



City of Gold Coast

Centre Improvement Program

Economic Evaluation and Effectiveness Review

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Contents

EXECUTIVE SUMMARY	4
1.0 INTRODUCTION	11
1.1 Background	11
1.2 Project Objectives	11
2.0 CENTRE IMPROVEMENT PROGRAM DESCRIPTION	12
2.1 Burleigh Heads	12
2.2 Chevron Island	13
2.3 Paradise Point	13
2.4 Changes over time / lessons.....	14
3.0 BURLEIGH HEADS – DETAILED EVALUATION	16
3.1 Introduction	16
3.2 Business Audit	16
3.3 Regional Role and Planning.....	17
3.4 Changes to the Centre	18
3.5 Market Metrics	19
3.6 Market Characteristics.....	20
3.7 Social and Related	21
3.8 Analysis and Conclusion	21
4.0 CHEVRON ISLAND	23
4.1 Introduction	23
4.2 Business Audit	23
4.3 Regional Role and Planning.....	24
4.4 Changes to the Centre	25
4.5 Market Metrics	25
4.6 Market Characteristics.....	27
4.7 Analysis and Conclusion	28
5.0 PARADISE POINT	29
5.1 Introduction	29
5.2 Business Audit	29
5.3 Regional Role and Planning.....	30
5.4 Changes to the Centre	31
5.5 Market Metrics	31
5.6 Market Characteristics.....	33
5.7 Social and Related	34
5.8 Analysis and Conclusion	34
6.0 SOCIAL AND BRAND ANALYSIS	36
7.0 COST BENEFIT ANALYSIS	37

7.1	Introduction	37
7.2	Cost Benefit Analysis – Inclusions	37
7.3	Burleigh Heads	38
7.4	Chevron Island	39
7.5	Paradise Point	41
7.6	Summary	42
8.0	RECOMMENDATIONS AND CONSIDERATIONS	44
8.1	Introduction	Error! Bookmark not defined.

Tables

Table 1	Social and Brand Analysis	36
Table 2	Burleigh Heads – Cost Benefit (2004 to 2013)	39
Table 3	Chevron Island – Cost Benefit (2011 to 2013)	40
Table 4	Chevron Island – Cost Benefit (2007 to 2013)	41
Table 5	Three Precincts – Cost Benefit (2003 to 2013)	42

Figures

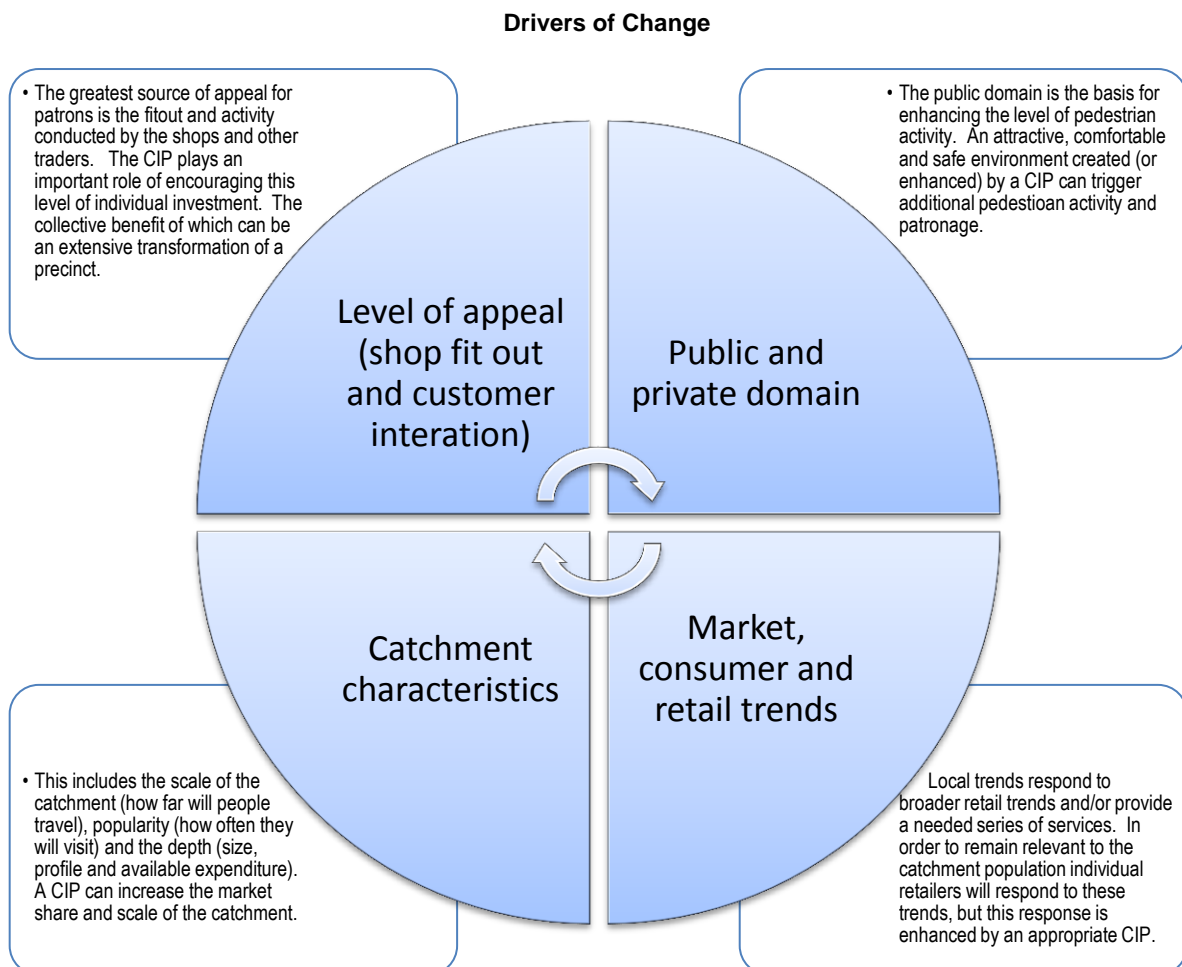
Drivers of Change	4
Figure 1 – Drivers of Change and Appeal	15
Figure 2 - Burleigh Heads, change in floorspace 2000 to 2013	16
Figure 3 - Burleigh Heads, change in numbers of tenants 2000 to 2013	17
Figure 4 - Average Property Value, 2001 to 2013	19
Figure 5 – Median Lot Value, % change over 2001	20
Figure 6 – Chevron Island, change in floorspace 2009 to 2013	23
Figure 7 – Chevron Island, change in numbers of tenants 2009 to 2013	24
Figure 8 - Average Property Value, 2001 to 2013	26
Figure 9 – Median Lot Value, % change over 2001	26
Figure 10 - Paradise Point, change in floorspace 2007 to 2013	29
Figure 11 - Paradise Point, change in numbers of tenants 2007 to 2013	30
Figure 12 - Average Property Value, 2001 to 2013	32
Figure 13 – Median Lot Value, % change over 2001	33

Executive Summary

This report assesses the impacts and benefits of undertaking the centre improvement program (CIP) in the precincts of Burleigh Heads, Chevron Island and Paradise Point.

The CIP works undertaken by Gold Coast City Council are representative of one of four key drivers of change that shape the level of investment and subsequent appeal that determines the trading performance of a typical main street centre. The costs and benefits of undertaking the centre improvement program are directly linked to the return on investment created by the works and how these trigger other responses. A great deal of benefit will be apparent if the CIP works were responsible for unlocking/triggering an investment and patronage response that would not have otherwise occurred. Conversely, a negligible benefit will be apparent if all other forms of investment and the level of a patronage/expenditure is unchanged by the CIP works.

The following figure highlights the main characteristics that shape investment and appeal of any centre. Two of which (shop/tenancy and public/private domain) are internal to the precinct with the characteristics of the catchment and broader market/consumer/retail trends being external drivers. A successful centre will individually and collectively maximise opportunities available in each of these four areas. That is not to say that perfection is mandatory, but rather each needs to be addressed to a sufficient extent in order to maximise the performance of the centre.



It is a role of this cost benefit analysis to “tease out” the impact of the CIP and how (or if) the program has accelerated the other development dynamics.

Detailed description of each precinct

Burleigh Heads	Description and Characteristics		
Precinct Description	<p>A diverse main street precinct that service a range of functions including:</p> <ul style="list-style-type: none"> ▪ Impulse retail. ▪ Food and Beverage Services (extensive). ▪ Professional Services (including medical, banks) and general businesses located in commercial office space. ▪ Personal Services. ▪ Fashion and Homewares (mainly independent / non chain) <p>The central precinct of Burleigh Heads supports 20,900 Sq M of retail and office space.</p>		
CIP Description	<p>Works were completed in two stages from April to December 2003. Expenditure was \$1,417,870.</p>		
Shaping Factors	<ul style="list-style-type: none"> ▪ Loss of post office and redevelopment of site to general retail. ▪ Introduction of paid car parking in the early 2000's. ▪ Considerable development on the Highway and beachfront precincts (external to the central area) occurred in the period 2000 to 2006. 		
Changes - 2000 to 2013	<ul style="list-style-type: none"> ▪ Floorspace in the precinct has remained stable ▪ Increase in the number of retailers from 132 to 144 ▪ Increase in food/beverage, health and fashion ▪ Decrease in services and general retail 		
Turnover and Market Shares	<p>Total turnover of \$75 to \$85 million in 2013</p> <ul style="list-style-type: none"> ▪ Tourists - 30% of total turnover (approximately \$24 million expenditure) ▪ Regional residents - 25% of total turnover (approximately \$20 million expenditure) ▪ Local residents - 45% of total turnover (approximately \$36 million expenditure) 		
Cost Benefit Modelling			
Discount Rate	4%	6%	8%
Total Costs	\$1,827,147	\$1,792,673	\$1,759,475
Total Benefits	\$71,943,320	\$62,029,325	\$53,749,971
Net Benefits	\$70,116,173	\$60,236,652	\$51,990,496
Benefit Cost Ratio	39.37	34.60	30.55
Internal Rate of Return	220%		
	<p>The CIP undertaken in Burleigh Heads provides a total return to the community that is approximately 35 times greater than the size of the initial investment. This indicates a significant community benefit in both scale and longevity. The overall benefit of \$62 million¹ in the reporting period includes:</p> <ul style="list-style-type: none"> ▪ an additional \$12.8 million in rent paid to landlords ▪ an additional \$13.7 million of trade profit ▪ total additional wages for local workers of \$33.6 million 		
Employment	<p>The overall employment base of Burleigh Heads is estimated to have increased from 600 EFT 2004 to 800 EFT in 2013. This increase of 200 EFT would see the total precinct wages increased by \$8 million-\$10 million per annum in 2013.</p>		
Returns to Owners	<p>It is estimated that the average rent for a retail property in Burleigh Heads has increased from \$600 per square metre in 2004 to \$800 per square metre 2013. Both of these are constant 2013 dollars. It is further assessed that this increase was triggered in large part by the CIP and subsequent private sector investment with the total of this amount included in the cost benefit analysis.</p>		
Returns to Traders	<p>An increase in annual turnover (in constant dollar terms) to \$80 million for the Burleigh Heads precinct will see an increase in annual profitability in the order of \$5 million per annum.</p>		
Conclusion	<p>Although Burleigh Heads would have undertaken some level of change in response to broader retail trends, it is considered that CIP was instrumental in unlocking and bringing forward an extensive amount of development potential and employment. The extensive repositioning of Connor Street has been instrumental in creating an expansive dining precinct in Burleigh Heads that now includes a significant lunch/dinner offering that was not previously in place in the core area.</p>		

¹ Using a discount rate of 6%

Chevron Island	Description and Characteristics		
Precinct Description	<p>A diverse main street precinct that service a range of functions including:</p> <ul style="list-style-type: none"> ▪ Impulse retail ▪ Food and Beverage Services ▪ Professional Services (including medical, banks) ▪ General Retail ▪ Fashion (mainly independent / non chain) <p>The central precinct of Chevron Island supports 14,300 Sq M of retail and office space.</p>		
CIP Description	<p>Works were undertaken in the period September 2011 to September 2012 Expenditure was \$2,200,000</p>		
Changes - 2011 to 2013	<p>Chevron Island has seen little physical expansion or tenancy turnover since the works were conducted in 2011 and 2012.</p>		
Turnover and Market Shares	<p>Total turnover of \$42 to \$47 million in 2013</p> <ul style="list-style-type: none"> ▪ Tourists - 20% of total turnover (approximately \$7.9 million expenditure) ▪ Regional residents - 25% of total turnover (approximately \$9.9 million expenditure) ▪ Local residents - 55% of total turnover (approximately \$21.8 million expenditure) 		
Cost Benefit Modelling			
Discount Rate	4%	6%	8%
Total Costs	\$2,219,350	\$2,177,476	\$2,137,152
Total Benefits	\$5,020,796	\$4,803,144	\$4,599,543
Net Benefits	\$2,801,446	\$2,625,668	\$2,462,390
Benefit Cost Ratio	2.26	2.21	2.15
Internal Rate of Return	112%		
	<p>In the 2 years since the CIP was undertaken there has been a total return to the community that is approximately 2.2 times greater than the size of the initial investment. Given the short time frame this indicates a moderate community benefit. The overall benefit of \$4.8 million² in the reporting period includes:</p> <ul style="list-style-type: none"> ▪ an increase of \$1.64 million in rent paid to landlords ▪ an increase in \$770,000 million of trade profit ▪ an increase in wages for local workers of \$1.7 million 		
Employment	<p>The overall employment base of Chevron Island is estimated to have increased from 530 EFT 2011 to 550 EFT in 2013. This increase of 20 EFT would see the total precinct wages increased by \$0.8 million-\$1 million per annum in 2013. In line with the other indicators it is likely that the employment base of Chevron Island would have declined over this period in the absence of the CIP.</p>		
Returns to Owners	<p>It is estimated that the average rent for a retail property in Chevron Island has increased from \$600 per square metre in 2011 to \$650 per square metre 2013. Both of these are constant 2013 dollars. It is further assessed that this increase was likely to have reversed a decline in the average rents that was in place in the period prior to the CIP.</p>		
Returns to Traders	<p>An increase in turnover (in constant dollar term) to \$45 million for the Chevron Island is a minor increase that has occurred in the 2 years since the CIP was undertaken. This increase in turnover is assumed to have increased profitability in the order of \$0.5 million. Similar to the reasoning above, the increased profit likely masks a decline that might have occurred in the absence of the CIP.</p>		
Conclusion	<p>Chevron Island caters to a distinct local catchment as well as regional residents and tourists. The CIP has enabled Chevron Island to remain attractive to customers (especially the latter two groups) at a time when a lack of investment would normally trigger a slight decline in economic performance and local employment. The benefits of the CIP are maximised by the collective marketing of the precinct by the traders association. This CIP has triggered private sector investment including store relocations and expansions, collectively these actions have serviced to expand the appeal and performance of Chevron Island.</p>		

