



Smithfield Town Centre Economic Analysis

Cairns Regional Council

Final Report
November, 2010

A leading Australian consulting group recognised through the success of our clients



- Economics, Planning & Development 
- Business Strategy & Finance 
- Community Research & Strategy 
- Design, Marketing & Advertising 
- Information & Knowledge Management 

Document Control

Job ID: 15717
Job Name: Smithfield Town Centre Economic Analysis
Project Director: Gavin O'Donovan
Project Manager: Thor Lyster
Company: Cairns Regional Council
Job Contact: Gerard Rosse
Document Name: Smithfield Town Centre Economic Analysis Report Final Draft
25Nov10
Last Saved: 30/11/2010 11:44 AM

Version	Date	Reviewed PM	Approved PD
V1 (Working Draft)	2/11/2010	TL	
Final Draft	25/11/09	TL	GO
Final Report	30/11/09	TL	GO

Disclaimer:

Whilst all care and diligence have been exercised in the preparation of this report, AEC Group Limited does not warrant the accuracy of the information contained within and accepts no liability for any loss or damage that may be suffered as a result of reliance on this information, whether or not there has been any error, omission or negligence on the part of AEC Group Limited or their employees. Any forecasts or projections used in the analysis can be affected by a number of unforeseen variables, and as such no warranty is given that a particular set of results will in fact be achieved.



Executive Summary

Introduction

The Cairns Regional Council has commissioned AECgroup to undertake an independent economic analysis for the proposed Smithfield Town Centre to inform planning scheme amendments and aid the development of a master plan. Key components of this report include:

- Analysis of projected population growth and dwelling demand in Cairns and economic assessment of the need and likely demand for residential lots and dwellings in the Smithfield Town Centre with consideration of types of density;
- Assessment of the existing centres hierarchy within the Cairns region including role, mix of uses and catchment area for key centres;
- Economic assessment of the demand and need for commercial retail, bulky goods and commercial office space in the Smithfield Town Centre and recommendation of floor space thresholds; and
- Staging plan for the sustainable development of the Smithfield Town Centre including development thresholds for each land use (residential, retail, bulky goods and office) over the next 20 years in 5 year cohorts.

Catchment Indicators

A residential analysis of the area has been prepared to inform the likely level of demand for additional residential dwellings over the next 20 years. AECgroup has developed a set of detailed residential household forecasts for the Primary Catchment Area (PCA), which includes the postcodes of 4879 and 4878 and currently has an estimated resident population of 29,276 persons. Population within the catchment is forecast to increase to 33,110 by 2015 growing at an average annual rate of 2.5%. From there population is forecast to increase to 36,269 by 2020 and 38,571 by 2030 at an average annual growth rate of 1%. Population forecasts for the PCA are considered in Table E.1.

Table E.1: Population Forecasts for the Primary Catchment Area

Catchment	2010	2015	2020	2025	2030
4879	15,597	17,419	18,948	19,634	20,130
4878	13,679	15,715	17,345	18,011	18,466
Total	29,276	33,134	36,293	37,645	38,596
Avg. Ann. Growth	NA	2.5%	1.8%	0.7%	0.5%

Source: AECgroup, ABS Census

Demand for new dwellings in the PCA is forecast at an additional 4,546 by 2020 and 7,003 by 2030. Demand is assumed to continue to be predominately detached dwellings however it is assumed that Smithfield Town Centre can meet the proportion of demand for higher density residences, which is currently 22% of total dwellings demand in Cairns.

Retail Space Forecasts

Table E.2 considers the forecast surplus / deficit in the supply of retail and bulky goods in the PCA to 2030.

Table E.2: Retail Space Surplus / Deficit Estimates in the PCA (sqm)

Category	2010	2015	2020	2025	2030
Groceries & Specialty Food	1,552	-57	-3,338	-6,633	-9,433
Food & Liquor Catering	-465	-499	-899	-1,300	-1,643
Clothing & Accessories	-10	104	-1,416	-2,931	-4,316
Furniture, Houseware & Appliances	-295	-32	-1,126	-2,224	-3,169
Recreation & Entertainment Equipment	893	1,026	335	-358	-956

Garden & Hardware Goods	6,314	5,477	3,968	2,473	1,030
Other Goods & Personal Services	179	-224	-1,049	-1,879	-2,581
Total	8,167	5,795	-3,525	-12,851	-21,068

Note: *Additional supply is added in based on planned and approved retail developments at Smithfield Shopping Centre and Clifton Village. GLA of new developments has been proportioned amongst categories based on the proportions through the entire PCA. Sqm estimates do not include cafes or restaurants – AECgroup does not class these as traditional retail.

Source: AECgroup

Demand growth for *Groceries & Specialty Food* is forecast to require an additional 3,338 sqm of floor space by 2020 and 9,433 sqm of floor space by 2030. This level of demand would justify two new full sized supermarkets in the PCA by 2030. It is assumed that to maximise retail convenience that these supermarkets would be best located in currently underserved parts of the PCA rather than in the Smithfield area which is already serviced by two full sized supermarkets.

Demand growth for General Retail (Excludes *Groceries & Specialty Food* and *Garden & Hardware Goods*) is forecast to require an additional 4,155 sqm of floor space by 2020 and 12,665 sqm of floor space by 2030. There will be a challenge in meeting this demand within the PCA with a retail product that is relevant with consumers compared to existing competitors such as Smithfield Shopping Centre and the CBD. It is also considered that any retail developed should not threaten the CBD as the pre-eminent retail destination in the region. Meeting this additional demand with a 'big box' / bulky goods precinct at Smithfield is suggested as the most consumer relevant solution with a clear lack of this format in the PCA and natural synergies with both Smithfield Shopping Centre and existing bulky goods retailers such as Bunnings;

Commercial Space Forecasts

Forecast commercial office space for the lower and upper bound estimates are based on AECgroup's population forecasts for the PCA (Table E.3)

Table E.3: Commercial Floor Space Estimates in the PCA

	2010	2015	2020	2025	2030
Lower bound	8,028	9,086	9,952	10,323	10,584
Upper bound	12,675	14,345	15,713	16,299	16,710
Avg. Ann. Growth (%)	-	2.5%	1.8%	0.7%	0.5%
Low bound (additional required floor space)	0	1,058	1,924	2,295	2,556
Upper bound (additional required floor space)	0	1,670	3,038	3,624	4,035

Source: AECgroup

Demand for commercial space in the PCA is forecast to by 1,924 sqm – 3,038 sqm by 2020 and 2,556 sqm – 4,035 sqm by 2030. Given that a proportion of future office workers will continue to work from non-commercial premises (e.g. major retail and industrial sites, accommodation venues and home-based) the lower end of this range is considered the most appropriate estimate of PCA relevant commercial demand. The vast majority of this PCA relevant commercial space could be located within the Smithfield Town Centre rather than elsewhere in the PCA. There is also an unspecified potential to locate regional commercial space (e.g. commercial presences that would typically be associated with the CBD) in the Smithfield Town Centre. The realisable potential for this commercial space will be dependent on both regional planning policy (i.e. how much CBD commercial development is prepared to be sacrificed for the Smithfield Town Centre) and the success of urban designers and project marketers in attracting such tenants to a future Smithfield Town Centre.

Proposed Staging Plan

AECgroup has prepared a proposed staging plan for Smithfield Town Centre based on current population and market forecasts. The proposed staging plan is summarised in Table E.4.

Table E.4: Summary Proposed Staging For Smithfield Town Centre

Land Use	Smithfield (Local Services) Demand	Smithfield Development Schedule	Additional PCA Demand (Potentially locatable in Smithfield)
Residential	1,541 attached, assuming 1-5 yrs: 525 dwellings; 6-10yrs: 475 dwellings; 11-15yrs: 288 dwellings; and 16-20yrs: 253 dwellings.	1-5 yrs	1,863 dwellings
		6-10yrs	1,683 dwellings
		11-15yrs	1,020 dwellings
		16-20yrs	896 dwellings
Commercial	<ul style="list-style-type: none"> The majority of future commercial demand for the PCA over the next 20 years could be located in the Smithfield Town Centre 	1-5 yrs	<ul style="list-style-type: none"> 1,000m²
		6-10yrs	<ul style="list-style-type: none"> 900m²
		11-15yrs	<ul style="list-style-type: none"> 300m²
		16-20yrs	<ul style="list-style-type: none"> 300m²
Retail	<ul style="list-style-type: none"> Liquor store (100m²); Chemist (100m²); Newsagency (100m²); Bakery (100m²); Specialty food stores (700m²) Hairdresser (100m²) Nil Small format supermarket (1,500m²) Liquor store (150m²) 	1-5 yrs	<ul style="list-style-type: none"> Nil
		6-10yrs	<ul style="list-style-type: none"> Nil
		11-15yrs	<ul style="list-style-type: none"> Supermarket (3,500m²) Other Goods and Personal Services (300m²)
		16-20yrs	<ul style="list-style-type: none"> Supermarket (3,500m²) Liquor Catering (350m²) Other Goods and Personal Services (700m²)
Bulky Goods	Smithfield is well located in the PCA for such a precinct and the analysis has identified potential demand for up to 12,000m ² over the next 20 years.	1-5 yrs	<ul style="list-style-type: none"> Nil
		6-10yrs	<ul style="list-style-type: none"> Clothing and Accessories Retail (1,500m²) Furniture, Houseware and Appliances Retail (1,100m²) Recreation and Entertainment Equipment (700m²)
		11-15yrs	<ul style="list-style-type: none"> Liquor Barn/ Warehouse (1,200m²) Clothing and Accessories Retail (1,500m²) Furniture, Houseware and Appliances Retail (1,100m²) Bulk Chemist (1,200m²) Recreation and Entertainment Equipment (700m²)
		16-20yrs	<ul style="list-style-type: none"> Clothing and Accessories Retail (1,400m²) Furniture, Houseware and Appliances Retail (1,000m²) Recreation and Entertainment Equipment (600m²)

Source: AECgroup

Additional Population Considerations

Planning to enable an additional 4,000 plus residents to settle in the core of the Smithfield Town Centre would create additional local demand to justify the establishment of a full sized supermarket in the Smithfield Town Centre. The extra population would also create additional demand for General Retail, which anchored by a major supermarket, would have sufficient demand to develop a District Centre level of retail function. Essentially, sufficient demand to justify a major supermarket would take the

Smithfield Town Centre's retail function from a Local Centre (2,850 sqm) to a District Centre (7,800 sqm – 8,000 sqm).

Town Centre Case Studies

AECgroup examined the examples of Town Centre developments at Springfield (Ipswich) and North Shore (Townsville). The following trends from other Town Centre developments are noted:

- Population growth is a major driver for the development of new Town Centres;
- Town Centre developments generally are most effective in non-established communities, with forecast population growth rather than existing base populations;
- Town Centre developments generally occur on greenfield sites;
- Initial stages usually include the development of a major retail facility;
- Town Centre developments are generally backed by a major property developer;
- Provision of transport infrastructure and connectivity to existing transport infrastructure is important.

Table of Contents

DOCUMENT CONTROL.....	I
EXECUTIVE SUMMARY.....	II
TABLE OF CONTENTS.....	VI
1. INTRODUCTION	0
1.1 ABBREVIATIONS	0
2. LITERATURE REVIEW	1
2.1 CENTRES PLANNING STRATEGY	1
2.2 CAIRNS BEACHES MARKET ASSESSMENT	1
3. ECONOMIC AND DEMOGRAPHIC INDICATORS.....	3
3.1 POPULATION.....	3
3.2 AGE DISTRIBUTION	4
3.3 EMPLOYMENT	5
3.4 INCOME	6
3.5 TOURISM ACTIVITY	6
4. SMITHFIELD TOWN CENTRE CATCHMENT DEFINITIONS	8
4.1 BACKGROUND	8
4.2 EXPENDITURE CATCHMENTS	8
4.2.1 PRIMARY CATCHMENT AREA	8
4.2.2 SECONDARY CATCHMENT AREA	9
4.2.3 OTHER EXPENDITURE	9
4.3 CATCHMENT DEMOGRAPHICS	9
4.3.1 POPULATION	9
4.3.2 EMPLOYMENT.....	10
5. RESIDENTIAL ANALYSIS.....	12
5.1 BACKGROUND	12
5.2 POPULATION GROWTH	12
5.3 AVERAGE HOUSEHOLD SIZE.....	12
5.4 HOUSEHOLD FORECASTS	13
5.5 POTENTIAL RESIDENTIAL DENSITY MIX	13
6. CENTRES HIERARCHY.....	14
6.1 CENTRES HIERARCHY	14
6.2 HIERARCHY IN THE PRIMARY CATCHMENT AREA.....	14
7. RETAIL AND BULKY GOODS MARKET	16
7.1 BACKGROUND	16
7.2 MAJOR RETAIL CENTRES	16
7.3 RETAIL TRADING LEVELS	17
7.4 CURRENT MARKET ESTIMATIONS	17
7.5 FORECAST MARKET ESTIMATIONS	18
8. COMMERCIAL MARKET	20



8.1	BACKGROUND	20
8.2	CAIRNS COMMERCIAL MARKET	20
8.3	SMITHFIELD COMMERCIAL MARKET	20
9.	TOWN CENTRE CASE STUDIES.....	22
9.1	SPRINGFIELD TOWN CENTRE, IPSWICH	22
	9.1.1 TOWN CENTRE CHARACTERISTICS.....	22
	9.1.2 KEY DEVELOPMENT DRIVERS	22
9.2	NORTH SHORE TOWN CENTRE, TOWNSVILLE.....	22
	9.2.1 TOWN CENTRE CHARACTERISTICS.....	23
	9.2.2 KEY DEVELOPMENT DRIVERS	23
	9.2.3 DEVELOPMENT STAGING.....	24
9.3	KEY FINDINGS FROM CASE STUDIES	26
10.	STAGING PLAN.....	27
10.1	OVERVIEW.....	27
10.2	RESIDENTIAL DWELLINGS	27
10.3	RETAIL AND BULKY GOODS.....	28
10.4	COMMERCIAL OFFICE SPACE	30
10.5	PROPOSED STAGING PLAN.....	30
10.6	IMPACT OF ADDITIONAL DENSITY.....	34
11.	CONCLUSION	35
	APPENDIX A: POPULATION AND HOUSEHOLD FORECASTS	36
	APPENDIX B: MODELLING METHODOLOGY.....	37

1. Introduction

Cairns has experienced significant population growth over the past decade. Urban development in the region has been located primarily in the northern and southern areas of the City. As such the urban form of Cairns has become linear and provides challenges for planning and service provision, particularly in the northern and southern regions of the City. In response to this, the Cairns Regional Council is planning to develop two town centres at Smithfield (northern Cairns) and Edmonton (southern Cairns).

