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Shepparton South East Precinct

Activity Centre Review

Prepared for Greater Shepparton City Council

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Authorship

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2 The currently proposed future urban structure for the Shepparton South East Precinct proposes the activity centre to be located on the north-eastern corner of the intersection of Channel Road and Feiglin Road. This location is considered to be the preferred site for an activity centre in the precinct.

3 Previously undertaken economic analysis, being the *Shepparton South East Growth Corridor Framework Plan: Economic Analysis and Strategy Assessment*, supported a centre in the precinct of 3,050m^2, including a supermarket of 1,800m^2 to 2,200m^2 and specialty shops providing convenience goods and services. Similarly, the *City of Greater Shepparton Commercial Activity Centres Strategy* supported a centre size of 2,000m^2 to 3,000m^2.

Retail Competitive Context

4 Key competitors to the proposed Shepparton South East activity centre include the following:

- **Shepparton CBD** providing higher-order retail, commercial administrative and community functions, being the main service centre for both urban Shepparton, the wider Greater Shepparton region, and significant areas beyond this.
- **Shepparton Marketplace** which is recognised as the only regional retail centre under the Activity Centres Strategy, and plays a higher-order role in the retail hierarchy which recognises the prominence of and is complementary to the CBD.
- **Various local centres** including Archer Street, Poplar Avenue, and Michel Street, which provide localised convenience retail to an immediate catchment.

Retail Market Assessment

5 A trade area has been defined for the Shepparton South East activity centre which includes the Shepparton South East precinct, along with existing urban areas to the west of the precinct.

6 Taking consideration of the established urban areas of the trade area and the future Shepparton South East precinct, at full capacity the trade area is estimated to have a population of approximately 12,890 persons, an increase of +7,160 relative to the existing resident population.

7 In 2021, total retail expenditure for the trade area population is estimated at $70.4 million, including $34.1 million of FLG spending. At capacity, retail spending by trade area residents is projected to reach $180.8 million, including $82.5 million of FLG spending.

8 A supermarket assessment considering the opportunity and need for a supermarket in the precinct, taking into consideration the trade area it will serve and the competitive context, found that potential exists for a supermarket in the order of 2,000m^2 to 2,500m^2 in floorspace at capacity of the trade area. A supermarket of this size would likely attract an independent operator, such as a SUPA IGA, and would be unlikely to attract a major brand supermarket operator. However, it is noted that major brand operators have their own site decision

processes and may still have an interest in locating a supermarket at the site, albeit likely with a larger footprint.

9 The customer traffic and exposure generated by a supermarket is able to support a number of associated specialty retail shops, with the quantum of specialty retail floorspace based on the supermarket floorspace at the centre. For the Shepparton South East activity centre, specialty retail floorspace of approximately 1,000m^2 to 1,250m^2 could be supported. On this basis, planning for total floorspace of 3,000m^2 to 3,750m^2 is considered reasonable. Allowing for up to 4,000m^2 of total retail floorspace would enable flexibility should a major supermarket be interested in the site.

10 In addition to retail floorspace, activity centres also accommodate a range of non-retail shopfront businesses, with examples of these including real estate agents, travel agents, post offices, banks, solicitors, accountants, tax agents, financial advisers, medical and health facilities, gyms, and the like. For the Shepparton South East activity centre, 500m^2 to 700m^2 of commercial floorspace could be supported.

11 In total, the activity centre could support floorspace of approximately 3,500m^2 to 4,450m^2, including both retail and commercial floorspace. A land budget of approximately 1.2 to 1.5ha of land would be required to accommodate an activity centre of this size.

Introduction

Background

Greater Shepparton City Council (the client) are currently working with the Victorian Planning Authority (VPA) to prepare a precinct structure plan (PSP) and development contributions plan (DCP) for the area known as the Shepparton South East Precinct. This work will guide future urban development in the precinct, including an activity centre.

In preparation for the PSP a number of background reports have been prepared, including the *Shepparton South East Growth Corridor Framework Plan: Economic Analysis and Strategy Assessment*, which was prepared by Hansen in September 2013 (including advice from Tim Nott). This assessment provided advice as to the supportable floorspace at the future Shepparton South East activity centre.

Since this time, Council has also adopted the *Commercial Activity Centres Strategy* (November 2015) prepared by Essential Economics (now Ethos Urban). The Strategy provides additional guidance on the total floorspace to be accommodated at new local activity centres, including in the Shepparton South East Precinct.

Council are now seeking a review of the retail floorspace requirements for the precinct, having regard to the Commercial Activity Centres Strategy and to ensure the analysis reflects the latest available information.

This Report

This report contains the following chapters:

Chapter 1: Context Analysis

Chapter 2: Retail Competitive Context

Chapter 3: Retail Market Assessment

Chapter 4: Recommendations

1 Context Analysis

This Chapter identifies the Shepparton South East Precinct and the proposed location of the future activity centre. The Chapter also reviews planning policy relevant to the site and the key recommendations and conclusions of relevant background documents.

