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**TOOWOOMBA
REGIONAL COUNCIL**

HIGHFIELDS SELF-STORAGE ECONOMIC NEEDS ASSESSMENT

Prepared for Cloustruct Pty Ltd

November 2024

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1.0 Introduction

1.1 Scope

Think Economics has been engaged to provide an independent assessment of the economic need conditions as they relate to the proposed self-storage development at 10609 New England Highway, Highfields, otherwise referred to as the 'subject site'.

The proposed concept plan is for a self-storage facility that delivers a gross floor area (GFA) of 2,000sqm that will serve the self-storage needs of residents throughout the Highfields area.

The subject site is situated along the New England Highway which provides local residents a high level of accessibility as well as collocate the proposed self-storage facility with other existing commercial and industrial land uses, including Eclipse Park Veterinary Surgery, Stockman Sheds, and the Duo Bakery and Café.

This report provides an assessment of need conditions related to the self-storage facility and industrial land supply, in response to comments provided by Toowoomba Regional Council planning officers in the prelodgement meeting notes. Specifically, this report provides a response to the following comments:

Land Use Inconsistency

The proposed use is inconsistent with the Strategic Framework, the intended pattern of development within the locality as identified in the Highfields, Meringandan and Meringandan West Local Plan, and with the intent of the Low Density Residential Zone Code. An Industrial Use should be located in an industrial zone.

- *The pre-lodgement material states that there is a "lack of suitably zoned industry land in Highfields and surrounding area."*
 - *Vacant industrial land is located within Highfields and Toowoomba. Further significant justification would need to be provided to support this argument.*
 - *Demonstration of adequate need for a self-storage facility to service Highfields would need to be demonstrated, particularly as existing/future self-storage development in northern Toowoomba may adequately service Highfields.*

Further, this report also addresses Council's comments regarding their initial review of the Preliminary Economic Needs Assessment:

- *A comprehensive review of the provided preliminary economic needs assessment cannot be provided at pre-lodgement stage. However, the following comments are noted from an initial review:*
 - *The advice identifies a trade area/catchment that is considered realistic. For an application, the methodology used to define this trade area would require further explanation.*
 - *The existing industrial land supply is situated at the edge of the identified catchment, as is the subject site. Although not discussed, it is considered that either site is appropriately located to service the identified catchment from a purely convenience-based approach.*
 - *The advice identifies the size and zoning of vacant industrial land parcels, and concludes that 'None of the vacant supply within the Highfields industrial precinct is considered suitable for the proposed self-storage facility. The vacant Low Impact Industrial properties are too small to accommodate the proposal, while the vacant Medium Impact Industrial properties are too large to accommodate the proposal.'*
 - *The required site area for the proposed development is ~0.43 hectares, and this includes landscape buffers to account for its position in a residential area, which would not be required for an industrial setting where lesser/no setbacks would be required.*
 - *It is clear that there is no existing site zoned Low Impact Industry that the development (as proposed) could be accommodated within, however this does not consider the ability to utilise lesser site area with a double-storey product.*
 - *The land zoned Medium Impact Industry has not yet been subdivided into smaller parcels. While this does make it more difficult to establish within this site (the possibility of requiring a subdivision, or lease area agreement with existing landowners). This does not preclude this land from accommodating the development outright.*
 - *The demand analysis methodology is considered reasonable, the results of which identify an undersupply less than that proposed, but greater*

than that proposed in the period up to 2026 and beyond. The methodology would need to be tested to the satisfaction of Council through a peer-review process.

- *The available supply provided by the existing self-storage operator within Highfields has not been identified, and is relevant to ground-truth the undersupply/demand.*
- *Economic/planning need would be rigorously tested and analysed through the assessment process.*

The analysis presented in this report has focused on both the adequacy of vacant industrial land supply as well as the existing provision of self-storage capacity in order to respond to those comments provided by Council. This analysis has determined that the vacant industrial land relevant to the proposal is inadequate and does not provide a suitable alternative to the subject site and that there is a clear unmet demand and need for additional self-storage capacity within the Highfields Township.

On this basis, there is considered justification and support for the proposed self-storage development based on the basis of all relevant need conditions.

2.0 Site Context

2.1 Site Overview

The subject site is located at 10609 New England Highway in Highfields. The subject site offers a very high level of accessibility within the local Highfields community. While the site is zoned Low Density Residential, it has historically been occupied by non-residential land uses, including the Duo Bakery and Café and warehouse space (300sqm). Other immediately adjacent non-residential land uses along the New England Highway and Eclipse Court include Stockman Sheds and the Eclipse Park Veterinary Surgery.

The mix of non-residential land uses onsite and adjacent to the subject site is a result of the accessibility and convenience supported by frontage along the New England Highway. This consistent attribute has resulted in a range of predominantly community serving non-residential land uses in the local area, including the Highfields Police Station, BP service station, KFC, Shell Express, and a mix of cafés, shops, and food outlets.