The Cairns Regional Council has commissioned AECgroup to undertake an independent economic analysis for the proposed Smithfield Town Centre to inform planning scheme amendments and aid the development of a master plan. Key components of this report include:

- Analysis of projected population growth and dwelling demand in Cairns and economic assessment of the need and likely demand for residential lots and dwellings in the Smithfield Town Centre with consideration of types of density;
- Assessment of the existing centres hierarchy within the Cairns region including role, mix of uses and catchment area for key centres;
- Economic assessment of the demand and need for commercial retail, bulky goods and commercial office space in the Smithfield Town Centre and recommendation of floor space thresholds; and
- Staging plan for the sustainable development of the Smithfield Town Centre including development thresholds for each land use (residential, retail, bulky goods and office) over the next 20 years in 5 year cohorts.

1.1 Abbreviations

Table 1.1: Abbreviations in the Report

Acronym	Meaning
ABS	Australia Bureau of Statistics
CBD	Central Business District
FNQ	Far North Queensland
GLA	Gross Leasable Area
LGA	Local Government Association
PCA	Primary Catchment Area
PIFU	Planning and Infrastructure Forecasting Unit
SCA	Secondary Catchment Area
SLA	Statistical Local Area
Sqm	Square Metres

Source: AECgroup

2. Literature Review

2.1 Centres Planning Strategy

The Centres Planning Strategy (1998) was commissioned in 1996 by the former Cairns City Council and completed in 1998. At the time of completion, the report acted as a central document in regards to the location, role and function of retail developments in the Cairns and Far North Queensland (FNQ) region. The report developed a retail hierarchy which included the following levels:

- City Centre;
- Regional Centre;
- District Centre; and
- Neighbourhood Centre.

Estimates regarding demand and supply of retail floor space were developed. Key findings included:

- Supply of 253,000 sqm of retail floorspace in Cairns (LGA), with an annual turnover of \$737 million;
- Current demand for 187,200 sqm of retail floorspace based on an annual regional retail expenditure of \$620 million;
- Estimated surplus in supply of 65,800 sqm; and
- City Centre providing 112,000 sqm of retail GLA.

The Centres Planning Strategy (1998) was subsequently reviewed in 2001. The former Cairns City Council commissioned the review of the report (Centres Planning Strategy – Review of Selected Aspects, 2001) as a part of their preparation of a new planning scheme. The review aimed to assess the proposed retail hierarchy definitions and to ensure they were appropriate for the region. A new retail hierarchy was developed based on case studies of the Maroochy Shire, Gold Coast City and Brisbane City’s hierarchies. The newly proposed hierarchy assessed retail centres based on their size (sqm of GLA) and estimated catchment populations.

The development of Town Centres was also discussed, with reference to the proposed Edmonton Town Centre. The report suggested that a sub-regional shopping centre would be the most effective way to form a nucleus for a newly developed Town Centre.

2.2 Cairns Beaches Market Assessment

In 2007, two independent economic assessments of a proposed Smithfield Town Centre were undertaken. The Smithfield Town Centre concept and subsequent economic analyses were developed in collaboration between LHL Investments, Trinity Park Investments and the former Cairns City Council. The reports primarily provided guidance for the provision of retail and commercial space at the proposed Town Centre.

Pitney Bowes was commissioned in November 2007 to prepare a report which provided an assessment of the demand for future retail floor space in the Smithfield region. Key findings from the report included:

- Existing supply of retail floor space in the Northern Beaches region of 157,350 sqm;
- Demand for an additional 115,741 sqm of retail floor space by 2027;
- Recommendation of 50,600 sqm to be allocated to the Smithfield region, 20,000 sqm to be allocated to Douglas Shire and 7,500 sqm to be allocated to Mareeba Shire; and
- Recommendation of a Town Centre in Smithfield, with development occurring over two main stages.

MacroPlan prepared a report in December 2007, which investigated the economic feasibility for the Smithfield Town Centre in terms of future demand for retail and commercial floor space.

MacroPlan's retail analysis was reported in a two-stage implementation. Stage 1 set out an additional 15,000 sqm – 20,000 sqm for core retail and 10,000 sqm for bulky goods to be developed by 2011. Stage 2 suggested a further 40,000 sqm – 50,000 sqm of core retail and 20,000 sqm of bulky goods could be supplied by 2026.

MacroPlan's commercial office space estimates suggested there was opportunity for an additional 40,000 sqm – 50,000 sqm of commercial GLA by 2026, which would provide employment for 2,000 – 2,500 white collared workers.

Core Economics conducted a review of MacroPlan's Cairns Beaches Market Assessment in December 2007. Core Economics considered MacroPlan's estimates for commercial and light industrial land to be realistic over the given time frame. Demand for core retail floor space was judged to be underestimated. Core Economics estimated demand for retail floor space in the Smithfield catchment area at 102,370 sqm in 2007 and 173,793 in 2026, which was higher than MacroPlan's estimates of 87,478 sqm in 2007 and 158,724 sqm in 2026.

In August 2008, Economic Associates were engaged by the Cairns Regional Council to undertake a review of the economic analyses undertaken in regards to the Smithfield Town Centre by MacroPlan, Pitney Bowes and Core Economics.

Economic Associates raised several issues with MacroPlan's economic analysis, including:

- Over-estimation of the secondary catchment area;
- Discrepancies between population forecasts and retail, commercial and industrial forecasts;
- Limitations of demographics used in the analysis, with the demographics used supposedly for the Smithfield state suburb which represents only a fraction of the total catchment area;
- Incompleteness of retail hierarchy within the catchment areas;
- Use of a per capita methodology to estimate retail expenditure;
- Incorrect trading levels for supermarkets and groceries retailers and bulky goods retailers; and
- Over-estimation of commercial office space based on an over-estimated number of people employed in traditional office space.

In addition, Economic Associates raised the following concerns regarding Pitney Bowes' report:

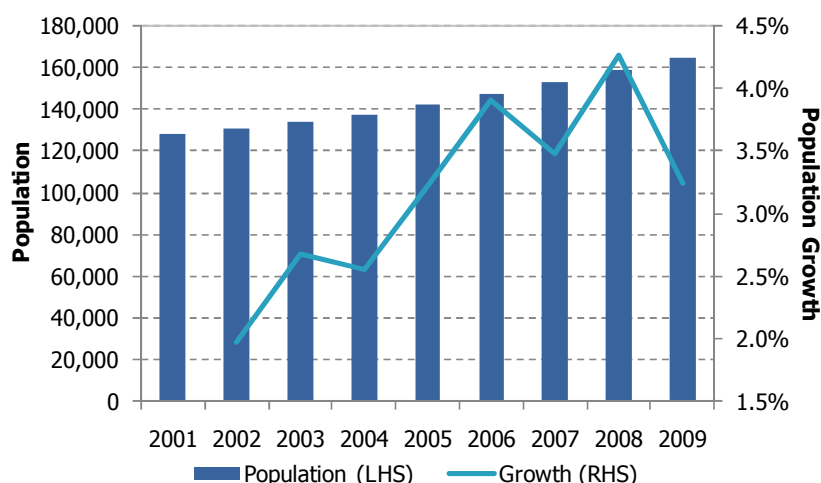
- Inappropriate catchment definitions (inclusion of former Mareeba and Douglas shires);
- Likely over-estimation of demand for retail floor space due to the inappropriate catchment size; and
- Lack of national benchmarks in determining tourism related expenditure.

3. Economic and Demographic Indicators

3.1 Population

The Cairns Local Government Area (LGA) recorded an estimated resident population of 164,356 persons in 2009. Population growth in Cairns has been strong over the past decade, particularly since 2005, where population has grown at an average annual rate of 3.6% (see Figure 3.1).

Figure 3.1: Cairns LGA Historical Population



Source: ABS Estimated Resident Population

Population growth throughout the greater region is reflected in Cairns' suburbs, which are characterised by Statistical Local Areas (SLAs) in Table 3.1. Population growth has been particularly strong in the northern regions of *Barron* (4.0% average per annum) and *Northern Suburbs* (4.4% average per annum). *City* (4.2% average per annum) and *Trinity* (4.5% average per annum) also grew significantly during this time.

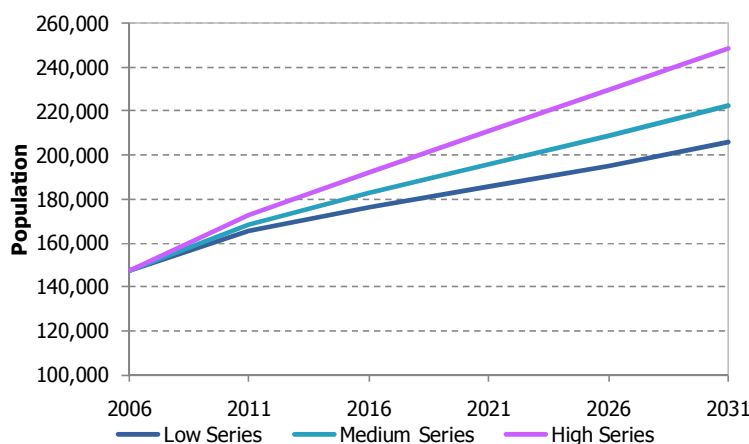
Table 3.1: Cairns SLAs Historical Population

SLA	2001	2002	2003	2004	2005	2006	2007	2008	2009	AA. %
Barron	17,742	18,245	18,911	19,795	20,809	21,514	22,378	23,407	24,229	4.0%
Central Suburbs	21,414	21,570	21,638	21,819	22,592	22,990	23,103	23,458	23,709	1.3%
City	7,024	7,224	7,640	7,878	8,422	8,813	9,117	9,559	9,735	4.2%
Mt Whitfield	11,455	11,595	11,820	12,124	12,557	12,730	12,882	13,065	13,299	1.9%
Northern Suburbs	13,657	13,779	14,409	14,858	15,166	16,351	17,298	18,178	19,291	4.4%
Trinity	30,096	31,076	32,059	33,109	34,279	36,051	38,074	40,889	42,800	4.5%
Western Suburbs	11,544	11,668	12,026	12,333	12,594	13,187	13,552	13,920	14,055	2.5%

Source: ABS Estimated Resident Population

Population forecasts for Cairns project that the region will continue to grow strongly over the next 25 years. The Queensland Treasury's medium series population forecasts suggest that Cairns' population will grow at an average annual rate of 1.7% to 2031, with levels predicted at 195,540 by 2021 and 222,640 by 2031 (see Figure 3.2).

Figure 3.2: Forecast Population for Cairns LGA

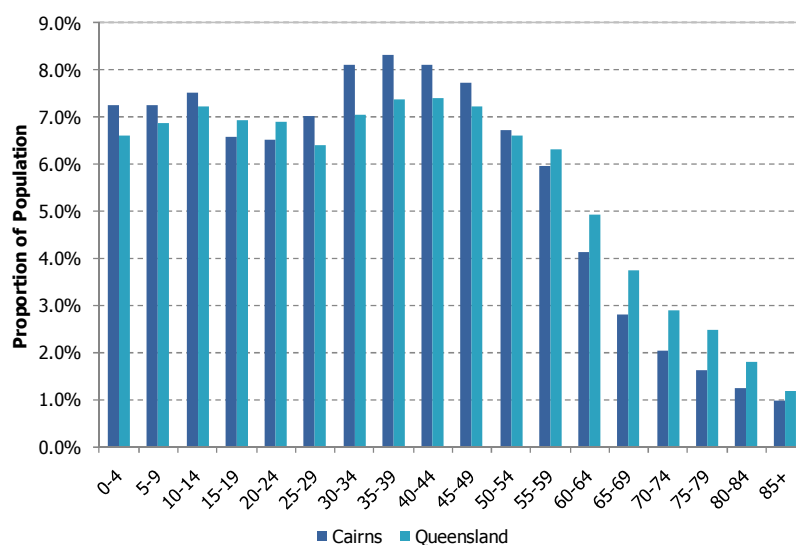


Source: PIFU

3.2 Age Distribution

Cairns has a relatively young age distribution in comparison to Queensland (see Figure 3.3). Residents aged over 55 years account for 18.8% of Cairns' population, compared with 23.4% for Queensland. Children aged from 0 to 14 account for 22.1% of the City's population, which is 1.3 percentage points higher than for Queensland. Interesting, Cairns has much higher than average contributions from the middle age groups, with 46% of the region's population aged between 25 and 50, compared with 42% for Queensland.

Figure 3.3: Cairns' Age Distribution (2006)



Source: ABS Census

Cairns recorded an estimated average age of 34.7 years in 2006, which is approximately 2.1 years younger than Queensland's average age (see Table 3.2).

