ESSENTIAL ECONOMICS

Mildura Retail Strategy

Background Report: Retail Assessment

FINAL DRAFT

Prepared for

Mildura Rural City Council

by

Essential Economics Pty Ltd

In conjunction with Tract

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Authorship

Report stage	Author	Date	Review	Date
Draft report	Jack O'Connor Nick Brisbane	28 August 2017	John Henshall Mildura Rural City Council	29 August 2017 20 September 2017
Draft report #2	Nick Brisbane	28 November 2017	John Henshall Mildura Rural City Council	28 November 2017 1 March 2018
Final draft report	Nick Brisbane	29 March 2018		
Final report				

Disclaimer

Contact details

For further details please contact Essential Economics Pty Ltd at one of our offices:

96 Pelham Street
Carlton
Victoria 3053
Australia
PH +61 3 9347 5255
FAX +61 3 9347 5355

Level 26 / 44 Market Street
Sydney
New South Wales 2000
Australia
PH +61 2 9089 8654

EMAIL mail@essentialeconomics.com
WEB www.essentialeconomics.com

ABN 92 079 850 427

Mildura Rural City Council Project Team

Peter Douglas – Project Director
Ammar Habasch – Project manager

Our Reference: 17063

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INTRODUCTION

Background

Essential Economics and Tract Consulting have been engaged by Mildura Rural City Council to prepare a review of the Mildura Retail Strategy, prepared in 2010 by Essential Economics. This review assesses the future trends informing the retail context of urban Mildura and its surrounds, and provides an updated strategy which will guide retail development for the period 2017 to 2035.

Significant changes have occurred since 2010 which have impacted Mildura's retail sector, including new retail developments along Fifteenth Street and in Irymple, changes to the land use zones relevant to retail development, and the continued expansion of urban Mildura in a southerly direction bringing rise to the need to assess opportunities for neighbourhood level retailing in Mildura South. As a result, now is an opportune time to undertake this Retail Strategy Review.

This **Background Report: Retail Assessment** provides the analytical basis from which the forthcoming Retail Strategy Review document will be prepared. In doing so, this Background Report includes an assessment of retail demand and supply applicable to Mildura's retail context, as well as an overview of retail and commercial trends likely to influence future development. Key directions emerging from the analysis in this Background Report will inform the preparation of the Retail Strategy Review.

In conjunction with the preparation of this Retail Strategy Review, Tract Consulting and Essential Economics have also been engaged by Council to review the appropriateness of the Special Use Zone 8 (SUZ8) and Special Use Zone 9 (SUZ9) located along Fifteenth Street. The analysis presented in this report will also inform the review of the SUZs.

Objectives

The main objectives of this **Background Report: Retail Assessment** are as follows:

- Review the policy context surrounding retail development in Mildura
- Provide an overview of key retailing trends and innovations relative to the Mildura context
- Provide an assessment of the economic context informing retail development in Mildura including (market) demand and supply aspects
- Identify retail development opportunities and review the existing retail hierarchy
- Identify the key issues and influences associated for retail development in Mildura to inform the preparation of the Retail Strategy Review.

This Report

This report contains the following chapters:

1 Context Analysis

2 Policy Context

3 Retailing in Mildura

4 Retail Economic Assessment

5 Retail Development Potential

6 Key Considerations for the Strategy

Terms and Definitions

Retail activities

Retail activity is defined according to the Australian Bureau of Statistics (ABS) classification adopted for the 1991/92 Retail and Services Census but excludes garden supplies, marine equipment and motor vehicle and related traders. This definition of retail is consistent with the normal practice for undertaking retail-economic analysis in Australia.

A range of non-retail uses often operate in conjunction with, or adjacent to, many retail traders. These uses include cinemas, offices, travel agencies, lotto and gaming outlets, banks and other financial institutions, equipment hire and garden supplies, and so on. In addition, a range of other activities is excluded from the definition of retail because they mainly serve the trade, or non-household, sector. These activities include building supplies, garden supplies, and timber yards and so on.

Retail Categories

For the purpose of informing the Strategy, estimates of retail floorspace and expenditure are divided into the following product categories:

- **Food, Liquor and Groceries (FLG)**: Comprises household spending and floorspace involved in the selling of take-home food, groceries and liquor.

- **Food Catering**: Comprises household spending and floorspace associated with cafes, restaurants and take-away food stores.

- **Non-Food**: Comprises spending on non-food retail products and includes the following tow sub-categories:

  - Homemaker, which comprises homewares and bulky merchandise. Homemaker retailing is the most relevant category when assessing the demand for large format retail floorspace. However, it should be noted that 'homemaker' retailing also occurs in traditional retail centres. Similarly, a proportion of 'other non-food' retailing also occurs in homemaker centres and precinct such as that along Fifteenth Street in Mildura (e.g. leisure and recreation retailers).

- Other non-food, which comprises apparel, leisure goods, other general merchandise and spending on services such as hairdressers, video hire, dry cleaning, etc.

GST

All spending and turnover figures expressed in this report are inclusive of GST.

1 CONTEXT ANALYSIS

This Chapter provides an overview of factors which inform the context of retailing in Mildura and the need for the Retail Strategy Review. Reference is made to Mildura's regional location, the project study area, relevant trends in the retail and commercial sectors, and the need to update of the current Retail Strategy (2010).

1.1 Regional Location

Mildura is located in north-west Victoria on the Murray River, and is the major centre servicing the north-west Victoria, south-west New South Wales and adjoining regions in South Australia.

Mildura is relatively isolated in the Australian context, with the nearest capital cities of Adelaide and Melbourne being some 4.5 hours' and 6 hours' drive by car respectively. The nearest regional cities to Mildura are Horsham (3.5 hours' drive to the south), Swan Hill (2.5 hours' to the south-east), Renmark (1.5 hours' to the west in South Australia) and Broken Hill (3 hours' to the north in New South Wales). Consequently, retailers in Mildura serve a very large and captive regional catchment.

The regional location of Mildura is shown in Figure 1.1.

Figure 1.1: Regional Location

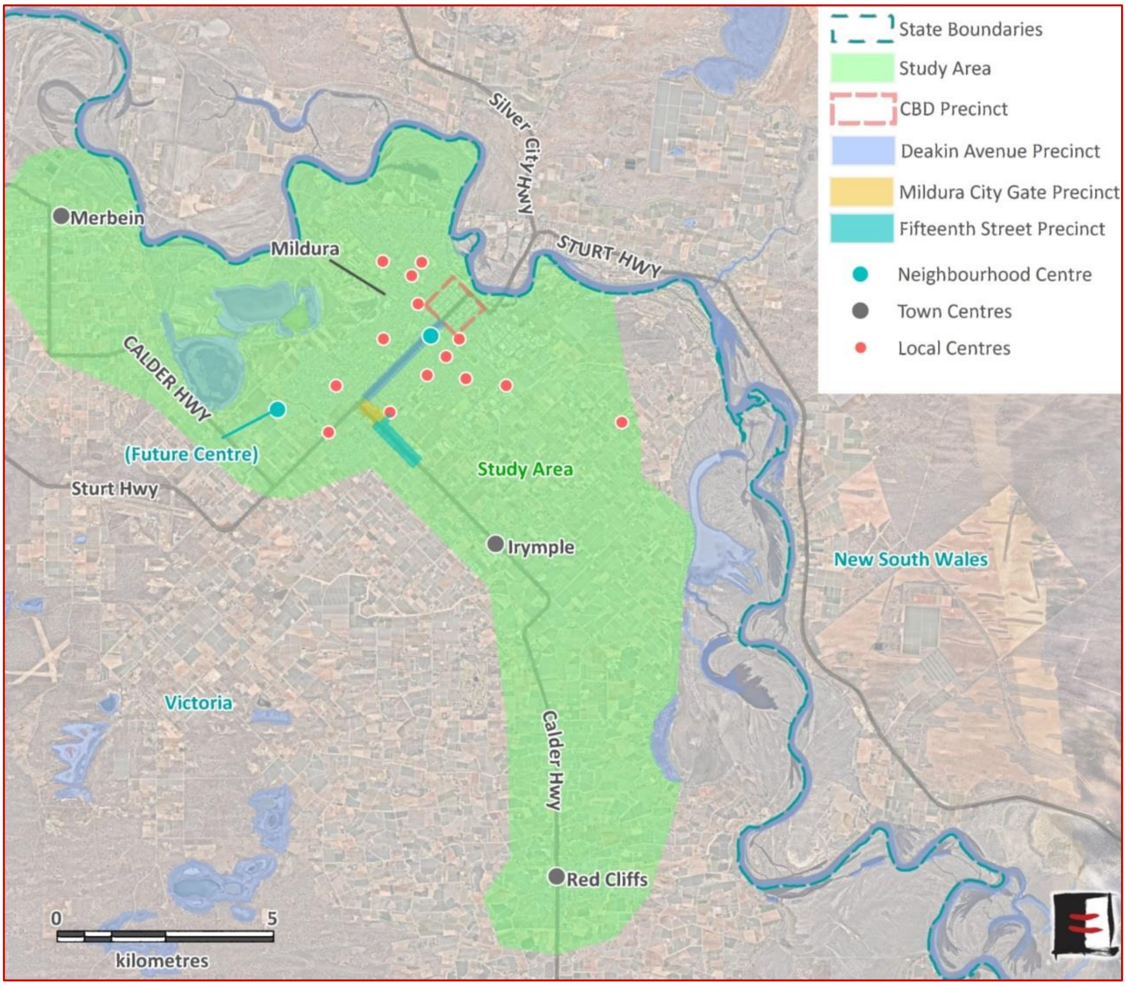
Produced by Essential Economics using MapInfo and BingMaps

1.2 Study Area and Local Context

The study area defined for the purpose of the Retail Strategy Review is shown in Figure 1.2 and contains the following:

- The Mildura Central Business District (known as 'City Heart') located just south of the Murray River
- The Mildura City Gate Precinct containing the Mildura Central Shopping Centre, and recent adjoining retail developments including the Big W, Dan Murphy's and Coles supermarket.
- Large format retailing along Fifteenth Street.
- Town centres in Merbein, Irymple and Red Cliffs.
- A future neighbourhood centre in Mildura South.
- Other local retail facilities provided throughout the urban Mildura area.

Figure 1.2: Study Area and Local Context



Produced by Essential with MapInfo, BingMaps, StreePro & NearMap

The retail environment in Mildura has evolved significantly over the past four decades. Traditionally, the Mildura CBD was the primary retail location serving the broader region, with smaller town centres providing local convenience retailing in the towns of Red Cliffs, Merbein and Irymple.

This changed in the 1980s with the development of what is now known as the Mildura Central Shopping Centre located on the corner of Deakin Avenue and Fifteenth Street. The Mildura Shopping Centre and the surrounding area have now evolved into a sub-regional shopping precinct consisting of two major supermarkets and two Discount Department Stores (DDSs). The development of a considerable amount of 'large format retailing' along Fifteenth Street also occurred in recent decades. Fifteenth Street continues to be a location of interest for new retail development proposals.

This significant investment in retailing on the edges of urban Mildura placed competitive pressures on the Mildura CBD, which for a period of time struggled to attract private sector investment and development. The Mildura CBD has evolved in recent years and adapted to the competitive pressures of retail development occurring along Fifteenth Street. The development of the popular 'Feast Street' dining/entertainment precinct and improved performance of Langtree Mall as a retail location are two examples of how the CBD is responding to its competitive pressures.

Continued population growth in urban Mildura and nearby Irymple have also presented opportunities for further convenience-based retailing, including a recently developed IGA supermarket in Irymple. In addition, land was rezoned in 2016 to Urban Growth Zone 1 via a planning scheme amendment (Am C75) to accommodate a neighbourhood centre serving the Mildura South growth area.

A review of each retail centre/precinct, including an overview of their role, function and issues/opportunities is provided later in this report.

1.3 Overview of the Mildura Retail Strategy (2010)

The Mildura Retail Strategy (2010) was prepared at a time when significant development pressures where present in the Fifteenth Street area, including proposals for the now developed Big W and Coles supermarkets, and the IGA supermarket in Mildura. The Mildura Retail Strategy (2010) was implemented into the Mildura Planning Scheme via Amendment C67 in 2011.

The purpose of this current project is to review the 2010 Strategy. In this context, it is worthwhile to note the following key outcomes of the 2010 Strategy:

- <u>Forecast Retail Development Opportunities</u>: Over the period 2010 to 2025, potential exists for retail development in the order of 48,000m^2 to 67,000m^2 of floorspace in the study area. This development potential provides support for the following:
  - Consolidation of the sub-regional role currently being performed in the Centro Mildura precinct.
  - Consolidation of the homemaker precinct in Fifteenth Street.

  - Redevelopment of key CBD sites containing anchor tenants, with the potential to increase retail floorspace as part of these redevelopments.
  - Potential development of a town centre in Irymple.
  - Potential future development of neighbourhood centre facilities in the Mildura South growth area.

- Mildura Retail Strategy - Vision: The Mildura Retail Strategy 2010 includes the following Vision Statement which is intended to guide the ongoing development of the retail sector in Mildura:

  "Mildura is a dynamic city serving a growing residential population and increasing numbers of tourists and other visitors. These customers will be served by a sophisticated retail sector that offers a full range of modern, well-designed and well-integrated shopping facilities that offer choice in product and services, and are in easily accessible locations."

- Mildura Retail Strategy 2010 – Objectives: The following objectives were identified in the Mildura Retail Strategy 2010:
  - To support the viability of existing centres in Mildura, so they continue to perform their roles in the retail hierarchy.
  - To respond to future retail requirements of residents and visitors to the region, having regard for forecast population growth and potential growth in tourism.
  - To support the Mildura CBD as the primary activity centre in the Mildura, for a mix of activities including retail, business, entertainment, tourism, civic, health, education, medium-density residential development, etc.
  - To support the sub-regional shopping role of the Mildura Centro precinct.
  - To support Fifteenth Street as the principal location for homemaker retailing.
  - To support development of accessible neighbourhood and town centres where there is an identified demand for such facilities and where such development will not lead to significant adverse impacts on established centres.
  - To ensure activity centres in Mildura are places where people enjoy shopping, doing business, and taking part in community activities through the implementation of appropriate design guidelines.
  - To ensure the Mildura Retail Strategy 2010 is reflected in the Mildura Planning Scheme.
  - To ensure the Mildura Retail Strategy 2010 and Mildura Planning Scheme remain relevant and have regard for current retailing trends.

Section 6.9 of this present Report provides a review of the relevance of the above 2010 Retail Strategy in the context of the updated research and analysis presented later.

1.4 Recent Changes Influencing the Retail Strategy Review

Since the 2010 Strategy was prepared significant changes have occurred in the planning and development for retail areas in Mildura which have, in part, given rise to the need to review the 2010 Strategy. These changes are briefly described below, noting that further discussion on each of these aspects is provided later in this report.

Recent Major Retail Developments in the Mildura City Gate Precinct and Irymple

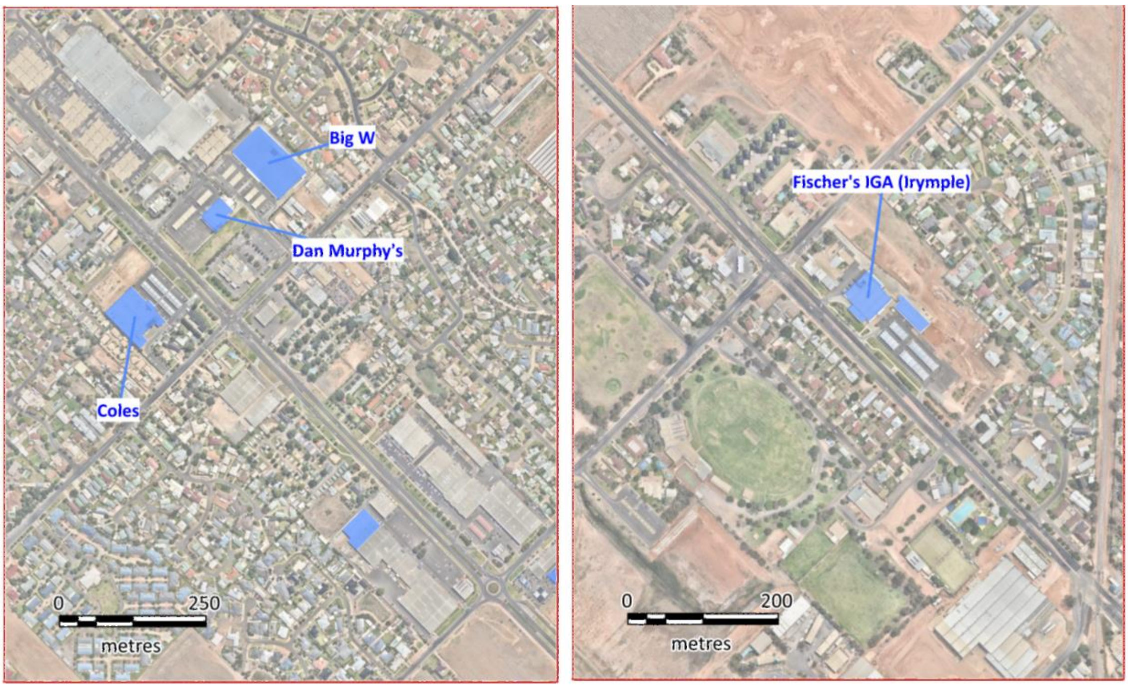
Since the 2010 Retail Strategy was prepared significant retail development has occurred, particularly in the Mildura City Gate Precinct, along Fifteenth Street and in Irymple. This development has been facilitated by various planning scheme amendments.

Figure 1.3 shows the location of major retail development in these areas over the period 2010 to 2017 which includes the development of Big W, Dan Murphy's, Coles supermarket and an IGA supermarket in Irymple. In addition, an expansion of the Bunning Warehouse on Fifteenth Street also occurred over this period.

