

# Medowie

## Commercial assessment



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VC Management  
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**HiIPDA**  
CONSULTING

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\*2016 report updated in November 2024 to reflect new Planning Proposal scheme

## EXECUTIVE SUMMARY

HillPDA was commissioned by VC Management (Client) to undertake a commercial assessment pertaining to a Planning Proposal that seeks to rezone land located between 46-54 Ferodale Road and 754 Medowie Road in the suburb of Medowie (the subject site).

The Planning Proposal proposed to rezone the subject site from its current RU2 Rural Landscape zoning to part R3 Medium-Density Residential and part E1 Local Centre.

It is understood that Council requested some further supporting information to help inform a determination on the Planning Proposal. In response to Council's request for further information, our key findings are as follows:

### 1. **Update to provide justification for the inconsistency of the proposed commercial zone with the Medowie Planning Strategy (MPS), including consideration of Key Principle 2 (p. 4) and Part 4.4 (p. 14)**

The proposal is consistent with Key Principle 2 and Part 4.4 in that:

- The subject site is surrounded by several non-commercial uses which are fragmented and disconnected from the existing town centre. Development of the Planning Proposal would consolidate these fragmented uses into a defined town centre boundary which is also identified in, and a key direction of, the MPS. It would also provide an opportunity to better serve the community on this side of the road.
- The subject site's location is opposite a proposed future mixed-use zoning, which proposes ground floor commercial activation with shop top housing. The site reflects this proposed mixed-use development outcome on the other side of the road. This provides continuity to the town centre, consolidating its focal point and reinforcing the centres boundary. This is in accordance with the master plan in the MPS.
- The subject site's location, in proximity to sporting fields to the north, provides an opportunity to cater for spectators and participants, with vendors within the town centre able to provide refreshments and other services; a key function and role of a town centre.
- The existing dispersed nature of commercial uses around the centre, such as the indoor sports centre, have likely contributed to the local community seeing the town centre is defined by these uses. The proposal would further consolidate commercial development within the town centres defined boundary, as identified in the MPS. This would strengthen the centre's perceived boundary to the community and visitors, while also bringing several fragmented commercial uses into a consolidated centre.

The proposal is consistent with Part 4.4 key determinants in that:

- *Continuity with the existing B2 Local Centre zone* (now referred to as E1 Local Centre zone) | The site is in proximity to the existing town centre and is surrounded by non-residential uses, which are currently fragmented. Its development would consolidate these uses into a more defined town centre for the community and visitors. This boundary, which includes the site, is identified in the MPS and master plan. As such, its development would constitute a natural extension and continuity of the centre.
- *Land with frontage to, and generally bound by, Medowie Road, Ferodale Road and Peppertree Road* | The site meets most of this criterion, having an orientation to Medowie Road and Ferodale Road. This location allows the town centre to more efficiently serve the community on the eastern side of Medowie Road.
- *Supply and demand for floorspace* | The MPS identifies a total of 9 hectares of current and potential E1 Local Centre land. Our demand modelling suggests this is potentially insufficient to meet

projected demand by up to 4 hectares. The Planning Proposal can contribute to the centre meeting its forecasted land requirements to appropriately support and service the local community.

- *Proximity to community facilities* | as previously noted, the site is located at the nexus of several community facilities such as the Medowie community centre, indoor sports centre and several sporting fields/courts. This increases its appropriateness for commercial land uses.

## **2. Be support by a preliminary economic assessment in accordance with the MPS (p. 35) addressing supply and demand for commercial land**

Demand modelling suggests that Medowie town centre could potentially support up to 17,385 square metres of commercial and retail floorspace in 2020, increasing to around 26,200 square metres by 2040. This represents an increase of around 8,800 square metres over the 20-year period.

If Medowie provided the amount of space the demand modelling suggests it could support in 2020, around 7-8 hectares of commercial land would be required. This is forecast to increase to between 11-13 hectares by 2040. This indicates a deficit of up to 4 hectares of commercial land if the demand was fully realised.

The subject site could provide around 2 hectares of additional E1 Local Centre zoned land, contributing to the town centre meeting its projected demand without adversely affecting future development within the town centre.

The types of uses proposed in the Planning Proposal would be complementary to the existing town centre, while the proposed commercial uses would likely increase pedestrian traffic to the centre, thereby increasing the opportunity for passing trade and contributing to the overall viability and vibrancy of the centre.

## **3. Update to provide justification for a proposed B4 Mixed Use zone, against alternative (commercial) zoning options (refer Q2 on page 11 of the Guide).**

The Planning Proposal was amended to an E1 Local Centre zoning. This provides better continuity with the existing town centre and MPS. As such, this point requires no further justification.

## **4. Update to address consistency with Ministerial Direction 1.1 Business and Industrial Zones**

The proposal is consistent with the three objectives specified under Ministerial Direction 1.1 Business and Industrial Zones in the following ways:

- *Encourage employment growth in suitable locations* | The proposed locality of the Planning Proposal E1 Local Centre zoned land is within a 100-metre walk of the existing E1 Local Centre zone and around a 45-metre walk from the proposed mixed-use area, as identified in the MPS. Its location surrounded by other commercial/community uses further increases its appropriateness for commercial uses forming a natural continuity of the town centre. The proposed locality is also located at the nexus of several community facilities such as the Medowie community centre, indoor sports centre and several sporting fields/courts. This increases its appropriateness for commercial land uses.

Lastly, the site meets two criteria within the MPS for commercially zoned land, as it has frontage to Medowie Road and Ferodale Road. This location allows the town centre to more easily service the community on the eastern side of Medowie Road. For these reasons, the site is considered a sustainable location suitable for employment uses.

- *Protect employment land in business and industrial zones* | The Planning Proposal would not affect any currently zoned or potential employment land within Medowie. It would be increasing the amount of business land within Medowie. Furthermore, demand modelling suggests that the centre would have a deficit of business-zoned land by 2040 of up to 4 hectares. The Planning Proposal would provide around 2 hectares of business-zoned land. As such, it would contribute to the centre meeting some of this deficit without adversely affecting further commercial development.
- *Support the viability of identified centres zones* | 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. Development of the Planning

Proposal would support a wide range of economic multipliers, supporting investment in associated industries. It would also raise Medowie's profile with potential investors. This increased developer interest and its employment and other economic multipliers would support the viability of development and uses within Medowie.

