Marrickville Metro

Retail strip review

May 2010

Pitney Bowes
Business Insight

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Introduction

This report presents an analysis of the competitive retail environment in which Marrickville Metro operates, focusing particularly on the relevant retail strips in the area. The intent of the analysis is to investigate the mix, composition and role of these retail strips to ascertain the likely degree of impact upon them in the event Marrickville Metro is expanded. The findings of the analysis should be considered in the broader context of Pitney Bowes Business Insights' May 2010 *Marrickville Metro, Sydney, Economic Impact Assessment*, which is a companion document to this report.

This report is presented in four sections as follows:

- **Section 1** discusses the evolution of retail strips in Australia and also considers the relevant planning documentation which could shape their role in the future. The current retail hierarchy in Marrickville is also reviewed.
- **Section 2** details the retail strips of relevance to Marrickville Metro, and includes a comparison with the premier retail strips in Sydney.
- **Section 3** provides two case studies of other retail strips in Sydney. The focus of these studies is upon the strips' relationships with nearby major shopping centre developments, to illustrate how these two different components of the retail hierarchy interact and co-exist.
- **Section 4** outlines the conclusions of this analysis.

Section 1: Evolution of retail strips and current retail hierarchy

This section of the report considers the evolution of the traditional retail strip in Australia and the planning policies which would be instrumental in shaping their function in the future. The retail hierarchy typically found in Australian metropolitan areas is also discussed, and in this context Marrickville's existing retail facilities are considered.

1.1 History and evolution of retail strips

In the 1950s and 1960s, "high streets" or retail shopping strips dominated the retail landscape, effectively meeting consumers' food and non-food shopping requirements. Retail strips were originally established adjacent to railway stations, to service the needs of local households (particularly those without access to a car). They were the hubs of local community life, and relied heavily on the custom of local residents.

In the second half of the 20th Century, however, retail strips have followed a cyclical path. They declined from prominence in the 70s, 80s, and early 1990s driven by economic, industry and social changes which weakened the traditional link between retail strips and their local areas. These changes included

- A consumer trend away from inner city living
- Increased car ownership, resulting in more mobile households
- Increased participation of women in the work-force, and the rise of the time-poor consumer
- The availability of greenfield development land in suburban locations, coinciding with the shift in population growth

- The emergence of stand-alone shopping centres providing a one-stop-shopping experience, offering consumers a broader variety of products and services than the retail strips

In line with these changes, major retail tenants such as Coles, Woolworths, David Jones and Myer increasingly chose to locate their stores in shopping centres rather than as standalone entities, further eroding the relevance of retail strips.

In 2007, Directional Insights, a retail research consultancy, conducted a survey on people's attitudes towards shopping and their preferences to where they shop. Overall, the study concluded that 75% of Australians preferred shopping centres to retail strips and high street areas. The key reasons for this preference, as identified by the qualitative research, include:

- The one-stop shopping opportunity provided at shopping centres, which include a variety of retailers.
- Ease of access and the provision of carparking.
- The safe and secure environment provided at shopping centres.
- The fact that shopping centres generally shelter customers from the elements.

Retail strips, however, have NOT disappeared from the Australian retail landscape. Indeed, in the past 10-15 years, shopping strips have re-emerged as community hubs, providing specialist retail precincts (centred around specialty food retail, cafes, or boutique fashion, to name a few examples) that serve a completely different role to shopping centres in meeting the needs of consumers. As will be demonstrated in subsequent sections of this report, those strips that survived the cycle now represent a vibrant and very specialised component of the retail hierarchy.

1.2 Planning context – the Draft Centres Policy

Since 2005, the NSW State Government has released multiple planning and policy documents to provide a framework for the development of new and existing centres in NSW. All relevant planning documents have been discussed in detail in the Economic Impact Assessment (EIA) of the proposed expansion of Marrickville Metro, prepared by this office in April 2010.

The *Draft Centres Policy* released by the New South Wales Government's Department of Planning in April 2009, is the most relevant of these documents to the future development of new and existing centres within the state. The policy identifies six planning principles that will guide the future development of existing and new retail and commercial centres in NSW:

- Principle 1 – Retail and commercial activity should be located in centres, to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.
- Principle 2 – The planning system should be flexible enough to enable all centres to grow, and new centres to form.
- Principle 3 – The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.
- Principle 4 – The planning system should ensure that the supply of available floorspace always accommodates market demand, to help facilitate new entrants into the market and promote competition.
- Principle 5 – The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.
- Principle 6 – Retail and commercial development should be well designed to ensure it contributes to the amenity, accessibility, urban context and sustainability of centres.

Each of the key principles detailed above has implications for the evolving role of retail strips, and is also of direct relevance to the proposed expansion of Marrickville. In particular, Principles 2-5 provide guidelines to the planning system that should be employed with respect to retail and commercial facilities. These principles stress that planning regulations should be flexible enough to allow market forces to dictate the supply and demand of retail floorspace.

In this context, independent market research carried out by twoblindmice research consultancy on behalf of AMP Capital Investors (AMPCI) in February 2008 identifies the demand and supply considerations currently in play within the Marrickville Local Government Area.

The relevant findings from this research include the following:

- There is strong support amongst residents for local retailers, primarily driven by convenience and the sense of community. However, there is a significant fragmentation in the retail offering within the Marrickville LGA, with many residents shopping at multiple locations to meet their weekly needs.

- A large proportion of residents do not have access to a car and rely heavily on public transport, shopping frequently for smaller goods. The lack of a 'one stop shop' retail destination in the area is not ideal for residents who do not have access to a car.

- Marrickville Metro is considered as a convenience centre that lacks variety in its retail offering. Broadway Shopping Centre was highlighted as a key centre for many residents, primarily due to its strong public transport links, medium size and variety of retail offering.

- Marrickville Metro is the most visited shopping destination in the surrounding area, predominantly for food and grocery retailing. Overall satisfaction with the existing centre was generally not strong in comparison to King Street, Newtown and Broadway Shopping Centre. The majority of respondents preferred shopping at both centres and strips, with only one in five respondents preferring to shop at strips only.

- Respondents (over 80%) were generally open and enthusiastic to the concept of expanding Marrickville Metro. Elements that appealed to respondents include an improved indoor/outdoor food court, additional specialty stores and services such as banks.

- Marrickville Metro retailers considered any expansion of the centre as an opportunity to boost diversity and create a unique shopping destination. The selection of strip retailers on Marrickville and Illawarra Roads, Marrickville as well as King Street, Newtown who were interviewed as part of the research generally felt that Marrickville Metro performs a different role in the retail hierarchy to the strips. The proposed expansion of the centre was not really "on their radar".

- In summary, more than half of the existing Marrickville Metro visitors (56%) would shop more frequently after the possible expansion, with a third of non visitors (34%) more likely to start shopping at the centre.

Taking the findings of the twoblindmice research into consideration, it is clear that there is unmet demand for shopping centre retail floorspace in the Marrickville region in general, and in particular at the existing Marrickville Metro. The proposed expansion of the centre would therefore be consistent with the key principles identified in the Draft Centres Policy, which have a strong emphasis on allowing market forces to dictate the demand and supply of retail floorspace.

1.3 Current retail hierarchy

As outlined in Table 1.1, the retail hierarchy within Australian metropolitan areas typically offers a broad spectrum of retail facilities, generally including a selection of each of the following:

- Specialised local shopping strips, catering to the convenience shopping needs of residents in their immediate localities, or providing a very targeted niche specialty (eg. high end fashion) offer.

- Small neighbourhood shopping centres, typically less than 10,000 sq.m in size, anchored by a supermarket and offering a limited range of convenience-oriented specialty stores.
- Sub-regional shopping centre(s), ranging in size from 15,000-40,000 sq.m, anchored by 1 or more discount department stores, 1 or more supermarkets and with a range of specialty shops.
- Regional shopping centre(s), of 50,000 sq.m or more, typically anchored by a department store, together with discount department store(s), supermarket(s) and speciality shops.

