CELEBRATING 30 YEARS 1989-2019

urban enterprise planning economics+tourism

HOPETOUN PARK

RETAIL NEEDS ASSESSMENT

BACCHUS MARSH PROPERTY GROUP | 14 MAY 2020

www.urbanenterprise.com.au

AUTHORS

Paul Shipp

Brett Hannah

FILE

Hopetoun Park Retail Needs Assessment - 14 May 2020

VERSION

1

DISCLAIMER

Neither Urban Enterprise Pty. Ltd. nor any member or employee of Urban Enterprise Pty. Ltd. takes responsibility in any way whatsoever to any person or organisation (other than that for which this report has been prepared) in respect of the information set out in this report, including any errors or omissions therein. In the course of our preparation of this report, projections have been prepared on the basis of assumptions and methodology which have been described in the report. It is possible that some of the assumptions underlying the projections may change. Nevertheless, the professional judgement of the members and employees of Urban Enterprise Pty. Ltd. have been applied in making these assumptions, such that they constitute an understandable basis for estimates and projections. Beyond this, to the extent that the assumptions do not materialise, the estimates and projections of achievable results may vary.

L1 302-304 Barkly St, Brunswick VIC 3056

+61 3 9482 3888 urbanenterprise.com.au

CONTENTS

FIGURES

TABLES

1. INTRODUCTION

1.1. ENGAGEMENT

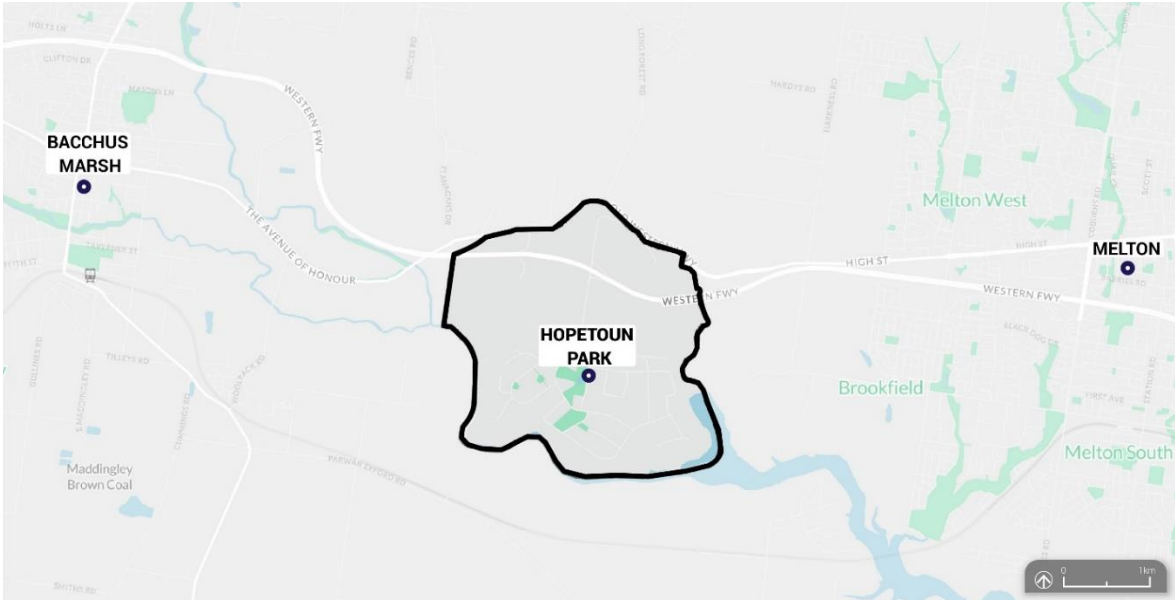
Urban Enterprise was engaged by Bacchus Marsh Property Group (BMPG) to undertake a retail needs assessment for a proposed urban growth area at Hopetoun Park.

1.2. LOCATION

The suburb of Hopetoun Park, including the proposed urban development area, is located at the eastern edge of Moorabool Shire Local Government Area (LGA), adjacent to the western border of the City of Melton.

As shown in Figure 1, Hopetoun Park is nearby to two significant urban areas at Bacchus Marsh and Melton, each approximately a 10 minute drive from Hopetoun Park.

