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City of Busselton

Dunsborough City Centre Commercial Growth Analysis

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1 INTRODUCTION

Activity Centres form an integral part of the urban fabric that makes up a community. They provide goods and services, public gathering spaces for socialising and employment opportunities for the population. Their ability to run efficiently and in a fit-for-purpose manner ensures the needs of residents can be met. To ensure that Activity Centres operate efficiently, local governments must understand the role, function, viability and future potential of activity centres in their network and surrounding regions. Effective planning at the strategic level enables the management of impacts, both negative and positive and is the first step to ensuring that the needs of the community are met and balanced against these impacts.

This report is designed to assist in the future planning of Dunsborough activity centre, feeding into the eventual structure plan. The analysis in this briefing note includes:

- Context
- Retail trends
- Future demand
- Recommendations

The future demand assessment is intended to forecast floorspace demand, composition and employment. This will be forecast through two scenarios to reflect two possibly ways in which an activity centre may evolve. Using this information, research on future trends in floorspace, and information about the centre's current role, Pracsys will outline the likely future role that the activity centre will perform in the City of Busselton's activity centre network. Following this, a series of recommendations will be made on how to best facilitate the future role of the activity centre and ensure that it best meets the needs of the local constituents.

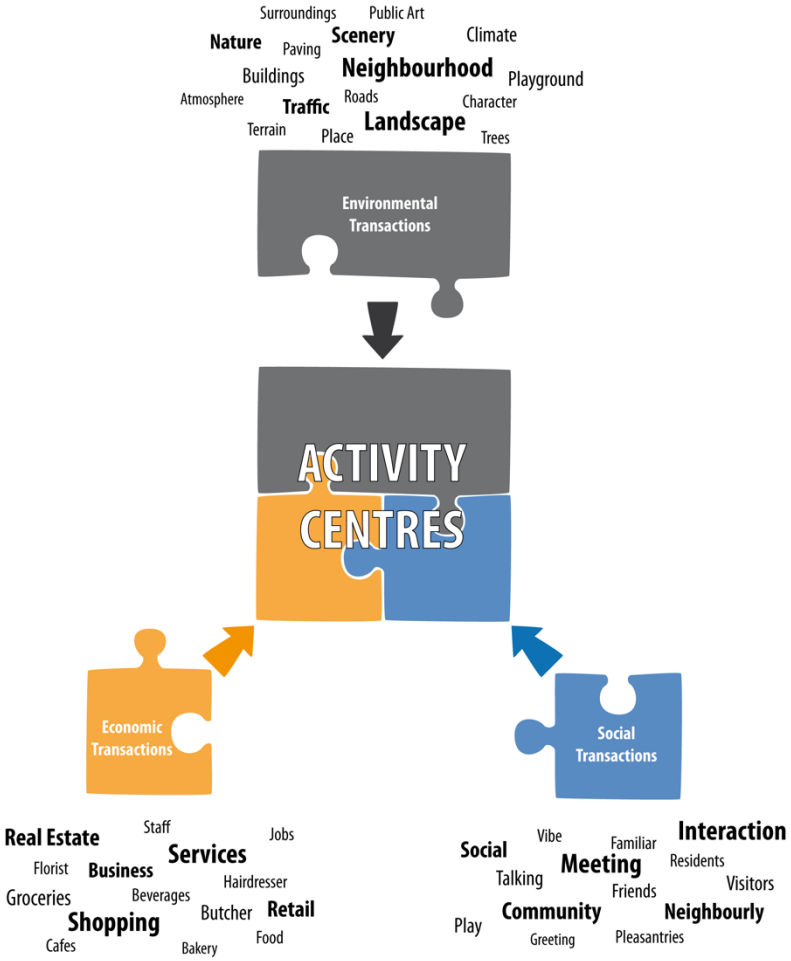
2 CONTEXT

Activity centres are the core of the urban fabric that makes up a town or city. They deliver and/or facilitate the goods and services we require as part of a modern society and are the locus of activity.

Activity is considered to be comprised of one or more of the following three types of transactions (Figure 1):

- Economic – activities that primarily result in a transfer of goods and services in return for payment (e.g. retail trade, enterprises employing staff)
- Social – activities that are primarily focussed on the informal exchange of information and companionship (e.g. catching up with friends, parents playing with their children)
- Environment – activities that are primarily focussed on users engaging with their physical environment (e.g. users enjoying public art, reading a book in the park)

Figure 1. Transaction Types



Source: Pracsys 2018

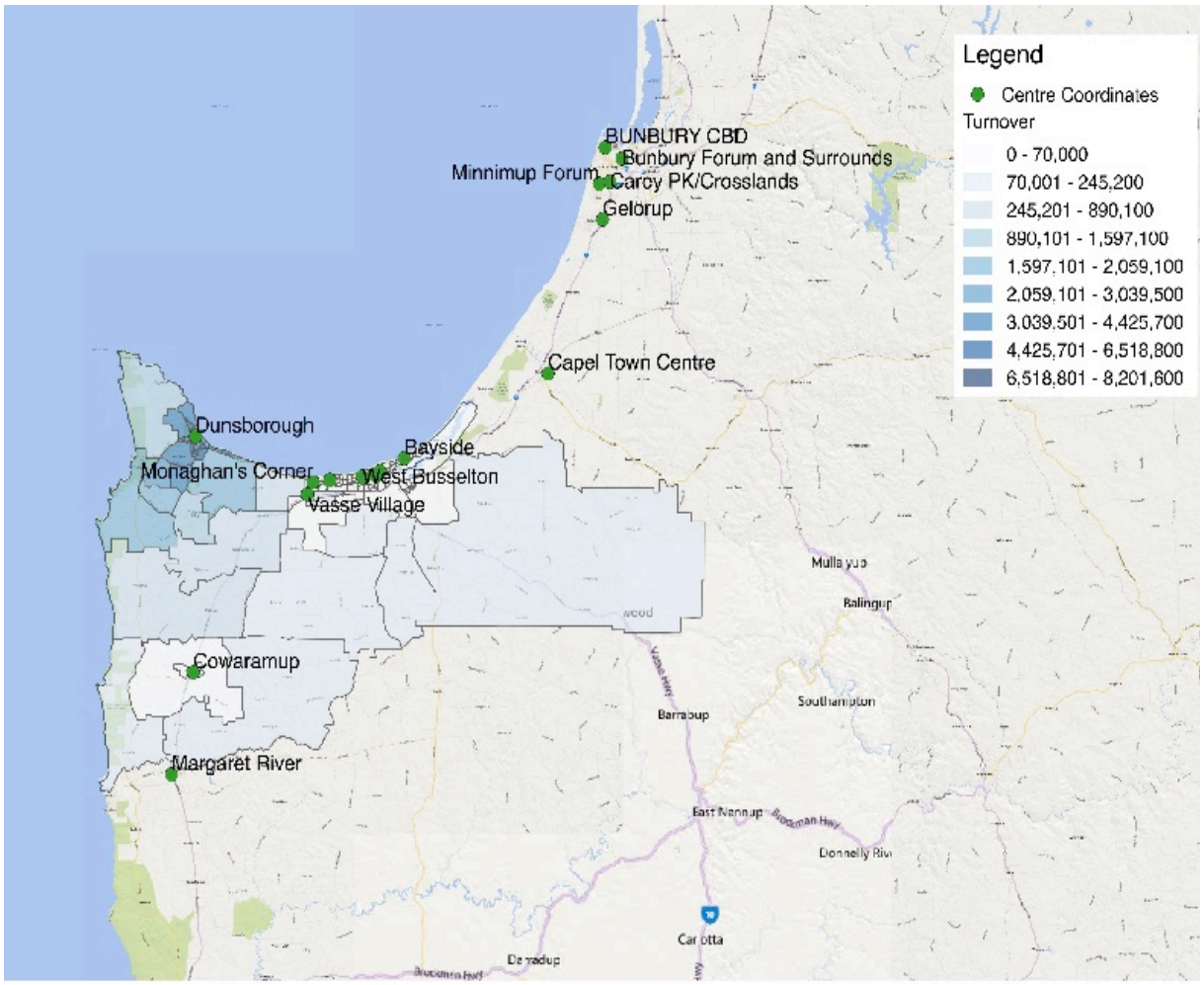
The frequency and concentration of these activities determines the success and role of an activity centre. This in turn typically manifests in the types of floorspace that are present within the activity centre. These transactions and activities are therefore a product of its locational characteristics, competition, centre design

and user mix. Understanding this unique context provides important information in deciding how an activity centre may grow.