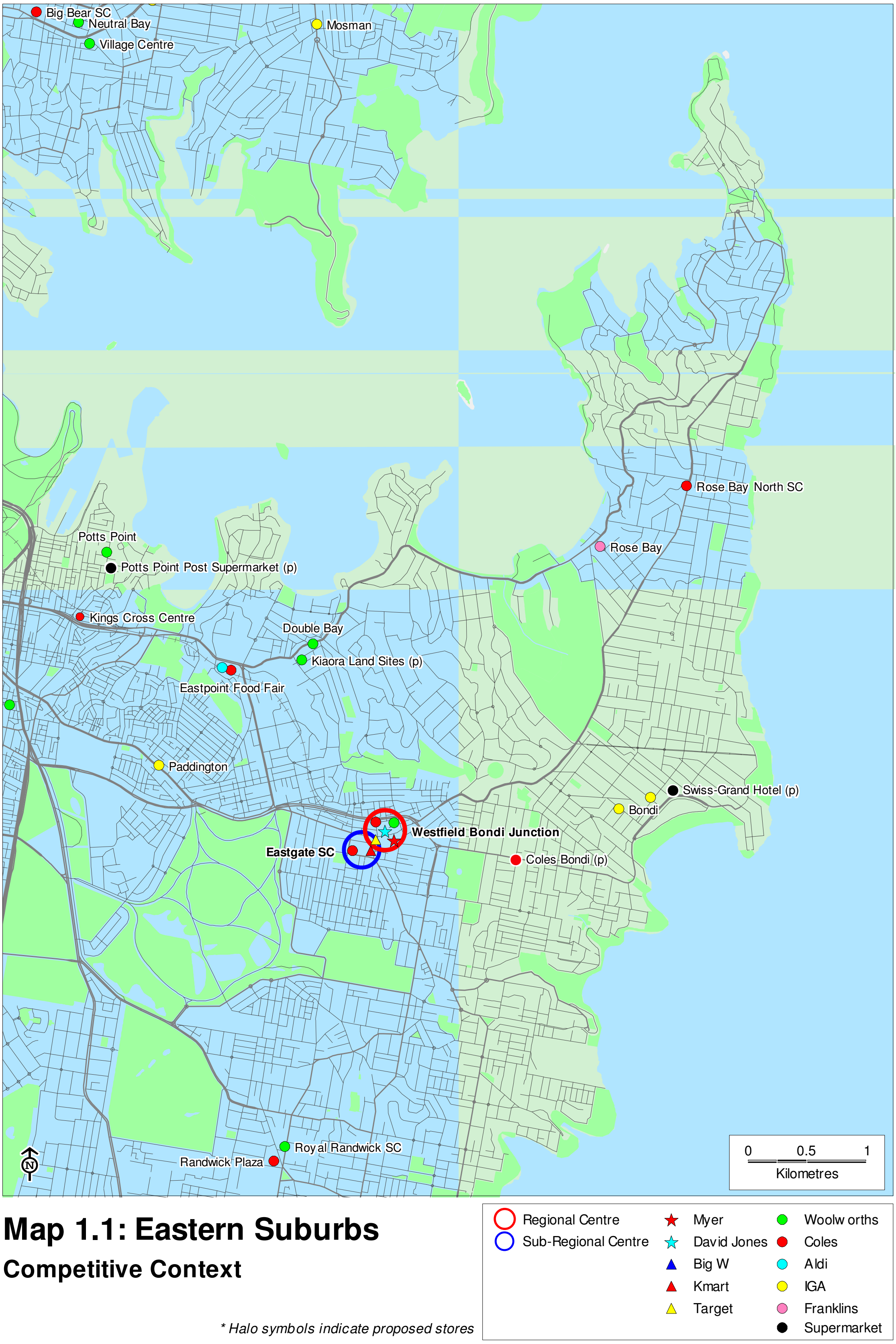
Across the Australian retail landscape there are also around 15 so-called super-regional shopping centres, anchored by two department stores, 2-3 discount department stores and supermarkets, offering an extensive array of specialty stores and often exceeding 100,000 sq.m in retail GLA.

Each type of facility within the Australian retail hierarchy plays a different, but important role in meeting the retail needs of consumers.

The Eastern Suburbs of Sydney, as illustrated in Map 1.1, provide a good example of a complete metropolitan retail hierarchy. The Eastern Suburbs generally comprises the suburbs of Bondi Junction, Paddington, Rose Bay, Double Bay, Edgecliff and Randwick. The area is served by a super-regional shopping centre at Bondi Junction, which is anchored by Myer and David Jones department stores, a Target discount department store as well as Woolworths and Coles supermarkets. The Eastgate Shopping Centre is located in close proximity and is a sub-regional shopping centre, anchored by a Kmart discount department store and Coles supermarket.

The eastern suburbs are also serviced by a number of neighbourhood/supermarket centres located in suburbs such as Edgecliff, Double Bay, Rose Bay and Randwick. Furthermore, prominent retail strips are located at Double Bay and Oxford Street, Paddington offering local specialised retail shopping such as cafes and high-end fashion stores. Shoppers tend to visit neighbourhood/supermarket centres and retail strips more frequently than sub-regional and regional centres, as they primarily serve the local daily 'top-up' shopping needs of the surrounding population.

In this context (and as highlighted in Table 1.1, and illustrated on Map 1.2), the retail provision within the Marrickville Metro main trade area (which is somewhat less densely populated but nevertheless comparable as an inner-city urban region) is particularly sparse. Marrickville Metro, a sub-regional shopping centre, is the only existing centre or precinct within the main trade area which offers significant comparison shopping facilities, comprising as it does a Kmart discount department store, Woolworths and Aldi supermarkets, and a provision of supporting specialty retailers. The rest of the main trade area competitive landscape is characterised by numerous discrete retail shopping strips, located along key arterial roads throughout the region, and serving a very different role within the trade area. Against the typical retail hierarchy described above, the Marrickville Metro main trade area is under-supplied in terms of comparison shopping facilities (regional, subregional and neighbourhood shopping centres), but over-supplied in terms of localised retail shopping strips. Nevertheless, consumer research, along with the current strong trading performance of Marrickville Metro, suggests there is unmet demand for retail floorspace within the trade area.



Map 1.1: Eastern Suburbs

Competitive Context

** Halo symbols indicate proposed stores*

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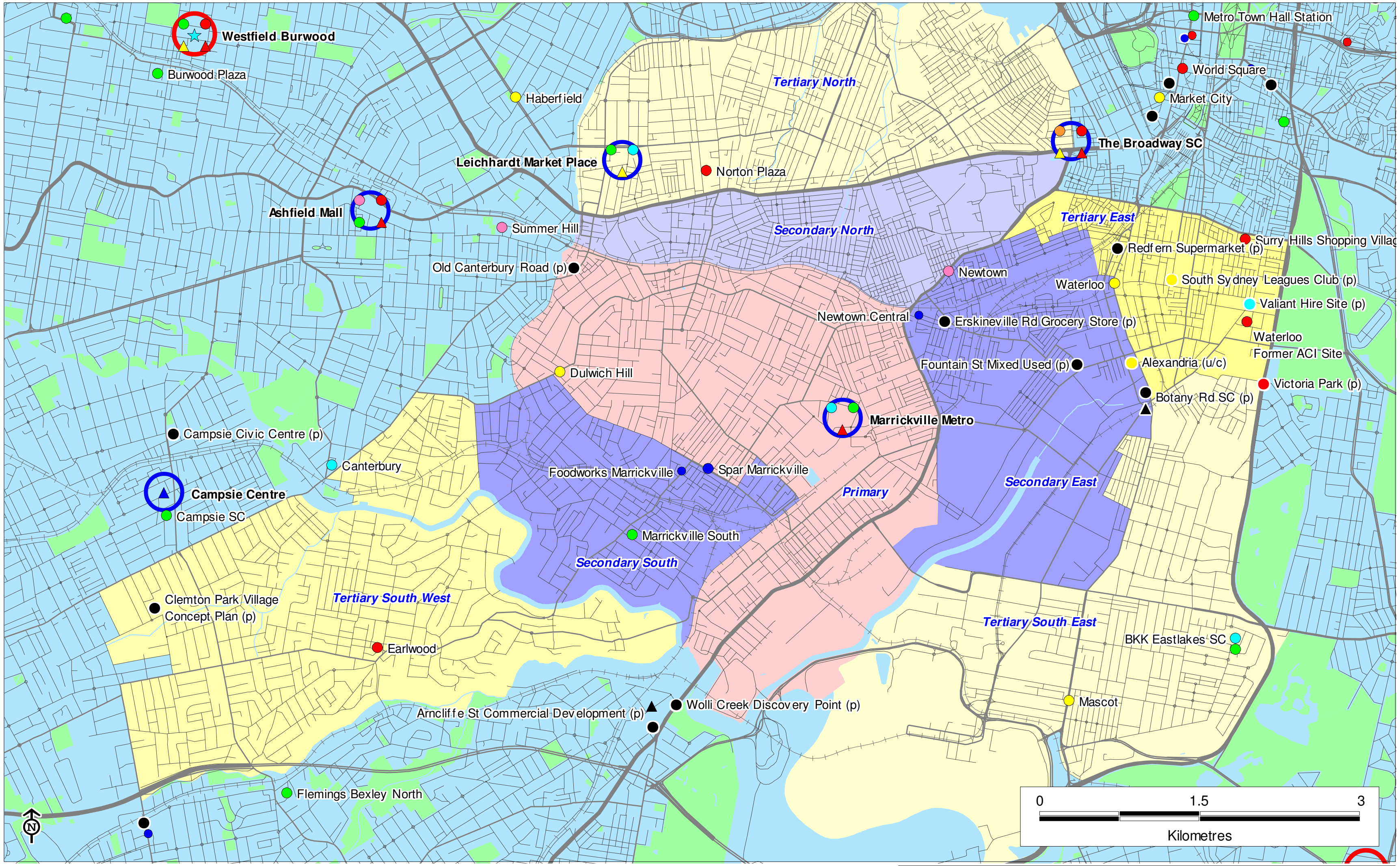
Table 1.1