1.1 Shepparton South East Precinct

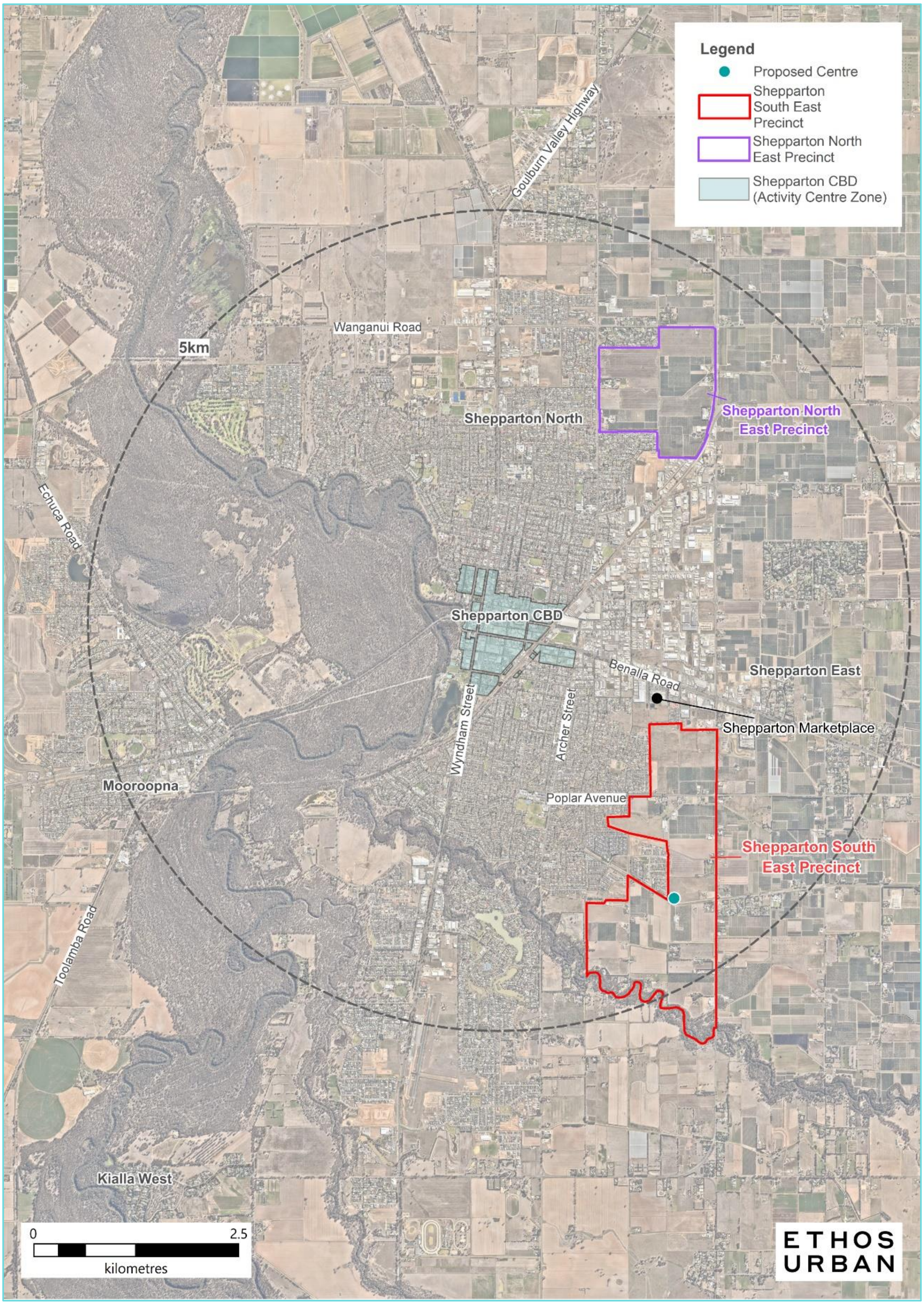
The Shepparton South East Precinct is located to the south-east of central Shepparton and is the largest of the five proposed major growth corridors in the Shepparton-Mooroopna urban area. The precinct covers approximately 385 hectares of land roughly bounded by the Midland Highway to the north, Doyles Road to the east, Broken River to the south, and existing residential development to the west.

The Victorian Planning Authority (VPA), in consultation with the Greater Shepparton City Council, are currently preparing a Precinct Structure Plan (PSP) for the area, which will guide the future urban development of the precinct.

Currently, the precinct is planned to provide 2,500 dwellings to support a population of more than 6,000 people. Other land uses to be supported in the precinct include a retail activity centre, future government school, and improved community facilities and parks.

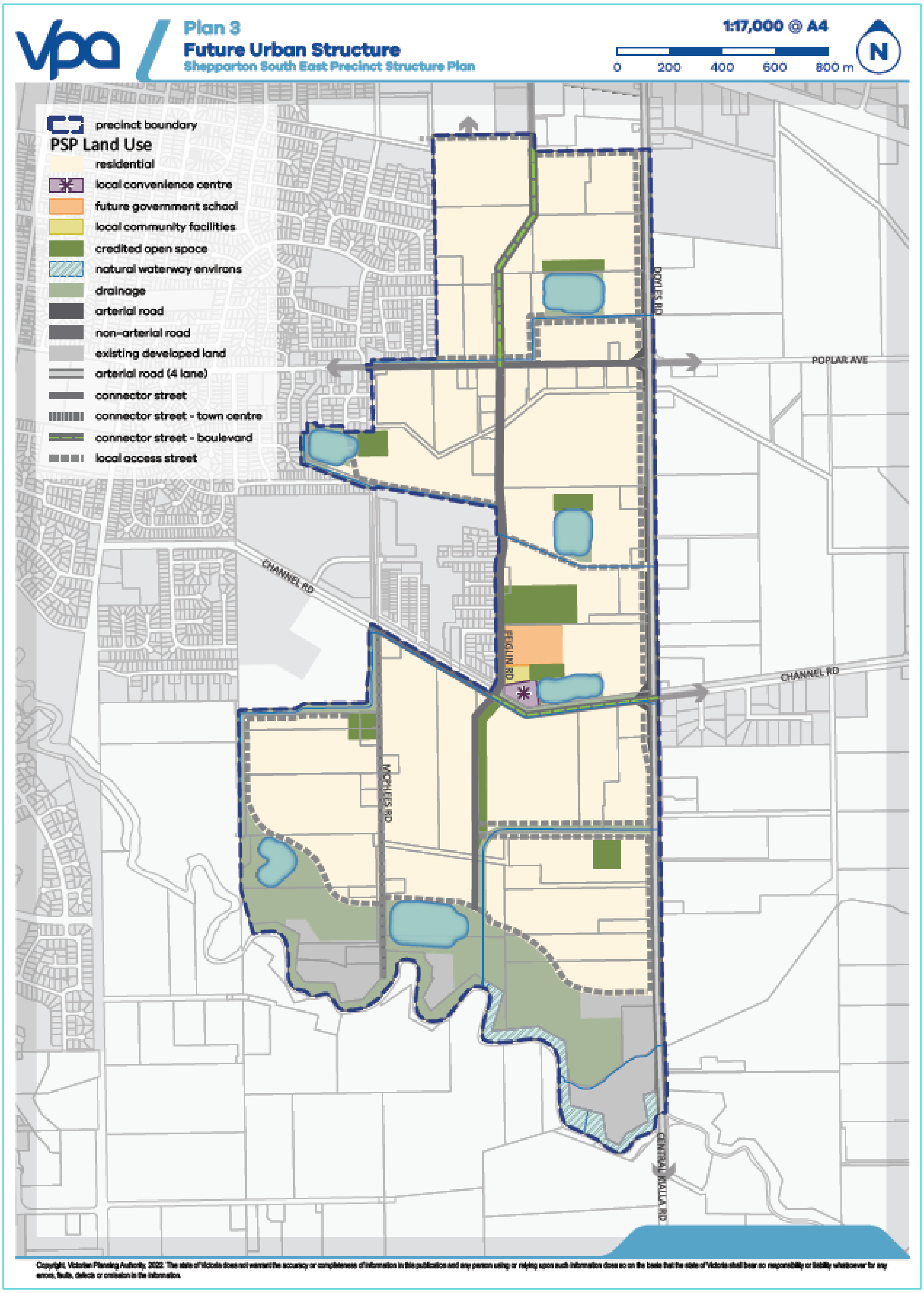
The location of the Shepparton South East Precinct in relation to Shepparton CBD is shown is Figure 1.1, while the current proposed future urban structure for the precinct is shown in Figure 1.2.

