

**CONFIDENTIAL ITEMS 2003 – 17 September 2013**

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
80	2 Sept 2013	Future of Strategic Land Parcel & Associated Matters	<p>Pursuant to Section 90(3)(b) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Acting General Manager Council Services, General Manager Infrastructure and Projects, Minute Secretary and Senior Project Manager Development be excluded from attendance at the meeting for Agenda Item 16.1 Future of a Strategic Land Parcel and Related Matters.</p> <p>The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is:</p> <ul style="list-style-type: none"> <li>- conducting business;</li> <li>- proposing to conduct business; and</li> <li>- would prejudice the commercial position of the Council in that the information to be considered includes commercial and other financial information, the disclosure of which could prejudice the Council's</li> </ul>	Council report, related documents and all minutes	Until all of the parties in rec 5 have been briefed by Council officers.	<p>Section 91(7) Order Pursuant to Section 90 (3) (b) That having considered Agenda Item 16.1 Future of a Strategic Land Parcel and Related Matters in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the council report, related documents and all minutes be retained in confidence until all of the parties in recommendation 5 above have been briefed by Council officers.</p>			<p>Released 18/9/13</p> <p>On web 18/9/13</p>

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			commercial position during negotiations. In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations.						

**16. CONFIDENTIAL REPORTS**

**16.1 REPORT TITLE: CONFIDENTIAL ITEM: FUTURE OF A  
STRATEGIC LAND PARCEL AND RELATED  
MATTERS  
DATE OF MEETING: 2 SEPTEMBER 2013  
FILE NUMBER: 64/005/279**

Moved Councillor Westwood that Council:

1. Pursuant to Section 90(3)(b)

Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Acting General Manager Council Services, General Manager Infrastructure and Projects, Minute Secretary and Senior Project Manager Development be excluded from attendance at the meeting for Agenda Item 16.1 Future of a Strategic Land Parcel and Related Matters.

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is:

- conducting business;
- proposing to conduct business; and
- would prejudice the commercial position of the Council

in that the information to be considered includes commercial and other financial information, the disclosure of which could prejudice the Council's commercial position during negotiations.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations.

Seconded Councillor Corbell

**CARRIED**  
**OM20130902.11**

9.17pm

Moved Councillor Corbell

2. That a short term suspension of normal meeting proceedings occur to enable Council Members to discuss the issues and ensure that everyone has a clear understanding of them.

Seconded Councillor Westwood

CARRIED  
OM20130902.13

The Mayor with the approval of two thirds of the Members present suspended the meeting procedures pursuant to Regulation 21(1) of the Local Government (Procedures at Meetings) Regulations 2000.

9.43pm

Moved Councillor Corbell

3. that the short term suspension of normal meeting proceedings now conclude.

Seconded Councillor Westwood

CARRIED  
OM20130902.13

Moved Councillor Corbell that Council

4. Note the action taken by Council Officers to assess the securing of an option to purchase the property at 54 Old Princes Highway/Main Street Nairne (former Catholic Church) and determine not to pursue the acquisition of this property;
5. Authorise Council officers to brief the following key stakeholders on the resolutions of this meeting prior to the commencement of a community consultation process on the Nairne Retail Review Study:
  - a. the Management Committee of the Nairne Soldiers Memorial Hall;
  - b. the owners of the property at 54 Old Princes Highway/Main Street Nairne (former Catholic Church);
  - c. the owners of the two adjacent properties to the former Catholic Church shown in attachment 5;
  - d. representatives of the former Chapman's Factory site; and
  - e. representatives of the Maton Investments site to the west of the township;



6. Authorise community consultation on the Nairne Retail Review Study and the related additional work commissioned by Council (attachment 2) as soon as practicable following the briefing of all of the above key stakeholders;
7. Support the approach to the community consultation process as outlined in attachment 7 and including:
  - a. emphasis on community outcomes that are realistically achievable;
  - b. that from a commercial perspective the Study found that the location west of Nairne proposed by Maton Investments is preferred for retail development;
  - c. rezoning of the Maton land initiated by Council via a Nairne DPA would include a requirement that such retail development is to (in addition to meeting all of the normal development proposal requirements): (a) provide a solution for the congestion at the Nairne-Woodside Road/Old Princes Highway junction, including to cater for the traffic that the development would generate; and (b) provide an effective linkage (pedestrian and cyclist) from the development to Bythorne Park with both projects to be subject to detailed negotiation between Council and the developer/land owner; and
  - d. an objective for decision making occurring by Council before the end of 2013 as per the Program contained in attachment 6;
8. Note the intention that Council commission the preparation of a strategy for the future of the Nairne Main Street with a draft project brief and proposed consultation process to be the subject of a separate agenda item following the forthcoming community consultation process on the Nairne Retail Review Study and a recommendation from the Strategic Planning and Development Policy Committee;

Seconded Councillor Heath

CARRIED  
OM20130902.14

Moved Councillor Westwood

9. Section 91(7) Order

Pursuant to Section 90 (3) (b)

That having considered Agenda Item 16.1 Future of a Strategic Land Parcel and Related Matters in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the council report, related documents and

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all minutes be retained in confidence until all of the parties in recommendation 5 above have been briefed by Council officers.

Seconded Councillor Corbell

CARRIED  
*OM20130902.15*

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MEETING DECLARED CLOSED AT 10.11PM

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MAYOR

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DATE

CONFIDENTIAL

**16. CONFIDENTIAL REPORTS**

**16.1 REPORT TITLE: CONFIDENTIAL ITEM: FUTURE OF A STRATEGIC LAND PARCEL AND RELATED MATTERS**

**DATE OF MEETING: 2 SEPTEMBER 2013**

**FILE NUMBER: 64/005/279**

**Strategic Plan 2012-2017 Ref:**

Urban Growth

2.5 Finalise the Nairne Master Plan, identify priority projects and commence at least 2 of these projects

**Purpose:**

To seek authority to undertake community consultation on the Nairne Retail Review Study and brief specified key stakeholders prior to this.

**Summary – Key Issues:**

- The Nairne Retail Review Study has been completed.
- A briefing for specified key stakeholders prior to the Study being released for community consultation is proposed.
- Future arrangements for the Nairne Soldiers Memorial Hall are also proposed for discussion with the current Hall Management Committee.

**Recommendation:**

That Council:

**1. Pursuant to Section 90(3)(b)**

Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, General Manager Corporate Services, General Manager Council Services, General Manager Infrastructure and Projects, Minute Secretary and Senior Project Manager Development be excluded from attendance at the meeting for Agenda Item 16.1 Future of a Strategic Land Parcel and Related Matters.

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could

reasonably be expected to confer a commercial advantage on a person with whom the Council is:

- conducting business;
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- would prejudice the commercial position of the Council

in that the information to be considered includes commercial and other financial information, the disclosure of which could prejudice the Council's commercial position during negotiations.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations.

2. That a short term suspension of normal meeting proceedings occur to enable Council Members to discuss the issues and ensure that everyone has a clear understanding of them.

*{Please note: During a short term suspension of normal meeting proceedings no motion can be moved}*

3. That the short term suspension of normal meeting proceedings now conclude
4. Note the action taken by Council Officers to assess the securing of an option to purchase the property at 54 Old Princes Highway/Main Street Nairne (former Catholic Church) and determine not to pursue the acquisition of this property;
5. Authorise Council officers to brief the following key stakeholders on the resolutions of this meeting prior to the commencement of a community consultation process on the Nairne Retail Review Study:
  - o the Management Committee of the Nairne Soldiers Memorial Hall;
  - o the owners of the property at 54 Old Princes Highway/Main Street Nairne (former Catholic Church);
  - o the owners of the two adjacent properties to the former Catholic Church shown in attachment 5;

- representatives of the former Chapman's Factory site; and
  - representatives of the Maton Investments site to the west of the township;
6. Authorise community consultation on the Nairne Retail Review Study and the related additional work commissioned by Council (attachment 2) as soon as practicable following the briefing of all of the above key stakeholders;
7. Support the approach to the community consultation process as outlined in attachment 7 and including:
- emphasis on community outcomes that are realistically achievable;
  - that from a commercial perspective the Study found that the location west of Nairne proposed by Maton Investments is preferred for retail development;
  - rezoning of the Maton land initiated by Council via a Nairne DPA would include a requirement that such retail development is to (in addition to meeting all of the normal development proposal requirements): (a) provide a solution for the congestion at the Nairne-Woodside Road/Old Princes Highway junction, including to cater for the traffic that the development would generate; and (b) provide an effective linkage (pedestrian and cyclist) from the development to Bythorne Park with both projects to be subject to detailed negotiation between Council and the developer/land owner; and
  - an objective for decision making occurring by Council before the end of 2013 as per the Program contained in attachment 6;
8. Note the intention that Council commission the preparation of a strategy for the future of the Nairne Main Street with a draft project brief and proposed consultation process to be the subject of a separate agenda item following the forthcoming community consultation process on the Nairne Retail Review Study and a recommendation from the Strategic Planning and Development Policy Committee;
9. Section 91(7) Order

Pursuant to Section 90 (3) (b)

That having considered Agenda Item 16.1 Future of a Strategic Land Parcel and Related Matters in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section

91(7) of the Act orders that the council report, related documents and all minutes be retained in confidence until all of the parties in recommendation 5 above have been briefed by Council officers.

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**Background:**

1. The Nairne Township Master Plan (NTMP) was adopted by Council earlier this year.
2. A priority action was to undertake a Nairne Retail Review.
3. The brief for this study (attachment 1) was endorsed by the Strategic Planning and Development Policy Committee (SPDPC).
4. Mr Matthew Adcock, Director, Leedwell Strategic was retained to Project Manage the study.
5. Planning and Advisory in association with Premier Retail Marketing were appointed to undertake the study.
6. The consultants and Mr Adcock presented at a meeting of the SPDPC in March.
7. Subsequently an Informal Gathering for Council Members was held on 29 July 2013 with Mr Adcock and Council Officers presenting information.

**Discussion:**

**Proceedings**

8. Given the circumstances there is considered to be merit in the short term suspension of normal meeting proceedings to allow free flowing discussion of the issues. This will require a resolution that is supported by at least two thirds of the Council Members present. The short term suspension must cease before any motions are able to be moved, seconded and debated.

**Presentation by Council Officers at the Meeting**

9. It is proposed that if the meeting resolves to go into confidence to consider this item (as recommended) then once this occurs officers would provide a brief visual presentation to Council Members at the meeting prior to the discussion of the item. This would be to ensure clarity of understanding of the information.

Retail Review Findings and Extension of Brief

10. The retail study used a retail gravity model to determine the current and future retail demand for Nairne.
11. The retail gravity model is based on the number of households, household income and available retail within certain distances of Nairne. The retail study also projects and considers the future growth of Nairne as part of the retail gravity modelling.
12. The retail study identifies the amount of retail currently within Nairne and in the surrounding retail centres.
13. Two scenarios for additional floor space were modelled to determine the impact on the existing retail within Nairne and the region.
  - Scenario 1 – 3000sqm of food retail and 700sqm non-food retail (A typical Woolworths or Coles full line supermarket)
  - Scenario 2 – 1200sqm of food retail and 1400sqm of non-food retail (A moderate-large 'IGA' style supermarket)
14. The retail study identified that Nairne can support additional retail floor space.
15. The report recommends a retail strategy for Nairne with a maximum of 1200sqm food and 1400sqm of non-food retail in the short to medium term within the Main Street area. As a reference for food retail the Hahndorf IGA has a retail floor space of 630sqm and the Littlehampton Foodland has 1220sqm.
16. The retail strategy is proposed to supplement the service provision that currently occurs in Mount Barker.
17. The NTMP was a key consideration in the retail strategy recommended.
18. A primary objective of NTMP was the revitalisation and growth of the main street. This key objective was reinforced by the Council Members at a workshop at the initiation of this review.
19. The placement of a small supermarket into the main street would be the most impactful measure to achieve this outcome.
20. The adoption of this strategy for a maximum of 1200sqm food retail in the Main Street of Nairne would make it difficult to expand or increase the retail offering for Nairne to include a Woolworths/Coles type full line supermarket in the long term.

21. The study found that the potential development site (East), the old Chapman's Site, would most compliment the Main Street but is probably the least attractive location for a supermarket on purely commercial grounds.
22. The study found that the potential development site (West), the Maton Site, would be considered the most viable/optimal site from a commercial perspective but would have a significant impact on the Main Street retail.
23. A 1200sqm supermarket would require about 3000sqm of land to facilitate vehicular access and car parking. The retail report identified the potential difficulty in finding a suitable site within the Main Street area.

#### Extension of Initial Brief

24. Given the draft report recommendation for an additional 1200sqm food (supermarket) within the Main Street area an extension of the brief was undertaken to determine if it was physically possible to deliver this footprint within the Main Street area.
25. Council officers identified 3 potential sites which may be suitable for a 1200sqm supermarket and initial concepts were developed to determine what size of supermarket could potentially be delivered on these sites.
26. Of these 3 potential sites two (adjacent to Millie's Bakery and to the south of the Nairne Institute) were considered unsuitable due to size or access difficulties and one site (adjacent the Nairne Soldiers Memorial Hall) appeared to provide the most likely ability to deliver the supermarket.
27. Additional development of a concept layout for a supermarket and associated access and car parking was then undertaken by Folland Panozzo Architects.
28. Based on that concept layout a high level preliminary feasibility was undertaken by Property and Advisory. Additional detail on the main street site assembly and commercial consideration is discussed later in the report. Attachment 2 contains the concept plan for the main street site and Preliminary Feasibility Analysis of that concept.

#### Policy and Strategy Considerations

##### 29. Main Street Option:

- The current zoning in Nairne designates the Main Street area as a Neighbourhood Centre. The Policy allows for minor retail and service development catering for the day-to-day needs of residents. It is considered that the development of a supermarket



of the scale suitable for the community and the Main Street constraints would not require a Development Plan Amendment (DPA) to facilitate it.

- The Main Street of Nairne is also in a Historic Conservation Policy Area. This policy will need to be considered to ensure any proposed development assists in the conservation, enhancement and maintenance of the historic character and cultural significance of land, buildings and structures within the policy area.

30. Nairne West Option:

- The land west of Woodside Road is currently zoned Light Industrial and Rural Mount Barker (see attachment 8). Any proposed change to this zoning will require a DPA.
- Should a supermarket of the scale anticipated in the proposal for the Nairne West option be considered further, the Development Plan will need to be amended and could include a portion of this area to be zoned as "Neighbourhood Centre".
- Alternatively the land could be rezoned to be consistent with the recent MDPA rezoning and propose that this area be zoned "Residential Neighbourhood Zone" (but still retaining a greenbelt buffer area as per the resolution below). This policy allows for the establishment of a Neighbourhood Centre and also allows residential development consistent with the 2010 zoning to the south of Mount Barker. This form of zoning is consistent with more recent state planning policy library format.

31. The NTMP makes several recommendations which will require policy change to the Development Plan. This is anticipated to be considered in a Nairne Township Development Plan Amendment (Nairne DPA) as per the Council endorsed Strategic Directions Report. These issues include:

1. A review of the Main Street and Historic Conservation Policy Area to further support residential/mixed use outcomes to achieve vibrancy and excellent built form in the Main Street.
2. Review of Policy applicable to the Nairne East Site (former Chapman's Factory)
3. A review of the current township boundary to reinforce township separation to Mount Barker and Littlehampton. Please note: At the SPDPC meeting held on 12 November 2012 it was resolved to: *Re-affirm the need for a greenbelt buffer area to be maintained between the townships of Nairne and Blakiston/Littlehampton;*

32. Should the Nairne West Option for retail ultimately be dismissed by Council, issues with the current zoning of this area would still need to be addressed via a Nairne DPA although the priority may not be as high and would need to be considered against other policy amendment priorities in respect of Council resources allocation.
33. As the Study found that the Maton Site would be considered the most viable/optimal site from a commercial perspective but would have a significant impact on the Main Street retail, it is recommended that if this site is supported the rezoning of the Maton land initiated by Council via a Nairne DPA would include a requirement that such retail development is to (in addition to meeting all of the normal development proposal requirements): (a) provide a solution for the congestion at the Nairne-Woodside Road/Old Princes Highway junction, including to cater for the traffic that the development would generate; and (b) provide an effective linkage (pedestrian and cyclist) from the development to Bythorne Park with both projects to be subject to detailed negotiation between Council and the developer/land owner.
34. The report considered the merits and shortcomings of the location of new retail development against the key objectives. A Council workshop identified a number of key objectives that a retail strategy should provide for Nairne. A summary from the report of comments relating to the key objectives for the 3 possible development precincts for additional retail is included as attachment 4.

#### Transport Considerations

35. Retail development on the western side of Nairne would be required to demonstrate how the additional traffic generation could be managed and address the current traffic issues at the junction of Old Princess Highway/ Woodside Road.
36. State Government approval for a traffic solution would be required as access to the development site would be from and to the arterial roads, Old Princess Highway or Woodside Road or both with each being the responsibility of the State Government.
37. Land acquisition may be required to facilitate a traffic solution for the Old Princess Highway/ Woodside Road.
38. If a new 4 leg signalised intersection of Woodside Road/ Saleyard Road/ Old Princess Highway is the traffic solution then this is expected to be very expensive. This solution is advocated by traffic consultants Murray Young and Associates as part of a range of measures to address safety issues on North Road, Nairne that Council is currently consulting the community about.
39. The State Government is responsible for the junction of the Old Princess Highway/ Woodside Road but it can reasonably be expected

that a resolution of this issue is a long way off reaching sufficient priority to see any physical works. The developer of a retail facility and Council could both advocate to State Government for them to resource a solution or at least contribute to this. However there is no certainty at all that any State Government contribution would be forthcoming and therefore the responsibility needs to apply to the developer.

40. The Main Street has limited car parking and transport access north/south is also limited.
41. Traffic movement to and from the Main Street to potential sites had to be considered.
  - Leith Street provides reasonable access to a potential site but would require upgrading.
  - Leith Street and Junction Road Intersection provides a good connection to the North/South/East/West for collection and distribution of traffic from the Main Street.

#### Main Street Site Assembly and Commercial Considerations

42. The land next to the Nairne Soldiers Memorial Hall and adjoining properties was considered to have the best configuration and location to support a supermarket and a preliminary concept was prepared to test this. The concept confirmed that a 1200m<sup>2</sup> supermarket development was possible but only with site amalgamation with the adjoining former church property and land at the rear of two other privately owned properties (refer Attachment 5).
43. A Preliminary costing and feasibility confirmed that development of a 1,200m<sup>2</sup> supermarket would be only marginally viable in this location. A smaller sized supermarket could work better on this or other sites in the main street with the resulting reduced footprint and parking requirement.
44. The retail sector has suffered from low spending growth for some time; lending requirements have also been tightened for both developers and investors. For these reasons if a site was amalgamated there is no certainty that development would occur in any specific timeframe or at all.
45. The purpose of undertaking this viability study was to better understand whether a supermarket could be developed in the main street. However given the many other demands on Council's resources and the significant lack of certainty that any development would occur, stepping in to seek to amalgamate a site for potential retail development is not considered to be a preferred option.

Former Church Site and Council offer

46. The Council sought to secure and protect an interest in the former Church site in the Main Street as it was recently on the open market.
47. Council made an offer (through an intermediary) to secure an option to purchase the property.
48. This offer was not successful, please refer to attachment 9 for further information.
49. No further action is proposed.

Rear of Two Adjacent Properties

50. The possible retail site would require access to the rear of two adjacent properties (as shown in attachment 5). These two properties are owned by K and G C Verma of Mount Barker.
51. No contact has been made as yet with the land owner.

Nairne Soldiers Memorial Hall

52. The Nairne Soldiers Memorial Hall is owned by the Nairne Soldiers Memorial Hall Inc. (a not for profit entity)
53. Under the Constitution of this incorporated body, Council is designated to assume temporary control to manage the asset if the entity becomes defunct. If after winding up of the entity any surplus assets remain, they shall be distributed to Council.
54. Council support for the Hall has been very modest in recent years comprising rates rebates and some community grants for a total contribution of just under \$14,000 since and including 2009.
55. There is a good potential for the Soldiers Memorial Hall to play a greater role in the community life in Nairne. The building, site and location is very well suited to redevelopment into a 'Community Centre' that provides space for community services, programs and events, and could include office accommodation for a staff presence such as a part-time coordinator.
56. With a future population estimated to be over 6,000 and 18% growth anticipated during the next decade, the town and its surrounding catchment area is large enough to justify a neighbourhood level community facility of this scale. This is consistent with directions in the relevant reports and plans including the NTMP, the draft Structure Plan for Mount Barker, Littlehampton and Nairne, the Social Infrastructure Impacts of the MDPA report and the Community Facilities Needs Analysis.