2.1 Location Context

Dunsborough is a coastal town located in the South West region of Western Australia within the City of Busselton. The town is 250 km south of Perth and lies on the shores of Geographe Bay (Figure 2).

Figure 2. Town of Dunsborough Catchment and Expenditure Capture



Source: Google Maps 2018, Pracsys Analysis, ABS HHES

It is the primary activity centre in the immediate region with multiple isolated uses located throughout its hinterland. The City of Busselton's primary activity centre (Busselton) is located approximately 25km to the east.

Figure 2 shows the modelled catchment and the relative level of expenditure distributed from each SA1. As shown, those SA1's closest to Dunsborough contribute the highest levels of turnover, as could be expected.

2.2 Competition

Dunsborough plays a secondary role to the Busselton activity centre, which acts as the largest source of competition to the Dunsborough activity centre in terms of demand for retail, office, entertainment and related floorspace. Greater diversity and a more mature offering of retail, employment and entertainment make Busselton an attractive proposition for users to visit. The drive time is reasonably short in a regional context and is therefore unlikely to act as a significant barrier to use.

2.3 Centre context

Dunsborough activity centre primarily operates along three major thoroughfares, two local roads running east-west and one major road running north-south. The east-west thoroughfares are Dunn Bay rd and Clark St while the north-south thoroughfare is Naturalist Terrace. The activity centre is bordered by Caves Rd to the south, Cape Naturaliste way to the West and the ocean to the east, all of which act as natural barriers for the activity centre. There is no natural barrier to the North but residential development marks the end of the commercial zone (Figure 3).

Figure 3. Activity Centre Context

Source: City of Busselton, Pracsys 2018

Commercial activity is predominantly concentrated around the intersections of Dunn Bay Rd and Naturaliste Terrace, radiating outward toward less floorspace intensive uses or larger floorplates. The activity extends approximately 250-400m from this central area. It's connection to the beach provides a major activity anchor

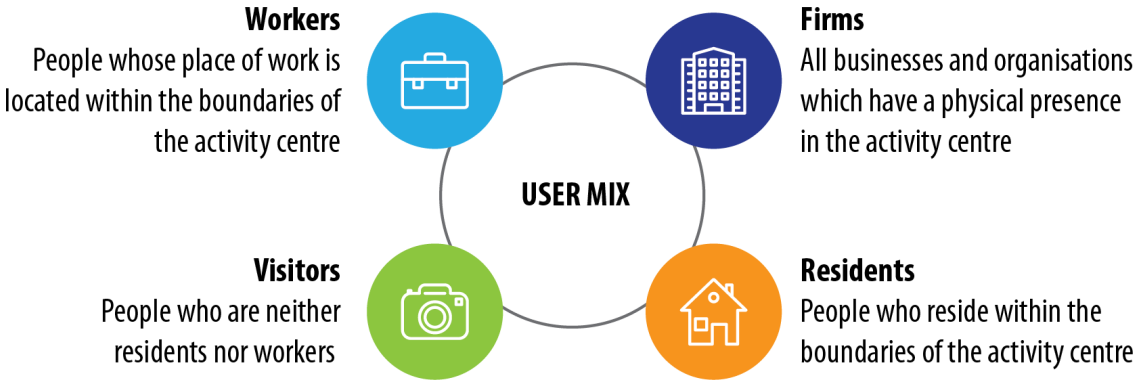
to the East and is reflective of how users access and utilise the centre. The link promotes thoroughfare through Dunn Bay Rd and creates activation benefits along the thoroughfare.

The land uses in the core of the activity centre reflect the Dunsborough activity centre's role as a service centre for tourism. There is a large amount of convenience retail (consumer staples and liquor), entertainment retail (cafes, restaurants) entertainment (bars, taverns) and service industry (tourism operators). Secondary uses in the area are typically population based and reflect the needs of the local community including office for a variety of businesses, some comparison retailing (e.g. clothing stores) and a number of health-based occupants (medical, physiotherapy, acupuncture etc). Towards the edges of the activity centre, larger floorplate uses aggregate, potentially reflecting lower land prices, this is particularly recognisable in Clark Street where hardware stores, building supplies and other large format retailers are located.

2.4 User Mix

User mix within an activity centre is considered to be comprised broadly of the following segments (Figure 4):

Figure 4. User mix breakdown



Source: Pracsys 2018

The user mix is representative of the users of the activity centre. These user groups represent the drivers of the activity and transactions. Understanding the user mix is therefore required to understand what the drivers for floorspace demand are. In essence, this understanding underpins the future assumptions. Similarly an understanding of the user mix and their associated transactions can feed into an overall vision for the activity centre. Dunsborough activity centre user mix is currently dominated by residents and visitors, they are the primary drivers of activity within the activity centre. Firms and workers exist to service these users, and typically do not service export markets or other. As such, residents and visitors are the primary drivers of activity and are what has been used to underpin assumptions around growth.

2.5 Floorspace Distribution

Analysis was conducted to estimate the current floorspace distribution within the Dunsborough activity centre, this is shown in Figure 5.

Figure 5. Floorspace Breakdown

PLUC Category	Floorspace (NLA)	% of Total
SHP	15,379	24%
OFF	6,031	9%
ENT	2,403	4%
VLA	11,783	18%
VFA	219	0%
UTE	468	1%
PRI	15,444	24%
MAN	3,657	6%
STO	-	-
SER	2,531	4%
RET	6,043	9%
HEL	945	1%
Total	64,903	100%

Source:City of Busselton, Pracsys 2018

These figures represent the Net Lettable Area for each use and are presented as PLUC[1] codes (consistent with Department of Planning standards). This Net Lettable Area has been calculated by measuring plot ratios to obtain an average[2] and applying a standard net lettable area ratio to them[3].

The dominant floorspace is SHP retail, making up almost 25% of the total floorspace, and PRI given the large proportion of nature reserves and parks within the activity centre. This was followed by secondary uses such as ENT (Entertainment), OFF (Office), RET (Bulky goods) and SER (service industry).

[1] A full explanation of PLUC codes can be found in Appendix 1.
[2] Individual plot ratios were obtained for larger properties that did not fit the general average calculated.
[3] 80% GLA to NLA ratio was used

3 RETAIL TRENDS

3.1 Retail Trends and Disruptions

The rapid pace of change in the global and local retail landscape over the last decade is showing no sign of slowing down. In fact, in the current age of "Big Data", it appears to be accelerating as retailers are now able to respond quickly to shifts in consumer demand.

As retail is the predominant land use and driver of activity in Dunsborough activity centre, an accurate understanding of the key drivers and trends in retail throughout Western Australia is necessary to understanding the role and function of Dunsborough activity centre. The context and understanding of these trends and market disruptions will underpin any strategy to improve the competitiveness of retail in the centre.

Figure 6 summarises the current retail market trends and disruptions that are impacting or could be expected to impact retail operators in the Dunsborough activity centre.

Figure 6. Australian retail industry market disruptions

TREND - RETAILTAINMENT:

Entertainment as an integral part of the retail experience

DRIVERS

Popularity of online retail channels has resulted in physical retailers needing to provide a retail experience or social experience as a point of difference.

Millennials integrate retail and entertainment as a single social experience.

EXAMPLES

The Mezz, Mt Hawthorn: shopping mall wraps around an outdoor "town square" with a playground, couches, TV screen and live music. Incorporation of virtual reality, coffee shops in retail stores.

TREND - PERSONAL RETAIL:

Consumers are desiring products that can be personalised

DRIVERS

Consumers are going shopping with a strong idea of what they want, rather than shopping to see if what is available fits their needs. They want to find a product that reflects their personal brand, and is tailored to their needs rather than generic and mass-produced.

EXAMPLES

Shoes of Prey Etsy

REDBUBBLE

TREND - FAST RETAIL:

Business models comprised of virtual stores accessible from anywhere and fast distribution networks

DRIVERS

Technology has enabled consumers to decide when, how and where to shop. No longer beholden to opening times or physical geography, consumer desires rather than retailers are driving consumption.

EXAMPLES

Australian customers to ASOS in the UK provides access to hundreds of global brands and low threshold free shipping, delivered within 5 working days to metropolitan locations (standard)

ASOS discover fashion online

TREND - SUBSCRIPTION RETAIL:

Keep customers loyal to a brand/distributor

DRIVERS

Retailers need a business model to "lock-in" customers to increase the threshold of switching brands.

EXAMPLES

Amazon Prime in the US allows free delivery of a large range of goods for a yearly fee of $99. Shipping times vary from 2-hour, same day, to 2-day options.

amazon Prime COSTCO WHOLESALE

TREND - OMNICHANNEL RETAIL:

DRIVERS

Emergence of digital marketing across a range of devices, platforms and applications has provided multiple channels for retailers to market their products. Physical stores need an online presence to be competitive, as consumers may shop using both means at different times.