The Australian Retail Hierarchy - Pitney Bowes Business Insight definitions

Retail Hierarchy	Characteristics	Marrickville Metro Trade Area Example(s)
Super-Regional Shopping Centres	Anchored by two full-line department stores such as Myer and David Jones and are larger than 85,000 sq.m in size. Centres generally serve a trade area of 400,00-500,000 persons.	n.a.
Regional Shopping Centres	Vary in size from 50,000 sq.m up to 100,000 sq.m and larger. These centres are typically anchored by a full-line department store such as Myer and David Jones together with discount department stores (Big W, Kmart and Target), supermarkets and specialty shops.	n.a.
Sub-regional Shopping Centres	Ranging in size from around 15,000 sq.m to 40,000 sq.m in size. These centres are anchored by discount department stores together with supermarkets and specialty shops.	Marrickville Metro, Leichhardt Market Place & Broadway Shopping Centre
Neighbourhood/ Supermarket Centres	These centres are typically less than 10,000 sq.m in size and are anchored by supermarkets and specialty shops.	Newtown Central, Norton Plaza, Surry Hills Shopping Village & BKK Eastlakes Shopping Centre
Retail Strips	A cluster of shops located on a road strip which serve the daily conveniece needs of the local population.	Marrickville Road (Marrickville), Illawarra Road (Marrickville South), King Street (Newtown), Enmore Road (Enmore), New Canterbury and Marrickville Roads (Dulwich Hill), New Canterbury Road (Petersham)

Source: Pitney Bowes Business Insight



Map 1.2: Marrickville Metro

Trade Area & Competition

** Halo objects represent proposed stores*

Regional SC	Big W	Woolworths	Aldi
Sub-regional SC	Kmart	Coles	IGA
Myer	Target	Bi-Lo	Independent
David Jones	DDS	Franklins	Supermarket

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Section 2: Retail strip analysis

This section of the report examines in detail the current provision of strip retail facilities in Marrickville. For context, the rental yields and vacancy rates currently being achieved at Sydney's prime retail strips are also considered.

2.1 Assessment of individual retail strips

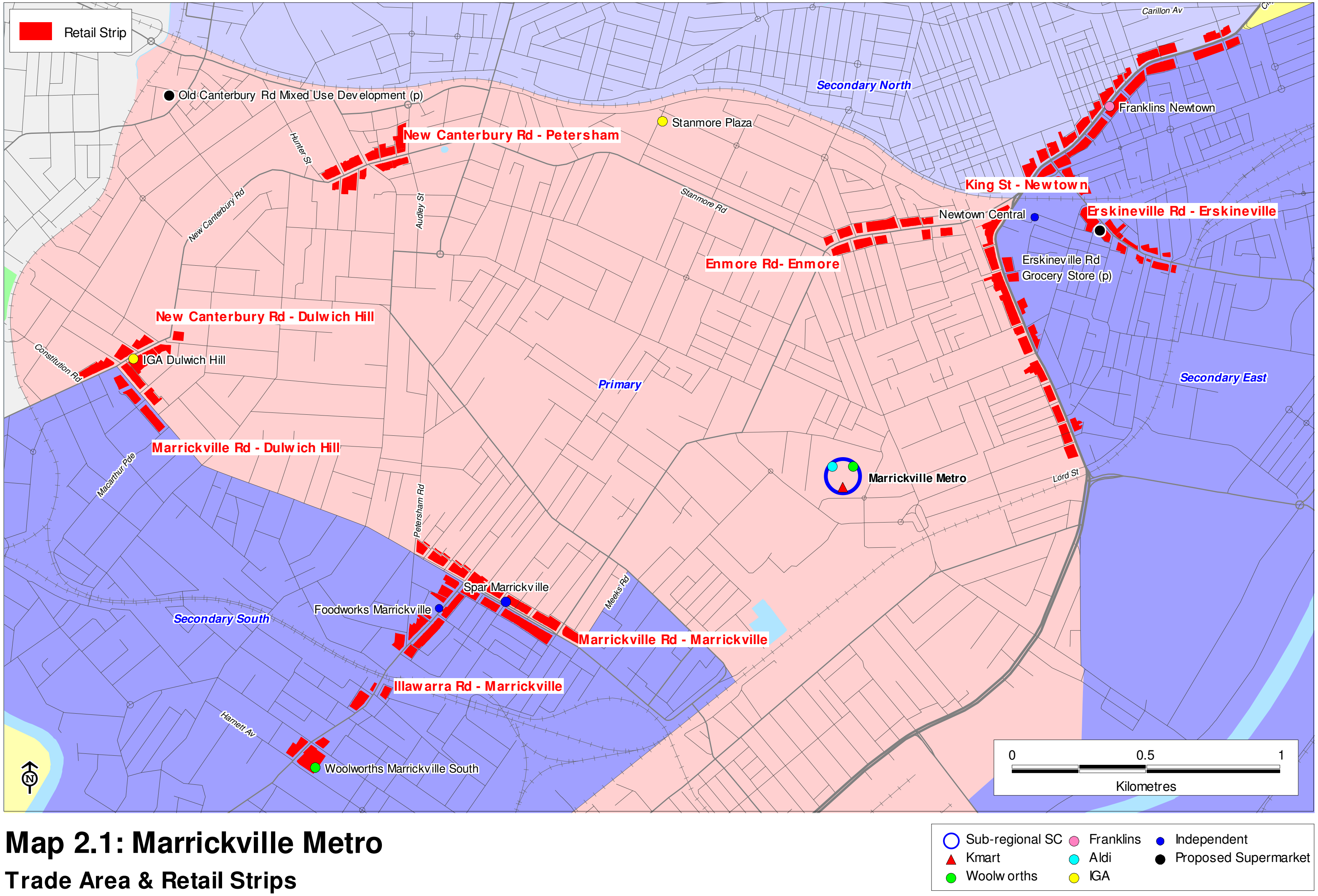
As part of an extensive audit of the competitive retail environment in the region, Pitney Bowes Business Insight (PBBI) carried out a floorspace survey in March and April 2010, to quantify the retail and commercial tenancy provisions on each of the relevant strip shopping precincts within Marrickville Metro's main trade area.

The following six (6) retail strips were included in the survey, and are illustrated on Map 2.1:

- Marrickville Road, Marrickville
- Illawarra Road, Marrickville
- King Street, Newtown
- Enmore Road, Enmore
- New Canterbury Road and Marrickville Road, Dulwich Hill
- New Canterbury Road, Petersham

Each strip has been broken down into its key components, in terms both of store numbers and estimated floorspace provisions. Both traditional retail businesses and non-retail usages such as Medical Centres, Financial Services, Real Estate agencies and Entertainment, were included in the audit. Key characteristics including the size, composition and role played by each of these strips are considered in turn in the following subsection.

In general, the more successful of the retail strips surveyed were found to perform very localised, convenience-oriented roles within their immediate surrounding communities, often displaying a distinct ethnic "personality". The representation of national chain retailers along each strip is extremely low, reflecting a combination of the often lesser quality (as compared, for example, with shopping centres) retail premises, and again the ethnic orientations of various strips. With the exception of Petersham, vacant floorspace accounted for 5-8% of the total provision along each strip, and this is a fairly typical rate of vacancy for centres of this nature.



Map 2.1: Marrickville Metro

Trade Area & Retail Strips

Marrickville Road, Marrickville

Table 2.1 summarises the provision of shopfront retailing and commercial usages (eg. Banks, real estate agents and the like) on Marrickville Road, Marrickville, which extends to the east as far as Meeks Road, and to the west as far as Petersham Road.

The key features of the Marrickville Road, Marrickville strip include:

- A substantial number of specialist food and grocery businesses, which highlights the low provision of supermarket floorspace in the immediate vicinity (limited to a small Spar supermarket of 800 sq.m, which was closed for refurbishment at the time of the audit).
- A large proportion of Vietnamese food and food catering businesses, reflecting the ethnic diversity of the local population.
- Low representation of national chain businesses. Independent operators dominate both the number of stores (78.7%) and floorspace provision (65.0%) along this strip, with most non-independent operators being banks, real estate agents and other non-retail or service-oriented businesses.
- Low level of vacancies. Vacant stores are estimated to account for less than 5% of the floorspace provision along Marrickville Road.

In general, the Marrickville Road, Marrickville strip is observed to be the brightest, best presented and most active of the 6 retail strips audited for this report. Yet this strip centre is located much closer to Marrickville Metro than either the Dulwich Hill or Petersham strips, neither of which appears to be as active or vibrant, as discussed further below. The strip's emphasis on Vietnamese-oriented convenience retail is a key strength, and suggests that one reason for its vibrancy is the specialised role that it plays within the retail hierarchy. It does not compete directly with the more mainstream offer typically found in shopping centres (such as Marrickville Metro), rather providing a targeted, specialist offer for local residents and also Sydney's broader Vietnamese community.