In effect, this recent retail and commercial development has in part addressed a number of directions outlined in the 2010 Retail Strategy, namely:

- Consolidation of the sub-regional role being performed by the City Gate Activity Centre
- Consolidation of the homemaker precinct in Fifteenth Street
- The development of a town centre in Irymple.

Figure 1.3: Major Retail Developments in Mildura, 2010-2017



Produced by Essential Economics using MapInfo, StreetPro, Nearmap

Planning for the Future Mildura South Neighbourhood Centre

Planning scheme amendment C75 introduced the *Mildura South Precinct Structure Plan*. This included a proposal to rezone land on the southern corner of the Ontario Avenue and Sixteenth Street to the Urban Growth Zone (UGZ1) in order to facilitate the development of a Neighbourhood Activity Centre. Amendment C75 was approved in September 2016.

An Urban Design Framework or Development Plan is required for the Mildura South neighbourhood centre and surrounding areas planned for community uses prior to development occurring. At this stage, no Urban Design Framework or Development Plan has been prepared.

Introduction of New Commercial Zones into the Mildura Planning Scheme

Various changes have occurred to the planning framework for retailing, including Amendment VC 100 which introduced a set of reformed commercial zones. A review of the Mildura Planning Scheme in 2014 identified the implications of these new commercial zones as an area needing further attention. These implications are discussed in Chapter 2.

Revitalisation Projects in the Mildura CBD

In recent years, Mildura City Council have transformed the CBD through a number of planning initiatives and public works, including improvements to streetscapes, activation of public space, and increased integration with the Riverfront precinct. Recent and current major projects in the Mildura CBD include the redevelopment of Langtree Mall, the Riverfront Development, changes to car parking hours, etc.


Langtree Mall Redevelopment


Riverfront Redevelopment

1.5 Relevant Retail and Commercial Trends

A number of key global, national and regional trends need to be considered in assessing the future prospects for retail and commercial development in Mildura, including the following:

- <u>Demographic changes are impacting the behaviour of shoppers</u>, including the following:
    - An ageing population, including the increasing share of 'baby boomers' who are approaching retirement age and have shopping preferences very different from younger age cohorts, such as a preference for one-on-one interaction with retailers.

    - Generation Xers (born between 1965 and 1980) and younger generations typically have a stronger preference for on-line and mobile shopping.
    - Increased labour force participation by women, with the result that many more families are 'time-poor' and have a greater demand for convenience shopping, extended shopping hours, and accessible centres where shopping can be undertaken in conjunction with other activities.
    - Historically-high levels of household debt, coupled with high rates of home ownership, have an increased sensitivity to interest rate movements.

- Continued growth in the use of the internet and technology in the retail sector is influencing the type of products offered by traditional retailers and their business models. The share of retail expenditure directed to the 'internet', including the use of mobile phone apps to purchase and order retail goods and services (e.g. UberEATS, Foodora, Skip, etc), is expected to increase in the future. The imminent introduction of Amazon to the Australian market is also likely to have an influence on traditional retailing.

  Recent estimates suggest that approximately 7.5% of Australia's retail expenditure is directed to online merchandise and this has increased from approximately 4.5% in 2012. The *NAB Online Retail Sales Index* indicates that online retail sales have doubled over the period 2012 to 2017 to $23 billion in 2017.

- New forms of retailing and market entrants have become evident in Australia over the past decade, and these activities are of relevance in planning for retailing in Mildura. ALDI is a current example of a new market entrant seeking to locate in Mildura, with a current proposal for a new store on the corner of Deakin Avenue and Fifteenth Street.

- Visiting activity centres has increasingly become a social and cultural experience as well as a shopping experience. For many people, the retail sector is closely related to the desire for entertainment and social interaction. This has given rise to the concept of 'recreational shopping', which places retailing as part of a wider social and cultural experience. The continued popularity of the dining and entertainment precinct along Langtree Avenue, locally referred to as 'Feast Street', is an example of the changing nature of activity centres.

- The popularity of traditional street-based retailing has benefited from the increased need for activity centres to meet social and cultural expectations. 'Main Streets' provide opportunities for retail and other commercial activities to integrate with public infrastructure such as parks, libraries, galleries, and administrative functions (e.g. Council and other Government offices).

- Centres are increasingly becoming the location for a wider range of activities in addition to the traditional core retail and commercial functions. Examples include:
    - Commercial services, such as travel, insurance and real estate agents
    - Professional services, such as legal and accounting practices
    - Health care, such as doctors, dentists, podiatrists and physiotherapists

  - Community services, including Centrelink, employment agencies and social support services
  - Hospitality, in the form of bars, cafes and restaurants
  - Entertainment facilities, cinemas, gaming, etc
  - Education, in particular adult and higher education.

- Small convenience-oriented centres have generally been in decline over at least the past two decades. These centres have traditionally provided a limited range of day-to-day convenience retailing to a local catchment. Increased competition for these centres has emerged from larger centres better serving a convenience role (e.g. self-service checkouts at supermarkets), as well as modern convenience stores attached to petrol stations.

- Slowing of development in the large format retail sector has occurred in recent years throughout Australia. During the 2000s, Australia experienced rapid development of 'homemaker centres' providing for large format retailers. The rate of development of homemaker centres and precincts has slowed in recent years. In addition, the nature of large format retailing has also changed, with a growing focus on leisure and recreation goods (e.g. Anaconda and BCF).

Occupied Retail Floorspace

The study area currently accommodates approximately 166,220m^2 of occupied retail floorspace. A summary of this retail floorspace by centre/precinct is shown in Table 3.1, noting that the largest centres/precincts for occupied retail floorspace are Mildura CBD (61,100m^2), Mildura City Gate Precinct (35,990m^2) and Fifteenth Street (43,110m^2).

Table 3.1: Retail Floorspace Provision in Mildura Study Area, June 2017

Region	Food, Liquor and Groceries	Food Catering	Homemaker	Other Non-Food	Total Retail	Share of Total Retail Floorspace
Urban Mildura						
Total CBD	12,500m²	9,380m²	10,970m²	28,250m²	61,100m²	36.8%
Deakin Avenue	1,050m²	2,210m²	-	1,460m²	4,720m²	2.8%
Mildura City Gate Precinct	10,530m²	1,590m²	6,450m²	17,420m²	35,990m²	21.7%
15th Street	760m²	1,230m²	27,110m²	14,010m²	43,110m²	25.9%
Local Shops	1,620m²	760m²	70m²	780m²	3,230m²	1.9%
Stand Alone	450m²	150m²	2,500m²	220m²	3,320m²	2.0%
Urban Mildura Total	**26,910m²**	**15,320m²**	**47,100m²**	**62,140m²**	**151,470m²**	**91.1%**
Nearby Towns						
Merbein	2,190m²	380m²	250m²	1,110m²	3,930m²	2.4%
Irymple	1,950m²	860m²	130m²	690m²	3,630m²	2.2%
Red Cliffs	3,610m²	600m²	1,070m²	1,910m²	7,190m²	4.3%
Total Rural City of Mildura	**34,660m²**	**17,160m²**	**48,550m²**	**65,850m²**	**166,220m²**	**100.0%**

Source: Essential Economics Retail Floorspace Survey (June 2017), Australian Property Council Shopping Centre Directory (2015), Vicinity Centres

1.6 Need for the Mildura Retail Strategy Update

Having regard for the changing context for the retail sector in Mildura, now is an opportune time to undertake this Retail Strategy Review and ensure planning for future retail development takes into consideration recent and current trends and the most up-to-date and relevant information.

2 POLICY CONTEXT

Various strategic planning and policy documents relevant to retailing in Mildura have been reviewed for this Retail Strategy Review and key documents include the following:

- Mildura Planning Scheme
- Mildura Retail Strategy (2010)
- Irymple Structure Plan (2012)
- Fifteenth and Deakin Structure Plan (2012)
- Mildura South Precinct Structure Plan (2014)
- Mildura-Irymple Interface Study (2006)
- Mildura South (Sixteenth & Deakin West) Development Plan (2014)
- Mildura Housing and Settlement Strategy (2013)
- Mildura CBD Plan (2007)
- Mildura Social Indicators Report (2012)
- Mildura Planning Scheme Review (2014)

In addition, numerous planning scheme amendments have been prepared since 2010 and are relevant to this project, including the following:

- Amendment C75, which introduced the Mildura South Precinct Structure Plan, including the rezoning of land on the southern corner of the Ontario Avenue and Sixteenth Street to the Urban Growth Zone 1 in order to facilitate the development of a Neighbourhood Activity Centre.
- Amendment C63, C67 and C68. In 2011, planning scheme amendment C63 proposed to rezone land at 782-790 Sandilong Avenue in Irymple from the then Business 4 Zone (B4Z) to Business 1 Zone (B1Z). Amendment C67 proposed to implement the findings of the 2010 Retail Strategy, the Irymple Structure Plan, and the Fifteenth and Deakin Structure Plan into the Mildura Planning Scheme. Amendment C68 proposed to rezone land at 832 Fifteenth Street, Mildura from the then B4Z and Residential 1 Zone (R1Z) to the B1Z.
- Amendment VC100 introduced the reformed commercial zones in to the Victoria Planning Provisions.

Discussion on the most relevant implications arising from the review of the above documents is provided in this Chapter.

2.1 Implications of the Reformed Commercial Zones

Overview of Reformed Commercial Zones

Planning scheme amendment VC 100 (2013) introduced a reformed set of Commercial Zones, replacing the existing Business Zones. The purpose of the reformed commercial zones was to provide greater flexibility and growth opportunities for Victoria's commercial and business centres (Victorian Government).

In essence, the reformed commercial zones provided for greater flexibility and a wider range of uses, reducing the existing five business zones to the following two commercial zones:

- **Commercial 1 Zone (C1Z)** replaced the Business 1 Zone (B1Z), Business 2 Zone (B2Z) and Business 5 Zone (B5Z), and enabled a broader the range of activities that land can be used for without the need for a planning permit and removes floor area restrictions.

  Purpose: To create vibrant mixed use commercial centres for retail, office, business, entertainment and community uses. To provide for residential uses at densities complementary to the role and scale of the commercial centre.

- **Commercial 2 Zone (C2Z)** replaced the Business 3 Zone (B3Z) and Business 4 Zone (B4Z). The C2Z provides more opportunities for office, commercial businesses, restricted retail premises, trade supplies and some limited retail activity.

  Purpose: To encourage commercial areas for offices, appropriate manufacturing and industries, bulky goods retailing, other retail uses, and associated business and commercial services.

Key features of the reformed commercial zones include the following:

- Allowing a supermarket in the C1Z without a permit

- Allowing a small-scale supermarket of up to 1,800m^2 in the C2Z without a permit in all metropolitan planning schemes. Supermarkets greater than 1,800m^2 in these areas require a permit.

- Requiring a permit for a small-scale supermarket in rural areas to ensure the protection of established centres in regional towns.

- Requiring that supermarkets and associated shops adjoin or have access to a main road in the C2Z.

- Removing restrictions on floorspace caps in most instances in commercial zones; however, allowing floorspace caps to be specified in rural and regional Victoria in the schedule to the C1Z.

  In this context, the Schedule to the C1Z in Mildura Planning Scheme notes the following:

  - Maximum leasable shop floorspace of 4,500m^2 at the recently developed Coles supermarket on 832 Fifteenth Street and 469 San Mateo Avenue.

  - Maximum leasable office floorspace of 500m^2 per lot.

  The Mildura Planning Scheme Review (2014) identified potential for a variation to the C1Z schedule that limited 'shop' floorspace to 80m^2 along Deakin Avenue on land that was previously in the B5Z. In addition, the Review also highlights the need to include a policy in the Municipal Strategic Statement that assists in the decision process relating to supermarket applications in the C2Z.

- Prohibiting all accommodation (other than caretaker's house, residential motel and hotel) in the C2Z.

Implications for Retailing in Mildura

As described above, Amendment VC100 increased the level of flexibility within commercial zones. Prior to the approval of Amendment VC100 in 2013, the B1Z was the primary 'retail' zone. While B2Z and B5Z allowed retail development with a permit, their purpose was largely to accommodate non-retail commercial uses. Amendment VC100 combined the B1Z, B2Z and B5Z which, in effect, increased the area for 'core retailing'.

This is illustrated in Figure 2.1, which shows a comparison of the old Business Zone areas with the new Commercial Zones. The two main implications arising from the introduction of the reformed commercial zones are the following:

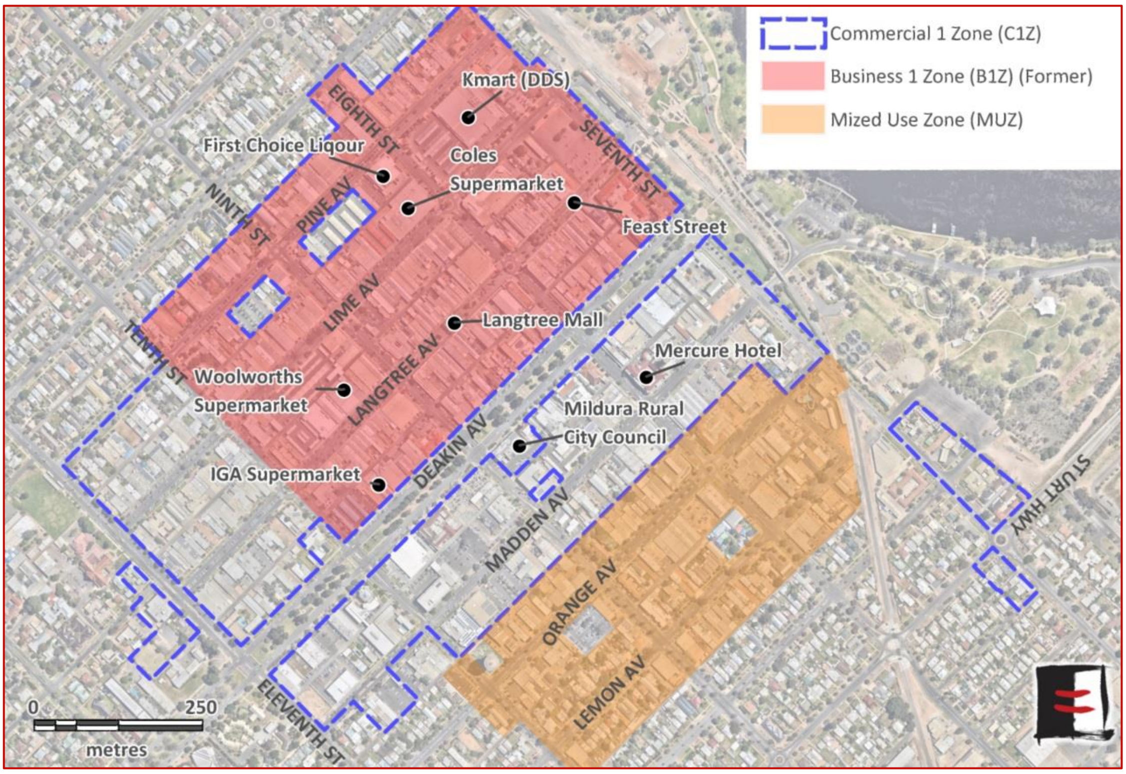
1 Expansion of the 'core' retailing area in the Mildura CBD

The B1Z area bounded by Deakin Avenue, Seventh Street, Tenth Street and Steedman Street previously reflected the extent to which 'core' retailing could occur within the CBD. The introduction of the C1Z has extended this area southwards to Eleventh Street and to the east over Deakin Avenue to Risbey Lane.

Having regard for the limited development opportunities in the CBD, this expansion of the C1Z land that could accommodate 'core' retailing is viewed as a positive in the context of supporting the primacy of the CBD and encouraging investment.

For instance, land to the east of Deakin Avenue and which is now in the C1Z currently accommodates a range of uses that could be considered an under-utilisation of C1Z land, including car dealerships and service centres, wholesalers, furniture stores, catering equipment supplies, and the like. Potential exists for the redevelopment of several sites and/or the amalgamation of several sites to accommodate 'core' retail and commercial uses.