EXAMPLES

Kathmandu

POTTERY BARN

Target.

TREND - "CONSCIOUS" RETAIL:

Ethical, sustainable, local

DRIVERS

Many consumers have made a lifestyle choice to have a smaller global footprint, support brands which provide better conditions for factory workers in developing countries, or support local products. They are willing to pay a premium for these products if they are of sufficient quality, and of the brand aligns with their personal brand promoted on social media.

EXAMPLES

Suburban farmers markets
Ethical fashion lines within popular brands (e.g. ASOS)
Sustainable fabrics/materials (e.g. bamboo, organic cotton, vegan leather)

TREND - DATA RETAIL:

"Big data" is being used as to continually monitor and respond to changing customer desires, shortening the product cycle

DRIVERS

Collecting and analysing data on retail sales is being used to inform all parts of the retail sale process, from supply to chain to understanding customer satisfaction with their purchase. Retailers who don't use data to inform their decisions are much less likely to understand their customer preferences or forecast demand, and may find difficulty in remaining competitive with those that do.

EXAMPLES

patagonia
JUSTFAB™

TREND - MOBILE DEVICES:

Accessing retail via mobile devices, and integrating mobile devices into the retail experience

DRIVERS

Mobile devices provide unprecedented 24/7 access to retail offerings. The vast majority of mobile phones are smartphones, with internet access. Tablets and other mobile devices can also be used to access retail offerings.

EXAMPLES

Checking stock levels online prior to a retail trip
Using a mobile device to scan QR codes in a retail shop
Ordering retail products using a mobile device

Sources: http://www.smartcompany.com.au/industries/retail/top-five-retail-trends-watch-2017/; https://www.rangeme.com/blog/6-trends-that-will-reinvent-retail-in-2017/; https://www.appearhere.co.uk/inspire/blog/the-retail-trends-with-staying-power; http://digitalmainstreet.ca/retail-trends-10-experts-share-their-predictions-for-2017/; https://www.vendhq.com/au/university/retail-trends-and-predictions-2017; https://www.digitalpulse.pwc.com.au/retail-trends-2017-paul-zahra/; https://www.forbes.com/sites/bernardmarr/2015/11/10/big-data-a-game-changer-in-the-retail-sector/#63dc4fbd9f37

While these trends are likely to affect the competitive models of individual businesses, they are unlikely to have a significant effect on the demand for retail floorspace in the next ten years, particularly in a regional context. Instead, they are likely to change the competitive and business model of individual businesses over the medium to long-term. Composition of retail floorspace may change, particularly with a shift toward "retailtainment" ,which will see a shift toward more cafés and experiential offerings, combined with public square offerings, driving utility.

4 FUTURE DEMAND ASSESSMENT

4.1 Methodology

Floorspace demand has been estimated using the unique drivers for demand of each floorspace type. Floorspace has been estimated and aligned to Department of Planning PLUC codes, which have then each been aligned to unique drivers of demand for the goods and services they provide. This alignment is shown in Figure 7**.**

Figure 7. Floorspace Drivers

Floorspace Type	Unique Drivers
Shop Retail (SHP)	Population, Tourism, Online Growth
Entertainment (ENT)	Population, Tourism
Office (OFF)	Population
Health Welfare & Community (HEL)	Population

Source: Pracsys 2018

These drivers have been quantified over a ten-year period and used to inform the demand forecasts. These assumptions have been outlined in section 4.2.

Demand distribution

Two separate demand distribution methodologies have been used dependent on the floorspace types. A gravity model has been utilised to distribute demand for retail owing to the complexities and substitution effects of the competitive network of retail in activity centres in the catchment. The full details of this methodology have been outlined in section 8.

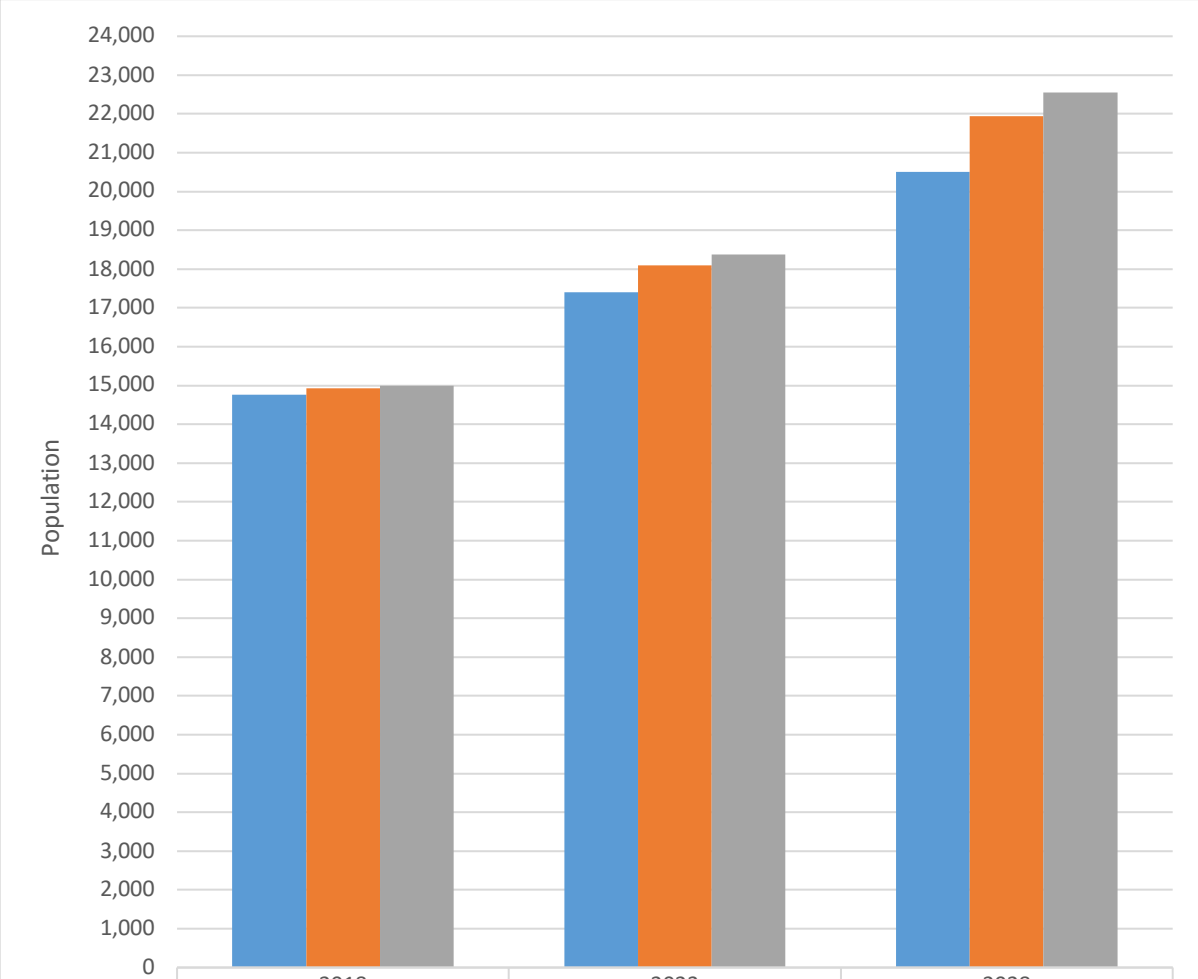
Other floorspace types have been assessed by first quantifying the current level of floorspace available in the area. This level has been deemed to be accurately reflecting demand and extrapolated against future forecasts in the key drivers for each floorspace type to estimate demand.

4.2 Scenario Assumptions

To adequately assess potential demand scenarios, three population scenarios have been derived. Due to the population driven nature of Dunsborough activity centre, all floorspace demand will be predominantly controlled by demand from this source. Population growth has been derived from the estimated catchment and local government area forecasts derived from ABS data. These have been arranged into three distinct scenarios representing a baseline[4] a moderate growth scenario[5] and a high growth scenario[6] (Figure 8).

