



LUCID
ECONOMICS

Staff Relocation Impact Assessment

Prepared for

Sunshine Coast Council

September 2017

lucid

*/ˈluːsɪd/
adjective*

1. expressed clearly; easy to understand
2. bright or luminous



Document Control

Job Name: SCC Staff Relocation Impact
Client: Sunshine Coast Council
Client Contact: Brian Dale

Version Control

Version	Date	Authorisation
Draft v1	16/8/17	MC
Draft v2	22/8/17	MC
Final	8/9/17	MC

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Executive Summary

Introduction

Lucid Economics was engaged by the Sunshine Coast Council to develop the Staff Relocation Impact Assessment. Currently, Sunshine Coast Council (Council) has an administrative staff presence in Maroochydore, Caloundra and Nambour. With the development of a new City Centre in Maroochydore, Council has committed to having a strong presence in the Centre and has resolved to create a 'city hall' type facility.

No specific scenarios in terms of a future relocation of staff or Council functions to Maroochydore has been provided. As such, this assessment provides a scale of impacts based on varying levels of staff relocation.

Sunshine Coast Council Staff Overview

The Sunshine Coast Council is a large organisation and, as of June 2017, Council had 1,781 staff across multiple locations. The Nambour Administration Precinct is the largest administrative site with 418 people across the Eddie De Vere Building, Fred Murray Building and Nambour Library (and administration). The Caloundra Administration Precinct was the second largest location across the Caloundra Administration Building, 77 Bulcock Street, Library and Regional Gallery. Currently, Maroochydore has the smallest administrative presence at Maroochy on First.

While some concentration exists, generally Council staff are dispersed across the region in terms of their residential location. There are concentrations of staff residing in Nambour, Caloundra and Maroochydore, however, many of these staff work in a centre that is not their residential suburb.

Based on the current geographic distribution of staff by Council location, it has been assumed that no staff would be relocating their residential premises as part of any relocation of their job.

Table 1.1 Sunshine Coast Council, Staff Summary (June 2017)

Location	Staff
Caloundra Administration Precinct	373
Council Depot	579
Maroochydore	129
Nambour Administration Precinct	418
Other	282
Total	1,781

Source: Sunshine Coast Council (2017a); Lucid Economics

Table 1.2 Sunshine Coast Council, Office Accommodation

Location	SQM
Nambour Administration Precinct	6,642
Caloundra Administration Precinct	5,991
Maroochydore	2,054
Total	14,687

Note: Figures above include only commercial office space and excludes community uses such as libraries.

Source: Sunshine Coast Council (2017a); Lucid Economics

Caloundra

Caloundra is a key centre within the Sunshine Coast region and has been identified in the *South East Queensland Regional Plan 2017* as a 'major regional activity centre'. Caloundra is one of the key tourism nodes for the region and acts as a service centre for its surrounding areas, providing a number of retail, commercial and residential service functions.

Nambour

Nambour is also identified in the *South East Queensland Regional Plan 2017* as a 'major regional activity centre'. Nambour acts as the key service centre for the Sunshine Coast hinterland, offering a range of retail, commercial and residential services. Nambour is home to various government and administrative functions as well as the Nambour General Hospital and the numerous schools in the centre.

Table E.3 Caloundra and Nambour¹

	Total Jobs	Council Jobs	Total Commercial Space (SQM)	Current Vacancy Rate (%)	Population (2016)
Caloundra	5,055	373	58,618	11%	6,917
Nambour	11,310	418	69,628	19%	20,430

Source: ABS (2012); ABS (2017a); Sunshine Coast Council (2017a); Lucid Economics

Nambour is the larger centre in terms of employment and relies on health care and education, which combined make up over 50% of all jobs in the centre. Caloundra's focus on tourism translates to retail trade, accommodation and food services being the largest employment sectors, contributing almost 40% of all jobs. In both centres, public administration, which would include Council and other government organisations, are also important employment sectors.

Caloundra has recently completed the Caloundra Centre Master Plan, which provides a strong foundation for future growth. With the closure of the Moreton Central Sugar Mill in 2003 as well as the more recent relocation of 1,800 hospital workers to the new Sunshine Coast University Hospital, Nambour has undergone some negative economic shocks. The recent Nambour Activation Plan focuses on placemaking and does not have a holistic perspective on driving the future growth and development of the centre.

Relocation Impact Assessment

This assessment has identified a number of individual impacts that could be associated with the potential relocation of some Council staff from Caloundra and Nambour to Maroochydore, including:

- **Direct employment impact:** Council is one of the largest employers in each centre and the relocation of any staff will have a direct employment impact on the centre.
- **Retail expenditure impact:** Because of Council's presence in each centre, there is local retail expenditure associated with Council staff, visitors to Council offices as well as direct retail expenditure by Council.
- **Retail and commercial property market impact:** Council would be one of the largest commercial office tenants on the Sunshine Coast and the commercial property market in neither centre is currently performing well. Any large scale vacancy in the centre could have an impact on the market.

¹ Throughout this assessment, unless otherwise specified, Nambour and Caloundra refer to the relevant SA2 geographic boundaries as highlighted in Appendix A.

- **Other impacts:**
 - **Customer service impact:** Both centres currently have customer service centres that provide direct service and access for local residents to Council (and Council staff). A relocation of various functions that currently take place in each centre to Maroochydore may have an impact on customer service levels for residents.
 - **Community/Social impact:** Any relocation of Council staff may have some broader community and social impacts in terms of community cohesion, social capital and general community wellbeing.
 - **Additional impacts:** There are a number of qualitative impacts related to any potential relocation of Council staff out of these centres. Local business confidence is likely the largest and most important of these impacts.

Direct Employment

The following table provides a perspective on the direct employment losses (in terms of % of total employment) in each centre.

Table E.4 Sunshine Coast Council Staff and Proportion of Total Employment in Each Centre

Council Staff	Caloundra	Nambour
25	0.5%	0.2%
50	1.0%	0.4%
75	1.5%	0.7%
100	2.0%	0.9%
150	3.0%	1.3%
200	4.0%	1.8%
373	7.4%	3.3%
418	NA	3.7%

Note: NA – not applicable.

Source: ABS (2012); Lucid Economics

Retail Expenditure

As a flow-on impact of any future direct employment losses, there would be a decrease in retail expenditure from each centre based not only on the individual retail expenditure of each staff but other Council associated retail expenditure stemming from local retail purchases made on behalf of Council as well as visitors to the area to meet with Council.

Table E.5 Council Associated Retail Expenditure and Jobs Impact

Council Staff	Retail Expenditure		Jobs	
	Caloundra	Nambour	Caloundra	Nambour
25	\$134,811	\$134,590	1	1
50	\$269,623	\$269,180	2	2
75	\$404,434	\$403,771	2	3
100	\$539,245	\$538,361	3	4
150	\$808,868	\$807,541	5	5
200	\$1,078,491	\$1,076,722	6	7
373	\$2,011,385	\$2,008,086	11	13
418	NA	\$2,250,348	NA	15

Note: NA – not applicable. Jobs represent the number of jobs that could be impacted if the associated level of retail expenditure were to leave the centre. Numbers are rounded to the nearest whole and job numbers represent full-time equivalent (FTE) positions.

Source: Lucid Economics

Retail and Commercial Property

The table below demonstrates the potential future impact on the retail and commercial property market should Council totally vacate its office presence in both centres and market the properties as vacant. Naturally, if Council does not vacate the office space or simply does not release the space onto the market or fills the space after any level of relocation of staff, then the impact on the existing retail and commercial property market in each centre would be negligible.

Table E.6 Current and Future Adjusted Vacancy Rate (%)

	Current Vacancy Rate (%)	Adjusted Vacancy Rate (%)
Caloundra	10.6%	20.9%
Nambour	19.5%	29.6%

Source: Sunshine Coast Council (2017a); Sunshine Coast Council (2017d); Lucid Economics

It should be noted that the current high vacancy rates in both centres is not only a result of oversupply but also likely a reflection of older space that does not conform to current market requirements and is difficult to fill. In this situation, even if Council vacated some of its office space in each centre, the impact may still be negligible because it would be assumed that some of the existing vacant space will remain vacant. Council's office space in both centres would represent the higher end of the market currently available in each centre in terms of its quality. As such, this vacant space may attract tenants that are not able to occupy other existing space in the market due to either quality or size requirements.

Other Impacts

Depending on the extent of potential future Council relocation, there could be impacts to customer service levels as well as a range of social and community impacts. However, without knowing further details regarding what Council functions may relocate as well as what services may remain in each centre, it is impossible to identify the relevant impacts.

Potentially the largest impact of the future potential relocation of Council staff to Maroochydore is the current level of uncertainty within the community about the future plans. This uncertainty leads to speculation and can have a negative impact on business confidence. Any future negative impacts on business confidence would likely be more damaging to the local economies than any of the actual economic impacts directly associated with the relocation.

Findings and Recommendations

This analysis has found that while the relocation of Council staff from Caloundra and Nambour would have impacts on these centres, the impacts are relatively minor in terms of the local economy in each centre. It should also be noted that on a regional level, there would be no economic impacts stemming from any level of relocation as economic activity is simply transferring from one part of the region to another.

In terms of the microeconomic impacts, if Council were to completely pull out of each centre, there may be some limited job losses and the move could potentially mean the closure of a few local small businesses that are currently heavily reliant on Council for trade.

However, this assessment has also demonstrated that there are future opportunities of economic gains that can be facilitated by the relocation of some Council staff. While any negative impacts should be noted and acknowledged, a focus on driving future economic growth in each centre will provide net benefits that could easily outweigh any potential negative impacts.

In this regard, it would be recommended that additional planning be carried out in Nambour to deliver a similar level of planning that the Caloundra Centre Master Plan provides. Future economic drivers should be the foundation of this planning and the use of Council held land, including, but not limited to the administration facilities, as a catalyst for future economic development should be seriously considered.

Table of Contents

Executive Summary.....	ii
Table of Contents.....	vii
1 Introduction.....	1
2 Sunshine Coast Council Staff Overview.....	2
2.1 Staff and Location Summary.....	2
2.2 Residential Location of Council Staff.....	3
3 Current Centre Analysis.....	6
3.1 Function and Form.....	6
3.1.1 Caloundra.....	6
3.1.2 Nambour.....	6
3.2 Employment.....	6
3.2.1 Caloundra.....	7
3.2.2 Nambour.....	7
3.3 Population and Catchment.....	10
3.4 Tourism Visitation.....	10
3.5 Retail and Commercial Property Market.....	11
3.6 Existing Planning for the Future.....	14
3.6.1 Caloundra Centre Master Plan.....	14
3.6.2 Nambour Activation Plan.....	18
4 Impact Assessment.....	20
4.1 Direct Employment Impact.....	20
4.2 Retail Expenditure Impact.....	22
4.2.1 Approach and Methodology.....	22
4.2.2 Key Assumptions and Drivers.....	23
4.2.3 Retail Expenditure Economic Impact.....	24
4.3 Retail and Commercial Property Impact.....	25
4.4 Other Impacts.....	26
4.4.1 Customer Service Impact.....	26
4.4.2 Community Impact.....	26
4.4.3 Additional Impacts.....	27
4.5 Financial Efficiency.....	28
5 Future Opportunities and Mitigating Impacts.....	29
5.1 Caloundra.....	29
5.2 Nambour.....	30
6 Summary of Findings.....	33
References.....	34
Appendix A: Caloundra and Nambour Maps.....	35
Appendix B: Retail Expenditure Model.....	37
Appendix C: Commercial Demand Model.....	39
Appendix D: Staff Retail Expenditure Survey.....	41
Appendix E: Building Review.....	47

1 Introduction

Lucid Economics was engaged by the Sunshine Coast Council to develop the Staff Relocation Impact Assessment.

Currently, Sunshine Coast Council (Council) has an administrative staff presence in Maroochydore, Caloundra and Nambour. With the development of a new City Centre in Maroochydore, Council has committed to having a strong presence in the Centre and has resolved to create a 'city hall' type facility.

Council wish to understand the potential high-level impacts that would be associated with a redistribution of its administrative workforce with staff leaving current Council facilities in Caloundra and Nambour and relocating to Maroochydore. The future make-up of Council's new facility in Maroochydore is currently unknown, so it is unclear the exact number of staff or the various functional teams that may eventually relocate to a new facility in Maroochydore. As such, this assessment provides a scale of impacts based on varying numbers of Council staff relocating.

Council seeks to realise a neutral impact associated with the planned redistribution of Council workforce. As such, this assessment has also identified potential future uses for Council facilities that may become surplus in the future, depending on the size and scale of the relocation to Maroochydore.

The assessment has been undertaken in a structured approach, including:

- Overview of current Council staffing levels and location
- Detailed overview of Caloundra and Nambour to establish the current environment that may be impacted by any relocation of staff
- Impact assessment of potential future relocation of staff out of the centres into Maroochydore
- Discussion regarding future opportunities for Caloundra and Nambour to mitigate any impacts

2 Sunshine Coast Council Staff Overview

2.1 Staff and Location Summary

Council is a significant employer on the Sunshine Coast. As a large organisation, staffing levels across the organisation and its locations will change and vary at any one time. This assessment uses a snapshot of Council staff as of June 2017, which includes a total of 1,781 staff across a range of locations (Table 2.1). Many staff operate from a variety of Council locations or out within the community. The location designated in the table below represents where the employee is officially based.

Council's six depots accommodate the most employees (579 staff, or 33% of the total workforce). Council's complex in the Nambour Administration Precinct, which includes the Eddie De Vere Building, Fred Murray Building and the Nambour Library (including office mezzanine), is the second largest location, housing 418 employees. The Caloundra Administration Precinct, which includes the Caloundra Administration Building, 77 Bulcock Street, Caloundra Library and Regional Gallery, is the third largest site with 373 staff. Maroochydore currently has multiple locations with Maroochy on First being the largest with 129 staff. There are a variety of other sites dispersed throughout the region, which would include libraries, resource centres, community centres and the Sunshine Coast Airport.

Council controls a total of 14,687 sqm of office space across the three main locations of Caloundra, Maroochydore and Nambour (Table 2.2).

Table 2.1 Sunshine Coast Council, Staff Summary (June 2017)

Location	Staff
Caloundra Administration Precinct	373
Council Depot	579
Maroochydore	129
Nambour Administration Precinct	418
Other	282
Total	1,781

Source: Sunshine Coast Council (2017a); Lucid Economics

Table 2.2 Sunshine Coast Council, Office Accommodation

Location	SQM
Nambour Administration Precinct	6,642
Caloundra Administration Precinct	5,991
Maroochydore	2,054
Total	14,687

Source: Sunshine Coast Council (2017a); Lucid Economics

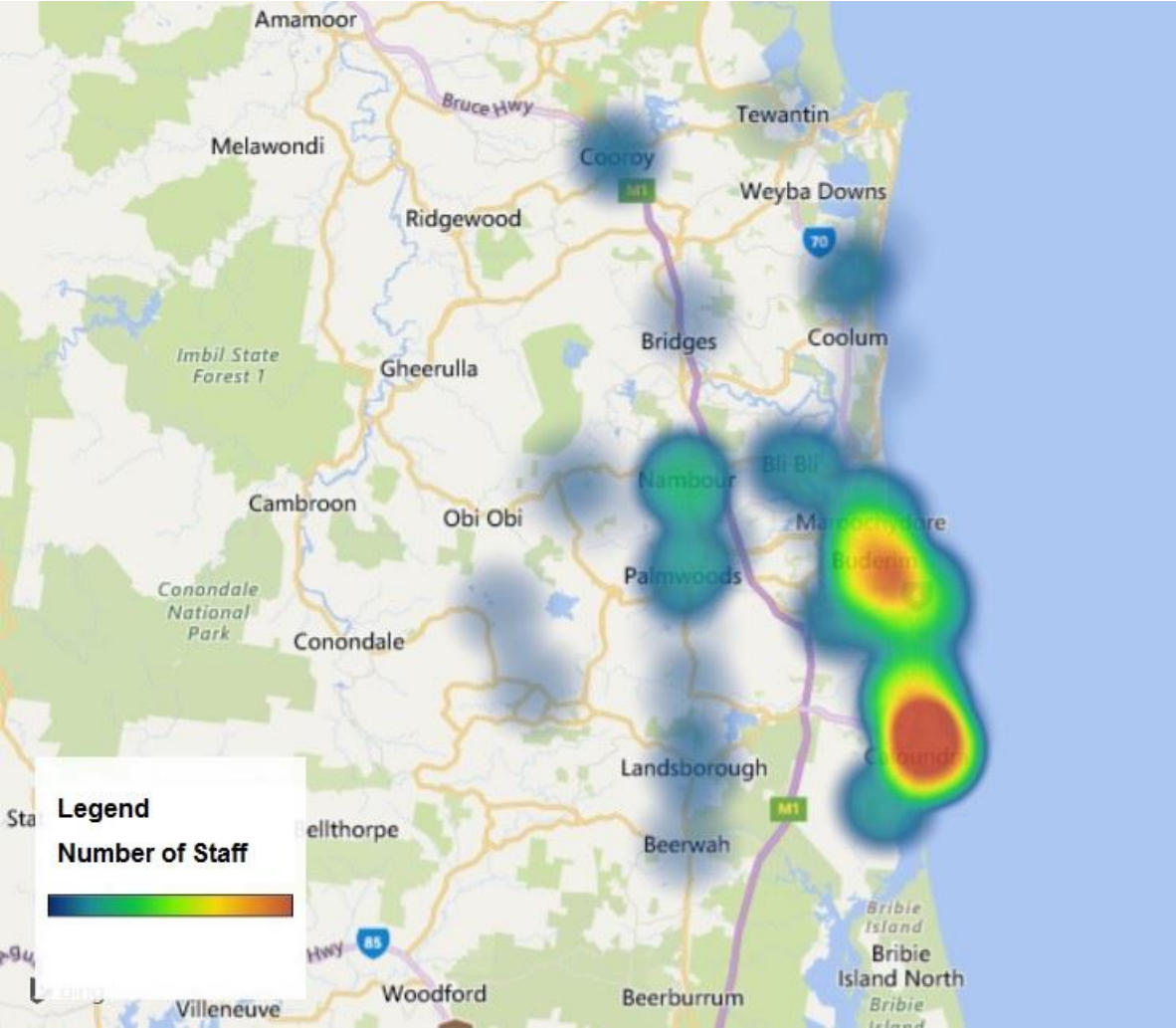
2.2 Residential Location of Council Staff

Council staff reside in a variety of locations across the Sunshine Coast region with a very small number of staff living outside of the region. The following figures (Figure 2.1 and Figure 2.2) map the residential location of Council staff from the key sites of the Caloundra and Nambour Administration Precincts. These figures include staff located at the following locations:

- **Caloundra Administration Precinct**
 - Caloundra Administration Building (272 staff)
 - 77 Bulcock Street (43 staff)
 - Caloundra Library (42 staff)
 - Caloundra Regional Gallery (15 staff)
- **Nambour Administration Precinct**
 - Eddie De Vere Building (263 staff)
 - Fred Murray Building (113 staff)
 - Nambour Library (including mezzanine) (42 staff)

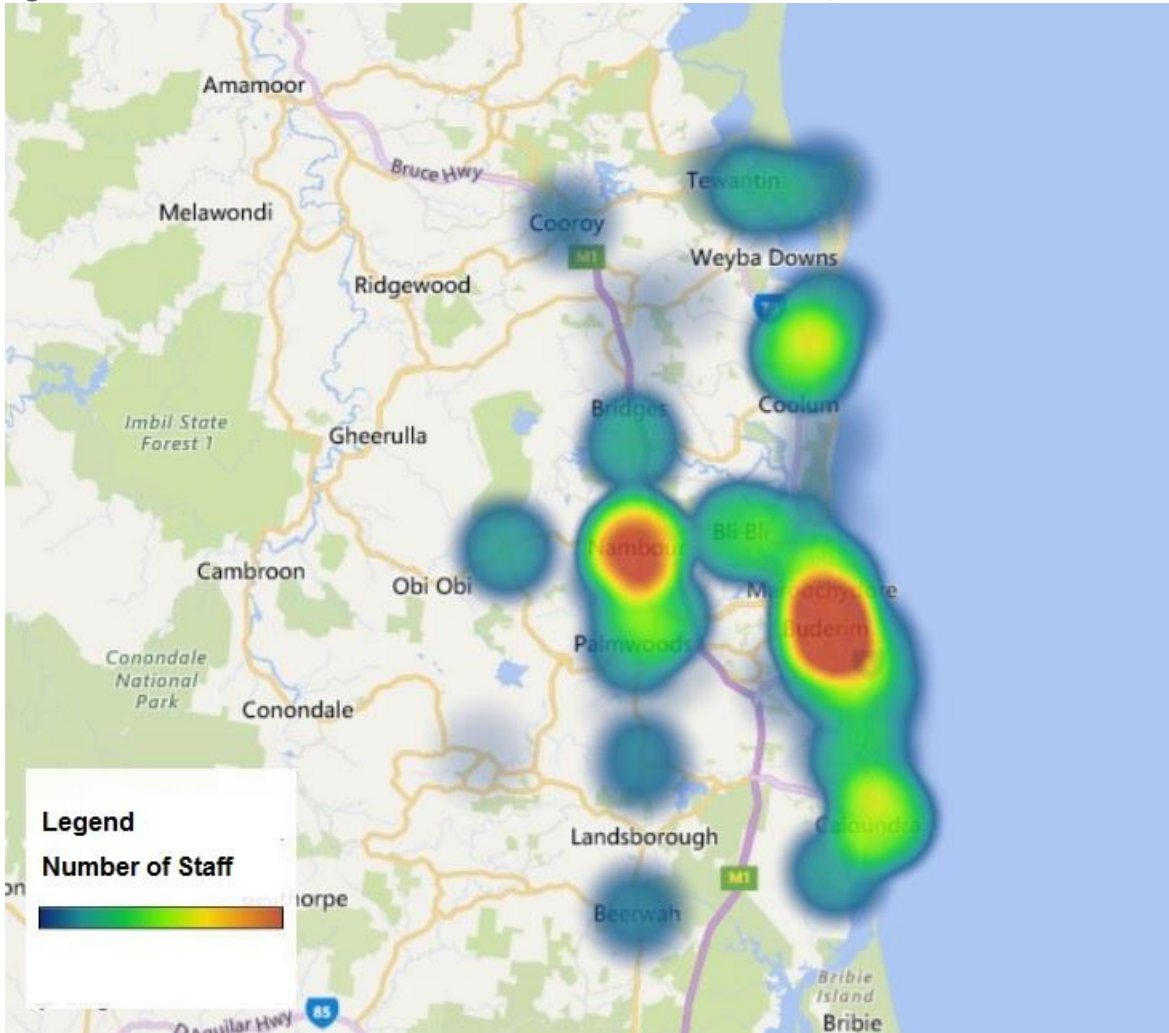
As highlighted in the figures below, staff currently working in both the Caloundra and Nambour Administration Precincts live in a variety of locations around the Sunshine Coast. As the maps highlight, there are concentrations of staff from the Caloundra Administration Precinct residing in Caloundra and Maroochydore and there are concentrations of the Nambour Administration Precinct staff residing in Nambour and Maroochydore.

