

WAVERLEY LOCAL VILLAGE CENTRES DCP & PUBLIC DOMAIN IMPROVEMENT PLAN ECONOMIC ASSESSMENT

Prepared for
Waverley Council

October 2006

SYDNEY CANBERRA

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CONTENTS

1.	EXECUTIVE SUMMARY.....	6
2.	INTRODUCTION.....	9
2.1	Background.....	9
2.2	Why have an Economic Study analysing the local village centres?	9
2.3	Objectives of the Economic Study	11
2.4	Under or Oversupply of Retail and Commercial Floor Space.....	11
3.	RETAIL TRENDS	13
4.	SOCIO-DEMOGRAPHICS	18
5.	THE PLANNING FRAMEWORK.....	20
5.1	Metropolitan Strategic Land Use Policy	20
5.2	State Controls.....	23
5.3	Waverley Local Environmental Plan 1996	24
6.	ANALYSIS OF EXISTING CENTRES.....	25
6.1	Retail Centres Hierarchy	25
6.2	Supply of Retail Floor Space	29
6.3	Profile of Centres.....	30
7.	TOURISM EXPENDITURE.....	38
8.	DEMAND FOR RETAIL SPACE	41
8.1	Current Household Expenditure.....	41
8.2	Population Growth.....	42
8.3	Growth in Household Expenditure.....	42
8.4	Demand for Retail Space	43
9.	RECOMMENDATIONS.....	44
9.1	Objectives of the Retail Centres Strategy.....	44
9.2	Development Principles	44
9.3	Retail Hierarchy	45
9.4	Criteria for Assessing New Development	46
9.5	Initiatives to Revitalising Existing Retail Centres.....	46
9.6	Prescriptive Land Use Measures	47
9.7	Minimum Shop Sizes	47
9.8	Licensing of Public Space.....	48
9.9	Principles in Relation to Retail Expansion.....	48

LIST OF FIGURES

Figure 1 - Existing Waverley Retail Hierarchy.....	28
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LIST OF TABLES

Table 1 - Types of Strategic Centres.....	22
Table 2 - Existing Retail Hierarchy	26
Table 3 - Number of Establishments in Waverly Retail Centres by Retail Store Type ..	29
Table 4 - Total Floor Space by Retail Centre by Retail Store Type.....	30
Table 5 - International tourist to Waverley LGA ('000) – 2003 to 2005.....	39
Table 6 - International tourist length of visit to Waverley LGA ('000) – 2003 to 2005	39
Table 7 - Domestic tourist Purpose of visit to Waverley LGA ('000) – 2003 to 2005 ..	40
Table 8 - Day Visits to Waverley LGA ('000) – 2003 to 2005.....	40
Table 9 - Household Expenditure Generated by Waverley LGA (2005\$m)	41
Table 10 - Household Expenditure Generated by Waverley LGA (2005\$m).....	42
Table 11 - Suggested Expansion of Retail Space over next 10 years.....	49

1. EXECUTIVE SUMMARY

Purpose of this Study

The purpose of this report was to provide a review of Waverley LGA village and neighbourhood centres and to provide general advice on planning and economic issues facing these centres. It includes an analysis and forecast of demand for retail space and commercial services. This is to assist Council in preparing a Development Control Plan and a Public Domain Improvement plan for the local Village centres.

Objectives of the Economic Study

In order to develop and evaluate a range of options for the planning and management of retailing in Waverly LGA it is necessary to have a clear set of objectives. At the commencement of the study key objectives were established. These are listed below

- Ensure residents have the widest possible range of shopping opportunities and commercial services;
- Provide quantity, quality and convenience for consumers;
- Provide for further growth in retail space to meet growth in demand generated by population growth;
- Protect the integrity and viability of existing centres to the extent that they continue to perform a useful community function;
- Protect current local employment levels in retailing and hospitality industries for the residents of the LGA and expand opportunities for further employment;
- Provide opportunities for local employment and start-up businesses for local residents; and
- Balance social, economic and environmental considerations and focus on local ESD principles including reduction in transport demand.

The Retail Centres in Waverley

Sydney is served by an extensive network of around 700 shopping centres of varying sizes.

Under the new Metropolitan Strategy Sydney, North Sydney, Parramatta, Penrith and Liverpool have been identified as regional cities. Bondi Junction and other similar size centres have been identified as Major Centres.

Bondi Junction is a major centre with around 150,000 to 160,000sqm of shop front space and a trade area that covers the Woollahra, Waverley and northern half of the Randwick local government areas. It also has some influence further into the southern half of Randwick and the South Sydney area.

Bondi Beach is a town centre with 20,000sqm of shop front space. The centre effectively comprises two parts – Campbell Parade and Hall Street. Campbell Parade provides for tourism related retailing with numerous restaurants, souvenir and fashion shops and the like. Hall Street, which is anchored by an IGA supermarket, is more businesses for local households.

Excluding Bondi Junction (being outside the study area) Waverley comprises around 15 retail clusters or centres with 440 shop front premises (482 premises including the Woollahra side of Rose Bay East and Rose Bay North). 320 of those premises in Waverley are used for the retail of goods, 89 are being used for commercial services (occupying ground floor shop front space) and 31 are vacant. Total area of shop front floor space is 34,000sqm of which around 25,000sqm is used for retailing, 7,300sqm is used for non-retail commercial purposes and 1,750sqm is vacant. In addition to this are shop-top commercial suites which we estimate to be around 8,000 to 10,000sqm.

The following retail hierarchy is suggested.

- Bondi Junction – Major Centre
- Bondi Beach – Town Centre
- Bondi Road – Village
- Charing Cross – Small Village
- Bronte – Small Village
- North Bondi – Small Village
- Glenayr Avenue – Small Village
- Rose Bay East – Small Village
- Rose Bay North – Small Village

All other centres would be classified as neighbourhood.

The existing retail centres are trading reasonably well with the possible exception of Charing Cross and Bronte on McPherson Street which have a higher than usual vacancy rate. Retail centres in North Bondi including those on Old South Head Road also appear to be trading below average. All these centres lack a suitable anchor tenant to draw shoppers.

Demand for Retail Space

Waverley is experiencing little population growth and in some parts negative growth. However household growth is expected to be around a modest 0.3% per annum as household occupancy rates decline further. Household growth combined with continued growth in per household expenditure means that demand for retail floor space will increase at a rate of around 3,000sqm every year. Normally only one third of this space would be demanded in the local (village and neighbourhood) centres. However in the case of Waverley this proportion could be higher to redress some of the current bias towards Bondi Junction.

There is a considerable under supply of supermarket floor space in Waverley and future space should be accommodated in the town and village centres rather than in Bondi Junction as both a means of improving quantity and convenience for shoppers and improving the viability of the local centres.

Suggested expansion of retail floor space over the next 10 years is as follows:

Retail Centre	Supermarket (sqm)	Specialty Retail (sqm)
Bondi Beach / Hall Street	3,000	2,000
Bondi Road	2,500	1,000
Charing Cross	2,500	2,000
Rose Bay East / Rose Bay North / North Bondi	2,000	3,000
Others**	1,000	1,000
Total	11,000	9,000

2. INTRODUCTION

2.1 Background

Council commissioned the professional services of Hill PDA to undertake a study to enhance understanding of the current and future roles and opportunities of each retail/commercial centre and assess its economic and social effectiveness within Waverley LGA. Included in the analysis is a forecast of demand for retail space and commercial services.

In any study of retailing activity, it is of fundamental importance to recognise its dynamic nature. It is an industry that has and will continue to undergo significant change in both form and function. It is an industry that plays a core role in the character and vitality of not just the economy but also the physical manifestations of urban systems.

The impacts of demographic change on retail demand, coupled with significant advances in retailing technology (such as the internet), product designs and technologies, and social and lifestyle dynamics that give rise to new retail concepts, strategies, formats and experiences.

Retail and commercial development in the Sydney region has been managed through a plethora of State and local government policies and strategies. At a regional level, a range of strategies have been pursued over several decades. Essentially these have included “The Sydney Region Outline Plan” (1968), “Sydney into its Third Century” (1988), “Cities for the 21st Century” (1995) and “Shaping our Cities” (1998). The new metropolitan strategy (2006) recognises the importance of commercial centres, identifies a hierarchy and includes a strategy for their future planning.

2.2 Why have an Economic Study analysing the local village centres?

Having an economic study Plan reflects an understanding of the investment by the community in the planning of our commercial centres and in suitably guiding other aspects of development.

The reasons for having an economic study analysing the local village centre are as follows:

- ***Retailing is a major sector in the economy:*** In 2001 the retail sector provided employment for 5,935 persons living in the Waverley LGA. This accounted for around 10.1% of all employment. Postcode areas 2029 and 2030 had comparatively high proportions of the population employed in retail trade. A further 1,700 persons (3.6% of total employed persons) were employed in the hospitality industry including restaurants. Retail turnover generated in the LGA amounts to almost one billion dollars each year. And the sector provides an extensive range of goods and services for the region’s residents and visitors.
- ***A Study provides the background material for guidance in retail planning and development:*** Given the economic significance of the retail sector and its role in

providing goods and services to the community, it is very important to ensure that appropriate planning is undertaken so that retail facilities are provided in a sensible way, having regard for supply and demand issues, locational trends and preferences, and other relevant factors.

- **Population growth generates retail growth:** Population growth, and in particular, growth in household numbers in any given area increases demand for retail and commercial services. The implications of this growth on the locational and functional characteristics of retailing activity have and will continue to be significant.
- **The retail sector is dynamic, with significant on-going changes that need to be taken into account:** The pace and dimensions of change in retailing over the past three decades have been dramatic. Fuelled by significant advances in technology, and changes in consumer needs and behaviour, the retail industry has had to innovate and adopt new concepts, strategies and formats. It is evolving into a global high tech business. Entertaining and educational experiences are being integrated. It is generating the emergence of new and increasingly diverse focuses of activity. New forms are being developed - designer warehouses, bulky goods outlets, category specialists, home improvement or “power” centres.
- **The hierarchy of retail centres is important in helping to identify where particular types of new or expanded retail should locate:** A retail centres plan needs to have regard for the hierarchy, which is a useful planning tool as each level in the hierarchy relates to centres with different roles and functions from other levels in the hierarchy.
- **Development proposals affect the economic and social vitality of retail centres:** A retail plan sets the framework for understanding the economic and social impacts that specific proposals may have in the locality – particularly on established and proposed retail centres.
- **Influence of Retailing outside the LGA affects investment decisions:** The plan needs to have regard for the existing and future role and location of retail centres and recognition of expenditure that escapes the LGA (as well as potential capture of expenditure from outside). It also needs to recognise potential threats of proposed centres outside the LGA.
- **Commercial offices in town (city) centres are economic multipliers:** Commercial uses in Bondi Junction CBD and other centres creates tax revenues and develop a critical mass of potential users for spending in restaurants, shopping and entertainment. In other words they provide employment which then supports the retail industry through secondary spending.
- **City Centres attract creative and entertainment industries:** In Australia the creative industries contribute \$11 billion or 2% of GDP. Furthermore such cultural activities not only generate employment but provide for a sense a place, a catalyst for urban renewal and incubators for new growth business. Though small in context of floor space occupied they are significant in defining the quality of space and public recognition. Research suggests there is strong correlation between economic competitiveness and the diversity of land uses for cultural activities.