² Using a discount rate of 6%

Paradise Point	Description and Characteristics		
Precinct Description	<p>A diverse main street precinct that service a range of functions including:</p> <ul style="list-style-type: none"> ▪ Impulse retail (food and groceries) ▪ Food and Beverage Services (extensive) ▪ Health Services ▪ General Retail ▪ Fashion (mainly independent / non chain)Food and Beverage Services <p>The central precinct of Paradise Point supports 12,700 Sq M of retail and office space.</p>		
CIP Description	<p>Works were undertaken in the period September 2007 to November 2008. Expenditure was \$3,165,000.</p>		
Changes - 2007 to 2013	<ul style="list-style-type: none"> ▪ The Ephraim Island community was established in the period 2003 to 2008. ▪ Development of an in-centre mixed use retail/residential building on the corner of Bruce and Grice Avenues was completed in 2007. This occurred on the site of a disused service station. 		
Turnover and Market Shares	<p>Total turnover of \$45 to \$50 million in 2013</p> <ul style="list-style-type: none"> ▪ Tourists - 15% of total turnover (approximately \$7.2 million expenditure) ▪ Regional residents - 25% of total turnover (approximately \$12 million expenditure) ▪ Local residents - 60% of total turnover (approximately \$28.8 million expenditure) 		
Cost Benefit Modelling			
Discount Rate	4%	6%	8%
Total Costs	\$3,600,972	\$3,533,030	\$3,467,603
Total Benefits	\$19,528,827	\$17,721,463	\$16,126,819
Net Benefits	\$15,927,855	\$14,188,433	\$12,659,216
Benefit Cost Ratio	5.42	5.02	4.65
Internal Rate of Return	73%		
	<p>In the 6 years since the program was undertaken, Paradise Point has a total return to the community that is approximately 5 times greater than the size of the initial investment. Given the time frame this indicates a modest community benefit. The overall benefit of \$17.7 million³ includes:</p> <ul style="list-style-type: none"> ▪ an increase of \$3.9 million in rent paid to landlords ▪ an increase in \$3.2 million of trader profit ▪ an increase in wages for local workers of \$9.6 million 		
Employment	<p>The overall employment base of Paradise Point is estimated to have increased from 450 EFT 2007 to 500 EFT in 2013. This increase of 50 EFT would see the total precinct wages increased by \$2.0 million-\$2.5 million per annum in 2013. In line with the other indicators it is likely that the employment base of Paradise Point would decline over this period absent of the CIP.</p>		
Returns to Owners	<p>It is estimated that the average rent for a retail property in Paradise Point has increased from \$440 per square metre in 2007 to \$500 per square metre 2013. Both of these are constant 2013 dollars. It is further assessed that this increase was likely to have reversed a decline in the average rents that was in place the period prior to the CIP.</p>		
Returns to Traders	<p>An increase in turnover (in constant dollar term) to \$48 million for the Paradise Point is a modest increase that has occurred in the 6 years since the CIP was undertaken. This increase in turnover is assumed to have increased profitability in the order of \$1.5 million. Similar to the reasoning above, the increased profit likely masks a decline that might have occurred in the absence of the CIP.</p>		
Conclusion	<p>Although there has been a positive cost benefit ratio for the CIP Paradise Point, the overall result is more modest compared to the other assessed precincts and considering the time the project has had to generate positive impacts. This is attributed to both the scale of the initial investment and the more contained nature of the Paradise Point retail catchment.</p>		

³ Using a discount rate of 6%

Summary of Benefits and Impacts

The following table provides the monetised assessment associated with the Cost Benefit Analysis.

Three Precincts – Cost Benefit (2003 to 2013)

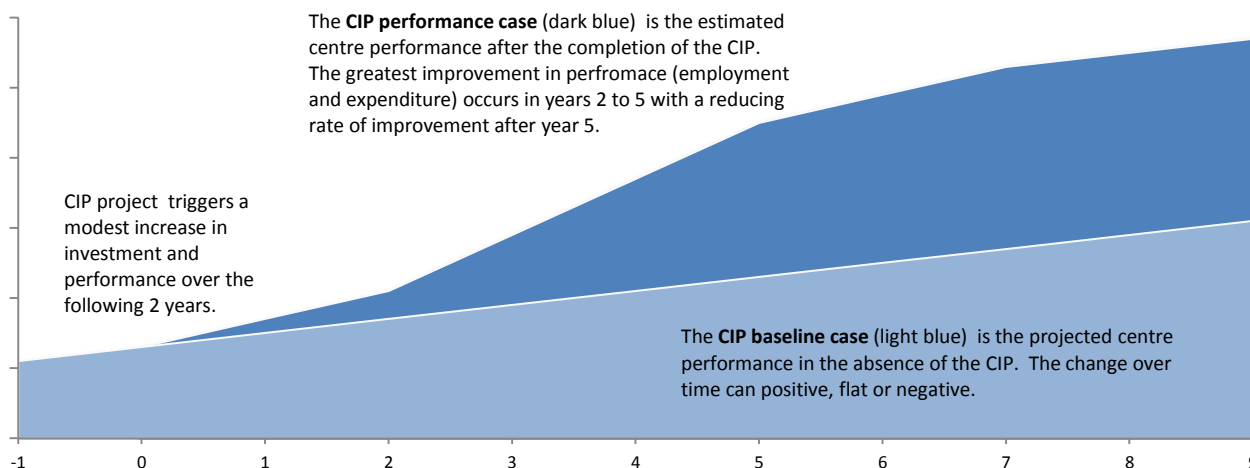
Discount Rate	4%	6%	8%
Total Costs	\$6,528,053	\$5,958,439	\$5,463,984
Benefits	\$92,305,290	\$79,079,936	\$68,088,654
Net Benefits	\$90,477,021	\$77,286,162	\$66,328,099
Benefit Cost Ratio	14.1	13.3	12.5
Internal Rate of Return	222%		

Overall Benefits and Evaluation

In the 10 years since the program was first undertaken in Burleigh Heads the total return to the community for the CIP at the three identified centres is approximately 13 times greater than the size of the initial investment. This indicates a strong community benefit. The overall benefit of \$80 million⁴ includes:

- An increase of \$17 million in rent paid to landlords.
- An increase in \$16.7 million of trader profit.
- An increase in wages for local workers of \$42.2 million.

The CIP is responsible for increasing the appeal of each centre and this in turn improves the rental return to landlords, increases the profits of traders and expands the number of local employees. The impact of the CIP in generating the additional demand is illustrated as follows:



The additional benefits of the CIP are described as follows:

- Every dollar invested by the local land owners generates a return of \$25 in additional rent (on average) over the 10 year assessment period.
- Every dollar invested by the local land owners generates a return of \$24 in additional profit (on average) to traders over the 10 year assessment period. This improvement in trading performance is triggered by new investment undertaken by traders.
- The CIP budget (\$5.5m) for the three centres evaluated has produced an additional 1,350 person years of employment to date.

⁴ Using a discount rate of 6%

An evaluation of the cost benefit analysis indicates the following:

- The CIP is a unifying element which provides maximum benefits when applied to main street precincts with multiple owners. These precincts have the capacity to change over time because of the multiplicity of owners, sites and tenants that can individually respond to new opportunities. The potential for this response is reduced in small and/or single owner centres.
- The CIP (upgrades, repair, replacement, new inclusions) mirrors the actions undertaken by centre owners of enclosed or single owner shopping centres. This role naturally falls to the Council as owner of the public domain. Main street centres without this level of investment can appear tired, unappealing or unsafe. Single owner or standalone centres require investment from the owner as the 'public' space is usually part of the private realm.
- The CIP provides the greatest level of benefit when undertaken in pedestrian places and those precincts seeking an attractive physical environment to enhance the food and beverage and general shopping offer. These precincts also offer the opportunity to park the car in a convenient location once and shop around.
- Greatest benefit is achieved when the precincts are multifunctional and cater to the diverse range of needs of their target catchments. In this way, the benefits of the CIP are distributed amongst a range of businesses and their customers. This also means that the Council is not in the business of "picking a winner" when trying to upgrade a single purpose precinct.
- The greatest level of benefit occurs in a centre that caters (naturally) to a number of markets and variably sized catchments. A successful CIP will attract a greater patronage base that might have otherwise have shopped in a different location or undertaken a different activity.
- The benefits of the CIP take time to evolve (typically 2 to 3 years). The public sector investment acts to guide private sector investment and this takes time to unfold once the CIP is completed. The lesson here is that many business owners wait to see the results prior to committing their own money.
- A minor concern is that a misdirected CIP design could be seen as a cliché or kitch. While certain design elements included in the various CIP's are certainly not universally loved, over time these are minor enough in nature to have faded into the background. The assessment here is that the CIP should rely on a larger number of smaller elements as opposed to the "one big thing" that may fail to achieve the required design objectives.
- Of the three precincts investigated, the benefits provided by Paradise Point are far more modest in comparison to Burleigh Heads and Chevron Island. This is attributed in part to the timing of the program. However, it is recognised that the benefits to the community would be more extensive if the overall programme cost was lower. A diminishing return on investment is apparent when the budget is large in comparison to the size and function of the precinct.

Recommendations

- Link the scale of the CIP to the potential upside available to each precinct in terms of expanded customer base, the potential for new patronage and the location/offer of a nearby competitive centres. Alternatively, increase the level of local landowner contribution on those occasions where larger scale community benefits are unlikely.
- Grade potential CIP precincts in terms of their potential return on investment and overall likely community benefit. Where possible, undertake those programs with the largest benefit during times of generally weak economic performance. Smaller (and perhaps more niche) CIP projects can be undertaken at other times.
- Work closely with the shopkeepers and tenants to determine their interest in undertaking new investment in the precinct. This can take the form of remerchandising, relocations and new fit outs. It is this level of activity (in concert with the revisions to the public domain) that increases the level of public benefit.
- The greatest level of community benefit will likely occur in precincts with a strong sense of community identity that are well recognised by potential customer groups. These features should form part of the

overall analysis of the timing, scale and inclusions for future CIP projects.

- The benefits of the CIP projects will be enhanced when they are undertaken in locations with a direct interface between the shop the public domain. This interaction between pedestrian and business enhances the level of benefit created by the CIP. At this scale, small things can make a large difference.
- It would appear that it is necessary for the CIP to revisit precincts 7 to 10 years after the initial works. In this way the precincts can remain appropriate to the needs of the catchment, supportive of newly emerging and appropriate retail trends and provide a changing feel to the public domain.

Conclusion

It is difficult to overestimate the importance of the CIP in enhancing the appeal of the selected activity centres and the role they play in the community and economy of the Gold Coast. Consequently, any public expenditure on the CIP must be viewed through a wide lens of public and private benefit. This benefit is also linked to the obligation that the Council has to maintain (and enhance) the public realm. The costs of which are absorbed within the CIP budget.

In terms of the cost to benefit ratio (13 to 1) and the extensive public, social, economic, and private benefits that accrue from enhanced local centres and subsequent private investment, the argument for the CIP is considered compelling. While this assessment is necessarily based on numerous estimates and assumptions it is also considered that no combination of new assumptions will undermine the previous statement. However, the decision making and design process can be improved with further evidence regarding how the scale and inclusions of the CIP generate maximum returns for the community.

I.0 Introduction

This report has been prepared in response to a tender issued by the City of Gold Coast.

I.1 Background

The City of Gold Coast has been conducting the Centre Improvement Program (CIP) for approximately 10 years. The key components of this program include:

- Consultation with the local landowners and business community to help shape the design and inclusions.
- The local landowners pay one third of the costs via a levy which is applied for 10 years.

This analysis consists of a review of information collected by the Council prior to the implementation of the CIP within the subject centres and detailed current information compiled by the Council and RPS. The three centres chosen by Council for evaluation are:

- Burleigh Heads
- Chevron Island
- Paradise Point

The CIP has a generally favourable reputation with those members of the community that have been involved in the facilitation and implementation of the program.

I.2 Project Objectives

To assess the economic benefits derived from the CIP with respect to value for money, return on investment and lessons learned.

2.0 Centre Improvement Program Description

The initial component of the analysis as to describe the three centres and the scale and inclusions of the respective CIP.

2.1 Burleigh Heads

Item	Description
Location	The main street precinct of Burleigh Heads general bounded by Connor, West, Park and the Gold Coast Highway.
Role and Function	A diverse main street precinct that service a range of functions including <ul style="list-style-type: none"> ▪ Impulse retail. ▪ Food and Beverage Services (extensive). ▪ Professional Services (including medical, banks) and general businesses located in commercial office space. ▪ Personal Services. ▪ Fashion and Homewares (mainly independent / non chain)
Scale and Scope	The central precinct of Burleigh Heads supports 20,900 Sq M of retail and office space.
Employment (2014 estimate)	The central precinct of Burleigh Heads hosts an estimated 800 EFT jobs.
Recent notable activities	<ul style="list-style-type: none"> ▪ Loss of post office and redevelopment of site to general retail. ▪ Introduction of paid car parking in the early 2000's. ▪ Considerable development on the Highway and beachfront precincts (external to the central area) occurred in the period 2000 to 2006. This was focused on the establishment of major short stay/permanent residential accommodation, some with ground floor retail and commercial space.
CIP program	
Timing	Works completed in two stages: <ul style="list-style-type: none"> ▪ Connor Street – April 2003 ▪ West Street – Dec 2003
Expenditure	\$1,417,870
Rate Payer Contribution	\$300,000 payable over 10 years (22% of total)
Inclusions	<p>These works included extended footpaths at the street corners to narrow the intersections for pedestrian safety as well as the introduction of shade trees, artworks, seating and lighting.</p> <p>A new centre median was constructed with parallel parking on either side replacing the old centre parking and allowing for large shade trees and planting to enhance the amenity of the centre.</p> <p>Artworks and furniture by Steven Hall, Eric Green and the Dare Gallery add richness to the centre.</p> <p>West Street, In December 2003 works along the service road connecting the Gold Coast Highway and West Burleigh Road were completed, introducing large shade trees and extended footpaths significantly enhancing the alfresco dining in this area.</p>

2.2 Chevron Island

Item	Description
Location	The main street precinct of Chevron Island centred on Thomas Drive and general bounded by Barranbali, Mawarra, Karloo and Burra Streets.
Role and Function	A diverse main street precinct that service a range of functions including <ul style="list-style-type: none"> ▪ Impulse retail ▪ Food and Beverage Services ▪ Professional Services (including medical, banks) ▪ General Retail ▪ Fashion (mainly independent / non chain)
Scale and Scope	The central precinct of Chevron Island supports 14,300 Sq M of retail and office space.
Employment (2014 estimate)	The central precinct of Chevron Island hosts an estimated 550 EFT jobs.
Recent notable activities	Nothing major since the completion of the CIP works.
CIP program	Chevron Island has seen little physical expansion or tenancy turnover since the works were conducted in 2011 and 2012.
Timing	Works were undertaken in the period September 2011 to September 2012
Expenditure	\$2,200,000
Rate Payer Contribution	\$600,000 payable over 10 years (27% of total)
Inclusions	The scope of the project entails the public space within this area, including footpaths, crossing, traffic islands, roadway, kerb and channel, street lighting, trees, landscaping, planting beds, retaining walls, service reticulation, bollards, seating, tables, garbage bins, signage and car parking.

2.3 Paradise Point

Item	Description
Location	The main street precinct of Paradise Point general bounded by The Esplanade, Bruce Ave, Falkinder Ave and Paul Scanlon Oval.
Role and Function	A diverse main street precinct that service a range of functions including <ul style="list-style-type: none"> ▪ Impulse retail (food and groceries) ▪ Food and Beverage Services (extensive) ▪ Health Services ▪ General Retail ▪ Fashion (mainly independent / non chain)
Scale and Scope	The central precinct of Paradise Point supports 12,700 Sq M of retail and office space.
Employment (2014 estimate)	The central precinct of Paradise Point hosts an estimated 500 EFT jobs.
Recent notable activities	<ul style="list-style-type: none"> ▪ The Ephraim Island community was established in the period 2003 to 2008. ▪ Development of an in-centre mixed use retail/residential building on the corner of Bruce and Grice Avenues was completed in 2007. This occurred on the site of a disused service station.
CIP program	
Timing	Works completed in the period Sept 2007 to November 2008.

Item	Description
Expenditure	\$3,165,000
Rate Payer Contribution	\$700,000 payable over 10 years (22% of total)
Inclusions	The purpose of undertaking a project of this nature in the area is to further build upon the growing outdoor dining and specialist retail precinct and to update the amenity of the area in keeping with current and future development needs.