Figure 2.1 over the page illustrates the location of existing non-residential uses within Highfields which clearly shows that there are two main commercial precincts locally, one along the New England Highway and one at the corner of Highfields Road and Lauder Drive. Further, the 2023 annual average daily traffic (AADT) recorded along the New England Highway section in front of the subject site was 15,228 vehicles which demonstrates the high level of accessibility that the site provides.

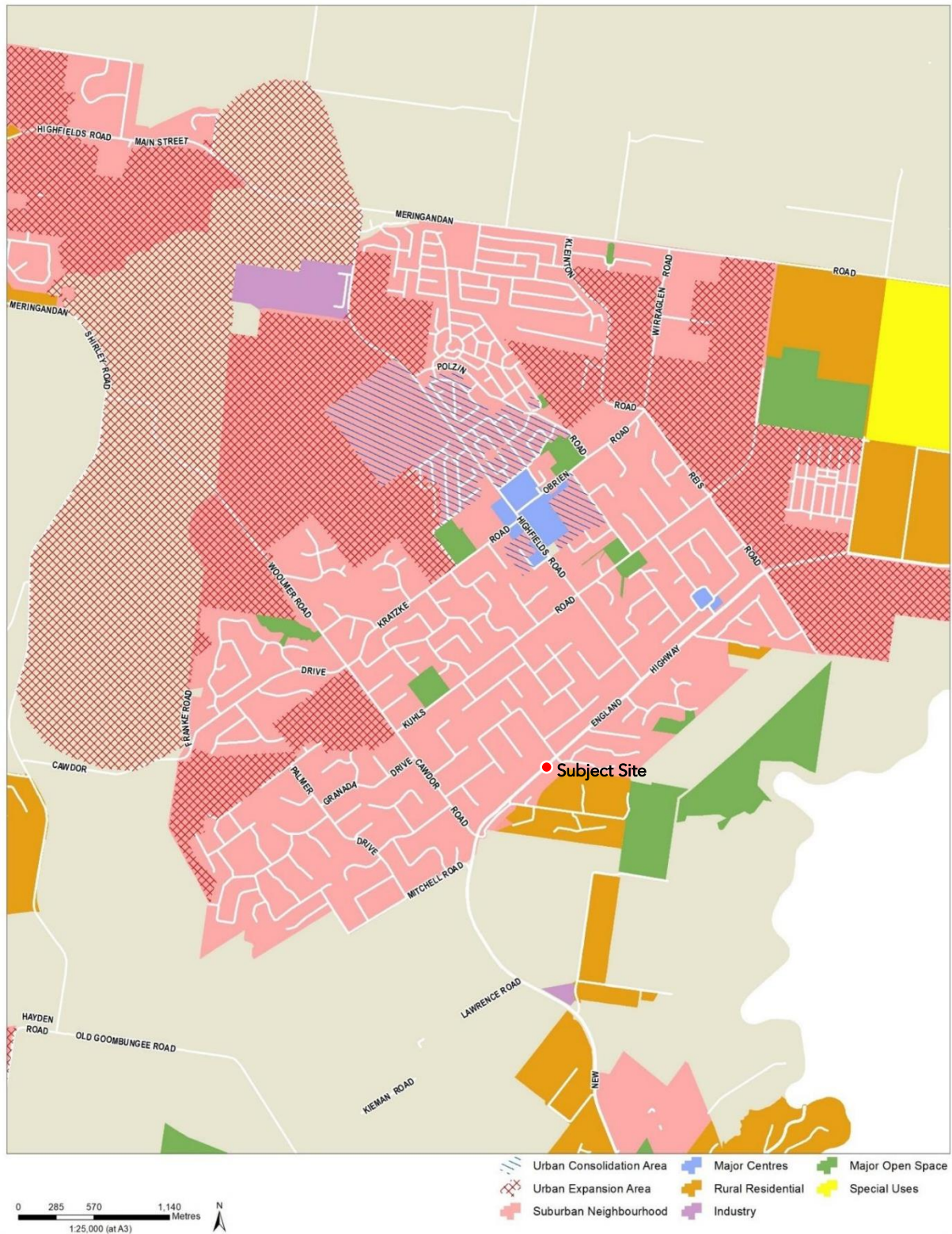
These non-residential land uses are consistent in nature in that they all serve a local community service and need, ranging from emergency services to convenience retail and veterinary care. The community benefits from the amenities these uses provide, including the accessibility and convenience of where these uses are provided.

The need for community services will continue to grow in the future as both Highfields and Meringandan are expected to continue to undergo significant residential growth and urban expansion based on the *Toowoomba Region Growth Plan (2023)*. The urban growth areas for Highfields are illustrated in Figure 2.2 over the page, with the subject site being accessible to these future areas as well as the extent of the existing urban area.

