

City of Joondalup
Local Commercial Strategy
Part C

Bulky Goods and Commercial Office Assessment
November 2013



Draft Local Commercial Strategy Part C – Bulky Goods and Commercial Office assessment

City of Joondalup
2013



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Appendix 1 Recommended Floorspace

I.0 Introduction

I.1 Background

A Draft Local Commercial Strategy for the City of Joondalup was prepared by Syme Marmion and was comprised of two parts:

- Part A - Background Research, Economic Analysis and Retail Needs Assessment; and
- Part B - Draft Local Commercial Strategy (Shop Retail).

Subsequent to public comment and peer review, the need for further analysis of bulky goods retail and commercial office development was identified.

This report represents Part C – Local Commercial Strategy (Bulky Goods Retail & Commercial Office).

I.2 Part C Purpose

The purpose of Part C – Local Commercial Strategy (Bulky Goods Retail & Commercial Office) is to provide additional analysis of commercial activity in the City of Joondalup. It focuses on Bulky Goods Retail and Commercial Office Development within the City, providing guidance on the sizing, timing and location of potential future development and recommendations for incorporation by the City into the Local Planning Scheme.

I.3 Part C Structure

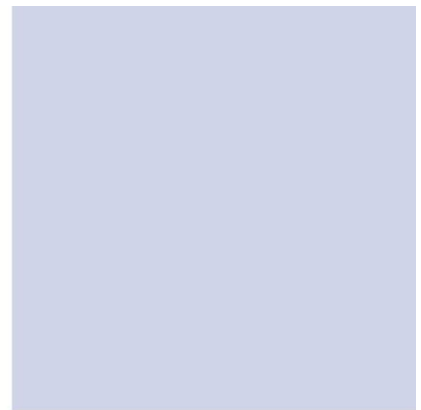
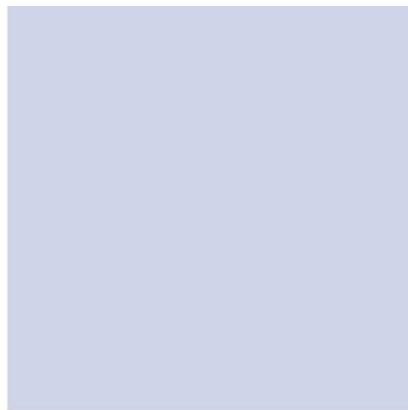
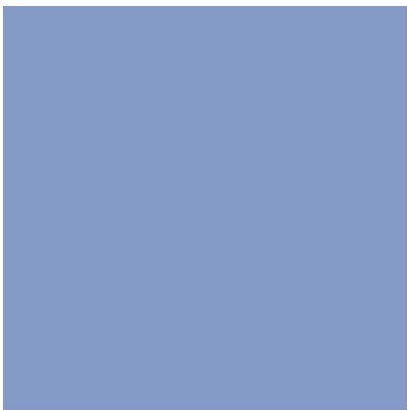
Part C is comprised of four primary sections:

- Introduction
- Bulky Goods Retail;
- Commercial Office Development; and
- Recommendations.

I.4 Relationship with Parts A & B

Part B and C together represent the completed, consolidated DRAFT Local Commercial Strategy for the City of Joondalup. Both Parts are supported by analysis in Part A, which provides background research and analysis for the assessments and recommendations included within Parts B & C.

BULKY GOODS RETAIL



2.0 Trends in Bulky Goods Retail

2.1 Definition of Bulky Goods

Bulky goods (also referred to as showroom retail) is the merchandising of cumbersome items which are defined as per the State Planning Policy 4.2 as being the following:

Large premises used to display, sell by wholesale or retail, or hire:

- *automotive parts and accessories;*
- *home entertainment goods;*
- *camping and recreation equipment;*
- *household appliances;*
- *electrical light fittings;*
- *office equipment supplies;*
- *animal and pet supplies;*
- *party supplies;*
- *floor coverings;*
- *swimming pools and supplies;*
- *furnishings, bedding and manchester;*
- *furniture;*
- *hardware;*
- *garden supplies; and*
- *goods of a bulky nature that require a large area for handling, display or storage; or direct vehicle access to the site of the premises by the public for the purpose of loading goods into a vehicle after purchase or hire.*

2.2 Evolution of Bulky Goods

Bulky goods retailing emerged in the 1970's with small areas of industrial zones selling items such as whitegoods and furniture. At the time this was seen as ancillary sales, however, over time critical masses of these retail outlets started to form in light industrial areas which led to a comparison shopping destination for consumers¹.

By the late 1990's, bulky goods had become a new form of land use in its own right. Across many different land use types in Australia bulky goods was no longer allowed in traditional industrial zones, but critical mass of bulky goods was also unable to locate in retail or commercial zoning. In many instances, bulky goods locations evolved in 'out of centre' locations from ad hoc developments occurring in high visibility locations.

¹ Rowe (2008), Taking Control of Bulky Goods Retail in Sydney, Michael Rowe BPlan Undergraduate Thesis, Sydney

Over the last decade, bulky goods has been the fastest growing form of retail, with average real growth in spend on bulky goods outstripping that of other retail formats².

While there have been attempts by many municipalities throughout Australia to prevent the 'out of centre' bulky goods developments from occurring, it is clear that there is strong consumer demand for the retail formats and in many cases the evolution of bulky goods centres has help relieve pressures on other land uses – particularly core retail (commercial) and industrial uses.

2.3 Emerging Trends and Issues

While planning consideration has now been provided to the future of bulky goods, there are still a range of concerns from both the property sector, and governments about the direction of bulky goods.

There remain the demand drivers to locate bulky goods retail in, or on the edge of industrial lands due to the similarities between the needs of the two uses. Particularly the large open land parcels and visibility from key road networks are of importance to bulky goods, and is often not found in close proximity to activity centres.

Social planners argue that the use of car based retailing, particularly bulky goods in unsustainable and socially inequitable. That said, given the out of centre locations invariably lead to lower rental costs that allow for lower prices to be passed onto consumers, these centres arguably benefit the medium to lower income consumers who are the target market of the centres. While high income individuals are also a key market for bulky goods, they also tend to move towards higher quality (e.g. higher quality furniture locations, using labour instead of undertaking DIY hardware etc). The Bulky Goods Retailers Association (BGRA) disputes the social inequity argument, stating that customers are "attracted to the high level of competition on price, range and service available from the various retailers".

Figure 1 provides a broad overview of how bulky goods retail compares to a range of other retail categories. While emotional rather than functional purchases grow when incomes grow, two retail categories that tend to attract a relatively higher number of lower income groups are Discount Department Stores and bulky goods retail.

² ABS (2013), Australian Retail Trade Catalogue Number 8501.0, Australian Bureau of Statistics, Canberra

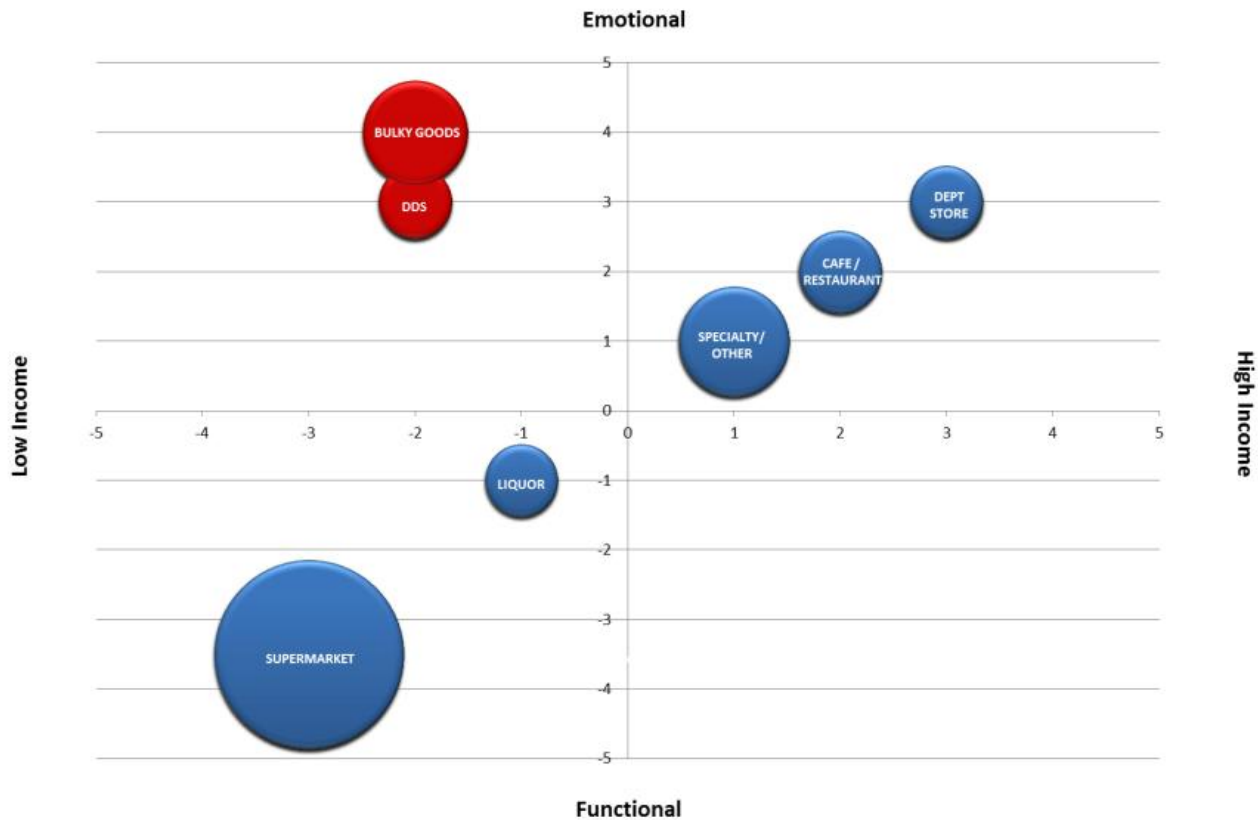


Figure 1 Income and Need Quadrant by Retail Category

This form of retail is therefore a relatively 'innovative' form of retail which is strongly delivering on a need which is not only servicing the higher income customers, but also the medium and lower income population.

The BGRA outline how bulky goods have evolved to be different to core retail:

- Key focus on price and range;
- Destination of shoppers that rarely undertake shopping at the same time as cores retail categories such as clothing and supermarket items;
- Need for access by private vehicles (does not require public transport access);
- Co-location (clustering) of similar bulky goods outlets;
- Large land parcels to meet floorplate needs, unloading requirements and large number of cark bays.

2.4 Bulky Goods in State Planning Policy

State Planning Policy 4.2 (SPP 4.2) is the Activity Centres Policy for the Perth and Peel Regions. The policy also provides direction for out-of-centre developments such as bulky goods.

Under *Section 5.6.1 Bulky goods retailing and mixed business*, SPP 4.2 indicates that in general bulky goods are unsuited to walkable catchments or the general activity centre precinct due to their size, car parking requirements, employment densities and need for freight vehicle access.

Bulky goods retail does not include the sale of food, clothing or personal effects goods as per the policy, however, these forms of retail are becoming more prevalent in bulky goods centres.

The policy also states that bulky goods should be promoted in clusters, particularly 'adjacent to, or in close proximity to activity centres and the regional road and public transport networks'. While car parking is a

crucial element in bulky goods retail, developments will be seen favourably when they increase the level of shared car parking, limit car trips and economically support other businesses.

SPP4.2 makes specific reference to the land use permissibility of bulky goods retail in order to reduce its potential dispersal throughout industrial zones. Developments should not be developed in an ad hoc manner and 'ribbon' developments along main roads are discouraged. The policy directs bulky goods retail uses to selected Mixed Business or equivalent zones with suitable road and public transport access³.

The policy indicates that consideration should be given for future bulky goods needs and local planning should therefore consider future bulky goods in current decision making.

SPP 4.2 provides the following sequencing for suitable bulky goods locations:

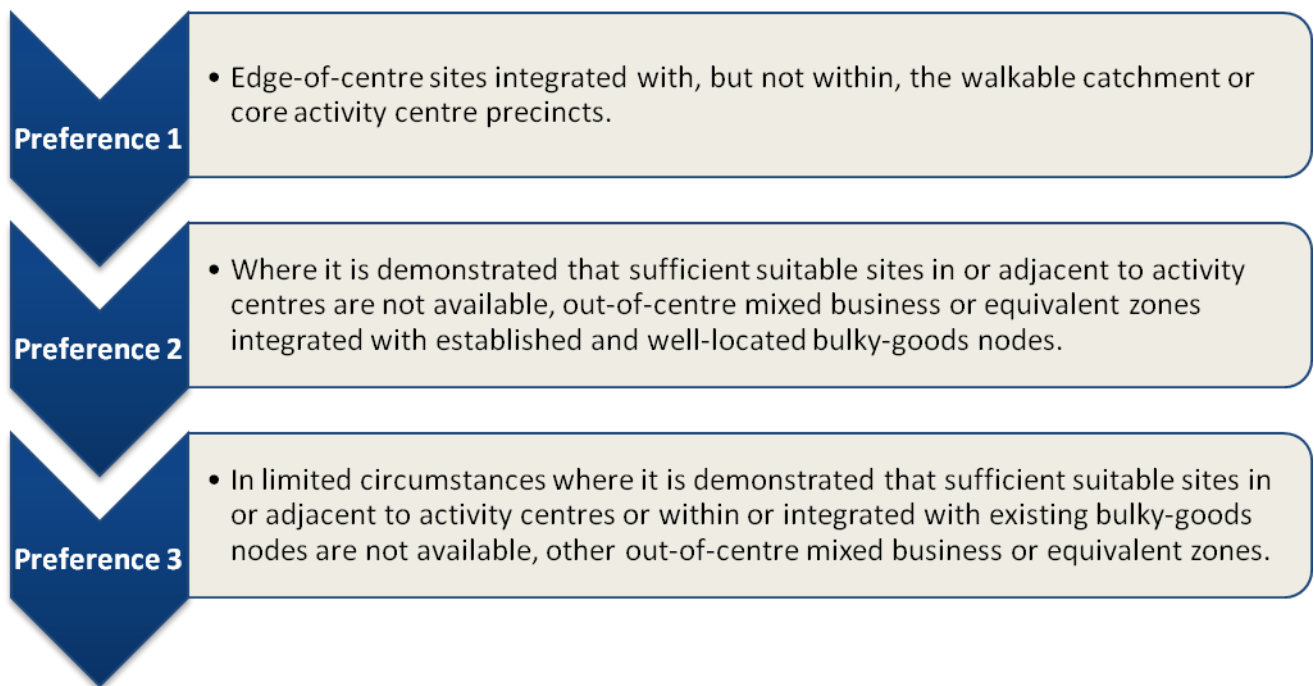


Figure 2 Bulky Goods Preferred Locations in SPP 4.2

Western Australian planning policy has therefore evolved to understand the importance of bulky goods and the need for proper future planning to accommodate its growing needs.

