

ITEM 2 PUBLIC EXHIBITION - DRAFT RETAIL AND BUSINESS CENTRES STRATEGY

The draft Retail and Business Centres Strategy (Strategy) has been prepared and makes recommendations to support the success of Wollongong's Centres. The findings of the draft Strategy will be used to guide the scope and objectives of Council projects and inform updates to Council's Local Environmental Plan (LEP) 2009, Development Control Plan (DCP) and guidance material.

It is recommended that the draft Strategy be exhibited for a minimum period of four (4) weeks to enable sufficient community and stakeholder input.

RECOMMENDATION

The draft Retail and Business Centres Strategy be exhibited for community and stakeholder input for a minimum of four (4) weeks.

REPORT AUTHORISATIONS

Report of: Chris Stewart, Manager City Strategy

Authorised by: Linda Davis, Director Planning + Environment - Future City + Neighbourhoods

ATTACHMENTS

- 1 Draft Retail and Business Centres Strategy - August 2022
- 2 SGS Study (Papers 1 - 4) July 2022

BACKGROUND

Wollongong's Retail and Business Centres include the central business districts of villages, towns, major towns and the City Centre. Generally speaking, these Centres have a business zoning (e.g. B1 Neighbourhood Centre, B2 Local Centre, B3 Commercial Core and B4 Mixed Use) and include a mix of uses including commercial, residential, public recreation and social infrastructure.

Planning and development in Wollongong's Centres is currently regulated through a range of statutory and non-statutory planning policies. Of significance, are the Wollongong LEP 2009, the Wollongong DCP 2009 and the State Environmental Planning Policy (Exempt and Complying Development Codes) 2008. Council also provides several guidance documents to support development and operations in Centres including the Wollongong CBD Night Time Economy Policy, the Outdoor Dining on Council Land Policy and the Design and Fit Out Guide for food and drink premises.

Key to the planning controls governing development in Centres is the Centres Hierarchy, outlined in the Local Strategic Planning Statement, and further elaborated on in the DCP Chapter B4 Development in Business Zones. The Centres hierarchy has been in place since the introduction of the Wollongong DCP 2009.

Wollongong's Centres were last reviewed by Council in September 2004 (Hill PDA). This study was used as a reference document for the *Review of Illawarra Retail Centres* prepared by the then Department of Planning & Environment in June 2014. Individual town centre studies have been prepared for Thirroul (2006), Warrawong (2013), Figtree (2013), Unanderra (2013), Corrimal (2015), Dapto (2017), Port Kembla (2018), Helensburgh (2020), and the Wollongong City Centre (2020).

On 7 December 2020, Council resolved to defer the exhibition of the draft Wollongong City Centre Planning Strategy until the draft Strategy, and other items, were further developed.

Other Council resolutions relevant to the draft Retail and Business Centres Strategy are detailed below.

On 31 May 2021, Council considered a Notice of Motion on *Protecting the character and heritage of Thirroul Village* and resolved that -

- 1 *Council develop a Thirroul Town Centre Plan in collaboration with the community to identify a community vision for the village and to develop planning controls to achieve that vision.*
- 2 *Council conduct a Thirroul Heritage Review, with the aim of achieving heritage listings for buildings and streetscapes with heritage values, acknowledging that Council is mid-way through reviewing the heritage items for the whole of the city.*
- 3 *A Draft Planning Proposal be prepared to change the current LEP, to ensure there is a 'Village' plan for the local communities north of Bulli Pass.*
- 4 *The Draft Planning Proposal should look at but not be limited to, having a maximum height of 9 metres and other tools such as lot sizes and floor space ratios to enable the current 'Village' communities to be maintained.*
- 5 *The Draft Planning Proposal be presented to Council for resolution to formally prepare the Planning Proposal to forward to the Department of Planning Industry and Environment for a Gateway determination.*

The Delivery Program 2022-26 includes a budget allocation for this project in the 2024-26 financial years. The recommendations of the draft Strategy will inform the Thirroul Village - Character and Heritage Study.

On 28 June 2021, Council adopted the Operational Plan 2021-2022, and resolved (in part) that -

- 8 *A Councillor Briefing be held to explore how DCP character statements can be used to reflect and support suburbs' future desired character, that the briefing outline the mechanisms and timelines to amend, develop and implement such DCP chapters.*

The Councillor briefing occurred on 14 February 2022. The draft Strategy, specifically recommendations in relation to the Centres hierarchy, will inform the draft character statements for our Centres.

Since 2013 Council have adopted 7 Town and Village plans for Wollongong Centres. Key implementation actions of these Plans relate to an update to planning controls (DCP and LEP) to be supported by capacity analysis and built form testing. Both the draft Strategy and the draft Housing Strategy inform the progression of these actions, especially with respect to understanding supply and demand of floorspace. The Built Form project is included in the Delivery Program 2022-26 and is funded for completion between 2023/24 and 2024/25.

PROPOSAL

This report presents the draft Strategy for Council's consideration and endorsement to exhibit.

The objective of the draft Strategy is for Council to gain an understanding of the current and future retail, commercial and urban service needs of the LGA to appropriately deliver more sustainable local employment opportunities, economic productivity and convenient access to services for an increasing and evolving population.

The draft Strategy is informed by a suite of State Government and Council documents. Key Council documents include -

- *Wollongong Community Strategic Plan – Our Future 2032.*
- *Wollongong Local Strategic Planning Statement 2020.*
- *Economic Development Strategy 2019-2029.*

The draft Strategy was prepared with technical support and input from SGS Economics and Planning. Their informing work is provided as Attachment 2 to this report. The draft Strategy explores the following

-
- Feedback from our community on what they value about our Centres.
- Observations from Industry regarding Retail Centre opportunities and challenges.
- Current trends impacting Centres and the retail industry.
- The current supply of retail and business uses in our Centres, and where there is capacity to grow.
- The performance of selected Centres against place specific criteria and accessibility.
- How well-suited selected Centres are to offer different types of retail.
- Current spending profiles across different Centres and retail categories.
- The forecast demand for retail goods and services, and commercial office space in our Centres.
- The current and future role and function of Centres, in light of forecast demand, trends and aspirations.
- Opportunities to improve planning outcomes through a range of recommendations.

The key findings of the draft Strategy include -

- Centres are largely performing in line with the current Retail and Business Hierarchy. There is an opportunity to update definitions in line with contemporary contexts and Council's strategic priorities, and ensure the hierarchy is supported by consistent and cohesive controls in the LEP and DCP.
- Wollongong's Centres have sufficient retail supply to meet current demand (there is a very small unmet demand of ~1% of total demand, or ~6,000sqm). Our existing supply will need to grow by ~136,000sqm (25%) to cater for forecast retail demand in 2041. Planned floorspace accounts for 80% of this required growth, and includes planned Centres in West Dapto and development applications for retail, mostly focused in the City Centre. Our Centres have a generous amount of feasible supply to allow retail businesses to grow in response to increased demand, far exceeding what is needed to meet the 2041 forecast.
- The delivery of planned Centres in West Dapto is critical to meet demand. The provision of supermarkets and grocery stores across all planned town and village centres is needed to provide appropriate access to daily needs. Delay to the delivery of West Dapto Centres will be temporarily mitigated by existing Centres to the east. Prolonged delays are likely to result in reactive expansion of supply in the existing Centres and continued poor access outcomes for West Dapto residents. Expectations for development outcomes for planned Centre at West Dapto, including land use mix and built form, could be strengthened through the Neighbourhood Planning process.
- Centre zoning boundaries do not always reflect the function boundaries of our Centres. There is a need to protect existing supply in some locations where it is located on land zoned residential on the fringe of Centres. There is also a need to reduce business zoning in some Centres where the requirement for ground floor commercial and retail uses is spread too far to be sustained by current or future demand.
- Centres play a role in the delivery of medium density housing. The draft Strategy has identified which Centres have excess supply that could be absorbed through an increase in residential population within the Centre catchment. Further urban design analysis is required to determine if residential density should be increased within or surrounding Centres.
- Online trading continues to grow. Centres play an important role in offering consumers a physical context for the experience of goods and services. To ensure that Centres continue to compliment online trading, it is critical that they perform well across a range of physical criteria including amenity and built form quality, activity, access and mix of uses.

- The results of the Shape your Town survey showed that 'a mix of uses' was the Community's most valued attribute of a Centre. Ensuring our Centres have a mix of land uses as well as public spaces and facilities will provide a solid foundation on which retail businesses can provide a diverse offer of goods and services. All of these attributes contribute to a Centre's attraction.
- Night-time economies are becoming an increasingly important component of Centre offers. Longer centre operating hours support the growth of food and hospitality and entertainment uses, as well as other businesses which benefit from the increased activity. Centres with successful night-time economies are supported by high quality public spaces, including public space activation and events programs and appropriate infrastructure (adequate street lighting, and well-designed, safe public spaces).
- Multi-modal accessibility is key to Centre success. Whilst most of Wollongong's Centres are easily accessible by car, changing requirements for contactless pick up, delivery logistics and Electric Vehicles will drive the modification of Centre infrastructure and business operations. Public transport access to our Centres continues to be a challenge for Wollongong. The network of town and village Centres in our established suburbs means that our community has good access by walking to daily convenience needs from most areas. The western outskirts of suburbs south of Wollongong City Centre are an exception. The planned Town and Village Centres of West Dapto will all need to offer supermarket and/or grocery store offers in order to achieve optimal walkable accessibility (800m).
- The City Centre is our highest order Centre, and its success as an employment generating precinct is important to the economies of our LGA, and the Illawarra Shoalhaven / Greater Cities Region. Council has committed to an aspirational jobs target of 10,500 net new jobs by 2028. Through the Invest Wollongong business attraction program, a number of industry sectors are being targeted, including those that will require sufficient supply of high-quality office space, much of which is expected to be accommodated within the Wollongong City Centre. To attract these jobs to Wollongong City Centre requires a work precinct with a distinctly commercial sense of address and strong networking opportunities amongst allied businesses, with the appropriate conference/hospitality facilities nearby. The City Centre has strong retail demand but suffers from dispersed retail activity due to the large size of the commercial and mixed use zones.

The draft Strategy proposes the following vision for the Centres in the LGA -

- *The role of our Centres is clear*
 - Update the retail and business Centre hierarchy and definitions to reflect the contemporary role and function of Wollongong's Centres and guide their growth.
 - Review and update planning documents to ensure consistency with the updated hierarchy.
- *Our Centres are a good fit for our Community*
 - Tighten Centre boundaries to create resilient and active Centres.
 - Prevent the oversupply of retail floorspace.
 - Protect existing required supply.
 - Explore opportunities to increase residential density.
- *Our new Centres in West Dapto are well planned*
 - Encourage the development of planned Centres.
 - Limit oversupply in Centres surrounding West Dapto.
 - Communicate clear expectations for Centre development outcomes.
- *Our Centres are active and vibrant*
 - Complement online trading with exceptional physical retail offerings.

- Facilitate an appropriate range of land use options to increase activity within, and patronage of, Centres.
- Update Active frontage planning controls to improve street presentation.
- Facilitate an evening economy in our Towns, Major Regional Centres and City Centre that is right for our community.
- Facilitate the activation of the road reserve for outdoor dining.
- Incorporate public art to create places which are distinctive, and which reflect local identity.
- *Our Centres are accessible and support mode shift*
 - Provide clear direction on the role and function of streets in our Centres.
 - Provide clear parking controls and public parking facilities that are in line with sustainable community needs.
 - Plan for walkable Centres.
 - Support cycling to Centres.
- *Our City Centre is a thriving commercial precinct*
 - Deprioritise residential development in the Commercial Core.
 - Tighten and focus the retail core.
 - Facilitate diverse land use outcomes and leverage the City's assets.

The draft Strategy proposes to implement the recommendations through a range of funded or core business projects. The findings of the draft Strategy will be used to inform the scope and objectives of these projects as they progress -

- Wollongong Local Strategic Planning Statement (LSPS) Review.
- Updates to the Wollongong LEP 2009 through Planning Proposals.
- Wollongong DCP 2009 Chapter B4 Development in Business Zones Review (including built form testing).
- Wollongong DCP 2009 Chapter D1 Character Statements Review.
- Draft Wollongong Housing Strategy (endorsed by Council on 29 August 2022 for exhibition).
- Draft Wollongong Industrial Land Planning Review (in preparation).
- Draft Wollongong City Centre Planning Strategy (deferred by Council on 7 December 2020. To be reviewed).
- Wollongong Integrated Transport Strategy including the Movement & Place Study for the City Centre (in preparation).
- West Dapto Town and Village Centre Development (on-going).
- Ongoing Planning Proposal review and Neighbourhood planning processes.
- Outdoor Dining Guidelines.

Employment Zone Reforms

Separate to Council's Retail and Business Centres project, the NSW Department of Planning and Environment (DPE) have been progressing Employment Zone Reforms. The Reform seeks to provide a more flexible planning framework for existing Business and Industrial zoned land by transitioning to fewer zones with broader objectives and permissible land uses. The proposed zone translation is shown in the following table -

Existing Zones	New Zone
Business and Industrial Zones	Employment Zones
B1 Neighbourhood Centre	E1 Local Centre
B2 Local Centre	
B3 Commercial Core	E2 Commercial Centre
B5 Business Development; B6 Enterprise Corridor; B7 Business Park	E3 Productivity Support
IN1 General Industrial	E4 General Industrial
IN2 Light Industrial	
IN3 Heavy Industrial	E5 Heavy Industrial
IN4 Working Waterfront	W4 Working Waterfront
B4 Mixed Use	MU1 Mixed Use
B8 Metropolitan Centre	SP4 Enterprise

On 21 February 2022 and 27 June 2022, Council considered reports on the draft Reforms. Of particular concern is the merger of the B1 Neighbourhood Centre and B2 Local Centre zones, which impacts on the current hierarchy of village centres. Council endorsed a submission which included measures to mitigate any negative impacts of these reforms through the introduction of several local provisions, intended to maintain the nuanced approach to centres in different tiers of the retail hierarchy.