Figure 1.1: Shepparton South East Precinct Location



Source: Ethos Urban

Figure 1.2: Proposed Future Urban Structure for Shepparton South East Precinct



Source: Victorian Planning Authority

1.2 Shepparton South East Activity Centre

The currently proposed future urban structure for the Shepparton South East Precinct proposes the activity centre to be located on the north-eastern corner of the intersection of Channel Road and Feiglin Road. Feiglin Road will become a major north-south road through the precinct, connecting to the Midland Highway to the north and reaching to the Broken River parklands to the south. Channel Road connects to Archer Street to the west and Central Avenue to the east, and is an arterial road through the area south of the Midland Highway.

In locating an activity centre in a growth precinct, there are a number of locational factors which are important to ensure the success of the centre and its future operators. These factors include:

- **Access:** the ability for the surrounding population to reach the site is an important locational factor for any activity centre. Locating centres on primary roads in the catchment they serve allows for the easiest access for customers to the site. A location that is central to the centre's catchment is also preferred and maximises the population that has convenient access to the centre.

- **Visibility:** a site with strong visibility to surrounding areas and passing trade strengthens the draw of activity centres, allowing the centre to serve the surrounding catchment along with customers passing through the area.

- **Competition:** locations of competing centres can influence the preferred location of a proposed activity centre. It is important for proposed activity centres to be located away from existing activity centres serving a similar role and to maximise the catchment of each centre.

- **Co-location of other non-residential uses:** activity centres can benefit from co-location with other non-residential uses including commercial, education, health, and community facilities. This can include activity centres locating with existing uses, or planning for future non-residential uses with activity centres where these uses are not already operating.

Given these factors, the Shepparton South East Precinct activity centre is considered to be in an appropriate location within the precinct. This location allows for strong accessibility from the surrounding area, being located at the intersection of primary north-south and east-west roads in the catchment, with strong visibility to these roads. The centre is also of a distance from the existing Shepparton Marketplace to the north which maximises the size of the centre's catchment. Shepparton Marketplace is a higher-order centre whose catchment would overlap with that of the planned centre. The proposed future urban structure for the precinct also supports the co-location of education and community uses with the activity centre, which will further strengthen the centre.

The future urban structure identified the planned centre to serve the role of a 'local convenience centre', which are typically intended to serve the convenient retail and services of their local immediate catchments.

1.3 Policy Context

A number of policies and documents are of importance to the Shepparton South East Precinct, it's activity centre, and the development of this centre. These polices are summarised below, including their key recommendations and conclusions, and any significant changes since their development.

Shepparton South East Growth Corridor Framework Plan: Economic Analysis and Strategy Assessment (2013)

The City of Greater Shepparton commissioned Hansen Partnership and a team of subconsultants to prepare a development framework for the Shepparton South East Growth Corridor (now the Shepparton South East Precinct), with this development framework to guide the planning and development of the corridor.

As part of this work, economic analysis was undertaken by Tim Nott, a subconsultant to Hansen Partnership, which considered activity centres and employment. The resulting report was the *Shepparton South East Growth Corridor Framework Plan: Economic Analysis and Strategy Assessment* (September 2013) (referred to as the "economic analysis").

The economic analysis recognised South East Shepparton as one of several areas in which population growth is to be concentrated, and recognised the need to support this population through the inclusion of activity centres under the activity centre hierarchy.

Key Recommendations

Through consideration of the future population of the area and the likely retail spending of residents, the economic analysis determined retail floorspace supported by resident spending at each level of the activity centre hierarchy. Based on this floorspace allocation, the analysis found that sufficient demand is anticipated in the South East Growth Corridor to support a new small neighbourhood centre and one group of local shops by 2031.

It was determined that a small neighbourhood centre of 3,050m^2 (retail floorspace) would be supportable, with this centre to include a supermarket of 1,800m^2 to 2,200m^2 and specialty shops providing convenience goods and services. Approximately 1ha of land would be required to develop this centre, allowing for non-retail floorspace and car parking.

The economic analysis also suggested co-locating the neighbourhood centre with other community facilities in order to create a multi-functional focal point for the surrounding community, and suggested a location on Channel Road or Feiglin Road for this centre.

Contemporary Interpretation

A significant period of time has passed since the preparation of this analysis in 2013. The COVID-19 pandemic has resulted in populations choosing to move to regional areas, particularly regional centres such as Shepparton, resulting in increased population growth.

Major supermarket operators have also increased consistency in the size of stores they deliver. It is unlikely a major supermarket operator, such as Coles or Woolworths, would consider a store in the order of 1,800m^2 to 2,200m^2 as recommended in the report. In this context, a supermarket of this size may be considered by an independent operator.

However, the basis of the economic analysis remains relevant, while the suggested location aligns with current consumer expectations and recommendations of where the activity centre would best be located.

City of Greater Shepparton Commercial Activity Centres Strategy

The *City of Greater Shepparton Commercial Activity Centres Strategy* was prepared by Ethos Urban (formerly Essential Economics) in association with Spiire in November 2015. The Activity Centres Strategy provided a detailed assessment of the demand for and supply of retail and commercial development in the municipality, and aimed to guide the future development of Greater Shepparton's commercial activity centres through recommendations.

Key Recommendations

The strategy considers the future population and spending of Greater Shepparton, as well as the retail performance for the region, and identifies the level of spending 'escaping' from the region. Based on this information and forecasts for spending able to be captured by activity centres in Greater Shepparton, the strategy identifies that in the period from 2015 to 2036 additional retail floorspace of between 35,700m^2 and 55,300m^2 will be supportable in the City of Greater Shepparton.