57. The main hall is understood to be sound, but in need of some repair and maintenance. There is a rear addition (including the current kitchen) that is likely to need replacement. There has also been an addition at the front that includes accessible toilets. The front extension obscures a heritage façade that could be restored. There are toilets and a storage shed used by the Nairne Lions Club at the rear of the site, and an open area for car parking.
58. In order to function as a Community Centre, the building would need some investment. There is potential to partially fund these improvements through a Separate Rate (recreation, sport and community infrastructure) for the Nairne urban growth area established by the MDPA.
59. Officers have also been investigating other possible projects for a Nairne MDPA separate rate – for sport in liaison with the Nairne Oval Committee and for recreation a potential linear trail from the Main Street to Bythorne Park. This would be the subject of a stand-alone Council meeting agenda item in the future, seeking authority to undertake community consultation on a proposed Nairne MDPA land separate rate for recreation, sport and community infrastructure to generate funds to contribute to (not fully fund) these projects.
60. The current governing committee for the Hall have previously expressed to Council staff that they are interested in negotiating a transfer of the Hall to Council to manage for community benefit. Many of the current committee members are elderly and finding the ongoing responsibility to be onerous.
61. There is capacity in Nairne to establish a new governance model, potentially inclusive of the Nairne Institute Committee. It is also worth noting that the Mount Barker Community Centre has recognised Nairne as an area of need for community programs, and has started offering some its programs in various Nairne venues, on an outreach basis.
62. From a community perspective it would be far better that Council inherit an asset that is not in poor condition rather than risk the prospect of inheriting a liability much later.
63. No contact has been made as yet with the Hall committee regarding the above.

#### Need for a Main Street Strategy

64. It is considered that there is an opportunity for Council to implement a Main Street Strategy. This could include aspects such as;
  - A proactive strategy to encourage a more coordinated Main Street Business Association (eg: Business Mount Barker Model – and a potential separate rate)

- Public Realm Improvements (PLEC undergrounding of Powerline and Landscape Treatment)
- Establish a working group (including Community/Business and Council Reps) with the objective to developing a clear direction and "identity for Nairne" expanding upon and implementing the objectives of the NTMP.
- There are key issues that need to be considered in Main Street activation and revitalisation. Attachment 10 'What Makes a Mainstreet Work' and has been provided by Mr David West (Premier Retail Marketing) an authority in this area.

#### Summary of Key Objectives (not in any particular order)

- **Retail** – determine if Nairne is to have significant new retail development and if so, where that should be located.
- **Economic** - generation of new employment opportunities within the town through the provision of new retail development and the reinvigoration of the Main Street.
- **Transport** – resolution of the peak hour congestion at the Nairne-Woodside Road/Old Princes Highway junction.
- **Community** – upgrading of the Nairne Soldiers Memorial Hall to transition the building to a community centre accommodating a wide variety of services and user groups.
- **Social** – developers (residential and retail) to be responsible for funding contributions to achieve the capital upgrading of the Nairne Soldiers Memorial Hall and the resolution of the peak hour congestion at the Nairne-Woodside Road/Old Princes Highway junction.

#### Role of SPDPC and role of Council

65. It is proposed that the Strategic Planning and Development Policy Committee (SPDPC) provide recommendations to Council post the community consultation process and in relation to the preparation of a Nairne Main Street Strategy.

#### Community Engagement:

Please refer attachment 7.

#### Policy:

Refer above.

#### Budget:

The Nairne Retail Review cost was \$16,000.

The additional work architect, quantity surveyor and commercial assessment cost \$4,500.

The cost of the Project Manager was \$4,840.

There is no budget for property acquisition or the preparation of a Nairne Main Street Strategy.

The cost of the community consultation process does have budget provision.

**Statutory/Legal:**

A DPA for Nairne will need to be prepared in accordance with the requirements of the Development Act.

**Disclosure**

Brian Clancey, General Manager Infrastructure and Projects has made a disclosure to the Chief Executive Officer that as shown in his Ordinary Return, a person related to him is an investor in Woolworths (his wife owns some shares). Council decision making on this matter is expected to impact on Maton Investments. As such it could be argued/perceived that Brian Clancey has an interest in this matter. Pursuant to the Local Government Act 1999 Brian Clancey has formally disclosed this interest and the Chief Executive Officer has determined that Brian Clancey can act in this matter with this disclosure.

**Staff Resource Requirements:**

This process has been somewhat resource intensive.

Further Council resources will be required over a period of time to pursue the direction ultimately determined by Council.

**Environmental:**

Given the nature of the historical use, the former Chapman's site may have some contamination issues that could impact on future land use options.

**Social:**

Maintenance and creation of employment opportunities in Nairne is a consideration.

If a supermarket (of any scale) wasn't built in Nairne it would mean local residents continuing to rely on travelling to nearby Littlehampton and/or Mount Barker.

**Risk Assessment:**

Council doesn't make a decision in a timely manner and in the absence of providing clear direction, no new retail development proceeds and the Maton site is developed as per the current zoning.

Council may or may not be able to successfully achieve the required Main Street land parcel assembly but the process could well consume considerable time and resources.

The Main Street land parcel assembly could occur but be at a cost that makes the retail development concept unviable commercially.

If Council pursued the Main Street land parcel assembly option and purchased the former Church site but subsequently the retail development does not eventuate, there would be a potential loss to Council on the resale of the property.

The Main Street option may never eventuate and all of the eggs have been placed in the one basket regarding the desired return to vibrancy of the Main Street.

The West site is supported but the development never eventuates due to the external project obligations attached to it.

The West site is supported, the developer proposes a transport solution for the Old Princes Highway/Woodside Road but nothing happens as the State Government does not approve the project.

The West site proceeds but has a significant detrimental effect on the Main Street e.g. the Post Office relocates to the West site.

The former Chapman's site remains as is rather than has new uses.

**Asset Management:**

Not applicable.

**Conclusion:**

It is now timely to brief the key stakeholders and consult the community to enable decision making by Council pre Christmas 2013.

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**Key Contacts**

David Collins, Senior Project Manager - Development

**Sponsor of Project**

Brian Clancey

General Manager, Infrastructure & Projects



**Attachments**

1. Nairne Retail Review Study Brief
2. Nairne Retail Study Plus Additional Work
3. Location Plan
4. Options in tabular form with pros and cons
5. Aerial showing Hall and former Church land site and adjacent land
6. Target program for decision making by council
7. Proposed approach to community consultation
8. Current Zoning – Western site option
9. Former Church Property
10. 'What Makes a Mainstreet Work'

CONFIDENTIAL

## Extract from Nairne Retail Study Tender - Brief

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### SECTION C – PROJECT BRIEF

The District Council of Mt Barker is seeking pragmatic independent advice regarding the strategic direction of future retail facilities at Nairne, South Australia.

#### Background and Overview

As an overarching strategy, Council has expressed a strong desire to retain Nairne as a defined township and as a unique community which maintains its individual identity. Principally, this means that Nairne will not become physically engulfed as a part of the greater urban regional centre of Mt Barker.

Nairne is however part of, and linked to, a wider Adelaide Hills community (essentially a series of unique townships) which establishes a hierarchy of functions across business, employment, education, transport, sport and recreation, community services, health etc. Many of the higher order functions are (and will be) established at Mt Barker with the ultimate level of services in Adelaide and in some cases Murray Bridge and other key centres.

In respect of Nairne, Council is seeking to ensure that the population has access to a reasonable level of modern and up to date services that support the local community in Nairne itself - and strong links to higher level services in other locations.

In 2010, the State Government approved the Ministerial Development Plan Amendment (MDPA) and in respect of Nairne has rezoned 45 hectares of land south west of the township to accommodate additional residential development.

The population of Nairne is currently approximately 4,000 people and is expected to increase to approximately 6,000 people pursuant to the MDPa capacity and infill development. The timing of this growth is difficult to predict (and subject to market demand and viable infrastructure provision principally) however it is expected that this will occur progressively over the next 10-20 years.

In addition, Nairne will be influenced by other key drivers including a proposed new interchange to the South Eastern Freeway at Bald Hills Road and therefore much enhanced accessibility to Adelaide and other employment centres for local residents. In addition, the interchange is expected to become a central focus of local, state and national transport connecting Onkaparinga Valley townships (Woodside, Lobethal, Birdwood etc) and links to the Barossa and other areas which would then connect via Woodside Road through Nairne. The timing of this interchange is not yet known.

Catering for the needs of the current residents, future population growth and wider structural changes presents a broad range of issues requiring well considered strategic planning. Council maintains a facilitation role to consult, consider and direct the strategic planning process in this respect.

In 2011, Council prepared a draft Structure Plan for Mount Barker, Littlehampton and Nairne and has also initiated a Section 30 Review in accordance with the Development

### Extract from Nairne Retail Study Tender - Brief

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Act. These actions, together with the rezoning of land by the State Government, identified a number of strategic matters that are likely to have a significant impact upon the Nairne township.

Between October 2011 and March 2012, Council undertook a comprehensive community engagement process which identified many key issues and areas of community interest as raised by a wide range of stakeholders. This information was used to assist the development of a draft master plan for Nairne.

As a critical step in this strategic planning process, in July 2012, Council released the Draft Nairne Township Master Plan (**NTMP**). This Draft NTMP provides a platform for the consideration of key drivers, issues and potential directions for Nairne.

One of the fundamental issues of course is the scale, viability, timeliness, location, function, impact (positively and negatively) of retail and other business services which serve the town of Nairne (and potentially much wider demand). Council had received very preliminary advice that the population of the township could support a level of retail services that are currently not available. The location of such services was not defined in that advice and the NTMP suggests that there is a need to better understand the dynamics of such an activity and the form that this should take particularly given that the NTMP recognises the current Main Street as being an essential economic development focus for the township into the future.

Feedback from the Draft NTMP consultation has been completed and considered by Council. Council is buoyed by the level of response and quality of comments and submissions.

As anticipated, the fundamental issue of business development (most pertinently the future retail facilities strategy) was a (if not the) most significantly addressed matter – and presents a range of competing commercial persuasions from key land owners and responses from the community by individuals, existing business in the Main Street and representative organisations.

The overwhelming issue is the debate over what retail is required/desired, where is it best located, when it will occur, guarantees it will occur and critically the impact (positively and negatively) on the existing Main Street core service functions.

The next step in the process will be the initiation of a Nairne Township Development Plan Amendment (**DPA**) process which will formalise the zoning/land use and underpin Nairne's future.

This Nairne Retail Facilities Strategy Direction sought by Council (**this Project**) is critical to Council's further consideration prior to commencing such a DPA.

Based on the outcome of the Project and Council's consideration of same, further community and stakeholder consultation is to be undertaken regarding recommended retail facilities policy directions in Nairne.

## Extract from Nairne Retail Study Tender - Brief

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### **A Fundamental Issue - Future Retail Facilities Strategy Directions**

The Draft NTMP defines a broad range of action items – identified prior to the consultation and enhanced by the feedback from same.

Council recognises the requirement to ultimately prepare a comprehensive Economic Development Strategy for Nairne which will embrace a wide range of employment generation, infrastructure, strategic partnerships, funding options and strategic projects. Retail is clearly one of the fundamental elements.

Council also identifies however that the issue of a lead policy on strategic retail facilities direction is extremely timely, required for certainty for developers, community, government and others and presents short, medium and long term implications for both Council itself, other levels of Government and stakeholders.

The Study Area is defined by the Draft NTMP.

Specifically from the Draft NTMP, the following priority actions relate to this Project:-

#### Business Core - Action 1 and 2

*Obtain further independent specialist economic development advice to understand economic drivers of the township and surrounding area (both locally and regionally).*

*Determine the potential for (as part of specialist economic development advice) support for improved retail shopping (including retail supermarket) and other commercial and business services within the Main Street.*

#### Business Redevelopment – Action 2

*Obtain independent specialist retail analysis and advice in relation to the location of retail supermarket facilities for Nairne – and when and where appropriate, initiate zoning amendments to accommodate change. The analysis is also to provide information on Main Street economic development potential and impacts which ultimately influence zoning policy to ensure the Main Street remains a focus for the Nairne community.*

Council wishes to fast track these Actions.

### **Background Documents**

The following are available and may assist Tenderers in understanding the key issues and drivers:-

1. Draft Nairne Township Master Plan,
2. Draft NTMP Consultation Feedback Report,
3. Section 30 Review (Mt Barker, Littlehampton and Nairne).

## Extract from Nairne Retail Study Tender - Brief

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### **Project Requirements**

Council is seeking an experienced advisor to provide considered strategic advice to assist in its deliberations and decisions regarding the optimal retail facilities policy direction for Nairne.

This advice is expected to demonstrate:-

1. An understanding of the functions, social structure and economic drivers of the township and surrounding area of Nairne,
2. A retail trade area analysis (high level only) taking into account local and wider trade area drivers to establish the fundamentals of demand and floor space provision (based on forecast population levels,
3. Most critically, the interpretation of fundamental retail development principles (commercial viability drivers, modern retail principles, retail hierarchy, competition dynamics, access and exposure, trade area critical mass, development timing triggers, investment hurdles, infrastructure implications/requirements etc) as it applies to Nairne,
4. A clear definition of Goals and Objectives for the retail facilities direction in Nairne specifically addressing stakeholder and community desires and commercial/economic principles,
5. Identification of physical Options for key retail facilities within Nairne (Main Street and peripheral areas),
6. Comparative analysis of Options and their ability to meet the Goals and Objectives,
7. Clear direction and recommendation for Council regarding best option(s) for the delivery of retail services in Nairne based on sound and defensible logic.

Council is not seeking concept plans of proposed retail development (other than to broadly illustrate the locality of key facilities, their mix and their ability to address required access, floor plates and retail viability principles).

This Project is primarily a commercial matter, not an urban design process.

Direct consultation with stakeholders (land owners, businesses or members of the community or Council Members) is not required as part of this Project. Council seeks an independent assessment.

As a guide, Council is not seeking a detailed retail trade area analysis as the quantum of such retail floor space is generally known.

**Council seeks the focus of the Project to provide an interpretation of the key issues and drivers and define a recommendation on the best retail structure to serve Nairne having considered all identifiable options, competing interests and other pertinent factors.**

## Extract from Nairne Retail Study Tender - Brief

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For clarity, Council is not seeking a verbose and detailed report – it is seeking a considered strategic directions response which provides Council with clear and defensible best solution(s) for retail policy in Nairne that can itself be consulted (as a stand-alone document) with stakeholders and the community.

### **Proponent Competency**

Council expects that the Proponent will demonstrate a strong competency in retail centres/facilities development (commercial focus), Main Street development/management and centres planning. Experience in dealing with small country townships and their unique requirements would also be an advantage.

### **Budget**

As a guide, Council expects the Project budget to be in the order of \$15,000 (plus GST). Tenderers should use this indicative budget as a guide only and Council is open to alternative budget bids by Tenderers where supported by a methodology demonstrating a value for cost proposition.

Should Council require presentations and other additional tasks, these will be facilitated on an hourly rate basis.

### **Timing**

Proposals are due by no later than 5.00pm on Tuesday 5 February 2013 and should be lodged at Council Tender Box as more pertinently detailed on the Tender Form.

Council proposes to award the Project to the successful Proponent on 8 February 2013.

Although subject to the Proponent's work plan, Council expects that the task should be completed in draft form in a 4 week time frame with finalisation of the final strategy by week 6 following internal review by Council.

### **Submission Requirements**

Tenderers should provide the following in their submission:-

1. Demonstration of an understanding of the task and unique issues and drivers facing Nairne,
2. A methodology of approach to the Project,
3. Details of the experience of the Proponent (or consortia) and nominated lead personnel and proposed involvement/input of such key parties,
4. Proposed program / work plan,
5. Fixed professional fee and hourly rate for additional services,
6. Ability to comply with Council's standard terms contained in its professional services agreement (provided with this RFT),
7. Details of professional indemnity and public liability insurance must be provided.

Tenderers should limit their submission to 10 pages (plus attachments as necessary).

## Extract from Nairne Retail Study Tender - Brief

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### **Conflicts of Interest**

Council recognises that an expert advisor (or consortium) with a sound knowledge of retail development principles, main street development/management principles and other skill areas sought by this Project will be active in the marketplace and currently act for a broad range of clients with actual or potential interests in the region.

In their submission, Tenderers should identify any such potential or perceived conflicts of interest and these will be duly considered by Council on a confidential basis.

Council considers that a conflict of interest will arise with parties currently engaged (or with a view to being engaged) by owners/developers or potential owners/developers of land and/or businesses which are located in the actual study area and in this regard it would be inappropriate for such parties to be involved in a leadership role in this Project.

### **Project Leader and Assisting Advisor**

The Project Leader is:-

Brian Clancey  
General Manager, Infrastructure and Projects  
District Council of Mt Barker  
Direct Line: 08 8391 7218  
Switchboard: 08 8391 7200  
Facsimile: 08 8391 7299  
Email: [bclancey@dcmtbarker.sa.gov.au](mailto:bclancey@dcmtbarker.sa.gov.au)

The project is assisted by:-

Leedwell Strategic  
Matthew Adcock, Director  
General Line: 08 8212 8880  
Mobile: 0408 126 015  
Email: [matthew.adcock@leedwell.com.au](mailto:matthew.adcock@leedwell.com.au)

Tenderers should contact Mr Adcock at Leedwell Strategic in the first instance.

## Attachment 2.1 to Item 16.1



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17 July 2013

Mr Brian Clancey  
General Manager Infrastructure & Projects  
District Council of Mount Barker  
6 Dutton Road  
PO Box 54  
MOUNT BARKER SA 5251

Dear Sir,

**Preliminary Feasibility Analysis  
Proposed Supermarket, Main Street, Nairne**

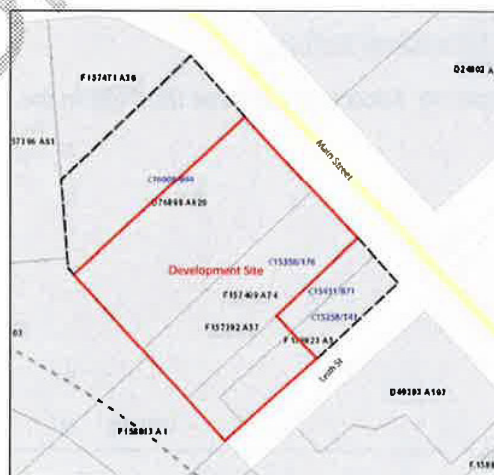
Thank you for your instructions to provide preliminary feasibility advice in respect of the above proposal. We have based our assessment on the scheme described in correspondence dated 15 July 2013 from Folland Panozzo Architects, as outlined below.

This plan is, in turn, a second iteration which incorporates a number of design changes brought on in order to improve the unfavourable commercial outcome which quickly became evident from the initial scheme.

As per our instructions, this letter provides a high level 'first pass' at the question of the feasibility of the revised scheme, completed in a short time frame as a desk top exercise – *and the results are qualified accordingly*. Its purpose is to ascertain whether a development such as is contemplated, *on the land and in the location under consideration*, is commercially plausible. If warranted by the findings of this first pass, a more comprehensive review of the proposal may be commissioned by Council.

**Location and Site**

The site of the proposal is an L-shaped parcel on Main Road at Nairne, with additional frontage to Leith Street. The area of the site is approximately 3,000 square metres, presently straddling four existing titles, as illustrated in the plan below.







Our assumptions in relation to the aggregation of these parcels are:-

- Lot 620 in Deposited Plan 76898 (CT 6008/894) – comprises the site of the Memorial Hall and owned by Nairne Soldiers Memorial Hall Inc. We assume that the eastern side of this site is available for inclusion in the project, with the Hall retained 'as is' and with compensation to include the construction, at project expense, of a car park for 10 vehicles in the Hall's rear yard, together with a sealed access driveway;
- Lot 74 in Filed Plan 157409 (CT 5358/176) – presently a disused church that has been on the market for some time. Our calculations assume that this property is purchased into the project, with the heritage-listed church building being remodelled and upgraded for a retail use, and the balance (rear) of the land contributing to the supermarket site; and
- Lot 57 in Filed Plan 157392 (CT 5431/871) and Lot 5 in Filed Plan 139823 (CT 5258/141) – presently two restaurants facing Main Street. It has been assumed that the rear yards of these two titles could be purchased, with a registered Land Management Agreement giving the remnant properties certain rights over an agreed number of new car parks created on the land by the new development. It is noted that the land in question is not currently used, with restaurant patrons parking in Main Street.

