



**PORT STEPHENS**  
COUNCIL



The City of  
**Newcastle**

# Commercial lands study:

Fern Bay and North Stockton



# FERN BAY & NORTH STOCKTON Commercial Lands Study



Prepared for Newcastle City & Port  
Stephens Councils

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## EXECUTIVE SUMMARY

The Fern Bay and Stockton Commercial Lands Study (the Study) was prepared by HillPDA for Port Stephens and Newcastle Councils (Councils). This study summarises the findings from the retail demand analysis and the impacts of a new centre on the surrounding retail hierarchy. An assessment of preferred locations to accommodate a new centre is also undertaken as part of this Study. The findings will help to inform the development of a land use strategy for Fern Bay and North Stockton.

### Study Area

The Study Area comprises the three suburbs of Fern Bay, Stockton and Fullerton Cove which are generally situated to the north and east of the Hunter River. Fern Bay and Fullerton Cove form part of Port Stephens Local Government Area (LGA), while Stockton is situated in the Newcastle LGA.

### Contextual Review

Regional plans and strategies suggest that strong population growth is expected to occur, particularly within the Port Stephens LGA. Moreover, the strategies promote increasing dwelling and employment opportunities. This growth will stimulate the economy and generate further demand for retail services within the area.

A new retail centre within the Study Area will increase employment and contribute to meeting these employment targets, whilst providing a convenient destination retail centre for the regular shopping needs of local residents. This is aligned with Council's vision for the area and is largely consistent with both the Port Stephens and Hunter Regional Strategy's directions.

### Existing Retail Supply

Stockton Town Centre which extends some 350m along Mitchell Street provides the largest retail offer within the locality. Stockton provides around 6,500sqm of shopfront floorspace (Net Leaseable Area) (NLA) of which 3,500sqm is occupied by retailers.

The IGA provides a mini-major anchoring role at the northern end of the centre, with the Hardware store anchoring the southern end. The centre provides a further 2,250sqm of retail specialty floorspace which is largely convenience based (i.e. chemist, butcher, personal services, etc). Non-retail commercial floorspace represents 34% (2,200sqm) of the total shopfront floorspace, which is high relative to other similar sized centres. An above-representation of non-retail occupiers in town centres reflects lower rents and hence lower retail trading levels.

Of this shop front space around 668sqm is currently vacant, which equates to 10% of total shopfront space. Although a small provision of vacant floorspace of up to 5% is considered healthy for a town centre as it allows new retailers to locate to the area or existing stores to relocate or up/down size within the same locality, Stockton Town Centre's vacancy rate of 10% is considered high and suggests the centre is underperforming.

In addition to Stockton Town Centre a small provision of retail is provided along the Stockton beachfront and Fern Bay along Nelson Bay Road.

### Retail Demand Assessment

As of 2017 the Study Area contained a population of around 7,450 residents. HillPDA has considered three population growth scenarios for the retail demand assessment as follows:

**Low Growth Scenario:** This scenario assumes a more conservative growth rate of 1.3% per annum which is generally in line the broader LGA growth rate as sourced from the Department of Planning. This scenario assumes many of the Planning Proposals within the locality that have been lodged with Council do not proceed. On this basis the population is projected to increase by 1,470 persons to 8,920 persons by 2031.

**Medium Growth Scenario:** This scenario adopts a higher growth rate of 2.5% per annum which is generally in line with Port Stephens Planning Strategy. This scenario assumes all of the Planning Proposals<sup>1</sup> within the locality that are currently lodged with Council are realised. The population is projected to increase by 3,070 persons to 10,520 persons by 2031.

**High Growth Scenario:** This scenario adopts a substantial higher growth rate of 3.6% per annum. This scenario assumes all of the Planning Proposals within the locality are realised and allows for a further 1,000 dwellings on the Stockton Residential Centre site. The population is projected to increase by 4,770 persons to 12,220 persons by 2031.

Based on existing population and expenditure levels, the Study Area could support around 6,285sqm of retail floorspace as of 2017, increasing to almost 7,850sqm in 2031 under the low growth scenario, 9,250sqm under the medium growth scenario and 10,750sqm under the high growth scenario due to population and expenditure growth. With approximately 4,000sqm of retail floorspace provided in the Study Area there is currently an undersupply of retail floorspace of almost 2,300sqm, with this expected to increase to 3,845qm by 2031 under low growth scenario, 5,253sqm under the medium growth scenario and 6,748sqm under the high growth scenario.

Based on the above assertion there are several opportunities to meet the retail needs of the local residents. These are:

- **Development of a new Local Centre** of 4,000 – 6,500sqm within the Study Area. Potential trading levels, retail mix and sites for a new centre are explored in more detail in Chapters 5 and 6;
- **The attraction of a large format full-line supermarket** of around 2,800-3,200sqm would retain a large proportion of expenditure that is currently escaping the study area;
- **Tourism** – the centre could leverage its natural surroundings to increase tourism. This would likely increase retail expenditure captured within the centre; and
- **Increase the resident population** within the Study Area. Strong population growth would generate more expenditure and would in turn increase the demand for, and viability of, retail services. There may be potential for mixed use development, however the market's preference for medium to high density living may not be strong enough and the feasibility of such development would need to be assessed.

## Review of Sites

Based on discussions with Council five sites were identified for investigation as potential sites for a new retail centre. These being:

- 42 Fullerton Cove Road, Fullerton Cove
- 69 Fullerton Cove Road, Fullerton Cove
- 2 Seaside Boulevard, Fern Bay

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<sup>1</sup> Planning proposal include the Fort Wallace Masterplan (~100 dwellings); The Cove (a further 140 dwellings); The Former Rifle Range Site (200 dwellings), Newcastle Golf Course Masterplan (~120 dwellings); Seaside Estate (~310 dwellings); and 50 dwellings from smaller scale developments. In the medium growth scenario we have also allowed for an additional 300 dwellings in the locality. Source: Cordell, consultation with estate managers, Google Earth.

- Former Rifle Range, Popplewell Rd, Fern Bay
- Newcastle Golf Club, Vardon Rd, Fern Bay
- Stockton Residential Centre, Stockton.

Based on a preliminary assessment of the sites, the existing Stockton Residential Centre was found to be the preferred location for a new local retail centre due to its central and high profile location with minimal environmental constraints. The main issue associated with this site relates to heritage considerations and any redevelopment would need to work with this.

## **Impact Analysis**

An assessment of the impacts of a new retail centre at the Stockton Residential Centre site on existing retail network found that the only centre likely to experience a moderately strong or significant impact is Stockton with around 14% to 15% loss in trade. All other centres will experience impacts that are considered insignificant or low – that is less than 5% loss in trade.

Over time these impacts will lessen as a result of population and expenditure growth in the locality with all the surrounding centres including Stockton expected to enjoy some growth over the period to 2026. This would suggest the Study Area could support a new centre of some 5,000sqm with minimal impact on the surrounding retail network.

A new retail centre will meet the needs of the local (and future) residents in the area which are currently underserved and having to travel outside of Stockton and Fern Bay for higher order retail services.

Furthermore, an improved range of shops and services should help to reduce the number of journeys made by local residents to surrounding centres. This supports a reduction in vehicle emissions and improves transport safety. Fewer and/or shorter journeys via cars also contributes to reducing the cost of living (through reduced petrol and car maintenance costs), allowing resident's disposable income to be directed to other goods and services.

# INTRODUCTION

## 1.0 INTRODUCTION

The Fern Bay and Stockton Commercial Lands Study (the Study) was prepared by HillPDA for Port Stephens and Newcastle Councils (Councils). The findings of this Study will help to inform the development of a land use strategy for Fern Bay and North Stockton.

The purpose of this study is to address some key developments and trends that have occurred in the locality in recent times:

- **Significant population growth:** Fern Bay has experienced significant growth over the last 10 years, with most of this growth being approved under Part 3A (repealed) of the *Environmental Planning and Assessment Act 1997* and *State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004*. The resulting rapid residential growth has outpaced development or planning of services required to cater for the growing resident population.
- **Community feedback:** Residents within the locality have expressed a desire for the development of a commercial centre within Fern Bay. This centre would provide local services and daily shopping/grocery needs for the local community. Fern Bay currently contains appropriately land zoned, for the development of a neighbourhood centre, however it is understood that Port Stephens Council has received a planning proposal seeking its rezoning. This rezoning would allow the development of residential uses with no supportive retail space. As such, a new appropriate location is required to be identified that will cater for the daily needs of residents within Fern Bay and North Stockton.
- **Influx of planning proposals:** Port Stephens Council has recently received a number of planning proposals seeking to rezone land within the Fern Bay locality. These proposals would further increase the resident population, placing greater importance on identifying an appropriate location for a new retail centre to serve these future residents as well as determining an appropriate size and retail mix for this centre. Given the close proximity of Stockton Town Centre any recommendations would need to complement this existing centre and not detract away from its economic viability or status within the local hierarchy.

Specifically, the objectives of the Study are to:

1. Forecast the scale and type of retail needed to support the current and future population of Fern Bay and Stockton.
2. Identify an appropriate location for this retail centre and any appropriate controls that would support/encourage the desired development outcome.
3. Assess the impacts on the retail hierarchy.

### 1.1 The Study Area and Stockton Town Centre

The Study Area comprises the suburbs of Fern Bay, Stockton and Fullerton Cove (Figure 1). The Study Area is north of Hunter River and to the east of the north arm of the Hunter River at the entrance to Fullerton Cove. The Study Area falls within two local government areas, with both Fern Bay and Fullerton Cove forming part of Port Stephens Local Government Area (LGA) and Stockton within the Newcastle LGA.

Part of the Study focuses on Stockton Town Centre (located within the southern end of the Study Area) which extends approximately 350m along Mitchell Street and includes a 900sqm IGA supermarket coupled with strip retailing. The retail offer is discussed in more detail in chapter 3.

Figure 1: Study Area



Source: HillPDA

## 1.2 Study Structure and Approach

To address the requirements of the brief, the Study has been set out as follows:

**Chapter 2 | Contextual review:** provides an assessment of previous studies and existing government strategies that are of relevance to the Study.

**Chapter 3 | Retail supply analysis:** reviews Stockton and Fern Bay’s existing retail provision. As part of this review, the community’s feedback on the local retail offer is also considered. A SWAT analysis of the main retail offer in the locality (i.e. Stockton Town Centre) is also undertaken to better understand the constraints, opportunities and threats relating to the current retail offer.

