

MITCHAM RETAIL ACTIVITY CENTRES STRATEGIC DIRECTIONS UPDATE REPORT

City of Mitcham



CITY OF
MITCHAM

PREPARED BY:

Andrew Lucas
Senior Consultant

VERIFIED BY:

Geoff Hayter
Managing Director

Property & Advisory Pty Ltd
Level 7 | 70 Pirie Street
Adelaide SA 5000

PROPERTY & ADVISORY

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1.0 INTRODUCTION

In December 2014, Property & Advisory prepared a Retail Activity Centres Strategic Directions Review for the City of Mitcham (Mitcham). This report comprises a partial update to that report, in particular concentrating on specific precincts that are undergoing Development Plan Amendment at the present time.

*This report has been prepared by Andrew Lucas and Geoff Hayter of Property & Advisory Pty Ltd. In accordance with our normal practice, we confirm that it has been prepared for purposes of informing future decision making by the **City of Mitcham**. Property & Advisory accepts no responsibility for any statements in this report other than for the stated purpose.*

*The advice it provides is **confidential to the City of Mitcham**. No responsibility is accepted to any third party and neither the whole of this report nor any part or reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.*

2.0 POPULATION

Table 1 overleaf shows key socio-economic characteristics for the population of the whole of Mitcham over time, together with separate figures for Plains Mitcham versus Hills Mitcham, and comparable figures for the State of South Australia as a whole.

As shown, the selected socio-economic indicators show that, compared to Metropolitan Adelaide as a whole, Mitcham is a region of generally higher socio-economic status, characterised by:-

- a per capita income that is approximately 15% higher than the ASD;
- household incomes that are concentrated in the 4th and (particularly) 5th quintiles, with significantly fewer precincts in the poorest quintiles – and this characteristic has intensified since 2011;
- a high degree of home ownership and commensurate low degree of renters – with the ratio virtually unchanged since 2011;
- a proportion aged 60 years + which increased much faster than other age segments between 2011 and 2016;
- a labour force which remains heavy on professionals (especially) and managers – noting also that the proportion of the labour force that is community & personal service workers has increased by 15% since 2011;
- an unemployment rate of 6.0% as at 2016, which has blown out from 4.4% in 2011; and
- a higher percentage of multiple car ownership, which has intensified from 2011 to 2016, with fewer households having 0 or 1 car and more having 2+ cars

Table 3 also includes a comparison between the Plains portion of Mitcham and the Hills portion. The Plains area occupies approximately one third of the LGA, but accounts for two thirds of its population.

Mitcham's population is split roughly 65:35 between Plains and Hills. The total population of the LGA increased over 2011-2016 by some 1,900 persons, but the number of households remained relatively static.

The Hills portion of Mitcham has a much higher concentration of 4th and 5th quintile household incomes – 89.7% (up from 86.6% in 2011), compared to 68.5% (down from 71.7% in 2011) on the plain.

At the 2016 Census, further contrasts between the two macro-regions of Mitcham are notable:

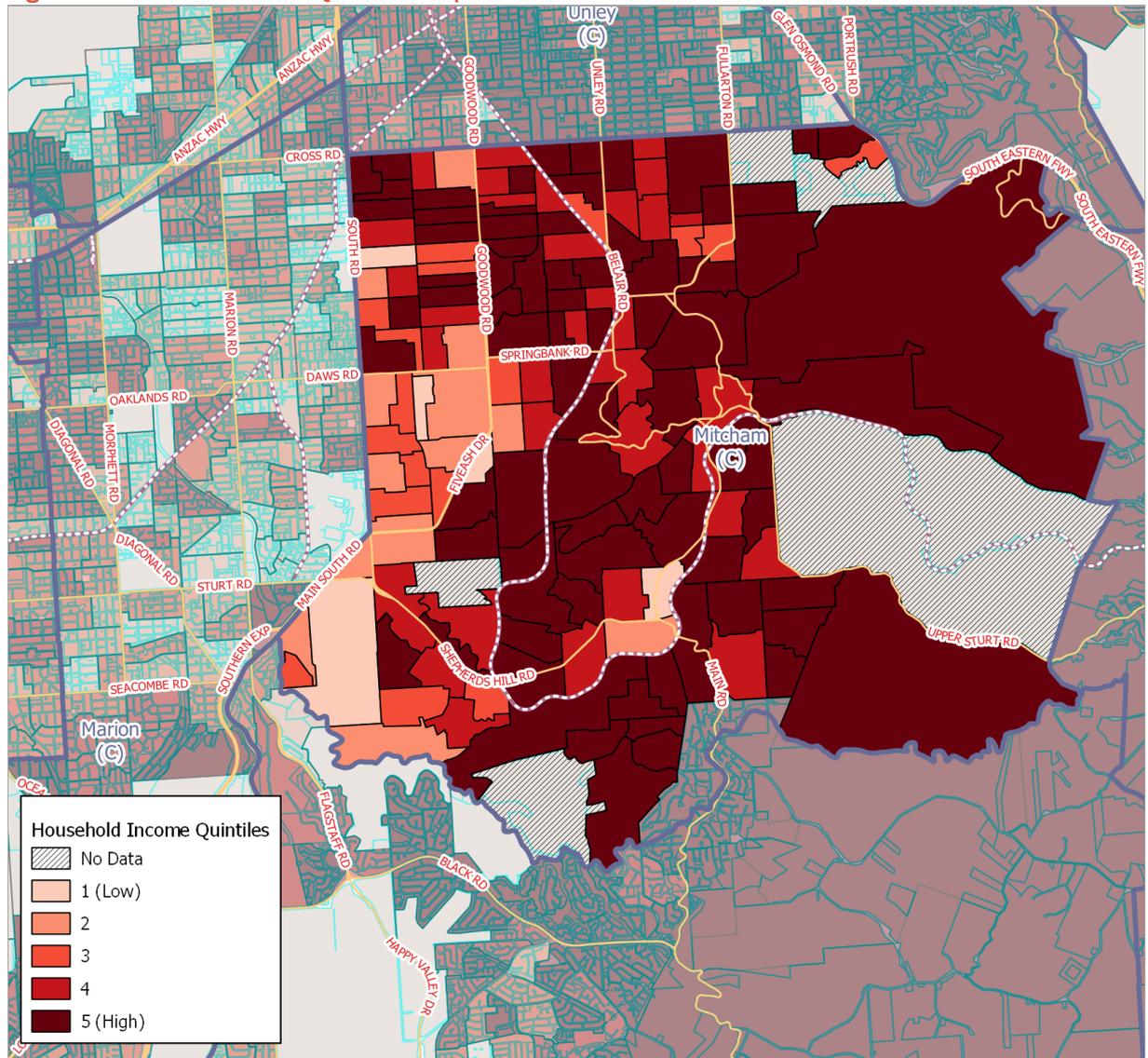
- Plains Mitcham has a higher proportion in the working 25-59 age bracket than Hills Mitcham, which is reversed in the 60+ bracket;
- Plains Mitcham has a significantly higher proportion Asia-born than Hills Mitcham, whereas the opposite is the case for Australian-born and European-born residents;
- Plains Mitcham has a higher proportion of 1-car households – while Hills Mitcham has a higher proportion of 2-car or greater households; and
- Plains Mitcham has a significantly lower proportion of home owners and a significantly greater proportion of renters than Hills Mitcham.

