Gisborne Commercial Assessment

For Macedon Ranges Shire Council

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economic analysis + strategy

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Contents

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Draft	27 Feb 2009	TN	Suzannah Bigolin, Duane Burtt, Macedon Ranges Shire Council
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1. Introduction

Officers of Macedon Ranges Shire Council are currently engaged in preparing or revising structure plans for the key towns of the Shire in order to guide future development. In order to assist in the preparation of these plans, it is useful to have an understanding of the likely demand for employment activities and the ways in which that demand can be satisfied by the existing activity centres in each town. In particular, the Council is keen to understand the demand and supply issues for retail and other commercial space in each town.

This report provides an assessment of the retail and other commercial issues in the growing town of Gisborne and its town centre. The key purpose of the report is to assist the structure planning efforts of Council officers by providing an estimate of any requirements for new commercial space in Gisborne.

The report has been prepared by development economist Tim Nott and builds on previous work on commercial land-use planning for Gisborne. An Outline Development Plan for Gisborne/New Gisborne was completed in 2007 and has been commented on by the community through exhibition of Planning Scheme Amendment C59. It is this document that Council officers are currently revisiting. In addition, an Urban Design Framework for the Gisborne Town Centre has been prepared by Planisphere (2008) and this has been adopted by Council.

This present report examines:

- the existing activity in the centre
- the trade area of the centre
- the retail spending of the trade area
- the current balance between retail demand and supply
- a forecast for future retail demand
- an assessment of future demand for other commercial activities
- an estimate of commercial space requirements
- an assessment of appropriate locations for any new activities that may be required

This report does not deal with the demand and supply of industrial land, which is being assessed in a separate report. In this report, the term commercial activity is used to describe non-industrial business activity – shops, offices, wholesalers etc.

2. Gisborne Commercial Activity

2.1 Location of Commercial Activity

Gisborne is a developing town in Melbourne's rural commuter belt. It has an expanding town centre that was originally laid out in the 19th Century along the main road between Melbourne and Bendigo. The town centre has been bypassed by the Calder Freeway, which provides high speed access into central Melbourne as does the rail connection from New Gisborne.

The key features of the town centre are the sizeable civic precinct, three supermarkets, hotels, and a range of specialty shops, including shops in three separate modern multi-unit developments. The retail provision of the town has expanded substantially in the recent past to cater for the rapid population growth in the town and surrounds. Not all this recently developed space has yet been occupied, and some developments in the town centre have significant vacancies.

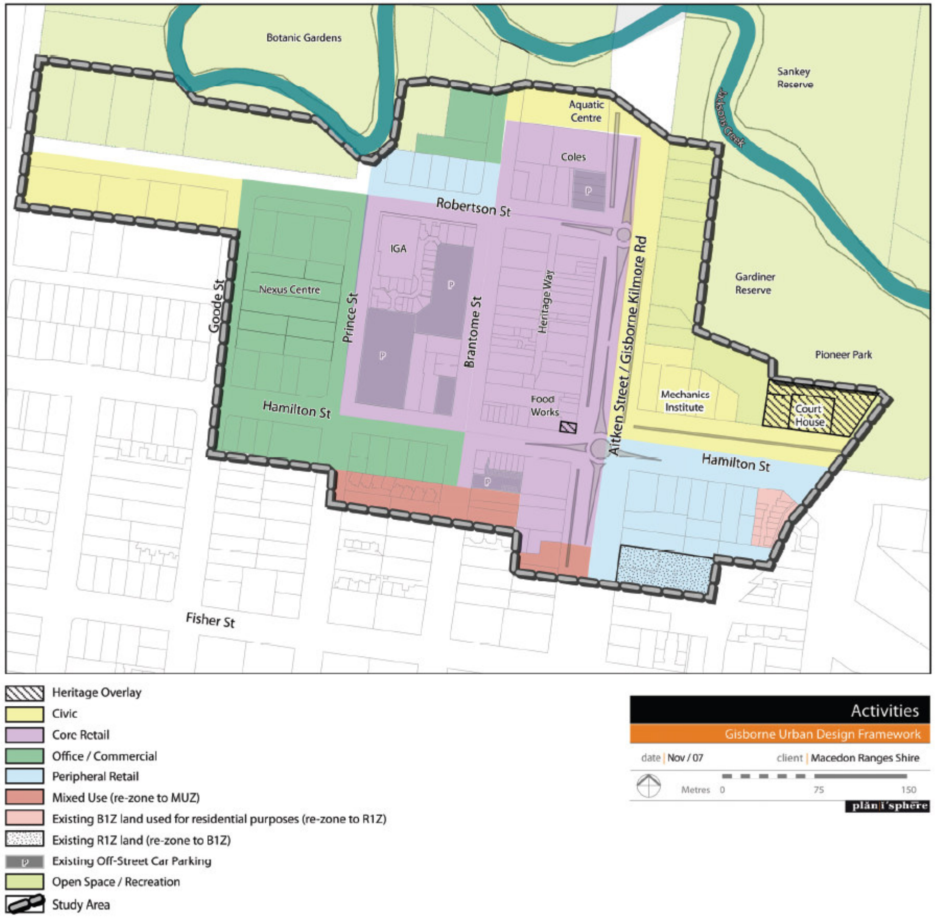
The Macedon Ranges Council offices and the health service precinct (hospital, nursing home etc) are on the western fringes of the town centre but are not part of the commercial zoning.

The figure on the following page shows the key precincts within the town centre identified in the urban design framework for Gisborne prepared by Planisphere (September, 2008).

Figure 1: Gisborne town centre

Source: base map from Google Earth

Figure 2: Gisborne Urban Design Framework - Key precincts



Source: Planisphere, 2008

2.2 Size of commercial activity

The following table provides an estimate of commercial activity in Gisborne town centre.

Table 1: Estimate of activity on commercial land in Gisborne

Activity	Premises No.	Floorspace sq m
Supermarkets and grocery stores	4	7,510
Other food retailing	14	1,870
Clothing and soft-goods	17	1,940
Household goods	6	1,710
Recreational goods	9	1,690
Other retailing	15	2,000
Food service	21	2,840
Selected services	15	1,440
Total Retail Goods and Services	101	21,000
Hotels	2	2,270
Commercial services in shop units	26	3,290
Other commercial - offices	35	10,180
Other commercial - warehouses/workshops	6	2,200
Community/civic/recreation	4	3,280
Vacant	23	4,710
Total, all activities	197	46,920

Source: Council records and consultant surveys; figures rounded.