2.4 Changes over time / lessons

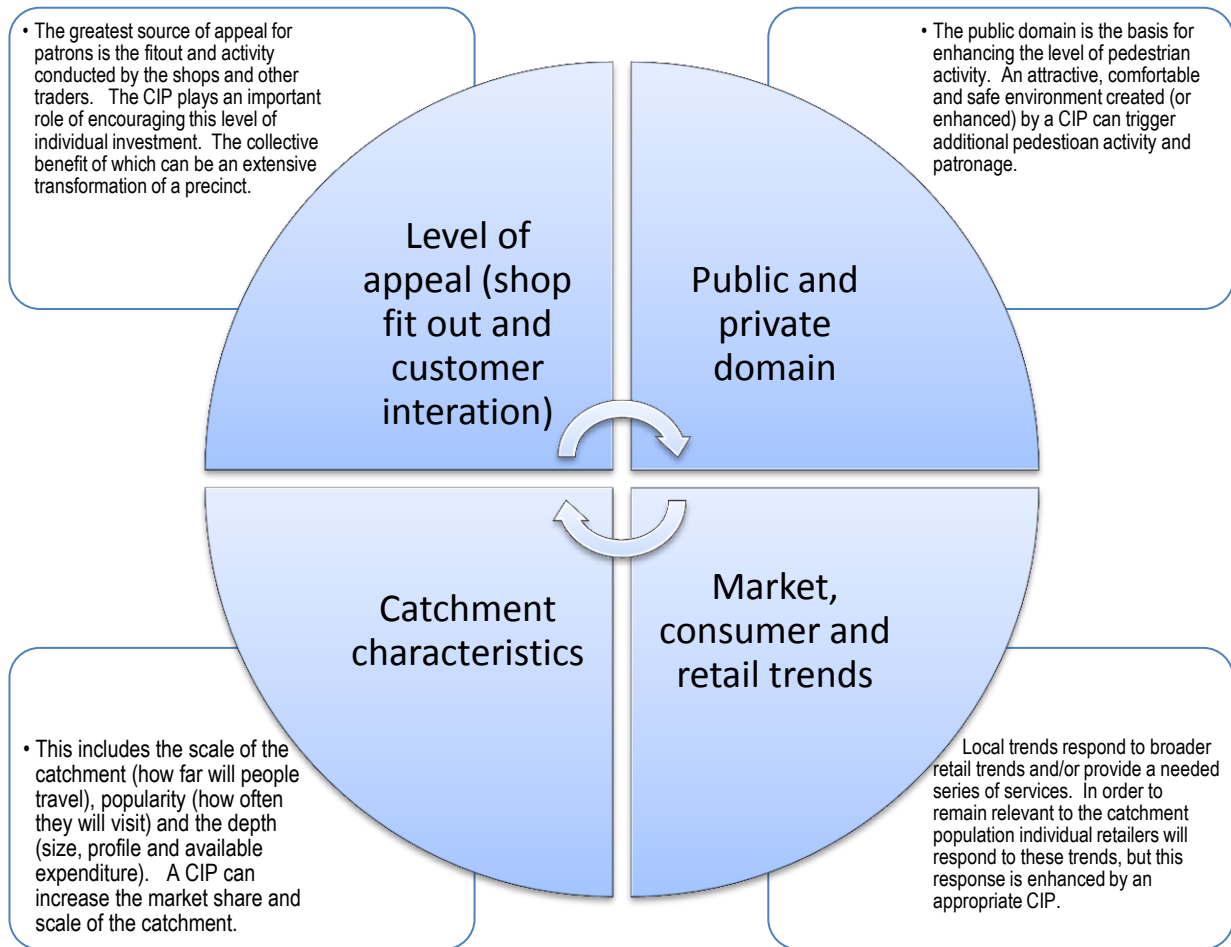
The CIP works undertaken by Gold Coast City Council are representative of one of four key drivers of change that shape the level of investment and subsequent appeal that determines the trading performance of a typical main street centre. The costs and benefits of undertaking the centre improvement program are directly linked to the return on investment created by the works and how these trigger other responses. A great deal of benefit will be apparent if the CIP works were responsible for unlocking/triggering an investment and patronage response that would not have otherwise occurred. Conversely, a negligible benefit will be apparent if all other forms of investment and the level of a patronage/expenditure is unchanged by the CIP works.

Of the four major drivers of change in a main street activity centre, CIP works are included in the Public and Private Domain as the owner of the space is obligated to undertake regular maintenance. The updating of the space is required for the centre to remain competitive by remaining attractive and safe for patrons. This is also seen in single owner standalone (usually enclosed) shopping centres that undergo major refurbishment on a 5 to 10 year cycle.

The following figure highlights the main characteristics that shape investment and appeal of any centre. Two of which (shop/tenancy and public/private domain) are internal to the precinct with the characteristics of the catchment and broader market/consumer/retail trends being external drivers. A successful centre will individually and collectively maximise opportunities available in each of these four areas. That is not to say that perfection is mandatory, but rather each needs to be addressed to a sufficient extent in order to maximise the performance of the centre.

A main street style precinct with a large number of individual landowners provides a series of individual responses to the increased investment in the public realm. This has the potential to create the eclectic appeal that is often prized in these precincts by comparison to the enclosed/single owner retail centres that often provide a more uniform response to the identified drivers.

Figure 1 – Drivers of Change and Appeal



It is a role of this cost benefit analysis to “tease out” the impact of the CIP and how (or if) the program has accelerated the other development dynamics.

3.0 Burleigh Heads – Detailed Evaluation

3.1 Introduction

Burleigh Heads is a traditional main street that has served the needs of residents and visitors for well over 100 years. Decades of retail trends and development has seen James Street and surrounding areas evolve their current role and function.

3.2 Business Audit

In the period 2000 to 2013 the retail footprint of the Burleigh Heads central precinct has increased by 4% to 20,900 Sq M with the number of retail shop front businesses increasing from 132 to 144. This minor increase in floor space is attributed to the retail redevelopment of a single site on Park Road (the Woolworths). The increase in the number of retail shop front businesses is attributed to the closure and subdivision of larger operations into a greater number of smaller retail floor plates. This includes the redevelopment of the post office site. The change in floor space and related allocation is detailed in the following figures:

Figure 2 - Burleigh Heads, change in floorspace 2000 to 2013

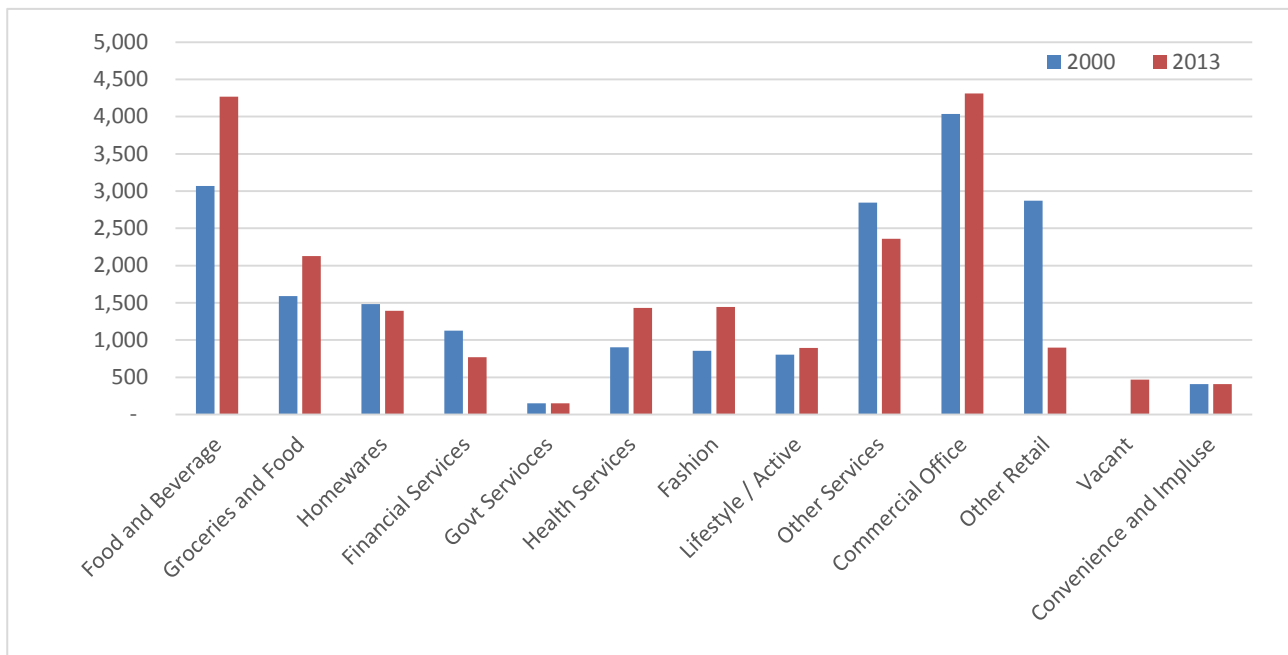
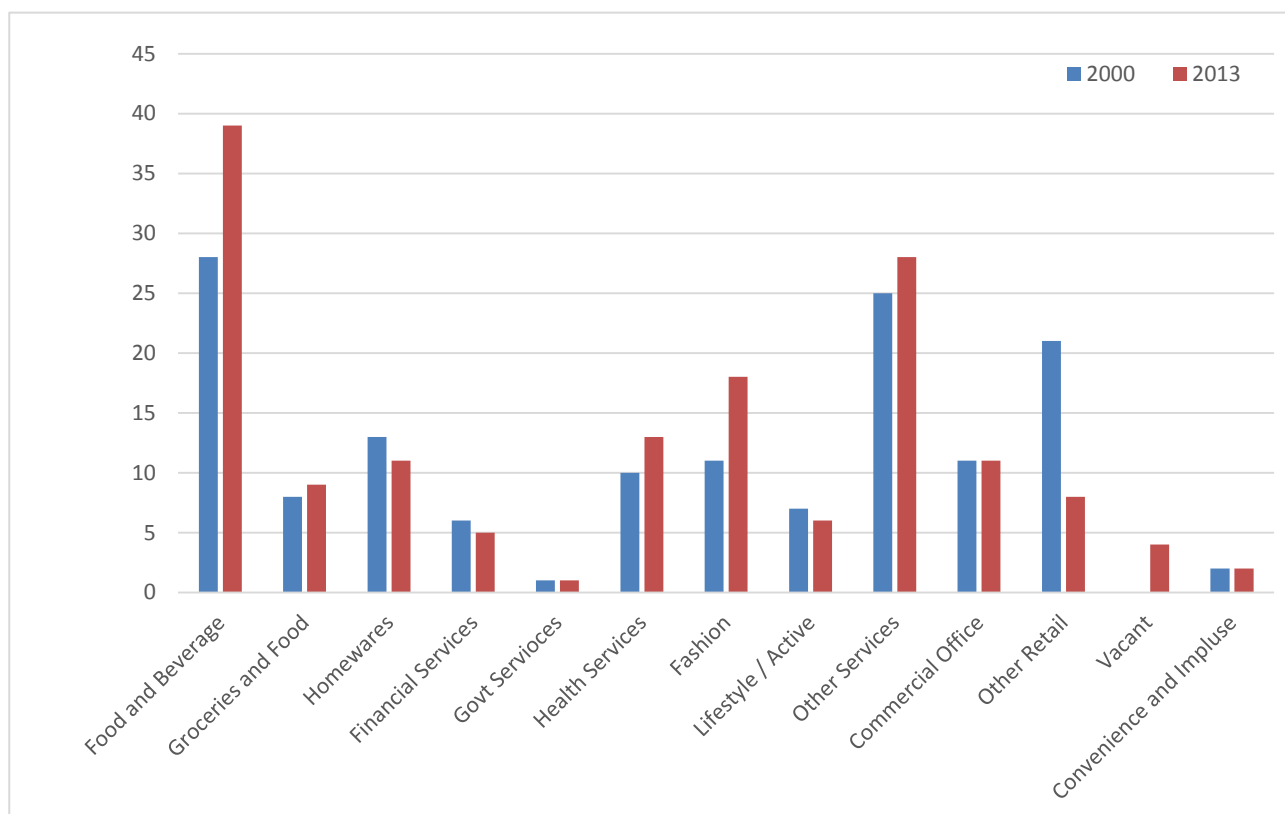


Figure 3 - Burleigh Heads, change in numbers of tenants 2000 to 2013



The increase in the number of food and beverage operations is typical of many Main Street precincts. The evolution of Burleigh Heads as a focus for health services, fashion and other general services is more individualistic and is attributed to the location, resident/tourist customer mix and the attractive/cost-effective alternative to major enclosed shopping centres. The decline in the other retail categories is related to the closure of many comparison and durable goods retailers (including pawnbroker, bookstore, CDs, records and jewellery).

Burleigh Heads has exhibited low levels of vacancies (less than 2%) over both reporting periods. This indicates not only a popular precinct but one where scale and diversity of ownership leads to competition for available tenants. In slow times this has resulted in a reduction of market rents.

Burleigh Heads is a diverse and strongly performing retail and service precinct. The area offers a distinct point of difference from enclosed shopping centres and this is reinforced by the diversity of food and beverage, homewares, fashion and service providers/retailers. The majority of these would not be located in a major enclosed shopping centre. The nearby Stockland Burleigh Heads shopping centre provides discount department store and supermarket tenancies supported by the extensive array of national (mainstream) retail.

3.3 Regional Role and Planning

Burleigh Heads (in combination with West Burleigh) is designated as a subregional centre by the Gold Coast City Council planning scheme. As a subregional centre, these areas are intended to service the catchment of 40,000 to 60,000 people. In the case of Burleigh Heads/West Burleigh the catchment is considered to be driven by two distinct and complimentary features:

- The extensive appeal (to tourists and residents) of Burleigh Heads and the extensive food and beverage,

fashion, and specially offer.

- The appeal (primarily to local residents) of West Burleigh with the mix of retail and bulky goods including Big W, Woolworths and Bunnings.

These two sub precincts combine to provide an extensive and attractive offer to residents and tourists.

3.4 Changes to the Centre

The following changes have occurred to Burleigh Heads since undertaking the SIP program⁵.

3.4.1 Footprint and Expansion

The retail and commercial footprint of the core area of Burleigh Heads has been remarkably stable in the last 10 years. The exception to this is the small Woolworths supermarket constructed on Park Road. This core area lacks the capacity for further physical expansion as it is bounded by major roads, open space and high density residential development. The continued success and popularity of this precinct will likely see retail and commercial rents increase over time.

In the period 2000 to 2007 several nearby major sites were redeveloped primarily for high density residential purposes. The hotel sites were redeveloped with multi-floor residential on top of a ground floor retail mix. In both cases, this retail has been vacant for much of the time since development. However, these areas are external to the popular core area and are separated by distance and/or physical barriers.

3.4.2 Tenants

Although there has been a 7% increase in the number of retail tenants in the reporting period there has been an estimated 60% to 75% change in the actual businesses located in the precinct. In some instances sites have been occupied by three or four separate businesses in this period. While some have relocated (either within the area or to somewhere else on the Gold Coast) the majority have closed and can be considered a failed business. To put this in perspective, it is estimated that approximately 85 to 105 businesses have moved or relocated in the last 10 years. This equates to 8.5 to 10.5 businesses per year, or approximately 6% of the total.

3.4.3 Hours of operation (weekend and at nights)

Burleigh Heads has a prolonged activity cycle that extends from early morning (5 AM) too late in the evening (10 PM to 12 midnight) seven days a week. While this has always been the case, the extended evening trade is now more prevalent due to the number of food and beverage operators.

3.4.4 Safety – real or perceived

Discussions with local traders indicates that the level of perceived and real safety has increased since the completion of the CIP programme. This is particularly the case for Connor Street which has become more heavily trafficked by pedestrians since the completion of the CIP programme which removed the old pergola structures and improved the footpath.

⁵This information was collected primarily by discussions with long-standing tenants, business owners and residents. Consequently, the information has been compiled in a manner to minimise errors and omissions characteristic of this form of data compilation.