Figure 2.1 Sunshine Coast Council Caloundra, Staff Residential Location



Source: Sunshine Coast Council (2017a); Lucid Economics

Figure 2.2 Sunshine Coast Council Nambour Administration Precinct, Staff Residential Location



Source: Sunshine Coast Council (2017a); Lucid Economics

Given the current geographic distribution of staff by Council location, it has been assumed that no staff would be relocating their residential premises as part of any relocation of their job.

3 Current Centre Analysis

Statistical Analysis and Data Availability

This assessment considers the most up to date information available. Unless otherwise stated, statistical information for Caloundra and Nambour relate to the Statistical Area 2 (SA2), which is the smallest area for the release of Australian Bureau of Statistics (ABS) non-Census and Intercensal statistics. SA2s are medium-sized general purpose areas built up from whole Statistical Areas Level 1 (SA1). Their purpose is to represent a community that interacts together socially and economically. These areas have been chosen as they best represent the geography of the centres examined in this assessment. Maps of these SA2s are located in **Appendix A**.

While many of the population and demographic statistics are currently available from the 2016 Census, many statistics, including employment are not yet available. As such, this assessment utilises employment statistics from the 2011 Census.

3.1 Function and Form

Caloundra and Nambour are each a key centre within the Sunshine Coast region and both have been recognised as major regional activity centres in the *South East Queensland Regional Plan 2017*.

3.1.1 Caloundra

Caloundra is one of the key tourism nodes for the region and acts as a service centre for the surrounding region, providing a number of retail, commercial and residential service functions. Caloundra also acts as a major tourism node for the Sunshine Coast, receiving over one million visitors per year (TRA, 2017). Popular tourist destinations include King's Beach and Dickie Beach, where there is a range of accommodation providers and restaurants, cafes and other businesses that service visitors to this area.

3.1.2 Nambour

Nambour acts as a key service centre for the Sunshine Coast hinterland, offering a range of retail, commercial and residential services. Nambour is home to various government and administrative functions as well as the Nambour General Hospital and numerous schools in the centre.

These differences are born out in a variety of population and economic statistics (as explained below).

3.2 Employment

The following figures (Figure 3.1 and Figure 3.2) provide insights into each centre in terms of employment and portrays the various functions of each centre.

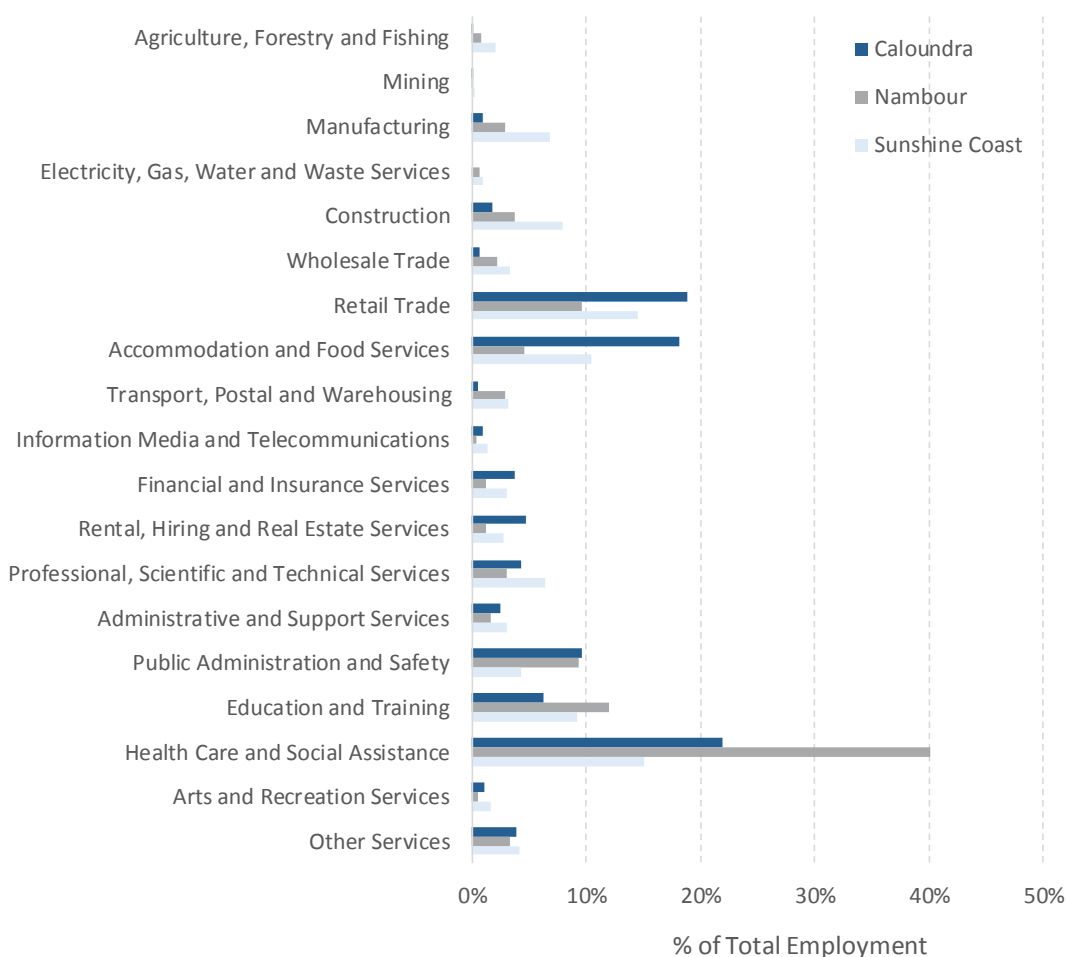
3.2.1 Caloundra

As of 2011, there were 5,055 jobs in the Caloundra – Kings Beach SA2. As highlighted in the figures below, Caloundra has relative strengths in retail and accommodation and food services, which are the two sectors most influenced by tourism. Caloundra also has a high proportion of jobs in health care and public administration, reflecting the presence of Caloundra Health Services, Council and other government organisations.

3.2.2 Nambour

The Nambour SA2 had 11,310 jobs in 2011. Nambour’s relative strengths in health care and education demonstrate the presence of the Nambour General Hospital and the range of associated health care services around the hospital. The numerous schools in Nambour provide a considerable amount of employment, making it the second largest sector in Nambour, behind health care. Retail trade and public administration are also big employers showing the function of Nambour as a regional activity centre as well as the presence of Council and other government organisations.

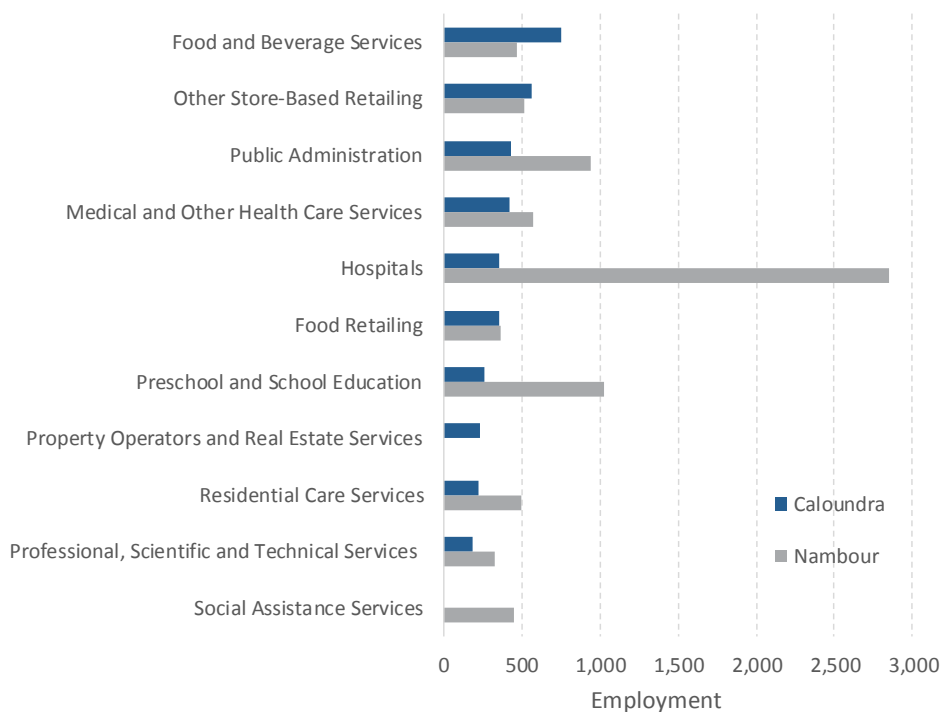
Figure 3.1 Employment Profile (2011)



Note: Employment at the one-digit ANZSIC code level.
Source: ABS (2012)

Interestingly, both centres share almost the same top ten detailed employment sectors, which shows their role and function as important regional centres (Figure 3.2). At this more detailed level, the prominence of the Nambour Hospital as an employment hub is evident as well as the importance of education in Nambour. The importance of tourism in Caloundra is also demonstrated through food and beverage services and retail generating some of the highest levels of employment.

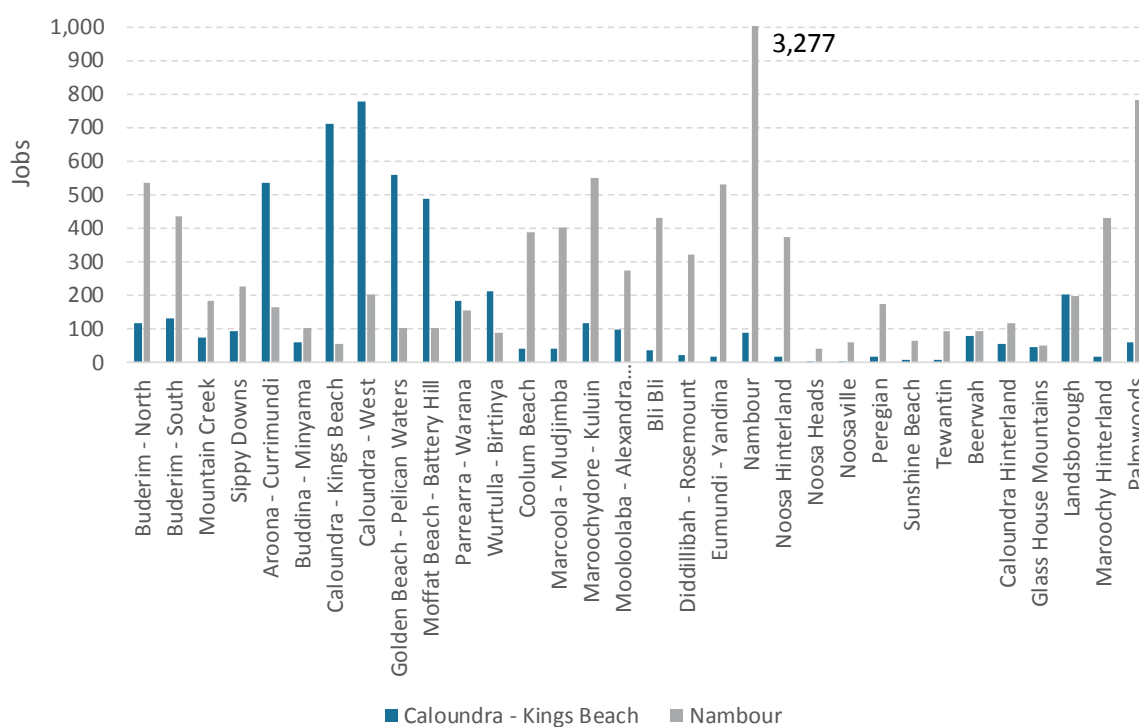
Figure 3.2 Top Ten Detailed Employment Sectors, by Centre (2011)



Note: Employment is at the two-digit ANZSIC level.
Source: ABS (2012)

The residential location of local workers for both Caloundra and Nambour (Figure 3.3) shows the regional significance of both centres in terms of the provision of employment and their ability to attract residents from around the region. While Caloundra and Nambour have the highest level of local jobs filled by local residents, there are substantial numbers of residents from adjoining areas as well as those from across the region that work in each centre.

Figure 3.3 Residential Location of Local Workers, by Centre (2011)



Note: Residential location at SA2 level.
Source: ABS (2012)

Changes Since 2011

Since 2011, there has been numerous changes in each centre that will impact the employment figures above. In Caloundra, visitation has increased by 138,000 people per year, based on information from Tourism Research Australia.

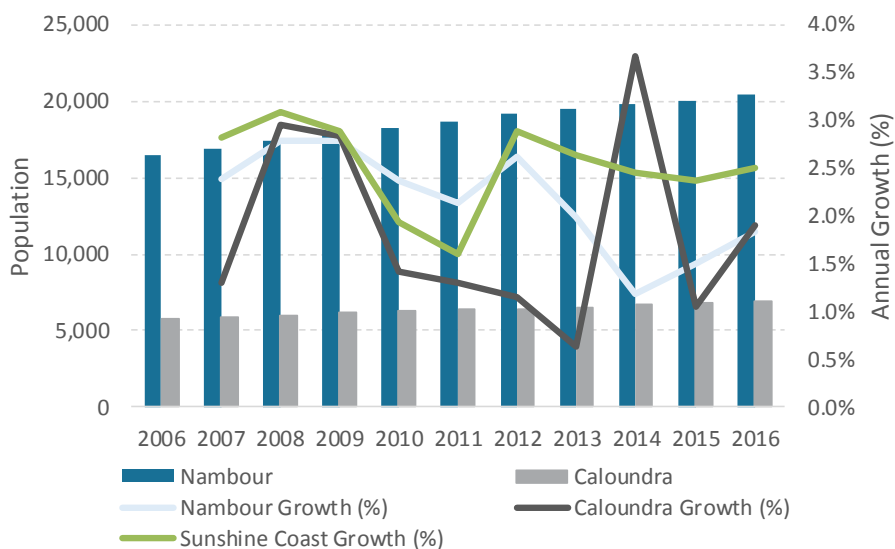
The Nambour Mill Village was built and opened in 2013, providing a full line Coles supermarket and nine specialty shops. This development likely added approximately 100 jobs to Nambour.

Most notably for Nambour, the \$1.8 billion Sunshine Coast University Hospital opened at the beginning of 2017 and 1,800 (of 3,000) staff from the Nambour General Hospital were earmarked to relocate to the new facilities (SCD, 2017). This level of employment represents 16% of total jobs in Nambour in 2011. There is some anecdotal evidence that suggests the relocation of these jobs has caused some negative impacts in Nambour in terms of lower retail sales for local shops and cafes. The Nambour General Hospital is set for a multi-million dollar refurbishment, which is reported to increase local employment by 2022 (SCD, 2017).

3.3 Population and Catchment

As highlighted in Figure 3.4, the population of both Caloundra and Nambour has been growing over the last few years. Over the last decade, the population of Nambour has grown by an average annual rate of 2.2% and Caloundra has grown at an average annual rate of 1.8%. Both areas were surpassed by the rate of population growth on the Sunshine Coast as a whole, which grew at an average annual rate of 2.8% during this period. Generally speaking, population growth around 2% is considered a healthy rate of growth and will support the local economy through increased household demand.

Figure 3.4 Population by Centre



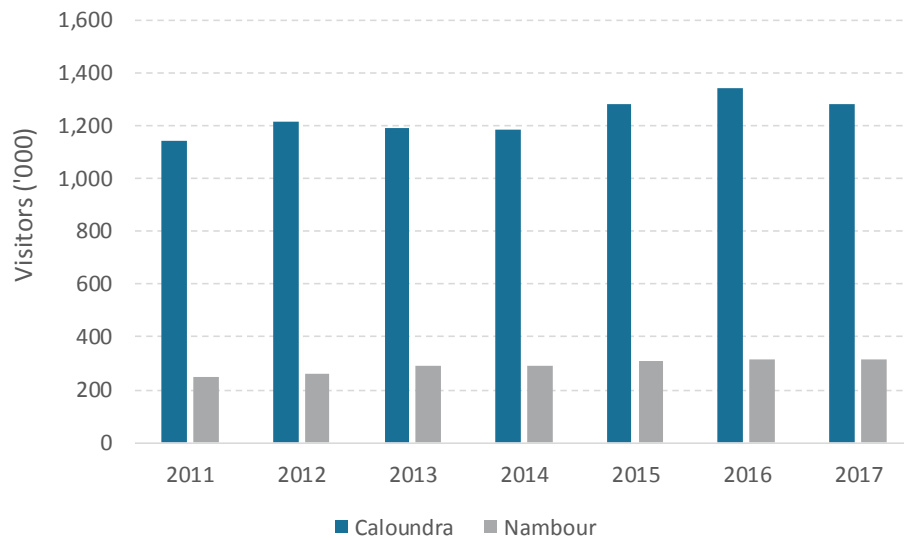
Note: Estimated resident population
Source: ABS (2017a)

3.4 Tourism Visitation

Given its oceanside location and history of tourism, it is unsurprising that Caloundra receives considerably more visitors per year than Nambour. In the year ending March 2017, Caloundra received an estimated 1.3 million visitors compared to 317,000 for Nambour. Visitors to Nambour were dominated by day-trip visitors, who made up 73% of all visitors, which is consistent with its function as a business and administrative centre as well as the presence of a large hospital. By contrast, day-trip visitors made up 61% of all visitors to Caloundra with domestic overnight visitors contributing 38% of all visitors. This higher proportion of domestic overnight visitors is consistent with the strength of tourism in Caloundra. The relatively high level of day-trip visitors also recognises Caloundra's role as business and administrative centre.

Visitors can be important and valuable for a local economy as they tend to spend money with local businesses. This expenditure also originates from outside the typical retail catchment, which can add considerably to the available retail expenditure within the local area.

Figure 3.5 Visitors by Centre



Note: Year ending March. Visitors include day trip, domestic overnight and international.
Source: TRA (2017)

3.5 Retail and Commercial Property Market

In terms of retail and commercial property, both the Caloundra and Nambour markets are relatively small and have struggled over the last few years. Research identified 39 vacancies in Caloundra and an average asking lease rate of \$328/sqm as well as 55 vacancies in Nambour and an asking lease rate of \$379/sqm (realcommercial, 2017). The vacancies are quite noticeable in both Caloundra and Nambour upon inspections of both centres. This level of vacancy can often hinder the economy and provide a negative impetus to business confidence.

A retail expenditure model was developed by Lucid Economics to estimate the total retail expenditure available in each centre and establish current demand for retail space. As each centre performs an important regional function, catchments for retail expenditure were developed that go beyond the SA2 boundary considered for each centre (refer **Appendix B**). Table 3.1 shows that Caloundra draws on an estimated total pool of \$194 million in retail expenditure and Nambour has a catchment of \$112 million.

Table 3.1 Total Retail Expenditure by Category and Catchment (\$M)

Category	Caloundra Catchment	Nambour Catchment
Food and non-alcoholic beverages	\$100.0	\$113.7
Alcoholic beverages	\$22.2	\$19.1
Tobacco products	\$3.6	\$5.4
Clothing and footwear	\$3.3	\$4.7
Household furnishings and equipment	\$5.3	\$7.4
Personal care	\$5.3	\$6.5
Miscellaneous goods	\$76.5	\$14.0
Total	\$216.2	\$170.7

Source: Lucid Economics

Using a benchmark of \$6,043 of retail turnover per sqm (Urbis, 2014), an estimate of total demand for retail space in each centre can be established:

- Caloundra: 33,763 sqm
- Nambour: 26,667 sqm

A commercial office demand model was also developed to estimate demand for each centre (refer **Appendix C**). Unfortunately, this assessment was forced to rely on employment data from the 2011 Census due to more recent data not yet being released from the ABS for the 2016 Census. Using an industry benchmark of 15 sqm per employee provides an estimate of demand for commercial office space in each centre:

- Caloundra: 18,621 sqm
- Nambour: 29,400 sqm

Using estimates from Council's Planning Scheme in terms of built form, these demand estimates are able to be compared to available and existing retail and commercial space in each centre. As highlighted in the table below (Table 3.2), based on this analysis, there is currently an oversupply of retail and commercial space in each centre. This level of oversupply would align to existing vacancies as well as the inspection of each centre.

