

ETHOS URBAN

11 June 2020

Project Number: 3200146

Mr Gerard Coutts
Managing Director
Gerard Coutts & Associates

Via email: gcoutts@gerardcoutts.com.au

Dear Gerard,

RE: Dylan Street, Brighton – Strategic Land Use Advice

This letter provides high-level strategic and economic land use advice regarding your client's land holdings at Brighton in Brighton Council, Tasmania.

Mr Tony Dourias and his associated companies (the client) control the majority of the 21 hectare land holding located immediately south of Brighton township in the area of Dylan Street, as well as the site 69 Brighton Road which comprises some 24 hectares (approximately 45 hectares in total).

We understand the client's intention is to develop the Dylan Street land for a residential subdivision, with some commercial activities delivered in the southern portion of the site. The commercial component would abut land identified for highway services which is located immediately to the south of the Dylan Street land holding.

While 69 Brighton Road is also envisaged for residential development, the client is considering complementary non-residential uses such as medical or health facilities in the area directly abutting Brighton Road. A secondary school is planned for land that abuts 69 Brighton Road to the north.

The primary purpose of this letter is to provide advice regarding the strategic and economic merit of delivering the commercial component envisaged for the Dylan Street land; in particular, relating to the market opportunity for delivering restricted retail and associated uses at this location, as well as economic considerations from a centres planning perspective.

In addition, this letter also provides some high-level, preliminary guidance regarding the opportunities for a component of non-residential uses to be delivered at 69 Brighton Road.

This letter comprises the following sections:

1. Subject Land and Proposed Development Concept
2. Surrounding Land Use, Economic and Strategic Planning Considerations
3. Drivers of Demand for Commercial Development at Dylan Street
4. Competitive Considerations and Risk Factors for Commercial Development at Dylan Street
5. 69 Brighton Road Opportunities
6. Conclusion.

1.0 The Subject Sites and Proposed Development Concepts

For the purpose of this assessment, two **subject sites** are identified:

- The **Dylan Street commercial site**, comprising an ‘L shaped’ parcel of approximately 2.0 hectares which interfaces with the land identified for highway services (immediately south), Brighton Road (to the west) and the proposed Dylan Street residential subdivision to the north and east; and
- The **69 Brighton Road commercial site**, comprising a 1.2-hectare parcel with frontage to Brighton Road.

Both subject sites are show in Figure 1.1 (labelled ‘potential commercial asset’).

We understand a key rationale underpinning the commercial component at Dylan Street is for this precinct to function as a ‘buffer’ that shields the proposed residential subdivision from amenity impacts emanating from the highway service centre, such as heavy vehicle noise.

It is envisaged that the Dylan Street commercial site would accommodate restricted retail (such as bulky goods), trade showrooms and some agriculture sales activities. These uses would leverage trade from passing highway traffic, activity at the future highway service centre, as well as residents and businesses in the Brighton Council region. A rezoning from the rural resource zone to an appropriate zoning would be sought to facilitate development.

The client is considering the potential for the commercial site identified at 69 Brighton Road to accommodate health or medical facilities, as previously noted. A secondary school is understood to be planned for land in the general residential zone (GRZ) situated immediately to the north and would provide an opportunity for land use synergies.

The subject sites have attributes supporting the delivery of commercial uses, including:

Dylan Street commercial site

- Unencumbered and developable land.
- Frontage to Brighton Road and exposure to Midland Highway traffic.
- Access for Midland Highway traffic facilitated by a likely ‘left in – left out’ access arrangement at the proposed highway service centre, with access to highway traffic travelling south toward Hobart provided via the Brighton Road/Midland Highway interchange and Brighton Road.
- Opportunity to leverage economic income from Midland Highway traffic that would not otherwise be captured in Brighton Council.

69 Brighton Road commercial site

- Unencumbered and developable land.
- Frontage and convenient access afforded to Brighton Road
- Opportunity for land use synergies with planned secondary school.