3.5 Market Metrics

3.5.1 Rents

Net rents of prime properties in Burleigh Heads are in the range of \$1,200 to \$1,300 per square metre per annum. Rents for secondary locations range from \$600 to \$900 per square metre with small (typically arcade) tenancies in the range of \$200 and \$400 per Sq M.

All those interviewed indicated that the rents had increased significantly in Burleigh Heads over the last 5 to 8 years.

3.5.2 Sales

Burleigh Heads is a tightly held precinct with the average property being owned for 16.7 years. Many of the properties have been in the same ownerships for 40 years plus. There was one reported sale in 2013 with a 405 Sq M James Street site selling for \$1.65 million. As with all commercial properties the value is linked to the rental return of the property. As an example, several similarly sized sites sold in the range of \$2.5 million to \$2.2 million in the period 2008 to 2011. The sites provided a greater commercial return by virtue of their increased retail/commercial footprint.

3.5.3 Unimproved capital value

Given the lack of extensive sales and rental data the unimproved capital value will be utilised in the cost benefit analysis. The following figures detail the unimproved capital value for the properties within the Burleigh Heads core by comparison with all retail/commercial properties on the Gold Coast.

Figure 4 - Average Property Value, 2001 to 2013

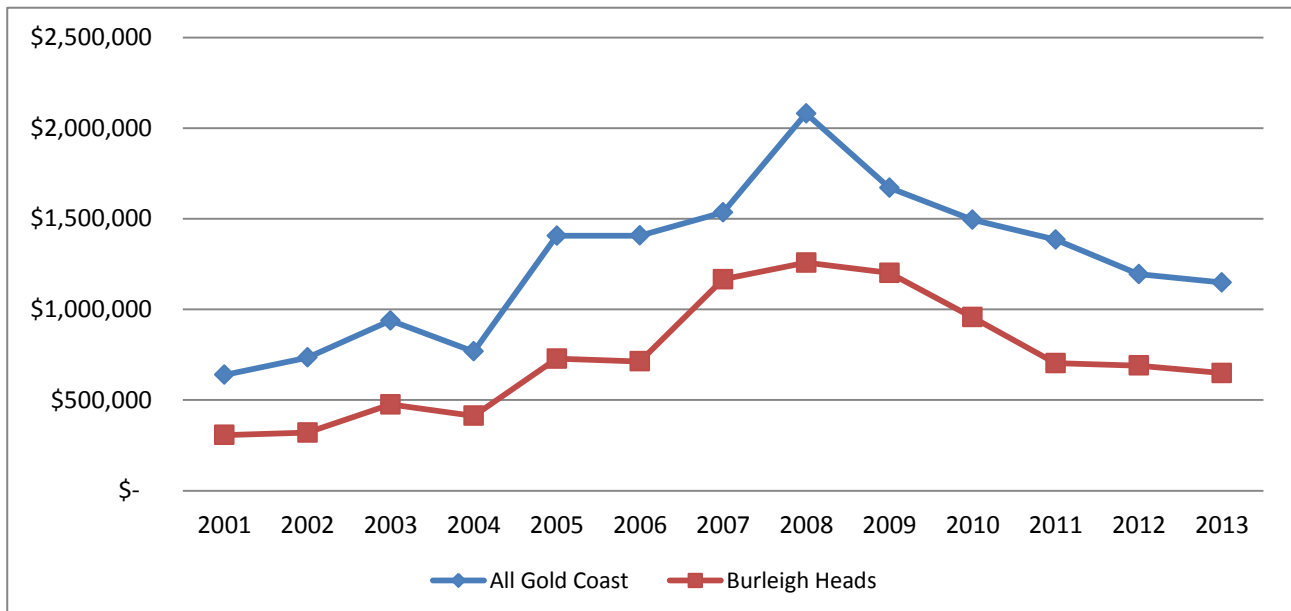
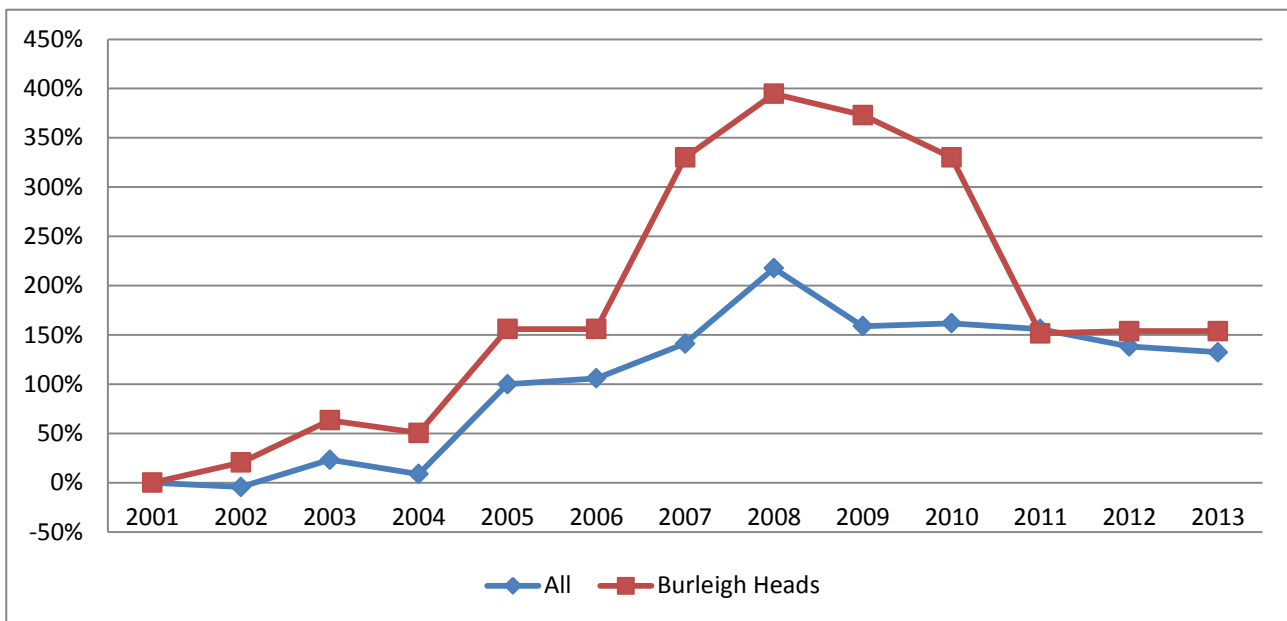


Figure 5 – Median Lot Value, % change over 2001



Burleigh Heads saw a significant increase in median property value in the period from 2006 to 2011. This increase occurred after the CIP programme in 2004. It is possible that the CIP program help “unlock” a significant amount of potential value that was previously being restrained in some way. The return to the underlying Gold Coast City median in 2011 is interesting as this could indicate an erosion of CIP benefits over time or a response to broader retail and economic trends.

3.6 Market Characteristics

The following market characteristics are by necessity a broad estimate. Individual traders and retailers have significantly different performance characteristics and this can equate to a significant range in terms of the type of people served, the extent of the market and how frequently patrons return. Also, individual businesses are typically very reluctant to discuss issues of business performance, rents and other financial matters. The following estimates have been based on the data collected during this program, RPS databases and standard industry assumptions.

3.6.1 Catchment (before and after)

Burleigh Heads serves an extended series of catchments that include:

- local residents (assumed to be residents of the SA2’s of Burleigh Heads and Burleigh Waters)
- tourists (daytrippers, visitors to the region, tourists staying locally)
- Gold Coast residents (other than local) that visit Burleigh Heads for leisure, recreation and dining or to patronise a specific retailer.

The local catchment has a current population (2011) of 23,200 people. The catchment is relatively slow growth having increased by 6.5% (from 21,800 people) 2001.

The change in the function of Burleigh Heads (and the number of new retailers) cannot be attributed to this minor population increase. It is considered that a change in other demographic characteristics (wealth, household characteristics) has had more of a consolidated impact.

3.6.2 Business Performance, Market Share and Market Segmentation

It is estimated that the retail and service businesses located in the Burleigh Heads centre core presently have a total turnover in the range of \$75 million to \$85 million. It is considered that this is a 30% to 35% increase over the likely trading figures of the period before the CIP was undertaken⁶. This increase of \$25 million to \$30 million is attributed to the increased wealth and expenditure of tourists and residents and an increased share of available expenditure attributed to individual and collective actions by traders and the Council.

It is further estimated that the traders of Burleigh Heads have the following consolidated share of expenditure:

- Tourists - 30% of total turnover
- Regional residents - 25% of total turnover
- Local residents - 45% of total turnover

These market shares quote to the following expenditure distribution:

- Tourists - approximately \$24 million expenditure
- regional residents - approximately \$20 million expenditure
- local residents - approximately \$36 million expenditure

The \$36 million spent in Burleigh Heads by local resident's accounts for approximately 13% of the total household expenditure available to this population. This is considered reasonable given the scale of Burleigh Heads, the proximity of major competing centres and the lack of a major supermarket or significant comparison retail offer.

3.6.3 Employment

The central precinct of Burleigh Heads hosts an estimated 800 EFT jobs in 2013. This is an estimated 33% increase from the estimated 600 jobs hosted by the area in 2003. The additional jobs are attributed to an increase in the level of retail and related activity generated by increased expenditure or new (more intensive) retailers and services.

3.7 Social and Related

Burleigh Heads was considered a somewhat staid (daggy) main street occupied mainly by a series of standard retailers and related services. In the 10 years since the completion of the CIP, Burleigh Heads has evolved into an attractive beach side centre that offers a better range of retail and services that is more in keeping with the demands of the local catchment and other sources of market patronage. This has been brought about in large part by understanding the opportunities available to the retailers and traders and the confidence to undertake the required level of investment. The improvement in amenity and safety that was a result of the CIP played a large and decisive role in this evolution.

3.8 Analysis and Conclusion

Burleigh Heads has effectively reached the boundary of the physical footprint of the centre. Any future development will need to be redevelopment to higher density, presumably involving multistorey residential. The physical expansion of the retail core has been proven to be unsuccessful as the retail components of the new mixed use developments have struggled to gain tenants.

⁶ All figure expressed as constant dollars – Dec 2013

Given the cost of site amalgamation and fragmented land ownership patterns significant redevelopment is considered unlikely in the short to medium term. An increasingly popular centre will see greater utilisation of core retail space by more intensive retail operations in line with local and national trends. This has been demonstrated in the last 10 years with lower productivity retail uses (comparison retail, bookstore, video etc) being replaced by higher productivity retail and related uses including enhanced food and beverage services. This has increased the workforce by approximately 30% in the last 10 years from 600 EFTs to the estimated 800 EFTs today.

Burleigh Heads has remained a relevant local centre in a dynamic market and has retained and enhanced the level and extent of patronage from both residents and tourists. More importantly, market segments that have been lost (comparison retail) have been replaced by active and popular segments. Although this has not been without experimentation given the relatively high rate of tenancy turnover.

The centre improvement program has played a key role in underwriting this change by creating an attractive physical environment, removing the worst of the built form in the public realm and helping to give confidence to businesses and lenders seeking to establish a local operation. The CIP program has served to accelerate and enhance the level of redevelopment that might have otherwise occurred.

4.0 Chevron Island

4.1 Introduction

Chevron Island as a main street precinct dates from the 1950's. During that time the scale of the local community and proximity to Surfers Paradise has seen the role and function of this precinct remain fairly constant.

4.2 Business Audit

In the period 2009 to 2013 the retail footprint of the Chevron Island precinct has remained constant at 14,400 Sq M with the number of retail shop front businesses decreasing from 88 to 87. The decrease in the number of retail shop front businesses is attributed to the closure and consolidation of two small stores. The change in floor space and related allocation is detailed in the following figures:

Figure 6 – Chevron Island, change in floorspace 2009 to 2013

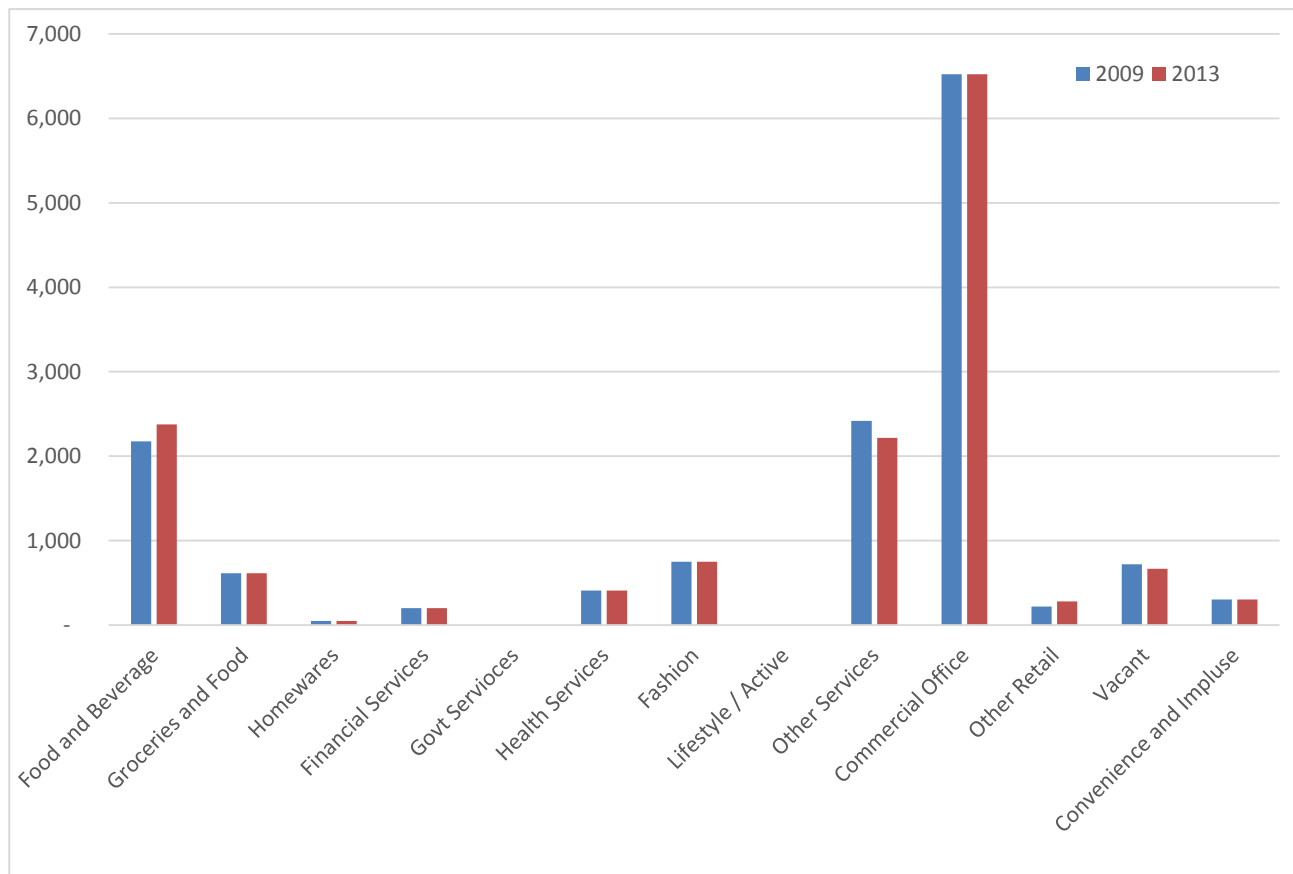
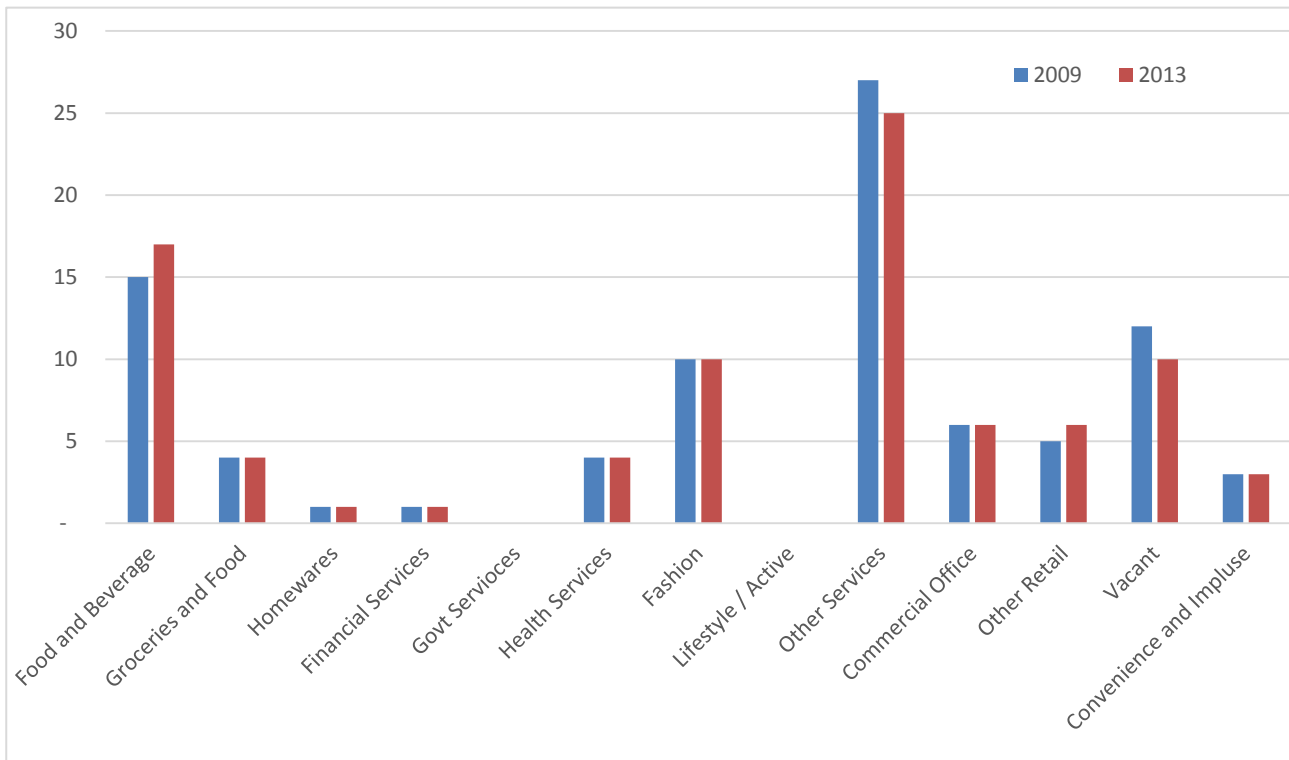