Figure 2.1: Commercial and Business Zones Comparison – Mildura CBD



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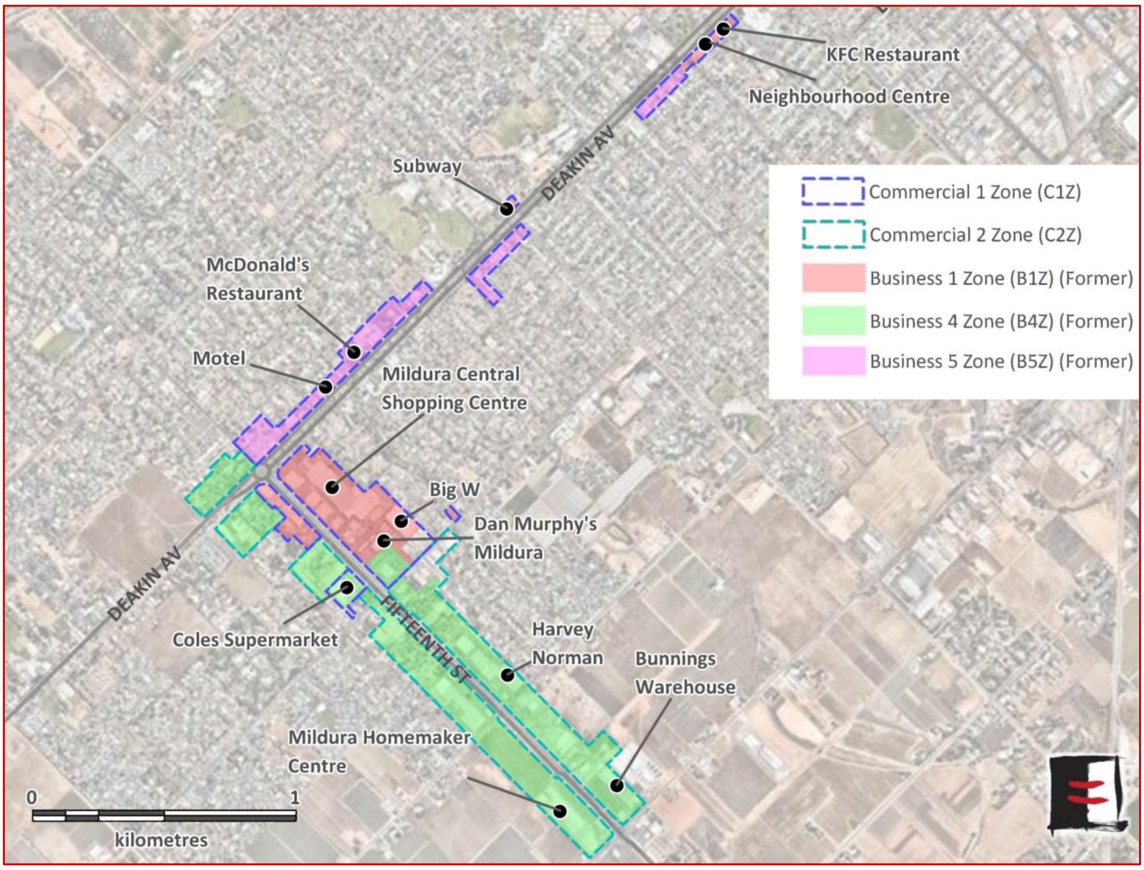
2 Expansion of 'core' retailing along Deakin Avenue

Deakin Avenue previously accommodated a stretch of B5Z land from Fifteenth Street in the south to Fourteenth Street in the north. This precinct accommodates a variety of uses, including numerous motels. Land to the north of Hunter Street and Deakin Avenue was also in the B5Z. This land along Deakin Avenue is now in the C1Z. The land use zone now permits supermarket and 'core' retailing along Deakin Avenue.

The Retail Strategy Review should investigate whether this outcome is supportive of the Vision and Objectives identified in the Retail Strategy Review. If not, consideration of an alternative land use zone may be warranted, or as recommended in the Mildura Planning Scheme Review (2014), the inclusion of an 80m^2 cap on 'shop' uses in C1Z land along Deakin Avenue on land formerly zoned Business 5 (B5Z).

Figure 2.2: Commercial and Business Zones Comparison – Deakin Avenue & Fifteenth Street



Produced by Essential Economics using MapInfo, StreetPro and Nearmap

2.2 Planning for the Mildura South Neighbourhood Centre

Hansen Partnership prepared the *Mildura South Urban Design Plan – Precinct Structure Plan* ('the Plan') in October 2014. The Plan was introduced to the Mildura Planning Scheme via planning scheme amendment C75 in 2016.

The Plan, shown in Figure 2.3, identifies a neighbourhood activity centre on the southern corner of Sixteenth Street and Ontario Avenue, and a small local centre between Deakin Avenue and San Mateo Avenue.

The Mildura South Neighbourhood Centre was rezoned to the Urban Growth Zone 1 (UGZ1) in the Mildura Planning Scheme. The UGZ1 requires the development of an Urban Design Framework/Masterplan prior a permit being granted. The UGZ1 land accommodates approximately 8ha of land and is intended to contain the following:

- 2ha of land for retail uses, including a supermarket in the 'longer-term'
- 2ha of land for a 'village green'
- 2ha for nominal community uses such as a medical centre or kindergarten

- 2ha of land for higher density housing.

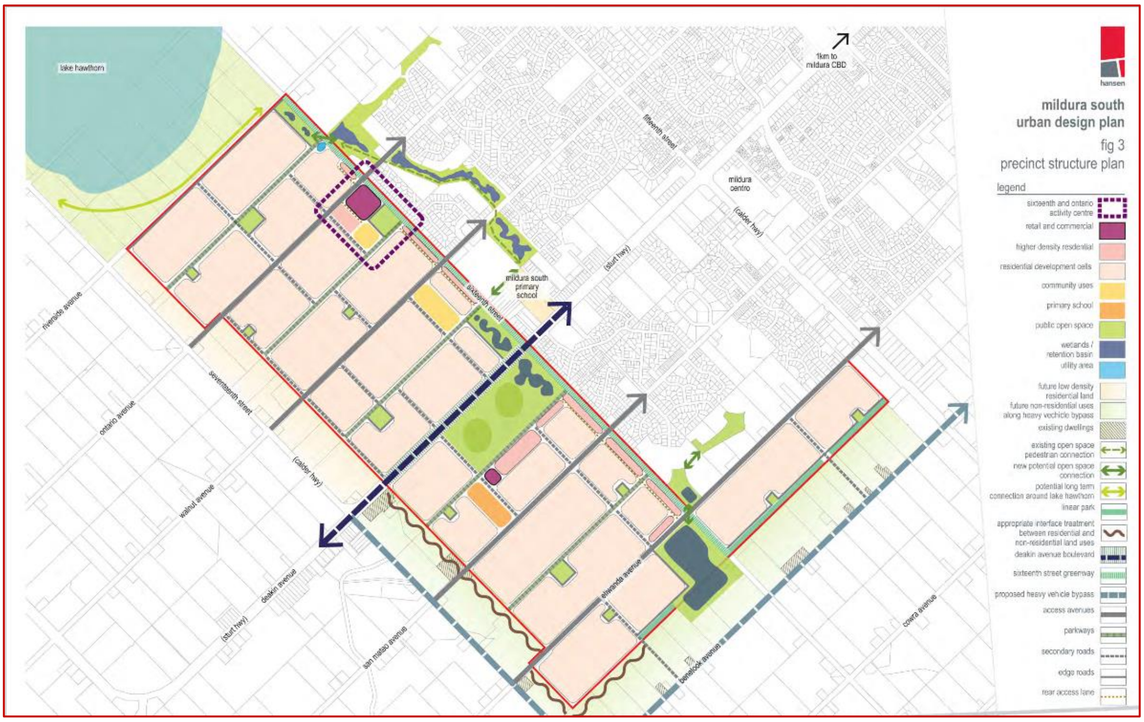
Further guidance on the extent of land required for different uses will be provided in the forthcoming masterplan of the neighbourhood centre.

The following is noted regarding the types and extent of retail uses in the Mildura South Neighbourhood Centre:

> *"The exact areas required for these uses will need to be determined through a masterplanning process. In relation to required retail floorspace, given 4,000sqm of supermarket or grocery store floorspace would be demanded by 2031 (based on a catchment of 9,000 people) a supermarket of 2,500sqm to 3,000sqm would be supportable in the shorter term. The supermarket could open around 2 years ahead of achieving industry target turnover levels so as to meet residents' needs for services in advance. This would still allow expenditure to escape the Precinct to other supermarkets (e.g. Mildura Centro). In addition to the 4,000sqm supermarket floorspace in this area, an additional 3,000sqm of retail shopfront and 1,000sqm of non-retail shopfront have been identified for this neighbourhood activity centre"* (*Mildura South Urban Design Plan – Precinct Structure Plan*, p15).

The Mildura Retail Strategy Review will need to consider the opportunity for the future development of a neighbourhood centre in Mildura South.

Figure 2.3: Mildura South Precinct Structure Plan



Source: Hansen Partnership

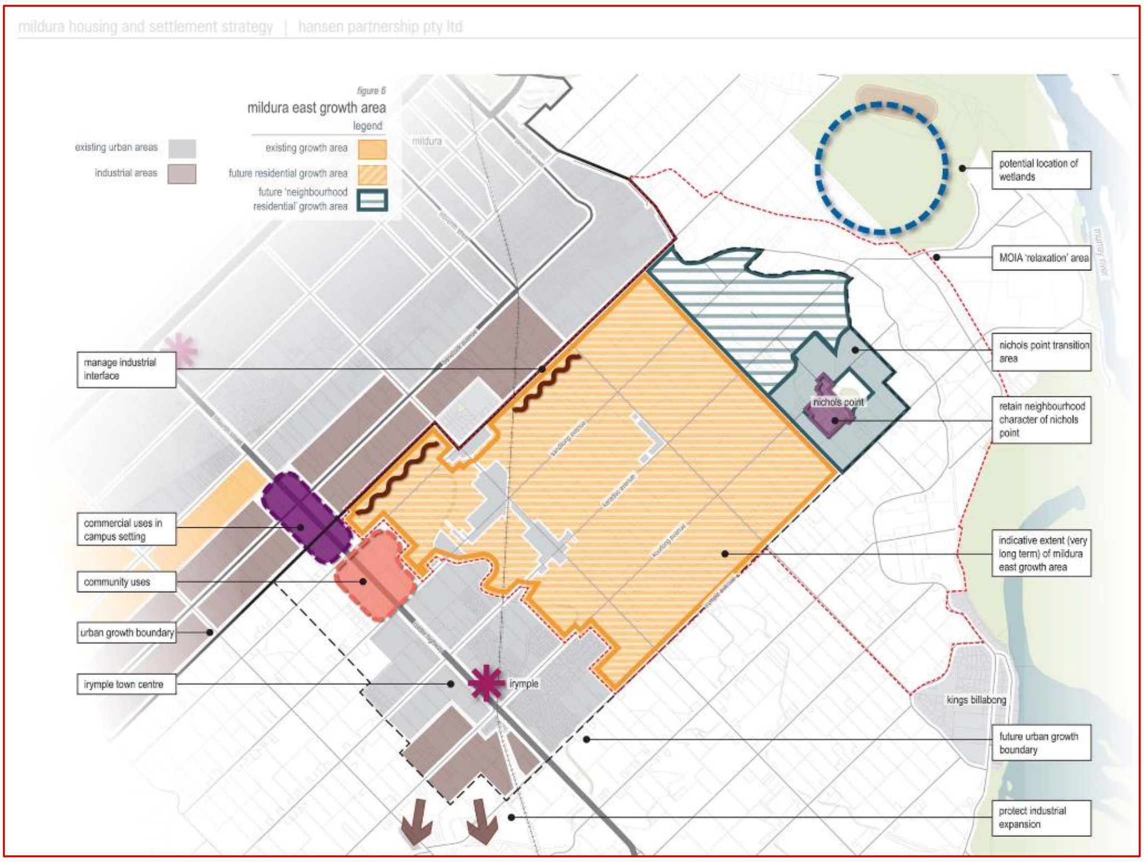
2.3 Implications of the Mildura Housing and Settlement Strategy

Hansen Partnership prepared the *Mildura Housing and Settlement Strategy* in 2013 (the 'Housing Strategy'), which was gazetted to the Mildura Planning Scheme via planning scheme amendment C89 in 2016.

The Housing Strategy identifies a 'future growth' area to the east of the existing urban area. This area, referred to as the 'Mildura East Growth Area', is shown in Figure 2.3 and would accommodate a significant expansion of the residential population in urban Mildura. The Housing Strategy recommends a Framework Plan be prepared for the Mildura East Growth Area which would, among other things, "*establish clear direction for the establishment of activity centres, meaningful areas of open space and active transport connections"* (p.15).

The Mildura Retail Strategy Review will need to acknowledge the future work that will occur regarding the activity centre hierarchy serving the needs of the future Mildura East Growth Area.

Figure 2.4: Mildura Housing and Settlement Strategy – Mildura East Growth Area



Source: Hansen Partnership

2.4 Special Use 8 and 9 Zone Review

Tract Consulting and Essential Economics are undertaking a review of the appropriateness of the Special Use 8 and 9 Zones located along Fifteenth Street.

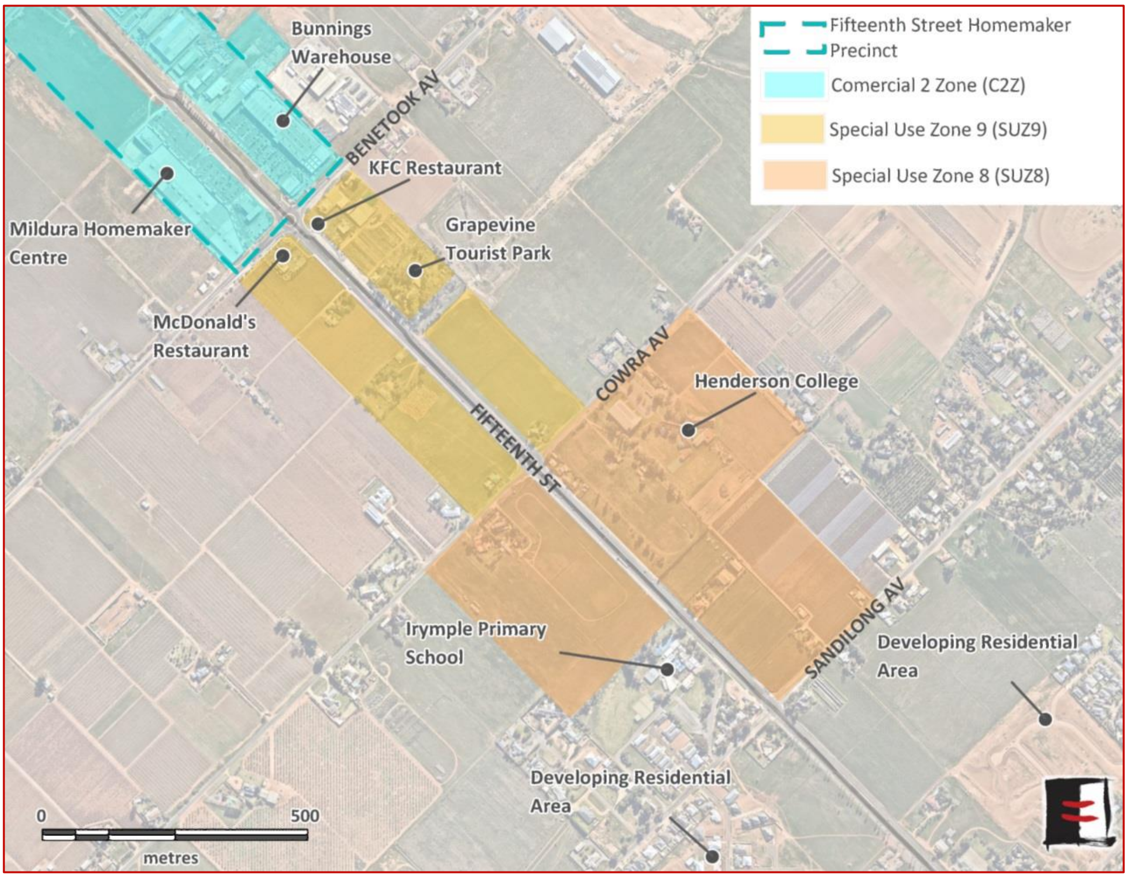
These zones were identified as part of the Mildura/Irymple Interface Study (2006) and implemented into the Mildura Planning Scheme via amendment C38.

The findings of the Retail Strategy Review will inform the review of these zones and their appropriateness, having regard for the existing and future retail and commercial development that is expected in Mildura.

The location of the SUZ8 and SUZ9 is shown in Figure 2.5. From a retailing perspective, SUZ9 is the most relevant and has the following purpose as shown in the Mildura Planning Scheme:

- *To reinforce Fifteenth Street as the 'public face' of the urban transition between Mildura and Irymple.*
- *To develop Fifteenth Street with smaller scale restricted retail and associated business services within a landscaped setting, well setback from the road.*

Figure 2.5: Special Use Zones Along Fifteenth Street



Produced by Essential Economics using MapInfo, StreetPro and Nearmap

2.5 Implications

The Mildura Retail Strategy Review will need to consider the following:

1 The implications associated with the introduction of the reformed commercial zones in Mildura, specifically the implications of the following:

- The expansion of ‘core’ retail areas in the Mildura CBD
- The expansion of ‘core’ retailing areas along Deakin Avenue.

2 The future development of a neighbourhood centre in Mildura South.

3 The potential for additional activity centres in the Mildura East Growth Area in the longer-term.

4 The need for additional land to accommodate large format retailing along Fifteenth Street, and whether this has any implications on land currently zoned SUZ9.

3 RETAILING IN MILDURA

The existing retail provision in the study area is outlined in this Chapter. Reference is made to the existing retail hierarchy, and the provision of retail floorspace, opportunities and considerations for each retail centre.

3.1 Existing Retail Hierarchy

The retail hierarchy of centres currently serving the study area comprises the following:

- **Mildura CBD:** The CBD is a regional centre in which the retail component complements a range of functions including entertainment, business, community, civic and tourism. The CBD contains an estimated 61,100m^2 in retail floorspace, with the main anchor tenants being Kmart discount department store (DDS), Coles, Woolworths and Supa IGA.

- **Mildura City Gate Precinct:** The Mildura City Gate Precinct is a sub-regional centre comprising the Mildura Centre Shopping Centre operated by Vicinity Centres (previously referred to as 'Mildura Centro' in 2010) and the surrounding area along Fifteenth Street between Deakin Avenue and San Mateo Avenue. Other key tenants include a Big W DDS, Dan Murphy's and Coles Supermarket. In total, the Mildura City Gate Precinct comprises approximately 35,990m^2 of occupied retail floorspace.

- **Fifteenth Street Precinct:** The balance of Fifteenth Street comprises a significant homemaker maker precinct complemented by a substantial component of showroom uses. The Fifteenth Street Precinct currently comprises some 43,110m^2 in occupied retail floorspace. Key Tenants include Harvey Norman, Bunnings and a number of other large format bulky goods, homemaker or leisure/general type retailers.

- **Neighbourhood Centres in Urban Mildura:** One small neighbourhood is located on Deakin Avenue and contains a Foodworks Supermarket. Land situated at Mildura South has recently been identified as a future neighbourhood centre to serve the residential component which is developing in Mildura South area.

