



Case Study: End-to-end Solutions

Kmart: Australian Retail Giant

New distribution center to achieve
optimal operation of the Kmart network.

PROJECT SUMMARY

LOCATION

Oceania

INDUSTRY

Modern Retail

To meet supply and demand dynamics of the market, Kmart required a new facility to achieve optimal operation of their network.

Client Challenges

As a result of global pandemic and Kmart's upcoming lease expiry, Kmart faced complexities in demand profile, that meant they needed a solution that could provide future flexibility to tailor to changing customer needs.

A combination of supply and demand dynamics not in favor of Kmart, multiple client stakeholders involved in the decision-making process and undertaking DC design and property procurement process during the pandemic, created multiple challenges for Kmart to navigate.

Approach

After considering Kmart's challenges, in order to meet the supply and demand dynamics of the market, TMX project managed the site from end-to-end. This began with a comprehensive property procurement process, including the negotiation of AFL and lease documentation with legal representatives.

In addition, a detailed base-building design specification integrated with the bespoke fit-out requirements of the semi-automated operations was provided.

Solution

Through the implementation of the suggested solutions, numerous savings and incentives were garnered through the identification of a **site of sufficient size** (80,000sqm or 861,112sqf) to ensure that Kmart's facility could be constructed without any compromise to the operations.

Savings included securing **10% of incentives**, equating to **AUD\$5.2 million of upfront cash**, as well as an **additional AUD\$5.73 million of provisional sums** to protect Kmart in the integration of fit-out items and operational requirements.

Strategic engagement of a layered and dynamic stakeholder group across the entire ANZ Kmart business to ensure **alignment of all parties throughout the process**, which allowed for engagement with neighboring tenants in the Superhub precinct to identify freight and logistics synergies. Due to the successful outcomes, a standard specification document was developed to be re-deployed across similar Kmart developments moving forward.

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