- ***Residential Living in Town Centres is recognised as important element of fostering the living city concept.*** In Waverley there has been recently residential development in the retail centres particularly in Bondi Junction. A centres plan needs to identify how best to foster this trend and how to eliminate some other negative impacts such as disruption to retail frontages with car access and the “crowding out” of lower order retail and commercial uses.

2.3 Objectives of the Economic Study

In order to develop and evaluate a range of options for the planning and management of retailing in Waverley LGA it is necessary to have a clear set of objectives. Suggested objectives or principles are listed below:

- Ensure residents have the widest possible range of shopping opportunities and commercial services;
- Provide quantity, quality and convenience for consumers;
- Provide for further growth in retail space to meet growth in demand generated by population growth;
- Protect the integrity and viability of existing centres to the extent that they continue to perform a useful community function;
- Protect current employment levels in retailing and hospitality industries for the residents of the LGA and expand opportunities for further employment;
- Provide opportunities for local employment and start-up businesses for local residents; and
- Balance social, economic and environmental considerations and focus on local ecological sustainable development (ESD) principles including reduction in transport demand

2.4 Under or Oversupply of Retail and Commercial Floor Space

An important objective of any retail centres plan is to achieve the right level of shop front retail and commercial floor space. An undersupply of floor space creates the following problems:

- It undermines the objective of residents having the widest possible range of shopping opportunities and commercial services;
- It undermines the objective of providing quantity, quality and convenience for consumers;
- It results in considerable expenditure escaping the LGA to other areas;
- It results in longer travel times for shopping and increased car use;
- It results in increased congestion, parking difficulties and loss of convenience.

An oversupply of shop front retail and commercial floor space results in:

- High vacancies, low rents and neglect of retail centres;

- Inefficient use of land and other resources;
- An uninviting appearance and ambience with lack of users;

In many cases an oversupply of shop front space occurs as a result of intense competition in the retail industry with competitors trying to be first. In high growth areas (for example Narellan) oversupply is only a short term problem. However in areas of stagnant population growth, oversupply is an issue that is more difficult to address.

3. RETAIL TRENDS

In the 1980s, Australian retail floor space totalled approximately 1.8 square metres per person (excluding commercial space and automotive retailing), which was roughly divided equally amongst regional, district and neighbourhood/local centres. The dynamic nature of the retail industry is driven largely by the need to anticipate and effectively respond to consumer behaviour, needs and desires. Changing demographics and lifestyles demand that retailers and shopping centres constantly monitor the often subtle shifts and respond accordingly by repositioning their retail offer, presentation and mode of operation.

Some of the key drivers of change in the nature and form of retailing activity include:

- Population and household growth;
- Declining average household size;
- An aging population;
- Increasing part time employment;
- Longer working hours; and
- Increasing workforce participation rate.

The combined impacts of continued population growth and demographic change are now being reflected in a rapid increase in the quantum of retail floor space, and the introduction of new technologies, product designs and more creative retail concepts, strategies, formats and experiences.

The key trends and issues relevant to the present exercise are diverse and complex. Broadly they include a deregulation in the hours of shopping, the development of larger supermarkets and the emergence of smaller supermarket operators, the development of out of centre retailing complexes, and the development of discount department stores, a diversification in the retail experience, and the emergence of electronic shopping.

Deregulation of Shopping Hours

While most forms of retail activity now operate with extended hours, the most significant impact of deregulated shopping hours has been on the trading patterns of supermarkets. Late-night trading seven days a week and in some cases twenty four hour trading in supermarkets, has largely been a response to the growth in food expenditure captured by convenience stores operating on a twenty four hour basis (Seven Eleven etc). There has also been a blurring of the hierarchical distinction in function between centres, as supermarkets which trade with extended hours in district or neighbourhood centres compete more directly with more traditional local convenience stores.

The physical location of centres is therefore critical in ensuring that the higher order centres do not monopolise the market and a role is maintained for easily accessible small local centres or convenience stores. The broader spread of shopping hours also appears to be significantly flattening the peaks in trading patterns and may allow for some relaxation in car parking requirements at neighbourhood or convenience centres.

Supermarkets

Paralleling the deregulation of trading hours has been a trend towards the development of larger supermarkets. While in most cases the impacts can be seen in lower prices and increased product ranges, this trend has placed considerable pressure on the ability of smaller local centres to compete, with consequential impacts often being reflected in a decline in their long term sustainability. Planning policies therefore need to be framed to ensure that supermarkets remain competitive in neighbourhood centres as well as district centres to maintain an acceptable level of access for regular food shopping.

A spin-off of the trend towards larger main line supermarkets is an increase in the number of smaller supermarket operators. It is these supermarkets which form the core or anchor for modern neighbourhood centres, further reinforcing the need for planning policies to balance district and neighbourhood level food shopping.

This trend is now widely apparent in the northern suburbs. Westfields Hornsby has recently completed a range of additions and both Woolworths and Franklins in Macquarie were recently expanded significantly. These centres, which are generally the newer fully enclosed retail “model”, are all consolidating their already significant market presence; and generating significant pressure on smaller supermarkets located in the traditional street based centres to initiate plans to expand also in order to maintain market share.

Apart from large supermarkets there has been a recent trend with the introduction of discount supermarkets, such as ALDI and Bi-Lo. These supermarkets have largely been established for more price conscious rather than convenience conscious consumers. These supermarkets have established themselves in all levels of the hierarchy from regional to neighbourhood centres, and even outside town centres (usually on major roads to attract passing trade as well as local trade).

Out of Centre Retailing

A prominent trend to emerge over the past two decades has been the development of out of town centres. These are most often characterised by activities which have a primary orientation to bulky goods retailing, activities which require larger floor areas and lower rent structures than those found in traditional centres. Although furnishings, lighting and other home related merchandise have and continue to remain the primary focus of retailing, the range of activities has become more diversified.

Increasingly they are embracing several category specialists, or ‘category killers’, which provide an extensive range and depth of competitively priced merchandise within a single market segment (eg IKEA, Officeworks, Bunnings, Toys R Us, Babyco, etc). Also factory outlets and clearance centres, which integrate warehousing with retail space, are also recent occupants of space in these out of town centres. Increasingly they are becoming destination shopping venues, offering a substantial range of merchandise at more competitive prices than can be offered by traditional department, discount department and specialty stores, with resulting impacts on the overall sustainability of traditional centres.

More recently there has been other retail store types attracted to “out of centre” locations including discount variety stores such as The Warehouse Group, fast foods and convenience stores.

Out of centre retailing has and continues to have significant impacts on the structure and dynamics of urban systems. In particular, these are being felt by traditional nodes of retail activity, which are now experiencing a loss in trade. And the impacts are being seen the way in which transport infrastructure is used with out of town centres most often being removed from public transport infrastructure and dependent efficient car access.

The most prominent example in the Eastern Suburbs has been the large 31,000sqm “Supacentra” in Moore Park. Since that outlet was constructed there have been several further outlets in the Alexandria area with Domayne, Myer Megamart, Bunnings and the super centre at 49 O’Riordon Street.

Increased Diversification

Traditionally retailing has followed a hierarchy from regional through district to small neighbourhood centres. With the introduction of the discount department store in the mid 1960s, however a wave of new centre development and expansion was spawned. Since then, ever larger indoor shopping centres have and continue to be developed. Today, centres covering in excess of 70,000m² of floor space are commonplace.

Increasingly these newer centres are diversifying the retail experience with the incorporation of food courts, in-centre cinemas, family entertainment centres and larger supermarkets, department stores (David Jones, Myer), and other major tenants. Some are incorporating community facilities such as libraries, child care centres, “market squares” and community meeting rooms.

These centres are emerging as significant destinations for large populations of people. They are encroaching into the trade areas of smaller centres and in turn reducing their sustainability. The most prominent example of this trend in the Eastern Suburbs is of course Westfields Bondi Junction.

Convenience Shopping

A recently emerging trend in retailing has been the development of convenience shopping facilities. These are centred on the concept of quick, convenient shopping, meeting the needs of workers travelling home by car and consumers who prefer to spend less time shopping for food and grocery shopping and other weekly needs.

One dimension of this trend is a focus on a “convenience community centres”, which is usually dominated by a supermarket to meet daily and weekly shopping needs, and supported by a range of specialty shops such as butcher, fruit shop, liquor shop, take-away food, video rental and petrol

station. These centres are distinguished by a dependence on commuters making their way home and hence located to enable convenient access and parking (eg Woolworths Marketplace¹).

Another dimension has been the emergence of ‘convenience service centres’, often centred on petrol stations adjacent to main highways. These offer a range of groceries and fast foods which typically occupy a floor area of around 100-300m² and rather than being a primary destination for food and grocery shopping; they seek to meet the needs of ‘just-in-time’, impulse shoppers. Often they collocate with operators such as McDonalds Family Restaurant, Burger King, KFC, Quix, BP Shop, etc)

In some cases these outlets take the form of “front of centre/car park” including drive through retailing. The concept is for the car parking to have strong visual exposure to the main road enabling shoppers to clearly see available parking before entering.

Electronic Retailing

Electronic retailing (also called e-tailing and Internet retailing) is a retail format in which the retailer and customer communicate with each other through an interactive electronic network. Currently, electronic retailing represents less than 1% of retail sales in the US and even smaller percentage of retail sales in Europe and Asia. However the annual growth of US electronic retail sales is over 100%. If this growth continues, electronic retailing is expected to have a major impact on the retail industry, significantly decreasing retail sales in stores (N. Byrnes, “Retailing: Confronting the Challenges That Face Bricks and Mortar Stores”, Harvard Business Review, July 1999).

Electronic retailing is thus generally considered to have substantial growth potential. But this will be dependent on whether or not it can and is perceived to provide superior benefits over existing retail formats. The critical benefit that electronic retailers can offer is the opportunity for consumers to search across a broad range of alternatives, develop a smaller set of alternatives based on their needs, and get specific information about alternatives they want.

The type of merchandise sold by electronic retailers depends on delivery costs, the consumers need for immediacy; and the degree to which electronic retailers can provide purchase information that helps customers determine whether they will be satisfied with the purchase. It is in this respect that the influence of electronic retailing on the nature and form of retailing should be considered. Significantly it is giving rise to increased pressure on “bricks and mortar” retailing activity to seek and adopt new concepts, strategies, formats and experiences. It is also increasing pressure to develop new supply chain networks which enable rapid and efficient movement of goods. This is now evident in the development of large new warehouse distribution centres adjacent to major transport infrastructure.

¹. Woolworths Marketplaces have developed in recent times. These are enclosed buildings anchored by a supermarket with around 5-10 specialty stores with at grade car parking in front of the building.

The Implications for Waverley

The trends described above are polarising the retail hierarchy. The larger regional centres are positioning themselves for a more dominant role in the provision of entertainment and customer services matched with increased retail floor space. This is evident by the recent expansion of Westfields in Bondi Junction. It has also been evident by recent expansions in other centres such as Hornsby, Castle Hill and Macarthur Square and proposed expansions in Parramatta, Penrith and Liverpool.

