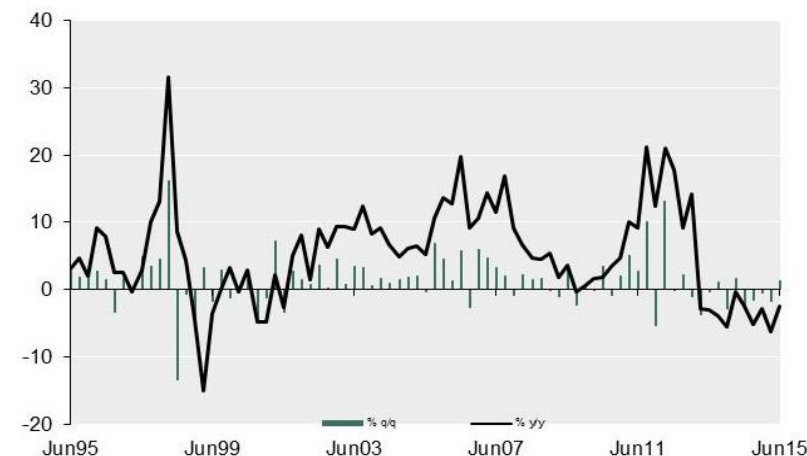
Prepared by Urbis Source: RPData

- Coinciding with the pullback in resources sector private investment since mid-2012, the state's population growth rate has similarly eased, as employment generation moderates.

Changes in Aggregate Private Sector Expenditure

WESTERN AUSTRALIA TO JUNE 2015

CHART 2.4



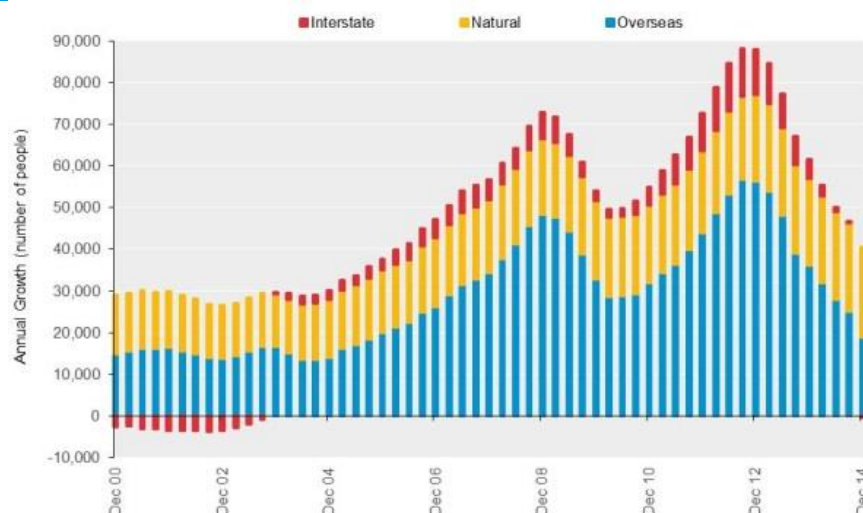
Source: ABS 5206.0, Urbis

- In the year to December 2012, WA added more than 83,000 net new residents with more than 62% derived from overseas migration.
- By December 2014, the rate of growth had effectively halved with overseas migration falling to around 42% of population growth. The previously robust levels of interstate employment related migration effectively disappeared.

Components of Population Change

WESTERN AUSTRALIA TO JUNE 2015

CHART 2.5



Source: ABS 3101.02, Urbis

- WA's retail sector showed slight growth of 0.3% over the March quarter, growing 3.3% over the year to March. Both figures are below the national average of 1.4% and 4.4% respectively.
- Unemployment has increased from 5.1% in May to 5.8% in June. WA is still performing well compared to the 6.0% national average.
- WA's credit rating outlook has been changed from stable to negative. Ratings agencies grow concerned as the budget deficit and debt-to-revenue ratios reach historic lows.
- The lower AUD, easy monetary policy and firming global economic outlook among Australia's major trading partners are together expected to support export sectors in WA. WA's international visitor nights is

expected to boost now that the decline in resources sector related travel has reduced the cost of travelling.

- The Federal budget delivers a wide range of spending cuts and revenue raising measures. New expenditure initiatives mean that the Budget remains in deficit over the forward estimates period, albeit marginally, at \$2.8 billion or 0.2% of GDP in 2017-18. A new \$5 billion 'asset recycling initiative' from 1 July 2014 has been announced which will provide financial incentives for States and Territories to privatise assets and reinvest the proceeds into new infrastructure programs. The budget also included funding for the Perth Freight Link as well as \$499 million for road infrastructure to compensate for dwindling GST revenues.

2.1 COMMERCIAL / OFFICE SPACE MARKET

- Today's office leasing markets, both CBD and suburban, have weakened significantly since the mining, oil and gas sectors' passage to production phase, from construction phase, from the second half of 2012.
- Mining, oil and gas companies and their contractors (namely engineering firms) have all downsized their office requirements. This in turn has impacted on other professional services sectors.
- Perth's CBD office vacancy rate increased by 1.8 percentage points, to 16.6%, over the six months to July 2015 (Property Council of Australia). Whilst Perth's CBD rate was the lowest in Australia between January 2012 and January 2014, it is now the highest.