Table 3.2: Cairns' Average Age

Region	1996	2001	2006
Cairns	32.2	33.5	34.7
Queensland	34.5	35.6	36.6

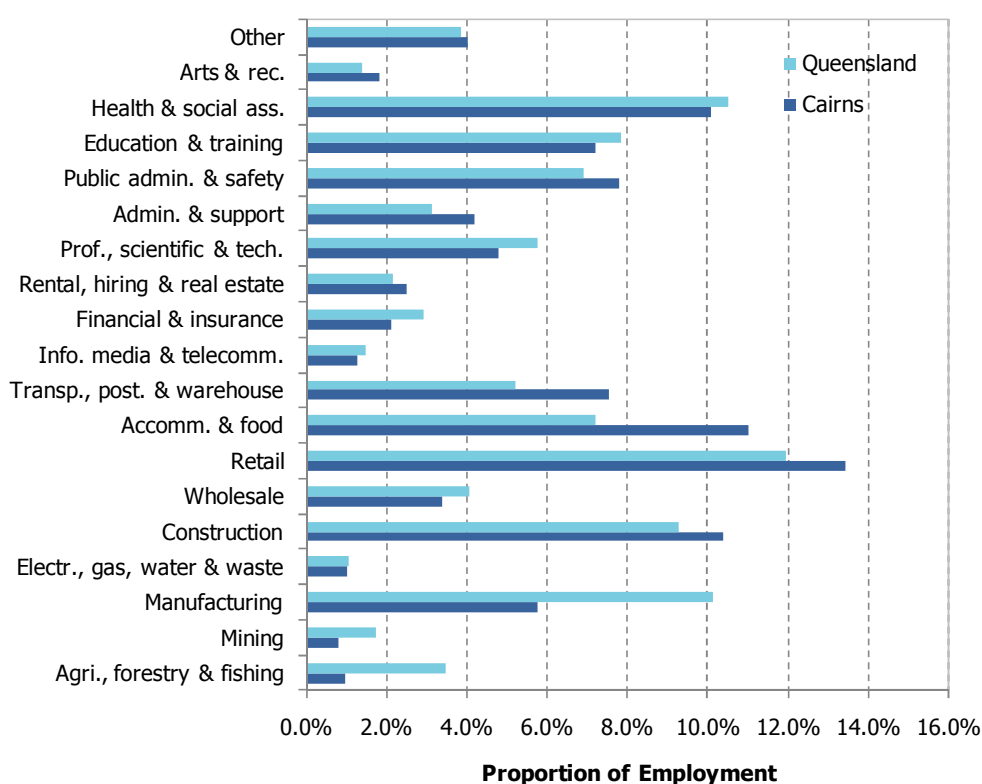
Source: ABS Census

However, like the majority of Australia, Cairns is experiencing an ageing population. Despite having a relatively younger population than Queensland, Cairns' population is ageing at a quicker rate. Cairns' average age increased by 2.5 years between 1996 and 2006, compared to 2.1 years for Queensland. Cairns' population is likely to continue to age faster than Queensland's due to the higher than average proportion of population in middle age groups.

3.3 Employment

Cairns' employment is centralised in the tourism related industries of *Accommodation and Food Services* (11%), *Transport, Postal and Warehousing* (7.5%) and *Retail Services* (13.4%). Employment in these industries is 7.6 percentage points higher compared to Queensland. Cairns has lower than average contributions from the industrial and primary industries of *Manufacturing* (5.8%), *Mining* (0.8%) and *Agriculture, Forestry and Fishing* (1%). Figure 3.4 considers employment by industry in Cairns and Queensland.

Figure 3.4: Employment by Industry in Cairns (2006)

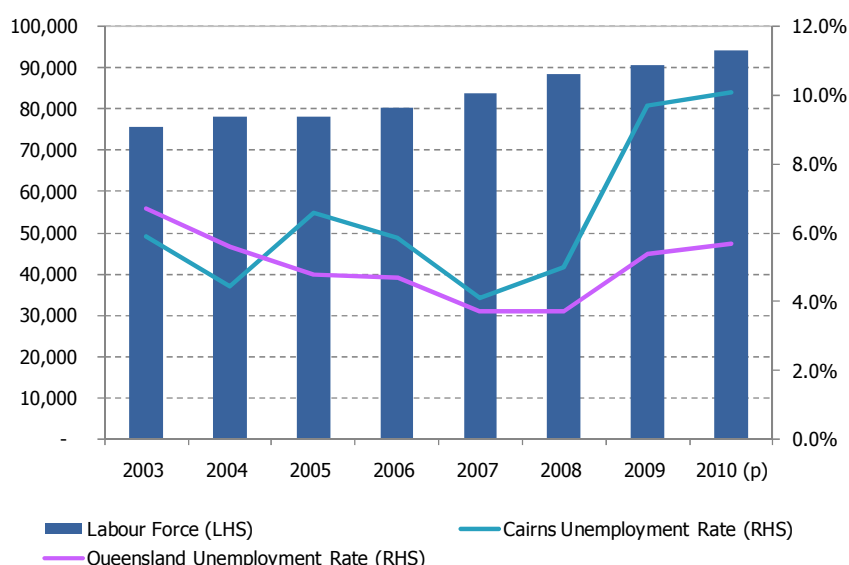


Note: For Cairns Statistical District
Source: ABS Census

Cairns currently records an estimated labour force of 94,242 persons (QRSIS, 2010). Cairns' labour force has grown significantly over the past several years, driven by strong population growth. Unemployment in Cairns was on average only marginally higher than Queensland between 2003 and 2008, averaging 5.3% compared with Queensland's 4.9% (see Figure 3.5).

However, since 2008 unemployment has increased significantly reaching a peak of 10.1% in 2010. Unemployment also increased across Queensland (reaching 5.7%), but to nowhere near the same extent as Cairns. The significant rise in unemployment in Cairns has coincided with a strong decline in tourism visitation, particularly from international markets and likely related to the Global Financial Crisis and stronger Australian dollar. Tourism is the most significant industry in Cairns and is renowned for being sensitive to cyclical movements.

Figure 3.5: Labour Force and Unemployment in Cairns



Source: Queensland Treasury (QRSIS)

3.4 Income

Cairns recorded an average weekly household income of \$1,054 in 2006, which is \$21 higher than the Queensland average. *Western Suburbs* (\$1,171), *Barron* (\$1,145) and *Mt Whitfield* (\$1,143) are Cairns' most affluent areas, whilst *Central Suburbs* (\$750) is Cairns' lowest income area. Surprisingly, *City* (CBD area) recorded a weekly average income of \$934, which is \$99 less than Queensland. The unusually low income derived from the city centre may be a product of a smaller than average household size. Cairns City has an average household size of 1.9 persons, as opposed to 2.6 across Queensland. Average weekly individual income for Cairns City is \$536, which is \$60 higher than Queensland's average individual income of \$476.

Table 3.3: Average Weekly Household Income in Cairns by SLA (2006)

SLA	Average Weekly Household Income	% of Queensland Avg.
Cairns Region	\$1,054	102%
Barron	\$1,145	111%
Central Suburbs	\$750	73%
City	\$934	90%
Mt Whitfield	\$1,143	111%
Northern Suburbs	\$1,131	109%
Trinity	\$1,074	104%
Western Suburbs	\$1,171	113%
Queensland	\$1,033	100%

Note: Income for the Cairns Region is based on the Cairns Statistical District
Source: ABS Census

3.5 Tourism Activity

Tourism is Cairns' most significant industry. In 2009-10, the region hosted over 2 million visitors. Domestic visitation accounted for approximately 1.4 million visitors in 2009-10, having fallen by 7% from the previous year. International visitors accounted for approximately 650,000, also falling by 7% from the previous year. Total tourism expenditure in 2009-10 is estimated at \$2.4 billion, which is about even with the previous year. Expenditure from international visitors was down significantly, however this was countered by a rise in expenditure from domestic visitors.

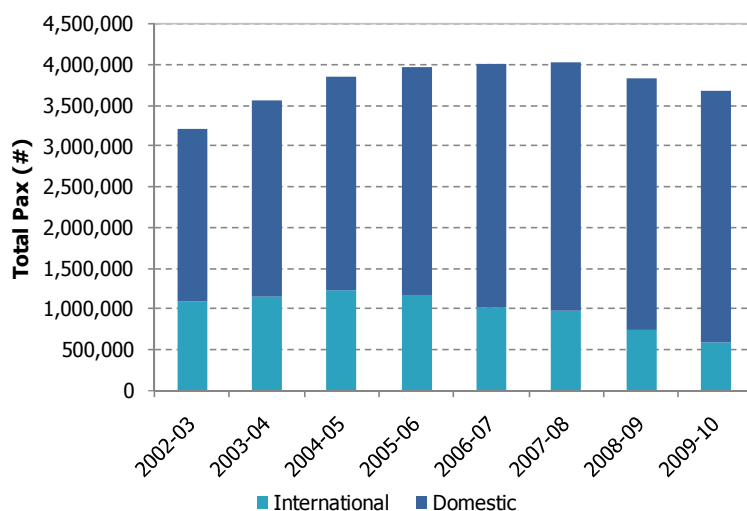
Table 3.4: Cairns Region Tourism Snapshot

Visitor Type	Visitors	Holiday	VFR	Business	Expenditure
Domestic Overnight	1,412,000	782,000	379,000	226,000	\$1,654
<i>Annual change</i>	-7%	-7%	12%	-6%	13%
<i>Trend change</i>	-1%	0%	2%	-8%	4%
International Overnight	654,000	595,000	29,000	16,000	\$775
<i>Annual change</i>	-7%	-7%	-22%	-20%	-21%
<i>Trend change</i>	-8%	-8%	-7%	-20%	-10%
Total	2,066,000	1,377,000	408,000	242,000	\$2,429
<i>Annual change</i>	-7%	-7%	9%	-7%	0%

Note: Statistics are based on Tourism Queensland's 'Tropical North Queensland' region
Source: AECgroup

Passenger numbers travelling through Cairns Airport provide a good proxy for measuring tourism visitation. Total passengers travelling through Cairns Airport have decreased since 2007-08, falling by approximately 350,000 (or 8.7%). The fall in total passengers has been driven by significant falls in international passengers. International passengers have been declining since 2004-05, falling by 632,119 (or 51.6%) between 2004-05 and 2009-10.

Figure 3.6: Domestic and International Airport Passengers



Source: AECgroup

The first three months of 2010-11 suggest that international visitation to Cairns is beginning to improve. Passenger numbers in the September quarter 2010 indicate that international passengers through Cairns Airport are approximately 40,000 higher than the September quarter 2009. However, the outlook for Cairns' tourism industry depends to a large extent on the economic recovery of its major tourism source markets of Japan, China and the USA. The high Australian dollar is also making it much more expensive for international tourists visiting Australia. Growth in tourism during 2010-11 is expected to be noticeable, but modest.

4. Smithfield Town Centre Catchment Definitions

4.1 Background

The Smithfield Town Centre plans to provide the northern area of Cairns with a central hub for future retail, commercial and residential activity. Two catchments for the Town Centre have been developed based on its assessed ability to attract visitation, employment and expenditure from surrounding residential areas. Statistically, Smithfield Town Centre's catchments have been developed based on postcodes within the region, as they are judged to provide the most logical boundaries for visitation, labour and spending flows within the region.

4.2 Expenditure Catchments

4.2.1 Primary Catchment Area

The Primary Catchment Area (PCA) is considered in Figure 4.1 and consists of the postcodes of 4878 and 4879. These postcodes encompass communities north of the Barron River and south of (and including) Palm Cove. The PCA is Smithfield Town Centre's main service region.

Figure 4.1: The Primary Catchment Area (Red)



Source: Google Earth, AECgroup

4.2.2 Secondary Catchment Area

The Secondary Catchment Area (SCA) is considered in Figure 4.2 and includes the postcodes of 4870, 4881 and 4877. Areas covered by these postcodes include urban Cairns (north of Woree), Kuranda and Port Douglas. The SCA will constitute Smithfield Town Centre's sub catchment.

Figure 4.2: The Secondary Catchment Area (Blue)



Source: Google Earth, AECgroup

4.2.3 Other Expenditure

All additional expenditure that may be sourced from populations beyond the PCA and SCA and visitors (tourists) to Cairns have been considered as rogue expenditure.

4.3 Catchment Demographics

4.3.1 Population

Population estimates and forecasts for the PCA and SCA are presented in Table 4.1.

Population in the PCA is currently estimated at 29,276 persons and is forecast to grow to 36,293 by 2020 and 38,596 by 2030; at an average annual growth rate of 1.4%. The SCA is significantly larger, as it includes the majority of urban Cairns. Population is estimated at 78,333 in 2010 and is forecast to increase to 94,891 by 2020 and 101,458 by 2030. The total population in both catchments is estimated at 114,047 and is forecast to grow at an average annual rate of 1.1% to 133,587 by 2030.

The Cairns campus of James Cook University is planning to expand its student base from 3,500 to 10,000 over the next 20 years. The likelihood of this actually occurring is not clear and the relevance to population growth within the catchment has not been

specifically considered beyond what is already considered within the PIFU population forecasts.

Table 4.1: Population Forecasts for the Retail Catchment Areas

Catchment/Postcode	2010	2015	2020	2025	2030
Primary Catchment					
4879	15,597	17,419	18,948	19,634	20,130
4878	13,679	15,715	17,345	18,011	18,466
Primary Total	29,276	33,134	36,293	37,645	38,596
Average Annual Growth	3.5%	2.5%	1.8%	0.7%	0.5%
Secondary Catchment					
4870	69,373	74,774	78,576	82,004	84,357
4881	4,221	4,458	4,685	4,875	5,011
4877	4,738	5,004	5,259	5,472	5,624
Secondary Total	78,333	84,236	88,520	92,352	94,991
Average Annual Growth	2.1%	1.5%	1.0%	0.9%	0.6%
TOTAL	107,609	117,370	124,813	129,997	133,587

Source: ABS Census, AECgroup

Estimated weekly household income is considered below in Table 4.2. Average weekly household income for the PCA and the SCA is currently estimated at \$1,361 and \$1,389, respectively. Average weekly household income in both catchments is considerably higher than the Queensland average of \$1,232.