- **Town Centres:** The townships of Merbein and Red Cliffs both contain smaller town centres anchored by Supa IGA supermarkets, noting that Red Cliffs also accommodates a Foodworks Supermarket. Since 2010, Irymple has experienced the development of a town centre on land adjacent to Fifteenth Street (between Karadoc Avenue and Holney Grove Avenue), including a Supa IGA supermarket. This new town centre complements the existing retail strip further to the east on Fifteenth Street, between Koorlong Avenue and Hassell Street.

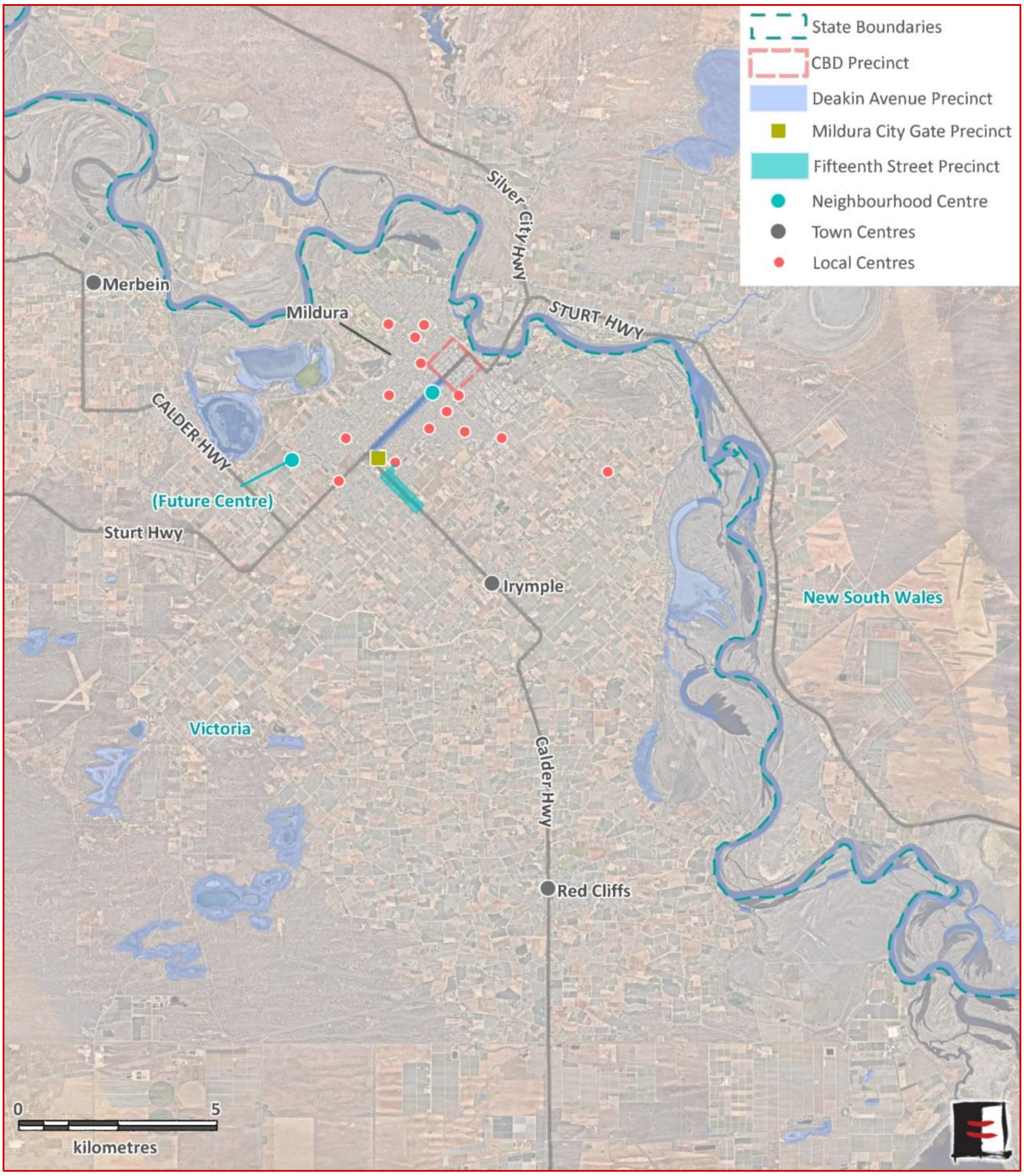
- **Local Shops and stand-alone stores:** A network of local shops and stand-alone stores are located throughout urban Mildura, with these localities containing up to around 10 shops in some cases.

Retailing in the study area continues to be dominated by larger-order centres which serve large regional catchments, namely Mildura CBD, the Mildura City Gate Precinct and the

Fifteenth Street homemaker and bulky goods precinct. In 2017, these centres account for 84% of occupied retail floor space in the study area.

Figure 3.1 shows the existing and planned retail hierarchy serving Mildura and the surrounding region.

Figure 3.1: Mildura Retail Hierarchy, 2017



Produced by Essential Economics using MapInfo, StreetPro and NearMap

3.2 Existing Retail Floorspace Provision

A survey of the study area's retail floorspace was undertaken by Essential Economics in June 2017. This 'street level' data was complemented by a range of industry sources in order to estimate the total retail floorspace provision for the study area. The retail categories used for the survey are described on page 2 of this report.

Vacant Retail Floorspace

Vacant retail tenancies were noted during the retail floorspace survey (June, 2017) and the vacancies for each centre are shown in Table 3.2.

In total, the retail vacancy rate for the total study area in 2017 is estimated at 7.1%. This vacancy rate is within the expectations of a large regional retail centre such as Mildura and indicates that, as a whole, retailing is performing reasonably well. As a point of reference, an acceptable vacancy rate for a conventional Main Street type of strip retail centre is generally in the range of 5-7%. In contrast, free-standing shopping malls under one roof tend to have minimal vacancies as they are in single ownership and centrally-managed. Mildura City Gate Precinct, with 1.5% vacancy rate, is an example.

Among the larger centres, vacancy rates are towards the upper level, with Fifteenth Street at 9.1% and Deakin Avenue at 8.7%. Vacancies in the Fifteenth Street homemaker precinct are principally associated with two large tenancies; a 3,650m^2 vacant tenancy in the Mildura Homemaker Centre and a tenancy of 670m^2 in the homemaker retail node adjacent to the Calder Tourist Park.

Relatively high vacancy rates are recorded in the some of the smaller centres, in particular Merbein (18.1% retail vacancy), Red Cliffs (13.3% retail vacancy) and Local Shops (11.0%). It is apparent that for these centres a combination of factors account for high vacancy rates, including declining population catchments, lack of investment in building stock, and competition from higher order centres such as the Mildura City Gate Precinct.

The Mildura CBD has performed well in terms of vacancies since 2010, with its vacancy rate reducing from 9.2% in 2010 to 7.5% in 2017. A range of factors have contributed to this reduction, including the development of additional occupied floorspace (e.g. 1st Choice Liquor), a noticeable uplift in the precinct's hospitality function (most notably the emergence of a 'café culture'), urban design improvements that include improvements to Langtree Mall and improved connectivity to the riverfront precinct, and an increased marketing focus such as the initiatives undertaken by Mildura City Heart.

Table 3.2: Retail Vacancy Rate – Mildura Study Area, June 2017

Region	Total Occupied Retail	Vacant Shopfront	Total Available Retail Floorspace	Shopfront Vacant Rate
Urban Mildura				
Mildura CBD	61,100m^2	4,940m^2	66,040m^2	7.5%
Deakin Avenue	4,720m^2	450m^2	5,170m^2	8.7%
Mildura City Gate Precinct	35,990m^2	560m^2	36,550m^2	1.5%
Fifteenth Street	43,110m^2	4,320m^2	47,430m^2	9.1%
Local Shops	3,230m^2	400m^2	3,630m^2	11.0%
Stand Alone	3,320m^2	-	3,320m^2	0.0%
Urban Mildura Total	**151,470m^2**	**10,670m^2**	**162,140m^2**	**6.6%**
Nearby Towns				
Merbein	3,930m^2	870m^2	4,800m^2	18.1%
Irymple	3,630m^2	130m^2	3,760m^2	3.5%
Red Cliffs	7,190m^2	1,100m^2	8,290m^2	13.3%
Total Rural City of Mildura	**166,220m^2**	**12,770m^2**	**178,990m^2**	**7.1%**

Source: Essential Economics Retail Floorspace Survey (June 2017)

3.3 Role and Description of Mildura Retail Centres

Mildura CBD

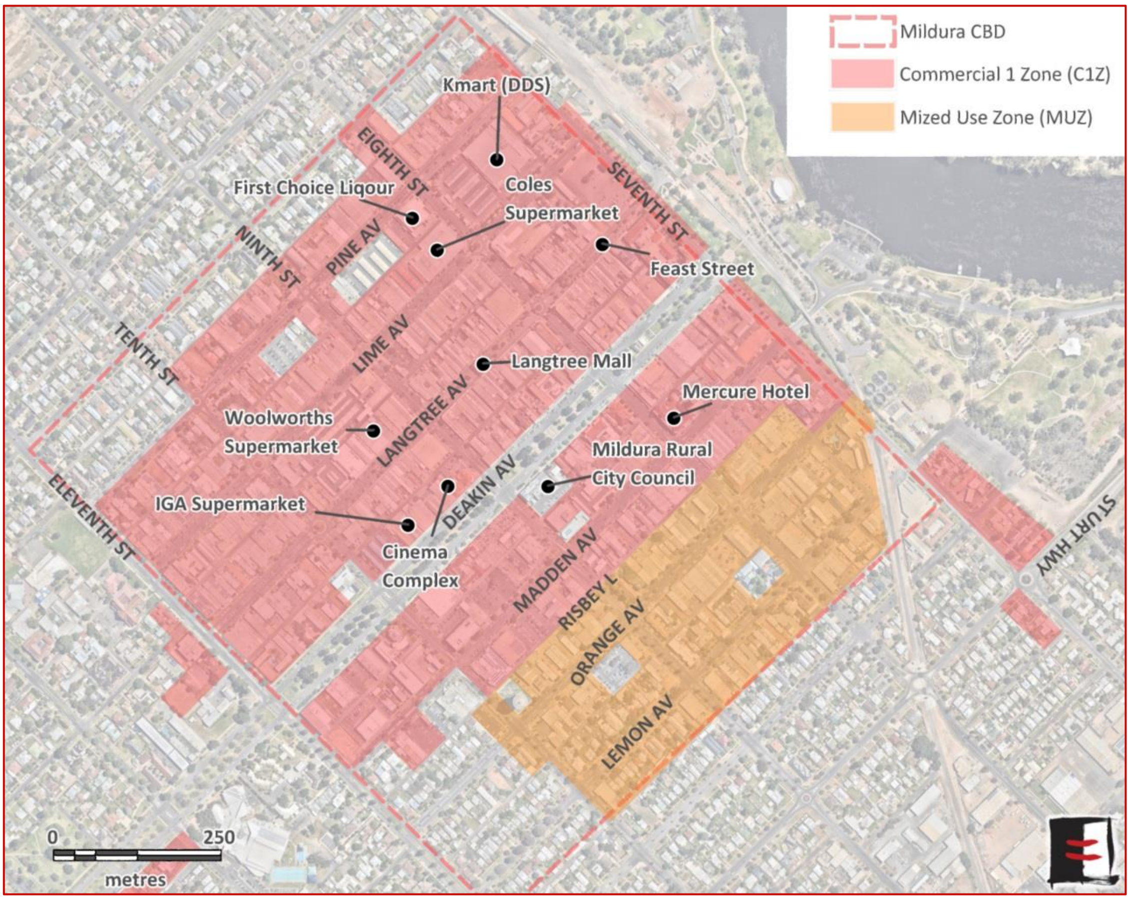
Centre Role

The Mildura CBD is the regional centre serving the surrounding region with retail, civic, business, tourism and entertainment facilities and services. The CBD also performs an important tourism role in terms of overnight accommodation, entertainment and dining.

Centre Description

The extent of commercial and mixed-use zones in the CBD precinct is shown in Figure 3.2.

Figure 3.2: Mildura CBD



Produced by Essential Economics using MapInfo, StreetPro and Nearmap

The majority of retail activity is located in the area bounded by Seventh Avenue, Risbey lane, Tenth Street, and Pine Avenue, with retail uses particularly concentrated in the Langtree Mall and Lime Avenue area. Mildura's CBD has a prominent entertainment and dining context, in particular the portion of Langtree Avenue south of Eighth Street which is known locally as 'Feast Street' and accommodates the famous Grand Hotel.

The CBD, as shown in Figure 3.2, contains 61,100m^2 of occupied retail floorspace. Approximately 46% of this floorspace is in the 'other non-food' category, illustrating the important role the CBD performs in providing comparison shopping and retail services. This element of retailing has come under increased competition from more recent retail developments on Fifteenth Street; however, the CBD is starting to position itself with a different, more 'niche', non-food offering than the Mildura City Gate Precinct.

Food, Liquor & Groceries is also a significant component of the Mildura CBD and accounts for around 20% of total occupied retail floorspace, due largely to the presence of Coles, Woolworths and Supa IGA supermarkets.

In recent years, food catering in the CBD has increased its share of total retail floorspace from 10.6% in 2010 to 15.4% in 2017, driven by the emergence of a number of smaller cafes/coffee shops.

Mildura City Gate Precinct

Centre Role

Mildura City Gate Precinct performs a sub-regional shopping role, providing a range of non-food retailing within the enclosed Mildura Central Shopping Centre and providing a choice in convenience retailing, with two major supermarkets.

Centre Description

Mildura Central Shopping Centre is now part of a wider precinct which includes areas on both sides of Fifteenth Street, between Deakin Avenue and San Mateo Avenue, accommodated in the C1Z. The main retail uses are:

- Mildura Central Shopping Centre (anchored by a Woolworth Supermarket and Target DDS)
- Big W DDS
- Dan Murphy's
- Coles Supermarket plus specialties shops.

In total, the Mildura City Gate Precinct contains approximately 35,990m^2 in occupied retail floorspace, including 19,280m^2 in the Mildura Central Shopping Centre. This precinct has experienced significant development since 2010, including the Big W, Dan Murphy's and Coles Supermarket, with this development expanding and consolidating the sub-regional role of this precinct.

It should be noted that an ALDI supermarket has been granted planning approval (November 2017) on the corner site to the west of the Deakin Avenue/Fifteenth Street intersection on land zoned C2Z. The site contains the Cross Roads Caravan Park, refer Figure 3.4. As the proposed ALDI supermarket would be a significant higher order retail use, if developed, the development would constitute a notional expansion of core retailing component of the existing Mildura City Gate Precinct.

Fifteenth Street Homemaker Precinct

Centre Role

The Fifteenth Street Homemaker Precinct is the major large format retailing destination in Mildura, providing a range of bulky goods retailing that includes furniture, hardware, recreation/leisure and electrical goods.

In addition to retailing, the precinct also provides for a range of showroom and trades-related uses.

Centre Description

Fifteenth Street Homemaker Precinct incorporates land located adjacent Fifteenth Street between San Mateo Avenue and Mildura Buronga Road in the C2Z, as well as those uses accommodated by SUZ9 located directly south-east of Benetook Avenue. In total, the precinct contains approximately 43,110m^2 in occupied retail floorspace.

Fifteenth Street is the predominant location for large-format homemaker retail in study area, with these uses accounting for 27,110m^2 or 63% of total occupied floorspace in the precinct. A further 33% of the precinct's occupied retail floorspace is associated with other non-food related retail activities, including leisure/general aspects.

This precinct also contains a large number of showroom and automotive uses on larger parcels which, for the purposes of this study, are not categorised as 'retail'.

Retail activities are located in this precinct at five distinct nodes:

- Mildura Homemaker Centre contains approximately 16,500m^2 of large format homewares, bulky goods floorspace. A number of national brand retailers are accommodated in this centre, including Chemist Warehouse, Fantastic Furniture, Carpet Court, Dollar Curtains and Blinds, Amart All Sports, and The Good Guys. A single tenancy of some 3,650m^2 in floorspace is currently vacant.

- A large format retail and showroom node located directly north of Etiwanda Avenue and west of Fifteenth Street currently accommodates 9,230m^2 in occupied retail floorspace. National brand retailers include Spotlight, BCF and Drummond Golf. In addition, a range of showroom and automotive uses is also located within this node.

- An additional large format homemaker node is situated on land south-west of Fifteenth Street opposite the Calder Tourist Park. This currently accommodates 2,080m^2 in occupied retail floorspace plus a tenancy of 670m^2 which is currently vacant.

- A larger format retail and showroom node is located on the north-east side of Fifteenth Street and north of Etiwanda Avenue. This node comprises 7,970m^2 in occupied retail floorspace, including Harvey Norman which is the largest tenant. A number of showrooms, automotive and other non-retail uses are also situated at this location.