F1. SITE LOCATION AND CONTEXT



Source: Urban Enterprise; Basemap: Landchecker, 2020.

1.3. PROPOSED DEVELOPMENT

Existing dwellings in Hopetoun Park are located in the south of the suburb within the Low Density Residential Zone (LDRZ). As shown in Figure 2, future urban development is proposed to occur to the north of the existing area.

It is estimated that at completion of the growth area, the ultimate yield of Hopetoun Park will be approximately 1,114 dwellings and 3,411 residents. This includes both existing and proposed development as shown in Table 1 (850 new dwellings are proposed to be developed in the growth area).

The location and boundaries of the established area and the growth area are shown in Figure 2.

T1. ULTIMATE DWELLING AND POPULATION, HOPETOUN PARK

Development	Dwellings	Average Household Size	Population	Notes
Established area	264	3.5	861	246 dwellings were counted at 2016 Census with 798 residents. Added to this is the capacity of the 18 existing vacant lots counted, assuming 3.5 persons per household in each.
Growth area	850	3.0	2,550	Anticipated agreed yield of new development area
Total	1,114	3.1	3,411	

Source: Urban Enterprise.

F2. MAP OF HOPETOUN PARK ESTABLISHED AREA AND GROWTH AREA

Source: Urban Enterprise.

2. PLANNING CONTEXT

2.1. INTRODUCTION

This section provides an overview of the planning and retail context that relevant to retail needs assessment for Hopetoun Park.

2.2. BACCHUS MARSH URBAN GROWTH FRAMEWORK

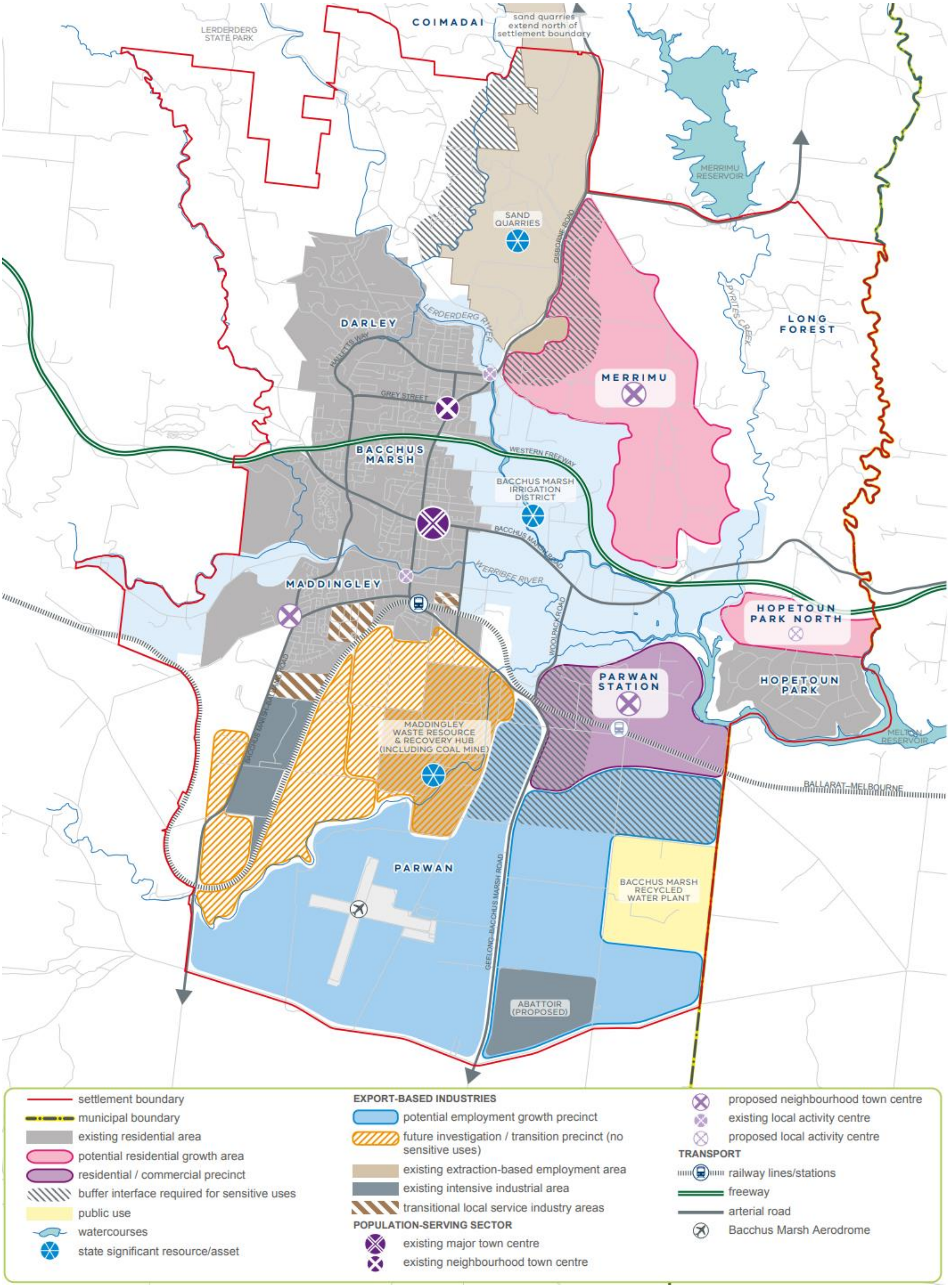
The Bacchus Marsh Urban Growth Framework (UGF) was prepared in 2018 to provide direction to the growth of Bacchus Marsh to 2041.