Figure 2.1 Highfields Non-residential Uses



Figure 2.2 Highfields Future Growth Area



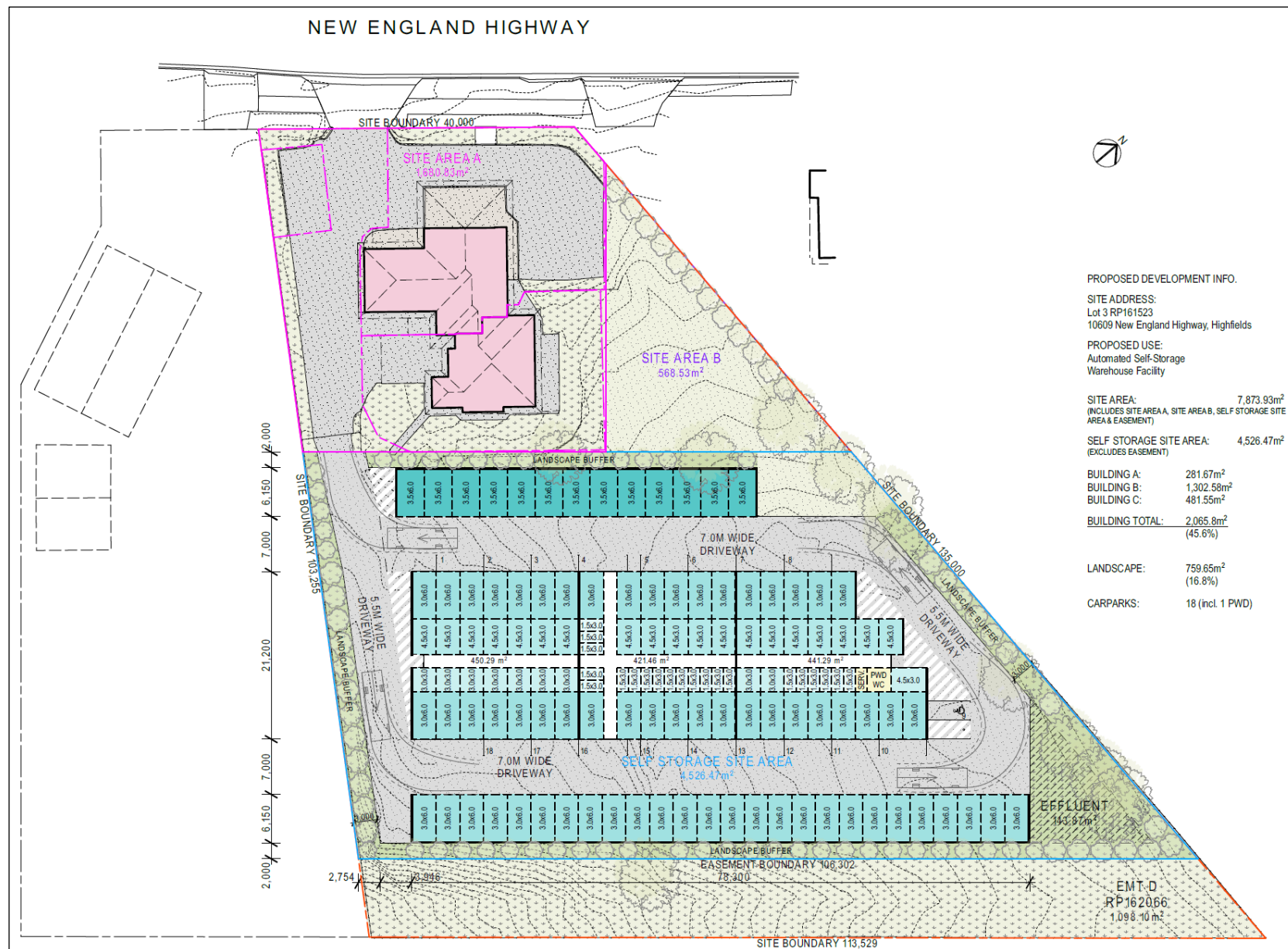
Source: Toowoomba Regional Growth Plan (2023)

2.2 Proposed development

The proposed concept plan for the subject site is presented in Figure 2.3 over the page. The concept plan illustrates the intent for a self-storage facility comprising a total GFA of 2,065sqm. The total net lettable area is approximately 1,866sqm distributed across 123 storage units ranging from 4.5sqm to 21sqm supporting a range of uses.

The proposed self-storage uses onsite will provide for local community needs relating to private storage capacity and small business establishment and growth. As such, the uses are considered consistent with the community services provided on adjacent and nearby properties and will contribute to resident amenities in the local area.

