



ESSENTIAL ECONOMICS

# TORQUAY AND JAN JUC RETAIL STRATEGY REVIEW 2005

Prepared for

Surf Coast Shire

By

Essential Economics Pty Ltd

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Reference Document

The Torquay and Jan Juc Retail Strategy Review is a reference document of the Surf Coast Planning Scheme. As a reference document it provides background information to assist in understanding the context within which a particular policy or provision has been framed. This document is not part of the Surf Coast Planning Scheme and has no legislative status under the *Planning and Environment Act, 1987*.

Surf Coast Shire Council, 2008.

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# INTRODUCTION

## Background

Surf Coast Shire is currently undertaking an in-house review of future planning for the Torquay-Jan Juc area, given the locality's importance as a major coastal growth centre. This importance has been confirmed in both the *Victorian Coastal Strategy 2002* and the *Great Ocean Road Strategy 2004* which confirm the importance of new residential growth areas in northern and western Torquay.

Essential Economics prepared the "*Torquay Town Centre Retail Strategy*" in 1999 which supported the provision of a second supermarket in the Torquay Town Centre and the concentration of retail activity in and around Gilbert Street. In 2003, Essential Economics also undertook the *Torquay Retail Strategy Review* which reviewed the original strategy.

The 1999 retail strategy provided the framework for the development of the *Torquay Town Centre Revitalisation Project (Jump Starting the Heart)*, 2001, which is a streetscape, urban design and traffic management study. The recommendations of that report have commenced to be implemented through the Torquay Town Centre Management Project and the development of a Car Parking Strategy. It is intended that the Car Parking Strategy will lead to the incorporation of a Car Parking Precinct Plan in the Surf Coast Planning Scheme.

As input to the Torquay and Jan Juc Retail Strategy Review being undertaken by Council, Essential Economics has been engaged to update some of the base information contained in the *Torquay Retail Strategy Review* and undertake a fresh examination of the options for retail and commercial development in the area, based on existing data and taking into account the requirements of Councils review process.

## Objectives

1. Update retail floorspace demand projections for Torquay;
2. Confirm the most desirable and sustainable role, function and configuration for the Torquay Town Centre, and assess the ideal retail size and mix for the centre;
3. Assess options for the provision of new retail floorspace in Torquay beyond existing zonings;
4. Assess options for configuration of development on the former primary school site, having regard to its linkage with existing retail development and future development to the east of Payne Street, as well as possible future development on the north of Bristol Road;
5. Review the appropriateness of maintaining the Zeally Bay Road dedicated office precinct; and
6. Determine what retail floorspace should be accommodated in small neighbourhood centres provided in the future new residential development areas of Torquay.

## Approach

In broad terms, our retail assessment will undertake the following:

1. Update retail floorspace demand forecasts in Torquay taking into account the latest ABS Estimated Resident Population data, population forecasts prepared recently by the DSE, retail spending forecasts and the latest trends in the retail sector both generally and in the context of Torquay and surrounding region.
2. Assess the appropriate retail size and format of the Torquay Town Centre to meet both existing and future community need. This will take into account any existing retail gaps in the centre and will also assess the potential of the Town Centre to attract future retail development in the context of the results of Task 1.
3. Examine options for growth in the Town Centre beyond its existing footprint and the longer term potential of the centre to extend into adjacent areas currently zoned for alternate uses such as residential.
4. Undertake a more specific assessment of the former primary school site and the appropriate scale of retail development having regard for the site's orientation in relation to the existing centre and the site's potential future role in an enlarged Town Centre.
5. Assess the appropriateness of the Zeally Bay Road office precinct from an economic and strategic planning perspective.
6. Examine the potential for small neighbourhood centres to locate in future new residential areas of Torquay. This will look at issues including the potential size, location and role of these centres in the local retail hierarchy.

# 1 EXISTING STUDIES AND PROJECT OVERVIEW

This section provides a brief overview of existing reports relating to retail planning in Torquay and a background on the issues which are the subject of this review.

## 1.1 Existing Studies

The *Torquay Town Centre Strategy* prepared in 1999 by Essential Economics was mainly focused on the shopping centre role of Gilbert Street and the potential for growth and change. The Strategy confirmed the need for the Torquay Town Centre (Torquay TC) to be “*the retail, commercial and community focus of Torquay and the Surf Coast Shire*” and the importance of ensuring that new shopping centres and retail which directly competed with the Torquay Town Centre are discouraged. The report therefore made the recommendation that a second supermarket in Torquay should locate within the Torquay TC rather than in a standalone location elsewhere in Torquay.

Another recommendation related to the long term growth of the Torquay TC and it was determined that this should occur along a westerly axis from the existing centre, including ultimately the Torquay Primary School site and further west along Bristol Road.

The *Torquay Retail Strategy Review* prepared in 2003 by Essential Economics further reinforced the need to maintain the primacy of the Torquay TC in the local retail hierarchy. The review also noted that there is likely to be substantial growth in the demand for retail floorspace in the Surf Coast region over coming years, and that the physical capacity of the existing Torquay TC site to meet increased retail floorspace demand is limited. Therefore the Torquay Primary School site was identified as an appropriate site to cater to retail floorspace growth if development is approached in an integrated manner with the existing Torquay TC. The report warned that without retail development on the school site “*then extreme pressure will emerge for new areas to develop*” which could potentially threaten the primacy of the Torquay TC. The potential for the Torquay TC to expand further to the west along Bristol Road in the long term was also confirmed in the 2003 report.

## 1.2 The Need for a Review

Since the 2003 *Torquay Retail Strategy Review*, there have been a number of changes which mean an updated view of the appropriate retail planning in Torquay needs to be considered. These include:

- The operation of a new Safeway supermarket in the Torquay TC,
- The sale of the Torquay Primary School site to private developers,
- Population growth in Torquay and the Surf Coast region which has been higher than originally forecast,
- Potential for a major new centre in the Grovedale-Mt Duneed growth area to the north of Torquay, and
- The availability of an updated MarketInfo retail spending model.

All these factors need to be taken into account in the current retail review for Torquay.

## 2 MAIN TRADE AREA ANALYSIS

### 2.1 Introduction

This section provides a detailed analysis of the main trade area served by retail facilities in the town of Torquay. There is an assessment of the current and forecast population of the main trade area and the socio-economic characteristics of these residents, as well as estimates and forecasts of tourists and visitors to Torquay. This analysis assists in identifying the likely future levels of demand that will exist for retail facilities in Torquay.

This section discusses Torquay's:

- location and regional context;
- main trade area population;
- the socio-economic characteristics of the main trade area population;
- location and size of residential growth areas; and
- levels of tourist visitation to Torquay.

### 2.2 Torquay Location and Description

Torquay is a coastal town located to the south of Geelong and is the main service centre for the Surf Coast Shire. Torquay's location within commuting distance of Geelong and a relatively easy driving distance from Melbourne, along with the popularity of coastal living, has driven strong rates of residential development and population growth in recent years.

In addition, the presence of well known surf beaches in the area, particularly Bells Beach, and the Great Ocean Road which stretches to the west from Torquay, means that the town and adjacent "Surf Coast" region is also a popular holiday destination for both Australian and overseas visitors.

Map 1 illustrates the location of Torquay and its broader regional context.

The Torquay Town Centre, which is focused on Gilbert Street to the east of the Surf Coast Highway, provides a wide range of both retail and non-retail services to the surrounding region including supermarkets, convenience and apparel retailing, and business services. The strength of the town centre is illustrated by the recent addition of a second supermarket to the centre, a Safeway store of approximately 2,750m<sup>2</sup>.

The former Torquay Primary School Site is a parcel of land with strategic significance due to its close proximity to the Torquay TC. This land is located directly to the west of the Town Centre and is currently vacant. The site is not contiguous with the Town Centre, but is separated by several allotments in residential use (houses and flats). The overall site covers approximately 2.1 ha and is at present being considered for a range of both commercial and residential land uses. Development scenarios for this site will be discussed in more detail later in this report.



Map 1 Torquay Location and Regional Context





TORQUAY AND JAN JUC RETAIL STRATEGY REVIEW 2005



Map 2 Torquay Retail Locations

Source: Melways on CD  
Produced by: Essential Economics



Other significant sites in terms of retail activity in Torquay include:

- Bell Street adjacent to the Torquay Camping and Caravan Ground, offers primarily tourist and visitor oriented retail activities such as takeaways, restaurants, mini golf, etc, although there is a general store and hardware outlet serving local residents;
- Surf City Plaza which is a popular shopping destination for surfing based apparel and equipment and includes major surf brand outlets such as Rip Curl and Quiksilver; and
- The Jan Juc shops which provide convenience items to the adjoining township of Jan Juc.

Map 2 shows the key sites of retail activity in Torquay.

### 2.3 Torquay Main Trade Area

When undertaking a retail assessment, the geographical region from which a centre's trade is derived is typically known as the main trade area. A number of factors are taken into consideration when identifying a trade area such as:

- the size and composition of the centre;
- location, size and composition of competing centres;
- physical and natural barriers, such as rivers, mountain ranges, coast lines, etc;
- access to the main road network; and
- location of residential growth areas.

In a situation where it is not a specific centre being considered, but rather a range of centres, as is the case with this study of Torquay which includes a range of retail facilities, it is important to more broadly consider the wider role played by the retail sector in the town. In the case of Torquay, the retail catchment served by the town is largely influenced by the role of the Torquay TC.

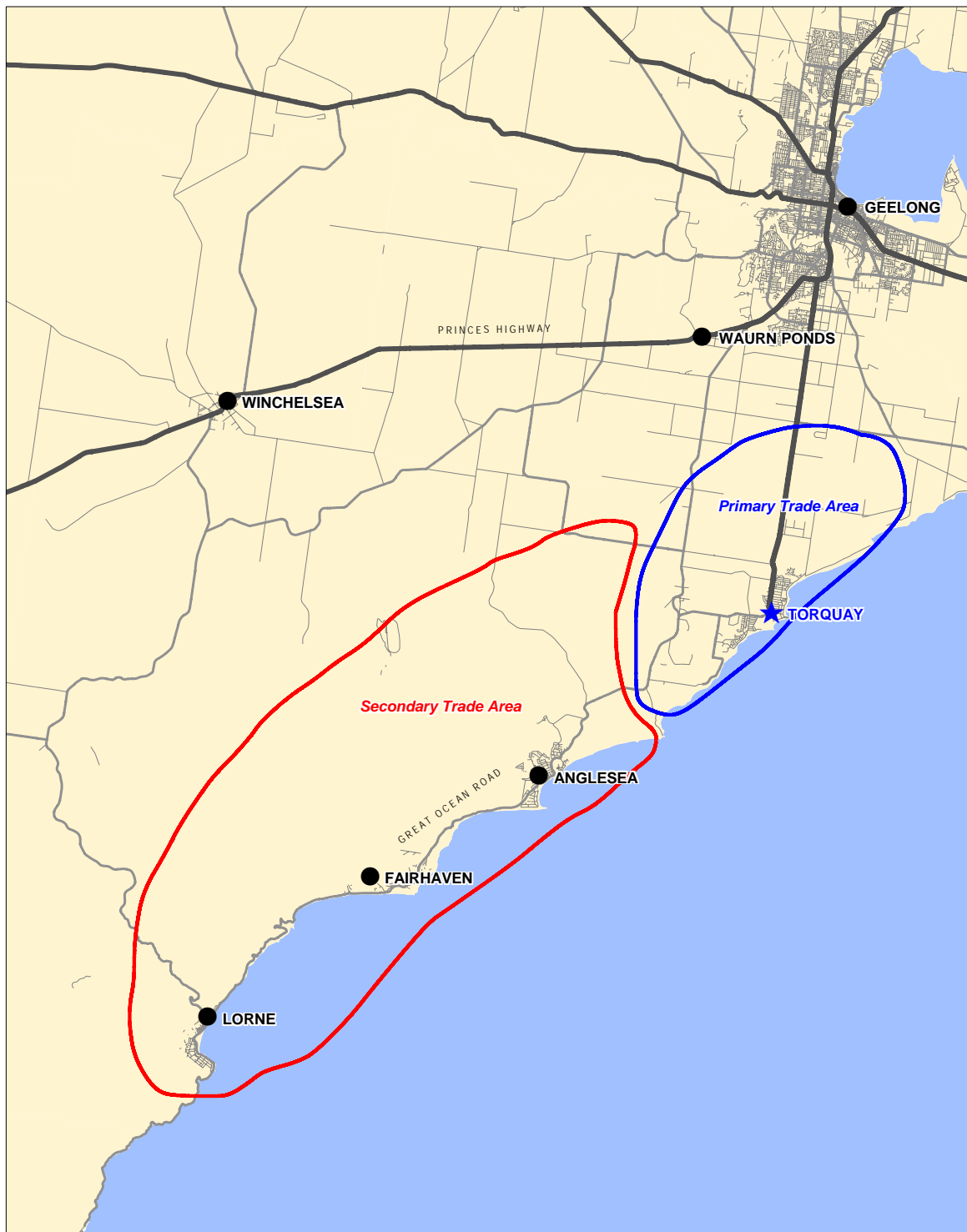
The Torquay TC is the main location serving the residents of the Surf Coast Shire with their basic weekly retail requirements including supermarket shopping. As the resident population of the Surf Coast continues to grow, the role and function of the Torquay Town Centre will continue to evolve in order to meet the needs of the growing population.