Table 2.1

Marrickville Road retail strip, Marrickville

Tenants	No. of Stores: Indep.	Nation.	Total	% of total	Floorspace (sq.m): Indep.	Nation.	Total	% of total
Majors								
Smkts/Large Food Stores*	0	1	1	0.6%	0	800	800	3.6%
Total Majors	0	1	1	0.6%	0	800	800	3.6%
Retail Specialties								
Food & Liquor	20	4	24	13.8%	1,700	510	2,210	9.9%
Food Catering	29	5	34	19.5%	2,295	385	2,680	12.0%
Apparel	18	0	18	10.3%	1,985	0	1,985	8.9%
Household Goods	6	1	7	4.0%	960	800	1,760	7.9%
Leisure	5	1	6	3.4%	480	270	750	3.4%
General Retail	9	4	13	7.5%	940	465	1,405	6.3%
Retail Services	11	0	11	6.3%	765	0	765	3.4%
Total Retail Spec.	98	15	113	64.9%	9,125	2,430	11,555	51.9%
Bulky	5	0	5	2.9%	1,200	0	1,200	5.4%
Total Retail	**103**	**16**	**119**	**68.4%**	**10,325**	**3,230**	**13,555**	**60.9%**
Non-Retail Medical	5	2	7	4.0%	810	530	1,340	6.0%
Non-Retail Finance	4	5	9	5.2%	465	1,580	2,045	9.2%
Non-Retail Real Estate	1	5	6	3.4%	50	640	690	3.1%
Non-Retail Entertainment	2	1	3	1.7%	1,100	300	1,400	6.3%
Non-Retail Other	14	6	20	11.5%	1,035	1,130	2,165	9.7%
Total Non-retail	**26**	**19**	**45**	**25.9%**	**3,460**	**4,180**	**7,640**	**34.3%**
Total Retail & Non-retail	**129**	**35**	**164**	**94.3%**	**13,785**	**7,410**	**21,195**	**95.3%**
Representation**	78.7%	21.3%	100%		65.0%	35.0%	100%	
Vacancies	0	0	10	5.7%	0	0	1,054	4.7%
Total Tenancies	**129**	**35**	**174**	**100%**	**13,785**	**7,410**	**22,249**	**100%**

** Grocery stores of atleast 500 sq.m.*

*** Independent vs National traders.*

Source : Pitney Bowes Business Insight

Illawarra Road, Marrickville

This sparsely populated retail strip extends around 1 km from Marrickville Road in the north, to Harnett Street in the south, and offers just over 20,000 sq.m of retail and non-retail floorspace (refer Table 2.2).

The key characteristics of the Illawarra Road strip are summarised below:

- Small Asian grocery stores make up a large portion of the observed 2,800 sq.m of Food and Liquor floorspace. The strip clearly serves a strong convenience function for an Asian-oriented customer base. There is also quite a strong Greek influence toward the southern end of Illawarra Road.

- Woolworths and Foodworks supermarkets provide a total of around 4,250 sq.m of supermarket floor space along the strip, with the former representing the main supermarket shopping destination in Marrickville Metro's secondary south trade area sector.

- The presence of the two supermarkets skews the provision of National Brand floorspace along the strip (31.0%). In terms of store numbers, however, almost 94% of the tenancies along Illawarra Rd are independently operated.

- In comparison to the Marrickville Road strip located immediately to the north, Illawarra Road contains a significantly higher level of Retail Services floorspace, but also much lower levels of Apparel and Household Goods traders (both in terms of store numbers, and floorspace provision), again highlighting the convenience function of the strip.

- Observed vacancies along the Illawarra Road strip (10.6% of store numbers but only 4.9% of estimated floorspace) are generally small, poor quality, and in some cases derelict spaces with few observable signs of landlords actively seeking replacement tenants (or even maintaining the premises).

Like the Marrickville Road strip, the main strength of the Illawarra Road strip is its concentrated offer of ethnically targeted convenience retail. The presence of two supermarkets along the strip enhances the amenity of its convenience offer, effectively anchoring the two ends of the road.

Table 2.2

Illawarra Road retail strip, Marrickville

Tenants	No. of Stores Indep.	Nation.	Total	% of total	Floorspace (sq.m) Indep.	Nation.	Total	% of total
Majors								
Smkts/Large Food Stores*	0	2	2	1.3%	0	4,250	4,250	20.5%
Total Majors	0	2	2	1.3%	0	4,250	4,250	20.5%
Retail Specialties								
Food & Liquor	22	1	23	14.4%	2,675	125	2,800	13.5%
Food Catering	20	1	21	13.1%	1,535	80	1,615	7.8%
Apparel	4	0	4	2.5%	255	0	255	1.2%
Household Goods	3	0	3	1.9%	325	0	325	1.6%
Leisure	5	0	5	3.1%	320	0	320	1.5%
General Retail	7	1	8	5.0%	850	200	1,050	5.1%
Retail Services	30	1	31	19.4%	2,130	600	2,730	13.2%
Total Retail Spec.	91	4	95	59.4%	8,090	1,005	9,095	43.9%
Bulky	1	0	1	0.6%	750	0	750	3.6%
Total Retail	**92**	**6**	**98**	**61.3%**	**8,840**	**5,255**	**14,095**	**68.0%**
Non-Retail Medical	14	0	14	8.8%	2,080	0	2,080	10.0%
Non-Retail Finance	6	0	6	3.8%	610	0	610	2.9%
Non-Retail Real Estate	1	1	2	1.3%	150	60	210	1.0%
Non-Retail Other	21	2	23	14.4%	1,910	800	2,710	13.1%
Total Non-retail	**42**	**3**	**45**	**28.1%**	**4,750**	**860**	**5,610**	**27.1%**
Total Retail & Non-retail	**134**	**9**	**143**	**89.4%**	**13,590**	**6,115**	**19,705**	**95.1%**
Representation**	93.7%	6.3%	100%		69.0%	31.0%	100%	
Vacancies	0	0	17	10.6%	0	0	1,020	4.9%
Total Tenancies	**134**	**9**	**160**	**100%**	**13,590**	**6,115**	**20,725**	**100%**

** Grocery stores of atleast 500 sq.m.*

*** Independent vs National traders.*

Source : Pitney Bowes Business Insight

King Street, Newtown

The retail strip along King Street in Newtown stretches more than 2 km, and is one of the best known strip centres currently provided in Sydney. Unlike the other shopping strips that were the subject of our study, King Street has a significant regional draw, attracting many residents of the wider Sydney region with its cosmopolitan offer of boutique food and fashion stores. The northern portion of the Newtown strip is located in between the Newtown Railway station and the University of Sydney, and is the more popular portion of the strip. This area is a very busy thoroughfare, with heavy pedestrian traffic drawn to the many restaurants, cafés and fashion retailers. The southern end of King Street offers a still more eclectic mix of food and fashion than its northern counterpart, and draws somewhat fewer visitors. The key features of King St, Newtown are summarised below:

- The strip contains well over 350 retail specialty traders including a high proportion (27% of total stores) of cafes and restaurants (food catering tenants). The majority of these traders are independent operators, with only around 10% of stores and 15% of floorspaces along King St being occupied by National Brands.

- The provision of Apparel retail along King Street was the highest observed along any of the strips which are the subject of this study, while retail services were seen to be comparatively under-supplied. This reflects the previously mentioned strong regional draw of King St, which contrasts markedly with the more localised nature of each of the other strips within the trade area.

- Two small supermarkets are provided along King St, a Foodworks of 788 sq.m at Newtown Central, and a stand-alone Franklins store (900 sq.m). Newtown Central comprises approximately 1,500 sq.m of retail floorspace, anchored by the Foodworks and including 18 convenience based speciality shops and a Fitness First gymnasium.

King St, Newtown's regional draw, which results from its comprehensive offer of food and fashion retail, differentiates it from the other retail strips considered in this report. Its role in the retail hierarchy, however, is still distinctly different to those played by regional shopping centres, insofar as its mix is dominated by independent operators, and with minimal representation of specialty retail categories other than fashion and food.

Table 2.3

King Street retail strip, Newtown

	No. of Stores				Floorspace (sq.m)			
Tenants	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
Majors								
Smkts/Large Food Stores*	0	2	2	0.4%	0	1,688	1,688	3.5%
Total Majors	0	2	2	0.4%	0	1,688	1,688	3.5%
Retail Specialties								
Food & Liquor	30	6	36	7.1%	2,280	685	2,965	6.1%
Food Catering	131	6	137	27.0%	10,980	350	11,330	23.4%
Apparel	75	6	81	15.9%	5,570	455	6,025	12.4%
Household Goods	13	1	14	2.8%	1,710	125	1,835	3.8%
Leisure	30	0	30	5.9%	3,160	0	3,160	6.5%
General Retail	21	1	22	4.3%	1,915	40	1,955	4.0%
Retail Services	45	3	48	9.4%	2,670	325	2,995	6.2%
Total Retail Spec.	345	23	368	72.4%	28,285	1,980	30,265	62.5%
Bulky	21	1	22	4.3%	2,475	600	3,075	6.3%
Total Retail	**366**	**26**	**392**	**77.2%**	**30,760**	**4,268**	**35,028**	**72.3%**
Non-Retail Medical	5	0	5	1.0%	1,603	0	1,603	3.3%
Non-Retail Finance	1	7	8	1.6%	70	1,030	1,100	2.3%
Non-Retail Real Estate	5	7	12	2.4%	370	560	930	1.9%
Non-Retail Entertainment	11	0	11	2.2%	3,050	0	3,050	6.3%
Non-Retail Other	38	8	46	9.1%	3,185	990	4,175	8.6%
Total Non-retail	**60**	**22**	**82**	**16.1%**	**8,278**	**2,580**	**10,858**	**22.4%**
Total Retail & Non-retail	**426**	**48**	**474**	**93.3%**	**39,038**	**6,848**	**45,886**	**94.7%**
Representation**	89.9%	10.1%	100%		85.1%	14.9%	100%	
Vacancies	0	0	34	6.7%	0	0	2,570	5.3%
Total Tenancies	**426**	**48**	**508**	**100%**	**39,038**	**6,848**	**48,456**	**100%**

** Grocery stores of atleast 500 sq.m.*

*** Independent vs National traders.*

Source : Pitney Bowes Business Insight

Enmore Road, Enmore

The Enmore Road retail strip stretches around 600 metres from the King Street strip to Stanmore Street in the west, and contains slightly lower grade retail floorspace than can be found on King Street. Key features of this strip include the following:

- The majority of traders along this strip serve a local convenience role, in contrast to the more regional role played by the adjoining King Street retail strip. The non-retail floorspace on the Enmore Road strip is however dominated by the Enmore Theatre, a popular live music venue.
- Food and Food Catering retailers, along with Retail Services operators again have the greatest representation along Enmore Road. In addition, two small-format Foodworks and IGA grocery stores service the convenience needs of the locals, but are each less than 500 sq.m in size.
- No particular ethnic group is dominant in terms of the Enmore Road convenience offer, however, independent operators make up the majority (92.6% of stores, and 85.3% of floorspace) of tenancies along this strip.