The more successful smaller centres have moved towards a consolidation of their role as convenience centres with greater emphasis on food retailing, just-in-time shopping, fast foods, local services and petrol. In traditional strip centres in Waverley opportunities should be permitted for an expansion of supermarket floor space in order that a more competitive range of goods can be offered.

Significant shifts in trade have and continue to occur. In competing for consumer patronage, some centres are succeeding, and some are losing. Regional and super-regional centres are expanding and absorbing trade from district centres and even some neighbourhood centres. Convenience centres located adjacent to major roads are drawing trade from the traditional neighbourhood centres, centres that are often a focus for public transport.

Out of centre complexes centres are strengthening their presence – between 1991 and 1998 the proportion of turnover in department stores represented by bulky goods commodities fell from 40% to 25% by 1998². Out of centre retailing is not significant in Waverley but there has been large expansion in the South Sydney area, commencing with the Moore Park Supacentra and continuing with further outlets along O’Riordan Street in Alexandria and Waterloo. These outlets are having some influence on the Waverley LGA.

2. ABS Retail Surveys 1991, 1999

4. SOCIO-DEMOGRAPHICS

This section provides a profile on population, household and employment statistics from ABS Census data 2001 in the LGA of Waverley. Comparisons are made to the LGAs of Woollahra, Randwick and the Sydney Statistical Division. This analysis has been performed to gain an appreciation of the key socio-demographic characteristics of the population where the proposed DCP is to apply.

Characteristics	Waverley LGA	Woollahra LGA	Randwick LGA	Sydney SD
Population and Dwellings				
<i>Total Population</i>	58,769	49,815	118,580	3,948,015
<i>Total Dwellings</i>	29,525	25,629	51,413	1,546,691
Occupied Private Dwellings	26,850	22,745	47,864	1,438,394
Occupied Private Dwellings (%)	90.9%	88.7%	93.1%	93.0%
<i>Average Household Size</i>	2.2	2.2	2.5	2.7
Age Distribution				
0-14	13.9%	14.2%	14.5%	20.2%
15-29	24.2%	21.9%	26.9%	21.9%
30-44	27.7%	24.4%	24.5%	23.8%
45-59	16.9%	19.9%	17.0%	18.4%
60-74	9.9%	11.4%	10.5%	10.1%
75+	7.3%	8.2%	6.5%	5.6%
Total	100.0%	100.0%	100.0%	100.0%
<i>Median Age</i>	35.2	37.7	34.6	34.9
Place of Birth				
Oceania and Australia	55.4%	61.0%	59.3%	65.3%
Europe	19.6%	15.9%	14.3%	11.8%
North Africa and the Middle East	2.0%	1.4%	1.9%	3.1%
Asia	5.0%	4.8%	13.2%	10.6%
Americas	2.4%	2.3%	2.1%	1.5%
Sub-Saharan Africa	3.9%	3.4%	1.2%	1.0%
Other/Not Stated	11.7%	11.2%	8.0%	6.7%
Total	100.0%	100.0%	100.0%	100.0%
Weekly Household Income				
\$0-\$299	9.7%	7.0%	12.3%	10.2%
\$300-\$599	14.3%	9.8%	14.9%	16.8%
\$600-\$999	15.8%	13.7%	16.1%	17.6%
\$1,000-\$1,499	15.0%	13.0%	15.7%	16.7%
\$1,500-\$1,999	14.8%	17.9%	13.7%	13.3%
\$2,000+	18.9%	26.6%	15.8%	13.8%
Partial income stated	8.0%	8.6%	8.2%	8.4%
All incomes not stated	3.5%	3.4%	3.3%	3.3%
Total	100.0%	100.0%	100.0%	100.0%
<i>Median Weekly Household Income</i>	\$1,102	\$1,514	\$1,021	\$989
Home Ownership				
Owned or Being Purchased	45.8%	52.8%	49.0%	62.7%
Rented	40.4%	32.7%	41.8%	29.0%
Other/Not Stated	13.8%	14.5%	9.2%	8.4%
Total	100.0%	100.0%	100.0%	100.0%
Household Structure				
Family Households	56.7%	57.3%	62.5%	73.3%
Lone Person Households	32.2%	34.4%	27.4%	22.4%
Group Households	11.1%	8.3%	10.1%	4.3%
Total	100.0%	100.0%	100.0%	100.0%

Characteristics	Waverley LGA	Woollahra LGA	Randwick LGA	Sydney SD
Dwelling Type				
Separate house	17.9%	22.2%	30.2%	63.1%
Townhouse	18.7%	22.0%	15.8%	11.3%
Flat-Unit-Apartment	61.3%	53.0%	51.7%	23.9%
Other dwelling	0.8%	0.8%	1.0%	0.8%
Not stated	1.3%	2.0%	1.3%	0.9%
Total	100.0%	100.0%	100.0%	100.0%
Labour Force				
Managers and Administrators	11.7%	17.3%	8.8%	9.0%
Professionals	32.0%	35.2%	27.2%	21.2%
Associate Professionals	13.9%	15.6%	13.1%	11.8%
Tradespersons & Related Wrks	7.3%	3.6%	8.7%	11.1%
Clerical, Sales and Service Wrks	27.1%	23.0%	30.9%	30.8%
Intermediate Production & Transport Wrks	2.8%	1.2%	4.8%	7.4%
Labourers & Related Wrks	3.3%	1.6%	4.6%	6.6%
Inadequately described or N.S.	1.8%	2.5%	1.9%	2.1%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS 2001

As indicated in the above table, key characteristics of the Waverley LGA compared to the LGAs of Woollahra, Randwick and the Sydney SD are as follows:

- Waverley has a population of around 59,000 living in 29,500 dwellings;
- Waverley has an average household size of 2.2 persons which is below Randwick (2.5) and Sydney SD (2.7);
- Waverley has a significantly high proportion of young adults, a low proportion of children and an average proportion of aged persons;
- Waverley has a significantly low proportion of Australian born residents and a high proportion of European born residents compared to Sydney SD;
- Waverley enjoys high household income levels compared to both Randwick LGA and Sydney SD but lower than Woollahra LGA;
- Waverley has a high proportion of lone person and couples only households, similar to Woollahra LGA;
- Waverley has a high proportion of households that are renters which reflects a high proportion of housing stock that are units or apartments; and
- Waverley has a similar proportion of professionals to Woollahra, but considerably higher than Sydney SD.

Since 2001 we would expect to find an increasing proportion of young professionals and managers being attracted to the Waverley LGA. This trend will further continue as new high rise buildings are developed. The increase in residential development increases demand for retail/commercial space.

5. THE PLANNING FRAMEWORK

This section provides an overview of the planning context in which centre activity in the Waverley region is managed. It includes an historical perspective of broad strategic land use policies which have evolved for the region over the past 3 - 4 decades and outlines the State, regional and local statutory provisions applicable to centre land use and development.

5.1 Metropolitan Strategic Land Use Policy

In the context of government policy, there is a long history of the Waverley region being recognised as a discrete entity of Sydney's Greater Metropolitan Region. Amongst the many documents, which have been produced since Sydney's first plan ("The 1951 County of Cumberland Plan"), those particularly relevant in a strategic context are briefly outlined below.

Sydney Region Outline Plan 1968

The State Planning Authority prepared the "Sydney Region Outline Plan" in 1968. This Plan provided only broad guidelines and principles for guiding the future structure of Sydney over a 30-year period. Beyond this, direction was limited and the responsibilities for translating how physical structure was to evolve were placed in the hands local authorities.

What is of significance was the principle that Sydney, Newcastle and Wollongong were to form a closely integrated, linear, urban complex, accommodating a population of some 6 – 7 million by the year 2000. Within this complex, centres such as Waverley, were to evolve with individual identities and offer a wide range of employment and social facilities. A priority was the development of new areas and the expansion of existing centres to absorb a significant population growth – which was forecast to be 2.75 million.

Sydney into Its Third Century 1988

This strategy, which was prepared by the NSW Department of Environment and Planning in 1988, comprised a plan for land use and a set of broad policies to shape and direct the overall pattern development in the region. Its horizon was seen to be the period over which the Sydney population would reach 4.5 million. This was expected to occur in 2011.

Fundamental to the Plan was its continued support of the principle of linear urban expansion along transport corridors, which primarily follow the rail network. Of particular importance was recognition of the need to promote and reinforce "well distributed regional and sub regional centres, which the rail network serves in order to bring centre type jobs, especially retail and office type jobs, closer to the workforce".

Cities for the 21st Century 1995

"Cities for the 21st Century" was prepared by the NSW Department of Planning in 1995. The significance of this strategy lies in its emphasis on the need to achieve a greater integration of planning for land use and transport. Thus "Cities for the 21st Century" was supported by several more specific strategies focussed on planning for transport, the economy and the environment.

The principal of these was the “Integrated Transport Strategy”, which was released as a companion document.

This emphasis on greater integration on land use and transport planning led to the concept of the compact city being adopted as a basic principle for guiding future development. Essentially this would lead to greater efficiency in the management of housing, job locations and environmental protection.

Shaping our Cities 1998

The NSW Department of Urban Affairs and Planning in 1998 prepared “Shaping our Cities”. It represents the most recent and indeed, current strategy for the Sydney, Newcastle and Illawarra regions. It reflects a response to challenges being generated by rapid population growth, the need for a continuous supply of new homes and jobs, increased car use and growing pressures on the environment. The key planning principles adopted in this strategy essentially build on the concept of the compact city. To this end, the strategic outcomes of particular relevance are “more housing in areas close to employment centres and the rail network” and “concentrated employment and commerce in major centres”.

Metropolitan Strategy – Centres Policy

The NSW Department of Planning has recently released the Sydney Metropolitan Strategy which is a broad framework to facilitate and manage growth and development over the next 25 years. The plan identifies how local government will work with State Government to translate the aims and actions into local plans. It also aims to improve the city’s sustainability in terms of transport, energy demand, affordability and infrastructure provisioning.

Part of achieving these aims is a centres policy which seeks to improve land use and transport integration. Centres policy is a cornerstone of the Metropolitan Strategy. It aims to control land use development to ensure the sustainability objectives are achieved.

The Strategy focuses on enhancing the quality of the city’s centres by getting the best mix of homes, jobs, services – including retail, recreation and other activities in centres. This will increase the use of public transport, maximise the use of existing infrastructure and help generate local jobs. The Centres policy identifies the following key objectives:

- Provide places and locations for all types of economic activity and employment across the Sydney Region
- Increase densities in centres whilst improving liveability
- Cluster business and knowledge-based activities in strategic centres
- Concentrate activities near public transport

The Centres policy establishes a typology/hierarchy of centres (as defined in the table below), whereby for example Bondi is defined as a Town Centre and Bondi Junction as a Major Centre.

