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# Torquay/Jan Juc Retail Strategy

for the Surf Coast Shire Council

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Economic analysis + strategy

## Report Data

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# Summary

Surf Coast Council has commissioned a major piece of work – the Torquay Jan Juc 2040 Sustainable Futures project – to create an overall management plan for the development of the Torquay settlement. To strengthen and support this plan, Council would like to better understand how the retail network should develop to service the future Torquay/Jan Juc community. Council has commissioned a revised retail development strategy for the area. This document has been prepared by development economist Tim Nott and contains a background retail analysis and a draft retail strategy.

## Background

The key findings of the background analysis are:

- The general outlook for retailing is mixed. The role of the internet looks set to grow, taking sales away from shops. However, there is likely to be a growing demand for attractive activity centres as these contribute much to the life of the community as meeting places and service centres. Those centres that will do best have performance-based development regulations and willing land-holders as well as growing local and regional catchment populations.
- More particularly for Torquay, the growth of Armstrong Creek, Geelong’s principal urban growth area, will have a profound influence on retail development in the district. As part of the growth area, a sub-regional shopping centre is planned just 12 km north of Torquay on the Surf Coast Highway. This centre could serve Torquay as well as Armstrong Creek and could expand to sub-regional status quite soon (within the next five years) if it were to rely on the demand from Torquay. On the other hand, the Torquay trade area is rapidly approaching the threshold at which sub-regional retail facilities – a discount department store – will be warranted. Unfortunately, Torquay town centre is quite constrained by existing development and finding a site for a DDS will require possibly lengthy site assembly.
- In general, public policy has been to support a strong network of activity centres that concentrate many kinds of service providers because they deliver a range of community benefits (including infrastructure savings, economies of scope and scale, reduction in transport costs, generation of specialisation and innovation, and so on). This has certainly been the case in the Surf Coast Shire where Council policy has long supported the primacy of the Torquay town centre as the main focal point for the community and the location of higher order retailing (except for the specialist surf retailing at Surf City).
- Some bulky goods operators are seeking locations in Torquay. The local industrial area of Baines Crescent provides a location for smaller operators and the West Coast Business Park provides a location for operators catering mainly for wholesale trade. However, Council is keen to retain the West Coast Business Park for industrial development over the long term. Armstrong Creek Major Activity Centre may provide an alternative location for large-scale development of bulky goods outlets.
- Population growth in Geelong and Melbourne is likely to boost the role of Torquay as a regional playground and will increase demand for food service retailing and recreation retailing. The Esplanade adjacent to the Torquay town centre is a location where more intensive development could provide a regional visitor destination.

These factors have been the principal issues in the development of the revised retail strategy.

## Objectives

The strategy is driven by the following key objectives:

1. To support a strong hierarchy of multi-functional activity centres that can deliver the best possible retail service to residents and visitors
2. To identify opportunities for retail investment, including the potential for new activity centres to complement the network
3. To ensure that Torquay provides sufficient retail and commercial facilities to cater for visitors and maintain a vibrant and sustainable local tourism sector

These objectives have generated a series of potential Council actions in response to the key issues.

## Actions

Action	Strong hierarchy of multi-functional activity centres	Identify opportunities for new investment and employment in activity centres	Ensure Torquay provides the best possible service for visitors
1. Work with City of Greater Geelong to encourage the early provision of sub-regional shopping facilities (a DDS) at Armstrong Creek Major Activity Centre.	✓		
2. Work with investors and land-holders in Torquay town centre to assemble an appropriate site for a DDS at the western end of the town centre.	✓	✓	
3. Work with land-holders and investors to develop a strong neighbourhood activity centre in Torquay North.	✓	✓	
4. Encourage the provision of office space in the activity centres of Torquay/Jan Juc.	✓	✓	
5. Ensure that appropriate Council services are located in activity centres.	✓		
6. Encourage the development of upper floor housing in activity centres.		✓	
7. Identify impediments to the development of tourism uses in the Special Use Zone on the Esplanade at the eastern end of Gilbert Street and work with investors to create further tourism activity in this location.		✓	✓
8. Continue to review the future ongoing development of the Surf World complex, maintaining its commitment to local surf culture		✓	✓

<p>9. Encourage small and medium-sized bulky goods retail outlets to locate in Baines Crescent.</p>		<p>✓</p>	
<p>10. Review the zoning of Baines Crescent and the West Coast Business Park in the light of the forthcoming review of zoning for bulky goods outlets to be conducted by the State Government.</p>		<p>✓</p>	
<p>11. Work with the City of Greater Geelong to encourage the location of larger bulky goods outlets to be integrated efficiently into the design of the Armstrong Creek Major Activity Centre.</p>	<p>✓</p>		
<p>12. Consider applications to develop local activity centres in areas of need, particularly to serve residents of Torquay West and beachgoers at Torquay North.</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>
<p>13. Promote the hierarchy of activity centres to retail developers</p>	<p>✓</p>	<p>✓</p>	
<p>14. Maintain the integrity of the hierarchy, including the dominance of Torquay town centre, in deciding on planning applications and rezoning requests for retail development</p>	<p>✓</p>		

### Next Steps

Following feedback from Council, this strategy will be finalised and implemented as necessary.





# 1 Introduction

## 1.1 The Project

Torquay and Jan Juc have been growing rapidly, with many Victorians realising the benefits of an attractive, well-serviced coastal location that has ready access to employment in Geelong and Melbourne. The rapid growth has created development pressures and some uncertainty and anxiety about the sustainability of the future settlement. Surf Coast Council has commissioned a major piece of work – the Torquay Jan Juc 2040 Sustainable Futures project – to create an overall management plan for the development of the settlement.

To strengthen and support this plan, Council would like to better understand how the retail network should develop to service the future Torquay/Jan Juc community. Council has commissioned a review of the existing retail development strategy for the settlement. This review outlines how the retail network should evolve to service the local community over the coming period, using the growth projections of the Sustainable Futures project.

## 1.2 This Report

This report is in two sections. The **background** report provides:

- data about retail activity in Torquay/Jan Juc and the trade area of the Torquay town centre
- estimates of retail sales and retail demand by residents and visitors
- information about current developments in the retail industry
- forecasts of future retail demand
- scenarios for future retail development in the area

The strategy uses information in the background report to develop key objectives. These are then applied to the main issues in retail development in Torquay/Jan Juc in order to generate an action plan to achieve a preferred pattern of retail development.

### A note on geography

Throughout this report, **Torquay** means the settlement of **Torquay/Jan Juc**, unless otherwise indicated.

**Surf Coast Shire** is the local government area in which Torquay is the largest town.

**Surf Coast (S) East SLA** is the Statistical Local Area (SLA) in which Torquay is located. This SLA comprises around one third of the land area of the Surf Coast Shire. The population in this SLA is concentrated in Torquay but the area also contains the small towns of Barrabool, Modewarre and Moriac.

**Surf Coast (S) West SLA** covers the remainder of the Surf Coast Shire and contains Deans Marsh, Winchelsea and the coastal towns of Aireys Inlet, Anglesea and Lorne.

**Armstrong Creek** is the main urban growth area for Geelong and is located between the existing southern urban edge of Geelong and Torquay. The Surf Coast Highway is the main thoroughfare through the area.



# Background



## 2 Retailing in Torquay/Jan Juc and District

### 2.1 Introduction

Retailing and related business is a substantial economic activity for Torquay. Interpolating figures from the Australian Bureau of Statistics (ABS, 2007 and 2010), there were approximately 150 retail businesses and around 700 jobs in the local industry in 2006. This comprised approximately 20% of all jobs in Torquay, making it the biggest employer in the area.

Retailing is the mainstay of the local activity centres, providing a service to residents and to the visitors that support the substantial tourism industry in the area.

This section looks at the existing retail trading situation in Torquay. It focuses on the balance of supply and demand for retail floorspace since it is the size and location of the space required for retail activity that is of most concern in planning the future structure of the settlement.

For the purposes of this report, retail activity comprises the following categories:

**Food and groceries** – supermarkets, general stores, liquor outlets, specialty food outlets

**Non-food goods**, comprising

- **Clothing** – clothes, shoes, manchester
- **Household goods** – homeware, hardware, furniture, floor coverings, curtains and blinds, electronic goods etc
- **Recreational goods** - sporting goods, toys, bookshops, newsagents
- **Other goods** –, chemists, florists, jewellers, second hand goods etc

**Food service** – cafes, restaurants and take-away food outlets

**Retail services** – hairdressers, beauty parlours, video rental

For the purposes of the analysis presented here, retailing excludes selling of motor vehicles, auto accessories and fuel. It also excludes outlets which are mainly engaged in wholesale sales (that is, sales of goods to other businesses). This may include some hardware outlets.

### 2.2 Activity Centres and the Retail Hierarchy

Retailers most often congregate with other retailers and service providers in activity centres. This concentration provides advantages to consumers, who are able to access different services in one trip; to retailers, who are able to take advantage of a larger customer base; and to the community as a whole, which can enjoy infrastructure cost savings.

Most communities in Victoria are served by a network of activity centres, with each centre performing a different role and providing a different, albeit overlapping, set of goods and services. This network is usually described as a hierarchy: larger, fewer centres deliver regional level services and offer a more complete range of retail goods; smaller, more numerous centres offer localised services and a smaller range of retail goods usually providing day-to-day groceries and convenience items.

The following table sets out the activity centre hierarchy used in this report.

**Table 1: Hierarchy of retail activity centres**

Level in the hierarchy	Retail role	Relevant example	Typical catchment population	Indicative share of retail spending in its catchment
Capital City Central Activities District	Extensive comparison goods and services; culture, entertainment; dining. Includes department stores and many specialty stores	Melbourne Central Activities District	1 million plus	5% to 10%
Regional centre	Extensive comparison goods and entertainment. Includes department store, discount department store, supermarkets and many specialty stores. Also applies to some large specialty centres that cater to an extensive catchment	Geelong CBD	100,000 plus	30% to 40%
Sub-regional centre	Routine comparison goods as well as food and groceries. Includes discount department store, supermarkets and specialty stores. Also applies to some specialty centres that cater to a significant catchment	Waurin Ponds Corio Colac	25,000 plus	30% to 40%
Community centre	Food and some comparison goods. Includes supermarkets and specialty stores	Torquay town centre Pakington Street	10,000 to 30,000	30% to 40%
Neighbourhood centre	Mainly food and groceries and other convenience goods and services. Includes supermarket(s) and specialty stores	Anglesea Lorne Winchelsea	1,500 to 15,000	20% to 35%
Local centre	Convenience goods. Usually comprises a corner grocery store and may include take-away food and tourist services	Bell Street Aireys Inlet	Up to 1,500	2% to 5%
Specialist centre	Usually a narrow but deep range of goods aimed at a specialist market	Surf City, Torquay Home-maker centres etc	varies	varies

Source: Tim Nott

Not every area is served by each level of centre in this hierarchy. In Torquay, for example, there is no substantial neighbourhood centre as yet. This means that the Torquay town centre plays a larger than average role in retail provision for its catchment.

### 2.3 Regional Context

Torquay is the largest town in the Surf Coast Shire and the Torquay town centre is the largest shopping centre in the municipality. The location of Torquay means that, for many people in the coastal areas of the Shire, Torquay town centre is the closest shopping centre where they can access full-line supermarkets and a range of non-food goods, especially clothing. However, at least at present, Torquay lacks non-food goods such as furniture and a wide range of homewares. These facilities are accessed in larger regional and sub-regional shopping centres in Geelong such as Waurn Ponds, Belmont and Geelong City Centre.

The network of relevant activity centres in the region is illustrated in the following diagram, along with the trade area of the Torquay town centre. A subsequent diagram illustrates the centres and retail facilities within Torquay

Figure 1: Torquay regional context and trade area



Source: Base map from Google Maps

The **primary trade area** consists of Torquay, Jan Juc and surrounds. For residents of this area, Torquay town centre is the closest shopping centre where they can access a wide range of groceries and non-food items.

The **secondary trade area** consists mainly of the coastal towns of the Surf Coast Shire west of Torquay. Residents of these towns can access limited groceries and non-food items in their own centres but Torquay town centre provides the closest full-line supermarket and a much wider range of non-food goods.

The **Torquay main trade area** is the combination of primary and secondary trade areas.

