HillPDA CONSULTING

NORTH HOBART NEIGHBOURHOOD PLAN

Economic assessment







Prepared for the City of Hobart

July 2023

CONTENTS

Executive summary **5**

1.0 Introduction **8**

2.0 Socio-economic review **9**

2.1 Resident population growth and age structure 9
2.2 Population projections 10
2.3 Median weekly household incomes 11
2.4 Employment profile and growth by industry type 12
2.5 Employment by occupation type 13
2.6 Key findings 14

3.0 North Hobart's current land uses **15**

3.1 Study area floorspace provision 15
3.2 North Hobart retail spending patterns 17

4.0 Retail demand assessment **20**

4.1 Surrounding centres of influence 20
4.2 Study area trade catchment(s) 21
4.3 Population projections 22
4.4 Forecast household expenditure 22
4.5 Retail capture rates by broad store type 23
4.6 Study area capture of retail spend 23
4.7 Retail floorspace demand 24
4.8 Floorspace GAP assessment 24

5.0 Non-retail floorspace demand **26**

5.1 Employment projections methodology 26
5.2 Study area employment and non-retail floorspace projections 26

Tables

Table 1: Employment floorspace supply and demand summary by broad land use type 6
Table 2: Resident population estimates 2011-21 9
Table 3: Population projections 2021-46 11
Table 4: Study area employment projection (place of work) 13
Table 5: Employment by occupation 2021 – ANSIC 1-digit level 13
Table 6: Top five occupations 2021 – ANZSIC 2-digit level 14
Table 7: North Hobart study area employment floorspace estimate (sqm) 16
Table 8: North Hobart capture of retail spend by category and source 17
Table 9: North Hobart amount of resident escape expenditure by broad retail category 18
Table 10: North Hobart capture of Hobart resident retail spend by category (excludes online retail) 18
Table 11: Trade catchments population projections 22
Table 12: Estimated total household retail expenditure by commodity type ($m) 22
Table 13: Retail capture rates by broad store type and trade segment 23
Table 14: Potential capture of retail trade in the study area 23
Table 15: Retail floorspace demand (sqm) 24
Table 16: Study area retail floorspace GAP assessment 24
Table 17: Study area net employment growth to 2041 27
Table 18: Non-retail employment floorspace summary 27

Figures

Figure 1: North Hobart Structure Plan Area 8
Figure 2: Resident population age structure 2021 10
Figure 3: North Hobart - Glebe - Queens Domain, North Hobart suburb and study area 11
Figure 4: Median weekly household incomes 12
Figure 5: Study area employment floorspace by broad composition 15
Figure 6: Sourced of retail expenditure captured in North Hobart ($m) 17
Figure 7: Amount of Hobart LGA resident spend captured in North Hobart and its proportion to total spend generated 19
Figure 8: Surrounding centres of influence 21

Quality Assurance

Report contacts

Nicholas Hill

Acting Managing Principal

M.A Property Development, UTS

B. Science, M Human Geography, Macquarie University

Nick.Hill@hillpda.com

Supervisor

Adrian Hack

Principal, Urban and Retail Economics

M. Land Econ. B.Town Planning (Hons) (UNSW)

Adrian.Hack@hillpda.com

Quality control

This document is for discussion purposes only unless signed and dated by a Principal of HillPDA.

Reviewer

Signature		Dated	20/07/23

Report details

Job number	V23073
Version	Final
File name	North Hobart, Neighbourhood Plan Economic Assessment
Date issued	20 July 2023

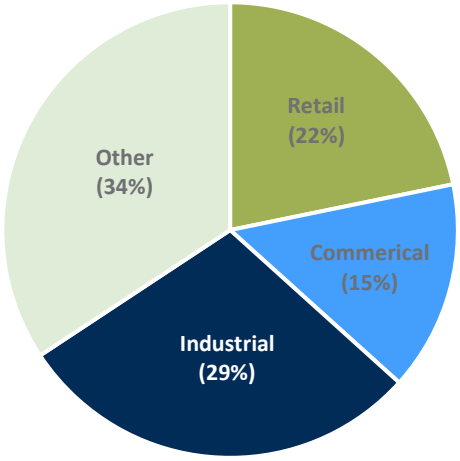
EXECUTIVE SUMMARY

The City of Hobart has identified the need to prepare a structure plan for the area of North Hobart. The purpose of the North Hobart Structure Plan (the plan) is to ensure that North Hobart continues to develop as a great place to live, work and visit into the future. The Plan will be a blueprint for development, investment, and infrastructure over the next 20 years. It will include recommendations for policies, development controls and projects to guide planning and sustainable growth.

HillPDA was commissioned to forecast the demand for employment floorspace within the Structure Plan area (please refer to Figure 1 in the Introduction chapter). The purpose of this, is to ensure that the structure plan allows enough capacity, in the proposed planning framework, for the development and provision of future employment uses. This would contribute to the local community remaining appropriately serviced, and to maintain economic sustainability.

North Hobart Structure Plan Area current floorspace and role

It is estimated that the North Hobart Structure Plan area (hence referred to as the study area) contained a total of 74,710sqm of occupied employment space. Of this space, 16,270sqm or 22% was attributed to retail uses, 11,135qm or 15% was commercial, 21,695sqm or 29% was industrial/urban services uses and the remaining 12,615sqm or 34% was occupied by other uses.



The study area is a key dining and entertainment locality in Greater Hobart. This was evident in:

(1) 48% of the study area's retail space being attributed to speciality food space. Of this speciality food space 32% was café and restaurant space;

(2) Analysis of spend data indicating that of the $80.6 million in retail spend captured in North Hobart suburb 66% was captured by dining and entertainment uses[1];

(3) of the $195 million in dining and entertainment spend generated by Hobart LGA residents 9% or $17.2 million is captured by retailers in North Hobart suburb; and

(4) the comparably high concentration of hospitality occupations in the study area when compared to Hobart LGA and Greater Hobart.

Despite the locality being a key dining and entertainment destination, most of the retail expenditure generated by North Hobart residents escapes the suburb – estimated at around 80%. The amount of spend that escapes North Hobart varies across individual retail category. For example, 99.6% of supermarket and grocery spend escapes the North Hobart because of the lack of retail offer in that category. An increase in the retail offer with an appropriate mixture and type would contribute to a higher retention of resident spend. For example, the attraction/provision of a larger supermarket (over 1,000sqm) would likely contribute to a higher retention of associated spend while also increasing foot traffic. This would have flow on benefits to surrounding retailers and commercial businesses through greater exposure and opportunity for passing trade.

[1] Please note, for privacy reasons spend data was only provided at the suburb and Hobart local government area level. North Hobart suburb extends beyond the study area (primarily the area southward between Burnett Street and Warwick Street). However, for the purpose of analysing spend patterns and catchments this difference was considered insignificant.

The study area also provides a supportive industrial and urban service role to the surrounding resident and business community, providing services including automotive repair and maintenance and storage / distribution space. The amount of commercial space implies that the study area provides a secondary commercial market to Hobart CBD, providing affordable space in proximity to major population centres and business clusters. This proximity also provides opportunity for the study area to provide short-term accommodation for businesses and tourists. This is currently provided with several operators such as the Argyle Motor Lodge, Black Buffalo Hotel, Haven Cottage, Rydges, Rose and Queens Head Hotel.

Retail floorspace demand assessment

Modelling suggests that there is a current demand for around 16,335sqm of retail floorspace in the study area. With 16,270sqm of retail floorspace estimated in the study area, the locality is considered in equilibrium with demand. However, without any additional supply, the study area is forecast to have a deficit in supply of around 6,110sqm by 2041. Most of this net demand (50%) is in speciality food space and food services. This is reflective of the study areas status as a dining and entertainment destination.