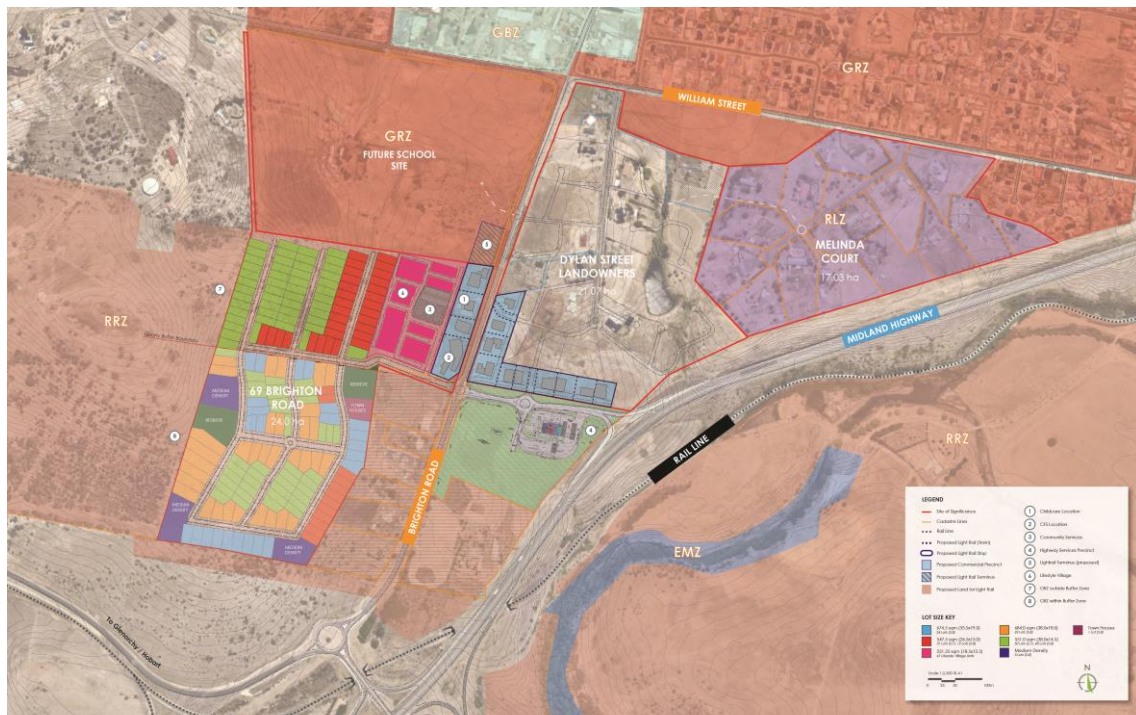
Other key existing or proposed land uses in proximity to both subject sites include:

- The proposed **Dylan Street residential subdivision**, comprising the delivery of 150+ conventional residential lots across an area of approximately 21 hectares. The majority of this land (Lots 7, 8, 9 and 10) is controlled by the client and would constitute an expansion south of the existing Brighton urban area. A rezoning from the rural resource zone (RRZ) to an appropriate residential zone would be needed to facilitate development.

- A proposed **highway service centre** situated on a 5-hectare parcel strategically located proximate the Midland Highway and immediately south of the Dylan Street commercial site and residential subdivision. It is understood the service centre would include complementary convenience and fast-food retail aspects, as is typical for modern highway service centres. This site was formerly owner by the client and is currently in the rural resource zone. A rezoning would likely be sought to facilitate development.
- The **Melinda Court rural living precinct**, a 17-hectares area located immediately west of the proposed Dylan Street subdivision comprising around 17 lots in the rural living zone (RLZ).

We understand the client has the view to develop the balance of **69 Brighton Road** for a residential subdivision, noting that this site has only been recently acquired and a detailed development vision is yet to be undertaken.

Figure 1: Subject Sites Land Use Context



MUD MAP SUBDIVISION CONCEPT (DRAFT)
Brighton Council, Brighton - Tasmania

© Gerard Coutts Pty Ltd August 2020 Version 4 / Drawn: Alexander Tamburro

web: www.gerardcoutts.com.au
email: info@gerardcoutts.com.au
mail: PO Box 40728 Bellair East, Victoria 3209
phone: +61 3 9819 9101

This information on this page is developed by GCA and cannot be copied or changed in any form without prior permission.