Figure 3 shows the proposed growth framework for the Bacchus Marsh District. The framework identifies three proposed future Neighbourhood Activity Centres (NACs) in the district located at Merrimu, Parwan Station and Maddingley.

A future Local Activity Centre (LAC) shown at Hopetoun Park North. The proposed LAC is located within the future urban growth area and the UGF identifies that its designation is based on a future growth area population of 1,900 – 3,200 people (not including existing Hopetoun Park residents).

It should be noted that the UGF does not provide a definition of NACs or LACs, nor does it provide any indication of the expected supportable retail floorspace in Hopetoun Park.

F3. BACCHUS MARSH DISTRICT URBAN GROWTH FRAMEWORK



Source: Bacchus Marsh Urban Growth Framework, 2018

2.3. MOORABOOL SHIRE RETAIL STRATEGY

The Moorabool Shire Retail Strategy was prepared in 2016 to plan for the future retail needs of the municipality. Hopetoun Park was not a designated growth area at the time the Strategy was prepared.

The Strategy notes that by 2041, Bacchus Marsh will require an additional full-line supermarket, expansion of the existing Target and an additional discount department store (DDS) to meet projected demand.

The Strategy defines a LAC as a centre which caters to convenience daily shopping needs with limited supporting stores. Key retail elements include a medium supermarket (typically 800 – 2,500sqm) with an overall floorspace range of 1,500-3,000sqm.

The Strategy also includes indicative or generic estimates of retail floorspace requirements for small towns in Moorabool for a range of population thresholds. The supportable retail outcomes at each population thresholds shown in the Strategy are:

- 1,000 residents would require a foodstore of 300 - 500 sqm and some 10 specialty stores;
- 2,000 residents would require a small supermarket of 500 – 1,000 sqm and around 15 - 20 specialty stores; and
- 3,000 residents would require a medium supermarket of 1,000 – 1,500 sqm and around 20 - 30 specialty stores.

It is noted that these standards are included in the Strategy as a guide for small town planning only. Given the standards are based purely on population numbers and high level assumptions, it is our view that these should not be applied to urban growth areas which should be the subject of a site specific assessment taking into account a range of factors, including the accessibility of residents to larger existing retail centres.

2.4. MELTON ACTIVITY CENTRE STRATEGY

The Melton Activity Centre Strategy was prepared in 2014 to plan for the delivery of retail and activity centres across the municipality.

The Strategy identifies the existing Woodgrove Activity Centre as a future 'regional' retail centre. The centre is designated to provide regional level retail "as quickly as possible" due to the centre already being established and the rate and location of growth in its catchment in the western section of the municipality. The Woodgrove Shopping Centre is located 7 minutes drive from Hopetoun Park and currently provides more than 53,000sqm of retail floorspace, including three full-line supermarkets and a medium sized supermarket.

The Strategy also identifies Melton West as the location for a new NAC (there is currently no retail provision at the location). Melton West is approximately 8 kilometres (10 minute drive) from Hopetoun Park.