Notes: Figures exclude aquatic centre

"Food service" includes cafes, restaurants and take-away food outlets

"Retail services" include video stores, hairdressers and beauty parlours

Gisborne has approximately 46,900 sq m of commercial floorspace, of which 21,000 sq m or 45% is providing retail goods and services, with offices, hotels and other commercial activities making up the difference.

In retail planning terms, the size and function of Gisborne's commercial precinct make it equivalent to a large neighbourhood centre (or a community level centre).

Vacancy Rate

Of particular note, the vacant floorspace is 4,700 sq m, which accounts for 10% of all space in the centre. Breaking this figure down further shows that 3,640 sq m of shop space is vacant, accounting for 13% of all shop space. This is very high at a time when a more normal vacancy rate for a centre of this type is around 5%. This high vacancy rate is a result of developments that have only recently come on the market.

Jobs

Using standard estimates of jobs per sq m for the various activities (25 to 80 sq m per job), the number of jobs in the local commercial sector is likely to be between 1,100 and 1,400, making this one of the key employment precincts within Macedon Ranges Shire, particularly given the adjacent health and civic functions which have not been counted here.

The following sections examine the retail sector in Gisborne as the key influence on the future development of the centre.

3. Gisborne Activity Centre: Context

This section places the Gisborne activity centre in its regional context.

3.1 The Activity Centre Network in the Region

Most communities in Victoria are served by a network of activity centres, with each centre performing a different role and providing a different, albeit overlapping, set of goods and services. This network is usually described as a hierarchy; larger, fewer centres deliver regional level services and offer a more complete range of retail goods; smaller, more numerous centres offer localised services and a smaller range of retail goods usually providing day-to-day groceries and convenience items.

The following table sets out the activity centre hierarchy used in this report.

In retail planning terms, the size and function of the Gisborne commercial precinct make it equivalent to a community level centre. In metropolitan land-use planning terms, Gisborne would be equivalent to a Major Activity Centre.

Table 2: Broad hierarchy of activity centres

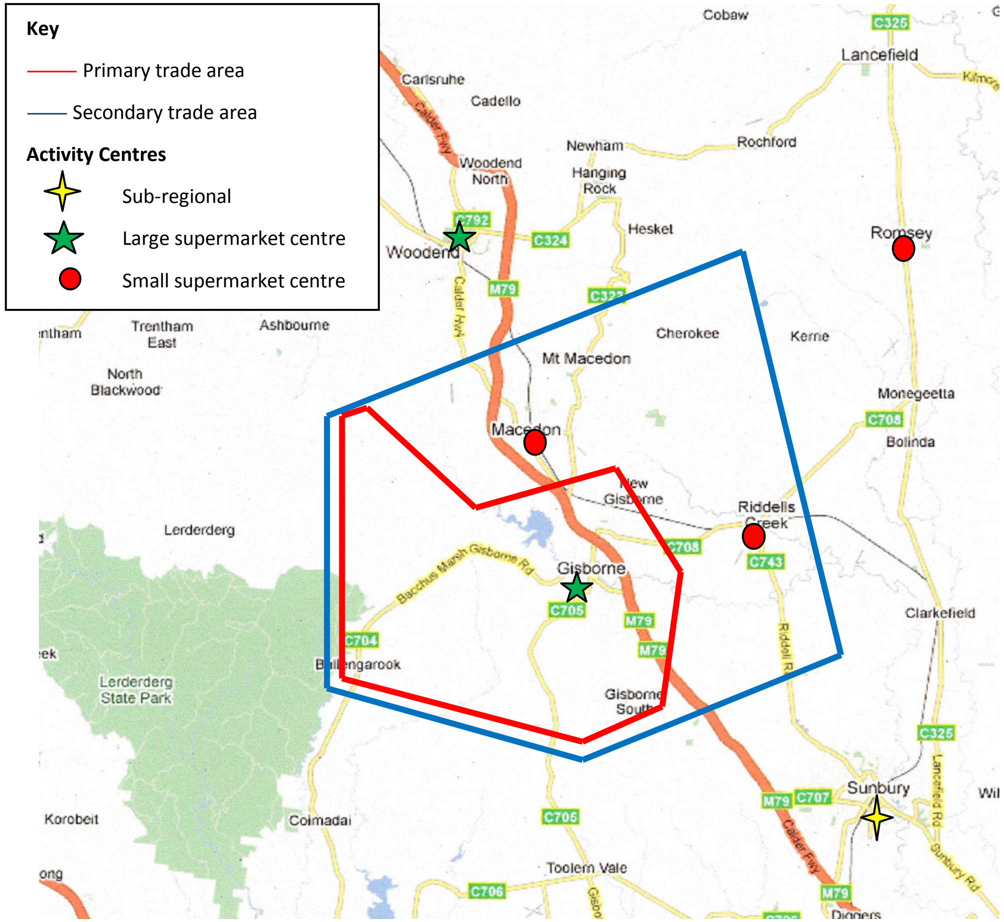
Level in the hierarchy	Retail role	Relevant example	Typical catchment population	Indicative retail floorspace
Capital City Central Activities District	Extensive comparison goods and services; culture, entertainment; dining. Includes department stores and many specialty stores	Melbourne CAD	1 million plus	More than 300,000 sq m
Regional centre	Extensive comparison goods and entertainment. Includes department store, supermarkets and many specialty stores. Also applies to some large specialty centres that cater to an extensive catchment	Bendigo CBD Highpoint	100,000 plus	More than 70,000 sq m
Sub-regional centre	Routine comparison goods as well as food and groceries. Includes discount department store, supermarkets and specialty stores. Also applies to some specialty centres that cater to a significant catchment	Sunbury	40,000 plus	20,000 to 40,000 sq m
Community centre	Food and some comparison goods. Includes supermarkets and specialty stores	Kyneton **Gisborne**	10,000 to 30,000	15,000 to 25,000 sq m
Neighbourhood centre	Mainly food and groceries and other convenience goods and services. Includes supermarket(s) and specialty stores	Riddells Creek Woodend Romsey	4,000 to 15,000	1,500 to 12,000 sq m
Local centre	Convenience goods. Usually comprises a corner grocery store and may include take-away food and local services	Mt Macedon	Up to 2,000	Up to 1,000 sq m

4. Gisborne Trade Area

The retail and other commercial activities in Gisborne serve an area larger than the township. The retail trade area of an activity centre is the area from which it gets most of its retail sales. The extent of a trade area is influenced mainly by the location of competing centres and the travel patterns of residents. The precise boundaries are usually set by the analyst to coincide with convenient statistical areas for which data is available. In this case, the trade area for Gisborne is based on Census Collector Districts defined by the ABS. For this report, Gisborne has been given a primary trade area – which includes the township of Gisborne and New Gisborne and rural surrounds – and a secondary trade area – which comprises the townships of Macedon, Mt Macedon, Riddells Creek and rural surrounds. Together these make up the **main trade area**. These areas are illustrated in the figure opposite, along with the location of competing activity centres.