³ WAPC (2012), Economic and Employment Lands Strategy: non-heavy industrial, Western Australian Planning Commission, Perth

3.0 Bulky Goods Needs Assessment

Bulky goods retail continues to grow as part of the Joondalup landscape, and new bulky goods developments in and around the municipality are changing the face of the property and consumer market in the region.

The following assesses the growing demands from residents in and around Joondalup for bulky goods retail and how the municipality is placed to meet the needs of the customers. This needs assessment will be undertaken by forecasting demand through RPS' Bulky Goods Needs Model and comparing it to the current and proposed supply in the area.

The level of growing need is advised to be delivered in the locations outlined in section 4.

3.1 Demand Drivers

There are a number of drivers for growth in the need of bulky goods supply in the Joondalup area. As is the case with core retail, the growth in bulky goods demand is largely driven by the following two factors:

- **Population growth** – more people in an area will mean there is more demand for bulky goods items. That is, an extra resident in an area will add to the demand for a television or refrigerator, just as they would add to core retail goods such as fruit and vegetables.
- **Real growth in expenditure** – over time, residents have been spending more on retail over and above the inflation rate, which increases the demand for goods.

The combination of these two factors will lead to an increase in demand for bulky goods floorspace in the Joondalup area. These two key demand drivers are explored in more detail below.

3.1.1 Population Growth

Population growth has slowed as the Joondalup LGA has matured over the last decade, with the growth being focused around the northern growth areas in Wanneroo. The table below shows the overall population in Joondalup is only expected to grow by around 12,000 residents by 2028. Over the same period, the City of Wanneroo will expand by over 107,000 residents. Given the destination factor of Joondalup, many residents of Wanneroo will undertake retail spending in Joondalup, and as such this population growth will add to the demand for space in Joondalup.

Table 1 Population Growth, Joondalup and Wanneroo, 2001 to 2028

Historic and Forecast Population						
Catchment	2006	2011	2013	2018	2023	2028
Joondalup LGA	157,800	161,783	165,865	172,349	178,639	184,832
Wanneroo LGA	110,940	160,332	177,428	214,797	252,562	291,401
<i>Metropolitan Perth</i>	<i>1,485,087</i>	<i>1,687,826</i>	<i>1,787,918</i>	<i>1,984,812</i>	<i>2,171,225</i>	<i>2,364,001</i>
<i>Regional WA</i>	<i>474,001</i>	<i>551,344</i>	<i>579,953</i>	<i>640,462</i>	<i>698,686</i>	<i>760,545</i>
WA	1,959,088	2,239,170	2,367,871	2,625,274	2,869,911	3,124,546

Average Annual Growth (no.)						
Trade area	2001-2006	2006-2011	2011-2013	2013-2018	2018-2023	2023-2028
Joondalup LGA	1,906	797	2,041	1,297	1,258	1,239
Wanneroo LGA	6,117	9,878	8,548	7,474	7,553	7,768
<i>Metropolitan Perth</i>	<i>17,776</i>	<i>40,548</i>	<i>50,046</i>	<i>39,379</i>	<i>37,283</i>	<i>38,555</i>
<i>Regional WA</i>	<i>3,791</i>	<i>15,469</i>	<i>14,305</i>	<i>12,102</i>	<i>11,645</i>	<i>12,372</i>
WA	21,567	56,016	64,351	51,481	48,927	50,927

Average Annual Growth (%)						
Trade area	2001-2006	2006-2011	2011-2013	2013-2018	2018-2023	2023-2028
Joondalup LGA	1.3%	0.5%	1.3%	0.8%	0.7%	0.7%
Wanneroo LGA	6.7%	7.6%	5.2%	3.9%	3.3%	2.9%
<i>Metropolitan Perth</i>	<i>1.2%</i>	<i>2.6%</i>	<i>2.9%</i>	<i>2.1%</i>	<i>1.8%</i>	<i>1.7%</i>
<i>Regional WA</i>	<i>0.8%</i>	<i>3.1%</i>	<i>2.6%</i>	<i>2.0%</i>	<i>1.8%</i>	<i>1.7%</i>
WA	1.1%	2.7%	2.8%	2.1%	1.8%	1.7%

The chart below provides a visual representation of this strong growth in population. The Joondalup 'primary' catchment will remain flat relative to the Wanneroo 'secondary' catchment area. While population growth at present is lower than the Perth metropolitan average, it is anticipated this will return to higher relative growth over the coming decade.

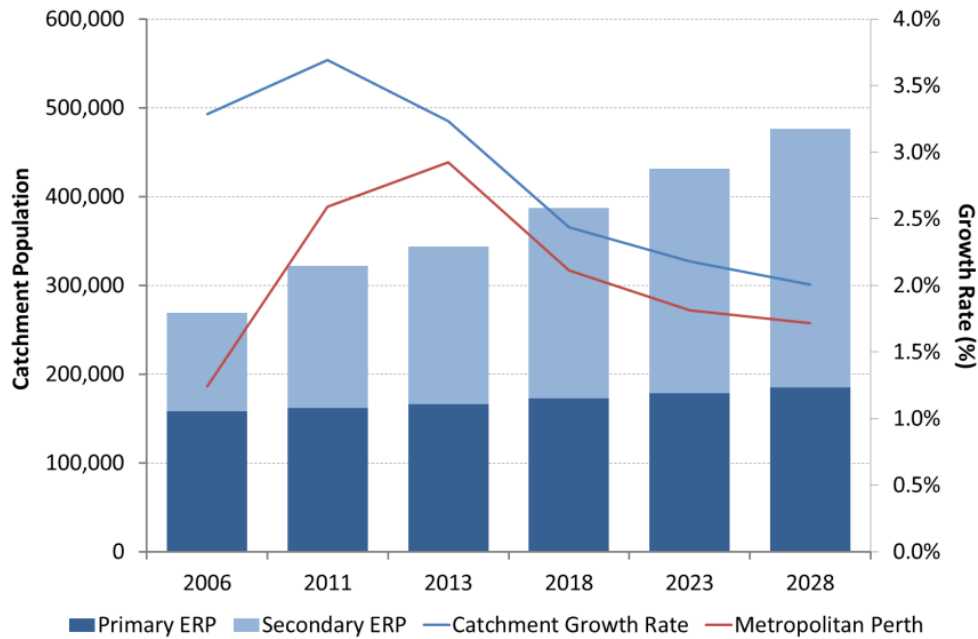


Figure 3 Population Growth, Joondalup and Wanneroo, 2006 to 2028

3.1.2 Real Growth in Expenditure

Real growth rates in retail spending have averaged 1.1% over the last three decades according to Retail Turnover and Inflation data from the Australian Bureau of Statistics.

Over that time period, bulky goods spending has increased at a real growth rate of 1.8% as demand for this format continues to grow while prices for products continue to deflate.

3.2 Bulky Goods Expenditure Profile

Bulky goods demand is a product of the number of people in a location and the amount they each spend on bulky goods categories as per the ABS. As such, the current bulky goods demand is calculated through the estimated residential population for an area and the levels that they each spend on bulky goods retail. Change to the level of demand in the catchment is dependent on population growth and spending growth.

RPS has derived bulky goods expenditure using MarketInfo 2012. MarketInfo is a microsimulation model developed by MDS Market Data Systems which reports small area spending estimates. The model has been based on SA1 geographical regions from the ABS, and a range of statistical data releases from the ABS (Census, Household Expenditure Survey, National Accounts, ATO statistics etc). This estimates an area's propensity to spend on bulky goods retail goods based on a range of socio-economic characteristics. MarketInfo is an independently formulated model and is used by the majority of retail economists in understanding the bulky goods needs of an area.

The analysis below has explored the current per capita bulky goods spending in the catchment and then applied them to current and future population forecasts to understand the level of bulky goods spending from the residents in the catchment.

Typically across Western Australia, each person will spend around \$1,900 on bulky goods retail per annum. As noted in the figure below, residents in Joondalup spend higher amounts on bulky goods retail, which is often due to there being less retail options available to these residents.

Bulky goods retail spending per capita in Joondalup is higher than both the WA and Perth Metropolitan average. The Wanneroo LGA spends almost \$250 less per annum on bulky goods than Joondalup, with the largest difference being in electrical goods (including whitegoods).

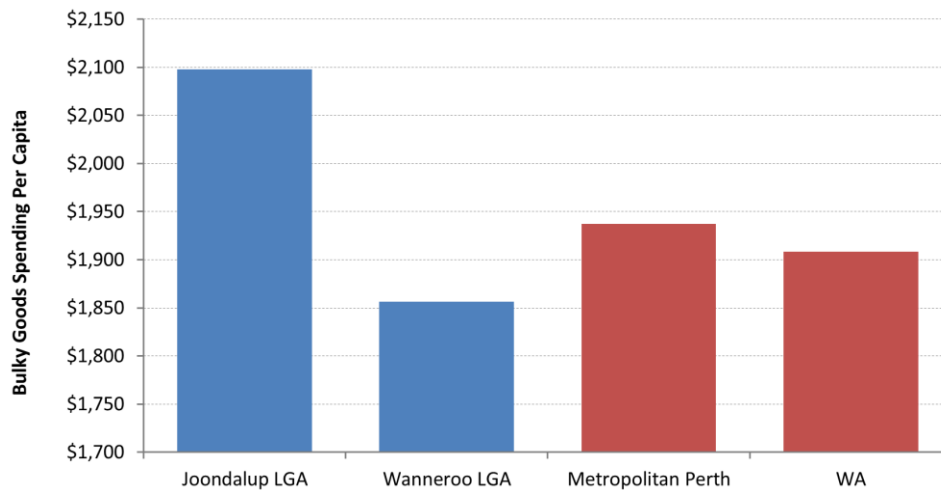


Figure 4 Bulky Goods Spending Per Capita

The above per capita bulky goods spending have been broken down further into the levels of spending at bulky goods centres by major spending category.

The majority of bulky goods expenditure surrounds the following categories:

- **Hardware and building supplies.** This accounts for around 28% of the bulky goods spend per capita in Joondalup;
- **Furniture, floor coverings, housewares and textiles.** This accounts for around 26% of the bulky goods spend per capita in Joondalup;
- **Electrical and electronic goods.** This accounts for around 23% of the bulky goods spend per capita in Joondalup;
- Larger format (out-of-centre) **liquor.** This accounts for around 10% of the bulky goods spend per capita in Joondalup;
- **Garden supplies.** This accounts for around 6% of the bulky goods spend per capita in Joondalup;
- **Sports and camping; entertainment media; chemist warehousing; and other retailing.** These accounts for around 7% of the bulky goods spend per capita in Joondalup.

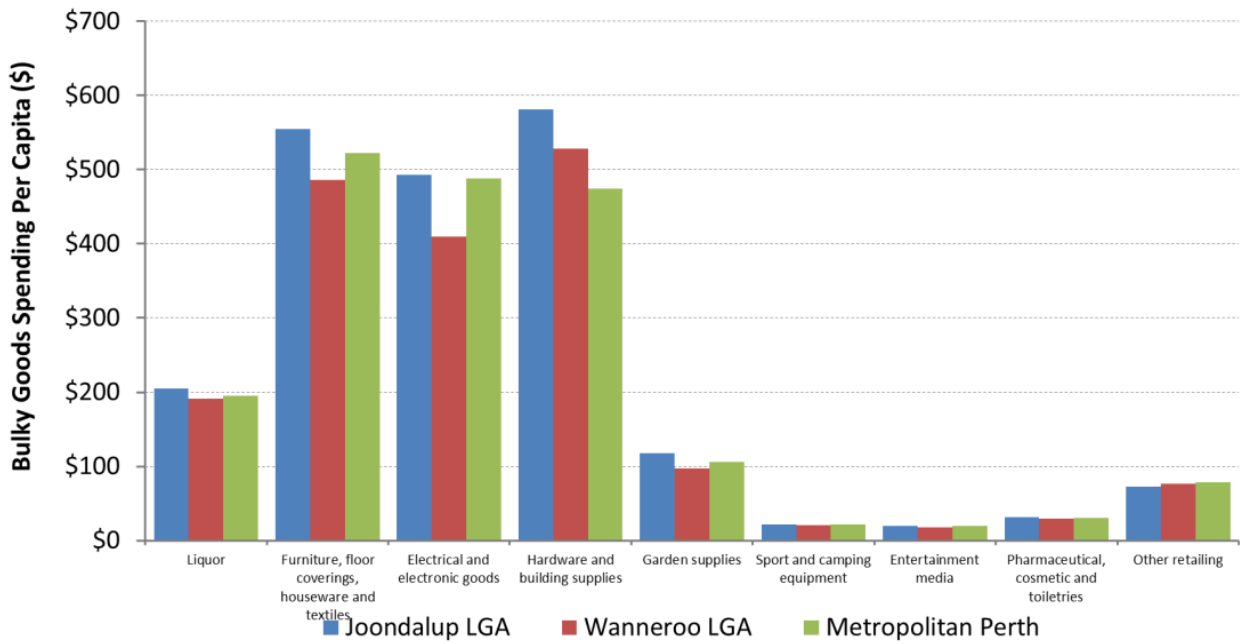


Figure 5 Bulky Goods Categories Spending Per Capita

The above outlines the current spending amount per capita for each of the bulky goods categories, however, doesn't indicate the overall growing spending amounts for bulky goods retail. Figure 6 applies the real growth in expenditure and applies the projected population to arrive at the total spending profile of the catchment residents. The real growth in bulky goods spending is based on historic rates for each bulky goods category, and the growth rate for the population is derived from WA Tomorrow forecasts from the Western Australian Planning Commission.