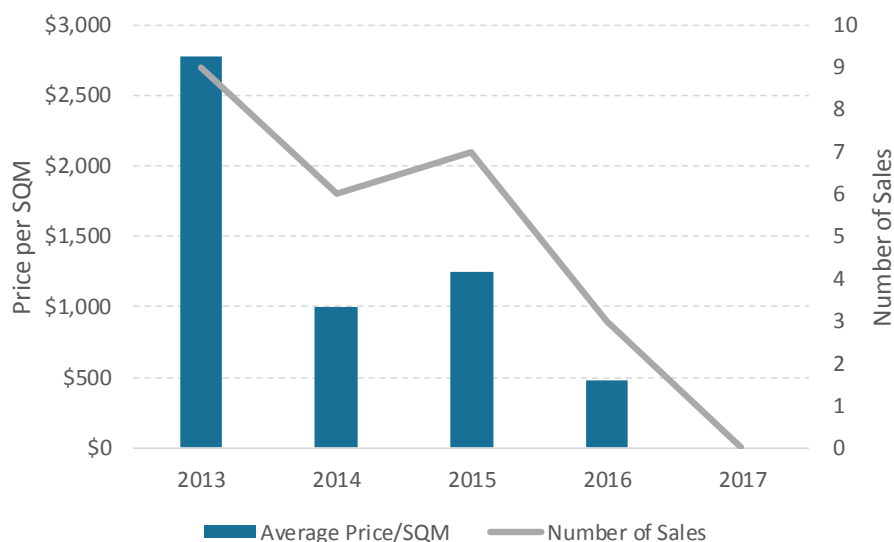
Table 3.2 Retail and Commercial Supply and Demand Balance by Centre

	Total Centre (SQM)	Retail Demand (SQM)	Office Demand (SQM)	Total Demand	Surplus/Shortage	Vacancy Rate
Caloundra	58,618	33,763	18,621	52,384	6,234	11%
Nambour	69,628	26,667	29,400	56,067	13,561	19%

Source: Sunshine Coast Council (2017d); ABS (2012); Urbis (2014); Lucid Economics

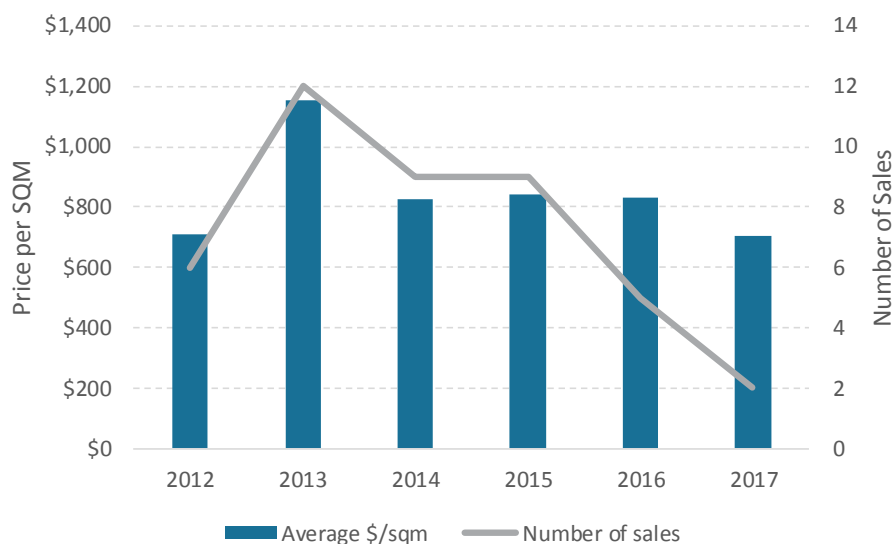
While sales evidence is very limited (Figure 3.6 and Figure 3.7), it does show a downward trend for both centres in terms of property sales on a per square metre basis, which aligns with the relative high rate of vacancy in both areas. It should be noted that due to the limited number of sales, average values can be misleading. Individual review of each transaction showed that there was considerable variety in individual property transaction values, with some properties experiencing an increase and others a decrease over time. In Nambour, this situation seemed to be most pronounced. In both centres, the time between transactions and the characteristics of the individual properties contributed greatly to the value established by the purchase price.

Figure 3.6 Retail and Commercial Property Sales, Caloundra



Note: Search conducted 1 August 2017 and would include all properties settled as of April 2017.
Source: Pricerfinder (2017)

Figure 3.7 Retail and Commercial Property Sales, Nambour



Note: Search conducted 1 August 2017 and would include all properties settled as of April 2017.
Source: Pricerfinder (2017)

3.6 Existing Planning for the Future

Caloundra and Nambour both have existing plans regarding their future development, including:

- Caloundra Centre Master Plan (March 2017)
- Nambour Activation Plan (October 2015)

3.6.1 Caloundra Centre Master Plan

The Caloundra Centre Master Plan was officially adopted by Council earlier this year. The Master Plan provides a road map for the future development of the centre, which is based on a detailed analysis of its existing economic, social, environmental, transport, infrastructure and urban design make-up. The Master Plan appropriately acknowledges and seeks to build Caloundra's strengths across tourism as well as numerous other areas of economic opportunity. The Master Plan provides a strong guiding vision as well as a series of priority projects, strategies and initiatives to achieve the vision. It identifies and seeks to leverage Council owned land to provide a catalyst for future development and investment through the proposed new town square.

Caloundra Centre Vision

The Caloundra Centre Master Plan provide the following vision for the area:

Caloundra is a naturally beautiful, vibrant, creative and sustainable place to live, work, play and visit. Caloundra is known as a City of Beaches, an urban village framed by nature. It is an active and healthy place with a strong community, sport, recreation and outdoor living focus.

Located at the southern gateway to the Sunshine Coast Enterprise Corridor, Caloundra is a thriving Major Regional Activity Centre with a vibrant mix of shopping, tourism, community activities, health care, sporting, recreation, education, aviation and living opportunities. The combination of these activities provides Caloundra with its economic advantage.

Caloundra is well connected to other centres and employment areas via an efficient public transport and road network. Within Caloundra, areas are connected via a local people mover as well as a network of shady streets and pathways for walking and cycling. Caloundra embraces green initiatives and smart technology.

Caloundra Centre is a welcoming and legible centre with an attractive gateway boulevard. It is a destination for business, tourists and locals with a thriving main street, active laneways and attractive links to Bulcock Beach. Enriched community spaces and facilities are the heart of Caloundra, providing a focus for community activities and events. Central Park, other sports facilities and education facilities provide the focus for a renewed housing area offering a variety of residential and retirement opportunities (pg i, Caloundra Centre Master Plan, 2017).

Figure 3.8 Caloundra Centre Master Plan Strategies



Source: Sunshine Coast Council (2017b)

The identified priority projects include:

- A **new town square**, including the redevelopment of council owned sites to create a new central mixed use development that provides a central link between Council's Administration Building and Bulcock Street
- A range of **road improvements**, including construction of the Arthur Street intersection and the Queen Street ramps to improve access into Caloundra
- **Reconstruction of the Bowman Road/Bulcock Street intersection** to create a new gateway into Bulcock Street
- **Incentivised mixed use redevelopment** around Bulcock Street to attract denser uses and activate the centre with people
- **Redevelopment of Otranto Avenue** as a street park linking the new town square, Bulcock Street and Bulcock Beach

The Master Plan provides a strong foundation and clear guidance for the future development of Caloundra. The following figures (Figure 3.9 and Figure 3.10) demonstrate the depth of this future vision and depict potential future aspects of the new town square imagined as part of the new Caloundra Centre.

Figure 3.9 Community and Creative Hub Town Square Concept



Source: Sunshine Coast Council (2017b)

Figure 3.10 New Town Square Concept, Caloundra



Legend

- ① Transport hub
- ② Community uses
- ③ Events Centre renewal and addressing Park
- ④ Bill Venardos Park activated as an events space
- ⑤ Ground floor of Council Building with uses to activate precinct
- ⑥ Redeveloped community/ creative facilities
- ⑦ New Town Square
- ⑧ Mixed use development and cultural/ community uses
- ⑨ Activation of Carter Lane

Source: Sunshine Coast Council (2017b)

3.6.2 Nambour Activation Plan

The Nambour Activation Plan is a placemaking strategy for the Nambour CBD. It segments the area into different precincts and provides an over-arching framework for placemaking in the Nambour CBD. The vision provides the tagline ‘Nambour – original since 1870’ and speaks of the centre’s heritage as well as its hospitality, local produce, eclectic shops, events and music. It highlights future potential outcomes stemming from a variety of projects to celebrate Nambour’s uniqueness and attractiveness for a variety of residents, visitors and businesses.

The placemaking framework creates distinct but connected precincts across the Nambour CBD (Figure 3.11) and includes five placemaking locations, including:

- Howard Street – the Tracks
- Town Square and High Streets
- The Forecourt/Currie Street – the little Brunswick Street
- C-Square – arts and entertainment mecca
- Petrie Creek Parklands – town touching nature

Across the various placemaking locations a variety of techniques including street scaping, pop-ups, busking, trails, events as well as better connectivity amongst the areas are included in the Plan.

The document highlights a number of challenges that include determining Nambour’s future role and function as well as establishing a new image. The plan is solely a placemaking and activation plan and does not consider other factors such as catalytic sites, key economic drivers, competitive advantages, future economic opportunities, etc.

Catalytic Sites in Nambour

While the Nambour Activation Plan does not identify catalytic sites, a separate process has been undertaken to identify large sites in Nambour for future transformative development. Consultation with a variety of stakeholders has revealed that many sites around Nambour are currently attracting attention and interest from a range of potential investments from large-format retailers (and others).

Nambour as the traditional major centre on the Sunshine Coast enjoys a large and attractive catchment of over 66,000 people (Lucid Economics; ABS, 2016b), which together with Nambour’s central location and strong road network make it attractive for many businesses. Given its long history, the Nambour CBD is largely fragmented in terms of property ownership with a significant concentration of small lots, which makes amalgamation, redevelopment and the attraction of larger businesses difficult. The historical development pattern and current make-up of land parcels in the Nambour CBD led to many larger retail businesses moving away from the town, unable to find sites that could accommodate a larger retail floorplate and associated parking requirements.

Future catalytic developments are possible in Nambour, leveraging numerous large potential transformative sites in and around the Nambour CBD as well as Council land holdings.

Figure 3.11 Nambour Place Activation Framework



Source: Sunshine Coast Council (2017c)

4 Impact Assessment

Variety of Impacts

This assessment has identified a number of individual economic and social impacts that could be associated with the potential relocation of some Council staff from Caloundra and Nambour to Maroochydore, including:

- **Direct employment impact:** Council is one of the largest employers in each centre and the relocation of any staff will have a direct employment impact on the centre.
- **Retail expenditure impact:** Because of Council's presence in each centre, there is local retail expenditure associated with Council staff, visitors to Council offices as well as direct retail expenditure by Council.
- **Commercial property market impact:** Council would be one of the largest commercial office tenants on the Sunshine Coast and the commercial property market in neither centre is currently performing well. Any large scale vacancy in the centre would have an impact on the market.
- **Other Impacts:**
 - **Customer service impact:** Both centres currently have customer service centres that provide direct service and access for local residents to Council (and Council staff). A relocation of various functions that currently take place in each centre to Maroochydore may have an impact on customer service levels for residents.
 - **Community/Social impact:** Any relocation of Council staff may have some broader community and social impacts in terms of community cohesion, social capital and general community wellbeing.
 - **Additional impacts:** There are a number of qualitative impacts related to any potential relocation of Council staff out of these centres. Local business confidence is likely the largest and most important of these impacts.

These impacts are explored in greater detail in this section. As the extent of any future potential staff relocation from Caloundra and Nambour is not yet known, where possible, a graduated scale of different employment levels has been used to identify the corresponding impact.

4.1 Direct Employment Impact

As Council is a significant employer in each centre, any relocation of Council staff out of the centres would represent a direct decrease in employment. The following table (Table 4.1) provides a scaled impact of direct employment on each centre based on a hypothetical relocation of Council staff at difference levels (i.e. 25, 50, 75, etc).

As highlighted, total current Council employment in Caloundra represents 7.4% of total jobs in the centre and Council employment in Nambour represents 3.7% of total jobs there, based on 2011 Census data. Depending on the scale of the relocation from each centre, the corresponding impact on direct employment would range from a decrease of 0.5% and 0.2% in Caloundra and Nambour, respectively, to a decrease of 4.0% and 1.8% in the respective centres if 200 staff were relocated.

Table 4.1 Sunshine Coast Council Staff and Proportion of Total Employment in Each Centre

Council Staff	Caloundra	Nambour
25	0.5%	0.2%
50	1.0%	0.4%
75	1.5%	0.7%
100	2.0%	0.9%
150	3.0%	1.3%
200	4.0%	1.8%
373	7.4%	3.3%
418	NA	3.7%

Note: NA – not applicable.

Source: ABS (2012); Lucid Economics

Nambour General Hospital

The Nambour General Hospital directly represented 2,851 jobs in Nambour (25% of the total), according to the 2011 Census. An additional 1,686 jobs existed in Nambour in other health care and social assistance sectors. Combined all health care related jobs made up 40% of all jobs in Nambour in 2011.

According to a more recent article (SCD, 2017), employment at the Nambour General Hospital at the beginning of 2017 was 3,000. The same article highlighted that 1,800 staff (or 60% of the total hospital staff) at the Nambour General Hospital would transfer to the new Sunshine Coast University Hospital. **These 1,800 jobs represent 16% of total jobs in Nambour**, according to 2011 Census data.

Given the significance of the health care sector in general in Nambour, it would be expected that a number of allied health and other fields associated with the hospital may relocate as well, creating even further job losses. A multi-million dollar refurbishment of the Nambour General Hospital has been reported, which has the potential to generate new jobs.

Local Impacts vs. Regional Impacts

Caloundra and Nambour are relatively small areas for an economy. This assessment has considered each centre as its own economy in order to identify economic impacts in these centres. The regional economy representing the entire Sunshine Coast region would be much larger and more sophisticated in terms of its supply chains and inter-industry linkages. At this regional level, any relocation of Council staff would not have a net impact, but rather simply reflects transferring economic activity from one part of the region to another. **At the regional level there would be no economic impact from the relocation of any Council staff.**

4.2 Retail Expenditure Impact

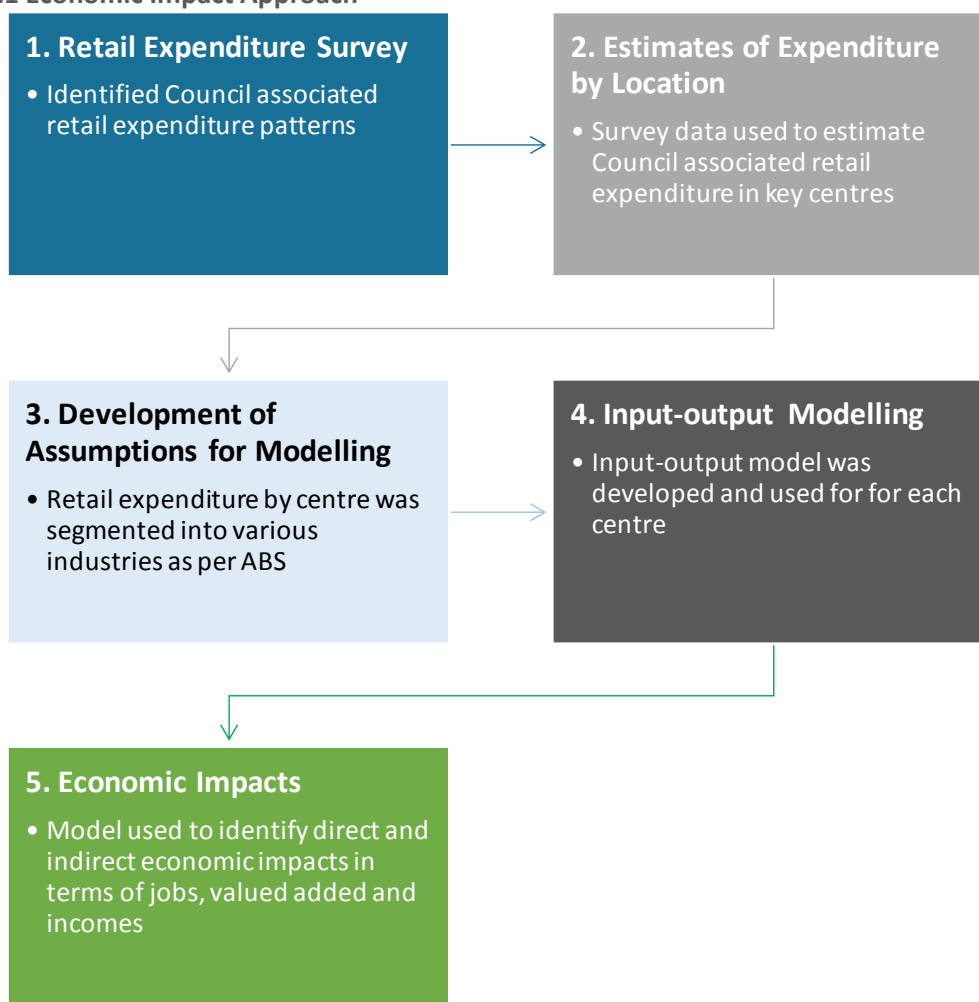
As a flow-on impact from any direct employment impact, the relocation of staff from either centre will impact the localised retail expenditure, which will have an impact on local businesses in each centre. In order to measure this impact, a detailed retail expenditure survey of all Council staff was carried out (refer to **Appendix D**) and three distinct retail expenditure impacts have been evaluated:

- Impact from Council staff expenditure
- Impact from expenditure associated with visitors to Council
- Impact from direct retail expenditure by Council

4.2.1 Approach and Methodology

The general approach for the economic impact assessment is highlighted in the following diagram (Figure 4.1) and leverages input-output modelling.

Figure 4.1 Economic Impact Approach



Source: Lucid Economics

Input-output modelling allows the direct and indirect (or flow on) effects of a change to be analysed. To estimate the direct and flow on effects of the retail expenditure, the retail spend category was modified to ensure that it captured only the local component. Given the small size of the regions being analysed, it was assumed that the goods purchased from retailers were not made within the regions. In effect, these goods were considered to be imports into the centres. Based on published information from the Australian Bureau of Statistics on the size of retail margins in purchased goods, an estimate of the retail margin (or retail mark-up) component of the retail sales was estimated. The retail input-output multipliers were only applied to the retail margin so as to avoid overestimating the impact of retail spend. The input-output multipliers applied to the other components of spend by staff, visitors and Council did not require this adjustment.

Individual input-output tables were developed to simulate the microeconomic environment in each centre. As such, the modelling considers the local economic structure of each centre and identifies the appropriate direct and indirect impacts.

4.2.2 Key Assumptions and Drivers

The following tables (Table 4.2) highlight the key assumptions and drivers used for the analysis, which were derived through the survey data and applied to current staffing levels in each centre, provided by Council.

Table 4.2 Council Based Retail Expenditure by Centre by Industry

	Caloundra	Nambour
Retail Expenditure by Staff		
Retail trade	\$484,230	\$598,158
Food and beverage services	\$549,616	\$678,927
Personal services	\$63,490	\$78,428
Other services	\$95,709	\$118,227
Total	\$1,193,045	\$1,473,739
Retail Expenditure by Visitors		
Retail trade	\$223,619	\$110,139
Food and beverage services	\$0	\$0
Personal services	\$0	\$0
Other services	\$0	\$0
Total	\$223,619	\$110,139
Retail Expenditure by Council		
Retail trade	\$199,427	\$223,487
Food and beverage services	\$295,580	\$331,240
Personal services	\$0	\$0
Other services	\$99,714	\$111,744
Total	\$594,721	\$666,470
Total Retail Expenditure		
Retail trade	\$907,277	\$931,784
Food and beverage services	\$845,196	\$1,010,166
Personal services	\$63,490	\$78,428
Other services	\$195,423	\$229,970
Total	\$2,011,385	\$2,250,348

Source: Sunshine Coast Council (2017a); Lucid Economics

Table 4.3 Council Staffing and Associated Total Retail Expenditure by Centre

Council Staff	Caloundra	Nambour
25	\$134,811	\$134,590
50	\$269,623	\$269,180
75	\$404,434	\$403,771
100	\$539,245	\$538,361
150	\$808,868	\$807,541
200	\$1,078,491	\$1,076,722
373	\$2,011,385	\$2,008,086
418	NA	\$2,250,348

Note: Expenditure above includes retail expenditure by staff, visitors and Council broken down to a per staff level at each centre. NA – not applicable.

Source: Lucid Economics

4.2.3 Retail Expenditure Economic Impact

The following table (Table 4.4) highlights the relative economic impact, in terms of direct and indirect jobs (total jobs), from a loss in Council related retail expenditure in each centre based on a range of staffing levels that could hypothetically be relocated. The table shows that if all 373 staff in Caloundra were to leave the centre, the flow-on impact of lost retail expenditure in the centre would equate to a further loss of 11 jobs on a full-time equivalent (FTE) basis. In Nambour, if all Council staff were to leave the flow-on impact of lost retail expenditure would equate to 15 FTE jobs.