[4] City of Busselton Low Projections
[5] City of Busselton Med Projections
[6] City of Busselton High Projections

Figure 8. Household Growth Scenarios[7]



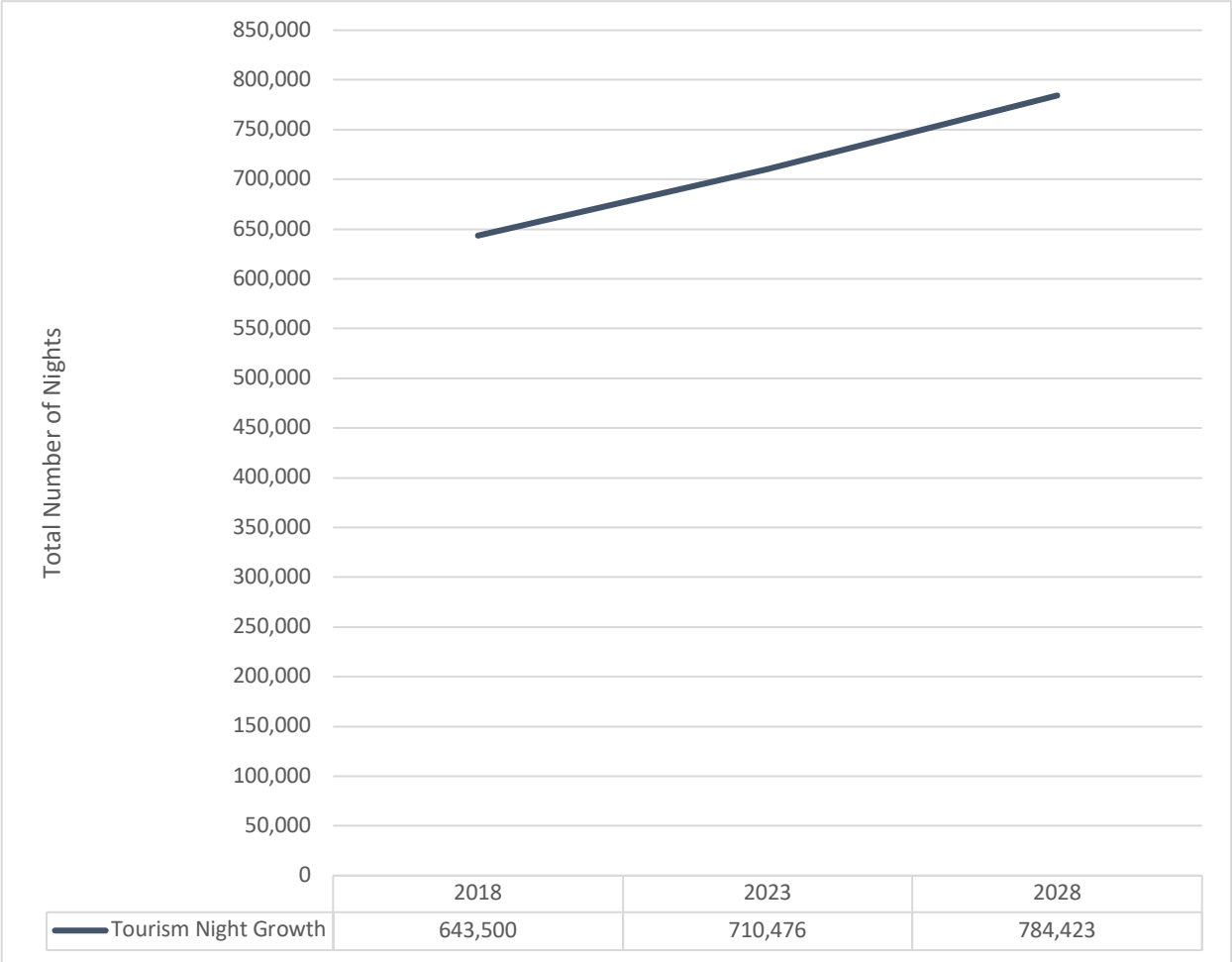
	2018	2023	2028
Baseline	14,770	17,400	20,509
Moderate	14,933	18,092	21,944
High	14,999	18,377	22,545

Population is the primary driver for all floorspace types in Dunsborough Activity Centre.

Tourism is expected to act as a secondary driver for many floorspace types, in addition to population. Accordingly, tourism night forecasts have been derived from Tourism WA forecasts to include in future floorspace demand calculations (Figure 9).

[7] Households have been assumed to grow linearly with population forecasts (i.e. the number of persons per household stays constant)

Figure 9. Tourism Visitor Nights Forecast



Source: Tourism WA, Pracsys 2018, Margaret River Corporation 2018[8]

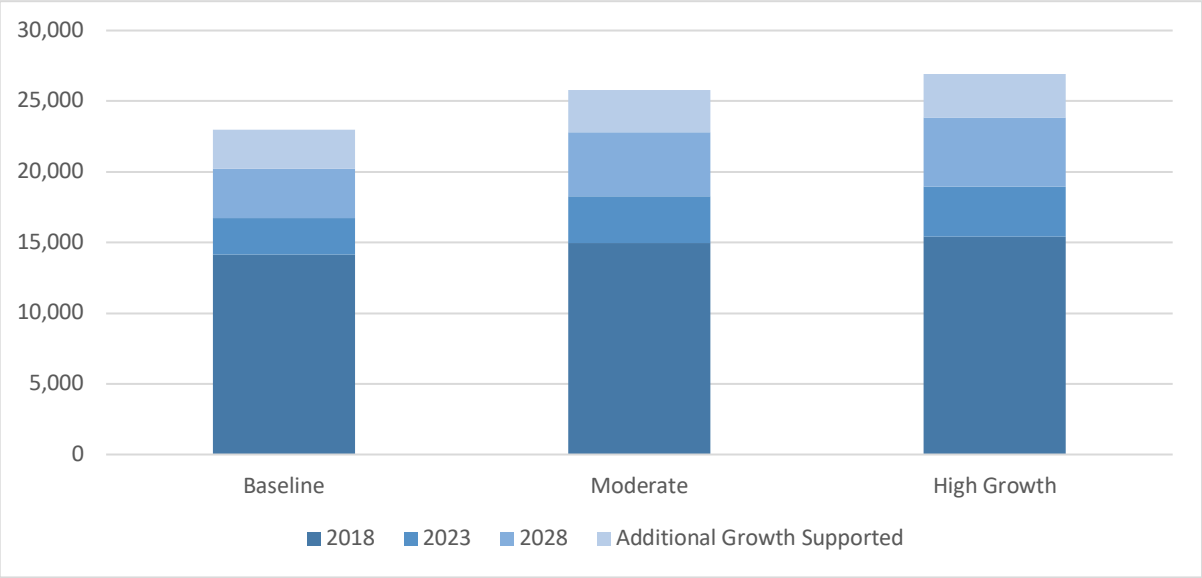
These forecasts have been utilised in each of the following floorspace demand and allocation assessments. Tourism spend capture has been included in each scenario. Estimated spend capture rates of 15%, have been included in each of the baseline, moderate growth and high growth scenarios (full details can be found in section 8).

4.3 Retail Floorspace Demand

Primary drivers of retail floorspace demand are local population growth and tourism visitation. These user groups provide the vast majority of retail expenditure and thus have the greatest influence on future demand. Retail floorspace demand under the three scenarios is shown in Figure 10. The graph sets out the floorspace demanded at 2018, 2023 and 2028 based on population

[8] "A 2% average annual rate of growth has been assumed as a conservative position, lower than the forecasts prepared by Tourism WA, on account of a review of information probided by the Margaret River – Busselton Tourism Association (MRBTA).

Figure 10. Retail Floorspace Demand Forecast



Source: Pracsys 2018

As shown, under current productivity levels[9] the baseline scenario indicates a demand for approximately 20,200m^2, this rises to 23,900m^2 under the high growth scenario. An additional 2,700m^2 to 3,100m^2 could be supported with a lower (yet still adequate) average productivity level[10] or additional expenditure capture by delivering product offerings (e.g. a discount department store). This additional capacity reflects a change in behaviour by the user mix to purchase goods that were not previously available. This is only likely should something that isn't already offered in the activity centre is developed. Given the current service provision in the Dunsborough activity centre and the expected population and tourism growth, this type of leakage minimisation opportunity should be taken up if presented, as it is likely to act as a major activity driver. Though it is important that any decisions around this type of expansion fit in with the overall vision and goals for the activity centre.