Figure 7 – Chevron Island, change in numbers of tenants 2009 to 2013



The small increase in the number of food and beverage operations is a typical trend. The evolution of Chevron Island as a focus for commercial offices and other services is a response to the centres location proximate to Surfers Paradise while offering higher levels of convenient car access and parking. While the overall mix and floorspace has not changed considerably since 2009, one trend that is noticeable is the improvement in the standard of shop fit out. This has been triggered in some cases by a relocation within the area.

Chevron Island has exhibited moderate levels of vacancies (about 5%) over both reporting periods. This is attributed to the older built form (arcades that offer little exposure) no longer meeting the needs of patrons or businesses.

Chevron Island is a convenience and service precinct with a reasonable representation of fashion retailers. The area offers a distinct point of difference when compared to the nearby retail concentration of Surfers Paradise.

4.3 Regional Role and Planning

Chevron Island is not designated within the activity centre hierarchy is therefore assumed to be a local centre. A local centre is expected to have a catchment of 5,000 to 10,000 people. In the case of Chevron Island, the stated catchment is considered to underrepresent the actual trade area of Chevron Island as this extends well into adjoining suburbs by virtue of its ease of accessibility and available car parking.

4.4 Changes to the Centre

4.4.1 Footprint and Expansion

The retail and commercial footprint of the core area of Chevron Island has been stable since 2009. This core area lacks the capacity for further physical expansion as it is bounded by major roads, open space and medium density residential development. The continued success and popularity of this precinct will likely see retail and commercial rents increase over time.

4.4.2 Tenants

Although the number of tenants has remained constant in the four years since 2009, there has been an estimated 15% change in the actual businesses located in the precinct. It is estimated that approximately one quarter of this change can be attributed to relocations within Chevron Island, with the majority (remainder) of the change attributed to closed and/or failed businesses. To put this in perspective, it is estimated that approximately 12 businesses have moved or relocated in the last 4 years. This equates to 3 businesses per year.

4.4.3 Chevron Island (weekend and at nights)

Chevron Island has a prolonged activity cycle that extends from early morning (5 AM) too late in the evening (10 PM to 12 midnight) seven days a week.

4.4.4 Safety – real or perceived

Discussions with local traders indicate that the level of perceived and real safety has increased since the completion of the CIP programme. This is attributed to a greater number of pedestrians, a 'cleaner' precinct and a more activity in the evenings around the restaurants.

4.5 Market Metrics

4.5.1 Rents

Net rents of prime properties in Chevron Island are in the range of \$700 to \$900 per square metre per annum. Rents for secondary locations range from \$400 to \$600 per square metre with small (arcade) tenancies in the range of \$150 and \$300 per Sq M.

All those interviewed indicated that the rents had increased over the last 4 years.

4.5.2 Sales

Chevron Island is a very tightly held precinct with the average property being owned for 21.4 years. Many of the Thomas Drive properties have been in the same ownerships for 40 years plus. There was one reported sale in 2013 with a 420 Sq M Thomas Drive site selling for \$1.595 million. It is difficult to establish a broader trend that can be attributed to the CIP program as there have only been four reported sales since 2005. However, it appears that the sale price of Chevron Island retail and commercial properties is in line with the valuations of the Gold Coast considering site location, pedestrian traffic, exposure and potential turnover.

4.5.3 Unimproved capital value

Given the lack of extensive sales and rental data the unimproved capital value will be utilised in the cost benefit analysis. The following figures detail the unimproved capital value for the properties within the Chevron Island precinct by comparison with all retail/commercial properties on the Gold Coast.

Figure 8 - Average Property Value, 2001 to 2013

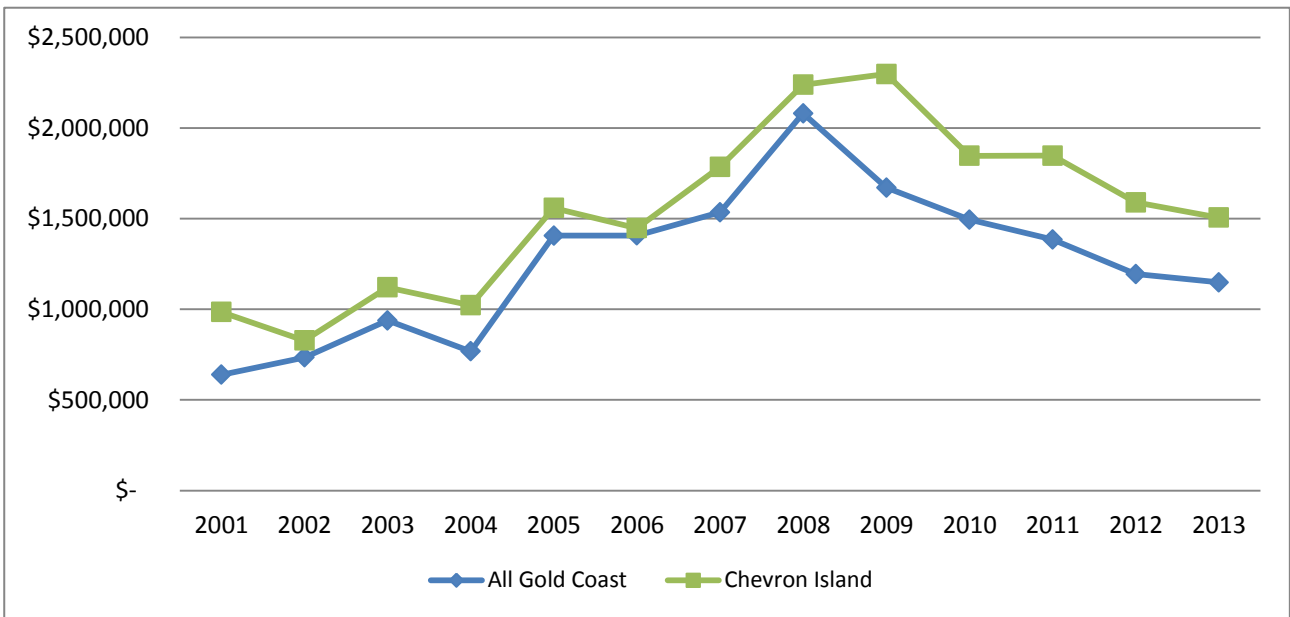
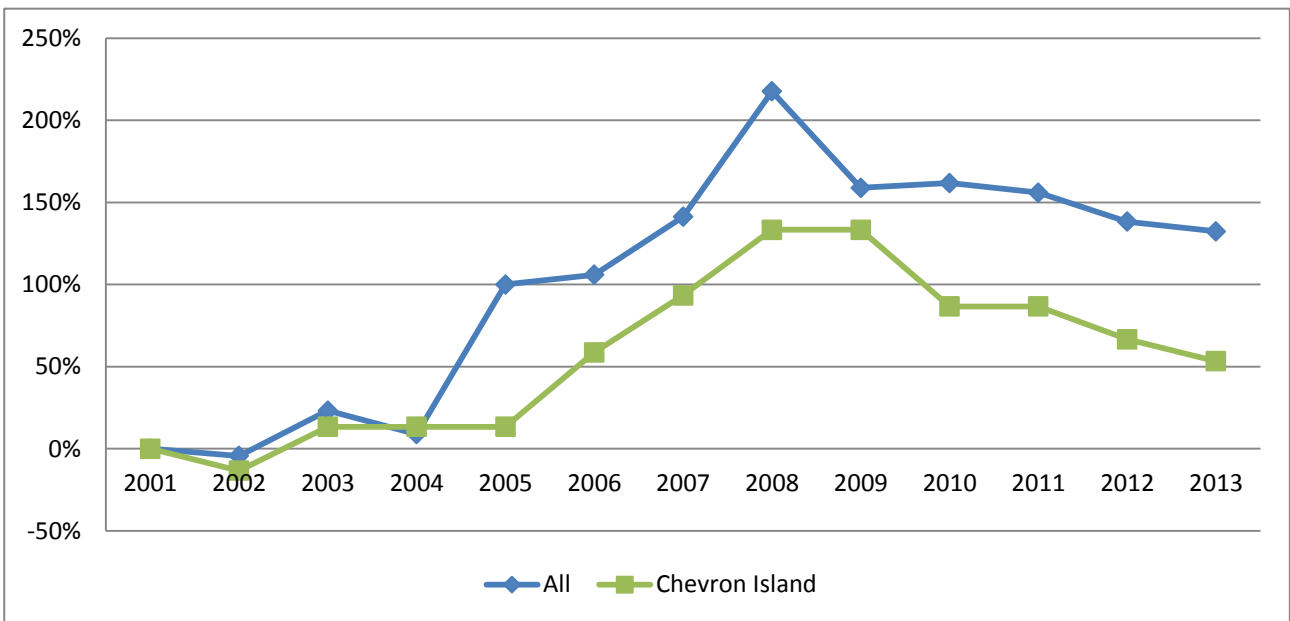


Figure 9 – Median Lot Value, % change over 2001



The UCV of land at Chevron Island closely tracked figures for the Gold Coast in the period to 2009. Since 2009, the average property value for Chevron Island has declined at a lower rate than the average for the Gold Coast (see figure 8). The change in median lot value since 2001 has not mirrored this data. There has been a greater decline in median lot value since 2010 when compared the Gold Coast median. This is attributed to the value of commercial office space which has declined at a greater rate than the average commercial property.

4.6 Market Characteristics

The following market characteristics are by necessity a broad estimate. Individual traders and retailers have significantly different performance characteristics and this can equate to a significant range in terms of the type of people served, the extent of the market and how frequently patrons return. Also, individual businesses are typically very reluctant to discuss issues of business performance, rents and other financial matters. The following estimates have been based on the data collected during this program, RPS databases and the standard industry assumptions.

4.6.1 Catchment (before and after)

Chevron Island serves a series of three (somewhat interrelated) catchments that include:

- Local residents (assumed to be residents of the SA2 of Surfers Paradise). The SA2 boundaries has been used as the local catchment as this provides the best opportunity to assess population change over time. It is recognised that the majority of local customs will likely be resident of Chevron Island, however, the ease of access from the east across the Nerang River means that a portion of this population also visits the centre on a regular basis.
- tourists (daytrippers, visitors to the region, tourists staying locally)
- Gold Coast residents (other than local) that visit Chevron Island for leisure, recreation and dining or to patronise a specific retailer.

The local catchment has a current population (2011) of 28,560 people. The total catchment has declined in population since 2001 (from 30,400).

The decline in the local resident population is a possible explanation for the relatively slow rate of change at Chevron Island.

4.6.2 Business Performance, Market Share and Market Segmentation

It is estimated that the retail and service businesses located Chevron Island presently have a total turnover in the range of \$42 million to \$47 million. It is considered that this is a 3% to 5% increase over the likely trading figures of the period before the CIP was undertaken in 2011⁷. This increase of \$1 million to \$3 million is attributed to the increased share of available expenditure generated by the individual and collective actions of traders and the Council.

It is further estimated that the traders of Chevron Island have the following consolidated share of expenditure:

- Tourists - 20% of total turnover
- Regional residents - 25% of total turnover
- Local residents - 55% of total turnover

These market shares a quote to the following expenditure distribution:

- Tourists - approximately \$7.9 million expenditure
- regional residents - approximately \$9.9 million expenditure
- local residents - approximately \$21.8 million expenditure

The \$21.7 million spent in Chevron Island by local resident's accounts for approximately 6% of the total household expenditure available to this population. This is considered reasonable given the scale of the

⁷ All figure expressed as constant dollars – Dec 2013

precinct, the proximity of major competing centres and the lack of a major supermarket or significant comparison retail offer.

4.6.3 Employment

The central precinct of Chevron Island hosts an estimated 550 EFT jobs in 2013. This is an estimated 4% increase from the estimated 530 jobs hosted by the area in 2011. The additional jobs are attributed to an increase in the level of retail and related activity generated primarily by the CIP and subsequent investment.

4.7 Analysis and Conclusion

The role and function of the Chevron Island retail precinct has remained consistent over the evaluation period (2009 to 2013). This is not surprising given that the role and function of the centre has remained remarkably consistent since it was established in the 1950s. In recent years, the overall patronage base of this precinct has eroded somewhat due to the decline in international and domestic tourism. Additionally, the local Chevron Island population has remained remarkably consistent for the last 10 years.

Given these features it would not be unexpected for the trading performance of Chevron Island businesses and retailers to have declined in the period 2003 to 2013. Instead, it appears that the trading performance of the last four years has been remarkably stable with several local tenants seeking expanded and/or new space within the Thomas drive precinct.

In the period since 2009 several retailers have undertaken significant fit out and refurbishment, this has served to enhance the appeal of the precinct. It is assessed that this fit out and refurbishment has effectively been underwritten by the investment by the Gold Coast City Council the CIP program. This has encouraged local businesses and traders to invest in their operation particularly to attract and retain local patronage.

5.0 Paradise Point

5.1 Introduction

Paradise Point is a main street retail and service precinct that has served the needs of residents and visitors since the 1950's when the area was substantially developed. During this time the role and function of Paradise Point has remained consistent albeit responding to retail trends and changes in consumer behaviour.