This floorspace is recognised to be distributed across the hierarchy, and includes both new centres and growth in existing activity centres.

A number of objectives are outlined in the activity centres strategy, with Objective 6 of the strategy being to support the growth of existing centres and the development of new centres to meet urban growth. Action 6.2 under this objective supports the creation of a new local activity centre in the Shepparton South East growth area, which will meet the basic convenience needs of new residents. The strategy notes a requirement for approximately 0.8 hectares of land to support this centre, with total floorspace for the centre to be in the order of 2,000m^2 to 3,000m^2, including all retail and non-retail components.

The strategy also recognises the higher-order role of Shepparton Marketplace and supports its growth and development in a manner that ensures the continued primacy of the Shepparton CBD. It recognises the likely future expansion of the Marketplace and recommends implementing planning controls to guide this expansion. These controls include implementing a retail floorspace cap of 22,500m^2, an office floorspace cap of 2,250m^2 (10% of retail floorspace), a cap on tenancies over 4,000m^2 in size, and a permit requirement for cinema and entertainment uses.

Contemporary Interpretation

Since the implementation of the activity centres strategy, there has been limited change to the centres hierarchy, with additional centres identified only at the lowest level. Similar to the previous economic analysis, some changes will have occurred in population growth and the retail spending of consumers due to the passing of time, which will have some effect on the supportable retail floorspace in Greater Shepparton. As such, it is pertinent to assess any additional retail floorspace, such as that to be provided in the Shepparton South East precinct, to ensure it is of a size to meet the needs of the community in which it will operate.

It is noted that the Shepparton Marketplace and the surrounding enterprise corridor have since been added to the Activity Centre Zone (ACZ1), with precinct objectives for the Marketplace supporting its role as a higher-order centre which is secondary to the CBD. Floorspace caps have not been applied to the centre in the planning scheme.

2 Retail Competitive Context

This Chapter notes the existing competitive locations for retail floorspace, as relevant to the subject site, including the Shepparton CBD, Shepparton Marketplace and surrounding enterprise corridor, and various local centres.

2.1 Shepparton Retail Hierarchy

The *City of Greater Shepparton Commercial Activity Centres Strategy* sets out the Activity Centres Hierarchy, with the strategy recognising the following levels in the hierarchy:

- **Central Activities District (CAD):** being the highest order activity centre and providing retail, commercial, administrative and cultural services to the Greater Shepparton region. Shepparton CBD is the only CAD in the Greater Shepparton region.
- **Regional Centre:** being activity centres providing a particular focus on retailing relevant to the surrounding region and complementing the higher order retail, commercial and community uses located in the CAD. The strategy recognises Shepparton Marketplace as the only regional centre.
- **Sub-Regional Centre:** being a highly accessible centre supporting retail and commercial activity to an immediate residential catchment in the surrounding urban area, as well as a broader rural and regional hinterland. The strategy identifies three sub-regional centres within the Greater Shepparton region being Riverside, Mooroopna CBD, and Shepparton North.
- **Neighbourhood/Town Centre:** referring to neighbourhood centres in the urban Shepparton area and town centres in the balance of Greater Shepparton, these centres primarily provide a basic range of convenience-oriented goods and services, meeting both localised convenience needs and serving people from a surrounding urban or rural hinterland. The strategy identifies Echuca Road, Rowe Street East and Tatura town centre at this level of the hierarchy.
- **Local/Township Centre:** being small activity centres that serve localised convenience roles to the immediate surrounding locality. These centres may be as small as one or two stores. In total, 21 local and township centres are identified in the strategy, although the Greater Shepparton Planning Scheme currently identifies 29 centres.
- **Enterprise Corridor:** the enterprise corridors recognised in the strategy are not formal activity centres, but rather areas of mixed-business which include homemaker retail, showroom, and other commercial businesses which rely on significant exposure to passing traffic. The strategy recognises enterprise corridors at Benalla Road, Gateway North, and Gateway South.

2.2 Shepparton CBD

The Shepparton CBD is located centrally to urban Shepparton, approximately 3.9km north-west of the subject site, and is the only CAD in the Greater Shepparton region. It is the highest order centre for the wider region and provides a range of retail, commercial, administrative and community functions, being the main service centre for both urban Shepparton, the wider Greater Shepparton region, and significant areas beyond this. Many of the uses located within the CBD are not found elsewhere within Greater Shepparton.

Retail in the CBD is supported by various major brand tenants, with national retailers in the CBD including Coles, ALDI, Kmart, Target, First Choice, Dan Murphy's, Harris Scarfe, Kathmandu, JB Hi-Fi, and Rebel. The CBD also fulfils an entertainment role, with this role supported by a Village Cinemas.

Various commercial and community services are also located in the CBD, strengthening its role as a centre for the entire Greater Shepparton region. These services include the Greater Shepparton City Council, Centrelink, Shepparton Library, and various employment and support services.

The role of the CBD in serving all of Greater Shepparton and beyond means that current and future residents visiting the Shepparton South East activity centre will likely also visit the Shepparton CBD. However, given the vastly different roles of these centres it is recognised that the relationship between them will be complementary.

2.3 Shepparton Marketplace

Shepparton Marketplace is located 2.5km north of the subject site on the northern edge of the Shepparton South East precinct area. The Marketplace is recognised as the only regional retail centre in the Activity Centres Strategy, with the centre playing a higher-order role in the hierarchy which recognises the prominence of and is complementary to the CBD.

The Marketplace is located within the larger Benalla Road enterprise corridor, which hosts a range of homemaker retail, showroom, and other highway fronting commercial businesses.

Shepparton Marketplace currently is a standalone shopping centre with dedicated customer parking, which is anchored by a Woolworths supermarket and Big W discount department store. These stores are supported by a range of supporting specialty retailers including fresh food, liquor, food catering, non-food, and retail services retailers. The centre also includes non-retail uses in the form of a bank, medical centre and RACV outlet. In total the centre contains floorspace of approximately 15,600m^2, as per the Activity Centres Strategy.

Plans are currently being developed by the centre owner (Dexus) to facilitate the expansion of the Marketplace in land to the south of the existing centre. As part of this process, Dexus has engaged with the VPA to ensure any future expansion would allow for active interface with the Shepparton South East precinct to the south, ensuring that the future population of this area is able to access this centre and the centre itself does not “turn its back” on the growth area.