**Figure 2: Retail activity centres in Torquay**



Source: Base map from Google maps

## 2.4 Description of Centres

### 2.4.1 Torquay Town Centre

Torquay town centre has grown around the strip shopping centre of Gilbert Street and extends between Boston Road and Zeally Bay Road, close to the foreshore reserve and adjacent to Taylor Park. The centre includes two supermarkets (Woolworths and IGA) and a variety of specialty shops. The most recent significant addition to the retail offering of the centre has been the development of Torquay Central on the former primary school site between Boston and Bristol Streets. This development comprises a series of mid-size format shops (100 to 400 sq m) providing mainly chain



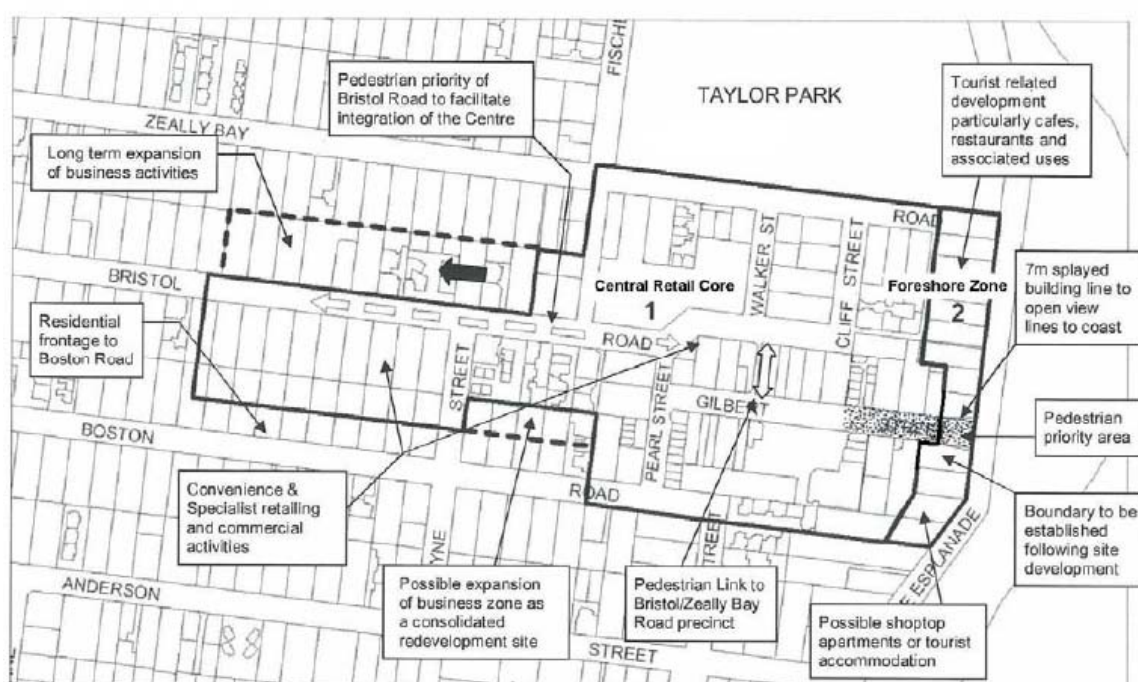
store clothing and homewares. Torquay Central is slightly separated from the rest of the centre and this may reduce the foot-traffic and synergy with the remainder of the centre.

This is a mixed use centre with some office uses and housing within the centre boundaries.

The centre appears to trade strongly with few vacancies (although the Torquay Central development appears to be struggling, partly because of its distance from the main shopping centre). Torquay town centre benefits from the spending of visitors as well as residents and supports a number of take-away food outlets. The key weakness of the centre is the difficulty in expanding within and beyond its current boundaries. There are no obvious ground-level sites for further large format retail operators.

The town centre precinct plan is shown in the following diagram.

**Figure 3: Torquay town centre precinct plan**



Source: Surf Coast Shire, 2010

## 2.4.2 Surf City/Surf Coast Highway

Surf City is a purpose built centre on the west side of the main Surf Coast Highway providing outlets for surf wear manufacturers and food service. The centre also houses the Surfworld museum, offices for Surf Lifesaving Victoria and the main tourist information office for the Shire. This centre promotes and caters for the surfing culture of the area and has a wide catchment for the range of surf wear and equipment that it sells. The centre is part-owned by Rip Curl which has its head office there. The success of the centre has created demand from other surf wear retailers which have established in nearby locations on the Surf Coast Highway, along with cafes and fast food outlets.

## 2.4.3 Bell Street

Bell Street runs adjacent to the Torquay caravan park and hosts a variety of food, surf wear and other outlets aimed primarily at visitors. The Torquay Hotel is a local icon in this strip.

#### 2.4.4 Jan Juc

Jan Juc hosts an attractive local centre on Princes Terrace, facing the ocean. The centre accommodates local services, food services and the Bells Beach Hotel and it caters for both local residents and visitors using Jan Juc beach.

#### 2.4.5 Other Shops in Torquay

Other shops in Torquay include:

- the local centre on the corner of Fischer Street and Lochard Drive (a cafe/corner store and several non-retail businesses)
- a local centre on the Surf Coast Highway opposite Boston Street
- a number of cafes and restaurants on the Esplanade scattered between the town centre and Bell Street.

#### 2.4.6 Anglesea

Anglesea is the first of the coastal holiday towns west of Torquay. It has two separate centres that cater both for residents and holiday-makers. The more substantial of the two has a small IGA supermarket which has just undergone a modest expansion (by 446 sq m).

#### 2.4.7 Aireys Inlet

Aireys Inlet also has two small centres including one with a general store. Both provide services for visitors and residents. The Victorian Civil and Administrative Tribunal has just refused a proposal to redevelop retail space to provide a small supermarket (900 sq m), mainly on car-parking and access grounds. However, the proposal may be reconfigured and resubmitted and, if approved, this would lift the centre from local to neighbourhood status (see the previous section on the retail hierarchy).

#### 2.4.8 Lorne

Approximately 45 minutes west of Torquay, Lorne is a resort town in which the activity centre is strung along the foreshore. The centre has a small supermarket, a large food service offering and a variety of browsing specialty shops designed mainly for visitors. Approval has been given to expand the supermarket by 375 sq m to 1,169 sq m. This centre also contains a picture theatre and substantial hotels such as the Cumberland Resort, the Mantra Erskine Beach resort and the Lorne Hotel.

### 2.5 Retail Floorspace

The following table provides an estimate of retail floorspace in the activity centres throughout the centres of the trade area.

**Table 2: Retail floorspace in the activity centres of the Torquay Trade Area**

Retail type	Torquay Town Centre	Bell St Torquay	Surf Coast Highway, Torquay	Other Torquay	Jan Juc	Anglesea	Aireys Inlet	Lorne	Total, Torquay Trade Area
	sq m	sq m	sq m	sq m	sq m	sq m	sq m	sq m	sq m
Food and groceries	6,210	100	340	100	100	2,150	450	1,430	10,880
Non-food goods	8,260	840	5,680	100	100	1,970	490	3,400	20,840
Food services	3,110	1,700	1,810	790	330	1,470	680	2,790	12,680
Retail services	810	140	140	100	80	80	90	200	1,640
Total retail	18,380	2,780	7,980	1,090	610	5,670	1,710	7,830	46,030
Proportion of total	40%	6%	17%	2%	1%	12%	4%	17%	100%

Source: Surf Coast Shire (for Torquay Town Centre); consultant survey, May 2011

Note: This floorspace represents a substantial increase in floorspace from the 2005 Survey by Essential Economics which found 34,000 sq m of retail floorspace in the Torquay trade area. This is partly a result of a real expansion in retailing over the period, and partly a result of taking more account of non-selling space within stores.

**Table 3: Retail floorspace in the Torquay trade areas**

Retail type	Torquay Town Centre	Other Torquay	Total Primary Trade Area	Secondary Trade Area	Total Main Trade Area	Proportion of total
	sq m	sq m	sq m	sq m	sq m	%
Food and groceries	6,210	640	6,850	4,030	10,880	24%
Non-food goods	8,260	6,720	14,980	5,860	20,840	45%
Food services	3,110	4,630	7,740	4,940	12,680	28%
Retail services	810	460	1,270	370	1,640	4%
Total retail	18,380	12,460	30,840	15,210	46,050	100%
Proportion of total	40%	27%	67%	33%	100%	

Source: Surf Coast Shire (for Torquay Town Centre); Tim Nott survey, May 2011

Note: Main Trade Area comprises the Primary and Secondary Trade Areas combined

These tables show:

- Total retail floorspace in the Torquay trade area is approximately 46,000 sq m
- Two thirds of that floorspace is in the primary trade area, with 40% in the Torquay Town Centre
- Approximately half the floorspace is in food and groceries and food services with the remaining half in non-food goods and retail services

(It is important to note that retailing is just one group of activities in the activity centres of the trade area; other commercial and community services also play an important role in every centre. Overall, around 70% of activity space in the centres of the trade area is taken up with retailing. This is relatively high compared with other strip shopping centres where retailing typically takes up around 50% of space. This high proportion of retailing in the Torquay trade area may be attributed to the high level of visitor spending in the area.)

## 2.6 Retail Sales

Given the retail floorspace it is possible to make an estimate of total retail sales in the trade area using estimates of sales per sq m for the various retail types. A figure for average sales per sq m is estimated from industry sources and adjusted for local conditions.

**Table 4: Estimated annual retail sales, Torquay trade area, 2010**

Retail type	Primary Trade Area			Secondary Trade Area			Total Torquay Trade Area		
	Floorspace	Sales per		Floorspace	Sales per		Floorspace	Sales per	
	sq m	sq m	Turnover	sq m	sq m	Turnover	sq m	sq m	Turnover
	sq m	\$/sq m	\$m	sq m	\$/sq m	\$m	sq m	\$/sq m	\$m
Food and groceries	6,850	\$7,900	\$54.1	4,030	\$6,600	\$26.6	10,880	\$7,400	\$80.7
Non-food goods	14,980	\$5,000	\$74.9	5,860	\$4,500	\$26.4	20,840	\$4,900	\$101.3
Food services	7,740	\$4,800	\$37.2	4,940	\$4,500	\$22.2	12,680	\$4,700	\$59.4
Retail services	1,270	\$3,500	\$4.4	370	\$3,200	\$1.2	1,640	\$3,400	\$5.6
Total retail	30,840	\$5,500	\$170.6	15,190	\$5,000	\$76.4	46,030	\$5,400	\$247.0

Source: Tim Nott

Note: Different sales per sq m have been applied to Torquay and the remainder of the trade area. This allows for the lower sales per sq m typically found in smaller centres and in independently owned stores.

The calculation here provides estimated annual retail sales in the Torquay trade area of \$247 million in 2010. Of this, \$171million or 69% is expended in the Primary trade area of Torquay and Jan Juc.

### 3 Retail Demand

#### 3.1 Introduction

The demand for retail goods and services in an area is largely determined by the number and spending power of residents in the trade area as well as the willingness of visitors to spend money in local shops. This section looks at:

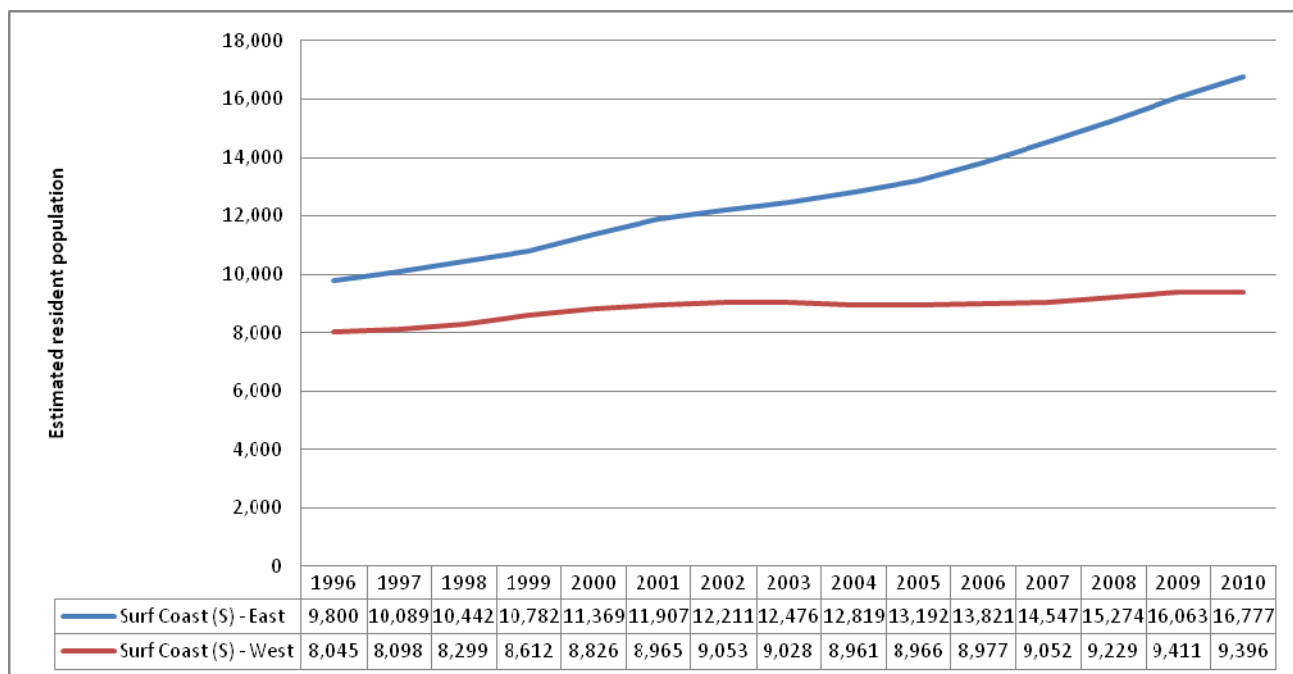
- The changing population in the trade area
- The spending of residents
- The number and spending of visitors

#### 3.2 Population

The population of Torquay and surrounds has been growing rapidly. This settlement is one of only two along the Great Ocean Road that has significant capacity for growth; and it is one of the closest towns to Geelong and Western Melbourne that has ocean beaches. The other coastal towns of the Surf Coast Shire, on the other hand, have been growing less strongly. There are significant constraints to expansion of these towns, and new development has generally involved intensification of existing residential areas.