The Strategy also notes that Melton is expected to accommodate significant other retail and activity centre growth across the municipality, including the Toolern Metropolitan Activity Centre (MAC) which will also act as a regional retail centre.

2.5. ACTIVITY CENTRE HIERARCHY

Table 2 provides a summary of the existing and proposed activity centres and shopping centres relevant to residents of Hopetoun Park, arranged in a hierarchy based on size and role.

Both Woodgrove (Melton) and Bacchus Marsh are higher order activity centres providing a wide range of retail offer to existing and future residents of Hopetoun Park within 10 minutes drive. These centres are both anchored by full-line supermarkets and would thus capture a large share of Hopetoun Park residents' retail expenditure.

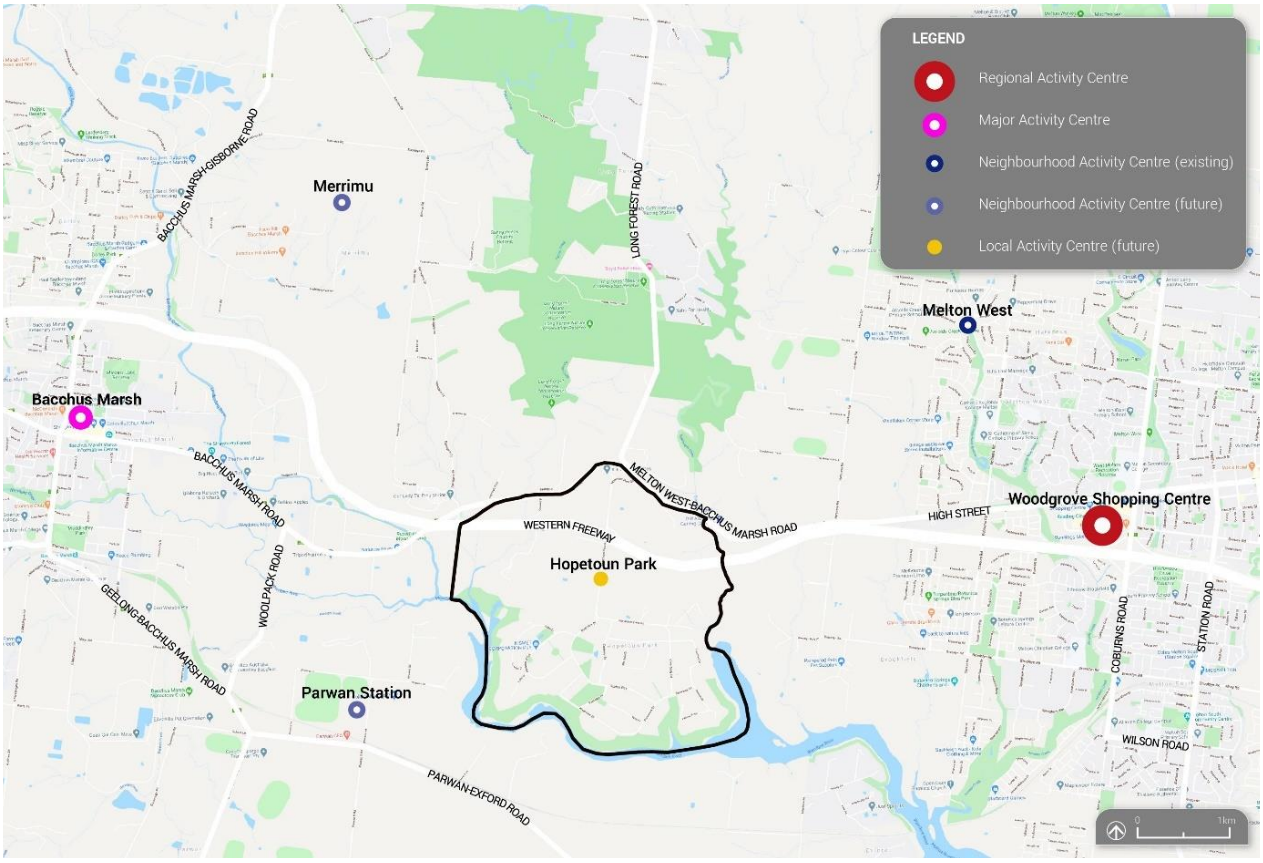
Figure 4 shows the spatial distribution of the activity centres.