As discussed, the study area or the remaining North Hobart suburb does not have a medium or large sized supermarket (say of 1,000sqm or above). The lack of such a supermarket is reflected in the high amount of resident expenditure that escapes the suburb. Providing a key anchor tenant, such as a supermarket, would increase the amount of spend that is retained in the suburb. This increased retention of spend and associated higher foot traffic would have additional benefits including increased activation, vibrancy and viability of surrounding commercial/retail uses. For example, if North Hobart retained 75% of its resident supermarket expenditure and maintained capture of trade from its other catchments, a supermarket of around 1,500sqm could currently be supported in the study area, increasing to around 2,500-3,000sqm by 2041.

Non-retail employment floorspace demand assessment

The net demand for non-retail employment floorspace was estimated by firstly forecasting the employment provided in the study area to 2041 across various industry types. Average employment densities were then applied to each industry type to estimate the amount of space required to support each industry's net growth in employment.

Two employment growth scenarios were developed. However, taking a mid-growth scenario it is estimate that total employment within the study area could increase by around 612 jobs over the period to 2041. It is estimated that an additional 24,158sqm of space would be required to support this net growth in employment while allowing some level of vacancy (say 5% for non-retail space). Of this total space, it is estimated that:

- 5,672sqm is commercial/knowledge intensive space, representing a 51% increase over the period.
- 3,920sqm is industrial/urban service related, representing an 18% increase over the period.
- 14,566sqm is other employment space, representing a 57% increase over the period.

Please refer to Table 17 in Section 5.2 for a more detailed estimate of net non-retail employment growth and floorspace requirements for each industrial industry. Table 1 below provides a summary of the supply and demand of employment floorspace within the study area by broad land use type.

Table 1: Employment floorspace supply and demand summary by broad land use type

Land use	Current supply	Net occupied growth	Vacancy allowance	Total demand	% increase
Retail	16,269	5,458	652	22,379	38%
Commercial	11,136	4,871	800	16,808	51%
Industrial	21,693	2,701	1,220	25,614	18%
Other	25,613	12,652	1,913	40,179	57%
Total	**74,712**	**25,682**	**4,585**	**104,980**	**41%**

source: HillPDA

INTRODUCTION

1.0 INTRODUCTION

After a long period of relatively low growth, the City of Hobart is experiencing significant development pressure and housing supply issues. This emerging context requires more sophisticated and forward-looking planning to position the City in making most of these growth opportunities, while retaining its essence and enhancing key features that underpin its attraction as a place to live, visit and invest.

The City is in the final stages in developing the Central Hobart Structure Plan, and the need to prepare a structure plan for the area of North Hobart has also been identified. The purpose of the North Hobart Structure Plan (the plan) is to ensure that North Hobart continues to develop as a great place to live, work and visit into the future. The Plan will be a blueprint for development, investment, and infrastructure over the next 20 years. It will include recommendations for policies, development controls and projects to guide planning and sustainable growth.

HillPDA was commissioned to undertake an economic assessment of the North Hobart Structure Plan Area (see figure below). Specifically, this assessment forecasts the demand for employment floorspace within the Structure Plan area (commercial office, retail and industrial space). The purpose of this, is to ensure that the structure plan allows enough capacity, in the proposed planning framework, for the development and provision of future employment uses. This will contribute to the local community remaining appropriately serviced, and ensure economic sustainability is maintained.

Figure 1: North Hobart Structure Plan Area



Source: HillPDA

2.0 SOCIO-ECONOMIC REVIEW

The following section undertakes a review of the socio-economic trends within the study area. The purpose of this assessment is to understand local trends and factors which may influence the demand for and the type of retail and commercial space in the study area North. It also provides baseline trends for preparation of any population and employment forecast for the locality.

ABS geographical boundaries referred to as Statistical Area Level 1 (SA1) have been analysed to review the characteristics of the study area's resident population. Specifically, SA1's analysed were SA1 6102703; 6102711; 6102707; 6102708; 6102709; and 6102710. Combined these SA1s best correspond to the study area.

The smallest geographical boundary that the ABS releases employment place of work data at is referred to as a Destination Zone (DZ). The DZ that best correspond to the study area is known as DZ610271057. This has been analysed to review the study area's employment profile.

2.1 Resident population growth and age structure

As of 2021, the study area contained a population of 2,245 persons. This represented an increase of around 190 persons or 9% from the 2011 estimate of 2,055 residents. This proportional growth was lower than both Hobart LGA and Greater Hobart (13% and 17%, respectively).

The study area comprised 3.6% of Hobart LGA's population in 2011. This proportion remained relatively stable over the next ten years, recording 3.5% in 2021.

Table 2: Resident population estimates 2011-21

Locality	2011	2021	Change	% change
Study Area	2,056	2,245	189	9%
Hobart LGA	50,276	56,589	6,313	13%
Greater Hobart	210,052	246,246	36,194	17%

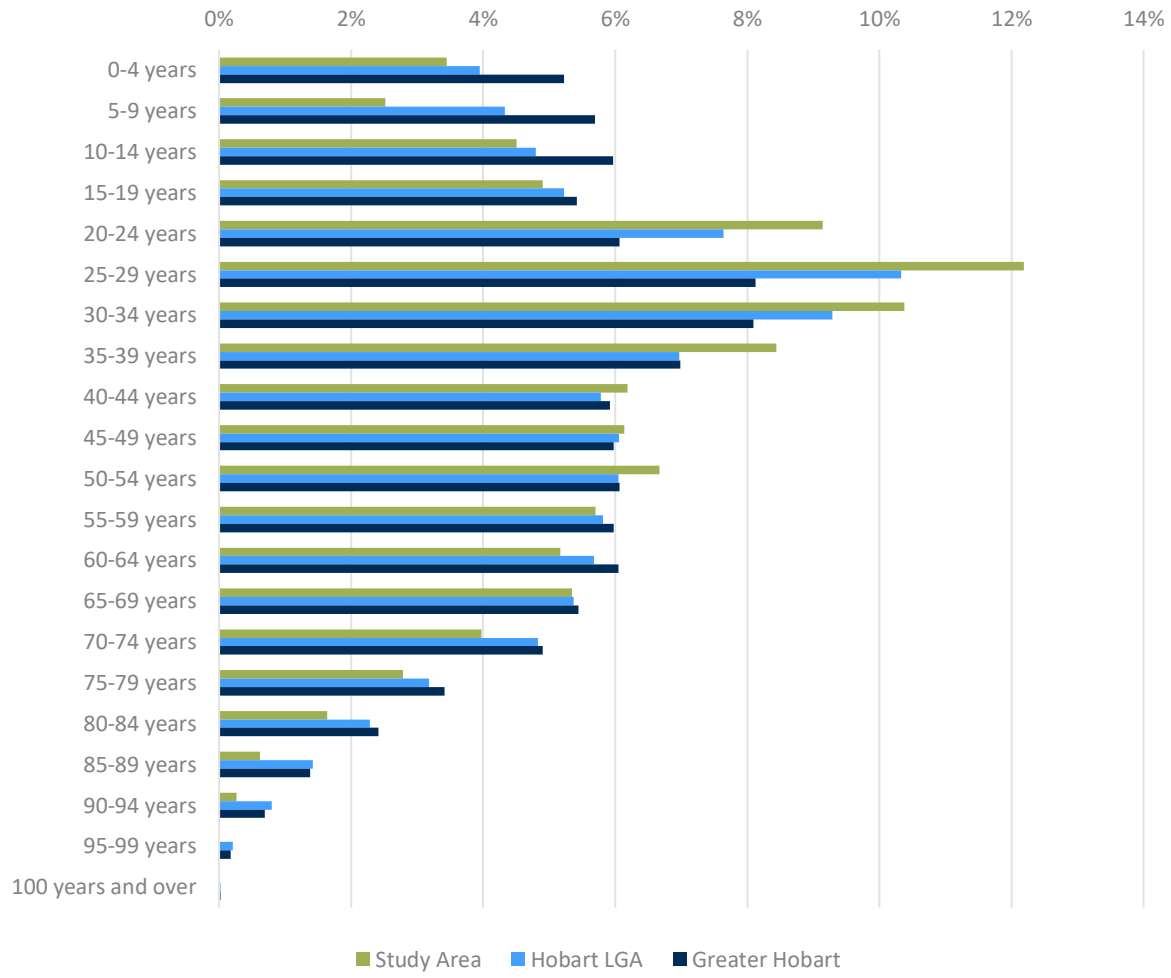
Source: ABS TableBuilder

The overall age structure of the study area is comparable to Hobart LGA and Greater Hobart. However, in 2021 the study area had:

- A lower proportion of residents aged 0-14 years at 15%, compared to 18% for Hobart LGA and 22% for Greater Hobart.
- A higher proportion of residents aged 15-54 years at 61%, compared to 52% for Hobart LGA and 47% for Greater Hobart.
- A lower proportion of residents aged 55-74 years at 20%, compared to 22% for Hobart LGA and Greater Hobart.
- A lower proportion of residents aged 75 years and over at 5%, compared to 8% for Hobart LGA and Greater Hobart.