Table 1: Key Socio-Economic Indicators for Mitcham and Greater Adelaide

Characteristics	Mitcham 2016	Mitcham 2011	Mitcham Plains 2016	Mitcham Hills 2016	Greater Adelaide 2016
Average per capita income	\$38,493	\$34,536	\$37,961	\$39,569	\$33,396
Average household size	2.5	2.5	2.5	2.6	2.4
Number of households	23,788	23,773	15,365	8,535	492,397
Population (2016)	64,820	62,915	41,566	23,554	1,295,674
Projected population (2021)	65,896	NA	42,292	23,912	1,357,932
Projected population (2026)	67,107	NA	43,184	24,242	1,419,342
Projected population (2031)	68,389	NA	44,224	24,495	1,476,845
Age Distribution					
0-14 years	17.7%	17.5%	17.7%	17.8%	17.4%
15-24 years	12.9%	13.5%	13.3%	12.1%	13.0%
25-39 years	23.6%	24.4%	25.0%	21.1%	26.7%
40-59 years	26.3%	27.1%	25.5%	27.7%	25.6%
60 years+	19.6%	17.5%	18.6%	21.4%	17.2%
Average Age	42.5	41.5	41.4	44.5	40.0
Dependency Ratio	37.3%	35.0%	36.2%	39.2%	34.7%
Housing Status					
Owner/purchaser	77.2%	77.6%	72.7%	85.4%	67.1%
Renter	18.2%	18.2%	22.4%	10.5%	28.9%
Labour Force					
Managers	13.8%	13.6%	13.7%	13.9%	11.6%
Professionals	34.3%	33.0%	33.6%	35.5%	22.6%
Technicians & trades workers	10.1%	10.4%	9.6%	11.0%	13.4%
Community & personal service workers	11.2%	9.8%	11.3%	11.0%	12.5%
Clerical & administrative workers	13.3%	14.1%	13.5%	12.8%	14.4%
Sales workers	8.5%	9.0%	9.0%	7.8%	10.0%
Machinery operators & drivers	2.2%	2.3%	2.3%	2.0%	5.5%
Labourers	6.6%	6.5%	7.0%	6.0%	10.0%
% unemployed	6.0%	4.4%	6.5%	5.2%	7.7%
Birthplace					
Australian	73.4%	77.1%	72.9%	74.3%	68.2%
Europe	9.5%	11.2%	7.8%	12.4%	10.8%
Asia	6.8%	5.3%	9.3%	2.3%	9.1%
Other	8.5%	6.4%	8.4%	8.8%	10.1%
Motor vehicles/household					
0	5.4%	7.1%	6.8%	2.7%	8.0%
1	32.9%	34.4%	35.1%	28.7%	36.6%
2	40.9%	40.1%	38.4%	45.6%	36.1%
3	12.4%	11.4%	11.3%	14.3%	11.1%
4 or more	6.1%	5.1%	5.7%	6.9%	5.3%
Journey to work by car	68.3%	77.9%	67.5%	69.7%	71.2%
Household income quintiles					
			0		
1st quintile	3.9%	7.0%	4.4%	3.1%	20.0%
2nd quintile	9.4%	12.8%	12.1%	4.3%	20.0%
3rd quintile	10.7%	12.3%	15.0%	2.9%	20.0%
4th quintile	23.3%	30.9%	24.3%	21.2%	20.0%
5th quintile	52.6%	37.0%	44.2%	68.5%	20.0%
Household retail expenditure²					
Food	\$451,097,000	\$360,444,000	\$277,204,000	\$176,515,000	\$7,270,079,000
Non-food	\$386,652,000	\$387,580,000	\$234,453,000	\$154,567,000	\$5,871,270,000
Total retail expenditure	\$837,749,000	\$748,024,000	\$511,657,000	\$331,082,000	\$13,141,349,000
Sources : 2016 Census (ABS, 2017); ¹ Population projections by SA2 (DPTI, 2016); ² 2016 Household Expenditure Survey (ABS, 2017)					
Average retail expenditure per household updated to 2016/17					
Food	\$18,963	\$15,162	\$18,041	\$20,681	\$14,765
Non-food	\$16,254	\$16,303	\$15,259	\$18,110	\$11,924
Total	\$35,217	\$31,465	\$33,300	\$38,791	\$26,689

Figure 1 shows the various household income quintile groups for Statistical Area Level 1 Districts in Mitcham.

Figure 1: Household Income Quintile Groups for Statistical Area Level 1 Districts



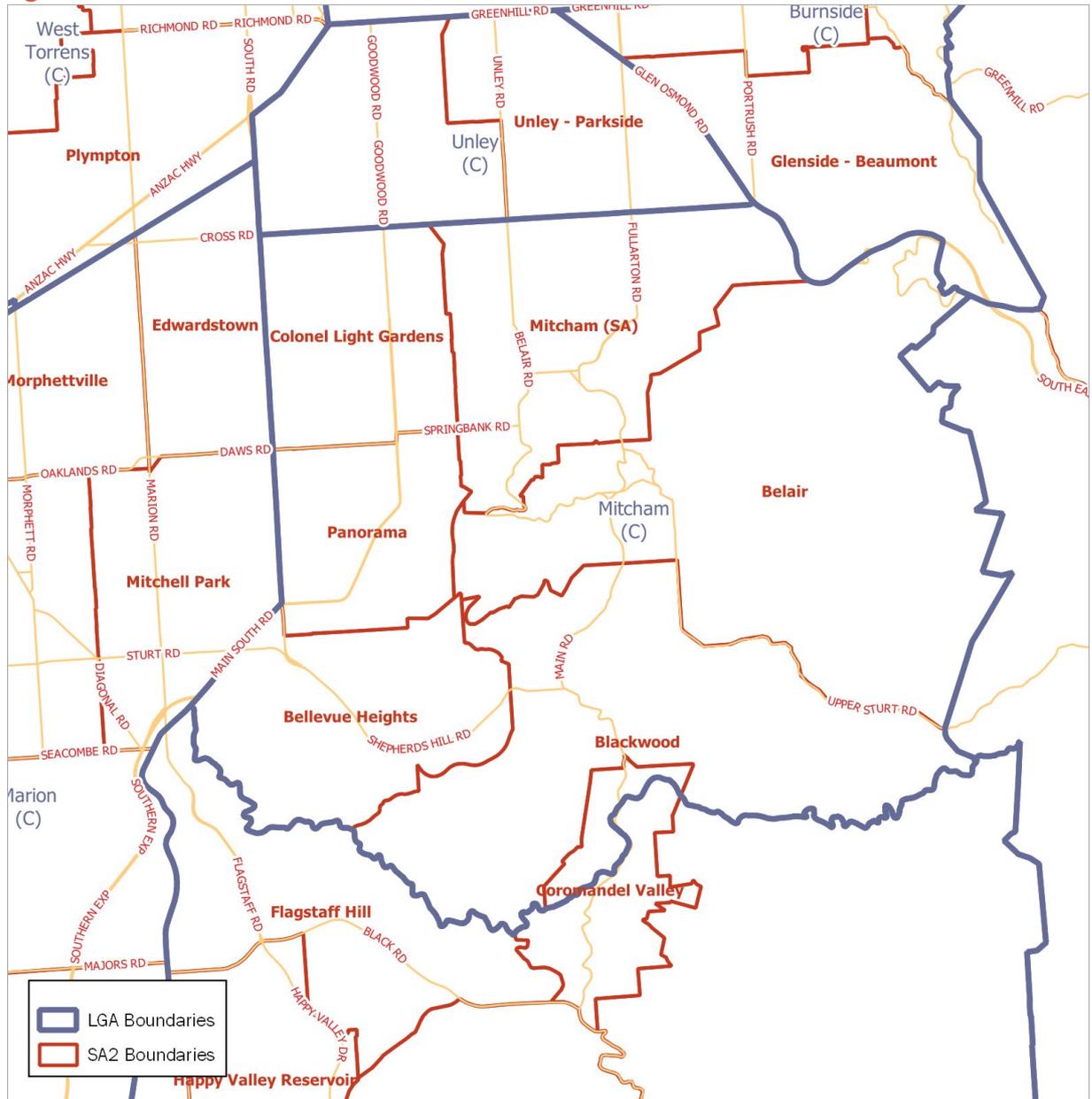
Source: 2016 Census (ABS)

As shown, much of the LGA comprises middle-upper income quintile households, with lower income quintiles on the plain mostly concentrated to the immediate east of the South Road corridor, where development often includes a lesser proportion of residential development as against other parts of the LGA.

2.1 POPULATION OUTLOOK

Figure 2 shows the location of ABS SA2 districts in within Mitcham.

Figure 2: Statistical Area Level 2 Districts



Source: 2016 Census (ABS)

As at the 2016 Census, the population of Mitcham was approaching 65,000 persons. Table 2 overleaf shows DPTI's population projection for the Mitcham SLAs only over the period from 2016 to 2031 – during which the population is expected to increase to just over 68,000.

Table 2: Population Projections for Statistical Local Areas within Mitcham

SA2 CODE	SA2 NAME	PROJECTED POPULATION				CHANGE 2016-31 (%)
		2016	2021	2026	2031	
41069	Mitcham (SA)	16,547	17,004	17,559	18,206	10.03%
41068	Colonel Light Gardens	15,521	15,635	15,789	15,985	2.99%
41070	Panorama	8,218	8,388	8,587	8,824	7.37%
41065	Belair	4,718	4,803	4,887	4,909	4.05%
41066	Bellevue Heights	7,531	7,576	7,628	7,630	1.31%
41067	Blackwood	12,056	12,255	12,397	12,481	3.53%
TOTALS		64,591	65,661	66,847	68,035	5.33%

Source: DPTI, (2016); adjusted to 2016 Census by P&A

Note that the SA2 of 'Coromandel Valley', which straddles Mitcham and Onkaparinga has been left out of Table 2, as it is predominantly contained in the latter LGA.

Overall, DPTI foresees only modest growth in population within Mitcham SA2s over the years to 2031, averaging 5.33% across the sample, or 0.35% per annum. The highest growth is anticipated in the 'Mitcham (SA)' SA2, which covers the north-eastern corner of Mitcham LGA (10.03%). The lowest increase is anticipated in 'Bellevue Heights' SA2 (1.31%). It is noted that if current development intentions by Flinders University proceed, this particular SA2 could experience a very significant population increase.