T2. ACTIVITY CENTRE HIERARCHY

Activity Centre	Type	Indicative Scale (sqm)	Key Anchors	Distance from Hopetoun Park
Woodgrove Shopping Centre	Regional Centre	53,000	Coles, Woolworths x 2, ALDI, Big W, Kmart	8km (7 minute drive)
Bacchus Marsh	Major Town Centre	22,850	Coles, ALDI, Target	9km (10 minute drive)
Melton West	Neighbourhood Activity Centre	7,000	N/A	8km (10 minute drive)
Parwan Station	Future Neighbourhood Activity Centre	N/A	N/A	11km (13 minute drive)
Merrimu	Future Neighbourhood Activity Centre	N/A	N/A	13km (14 minute drive)
Hopetoun Park	Future Local Activity Centre	N/A	N/A	N/A

Source: Bacchus Marsh Urban Growth Framework ,2018, Moorabool Retail Strategy, 2016, Melton Activity Centre Strategy, 2014.

F4. ACTIVITY CENTRE HIERARCHY



Source: Urban Enterprise.

2.6. IMPLICATIONS

- **The Bacchus Marsh Urban Growth Framework proposes a future LAC in the Hopetoun Park North growth area. The Framework does not specify the intended size, role or catchment of a LAC.**
- **By 2041, the Bacchus Marsh Town Centre is projected to experience demand growth which will support an additional full-line supermarket, an expansion of the existing Target and an additional DDS. This is a significant increase in retail offering within 10 minutes of Hopetoun Park, improving the access and choice of higher order facilities for existing and future Hopetoun Park residents.**
- **Woodgrove Activity Centre is a regional centre located within 7 minutes of Hopetoun Park, offering more than 53,000 sqm of retail floorspace. This significant offering of three full-line supermarket and one medium supermarket, along with a range of higher order and specialty retailers will attract considerable trade from existing and future Hopetoun Park residents. A centre of this scale will continue to attract significant visitation for both daily and weekly needs given the proximity to Hopetoun Park.**
- **Melton West is also designated for a future NAC. This will provide another full-line supermarket within a 10 minute drive of Hopetoun Park.**
- **Existing activity centres provide four full-line supermarkets and two medium supermarkets within 15 minutes drive of Hopetoun Park. By 2041, this is expected to increase to at least 8 full-line supermarkets and two medium supermarkets within a 15 minute drive of Hopetoun Park.**

3. RETAIL ASSESSMENT

3.1. INTRODUCTION

This section provides an analysis of the potential for retail floorspace to be supported in Hopetoun Park.

3.2. RETAIL CATCHMENT

Given the significant retail offering available in both Bacchus Marsh and Melton, a retail catchment that corresponds to the suburb boundary of Hopetoun Park has been adopted.

Figure 1 (p.1) shows the boundary of the suburb and retail catchment, which includes both the existing population of Hopetoun Park and the future urban growth area.

3.3. RETAIL DEMAND

The retail floorspace required to meet the needs of existing and future residents of Hopetoun Park has been estimated by reference to the per capita retail expenditure profile of existing residents and the total estimated population at the completion of Hopetoun Park (3,411 residents).

Table 3 shows the average annual retail expenditure per person by retail category for Hopetoun Park (in 2019 dollars). Existing Hopetoun Park residents spend an average of $13,630 per person per annum, which is 5% lower than the Greater Melbourne average.

It is noted that Hopetoun Park residents have a very similar expenditure on Food, Liquor and Groceries to the Greater Melbourne average, but lower spending on Food Catering which is more discretionary. This is likely to reflect the lack of local food catering available in the suburb.

T3. AVERAGE ANNUAL RETAIL EXPENDITURE PER RESIDENT (2019)

Retail Category	Hopetoun Park	Greater Melbourne
Food, Liquor & Groceries	$6,430	$6,480
Food Catering	$1,565	$1,970
Apparel & Homewares & Leisure	$3,265	$3,802
Bulky Goods	$1,953	$1,523
Retail Services	$417	$518
Total	$13,630	$14,293

Source: Market Info, 2016; ABS Consumer Price Index, June 2019, Catalogue 6401.0

When this average is applied to the projected ultimate population of Hopetoun Park, the total retail expenditure of Hopetoun Park residents at full development is estimated at $46.5 million. $21.9 million of expenditure is projected in the Food, Liquor & Groceries (**FLG**) category, as shown in Table 4.