Perth CBD Office Market Performance

CBD MARKET TO JULY 2015

CHART 2.6

	Stock (sq.m.)	Occupied Stock	Total Vacancy (sq.m.)	Sub-lease Vacancy (%)	Direct Vacancy (%)	Vacancy Factor (%)
Perth CBD	1,636,104	1,365,311	270,793	3.5%	13.1%	16.6%

Source: PCA

- Net rents are continuing to decline while incentives (fit-outs and rent free periods) become more generous.
- Over the 12 months to July, there was a 50,500 sqm decline in the total amount of occupied office space in the Perth CBD. This is equivalent to a building the size of Woodside Plaza being vacated due to businesses downsizing or closing.
- A historically high amount of new Perth CBD office supply is scheduled for completion in 2015: 149,600 sqm across eight buildings.
- According to Urbis' estimates, around 44,000 sqm of upcoming supply remains uncommitted and is being actively marketed for lease (as at September 2015).
- While the total stock of office space across the greater Perth metropolitan area is broadly equivalent to that on offer in the CBD, much of the stock is considered to be below A grade standard.
- New supply of metro office stock is very constrained by the subdued market conditions and space availability currently being experienced in the CBD and this is not expected to change significantly in the medium term at least.
- It should also be noted that the Murdoch University Eastern Precinct Draft Master Plan proposal contains allowances for approximately 45,000 sqm of mixed use / retail / office / community uses and up to 265,000 sqm of mixed use / research and development space. Were this to be adopted, and depending on development timelines, it is reasonable to assume that this constitutes to some degree, potentially competing commercial / office supply in the area.

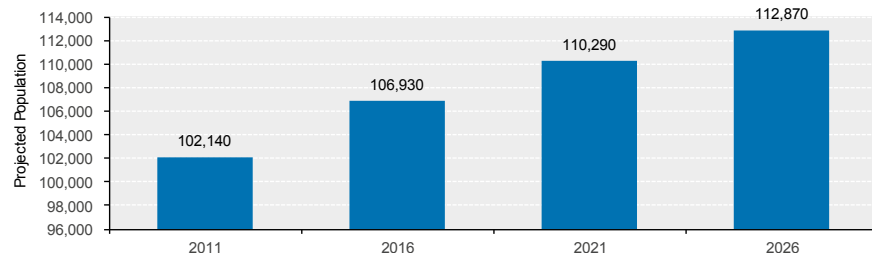
3 Population and Demography

3.1 CURRENT AND PROJECTED POPULATION

- As at June 2011, the estimated resident population of the City of Melville was 102,140 persons and, according to the Department of Planning's WA Tomorrow 2015 modelling, is expected to grow by 10.5% to 112,870 persons in 2026.

Melville LGA – Projected Population
WA TOMORROW 2015

CHART 3.1

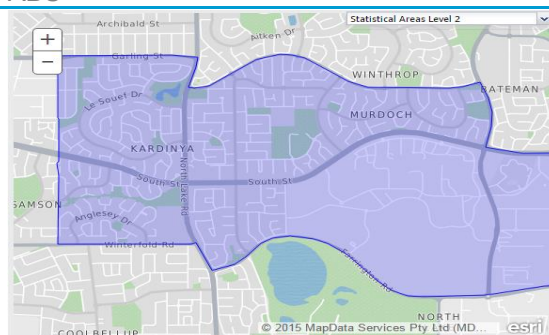


Source: DoP WA Tomorrow 2015

Murdoch-Kardinya SA2 Boundary

ABS

MAP 3.1



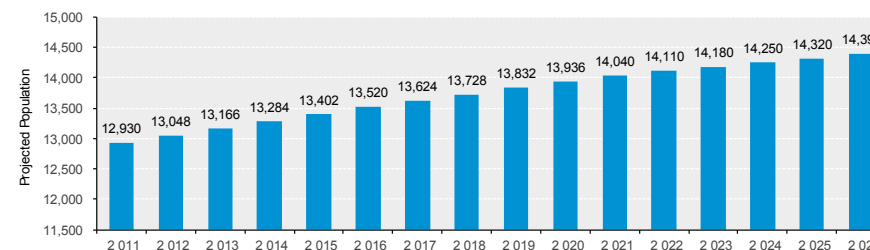
Source: ABS

- The broader Murdoch-Kardinya SA2 is forecast to grow at a slightly higher rate of 11.3% to 14,390 persons over the same period. This slightly higher rate of growth is expected to result from a combination of infill development and anticipated densification of the mixed use eastern precincts.

Murdoch-Kardinya SA2

PROJECTED CATCHMENT POPULATION

CHART 3.2



Source: Urbis, WAPC WA Tomorrow (2015) Forecasts

- Current SAFi population forecasts for the study area, (refined since the original analysis), suggest that the study area catchment (as defined in Map 1.1 previously) will grow by approximately 50% between 2014 and 2031.
- The Secondary trade area is effectively mature, with limited scope for growth. The substantial majority of the growth will occur in the Primary trade area. In 2014, the Primary trade area accounted for 15% of the catchment population. By 2031, it is expected to comprise 43% of the catchment population.
- The total trade area population by 2031 is expected to grow to more than 11,500 persons.