The following chart illustrates the growth in the two SLAs of the municipality over the period from 1996 to 2010.

**Figure 4: Estimated resident population, Surf Coast Shire, 1996 to 2010**



Source: ABS, 2007a and 2011

Note: Figure for 2010 is provisional

Surf Coast (S) East SLA (mainly Torquay) has grown by 7,000 people in the 15 years from 1996 to 2010. Surf Coast (S) West SLA grew by 1,300 over the same period.

The trade area for Torquay is not quite the same as the SLAs but the same growth rate has been used to estimate the trade area population in 2010 as shown in the table below.

**Table 5: Estimated resident population in the Torquay trade area, 2006 and 2010**

Area	2006	Growth rate	2010
	no.	2006 to 2010 % per year	no.
Primary trade area	11,707	5.0%	14,211
Secondary trade area	6,416	1.1%	6,716
Main trade area	17,575	4.8%	20,927

Source: ABS, 2007 and 2011

The population of the primary trade area in 2010 was 14,210 and that in the main trade area as a whole was 20,930.

### 3.3 Retail Spending by Residents

An estimate of current retail spending per person in the Torquay trade area is provided in the table below. The estimate is based on the Market Info micro-simulation model which uses the ABS Household Expenditure Survey, Census of Population and Housing and other data sources to provide estimates of small area spending patterns. Market Info figures have been updated using recent estimates of State-wide retail sales provided by the ABS.

**Table 6: Annual retail spending per person, Torquay trade area and Victoria, 2010**

Retail type	Primary trade area	Secondary trade area	Torquay main trade area	Victoria	Torquay trade area compared with Victoria
	\$	\$	\$	\$	%
Food and groceries	\$5,200	\$5,300	\$5,200	\$5,200	100%
Non-food goods	\$5,700	\$5,500	\$5,600	\$5,500	102%
Food service	\$2,000	\$1,800	\$1,900	\$1,800	106%
Retail services	\$300	\$300	\$300	300	100%
Total retail spending	\$13,200	\$12,900	\$13,000	\$12,800	102%

Source: MDS Market Data Systems, 2002; ABS, 2011a; Tim Nott

Using the population estimate provided in the previous sub-section, the following table presents a calculation of the total retail spending by the population of the trade area.

**Table 7: Annual retail spending, Torquay trade area residents, 2010**

Retail type	Spending by primary trade area residents	Spending by secondary trade area residents	Spending by main trade area residents
	\$m	\$m	\$m
Food and groceries	\$73.9	\$35.6	\$109.5
Non-food goods	\$81.0	\$36.9	\$117.9
Food service	\$28.4	\$12.1	\$40.5
Retail services	\$4.3	\$2.0	\$6.3
Total retail spending	\$187.6	\$86.6	\$274.2

Source: MDS Market Data Systems, 2002; ABS, 2011; Tim Nott

Total retail spending by the residents of the Torquay trade area is estimated at \$274 million in 2010.

This figure constitutes the total retail demand by residents. However, not all of that spending is made in the trade area. Some spending escapes to bigger centres in Geelong and elsewhere. Estimates of escape spending are provided in subsequent sections of this report.

### 3.4 Spending by Visitors

Visitors to the Surf Coast include:

- International tourists staying overnight
- Domestic visitors staying overnight
- Domestic day visitors, mainly from Melbourne, Geelong and surrounding districts

People staying overnight have a wide range of options including:

- Commercial accommodation in hotels, motels, guest houses, bed and breakfast establishments etc
- Camping and caravan parks
- Holiday houses, either their own or rented
- Staying with friends and relatives

Visitors also include people who may live part of the week on the Surf Coast and part in Melbourne or elsewhere for work.

Estimating the retail spending of this disparate group is difficult to do with confidence.

Nevertheless, the following table provides a calculation based on visitor numbers and spending patterns identified by Tourism Research Australia.

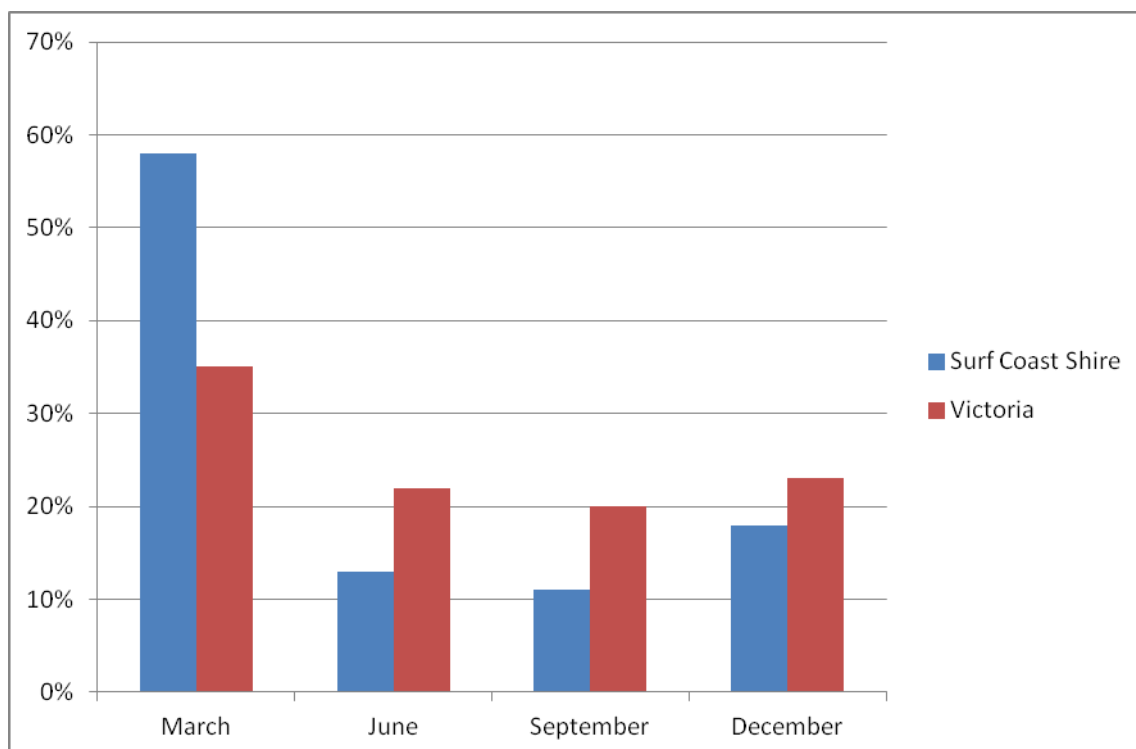
**Table 8: Estimate of retail spending by visitors, Surf Coast Shire, 2007**

	International visitors	Domestic overnight visitors	Domestic day visitors	Total
Number of nights/days (,000)	139	2,031	935	3,105
Average spend per day/night (\$)	\$119	\$104	\$72	
Total spending (\$m)	\$16.5	\$211.2	\$67.3	\$295.1
Proportion of spending on retail	44%	44%	62%	
Total retail spending (\$m)	\$7.2	\$92.5	\$42.0	\$141.7

Source: Tourism Research Australia, 2009; Tim Nott

Total retail spending in the Surf Coast Shire is estimated at \$142 million in 2007. Allowing for spending in the Shire outside the Torquay trade area and also allowing for retail spending outside shops (such as in pubs, markets etc), **the retail spending in shops in the trade area is likely to be of the order of \$100 to \$120 million per year.**

Visitor spending provides a very significant fillip to the turnover of shops in the trade area. However, this visitor spending is highly seasonal, as illustrated in the following chart.

**Figure 5: Seasonality of visitation to Surf Coast Shire and Victoria (domestic visitor nights), 2007**

Source: Tourism Research Australia, 2009

The Shire receives 58% of its overnight domestic visitors in the March Quarter. This creates difficulties for the sustainability of retailers that are reliant on visitor spending. The seasonal peaks



and troughs do lead to some shops closing or operating much reduced hours during the winter months.

Whilst visitor spending is still a very important source of income, Torquay is becoming less reliant on the influx of tourists and more self-reliant. The proportion of unoccupied houses in Torquay recorded in the Census of Population and Housing, for example, has fallen from 45% in 1981 to 33% in 2006. Unoccupied houses are largely holiday homes with transient populations. The growth of substantial suburban-style homes in the growth areas of Torquay North are largely a result of permanent residents who are able to take advantage of the attractive coastal location and still easily commute to work in Geelong or Melbourne. The advent of key pieces of infrastructure such as the planned secondary school in Torquay North will only add to the attraction of the town for permanent residents.

## 4 The Balance of Retail Supply and Demand

Armed with the figures for retail sales and retail demand, it is possible to make an estimate of the balance between resident spending in the trade area and elsewhere as well as spending by visitors. This balance is presented in the following table.

**Table 9: Balance of retail spending, Torquay trade area, 2010**

Retail type	Retail sales in the trade area		Estimate of sales to visitors		Sales to residents		Total retail spending by residents		Escape spending	
	\$m	%	\$m	\$m	\$m	\$m	\$m	\$m	%	
Food and groceries	\$80.7	20%	\$16.1	\$64.6	\$109.5	\$44.9	41%			
Non-food goods	\$101.3	55%	\$55.7	\$45.6	\$117.9	\$72.4	61%			
Food service	\$59.4	55%	\$32.7	\$26.7	\$40.5	\$13.8	34%			
Retail services	\$5.6	15%	\$0.8	\$4.8	\$6.3	\$1.5	24%			
Total retail spending	\$247.0	43%	\$105.4	\$141.7	\$274.2	\$132.6	48%			

Source: Tim Nott

Note: This table indicates the balance of retail sales to shops in the trade area. It does not include spending in pubs and hotels. Escape spending in food service is therefore overstated.

This table provides the following estimates:

- Visitor spending in the Torquay trade area - \$105 million per year in 2010 (and this is within the broad range estimated in the previous section)
- Spending by visitors contributes 43% of retail sales across the trade area (and this is likely to be a higher proportion in the western coastal settlements and lower in Torquay which has a larger resident population)
- Spending by residents in the trade area - \$142 million per year
- Spending by residents outside the Shire - \$133 million per year

The level of escape spending from the trade area as a whole is 48%. This is relatively high and appears to have grown since Essential Economics undertook a retail review in 2005 when escape spending was estimated at 41% (Essential Economics, 2005). However, the situation is not surprising given that the trade area has no major department stores, discount department stores or home-maker precincts and that larger centres with a higher degree of choice (such as Waurm Ponds, Belmont and Geelong) are only a 10 to 15 minute drive from Torquay town centre. Growth in escape spending indicates that the provision of new shops has not kept pace with retail demand, particularly with the growth in resident demand in Torquay. This is despite the development of Torquay Central with over 5,000 sq m of retail space in 2007.

As might be expected, the rate of escape spending is lowest in retail services and food service and highest in non-food goods. Spending by visitors supports a very high level of food service and this is a strong benefit of tourism for local residents. Escape spending on food and groceries also appears to be rather high. This may indicate either that many people are travelling outside the trade area and/or that the existing supermarkets and other food stores are over-trading (that is, achieving sales well above those expected in the industry).

## 5 External Influences on Retail Development

This section of the report examines external factors that are affecting retail development in the Torquay trade area.

### 5.1 The Australian Retail Industry

In 2006, retailing was the largest industry in Australia, employing over one million people or 11% of the total work-force (ABS, Census of Population and Housing). In that year, the industry comprised around 217,000 firms which added \$53 billion in value to the economy and had a turnover of \$199 billion (ABS, Australian Year Book 2008).

Retailing is shaped by the interplay between **consumer preferences**, the **competing strategies of retailers** and **development policies of government**. These factors are explored in the following sections.

### 5.2 Consumer Preferences

#### ▪ Keen prices

Keen prices are a major, if not dominant concern of most shoppers. However, most also value their time and so travel costs of the shopping trip are also taken into account in the overall price analysis that is undertaken consciously or unconsciously by most shoppers. The demand for keen prices has created pressure on retailers to reduce costs (wholesale prices, property development, logistics etc) and has also generated demand for an equitable and rational dispersal of retail facilities so that travel costs are minimised. This is what has driven the development of a hierarchy of shopping centres over many years. The hierarchy of centres allows the provision of the most often required goods and services in the most numerous centres, with goods and services that are required less often in the larger and less numerous centres.

Internet sales are growing largely as a result of being able to access the lowest prices from Australia and around the world.

#### ▪ Convenience

Increased participation in the paid workforce and longer working hours in many families has meant less time for routine shopping. These families are drawn to shops and shopping centres that minimise time spent on routine shopping trips. This benefits larger supermarkets, and one-stop shopping centres. For older people, convenience can also mean having shops within walking distance. And for people in small towns, convenience means having a local corner shop rather than having to travel to a larger centre. Convenience is also a factor in the growth of internet sales, as people can shop from home at a time of their choosing.