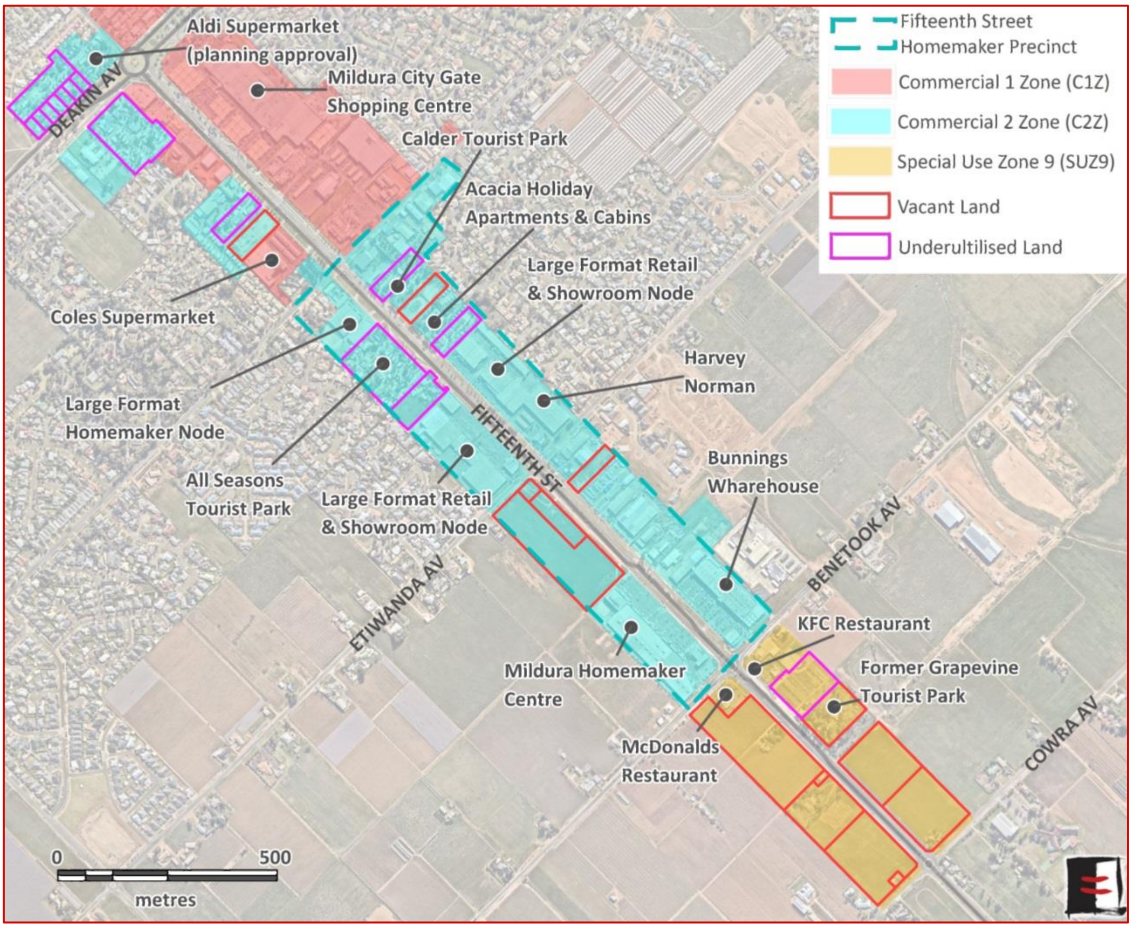
- A Bunnings Warehouse is located north-east of Fifteenth Street, opposite the Mildura Homemaker Centre. A collection of showroom uses have frontage to Fifteenth Street to the north-west of the Bunnings.

In addition to these four nodes, retail uses have established on SUZ9 land located south-east of Benetook avenue, as noted above, including McDonald's and KFC fast-food outlets and a nursery.

Figure 3.3 shows the land use pattern in the Fifteenth Street Homemaker Precinct, as well as land considered to have development potential, including vacant and under-utilised land.

Combined, approximately 17.6ha of C2Z and SUZ9 land is vacant and a further 8.9ha is considered to be under-utilised. Further analysis and discussion on vacant commercial zoned land in the Fifteenth Street Precinct is provided later in this report.

Figure 3.4: Fifteenth Street Homemaker Precinct



Produced by Essential Economics using MapInfo, StreetPro and Nearmap

Deakin Avenue

Centre Role

Deakin Avenue serves the role of a small neighbourhood centre, providing convenience-based retailing to the surrounding residential area and those passing along Deakin Avenue which is the main southern entrance to the CBD.

Centre Description

Deakin Avenue is Mildura's principal north-south arterial road and extends from Twelfth Street to Fifteenth Street, a distance of some 2.5km. In total, Deakin Avenue contains some 4,720m^2 in occupied retail floorspace

A small neighbourhood centre located on C1Z land between Twelfth Street and Thirteenth Street and accommodates a Foodworks Supermarket. In addition, a number of smaller local retail nodes and individual retail premises are situated at various locations along Deakin Avenue, including Red Rooster restaurant, Subway, an Acpo Service Station and Macdonald's.

Land in the southern portion Deakin Avenue that was zoned B5Z and is now in the C1Z (refer Section 2.1) predominantly accommodates motels and motor inns.

Local & Stand-Alone Shops

Urban Mildura contains a network of local shops and standalone shops that serve the day-to-day convenience needs of their immediate surrounding residential catchments. Local shops account for 3,230m^2 of occupied retail floorspace; tenants include, for example, general store/milk bar, takeaway food stores and limited retail services such as hairdressers and laundromats. Stand-alone shops comprise 3,320m^2 in retail floorspace in a number of single or 'stand-alone' retail remises scattered throughout urban Mildura.

As observed in the 2010 Retail Strategy, local shops across metropolitan and regional Australia have been subject to increasing competitive pressures from larger centres, and a decline in the role of local centres is evident in general. However, local shops continue to have a number of important roles in terms of:

- Allowing for convenient access to basic retail goods and services
- Providing a place in which local residents can meet and interact
- Encouraging active lifestyle habits (such as walking to local shops) by reducing the dependency on car-based transport to access retail goods and services in higher-order centres located further afield.

For the study area, the vacancy rate for local shops in 2017 is significantly high at 11.0%, up slightly from 10.6% in 2010. Field observations indicate that in general terms local shops have been subject to minimal capital investment in recent years.

Merbein

Centre Role

Merbein serves a local town centre role, providing convenience retailing and local services to the surrounding community.

Centre Description

Merbein is a township located approximately 10km west of the Mildura CBD. The township and the immediate surrounding rural areas contain a population of approximately 4,570 persons in 2016; this level of population has been in decline over the past decade.

Approximately 3,930m^2 of occupied retail floorspace is located in Merbein, with Fisher's Supa IGA supermarket being the anchor tenant. The centre contains numerous vacant and under-utilised shopfront tenancies. The retail vacancy rate is estimated at 18.1%, which is considered to be high (compared with a typically accepted vacancy rate of between 5% and 7% in strip retail centres).

Irymple

Centre Role

Irymple serves a local town centre role, providing convenience retailing and local services to the surrounding community.

Centre Description

Irymple is located some 5km south-east of the Mildura CBD and less than 1km from the eastern edge of the Fifteenth Street Precinct. Together, Irymple and Fifteenth Street comprise the south-eastern gateway to urban Mildura for those visitors traveling in-bound on the Calder Highway.

Land in Special Use Zone 8 and Special Use Zone 9 which fronts Calder Highway between Sandilong Avenue and Benetook Avenue constitutes the notional separation or 'urban break' between Irymple and Fifteenth Street, noting that the application of these zones is currently subject to a review undertaken by Tract Consultants.

In total, Irymple contains 3,620m^2 in occupied retail floorspace and this is split between two distinct retail nodes. The township's original retail node/local centre is situated at the intersection of Fifteenth Street and Koorlong Avenue, immediately east of the Railway Line and comprises a milk bar, post office, op shop and a number of small restaurants and takeaway food premises.

Since the 2010 Retail Strategy was prepared, a second retail node has developed in Irymple on land adjacent Fifteenth Street in the area of Karadoc Avenue and this comprises a mid-sized Fisher's IGA Supermarket and specialty shops in a town centre layout.

In addition, two C2Z precincts are located on the eastern and western edges of Irymple. Land to the west comprises 3.9ha of vacant land, while 1.3ha of land to the east is currently occupied by the Coachman Tourist Park.

Red Cliffs

Centre Role

Red Cliffs serves a local town centre role, providing convenience retailing and local services to the surrounding community.

Centre Description

The rural township of Red Cliffs is situated on the Calder Higher, approximately 10km south-east of Mildura (by road). The Red Cliffs township and immediate area, which has a population of approximately 5,500 persons in 2016, has experienced population decline over the past decade.

Red Cliffs contains approximately 7,190m^2 in occupied retail floorspace, the majority of which is accommodated in a 'town centre' oriented along Indi Avenue and Ilex Street and anchored by two supermarkets: a mid-sized Fisher's Supa IGA and a smaller Foodworks.

Red Cliff's retail vacancy rate is high at 13.3%, up from 9.4% in 2010, and trading performance appears to have declined since 2010 (based on the field observations). Competition from the recently-developed town centre at Irymple containing a mid-sized Supa IGA supermarket, as well as new retail development in the Mildura City Gate Precinct, is likely to have been a factor contributing to Red Cliff's decline in retail trading performance.

3.4 Proposed Retail Developments

An ALDI Supermarket has been approved by Council for a site (862 Deakin Avenue) located at the intersection of Fifteenth Street and Deakin Avenue, formerly occupied by the Cross Roads Caravan Park, and in the Commercial 2 Zone. The development of the ALDI Supermarket would constitute a notional expansion of the core retailing area within the Mildura City Gate precinct which currently encompasses those higher order retail uses on Fifteenth Street (east of Deakin Avenue) in the Commercial 1 Zone including the Mildura City Gate Shopping Centre, Coles Supermarket and Cheap as Chips.

In addition, a neighbourhood activity centre has been planned for Mildura South (refer Chapter 2).

3.5 Issues and Considerations

The suite of issues identified in the 2010 Retail Strategy is outlined below, together with a corresponding comment as to their relevance in 2017.

- <u>Lack of private and public investment in the CBD</u>: This included public investment in the public street space and private investment by landlords.

  <u>2017 Comment:</u> It is apparent that uplift in both public and private investment has occurred in years since the 2010 Retail Strategy to the benefit of the CBD's retail component, including a reduction in the vacancy rate as discussed in Section 3.3 above.

- <u>Impact of competition between CBD and Fifteenth Street</u>: The level of competition between the CBD and retailing along Fifteenth Street was raised as an issue by stakeholders, with the CBD being the location which is negatively affected.

  <u>2017 Comment</u>: Based on the observed uplift to retailing in the CBD, including investment, trading levels, vacancies (reduction), it is concluded that the CBD has

weathered the trading impacts from retail on Fifteenth Street and is developing a retail function that complements Fifteenth Street trade. The extent to which the CBD has developed into a significant hospitality and entertainment precinct (eg, 'Feast Street' and an emerging café culture) is one such example of the CBD's expanding role and function.

- Lack of development sites in the CBD: The lack of development sites in the CBD was (in 2010) considered an issue and assisted in explaining why the majority of investment in the retail sector in Mildura was directed to Fifteenth Street.

  2017 Comment*: While it is evident that the CBD has a lack of development sites, in particular regarding those sites that would support larger format uses, the CBD is successfully developing its own complementary retail function as discussed above. The CBD is developing a finer grain or urban form (compared to, say, Fifteenth Street). Nevertheless, the ability to attract major retailers in the future will positively contribute to the competitiveness of the Mildura CBD. The reformed commercial zones have effectively extended the areas of the CBD for 'core' retailing uses to the east of Deakin Avenue, which is likely to contribute to the supply of development sites in the future.*

- Broader economic and environmental issues: In 2010, concerns relating to these aspects were predominately associated with the impacts of the rural drought on the performance of the local agriculture industry in the Mildura region, and the flow-on effects to retail businesses in the Mildura study area.

  2017 Comment*: Based on conversations with stakeholders, it is understood that the performance of the local agriculture sector improved in the period following 2010 due to a number of factors, including favourable climatic conditions and commodity prices. While this has been positive for the Mildura economy, including those retail aspects, in the longer-term the inherent volatility of commodity prices and climatic uncertainty will mean the performance of the local agriculture sector is likely to remain variable. Increased diversification of the local economy is an outcome that would contribute to the robustness of the local retail sector in the face of future downturns in the agriculture sector.*

- General lack of business acumen among local traders: In 2010, a number of stakeholders identified the lack of modern business practices of local retailers as an issue associated with retailing in Mildura, particularly in the CBD area.

  2017 Comment*: This is a common criticism levelled at traders in traditional retail centres, universally. As noted previously in this report, the CBD has observed an uplift in its retail performance since 2010. A range factors have contributed to this uplift, including the emergence of new business typologies and trends (e.g. a 'café culture') and improved marketing of the CBD precinct due to the positive activities of organisations such as Mildura City Heart.*

- Carparking: The amount of carparking and the imposition of time limits on car parking spaces were raised as issues by a number of those consulted in 2010. However, others were of the view that car parking was not a major issue.

  2017 Comment*: Car parking availability is a common issue raised in large regional centres. Post-2010, Council took the action of widening car parks, as well as increasing* *time limits from one to two hours. Conversations with Mildura City Heart reveal that these changes were mostly well-received by retailers and have resulted in customers visiting the CBD for longer time periods.*

Other issues identified in the 2010 Strategy include the following:

- <u>Lack of neighbourhood shopping centres in urban Mildura</u>: Although this was not a major issue in 2010, a view raised in consultations was that – as Mildura's population increased – the level of convenience shopping at the neighbourhood level would deteriorate if the CBD and Centro Mildura remained the sole locations for undertaking grocery shopping in urban Mildura.

  <u>2017 Comment</u>: This concern is especially relevant in 2017, and will likely remain relevant in the future due to the continuing population growth and residential development that continues to occur in Mildura's growth areas, particularly those areas developing on Mildura's south-west and south-eastern fringes. While development of a Supa IGA supermarket at Irymple has increased access to neighbourhood shopping facilities of those residents in Irymple and in growth areas to Mildura's south-east, new residents in Mildura's south-west will require access to facilities in the future, noting that land has been earmarked for neighbourhood centre facilities at the corner of Ontario Avenue and Sixteenth Street.

- <u>Imbalance in investment between the CBD and Fifteenth Street</u>: The majority of recent and proposed retail investment in 2010 had been directed to Fifteenth Street, with only limited investment occurring in the CBD.

  <u>2017 Comment</u>: Retail-associated investment and trading performance in the CBD experienced an uplift in the period 2010 to 2017. This uplift is evident in the economic analysis of this current study (including reduced vacancy rates and improved turnover performance) and has been supported through feedback from stakeholders, including Mildura City Heart. The future success of the CBD depends on a number of factors, particularly the extent to which the CBD develops and maintains a retail offer that differentiates the CBD from the larger format retail uses on Fifteenth Street.

  According to ABS Building Approval data, the Mildura-North SA2 (which included the Mildura CBD) attracted retail, wholesale and office building approvals to the value of $46.3m between July 2011 and June 2017; this compares to $25.6m in the Mildura-South SA2 (which includes the Mildura City Gate Precinct).

General Issues and Considerations in 2017

A number of general issues and considerations regarding retailing in Mildura have emerged in 2017, in addition to those issues outlined above. These are based on the consultant team's analysis and discussions with stakeholders, and are outlined as follows:

- <u>Decline in performance of retailing in Merbein and Red Cliffs townships</u>: Each town has observed a substantial increase in retail vacancies since 2010. The retail vacancy rate in Merbein is now 18.1%, and 13.3% for Red Cliffs. The very high retail vacancy rates are particularly concerning. These results are combined with the consultant team's in-centre observations that retail offer and performance in each town has declined over the period since 2010.

- Poor performance of retail in Local Shops: In 2017, the performance of Mildura's local shops remains an issue, with the retail vacancy rate at 11.0%. A significant lack of investment in the building stock is evident. The performance of local shops is likely to remain an issue due to such factors as their limited catchment size in population and spending terms, and the strong levels of competition from larger retail centres, especially Mildura City Gate precinct and the CBD.

- The role and need for C2Z land in Irymple: Since the 2010 Retail Strategy was prepared, a second retail node has developed in Irymple on land adjacent to Fifteenth Street in the area of Karadoc Avenue and this comprises a mid-sized Fisher's IGA Supermarket and specialty shops. The Irymple Structure Plan (2012) recommended that the alternative site be rezoned to allow for residential uses. The Retail Strategy Review (2017) will need to consider whether there is a need to retain this land within the C2Z, having regard for updated retail analysis and the reformed commercial zones.

4 RETAIL ECONOMIC ASSESSMENT

This Chapter presents the retail economic assessment, including analysis of the trade area served by Mildura retailers, forecast population and retail spending patterns, and estimates of retail turnover and market share.

4.1 Mildura Retail Trade Area

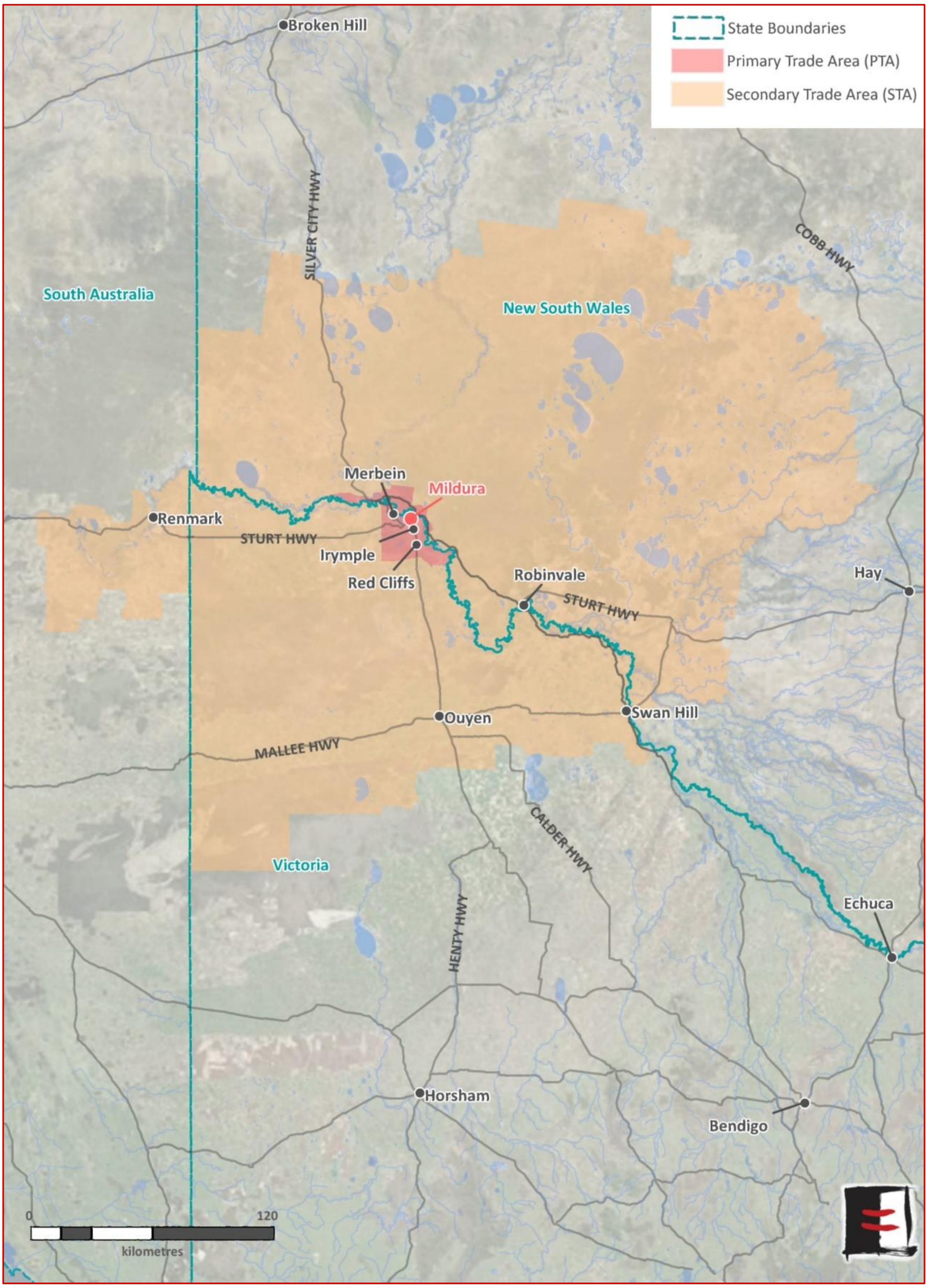
As described in the 2010 Strategy, "*a trade area is the geographic region from which the majority of turnover is derived, and in which the retail sector has a strong influence in attracting shopping visits*" (p37).