It is likely that the residents of Romsey, Lancefield and to a lesser extent, Woodend, also use Gisborne for a portion of their retail needs (large supermarket shopping, or specialty foods, for example). This retail expenditure may be undertaken in conjunction with trips to Gisborne for other purposes, such as work, recreation, visits to doctors, and so on.

Figure 3: Gisborne Trade Areas



Source: Base map from Google Maps

5. Trade Area Characteristics

5.1 Population Growth

The population of the Gisborne main trade area is estimated at 17,530 in 2008. Recent growth is illustrated in the following table.

Table 3: Estimate of the resident population in the Gisborne trade area, 2001 to 2008

Year	Primary Trade Area	Secondary Trade Area	Main Trade Area
2001	7,900	7,430	15,330
2002	8,080	7,460	15,540
2003	8,230	7,490	15,720
2004	8,820	7,550	16,370
2005	9,200	7,590	16,790
2006	9,570	7,630	17,200
2007	9,700	7,660	17,360
2008	9,840	7,690	17,530
Average annual growth rate, 2001 to 2008	3.2%	0.5%	1.9%

Source: ABS Regional population growth Australia, 2008; Census of Population and Housing, 2006 and 2001; consultant estimates

Note: Estimated resident population figures take account of under-counting in the Census and are generally higher than Census figures.

The primary trade area (Gisborne, New Gisborne and surrounds) grew at an average of 3.2% per year between 2001 and 2008; the secondary trade area (Macedon, Mt Macedon, Riddells Creek and surrounds) grew at 0.5% over the same period. Within the secondary trade area, Macedon and Mt Macedon had a slight decline in population over the period, whilst Riddells Creek grew strongly at over 2% per year. These rates of growth compare with an annual growth rate of 1.3% in Victoria as a whole.

5.2 Forecast Population Growth

No forecast is available for the Gisborne trade areas from Council or State Government. A State Government projection is available for the relevant Statistical Local Areas (DSE, 2004) but this is now somewhat dated. A forecast has been developed for this report taking account of the earlier State Government projections for the wider area and the share of growth that the main trade area has taken in the past. (The forecast has not taken into account the availability of land for housing, and the reader should bear this in mind.)

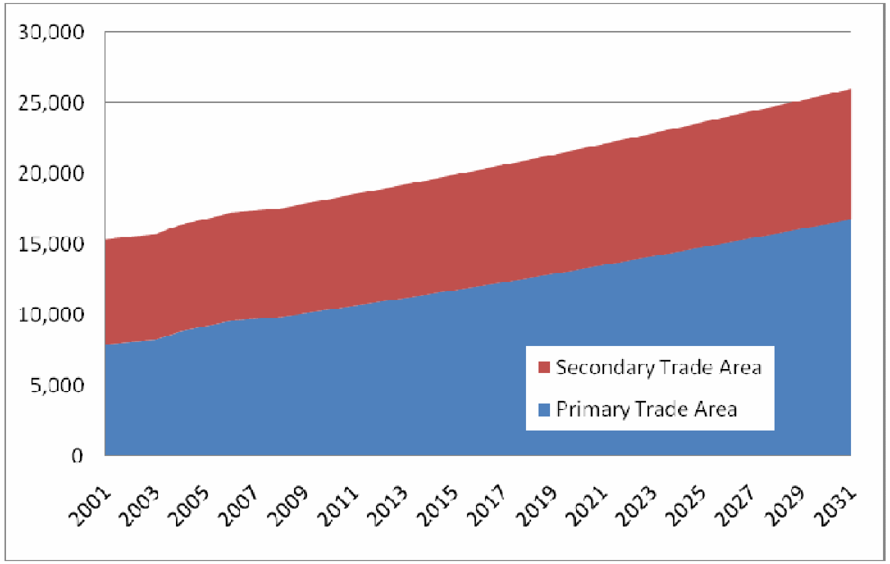
This forecast provides for average annual growth in the population of the main trade area of 1.7% over the period between 2008 and 2031.

- Growth in the primary trade area is forecast to average 2.3% per year over the period to 2031
- Growth in the secondary trade area is forecast to average 0.8% per year over the period to 2031

The population of the main trade area is forecast to grow by nearly 8,500 over the period between 2008 and 2031.

The forecast population growth in each part of the trade area over the period to 2031 is illustrated in the following chart.

Figure 4: Forecast population in the Gisborne trade areas, 2001 to 2031



Source: consultant estimates

5.3 Selected Attributes of the Trade Area

The broad economic characteristics of the population in the trade area are provided in the table below.

Table 4: Selected characteristics of the Gisborne Trade Area, 2006

Area	Population (Census Count)	Median Age	Overseas born	Proportion of managers and professionals	Median Household income	Average household size
	no.	years	%	%	$/week	persons per household
Primary Trade Area	9,144	38	13%	36%	$1,349	3.0
Secondary Trade Area	7,296	40	15%	40%	$1,371	2.9
Main Trade Area	16,440	39	14%	37%	$1,359	3.0
Metropolitan Melbourne	3,592,591	36	29%	35%	$1,079	2.6
Victoria	4,932,322	37	24%	34%	$1,022	2.6

Source: ABS, Census of Population and Housing, 2006

These figures show that the Gisborne main trade area is slightly older and has higher household incomes than the average for Melbourne or Victoria as a whole. The area has a relatively high proportion of managers and professionals.

The area is an attractive and sought-after part of Melbourne's commuter belt, and a majority of local workers commute to work in Melbourne.

