



**Gold Coast Office**

Robina East Quay Corporate Park, Suite 4, 34-36 Glenferrie Drive, PO Box 1048, Robina QLD Australia 4226  
T +61 7 5553 6900 F +61 7 5553 6999 E robina@rpsgroup.com.au W rpsgroup.com.au

**Our Ref:** 115633  
**Date:** 15 April 2013

Attn: Adam Byrnes  
Think Planners

**Via:** email

Dear Adam

**RE: TWEED SHIRE COUNCIL INFORMATION REQUEST**

This is an addendum letter in response to issues and questions raised by Seth Philbrook of Tweed Shire Council by email dated 26<sup>th</sup> of February 2013. This letter is to be read in conjunction with our report 'Socio-Economic Impact Assessment - Proposed Supermarket Seagulls Club – 12 November 2012'.

*Issue 1 - What is the impact on neighbouring shops on Scenic Drive/Panorama Drive.*

**Response to Issue 1 – Impact Assessment**

The proposed supermarket will shape and influence the trading performance of the Panorama Plaza Centre. These impacts can be generally categorised as:

- Positive – whereby the new supermarket provides additional exposure and patronage to individual tenants
- Neutral – Where the new supermarket has no impact on individual tenants of Panorama Plaza
- Negative - where the new supermarket reduces the turnover of individual tenants

These issues must be viewed through the lens of the following compounding factors:

- What is the capacity for a competitive response from the tenants of Panorama Plaza in the light of the new supermarket?
- Will the centre fail? (with the majority of stores vacant/blighted with no possibility for retenanting or redevelopment)
- Will the local community be worse off (ie less choice and services) with the proposed supermarket than without?

The shops at Panorama Plaza have a GFA of approximately 800 Sq M and consist of the following:

Tenant	Classification
Butcher	Food, Alcohol and Groceries
Bakery	Food, Alcohol and Groceries
Carvery - (being re-tenanted at time of writing)	Food Services
Bottleshop	Food, Alcohol and Groceries
Hair Dresser	Services

Tenant	Classification
Indian Restaurant	Food Services
Corner Store with sub news/lotto	Food, Alcohol and Groceries
Thai Restaurant	Food Services
Vacant - former medical	Services (former)
Vacant – former chemist	Services (former)
Butcher	Food, Alcohol and Groceries

As with the majority of small local shopping centres the tenancy mix is represented by food/groceries (corner store, bakery, butcher and bottleshop), food services (carvery, restaurants) and services (chemist, medical and hairdresser).

The introduction of a small footprint full line supermarket at Seagulls is only likely to have a negative impact on the food and grocery retailers at Panorama Plaza with the other tenants being complementary to the proposed offer. The complementary tenants are likely to benefit from the proximate supermarket and the subsequent increase in local expenditure.

The current trading performance of Panorama Plaza has been modelled for the years 2013 (baseline), 2015 and 2017 with the latter two years representing the first and third years of operation of the proposed supermarket. Key features of each time period include:

#### 2013

Panorama Plaza as a local centre serves an extended catchment that is based on the Scenic Drive corridor. This generally corresponds to the Primary Trade Area defined in the report. This area has expected population of 7,800 people in 2013 and a related expenditure potential of \$77.4 million.

Panorama Plaza is estimated to capture 4.5% to 5.0% of this total expenditure. This is below the 8% to 15% benchmark typical for local centres of this scale and this is attributed to the dispersed nature of the catchment and distribution of other small retail clusters.

#### 2015

In 2015 (the first year of operation for the proposed supermarket) the PTA will have a projected population of 8,000 people and a related expenditure of \$79.8 million. The introduction of a nearby supermarket will see Panorama Plazas market share decline to 4.0% to 4.5% of the total catchment; this represents a decline of 6% to 10% in the turnover of the centre as a whole. This impact will be mainly directed to the food and grocery retailers. For the purpose of this assessment we have assumed the turnover of the service and food services retailers will remain constant, this is considered a conservative assumption as these retailers have the potential to cater to a broader patronage base attracted to the local area by the proposed supermarket.

#### 2017

In 2017 (the third year of operation for the proposed supermarket) the PTA will have a projected population of 8,200 people and a related expenditure of \$82.2 million. The growth of the catchment in the period 2015 to 2017 will see the turnover of Panorama Plaza increase by about 3% over 2015 levels. This is a conservative assessment as we have assumed that there will be no significant competitive response from the traders located in Panorama Plaza in the period 2013 to 2017.