Murdoch MUP Population Growth Forecasts

SAFi GROWTH ESTIMATES

TABLE 3.1

	2014	2016	2021	2026	2031
Primary	1,117	1,352	2,963	3,782	4,951
Murdoch	2,607	2,596	2,586	2,578	2,563
Bateman	1,157	1,169	1,200	1,241	1,297
North Lakes	668	663	659	660	649
Bibra Lake	2,131	2,135	2,104	2,109	2,099
Total Primary	1,117	1,352	2,963	3,782	4,951
Total Secondary	6,563	6,563	6,549	6,588	6,609
Main Trade Area	7,680	7,915	9,513	10,370	11,559

Source: SAfi, Urbis

Murdoch MUP Population Growth Rates

% CHANGE FROM 2014

TABLE 3.2

	2016	2021	2026	2031
Total Primary	21%	165%	239%	343%
Total Secondary	0%	0%	0%	1%
Main Trade Area	3%	24%	35%	51%

Source: SAfi, Urbis

3.2 DEMOGRAPHY

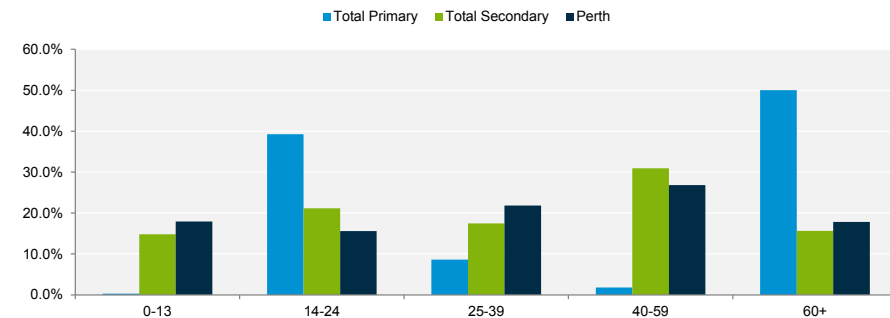
- It is unclear as to whether the broad demographic profile of the study area catchment as at the 2011 census is representative of the catchment as it now stands, one year out from the 2016 census.
- The demographic profile of the study area may be expected to revert to a mix that more closely reflects the broader Melville LGA over time.
- The demographic mix of the catchment from the 2011 census shows a somewhat distorted mix of age cohorts. The catchment has relatively high levels of 14-24 year olds and persons aged over 60.

- The spread of age cohorts probably reflects the concentration of student and aged persons accommodation in the catchment at that period and it is unreasonable to assume that this demographic mix will continue in subsequent censuses as further development occurs.
- The population mix can be expected to revert to the broader metropolitan mean over time with the disparity in these age cohorts becoming less pronounced.

Murdoch MUP Catchment Population Distribution

2011 CENSUS

CHART 3.3



Source: SAfi and Urbis

- Household densities vary across the study area catchment but the average household size is 2.7 persons, marginally above the Greater Perth average.

Murdoch MUP Catchment Key Characteristics

2011 CENSUS

TABLE 3.3

	Primary 2011	Murdoch 2011	Bateman 2011	North Lakes 2011	Bibra Lake 2011	Total Main 2011	Perth 2011
General							
Estimated Resident Population	1,075	2,468	1,127	574	1,961	7,205	1,832,114
Population 2011 Census	1,009	2,307	1,055	540	1,836	6,747	1,728,694
Population Density (Persons per Sq.km)	294	2,795	1,822	688	1,761	1,012	269
Average Per Capita Income	22,084	36,980	38,440	45,473	40,391	36,885	38,469
Per Capita Income Variation	-43%	-4%	0%	18%	5%	-4%	0%
Average Household Size	2.1	3.1	2.8	2.9	2.7	2.7	2.5
Average Age	51.4	36.6	38.8	34.9	36.5	39.0	36.9
Dependency Ratio ¹	49%	23%	28%	24%	28%	29%	32%

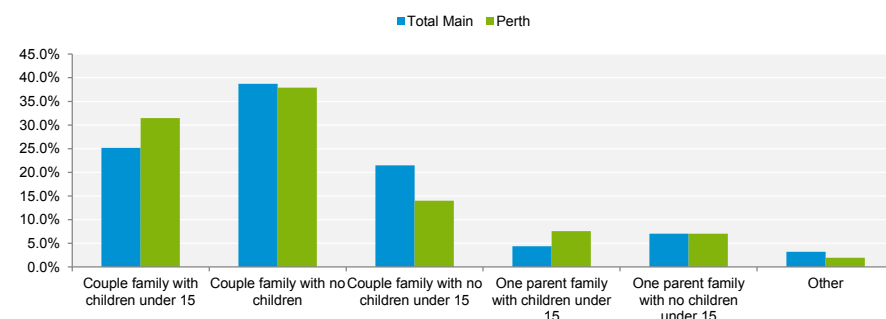
Source: ABS ; Urbis

- The average age of 39 years is approximately 2 years above the Greater Perth average and is influenced by the skewed characteristics of the Primary catchment which features a higher concentration of aged persons.
- The Murdoch MUP catchment family structures show a tendency towards families with either older children or no children. The future densification of the catchment may be expected to see a continuation of couples without children and single person households.