**Chapter 4 | Retail demand analysis:** reviews the current and future demand for retail floorspace within the Study Area making allowances for the existing supply of retail floorspace within the Study Area.

**Chapter 5 | Preferred site location:** provides a preliminary assessment of the suitability of potential sites within the Study Area to accommodate a new retail development.

**Chapter 6 | Impact Analysis:** This section assesses the impacts of a new retail centre within the Study Area on the existing retail network.

A blue-tinted background image of a desk with a laptop, a pen, and a pair of glasses. The text "CONTEXTUAL REVIEW" is overlaid in white, bold, uppercase letters.

# CONTEXTUAL REVIEW

## 2.0 CONTEXTUAL REVIEW

This Chapter reviews key regional planning policies and strategies with a specific focus on commercial and retail objectives relevant to the study area.

### 2.1 Hunter Regional Plan 2036 (2016)

The Hunter Regional Plan 2036 is a 20-year blueprint for the future of the Hunter which includes the closely connected urban areas of Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens LGAs.

The Plan seeks to achieve the following overarching outcomes for the Hunter region:

- A leading regional economy in Australia;
- A biodiversity-rich natural environment;
- Thriving communities; and
- Greater housing choice and jobs.

By 2036, the population of the Hunter is forecast to grow to 862,250 residents, an increase of almost 130,000 residents from 2016, with 14% (18,550 persons) of this growth anticipated to occur in Port Stephens.

Although both Fern Bay and Stockton have not been identified as strategic centres within the Plan, the following directions are of relevance to this Study:

**Direction 23:** *Grow centres and renewal corridors:* Although the Plan identifies regionally significant centres known as strategic centres it also acknowledges these centres and other smaller local centres operate as part of a network with each centre providing a different service, role and/ or function in the region. Fern Bay was identified as a centre of local significance and earmarked as an area to deliver future housing and urban renewal opportunities.

**Direction 6:** *Grow the economy of MidCoast and Port Stephens:* The plan promotes the provision of regionally significant retail, and supports growth and diversification of other employment and economic activities within the area.

**Direction 1:** *Connect strategic centres in Greater Newcastle:* The Regional Plan sets a target of 95 per cent of people to be living within 30 minutes of a strategic centre by 2036, thus Fern Bay and Stockton will be prime locations for further housing development which will in turn generate demand for further shops, dining, entertainment and services in the immediate area.

### 2.2 Newcastle Employment Lands Strategy (2013)

The Newcastle Employment Lands Strategy was prepared by HillPDA in 2013 to inform the draft Local Planning Strategy. The Strategy draws together existing research and data with revised population forecasts and trend analysis to better understand the demand for a range of employment generating uses across the city comparative to supply. The strategy also seeks to promote economic growth to meet the needs of a growing population.

The Strategy promotes reinforcing the Commercial Centres Hierarchy (with Stockton identified as a Local Centre Minor), discouraging out-of-centre development as it has significant impacts on the structure and dynamics of centres. The Strategy recommends that any out-of-centre development or expansion of a commercial zone must be supported by an Economic Impact Assessment and Sequential Impact Assessment with the analysis clearly demonstrating that there are no suitable sites within existing centres or at the edge of

existing centres and it will need to be demonstrated that there is a net community benefit in establishing a new commercial/retail site.

Notwithstanding the strategic direction above, the Strategy acknowledges new neighbourhood centres should be considered where located within 400m of underserviced residential areas including within new urban release area of North Stockton.

### 2.3 Newcastle Planning Strategy (2015)

The Local Planning Strategy is a comprehensive land use strategy which helps to inform future growth and development of Newcastle. The Strategy implements the land use directions from the Newcastle 2030 Community Strategic Plan. The Strategy also reflects the outcomes of the Council's other strategies as they relate to land use.

The Planning Strategy acknowledges the need for a new neighbourhood centre for the new urban release area North Stockton which is currently underserviced. The Strategy describes Stockton as having a small commercial strip along Mitchell Street which supplies smaller scale retail, business, entertainment and community uses for people who live, work and visit the area, however residents are having to travel outside the suburb for higher order services.

Further a key objective for Stockton as defined in the Strategy is to encourage development that is sympathetic to the existing character of Stockton and facilitate redevelopment of the commercial centre that both improves local services and attracts visitors.

Direction 3.2.5 of the Strategy provides the recommended development controls across the centre hierarchy. These recommendations help to reinforce the retail hierarchy and are summarised in the extract below:

**Table 1: Relationship between Local Planning Strategy centres hierarchy and LEP land use zones.**

LPS Hierarchy	LEP Zone	Floor Space Ratios (FSR)	Heights of Building
Neighbourhood Centre	B1 Neighbourhood Centre	Low (Typically 1.5:1)	Low (Typically 11m)
Local Centre (Minor)	B2 Local Centre	Low-Moderate (Typically 1.5:1)	Low-Moderate (Typically 11m)
Local Centre (Major)	B2 Local Centre	Moderate-High (Typically 2:1 unless place based controls established)	Moderate-High (Typically 14m unless place based controls established)
Commercial Core	B3 Commercial Core	High (Place based controls)	High (Place based controls)

Source: Newcastle Planning Strategy 2015

## **2.4 Port Stephens Planning Strategy (2011)**

The Port Stephens Planning Strategy was adopted by Council on 20 December 2011. It incorporates the findings of the Port Stephens Commercial and Industrial Land Study (CILS), the Port Stephens Rural Lands Study and Port Stephens Rural Strategy.

The Strategy promotes Raymond Terrace as a regional centre, with Fern Bay remaining as a Smaller Village Centre (i.e. a strip or cluster of shops in a mostly residential area with a smaller range of products or services and a smaller catchment than a village centre).

The Strategy assumes significant new residential development will occur at Seaside Fern Bay with population projections indicating population will increase from 1,906 people in 2009 to 5,211 people in 2031. The Strategy recognises this will increase demand for more retail in the area. At the time of the Strategy a small area of commercially zoned land was proposed within the new Seaside estate via a clause in LEP 2000 with the final location of site has not yet determined by the developer. The Strategy acknowledged the amount of commercial land may need to be increased to accommodate increased demand and identifies the site with the existing general store and the adjacent site on the corner of Vardon Road (which contains a house) as site for investigation for commercial zoning.

In terms of opportunities and demand arising for additional commercial/retail activity the Strategy maintains the location will need to support the existing identified commercial areas as per the established Commercial Hierarchy.

## **2.5 Summary**

The aforementioned regional plans and strategies suggest that Port Stephens in particular is expected to experience strong population growth. The strategies promote increasing dwelling and employment opportunities. This growth will generate demand for retail services. A new retail centre within the Study Area will increase employment and provide convenience retail for the day to day needs of surrounding residents, which is aligned with Council's vision for the area and largely consistent with the directions outlined in the Port Stephens and Hunter Regional Strategies.

# Survey

... your behavior by ticking the appropriate

## RETAIL SUPPLY ANALYSIS

... your behavior by ticking the appropriate

## 3.0 RETAIL SUPPLY ANALYSIS

This chapter reviews Stockton and Fern Bay’s existing retail provision. As part of this review, the community’s feedback on the local retail offer is also considered. A SWAT analysis of the main retail offer in the locality (i.e. Stockton Town Centre) is also undertaken to better understand the constraints, opportunities and threats with the existing retail offer. A more detailed assessment of the land zoned for a neighbourhood centre at 2 Seaside Boulevard in Fern Bay is provided in Chapter 5.

### 3.1 Existing Retail Supply

#### 3.1.1 Stockton Town Centre

Stockton Town Centre which extends some 350m along Mitchell Street provides the largest retail offer within the locality. A recent land use survey of Stockton Town Centre<sup>2</sup> revealed that the centre provides 13,250sqm of Net Leasable Area (NLA). Of this total, approximately 6,400sqm was attributed to ground floor shopfront floorspace space<sup>3</sup>.

The IGA supermarket provides a mini major anchoring role at the northern end of the centre, with the Hardware store anchoring the centre to the south. The centre provides a further 2,261sqm of retail specialty floorspace which is largely convenience based (i.e. chemist, butcher, and personal services). Non-retail commercial floorspace represents 34% (2,200sqm) of the total shopfront floorspace, which is high relative to other similar sized centres. An above-representation of non-retail occupiers in town centres reflects lower rents and hence lower retail trading levels.

Almost 670sqm of the total shop front floorspace was vacant at the time of the survey, which equates to 10%. Although a small provision of vacant floorspace of up to 5% is considered healthy for a town centre as it allows new retailers to locate to the area or existing stores to relocate or up/down size within the same locality, Stockton Town Centre’s vacancy rate of 10% is considered high and suggests the centre is underperforming.

The Stockton Town Centre also contains a number of detached residential dwellings and as such may reduce redevelopment opportunities.

The table below outlines the provision of floorspace within Stockton Town Centre by commercial category.

**Table 2: Stockton Town Centre by commercial category (NLA)**

Commercial Category	Total Number (#)	Ground floor NLA (sqm)	Above Ground NLA (sqm)	Total
Supermarket	1	900		900
Specialty Food	5	543		543
Specialty Non-food	2	260		260
Restaurants	1	93		93
Take away/ Café	2	156		156
Chemist/pharmacy	1	240		240
Apparel	2	581		581
Personal Services	6	388		388

<sup>2</sup> Land use survey of all buildings and lots located within the area zoned B2- Local Centre in Stockton was undertaken by HillPDA on the 8<sup>th</sup> of September 2017

<sup>3</sup> This includes retail uses, non-retail commercial uses and vacant floorspace

Hardware/homeware	1	365		365
Commercial – Financial services	2	136		136
Commercial – Real estate	2	136		136
Commercial – Services	4	1,446		1,446
Commercial – Medical	5	482		482
Vacant Shop front	7	668		668
<b>Total Shopfront</b>	<b>41</b>	<b>6,392</b>		<b>6,392</b>
Hotel/pubs	2	1,050	1,050	2,101
Residential	18	2,158	2,606	4,764
<b>Total</b>	<b>61</b>	<b>9,601</b>	<b>3,656</b>	<b>13,257</b>

Source: Land use survey undertaken by HillPDA (2017)

The following figure provides a visual representation of where the vacant shop fronts are located within the town centre.