# INTRODUCTION

# 1.0 INTRODUCTION

HillPDA was commissioned by VC Management (Client) to undertake commercial assessment pertaining to a Planning Proposal which seeks to rezone land located between 46-54 Ferodale Road and 754 Medowie Road in the suburb of Medowie (the subject site).

Initially, the Planning Proposal proposed to rezone the subject site from its current RU2 Rural Landscape zoning to part R3 Medium-Density Residential and part MU1 Mixed Use. However, following discussions with Council, the proposed mixed-use area has been amended to an E1 Local Centre zoning.

It is understood that the Council has requested some further supporting information to help inform a determination on the Planning Proposal. In particular, the Planning Proposal should be:

1. Updated to provide justification for the inconsistency of the proposed commercial zone with the Medowie Planning Strategy (MPS), including consideration of Key Principle 2 (p. 4) and Part 4.4 (p. 14)
2. Supported by a preliminary economic assessment in accordance with the MPS (p. 35), addressing supply and demand for commercial land
3. Updated to provide justification for a proposed E1 Local Centre zone, against alternative (commercial) zoning options (refer Q2 on page 11 of the Guide). Following discussions with Council, the proposed mixed-use area has been amended to an E1 Local Centre zoning. This provides better continuity with the existing town centre and MPS. As such, it is considered this point requires no further justification
4. Updated to address consistency with Ministerial Direction 1.1 Business and Industrial Zones.

The purpose of this report is to address Council's request for further information (three points detailed above of relevance 1, 2 and 4).

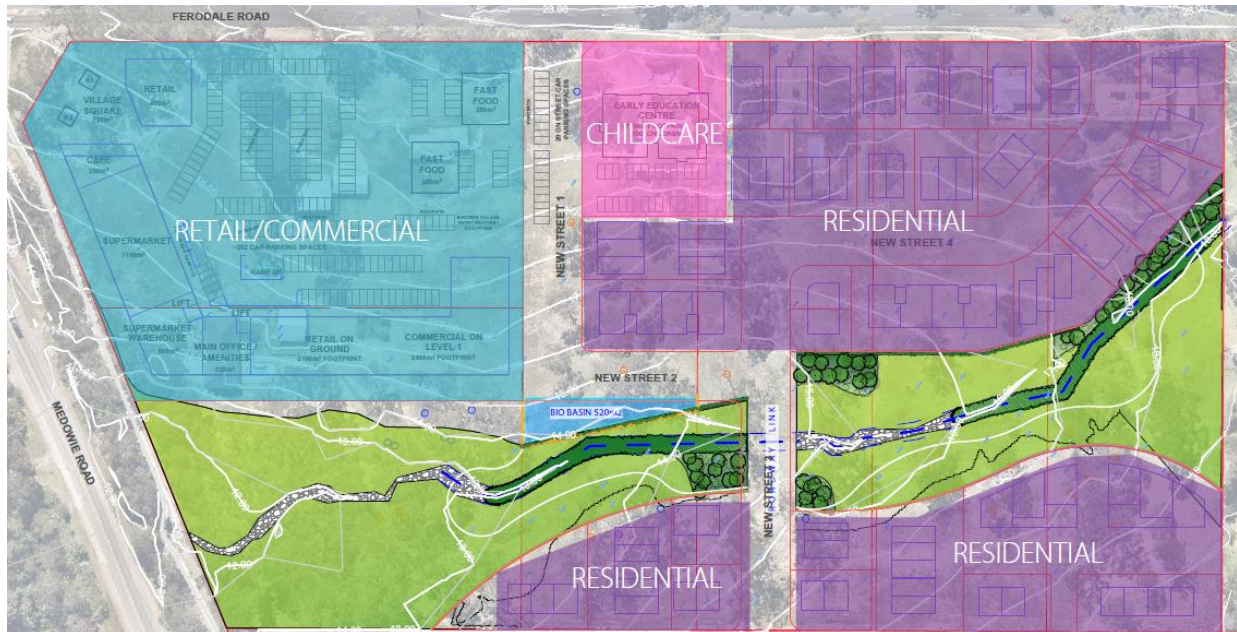
## 1.1 The Planning Proposal

The Planning Proposal seeks to rezone around 10.2 hectares of existing RU2 Rural Landscape to part R3 Medium Density Residential and part E1 Local Centre. Specifically, as seen in the figure below, the Planning Proposal seeks to provide 8,713 square metres of employment space and 108 residential dwellings, comprising:

- A supermarket of around 1,615 square metres
- Specialty retail space of around 2,670 square metres
- Café/fast food space of around 840 square metres
- Commercial space of around 2,495 square metres
- A childcare centre of around 770 square metres
- Office and public amenities of around 325 square metres
- Eleven detached dwellings
- Fifty-five dual occupancy and townhouses
- Forty-two apartments.



**Figure 1: Planning Proposal potential composition**



Source: Terras landscape architects 2024

## 2.0 INCONSISTENCY WITH MEDOWIE PLANNING STRATEGY

The following Chapter responds to query that the location is inconsistent with the proposed commercial zone with the Medowie Planning Strategy (MPS), including consideration of Key Principle 2 (p. 4) and Part 4.4 (p. 14).

### **Key Principle 2 - The town centre is the focus for commercial & community activity**

New commercial development will be focused within the existing town centre and guided by the town centre master plan. The objective is to consolidate the town centre as the 'heart' for the social and economic life of the community. Infrastructure works include roads (in a grid layout); a town square; new public toilets; and shared paths.

Site-specific additional permitted uses in locations outside of the town centre will continue to cater to existing uses and attractions. These include Pioneer Ridge Boutique Winery; Medowie Macadamias; Medowie Indoor Sports Centre; and the existing service centres on Medowie Road and Ferodale Road.