The age composition implies that the study area is a location attractive to younger professionals and home builders.

Figure 2: Resident population age structure 2021



Source: ABS TableBuilder

2.2 Population projections

Population projections have been provided by Profile.id by small areas. The study area is wholly inside the Profile.id small area referred to as 'North Hobart - Glebe - Queens Domain'. This area is a combination of the suburbs of North Hobart, Glebe and Queens Domain, and is hence, larger than the defined study area for this report (refer to Figure 3).

Profile.id project that the population of North Hobart - Glebe - Queens Domain will increase from around 3,345 persons in 2021 to just over 5,470 persons in 2046. This represents a net increase of 2,127 persons or 64% over the 20-year period. Proportionally, this is significantly higher than the forecast for Hobart LGA (+34%), indicating that the North Hobart locality will become comparably denser over the coming decades. Increased retail and commercial services and employment opportunities will be required to support this additional population.

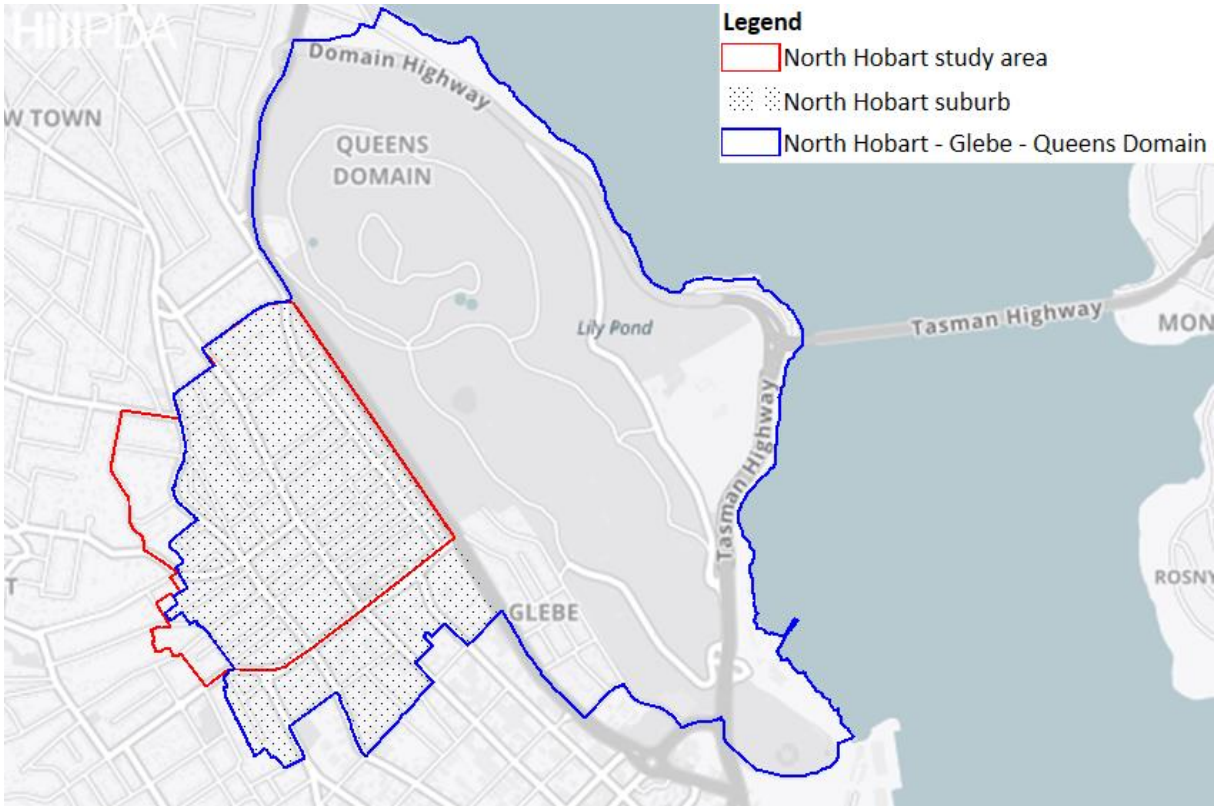
Profile.id's assumptions for population growth in the North Hobart - Glebe - Queens Domain small area is predominantly a result of infill development. Given the limited infill potential in the suburbs of Glebe and Queens Domain, it may be reasonable and appropriate to assume that most of this growth would occur in the suburb of North Hobart (note North Hobart suburb is larger than the study area – refer to Figure 3).

Table 3: Population projections 2021-46

Location	2021	2026	2031	2036	2041	2046	Change	% growth
North Hobart - Glebe - Queens Domain	3,344	3,877	4,234	4,653	5,066	5,471	2,127	64%
Hobart LGA	56,075	59,197	62,760	67,211	71,437	74,875	18,800	34%

Source: Population and household forecasts, 2021 to 2046, prepared by .id (informed decisions), January 2023

Figure 3: North Hobart - Glebe - Queens Domain, North Hobart suburb and study area



Source: HillPDA

2.3 Median weekly household incomes

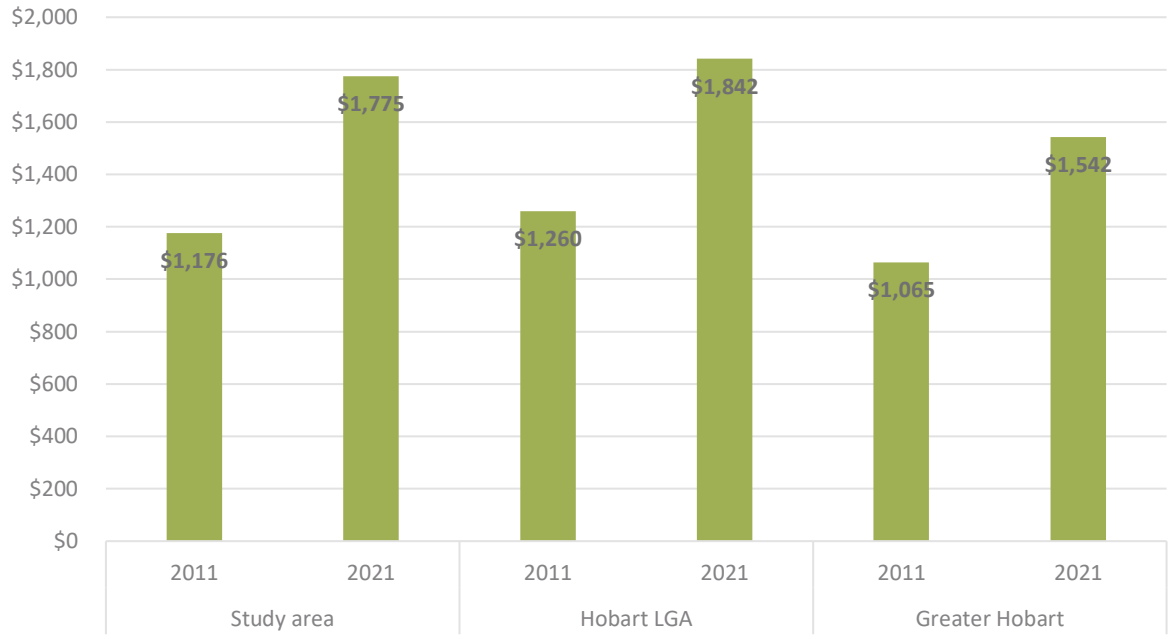
As of 2021, the median weekly household income was $1,775 in the study area. This represented a $600 or 51% increase over the ten-year period from 2011.