#### ▪ High level of choice

We live in a diverse community in which market segments are increasingly fragmented to reflect the choices of smaller groups of people. This benefits both larger stores that can carry a wide variety of stock and stores that cater to the needs of growing market niches. High levels of choice, in individual stores and in activity centres, allow shoppers to compare product features and this drives innovation and the development of new products to service smaller and smaller market niches.

- **Sustainable and healthy products**

Many individuals and families are increasingly concerned about health issues. Better information about the effects of products on individual, social and environmental health is in demand. This information is being used by some consumers to direct their expenditure towards healthier products, with a growth in low fat, low salt foods, organic foods, and products which have low carbon input (including locally grown food that has low food miles).

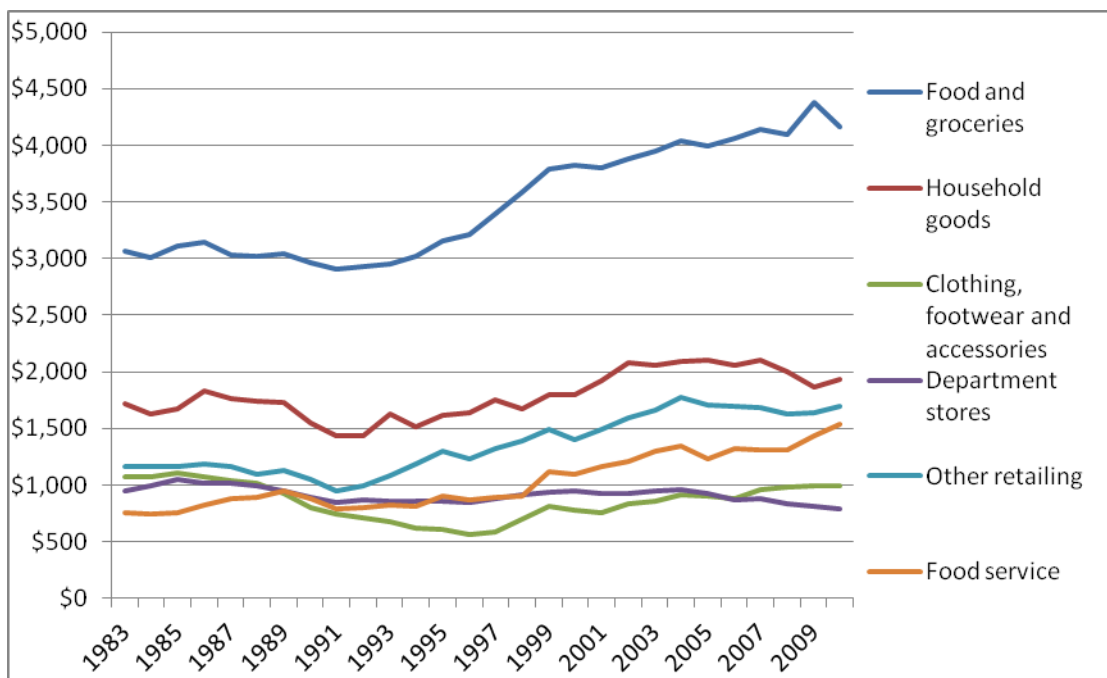
Farmers’ markets are one consequence of the desire to support sustainable food production in particular. These allow direct contact between producers and consumers without the need for retail intermediaries.

- **Increasing affluence**

Real disposable income per person in Victoria has risen by close to 2% over the past decade according to the ABS National Accounts. This has led to growth in spending on retail goods and services. More and more products are being commoditised; that is, things that previous generations made for themselves are now sold as ready made goods (think of biscuits, jams and preserves, knitted jumpers, barbecues, toys and cubby houses, for example). In addition, the increasing technological sophistication of our society has generated a host of new products that are seen as necessary for modern life (mobile phones, computers, video games etc).

The result has been a real growth in retail sales per head of population averaging around 1% per year since 1983, as detailed in the chart below.

**Figure 6: Real growth in sales per head of population, Victorian retailers, 1983 to 2010 (\$2010)**



Source: ABS, 2011; ABS 2011a; Tim Nott

- **Shopping as entertainment**

Shopping for non-essentials is part of a day out for many people and may be combined with other leisure or recreational activities such as dining, visits to the cinema or the art gallery, or a day at the beach. This factor has supported the growth of tourist centres and sustained the demand for multi-functional activity centres that have a range of entertainment options.

- **Shopping as a community activity**

Shopping can be a way of connecting to the local community. A trip to the shops allows people to meet their friends and neighbours, particularly important for isolated individuals, including one-person households (often older people), non-working partners and people who work from home. For these groups, having an activity centre within walking distance is desirable, providing exercise and health benefits as well as improving community links.

### 5.3 Retailer strategies

- **Concentration**

Strategies to compete on price have driven the formation of larger and larger business entities with huge buying power. The larger retailers are able to dictate terms to primary producers and manufacturers on wholesale prices and the precise specification of goods. The supermarkets, for example, are backed by a large, complex and efficient supply chain that enables them to deliver low prices on a very wide range of goods. The major chains are able to obtain almost blanket coverage of the market – not many people in Victoria are very far from a Woolworths or Coles supermarket (and this contributes to the parent businesses of these chains taking 25% of Australian retail turnover between them).

Price competition forces increased concentration and scale in comparison goods as well as groceries. Clothing chains need more stores to improve their buying power and reduce unit costs. Book stores have got larger to increase economies of scale, with the result that the major chains were well on the way to displacing the smaller independent stores (at least until the parent of several of the larger book store chains got into financial difficulties).

In some cases, franchise development has been used to create economies of scale in purchasing and marketing whilst still allowing individual operators to manage their own business. Franchises and cooperative buying groups operate in most retail segments from supermarkets (such as IGA) to fast food (McDonalds) to homewares (Harvey Norman and Mitre 10).

These tendencies towards concentration have led many chain stores to maximise their throughput by locating in regional and sub-regional shopping centres where the flow of potential customers is the largest. The implication for the Torquay/Jan Juc retail strategy is that, in order to maximise sustainable retail investment, Torquay would need to develop as a sub-regional shopping centre (and this includes attracting a full-line discount department store – see later sections of this report).

- **Specialisation**

As new goods are released and consumer tastes change, new specialty shops are constantly evolving. Specialisation as a retail strategy can be used in market segments where consumers are knowledgeable or interested enough to respond, and where sufficient economies of scale can be obtained to compete effectively on price or service. In recent times, continued specialisation has seen the growth of shops selling new products such as computer games, or micro-specialisation such as shops selling just tea or juice. Specialisation can also involve new juxtapositions of old products – coffee with books or music, women's fashion with hair-dressing etc.

Many highly specialist shops can remain independent of location – their customers will go to them no matter where they are. However, there is a distinct advantage in being centrally placed in relation to the market, and that will usually mean a location in a larger shopping centre.

Surf City in Torquay is a unique example of a whole centre given over to specialist recreational retailing (ie surfing). This centre has become a must-be-there location for surf wear and surf equipment specialists and has led to growing demand for retail space in close proximity to the centre.

- **Cost reduction and big box development**

The need to maximise sales has prompted most traders to congregate in activity centres where the potential customers are. However, trends towards concentration and specialisation have generated larger retail formats (big box outlets) which sometimes have difficulty finding space within traditional centres, particularly given the desire for large areas of convenient car-parking. Many of these traders have preferred locations on the edge of or outside traditional activity centres where property development costs are cheaper.

Originally big box outlets were concentrated in the hardware and bulky goods sectors. Whilst these sectors still account for most of the big box outlets, there is now a wider variety of goods sold through these outlets including clothes, sporting goods, electronic entertainment media and so on. The big box outlets have evolved from single locations to collections of traders in large home-maker centres. These may be on the edge of existing activity centres or in completely stand-alone locations.

Because of the expansion in the types of goods sold, the home-maker centres are competing more directly with traditional activity centres than hitherto. The benefits to the consumer are wider choice of goods and increased price competition. However, there are also disbenefits of this form of retail development including an increase in travel costs with the need to visit multiple centres, and a decline in the agglomeration benefits of more multi-functional centres; that is, where many different activities are clustered together (as in a traditional town centre) the customers of one activity become customers of another, infrastructure used by one activity can also be used by others, and so on.

Recent announcements by the Victorian State Government suggest that some of the restrictions on “bulky goods” outlets will soon be relaxed. This applies to the types of goods that can be sold and, potentially, to allowing bulky goods outlets to be developed in industrial zones (see Minister for Planning, 2011).

On the other hand, some big retail boxes form the core function of most significant activity centres. Branded supermarkets are generally from 2,500 to 5,000 sq m (for Coles or Woolworths) and a full line discount department store (Target, Kmart or Big W) is generally between 4,500 and 8,000 sq m. Providing affordable space to develop or adjust these core retail activities within centres is a key function of activity centre planning.

- **Increases in productivity**

Reduction in the labour intensity of big box outlets compared with traditional smaller shops, and the introduction of new technology such as scanners, eftpos, reordering at the point of sale and so on has generated higher than average improvements in labour productivity in retailing. In the five years to 2009-10, average annual growth in labour productivity in retail was 2.8% compared with an average of 1.5% in a broad range of other industries (Productivity Commission, 2011). This increase in productivity, coupled with recent slow growth in retail sales has resulted in a slight decline in the share of retail employment in the general economy. “After a decade of relative stability, the retail industry’s share of total employment in the economy has fallen from a peak of 11.8 per cent in 2005 to 10.8 per cent in 2010” (Productivity Commission, 2011).

- **Producer to consumer**

Some producers have always sold directly to the public including bakers and craft workers. Latterly, factory outlets have become popular as a means of off-loading surplus stock, discontinued lines and seconds. However, the power of the supermarkets and other major retail chains to dictate terms to producers has prompted more producers to establish direct connections with the consumer. This process has been streamlined and made cheaper by the internet. Examples include farmers who market and sell direct to the public via online ordering systems and an extensive delivery network. In other examples, farmers contract grow for groups of consumers who are keen to reduce their environmental footprint and to support sustainable local agriculture. These examples deliver more of the product value to the producers. They reduce the need for retailing but may provide net benefits to regional economies that get a large part of their external income from primary production.

- **Impacts on strip shopping centres**

Many of the trends outlined here have benefitted large corporate centres which are able to accommodate the bigger stores that have regional markets and which can control the overall retail mix and presentation to meet and shape customer needs. The home-maker centres have also benefitted from the drive for low cost locations. Many strip shopping centres have found it hard to compete and have suffered a decline in trade. Many small local centres without a significant supermarket have closed altogether.

Nevertheless, in recent times, some strip centres have experienced a resurgence, particularly where new housing has been encouraged in town centres. The resurgent strips have been able to contribute to the lifestyle of urban residents by providing food service from breakfast until late and encouraging niche retailers such as bookshops, quirky homewares, organic food sellers and independent fashion outlets. This phenomenon has certainly extended beyond the metropolitan inner city to strips in provincial centres (such as Pakington Street in Geelong) and to some smaller town centres which may also benefit from visitor expenditure (including Kyneton and Torquay, for example).

Strip centres have also been better able to accommodate retail forms such as pop-up shops and temporary retailers as well as experimental shops that are not able to afford corporate centre rents.

- **The internet**

The Internet has been heralded as a major breakthrough in providing choice and convenience for consumers. New entrants to the market (mainly US based such as Amazon and eBay) have built very strong global sales and many established retailers have scrambled to get into the on-line sales market. The Internet has also allowed small specialist manufacturers and retailers to reach a wider market. Currently, many larger retailers have both bricks and mortar shops and an online presence. The online presence may be used to provide potential customers with information only, although, increasingly, the online function may allow direct purchase.

The internet provides a high level of choice, although many people still prefer face-to-face explanation of product features. Shoppers may use the internet to undertake research but buy their products from a person who can explain the alternatives. Conversely, shoppers may also use the knowledgeable sales person in a bricks and mortar shop to explain the products to them and then buy online where the price is lower.

...debate continues to rage over the role online shopping has in the downfall of Australian retail, with head of the National Retailers' Association Gary Black saying that 50,000 jobs are at risk over the next few years due to online shopping.

[www.smartcompany.com.au](http://www.smartcompany.com.au), 29 April 2011

The growth of internet shopping is seen by many as a fundamental challenge to the viability of retailing in Australia. Certainly, at the present time, when the Australian dollar is relatively high and imports are therefore relatively cheap, buying online from overseas is very price competitive.

The scale of online retail sales remains unknown. There are no reliable statistics about how much is sold via the internet. Recent estimates quoted by the Productivity Commission appear to indicate that the internet accounts for around 6% of total non-food sales and around 1% of food and grocery sales. These shares appear to be slightly lower than sales in the UK and the USA, partly as a result of the strong activity centre network in Australia and higher levels of concern about the security and effectiveness of online transactions.

It does appear that the internet will account for a growing share of retail sales as:

- transaction security is improved
- internet connection speed and reliability are improved (especially through the National Broadband Network), allowing more elaborate product displays and faster ordering
- the proliferation of internet-capable phones and other mobile devices on which more and more people are becoming reliant for their communication needs and which are used as sales devices by companies such as Apple and Facebook

This does have profound implications for shops. Retailers selling goods with known properties (books, music, films etc) are at a particular disadvantage. Those retailers that have a high level of service are likely to survive best; that is, retailers who can create an attractive experience for their customers, who are able to capture and use information about the preferences of their customers, and who are able to close a deal. Of course, some retail outlets will be largely unaffected by the internet – hairdressers, cafes and restaurants for example.