Table 1 - Types of Strategic Centres

Centre Typology	Characteristics	Examples
Global Sydney	Main focus for national and international business, professional services, specialised health and education precincts, specialised shops and tourism, it is also a recreation and entertainment destination for the Sydney region and has national and international significance.	Sydney City, North Sydney
Regional Cities	With a full range of business, Government, retail, cultural, entertainment and recreational activities. They are a focal point for regional transport and jobs.	Parramatta, Liverpool, Penrith
Specialised Centres	Areas containing major airports, ports, hospitals, universities, research and business activities that perform vital economic and employment roles across the metropolitan area. The way they interact with the rest of the city is complex and growth and change in and around them must be planned very carefully.	Macquarie Park, St Leonards, Olympic Park/Rhodes, Port Botany, Sydney Airport, Randwick Education and Health, Westmead, Bankstown Airport/Milperra, Norwest
Major Centres	The major shopping and business centre for the surrounding area with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.	Bankstown, Blacktown, Bondi Junction, Brookvale/Dee Why, Burwood, Campbelltown, Castle Hill, Chatswood, Hornsby, Hurstville, Kogarah
Town Centres	A large group of shops and services which include 1-2 supermarkets, sometimes a small shopping mall, some community facilities eg: local library, medical centre and a variety of specialists shops.	Bondi, Auburn, Top Ryde, Cabramatta, Randwick, Camden
Villages	Area containing a small supermarket, a strip of shops for daily shopping eg. Butcher, hairdressers, café, restaurants and some take away food. Some of the services that may exist include health, bank, library and a post office. Also more than 10 retail spaces.	Granville, Earlwood, Lane Cove, Wentworthville, Kensington, Kingsford
Small Villages	A small strip of shops for daily shopping eg. Butcher, hairdressers, café, restaurants and take away food. Contains 5-30 retail spaces.	
Neighbourhood Centres	Small group of 2-5 shops supplying daily needs eg milk bar and newsagent. A public transport point and child care centres, schools and other compatible activities in the immediate vicinity. The centre includes some medium density housing, townhouses and villas.	Any street with a couple of corner shops on a public transport route.

Source: Sydney Metropolitan Strategy

The DoP is intending to form partnerships with groups of councils to perform subregional planning with the aim to define the structure and future distribution of zones to accommodate housing and employment growth. The Metropolitan Strategy identifies ten subregions, whereby Waverley is included as part of the East subregion, which also comprises the LGA's of Botany Bay, Randwick and Woollahra

5.2 State Controls

In New South Wales the legal framework for the regulation of land use is broadly defined under the Environmental Planning and Assessment Act 1979 (EPA Act). Under the EPA Act, to gain a complete picture of the possibilities and constraints of a particular site it is necessary to consult a wide range of sources. These include:

- Local Environmental Plans;
- deemed environmental planning instruments;
- development control plans;
- council codes/policies;
- regional environmental plans,
- State Environmental Planning Policies,
- Directions under sections 117 (2) and 71 of the EPA Act,
- departmental circulars,
- model provisions; and
- management plans.

For the present study a brief outline is presented below of the key planning policies which are relevant to the planning and development of activity in the Waverley LGA.

State Environmental Planning Policy No.11 – Traffic Generating Development

This State Environmental Planning Policy (SEPP), prepared in 1985 (as amended), provides for consultation during the development assessment stage in relation to traffic-generating developments with the Roads and Traffic Authority (RTA). This requirement is triggered based on the type and scale of development proposed. The RTA is provided with the opportunity to make a representation on a development application before a council decision is made.

State Environmental Planning Policy No.22 – Shops and Commercial Premises

The Shops and Commercial Premises State Environmental Planning Policy (1987 as amended) provides controls to permit changes of use from one kind of shop to another or to a commercial premise or one kind of commercial premise to another or to a shop within a business zone. This change of use is still considered to be permissible if the proposed use is prohibited under an environmental planning instrument. Although this can occur, it is still necessary to obtain development consent after the consent authority is satisfied that the change of use will have no, or only minor, environmental effect.

Draft State Environmental Planning Policy No. 66 – Integration of Land Use and Transport

The Draft Integrated Land Use and Transport State Environmental Planning Policy (2001) identifies a number of planning objectives that are essential to ensuring that urban structure, building forms, land use locations, development designs, subdivision and street layouts will be achieved. Objectives include improving accessibility to housing, employment and services by walking, cycling and public transport; improving transport choices and reducing car dependence;

moderating growth in the demand for travel and the distances travelled, especially by car; and supporting the efficient and viable operation of public transport services.

5.3 Waverley Local Environmental Plan 1996

The Waverley Local Environmental Plan 1996 (LEP) provides the statutory planning framework for the LGA. The zones that relate to retail and commercial centres are summarised as follows:

3(a) Business General

The objectives of this zone are:

- (a) to allow for retail, entertainment, tourist and commercial uses;
- (b) to allow for residential development mixed with other permissible uses so as to encourage urban consolidation and increase the vitality of localities within this zone; and
- (c) to control the physical and functional characteristics of business centres so as to minimise their impact on neighbouring residential areas.

Village centre which fall under the 3(a) zone are *Campbell Parade and Hall Street*

3(b) Business Mixed

The objectives of this zone are:

- (a) to allow for a range of retail and commercial uses;
- (b) to allow for residential development mixed with other permissible uses so as to encourage urban consolidation and increase the vitality of commercial centres; and
- (c) to control the physical and functional characteristics of business centres so as to minimise their impact on neighbouring residential areas.

Village centres which fall under 3(b) zone are just one Bondi Road.

3(c) Business Neighbourhood

The objectives of this zone are:

- (a) to provide a range of shops and low intensity commercial uses that serve the daily needs of adjacent residential neighbourhoods; and
- (b) to encourage the mixing of residential development with those uses.

Village centres which fall under 3(c) zone are Blake Street, Bronte, Charing Cross, Fletcher Street, Glenayr Avenue, Murray Street, Murrivier Road, North Bondi and Old south Head Road.

6. ANALYSIS OF EXISTING CENTRES

Sydney is served by an extensive network of between 600 and 700 shopping centres of varying sizes.

Excluding Bondi Junction Waverley has around 16 commercial centres comprising 534 shop front premises of which 406 of them are used for the retail of goods, 95 are used for commercial services and 33 are vacant. In broad numbers total area of shop front floor space is around 50,000sqm of which around 39,000sqm is used for retailing, 8,500sqm is used for commercial purposes and 2,500sqm is vacant.

6.1 Retail Centres Hierarchy

The Waverley LGA has a hierarchy of commercial centres which HillPDA consider appropriate in identifying the existing hierarchy, reflected in the current zoning map. The primary centre is Bondi Junction, which is defined as a major centre servicing the eastern region and southern Sydney. Bondi beach is perceived as a secondary centre with a tourist component, while Bondi Road represents a third tier. The final tier are local village centres whose viability are generally dependant on the local population. The following local village centres have been identified as the study area for the DCP:

- Bronte commercial centres, comprising Bronte beach centre, Lugar Street centre and St Thomas Street centre;
- Blake Street;
- Murrivierie Road;
- Charing Cross;
- Bondi Road (east and west);
- Old South Head centres (north, south and centre);
- Glenayr Avenue (north, centre, south);
- Hall Street;
- Campbell Parade;
- Fletcher Street;
- North Bondi; and
- Murry Street.

There are several limitations with defining a retail hierarchy – most notably that retail centres can perform different roles. In some cases a retail centre can have more than one role and have different trade areas for each role or function. In other cases a retail centre may not have a clearly defined trade area.

The recently released Metropolitan Strategy by the NSW State Government identifies the following typology of centres in its Centres Policy which Councils should use as a guide when defining their commercial/retail centres hierarchy.

Table 2 - Existing Retail Hierarchy

Hierarchy	Character	No.	Centres in Waverley
Regional Cities	Full range of business, Government, cultural, entertainment and recreational activities Areas providing important employment Large growing catchment areas and are not close to each other	Nil	
Specialised centres	Specialised uses that perform vital economic and employment roles across the metropolitan areas	Nil	
Major Centres	Main shopping and business centre for a district A full scale shopping mall Council offices, taller office and residential buildings Central community facilities	1	Bondi Junction
Town Centres	A large group of shops and services 1-2 supermarkets Sometimes a small shopping centre Some community facilities A medical centre A variety of speciality shops	1	Bondi Beach (Campbell Pde & Hall St)
Villages	A small supermarket A strip of shops for daily shopping Some services 10+ retail spaces	1	Bondi Road
Small Villages	A small strip of shops for daily shopping 5 – 30 retail spaces	6	Bronte, Rose Bay North, Rose Bay East, Glenayr Avenue, North Bondi and Charing Cross
Neighbourhood centres	Small group of shops 2-5 supplying daily needs Public transport point	3	Murray Street, Fletcher Street & Blake Street, OSHR/Murrivier Rd, OSHR/Blair St.

The following identifies the hierarchy of centres within the Waverley LGA that is consistent with the typology of centres defined in the Centres policy of the Metropolitan Strategy.

Major Centres

A Major centre typically has more than 100,000sqm of retail floor space serving a large trade area of one or more local government areas. It comprises at least 250 stores including at least one national department store (Myer or David Jones), at least one discount department store and 2 or more full-line supermarkets.

A major centre has an emphasis on providing higher-order comparison shopping (including clothing and household goods, etc), and has a high representation of national brands. Convenience shopping is more of a secondary role. A major centre also has a high emphasis on entertainment and may include a cinema complex, ice rink, ten-pin bowling and/or other such uses.

There is one Major centre in the Waverley LGA being Bondi Junction. Other examples in the metropolitan include Bankstown, Burwood, Castle Hill, Chatswood, Hornsby, Hurstville, Miranda and Warringah Mall. A major centre has a trade area of between 9,000 and 28,000 households usually covering two or more local government areas. It is important to note that the

adjoining LGAs of Woollahra and Randwick do not have any major centres and as such a considerable level of their expenditure is captured by Bondi Junction.

Town Centre

A Town centre generally has somewhere between 20,000 and 80,000sqm of retail floor space and between 50 and 250 stores. A few of the larger town centres such as Eastgardens are anchored by a department store. Most of them however are anchored by a discount department store (Big W, Target or Kmart), and at least 2 supermarkets of which at least one is full-line supermarket. Some of the smaller town centres (such as Bondi Beach) have no discount department store. These centres have a trade area between 15,000 to 50,000 households.

Town centres also have a range of specialty shops and non-retail services such as banks and community services. The emphasis on comparative shopping is less strong than it is in the regional and sub-regional centres.

There is one town centre in Waverly LGA being Bondi Beach.

Village Centre

Village centres have an emphasis on providing regular food and grocery shopping and services for the local area. These centres are generally anchored by one or more supermarkets. Village centres are further subdivided into village centre (say 8,000 to 20,000sqm) and small village centre (say 2,000 to 8,000sqm).

Village centres have a trade area of between 2,000 and 20,000 households. Villages are usually anchored by a supermarket of 1,000sqm or more in size and contain a strip of shops for daily shopping. There is one centres in Waverley LGA – Bondi Road although it lacks a medium to large supermarket.

A small village centre has a trade area of 2,000 to 10,000 households and usually contains a small strip of between 10 and 30 shops. It may be anchored by a small supermarket (say less than 500sqm). Included in this category are Charing Cross, Glenayr Avenue, Bronte, North Bondi, clusters along Old South Head Road and Murrivier Road.