Table 4.2: Average Weekly Household Income for the Retail Catchment Areas

Catchment/Postcode	2006	2010
Primary Catchment		
4879	\$1,135	\$1,354
4878	\$1,149	\$1,370
Weighted Avg.	\$1,141	\$1,361
Average Annual Growth	-	4.5%
Secondary Catchment		
4870	\$1,181	\$1,408
4881	\$1,050	\$1,252
4877	\$1,086	\$1,295
Weighted Avg.	\$1,165	\$1,389
Average Annual Growth	-	4.5%

Source: ABS Census, AECgroup

4.3.2 Employment

Employment by industry in the PCA is similar to that of greater Cairns. *Accommodation and Food Services* (13.1%) is the PCA's largest source of employment at almost double the Queensland average. Employment in this industry is generated by significant holiday accommodation developments throughout the northern beaches. *Retail Trade* is also a significant employer, accounting for 12.7% of employment (+0.7 percentage points above Queensland). The PCA has relatively smaller contributions from *Agriculture, Forestry and Fishing* (0.9%), *Manufacturing* (4.3%) and *Wholesale Trade* (2.7%).

A full breakdown of employment by industry is reported in Table 4.3.

Table 4.3: Employment by Industry in the PCA (2006)

Industry	PCA	Cairns	Queensland
Agriculture, forestry & fishing	0.9%	1.0%	3.5%
Mining	1.0%	0.8%	1.7%
Manufacturing	4.3%	5.8%	10.1%
Electricity, gas, water & waste services	0.7%	1.0%	1.0%

Industry	PCA	Cairns	Queensland
Construction	11.7%	10.4%	9.3%
Wholesale trade	2.7%	3.4%	4.1%
Retail trade	12.7%	13.4%	12.0%
Accommodation & food services	13.1%	11.0%	7.2%
Transport, postal & warehousing	7.4%	7.5%	5.2%
Information media & telecommunications	1.3%	1.2%	1.5%
Financial & insurance services	1.9%	2.1%	2.9%
Rental, hiring & real estate services	2.8%	2.5%	2.1%
Professional, scientific & technical services	5.0%	4.8%	5.8%
Administrative & support services	4.4%	4.2%	3.1%
Public administration & safety	6.7%	7.8%	6.9%
Education & training	8.0%	7.2%	7.8%
Health care & social assistance	9.9%	10.1%	10.5%
Arts & recreation services	2.3%	1.8%	1.4%
Other services	3.2%	4.0%	3.8%
Total	100.0%	100.0%	100.0%

Note: Employment estimates for Cairns characterises the Cairns Statistical District
Source: ABS Census

5. Residential Analysis

5.1 Background

The Smithfield Town Centre is planned to include surrounding residential development. A residential analysis of the area has been prepared to inform the likely level of demand for additional residential dwellings over the next 20 years. AECgroup has developed a set of detailed residential household forecasts for the PCA. AECgroup's household forecasts have been developed using two key principles:

- Population forecasts developed for the PCA based on the estimated ultimate population and PIFU's forecasts for the Cairns LGA; and
- Decreasing average number of residents per household in the area to 2030 (consistent with PIFU assumptions).

5.2 Population Growth

The PCA includes the postcodes of 4879 and 4878 and currently has an estimated resident population of 29,276 persons. Population within the catchment is forecast to increase to 33,110 by 2015 growing at an average annual rate of 2.5%. From there population is forecast to increase to 36,269 by 2020 and 38,571 by 2030 at an average annual growth rate of 1%. Population forecasts for the PCA are considered in Table 5.1.

Table 5.1: Population Forecasts for the Primary Catchment Area

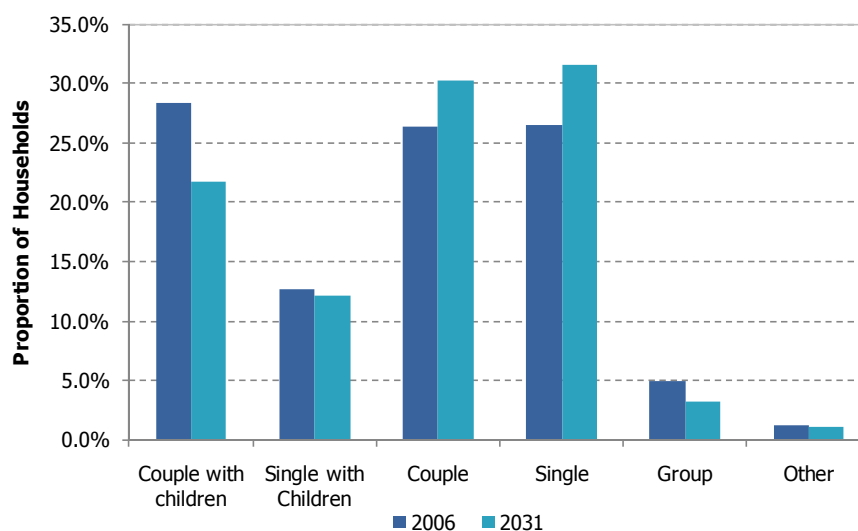
Catchment/Postcode	2010	2015	2020	2025	2030
4879	15,597	17,419	18,948	19,634	20,130
4878	13,679	15,715	17,345	18,011	18,466
Total	29,276	33,134	36,293	37,645	38,596
Average Annual Growth	NA	2.5%	1.8%	0.7%	0.5%

Source: AECgroup, ABS Census

5.3 Average Household Size

The average number of residents per household in Cairns is forecast to decrease considerably over the next 20 years. Figure 5.1 indicates that *Family* and *Group* households are forecast to decrease by 6.5 percentage points and 2 percentage points respectively. The fall in these types of households is reflected by increases in the smaller *Couple* (+4 percentage points) and *Single* (+4.5 percentage points) households.

Figure 5.1: Forecast Household Composition in Cairns LGA



Source: PIFU

5.4 Household Forecasts

Household forecasts for the catchment area are reported in Table 5.2. There are currently an estimated 14,316 households in the PCA. The number of households is forecast to increase to 18,862 by 2020 and 21,319 by 2030, meaning demand for additional dwellings in the PCA over the next 20 years is estimated as 9,205 dwellings. Average persons per household are forecast to decrease from 2.04 in 2010 to 1.81 in 2030.

Table 5.2: Household Forecasts in the Primary Catchment Area

Catchment/Postcode	2010	2015	2020	2025	2030
4879	7,627	8,782	9,848	10,520	11,119
4878	6,689	7,922	9,014	9,650	10,200
Total	14,316	16,704	18,862	20,170	21,319
Cumulative Additional	-	2,388	4,546	5,854	7,003
Avg. PP/hh	2.04	1.98	1.92	1.87	1.81

Note: Forecast additional households assumes a constant proportion of vacant households in the area, which is reflected in average household size

Source: ABS, AECgroup, PIFU

5.5 Potential Residential Density Mix

Generally, newly developed Town Centres will follow a traditional density pattern. Higher density development will take place closer to the Town Centre, with the outer lying areas primarily taken up by lower density detached residential housing. In the case of Cairns and Smithfield, there is a general trend towards higher density dwellings, which has primarily been established by supply-side factors, including cost. Due to flooding and land tenure constraints, there is a limited amount of land to develop large scale housing estates of detached houses. There is also a trend for less residents per household in the region.

With population forecast to increase and limited easily developable land for housing, there is good reason to consider higher density residential development. However, the success and take-up of this style of housing will ultimately depend on the market's acceptance of the product. Further discussion surrounding retail implications of population levels is discussed in section 10.

6. Centres Hierarchy

6.1 Centres Hierarchy

The Cairns Regional Council uses a four-layer retail hierarchy to classify retail developments within the planning area. The City Centre is the Cairns CBD and represents the highest level of retail, commercial and community service provision. The Sub-Regional Centre classification applies to major retail and commercial developments outside of the CBD, providing more than 20,000 sqm of GLA and servicing a catchment of more than 10,000 households. The District and Local classifications apply to smaller retail and commercial developments, which generally service local communities.

Table 6.1: Cairns Centres Hierarchy

Name	Role	GLA (sqm)	Catchment Population
City Centre	High order and specialised retail, commercial, administrative, community and entertainment services.	Not limited	Not limited
Sub-Regional Centre	Provide high-level through at least one department store and one full-line supermarket. Must be highly accessible.	20,000 – 30,000	10,000 – 20,000 households
District Centre	Provide day-to-day and weekly food and other convenience shopping needs for households.	5,000 – 15,000	5,000 – 8,000 households
Local Centre	Provide a highly convenient range of goods and services for the daily and weekly needs of discrete residential communities.	0 – 5,000	0 – 2,500 households

Source: Cairns Plan

6.2 Hierarchy in the Primary Catchment Area

Table 6.2 provides a full breakdown of the retail and commercial hierarchy within the PCA.

Table 6.2: Major Centres in the PCA

Centre	Location	Estimated Retail Floor Space (sqm)	Estimated Commercial Floor Space (sqm)	Total	Planning Definition
Smithfield Shopping Centre	Smithfield	23,056	1,957	25,013	Sub-Regional
Smithfield East Centre	Smithfield	16,290	1,240	17,530	Sub-Regional
Clifton Village Shopping Centre	Clifton Beach	6,241	660	6,901	District Centre
Coastwatchers	Trinity Beach	1,088	876	1,964	Local Centre
Yorkies Knob Shopping Centre	Yorkies Knob	763	773	1,536	Local Centre
Campus Village	Smithfield	370	1,195	1,565	Local Centre
Kewarra Beach Shopping Centre	Kewarra Beach	409	517	926	Local Centre
Smithfield House	Smithfield	150	754	904	Local Centre
Holloways Beach Retail Cluster	Holloways Beach	708	56	764	Local Centre
Palm Cove Retail Cluster	Palm Cove	454	0	454	Local Centre
Machans Beach Retail Cluster	Machans Beach	129	0	129	Local Centre

Note: Smithfield East is formally considered a commercial area under the Cairns planning scheme. AECgroup has made a classification based on its retail capabilities. Catering, cafes and restaurants are not deemed traditional retail and are omitted.

Source: AECgroup, Cairns Plan

The following is evident following a review of the centres in the PCA:

- Smithfield Shopping Centre is the largest retail and commercial centre in the PCA and is classed as a Sub-Regional Centre. Total retail and commercial GLA at Smithfield Shopping Centre is estimated at 25,013 sqm;

- The Smithfield East Centre is the second largest, with an estimated 17,530 sqm of retail and commercial office space, and AECgroup considers the centre to be Sub-Regional in function despite it falling short of the 20,000 sqm minimum – this is because it actually contributes to the Sub-Regional centre destination of Smithfield Shopping Centre;
- Clifton Village is classed as a District Centre and provides approximately 6,901 sqm of retail and commercial space; and
- The remainder of centres in the PCA are classed as Local Centres.

7. Retail and Bulky Goods Market

7.1 Background

The retail market is of particular interest to the Cairns Regional Council for the planned Smithfield Town Centre development. The Town Centre encompasses a significant retail component, which provides reason to analyse the current and forecast market for retail expenditure in the PCA.

AECgroup has estimated the current demand and supply for retail goods in the PCA and SCA using a detailed retail expenditure model. For reporting purposes, retail has been broken up into eight key categories, including:

- *Groceries and Speciality Food;*
- *Liquor;*
- *Clothing and Accessories;*
- *Furniture, Houseware and Appliances;*
- *Recreation and Entertainment Equipment;*
- *Garden and Hardware Goods; and*
- *Other and Personal Services.*

The demand and supply of goods falling under these retail categories has been estimated in terms of dollar value and GLA sqm.

7.2 Major Retail Centres

Table 7.1 summarises the retail centres present in the PCA. The largest and most diverse is Smithfield Shopping Centre at Smithfield. Smithfield Shopping Centre includes two supermarkets and a K-Mart, with a total included GLA of 23,056 sqm. Smithfield East (16,290 sqm) is the second largest centre and represents the retail precinct east of Smithfield Shopping Centre, with the area characterised by regular retail, bulky goods, commercial space and light industrial. Major tenants include Bunnings Warehouse, Mitre 10 and Sam's Warehouse. The centre essentially forms part of the Smithfield Sub-Regional Centre in terms of creating a retail destination.

The northern beaches within the PCA include a number of smaller retail precincts. Most centres include a small IGA Supermarket, liquor shop and post office. Clifton Village at Clifton Beach is the largest shopping centre in the northern beaches suburbs, providing 6,241 sqm of retail GLA, including a Coles Supermarket.

Campus Village and Smithfield House Centre are primarily commercial tenanted centres, but do include some retail facilities.

Redlynch Shopping Centre is not included in the PCA. However, the centre has been carefully considered due to its proximity to Smithfield and its transport linkages. Expenditure flows from the secondary catchment area have been adjusted accordingly.