As many of the jobs in retail and food services are casual, part-time, the number of total jobs would increase by 43% to 16 jobs in Caloundra and 22 jobs in Nambour, based on industry ratios regarding part-time to full-time employment (Lucid Economics; NIEIR, 2017).

Table 4.4 Economic Impact (Jobs) of Lost Retail Expenditure by Centre

Council Staff	Caloundra (Jobs)	Nambour (Jobs)
25	1	1
50	2	2
75	2	3
100	3	4
150	5	5
200	6	7
373	11	13
418		15

Note: Jobs represent both direct and indirect jobs and are expressed in full-time equivalent (FTE) terms.

Source: Lucid Economics

As highlighted in Section 3.5, a retail expenditure model was developed to estimate the total retail expenditure available in each centre. Table 4.5 shows the estimated total retail expenditure for each catchment as well as the identified Council related retail expenditure. As the table shows, the Council related retail expenditure only makes up a small fraction of the total expenditure in the catchment. This situation is typical as the majority of retail expenditure would be generated from households within the catchment.

Table 4.5 Total Retail Expenditure and Council Related Retail Expenditure by Catchment

Category	Caloundra Catchment	Nambour Catchment
Total Retail Expenditure (\$M)	\$216.2	\$170.7
Total Council Related Retail Expenditure (\$M)	\$2.0	\$2.3
% of Total Retail Expenditure	0.9%	1.3%

Source: Lucid Economics

4.3 Retail and Commercial Property Impact

As highlighted in Section 3.5, neither commercial property market is currently performing well and both already suffer from relatively high vacancy rates. The impact that any Council relocation from Caloundra or Nambour will have on the local market will be directly related to the level of vacant space that remains after the relocation. As highlighted in the table below (Table 4.6), while Council occupies only a small fraction of the overall estimated retail and commercial office space in each centre, Council would likely represent the single largest tenancies in each centre. In Caloundra, Council's Administration Building would be the largest commercial office property in the centre. Equally, Council's Eddie De Vere Building in Nambour would be the single largest commercial office property. The Fred Murray Building is smaller and likely comparable to a select few other buildings in Nambour.

Table 4.6 Commercial Floorspace and Council Presence by Centre

	Council Office Space (SQM)	Total Retail and Commercial Space (SQM)	Council as Total % of Centre
Caloundra	5,991	58,618	10.2%
Nambour	7,036	69,628	10.1%

Source: Sunshine Coast Council (2017a); Sunshine Coast Council (2017d); Lucid Economics

The table below (Table 4.7) demonstrates the potential future impact on the retail and commercial property market should Council totally vacate its office presence in both centres. Naturally, if Council does not vacate the office space or simply does not release the space onto the market or fills the space after any level of relocation of staff, then the impact on the existing retail and commercial property market in each centre would be negligible.

Table 4.7 Current and Future Adjusted Vacancy Rate (%)

	Current Vacancy Rate (%)	Adjusted Vacancy Rate (%)
Caloundra	10.6%	20.9%
Nambour	19.5%	29.6%

Source: Sunshine Coast Council (2017a); Sunshine Coast Council (2017d); Lucid Economics

It should be noted that the current high vacancy rates in both centres is not only a result of oversupply but also likely a reflection of older space that does not conform to current market requirements and is difficult to fill. In this situation, even if Council vacated some of its office space in each centre, the impact may still be negligible because it would be assumed that some of the existing vacant space will remain vacant. Council's office space in both centres would represent the higher end of the market currently available in each centre in terms of its quality. As such, this vacant space may attract tenants that are not able to occupy other existing space in the market due to either quality or size requirements.

4.4 Other Impacts

4.4.1 Customer Service Impact

Currently, residents in the Caloundra and Nambour catchments can access a full range of Council services through the customer service centres based in each centre. If any of these services were to relocate to Maroochydore there would be a decrease in customer service levels for these residents.

There are numerous ways and means that Council could manage these impacts to ensure that customer service levels did not decrease for local residents. Until decisions are made regarding specific functions and staff numbers that may be relocated to a central facility in Maroochydore, it is impossible to identify any level of impact in terms of customer service. However, it is acknowledged that depending on the functions and staff that are relocated that customer service could be impacted.

Once further details regarding the future relocation to Maroochydore are known, this impact could be explored further.

4.4.2 Community Impact

Community and Social Impacts

There are a variety of community and social impacts that would apply to any relocation of Council staff from Caloundra and Nambour, including:

- **Community Cohesion:** Community cohesion can be defined as “positive social relationships – or the bond or ‘glue’ that binds people. A socially cohesive society is one which works towards the wellbeing of all its members, fights exclusion and marginalisation, creates a sense of belonging, promotes trust and offers its members the opportunity of upward mobility” (AHRC, 2015).
- **Social Capital:** Social capital can be explained as the value of community cohesion, community participation and a sense of attachment to the community. According to the ABS, social capital is “networks, together with shared norms, values and understandings which facilitate cooperation within or among groups” (ABS, 2004).
- **Community Wellbeing:** The ABS developed eight factors influencing community wellbeing, including family and community; health; education and training; work; economic resources; housing; crime and justice; and culture and leisure (ABS, 2001). All of these factors support overall community wellbeing.

Any relocation of Council staff may have some broader community and social impacts in terms of community cohesion, social capital and general community wellbeing.

If any relocation of Council staff was perceived by the local community in either Caloundra or Nambour as a sign that Council was not dedicated to the community, then there could be impacts to community cohesion. Negative social impacts could continue and develop a range of undesired community outcomes. At the same time, if the potential future relocation of Council allowed for additional community services to enter the community and increase service provision, there could be many positive social and community outcomes.

Until the exact size, scale and make-up of future Council staff relocations are known, it will be impossible to identify the social and community impacts.

4.4.3 Additional Impacts

There are a variety of additional impacts that are largely qualitative in nature but can have considerable impacts on the centres:

- **Uncertainty:** Currently it is unknown what functions or how many staff may (or may not) relocate from Caloundra and Nambour to Maroochydore. Council has made a commitment to a presence in Maroochydore and as Maroochydore is designated by the State Government as the principle activity centre, this presence is certainly justified. However, the uncertainty regarding Council's future operations in Caloundra and Nambour creates an impasse as the communities (together with Council) cannot develop a future plan to manage a transition if the nature, size and scale of the transition remains unknown.

Additionally, this level of uncertainty can also be a disincentive for future investment in these centres as Council makes up an important part of these areas. Given the current state of future planning for both centres, this issue is likely more important for Nambour, however, it would have implications for Caloundra as well. A positive step to mitigating potential negative impacts from any future relocation out of these centres would be to develop a specific plan and details regarding functions, branches, staff and other facets of Council operations that will relocate to Maroochydore.

- **Confidence:** Local business confidence is critical to encourage investment and job growth. Local businesses, investors and developers must have confidence in the area as a requisite for investment, sometimes beyond economic and financial fundamentals. The current state of uncertainty does not provide confidence in regards to the future of Caloundra and Nambour. Given the more advanced state of future planning in Caloundra, this issue is likely more important in Nambour.

Council having a detailed plan regarding the relocation to Maroochydore and potential reuse or regeneration of any surplus space vacated in Caloundra and Nambour would contribute positively to building confidence in both centres.

- **Perception/Marketing:** In terms of marketing, perception often becomes reality. If an area is perceived as doing well or poorly, then this perception often becomes the reality in the minds of consumers, residents and investors that do not live in the community. Perceptions are often very difficult to combat and require a considerable amount of time and effort to address.

If Council's potential future relocation is perceived as having a negative impact on either centre, then the repercussions of this perception in terms of marketing for the area, business confidence, consumer and investor sentiment will be negative. Given the importance of business confidence in terms of investment, having a negative perception can be a considerable barrier to achieving growth.

4.5 Financial Efficiency

The current Sunshine Coast Council is the result of the amalgamation of two local governments, which has resulted in the current network of Council administrative locations including Caloundra, Maroochydore and Nambour. Caloundra and Nambour represent the traditional administrative centres for the two former local governments and Maroochydore is the largest centre in the region. Maintaining three operational centres leads to numerous inefficiencies across Council operations as numerous Council staff as well as elected officials are required to travel between various locations multiple times during the month, week and often day. This travel absorbs a considerable amount of time, relative to other local governments that only have one central administration location, which requires no travel time at all. The retail expenditure survey conducted for this project showed that only 41% of Council employees spend 100% of their time at one location, which means that 59% of Council staff spend time across the various operational locations.

Beyond the operational inefficiencies of maintaining multiple central administrative locations, financially maintaining a variety of properties (i.e. Caloundra Administration Building, 77 Bulcock Street, Eddie De Vere Building, Fred Murray Building) as well as leasing space in Maroochydore generates considerable expense, particularly when multiple locations eventually leads to duplication and underutilisation of space. With the travel requirements of staff, it would be virtually impossible to maintain high levels of space utilisation for Council premises. This inefficient use of space generates higher costs relative to other alternatives. Higher operational costs for Council ultimately have negative impacts on rate payers and the community at large. Naturally, many of the current Council assets are legacy, which makes them difficult to manage and deal with in an ideal efficiency and financial scenario.

Naturally, to build a new facility in Maroochydore (and centralise operations) would cost a considerable amount of capital and existing assets remain on Council's balance sheet, so future operational efficiencies may (or may not) be great enough to offset upfront capital costs for a new facility.

Until further details are known about which parts of Council and how many staff may relocate to Maroochydore as well as any potential re-use or redevelopment opportunities of existing assets, it is impossible to determine any positive or negative financial impacts.

5 Future Opportunities and Mitigating Impacts

Mitigating Impacts through Future Opportunities for Growth

This assessment has identified a number of impacts stemming from the potential relocation of Council staff from Caloundra and Nambour to Maroochydore. While there may be some potential negative economic and social impacts depending on the nature, size and scale of the future relocation, there are a number of ways to mitigate these impacts through a focus on future growth, investment and jobs.

5.1 Caloundra

The Caloundra Centre Master Plan highlights a number of areas for future growth of the centre, including:

- Tourism, accommodation and recreation
- Health care and retirement living
- Industrial, aviation and engineering at the Caloundra Aerodrome
- Range of professional services
- Education
- Arts, crafts and music

Specifically, the Master Plan highlights a number of infrastructure improvements and developments that will aid in the tourism industry and the attraction of additional visitors and associated expenditure.

Additionally, the Master Plan sets the foundation for the redevelopment of Council held land to transform the current 77 Bulcock Street, Caloundra Library and Caloundra Regional Gallery into a new town square, which would create a central hub in the Caloundra CBD. The new town square would also facilitate the development of a mixed use precinct, which could include commercial, residential, retail and other uses. The redevelopment also includes a Community and Creative Hub, which could act as a catalyst for new economic development outcomes.

Relative to the Caloundra Administration Building, 77 Bulcock Street, Caloundra Library and Caloundra Regional Gallery are relatively small and given the size of the land parcel and its central location, likely represent an underutilisation of this land.

Depending on the extent of the relocation of staff and the availability of space in the Caloundra Administration Building, other potential uses of this space could also be considered together with the redeveloped town square, including:

- Office accommodation for community organisations and non-profits
- Office accommodation for co-working or other similar uses (so as not to conflict with the proposed Community and Creative Hub)
- Community and recreational uses (i.e. meeting space, yoga classes, training and education)
- Museum or local heritage centre
- Sub-leased into the market as commercial office space²

² Council should consider any potential implications from competing with the private sector.

Depending on the size and scale of the relocation, Council should consider any and all of the above potential uses relative to demand for them and the ability of the private sector market to accommodate these uses.

Given the current layout and state of the Caloundra Administration Building, it would provide a very high quality office environment for the area and be able to accommodate a number of sub-divisions (refer **Appendix E**).

5.2 Nambour

Nambour in Transition

Nambour was founded on the timber industry in the late 1800s, but transitioned to the sugar industry in 1897 with the opening of the Moreton Central Sugar Mill. The mill was active until 2003 and the site has since been converted and now houses the Nambour Mill Village Shopping Centre. Analysis of 2001 and 2006 Census employment data would indicate that approximately 100 jobs were directly associated with the mill, and there would have been many others that would have been directly supported by the activity at the mill. The closure of the Moreton Central Sugar Mill marked the beginning of Nambour's transition, which continues today.

The Nambour General Hospital directly represented 2,851 jobs in Nambour (25% of the total), according to the 2011 Census. An additional 1,686 jobs existed in Nambour in other health care and social assistance sectors. Combined all health care related jobs made up 40% of all jobs in Nambour in 2011. According to a more recent article (SCD, 2017), employment at the Nambour General Hospital at the beginning of 2017 was 3,000. The same article highlighted that 1,800 staff (or 60% of the total) at the Nambour General Hospital would transfer to the new Sunshine Coast University Hospital. Given the significance of the health care sector in general in Nambour, it would be expected that a number of allied health and other fields associated with the hospital may relocate as well, creating even further job losses. A multi-million dollar refurbishment of the Nambour General Hospital has been reported, which has the potential to aid in Nambour's transition and generate new jobs.

These two single events have greatly impacted Nambour and created a process of transition for Nambour. Future potential investments into Nambour can also aid in this transition, repositioning the centre and driving future economic development, business and job growth.

The Nambour Activation Plan highlighted the activation of the forecourt of the Eddie De Vere Building as potential future use.

Both the Fred Murray Building and the Eddie De Vere Building present a quality office environment (refer **Appendix E**). While the layout is more traditional and does not support the modern activity based working designs, the space is very usable and suitable for office uses. The design and layout of the Eddie De Vere Building with central lift facilities and uniform floor area surrounding the lifts would lend itself to subdivision and the creation of individual company offices accommodating 10-50 staff or a variety of classrooms and offices. By contrast, the layout of the Fred Murray building would better suit a call centre type of operation as the floorplate is long and irregular. Alternative fitouts for co-working or other set ups that can be flexible to the space could be considered.

Depending on the extent of the relocation and the availability of space, there are a number of potential alternative uses that could add value to the Nambour economy, including:

- **Tertiary education:** the layout of both the Fred Murray and Eddie De Vere Buildings could lend themselves to the creation of classrooms for tertiary education. While the recruitment of a university to Nambour should be considered and pursued, alternatively, there may be a way to provide space to multiple universities for the provision of course work. The recruitment of tertiary education to Nambour would build on the centre's strong education focus as well as leverage the central location, strong road network and availability of parking (behind the buildings). Tertiary education would bring people into the centre during the day, contributing to increasing local retail expenditure. The presence of students may also trigger demand for additional night time economic activities such as bars, restaurants and clubs.
- **Training:** for the same reasons that tertiary education should be considered, establishing training facilities that could be used by tertiary education providers as well as regional training organisations and other government and corporate organisations could bring similar benefits as tertiary education.
- **Music school, recording studios and associated space:** building on a burgeoning music scene in Nambour (as highlighted by the Nambour Activation Plan), the recruitment of a music school and creation of recording studios could create a catalyst for music and creative arts in Nambour. If Nambour could become a centre of live music, there may be the possibility for different music clubs to establish, attracting patrons from around the Sunshine Coast. Given its layout, the Fred Murray Building may lend itself to this redevelopment opportunity better than the Eddie De Vere Building.
- **Niche School of the Arts:** building on both the strong education industry in Nambour as well as the burgeoning music scene, the recruitment of a niche school of the arts focusing on music, performance and singing would bring similar benefits as the examples above. The added benefit of building a niche or elite program would be the ability to attract people to Nambour from around the State or the Nation. New residents would likely seek to live in or near Nambour to be close to the school.
- **Co-working centre:** the layouts of both Fred Murray Building and Eddie De Vere Building could lend themselves to the development of a co-working space. As with many aspects of the potential reuse of space, Council should consider there is already a private sector co-working centre operator in Nambour, The Boarding Office, and open competition with existing businesses should be avoided.
- **Business incubator and small business centre:** similar to the co-working centre, the space could lend itself for a business incubator and/or small business centre. While the University of the Sunshine Coast operates its Innovation Centre, Nambour could provide a hinterland location for entrepreneurs and small businesses. The model should be carefully considered any many business incubators in Australia have failed because the model became simply a subsidy for commercial rent. However, a centre that provided a range of services, likely together with a co-working element, would have a greater chance of success, as various case studies around Australia highlight. Similar to other potential reuse options, a business incubator/small business centre would bring jobs and businesses back into Nambour and could leverage existing infrastructure.

- **Commercial office accommodation:** the layout of the Eddie De Vere Building would lend itself to sub-division and creation of commercial office space for 10-50 employees. All of the existing infrastructure including the parking provision as well as the Telstra Exchange across the street would support commercial business operations. The space would represent a quality offering in the Nambour market, relative to existing commercial space. However, the space would compete with larger commercial centres, such as Maroochydore, as well as other private sector offerings in the Nambour market. Providing additional commercial office space into a market that is already oversupplied could create issues in the business community and result in unintended negative consequences.
- **Call centre:** given the labour catchment, the presence of the Telstra Exchange across the street and the existing layout, the buildings could be attractive for a potential call centre. With the expected growth in Youi and other call centre operators on the Sunshine Coast, the market may be near the point of saturation in the future (in terms of workforce availability), but hinterland location of Nambour may prove advantageous. The strong road networks provide accessibility to the site, but the limited presence of public transport options may deter some operators. While the Nambour train station provides some access from other stations along the line, it does not facilitate the same connectivity as some suburbs closer to Brisbane (i.e. Caboolture, Strathpine, Chermside, Fortitude Valley), which are often needed to attract the volume of workers required.

All of the above opportunities would benefit from the duplication of the rail line and facilitating better train connections to Nambour. If the train connection could greatly increase accessibility for the centre, there would be additional opportunities to consider medium density residential development in the centre, which bring additional expenditure providing a boost to local businesses.

Depending on the amount of surplus space, there may be potential for demolition of the Library Building and relocation of the Library into either Fred Murray or Eddie De Vere. This demolition would create a much larger open space, which could aid in attracting alternative uses to the Fred Murray and Eddie De Vere Buildings.

Consultation revealed that there are investors currently looking at major investments into Nambour. 81-87 Currie Street was purchased at the beginning of the year and is currently undergoing refurbishment. Alternate uses for the Fred Murray Building, Nambour Library and Eddie De Vere Building should be considered in light of the current and potential private sector investment into Nambour. The combined efforts should be used as a catalyst for renewal and the beginning of a broader plan to reinvigorate Nambour.

No Silver Bullet

In terms of redevelopment and urban renewal, there is no silver bullet and often the focus on a single 'thing' to create an environment of renewal will fail. Rather, a comprehensive approach that considers multiple opportunities and infrastructure in a structured process over time has proven an effective means for redevelopment and renewal. This approach is often guided by a clear vision that is championed by a select few local ambassadors and supported by government. Catalytic projects (either infrastructure or development) often can create the initial inertia that can attract additional private sector investment over time.

6 Summary of Findings

This assessment has identified a number of key findings in terms of a variety of economic and social impacts stemming from the potential relocation of Council staff from Caloundra and Nambour to Maroochydore, including:

- Caloundra and Nambour are important service centres for the Sunshine Coast and are very different in terms of their economic size, scale and structure.
- Future planning in Caloundra is more advanced than in Nambour and provides a strong platform for future growth. Nambour currently lacks some of the future planning regarding future investment, infrastructure and economic development.
- Council is an important employer in each centre providing 7.4% of jobs in Caloundra and 3.7% of jobs in Nambour.
- If all Council staff were to relocate from both centres, the economic impact in terms of jobs would be capped at 384 in Caloundra (7.6% of total) and 433 in Nambour (3.8% of total) based on the direct and flow-on impacts of Council retail expenditure.
- In the case of Nambour, the relocation of hospital staff is far greater, representing 1,800 jobs (16% of the total).
- Both centres currently suffer from high vacancy rates in retail and commercial property, 11% in Caloundra and 19% in Nambour.
- The current lack of certainty regarding Council's position in Nambour plus the potential impact on business confidence would be the single largest impacts of any future Council relocation.

Relative to the potential future opportunities in both Caloundra and Nambour, any impact of Council relocating some staff to Maroochydore would likely be negligible. If Council were to completely pull out of either centre, the impacts would be greater, but still be relatively minor in terms of the local economy. For example, in Nambour, if Council were to completely relocate, there would be a limited few local businesses (i.e. local cafes surrounding Council's facility) that would likely go out of business.