Neighbourhood Centre

Neighbourhood centres are small centres generally less than 2,000sqm with either a mini-supermarket / convenience store as an anchor tenant or no anchor tenant at all. These centres provide convenient “top-up” shopping (sometimes referred to as “mum-forgot” shop). Centres included in this category are Blake Street, Bronte Beach, Dover Heights, Fletcher Street, Murray Street and some clusters on Old South Head Road,

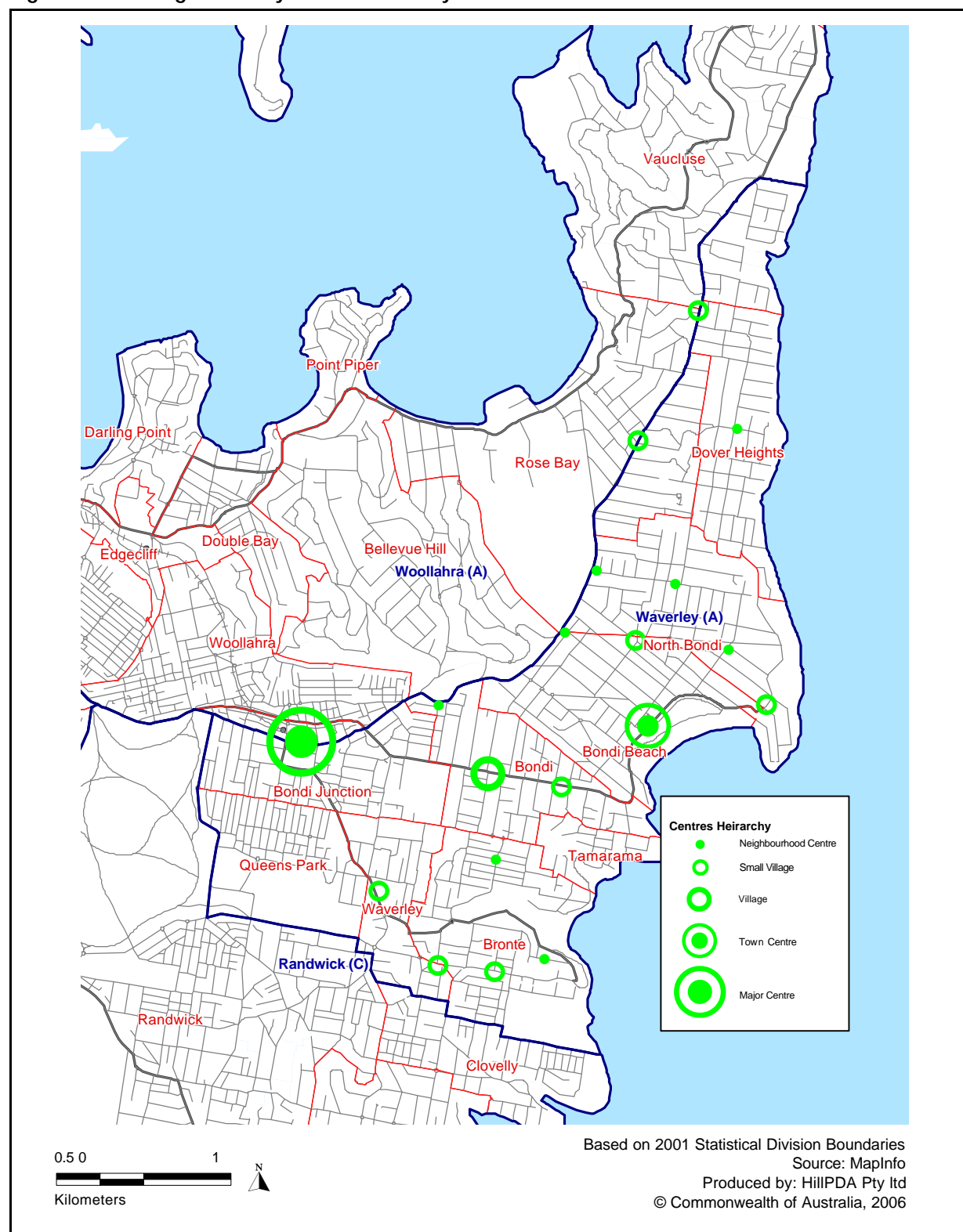
Peripheral Retailing

Peripheral retailing refers to “out-of-centre” retailing which is usually “bulky goods” or “home-makers” in character. There are no large clusters of bulky goods retailers in Waverley. As a

result a considerable level of expenditure escapes to bulky goods locations such as Moore Park and Alexandria.

A diagram of the present retail hierarchy is provided below.

Figure 1 - Existing Waverley Retail Hierarchy



6.2 Supply of Retail Floor Space

Supply of retail floor space is measured by a combination of the number of stores and floor space (square metres). Floor space is measured by lettable area (the area leased or potentially leased to a store operator and includes back of house storage and office) and excludes common areas, plant rooms and loading docks. In the case of indoor centres such as Bondi Junction it includes the area leased to the shop owners but excludes common areas, car parking, toilets, plant rooms, fire egress, etc.

The number of businesses in the retail centres is provided in the table below.

Table 3 - Number of Establishments in Waverley Retail Centres by Retail Store Type

	Blake Street	Bondi Road	Bronte	Charing Cross	Fletcher Street	Glenayr Avenue	Campbell Parade	Hall Street	Murray Street	Murrivier Road	North Bondi	OSHR Waverley	OSHR Woollahra	Total
Supermarket	0	6	2	2	1	2	0	3	1	1	0	1	1	20
Clothing	0	1	4	9	0	3	19	6	0	0	0	5	2	49
Commercial	5	12	13	14	1	5	6	13	0	3	1	22	8	103
Personal	1	11	4	12	1	4	6	7	1	3	3	15	6	74
Specialty Food	0	11	5	7	0	5	16	5	0	1	3	5	9	67
Specialty Non Food	1	16	9	14	0	5	12	4	0	0	3	8	5	77
Cafes/Restaurants	2	21	13	8	2	5	24	11	1	0	4	4	0	95
Take Away Food	0	12	2	4	0	0	9	1	0	0	1	2	4	35
Vacant	0	3	8	9	0	2	2	2	1	0	3	3	5	38
Bulky Goods	0	2	0	10	0	1	0	1	0	0	0	2	2	18
TOTAL SHOP FRONT	9	95	60	89	5	32	94	53	4	8	18	67	42	576
Automotive	0	2	1	0	0	1	0	0	0	0	0	1	1	6
Community Uses	0	0	0	1	0	0	0	1	0	0	1	1	0	4
Service Station	0	1	0	0	0	0	0	0	0	0	0	1	0	2
TOTAL	9	98	61	90	5	33	94	54	4	8	19	70	43	588

Notes:

Personal services includes hair and beauty salons, photo processing, dry cleaners, tailors, key cutters, opticians and video rentals

Commercial refers to "shop front" commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and above ground floor commercial suites.

Sources: Australian Property Council Shopping Directory and Hill PDA Floor Space Surveys 2005

Total floor area is estimated as follows:

Table 4 - Total Floor Space by Retail Centre by Retail Store Type

	Blake Street	Bondi Road	Bronte	Charing Cross	Fletcher Street	Glenayr Avenue	Campbell Parade	Hall Street	Murray Street	Murriville Road	North Bondi	OSHR Waverley	OSHR Woollahra	Total
Supermarket	0	500	200	200	50	250	0	500	50	200	0	150	300	2,400
Clothing	0	100	200	450	0	150	2,650	300	0	0	0	450	100	4,400
Commercial	500	700	800	1,200	50	450	850	1,400	0	200	50	2,100	450	8,750
Personal	50	500	200	700	50	950	850	600	50	200	150	950	300	5,550
Specialty Food	0	1,800	300	450	0	2,300	2,200	400	0	200	250	350	800	9,050
Specialty Non Food	150	1,150	650	900	0	550	1,650	350	0	0	200	600	150	6,350
Cafes/Restaurants	150	1,250	750	600	100	350	3,300	800	50	0	250	350	0	7,950
Take Away Food	0	800	100	250	0	0	1,250	150	0	0	100	100	200	2,950
Vacant	0	150	400	700	0	100	300	200	100	0	150	200	200	2,500
Bulky Goods	0	200	0	1,300	0	50	0	200	0	0	0	200	1,750	3,700
TOTAL	850	7,150	3,600	6,750	250	5,150	13,050	4,900	250	800	1,150	5,450	4,250	53,600

Notes:

Personal services includes hair and beauty salons, photo processing, dry cleaners, tailors, key cutters, opticians and video rentals

Commercial refers to "shop front" commercial users such as real estate agents and banks. It excludes stand alone commercial buildings and above ground floor commercial suites.

Sources: Australian Property Council Shopping Directory and Hill PDA Floor Space Surveys 2005

The above table includes "shop front commercial" space usually occupied by non-retailers that require shop front space such as real estate agents, travel agents, banks and the like. The above table does not include shop top commercial suites, which we estimate to be somewhere between 8,000 and 10,000sqm of space.

6.3 Profile of Centres

Bondi Junction

In the past three or four decades Bondi Junction has gone through a number of changes. Prior to 1970s it was a strip retail centre on both sides of a congested main road being Oxford Street. The retail shops stretched about one kilometre in length from Bondi Road to the Bus Depot near Nelson Street.

In 1976 Westfields was constructed on the north or Woollahra side of Oxford Street. It comprised 25,000sqm of letable retail space. It was a three level indoor centre comprising a 17,500sqm David Jones department store and 69 specialties, but no supermarket. Above the retail was a 17 storey office building comprising 25,000sqm of letable floor area.

Next door to Westfields and built in the same year was the Carousel Centre which had 8,800sqm of retail space comprising a 3,000sqm Woolworths supermarket and 50 specialty stores.

Across Oxford Street from Westfields and Carousel was the Grace Bros department store. By this stage Bondi Junction was the main centre serving the northern half of the eastern suburbs.

In 1979 the Eastern Suburbs Railway was opened providing a major public transport node for Bondi Junction with fast access times into the city. The bypass road was built (Syd Einfeld Drive) and Oxford Street was closed to become a pedestrian mall between Bronte Road and Newland Street. A major bus interchange was constructed above the railway.

In 1983 Eastgate Shopping Centre was opened. It was a large development with a podium of 15,000sqm of retail space comprising a 2,500sqm Coles supermarket, 6,600sqm Kmart DDS and 35 specialty stores. On top of the podium are two residential towers with a landscaped deck for the residents. The podium also contains a 7 level car park for shoppers with 950 spaces.

Over time Westfields acquired the old Grace Bros store, the Carousel and adjoining specialty stores and has recently developed the new Westfields with just over 100,000sqm of lettable area comprising David Jones, Myer, Woolworths and a Hoyts Cinema complex. This development has added 32,000sqm of retail space in Bondi Junction and anecdotally its impact has been felt on several retail centres including Paddington, Double Bay and Edgecliff.