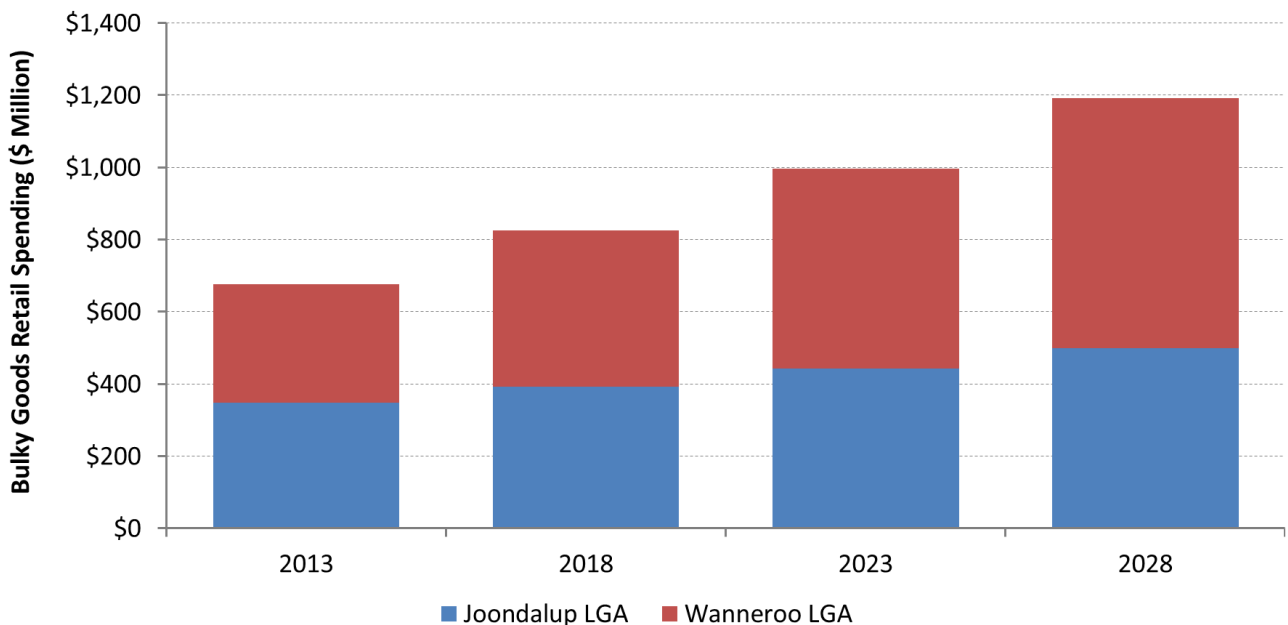


Figure 6 Bulky Goods Spending Growth, 2013 to 2033

The majority of bulky goods spend in the overall catchment area is currently strongly centred around Joondalup, despite Wanneroo now having a larger population. Within the next decade, it is anticipated that Wanneroo residents will spend a higher level on bulky goods than their Joondalup neighbours. While this spending will largely be centred at bulky goods outlets close to the homes of these residents, as noted in

Section 2.2, the importance of critical mass and co-location of bulky goods retail will increasingly place importance on Joondalup to be a destination for bulky goods retail as is currently the case in locations such as Osborne Park and Cannington.

The chart below breaks this spending growth into the different bulky goods categories which is forecast for the coming decade. Based on real growth rates and population expansion, there is anticipated to be significant level of growth in a number of bulky goods categories, specifically the three largest categories.

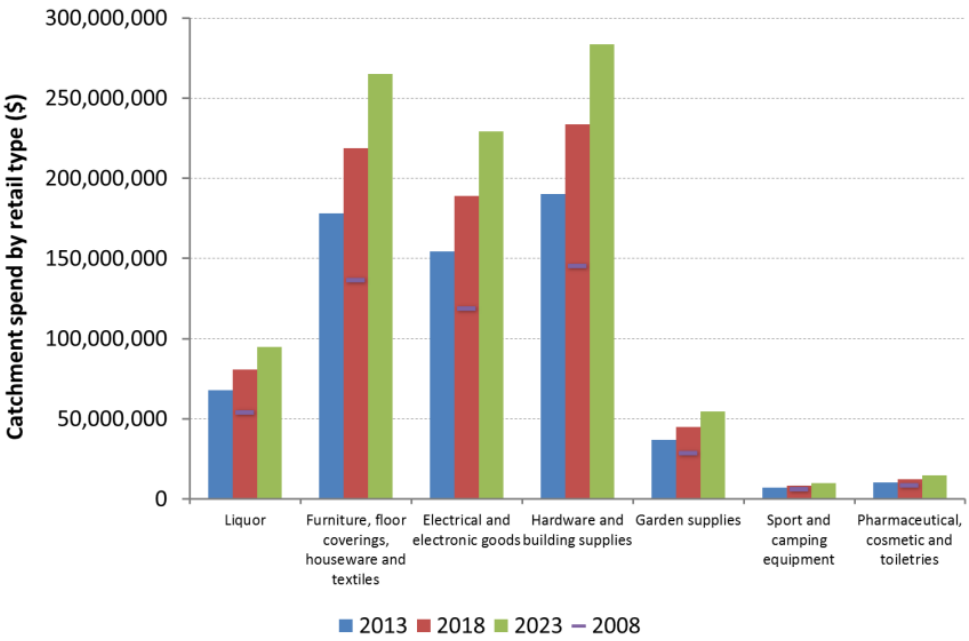


Figure 7 Bulky Goods Categories Spending Growth, 2013 to 2033

This forecast spending per category across both Joondalup and Wanneroo has been utilised to estimate the growing demand for bulky goods floorspace in the area.

3.3 Bulky Goods Floorspace Demand

RPS has applied sales densities to each bulky goods category to estimate how the retail spending of residents in the catchment translates into demand for bulky goods floorspace need. Sales densities are the dollar sales per square metre of NLA required to sustainably operate floorspace.

As such, the sales densities convert sales forecasts to sustainable floorspace forecasts.



Figure 8 Floorspace Demand Methodology

The table below provides a breakdown of broad floorspace sales densities for bulky goods retail categories.

Table 2 Bulky Goods Sales Densities, 2013

Bulky Goods Category	Sales Density (\$/sqm)
Liquor	\$5,000
Furniture, floor coverings, houseware and textiles	\$3,000
Electrical and electronic goods	\$4,000
Hardware and building supplies	\$2,500
Garden supplies	\$2,500
Sports and camping equipment	\$3,000
Pharmaceutical, cosmetic and toiletries	\$4,000
Other retailing	\$2,500

The above sales densities are broad averages and individual tenancies can trade substantially above or below these averages.

These densities have been applied to the forecast sales to find the estimated floorspace demand for bulky goods in each of the categories. It should be noted, that these figures should not be utilised as caps on the overall level of bulky goods across the two municipalities, rather as a guide to the likely level of demand for floorspace by the residents of Joondalup and Wanneroo.

Table 3 Bulky Goods Floorspace Demand, Joondalup and Wanneroo, 2013 to 2033

	Liquor	Furniture, floor coverings, houseware and textiles	Electrical and electronic goods	Hardware and building supplies	Garden supplies	Sport and camping equipment	Entertainment media	Pharmaceutical, cosmetic and toiletries	Other retailing
2013	13,580	59,423	38,628	76,079	14,698	2,377	1,087	2,629	10,225
2014	14,092	62,057	40,323	79,477	15,341	2,467	1,127	2,729	10,621
2015	14,602	64,715	42,032	82,906	15,990	2,557	1,168	2,828	11,016
2016	15,105	67,378	43,745	86,342	16,640	2,645	1,208	2,926	11,406
2017	15,610	70,081	45,483	89,829	17,299	2,734	1,248	3,024	11,797
2018	16,132	72,896	47,293	93,461	17,986	2,826	1,289	3,125	12,202
2019	16,668	75,807	49,165	97,218	18,696	2,920	1,332	3,229	12,617
2020	17,217	78,818	51,101	101,104	19,430	3,017	1,376	3,336	13,044
2021	17,773	81,892	53,076	105,072	20,180	3,114	1,420	3,444	13,475
2022	18,347	85,090	55,132	109,201	20,959	3,215	1,465	3,556	13,920
2023	18,936	88,399	57,259	113,471	21,766	3,319	1,512	3,671	14,376
2024	19,531	91,776	59,429	117,831	22,589	3,424	1,559	3,786	14,839
2025	20,137	95,247	61,659	122,313	23,435	3,530	1,607	3,904	15,309
2026	20,758	98,834	63,964	126,944	24,309	3,639	1,657	4,025	15,791
2027	21,395	102,539	66,344	131,728	25,212	3,751	1,707	4,149	16,286
2028	22,047	106,365	68,802	136,669	26,144	3,866	1,759	4,276	16,792
2029	22,715	110,314	71,337	141,768	27,105	3,983	1,812	4,406	17,311
2030	23,399	114,387	73,953	147,029	28,097	4,104	1,866	4,539	17,842
2031	24,098	118,588	76,651	152,456	29,120	4,227	1,922	4,675	18,386
2032	24,813	122,919	79,431	158,051	30,175	4,353	1,979	4,814	18,942
2033	25,545	127,383	82,297	163,818	31,261	4,481	2,037	4,956	19,510
<u>Floorspace need growth (sqm)</u>									
2013 - 2023	5,355	28,977	18,631	37,392	7,068	941	425	1,041	4,152
2023 - 2033	6,609	38,984	25,037	50,346	9,495	1,162	525	1,286	5,134
<u>Floorspace need growth (%)</u>									
2013 - 2023	39.4%	48.8%	48.2%	49.1%	48.1%	39.6%	39.1%	39.6%	40.6%
2023 - 2033	34.9%	44.1%	43.7%	44.4%	43.6%	35.0%	34.7%	35.0%	35.7%

There is currently significant demand for bulky goods floorspace from the residents in Joondalup and Wanneroo, with over 190,000sqm of demand from the current residents. This is around a quarter of the total retail requirement across the two regions.

It should be noted that there is significant growth in demand for bulky goods in the area which will lead to need for an extra 88,000sqm of floorspace demand in the next decade, and over 200,000sqm to 2031. While the majority of this bulky goods demand will be in Wanneroo, the growth of the wider region will mean demand will focus on the Joondalup hub.

3.4 Bulky Goods Floorspace Supply

RPS has undertaken an assessment of the supply of bulky goods in the Joondalup LGA to understand if there is a small market gap for bulky goods in the region at present. The assessment has also considered the future supply of bulky goods given proposed developments.

3.4.1 Current Supply

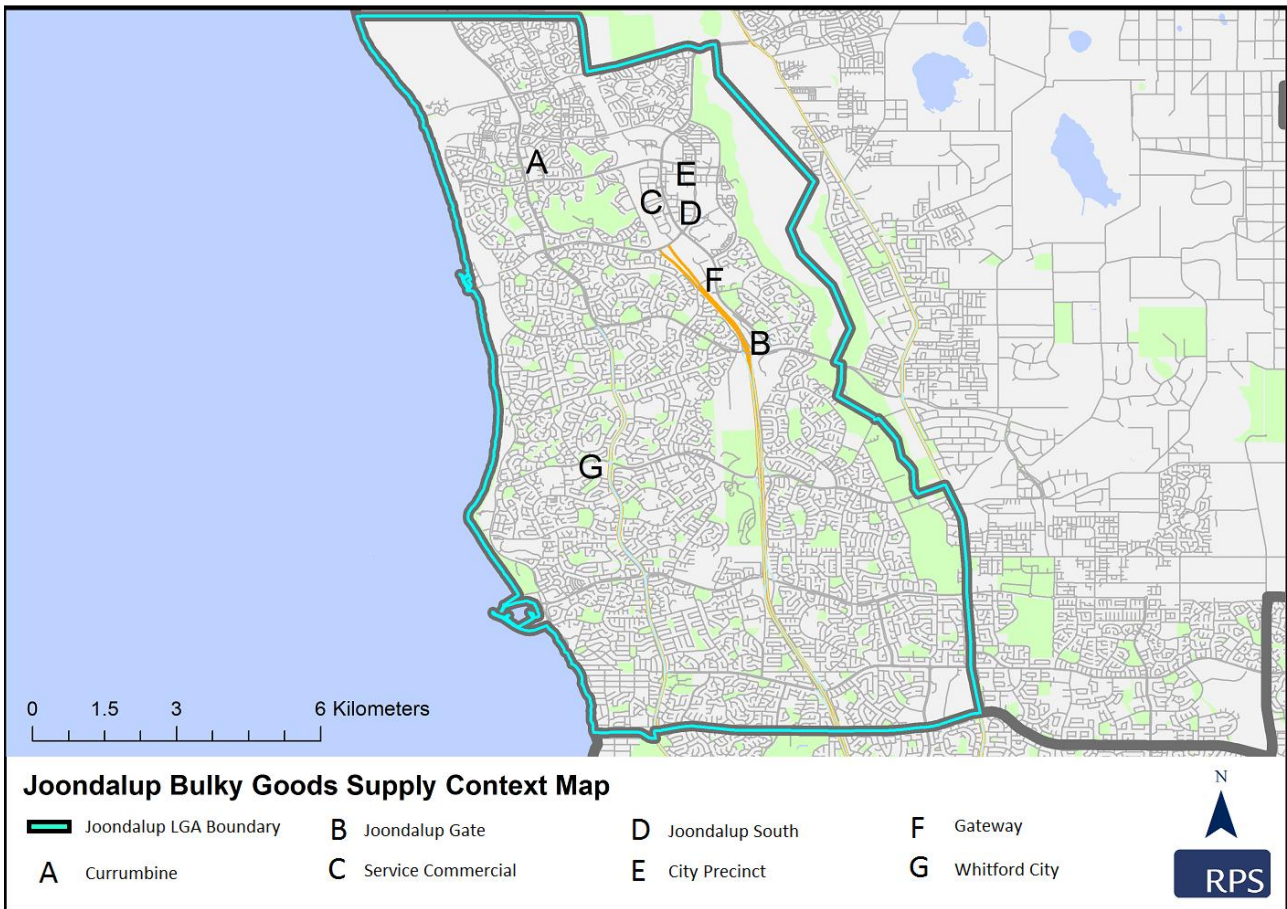
Joondalup has a critical mass of bulky goods floorspace, with the large majority of the municipalities bulky goods space being located in close proximity to the Joondalup City Centre area. While there is a significant level of bulky goods floorspace in this precinct, the tenancies are heavily fragmented and do not have many attributes of newer format bulky goods centres.

The majority of current bulky goods space is located directly to the south of the Lakeside Joondalup Shopping Centre and further to the south in the Joondalup Gate centre. There is also a blend of bulky goods and service commercial to the west of Joondalup drive adjacent to the Lakeside Joondalup centre. This area has a number of smaller tenancies which sometimes locate in bulky goods centres such as Retravision, Home Timber and Hardware and Alberts Car Stereo.

RPS has conducted a full audit of the bulky goods supply within the Joondalup Local Government Area and have estimated that at present the total supply is in the order of 97,000sqm. This is broadly in line with demand for bulky goods floorspace which is estimated in 2013 to be at 109,000sqm, with additional demand from residents of Wanneroo estimated at 91,000sqm.

RPS has also explored the current supply of bulky goods floorspace in Wanneroo which is in significant undersupply estimated at over 65,000sqm, and therefore significantly lower than the demand in that region.

Part of the reason for this undersupply in the Wanneroo region is due to the 'destination' of Joondalup and the need for critical mass of bulky goods to be delivered in order to become an effective and viable centre. Supply in Joondalup is therefore delivering for residents of the wider region and therefore it is estimated that there is a moderate market gap in bulky goods supply for the Joondalup and Wanneroo region.