It is understood that the NSW DPE is progressing with the implementation of the reforms and the legislative changes to the Wollongong LEP 2009 may be made in late 2022 / early 2023.

CONSULTATION AND COMMUNICATION

The draft Strategy has been informed by a range of stakeholder input.

An internal Project Reference Group comprising representatives from Development Assessment, Social Infrastructure, Economic Development, Traffic and Transport, Environment and Urban Release was formed at the inception of the project and has provided input throughout the project.

Council staff sought community input through the *Shape Your Town* survey, which ran for a period of three (3) weeks from 27 October to 17 November 2021. The purpose of this survey was to -

- Understand which attributes our community values most in a Centre.
- Understand what our community likes about the Centre they use.
- Understand how the community access Centres.
- Gain suggestions for how our Centres could be improved from either a utility or experiential perspective.

A total of 230 surveys were received with respondents providing Council with feedback on 23 Centres within the LGA, with the most responses received for our larger Centres such as Wollongong City Centre (41), Dapto (30), Thirroul (30), Figtree (20), Warrawong (16) and Fairy Meadow (14).

Input was also sought from key stakeholders involved in the retail industry in Wollongong. The purpose of the engagement was to -

- Understand the local economic conditions that are driving investment and business location in the LGA.

- Gain market insight into development patterns across the LGA's Centres, including development patterns that may be unique or nuanced to specific submarkets.
- Have an appreciation of related activities that are already taking place or may take place in the future across Council and other allied organisations such as local chambers of commerce.

It is proposed that the draft Strategy be exhibited for a minimum four (4) week period, commencing early October 2022. The draft Strategy will be made available online through Council's engagement page. Physical copies of the documents will be available at selected libraries and Council's Customer Service. Key stakeholders will be briefed on the draft Strategy through face to face and online presentations. The public will be invited to make submissions on the draft Strategy in accordance with the Community Participation Plan.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2032 goal 1 "We value and protect our environment" and goal 2 "We have an innovative and sustainable economy".

It specifically delivers on core business activities as detailed in the Land Use Planning Service Plan 2022-23 - "Local Government Area Wide Retail Centres Study".

FINANCIAL IMPLICATIONS

The exhibition of the draft Strategy will be managed within the Land Use Planning Service.

The draft Strategy proposes to implement the recommendations through a range of planned projects. The findings of the draft Strategy will be used to inform the scope and objectives of these projects as they progress.

CONCLUSION

The draft Retail and Business Centres Strategy upholds the role of the Retail and Business Centres Hierarchy in our planning assessment framework. The draft Strategy confirms that Wollongong's Centres have sufficient feasible capacity under the current planning settings to meet forecast demand, provided Centres in West Dapto are delivered in line with population growth in the urban release area.

Although the quantity of retail supply is likely to be adequate, there is room for improvement relating to the distribution of this supply. There is opportunity to secure important supply and tighten Centre boundaries in areas where excess supply has diluted activity. The draft Strategy provides quantitative data to support the progression of actions of adopted Town and Village Plans and the draft City Centre Planning Strategy.

The draft Strategy highlights the need for Centres to be high quality places, with good amenity, built form quality, a diverse mix of uses and retail offers and multi-modal accessibility.

Recommendations of the draft Strategy will inform the scope of future Council projects, and support the progression of actions in adopted Centre plans.

It is recommended that the draft Retail and Business Centres Strategy be exhibited for community and stakeholder input, prior to being reported back to Council for finalisation and implementation.



Wollongong City Council

Wollongong Retail and Business Cent Strategy,

DRAFT August 2022

Acknowledgement of Country

We acknowledge the Traditional Custodians of the land on which our city is built, Dharawal Country. We recognise and appreciate their deep connection to this land, waters and the greater community. We pay respect to Elders past, present and those emerging and extend our respect to all Aboriginal and Torres Strait Islander people who call this city home. We recognise Aboriginal and Torres Strait Islander people as the first people to live in the area. We acknowledge the legacy of Aboriginal people in the Illawarra, who have always made efficient use of the abundance of natural resources, and who established many of the paths and places on which we travel and meet. We respect their living cultures and recognise the positive contribution their voices, traditions and histories make to our city, towns and villages.

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Executive Summary

'Retail and Business Centres' refers to the central business districts of villages, towns, major towns and the Wollongong City Centre. Generally speaking, these Centres have a business zoning e.g. B1, B2, B3 and B4, and include a mix of uses including commercial, residential, public recreation and social infrastructure.

Planning and development in Wollongong's Centres is currently regulated through a range of Statutory and Non-Statutory planning policies.

Key to the planning controls governing development in Centres is the Centres Hierarchy, outlined in the Local Strategic Planning Statement, and further elaborated on in the DCP Chapter B4 Development in Business Zones. The Centres hierarchy has been in place since the introduction of the Wollongong DCP 2009.

Council completed a comprehensive LGA review of Wollongong's Centres in 2004 (Hill PDA). Individual Centre studies have been prepared for Thirroul (2006), Warrawong (2013), Figtree (2013), Unanderra (2013), Corrimal (2015), Dapto (2017), Port Kembla (2018), Helensburgh (2020), and the Wollongong City Centre (2020).

The objective of the draft Retail and Business Centres Strategy is for Council to gain an understanding of the current and future retail, commercial and urban service needs of the LGA, in order to appropriately deliver more sustainable local employment opportunities, economic productivity and convenient access to services for an increasing and evolving population.

Key Findings

Centres are largely performing in line with the current Retail and Business Hierarchy.

Wollongong's Centres have sufficient retail supply to meet current demand. Our Centres have a generous amount of feasible supply to allow retail businesses to grow in response to

increased demand, far exceeding what is needed to meet the 2041 forecast.

The delivery of planned Centres in West Dapto is critical to ensure the proper functionality of the urban release area.

Expectations for development outcomes for West Dapto Centre sites, including land use mix and built form, could be more clearly communicated through the Neighbourhood Planning process.

Centre zoning boundaries do not always reflect the functional boundaries of our Centres. There is a need to protect existing supply in some locations where it is located on land zoned residential on the fringe of Centres. There is also a need to reduce business zoning in some Centres where the requirement for ground floor commercial and retail uses is spread too far to be sustained by current or future demand.

Centres can play a role in the delivery of medium density housing. The draft Strategy has identified which Centres have excess supply that could be absorbed through an increase in residential population within the Centre catchment.

Online trading continues to grow. Centres play an important role in offering consumers a physical context for the experience of goods and services.

The results of the *Shape Your Town* survey showed that 'a mix of uses' was the community's most valued attribute of a Centre.

Night-time economies are becoming an increasingly important component of Centre offers. Centres with successful night-time economies are supported by high quality public spaces, including public space activation and events programs and appropriate infrastructure.

Multi-modal accessibility is key to Centre success. Whilst most of Wollongong's Centres are easily accessible by car, public transport access to our Centres continues to be a challenge. The network of town and village Centres in our established suburbs means that our community has reasonable access by

walking to daily convenience needs from most areas. The western outskirts of suburbs south of Wollongong City Centre are an exception. The planned town and village Centres of West Dapto will all need to offer supermarket and/or grocery store offers in order to achieve optimal walkable accessibility (800m).

Wollongong City Centre is our highest order Centre, and much of the high quality office space needed to deliver on our jobs target is expected to be accommodated within it. To attract these jobs to Wollongong City Centre requires a work precinct with a distinctly commercial sense of address and strong networking opportunities amongst allied businesses. The City Centre has strong retail demand but suffers from dispersed retail activity due to the large size of the commercial and mixed use zones.

Recommendations

The role of our Centres is clear

1. Update the retail and business Centre hierarchy and definitions to reflect the contemporary role and function of Wollongong's Centres and guide their growth
2. Review and update planning documents to ensure consistency with the updated hierarchy

Our Centres are a good fit for our community

3. Tighten Centre boundaries to create resilient and active Centres
4. Prevent the oversupply of retail floorspace
5. Protect existing required supply
6. Explore opportunities to increase residential density

Our new Centres in West Dapto are well planned

7. Encourage the development of planned Centres in West Dapto
8. Limit oversupply of retail floorspace in Centres surrounding West Dapto

9. Communicate clear expectations for Centre development outcomes

Our Centres are active and vibrant

10. Complement online trading with exceptional physical retail offerings
11. Facilitate an appropriate range of land use options to increase activity within, and patronage of, Centres
12. Update active frontage planning controls to improve street presentation
13. Facilitate an evening economy in our Towns, Major Regional Centres and City Centre that is right for our community
14. Facilitate the activation of the road reserve for outdoor dining
15. Incorporate public art to create places which are distinctive, and which reflect local identity

Our Centres are accessible and support transport mode shift

16. Provide clear direction on the role and function of streets in our Centres
17. Provide clear parking controls and public parking facilities that are in line with sustainable community needs
18. Plan for walkable Centres
19. Support cycling to Centres

Our City Centre is a thriving commercial precinct

20. Deprioritise residential development in the Commercial Core
21. Tighten and focus the retail core
22. Facilitate diverse land use outcomes and leverage the City's assets

The draft Strategy proposes to implement these recommendations through a range planned projects. The findings of the draft Strategy will be used to inform the scope and objectives of these projects as they progress.

1 Introduction

Our City, Town and Village Centres are the physical places we meet to do business, shop, and build community. In addition to businesses and shops, Centres also contain other uses such as housing, licensed clubs, tourism accommodation, parks and community facilities.

In a contemporary context, business, shopping and social interaction is now much bigger than these places alone, extending into the virtual and digital world of online shopping, remote working and social media. Despite this, in the context of growing populations, COVID-19 and the need to mitigate and adapt to climate change, our Centres have never been so important to our liveability and wellbeing, productivity and adaptability.

Wollongong has just under 60 Centres, ranging in size from our Wollongong City Centre, down to small villages. These Centres are distributed between Helensburgh in the north to Windang in the south. We also have new Centres that are planned for but not yet built, to service growing populations in urban release areas within West Dapto and Tallawarra in the south.

In addition, there are also around 12 bulky goods sales areas on the fringes of our Centres, such as the King Street Warrawong Precinct. Lastly there are 3 business parks, in Coniston, Port Kembla and Yallah (planned).

Centres generally occur on land zoned for business uses. The Wollongong LEP 2009 currently includes the Business Zones set out in Table 1.

Retail and business functions also occur on land not zoned business. In some Centres, shops operate on land zoned residential that sit outside the existing business zones. Conversely, in some cases land zoned business is being used for purely residential purposes, because of historic development activity; previous planning permissibility and/or lack of a market drive to deliver business outcomes in these locations.

Each of our Centres has its own unique character, role, feel and value for the local community. And each Centre has a role to play in the wider network.

Table 1- Wollongong LEP Business Zones

Zone	Name	Intent and Role
B1	Neighbourhood Centre	Provide for small-scale retail, business and community uses serving people who live or work in the surrounding neighbourhood.
B2	Local Centre	Provide for retail, business, entertainment and community uses serving people who live in, work in and visit the local area, encouraging employment opportunities in accessible locations.
B3	Commercial Core	Provide a wide range of retail, business, office, entertainment, community and other suitable land uses that serve the needs of the local and wider community, encouraging appropriate employment opportunities in accessible locations.
B4	Mixed Use	Provide a mixture of uses, integrating business, office, residential, retail and other development in accessible locations.
B6	Enterprise Corridor	Promote businesses along main roads and encourage a mix of compatible uses, provide a range of employment uses (including business, office, retail and light industrial) and maintain the economic strength of centres by limiting retailing activity
B7	Business Park	Provide a range of office and light industrial uses, encourage employment opportunities, while enabling other land uses that provide facilities or services to meet the day to day needs of workers in the area.

1.1 Purpose of the Strategy

We all want our Centres to be successful thriving places for people to meet, connect, shop, work and live. We know how critically important these places are to both the liveability and economic health of our Local Government Area (LGA.)

There are many factors that contribute to the success of our Centres, and many inputs have a role to play to support that goal – infrastructure, place-making and activation, economic development, urban greening and more.

This Retail and Business Centres Strategy focuses on how our planning controls can support successful centres and facilitate an appropriate mix and quality of development. It is an opportunity to check in to:

- Gather feedback from our community and industry on the performance and value of our Centres;
- Explore current trends impacting centres and the retail industry;
- Gain accurate information about the current supply of retail and business uses in our centres, and where there is room to grow;
- Evaluate the performance of our centres against place specific criteria
- Consider the current and future role and function of centres in light of forecast demand, trends and aspirations; and
- Explore opportunities to improve planning outcomes including development capacity and permitted uses.