T4. TOTAL HOPETOUN PARK RESIDENT EXPENDITURE BY RETAIL CATEGORY

Retail Category	Population	Expenditure Per Person	Total Expenditure
Food, Liquor & Groceries	3,411	$6,430	$21,933,000
Food Catering	3,411	$1,565	$5,338,000
Apparel & Homewares & Leisure	3,411	$3,265	$11,137,000
Bulky Goods	3,411	$1,953	$6,662,000
Retail Services	3,411	$417	$1,422,000
Total	3,411	$13,630	$46,492,000

Source: Urban Enterprise, using Market Info, 2016; ABS Consumer Price Index, June 2019, Catalogue 6401.0.

This annual retail expenditure will be distributed across the broad network of different retail types and locations, including retailers in metropolitan Melbourne and Moorabool Shire.

3.4. SUPPORTABLE LOCAL RETAIL FLOORSPACE

Given the relatively isolated location of the suburb, the amount of retail floorspace that this expenditure could support in Hopetoun Park will depend closely on the opportunity to attract an anchor retailer. Other opportunities may relate to food catering and smaller specialty retailers.

SUPERMARKET AND GROCERIES

The most important trigger for the provision of retail floorspace or a new activity centre in a growth area is the accumulation of sufficient demand to support a supermarket or smaller food and grocery retailer. As a general rule, full-line supermarkets require a local catchment of 8,000 – 10,000 residents to be viable and turnover in the order of $30-40m per annum.

Projections of supportable food and grocery floorspace in Hopetoun Park have been prepared for the three main food and grocery retailer models, being a full line supermarket, a small supermarket and a general store. For each store type, assumptions are shown regarding:

- The proportion of FLG expenditure that would be directed to supermarkets and grocery stores, based on ABS data for the retail sector;
- The proportion of this expenditure that could be captured within a supermarket or grocery store of various sizes, based on the typical market shares of each store type, acknowledging that stores which provide a wider range of products and a larger scale of products capture a larger market share than smaller stores with more limited product lines; and
- Indicative turnover densities for each store size based on typical trading performance of competitive retailers (using the lower bound of a likely range to indicate the minimum viable trading performance).

The supportable floorspace analysis is shown in Table 5.

T5. SUPPORTABLE SUPERMARKET FLOORSPACE ASSESSMENT

Item	Full Line Supermarket	Small Supermarket	General Store
Population	3,411		
FLG Expenditure Per capita	$6,430		
FLG Expenditure	$21,933,000		
Proportion directed to supermarkets (70%)	$15,353,000		
Market Share of a Hopetoun Park supermarket/grocery retailer	40%	25%	10%
Turnover Hopetoun Park supermarket/grocery retailer	$6,141,000	$3,838,000	$1,535,000
Proportion directed to General Merchandise and liquor turnover	15%	10%	10%
General Merchandise and liquor turnover	$1,084,000	$426,000	$171,000
Potential growth area supermarket turnover	$7,225,000	$4,264,000	$1,706,000
Indicative turnover density ($/sqm)	8,000	7,000	6,000
Supportable Supermarket Floorspace (sqm)	903	609	284
Typical Floorspace (sqm)	3,500	1,500	500
Potential turnover density ($/sqm)	2,060	2,840	3,410

Source; Market Info, 2016; ABS Consumer Price Index, June 2019, Catalogue 6401.0; Urban Enterprise, 2020. Total expenditure amounts rounded to nearest thousand.