We believe that DPTI's population projections are based to a large extent on current zoning and population trends. Allowing for more dwelling density in the Development Plan, as envisaged herein, will not necessarily affect the tabulated outcome, since this will only create the preconditions for increased population. For a greater-than-expected population increase to occur, opportunities would need to be taken up in significant volume by the development community and the resultant built product accepted by the market.

3.0 RETAIL TRENDS AND DRIVERS

3.1 RETAIL TRENDS

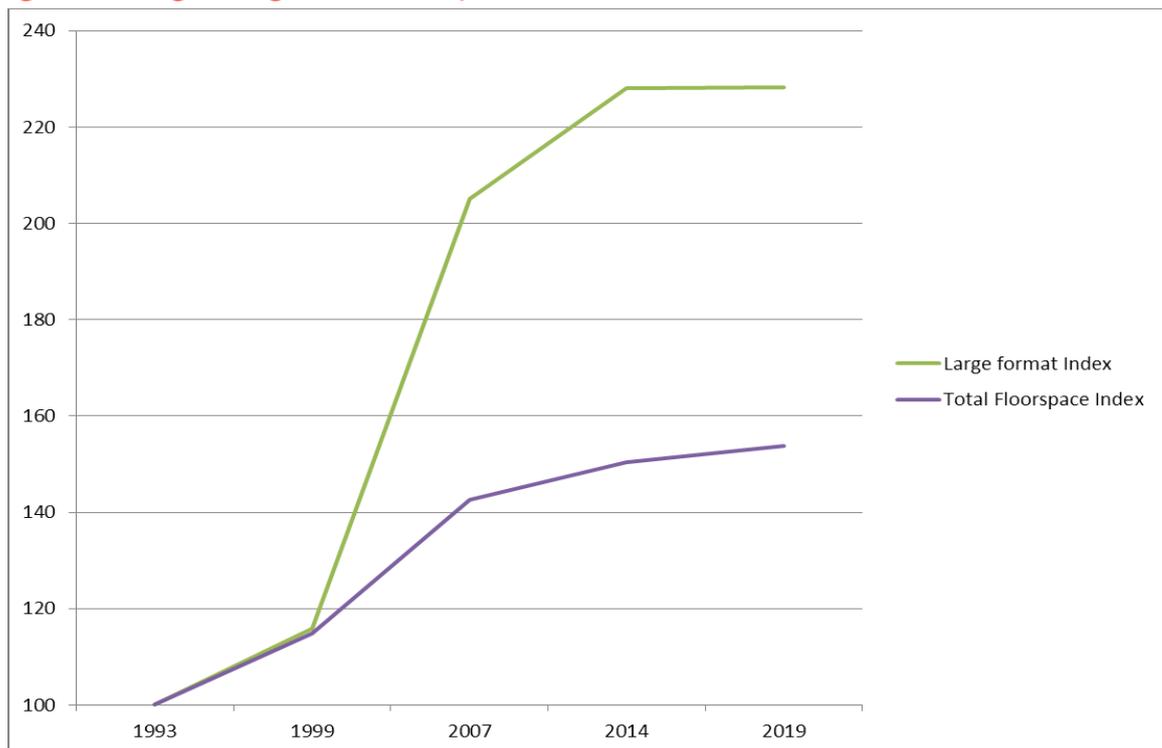
Subsequent to our 2014 report, a number of trends identified in that report have progressed, whilst several new factors have emerged. These are:

- *continued consolidation and corporatisation:* Competitive and profitability pressures in the retail sector have significantly squeezed small scale retailers in suburban centres. Chain retailers, particularly in the apparel sector, have been subject to mergers or closed entirely. The trading environment remains tenuous for many retailers;
- *even the major supermarket duopoly has felt competitive pressures:* Although the penetration of Aldi has fallen short of expectations – their 11 stores in the Adelaide Metro Area at the time of our 2014 report has only extended to 19 in 2019 – it has captured a sufficient slice of the market through heavy price competition to reduce the majors’ margins and drive a change to their business models. Both now have very substantial ‘own brand’ offerings across several price points. The early 2020s will see the entry of another German operator in Kaufland, which has secured sites at Keswick and Prospect to date. It’s smaller stablemate, Lidl – a chain positioned in the IGA/Aldi space – is set to follow it into the Australian market;
- *online retailing:* online penetration has continued apace. Many retailers now have the ability to transact online, expanding their customer base and making them less reliant on the ‘bricks and mortar’ side of their operation. Some of the trends developing around online retailing are:
 - to the extent that major retailers have grown their online segment to a position of importance in their business, the focus has shifted from ‘bricks and mortar’ sales to fulfilling online sales quickly and smoothly, including merchandise returns. This has driven an increase in demand for logistics centres in industrial areas and a reduction in their physical floorspace or total store network, representing a cost saving to those retailers able to operate in this way. Amazon leads the field in this space, although its rollout in Australia has been low key to date. It has no physical stores in Australia, but has started rolling out a store network in the US;
 - the focus in shopping centres has shifted from straight shopping to a greater emphasis on entertainment and casual food trade in an effort to maintain and grow visits to centres;
 - people will visit centres to try on brands without buying, knowing that they can get a better price online – which represents a challenge to be confronted by traditional retailers;
 - a significant channel that bypasses traditional retailing is targeted marketing through social media – in particular Instagram, (which captures a young and free-spending demographic) and Facebook. ‘Bricks and mortar’ apparel has been particularly hard-hit in the past five years, with well-known chains almost routinely disappearing from the landscape, in no small part as a result of this trend;
 - ultimately, the effects of the incursion of online has the greatest effect on centre owners. A reduction in demand for floorspace represents vacant tenancies and downward pressure on rents, which flows through to centre value. The risks are therefore

transferred from the retail tenant (who can embrace and exploit the online trend) to the owner; and

- one facet of online retailing that has had only modest impact is food. Coles and Woolworths both have significant online fulfilment operations, however no degradation in their traditional stores has been noted since 2014, although significant new development has not been a feature of the past 5 years.
- partly as a result of the online incursion, partly through changing tastes, the post-2014 years have seen an inexorable decline in the traditional Myer and David Jones department stores. In the discount department store segment, K-Mart has prospered through an intense focus on a significantly smaller range of cheap, home-branded items. However, the other two majors in this field, Target and Big W, have faltered – the latter recently announcing the closure of 30 stores Australia-wide;
- the ‘large format’ sector has seen growth in floorspace tail off, after years of phenomenal growth in the early part of this century. Figure 3 is an index of growth in large format floorspace, compared to growth in total retail floorspace in the Adelaide Metropolitan Area.

Figure 3: Change in Large Format Floorspace, Metro Adelaide 1993 to 2019



Source: DPTI Retail Database (1993, 1999, 2007); and Property & Advisory (2014, 2019)

As shown, large format floorspace has plateaued between 2014 and 2019, whilst modest growth has been experienced in total retail floorspace; and

- *arrivals and departures*. Retail is a constantly changing entity, and the past 5 years have been no different. It may be generalised that ‘arrivals’ have been in the service sector – examples being massage shops, tattoo shops and up-market burger outlets. Retailers that have disappeared or severely reduced in number, on the other hand, include books and recorded music sellers, butchers and newsagents. As previously noted, the range of apparel retailers has severely contracted.

4.0 MITCHAM GROWTH PRECINCTS DPA

The primary purpose of this report is to provide insight into the growth precincts covered by the Mitcham Growth Precincts DPA. The precincts covered herein are:

- Goodwood and Cross Roads;
- Belair Road Centre;
- Goodwood and Daws Roads; and
- Blackwood Centre

This section of the report also covers the Pasadena Neighbourhood Centre zone and surrounds – which were not included in the 2014 study – and the outlook for expansion of that zone.

A copy of the proposed precinct plans is appended hereto.

4.1 GOODWOOD AND CROSS ROADS PRECINCT

This precinct comprises the Cumberland Park District Centre and surrounds, extending south to Monmouth Road. The principal changes envisaged in the DPA comprise:

- the Mixed Use (Goodwood Road) zone north of Monmouth Road to be re-designated Urban Corridor (Transit Living Policy Area), allowing for significantly greater densities and building heights; and
- creation of a Suburban Neighbourhood zone skirting the District Centre, allowing for significantly greater residential densities and building heights.

Although the District Centre zone itself is unchanged in the DPA, the envisaged changes will both provide a greater resident population around it over time and generate localised retail opportunities across some of the resultant new development. The length of time this might take is an open question. Putting the legislative framework in place is one thing; developers taking up the opportunity is something else again. Further north, towards the city, Unley and Greenhill Roads are only now seeing their first newly constructed apartment developments.