Having regard for the above considerations, the following trade area sectors have been defined and are shown in Map 3:

- **Primary Trade Area (PTA)**, which includes Torquay, Jan Juc and the surrounding environs including the northern and western residential growth corridors. The PTA is where the retail facilities in Torquay draw their core resident catchment from.
- **Secondary Trade Area (STA)**, which includes the townships located along the Great Ocean down to Lorne, including the surrounding hinterlands. Residents of the STA will regularly use the retail facilities in Torquay, but also have their own alternate retail facilities which they will regularly utilise for basic convenience oriented shopping.

Combined, the PTA and the STA comprise what is termed the **Main Trade Area (MTA)**.

Due to a range of factors such as the potential for increased retail development in the Torquay Town Centre offered by the former primary school site, the trade area identified in this report differs slightly to those identified in previous retail assessments undertaken by Essential Economics. Previous assessments have not included Lorne in the trade area, however; given the addition of a 3,000m<sup>2</sup> Safeway to the Torquay Town Centre, and that the travel time between Lorne and Torquay is similar



Map 3 Torquay Town Centre Trade Area

Source: CData with MapInfo  
Produced by: Essential Economics



to that between Lorne and Colac (where there is also a Safeway), we have extended the STA to include Lorne and the surrounding hinterland for the purpose of this assessment.

## 2.4 Main Trade Area Population Analysis

Estimates of the historical and current trade area population have been prepared based on official ABS estimated resident population (ERP) figures which are prepared by both Local Government Area (LGA) and individual Census Collection District (CCD). Trade area population forecasts are based on growth rates published in *Victoria in Future 2004* by the Department of Sustainability and Environment (DSE).

The following paragraphs describe the population trends in the Surf Coast Shire, compare the most recent growth rates prepared by DSE with earlier growth rates, and describe the recent trade area population trends and outline trade area population forecasts.

### Surf Coast Population Trends

Table 1 shows that the Surf Coast Shire had an estimated resident population of 22,470 persons in 2004. This represents a strong population growth rate of around 3.0% per annum since 1999. Over the same period, the average population growth rate for regional Victoria was just 1.0% per annum. This illustrates the increased popularity of the Surf Coast and Torquay as a place to live and the strong demand for new residential development in the area.

**Table 1: Surf Coast Shire Population Trends, 1994 to 2004p**

Statistical Area	1994	1999	2001	2003	2004p	1999-2004p
<b>Estimated Resident Population</b>						
Surf Coast - East	8,980	10,780	11,910	12,840	13,190	-
Surf Coast - West	<u>7,900</u>	<u>8,610</u>	<u>8,970</u>	<u>9,230</u>	<u>9,280</u>	-
<b>Surf Coast - Total</b>	<b>16,880</b>	<b>19,390</b>	<b>20,880</b>	<b>22,070</b>	<b>22,470</b>	-
Regional Victoria	1,274,550	1,306,690	1,333,100	1,356,100	1,372,700	-
Victoria	4,487,570	4,686,400	4,804,730	4,911,430	4,972,780	-
<b>Average Annual Growth (%)</b>						
Surf Coast - East	-	3.7%	5.1%	3.8%	2.7%	4.1%
Surf Coast - West	-	<u>1.7%</u>	<u>2.1%</u>	<u>1.4%</u>	<u>0.5%</u>	<u>1.5%</u>
<b>Surf Coast - Total</b>	-	<b>2.8%</b>	<b>3.8%</b>	<b>2.8%</b>	<b>1.8%</b>	<b>3.0%</b>
Regional Victoria	-	0.5%	1.0%	0.9%	1.2%	1.0%
Victoria	-	0.9%	1.3%	1.1%	1.2%	1.2%
<b>Average Annual Growth (pers.)</b>						
Surf Coast - East	-	360	565	465	350	482
Surf Coast - West	-	<u>142</u>	<u>180</u>	<u>130</u>	<u>50</u>	<u>134</u>
<b>Surf Coast - Total</b>	-	<b>502</b>	<b>745</b>	<b>595</b>	<b>400</b>	<b>616</b>

Source: ABS Regional Population Growth (Cat 3218.0)

The Statistical Local Area (SLA) of Surf Coast – East, which includes the township of Torquay, had a resident population estimated at 13,190 persons in 2004. Surf Coast – East in particular has been experiencing a strong population growth rate of 4.1% per annum between 1999 and 2004 as a result of the availability of land for new residential development, as well as the relative proximity and accessibility to the major centres of Geelong and Melbourne which make commuting possible.

Surf Coast – West SLA which stretches from Anglesea to Lorne and includes the surrounding hinterlands, had an estimated resident population of approximately 9,280 persons in 2004 which represents growth of 1.5% per annum since 1999, also above the average annual growth rate for regional Victoria (1.0%).

### **DSE Population Forecasts**

Official population forecasts for Victoria are prepared by the DSE in its *Victoria in Future* publication. The latest forecasts were released in 2004 and are shown by SLA. In Table 2.2 below, the official forecasts for the Surf Coast Shire are shown.

**Table 2.2 Surf Coast Shire DSE Population Forecasts, 2004 to 2030**

<b>Statistical Local Area</b>	<b>2004</b>	<b>2007</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>
<b><u>Population</u></b>					
Surf Coast - East	13,190	13,990	15,210	19,380	23,440
<u>Surf Coast - West</u>	<u>9,280</u>	<u>9,420</u>	<u>9,570</u>	<u>9,830</u>	<u>9,920</u>
<b>Surf Coast - Total</b>	<b>22,470</b>	<b>23,410</b>	<b>24,780</b>	<b>29,210</b>	<b>33,360</b>
<b><u>Population Growth Rates pa</u></b>					
Surf Coast - East		2.0%	2.8%	2.5%	1.9%
<u>Surf Coast - West</u>		<u>0.5%</u>	<u>0.5%</u>	<u>0.3%</u>	<u>0.1%</u>
<b>Surf Coast - Total</b>		<b>1.4%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.3%</b>

Source: DSE, *Victoria in Future 2004*

As can be seen the population of Surf Coast – East, which includes Torquay, is forecast to grow more quickly than Surf Coast – West. Over 90% of population growth in the Surf Coast Shire over the period to 2030 is forecast for the Surf Coast – East SLA.

Given the difficulties and uncertainty associated with preparing long term population forecasts, it is important to review and revise population forecasts regularly. Although DSE's most recent population forecasts were published in 2004, these superseded forecasts prepared in 2000.

Comparing the actual growth rate between 2000 and 2004 with the previous DSE population growth forecasts as published in 2000, it is evident that previous forecasts understated the actual growth which occurred in the Surf Coast Shire. The previous DSE forecasts estimated that the Surf Coast Shire would grow at a rate of 1.3% pa over the period 2000 to 2004. In fact the actual growth rate over the period was more than double that at 3.0% pa. Thus the population growth in Torquay and surrounding areas in recent years has exceeded previous expectations.

As a result of the recent strong rates of the growth along the Surf Coast, the DSE 2004 forecast growth rates for the Surf Coast are notably higher than those previously forecast in 2000. This reflects the increased propensity of small and mid sized coastal towns such as Torquay to experience population growth in what has commonly become called the "sea change" phenomenon. Table 2.3 below shows how the official population projections for the Surf Coast Shire have changed between 2000 and 2004. These significantly more "bullish" population projections for Surf Coast underline further the need to reconsider retail planning for Torquay given the likelihood of population and retail floorspace growth well ahead of previous expectations.

**Table 2.3 DSE Population Growth Rate Comparison, 2000 and 2004**

Statistical Local Area	2000-2004	2004-2010	2010-2015	2015-2020	2004-2020
<b><u>Victoria in Future 2000 Growth Rates</u></b>					
Surf Coast - Total	1.3%	1.1%	1.1%	1.2%	1.2%
<b><u>Victoria in Future 2004 Growth Rates</u></b>					
	<u>Actual</u>	<u>DSE 2004</u>			
Surf Coast - Total	3.0%	2.0%	1.7%	1.6%	1.8%

Source: DSE Victoria in Future 2000 and 2004, ABS Regional Population Growth

### ***i.d. Consulting Population Forecasts***

In 2004, i.d. consulting Pty Ltd prepared detailed population and demographic forecasts for the Surf Coast Shire.

These forecast the Shire's population to reach approximately 32,210 residents in 2016, which represents an average growth rate of 2.9% per annum between 2001 and 2016. i.d.'s forecasts indicate that the majority of population growth will occur in the township of Torquay at around 5.5% per annum between 2001 and 2016. Population growth is forecast elsewhere across the Surf Coast Shire, although at a lower rate than forecast for Torquay.

Comparing the DSE and i.d. forecast population growth rates for the Surf Coast Shire, it is apparent that i.d. has forecast stronger growth in the Shire over the period to 2016.

Table 2.4 shows a summary of i.d.'s population forecasts. For reasons noted below, these forecasts have not been directly adopted into the trade area population forecasts shown in this report which are based on the DSE figures. Nevertheless, the high growth nature of these projections underlines the need for a flexible approach to the timing of future retail development in Torquay and careful monitoring of ongoing population trends.

**Table 2.4 i.d. Consulting Population Forecasts**

Locations	2001	2016	Change in population, 2001 to 2016	Average annual popn change (%) 2001 to 2016
<b>Surf Coast Shire</b>	<b>20,880</b>	<b>32,210</b>	<b>11,330</b>	<b>2.9%</b>
Anglesea	2,440	3,080	640	1.5%
Jan Juc-Bellbrae-Bells Beach	4,190	4,570	380	0.6%
Lorne-Aireys Inlet-Deans Marsh	2,990	3,940	950	1.9%
Moriac-Rural East	2,400	3,140	740	1.8%
Torquay	6,300	14,120	7,820	5.5%
Winchelsea-Rural West	2,550	3,370	820	1.9%

Source: i.d. consulting Pty Ltd (2004)



## Main Trade Area Population Forecasts

For the purposes of this report, the MTA population forecasts prepared in Table 2.5 are based on the official DSE forecast growth rates shown in Table 2.2. This reflects the official nature of these forecasts, their recent release and the ease of compatibility between these forecasts and official ABS data also used by Essential Economics.

Table 2.5 shows that the Torquay PTA (shown in Map 3) had a population of approximately 11,200 residents in 2004 and has grown at an average annual growth rate of 4.3% pa, or approximately 400 residents pa, since 1996.

The STA includes approximately 7,200 residents and has also witnessed strong residential growth in recent years, although not as strong as the PTA. In total, the MTA had a resident population of approximately 18,400 persons in 2004.

Strong population growth is forecast to continue for the PTA where it is forecast the population will reach approximately 13,550 residents in 2010 and approximately 21,330 in 2030. Thus the population of the PTA is expected to almost double over the next 25 years.

The STA is also forecast to experience population growth, although at a slower rate than experienced in the PTA. It is forecast the STA resident population will reach approximately 7,560 persons in 2010 and approximately 7,930 persons in 2030. This represents a relatively modest rate of population growth of 0.4% per annum over the 2004 to 2030 period.

In total, the resident population in the MTA is forecast to reach approximately 29,260 persons by 2030. This is an increase of 10,860 people from the current 2004 MTA population.

**Table 2.5 Trade Area Population Trends and Forecasts, 1996 – 2030**

Trade Area	1996	2001	2004	2007	2010	2020	2030
<b><u>Estimated Resident Population</u></b>							
Primary Trade Area	8,000	9,980	11,200	12,350	13,550	17,650	21,330
<u>Secondary Trade Area</u>	<u>5,900</u>	<u>6,830</u>	<u>7,200</u>	<u>7,410</u>	<u>7,560</u>	<u>7,830</u>	<u>7,930</u>
<b>Main Trade Area</b>	<b>13,900</b>	<b>16,810</b>	<b>18,400</b>	<b>19,760</b>	<b>21,110</b>	<b>25,480</b>	<b>29,260</b>
<b><u>Average Annual Growth (persons)</u></b>							
Primary Trade Area		396	407	380	398	410	368
<u>Secondary Trade Area</u>		<u>186</u>	<u>123</u>	<u>70</u>	<u>55</u>	<u>27</u>	<u>10</u>
<b>Main Trade Area</b>		<b>582</b>	<b>530</b>	<b>450</b>	<b>453</b>	<b>437</b>	<b>378</b>
<b><u>Average Annual Growth (%)</u></b>							
Primary Trade Area		4.5%	3.9%	3.3%	3.2%	2.7%	1.9%
<u>Secondary Trade Area</u>		<u>3.0%</u>	<u>1.8%</u>	<u>1.0%</u>	<u>0.7%</u>	<u>0.4%</u>	<u>0.1%</u>
<b>Main Trade Area</b>		<b>3.9%</b>	<b>3.1%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>1.9%</b>	<b>1.4%</b>

Source: DSE Victoria in Future 2004, ABS ERPs by Census Collection District, and Essential Economics Pty Ltd

## 2.5 Socio-Economic Characteristics of Trade Area

Table 2.6 below provides a summary of the socio-economic characteristics of trade area residents in 2001 as taken from the ABS Census of Population and Housing. Key points include:

- residents in the PTA have incomes which are approximately 25% higher than the regional Victorian average, whilst the residents in the STA have incomes which are approximately 11% higher;
- the proportion of households in the PTA earning more than \$1,000 per week is significantly higher at 42.3% than the average for regional Victoria of 29.3%;
- 23% of PTA residents are aged between 25 years and 39 years, compared to 19% for regional Victoria;
- the PTA has a lower share of residents aged 60 years plus (13.2%) than the STA (20.0%) and regional Victoria (18.8%);
- the PTA also has a slightly larger share of residents approaching retirement age (aged between 40 and 59 years) at 28% compared with the regional Victorian average of 27%.