Westfields today is classified by the Property Council of Australia as one of the six only “super regional” centres in Sydney. The other five are Miranda, Castle Towers, Westfields Hornsby, Westfields Parramatta, Warringah Mall. These six centres each have both a David Jones and a Myer store, at least two discount department stores, two large supermarkets, 250 plus specialty stores and multi-screen cinemas.

Growth in retail space has largely been attributed to strong sustained growth in household expenditure in the eastern suburbs of Sydney. The number of households has not increased so much as the affluence of the area, particularly in suburbs such as Bondi, Waverley, Woollahra, Paddington, Randwick, etc.

In total Bondi Junction has around 150,000 to 160,000sqm of shop front retail space. Its trade area covers the northern half of the Eastern Suburbs – Woollahra and Waverley LGAs and the northern part of Randwick.

Bondi Beach (Hall Street)

Hall Street is part of the Bondi Beach Town Centre 1.7km east from Bondi Junction.

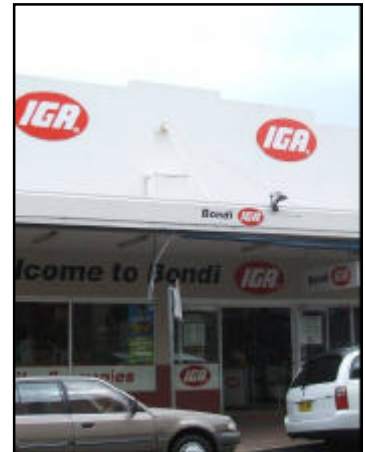
Hall street has 53 shops of which 13 (25%) are being used for non-retail commercial services, 2 are vacant (4%) and 39 (72%) are being used for retail purposes. Total shop front space is around 4,600sqm. The anchor tenant is a 400sqm IGA. Similar to Campbell Parade there is a high

number of cafés and restaurants (12) but the position is considerably less attractive than Campbell Parade.

Anecdotally the supermarkets are trading strongly, largely because of a lack of competition in the local area. There are no medium to large size supermarkets in Waverley LGA outside Bondi Junction. Hall Street has a high proportion of specialty food stores and restaurants. This suggests that these stores are capturing a high proportion of food and grocery shopping due to the under supply of supermarket space.

Retail rents in Campbell Parade are amongst the highest anywhere in the Sydney metropolitan at around \$2,000 or more a square metre. Hall Street is lower from \$1,500/sqm near Campbell Parade to \$500/sqm near Glenayr Avenue. These rents are still reasonably high and with only two vacancies provide a strong indication that the area is performing well.

Hall Street has a strong range of retail shops for local shopping needs. Apart from the anchor IGA there are specialities normally found in village centres such as butcher, baker, fruit shop, chemist, hardware, newsagent, etc. It is one of the few retail centres in Waverley that provides an almost complete range of shops required for local regular food and grocery shopping.



Bondi Beach (Campbell Parade)

The other component of Bondi Beach is Campbell Parade along the beach front which is outside the DCP area. In the past decades Campbell Parade, has changed from predominately fast food outlets to fashion and back again to food outlets. This area has cemented itself as an upmarket restaurant and cafe hotspot. As a large proportion of the shop front retail trade are preponderate food retailing compared to other strip retail such as the Corso Manly, Military Road, Mosman which all maintain a relatively even retail mix.

Campbell Parade has developed as a predominantly tourist destination role, but also serves as an 'eat street' for affluent locals. There is approximately 15,000sqm of shop front space in this area alone. Campbell Parade consist of 94 speciality shops facing east stretched over 700 metres in length from the corner of Francis Street to Beach Street.

The area's strengths include the following:

- Location being a world renowned beach;
- High profile tourist destination;
- Relatively low vacancy rates compared to other retail centres inside and outside Waverley;
- Well-known tenants and quality restaurants;
- Location for high profile events such as "Sculpture by the Sea" and "City to Surf";
- Strong highly affluent trade area;
- High level of, and accessible, public transport.

The area's weaknesses include the following:

- No anchor tenant (with exception of the IGA supermarket in Hall Street);
- Space is limited and there are few opportunities for larger tenants;
- Some threat from expansion in Bondi Junction;
- Parking restrictions;
- Trade is quite seasonal with lower performance in winter months.

Recently the retail market has toughened along Campbell Parade. According to agents and shop owners this has been attributed to the excessive asking rents, parking restrictions and a decline in budget tourist accommodation. Vacancy rates are hovering around 6% which is the highest it's been for many years.

Rents along Campbell Parade are currently around \$2,000/sqm, on average for around 100sqm (GLA) with the higher rents being achieved between Lamrock Avenue and Curlewis street. According to CB Richard and Ellis June 2006 Prime Retail Strips Rental Survey, Campbell Parade is position fourth in the top ten retail strips in Australia and New Zealand. Campbell parade has not been as affected by the openings of the new Westfield's that were initially feared due to its ability to differentiate its market from Bondi Junction. Campbell Parade has no major stores but instead a higher percentage of cafes, restaurants and tourism related retail.

Bondi Beach has the highest rents in Waverley. It also has higher rents than many comparable beach side retail centres in Sydney. Manly Corso rents vary from \$1,000 per square metre per annum (psqpa) to \$1,500psmpa depending on the size and location with rents falling off along Sydney road to around \$500psmpa. Pittwater Road Collaroy along the beach front is achieving rents of around the \$500psmpa to \$700psmpa for an average size specialty shop of around 100sqm.

Arden Road Coogee, 3.5km to the south of Bondi, is attaining rents in the vicinity of \$900 to \$1,200psmpa. Similar to Bondi Beach Coogee has an abundance of food retailers, agents have suggested that these rents in Coogee are only being achieved by food retailers due to the flexibility of trading hours.

Bronte Commercial Centre

Bronte Commercial Centre is a village that consists of three small clusters on Macpherson Street. The western cluster is at the corner of Lugal Street St and the eastern cluster is on St Thomas street. The three clusters contain a total 60 shop front premises. 13 (22%) of the shop front spaces are being used for non-retail commercial purposes, 8 (13%) are vacant. A large number of the retail properties (13 or 22%) are cafes and restaurants.



There is a further cluster (neighbourhood) comprising several upmarket restaurants catering for the tourist and local residents, on Bronte Road facing the beach. They are achieving strong rents at around \$1,000/sqm. The strip retailers on Macpherson Street pay from \$350 to \$500/sqm which is average for Sydney metropolitan but on the low side for the eastern suburbs.

The high vacancy rate along Macpherson Street is a concern. The below average performance (in comparison to the other centres in the eastern suburbs) is largely attributable to a lack of an anchor tenant. Also the centre is a little too spread, not well contained with gaps in the continuity of the retail.

Bronte has around 60 shops of which 13 are cafés and restaurants. Almost the whole of the beach front cluster is a monoculture of restaurants. Whilst this provides an interesting eat street for visitors, local residents have expressed concerns about the lack of retailers and services for local regular shopping. These concerns are more of a reflection that the centre lacks a supermarket. Although there is no supermarket there is a butcher, baker, two chemists, bottle shop, delicatessen, florist, three hairdressers, laundromat, newsagent and two convenience stores in the Macpherson Street area which provide a good range of services to meet local shopping needs.

Charing Cross

Charing Cross is a small village centre located on Bronte Road between Carrington Road and Albion Street. It is 1km south of Bondi Junction. The village centre consists of 89 specialty shops of which 14 (16%) are being used for non-retail commercial purposes and 9 (10%) are vacant. The village has a small 200sqm Goodfellows Supermarket and only one large tenancy being a Kennard's plumbing.



Rents for Charing Cross are around \$300 to \$500/sqm which are considered average. A number of indicators suggest that the centre has below average performance including:

- the lack of an anchor tenant or large supermarket;
- above average vacancy rate of 10%; and
- a high number of shops (10 or 11%) selling bulky goods – furniture, hardware and the like.

Despite this low performance there is a range of shops to provide local services for regular shopping including two convenience stores, two delicatessens, two health stores, two florists, a chemist, a newsagent, Commonwealth Bank and a bakery. Noticeable stores missing however include a butcher and a fruit and veg store.

Murray Street

Murray Street Is defined as a neighbourhood centre containing a small group of four shops on Murray Street, Bronte. It provides some convenience for the local surrounding residential area,

particularly with the mixed business store. Total retail area comprises 200sqm including one vacancy.

Fletcher Street

Fletcher Street has a neighbourhood centre containing five shops. With a small mixed business store and two specialty food stores it provides some convenience shopping for the immediate surrounding residential area. Total retail area is around 200sqm and there are no vacancies.



Bondi Road

Bondi Road is a Village strip retail centre, with shops fronting both sides of the road. Bondi Road is 1.1km from Bondi Junction. It has 95 shop front premises of which 12 (13%) are being used for non-retail commercial purposes and 3 (3%) are vacant. Total shop front space is 6,850sqm of which a high proportion (86%) is retail. The major lure to Bondi road is the diversity of speciality shops. Bondi Road has no large anchor retailers apart from Kemenys Liquor store. Whilst there are a number of shops classified as supermarkets they are small corner stores.



Rents along Bondi Road are average at around \$350/sqm to \$550/sqm. Bondi Road is a major road with considerable traffic. With no anchor supermarket or large supermarket, difficulty of parking and difficulty of accessibility it does not function as well as Bondi Junction or Hall Street.

Its performance however is sound which is helped by the diversity of speciality shops. It provides a useful range of retail stores and services for the local community for regular shopping including 21 cafés and restaurants, Australia Post, seven hair & beauty, four bakeries, a butcher, two fruit and veg stores and six mini-supermarkets or convenience stores. For such a large retail centre however there is notable absence of banks.

Old South Head Road

Old South Head Road consists of 3 small neighbourhood centres and 2 small village centre stretching some 2.5km from Flood Street Bondi to Towns Road in Rose Bay North.

Majority of strip retail fronts both sides of Old South Head Road which forms the border between the two local government areas of Waverley and Woollahra. These clusters have a total of 109 shop front premises of which 67 are on the Waverley side. On the Waverley side 22 (33%) of the shops are being used for commercial



non-retail purposes and 3 (4%) are vacant. Total shop front space is 5,100sqm of which 2,850sqm (56%) is being used for retail. On both sides of the road total shop front space is 9,400sqm of which 6,550sqm (70%) is being used for retail. There are no anchor tenants on the Waverley side. There are two anchor tenants on the Woollahra side being a small 350sqm Woolworths and a 1,700sqm Bunning hardware store.

Subsequent to the survey a new retail outlet just opened in Rose Bay North on the Woollahra side. Development includes a 1,800sqm Coles supermarket and a coffee shop. The selling area of the supermarket occupies the whole floor (1,300sqm) and the back of house area is on a different level. Parking is provided underneath and there are nine residential units above.



Glenayr Avenue

Glenayr Avenue is 2 clusters or small villages located on O'Brien Street, Cox Avenue and Glenayr Avenue it is 2km from Bondi Junction and 0.5km from Campbell Parade. It has 29 shop front premises of which 5 (17%) are used for non-retail commercial services and 2 (7%) are vacant. Total shop front space is around 2,750sqm. A small 150sqm supermarket provides for some convenience shopping. The other main attractor is the Beach Road Hotel (2,150sqm).