The advantage that this precinct possesses over other Urban Corridor localities is an existing retail and commercial presence. The Woolworths' store in the District Centre reputedly is amongst the brand's top performers in SA and the addition of households into the precinct will buttress this trade further. There is no scope for floorspace expansion within the District Centre (without building above existing floorplates, including for car parking), meaning that increased local demand will very likely flow into alternatives sites. These sites are predominantly located in the proposed Urban Corridor zone, with some additional scope for ground level shops on Little Street, facing Woolworths.

Table 3 overleaf shows the current retail composition of the precinct.

Table 3: Retail Composition, Goodwood Road/Cross Road Centre (sqm)

	Food	Non-food	Total
Within DCE	4,475	7,796	12,271
In Current MU Zone	-	979	979
TOTALS	4,475	8,775	13,250

Source: DPTI Retail Database (2007); P&A (2019)

As shown, the Goodwood Road/Cross Road Centre precinct has a total of approximately 13,250sqm of floorspace, dominated by the Woolworths and Big W within the District Centre. All the existing retail floorspace in the proposed Urban Corridor zone is non-food, suggesting that if the corridor is bulked up with high density residential development, good scope exists to service those residents with new food retailing at ground level, together with accommodating existing non-food retail in new premises.

The speed of such a roll-out of retail floorspace is directly correlated to the extent of residential uplift as a result of the zoning change. Given that DPTI's projected population increase in the relevant SA2 (Colonel Light Gardens in Table 2) is a modest 3% over 2016 - 2031, these changes are likely for the longer term.

4.2 BELAIR ROAD CENTRE PRECINCT

Belair Road Centre Precinct comprises the Mitcham District Centre and surrounds, extending north to Cross Road. The principal changes envisaged in the DPA comprise:

- the Mixed Use (Belair Road) zone to be re-designated Urban Corridor (Transit Living Policy Area), allowing for significantly greater densities and building heights;
- creation of a Suburban Neighbourhood zone skirting the District Centre, allowing for significantly greater residential densities and building heights; and
- converting to contemporary South Australian Planning Policy Library 'District Centre' Policy from the current Development Plan.

Although the District Centre zone itself is only slightly changed in the DPA, the above changes will both provide a greater resident population around it over time and generate localised retail opportunities within developments fronting Belair Road. An Urban Corridor zone on Belair Road is somewhat more prospective for development than its Goodwood Road equivalent, given its status as an extension of Unley Road. It is not out of the question to – in time – see apartment development extending south of Cross Road in the event that development on Unley Road proves profitable. It is noted that Belair Road possibly presents a lower site cost proposition compared to Unley Road, however this is a relatively minor component of the total cost of development.

As with the proposed Urban Corridor zone on Goodwood Road, this precinct possesses an existing retail and commercial presence along Belair Road that provides a foundation for floorspace growth as residential apartment development occurs above. Table 4 shows the current retail composition of the precinct.

Table 4 : Retail Composition, Belair Road Centre (sqm)

	Food	Non-food	Total
Within DCE	9,984	8,439	18,423
In Current MU Zone	1,345	1,844	3,189
TOTALS	11,329	10,283	21,612

Source: DPTI Retail Database (2007); P&A (2019)

As shown, Belair Road Centre Precinct has a total of approximately 21,600sqm of floorspace, dominated by the Mitcham Shopping Centre. The Mixed Use zone has a significant food presence, mostly restaurants, together with accommodating existing non-food retail in new premises. This could be expected to grow in concert with residential uplift along Belair Road, together with service retail and commercial uses attracted to such developments. There is a lesser prospect for non-food retailers, which are more likely to seek out locations within the shopping centre and the concentration of foot traffic it provides. Done well, Council-led public realm works would assist to generate foot traffic outside of the Mitcham Square Shopping Centre and therefore create more attractive opportunities for investors outside the traditional shopping centre.

DPTI's projected population increase in the relevant SA2 (Mitcham (SA) in Table 2) is approximately 10% over 2016 - 2031. Some of this will come from increased density in and around the District Centre, however given the relatively high value residential properties in the proposed Suburban Neighbourhood zone, new development is likely to be piecemeal for some time, restricted to those properties that have not been well maintained or occupy a small proportion of the site. As new households are introduced into the mix, the turnover per sqm in the District Centre is likely to grow, generating interest in redevelopment of prospective sites, particularly those on the western side of Belair Road – also noting in this regard its proximity to Mitcham Rail Station.

4.3 GOODWOOD/DAWS ROADS PRECINCT

Goodwood/Daws Road Precinct encompasses the Repatriation General Hospital (RGH) site, the former Panorama TAFE site and Bedford Industries land and therefore contains large sites with significant redevelopment potential. We note that:

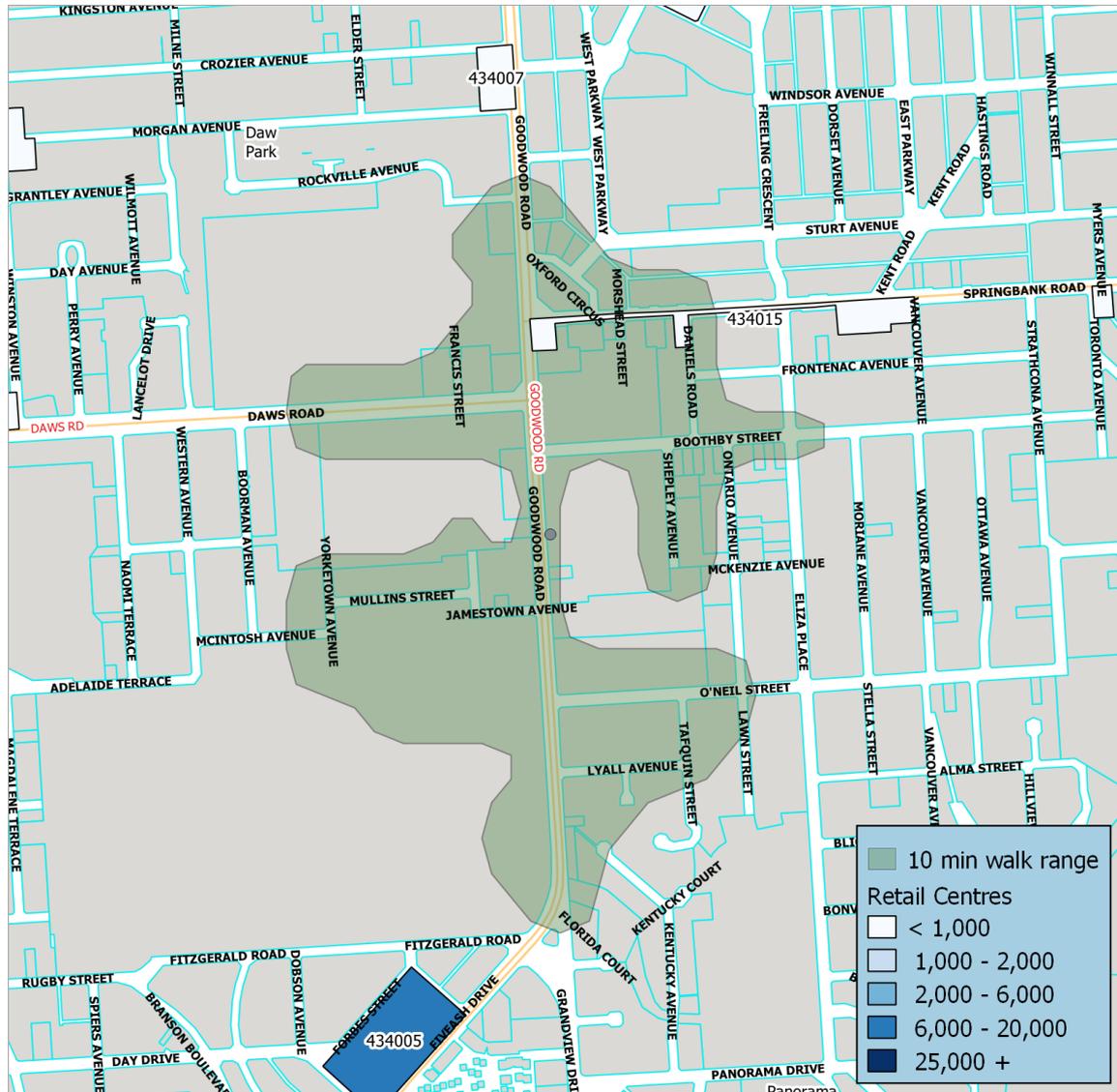
- as regards the Repatriation General Hospital (RGH) site, in 2018 the incoming State Government re-focused its redevelopment to health oriented land uses and our comments below assume that this will continue to be the case;
- the TAFE/Bedford Industries land is proposed to be re-zoned to Mixed Use, with a residential focus. An earlier Structure Plan envisaged development of up to 3-5 storey apartments on this land in a mixed use context, and we have assumed a continued adoption of such density herein; and
- a significant Suburban Neighbourhood zone is proposed between these sites and the surrounding Residential (Central Plains) zone. This will see significant uplift over time, with the redevelopment of many existing low density residential sites.