### **Part 4.4 Commercial**

The Strategy aims to consolidate commercial development in the town centre to consolidate its role as the 'heart' for the social and economic life of the community. Its potential future layout is shown in the higher detail Medowie Town Centre Master Plan.

Key determinants to the identification of commercial land use include:

- Continuity with the existing E1 Local Centre zone;
- Land with frontage to, and generally bound by, Medowie Road, Ferodale Road and Peppertree Road;
- Supply and demand for floor space; and
- Proximity to community facilities.

The most applicable land use zone for commercial areas in Medowie under the LEP is the E1 Local Centre Zone. The objectives of this zone are:

- To provide a range of retail, business, entertainment, and community uses that serve the needs of people who live in, work in and visit the local area
- To encourage employment opportunities in accessible locations
- To maximise public transport patronage and encourage walking and cycling.

Outside of the town centre are a small number of site-specific commercial uses such as the Pioneer Ridge Boutique Winery; Medowie Macadamias; Medowie Indoor Sports Centre; and local service stations with ancillary uses. These locations will continue to be supported for site-specific additional permitted uses while concentrating general commercial uses (zoning) within the town centre.

### **2.1 Consistency with Key Principle 2**

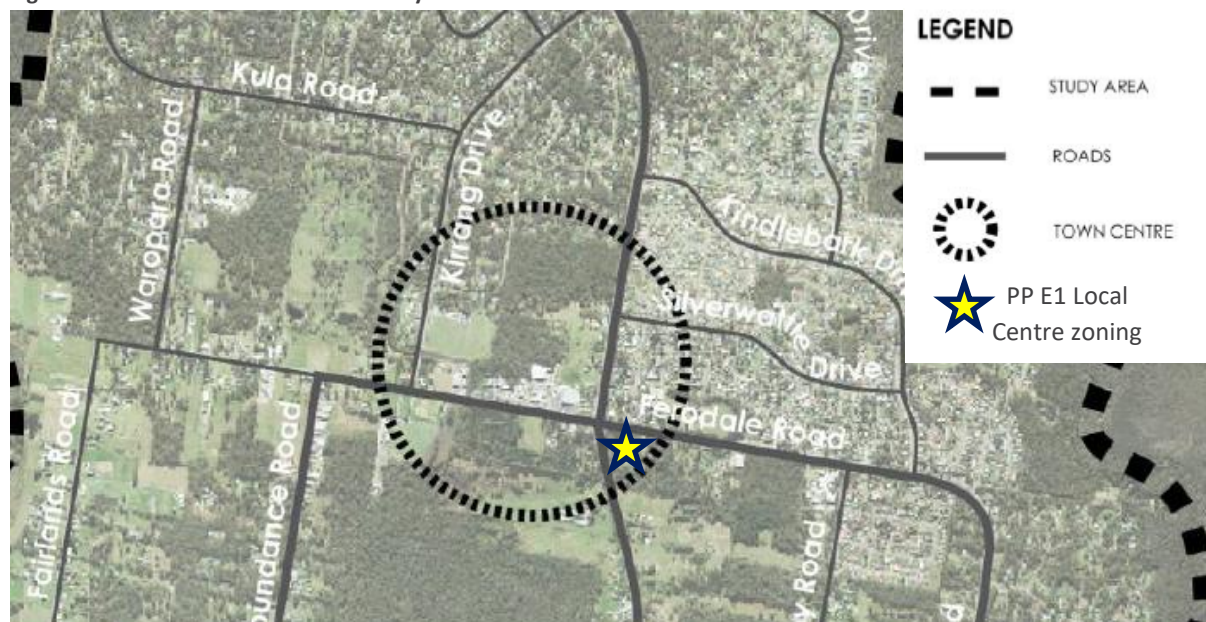
Key Principal 2 of the MPS aims to consolidate new commercial development within the existing town centre and with development being guided by the town centre master plan. The MPS provides an indicative boundary for the town centre (AREA 1), the Planning Proposal falls within this boundary.

The MPS town centre boundary incorporates the town centre's main intersection (Ferodale & Medowie Road), which is sounded by fragmented community and commercial use. As identified, the Planning Proposal falls within this identified town centre boundary with its development consolidating and connecting these fragmented

community and commercial uses into a more defined town centre. This location further provides an attractive gateway entrance point to the town centre and improves its range of uses and amenity to attract more visitors.

The locational attributes are further discussed below.

**Figure 2: Medowie town centre boundary - MPS**



Source: MPS

As seen in Figure 3, the location of the proposed E1 Local Centre zoning within the Planning Proposal has a number of surrounding uses and locational benefits, which increase the appropriateness of the site to be considered part of the existing town centre. These are:

1. The Planning Proposal's E1 Local Centre zoning is located adjacent to several community facilities, such as the Medowie community centre, indoor sports centre sporting fields/courts and around 100 metres' walk to the existing E1 town centre zoning. This location, surrounded by several currently fragmented commercial and community uses, would form a natural continuity of the centre. It would consolidate these fragmented uses into a more defined town centre boundary. This outcome is a key direction in the MPS. It would also provide an opportunity to better serve the community on this side of the road (east of Medowie Road).
2. The location is near several sporting fields/courts, which, when used by the public, the site can provide refreshments and other services to cater to the spectators and the general community. This would especially be relevant on the weekend when used by local sporting clubs and schools.
3. The location is adjacent to a proposed future mixed-use town centre zoning. This mixed-use area intends to develop ground floor commercial/retail, providing activation fronting the road with shop-top housing above. This vision reflects the intention of the E1 Local Centre zoning within the Planning Proposal. As such, this area forms a natural extension of the town centre and is in line with the vision of the master plan.
4. The dispersed nature of commercial uses around the centre, such as the indoor sports centre, has likely contributed to the local community seeing the town centre being defined by these uses. Commercial development on the site would better define the town centre boundary, concentrating it in a central location while also providing better connectivity between the centre and these dispersed uses.