The Strategy is informed by a range of State and Council Policies. It supports our community's goals to:

- maintain the unique character of Wollongong,
- support future communities with facilities and spaces,
- attract business investment and support local business,
- provide communities with access to quality local spaces that are safe, clean and inviting
- enable our community to have access to safe, nutritious, affordable and sustainably produced food,
- provide sustainable infrastructure to access key places

The findings of this Strategy will be used to inform the scope and objectives of the following:

- Town Centre Built Form Review
- Wollongong Local Strategic Planning Statement (LSPS) Review
- Wollongong DCP 2009 Chapter B4 Development in Business Zones Review
- Wollongong DCP 2009 Chapter D1 Character Statements Review
- Amendments to the Wollongong LEP 2009
- Wollongong Housing Strategy
- Wollongong Industrial Land Planning Review
- Wollongong City Centre Planning Strategy
- Wollongong Integrated Transport Strategy
- West Dapto Town Centre Development
- Outdoor Dining Guidelines
- Ongoing Planning Proposal review and Neighbourhood planning processes

1.2 Study Area

The Strategy will consider all Retail and Business Centres in the Wollongong LGA (Figure 1). These Centres are listed in Table 2. Retail and Business Centres are generally defined by a Business (B) Land Use Zoning. In some cases, clusters of shops

on other types of zoned land (such as residential) have been included, to ensure all areas that are functioning as Centres are included. These are marked in the table with an asterisk *.



Figure 1 - Study Area – Wollongong LGA

Table 2- Current Retail and Business Centres across the Wollongong LGA

Centre Type	Centre Name		
Regional City	Wollongong		
Major Regional Centres	Warrawong	Dapto	
Major Town Centres	Corrimal Figtree	Fairy Meadow Unanderra	
Town Centres	Helensburgh Thirroul Bulli Woonona	Balgownie Port Kembla Windang Berkeley	Cringila Darkes Road (planned) Tallawarra (planned) Bong Bong (planned) Marshall Mount (planned)
Village Centres	Stanwell Park Coledale Austinmer East Woonona Rothery Street, Bellambi East Corrimal Towradgi Tarrawanna	Gwynneville Keiraville Cordeaux Heights* Farmborough Heights Koonawarra Kanaooka Brownsville (Dandaloo) Horsley	Coniston Primbee Wongawilli (planned) Jersey Farm (planned) Huntley (planned) Avondale (planned)
Small Village Centres	Bellambi Lane, Bellambi Berkeley Road, Berkeley Kelly and Nolan Streets, Berkeley Farrell Road, Bulli Kent Road, Dapto Lakelands Drive, Dapto Railway Street, East Corrimal	Cabbage Tree Lane, Fairy Meadow Weringa Avenue, Lake Heights Buena Vista Avenue, Lake Heights St Johns Avenue, Mangerton Farmborough Road, Unanderra	Fowlers (planned) Princes Highway, West Wollongong Thames Street, West Wollongong Crown Street (449-457), Wollongong
Business Parks	Bridge Road, Coniston	Wentworth Street, Port Kembla	Yallah (Planned)
Peripheral Sales Precincts (Bulky Goods)	Woodrow Place, Figtree Flinders Street, Wollongong Keira Street, Wollongong Kembla Street, Wollongong Northcliffe Drive, Kembla Grange	King Street, Kemblawarra /Warrawong Mt Ousley Road, Fairy Meadow Princes Highway, Corrimal Princes Highway, Helensburgh	Princes Highway, Russell Vale Military Road, Port Kembla Yallah (planned) Princes Highway, Dapto Princes Highway, Unanderra
Other	Industrial Zones	SP Zones: Innovation Campus and University of Wollongong Main Campus	

1.3 Method

Wollongong City Council requires an understanding of the current and future retail, commercial and urban service needs of the LGA to appropriately deliver more sustainable local employment opportunities, economic productivity and convenient access to goods and services for an increasing and evolving population. A 20-year horizon from 2021 – 2041 has been selected for the purpose of this Strategy.

To develop this understanding, Council took a combined quantitative and qualitative approach, using a mix of methods to establish a sound evidence base, and make recommendations moving forward. The approach to research and analysis was informed by the questions posed at each stage of the project. These are outlined overleaf.

The Strategy was prepared with technical support and input from SGS Economics and Planning (SGS). SGS's work is referenced as 'the SGS Study' throughout this document, and the tasks completed by them marked with an * in the table above. Detailed descriptions of methods used by SGS are contained within the SGS Study.

We acknowledge use of the following data sources:

- ABS Census Data
- id. (community profile, forecast population, social atlas & economy)
- Department of Planning and Environment Population Forecasts
- Transport for NSW (TZP19) forecasts for Wollongong (travel zone level)
- Spendmapp by Geografia
- PSMA Geoscape building data
- Google places data
- Cordell Connect
- ANZIC codes
- Marketinfo data set (modelled off ABS Household expenditure surveys)

- Movement and Place Built Environment Indicators

COVID-19 Pandemic

The Strategy was prepared during the COVID-19 Global Pandemic. Some data was sourced, and community engagement undertaken, when health orders were in place. As such, community and stakeholder engagement were conducted via phone calls and online surveys. Data has been obtained and extended to cover pre-pandemic periods (e.g., prior to April 2020), to illustrate 'normal' conditions. The impacts of COVID-19 on various outcomes (immigration, employment, spending etc) have been illustrated throughout the report.

Although most restrictions and public health orders have been lifted at the time of this Strategy being drafted, the long-term impact of COVID-19, particularly on where people work, how people shop and their appetite to spend time in busy locations remains unknown.

Relationship with the Councils Housing Strategy and the Industrial Lands Review

Council is currently completing several significant LGA-wide land use strategies – this Retail and Business Centres Strategy, the Housing Strategy, and the Industrial Lands Planning Review. These strategies will all make recommendations regarding land availability and capacity for development. They will also all seek to balance the interests of economic growth and employment; greater housing diversity; the provision of adequate public open spaces; and access to public transport modes.

As part of the Strategy, SGS considered retail supply in industrial areas, and capacity for residential intensification in Centres. Conversely, recommendations coming from the Housing and Industrial Lands work will consider the findings and recommendations of this Strategy.

Table 3- Approach and methods

Background and Base Data	
What is our community and how are we projected to grow?	<i>Literature review</i> : of all relevant policies and studies to inform the aims and objectives of the Strategy
What are our priorities as defined by our key planning strategies?	<i>Demographic and population forecast analysis</i> : to understand the current and future population, and inform the retail demand modelling
What are the key planning documents to be reviewed?	<i>Engagement with technical staff</i> : to establish key stakeholders for consultations, and collate current issues across assessment and economic development
What has our community told us about their concerns and aspirations for our Centres?	
Existing Centres Appraisal	
What's the break-down of land uses?	<i>Planning data collation</i> : an audit of current centres including all lots and associated planning controls to inform the existing supply and capacity modelling. Focus on Business zoned land, with some exceptions where relevant.
What is their capacity to grow within the current planning controls?	<i>Floorspace supply audit</i> *: combination of desktop data audit and on ground review
Is growth currently feasible?	<i>Commercial floorspace supply</i> *: allocation of Gross Floor Area (GFA) by employment numbers at a centre-based level using ANZIC codes
What is the community's view?	<i>Retail and commercial capacity</i> *: Net yield calculated by subtracting existing floorspace supply from possible yield across available sites.
How are the Centres performing?	<i>Feasible capacity</i> *: High, medium and low yield scenarios based on standard development contexts.
	<i>Engagement with the community</i> : to establish a set of prioritised place-based criteria in relation to centres
	<i>Multi criteria analysis</i> *: evaluation against place-based criteria, weighted according to community prioritisation.
	<i>Accessibility modelling</i> *: walkable catchments modelled in GIS
Forecast Demand	
What's happening with retail more broadly and how will this inform the future of our Centres?	<i>Contemporary research review</i> *: to determine relevant trends impacting Wollongong
How are people living and working?	<i>Planned floorspace</i> *: Cordell Connect search
How will that change? What are our priorities for jobs growth, and housing density?	<i>Potential floorspace (future Centres)</i> *: Strategic planning review and apportionment across retail types
Can growth be accommodated?	<i>Commercial floorspace demand</i> *: demand units generated through employment forecasts then converted to floorspace.
Is it suitable and appropriate?	<i>Retail goods floorspace demand</i> *: demand units generated by resident and worker expenditure; population forecasts applied.
	<i>Retail services floorspace demand</i> *: demand units generated through employment forecasts for retail services then converted to retail floorspace across service categories.
	<i>Gravity model</i> *: used to reconcile demand and supply,
Growth Scenarios	
How will the role and function of Centres change under future scenarios?	<i>Gravity model</i> *: used to test various scenarios including aspirational job targets, delays to planned new centres and potential areas for residential intensification.
Draft Recommendations	
What needs to change in the way we define and structure our Centres?	<i>Collation and evaluation</i> : of all previous recommendations from adopted Town and Village Plans, findings from SGS Study, strategic direction of allied LGA wide land use plans and strategies (Housing).
What changes are needed to planning controls?	
Recommendations for changes to the DCP Chapter B4 – Development in Business Zones,	
Recommendations for changes to the LEP	

2 Context

2.1 Place

The Wollongong LGA is approximately 714km² and is located 85km south of Sydney CBD. The LGA is bound by significant natural landscapes including: the Pacific Ocean; the Royal National Park; the Illawarra Escarpment; and Lake Illawarra. These features are the physical setting for most of our Centres, forming spectacular backdrops which are a key part of their place character.

Wollongong is located on Dharawal Country. Aboriginal people have been caring for Country here for tens of thousands of years, engaging in ceremony, trading and making efficient use of the area's resources. Camps, settlements and meeting places were located on the coast and near waterbodies, places which were rich in fish, crustacea and water birds, where fishing and trading activities occurred. In some locations, like Hill 60 and Red Point these activities developed into industries such as commercial fishing post European settlement.

Europeans began to make their mark on Wollongong in the early 1800s. During this time the landscape began to change dramatically, as timber cutters, grazers, agriculturalists and later dairy farmers began to use the area for its resources. With these industries and agriculture established, Europeans began to settle in the area in the 1820s and 1830s. Wollongong Township was planned in 1834, connecting business, government and community activities to the growing activity in Wollongong Harbour. As the coal industry moved in during the 1840s, villages were established in relationship with the mines, 'pit townships' sprung up, generally in alignment with established traditional Aboriginal travel routes¹. In many cases, the alignment of

our now established roads is based on these traditional routes.

From the 1860's a network of early tramway routes ran from the Escarpment Collieries east to jetties in harbours and ports, to allow for the transportation of raw materials to Sydney. These original railways also influenced future transportation routes. Bellambi village was originally established the junction of the Illawarra Railway and the South Bulli Colliery tramway lines.

As urban settlement was expanded, and inter-city connections strengthened, in the late 1880s when the Illawarra railway was completed, running between Macdonaldtown in Sydney, to Kiama. The route for the trainline was largely dictated by topography and in most cases sat parallel and at a distance to established travel routes and towns. The Railway also caused tourism to increase and seaside towns and villages such as Austinmer and Thirroul expanded as business boomed. Some townships originally situated along road travel routes such as in Bulli also began to shift towards railway stations, creating competing commercial centres.

As steelmaking was added to Wollongong's industry in the 1920s, new towns were established. Cringila, or 'Steel town' as it was originally known, was released as a subdivision in the same year the steelworks opened, and in 1937 Charles Hippisley opened a mixed business and unofficial post office in Newcastle Street, Cringila, kick starting the town centre.

In 1913 Port Kembla was connected to Wollongong by rail, providing an important freight function, then a passenger service some years later. As on the existing Illawarra line, the

¹ Department of Environment and Heritage, Early Contact Map

rail stations on the new extension were misaligned from the locations of the town centres, being located instead to service the Port, mining and steelmaking operations. Some of the Town Centres along these routes have experienced times of boom and decline, as residential and worker populations have fluctuated.

Across Wollongong, the combination of the topography, the rail line's alignment, and its combined passenger and freight roles continue to present challenges to the way we plan for our centres.

The most significant period of urban expansion occurred after World War II when successive waves of overseas immigration occurred to meet labour force needs associated with industrial expansion. This saw towns like Port Kembla grow significantly, along with surrounding villages at Lake Heights and Cringila.

In 1949 the County of Cumberland Planning Scheme included the zoning of Helensburgh and noted the area from Sandon Point, Bulli up to Stanwell Tops as land reserved from future planning. Although draft instruments were in place through the 1950s and early 1960s, the whole LGA was not formerly zoned until 1968, through the introduction of the Illawarra Planning Scheme.

Throughout the 1960s and 70s urban growth, including new towns and villages, occurred on the edges of existing urban areas, through greenfield development. As new subdivisions were created portions of this land was reserved for business uses, for the development of neighbourhood shops and local centres.

Since the 2000s, significant growth has been planned for West Dapto and Tallawarra. Planning for this land release includes detailed structure plans which specify the type and distribution of centres to serve the growing population. Even with forward planning to ensure these new communities have good access to services, the delivery of centres in urban release areas is slow, tending to follow population density, rather than being a catalyst for it.

Today, Wollongong's Centres provide a connected network that provides our community with access to goods and services, entertainment, community interaction and employment. Planning for the ongoing success of our Centre network will include addressing the opportunities and challenges that come with the unique place we inhabit, and the legacy of the movement corridors and public transport network we have inherited.



Figure 2 - The layout of Wollongong's centres is strongly influenced by its natural landscape, patterns of industry and the movement networks which connect it to the surrounding areas. These aspects have informed the way people have settled and gathered for thousands of years

2.2 People

Who are we?

The first release of the 2021 Australian Census results provides an updated snapshot of the Wollongong community.