**Figure 2: Location of vacant floorspace in Stockton Town Centre**



Source: HillPDA

### 3.1.2 Other retail in Stockton and Fern Bay

There is a small provision of retail (approximately 400sqm) within Stockton located beyond the town centre, including the beachfront café Lexie's on the Beach and Gavo and Tashes Takeaway and Tackle on Fullerton Street.

The retail offer within the suburb of Fern Bay is underwhelming, with very limited provision of floorspace including a food outlet on Nelson Bay Road.

### 3.2 Fern Bay and North Stockton Shopper Survey

The Fern Bay and North Stockton Shopper Survey was conducted by Port Stephens Council and asked respondents a series of questions relating to their primary shopping destination as well as strengths and opportunities they identify for Fern Bay. 204 respondents were surveyed over the period of August to September in 2017. The vast majority of survey respondents were residents of Fern Bay. It should also be noted that Stockton was not included in the strategy area or targeted for consultation within this survey. Despite this a number of the responses received through the survey were from Stockton residents.

The key findings of the survey which relate to the retail offer and are of relevance to the Study are as follows:

- A large proportion of residents are travelling outside of Stockton and Fern Bay for retail services including food and grocery shopping;
- Only 12% (or 25 respondents) indicated Stockton Town Centre was their main shopping centre destination, with a further 25% using the centre for ‘top-up’ shopping (i.e. serving as a secondary centre);
- Newcastle was the most popular shopping destination amongst respondents (34%), followed by Mayfield (33%) and Medowie (32%);
- A small proportion of retail expenditure is also escaping the locality and being directed to Raymond Terrace, Waratah and to a lesser extent Salamander Bay and Warabrook;
- Of those respondents who do not shop at Stockton Town Centre, the main reasons given were over-pricing due to limited price competition and limited retail offer. Anti-social behaviour (or perceived) was also a major deterrence;
- A large proportion of respondents were undertaking their major shop at higher order/ larger centres near their place of work, with a small proportion indicated they shop online (4 respondents); and
- Three quarters of the respondents indicated a new retail centre or expanded retail offer was a priority for Fern Bay and Stockton in the next 10 years.

### 3.3 Stockton Town Centre SWOT analysis

This next section analyses the strengths, weaknesses, opportunities and threats to the future performance of Stockton Town centre which as discussed above is the main retail destination within the Study area. The results of this assessment are presented in the table below.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>■ Compact and walkable retail core, with flat topography and minimal fall</li> <li>■ Anchor tenant located at the northern end of centre (i.e. entry point)</li> <li>■ Well served by public carparks and street parking</li> <li>■ Proximity to strong amenities including schools and medical services which encourage dual purpose visits</li> <li>■ Well served by buses services</li> <li>■ Close proximity to natural assets, open space, beaches, leisure centre (swimming pool)</li> <li>■ Proximity to touristic accommodation i.e. Stockton Beach Holiday Park</li> </ul>	<ul style="list-style-type: none"> <li>■ Limited retail offer and scale, with significant leakage to higher order centres</li> <li>■ High vacancy rate</li> <li>■ Lacks provision for a vibrant evening/night time economy</li> <li>■ Presence of detached dwellings within town centre</li> <li>■ Poor appearance and condition of larger peripheral buildings</li> <li>■ Lack of pedestrian footfall</li> <li>■ The town centre is located at the southern end of the peninsula (some distance from the peninsula entry point), making it an inconvenient location for residents to the north</li> </ul>

<ul style="list-style-type: none"> <li>■ Existence of adaptive reuse opportunities</li> <li>■ Strong projected population growth in the locality</li> </ul>	
Opportunities	Threats
<ul style="list-style-type: none"> <li>■ Improve and expand retail offer</li> <li>■ Include a stronger anchor tenant</li> <li>■ Increase residential densities</li> <li>■ Raise the tourism profile of the area</li> <li>■ Implement competitive pricing strategies</li> <li>■ Address reputation and safety/anti-social behaviour concerns surrounding the centre. Potentially through increased surveillance</li> </ul>	<ul style="list-style-type: none"> <li>■ Anti-social stigma</li> <li>■ Stockton is characterised by a less affluent demographic</li> <li>■ Increased competition from a new retail centre within the Fern Bay/Stockton locality</li> <li>■ Lack of retailer demand</li> <li>■ Further stagnation, reducing viability of planned urban-edge extensions</li> </ul>

A photograph of a woman and a young child in a grocery store. The woman is leaning over a shopping cart, and the child is sitting in it, holding a green apple. The scene is overlaid with a blue tint. The text "RETAIL DEMAND ANALYSIS" is centered in white, uppercase letters.

# RETAIL DEMAND ANALYSIS

## 4.0 RETAIL DEMAND ANALYSIS

This Chapter considers the competitive landscape for a retail facility located within the Study Area (i.e. the suburbs of Stockton, Fern Bay and Fullerton Cove). The demand for retail floor space within the Study Area is subsequently assessed using a combination of population forecasts within the Study Area and estimated total household retail expenditure expected to be retained within the Study Area as well as applying industry target turnover rates.

### 4.1 Surrounding Competing Centres<sup>4</sup>

The following provides an assessment of surrounding retail centres that would compete with the proposed development in terms of retail expenditure capture. Pipeline retail developments within the immediate area are also considered.

#### 4.1.1 Charleston Square

Charlestown Square provides 76,700sqm of retail floorspace and is located along Pearson Street in Charleston, some 23km south of the Study Area. The regional shopping centre is anchored by a Myer department store (11,500sqm), Target (7,750sqm) and Big W (5,590sqm) discount department stores, and Coles (4,320sqm) and Woolworths (4,800sqm) supermarkets. The centre contains several mini-major tenants of the likes of H&M (recent addition), Dan Murphy's, Rebel Sport, JB Hi-Fi and City Beach, as well as around 245 specialty retailers. The centre reported an MAT of \$545.2m in 2016/17, or \$7,043/sqm ranking it 39<sup>nd</sup> out of 89 similar sized centres (slightly above the benchmark average of \$6,925/sqm for similar sized centres).

#### 4.1.2 Kotara

A strong retail offer is provided in Kotara which includes the Westfield Kotara regional shopping centre, some 17km south of the Study Area. Westfield Kotara includes 65,057sqm of retail floorspace and is anchored by a David Jones (15,445sqm), Kmart (6,979sqm), Target (6,350sqm) as well as Coles (3,106sqm) and Woolworths (4,116sqm) supermarkets. The centre contains mini-majors such as Toys 'R' Us, First Choice Liquor and Lincraft as well as well as around 215 specialty retail stores and a new cinema complex/dining precinct. The centre reported an MAT of \$504.2m in 2016/17, or \$7,924/sqm ranking it 17<sup>th</sup> out of 89 similar sized centres (14% above the benchmark average of \$6,925/sqm for similar sized centres).

The Kotara Homemaker Centre immediately to the north of Westfield is one of the largest bulky goods precincts in NSW, containing around 58,000 sq.m of retail floorspace, including major tenants such as Bunnings Warehouse, Domayne, Freedom Furniture, Trade Secret and The Good Guys, as well as around 35 – 40 other retailers including an Aldi supermarket.

#### 4.1.3 Stockland Jesmond

This Sub-regional centre contains 20,129sqm of retail floorspace and is anchored by a Big W (7,944sqm) and Woolworths (3,053sqm) and Aldi (1,500sqm) supermarkets. The centre reported an MAT of \$154.9m which equates to \$8,713/sqm ranking it 19<sup>th</sup> from 95 centres or 21% above the benchmark average for similar sized centres. The centre is 14km south west of the Study Area.

<sup>4</sup> Sources: various sources including Shopping Centre Directory, Big Guns 2017, Little Guns 2016 and Mini Guns 2016, desktop analysis

#### 4.1.4 Salamander Bay Shopping Centre

Salamander Bay is a strong performing regional shopping centre some 42.4km north of the Study Area. The centre contains 23,091sqm of retail floorspace and is anchored by Kmart (4,998sqm), Target (1,243sqm) as well as Coles (3,962sqm), Woolworths (3,899sqm) and Aldi (1,351sqm) supermarkets. Around 73 speciality stores are also provided over one level. The centre reported an MAT of \$217.7m in 2016/17, or \$9,861/sqm ranking it 11th out of 96 similar sized centres (36% above the benchmark average of \$7,223/sqm for similar sized centres).

#### 4.1.5 Inner City Newcastle

Newcastle West provides higher order retail, commercial, health and business services and serves the greater Newcastle metropolitan area and the southern end of the Port Stephens LGA. Retail is largely focused within Marketown Shopping Centre located on the corner of National Park and Parry Streets, some 15km south of Stockton/Fern Bay (20minute drivetime). This enclosed shopping centre provides almost 26,000sqm of retail floorspace, including a Big W (6,567sqm) and Woolworths (3,872sqm) and Coles (3,050sqm) supermarket as well as 61 specialty stores over one level. There is estimated 30,000sqm of strip retailing generally oriented around Hunter Street/King Street also provided with Newcastle CBD, which generally consists of a mix of cafes, restaurants, take-away shops, some convenience retailers and lower quality/discount retailers.

#### 4.1.6 Raymond Terrace

A strong provision of retail is provided within the strategic centre Raymond Terrace, some 25km north-west of the Study Area. Raymond Terrace comprises of two major shopping centres described as follows:

- **MarketPlace:** Located along William Street, this 14,800sqm sub-regional centre is anchored by a Big W (6,775sqm) and Woolworths (4,117sqm) as well as 37 specialty stores. The centre has an estimated turnover of \$92.3m<sup>5</sup> as of 2016.
- **Raymond Terrace Shopping Centre:** this 7,000sqm supermarket-based centre is anchored by a Woolworths (4,090sqm). The centre is situated on the corner of Sturgeon and Glenelg Streets.
- A small provision of retail (some 2,000sqm) is provided along William and Port Stephens Streets.