Given this, it is noted that the Shepparton Marketplace does and will share a catchment with the subject site. However it is also noted that while Shepparton Marketplace plays a higher-order role to the surrounding population, the subject site will provide a convenience focused centre, allowing for a role for both centres in the hierarchy.

2.4 Local Centres

A number of local centres are identified under the Activity Centres Strategy, which provide localised convenience retail to an immediate catchment. The local centres which are relevant to development of an activity centre at the subject site are as follows, with these centres shown in Figure 3.1:

- **Archer Street** located 1.7km west of the subject site at the western end of Channel Road. Archer Street local centre is the closest retail offer to the subject site and consists of approximately 800m^2 of floorspace, tenanted by a milk bar, Indian grocer, pizza shop, hair and beauty store, and a bankruptcy service.

  Greater Shepparton Council advise that vacant land to the immediate south of this centre has been rezoned to Commercial 1 Zone (C1Z), with the centre likely to expand into this land. Based on the format of the existing centre and the size of the vacant land it is likely that any expansion of the centre would result in an estimated 500m^2 of additional floorspace.

- **Poplar Avenue** located 1.8km north-west of the subject site. This local centre consists of approximately 820m^2 of floorspace, hosting a milk bar, IGA Xpress, barber, hairdresser, and fish and chip shop.

- **Michel Street** located internally in a residential area, 2.4km north-west of the subject site. Michel Street local centre comprises three shopfronts totalling less than 350m^2 in floorspace, with uses at the centre including a beauty salon and a yoga studio.

The limited extent of these centres is reflective of the limited catchment they each serve, with local centres providing a local convenience offer to the surrounding community.

3 Retail Market Assessment

This chapter presents the retail market analysis for the subject site, including identifying a trade area, forecasting current and future population, socio-economic characteristics, and retail spending currently and at capacity, and analysis of the level of supportable supermarket, specialty, and centre floorspace.

3.1 Trade Area Definition

A trade area describes the geographic area from which a centre will draw consistent and significant levels of patronage and sales. In addition, the trade area reflects the overall size of the market that is to be served, except for passing trade and other sales generated by non-trade area residents.

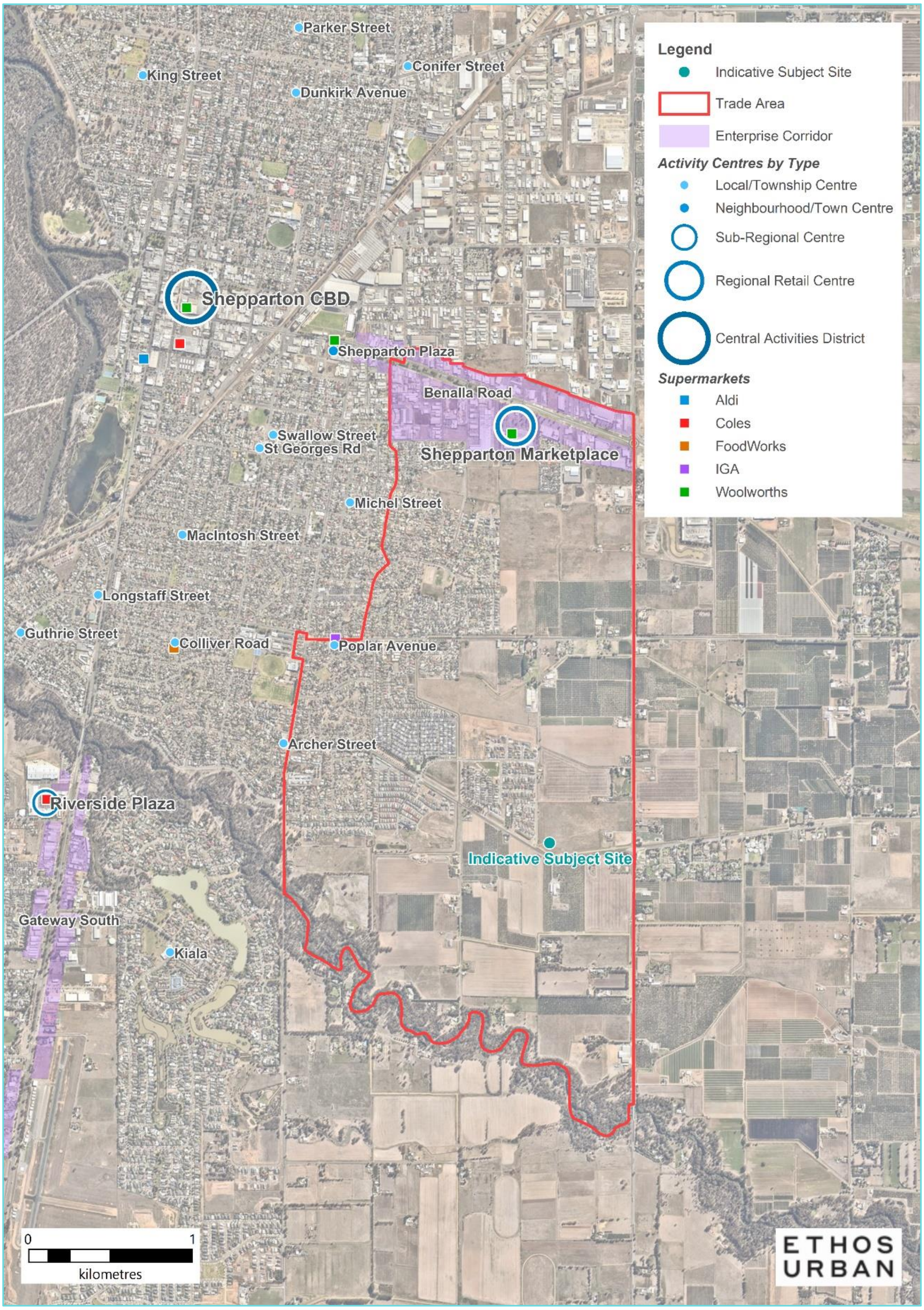
Several factors that typically influence the likely trading extent of any retail development include the following:

- The relative attraction of the facility in question as compared with alternative facilities including its scale and composition, as well as ease of access and provision of carparking at the subject facility.
- The surrounding competitive context, particularly the location, scale and quality of competing facilities.
- The available road network and public transport service, and how they operate to effect ease of use and access to the site in question.
- Significant physical barriers which are difficult to cross, which can act to delineate the boundaries of a trade area.