Murdoch MUP Catchment Family Structures

2011 CENSUS

CHART 3.4

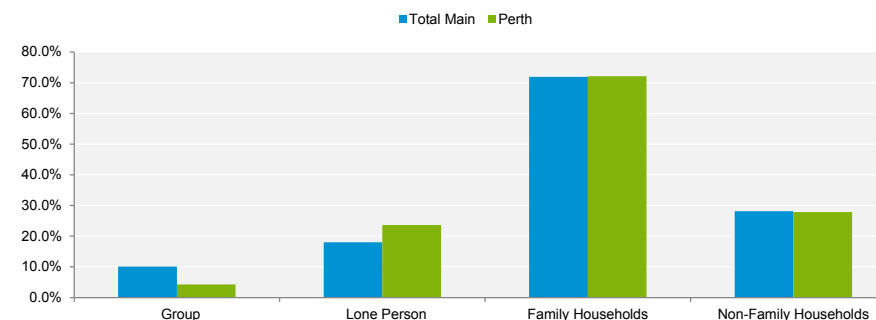


Source: ABS, Urbis

Murdoch MUP Catchment Household Types

2011 CENSUS

CHART 3.5



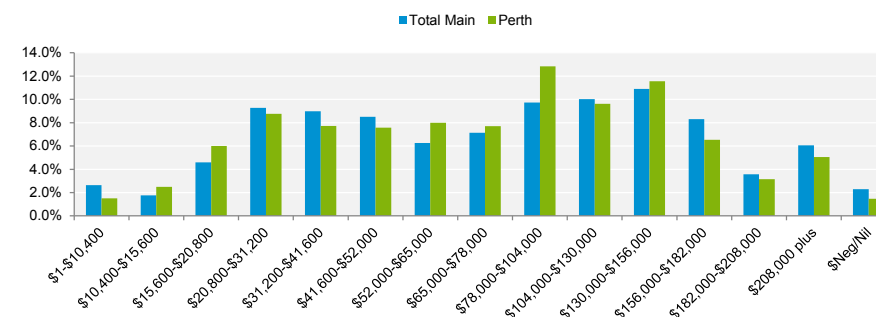
Source: ABS, Urbis

- Household income distribution shows a higher incidence of the \$20,000 to \$52,000 income bands and over \$156,000.

Murdoch MUP Catchment Household Income Profile

2011 CENSUS

CHART 3.6



Source: ABS, Urbis

- The study area, particularly in the Secondary Catchment, has a high level of home ownership and, relative to greater Perth, a low incidence of mortgage holders and renters.
- The Primary Catchment, features a relatively high level (28%) of retirement village tenants, that do not self identify as either owners,

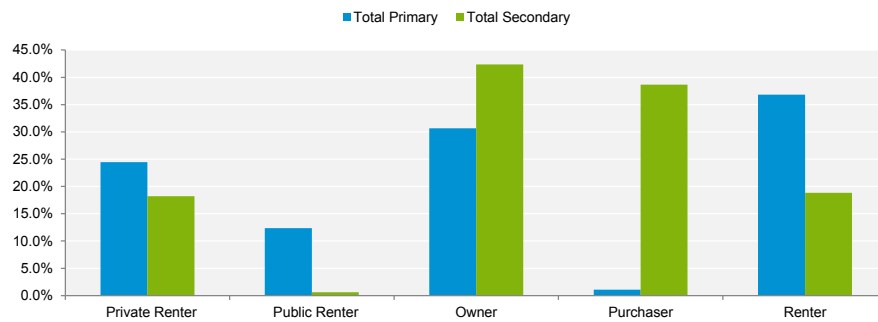
purchasers or renters, but are rather classified as 'Other' under the ABS nomenclature.

- The Primary Catchment, as at 2011, represents a relatively small percentage of the total trade area catchment. It does however have significant growth potential with the Murdoch MUP likely to increase the precinct population by more than 350% by full build out and occupancy.
- The Primary Catchment also includes a disproportionate ratio of student accommodation, which is primarily rental in nature.

Murdoch MUP Catchment Housing Tenure

2011 CENSUS

CHART 3.7



4 Density Development Environment

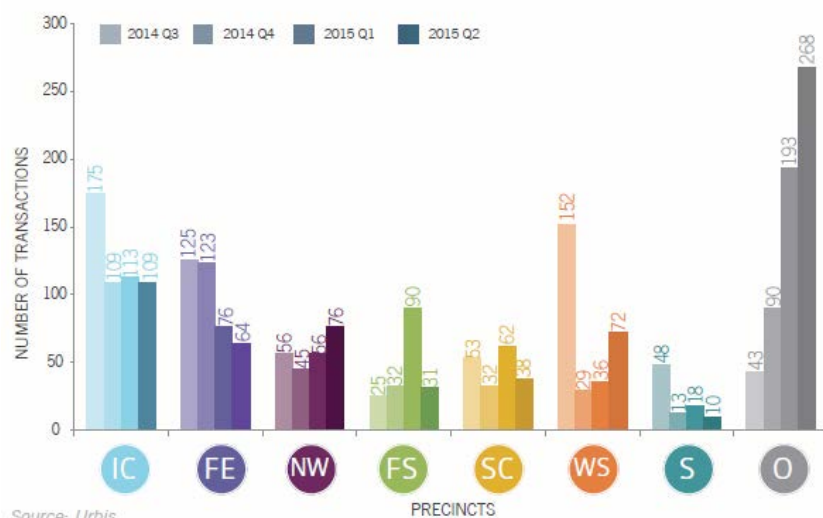
Urbis tracks all density development projects over 25 units in eight precincts across the metropolitan area. This analysis follows development projects that are currently being marketed and which may be either in development approval or under construction.