#### 4.1.7 Local and Neighbourhood centres

There are number of local and neighbourhood centres within the vicinity of the Study Area including:

- **Medowie:** located some 20km north of the Study Area and is oriented around Ferodale and Peppertree Roads. The precinct provides approximately 10,000sqm of retail floorspace and includes free standing Woolworths (4,000 sqm) and Coles (2,500sqm) supermarkets and 15 specialty stores. There was only one vacancy at the time of survey indicating the centre is performing well.
- **Warabrook:** is located some 10km south of the Study Area along Angophone Drive. This convenience based centre provides approximately 5,000sqm of retail floorspace and includes full-line Woolworths supermarket and nine speciality stores.
- **Mayfield:** is predominately a street/strip precinct generally oriented around Maitland Drive/Pacific Highway, some 10.7km from the Study Area. The precinct provides approximately 15,000 sqm of retail floorspace, as well as a range of business/commercial floorspace and medical centres. This precinct includes a large Woolworths supermarket of around 4,900 sq.m and an Aldi supermarket (1,500sqm).
- **Waratah Village:** some 12.4km south of the Study Area, the centre provides 12,000sqm of retail floorspace and contains a full-line Coles supermarket (of around 3,500 sq.m), a larger Kmart store

<sup>5</sup> Shopping Centre Directory 2016

(which trades 24 hours a day), as well as around 20 specialty stores including pad-sites such as Kmart Tyre and Auto and Red Rooster.

#### 4.1.8 Proposed retail developments

There are two major pipeline developments proposed in the vicinity of the Study Area of relevance including:

- The Hunter Street Mall: A redevelopment of the area around the Hunter Street could potentially yield around 4,900sqm of retail floorspace and include a metro-style supermarket, convenience related retail, (e.g. newsagent, pharmacy, hairdressers) as well as non-food discretionary retailers. A further 2,700 sq.m of commercial space is planned.
- A new Coles supermarket of 4,380sqm plus 200sqm Liquorland outlet is soon to be developed at the intersection of Maitland Road and Havelock Street in Mayfield. There is preliminary approval for a further 1,500 sq.m of specialty floorspace on the ground/lower level, with tenancies subject to specific development applications.

#### 4.1.9 Competition from Online Shopping

Online shopping has been well received by many Australians – particularly those living remotely or in areas with limited access to conventional bricks-and-mortar stores. E-commerce research<sup>6</sup> reveals that the online shopping industry continues to grow domestically, with buyers in remote regional locations and tourist towns shopping online the most.

In 2016, Australian's spent \$22b shopping online (this includes both physical goods and digital services) an increase of 10.4% compared to 2015. Physical goods represented 82% (or \$18b) of the total online spend, with department and variety store items the most popular online purchases (30% of all online purchases), followed by fashion (22%)<sup>7</sup>.

It should be noted that although growth in online spending significantly outperformed bricks-and-mortar retail by 6.9% over the last year, traditional retail is still a substantially larger industry in Australia, bringing in \$261b in 2016 compared to online retail's \$18b in physical goods. Although online shopping has made some impact, there is still strong demand for traditional retail<sup>8</sup>.

In terms of the online grocery market, recent research<sup>9</sup> has consistently found that although almost 30% indicated they would consider grocery shopping online in the next 12 months, only around 3% actually do so in any given four-week period. In the recent Fern Bay and North Stockton Shopper Survey discussed in Chapter 3, only 2% of the survey respondents indicated (unprompted) that they shop online. Woolworths customers, are marginally more likely to do their grocery shopping online (4.2% doing so in an average four weeks) than those Coles (4.0%), ALDI (1.4%) and IGA (1.2%) customers<sup>10</sup>. So despite positive sentiment surrounding online grocery shopping, it still remains quite a niche market in Australia.

Online grocery sales in Australia are expected to increase to \$5.8b in 2020 from their current value of \$2.6b, however this only represents 4% of total grocery sales again reinforcing the importance of traditional grocery retail<sup>11</sup>. Thus online shopping will not significantly compete with the new retail centre in Stockton/Fern Bay in the foreseeable short to medium term.

<sup>6</sup> Inside Australian Online Shopping, eCommerce Industry Paper, Australia Post and Startrack, 2017

<sup>7</sup> Inside Australian Online Shopping, eCommerce Industry Paper, Australia Post and Startrack, 2017

<sup>8</sup> Inside Australian Online Shopping, eCommerce Industry Paper, Australia Post and Startrack, 2017

<sup>9</sup> Roy Morgan Research, Can Australia's supermarkets stand up to AmazonFresh?, 2017

<sup>10</sup> Roy Morgan Research, Can Australia's supermarkets stand up to AmazonFresh?, 2017

<sup>11</sup> Australia's online grocery market set to double, Retail World, 2016

## 4.2 Study Area’s Population Forecasts

As of 2017 the Study Area contained a population of around 7,450 residents as per the ABS census data. HillPDA have considered two population growth scenarios as follows:

- **Low Growth Scenario:** This scenario assumes a more conservative growth rate of 1.3% per annum which is generally in line the broader LGA growth rate as sourced from the Department of Planning. This scenario assumes many of the Planning Proposals within the locality that have been lodged with Council do not proceed. On this basis the population is projected to increase by 1,470 persons to 8,920 persons by 2031.
- **Medium Growth Scenario:** This scenario adopts a higher growth rate of 2.5% per annum which is generally in line with Port Stephens Planning Strategy. This scenario assumes all of the Planning Proposals<sup>12</sup> within the locality that currently lodged with Council are realised. The population is projected to increase by 3,070 persons to 10,520 persons by 2031.
- **High Growth Scenario:** This scenario adopts a substantial higher growth rate of 3.6% per annum. This scenario assumes all of the Planning Proposals within the locality are realised and allows for a further 1,000 dwellings on the Stockton Residential Centre site. The population is projected to increase by 4,770 persons to 12,220 persons by 2031.

**Table 3: Study Area Forecast Population**

	2017	2021	2026	2031	Growth	Annual compound growth
Low Growth	7,450	7,930	8,450	8,920	1,470	1.3%
Medium Growth	7,450	8,350	9,460	10,520	3,070	2.5%
High Growth	7,450	8,840	10,550	12,220	4,770	3.6%

Source: 2017 Census ABS, Forecasts population is based on a combination of Department of Planning Population Projections for the Port Stephens and City of Newcastle LGAs (2016), Anysite 2017 population projection data (2017), Port Stephen Planning Strategy, as well as review of pipeline residential developments - sourced from Cordell and Port Stephen Council.

## 4.3 Forecast Household Expenditure

This section examines the projected growth in household retail expenditure within the Study Area between 2017 and 2031. Household expenditure was sourced from:

- ABS Household Expenditure Survey 2003-04 which provides household expenditure by broad commodity type by household income quintile
- AnySite 2017 data which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using microsimulation modelling techniques.

AnySite combines the data from the Census, HES and other sources to derive total household expenditure by commodity type.

<sup>12</sup> Planning proposal include the Fort Wallace Masterplan (~100 dwellings); The Cove (a further 140 dwellings); The Former Rifle Range Site (200 dwellings), Newcastle Golf Course Masterplan (~120 dwellings); Seaside Estate (~310 dwellings); and 50 dwellings from smaller scale developments. In the medium growth scenario we have also allowed for an additional 300 dwellings in the locality. Source: Cordell, consultation with estate managers, Google Earth.

As of 2017 residents within the Study Area spent \$92.8m on retail expenditure. Of the total retail expenditure approximately in 2017, \$29.3 million, or about 32%, was spent in supermarkets and grocery stores. Over the period to 2031 total retail expenditure is forecast to increase to \$124.2 million as a result of population and expenditure growth under low growth scenario, \$146.5m under the medium growth scenario and \$170.2m under the high growth scenario. Household expenditure data is shown in the table below.

**Table 4: Study Area retail expenditure to 2031 (\$m2017)**

Store Type	2017	2021	2026	2031
<b>Low Growth Scenario</b>				
Supermarkets & Grocery Stores	29.3	32.2	35.7	39.2
Take-away Liquor Stores	5.5	6.1	6.7	7.4
Specialty Food Stores	3.3	3.6	4.0	4.4
Fast-Food Stores	4.3	4.7	5.3	5.8
Restaurants, Hotels and Clubs*	8.4	9.2	10.2	11.2
Department Stores	6.1	6.7	7.4	8.2
Apparel Stores	6.4	7.0	7.8	8.6
Bulky Goods Stores	13.4	14.7	16.4	18.0
Other Personal & Household Goods Retailing	12.9	14.2	15.8	17.3
Selected Personal Services**	3.1	3.4	3.8	4.2
<b>Total Retailing</b>	<b>92.8</b>	<b>102.0</b>	<b>113.1</b>	<b>124.2</b>
<b>Medium Growth Scenario</b>				
Supermarkets & Grocery Stores	29.3	33.9	40.0	46.2
Take-away Liquor Stores	5.5	6.4	7.6	8.7
Specialty Food Stores	3.3	3.8	4.5	5.2
Fast-Food Stores	4.3	5.0	5.9	6.8
Restaurants, Hotels and Clubs*	8.4	9.7	11.4	13.2
Department Stores	6.1	7.1	8.3	9.6
Apparel Stores	6.4	7.4	8.7	10.1
Bulky Goods Stores	13.4	15.5	18.3	21.2
Other Personal & Household Goods Retailing	12.9	15.0	17.6	20.4
Selected Personal Services**	3.1	3.6	4.3	4.9
<b>Total Retailing</b>	<b>92.8</b>	<b>107.4</b>	<b>126.6</b>	<b>146.5</b>
<b>High Growth Scenario</b>				
Supermarkets & Grocery Stores	29.3	35.9	44.6	53.7
Take-away Liquor Stores	5.5	6.8	8.4	10.2
Specialty Food Stores	3.3	4.1	5.0	6.1
Fast-Food Stores	4.3	5.3	6.6	7.9
Restaurants, Hotels and Clubs*	8.4	10.2	12.7	15.3
Department Stores	6.1	7.5	9.3	11.2
Apparel Stores	6.4	7.9	9.8	11.8
Bulky Goods Stores	13.4	16.4	20.4	24.6
Other Personal & Household Goods Retailing	12.9	15.8	19.7	23.7
Selected Personal Services**	3.1	3.8	4.7	5.7
<b>Total Retailing</b>	<b>92.8</b>	<b>113.7</b>	<b>141.2</b>	<b>170.2</b>

Source: Pitney Bowes (AnySite 2016) and HillPDA

Note: Forecasts allow for growth in real spend per capita of 0.8% per annum from 2017 onwards in line with the historic trend since 1986 (HillPDA estimate based on ABS Retail Sales, CPI and population data).

\* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling).

\*\* Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing and photo processing.