Identifier	Centre	Floorspaces qm	Anchor Tenants
A	Currambine	3,250	Dan Murphys
B	Joondalup Gate	28,500	Bunnings
C	Service Commercial Area	20,250	Retravisio, Fantastic Furniture
D	Joondalup South	6,500	Harvey Norman
E	City Precinct	8,500	Chemist Warehouse, Officeworks
F	Gateway	9,500	Harvey Norman, Good Guys
G	Whitford City	15,500	Bunnings

Identifier	Centre	Floorspaces qm	Anchor Tenants
	Other Bulky Goods	5,000	-

Figure 9 Joondalup Bulky Goods Supply Context Map and Estimated Floorspace

3.4.2 Proposed Supply

Joondalup is currently undergoing a significant expansion in the supply of bulky goods floorspace with the development of Joondalup Square, the Landcorp Masters site and nearby blocks. This will result in a substantial increase in bulky goods supply in the area and will create a high amenity bulky goods precinct.

The development will include at Joondalup Square and surrounding bulky goods which is estimated to include current proposals for almost 60,000sqm of bulky goods space.

This precinct will include major bulky goods anchor tenants such as Masters, Bunnings and Super Amart. The area will also include a small amount of office and business park space, and fast food retail to largely service the employment population.

In Wanneroo there is a significant increase to the supply of bulky goods in Butler which will create a precinct just 10 kilometres to the north of Joondalup. This will deliver a 30,000sqm bulky goods precinct⁴ closer to the growing population along the north coast, however, there will still be demand from this growing resident population for increased higher order bulky goods in Joondalup.

Other bulky goods in Wanneroo will be delivered as population growth ensues, the most likely of locations bulky goods will be surrounding the Alkimos Secondary Centre and in the longer term at the Yanchep Strategic Metropolitan Centre.

3.5 Bulky Goods Future Needs

Based on the above assessments of both growing demand and supply for bulky goods demand and supply in Joondalup and Wanneroo, this assessment has considered the future needs of bulky goods floorspace in Joondalup. The assessment has considered proposed bulky goods developments in Wanneroo, but the focus of the need for bulky goods has only been considered for the Joondalup LGA.

A summary of the future needs in the bulky goods market for Joondalup is as follows:

- There is total demand across the two catchments of 219,000sqm of bulky goods space in 2013. There is total estimated supply of 120,000sqm in the catchment at present leading to a current market gap of almost 100,000sqm of floorspace.
- Demand is expected to grow by over 100,000sqm in the coming decade, with currently proposed supply surrounding Joondalup Square (60,000sqm) and in Butler (30,000sqm). This will result in the floorspace gap for Joondalup/Wanneroo as over 100,000sqm in the coming decade.

⁴ CLE 2012, Butler District Centre Activity Centre Structure Plan *Explanatory Report*. CLE Town Planning and Design, Perth

Future needs are expected to largely be delivered in closer proximity to the large scale growth in population in Wanneroo (e.g. at Alkimos and Yanchep), however, a degree of this future need should be delivered in Joondalup.

While this won't fully prevent escape expenditure to areas such as Osborne Park and Malaga, it is expected to reduce this escape expenditure and therefore increase visitation and trip linking.

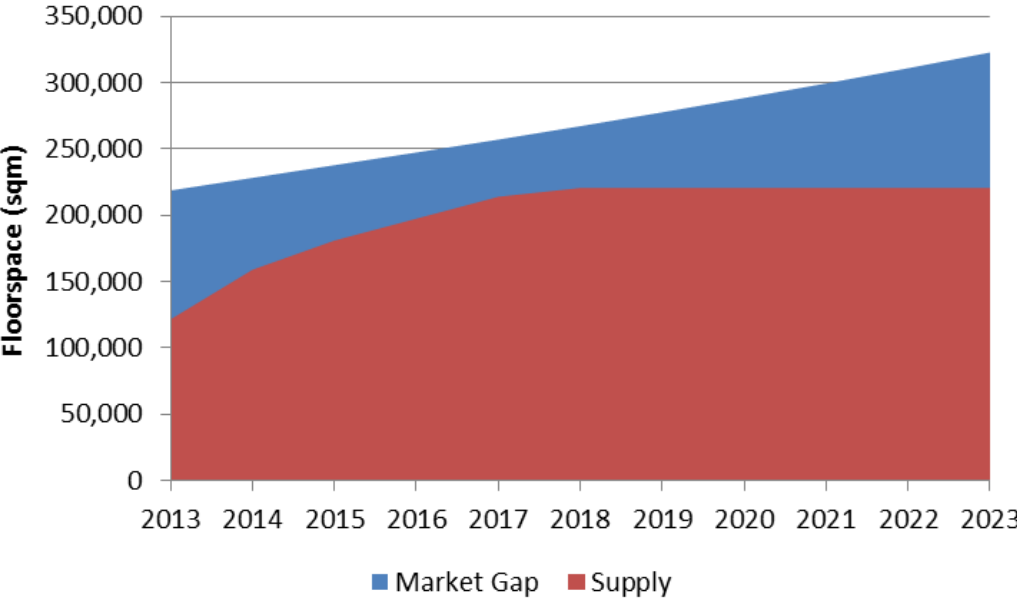


Figure 10 Bulky Goods Floorspace Market Gap, Joondalup and Wanneroo, 2013 to 2023

RPS expects to see a convergence of demand a supply over the coming 5 years as a result of the large scale bulky goods developments in and around Joondalup Square, and the development of the bulky goods site near the Butler Town Centre. This will reduce the overall market gap for the region to around 40,000sqm, which will grow again to current levels by 2023 as the population growth to the north continues.

In the past there would have an expectation of market gap due to ‘escape expenditure’ to other major bulky goods areas such as Osborne Park and Malaga. This should become less pronounced in future as Joondalup becomes the destination bulky goods precinct and residents to the north no longer have to travel significant distances for bulky goods needs.

Without any additional supply in Joondalup or Wanneroo, the market gap is expected to grow to over 240,000sqm by 2033.

Of the market gap by that stage, RPS believes that at least 20% should be delivered in Joondalup - particularly in the earlier years to compensate the areas further to the north where bulky goods may not be viable until population nears capacity. This will result in at least 50,000sqm of additional supply to be delivered in Joondalup between 2023 and 2033.

4.0 Location Criteria & Analysis

It is important to understand the need and location for bulky goods in an area. This section explores the current and potential future locations for bulky goods floorspace within the City of Joondalup. The analysis examines the criteria for best bulky goods locations, an overview of current and potential locations to arrive at a staging and implementation outlook for Joondalup.

4.1 Criteria for Bulky Goods Centres

There are some key criteria that are important for a well-functioning bulky goods centre. These criteria are important to remember when assessing the best future locations for bulky goods centres and include:

- Key focus on price and range;
- Destination of shoppers that rarely undertake shopping at the same time as cores retail categories such as clothing and supermarket items;
- Need for access by private vehicles (does not require public transport access);
- Co-location (clustering) of similar bulky goods outlets;
- Large land parcels to meet floorplate needs, unloading requirements and large number of cark bays.

The following figure outlines typical bulky goods layouts. The most common in new format bulky goods is the bulky goods retail parks which act as a one stop shop for bulky goods. Retail strips and haphazard centres make up the majority of existing bulky goods centres that have evolved over a period of time.



Figure 11 Typical bulky goods layouts⁵

⁵ Rowe (2011) Taking Control of Bulky Goods Retail in Sydney. Undergraduate Thesis, Sydney

4.2 Recommended Future Locations & Timing

Based on the location criteria outlined in section 4.1, existing and potential Bulky Goods locations were identified and summarised. This is outlined in the table below.

Table 4 Bulky Goods Locations Assessment

Location	Profile	Suitability	Expansion Capacity
Joondalup Gate/Edgewater	Currently anchored by Bunnings which is transitioning from the site in the short-term. Proximity to Edgewater train station raises questions of whether Bulky Goods retail is highest and best use in medium term.	Moderate	Moderate
Service Commercial/Winton Road Precinct	Existing employment precinct adjacent the City Centre. Primarily service commercial with distributed Bulky Goods, showroom and other large format retail and wholesale businesses.	Moderate	Low
Whitford City	Secondary Centre currently anchored by a Bunnings store. Expansion of large format retail within the Centre is currently spatially constrained and shop retail expansion likely represents highest and best use.	Low	Low
The Gateway	Collocated with the new Quadrangle development, though future expansion potential for the site likely limited	High	Low
Joondalup City Centre	Strategic Metropolitan Centre with residential, commercial office and shop retail representing highest and best use. Minor bulky goods supply likely to expand slightly in response to larger format retail offerings by some shop retailers.	Low	Low
Joondalup South	Heavily constrained site with limited potential for expansion.	Low	Low
Currambine	Currently anchored by Dan Murphy's with only small level of additional Bulky Goods proposed.	Low	Low
The Quadrangle/ Joondalup Square	Currently under development adjacent to City Centre. Will become primary concentration of Bulky Goods floorspace in City in short-term.	High	High (currently under development)
Lot 104	Located on Joondalup Drive opposite Joondalup South. Currently zoned POS though use is under investigation by Council. Potential opportunity for Bulky Goods Retail strip along Joondalup Drive.	Moderate	Moderate
Alternative Locations	There is likely to be proposals put forward for bulky goods in other locations around the Joondalup LGA. These proposals should not be dismissed but the large majority of future bulky goods in the municipality should be in critical mass at the locations above. Centres outside this should comply with State Planning Policy 4.2.	Case by Case	Case by Case

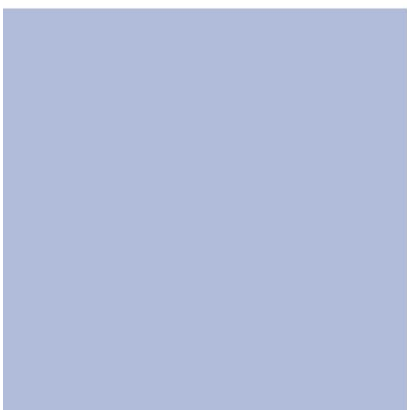
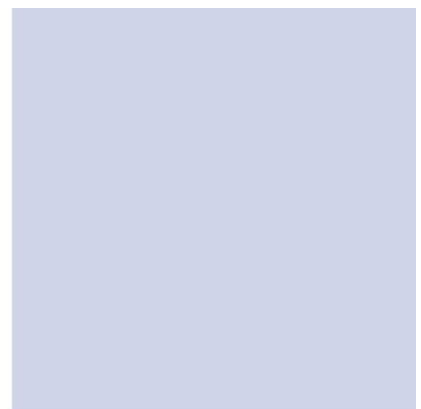
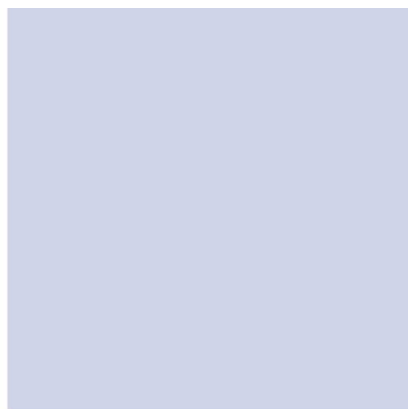
Based on this assessment of the suitability and expansion capacity of current and potential Bulky Goods retail locations within the City, RPS recommends the following indicative floorspace distribution be used by the City of Joondalup to inform the Local Planning Strategy.

Table 5 Recommended Floorspace Distribution, Bulky Goods Locations, City of Joondalup

Centre	Current Size (sqm)	Recommended Size (sqm)
Joondalup Gate/Edgewater	28,500	30,000
Service Commercial/Winton Road Precinct	20,250	20,000
Whitford City	15,500	15,500
The Gateway	9,500	9,500
Joondalup City Centre	8,600	10,000
Joondalup South	6,500	6,500
Currambine	3,250	5,000
The Quadrangle/ Joondalup Square	0	100,000
Lot 104	0	10,000
Alternative locations (highway locations etc)	5,000	10,000

A summary of these tables along with recommended timing and distribution of bulky goods retail floorspace within the City is provided in Appendix 1.

COMMERCIAL OFFICE



5.0 Commercial Office Market

Commercial office development in the City of Joondalup is and will continue to be influenced by trends in the CBD and suburban office markets in Greater Perth. This section provides an overview of the macro-factors influencing commercial office demand and supply in Joondalup.

5.1 Perth CBD Office Market

Perth CBD office market has performed strongly in recent years despite increased global economic uncertainty. This is largely attributed to the Perth office market being a direct beneficiary of growth in the State's resources sector. It was the only capital City market in Australia to experience its white collar employment strengthen and by mid-2012, saw its net absorption equal that of Sydney, Melbourne and Brisbane combined⁶.



Figure 12 Total Vacancy Rates, Perth CBD, 1990 to 2014

Total vacancy rates in Perth CBD declined to a near zero level (0.3%) in July 2008, just prior to the Global Financial Crisis. Subsequent to this, vacancy rates spiked in response to decreased demand and strong supply, peaking just under 10% in July 2010. However, since mid-2010, vacancy rates have once again been declining. The release of recent developments (Raine Square, 140 William Street, 181 Adelaide Terrace, Bankwest Place and Brookfield Place) resulted in a slight uptake in vacancy rates to 4.2% in the September quarter. New office space supply proposed for the market over the next two years is around 50,000sqm, indicating strong demand which will continue the downward vacancy trend to a low of 3.0% by late 2013⁷.

Rental levels and growth have reflected the recent movements in vacancy rates. Currently, average net face rents for Prime Office space in the Perth CBD is securing between \$600 and \$750 persqm. This is below the

⁶ PCA (2012), Office Market Report, June 2012

⁷ Colliers (2012), Perth CBD Office Market Report, Colliers, Perth

peaks of the pre-GFC period where rents regularly exceeded \$1,000 persqm but are expected to climb, as vacancy rates continue their downward trend. In comparison, Secondary office space was securing between \$590 and \$640 persqm.

The average rental yields for Perth CBD in June 2012 ranged from 7.5% - 8.5% for Premium Grade, 8.0% - 8.5% for A Grade and 8.5% – 9.0% for B Grade⁸.

5.2 Suburban Office Market

The continued growth of Perth's main office precincts has benefitted the suburban office market. This increase demand for office space in Perth CBD by bigger tenants and the lack of capital for new developments is creating a gap, especially for small to medium sized tenants.

The suburban office market in Perth comprises 1,512,169 millionsqm of office space and currently, there is 176,965sqm vacant in 524 buildings across Perth's suburbs, representing a vacancy rate of 11.7%. Vacancy rates also vary across the regions of Western Australia from the outer north (19.4%) having the highest vacancy rates to the inner north (10.4%) having the lowest⁹. This is illustrated in the following figure.



Figure 13 Current Vacancy Rates of Office Space, Perth Regions, 2012

Suburban vacancy rates generally lag that of the CBD in property cycles, as suburban tenants return to the CBD during downturns when inner Town rentals become more affordable and floorspace more accessible. However, vacancy rates in suburban locations of Perth are also heavily influenced by the quality of office stock available. Almost half of stock is C Grade (48%) with A Grade stock – most equivalent to CBD supply – comprising just over one fifth of total floorspace¹⁰. This is illustrated in the following figure.