The trade area for the Shepparton South East activity centre based on the aforementioned factors is shown in Figure 3.1.

Note that the trade area defined applies to the proposed activity centre at any location within the Shepparton South East precinct, noting that the future urban structure of the precinct is yet to be finalised. As such, although an activity centre on Channel Road is unlikely to trade as strongly in the area north of Poplar Avenue, this area has still been included in the trade area due to the possibility of the centre locating on Poplar Avenue.

Figure 3.1: Trade Area



Source: Ethos Urban; Nearmap

3.2 Population

The purpose of this study is to provide guidance as to the opportunity for activity centre development in the Shepparton South East precinct. This involves consideration of the precinct when it is fully developed.

As such, the timing of when the precinct will reach capacity has not been forecast, as this will depend on a myriad of factors including residential development rates and the release of other competing residential areas, in particular the Shepparton North East Precinct. As such, a conservative estimate suggests that the Shepparton South East precinct may not reach capacity for the next 20 or so years.

The population of the trade area comprises the existing established residential areas in the west of the trade area and the Shepparton South East Precinct. The population capacity for the trade area considers both these areas.

Established Areas of the Trade Area

In 2021, the established residential areas that form part of the trade area had a resident population of approximately 5,730 persons, having increased by +1,100 persons since 2011, equating to +2.2% per annum (see Table 3.1). Population growth in the trade area was strongest in the years 2011 to 2016, increasing at +3.6% per annum, with growth slowing down in recent years at +0.7% per annum as the availability of land to be developed has diminished.

Having regard for existing vacant lots and current estate developments including Windsor Park Estate and Rosemont Park Estate, the established residential area could accommodate an additional +360 dwellings, equating to a residential capacity of 6,640 persons including the existing population. This equates to an additional +910 persons in the trade area compared to 2021 levels.

This population also notes two retirement villages in the south-west of the trade area, being Lifestyle Shepparton and Kensington Gardens Shepparton, with Kensington Gardens still being constructed.

Table 3.1: Existing Trade Area Population, 2006 to 2021

Category	2006	2011	2016	2021	2006 to 2021
Population	3,980	4,630	5,520	5,730	+1,750
Average Annual Growth (no.)		+130	+180	+40	+120
Average Annual Growth (%)		+3.1%	+3.6%	+0.7%	+2.5%

Source: Ethos Urban; ABS ERP

Shepparton South East Precinct

Currently, the Shepparton South East precinct is planned to provide 2,500 dwellings to support a population of more than 6,000 people. Applying an average household size of 2.5 persons, which is the average for the Shepparton urban area, at capacity the new precinct could accommodate 6,250 persons.

Total Trade Area Population

Taking consideration of the established urban areas of the trade area and the future Shepparton South East precinct, at full capacity the trade area is estimated to have a population of approximately 12,890 persons, an increase of +7,160 relative to the existing resident population. Table 3.2 summarises the potential population in the trade area at capacity based on the analysis above.

Table 3.2: Trade Area Population at Capacity

Category	2021	Capacity	Change
Existing Urban Area	5,730	6,640	+910
Shepparton South-East Precinct	-	6,250	+6,250
Total Trade Area	5,730	12,890	+7,160

Source: Ethos Urban; Nearmap; VPA; ABS 2016 Census

3.3 Socio-economic Characteristics

The population of the trade area at the time of the ABS Census of Population and Housing in 2016 was not representative of the future population of the area, given the future development of the Shepparton South East precinct. As such, a representative area has been used as a proxy to provide guidance as to the likely socio-economic characteristics of the trade area population. This representative area consists of the urban areas of Shepparton and Mooroopna and is referred to as the Shepparton Urban Area.

The socio-economic features of the Shepparton Urban Area and Regional Victoria have been derived from the 2016 ABS Census of Population and Housing and are summarised in Table 3.3. Highlights of this data include the following:

- **Median household income is broadly in line with the Regional Victoria benchmark.** Median household incomes for the Shepparton Urban Area ($58,900) are slightly above the Regional Victorian Benchmark ($58,790).

- **Younger age profile.** The median age for the Shepparton Urban Area (37.7 years) is notably lower than Regional Victoria (42.2 years). The trade area contains a number of retirement villages which may increase this number, although this may be countered by young families moving to the South East precinct.

- **Predominately Australian born.** The majority of trade area residents are Australian born (82.4%), although this percentage is below the level observed for Regional Victoria (89.4%) suggesting Shepparton has a higher level of diversity compared to other areas of Regional Victoria.

- **Family orientated household composition.** Family households comprise the majority of households (68.2%) in the Shepparton Urban Area, compared to lone person households (28.5%) and group households (3.3%). It is estimated that the proportion of family households in the Shepparton South East precinct will be higher, due to the attractiveness of new greenfield developments across regional Victoria for families.

- **High proportion of households renting.** Over a third of households in the Shepparton Urban Area are renting their homes, compared to the quarter of households observed for Regional Victoria. However, it is noted that growth areas typically have a higher proportion of households being purchased with a mortgage compared to those being rented.

- **Equivalent housing costs to Regional Victoria.** Median mortgage repayments and median weekly rents for the Shepparton Urban Area are broadly in line with the Regional Victorian average.

