ESSENTIAL ECONOMICS

Non-Technical Summary
Activity Centres
Northern Geelong Growth Area (NGGA)

Source reports: Northern Geelong Growth Area Urban Form and Capacity Assessment Essential Economics June 2017**;** Northern Geelong Growth Area Activity Centre Assessment Essential Economics, August 2017.

1 Introduction

The purpose of the activity centre technical input is to provide an assessment of the future activity centre needs for the Northern Geelong Growth Area (NGGA). The analysis:

- Identifies the distribution, form and size of activity centres required to service the needs of future communities, and
- Provides recommendations that are consistent with the existing retail hierarchy in the Greater Geelong Planning Scheme.

Activity centres in the NGGA will be classified based on their size, function and role within the broader hierarchy serving Greater Geelong. The two primary centre types considered in the analysis for the NGGA are:

- **Neighbourhood Activity Centre (NAC)**: are centres primarily meeting the day-to-day needs of the surrounding population and are typically anchored by a major supermarket, with supporting shops and local-level services. Floorspace can vary according to local need, although generally floorspace is between 5,000m^2 and 15,000m^2.
- **Sub-Regional Centre (SRC)**: are centres with a higher-order role and function to NACs which includes a wider range of traders, and an increased emphasis on non-food retailing and services supporting a broader sub-regional regional catchment of 35,000-plus residents. Often include a discount department store, supermarket(s), mini majors and specialty shops. Floorspace can vary between 15,000m^2 and up to 60,000m^2 in size.

2 Existing Conditions and Information

A summary of the relevant influences on future urban form e.g. location of activity centres in the NGGA is shown in Map 1. They include the following:

Road Networks

The road and transport networks to be delivered in the NGGA will have a major influence on future urban development patterns. An extension of the surrounding road networks into the NGGA with the use of a 'grid' pattern including a single north-south major internal road link has been adopted as the base road network scenario.

Sewer and Gas Pipeline Easements and Buffers

The South West gas pipeline easement is 20-metres wide and runs from the north-eastern edge of the NGGA to the south-west edge. Advice prepared by GPA Engineering in January 2017 in relation to the NGGA identifies that retail and activity centres are (GPA Page 16):

- **Prohibited** (not supported): up to 65 metres from the easement
- **Least Preferred**: between 65 metres and 350 metres from the easement
- **Acceptable**: between 350 metres and 570 metres from the easement
- **Preferred**: greater than 570 metres from the easement.

The NGGA is also traversed by two transmission easements measuring approximately 70m wide through the north-west and south-east corners of the site. It is understood that no buildings are permitted within the easement.

Buffers to Adjacent Land Uses

Lara Energetic Materials Manufacturing Plant (LEMMP) 1km industry buffer

This buffer applied to land in the north-west of the NGGA. According to advice from Council, some non-sensitive land uses in this buffer may be developed if they do not compromise the operations of the LEMMP or pose risks to the wider community. However, the exact nature and scale of these uses is yet to be identified in detail.

At present, it is assumed the land is not developable for residential or intensive urban uses.

Geelong Ring Road Employment Precinct (GREP) 1km industry buffer

The GREP buffer applies to land in the south-east of the NGGA and protects the major industrial operations of this strategic employment precinct. This buffer affects the Rural Living Zone land west of Bacchus Marsh Road.

MC Herd 500m industry buffer

MC Herd Abattoir has been at its current site on Bacchus Marsh Road Corio since 1958, and is expected to remain at this location for the foreseeable future. A 500 metre buffer from this facility includes land in the very south-eastern edge of the NGGA.

Rural Residential Areas

Although rural residential areas are located within the NGGA, the exact nature of future development in these areas remains uncertain. Initial guidance from Council indicates that:

- Within the GREP buffer and MC Herd industry buffers, no additional residential density will be allowed.
- In the rural residential areas outside the buffers, some additional residential density may be supported by policy.

3 Key Assumptions

Population

A total development capacity of **15,370 dwellings** is identified by preliminary assumptions for the NGGA. Using the anticipated average household size of 2.8 (CoGG, 2016), a total population of **43,040 persons** is forecast at development capacity.

The preliminary forecast of 15,370 dwellings for the NGGA is highly achievable and at the lower end of the 16,000 to 18,000 dwellings identified by Council in earlier scoping work.

Urban development in the NGGA will be influenced by development outcomes within the City of Wyndham and the Lara West growth area. Development of the NGGA can generate 'induced demand' for residential development in Greater Geelong associated with capturing market share away from residential estates in Wyndham and Melton.

Retail Spending

Estimates of per capita retail spending by the City of Greater Geelong, the City of Wyndham, and Lara West have been prepared with reference to the MarketInfo retail spending model.