#### Proposed Supermarket

Our review of feasibility is based on the aforementioned Folland Panozzo sketch, which is included at Attachment A. The principal features of the development are:-

- a 1,040 sqm supermarket, oriented towards the east and with a wide frontage to Main Street;
- a total of 60 car parks, sited to the side and rear of the supermarket and accessed from Leith Street; and
- the incorporation of the old church into the scheme, including a small plaza between the church and the supermarket to provide ambience and for pedestrian circulation.

Comments on the scheme as it is drawn are provided below.

#### Feasibility Inputs

##### Site Aggregation

A very thin market exists for properties within the Nairne Neighbourhood Centre zone, both in terms of the number of properties offered and the time required to secure a sale. Since July 2009 there have been four transactions, and one of these was a re-sale of the same property. A similar tale is told by sales in comparable Adelaide Hills towns.

It is also noted that in markets of this nature, the experience of a party trying to sell an existing holding and a party approaching landholders to consolidate a site can be widely divergent. In the former case, a property can sit unsold for months, even years, whilst in the latter case a price well above this otherwise stagnant market is often the best that can be achieved.

That factor aside, our analysis of local and Neighbourhood Centre zoned sales generally indicates that the value of land in this zone should range between \$250/sqm (for poorly located or large sites) and \$700/sqm for very small site areas in the most highly regarded locations. On this basis:-

- as regards the Hall land, the area attributable to the proposal is approximately 1,900 square metres. For the purpose of determining an appropriate opportunity cost to the land, we have estimated its value at the low end of this range, say \$250 - \$300 per square metre, and have utilised a figure of \$500,000 (or \$265 per sqm) in our analysis. Additional land at the rear of the hall would be utilised as a car park, however it is assumed that this confers a concurrent



benefit on the hall (a sealed parking area) and rights could be secured via a land management agreement;

- the church site, of 1,160 sqm with a building of 226 sqm, has recently been on the market for some time at an asking price of \$350,000 – \$400,000 (or \$300 - \$340 per sqm of site area) and we have adopted the low point of this range in our analysis; and
- as regards the rear yards of Lots 5 and 57, we have utilised a rate of \$250 per sqm, plus the cost of making good the fencing and a Land Management Agreement over the rear land. The estimated cost of the land component is \$150,000 for approximately 610 square metres.

In total therefore, we have allowed for a land cost of say \$1,000,000. As against a site area of 3,670 sqm, this equates to \$272 per sqm.

#### Gross Realisation

On first examination, we estimate that the completed supermarket could attract a long term rental of \$260 per square metre, or around \$270,000 per annum net (i.e. with the lessee paying all outgoings). This is noted to be at the upper end of the likely range, as generally needs to be the case if new development is to be made viable. With rent from the refurbished church added in, this figure increases to say \$330,000.

Recent sales indicate an appropriate capitalisation rate of +/-7.5% for small scale retail properties such as this, with a new lease (say, 10 + 5 years) to a well-regarded head tenant. This suggests a gross realisation of +/- \$4.5 mill, depending on the chosen rate.

#### Development Costs

Chris Sale Consulting has undertaken a first pass review of the likely cost of the proposed development. This review has been undertaken on a rate per sqm basis and is issued subject to a more considered review in due course. It provides an early estimate based on limited information.

On this basis, and as shown at Attachment B, the estimated cost of the scheme as drawn is \$3.6 mill, including construction costs, builder's preliminaries, external site works and services connections (of over \$1 mill), professional fees and contingencies, but excluding GST, escalation to start date and any works beyond the perimeter of the site (including the reconstruction of Leith Street). We have also allowed a nominal \$50,000 for refurbishment works to the Church.

#### Feasibility Review

##### Profit/(Loss) Analysis

As against the preceding figures:-

- the on-completion value of the scheme as drawn is a little over \$4.5 mill;
- the development cost is approximately \$3.6 mill (excluding interest), plus land at \$1 mill; and, therefore
- the *prima facie* profit/(loss) to the developer is (\$0.9 mill).

In other words, at first look, a viable scheme is not shown – although this is not unusual of itself for an early design iteration and feasibility review, and noting that this second iteration represents an improvement to the bottom line of over \$2 mill as compared to the result using the initial design.

To this end, and to put this result in some context, it is also noted that:-

- the plans are for a 1,040 sqm supermarket, with this size being driven by site capacity and a desire for a simple design and construction solution – and is slightly below the floor plate size



contemplated by recent work for modelling purposes. This configuration is not set in stone and a different solution, including to the amount of specialty floorspace provided, may produce a different (and hopefully better) result; and

- the cost estimate from Chris Sale Consulting includes provisioning for a wide range of external works, at an all-up cost of over \$1.0 mill. Given the modest scale of the development, there may well be considerable cost savings available, but proving or disproving this will require more detailed investigation into the true nature of all these factors.

#### Hypothetical Development Approach

We have also considered the proposed development on a "hypothetical development" basis, whereby the costs of development, including commercial developer's profit, are deducted from the on-completion value to ascertain the price that the scheme can "afford" to pay for land. We have considered the base case and an 'optimistic' case for the scheme as drawn, with the resultant worksheets included at Attachment C.

The base case analysis shows that, at the preceding costs and values and assuming a profit & risk factor of 15% and a capitalization rate of 7.25%, an initial surplus of around \$150,000 is derived. However, after allowing for site acquisition costs of \$1 mill, a shortfall to the order of \$850,000 is evident. As above, the immediate conclusion is that, as drawn and costed, the scheme is not feasible on a stand-alone commercial basis.

As against this, a more optimistic assessment – including some reduction in the cost of external works – produces an on-completion value of just over \$5 mill and a construction surplus and, after allowing for land acquisition, indicates a nominal shortfall (of around \$20,000). At this level of confidence, a feasible scheme can at least be said to be plausible.

As against both of these outcomes, a different result altogether may be revealed if a different approach is taken to site aggregation and, for example, rent is paid for some portion(s) of the land in lieu of outright purchase – to the extent that it is in Council's power to achieve such an outcome, and that it finds market acceptance. Combined with a more, rather than a less optimistic set of inputs, modelling of such an approach does produce a feasible scheme.

#### Sensitivity

It follows from the preceding overview that the feasibility analysis of schemes such as this is highly sensitive to a number of input variables, including the specification of the scheme itself (including the size of the supermarket and the approach to parking), rental rates, the profit & risk factor, land purchase cost, construction costs and the capitalization rate applied to the income stream from the completed development.

Observation of variations in the results achieved by the hypothetical analysis in particular indicate a variation of around \$200 per sqm in the range of land values revealed (for the scheme as drawn, and against an underlying value of \$270 per sqm), pointing to the need for further refinement of both the scheme and the resultant cost plan before any conclusive findings can be drawn.

On this subject, it is suggested that the price of the church land should actually be less than indicated above, given the extended period for which it has been on the market.

Further confidence is also required on the rates used on rental side of the equation, given that the analysis leans to the upper end of the range and that the whole exercise is particularly sensitive to this very fundamental issue.

This more detailed work is however beyond the scope of our current instructions.



### Conclusion and Close

Preliminary investigation indicates that, in order for a feasible scheme to be demonstrated, it is likely that some degree of innovation in the method of site assembly will need to be facilitated by Council. This could take the form of:-

- utilisation of the Soldiers Memorial Hall land for a 'higher' community support purposes, potentially via a ground lease to facilitate an integrated development;
- Council controlling the central (former church) site and incorporating this into such ground lease; and/or
- the rear of the two properties adjoining Leith Street being utilised as part of an integrated scheme under some form of Land Management Agreement, which did not require their outright purchase.

It is noted that on a purely commercial basis, it is not currently possible to conclusively demonstrate a feasible scheme which covers both the expected fair market value of the land and a commercial profit margin – and, indeed, there is a risk that such a scheme cannot be realized in the commercial marketplace. It is fair to say however that, with further refinement and a little imagination as regards site consolidation, arriving at a feasible scheme is a plausible outcome.

Further, in all the circumstances and particularly given the importance of the underlying issues to the future of the Nairne Town Centre, it is also fair to say that this aspect of the scheme warrants further investigation, whether by Council or by a preferred developer..

In closing, we trust that this advice is sufficient for your present purposes and thank you for your instructions.

In accordance with our normal practice, we confirm that this advice has been prepared for purposes of informing future decision making by **District Council of Mount Barker**. Property & Advisory accepts no responsibility for any statements in this report other than for the stated purpose.

Further, while the report addresses the question of values, it does not purport to present a valuation of the properties and should not be read as doing so. Further still, it should be noted that the assessments of value which are provided are current at the date of this report, but may change significantly and unexpectedly over a relatively short period of time, including as a result of general market movements and/or factors specific to the particular properties.

Lastly, we note that this advice is confidential to **District Council of Mount Barker**. No responsibility is accepted to any third party and neither the whole of this report nor any part or reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

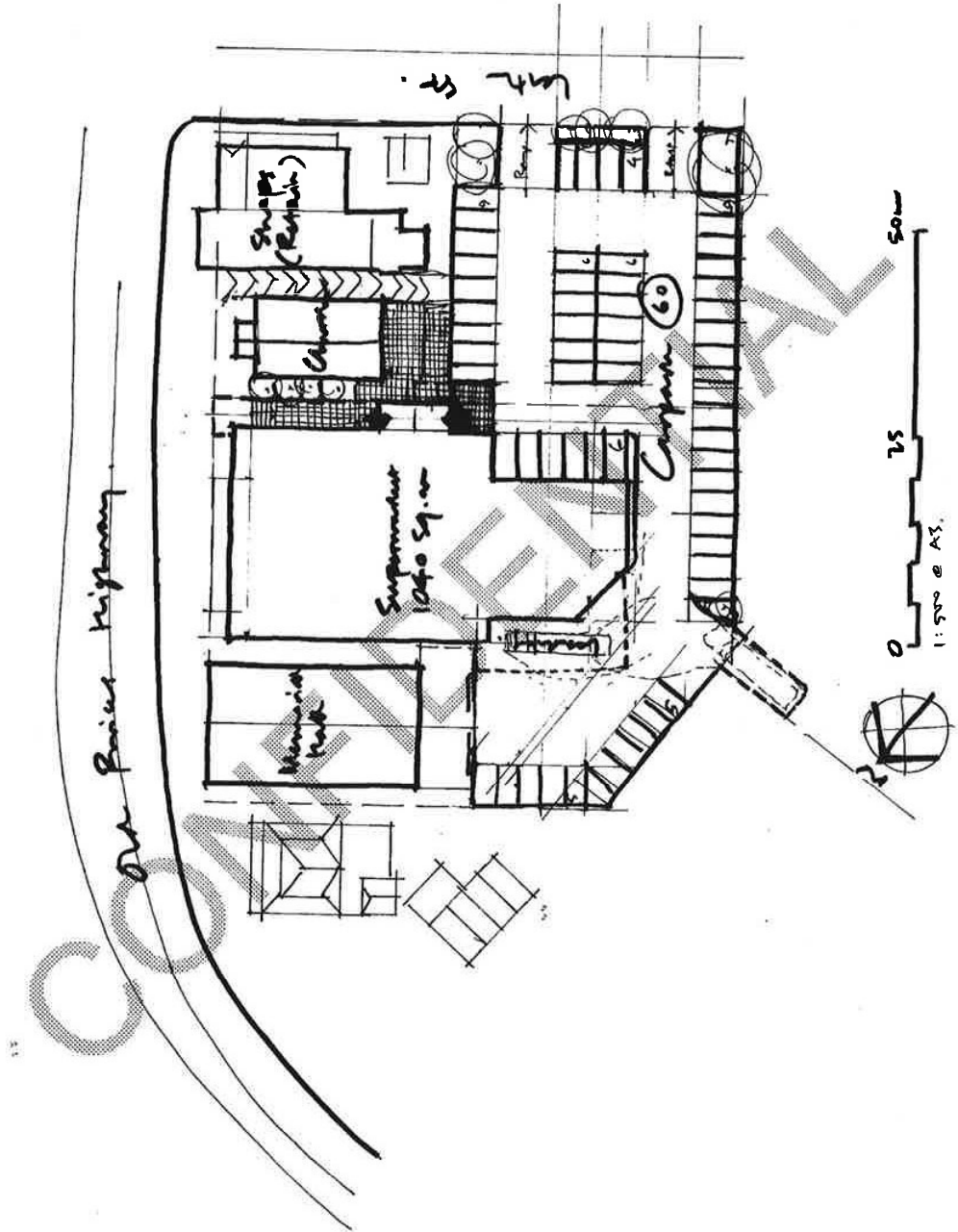
Yours faithfully  
**PROPERTY & ADVISORY**

A handwritten signature in blue ink, appearing to read "Andrew Lucas".

Andrew Lucas  
Senior Consultant

cc: Matthew Adcock – Leedwell Strategic  
Encl

Attachment A







Attachment B

CHRIS SALE CONSULTING PTY LTD

**Nairne Supermarket**  
**Revised Scheme - Carpark on Grade**  
 High Level Opinion of Cost Estimate - July 13

- A Project Description:**  
 This High Level Opinion of Cost Estimate is for proposed Nairne supermarket development and is based on Folland Panozzo Architect email received on 16 July 13
- B The following items have been specifically included in our estimate:**  
 (x) Traditional tender  
 (x) Builders preliminaries and associated overheads, margin, contingencies, professional fees  
 (x) PC allowance for new transformer / external power supply upgrade  
 (x) Services estimate (cost to be verified/confirmed by services engineer)  
 (x) PC allowance of \$175,000 for cut and fill (cost to be verified during design development)  
 (x) Minimal allowance of \$35,000 for landscape
- C The following items have been specifically excluded in our estimate costing:**  
 (x) GST  
 (x) Demolition, soil contamination removal/remediation and reinstatement costs  
 (x) Loose furniture, fittings and equipment  
 (x) Acceleration costs  
 (x) Bank fees, interest charges, holding costs  
 (x) Legal costs, marketing costs  
 (x) Land and financing costs  
 (x) Works outside site boundary  
 (x) Special footings  
 (x) Latent conditions such as rock excavation, ground water etc  
 (x) Dewatering  
 (x) Items to achieve Green Star or energy efficiency items  
 (x) Work to existing Church, shops and hall  
 (x) Supermarket fitout  
 (x) Demolition of significant trees  
 (x) Travelator  
 (x) Fire booster  
 (x) Roof over the covered plaza
- Due to the early stages of the project and limited information, our costings are indicative only and should be treated as high level opinion of cost estimate. These costings can be analysed further during the design development stage.

DESCRIPTION	Quantity	Unit	Rate	Total
<b>BUILDING</b>				
Standard single storey shell construction	1040	m <sup>2</sup>	\$1,650	\$1,716,000
<b>SUB-TOTAL OF BUILDINGS (excluding GST)</b>				<b>\$1,716,000</b>
<b>CARPARKS</b>				
60 Carparks on Grade	2215	m <sup>2</sup>	\$150	\$333,000
<b>SUBTOTAL OF CARPARK (excluding GST)</b>				<b>\$333,000</b>
<b>EXTERNAL WORKS (PC allowances, to be confirmed during design development)</b>				
Allowance for tree removal	1	Item	\$20,000	\$20,000
Site Preparation	3600	m <sup>2</sup>	\$25	\$90,000
PC allowance for cut and fill	1	Item	\$175,000	\$175,000
Roads, Footpaths and Paved Areas	1	Item	\$67,000	\$67,000
Boundary Walls, Fencing and Gates	1	Item	\$150,000	\$150,000
Minimal allowance for landscaping and improvements	1	Item	\$30,000	\$30,000
External Stormwater	1	Item	\$150,000	\$150,000
External Sewer Drainage	1	Item	\$50,000	\$50,000
External Fire Protection	1	Item	\$50,000	\$50,000
External Electric Light and Power	1	Item	\$100,000	\$100,000
PC allowance for SA Power Network fees and charges	1	Item	\$150,000	\$150,000
<b>SUBTOTAL OF EXTERNAL WORKS (excluding GST)</b>				<b>\$1,032,000</b>
<b>TOTAL OF BUILDING, CARPARK AND EXTERNAL WORKS (excluding GST)</b>				<b>\$3,081,000</b>
Contingencies (5%)				\$155,000
Professional Fees (10%)				\$324,000
<b>TOTAL PROJECT COST (excluding GST)</b>				<b>\$3,560,000</b>
<b>Anticipated Range</b>				<b>\$3.4m to \$3.75m</b>

Attachment C

**Property & Advisory Pty Ltd**  
**Hypothetical Development Spreadsheet**

Property:	Main Street, Nairne	Base Case
Scenario:	Supermarket	
Client:	DC Mount Barker	
Date:	10-Jul-13	
File Reference:	PA1704.1	

ASSUMPTIONS		CALCULATIONS	
Supermarket Area (sqm)	1,040	Gross Realisation	\$4,557,000
Assessed Rent per sqm	\$260	Less:	
Supermarket Rent (\$pa)	\$270,400	GST Liability	\$0
Church Area (sqm)	200	Selling costs/commission	\$68,355
Assessed Rent per sqm	\$300	Legal Fees	\$22,785
Church Rent (\$pa)	\$60,000		\$91,140
TOTAL RENT	\$330,400		\$4,465,860
Capitalisation rate	7.25%	Less:	
Selling Commission	1.50%	Profit & Risk	\$582,503
Legal fees	0.50%		\$3,883,357
Profit & Risk	15.00%	Less:	
Construction costs	\$1,716,000	Development Costs	
Parking	60 spaces	- construction cost	\$1,716,000
	\$5,550 per space	- carpark	\$333,000
External works	\$1,032,000	- church refurbishment	\$50,000
Professional fees	10.00%	- external works	\$1,032,000
Contingency	5.00%	- contingency	\$155,000
Development Period	8 months	- professional fees	\$324,000
Selling Period	3 months		\$3,610,000
Interest charge	7.50% per annum		\$273,357
	0.60% per month	Less:	
Stamp duty on purchase	2.50%	Interest on Development Costs	(for 5.5 months) \$120,022
Site Area	3,670 sqm		\$153,335
		Less:	
		Interest on Land	(for 8 months) \$7,073
			\$146,262
		Less:	
		Stamp Duty on Purchase	\$3,567
			\$142,694
		Affordable Land Value	\$39 psm \$143,000
		Market Land Value	\$272 psm \$1,000,000
		Surplus/(Shortfall)	-\$234 psm (\$857,000)

**Property & Advisory Pty Ltd**  
**Hypothetical Development Spreadsheet**

Property:	Main Street, Nairne	Optimistic Case
Scenario:	Supermarket	
Client:	DC Mount Barker	
Date :	10-Jul-13	
File Reference :	PA1704.1	

**ASSUMPTIONS**

Supermarket Area (sqm)	1,040
Assessed Rent per sqm	\$280
Supermarket Rent (\$pa)	\$291,200
Church Area (sqm)	200
Assessed Rent per sqm	\$325
Church Rent (\$pa)	\$65,000
TOTAL RENT	\$356,200
Capitalisation rate	7.00%
Selling Commission	1.50%
Legal fees	0.50%
Profit & Risk	10.00%
Construction costs	\$1,716,000
Parking	60 spaces
	\$5,550 per space
External works	\$832,000
Professional fees	10.00%
Contingency	5.00%
Development Period	8 months
Selling Period	3 months
Interest charge	7.50% per annum 0.60% per month
Stamp duty on purchase	2.50%
Site Area	3,670 sqm

**CALCULATIONS**

Gross Realisation		\$5,089,000
Less :		
GST Liability		\$0
Selling costs/commission		\$76,335
Legal Fees		\$25,445
		\$101,780
		\$4,987,220
Less :		
Profit & Risk		\$453,384
		\$4,533,836
Less :		
Development Costs		
- construction cost		\$1,716,000
- carpark		\$333,000
- church refurbishment		\$50,000
- external works		\$832,000
- contingency		\$146,550
- professional fees		\$293,100
		\$3,370,650
		\$1,163,186
Less :		
Interest on Development Costs	(for 5.5 months)	\$112,064
		\$1,051,122
Less :		
Interest on Land	(for 8 months)	\$48,487
		\$1,002,635
Less :		
Stamp Duty on Purchase		\$24,455
		\$978,181
Affordable Land Value	\$266 psm	\$978,000
Market Land Value	\$272 psm	\$1,000,000
Surplus/(Shortfall)	-\$6 psm	(\$22,000)



Attachment 2.2 to Item 16.1

## NAIRNE RETAIL REVIEW

Mount Barker Council



PREPARED BY:  
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Senior Consultant

VERIFIED BY:  
Geoff Hayter  
Managing Director

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Level 2 | 74 Pirie Street  
Adelaide SA 5000

PA1704 | R0144 | July 2013

PROPERTY & ADVISORY



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## 1.0 INTRODUCTION

The District Council of Mount Barker has identified a need to re-assess the current status of Nairne's retail offering in light of strategic matters affecting the town.