- The average Wollongong resident is aged 39, married and living in a family household.
- The largest service age group in Wollongong was Parents and homebuilders (35 to 49 years old), however the three age groups that increased the most since 2016 were:
 - Seniors (70 to 84 years): +2,902 persons (+14.3%)
 - Young workforce (25 to 34): +2,390 persons (+9.2%)
 - Empty nesters and retirees (60 to 69 years): +2,115 persons (+9.8%)
- 74.9% of residents were born in Australia, and 3.2% identify as Aboriginal and/or Torres Strait Islander. 19.3% of households use a language other than English.
- Around one third of Wollongong residents own the dwelling they live in, one third is paying off a mortgage on that home, and the remaining third is renting. More than two thirds of us live in a detached house, and around one fifth live in an apartment.
- 28.6% of Wollongong residents are obtaining a tertiary qualification.
- Wollongong's median household weekly income is \$1,682. 18.6% of households earn less than \$650 per week, and 23.8% earn more than \$3,000.
- 54.6% of households have 2 or more registered vehicles.
- 71.2% of people who live in Wollongong indicated they travel to work in a motor vehicle, 5.5% travelled by train, 2.0% travelled by bus, 3.6% used active transport (such as cycling or walking) and 3.5% worked at home (ABS 2016 Census).

How are we growing?

In 2021, we had an Estimated Resident Population of 214,656 (ABS 2021 Census).

Since 2016, Wollongong LGA has added an estimated 4,263 residents. The majority of Wollongong's population growth has occurred in the suburb of Wollongong and throughout the West Dapto Urban Release Area. Figtree, Bulli and Corrimal also experienced high growth in comparison with other suburbs.

Since 2016, we have added 5,424 dwellings to our LGA. 32.7% of those were medium or high density (town houses or apartments), compared to 17% in Regional NSW.

Our population is expected to increase to 278,744 residents by 2041 (Forecast.id), adding an estimated 23,186 new private dwellings.²

The suburbs with the greatest projected population change are shown in Table 4, along with their relevant Town Centres. No suburbs show a significant projected negative change.

New housing developed in Wollongong will include a range of housing typologies, across low, medium and high densities. Centres play an important role in increasing our medium and high-density housing stock. The Wollongong City Centre has seen significant growth in apartment development. Fairy Meadow and Corrimal are also seeing increased apartment development within their Town Centres.

² Note this forecast has not yet been updated based on the 2021 Census.

Housing development within our urban release area is still largely detached housing and dual occupancies. As identified in the Draft Housing Strategy there is an opportunity to increase housing density and include more medium

density typologies in and around our planned West Dapto Centres. This would support the demand for retail and other population servicing businesses as these Centres grow.

Table 4- forecast population– key areas

Areas with the highest forecast growth >1000pp 2016 – 2041		
Suburb		Centre
Wollongong Suburb		Wollongong City Centre
West Dapto Urban Release Area	Kembla Grange	Planned Darkes Rd Town Centre
	Dombarton – Wongawilli – Huntley	Planned Wongawilli and Jersey Farm Village Centres
	Avondale – Cleveland	Planned Huntley and Avondale Village Centres
	Marshall Mount - Haywards Bay - Yallah	Planned Marshall Mount Centre
	Horsley	Planned Bong Bong Major Town Centre
Corrimal		Corrimal Major Town Centre
Keiraville – Mount Keira		Keiraville Village Centre
Dapto - Brownsville		Dapto Major Regional Centre
Figtree		Figtree Major Town Centre
Kanaooka		Kanaooka Village Centre
Bulli		Bulli Town Centre

What jobs exist in Wollongong?

There were an estimated 94,524 jobs located in Wollongong LGA in the year ending June 2021 (NIEIR 2021 and economy.id). This is equivalent to 73,479 full time equivalent (FTE) positions. Retail jobs account for 8.1% of these, offering FTE employment to around 5,960 people. This proportion has remained static since 2016.

There were 14,141 registered businesses in Wollongong in 2021 (economy id). Retail Trade accounted for 6.7% of these businesses (943). There were 46 more retail business in 2021 than recorded in 2016.

Table 5- Wollongong's top Industries by employment

5 largest employers by Industry			
Industry	People Employed (FTE)	Percentage Employed	Change 2016 – 2021 (FTE)
Health Care and Social Assistance	11,468	15.6	+555
Education and Training	9,132	12.4	+985
Construction	7,574	10.3	+525
Manufacturing	6,780	9.2	-534
Retail Trade	5,957	8.1	-15

What do we spend our money on?

In the last year (June 2021- May 2022) Wollongong residents spent \$2.565 billion on card and cash transactions inside the LGA (Spendmapp by Geografia 2022). Residents also spent \$1.021 billion outside the LGA, and \$2.038 billion through online purchases.

The top 5 resident spending categories make up over 70% of the total local resident spend. The greatest volume of spending occurs in Grocery Stores and Supermarkets, and a large portion is spent on other food related spending like dining out and buying specialised foods.

Table 6- Wollongong Local Resident Expenditure

Resident Local Spend across top expenditure categories (2021-2022)		
Expenditure Category	Resident Local Spend \$	% Total
Grocery Stores & Supermarkets	\$711.59 M	27.74%
Dining & Entertainment	\$379.47 M	14.80%
Transport	\$260.37 M	10.15%
Specialised Food Retailing	\$253.52 M	9.88%
Specialised & Luxury Goods	\$230.39 M	8.98%
Department Stores & Clothing	\$201.98 M	7.87%
Professional Services	\$193.22 M	7.53%
Bulky Goods	\$151.03 M	5.89%

2.3 Policy

The NSW State Government sets high-level strategic priorities through Ministerial directions, plans and policies. Local Governments – such as Wollongong City Council - are responsible for the application of State Plans locally through Local Strategic Planning Statements; LGA wide Land Use strategies (such as this); Town and

Village Plans and updates to local planning instruments (Wollongong LEP and DCP). Together this suite of documents helps us to plan for the future.



Figure 3 - Relationship between strategic plans

Guiding State Government and Greater Cities Commission strategic plans support a distributed approach to centre planning, to enable our community better access to employment, services and goods using a range of transport options. Walkable access to local centres which offer diverse activities, and are complimented with open space and community facilities, is a key goal. Local Character, heritage values and high-quality public domain design continue to be objectives for centre planning.

State Government led planning reforms have pursued an adaptable and flexible planning approach, allowing for innovative, contemporary retail solutions that match consumer need. This has included transitioning to fewer business/employment zones with broader objectives and permissible land uses, creating complying pathways for a wider range of business and business activities, and increasing allowances for hours of operation and the scale of development.

Wollongong City Council has clearly articulated its intent for our retail and business centres through our key documents and plans. This intent builds on the State Government objectives for a diverse and accessible Centre network and emphasises our community's value of our unique setting and the character and function of individual places.

Key Council documents acknowledge the need to balance increased housing growth and diversity, with the priority for employment

generating and population serving businesses in our centres. Local character and congestion concerns are acknowledged as key tensions where dwelling growth is occurring within centres.

Social infrastructure and public domain provision, improvement and activation are clear priorities across a range of strategic documents and operational activities. The role of our libraries, community centres and local parks in our towns and villages is critical to ensuring diverse and active Centres.

Active and public transport are key areas to develop and improve. Car dominance, particularly in relation to logistics, drive-thru food and drink premises, and click and collect functions is an area to be carefully managed to ensure pedestrian priority is maintained.

Lastly, the delivery of new Centres in our Urban Release Areas is key to ensuring adequate provision of retail services and goods to our communities of the future. There is opportunity to improve the process involved in the delivery of these centres, to ensure the best outcomes for our community.

The table in Appendix 1 explores a range of Strategic Policies in detail and highlights the relevant implications for this Strategy. Core Planning Documents including the Codes SEPP, the Wollongong LEP 2009 and the Wollongong DCP 2009 are discussed in more detail in section *3.1 Planning Framework*.

3 Planning for Centres

Centres are complex places. A strong and clear planning framework helps articulate and facilitate the community's visions for place. Planning decisions are informed by research, engagement, technical analysis, design, and testing. Where required, Council partners with leading practitioners in urban design, community consultation and economics to inform our policies and plans.

Planning policies are reviewed and updated in response to a range of complex issues including demographic change, development challenges and opportunities, environmental management, and in order to improve the amenity of our built and natural places and spaces.

A range of activities can inform changes to planning policy for Centres, from LGA-wide strategic studies like this one, down to detailed, site specific masterplans.

3.1 Planning Framework

The core planning framework includes State Environmental Planning Policy (SEPP), the Local Environmental Plan (LEP), and the Development Control Plan (DCP). Key aspects of these plans relevant to development in centres are outlined below:

State Environmental Planning Policy (Exempt and Complying Development Codes) 2008

Development standards for exempt and complying development including:

- Outdoor dining and Mobile Food Vending
- Signage
- Change of Use
- Shop fronts and awnings
- Alternations and additions within Business Zones

The Wollongong Local Environmental Plan 2009 (LEP)

- *Objectives:* these include encouraging economic and business development to increase employment opportunities and improving the quality of life and the social well-being and amenity of residents, business operators, workers and visitors.
- *Land Use Table:* Business Zones B1 – B7 describe the majority of the objectives relevant to, and land uses permitted in Centres.

- *Part 5 Miscellaneous provisions: 5.4 Controls relating to miscellaneous permissible uses* includes a range of controls which limit the scale of certain uses including neighbourhood shops, neighbourhood supermarkets and Artisan food and drink premises.
- *Part 6 Urban Release Areas: 6.2 Development Control Plan* outlines measures to accommodate and control appropriate neighbourhood commercial and retail uses in urban release areas.
- *Part 7 Local Provisions: 5.4 Certain land within business zones* encourages activation in centres by prohibiting residential uses on the ground floor of buildings in B1, B2, B3 and B4 zones and requires an entrance and window to face the street. *7.19 Active Street Frontages* applies similar requirements to land mapped on the *Active Street Frontages Map*.
- *Part 8 Local Provisions – Wollongong City Centre: 8.7 Shops in Zone B4 Mixed Use* limits the size of shops in the B4 zone to 400sqm, to maintain the B3 zone as the principal retail area.

The Wollongong Development Control Plan 2009 (DCP)

The Wollongong DCP provides a framework for the development of land across the Wollongong LGA. The DCP is a set of Council policies that

explain how developments are to be designed to meet the conditions of the LEP and State-wide rules. The purpose of the DCP is to outline built form controls to guide development that are specific to a land use; locality or planning context.

Amendments are made to the DCP on a chapter-by-chapter basis. The Chapters most relevant to development in centres include:

- *B4 Development in Business Zones:* provides objectives, strategies and detailed planning controls for retail, office premises, business premises developments, bulky goods premises and other developments and contains Council's adopted retail hierarchy strategy for both existing and planned retail and business centres within the Wollongong City LGA
- *C1 Advertising Signage and Structures:* supplements the provisions of SEPP Industry & Employment and outlines Council's requirements for advertising signage and structures
- *C12 Outdoor Restaurant and Footpath Trading (Street Vending) Activities:* provides objectives and performance criteria for outdoor restaurants and outdoor trading activities on or over public road reserve areas including footpaths, malls and other public domain areas
- *C15 Retail Markets:* outlines Council's general requirements for the proposed establishment and operation of a retail market upon any land within Wollongong Local Government Area
- *D1 Character Statements:* identifies the existing character and desired future

character for each particular suburb, often with reference to the town centre.

- *D12 Thirroul Village Centre:* a locality-based plan which seeks to strengthen the role of the centre as an economic and cultural hub through enhancing the existing character of Thirroul
- *D13 Wollongong City Centre:* a locality-based plan which provides the site specific planning requirements for development within the Wollongong City Centre precinct
- *D16 West Dapto Urban Release Area:* provides structure and guidance for the future development of the West Dapto Urban Release Area based on the West Dapto Vision 2018 and West Dapto Structure Plan

Supporting Policies

Supporting the key planning documents are the following policies:

- *Wollongong CBD Night Time Economy (NTE) Policy:* seeks to provides clarity regarding appropriate locations and hours of operation for businesses seeking to trade at night in the Wollongong CBD.
- *Outdoor Dining Council Policy:* encourages the establishment of Outdoor Dining wherever feasible and appropriate throughout the Local Government Area
- *Design and fit-out guide for food businesses:* provides guidance to operators, architects, designers, builders, equipment manufacturers and other professionals associated with the design and construction of food premises

3.2 Retail and Business Centres Hierarchy

Key to the planning controls governing development in Centres is the Wollongong Centres Hierarchy, outlined in the Local Strategic Planning Statement, and further elaborated on in the DCP Chapter B4.

In a planning context, we understand our Centres as existing within a hierarchy. Each Centre has a different role and function in respect to providing key services to a particular catchment or market. This tiered hierarchal system exists because *"higher order functions benefit from critical mass and colocation of activities and patronage whilst many so called 'lower order' functions are not necessarily less important but need to be accessed more readily and so therefore must disperse across the urban/regional landscape. They too benefit to some degree from colocation (hence still being in centres), but not to the extent of those activities found in the higher order centres"*³.

Wollongong City Centre is our **Regional City** and sits at the top of the hierarchy. Regional cities have the largest commercial component of any location in the Region and provide a full range of higher-order services, including hospitals and tertiary education services.

Major Regional Centres like Warrawong and Dapto, vary in size, location and mix of activities. They enable access to key services and facilities that offer a range of goods, services and jobs. Our **Major Town Centres** provide for the major weekly shopping and convenience retail needs for several surrounding suburbs. As we scale

down through the **Town, Village and Small Village Centres** these places tend to cater for more localized populations.