The study area's 2021 median weekly household income was slightly lower than that for the wider Hobart LGA, which was $1,842/week, while being higher than Greater Hobart's median of $1,542.

The proportion of growth in the median household income within the study area over the ten-year period (51%) was significantly higher than both Hobart LGA (46%) and Greater Hobart (45%).

The study area's high household incomes and growth rate, particularly when compared to Greater Hobart, may indicate its households have comparably higher rates of disposable income, which can be directed towards retail and leisure items.

Figure 4: Median weekly household incomes



Source: ABS DataPacks and HillPDA

2.4 Employment profile and growth by industry type

As of 2021, the study area generated around 2,165 jobs. This represented an increase of around 260 jobs or 40% over the ten-year period from 2011.

In 2011, the study area accounted for 4.1% of employment generated across Hobart LGA. By 2021, this proportion had decreased to around 3.8%, indicating that employment intensification within the study area had not maintained pace with the wider LGA.

Over the ten year period to 2021, the top five growth industries were:

- Education and Training – with 115 additional jobs
- Accommodation and Food Services – with 105 additional jobs
- Construction – with 37 additional jobs
- Agriculture, Forestry and Fishing – with 23 additional jobs
- Professional, Scientific and Technical Services – with 21 additional jobs.

As of 2021, the top five employment industries were:

- Education and Training – 390 jobs or 18% of employment
- Accommodation and Food Services – 383 jobs or 18% of employment
- Construction – 282 jobs or 13% of employment
- Retail Trade – 171 jobs or 8% of employment
- Health Care and Social Assistance – 167 jobs or 8% of employment.

Table 4: Study area employment projection (place of work)

Industry	2011	2021	Change
Agriculture, Forestry and Fishing	4	27	23
Mining	0	0	0
Manufacturing	91	99	8
Electricity, Gas, Water and Waste Services	0	4	4
Construction	245	282	37
Wholesale Trade	96	65	-31
Retail Trade	181	171	-10
Accommodation and Food Services	278	383	105
Transport, Postal and Warehousing	21	12	-9
Information Media and Telecommunications	28	30	2
Financial and Insurance Services	22	21	-1
Rental, Hiring and Real Estate Services	41	52	11
Professional, Scientific and Technical Services	100	121	21
Administrative and Support Services	45	28	-17
Public Administration and Safety	76	77	1
Education and Training	276	391	115
Health Care and Social Assistance	190	167	-23
Arts and Recreation Services	45	24	-21
Other Services	146	139	-7
Inadequately described / Not stated	20	72	52
Total	**1,905**	**2,165**	**260**

Source: ABS 2011 and 2021

2.5 Employment by occupation type

As of 2021, 36% of occupations in the study area were classified as “white collar” occupations. This proportion was, however, lower than Hobart LGA and Greater Hobart (46% and 36%, respectively).

Administrative and service occupations, which include hospitality workers, were the second most common broad occupation type in the study area (32%). However, this proportion was lower than both the wider Hobart LGA and Greater Hobart (36% and 36%, respectively).

Blue collar occupations comprised the third most common broad occupation type in the study area (31%). This proportion was significantly higher than the wider Hobart LGA and Greater Hobart (16% and 25%, respectively).

Table 5: Employment by occupation 2021 – ANSIC 1-digit level

Occupation	Broad category	Study area	Hobart LGA	Greater Hobart
Managers	white collar	13%	13%	12%
Professionals	white collar	22%	34%	24%
Technicians and Trades Workers	blue collar	21%	9%	12%
Community and Personal Service Workers	administrative and service	14%	13%	14%
Clerical and Administrative Workers	administrative and service	11%	17%	14%
Sales Workers	administrative and service	8%	6%	9%
Machinery Operators and Drivers	blue collar	2%	1%	5%
Labourers	blue collar	8%	6%	8%

Source: ABS 2021

Table 6 below provides a summary of the top five occupations in the study area at the ANZSIC 2-digit level[2].

Table 6: Top five occupations 2021 – ANZSIC 2-digit level

Occupation	Study area	Hobart LGA	Greater Hobart
Education Professionals	9.2%	4.9%	4.9%
Hospitality Workers	**6.0%**	**3.4%**	**2.7%**
Specialist Managers	6.0%	6.6%	6.1%
Sales Assistants and Salespersons	5.9%	4.8%	6.5%
Hospitality, Retail and Service Managers	5.1%	3.9%	4.0%
Business, Human Resource and Marketing Professionals	5.0%	7.4%	5.0%

Source: ABS 2021

The top occupation type was education professionals, with 9% of occupations being in this category. This proportion was almost double the Hobart LGA and Greater Hobart proportion of 4.9% and 4.9%, respectively. Hospitality workers were the second highest occupation type (6%). Once again, this proportion was around double that recorded for Hobart LGA and Greater Hobart (3.4% and 2.7%, respectively).

In fact, the proportion of hospitality workers increases to 11.2% in the study area with the inclusion of the hospitality, retail and service managers. This is compared to 7.3% and 6.7% for Hobart LGA and Greater Hobart, respectively. This indicates that hospitality services in the study area are comparably more concentrated/present when compared against the wider Hobart LGA and Greater Hobart localities.

2.6 Key findings

From our analysis, the following key characteristics/trends have been identified:

- The study area contains a higher proportion of residents within the young professional and homebuilding age groups. This is evident in 52% of the study area's population being aged 20-49 years of age in 2021 compared to just 46% of Hobart LGA and 41% of Greater Hobart's population being within this age group.
- Over the coming decades, the study area's locality is expected to experience strong population growth. Additional retail services and employment opportunities will be required locally to appropriately service this growth.
- In 2021, the study area had a higher median household income when compared to the wider Greater Hobart region, while over the ten years to 2021, the study area's median household income increased at a proportionally higher rate than both Hobart LGA and Greater Hobart.
- Most of the employment within the study area, as of 2021, was related to accommodation, education, health and retail services.

[2] Australian and New Zealand Standard Industrial Classification (ANZSIC) is a standard classification developed by the Australian Bureau of Statistics for use in Australia and New Zealand for the analysis of industry statistics

3.0 NORTH HOBART'S CURRENT LAND USES

This section undertakes a desktop analysis to estimate the type and amount of employment space located within the study area. This has been undertaken using two methodologies.

Firstly, retail floorspace was estimated using Google business points and Geogscape building footprint data. Estimates were made on space allocation within multi-tenanted buildings, likely stratification (i.e retail ground floor and commercial ground or 1st level) and efficiencies were made.

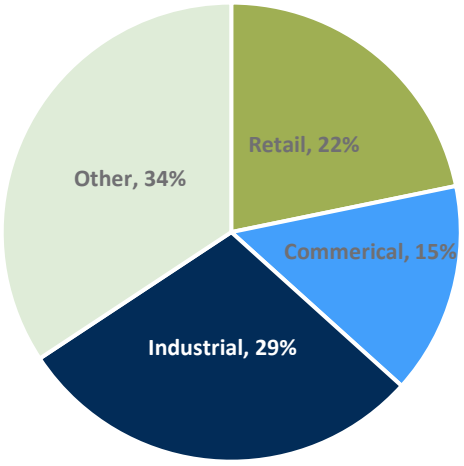
Other non-retail employment space was estimated using Australia Bureau of Statistics Journey to Work Data for the Destination Zone that corresponds to the study area. After removing working-from-home employment, the remaining employment in the study area, by industry type, was converted into occupied floorspace by applying industry-standard employment densities (the amount of floorspace required for a particular job type or industry).