- Between Q3 2014 and Q2 2015 there have been 2,462 apartment presales across the metropolitan area.
- The Southern precinct, which is immediately to the south of the Murdoch MUP, accounted for just 4% of all apartment sales, whereas Fringe South, which extends to Brentwood and Booragoon and Southern Coastal (Fremantle to Munster) accounted for a further 7% and 8% of sales respectively.

Sales Trends by Precinct

ALL METRO AREA PRECINCTS 2014-2015

CHART 4.1



- There were no apartment sales in the period within close proximity to the Murdoch MUP.
- The majority of project settlements have been, and are expected to continue out to 2017, in the Inner City and Other Precincts. ('Other' areas include general activity across the metropolitan area that does not fall within the seven core precincts)
- There are no strong indications of apartment development within proximity to the Murdoch MUP over the near term.

Project Settlements by Precinct

ALL METRO AREA PRECINCTS

CHART 4.2

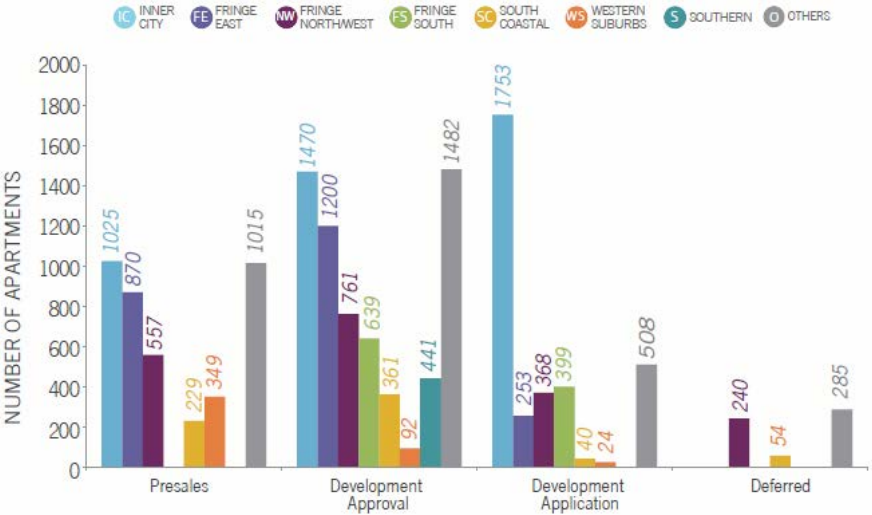


- The Majority of projects with development approval are in the Inner City and Fringe East precincts.
- More than 50% of projects subject to development application are in the Inner City precinct, with negligible activity planned for the area around Murdoch MUP