It will become more important than ever that activity centres are attractive and multi-functional and that they can cater to many different constituencies.

## 5.4 Retail Development Policy

For the State Government, activity centres are “the focus of major urban change over the next 30 years” (see [www.dpced.vic.gov.au/planning](http://www.dpced.vic.gov.au/planning)). Concentration of development in and around activity centres creates efficiency in the provision of urban infrastructure, reducing the take-up of rural land and generating improved viability for services such as public transport and a higher level of privately provided services including retailing and entertainment. Concentration of activity also generates more multi-purpose trips, reducing transport energy use and carbon emissions. This focus is expressed in the State Planning Policy Framework, as outlined below.

In particular the State Government’s planning policy is clear that activity centres are important focal points for the community and for economic development.





## Activity Centres in the State Planning Policy Framework

### 11 SETTLEMENT

Planning is to anticipate and respond to the needs of existing and future communities through provision of zoned and serviced land for housing, employment, recreation and open space, commercial and community facilities and infrastructure.

Planning is to recognise the need for, and as far as practicable contribute towards:

- Health and safety.
- Diversity of choice.
- Adaptation in response to changing technology.
- Economic viability.
- A high standard of urban design and amenity.
- Energy efficiency.
- Prevention of pollution to land, water and air.
- Protection of environmentally sensitive areas and natural resources.
- Accessibility.
- Land use and transport integration.

Planning is to prevent environmental problems created by siting incompatible land uses close together. Planning is to facilitate sustainable development that takes full advantage of existing settlement patterns, and investment in transport and communication, water and sewerage and social facilities.

#### 11.01 Activity Centres

##### 11.01-1 Activity centre network

###### Objective

To build up activity centres as a focus for high-quality development, activity and living for the whole community by developing a network of activity centres.

###### Strategies

Develop a network of activity centres that:

- Comprises a range of centres that differ in size and function
- Is a focus for business, shopping, working, leisure and community facilities
- Provides different types of housing, including forms of higher density housing
- Is connected by public transport and cycling networks
- Maximises choices in services, employment and social interaction

Support the role and function of the centre given its classification, the policies for housing intensification, and development of the public transport network.

### 17 ECONOMIC DEVELOPMENT

Planning is to provide for a strong and innovative economy, where all sectors of the economy are critical to economic prosperity.

Planning is to contribute to the economic well-being of communities and the State as a whole by supporting and fostering economic growth and development by providing land, facilitating decisions, and resolving land use conflicts, so that each district may build on its strengths and achieve its economic potential.

#### 17.01 Commercial

##### 17.01-1 Business

###### Objective

To encourage development which meet the communities' needs for retail, entertainment, office and other commercial services and provides net community benefit in relation to accessibility, efficient infrastructure use and the aggregation and sustainability of commercial facilities.

###### Strategies

Locate commercial facilities in existing or planned activity centres.

Provide new convenience shopping facilities to provide for the needs of the local population in new residential areas and within, or immediately adjacent to, existing commercial centres.

Provide outlets of trade-related goods or services directly serving or ancillary to industry and which have adequate on-site car parking.

Locate cinema based entertainment facilities within or on the periphery of existing or planned activity centres. Such facilities should not require a permit for use within activity centres and are not encouraged on freestanding sites.

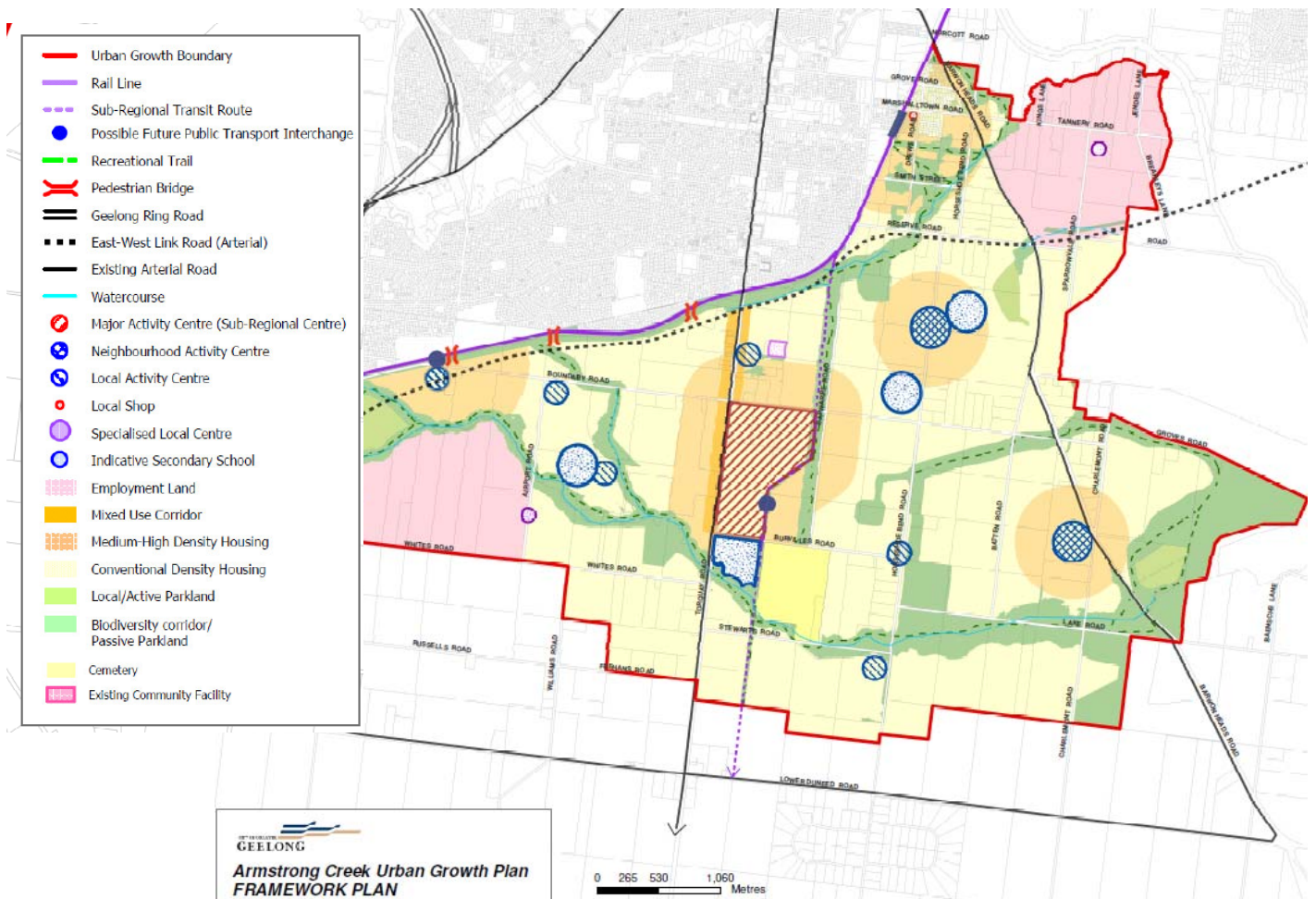
A five year time limit for commencement should be attached to the planning approval for all shopping centres or expansions of over 1,000 square metres in floorspace.

### 5.5 Development in the Geelong Region

The Geelong region is growing and the regional network of activity centres is evolving to meet the new demands for goods and services. Of particular importance to Torquay, the Armstrong Creek district between urban Geelong and Torquay is the region’s main urban growth corridor. This area is projected to accommodate 55,000 people and after many years of planning, development has begun.

A network of activity centres is planned for Armstrong Creek, including a sub-regional shopping centre on the Surf Coast Highway. The planned development is illustrated in the following plan.

**Figure 7: Armstrong Creek Framework Plan**



Source: City of Greater Geelong, 2010

The framework plan proposes:

- A sub-regional centre (a Major Activity Centre) with 60,000 sq m of retail space (including 25,000 of restricted retailing) and 77,000 sq m of other activity space
- Two neighbourhood activity centres with up to 7,000 sq m of retail space each
- Seven or eight local centres with a total of 7,500 sq m of retail space

A key feature of the proposed network of activity centres in Armstrong Creek is its walkability; a large majority of residents will be within 400 m of an activity centre.

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economic analysis + strategy

Early planning for the Major Activity Centre shows two discount department stores, two large supermarkets and two major hardware stores as well as street-based specialty stores. The location on the Surf Coast Highway is approximately 12 km from Torquay town centre or 5 to 10 minutes from Torquay by car. A public transport (rail) connection is planned to link Armstrong Creek to Geelong and Melbourne. In the longer term, this connection may extend to Torquay.

The timing of centre development in Armstrong Creek will depend on the rate at which houses are built and residents move into the area. However, according to officers at the City of Greater Geelong, Woolworths is keen to begin development in 2012 in order to establish a presence in the area. Coles, on the other hand, is currently focused on its expansion at the nearby Waurin Ponds centre. Between them, Coles and Woolworths own or control most of the land proposed for the Major Activity Centre.

Despite an early start, it is likely to be some years before the planned centre achieves sub-regional status; that is, expands to include a discount department store (or equivalent). In the meantime, Armstrong Creek residents are likely to use Waurin Ponds, Belmont and Geelong Central for their higher order shopping. They may also use the proposed sub-regional centre at Leopold which is likely to be developed in the coming decade.

Once developed, the Major Activity Centre at Armstrong Creek will undoubtedly attract spending from Torquay residents (and from elsewhere in the Torquay trade area). The timing of the provision of sub-regional shopping facilities at Armstrong Creek will depend, in part, on whether sub-regional shopping (that is, a discount department store) is provided at Torquay. In other words, if a discount department store (DDS) is provided at Torquay, the development of similar facilities at Armstrong Creek will rely on the local population alone and is therefore likely to be some time in the 2020s when the Armstrong Creek population is forecast to reach 20,000 to 30,000<sup>1</sup>. On the other hand, if a DDS is not provided at Torquay, one could be developed at Armstrong Creek in only a few years, relying on the combined demand from the population of Torquay and Armstrong Creek. According to forecasts by id consulting (2011 and 2011a) the combined population of the two areas would pass 20,000 in 2016. This excludes the population of the coastal towns west of Torquay, where much of the population may prefer to visit the existing Waurin Ponds Centre which is about equidistant.

In either case, retail demand in Torquay would be likely to increase as a result of the development at Armstrong Creek:

- If developed in Torquay, a DDS would attract some spending from Armstrong Creek residents (at least until similar facilities are constructed at the Major Activity Centre)
- Armstrong Creek residents will certainly see Torquay as a local attraction, increasing demand in the evenings and weekends for dining and browsing

At full development, the combined Armstrong Creek/Torquay trade area may support three DDS (or equivalent) – two at Armstrong Creek and one at Torquay.

A policy decision is required to indicate whether sub-regional shopping facilities should be developed first at Armstrong Creek or Torquay. From the Surf Coast Shire viewpoint there are both positives and negatives of developing first at Torquay:

- Major retail development generates local jobs, potentially reducing the need for commuting and improving local rate income
- The development of a large format store in the Torquay town centre will require a significant site that may take some time to assemble; this could increase pressure for a location outside the town centre which would split shopping provision and reduce the sustainability of urban development

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<sup>1</sup> A catchment population of 20,000 is the current threshold for the provision of a full-scale DDS.

Several scenarios for retail development are provided in subsequent sections of the report.

## 6 Local Factors Affecting Retail Development

A number of factors within Torquay and the Surf Coast Shire will affect future retail development in the area and are canvassed here.

### 6.1 Council Planning Policy

Council planning policy relating to retailing and activity centres in Torquay is clear and as indicated in the box below.

#### Torquay activity centres in the Local Planning Policy Framework

##### 21.08-4 Economic Development

##### Key issues

- Relative high level of 'escape expenditure', with the potential for this to be exacerbated in the face of impending competition from the Geelong - Armstrong Creek urban growth area.
- Integrating the western and eastern ends of the Torquay Town Centre.
- Threat of commercial intrusions into key boulevards (Bell Street and The Esplanade) impacting on the residential amenity and streetscape of these areas.
- Providing for tourist developments that integrate with residential uses and respect the coastal township character.

##### Objectives

- To maximise local employment growth and promote sustainable, attractive and accessible activity centres and industrial precincts that reinforce the surfing, beach and coastal image of Torquay-Jan Juc.
- To encourage tourist activities and facilities that will grow the local tourist industry while marrying with the Torquay-Jan Juc lifestyle and promoting / showcasing the community's values.