#### 4.4 Retail capture rates by broad store type

The above analysis identified the total volume of retail expenditure in the Study Area, however not all of this expenditure will be captured by retail facilities within the Study Area. Reasons for this include:

- The proximity of competing facilities at Newcastle and Medowie which provides a greater range and quantum of retail floorspace;
- More limited retail offer within the Study Area;
- Residents leaving the locality to, predominantly, undertake discretionary shopping (in department stores, apparel stores and bulky goods stores elsewhere);
- Working residents spending a portion of annual retail expenditure close to their place of work (approximately 15-25%); and
- Expenditure from residents who are on holidays / business trips or are away for other reasons for any extended period. This is counterbalanced to some extent by residents from outside the Study Area visiting the new retail centre as they visit the area.

Capture rates (i.e., the proportion of expenditure captured by the new retail centre) have been adopted, considering the above factors and have been assumed to remain consistent across both the low and high growth scenario. These market share assumptions from residents within the Study Area are outlined in the following table.

**Table 5: Target capture rates**

	Study Area
Supermarkets & Grocery Stores	80%
Take-away Liquor Stores	80%
Specialty Food Stores	70%
Fast-Food Stores	70%
Restaurants, Hotels and Clubs*	50%
Department Stores	0%
Apparel Stores	5%
Bulky Goods Stores	0%
Other Personal & Household Goods Retailing	25%
Selected Personal Services**	60%
<b>Total Retail</b>	<b>53%</b>

Source HillPDA,\*we have assumed an additional 5% of expenditure would be captured from beyond the Trade Area (which includes tourists).

However at the same token, a new centre within the Study Area is also likely to capture expenditure from passing traffic and residents from motorists travelling to and from outlying areas such as Williamtown Airport, Medowie, Anna Bay and Fisherman’s Bay. Some 1,640 to 1,690 vehicles travel along Nelson Bay Road per hour (two-way) in the weekday afternoon peak period and 1,130 to 1,210 per hour (two-way) on Saturday. On this basis it is assumed some 15% of expenditure would be generated from beyond the trade area.

On balance however, the net effect of this is that there is likely to be substantial net loss of retail spending escaping the Study Area.

## 4.5 Retail expenditure captured within the Study Area

Applying the above capture rates, a new centre within the Study Area has the potential to capture a total of \$49.2m in 2017, increasing to \$65.9m in 2031 under the low growth scenario, \$77.7m under the medium growth scenario and \$90.3m under the high growth scenario.

The retail expenditure that is potentially captured by the new retail centre, over the years between 2017 and 2031, is shown in Table 6 below.

**Table 6: Study Area retail expenditure captured by Retail Facility within Study Area**

YEAR	2017	2021	2026	2031
<b>Low Growth Scenario</b>				
Supermarkets & Grocery Stores	26.9	29.6	32.8	36.1
Take-away Liquor Stores	5.1	5.6	6.2	6.8
Specialty Food Stores	2.7	2.9	3.3	3.6
Fast-Food Stores	3.5	3.8	4.2	4.7
Restaurants, Hotels and Clubs*	4.8	5.3	5.9	6.4
Department Stores	-	-	-	-
Apparel Stores	0.4	0.4	0.4	0.5
Bulky Goods Stores	-	-	-	-
Other Personal & Household Goods Stores	3.7	4.1	4.5	5.0
Selected Personal Services**	2.1	2.4	2.6	2.9
<b>Total Retailing</b>	<b>49.2</b>	<b>54.1</b>	<b>60.0</b>	<b>65.9</b>
<b>Medium Growth Scenario</b>				
Supermarkets & Grocery Stores	26.9	31.2	36.8	42.5
Take-away Liquor Stores	5.1	5.9	6.9	8.0
Specialty Food Stores	2.7	3.1	3.6	4.2
Fast-Food Stores	3.5	4.0	4.7	5.5
Restaurants, Hotels and Clubs*	4.8	5.6	6.6	7.6
Department Stores	-	-	-	-
Apparel Stores	0.4	0.4	0.5	0.6
Bulky Goods Stores	-	-	-	-
Other Personal & Household Goods Stores	3.7	4.3	5.1	5.9
Selected Personal Services**	2.1	2.5	2.9	3.4
<b>Total Retailing</b>	<b>49.2</b>	<b>57.0</b>	<b>67.2</b>	<b>77.7</b>
<b>High Growth Scenario</b>				
Supermarkets & Grocery Stores	26.9	33.0	41.0	49.4
Take-away Liquor Stores	5.1	6.2	7.7	9.3
Specialty Food Stores	2.7	3.3	4.1	4.9
Fast-Food Stores	3.5	4.3	5.3	6.4
Restaurants, Hotels and Clubs*	4.8	5.9	7.3	8.8
Department Stores	-	-	-	-
Apparel Stores	0.4	0.5	0.6	0.7
Bulky Goods Stores	-	-	-	-
Other Personal & Household Goods Stores	3.7	4.6	5.7	6.8
Selected Personal Services**	2.1	2.6	3.3	3.9
<b>Total Retailing</b>	<b>49.2</b>	<b>60.3</b>	<b>74.9</b>	<b>90.3</b>

Source: Pitney Bowes (AnySite) and HillPDA

Note: Forecasts allow for growth in real spend per capita of 1% per annum from 2016 onwards in line with the historic trend since 1986 (HillPDA estimate based on ABS Retail Sales, CPI and population data).

\* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling).

\*\* Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing and photo processing.

## 4.6 Demand for Retail Floorspace

In order to determine the demand for retail floorspace within the Study Area, target turnover rates (\$/sqm of retail floorspace, and otherwise known as Retail Turnover Densities (RTDs) have been applied to projected retail expenditure within the Study Area. These RTD rates broadly represent industry averages.

**Table 7: Study Area shop front floorspace demand (GLA)**

YEAR	Target Rate*	RTD growth**	2017	2021	2026	2031
<b>Low Growth Scenario</b>						
Supermarkets & Grocery Stores	10,000	0.50%	2,694.8	2,902.8	3,139.6	3,364.0
Take-away Liquor Stores	12,000	0.50%	424.4	457.2	494.5	529.8
Specialty Food Stores	8,000	0.50%	333.5	359.2	388.5	416.3
Fast-Food Stores	8,000	0.50%	434.9	468.5	506.7	542.9
Restaurants, Hotels and Clubs	5,000	0.50%	962.2	1,036.5	1,121.1	1,201.2
Department Stores	3,600	0.50%	-	-	-	-
Clothing Stores	6,000	0.50%	61.4	66.2	71.6	76.7
Bulky Goods Stores	3,700	0.50%	-	-	-	-
Other Personal & Household Goods	4,900	0.50%	759.1	817.7	884.4	947.6
Selected Personal Services	3,500	0.50%	614.3	661.7	715.7	766.8
<b>Total Retailing</b>	<b>7,835</b>	<b>0.50%</b>	<b>6,284.7</b>	<b>6,769.8</b>	<b>7,322.0</b>	<b>7,845.4</b>
<b>Medium Growth Scenario</b>						
Supermarkets & Grocery Stores	10,000	0.50%	2,694.8	3,056.6	3,514.9	3,967.4
Take-away Liquor Stores	12,000	0.50%	424.4	481.4	553.6	624.8
Specialty Food Stores	8,000	0.50%	333.5	378.3	435.0	491.0
Fast-Food Stores	8,000	0.50%	434.9	493.3	567.3	640.3
Restaurants, Hotels and Clubs	5,000	0.50%	962.2	1,091.4	1,255.0	1,416.6
Department Stores	3,600	0.50%	-	-	-	-
Clothing Stores	6,000	0.50%	61.4	69.7	80.1	90.4
Bulky Goods Stores	3,700	0.50%	-	-	-	-
Other Personal & Household Goods	4,900	0.50%	759.1	861.0	990.1	1,117.6
Selected Personal Services	3,500	0.50%	614.3	696.7	801.2	904.4
<b>Total Retailing</b>	<b>7,835</b>	<b>0.50%</b>	<b>6,284.7</b>	<b>7,128.4</b>	<b>8,197.2</b>	<b>9,252.6</b>
<b>High Growth Scenario</b>						
Supermarkets & Grocery Stores	10,000	0.50%	2,694.8	3,235.9	3,919.9	4,608.5
Take-away Liquor Stores	12,000	0.50%	424.4	509.6	617.4	725.8
Specialty Food Stores	8,000	0.50%	333.5	400.5	485.1	570.3
Fast-Food Stores	8,000	0.50%	434.9	522.3	632.6	743.8
Restaurants, Hotels and Clubs	5,000	0.50%	962.2	1,155.4	1,399.7	1,645.6
Department Stores	3,600	0.50%	-	-	-	-
Clothing Stores	6,000	0.50%	61.4	73.8	89.4	105.1
Bulky Goods Stores	3,700	0.50%	-	-	-	-
Other Personal & Household Goods	4,900	0.50%	759.1	911.5	1,104.2	1,298.2
Selected Personal Services	3,500	0.50%	614.3	737.6	893.5	1,050.5
<b>Total Retailing</b>	<b>7,835</b>	<b>0.50%</b>	<b>6,284.7</b>	<b>7,546.7</b>	<b>9,141.7</b>	<b>10,747.8</b>

\* Sources: ABS Retail Survey 1998-99 (escalated to 2007 dollars), JHD Retail Averages, Shopping Centre News, HillPDA and various consultancy studies \*\* An Allowance for Real Growth in Retail Store Turnover per annum

By applying the above RTDs the Study Area could support around 6,285sqm of retail floorspace as of 2017, increasing to almost 7,850sqm in 2031 under the low growth scenario, 9,250sqm under medium growth scenario and 10,750sqm under high growth scenario. Some further shop front floorspace would be occupied by commercial uses, such as, real estate agents, doctors and financial services. Assuming a further 20% of commercial uses, demand would increase the demand to around 9,400sqm in 2031 under the low growth scenario and 11,100sqm under high growth scenario.

## 4.7 Retail Demand

The below table compares the demand for retail floorspace in the Study Area against the existing supply. As demonstrated below, there is currently an undersupply of retail floorspace within the Study Area of almost 2,300sqm based on the aspirational capture rates outlined above. This is expected to increase to 3,845qm by 2031 under low growth scenario and 5,253sqm under the high growth scenario.