**Table 2.6 Socio-Economic characteristics of Main Trade Area Residents, 2001**

Item	PTA	STA	MTA	Regional Victoria
<b>Income levels</b>				
Average annual household income per capita	\$20,223	\$17,846	\$19,272	\$16,140
Variation from average	25.3%	10.6%	19.4%	-
% households earning \$1,000 pw or more	42.3%	33.5%	38.8%	29.3%
Average Household Size	2.59	2.58	2.58	2.62
<b>Age Distribution - %</b>				
0-14	24.0%	21.7%	23.1%	22.3%
15-24	12.0%	9.5%	10.9%	12.6%
25-39	22.7%	19.4%	21.3%	19.4%
40-59	28.1%	29.4%	28.6%	27.0%
60+	13.2%	20.0%	16.0%	18.8%
<b>Place of Birth - %</b>				
Australia	87.2%	87.6%	87.4%	89.2%
Other Oceania	1.2%	0.9%	1.1%	0.9%
Europe	9.3%	8.0%	8.8%	7.9%
Asia	0.7%	0.9%	0.8%	0.9%
Other	1.6%	2.6%	2.0%	1.1%
<b>Occupied private dwellings - %</b>				
detached	88.0%	93.5%	90.3%	88.9%
semi detached	4.8%	1.9%	3.6%	3.3%
units/apartments	6.1%	3.1%	4.8%	5.9%
other dwellings	1.2%	1.5%	1.3%	1.9%
occupancy rate (% dwellings occupied)	71.3%	40.4%	54.1%	85.7%
<b>Car ownership - %</b>				
Households owning 3 or more vehicles	15.1%	17.0%	15.9%	16.9%

Source: ABS Census of Population and Housing



## 2.6 Torquay Residential Growth Areas

### *Existing Growth Areas*

Most of the recent population growth experienced in Torquay has been located in an area on the northern edge of the town termed "Torquay North" in the *Torquay/Jan Juc Residential Land Supply Analysis* undertaken by the Surf Coast Shire and Hansen Partnership in 2004. This growth has been in the estates of Wombah Park, South Beach Estate and The Sands located to the north of Deep Creek. Growth in the west of Torquay has also been occurring in the last few years at the Great Ocean Views estate. The location of these estates is also shown in Map 4.

### *Future Growth Areas*

Beyond 2004, the residential development in Torquay is expected to occur in a number of key areas. Table 2.7 below shows the estimated 2004 population and forecast population capacity of the areas shown in Map 4. These population capacity estimates have been provided by the Surf Coast Shire and are based on lot capacity and household size estimates.

**Table 2.7 Torquay Population Capacity**

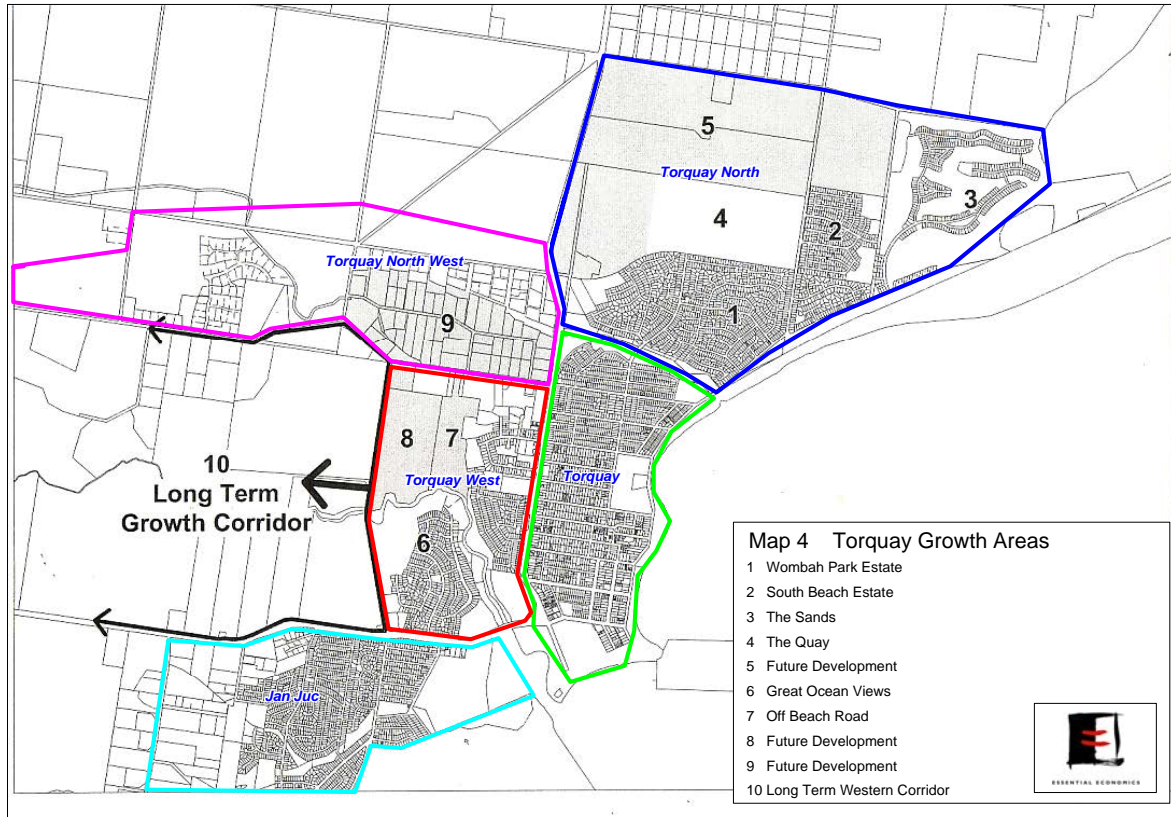
Area	Estimated 2004 Population	Long Term Population Capacity
Torquay Central	2,350	5,110
Jan Juc	2,700	2,900
Torquay West	1,060	3,770
Torquay North	3,200	10,190
Torquay North West	<u>300</u>	<u>1,420</u>
<b>Total</b>	<b>9,610</b>	<b>23,390</b>

Source: ABS Regional Population Growth, Surf Coast Shire

As can be seen from Table 2.7 there is substantial scope for further population in Torquay North, with capacity for approximately 7,000 extra residents. There is also expected to be increased population growth in the established area of Torquay through sub-division of existing residential lots and specific in-fill developments, such as the former Torquay Primary School site.

Based on existing rates of population growth and the forecasts prepared by both i.d consulting and the DSE, the population capacity of Torquay shown in Table 2.7 is unlikely to be reached before around 2030 and possibly some time afterwards. Once population capacity in these areas is reached however, there is the potential for further residential development along a western growth corridor which adjoins the Torquay West locality and which has been set aside for longer term investigation. For the purposes of this study however, it is primarily the areas described in Table 2.7 which are the subject of analysis.

Map 4 Torquay Growth Areas



## 2.7 Torquay Tourists and Visitors

The town of Torquay, and the Surf Coast region generally, is a popular destination for tourists and visitors. These temporary visitors are likely to spend time and money at the retail facilities in Torquay, and there is a clear presence of retailers in the town who are targeting the tourist and visitor spending market.

The visitor and tourist market in Torquay includes those who:

- Stay in holiday house/weekender accommodation
- Stay in commercial accommodation (motels, B&B, caravan parks etc)
- Stay with friends and relatives
- Stop-off as passing trade en route to/from the Great Ocean Road and use local convenience facilities, toilet amenities and highway based retail (e.g. Surf City)

In the 2003 *Torquay Retail Strategy Review* undertaken by Essential Economics, it was estimated that in 2002 around 1.4 million people visited Torquay. This was based on data contained in the *Great Ocean Road Tourism Inventory (2002)* and ABS and BTR publications. Total visitor numbers are expected to increase at a relatively conservative 2% per annum to around 1.7 million visitors in 2011 and 2 million per annum by 2021.

## 2.8 Conclusion

Torquay is a coastal town which has recently experienced strong population growth above previous forecasts and expectations. Surf Coast Shire has experienced population growth of around 3% per annum since 1999 and in Surf Coast – East which includes Torquay, this growth has been around 4.1%. Recent population forecasts by both DSE and i.d. Consulting both show strong population growth is forecast for Torquay over the next 25 years. Most of this growth is expected in growth areas located to the north and west of the existing urban area, although some in-fill residential development is also expected.

The main trade area (MTA) served by the retail facilities in Torquay extends as far west as Lorne and in 2004 had a population of around 18,400 persons. This population is forecast to increase to around 29,260 persons by 2030. The socio-economic characteristics of the MTA population show above average incomes compared to the Regional Victoria average.

## 3 RETAIL FLOORSPACE ANALYSIS

### 3.1 Introduction

This section of the report describes the existing retail hierarchy in the MTA and carefully examines the floorspace and characteristics of all major retail locations. Estimates of retail turnover at these centres are then made and by comparing these turnover figures with the retail spending by MTA residents, estimates of escape spending and the share of turnover derived from tourists and visitors are made.

### 3.2 Existing Retail Hierarchy Serving Main Trade Area Residents

The retail hierarchy serving Torquay MTA residents is summarised in Table 3.1 below.

**Table 3.1: Retail Hierarchy, Torquay Town Centre MTA**

Retail Centre	Retail Facilities	Direct Distance from Torquay TC (km)
<b><u>Regional</u></b>		
Geelong CBA	Department stores, discount department stores, specialty shops, entertainment, business services, etc serving a regional catchment	20
<b><u>Sub-regional</u></b>		
Wairn Ponds	Nearest sub-regional centre includes Target DDS and two supermarkets	18
<b><u>Large Town Centre</u></b>		
Torquay Town Centre and environs (Bell St, Esplanade)	Two supermarkets (Safeway and Foodworks), specialty stores, business services, cafés and restaurants, etc	-
<b><u>Small Town Centre</u></b>		
Lorne	Small IGA, specialty stores, cafés and restaurants, etc. Large tourist component	37
Anglesea	Small IGA supermarket, specialty stores, cafés restaurants, business services, etc.	17
<b><u>Local Centres</u></b>		
Jan Juc	Local shop including a hotel, pharmacy, general store, and two cafés.	3
Aireys Inlet	Bakery, cafés, general store, real estate agents, etc serving the local catchment.	28
<b><u>Specialist Centres</u></b>		
Surf City	Major retail destination for surf related apparel and equipment. Major surfing brands represented including Rip Curl, Quicksilver, Oakley etc as well as seconds outlets.	1

Source: Essential Economics Pty Ltd

The Geelong CBA is the major regional centre serving Geelong and an extensive hinterland, including the Torquay trade area, with its higher order retail and commercial needs. The Town & Country Centre at Wairn Ponds directly to the north of Torquay is also an important destination due to the presence of a Target Discount Department Store (DDS) and two supermarkets as well as a cinema complex.

The Torquay TC itself provides MTA residents with a traditional town centre retail and commercial environment including a wide range of important day-to-day retail needs such as supermarkets, apparel, chemists, restaurants, etc. The Torquay Town Centre is the largest retail centre on the Surf

Coast and is an important destination for the area due to the presence of two supermarkets and a wide range of retail shops and services.

All other smaller centres located along the coast to the west serve their own localised catchments as well as weekenders and visitors during the holiday periods.

### 3.3 Main Trade Area Retail Floorspace Provision

According to a retail floorspace survey undertaken by Essential Economics in April 2005, the MTA has a total of approximately 34,000m<sup>2</sup> of occupied retail floorspace. This retail floorspace serves the local resident MTA population as well as tourists and visitors to the area.

The following paragraphs provide a brief description of each of the centres, whilst Table 3.2 summarises the retail floorspace by centre within the MTA.

**Table 3.2: Retail Floorspace, Torquay Town Centre MTA (April 2005)**

Retail Centre	Food Retail	Food Catering	Non-Food	Retail Services	Total Retail (Occupied)	Vacant Retail
Torquay Town Centre	5,510m <sup>2</sup>	1,500m <sup>2</sup>	3,390m <sup>2</sup>	630m <sup>2</sup>	11,030m <sup>2</sup>	400m <sup>2</sup>
Surf City	100m <sup>2</sup>	990m <sup>2</sup>	4,720m <sup>2</sup>	80m <sup>2</sup>	5,790m <sup>2</sup>	100m <sup>2</sup>
Other Torquay	340m <sup>2</sup>	1,830m <sup>2</sup>	460m <sup>2</sup>	310m <sup>2</sup>	2,940m <sup>2</sup>	80m <sup>2</sup>
Jan Juc	100m <sup>2</sup>	330m <sup>2</sup>	100m <sup>2</sup>	80m <sup>2</sup>	610m <sup>2</sup>	100m <sup>2</sup>
<b>Torquay - Total</b>	<b>6,050 m<sup>2</sup></b>	<b>4,650 m<sup>2</sup></b>	<b>8,670 m<sup>2</sup></b>	<b>1,100 m<sup>2</sup></b>	<b>20,370 m<sup>2</sup></b>	<b>680 m<sup>2</sup></b>
Anglesea	1,260m <sup>2</sup>	1,190m <sup>2</sup>	2,390m <sup>2</sup>	280m <sup>2</sup>	5,120m <sup>2</sup>	200m <sup>2</sup>
Aireys Inlet	350m <sup>2</sup>	660m <sup>2</sup>	350m <sup>2</sup>	100m <sup>2</sup>	1,460m <sup>2</sup>	100m <sup>2</sup>
Lorne	1,270m <sup>2</sup>	2,360m <sup>2</sup>	2,860m <sup>2</sup>	400m <sup>2</sup>	6,890m <sup>2</sup>	0m <sup>2</sup>
<b>Total MTA</b>	<b>8,900 m<sup>2</sup></b>	<b>8,900 m<sup>2</sup></b>	<b>14,250 m<sup>2</sup></b>	<b>1,950 m<sup>2</sup></b>	<b>34,000 m<sup>2</sup></b>	<b>1,000 m<sup>2</sup></b>

Source: Essential Economics floorspace survey April 2005, rounding used

#### Torquay Town Centre

The Torquay Town Centre (TC) is the largest retail destination and the main service and commercial centre in the MTA with approximately 11,050m<sup>2</sup> of retail floorspace. The fresh food and grocery (Food Retail) sector provides the main presence with approximately 5,500m<sup>2</sup> of retail floorspace which includes two supermarkets, including the recently opened Safeway (2,750m<sup>2</sup>) and the Foodworks (2,000m<sup>2</sup>). Torquay TC is the only centre in the MTA offering major supermarket facilities, with all other centres containing at the most a limited range convenience style supermarket or general store.