Future Supply Status by Precinct

ALL METRO AREA PRECINCTS

CHART 4.1



Prepared by Urbis Source: Department of Planning and Local Councils

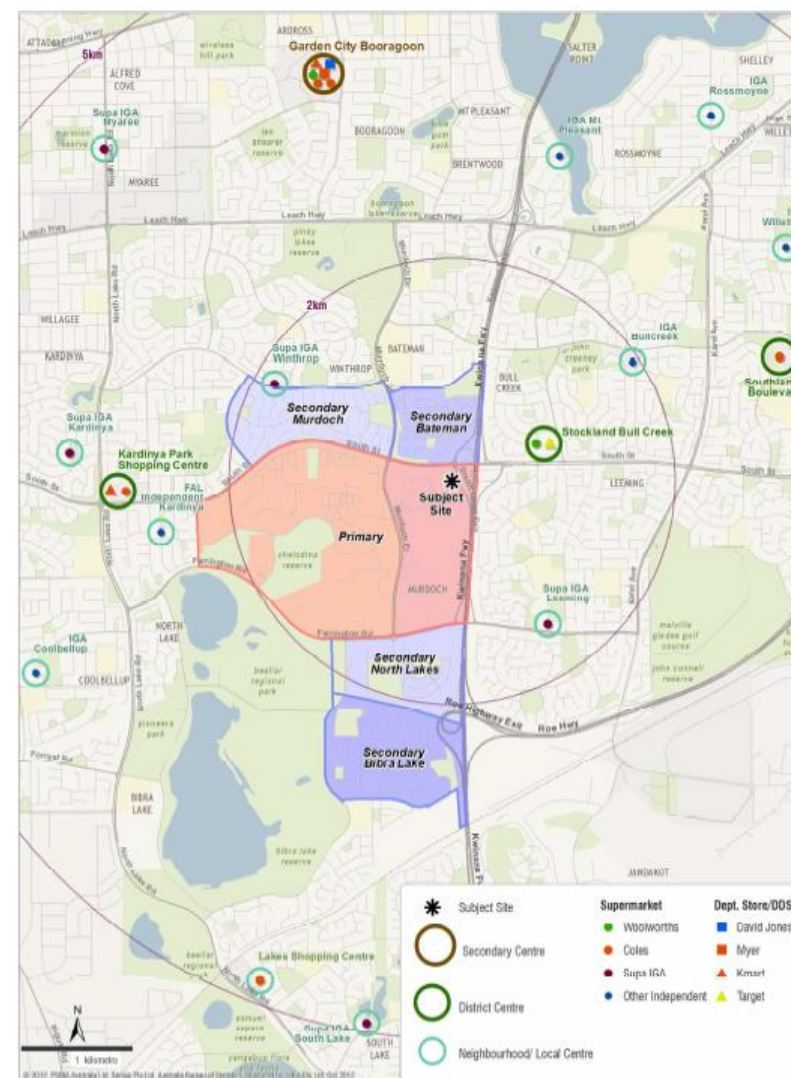
5 Market Segment Analysis

Urbis has determined that, whilst there have been changes in economic conditions and amendments to population growth trajectories, for the state as a whole and for the local government area, the essential trade area as defined in the original study remains the same, namely:

- Primary Trade Area is bounded by South Street to the north, the Kwinana Freeway to the east, Farrington Road to the south and Windelya Road to the west.
- Secondary Murdoch Trade Area includes the residents bounded by Somerville Boulevard to the north, Murdoch Drive to the east, South Street to the south and Prescott Drive to the west.
- Secondary Bateman Trade Area includes the residents bounded by Marsengo Road to the north, the Kwinana Freeway to the east, South Street to the south and Murdoch Drive to the west.
- Secondary North Lake Trade Area includes the residents in the area bounded by Farrington Road in the north, the Kwinana Freeway to the east, Hope Road to the south and Bibra Drive to the west.
- Secondary Bibra Lake Trade Area includes the residents bounded by Hope Road to the north, Bibra Drive in the east, Parkway Road to the south and the Kwinana Freeway to the east.

Murdoch MUP Trade Area
PRIMARY AND SECONDARY CATCHMENTS

MAP 4.1



5.1 KEY SEGMENTS

The student, worker, hospital visitor and resident segments are the key markets of relevance to future retail in the Murdoch MUP. These distinct market segments are identified because they are each expected to have different spending behaviour and contributions to the MUP. We have considered the spending capacity of each segment separately.

5.1.1 LOCAL RESIDENTS

A trade area encompassing local residents extends north, south and west of the MUP. This catchment includes surrounding residential areas, as well as students residing on-campus.

5.1.2 HEALTH/TAFE PRECINCT

Bordering the MUP to the south and west, the Health/TAFE Precinct includes the following segments. .

- *TAFE students* – We understand that current TAFE enrolment numbers could potentially increase over the forecast period. This has been accounted for in our analysis.
- *Medical Workers* – The staff at the St John of God Hospital and the Fiona Stanley Hospital will generate some demand for retail in the MUD. However a large portion of hospital worker spend will continue to be contained to facilities within the hospital itself.
- *Other Workers* – Other workers within the precinct include Challenger TAFE as well as future workers within the Murdoch MUP. This reflects a key opportunity for retail in the MUD.
- *Hospital Out-Patients* – Current and future hospital out-patients will generate some spending in the vicinity of the MUP, although most of this spending is likely to be directed to hospital facilities.
- *Hospital Visitors* – As with out-patients, the spending directed to the MUP by hospital visitors is expected to be marginal.

5.1.3 UNIVERSITY PRECINCT

The key market segments within the University Precinct are described below and include the university itself and surrounding and adjoining facilities.

- *Students* – Spending by students who do are not local residents has been assessed separately from those who reside on-campus (the latter is included in the Local Residents market). The analysis incorporates steady growth in student numbers over the forecast period.
- *University staff* – Retail spending generated by university staff is considerably lower than for students.
- *Other Precinct Workers* – Other workers in the vicinity of the university include staff at Wesfarmers, Murdoch College, Winthrop Kennedy Baptist School and the State Animal Resource Centre. These workers are likely to have minimal access to retail currently and should provide good support to retail in the MUP.

5.2 COMPETING SUPPLY

Table 4.1 details the known competing retail supply in proximity to the trade area catchment.

- The trade area supply as profiled below indicates more than 72,700 sqm of competing retail floorspace, of which around 61% is occupied by major retailers like Coles, Woolworths and IGA, with a further 28,200 sqm of floorspace across more than 260 specialty stores.