5.2 Business Audit

In the period 2009 to 2013 the retail and commercial footprint of the Paradise Point central precinct has increased by 12% to 12,700 Sq M with the number of retail shop front businesses increasing from 92 to 98. This increase in floor space is attributed to a series of mixed use sites (with retail on the ground floor) being established along Grice Ave. The increase in the number of retail shop front businesses is attributed to this greater retail footprint. The change in floor space and related allocation is detailed in the following figures:

Figure 10 - Paradise Point, change in floorspace 2007 to 2013

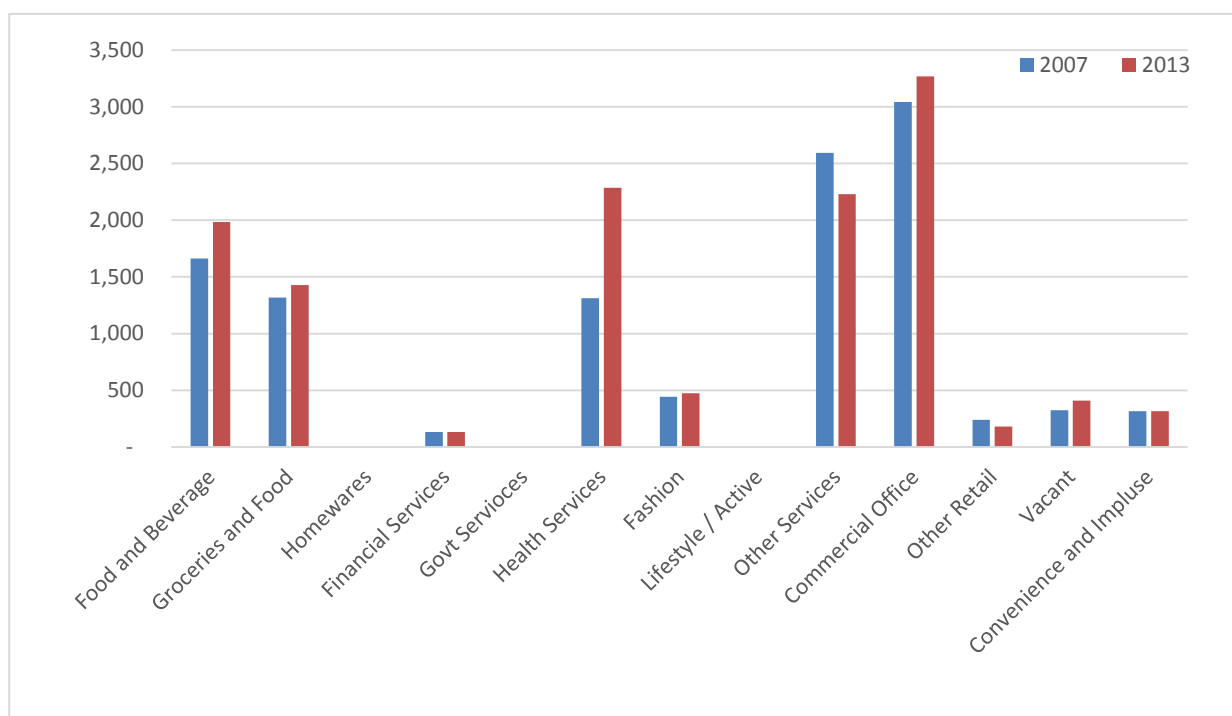
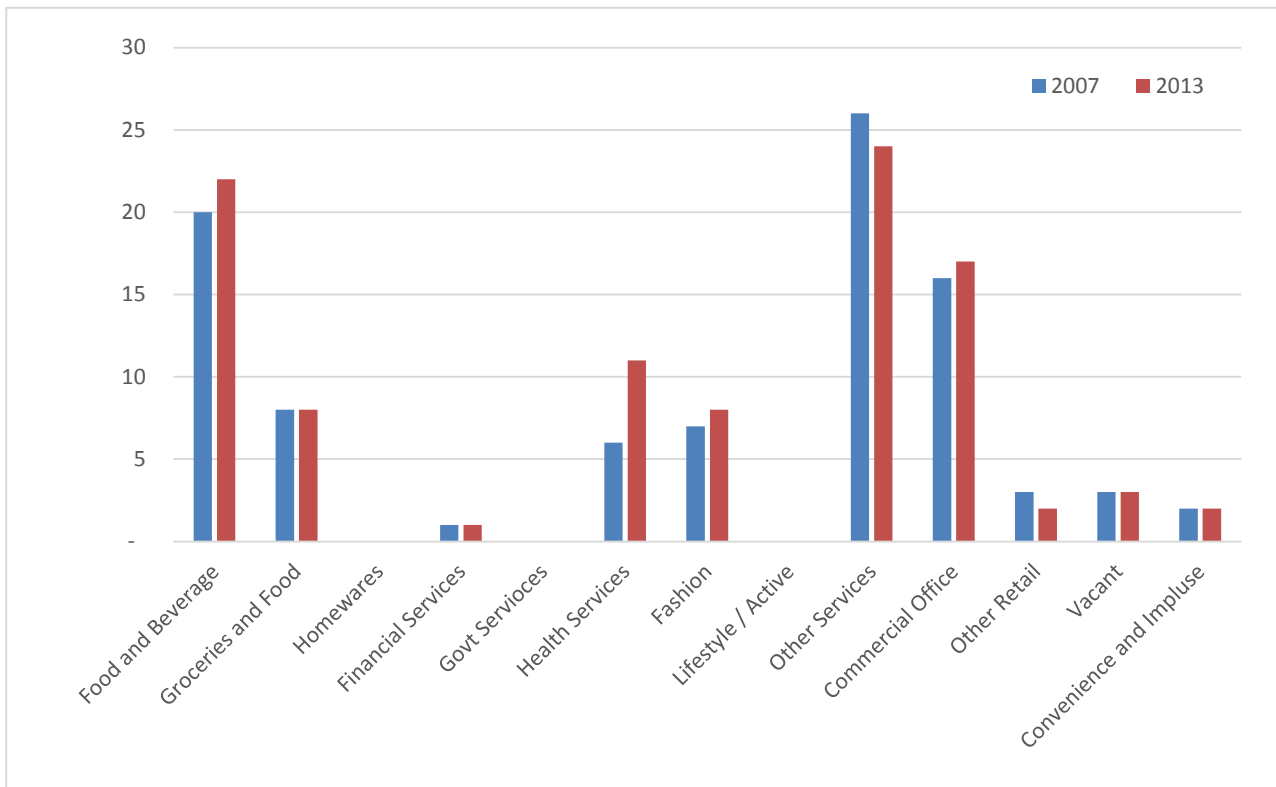


Figure 11 - Paradise Point, change in numbers of tenants 2007 to 2013



The increase in the number of food and beverage operations is typical of many main street precincts. The evolution of Paradise Point as a focus for health services and commercial offices is more individualistic and is attributed to the location, resident demographics and the attractive/cost-effective alternative to major enclosed shopping centres. The decline in the other services category is related to the closure of specialised retailers (bait, travel and hairdresser).

Paradise Point has exhibited low levels of retail vacancies (about 2%) over both reporting periods. This indicates not only a popular precinct but one where scale and diversity of ownership leads to competition for available tenants. In slow times this has resulted in a reduction of market rents.

Paradise Point is a diverse and strongly performing food, health and services precinct. The area offers a distinct point of difference from enclosed shopping centres and this is reinforced by the diversity of food and beverage, health, food and service providers/retail. The majority of these would not be located in a major enclosed shopping centre.

Paradise Point is distinctive when compared to Burleigh Heads and Chevron Island as it offers a greater range of food and grocery retailers. This is attributed to the 'closeness' of the community and the distance to the major supermarkets.

5.3 Regional Role and Planning

Paradise Point is not designated within the activity centre hierarchy is therefore assumed to be a local centre. A local centre is expected to have a catchment of 5,000 to 10,000 people. In the case of Paradise Point, the stated catchment is considered to represent the actual trade area for local residents.

5.4 Changes to the Centre

The following changes have occurred to Paradise Point since undertaking the SIP program⁸.

5.4.1 Footprint and Expansion

The retail and commercial footprint of the core area of Paradise Point has undergone some change since the mid 2000's. This is attributed to the extent and style of growth in the local area (Sovereign and Ephraim Islands), an increased commercial/office footprint and the CIP program. The core area has the capacity for further physical expansion as suitably zoned land is occupied by either converted houses or low intensity retail development.

A major mixed use building was established on the corner of Bruce and Grice avenues. The ground floor retail of this site is partly occupied by medical and related uses and is partly vacant (and has been for some time). This indicates that the rental cost structure is not in line with fundamental the local market (i.e. it is too expensive) or the site is too distant from the retail/commercial core.

5.4.2 Tenants

Although there has been a 7% increase in the number of retail tenants in the reporting period, there has been an estimated 15% change in the actual businesses located in the precinct. By comparison to Burleigh Heads and Chevron Island, Paradise Point has been remarkably stable with respect to tenant turnover. This equates to 2.3 businesses per year, or approximately 2.5% of the total.

5.4.3 Hours of operation (weekend and at nights)

Paradise Point has a prolonged activity cycle that extends from early morning (5 AM) too late in the evening (10 PM to 12 midnight) seven days a week. While this has always been somewhat the case the extended evening trade is now more prevalent due to the number of food and beverage operators.

5.4.4 Safety – real or perceived

Discussions with local traders indicate that the level of perceived and real safety has increased since the completion of the CIP programme. This is particularly the case for Grice Ave which has become more heavily trafficked by pedestrians since the completion of the CIP.

5.5 Market Metrics

5.5.1 Rents

Net rents of prime properties in Paradise Point are in the range of \$700 to \$900 per square metre per annum. Rents for secondary locations range from \$400 to \$600 per square metre with small (arcade) tenancies in the range of \$150 and \$300 per Sq M.

All those interviewed indicated that the rents had remained relatively stable in Paradise Point over the last 5 years.

⁸This information was collected primarily by discussions with long-standing tenants, business owners and residents. Consequently, the information has been compiled in a manner to minimise errors and omissions characteristic of this form of data analysis.

5.5.2 Sales

Paradise Point is a tightly held precinct with the average property being owned for 24 years. Many of the properties have been in the same ownerships for 40 years plus. There have been three reported sales in the last 3 years, and all of these for small strata titled shops.

5.5.3 Unimproved capital value

Given the lack of extensive sales and rental data the unimproved capital value will be utilised in the cost benefit analysis. The following figures detail the unimproved capital value for the properties within the Paradise Point core by comparison with all retail/commercial properties on the Gold Coast.

Figure 12 - Average Property Value, 2001 to 2013

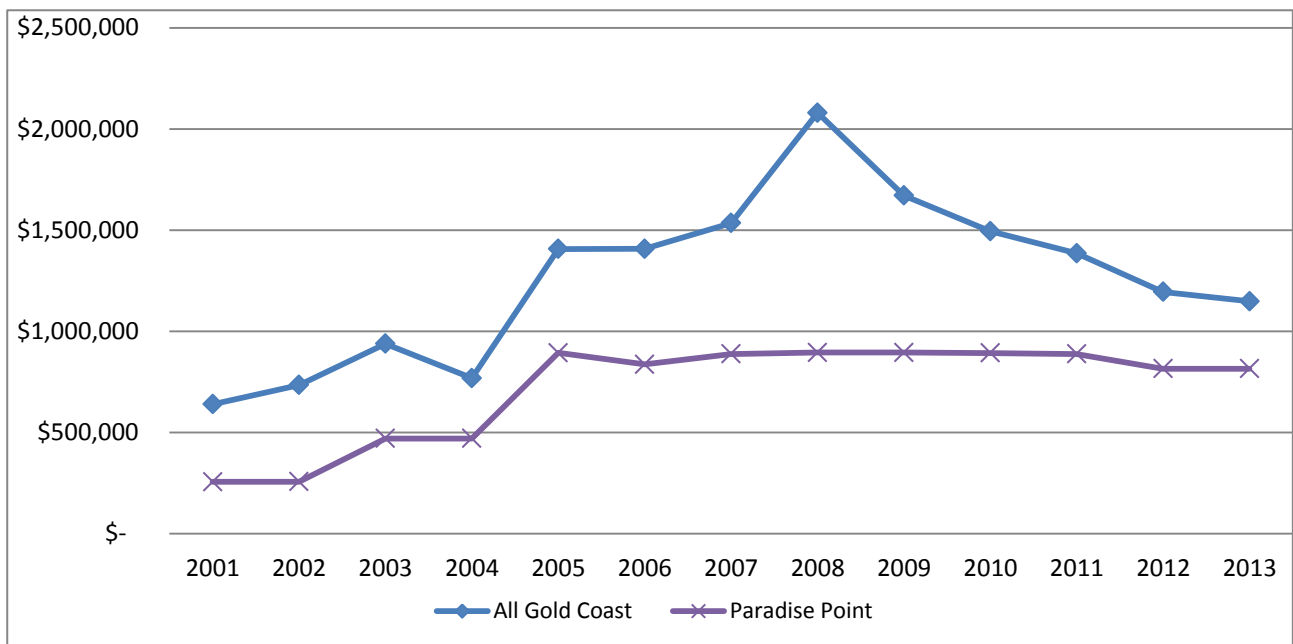
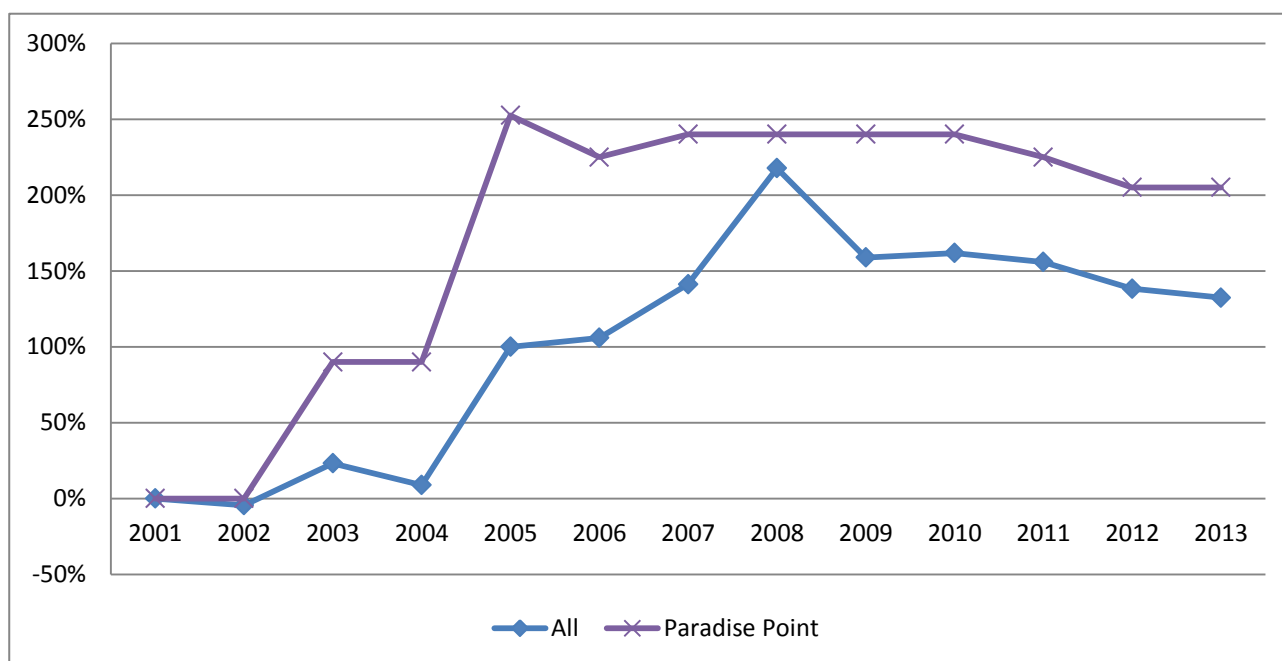


Figure 13 – Median Lot Value, % change over 2001



The value of land (both average lot values and percentage change over time) has been remarkably stable since 2007. While the precinct avoided the peaking evident for the average Gold Coast commercial property in 2008 (possibly due to the tightly held nature of the real estate) the value gains of the early 2000's have been held with minor reductions over time. It is possible that the CIP program help hold up the value gains by increased investment and utilisation/patronage.