Home-based businesses, residential and Airbnb space have been excluded. Please note, as stated, this is a desktop analysis using best available information. No in-person site visits were made to validate the findings or assumptions.

3.1 Study area floorspace provision

It was estimated that the study area contained a total of 74,710sqm of occupied employment space. Of this space, 16,270sqm or 22% was attributed to retail uses, 11,135qm or 15% was commercial, 21,695sqm or 29% was attributed to industrial/urban services uses, and the remaining 12,615sqm or 34% was occupied by other uses.

Figure 5: Study area employment floorspace by broad composition



Source: HillPDA

Of the 16,270sqm of retail uses, most of the space (46%) was attributed to speciality food. This category includes restaurants and cafes, which comprised around 68% (5,135sqm) of floorspace. The next largest floorspace categories were:

- Retail general – occupying 3,675sqm or 23%
- Bulky goods– occupying 3,250sqm or 20%
- Clothing – occupying 720sqm or 4%
- Personal services – occupying 600sqm or 3%
- Supermarket/grocery store– occupying 525sqm or 3%.

The following table provides a breakdown of employment space in the study area by broad land use category.

Table 7: North Hobart study area employment floorspace estimate (sqm)

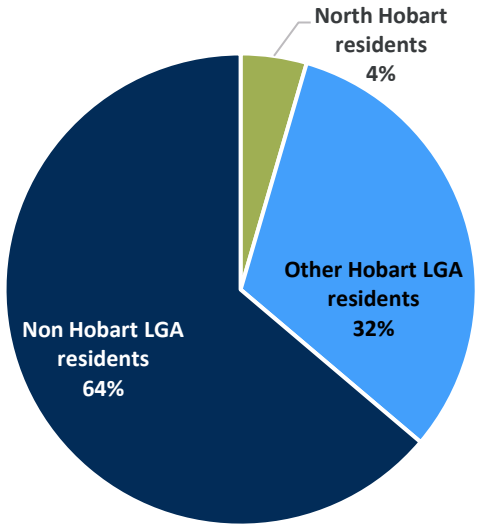
Broad land use	Category	Current space
Retail	Retail general	3,673
	Clothing	722
	Specialty food	7,499
	Supermarket/grocery store	525
	Personal service	598
	Bulky goods	3,252
	Retail subtotal	**16,269**
Commercial	Information Media and Telecommunications	572
	Financial and Insurance Services	330
	Rental, Hiring and Real Estate Services	895
	Professional, Scientific and Technical Services	2,090
	Administrative and Support Services	550
	Public Administration and Safety	1,606
	Construction services*	5,093
	Commercial subtotal	**11,136**
Industrial	Agriculture, Forestry and Fishing	594
	Mining	0
	Manufacturing	7,440
	Electricity, Gas, Water and Waste Services	400
	Construction	1,023
	Wholesale Trade	4,960
	Transport, Postal and Warehousing	1,200
	Repair and maintenance	5,244
	Renting and hiring (except real estate)	832
	Industrial subtotal	**21,693**
Other	Accommodation	2,420
	Education and Training	15,320
	Health Care and Social Assistance	4,800
	Arts and Recreation Services	960
	Other Services	2,113
	Total	**74,712**

Source: HillPDA, * includes building services office space

3.2 North Hobart retail spending patterns

According to Spendmapp data, the suburb of North Hobart captured around $80.6 million in retail expenditure between May 2022 to April 2023. Of this expenditure, around $3.6 million or 5% was captured from North Hobart's residents and, $25.5 million or 32% was from other residents in Hobart LGA, while the remaining $51.5 million or 63% was from visitors from outside Hobart LGA.

Figure 6: Sourced of retail expenditure captured in North Hobart ($m)



Source: Spendmapp - Profile_North Hobart_all_categories_all_hours_2022-05-01_2023-04-01

The following table provides a summary of the amount of retail spend captured in North Hobart suburb and its source.

Table 8: North Hobart capture of retail spend by category and source

Category	North Hobart residents	Other Hobart LGA residents	Persons outside Hobart LGA	Total
Bulky Goods	$0.0	$0.3	$1.0	$1.3
Department Stores & Clothing	$0.0	$0.1	$0.2	$0.4
Dining & Entertainment	$2.1	$15.1	$35.8	$53.1
Furniture & Other Household Goods	$0.0	$1.5	$3.5	$5.0
Grocery Stores & Supermarkets	$0.0	$0.4	$1.3	$1.6
Personal Services	$0.1	$2.2	$2.4	$4.7
Specialised & Luxury Goods	$1.0	$3.5	$3.6	$8.0
Specialised Food Retailing	$0.4	$2.4	$3.8	$6.7
Total	**$3.6**	**$25.5**	**$51.5**	**$80.6**

Source: Spendmapp - Profile_North Hobart_all_categories_all_hours_2022-05-01_2023-04-01

Interestingly, excluding online spend, North Hobart's residents generated a total of $17.7 million in expenditure (across all retail categories). With only $3.6 million or 21% of this expenditure being captured in North Hobart, the residual $14 million or 79% escapes the suburb to surrounding centres. Increased retail services and amenities could increase the capture of trade from local residents.

Table 9: North Hobart amount of resident escape expenditure by broad retail category

Spend category	Spent in North Hobart	Spent outside North Hobart	Total spend	% of spend that escapes
Bulky Goods	$0.0	$0.1	$0.1	100.0%
Department Stores & Clothing	$0.0	$2.0	$2.0	100.0%
Dining & Entertainment	$2.1	$3.5	$5.6	62.1%
Furniture & Other Household Goods	$0.0	$0.3	$0.3	97.1%
Grocery Stores & Supermarkets	$0.0	$3.9	$3.9	99.6%
Personal Services	$0.1	$0.6	$0.8	83.4%
Specialised Food Retailing	$0.4	$1.8	$2.2	80.6%
Specialised & Luxury Goods	$1.0	$1.8	$2.8	65.8%
Total	**$3.6**	**$14.0**	**$17.7**	**79.4%**

Source: Spendmapp - Profile_North Hobart_all_categories_all_hours_2022-05-01_2023-04-01

According to Spendmapp data, North Hobart captures 4.2% of all resident retail spend generated across Hobart LGA. Excluding North Hobart residents, this decreases to 3.9%.

The proportion of capture is higher for the categories of:

- Dining and entertainment – 8.8% of total LGA spend (8.5% excluding North Hobart residents)
- Furniture & other household goods – 8% of total LGA spend (8.6% excluding North Hobart residents)
- Personal services – 8.8% of total LGA spend (9.1% excluding North Hobart residents).

The table below provides a summary of the amount of retail spend generated across Hobart LGA and the amount/proportion captured in North Hobart.