**Table 8: Demand and Supply Analysis**

	2016	2021	2026	2031
Demand for retail floorspace (low growth scenario)	6,284.7	6,769.8	7,322.0	7,845.4
Demand for retail space (medium growth scenario)	6,284.7	7,128.4	8,197.2	9,252.6
Demand for retail floorspace (high growth scenario)	6,284.7	7,546.7	9,141.7	10,747.8
Supply of retail floorspace	4,000.0	4,000.0	4,000.0	4,000.0
Net demand of retail floorspace (low growth scenario)	2,284.7	2,769.8	3,322.0	3,845.4
Net demand of retail space (medium growth scenario)	2,284.7	3,128.4	4,197.2	5,252.6
Net demand of retail floorspace (high growth scenario)	2,284.7	3,546.7	5,141.7	6,747.8

## 4.8 The Way Forward

Based on the above assessment there are several opportunities and initiatives that can be implemented to meet the retail needs of the local residents. These are:

- **Development of a new Local Centre** of 4,000 – 6,500sqm in the Study Area. Potential turnover, retail mix and sites for a new centre are explored in more detail in the Chapter 6.
- **The attraction of a large format supermarket** of around 2,800-3,200sqm with complementary specialty floorspace and personal services would be beneficial to the area and has the potential to reduce current levels of escape expenditure. Increased customers attracted to the supermarket would also be beneficial to the surrounding retailers as they would develop a nexus relationship with the supermarket (anchor tenant).
- **Tourism** – the centre could leverage from its natural surroundings to increase tourism. This would likely increase retail expenditure captured within the centre.
- **Increase the resident population** within the Study Area. Strong population growth would generate more expenditure and would in turn increase the demand and viability of retail services. There may be potential for mixed use given recent housing trends, however the market’s preference for medium/high density living within this location couple with the feasibility of such development would need to be tested.

A pair of glasses is shown in a dark blue, semi-transparent style against a solid blue background. The glasses are positioned diagonally across the frame. A white rectangular border is centered on the page, enclosing the text. The text is in a clean, white, sans-serif font, arranged in two lines.

PREFERRED SITE  
LOCATION

## 5.0 PREFERRED SITE LOCATION

This Chapter provides a preliminary assessment of the suitability of potential sites to accommodate a new retail development within the Study Area.

### 5.1 Potential Sites

Based on discussions with Council six sites were identified for investigation as potential sites for a new retail centre (as shown in the below figure), including:

- 42 Fullerton Cove Road, Fullerton Cove;
- 69 Fullerton Cove Road, Fullerton Cove;
- 2 Seaside Boulevard, Fern Bay;
- Former Rifle Range, Popplewell Road, Fern Bay;
- Newcastle Golf Club, Vardon Road, Fern Bay; and
- Stockton Residential Centre, Oval Drive Stockton.

**Figure 3: 42 Fullerton Cove Road, Fullerton Cove**



Source: Six Maps

This next section considers the suitability of these sites for a new retail centre in more detail. More specifically, each of the identified sites is assessed against a set of criteria and assigned a score ranging from 1 being very poor to 5 being very strong (as shown in table below).

**Table 9: Scoring Weights**

Description	Score
Very Poor	1
Poor	2
Neutral	3
Strong	4
Very Strong	5

Source: HillPDA

The criteria the sites have been assessed against relating to economic considerations, include:

- **Development Area:** An adequate provision of developable land is required to accommodate the centre. The centre could be provided over multiple levels with basement car parking to reduce the centre’s building footprint however this will increase costs and may have implications on the feasibility of the development. On that basis a centre 5,000sqm-6,000sqm provided over one level with at grade parking to reduce costs) would require approximately 2Ha of developable land.
- **Location:** A supermarket based centre is largely a local population serving centre, meeting the day to day shopping needs of local residents. Thus the location of a centre, in terms of its convenience for the vast majority of residents of which it serves is key to the success of a retail facility and meeting the local communities need.
- **Exposure:** The success of a retail centre is largely influenced by its visibility and ability to attract business from passing traffic. Thus retail greatly benefits from being located on a high profile location (i.e. a main arterial road or precinct with strong pedestrian traffic).
- **Accessibility:** With people becoming increasing ‘time poor’ convenience and accessibility increases the attractiveness and visitation of a centre.
- **Walkable Catchment:** There has been a government led movement towards creating walkable communities as this brings significant economic and social benefits (reduced vehicle emissions, reduced petrol costs, improved traffic safety, health benefits etc). Walkable communities are also increasingly becoming more accepted by the community. This coupled with changing shopping behaviours (i.e. increase of top up shopping) has resulted in an increase of people travelling to retail facilities by foot. A retail centre with a substantial walkable catchment would be favourable outcome for the community.

In addition to the above criteria we have also considered a series of environmental factors such as whether the land is bushfire or flood prone as development of retail centre on such land possesses potential risks to the community. Whether development on the site will endanger any ecological communities is also considered.

## 5.2 42 Fullerton Cove Road, Fullerton Cove

Figure 4: 42 Fullerton Cove Road, Fullerton Cove



Source: Planning Proposal 42 Fullerton Cove Rd, Fullerton Cove, Monteath & Powys, 2017

**Table 10: 42 Fullerton Cove Road, Fullerton Cove Site Assessment**

Criteria	Commentary	Score
Developable Area	2Ha of land is available for development. This can accommodate a centre of 5,000sqm on a single level with at grade car parking.	5
Location	A retail centre on this site is more conveniently located for residents and tourists of Fern Bay rather than Stockton which is located some 7km from the site. This may result in continued expenditure leakage to centres closer to work particularly for Stockton residents.	3
Exposure	The retail development should receive adequate building exposure to Fullerton Cove Road traffic. With suitably located directional signage from Nelson Bay Road the site is likely to benefit from passing trade from motorists along Nelson Bay Road.	4
Accessibility	Access to the site will be provided via a constructed road (Fullerton Cove Road) which connects to Nelson Bay Road. Nelson Bay Road is a major arterial road, thus providing excellent local and regional accessibility into the site, particularly in the adjacent residential, tourist and seniors developments of Fern Bay.	5
Walkable Catchment*	The site is generally within walking distance of the Cove Village. This residential estate plans to accommodate 250 dwellings upon completion with approximately 80 dwellings built to date. Assuming an occupancy rate of 2 suggest only 500 to 600 residents will be within walking distance of the site. As such the site as a relatively small walking catchment.	2
Bushfire Prone	The site is identified as being bushfire affected. A Bush Fire Management Plan will need to be implemented.	2
Flood Prone	The site is located in a flood prone area however is deemed to not be susceptible to inundation from a flood event. Stormwater infrastructure will need to be built to mitigate risks.	2
Vegetation and Ecology	Implementing the proposed development will require some removal of an area of Swamp Oak Floodplain Forest.	2
<b>Total Score</b>	The site enjoys excellent accessibility and visibility, however there are a number of environmental constraints associated with the site and it is less convenient for Stockton residents.	<b>25</b>

\*The walkable catchment generally includes the area within 800m of the Site

### 5.3 69 Fullerton Cove Road, Fullerton Cove

Figure 5: 69 Fullerton Cove Road, Fullerton Cove



Source: Six Maps

**Table 11: 69 Fullerton Cove Road, Fullerton Cove Site Assessment**

Criteria	Commentary	Score
Developable Area	2Ha of land is available for development. This can accommodate a centre of 5,000sqm on a single level with at grade car parking.	5
Location	The centre is more conveniently located for residents and tourists of Fern Bay rather than Stockton which is located some 7.5km from the site. This may result in continued leakage to centres closer to work particularly for Stockton residents.	3
Exposure	The site is not located on a major arterial road and thus will not benefit from direct building exposure. However the site is located some 500m from the intersection with Nelson Bay Road, with suitably located directional signage, a new centre on this site has the potential to attract some passing trade from Nelson Bay Road.	2
Accessibility	Access to the site will be provided via Fullerton Cove Road which connects to Nelson Bay Road some 500m from the site. Nelson Bay Road is a major arterial road, thus providing reasonably good local and regional accessibility into the site.	3
Walkable Catchment	The Site is generally within walking distance of the northern end of Cove Village. Approximately only 100 and 150 of the existing and future dwellings are estimated to be within walking distance of the site. Thus the site has a confined walking catchment of some 200-300 residents.	2
Bushfire Prone	The site is identified as being bushfire affected. A Bush Fire Management Plan will need to be implemented.	2
Flood Prone	The site is located in a flood prone area. Stormwater infrastructure will need to be built to mitigate risks.	2
Vegetation and Ecology	The site and the area to the north has largely been cleared, with minimal vegetation. The site has not been identified to contain endangered ecological communities.	5
<b>Total Score</b>	The site enjoys good accessibility, however there are a number of environmental constraints associated with the Site and it is less convenient for Stockton residents. Further the site is does not benefit from direct exposure to passing traffic along Nelson Bays Road.	<b>24</b>

\*The walkable catchment generally includes the area within 800m of the Site

## 5.4 2 Seaside Boulevard, Fern Bay

Figure 6: 2 Seaside Boulevard, Fern Bay



Source: Planning Proposal 2 Seaside Boulevard, Fern Bay 2017

**Table 12: 2 Seaside Boulevard, Fern Bay Site Assessment**

	Commentary	Score
Developable Area	9,740sqm of appropriately zoned land is available. A centre of 5,000sqm with at-grade parking would typically require 1.5Ha, thus the size of the lot may restrict the scale and design of the centre.	2
Location	The centre is more conveniently located for residents of Seaside Fern Bay estate with Stockton residents located over 6km from the centre. Again this may result in continued leakage to centres closer to work particularly for Stockton residents affecting the viability of the centre.	2
Exposure	The site does not have exposure to a major arterial road with limited opportunities to attract passing trade. The site also has no exposure to inward traffic due to existing vegetated lane separation.	1
Accessibility	The site does not have direct access to a major road with the area accessed via a single entry/exit via Seaside Boulevard, with restricted right turn access into the site.	1
Walkable Catchment	The Site is generally within walking distance of the west end of Fern Bay Seaside Village. Approximately some 300 to 400 of the existing and future dwellings are estimated to be within walking distance of the site. Thus the site has a relatively small walking catchment of some 600-800 residents.	2
Bushfire Prone	The site is identified as being bushfire affected. A Bush Fire Management Assessment has been undertaken previously allowing urban development.	3
Flood Prone	Flood studies have been undertaken with the Project Approval. Stormwater infrastructure will need to be built to mitigate risks.	3
Vegetation and Ecology	The site is heavily vegetated. As the site is already zoned B1 previous assessments have considered the impacts and how to address the vegetation and ecology of the site as such the impact on existing conservation or habitat area has been approved.	3
<b>Total Score</b>	Reduced accessibility and visibility may impact the viability of a retail centre on this Site. The Site is also affected by various environmental constraints making this an unattractive site for a retail facility.	<b>17</b>