Within the trade area:

- the towns of Macedon and Mt Macedon and the Gisborne South area have the highest household incomes
- central Gisborne has the lowest household incomes, the smallest household size and the oldest median age
- Riddells Creek and Gisborne South have the highest average household size

The only part of the trade area that appears to have incomes (household and individual) that are significantly below the State average is central Gisborne. This area has a high proportion of older people (including nursing home residents).

6. Retail Spending

6.1 Spending per Person

An estimate of current retail spending per person in the Gisborne trade area is provided in the table below. The estimate is based on the Market Info micro-simulation model which uses the ABS household Expenditure Survey, Census of Population and Housing and other data sources to provide estimates of small area spending patterns.

Table 5: Average annual spending per person, Gisborne Trade Area and Victoria, 2008

	Primary trade area $	Secondary trade area $	Main trade area $	Victoria $
Food and groceries	$5,000	$5,300	$5,100	$5,200
Household goods	$2,000	$2,200	$2,100	$2,000
Other goods	$2,700	$2,900	$2,800	$2,700
Food service	$1,500	$1,600	$1,500	$1,500
Retail services	$300	$300	$300	$300
Total retail spending	$11,500	$12,300	$11,800	$11,700

Source: Market Info, MDS Market Data Systems, 2002; ABS, Retail Trade Australia, 2008; consultant estimates; figures rounded

These figures show that the trade area has retail spending per person that is around the average for Victoria as a whole, with spending slightly less than average in the primary trade area and slightly more in the secondary trade area. Whilst the trade area has a higher than average household income, it also has a larger than average household size (that is, numbers of people per household). This serves to reduce the available retail spending to around the State average.

6.2 Total Retail Spending

Given the population identified in the previous section and the average spending per person, it is possible to calculate the total retail spending of trade area residents.

Table 6: Population and total annual retail spending of Gisborne trade area residents, 2008

	Primary trade area	Secondary trade area	Main trade area
Resident population	9,840	7,690	17,530
	$m	$m	$m
Food and groceries	$49.2	$40.8	$90.0
Household goods	$19.7	$16.9	$36.6
Other goods	$26.6	$22.3	$48.9
Food service	$14.8	$12.3	$27.1
Retail services	$3.0	$2.3	$5.3
Total retail spending	$113.2	$94.6	$207.7

Source: Market Info, 2002; ABS Retail turnover by industry, 2008; consultant estimates; figures rounded

Total retail spending by residents of the Gisborne main trade area is approximately $208 million per year in 2008, with around $113 million of this (54%) coming from Gisborne and surrounds, and the remainder coming from the secondary trade area.

7. Retail Sales in the Trade Area

An estimate of retail sales in the trade area is made here by applying appropriate retail turnover figures ($ per sq m) to estimates of retail floorspace. The retail turnover figures have been calculated from industry standard figures, with some allowance for local conditions and using experience from elsewhere.

The table below provides an estimate of the retail floorspace in the main trade area.

Table 7: Retail floorspace in Gisborne main trade area, 2008

Retail type	Primary Trade Area	Secondary Trade Area	Main Trade Area
	sq m	sq m	sq m
Food and groceries	9,550	2,080	11,630
Household goods	1,710	310	2,020
Other retail goods	5,730	940	6,670
Food service	3,060	1,150	4,210
Retail services	1,440	460	1,900
Total retail	21,490	4,950	26,440

Source: Council records and Consultant surveys, 2006 and 2008

The trade area has approximately 26,400 sq m of retail floorspace, with 81% of this in the Gisborne area (and 79% in the Gisborne town centre itself) and the remainder in the towns of the secondary trade area.

The following table provides an estimate of retail sales in the trade area.

Table 8: Estimate of annual retail sales in the Gisborne main trade area, 2008

Retail type	Retail floorspace	Estimate of sales per sq m	Retail sales
	sq m	$/sq m	$m
Food and groceries	11,630	$7,500	$87.2
Household goods	2,020	$5,500	$11.1
Other retail goods	6,670	$4,500	$30.0
Food service	4,210	$4,500	$18.9
Retail services	1,900	$2,500	$4.8
Total retail	26,440	$5,800	$152.0

Source: consultant estimates

Total retail sales in the trade area are estimated at $152 million per year (in 2008). Of this, $87 million, or 57% is attributable to the sale of food and groceries. The Gisborne town centre is likely to have sales of approximately $124 million per year.

The following section looks at the balance between supply and demand for retail space in the trade area

8. Current Retail Supply and Demand

The shops in the Gisborne Main Trade Area provide goods and services to both residents and visitors. The table on this page provides an estimate of the proportion of sales in each retail category that is contributed by visitors (based on consultant experience from elsewhere) and residents. In all, around 11% of retail sales in the trade area ($17 million per year) are made to people from outside the trade area. These include people from Romsey, Lancefield and Woodend. People from within the main trade area contribute around $135 million per year. This represents 65% of all retail spending by residents.

In other words, 35% of spending "escapes" from the trade area to shops elsewhere. In particular, spending by trade area residents flows to larger centres that specialise in comparison goods shopping such as Sunbury and the regional shopping centres of Melbourne (eg. Highpoint and Watergardens). This is very evident from the high level of escape spending in the household goods category (including furniture, whitegoods, carpets, hardware etc). This retail type is often provided from large bulky goods outlets – a type of shop which does not have a large presence in the Gisborne trade area.

With the exception of the household goods sector, Gisborne is quite well provided with shops for a community of its size. Escape spending is relatively low in most categories. In the food and groceries sector, the three main supermarkets in Gisborne town centre are supplemented in Gisborne by a variety of specialty food shops as well as small supermarkets and grocery stores in each of the smaller towns in the trade area.

The following section looks at the prospects for growth in retail provision in the Gisborne trade area.

Table 7: Spending, sales and escape expenditure, Gisborne Main Trade Area, 2008

Retail Category	Current sales	Sales to visitors		Sales to residents	Total resident spending	Escape spending	
	$m	%	$m	$m	$m	$m	%
Food and groceries	$87.2	10%	$8.7	$78.5	$90.0	$11.5	13%
Household goods	$11.1	12%	$1.3	$9.8	$36.6	$26.8	73%
Other goods	$30.0	12%	$3.6	$26.4	$48.9	$22.5	46%
Food service	$18.9	15%	$2.8	$16.1	$27.1	$11.0	40%
Retail services	$4.8	5%	$0.2	$4.5	$5.3	$0.7	14%
Total retail spending	$152.0	11%	$16.7	$135.3	$207.7	$72.4	35%

Source: consultant estimates

9. Future Retail Growth Prospects

The retail growth prospects of Gisborne rely on:

- the uptake of vacant retail space
- investments that are already planned
- investment that may occur to make up for *existing* shortfalls in provision
- investment that may need to occur to satisfy the retail needs of a growing local population
- investment that occurs to capture more spending by visitors
- competition from other locations

Any further retail investments in Gisborne also rely on appropriate space being available in the town.