⁸ Colliers (2012), Perth CBD Office Market Report, Colliers, Perth

⁹ YResearch, Western Australian Suburban Office Report 2012

¹⁰ YResearch, Western Australian Suburban Office Report 2012

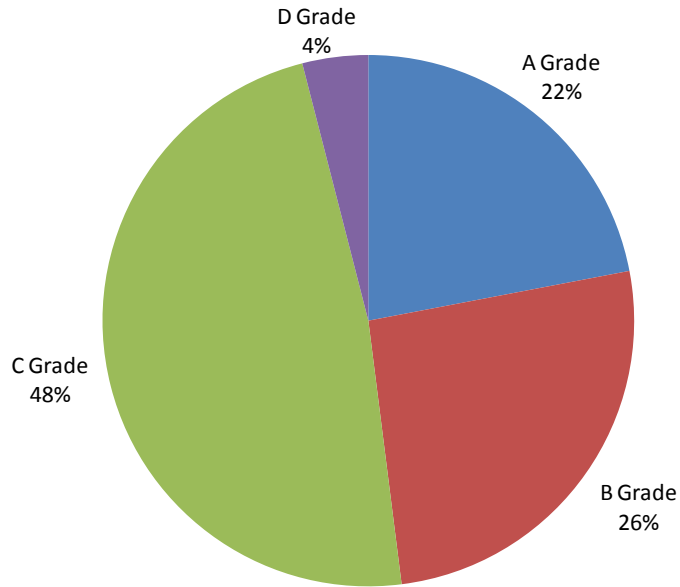


Figure 14 Quality of Suburban Office Stock, Perth, 2012

The age of office stock is a driver in determining the quality of the stock and therefore the vacancy rate, as demand for older product is less than that of newer offices. Perth suburban office market has significant variation in terms of the age of offices available, with almost half of all current supply developed prior to or during the 1980s (48%). Only 28% is less than 10 years old¹¹. This is illustrated in the following figure.

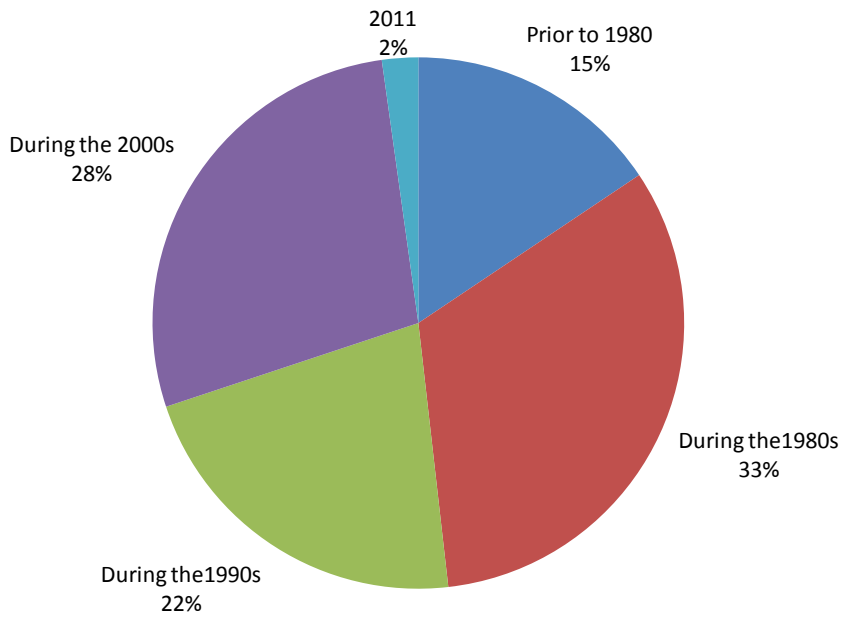


Figure 15 Age of Suburban Office Stock, Perth, 2012

¹¹ YResearch, Western Australian Suburban Office Report 2012

5.3 What are Suburban Offices?

5.3.1 Defining Suburban Office

Suburban offices are effectively intentional (i.e. planned) clusters of office buildings on a site or in a precinct. All the activity within a suburban office development is commercial in nature, rather than industrial, which separates suburban offices from industrial estates.

Suburban offices are traditionally located in suburban (i.e. non-CBD) locations and are usually characterised by low and medium density built form within a landscaped urban environment. Buildings usually have a range of floorplates to accommodate businesses of different sizes and also provide flexibility in terms of sub-floor tenancy sizes.

Historically, suburban offices have been associated with car-based travel and therefore are usually supported by strong parking provision, either at grade or undercroft. Underground parking is unusual due to the cost of development. However, sites with strong accessibility to major public transport infrastructure (particularly rail) are increasingly popular, providing workers with multiple journey-to-work travel options.

Rental rates for suburban offices are usually lower than the CBD, reflecting comparatively lower land costs and associated lower construction costs (due to a medium rather than higher density built form) and target tenant market that is more price sensitive.

High profile examples of large suburban offices in Australia include:

- Norwest Business Park, Bella Vista, New South Wales;
- Eastlink Business Park, Carrum Downs, Victoria; and
- Sydney Corporate Park, Alexandria, New South Wales.

5.3.2 Drivers of Suburban Offices

The emergence of suburban offices within a metropolitan area usually occurs when the population approaches 1.5 to 2 million people. This reflects a number of economic drivers:

- The growth in demand for office space begins to outstrip the capacity of the CBD and inner city to accommodate;
- Increased rental rates in the CBD incentivise relocation of businesses to more affordable locations;
- Increased transport congestion undermines the attractiveness of the CBD as a business location due to reduced labour force accessibility and business transaction costs; and
- Larger corporate businesses seek to consolidate operations within a single, often branded location, which is difficult within a CBD market.

These drivers have been emerging in the metropolitan Perth market over the past decade, and are increasingly supporting the establishment and development of suburban offices within suburban locations.

5.3.3 Examples in Western Australia

There are limited examples of true suburban offices in metropolitan Perth, as the development type is a relatively new phenomenon. Some examples are outlined below.

- **The Garden Office Park**, located on 10 minutes by car north of the Perth CBD, on Scarborough Beach

Road in Osborne Park. The Garden Office Park is located close to the Mitchell Freeway and Glendalough Railway station, affording convenient access north and south. The Office Park comprises approximately 15,000sqm of office floorspace spread over four individual buildings in a parkland style development. Tenant facilities include 685 car bays, 100 seat conference centre, landscaped gardens, ponds, streams and shady seating areas, a gourmet café, fully equipped gymnasium, 20 metre swimming pool and sauna and full size tennis court.



Figure 16 The Garden Office Park

- **The Optima Centre**, located in the Herdsman Business Park, is one of the largest suburban office developments in Western Australia, with more than 16,200sqm net lettable area constructed across two separate towers with 519 car spaces. It was one of the first buildings outside of the Perth CBD to achieve a 4 star Green Star (V2 Design) rating and a 4.5 star NABERS rating.



Figure 17 The Optima Centre

- **Eastlink Office Park (WA)**, located on Great Eastern Highway with Swan River and parkland views,

Eastlink Office Park will be one of Belmont's most prestigious business addresses. Eastlink is a new office building with a net lettable area of approximately 3,105sqm over four floors. This 5-star Green Star (Office Design v2 Certified Rating) development features multi stair and lift access, balconies with Swan River views, architectural design, landscaped business park surroundings and ample car parking.



Figure 18 East Link Office Park (WA)

- **29 Roydhouse Street, Subiaco** - There is a new development in 29 Roydhouse Street located within the popular new commercial precinct of Subiaco. It is within easy walking distance to the Subiaco Train station and bus port and is close to cafes, shopping, parking and entertainment. An A grade office building with large efficient floor plates over 7 levels and 5 office floors, with two basement levels below. End of trip facilities include bike racks and lockers and male and female showers and change rooms. This 4.5 Star NABERS Energy Rating development features multi stair and lift access, balconies with Swan River views, architectural design, landscaped business park surroundings and ample car parking. It has a total floor area of 6,089sqm and is due for completion by the end of 2014.



Figure 19 Roydhouse Street, Subiaco

- **57 Shenton Avenue, Joondalup** - This new building is prominently located on the corner of Shenton Avenue and Grand Boulevard directly opposite the Joondalup Health Campus. With a walkway connecting Shenton House to the hospital it is ideal for medical professionals seeking proximity to the hospital with the convenience of on-site secure parking. Being located within the Joondalup Central Business District also brings the benefits of restaurants, coffee shops, retail and all the other amenities of

the City Centre. The building specifications include all features expected in a modern commercial building including quality air conditioning, three lifts for visitor convenience and efficiency and other environmental considerations such as window shading. The building also include its own ground floor cafe.



Figure 20 Shenton Avenue, Joondalup

5.4 Government Office Decentralisation

The suburban office market in metropolitan Perth has historically be dominated by second-tier mining and engineering companies, real estate and property services, finance and community and not for profit organisations.

However, in recent years, that State Government has become increasingly active in the suburban office market as it seeks to save rental costs through the implementation of the Government Office Accommodation Master Plan¹². This Master Plan seeks to implement a range of changes to the way State Government activity is accommodated including:

- Consolidation of CBD office space away from high cost locations (namely Governor Stirling Tower) into a lower cost accommodation; and
- Relocation of Government departments and activities from the Perth CBD to major activity centre locations in metropolitan Perth.

In June 2012, the State Government announced the plan to relocate staff from the CBD to office accommodation in Stirling, Murdoch and Fremantle. This has been expanded upon recently with the announcement of 600 staff relocating to Joondalup¹³, with another 12,000sqm of potential office accommodation current subject to an EOI process.

Government office demand is not driven by market forces and so therefore cannot be accurately projected into the future. However, Government demand can play an important role in facilitating commercial office development by:

¹² Department of Finance (2012), Government Office Accommodation Master Plan 2012-2018, accessed at <http://www.finance.wa.gov.au/cms/content.aspx?id=15911> on 6/12/2012

¹³ WA State Government (2012), Ministerial Media Statements, access at <http://www.mediastatements.wa.gov.au/Pages/default.aspx?ItemId=150385> on 6/12/2012

- Acting as anchor tenants for new developments that also accommodate commercial tenants; and
- Generating a supply chain and procurement opportunities, supporting growth of commercial office-based businesses.

It is noted that the City is currently investigating options to develop up to 15,000sqm of office accommodation and associated car parking in the City Centre on its site at 90 Boas Avenue, Joondalup.

6.0 Catchment Demographics & Drivers Analysis

The growth of commercial office floorspace demand in the City of Joondalup will be primarily determined local socio-economic, demographic, business and economic drivers of the LGA. This section defines the journey-to-work catchment of workers in Joondalup office jobs and analyses the population, labour force, office employment and business activity.

6.1 Defining the Catchment

For the purpose of this study, RPS has defined two catchments for analysis:

- **Primary Catchment** – City of Joondalup LGA representing the local business community; and
- **Secondary Catchment** – City of Stirling and Wanneroo based on current journey-to-work travel patterns of workers filling office-based jobs in Joondalup.

Together, these catchments represent the North West metropolitan region of Greater Perth .

6.2 Residential Population & Growth

In 2011, the Primary Catchment had a population of 161,783 up 5,727 or 3.7% since 2001 and projections indicate that by 2031, the population will grow to over 188,590, or a further 14.2%. This is illustrated in the following figure.

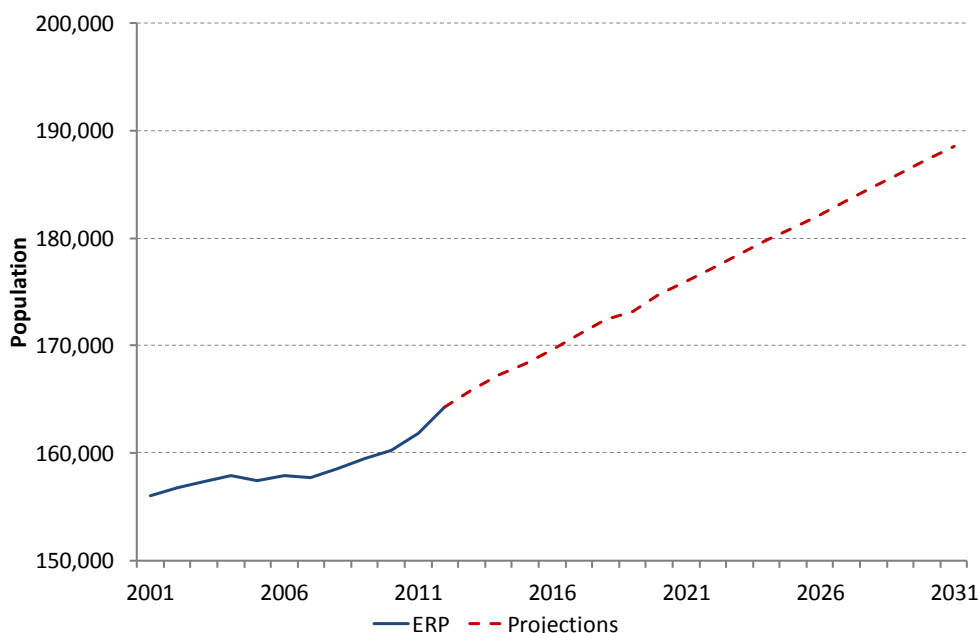


Figure 21 Estimated Residential Population and Projection, City of Joondalup, 2001 to 2031¹⁴

¹⁴ ABS (2013), Regional Population Growth, Australia Cat No 3218.0, Australian Bureau of Statistics, Canberra and WAPC (2012), WA Tomorrow Population Projections, Band C, WAPC, Perth

The population for Joondalup is projected to grow slowly as it is already an established city. However, in terms of the Secondary Catchment areas surrounding Joondalup, most of the population in 2011 was located in Stirling (56.5%) and Wanneroo (43.5%). By 2031, projections indicate that most of the population in the Secondary Catchment areas will be located in Wanneroo (55.6%) and Stirling (44.4%). This is illustrated in the following figure.