Table 7.1: Major Retail Centres in the Primary Catchment Area

Centre	Location	Major Tenants	Total Estimated Retail GLA (sqm)
Smithfield Shopping Centre	Smithfield	Coles, Woolworths, K-Mart, Dan Murphys, Australia Post	23,056
Smithfield East	Smithfield	Bunnings, Sam's Warehouse, Mitre 10	17,130
Clifton Village	Clifton Beach	Coles, VIP Homemaker, Australia Post, Sleepzone	6,241
Kewarra Beach Shopping Centre	Kewarra Beach	IGA	409
Holloways Beach Retail Cluster	Holloways Beach	IGA, News Agent, Liquor	708

Centre	Location	Major Tenants	Total Estimated Retail GLA (sqm)
Machans Beach Retail Cluster	Machans Beach	Convenience Shop, Australia Post	129
Coastwatchers	Trinity Beach	IGA, Liquor	1,088
Yorkeys Knob Shopping Centre	Yorkeys Knob	IGA, Liquor, Australia Post	763
Campus Village	Smithfield	IGA, Civic Video	370
Smithfield House	Smithfield	Pool Shop	150
Palm Cove Retail Cluster	Palm Cove	Convenience Shop	454

Note: Catering, cafes and restaurants are not deemed traditional retail and are omitted
Source: AECgroup, Cairns Regional Council, Dexu

A small amount of retail occurs within some other property types in the PCA, for example the sales of limited goods and souvenirs at hotels. It is assumed that this retail is almost entirely patronised by tourists and visitors to Cairns.

There is currently a limited amount of planned and approved retail developments in the PCA. Smithfield Shopping Centre is planning an expansion of their retail facilities to include a seven screen cinema complex (not classed as traditional retail) and additional floor space for 11 new tenancies with an estimated GLA of 2,628 sqm. Clifton Village Shopping Centre is also planning to expand its facilities to provide an additional 800 sqm of GLA for retail use. There are no other major retail developments known to be planned or approved in the PCA.

7.3 Retail Trading Levels

AECgroup's retail and bulky goods market estimates are based on the benchmark retail trading levels shown in Table 7.2. The trading figures are derived from industry averages across Australia to reflect a market of Cairns' size and have been developed by AECgroup, through extensive work and experience within Australia's retail industry and ongoing consultation with Australian retailers.

Table 7.2: Benchmark Industry Trading Levels by Retail Category

Category	\$/Sqm/Year
Groceries & Specialty Food	\$8,000
Food & Liquor Catering	\$6,000
Clothing & Accessories	\$5,000
Furniture, Houseware & Appliances	\$4,500
Recreation & Entertainment Equipment	\$4,500
Garden & Hardware Goods	\$4,000
Other Goods & Personal Services	\$5,500

Source: AECgroup

7.4 Current Market Estimations

The market demand for retail and bulky goods in the PCA is estimated at \$242 million in 2010. Retail spending is driven by \$112.8 million in *Groceries and Speciality Food*, which equates to approximately 50% of the total retail market. There is also significant expenditure in *Clothing and Accessories* (\$35.1 million) and *Garden and Hardware Goods* (\$29.3 million).

The supply capacity of retail and bulky goods space in the PCA is valued at \$280.5 million in 2010. Supply primarily composes of *Groceries and Speciality Food* (\$125.3 million), *Garden and Hardware Goods* (\$54.6 million) and *Clothing and Accessories* (\$35.0 million).

Note that where market demand exceeds supply in a category, there is potential for additional development and where supply exceeds market demand, there may be a current oversupply of retail space. In terms of market equilibrium, there currently appears to be \$38.5 million surplus in supply of retail and bulky goods in the PCA. The surplus is primarily derived from the *Garden and Hardware Goods* retail category, which is estimated to be over supplied by \$25.3 million. Forming the basis of the oversupply in

this category is the Bunnings Warehouse and Mitre 10 hardware shops located in the Smithfield East retail centre. It should be noted that retail expenditure in *Garden and Hardware* may be somewhat underestimated, as Bunnings Warehouse offers products covering multiple retail categories.

Discounting *Garden and Hardware Goods*, retail goods in the PCA are currently estimated to be oversupplied by \$13.2 million, which correlates with an estimated \$12.4 million oversupply in *Groceries and Specialty Food*. There are deficits in *Liquor* (-\$2.8 million), *Furniture, Houseware and Appliances* (-\$1.3 million) and *Clothing and Accessories* (-\$0.1 million). The excess demand for these categories likely currently leaks to surrounding catchments. A full market summary is considered in Table 7.3.

Table 7.3: Retail Market Estimates in the PCA in 2010 (\$M)

Category	Market Demand (\$)	Supply Capacity (\$)	Surplus / Deficit Supply (\$M)
Groceries & Specialty Food	\$112.8	\$125.2	\$12.4
Liquor	\$10.3	\$7.6	-\$2.8
Clothing & Accessories	\$35.1	\$35.0	-\$0.1
Furniture, Houseware & Appliances	\$21.4	\$20.1	-\$1.3
Recreation & Entertainment Equipment	\$13.6	\$17.6	\$4.0
Garden & Hardware Goods	\$29.3	\$54.6	\$25.3
Other Goods & Personal Services	\$19.4	\$20.4	\$1.0
Total	\$242.0	\$280.5	\$38.5

Note: Catering, cafes and restaurants are not deemed traditional retail and are omitted
Source: AECgroup

Table 7.4 considers the market for retail and bulky goods in the PCA in GLA. The PCA has an estimated 49,670 sqm of GLA across all retail categories. Demand for retail floor space in the PCA is estimated at 41,490 sqm.

Table 7.4: Retail Market Estimates in the PCA in 2010 (sqm of GLA)

Category	Demand (sqm)	Supply (sqm)	Surplus / Deficit Supply (sqm)
Groceries & Specialty Food	14,099	15,651	1,552
Liquor	1,724	1,259	-465
Clothing & Accessories	7,016	7,006	-10
Furniture, Houseware & Appliances	4,764	4,469	-295
Recreation & Entertainment Equipment	3,016	3,909	893
Garden & Hardware Goods	7,334	13,648	6,314
Other Goods & Personal Services	3,536	3,715	179
Total	41,490	49,657	8,167

Note: Catering, cafes and restaurants are not deemed traditional retail and are omitted
Source: AECgroup

7.5 Forecast Market Estimations

Table 7.5 considers the forecast surplus / deficit in the supply of retail and bulky goods in the PCA to 2030.

Table 7.5: Retail Space Surplus / Deficit Estimates in the PCA (sqm)

Category	2010	2015	2020	2025	2030
Groceries & Specialty Food	1,552	-57	-3,338	-6,633	-9,433
Food & Liquor Catering	-465	-499	-899	-1,300	-1,643
Clothing & Accessories	-10	104	-1,416	-2,931	-4,316
Furniture, Houseware & Appliances	-295	-32	-1,126	-2,224	-3,169
Recreation & Entertainment Equipment	893	1,026	335	-358	-956
Garden & Hardware Goods	6,314	5,477	3,968	2,473	1,030
Other Goods & Personal Services	179	-224	-1,049	-1,879	-2,581

Category	2010	2015	2020	2025	2030
Total	8,167	5,795	-3,525	-12,851	-21,068

Note: *Additional supply is added in based on planned and approved retail developments at Smithfield Shopping Centre and Clifton Village. GLA of new developments has been proportioned amongst categories based on the proportions through the entire PCA.
Source: AECgroup

The following is evident following a review of the forecast market demands and estimated supply:

- *Groceries and Specialty Food* is forecast to move close to equilibrium by 2015. In 2025 there will be an estimated 6,633 sqm deficit in supply of *Groceries and Specialty Food*, and there will be sufficient demand for a new retail space in this category in the period 2020 to 2025;
- The supply of *Recreation and Entertainment Equipment* is forecast to remain in surplus until 2025, when demand will exceed supply by 358 sqm;
- *Garden and Hardware Goods* will remain in surplus over the forecast period, with Bunnings Warehouse and Mitre 10 having created a significant over supply of goods in this category; and
- Total supply of retail goods will be in surplus almost 2020, primarily due to the oversupply in *Garden and Hardware Goods*.

8. Commercial Market

8.1 Background

The provision of commercial office space is being considered as part of the Smithfield Town Centre Development. AECgroup has estimated the current and forecast level of demand for commercial office space in the PCA in order to help the Cairns Regional Council provide the optimal level of office space provision in the area over the next 20 years.

Commercial office space has been estimated for the PCA and Greater Cairns. Estimates for Cairns are based on the Cairns LGA and use a per capita ratio method to determine current office space across the City. Office space in the PCA has been estimated based on employment in office-based occupations and an assessment of current supply from site visits throughout the area. Forecast commercial office space for Cairns and the PCA have been projected using PIFU's and AECgroup's population forecasts for the respective areas.

8.2 Cairns Commercial Market

Cairns LGA currently has an estimated 131,485 sqm of commercial office floor space. Commercial floor space has been estimated based on a per capita ratio of 0.8, which positions Cairns between the Gold Coast and Brisbane. Like the Gold Coast, Cairns has a significant tourism industry, however office space per capita is likely to be higher because of its regional location and a relative need to be self sufficient in commercial services. Commercial office space ratios for Cairns and other cities in Queensland are considered in Table 8.1.

Table 8.1: Commercial Office Space Ratios in Queensland Cities

Location	Sqm per capita
Townsville–Thuringowa	1.1
Toowoomba	1.05
Brisbane	0.92
Cairns	0.80
Gold Coast	0.56
Ipswich	0.35
Maroochydore	0.52
Caboolture	0.19
Logan–Beenleigh	0.1

Source: AECgroup

8.3 Smithfield Commercial Market

Commercial office space within the PCA is primarily located in mixed retail – commercial developments. Smithfield Shopping Centre is the largest source of commercial services and office space in the PCA. There is also significant commercial office space located at Campus Village Shopping Centre in Smithfield and Coastwatchers Shopping Centre in Trinity Beach. Table 8.2 provides a summary of the major commercial centres in the PCA.

Table 8.2: Major Commercial Centres in the PCA

Commercial Centre	Location	Major Tenants / Services
Smithfield Shopping Centre	Smithfield	Medical, Dentistry, Bank / Building Society, Optometry, Tax Accounting, Real Estate, Medicare, Communications, Centrelink
Smithfield East	Smithfield	Medical
Clifton Village	Clifton Beach	Clifton Beach Medical, Clifton Beach Dental, QML Pathology, Commonwealth Bank, Elite Building Group

Commercial Centre	Location	Major Tenants / Services
Kewarra Beach Shopping Centre	Kewarra Beach	Real Estate, Medical
Holloways Beach Shopping Centre	Holloways Beach	Real Estate
Coastwatchers Shopping Centre	Trinity Beach	Real Estate, Medical, Pathology, Law
Yorkies Knob Shopping Centre	Yorkies Knob	Real Estate, Law, Veterinarian
Campus Village	Smithfield	Medical, X-Ray, Dental, Physiotherapy, IT, Real Estate
Smithfield House	Smithfield	Dental, Law, Accounting, Financial Services, Real Estate

Source: AECgroup

AECgroup has estimated the current level of commercial office space provided within the PCA based on site visits and the estimated number of office workers employed in the PCA (See Table 8.3). The lower bound estimates are based on AECgroup's site visits in the PCA on the 16th September 2010. These estimates represent the supply of traditional and visible office space based in commercial centres in the PCA. The upper bound estimates are based on the total estimated employment in commercial office space in the PCA. The upper bound estimates are considerably larger as they account for office employees working in non-traditional office space, such as home-based, hotel-based and retail-based environments. In 2010, office space in the PCA is estimated at between 8,028 sqm (lower bound estimate) and 12,675 sqm (upper bound estimate).

Table 8.3: Commercial Floor Space Estimates and Projected Requirements in the PCA

	2010	2015	2020	2025	2030
Lower bound	8,028	9,086	9,952	10,323	10,584
Upper bound	12,675	14,345	15,713	16,299	16,710
Avg. Ann. Growth (%)	-	2.5%	1.8%	0.7%	0.5%
Low bound (additional required floor space)	0	1,058	1,924	2,295	2,556
Upper bound (additional required floor space)	0	1,670	3,038	3,624	4,035

Source: AECgroup

Forecast commercial office space requirements for the lower and upper bound estimates are based on AECgroup's population forecasts for the PCA. Commercial office space in the PCA is forecast to grow by 2.5% to 9,086 (lower bound) and 14,345 (upper bound) over the next five years. Forecasts suggest that commercial office space in the PCA will increase to 10,584 sqm (lower bound) and 16,710 sqm (upper bound) by 2030. If the proportion of office based employees working in non-conventional office space remains constant over the forecast period, the lower bound estimates provide the more likely scenario in terms of physical commercial office space requirements in the PCA.

The forecasts have been estimated based on a constant proportion of commercial office space being located in the PCA in relation to the Greater Cairns region. The development of the Smithfield Town Centre may allow the PCA to increase its proportion of commercial office space relative to the greater region, in which case office space would exceed the forecasts developed.

9. Town Centre Case Studies

9.1 Springfield Town Centre, Ipswich

The Springfield Town Centre is located approximately 23kms south-west of Brisbane CBD, originally sited on 2,860ha of greenfield land. Planning for the Town Centre began in 1992, with development well under way today. The community is master planned to include a 360ha CBD, which will include high density residential, retail, commercial and industrial purposes.

Figure 9.1: Future Impression of the Springfield Town Centre



Source: Greater Springfield

9.1.1 Town Centre Characteristics

- Approved development for 105,000 people;
- Additional 48,000 dwellings over 25 years;
- Residential model is based on high density residential towers within the CBD;
- Estimated commercial employment for 40,000;
- Sub-regional shopping centre;
- Tertiary education precinct;
- Health care precinct; and
- Significant provision of green space and sporting facilities.

9.1.2 Key development Drivers

- Forecast average annual population growth of 4.6% to 2031;
- Additional 300,000 residents forecast in Ipswich over next 20 years;
- \$1.2 billion of road and rail infrastructure connecting the inter-region and Brisbane;
- Backing of large private developers, including Springfield Land Corporation, Delfin and Mirvac; and
- Greenfield development.