Formerly on the main road from Adelaide to Murray Bridge and beyond, Nairne was bypassed by the South Eastern Freeway in the 1970s. It now forms part of the broader Adelaide Hills urban area that includes nearby both the major town of Mount Barker and the settlement of Littlehampton, with additional towns to the north along Onkaparinga Valley but only very minor populations to the east along Old Princes Highway.

A Town Masterplan for Nairne has been completed and endorsed, consequent on which Council now seeks to address the retail sector of the township – both as regards scale and configuration. Via this plan, Council has expressed a strong desire to retain a separate identity for Nairne and, at the same time, to ensure that its population has access to a reasonable level of modern and up to date services that support the local community.

The Masterplan has been developed within the context of the 2010 Ministerial Development Plan Amendment which rezoned land south west of the township to accommodate additional residential development. The population of Nairne is currently just over 4,000 people and is expected to increase to approximately 6,000 people over the next 10-20 years.

In addition, Nairne will be influenced by other key drivers including a proposed new interchange to the South Eastern Freeway at Bald Hills Road, which would provide enhanced accessibility to Adelaide for Nairne residents as well as Onkaparinga Valley townships via Woodside Road through Nairne. The timing of this interchange is not yet known.

As regards the specific retail environment, a number of matters are likely to have significant impact upon the Nairne township. These include, but are not limited to, proposals for the introduction of a retail supermarket, the aforementioned urban growth environment and associated development, the need to attend to traffic and transport issues, urban design and main street design.

In 2012, Council undertook considerable community engagement on the future directions for Nairne. A principal theme of responses was the issue of business development including, most pertinently, the future retail facilities strategy. The overwhelming issue was the debate over what retail is required/desired, where is it best located, when it will occur, guarantees it will occur and, critically, the effects (positive and negative) on the vitality and viability of the existing Main Street.

Accordingly, Property & Advisory is instructed to prepare a Retail Facilities Strategy for Nairne, covering:-

- the functions, social structure and economic drivers of the township and surrounding area of Nairne;
- a high level retail trade area analysis, taking into account local and wider trade area drivers to establish the fundamentals of demand and floor space provision (based on forecast population levels);
- the interpretation of fundamental retail development principles (commercial viability drivers, modern retail principles, retail hierarchy, competition dynamics, access and exposure, trade



- area, critical mass, development timing triggers, investment hurdles, infrastructure implications/requirements etc.) as they apply to Nairne;
- clear definition of Goals and Objectives for the planning of retail facilities in Nairne, specifically addressing stakeholder and community desires and commercial/economic principles;
- identification of physical options for key retail facilities within Nairne (Main Street and peripheral areas);
- comparative analysis of options and their ability to meet the Goals and Objectives; and
- provision of clear direction and recommendation for Council regarding best option(s) for the delivery of retail services in Nairne based on sound and defensible logic.

This report has been prepared by Geoff Hayter and Andrew Lucas of Property & Advisory Pty Ltd, with additional input from David West of Premier Retail Marketing. In accordance with our normal practice, we confirm that this report has been prepared for purposes of informing future decision making by the **District Council of Mount Barker**. Property & Advisory accepts no responsibility for any statements in this report other than for the stated purpose.

The advice it provides is confidential to the District Council of Mount Barker. No responsibility is accepted to any third party and neither the whole of this report nor any part or reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.



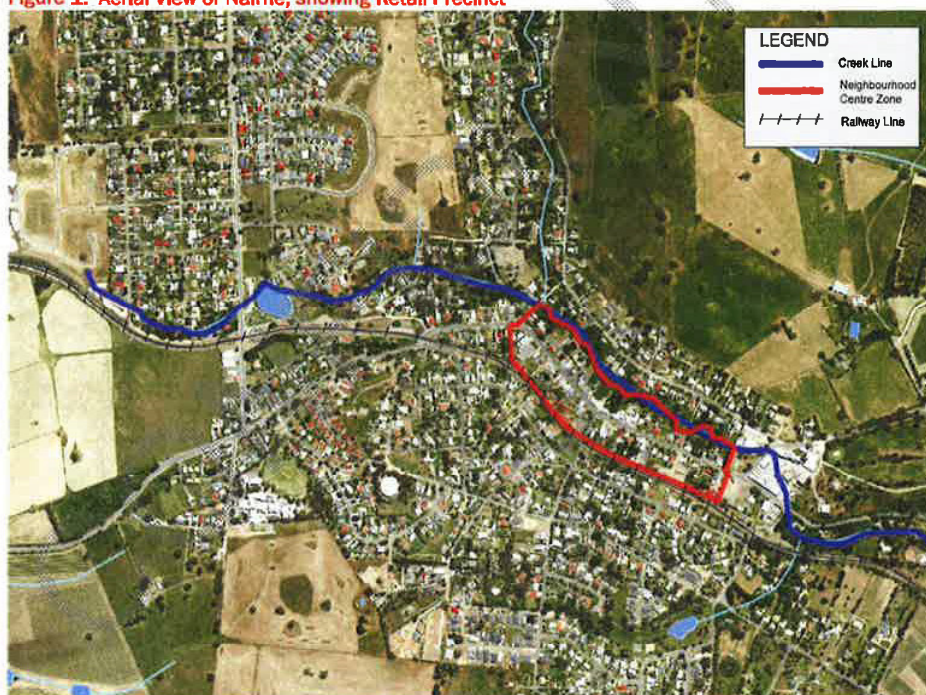
## 2.0 SITUATION ANALYSIS

### 2.1 RETAIL DEVELOPMENT IN NAIRNE

Nairne is a local service township in the Adelaide Hills, some 8 kilometres north-east of the major regional centre of Mount Barker and 38 kilometres from Adelaide. At the 2011 census, a population of 10,242 people resided within a five kilometre radius of Nairne. Of these, 8,772 live north of the Freeway and 4,203 live in Nairne township.

Retail development in Nairne is predominantly contained within its Neighbourhood Centre zone, as delineated in the appended Maps MtB30 and 31, extracted from the Mount Barker Council Development Plan. The Neighbourhood Centre zone is bounded by a watercourse to the north and the Adelaide-Melbourne railway line to the south, creating a narrow band centred on the town's main street, with no room to expand north or south. An aerial view of the township is shown at Figure 1 below, highlighting the location of the current retail precinct.

Figure 1: Aerial View of Nairne, showing Retail Precinct



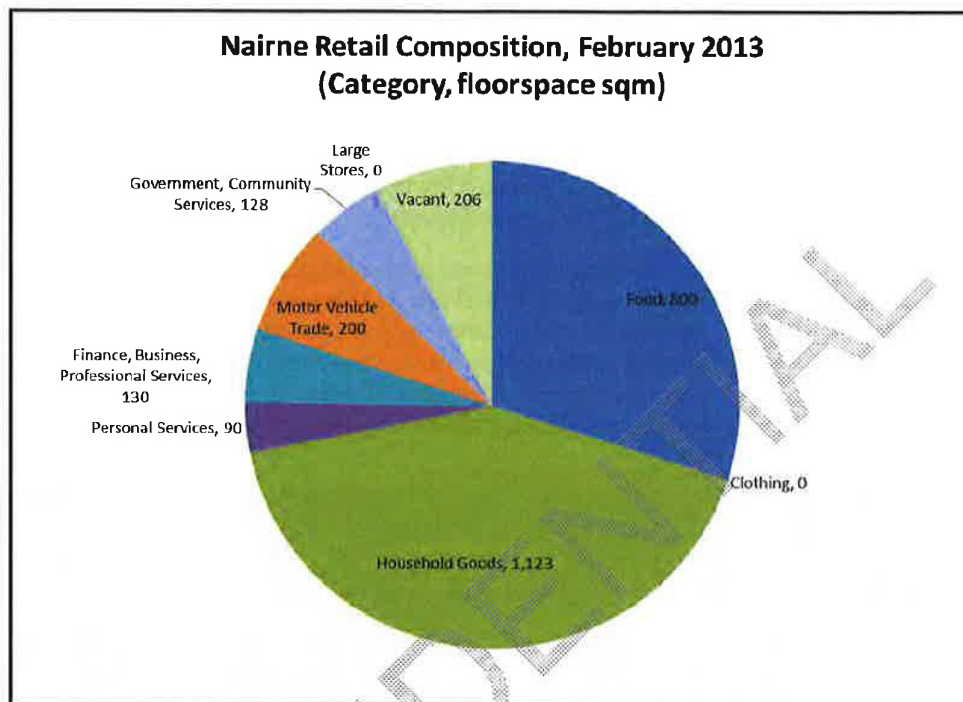
Source: DENR, Property & Advisory

Property & Advisory undertook an audit of retail development in Nairne in February 2013. This indicates that the township contains a total of 2,677 square metres of retail space, the composition of which is illustrated at Figure 2.





Figure 2: Nairne Retail Composition, February 2013



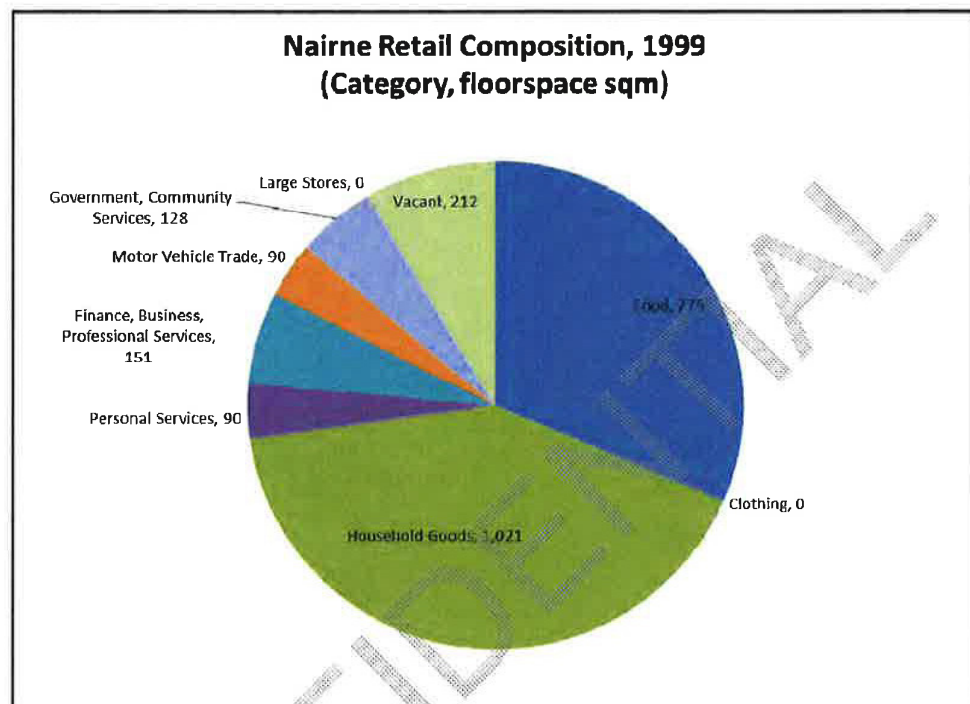
Source: 2007 Adelaide Retail Database (Planning SA, 2008), Property & Advisory

As shown, 'household goods' are by far the largest category of retailing in Nairne. This category includes antiques, books, chemist items, computers, hardware, newsagent items, sporting goods & etc. The next largest category is food (including restaurants and take-away shops). It is also noted that there are no shops in the 'clothing' category and no large stores (greater than 1,500 square metres). The 'Government & Community Services' category comprises the Post Office only.

By contrast, Figure 3 shows Nairne's retail composition at the time of the 1999 Adelaide Retail Database.



Figure 3: Nairne Retail Composition, 1999



Source: 1999 Adelaide Retail Database (Planning SA, 1999).

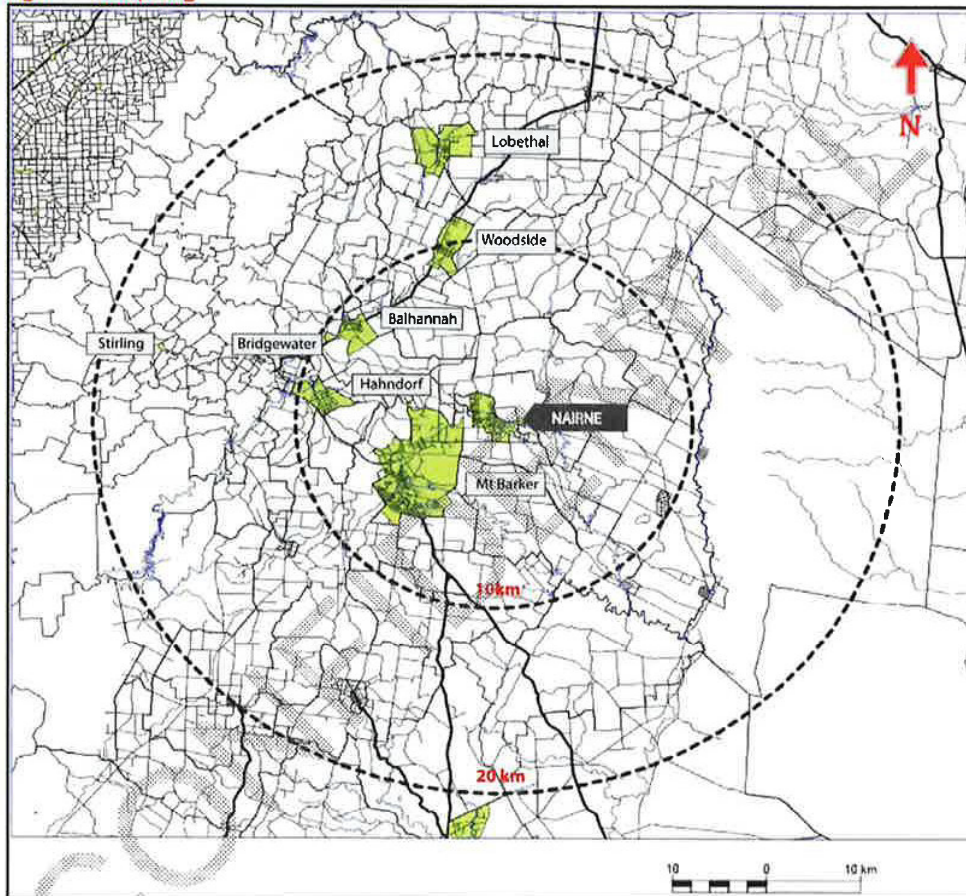
As shown, the total floorspace at this time was 2,467sqm, just over 200 sqm less than it is now. Further, the town's retail make-up remains almost identical to what it was 14 years ago, with the biggest change being a doubling of the space utilized by the motor vehicle trade. The vacancy level has subsided slightly since 1999, but remains over 7.5%.



## 2.2 COMPETING RETAIL CENTRES

Retail centres around Nairne, as identified in the 2007 Adelaide Retail Database (Planning SA 2008), are shown at Figure 4.

Figure 4: Competing Retail Centres



Source: DPTI, Property & Advisory

As shown, the closest competing centres are the Mount Barker Urban Area, Littlehampton, Hahndorf and Balhannah. The former serves as a regional centre, while the latter two serve more as local service townships, albeit that each has a quite difference character – in particular Hahndorf, which is a significant tourist and day-tripper destination.





Table 1 identifies four retail centres within a 10 kilometre radius of Nairne and Table 2 those between 10 and 20 kilometres distant:

**Table 1: Competing Retail Centres within 10km Radius of Nairne**

Centre Code	Centre Name	Zoning	Food m2	Nonfood m2	Total m2
<b>455002</b>	<b>NAIRNE URBAN AREA</b>	<b>Nce</b>	<b>382</b>	<b>2,121</b>	<b>2,503</b>
455001	MT BARKER URBAN AREA	Rtce	16,982	63,913	80,895
455004	LITTLEHAMPTON URBAN AREA	Nce	2,859	718	3,577
532002	BALHANNAH URBAN AREA	CT(B&O)	825	398	1,223
455003	HAHNDORF URBAN AREA	HT(1)	4,448	8,877	13,325
532001	WOODSIDE URBAN CENTRE	Nce	2,549	4,382	6,931
<b>Totals</b>			<b>27,663</b>	<b>78,288</b>	<b>105,951</b>

Source: 2007 Adelaide Retail Database (Planning SA, 2008), Property & Advisory

As shown, Nairne currently ranks as one of the smallest of these centres, being slightly larger than Balhannah, slightly smaller than Littlehampton and much smaller than all other centres. At close to 81,000 sqm, Mt Barker is noted to be the third largest retail centre in Adelaide

**Table 2: Competing Retail Centres between 10 – 20 km Radius of Nairne**

Centre Code	Centre Name	Zoning	Food m2	Nonfood m2	Total m2
161003	WOODS HILL ROAD/RIDGE ROAD, ASHTON	W(PP)	-	410	410
161002	MAIN ROAD,URADLA	CT(S&U)	186	618	804
161001	GREENHILL ROAD,SUMMERTOWN	CT(S&U)	434	498	932
735004	MAIN STREET/COX PLACE CRAFTERS	Lce(C)	469	328	797
735001	MT BARKER ROAD, STIRLING	Dce	8,026	6,893	14,919
735005	MT BARKER ROAD/PINE STREET STIRLING	CL	419	113	532
735003	MT BARKER RD,BRIDGewater	Nce(B)	3,497	568	4,065
735006	JIBILLA CENTRE MT BARKER RD, ALDGATE	Nce(A)	-	325	325
735002	MT BARKER ROAD, ALDGATE	LC	1,433	2,179	3,612
532003	LOBETHAL URBAN AREA	CT(L)	4,143	6,625	10,768
<b>Totals</b>			<b>18,607</b>	<b>18,557</b>	<b>37,164</b>

Source: 2007 Adelaide Retail Database (Planning SA, 2008), Property & Advisory

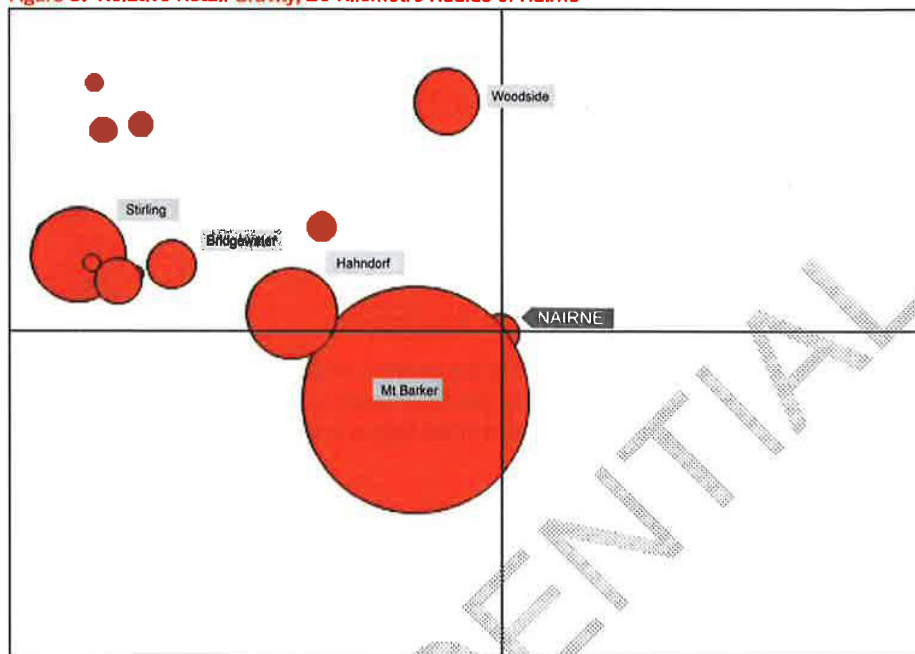
As shown, Stirling and Lobethal are the principal centres in this 10Km to 20Km radius.

Overall, competitive townships within a 20 kilometre radius are shown to accommodate some 46,270 sqm of food and 96,845 sqm of non-food retail floorspace, totalling 143,115 sqm. The region is dominated by Mount Barker, some 8km south-east of Nairne, with 92,293 sqm of retail floorspace [says 81,000sqm in table 1]. Recognizing Hahndorf's tourism focus, the other nearest major retail centre is Stirling, approximately 23 kilometres to the west along the South Eastern Freeway, with two major supermarkets and a well-patronised main street.