Figure 2.3 Concept Plan



3.0 Trade Area

3.1 Trade area definition

The trade area for the proposed self-storage facility comprises the majority of Highfields urban footprint identified as the Highfields Future Growth Area in the Toowoomba Regional Growth Plan. The trade area is illustrated in Figure 3.1 over the page.

The trade area represents that area where the proposed self-storage facility will derive the majority of demand. Residents and small businesses throughout Highfields will benefit from the increase in local self-storage capacity which will enhance accessibility, availability, choice and competition in local supply.

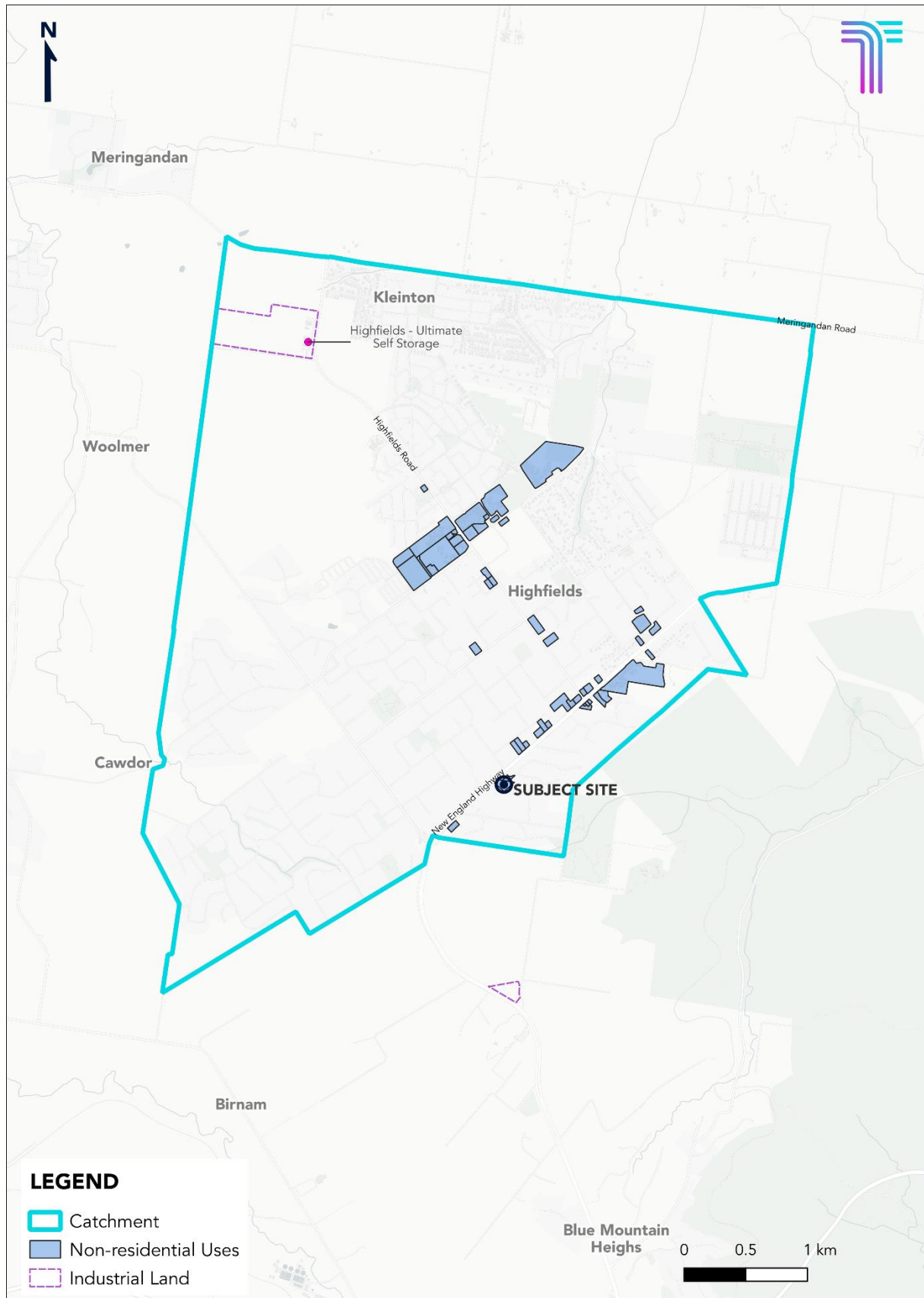
It is noted that while Meringandan is not included within the trade area, residents of Meringandan will likely supplement demand for self-storage facilities in Highfields due to the lack of supply in Meringandan.

It is highlighted that Toowoomba is not included in the trade area on the basis that self-storage facilities are predominantly a local commercial service and amenity. It is acknowledged that residents of Highfields and Meringandan are required to travel to Toowoomba for high order regional services and amenities (such as Major and Principal Activity Centres, hospital care, etc), however, these residents should not be forced to travel to Toowoomba for local services and facilities because existing local supply is at capacity and/or represents insufficient capacity.