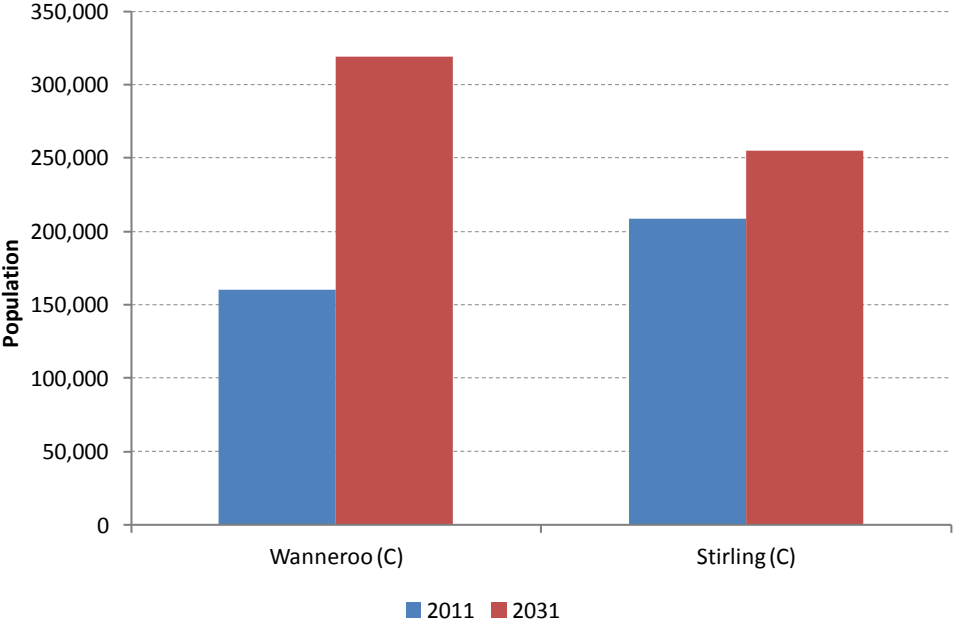


Figure 22 Population Concentration, Secondary Catchment Area, 2011 & 2031

Of the Secondary Catchment areas, Wanneroo (99.1%) is projected to have the largest population increase from 2011 to 2031, while Stirling’s population is projected to increase by 22.3%. As a whole, population in the Secondary Catchment area is projected to increase by 55.7% to over 574,140 people by 2031. This is illustrated in the following figure.

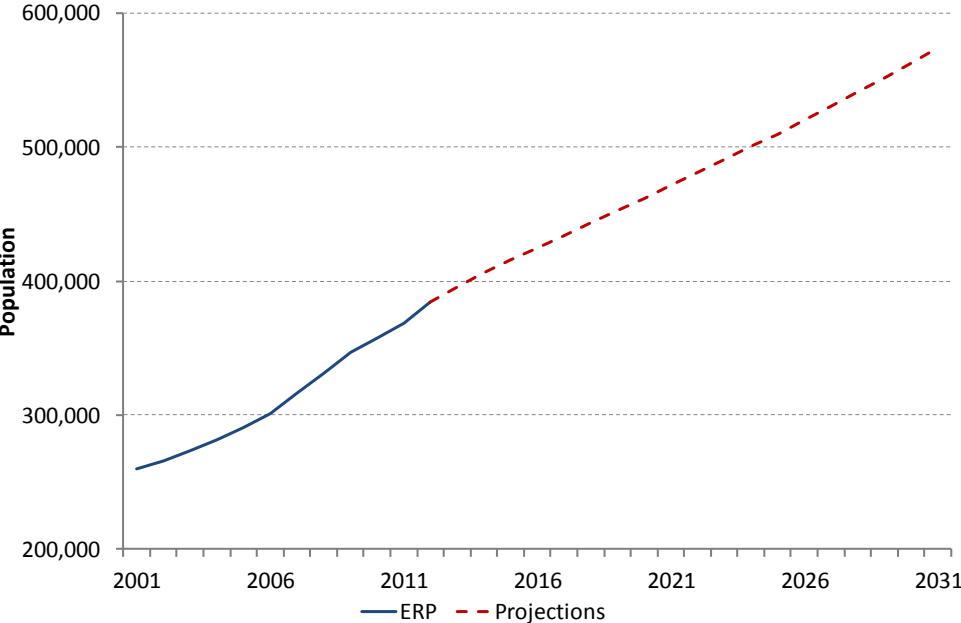


Figure 23 Estimated Residential Population and Projection, Secondary Catchment, 2001 to 2031

This population does translate into workforce sizes evenly across the Primary and Secondary Catchment due to relatively consistent worker-to-population ratios. The worker to population ratios for the Secondary

Catchment is 45.8% for Wanneroo and 47.4% for Stirling. Joondalup has a worker to population ratio of 51.3%.

The unemployment rate for the Secondary Catchments also varies considerably with Stirling having the lowest at 4.5% and Wanneroo the highest at 5.9%, while Joondalup has the lowest unemployment rate of 1.9%. This is illustrated in the following figure.

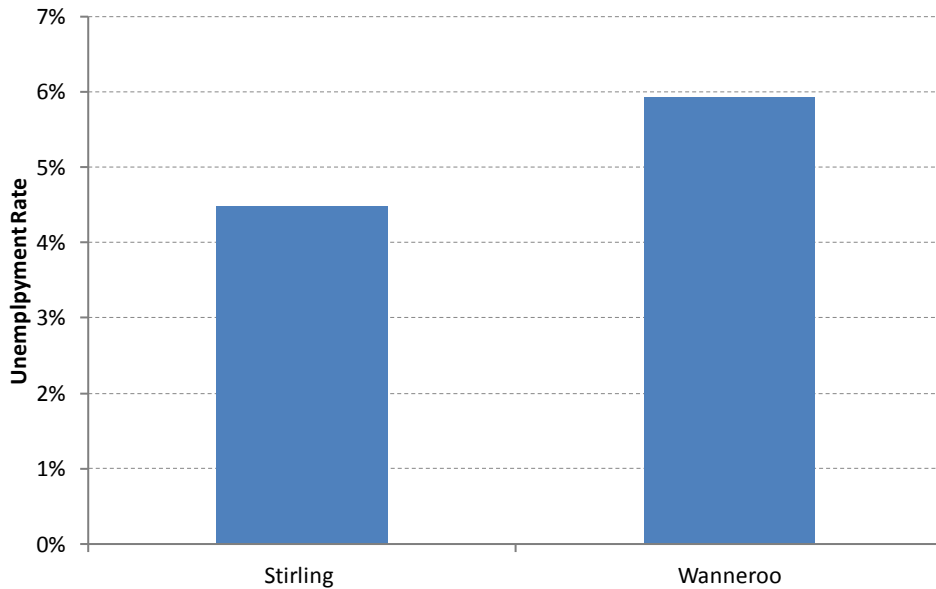


Figure 24 Unemployment Rates, Secondary Catchment Area, 2013¹⁵

6.3 Office-Based Jobs

Core office-based jobs include managers, professionals and clerical and administrative staff in following industries:

- Information Media and Telecommunications;
- Financial and Insurance Services;
- Rental, Hiring and Real Estate Services;
- Professional, Scientific and Technical Services;
- Administrative and Support Services; and
- Other Services.

In 2012, there were 3,875 core office jobs located in Joondalup LGA, with most of the workers originating from within the Primary Catchment area (68.2%). A considerable amount of core office jobs were also filled by workers originating from the Secondary Catchment areas of Wanneroo (18.1%) and Stirling (6.0%).

¹⁵ DEEWR (2013), Small Area Labour Market, Department of Education, Employment and Workplace Relations, Canberra.

6.4 Local Business Registrations

Joondalup represents a sizeable concentration of core office business activity in northern Perth. In 2012, there were 1,423 core office-based businesses with their registered address in Joondalup, up 5.8% since 2009¹⁶. In 2011, the share of core office businesses was 35.7% of all businesses in Joondalup. As expected, most of these businesses are dominated by Professional Services, Real Estate Services and Other Services.

From 2009 to 2012, the City of Joondalup has seen some growth in population (3.0%) although there was a much higher growth in the number of businesses registered in Joondalup (5.8%). This is illustrated in the following figure.

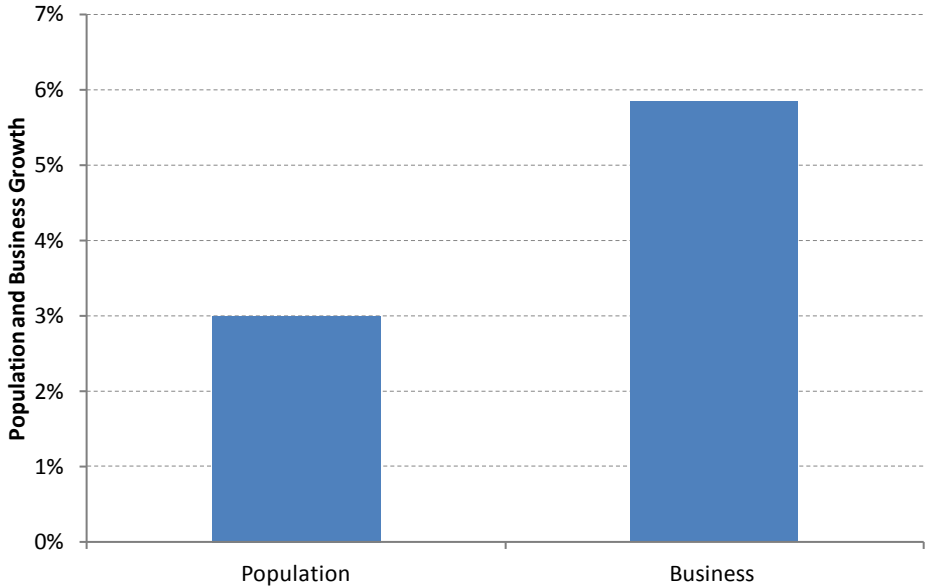


Figure 25 Population and Business Registrations Growth from 2009 – 2012, City of Joondalup

¹⁶ ABS (2012), Count of Businesses, Cat No 8165.0, Australian Bureau of Statistics, Canberra.

7.0 Commercial Office Need Analysis

Commercial office floorspace is required to accommodate core and ancillary office jobs and workers. In this section RPS has modelled current and future need for commercial office floorspace in the City of Joondalup.

7.1 Methodology & Assumptions

RPS has employed a population and labour force-based approach to estimating current and future need for commercial office floorspace in Joondalup. This has taken into consideration journey to work flows from within and outside the primary and secondary catchments as well as current office-based employment self-sufficiency ratios in Joondalup LGA.

The methodology employed to calculate commercial office need is summarised in the following diagram.

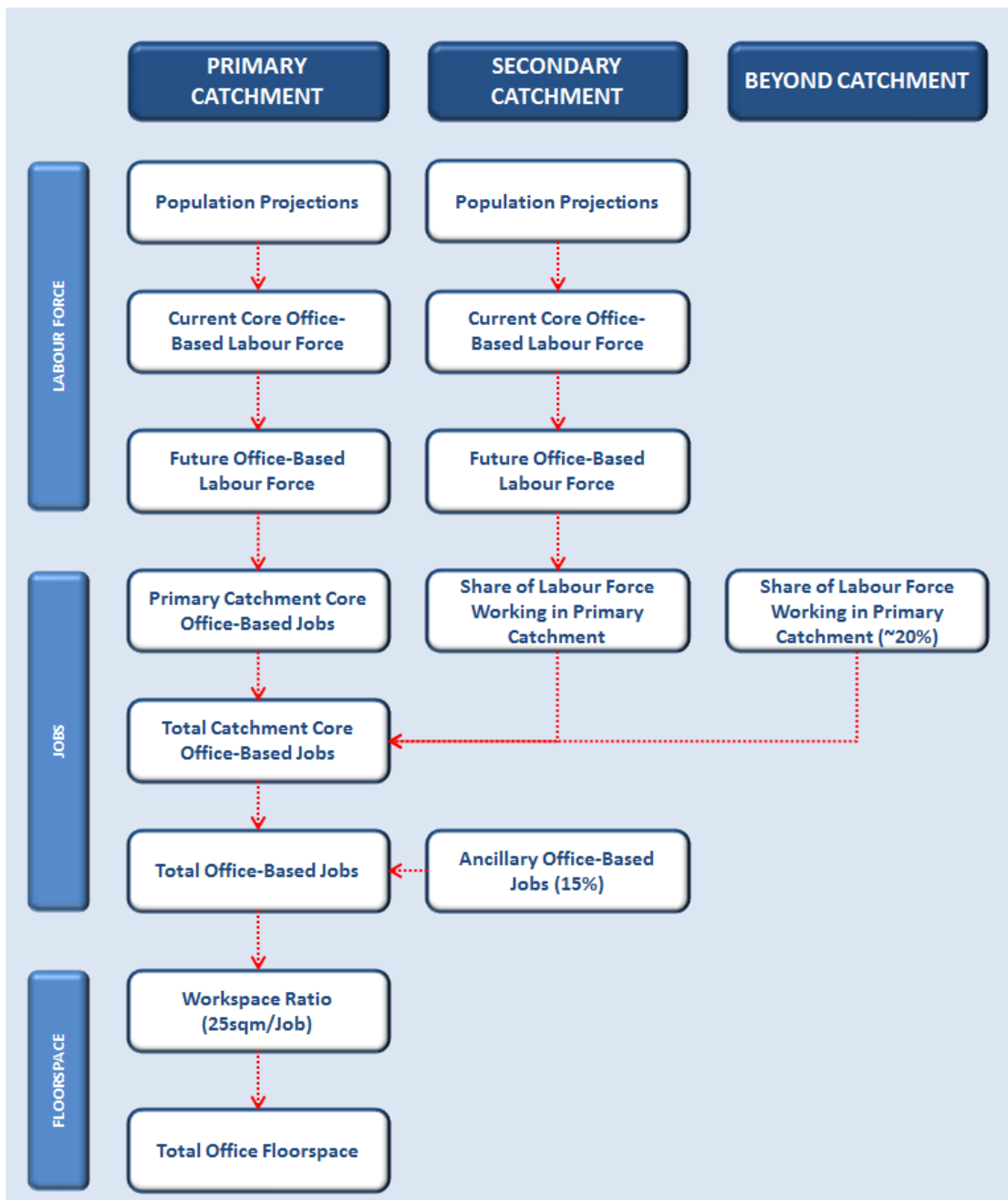


Figure 26 Commercial Office Need Methodology

Note that this methodology calculates non-government, commercial office floorspace need only. Government need is not subject to the same market forces as private and not for profit sectors and therefore cannot be estimated based on the same labour-constrained approach.

The following core assumptions have been made as part of this analysis:

- Current workforce-to-population ratios and core-office shares of labour force remain consistent for each catchment for the assessment period.
- Current office-based employment self-sufficiency for Joondalup remains consistent for the assessment period.
- The share of office-workers in the Secondary Catchment employed in Joondalup remains consistent for assessment period.
- Beyond Catchment shares of office demand in Joondalup starts at 10.0% of office demand in 2011 before climbing to current share of office-based employment in 2026.
- Ancillary office demand – demand originating from non-core occupations and industries – is estimated at 15%, in line with historical capital CBD shares¹⁷.
- Workspace ratio (floorspace per worker) of 25sqm in line with suburban office/business park floorspace.
- Vacancy rate of 5% across the Primary Catchment, for both public and private sectors.

These assumptions are inherently conservative and defensible and are therefore suitable for use in strategic investment decision making. The results of this methodology are outlined in the sections below.