Figure 5 illustrates Nairne's retail environment graphically.



**Figure 5: Relative Retail Gravity, 20 Kilometre Radius of Nairne**



Source: 2007 Adelaide Retail Database (Planning SA, 2008), Property & Advisory

It shows quite starkly how the retail landscape in the region is dominated by Mount Barker, with other significant retail development dotted along the South Eastern Freeway to the west. The only other centre of note is Woodside, to the north of Nairne. Beyond this, there is no major development – either townships or retailing – for a large distance in an arc from the north-east to south-east of Nairne. The closest centre in this direction is Murray Bridge, some 42 kilometres due east (and thus outside the map in Figure 6). In terms of the flow of trade, Nairne residents are likely to initially gravitate to Mt Barker, and then make the trip to Adelaide for higher order goods that they cannot obtain locally.

### 2.3 THE RETAIL CATCHMENT

Table 3 shows key socio-economic characteristics for the population of the Nairne township, Mount Barker Urban Area, and surrounding areas within a 10 kilometre radius, together with comparable figures for the State of South Australia.



Table 3: 2006 Key Socio-Economic Indicators for Nairne and surrounds, and SA, plus 2011 Data for Nairne

Characteristics	Nairne Township (2011)	Nairne Township (2006)	Mt Barker Urban Area (2006)	10 km Radius (2006)	SA (2006)
Average per capita income	\$33,228 (median)	\$26,594	\$25,343	\$25,573	\$22,954
Average household size	2.7	2.7	2.6	2.6	2.4
Number of households	1,584	1,252	4,563	8,825	583,991
Population (2006)	N/A	3,472	12,483	24,718	1,514,191
Projected population (2011) <sup>1</sup>	4,417 (actual)	3,897	14,011	27,310	1,565,523
Projected population (2016) <sup>1</sup>	N/A	4,096	14,727	28,777	1,606,096
Projected population (2021) <sup>1</sup>	N/A	4,409	15,849	30,837	1,643,638
<b>Age Distribution</b>					
0-14 years	24.5%	25.5%	23.3%	22.3%	18.6%
15-24 years	12.9%	12.1%	13.7%	13.2%	13.3%
25-39 years	16.3%	24.8%	21.1%	20.1%	19.4%
40-59 years	27.5%	26.9%	27.0%	28.4%	28.3%
60 years+	12.7%	10.6%	15.0%	16.1%	20.6%
Average Age	34 (median)	33.5	34.9	36.8	39.4
Dependency Ratio	37.2%	36.2%	38.3%	38.4%	39.2%
<b>Housing Status</b>					
Owner/purchaser	76.1%	76.5%	68.3%	73.8%	69.5%
Renter	21.7%	20.4%	28.7%	22.9%	26.2%
<b>Labour Force</b>					
Managers	11.3%	10.0%	12.3%	13.7%	13.4%
Professionals	17.1%	17.0%	16.5%	17.3%	18.4%
Technicians & trades workers	16.7%	17.0%	14.9%	15.3%	14.1%
Community & personal service workers	11.4%	10.9%	10.3%	10.3%	9.4%
Clerical & administrative workers	14.9%	13.6%	15.6%	14.4%	14.5%
Sales workers	9.5%	9.0%	10.6%	9.9%	9.6%
Machinery operators & drivers	6.3%	7.5%	5.7%	5.6%	6.4%
Labourers	10.8%	14.4%	12.7%	12.1%	12.5%
% unemployed	3.6%	3.7%	3.9%	3.7%	5.2%
<b>Birthplace</b>					
Australian	84.3%	82.0%	81.8%	81.2%	74.0%
Asia	1.1%	0.6%	0.8%	0.7%	2.8%
Europe	9.5%	11.0%	10.0%	10.2%	12.8%
Other	2.8%	2.9%	2.6%	2.8%	4.7%
<b>Motor vehicles/household</b>					
0	3.2%	2.2%	7.3%	5.1%	9.6%
1	30.6%	31.9%	35.2%	32.2%	37.4%
2	45.8%	46.2%	39.9%	41.4%	35.1%
3	14.4%	13.0%	10.5%	13.0%	10.1%
4 or more	6.0%	4.6%	4.7%	5.9%	4.5%
Journey to work by car	92.5%	86.0%	82.7%	80.7%	78.4%
<b>Household income quintiles</b>					
1st quintile	0.0%	0.0%	15.7%	8.8%	20.0%
2nd quintile	0.0%	0.0%	10.6%	5.5%	20.0%
3rd quintile	17.3%	31.6%	18.0%	23.6%	20.0%
4th quintile	82.7%	68.4%	35.5%	39.8%	20.0%
5th quintile	0.0%	0.0%	20.2%	22.3%	20.0%
<b>Household retail expenditure<sup>2</sup></b>					
Food	\$21,554,000	\$17,368,000	\$61,171,000	\$125,638,000	\$7,273,337,000
Non-food	\$24,155,000	\$19,187,000	\$66,399,000	\$137,469,000	\$7,722,460,000
Total retail expenditure	\$45,709,000	\$36,555,000	\$127,570,000	\$263,107,000	\$14,995,797,000
<b>Retail expenditure/household pa<sup>2</sup></b>					
Food	\$13,607	\$13,872	\$13,406	\$14,237	\$12,455
Non-food	\$15,249	\$15,325	\$14,552	\$15,577	\$13,224
Total retail expenditure	\$28,857	\$29,197	\$27,957	\$29,814	\$25,678

Sources: <sup>1</sup> 2011 Census (ABS, 2012), 2006 Census (ABS, 2007); <sup>2</sup> Population projections by SLA (Planning SA, 2011); <sup>3</sup> 2003-04 Household Expenditure Survey (ABS, 2005)



As shown, Nairne township may be characterised by:-

- a higher per capita income than Mount Barker, the surrounding rural area and SA as a whole, with household incomes concentrated in the higher quintiles;
- a relatively young population, and a particularly low proportion of persons in the 60+ age group;
- an average household size which is larger than the comparisons;
- a high percentage of owner/purchasers and a low percentage of renters;
- low unemployment;
- a high proportion of Australian-born persons;
- relatively high car ownership; and
- higher total retail expenditure per household than both Mount Barker and SA as a whole, but slightly lower than the surrounding rural area.

A comparison between the 2006 Census data and the 2011 Census data generally exhibits consistent ratios. It may be noted that the town's population at the 2011 census already exceeds the estimated population for 2021, however the latter is a pro-rata projection from larger Statistical Local Area DPTI forecasts and subject to some variation as a result.

### 2.3.1 Household Retail Expenditure

Research undertaken by Alistair Tuttle Pty Ltd in 1996, for the South Australian Government, demonstrated that retail expenditure and, hence, demand for retail floorspace, is more closely related to household numbers than to population<sup>1</sup>.

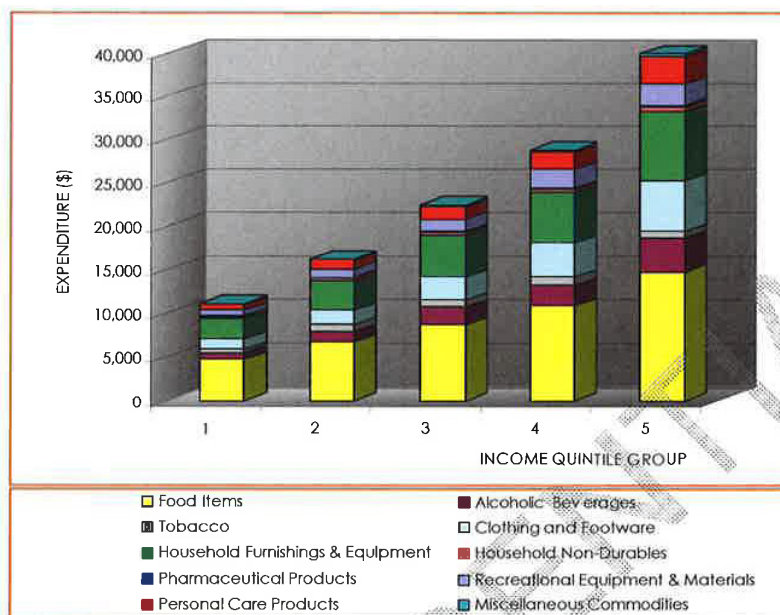
Figure 6 shows the level of expenditure by categories on retail goods at different household income levels.

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<sup>1</sup> Alistair Tuttle Pty Ltd, 1996. This report considered structural rather than the more cyclical drivers of retail expenditure. The biggest structural changes since this time have been the corporatization of retailing, the rise of 'bulky goods' and the arrival of the internet – with the last of these still playing out.



**Figure 6: Annual Household Retail Expenditure by Household Income Quintile Groups in SA (2008\$)**



Source: Australian Bureau of Statistics, 2003-04 Household Expenditure Survey

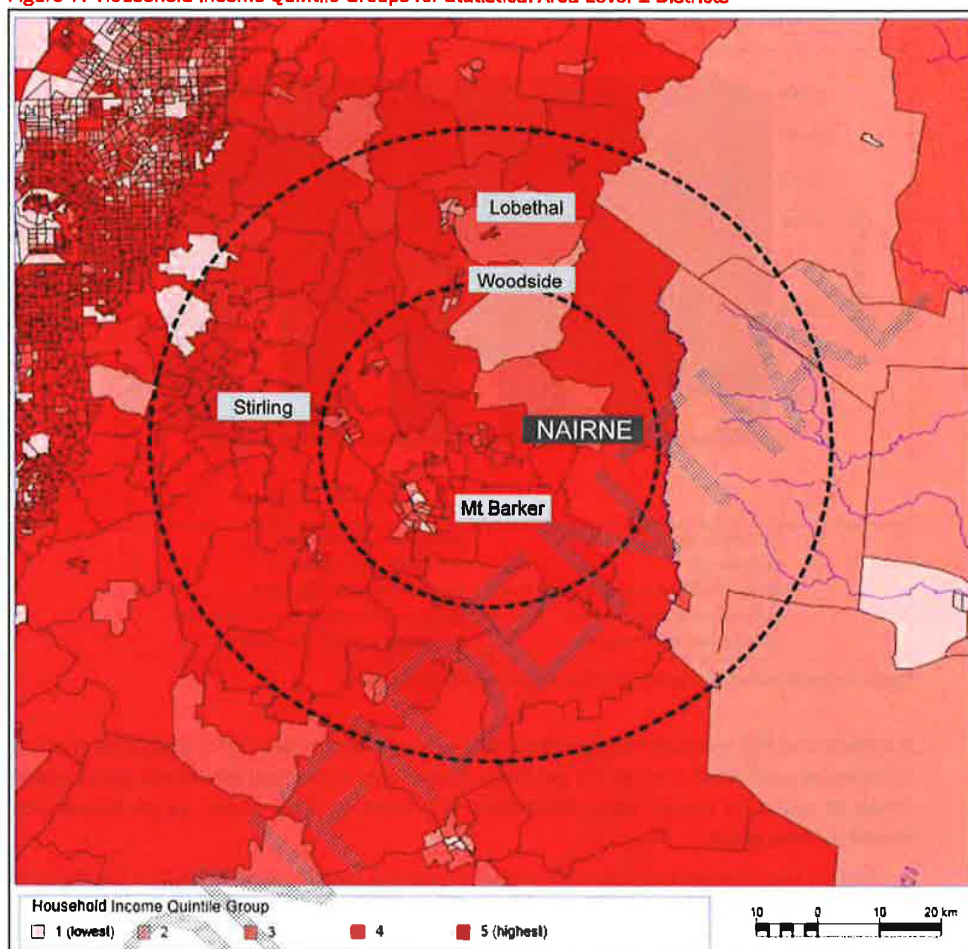
It follows that the levels of household income in a retail catchment have a significant effect on the turnover at each retail centre. For example, households in the highest income group spend over 3 times as much on overall retail purchases, and more on food alone, as do households in the lowest income group.

As against this, Figure 7 shows the various household income quintile groups for Statistical Area Level 1 Districts around Nairne.





**Figure 7: Household Income Quintile Groups for Statistical Area Level 1 Districts**



Source: 2011 Census (ABS)

As shown, much of the Adelaide Hills, from Stirling to Mt Barker, comprises higher income quintile households. Nairne itself is predominantly surrounded by households in these higher income quintiles, although there are some relatively low quintile precincts in Mount Barker and north through Woodside and Lobethal. There is also a predominance of lower income households in the more sparsely populated areas towards Murray Bridge to the east and Mount Torrens to the north.

## 2.4 CATCHMENT POPULATION AND HOUSEHOLD PROJECTIONS

As at the 2011 Census, the current population of Nairne township was 4,203 persons. Table 4 shows population projections for Statistical Local Areas (SLA) encompassing a 10 kilometre radius around Nairne.

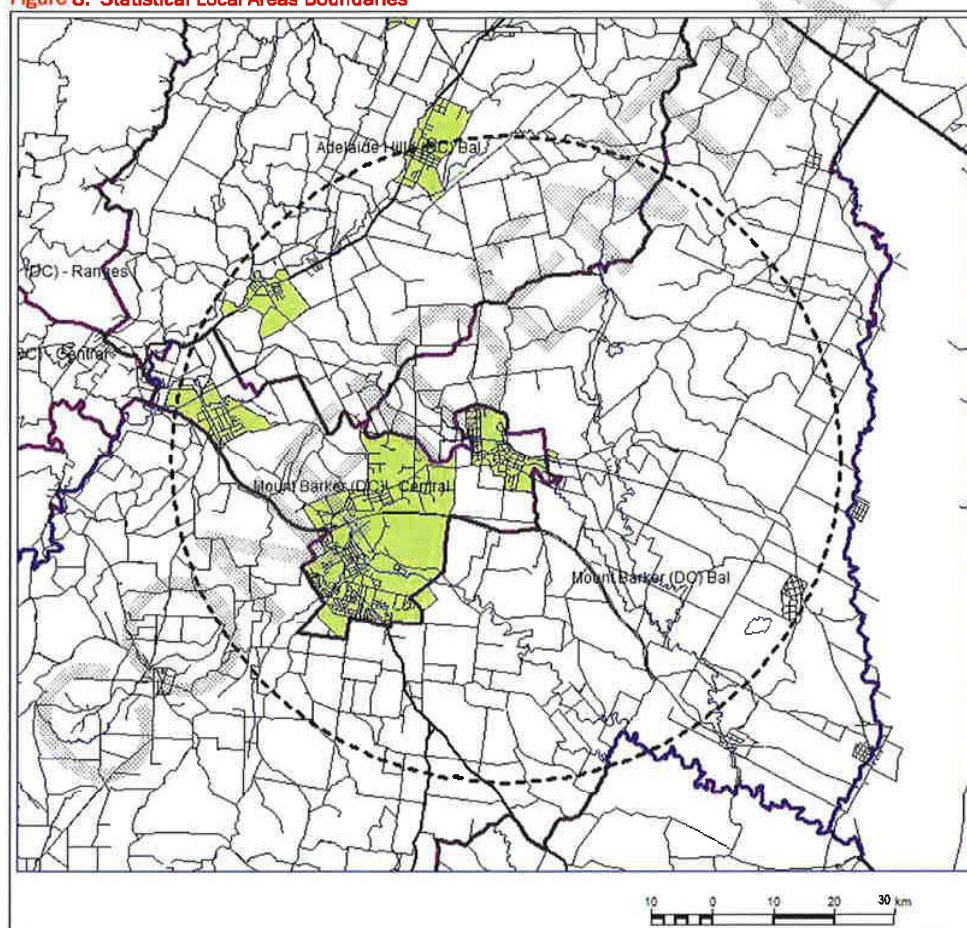
**Table 4: Population Projections for Statistical Local Areas within 20km Radius of Nairne**

SLA Code	SLA Name	2011	2016	2021	2026	% Change 2011 - 2026
410150128	Adelaide Hills (DC) Bal	9,343	9,625	9,834	10,122	8.34%
410154551	Mount Barker (DC) - Central	21,644	22,893	23,660	24,468	13.05%
410154554	Mount Barker (DC) Bal	9,438	12,167	15,982	20,316	115.26%
Totals		40,425	44,685	49,476	54,906	35.82%

Source: DPTI, 2010

So

The relevant Statistical Local Areas are shown in Figure 8 below.

**Figure 8: Statistical Local Areas Boundaries**

Source: ABS, Property &amp; Advisory

As shown, the projected population change over the period from 2011 to 2026 amounts to an overall increase of 35.8%. The principal contributor to this growth is the population of 'Mount Barker DC balance' which includes growth areas on the periphery of Mount Barker township and is projected to increase by 115% between 2011 and 2026.



The above population projections are based on the 2006 Census. There are no projections yet available from DPTI based on the 2011 Census. The Statistical Local Area of Table 3 bears no direct correspondence to either the 'SLA1' level data (as utilised for Figure 7) or the 'SLA2' and 'SLA3' levels adopted by the 2011 Census.

As previously noted, demand for retail floorspace is more closely related to household numbers than population. For modelling purposes, these population figures therefore need to be converted to household numbers, generally utilising a ratio in the range 2.0 – 2.5 persons per household as indicated in converting Table 4 to Table 5.

In metropolitan Adelaide there has been a historical trend for a reduction in the number of persons per household (i.e. declining occupancy rates). This trend was reversed in the 2011 census, possibly as a result of the GFC and resultant economic pressures on households. In preparing household projections as inputs to the retail gravity model presented in the next section, it has been assumed that occupancy rates above 2.3 will decline by 0.1 for each intercensal period, given the long term nature of the data. However it should be noted that the trend evident in the 2011 census may in fact set in for the long term.

As Table 5 shows, declining occupancy rates mean that the percentage increase in the number of households from which the retail component of Nairne is likely to draw its customers, is anticipated be greater than the rate of population growth, amounting to approximately 46% between 2011 to 2026.

**Table 5: Household Projections for Statistical Local Areas within 20km radius of Nairne**

SLA Code	SLA Name	2011	2016	2021	2026	% Change 2011 - 2026
410150128	Adelaide Hills (DC) Bal	3,728	3,953	4,151	4,334	16.26%
410154551	Mount Barker (DC) - Central	8,650	9,392	9,925	10,404	20.28%
410154554	Mount Barker (DC) Bal	3,551	4,753	6,472	8,516	139.80%
<b>Totals</b>		<b>15,929</b>	<b>18,098</b>	<b>20,549</b>	<b>23,253</b>	<b>45.98%</b>

Source: Planning SA, 2010 and Property & Advisory

In the above tables, Nairne is situated within the SLA of Mount Barker Central.





## 3.0 RETAIL ANALYSIS

### 3.1 FUTURE FLOORSPACE SCENARIOS

One object of this study is to identify the quantum of retail space that needs to be added to current stock in order to meet Nairne's future retail needs over time. This may be measured with reference to a retail gravity model, as expounded below.

In short, the question to be address is if household numbers are expected to increase by over 50% during the next 10-20 years, how much additional floorspace will be required over and above the 2,677 sqm currently available.

Preliminary advice was prepared by Property & Advisory for DC Mount Barker in December 2011 to the effect that the development of a 2,500 sqm supermarket and 700 sqm of specialty shops would be viable in 2016, and that a supermarket of 4,000 sqm and specialty shops of 1,700 sqm would not be viable until 2021. Our new analysis below considers additional scenarios and includes updated floor areas for Nairne and the surrounding townships. Our population assumptions are also slightly more conservative, with a 2026 forecast of 5,500 persons (instead of 6,000) and 2,300 households (instead of 2,500). This is noted to be consistent with the Mount Barker Urban Growth Development Plan Amendment forecast of 5,470 (low scenario) to 5,766 (high scenario)<sup>2</sup>.

### 3.2 RETAIL GRAVITY MODELLING

The core of the methodology used in this study employs a retail gravity model to establish the turnover of food and non-food retailing in existing retail centres and changes in turnover resulting from any expansion of retail facilities at Nairne. The basic inputs to the model are:-

- 2006 Census data on number of households and Planning SA population/household projections for 2011, 2016, 2021 and 2026 by Statistical Local Areas;
- 2006 household income by quintile group and household retail expenditure on food and non-food retailing by household quintile group (from ABS 2006 Housing and Population Census and ABS 2003-04 Household Expenditure Survey adjusted to \$2012) as described herein; and
- 2007 Adelaide Retail Database (Planning SA, 2008, updated to February 2013 by P&A), detailing food and non-food floorspace for all metropolitan retail centres.