Murdoch MUP Trade Area

COMPETING RETAIL SUPPLY

TABLE 4.1

TYPE	LOCATION	GLAR	KEY TENANTS
Stockland Bull Creek	South St Bull Creek	16,191 sq.m	Target (8,131 sq.m) Woolworths (3,426 sq.m)

			44 Specialties (4,634 sq.m)
Kardinya Park Shopping Centre	North Lake & South Sts, Kardinya	13,709 sq.m	Kmart (7,291 sq.m) Coles (2,411 sq.m) 41 Specialties (4,007 sq.m)
Southlands Boulevard	Burrendah Blvd, Willetton	14,334 sq.m	Woolworths (4,460 sq.m) Coles (3,710 sq.m) 61 specialties (6,164 sq.m)
Leeming Forum Shopping Centre	Farrington & Findlay Rds Leeming	5,151 sq.m	IGA (1,986 sq.m) 20 Specialities (3,165 sq.m)
South Lake Shopping Centre	Berrigan Dr, South Lake	3,095 sq.m	IGA (1,846 sq.m) 10 Specialties (1,249 sq.m)
Lakes Shopping Centre	North Lake & Omeo Rds, South Lake	8,519 sq.m	Coles (2,500 sq.m) Aldi (1,104 sq.m) 39 Specialities (4,915 sq.m)
Coolbellup Shopping Centre	Coolbellup & Cordelia Aves,	3,622 sq.m	IGA (1,100 sq.m) 32 Specialities (2,522

	Coolbellup		sq.m)
Parry Village	Parry Ave. Bull Creek	2,137 sq.m	IGA (588 sq.m) 15 Specialties (1,549 sq.m)
Winthrop Village	Jackson Ave & Somerville Blvd, Winthrop	4,000 sq.m (est.)	IGA (area not disclosed)
Kardinya IGA	Cnr South St & Gilbertson	2,000 sq.m (est)	IGA (area not disclosed)

6 Murdoch MUP Retail Potential

6.1 MURDOCH MUP RETAIL POTENTIAL

The key outputs from the analysis of available spending and potential capture by segment are shown in Table 5.1.

This includes estimates for the key segments identified, and a small allowance for turnover attracted from 'beyond' the local area.

Forecast Turnover and Market Shares, 2030 (Capacity)

MURDOCH MIXED USE PRECINCT (WITH SUPERMARKET 2,500-3,000 SQ.M)

TABLE 6.1

	Grocery/Fresh Food					F&B			General			Services			Total Turnover (\$M)
	Total Market (\$M)	Smkt %	Spend Retained		Total (\$M)	Total Market (\$M)	%	Spend Retained (\$M)	Total Market (\$M)	%	Spend Retained (\$M)	Total Market (\$M)	%	Spend Retained (\$M)	
Health / TAFE Precinct															
Medical workers	2.1	90%	5%	0.1	2.0	10.5	10%	1.0	1.0	40%	0.4	1.0	30%	0.3	3.7
Other workers	2.5	90%	5%	0.1	2.4	8.0	30%	2.4	1.8	40%	0.7	0.9	30%	0.3	5.6
Hospital out-patients	0.1	90%	5%	0.0	0.1	0.9	4%	0.0	0.1	40%	0.0	0.1	30%	0.0	0.2
Hospital visitors	0.5	90%	5%	0.0	0.4	2.2	4%	0.1	0.3	40%	0.1	0.1	30%	0.0	0.7
TAFE students	0.7	90%	5%	0.0	0.7	3.4	4%	0.1	0.2	40%	0.1	0.1	30%	0.0	0.9
Total Precinct	6.0	90%	5%	0.3	5.6	25.0	15%	3.7	3.4	40%	1.4	2.2	30%	0.7	11.1
University Precinct															
Students (non resident)	2.0	90%	5%	0.1	1.9	9.5	4%	0.4	0.6	10%	0.1	0.3	10%	0.0	2.3
University staff	0.5	90%	5%	0.0	0.5	2.4	4%	0.1	0.2	10%	0.0	0.2	10%	0.0	0.6
Precinct workers	8.0	90%	5%	0.4	7.5	23.9	4%	1.0	5.7	10%	0.6	2.6	10%	0.3	9.0
Total Precinct	10.5	90%	5%	0.5	9.9	35.8	4%	1.4	6.6	10%	0.7	3.2	10%	0.3	11.8
Local Residents	61.0	5%	1%	0.8	16.9	27.4	4%	1.1	55.2	5%	2.8	6.4	20%	1.3	21.2
Beyond (@ 5%)					0.9			0.1			0.1			0.1	1.1
Total Residents					17.8			1.2			2.9			1.3	22.4
Total Segments				1.5	33.3			6.3			4.9			2.3	45.3

Source : Urbis

6.2 SUPERMARKET

The capacity analysis (Table 5.2) outlines the turnover that could be achieved by a supermarket within the MUP over the next 15 years. The turnover potential assumes no new competition, beyond the existing range of supermarkets provided in the area, is developed in this time.

Supermarket turnover will be supported by Food and Grocery (F&G) spending by local residents and the other segments outlined earlier. Allowances are also made for turnover generated by the sale of non-F&G (i.e. general merchandise) and by residents outside the trade area (i.e. turnover from beyond the trade area).

The turnover suggests that a supermarket format in the order of 2,500 - 3,000 sq.m could be supported as early as 2021, subject to the quantum of development completed within the Murdoch precinct by this time.

A key risk to the potential of a supermarket on the subject site is the road accessible to the site from surrounding areas (i.e. outside the MUP). For residents travelling to the site from the north or east there appears to be no direct (trafficked signal intersection) access to the site. These potential shoppers would need to travel further west and enter the MUP via the main entry point at Fiona Wood Road and then use the internal roads to access the site. This rather circuitous route for shoppers could be a significant deterrent to the centre's usage.