9.2 North Shore Town Centre, Townsville

North Shore is a 1000ha master planned community, with a 42ha Town Centre, currently under development in Townsville. Approximately 5,200 residential dwellings are initially

planned at North Shore, with a further 10,000 expected over the longer term. Stockland are currently building a major sub-regional shopping complex, which will provide a range of retail, bulky goods and commercial services to the surrounding community.

North Shore shares several similar characteristics with Smithfield. Both are located approximately 12km from their respective city centres in the northern coastal regions, which are experiencing high population growth. As such, North Shore provides a useful comparison of potential residential, retail and commercial characteristics for the planned Smithfield Town Centre.

Figure 9.2: North Shore Town Centre Plan



Source: Stockland

9.2.1 Town Centre Characteristics

- Approved development for 5,200 dwellings;
- Additional 10,000 dwellings to be developed over the longer term;
- Estimated employment for 3,200;
- 60,000 sqm of retail and bulky goods GLA currently being developed;
- 4,000 sqm of commercial office space to be developed;
- 4,500 sqm reserved for community and entertainment assets (tavern, accommodation, cinema, etc.); and
- North Shore Boulevard road linking connecting the community to the Bruce Highway, Ring Road and Bushland Beach.

9.2.2 Key development Drivers

- Greenfield development;
- Backed by large private developer (Stockland);
- Northern Beaches region in Townsville's population expected to increase from 15,839 in 2009 to 64,510 by 2031; and
- \$40 million North Shore Boulevard.

9.2.3 Development Staging

Table 9.1: North Shore's Development Staging

Land Use	Characteristics	Location	Development Schedule	Rationale
Commercial	Town Centre (800 to 1,000m ²) with local services tenants such as health, finance, property, business and legal.	Town Centre	Initial phase (Years 1-3)	Demand for commercial space in Initial Phase is limited as population grows from a low base. The uses would complement nearby retail functions to present a community hub to increase the attractiveness of living in the local area. The suggested mix of tenants would be optimal across 800 to 1,000m ² of space.
	Town Centre (4,000m ² in total) with local service tenants and complementary uses including health, finance, property, business and legal	Town Centre	Consolidation phase (Years 4-8) Expansion phase (Years 9-13)	Expanded array of local commercial services, including bank branches and professional offices.
Retail	Neighbourhood centre (5,000m ²) with: <ul style="list-style-type: none"> • Supermarket anchor (3,500m²); • Specialty food stores (500m²); • Liquor store (100m²); • Chemist (100m²); • Newsagency (100m²); • Bakery (100m²); • Hairdresser (100m²); • Takeaways (200m²); and • Specialty/other (300m²). 	Town Centre	Initial phase (Years 1-3)	Neighbourhood centre would service the convenient shopping needs of the emerging population in the short term and then as a supermarket-anchored centre with more convenient access in the longer term. An anchor supermarket tenant would need to be attracted to the site. Woolworths are already represented at nearby Woodlands and Coles are scouting for a site, possibly at the recently approved second neighbourhood centre on the Highway at Deeragun. A range of supporting retail services should be provided as per the suggested tenancy mix.
	District centre (10,000m ²), with additional: <ul style="list-style-type: none"> • Discount department store (3,000m²); • Mini majors (1,000m²); and • Traditional/specialty retail (1,000m²). 	Town Centre	Consolidation phase (Years 4-8)	Expanded range of outlets and shopping mix as the centre develops into district centre servicing broader population hub.
	Sub-regional centre (25,000m ²), with additional: <ul style="list-style-type: none"> • Supermarket (3,500m²); • Discount department store (5,000m²) • Mini-majors (3,000m²); • Traditional/specialty retail (2,500m²); and • Food hall (1,000m²). 	Town Centre	Expansion phase (Years 9-13)	Town Centre is sub-regional retail centre for Northern Beaches and provide a expanded mix of supermarket, clothing, homewares, and speciality retail stores. Two supermarkets create competition in the centre and the necessary mix of retail, while a DDS like Kmart or Big W would work at the centre. A range of speciality clothing chains should be considered along with mini majors and fast food chains.
	Sub-regional centre (40,000m ²), with additional: <ul style="list-style-type: none"> • Mini majors (6,500m²); • Traditional/specialty retail (6,500m²); and • Food hall (2,000m²). 	Town Centre	Mature Phase (Years 14-23)	Majority of regional retail shopping needs met by the centre, with limited need to travel out of the Northern Beaches area for a broad range of retail items.



Land Use	Characteristics	Location	Development Schedule	Rationale
Bulky Goods	Bulky goods retail (10,000m ²) with: <ul style="list-style-type: none"> Furniture; Appliance; Home entertainment; Homewares; Sport and recreation equipment; and Garden and hardware retailers. 	Town Centre	Consolidation phase (Years 4-8) Expansion phase (Years 9-13)	A mix of bulky goods/homemaker centre tenants to a scale of 10,000m ² , with around 5,000m ² developed in Consolidation Phase and a further 5,000m ² in Expansion Phase. Consolidation Phase tenants to focus on furniture, appliance and home entertainment retailing. Scale of bulky goods footprint is large enough to attract some national tenants on smaller premises (mini majors).
Industrial	Light industrial area (5ha) with land uses such as service stations and associated mechanics workshops, motoring and accessories and general trade and household needs.	Town Centre	Consolidation phase (Years 4-8) Expansion phase (Years 9-13)	Industrial development at Town Centre should be constrained to light industrial and household-focussed purposes. Significant scope for light industrial businesses to cluster and develop in areas in close proximity to Town Centre. These sites are likely to have competitive advantages over the Town Centre as an attractive light industrial site.
Serviced-based	Mobile library service Small suburban library (400m ²) Large suburban library (1,200m ²)	Town Centre Town Centre Town Centre	Initial phase (Years 1-3) Consolidation phase (Years 4-8) Mature Phase (Years 14-23)	Council's mobile library service should be continued in the short term, before construction of a small permanent library in the medium term, and expansion in the long term.
	Temporary community meeting area Community centre/civic centre space	Town Centre Town Centre	Initial phase (Years 1-3) Expansion phase (Years 9-13)	Temporary meeting areas provided in the Initial Phase before a community centre is developed in the longer term.
	1 long day child care centre (75 places) Further 2 long day child care centres	Town Centre Residential Area	Consolidation phase (Years 4-8) Expansion/Mature phase (Years 9-23)	With current oversupply in the region, a single child care centre is deemed feasible in the Expansion Phase, with two further centres over the longer term.
	Private primary school Public primary school Public high school	Residential Area Residential Area Residential Area	Initial phase (Years 1-3) Consolidation phase (Years 4-8) Expansion phase (Years 9-13)	Work has commenced on a private primary school which will take students in 2011. Strong population growth warrants a public primary school during the Consolidation Phase and a public high school in the medium to longer term.
	Northern Beaches Leisure Centre	Town Centre	Initial phase (Years 1-3)	The aquatic centre is an important element in the initial attractiveness of living in the area.
	Integrated health/medical centre (600m ²)	Town Centre	Consolidation phase (Years 4-8)	A health and medical centre should be developed in the medium term to consolidate health services in the area and provide the necessary service cluster of essential services. Another chemist could be considered also.
	Retirement Village (80 units) Retirement Village (100 units)	Residential Area Residential Area	Consolidation phase (Years 4-8) Expansion phase (Years 9-13)	A retirement village should be developed over the medium and long terms to service the ageing population.

Source: Stockland, AECgroup



9.3 Key Findings from Case Studies

AECgroup has identified the following trends from other Town Centre developments:

- Population growth is a major driver for the development of new Town Centres;
- Town Centre developments generally are most effective in non-established communities, with forecast population growth rather than existing base populations;
- Town Centre developments generally occur on greenfield sites;
- Initial stages usually include the development of a major retail facility;
- Town Centre developments are generally backed by a major property developer;
- Provision of transport infrastructure and connectivity to existing transport infrastructure is important.

10. Staging Plan

10.1 Overview

The staging plan addresses the additional demand for residential, retail and commercial development in the PCA on a five-year incremental basis to 2030 and is based on the results from the economic analysis undertaken in this report. Table 10.1 summarises the additional demand in the residential, retail and commercial sectors to 2030.

Table 10.1: Additional Estimated Requirements for Residential, Retail and Commercial Development in the Smithfield PCA

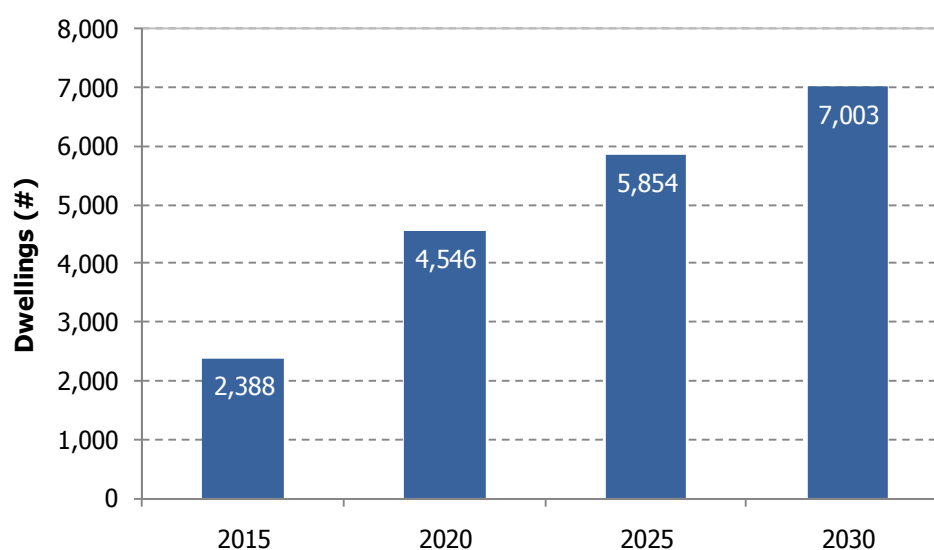
Year	Residential Dwellings (#)	Groceries and Food (Sqm)	General Retail excl. Garden and Hardware (Sqm)	Commercial Office Space (Sqm)
2015	2,388	57	0	1,058 – 1,670
2020	4,546	3,338	4,155	1,924 – 3,038
2025	5,854	6,633	8,691	2,295 – 3,624
2030	7,003	9,433	12,665	2,556 – 4,035

Source: AECgroup

10.2 Residential Dwellings

Demand for additional residential dwellings is forecast to increase considerably to 2030 and is primarily driven by strong population growth within the PCA. Demand for additional dwellings is forecast to be 2,388 by 2015, increasing to 4,546 (cumulative) by 2020 and 7,003 (cumulative) by 2030.

Figure 10.1: Forecast Demand for Additional Residential Dwellings in the PCA (Cumulative)

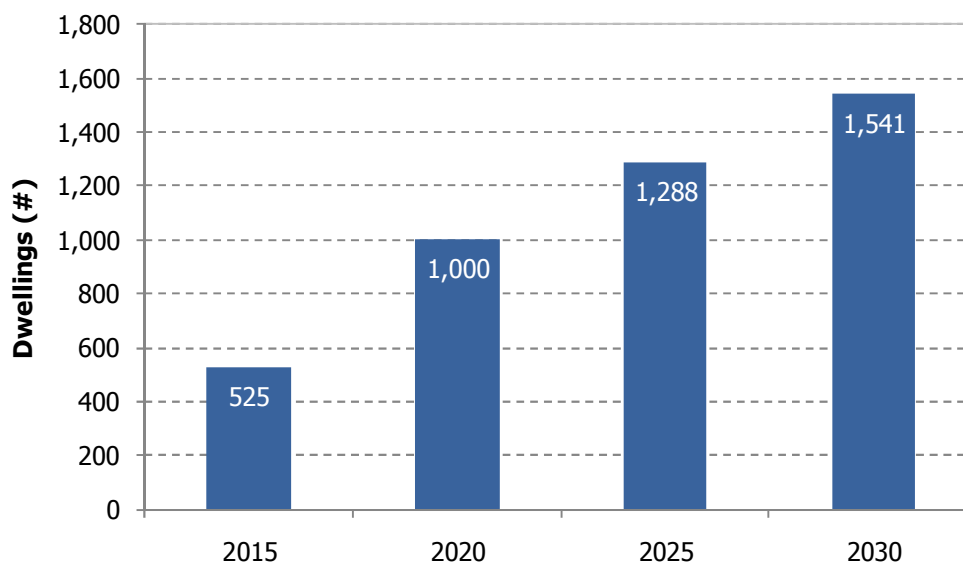


Note: Forecast additional households assumes a constant proportion of vacant households in the area. Series is cumulative from 2010.

Source: AECgroup

Figure 10.2 considers the potential demand for higher density dwellings in Smithfield Town Centre based on an assumption that 22% of the market for new residential dwellings in Smithfield would accept higher density living. This assumption is based on 22% of all dwellings in the Cairns region being a flat, unit or apartment, and may prove to be an optimistic assumption for Smithfield. Based on this scenario, by 2015 there will be demand for 525 high density dwellings. Demand for high density dwellings will increase to 1,000 by 2020 and 1,288 by 2025.

Figure 10.2: Estimated Demand for Higher Density Dwellings in the PCA (additional cumulative)



Source: AECgroup

10.3 Retail and Bulky Goods

Retail and bulky goods is currently over supplied in the PCA, with a 5,567 sqm surplus. Supply is forecast to remain in surplus in 2015 (+5,795 sqm) due to the anticipated completion of retail developments at Smithfield Shopping Centre and Clifton Village Shopping Centre.