In general, the Enmore Road strip does not have the same level of focus, or targeted offer, as was observed at either Marrickville or Illawarra Roads, in Marrickville. However, the strip benefits from its proximity to King St, Newtown, and does nevertheless serve a convenience function for residents in its immediate vicinity.

Table 2.4

Enmore Road retail strip, Enmore

	No. of Stores				Floorspace (sq.m)			
Tenants	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
Majors								
Smkts/Large Food Stores*	0	0	0	0.0%	0	0	0	0.0%
Total Majors	0	0	0	0.0%	0	0	0	0.0%
Retail Specialties								
Food & Liquor	8	3	11	7.1%	520	950	1,470	10.4%
Food Catering	42	1	43	27.6%	2,700	150	2,850	20.2%
Apparel	16	0	16	10.3%	930	0	930	6.6%
Household Goods	2	0	2	1.3%	135	0	135	1.0%
Leisure	6	0	6	3.8%	355	0	355	2.5%
General Retail	8	1	9	5.8%	975	60	1,035	7.3%
Retail Services	21	1	22	14.1%	1,130	250	1,380	9.8%
Total Retail Spec.	103	6	109	69.9%	6,745	1,410	8,155	57.9%
Bulky	5	0	5	3.2%	525	0	525	3.7%
Total Retail	**108**	**6**	**114**	**73.1%**	**7,270**	**1,410**	**8,680**	**61.6%**
Non-Retail Medical	6	0	6	3.8%	1,000	0	1,000	7.1%
Non-Retail Finance	1	2	3	1.9%	150	275	425	3.0%
Non-Retail Real Estate	5	0	5	3.2%	320	0	320	2.3%
Non-Retail Entertainment	7	0	7	4.5%	1,775	0	1,775	12.6%
Non-Retail Other	11	3	14	9.0%	885	285	1,170	8.3%
Total Non-retail	**30**	**5**	**35**	**22.4%**	**4,130**	**560**	**4,690**	**33.3%**
Total Retail & Non-retail	**138**	**11**	**149**	**95.5%**	**11,400**	**1,970**	**13,370**	**94.9%**
Representation**	92.6%	7.4%	100%		85.3%	14.7%	100%	
Vacancies	0	0	7	4.5%	0	0	725	5.1%
Total Tenancies	**138**	**11**	**156**	**100%**	**11,400**	**1,970**	**14,095**	**100%**

** Grocery stores of atleast 500 sq.m.*

*** Independent vs National traders.*

Source : Pitney Bowes Business Insight

New Canterbury and Marrickville Roads, Dulwich Hill

The more compact retail strip at Dulwich Hill is provided at the intersection of New Canterbury and Marrickville Roads, and as detailed in Table 2.5 contains a total of some 122 specialty and commercial tenants, again with a high representation of specialty food and café/restaurants. The key characteristics of this precinct are summarised below:

- The retail facilities located on Marrickville Road are generally of higher quality than those provided on New Canterbury Road (where the bulk of the observed vacancies on this strip were found), and contain convenience retailers including a butcher, liquor store and fresh produce. These retailers are predominantly independent operators, but are not as ethnically targeted as on other observed retail strips.
- An IGA store of some 750 sq.m in size, located on New Canterbury Road, Dulwich Hill, is the only supermarket facility within the primary trade area not located at Marrickville Metro.
- A lack of readily accessible carparking, particularly on New Canterbury Road, appears to limit the vibrancy of this strip.
- The strip contains a relatively high level of vacancies, at 10.9% of stores, or around 8.0% of floorspace, but mainly located on New Canterbury Road.

In general, the Dulwich strip does not have a strong focus, in terms of its retail offer.

The level of vacancies along this strip is, in our opinion, partly due to physical shortcomings of much of the space on New Canterbury Road, and partly due to the overprovision of retail strip floorspace within the main trade area. In essence, there appears to be sufficient demand for the Marrickville Road portion of the Dulwich Hill strip, but not enough demand for the provision on New Canterbury Road. The retail environment is dynamic, and evolution is observed in the provision of retail floorspace as in any other commercial field. From observation, the vacant space on New Canterbury Road has generally been vacant for a long time, with much of it appearing to be almost derelict. These vacancies have occurred despite the fact that there has been little in the way of new retail floorspace development within the surrounding area, and in our view, they reflect the fact that there is an overprovision of this type of floorspace throughout the Marrickville area. It follows that this floorspace is obviously not appealing to retailers not currently represented within the area, who are the target retailers for any expansion to Marrickville Metro.

Table 2.5

New Canterbury Road and Marrickville Road retail strips, Dulwich Hill

	No. of Stores				Floorspace (sq.m)			
Tenants	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
Majors								
Smkts/Large Food Stores*	0	1	1	0.7%	0	750	750	6.0%
Total Majors	0	1	1	0.7%	0	750	750	6.0%
Retail Specialties								
Food & Liquor	19	1	20	14.6%	1,345	300	1,645	13.2%
Food Catering	24	1	25	18.2%	1,755	100	1,855	14.9%
Apparel	7	0	7	5.1%	505	0	505	4.1%
Household Goods	4	0	4	2.9%	355	0	355	2.9%
Leisure	7	0	7	5.1%	550	0	550	4.4%
General Retail	6	2	8	5.8%	735	80	815	6.6%
Retail Services	19	0	19	13.9%	1,145	0	1,145	9.2%
Total Retail Spec.	86	4	90	65.7%	6,390	480	6,870	55.3%
Bulky	4	0	4	2.9%	435	0	435	3.5%
Total Retail	**90**	**5**	**95**	**69.3%**	**6,825**	**1,230**	**8,055**	**64.8%**
Non-Retail Medical	4	0	4	2.9%	730	0	730	5.9%
Non-Retail Finance	3	0	3	2.2%	250	0	250	2.0%
Non-Retail Real Estate	2	1	3	2.2%	140	120	260	2.1%
Non-Retail Entertainment	1	0	1	0.7%	350	0	350	2.8%
Non-Retail Other	12	4	16	11.7%	1,120	670	1,790	14.4%
Total Non-retail	**22**	**5**	**27**	**19.7%**	**2,590**	**790**	**3,380**	**27.2%**
Total Retail & Non-retail	**112**	**10**	**122**	**89.1%**	**9,415**	**2,020**	**11,435**	**92.0%**
Representation**	91.8%	8.2%	100%		82.3%	17.7%	100%	
Vacancies	0	0	15	10.9%	0	0	990	8.0%
Total Tenancies	**112**	**10**	**137**	**100%**	**9,415**	**2,020**	**12,425**	**100%**

** Grocery stores of atleast 500 sq.m.*

*** Independent vs National traders.*

Source : Pitney Bowes Business Insight

New Canterbury Road, Petersham

The majority of the tenanted retail floorspace on New Canterbury Road, Petersham is located on the northern side of New Canterbury Road, between Hunter Street to the West and Audley street to the east. In general, this strip has little vibrancy, with the exception being a cluster of shops known as “Little Portugal” along Audley St. The key characteristics of the Petersham strip can be summarised as follows:

- The strip contains an estimated 3,335 sq.m of retail floorspace, of which more than half is occupied by restaurants and cafes (refer Table 2.6).
- Almost 40%, or an estimated 4,185 sq.m of floorspace along the Petersham strip is occupied by non-retail usages, such as Real Estate and Travel agencies and medical centres.
- An estimated 2,000 sq.m of the approximately 3,000 sq.m of vacant floorspace along this strip is accounted for by the former “Majestic” roller skating rink.

Of all of the retail strips survey for this report, New Canterbury Road is arguably the least community-oriented. Unlike the Marrickville, Dulwich Hill and Enmore strips we observed little evidence of this strip playing the role of community hub for local residents. The previous comments relating to the portion of the Dulwich Hill strip centre which is located on New Canterbury Road can equally be applied to the Petersham strip. Again, a significant portion of this space has effectively become obsolete over time, but is not suitable as retail space for those retailers who are currently not represented within the Marrickville area and who might locate in an expanded Marrickville Metro.