Table 3.3: Socio-Economic Characteristics, 2016

Category	Shepparton Urban Area	Regional Vic
Income		
Median household income (annual)	$58,900	$58,790
Variation from Regional Vic median	0.2%	na
% of Households earning $2,500pw or more	13.2%	13.7%
Age Structure		
Median Age (years)	37.7	42.2
Country of Birth		
Australia	82.4%	89.4%
Other Major English Speaking Countries	3.4%	4.9%
Other Overseas Born	14.2%	5.7%
% speak English only at home	*80.8%*	*93.5%*
Household Composition		
Couple family - Total	53.8%	56.4%
Family Households - Total	68.2%	68.0%
Lone person household	28.5%	29.0%
Group Household	3.3%	3.0%
Dwelling Structure (Occupied Private Dwellings)		
Separate house	86.5%	89.7%
Semi-detached, row or terrace house, townhouse etc.	12.4%	6.8%
Flat, unit or apartment	0.7%	2.7%
Other dwelling	0.4%	0.8%
Occupancy rate	*90.5%*	*82.9%*
Average household size	2.5	2.4
Tenure Type (Occupied Private Dwellings)		
Owned outright	31.6%	39.1%
Owned with a mortgage	33.2%	34.4%
Rented	34.2%	25.9%
Housing Costs		
Median monthly mortgage repayment	$1,320	$1,350
Variation from Regional Vic median	-2.2%	0.0%
Median mortgage as a share of median household income	26.9%	27.6%
Median weekly rents	$230	$230
Variation from Regional Vic median	0.0%	0.0%
Highest Year of School Completed (% of population aged 15 years and over)		
Year 12 or equivalent	43.4%	45.2%
Occupation		
Managers	11.5%	14.6%
Professionals	18.1%	17.4%
Technicians and trades workers	13.6%	14.8%
Community and personal service workers	11.5%	11.8%
Clerical and administrative workers	11.8%	11.3%
Sales workers	11.3%	9.7%
Machinery operators and drivers	6.7%	6.5%
Labourers	13.9%	12.4%
Inadequately described or not stated	1.6%	1.6%

Source: ABS, Census of Population and Housing, 2016

3.4 Retail Spending

The following provides an analysis of the retail spending behaviour for existing and future trade area residents, based on average retail spending levels in the Shepparton Urban Area as defined in Section 3.3. Estimates of retail spending by trade area residents have been prepared with reference to the MarketInfo retail spending model. MarketInfo is a micro-simulation model which uses data from the ABS Household Expenditure Survey (HES), the ABS 2016 Census of Population and Housing, ABS Australian National Accounts, and other relevant sources.

The retail spending data is presented across four major spending categories:

- **Food, Liquor and Groceries (FLG)**, which includes fresh food, groceries and take-home liquor, including supermarkets.
- **Food Catering**, which includes cafes, restaurants and takeaway food.
- **Non-Food**, which includes apparel, homewares, bulky merchandise and general merchandise.
- **Retail Services**, including hairdressers, beauty salons and similar services.

Estimates of average per capita retail spending in 2021 for both the trade area and Shepparton Urban Area, and compared with Regional Victoria, are shown in Table 3.4.

Average per capita retail spending by trade area residents is estimated at $12,280, which is -18.7% below the Regional Victoria average. For the Shepparton Urban Area, average per capita retail spending is $14,020, with per capita spending on FLG, the key category for supermarkets, estimated at $6,400. All spending estimates in this report are expressed including GST and in constant 2021 dollars.

Table 3.4: Average Per Capita Retail Spending, 2021 ($2021)

Trade Area	FLG	Food Catering	Non-Food	Services	Total Retail
Per Capita Spending ($2021)					
Trade Area	$5,950	$1,290	$4,700	$340	$12,280
Shepparton Urban Area	$6,400	$1,600	$5,570	$450	$14,020
Rest of Vic	*$6,730*	*$1,730*	*$6,140*	*$510*	*$15,110*
Variation from Rest of Vic average					
Trade Area	-11.6%	-25.4%	-23.5%	-33.3%	-18.7%
Shepparton Urban Area	-4.9%	-7.5%	-9.3%	-11.8%	-7.2%

Source: MarketInfo; Ethos Urban

The Shepparton Urban Area per capita spending level is considered to be the best estimate for the per capita spending of the trade area population at capacity (i.e. at completion of the South East precinct), having consideration for the likely future socio-economic characteristics of the area.

Estimates of total retail expenditure by trade area residents in 2021 and at capacity are detailed in Table 3.5 and have been calculated by applying average per capita spending levels to the current population and capacity population from Tables 3.1 and 3.2, respectively. Note, retail spending figures are expressed in constant 2021 terms, excluding retail inflation and GST. Figures also do not include an allowance for real growth in per capita spending, due to the uncertainty around the timing of when the trade area will reach capacity.

In 2021, total retail expenditure for the trade area population is estimated at $70.4 million, including $34.1 million of FLG spending. At capacity, retail spending by trade area residents is projected to reach $180.8 million, including $82.5 million of FLG spending, as shown is Table 3.5.

Table 3.5: Total Retail Expenditure, 2021 and at Capacity ($2021)

Category	FLG	Food Catering	Non-Food	Services	Total Retail
Trade Area @ 2021	$34.1m	$7.4m	$26.9m	$2.0m	$70.4m
Trade Area @ Capacity	$82.5m	$20.6m	$71.8m	$5.8m	$180.8m

Source: MarketInfo; Ethos Urban

3.5 Supermarket Capacity Assessment

The majority of lower order activity centres support primarily retail floorspace, with the larger of these types of centres anchored by a supermarket or convenience store retailer. As such, when considering supportable floorspace for an activity centre it is first important to determine the level of supportable supermarket floorspace, as this will affect the level of floorspace supportable for the total centre. Anchor tenants such as supermarkets attract considerable patronage which supports other retail and non-retail businesses within the centre.

In general, full-line supermarkets, such as those operated by Coles and Woolworths, typically require a trade area population of 9,000 to 10,000 persons in order to trade in a commercially viable manner. This benchmark depends on the individual circumstance of each location, including the level of competition in the area.

This benchmark suggests potential may exist for a full-line supermarket in the Shepparton South East precinct, noting that the trade area population at capacity is estimated at 12,890 persons, although the proximity, dominance and likely expansion of the Shepparton Marketplace will somewhat limit this.

An assessment considering the opportunity and need for a supermarket in the precinct, taking into consideration the trade area it will serve and the competitive context, is presented in Table 3.6. This assessment is based on the following assumptions:

- Trade area population at capacity of 12,890 persons.
- Supermarkets capturing 75% of total food and grocery (F&G) spending by trade area residents.
- Achievable market share for a supermarket in the trade area of 35%, noting the proximity of Shepparton Marketplace and the likelihood that this centre will diminish market shares in the north of the trade area.
- An estimated 10% of supermarket turnover to come from residents beyond the trade area.
- An estimated 6% of supermarket turnover to come from sale of non-food and grocery merchandise, including apparel and homewares.
- An average supportable supermarket turnover of $10,000 per square metre in 2021 dollars.

Based on this analysis, potential exists for a supermarket in the order of 2,000m^2 to 2,500m^2 in floorspace when the trade area reaches capacity.