Murriverie Road

Murriverie Road is a small village strip retail centre with shops fronting the western side of the Murriverie Road. It has 8 shop front premises of which 3 are being used for commercial non-retail purposes and there are no vacancies. Total shop front space is 800sqm of which 600sqm is being used for retail purposes.



North Bondi

North Bondi has two clusters - one being a neighbourhood centre consisting of 4 speciality shops and the other a small village consisting of 18 speciality shops. The lure of these shops is their location and variety of cafes. The major attractor is the RSL club. The vacancy rate is a high 15% but this only relates to three small shops, and hence should be manageable.

Blake Street

Blake Street is a small village centre with 9 shop front premises of around 800sqm. Whilst there are no vacancies, 5 of the shops are being used by non-retail commercial services suggesting low performance. Retailers include two cafés, a hairdresser and a liquor store.

7. TOURISM EXPENDITURE

National Visitor Survey

The main source of data used to estimate the tourism statistics is The National Visitor Survey (NVS) conducted by Tourism Australia.

The NVS is the major source of information on the characteristics and travel patterns of domestic tourists. It measures travel for all reasons, including holiday and leisure travel, business travel and travel to visit friends and/or relatives.

Between 1998 and 2004, interviews were conducted with approximately 80,000 Australian residents aged 15 years and over. From 1 January 2005 interviews are conducted with around 120,000 respondents on an annual basis. The sample has been increased to enhance estimates for smaller States/Territories and at the regional level.

Interviews are undertaken continuously throughout the year, using computer assisted telephone interviewing. The NVS is an origin-based survey. In simple terms, this means that respondents are interviewed in their homes and details are collected about their recent travel. Details are obtained of all travel in Australia — travel involving nights away from home, as well as day trips — and travel by Australians overseas.

The NVS has been designed to optimise the reliability of regional estimates. Respondents interviewed in the NVS are representative of the Australian population, based on place of residence, age and sex.

Tourism Analysis

There are two types of tourism expenditure that need to be quantified, they include:

- **Overnight visits:** or visitor nights refer to the number of nights spent away from home in association with individual visits.
- **Day Visits:** or same day visitors are those who travel for a round trip distance of at least 50 kilometres, are away from home for at least 4 hours, and who do not spend a night away from home as part of their travel. Same day travel as part of overnight travel is excluded, as is routine travel such as commuting between work/school and home.

The average spent by tourists is \$116 per day for overnight visitors and \$107 per day for day visitors. Food and drink, shopping and entertainment make up 51% and 58% of overnight and day visitors respectively³. Assuming the retail centres capture 95% of shopping, 90% of food and drink and 40% of entertainment expenditure then this equates to \$45 to \$60 being spent by each tourist each day in the retail centres.

3. Tourism Expenditure by Domestic Visitors in Australia's Regions, Bureau of Tourism Research, Australia 1999 escalated to 2003 dollars at CPI weighted average.

Overnight Visits

Existing Hotels currently in Bondi beach include The Swiss Grand Hotel, Reveise, Hotel Bondi, Bondi Backpackers and Bondi Beach Side Inn all located on Campbell Parade. All hotels and hostels combined accommodate around 389 rooms.

The tables below quantify the number of visits and length of stay by international tourist into the Waverley LGA from 2003 to 2005.

Table 5 - International tourist to Waverley LGA ('000) – 2003 to 2005

	Sum of Visitors	95% Confidence Interval (+/-) percent of Visitors	Sum of Visitor nights	95% Confidence Interval (+/-) percent of Visitor nights	Sum of Sample
2003	45,843	20.82	1,382,598	38.1	231
2004	49,917	20	1,295,800	39.4	220
2005	48,353	20.31	1,379,348	38.15	386

Table 6 - International tourist length of visit to Waverley LGA ('000) – 2003 to 2005

	Sum of Visitor nights	Percentage %
2003		
1 to 9 nights	93,408	7%
10 to 39 nights	230,526	17%
40 to 99 nights	338,241	24%
99 nights	295,727	21%
200 to 365 nights	424,696	31%
Total	1,382,598	100%
2004		
1 to 9 nights	113,170	9%
10 to 39 nights	266,606	21%
40 to 99 nights	157,176	12%
99 nights	463,753	36%
200 to 365 nights	295,096	23%
Total	1,295,800	100%
2005		
1 to 9 nights	80,030	6%
10 to 39 nights	265,804	19%
40 to 99 nights	331,932	24%
99 nights	516,819	37%
200 to 365 nights	184,763	13%
Total	1,379,348	100%

From the above data it can be analysed that Waverley LGA has a strong contingent of backpacker tourists with the majority of tourists staying for 99 nights and longer. This can further be seen in the table below (Purpose of visit) with the mainstream of tourists visiting for Holiday or Leisure.

Table 7 - Domestic tourist Purpose of visit to Waverley LGA ('000) – 2003 to 2005

		Sum of Overnight trips (000)	95% Confidence Interval (+/-) percent of Overnight trips (000)	Sum of Visitor nights (000)
2003	Holiday or leisure	27	68.24	65
	Visiting friends and relatives	27	67.57	66
	Business	n/p	117.73	n/p
	Other	-	-	-
	Purpose of visit not asked	-	-	-
	Total	62	46.62	149
2004	Holiday or leisure	n/p	77.7	n/p
	Visiting friends and relatives	71	43.92	220
	Business	n/p	103.7	n/p
	Other	-	-	-
	Purpose of visit not asked	-	-	-
	Total	101	37.32	294
2005	Holiday or leisure	22	74.96	61
	Visiting friends and relatives	29	65.89	106
	Business	n/p	76.69	n/p
	Other	n/p	110.3	n/p
	Purpose of visit not asked	-	-	-
	Total	80	41.44	238

The number of overnight visits to Waverley LGA over the past 3 years has been comparatively stable with an annual average of 1.43m nights. Overnight visitors spend an average of \$60 per day in retail which equates to \$86m per annum.

Day Visits

The following table depicts day visits from tourists in Waverley LGA from 2003 to 2005.

Table 8 - Day Visits to Waverley LGA ('000) – 2003 to 2005

Day Visits to Waverley LGA	2003	2004	2005
Holiday or leisure	83	119	168
Visiting friends and relatives	n/p	n/p	n/p
Business	n/p	n/p	n/p
Other	n/p	n/p	n/p
Total	163	195	269

Source: Tourism Research Australia NVS 2001 - 2005

The number of day visits to Waverley LGA over the past 3 years has averaged at 209,000 per annum. At an average spend of \$45 per day in retail centres this equates to \$9.4m.

Possibly as much as 60% (\$57m) of the total tourism expenditure is likely to be captured in the Bondi Beach area. The remaining 40% (\$38m) is assumed captured in Bondi Junction and split up between the remaining village, small village and neighbour retail centres.

8. DEMAND FOR RETAIL SPACE

Demand for retail space within a trade area is dependent upon household expenditure. Household expenditure is dependent upon population, the number of households and the socio-demographic characteristics of those households. Most notably there is a strong positive correlation between household income levels and expenditure.

There are a number of difficulties in estimating demand for retail space in the local centres. Firstly

8.1 Current Household Expenditure

Household expenditure was sourced from:

- ABS Household Expenditure Survey 1998-99 which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2004 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using “microsimulation modelling techniques”.

Marketinfo combines the data from the Census, HES and other sources to derive total HES by commodity type within a geographical area. This data, which was validated using taxation and national accounts figures, quantifies around 16% more expenditure than the HES.

From these sources expenditure generated from households in the Waverley LGA was estimated as follows:

Table 9 - Household Expenditure Generated by Waverley LGA (2005\$m)

Expenditure by Commodity Type	Year 2005
Food, Groceries & Liquor	\$304.7
Take-Away Foods	\$62.9
Clothing	\$81.1
Personal & Household Goods	\$295.9
Meals in Cafés and Restaurants	\$55.9
Selected Personal Services	\$25.3
Total	\$825.8

Source: Hill PDA Estimate based on 2001 Census, ABS Household Expenditure Survey 1998-99 and Marketinfo 2004. Forecast allows for 1% per annum for food and groceries and meals out and 0.5% for all other categories. This is a conservative estimate based on real growth since 1991 from ABS Retail Turnover figures).

Traditionally neighbourhood centres captured around one third of total household retail expenditure. If we applied this capture rate we would achieve a turnover of around \$12,000/sqm – around two and half times the national average.

It's likely that retailers in the Waverley area are trading well but it's unlikely that they are trading that strongly. More likely there is a considerably level of expenditure being captured by Bondi Junction and also by other retail centres just outside the LGA.

Rose Bay has an anchor supermarket with trade area that extends into the Waverley LGA. Randwick may also have some influence into the southern part of Waverley. The new 1,800sqm Coles supermarket in Rose Bay North will have trade area that extends into well into the Waverley LGA encompassing Dover Heights and East Rose Bay area.

8.2 Population Growth

Population growth has not been significant in Waverley over the past decade. From 1996 to 2001 there was some significant growth in Bondi Junction as a result of several new residential towers being completed. Outside Bondi Junction growth has been very modest and even declined in some areas. The Waverley Bronte postcode in particular experienced negative growth of 4.8%.

Whilst areas outside Bondi Junction experienced static or even negative population growth, there has been some modest growth in the number of occupied dwellings resulting in declining occupancy rates (persons per household). Based on Department of Planning forecasts we can expect around 0.3% per annum growth over the next 10 years or more.

The location of this growth is not provided but around half of this is expected in Bondi Junction. For the purpose of this study we have assumed that growth will be evenly distributed throughout the LGA.

8.3 Growth in Household Expenditure

In addition to the above there is expected real growth in expenditure per household. Since 1991 expenditure on food, groceries, take-away food and restaurants has increased at around 1.5% per annum and most other commodity groups have increased at around 1% per annum. Although this trend began from a recession real growth is still expected to continue but perhaps at a more subdued level. For the purpose of the forecast we have assumed 1% for foods and restaurants and 0.5% per annum for all other commodities.

Based on these sources the following expenditure table was derived.

Table 10 - Household Expenditure Generated by Waverley LGA (2005\$m)

Expenditure by Commodity Type	Year 2005	Year 2011	Year 2016
Food, Groceries & Liquor	\$304.7	\$329.7	\$352.1
Take-Away Foods	\$62.9	\$66.0	\$68.8
Clothing	\$81.1	\$85.2	\$93.3
Personal & Household Goods	\$295.9	\$310.8	\$324.9
Meals in Cafés and Restaurants	\$55.9	\$60.5	\$64.6
Selected Personal Services	\$25.3	\$26.6	\$27.7
Total	\$825.8	\$878.8	\$931.3

Source: Hill PDA Estimate based on 2001 Census, ABS Household Expenditure Survey 1998-99 and Marketinfo 2004. Forecast allows for 1% per annum for food and groceries and meals out and 0.5% for all other categories. This is a conservative estimate based on real growth since 1991 from ABS Retail Turnover figures).

8.4 Demand for Retail Space

Growth in expenditure is therefore a little more than \$10m per annum. Based on:

- a target of \$4,500/sqm turnover; and
- 20% of shop front space to be occupied by non-retail commercial users – then

demand for shop front space equates to almost 3,000sqm every year.