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Table 2.6

New Canterbury Road retail strip, Petersham

	No. of Stores				Floorspace (sq.m)			
Tenants	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
Majors								
Smkts/Large Food Stores*	0	0	0	0.0%	0	0	0	0.0%
Total Majors	0	0	0	0.0%	0	0	0	0.0%
Retail Specialties								
Food & Liquor	9	1	10	12.0%	690	150	840	7.9%
Food Catering	20	0	20	24.1%	1,685	0	1,685	15.9%
Apparel	1	0	1	1.2%	70	0	70	0.7%
Household Goods	2	0	2	2.4%	130	0	130	1.2%
Leisure	2	0	2	2.4%	130	0	130	1.2%
General Retail	2	0	2	2.4%	180	0	180	1.7%
Retail Services	4	0	4	4.8%	260	0	260	2.5%
Total Retail Spec.	40	1	41	49.4%	3,145	150	3,295	31.2%
Bulky	1	0	1	1.2%	40	0	40	0.4%
Total Retail	**41**	**1**	**42**	**50.6%**	**3,185**	**150**	**3,335**	**31.5%**
Non-Retail Medical	4	0	4	4.8%	970	0	970	9.2%
Non-Retail Finance	3	1	4	4.8%	150	180	330	3.1%
Non-Retail Real Estate	3	2	5	6.0%	520	210	730	6.9%
Non-Retail Entertainment	2	0	2	2.4%	550	0	550	5.2%
Non-Retail Other	12	1	13	15.7%	1,515	90	1,605	15.2%
Total Non-retail	**24**	**4**	**28**	**33.7%**	**3,705**	**480**	**4,185**	**39.6%**
Total Retail & Non-retail	**65**	**5**	**70**	**84.3%**	**6,890**	**630**	**7,520**	**71.1%**
Representation**	92.9%	7.1%	100%		91.6%	8.4%	100%	
Vacancies	0	0	13	15.7%	0	0	3,055	28.9%
Total Tenancies	**65**	**5**	**83**	**100%**	**6,890**	**630**	**10,575**	**100%**

** Grocery stores of atleast 500 sq.m.*

*** Independent vs National traders.*

Source : Pitney Bowes Business Insight

Summary & Conclusions

Table 2.7 below aggregates the results of our audit of the 6 retail strips of relevance to the proposed expansion of Marrickville Metro shopping centre. As shown, in total the surveyed strips comprise

- Around 1,200 shops/services, of which about 1,000 are independent operators, only 118 are national brands, and some 96 are vacant.
- An estimated 128,500 sq.m of floorspace.

This represents a substantial provision of strip retail space. Nevertheless, with a couple of noted exceptions, most of the strips appear to be healthy, and to serve distinct and well defined roles both within their communities and the retail hierarchy.

It is worthwhile to note that the most vibrant of the strips (King St Newtown, and Marrickville Road, Marrickville) are located in closest proximity to Marrickville Metro. This suggests that they do not compete directly with the shopping centre. Generally, because of their nature and tenancy profiles, the strips have a clearly differentiated offer. They

- Do not, and cannot offer large format supermarkets (or discount department stores)
- Generally have not attracted many national brand retailers, and are unlikely to do so in future

Table 2.7

Total Main Trade Area Retail Strips

	No. of Stores				Floorspace (sq.m)			
Tenants	Indep.	Nation.	Total	% of total	Indep.	Nation.	Total	% of total
Majors								
Smkts/Large Food Stores*	0	6	6	0.5%	0	7,488	7,488	5.8%
Total Majors	0	6	6	0.5%	0	7,488	7,488	5.8%
Retail Specialties								
Food & Liquor	108	16	124	10.2%	9,210	2,720	11,930	9.3%
Food Catering	266	14	280	23.0%	20,950	1,065	22,015	17.1%
Apparel	121	6	127	10.4%	9,315	455	9,770	7.6%
Household Goods	30	2	32	2.6%	3,615	925	4,540	3.5%
Leisure	55	1	56	4.6%	4,995	270	5,265	4.1%
General Retail	53	9	62	5.1%	5,595	845	6,440	5.0%
Retail Services	130	5	135	11.1%	8,100	1,175	9,275	7.2%
Total Retail Spec.	763	53	816	67.0%	61,780	7,455	69,235	53.9%
Bulky	37	1	38	3.1%	5,425	600	6,025	4.7%
Total Retail	**800**	**60**	**860**	**70.6%**	**67,205**	**15,543**	**82,748**	**64.4%**
Non-Retail Medical	38	2	40	3.3%	7,193	530	7,723	6.0%
Non-Retail Finance	18	15	33	2.7%	1,695	3,065	4,760	3.7%
Non-Retail Real Estate	17	16	33	2.7%	1,550	1,590	3,140	2.4%
Non-Retail Entertainment	23	1	24	2.0%	6,825	300	7,125	5.5%
Non-Retail Other	108	24	132	10.8%	9,650	3,965	13,615	10.6%
Total Non-retail	**204**	**58**	**262**	**21.5%**	**26,913**	**9,450**	**36,363**	**28.3%**
Total Retail & Non-retail	**1,004**	**118**	**1,122**	**92.1%**	**94,118**	**24,993**	**119,111**	**92.7%**
Representation**	89.5%	10.5%	100%		79.0%	21.0%	100%	
Vacancies	0	0	96	7.9%	0	0	9,414	7.3%
Total Tenancies	**1,004**	**118**	**1,218**	**100%**	**94,118**	**24,993**	**128,525**	**100%**

** Grocery stores of atleast 500 sq.m.*

*** Independent vs National traders.*

Source : Pitney Bowes Business Insight

2.2 Sydney prime retail strips – Rent & vacancies

According to CBRE's *Sydney Metropolitan Retail MarketView* (Fourth Quarter 2009), the top seven prime retail strips based on net face rents in Sydney are as follows:

1. Oxford Street, Paddington
2. The Corso, Manly
3. Campbell Parade, Bondi Beach
4. Military Road, Mosman
5. King Street, Newtown
6. Double Bay Precinct
7. Darling Street, Balmain

As shown in Table 2.7, the total average net face rents as at December 2009 ranged from $700 per sq.m to $1,853 per sq.m. Oxford Street, Paddington and the Double Bay Precinct ranged from $1,085 per sq.m to $1,853 per sq.m and $700 per sq.m to $1,400 per sq.m respectively. The King Street, Newtown retail strip achieving the most diverse range of rentals, from some $710 per sq.m to over $1,760 per sq.m.

Table 2.7
Prime Location Strips - 4th Quarter 2009

Market	Average Net Face Rents ($/sq.m)	Vacancy (%)
Military Road, Mosman	995-1,650	5.90
Oxford Street, Paddington	1,085-1,853	6.70
King Street, Newtown	710-1,760	3.60
Darling Street, Balmain	864-1,100	2.50
The Corso, Manly	1,216-1,716	3.20
Campbell Parade, Bondi	1,140-1,585	6.00
Double Bay Precinct	700-1,400	10.50
Prime Location Strips Total	**700-1,853**	**5.90**

Source: CB Richard Ellis (December 2009)

While corresponding data for the other five strips (in addition to King St Newtown) strips audited for the purposes of this report are not available, in our observations rental levels currently being achieved along each of these strips span a similarly broad range (albeit at a significantly lower level in total dollar terms). For example, along the Marrickville Road strip, we observed rental levels ranging from $325 – 800 per sq.m. The breadth of these ranges is reflective of the extreme diversity found along retail strips, in terms of both quality and size of tenancies.

According to the CBRE report, the economic downturn and its negative impact on discretionary spending has also significantly impacted Sydney's prime retail strips. As at October 2009, total vacancy rates were significantly higher than the five year average as well as the previous year, increasing from 3.2% in October 2008 to 5.9% in October 2009.

It is therefore reasonable to assume that the retail strips surveyed by PBBI have also been significantly impacted by the economic down turn, given the relatively lower order retail offer that they provide (in comparison to the prime retail strips discussed above). The economic downturn has probably pronounced the vacancy rates on each of the six retail strips.

Section 3: Comparative retail strip analysis

This section of the report provides an analysis of the relationship between existing retail strips and nearby shopping centre developments, to demonstrate how these two retail concepts co-exist within the retail hierarchy. Two case studies are presented to illustrate this relationship - the revitalisation of Oxford Street and Double Bay following the development of Westfield Bondi Junction and the changing nature of retail along Glebe Point Road after the development of The Broadway Shopping Centre.