As a result, the per capita retail spending by residents NGGA is forecast to be approximately $13,390, as shown in Table 1. This figure is expressed in 2016 dollars and at current per capita spending levels. The long-term nature of development of the NGGA means that forecasts of retail spending taking into account inflation and real spending growth are not useful for analysis.

Allowing for the forecast population of 43,040 persons within the NGGA, total retail spending of $576 million per annum would be generated by residents (in 2016 dollars).

Table 1 Forecast Retail Spending at Population Capacity ($2016)

	Per Capita Spending	Total Spending
Food Liquor Groceries	$5,670	$244m
Food Catering	$1,340	$58m
Apparel	$1,380	$59m
Homewares	$1,120	$48m
Bulky Merchandise	$1,460	$63m
Leisure/General	$1,990	$85m
Services	$430	$19m
Total Retail	**$13,390**	**$576m**

Source: Marketinfo

Subject to detailed urban planning in the NGGA, a forecast population capacity higher or lower than 43,040 persons would have a proportional effect on total retail spending.

Non-Retail Uses

In addition to retailing, activity centre planning for the NGGA will need to considered non-retail uses potentially including healthcare, gyms, office and consulting suites, service industry (e.g motor vehicle repairs), child care, Government services (library, Council service centre) etc. Ensuring that sufficient land is available to accommodate a diverse range of retail and non-retail uses in activity centres is a key objective of activity centre planning, noting the strong policy objectives related to local service provision and employment.

4 Opportunities

Existing Retail Activity Centre Hierarchy

Activity centres in the NGGA will be operating in conjunction with a range of existing and proposed activity centres across the wider region. It is important that the location, role and function of these centres is clearly understood in order to ensure that the activity centre hierarchy within the NGGA operates in a complementary manner.

The location and indicative catchment of relevant centres is shown in Map 2.

Location Analysis

In identifying potential locations for activity centres in the NGGA, the following considerations have been made:

Road Network: a preference has been made for prominent corner locations on the major road network within the NGGA. These locations allow for sufficient exposure and accessibility to potential customers and visitors to an activity centre, and help drive vibrancy and customer activity.

Easements and Planning Buffers: the presence of numerous easements and planning buffers which apply to the NGGA will have a strong influence on possible activity centre locations. For the purposes of the assessment, it has been assumed that an activity centre may be possible within the area within the 570 metre and 350 metres measurement length – subject to future confirmation of the exact controls to apply.

Urban Accessibility: the potential activity centre locations will need to be accessible to a surrounding resident population, thus locations on the edge of the NGGA are not considered, unless also accessible to an urban population outside the growth area. Similarly, the presence of lower-density residential areas in the NGGA also influence potential activity centre locations. Activity centres are preferred in locations where standard residential density is to be achieved, and where they are most accessible to people living in standard density residential areas.

Site Comparison and Catchment Testing

The analysis includes consideration of two specific activity centre scenarios:

- **Four Centre Scenario**: Assumes four centres are developed in the NGGA, each anchored by a single major supermarket.
- **Three Centre Scenario**: Assumes three centres are developed in the NGGA, with one centre containing two major supermarkets and the other two centres with a single major supermarket each.

Four Centre Scenario

Overall, the four centre scenario allows for a catchment size of between 9,220 and 12,890 persons per centre, as shown in Map 3.

The four centre scenario allows for some overlap of centres within a 1km radius of each other, particularly in Area 2. This implies a high degree of direct competition between centres which may undermine vibrancy and the ability to deliver some non-retail centre components which rely on exposure to high levels of centre visitation.

Development of some centres has the potential to be impacted by the presence of the 570 metre gas pipeline measurement length, and proximity to lower density residential areas.

A total of 65% of the population in the NGGA will be living within 1km of a centre location, with this higher at 67% for people living in the proposed standard density residential areas

Three Centre Scenario

An overview of the three centres and the exclusive catchments they serve within the NGGA is shown in Map 4.

The three centre scenario allows for a catchment size of between 10,645 and 18,595 persons per centre. No overlap of centres within a 1km radius of each other results from this scenario.

A total of 51% of the population in the NGGA will be living within 1km of a centre location, with this higher at 55% for people living in the proposed standard density residential areas.

The three centre model allows for an even distribution of centres which are not as heavily impacted by the buffers, pipeline measurement lengths and other constraints associated with urban form of the NGGA which are present in the four centre scenario.

Estimates of catchment size are sufficient to ensure strong trading levels, as well as high amounts of customer visitation and vibrancy. No centre is at risk of being un-viable subject to detailed urban planning outcomes which may reduce the size of individual catchments.

Sub-Regional Assessment

With an expected population in the NGGA of 43,000 persons at full development, it is appropriate to consider the opportunity for a sub-regional centre to operate in the activity centre hierarchy.

A preferred location for a potential sub-regional centre is central to the NGGA, unencumbered by buffers, easements or the gas pipeline measurement length. An upgrade of the role and function of this centre to 'sub-regional' status is easily achievable at either:

- **Four Centre Scenario**: Area 2 centre
- **Three Centre Scenario**: Area 1 centre.