The trade area identified in the 2010 Strategy remains relevant in the context of this Retail Strategy Review. The Main Trade Area (MTA) for Mildura's retail sector is shown in Figure 4.1, and takes into consideration the regional role Mildura performs and the location of other regional centres, notably Swan Hill and Horsham in Victoria and Broken Hill in NSW.

The MTA includes a Primary Trade Area and a Secondary Trade Area:

- Primary Trade Area (PTA) includes all of urban Mildura and the nearby townships of Irymple, Merbein, Red Cliffs, and Wentworth (NSW); and
- Secondary Trade Area (STA) comprises the balance of the regional catchment, namely the balance of the Rural City of Mildura and areas extending towards Swan Hill and Horsham (VIC), Broken Hill (NSW), the Riverland (SA).

Figure 4.1: Mildura Retail Trade Area



Produced by Essential Economics using MapInfo, Street Pro and BingMaps

4.2 Population Trends and Forecasts

The MTA in 2017 accommodates a residential population of some 98,390 persons, including 57,750 residents in the PTA and 40,640 residents in the STA. Population trends and forecasts for the PTA, STA and MTA are shown in Table 4.1.

Historically, Mildura's MTA has observed a moderate level of population growth. Thus, in the decade from 2006 to 2016, the MTA's residential population increased by some 2,510 persons in total, with annual average growth of +250 persons or +0.3% per annum. This population increase was driven by residential growth in the PTA and this predominantly occurred in the fringe areas of urban Mildura.

In contrast, the STA observed a decline in population numbers in the period 2006 to 2016 of some -1,820 persons, involving an average of -180 persons or -0.4% per annum over this period. Population decline is common for relatively-isolated rural areas across Australia, and reflects numerous factors that range from the trend to larger farm holdings and an ageing farm population, to the attractions and appeal of urban living and lifestyle in larger towns and cities.

Population forecasts have been prepared for the MTA, having regard for recent trends and official state government population forecasts for the relevant areas in Victoria (*Victoria in Future, 2016*), New South Wales (Department of Planning & Environment, *Population and Household Projections, 2016*) and South Australia (DPTI, *Population Projections, 2016*).

For the period 2017 to 2035, the residential population of the MTA is forecast to increase by around 6,110 persons, with average annual growth of approximately +360 persons or +0.3% per annum.

This projected net population growth in the MTA is expected to primarily driven by the continued increase of the PTA's residential population of 8,470 persons, with this increase accommodated mainly in greenfield areas at Mildura South, as well as areas located on Mildura's south-east fringe.

The STA is forecast to experience a population decline of -2,360 persons at a rate broadly in-line with the historical trend of around -0.3% per annum.

Table 4.1: Mildura Region Population Trends and Forecasts, 2006 to 2035

Trade Area	2006	2016	2017	2020	2025	2030	2035
Population (No.)							
Primary Trade Area	53,020	57,350	57,750	59,060	61,430	63,790	66,220
Secondary Trade Area	42,610	40,790	40,640	40,210	39,540	38,900	38,280
Main Trade Area	95,630	98,140	98,390	99,270	100,970	102,690	104,500
Average Annual Growth (No.)							
Primary Trade Area		430	400	440	470	470	490
Secondary Trade Area		-180	-150	-140	-130	-130	-120
Main Trade Area		250	250	290	340	340	360
Average Annual Growth (%)							
Primary Trade Area		0.8%	0.7%	0.8%	0.8%	0.8%	0.8%
Secondary Trade Area		-0.4%	-0.4%	-0.4%	-0.3%	-0.3%	-0.3%
Main Trade Area		0.3%	0.3%	0.3%	0.3%	0.3%	0.4%
Regional Victoria		*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*

Source: ABS, Estimated Resident Population (customised data); DEWLP, Victoria in the Future, 2016; DPE, Population and Household Projections, 2016; DPTI, Population Projections, 2016; Essential Economics

Note: Figure rounded to nearest 10

4.3 Socio-Economic Characteristics

The socio-economic characteristics of residents of the Rural City of Mildura, Wentworth Shire and Renmark Paringa Shire are summarised in Table 4.2, and are based on the ABS Population and Housing Census' for 2011 and 2016 (noting that the full suite 2016 Census statistics are yet to be released). Together, these three Local Governments Areas (LGAs) comprise a region that broadly aligns with the MTA previously identified in Section 4.1.

Overall, residents of three LGAs, when compared with Regional Victoria, have marginally lower median household income, and are just as likely to own their own home, while housing costs in terms of average monthly mortgage repayments and weekly rents are marginally lower than for Regional Victoria as a whole.

Taking the socio-economic features across all three LGAs and the regional Victoria averages as recorded in the Census', only marginal variation is noted.

However, a relatively high share of each municipality's resident labour force is employed in the primary sector. This pattern can be attributed to the wider Sunraysia region's prominent agricultural context which is largely based around fruit and vegetable horticulture, and some broad acre cropping and grazing.

Table 4.2: Socio-Economic Characteristics – Rural City of Mildura, Wentworth Shire & Renmark Paringa Shire, 2011 & 2016

Category	Rural City of Mildura (VIC)	Wentworth Shire (NSW)	Renmark Paringa Council (SA)	Regional Victoria
Income (2016 Census)				
Median household income (weekly)	$1,060	$1,050	$1,020	$1,120
Age Structure (2016 Census)				
Children aged 0-14	19.0%	18.8%	17.2%	18.2%
People aged 65 years and over	18.7%	20.3%	21.0%	20.4%
Median Age (years)	40	44	44	43
Dwelling Structure (2016 Census)				
Separate house	83.9%	89.4%	88.2%	89.1%
Occupancy rate	*89.3%*	*83.3%*	*87.2%*	*82.9%*
Average household size	2.4	2.4	3.1	2.4
Tenure Type (2016 Census)				
Owned outright	32.3%	38.3%	34.1%	37.8%
Owned with a mortgage	32.6%	31.4%	31.8%	33.2%
Rented	30.3%	25.0%	29.4%	25.1%
Other tenure type	1.0%	1.2%	3.6%	0.8%
Housing Costs (2016 Census)				
Median monthly mortgage repayment	$1,200	$1,200	$1,080	$1,300
Median weekly rents	$210	$160	$180	$230
Occupation (2011 Census)				
Managers & professionals	31.3%	37.4%	27.3%	32.6%
Clerical & sales workers	33.4%	27.6%	30.2%	32.2%
Technicians & trades workers	14.4%	14.0%	11.0%	15.7%
Machinery operators & drivers	7.3%	8.9%	7.4%	7.0%
Labourers & related workers	13.6%	12.1%	24.2%	12.5%
Industry of Employment (2011 Census)				
Primary sector	12.5%	23.1%	21.4%	8.8%
Secondary Sector	14.8%	12.9%	14.7%	19.6%
Tertiary sector	72.7%	64.0%	63.9%	71.6%
Producer services	*17.3%*	*16.0%*	*15.3%*	*17.1%*
Consumer services	*55.4%*	*48.0%*	*48.6%*	*54.4%*

Source: ABS, Census of Population & Housing, 2011 and 2016

4.4 Retail Spending Forecasts

Estimates of retail spending by trade area residents have been prepared with reference to the MarketInfo micro simulation model. MarketInfo provides estimates of per capita retail spending on a small area basis using data from the ABS Household Expenditure Survey, ABS Population and Housing Census, and a range of other socio-economic indicators.

Average Per Capita Retail Spending

Average per capital retail spending is shown in Table 4.3. In 2017 the average per capita retail spending of MTA residents is estimated to be approximately $13,350 and comprises the following:

- $5,820 on food, liquor and groceries (FLG)
- $990 in food catering
- $2,530 on homemaker type merchandise including homewares and bulky goods
- $4,010 on other non-food items including leisure/general items, apparel and services.

For the MTA, total average per capita retail spending is estimated at $13,350 or -3.6% below the regional Victoria average of $13,850.

Table 4.3: Average Per Capital Retail Spending, 2017

Retail Category	Primary Trade Area	Secondary Trade Area	Main Trade Area	Regional Victoria
Per Capita Spending ($2017)				
FLG	**$5,660**	**$6,050**	**$5,820**	**$5,760**
Food Catering	**$960**	**$1,040**	**$990**	**$1,000**
Homemaker	*$2,590*	*$2,450*	*$2,530*	*$2,790*
Other Non-food	*$4,050*	*$3,950*	*$4,010*	*$4,300*
Total Non-Food	**$6,640**	**$6,400**	**$6,540**	**$7,090**
Total Retail	**$13,260**	**$13,490**	**$13,350**	**$13,850**
Variation from Regional Victoria				
FLG	**-1.7%**	**5.0%**	**1.0%**	**-**
Food Catering	**-4.0%**	**4.0%**	**-1.0%**	**-**
Homemaker	*-7.2%*	*-12.2%*	*-9.3%*	*-*
Other Non-food	*-5.8%*	*-8.1%*	*-6.7%*	*-*
Total Non-Food	**-6.3%**	**-9.7%**	**-7.8%**	**-**
Total Retail	**-4.3%**	**-2.6%**	**-3.6%**	**-**

Source: MarketInfo

Total Retail Spending

Total retail spending projections to 2035 have been calculated with reference to the MarketInfo micro-simulation model described above, the population forecasts previously outlined in Section 4.2 of this report, and an allowance for real growth in per capita spending of around 1% per annum over the forecast period.

The forecast total retail spending for residents in the trade area is shown in Table 4.4, with figures expressed in constant 2017 dollars (ie, excluding price inflation). Total retail spending by MTA residents is estimated to increase from $1,313.7m in 2017 to $1,659.0m at 2035, representing an increase in real terms of some $345.3m across the 18 years.

Table 4.4: Total Retail Spending, 2017-2035 ($2017)

Retail Category	2017	2020	2025	2030	2035
PTA					
FLG	**$326.7m**	**$336.9m**	**$355.4m**	**$374.2m**	**$394.0m**
Food Catering	**$55.6m**	**$57.7m**	**$61.5m**	**$65.5m**	**$69.7m**
Homemaker	*$149.7m*	*$160.0m*	*$179.3m*	*$200.6m*	*$224.4m*
Other Non-Food	*$233.8m*	*$250.9m*	*$283.0m*	*$318.8m*	*$359.0m*
Total Non-food	**$383.4m**	**$411.0m**	**$462.4m**	**$519.4m**	**$583.4m**
Total Retail	**$765.7m**	**$805.6m**	**$879.3m**	**$959.1m**	**$1,047.0m**
STA					
FLG	**$245.8m**	**$245.3m**	**$244.6m**	**$244.1m**	**$243.5m**
Food Catering	**$42.1m**	**$42.3m**	**$42.7m**	**$43.0m**	**$43.4m**
Homemaker	*$99.6m*	*$103.1m*	*$109.2m*	*$115.7m*	*$122.7m*
Other Non-Food	*$160.4m*	*$166.6m*	*$177.6m*	*$189.6m*	*$202.3m*
Total Non-food	**$260.0m**	**$269.7m**	**$286.8m**	**$305.3m**	**$325.0m**
Total Retail	**$548.0m**	**$557.3m**	**$574.1m**	**$592.4m**	**$612.0m**
MTA					
FLG	**$572.5m**	**$582.2m**	**$599.9m**	**$618.3m**	**$637.5m**
Food Catering	**$97.7m**	**$100.0m**	**$104.2m**	**$108.6m**	**$113.1m**
Homemaker	*$249.3m*	*$263.1m*	*$288.5m*	*$316.4m*	*$347.0m*
Other Non-Food	*$394.1m*	*$417.5m*	*$460.7m*	*$508.4m*	*$561.4m*
Total Non-food	**$643.4m**	**$680.7m**	**$749.2m**	**$824.7m**	**$908.4m**
Total Retail	**$1,313.7m**	**$1,362.9m**	**$1,453.3m**	**$1,551.5m**	**$1,659.0m**

Source: Essential Economics with MarketInfo

4.5 Tourist Visitation Trends

This section presents recent trends in visitation to Mildura region involving those persons who reside in areas located beyond the MTA.

According to the 2010 Retail Strategy, the Mildura Region consisting of Mildura Rural City and Wentworth Shire attracted an average of 748,600 visitors a year between 2005 and 2009. Updated tourism visitation data, shown in Table 4.5, indicates that the number of visitors to the region has broadly remained unchanged over the period 2012 to 2016, averaging approximately 748,800 visitors per year.

However, overnight visitors are staying for a longer time, with the average number of visitor nights spent in the region increasing from an average of 1.7 million between 2005 and 2009, to 2.0 million between 2012 and 2016. According to the Mildura Tourism data, growth in visitation is being driven by growth in international visitor nights.

Table 4.5: Tourist Visitation and Visitor Nights & Expenditure, 2005-09 & 2012-16

	Category	Annual Average, Year-ending September 2005-09	Annual Average, Year-ending December 2012-16	Change
Visitors	Domestic Overnight	466,600	442,000	-5.3%
	International	14,400	17,800	+23.6%
	Domestic Day trippers	267,600	289,000	+8.0%
	Total	748,600	748,800	+0.0%
Visitor Nights	Domestic Overnight	1,529,800	1,348,600	-11.8%
	International	224,000	586,800	+162.0%
	Total	1,753,800	2,030,333	+15.8%

Source: Mildura Tourism, based on the Tourism Research Australia's National Visitor Survey year ending December 2016

Note: The Mildura region comprises Mildura Rural City Council and Wentworth Shire

4.6 Retail Turnover and Market Share Assessment

Estimates of retail turnover in the study area have been prepared by applying the retail floorspace estimates presented in Chapter 3, and appropriate average retail trading levels in terms of sales per square metre. Average trading levels have been determined with reference to industry benchmarks and published sales data. The retail turnover figures should therefore be regarded as a fair and reasonable approximation of existing trading conditions for retail activity in the study area.

For 2017, total retail turnover in the study area is estimated at approximately $948m, representing an average trading level of approximately $5,700/m^2 (expressed in 2017 dollars and inclusive of GST), as shown in Table 4.6 by retail category.

The estimated total retail turnover of $948m (approximate) comprises the following:

- $373.0m turnover attributed to <u>Food, Liquor and Groceries</u> (FLG), including supermarkets, specialties food retailers and liquor outlets
- $79.3m turnover attributed to <u>Food Catering</u> including restaurants, cafes and takeaway food outlets
- $181.2m turnover attributed to <u>Homemaker</u>, including homewares and bulky merchandise
- $314.2m turnover attributed to <u>Other Non-Food</u>, including leisure goods, services and apparel.

Importantly, these estimates refer to total retail turnover by category in the Study Area, including turnover that is attributable to residents of the trade and to non-residents, including tourists and seasonal workers.

The average turnover level of $5,020/m² reflects a relatively strong trading performance and Mildura's role as a large rural centre with a diverse retail offering, including a significant proportion of homemaker outlets.

This relatively strong trading performance is driven by a strong FLG retail sector which has an estimated average trading level of $10,760/m². The strong performance of supermarkets in the study area is a key reason for the high average trading level in FLG retailing compared to other retail categories.

Table 4.6: Estimated Retail turnover in the Study Area, 2017 (2017 dollars)

Category	FLG	Food Catering	Homemaker	Other Non-Food	Total Non-food	Total Retail
Retail floorspace	34,660m²	17,160m²	48,550m²	65,850m²	114,400 m²	166,220 m²
Average trading level ($/m²)	$10,760	$4,620	$3,730	$4,770	$4,330	$5,700
Estimated retail turnover	**$373.0m**	**$79.3m**	**$181.2m**	**$314.2m**	**$495.4m**	**$947.8m**

Source: Essential Economics
Note: Figures expressed in 2017 dollars

Retail Turnover Attributed to Main Trade Area Residents

In order to identify retail market shares captured by retailers in the study area, it is necessary to examine the extent to which sales are attributable to MTA residents. This analysis is shown in Table 4.7, and is based on the likely trading patterns of retail outlets and centres in the study area.