Source: Gerard Coutts & Associates Pty Ltd

2.0 Surrounding Land Use, Economic and Strategic Planning Considerations

Land Use Context

Brighton Council, a developing peri-urban and rural area containing a residential population of approximately 17,680 persons (ABS Cat:3218.0), is Hobart's northern gateway. The Midland Highway – Tasmania's key north-south road connection – runs through the middle of the municipality and is an important economic asset.

Settlements in Brighton Council include Bridgewater with 4,120 residents, Brighton (4,370 residents), Gagebrook (1,410 residents), Old Beach (4,090 residents), and the smaller village settlement of Pontville (590 residents). Population estimates at the township level are based on official ABS data.

Bridgewater, identified as a major activity centre by the Southern Tasmania Regional Land Use Strategy (STRLUS), is the municipalities' focal point for the majority of retail, commercial and civic uses, while Brighton – a rural service centre – provides a more limited retail and civic offer.

The general area in which the subject sites are located to the immediate south of Brighton township is strategic by virtue of its proximity and exposure to the Midland Highway.

Just over 1km south of the subject sites is Brighton Industrial Estate. A state significant industrial precinct which includes Brighton Transport Hub, an intermodal facilitating road and rail freight distribution.

Economic Context

Brighton Council's economic context is framed by the following observations:

- **Local population growth.** Brighton Council generated around 10.8% of Greater Hobart's population growth between 2014 and 2019. From 2020 to 2035, the municipality's population is forecast to increase by some +3,490 persons, with annual growth of +230 persons or +1.2% p.a. across the 15 years (source: 2019 Tasmania Population Projections – medium series).
- A **socio-economic profile** characterised by lower median household income, lower levels of education and a younger age structure than the Greater Hobart average.
- An **industry structure** with the largest sub-sectors for local jobs at the 2016 Census being transport, postal and warehousing (15.5% of total jobs), education and training (12.0%), construction (11.0%), retail trade (10.2%) and healthcare and social assistance (10.2%).
- **Journey to work trends** characterised by only the vast majority (82%) of Brighton Council's resident labour force traveling outside of the municipality to access employment.

The importance of the Brighton Industrial Estate is apparent in terms of providing local 'blue collar' employment. It is also clear that increased local employment opportunities are needed in the municipality to support existing and forecast population growth.

The Midland Highway is an economic asset which provides an opportunity for Brighton Council to leverage economic income that would otherwise not be generated in the municipality. In this regard, developing sites with convenient access and/or exposure to the Midland Highway is a key opportunity to support local economic development.

Brighton Structure Plan

Brighton Structure Plan

The Brighton Structure Plan, prepared by Echelon Planning with input from Essential Economics and AXOS Urban in 2018, is the foremost strategic policy document that informs planning and development in Brighton Council.

The provision of local employment opportunities is central to the vision provided by Structure Plan:

"In 2023 the municipality of Brighton will be known as a hard-working and cohesive community. It will be a hub for its residents and the wider region, with substantial local job opportunities, and a community that is working together to create a bright future for Brighton" (p11)

Under the land use structure proposed, the Dylan Street commercial site is located within an area identified to be rezoned to the GRZ and to be made part of a Specific Area Plan. In addition, although it is difficult to ascertain, it appears the Dylan Street commercial site is also identified as a location for a 'potential transit-orientated mixed-use urban renewal precinct' (refer Figure 2). The 'transit-

orientated mixed-use urban renewal precinct' designation indicates that commercial uses are in the land use mix broadly considered for Brighton township's southern gateway.

In the assessment of residential growth options, the Structure Plan identifies the Dylan Street land as a logical extension to Brighton township and recommends a rezoning to the (GRZ), while 69 Brighton Road is also noted as a logical extension to Brighton township for consideration as a primary urban growth option.

Although the Structure Plan notes that an additional government secondary school would be needed by 2033 to support the municipality's growth, the opportunity for a secondary school on the land abutting 69 Brighton Road to the north is not identified in the proposed land use structure. If little else, this reflects the dynamic and changing context in which strategic policy is often applied, underscoring the need for flexibility and common sense.

Brighton Structure Plan – Economic Assessment

Undertaken in April 2018 by Essential Economics (now Ethos Urban), this report provided the economic analysis that informed the Structure Plan's development, and focused on the issues and opportunities for retail, commercial and industrial development in the municipality.