As shown in Table 2, forecast population in the wider northern Geelong region means that the overall provision of sub-regional shopping facilities would be relatively unchanged with the development of a sub-regional centre in the NGGA.

Table 2 Current and Future Population Per Sub-Regional Centre (No. Persons)

	Current	Long-Term Forecast
Population		
NGGA	900	43,040[1]
Lara (incl Lara West)	17,880	32,000[2]
Bell Park-Corio (excluding NGGA)	37,700	41,500[3]
Total Population	**56,480**	**116,540**
Sub-Regional Centres	1	2
Average Population Per Sub-Regional Centre	**56,480**	**58,270**

1. As per preliminary population projection
2. Allows for development of Lara West Growth Area (11,000 residents as per PSP) and 3,000 residents in balance of Lara (no allowance for the potential future rezonings identified in G21 lot supply analysis)
3. Nominal increase to 2036 based on id consulting forecasts prepared for Council.

For Corio Central Shopping Centre, long-term viability is not undermined by a sub-regional centre in the NGGA. At present, Corio Central serves an exclusive catchment of approximately 56,480 persons, as shown in Table 2.

It is also important to recognise the significant potential benefits to residents of the NGGA and Lara associated with the provision of a new sub-regional centre in the NGGA which generates consumer choice and supports economic well-being and sustainability.

Any proposed sub-regional centre in the NGGA would be subject to detailed future assessment as more detailed planning for the growth area proceeds. However, at this time a high-level catchment analysis indicates that development of a sub-regional centre in the NGGA could proceed without excessive trading impacts that might otherwise undermine the role and function of the Corio Central Shopping Centre.

Indicative Activity Centre Hierarchy and Total Floorspace Distribution

Total Florospace

In total, the proposed activity centre hierarchy scenarios for the NGGA allow for approximately **74,000m^2** to **76,000m^2** of retail floorspace, or 1.7m^2 of retail floorspace per capita. The two centre scenarios and floorspace requirement are shown in Table 3, and summarised in Maps 5 and 6.

The allowance also includes 5,000m^2 of retailing at the local centre level of the hierarchy. Note that locations for approximately 5 to 7 local centres in the NGGA can only be determined through a more detailed urban design process. These centres will increase the accessibility of residents in the NGGA to basic convenience retail and other facilities.

Subject to detailed urban planning and design, the provision of a 'mixed business area' is advocated for the NGGA which provides an appropriate location for a wide range of service businesses to operate. These would include the full-range of service businesses in an urban area related to motor vehicle sales and repairs, light industry, trade and wholesale business etc.

Mixed Business Area

On an indicative basis, a mixed business area able to accommodate **25,000m^2** of floorspace is proposed. A possible location is in proximity to the sub-regional centre given its higher-order role.

Homemaker Retail

At present in Australia, major homemaker centres and precincts typically have a minimum 'critical mass' of 20,000m^2 of floorspace. For the NGGA, a marginally higher allowance for **25,000m^2** of retail floorspace is recommended allowing for the potential for some sales and visitation to be drawn from Lara and Lara West.

Typically, a homemaker retail precinct will also include some showroom uses that are non-retail in nature. A nominal allowance of **5,000m^2** has been made for non-retail uses co-locating with a homemaker retail precinct in the NGGA – this may be delivered at an edge-of-centre location to the sub-regional centre.

Table 3 NGGA Forecast Retail Floorspace and Non-Retail Floorspace (Indicative)

	Four Centre Scenario		Three Centre Scenario	
Retail Hierarchy	Retail	Non-Retail	Retail	Non-Retail
Sub-Regional	25,000m^2	10,000m^2	30,000m^2	15,000m^2
Neighbourhood	21,000m^2	9,000m^2	14,000m^2	6,000m^2
Homemaker	25,000m^2	5,000m^2	25,000m^2	5,000m^2
Local	5,000m^2	2,000m^2	5,000m^2	2,000m^2
Mixed Business Area	n.a.	25,000m^2	n.a.	25,000m^2
Total	**76,000m^2**	**51,000m^2**	**74,000m^2**	**53,000m^2**