The Torquay TC also provides residents with around 3,400m<sup>2</sup> of specialty non-food retailers, particularly apparel (approximately 1,700m<sup>2</sup>), as well as food catering (cafes, restaurants and take-away) of approximately 1,500m<sup>2</sup> and retail services floorspace of approximately 650m<sup>2</sup>.

There is only 400m<sup>2</sup> (or 3.5%) of vacant retail floorspace in the Torquay TC, illustrating the current strength of the centre as a retail location.

## ***Surf City***

The popularity of Torquay as a tourist destination and its affiliation with the surfing culture is shown by the presence and popularity of Surf City and associated retail located on the Surf Coast Highway. Surf City provides specialised retail associated with surfing and leisure and has very little competitive relevance to the Torquay Town Centre given the retail at Surf City caters primarily to tourists and visitors and does not have a fresh food and grocery offer.

There is approximately 5,900m<sup>2</sup> of retail floorspace in the Surf City centre and along the Surf Coast Highway which includes stores for all the major brands selling surfing apparel and equipment including Rip Curl, Quiksilver, Oakley, Aloha, Billabong, Roxy and a couple of factory seconds outlets. There is also a food catering presence at Surf City in La Porchetta restaurant, McDonalds and cafés which are primarily aimed towards serving visitors and tourists.

Also notable is a small amount of retail located in Baines Crescent which includes a small amount of bulky goods type categories and some surfwear “factory outlets”.

Surf City and the Highway precinct would draw a significantly higher amount of its trade from visitors to the area relative to the Torquay TC, given its location and focus on the tourist market.

## ***Balance of Torquay***

There is approximately 2,950m<sup>2</sup> of retail floorspace located elsewhere in Torquay including at Bell Street, along the Esplanade and the Surf Coast Highway to the south of Surf City. The majority of this floorspace is catered towards tourists and passing highway traffic as evidenced by the fact that approximately 1,850m<sup>2</sup> (or 65%), of this total floorspace is in the food catering retail category (primarily cafes and take-away food).

The strip of shops located on Bell Street, adjacent to the Torquay Caravan Park includes approximately 2,000m<sup>2</sup> of retail floorspace with approximately 60% in food catering. Although the Bell Street strip appears to be trading adequately during the non-peak periods, trade would increase significantly during the peak holiday periods. The Torquay Hotel is located in Bell Street.

## ***Jan Juc***

Jan Juc contains a small group of shops serving a local catchment with approximately 1,000m<sup>2</sup> of retail floorspace including a general store, fish and chips takeaway, pharmacy, two cafés and the Bells Beach Hotel.

## ***Anglesea***

Anglesea is located on the Great Ocean Road and has a significant retail presence of approximately 5,120m<sup>2</sup> which is anchored by an IGA Everyday Supermarket and provides a mixture of food retailing (approximately 1,260m<sup>2</sup>), apparel (approximately 1,210m<sup>2</sup>) and food catering (approximately 1,190m<sup>2</sup>).

The Anglesea town centre provides retail and business services to the local population, peak period populations and is a popular stop off location for those travelling along the Great Ocean Road.

### ***Aireys Inlet***

Also located on the Great Ocean Road, Aireys Inlet is a small local centre including 1,460m<sup>2</sup> of retail floorspace with approximately 660m<sup>2</sup> of food catering floorspace servicing the local population and those passing by along the Great Ocean Road.

### ***Lorne***

The Lorne TC contains a total of around 6,900m<sup>2</sup> of retail floorspace which is primarily oriented towards serving tourists and visitors rather than the resident population. This drives a high provision of food catering (2,350m<sup>2</sup>) and apparel (1,700m<sup>2</sup>) retail floorspace. For a centre of its size, the proportion of retail floorspace devoted to Food Retail is relatively small, with only a small Foodworks supermarket of approximately 800m<sup>2</sup> available for local residents to undertake their basic grocery shopping.

### ***Summary***

In total there is approximately 34,000m<sup>2</sup> of occupied retail floorspace in the MTA. This retail floorspace provision is being achieved with a retail vacancy rate of only 2.5%, which is an extremely strong result considering that vacancy rates in healthy and vibrant centres are often 6% to 8%. Thus, the retail sector across the MTA overall appears to be performing well.

## **3.4 Permanent versus Peak Population**

It is important to remember, that retailers located in the MTA have a dual role of serving both permanent residents of the MTA as well as the temporary population of tourists and visitors who also form an important retail market which needs to be met by appropriate retail facilities. In regard to tourists and visitors, this market is not consistent in terms of its availability across the year but is highly variable according to a range of factors such as weekends and the summer season, the timing of school holidays and even weather conditions on a day-to-day basis.

In particular, the retail facilities in the MTA need to cope with reality that the trading conditions at times when the tourist and visitor presence is at its height will be significantly different to times when the visitor component of trade is minimal and turnover is driven primarily by the permanent resident population.

Table 3.3 below provides an indication of the extent by which the population of townships along the Surf Coast can increase substantially during peak periods. For instance the difference between the permanent resident population and the overnight peak population in Torquay is estimated at around 340%. Thus at peak times over the December-January holiday period, the retail sector in Torquay is serving a population around three times higher than at low-peak times. This figure is actually well below the towns of Lorne (960%) and Anglesea (730%) where the peak population differential is extremely high and reflected in the extremely high tourist component of retail floorspace.

**Table 3.3 Permanent versus Peak Populations, 2004**

Location	2004 Permanent Population	Overnight Peak Population, Dec 03-Jan 04	Difference (no.)	Difference (%)
Torquay	5,480	18,700	+13,220	341%
Jan Juc	4,060	8,010	+3,950	197%
Lorne	1,300	12,440	+11,140	957%
Anglesea	2,340	16,980	+14,640	726%
<b>Total</b>	<b>13,180</b>	<b>56,130</b>	<b>+42,950</b>	<b>426%</b>

Source: City of Greater Geelong Economic Indicators Bulletin 2003/2004 (City of Greater Geelong)

The Torquay TC, given its role in the retail hierarchy of the MTA, not only serves the peak populations in Torquay and Jan Juc but also provides important retail facilities and town centre services for the permanent residents throughout the wider MTA.

This contrasts with most of the other retail centres in the MTA which provide more limited basic convenience retail facilities for a very localised permanent population, whilst relying on visitors and holiday periods in the limited peak visitor periods for a high proportion of their overall annual sales.

### 3.5 Existing Performance of Retail Centres in the MTA

#### *Retail Sales by Centre*

In Table 3.4 below the trading performance of each centre in the MTA in 2004 is estimated. These turnover estimates are based on the results of the Essential Economics floorspace survey which identified the individual traders in each centre by floorspace and retail category. Indicative trading levels have been applied to specific retailers according to their retail type and our own views on likely trading performance based on "industry knowledge" and, where relevant, industry benchmarks. The share of turnover at each centre which is derived from permanent MTA residents is then estimated once again with the assistance of the results of the floorspace survey and previous studies in Torquay.

**Table 3.4 Estimated Retail Sales by Centre, 2004**

Retail Centre	Retail Floorspace (m <sup>2</sup> )	Estimated Turnover Level (\$/m <sup>2</sup> ) (approx.)	Total Sales (\$m)	% Sales to Trade Area Residents	Sales to Trade Area Residents (\$m)
<i>Torquay Town Centre</i>	<i>11,050</i>	<i>6,145</i>	<i>67.8</i>	<i>76%</i>	<i>51.5</i>
<i>Surf City</i>	<i>5,900</i>	<i>5,015</i>	<i>29.5</i>	<i>44%</i>	<i>13.0</i>
<i>Other Torquay</i>	<i>2,950</i>	<i>3,975</i>	<i>11.7</i>	<i>59%</i>	<i>7.0</i>
<b>Torquay - Total</b>	<b>19,900</b>	<b>5,490</b>	<b>109.0</b>	<b>65%</b>	<b>71.4</b>
Jan Juc	650	4,195	2.6	67%	1.7
Anglesea	5,150	4,620	23.7	64%	15.2
Aireys Inlet	1,450	4,015	5.9	69%	4.1
Lorne	6,850	4,990	34.4	44%	15.0
<b>Total MTA</b>	<b>34,000</b>	<b>5,170</b>	<b>175.5</b>	<b>61%</b>	<b>107.4</b>

Source: Essential Economics Pty Ltd

Note: rounding used on data



Overall retail turnover in the MTA was estimated at around \$175.5 million in 2004. This includes retail turnover in Torquay of around \$109 million or 62% of turnover across the MTA. The Torquay TC has estimated total turnover of around \$68 million at a strong trading level of around \$6,145/m<sup>2</sup> which reflects the presence of two supermarkets and the centres strong year round trading performance. Turnover at Surf City is estimated at around \$29.5 million.

The Torquay TC is estimated to derive 73% of total sales or \$49.7 million from MTA residents. This relatively high share compared to other centres in the MTA is due to the presence in the Torquay TC of a strong range of retail facilities aimed at serving residents of the MTA rather than just tourists and visitors. Nonetheless, given the extent of the MTA, a share of 27% of retail sales from non-MTA residents is still a strong figure.

The share of turnover from non-MTA residents is particularly high in the centres at Surf City and Lorne.

### **Sales by Product Group**

Retail turnover in the MTA by product group is shown in Table 3.5. As can be seen, the highest shares of turnover to MTA residents are in the Food Retail (i.e. fresh food and groceries) and Retail Services product group categories. Food Catering and other non-food retail such as apparel, homewares etc, tend to have a higher share of turnover derived from non-MTA residents.

**Table 3.5 Estimated MTA Sales by Retail Category, 2004**

Product Group	Retail Floorspace (m2)	Estimated Turnover Level (\$/m2) (approx.)	Total Sales (\$m)	% Sales to Trade Area Residents	Sales to Trade Area Residents (\$m)
Food Retail	8,950	6,770	60.5	76%	45.9
Food Catering	8,900	4,340	38.5	47%	17.9
Non-Food	14,250	4,925	70.3	56%	39.4
Retail Services	<u>1,900</u>	<u>3,335</u>	<u>6.3</u>	<u>65%</u>	4.1
<b>Total Retail</b>	<b>34,000</b>	<b>5,170</b>	<b>175.5</b>	<b>61%</b>	<b>107.4</b>

Source: Essential Economics Pty Ltd

Note: rounding used on data

## **3.6 MTA Retail Spending - Current and Forecast**

### **Per Capita Retail Spending**

Per capita retail spending levels are derived from the MarketInfo retail spending model, which is a micro-simulation model that provides small area estimates of retail spending derived from the ABS Household Expenditure Survey 1998/99 and the 2001 Census of Population and Housing. The MarketInfo data takes into account a range of socio-demographic features, income levels, and a range of other data for the area under consideration, and is provided at the Census Collection District level.

Table 3.6 shows the per capita retail spending levels of MTA residents in 2004. Overall retail spending is above the Regional Victorian average across all MTA sectors. In the PTA retail spending is approximately 8.3% above the benchmark average, while in the STA spending is around 6% above the Regional Victoria benchmark. Spending is also above average in all retail product groups.

**Table 3.6 Per Capita Retail Spending by MTA Residents, 2004**

Retail Category	PTA	STA	MTA	Regional Victorian Average
<b><u>PER CAPITA RETAIL SPENDING</u></b>				
Food Retail	\$3,710	\$3,760	\$3,730	\$3,580
Food Catering	\$1,330	\$1,230	\$1,290	\$1,170
Non-Food	\$4,630	\$4,450	\$4,560	\$4,200
<u>Services</u>	<u>\$280</u>	<u>\$290</u>	<u>\$290</u>	<u>\$240</u>
<b>Total Retail</b>	<b>\$9,950</b>	<b>\$9,730</b>	<b>\$9,870</b>	<b>\$9,190</b>
<b><u>VARIATION FROM REGIONAL VICTORIAN AVERAGE</u></b>				
Food Retail	3.6%	5.0%	4.2%	-
Food Catering	13.7%	5.1%	10.3%	-
Non-Food	10.2%	6.0%	8.6%	-
<u>Services</u>	<u>16.7%</u>	<u>20.8%</u>	<u>20.8%</u>	=
<b>Total Retail</b>	<b>8.3%</b>	<b>5.9%</b>	<b>7.4%</b>	-

Source: MarketInfo and Essential Economics Pty Ltd

### **Total Retail Spending**

Table 3.7 shows estimates of total available retail spending by MTA residents in 2004. MTA residents were estimated to spend \$181.7 million on retail items in 2004 including \$111.6 million by PTA residents and \$70.1 million by STA residents. These estimates are based on the MTA population figures shown in Table 2.5 and the per capita retail spending shown in Table 3.6.