The following findings are of relevance to this assessment:

- The municipality's activity centre hierarchy is focused on Bridgewater as a major activity centre and Brighton township as a rural services centre, as per the STRLUS.

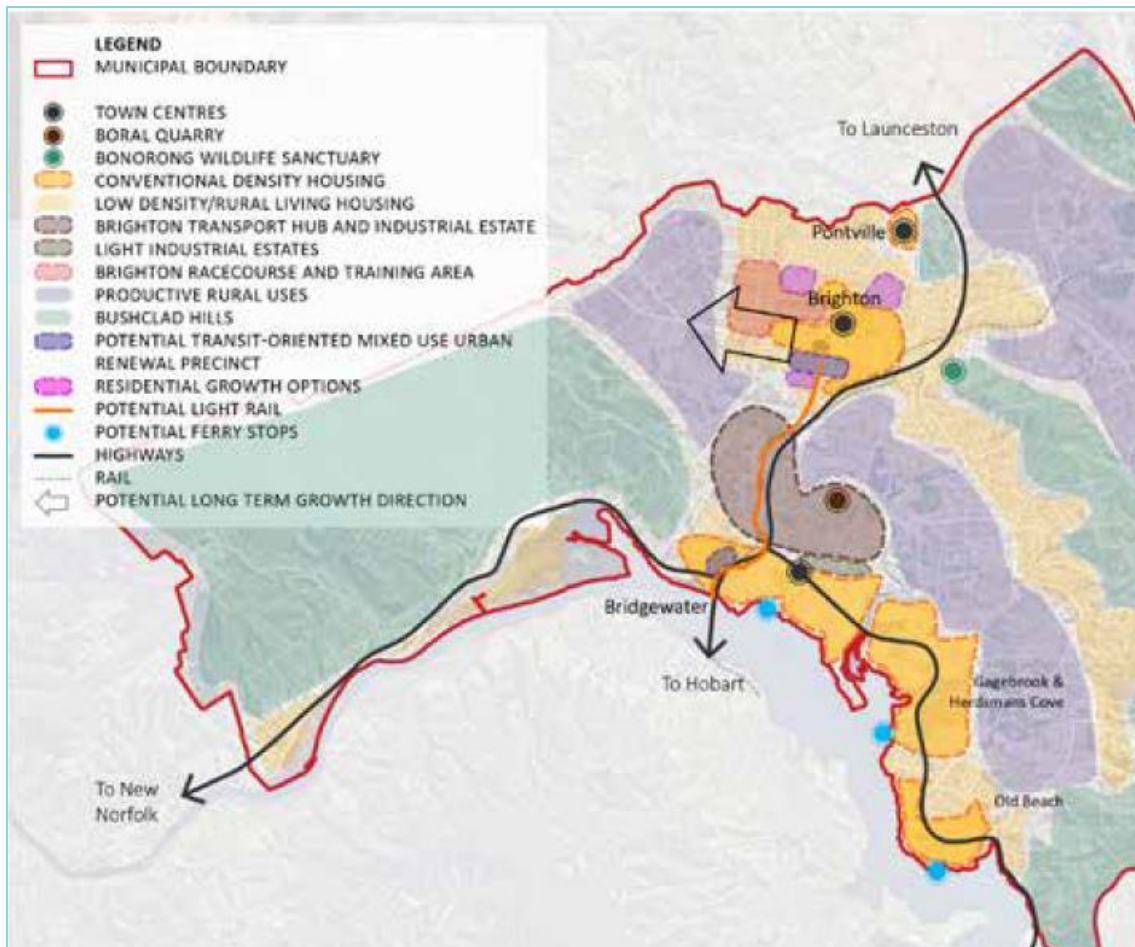
Bridgewater provides the main retail and commercial offer comprising some 14,340m² in total occupied retail/commercial floorspace, with the primary nodes being:

- Cove Hill, anchored by a full-line Coles supermarket and a mini-major (Reject Shop); and
- Green Point, anchored by a full-line Woolworths supermarket with speciality tenancies and a commercial component (containing Centrelink and Red Cross etc).

In contrast, Brighton township provides only 2,800m² of occupied floorspace in a 'main street' layout with a small IGA supermarket, a pharmacy, a post office, two service stations, and a takeaway food premises the key uses.