4.4 Other Floorspace

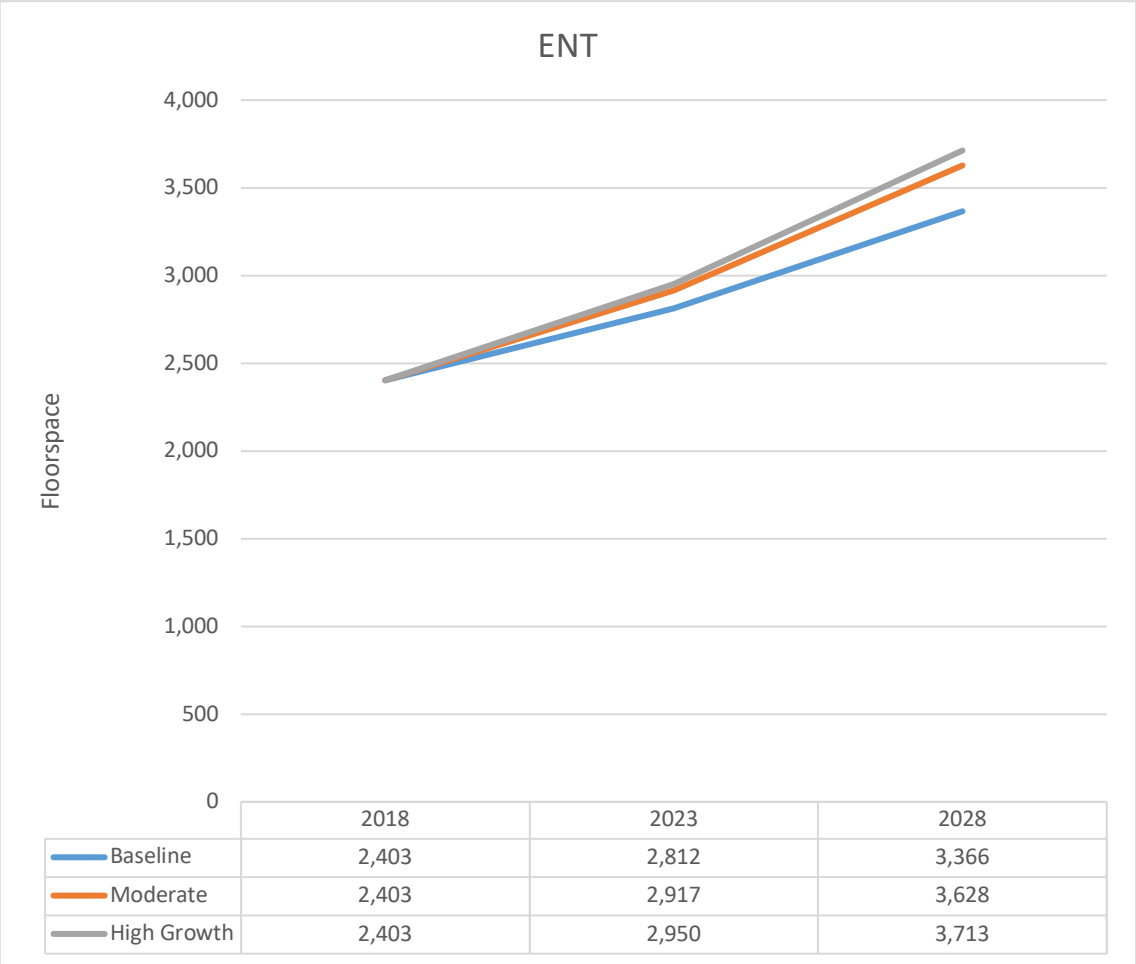
Other floorspace has been estimated according to its primary drivers including either population or population and tourism. The floorspace types assessed include ENT, OFF and HEL.

ENT

Growth in entertainment floorspace is driven by both population and tourism. Both local residents and tourists are primary users of entertainment functions. Tourists are likely to be drawn toward bars and taverns and other entertainment floorspace as part of their holidaying experience.

[9] $6,400/m^2
[10] $5,500/m^2

Figure 11. Entertainment Floorspace



	2018	2023	2028
Baseline	2,403	2,812	3,366
Moderate	2,403	2,917	3,628
High Growth	2,403	2,950	3,713

Source: City of Busselton, Pracsys 2018

Given the expected increases in tourism expenditure, visits and the forecast growth in population, the demand for entertainment floorspace is expected to increase from current levels of 2,403m^2 to between 3,300 and 3,700m^2.

Given current distributions of floorspace and the Dunsborough activity centre's role, it is expected this could be made up of a mix of small bars, art galleries, tour operators and/or a larger tavern style operator in the future.

OFF

Growth in office floorspace is typically driven by either strategic or population driven industry. Strategic economic activity occurs through the development of agglomerations of economic activity. Such agglomerations result from the development of localisation and/or urbanisation economies. Typically, this type of industry activity is linked to an export market or provides services for export-related business activity. Population driven floorspace on the other hand is linked to servicing the needs of the local population and is intrinsically linked to expenditure and number of residents.

Most of the City's and broader region's strategic industry is concentrated in the major strategic centres of Busselton and Bunbury. Dunsborough activity centre on the other hand serves a typically population driven function. The assessment of current uses within the Dunsborough activity centre unearthed a variety of different population driven office uses including:

- Real estate
- Medical
- Allied health
- Professional services linked to building

Figure 12. Office Floorspace

	2018	2023	2028
Baseline	6,031	7,152	8,483
Moderate	6,031	7,337	8,965
High Growth	6,031	7,453	9,215

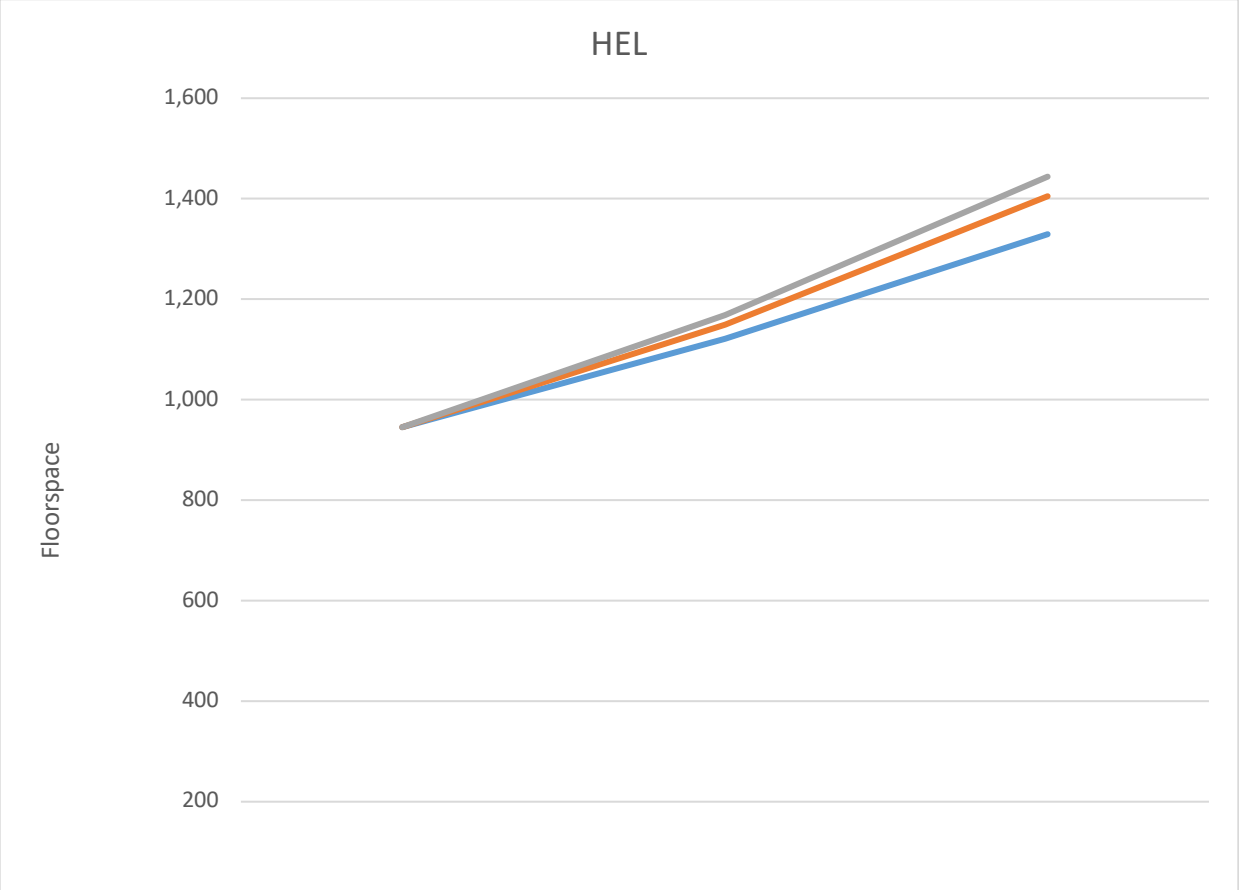
Source: City of Busselton, Pracsys 2018

Demand for these floorspace types is expected to grow in line with population. Total required office floorspace is expected to grow from the existing allocation of 6,000m^2 to between 8,500 m^2 and 9,200m^2. This is likely to be made up of a similar distribution of more detailed uses to what already exists, with potential for new population driven industries to locate within the town centre.