7.2 Commercial Office Floorspace Need

7.2.1 Core Occupied Commercial Office

Based on the application of the methodology outlined above, RPS estimates that core office jobs currently located in the City of Joondalup generate a requirement for over 103,000sqm of Gross Floor Area (GFA). This is comprised of:

- 67,700sqm of demand originating from the Primary Catchment;
- 27,400sqm of demand originating from the Secondary Catchment; and
- 7,600sqm of demand originating from Beyond the Catchment.

This need is projected to grow significantly over the assessment period to 2031, on the back of strong residential population growth in the Secondary Catchment. By 2021, core office floorspace need is projected to increase to 129,000sqm, before accelerating over the following 10 years to reach 183,000sqm by 2031. This represents a net increase in floorspace need over the 18 year period from 2013 of 80,200sqm or 77%.

¹⁷ This assumption is based on the application of this methodology to Capital City CBDs for 5 yearly from 1996 to 2011. The result of 15% represents the average across the Capital Cities during this period and has remained broadly consistent.

7.2.2 Ancillary Occupied Commercial Office

Not all demand for office floorspace in a region can be accounted for by core office workers. Other industries and occupations regularly require dedicated commercial office space as part of their operations. Common sources of ancillary office demand include the following industries:

- Education and Training
- Health Care and Social Assistance; and
- Arts and Recreation Services.

This is particularly relevant for the City of Joondalup, where recent developments (namely 57 Shenton Avenue) have demonstrated the strong demand for commercial office floorspace being generated from Joondalup Health and Education Precincts.

Applying industry standard estimates of the contribution to total office demand of non-core office employment, RPS estimates that the ancillary office market currently generates demand in the City of Joondalup for 18,200sqm. This is projected to increase to 22,800sqm by 2021 and 32,350sqm by 2031.

7.2.3 Total Occupied Commercial Floorspace Need

Based on the results of core and ancillary office floorspace need assessments above, RPS estimates that there is a total current need for commercial office floorspace in the City of Joondalup of 121,300sqm GFA. This is projected to increase to 152,200sqm by 2021 and 215,700sqm by 2031. This is illustrated in the figure below.

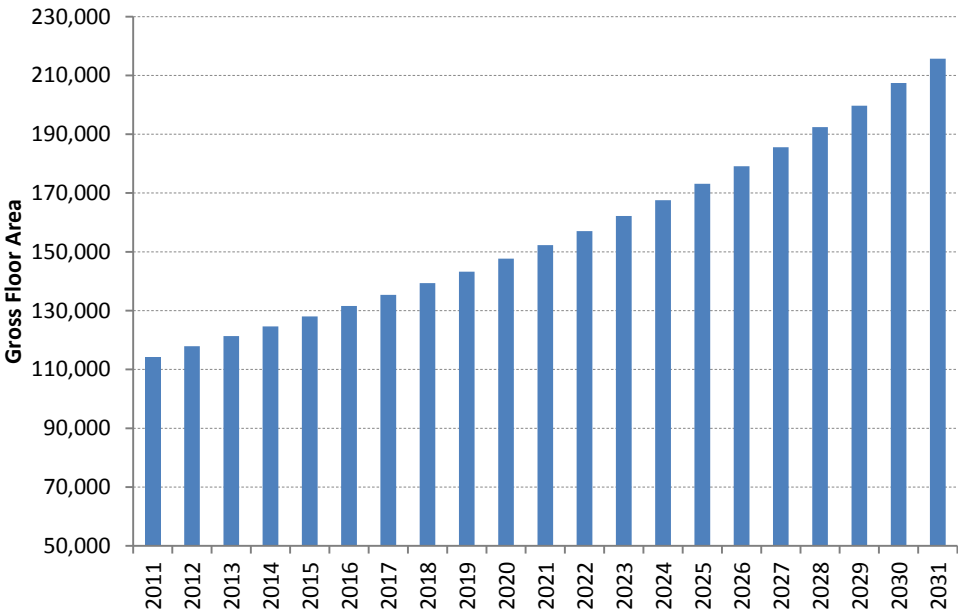


Figure 27 Total Occupied Commercial Office Floorspace Need, City of Joondalup, 2012-2031

7.3 Vacant Floorspace

Any office market is never going to have a vacancy rate of zero. At any time, office floorspace is vacant for a range of reasons. According to Y Research, the current average vacancy rate across the suburban office market of metropolitan Perth is 10.6%. This is more than double that of the CBD. This vacancy is not evenly spread across all office developments with higher quality, newer floorspace experiencing considerably lower vacancy rates than older more established product.

Adjusting for this fact and considering the low vacancy rates of Government related offices, RPS has assumed a 5% vacancy rate for the Joondalup area for the assessment period. This equates to 7,750sqm in 2013, increasing to 8,000sqm by 2021 and 11,350sqm in 2031.

7.4 Total Commercial Office Floorspace Need

Combining commercial and Government office floorspace need and adjusting for vacant floorspace, RPS estimates that there is currently sufficient demand for 127,700sqm of office floorspace in Joondalup LGA. This is projected to increase to 160,200sqm by 2021 and 227,000sqm by 2026. This is illustrated in the figure below.

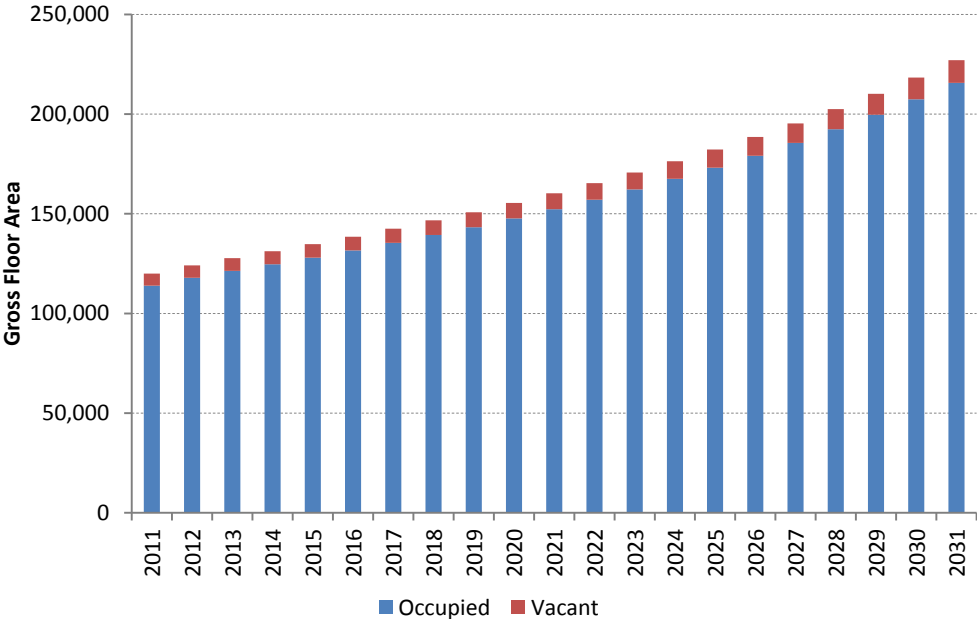


Figure 28 Total Office Floorspace Demand, City of Joondalup, 2011-2031

8.0 Commercial Office Supply & Gap Analysis

Joondalup is already recognised as a major suburban office market in Greater Perth, a role that will likely further intensify in the medium term in response to the strategic significance of Joondalup City Centre in the activity centres hierarchy and transport congestion, land cost and other development factors. This section analyses information on known commercial office supply in the City to estimate the current and future potential market gap.

8.1 Land Use & Employment Survey

A review of the results of the 2008 survey of Land Use & Employment by the Department of Planning, indicate that there was approximately 149,800sqm of office floorspace at that time¹⁸. However, only 107,800sqm was located in commercial complexes. The remainder of this floorspace is not regarded as commercial office floorspace and instead is comprised of:

- Government floorspace;
- Floorspace associated with the administration of education, health and other public institutions and facilities; and
- Floorspace that forms an ancillary component of industrial, entertainment or retail activities.

New office supply between 2008 and 2013 has generally been limited in suburban Perth, as the effects of the GFC on development viability and suburban market vacancy and rental rates undermined new supply entering the market. As such, RPS considers the level of supply in 2013 to be only slightly above that in the 2008 survey.

As expected, commercial office floorspace supply is highly concentrated with Joondalup City Centre accounting for 61,000sqm or 57.5% of total supply in the LGA. The next highest share of supply was Sorrento Quay (7,125sqm) followed by the Secondary Centres of Warwick (6,095sqm) and Whitfords City (5,967sqm).

¹⁸ DoP(2010), Land Use & Employment Survey 2008, Department of Planning, Perth

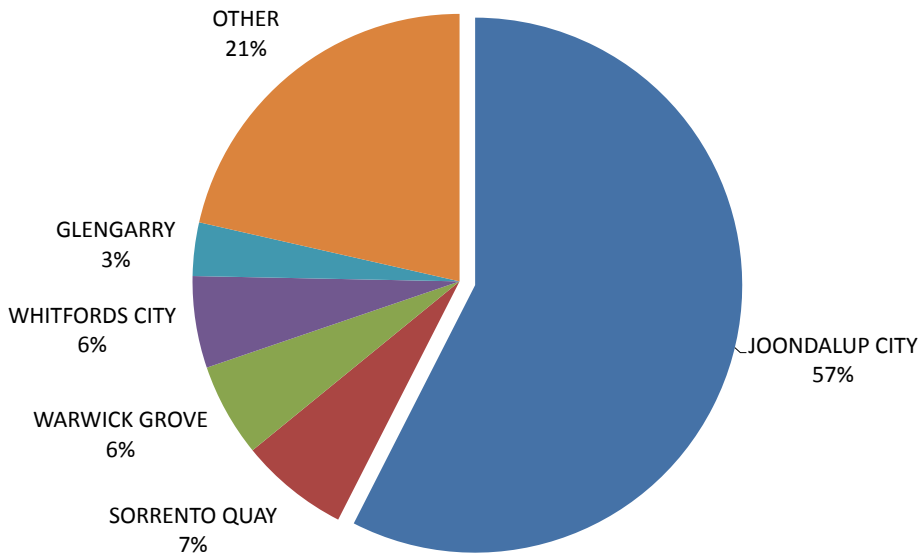


Figure 29 Distribution of Commercial Office Floorspace, by Location, 2008

8.2 Market Gap

Based on current estimated supply and need, RPS considers the Joondalup commercial office market to have a small supply shortage of up to 10,000sqm. However, the projected growth in total floorspace need to in excess of 227,000sqm in 2031 is expected to increase this market gap to 42,500sqm in 2021 and almost 110,000sqm by the end of the assessment period. This is illustrated in the figure below.

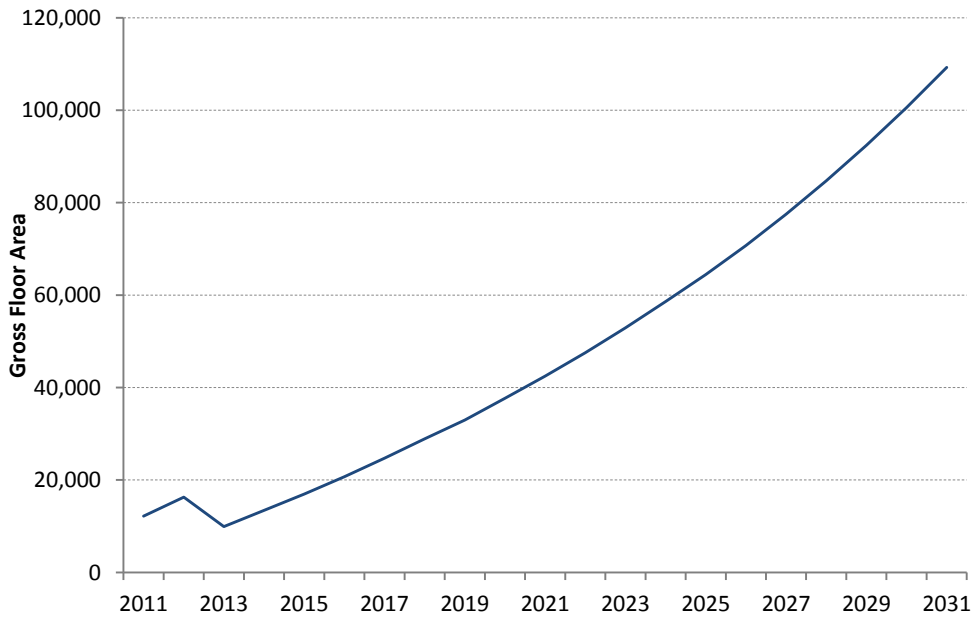


Figure 30 Commercial Office Floorspace Supply Gap, City of Joondalup, 2011-2031

This represents the net increase in commercial office floorspace that must be accommodated by the City of the period to 2031.

9.0 Location Criteria & Analysis

This section establishes a spatial criteria for the identification and assessment of current and potential locations of commercial office development in the City of Joondalup and provides an indicative distribution of office floorspace across identified locations.

9.1 Criteria for Commercial Office Development

SPP 4.2 confirms the primacy of the Joondalup City Centre, as a Strategic Metropolitan Centre, in the distribution of commercial office floorspace in the City of Joondalup. This corresponds with the current distribution in the City (refer to section 8.1). Future commercial office floorspace development should therefore continue to be concentrated in the City Centre in the medium and long-term.

However, towards the end of the assessment period, the Joondalup office market is likely to have reached a critical mass that will justify greater segmentation and distribution of floorspace in the City. Additionally, strategic locations around the City are likely to be suitable for commercial office development, particularly around train stations, sites with highway frontage and concentrations of retail and amenity.

Developers, investors and tenant groups commonly assess the attractiveness and suitability of a location for commercial office based on a range of criteria. These criteria include:

- High exposure location – on a highway frontage;
- Collocated with Anchor Activities – like Government offices, health and education institutions etc.;
- Collocated with Amenities – such as major retail, parks etc
- Concentrated around Public Transport Nodes – in line with TOD principles, maximising the size of tenant labour force catchments; and
- Large Land Parcels – providing flexibility in the type and structure of office development including supporting parking.

9.2 Recommended Future Locations & Timing

Based on the location criteria outlined in section 9.1, existing and potential Commercial Office locations were identified and summarised. This is outlined in the table below.