- Total retail sales in the municipality were estimated at \$97.8m with an average trading level of \$6,130/m² (in 2018 dollars).
- Vacancies comprised only 4.5% of total retail floorspace which is well within the acceptable range of 4-8% for strip retail. Zero vacant tenancies were recorded in Brighton township.
- The market share of retailers in the municipality was only 37% indicating a significant proportion of resident's spending is escaping to centres further afield. In particular, non-food retailers were estimated to only be capturing some 9% local resident spending in this category.
- It was estimated that Brighton Council could support approximately +7,220m² and +3,330m² in additional retail and commercial floorspace respectively by 2035; however, opportunities for large scale retail formats such as discount department stores, and large format homemaker or bulky goods retailing (e.g. Bunnings) were considered unlikely due to a critical mass of local population to support these formats. In this context, it is not envisaged the Dylan Street commercial site would support a major homemaker precinct or bulky goods development.

Figure 2: Brighton Structure Plan – Land Use Structure



Source: Brighton Structure Plan 2018

3.0 Drivers of Demand for Commercial Development at Dylan Street

The Dylan Street commercial site comprises some 2.0 hectares in land area. Taking into account access arrangements and parking etc, and assuming a 40% site coverage, it is estimated that some 8,000m² in commercial floorspace could be accommodated.

As noted previously, the intention for this site to contain a combination of the following:

- restricted retail,
- trade showrooms, and
- agricultural sales activities.

The above uses would leverage trade from passing highway traffic, as well as residents and businesses in the Brighton Council region.

In addition, potential may also exist for uses such a gym or fitness centre, or a discount pharmacy. These uses require larger floor areas, would also benefit from passing exposure and have a tendency to locate in restricted retail precincts such as that proposed for the site. Potential may also exist for motor vehicle showrooms on the sites with direct exposure to Midland Highway.

Broadly speaking, delivery of the above uses would be informed by the following demand drivers.

Passing Midland Highway trade

Passing Midland Highway traffic is the foremost demand driver and is informed by the site's location proximate the Midland Highway at Hobart's northern approach. The development of the service centre immediately to the south and likely associated (left in-left out) access arrangements to-and-from the Highway, as well as access via Brighton Road, would be leveraged by the proposed commercial node to draw Highway trade. Midland Highway trade would conceivably include persons:

- Commuting to Hobart daily for work;
- From middle or northern Tasmania accessing Hobart for business, recreation or family reasons on an intermittent basis (including farmers from agricultural areas in Brighton or further north visiting Hobart, or persons/businesses visiting Brighton Industrial Estate); or
- Hobart residents seeking to visit middle or northern Tasmania for business, family or leisure.

Midland Highway observes some 10,000-20,000 vehicle movements per day in the Brighton Council region, as noted in the Tasmanian Government report titled State of Our Roads 2015. The road is an economic asset for Brighton Council, which provides opportunities to leverage income and jobs that would potentially not otherwise be generated in the municipality.

Population and spending growth

Growth in the local resident population and associated retail spending will drive some demand for restricted retail at the Dylan Street.

By 2033, non-food spending by residents in Brighton Council is forecast to be approximately \$50.4 million, a +\$25.8 million increase on the 2019 level (refer Brighton Structure Plan – Economic Assessment). This growth expected to generate opportunities for local restricted retail such as smaller-scale homewares or bulky goods.

As noted previously, only 9% of non-food resident spending is currently being captured locally with the balance leaking from the municipality. Improving the local restricted retail offer will assist in increasing the non-food retail sector's market share and ability to generate local employment opportunities. In saying this, the population and spending growth forecast for Brighton Council isn't likely to be sufficient to support development of major bulky goods or homemaker uses (such as a Bunnings) – even when the ability to draw trade from the Midland Highway is considered. To this extent, it is not envisaged the site would accommodate major homemaker or bulky goods uses.

Local agricultural and industrial activities

In addition to restricted retail, the Dylan Street commercial site is envisaged to accommodate some agricultural sales uses and trade showrooms.