Self-storage facilities are often utilised to store sporting and household equipment for local families. When this equipment is required, users want to be able to access it within a local area. Similarly, local businesses access self-storage facilities on a very regular basis, typically multiple times per week which highlights the need for capacity to be local.

A round trip from central Highfields to Toowoomba would involve a travel time of approximately 40 minutes (depending on the exact origin and destination). This is unreasonable and most residents within Highfields (and Meringandan) would be unlikely to utilise self-storage in Toowoomba as a result of the lack of accessibility and convenience.

Figure 3.1 Trade Area and Self-Storage Supply



3.2 Population projections

To inform estimates of projected population growth, analysis of a range of data and information sources has been undertaken, including:

- Estimated Residential Population (ERP) Data (2016-2023)
- Queensland Government population projections, 2023 edition
- Toowoomba Region Growth Plan 2023

Over the medium to long term, the trade area is forecast to see continued steady population growth supported by remaining development and redevelopment capacity throughout the trade area. Population is projected to grow from 11,502 people in 2023 to 14,549 people in 2031, and to 17,902 people by 2041. This represents an increase of around 355 additional people per annum between 2023-2041.

The region has experienced steady growth over the past several years, which is expected to continue over the long term, supported by planned growth areas indicated in the Toowoomba Regional Growth Plan. These planned growth areas will create an immediate expansion of the existing developed urban area, further consolidating population and population related needs and services within Highfields.

Table 3.1 below presents the estimated population projections for the trade area over the period to 2041.

Table 3.1 Population Projections

	Estimated Residential Population			Forecast Population		
	2021	2023	2026	2031	2036	2041
Population (Persons)	10,674	11,502	12,585	14,549	16,382	17,902
		2021-23	2023-26	2026-31	2031-36	2036-41
Average Annual Growth (Persons)		414	361	393	367	304
Average Annual Growth (%)		3.8%	3.0%	2.9%	2.4%	1.8%

Source: ABS ERP, QGSO population projections (2023 edition) & Think Economics

3.3 Socio-demographic Profile

Table 3.2 following details the socio-demographic profile of the catchment area residents. This profile has been compared with the respective benchmarks for Non-metro QLD and the Australian average. The data is sourced from the 2021 Census of Population and Housing.

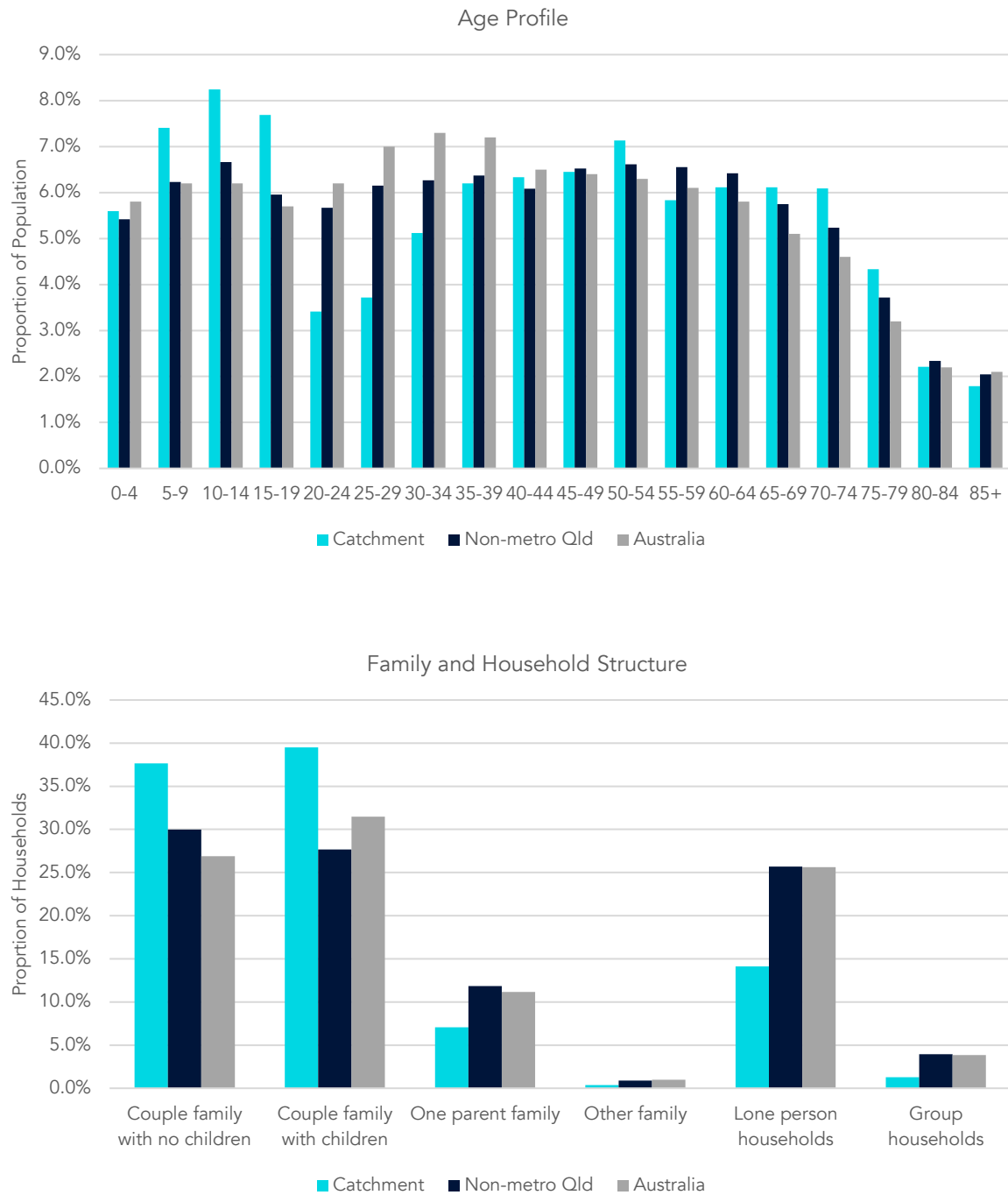
Key points to note about the socio-demographic profile are as follows:

- The catchment attributes a high proportion of couple families with children at 39.5% which is significantly higher than the regional and national benchmarks at 27.7% and 31.5% respectively. Reflective of this, the catchment average household size is calculated at 2.78, above the Non-metro QLD and Australia averages of 2.73 and 2.74 persons per household respectively.
- The median weekly household income of the catchment is estimated at \$2,077. This level of income is higher than the regional benchmark at \$1,507 and the national average at \$1,746.
- The residential product mix within the catchment is predominantly detached houses, with a small proportion of flats and apartments (0.3%). Homeownership level across the catchment is notably high with nearly 84% of homes owned outright or with a mortgage. This compares to 67.6% across Non-metro QLD and 68.3% across Australia.

In 2021, the defined catchment comprised a diverse demographic profile characterised by above average incomes and asset wealth underpinned by high rates of homeownership. Nearly 40% of families in the catchment have children which is significantly higher than what is observed in Non-metro QLD and Australia.

The above average household size combined with the high level of household income, including high disposable incomes, will enhance self-storage demand conditions within the trade area.

Figure 3.2 Catchment Socio-demographic Profile



Source: ABS Census of Population and Housing (2021), Think Economics

Table 3.2 Socio-demographic Profile

	Catchment	Non-metro Qld	Australia
Population (ERP):			
2016	9,674	2,482,480	24,190,907
2021	10,673	2,648,726	25,688,079
2023	11,502	2,753,454	26,649,020
Average Annual Growth 2016 - 21 (%)	1.98%	1.30%	1.21%
Average Annual Growth 2021 - 23 (%)	3.81%	1.96%	1.85%
Population Density (persons/sqkm)	555.7	1.5	3.3
Male (%)	49.2%	49.3%	49.3%
Female (%)	50.8%	50.7%	50.7%
Household Size:	2.78	2.73	2.74
Age Profile:			
Median Age	43	41	38
0_4	5.6%	5.4%	5.8%
5_14	15.6%	12.9%	12.4%
15_19	7.7%	6.0%	5.7%
20_24	3.4%	5.7%	6.2%
25_34	8.8%	12.4%	14.3%
35_44	12.5%	12.5%	13.7%
45_54	13.6%	13.1%	12.7%
55_64	11.9%	13.0%	11.9%
65_74	12.2%	11.0%	9.7%
75_84	6.5%	6.1%	5.4%
85+	1.8%	2.0%	2.1%
Birthplace:			
Australia	85.8%	80.2%	70.7%
Elsewhere	11.2%	19.8%	29.3%
Indigenous Population:	3.5%	6.1%	3.2%
Family and Household Composition:			
Couple family with no children	37.7%	30.0%	26.9%
Couple family with children	39.5%	27.7%	31.5%
One parent family	7.1%	11.8%	11.2%
Other family	0.4%	0.9%	1.0%
Lone person households	14.1%	25.7%	25.6%
Group households	1.3%	3.9%	3.8%
Income:			
Median weekly personal income	\$865	\$746	\$805
Median weekly household income	\$2,077	\$1,507	\$1,746
Tenure:			
Owned outright	41.3%	33.4%	32.1%
Owned with a mortgage	42.3%	34.2%	36.2%
Rented	16.4%	32.4%	31.7%
Dwelling Structure:			
Separate House	95.5%	77.3%	73.0%
Semi-Detached	4.2%	12.2%	12.7%
Flat or Apartments	0.3%	10.5%	14.3%

Source: ABS Census of Population and Housing (2021), Think Economics

4.0 Supply Assessment

This section provides a review of the relevant supply conditions for vacant industrial land and self-storage facilities.