##### Strategies

- Consolidate and strengthen the role of the Torquay Town Centre as the primary retail centre generally in accord with Map 2 of Clause 21.08 - Torquay Town Centre Precinct Plan.
- Reinforce the primary role of the tourist retail precincts and minimise their potential for duplicating the range of goods and services found in the town centre.
- Ensure that commercial development on the Surf Coast Highway is of outstanding urban form and design, promoting and celebrating Torquay's surfing culture.
- Encourage the establishment of a small neighbourhood activity centre in Torquay North to serve residents of the Torquay North growth corridor with basic convenience needs.
- Ensure that all commercial and tourist development is of high quality design using colours, materials, architectural features and landscaping that builds on the surfing, beach and coastal character of the town.
- Promote tourist accommodation and appropriate associated uses in a number of strategically placed sites, including the golf courses, at a scale that is in keeping with the character, ambience and amenity of the location.
- Ensure that development adjacent the Surf Coast Highway in the industrial estate enhances the entrance to Torquay through design and landscaping.
- Discourage the establishment of heavy and/or offensive industry in both industrial estates.
- Encourage 'secondary' (i.e. smaller scale / specialist) bulky goods retail floor space within the Baines Crescent precinct.

[...]

The key policies for retail development are:

- Maintaining the primacy of the existing town centre
- Ensuring the development at Surf City and surrounds is focused on the local surfing culture
- Encouraging the development of a small neighbourhood centre to service Torquay North
- Restricting bulky goods development to relatively small premises in Baines Crescent

Several developments and proposals may have the potential to challenge these policies (and the location of these is shown on the following plan).

**Figure 8: Development proposals in Torquay**



Source: base photo from Google Earth, 2009

## 6.2 Torquay North Neighbourhood Centre

The proposal for a “small neighbourhood centre” has expanded slightly to include:

- A full-line supermarket of 3,500 sq m
- Specialty shops totalling 2,000 sq m
- Commercial office space of, perhaps, 500sq m to 1,500 sq m

Such a centre, according to Essential Economics (2011) would take 26% of the retail spending of the North Torquay catchment area by 2015 which is a very reasonable share (given that retail network planning generally allows 20% to 35% of catchment spending to flow to neighbourhood centres).

The Torquay North neighbourhood centre will be close to sporting facilities and the municipal office.

### **6.3 Torquay West/Jan Juc Neighbourhood Centre**

Council have also canvassed the potential for a small neighbourhood centre to service Torquay West and Jan Juc. No location has yet been identified for such a facility. This was likely to be more of a priority when the development of Spring Creek was envisaged.

### **6.4 Bunnings Development**

Bunnings has been granted approval at VCAT for a large hardware store of 6,677 sq m on industrial land – the West Coast Business Park - fronting the Surf Coast Highway in Torquay North (opposite the Torquay North Neighbourhood Centre). This approval was granted on the basis that Bunnings is classified as trade supplies (rather than retail), however it may be seen to set a precedent for the establishment of restricted retailing (bulky goods) to locate in adjacent parts of the West Coast Business Park, taking advantage of frontage to the highway. This would be contrary to Council's policy to direct bulky goods (albeit, 'secondary' or smaller scale/specialist outlets) to establish within part of the Baines Crescent precinct.

### **6.5 DDS Proposal**

The developers of the West Coast Business Park are preparing a proposal to rezone land to the west of their existing subdivision to provide for a DDS. Full details are not yet available and there is no indication whether this proposal would have associated retailing such as a supermarket and specialty stores. However, the effect of such a proposal would be to create a new focus for higher order retailing in Torquay and could potentially create a new town centre. This would be contrary to Council's policy to consolidate the Torquay town centre as the main focus for higher order retailing for the catchment. It would split retail demand, generate more trips and reduce the sustainability of the settlement.

### **6.6 Surf City Redevelopment**

The Surf Coast Council is a part owner of Surf City and wishes to see a redevelopment to promote the tourism aspects of the facility. Any such redevelopment may involve some limited growth in the retail component of the centre.

### **6.7 Developments Elsewhere in the Torquay Trade Area**

Council has provided information on the following potential retail developments that have been approved or proposed in the remainder of the Torquay trade area:

#### **Aireys Inlet**

- Possible new supermarket (if previous proposal is reworked to resolve traffic issues)

#### **Lorne**

- Expansion of existing supermarket by 375 sq m



## 7 Forecasts and Scenarios

### 7.1 Introduction

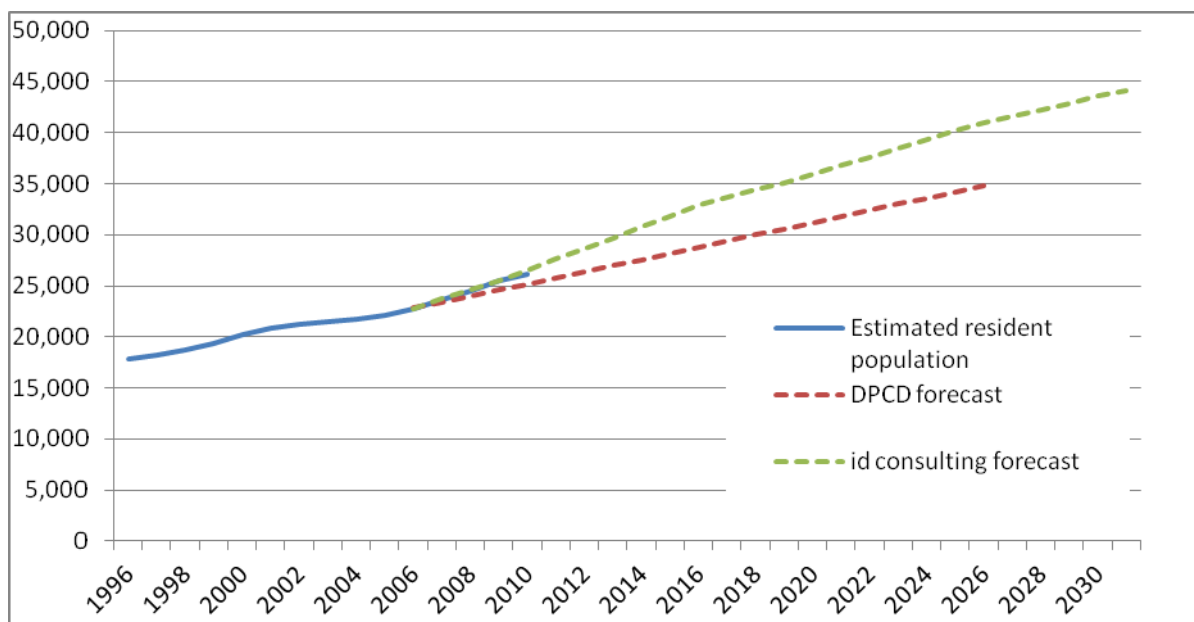
Future retail development in Torquay will continue to depend on the interplay between public policy, consumer demand and the strategies of retailers and retail developers. This section provides estimates of retail demand over the next ten years based on population forecasts and on estimates of how retail spending per person will change. A range of scenarios are then provided to model how the strategies of retailers and public policy might affect the provision of retailing in Torquay.

The potential retail development is modelled to 2021 since this is likely to be the limit of sensible forecasting given the volatility of the retail industry. However, a descriptive assessment of retail potential beyond that time is also provided in order that decision-makers can gauge the likely implications for urban development.

### 7.2 Population Forecast

Population forecasts for areas as small as Statistical Local Areas (SLAs) are provided periodically by the State Government. The latest Government forecast was released in 2009 (DPCD, 2009). Council has also commissioned population forecasts from reputable forecaster id consulting (2010). These two forecasts are shown in the figure below along with the latest estimated resident population figures.

**Figure 9: Population forecasts for Surf Coast Shire**



Source: DPCD, 2009; id consulting, 2010; ABS, 2011

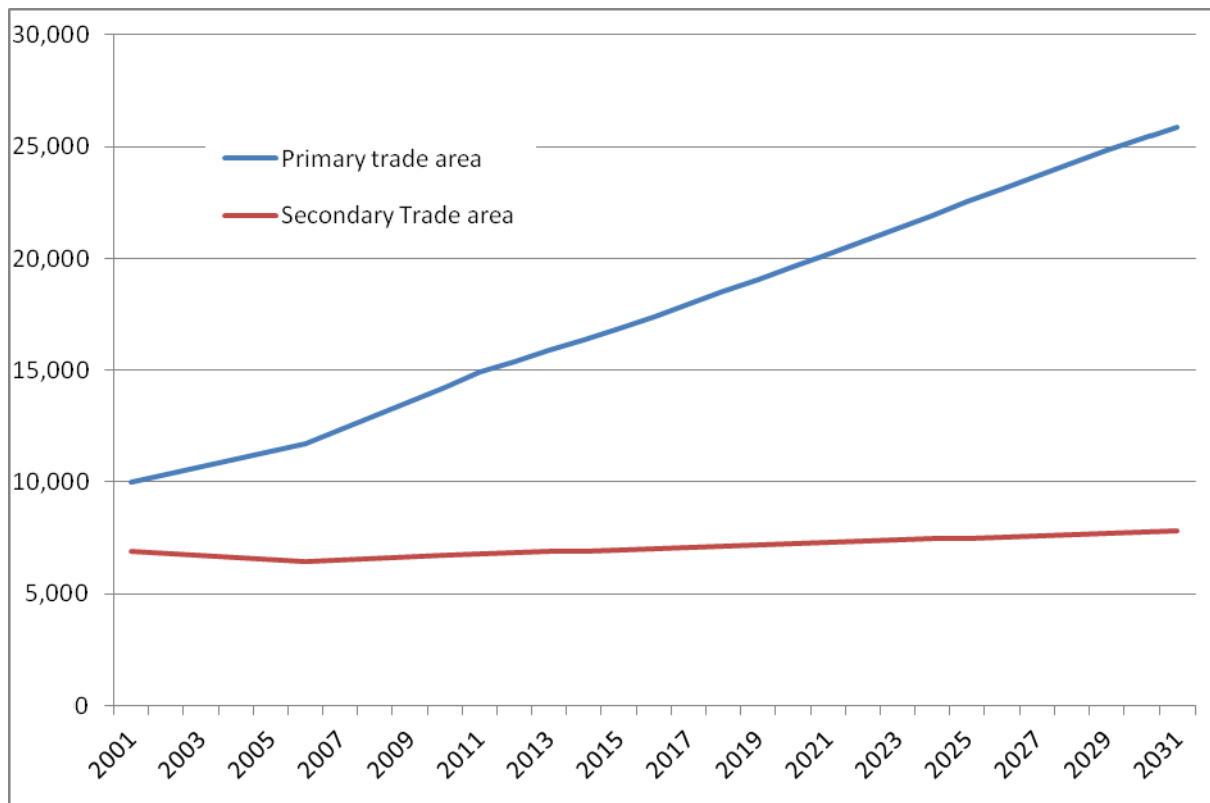
The above figure illustrates the difficulty with forecasting. Already, the official forecasts by DPCD are lagging behind the actual figures estimated by the ABS for the period from 2006 to 2010. Victoria has experienced an unexpected population surge during this time. Most places within the State have experienced higher than expected growth. The forecast by id consulting, on the other hand, has been based on more recent trends. However, the forecast by id consulting was based on the

understanding that there would be some development of the Spring Creek area in Torquay West. Council has now determined that there will be no development of Spring Creek and this has been confirmed by the Minister for Planning. Spring Creek was to have accommodated at least 1,500 homes, mainly in the period between 2021 and 2031. These are no longer part of the long term plan for the area, with a consequent reduction in population capacity.

The following chart shows a revised population forecast for the primary and secondary trade areas of Torquay which has been produced for this report.

Nevertheless, ***the reader should be aware that there is no certainty in predicting the future*** and that there is potential for a wide range of population outcomes.

**Figure 10: Population forecast, Torquay main trade area**



Source: Tim Nott

This forecast suggests that

- by 2021,
  - the population of the primary trade area will be 20,210
  - the population of the main trade area will be 27,510
- by 2031
  - the population of the primary trade area will be 25,890
  - the population of the main trade area will be 33,700

The overall rate of growth in the main trade area over the period from 2011 to 2031 is estimated at 2.2% per year (and this compares with 3.7% per year in the last four year period).

(Council has developed three broad population growth scenarios for the Torquay/Jan Juc urban area for the 2040 project. These scenarios produce a population ranging from 24,100 to 26,900 in

Torquay/Jan Juc by 2030. Bearing in mind the differences in area covered and time-frames, the forecast here corresponds broadly to the mid-range growth scenario prepared by Council.)

### 7.3 Retail demand

Future retail demand can be calculated using the forecast population and average retail spending per person. It has become customary in retail analysis to allow for growth in real spending per person in line with long term trends. However, recent growth in retail spending has been flat and this is likely to be substantially a result of a switch from bricks and mortar shops to online sales. In order to account for continued growth in online sales, the following analysis assumes that there is no real growth in retail spending per person in shops. In other words, all the real growth in spending per person is taken by online retailers. By 2021, this leads to 15% to 20% of retail sales being conducted online (growing from approximately 5% presently).

The following table provides an estimate of retail sales in the trade area in 2021.

**Table 10: Annual retail spending by residents of the Torquay trade area, 2021 (\$2010)**

Retail type	Torquay Jan Juc	Secondary Trade Area	Total Trade Area	Growth, 2010 to 2021
	\$m	\$m	\$m	\$m
Food and groceries	\$105.1	\$38.7	\$143.8	\$34.3
Non-food goods	\$115.2	\$40.1	\$155.3	\$37.4
Food service	\$40.4	\$13.1	\$53.6	\$13.1
Retail services	\$6.1	\$2.2	\$8.3	\$2.0
Total retail spending	\$266.8	\$94.1	\$360.9	\$86.7
Growth 2010 to 2021	\$79.3	\$7.5	\$86.7	

Source: Tim Nott

This forecast provides for real growth in retail spending of \$86.7 million by trade area residents over the period from 2010 to 2021. Not all this growth in spending will flow to shops in the Shire; some will inevitably escape to other centres as residents seek goods and services that are not available locally. The amount will depend on the various roles played by the activity centres in Torquay and its trade area.