Total turnover for retail businesses in the study area that can be attributed to the spending of MTA residents is estimated to be $815.9m in 2017, representing approximately 86% of the MTA's total retail sales turnover. This retail sales turnover comprises 71% from the PTA and 16% from the STA (figures rounded).

The balance of approximately 14% or $130m of retail turnover in 2017 is derived from non-residents. Non-resident turnover includes that turnover attributed to tourists and seasonal workers, as well as purchases by trades and businesses.

Table 4.7: Retail Turnover to Mildura Study Area Residents, 2017

Category	FLG	Food Catering	*Homemaker*	*Other Non-Food*	Total Non-food	Total Retail
Total estimated retail turnover	$373.0m	$79.3m	*$181.2m*	*$314.2m*	$495.4m	$947.8m
Distribution of turnover (%)						
PTA	78%	60%	*70%*	*65%*	67%	71%
STA	11%	10%	*20%*	*20%*	20%	16%
MTA	**89%**	**70%**	***90%***	***85%***	**87%**	**86%**
Beyond	11%	30%	*10%*	*15%*	13%	14%
Total	**100%**	**100%**	***100%***	***100%***	**100%**	**100%**
Distribution of turnover ($)						
PTA	$291.0m	$47.6m	*$126.9m*	*$204.2m*	$331.1m	$669.6m
STA	$41.0m	$7.9m	*$36.2m*	*$62.8m*	$99.1m	$148.1m
MTA	**$332.0m**	**$55.5m**	***$163.1m***	***$267.1m***	**$430.2m**	**$817.7m**
Beyond	$41.0m	$23.8m	*$18.1m*	*$47.1m*	$65.3m	$130.1m
Total	**$373.0m**	**$79.3m**	***$181.2m***	***$314.2m***	**$495.4m**	**$947.8m**

Source: Essential Economics

Market Share Analysis

Retailers in the study area are estimated to capture 62% of the $1,313.7m of available retail expenditure by residents in the MTA. The balance of spending is directed to centres and retailers located beyond the study area, and to other forms of shopping such as internet sales.

As indicated in the 2010 Retail Strategy, the analysis for 2017 shows that higher market shares are achieved in the PTA where retailers capture a market share estimated at 87% of available spending. This share reflects this captive retail market in the PTA where only limited alternative retail shopping options are available.

A market share of 27% of STA resident spending is achieved by study area retailers in 2017, with higher market shares achieved in the non-food category that reflects the regional role performed by Mildura for non-food or comparison retailing, and a lower market share in the food category that reflects the local presence of convenience-based shopping in the smaller centres in the STA.

Table 4.8 summarises this analysis of market share performance for retailing in the study area.

Table 4.8: Study Area Retail Market Share Analysis, 2017

Category	FLG	Food Catering	*Homemaker*	*Other Non-Food*	Total Non-food	Total Retail
PTA	89.1%	85.6%	*84.8%*	*87.4%*	86.4%	87.5%
STA	16.7%	18.8%	*34.6%*	*39.2%*	38.1%	27.0%
MTA	**58.0%**	**56.8%**	***65.4%***	***67.8%***	**66.9%**	**62.2%**

Source: MarketInfo; Essential Economics; industry sources; Note: Figures are in constant 2017 dollars

Comparison with 2010 Analysis

The economic analysis and findings presented in this Chapter for 2017 can be compared to the economic analysis undertaken in the 2010 Retail Strategy. Particular aspects of note are as follows:

- The revised (2017) population projections for the MTA are generally between the 'low' and 'medium' growth scenarios outlined in 2010. This is partly due to revisions of population estimates prepared by the ABS following the 2011 and 2016 ABS Census of Population and Housing which decreased the population based in Mildura and the surrounding areas.

- The share of estimated retail turnover by Study Area retailers attributed to FLG has increase from 36% in 2010 to 39% in 2017. This can partly be explained by the development of two supermarkets (Coles in Fifteenth Street and IGA in Irymple) during this period.

- The market share of total retail in the study area has increased from 58% in 2010 to 62% in 2017, meaning a larger proportion of retail expenditure by MTA residents in 2017 is being captured by study area retailers relative to 2010. The following MTA market share observations relate to the various retail categories for the Mildura study area:
  - **FLG:** market share increased from 49% in 2010 to 58% in 2017
  - **Food Catering:** market share increased from 46% in 2010 to 57% in 2017
  - **Homemaker:** market share remained constant at 65% in both 2010 and 2017
  - **Other Non-Food:** estimated market share decreased slightly from 71% in 2010 to 67% in 2017.

  Factors that explain the changes in market share described above include the development of two supermarkets, a significant increase in the provision of food catering, and an increasingly competitive retail landscape in non-food retailing.

4.7 Implications

A number of implications are evident from the above retail analysis that inform the assessment of retail development potential which is provided in the following Chapter. These implications include the following:

1 **Retail businesses in the study area currently capture a relatively large proportion (around 62%) of the available retail expenditure of the MTA residents.** Because Mildura's local market is relatively captive (with competing centres located considerable distances from Mildura), opportunities for increased retail provision will flow from forecast increases in population growth and available spending.

2 **Improvements to the performance of existing retailers will contribute to an increase in retail market shares and an improved level of retail service for the community**. Opportunities that should improve retail choice and quality for local residents include the redevelopment of areas within centres that are not currently performing well, the

introduction of improved business practises, and the attraction of new businesses – especially those businesses which are not yet locally-represented in Mildura.

3 **The ability to capture a greater share of visitor spending** will also contribute to improved performance of retailers and centres.

5 RETAIL DEVELOPMENT POTENTIAL

This Chapter presents an analysis of the potential new retail development that could be supported in the Mildura study area over the period 2017 to 2035.

5.1 Methodology

Forecasts of retail development potential in the study area have been prepared on the basis of the following approach:

1 Retailers will continue to capture a similar market share of the forecast available retail spending by residents in the PTA and STA to that currently achieved in 2017. Mildura's retailers serve a relatively captured trade area, as illustrated by the relatively high market share (ie, competition from other large centres is relatively minor due to the long distances involved).

2 Local retailers in Mildura have potential to capture trade from people living beyond the MTA, including tourists and other passing trade. This was estimated at 14% in 2017 (refer Table 4.7). It is assumed the share of turnover capture by non-residents remains constant at 2017 levels for each retail category.

3 An aggregation of the above sources of retail turnover provides an estimate of the total future retail turnover that can be achieved at centres in the study area. By applying an appropriate average turnover level ($\$/m^2$), an indication of the total supportable retail floorspace (m^2) can be calculated.

4 An estimate of total retail development potential is arrived at by comparing total supportable floorspace (from point 3 above) against existing floorspace provision as outlined in Chapter 3.

5.2 Forecast Retail Market Share, 2017-2035

As described in Chapter 4, the relative isolation of Mildura means retailers capture comparably higher retail market shares (particularly in the PTA) than other regional centres situated in more competitive environments. Forecasts of retail turnover in 2035 therefore assume the following in relation to future retail market shares:

- FLG market shares: PTA – 89% STA – 17%
- Food catering market shares: PTA – 86% STA – 19%
- Homemaker market shares: PTA – 85% STA – 36%
- Other non-food market shares: PTA – 87% STA – 39%.

Although retail market share is not expected to increase, this does not necessarily reflect a situation of 'status quo'. Retail development and continuing improvements to the amenity of centres and improvements in business practises are required in order to maintain existing market shares, noting that competition from online retailing is anticipated to increase over the next 15 to 20 years.

5.3 Forecast Total Turnover, 2017-2035

With improvements in the available retail offer, total retail turnover in the study area is forecast to increase from $948m in 2017 to $1,260m in 2035 (expressed in constant 2017 dollars).

A summary of forecast retail turnover for centres in the Mildura study area, and by retail category, is shown in Table 5.1 for the period 2017 to 2035.

Table 5.1: Forecast Retail Turnover in the Mildura Study Area, 2017-2035 (in constant 2017 dollars)

Category	FLG	Food Catering	*Homemaker*	*Other Non-Food*	Total Non-Food	Total Retail
Retail Turnover, 2017	$373.0m	$79.3m	*$181.2m*	*$314.2m*	$495.4m	**$947.8m**
Forecast Retail Turnover, 2035	$439.9m	$96.9m	*$260.9m*	*$462.3m*	$723.2m	**$1,260.1m**
Average Annual Change, 2017-35	0.9%	1.1%	*2.0%*	*2.2%*	2.1%	**1.6%**

Source: Essential Economics

5.4 Total Retail Development Potential

Analysis of potential supportable retail floorspace and the amount of new retail development that could be supported over the period 2017 to 2035 is presented in Table 5.2.

This analysis is only intended to provide an **indication** of potential supportable retail development, as many factors will affect the opportunity to deliver new retail floorspace over the next two decades or so.

The potential for retail development in the study area over the period 2017 to 2035 is estimated at approximately +33,400m^2 and comprises the following broad estimates by retail category:

- **FLG:** An additional +6,200m^2 of FLG retail floorspace to accommodate new or expanded supermarkets and specialty food, liquor and grocery stores.
- **Food catering:** An additional +2,000m^2 of Food Catering retail floorspace, comprising new cafés, restaurants and takeaway food stores.
- **Non-food:** An additional +25,100m^2 of non-food retail floorspace, which may comprise the development of additional speciality non-food retailers such as apparel, shoes, hair and beauty, homewares, pharmacy and electrical store.

An analysis of future retail development potential for centres in the study area is presented in Table 5.2 for each retail category, and is based on forecast turnover levels (refer Section 5.3) and the application of forecasts of average supportable retail turnover levels ($/m²). Overall, the average trading level has been forecast to increase by 0.6% per annum from $5,700/m² in 2017 to $6,310/m² in 2035 (in constant 2017 dollars); this includes the following changes by retail category:

- **FLG:** Average trading levels have been forecast to remain constant at $10,760/m², reflecting the relatively high average trading level being achieved by FLG retailers.
- **Food catering:** Moderate increase of 0.5% per annum from $4,630/m² in 2017 to $5,050/m² in 2035.
- **Non-food:** Increase of 1% per annum from $4,330/m² in 2017 to $5,180/m² in 2035.

Table 5.2: Forecast Retail Development Opportunities, 2017-2035

Category	FLG	Food Catering	*Homemaker*	*Other Non-Food*	Total Non-Food	Total Retail
Existing retail floorspace, 2017	34,660m²	17,160m²	*48,550m²*	*65,850m²*	114,400m²	166,220m²
Indicative average retail trading level, 2035	$10,760/m²	$5,050/m²	*$4,460/m²*	*$5,710/m²*	$5,180/m²	$6,310/m²
Supportable retail floorspace, 2035	40,900m²	19,200m²	*58,500m²*	*81,000m²*	139,500m²	199,600m²
Retail floorspace development potential, 2017-35	6,240m²	2,040m²	*9,950m²*	*15,150m²*	25,100m²	33,380m²
AAGR in retail floorspace, 2017-35	0.9%	0.6%	*1.0%*	*1.2%*	1.1%	1.0%

Source: Essential Economics
Note: ÁAGR' refer to Average Annual Growth Area

Based on the above analysis, the study area could support approximately 199,600m² of retail floorspace by 2035. This reflects as average of 3.0m² per person living in the PTA in 2035, a slight increase from the average of 2.9m² per person in 2017. Therefore, forecast growth in retail floorspace in the study area is broadly in-line with forecast population growth in the PTA. These figures showing average floorspace provision per capita reflect the high level of self-containment in the study area in terms of retail demand and supply.

5.5 Review of Specific Retail Development Opportunities

The future opportunity for a neighbourhood centre in Mildura South and the capacity of C2Z and SUZ9 land along Fifteenth Street to accommodate forecast demand for homemaker or bulky goods floorspace are two current issues the Retail Strategy Review will need to address. These two issues are discussed below.

Mildura South Neighbourhood Activity Centre

As described in Section 2.2, the *Mildura South Urban Design Plan – Precinct Structure Plan* (October, 2014) identifies land for a neighbourhood centre located at the intersection of Sixteenth Street and Ontario Avenue. This land is zoned UGZ1, which requires an Urban Design Framework/Masterplan to be prepared. The *Mildura South Urban Design Plan – Precinct Structure Plan* states at page 15 that *"the exact areas required for these uses will need to be determined through a masterplanning process."*

Nevertheless, it is worthwhile reviewing the opportunity for a neighbourhood centre in Mildura South.

In this context, the catchment that will be served by the planned centre (refer Figure 5.1) is estimated to have a population of approximately 10,000 persons once fully developed. This estimated population takes into account the following:

- An existing population of approximately 4,100 persons.
- Future development of approximately 2,200 lots accommodating a population of approximately 6,000 persons. This estimate is based on the following:
  - Approximately 100 vacant lots based on analysis of aerial imagery dated February 2017.
  - Potential for an additional 2,100 lots, assuming residential areas account for 70% of vacant land yet to be subdivided and an average dwelling density of 15 lots per hectare.
  - An average household size of 2.6 persons.

Typically, a catchment population of 10,000 persons is sufficient to support a full-line supermarket of 3,000m^2 or more. The *Mildura South Urban Design Plan – Precinct Structure Plan* alludes to the potential for a 4,000m^2 supermarket; however, the major supermarket operators (e.g. Woolworths and Coles) are now tending to development smaller supermarkets (in the order of 3,000m^2 to 3,500m^2) in neighbourhood centres.

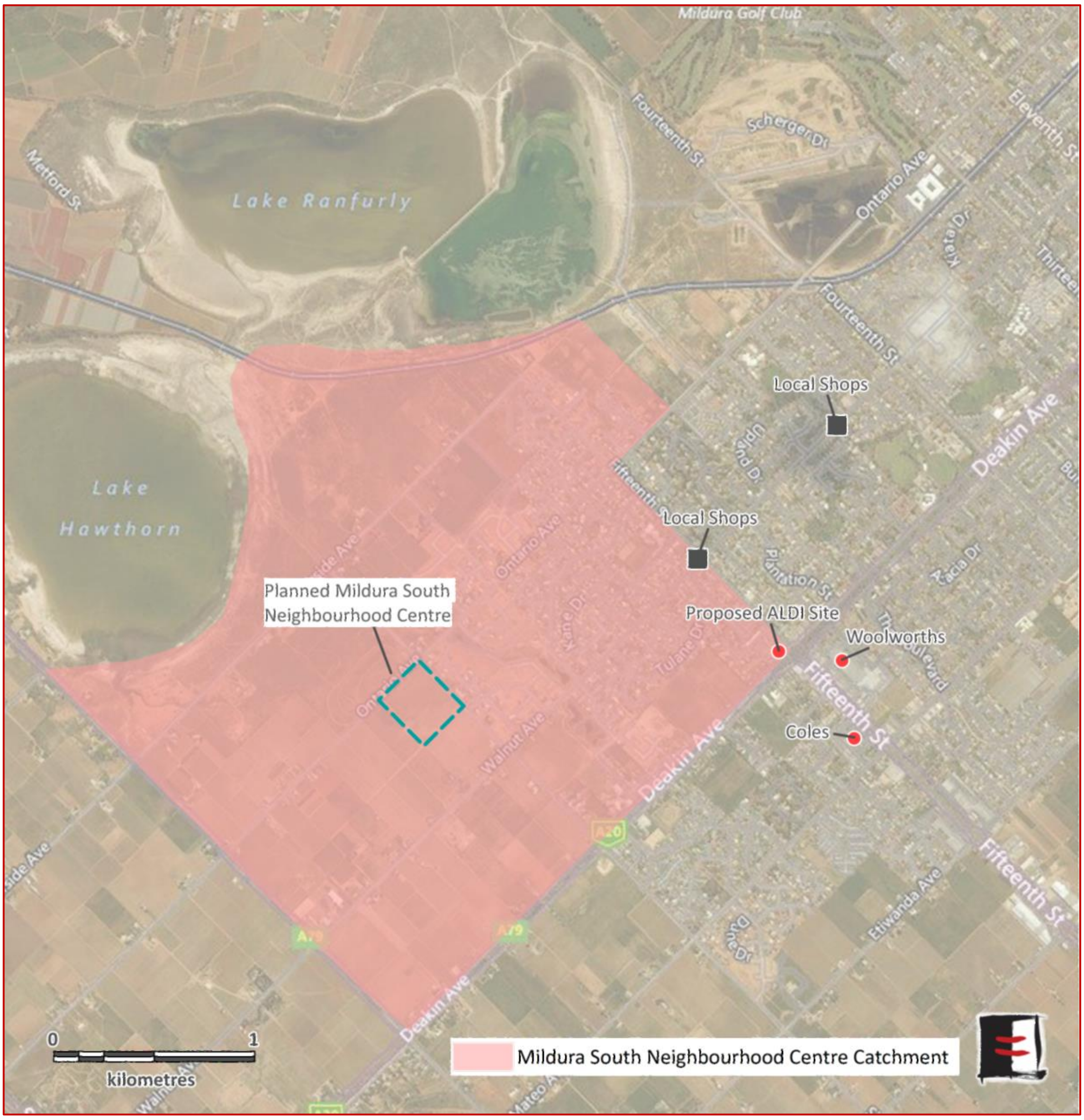
The competitive environment of which the future Mildura South neighbourhood centre will be situated is another factor that needs to be considered. In this context, full-line Coles and Woolworths supermarkets located at the Mildura City Gate Precinct are less than a 5-minute drive from the planned site.

Nevertheless, a catchment population of 10,000 or so persons is considered to be sufficient to support a supermarket of some sort; this may range from a mid-sized supermarket (say

2,000m^2) operated by an independent operator, to a larger full-line supermarket (say 3,200m^2). The eventual size, model and operator will depend on a variety of factors, including the eventual residential development yield achieved in Mildura South, and the competitive environment at the time of development.

Having regard for the above, the planned Mildura South neighbourhood centre should continue to be identified in the retail hierarchy. In addition, Council should undertake the necessary planning for the UGZ1 area in order to provide certainty regarding the scale and potential timing of retail development, and also the community and open space uses which are also governed under the zone.