4.1 Industrial land supply

There is limited industrial supply throughout the defined trade area, with the large majority of supply situated on the western side of Highfields, along Highfields Road. This precinct includes zoned Low Impact Industrial and Medium Impact Industrial land supply.

The Low Impact Industrial land is mostly developed and includes a range of automotive services, trade supplies, landscape supplies, and a self-storage facility (details provided in Section 4.2 following). There is some remaining vacant land within the precinct, comprising a total of approximately 0.4Ha including a 0.2Ha lot and two 0.1Ha lots.

The Medium Impact Industrial land is yet to be developed and remains vacant. The vacant supply comprises a total of approximately 25Ha, including a 4.6Ha lot and a 20.4Ha lot.

None of the vacant supply within the Highfields industrial precinct is considered suitable for the proposed self-storage facility. The vacant Low Impact Industrial properties are too small to accommodate the proposal, while the vacant Medium Impact Industrial properties are too large to accommodate the proposal.

Overall, the vacant industrial supply within the trade area represents very limited choice in lot size, capacity and location, and does not provide a suitable alternative to the subject site for the proposed development.

Council's comments from the prelodgement meeting are acknowledged and it is accepted that the vacant industrial lots may be subdivided at some time in the future. However, it is uncertain as to when this may occur and whether these lots will be available to the applicant for self-storage purposes if and when a future subdivision occurs. As such, this industrial land does not provide available capacity for the proposed self-storage facility.

Further to the issue of availability of the industrial land in Highfields, it is also the location of the one existing self-storage facility in Highfields. Locating a second self-storage facility in this location will provide little improvement in community amenity, access and convenience.

As previously stated, forcing Highfields residents to travel to and from Toowoomba to access self-storage facilities due to a lack of local capacity, is considered unreasonable and causes a range of negative impacts related to increased travel time, loss of personal/family time, and reduced business productivity. As such, any vacant industrial land within Toowoomba is not considered a suitable alternative to the subject site for the proposed development.

4.2 Self-storage supply

The existing supply of self-storage in the trade area is very limited with only a single self-storage facility, Highfields – Ultimate Self Storage located at 13 Darian Street in the western Highfields industrial precinct. The facility was established between 2008 and 2009 and is reported to provide services for domestic storage, commercial storage, and vehicle storage. The site is located on a slope with the building being partially single storey and partially two storeys comprising a GFA of approximately 1,470sqm.

Notably, the population of Highfields when the self-storage facility was developed was approximately 7,500 people, with significant population growth and additional self-storage demand generated in the intervening period. Despite this increase in population and demand, there has been no additional self-storage supply established.

There are additional self-storage facilities located in Toowoomba, however, as previously stated, these are not considered a reasonable alternative for people residing within the trade area. Travelling to and from Toowoomba to access self-storage facilities for domestic or commercial storage is highly inconvenient and is considered a negative community land use outcome.

5.0 Demand and Gap Assessment

Demand conditions for self-storage have been increasing nationally as a result of various conditions, including an increase in apartment living, an increase in consumables spending, and an increase in e-commerce driving business related demand. This has resulted in the number of self-storage facilities in Australia increasing at an average of 2-3% per annum, with 2,265 facilities counted in Australia in 2023¹. Demand levels have been such that the average occupancy rate of self-storage facilities nationally is currently recorded as 87%.

The increase in household wealth in many areas, such as the catchment, has also been a driver of demand for self-storage facilities. As households become wealthier, their increase in disposable income combined with increased ownership of material possessions, has resulted in people needing 'more space' for storage purposes.

The Australian self-storage market is considered still evolving and developing with the rate of provision increasing from 0.19sqm of lettable self-storage space per person in 2021 to 0.21sqm/person in 2023 according to the Self-Storage Association of Australasia. This compares to other markets in a more advanced stage such as New Zealand (0.25 sqm/person) and the USA (0.56 sqm/person). Therefore, it is expected that the rate of provision across Australia will continue to increase in the coming years.

Table 5.1 following provides an assessment of self-storage demand within the trade area based on the existing and forecast population in the area. The analysis assesses demand for the overall scale of self-storage facilities based on population driven demand within the trade area. It is noted that this is a conservative assessment as commercial demand occupies an average of 25% of self-storage capacity nationally².

In addition, the demand assessment is conservative on the basis that we allow for a rate of provision growth from 0.21sqm/person in 2023 to 0.25sqm/person in 2041 (matching the current state of the New Zealand self-storage market). This represents an average annual growth rate of 1% between 2023-2041 compared to the historical observed growth rate of 5.13% per annum.