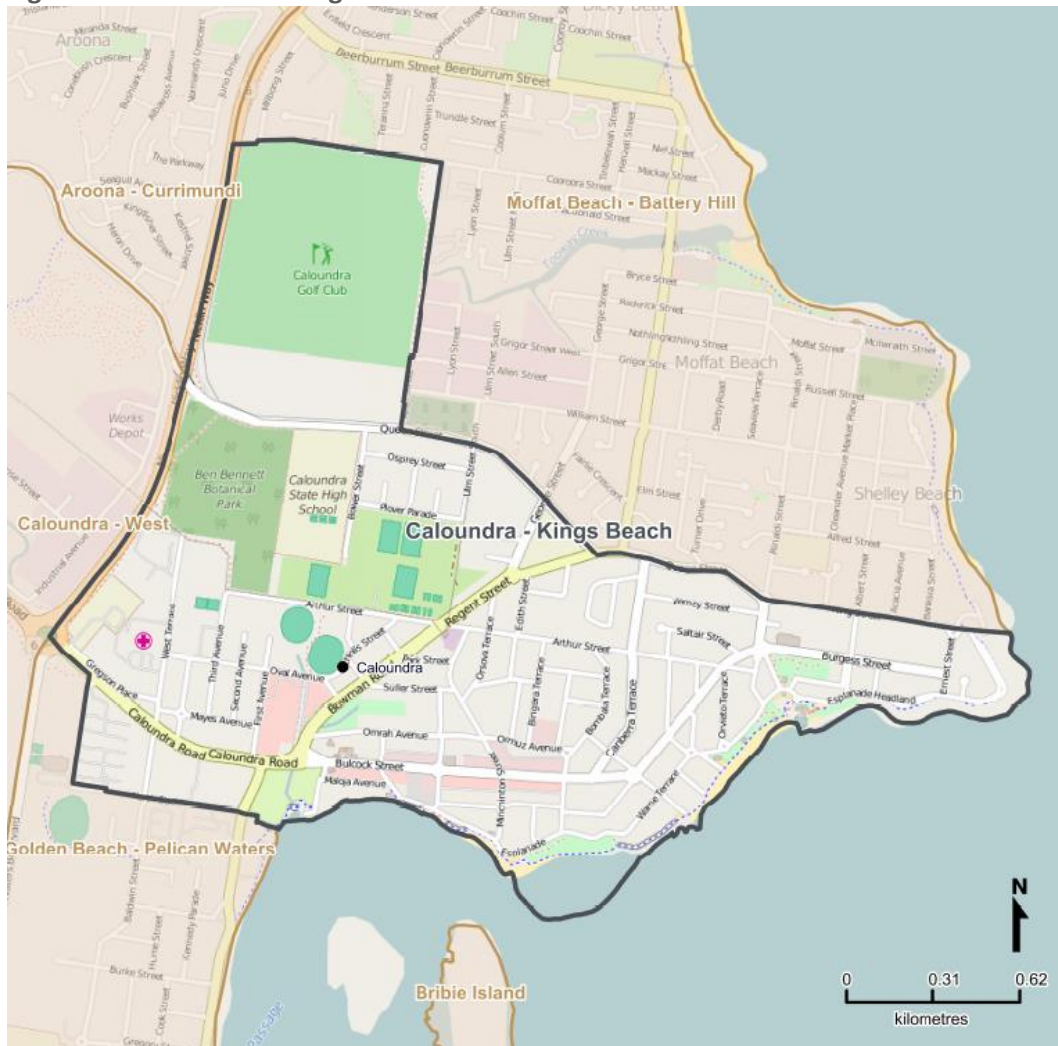
It would be recommended that further planning and strategy be conducted for Nambour in order to provide it with the same robust future planning foundation as Caloundra has through its recently adopted Centre Master Plan.

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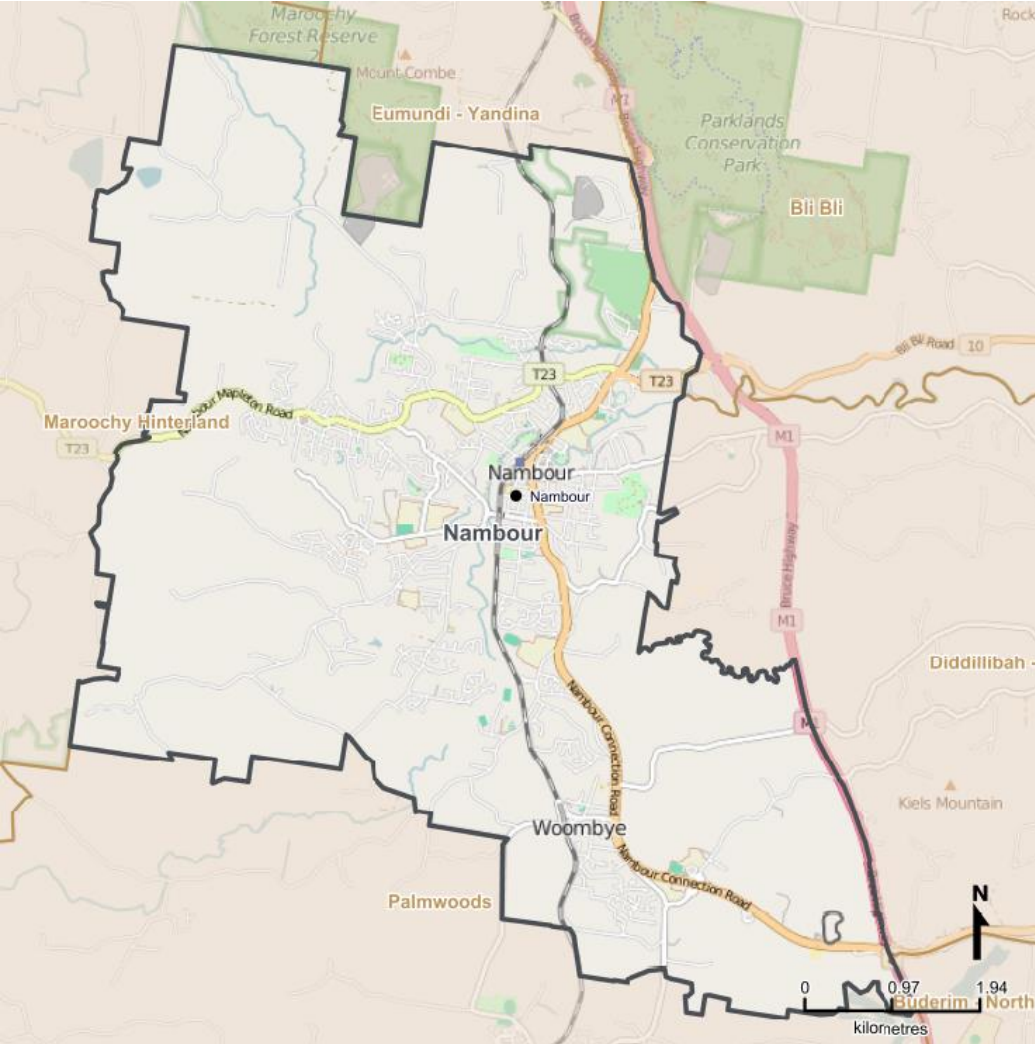
Appendix A: Caloundra and Nambour Maps

Figure A.1 Caloundra – Kings Beach SA2



Source: QGSO (2017)

Figure A.2 Nambour SA2



Source: QGSO (2017)

Appendix B: Retail Expenditure Model

A retail expenditure model was developed by Lucid Economics for this project. The model used the most recent ABS Household Expenditure Survey (Cat. No. 6530) as a base and then adjusted the household expenditure items by using the Consumer Price Index (Cat. No. 6401). As the household expenditure survey is state based, the relationship between estimated household expenditure at the state level for 2016 was compared to household income at the state level from the 2016 Census. This ratio was then used together with the latest 2016 Census data to establish household expenditure per catchment based on catchment household income, as per the 2016 Census. All non-retail oriented expenditure (i.e. housing cost, domestic fuel, transportation costs, etc.) was then excluded from the assessment so as to focus on retail expenditure that would be associated with retail space within the local government.

The most recent 2016 Census information regarding households at the SA2 was used to form the various catchments for each centre, including the main trading area and secondary trading areas (Table B.1 and Table B.2).

Retail expenditure stemming from visitors was also estimated using visitor and expenditure information from Tourism Research Australia. The most recent state based Tourism Satellite Account published by Tourism Research Australia was used to identify and isolate retail expenditure from the visitor expenditure and allocate the expenditure to a particular category. Assumptions were made regarding the assumed capture rate of the trip based expenditure for each centre. This expenditure (by category) was then added to household expenditure for each of the identified catchments.

Table B.1 Catchment Households

	Caloundra	Nambour
Main Trading Area	2,945	7,275
Secondary Trading Area	16,702	16,456
Total	19,647	23,731

Source: ABS (2017a); Lucid Economics

Table B.2 Retail Catchment Definition

	Caloundra Catchment	Nambour Catchment
Main Trading Area (SA2)	Caloundra - Kings Beach	Nambour
Secondary Trading Area (SA2)	Aroona-Currimundi Caloundra West Moffat Beach Wurtulla Birtinya	Eumundi Caloundra Hinterland Landsborough Maroochy hinterland Palmwoods

Source: Lucid Economics

Table B.3 Total Retail Expenditure by Category and Catchment (\$M)

Category	Caloundra Catchment	Nambour Catchment
Food and non-alcoholic beverages	\$100.0	\$113.7
Alcoholic beverages	\$22.2	\$19.1
Tobacco products	\$3.6	\$5.4
Clothing and footwear	\$3.3	\$4.7
Household furnishings and equipment	\$5.3	\$7.4
Personal care	\$5.3	\$6.5
Miscellaneous goods	\$76.5	\$14.0
Total	\$216.2	\$170.7

Source: Lucid Economics

Appendix C: Commercial Demand Model

A commercial demand model was developed by Lucid Economics for this project. The model used the most recent ABS employment by industry by occupation data available, which is from the 2011 Census. Based on anecdotal evidence, it has been assumed that the structure of the commercial sector in each centre has remained relatively similar between the 2011 and the 2016 Census.

The following table highlights the assumptions used regarding employment that would likely require a commercial office environment. The percent allocation highlights the percentage of employees (by sector by occupation) that would likely occupy a commercial office environment. These percentages were applied to employment by industry by occupation data from the 2011 Census for each centre.

The resulting totals provide an indicative demand for commercial office space on a per employee basis. In order to estimate the associated demand for commercial office space, the industry benchmark of 15 sqm per employee has been used.

Table C.1 Percent Allocation of Employment to Commercial Office Demand

	Managers	Professionals	Technicians and Trades Workers	Community and Personal Service Workers	Clerical and Administrative Workers	Sales Workers	Machinery Operators and Drivers	Labourers
Agriculture, Forestry and Fishing	0%	0%	0%	0%	0%	0%	0%	0%
Mining	0%	0%	0%	0%	0%	0%	0%	0%
Manufacturing	0%	0%	0%	0%	0%	0%	0%	0%
Electricity, Gas, Water and Waste Services	20%	100%	0%	100%	100%	100%	0%	0%
Construction	10%	100%	0%	100%	100%	100%	0%	0%
Wholesale Trade	0%	0%	0%	0%	0%	0%	0%	0%
Retail Trade	0%	0%	0%	0%	0%	0%	0%	0%
Accommodation and Food Services	0%	0%	0%	0%	0%	0%	0%	0%
Transport, Postal and Warehousing	10%	100%	0%	100%	100%	100%	0%	0%
Information Media and Telecommunications	100%	100%	100%	100%	100%	100%	0%	0%
Financial and Insurance Services	100%	100%	100%	100%	100%	100%	0%	0%
Rental, Hiring and Real Estate Services	100%	100%	100%	100%	100%	100%	0%	0%
Professional, Scientific and Technical Services	100%	100%	100%	100%	100%	100%	0%	0%
Administrative and Support Services	100%	100%	100%	100%	100%	100%	0%	0%
Public Administration and Safety	100%	100%	0%	100%	100%	100%	0%	0%
Education and Training	0%	0%	0%	0%	0%	0%	0%	0%
Health Care and Social Assistance	0%	0%	0%	0%	0%	0%	0%	0%
Arts and Recreation Services	20%	100%	0%	100%	100%	100%	0%	0%
Other Services	0%	0%	0%	0%	0%	0%	0%	0%

Source: Lucid Economics

Appendix D: Staff Retail Expenditure Survey

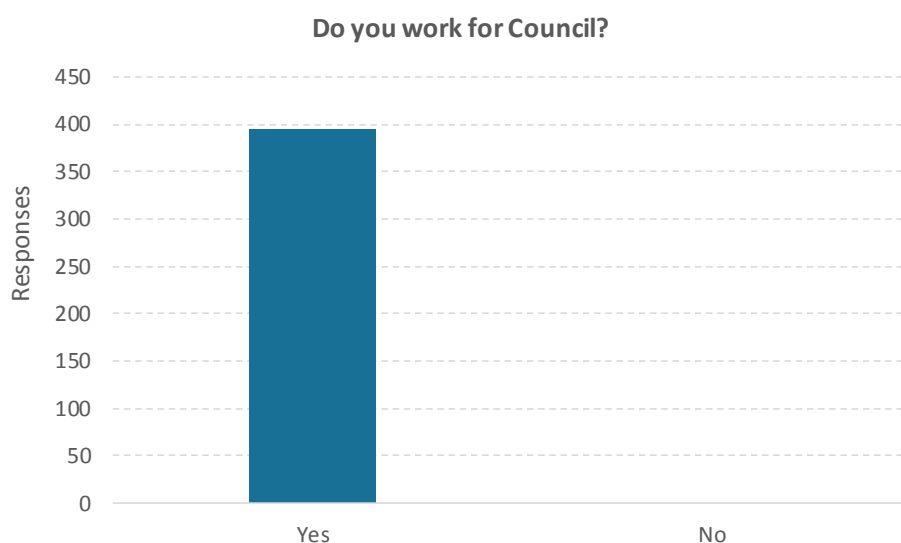
An online survey of Sunshine Coast Council staff was carried out to identify Council expenditure patterns across its network of locations, particularly in Nambour and Caloundra. The survey was carried out over a two-week period starting on 17 July 2017 and ending on 31 July 2017.

A total of 396 responses were collected, which provides a margin of error of +/- 4.34% at a confidence level of 95%. This level of response is aligned to industry benchmarks to provide statistically robust findings.

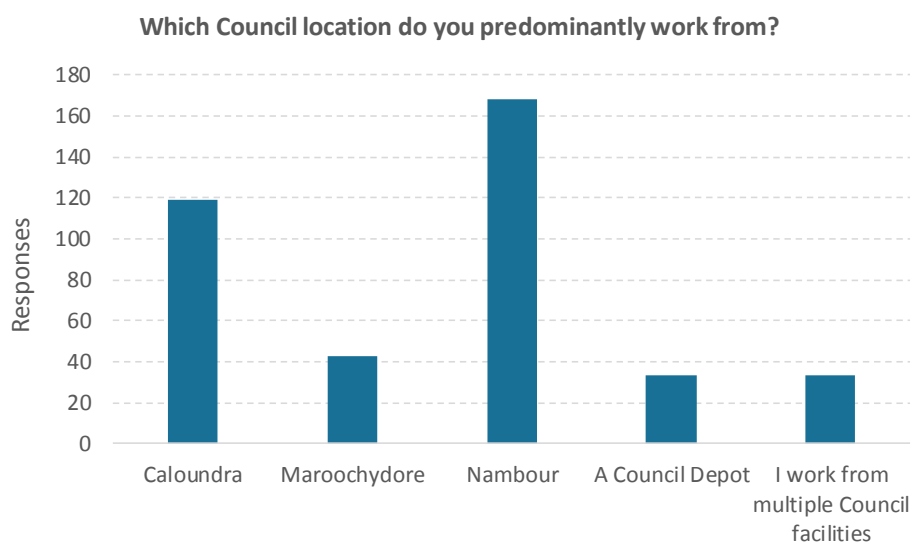
The detailed findings of the survey were used to inform the economic impact assessment of Council related retail expenditure.

Below is a summary of all questions asked and summary of the relevant responses.

Question 1

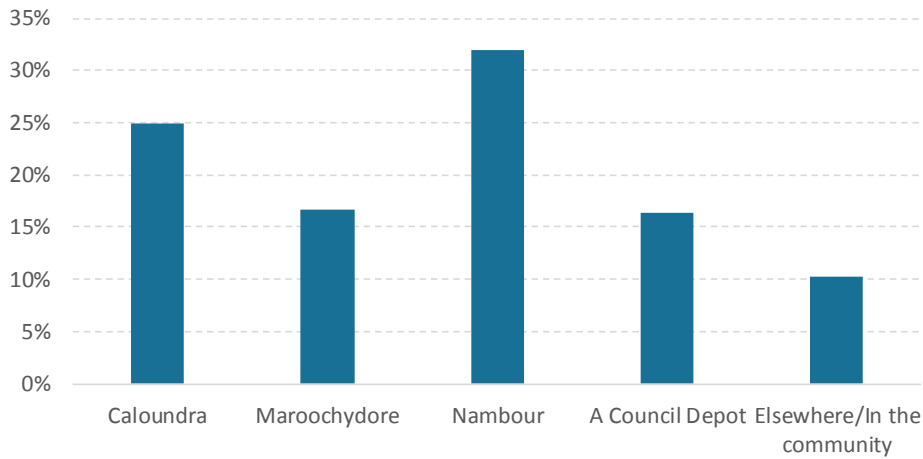


Question 2



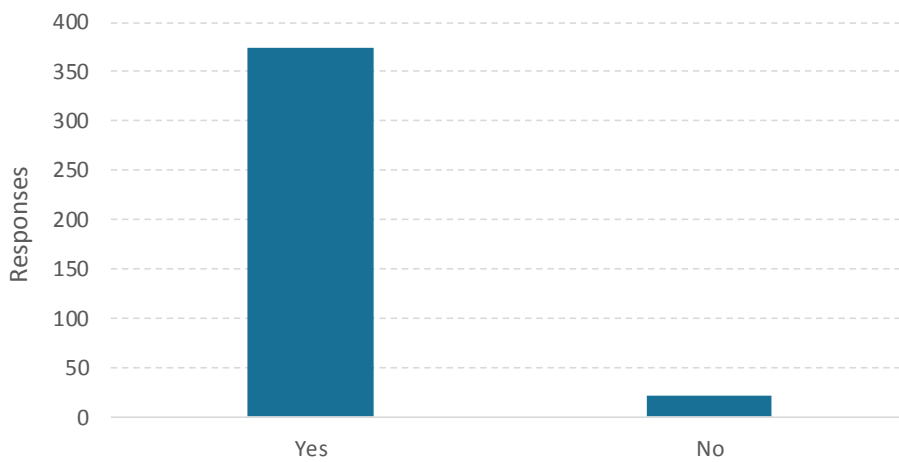
Question 3

Please allocate how much of your time during a typical week that you would spend in each Council location (% of your time).



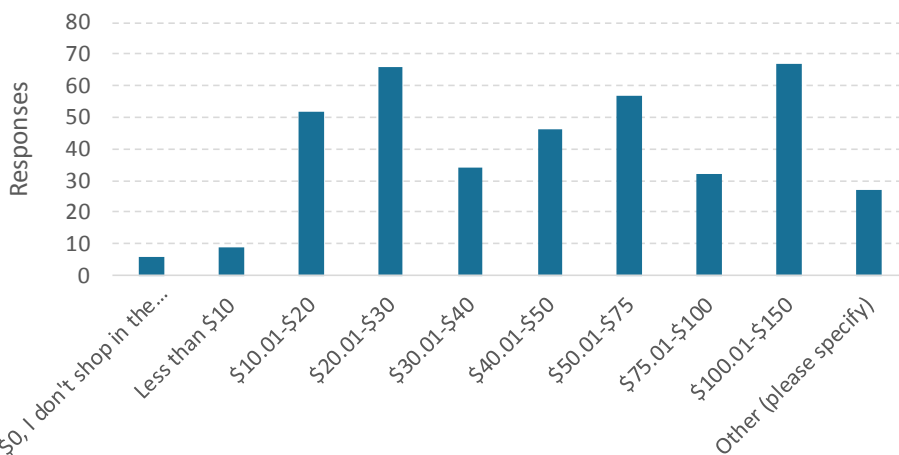
Question 4

Do you ever shop in the local community (where you work) before, during or after work?



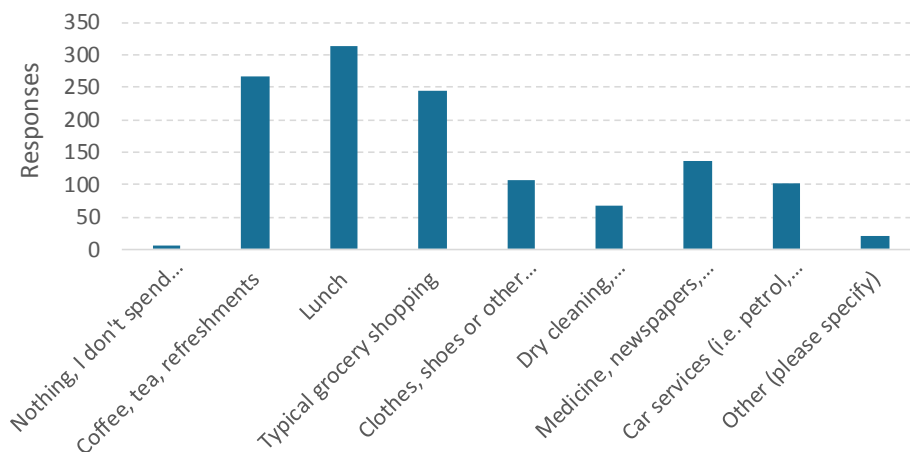
Question 5

During a typical work week, how much of your personal money would you spend in the local community (where you work)?