Agricultural sales is considered a natural fit for the site in view of the agricultural areas located to the north of Brighton. Approximately 720 agricultural businesses are located in the municipalities of Brighton, Northern Midland, Southern Midlands and Central Highlands, according to ABS Business Count statistics for 2019. The majority of these businesses would travel towards Hobart for agricultural supplies not supplied in their immediate townships.

Industrial activity in the Brighton Industrial Estate, as well as ongoing residential growth would provide an opportunity for the development of trade supply showrooms. Again, the site's access and exposure to the Midland Highway is also an important aspect that would inform demand for these types of activities.

Consumer and Development Trends

Consumer trends continually evolve and impact the way commercial areas are developed and their tenants. Some of the current trends which may impact the development and tenant demand at the Dylan Street commercial site include:

- **Health and fitness:** Consumers have become increasingly conscious of their health and fitness and this has led to the significant growth in the number of gyms and fitness centres. According to IBISWorld (Gyms and Fitness Centres in Australia, October 2019), the number of gyms and fitness centres has more than doubled over the past 10 years, from approximately 3,020 in 2009/10 to approximately 6,540 in 2019/20.
- **Recreation:** Somewhat aligned with health and fitness, considerable growth in recreation retail has occurred over the past decade. Major retailers include Anaconda, Rebel Sport, BCF and Decathlon – a new entrant to Australian market which will seek out major homemaker precincts in some instances. While the subject site is less likely to attract a major brand tenant, recent growth in cycling and home fitness equipment due to the social distancing measures associated with COVID-19 may present opportunities for local-based bike stores or recreation retailers.
- **Pet-related retail and health:** Consumers are spending more now on their pets than ever. This has driven demand for pet-related retailing, with the number of pet supplies and retailers in Australia increasing by 33% over the past 10 years (IBISWorld). Major retailers include PetStock and PetBarn who typically locate in high exposure sites at dedicated bulky goods/homemaker precincts.

The above consumer and development trends indicate a possible range of commercial uses may be suited to the Dylan Street commercial site.

4.0 Competitive Considerations & Risk Factors for Commercial Development at Dylan Street

To what extent would the proposed uses compete with activity centres in Brighton Council and beyond?

Brighton Council's retail offer is largely centred upon servicing the daily convenience needs of residents in the municipality, with development of a designated restricted retail node yet to occur.

To access restricted retail, Brighton residents must travel further afield. The two foremost restricted retail nodes in Hobart are:

- **Glenorchy**, which contains Harvey Norman, Harris Scarfe, The Good Guys and Bunnings, amongst other brands; and
- **Cambridge Park**, the primary homemaker and bulky goods centre for Greater Hobart with tenants including Harvey Norman, Anaconda, Supercheap Auto and Drummond Golf.

Compared to the above centres, the restricted retail offer at Brighton would be significantly lower order in terms of the quantum of floorspace and the range of merchandise. The scale of the site and available market are unlikely to be suitable for major operators (such as Harvey Norman or Bunnings).

The showroom and agricultural sales activities would compete, to a limited extent, with commercial and light industrial areas at Glenorchy and Derwent Park and even some existing uses in Brighton Industrial Estate. For example, Total Ag Solutions is representative of the type of business that could conceivably be accommodated by the Dylan Street site.

Would Brighton Council's retail hierarchy be undermined?

In short, no. The uses envisaged for the Dylan Street commercial site leverage sales from a different market to that which is served by Bridgewater, Brighton town centre, and other smaller local centres, which broadly are focused on serving the daily shopping needs of Brighton Council residents.

Rather than seeking to accommodate uses that would compete directly with existing centres, the activities proposed would leverage sales from markets, that, while representing an economic opportunity, are currently underrepresented in terms of the income generated for local businesses.

Commercial development at the Dylan Street site is considered somewhat opportunistic, driven by its co-location with a planned highway services centre and exposure to Midland Highway. In addition, commercial development at the site also provides a prudent design response which shields future residential areas to the north from amenity impacts associated with the planned highway service centre.

What are the risks from an economic and strategic planning perspective?

Two potential risks from economic and planning perspective exist.

First, there is a risk that the planning controls are not sufficiently prescriptive regarding permissible retail uses such as a food, liquor and grocery retailing which may have the potential to undermine the municipality's centres hierarchy.

And second, there is a risk that the planning controls imposed are too prescriptive with some restricted retail, showroom or agricultural sales uses that would support the viability of the site not being permissible.