Normally only one third of this space would be demanded in the local (village and neighbourhood) centres. However in the case of Waverley this proportion could be higher to redress some of the current bias towards Bondi Junction.

9. RECOMMENDATIONS

It is recommended that Waverley adopt a Retail Centres Strategy with a clear set of objectives, a centres hierarchy and future floor space controls. In the following sections we provide a suggest set of principles for the strategy that specifically relates to the centres of Waverley.

9.1 Objectives of the Retail Centres Strategy

In order to develop and evaluate a range of options for the planning and management of retailing in Waverley LGA it is necessary to have a clear set of objectives. At the commencement of the study we established the objectives listed below.

- Ensure residents have the widest possible range of shopping opportunities and commercial services;
- Provide quantity, quality and convenience for consumers;
- Provide for further growth in retail space to meet growth in demand generated by growth;
- Protect the integrity and viability of existing centres to the extent that they continue to perform a useful community function;
- Protect current employment levels in retailing and hospitality industries for the residents of the LGA and expand opportunities for further employment;
- Provide opportunities for local employment and start-up businesses for local residents; and
- Balance social, economic and environmental considerations and focus on local ESD principles including reduction in transport demand.

9.2 Development Principles

Consistent with the above objectives are development principles that will guide the planning, development and management of retail and commercial centres. These are:

- Adopt a retail hierarchy which is a useful planning tool as each level in the hierarchy relates to centres with different roles and functions from other levels in the hierarchy.
- Having regard to current plans for urban growth maximise access to existing retail services.
- Ensure planning instruments are flexible enough to accommodate innovation and new forms of retailing and experiences.
- Protect the integrity and viability of existing centres from threats generated by new centres, expansion of existing centres, changes in the retail hierarchy, “out-of-centre” and other forms of retailing.

- Protect and improve the integrity and viability of existing centres through programs that improve their convenience level, retail offer, accessibility, beautification, ambience, and the like.
- Contain retailing (as oppose to dispersing or spreading it) to minimise travel times, improve convenience and improve competition within retail centres;
- Encourage the development of convenient and price competitive supermarkets in neighbourhood centres that lack such offer. Waverley households generate around \$225m supermarket expenditure per annum. There is a good opportunity here to provide two or three supermarkets in Waverley. Suggested sites include Hall Street area, Charing Cross or Bronte and Rose Bay area.

9.3 Retail Hierarchy

The following retail hierarchy is recommended.

- Bondi Junction – Major Centre
- Bondi Beach – Town Centre
- Bondi Road – Village
- Charing Cross – Small Village
- Bronte – Small Village
- North Bondi – Small Village
- Glenayr Avenue – Small Village
- Rose Bay North – Small Village
- Rose Bay East – Small Village

Rose Bay East and Rose Bay North should be regarded as separate clusters and each classified as a small village. Note that parts of these clusters, and in particular the anchor tenants, are in Woollahra LGA.

All other centres, including the remaining centres on Old South Head Road, would be classified as neighbourhood.

By adopting this hierarchy Council can be guided in the assessment of future proposals for new centres and expansion of existing centres. The purpose of the hierarchy is to ensure that the roles of these centres are clearly defined and that expansion of one centre will not threaten the role of another centre further up the hierarchy.

The study has identified a need to increase floor area to meet growth in demand. The options for increasing floor area are based on the need to maintain a functional hierarchy of centres and to balance the retail offer, competitiveness and accessibility for consumers.

9.4 Criteria for Assessing New Development

In assessing new development a number of new criteria should be established in the planning frameworks.

All development applications and rezoning proposals for commercial, residential, retail and leisure uses should be assessed on their economic impact to the maintenance and growth of the centre hierarchy with the primary objective to foster vital and viable centres. This applies equally to development proposals both located in and outside existing centres.

Wherever possible, growth should be accommodated within existing centres. Where growth cannot be accommodated in identified existing centres consideration should be first given to extending the boundaries of that centre. Council should resist any proposals for a completely new retail cluster or an “out of centre” location.

Where extensions of retail centres are proposed, these should be carefully integrated with the existing centre in terms of design, land use, transport networks, public/civic amenities, and pedestrian access and circulation with a view to maximising competition, convenience and efficiency.

9.5 Initiatives to Revitalising Existing Retail Centres

Initiatives identified to revitalising retail centres include:

1. Identify sites suitable for development, by accommodating more efficient use of land and building within or surrounding existing centres.
2. Revitalisation strategies from time to time will require amendment to the centre boundaries to permit larger shops such as supermarkets and redevelopment for mixed-use high-density residential development, these centres include Charing Cross or Bronte to service the southern localities of Waverley, Hall Street towards Glenayr Avenue to act as an anchor at the non-beach end of the town centre.
3. Encourage and accommodate for an anchor tenant such as a 1,500 to 3,000sqm supermarket (plus some additional specialties at say 1,000sqm) in those neighbourhood centres that lack them (Bondi Beach, Bondi Road, Charing Cross). This will raise the profile of those centres making them destination centres for regular food and grocery shopping.
4. Encourage more intense development within the centres including shop top housing to help foster the “living cities” or “urban village” concept. Additional residents generate demand for local retail services as well as demand for regional services. Within the neighbourhood centres every new dwelling requires additional 2 to 3 square metres of retail floor space. This would apply to all retail centres.

9.6 Prescriptive Land Use Measures

From the consultation process there has been suggestions for prescriptive controls including “anti-clustering provisions” to avoid a large concentration or “too many” of a type of shops such as restaurants or convenience stores.

There are a number of problems with such prescriptive measures. The main problem is that if controls are too restrictive it may undermine flexibility and potentially the viability of a retail centre. Whilst a “mono-culture” of restaurants and take-away food stores may not satisfy local preferences, it is preferable to have a mono-culture of restaurants than a strip of vacant shops. To a large extent the market determines an appropriate mix. Campbell Parade has a high proportion of fast-food and restaurants because of its position and amenity in relation to the beach being a major destination for both Sydney residents and tourists. Hall Street is more suited for regular food and grocery shopping for local residents since frontage to the beach is not an important requirement for this activity.

Bronte is a similar case with the restaurants on Bronte Road. Rather than restrict types of retail uses, which is negative planning, it is preferable to encourage a range of local shops to fill spaces in the underperforming centres such as Macpherson Street. One of the best means to attract a range of specialty stores and to meet local regular shopping needs is to secure an anchor tenant – usually a supermarket.

A further point to note is that the growth in the number of restaurants in these centres has largely been a response to gentrification and growth in affluence in the Waverley area. As evident in the ABS Household Expenditure Survey higher-income households spend considerably more in restaurants than lower income households. The highest household income quintile spends 2.4 times more than the median quintile, and 6.4 times more than the lowest quintile, in restaurants.

9.7 Minimum Shop Sizes

A further prescriptive measure regards the minimum size and dimensions of shops. There has been a case or cases where sub-standard sized shops have been incorporated in mixed use developments to satisfy planning controls. This is an unusual problem. In any retail or mixed use development it is always in the developer’s interest to secure as many pre-commitments as possible and to design the remaining speculative tenancies for the common denominator with minimal operational difficulties in order to improve the likelihood and financial return from development. In other words, it’s best leaving it to the market to determine the appropriate sizes and layout of shops. Furthermore in the retail core area, retail space provides much higher returns than residential space and hence it would be irrational to use sub-standard areas.

Nevertheless if this has been a problem we suggest that Council could specify 50sqm as a minimum size shop. Most specialty shops in strip shopping centres and indoor centres are around 100sqm, although there are a range of shop sizes down to a little as 10sqm or 20sqm for key cutters, tobacconists, etc. A minimum frontage of 4.5m could also be specified in a local instrument to ensure operational practicability. Alternatively the instrument could stipulate that

the whole of the ground floor area be used for retail and/or active commercial space (other than circulation space for the upper levels and maximum width entry).

9.8 Licensing of Public Space

A further concern from the consultation process relates to the possible economic advantage, if any, that cafes and restaurants receive from footpath occupation by tables and chairs. In providing the opportunity for them to rent space on the public footpath, are those uses being advantaged over other local shops, thereby contributing to the possible demise of those other shops.

In arriving at the decision to license footpath space the proprietor will take into consideration marginal cost and marginal revenue. If the marginal profit margin (*ie [marginal revenue – marginal cost] / marginal cost*) achieves an acceptable level having regard to levels of risk then this implies that the proprietor will take up the offer. The license fee forms part of the marginal cost. In this sense it is the same as rent (or occupation cost). If a proprietor is enjoying an above normal marginal profit margin, then this implies that the license fee is too low.

However if the proprietor is achieving an acceptable margin (similar to industry average for rented premises) then the license fee is priced efficiently. In this case there is no competitive advantage over other retail stores resulting from the licensing of the footpath area in front of the shop.

9.9 Principles in Relation to Retail Expansion

As stated above growth in retail expenditure will generate demand for further retail floor space in the order of 3,000sqm every year. Normally only one third of this space would be demanded in the local (village and neighbourhood) centres. However in the case of Waverley this proportion could be higher to redress some of the current bias towards Bondi Junction.

Waverley in particular has an undersupply of supermarket floor space outside the major centre of Bondi Junction. There are no full-line supermarkets outside Bondi Junction to help anchor the smaller centres and to take some of the pressure off Bondi Junction.

Whilst Hall Street (Bondi Beach) is not in dire need for revitalisation it is unusual to have such a large town centre without a full line supermarket. The ideal location for a full line supermarket would be on Hall Street towards Glenayr Avenue to act as an anchor at the non-beach end of the town centre. Even if one or more shops closed as a result of competition with the supermarket (including one of the existing supermarkets) it would more than make good for the loss. The vacancy would quickly be filled. More than likely the existing IGA would remain trading but if not it would provide a useful space for a mini-major (eg Harris Farm).

In addition to Hall Street (and the newly open Coles on Old South Head Road) at least another two supermarkets should be considered. The preferred locations are:

- Charing Cross to service the southern localities of Waverley; and
- Bondi Road to service the Bondi area.

A further possibility is for another supermarket to service the northern suburbs of the LGA. Possible locations are Rose Bay East, Rose Bay North, Glenayr Street or North Bondi.

A suggested target for expansion over the next 10 years is provided in the following table.

Table 11 - Suggested Expansion of Retail Space over next 10 years

Retail Centre	Supermarket (sqm)	Specialty Retail (sqm)
Bondi Beach / Hall Street	3,000	2,000
Bondi Road	2,500	1,000
Charing Cross	2,500	2,000
Rose Bay East / Rose Bay North / North Bondi	2,000	3,000
Others**	1,000	1,000
Total	11,000	9,000

* North Bondi would be longer term but could be advanced if Hall Street / Glenayr Avenue area is not expanded in the short term.

** An option is to have a full size supermarket in the Glenayr centre providing an alternative location to both Hall Street and Rose Bay East.

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WAVERLEY LOCAL
VILLAGE CENTRES
DCP & PUBLIC DOMAIN
IMPROVEMENT PLAN

ECONOMIC ASSESSMENT

Prepared for
Waverley Council

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