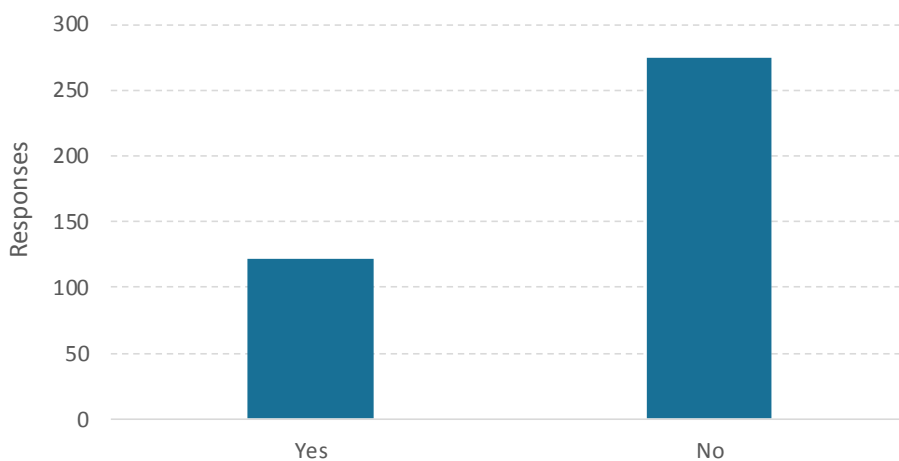
Question 6

In terms of the money you personally spend in the local community (Q 5), what is this money spent on? (check all that apply)



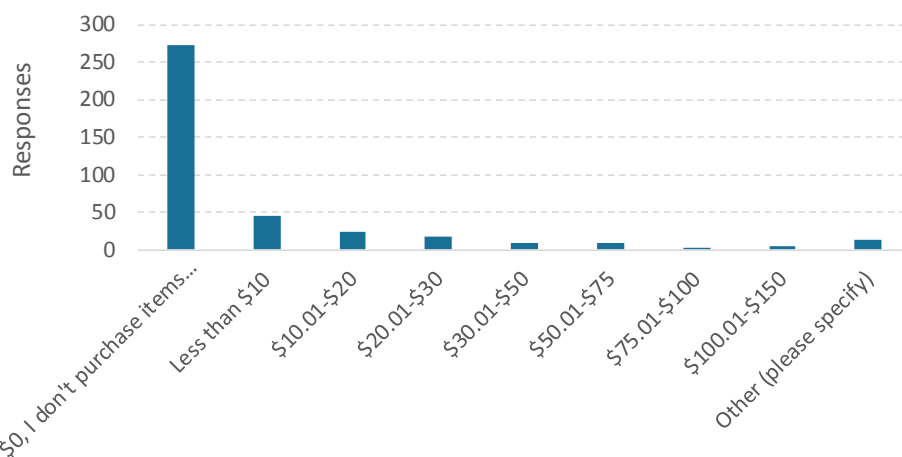
Question 7

While at work, do you ever purchase items from the local community on behalf of Council?



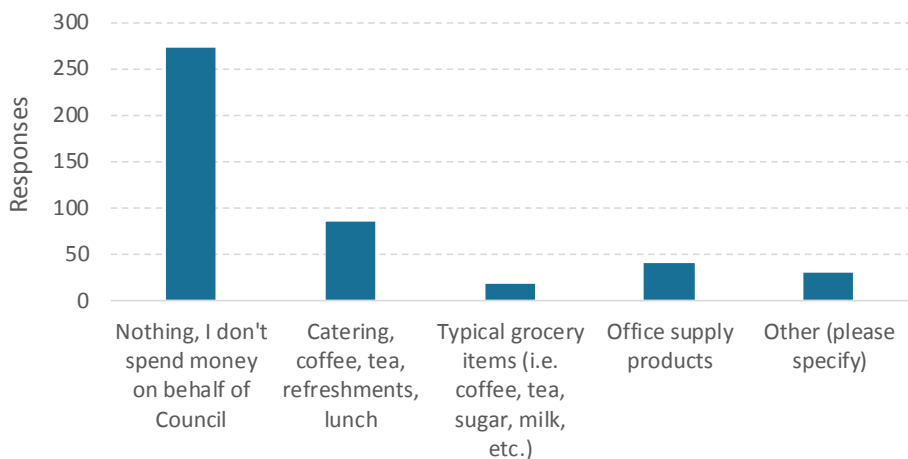
Question 8

During a typical week at work, how much would you spend on behalf of Council in the local community?



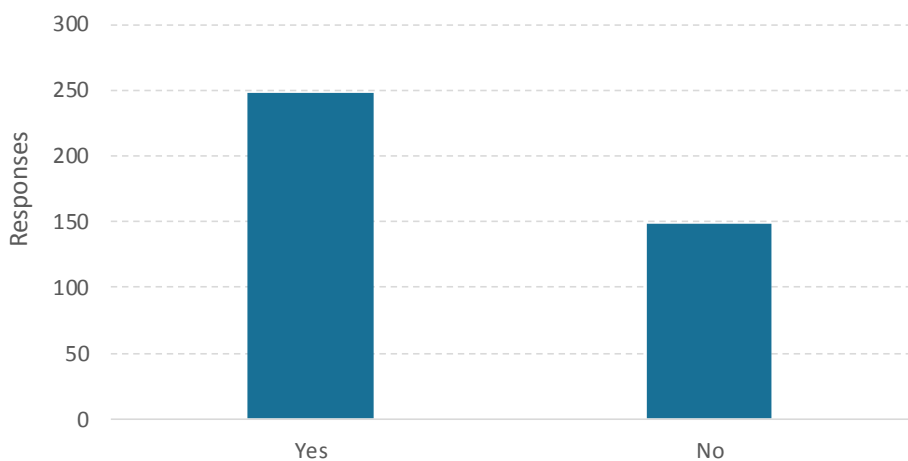
Question 9

In terms of the money you spend in the local community on behalf of Council (Q 8), what is this money spent on? (check all that apply)



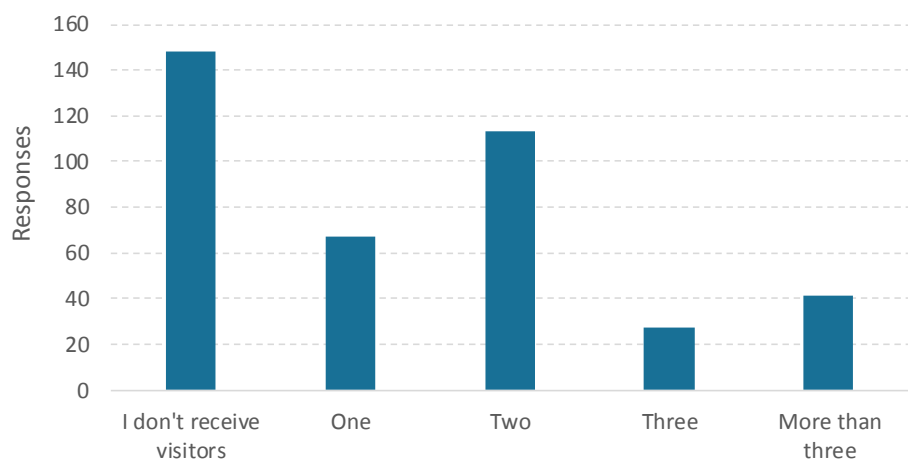
Question 10

Do non-Council employees (or outside visitors) come to your office to meet regarding typical Council related business?

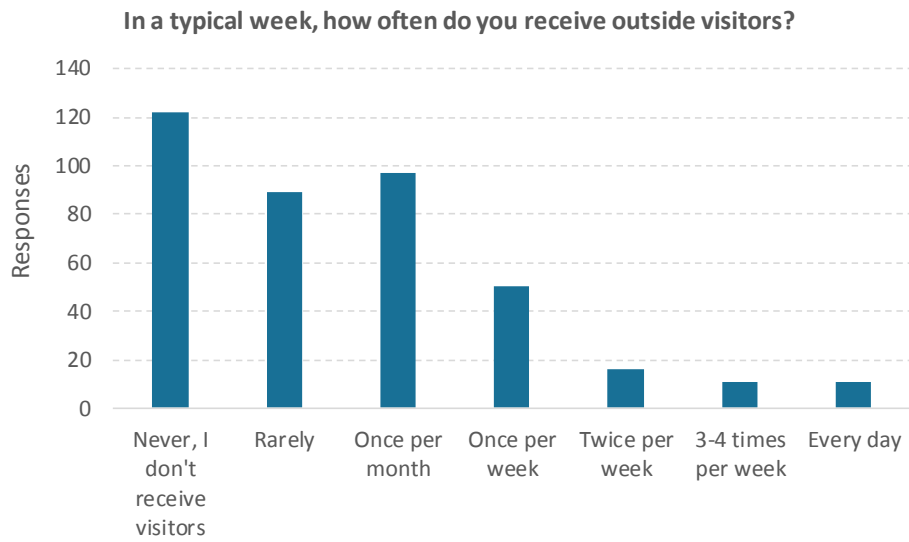


Question 11

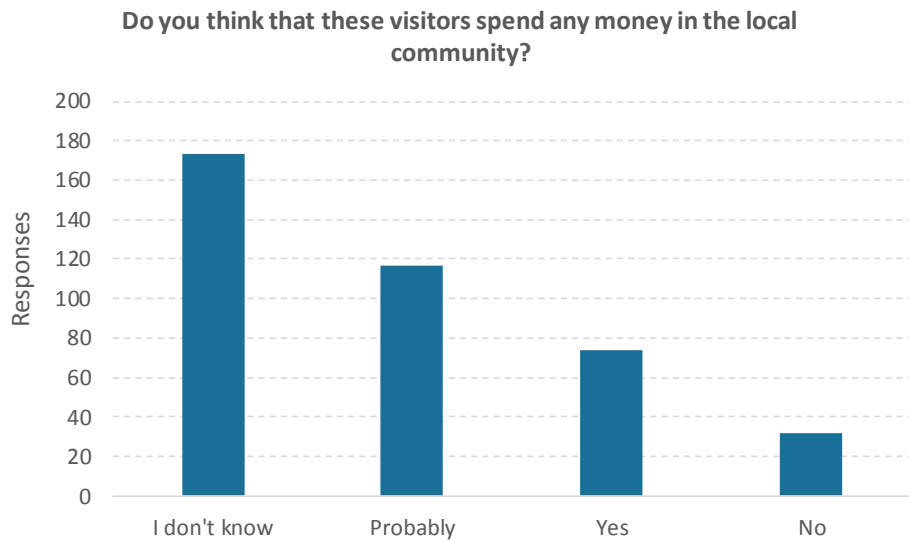
If you receive outside visitors, how many people would you meet with at once (i.e. how many visitors come to Council at one time)?



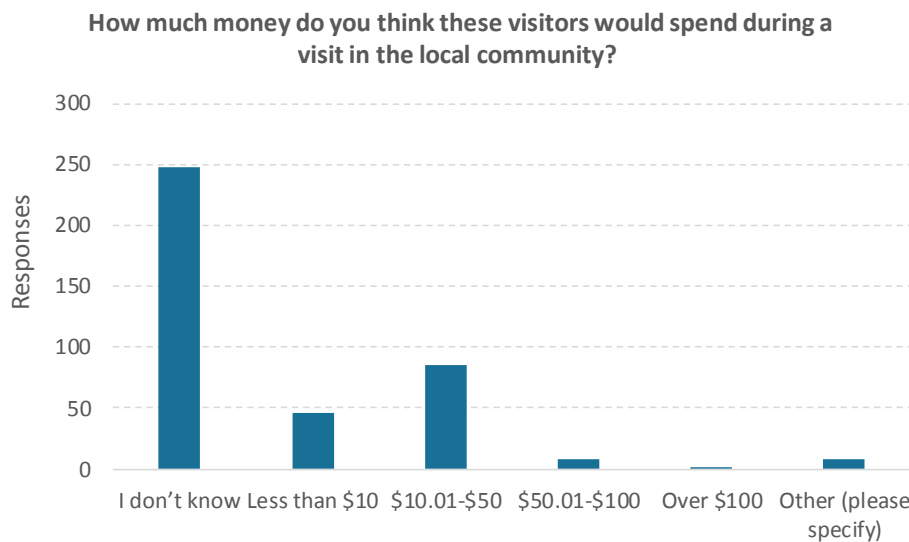
Question 12



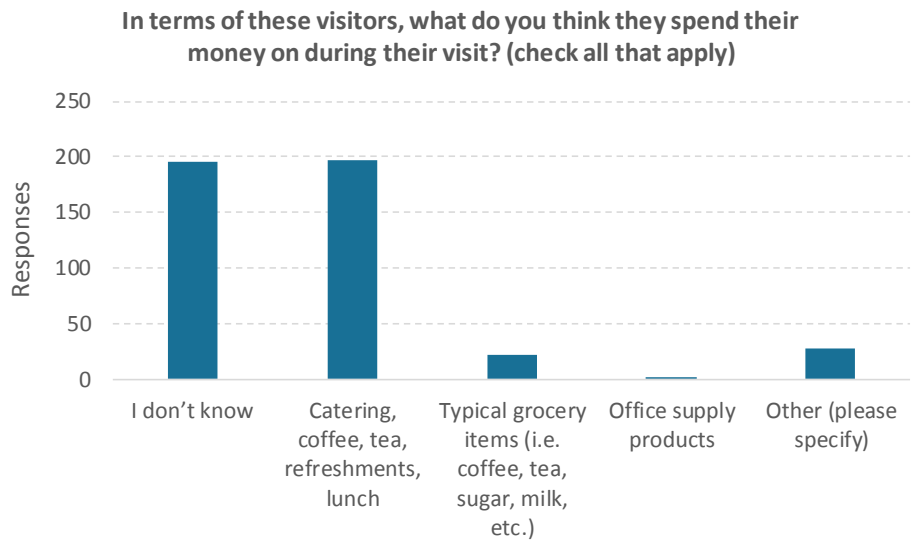
Question 13



Question 14



Question 15



Appendix E: Building Review

Caloundra Administrative Precinct

There are two main commercial office properties as part of the Caloundra Administrative Precinct:

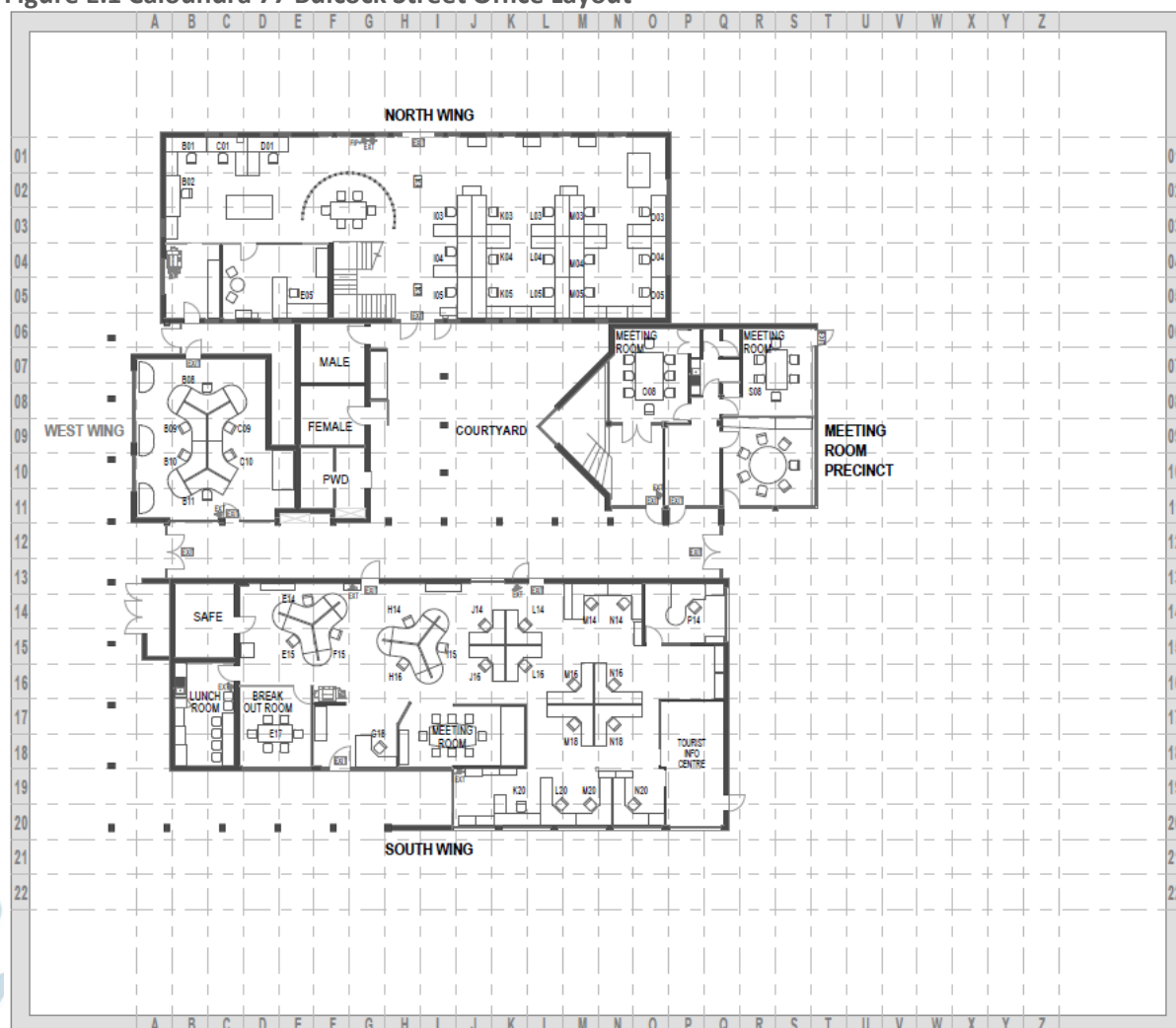
- 77 Bulcock Street
- Caloundra Administration Building

77 Bulcock Street

77 Bulcock Street is one of the oldest Council owned office buildings. It would be nearing the end of its useful life and likely be almost fully depreciated. Given its age, the building is in relatively good condition and its single level, brick construction has weathered its age well. While the current layout favours a modern, open plan design, it fails to embrace activity based working, flexible environments and likely does not deliver the desired level of utilisation.

Due to the relatively low site utilisation and its strategic location in the centre of the Caloundra CBD, it is likely that this land could have a higher and better use. The Caloundra Centre Master Plan recognised these features and shows numerous development concepts that do not include this current structure. Given its single level, the demolition of the building would likely be relatively easy.

Figure E.1 Caloundra 77 Bulcock Street Office Layout



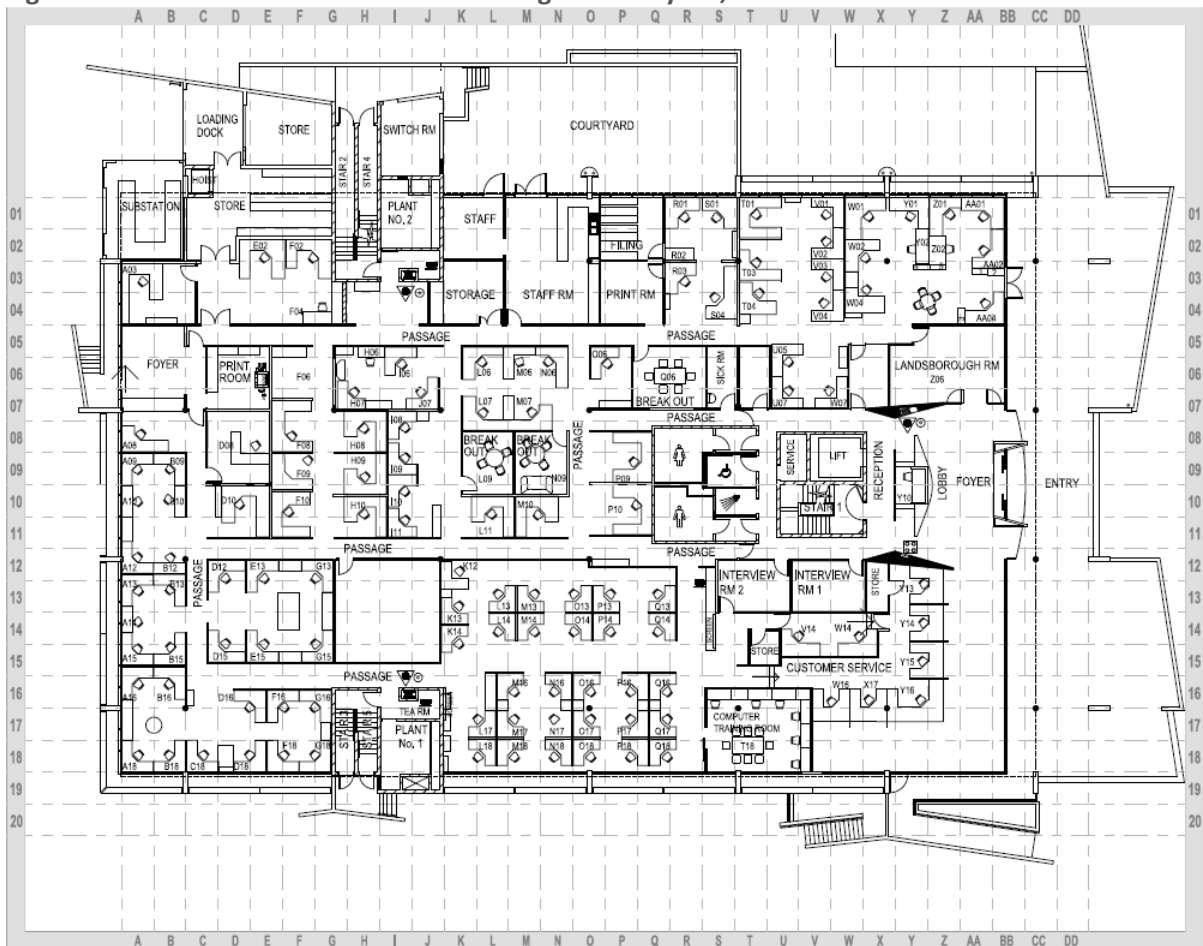
Source: Sunshine Coast Council (2017a)

Caloundra Administrative Building

The Caloundra Administrative Building would be one of the newer Council held office buildings and have a considerable number of years left in its useful life. Additionally, due to a recent fire, the ground level has been completely refurbished.