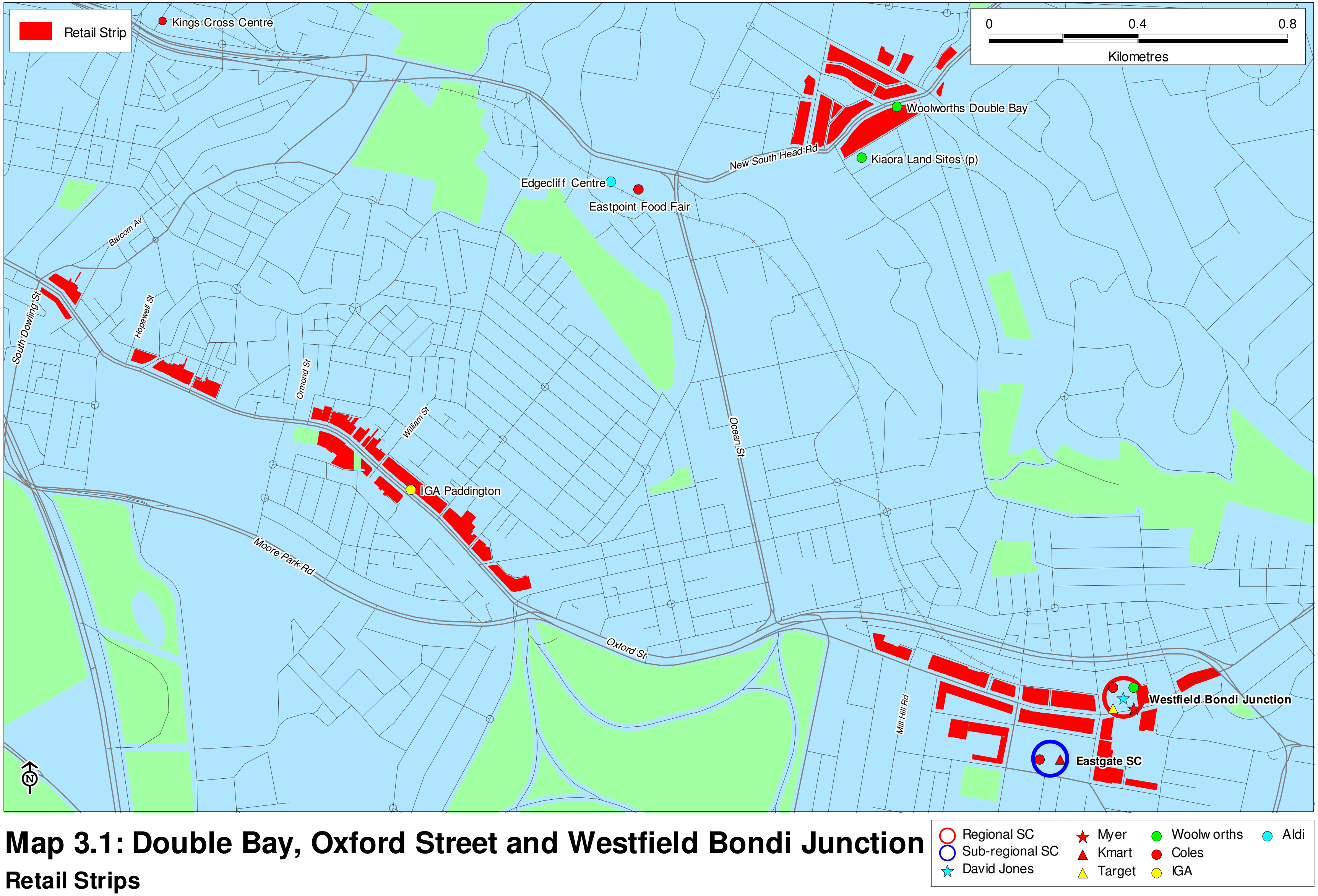
3.1 Oxford Street, Double Bay Village and Westfield Bondi Junction

Oxford Street, Paddington and Double Bay Village have historically been recognised as high end fashion retail strips in Sydney's affluent Eastern Suburbs.

As shown on Map 3.1, the Oxford Street retail strip generally extends from Queen Street in the east to South Dowling St/Barcom Avenue in the west and is well served by multiple public bus routes. The north side of Oxford Street is governed by Woollahra Municipal Council while the south side is located within the City of Sydney Council Local Government Area (LGA).

The strip caters for both the local market and visiting international and domestic tourists, particularly with the presence of Paddington Markets at Paddington Uniting Church, held each Saturday. There is a significant presence of cafes and bars along the strip as well as two independent cinemas.

Double Bay Village (also shown on Map 3.1) is located approximately 5 km from the Sydney Central Business District (CBD) and comprises some 22,000 sq.m of shop front retail and commercial floorspace. Double Bay is well served by public transport including buses along New South Head Road and a ferry service. New South Head Road, a major arterial route connecting the Sydney (CBD) with Sydney's Eastern Suburbs runs directly through the village.



Map 3.1: Double Bay, Oxford Street and Westfield Bondi Junction

Retail Strips

The mix of retail at Double Bay Village includes a Woolworths supermarket, cafes, international luxury boutiques, antique and art shops, personal services such as hairdressers, real estate agents and commercial tenants.

The development of Westfield Bondi Junction on the former Carousel, Westfield and Grace Bros sites occurred between 2001 and 2004, resulting in a super regional shopping centre of almost 130,000 sq.m of retail floorspace. The redeveloped centre is anchored by David Jones and Myer department stores, a Target discount department store, Woolworths and Coles supermarkets and over 360 specialty retailers.

Following the redevelopment of Westfield Bondi Junction, it was generally perceived that trading levels on both Oxford St and in Double Bay Village declined, due to the direct comparison shopping competition offered by the new Westfield centre.

In January 2007, Woollahra Municipal Council commissioned Hill PDA to undertake a market research and strategy study to identify ways in which Council, the Double Bay Chamber of Commerce, tenants and land owners could work together to support the revitalisation of the Double Bay Commercial Centre. The general understanding amongst these groups was that business within the Double Bay Commercial Centre had stagnated, primarily due to changes in the retail market and in part, the growth of Westfield Bondi Junction. The key findings from the *Double Bay Commercial Centre Development Study* are as follows:

- There was no empirical evidence to qualify or quantify that the redevelopment of Westfield Bondi Junction was the primary cause of the downturn in business within Double Bay. At the time of the survey, approximately 11% of retail shops were vacant (general vacancy average for strip shops at that time ranged from 3% to 15%).
- The primary concerns for tenants and shoppers in Double Bay, included parking meters (cost and inconvenience), lack of retail variety, particularly the low provision of supermarket and specialty food retailing (only 3% of total retailers), new developments such as Westfield Bondi

Junction, the closure of the cinema on New South Head Road and the poor quality of the local streetscape and landscape.

- Suggested initiatives for the revitalisation of Double Bay included improved and flexible parking conditions, encouragement of new developments such as the Kiaora Lands/Woolworths site and the general improvement of the quality of the local streetscape and building aesthetics.

In general, the report recommended that any strategy undertaken by Council and the Double Bay Chamber of Commerce should not directly compete with other centres such as Westfield Bondi Junction. However, Double Bay should be revitalised to create its own unique niche market.

Similarly, in March 2007, Woollahra Council commissioned Urbis JHD to undertake a study to examine the issues affecting the viability of the Oxford Street, Paddington retail strip and provide recommendations for improvement. The key findings from the *Oxford Street, Paddington Commercial Centre Business Strategy* were as follows:

- Survey respondents (21% of total businesses) experienced a decrease in turnover over the preceding five years, with a third expecting this trend to continue. Generally, however, respondents' perceptions about the future were mixed - a third of respondents were also expecting an increase in turnover.

- Key concerns for businesses included parking controls, continued high rents, presence of unattractive vacant shop fronts, increased competition from Westfield Bondi Junction and lack of marketing.

- Results from the shopper's survey found that the majority of respondents did not do their main shop at Oxford Street as it was considered a specialised destination. Parking was a key detractor, particularly on weekends with 35% of respondents travelling by foot to Oxford Street and 20% by bus.