5.6 Market Characteristics

The following market characteristics are by necessity a broad estimate. Individual traders and retailers have different performance characteristics and this can equate to a significant range in terms of the type of people served, the extent of the market and how frequently patrons return. Also, individual businesses are typically very reluctant to discuss issues of business performance, rents and other financial matters. The following estimates have been based on the data collected during this program, RPS databases and the standard industry assumptions.

5.6.1 Catchment (before and after)

Paradise Point serves an extended series of catchments that include:

- local residents (assumed to be residents of the Paradise Point – Hollywell SA2)
- tourists (daytrippers, visitors to the region, tourists staying locally)
- Gold Coast residents (other than local) that visit Paradise Point for leisure, recreation and dining or to patronise a specific retailer.

The local catchment has a current population (2011) of 8,600 people. The catchment has exhibited significant growth in the last 10 years having increased by 26% (from 6,800 people) 2001.

Many of the changes to Paradise Point over the last 10 years can be attributed to the increased population and enhanced investment (both private and public sector) seeking to cater for this increased population base.

5.6.2 Business Performance, Market Share and Market Segmentation

It is estimated that the retail and service businesses located in the Paradise Point centre core presently have a total turnover in the range of \$45 million to \$50 million. It is considered that this is a 10% to 15% increase over the likely trading figures of the period before the CIP was undertaken⁹ in 2007/08. This increase of \$4 million to \$8 million is attributed to the increased population of the local catchment and an increased share of available expenditure attributed to individual and collective actions by traders and the Council.

It is further estimated that the traders of Paradise Point have the following consolidated share of expenditure:

- Tourists - 15% of total turnover
- Regional residents - 25% of total turnover
- Local residents - 60% of total turnover

These market shares quote to the following expenditure distribution:

- Tourists - approximately \$7.2 million expenditure
- regional residents - approximately \$12 million expenditure
- local residents - approximately \$28.8 million expenditure

The \$28.8 million spent in Paradise Point by local resident's accounts for approximately 28% of the total household expenditure available to this population. This is considered high (albeit reasonable and expected) given the scale of the local population, the distance to major competing centres and the solid grocery/food offer.

5.6.3 Employment

The central precinct of Paradise Point hosts an estimated 500 EFT jobs in 2013. This is an estimated 12% increase from the estimated 450 jobs hosted by the area in 2007. The additional jobs are attributed to an increase in the level of retail and related activity generated by increased expenditure or new (more intensive) retailers and services.

5.7 Social and Related

Above all, Paradise Point is a local centre for local people. Patronage by regional residents and tourists (although welcome) can be viewed as an additional benefit. The relatively small local population catchment indicates that the Paradise Point centre will be sensitive to demographic and social changes. The high proportion of health and related services is an indicator of an ageing community and one that may provide less patronage to the local centre in future years. While this might be seen as a threat, it is more likely to be a longer term opportunity as new residents will find the location and services provided by Paradise Point to be attractive. The challenge for retail and service providers is to identify the changing demographic and lifestyle demands of the local community and to change accordingly.

5.8 Analysis and Conclusion

Paradise Point trades strongly to the local resident catchment and this is evident with a retail commercial mix that includes extensive food and beverage, groceries, health services and other household services. While the precinct does have the physical capacity to host further extension/expansion, it is the core precinct of the Esplanade and Grice Avenue that has benefited from the CIP. This program has encouraged reinvestment in a precinct that is tightly held and has seen little in the way of tenancy turnover in the last 10 years.

⁹ All figure expressed as constant dollars – Dec 2013

In some ways this stability is both a blessing and a curse, long-standing businesses that are popular with the local community continue to operate viably and effectively. Alternatively, older businesses can often stagnate due to lack of investment or failing to identify new opportunities. It is apparent that the former is the case with Paradise Point as many of the retail and food service offerings appear fresh and energised.

It is assessed that the CIP investment has helped to underwrite the ongoing success of Paradise Point. This is evident in the UCV which has been stable for the last five years avoiding the decline typical of other Gold Coast retail and commercial properties.

6.0 Social and Brand Analysis

The social and brand analysis will be based on RPS investigations and analysis of collected and published data. The social and brand Analysis is summarised in the following table:

Table 1 Social and Brand Analysis

Issue	Measure	Comment
Safety (real and perceived)	Strong Positive	The CIP has been successful in injecting a greater level of pedestrian activity into areas that were previously seen as unappealing and unattractive. Although an analysis of crime statistics suggests that issues relating to safety are perception (i.e. people feeling safer) this factor is essential in creating a series of places that can successfully accommodate an extended trading day. In all cases, the CIP addressed issues (either directly or indirectly) that have enhanced the level of perceived safety.
Image (local and city) and Brand	Positive	A series of attractive main street precincts (underpinned by an ongoing CIP) can only add to the image of the city. This can best be demonstrated in comparison to some of the linear retail and commercial strips that occupy major roads. These linear strips are difficult to upgrade as they do not have pedestrian focus or core area. Each of the three precincts investigated encourage shoppers to walk throughout the precinct and enjoy the area as a pedestrian.
Longevity	Positive	The CIP program has a life-cycle of approximately 7 to 10 years. After this time the appeal and impacts the initial investment decline in line with longer term averages. This is best demonstrated Burleigh Heads where the CIP improvements are no longer readily visible to a casual observer as they have merged with the overall background of the precinct.
Capacity	Positive	The three centres investigated for this analysis were of some scale and had the capacity to respond to the opportunities created by the CIP. It is assessed that smaller precincts or centres with restricted ownership are not as likely to respond to the opportunities created by the CIP.
Attraction and appeal	Positive	The level of appeal of each of the CIP precincts is directly related to both the changes in physical form and the extent of the target markets that have the potential to enjoy these changes. A precinct such as Burleigh Heads has the capacity to cater to large and somewhat transient customer groups including regional residents and tourists. Many of whom are drawn to Burleigh Heads for the beach and can (if they choose) patronise the local traders and retailers.
Ability to compete	Positive	The extent and nature of the competition faced by any main street centre (or any retail centre for that matter) cannot be underestimated. High levels of car ownership, a willingness to undertake new experiences and a significant number of competing retail precincts means that each centre must have a strong level of appeal in order to remain successful. As the custodian of the public domain, the Gold Coast City Council is responsible for a large proportion of the appearance (and therefore appeal) of each of the precincts. The CIP for each centre is therefore an essential element of the ongoing maintenance and improvement of each of the businesses.
Ambassadors	Positive	Each of the assessed centres had their proud and vocal supporters (ambassadors). This word of mouth advertising is an essential element of marketing if potential patrons are to be made aware of changes in their local centre. Social media is increasingly the format for the delivery of these messages. The benefits of which are more strongly directed towards those traders and retailers that cater to the connected generation.

7.0 Cost Benefit Analysis

7.1 Introduction

The modelling approach utilises combination of a long term cost benefit analysis over the period from 2003 combined with employment, social and other analysis to determine the additional community and employment impacts.

The Cost-Benefit Analysis approach consist of accounting for project costs and benefits. These costs and benefits are allocated this in which they occurred in the period 2003 to 2013. All figures are expressed in constant (2013) dollars and discounted to produce a net present value (NPV). Additional decision support criteria have been produced and these include net present value, benefit cost ratio and internal rate of return. The internal rate of return¹⁰ is defined as the rate of return at which the net present value is zero.

The three projects have been assessed individually and collectively to determine a combined and separate cost benefit analysis. The projects have been individually assessed from the time the CIP was undertaken to December 2013 with the collective program considered over the time period 2004 (the timing of the first CIP assessed in this analysis) to December 2013. The individual and collective assessments are intended to provide both a range and average of the level of benefit generated by the CIP.

7.2 Cost Benefit Analysis – Inclusions

Data provided by Gold Coast City Council has been included with an assessment of market and complied data to assess the level of benefits associated with the three projects.

7.2.1 Timing and Discount Rate

The cost benefits are modelled over 10 years with three discount rates to provide a range of outcomes as the selection of the discount rate is often a contentious issue. The 6% discount rate is considered the most appropriate for decision making in this case as the 10 year Australian Bond Rate is currently 4.02%.

7.2.2 CIP Cost, inflation and rates

The dollar cost of the CIP for each location has been updated to constant dollars to allow for inflation. Likewise, the additional rates contribution has been converted to constant dollars, also to account for inflation.

7.2.3 Returns to Property Owners

Property owners are one of the three major groups that benefit economically and financially from improvements in local trading conditions, the other being the traders and the workers. It is recognised that there is often crossover between these groups, however, they will be treated separately this analysis.

Owners can gain benefit from a CIP or other changes in market conditions in a number of ways. This can include an increase in the sale price of the property or an enhanced valuation to support other financial outcomes. In addition to the enhanced sale price, an improved property will also achieve greater levels of rent. Indeed, for a commercial property the two are inextricably linked with the sale price reflecting the enhanced rental rate. In order to avoid double counting and to utilise a widely accepted measure, this assessment will consider the rental returns to owners as a benefit included in the calculation. It is recognised that not all properties pay rent, as some are owner occupied, however this is an appropriate proxy measure.

¹⁰ The internal rate of return as represents the approximate discount rate at which the project returns a positive result.

7.2.4 Returns to Traders

The second benefited group are the traders. Returns to this group are assessed as an increase (or decrease) in profitability and return for their business. With all other factors held constant, increased patronage will see an increased profit for a business.

7.2.5 Returns to workers and other businesses

The returns to this group have been assessed as consisting of the following:

- An expanded local workforce will capture an increase in income.
- Flow on benefits to suppliers of the local traders who are ordering and consuming greater levels of stock and supplies.
- The inclusion of new retail and related businesses in each of the precincts generates a construction related cost for fit outs and other business inclusions.

7.3 Burleigh Heads

7.3.1 Inclusions in the Calculations

7.3.1.1 Returns to Property Owners

It is estimated that the average rent for a retail property in Burleigh Heads has increased from \$600 per square metre in 2004 to \$800 per square metre 2013. Both of these are constant 2013 dollars. It is further assessed that this increase was triggered in large part by the CIP and subsequent private sector investment with the total of this amount included in the cost benefit analysis.

7.3.1.2 Returns to Traders

An increase in turnover (in constant dollar terms) to \$80 million for the Burleigh Heads precinct will see an overall increase in profitability in the order of \$5 million. Similar to the reasoning above, the total of this amount has been included in the cost benefit analysis.

7.3.1.3 Employment

The overall employment base of Burleigh that is estimated to have increased from 600 EFT 2004 to 800 EFT in 2013. This increase of 200 EFT would see the total precinct wages increased by \$8 million-\$10 million per annum in 2013.

7.3.1.4 Other Benefits

It is assessed that approximately half (45 of the 90) shop fits that have occurred since 2004 can be attributed to the CIP and subsequent private sector investment. The remaining shop fits would have occurred without the CIP trigger.

7.3.2 Cost Benefit Analysis

The following table provides the monetised assessment associated with the Cost Benefit Analysis.

Table 2 Burleigh Heads – Cost Benefit (2004 to 2013)

Discount Rate	4%	6%	8%
Total Costs	\$1,827,147	\$1,792,673	\$1,759,475
Benefits	\$71,943,320	\$62,029,325	\$53,749,971
Net Benefits	\$70,116,173	\$60,236,652	\$51,990,496
Benefit Cost Ratio	39.37	34.60	30.55
Internal Rate of Return	220%		

7.3.3 Overall Benefits

The CIP undertaken in Burleigh Heads a total return to the community that is approximately 35 times greater than the size of the initial investment. This indicates a significant community benefit in both scale and longevity. The overall benefit of \$62 million¹¹ includes:

- an increase of \$12.8 million in rent paid to landlords
- an increase in \$13.7 million of trade profit
- an additional \$690,000 directed to suppliers
- an increase in wages for local workers of \$33.6 million

7.3.4 Role of the CIP

Although Burleigh Heads would have undertaken some level of change in response to broader retail trends it is considered that CIP was instrumental in unlocking and bringing forward an extensive amount of development potential and employment. The extensive repositioning of Connor Street has been instrumental in creating an extensive dining precinct in Burleigh Heads that now includes a significant lunch/dinner footprint that was not previously in place in the core area.

The high level of benefit cost ratio (35 times) is attributed to the timing of the program, which occurred during the early and mid stages of the pre-GFC property boom. This enabled businesses to build on the council investment and take advantage of new and emerging trends. The scale of this benefit cost ratio also indicates that Burleigh Heads has been successful in capturing a greater share of the market from the identified patronage groups. This is important as tourists and regional residents (in particular) have the capacity to direct their time and expenditure to other locations. This redirection would have occurred had not the CIP been undertaken.

7.4 Chevron Island

7.4.1 Inclusions in the Calculations

7.4.1.1 Returns to Property Owners

It is estimated that the average rent for a retail property in Chevron Island has increased from \$600 per square metre in 2011 to \$650 per square metre 2013. Both of these are constant 2013 dollars. It is further assessed that this increase was likely to have reversed a decline in the average rents that was in the period prior to the CIP.

7.4.1.2 Returns to Traders

An increase in turnover (in constant dollar term) to \$45 million for the Chevron Island is a minor increase that has occurred in the 2 years since the CIP was undertaken. This increase in turnover is assumed to have

¹¹ Using a discount rate of 6%

increased profitability in the order of \$0.5 million. Similar to the reasoning above, the increased profit likely masks a decline that might have occurred in the absence of the CIP.

7.4.1.3 Employment

The overall employment base of Chevron Island is estimated to have increased from 530 EFT 2011 to 550 EFT in 2013. This increase of 20 EFT would see the total precinct wages increased by \$0.8 million-\$1 million per annum in 2013. In line with the other indicators it is likely that the employment base of Chevron Island would decline over this period absence of the CIP.

7.4.1.4 Other Benefits

It is assessed that approximately 85% (10 out of 12) of the shop fits that have occurred since 2011 can be attributed to the CIP and subsequent private sector investment. The remaining shop fits would have occurred without the CIP trigger.

7.4.2 **Cost Benefit Analysis**

The following table provides the monetised assessment associated with the Cost Benefit Analysis.

Table 3 Chevron Island – Cost Benefit (2011 to 2013)

Discount Rate	4%	6%	8%
Total Costs	\$2,219,350	\$2,177,476	\$2,137,152
Benefits	\$5,020,796	\$4,803,144	\$4,599,543
Net Benefits	\$2,801,446	\$2,625,668	\$2,462,390
Benefit Cost Ratio	2.26	2.21	2.15
Internal Rate of Return	112%		

7.4.3 **Overall Benefits**

The CIP undertaken in Chevron Island in the 2 years since the program was undertaken indicates a total return to the community that is approximately 2.2 times greater than the size of the initial investment. Given the short time frame this indicates a sizeable community benefit. The overall benefit of \$6.9 million¹² includes:

- an increase of \$1.64 million in rent paid to landlords
- an increase in \$770,000 million of trade profit
- an increase in wages for local workers of \$1.7 million

Projecting the inputs over a 10 year period indicates that the overall benefit cost ratio order of 10 to 13 to 1 for Chevron Island

7.4.4 **Role of the CIP**

The CIP conducted at Chevron Island has been undertaken at a time of financial conservatism. A long period of flat trading and a reduction in the region's traditionally strong tourist market has created an environment that is not totally supportive of extensive investment or redevelopment. This can be seen in part by the emergence throughout the city of retailers and food service providers with eclectic, minimal and robustly made store fit outs. It is expected that the relatively small initial cost benefit ratio will continue to improve over time as the enhanced Thomas Drive continues to underwrite further private sector investment in the

¹² Using a discount rate of 6%

area. Of greater importance, is the assessment that the CIP program has reversed a decline in the precinct with respect to turnover and employment.