[Retail growth prospects also depend to some extent on the economic cycle. It appears that an economic slowdown is currently in progress, with the possibility of a period of economic decline. However, judging by the history of the last 150 years or so, this will rebound to a period of renewed growth (hopefully in a more sustainable form than previously). In understanding demand for land-use over several decades, it is usual to ignore the short term fluctuations of the economic cycle.]

9.1 Existing Plans for Retail Development

There are several potential additions to the retail space in the trade area of which Council is aware:

- The ODP suggests several new "neighbourhood activity centres"[1]:
    - at the corner of Willowbank and Brady Roads, South Gisborne containing a general store and 3-4 other shops
    - south of Ross Watt Drive in Gisborne containing a general store and 3-4 other shops
    - West of Station Road, south of the primary school in New Gisborne, with an unspecified amount of retail provision
- Lot 1 Hamilton Street, Gisborne – an approved development of two shops, with two offices above, providing an additional 320 sq m of retail floorspace
- Station Street, Riddells Creek – development of four offices, a mid-sized supermarket and 13 specialty shops providing a total additional retail floorspace of 4,960 sq m (including 2,500 sq m for the supermarket)

9.2 Existing Retail Shortfall

The previous section has identified that the trade area is relatively well-provided in convenience goods shopping but that there is high escape spending in household goods and this may provide an opportunity. However, many household goods – furniture, white-goods, floor-coverings, hardware etc – are often provided from large peripheral sales outlets. Many of these operators require a sub-regional catchment (40,000+ people) to be viable or to consider investment. Nevertheless, some smaller operators may consider Gisborne if space was available.

[1] This term is somewhat misleading in this context, since the designation "neighbourhood activity centre" in Melbourne 2030 (adopted as the standard for commercial land-use planning throughout Victoria) suggests a centre with a strong convenience retail role containing a supermarket. This kind of centre would be equivalent to Romsey town centre or Riddells Creek centre. The ODP appears to be recommending the provision of a series of **local activity centres** with, perhaps, 400 to 1,000 sq m of retail space.

Typical peripheral sales outlets are 400 to 2,000 sq m, although they may be as large as 8,000 sq m. Because of their size these outlets locate on the edge of existing commercial centres or in separate precincts that have high exposure to passing traffic and which are able to share car-parking. Currently, the closest peripheral sales precinct is at Sunbury, around 20km to the south east. Sunbury is a sub-regional centre and provides the closest discount department store. Gisborne residents also travel to sub-regional centres and peripheral sales precincts at Watergardens, Essendon Airport and further afield.

A discount department store (DDS) such as Target, Big W or Kmart is the next step in the evolution of Gisborne's retail offering, giving the centre sub-regional status in the hierarchy of centres serving the region. However, a DDS traditionally requires a catchment population of more than 40,000, although a small DDS (of 2,000 to 4,000 sq m) may be viable at a catchment population of around 20,000 people.

9.3 Growth in Retail Spending

Retail spending in the trade area is likely to grow as a result of growth in the population and growth in real spending per person. Real growth in retail spending per person has averaged around 1% per year over the period since 1983. This long term rate of growth, over several economic cycles is used here. The following table provides an estimate of how spending on various retail categories will change over the period to 2031.

Table 9: Forecast of annual retail spending by residents of Gisborne main trade area, 2008 to 2031

	2008	2011	2021	2031
Resident population	17,528	18,541	22,089	25,998
	$m	$m	$m	$m
Food and groceries	$90.0	$100.1	$128.1	$166.4
Household goods	$36.6	$38.9	$53.0	$67.6
Other goods	$48.9	$51.9	$70.7	$91.0
Food service	$27.1	$27.8	$37.6	$49.4
Retail services	$5.3	$5.6	$6.6	$10.4
Total retail spending	$207.7	$224.3	$296.0	$384.8

Source: consultant estimate (constant $2008)

Retail spending by residents of the Gisborne main trade area is forecast to grow from $208 million in 2008 to $385 million in 2031, a growth of $177 million. Much of this spending has the potential to be made in the Gisborne trade area.

9.4 Retail Floorspace Potential

The following table provides an estimate developed for this report of the potential growth in retail floorspace in the trade area over the period to 2031.

The assumptions behind this estimate of floorspace potential include:

- Retailers become continuously more efficient and retail sales per sq m rise by 0.5% per year
- New retail space is attractive enough to gradually reduce escape spending by trade area residents in the household and other retail goods segment to 40% of total resident spending in those categories. Escape spending in other categories remains the same.
- Spending by visitors continues to form the same proportion of overall sales as currently

Table 10: Growth in retail floorspace potential for the Gisborne trade area, 2008 to 2031

Retail type	2008 to 2011 sq m	2008 to 2021 sq m	2008 to 2031 sq m
Food and groceries	1,200	3,900	7,600
Household goods	1,200	4,100	5,400
Other goods	1,000	3,300	5,700
Food service	0	1,300	2,700
Retail services	100	300	1,500
Total retail	3,500	12,900	22,900

Source: consultant estimates

This estimate of the growth in retail floorspace potential suggests that the Gisborne main trade area would be capable of supporting an additional 22,900 sq m of retail floorspace by 2031. Approximately half this would be required for household and other goods and one third for food and groceries.

9.5 Retail Growth Prospects in Gisborne town centre

Gisborne town centre is the largest activity centre in the trade area. It is likely to accommodate a large proportion of the retail growth potential of its catchment. This is generally beneficial for residents and retailers since a concentration of shops creates more foot-traffic which leads to more investment and an improvement in service provision. However, some parts of the trade area are currently lacking a comprehensive local or neighbourhood shopping service and would benefit from an improvement in retail provision. This includes the areas identified in the ODP and the Riddells Creek area.