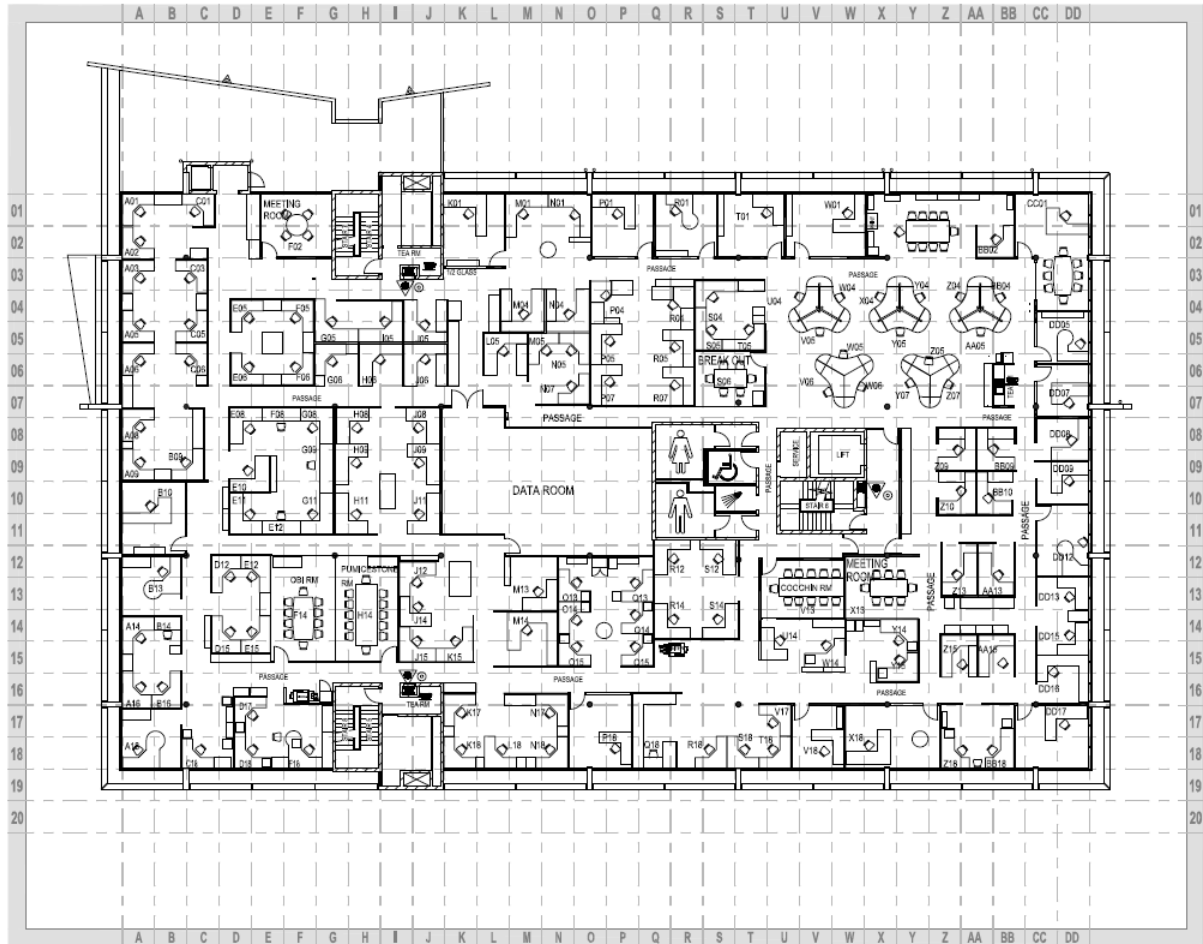
The Caloundra Administration Building is the single largest Council held office property, totalling 5,300 sqm across three levels. The building has relatively large floorplates, averaging almost 1,800 sqm, which likely provides some utilisation benefits but given their layout would make it difficult to easily sub-divide and sub-lease. Additionally, many of the commercial businesses in Caloundra would be unable to fill any of the potential sub-divided space, making the potential re-use of this building more difficult for other commercial tenancies.

Figure E.2 Caloundra Administration Building Office Layout, Level 1



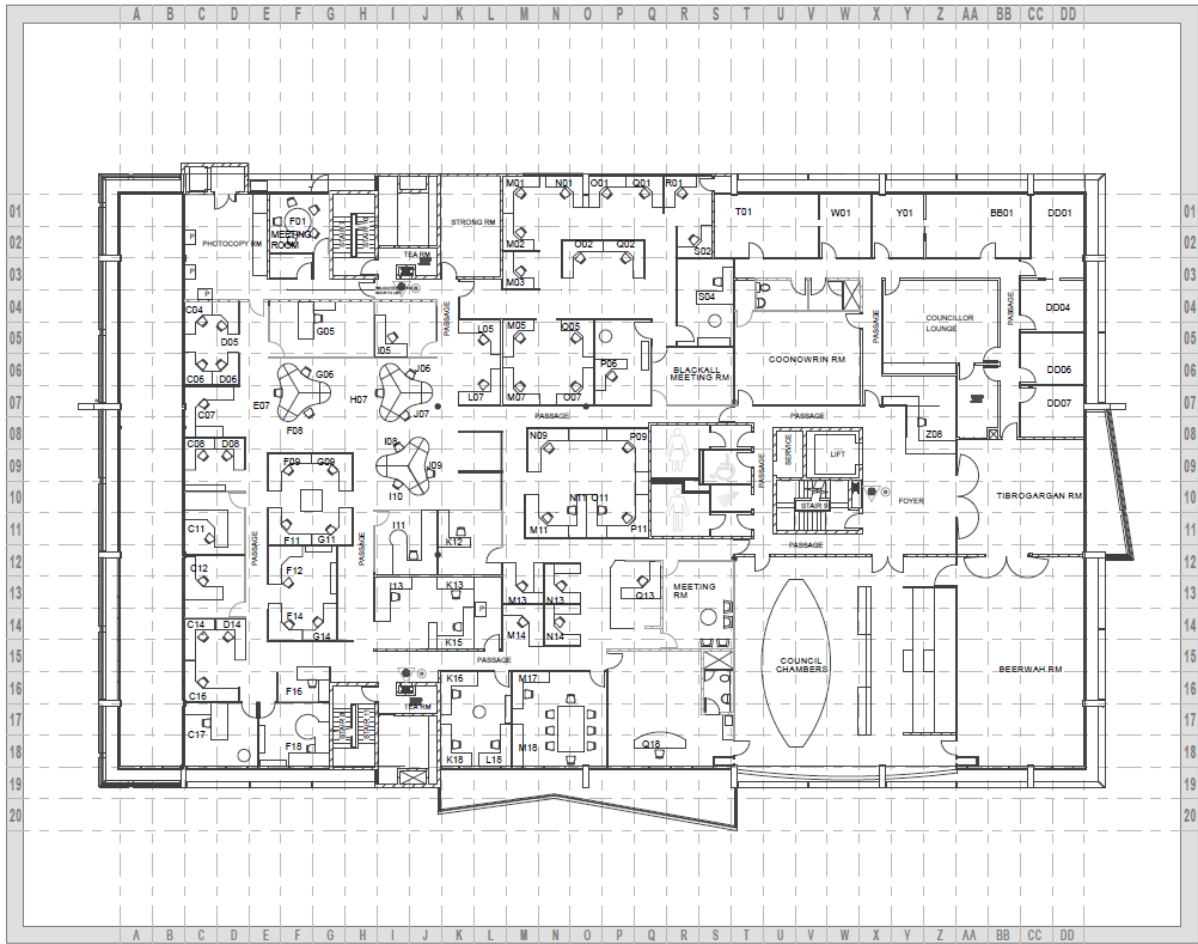
Source: Sunshine Coast Council (2017a)

Figure E.3 Caloundra Administration Building Office Layout, Level 2



Source: Sunshine Coast Council (2017a)

Figure E.4 Caloundra Administration Building Office Layout, Level 3



Source: Sunshine Coast Council (2017a)

Figure E.5 Caloundra Administration Building Typical Fitout



Source: Lucid Economics

Nambour Administrative Precinct

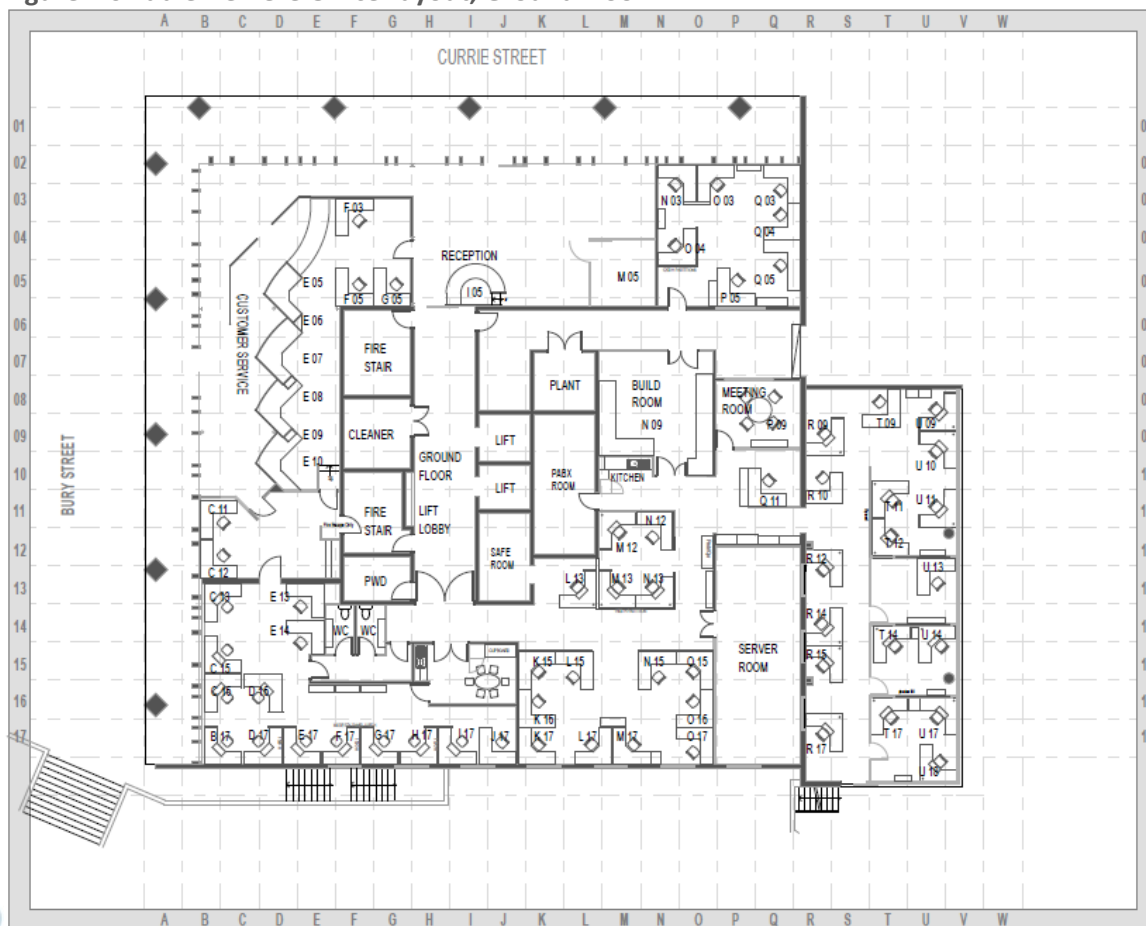
Eddie De Vere Building

Eddie De Vere would likely have some useful life remaining but represents one of the older Council owned office buildings. It is also the second largest at 4,731 sqm over four levels plus a mezzanine. Council’s existing emergency management facilities are located in this building, which leverages the strong telecommunications connectivity through the Telstra exchange across the street.

While the building provides a very traditional office environment, it is in good condition and relative to other competing space in the centre would be of a higher quality. The fitout represents a modern albeit traditional layout of workstations and partitions. Some areas have lower partitions, providing a more open feel. Level 1 has the oldest fitout and its age would likely be less desirable than other levels. The smaller floorplates and central lift columns also provide a layout that is more conducive to sub-division and sub-lease. The resulting individual offices would be of an appropriate size for any potential commercial office tenants, providing office space for between 10-50 people.

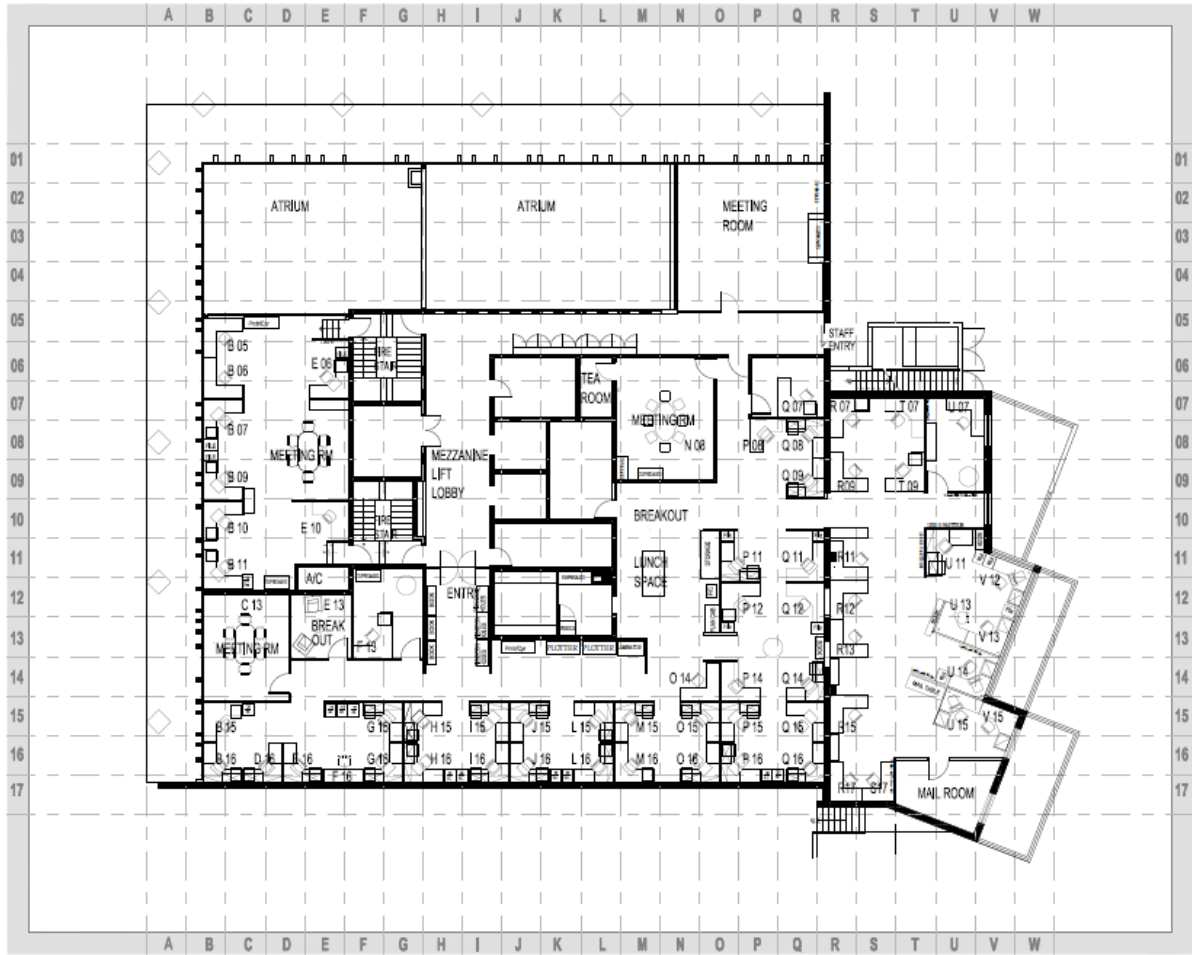
The large parking lots behind the building also provide ample parking spaces for future commercial office tenants.

Figure E.6 Eddie De Vere Office Layout, Ground Floor



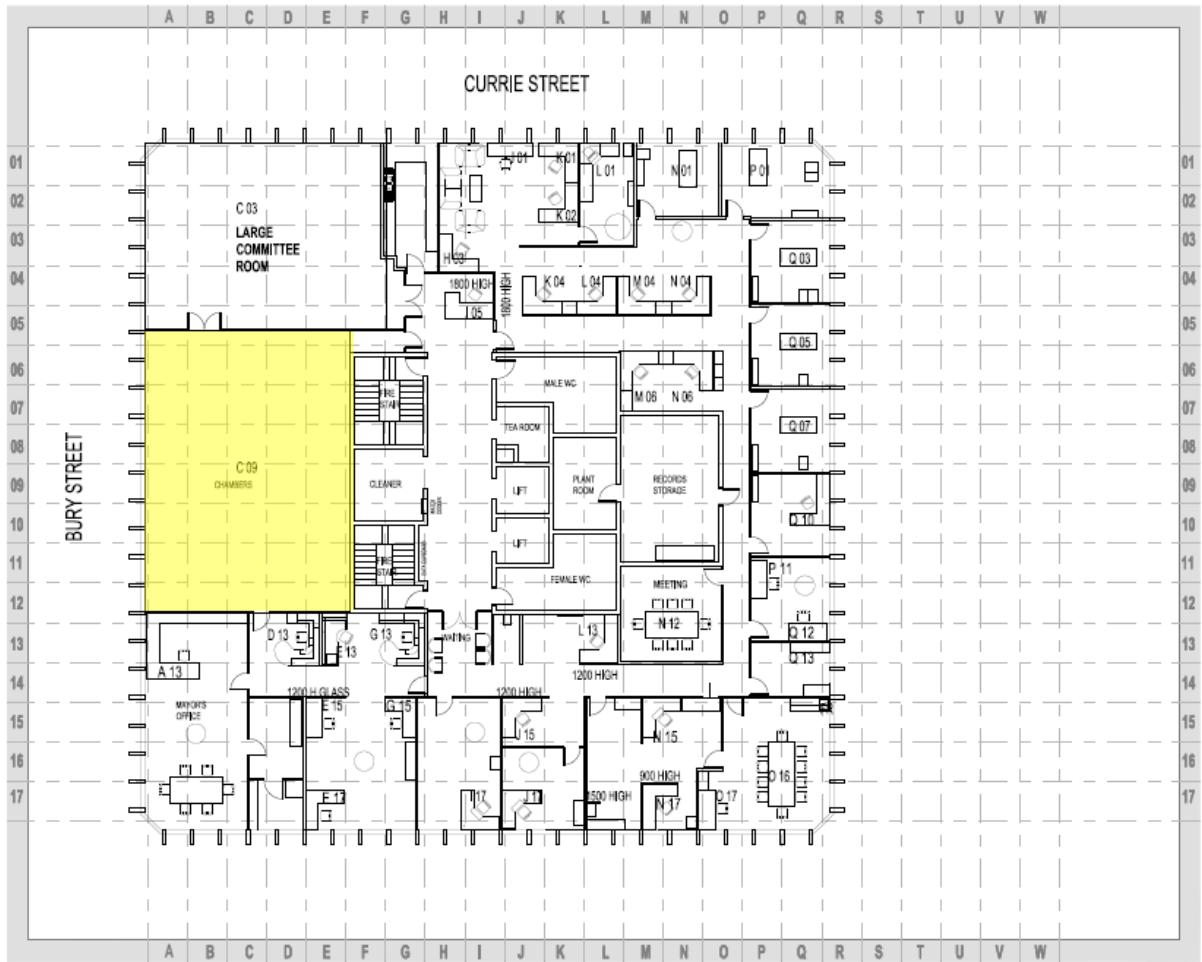
Source: Sunshine Coast Council (2017a)