Table 3.7 also shows forecasts of retail spending by MTA residents in the period to 2020. The forecast growth in retail spending reflects the MTA population forecasts prepared in Table 2.5 and taking into account growth in real per capita retail spending based on historical growth rates as sourced for ABS National Accounts data.

As can be seen, overall MTA retail spending is forecast to increase by around two-thirds between 2004 and 2020 from \$181.7 million to around \$301.8 million (expressed in 2004 dollars). Around 80% of this growth is forecast for the PTA. This reflects the high rates of population growth which are forecast for Torquay, given the available of land for new residential development in Torquay North and Torquay West.

Retail spending forecasts have not been prepared beyond 2020 as the value of such forecasts as an analytical tool is reduced by the uncertainty associated with forecasting across such an extended timeframe. We would expect however that, if the potential long term residential growth front located in Torquay West is developed beyond 2030, there will be a continuing strong growth in retail spending across the MTA.

**Table 3.7 Total Retail Spending of MTA Residents, 2004 to 2020 (in constant \$2004m)**

Retail Category	2004	2007	2010	2020	Growth, 2004-2020
<b><u>Primary Trade Area</u></b>					
Food Retail	41.5	45.9	50.5	66.5	+25.0
Food Catering	15.0	16.7	18.4	24.7	+9.8
Non-Food	51.9	60.7	70.7	112.6	+60.7
<u>Services</u>	<u>3.2</u>	<u>3.7</u>	<u>4.3</u>	<u>6.9</u>	<u>+3.7</u>
<b>Total Retail</b>	<b>111.6</b>	<b>127.0</b>	<b>144.0</b>	<b>210.7</b>	<b>+99.2</b>
<b><u>Secondary Trade Area</u></b>					
Food Retail	27.1	28.0	28.6	29.9	+2.8
Food Catering	8.9	9.2	9.5	10.1	+1.2
Non-Food	32.1	35.0	37.9	48.0	+15.9
<u>Services</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>3.1</u>	<u>+1.0</u>
<b>Total Retail</b>	<b>70.1</b>	<b>74.4</b>	<b>78.4</b>	<b>91.1</b>	<b>+21.0</b>
<b><u>Main Trade Area</u></b>					
Food Retail	68.6	73.9	79.1	96.4	+27.8
Food Catering	23.8	25.9	27.9	34.9	+11.0
Non-Food	84.0	95.7	108.6	160.6	+76.6
<u>Services</u>	<u>5.3</u>	<u>6.0</u>	<u>6.8</u>	<u>10.0</u>	<u>+4.7</u>
<b>Total Retail</b>	<b>181.7</b>	<b>201.4</b>	<b>222.4</b>	<b>301.8</b>	<b>+120.2</b>

Source: MarketInfo and Essential Economics Pty Ltd

### 3.7 Escape Spending Analysis

“Escape Spending” is a measure of the degree to which MTA resident retail spending escapes to other centres and facilities located beyond the MTA boundary. In an area such as the Torquay MTA where there is a limited higher-order retail offer and only one large centre primarily oriented towards serving resident spending (i.e. Torquay TC), there is always likely to be a degree of escape spending. This is particularly true given the presence of a major regional city in Geelong located directly to the north and the ease of access to Melbourne. Escape spending is also likely to continue in the future given the potential for further development of centres to the direct north of Torquay, including Waurm Ponds and any new retail centre in the Grovedale-Mt Duneed growth area.

Table 3.8 below shows that in 2004, escape spending from the Torquay MTA is estimated at around \$74.3 million or the equivalent of 41% of trade area retail spending. Based on previous work undertaken by Essential Economics this suggests that there has been a modest decrease in escape spending in the Surf Coast region over the past five or so years. An important factor in this change would be the development of the Safeway supermarket and the apparent continued strong performance of the Torquay TC.

Escape spending is highest in the non-food retail categories.

**Table 3.8 Escape Spending From MTA, 2004 (\$2004)**

Retail Sector	Sales to MTA Residents (\$m)	Available Retail Spending (\$m)	Escape Spending (\$m)	Escape Spending (%)
Food Retail	45.9	68.6	22.7	33%
Food Catering	17.9	23.8	5.9	25%
Non-Food	39.4	84.0	44.6	53%
Retail Services	4.1	5.3	1.2	22%
<b>Total Retail</b>	<b>107.4</b>	<b>181.7</b>	<b>74.3</b>	<b>41%</b>

Source: MarketInfo and Essential Economics Pty Ltd

### 3.8 Available Visitor Spending

In 2004, an estimated \$68.1 million of retail turnover in the Torquay MTA is attributable to visitors and tourists. This is derived from total retail turnover in the trade area of \$175.5 million of which \$107.4 million is from MTA residents. Thus, around 39% of total retail turnover in the MTA is from non-MTA residents.

Future growth in spending by visitors and tourists will be driven by both increased visitor numbers as well as increased spending per visitor. Allowing for growth in visitor numbers of 2% per annum and increased spending per visitor of 1%, Table 3.9 shows an indicative forecast of future increases in the level of visitor spending in the MTA.

**Table 3.9 Forecast Visitor Spending in MTA, 2004 to 2020 (\$2004)**

Area	2004	2007	2011	2016	2020
MTA Visitor Spending (\$m)	68.1	74.4	83.8	97.1	109.3

Source: Essential Economics

### 3.9 Conclusion

Total retail floorspace in the Torquay MTA is estimated at 34,000m<sup>2</sup>, and around 20,400m<sup>2</sup> of this floorspace is located in Torquay, including around 11,000m<sup>2</sup> in the Torquay TC. This retail in the MTA has to operate in a trading environment where there are significant fluctuation in trading levels between the peak and low tourist and visitor seasons. Of all centres in the MTA however, the Torquay TC is geared towards meeting the retail needs of MTA residents.

The MarketInfo retail spending model shows that per capita retail spending by MTA residents is around 7% above the Regional Victoria average. Total retail spending by MTA residents is estimated at \$181.7 million in 2004 and is forecast to grow to around \$301.8million by 2020 (expressed in 2004 dollars). Escape spending from the MTA is estimated at around \$74.3 million or 41% of MTA spending in 2004, and escape spending from the MTA is highest in the non-food retail categories.

## 4 RETAIL FLOORSPACE POTENTIAL

### 4.1 Introduction

This section provides estimates of the additional supportable retail floorspace in the MTA to 2020 and also provides an indicative guide to the floorspace requirements up to 2030. These forecasts are based on the data presented in Sections 2 and 3, however as with all forecasts an appropriate degree of flexibility should be provided in their application given that the underlying assumptions behind this analysis may change over time.

### 4.2 Retail Floorspace Potential in Torquay's MTA

#### *Resident and Visitor Floorspace Requirements*

Future retail floorspace growth in the Torquay MTA will be driven by both the resident and visitor spending markets.

The resident spending market, which is driven by the growth of spending by MTA residents as described in Table 3.7, is a relatively constant year-round source of turnover for facilities in the MTA. Residents require a broad range of retail facilities which cater to their day-to-day retail needs as well as more occasional higher-order retail requirements. A higher share of the retail facilities demanded by this market is in traditional retail formats such as supermarkets and service oriented specialties such as newsagents and chemists, as well as apparel and other retail categories which serve the resident market.

In contrast, the visitor spending market, as already described in section 3.4, is highly variable throughout the year. The types of facilities required by the visitor market are also often very different from the requirements of the resident population, with a far higher share of spending oriented towards spending at cafes and restaurants, apparel and other retail categories and formats which effectively aim to serve the visitor market.

The key to planning for future retail facilities in Torquay and the broader MTA is to ensure that a balance is achieved between the needs and requirements of both the resident and visitor retail markets.

In preparing forecasts of potential retail floorspace requirements, two approaches can be assessed: the retail spending growth method and the retail floorspace per capita method. Each is discussed below.

#### *Retail Spending Growth Method*

Table 4.1 accounts for forecast growth in retail spending by both MTA residents and visitors to the MTA in order to estimate additional retail floorspace requirements across the MTA in the period to 2020.

In the period 2004 to 2020, spending by MTA residents is forecast to increase by \$120.2 million (see Table 3.7), while available spending from MTA visitors is forecast to increase by \$41.2 million (see Table 3.9).

Of spending by MTA residents, only around 60% of this additional spending is likely to be available to retailers in the MTA as the balance of this spending will continue to “escape” to retail centres outside the MTA such as at Geelong. This is consistent with existing levels of escape spending (see Table 3.8). Likewise, not all additional retail spending by MTA visitors will be necessarily spent at new retail facilities; an estimated 20% of additional visitor spending should be allocated to existing retail facilities which would also benefit from the increase in available spending, and thus an 80% allowance is made available to new retail floorspace. This results in available additional retail spending to new retail floorspace in the MTA by 2020 of around \$99.4 million by MTA residents and \$33 million by visitors.

**Table 4.1 Forecast Additional Supportable MTA Floorspace, 2004-2020 (\$2004)**

	MTA Residents	MTA Visitors	Total
Growth in Spending 2004-2020 (\$m)	120.2	41.2	161.4
Share Available to MTA Retail (%)	60%	80%	65%
Available Additional Spending (\$m)	72.1	33.0	105.1
Turnover Productivity (\$/m <sup>2</sup> )	<u>5,750</u>	<u>5,750</u>	<u>5,750</u>
<b>Additional Floorspace (m<sup>2</sup>)</b>	<b>12,500</b>	<b>5,700</b>	<b>18,300</b>

Source: *Essential Economics*

Given that the existing trading level of retail in the MTA is estimated at around \$5,170/m<sup>2</sup>, a reasonable estimate of the turnover productivity required to support additional retail floorspace in the MTA is around \$5,750/m<sup>2</sup> after allowing for turnover productivity growth over the 2004 to 2020 period.

At this level of trading, Table 4.1 shows that indicative estimates of additional supportable retail floorspace in the MTA are for 12,500m<sup>2</sup> serving additional MTA resident spending and 5,700m<sup>2</sup> of retail floorspace serving MTA visitors, or an additional 18,300m<sup>2</sup> in total. This therefore represents a total increase in supportable retail floorspace in the MTA from around 34,000m<sup>2</sup> currently to around 52,300m<sup>2</sup> in 2020.

### ***Retail Floorspace Per Capita Method***

An alternate method for forecasting increases in supportable retail floorspace is a measure of retail floorspace per MTA resident. This measure assesses the existing provision of retail floorspace per MTA resident and assesses what the future total retail floorspace in the MTA would be if the existing floorspace per capita ratio were to be maintained or modified. Although the floorspace per capita ratio is tied to the MTA population, it is important to remember that the existing provision of retail floorspace allows for a substantial share of turnover (around 40%) to non-MTA residents.

Table 4.2 shows that at present there is a retail floorspace per capita provision in the MTA of around 1.85m<sup>2</sup> per person. That is, there is 34,000m<sup>2</sup> of retail floorspace serving a MTA population of 18,400 people. Given that the population of the MTA is forecast to increase to around 25,480 persons in 2020, if the current floorspace provision per capita is maintained, then overall retail floorspace in MTA would grow by 13,100m<sup>2</sup> to 47,100m<sup>2</sup> in 2020.

**Table 4.2 Alternative Forecast Additional Supportable MTA Floorspace, 2004-2020 (\$2004)**

	2004	2020	Change
MTA Population	18,400	25,480	+7,080
MTA Retail Floorspace (m2)	34,000	47,100	+13,100
MTA Retail Floorspace Per Capita (m2)	1.85	1.85	-

Source: *Essential Economics*

### Summary

Therefore, based on a combination of the Retail Spending Growth method and the Retail Floorspace Per Capita method, overall growth in supportable retail floorspace in the Torquay MTA in the period to 2020 is estimated at between 13,100m<sup>2</sup> (Retail Floorspace Per Capita) and 18,300m<sup>2</sup> (Retail Spending Growth).

Assuming a mid-point of 15,000m<sup>2</sup> is adopted, this means that in the next 15 or so years the supportable retail floorspace provision in the MTA is likely to grow by nearly 50% from its current level of around 34,000m<sup>2</sup>. This underlines the potential for further growth and development of the retail sector not only in Torquay, but across the Surf Coast Shire.

Beyond 2020, retail floorspace growth in the MTA is likely to continue. However, given the difficulty associated with long term floorspace forecasts, it is appropriate to use a relatively broad measure of likely supportable space. Assuming the forecast MTA population in 2030 of 29,260 persons is achieved, a conservative estimate based on the existing per capita floorspace provision of 1.85m<sup>2</sup> per capita would result in a total floorspace provision of around 54,000m<sup>2</sup>. This represents an increase of around 20,000m<sup>2</sup> from existing levels by 2030.