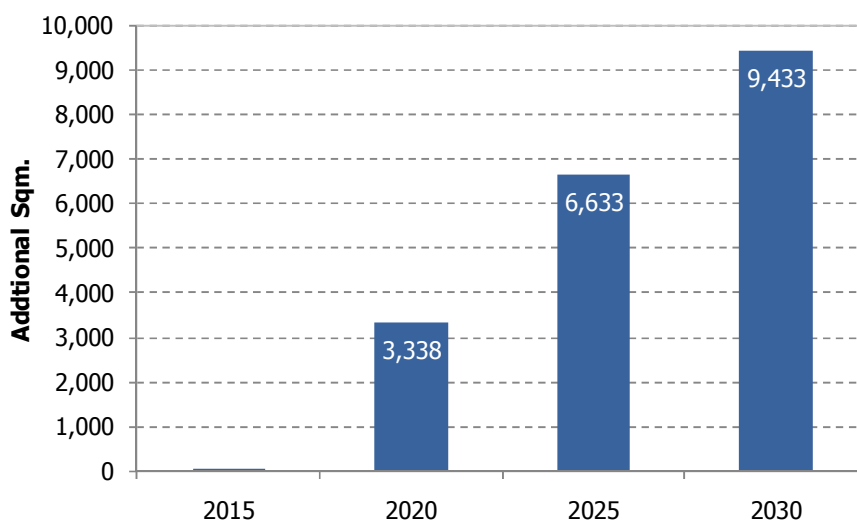
The primary reason for the oversupply in retail and bulky goods in the PCA is the significant over supply in *Garden and Hardware* generated by Bunnings Warehouse and Mitre 10 in the Smithfield East centre. If *Garden and Hardware* is discounted, the market for retail and bulky goods in the PCA is about in equilibrium by 2015.

The market for *Groceries and Food* is currently sufficiently supplied and is forecast to remain as such to 2015 (Figure 10.3). Surplus demand for *Groceries and Food* is forecast to be 3,338 sqm by 2020 and 6,633 sqm by 2025, which would justify new major supermarkets in the catchment to be developed in the catchment at those times. Demand for additional *Groceries and Food* floor space is forecast to reach 9,433 sqm by 2030.

The development of a new supermarket is likely to be better located at a new location in the catchment rather than in close proximity to the existing Coles and Woolworths at Smithfield. Alternatively, smaller retailers may be developed in the segment prior to this, however full-sized supermarkets now dominate the category.

The development of major retail facilities should be carefully considered. It would be wise to consider using minimum thresholds throughout retail categories before approving such developments. For *Groceries and Food*, the threshold would be at least 3,000 – 4,000 sqm of surplus demand, as supermarkets are usually at least this size.

Figure 10.3: Demand for Additional Groceries and Food Floor space in the PCA



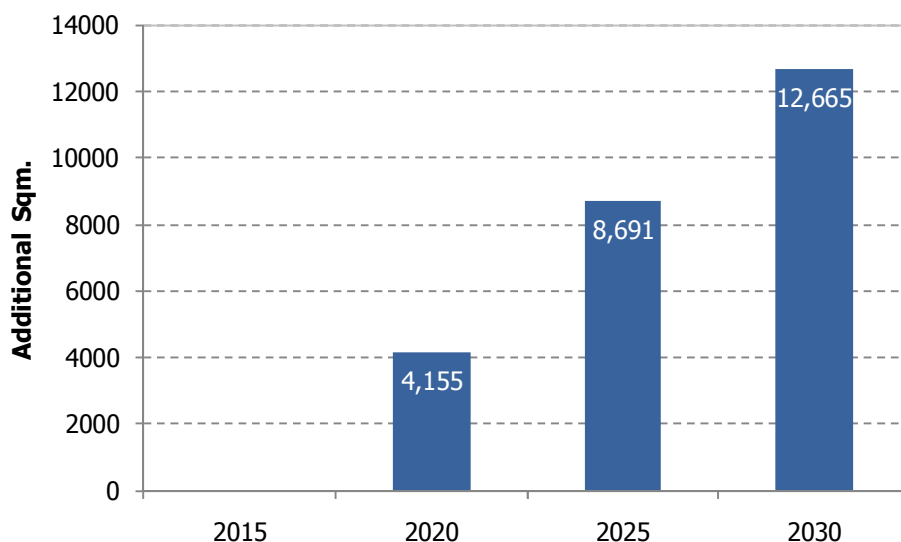
Note: Catering, cafes and restaurants are not included as traditional retail and are omitted. Series is cumulative from 2010.
Source: AECgroup

Additional demand in general retail goods is considered in Figure 10.4. General retail goods include the retail categories of:

- *Liquor;*
- *Clothing and Accessories;*
- *Furniture, Houseware and Appliances;*
- *Recreation and Entertainment Equipment; and*
- *Other Goods and Personal Services.*

There is forecast to be no additional demand in specialty retail by 2015. Additional demand is forecast to increase to 4,155 sqm by 2020 and 12,665 sqm by 2030.

Figure 10.4: Demand for Additional Specialty Retail Floor Space in the PCA



Note: Catering, cafes and restaurants are not included as traditional retail and are omitted. Series is cumulative from 2010.
Source: AECgroup

There is no estimated additional demand generated in the *Garden and Hardware* category over the forecast period. Expenditure in these products does increase over the forecast period, however the current surplus in supply is not met within the 20 year timeframe.

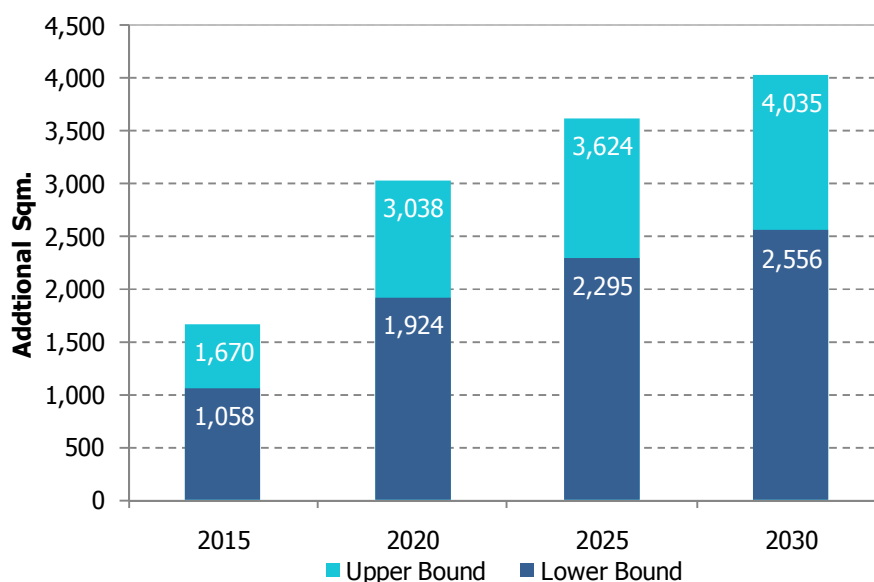
10.4 Commercial Office Space

AECgroup has forecast lower bound and upper bound estimates for commercial office space in the PCA.

The lower bound estimates are based on extrapolation of data from AECgroup’s site visits in the PCA on the 16th September 2010, and represent the supply of traditional and visible office space based in commercial centres in the PCA. The upper bound estimates are based on assumed office based employment within the PCA and are significantly larger as they account for office employees working in non-traditional office space, such as home-based, hotel-based and retail-based space.

By 2015, an estimated 1,058 sqm of traditional office space (lower bound estimates) will be required to accommodate expanding and additional commercial businesses. Forecasts suggest traditional office space will continue to increase, reaching 2,556 additional sqm in 2030. Total additional office space (upper bound estimates) is forecast to increase by 1,670 sqm by 2015 and to 4,035 sqm by 2030.

Figure 10.5: Demand for Additional Commercial Office Space in the PCA



Note: Series is cumulative from 2010.
Source: AECgroup

The additional estimated requirement for commercial office space in Smithfield over the next 20 years is comparable to that proposed for the North Shore Town Centre in Townsville. North Shore plans to provide approximately 4,000 sqm of office space within the community. Smithfield’s estimates are slightly lower, however this is reasonable to expect given the relatively smaller ultimate population of the Smithfield catchment.

10.5 Proposed Staging Plan

AECgroup has prepared an indicative staging plan for the Smithfield Town Centre based on the results of the analysis for forecast retail (including bulky goods), commercial and residential demand.

Several core assumptions have been made by AECgroup in formulating the proposed staging plan:

- Demand for attached residences in the PCA will be primarily met by developments in and around the Smithfield Town Centre to a height of four storeys;

- Retail developed at the Smithfield Town Centre should not risk the primacy of the Cairns CBD in the region's retail hierarchy. Therefore a 'high street' concept would not be favoured, even if it could be achieved (which would be commercially difficult). Furthermore, potential erosion of the Cairns CBD retail market share has been assumed to unacceptable;
- Given that growth in retail demand is limited over the next 20 years, retail at the Smithfield Town Centre is not going to be able to compete with the existing Smithfield Shopping Centre. Retail in the Smithfield Town Centre needs to fill a different niche in the market. The clear niche not well supplied in the PCA is for bulky goods. It has been assumed that the bulk of retail demand growth in the PCA over the next 20 years can be filled with a 'big box' format development, with additional retail limited to meeting local demand needs;
- There is forecast demand for two additional full sized supermarkets in the PCA over the next 20 years. The level of high density population proximate to the Town Centre is insufficient to support a full sized supermarket. It is assumed that full sized supermarkets would be preferentially developed elsewhere in the catchment rather than in the Smithfield Shopping Centre area which is already serviced by two full sized supermarkets; and
- Commercial demand for local services can be substantially clustered within the Smithfield Town Centre without compromising local amenity elsewhere.

The resulting proposed staging plan is presented in Table 10.2. In summary, based on assumed population growth and distribution, the Smithfield Town Centre is estimated to support:

- 2,850 sqm of retail to service local demand over the next 20 years;
- Further potential to develop an additional 12,000 sqm of bulky goods to service the PCA;
- Almost all of the 2,500 sqm of local services commercial is considered to be locatable in the Smithfield Town Centre with unspecified potential for attracting regional commercial tenants; and
- Some additional demand for restaurants and taverns may be developable at the Smithfield Town Centre but has not been included in the scope of this study. (Cairns features a large restaurant and tavern industry with a strong dependence on tourism and a detailed study of the sector is required to determine the level of additional investment that is supportable in the sector.).

Table 10.2: Summary Proposed Staging For Smithfield Town Centre

Land Use	Smithfield Town Centre (Local Services) Demand	Smithfield Development Schedule	Additional PCA Demand
Residential	1,541 attached dwellings in Town Centre over 20 years with buildings to four storeys. Assumed: 1-5 yrs: 525 dwellings; 6-10yrs: 475 dwellings; 11-15yrs: 288 dwellings; and 16-20yrs: 253 dwellings. It is assumed that at four storeys and 50% site coverage that the residential component would require 3.3 ha of land. 5,462 primarily detached dwellings forecast to be developed in the remainder of the PCA.	1-5 yrs	1,863 dwellings
		6-10yrs	1,683 dwellings
		11-15yrs	1,020 dwellings
		16-20yrs	896 dwellings
Commercial	<ul style="list-style-type: none"> The majority of future commercial demand for the PCA over the next 20 years could be located in the Smithfield Town Centre to assist with developing the activity centre. Likely commercial tenants servicing the PCA include a Medical Centre Complex (General Practitioner, Pathology, X-ray, etc), Real Estate Agents, Accountants, Lawyers, Draftsmen, Legal Services, Post Office Non-local commercial (e.g. regional offices) as per tenant demand 	1-5 yrs	• 1,000m ²
		6-10yrs	• 900m ²
		11-15yrs	• 300m ²
		16-20yrs	• 300m ²
Retail	<ul style="list-style-type: none"> Liquor store (100m²); Chemist (100m²); Newsagency (100m²); Bakery (100m²); Specialty food stores (700m²) Hairdresser (100m²) Nil Small format supermarket (1,500m²) Liquor store (150m²) 	1-5 yrs	• Nil
		6-10yrs	• Nil
		11-15yrs	<ul style="list-style-type: none"> Supermarket (3,500m²) Other Goods and Personal Services (300m²)
		16-20yrs	<ul style="list-style-type: none"> Supermarket (3,500m²) Liquor Catering (350m²) Other Goods and Personal Services (700m²)
Bulky Goods	Demand for a Bulky Goods Centre in the PCA is forecast to develop and would be best met by a 15,000m ² to 20,000m ² minimum precinct (in order to develop sufficient destination power). Smithfield is well located in the PCA for such a precinct and the analysis has identified potential demand for up to 12,000m ² over the next 20 years, based on current relative lack of big box retailing in the Northern Beaches. When combined with the existing Bunnings / Mitre 10 area the centre would have sufficient scale to be a competitive bulky goods retail destination. Whether such a precinct is well suited to Smithfield Town Centre is an issue for urban designers.	1-5 yrs	• Nil
		6-10yrs	<ul style="list-style-type: none"> Clothing and Accessories Retail (1,500m²) Furniture, Houseware and Appliances Retail (1,100m²) Recreation and Entertainment Equipment (700m²)
		11-15yrs	<ul style="list-style-type: none"> Liquor Barn/ Warehouse (1,200m²) Clothing and Accessories Retail (1,500m²) Furniture, Houseware and Appliances Retail (1,100m²) Bulk Chemist (1,200m²) Recreation and Entertainment Equipment (700m²)



Land Use	Smithfield Town Centre (Local Services) Demand	Smithfield Development Schedule	Additional PCA Demand
		16-20yrs	<ul style="list-style-type: none"> • Clothing and Accessories Retail (1,400m²) • Furniture, Houseware and Appliances Retail (1,000m²) • Recreation and Entertainment Equipment (600m²)

Source: AECgroup



10.6 Impact of Additional Density

Demand for additional retail at the Smithfield Town Centre is limited based on current population growth forecasts. A key factor is that the density of residential development in the Town Centre will determine the quantity of retail demand that is supportable. For retail needs beyond local centre needs, residents of the Smithfield Town Centre are still likely to travel to the existing major shopping centres where the range and shopping experience is maximised.