In this regard, a purpose of developing the southern edge of the Dylan Street site as a commercial node is to protect the residential subdivision from potential amenity impacts emanating from the proposed highway service centre and facilitate an orderly transition between the two uses. While a wide mix of permissible agricultural sales/services uses (for example) would assist in supporting the commercial node's viability, it is important that these uses themselves do not create amenity issues for future residents in the proposed adjoining subdivision.

In effect, a planning response that balances the above risks is required.

5.0 69 Brighton Road Opportunities

In addition to an assessment of the Dylan Street commercial site, it is understood that the client is seeking preliminary, high-level advice regarding potential land uses for the potential commercial site identified at 69 Brighton Road.

This site comprises 1.2 hectares in area, is unencumbered and developable, has frontage to Brighton Road, and a new secondary school is proposed for vacant land to the immediately north, as noted previously.

Having regard for the characteristics of the site, childcare, seniors living, and a medical centre all represent potential development opportunities for further investigation. The following high-level observations relate to each opportunity:

Childcare

- Childcare facilities in Brighton Council consist of Brighton Child Care and Early Learning Centre (Brighton township), Discovery Early Learning Centre (Bridgewater), Brighton Family Day Care Services (Bridgewater) and Family Day Care (Old Beach).

- Some 1,500 Brighton Council residents are currently aged 0 to 4 years, with this age bracket expected to increase to 1,690 residents by 2015, representing growth of +190 across the 15 years (source: 2019 Tasmania Population Projections – medium series)

Seniors Living

- Potential opportunities include:
 - A **Traditional retirement village**. These typically provide for between 80 to 160 independent living units, club house and a range of community facilities. Retirement villages are suitable for independent retirees.
 - A **Land lease retirement community**, which is a growing sector within the broader retirement living market. The land-lease model allows for independent retirees to purchase a 'removable' dwelling and lease the land from the operator allowing for affordable retirement living options. Land lease communities will also typically provide a range of community facilities similar to a traditional retirement village.
 - **Aged Care**, which is suitable for older persons who can no longer live independently and require a level of care from trained aged care nursing staff.
- The quantum of Brighton Council residents aged 65 years and over is forecast be 3,880 by 2035, an increase of +1,330 residents on the current level, based on the 2019 Tasmania Population Projections – medium series.
- Only two seniors living facilities are in Brighton Council: Wellington Views (aged care facility) and St Ann's Living (retirement community) – both are located at Old Beach.

Medical Centre

- Medical facilities in Brighton Council consist of:
 - Brighton Doctors Surgery (Brighton) which includes general practitioner, dental and psychology services;
 - Greenpoint Medical Centre (Bridgewater); and
 - Brighton Community Health Centre (Brighton) – a child health centre operated by the Department of Health and Human Services.

6.0 Conclusion

Having regard for the analysis and discussion presented in this letter, the development of the Dylan Street commercial site for restricted retail, showroom and agricultural sales uses would represent a sensible and prudent development outcome, that:

- Would function as a land use buffer shielding the proposed residential subdivision from amenity impacts associated with the proposed highway services centre and facilitating an orderly transition between these uses;
- Is supported by demand drivers including passing Midland Highway traffic, population and spending growth, and local agricultural and industrial activity;
- Would provide an opportunity to leverage economic income from the Midland Highway, a key economic asset for the municipality, and increase the share of resident non-food spending captured locally;
- Would not undermine the existing retail hierarchy, due to the proposed uses serving a different market to existing centres in the municipality such as Brighton and Bridgewater; and

- Requires a planning approach that strikes a sensible balance between sufficiently supporting the existing retail hierarchy and mitigating against potential land conflicts, while allowing for a range of permissible uses that support economic viability and local jobs.

Childcare, seniors living and a medical centre are all potential opportunities for the 69 Brighton Road that warrant further investigation, in view of the site's characteristics and relevant demographic trends.

I trust this letter of advice addresses your requirements to understand the market opportunities for the subject site.



Nick Brisbane
Director, Economics
0438 324 779
nbrisbane@ethosurban.com



Jack O'Connor
Senior Urbanist, Economics
0409 540 759
joconnor@ethosurban.com