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Dear Angela

## **Re: Springwood Town Centre Economic Advice – Stage 1: Market Assessment & Identification of Uses**

This letter forms a subsequent report to our earlier report dated March 2007 and presented at the Stakeholders Workshop.

This report provides some additional analysis of demand for supermarket floor space in light of other proposals in the surrounding areas, options in meeting that demand and suggestions in terms of retail mix that will improve viability without undermining the viability of other centres.

### **Population Growth**

The table below provides population growth estimates for the LGA by suburb

**Table 1 - Population Forecast by Suburb**

<b>Locality</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>
Blackheath and surrounds	5,649	5,862	6,287
Blaxland	7,366	7,168	7,107
Faulconbridge	3,968	3,860	3,786
Glenbrook-Lapstone	6,206	6,118	6,017
Hazelbrook	4,625	4,562	4,600
Katoomba-Medlow Bath	8,708	9,073	9,231
Lawson-Bullaburra	3,946	3,944	3,980
Leura	4,345	4,382	4,554
Mount Riverview	3,079	3,029	3,015
Springwood-Valley Heights	10,124	10,539	10,839
Warrimoo	2,357	2,350	2,348
Wentworth Falls	5,960	6,070	6,295
Winmalee-Yellow Rock	8,095	7,983	7,899
Woodford-Linden	2,511	2,565	2,562
<b>Blue Mountains City</b>	<b>76,940</b>	<b>77,505</b>	<b>78,521</b>

Source: Blue Mountains City Council

## Trade Areas

The trade area served by any retail centre is determined by a number of factors including:

- The strength and attraction of the centre in question, determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre.
- Competitive retail centres, particularly their proximity to the subject centre and respective sizes, retail offer and attraction.
- The location and accessibility of the centre, including the available road and public transport network and travel times.
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

Having regard to each of these factors detailed above and our experience with a large number of studies in similar types of centres we have defined the following trade areas in the Blue Mountains.

**Table 2 – Defined Trade Areas**

Trade Area	Main Centre	Boundaries
Springwood	Springwood	The Springwood trade area encompasses the suburbs of Springwood, Linden, Falconbridge, Winmalee, Yellow Rock, Valley Heights, Sun Valleys and 50% of Warrimoo and 40% of Woodford/Linden.
Winmalee	Winmalee	Winmalee trade area encompasses the suburbs of Winmalee, Yellow Rock and Hawkesbury Heights
Lower Mountains	Blaxland	The Blaxland / Lower Mountains trade area encompasses Blaxland, Glenbrook, Lapstone, Mount Riverview and 50% of Warrimoo.
Mid Mountains	Lawson (potentially)	The mid-mountains trade area includes the suburbs of Bullaburra, Lawson, Hazelbrook, 50% of Wentworth Falls and 60% of Woodford/Linden.
Upper Mountains	Katoomba	Upper mountains includes the suburbs of Leura, Katoomba, Medlow Bath, Blackheath, Mt Victoria and 50% of Wentworth Falls.

Based on the above forecast in Table 1, population in the trade areas is forecast as follows:

**Table 3 – Population Forecast by Trade Area**

Locality	2006	2011	2016
Springwood	16,275	16,600	16,824
Winmalee	8,095	7,983	7,899
Lower-Mountains	17,830	17,490	17,313
Mid-Mountains	13,058	13,080	13,265
Upper Mountains	21,682	22,352	23,220
<b>Total</b>	<b>76,940</b>	<b>77,505</b>	<b>78,521</b>

## Demand for Supermarket Space

Demand for total retail space per capita is around 2.0 to 2.2sqm. Around 30% of this space (say 0.7sqm per capita) is provided in village centres with floor areas of below 20,000sqm, 20% in out-of-centre localities whilst the balance is in the larger district and regional centres. Supermarkets is between 0.3 to 0.32sqm per capita. Based on a rate of 0.315sqm the trade areas demand the following level of supermarket floor space.

**Table 3 – Supermarket Space Demand Generated by Trade Area**

Trade Area	2006	2011	2016
Springwood	5,127	5,229	5,300
Winmalee	2,550	2,515	2,488
Lower-Mountains	5,616	5,509	5,454
Mid-Mountains	4,113	4,120	4,178
Upper Mountains	6,830	7,041	7,314
<b>Total</b>	<b>24,236</b>	<b>24,414</b>	<b>24,734</b>

The above numbers shows where demand is generated from but not where the dollars are spent. Whilst most supermarket expenditure is spent locally some of this expenditure will escape to the higher

order centres. Katoomba will capture some expenditure from mid-mountains and Penrith will capture some expenditure from the lower mountains and Springwood trade areas. The level of escape expenditure is depended upon the distance from the higher order centres and the relative offers.

After adjusting for levels of escape expenditure the following floor areas are suggested:

**Table 3 – Supermarket Space Demanded within Trade Area**

<b>Trade Area</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>
Springwood	4,358	4,445	4,505
Winmalee	2,167	2,137	2,115
Lower-Mountains (Blaxland)	4,212	4,132	4,090
Mid-Mountains (Lawson and Hazelbrook)	3,496	3,502	3,552
Upper Mountains (Katoomba)	7,513	7,745	8,046
<b>Total</b>	<b>21,746</b>	<b>21,961</b>	<b>22,307</b>

\* Allowing for 15% escape expenditure from Winmalee and Springwood, 25% from the lower mountains and 15% from the mid-mountains to the upper mountains (Katoomba).