Plans for the complete reconfiguration and re-alignment of the Goodwood/Daws/Springbank Roads intersection are also noted.

These mooted changes raise the question of the manner of retail development that is appropriate to service this uplift in the number of local households, given that what little retail floorspace currently exists in the precinct is likely to be swallowed up in any integrated residential development. It is anticipated that some retail development will be required as part of integrated developments on the Mixed Use sites, as well as to potentially provide walkable shops to the increased population in the Suburban Neighbourhood areas on the eastern side of the precinct.

Figure 4 shows a 10 minute walking range around a point in the middle of the proposed Mixed Use zone's Goodwood Road frontage.

Figure 4: 10 Minute Walkability, Goodwood/Daws Road Precinct

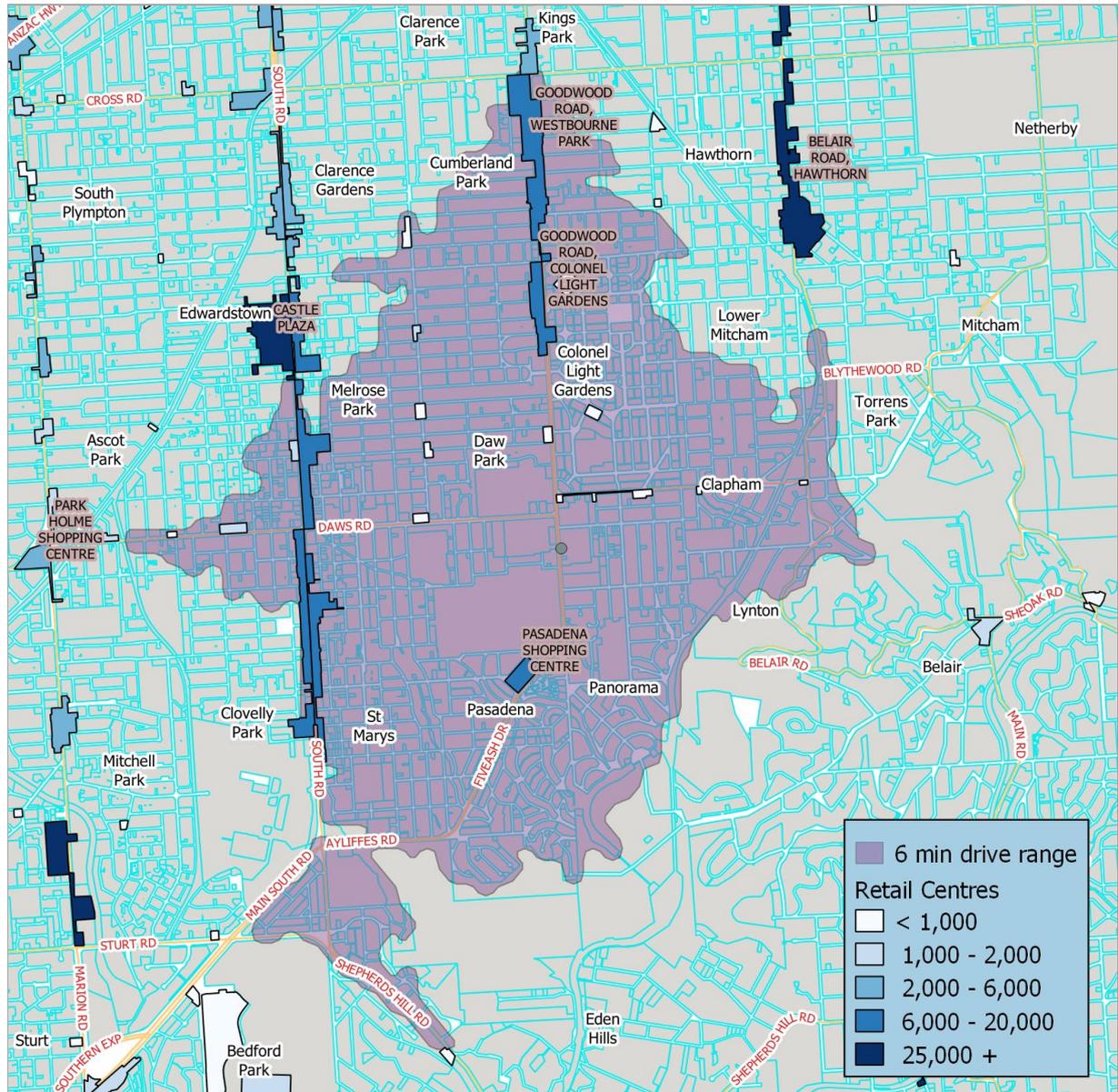


Source: Property & Advisory

As shown, there is negligible local retail within a 10-minute walk of the Mixed Use zone. Notable though is that Pasadena Shopping Centre is just outside this range to the south.

Figure 5 overleaf shows a 6-minute drive from the same point.

Figure 5: 6 Minute Driving Range, Goodwood/Daws Road Precinct



Source: Property & Advisory

As shown, two major shopping centres are within this area: Pasadena and the Cumberland Park District Centre. Mitcham Square is outside this range – as is Castle Plaza in the adjoining Marion LGA – both of these being District Centres.

The particularly close proximity of Pasadena suggests that no major retail development is required in Goodwood/Daws Road Precinct. Indeed, the earlier Structure Plan specified “retail scale to service local community and not a wider catchment”. It is envisaged that a range of smaller scale retail uses are appropriate, which will have the effect of activating the locale without generating heavy traffic flows. Typical uses might include cafes and restaurants, beauty salons, convenience foodmart and the like.

A similar stance is applicable to the north-western sector of the Precinct. Although the former RGH site will now be dominated by health uses, some small scale retail may be appropriate to service the needs of the day population. If the site redevelopment includes a retirement living component, this need is increased, as having the elderly accessing shops on the TAFE/Bedford Industries land

across a busy major intersection is problematic. In the event that the service station on the corner of Daws and Goodwood Roads is removed and not reinstated by the proposed road realignment, there will be no easily accessible food retail in that sector of the Precinct.

Given that there are two major development sites in the precinct and the Goodwood Road-Springbank Road-Daws Road intersection upgrade is yet to commence¹, there are quite a few unknowns in projecting a retail floorspace requirement in the precinct at the present time. It may be necessary to revisit the precinct once a better picture emerges or in response to a development application over the TAFE and adjoining land.

4.3.1 Pasadena Neighbourhood Centre

The Neighbourhood Centre zone at Pasadena is situated just beyond the southern end of the Goodwood/Daws Roads precinct. It is fully developed and occupied to the existing boundaries by the Pasadena Shopping Centre, a 9,000 sqm centre anchored by Foodland and Target with a number of specialty shops.

Council intends to upgrade the zone to District Centre and explore an expansion of the zone boundary to encompass the land between the shopping centre and Centennial Park Cemetery to the north-east. Figure 6 overleaf illustrates the current zone extent, and the above described land, which has been termed 'Expansion Region 1'.

Council is also seeking direction as to the potential or necessity to rezone additional land, identified in Figure 6 as 'Expansion Region 2'. Expansion Region 2 contains predominantly well-presented housing on conventional allotments. There are some multiple unit properties in Forbes Street, facing the rear of the current centre.

In the event that Expansion Region 2 was rezoned to a Centre zone, a developer would, of necessity, need to enter into an extended period of costly site accumulation to achieve a retail development site of reasonable scale.

¹ DPTI project preliminary works to commence in Q1 2020 and construction to complete by the end of 2021.