¹ Self-Storage Association of Australasia State of the Industry 2023 report

² Self-Storage Association of Australasia

The demand analysis has been compared to the scale of existing self-storage facilities within the trade area to determine the scale of market gap and undersupply in the trade area now and how this is expected to change based on forecast demand conditions.

Table 5.1 Self-storage demand and market gap assessment

	2023	2026	2031	2036	2041
Trade area Population	11,502	12,585	14,549	16,382	17,902
Self-storage demand					
Demand (100% occupancy)	2,415	2,769	3,346	3,932	4,475
Demand (90% occupancy)	2,684	3,076	3,718	4,369	4,973
Self-storage supply - Trade area	980	980	980	980	980
Market gap	-1,704	-2,096	-2,738	-3,389	-3,993

Source: QGSO, Self-Storage Association of Australasia, Think Economics

The market gap analysis indicates that, based on the national average rate of provision, there is an existing undersupply across the trade area of approximately 1,704sqm which is forecast to increase to 2,738sqm by 2031 and 3,993sqm by 2041 if no further supply is established.

It is noted that this undersupply is likely conservative as it does not include additional demand generated by residents in Meringandan, with no supply in that area. If these residents were considered in the assessment, they would increase demand in 2023 by approximately 26% based on the population capacity of that area. This would increase the current undersupply to approximately 2,404sqm.

The market gap assessment very clearly demonstrates that there are strong need conditions supporting the proposed self-storage facility with the projected undersupply in 2026 exceeding that proposed onsite and ongoing growth in demand demonstrating that additional capacity (i.e. in addition to that proposed) will likely be required over the longer term.

6.0 Need Implications

The analysis presented throughout this report demonstrates that there are strong need conditions supporting the proposed self-storage facility at the subject site. These need implications relate to the location of the subject site, the scale being proposed, and the various demand drivers relevant throughout the defined main trade area.

The key need implications have been summarised below.

Economic need implications:

- The intent of the proposed self-storage facility is to cater to that demand predominantly generated within the defined catchment, with the population within this local area expected to increase from 11,502 people in 2023 to 14,549 people in 2031 and 17,902 people by 2041.
- The market gap assessment demonstrates that there is an existing undersupply of 1,704sqm of lettable self-storage space across the catchment. This undersupply is estimated to increase to 2,096sqm by 2026 and further to 2,738sqm by 2031 if no supply is added to the local area.
- The proposed self-storage facility will comprise 1,866sqm of lettable floorspace providing an appropriately scaled response to meet the needs of the local community in a location that provides convenience and accessibility.
- It is noted that the market gap assessment is considered conservative as it only considers demand generated by the catchment population and does not include demand from commercial activities, the rate of provision is estimated to grow at a much lower pace compared to historical trends, and demand from Meringandan residents is not accounted for.

Community need implications

- The local area residents are served by a single self-storage facility established 15 years ago. Since then, there has been no supply additions despite a substantial population increase throughout the catchment.
- Catchment residents are likely required to travel to and from Toowoomba to access self-storage facilities for domestic or commercial storage. This impacts on private vehicle

usage and congestion, loss of personal time, reduced productivity, etc and demonstrates a low level of community amenity in relation to this use.

- The proposed self-storage facility will contribute to overall supply in the local area, increasing available capacity as well as providing residents with improved choice, location and price.

Planning need implications

- There are strong locational need drivers supporting the proposed self-storage facility at the subject site on the basis that it will be located within one of the two established non-residential areas across Highfields and with a high level of exposure to traffic along the New England Highway.
- While there is vacant industrial supply within Highfields, the review of this supply demonstrates that it cannot suitably accommodate the proposed self-storage facility. The vacant properties are either too small or too large, while other issues such as flood and ownership constraints are also likely to limit this potential.
- Further, the vacant industrial land at western Highlands is where the existing self-storage facility is located and therefore placing the proposed self-storage development within the same precinct would not improve community accessibility and convenience.

On the basis of the analysis presented in this report and those implications presented above, it is concluded that there are strong economic, community and planning needs supporting the proposed self-storage development at the subject site. The scale of the proposed facility as well as the location of the subject site will provide an appropriate and necessary response to local need conditions.

Disclaimers

Inherent Limitations

This report provides a summary of Think Economics research during the course of the work undertaken for Cloustruct Pty Ltd under the terms of the engagement contract dated June 2024.

The services provided in connection with this engagement comprise a market research and advisory engagement, and consequently no opinions or conclusions intended to convey assurance have been expressed. Think Economics have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. Think Economics is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

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This report has been prepared at the request of Cloustruct Pty Ltd in accordance with the terms of Think Economics engagement contract dated June 2024. Other than our responsibility to Cloustruct Pty Ltd, neither Think Economics nor any member or employee of Think Economics undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

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