Table 6 Commercial Office Locations Assessment

Location	Profile	Suitability	Expansion Capacity
Joondalup City Centre	Principal location of future commercial office development in the City, in line with SPP 4.2 and current concentration. Four main Precinct's identified		
City Centre	Core of the City Centre adjacent Lakeside Joondalup and Council Administration buildings. Strategically located sites available, including Council car parks, suitable for intensive commercial office development.	High	High
Health Precinct	Health anchored commercial office precinct along Shenton Avenue opposite and adjacent Joondalup Health Precinct. Viability recently demonstrated by Shenton House. Vacant sites as well as redevelopment opportunities available.	High	Moderate
Education Campus	Education anchored commercial office precinct. Currently limited supply though significant opportunities along Grand Boulevard, including vacant sites and car park redevelopments.	High	Moderate
Edgewater	Current Bulky Goods retail development though long term potential for transition to Commercial Office once the office market within the Central Core and City Fringe districts of the City Centre have reached a critical mass to justify major office floorspace at this location. The relocation of Bunnings to occur in the short term. Collocated with Edgewater train station and with high exposure off Mitchell Freeway and Ocean Reef Road.	Moderate	Moderate
South East Suburbs	Minor, medium term potential for South East suburbs, particularly at Warwick and Greenwood train stations, collocated with Centro Warwick.	Moderate	Low
South West Suburbs	Limited capacity for South West suburbs to accommodate additional commercial office development. Shop retail remains highest and best use for Whitfords while other centres are at effective capacity. Some opportunity around Whitfords train station, though more likely in the long-term and constrained by POS.	Low	Low
Western Suburbs	Currently limited office supply in Western Suburbs location with proximity to City Centre likely to impact viability in the medium to long-term. Limited exposure to passing traffic as well as lack of major public transport nodes.	Low	Low
Northern Suburbs	Short-to-medium term potential, namely in Currambine. Highway and Burns Beach Broad exposure and collocation with major train station provides opportunities, with vacant sites and redevelopment potential	Moderate	Moderate

Location	Profile	Suitability	Expansion Capacity
	available.		

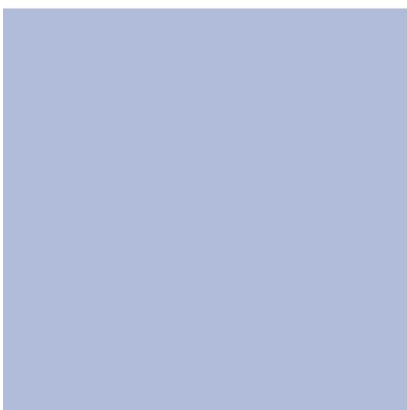
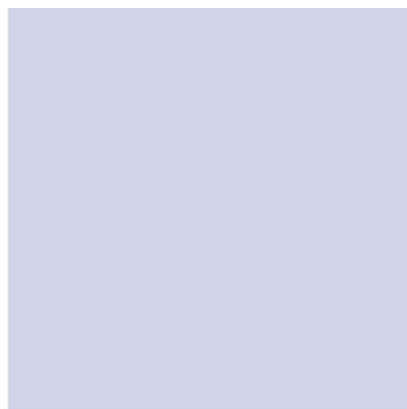
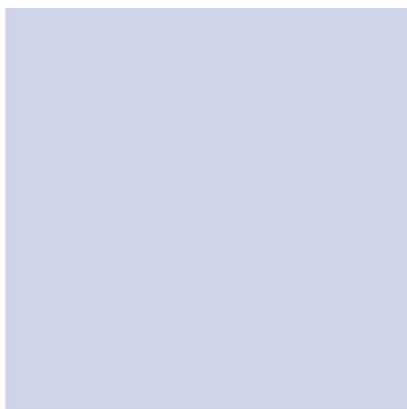
Based on this assessment of the suitability and expansion capacity of current and potential Commercial Office locations within the City, RPS recommends the following indicative floorspace distribution be used by the City of Joondalup to inform the Local Planning Strategy.

Table 7 Recommended Floorspace Distribution, Commercial Office Locations, City of Joondalup

Centre	Current Size (sqm 2008)	Recommended Size (sqm)
Joondalup City (Excluding Edgewater) City Centre Health Precinct Education Campus	61,990	180,000
Edgewater	285	20,000
South East Woodvale Kingsley Greenwood Warwick	10,338	15,000
South West Hillarys Padbury/Whitfords Duncraig Sorrento Marmion	14,287	15,000
Western Ocean Reef Connolly Heathridge Mullaloo Kallaroo Beldon Craigie	1,984	4,000
Northern Burns Beach Kinross Iluka Currambine	340	10,000

A summary of these tables along with recommended timing and distribution of Commercial Office floorspace within the City is provided in Appendix 1.

RECOMMENDATIONS



10.0 Recommendations

This report provides a range of development, planning and implementation-related recommendations for the City of Joondalup for both Bulky Goods Retail and Commercial Office.

10.1 Bulky Goods

10.1.1 Retail Needs Assessment

Joondalup has the potential to position itself in the North West Corridor as a high order bulky goods destination, similar to that of Osborne Park. Achieving this objective will require a highly concentrated bulky goods provision, to provide customers with easy access to a critical mass of diverse bulky goods retail.

SPP 4.2 does not expressly require the provision of a retail needs or sustainability assessment for Bulky Goods retail developments. The purpose of the Retail Needs Assessment is to confirm the need for the development within the existing retail supply environment to ensure that the sustainability of the network.

Concentrate bulky goods developments within the City at strategic nodes (as listed at Table 8) to ensure a critical mass of offering to customers. Any developments with a cumulative total of 4,000 sqm GLAR or more outside these locations will require a Retail Needs Assessment.

10.1.2 Ancillary Uses

The attractiveness of bulky goods offering to customers is increasingly dependent on the provision of uses such as convenience retail, café/restaurant and personal services. This is particularly the case for large, diverse bulky good centres of a regional or whole-of-metropolitan significance.

However, such uses must be ancillary to the core role and function of the development and should not compete with established, dedicated shop retail and personal services nodes within the City. The ancillary nature of such uses is determined by the size and position of the offering within the development.

Allow shop retail, café/restaurant and personal services uses within bulky goods developments so long as they remain ancillary in nature and service bulky goods customers.

10.1.3 Car Parking

Bulky goods retail is generally dependent on ample provision of car parking. This reflects the size and scale of many of the goods sold by such retailers, including, but not limited to, gardening equipment, white goods and furniture. However, the position of car parking on a bulky goods site can have significant implications for the visual amenity and pedestrian accessibility of customers.

Review the car parking requirements for bulky goods developments to ensure they are accommodating for customers. Require that parking and servicing, where possible, be primarily located at the rear of the bulky goods developments, sited behind built form, to enhance urban and pedestrian amenity and accessibility.

10.1.4 Use Transition

Bulky goods are commonly a transitory land use, with development shifting to higher density activities like commercial office or apartment-style residential in the long-term. In locations where higher density activity are viable— within walkable distance of public transport nodes and in high amenity areas – the transition of bulky goods to such land uses should be supported by Council.

Put in place a robust and flexible planning framework for strategic bulky goods nodes (as listed at Table 8) to allow for redevelopment and transition to higher intensity commercial activities in the medium to long term, in line with changing market conditions.

10.2 Commercial Office

10.2.1 Distribution

Over the next 20 years, the City of Joondalup will reach a critical mass of commercial office supply that will result in the segmentation of the local market, within the context of broader suburban office market trends in Greater Perth. Non-City Centre floorspace should be concentrated in the first instance around Edgewater train station, in line with TOD principles and co-located with Secondary Activity Centres.

While maintaining the primacy of the Central Core and City Fringe districts of the City Centre, support commercial office development outside of these areas in the medium to long term, in line with changing market conditions and only once the office market within the Central Core and City Fringe districts of the City Centre have reached a critical mass to justify major commercial office floorspace at other specific locations including:

- *Within 200m of Edgewater train station in line with TOD principles (long term)*
- *Co-located within Secondary Activity Centres.*

10.2.2 Redevelopment Potential

Commercial property is attractive to the market and investors as it provides ongoing revenue in the form of commercial rents. Centralised ownership and management also makes associated built form more easily refurbished and redeveloped in the future, in response to both the deterioration of the asset and change market conditions. This assists with Centre regeneration and long-term economic sustainability. The incorporation of residential uses into commercial buildings in line with mixed use principles can undermine this redevelopment potential through fragmentation of ownership and use conflicts.

Investigate the use of strata subdivision restrictions and the introduction of minimum lot sizes as a mechanism for protecting the redevelopment potential of the City Centre where the ultimate land use type and intensity is not achieved.

10.2.3 Ground Floor Activation

Commercial office developments can accommodate considerable numbers of workers, supporting local employment generation and employment self-sufficiency. The attraction and retention of these workers by commercial office tenants can be enhanced through effective delivery of supporting services at the ground floor level, including cafes, restaurants, convenience retail and business services (printers, real estate management etc.). Ground floor activation also improves the impact of commercial built form on the pedestrian environment.

Require the ground floor activation of all commercial office developments within the Central Core City Centre, and all commercial office developments over three storeys outside of the Central Core of the City Centre.

10.2.4 Clustering

The City Centre has a number of drivers of commercial office development, including but not limited to:

- Joondalup Health Precinct;

- Joondalup Education Precinct; and
- Local and State Government administration.

The clustering of development around/within Precincts can allow the economy to capture the benefits of business agglomeration, including economies of scale, local supply chains and market recognition/branding.

Investigate measures that will facilitate clusters of high intensity office development around key drivers of economic activity within the City Centre (as listed in Table 9).

10.2.5 Service Commercial Areas

Campus and low density commercial office development is often attracted to service commercial, bulky goods and industrial areas due to larger contiguous sites and lower underlying land costs. The development of commercial office in lower density employment areas can however create conflicts within existing uses, crowding out key services and activities essential for the functioning of the local economy. As such, restrictions are commonly placed on the scale and built-form type of commercial office development in employment areas.

Restrict commercial office floorspace in bulky goods, service commercial and service industrial areas until market demand exists for secondary office locations outside of the Central Core of the City Centre, except where the floorspace is ancillary to service commercial or service industrial activity.

10.2.6 Car Parking

As a suburban office location, strategically located within the North West Corridor, car parking will be an important early driver of commercial floorspace take-up in the City. This reflects the fact that the public transport network within the broader Corridor is unlikely to be fully established until full residential build out in the long-term, necessitating the continued predominance of car-based travel to the Centre for many workers.

Develop a parking strategy for the City Centre that identifies strategic car parking locations and allows existing car parking areas to transition to higher intensity uses in the medium-long term.

Appendix I

Recommended Floorspace

Table 8 Recommended Floorspace Sizing & Distribution, Bulky Goods Retail, City of Joondalup

Centre	Current Size (sqm)	Recommended Size (sqm)	Timing	Comments
Joondalup Gate/Edgewater	28,000	30,000	5-15 years	Currently anchored by Bunnings which is transitioning from the site in the short-term. Proximity to Edgewater train station raises questions of whether Bulky Goods retail is highest and best use in medium term.
Service Commercial/Winton Road Precinct	20,000	20,000	5-15 years	Existing employment precinct adjacent the City Centre. Primarily service commercial with distributed Bulky Goods, showroom and other large format retail and wholesale businesses.
Whitford City	15,000	15,000	5-15 years	Secondary Centre currently anchored by a Bunnings store. Expansion of large format retail within the Centre is currently spatially constrained and shop retail expansion likely represents highest and best use.
The Gateway	9,500	9,500	5-15 years	Collocated with the new Quadrangle development, though future expansion potential for the site likely limited
Joondalup City Centre	8,600	10,000	5-15 years	Strategic Metropolitan Centre with residential, commercial office and shop retail representing highest and best use. Minor bulky goods supply likely to expand slightly in response to larger format retail offerings by some shop retailers.
Joondalup South	6,500	6,500	5-15 years	Heavily constrained site with limited potential for expansion.
Currambine	3,500	5,000	5-15 years	Currently anchored by a Dan Murphy's store with only a small level of bulky goods currently proposed in the Currambine District Centre. Unlikely to have a significant level of bulky goods in the future.
The Quadrangle/Joondalup Square	0	100,000	0-20 years	Currently under development adjacent to City Centre. Will become primary concentration of Bulky Goods floorspace in City in short-term.
Lot 104	0	10,000	5-15 years	Located on Joondalup Drive opposite Joondalup South. Currently zoned POS though use is under investigation by Council. Potential opportunity for Bulky Goods Retail strip along Joondalup Drive.
Alternative locations (highway locations etc)	5,000	10,000	5-15 years	There is likely to be proposals put forward for bulky goods in other locations around the Joondalup LGA. These proposals should not be dismissed but the large majority of future bulky goods in the municipality should be in critical mass at the locations above. Centres outside this should comply with State Planning Policy 4.2.

Table 9 Recommended Floorspace Sizing & Distribution, Commercial Office, City of Joondalup

Centre	Current Size (sqm, 2008)	Recommended Size (sqm)	Timing	Comments
Joondalup City (Excluding Edgewater) City Centre Health Precinct Education Campus	61,990	180,000	0-20 years	<p>Most commercial office development will occur in and around Joondalup City Centre in the short to longer term. Currently, there is commercial office development potential at the site of the City's Administration Building and car park (11,347sqm), the Lotteries House building and car park (10,087sqm), along with the extension of Joondalup Health Campus and Learning Precinct.</p> <p>In particular, Lot 9000 Grand Boulevard (ECU owned land) provides the opportunity to deliver floorspace to increase strategic employment including knowledge based, higher value jobs. Other potential opportunities to provide strategic employment exist at the Education and Health campuses as well as the corner of Grand Boulevard and Collier Pass.</p>
Edgewater	285	20,000	15-20 years	<p>There is long term potential in Edgewater due to its strategic location along the rail route and potential for residential density. Planning Scheme, structure plan and policies will need to be worded to ensure the primacy of the Central Core and City Fringe Districts of the City Centre is protected until those office markets reach a critical mass to justify major commercial office development in Edgewater. Further, the WA State Budget 2013-14 has allocated \$46.5million over the next three years to construct a new multi-storey car park at Edgewater train station. Further strategic planning is needed for this site.</p>
South East Woodvale Kingsley Greenwood Warwick	10,338	15,000	5-15 years	<p>There is medium term potential for small commercial office development in the South East of the City. In particular, Warwick Centro is located only a kilometre from the train station, and has development potential, particularly in regard to the lots fronting Ellersdale Avenue and Dugdale Street.</p>
South West Hillarys Padbury/Whitfords Duncraig Sorrento Marmion	14,287	15,000	5-15 years	<p>There is medium term potential for further commercial office development in the South West of the City. The Whitford Activity Centre has the most potential, with potential for some office space around Sorrento Quay.</p>

Centre	Current Size (sqm, 2008)	Recommended Size (sqm)	Timing	Comments
Western Ocean Reef Connolly Heathridge Mullaloo Kallaroo Beldon Craigie	1,984	4,000	5-15 years	There is medium term potential for further minor commercial office development in the Western area of the City within the existing neighbourhood and local centres.
Northern Burns Beach Kinross Ilkuke Currambine	340	10,000	0-15 years	There is short to medium term potential for further commercial office development towards the north of the City, particularly due to its relatively close proximity to the city centre and also as a result of high population growth around this area. In particular, Currambine District Centre has the potential for high amenity use due to its strategic location near the Mitchell Freeway and also a growing residential population to the north. There is already land zoned for commercial/business use for potential development.

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