Figure 3: Planning Proposal and surrounding context



Source: HillPDA

## 2.2 Part 4.4 Commercial

Part 4.4 of the MPS has four key determinants to the identification of commercial land use within Medowie. These are as follows, with a concluding response in relation to the Planning proposal E1 zoning:

- Continuity with the existing E1 Local Centre zone** | the proposed locality is within a 100-metre walk of the existing E1 Local Centre zone and around a 45-metre walk from the proposed mixed-use area, as identified in the MPS. Its location surrounded by other non-residential uses increases its appropriateness for commercial uses forming a natural continuity of the town centre. It would concentrate commercial development within a central location, helping to better define the town centre to the community and visitors.
- Land with frontage to, and generally bound by, Medowie Road, Ferodale Road and Peppertree Road** | the site meets most of this criterion having an orientation to Medowie Road and Ferodale Road. This location allows the town centre to more efficiently serve the community on the eastern side of Medowie Road.

- Supply and demand for floorspace** | HillPDA demand modelling detailed in Chapter 3 suggests that between 11-13 hectares of land would be required to support the local community by 2040. The MPS identifies a total of 9 hectares of current and potential E1 Local Centre land, a deficit of up to 4 hectares.

The Planning Proposal can contribute to the centre meeting its forecasted land requirements to appropriately support and service the local community. This location is serviced by existing community and transport infrastructure. Development of the proposal would likely require minimal infrastructure improvements.

- Proximity to community facilities** | as identified above, the proposed locality is located at the nexus of several community facilities such as the Medowie community centre, indoor sports centre and several sporting fields/courts. This increases its appropriateness for commercial land uses.



## 3.0 COMMERCIAL LAND DEMAND

The following Chapter forecasts retail and commercial floorspace requirements within Medowie town centre to support the surrounding community. This floorspace is then converted into land requirements to quantify the amount of commercially zoned land needed to support this demand.

### 3.1 Commercial and retail floorspace demand

The following forecasts the amount of commercial and retail floorspace required to support the community of Medowie.

#### 3.1.1 Surrounding retail centres of influence

Understanding the local retail hierarchy and its competitive offer, is an essential step in defining a trade area for Medowie town centre. To help define this, we provide below a brief description of relevant centres in the locality.

The key centres that would influence the extent of the subject sites trade area(s) and the provision of retail space are as follows:

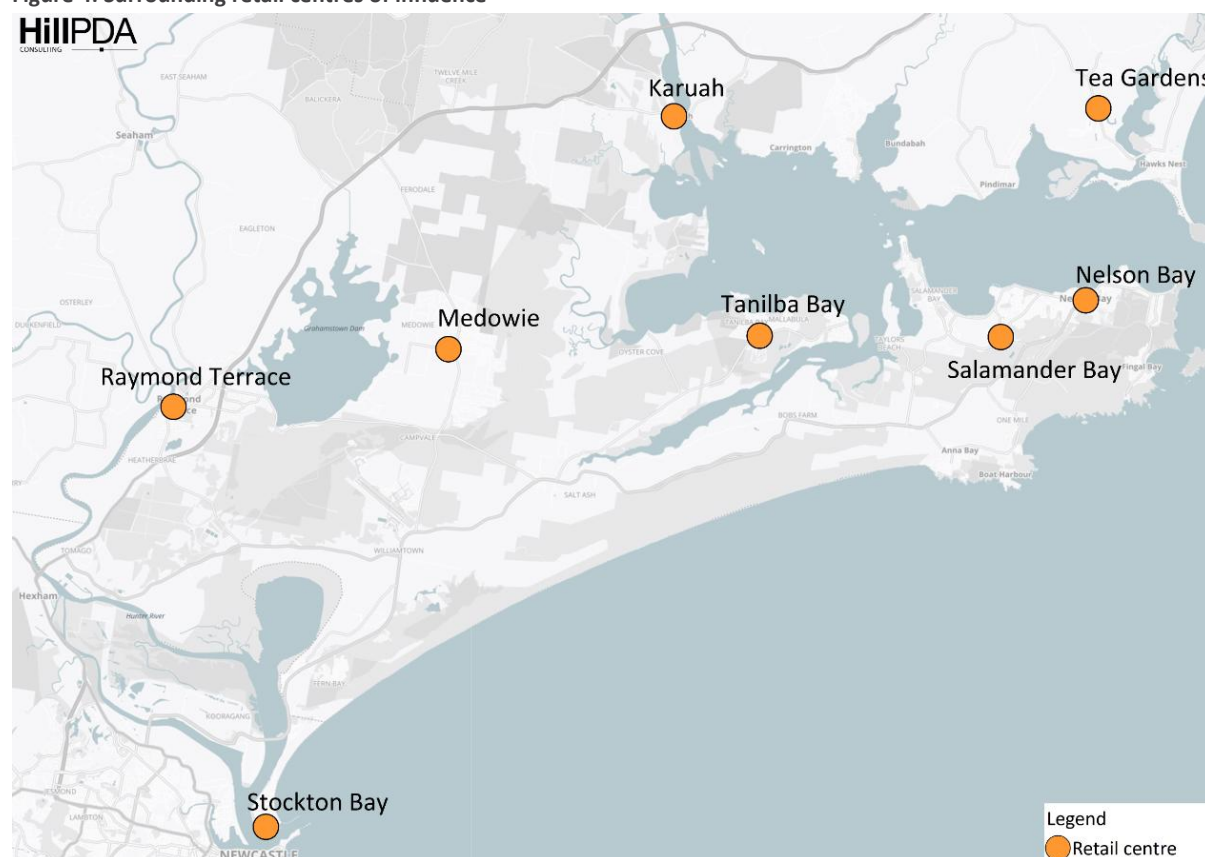
1. **Medowie town centre:** is oriented around Ferodale and Peppertree Roads. The precinct provides approximately 10,000 square metres of retail floorspace and includes freestanding Woolworths (4,000 square metres) and Coles (2,500 square metres) supermarkets and 15 specialty stores. HillPDA undertook a site visit in 2018, which found one vacancy at the time of the survey, indicating the centre was performing well.
2. **Salamander Bay Shopping Centre:** Salamander Bay is a strong performing regional shopping centre some 32 kilometres or a 27-minute drive to the east of the subject site. The centre contains around 23,400 square metres of retail floorspace and is anchored by Kmart (4,998 square metres), Target (1,243 square metres) as well as Coles (3,962 square metres), Woolworths (3,899 square metres) and ALDI (1,351 square metres) supermarkets. Around 73 speciality stores are also provided over one level. The centre reported a MAT of \$212 million in 2018/19, or \$9,637/sqm, ranking it 17th out of 94 similar-sized centres (23% above the benchmark average of \$7,843/sqm for similar-sized centres).
3. **Raymond Terrace:** is located some 16 kilometres or a 15-minute drive to the west of the subject site. 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 14,800 square metre sub-regional centre is anchored by a Big W (6,775 square metres) and Woolworths (4,117 square metres) as well as 37 specialty stores. The centre had an estimated turnover of \$92.3 million<sup>1</sup> as of 2016.
  - Raymond Terrace Shopping Centre: this 7,000 square metre supermarket-based centre is anchored by a Woolworths (4,090 square metres). The centre is situated on the corner of Sturgeon and Glenelg streets.
  - A small provision of retail (some 2,000 square metres) is provided along William and Port Stephens streets.
4. **Stockton town centre:** is located some 23 kilometres or a 22-minute drive to the south of the subject site. The centre extends some 350m along Mitchell Street provides the largest retail offer within the locality. A