The following table provides an estimate of how the retail potential of the trade area over the period to 2021 would be allocated. It assumes that the various retail development proposals currently before Council and in the ODP will be constructed. It also provides a notional allocation to other retail opportunities outside the Gisborne town centre over the period.

Table 11: Notional allocation of retail floorspace potential in the Gisborne main trade area, 2008 to 2031

Location	Food and groceries sq m	Other retail sq m	Total retail sq m
Riddells Creek (proposed supermarket centre)	2,620	1,290	3,910
New Gisborne (ODP)	150	360	510
Gisborne West (ODP)	150	360	510
Gisborne South (ODP)	150	360	510
Other opportunities (notional allocation)	2,500	2,500	5,000
Gisborne town centre	2,030	10,430	12,460
Total potential addition to retail floorspace	7,600	15,300	22,900

Source: consultant estimates

Notes: The proposed supermarket centre at Riddells Creek is presumed to cause the closure of the existing supermarket in the township. The floorspace in the centres proposed in the ODP is estimated based on experience of local centres elsewhere. The notional allocation to other towns allows for a further medium-sized supermarket and a range of specialty shops providing for residents and visitors. The floorspace allocated to the Gisborne town centre constitutes the remainder of the floorspace potential.

The notional floorspace allocation outlined above suggests that the Gisborne town centre has the potential to accommodate a further 2,000 sq m in food and grocery space and 10,400 sq m of other retail space over the period to 2031.

Taking into account the retail development proposal in Hamilton Street (320 sq m) and the existing vacant space throughout the centre (2,350 sq m[2]), **the total**

[2] Half the vacant space is assumed to be taken up by retail activities, the other half by non-retail occupants such as banks, real estate agents and other offices (see following sections).

potential for the development of further retail space in the town centre up to 2031 is approximately 9,800 sq m. Given the forecast pattern of growth in available retail spending and the existing vacant space, most of the development potential is likely to be realised between 2021 and 2031.

The type of retail space likely to be required in the Gisborne town centre over the period to 2031 could include:

- Food and groceries – mainly opportunities for specialist food outlets possibly including a small supermarket after 2021
- Homewares – including some larger format shops selling furniture, electrical goods, whitegoods, hardware etc
- Other retail goods – possibly including a small discount department store towards the end of the planning period (and this would provide homewares as well as clothes and recreational goods)
- Food service – including fast food establishments as well as restaurants

The centre may well be asked to accommodate significant retail establishments over the planning period, such as a small supermarket (say, 1,000 sq m), moderate sized bulky goods outlets (400 sq m to 800 sq m) or even a small DDS (2,000 sq m to 4,000 sq m).

There is presently abundant space in Gisborne town centre for smaller retailers in the vacant shops in the Nexus centre, Gisborne Village and elsewhere. However, space for large retail outlets is more limited and would require redevelopment of existing activity. Following sections examine the potential locations for larger retail developments.

Despite the forecast presented here, some further applications for retail development are to be expected since not all the existing space will be suited to the needs of individual retailers. In addition, the pattern of investment changes over time as new firms enter the market and as the competitive strategies of retailers evolve. In particular, appropriate locations will need to be identified for any larger retail operators that may wish to invest in the town.

10. Demand for Other Commercial Activities

In addition to the retail space in the Gisborne town centre, there is approximately 21,200 sq m of non-retail activity space (and this figure excludes the Council offices and the hospital precinct). This space provides professional services, community services, entertainment, wholesaling, repairs and other services, which are all important to the level of service for residents and businesses in the trade area.

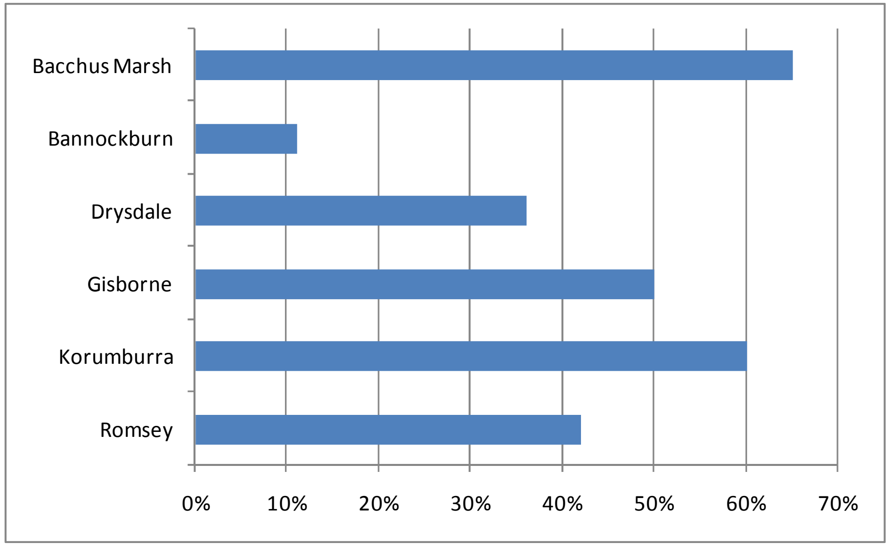
The demand for these services does not depend predominantly on the size of the local population but on a variety of factors including local skill and occupational levels, the business mix in the wider area, proximity to clients, transport access, availability of space, and the ability of local property developers. As a result the chance of accurately predicting the demand for these types of activities over a long period is low. However, in order to provide a useful guide for the structure planning process, this report makes a forecast based on the share of total commercial space taken up by non-retail activities in Gisborne and elsewhere.

Currently, around 50% of the commercial space in the Gisborne town centre accommodates non-retail activities. The following chart compares the proportion of non-retail space in Gisborne and a selection of other broadly comparable country towns in Victoria.

The chart shows that there is no strong pattern of non-retail provision but that, in general, the provision is somewhere between 30% and 60% of all activity space.

For the purposes of this report, ***the demand for non-retail space in the town centre is estimated to be 50% of all activity space required for the town*** (excluding industrial activity). This continues the existing balance between retail and non-retail space. Accordingly, the report assumes that the demand for non-retail activity space in the town centre will be 12,500 sq m over the period to 2031.