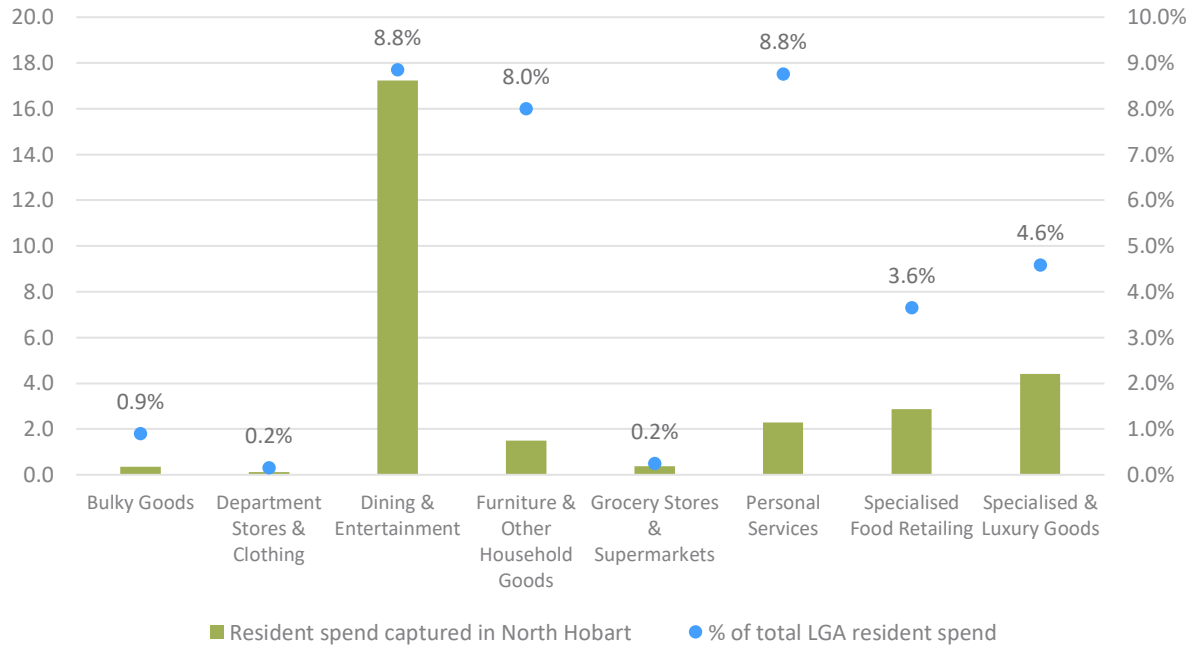
Table 10: North Hobart capture of Hobart resident retail spend by category (excludes online retail)

Expenditure Category	Hobart LGA resident spend captured in North Hobart ($m)	Total Hobart LGA resident spend generated ($m)	% of LGA spend captured in North Hobart
Bulky Goods	0.3	38.4	0.9%
Department Stores & Clothing	0.1	78.3	0.2%
Dining & Entertainment	17.2	194.9	8.8%
Furniture & Other Household Goods	1.5	18.8	8.0%
Grocery Stores & Supermarkets	0.4	155.7	0.2%
Personal Services	2.3	26.2	8.8%
Specialised Food Retailing	2.9	79.0	3.6%
Specialised & Luxury Goods	4.4	96.3	4.6%
Total	**29.2**	**687.7**	**4.2%**

Source: Spendmapp, Profile_Hobart LGA_all_categories_all_hours_2022-05-01_2023-04-01

The figure below shows the amount of expenditure captured in North Hobart sourced from residents in Hobart LGA. The figure also shows, for each category, the proportion of expenditure captured in North Hobart to the total spend generated by Hobart LGA's residents.

Figure 7: Amount of Hobart LGA resident spend captured in North Hobart and its proportion to total spend generated



Source: Spendmapp, Profile_Hobart LGA_all_categories_all_hours_2022-05-01_2023-04-01

Some key observations from the above spend data are:

- A significant proportion of North Hobart resident spend escapes the suburb.
- North Hobart is a key dining and entertainment destination.
- North Hobart captures around 3.5% of Hobart LGA's resident retail expenditure (excluding North Hobart residents). This is higher for dining and entertainment (8.5%) and personal services (9.1%).

4.0 RETAIL DEMAND ASSESSMENT

The following section forecasts the demand for retail floorspace within the study area. Steps undertaken to estimate the demand for retail services were as follows:

1. Undertook a review of the surrounding retail hierarchy around the study area.
2. Derived trade catchments for the study area based on the surrounding retail context and spend data analysis.
3. Estimated current and future resident population and worker numbers and their resulting retail expenditure.
4. Estimated the amount and type of retail spend that could be captured in the study area.
5. Converted retail spend into floorspace based on average retail turnover densities.
6. Subtracted supply from demand to determine the future gap in floorspace.

4.1 Surrounding centres of influence

The following undertakes a high-level review of the surrounding retail centre network. Centres that would likely have the most influence on the extent of the study area's trade catchments are described below:

Hobart CBD

Hobart CBD is located to the south of the subject site. The CBD and its surrounds are estimated to provide around 110,000sqm of occupied retail space in 2021. Of this space, around 5,000sqm is attributed to supermarket space, and around 30,000sqm is café, restaurant and takeaway food services.

Glenorchy CBD

Glenorchy CBD is located around 5.4 kilometres or a 12-minute drive to the north of the study area. In 2020, SGS estimated that the centre contained around 46,145sqm of retail space. Of this, around 12,155sqm was supermarket space.

Moonah

Moonah is located around 2.9 kilometres or a 6-minute drive to the north of the study area. In 2020, SGS estimated that the centre contained around 58,540sqm of retail space. Of this, around 14,020sqm was supermarket space. From Google aerial imagery and business point data, it is likely that the estimated area of supermarket space is higher.

New Town, town centre

New Town, town centre is located around 1.6 kilometres or a 3-minute drive to the north of the study area. The centre contains two large supermarkets (Woolworth and Coles) with most of the retail space being provided in New Town Plaza shopping centre. Retail uses extend southward along New Town Road.

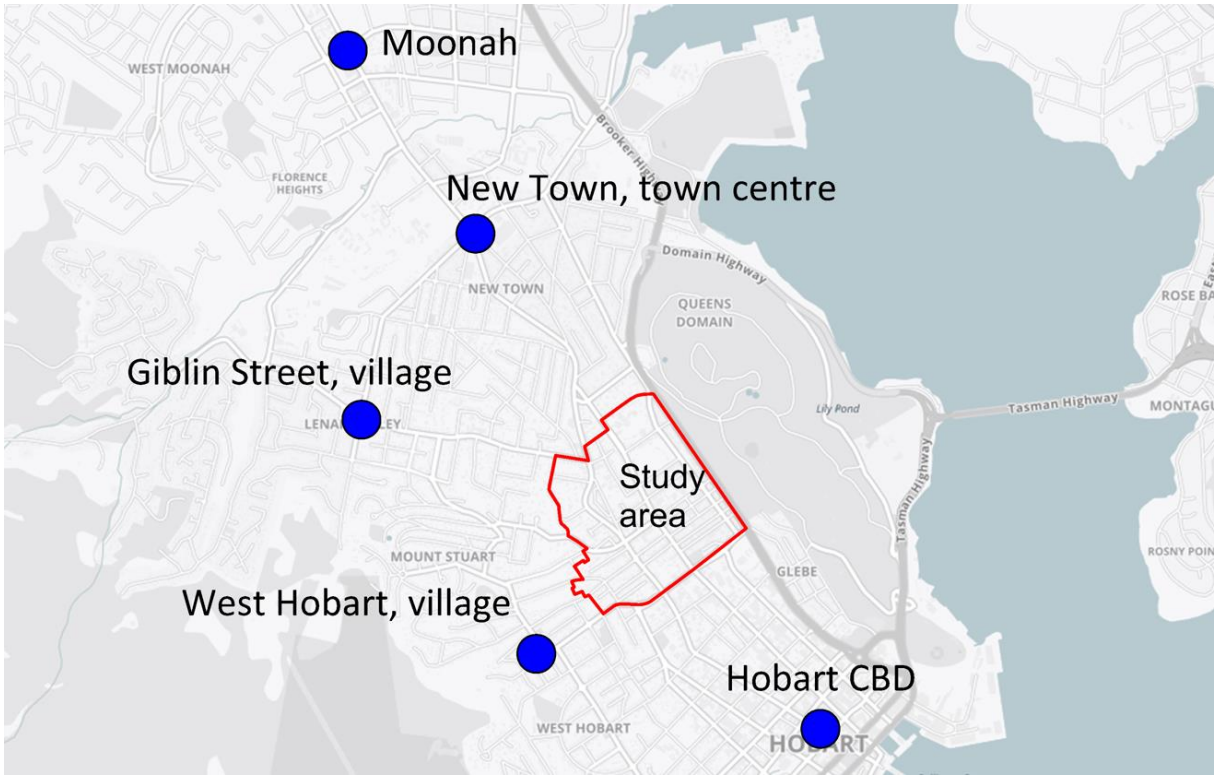
Giblin Street, village

Giblin Street, village is located in Lenah Valley around 1.4 kilometres or a 2-minute drive to the west of the study area. The village consists of a cluster of shops located at the junction of Giblin Street and Augusta Road. In total, the centre is estimated to provide around 1,700sqm of space and consist of a range of uses including medical, speciality food, speciality non-food and personal services.