In addition to spending by residents, a significant proportion of demand will continue to be generated by visitors to the trade area. Currently, demand by visitors accounts for around 43% of all retail sales in the Shire. Future demand by visitors is also one of the variables in the following retail development scenarios.

### 7.4 Retail Development Scenarios

The following scenarios for retail sales in the trade area envisage different levels of retail development and different levels of spending by visitors.

### 7.4.1 Scenario 1 - Maximise retail development

This scenario is based on a policy of maximising retail development to create local jobs and to generate the most comprehensive service to local residents. It envisages growth in retail floorspace, particularly the development of a DDS in Torquay, to stem the flow of escape spending that currently supports jobs and activity outside the Torquay trade area, in Geelong and elsewhere. The following table provides a new balance of retail sales and spending in the Torquay trade area by 2021.

**Table 11: Scenario 1 – New balance of retail sales and spending, Torquay trade area, 2021**

Retail type	Total retail spending by residents		Resident spending in trade area		Share of spending in the trade area by visitors		Total sales in trade area	Growth in sales, 2010 to 2021
	\$m	%	\$m	%	\$m	\$m	\$m	
Food and groceries	\$143.8	75%	\$107.8	20%	\$27.0	\$134.8	\$25.3	
Non-food goods	\$155.3	55%	\$85.4	45%	\$69.9	\$155.3	\$37.4	
Food service	\$53.6	65%	\$34.8	45%	\$28.5	\$63.3	\$22.8	
Retail services	\$8.3	85%	\$7.0	15%	\$1.2	\$8.3	\$2.0	
Total retail spending	\$360.9	65%	\$235.1	35%	\$126.6	\$361.7	\$87.5	

Source: Tim Nott (\$2010)

Notes: Resident escape spending has been reduced in all categories, albeit by different amounts. It is reasonable to assume that a new neighbourhood centre will reduce the escape spending in food and groceries and that a new DDS will reduce escape spending in non-food goods. The overall figure for escape spending of 35% is more normally what one would expect from a non-metropolitan catchment containing a sub-regional centre and a network of neighbourhood centres.

The share of sales to visitors is assumed to decline somewhat as permanent residents become gradually more important in the sales profile of shops in the area.

This scenario has the following key points:

- Escape spending is reduced from 48% in 2010 to 35% in 2021
- Visitor spending continues to grow but its share of total spending declines from 43% to 35%
- Total additional sales in the trade area are \$87 million in 2021 compared with 2010

The following table provides an indication of the additional retail floorspace that these extra sales might support.

**Table 12: Scenario 1 - Indicative growth in retail floorspace, 2010 to 2021**

	Total sales in trade area	Sales per sq m	Indicative floorspace	Growth in floorspace, 2010 to 2021
	\$m			
Food and groceries	\$134.8	\$7,900	17,100	6,200
Non-food goods	\$155.3	\$4,900	31,700	10,900
Food service	\$63.3	\$4,700	13,500	800
Retail services	\$8.3	\$3,400	2,400	800
Total retail	\$361.7	\$5,600	64,700	18,700

Source: Tim Nott (\$2010)

The potential growth in floorspace selling **food and groceries** is sufficient to accommodate:

- 1,300 sq m in expansions to supermarkets in the secondary trade area that is currently proposed
- 4,300 sq m for supermarket and specialty shops in Torquay North
- 600 sq m in a small supermarket and specialty shops in Torquay West/Jan Juc and/or elsewhere in the trade area

The potential growth in **non-food** space is sufficient to accommodate:

- 6,700 sq m for the approved Bunnings store (bearing in mind that around 30% or 2,000 sq m of this floorspace will be devoted to wholesale rather than retail activity)
- 4,500 sq m for a DDS in the Torquay town centre
- 1,500 sq m in the new neighbourhood centres in Torquay and/or elsewhere in the trade area

Given these allocations, there appears to be little room for major bulky goods/restricted retailing in this scenario. This type of retailing is assumed to be provided at Armstrong Creek where there is sufficient land around the proposed sub-regional activity centre.

The potential growth in **food service** floorspace is sufficient to expand the provision of visitor services in the Torquay town centre, particularly on the Esplanade, as well as in the new neighbourhood centres.

The potential growth in **retail services** will allow additional hairdressing and beauty outlets to be viable in all the main activity centres of the trade area.

This scenario allows for a new neighbourhood activity centre at Torquay North and a new local or small neighbourhood centre at Torquay West as well as a major new store (the DDS) in the town centre. In all, an additional 500 jobs in retailing could be created.

The scenario relies, in part, on the ability of the Torquay town centre to accommodate a DDS. A DDS of 4,500 sq m (presently the smallest full-line store footprint) would require a site of approximately 1 ha in order to accommodate the store and associated car parking at ground level. No such site is readily available in the Torquay town centre at present and would need to be created through consolidation of adjacent sites that are already developed. For preference, a site at the western end

of the centre would separate local traffic from visitor traffic and would help connect the existing Torquay Central development to the remainder of the centre.

For the property development to be viable, it is likely that other activities would need to be located on the potential DDS site – perhaps apartment housing, a significant hotel or serviced offices above the car-park. Council may need to get involved in order to make such a development possible. This could be through site assembly and/or design assistance.

Car parking and traffic access will continue to be key issues for the Torquay town centre. Some structural separation between resident shopping (west end) and visitor shopping (east end) may be warranted (or may evolve in the longer term). Whilst the large format stores – supermarket and DDS – prefer at-grade car-parking, it may be that multi-storey car parking will be required in the longer term to service general visitors. (Council is undertaking a separate car-parking assessment which will canvas these issues.)

### **Scenario 1: Beyond 2021**

Beyond 2021, population growth will continue to grow faster than the State average but not at the rate that has been experienced in recent years. The main growth areas will continue to be to the north of the township, including Torquay North and the Messmate Road area. These additional people will generate continued growth in demand for new shops. In addition, Torquay will continue to be the weekend playground of residents of the Armstrong Creek growth area and there will be demand for more food service and browsing shops in the town centre and along the Esplanade as well as at the visitor service areas of Bell Street, Jan Juc and the Surf Coast Highway.

In the secondary trade area, substantial growth in retailing will not be required to service the relatively small growth in permanent residents (although there may be demand for supermarket provision to improve to provide access to less expensive groceries). However, visitor demand will continue to grow. The peaks and troughs of visitation through the seasons are likely to reduce somewhat as the nearby population grows and seeks weekend recreation and entertainment throughout the year.

This scenario assumes that most bulky goods (restricted retailing) development to service the trade area will take place at Armstrong Creek. Concentrated development there will provide infrastructure and travel cost savings.

Looking out thirty years to 2040, it seems likely that the retail landscape will change in ways that are hard to predict at this distance – thirty years ago, who would have forecast the current availability of internet shopping, for example. Nevertheless, the requirement for accessible services, the need for jobs outside the home, and the desire to meet others in the local area suggest that multi-functional activity centres will continue to be the focal points of the community. Retailing will probably continue to play a strong role in these centres, as it has since the advent of urban settlement.

Without development in Spring Creek, the population of Torquay in 2040 will probably be around 30,000 people. This will be large enough to support sub-regional retail facilities in the town centre and probably two strong neighbourhood centres. The neighbourhood centres will allow the separation of day to day grocery shopping from the higher order shopping of the town centre. It may well be that the retail focus for Torquay residents shifts to the western end of the town centre, leaving the eastern end to focus more on the needs of visitors. Certainly, the growing population will also increase the expectation that the town centre will provide employment spaces, including public and private sector offices. These demands will add to the strength of the centre but will also increase potential congestion and the need for clear directions for growth.

The Esplanade close to the town centre will be a very attractive precinct for visitors, with the development of hotels, cafes and restaurants to take advantage of the foreshore views. There may

also be demand for a local centre on the foreshore to the north east of the town in order to service local residents making use of the beach.

#### 7.4.2 Scenario 2 – Minimise disruption

This scenario recognises the difficulty in expanding the Torquay town centre in the short term and allows sub-regional shopping needs to be satisfied at Armstrong Creek. Escape spending in food by trade area residents is reduced but not by as much as under the previous scenario on the understanding that people who travel outside the area to a sub-regional centre will also do some of their food shopping there. Visitors provide a larger share of total spending under this scenario (although the quantum is around the same as in the previous scenario). The following table provides the estimate of sales growth in the trade area.

**Table 13: Scenario 2 – New balance of retail sales and spending, Torquay trade area, 2021**

Retail type	Total retail spending by residents		Resident spending in trade area		Share of spending in the trade area by visitors		Total sales in trade area	Growth in sales, 2010 to 2021
	\$m	%	\$m	%	\$m	\$m	\$m	
Food and groceries	\$143.8	72%	\$103.5	20%	\$25.9	\$129.4	\$19.9	
Non-food goods	\$155.3	43%	\$66.8	50%	\$66.8	\$133.6	\$15.7	
Food service	\$53.6	66%	\$35.4	50%	\$35.4	\$70.7	\$30.2	
Retail services	\$8.3	85%	\$7.0	15%	\$1.2	\$8.3	\$2.0	
Total retail spending	\$360.9	59%	\$212.7	38%	\$129.3	\$342.0	\$67.7	

Source Tim Nott (\$2010)

This scenario has the following key points:

- Escape spending is reduced from 48% in 2010 to 41% in 2021
- Visitor spending continues to grow but its share of total spending declines from 43% to 38%
- Total additional sales in the trade area are \$68 million in 2021 compared with 2010

The following table provides an indication of the additional retail floorspace that these extra sales might support.

**Table 14: Scenario 2 - Indicative growth in retail floorspace, 2010 to 2021**

Retail type	Total sales in trade area	Sales per sq m	Indicative floorspace	Growth in floorspace, 2010 to 2021
	\$m	\$/sq m		sq m
Food and groceries	\$129.4	\$7,900	16,400	5,500
Non-food goods	\$133.6	\$4,900	27,300	6,500
Food service	\$70.7	\$4,700	15,000	2,300
Retail services	\$8.3	\$3,400	2,400	800

Total retail	\$342.0	\$5,600	61,100	15,100
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Source: Tim Nott (\$2010)

The potential growth in floorspace selling **food and groceries** is sufficient to accommodate:

- 1,300 sq m in expansions to supermarkets in the secondary trade area that is currently proposed
- 4,200 sq m for supermarket and specialty shops in Torquay North

The potential growth in **non-food** space is sufficient to accommodate:

- 6,700 sq m for the approved Bunnings store (bearing in mind that around 30% or 2,000 sq m of this floorspace will be devoted to wholesale rather than retail activity)
- 1,800+ sq m in specialty shops in Torquay North or elsewhere in the trade area

Given these allocations there is unlikely to be sufficient space for large scale bulky goods outlets in this scenario. This type of retailing is assumed to be provided at Armstrong Creek.

The potential growth in **food service** floorspace is sufficient to expand the provision of visitor services in the Torquay town centre, particularly on the Esplanade, as well as in the new neighbourhood centres.

The potential growth in **retail services** will allow additional hairdressing and beauty outlets to be viable in all the main activity centres of the trade area.

This scenario allows for a new neighbourhood centre at Torquay North but is unlikely to support more than a local centre with very limited convenience retailing in Torquay West/Jan Juc.

## Scenario 2: beyond 2021

Beyond 2021, population growth in Torquay and surrounds will continue to grow faster than the State average but not at the rate that has been experienced in recent years. There will be continued growth in demand for new shops to service local people, including ongoing demand for an expansion of sub-regional shopping facilities in the area. This demand may continue to be satisfied through the expansion of Armstrong Creek. Alternatively, the delay in providing sub-regional facilities such as a DDS in Torquay may have provided sufficient time for the assembly of a suitable site in the town centre. Certainly, the development of Armstrong Creek is likely to add to the travel time between Torquay and Geelong (with reduction in speed limits and the introduction of traffic lights etc). This will make the nearby retail facilities more attractive for residents.

The continued population growth will eventually support the development of a second neighbourhood centre in Torquay West.

Again, it is difficult to identify with confidence the shape of the retail network in 30 years' time. However, given a forecast population of 30,000 in the Torquay area and the need for activity centres, then there is ample support for a network that comprises the town centre, neighbourhood centres in Torquay North and Torquay West, and growing visitor precincts on the Esplanade, Bell Street, Jan Juc and Surf Coast Plaza.

Over the longer term, it may well be that the outcomes of scenarios 1 and 2 are similar in their effects on the activity centre network.

Both these scenarios have taken into account the recent decision to halt the development of Spring Creek. Should this decision be changed again, it is likely that development would support the provision of expanded retail facilities in Torquay West.



These scenarios inform the retail strategy outlined in the following section.