7.5 Paradise Point

7.5.1 Inclusions in the Calculations

7.5.1.1 Returns to Property Owners

It is estimated that the average rent for a retail property in Paradise Point has increased from \$440 per square metre in 2007 to \$500 per square metre 2013. Both of these are constant 2013 dollars. It is further assessed that this increase was likely to have reversed a decline in the average rents that was obvious in the period prior to the CIP.

7.5.1.2 Returns to Traders

An increase in turnover (in constant dollar term) of \$6 million to \$48 million for the traders of Paradise Point is a moderate increase that has occurred in the 6 years since the CIP was undertaken. This increase in turnover is assumed to have increased profitability in the order of \$1.5 million. Similar to the reasoning above, the increased profit likely masks a decline that might have occurred in the absence of the CIP.

7.5.1.3 Employment

The overall employment base of Paradise Point is estimated to have increased from 450 EFT 2007 to 500 EFT in 2013. This increase of 50 EFT would see the total precinct wages increased by \$2.0 million-\$2.5 million per annum in 2013. In line with the other indicators it is likely that the employment base of Paradise Point would decline over this period absent the CIP.

7.5.1.4 Other Benefits

It is assessed that approximately 80% (11 out of 14) of the shop fits that have occurred since 2007 can be attributed to the CIP and subsequent private sector investment. The remaining shop fits would have occurred without the CIP trigger.

7.5.2 Cost Benefit Analysis

The following table provides the monetised assessment associated with the Cost Benefit Analysis.

Table 4 Paradise Point – Cost Benefit (2007 to 2013)

Discount Rate	4%	6%	8%
Total Costs	\$3,600,972	\$3,533,030	\$3,467,603
Benefits	\$19,528,827	\$17,721,463	\$16,126,819
Net Benefits	\$15,927,855	\$14,188,433	\$12,659,216
Benefit Cost Ratio	5.42	5.02	4.65
Internal Rate of Return	73%		

7.5.3 Overall Benefits

In the 6 years since the program was undertaken Paradise Point has a total return to the community that is approximately 5 times greater than the size of the initial investment. Given the moderate time frame this indicates a reasonable community benefit. The overall benefit of \$17.7 million¹³ includes:

¹³ Using a discount rate of 6%

- an increase of \$3.9 million in rent paid to landlords
- an increase in \$3.2 million of trader profit
- an increase in wages for local workers of \$9.6 million

7.5.4 Role of the CIP

Although there has been a positive cost benefit ratio for the CIP at Paradise Point, the overall result is more modest when compared to more diverse precincts and considering the time the project has had to generate positive impacts. This is attributed to both the scale of the initial investment, the impact of the GFC and the more contained nature of the Paradise Point retail catchment.

7.6 Summary

7.6.1 Cost Benefit Analysis

The following table provides the monetised assessment associated with the Cost Benefit Analysis.

Table 5 Three Precincts – Cost Benefit (2003 to 2013)

Discount Rate	4%	6%	8%
Total Costs	\$6,528,053	\$5,958,439	\$5,463,984
Benefits	\$92,305,290	\$79,079,936	\$68,088,654
Net Benefits	\$90,477,021	\$77,286,162	\$66,328,099
Benefit Cost Ratio	14.1	13.3	12.5
Internal Rate of Return	222%		

7.6.2 Overall Benefits

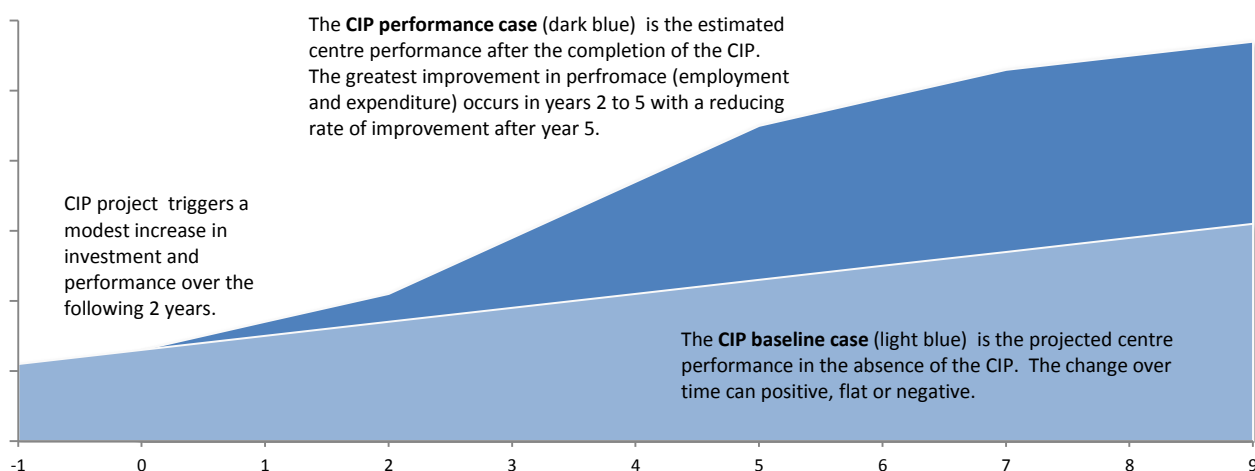
In the 10 years since the program was first undertaken in Burleigh Heads the total return to the community is approximately 13 times greater than the size of the initial investment. This indicates a strong community benefit. The overall benefit of \$80 million¹⁴ includes:

- An increase of \$17 million in rent paid to landlords.
- An increase in \$16.7 million of trader profit.
- An increase in wages for local workers of \$42.2 million.

The CIP is responsible for increasing the appeal of each centre and this in turn improves the rental return to landlords, increases the profits of traders and expands the number of local employees. The impact of the CIP in generating the additional demand is illustrated as follows:

¹⁴ Using a discount rate of 6%

Figure 14 Stylised Impact of the CIP



The additional benefits of the CIP are described as follows:

- Every dollar invested by the local land owners generates a return of \$25 in additional rent (on average) over the 10 year assessment period.
- Every dollar invested by the local land owners generates a return of \$24 in additional profit (on average) to traders over the 10 year assessment period. This improvement in trading performance is triggered by new investment undertaken by traders.
- The CIP budget (\$5.5m) for the three centres evaluated has produced an additional 1,350 person years of employment to date.

7.6.3 Role of the CIP

An evaluation of the cost benefit analysis indicates the following:

- The CIP is a unifying element which provides maximum benefits when applied to main street precincts with multiple owners. These precincts have the capacity to change over time because of the multiplicity of owners, sites and tenants that can individually respond to new opportunities. The potential for this response is reduced in small and/or single owner centres.
- The CIP (upgrades, repair, replacement, new inclusions) mirrors the actions undertaken by centre owners of enclosed or single owner shopping centres. This role naturally falls to the Council as owner of the public domain. Main street centres without this level of investment can appear tired, unappealing or unsafe. Single owner or standalone centres require investment from the owner as the 'public' space is usually part of the private realm.
- The CIP provides the greatest level of benefit when undertaken in pedestrian places and those precincts seeking an attractive physical environment to enhance the food and beverage and general shopping offer. These precincts also offer the opportunity to park the car in a convenient location once and shop around.
- Greatest benefit is achieved when the precincts are multifunctional and cater to the diverse range of needs of their target catchments. In this way, the benefits of the CIP are distributed amongst a range of businesses and their customers. This also means that the Council is not in the business of "picking a winner" when trying to upgrade a single purpose precinct.
- The greatest level of benefit occurs in a centre that caters (naturally) to a number of markets and variably sized catchments. A successful CIP will attract a greater patronage base that might have otherwise have shopped in a different location or undertaken a different activity.
- The benefits of the CIP take time to evolve (typically 2 to 3 years). The public sector investment acts to guide private sector investment and this takes time to unfold once the CIP is completed. The lesson here

is that many business owners wait to see the results prior to committing their own money.

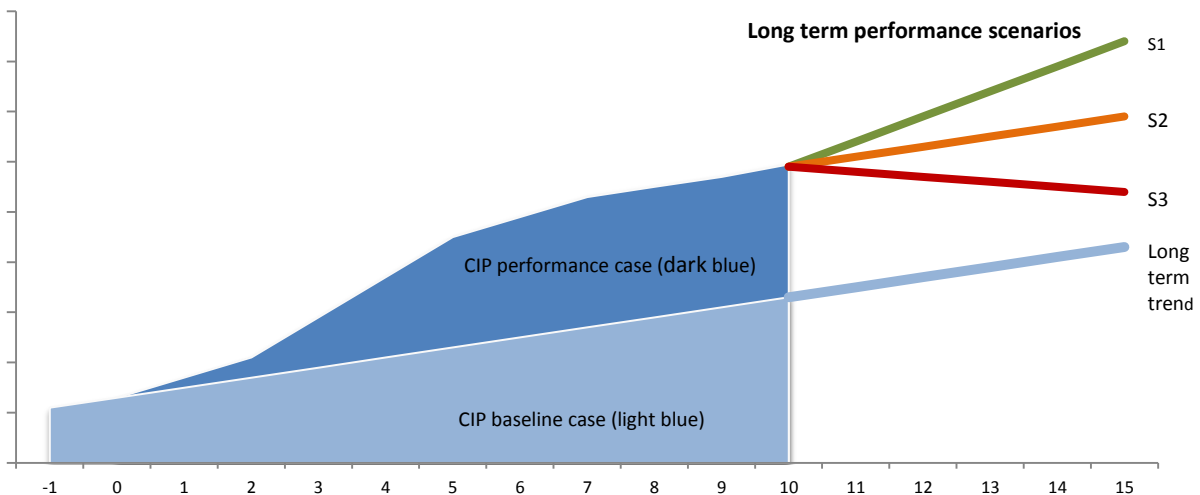
- A minor concern is that a misdirected CIP design could be seen as a cliché or kitch. While certain design elements included in the various CIP's are certainly not universally loved, over time these are minor enough in nature to have faded into the background. The assessment here is that the CIP should rely on a larger number of smaller elements as opposed to the "one big thing" that may fail to achieve the required design objectives.
- Of the three precincts investigated, the benefits provided by Paradise Point are far more modest in comparison to Burleigh Heads and Chevron Island. This is attributed in part to the timing of the program. However, it is recognised that the benefits to the community would be more extensive if the overall programme cost was lower. A diminishing return on investment is apparent when the budget is large in comparison to the size and function of the precinct.

7.6.4 Additional of further investment

A decision point is created 8 to 10 years after the initial CIP with respect to the need for further investment. Further CIP investment will be guided by which long term performance scenario is present at each individual centre. These scenarios are described below and are illustrated in the following figure.

- S1 - Accelerated improvement attributed to general market performance and/or increased private sector investment
- S2 - Performance settles back to long term rates (but holds the previous gains).
- S3 - Performance declines over time as CIP benefits are eroded by other factors (competition, lack of investment, change in catchment etc).

Figure 15 Long Term Performance Scenarios



In terms of maximising community benefit, future CIP expenditure (in particular when former CIP centres are revisited) should only be undertaken when a demonstrable positive impact is likely. As indicated in the previous figure, a positive impact is more likely when the performance of a centre (measured in terms of rent, employment and traders profit) stagnates or declines (scenarios 2 and 3 above). The centre performance should be assessed in the context of the improvements attributed to the initial CIP program and subsequent economic and retail trends.

8.0 Recommendations and Considerations

The recommendations and considerations have been derived from our detailed analysis of the sections.

8.1 Scale of the Benefit

The greatest cost benefit occurs when the centre caters to a variable catchment as opposed to a fixed catchment. In this instance a fixed catchment is a trade area comprising primarily of local residents where the centre has fulfilled a traditional and ongoing role. Fixed catchments tend to offer lower levels of direct or comparable competition. An example of this is Paradise Point which caters to a distinct local residential catchment and is located some distance from major competitive retail facilities. The concept of the variable catchment is demonstrated by Burleigh Heads which caters not only to local residents but also regional residents and tourists. The latter two groups in particular have the capacity to either visit other centres or different tourist destinations. The ongoing emergence of Burleigh Heads from a sleepy (and somewhat daggy) main street to a smart retail precinct with extensive food and dining options has allowed this precinct to capture a greater market share from tourists and regional residents.

8.1.1 Recommendation

Link the scale of the CIP to the potential upside available to each precinct in terms of expanded customer base, the potential for new patronage and the location/offer of a nearby competitive centres. Alternatively, increase the level of local landowner contribution on those occasions where larger scale benefits are unlikely.

8.2 Timing

The timing of the project in relation to the broader economic cycle can amplify the level of benefits. It is recognised that it is not possible for the City of Gold Coast to “pick” the best time. However it should be recognised that undertaking investment in the public domain at the bottom of the property cycle or during a restrictive economic climate can serve to stimulate investment or prevent further decline. In the case of both Chevron Island and Paradise Point it is considered that the CIP reversed a decline in investment and patronage. In both cases (but more so on Chevron island) the CIP triggered private sector investment that included the relocation/expansion of existing tenancies, new tenancies and revitalised fit outs. These factors acted in concert to stimulate local demand from what is in both cases a relatively small and fixed catchment.

8.2.1 Recommendation

Grade potential CIP precincts in terms of their potential return on investment and overall likely community benefit. Where possible, undertake those programs with the largest benefit during times of generally weak economic performance. Smaller (and perhaps more niche) CIP projects can be undertaken at other times.

8.3 Ownership and Investment Patterns

In all cases, the centres under analysis offer a diverse and fragmented ownership with many of the sites being owned by the same people for a considerable period of time. At worst, this can act as a brake on further investment as long-standing owners achieving reasonable returns on their initial investment may not wish to take the risk to upgrade or redevelop their property.

All of the centres investigated demonstrated extensive investment on behalf of the tenants with respect to shop fit out, marketing and the general standard of appeal. In some instances this can be done quite cheaply if the owner has an eye towards appropriate merchandising. In other instances quite expensive and

expensive shop fit outs have been undertaken. Because of this investment in both the public domain and the individual shops the level of investment in the individual buildings in many respects is moot.

The willingness of the property owners to pay in part for the improvement in the public domain provides a direct return on investment by increasing the rental return on each property. To put this in perspective, for every dollar that a property owner contributes to the CIP there is a \$25 increase in the rental returns when measured over 10 years. The more important participant is the shopkeeper/tenant some of whom will undertake an extensive (or appealing/attractive) fit out in order to attract and retain customers. The visual appeal of the collective fit outs is more important than the actual shell of the building.

8.3.1 Recommendations

Work closely with the shopkeepers and tenants to determine their interest in undertaking new investment in the precinct. This can take the form of remerchandising, relocations and new fit outs. It is this level of activity (in concert with the revisions to the public domain) that increases the level of public benefit.

The greatest level of community benefit will likely occur in precincts with a strong sense of community identity that are well recognised by potential customer groups. These features should form part of the overall analysis of the timing, scale and inclusions for future CIP projects.

The benefits of the CIP projects will be enhanced when they are undertaken in locations with a direct interface between the shop the public domain. This interaction between pedestrian and business enhances the level of benefit created by the CIP. At this scale, small things can make a large difference.

8.4 Longevity

The CIP seems to have a 7 to 10 year currency whereby after that period of time the growth and trading performance of the centre and its catchment returns to longer term trends. Phrased differently, the excitement and appeal created by the CIP that helps expand the catchment or increase market share of identified customer groups becomes part of the background fabric of the centre and is no longer a significant point of difference after 10 years.

This can be further explained as other centres and alternative locations undertake their own (privately or publicly funded) improvement or grow/evolve to cater the newly emerging retail trends.

8.4.1 Recommendation

It would appear that it is necessary for the CIP to revisit precincts 7 to 10 years after the initial works. In this way the precincts can remain appropriate to the needs of the catchment, supportive of newly emerging and appropriate retail trends and provide a changing feel to the public domain.