HEL

Health, Welfare and Community services exist to serve the population. As a result, their existence will be dictated by the presence and growth of population. At present, the majority of health and community services are located outside of the activity centre. As a result, the only Health, Welfare and Community service within the activity centre is the Police station.

Figure 13. Health Floorspace



	2018	2023	2028
Baseline	945	1,121	1,329
Moderate	945	1,150	1,405
High Growth	945	1,168	1,444

Given that most services are located outside the activity centre it is unlikely they would move into a more central location. There is likely a necessary reason for the police station to operate out of the central area, though this too, is located on the edge of the centre. Current growth patterns indicate that there may be a need for expansion of the police station, though it is unclear whether capacity already exists within the station. Current growth rates suggest a need for an increase from 945m^2 to between 1,300m^2 and 1,400m^2.

4.5 Other floorspace

Other floorspace types that have not been included are RET, SER, MAN and UTE. While the demand for these types of floorspace should grow in line with population it is not well suited for the main town centre. Indeed,

this type of floorspace has already been pushed to the edges and is likely to continue to be pushed out of the centre. This type of floorspace is much more likely to be accommodated in the industrial area to the north or in other more suitable areas. As such, it is likely as the gentrification process occurs, we will see these floorspace types relocate to cheaper industrial areas with improved parking (for both employees and visitors) due to their heavy car-based use. This is likely to drive a decrease in the amount of these types of floorspace leading to a more efficient use of space within the activity centre.

4.6 Summary

The growth in the demand for floorspace over the next 10 years is shown below in Figure 14.

Figure 14. Summary of Growth by 2028[11]

PLUC Category	Floorspace (NLA)	Baseline	Moderate	High Growth
SHP	15,379	3,499	4,548	4,901
OFF	6,031	2,452	2,934	3,183
ENT	2403	963	1,224	1,310
HEL	945	384	460	499
Other		Potential decline in centre		

[11] Does not include additional floorspace supported through a lower productivity level

5 RECOMMENDATIONS

Key to the success of any activity centre is to first define what success is. This is likely to be different depending on the type of activity centre there is. Success and the future vision for the Dunsborough activity centre is likely to be very different to that of Busselton activity centre. The vision for Dunsborough activity centre is critical for both the local government and business owners to make decisions about development and investment. A vision is a high-level description of a desired end state, or of what success looks like. The vision answers the following questions:

- Where are we now?
- Where do we want to be?
- Why do we want to get there?

This vision will shape how future development proposals are handled and how they factor into desired growth in the centre, including prioritisation.

The vision should be accompanied by a set of principles that are then aligned to specific goals. Principles are intended to isolate focus areas for which goals can be set and actions developed. Goals are necessary to measure the change that should arise from actions and to ensure that success is achieved. Specifically, goals are necessary as they:

- Describe in detail the desired future state of the Dunsborough activity centre in a manner that is actionable, accessible and auditable
- Provide an understanding of the gap between the current state and desired future state
- Address the barriers that need to be removed and what attractors need to be in place for transformative change to take place

5.1 Expansion

In the absence of a clear vision and accompanying goals for the activity centre it is difficult to know what type of development should or should not be encouraged. The vision and goals articulate the types of activity that the City of Busselton will want to encourage in the Dunsborough activity centre, feeding directly into how development applications and the like are assessed.

In the absence of a vision, two major considerations for future development can be considered:

- **Encourage appropriate investment –** investment that is likely to reduce leakage (e.g. goods and services that would otherwise require travel in order to be acquired) from the activity centre should be encouraged. This contributes to more efficient transportation networks and also reduces the burden on the consumer to access relevant goods and services. Investment also creates the potential for competition ensuring that businesses must innovate and remain price competitive to the benefit of the consumer.
- **Retain the vibrancy and purpose of place** – the urban fabric that the Dunsborough activity centre relies on to encourage repeat visits must be maintained. That means that suitable driver activities

must be invested in and urban form maintained. Importantly, out of centre development should be discouraged where possible to encourage users into the activity centre. This may involve a trade-off between consumer amenity and activity centre performance which will need to be judged on its merits.

Development applications and the layout of the centre should follow the six principles of activation to ensure that the town centre can continue to perform at a high level in an economic sense.

Figure 15. Six Principles of Activation

Principles	Description

Purpose of Place	**Determine what the activity centre represents to its target user group (residents, workers, visitors)**
	• Value is added by designing places which maximise:
	  ○ Frequency of transactions
	  ○ Concentration of transactions

Access Arrival points	**Decisions about access begin 5km away from the place** • Users should be directed to the 'front door' of the place • Good design funnels users into the core of the place. • Congestion and a mix of transport nodes is beneficial for economic activity
Origins Car parking and transport nodes	**Strategic distribution of origin points will maximise pedestrian movement** • Origin points should be spaced around the Centre to encourage pedestrian flow • Parking is the driver of pedestrian movement • Location of carparks is more important than the number

Exposure
Pedestrian movement
	Economic activation is driven by frequency and concentration of transactions
	• Channel pedestrian movements
	  ○ Concentrate transactions by pushing people past as many shop windows as possible
	  ○ Rents and sales are directly related to pedestrian traffic (e.g. corner locations are generally more desirable due to extra traffic flow)
	  ○ Minimise possible routes from origin to destination points (e.g. Bus stop to main attraction) as architectural 'permeability' is not always a good thing

Destinations
Major attractions
	The main destination must be clearly defined
	• Assess user behaviour
	  ○ Number of visits
	  ○ Timing of visits (time of day, seasonality)
	• Give major destinations special treatment
	  ○ Understand what they need
	  ○ Build centre around them
	• Amplify the impact of attractions by creating support amenity and infrastructure to maximise frequency, length of stay and expenditure

Control Strategic sites	**Tenure control is vital for overall development success** • Identify active frontages and take control of key sites • Corner sites determine uses on either side

Principles	Description
	• Not all areas in a place need to be active – be selective

Source: Pracsys 2018

These principles can be used to develop a vision and goal for the activity centre to define future use. Assessing the six principles also offers an excellent point to assess the viability and possibility of specific commercial precincts (e.g. office or food). These precincts should be assessed and judged by their ability to deliver on these principles. Specifically, how they can contribute to being a destination, how they relate to origin and access points and how they can help channel pedestrian movement past shop fronts that require the activation.

5.2 Total Developable Land

Vacant developable land area (NLA assumptions applied) has been calculated based on an assessment of the GIS data provided and via an in-depth look at the types of tenancies available within the town centre. This is shown in Figure 16.

Figure 16. Vacant Land and Total Additional Demanded

PLUC Category	Baseline	Moderate	High Growth
SHP	3,499	4,548	4,901
OFF	2,452	2,934	3,183
ENT	963	1,224	1,310
HEL	384	460	499
Total	**7,298**	**9,166**	**9,892**
VLA	6,952	6,952	6,952

This analysis demonstrates that the total amount of vacant land is not sufficient to provide for the expected demand for commercial floorspace over the next ten years, even in the baseline scenario.

Additional commercial floorspace may be provided under the existing zoning via:

- The redevelopment of lots which could be considered under-utilised with regard to opportunities for commercial use permitted by the current zoning (eg. 17-23, 29 Dunn Bay Road) – it is reasonable to expect that this will occur in a piecemeal manner over time;
- The development of low-key commercial land uses on land designated with Additional Use 74 on 'Residential' zoned lots at the periphery of the Town Centre – a proportion of these lots could be expected to accommodate a small amount of commercial floorspace, in a piecemeal manner over time;
- Increase in the conversion rate of commercial floorspace from vacant land, this could occur but is unlikely to change significantly, owing to parking and servicing requirements and the limited likelihood of upper floor commercial land uses in this level of commercial centre.

Gentrification of Clark Street would be expected to change the type of commercial land uses more so than the overall amount of commercial floorspace available, although some less intensive service industrial land uses may give way.

A further detailed assessment of these redevelopment opportunities should occur before any proposed rezoning of additional land to support expansion of the Town Centre occurs; however, this may be necessary within the next ten years should population and visitor growth support it. Any such rezoning should be carefully considered and designed as a connected and pedestrian-linked extension to the Town Centre, in order that it is not a split, competing centre and transport can be planned for in an integrated manner.