All that being said, how people use these Centres does not just follow a simple catchment logic. People will use one or many different Centres and for many different reasons.

Understanding and classifying the centres in the hierarchy allows us to manage development in those centres in an orderly way. The defined function of the centre links to appropriate objectives, land use zoning and permissibility and built form controls.

The Retail Centres of Wollongong are listed in the following diagram. Note that this reflects the current retail hierarchy, to be reviewed as part of this Strategy.

Wollongong DCP Chapter B4: Development in Business Zones includes criteria and descriptions for centres at each level of the hierarchy. These are summarised in Table 7.

The current hierarchy and definitions have not been updated for some time. An update to the Centres hierarchy should ensure that any gaps or inconsistencies are resolved, and that the functions and commodities described are reflective of the current aspirations for and activities present in our Centres. Consideration should also be given to the classification of each Centre, and whether this is reflective of the Centre's actual size and function.

³ SGS Study Paper 1 Appendix A: Centre Hierarchy Definitions, 2022

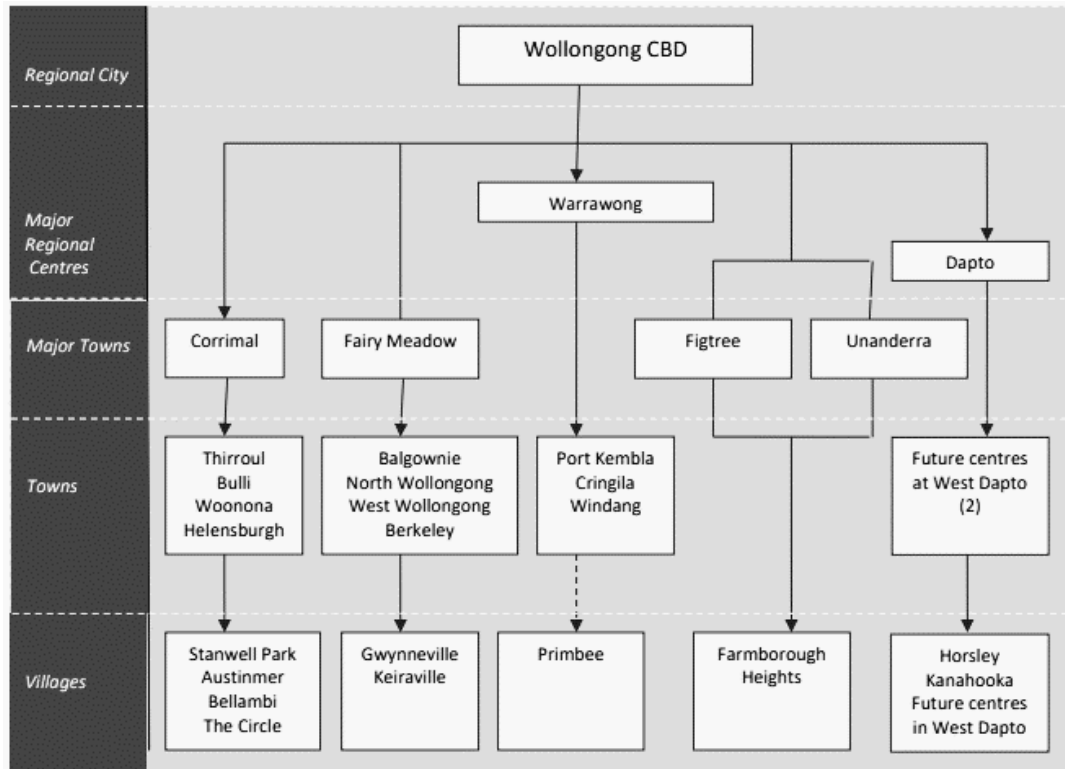


Figure 4 - Wollongong Centres Hierarchy (Source: Wollongong Local Strategic Planning Statement 2020)

Table 7- Current Centres Hierarchy criteria and descriptions

Centres Hierarchy			
Centre type and scale	Functions	Location	Commodity types
Regional City (Regional Centre) Retail floorspace: 110,000m ² ~500,000m ² total retail, commercial office, civic and entertainment Population catchment: over 200,000	High order government / civic, business, health, education, entertainment, arts and cultural, community functions	Adjacent to major public transport (rail and bus) networks	Generally anchored by department stores, one (1) or two (2) discount department stores, two (2) or more full line supermarkets.
Major Regional Centres (Sub-Regional Centres) Retail floorspace: 40,000-80,000m ² Population catchment: up to 100,000	Higher order retail and other business and community functions	On major public transport network	Generally anchored by at least one (1) discount department store (DDS) and at least one (1) or two (2) full line supermarket(s) with higher order retailing and a range of non-retail services including cinemas, community services, commercial office space and professional / specialist services serving the sub-regional population.
Major Town Centres (District Centres) Retail floorspace: 20-40,000m ² Population catchment: Up to 50,000	Providing for the major weekly shopping and convenience retail needs of the surrounding population of more than one (1) residential suburb as well as a large range of specialty retail shops and non-retail services	Close to public transport (rail and/or bus) services	Generally anchored by one (1) discount department store, at least one (1) or two (2) medium to full line supermarkets and other specialty retail shops and services including banks, community services, professional offices and medical services.
Town Centres (Local Centres) Retail floorspace: 5,000 – 20,000m ² Population catchment: 10,000-20,000 (800 metre - 1 km catchment radius)	Limit provisions to the weekly and daily convenience needs of the surrounding residential catchment.	Close to public transport (bus) services	Generally anchored by a medium to full sized supermarket; May include a fruit and vegetable store, bakery, butcher and a limited range of non-retail services including a pharmacy, hairdresser(s), medical services, video / entertainment hire outlet, dry cleaning, Australia Post etc. Reduce reliance on less healthy prepared or fast-food outlets.
Villages (Neighbourhood Centres) Retail floorspace: 2,000 - 5,000m ² (~5- 30 shops) Population catchment: up to 10,000 (~ catchment radius of 600 – 800m)	Limit provisions to provide for the daily convenience needs of the surrounding residential community, especially healthy food and grocery retailing. Provide for walk-in daily shopping requirements.	5 – 10 minute walk between shops and surrounding residential population	Generally served by a small to medium sized supermarket and or mixed business type shop, fruit and vegetable retailers, newsagents, take away restaurant, bakery, butcher and some limited non-retail services including a hairdresser, dry cleaning, video / entertainment hire outlet etc.
Small Villages (Local Convenience Centres) 100 – 2,000m ² 700 – 1,000 dwellings (catchment radius of ~ 400 – 500m)	Primarily provide for the daily convenience needs of the surrounding residential population for each suburb.		Generally, includes small supermarket and / or mixed business and possibly a fruit and vegetable store, butcher, bakery etc;

4 Feedback, Analysis and Findings

4.1 Community and Industry Views

To inform the preparation of this Strategy, feedback was sought from key industry representatives and the community. An overview of the purpose of this engagement, questions asked, and feedback received is provided below.

Community

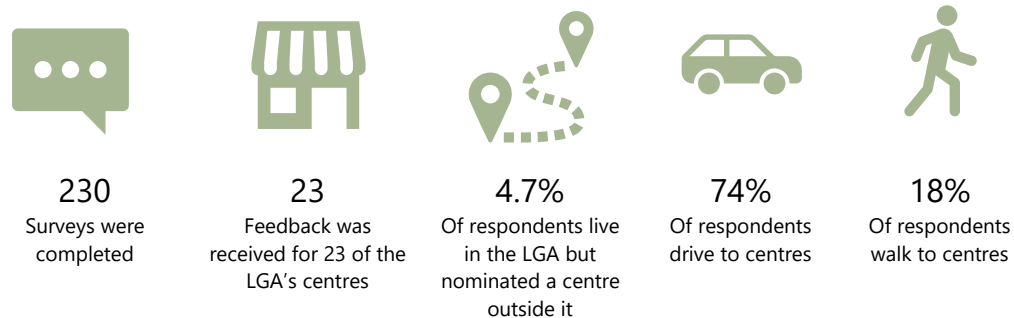


Figure 5 – Shape Your Town Survey information

The *Shape Your Town* survey was open for a period of three (3) weeks from 27 October – 17 November 2021 inclusive. The purpose of this survey was to:

- understand which attributes our community values most in a Centre.
- understand what our community likes about the Centre(s) they use.
- understand how the community access Centres
- gain suggestions for how our Centres could be improved from either a utility or experiential perspective.

An overview of the feedback received is provided below. A total of 230 surveys were received with respondents providing Council with feedback on 23 Centres within the LGA, with the most responses received for our larger centres such as Wollongong City Centre (41), Dapto (30), Thirroul (30), Figtree (20), Warrawong (16) and Fairy Meadow (14).

The survey asked respondents to consider 8 criteria and prioritise them in response to the following two questions:

- a. What's most important to you when you visit your local shops?

Question a) asked respondents to arrange the criteria in order of importance with 1 being the most important to 8 being the least important. The results shown in the following table are the collated responses, with the top being the most important and the bottom the least important overall.

- b. What do you like about your local shops?

Question b) asked respondents to select all criteria that were important to them. The results shown in the following table are the most frequently selected responses, with 1 being the most selected and 8 being the least selected.

Table 8- Ranked responses to the Shape Your Town survey

Rank	Value What's most important to you when you visit your local shops?	Responses	Experience What do you like about your local shops?
1	Mix of Uses	167	Major supermarket
2	Comfort and Amenity	145	Easy to access via car
3	Major supermarket	143	Mix of Uses
4	Easy to Park	119	Easy to Park
5	Places to gather	90	Comfort and Amenity
6	Character and quality	88	Walk and Cycle
7	Easy to access via car	78	Places to gather
8	Walk and Cycle	57	Character and quality
9	Public Transport	50	Public Transport

Two observations can be made based on the differences between the responses to question a and b.

1. Certain attributes that are identified as being the most important to respondents, aren't necessarily available to them when they visit their local centre. So, whilst someone may value something very highly, it may not be present in the location where they regularly shop, and it may not be important enough to cause them to shop elsewhere. Comfort and amenity for example, drops from 2nd most important to 5th most selected as something respondents liked about their local centre.
2. When asked to select all attributes that they liked about their local shops, the top 4 responses related to offer (supermarket and mix of uses) and accessibility (easy to drive to and park). These attributes are fundamental success factors for most existing Centres and are reflective of practical needs relating to accessing daily goods and services.

Respondents were also asked an open response question of "What do you think will improve your local shops?". Responses received have

been collated and grouped under five (5) reoccurring themes outlined in Table 8- Ranked responses to the Shape Your Town Survey. The information gathered through the survey provides general insights into what attributes of centres are important to the survey respondents.

A theme that comes through strongly is a desire to shop locally and the importance of attractions such as food and entertainment in creating a vibrant, desirable, and accessible centre. Responses highlight aspects of our city planning that may need diversification, protection and/or improvement such as public transport, building controls and walking connections.

The information from this survey was used by *SGS Economics and Planning* to inform their Multi Criteria Assessment of Centres (section 4.3). The relative importance of different attributes of Centres was used to determine weightings of each criterion to better reflect the importance of certain attributes to the community.⁴ The results of the Multi Criteria Analysis were then used as an input into the Gravity Model, which balances supply and demand of retail

⁴ *SGS Study Paper 1 Appendix A: Multi Criteria Assessment, 2022*

Figure 6 - Open feedback from the Community

Improvements to Centres – Respondent suggestions	
Theme	Summary of feedback
<i>Diversity of offers</i>	A greater variety of offers including specialty stores and boutiques, local traders, supermarkets, restaurants, bars and cafes as well as outdoor dining offers. Having a mix of local and chain offers but ensuring that chain and large format offers are appropriate for a centre. Activate centres by filling empty spaces, improving evening offers and extending outdoor dining.
<i>Traffic conditions</i>	Improvements to parking in the form of more spaces (including accessible and electric charging spaces) that are free and untimed. Existing off-street carparks are perceived as unsafe and in need of renewal. Increased traffic calming measures and move traffic away from town and village centres
<i>Active and public transport choice</i>	Improved public transport offers and prioritise pedestrians and cyclists by way of improved and connected footpaths, safe locations to cross street and designated cycleway networks.
<i>Improvements to amenity</i>	Purposeful landscaping in the form on canopy trees, flowers and community gardens to improve the look and feel of centres. Increased access to multi-purpose public spaces integrated within town centres allowing places to meet, play and socialise and ensuring spaces are safe, clean, smoke free with access public amenities.
<i>Retention of unique character</i>	Retaining a 'village feel' and celebrating the unique character of centres. Upgrades to building facades, working with landlords to fill vacant shops and integrating public art into centres. Development should be suited to a Centre's character, with stronger planning control in place to control outcomes.
<i>Scale and quality of development</i>	Concerns were raised about the over-development of centres and suburbs. Some respondents wanted high-rise apartments to be contained to the Wollongong City Centre. More flexibility in zones to permit a variety of businesses in centres including small scale manufacturing. Development that provides amenity and enhances villages was encouraged.

OUR WOLLONGONG JOIN THE CONVERSATION

Shape Your Town Centre

We've more than 70 local shopping areas and town and village centres across our city. Right now, we're working on long term plans for these essential places. We're keen to hear from you about the shops that you visit, why you visit them and what you like about them.