In this regard, the potential market shares assessed for the supermarket could be significantly lower than forecast. Furthermore, the accessibility of the site to the wider resident market may prove a barrier to attracting a major chain supermarket, particularly in terms of a store in the 2,500 - 3,000 sq.m range. In this outcome, a smaller supermarket of less than 1,000 sq.m that focusses on serving the MUP, and the occasional shop from the wider resident market may only be realised.

Planning for the proposed retail centre therefore should allow for a 2,500 - 3,000 sq.m supermarket and a smaller 400-800 sq.m supermarket. The implications of a smaller format supermarket on the supportable range of supermarkets are discussed later in this section of the report.

Supermarket Capacity Assessment, 2015-2030

MURDOCH MIXED USE PRECINCT (SUPERMARKET 2,500-3,000 SQ.M)

TABLE 6.2

Factor	Unit	2015	2022	2030
Resident Market				
Total Available F&G Spending	\$M	42.9	52.1	61.0
TA Spending Available to Smkts	\$M	30.1	36.5	42.7
Spending Captured by Murdoch MUP	\$M	8.9	12.7	16.1
Plus Turnover from Beyond TA (@ 5%)	\$M	0.5	0.7	0.8
Total Turnover from Residents (F&G)	\$M	9.4	13.4	17.0
Other Segments				
Total Available F&G Spending	\$M	2.4	9.9	16.4
Spending Captured by Murdoch MUP	\$M	2.2	8.9	14.8
Plus Gen. Merch. Turnover (@ 8%)	\$M	0.9	1.7	2.4
Total Turnover	\$M	12.4	24.0	34.1

Source: Urbis

Based on the spin-off from supermarket shoppers, demand from other segments, and typical retail floorspace trading rates, the potential provision of specialty shop retail floorspace is outlined in Table 4.3. The supportable provision is provided for two scenarios:

- With a supermarket of 2,500-3,000 sq.m.
- With a supermarket of less than 1,000 sq.m.

Given the diverse nature of markets in the local area, an optimal retail mix would likely provide a mix of food and beverage operators (take away/cafes), general retail (e.g. pharmacy, newsagent, etc.) as well as retail services which may include dry cleaning, hairdressing / beauty, optometrist and the like.

Supportable Retail Floorspace, 2030 (Capacity)

MURDOCH MIXED USE PRECINCT

TABLE 6.3

Tenant	Supermarket (2,500-3,000 sq.m)			Supermarket (Less than 1,000 sq.m)		
	No. of Stores	Total (Sq.m)	% of Retail	No. of Stores	Total (Sq.m)	% of Retail
Majors						
Supermarket	1	3,000	60.3%	1	700	33.5%
Specialty Stores						
• Grocery/Fresh Food	2	206	4.1%	1	100	4.8%
• Food & Beverage	8	779	15.7%	6	550	26.3%
• General	4	667	13.4%	3	500	23.9%
• Services	<u>4</u>	<u>320</u>	<u>6.4%</u>	<u>3</u>	<u>240</u>	<u>11.5%</u>
Total Retail Specialties	18	1,971	39.7%	13	1,390	66.5%
Total Retail Centre	19	4,971	100.0%	14	2,090	100.0%
Non Retail Shops	3	300		2	200	
Total Centre	22	5,271		16	2,290	

Source : Urbis

7 Employment Generation

Previous analysis has been predicated on the potential for the WA Police Department to relocate aspects of their operations to the Murdoch Mixed Use Precinct. The prospects of a decentralisation of Police operations now seem unlikely, given the current office market conditions which are not expected to improve significantly in the medium term.

Table 6.1 outlines operational employment for the Murdoch MUP at full build out and assuming 100% take-up of the space. Full build out of commercial space is unlikely to be viable before 2020.

Employment estimates are derived from PLUC estimates of employment densities for Retail and Commercial / Health space and market knowledge of current trends in office employment densities.

Total net new FTE employment for the MUP precinct is estimated at approximately 2,430. This is approximately 15% less than the original Scenario 1 estimates in the original analysis and reflects the reduced demand for commercial / office space in the precinct. The retail employment generation is predicated on Urbis estimates of the maximum supportable retail floorspace for the Murdoch MUP as outlined in Table 5.3.

Murdoch MUP Employment Generation

MURDOCH MUP

TABLE 6.1
Distribution %

Space	Ind. GFA (sqm)	Emp. Density	Total Emp.	Floorspace	Emp.
Retail (Max Supportable NLA)	5,271	3.9 / 100 sqm	206	10%	8%
Commercial / Office	33,120	18 sqm / emp.	1,840	61%	76%
Commercial Health	8,240	3.3 / 100 sqm	272	15%	11%
Short Stay Accommodation	7,530	1.5 / 100 sqm	113	14%	5%
Total Centre	54,161		2,430	100%	100%

Source: Urbis

The take-up of commercial / office space is most likely to be derived from supporting health uses and may include consulting rooms, allied health uses and research foundations not able to be supported by the current provision of space within the hospital complexes. Other uses may include medical

technology companies with a need to be co-located adjacent to major health facilities. General suburban commercial / office uses are not favoured.

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