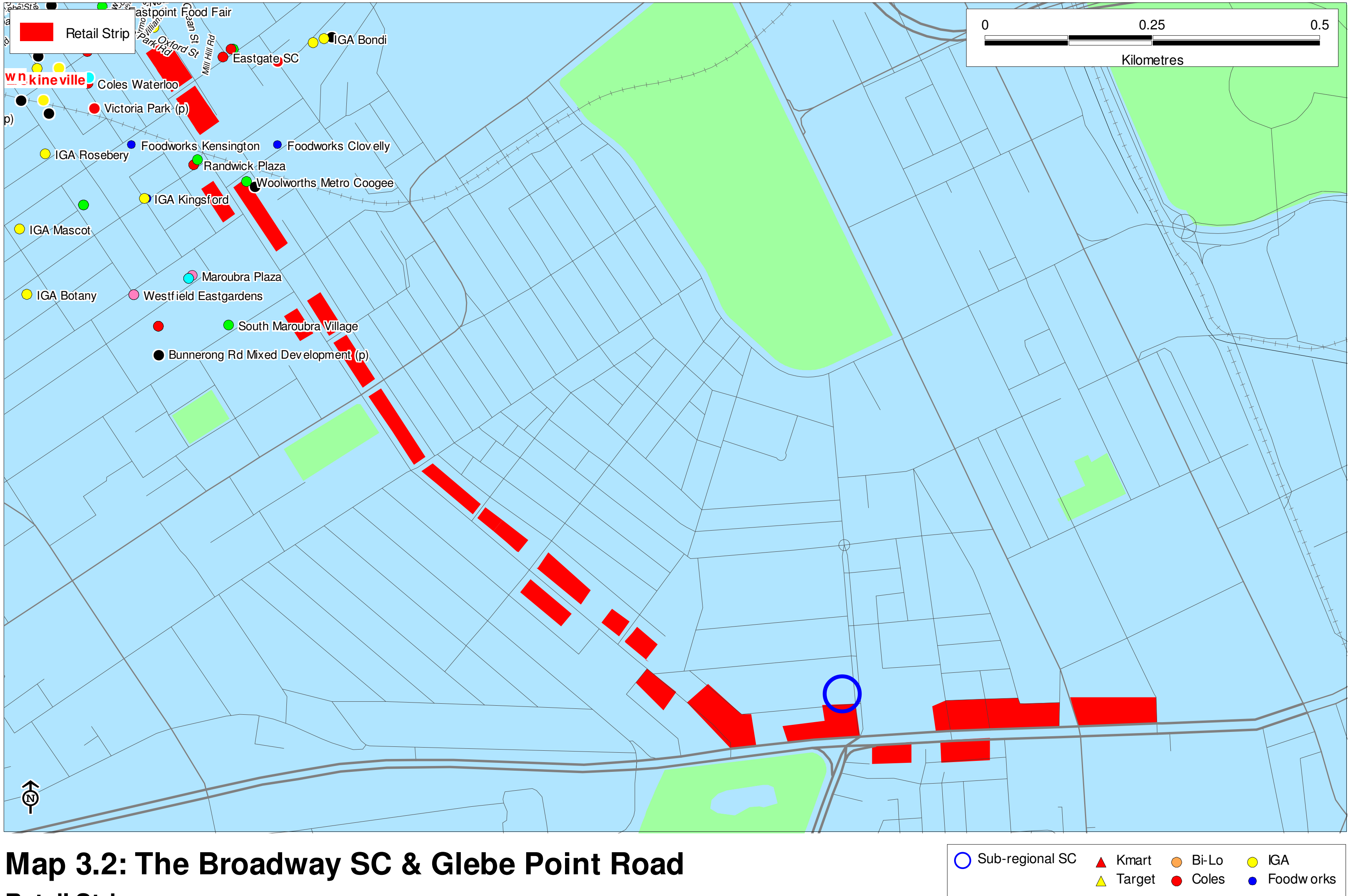
The report recommended Council provide specific assistance to the Oxford Street businesses, to ensure that sufficient trade is maintained along the strip. In particular, it recommended that Council offer an *alternative* retail experience to attract both customers and businesses to the strip, but also to *complement* Westfield Bondi Junction.

3.2 Glebe Point Road and Broadway Shopping Centre

Located in the inner-western Sydney suburb of Glebe, the Glebe Point Road retail strip (as shown on Map 3.2) stretches some 1.7 km from its intersection with Forsyth Road at its north western extent, to Parramatta Road/Broadway in the south. The strip is located in close proximity to the Sydney CBD, Sydney University and University of Technology Sydney. The eastern side of Glebe Point Road generally comprises ground floor retail shops, while the western side is more diverse with retail, residential and open space uses, particularly near St James Church.

The Broadway Shopping Centre ('Broadway') is less than 100 metres to the east of the Glebe Point Road strip. Broadway opened in 1998 and was expanded in 2007 to contain some 50,000 sq.m of retail floorspace, anchored by Target and Kmart discount department stores as well as Coles and Bi-Lo supermarkets. It also includes Rebel Sport, Harvey Norman and Dymocks mini-major stores (retail tenants of at least 400 sq.m), as well as over 145 specialty retailers on four levels and a 10 screen Hoyts Cinema Complex. Broadway is currently one of the most successful shopping centres in Australia, currently achieving annual sales of $378.11 million (Shopping Centre News, Big Guns 2010).

The relationship between the Glebe Point Road retail strip and Broadway Shopping Centre provides an excellent example of how two different components of a retail hierarchy co-exist harmoniously. The Glebe Point Road retail strip does not directly compete with Broadway. Rather, it complements Broadway's more mainstream offer with an eclectic mix of largely independent retail. In recent years, the strip has been revitalised into a popular cafe and dining niche precinct. Both facilities have a strong regional draw, attracting a significant number of people from the surrounding areas.



Map 3.2: The Broadway SC & Glebe Point Road

Retail Strips

Pitney Bowes Business Insight

In recent times, the Glebe Chamber of Commerce has played an active management role with the City of Sydney Council, in the evolution and revitalisation of Glebe Point Road to ensure that the retail strip remains a unique village atmosphere in Sydney's inner west. The revitalisation of Glebe Point Road was identified as a priority project in Council's *Local Action Plan – North West* (2007). The $12 million Glebe Point Road Upgrade was completed in 2009, with the aim of boosting retail activity, providing traffic calming measures and a pedestrian and bicycle friendly environment whilst maintain the strip's unique village and main street identify.

Section 4: Key conclusions & recommendations

4.1 Key conclusions

i. Over the course of the past 60 years, the evolution of retail strips in Australia has followed a cyclical path. From their dominance of the retail landscape in the 1950's and 1960's, economic, social and industrial changes weakened the role of the traditional strip between the 1970's-90's. Since the turn of the century, however, retail strips have re-merged, generally with very targeted, specialised offers that focus upon narrow segments of consumer need.

ii. The NSW planning framework emphasises the need to allow market forces to dictate the supply and demand of retail floorspace. In the context of the Marrickville LGA, consumer research suggests that there is unmet demand for retail floorspace in the region.

iii. The current retail hierarchy in Australian metropolitan areas generally spans a broad spectrum, from retail strips that serve the daily 'top-up' shopping needs of a local catchment or provide very targeted fashion/specialty offers, to the massive super-regional shopping centres that serve the comparison shopping needs of a very extensive catchment.

iv. The trade area served by Marrickville Metro is undersupplied in terms of comparison shopping facilities, but oversupplied in terms of localised shopping strips.

v. In general, the more successful of the shopping strips within Marrickville Metro's trade area are those that perform very localised, convenience-oriented roles, often displaying a distinct ethnic "personality". The representation of national chain retailers along each strip is extremely low, while the range of observed rental levels along the strips is a reflection of their extreme diversity, in terms of both quality and size of tenancies.

vi. On the basis of data relating to recent vacancy rates along Sydney's prime retail strips, it is fair to assume that strip retail generally has been heavily impacted by the economic downturn, and that this is a key contributor to the observed level of vacancies on retail strips within Marrickville Metro's trade area.

vii. Comparative analysis of Oxford St/Double Bay and Westfield Bondi Junction, as well as Glebe Point Road and Broadway Shopping Centre suggests that retail strips and shopping centres can and do co-exist within typical retail hierarchies. Each plays a different role in meeting the needs of consumers – successful strips being responsible for providing a very targeted, niche offer (of either convenience or comparison retail), while shopping centres meet the needs of consumers seeking a one-stop-shopping experience.

viii. The proposed expansion of Marrickville Metro will enable it to more effectively fulfil its role as a one-stop-shopping destination in the region. There is, however, no reason to expect that this should threaten the long term viability of Marrickville's retail strips, which should continue to play niche roles within the retail hierarchy.

ix. All of the available information indicates that the proposed expansion at Marrickville Metro will be occupied primarily by retail stores which are currently not represented at the various retail strips throughout the Marrickville region, and nor are they likely to locate in those strips. Further, the addition of such stores at Marrickville Metro will provide a retail destination of a type which is currently not available throughout the Marrickville region, other than, to a limited degree, at Marrickville Metro. To the extent that there is likely to be some impact on existing retail facilities resulting from the proposed expansion, such impact is much more likely to be felt by other enclosed centres, such as The Broadway Shopping Centre, than the existing strip centres.

4.2 Recommendations

We have undertaken detailed examinations of each of the relevant strip centres, and analysed their current compositions, highlighting our views of their strengths and weaknesses. Based on this detailed analysis, our recommendations as to the strategies which these centres can adopt in order to mitigate any impacts that they might otherwise experience from the expansion of Marrickville Metro are as follows:

- The most important strategy for each of these centres to continue to adopt is a differentiation of their respective offers from that which is available and will in the future be available at Marrickville Metro. In our view there is a clear differentiation at present, as detailed previously in this report. These strip centres should therefore continue to promote themselves as localised and specialised convenience centres.

- Wherever possible, the centre should seek to further emphasise the differences between themselves and Marrickville Metro, in essence playing to their strengths, by adding more of the independent and ethnically diverse specialty store types which are already prevalent within it.

- In the case of King St, Newtown, which serves a broader role than each of the other strips, again a continuation of its clearly differentiated, independent focused specialty offer from that which is available or will be available at Marrickville Metro is recommended.

- As with any retail activity centre, these strips need to be physically maintained and enhanced over time. All shopping/activity centres need to reinvest in their physical appearance, ambience and amenity. Factors such as improved streetscapes, beautification, improved pedestrian amenity, and if at all possible improved carparking, are all important to the long term well being of the strips.

- Continued upkeep also means that landlords need to keep their properties up-to-date and presented to a high standard. This is not the case in some parts of some of the strips, most noticeably Dulwich Hill and Petersham.

- Having established such strong identities, the strip centres should ideally be marketing themselves as individual entities, highlighting their strengths to the population of Marrickville and the surrounding local government areas.

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