**Table 4.3 Forecast MTA Retail Floorspace by Food and Non-Food**

Year	Food	Non Food	Total
2005	17,800	16,200	<b>34,000</b>
2020	24,550	24,450	<b>49,000</b>
2030 (indicative)	26,800	27,200	<b>54,000</b>

Table 4.3 shows the retail floorspace forecasts for the MTA by food and non-food retail categories. There is expected to be a slight bias towards non-food retail categories in terms of additional retail floorspace in the MTA over the next 25 years. This is because the growth in the population of the MTA is likely to support a larger component of non-food retail categories and which currently represents escape spending.

### 4.3 Conclusion

According to the best estimates of Essential Economics, the MTA is forecast to support an additional 15,500m<sup>2</sup> of retail floorspace by 2020. This would bring total MTA retail floorspace to around 49,500m<sup>2</sup>, up from around 34,000m<sup>2</sup> at present. A conservative estimate of retail floorspace supportable in the MTA by 2030 is around 54,000m<sup>2</sup>, although this is an indicative estimate only.

## 5 RETAIL FLOORSPACE PLANNING FOR TORQUAY

### 5.1 Strategic Principles Underlying Future Torquay Floorspace

The following principles have been provided to guide the process of planning for future retail development in Torquay. These principles have been developed with a view to reinforcing the primacy of the Torquay Town Centre, while also providing a sufficient and sustainable range of retail facilities to serve visitors to the town, as well as residents of the new residential growth areas planned for Torquay. Reference has also been made to the goals of existing planning policy and previous recommendations outlined in the *“Torquay Town Centre Retail Strategy”* and subsequent review. All planning guidelines and recommendations in this section seek to implement a retail structure in Torquay which meets the following key criteria:

- 1 Strengthen the existing retail hierarchy in the Torquay MTA, and this includes maintaining the primacy of the Torquay TC which is supported by existing planning policy
- 2 Avoid further fragmentation of retailing in Torquay township, having regard for past situations where the retail function has been fragmented to the dis-benefit of traders and the community
- 3 Ensure safe and convenient access to retail and associated facilities and amenities for residents and visitors, including access for residents in new residential areas
- 4 Reduce escape spending by accommodating new retail expansion in the MTA (especially in the town centre) and by attracting retail activities that meet gaps in existing supply
- 5 Endeavour to meet the retail needs of both residents and visitors, noting the different types of retail and locational patterns involved
- 6 Ensure flexibility in meeting the retail needs of the trade area, noting that retailing is a very dynamic industry that is consistently undergoing change in the ways that goods and services are provided to shoppers

### 5.2 Torquay Town Centre

The Torquay TC, as already noted, is the main retail facility serving the resident population of the MTA with their basic day-to-day and weekly retail needs. This role has been consolidated with the introduction of a major chain supermarket (Safeway) in addition to the existing independent supermarket. The presence of a substantial range of supporting retail specialties, as well as a number of basic non-retail commercial services such as doctors, real estate agents etc, are also important factors underlying the strong “Town Centre” role of the centre to residents of the MTA.

Although the Torquay TC serves a significant tourist and visitor market which is currently estimated at around 25% of total turnover in the centre, the most important driver of future growth and development of the Torquay TC will be the centre’s ability to continue to serve the growing resident population of the MTA. That is, the future development of the centre should be oriented towards mainly serving the resident rather than visitor spending market. This will ensure that the centre continues to operate as the dominant centre in the local retail hierarchy and that the local resident community continues to be suitably served by an integrated town centre. This is not to preclude any tourist or visitor oriented development in the Torquay TC, as this will continue to be an important market; however, from a strategic planning perspective the real value of the centre lies in its role as the prime service centre for



the resident population across the MTA and Surf Coast. Maintaining this primacy should be the key policy direction for the Torquay TC, while also allowing for tourist and visitor oriented retail which is appropriate to the "town centre" role.

## Supermarkets

The key to the current success of the Torquay TC is the strength of the two supermarkets which effectively anchor the centre by attracting customers from across the MTA and which generate customer activity which also benefits other traders. As can be seen in Table 5.1 below, the Torquay TC is the primary food and grocery shopping destination for the MTA as it contains around 75% of all supermarket floorspace and contains the only large major brand store, in Safeway.

**Table 5.1 MTA Supermarket Floorspace, 2005**

Centre	Store	Floorspace (m2)
Torquay TC	Ryans Foodworks	2,000
Torquay TC	Safeway	2,750
Anglesea	IGA Everyday	900
Lorne	Foodworks	750
<b>Total</b>		<b>6,400</b>

Source: *Essential Economics*

Across Victoria, the average provision of supermarket floorspace per capita is around 0.3m<sup>2</sup>. At present in the MTA the rate of provision is around 0.35m<sup>2</sup>, which is above the benchmark provision. This is driven somewhat by the recent opening of the Torquay Safeway which has been built at a sufficient size, and perhaps slightly ahead of demand, in order to serve the substantial population growth forecast in the MTA over coming years. Given the potential for escape spending to other centres in Geelong to the north, including a possible new centre serving growth areas south of Waurn Ponds, in the longer term MTA supermarket floorspace provision is unlikely to significantly exceed the 0.3m<sup>2</sup> per capita benchmark.

Table 5.2 below shows the existing supermarket floorspace provision in the MTA and the forecast supportable provision at the Victorian benchmark average of 0.3m<sup>2</sup> per capita. As can be seen, the MTA is likely to be in a period of over-supply of supermarket floorspace until around 2010, however beyond this period there is likely to be scope for around 1,245m<sup>2</sup> of additional supermarket floorspace by 2020 and around 2,380m<sup>2</sup> of additional floorspace by 2030.

**Table 5.2 Existing and Forecast MTA Supermarket Floorspace Provision**

Year	MTA Population	Supermarket Floorspace (m2)	Increment on 2004 Floorspace (m2)
2004	18,400	6,400	-
Future Provision at 0.3m <sup>2</sup> Per Capita			
2007	19,760	5,930	-
2010	21,110	6,330	-
2020	25,480	7,645	1,245
2030	29,260	8,780	2,380

Source: *Essential Economics*

Our understanding is that the Safeway store has been designed to allow for a further expansion in floorspace sometime in the future, while the location of the independent supermarket adjacent to the Gilbert St carpark means that there is likely to be potential for a redevelopment scheme which expands the supermarket further.

We therefore recommend that the potential for both supermarkets in the Torquay TC to be expanded should be protected. Sometime beyond 2010 there is likely to be market and community pressure for an enhanced supermarket offer in Torquay. There is unlikely to be sufficient demand for a third full sized supermarket in the Torquay TC in the foreseeable future (before 2030). An improved supermarket offer can be achieved through (for example) an expansion of one of the stores to around 3,000m<sup>2</sup> to 3,500m<sup>2</sup> in size by 2020 and the other store increasing to a similar size by 2030. However, the individual business decisions by the retail operators involved will affect this timing.

By planning for both supermarkets to be 3,000m<sup>2</sup> in size or greater in the longer term, the strength of the existing Torquay TC will be assured by the presence of two strong food based anchors. Thus, the Torquay TC will continue to be the major destination for food and grocery shopping in the MTA.

### ***Specialty Stores***

At present there is around 6,300m<sup>2</sup> of specialty floorspace in the Torquay TC. This floorspace is a relatively large provision for a centre anchored by two supermarkets, however this is due to the strong tourist and visitor component of trade in the centre in addition to the centre's "town centre" role for residents across the MTA.

Given that there is forecast to be strong growth in both the visitor and resident population served by the centre over coming years, there is likely to be substantial demand for additional specialty floorspace in the Torquay TC, particularly given the additional customer traffic that will be generated by the new Safeway supermarket and any future expansion to either of the existing supermarkets.

However, it is important to be careful in providing forecasts for specialty floorspace. Specialty floorspace relies heavily on exposure to customer traffic and integration with other retail and commercial facilities. Without the application of reasonable retail design principles which achieve this, the potential for specialty vacancies exists, whatever the underlying demand for additional floorspace may be.

Nevertheless, in our opinion an additional 2,000m<sup>2</sup> of additional specialty floorspace could be accommodated in the Torquay TC by 2020, and possibly an additional 1,000m<sup>2</sup> above that by 2030 (noting this is a long term forecast). This would bring the total provision in the Torquay TC to around 9,500m<sup>2</sup> in 2030. This is considered sufficient to allow for growth in both resident and visitor demand in the TC, however we once again note that there should be an inherent bias towards developments which are likely to serve the resident MTA population. However, the area at the extreme east of the centre and facing onto The Esplanade is most suitable for tourist and visitor oriented retail development, and such development should be encouraged in this particular area.

These specialty retail floorspace forecasts are considered appropriate for the existing core of the Torquay TC and the area corresponding between Payne Street in the west and The Esplanade in the east. In our opinion the supermarket and specialty floorspace forecasts and recommendations described above are achievable in the designated area. For analytical purposes, the appropriate floorspace provision of the former Torquay Primary School Site is now considered separately.

### ***Former Primary School Site***

This section considers specifically the former Torquay Primary School Site (TPSS) and its appropriate retail/commercial provision and potential role as a functioning part of the Torquay TC.

The TPSS is located at the western end of the Torquay TC and in a strategic planning sense has the appearance of being a "natural extension" of the Torquay TC, able to cater to future growth and development requirements of the centre directly to the east. Additionally, the TPSS is a large

greenfield site under single ownership and readily developable. Existing planning policy supports the development of the site for retail/commercial use and future integration into the town centre.

At present however, the TPSS has a number of issues which appear to be limiting the potential for retail and commercial on the site in the short to medium term.

Firstly, despite its location, the TPSS does not directly integrate into the existing Torquay TC. At present the effective western extent of the Torquay TC is the strip of mainly non-retail uses located on the western side of Pearl Street which are oriented towards the town centre. Located between this strip and the TPSS is an area of residential use which includes some well established homes. Likewise, the layout of Bristol Road, which bends at the intersection of Pearl Street, means that there are minimal sight lines between the Torquay TC and the TPSS. Furthermore, the new Safeway supermarket is oriented towards the east, and the rear of the building faces towards the TPSS.

Diagram 1 below shows the view from the north eastern corner of the TPSS towards the Torquay TC and shows that in functional terms, retail/commercial development on the TPSS site would have little immediate integration with the existing town centre given the existing land use patterns between Pearl Street and Payne Street. Thus, any retail or commercial activity on the TPSS will not necessarily be exposed to activity generated in the existing Torquay TC, and the synergies between both areas are currently limited.

**Diagram 1 Cnr Payne Street and Bristol Road looking east**



*Source: Essential Economics; photo taken 1 April 2005*

The second issue is that given the barrier which exists between the existing Torquay TC and the TPSS, any retail presence on the TPSS of greater than around 500m<sup>2</sup> will require the presence of an effective anchor tenant such as a major retailer, in order to generate sufficient levels of activity on-site to achieve commercial viability. That is, for a substantial development on the TPSS site, the Torquay TC is going to need to attract a third anchor tenant.

This is important because the Torquay TC currently has two food based majors in terms of its supermarkets, and therefore any major development on the TPSS would need to be anchored by a non-food based major, for example a mini DDS or some other form of non-food anchor. At present the Torquay TC is dominated by food based retail, comprising around 7,000m<sup>2</sup> or 63% of total retail floorspace. The TPSS therefore represents an important and unique opportunity to introduce a major non-food based retailer to the Torquay TC at some stage. The TPSS appears to be the only viable site where such a new anchor tenant (or collection of appropriate tenants) involving a major retail development of around 5,000m<sup>2</sup>, might physically locate in the Torquay TC.

By promoting a retail development on the TPSS of around 5,000m<sup>2</sup>, the long term future of the Torquay TC as the primary retail destination in the MTA serving residents will be assured. The existing centre is a very strong food based centre, however providing a substantial non-food offer will enhance the role of the centre considerably and create what would in effect be a small sub-regional centre in a metropolitan context.

The Torquay TC is the ideal location for a non-food based anchor if the role of the centre as the "higher order" retail centre in the MTA is to be protected. The location of a non-food major that is not integrated with the Torquay TC is likely to threaten the primacy of the Torquay TC in the retail hierarchy and fragment the major retail facilities in Torquay.

### **Development Timing and Options for the TPSS**

It is difficult to identify a particular operator or the timing that such an anchor tenant (or tenants) could be attracted to the TPSS. While there is population growth in the MTA and demand for retail floorspace, etc as outlined in this report, in reality the outcome for the TPSS site relies substantially on the individual operating decisions of potential anchor tenants as to whether they choose to go onto the TPSS site or not and the ultimate timing of any such move. This is affected by a whole range of operational and strategic issues for these retailers which are difficult to predict. Furthermore, there are complications arising from the development of any new activity centre in the Grovedale-Mt Duneed corridor to the north of Torquay as the exact size, location and timing of a future centre in that location is also uncertain.

Nevertheless, given recent rates of growth in the population of the MTA, the lack of a major non-food retail presence serving MTA residents and the lack of alternate development sites in the Torquay TC, the TPSS represents a good opportunity for a retail development of up to 5,000m<sup>2</sup>. Given the forecast growth in both the population and retail spending of MTA residents, as well as the continued growth of tourist and visitor spending shown in Section 3, it is highly likely that the TPSS will find a suitable anchor tenant in the foreseeable future. Based on the data shown in Sections 3 and 4, a development of around 4,000m<sup>2</sup> to 5,000m<sup>2</sup> of retail floorspace could be achieved on the site, with timing determined by demand trends and retail tenant and development considerations.