<sup>1</sup> Shopping Centre Directory 2016

recent land use survey of Stockton Town Centre<sup>2</sup> revealed that the centre provides 13,250 square metres of Net Leasable Area (NLA). Of this total, approximately 6,400 square metres was attributed to ground floor shopfront floorspace<sup>3</sup>. An 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 2,261 square metres of retail specialty floorspace, which is largely convenience-based (i.e. chemist, butcher, and personal services). Non-retail commercial floorspace represents 34 per cent (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.

5. **Tanilba Bay:** is located some 20 kilometres or a 17-minute drive to the east of the subject site. The centre contains Tanilba Bay Shopping Centre which is anchored by a Coles supermarket and Liquorland. Further retail and commercial services are located along Lloyd George Grove and President Wilson Walk.
6. **Karuah:** is located some 25 kilometres or a 21-minute drive to the northeast of the subject site. The centre is anchored by a small IGA of around 450 square metres supporting a liquor store, café and some other small retail stores located in the Karuah Shopping Centre.
7. **Tea Gardens:** is located some 47 kilometres or a 33-minute drive to the northeast of the subject site. Retail provision is provided within Myall Quays Shopping Village. The shopping centre is anchored by a Coles supermarket of around 1,950 square metres with 13 speciality stores.
8. **Nelson Bay town centre:** is located some 34 kilometres or a 28-minute drive to the east of the subject site. Retail provision is primarily provided along Stockton Street, Donald Street and Magnus Street. A Woolworths supermarket provides the main anchor role.

**Figure 4: Surrounding retail centres of influence**



Source: HillPDA

<sup>2</sup> Land use survey of all buildings and lots located within the area zoned E1 - 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

### 3.1.2 Retail trade area identification

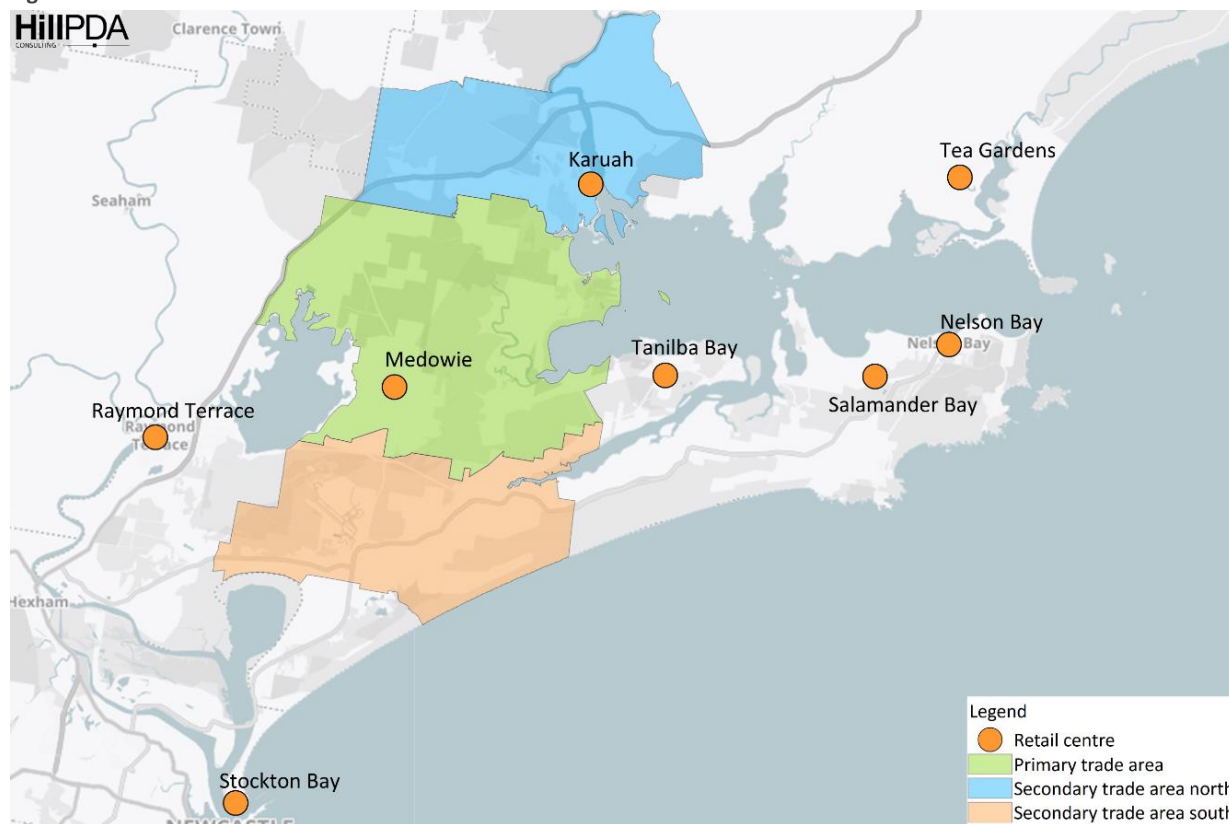
In defining a trade area served by the centre, we have considered the below:

- The strength and attraction of the centre, as determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre
- Competitive retail centres, particularly their proximity to the centre and respective sizes, retail offer and attraction
- The location and accessibility of the centre, including the available road and public transport network and travel times
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

Based on the surrounding retail environment, the composition of the centre, transport connections and the presence of artificial/natural barriers, we have derived a main trade area (MTA) for the site comprising four sub-trade precincts. These are as follows:

- A **primary trade area (PTA)** – this area predominantly consists of Swan Bay, Ferodale, Medowie, Oyster Cover suburb.
- A **secondary trade area north (STAN)** – this predominantly consists of Twelve Mile Creek and Karuah suburbs.
- A **secondary trade area south (STAS)** – this consists of Campvale, Williamtown and Salt Ash suburbs.

Figure 5: Medowie town centre main trade area



Source: HillPDA

### 3.3 Trade area population and workforce projections

The following population and workforce projections have been sourced from:

- The ABS 2016 Census estimated residential population
- Most recent small area population forecasts prepared by Remplan
- Medowie Planning Strategy
- TPA 2019 population projections.

It is estimated that the MTA has a resident population of around 14,350 in 2016. Of this, the majority reside (76 per cent) within the PTA. Over a 24-year period to 2040, the population across the MTA is forecast to increase by around 8,300 persons, reaching a total of around 22,653 residents. This growth represents an average annual compound growth rate of 1.9 per cent across the MTA. This is just over double the annual compound growth rate forecasted by the wider Port Stephens LGA (0.9 per cent) over the same period. However, these forecasts seem not to take into consideration the uplift as proposed in population as identified in the MPS, as Medowie only reaches 13,810 residents by 2040, a shortfall of around 3,690 residents as specified in the MPS.

**Table 1: MTA population projections**

Sub-trade area	2016	2020	2021	2026	2031	2036	2040	Change 16-46
PTA	10,857	12,064	12,366	13,875	15,384	16,893	18,100	7,243
STAN	1,438	1,599	1,639	1,840	2,041	2,242	2,402	964
STAS	2,055	2,071	2,075	2,095	2,115	2,135	2,151	96
<b>Total</b>	<b>14,350</b>	<b>15,734</b>	<b>16,080</b>	<b>17,810</b>	<b>19,539</b>	<b>21,269</b>	<b>22,653</b>	<b>8,303</b>

Source: MPS, Remplan, ABS 2016 Census, HillPDA

It is estimated that there are around 1,500 workers in the PTA as of 2020. Over the next 20 years, this is forecast to increase to around 1,880 workers. Assessment of 2016 ABS Journey to Work data (JTW) found that 59 per cent of workers in the PTA also lived within the PTA. To avoid double-counting with the above resident projections, this proportion was applied to the below projections. As such the non-resident workers, which would direct some level of retail expenditure to Medowie town centre, is estimated at 615 workers in 2020, increasing to 770 by 2040.

It is estimated that there are around 5,340 workers in the STAS as of 2020. Over the next 20 years, this is forecast to increase to around 6,945 workers. Assessment of 2016 JTW data found that of the total employment within the STAS only 5 per cent also lived in the locality. To avoid double counting, this proportion was applied to the below projections. Furthermore, given the proximity of Raymond Terrace, Tanilba Bay and Salamander Bay we have assumed a 30 per cent capture rate of these non-resident workers to Medowie town centre.

Given Karuah's retail centre, workers in the STAN have been excluded.

**Table 2: Employment projections**

Total employment	2020	2021	2026	2031	2036	2040	Change
PTA	1,499	1,546	1,640	1,735	1,824	1,879	380
STAS	5,341	5,611	5,956	6,265	6,656	6,945	1,604
<b>Total</b>	<b>6,840</b>	<b>7,157</b>	<b>7,596</b>	<b>8,000</b>	<b>8,480</b>	<b>8,824</b>	<b>1,984</b>
Captured by Medowie TC	2020	2021	2026	2031	2036	2040	Change
PTA	615	634	672	711	748	771	156
STAS	1,522	1,599	1,698	1,785	1,897	1,979	457
<b>Total</b>	<b>2,137</b>	<b>2,233</b>	<b>2,370</b>	<b>2,497</b>	<b>2,645</b>	<b>2,750</b>	<b>613</b>

Source: TPA 2019 employment projections, ABS JTW 2016 data, HillPDA



### 3.3.1 Resident retail expenditure

This section examines the projected growth in household retail expenditure within the main trade area between 2020 and 2040. For a detailed methodology and breakdown of expenditure by the main trade areas sub-trade area precincts, please refer to Appendix A.

The MTA residents generated an estimated \$236 million in retail expenditure in 2020. This figure is forecast to increase to approximately \$395 million by 2040, a \$159 million or 67 per cent increase over the 20-year period.

**Table 3: Main trade area household expenditure**

MTA	2020	2026	2036	2040
FLG	94	113	147	163
Food Catering	33	40	52	58
Non-food	102	120	150	163
Services	6	8	10	11
<b>Total retailing</b>	<b>236</b>	<b>280</b>	<b>360</b>	<b>395</b>

### 3.3.2 Workforce retail expenditure

Retail expenditure captured by the surrounding workforce is another import factor impacting the amount and type of retail space that could be accommodated in Medowie town centre.

Workers outside the CBD typically spend around 15-20 per cent of their annual retail expenditure near their place of work depending on the level of retail offered. This expenditure is typically directed towards food and personal services and some groceries. We have assumed a conservative rate of 15 per cent of annual retail expenditure spent near their place of work.