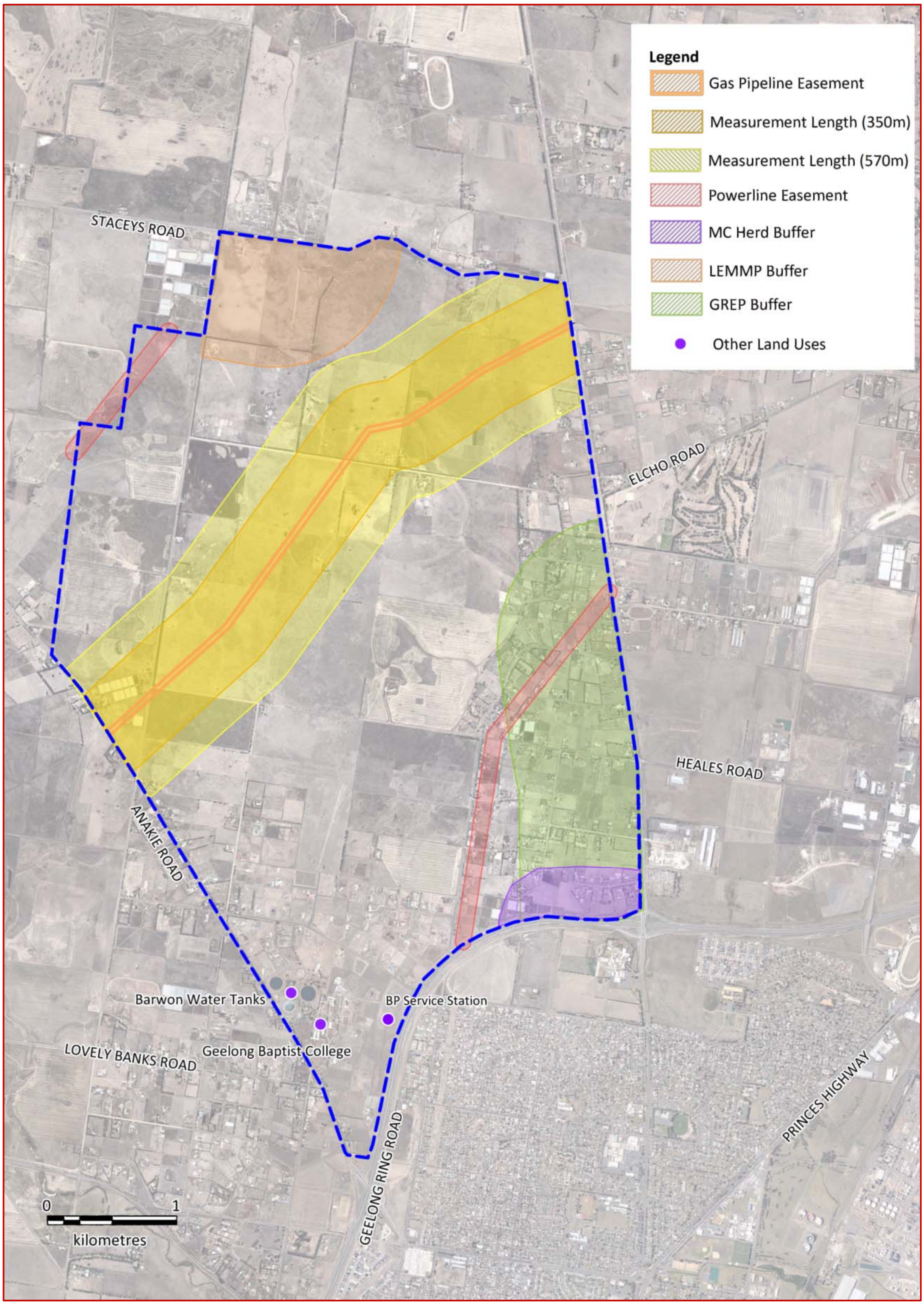
Source: Essential Economics

5 Summary

In terms of achieving a net community benefit, both activity centre hierarchy options deliver the following general outcomes:

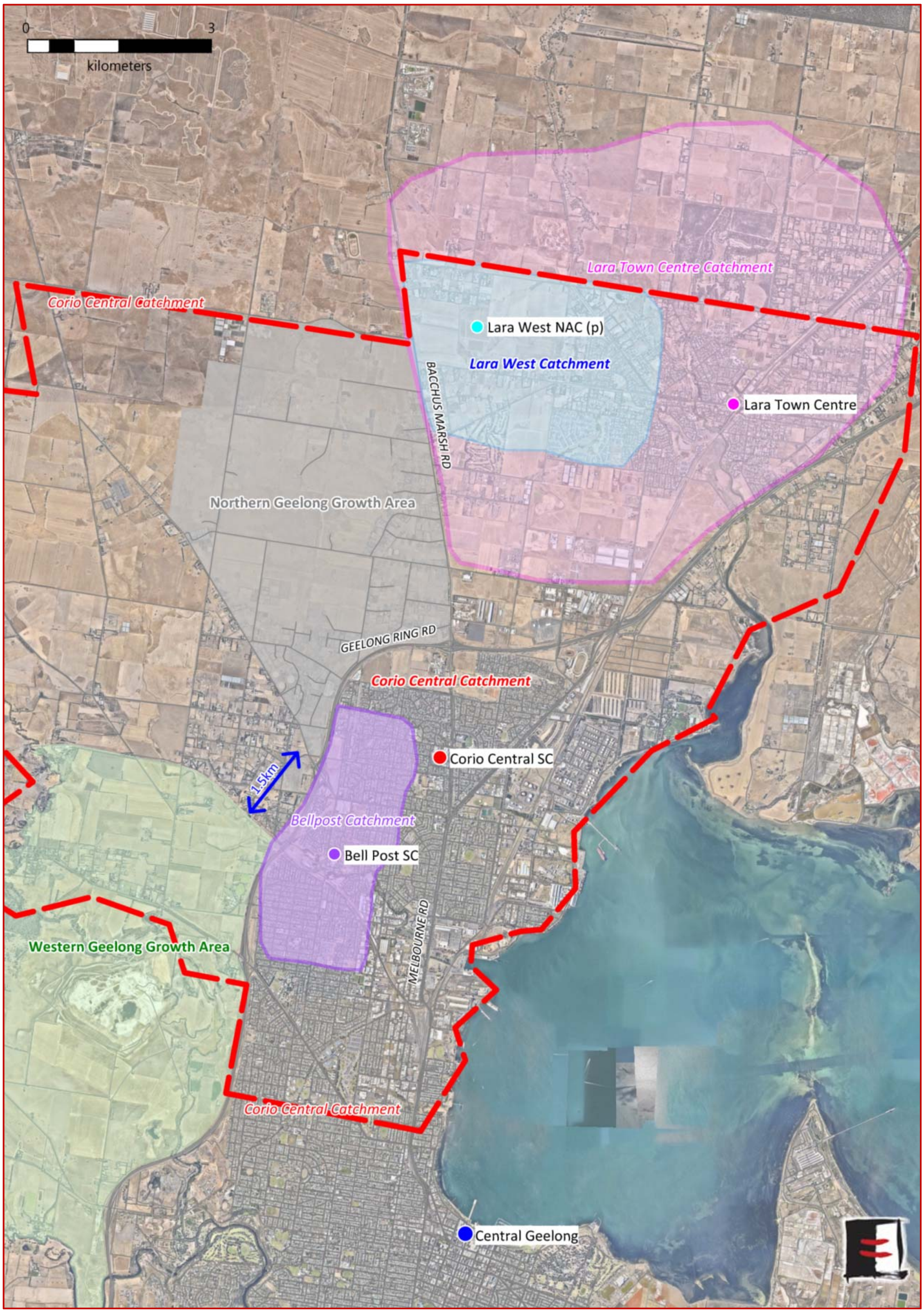
- **Employment:** The retail floorspace identified in the proposed hierarchy options will generate a total of approximately **2,500 jobs**.
- **Retained Spending:** The proposed activity centre hierarchy in the NGGA would retain the equivalent of approximately 75% to 80% of spending by residents (in net terms). This is equivalent to $425 million to $450 million of retail spending in 2016 dollars.
- **Balanced Hierarchy:** The provision of sub-regional, neighbourhood, local, homemaker activity centres and a mixed business area in the NGAA will provide residents with a genuine sense of choice and a full-range of local facilities.