Figure 6: Pasadena Neighbourhood Centre

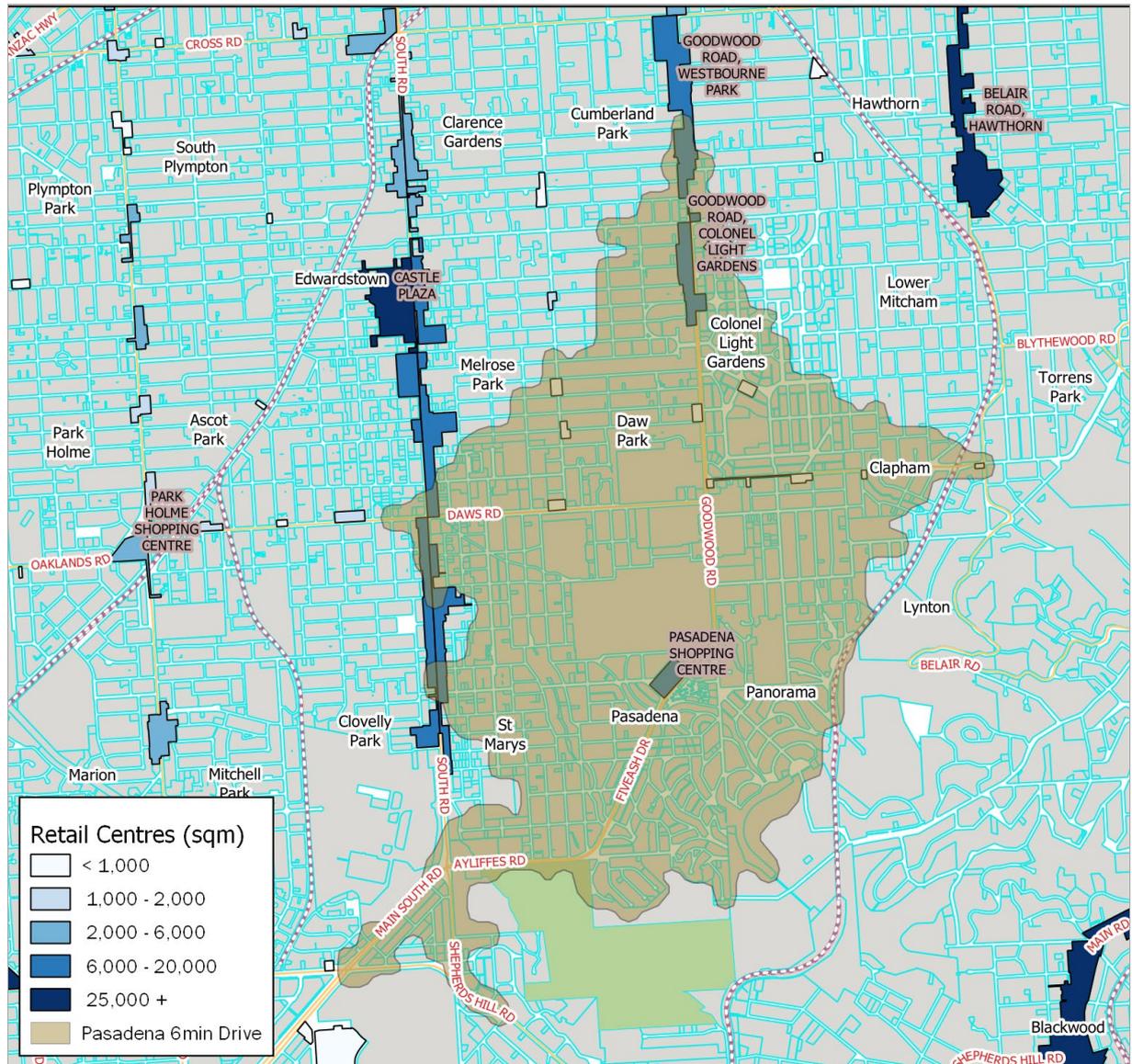


Source: Property & Advisory

4.3.2 The Competitive Setting

Figure 7 shows competitive centres in the vicinity of Pasadena Shopping Centre, together with a 6 minute driving range around the Centre, which approximates its primary trade area.

Figure 7: Pasadena Competitive Setting



Source: Property & Advisory

As shown:

- the major District Centres in the region – Castle Plaza, Mitcham and Blackwood - are all outside the primary trade area of the Pasadena Neighbourhood Centre. Cumberland Park (Goodwood & Cross Roads Precinct) is just outside the 6 minute driving range, but is the most accessible major competition to Pasadena; and
- access to the Centre is constrained to the east by the Adelaide Hills and the Belair train line. It is accessible from South Road to the west, but residents of Eden Hills and suburbs further up Shepherds Hill Road have other viable choices in Blackwood Town Centre and Marion Regional Centre.

Table 5 shows the extent of floorspace in retail development within the identified local area.

Table 5: Retail Floorspace in Pasadena's Region

Centre Code	Description	Zone	Food_m ²	Nonfood_m ²	Total Floorspace
434005	PASADENA SHOPPING CENTRE	NCe	6,393	2,663	9,056
434004	GOODWOOD ROAD, WESTBOURNE PARK	Dce, MU(GR)	5,467	11,317	16,784
434017	GOODWOOD ROAD, COLONEL LIGHT GARDENS	Nce	4,106	2,629	6,735
434029	SOUTH ROAD, ST MARYS	R(P)	1,201	14,191	15,392
406055	SOUTH ROAD, CLOVELLY PARK	C, Nce	852	8,557	9,409
434026	KINGSTON AVE/WINSTON AVE, EDWARDSTOWN	R(CP)	293	193	486
434003	SOUTH ROAD, MELROSE PARK	I/C (MP)	154	18,079	18,233
434025	WINSTON AVE/MORGAN STREET, EDWARDSTOWN	R(CP)	137	248	385
434009	SPRINGBANK ROAD/CLAPHAM ROAD, CLAPHAM	LCe	110	243	353
434028	WINSTON AVE/DAWS ROAD, DAW PARK	R(CP)	109	355	464
434007	GOODWOOD RD, DAW PARK	Lce	90	284	374
434015	SPRINGBANK ROAD, PANORAMA	R(CP)	60	367	427
434008	THE STRAND, COLONEL LIGHT GARDENS	SHA (CLG)	48	407	455
434014	SPRINGBANK ROAD/BELAIR ROAD, TORRENS PARK	LCe	-	348	348
TOTALS			19,020	59,881	78,901

Source: Retail database (DPTI, 2007), Property & Advisory (2018-19)

As shown, the area is presently home to some 19,000sqm of food floorspace. Outside of Pasadena, this floorspace is principally located at the Cumberland Park District Centre (Code 434004) and the Goodwood Road Neighbourhood Centre (Code 434003). The area is also home to a considerable quantity of non-food floorspace, largely due to a preponderance of large format and showroom floorspace along South Road (esp. Codes 434029 & 434003).

Not included in Table 5 is the proposed retail precinct at Tonsley, to be developed by Peet Group on a 12,000sqm site away from Main South Road. It will likely include some 6,000sqm of supermarket, specialty retail and consumer service floorspace. It may be anticipated that Pasadena's trade area will be diminished somewhat on the western side of South Road as a result, although this will be subject to the accessibility that eventuates once the South Road upgrade is completed. If the Tonsley site is not readily accessible from St Marys, Pasadena's trade may be largely unaffected.

4.3.3 Population Characteristics

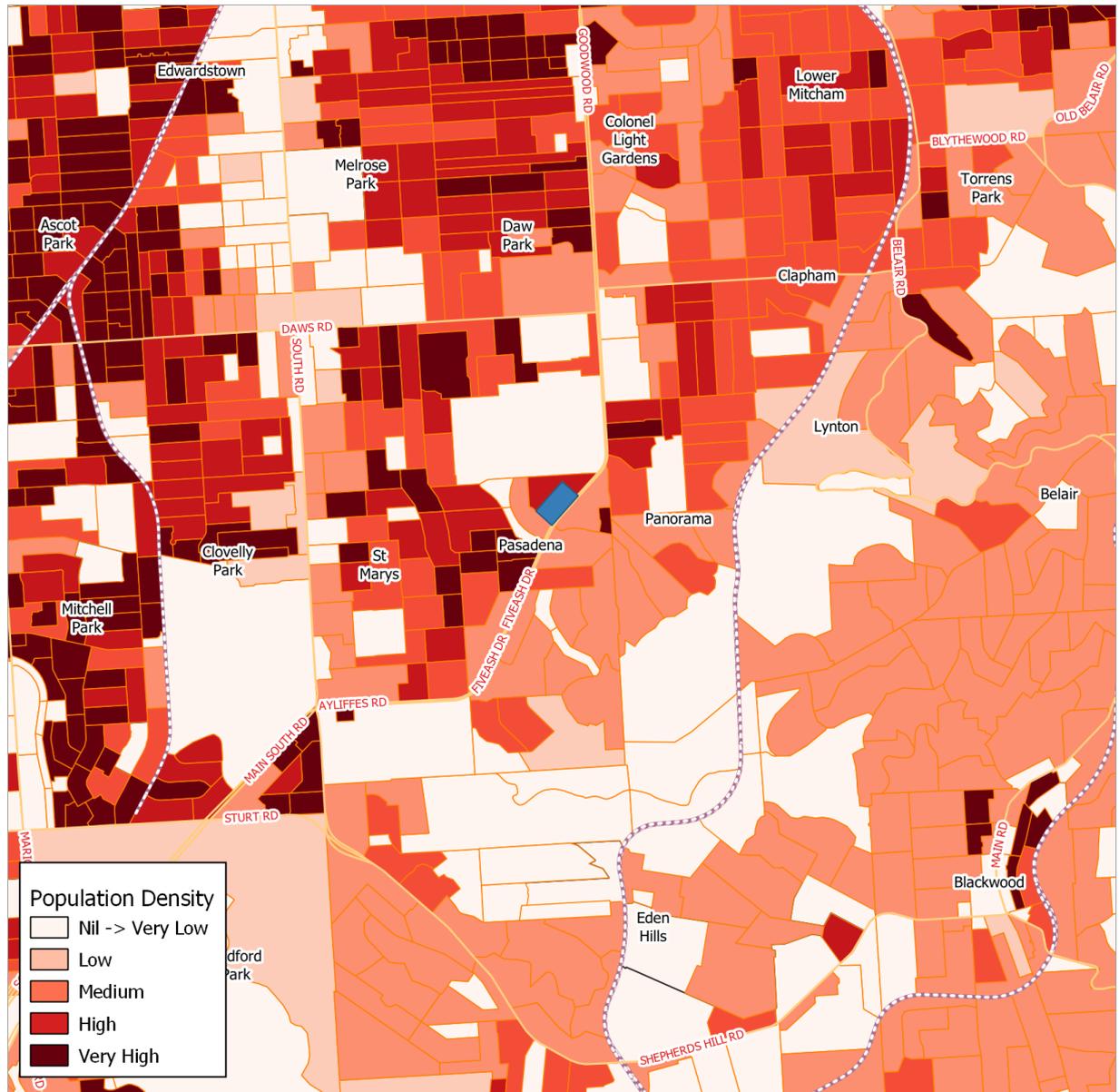
Figure 8 overleaf shows the population density around Pasadena Neighbourhood Centre (which is shaded blue), where the darkness of the shade indicates greater population density. The many white patches illustrates that there are quite a few areas in Pasadena's region with low or no population density, including Centennial Park Cemetery, foothills areas, Sturt Reserve, the Sturt Triangle, Tonsley (currently but changing as PEET builds out the north-western corner of the site) and the industrial areas along South Road. Tonsley aside (where some 1,500 housing units will ultimately be built), little population growth is planned to occur in these areas in future years.