### Impacts – Summary and Implications

The initial impacts of 6% to 10% are well below the benchmark of 15% for what is considered a major or unsustainable impact. The projected impact needs to be considered the context of the following:

- The combined trade area (PTA and STA) have a need for a full-line supermarket to cater to the needs of local residents.
- The introduction of any new retail element (such as a supermarket) on any site in the catchment will have an impact on some traders currently serving the area.
- The recent relocation of the chemist and medical centre away from Panorama Plaza are indicative of the dynamic nature of local retail with businesses moving to better service the needs of their customers while being cognisant of occupancy costs and the benefits of certain locations. It is important to note that this relocation took place before the establishment of the supermarket. The inclusion of the supermarket in the local retail mix will make this site more attractive for potential operators.
- 6 out of the 10 traders (or former traders) in Panorama Plaza are complementary to the proposed supermarket and this provides the opportunity to increase the turnover of these retailers.
- A 2,000 Sq M supermarket will offer a limited range of bakery, meat and alcohol items. This provides the opportunity for competitive retailers located in Panorama Plaza to provide a differentiated product offering, creating a point of difference when compared to the supermarket and benefiting the local residents with greater choice.
- The Panorama Plaza corner store and sub-news is likely to be impacted by the greatest amount and it is likely the store will need to be repositioned/remerchandised to maximise future trading opportunities. The site will offer higher levels of convenience than the proposed supermarket and is expected to remain the only sub-news/lotto agent in the area. These features provide the site with key retail point of difference when compared with the proposed supermarket.
- Initial impacts will be (in part) offset by future population growth in the catchment.
- The Seagulls supermarket will be standalone operation (without any adjacent speciality stores). The opportunity exists for Panorama Plaza to fulfil this speciality need and offer complementary and comparative stores that are usually found in a retail centre anchored by a supermarket. It is recognised that the optimal solution would be for the supermarket and speciality stores to be located on the same site; however, the optimal solution is rarely available for an urban infill redevelopment.

Panorama Plaza has every potential to continue trading at viable levels with all stores sustainability tenanted. The addition of the proposed supermarket to the local retail network will generate considerable (new) public benefit.

*Issue 2 - Retail strategy - how does this proposal relate to the Retail strategy? 7 Principles. Following the earlier preparation of a "Draft Tweed Retail Strategy" document by consultants Core Economics, and in conjunction with a determination of DA for extensions to the Tweed City shopping centre, Council resolved at its meeting of 16 November 2005 the following seven principles as a Retail Strategy for the Tweed Shire:*

- (1) *The character of existing towns and villages and the retail facilities they already have be protected.*
- (2) *Where appropriate, Council will support the incremental expansion of existing retail centres in such a way as not to threaten or fracture those existing centres, rather than building new ones.*
- (3) *Reinforce Tweed Heads south as the major district retail centre by encouraging the expansion and when Tweed's population demands that increased range and level of shopping.*
- (4) *Maintain and wherever possible enhance the special appeal of the retail centre of Murwillumbah and those village centres of similar style.*
- (5) *Limit the scale of new large scale retail centres in the coastal region to a level which caters for the majority of chore type shopping needs. This concept to reflect the need to reduce fuel consumption and to support sustainability within each centre through discouraging vehicle use and encouraging walking and cycling.*
- (6) *Council does not support the establishment of another district retail shopping centre.*
- (7) *The retail concepts in these recommendations form the basis of locality plans in the Shire and any retail development applications which are submitted in the interim of these locality plans being prepared and approved by Council be assessed so that the above retail strategies are supported and not compromised.*

## **Response to Issue 2 – Retail Principles**

I am the author of the Tweed Shire Retail Principles (RPS is the successor company to Core Economics) and have a detailed understanding of local retail and activity centre issues.

I stand by my assessment of the subject proposal that was contained in my report dated 12 November 2012:

*“The intent of the principles is to develop supermarket anchored shopping centres throughout the Shire to service the needs of the population while directing development of higher order and specialised retail to the district centres of Tweed Heads and Tweed Heads South. Where possible, these supermarkets should be integrated with existing centres and towns. The development of a Supa IGA at the Seagulls Club fulfils these requirements and provides for the needs of the local community”<sup>1</sup>.*

The 12 November Report contained a table that addressed each of the principles with respect to the subject application. I have reproduced that table below (in the first two columns) with additional commentary contained in the third column.