Map 1 NGGA Urban Land Use Influences



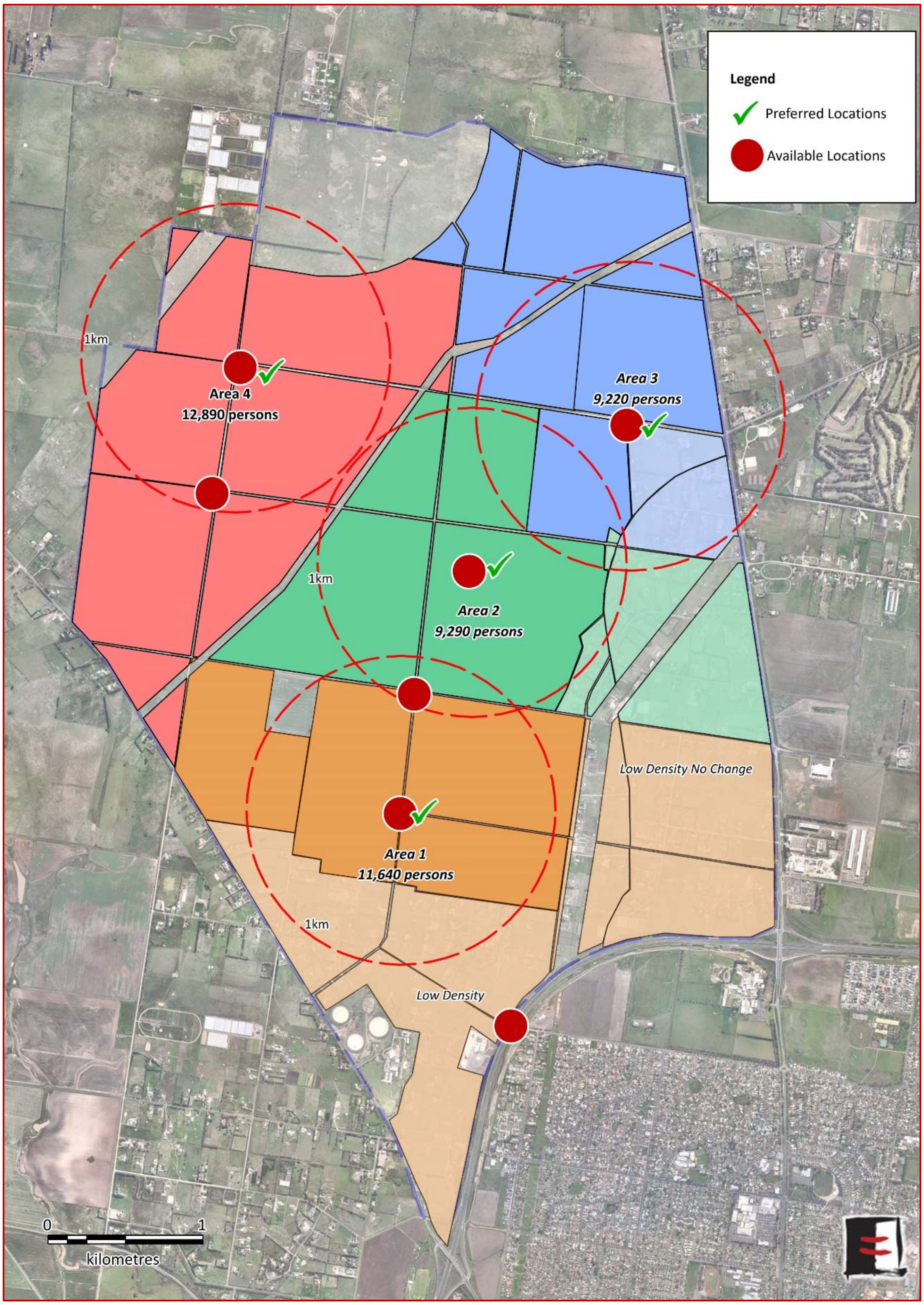
Source: Essential Economics

Map 2 Centre Catchment Comparison (Indicative Catchment Areas)



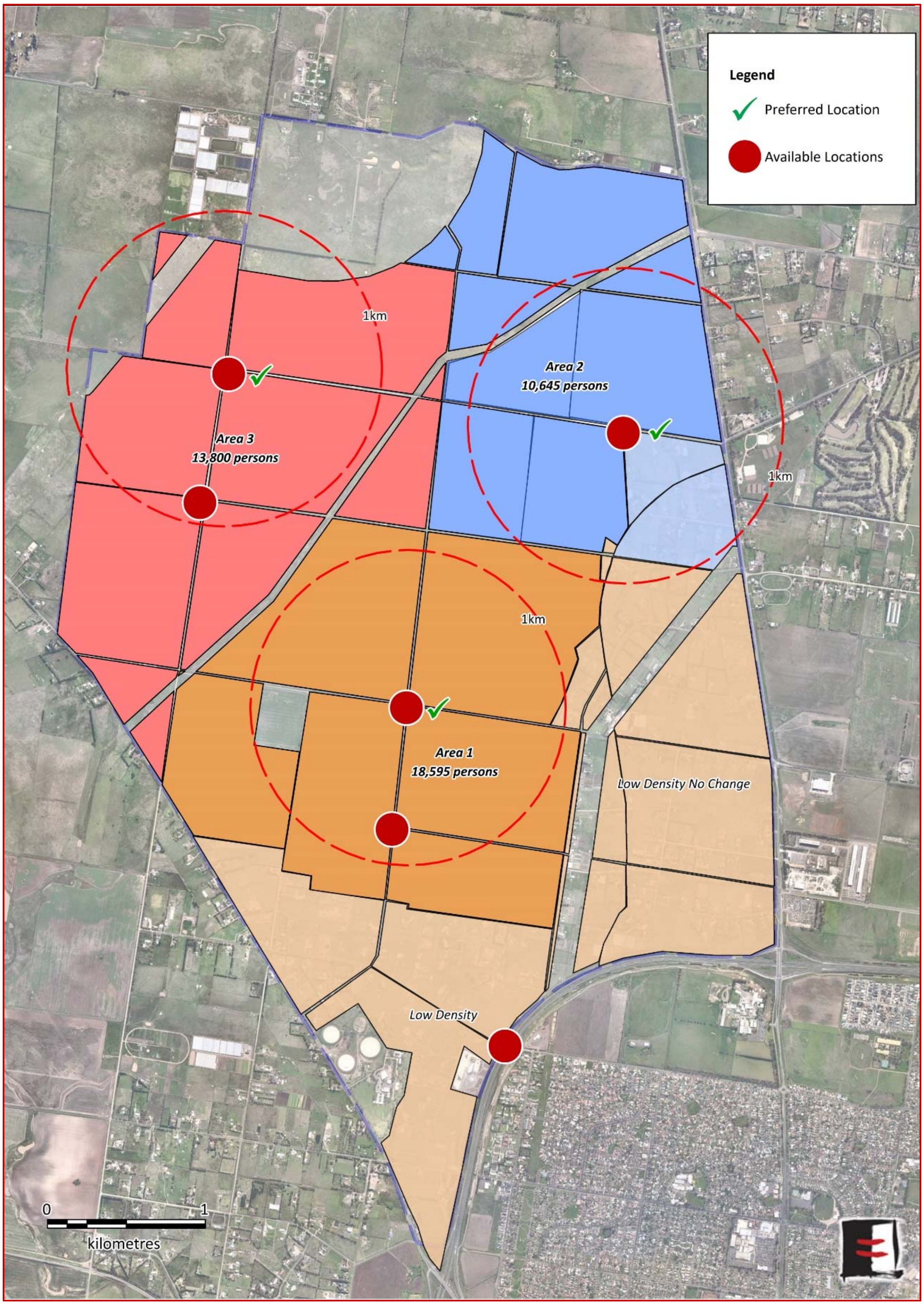
Source: Essential Economics with MapInfo
Note: Prepared with reference to draft Geelong Retail Strategy 2016 and published sources