The above table shows that Springwood has the potential to support 4,350sqm of supermarket space in combination with 3,500sqm in the Mid-Mountains. This is not to imply that the existing supermarkets are overtrading as there may be factors (eg inconvenience and a poor retail offer) that maybe resulting in a larger proportion of escape expenditure. Springwood can therefore support say a 3,000sqm full-line supermarket and a small 1,300sqm supermarket. Currently Springwood has two small supermarkets with a combined floor area of around 2,300sqm. Having three supermarkets is most likely unsustainable. Therefore amalgamating the northern supermarket with redevelopment of the car park is an option.

There are two options for accommodating a national full-line supermarket.

### **Option 1: The Northern car park site**

This site is around 0.5ha or 0.6ha if redeveloped with the adjoining IGA site. This will allow a 3,000sqm supermarket plus specialty shops (say around 10 shops).

Parking: As a stand alone development it would require around 180 car parking spaces to be sustainable. This is based on say 4,000sqm GLA divided by 22sqm of GLA per car space.

There are three options with car parking:

1. Basement parking: The existing car park has around 100 spaces and hence falls short of the required spaces. An option of two basement levels is likely to be unfeasible. Even one basement level is questionable because of the costs of excavation and construction (at least \$30,000 if not \$35,000 per car space). A ramp or travelator would be required for shopping trolleys.
2. Roof top parking: Again this falls short of the required spaces. This option also removes the ability to have additional floor space above for commercial suites. Whilst lifts could be incorporated, travelators are more desirable as it removes any perception of waiting.

3. Expansion of the south car park. A 2 or 3 level car park on the south car park site could remove the need for any spaces on the northern car park site. This is likely to be a less expensive option (say \$20,000 per car space) whilst still providing considerable at grade parking. Vehicular access from both Macquarie Road and Springwood Avenue would be important as well as suitable ramping or travelators to the lower car parking levels for shopping trolleys. The crossing at Macquarie Road needs to be safe and pedestrian friendly. Ideally some car parking spaces should be provided at grade on the northern car park site for handicap and short-stay shoppers (say 15min).

## Option 2: The Southern car park site

This site is around 5,260sqm. To accommodate a supermarket development would need to occupy almost the entire site. This would require a significant departure from the current planning controls currently affecting the land.

The building would take the form of four storeys from Springwood Avenue. The lower two levels would be car parking. There should be sufficient space to accommodate approximately 230 cars. An entrance to the car park from Macquarie Road as well as Springwood Avenue would be desirable but not essential. The lower level would also have the loading dock for the retail area. Most likely position would be on the eastern border.

The retail would be on the third level, which would be the Macquarie Road level. This would take the form of an arcade from Macquarie Road flanked by about 8-10 small specialty shops into a central plaza with travelators to the car park below. There is sufficient space on the eastern side of the plaza to accommodate a supermarket of around 2,000 to 2,500sqm. The western side of the plaza would have space for around 5 larger specialty shops or mini-major (eg Harris Farm).

The upper most level would accommodate professional / commercial suites and/or medical centre and the like. This level could be

Advantages with Option 2 include:

- Little cost in basement car parking;
- Provision for ample parking;
- Central location in the town centre;
- Good address to the main street;
- Convenient access between the supermarket and the car park;

Disadvantages with Option 2

- Radical departure from the current planning controls;
- Reclassification of land;
- Drainage may be an issue;
- Views from the rear of some existing buildings facing Macquarie Road may be blocked;
- Requires loading from Springwood Avenue which is largely a residential street;
- Will involve increased traffic in Springwood Avenue

## Retail Mix

Apart from a national full-line supermarket other anchors, mini-major and retailers suggested include the following:

- ALDI. There are no ALDI stores in the Blue Mountains – the closest being at Emu Plains. The strong advantage of ALDI is that its trade area can be reasonably extensive but thin. This differentiates it from the Coles and Woolworths supermarkets that have smaller but thicker or more intense trade areas. ALDI has fewer lines (typically less than 1,000 compared to 30,000 lines in the full-line supermarkets). Despite fewer lines it offers them with significant price discounts. The lines are a mix of food and groceries and changing variety small and larger household goods. Because they have fewer lines at discounted prices they act as a drawcard whilst the competition with supermarkets and the majority of specialty stores is not strong. The majority of specialty stores would do well from an ALDI due to the increased number of shoppers. ALDI stores are 1,400sqm in size.
- Target Country would be an excellent mini-major. Generally a discount department store (between 4,000 and 8,000sqm) requires around 35,000 people in a trade area to be sustainable. Target Country stores are smaller versions (around 1,500sqm) and hence could be sustainable in a trade area of around 12,000 to 15,000 people. With around 50,000 people in the lower to mid mountains there is ample expenditure but Coles Myer (owner of Target Country) may be worried about cannibalising their own Winmalee store.
- Fruit and Vegetables. A large fruit and veg store such as a Harris Farm provides a good mini-major. Typically these stores require around 400 to 800sqm.
- International Food Court.
- Café culture. Springwood has a low level of café shops and fresco dining by comparison to many other centres in the Blue Mountains. This is an area of expenditure that has increased dramatically over the past couple of decades as households with less time but more affluence are eating out more. Townships like Blackheath are a good example of how improved this centre has become by the proliferation of such shops relying on a large anchor supermarket.



**Adrian Hack**  
**Principal**

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