Fill in a survey to go in the draw to win one of six \$50 VISA gift cards.
Find the survey by scanning the QR code or visiting www.our.wollongong.nsw.gov.au



Figure 7 – Shape your Town Survey signage in place

Industry

In July 2021, *SGS Economics and Planning* led targeted conversations with key local industry stakeholders including major developers, local agents, land and business owners, and industry representatives. The focus on this feedback was to assist in defining the implications of trends and drivers (section 4.2) on Wollongong LGA.

The key objectives of the engagement were to:

- Understand the local economic conditions that are driving investment and business location in the LGA,

- Gain market insight into development patterns across the LGA's centres, including development patterns that may be unique or nuanced to specific submarkets, and
- Have an appreciation of related activities that are already taking place or may take place in the future across Council and other allied organisations such as local chambers of commerce.

Table 9 provides a summary of the industry engagement feedback categorised as themes.

Table 9- Industry feedback

Theme	Summary of feedback
<i>Supermarkets and food-retailing</i>	<ul style="list-style-type: none"> • Major supermarket chains are exploring options for smaller format supermarkets within the LGAs suburbs. • Major Supermarkets are monitoring growth in West Dapto and watching COVID impacts. • Exploration for sites and then negotiations with landowners are important to the process of finding the right locations for potential supermarkets/stores.
<i>Wollongong CBD</i>	<ul style="list-style-type: none"> • The opinion remains that the Crown Street Mall lacks activation to attract people to visit. The cost of having and holding land in the CBD is a barrier (rates, levies etc). • Wollongong CBD is diversifying from a retail-based CBD to include residents, experience-based retail (cafes and small bars) and tech and shared services sectors. • Retail will need to meet the needs of CBD residents (these residents will have higher incomes than other residents LGA wide) and of workers in the CBD. • Commercial agents raised intrinsic conflicts between residential and commercial uses, with premium companies wanting pure commercial buildings and residential outcompeting all other land uses. As such, there was support for quarantined precincts for commercial only development through a review of CBD planning controls. • The mixed-use developments have not been successful, with many commercial vacancies at ground. • There has been an approx. 70% uplift in A-grade office stock in Wollongong but the Wollongong office market is still largely unknown to Sydney based commercial real estate agents. • Due to COVID-19 Office markets are changing and CBDs are getting quieter with many people working from home. This results in a lack of foot traffic in the CBD, which is problematic for retail businesses. Migration from cities to regional locations poses an opportunity for Wollongong to activate the Centre. • Support for increased night-time economy to support and foster activity in place making such as updates on planning certificates and extension of licences allowing 2am trading.
<i>Resurgence in manufacturing and Industry</i>	<ul style="list-style-type: none"> • Many businesses are moving from the CBD to the growth centres of Wollongong where rent is cheaper, building footprints are larger and parking is available. • There has been a rise in enquiries for industrial lands particularly around Port Kembla. Many of these are in energy resources such as gas and hydrogen, which could bring significant jobs creation extending beyond those uses to their supply chains. • Some stakeholders believed that some industrial land may be better suited as residential such as in Kembla Grange.
<i>Jobs in West Dapto</i>	<ul style="list-style-type: none"> • Council to consider the role of future West Dapto centres and what local employment opportunities are there beyond retail to provide self-sufficiency and job choice.
<i>Diversifying economy</i>	<ul style="list-style-type: none"> • The Wollongong economy has been undergoing a process of diversification, moving from a manufacturing to a service led economy. While there are still some manufacturing jobs located within Wollongong LGA, this industry no longer dominates the employment market. This trend has been driven by businesses and residents relocating from Sydney to Wollongong.

4.2 Trends and Influences

The distribution, role and function of centres across Australia is shaped by a range of factors. This section explores the most influential and applicable key trends that are affecting the business and retail economy broadly and the implications of these trends on the Wollongong LGA specifically, both now and into the future.

The evolution of our Centres

The role and evolution of Wollongong's retail and business centres has changed since the formation of our post-colonial townships in the 19th century. We moved from walkable, local commercial high streets providing all your daily needs and founded to support core industries such as mining and the steelworks, to the rise of shopping malls formed around large corporations and supported by mass production and improvements to freight. These large shopping centres were a new land use, built form and centre offer in themselves, catering to private car ownership and a desire for the convenience of a one-stop-shop. These shopping centres competed with the traditional high-streets and drew activity from the streets and public spaces inside.

For much of Australia's history, retail trading was heavily restricted, with night-time and weekend trading limited. In recent decades, as part of a broader push towards economic deregulation, retail trading hours have been increased, with

retailers and service providers now able to generate activity outside of 'standard' business hours.

The emergence of personal smart phones and online retailing has disrupted the role and function of both the high street and shopping mall forms. Online shopping offers both diversity and convenience, key success indicators for retail success.

As our population grows and diversifies, consumer values have shifted with a desire to return to small businesses, seek experiences and shop sustainably and locally. This has seen some small businesses and creatives shift into older high-street building stock and a resurgence of the traditional high-streets and centres. Online shopping remains a strong economy, and rather than trying to compete, most Centre businesses now recognise the need to have a complementary online and physical presence

Today, decentralised working, online shopping and social media has changed our traditional behaviours. Where we spend our time and our priorities and spending habits are not what they were when our Centres were developed. As we continue to evolve our existing Centres, and deliver new Centres in our Urban Release Areas, it is important that we recognize these contemporary behaviours and priorities and plan accordingly.



Figure 8 -The evolution of Centre typologies and retail trends

Impact of COVID-19 Pandemic

The COVID-19 global pandemic commenced in early 2020 and resulted in Governments, including the NSW Government, sending communities and economies into lockdowns with an aim to reduce the spread of the virus. As we continue to deal with the COVID-19 pandemic, it is challenging to predict, what its long-term impact will be on specific communities, economies, and Centres. However, the SGS Study referenced a paper by Florida et.al.⁵ which identifies three main forces that have the potential to lead to the long-lasting transformation of cities:

- **Social Scarring:** Fears which result in people avoiding crowded spaces or changing how they interact with others. This behaviour influences where people live, work and spend time.
- **Forced experiment for employment, shopping, resident choice and commuting:** The restrictions enforced by health orders have provided conditions for a forced and radically different experiment including

remote online working, learning and shopping. Social interactions have been largely limited to social media and digital platforms. It remains to be seen whether these online alternatives will permanently alter and/or replace traditional interactions as face-to-face communication becomes more practical

- **Need to secure the urban built environment against this and future health and climate risks:** Social distancing creates the immediate need for different configurations of indoor and outdoor spaces. Some of these changes will likely be maintained whether for public health benefits, or because people simply prefer them. In the long term this pandemic will prompt architects, designers, and planners to more seriously consider permanent interventions that respond to future pandemics and climate risks.

The impact of COVID-19 is further outlined throughout this section.

Population Change

Overall, population growth remains the greatest driver for retail growth in centres, particularly supermarkets. As population growth (driven largely by immigration) is the demand driver for retail facilities the decrease in population growth during COVID-19 has caused delays in growth and financial pressure.

Although we saw a decrease in international migration during COVID-19, we saw a shift in internal migration patterns to some regional areas. This is driven by a change in value proposition in favour of higher-amenity, lower-cost regional centres supported by the option for people to choose to work from home and avoid a commute to inner Sydney.

Online Retailing

Online retailing is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet, rather than in-person, using a web browser or a mobile app. People shop online to

save time, locate the best price and shop at a time convenient to them.

The rise of online retail is not a new trend and has been impacting on Australia's retail sector for over a decade. The market share of online

⁵ R.Florida, A.Rodriguez-Pose, M.Storper (2020) Cities in a Post COVID world

retail has grown by approximately 0.75% per annum.

COVID-19 saw a faster shift to online retail than projected and this trend to shop online is assumed to remain strong, especially for people who cannot easily access a Centre with diverse offers. During COVID lockdown periods in 2020, this share spiked to 11.1%. Although this share has dropped back, it has not adjusted to pre-COVID levels, suggesting an increased share could become permanent.

Online retailing has the potential to cover all retailing categories but impacts some categories more than others. Merchandise, specialty stores, apparel and department stores have all experienced a shift away from in-store purchasing.

As part of their scenario testing, SGS explored how an acceleration in online retailing would impact Centres in Wollongong. The results

showed that specialty retailing and therefore the City Centre and large major-regional Centres like Warrawong and Dapto (which tend to have department stores) were the most impacted. Town Centres were least affected, given they principally tend to service customer's daily food needs.

Retail services (gyms, health care, childcare etc) are not expected to be significantly impacted by an increase to online spending.

Initially the retail industry perceived online shopping as a direct threat to bricks and mortar stores. Today, businesses are expanding to service models with both online and in-person retailing. This has opened up new ways for people to shop, including 'Click & Collect'.

For Centres to be attractive to consumers and maintain physical activation, they will need to perform well across a range of factors. These are outlined in Table 10.

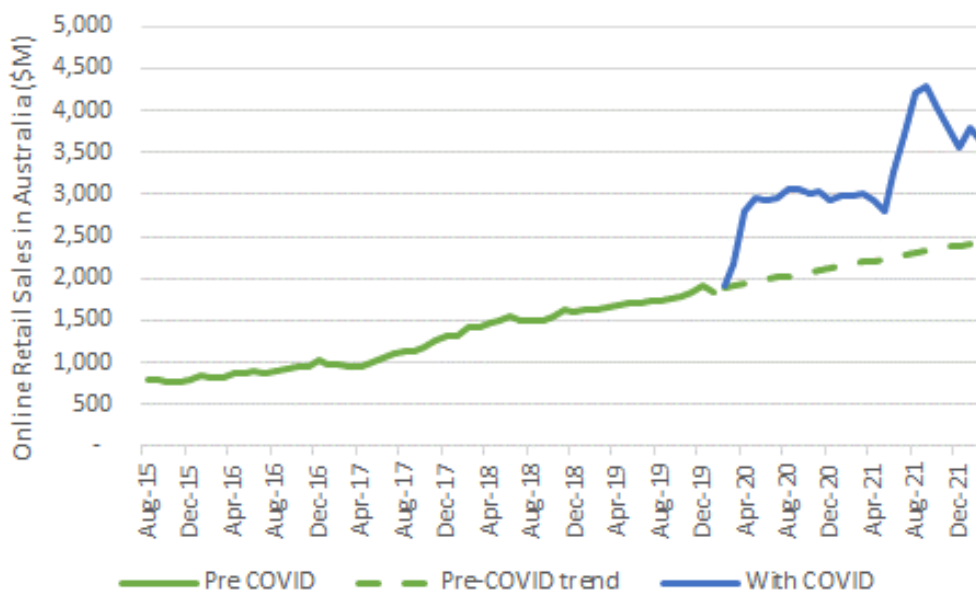


Figure 9 - Growth of Online Retail, Australia. Source: Source: ABS 8501.0 Retail Trade (Source - SGS Study)

Table 10- Maintaining physical activation in Centres (source – SGS Study)

Key elements for physical stores	How planning can optimise centres on those indicators
Visual presentation	Encourage investment that refreshes shopfronts, prevent floorspace oversupply which can lead to vacancies. Where existing assets complement place character, planning should seek to enhance these features (e.g. heritage, natural amenity).
Physical access	Ensure adequate traffic and pedestrian movement strategies are in place across the centre
Encouraging footfall	Have strong anchors in strategic locations. Make use of major infrastructure such as new railway stations and natural assets such as parks, riverfront and foreshores.
Enticing vibe	Manage the aesthetic element of centres across infrastructure, tenancies and design. Work with businesses on street presentation.

The growth of online retailing has had implications on many industries, including freight and logistics. Over a quarter of online customers are willing to pay for same-day delivery. This has placed pressure on 'last mile' logistics, which is the most important and most expensive leg of the delivery process. Traffic congestion, geographical distance, and

customer expectations, require distribution Centres to be in areas close to residential populations. Centres are ideal logistical locations, however, prices in and around Centres are high and the impact of 24/7 operations and vehicle dominance on urban amenity needs to be considered in detail to ensure Centres retain pedestrian priority.

Retail Types

Over the past 20 years, the retail sectors growth has slowed across Australia, with annual growth trending downwards. There are a range of factors that have contributed to this decline:

- Increase in the proportion of income saved
- Long-term low real wage growth
- Record housing prices
- Change in spending priorities e.g., on travel and increasing life costs

- Change in consumer preferences for shopping experiences.

Although COVID-19 has provided significant distortion in this downward trend, it is assumed likely that this trend will resume its long-term trajectory.

Trends across different retail types are explored in this section.



Figure 10 - Quarterly retail expenditure growth in Australia, 1996 to January 2021. Source: SGS Study

Food Retailing

Food-based retailing includes bakeries, bars, cafes, convenience stores, restaurants, liquor stores, grocery stores and supermarkets. Wollongong has over 330 stores in this category.

Traditionally most Centres and high-streets were anchored by a supermarket, clustered with smaller stores that benefited from the supermarket's ability to attract a high volume of sales.

This condition is still in place in contemporary Centres, although Supermarket offers are diversifying to include new chains, changing formats to smaller metro-style stores, offering online shopping and delivery options (click and collect) and tailoring offers to market to individual communities. Non-supermarket food retailers such as bakeries, butchers and delis also play a significant role although are competing more and more with larger supermarkets, which often include these specialised offerings.

Wollongong City Centre may be a candidate for some of these evolving trends, especially metro style supermarkets with specialty food retailing, which are attractive in walkable higher density locations. Public domain improvements such as

active and public transport connections across large and small Centres will support the success of these smaller offerings.