West Hobart, village

West Hobart, village is located around 800 metres or a 2-minute drive to the west of the study area. The village contains of an IGA Express of around 500sqm.

Figure 8: Surrounding centres of influence



Source: HillPDA

4.2 Study area trade catchment(s)

The trade area served by any retail centre/facility is determined by the consideration of:

- The strength and attraction of the centre and / or store as determined by factors such as the composition, layout, ambience/ atmosphere and car parking in the centre / facility.
- Competitive retail centres, particularly their proximity to the subject centre/facility and respective sizes, retail offer and attraction.
- The location and accessibility of the centre / facility, 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 regarded the above and the capture of expenditure data provided by Spendmapp, the trade catchment for the study area has a **primary catchment** which likely serves a local walkable catchment of North Hobart. However, as identified in the Spendmapp data, a significant proportion of resident expenditure escapes to surrounding higher order centres.

A secondary catchment extends beyond the primarily catchment. This is particularly relevant for café/restaurant and personal service expenditure. This secondary catchment is more difficult to define but likely extends into from the primary catchment into Hobart LGA (primarily Sandy Bay, West Hobart, New Town, Mount Stuart, Lenah Valley, South Hobart, Hobart, Battery Point) and Glenorchy LGAs. For this assessment, a secondary catchment consists of these two LGAS. A small level of expenditure is likely to be captured from beyond the secondary catchment which has been allowed for in the demand modelling.

4.3 Population projections

It is estimated that the study area primary catchment will increase to just over 5,065 residents by 2041. This represents an increase of around 1,720 residents from its 2021 estimate of 3,345 persons. The secondary catchment is forecast to increase by 17,920 persons, reaching a total of 121,060 persons by 2041.

In total, the study area's potential resident catchment in 2021in was 106,485. This is forecast to increase to around 126,125 persons by 2041, an increase of just under 19,650 persons.

Table 11: Trade catchments population projections

Trade catchment / area	2021	2026	2031	2036	2041	Growth
Primary catchment	3,344	3,877	4,234	4,653	5,066	1,722
Remaining Hobart LGA	52,731	55,320	58,526	62,558	66,371	13,640
Glenorchy LGA	50,411	51,470	52,528	53,587	54,690	4,279
Total	**106,486**	**110,667**	**115,289**	**120,798**	**126,126**	**19,641**

Source: Profile.id, Glenorchy identity development and precinct planning SGS, ABS 2021 Census, HillPDA

4.4 Forecast household expenditure

This section examines the projected growth in household retail expenditure in the LGA between 2021 and 2041. Household expenditure was sourced from:

- ABS Retail Turnover data which provides total turnover every month by State and by industry sub-groups across Australia.
- ABS Household Expenditure Survey which provides household expenditure by broad commodity type by and household income quintile.
- HillPDA's bespoke retail expenditure model which is generated by combining data from the Census and the ABS Household Expenditure Survey (HES).

It is estimated that residents across the main trade area generated $1.363 billion in total household retail expenditure in 2022. This figure is forecast to increase to approximately $1.918 billion by 2041, representing a $555 million or 41% increase over the period.

Table 12: Estimated total household retail expenditure by commodity type ($m)

Broad retail category	2022	2026	2031	2036	2041	Change
Supermarkets and grocery stores	525.1	574.1	629.0	693.0	760.9	236
Specialised food stores	111.2	120.2	130.4	142.4	154.8	44
Bulky goods stores	223.6	241.2	260.9	284.0	307.8	84
Department stores	43.3	44.3	45.7	47.6	49.3	6
Apparel stores	102.3	110.0	118.9	129.4	140.1	38
Other non-food stores	176.3	190.2	205.8	224.0	242.9	67
Restaurants and fast food services	139.3	152.8	168.0	185.9	204.9	66
Personal services	41.9	45.0	48.5	52.7	57.0	15
Total	**1,362.9**	**1,478.0**	**1,607.1**	**1,759.0**	**1,917.8**	**555**

Source: HillPDA

4.5 Retail capture rates by broad store type

Section 4.4 identified the total volume of retail expenditure from residents across the main trade area. However, not all of this expenditure would be captured by retailers in the study area. Reasons for this include:

- The proximity and size of surrounding shopping centres (Newtown, Glenorchy, Hobart CBD)
- The lack of a major bulky goods cluster and department stores in the centre
- Residents leaving the locality to undertake discretionary shopping (in department stores, apparel stores and bulky goods stores in larger centres)
- Expenditure from residents who are on holidays/business trips or are away for other reasons for any extended period. This is counterbalanced to some extent by residents from outside the trade catchment visiting stores as they visit the area.

Capture rates (i.e. the proportion of expenditure captured by the centre) have been adopted, considering the above factors. These market share assumptions are outlined in the following table and are indicative of the amount of trade that could be captured from each expenditure source. The rates applied for residents are rates indicated/influenced by Spendmapp data reviewed in Section 3.2. It is also important to remember that there are some retail businesses in the North Hobart suburb that are outside the study area. The capture rates applied reflect this.

Table 13: Retail capture rates by broad store type and trade segment

Broad retail category	North Hobart	Hobart LGA	Glenorchy LGA	Outside trade catchment
Supermarkets and grocery stores	5.0%	0.8%	1.0%	2.0%
Specialised food stores	8.0%	6.0%	8.0%	5.0%
Bulky goods stores	10.0%	3.0%	6.0%	20.0%
Department stores	-	-	-	-
Apparel stores	6.0%	-	6.0%	2.0%
Other non-food stores	20.0%	8.0%	8.0%	10.0%
Restaurants and fast food services	30.0%	10.0%	35.0%	35.0%
Personal services	10.0%	8.0%	10.0%	-
Total	**11.1%**	**3.6%**	**7.5%**	**-**

Source: HillPDA

4.6 Study area capture of retail spend

Applying the above capture rates, around 5% of total expenditure generated by residents in the main trade area could be captured by retailers in the study area. This leaves 95% of expenditure to be directed to other centres/stores surrounding the study area.

From the applied capture rates, it is estimated that retailers in the study area could potentially achieve total retail sales of around $90 million in 2023, increasing to $124 million by 2041 (measured in 2021 dollars). This represents an increase of around $34 million or 37% over the period.

Table 14: Potential capture of retail trade in the study area

Broad retail category	2023	2026	2031	2036	2041
Supermarkets and grocery stores	5.8	6.3	6.9	7.7	8.5
Specialised food stores	8.2	8.6	9.4	10.2	11.1
Bulky goods stores	12.3	13.0	14.0	15.1	16.4
Department stores	-	-	-	-	-
Apparel stores	2.0	2.1	2.3	2.4	2.5
Other non-food stores	16.7	17.8	19.3	21.1	22.9
Restaurants and fast food services	41.7	44.4	48.4	52.9	57.8
Personal services	3.7	3.9	4.2	4.6	5.0
Total	**90.4**	**96.2**	**104.5**	**114.0**	**124.1**

4.7 Retail floorspace demand

To determine the demand for retail floorspace, target turnover rates ($/sqm, otherwise known as Retail Turnover Densities (RTDs)) have been applied to projected expenditure captured in the study area across various broad retail categories. The RTD rate broadly represents industry averages.

By applying the above RTD and a 3% vacancy allowance, it is estimated that around 16,440sqm of retail space could be supported in the study area as of 2023. Supportable space increases to around 22,380sqm by 2041 – an increase of around 5,940qm or 36% over the 18-year period.