\*The walkable catchment generally includes the area within 800m of the Site

## 5.5 Former Rifle Range, Popplewell Road, Fern Bay

Figure 7: 42 Former Rifle Range, Popplewell Road, Fern Bay



Source: Planning Proposal Former Rifle Range, Popplewell Rd, Fern Bay, Architectus Group, 2017

**Table 13: Former Rifle Range, Popplewell Rd, Fern Bay Site Assessment**

	Commentary	Score
Developable Area	19Ha of land is available and can certainly accommodate a centre of 5,000sqm on a single level with at grade car parking.	5
Location	The centre is centrally located to both Fern Bay and Stockton residents and tourist.	5
Exposure	The site does not have exposure to a major arterial road with limited opportunities to attract passing trade.	1
Accessibility	The site does not have direct access to a major road. Significant upgrades to the road network will be required to improve access into the site.	1
Walkable Catchment	The site is generally within walking distance of the west end of Fern Bay Seaside Village. Approximately some 300 to 400 of the existing and future dwellings are estimated to be within walking distance of the Site. Thus the Site has a relatively small walking catchment of some 600-800 residents.	2
Bushfire Prone	Parts of the site are identified as being bushfire affected. A Bush Fire Management Plan will need to be implemented.	2
Flood Prone	The site is not identified as flood prone land under the Port Stephens LEP 2013.	5
Vegetation and Ecology	The site has minimal vegetation and has not been identified to contain endangered ecological communities.	5
<b>Total Score</b>	Accessibility and lack of exposure to passing motorist may affect the performance of a retail centre on this site and makes this a less desirable for such uses. Heritage items will need to be investigated further.	<b>26</b>

\*The walkable catchment generally includes the area within 800m of the Site. This estimate includes the 200 dwelling planned on site as provided in the masterplan as sourced from Planning Proposal Former Rifle Range, Popplewell Rd, Fern Bay, Architectus Group, 2017

## 5.6 Newcastle Golf Club, Vardon Road, Fern Bay

Figure 8: Newcastle Golf Club



Source: Newcastle Golf Course Masterplan, E/E Architects 2017

**Table 14: 2 Newcastle Golf Club Site Assessment**

	Commentary	Score
Developable Area	8.6Ha of land is available and can accommodate a centre of 5,000sqm on a single level with at grade car parking.	5
Location	The site is more conveniently located for residents and tourists of Fern Bay rather than Stockton - located 5km to the south. This may result in continued leakage to centres closer to work particularly for Stockton residents.	2
Exposure	As per the masterplan lodged with Council, the retail development will be provided on the northern end of site fronting Nelson bay Road. Thus the centre is within a high profile location with excellent exposure to Nelson Bay Road Traffic. This site is likely to benefit from passing trade from motorist.	5
Accessibility	As per masterplan the retail development will have direct access to Nelson Bay Road (subject to RMS approval), providing excellent regional and local accessibility. Right turns may be problematic.	4
Walkable Catchment	The site is generally within walking distance of various residential estates including Palm Lake Resort Fern Bay and Bayway Village estates. There is currently some 1,300 residents living within walking distance of the Site. A further 150 dwellings or 300 to 400 people are forecasted within this area. Thus 1,600 to 1,700 residents are estimated to be within walking distance of the site which is considered reasonable. A greater walking catchment has the potential to reduce the amount of trips to the centre via car and in turn reduce CO2 emissions and reduce cost of living.	4
Bushfire Prone	The site is identified as being bushfire prone. A Bush Fire Management Plan will need to be implemented.	2
Flood Prone	The vast majority of the site is flood prone. Stormwater infrastructure will need to be built to mitigate risks.	2
Vegetation and Ecology	The site has minimal vegetation. The vast majority of the site has not been identified to contain endangered ecological communities.	5
Total Score	The site has excellent accessibility and exposure to passing motorist along Nelson Bay Road. However the site is several kilometres to the north of the main route to and from Newcastle for Stockton residents. It is also affected by environmental constraints including flooding and bushfire risk.	<b>29</b>

## 5.7 Stockton Residential Centre, Oval Dr Stockton

Figure 9: Stockton Residential Centre, Oval Drive Stockton



Source: Six Maps

As identified in the map above an appropriate location for a new retail centre would be near the Nelson Bay Road Fullerton Road intersection/roundabout. The identified site provides the centre with excellent exposure to passing motorists along Nelson Bay Road provides ample land for development. Further the building to the south is currently vacant minimising any disruptions to current operations and opposition from residents currently at the centre. For the purpose of this below assessment we have assumed the new retail centre would locate in the identified site.

**Table 15: Stockton Residential Centre, Oval Drive Stockton Site Assessment**

Criteria	Commentary	Score
Developable Area	With over 3Ha of land available in the identified site a large scale shopping centre can be easily accommodated.	5
Location	The centre is centrally located to both Fern Bay and Stockton residents, with many residents likely to pass the Site on their way to and from work, making this an extremely convenient location for the vast majority of residents within the locality.	5
Exposure	The identified site benefits from exposure to motorists travelling along Nelson Bay Road/ Fullerton Road.	5
Accessibility	Access to Site is likely to be provided from Fullerton Road and Nelson Bay Road via Fullerton Road. Direct access to Nelson Bay Road would improve accessibility further and potentially attract more passing trade from motorists.	4
Walkable Catchment	There are currently some 200 residents living within walking distance of the Site. We would anticipate that residential uses will also be incorporated as part of the redevelopment of the Site. Assuming 25 dwelling per hectare and 40 hectares of developable land there is potential for some 1,000 dwellings to be provided at the existing Stockton Residential Centre site. Thus a substantial 2,500 to 3,000 residents are estimated to be within walking distance of the site. If medium to high density development were also to be included as part of the masterplan there is potential for the site to serve an even greater walking population.	5
Bushfire Prone	The vast majority of developable area on the site is not prone to bushfires.	5
Flood Prone	The site is not identified as flood prone land under the Newcastle LEP 2012.	5
Vegetation and Ecology	The site has minimal vegetation. The site has not been identified to contain endangered ecological communities.	5
<b>Total Score</b>	The central and relatively high profile location with minimal environmental constraints makes this suitable site for a retail centre. Redevelopment will need to work with the heritage items / further investigation required.	<b>39</b>

## 5.8 Summary of Findings

Based on the above assessment, the existing Stockton Residential Centre is the preferred location for a new local retail centre. Given the significant competitive advantages the site offers over the other potential sites. Further investigation of the site and master planning is recommended, with the retail centre to form part of one of the initial stages. The retail centre will increase the desirability and liveability of the locality and help to service residents within the wider Study Area which are currently under provided for. The development can be staged to minimise any conflict with surrounding uses.

In the event, development is prohibited on the Stockton Residential Centre site we recommend that retail centre is provided on one of the alternate sites since residents of the Study Area are currently under-served (as established in the demand analysis) with the strong population growth anticipated in the area likely to exacerbate this further. The Newcastle Golf Club site, would be next most preferred location for a retail development given the site's accessibility and exposure to passing motorists along Nelson Bay Road. The site also has the largest walking catchment (after Stockton Residential Centre) which meets many of the objectives of state and local government policies.

## 5.9 Planning Considerations for Stockton Residential Centre

As established in the preceding chapter a centre of up to 5,000sqm could be supported on the Stockton Residential Centre site based on market demand and future population growth. A centre of this scale would require some 2-3ha of developable land if designed with ground level car parking.

A new retail centre on the Stockton Residential Centre site will also require the site to be rezoned from SP2 Infrastructure to an appropriate zone which accommodates a village centre.

Whilst a B2 Local Centre would accommodate a village centre, a more appropriate zone may be B4 to allow shop top housing.

The Newcastle Local Planning Strategy provides suitable development controls to help reinforce the retail hierarchy. It is recommended that the development controls for a Local Centre (minor) are adopted for the new retail centre on the Stockton Residential Centre site, described as follows:

- Floorspace ratios: low to moderate (1.5:1); and
- Heights of building: low to moderate (11m).

In addition to the above, to improve the viability of the centre and capitalise on the vast land available on the Stockton Residential Centre site, it would be beneficial to rezone the remaining parcels of land to allow for medium density residential pending on market demand for this type of residential housing stock. The retail centre should not be considered in isolation and a masterplan should be developed for the Stockton Residential Centre site to reflect the different land uses which can be supported on the site factoring in any constraints of the land and market appraisal.

In this respect it is more appropriate to develop a masterplan based on place making, new urbanism principles, etc and use this to form the planning controls rather than visa versa.

# IMPACT ANALYSIS

## 6.0 IMPACT ANALYSIS

This section assesses the impacts of a new retail centre at the Stockton Residential Centre site on existing retail network.

### 6.1 Estimated Turnover of Proposal

For the purpose of the impact assessment we have assumed that the new retail centre will have 5,000sqm of occupied retail space trading at close to industry benchmark levels by 2026. We have assessed the impacts under the low population growth and medium population growth scenarios only. It's not necessary to measure the impact under the high growth scenario as growth in wider area results in a positive shift in trading levels over time in all centres even under the low growth scenario (shown in the tables below).

For the purpose of the assessment we have assumed the following retail mix:

- 65% allocated towards food, groceries and take-away liquor
- 15% to restaurants and fast foods
- 20% to other.

Based on assumed target turnover rates, HillPDA has estimated that retailers in the new centre would achieve retail sales of around \$43m in 2026 (\$8,500/sqm).

### 6.2 Redirection of Turnover from Existing Centres

In order to quantify the redirection of trade from competing centres HillPDA prepared a bespoke gravity impact model. For the purpose of the assessment it has been assumed that the first year of trading will be in 2026.

The gravity model was designed on the premise that the level of redirected expenditure from a competing centre is directly proportional to the turnover of that centre and indirectly proportional to the distance from new centre. The results are presented in the following table.