Service-based cafes, bars and restaurants have experienced strong growth over the past five years, supported by the rise in alfresco dining and 'eat street' culture. The facilitation of outdoor dining and restaurant-defined retail strips requires a collection of physical and policy settings to be in place. These include generous footpaths, attractive building character, a strong focus on urban amenity (including street trees, provision of furniture and pedestrian/diner safety) as well as supportive policies (late night trade and evening economy).

The distribution of population growth will drive locational decisions around future food retailers, particularly new supermarkets and their supporting retailers. West Dapto is a strong candidate for new clusters of food retailing and it is important to provide land for a variety of sizes and types of these offers. It is important that these offers occur within defined Centre locations, to capitalise on the activation potential and ensure they don't move to out of centre locations which are more affordable but will not provide flow on benefits.

Department and Specialty Stores (non-food)

Wollongong's non-food retail economy includes shopping malls, department stores and other specialty stores such as jewellery, bike and book stores. Wollongong has over 80 stores in this category.

The role and influence of Department and specialty stores has been decreasing for some time due to the competition of online platforms. The trend is expected to continue, along with general merchandise/ apparel sub-sectors that are just not competitive enough versus online platforms.

The exception to this is in high footfall centre locations with a higher level of natural amenity and distinctive character. These places attract consumers using a 'lifestyle' or 'experience' retailing model. Thirroul Town Centre currently performs well in this regard, and Port Kembla has the potential to do so.

Operators of large Shopping Centres that possess a prominent Discount Department Store may need to revisit their economic composition over the next decade towards more of an open and connected street mall that can attract and retain a broader group of businesses.

Bulky Goods

Bulky goods retailing primarily includes of hardware stores, household goods stores, furniture stores and car dealerships. Wollongong has over 160 stores in this category.

The decline experienced by other retail sectors has not impacted bulky goods in the same way. This is due to strong residential population growth and associated construction activity. Areas where population growth and household formation is strong are well suited to support bulky goods retail. In Wollongong this includes areas of West Dapto. These precincts are in addition to the existing network of dispersed peripheral sales areas which support established communities.

Bulky Goods retailers are well suited to locations with convenient car access. Highway locations on the periphery of centres, and car-based centres and shopping malls are common bulky goods precincts. Wollongong, Figtree, Dapto, Warrawong and Kembla Grange have a comparative advantage in this regard.

The most successful precincts are anchored by a large tenant (such as Harvey Norman, Bunnings or MITRE 10) who provide strong visitation that flows on to surrounding businesses.

Bulky goods retail should remain strong as long as these retailers still have access to affordable land in appropriate locations.

The category of 'Household Goods' can be delineated into high and low density offers e.g., lounge and dining furniture is often solely found in low-density precincts such as King Street, Warrawong. However, items such as blankets and household linen are split between high- and low-density areas such as within shopping centres in Town Centres.

Traditional town centres can't compete with the lower floorspace costs and availability of large sites available to bulky goods retailers in peripheral areas, and therefore must leverage human amenity, urban character and hospitality to attract consumers to purchase these products.

Population Serving Industries (non-food)

Population serving retail in Wollongong includes business types such as banks, salons, pharmacies, night clubs and dentists. Wollongong has over 490 businesses in this category.

These services are more experiential, and offer important opportunities for interaction, community, and connection. They require some of the highest levels of face-to-face interaction across the retail economy so are likely to remain as a strong physical presence in our Centres. That being said, they have been highly vulnerable to COVID-19 restriction, which have been a major inhibitor to the growth of the population-serving retail economy in the short term. Retail service industries are forecast to experience high growth in Wollongong, whilst retail goods are expected to decline.

SGS's scenario testing revealed that by 2041, Wollongong is likely to experience an overall 10.9% vacancy across retail goods businesses, and an 6.2% undersupply of retail services floorspace. Given the floorspace requirements for these two types of activities are similar, it is reasonable to expect that we will see a transition across existing stock, and an overall balancing of over and undersupply.

For Centres with established malls and large department stores, this transition will be more complicated, and we may see more vacancies in these location as retail goods store decline.

There is an opportunity to work towards improving the amenity and customer experience of these centres to encourage the transition to service businesses.

Commercial Trends

The Wollongong LGA has a strong commercial office sector that is well positioned to thrive. Most commercial office floorspace is located in the Wollongong City Centre CBD with more localised offers within the other suburban Centres.

The decentralisation of many government and corporate organisations creates a great opportunity for the Wollongong City Centre CBD, because it offers a setting outside of Sydney that still has an agglomeration environment that commercial firms require.

High amenity office precincts with a mix of large organisations and a strong critical mass of small to medium enterprises have an important long-term role to play. These precincts provide opportunities for different firms and services to collaborate. For these precincts to be successful they need critical mass, which is why

concentrating to a defined geographic area has great benefits.

This physical critical mass has been disrupted by COVID-19 health orders and subsequent operational adjustments. There is now a tension between the positive benefits of professional service employees working from home and facilitating internal and external collaboration in face-to-face settings. This has implications for the amount of commercial floorspace required, with some newer offices consolidating teams across smaller floorspace areas than originally intended, and sub-leasing excess floorspace to other organisations. The development sector requires an agile approach to adjust to these evolving conditions and should be cautious about making any assumptions about future floorspace requirements that could limit practical operational requirements.

Residential Development in Business Zones

Over the past ten years Wollongong LGA has seen a large amount of residential development and population moving into apartments in business zoned land, especially in the Wollongong City Centre, B3 Commercial Core and B4 Mixed Use Zones. This housing has diversified housing stock, typically taking the form of a mixed-use building. The Wollongong LEP 2009 defines shop top housing as one or more dwellings located above a ground floor retail premises or business premises. Such development is currently permitted in all business zones including the B1 Neighbourhood Centres, B2 Local Centre, B3 Commercial Core, B4 Mixed Use and B6 Enterprise Corridor zones.

The influx of shop top housing in some Centres has weakened the intent of the zones as employment land, with land locked up under strata title. This restricts future opportunities for

employment generating development.

Tokenistic ground floor retail/ business has also resulted in many locations remaining vacant, and the relative energy of the retail core weakened.

Conflicts and competition between residential and commercial land uses are evident, particularly within the Wollongong City Centre CBD. Much of the new development in the CBD has been mixed-use, which is not of preference to premium companies looking for high quality office space. There is a need to ensure the right floorspace is being delivered to create high value jobs for the community. This is more likely to occur through the development of separate mixed use and commercial precincts, more so than mixed use buildings.

Summary – Trends

Trends and drivers impacting Wollongong's centres can best be summarised as:

- **Influence of population growth:** Population growth is the greatest driver of business and centres growth.
- **Retention of centre-appropriate anchors:** For Centres to succeed and thrive, they rely on a cluster of different uses, most often with an anchor (such as supermarkets, food retailing) drawing significant footfall. Recognising and supporting retention of these anchors (e.g., the right floorspace, access, amenity) are key determinants to their success.
- **Importance of accessible centres:** Accessibility is key to Centre success. Wollongong residents' reliance on cars to access centres (over public transport or walking) has resulted in significant parking and vehicle movement within centres. This is detrimental to character and public domain, and inhibits safe and comfortable pedestrian movement. Ensuring the community have access to centres that are activated, walkable and attractive is critical in providing the greatest opportunity for local businesses and centres to thrive and survive in the face of competition from online and out of centre developments.
- **Mix of uses and activities:** Beyond Commercial and Residential, larger centres should contain a mix of activities including office, retail, dining, art and culture, community facilities, entertainment, sport and recreation. This diverse mix will generate an environment that attracts, retains and grows businesses into the future. These uses should extend to cover night-time economies supported by high quality public spaces, including public space activation and events programs and appropriate infrastructure.
- **Quality and experience of the Urban Environment:** Service based retailing that is more experiential, especially in a suburban context, tends to offer important opportunities for interaction, community and connection. Services span from libraries and childcare to hair salons, gyms and coffee shops. We can support these offers through building and public domain improvement, night-time economy initiatives, access, space for outdoor dining and extension of trading hours.
- **Ensuring resilience to pandemics:** The built environment and planning policy settings need to remain flexible to support any distancing restrictions (spaces for dining), to allow for businesses to pivot.
- **Building a critical mass of office businesses:** High amenity office precincts with a strong critical mass of Small to Medium Enterprises (anchored by some larger corporates) have an important long-term role to play to ensure a diverse provision of employment and professional services to the community. Higher order centres, and especially the City Centre, need to have appropriate planning control settings to enable this to occur.
- **Residential development in Centres:** Some Centres are well placed to facilitate medium and high density dwelling development. Conflicts and competition between residential and commercial land uses are evident, particularly within the Wollongong CBD. There is a need to ensure the right floorspace is being delivered to create high value jobs for the community.

4.3 Existing Centres analysis

Retail Floorspace Supply

In Wollongong LGA, retail floorspace is spread across a number of different land use zones. Whilst most retail activity occurs in Centres, our peripheral sales precincts and industrial areas also account for a portion of our overall retail floorspace supply.

In 2021, there was around 348,000m² of floorspace in Wollongong LGA devoted to the sale of retail goods. Retail services occupied a smaller area of around 190,000m².

Retail floorspace can be broadly understood as falling into 5 different categories: food, specialty, population serving, bulky goods, and export oriented⁶. Table 11 illustrates the percentage breakdown of Wollongong's total number of retail 'stores' and their respective floorspace, under these 5 categories.

Table 11- Retail Floorspace categories and distribution (Source: SGS floorspace audit 2021)

5 Economies	Stores	Floorspace
Bulky Goods	18%	28%
Export	9%	14%
Food/Supermarket	37%	29%
Non-food retail	9%	7%
Population Serving	27%	21%

Feasible Capacity

Current planning controls provide significant capacity to respond to a growing demand for retail floorspace. Excluding sites that are relatively unlikely to redevelop and applying a feasibility filter that considers triggers for redevelopment, Wollongong LGA has over 1

million m² of additional available floorspace to meet ongoing demand for retail goods and services⁷.

Planned Floorspace and Development activity

In 2021 there was over 110,000m² of additional retail floorspace planned for development in centres across Wollongong LGA. This included floorspace allocated to our planned centres throughout West Dapto and Tallawarra (17%), and that proposed through development applications in existing centres (83%). Over half of the total planned floorspace is located within the City Centre⁸. This distribution of planned floorspace has a direct relationship with the areas where our population and dwelling numbers are growing and highlights a recognised need for adequate supply in these locations.

Centre Performance

In addition to supply and capacity to grow, there are other factors that contribute to a Centre's role and function in the overall network. These factors are place-specific, and relate to the quality of the built environment, the ease of access and the diversity of activities on offer.

The NSW Public Spaces Charter notes that *"Town centres and retail precincts that are supported with quality public spaces where people can sit, rest and connect with each other are more likely to thrive"*

Table 12 outlines this range of place specific criteria that contribute to thriving centres.

⁶ See SGS Study for explanation of retail types

⁷ SGS Floorspace Audit 2021

⁸ ibid

Table 12- Place based attributes of Centres (Source - SGS Study)

Category	Criteria
Place	1.1 Environmental quality and physical amenity
	1.2 Built form quality
Activity	2.1 Presence of private sector business anchors
	2.2 Presence of public sector and institutional anchors
	2.3 Overall land use mix
	2.4 Presence of entertainment / recreation / community uses
Access	3.1 Major arterial road access
	3.2 Public transport accessibility
	3.3 Active transport and walkability
	3.4 Car parking
Retail composition	4.1 Presence of anchor supermarket
	4.2 Presence of anchor department/discount department store
	4.3 Overall retail mix

Some of the attributes above are more important than others, both to different sectors of the community, and for the success of different types of retail activity. Access by car is an important attribute for areas specialising in the sale of bulky goods, whereas having a mix of retail and other offers is more important to those areas that specialise in food and specialty goods. These place attributes are important considerations in light of the growth of online trade, and the need for physical retail to provide the right combination of attributes and experience to attract trade and visitation.

SGS conducted an evaluation of selected centres against the criteria in the table above. The

scores against particular criteria were then weighted using the community's ranking derived through the *Shape Your Town Centre* survey. These weightings were then modified for hospitality and bulky goods to reflect the particular success factors for those industries. The table below shows how well the selected centres perform in relation to 3 key retail categories – where 0 is poor and 1 is optimal. These results resonate with the analysis completed through various town and village plans, and reinforce the need to consider our centres holistically, and in light of their desired role and function.

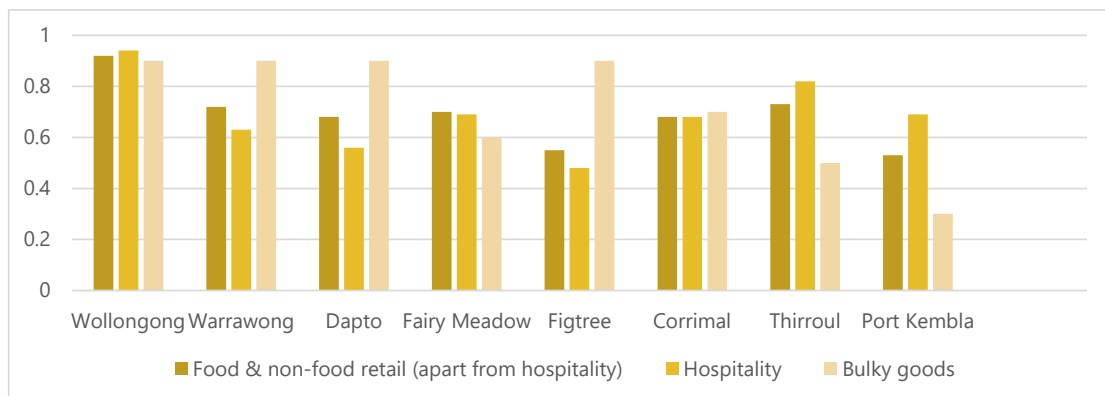


Figure 11 - Centre performance in relation to key retail categories (Source - SGS Multi Criteria Assessment)

Accessibility

Successful and equitable centres must be accessible to function well. People use multiple modes of transport to access centres.