Figure 5: Proportion of non-retail activity space in selected town centres



Source: consultant estimates based on various floorspace surveys

The non-retail activities required in Gisborne are likely to include:

- Regional and sub-regional services – employment agencies, government departments, finance and insurance offices, call centres etc
- Local health services – doctors, allied health specialists etc
- Professional services – lawyers, accountants and financial specialists, engineers and drafting agencies, education and media services

- Other shop-front services – banks, laundries, travel agents, real estate agents
- Wholesalers – builders supplies, stockfeed and rural merchandise
- transport equipment – car and boat sales, tyre sales
- Repairs – auto-repairs and servicing, mower repairs
- Recreational and entertainment activities

The regional and sub-regional services will require commercial office space. Given the size of the catchment, these are likely to be in the range 200 to 400 sq m in size. (Whilst possible, it is unlikely that another office of the size developed for the AAMI call centre in the Nexus building – 4,000 sq m – will be required in the foreseeable future.) Many activities, including health and professional services, will require relatively small offices or shop fronts in the town centre. These will generally be less than 200 sq m and in some cases can be provided on upper floors. These office functions are an important town centre use, providing additional demand for other commercial activities (lunchtime services etc) and reducing travel and energy use by allowing multi-purpose trips.

Other activities – car sales, wholesaling, auto repairs etc – often have more substantial space requirements for workshops, large format shops, yards etc. These uses are often found on the periphery of activity centres or even in entirely separate precincts where space is available more cheaply than in the town centre. Some outlets may provide both retail and wholesale services.

The following section examines the land required for these commercial activities.

11. Commercial Land Requirements

11.1 Demand for Land

The table below provides an estimate of land area required for town centre activities in Gisborne over the period to 2031. The calculations assume:

- Gisborne will be required to accommodates 9,800 sq m of additional town centre retail space and a similar amount of non-retail space over the period to 2031
- all development is single storey
- car-parking provision is as required in the planning scheme

Table 12: Notional demand for land, town centre activities in Gisborne, 2008 to 2031

2008 to 2031	Retail	Other commercial	Total
Total demand (sq m)	12,500	12,500	25,000
Vacant space and proposed	2,700	2,700	5,400
Additional floorspace requirement	9,800	9,800	19,600
Car-parking requirement (spaces per 100 sq m)	8	3.5	5
Number of parking spaces required	784	343	1,127
Land required for car-parking (@30sq m per space)	23,500	10,300	33,800
Land required for landscaping and circulation (10% of total)	3,700	2,200	5,900
Total demand for land (sq m)	37,000	22,300	59,300

Source: consultant estimates

If all the forecast development were to be at ground level, the total demand for land in town centre activities would be approximately 6 ha over the period to 2031. This is equivalent to broadly one third of the existing town centre. Even with double storey development for appropriate activities, some underground car-parking and reduced car-parking requirements, it would be difficult to reduce the land-take below around 4 ha.

Whilst smaller activities are likely to find infill sites, some of the larger potential activities that may wish to locate in the town centre such as a small supermarket (1,000 sq m) or a DDS (2,000 to 4,000 sq m) will require substantial sites. As an indication of the space required, a retail outlet of 1,000 sq m would require a site area of 0.3 to 0.4 ha in order to accommodate ground level parking, circulation space and landscaping (although this could be less given a lower car-parking requirement or multi-decked parking). A major use such as a large supermarket or DDS of 3,000 sq m would require at least 1 ha to accommodate adequate parking.

11.2 Options to Accommodate Land Requirement

There are a number of potential options to accommodate the likely demand for land from town centre activities. These are shown on the following map and include:

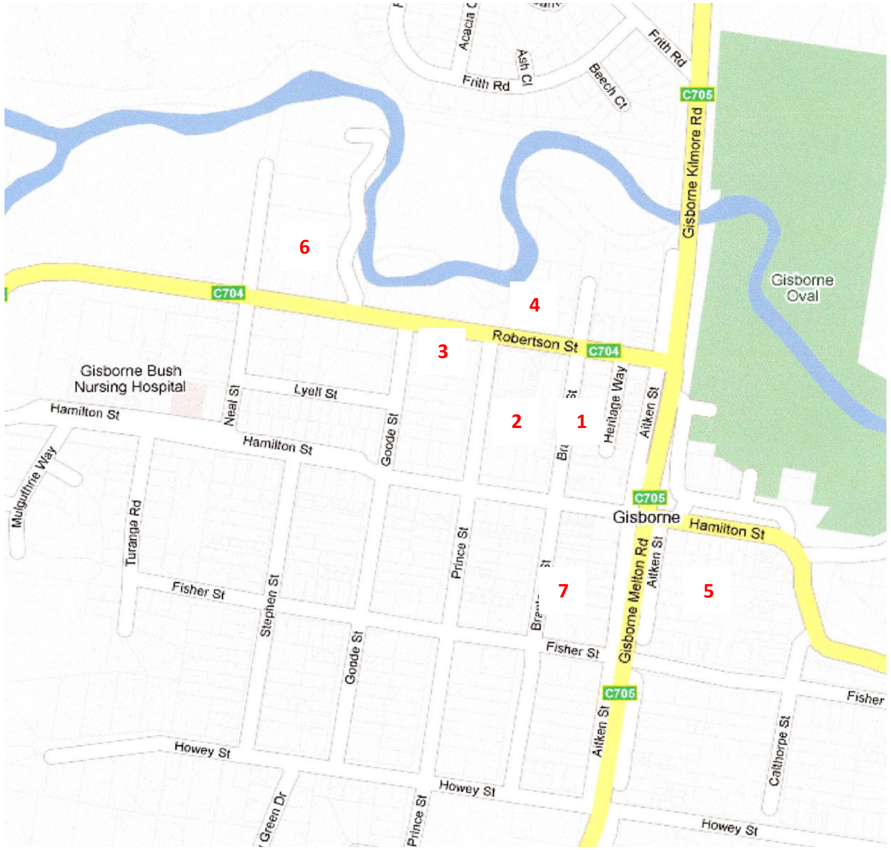
1. Development/redevelopment of vacant sites and house in Brantome Street (less than 0.3 ha)
2. Redevelopment of one of the extensive carparking areas or the Gisborne Village between Brantome and Prince Streets

3. Redevelopment of the site on Robertson Street between Goode Street and Prince Street (around 0.6 ha)
4. Redevelopment of peripheral commercial uses on the north side of Robertson Street (approximately 0.4 ha)
5. Redevelopment of the area bounded by Hamilton Street, Fisher Street, Aitken Street and Calthorpe Street, which currently contains a large vacant site in the centre of the block (0.5 to 1 ha) – and this would require expansion of the town centre boundaries
6. Redevelopment of the site occupied by the municipal offices and parkland (approximately 2.5 ha)
7. Expansion of the town centre boundaries into the residential areas to the south of the centre such as, for example, the area on the east side of Brantome Street between Hamilton Street and Fisher Street (around 0.5 ha)
8. Creation of a new precinct elsewhere in Gisborne or New Gisborne to accommodate peripheral commercial activities such as bulky goods retailing, car sales, wholesalers, automotive repairs etc that might otherwise take space in the town centre (not shown on plan)

There are no greenfield sites large enough to accommodate a major use (large supermarket or DDS or bulky goods precinct) except for the parkland associated with the municipal offices. Developing on this site would reduce the green space available for residents and visitors to the centre and could reduce the overall attractiveness of the centre. If the parkland site is excluded, further provision of space for significant activities in the town centre will require major redevelopment of existing activity.