Figure 5.1: Mildura South Neighbourhood Centre Catchment



Produced by Essential Economics using MapInfo and Bingmaps

Large Format Retailing – Fifteenth Street

Fifteenth Street is the main location for homemaker retailing in Mildura, accommodating 56% of all homemaker floorspace in the study area. In addition, large format retailing along Fifteenth Street is also an important destination for other non-food retailing, in particular retailers in the leisure and recreation markets. The area accounts for 21% of all 'other non-food' retailing in the study area.

Combined, Fifteenth Street currently accounts for 41,120m^2 of non-food retail floorspace, or 36% of all non-food retail floorspace in the study area which totals 114,400m^2.

Assuming Fifteenth Street accounts for 40% of the forecast demand for 25,180m^2 of total non-food floorspace over the period 2017 to 2035, this amounts to total demand for retail floorspace in the order of 10,000m^2.

In addition, homemaker precincts like Fifteenth Street also accommodate a range of non-retail uses such as trade supplies and auto parts sales. Assuming these uses account for around 25% of future floorspace demand, total retail and non-retail floorspace demand in the Fifteenth Street precinct is estimated at approximately 13,500m^2 (figures rounded).

Typically, floorspace in modern homemaker centres/precincts represent approximately 35-40% of total land area, based on analysis of Property Council of Australia data and other industry sources. The balance of land accommodates car parking, landscaped areas and ingress and egress arrangements.

Based on this benchmark, demand for approximately 3.4 to 3.9ha (say, up to 4ha) of land to accommodate retail and non-retail uses typically provided in homemaker/bulky goods precincts will be required over the period 2017 to 2035.

In addition, land will also be required for other uses permissible under the C2Z (and SUZ9) such as car yards, caravan sales, agricultural supplies etc. Fifteenth Street currently provides a limited provision of these uses, with Seventh Street also being a key location for these activities. The 2010 Strategy recommended an allowance of approximately 5ha for the purpose of planning for potential additional uses of this nature; this is still considered to be a reasonable provision.

Therefore, it would be prudent to plan for up to an additional 9ha of land for C2Z uses (ie, 4ha + 5ha). These calculations do not account for existing vacant floorspace, of which there is an estimated 4,320m^2 in the Fifteenth Street Precinct.

A review of vacant and under-utilised land from a commercial perspective was undertaken during these assessments. 'Under-utilised' land includes land currently used for residential uses and caravan parks that could potentially be re-developed for the purpose of large format retailing. These areas are shown earlier in Figure 3.4.

A summary of this review is provided in Table 5.3.

Table 5.3: Vacant and Under-utilised C2Z and SUZ9 Land on Fifteenth Street, 2017

Category	Vacant Land (ha)	Under-utilised Land (ha)	Total (ha)
Commercial 2 Zone (C2Z)	5.1	7.7	12.8
Special Use Zone 9 (SUZ9)	12.4	1.2	13.6
Total	**17.6**	**8.9**	**26.4**

Source: Essential Economics

Currently, 5.1ha of vacant C2Z land exists, plus an additional 7.7ha of land is considered to have potential to accommodate large format retail uses. This is sufficient land to support the forecast requirement of 9ha. However, it would rely on redevelopment of land currently used as caravan parks and it is understood these caravan parks are important in the context of housing itinerant workers during the harvest season, albeit not a permissible use under the current C2Z. Assuming land identified as being under-utilised (refer Figure 3.4) becomes available for development, the existing C2Z land should be sufficient to meet forecast needs over the period to 2035.

However, the current SUZ9 land does provide flexibility in the context of planning for large format retail uses, while also accommodating existing short-term accommodation (e.g. caravan parks) with the C2Z.

In addition, approximately 3.9ha of vacant C2Z land and 1.3ha of land currently accommodating a caravan park exists in two separate locations in Irymple – this land also provides further flexibility.

While the C2Z land in Irymple may not be required in the near-term, it may be prudent to retain the land for employment uses in the future, particularly if significant redevelopment of land now zoned C1Z in the CBD occurs and leads to the shift of C2Z-type land uses out of the CBD (refer Section 2.1).

In the longer term, the future provision and preferred locations for C2Z land will need to be reviewed once planning commences for the Mildura East Growth Area.

5.6 Implications

The implications for the Retail Strategy Review arising from the forecast demand for retail floorspace include the following:

1 Forecast demand for retail floorspace, 2017-2035: Forecast demand for approximately 33,000m^2 of retail floorspace, comprising:

- FLG: 6,200m^2

  A large proportion of this floorspace would be accommodated in a new neighbourhood centre in Mildura South. In addition, the development of an ALDI supermarket, either at the proposed location on Deakin Avenue and Fifteenth Street or somewhere else, would also accommodate a share of this demand.

- Food catering: 2,000m²

  The CBD is likely to the main location for a large proportion of this demand, with limited demand located elsewhere in the study area.

- Non-food: 25,000m²

  Large format retailing along Fifteenth Street is forecast to accommodate approximately 10,000m², with the majority of the balance likely to be distributed between the CBD and the Mildura City Gate Precinct.

2 Mildura South Neighbourhood Centre: The planned Mildura South neighbourhood centre is estimated to have a catchment of 10,000 or so persons once the Mildura South growth area is fully developed. Having regard for the level of competition at the nearby Mildura City Gate Precinct, this is sufficient to support at least a mid-sized supermarket and potentially a full-line supermarket in the future.

The planned Mildura South neighbourhood centre should continue to be identified in the retail hierarchy and masterplanning for the UGZ1 area should progress.

3 Demand for C2Z and SUZ9 land in Fifteenth Street: It would be prudent to plan for around 9ha of land for C2Z uses along Fifteenth Street. Currently, approximately 5.1ha of vacant C2Z land exists plus a further 9.7ha of land that is considered to be appropriate for redevelopment for the purpose of homemaker-type and ancillary uses.

The existing SUZ9 land and C2Z land in nearby Irymple provides a further element of choice and would allow for the longer-term development of large format uses.

6 KEY CONSIDERATIONS FOR THE STRATEGY

This Chapter provides a summary of the key considerations for the Retail Strategy Review arising from the analysis and research presented in this report.

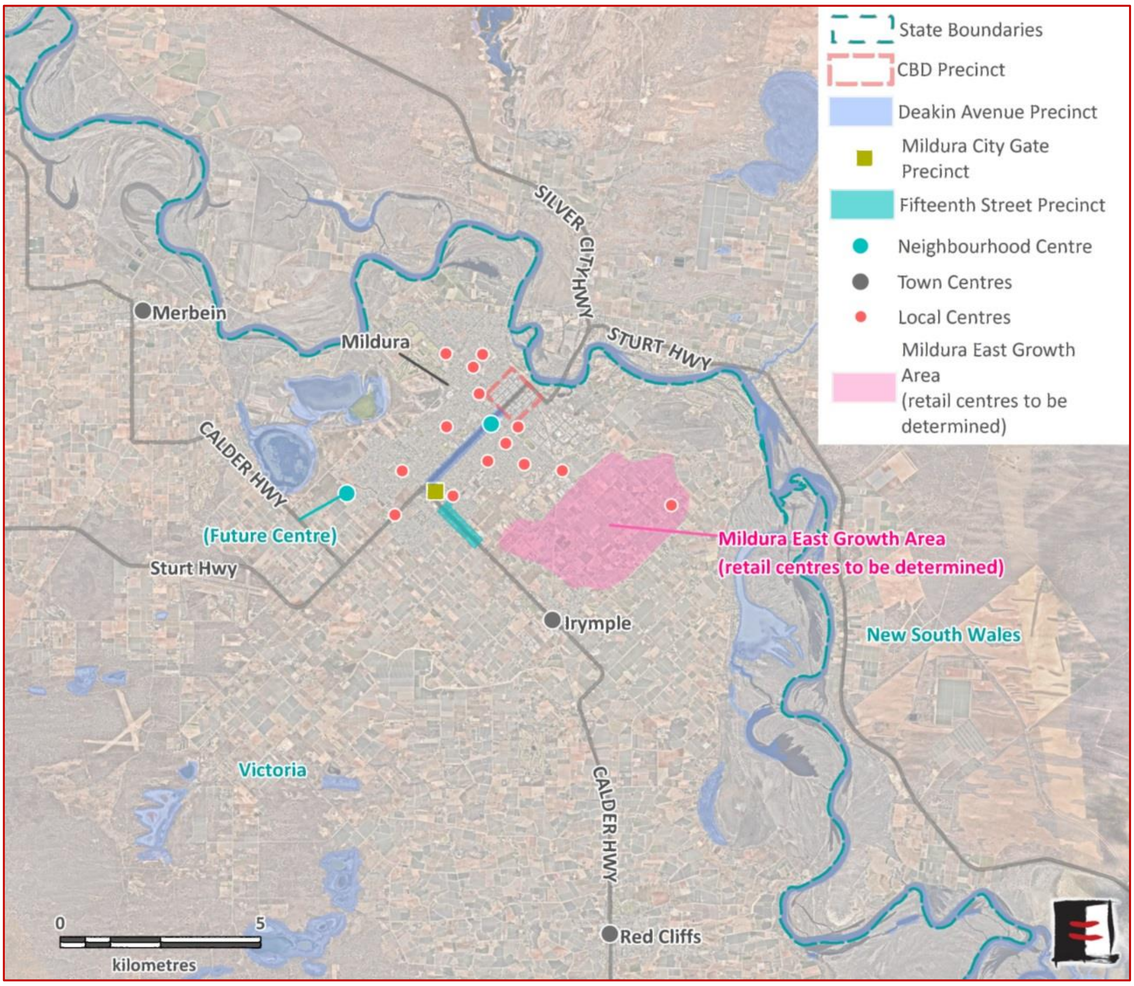
6.1 Future Mildura Retail Hierarchy

The existing retail hierarchy outlined in Section 3.1 is sufficient to meet the future needs of trade area residents and businesses.

However, the identification of the Mildura East growth area in the *Mildura Housing and Settlement Strategy* (2013) identifies the future need for activity centres to serve the local convenience needs of future residents in this area in the longer-term. Consequently, it would be prudent to identify the need for future work to be undertaken at the precinct planning stage for Mildura East in order to identify the need and location of convenience-based activity centres.

Figure 6.1 summarises the future Mildura retail hierarchy.

Figure 6.1: Future Mildura Retail Hierarchy



Produced by Essential Economics using MapInfo, StreetPro and Bingmaps

6.2 Mildura South

The planned Mildura South neighbourhood centre is estimated to have a catchment of 10,000 or so persons once the Mildura South growth area is fully developed. Having regard for the level of competition at the nearby Mildura City Gate Precinct, this is sufficient to support at least a mid-sized supermarket and potentially a full-line supermarket in the future.

The planned Mildura South neighbourhood centre should continue to be identified in the retail hierarchy and masterplanning for the UGZ1 area should progress.

6.3 Mildura CBD

The performance of the Mildura CBD appears to have improved since the 2010 Strategy was prepared, as illustrated by a declining retail floorspace vacancy rate, despite significant development occurring along Fifteenth Street. While major anchor retail tenants are still supporting retail activity, a continued focus on specialty retailing, food catering and entertainment has contributed to such improvements.

Public sector investment such as the Langtree Mall redevelopment and the riverfront precinct have also contributed to the CBD being a more attractive place to shop and, in general, being a more pleasant space to spend time. Council should continue to invest in the public spaces and amenity and encourage a range of uses (not just retail) and experiences in the CBD to attract local participation and enjoyment.

The lack of obvious development sites that could accommodate major developments – including retail, commercial and tourism uses – continues to be an issue. The key development sites identified in the *Mildura CBD Plan* (2007) remain largely as they were in 2007. The expansion of 'core' retail areas covered by the now C1Z may present further opportunities for development on the eastern side of Deakin Avenue. Without the availability of easily developed sites, private sector investment is likely to continue to be directed elsewhere. A review of the Mildura CBD Plan, taking into consideration the changes that have occurred over the past 10 years, may be an appropriate starting point to identifying future development opportunities in the CBD.

Continuing to encourage private sector investment in the CBD should be a focus for the Mildura Retail Strategy Review.

6.4 Special Use Zones

Assuming land identified as being under-utilised (refer Figure 3.4) becomes available for development, the existing C2Z land should be sufficient to meet forecast needs over the period to 2035.

However, the current SUZ9 land provides further flexibility in the context of planning for large format retail uses, while also accommodating existing short-term accommodation in the form of caravan parks. In addition, the future provision and preferred locations for C2Z land will need to be reviewed once planning for the Mildura East Growth Area commences, and the existing SUZ9 may be considered appropriate having regard for its location on the eastern edge of existing C2Z land.

6.5 Future of Merbein and Red Cliffs Town Centres

The town centres in both Merbein and Red Cliffs are experiencing difficulties associated with declining populations in their immediate catchments.

For instance, the immediate catchment served by the Merbein town centre has declined from approximately 4,780 persons in 2006 to 4,570 persons in 2016. Similarly, the immediate catchment served by the Red Cliffs town centre has declined from 5,600 persons in 2006 to 5,490 persons in 2016.

The Retail Strategy Review will need to consider the future viability of these two town centres as a key issue to be resolved.

6.6 The Need and Role of Commercial 2 Zone Land in Irymple

Approximately 3.9ha of vacant C2Z land and 1.3ha of land currently accommodating a caravan park exists in two separate locations in Irymple.

As described earlier in this report, while the C2Z land in Irymple may not be required in the near-term, it may be prudent to retain the land for employment uses in the future. This land provides additional flexibility in regard to accommodating C2Z-type uses over-and-above land in the SUZ9. This flexibility may be required should C2Z-type uses seek to relocate out of the CBD, and C2Z land currently identified as 'under-utilised' does not become available for the development C2Z-type uses.

Caution should always be considered when assessing the potential to rezone land away from employment-generating uses; once the land is redeveloped for another use (e.g. residential) the potential for the land to contribute to local employment is lost.

Therefore, it is recommended the vacant C2Z land to the west of Irymple be retained as C2Z at this point in time. Consideration may be given to rezoning C2Z land to the east of Irymple and which is occupied by a caravan park to a more appropriate zone, noting that caravan parks are not a permitted use in the C2Z land. In comparison with other locations where C2Z land is provided, this land is not considered to be a prime commercial location.

6.7 Supermarket Development on Commercial 2 Zoned Land

A supermarket development of up to 1,800m^2 of leasable floorspace is a Section 2 use (permit required) in the Mildura Planning Scheme. Noting this, an ALDI Supermarket has recently been approved (November, 2017) for C2Z land on the corner of Deakin Avenue and Fifteenth Street, as discussed previously in previous Section 3 3.4.

The Retail Strategy Review will need to provide guidance on the decision-making framework for supermarket development within the study area and, particularly, within C2Z land.

6.8 Planning Implications

Apart from the review of the SUZs and the need to acknowledge the potential need for activity centres in the Mildura East growth area in the future, the Retail Strategy Review will need to consider the following in regard to the introduction of the reformed commercial zones in Mildura, specifically the implications of the following:

- The expansion of core retail areas in the Mildura CBD
- The expansion of 'core' retailing areas along Deakin Avenue.

6.9 Review of the Retail Strategy (2010) – Vision and Objectives

Section 1.3 provides an overview of the 2010 Retail Strategy, including the Strategy's Vision and Objectives.

Having regard for the research and analysis, the Vision identified in the 2010 Strategy (refer below) remains relevant.

> *"Mildura is a dynamic city serving a growing residential population and increasing numbers of tourists and other visitors. These customers will be served by a sophisticated retail sector that offers a full range of modern, well-designed and well-integrated shopping facilities that offer choice in product and services, and are in easily accessible locations."*

Comment on the Objectives identified in the 2010 Strategy is provided below:

1 To support the viability of existing centres in Mildura, so they continue to perform their roles in the retail hierarchy.

2017 Comment: Remains relevant

2 To respond to future retail requirements of residents and visitors to the region, having regard for forecast population growth and potential growth in tourism.

2017 Comment: Remains relevant and will need to incorporate the planned neighbourhood centre in Mildura South and future centre(s) in the Mildura East growth area.

3 To support the Mildura CBD as the primary activity centre in the Mildura, for a mix of activities including retail, business, entertainment, tourism, civic, health, education, medium-density residential development, etc.

2017 Comment: Remains relevant

4 To support the sub-regional shopping role of the Mildura Centro precinct (*now Mildura City Gate Precinct)*.

2017 Comment: Remains relevant

5 To support Fifteenth Street as the principal location for homemaker retailing.

2017 Comment: Remains relevant

6 To support development of accessible neighbourhood and town centres where there is an identified demand for such facilities and where such development will not lead to significant adverse impacts on established centres.

2017 Comment: Remains relevant and will need to incorporate the planned neighbourhood centre in Mildura South and future centre(s) in the Mildura East growth area.

7 To ensure activity centres in Mildura are places where people enjoy shopping, doing business, and taking part in community activities through the implementation of appropriate design guidelines.

2017 Comment: Remains relevant

8 To ensure the Mildura Retail Strategy 2010 is reflected in the Mildura Planning Scheme.

2017 Comment: The 2010 Strategy has been implemented.

9 To ensure the Mildura Retail Strategy 2010 and Mildura Planning Scheme remain relevant and have regard for current retailing trends.

2017 Comment: Remains relevant

It is evident from the above that many of the Objectives of the 2010 Strategy remain relevant today. Additional themes that may be considered as new objectives in the Mildura Retail Review include the following:

1 To ensure Mildura's retailers are well equipped to maximise opportunities provided by structural changes to the retail sector, including the continued growth on online retailing and the importance of social media marketing.

2 To support the viability of the Red Cliffs and Merbein town centres.

3 To consider the implications of the Mildura East growth area on the future hierarchy of retailing and commercial areas in Mildura.

4 To review the role of C2Z land in providing for commercial accommodation.