Based on a high-level average Greater Sydney per capita annual retail expenditure of \$15,000 per annum in 2020<sup>4</sup>, this annual worker retail spend, near their place of work, is estimated at \$2,250 per annum. This equates to around \$10 per working day for 46 working weeks.

It is estimated that the local non-resident workforce that would be captured by Medowie town centre would spend around \$4.8 million on retail items in 2020. This is forecast to increase to \$7.2 million by 2040.

## 3.4 Demand for commercial and retail floorspace

Having forecasted the total amount of retail expenditure generated in the main trade area, this section quantifies the amount of retail and commercial floorspace that could be accommodated in Medowie town centre and subsequently estimates the amount of additional land required to support this space.

The previous analysis identified the total volume of retail expenditure in the MTA. However, not all of this expenditure will be captured by retailers in the town centre, for various reasons. For these reasons and capture rates applied, please refer to Appendix A.

From the above assumptions, retailers in Medowie town centre could potentially achieve total retail sales of around \$113 million in 2020, increasing to \$196 million by 2040.

<sup>4</sup> MarketInfo combination of Newcastle and Port Stephens LGA

**Table 4: Medowie town centre potential capture of MTA expenditure**

MTA	2020	2026	2036	2040
FLG	68	81	107	119
Food Catering	21	25	33	37
Non-food	19	23	29	31
Services	5	6	8	9
<b>Total retailing</b>	<b>113</b>	<b>135</b>	<b>177</b>	<b>196</b>

\*includes worker expenditure and 10% capture from beyond MTA

To determine the demand for retail floorspace within the MTA, target turnover rates (\$/sqm of retail floorspace, and otherwise known as Retail Turnover Densities (RTDs)) have been applied to projected retail expenditure captured by the town centre. These RTD rates broadly represent industry averages.

Commercial space demand has been sourced from TPA 2019 employment projections for the PTA. The categories for knowledge-intensive industries as defined by the Greater Sydney Commission have been combined, and an average employment density of 1/20 square metres applied and a capture of 70 per cent within the town centre. A target vacancy rate of 2.5 per cent was also applied to the combined commercial and retail space demand.

**Table 5: Potential retail floorspace demand– Medowie town centre – Net Leasable Area (NLA)**

Retail sub-category	Target Rate*	2020	2026	2036	2040	Change 2020-40
FLG	10,000	6,734	7,857	9,880	10,733	3,999
Food Catering	6,967	2,744	3,194	3,963	4,287	1,542
Non-food	6,408	2,948	3,382	4,089	4,371	1,424
Services	5,000	878	1,025	1,280	1,387	510
<b>Total retailing</b>		<b>13,304</b>	<b>15,458</b>	<b>19,211</b>	<b>20,779</b>	<b>7,474</b>
Commercial space in TC		3,658	4,043	4,572	4,775	1,116
Vacant space (say 5% target)		848	975	1189	1278	430
<b>Total</b>		<b>17,810</b>	<b>20,476</b>	<b>24,972</b>	<b>26,832</b>	<b>9,020</b>

By applying the above methodology, it is estimated that the town centre could potentially support up to 17,800 square metres of commercial and retail floorspace in 2020, increasing to around 26,800 square metres by 2040. Representing an increase of around 9,000 square metres over the 20-year period.

It is estimated that around 10,000 square metres of retail space is currently provided within Medowie town centre. Our demand modelling suggests a current demand for around 13,300 square metres, indicating a current deficit of around 3,300 square metres. This potential undersupply was also indicated by the low level of vacancies (there was only one vacant shop when HillPDA undertook a site visit in 2018).

Without any additional supply, the deficit in retail space would increase to around 10,800 square metres. The Planning Proposal's 5,000 square metres of retail space would contribute to meeting some of this deficit without creating an oversupply.

### 3.6 Land area requirements

In this locality, any new developments would likely be single-storey with at-grade parking spaces on site. At-grade parking takes up more area than the building – around one car space per 28 square metres of Gross Floor Area (GFA)<sup>5</sup>. The gross floor area is typically 10% to 20% greater than the NLA, and some areas are required for loading. Typically, development results in an FSR of around 0.25 to 0.3:1.

**Table 6: Commercial and retail land requirements**

	2020	2026	2036	2040
Floorspace demand NLA	17,810	20,476	24,972	26,832
Floorspace demand GFA	20,953	24,089	29,379	31,567
Land demand (ha) @ 0.25:1	8	10	12	13
Land demand (ha) @ 0.3:1	7	8	10	11

If Medowie Centre provided the amount of space our demand modelling estimates it could support in 2020, around 7-8 hectares of land would be required. This is forecast to increase to between 11 and 13 hectares by 2040.

The MPS identifies 9 hectares of land as currently or potentially being zoned as E1 Local Centre land within Medowie town centre. Our demand modelling suggests that Medowie would require 11-13 hectares by 2040, indicating a deficit of up to 4 hectares.

The subject site could provide around 2 hectares of additional E1 Local Centre zoned land, contributing to the town centre meeting some of this unmet demand. This is not anticipated to create an oversupply of commercially zoned land, which we appreciate could adversely affect future development viability.

<sup>5</sup> Port Stephens DCP requires 1 space per 40sqm of office & business premises, 1/20sqm of shop space & 1/25sqm of food & drink space.

## 4.0 SECTION 9.1 MINISTERIAL DIRECTIONS

Direction 1.1 of the Ministerial Direction relates to business and industrial zones. Direction 1.1 applies when a relevant planning authority prepares a planning proposal that will affect land within an existing or proposed business or industrial zone (including the alteration of any existing business or industrial zone boundary).

The objectives of this Direction are to:

- Encourage employment growth in suitable locations
- Protect employment land in business and industrial zones
- Support the viability of identified centres.