**Table 16: Impact on Surrounding Centres Low Growth Scenario (\$m)**

1	2	3	4	5	6	7	8	9	10
Retail Centre	Travel Time from Subject Site (min)	Approx. Retail Floor Space	Turnover in 2017	Turnover in 2026 without Proposal	Turnover in 2026 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2026	Shift in turnover from 2017 to 2026	% Shift in turnover from 2017 to 2026
Charlestown Square	33.0	76,700	545.2	617.9	614.1	-3.8	-0.6%	68.9	12.6%
Kotara Westfield	29.0	65,050	504.2	597.3	593.3	-4.0	-0.7%	89.1	17.7%
Stockland Jesmond	22.0	20,150	154.9	183.5	181.8	-1.7	-0.9%	26.9	17.3%
Salamander S.C.	37.0	23,100	217.7	262.5	260.7	-1.8	-0.7%	42.9	19.7%
Inner City Newcastle	22.0	50,000	340.4	403.2	397.0	-6.2	-1.5%	56.6	16.6%
Raymond Terrace	25.0	23,800	166.5	200.7	198.6	-2.2	-1.1%	32.1	19.3%
Medowie	20.0	10,000	88.7	106.9	104.0	-2.9	-2.7%	15.3	17.3%
Warabrook	14.0	5,000	45.1	53.4	51.4	-2.0	-3.8%	6.3	14.0%
Mayfield	15.0	15,000	124.4	147.4	141.6	-5.8	-3.9%	17.2	13.8%
Waratah	20.0	12,000	84.0	99.5	98.0	-1.5	-1.5%	14.0	16.7%
Stockton	6.0	4,500	26.0	31.3	27.1	-4.3	-13.6%	1.1	4.2%
Other Localities						-6.4			
<b>TOTAL</b>		<b>305,300</b>	<b>2307.1</b>	<b>2703.6</b>	<b>2710.0</b>	<b>0.0</b>	<b>0.2%</b>	<b>403.0</b>	<b>17.5%</b>

Source: Column 1: The main competing retail centres in the main trade area or just beyond.

Column 2: Shortest Distance from Stockland Centre (minutes both directions)

Column 3: Various sources including Shopping Centre News (SCN), PCA Shopping Centres Directory and HillPDA surveys

Column 4: Estimated turnover (\$) in 2016. Various sources including SCN, PCA and HillPDA estimate

Column 5: HillPDA estimate having allowed for population growth

Column 6: Turnover in 2026 after new centre is trading

Column 7: The difference between Column 6 and 5

Column 8: Calculated as Column 7 divided by Column 5

Column 9: Calculated as Column 6 minus Column 4

Column 10: Calculated as Column 9 divided by column 4 (allows for growth over time)

**Table 17: Impact on Surrounding Centres Medium Growth Scenario (\$m)**

1	2	3	4	5	6	7	8	9	10
Retail Centre	Travel Time from Subject Site (min)	Approx. Retail Floor Space	Turnover in 2017	Turnover in 2026 without Proposal	Turnover in 2026 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2026	Shift in turnover from 2017 to 2026	% Shift in turnover from 2017 to 2026
Charlestown Square	33.0	76,700	545.2	617.9	615.7	-2.2	-0.4%	70.5	12.9%
Kotara Westfield	29.0	65,050	504.2	597.3	594.9	-2.3	-0.4%	90.7	18.0%
Stockland Jesmond	22.0	20,150	154.9	183.5	182.2	-1.3	-0.7%	27.3	17.6%
Salamander S.C.	37.0	23,100	217.7	291.6	290.1	-1.5	-0.5%	72.4	33.3%
Inner City Newcastle	22.0	50,000	340.4	403.2	396.0	-7.2	-1.8%	55.6	16.3%
Raymond Terrace	25.0	23,800	166.5	223.0	220.2	-2.8	-1.2%	53.7	32.3%
Medowie	20.0	10,000	88.7	118.8	115.1	-3.8	-3.2%	26.4	29.7%
Warabrook	14.0	5,000	45.1	53.4	51.9	-1.4	-2.7%	6.9	15.3%
Mayfield	15.0	15,000	124.4	147.4	140.7	-6.6	-4.5%	16.3	13.1%
Waratah	20.0	12,000	84.0	99.5	98.0	-1.5	-1.5%	14.0	16.6%
Stockton	6.0	4,500	26.0	34.8	29.3	-5.5	-15.7%	3.3	12.8%
Other Localities						-6.4			
<b>TOTAL</b>		<b>305,300</b>	<b>2307.1</b>	<b>2770.3</b>	<b>2776.7</b>	<b>0.0</b>	<b>0.2%</b>	<b>469.7</b>	<b>20.4%</b>

Source: Column 1: The main competing retail centres in the main trade area or just beyond.

Column 2: Shortest Distance from SOP (Central) by road

Column 3: Various sources including Shopping Centre News (SCN), PCA Shopping Centres Directory and HillPDA surveys

Column 4: Estimated turnover (\$) in 2016. Various sources including SCN, PCA and HillPDA estimate

Column 5: HillPDA estimate having allowed for population growth

Column 6: Turnover following expansion of retail space in SOP. HillPDA estimate using gravity theorem

Column 7: The difference between Column 6 and 5

Column 8: Calculated as Column 7 divided by Column 5

Column 9: Calculated as Column 6 minus Column 4

Column 10: Calculated as Column 9 divided by column 4 (allows for growth over time)

The above tables show that in absolute dollar terms the largest impacts will be on Newcastle CBD and Mayfield (between \$6m and \$7m loss in turnover for each centre). However in percentage terms it represents less than 2% of Newcastle’s trade and less than 5% of Mayfield’s trade.

There are no universal measures of significance of economic impact. There are references in various consultancy reports and statements in the Land and Environment Court which suggest that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high and above 15% is a strong or significant impact.

On this basis the only centre likely to experience a moderately strong or significant impact is Stockton with around 14% to 15% loss in trade. All other centres will experience impacts that are considered insignificant to low, that is less than 5%.

Furthermore, these are immediate impacts in 2026. Over time these impacts will lessen as a result of population and expenditure growth in the locality. As shown in the final column in the above table all of the centres are expected to enjoy some growth over this period. This would suggest the Study Area could support a new centre of some 5,000sqm with minimal impact on the surrounding retail network. As discussed above, the high population growth scenario would result in even lower impacts on the surrounding retail network.

There is a risk that IGA at Stockton Town Centre would close if its trading levels were to fall to unsustainable levels. If this were to happen it would have stronger impacts that suggested in the above table. The IGA is the anchor tenant and the other specialities are likely to experience a stronger impact due to the nexus relationship they have with the anchor tenant. This is a near worst case scenario which is possible but it’s very difficult to put a probability on the event occurring. In Section 6.4 below we include a number of recommendations to mitigate these risks.

A new retail centre will meet the needs of the local (and future) residents in the area which are currently underserved and having to travel outside of Stockton and Fern Bay for higher order retail services. Furthermore, an improved range of shops and services on the Stockton Residential Centre site should help to reduce the number of journeys made by local residents to surrounding centres. This supports a reduction in vehicle emissions and improves transport safety. Fewer and/or shorter journeys via cars also contributes to reducing the cost of living (through reduced petrol and car maintenance costs), allowing people’s disposable income to be directed other goods and services.

Other benefits that may result from a new centre include:

- Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further investment to the immediate area;
- Creation of new jobs and employment opportunities; and
- Greater competition between retailers to drive lower grocery prices for consumers currently estimated to be paying more than 18%-28% more for basic food items than other industrialised nations.

### 6.3 Planning Context Considerations

The following analyses the proposed development in term of its economic impact upon surrounding centres, its locational attributes and whether a new centre on the Stockton Residential Centre site would ‘make good’ for any in the locality.

### 6.3.1 What are the relevant Matters for Consideration in terms of Economic Impacts?

The Land and Environment Court (LEC) judgements have provided guidance on relevant matters in relation to economic and social impacts of proposed retail developments upon existing facilities.

The LEC has stated that Councils should not be concerned about competition between individual stores as this is a matter of fair trading. But it should concern itself with impact on established retail centres. The impact on competing stores and businesses is only relevant if it affects the viability of the centre as a whole.

In this case the only centre that is likely to experience a strong impact is Stockton. However this centre currently has a very limited retail offer which is being used by the vast majority of local residents only for “top-up” shopping.

### 6.3.2 Is the Stockton Residential Centre an Appropriate Location for the Proposal?

Apart from economic impacts, location is a further relevant matter for consideration under Section 79C of the EPA Act. This principle was considered by Justice Cowdroy in *Terrace Tower Holdings Pty Ltd v Sutherland Shire Council* [2002] NSWLEC 150 where the LEC refused a bulky goods centre partly because its location was inappropriate in relation to public transport services and existing retail facilities notwithstanding that the zoning of the land permitted the proposed use.

Stockton Residential Centre is centrally located at the intersection of Nelson Bay Road and Fullerton Street. It is centrally located on the peninsula but is also at the main entry point when driving from Newcastle across the North Channel Hunter River.

### 6.3.3 Does the Proposal make good for the loss?

The proposed development would benefit the local community by providing a much stronger retail offer potentially with a full-line supermarket in the trade area providing more choice and price competition for consumers.

If the existing shopping centre in Stockton is trading strongly due to undersupply then it can sustain the impacts, and more price competition should be welcomed. If the centre is trading mundanely (which from observation and the shopper survey results suggests that that is the case) then this is evidence in itself that this centre is failing to meet the needs of the local community. This is why residents are driving to Newcastle, Maitland, Medowie and other centres to undertake the bulk of their FGL shopping.

The proposed development would allow residents the opportunity to acquire a wider range of items closer to home. There are also economic and environmental benefits with travel time and cost savings that would be made by locating a full line supermarket on the subject site.

We therefore conclude that there are economic losses but the benefits of the proposal outweigh those losses.

## 6.4 Recommendations for Stockton Town Centre

There are a number of initiatives that can be explored to improve the performance of Stockton Town Centre and allow it to coexist with a new and nearby retail centre. These are:

- **Local eat street** to serve the local area and tourists. There is currently an under provision of restaurants and cafes within the Study Area. Thus there is an opportunity for Stockton Town Centre to diversify its retail offer and become renowned for its restaurant and café culture, thereby not competing directly with the new convenience based retail centre through providing a different range of retail. Encouraging and increasing the capacity for outdoor dining would be crucial for this initiative.

- **Tourism** – In addition to leverage from its natural surroundings, events (such as Sunday Markets, Cultural events, Exhibitions) near Stockton Town Centre (open space to south, St Peter’s Primary School, Library) can be held to increase visitation and tourism into the centre. This in turn would likely increase retail expenditure captured within the centre.
- **Increase the resident population** surrounding the town centre. Strong population growth would generate more expenditure and would in turn increase the demand and viability of retail services. There may be potential for mixed use given recent housing trends, however the market’s preference for medium/high density living within this location couple with the feasibility of such development would need to be tested.

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