For local retail, such as supermarkets, the level of high density population in the Town Centre is insufficient to support a full-sized supermarket. Without sufficient local density to support major anchor tenants, the logical niche for the majority of retail development in Smithfield Town Centre is for 'big box' and bulky goods retailing, which does not compete closely with other retail in the PCA and which would develop sufficient destination power to draw market share from the broader region. However, it is recognised that there may be urban design challenges of incorporating a 'big box' / bulky goods precinct into the Smithfield Town Centre.

Higher density residential development in the Smithfield Town Centre would create higher levels of demand for local retail and at a certain point would justify a full-sized supermarket as a core anchor. AECgroup has developed some scenarios of higher core populations in the Smithfield Town Centre (Table 10.3 and Table 10.4). These are based on the same pattern of population growth as all other estimates in this report, but with scenarios reaching a population 1,000, 5,000 and 10,000 greater by 2030.

Table 10.3: Estimated Additional Demand (sqm) for Groceries & Specialty Food in the PCA

	2010	2015	2020	2025	2030
Current Scenario	0	0	0	0	0
+1,000 population scenario	0	-383	-415	-450	-488
+5,000 population scenario	0	-1,917	-2,076	-2,250	-2,438
+10,000 population scenario	0	-3,450	-3,738	-4,050	-4,388

Source: AECgroup

Table 10.3 outlines additional demand generated for *Groceries & Specialty Food*. An additional 5,000 population in the Smithfield Town Centre local area would increase demand enough to justify consideration of a full sized supermarket by 2020, rather than a small format supermarket by 2030. Below 4,000 additional population there would be little case to develop a full sized supermarket.

Table 10.4: Estimated Additional Demand (sqm) for Retail excl. Groceries & Specialty / Garden & Hardware in the PCA

	2010	2015	2020	2025	2030
Current Scenario	0	0	0	0	0
+1,000 population scenario	0	0	-503	-546	-591
+5,000 population scenario	0	-1,573	-2,516	-2,728	-2,955
+10,000 population scenario	0	-3,896	-5,034	-5,454	-5,910

Source: AECgroup

An additional 5,000 population in the Smithfield Town Centre local area would create demand for an additional 3,000 sqm of retail space (excl. *Groceries & Specialty / Garden & Hardware*) in the PCA. Meeting this demand with a retail development within the Smithfield Town Centre area would still face the challenge of being competitive with Smithfield Shopping Centre and other established and larger centres.

However, with the presence of a major supermarket anchor tenant, greater opportunities would exist to develop other retail in the Smithfield Town Centre. Essentially, sufficient demand to justify a major supermarket would take the Smithfield Town Centre's retail function from a Local Centre (2,850 sqm) to a District Centre (7,800 sqm – 8,000 sqm).

11. Conclusion

AECgroup has prepared a detailed analysis of the potential for retail, commercial and residential development potential for the proposed Smithfield Town Centre project in the northern beaches area of Cairns.

Based on the relevant catchment derivatives, AECgroup estimates:

- Population growth is forecast to result in an additional 8,728 persons by 2020 and 12,675 persons by 2030 in the Smithfield PCA;
- Demand for new dwellings in the PCA is forecast at an additional 4,546 by 2020 and 7,003 by 2030. Demand is assumed to continue to be predominately detached dwellings however it is assumed that Smithfield Town Centre can meet the proportion of demand for higher density residences;
- There is a current oversupply of retail space in some expenditure categories. Most notably the oversupply in *Garden & Hardware Goods* is forecast to persist to 2030;
- Demand growth for *Groceries & Specialty Food* is forecast to require an additional 3,338 sqm of floor space by 2020 and 9,433 sqm of floor space by 2030. This level of demand would justify two new full sized supermarkets in the PCA by 2030. It is assumed that to maximise retail convenience that these supermarkets would be best located in currently underserved parts of the PCA rather than in the Smithfield area which is already serviced by two full sized supermarkets;
- Demand growth for General Retail (Excludes *Groceries & Specialty Food* and *Garden & Hardware Goods*) is forecast to require an additional 4,155 sqm of floor space by 2020 and 12,665 sqm of floor space by 2030. There will be a challenge in meeting this demand within the PCA with a retail product that is relevant with consumers compared to existing competitors such as Smithfield Shopping Centre and the CBD. Meeting this additional demand with a 'big box' / bulky goods precinct at Smithfield is suggested as the most consumer relevant solution with a clear lack of this format in the PCA and natural synergies with both Smithfield Shopping Centre and existing bulky goods retailers such as Bunnings;
- Demand for commercial space in the PCA is forecast to be 1,924 sqm – 3,038 sqm by 2020 and 2,556 sqm – 4,035 sqm by 2030. Given that a proportion of future office workers will continue to work from non-commercial premises (e.g. major retail and industrial sites, accommodation venues and home-based) the lower end of this range is considered the most appropriate estimate of PCA relevant commercial demand. The vast majority of this PCA relevant commercial space could be located within the Smithfield Town Centre rather than elsewhere in the PCA. There is also an unspecified potential to locate regional commercial space (e.g. commercial presences that would typically be associated with the CBD) in the Smithfield Town Centre. The realisable potential for this commercial space will be dependent on both regional planning policy (i.e. how much CBD commercial development is prepared to be sacrificed for the Smithfield Town Centre) and the success of urban designers and project marketers in attracting such tenants to a future Smithfield Town Centre (which will be influenced by complementary uses in the Town Centre such as retail);
- Planning to enable an additional 4,000 plus residents to settle in the core of the Smithfield Town Centre would create additional local demand to justify the establishment of a full sized supermarket in the Smithfield Town Centre. The extra population would also create additional demand for General Retail, which anchored by a major supermarket, would have sufficient demand to develop a District Centre level of retail function; and
- Greenfield town centre developments are typically formed on a retail centre surrounded by significant expansion in population.

Appendix A: Population and Household Forecasts

AECgroup has prepared population and household forecasts for the PCA and SCA through the course of this study. Population and household estimates were originally taken for the defined catchments from ABS census data. These estimates were then inflated by 7.1% to account for the participation rate of households for the Cairns LGA during the 2006 census. Using these estimates, average household size was calculated.

Forecasts for population and households were based on the adjusted estimates from the 2006 census. The forecast methodology was based on estimated ultimate populations, specifically in the Barron and Northern Beaches regions of Cairns. Estimated ultimate populations used during the forecasting process are noted in the table below.

Table A.1: Estimated Ultimate Population by Regions in Cairns

Group Suburbs	Population (2006)	Ultimate Population
Cairns Beaches	12,653	18,407
Barron – Smithfield	12,983	18,469
Freshwater - Stratford – Aeroglen	3,736	4,513
Redlynch Valley	6,715	13,107
Inner Suburbs	54,320	63,669
CBD – North Cairns	5,298	7,694
Portsmith - Woree Industrial	742	742
White Rock – Edmonton	24,375	33,768

Source: AECgroup

Once the catchments were judged to have reached their ultimate population, growth was assumed to continue by 0.5% per annum due to increases in density.

Forecasts of households are estimated using the same growth rates used for the population forecasts. AECgroup assumed a decreasing number of residents per household of 3% per annum based on PIFU's household composition forecasts.

Appendix B: Modelling Methodology

Retail Modelling

AECgroup's retail model uses a household expenditure approach to estimate total expenditure for retail and bulky goods. The model is driven by population, household and disposable income projections over the reporting period.

Population and household forecasts used align with the forecasts developed for the PCA and SCA and are explained in Appendix A. Income is estimated for the catchment areas based on ABS census data for each individual postcode and a subsequently calculated weighted average. Income estimates are then inflated to 2010 and onwards to 2030 based on income growth of 4.5% per annum. Disposable income is calculated by taking into account current tax rates, household tenures and average monthly rental and mortgage payments.

Expenditure on retail and bulky goods is established by using the Household Expenditure Survey developed by ABS in 2004. Growth in expenditure over the forecast period is assumed at 0.6% (real) per annum. Final expenditure on retail and bulky goods is reported under the following categories:

- Groceries & Specialty Food;
- Liquor;
- Clothing & Accessories;
- Furniture, Household & Appliances;
- Recreation & Entertainment Equipment;
- Garden and Hardware Goods; and
- Other Goods & Personal Services.

AECgroup does not include food and beverages prepared at cafes, restaurants, hotels or fast food premises in the retail analysis.

In the absence of a full shopper's survey, AECgroup has estimated the shopping habits of residents in the PCA and SCA. The table below provides the estimates used in AECgroup's model for spending habits in the PCA and SCA. The estimates represent the proportion of expenditure undertaken by PCA and SCA in the PCA.

Table A.2: Proportion of Expenditure from the PCA and SCA Occurring in the PCA

Category	Primary	Secondary
Groceries & Specialty Food	75.0%	10.0%
Food & Liquor Catering	70.0%	10.0%
Clothing & Accessories	40.0%	15.0%
Furniture, Houseware & Appliances	30.0%	5.0%
Recreation & Entertainment Equipment	30.0%	5.0%
Garden & Hardware Goods	75.0%	60.0%
Other Goods & Personal Services	40.0%	5.0%

Source: AECgroup

In addition to the estimated expenditure from the PCA and SCA, AECgroup has also accounted for an estimated proportion of expenditure coming from residents from outside the catchment areas and tourists. To simulate this expenditure through the various retail categories, an additional percentage of existing expenditure was added. The percentages are classed as 'Rogue' and are noted in the table below.

Table A.3: Rogue Expenditure in the PCA by Retail Category

Category	Additional Expenditure
Groceries & Specialty Food	+8%
Liquor	+8%
Clothing & Accessories	+8%
Furniture, Houseware & Appliances	+5%
Recreation & Entertainment Equipment	+5%
Garden & Hardware Goods	+10%
Other Goods & Personal Services	+5%

Source: AECgroup

AECgroup used the following approaches to estimate the supply of retail floor space (GLA) in the PCA:

- Physical measurement of retail area during site visits in September;
- Input from Cairns Regional Council;
- Use of top-down mapping; and
- Use of shopping centre floor plans.

Estimates of GLA were made for each retail expenditure category.

The value of supply was estimated based on benchmark industry trading levels for each retail category. The trading figures are derived from industry averages across Australia to reflect a market of Cairns' size and have been developed by AECgroup, through extensive work and experience within Australia's retail industry and ongoing consultation with Australian retailers. Trading levels used during the modelling process are noted in the table below.

Table A.4: Benchmark Industry Trading Levels

Category	\$/Sqm/Year
Groceries & Specialty Food	\$8,000
Food & Liquor Catering	\$6,000
Clothing & Accessories	\$5,000
Furniture, Houseware & Appliances	\$4,500
Recreation & Entertainment Equipment	\$4,500
Garden & Hardware Goods	\$4,000
Other Goods & Personal Services	\$5,500

Source: AECgroup

Commercial Modelling

Commercial office space was estimated for Cairns and the PCA using multiple techniques. Estimates for Cairns are based on a per capita ratio using Cairns LGA's estimated resident population in 2009 and a ratio of 0.8. AECgroup has based Cairns' ratio on previous estimates for other cities in Queensland. Cairns was judged to have a commercial office ratio in between Gold Coast and Brisbane, due to its significant tourism industry, yet need for relative self sufficiency in commercial services due to its regional location.

Commercial office space in the PCA was calculated using two independent techniques. Firstly, AECgroup estimated office space based on site visits in the PCA undertaken in September and subsequent mapping analysis. These estimates are titled the 'lower bound' estimates and represent the actual supply of physical / traditional commercial office space in the PCA.

Commercial office space in the PCA was also calculated using an employment based approach. Occupation statistics of people employed in the PCA were utilised to estimate the number of office based workers. AECgroup made assumptions on the proportion of employees in each occupation based / commercial office space. The assumptions used are considered in the table below.

Table A.5: Estimated Proportion of Workers using Commercial Office Space

Occupation	Proportion in Office Space
Managers	20%
Professionals	75%
Technicians and Trades Workers	0%
Community and Personal Service Workers	20%
Clerical and Administrative Workers	30%
Sales Workers	5%
Machinery Operators And Drivers	0%
Labourers	0%

Source: AECgroup

Adjustments have been made to account for part time employment. Final estimates are based on fulltime equivalent (FTE) jobs. James Cook University was excluded from commercial office space calculations. The conversion from total estimated employment to GLA was made based on an assumed 18 sqm per employee ratio. These estimates represent the 'upper bound' estimates.

PAGE LEFT INTENTIONALLY BLANK





Brisbane	Level 5, 131 Leichhardt Street Spring Hill QLD 4000	PO Box 942 Spring Hill QLD 4004	T F	+61 7 3831 0577 +61 7 3831 3899
Melbourne	Level 27, 101 Collins Street Melbourne VIC 3000	PO Box 1092 Hawthorn VIC 3122	T F	+61 3 9653 9312 +61 3 9653 9307
Sydney	Level 3, 507 Kent Street Sydney NSW 2000	PO Box Q569, QVB Sydney NSW 1230	T F	+61 2 9283 8400 +61 2 9264 9254
Townsville	233 Flinders Street East Townsville QLD 4810	PO Box 5804MC Townsville QLD 4810	T F	+61 7 4771 5550 +61 7 4771 5152
Perth	Level 18, Central Park 152 - 158 St Georges Terrace Perth WA 6000		T F	+61 8 9288 4456 +61 8 9288 4457