6 CONCLUSION

This analysis seeks to assist the City of Busselton in preparing a structure plan for the Dunsborough activity centre. It has done this by analysing:

- The context that the Dunsborough activity centre operates in
- The demand for future floorspace
- How a vision can be designed for the centre and how expansions and design issues can be assessed

This set of analysis gives the City of Busselton a clear range of demand for floorspaces that they can plan for in the structure plan. This document has also touched on strategy as to how expansion should be treated and general strategy to assist in efficient, objective based planning within the structure plan.

7 APPENDIX 1

Figure 17. PLUC Code Descriptions

PLUC Code	Name	Description
PRI	Primary/Rural	Land use activities which usually involve the use of large areas of land including mining, agriculture, fishing and nature conservation. The function of many of these activities is to make use of, or extract from, the land in its natural state. Since such activities are the first step in the production process they are quite distinct from the other categories
MAN	Manufacturing/ Processing/ Fabrication	This category includes land use activities involving the manufacture, processing and fabrication of all general goods. Both the scale and associated environmental impact of these activities separate them from other land use categories.
STO	Storage/ Distribution	Any land use activity which involves the storage, warehousing or wholesaling of goods usually conducted from large structures, or involving large bulky goods, but does not include activities that attract general retail trade activities.
SER	Service Industry	This category includes service industries offering a range of services. The scale and environmental impact of such activities require their separation from other land uses. These services include film processing, cleaning, motor vehicle and other repair services, and other servicing activities, including some construction activities.
SHP	Shop/ Retail	Any activity which involves the sale of goods from a shop located separate to and/or in a shopping centre other than those included in category – Other Retail.
RET	Other Retail	Many of these activities normally are not accommodated in a shopping centre. By virtue of their scale and special nature, the goods of these activities separate them from the Shop/Retail category (e.g. car sales yard, carpet showroom).
OFF	Office/ Business	Administrative, clerical, professional and medical offices are activities which do not necessarily require the land area/floorspace or exposure of other land uses. Although offices require building and parking facilities, these needs are quite distinct from those of commercial uses and service industries.
HEL	Health/ Welfare/ Community Services	Includes government, government-subsidised and non-government activities which provide the community with a specific service, such as hospitals, schools, personal services and religious activities.
ENT	Entertainment/ Recreation/ Culture	Activities which provide entertainment, recreation and culture for the community and which occur in building and/or on land, such as passive and active sports venues, museums, amusements, gambling services, hotels and the like.
RES	Residential	Includes all types of residential land use ranging from single housing to nursing homes for the aged, residential hotels, motels, other holiday housing, institutions and religious housing. Floorspace and employment on private Residential land uses are not included in the output of the Commercial Land Use Survey.
UTE	Utilities/ Communications	All forms of local, State, national and international communication, transport and other utilities (electricity, gas, water, sewerage, roads, parking and other transport or communication related activities, etc.) covering the public and private sectors.

8 APPENDIX 2 – DEMAND MODELLING METHODOLOGY

8.1 Retail Modelling (Gravity Models)

Gravity models allow for the measurement of spatial interaction as a function of distance to determine the probability of a given customer shopping at a centre and provide an approximation of trade area and sales potential for a development. This modelling technique uses the distance between a household and each centre, and a measure of 'attractiveness' to define the probability model. The 'attractiveness' of a centre has been defined by total floorspace and the distance has been calculated by measuring straight-line distances between each centre and population. The gravity model probability formula is shown in Figure 18.

Figure 18. Gravity model probability formula

$$P_{ij} = \frac{\frac{A_{jk}^{a}}{D_{ij}^{ß}}}{\sum_{j=1}^{m} \frac{A_{jk}^{a}}{D_{ij}^{ß}}}$$

P_{ij}	=	Probability of customer living/working in statistical area i shopping at complex j.
A_i	=	Area of floorspace in centre, j in square metres, according to the type of supply, k.
D_{ij}	=	Distance between statistical area of households, i and complex j.
a	=	Area exponent
ß	=	Distance exponent
k	=	Type of supply or expenditure, either Convenience or Comparison
i	=	Statistical area (i=1,...,n)
j	=	Complexes (j=1,...,m)

Source: Carter, C (1993) 'Assumptions Underlying the Retail Gravity Model', *Appraisal Journal,* Vol 61, No 4, pp510; Pracsys (2014)

Figure 19. Gravity model demand formula

$$D_{kj} = \sum_{i=1}^{n} (P_{ij} * E_i)$$

D_{kj} = Demand for retail category k, at centre j.

E_i = Expenditure pool of statistical area i.

Source: Carter, C (1993) 'Assumptions Underlying the Retail Gravity Model', *Appraisal Journal,* Vol 61, No 4, pp510; Pracsys (2012)

Figure 19 shows that the demand for retail category k[12], at centre j (Busselton Town Centre), is equal to the sum of the probabilities of customers living in statistical areas i to n, multiplied by the expenditure pool of statistical area i. In other words, the demand for retail is a function of the probability of customer from particular statistical area attending the centre multiplied by the expenditure pool of that statistical area. The expenditure is pool is derived through the population multiplied by its income distribution.

In its core form gravity modelling provides a clearer, reproducible outcome that can be easily assessed. However, it does not consider local factors, including:

- The comparative value proposition of centres (e.g. the presence of an 'anchor' attractor that draws significant market share);
- The brand preference of users; or
- The efficiency of transport networks, as well as geographical barriers (e.g. in some cases it may be easier for customers to access a centre that lies physically further away).

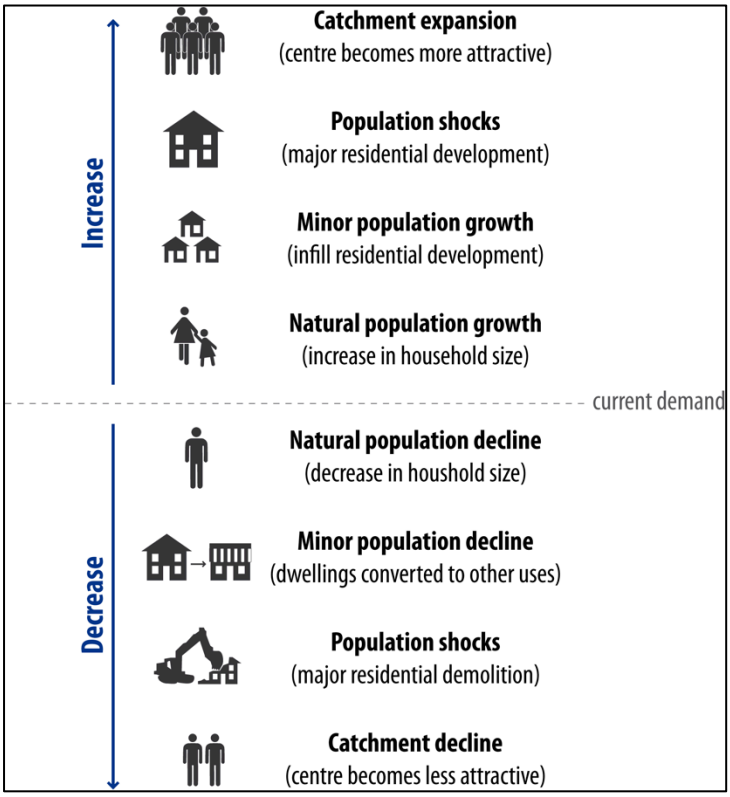
8.2 Drivers of retail floorspace supply and demand

Demand changes can result in increased or decreased expenditure. The potential causes of demand changes are shown in Figure 20. These largely show that an increasing population increases demand, and vice versa.

Demand can also increase from rising incomes, or wealth, because people have more disposable income to spend on retail. Demand can also be increased by reducing leakage. Leakage for retail is largely caused by online retail, as well as travelling.

[12] Retail categories are determined by their PLUC code and whether they are convenience or comparison goods. Convenience goods are day-to-day items such as groceries, pharmaceuticals and fast food. Comparison goods are items where consumers are willing to travel further distances, and are bought less frequently such as clothing, furniture, electronics, or other household items.