A planning proposal may be inconsistent with the terms of this Direction only if the relevant planning authority can satisfy the Secretary of the Department of Planning and Environment (or an officer of the Department nominated by the Secretary) that the provisions of the planning proposal that are inconsistent are:

- a. justified by a strategy which:
  - (i) gives consideration to the objective of this Direction (**refer to Table 7**), and
  - (ii) identifies the land which is the subject of the planning proposal (if the planning proposal relates to a particular site or sites), and
  - (iii) is approved by the Secretary of the Department of Planning and Environment, or
- b. justified by a study (prepared in support of the planning proposal) which gives consideration to the objective of this Direction (**refer to Table 7**), or
- c. in accordance with the relevant Regional Strategy, Regional Plan or Sub-Regional Strategy prepared by the Department of Planning and Environment which gives consideration to the objective of this Direction, or
- d. of minor significance.

The following table assesses the consistency of the Planning Proposal against the five key requirements of the Direction for strategies concerning employment lands. As stated, this study assesses the economic impact and potential of the Planning Proposal. Although this report addresses consistency requirements with objectives of this Direction, it is done so from an economic and demand merit of the Planning Proposal. It does not include any specific planning or policy recommendations, which would require consideration of a range of other factors that will be explored in other specialist studies being undertaken in the preparation of the Planning Proposal.

**Table 7: Consistency with Ministerial Direction 1.1 business & industrial zones objectives**

Objective	Consistency of Planning Proposal
Encourage employment growth in suitable locations	<p>The proposed locality of the Planning proposal E1 Local Centre zoned land is within a 100-metre walk of the existing E1 Local Centre zone and around a 45-metre walk from the proposed mixed-use area, as identified in the MPS. Its location surrounded by other commercial/community uses further increases its appropriateness for commercial uses forming a natural continuity of the town centre.</p> <p>The proposed locality is also located at the nexus of several community facilities such as the Medowie community centre, indoor sports centre and several sporting fields/courts. This increases its appropriateness for commercial land uses.</p> <p>Lastly, the site meets two of the criteria within the MPS for commercially zoned land as it has frontage to Medowie Road and Ferodale Road. This location allows the town centre to more easily service the community on the eastern side of Medowie Road.</p> <p>For these reasons, the site is considered a sustainable location, suitable for employment uses.</p>

Objective	Consistency of Planning Proposal
Protect employment land in business and industrial zones	<p>The Planning Proposal would not affect any currently zoned or potential employment land within Medowie. It would be increasing the amount of business land within Medowie.</p> <p>Demand modelling suggests that the centre would have a deficit of business-zoned land by 2040 of up to 4 hectares. The Planning Proposal would provide around 2 hectares of business-zoned land. As such, it would contribute to the centre meeting some of this deficit without adversely affecting further commercial development.</p>
Support the viability of identified centres	<p>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. Development of the Planning Proposal would support a wide range of economic multipliers, which would, in turn, support investment in associated industries. It would also raise Medowie's profile with potential investors. This increased developer interest and its employment and other economic multipliers would support the viability of development and uses within Medowie.</p>

## APPENDIX A : RETAIL EXPENDITURE

Household expenditure was sourced from:

- ABS Household Expenditure Survey 2003-04 (updated to 2009) which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2017 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using "microsimulation modelling techniques".

The ABS Retail Survey 1998-99 (Cat No. 8624.0) provides a cross-tabulation of store type (defined by ANZIC), by commodity type. Multiplying the percentages in the cross-tabulation by total dollars spent generates household expenditure by retail store type.

HillPDA has combined several retail expenditure categories into the following four main sub-categories. These being:

- **Food, Liquor and Groceries (FLG)** – includes spending on fresh food, groceries and take-home liquor. FLG is the main category relevant to supermarket-based shopping expenditure and demand.
- **Food catering** – includes cafes, restaurants and fast/take-away food.
- **Non-Food** – includes apparel, homewares, bulky goods and general merchandise.
- **Personal services** – includes personal services such as hairdressers, beauty salons, massage parlour, optometrist and alike.

**Table 8: Main trade area forecast household expenditure by trade area sub-precinct**

PTA	2020	2026	2036	2040
FLG	73	89	118	131
Food Catering	26	32	43	47
Non-food	81	96	123	134
Services	5	6	8	9
<b>Total Retailing</b>	<b>185</b>	<b>222</b>	<b>291</b>	<b>321</b>
STAN	2020	2026	2036	2040
FLG	9	11	15	17
Food Catering	3	4	5	5
Non-food	9	11	14	15
Services	1	1	1	1
<b>Total Retailing</b>	<b>22</b>	<b>26</b>	<b>34</b>	<b>38</b>
STAS	2020	2026	2036	2040
FLG	12	13	15	15
Food Catering	4	4	5	5
Non-food	12	13	14	14
Services	1	1	1	1
<b>Total Retailing</b>	<b>30</b>	<b>31</b>	<b>34</b>	<b>36</b>
MTA	2020	2026	2036	2040
FLG	94	113	147	163
Food Catering	33	40	52	58
Non-food	102	120	150	163
Services	6	8	10	11
<b>Total Retailing</b>	<b>236</b>	<b>280</b>	<b>360</b>	<b>395</b>

## A.1 Retail capture rates by broad store type

The above identified the total volume of retail expenditure in the MTA. However, not all household expenditures will be captured by retailers in Medowie town centre. Reasons for this include:

- The proximity of surrounding centres which provide a greater range and quantum of retail floorspace
- Presence of small neighbourhood and village centres in the MTA which would capture some trade
- Residents leaving the locality to, predominantly, undertake discretionary shopping (in department stores, apparel stores and bulky goods stores elsewhere – such as Newcastle, Fern Bay, Raymond Terrace and Salamander Bay)
- Working residents spending a portion of annual retail expenditure close to their place of work (approximately 15-25%)
- 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 MTA visiting the town centre as they visit the area.

Capture rates (i.e. the proportion of expenditure captured by the site) have been adopted, considering the above factors. These market share assumptions are outlined in the following table and are indicative of retail services that are appropriately provided for its surrounding community – in this case, the MTA, reducing their need to travel further to access essential services.

**Table 9: Medowie town centre capture rates**

Sub-category	PTA	STAN	STAS	Workers
FLG	73%	35%	29%	20%
Food Catering	50%	25%	20%	65%
Non-food	19%	10%	7%	
Services	60%	30%	20%	15%

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