Map 3 NGGA - Four Centre Scenario



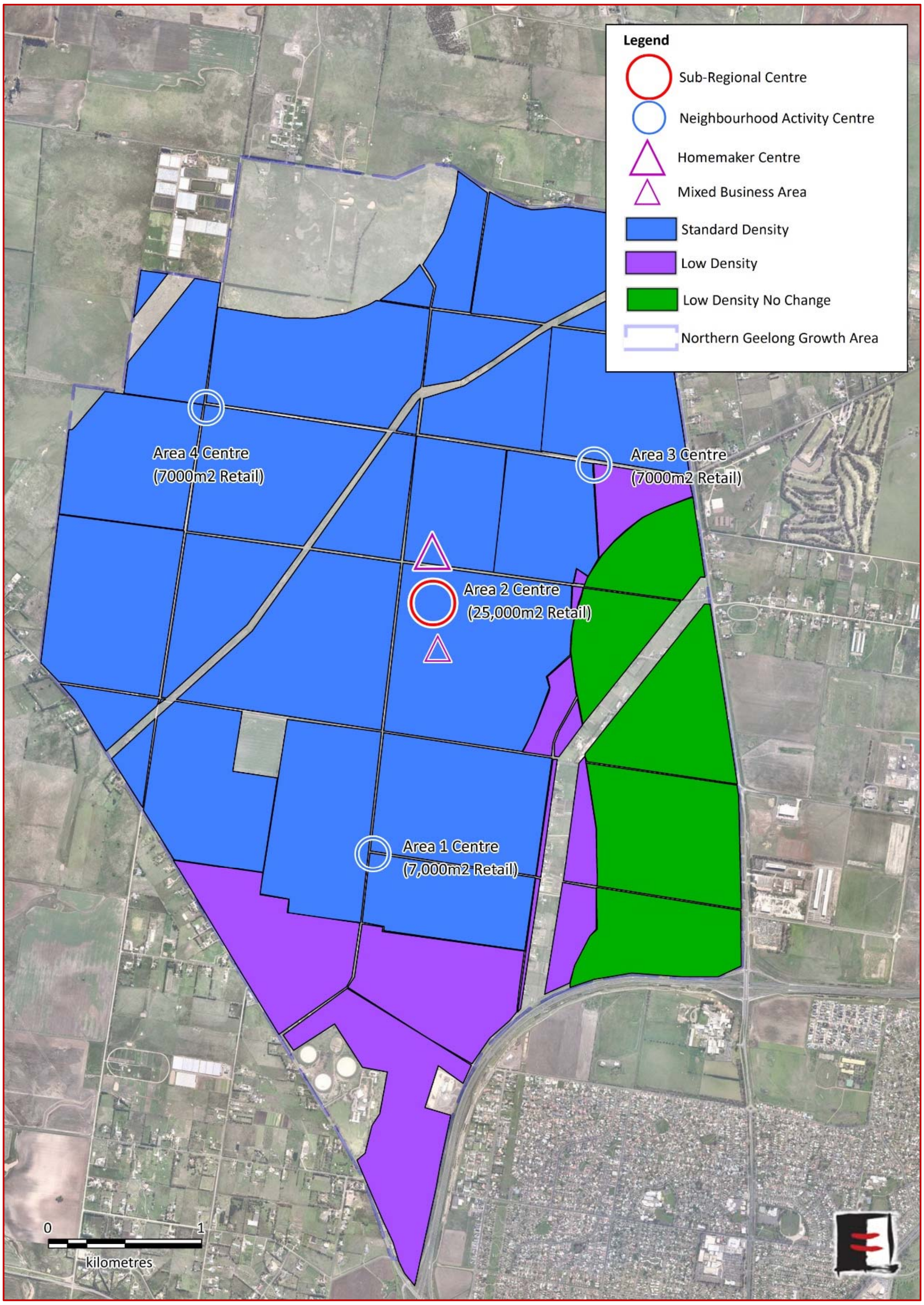
Source: Essential Economics

Map 4 NGGA - Three Centre Scenario



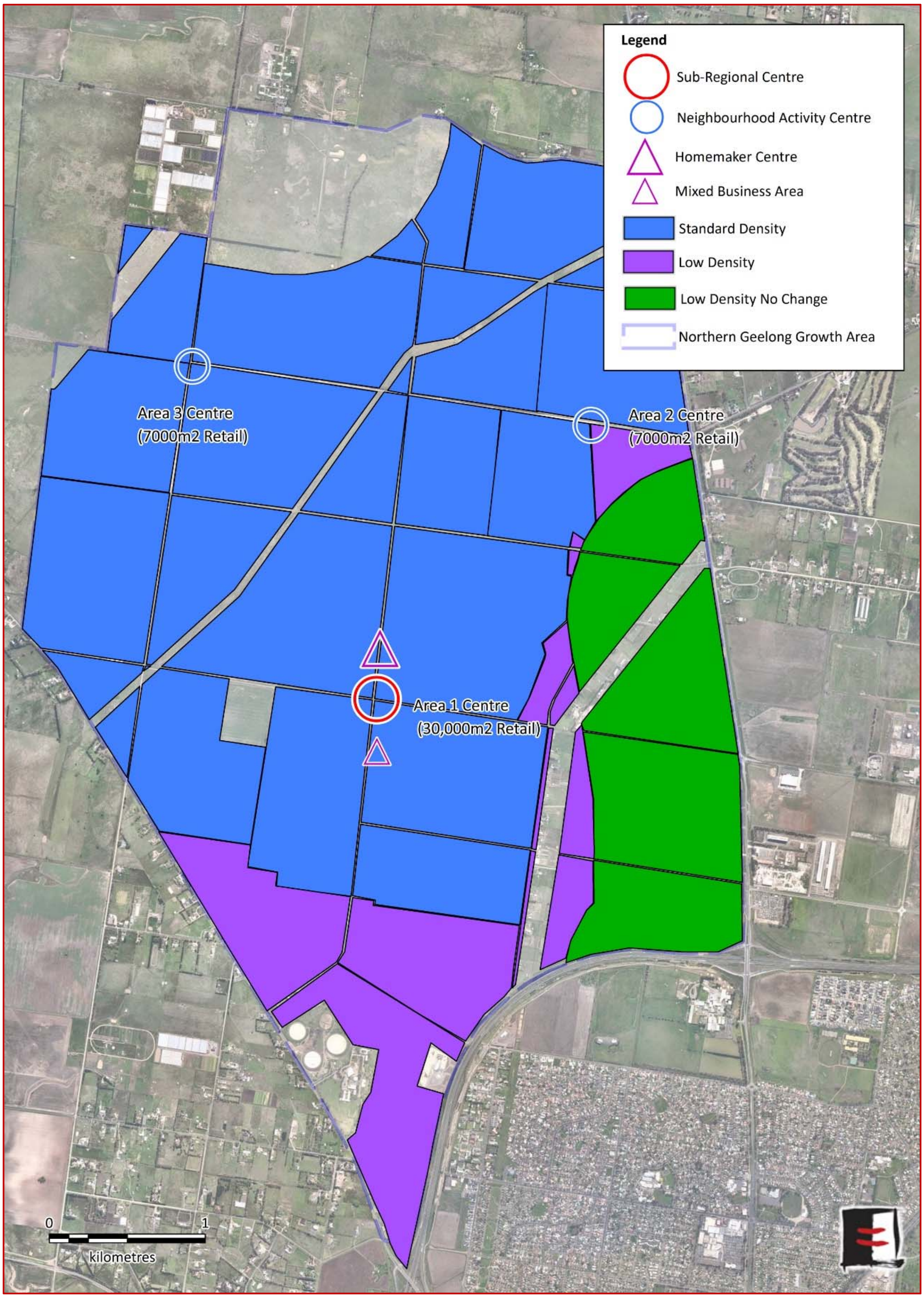
Source: Essential Economics

Map 5 NGGA Four Centre Scenario (Indicative Locations and Floorspace)



Source: Essential Economics with MapInfo

Map 6 NGGA Three Centre Scenario (Indicative Locations and Floorspace)



Source: Essential Economics with MapInfo