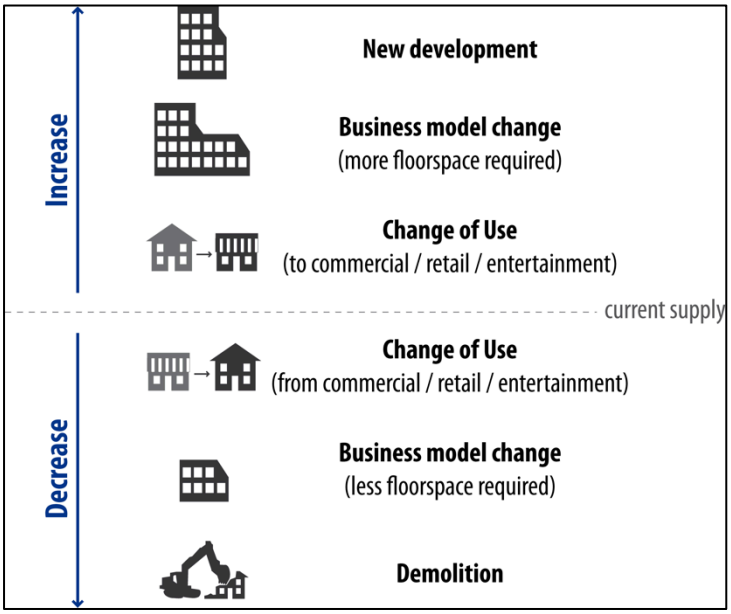
Figure 20. Drivers of retail floorspace demand



Source: Pracsys 2014

Supply changes can result in increased or decreased retail floorspace. The potential causes of supply changes are shown in Figure 21. It is also important to note that an expansion of floorspace at Busselton will be providing floorspace for tenants not currently present in the Busselton market, so it has the potential to reduce leakage outside of the local activity centres network.

Figure 21. Drivers of retail floorspace supply



Source: Pracsys 2014

8.3 All Other Floorspace Modelling

Other floorspace has been assumed to grow on a 1:1 ratio based on its primary drivers. These primary drivers have been outlined in Figure 7.

Figure 22. Floorspace Drivers

Floorspace Type	Unique Drivers
Entertainment (ENT)	Population, Tourism
Office (OFF)	Population
Health Welfare & Community (HEL)	Population

Source: Pracsys 2018

These are key inputs into the growth forecasts for these floorspace ratios. In the case of OFF and HEL the ratio of floorspace per person is calculated and then extrapolated against population forecasts. In essence, this means that a 2% growth in the population should translate to a 2% growth in the amount of Office and Health, Welfare & Community floorspace required to service it. This method assumes that there are no major shifts or shocks in how floorspace is consumed. Given the forecast period of 10 years, this is seen as a valid assumption.

ENT floorspace uses a composite of tourism and population (much like retail floorspace), the growth rates of tourism and population are used as an index to calculate the future demand for entertainment floorspace. As this contains both tourism and population it is not 1:1 growth with population. The % of growth attributed to population and tourism is calculated and then extrapolated individually. From this the expected ENT floorspace is derived.

8.4 Assumptions

A number of core assumptions have been utilised in the calculation of the various types of floorspace. These include:

- Population Forecasts
- Online Leakage Forecasts
- Tourism Forecasts
- Tourism Expenditure Forecasts

Population and Tourism forecasts were provided by the City of Busselton. Online leakage assumptions have been provided below in Figure 23.

Figure 23. Leakage Assumptions

	2018	2019	2020	2021	2022	2028
Comparison	7.5%	8.5%	9.5%	10.0%	10.0%	10.0%
Convenience	6.3%	6.9%	7.5%	8.1%	8.7%	10.0%

Source: Pracsys 2018, https://www.statista.com/statistics/379133/e-commerce-share-of-retail-sales-in-australia/, https://www.statista.com/statistics/187439/share-of-e-commerce-sales-in-total-us-retail-sales-in-2010/

Total online sales have been derived from current estimates of online sale capture. Future growth has then be calibrated to the U.S. market given it is a more mature online market. Growth has then been stepped up toward this level of saturation to estimate future online retail sales leakage.

Tourism expenditure forecasts were made based on the number of visitor nights[13] multiplied by the average day trip expenditure (to exclude accommodation expenditure) to derive the total tourism expenditure pool. Capture rates were then estimated to give a more conservative figure and to reflect that Dunsborough only captures a portion of visitors. A further expenditure capture rate was applied to reflect the total spend that the Dunsborough Town Centre would capture from this tourism expenditure pool (Figure 24).

Figure 24. Tourism Expenditure Capture

Assumption	
Average Day Trip Spend	$121
Visitor Nights Capture	20%
Spend Capture	15%
Total Tourism Pool Expenditure Capture	3%

Source: https://www.economyprofile.com.au/rdasouthwest/tourism/visitor-expenditure, Tourism WA

[13] Tourism WA data

9 GLOSSARY

Activity centres

An activity centre is a mixed-use urban area where there is a concentration of commercial or other non-residential land uses. Traditionally these have been thought of shopping centres, but can also include, for example, civic centres, cultural precincts or education campuses. Essentially, activity centres are the location of a concentration of one or more of the three types of transactions:

- Economic – activities that primarily result in a transfer of goods and services in return for payment (e.g. retail trade, enterprises employing staff)
- Social – activities that are primarily focused on the informal exchange of information and company (e.g. catching up with friends, parents playing with their children)
- Environment – activities that are primarily focused on users engaging with their physical environment (e.g. users enjoying public art, reading a book in the park)

Activity diversity

A diverse mix of users and activity are desirable for an economically, environmentally and socially sustainable city, enabling users to access multiple needs with fewer trips and contributing to higher rates of employment self-sufficiency.

Activity intensity

Co-locating activity within a vibrant, intense space ensures walkability, social interaction and economic activation. Intense agglomerations of activity have been shown to increase industry productivity.

Business model

The method or means by which a business captures value, including how it creates, distributes, prices or advertises its products and/or services.

Centre accessibility

Centres must be accessible to a wide mix of user groups utilising different modes of transport. This reduces the impact of petrol price shocks, increases sustainable centre catchments and facilitates movement between employment nodes

Comparison retail

Comparison retail refers to retail goods for which the volume of goods and the number of transactions are generally lower, occur less frequently and have a higher cost both in terms of the value of goods purchased and the search costs involved. Examples of comparison retail goods include electronics and furniture.

Convenience retail

Convenience retail refers to retail goods for which the volume of goods and number of transactions are generally higher, occur more frequently and have lower costs both in terms of the value of goods purchased and the search costs involved. Examples of convenience retail goods include fuel and groceries.

Employment quality

Centres require both a quantity and quality of employment, as befits their position within the centres hierarchy. High quality employment (knowledge or export-based) drives economic development and facilitates higher levels of employment self-sufficiency.

Employment self-sufficiency

Employment self-sufficiency (ESS) is defined as the proportion of jobs located in a geographic area (region, corridor, local government) relative to the residents in that same area who are employed in the workforce. For example, if the area has 1,000 employed residents and 450 local jobs available, the employment self-sufficiency rate is 45%.

The reason that this measure is so important to the sustainability of the urban system is that if residents are travelling out of their residential area for employment, they are utilising scarce transit infrastructure (roads, public transport) and creating negative externalities in doing so (e.g. pollution, stress).

Entertainment

Entertainment refers to a range of entertainment, recreation and cultural products that are sold directly to consumers. Central to the definition of entertainment is not only the purpose of the product but also how it is consumed. Entertainment refers to entertaining goods and services consumed in the public realm. Entertainment goods that are purchased and consumed in the private realm fall under the definition of retail. For example the purchase of a computer game would be considered a comparison retail purchase. The purchase of tokens to play a computer game at Timezone would be considered entertainment. Other examples of entertainment products include, bars and clubs, cinemas, museums and art galleries.

Net Lettable Area

Net Lettable Area is the measurement of total occupiable floorspace. It excludes common areas including shared walls, common stair wells, toilets, lobbies, service ducts etc. Net Lettable Area was calculated through first benchmarking an appropriate plot ratio (approximately 50% of plot size) and combining with another benchmark of net lettable area to gross lettable area of approximately 80%.

Population-driven activity

Population-driven activity refers to industries or jobs directly related to servicing the needs of a specific catchment population. As such its location will be largely determined by the location of population growth,

as well as activity centre hierarchy and maturity. Consumer services, producers services and knowledge intensive consumers are collectively referred to as population-driven.

Retail employment

Retail jobs have high transaction intensity and are driven by the needs of the local population. Retail tenancies must locate in close proximity to their consumer catchment, to facilitate the purchase of retail goods on a frequent basis. This can be daily or weekly for convenience goods such as groceries and newspapers, or less frequently for comparison goods such as clothing and homewares. Retail is generally concentrated within centres with a supermarket anchor, to maximise transactions and reduce the number of consumer trips required.

Strategic activity

Strategic economic activity occurs through the development of agglomerations of economic activity. Such agglomerations result from the development of localisation and/or urbanisation economies.