The exact type of operator for the anchor tenancy on the TPSS should remain flexible to prevailing market conditions rather than be simply defined specifically (as a "mini DDS", for example). There may be market scope for a range of potential operators such as a mini DDS store, through to other alternatives such as an integrated "lifestyle centre" comprising major retail brands in categories such as clothing, music, books and homewares. Ideally, the market will determine the exact nature of retail development and the identity of the anchor tenant or tenants. The only overriding condition is that any retail would be in categories likely to be utilised regularly by MTA residents rather than exclusively by tourists and visitors. This is consistent with the other retail uses in the Torquay TC.

In addition to the retail components of the TPSS development, there are likely to be residential and other non-retail commercial developments on the site. The overall vision for the TPSS should be as a "mixed use precinct". The potential for such non-retail development to occur on the TPSS should not be compromised by the uncertainty surrounding the timing of the full retail component on the site of around 5,000m<sup>2</sup>. Indeed, the provision of residential development, particularly of a medium density

nature, at the TPSS could be the catalyst for attracting retail and commercial uses to the site earlier than would otherwise be the case, and will also provide an immediate return to the developer in the absence of any short-term retail development on the site. As long as non-retail development does not compromise the strategic goal of attracting a retail development of up to 5,000m<sup>2</sup> on the site, it should be supported by Council subject to the usual planning requirements.

A retail development of 5,000m<sup>2</sup> would not require the whole of the TPSS. At most, a single level development including carparking, landscaping, delivery areas etc would have an overall space requirement around three times the retail floorspace (15,000m<sup>2</sup> or 1.5 hectares). This footprint can be substantially reduced through measures such as basement parking and other design aspects.

The potential for staging of retail development should also be considered by Council, with a small retail development of say 500m<sup>2</sup> including 4-6 specialty stores as a possible first stage, and a subsequent larger retail development once an anchor retail tenant(s) has been found.

In safeguarding the option for future retail of up to 5,000m<sup>2</sup> on the TPSS, it is important to provide the developer of the land with the flexibility to provide uses on the site which do not preclude the achievement of the 5,000m<sup>2</sup> retail floorspace provision. If possible, there should be no major areas of underutilised land on the TPSS for longer than is necessary given the TPSS's importance as a western gateway to the Torquay TC. This may therefore mean that a suitable interim use for the land required for the retail development may be appropriate, if so required.

Examples of such uses might include office space and community facilities which can be easily integrated into any subsequent larger retail and commercial development on the site. The land use most likely to restrict any future retail development on the north east of the TPSS site is residential uses which have a far longer development cycle than commercial uses. Therefore it is recommended that:

- Any residential development on the TPSS site prior to full retail development clearly demonstrates it does not compromise the retail floorspace allocation for the site,
- Any interim uses for the land set aside for retail development on the TPSS are readily able to be integrated into any future retail development or alternatively demonstrate they do not compromise the future development of the retail floorspace allocation.

It is difficult to indicate with precision the types of uses that could be located on the site until such time as the planned retail component can be viably provided. However, such interim uses should be provided in a flexible manner which meets community needs, reflects site planning considerations and has respect for urban design principles.

### **Location and Orientation of Retail Development on the TPSS**

Any retail-commercial development on the TPSS should be located on the north-east of the site and oriented towards the existing Torquay TC to the east. This will allow the maximum synergies and integration between the existing Torquay TC and the TPSS site to be achieved. This will be to the ultimate benefit of both traders and the community. It is acknowledged that a Development Plan for the TPSS has been approved which does not reflect this preference. This should not however, inhibit ongoing discussion between Council and the owner in order to achieve an outcome consistent with the aims of this report.

The TPSS would be an effective western "bookend" for the Torquay TC, as the extension of the Torquay TC further to the west of the TPSS is not a realistic objective. This is because the distance between either end of the centre (i.e. east to west) would be excessive, given the existing and likely future retail types operating in the Torquay TC. Also, there is potential for the town centre to lose its high degree of integration if the retail and other town centre functions are extended such a long

distance in a westerly direction towards the Highway. The purchase and consolidation of many residential properties under multiple ownership to the west of the TPSS, would also involve very considerable amounts of time, effort and funds.

Retail-commercial development, particularly in the north-east of the site, is a potential catalyst for a redevelopment of the northern side of the block located between Pearl Street and Payne Street into an extension of the Torquay TC.

Council should consider retail and commercial development for the northern side of Bristol Road for a distance west of Pearl Street, at least sufficient to link with the TPSS development initially and with the potential for further contiguous development in a westerly direction if required to meet retail floorspace demand. This would effectively connect and integrate the TPSS and the existing Torquay TC along both sides of Bristol Road, and should therefore be a key planning goal for the Torquay TC. It is not considered appropriate however for retail on the northern side of Bristol Road to extend further west than the extent of retail frontage provided on the TPSS. This will give the Torquay TC a consistent edge and reduce the potential for conflicts between retail and residential uses. Having retail/business activities on one side of a street and residential activities on the other does not necessarily create the ideal environment for either the residents or the businesses.

### **Summary**

The TPSS is an important opportunity for the Torquay TC to further develop as the key retail destination in the MTA by significantly improving the non-food retail offer. This will substantially reduce the degree of escape retail spending from the MTA to centres in Geelong and further afield, and provide important future local employment opportunities. For these reasons, the potential for a retail component on the site of up to 5,000m<sup>2</sup> (in addition to residential and non-retail components), as currently supported by planning policy, needs to be maintained.

This requirement for a retail component on the site should not preclude the development of other non-retail uses such as residential and office, if a suitable retail development scheme cannot be developed in the short term.

Any retail and non-retail commercial development on the TPSS should be oriented towards the northeast of the site and planning measures introduced to facilitate the integration of the TPSS into the existing Torquay TC to the east.

This may involve innovative town planning and urban design solutions, particularly for the block between Pearl Street and Payne Street, in order for the integration between the TPSS and the existing Torquay TC to be maximised. Ideally, a redevelopment of the area between Pearl Street and Payne Street would create a high degree of visibility and pedestrian accessibility between the TPSS and the Torquay TC so that in the long term there is a sense of "continuity" between them. This could involve changes to the existing street layout.

### ***Torquay Town Centre Summary***

In terms of the Torquay TC therefore, the following conclusions are made:

#### **Supermarkets**

The potential for each of the two supermarkets to expand to up to around 3,500m<sup>2</sup> each should be protected. This will meet the demand for additional supermarket shopping facilities in the MTA in the future by providing a centre which contains two full-line supermarkets. The expansion of these supermarkets will also support the ongoing vibrancy and growth of the town centre, particularly in the area to the east of Payne Street.

### Specialties

There will be growth in demand for specialty floorspace in the Torquay TC over coming years, and specifically in the area east of Payne Street. This is estimated at around 2,000m<sup>2</sup> of additional specialty space by 2020 and an additional 1,000m<sup>2</sup> of further growth in the period to 2030. This will open up potential development opportunities at both the eastern end of the centre and for the area between Payne Street and Pearl Street, as well as pressure for more intensive land uses in the existing areas of the centre. This needs to be undertaken in a way which is sensitive to both the low rise characteristic of the centre and inclusive of the principles of good retail design.

### Torquay Primary School Site

The TPSS offers an important opportunity to provide the Torquay TC with a substantial non-food retail offer. This would further consolidate the primacy of the Torquay TC in the local retail hierarchy and reduce escape spending from the MTA, with resultant benefits in terms of income and employment for the local economy.

For successful development of the TPSS however, a non-food major retailer or collection of major retailers needs to be found. A total retail component on the TPSS of around 5,000m<sup>2</sup> is considered feasible (including specialties). This could be staged with a smaller retail component in the first instance, or with a full retail component if appropriate tenants in a suitable development format can be identified as a single stage. It is important however, to provide some flexibility to the developer so that some interim land uses can be found for the appropriate land, if a retail development of around 5,000m<sup>2</sup> is not immediately viable on the site.

In particular, an area which is oriented to the north-east of the site needs to be protected, as this area offers the greatest degree of integration with the existing Torquay TC to the east.

A 5,000m<sup>2</sup> retail floorspace allocation for the TPSS is sufficient to allow for a major non-food retail development at the Torquay TC, while recognising that MTA residents will continue to travel regularly to larger regional and sub-regional centres (particularly in Geelong) for much of their non-food shopping. In this context, the 5,000m<sup>2</sup> allocation is a reflection of both economic viability for retail development at the TPSS and the desire to promote the ongoing growth and strength of the Torquay TC.

Innovative urban design solutions are likely to be required to provide a high degree of integration between the existing Torquay TC and the TPSS. Thus, development options for the area between Payne Street and Pearl Street need to be carefully considered. It is also appropriate to extend the commercial area on the northern side of Bristol Road to the west to interact with any major retail development on the TPSS, but this may be a longer term objective in view of the number of properties involved and the well established residential nature of these properties. Any further retail development along the northern alignment of Bristol Road would need to be carefully designed and sited so as to avoid conflict with residential use in this area.

### Physical Distribution of Retail Floorspace Growth

Retail floorspace growth in the Torquay TC over coming years is expected to occur in a number of key locations. The most obvious being the 5,000m<sup>2</sup> of retail floorspace planned to occur on the TPSS site. Additionally, expansions to the existing supermarkets will add around 1,500m<sup>2</sup> of retail floorspace in the existing Torquay TC.

The balance of the additional retail floorspace requirements in the Torquay TC is expected to be met by retail development in the following key locations:

- The area between Payne Street and Pearl Street, which will integrate the TPSS and the existing Torquay TC,
- The northern side of Bristol Road linking the Safeway and TPSS,
- The Zeally Bay Road precinct (discussed further in Section 5.5),
- Redevelopment opportunities in the existing Gilbert Street precinct,
- At the eastern end of Gilbert Street and in The Esplanade (primarily visitor related).

It is anticipated that there will be sufficient opportunities for additional retail floorspace in these locations to meet growth in retail demand in the Torquay TC over the next 25 years.

#### Commercial Office Space

At present commercial office space component of the Torquay TC includes around 2,900m<sup>2</sup> of floorspace and is equivalent to around 25% of the total retail floorspace figure. If this rate of provision is maintained, than an increase in retail floorspace in the Torquay TC to around 20,500m<sup>2</sup> by 2030 would be associated with an increase in the office space component to around 5,000m<sup>2</sup>. This is in fact likely to be exceeded somewhat due to the fact that as the permanent population of Torquay grows, a market for office tenancies greater in size than the current standard tenancy of around 100m<sup>2</sup> will develop as government support services and other commercial tenants with a larger floorspace requirement seek to locate in the town.

From a land use point of view however, it is important to note that much of this additional office space will be able to locate on first and second floor locations, above retail tenancies.

### **5.3 Neighbourhood Centres**

Given the forecast residential development in the northern and western areas of Torquay (see Map 4), the potential for new retail facilities to locate in these areas is now considered.

#### Jan Juc

The local retail centre of Jan Juc currently has approximately 1,000 m<sup>2</sup> of retail floorspace. In addition, planning approval has been granted for the development of an additional three shops with a retail floor area totalling 261 m<sup>2</sup> and two offices of floor area totalling 102 m<sup>2</sup>. That leaves capacity for the future development of a further 300 m<sup>2</sup> (approximately) of commercial floor area over three remaining vacant lots zoned Business 1.

With little further capacity for residential growth in the Jan Juc area, the existing level of business zoned land in the Jan Juc Centre is considered to be more than adequate to service the daily convenience requirements of the neighbourhood, in addition to the provision of other specialist uses such as the tavern, restaurants and other tourist-oriented or niche services.

#### Torquay North

This is the area shown in Map 5 located north of Deep Creek. According to Table 2.7, this area has a 2004 population of around 3,200 people and a long term population capacity of around 10,200 persons. Given the proximity to the immediate south of the Torquay TC, there will not be sufficient demand for a major supermarket based centre in the Torquay North area as this function can be adequately served by the existing Torquay TC and that in any case a supermarket based centre in



Torquay North would directly cannibalise Torquay TC sales. Nevertheless, this population will require a neighbourhood level centre which provides basic day-to-day convenience retail items.

A small neighbourhood activity centre of around 500m<sup>2</sup> should be provided in Torquay North. Such a centre would simply be a small strip of around 4-6 shops providing basic convenience retail. It is important to find a well situated site on an a highly trafficked road which is likely to be passed regularly by as many residents of Torquay North as possible. In locating such small centres there should be two key criteria, namely accessibility and visibility, and a prominent corner location on internal connector roads generally provides this combination.

### Torquay West

Torquay West according to Table 2.7 currently has a population of around 1,060 people and a long term population capacity of around 3,770 people. Future residential growth in Torquay West over coming years will occur both north and south of Spring Creek. There is an insufficient population base to support a dedicated retail facility to serve Torquay West. Moreover, existing convenience retail facilities at Jan Juc, Bell Street and on the corner of Rocklea Drive and the Surf Coast Highway will adequately service this population with their local retail needs.

### Long Term

Beyond around 2030 there is the long term potential for further residential development in a new growth area located to the west of the Torquay West precinct shown in Map 4. There is likely to be sufficient long term demand for a supermarket based neighbourhood centre to serve this catchment if a suitable location for such a centre can be found. Such a centre, of up to 6,000m<sup>2</sup> (as an indicative guide only), might include a single full sized supermarket and supporting specialties but would be primarily focussed on serving a catchment located to the west of the Surf Coast Highway and would not threaten the primacy of an expanded Torquay TC which would have a far larger and diverse retail and commercial presence.