The model distributes the sum of household retail expenditure from each Collector District to retail centres depending on distance and centre size (using the Huff Algorithm) over 4 intercensal periods (in this instance 2011, 2016, 2021 and 2026). The retail cash flows to all centres under review from all study area Collector Districts are modelled simultaneously, and the methodology differs from other retail analyses in that there is no need to pre-define "catchments" for the centres studied.

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<sup>2</sup> Mount Barker Urban Growth Development Plan Amendment, p. 25.



It is important to note that the model assumes that all retail floorspace is of equal “quality” and equally served by appropriate ancillary facilities such as car parking.

In the first instance, the existing provision of food and non-food retail floorspace in metropolitan and outer metropolitan centres has been modelled to establish baseline data for comparison with other scenarios.

Various development scenarios for Nairne have then been modelled for this study. For both the ‘as is’ retail floorspace and the future development scenarios described, the turnover per square metre for selected retail centres within a 20 kilometre radius was recorded to allow the effect of additional floorspace in Nairne to be identified, and the viability of various floorspace scenarios to be assessed. The results of the modelling have been presented as turnover per square metre, which facilitates ready comparison of centres and scenarios.

### 3.3 ANALYSIS

#### 3.3.1 Baseline

Table 6 presents the baseline analysis for the Nairne Urban Area, together with selected other major centres within a 20 kilometre radius of Nairne.

**Table 6: Baseline Turnover for Selected Centres: Existing Floorspace and No New Nairne Development (\$ per sqm)**

	Food turnover/m <sup>2</sup> (\$)				Non-food turnover/m <sup>2</sup> (\$)			
	2011	2016	2021	2026	2011	2016	2021	2026
<b>Nairne</b>	<b>7,163</b>	<b>8,071</b>	<b>8,965</b>	<b>9,738</b>	<b>2,827</b>	<b>3,186</b>	<b>3,537</b>	<b>3,845</b>
Mount Barker	5,739	6,302	6,834	7,344	2,256	2,481	2,696	2,903
Littlehampton	6,919	7,600	8,237	8,834	3,013	3,312	3,591	3,852
Hahndorf	5,753	6,268	6,723	7,184	2,441	2,662	2,856	3,052
Bridgewater	7,428	7,950	8,422	8,854	4,003	4,268	4,507	4,720
Balhannah	6,755	7,285	7,793	8,258	3,039	3,278	3,506	3,712
Woodside	5,133	5,542	5,931	6,338	2,150	2,323	2,488	2,662
Lobethal	4,393	4,738	5,069	5,398	1,819	1,965	2,105	2,245

benchmark turnover/sqm

The highlighted 2016 turnovers/sqm in this table are taken as ‘benchmark’ figures used to compare turnover/sqm for subsequent scenarios. As shown, Nairne sits at the high end of the indicated range of rates for food and towards the high end for non-food, reflective of the high growth in household numbers within the town’s boundaries over the forecast period. We have departed from DPTI forecasts in relation to the Collector Districts of Nairne township, in utilising a 2026 population forecast of 5,500, which translates into 2,300 households, up from the 2011 estimate of 1,628. This is consistent with the population forecast of “6,000 within 10 – 20 years”, which in turn has been driven by the 2010 Development Plan Amendment.

Table 6 also shows the turnover per square metre at all of the centres increasing over time, in response to increases in the number of households from which they draw their customers. Between 2011 and 2026, the model predicts that turnover at each of the centres would increase by between 17% and 36%, with the highest increase forecast to occur in Nairne itself.



### 3.3.2 Scenario 1: Increase Nairne Floorspace by 3,000 sqm Food and 700 sqm Non- Food

An increase of 3,000 sqm of food retailing floorspace and 700 sqm of non-food retail floorspace has been modelled, this being a typical Woolworths or Coles full line supermarket of say up to 3,000sqm and associated speciality shops. A floorspace increase of this size would require a site of approximately 8,000 square metres, including at-grade car parking. Table 7 shows the effect of a floorspace increase in Nairne to 3,800 sqm food and 2,150 sqm non-food, hypothetically developed prior to 2016 (assuming that all the 700 sqm specialty shops proposed were leased to non-food tenants).

The model's forecasts for 2016 indicate that in food retailing all of the surrounding retail centres would experience minor declines in turnover per square metre (indicated by grey shading), but by 2021 and thereafter turnover per square metre shows positive growth when compared to the 2016 'benchmark' figures (green shading). For non-food retailing, all surrounding towns would show reductions in turnover per square metre in the face of the increase at Nairne, however the reduction is proportionately less.

Nairne itself would experience a major decline in food turnover per square metre, and this would only just recover into positive growth (against the 2016 benchmark), even by 2026. Non-food turnover per square metre would also decline in 2016, however this would recover by 2021 and thereafter.

**Table 7: Scenario 1 - Turnover per sqm with addition of 3,000 sqm of Food and 700 sqm Non-Food Retail Floorspace at Nairne**

	Food turnover/m <sup>2</sup> (\$)				Non-food turnover/m <sup>2</sup> (\$)			
	2011	2016	2021	2026	2011	2016	2021	2026
Nairne		6,821	7,545	8,195		3,125	3,467	3,769
Mount Barker		6,142	6,654	7,149		2,474	2,688	2,895
Littlehampton		7,420	8,035	8,614		3,304	3,581	3,842
Hahndorf		6,197	6,645	7,098		2,658	2,852	3,048
Bridgewater		7,906	8,373	8,801		4,266	4,504	4,717
Balhannah		7,198	7,698	8,155		3,274	3,502	3,707
Woodside		5,478	5,860	6,260		2,321	2,485	2,658
Lobethal		4,704	5,031	5,357		1,963	2,103	2,243

decreased turnover/sqm

increased turnover/sqm

Table 8 shows the differences in turnover per square metre between the baseline modelling and Scenario 1 in percentage terms.



**Table 8: Scenario 1 - Percentage Change in Turnover per sqm resulting from Development of 3,000 sqm of Food and 700 sqm Non-Food Retail Floorspace at Nairne**

	Increase over benchmark year (%) - Food				Increase over benchmark (%) - Non - Food			
	2011	2016	2021	2026	2011	2016	2021	2026
<b>Nairne</b>	-	<b>-15.49%</b>	<b>-6.52%</b>	<b>1.54%</b>	-	<b>-1.91%</b>	<b>8.82%</b>	<b>18.30%</b>
Mount Barker	-	-2.54%	5.59%	13.44%	-	-0.28%	8.34%	18.69%
Littlehampton	-	-2.37%	5.72%	13.34%	-	-0.24%	8.12%	16.00%
Hahndorf	-	-1.13%	6.01%	13.24%	-	-0.15%	7.14%	14.50%
Bridgewater	-	-0.55%	5.32%	10.70%	-	-0.05%	5.53%	10.52%
Balhannah	-	-1.19%	5.67%	11.94%	-	-0.12%	6.83%	13.09%
Woodside	-	-1.15%	5.74%	12.96%	-	-0.09%	6.97%	14.42%
Lobethal	-	-0.72%	6.18%	13.06%	-	-0.10%	7.02%	14.15%

decreased turnover/sqm
 increased turnover/sqm

As shown, the additional 3,000 sqm food and 700 sqm non-food floorspace at Nairne would have a significant effect on food turnover/sqm in Nairne, with declines well in excess of 10% in 2016 and in excess of 5% in 2021. However, the effects on other centres are only minor, ranging between -2.54% in Mount Barker to -0.55% in Bridgewater for food turnover/sqm. These effects will have dissipated for all centres (other than Nairne) by 2021, with turnover returned to positive growth. Thus, by 2021 each competing centre will still experience an increase in turnover over time, but to a lesser degree than the baseline case.

The effects on other centres of an increase of 700 sqm in Nairne non-food floorspace is even more minor, being less than a 1% decrease in turnover/sqm in all cases, and all recovering by 2021. Naturally, in the event that some of the specialty shops in the new centre were food shops, the effect on non-food turnover would be smaller still (the burden would shift to the food side of the equation, however given the strong recovery numbers in all other centres by 2021, this is unlikely to be a cause for concern outside of Nairne township itself).

It is generally accepted in retail analysis that a negative effect on other centres of less than 5% is not significant, whereas effects between 5-10% would give rise for some concern, and effects above 10% might affect the viability and functioning of retail centres<sup>3</sup>.

For development scenarios such as that under review, which effectively increase the retail trading area of an existing centre, it is considered that proposed retail developments should not result in significant adverse results (that is, greater than 5%) on Nairne retailing, nor on centres in its locality.

The first scenario above does not appear to meet this test, with significant negative outcomes for existing food retailing in Nairne in 2016 and 2021, although a return to positive territory by 2026 is noted. Several caveats should apply to this result. The existing 800 square metres of food retailing in Nairne is made up as per Table 9.

<sup>3</sup> See for example the evidence of R Jebb in the Western Australian Town Planning Appeal Tribunal [TPAT-WA 22 & 23 of 97, p.64].



**Table 9: Current Composition of 'Food' Category in Nairne Township**

Address	Shop	Area (sqm)	Description
59 MAIN RD	MILLIES BAKERY	72	BREAD/CAKES/BAKER
60 MAIN RD	THE BOTTLE 'O	80	LIQUOR STORE
89 MAIN RD	THE CORNER	80	TAKE AWAY FOODS
67-69 MAIN RD	MONTE BELLO PIZZA	100	TAKE AWAY FOODS
89 MAIN RD	CORNER TAKEAWAY	120	TAKE AWAY FOODS
68 MAIN RD	FLO-JOS DINER	78	RESTAURANT / CAFE
56 MAIN RD	CHINGARI RESTAURANT	120	RESTAURANT / CAFE
58 MAIN RD	ZIGA ZAGA	150	RESTAURANT / CAFE

Source: DPTI Retail Database 2008 and Property &amp; Advisory

As shown:-

- almost all the existing food establishments are either in the take-away or restaurant/café categories. They are in a somewhat different marketplace to a full-line supermarket and are less likely to be directly affected by such development than some other food retailers; and
- in light of the preceding list, it may be inferred that the residents of Nairne currently do almost all their food staples shopping outside of the town, most likely in the three Mount Barker supermarkets (which are some 7 minutes' drive away via Bald Hills Road) or at the Foodland in Littlehampton. Therefore, it may be inferred that the *actual* effect of a new supermarket on existing 'food' retailers within the Nairne Urban Area is likely to be significantly milder than the model indicates.

The goal of subsequent modelling is to determine the extent of development that would not have such a significant effect on Nairne retail turnover per square metre (i.e. less than a 5% reduction in subsequent years).

### 3.3.3 Scenario 2: Increase Nairne floorspace by 1,200 sqm Food and 1,400 sqm Non-Food

To this end, a moderate-large 'IGA' style supermarket of 1,200 square metres was modelled. In light of the mild negative effect of adding 700 square metres of non-food floorspace under Scenario 1, this has been increased by 1,400 square metres. This scenario tests the effect of introducing a moderate-large convenience supermarket into Nairne to satisfy local demand as the town increases in population, with their weekly shopping to continue to be directed to Mount Barker.

The rationale for such a proposal might be that a suitable site could be found for such a supermarket in the existing Neighbourhood Centre and it would serve to re-invigorate the main street. The larger non-food component (over the proposal in Scenario 1) may arguably be satisfied by new piecemeal development in the main street.

The effect of development at this level on surrounding retail markets is shown in Tables 10 and 11.



**Table 10: Scenario 2 - Turnover per sqm with addition of 1,200 sqm of Food and 1,400 sqm Non-Food Retail Floorspace at Nairne (\$ per sqm)**

	Food turnover/m <sup>2</sup> (\$)				Non-food turnover/m <sup>2</sup> (\$)			
	2011	2016	2021	2026	2011	2016	2021	2026
<b>Nairne</b>		<b>7,456</b>	<b>8,266</b>	<b>8,979</b>		<b>3,068</b>	<b>3,403</b>	<b>3,700</b>
Mount Barker		6,229	6,752	7,255		2,468	2,681	2,887
Littlehampton		7,518	8,144	8,733		3,296	3,573	3,832
Hahndorf		6,236	6,688	7,145		2,655	2,849	3,045
Bridgewater		7,930	8,400	8,831		4,264	4,501	4,714
Balhannah		7,247	7,751	8,213		3,270	3,497	3,702
Woodside		5,514	5,899	6,303		2,318	2,482	2,655
Lobethal		4,723	5,052	5,380		1,962	2,102	2,241

☐ decreased turnover/sqm
 ☐ increased turnover/sqm

**Table 11: Scenario 2 - Percentage Change in Turnover per sqm resulting from Development of 1,200 sqm of Food and 1,400 sqm Non-Food Retail Floorspace at Nairne**

	Increase over benchmark year (%) - Food				Increase over benchmark (%) - Non- Food			
	2011	2016	2021	2026	2011	2016	2021	2026
<b>Nairne</b>	-	<b>-7.62%</b>	<b>2.42%</b>	<b>11.25%</b>	-	<b>-3.70%</b>	<b>6.81%</b>	<b>16.13%</b>
Mount Barker	-	-1.16%	7.14%	15.12%	-	-0.52%	8.06%	16.36%
Littlehampton	-	-1.08%	7.16%	14.91%	-	-0.48%	7.88%	15.70%
Hahndorf	-	-0.51%	6.70%	13.99%	-	-0.26%	7.02%	14.39%
Bridgewater	-	-0.25%	5.66%	11.08%	-	-0.09%	5.46%	10.45%
Balhannah	-	-0.52%	6.40%	12.74%	-	-0.24%	6.68%	12.93%
Woodside	-	-0.51%	6.44%	13.73%	-	-0.22%	6.84%	14.29%
Lobethal	-	-0.32%	6.63%	13.65%	-	-0.15%	6.97%	14.05%

☐ decreased turnover/sqm
 ☐ increased turnover/sqm

As shown, this scenario has a significant effect on food turnover/sqm in Nairne in 2016, however by 2021 this has returned to growth over the base year. As previously described, these effects will be ameliorated by the nature of the current tenancy mix. As also show, it does not have a significant effect on the food retailing in the surrounding towns.

For non-food retailing, there is an initial negative effect in Nairne (although not significant, being less than 5%) and, as for food turnover/sqm, this also returns to growth by 2021. It also has a non-material effect on growth in turnover per square metre in the surrounding townships, with all of those townships showing positive growth projecting forward into 2021 and 2026.



## 4.0 A RETAIL STRATEGY FOR NAIRNE

Thus far, this report has explored Nairne's retail environment, the characteristics of the town's population and the underlying potential for retail expansion.

It is revealed to be a comfortable, well-off hamlet, with above-average household incomes, relatively high home ownership, low unemployment, and (not un-expectedly) high vehicle usage. Its retail environment is heavily influenced by its close proximity to Mount Barker, the third largest regional retail offering in the Adelaide area.

This latter fact notwithstanding, high-level analysis indicates that the town may, in time, be able to support an appropriately sized supermarket and associated specialty shops, particularly as more and more households are added through conversion of farmland to residential estates. Armed with this picture, it is now possible to identify a retail future for Nairne that is, at the one time, reflective of this analysis, cognisant of the views of stakeholders and economically feasible.

Further, the strategy for achieving will be devised within the context of Nairne continuing as a discrete entity, with a population of approximately 6,000 by 2030 or thereabouts. Measures have been instituted to create a buffer between Nairne and other nearby urban areas to ensure that it remains discrete, rather than over time blending with Mount Barker and Littlehampton as a single urban entity.

### 4.1 NAIRNE TOWNSHIP MASTER PLAN

The Nairne Township Master Plan (2012) provides a framework within which a retail strategy for the town may be constructed. Pertinent observations in this regard are that:

- the Nairne Township Master Plan (NTMP) has been formulated in light of the 30-Year Plan for Greater Adelaide, which provides for residential expansion of Nairne in the order of 45 hectares on the south-western periphery of the town, as well as foreshadowing the Bald Hills Road interchange on the South-Eastern Freeway;
- the NTMP identifies the town centre area as the central activity node for the town, whilst recognising the physical constraints on the town centre (creek and railway line bracketing the town centre to the north and south, together with slope issues);
- it recognises the current status of the town centre as "one of tiredness and decreasing business activity"<sup>4</sup>;
- it seeks to "ensure Main Street remains a central focus for the township"<sup>5</sup>;
- it identifies two 'Business - Redevelopment' precincts on the eastern and western peripheries of the town. These broadly correspond to the Maton Investments land (to the west) and the former Chapmans site (to the east);
- as regards the former, one of the potential land uses identified for this site in the Plan is "retail supermarket shopping"<sup>6</sup>. The Plan is cognisant that such a development may have an

<sup>4</sup> NTMP, p. 15

<sup>5</sup> p. 16

<sup>6</sup> p. 19



adverse effect on Main Street and (without overtly stating so) appears to bestow primacy on the fostering a re-invigorated Main Street; and

- as regards the latter precinct, the NTMP identifies it for mixed use development, with one of these uses being “possibly shopping”<sup>7</sup>, although again this is contextualised in terms of its potential effects on Main Street core;

It is also noted that a good deal of feedback to the draft NTMP was received by Council. In specific reference to the subject matter of this report, the overwhelming tenor of the feedback was in favour of supporting the existing Main Street shopping precinct. Some responses advocated the fostering of new development within this precinct, such as by finding some way to include a supermarket.

As regards the two ‘Business – Redevelopment’ precincts, a number of community respondents made comment. Two were in favour of a supermarket development on the western side of the town; 17 were against it. In respect of a supermarket development on the eastern precinct, five submitted in favour of it and two against. Although clearly not a representative survey, this may suggest that a large retail development in the western redevelopment precinct is a more important ‘issue’ to the residents of Nairne than a similar development in the eastern redevelopment precinct, and that the tendency in this regard is towards opposition.

## 4.2 OBJECTIVES

A Council workshop has previously been conducted and key objectives ratified by the Members. These objectives are to:-

- provide capacity for retail services to meet the needs of current and future population of Nairne;
- provide a sound basis for viable investment;
- ensure that development actually happens (not just zoning and land banking)<sup>8</sup>;
- not adversely (significantly) impact the Main Street (ideally build it);
- not pose unacceptable infrastructure or other obligations on Council; and
- be consistent with the NTMP.

A further workshop was held with Council members prior to commencement of this assignment, wherein these objectives were confirmed as reflecting the primary assessment benchmarks. Drawing on these agreed objectives, and taking into account the community feedback received on the NTMP, several normative principles for retailing in Nairne may be prescribed:-

- *the primary objective of the retail strategy should be the revitalisation and growth of Main Street, which can be broadly defined as the existing NCe zone;*

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<sup>7</sup> p. 20

<sup>8</sup> This particular objective is problematic insofar as it is not actually possible to ensure that development actually happens. Such an outcome is contingent on the actions of retail developers and operators. All that can be done is to put in place the physical, policy and regulatory settings that encourage such an outcome.





- the effect of future development on Main Street should be a principal criteria against which retail proposals for Nairne are measured;
- Section 3 of this report identified that scope exists for expansion of retailing in Nairne. In the course of such expansion, replication of existing shops and services should nonetheless be avoided to the extent that it will adversely affect Main Street;
- Nairne should avoid investing resources in retail forms that are a better fit with Mount Barker; including most higher order goods and services. Main Street will work best by catering to small-scale local needs and filling shopping niches not extant in Mount Barker;
- there should be an appropriately sized source of packaged and fresh food in Nairne;
- the introduction of new retail development into the town should not occur at a scale that has a significant negative impact on existing Main Street trade.

"Significant negative impact" may be defined as an initial combined negative effect on both food and non-food turnover per square metre that is greater than 5% in the first censal period, and that remains negative in the second censal period. Put another way, the negative effect on turnover of existing retailing should be less than 5% in, say, 2016 and turnover/sqm should return to positive growth by 2021. For instance, Table 12 illustrates the weighted average effect of the two scenarios canvassed in Section 3.

**Table 12: Weighted Average Changes in Turnover per sqm: Scenarios 1 and 2**

Scenario	Increase to		Weighted Av. Increase over Benchmark		
	Food	Non-Food	2016	2021	2026
1	3800	2,575	-10.01%	-0.32%	8.31%
2	2000	3,275	-1.14%	7.30%	15.46%

Source: Property & Advisory

As shown, Scenario 1 has a weighted average effect in 2016 of -10% and a continued (slightly) negative effect in 2021. Scenario 2 has a immaterial negative effect in 2016 and a return to positive territory in 2021 and, on this basis, is thus preferred to Scenario 1; and

Within the confines of the above point, it is a reasonable goal to increase retail floorspace in Nairne by a significant margin. Market forces will ultimately determine the extent of that margin.