Fortunately, the demand for large new retail premises in the Gisborne town centre is unlikely to be strong for some years. This provides time for investors to undertake site assembly and thorough site planning.

Figure 6: Potential locations for new commercial space in the Gisborne town centre



Source: Base map from Google Maps

Note: See text for key to sites

12. Submissions to the Draft Outline Development Plan

A number of submissions to Amendment C59 (exhibited in June 2008) have been made on the Outline Development Plan for Gisborne/New Gisborne. Relevant submissions have been reviewed and a summary of the key points is provided here, along with a response based on the assessment in this report. (All relevant submissions related to developments in New Gisborne rather than directly about the Gisborne Town Centre.)

1. Submissions on the potential for a commercial activity centre at the corner of Barry Road and Saunders Road in New Gisborne

- The proposal to extend the existing industrial area on Barry Road south to Saunders Road would create an unacceptable reduction in amenity for residents and provide an unattractive entry to the town. An alternative could be to develop a commercial precinct at the corner of Barry Road and Saunders Road.
- Such a precinct could provide much needed retail services to the growing community of New Gisborne and/or peripheral commercial activities.

Response

This site is rather poorly located to provide a neighbourhood or local activity centre since it is on the edge of urban development and the great majority of local residents would need to drive to the centre.

The centre may be a potential location for peripheral commercial activities. However, these activities (car yards, bulky goods outlets, builder's supplies etc) generally require highly visible sites on busy main roads. The Barry Road site is not visible from the freeway and is not on a key route for most local people. As a result it could struggle to attract investment.

2. Submissions on the development of an activity centre at 279 Station Street, New Gisborne

- An activity centre is proposed for development at 279 Station Street, New Gisborne and adjacent properties to the rear. The proposal is for a wine bar, wine store, general store (400 sq m), six specialty shops and a medical centre with eight tenancies. This new development would be fronted by the existing Whistle Stop Tavern.
- This location, close to New Gisborne railway station, would serve the growing community of New Gisborne as well as commuters using the station.

Response

The proposed centre is close to public transport. However, it is on the edge of the urban development and the great majority of users would drive to the centre. In addition, the site is rather constrained. Given the development proposal shown in the plan submitted, the site would not be able to accommodate a significant supermarket should New Gisborne grow to a size at which such a facility is warranted.

3. Submission on the suitability of housing development on Ferrier Road and its support for a neighbourhood activity centre (assessment by Essential Economics)

- The development of properties along Ferrier Road, New Gisborne at urban densities would boost the population of New Gisborne sufficiently to make viable a small neighbourhood activity centre with a small supermarket. This would provide a better service to all people in New Gisborne. Currently, however, the properties on Ferrier Road are not planned to be developed for urban purposes. This will reduce the potential population in New Gisborne and will leave the proposed activity centre as a local centre with a consequently reduced service to local residents. Provision of a small to medium sized supermarket in the area would reduce travel costs for residents and the wider community as well as improving job provision in the area.

Response

The assessment in this report has made an allowance for up to 5,000 sq m of commercial floorspace to establish in the trade area at unspecified locations over the period to 2031. Currently the ODP envisages a local activity centre in New Gisborne. However, given higher rates of population growth as a result of the provision of more land for housing (should the submitters rezoning proceed), a supermarket centre in New Gisborne could be supported. There is no contradiction between the submission by Essential Economics and the analysis of commercial demand and supply in this report. The retail development outcome at New Gisborne and the size of the activity centre will depend mainly on the residential land supply and the rate of population growth over the planning period.

13. Conclusions

This assessment suggests that, in the period to 2031, between 4 ha and 6 ha of additional development land will be required to accommodate commercial development in the Gisborne town centre. This assessment allows for the development of local activity centres in New Gisborne[3], West Gisborne and South Gisborne.

This assessment depends on Gisborne being able to retain a much higher share of spending in household goods, a retail category in which escape spending from the trade area is presently over 70%. Capture of more resident spending in this category will depend on investment by particular types of retailers, such as a discount department store (DDS), or outlets selling furniture, floor coverings, hardware, white goods and so on. Many of these retailers require large format shops and may prefer to be clustered together. As an indication of the potential development footprint, a DDS of 4,000 sq m is likely to require a site of 1.5 ha to accommodate ground level development.

Sites for large format retailers are in short supply in the town centre. With the exception of the allotment where the municipal offices are located, all other potential locations within the centre will require redevelopment of some existing uses. Even then, large developments are likely to require multiple levels to accommodate parking. Another option would be to accommodate some peripheral commercial activities (bulky goods, wholesalers, automotive activities etc) away from the town centre altogether. However, there are few good sites with sufficient exposure to be attractive to investors.

Even if some activities could be located outside the town centre, it would be important to retain core retail and other commercial activities within the centre. This would include a DDS and commercial offices. These activities define the centre and attract investment and employment by other players.

Because of the high level of existing vacant space in the Gisborne town centre and the expected pattern of growth in available retail spending in the trade area, it is likely that demand for additional commercial space will not be strongly felt until after 2021. Nevertheless, there may be some potential operators for whom the existing space is not configured appropriately and who will require large format spaces in the meantime. Council's revised structure plan should identify appropriate locations for such activities. Fortunately, there does appear to be a number of years in which to plan and assemble sites for the largest potential developments in the town centre.

[3] There is some leeway for the proposed local centre at New Gisborne to develop into a small neighbourhood centre (containing a small supermarket) given adequate population growth.

14. References

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