Table 15: Retail floorspace demand (sqm)

Broad retail category	RTD ($/sqm)	2023	2026	2031	2036	2041	Change
Supermarkets and grocery stores	10,000	583	627	692	767	847	264
Specialised food stores	9,000	907	957	1,036	1,128	1,223	316
Bulky goods stores	4,000	3,063	3,229	3,482	3,772	4,074	1,012
Department stores	3,500	0	0	0	0	0	0
Apparel stores	5,000	407	424	449	476	504	98
Other non-food stores	5,000	3,346	3,542	3,842	4,195	4,560	1,214
Restaurants and fast food services	6,200	6,720	7,140	7,781	8,506	9,283	2,562
Personal services	4,000	934	981	1,056	1,144	1,235	301
Total occupied space	5,663	15,959	16,901	18,336	19,987	21,726	5,767
Vacancy allowance		479	507	550	600	652	173
Total retail space		**16,438**	**17,408**	**18,886**	**20,587**	**22,378**	**5,940**

Source: HillPDA

4.8 Floorspace GAP assessment

Currently, there is an estimated 16,270sqm of retail floorspace provided in the study area. Our analysis suggests there is demand for around 16,335sqm. As such, the area is currently considered in equilibrium with demand. However, without any additional supply, the study area is forecast to have a deficit in supply of around 6,110sqm by 2041.

Most of this net demand (50%) would likely be in speciality food space and food services. This is reflective of the study areas status as a dining and entertainment destination. It is also likely that most of the bulky good space (which includes furniture, household and luxury goods space) would be accommodated within the study area's industrial zones.

Table 16: Study area retail floorspace GAP assessment

Broad retail category	Supply (sqm)	Demand (sqm)				GAP (supply minus demand (sqm)			
		2023	2031	2036	2041	2023	2031	2036	2041
Supermarket & Grocery Stores	525	583	692	767	847	-57	-166	-242	-322
Specialty foods and food services	7,499	7,627	8,816	9,634	10,506	-129	-1,318	-2,135	-3,007
Bulky Goods	3,252	3,063	3,482	3,772	4,074	189	-230	-520	-823
Clothing	722	400	449	476	504	322	273	246	218
Other Non-Food Specialties	3,673	3,276	3,842	4,195	4,560	397	-168	-521	-887
Selected Personal Services	598	917	1,056	1,144	1,235	-319	-458	-546	-637
Discount stores & dept stores	0	0	0	0	0	0	0	0	0
Vacant*	0	469	550	600	652	-469	-550	-600	-652
Total retail	**16,269**	**16,335**	**18,886**	**20,587**	**22,378**	**-66**	**-2,617**	**-4,317**	**-6,109**

Source: HillPDA, *3% vacancy allowance

It is noted that the study area, and the remaining North Hobart suburb, does not have a medium or large sized supermarket (say over 1,000sqm). This lack of supermarket provision is reflected in the high amount of resident expenditure that escapes the suburb. Providing a key anchor tenant, such as a supermarket, would increase the amount of spend that is retained in the suburb. This increased retention of spend and foot traffic would have additional benefits such as increased activation, vibrancy and viability of surrounding retail uses. For example, if North Hobart retained 75% of its resident supermarket expenditure and maintained the capture of trade from outside the suburb, a supermarket of around 1,500sqm could be supported in the study area in 2023, increasing to around 2,500-3,000sqm by 2041.

5.0 NON-RETAIL FLOORSPACE DEMAND

This section forecasts the demand for additional non-retail floorspace within the study area over the period to 2041. This is achieved, firstly, through projecting employment provided in the study area. The net growth in employment is then converted into floorspace requirements by applying industry standard average employment densities, that is, the amount of space required for a particular job type or industry.

5.1 Employment projections methodology

The steps undertaken to forecast employment within the study area were as follows:

- Analysed estimated employment provided in Hobart LGA between 2010/10 and 2021/22. This was sourced from Profile.id which provides employment data at the ANZSIC 1-digit level.
- Extrapolated employment over the next 19 years (to 2041) based on the previous 11-year trend.
- Cross checked employment growth against historic and projected population forecasts (provided by Profile.id) for Hobart LGA to ensure that the projections were reasonable.
- Estimated employment directed towards the study area based on the historic concentration of jobs within the area relative to wider LGA. This was undertaken using ABS journey to work data at the AZSIC 1-digit level.

5.2 Study area employment and non-retail floorspace projections

Based on the above method two growth scenarios were developed. From these, it was estimated that employment within Hobart LGA could reach between 85,365 and 90,995 jobs by 2041, representing an increase of between 18,700 to 24,330 jobs over the period.

Taking the mid-growth of the above growth scenarios, it is estimate that total employment within the study area could increase by around 612 jobs over the period to 2041. Applying industry standard employment densities, it is estimated that an additional 20,225sqm of occupied space would be required to support the net growth and types of jobs projected to be accommodated in the study area.

Of this total occupied space, it is estimated that:

- 4,870sqm or 24% is commercial/knowledge intensive space
- 2,700sqm or 13% is industrial/urban service related
- 12,650sqm or 63% is other employment space. Of this, the majority is related to education and medical space.

The table below provides a breakdown of the net growth in employment by individual industry types and their floorspace requirements.

Table 17: Study area net employment growth to 2041

Industry	Employment	Floorspace (sqm)
Agriculture, Forestry and Fishing	-6	-128
Mining		-
Manufacturing	12	951
Electricity, Gas, Water and Waste Services	-1	-135
Construction	115	2,520
Wholesale Trade	-9	-700
Accommodation*	20	1,086
Transport, Postal and Warehousing	4	383
Information Media and Telecommunications	6	122
Financial and Insurance Services	4	99
Rental, Hiring and Real Estate Services	2	55
Professional, Scientific and Technical Services	78	1,722
Administrative and Support Services	25	554
Public Administration and Safety	10	222
Education and Training	146	5,842
Health Care and Social Assistance	134	4,029
Arts and Recreation Services	24	979
Other Services	24	716
Repair and maintenance	22	1,776
Renting and hiring (except real estate)	1	132
Total	**612**	**20,224**

Source: HillPDA 2023, * excludes Airbnb

It is prudent to plan for some level of vacancy. Applying a 5% vacancy allowance it is estimated that an additional 24,158sqm of total non-retail employment space would be required in the study area.

Of this, total space, it is estimated that:

- 5,672sqm is commercial/knowledge intensive space, representing a 51% increase over the period.
- 3,920sqm is industrial/urban service related, representing an 18% increase over the period.
- 14,566sqm is other employment space, representing a 57% increase over the period.

Table 18: Non-retail employment floorspace summary

Land use	Current supply	Net occupied growth	Total demand 2041*	% increase
Commercial	11,136	4,871	16,808	51%
Industrial	21,693	2,701	25,614	18%
Other	25,613	12,652	40,179	57%
Total	**58,443**	**20,224**	**82,600**	**41%**

Source: HillPDA, *includes a 3-5% vacancy allowance

Disclaimer

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.
2. HillPDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). HillPDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.
3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which HillPDA was engaged to prepare the report, without the prior written approval of HillPDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform HillPDA who may, in its sole discretion and on specified terms, provide its consent.
4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by HillPDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. HillPDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, HillPDA does not present them as results that will actually be achieved. HillPDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report HillPDA has relied upon information concerning the subject property and/or proposed development provided by the Client and HillPDA has not independently verified this information except where noted in this report.
7. This report is expressly excluded from any reliance for mortgage finance purpose or any lending decisions. Furthermore, this report is not intended to be relied upon for any joint venture or acquisition / disposal decision unless specifically referred to in our written instructions.
8. HillPDA makes no representations or warranties of any kind, about the accuracy, reliability, completeness, suitability or fitness in relation to maps generated by HillPDA or contained within this report.

Liability limited by a scheme approved under the Professional Standards Legislation



SYDNEY

Level 3, 234 George Street
Sydney NSW 2000
GPO Box 2748 Sydney NSW 2001
t: +61 2 9252 8777
f: +61 2 9252 6077
e: sydney@hillpda.com

MELBOURNE

Suite 114, 838 Collins Street
Docklands VIC 3008
t: +61 3 9629 1842
f: +61 3 9629 6315
e: melbourne@hillpda.com

WWW.HILLPDA.COM