Figure E.7 Eddie De Vere Office Layout, Mezzanine Level



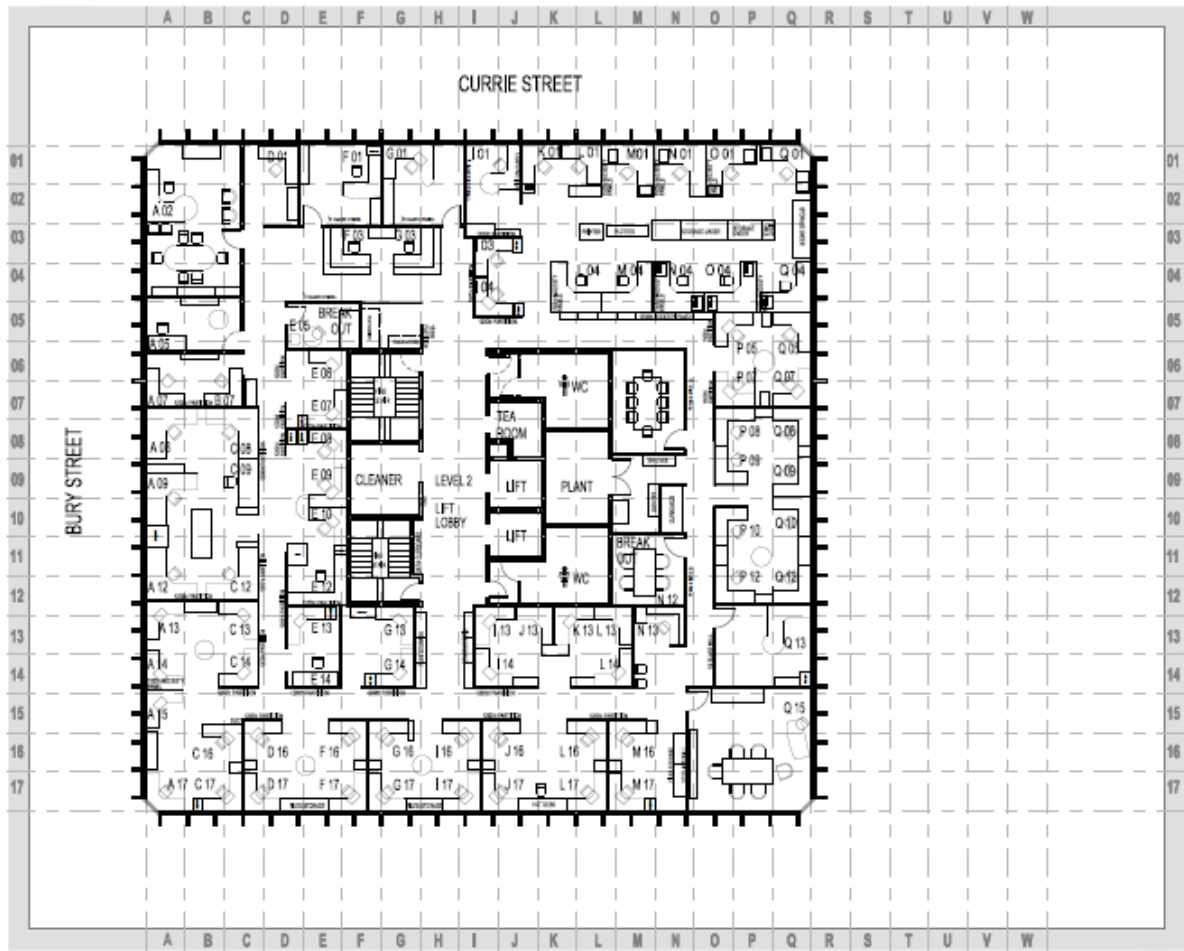
Source: Sunshine Coast Council (2017a)

Figure E.8 Eddie De Vere Office Layout, Level 1



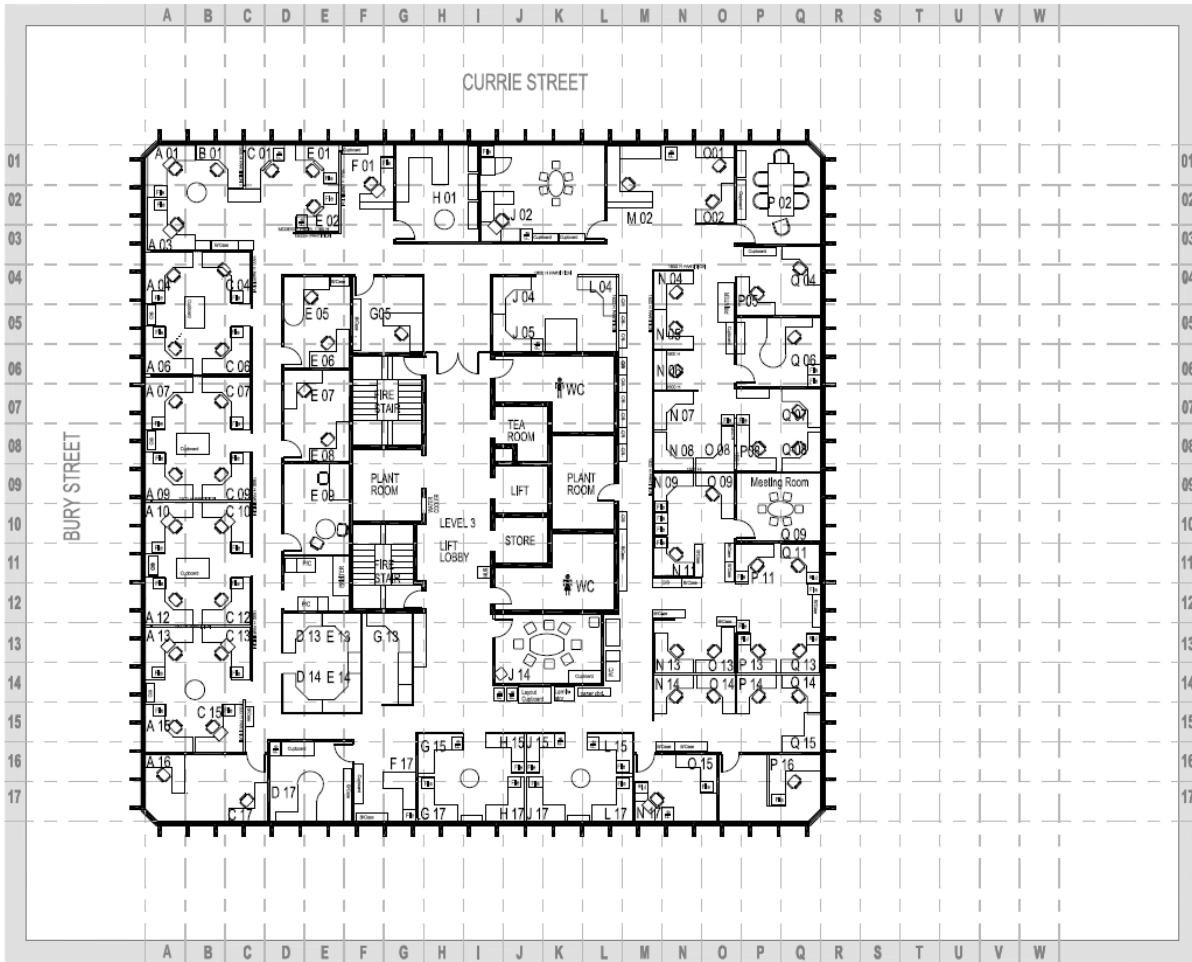
Source: Sunshine Coast Council (2017a)

Figure E.9 Eddie De Vere Office Layout, Level 2



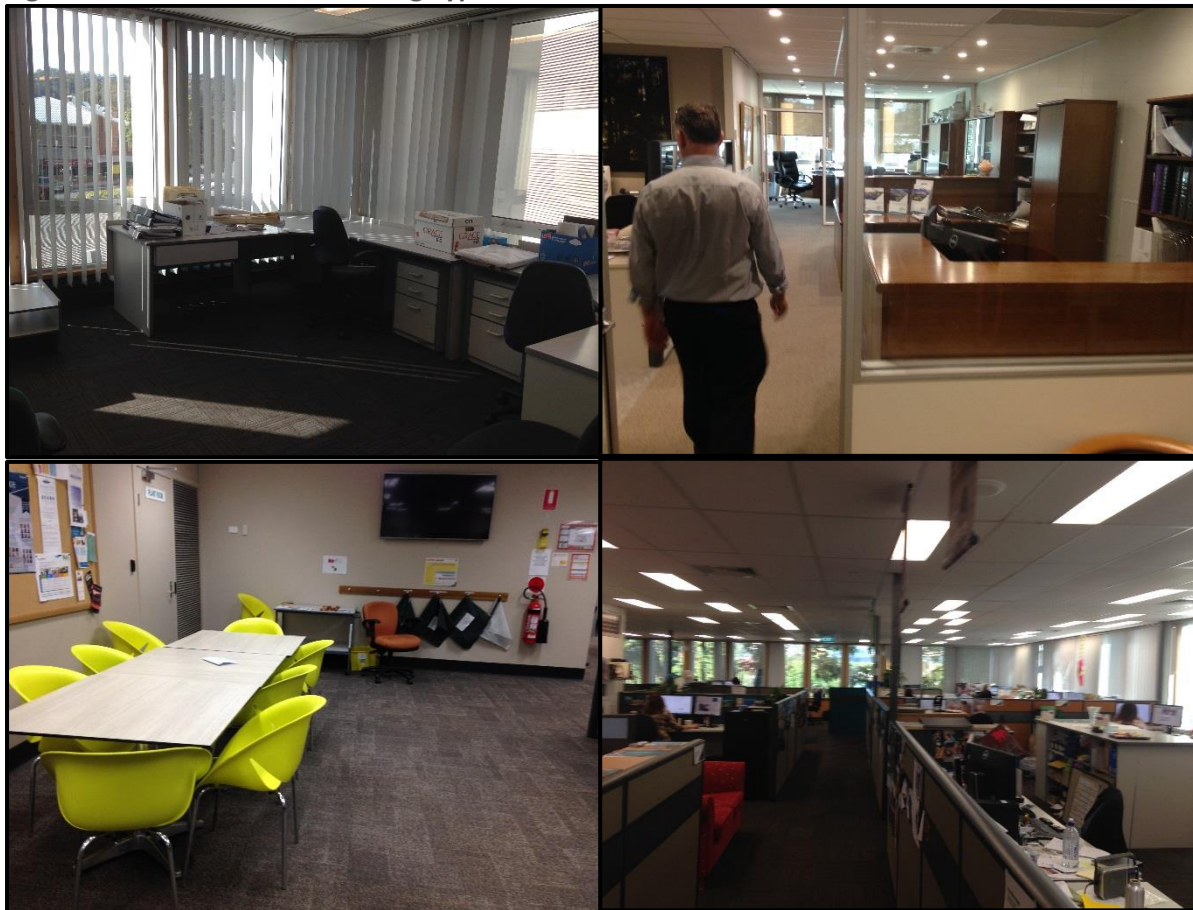
Source: Sunshine Coast Council (2017a)

Figure E.10 Eddie De Vere Office Layout, Level 3



Source: Sunshine Coast Council (2017a)

Figure E.11 Eddie De Vere Building Typical Fitout

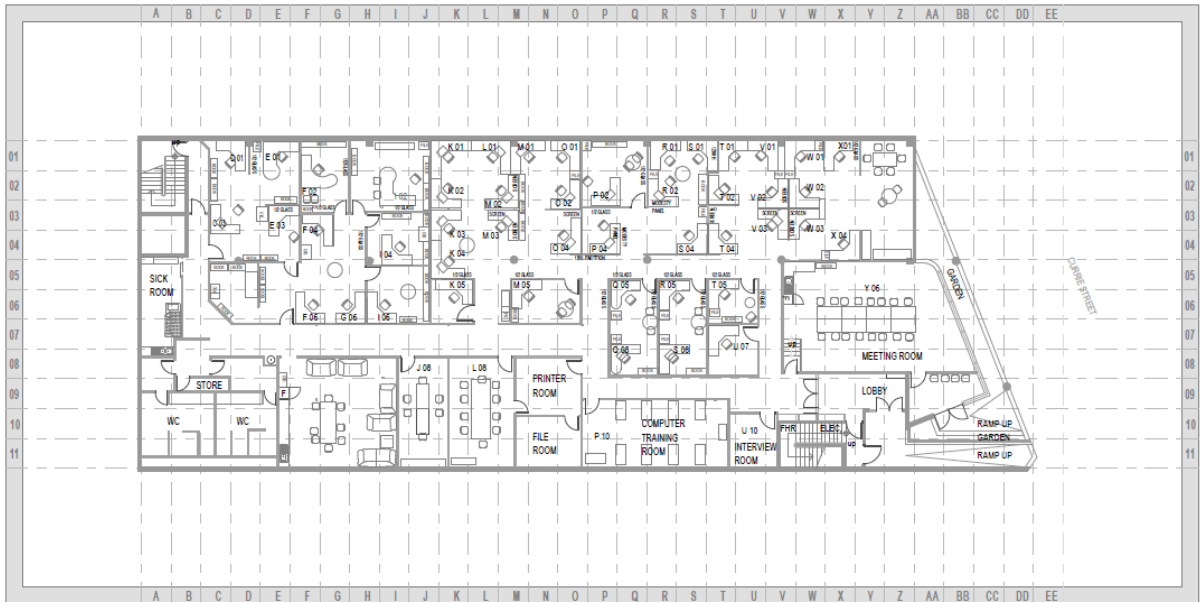


Source: Lucid Economics

Fred Murray Building

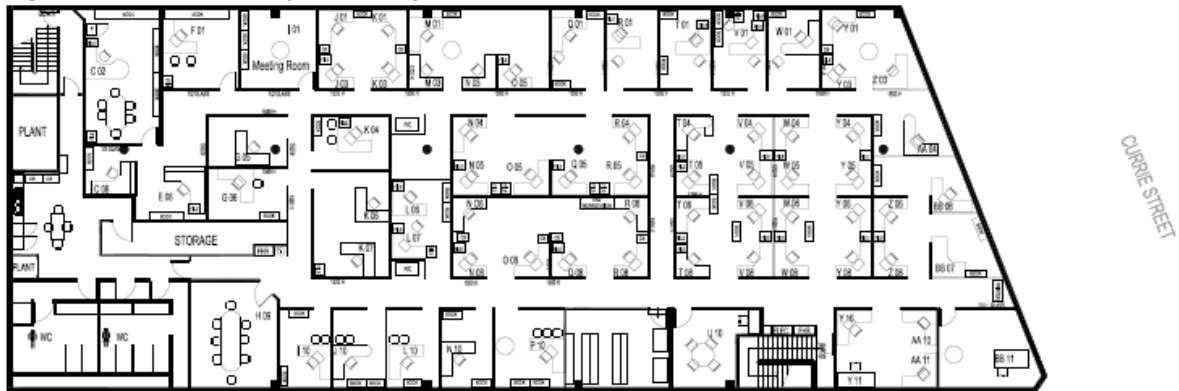
The Fred Murray Building likely has roughly half of its useful life remaining. It is one of the smaller Council owned office building at 1,977 sqm and has an elongated rectangular floor plate. While not ideal for future sub-division and sub-leasing, the existence of glass windows down an entire side of the building and its relatively narrow shape would yield a range of office sizes that could accommodate 10-20 people per office. However, the limited presence of glass to one side of the building would make the layout and fitout of future subdivided offices very challenging. Given its irregular shape, alternative uses (i.e. not commercial office space) could be an alternative for this building.

Figure E.12 Fred Murray Office Layout, Level 1



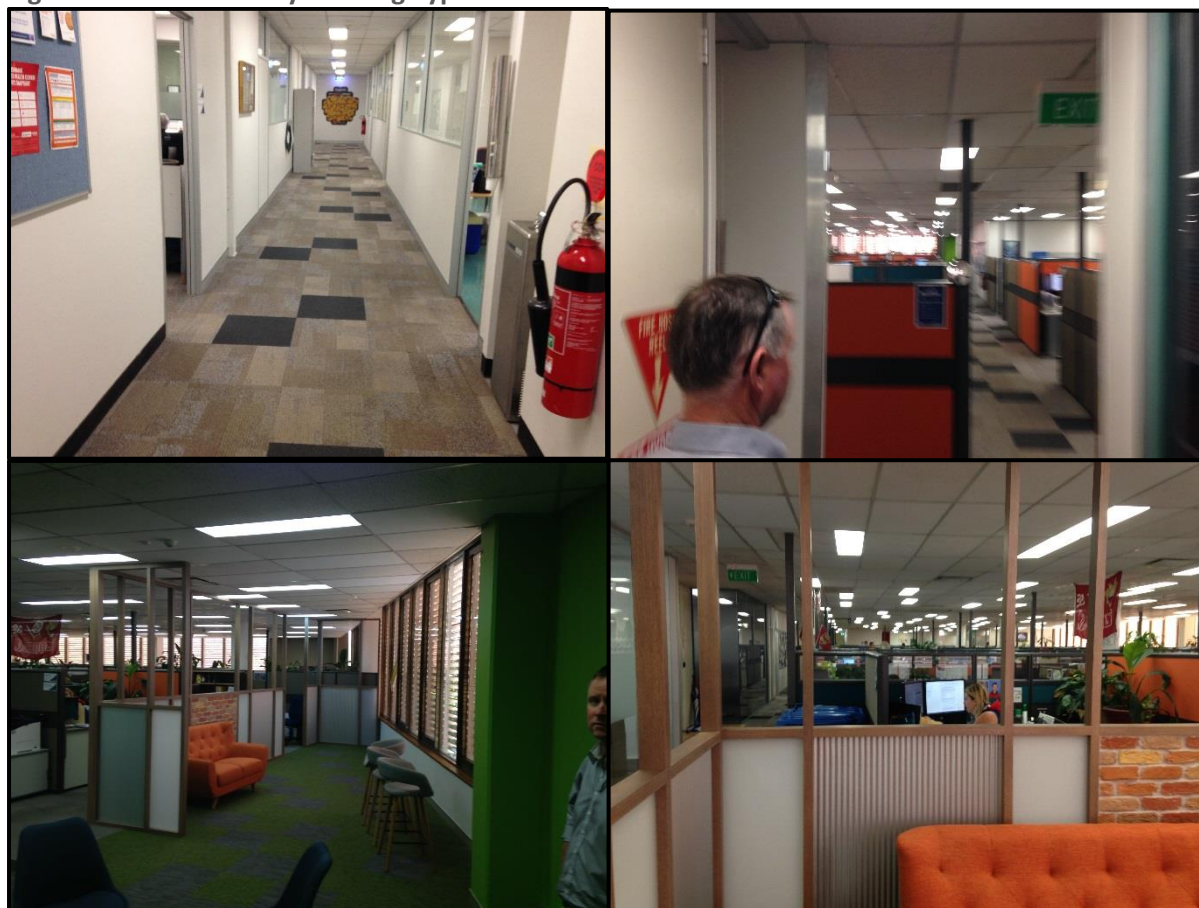
Source: Sunshine Coast Council (2017a)

Figure E.13 Fred Murray Office Layout, Level 2



Source: Sunshine Coast Council (2017a)

Figure E.14 Fred Murray Building Typical Fitout



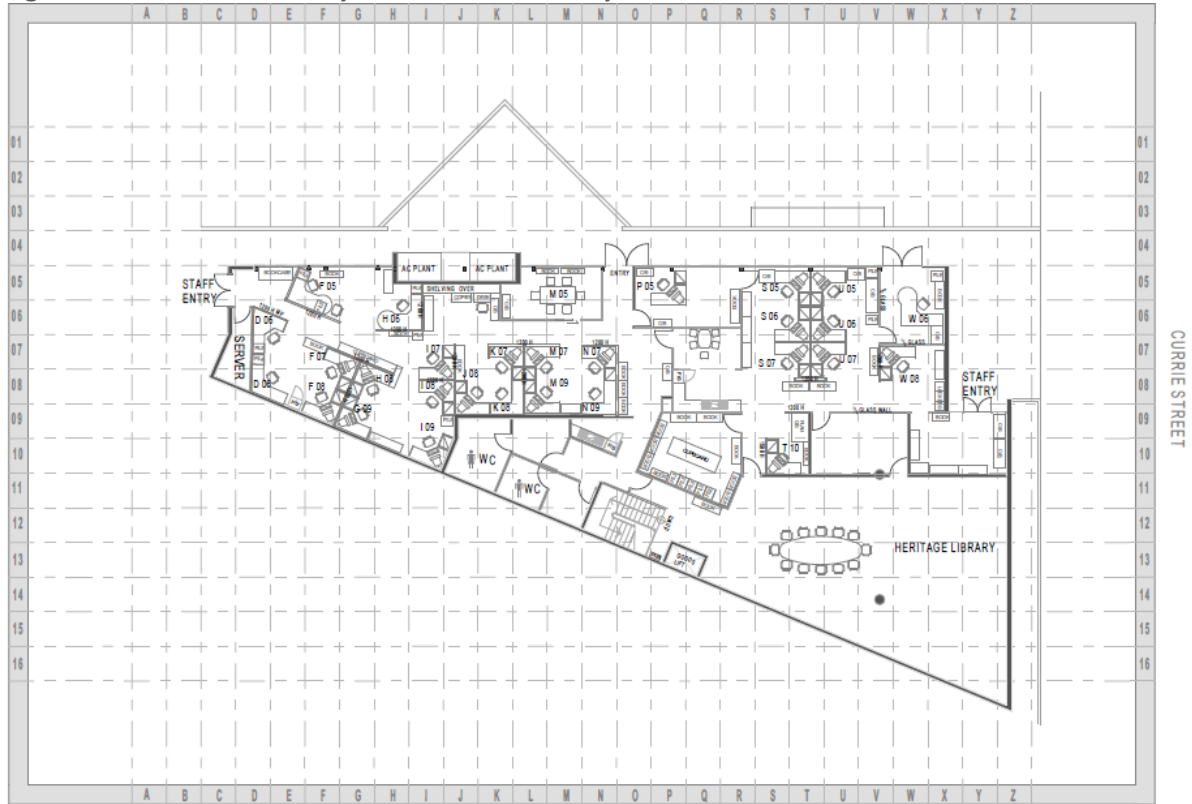
Source: Lucid Economics

Nambour Library Mezzanine Office

The Nambour Library Mezzanine Office provides a minor amount of commercial office space above the Nambour Library. The fitout is likely one of the oldest in these facilities but still provides functionality as a commercial office environment.

Its irregular shape and limited floor area would make its re-use as commercial office space potentially challenging, however, its small size would mean that it could accommodate 1-2 small businesses. The irregular shape would also lead to inefficiencies in terms of the office layout.

Figure E.15 Nambour Library Mezzanine Office Layout



Source: Sunshine Coast Council (2017a)

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