This highlights one of the unknowns with Pasadena Neighbourhood Centre, in that it does not have a large local population base – and that base is constrained by the factors noted above. Some low density areas will gain resident populations in the future – such as the Panorama TAFE site, earmarked for Mixed Use – but most of these areas will not.

It is fair to assume that a relatively larger-than-normal share of Pasadena's custom comes from passing trade – it being on one of the South's major access routes (albeit not on the outbound side of the road), together with the wide renown of its (recently refurbished) Foodland supermarket, making it something of a destination in itself. Anecdotal evidence suggests that it draws trade that might otherwise go to Mitcham Centre. This suggests that traditional trade area

analysis is less indicative of the site’s trading pattern, which appears less dependent on the local resident population than are other centres.

Figure 8: Population Density in the Pasadena Region



Source: ABS Census (2016), Property & Advisory

Household Income

Figure 1 herein illustrates that areas to the west of Pasadena Neighbourhood Centre are in the lower household income quintiles and areas to the east and north-east are in high income quintiles.

Population Growth

The SA2 regions in Figure 2/Table 2 of greatest relevance to Pasadena Neighbourhood Centre are Panorama and Colonel Light Gardens. Panorama had a population in 2016 of 8,218, which is expected to rise to 8,824 in 2031, an increase of 7.3% over 15 years. Colonel Light Gardens had a population in 2016 of 15,521, which is expected to rise to 15,985 in 2031, an increase of only 3.0% over the same period.

4.3.4 Demand for Increased Floorspace

The purpose of the analysis in this section is to ascertain whether or not there is support for an enlargement of the Pasadena Neighbourhood Centre into Expansion Regions 1 and 2, as depicted in Figure 6. Expansion Region 1 has an estimated area of 8,500sqm (including the central laneway), which could be expected to accommodate say 4,000sqm of additional retail floorspace assuming an at-grade parking solution, or say +/-6,000 sqm if there was an undercroft car park . This would increase the total retail floorspace in the Centre to between say 13,000 and 15,000sqm, if developed to maximum potential².

Based on the extent and competition identified in Figure 7, we estimate that the Primary Trade Area around Pasadena has a population of approximately 15,700 people, or some 5,700 households. The projected population of the Primary Trade Area in 2031 is 16,550, indicating growth of 5.4% over these years.

Even using the lower end scenario, incorporating the notional Pasadena total retail floorspace above into the total floorspace in Table 5 produces a figure of figure of 5.3 square metres of retail floorspace per head of population (compared to 5.0sqm/person without the notional expansion). As against a national average of 2.2sqm/person and an average of 3.5sqm/person in Greater Adelaide, this figure is on the high side of observed rates, which suggests that there is no pressing undersupply of floorspace in the trade area.

There are several additional factors affecting an assessment of demand at Pasadena:

- the local area includes a high quantity of large format floorspace, which skews the sqm/'000 population to the high side, meaning that the ratio of 'high turnover/sqm floorspace' – a more relevant metric linked to supermarket turnovers and similar – is likely much closer to the mean;
- as above, the apparent renown of Pasadena Foodland appears to attract extraordinary custom, a good percentage of it apparently drawn from outside of the traditional measure of trade area adopted above;
- being on a major route to the south, Pasadena likely also attracts significant additional custom from outside its conventional trade area; and
- its future trade may be affected by the addition of retail floorspace at Tonsley.

It is further noted that, in work undertaken by P&A for Chapley Group in 2018 – which we believe was provided to Council – it was concluded that the 5km radius around Pasadena Shopping Centre is already well supplied with supermarket floorspace and no additional floorspace was warranted. Referring only to supermarket floorspace, it was noted that the low anticipated 2031 population growth in a 5 km radius around Pasadena will only bring the supermarket floorspace per head of population down to the Greater Adelaide average, rather than provide compelling demand for new floorspace.

² If Painter Street was also closed, an additional 1,500 sqm or so of developable land would be released, potentially allowing more floorspace still.

It was further noted in that work that such an outcome might occur through an unanticipated increase in corridor residential development or residential development associated with Flinders University at Bedford Park – all of which is somewhat over the horizon at this point in time and, in the case of Flinders, to whether its residents would gravitate to Pasadena or use other alternatives.

As an additional data point, P&A benchmarked Pasadena against several comparable Centres elsewhere in Adelaide³, based on gravity modelling of floorspace, household counts and household income in surrounding suburbs. Modelled turnover/sqm shown at Table 6 overleaf.

Table 6: Modelled Retail Turnover – Pasadena's and Benchmarks

Centre Code	Description	Modelled \$turnover/sqm		
		Food	Nonfood	Total
434005	PASADENA SHOPPING CENTRE	\$6,076	\$2,398	\$8,473
525002	REYNELLA SHOPPING CENTRE	\$8,198	\$5,572	\$13,771
868068	ST CLAIR VILLAGE SHOPPING CENTRE	\$4,657	\$1,944	\$6,601
91001	NEWTON ROAD, NEWTON	\$5,248	\$2,461	\$7,709
770002	GOLDEN GROVE GATEWAY SHOPPING CENTRE	\$7,438	\$3,733	\$11,171

Source: Property & Advisory

As shown, modelled turnover at Pasadena falls in the mid-range of rates/sqm for both food and non-food retailing. Had it fallen at the top of the range, this would be an indicator favouring additional floorspace – and conversely, a bottom of the range turnover might indicate an oversupply.

On balance it is concluded that, as regards Expansion Region 1, it is physically a natural place to cater for additional retail floorspace in the Pasadena Neighbourhood Centre, should the market require it⁴. There is no compelling demand case for expansion of the Centre presently, based on floorspace ratios and modelling, however it is noted that the existing zone is fully developed and has nowhere to expand. In that context, Expansion Zone 1 is the logical place for it to occur. Future growth in retail demand that may drive the need for additional floorspace in our view will be a function of:

- the nature and density of residential development at the Panorama TAFE mixed use locale and the extent of on-site retail floorspace that is created there;
- the nature of pending retail development at Tonsley; and
- the effect that the redevelopment of Main South Road has on traffic patterns.

As against this, it is unlikely that floorspace demand in the years to 2031 will increase to the point where Expansion Region 2 is required for additional retail floorspace⁵. Rather, it appears to

³ in terms of scale, anchors and/or the nature and extent of the surrounding population.

⁴ Noting that this 'region' currently comprises six detached dwellings on Ayliffes Road and a 3,200 sqm site occupied by Greening Australia behind.

⁵ Noting that this region is currently configured as circa 25 detached and, immediately behind (and to the west of) the current centre, 15 or so attached dwellings. Similarly, the area immediately south of the centre is currently configured as 20 or so detached dwellings. Also noted in this regard is the significant area of open space on the western and southern boundaries of Expansion Region 2.

be a better candidate for an uplift in residential density, presumably via a Suburban Neighbourhood zone, consistent with those being contemplated in the aforementioned precincts. 'Suburban Neighbourhood' would leave open the possibility of a retail component in developments if demand confounds projections and grows to that stage, although if there was intensification of residential use, then this option might be closed off over time..