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<sup>1</sup> Socio-Economic Impact Assessment Proposed Supermarket – Seagulls Club 12 Nov 2012, RPS.

Item	Original Assessment	Additional Comments
<p>The character of existing towns and villages and also retail facilities have to be protected;</p>	<p>The inclusion of a small format full line supermarket on the subject site will not affect the character of existing towns and villages. The trade area is presently not serviced by a full line supermarket and such use will complement the existing small retail nodes located in Tweed Heads West and Bilambil Heights.</p>	<p>The key descriptors in this statement is 'towns and villages' as distinct from the urban area of Tweed Heads and Tweed Heads West. The addition of supermarket anchored shopping centres to service the growing population of the northern parts of the Shire is anticipated by these principles.</p>
<p>Where appropriate, TSC will support the incremental expansion of existing retail centres in such a way as not to threaten or fracture those centres, rather than building new ones;</p>	<p>None of the existing small retail nodes in the local area have the capacity to expand to include a full line supermarket. While it is preferable to expand an existing centre where possible, this must be balanced against the broader needs of the community particularly with the introduction of a supermarket which is an everyday requirement for local residents.</p>	<p>As a recreation precinct, Seagulls acts as an activity centre for local (and regional) residents. Expanding on this function by adding a supermarket is considered a preferable alternative to building a standalone supermarket (or supermarket with associated speciality stores) on a separate site (if such a site was available).</p>
<p>Reinforce Tweed Heads South as the major district retail centre by encouraging its expansion when the Tweed's population demands an increased range and level of shopping;</p>	<p>The inclusion of a supermarket at Tweed Heads West will not erode the role of Tweed Heads South as a major district retail centre as a supermarket is a ubiquitous piece of retail infrastructure, a number of which are distributed throughout the Shire to service the needs of local residents.</p>	<p>It has been 'standard' practice in the urban area of northern Tweed Shire to establish supermarket anchored shopping centres that service the needs of suitably sized local catchments. This has occurred in Banora Point (BiLo) and Banora Point West (Coles).</p>
<p>Maintain, and where possible, enhance the special appeal of the retail centre of Murwillumbah and those village centres of similar style;</p>	<p>The inclusion of a supermarket on the subject site will not affect the appeal or character of Murwillumbah and other village centres.</p>	<p>As described in the report and this letter the local population has reached a threshold where it can support a full line supermarket. There will be no impact on the retail operations of Murwillumbah due to the distinct and separate nature of the identified catchment.</p>

Item	Original Assessment	Additional Comments
<p>Limit the scale of new large-scale retail centres in the coastal region to a level which caters for the majority of chore-type shopping needs. This concept is to reflect the need to reduce fuel consumption and to support sustainability within each centre through discouraging vehicle use and encouraging walking;</p>	<p>A supermarket shopping trip is a chore type trip. The intent of this principle is to ensure that residents of the Tweed Shire have access to local supermarket anchored shopping centres. The subject proposal fulfils this need as it will substantially reduce the distance local residents will be required to travel to undertake a supermarket trip.</p>	<p>The site is not located in the Coastal region and supports the position of limiting the scale of centres to cater to chore-type (supermarket and related) shopping.</p>
<p>Council does not support the establishment of another district retail shopping centre.</p>	<p>A single supermarket is well below the scale of a district retail shopping centre and as such this principle does not apply the proposal.</p>	<p>The subject site will be one of the network of small retail centres that support the District Centres of Tweed Heads and Tweed Heads South.</p>
<p>The retail concepts in these recommendations form the basis of locality plans in the Shire and any retail development applications which are submitted in the interim of these locality plans being prepared and approved by Council be assessed so that the above retail strategies are supported and not compromised</p>	<p>Not addressed in report.</p>	<p>The evaluation of the subject proposal makes it clear that the establishment of a supermarket at the Seagulls site is supportive of the retail principles.</p>



We trust this information is sufficient for your purposes, however should you require any further details or clarification, please do not hesitate to contact the writer by telephone.

Yours sincerely

**RPS**

A handwritten signature in black ink, appearing to read 'William Owen', written over a light grey rectangular background.

William Owen  
Technical Director - Economics