#### 4.2.1 The Supermarket Question

Food retailing in Nairne is currently skewed towards take-away and restaurant offerings. The town lacks a local source of packaged food and fresh food items aside from a very limited offering at Nairne Foodmart & Newsagency. However, given the town's proximity to four full-scale supermarkets in nearby Mount Barker and Littlehampton, and the fact that 96.8% of households in Nairne have at least one car, there is no practical imperative for a supermarket in Nairne beyond daily convenience.

This in no way implies that the entry of a supermarket into Nairne should be blocked. Supermarket retailers will make their own judgements as to the economics of such a move and the market will ultimately determine whether that move is a success or otherwise. Our analysis indicates that a larger (ie 3,000sqm) supermarket in Nairne may be a viable option now, but with significant adverse effects on existing retailing in Nairne. Furthermore, the case for a supermarket in Nairne will strengthen as the population swells.



However, for the foreseeable future, potential exists for only one supermarket in the town. The question of where such new development should occur is addressed in the following section.

### 4.3 THE LOCATION OF NEW DEVELOPMENT

The Nairne Master Plan is silent on the preferred location for new retail development. There are three potential sites for new development in Nairne, being:-

- Main Street (NTMP Business Core Precinct);
- the site of the Maton Investments proposed shopping centre (NTMP Western Business Development Precinct); and
- the former Chapmans site (NTMP Eastern Business Development Precinct).

Each is explored below in terms of its merits and shortcomings.

#### 4.3.1 Main Street (Business Core Precinct)

This precinct comprises a strip of approximately 500 metres, centred on the intersection of Main Street and Jeffrey Street, and is the current location for all retail development in Nairne.

##### Merits

- new development in the Business Core Precinct will help it to grow organically;
- new development in this precinct will complement and consolidate existing development. for example, a standalone supermarket in Main Street will serve to anchor the existing pharmacy, newsagent and hotel bottle shop, whereas a supermarket development in another precinct will likely either poach or replicate these shops;
- new development in this precinct is more likely to foster critical mass for further developments in the precinct and redevelopment/renewal of existing sites,
- new development in this precinct will have a symbiotic relationship with measures Council initiates in the manner of streetscape upgrades and road works – in that one will assist the other;
- the Business Core precinct, being centrally located, is a better strategic fit with the NTMP's objective of creating a pedestrian and cyclist friendly town; and
- the Business Core precinct is that most favoured by community respondents to the draft NTMP for greater retail development.

##### Shortcomings

- the Business Core Precinct suffers from a compressed topography, being in a narrow 150 – 180 metre band sandwiched by Nairne Creek and the Adelaide – Melbourne railway line, and with a fall of approximately 20 metres across the distance between the two;
- the Business Core Precinct, being at the centre of an old township, has a multiplicity of ownerships and very few vacant sites – although many older buildings may come under demolition pressure if development prospects increased; and
- the number of buildings of some Heritage significance (be it State, local or contributory) is quite high and would hamper any attempt at consolidating a substantial development site.



#### 4.3.2 Business Development Precinct (West)

This precinct comprises a greenfield site, situated just west of the Old Princes Highway /Woodside Road junction.

##### Merits

- the Western Business Development Precinct is the subject of a current development proposal that could conceivably be initiated in the shortest timeframe;
- the site is under one ownership and therefore does not require consolidation;
- the precinct is situated close to recent residential development and the site of future development. It is thus more convenient to the northern and western growth areas of the town and is well placed to service the identified growth areas of Nairne;
- development in this precinct would relieve the traffic pressures on North Road, to the extent that northern residents presently use that road to access Main Street;
- the precinct is situated adjacent to Woodside Road and close to Bald Hills Road. The proponent has offered to incorporate improvements to the Woodside Road/Old Princes Highway intersection into its development. This intersection accommodates an increasingly problematic volume of traffic that will become worse by an order of magnitude when a Freeway interchange is constructed to Bald Hills Road; and
- the precinct is better placed to capture the substantial volume of non-local traffic that is currently utilising Woodside Road, either to access facilities at Mount Barker or to enter the Freeway at Littlehampton. This traffic is drawn from a variety of areas to the north, including Woodside, Lobethal and Mount Torrens, and is more likely to access retail facilities on this site than to make a side trip into Main Street.

##### Shortcomings

- being 1.1 kilometres distant from the existing Core Precinct, development in the Western Business Development Precinct would split the town's modest retail sector in two;
- development of the Western Business Development Precinct risks either poaching or replication of existing retail businesses within its specialty shop population;
- analysis suggests that the Maton Investments proposal of 3,700 sqm (incl. a 3,000 sqm supermarket) would risk a swamping of Main Street to an extent that it would not fully recover for a decade or more. This would be inconsistent with the primary objective set for the retail strategy in 4.2 above;
- the timing of development in this precinct would be contingent on the precommitment of one of the major supermarket chains, all of whom currently have stores in Mount Barker. Whilst it may be relatively easy to obtain a statement of intent from one, an actual lease commitment may be delayed until a time of their choosing. They will not want to undermine their existing market settings until such time as population pressures in Nairne give them a competitive advantage by opening a new store there;
- being on the western periphery of the town, retailing in the Western Business Development Precinct is less proximate for residents on the eastern arm of the town; and



- development of the Western Business Development Precinct has a polarising effect, generating the most negative comment from community respondents to the draft NTMP.

#### 4.3.3 Business Development Precinct (East)

This site essentially comprises the former Chapmans factory, at the eastern end of Main Street.

##### Merits

- the Eastern Business Development Precinct is only a short distance from the existing Main Street core and thus is better able to integrate retail development with what is already there than is the Western Business Development Precinct;
- the Eastern Business Development Precinct is at the opposite end of town to all the recent and future development areas. Most residents from these areas accessing a supermarket in this precinct would therefore traverse Main Street, thus increasing exposure to Main Street businesses and, by extension, improving the viability of Main Street locations;
- the precinct is predominantly under a single ownership and site consolidation is therefore not required;
- a retail development proposal has been raised for the site, consisting of a 2,000 square metre supermarket and up to 12 specialty shops (together with medium density residential development). As it stands, this proposal sits between Scenarios 1 and 2 in Table 12 and thus would not have as adverse an effect on existing retail turnover as Scenario 1 proposal; and
- development of the site would be a visual improvement over the degraded industrial buildings that presently exist; contamination issues would be addressed and the above proposal includes retention of the Heritage listed exterior wall. The proposal also incorporates partial rejuvenation of Nairne Creek, which currently traverses the site via a concrete drain.

##### Shortcomings

- current and future land use and development intentions on this site are unknown, and the timing of any redevelopment is therefore also an unknown;
- being a sloping site bisected by a creek, the site is constrained and may be relatively expensive to develop;
- development of the Eastern Business Development Precinct risks poaching or replication of existing retail businesses within its specialty shop population; and
- being on the eastern periphery of the town, a retail centre in this precinct is least able to service residents on the northern and western growth areas of the town or areas of future development. Furthermore, residents on the northern periphery of the town are likely to access such a development via North Road, further exacerbating that road's existing traffic problems – or may continue to traverse to Mt Barker given the marginal difference in travel time.

Table 13 over summarises each of the potential locations for retail development against the objectives and principles identified at the start of this section.





#### 4.3.4 Discussion

The preceding review demonstrates that the choice of a 'best' location for major new retail development in Nairne is neither simple nor immediately certain. All three potential locations have their advantages and disadvantages.

However, several factors assist in directing a decision:-

- given the primary objective of "the revitalisation and growth of Main Street", a small-scale supermarket of approximately 1,200 square metres in Main Street is thought to most advance matters towards this goal – *if a suitable site may be found*. This may be particularly difficult, given that most of Main Street is Heritage listed and thus not available for demolition. A supermarket of this size would require a site of approximately 3,500 square metres, including at-grade parking. In contrast, and as noted in 3.3.1, a full sized supermarket and specialty shops development of 3,700 sqm (Scenario 1) would require an 8,000 sqm site;
- the best options may be to either back a development up against the railway line opposite Junction Road, using Leith Street for pedestrian access, or to develop the site on the western side of Junction Road, possibly extending out to North Road;
- the Business Precinct (East), as an alternative to a Main Street development, most complements Main Street, however is also most likely to generate traffic problems and is possibly the least attractive location for a supermarket based development on purely commercial grounds. Being bisected by Nairne Creek, its best long term use may be for residential purposes; and
- conversely, the most attractive location on purely commercial grounds is probably the Business Development Precinct (West), given its proximity to growing local populations and transport routes. However, a large scale retail development in this precinct is likely to relegate Main Street to retail obscurity for some years –and will certainly permanently shape its future. Development of the Western Business Development Precinct is also a somewhat different proposition to the others – in that it would be aiming to capture the passing sub-regional trade rather than simply servicing Nairne as a "separate entity" (as envisaged by the NTMP).



Table 13: Summary of Potential Locations

Objective	Comment on Outcome if Major Retail Development Occurs in Precinct		
	Business Core Precinct	Western Business Development Precinct	Eastern Business Development Precinct
Provide capacity for retail services to meet the needs of current and future population of Nairne.	Can satisfy this objective if a suitable site for a small supermarket can be found and consolidated.	Can satisfy this objective.	Can satisfy this objective, but introduces problems in doing so.
Provide a sound basis for viable investment.	Investment in this precinct will build on existing infrastructure and provide a springboard for further investment in the precinct.	Can satisfy this objective in isolation, but with an effect on investment in Main Street.	Investment would be limited to this site, and development would be required elsewhere in Nairne to preserve local convenience.
Ensure that development actually happens (not just zoning and land banking)	Development in this precinct will require more 'facilitation work' than others - site consolidation, site works, etc.	With the commitment to occupy from a major supermarket, can best satisfy this object. Without a firm lease commitment and a set timetable, may turn into land bank.	Least able to satisfy this objective due to site topography (obscured by a creek) and potential site contamination. Owner commitment to meeting outcomes is unknown.
Not adversely impact the Main Street.	Consistent with this objective.	Development in this precinct will have long term materially adverse effect on retail trade in Main Street.	Will have some negative impact on the main street, but will also generate traffic flow.
Consistent with the NTMP.	Yes	Consistent with NTMP, but subject to the analysis and recommendations of this report (refer bullet point 4 on p. 19).	NTMP highlights mixed use development for this precinct, with minimal retail component.
Not replicate, poach or undermine existing Main Street shops.	No implications	Very likely to replicate, poach or undermine existing Main Street shops.	Likely to replicate, poach or undermine existing Main Street shops.
Avoid investing resources in retail forms that are a better fit with Mount Barker	Lowest likelihood.	May contain some retail forms already extant in Mount Barker, however its close proximity works against this.	Low likelihood.

Source: Property &amp; Advisory



On balance, the first of these scenarios looks to provide the best strategic fit in terms of its alignment with the Nairne Master Plan. However, a risk with this scenario is that a suitable site cannot be consolidated in the Main Street precinct.

#### 4.4 LEADING DIRECTIONS

In light of the above discussion, the recommended Council action is:-

1. Retain the existing Neighbourhood Centre zoning currently extant in Nairne, including its current boundaries.
2. Alter the zoning of the NTMP Eastern Business Development Precinct to 'Mixed Use', to better align its permitted uses in the NTMP<sup>9</sup>. The objective of this zone should be that it accommodate "higher density residential, business and commercial activity integrated with residential, business incubator options, recreation opportunities, minor ancillary retail and community facilities". Note the altered wording here from the second bullet point on page 20 of the NTMP, such that the major retail option is now precluded; and
3. Alter the zoning of the NTMP Western Business Development Precinct to 'Local Centre'. The objectives and principles of development control for this zone accurately communicate the intention that it "complement but not threaten the function of businesses within the Regional Town Centre Zone or Neighbourhood Centre Zones."

There are risks and challenges associated with this approach pending its implementation.

Firstly, it requires the consolidation of a suitably located and suitably sized site in the heart of the town – noting that such a site does not currently exist (although options have been identified). It then assumes that a feasible development can be demonstrated and that the requisite commitments required to both build and occupy the property can be secured.

Concurrently, there is a risk that if a town centre solution cannot be secured and the Western Precinct land is subdivided for another use (presumably residential), then neither opportunity will be open and another solution altogether will have to be found.

This points to a need for Council to actively seek to facilitate the preferred outcome in the very short term, so that if it proves to be not possible, there will still be time to reconsider the situation. Unequivocally though, Council should first be pursuing the preferred outcome to the exclusion of all other options.

The above steps achieve certainty for all parties involved and provide for a reasonable level of local shopping alongside the mass of Mt Barker and for those instances where a trip to Mt Barker is not what is wanted.

Alongside this, and as per the NTMP, revitalisation of the Main Street is a desirable and intended outcome but requires concerted action, including the active participation of Main Street Traders, the Nairne community and Mount Barker Council. A strategy in this regard is outlined in Section 5 of this report.

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<sup>9</sup> NTMP, p. 20-21



#### 4.5 EFFECT OF BALD HILLS ROAD INTERCHANGE

The Bald Hills Road interchange is flagged in the 30-Year Plan. It would meet the needs of the growing population planned for Nairne, and also service commuters who currently access the freeway via Woodside-Nairne Road and Littlehampton. Current DPTI traffic counts in the area are:-

- Woodside-Nairne Road – 5,000 vehicles per day (vpd)
- Old Princes Highway between Nairne and Littlehampton – 6,400 vpd
- South-eastern Freeway west of Mount Barker – 28,300 vpd
- South-eastern Freeway east of Mount Barker – 12,800 vpd
- Main Street, Nairne – 7,200 vpd
- Old Princes Highway, east of Nairne – 1,500.vpd

An interchange on Bald Hills Road could attract additional commuters that are currently accessing the freeway via the Verdun interchange (given that Onkaparinga Valley Road is relatively slow and congested) and the Mount Barker interchange via Balhannah-Littlehampton Road. Most of these would presumably be drawn from the 6,400 vpd on the Nairne-Littlehampton Road, who would now presumably exit the freeway east of Mount Barker. Some additional traffic may divert from Onkaparinga Valley Road. It is not clear however that the aggregate traffic flows on Woodside Road would increase markedly as a result.

Additionally, the prospect of a service centre on interchange land has also been raised; the rationale being that there are no on-freeway services between Glen Osmond and Taillem Bend, and that a service centre could contribute to the cost of the interchange. This could potentially range from a fuel/convenience foods/fast food facility to a more substantial retail centre.

Relevant to this study is the effect of such a service centre on Nairne retailing and Main Street in particular. Such an assessment is very preliminary, as it depends on its scale and its accessibility to Nairne, including which side of both the freeway and the interchange it is sited on.

Gravity modelling, based on construction of 500 square metres of food floorspace on a site adjacent to a future Bald Hills Road off-ramp, indicates that this will have a small negative effect on Nairne food retailing in 2016 (less than 1%), but that this will quickly recover in subsequent census years. Such analysis is to be regarded as high-level only, since there are other factors at play over and above the distance and gravity factors feeding into the model (for example, the passing trade generated by the freeway).

A Bald Hills Road interchange may affect the dynamic of development in the Western Business Development Precinct, depending on whether it has any effect on the traffic utilising Woodside-Nairne Road. At present, this traffic is unlikely to divert into Main Street for shopping, and this dynamic will not change with the construction of the interchange. The only factor likely to change trading patterns in this regard is the construction of a readily accessible supermarket in Main Street.





## 5.0 MAIN STREET STRATEGY

Consistent with the NTMP and quite separate from consideration of policy in respect of the location of major retail development in Nairne, there should be a strategy designed to arrest and reverse the decline in Main Street. This is a current imperative, keeping in mind that even if a development in the Western Business Development Precinct were permitted, it will only actually proceed at a time of Woolworths/Coles choosing. In the event that such a development proceeded, the Main Street strategy would need to be robust, because the prospects for some Main Street traders in that eventuality would be bleak. At the very least, an early consequence would be the developer seeking to attract the Post Office and pharmacy (and possibly the newsagency) as tenants.

The Nairne main street's present circumstances are in some respects unique to its particular circumstances while, in others, they simply reflect threats faced by main streets around the world.

Nairne's unique set of decline inducing circumstances include the changing role of the railway, the opening of the freeway and the closure of the Chapmans facility – although it is no orphan in terms of being a town where progress has necessitated a reframing of its very reason for being. In other words, Nairne has faced a very long term re-organisation of its target market and purpose in what, until recently, has been a low growth environment.

As to the main street threat, the options are either to succumb to the prevailing trend or to push back against the situation via concerted action, which includes *not* taking actions that will exacerbate the problem – and always subject to the proviso that the local population has a right to expect an appropriate level and quality of local retail and other services.

The situation of Nairne's main street may be summarised by a traditional SWOT analysis.

### *Strengths:*

- Main Street is regarded with affection and attachment by the local population;
- the town is, to a certain extent, geographically isolated from surrounding towns. Households without a car (although few in number) are unable to access offerings outside the town itself and Main Street is to this extent protected from commercial pressures that would apply to comparable businesses in urban areas;
- Nairne will experience strong population growth over the next three decades;
- Main Street possesses a strong Heritage flavour and a high level of local character;

### *Weaknesses:*

- a poor mix of offerings, with some existing stores being very small (e.g. the pharmacy) and with major gaps such as groceries, other non-takeaway food, and personal and professional services;
- a very low base on which to build. with Nairne's existing retail offering amounting to only some 2,700 sqm in total;
- a near total reliance for trade on the township population, with no significant populations to the east either utilising the main street directly or in transit to the Mount Barker freeway interchange;



- no major anchor in the main street – the most significant current draw being the Post Office; and
- activation gaps and lack of continuity of interest along the street.

*Opportunities:*

- analysis suggests that Nairne has the potential for a larger retail offering than currently exists;
- the opportunity exists *now* to 'plug the gaps' in Nairne's retail offering. If this does not happen in Main Street, it is likely to occur in an alternate location in the town; and
- opportunity exists to develop a niche position in the market through the attraction of several unique independent and authentic retailers.

*Threats:*

- as with main streets the world over, Nairne's is threatened by alternate shopping centres outside the traditional core location. Specifically, development of the Business Development Precinct (West) is likely to have a substantial and long term negative effect on Main Street retailing;
- alternate retail offerings, principally in Mount Barker but also Littlehampton, will continue to grow and be increasingly attractive to Nairne's substantially mobile population. Mount Barker has a large and diverse retail offering; Littlehampton is convenient to commuters returning home via the freeway and the Mount Barker interchange;
- development of the Bald Hills Road interchange carries the threat of a convenience retail component, or an even larger retail offering at the interchange itself.

Reference is made at this point to 'What Makes a Mainstreet Work' by David West of Premier Retail Marketing and included as Annexure 1. This outlines a range of measures that might be instituted generally to increase the successful operation of main streets involving a balanced approach to the disciplines of management, marketing, business development and physical presentation. Drawing on this and with reference to Nairne's particular circumstances, it is recommended that:-

- the focus in the first instance be on the area of highest retail concentration. This is the stretch on both sides of Main Street for 250 metres in each direction from its intersection with Jeffrey Street (Precincts 1, 2, 3, 6 – 11 on Map 11, NTMP);
- the goal with regard to Main Street be to put it on a secure long-term footing with respect to an expanded well rounded retail offering. This will involve increasing the retail visitation to the street (sourced by appropriate vehicular movements and pedestrian links) and increasing the pedestrian traffic within the precinct;
- the short-term goal should be the elimination of vacancies in the precinct. Following this – or concurrently, to the extent possible – new shops that bolster the existing offering should be encouraged, with special attention to convenience packaged and fresh food. This can be best facilitated with the installation of a supermarket of up to 1,200 square metres, which is thought, will create momentum for other associated uses to locate into Main Street;
- the presentation of the street is upgraded; and
- Council facilitate the consolidation of development sites in Main Street for specific projects.



Appropriate infill using a business attraction program that targets desired retailers and requests them to be part of the 5 year vision. Some retailers will take this long to gear up for a new location and will want clusters of brands or other known brands to come with them.