4.4 BLACKWOOD CENTRE PRECINCT

This precinct comprises the Blackwood District Centre and surrounds, extending along a north-south axis broadly straddling Main Road. The principal changes envisaged in the DPA comprise:

- minor expansion of the District Centre zone to the south-east of the roundabout and several allotments on Shepherds Hill Road and Young Street;
- expansion of the District Centre zone to take in Waite Reserve and some adjoining residential lots – although Waite Reserve (in Council ownership) is likely to remain as open space;
- the Residential (Blackwood Urban) zone (minimum allotment size 450sqm) to be re-designated Suburban Neighbourhood (target allotment sizes in the range 100 – 300sqm), allowing for significantly greater densities and building heights; and
- the Commercial (Main Road) zone to be re-designated Mixed Use, with only minor changes to the zone boundary.

P&A's 2014 report highlighted the fact that Blackwood possessed a loyal customer base of 'Mitcham Hills' residents, but that its fragmented ownership hampered large scale redevelopment – as indicated by the fact that most shops dated back to the 1980s or earlier. It is also somewhat geographically constrained, with Main Road running along a ridge line and land falling away from this on either side.

The change in zone from Residential (Blackwood Urban) to Suburban Neighbourhood will, in theory, provide scope for a significant uplift in the number of households living in walkable distance from the District Centre, including opportunity for greater housing choice and ageing-in-place. Whether or not the development community sees an opportunity and acts upon it is an open question at this point in time, particularly given the extent of new medium density residential development (such as that to the east of Main Road) over the last 10-20 years.

Similarly, the type of new development that is most likely in the proposed Mixed Use zone (the current Commercial zone that straddles Main Road) is in our view likely to be similar to that which exists presently, at least in the early years. It may take some time in this market for development proposals to emerge that combine ground floor retailing with upper floors of apartments along this corridor. As this form of development is rare outside the innermost ring of suburbs at present, there is insufficient data to indicate what market directions would lead developers to initiate such projects in Blackwood.

Table 7 overleaf shows the current retail composition of the precinct.

Table 7 : Retail Composition, Blackwood Centre (sqm)

	Food	Non-food	Total
Within DCE	8,002	6,523	14,525
In Current C(MR) and R(H) Zones	1,998	7,381	9,379
TOTALS	10,000	13,904	23,904

Source: DPTI Retail Database (2007); P&A (2019)

As shown, Blackwood Centre Precinct has a total of approximately 23,900sqm of floorspace, with a good mix of food and non-food retailers. Outside the District Centre zone, non-food floorspace predominates, however we note that an Aldi supermarket (typically 1,500sqm) is currently under construction in the Commercial (Main Road) zone.

DPTI's projected population increase in the relevant SA2 (Blackwood in Table 2) is a very low 3.5% in total over the period 2016 - 2031. Blackwood Centre is also likely to attract customers from the Coromandel Valley SA2 to the south (as illustrated in Figure 2). Its population is projected to rise from 4,440 in 2016 to approximately 5,170, an increase of 16%.

These projections probably rest on slight densification in the housing stock over time rather than the greater densification that would arise from the introduction of the Suburban Neighbourhood zone – so, in the case of Blackwood, the 3.5% projection is likely to be on the low side. On the other hand, if the SN zone does not attract new medium-high density residential development there is little prospect for significant population increases in Blackwood's primary trade area, and therefore correspondingly little incentive for developers to increase retail floorspace in Blackwood over this term.

As a corollary to this, the various extant constraints on supply will tend to push property prices up, which will work against the economics of the site consolidation(s) that would be required to allow new development at any scale.

5.0 MITCHAM ACTIVITY CENTRES STRATEGY

P&A's 2014 report plotted a strategy for the future of activity centres in Mitcham, with particular emphasis on the three extant District Centres of Cumberland Park, Mitcham and Blackwood. These three District Centres have been revisited herein in light of the proposed Mitcham Growth Precincts DPA changes and it is appropriate that Mitcham's overall retail strategy also be revisited at a high level.

The 2014 report foreshadowed many of the planning innovations that are contained in the current DPA proposals, most notably residential uplift in close proximity to the retail centres and enhanced mixed use zones on arterial roads. With a low population growth projected for Adelaide, the main driver of demand for such development will be a lack of new development opportunities on the urban periphery and a concomitant emphasis on infill development in the inner and middle 'rings'. Many of the planning initiatives discussed herein are seen to be facilitating this focus.

If residential uplift can be achieved in these precincts, it will contribute to the continued viability of the central retail and commercial space, and build local demand for a night-time economy. The precincts will also be walkable for a higher percentage of patrons, obviating pressure on existing car parking areas. A key factor will be the extent of Council-led public realm works to make redevelopment a more attractive proposition.

5.1 THE STRATEGIC ENVIRONMENT

5.1.1. Economic Environment

The trends and drivers identified in Section 3 herein are broadly unchanged from 2014, however the retail environment has become more uncertain since that time. There has been a succession of failures on a national scale, particularly in the apparel sector. This trend is increasingly bringing pressure onto centre landlords.

Whilst the retail property investment market remains relatively strong at present (partly driven by a very low interest rate environment that could persist for some time) our view is that the difficult trading conditions could lead to a general downgrading of the sector which could, in turn, deliver a disinclination on the part of some owners to invest in upgrading or expanding existing centres. This is a subject for another paper altogether, wherein local demographics and the market positioning of individual centres assumes a new importance.

5.1.2 Legislative and Planning Environment

Since 2014 there have been several changes to the legislative and planning environment:

- an update to the 30-Year Plan;
- an Existing Activity Centres DPA, which freed up some of restrictive peripheral matters constraining Activity Centres, including provisions around change of use within centres and the removal of floorspace caps; and
- the forthcoming new Planning and Design Code.

5.1.3 Council Objectives

It is not intended that this report conduct a wholesale review of the Council strategies covered in our 2014 report – not least because this current report concerns only certain precincts and not the LGA as a whole.

The strategies identified in the earlier report generally continue to be broadly applicable to the current state of play. With this in mind, the matters identified below address specific matters that are pertinent to Mitcham's future retail settings:-

- the emphasis on consolidating existing centres and infrastructure rather than creating significant new centres remains. Mitcham's generally low population growth obviates the case for significant quantities of new floorspace, or the creation of new higher order centre zones beyond those already existing, with two exceptions:
 - there may be some small scale retail development in Goodwood/Daws Road Precinct to meet local demand for walkable convenience, noting the precinct's good accessibility to major supermarkets and specialty retailing at Mitcham and Pasadena. The proposed Mixed Use zone is well able to accommodate the convenience retail component envisaged; and
 - just over the current horizon is the potential population uplift in the vicinity of Flinders University. This is an unknown quantity at this stage. Potential exists for a retail centre of some description where the railway (currently under construction) is planned to terminate, but the extent of it is a function of the local resident population, and the plans Flinders University brings to the table in this regard, if any. In the absence of a planned retail centre at the terminus site, any growth in the Flinders University resident population will likely gravitate to Tonsley, assuming a centre is developed there.
- the pressure from major retailers for additional floorspace has dissipated somewhat. Notably, the Bunnings at Panorama did not proceed, and was instead satisfied by the development of the former Bridgestone site at Edwardstown;
- there have been several initiatives in the past 5 years aimed at addressing the presentation and fragmentation of Blackwood, and this should continue to be an area of focus;
- 'walkability' has elevated as a policy priority across-the-board and should continue to be a matter for attention in future planning of Mitcham activity centres; and
- outcomes in relation to South Road at both St Marys and Edwardstown remain fluid in response to the timing and nature of the North/South Corridor road development. This will require ongoing monitoring as regards retail outcomes in these areas, noting also the additional 1,500 households anticipated at Tonsley in future years and the effect these may have on retail demand in the region.

5.2 CONCLUSIONS

Overall, the changes to the Development Plan foreshadowed by the Precinct plans in the Mitcham Growth Precincts DPA are considered to be appropriate from a land economics standpoint.

The introduction of 'Suburban Neighbourhood' zones around the District Centres in particular provides for an increase in local residential density which, over time, should generate positive outcomes within the District Centres. The present market conditions create some uncertainty

about the future of suburban shopping centres, and this move should be a countering, positive impetus.

However, immediate change is not expected. The past five years have seen some new high density residential development outside the CBD, but this has mostly been confined to arterial roads rather than adjacent to Centres, and the innermost ring of LGAs have been the main beneficiaries. Such development south of Cross Road is, as yet, unproven.

In an environment of low population growth overall, the extension of new higher density residential development is likely to be a 'slow burn'. Of the precincts investigated herein, Mitcham Centre is the most prospective – because it has a rail link to the CBD, the largest retail centre, with an entertainment component, and is situated within highly regarded residential suburbs.