## **5.4 Surf City**

The Surf City precinct and associated retail with frontage to the Surf Coast Highway is well placed to benefit from the increased tourist and visitor spending market in the MTA over coming years. Most visitors to the MTA will be passing the site, and a strong retail presence along this strip is important in ensuring that the economic benefit from the visitor market is maximised. The provision of additional retail in the Surf City precinct which is oriented towards serving the visitor rather than resident spending market, would be appropriate.

An allowance has therefore been made for an additional 3,000m<sup>2</sup> of retail floorspace along the Surf Coast Highway (particularly between Spring Street and Darian Road/Grossmans Road) by 2020. This would bring the total retail floorspace provision in this precinct to around 9,000m<sup>2</sup>. The additional floorspace should be in categories such as food catering, apparel and leisure goods which are aimed directly at the visitor trade. A nominal allowance for a further 1,000m<sup>2</sup> has been provided for 2030.

If possible, the retail along the Surf Coast Highway should be integrated as much as possible to maximise the cross-use of facilities and the synergies between operators. This reduces the risk of vacancies and promotes the area as a genuine retail destination for the tourist and visitor market.

### Baines Crescent

At present there are a number of retail establishments operating in Baines Crescent to the west of Surf City. These include a number of so-called surfwear “factory outlets” as well as a Mitre 10, furniture and rugs and a carpets store. This existing retail in the street has been classified as part of the Surf City precinct.

There has been no consideration of a bulky goods presence for the Surf Coast Highway in Torquay given that “large format” bulky goods development at Waurm Ponds and the Surf Coast Highway at Grovedale is expected to cater to the needs of the MTA population into the future. There is also a desire of council to avoid highway based “big box” retail development in Torquay for reasons primarily related to visual amenity.

However, it should also be recognised that given the strong population growth forecast for the MTA there may be a role for an increased presence in Baines Crescent for what is commonly termed “secondary” bulky goods retail floorspace. That is, bulky goods floorspace that is not highway oriented but tends to locate in light industrial and service areas. Commonly, these secondary bulky goods outlets are smaller than those which locate in the major bulky goods precincts and are independent operators rather than the major chains.

The establishment of a secondary bulky goods precinct of 2,000m<sup>2</sup> to 3,000m<sup>2</sup> in Baines Crescent would be an important step in reducing the escape spending in bulky goods retailing from the MTA and provide additional local business opportunities, given that most operators are likely to be locally owned and operated. Such a small precinct would not be in conflict with the desire to avoid “big box” bulky goods retailing along the Surf Coast Highway in Torquay as this retail would not be visible from the Highway and traders would serve a more localised catchment than that served by traditional big box bulky goods retail.

## **5.5 Zeally Bay Road Office Precinct**

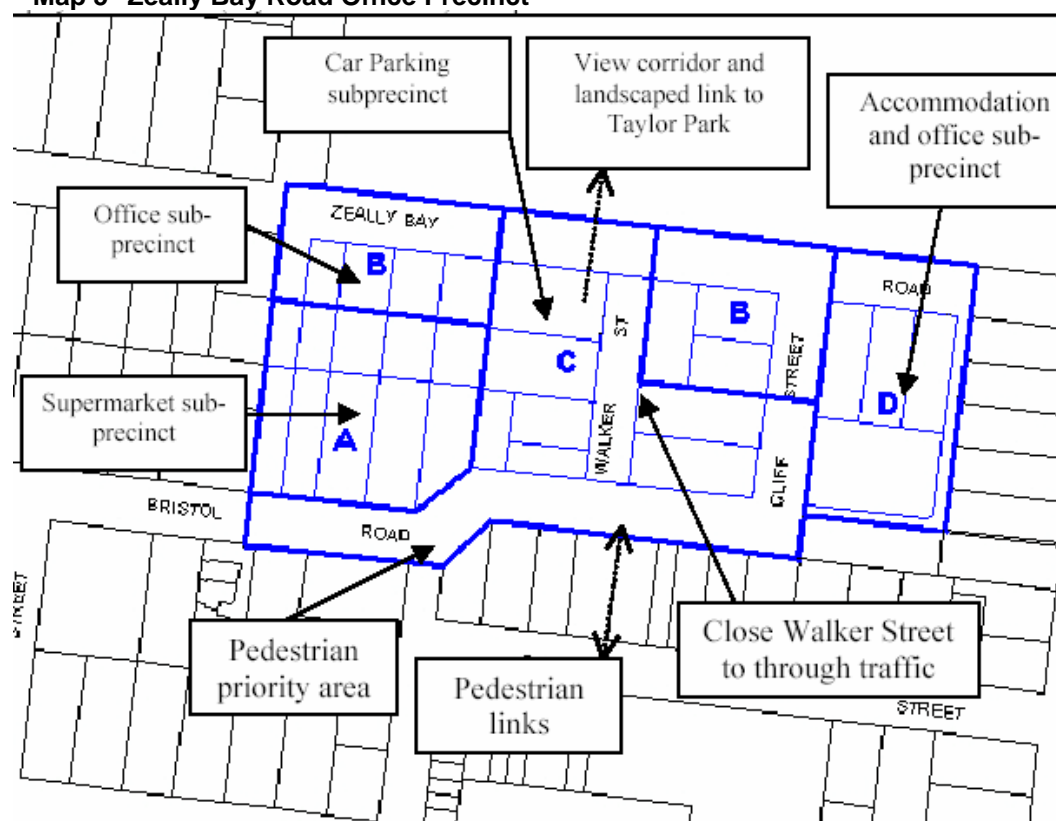
At present, dedicated office sub-precincts are identified on the northern edge of the Torquay TC fronting Zeally Bay Road. The precincts are shown in Map 5 below as “B” and “D” (noting that “D” is also identified for accommodation).

In determining the desirability of maintaining the Zeally Bay Road precinct for dedicated office uses, it is important to note a number of key points in regard to the precinct and to the office market in Torquay:

- The Torquay TC currently includes a non-retail office component of around 2,900m<sup>2</sup> of which only a very small portion (less than 10%) is located in the designated Zeally Bay Road office precinct.
- This non-retail component of the Torquay TC is primarily small scale service oriented office space such as real estate agents, post office, banks, medical etc which generally have a preference for co-location with retail uses. This is shown by the current lack of a significant office presence in the Zeally Bay Road precinct despite the existence of specific planning support for such uses,
- The Zeally Bay Road precinct is of an insufficient physical size to contain more than simple office uses of around 100m<sup>2</sup> per tenancy,

- Torquay does not currently have an office space market for larger specialist office tenancies of around 400m<sup>2</sup> and greater (with the exception of the Council offices). However, such a market may develop in the near future as the “critical mass” of population required to justify such office uses is achieved.

**Map 5 Zeally Bay Road Office Precinct**



Source: Surf Coast Planning Scheme

With this in mind, the maintenance of the Zeally Bay Road precinct is inconsequential to the development of a higher order office market in the Torquay TC. Rather, it will be key development sites such as the TPSS and the area between Pearl Street and Payne Street which have the greatest scope for office development of any substantial scale in the Torquay context.

From a retail planning perspective, the difficulty with the existing planning measures for the Zeally Bay Road precinct is that they preclude any retail development on the ground floor. This limits the ability of the existing Torquay TC to accommodate increased retail floorspace in the future, despite the fact that any retail in the precinct would only be likely to be specialty based retail, with tenancies of around 100m<sup>2</sup> each given site constraints.

If multi storey development is allowed in the precinct, it is feasible to have retail uses on the ground floor and commercial office space on subsequent levels. Additionally, ground floor retail specialty space of around 100m<sup>2</sup> is generally easily adaptable between both commercial and retail uses, with the market dictating which use is appropriate. This has the added advantage of making vacancies less likely as there is the ability to switch between uses rather than remain vacant.

While there may be a desire to avoid the “crowding out” of commercial office uses in the Torquay TC as well as urban design and strategic planning principles in support of the Zeally Bay Road office precinct, the planning for the precinct should allow for a mixture of both retail and commercial uses.

This will allow for greater flexibility in terms of providing for the future retail requirements of the town centre, while not undermining the ability of the precinct to contain small scale commercial office space, whether that be on a ground floor or upper floor location.

## 5.6 Conclusion

According to this overall analysis, Table 5.3 below shows a summary of the indicative supportable retail floorspace allocation prepared for Torquay. The table shows that with a development of the Torquay Primary School Site, overall retail floorspace in the Torquay Town Centre could increase to around 20,500m<sup>2</sup> by 2030. In addition, the retail presence on the Surf Coast Highway including Surf City could increase to around 10,000m<sup>2</sup> by 2030.

There is also an opportunity to formalise the use of Baines Crescent for “secondary” bulky goods uses, and this could amount to around 3,000m<sup>2</sup> of floorspace by 2030.

A small retail node of around 500m<sup>2</sup> is suggested for a high profile corner site in Torquay North to provide residents of this area with a basic neighbourhood shopping destination.

**Table 5.3 Indicative Forecast Retail Floorspace Allocation**

Centre	Current	2020	2030
Torquay Town Centre (existing)	11,050	14,000	15,500
Torquay Primary School Site	-	<u>4,000</u>	<u>5,000</u>
Total Torquay Town Centre	11,050	18,000	20,500
Surf City	5,900	9,000	10,000
Baines Crescent (Bulky Goods)	-	2,000	3,000
Other Torquay/Jan Juc	<u>3,550</u>	<u>4,200</u>	<u>4,700</u>
<b>Total Torquay</b>	<b>20,500</b>	<b>33,200</b>	<b>38,200</b>

Source: *Essential Economics*

We also recommend that the existing Zeally Bay Road office precinct be opened up for a mixture of retail and commercial office development as this will provide greater flexibility for future growth of the town centre without necessarily compromising the ability of the centre to increase its provision of non-retail commercial office functions.

## 6 SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

1. **Substantial population growth is forecast for the Torquay main trade area** in the period to 2030. This population growth will drive an increase in supportable retail floorspace in the main trade area from around 34,000m<sup>2</sup> in 2004 to around 49,000m<sup>2</sup> in 2020 and a conservative indicative estimate of around 54,000m<sup>2</sup> in 2030.
2. **The existing Torquay Town Centre located to the east of Payne Street** currently contains around 11,050m<sup>2</sup> of retail floorspace including two supermarkets. The centre is the primary retail and commercial centre serving Torquay and the entire main trade area. By 2030, the Torquay Town Centre (excluding the primary school site) is forecast to contain around 15,500m<sup>2</sup> of retail floorspace including expansions to both of the existing supermarkets and increase in specialty floorspace.
3. **The Torquay Primary School Site** is identified as the potential location of a non-food based anchor tenant for the western end of an expanded town centre. This would involve a total retail development of around 5,000m<sup>2</sup> of retail floorspace oriented towards the north east of the site. This retail would be part of a mixed-use precinct and also include a commercial office component and residential uses. Given the uncertainty regarding timing of a major retail development on the TPSS, some flexibility should be provided to allow development which does not compromise the longer term objective of a retail development of around 5,000m<sup>2</sup> on the site. Such a development would serve as the effective western end of the Torquay Town Centre with no further retail and commercial development located west of the site.
4. **In order to integrate the Torquay Primary School Site** into the Torquay Town Centre most effectively, there should be serious consideration of the appropriate urban design principles guiding development in the area between Payne Street and Pearl Street. Ideally, there should be a high degree of accessibility and “permeability” between the school site and the balance of the Torquay Town Centre. It is therefore recommended that retail and commercial development should be promoted on the northern side of Bristol Road to the west of Pearl Street at least sufficient to link with the TPSS development, with possible further contiguous expansion to the western edge of retail/commercial development on the TPSS if required to meet future retail floorspace demand.
5. **A small retail node of around 500m<sup>2</sup>** is recommended for a prominent site in Torquay North to serve residents of this area with basic convenience retail facilities. In the long term (post 2030) scenario, there may be potential for a larger neighbourhood activity centre of up to around 6,000m<sup>2</sup> in the Torquay West growth corridor which would serve a catchment based to the west of the Surf Coast Highway. Due to the long-term nature of this opportunity, it should be the subject of future investigation subject to the long term growth strategy for the town.
6. **There is expected to be strong demand for additional retail development** in the Surf City precinct on the Surf Coast Highway over the next 25 years. Where this development continues to be oriented towards tourists and visitors, it would be of limited competitive relevance to the Torquay Town Centre. The Surf City precinct should be the focus for tourist retailing, not conventional retailing for residents.

7. ***There is likely to be substantial demand for retail in bulky goods categories*** in the main trade area over the next 25 years. While most of this spending is likely to escape to the major bulky goods retailing areas in Geelong, there is scope for a “secondary” bulky goods retailing precinct in the Baines Crescent comprising smaller, mainly independent bulky goods operators.
8. ***The Zeally Bay Road office precinct*** is recommended to be opened up for a mix of retail and commercial development. This would not compromise the ability of the Torquay Town Centre to develop an additional non-retail office component and would create additional development options for adding specialty retail floorspace to the Torquay Town Centre.
9. ***Jan Juc Neighbourhood Centre*** has limited existing provision of retail floorspace (approximately 1,000 m<sup>2</sup>), and a recent permit has issued for three shops (261 m<sup>2</sup>) and two offices (102 m<sup>2</sup>); there is capacity for a further 300 m<sup>2</sup> of commercial floorspace in existing vacant lots in the Business 1 zone. With little further capacity for residential growth in Jan Juc, the existing level of business zoned land at this location is considered to be sufficient to meet the day-to-day needs of residents and visitors.