## 5.1 ACTIONS AND COUNCIL SUPPORT

Council-initiated activities that are recommended, with the objective of building a diverse and high quality retail offer by attracting new businesses and supporting current businesses, include:-

### Management

Action	Suggested Council Input
Creation of a Nairne Town Team for the planning, implementing and monitoring Mainstreet improvement activities.	Council venue for meetings.
A key person to liaise with Council for assistance and communication of the Town Team activities and how Council can assist.	Allocate a responsible person in Council to provide a link to Council in the loop and to capture opportunities for funds or project development in line with the Council Business Plan, Budget and Strategy.
Creation of a Mainstreet Development Fund to fund improvement activities.	Council to investigate ways to create a development fund through rate rebates or grants to finance various tasks.
Communicate through a new basic website <a href="http://www.nairnetowncentre.com.au">www.nairnetowncentre.com.au</a> to raise awareness of developments.	Link to Council website for distribution of information and maximizing opportunities. Council assistance with website set up.
Design a brochure that can be utilized by all Leasing Agents, property owners and Council to attract new businesses. Collate statistics, facts, figures, demographics, success stories, maps, key contacts and opportunities for new businesses.	Council assistance with design and print services. Access to Council research data and reports.
Reduce the Council and licenses red tape. Review design and planning guidelines and policies to enable retailers to establish themselves and gain access to design and planning staff. Provide a point of contact for advice and assistance.	Council to assist with easy flow of information and assistance for small retailers and large.



### Marketing Events Promotions

Action	Suggested Council Input
Develop some authentic Nairne main street promotions like a market day bi-monthly to start with and then moving to 'second Saturday' or 'second Sunday'. Local producers can operate stalls for the day very much like the successful Willunga markets.	Council to assist with the creation of some unique promotional activities or events that will grow over time.
Start a local monthly column in the local paper to tell stories about the success of small authentic businesses in the main street.	Council to negotiate a favorable deal with the local press and assist with design and editorial.

### Business Development

Action	Suggested Council Input
Organize a group of key stakeholders to assist with advice about conditions affecting business and beneficial solutions to improve retail conditions, contacting owners, working with Council and attracting customers.	Seek a cross representation to create a small group to assist with current and developing issues.
Engage with a bank or finance group to assist new businesses and provide advice.	Seek expressions of interest.
Create a fund with Council matching dollar for dollar funding with property owners to deliver a range of actions to benefit the main street.	Examine possible ways to deliver this action.
Create some marketing and communication materials to promote the opportunities in the main street and surrounds.	Council to assist with design supported by the Town Team.
Use the <a href="http://www.nairnetowncentre.com.au">www.nairnetowncentre.com.au</a> website to provide a one stop shop of information about vacant shop opportunities, vacant land, licenses, agent contacts and how to set up business in Nairne. Sell the potential opportunities and vision.	Detail data about the current premises and potential opportunities with photos, graphics etc
Involve a leasing agent to search for potential retailers and to assist property owners to secure quality tenants.	Consider the use of a well-travelled retail leasing agent to ensure the mix grows according to a retail mix plan.
Initiate a 'Renew' program to keep vacant spaces filled with interesting small businesses.	Council to consider some successful programs that disguise vacancies and encourages small entrepreneurs.
Survey retailer training needs and assistance with items such as business planning, marketing and visual	Develop a survey to gain more understanding about current retail needs.



merchandising. Mentoring assistance to directly improve the retail performance of small businesses.	
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#### Physical Improvement

Action	Suggested Council Input
Assess the quality of urban design, footpaths, lighting, greening and amenities. Assess the current signage standards in the public and private realm.	Review the current streetscape, urban design and facilities to assist with future planning and budget allocations.
Ensure parking is available and can grow with the change in retail conditions.	Review property ownership and possible mergers and swaps to enable a main street to cater for an improved retail mix and increased numbers of customers.
Consider opportunities to consolidate a site for a small supermarket in the existing town centre.	

It needs to be stressed that renewal of Main Street retailing is principally a function of market economics. Any externally sponsored or imposed schemes designed to improve Main Street retailing will ultimately fail if they do not reflect long-term market reality or have "buy-in" from the local business community.

#### 5.1 TIMING

Over-arching all considerations is the present retail environment of Main Street and its shortcomings. The measures that are suggested in the previous section should be initiated as soon as possible, to make a start on Main Street's resurrection as a retail centre for the town.

Additional developments will depend on the market, and this will be facilitated by a recovery in the retail and development sectors generally (when it occurs) and over the longer term by population growth in the local area. If a small scale supermarket development is initiated, this could occur at any time, dependant on developer interest, and ability to secure both a site and a tenant. A larger development may require the evidence of new estates being constructed before a major retailer will commit to a lease that may otherwise undermine its existing Mount Barker operation (as well as that of its competition). However, by 2021 at the latest – and perhaps by 2016 – it could be expected that significant impetus will be in place for one of them to expand their operations to Nairne.





## 6.0 CONCLUSIONS

This report has covered investigations into the current and historical nature of retailing in Nairne and the potential for growth in the town's retail landscape. It has identified holes in some retail segments in the town, most notably packaged and fresh food.

Put in its regional context, Nairne is some 7 minutes' drive from the third largest regional retail market in Adelaide, and has access to four supermarkets within that driving time – with this proximity to frame any future retail development.

Investigations highlighted the forecast 46% increase in household numbers predicted for the Nairne region between 2011 and 2026. This household growth will produce extremely strong growth in retail turnover per square metre of floorspace in the town unless there is significant addition to the town's floorspace over this time.

Retail gravity modelling indicates that an increase of 1,200 square metres in food retailing floorspace and 1,400 square metres in non-food floorspace is the maximum recommended increase for the short to medium term future in light of both household growth and the regional retail environment over this timeframe. This is a relatively large increase in floorspace, amounting to some 100% above current floorspace levels. However, it flows from a low base, with the town having seen no significant new retail development for perhaps 40 years.

From Council's viewpoint, a strong theme of both the Nairne Township Master Plan and the community response to it was a commitment to re-invigorate the existing Main Street retail precinct. Thus, in formulating a retail strategy for Nairne herein, a primary objective has been the revitalisation and growth of Main Street. This presents a challenge on two fronts, being that:

- the most impactful measure to achieve this outcome is the insertion of a small supermarket into Main Street to supplement rather than compete with Mt Barker itself, although topography and heritage issues restrict the availability and suitability of potential sites; and
- Main Street risks becoming a retail 'backwater' if the commercial focus of Nairne shifts to the Woodside Road–Bald Hills Road nexus – notwithstanding that, on purely commercial grounds, the Western Business Development Precinct is arguably the optimal site for new retail development, due to its proximity to through transport routes and recent and future residential development and its relative 'development readiness'.

Nonetheless, the primary objective of the Master Plan should take precedence over short term commercial opportunity with potentially long term adverse effects. Consequently, the recommended stance of Council in relation to new retail development in the township is to:-

- retain the Neighbourhood Centre zoning currently extant in Nairne, essentially according to its current boundaries;
- alter the zoning of the NTMP Eastern Business Development Precinct to 'Mixed Use';
- alter the zoning of the NTMP Western Business Development Precinct to include a 'Local Centre' component; and
- engage with the Main Street traders and Nairne community in adopting a strategy such as that outlined herein to reinvigorate Main Street. A significant impetus in this regard would be attracting the development of a freestanding supermarket on a suitable site within the Neighbourhood Centre zone, together with complementary retail development.





## 7.0 BIBLIOGRAPHY

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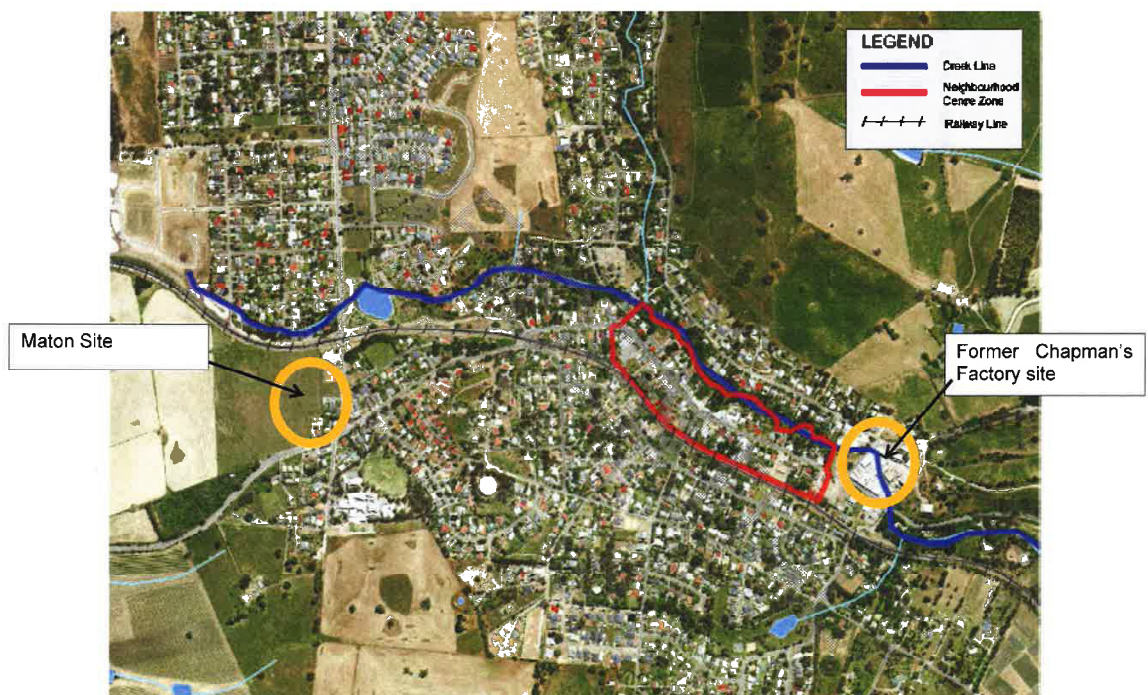
Australian Bureau of Statistics:-

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Household Expenditure Survey (2003-4), adjusted by Property & Advisory 2011

Location Options for Major Retail Facilities



Attachment 3 to Item 16.1

## Attachment 4

## Summary from the Nairne Retail Review Study – 3 Location Options

Objective	Comment on Outcome if Major Retail Development Occurs in Precinct		
	Business Core Precinct	Western Business Development Precinct	Eastern Business Development Precinct
Provide capacity for retail services to meet the needs of current and future population of Nairne.	Can satisfy this objective if a suitable site for a small supermarket can be found and consolidated.	Can satisfy this objective.	Can satisfy this objective, but introduces problems in doing so.
Provide a sound basis for viable investment.	Investment in this precinct will build on existing infrastructure and provide a springboard for further investment in the precinct.	Can satisfy this objective in isolation, but with an effect on investment in Main Street.	Investment would be limited to this site, and development would be required elsewhere in Nairne to provide local convenience.
Ensure that development actually happens (not just zoning and land banking)	Development in this precinct will require more 'facilitation work' than others - site consolidation, site works, etc.	With the commitment to occupy from a major supermarket, can best satisfy this object. Without a firm lease commitment and a set timetable, may turn into land bank.	Least able to satisfy this objective, due to site topography (bisected by a creek) and potential site contamination. Owner commitment to meeting outcomes is unknown.
Not adversely impact the Main Street.	Consistent with this objective.	Development in this precinct will have long term materially adverse effect on retail trade in Main Street.	Will have some negative impact on the main street, but will also generate traffic flow.
Consistent with the NTMP.	Yes	Consistent with NTMP, but subject to the analysis and recommendations of this report (refer bullet point 4 on p. 10).	NTMP highlights mixed use development for this precinct, with minimal retail component.
Not replicate, poach or undermine existing Main Street shops.	No implications	Very likely to replicate, poach or undermine existing Main Street shops.	Likely to replicate, poach or undermine existing Main Street shops.
Avoid investing resources in retail forms that are a better fit with Mount Barker	Lowest likelihood.	May contain some retail forms already extant in Mount Barker, however its close proximity works against this.	Low likelihood.

Source: Property &amp; Advisory





*District Council of Mount Barker* Attachment 5 to Item 16.1



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Map Zoom: 267.2 m

Map Scale: 1:1,353

Created on: Monday, 26 August 2013 By: mtb



**Attachment 6****Target Program for Decision Making by Council**

<b>Timing</b>	<b>Action</b>
2 September	Council meeting
Mid September	Brief key stakeholders
Mid September	Prepare for Community Consultation
Late September	Commence Community Consultation
Late October	Conclude Community Consultation
Mid November	Assess Community Feedback
Late November	Prepare SPDP Committee meeting item
Early December	SPDP Committee meeting - recommendations
Mid December	Council meeting – decision making including: <ul style="list-style-type: none"><li>- Rezoning via a Nairne DPA</li><li>- Future of the Nairne Soldiers memorial hall</li><li>- Separate rate on Nairne DPA land for recreation, sport and community infrastructure</li><li>- Nairne Main Street Strategy</li></ul>

**Attachment 7****Overview of Approach to Community Consultation**

Mr Bob Goreing (Community Engagement Group Australia) is proposed to lead the community consultation process.

He successfully played a similar role in relation to the Nairne Township Master Plan and has excellent local knowledge.

Mr Goreing's role would primarily be to:

- Ensure that the community consultation process is comprehensive;
- Facilitate the Community Information Forum to be held one evening in Nairne;
- Review all of the written submissions received; and
- Provide a written report for consideration at a meeting of the Strategic Planning and Development Policy Committee (the Committee will subsequently provide recommendations to Council).

It will be important to highlight and clearly present the information so as to place emphasis on what is achievable and how this could occur

The information to be presented would include the five Key Objectives (as outlined earlier in this agenda item) - Retail, Economic, Transport, Community and Social.

The approach to community consultation would include the following elements:

- Direct Mail Out of information to all Nairne ratepayers/residents;
- Posters to be displayed at the Nairne Post Office;
- Public Notice to be placed in The Courier;
- A community information forum;
- Information to be available from Council's website.

An important consideration will be stakeholder analysis i.e. the relative weighting given to feedback from different locations e.g. a resident of Nairne compared to a resident of Woodside.

For the purposes of the Community Information Forum, a Professional Town Planner (external to Council) is proposed to be available to provide objective responses to queries regarding planning issues like the possible rezoning of some land parcels i.e. merit, considerations, process and implications.





**Attachment 9****Former Catholic Church Property**

1. The property (lot 74 Main Street) is held in the name of the Christian Outreach Centre (COC).
2. It was purchased by them from the Catholic Church in January 2007 for \$225,000.
3. The property comprises the former Catholic Church with small extension and a shed.
4. The former Catholic Church is on the local heritage register.
5. The property was recently on the open market with the agent inviting offers between \$350,000 and \$395,000.
6. Council was concerned that the property could be purchased by another party and in effect make it more difficult to ultimately secure.
7. Council retained a small legal firm Windevere Bellman Hynes (WBH) to act on Council's behalf and not disclose that Council was their client.
8. Subsequently WBH made an offer (on Council's behalf) to the vendor.
9. The offer was to secure an option to purchase the property. The option was to be for four months at a cost of 1% of the proposed purchase price.
10. The property was to be purchased by Council for \$300,000 with the option fee (\$3,000) non-refundable but included in this amount.
11. COC rejected the offer and advised that they would consider offers of \$350,000 and over.
12. COC feedback was that they are not in any hurry to sell and would entertain a conventional purchase contract which was subject to due diligence, but not an option to purchase.
13. Council has not procured a valuation of the property.
14. The property is not currently on the open market.

## Attachment 10 to Item 16.1

### WHAT MAKES A MAINSTREET WORK – author David West

Mainstreets are facing their biggest challenges ever. Online retail is growing rapidly and consumers are slowing regaining confidence after a long period of uncertainty. The other key element that affects a traditional mainstreet is the creation of new retail space which is driving distance away or isolated.

Mainstreets work on many similar principles to a shopping centre – a consolidated mix of specialties with anchor stores strategically located. Mainstreets traditionally were anchored by a hotel, newsagent, grocer and a post office but now they need to provide a wider variety of stores in addition to the base uses.

The mix of specialties will form the character of the mainstreet and its role in the town or suburb. Retailers need to reduce the risk of establishing a new business and they want other associated businesses or a quality major tenant nearby to provide constant pedestrian traffic. A street needs a small to medium supermarket to provide regular foot traffic or a cluster of uses such as restaurants or cafes can also be effective as an anchor.

A good example nearby is Stirling mainstreet where there is a good balance of fresh food (supermarket plus specialty stores), cafes, restaurants, banks, chemist and postal services. In addition there is adequate parking provided behind shops that improves convenience for customers. The supermarket setback does not interfere with the village ambience of the street.

The creation of a small satellite centre away from the mainstreet would seek to provide all of the uses described here plus more to ensure constant traffic flow throughout the centre malls. A sea of car parking around the development would provide free parking for consumers adding to the attractiveness of the centre.

Key success factors required for a mainstreet include:

1. **Good pedestrian circulation** past retail shop windows along the mainstreet. Key anchor stores generate their own store traffic but many shops rely on passing traffic. Post offices, supermarkets, car parks and train stations can generate extensive traffic and 'ant trails' through a town centre.
2. **Clear sightlines** to buildings, shop fronts, windows and signs. Highly visible signs, buildings and shopfronts provide customers with clear vistas to orientate them in the street as they walk or drive past. Linking the clusters of shops or key destinations with convenient parking locations benefits the customer experience and adds to the perception of easy access.  
Council/property owners responsible.
3. **Vehicular traffic** passing by shopfronts gives businesses maximum exposure to passing customers while providing street movement, activity and vitality. A key advantage of a retail shop facing a main street is the exposure the shopfront has to passing customers on foot and in vehicles. Two way traffic, one way traffic and pedestrian malls can have a range of impacts on retail performance of stores. Council responsible.
4. **Attractors, anchors and destination stores:**
  - a cluster of similar stores - retail shops often cluster together in a street precinct. Often this can build a strong identity for the precinct such as restaurants in Lygon Street in Melbourne.

- a destination store - Target, Myer, Woolworths, Post Office, Pharmacy or a Newsagent can all generate pedestrian traffic in their own right.
  - a great attraction - Museum, waterfront, a skyview tower.
5. **High quality streetscape** that enhances a variety of street elements including paving surfaces, water features, artworks, plants, flowers & trees and landscaped features to provide a pleasant and distinct character. Investment in the public realm can often encourage the owners of properties and shops to upgrade and provide a higher quality shopping environment. Council responsible
6. **Management** of the public realm to ensure high standards are achieved. Customers expect a well managed clean and safe environment as a minimum. Town management groups are working together to make the mainstreet a success.. Council, Businesses, BID responsible
7. Adequate **well managed and well signed customer parking** should include short stay, medium stay and longer term parking. Short term convenient parking should be clearly signed and less than 30 minutes for quick pick up and drop off. Main streets should have quick turnover parking. Medium stay parking (1hr to 3hr) parks can be located on streets adjacent to the main street. Long term staff parking (5hr +) must be located further away from primary customer zones and a park and ride or shuttle system utilised to encourage staff to use it. Council responsible
8. **Attractive and vibrant shops and cafes on key corner** locations portray a positive active image of vitality and activity. Cafes and restaurants with tables and chairs make good corner stores, while banks, solicitors and real estate offices do not have active shopfronts and portray an image and reality of inactivity. Shopfront features such as solid glass and blank brick walls are generally not ideal for key corner locations. Property owners, leasing agents responsible
9. **Well maintained buildings** that present the unique character of the street coupled with well presented shop windows and shopfronts demonstrate the owner's care and attention. Retailers are more likely to locate in good quality buildings and higher rents are often achieved. Poorly maintained and deteriorating do not give retailers or customers confidence in the businesses located there. Buildings in a street can add to the unique character and identity of a precinct. Property owners responsible
10. Customers expect a **clean and safe** environment where they can shop with their families and friends. If shoppers feel intimidated or threatened they will not be encouraged to stay in the precinct for long. Safety is paramount and untidy poorly kept dirty streets also imply lack of care and questionable safety levels. Street management programs often deal with cleaning and safety as the highest priorities before implementing marketing programs and events. Council, Property owners, BID responsible
11. Maintaining a **good quality mix of retail shops** and services that attracts customers to the precinct requires a retail plan supported by actions and outcome measures. A balanced blend of chain stores and independently owned stores to attract more customers. Proactive leasing strategies that combine the skills and resources of property owners, council and businesses.
12. A **strong identity and character** that provides a unique brand will increase customer recognition and build credibility for town centres. The market position can be based on the strength and mix of stores that attract significant customer traffic. Authentic buildings and

historic features can form the basis of a brand. The brand should be reinforced through all signage and advertising materials.

13. **Access to a range of potential customer markets.** Various market segments can be targeted through a range of campaigns. Examples of various customer markets are:
- Tourists – international, interstate, regional, day trippers
  - Residents – locals living in the City and surrounding areas.
  - Shoppers and short stay visitors

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