Based on the analysis in Table 5 and the location context of the suburb, the following points summarise the assessment of the economic potential for food and grocery retailers in Hopetoun Park:

- A full line supermarket would not be viable. For a full line supermarket to be competitive, it would need to turnover at least $8,000 per sqm per annum – this analysis indicates that a turnover of approximately $2,000 per sqm could be achieved. It follows that a Neighbourhood Activity Centre – which is commonly anchored by and relies on the successful trading of a full line supermarket – is also not a viable proposition.
- A smaller supermarket is also highly unlikely to be supportable. Although sizes, turnover and trading performance of smaller supermarkets can vary widely, this analysis indicates that a typical small supermarket in the order of 1,500sqm offering a basic range of food and groceries would not be viable given the expected very low trading performance.
- A general store offering basic 'top-up' food and groceries (will be viable in Hopetoun Park. The ultimate size and product offer of the retailer will depend on the level of visitation to the local activity centre and the demographic of the future community. In order for a turnover density of at least $6,000 per sqm to be achieved, a store in the order of 300sqm is considered viable. This type of store would primarily offer a range of non-perishable food and groceries for convenience or top-up shopping trips, potentially with a limited liquor offering.

In planning for a future activity centre and anchor food and grocery retailer in Hopetoun Park, it is critical to consider the relatively unique spatial setting of the suburb. The surrounding topography results in a community that is physically separated from other urban areas, with a number of implications for travel patterns for residents and local land uses, including:

- There is very limited prospect of food and grocery retailers attracting trade from beyond the local residential catchment, for example from passing travellers or visitors to the area;
- The suburb contains no employment areas, schools or other attractions to drive other activity and visitation which might generate additional trade for retailers; and
- On a daily basis, Hopetoun Park residents access all forms of employment, education and entertainment, and most forms of recreation, in other centres that have full-line supermarkets, such as Bacchus Marsh and the western suburbs of Melbourne. This will mean that many shopping trips would be combined with other regular trips, further reducing the potential market share of a local retailer.

These circumstances warrant a conservative approach to planning for retail provision.

FOOD CATERING

Local areas often support small scale food catering businesses, such as a café or take away food shops. The number, type and scale of food catering businesses supportable in any given location varies considerably depending on the location characteristics, demographics of the catchment and the quality and relevance of the offer provided by each business.

As shown in Table 6, residents of Hopetoun Park are projected to have an annual expenditure of approximately $5.3m on Food Catering. This expenditure will be distributed across a wide variety of locations, however convenience and proximity to a local residential catchment are very important factors for food catering businesses.

In Hopetoun Park, the growth area is expected to primarily attract a family demographic, indicating that a café and/or takeaway food store could be well suited to the catchment. Assuming that approximately 25-30% of the food catering expenditure of residents is captured locally, it is estimated that one or two food catering businesses could be supported in Hopetoun Park with a total floorspace in the order of 215 – 270sqm. This could increase if, for example, one business such as a café were able to attract trade from outside the local catchment by virtue of a high quality offering and/or setting.

T6. SUPPORTABLE FOOD CATERING FLOORSPACE

	Food catering
Resident Expenditure (Food Catering)	$5.3m
Potential local expenditure (25-30%)	$1.3-$1.6m
Estimated Turnover Density ($/sqm)	6,000
Supportable floorspace (sqm)	215 - 270

Source; Market Info, 2016; Urban Enterprise, 2020.

Planning should provide for a café and/or takeaway shop centrally located to the new growth area, ideally co-located with a small general store and local community and recreation facilities. It may be possible for a café and general store to be within the same building and/or operated by the one business to create efficiencies, especially in early years of operation while the local catchment population is increasing.

This co-location would create a local economic and social focal point for the community, especially where the retail facilities are available near to facilities such as open space and playgrounds to match the expected family demographic.

Other retail and commercial types, such as specialty retail, retail services and commercial space are unlikely to be supportable in the absence of a major retail anchor.

3.5. KEY FINDINGS

- **This report provides and initial estimate of supportable floorspace for planning purposes.**
- **Only a small-scale local convenience food and grocery retailer (in the order of 300sqm) is expected to be supportable and viable in Hopetoun Park.**
- **Given the importance of supermarkets in underpinning visitation to other ancillary retailers in retail centres, is recommended that no formal ‘activity centre’ should be planned within the Hopetoun Park growth area.**
- **A relatively isolated community such as Hopetoun Park is likely to generate demand for retail goods and services that can meet local ‘top-up’ shopping needs and food catering such as take away food or a café.**
- **It is expected that both a large general store and a café could anchor a vibrant local activity node if co-located with open space and community facilities. Opportunities for other smaller retailers to co-locate in this node may emerge later in the development timeframe of the urban growth area.**
- **Planning for the activity node should seek a central location to maximise accessibility to local residents.**

www.urbanenterprise.com.au