Table 3.6: Supportable Supermarket Floorspace at Capacity

Category	Measure
F&G spending by trade area residents at capacity	\$72.8m
F&G spending by trade area residents directed to supermarkets (@75%)	\$54.6m
Achievable market share	35%
F&G spending retained	\$19.1m
Plus turnover from beyond the trade area (@10%)	\$2.1m
Total supermarket F&G turnover	\$21.2m
Plus non-F&G turnover (@6%)	\$1.4m
Total supermarket turnover	**\$22.6m**
Supportable sales density	\$10,000/m^2
Supportable supermarket floorspace	**2,260m^2 (2,000m^2 to 2,500m^2)**

Source: Ethos Urban

Note: Figures rounded; Figures are expressed in constant 2021 dollars. Estaimte of supermarket size excludes liquor.

A supermarket of this size would likely attract an independent operator, such as a SUPA IGA, and would be unlikely to attract a major brand supermarket operator. However, it is noted that major brand operators have their own site decision processes and may still have an interest in locating a supermarket at the site, albeit likely with a larger footprint.

Depending on the eventual operator, the supermarket may include a liquor section. For independent operators it would be reasonable to expect a liquor component to account for up to 100m^2 in floorspace.

3.6 Specialty Retail and Other Opportunities

Speciality Retail Floorspace

The customer traffic and exposure generated by a supermarket is able to support a number of associated specialty retail shops, with the quantum of specialty retail floorspace based on the supermarket floorspace at the centre. As a guide, specialty retail equal to 50% of supermarket floorspace is generally supported.

For the Shepparton South East activity centre, this results in supportable specialty retail floorspace of approximately 1,000m^2 to 1,250m^2, based on 2,000m^2 to 2,500m^2 of supermarket floorspace. On this basis, the centre could support in the order of 3,000m^2 to 3,750m^2 of retail floorspace under existing market conditions.

Commercial Floorspace

In addition to retail floorspace, activity centres also accommodate a range of non-retail shopfront businesses, with examples of these including real estate agents, travel agents, post offices, banks, solicitors, accountants, tax agents, financial advisers, medical and health facilities, gyms, and the like.

As a general guide, supportable commercial floorspace at an activity centre is generally 10% to 20% of total retail floorspace. Allowing for 15% of floorspace to be non-retail, the Shepparton South East activity centre could support in the order of 500m^2 to 700m^2 of commercial floorspace (figures rounded). Note that this floorspace does not include uses such as childcare centres.

In total, the activity centre could support floorspace of approximately 3,500m^2 to 4,450m^2 of floorspace including both retail and commercial floorspace. An indication of the potential composition of retail and commercial floorspace at the Shepparton South East activity centre is provided in Table 3.7, based on the above.

Table 3.7: Indicative Supportable Floorspace at Capacity

Tenancy Type	Measure
Supermarket floorspace	2,000m^2 – 2,500m^2
Specialty retail floorspace	1,000m^2 – 1,250m^2
Total retail floorspace	**3,000m^2 – 3,750m^2**
Commercial/office floorspace	500m^2 – 700m^2
Total centre floorspace	**3,500m^2 – 4,450m^2**

Source: Ethos Urban

Potential for a Larger Centre

It is noted that the eventual timing of the development of the centre is unknown and potential may exist that between now and when the centre is developed interest from a major supermarket operator may eventuate. Allowing for retail floorspace up to 4,000m^2 could accommodate a major supermarket should such interest eventuate.

Alternatively, allocating a 'soft cap' of retail floorspace upon which additional floorspace could be developed, providing it can be illustrated the expansion would not undermine the retail hierarchy, is another option.

3.7 Centre Land Area Requirements

Assuming an average site coverage of 30% is applied to the supportable retail and commercial floorspace summarised in Table 3.7, a land budget of approximately 1.2 to 1.5ha of land would be required to accommodate the activity centre in the Shepparton South East precinct.

Site coverage of 30% is considered typical for neighbourhood activity centres having regard for car parking and landscaping requirements. However, this may vary depending on the car parking requirements of Council.

4 Recommendations

Based on the preceding assessment, the following key findings and recommendations are provided in relation to the development of an activity centre in the Shepparton South East precinct.

Site Location

The current location proposed for the activity centre within the Shepparton South East precinct, being the north-east corner of the intersection of Channel Road and Feiglin Road, is considered to be an appropriate location for a centre. This is based on the strong accessibility the site will have, being located on major roads through the precinct, the distance from the existing Shepparton Marketplace, and the proposed co-location of community and education land uses.

Floorspace Considerations

A supermarket assessment considering the opportunity and need for a supermarket in the precinct, taking into consideration the trade area it will serve and the competitive context, found that potential exists for a supermarket in the order of 2,000m^2 to 2,500m^2 in floorspace once the trade area reached development capacity.

In addition to this, the customer traffic and exposure generated by a supermarket is able to support a number of associated specialty retail shops. For the Shepparton South East activity centre, specialty retail floorspace of approximately 1,000m^2 to 1,250m^2 could be supported.

At capacity the trade area for an activity centre in Shepparton South East precinct could support a centre of approximately 3,500m^2 to 4,450m^2, including the above total retail floorspace of 3,000m^2 to 3,750m^2 and commercial office floorspace of 500m^2 to 700m^2.

However, the eventual timing of the development of the centre is unknown and potential may exist, that between now and when the centre is developed, interest from a major supermarket operator may eventuate. Allowing for retail floorspace up to 4,000m^2 would enable flexibility should a major supermarket be interested in the site.

Alternatively, allocating a ‘soft cap’ of retail floorspace upon which additional floorspace could be developed, providing it can be illustrated the expansion would not undermine the retail hierarchy, is another option.

Changes to Centre Scale

The previously undertaken *Shepparton South East Growth Corridor Framework Plan: Economic Analysis and Strategy Assessment* supported a centre of 3,050m^2, including a supermarket of 1,800m^2 to 2,200m^2 and specialty shops providing convenience goods and services. Similarly, the *City of Greater Shepparton Commercial Activity Centres Strategy* supported a centre size of 2,000m^2 to 3,000m^2.

Changes in population and consumer spending since this time has resulted in the change to supportable centre floorspace as outlined in this report. However, it is noted that the change in supportable floorspace is marginal, with the majority of change in supportable specialty retail floorspace, while supermarket floorspace is similar. As such, impacts from the change in centre scale will be marginal.