# **Retail Strategy for Torquay/Jan Juc**



## 8 Objectives

This strategy is designed to guide retail provision and activity centre development in Torquay/Jan Juc over the next ten years and to set some key directions for beyond that time. The strategy is driven by the following objectives:

1. To support a strong hierarchy of multi-functional activity centres that can deliver the best possible retail service to residents and visitors
2. To identify opportunities for retail investment, including the potential for new activity centres to complement the network
3. To ensure that Torquay provides sufficient retail and commercial facilities to cater for visitors and maintain a vibrant and sustainable local tourism sector

The strategy explicitly recognises the need to reinforce the role of the Torquay town centre as the key location in the activity centre network within Torquay/Jan Juc and the place where higher order retailing will be directed.

It is important to note that this strategy chiefly relates to retail planning. It is complemented by other Council strategies and policies, including the Torquay/Jan Juc 2040 strategy, the economic development strategy (Regional Innovation et al, 2005), the tourism strategy (Surf Coast Tourism, 2009) and the Council Plan (Surf Coast Shire, 2010).

The objectives described above, and the evolving pressures for development have given rise to a series of key actions which are outlined in the following section. In implementing these actions, Council should bear in mind the need for flexibility in achieving its goals outlined above.

## 9 Actions

### 9.1 Encourage discount department store facilities to locate in the appropriate centre

The Torquay trade area currently has the demand to support a full-line discount department store (DDS). The location of a DDS is important since it attracts investment from a wide range of smaller retailers that like to be nearby. In the Torquay context, the presence of a DDS will identify the dominant centre in the retail network. The Torquay town centre is therefore the only centre within Torquay that would warrant such a facility. Importantly, the location of a DDS at the western end of the town centre has the potential to revitalise Torquay Central by connecting and integrating that group of shops to the rest of the centre.

However, there is presently no clear site sufficiently large for a DDS - a site of at least 1 ha would be required for a retail box of 4,500 sq m and associated at-grade car-parking. Some years will be required to assemble a suitable site for such a development. And it is likely that any such facility will be part of a multi-use development over several levels, possibly including housing and offices as well as retailing and car-parking. In order to provide sufficient sites for a potential DDS operator/developer, it may be necessary to rezone land including, for example, the whole of the block bounded by Boston, Bristol, Paine and Pearl Streets, or land east of the existing commercial zone between Bristol and Zeally Bay Roads.

In the meantime, there is potential to improve the sub-regional shopping facilities for Torquay residents by supporting the early provision of a DDS at the Armstrong Creek Major Activity Centre (MAC). The Armstrong Creek centre, only ten minutes north of Torquay, is designated to grow to a sub-regional centre over time to serve the expanding community of Geelong's main urban growth area. DDS facilities would be warranted within the next few years in order to service the aggregated demand from the residents of Armstrong Creek and Torquay/Jan Juc. Residents of the coastal towns of the Surf Coast Shire would have the choice of using this new facility or continuing to use Waurn Ponds as the nearest DDS-based centre.

Council can work with the City of Greater Geelong to encourage the provision of sub-regional shopping facilities at Armstrong Creek MAC, recognising that the new centre will provide job opportunities for people from the Surf Coast as well as sub-regional services.

In the longer term, as Armstrong Creek grows to a population of more than 50,000 people there will be opportunities for more DDS locations. Council should work with investors and property owners to ensure that Torquay town centre is able to host such facilities in order to provide the best possible service to local residents.

#### Actions for Council

1. Work with City of Greater Geelong to encourage the early provision of sub-regional shopping facilities (a DDS) at Armstrong Creek Major Activity Centre.
2. Work with investors and land-holders in Torquay town centre to assemble an appropriate site for a DDS at the western end of the town centre.

### 9.2 Encourage development of a neighbourhood activity centre in Torquay North

Torquay North is the principal growth area of Torquay. Much of the growth area is located some distance from the Torquay town centre and shopping and other commercial services. There is

sufficient demand for a neighbourhood activity centre providing a range of shopping and commercial services, including a full-line supermarket. Not only will this provide a better service for the residents of Torquay North, it will take some pressure off Torquay town centre, redirecting day-to-day grocery shopping and reducing congestion and pressure on car-parking.

#### **Actions for Council**

3. Work with land-holders and investors to develop a strong neighbourhood activity centre in Torquay North.

### **9.3 Encourage development of non-retail activity within centres**

Residents and businesses benefit through the development of multi-functional activity centres. Residents are able to reduce their travel costs by combining trip purposes; customers for one type of business become customers for other businesses. In addition, activity centres can provide a wide range of workplaces that are presently in short supply in Torquay/Jan Juc, which has a high level of commuting. Given the availability of office space, there is potential for residents who presently commute to establish local enterprises. Anecdotally, offices for small professional firms are in short supply in Torquay.

Whilst the provision of appropriately sized office spaces would be relevant in all the activity centres, more space in Torquay town centre would reinforce the commercial role of the centre and generate support for a wider range of retailing. Any redevelopment of buildings within the centre should consider the provision of office space, at least in upper floors.

Community services are also an important non-retail activity that can take place in centres. Council should ensure that appropriate Council activities are located in centres and should encourage other public and private service providers to locate in centres.

Residential development in activity centres creates vibrant centres that have extended operating hours to the benefit of residents and visitors. Council can encourage apartment housing in centres on upper floors where this does not detract from the provision of retail and commercial activity.

#### **Actions for Council**

4. Encourage the provision of office space in the activity centres of Torquay/Jan Juc.
5. Ensure that appropriate Council services are located in activity centres.
6. Encourage the development of upper floor housing in activity centres.

### **9.4 Encourage a vibrant and sustainable tourism sector**

As Geelong and Melbourne continue to grow, Torquay will become more important as a visitor destination for day trips and holidays. People from nearby Armstrong Creek, in particular, will look to Torquay for weekend and night-time shopping and entertainment activities. This demand will occur throughout the year, reducing the impact of seasonality on commercial operations in Torquay.

Visitors will be looking for Torquay to supply a coastal experience. Locations with sea-views will therefore be most attractive. Over time, the Esplanade between Gilbert Street and Bell Street can develop as a world class sea-side promenade with hotels, restaurants and shops of an appropriate scale. In the shorter term, Council can encourage the development of the area of the Esplanade at the eastern end of Gilbert Street that is zoned for tourism uses (SUZ5).

The Surf World complex is a unique and popular visitor destination. Council is working with other land-holders to ensure that the complex is reinvigorated from time to time, keeping its principal purpose to encourage and showcase the local surf culture. There may be a need, for example, to ensure that the visitor information centre is more prominent in the centre in order to provide an appropriate level of visitor services.

### **Actions for Council**

7. Identify impediments to the development of tourism uses in the Special Use Zone on the Esplanade at the eastern end of Gilbert Street and work with investors to create further tourism activity in this location.
8. Continue to review the future ongoing development of the Surf World complex, maintaining its commitment to local surf culture

## **9.5 Encourage bulky goods operators to invest in appropriate locations**

It is fair to say that the community response to bulky goods outlets has been mixed. Many residents enjoy the choice and price competition brought by bulky goods outlets. However, many residents also have misgivings about the adverse competitive impact on multi-functional centres that are seen as more sustainable in the long term, as well as on the urban design impacts of large advertising hoardings and simple building forms in a sea of car-parking.

Council is encouraging smaller bulky goods operators to locate in Baines Crescent. This area is currently zoned for light industrial purposes (IN3). Depending on the outcome of the review of zoning for bulky goods outlets by State Government (see Minister for Planning, 2011), this zoning may need to change in order to more appropriately reflect the desired use (for example, the zoning could change to B4Z which is expressly designed to allow large format sales and light industrial activities.)

The allotments at Baines Crescent will allow a limited number of operators requiring up to around 800 sq m in building space with appropriate car-parking. Larger operators could be accommodated here given amalgamation of lots or cooperation between land-holders.

A limited range of bulky goods retailers and wholesalers is developing on the highway frontage of the West Coast Business Park in Torquay North. This development is led by Reece Plumbing (relocated from Baines Court) and by the soon to be developed Bunnings hardware store. The West Coast Business Park is presently zoned for industrial purposes (IN3Z)

Council's preference is for the land in the West Coast Business Park to be used for industrial purposes to cater for necessary industrial services and local manufacturing in the long term. Rather than take up this industrial land resource, larger bulky goods outlets could locate in and around the major activity centre at Armstrong Creek where they can be planned as part of the centre, with efficient and multi-purpose car parking. Council may need to review the zoning of the Business Park or strengthen its policy in order to protect this as an industrial land resource.

### **Council actions**

9. Encourage small and medium-sized bulky goods retail outlets to locate in Baines Crescent.
10. Review the zoning of Baines Crescent and the West Coast Business Park in the light of the forthcoming review of zoning for bulky goods outlets to be conducted by the State Government.
11. Work with the City of Greater Geelong to encourage the location of larger bulky goods outlets to be integrated efficiently into the design of the Armstrong Creek Major Activity Centre.



## 9.6 Allow for the development of local activity centres

Small local activity centres provide convenient services within walking distance of their catchment. In some instances, the local shops provide a landmark and resting point for residents and visitors on their morning walk. Small local centres and isolated milk bars and general stores have declined over recent decades as shoppers have become accustomed to the convenience of larger supermarket centres. However, some local centres are enjoying a resurgence in line with concerns about health and community development.

Council can allow for the development of further local activity centres where the currently planned network of centres is beyond convenient walking distance. Such local centres should consist of a very limited number of shops (probably 1 to 5 in this context) and would not include a supermarket but would likely include a general store. Total retail floorspace of a local centre would probably be in the range 80 to 400 sq m.

Council could presently consider two general locations as being suitable for the development of local centres – at Torquay West and on the Esplanade at Torquay North. The Torquay West location, perhaps on Duffields Road, could develop as a neighbourhood centre should Spring Creek ever be developed. The Esplanade location would cater to beach visitors as well as local residents and can be seen as a piece of tourism infrastructure. Whilst Council is not proposing to rezone land to accommodate such centres, it acknowledges the potential need and will consider rezoning requests by others.

### Council Actions

12. Consider applications to develop local activity centres in areas of need, particularly to serve residents of Torquay West and beachgoers at Torquay North.

## 9.7 Maintain the retail hierarchy

The hierarchy of retail and commercial activity centres provides some certainty and direction to retail operators about the appropriate location for their investment. It also provides efficient and sustainable choices for residents. Torquay/Jan Juc has an evolving hierarchy of centres to meet the needs of residents and visitors. Council will strongly encourage appropriate retail investment in these centres and strongly discourage retail investment outside these centres.

The diagram on the following page shows the network and hierarchy of activity centres that this strategy envisages developing over the period to 2021 and beyond.

The following table identifies the role and development potential of each centre envisaged in this strategy.

**Table 15: Role and development potential of activity centres in Torquay/Jan Juc**

Centre	Role	Development potential
Torquay town centre	Community activity centre in the hierarchy (equivalent to a Major Activity Centre in the State-wide planning strategy) providing strong resident and visitor services including multiple supermarkets and many specialty shops	Sufficient demand to accommodate a discount department store, promoting this to a sub-regional centre in the hierarchy, although this may require rezoning and site assembly Further visitor services at the eastern end of the centre on the Esplanade

Surf City and surrounds	A specialist centre promoting the surf culture of the area through retailing of surfing equipment and surf-wear, and provision of visitor services including the surf world museum, visitor information and food service	Potential reorganisation of space but unlikely to be substantial additions to retailing
Bell Street	Visitor services precinct, providing food and beach/surf-related clothing and recreational goods; classed as a local centre	Potential for more of the same; this is not the place for a supermarket or neighbourhood retailing
Jan Juc	Local centre providing convenience goods and visitor services	Potential for expanded grocery provision to service the Jan Juc community
Surf Coast Highway local centre	Local centre providing convenience goods and services to visitors passing on the Highway	Limited to reorganisation of existing retail offering
Lochard Drive local centre	Local centre providing a milk bar and local office space	Limited to reorganisation of existing space
Baines Court	Location for small to medium bulky goods outlets (restricted retailing)	Further development of bulky goods retail and wholesale outlets
West Coast Business Park	Industrial estate - location for Bunnings and other wholesale trade outlets	Further development of wholesale trade outlets
Proposed Torquay North Neighbourhood Activity Centre	NAC with supermarket, specialty shops and other services to provide for the weekly convenience retail needs of the Torquay North community	Opportunity for centre with 5,500 sq m of retail space and up to 1,500 sq m of other space
Potential local centre in Torquay West	Local centre with very limited convenience shopping for Torquay West/Jan Juc residents	Opportunity for up to 400 sq m of retail space
Potential local centre on the Esplanade in Torquay North	Local centre providing ice-creams and coffee for beach goers as well as limited convenience goods for local residents	Opportunity for up to 400 sq m of retail space
Potential Beach front promenade	Extension of Torquay town centre to provide an expanded range of visitor services to cope with the growing demand, particularly from Armstrong Creek	Development outside the existing special use zone may be beyond 2021

### Actions by Council

13. Promote the hierarchy of activity centres to retail developers
14. Maintain the integrity of the hierarchy, including the dominance of Torquay town centre, in deciding on planning applications and rezoning requests for retail development

Figure 11: Activity centre hierarchy, Torquay/Jan Juc



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