Access by car

The nature of our LGA's geography and the number and network of available Centres means that the majority of our population can easily access a Centre with a supermarket or grocer by car.

Access by Public Transport

The majority of the Wollongong LGA has a Public Transport Accessibility Level of 1-Low to 3-Medium. For those Centres located along a major road served by bus services, accessibility within the centre and immediate surrounds is generally rated 4 – Medium-High to 5 – High. Within the Wollongong City Centre only, public transport accessibility is rated 6 - Very High.

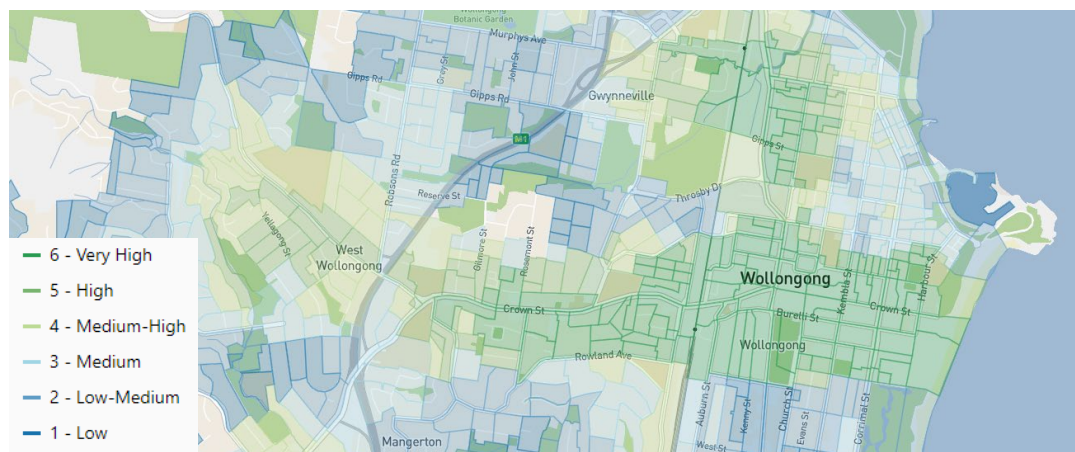


Figure 12 - Public Transport Accessibility Level Map excerpt (Source: Built Environment Indicators – Public Transport Access and Connection)

Access by walking

An 800m easy walking catchment is considered the aspirational distance that an able resident should be expected to walk to their nearest grocery location. A distance of 1.6km aligns with the '20-minute walkable threshold'.

Despite its relatively large geographic size, Wollongong's network of Centres provides coverage for most residents within a 20-minute walking catchment. There is also good coverage of residential areas within an easy 800m walking catchment of centres. The exceptions are all south of the Wollongong City Centre, generally in the western outskirts and lower escarpment regions. Areas with poorer accessibility include:

- The western outskirts of Figtree
- The western outskirts of West Wollongong
- Farmborough Heights
- Cordeaux Heights, Mount Keira and Mount Pleasant (exacerbated by topography)
- Primbee (could be enhanced with grocery provision in existing B1 zone)
- Kanahooka
- Avondale
- West Dapto – note that accessibility will remain poor for large areas even with the development of the planned centres, unless supermarket/grocery provision is supplied in the smaller village centres.

Spending profiles

Spending profiles give us an insight into how our community is using our centres – both in terms of the volume of spending and the break-down of the spending across different categories. Profiles also allow us to check in on whether spending activity is reflective of the Centre's position in the centre hierarchy (section 3). The following data has been pulled from Spendmapp for the period of February to April 2022.

Total Spending

Spendmapp data largely confirms the existing role of centres within the existing retail hierarchy.

As the 'Regional City', the suburb of Wollongong received 28% of total local spending, which was approximately three times more than Warrawong, four times more than Dapto and five times more than Figtree and Corrimal.

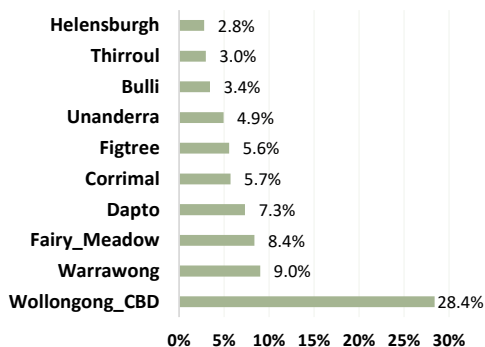


Figure 13- Proportion of total spending - Top 10 Suburbs (Source - Spendmap by Geografia)

In terms of external visitor spending, Wollongong City Centre's regional role is further highlighted with the suburb receiving 35% of total visitor spending to the LGA over the period.

In terms of average proportion of total local spend, there is little difference between the contribution of suburbs containing a 'Major Regional Centre' (8.2%) such as Dapto and Warrawong and those containing a 'Major Town Centre' (6.1%) such as Corrimal, Fairy Meadow Figtree and Unanderra. However, the average contribution of suburbs containing a Town or Village Centre was much lower at 1.7% and 0.5%, respectively.

When comparing Total Local Spending and Resident Local Spending, all suburbs within the top ten remain with only minor changes to proportions and ranking (*Proportion of Resident Local Spending*).

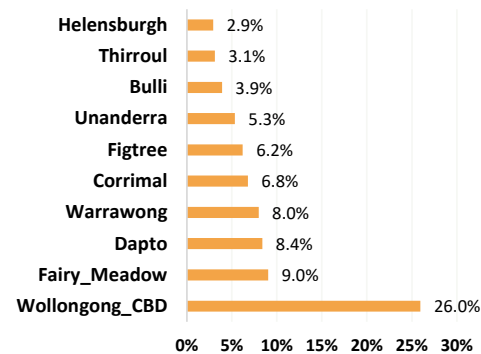


Figure 14 - Proportion of Resident Local Spending - Top 10 Suburbs (Source - SpendMapp by Geografia April 2022)

Spending Category Analysis

The following analysis relates to the period of February to April 2022 and explores the contribution of individual suburbs to total local spending per category.

Bulky and Household Goods

This category includes spending on bulky goods such as home supplies, household appliances, hardware stores, nurseries and furniture supplies.

Across the LGA, total spending in this category was concentrated in the four suburbs of Warrawong (23.1%), Kembla Grange (22.5%), Bellambi (22.3%) and Wollongong (21.5%), collectively making up 89% of total spending.

This largely reflects the current spatial distribution across the LGA of large format retail sites on the periphery of centres with access to major transport corridors.

Department Stores and Retail

This category includes spending on a wide range of retail goods at department and clothing stores as well as at more specialised and luxury retailers such as bookstores, florists, electronic stores, and jewellers.

Across the LGA, the highest spending in this category occurs within suburbs containing higher order Centres that broadly reflect the existing retail hierarchy.

The suburbs of Wollongong (36.8%) and Warrawong (22.3%) collectively made up 59% of total expenditure, which is due to them containing the two largest shopping Centres.

This is followed by Figtree (10.1%), Dapto (7.2%), Fairy Meadow (5.9%) and Corrimal (3.4%), which highlights their role in supporting suburban retail demand.

Dining, Entertainment and Travel

This broad category includes spending on hospitality (cafes, bars, restaurants), entertainment and tourist attractions as well as

accommodation and travel related expenditure (airlines, car rentals etc.).

Wollongong is the strongest suburb in this category contributing 35.8% of total local spending which is likely elevated through its role as a key employment precinct as well as visitor destination.

Grocery Stores, Food & Alcohol Retailing

This category includes spending at supermarkets as well as at specialised food retailers such as bakeries, butchers and alcohol stores.

Spending here is driven mostly by local resident demand and provides insight into the role a suburb is playing in servicing its surrounding residential catchment.

Across the LGA, spending in this category broadly reflects the Centres hierarchy.

Bulli has an elevated role (ranking 5th), higher than suburbs such as Warrawong and Figtree with larger shopping precincts.

Light Industry, Trades and Transport

This broad category includes spending on a variety of industrial products, trades and contractors as well as transport related expenditure (e.g., service stations, car and other vehicle dealerships, automotive parts).

Across the LGA, Wollongong contributed 21.1% of total local spending in this category with Unanderra (11.1%) and Fairy Meadow (9.9%) also notable.

Although not as concentrated as Bulky and Household Goods, the spatial distribution of spending mostly reflects areas of industrial zoning across the LGA.

Services and Other

This category includes spending on professional services, personal services as well as miscellaneous items that do not fit within other categories.

Wollongong is clearly the strong suburb in this category contributing 42.3% of total local spending which reinforces its role as the Regional Capital.

Proportions of spending among Fairy Meadow (6.3%), Figtree (6.1%), Corrimal (6.1%) and Dapto (5.6%) were roughly equal reflecting their roles in providing local suburban services.

Warrawong (3.2%) was approximately equal to Woonona (3.2%) and shortly followed by Thirroul (3%) and Helensburgh (2.9%).

Warrawong has a lower proportion of services spending than expected for a suburb containing a Major Regional Centre.

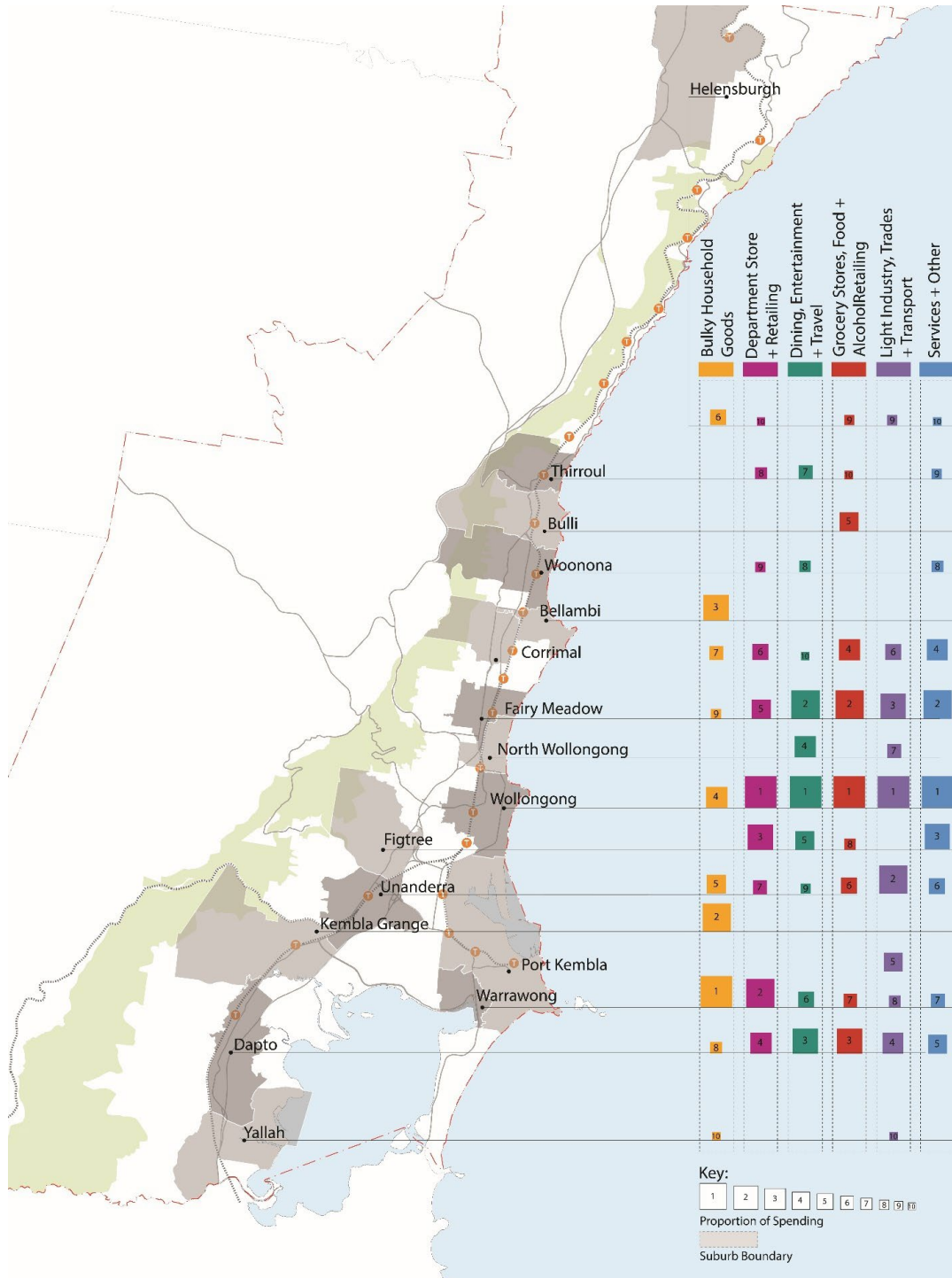


Figure 15 – Top 10 Suburbs across the Six Spending Profile Categories

4.3 Forecast growth and demand

Forecast growth and demand across Wollongong's retail and business Centres has been modelled for a 20-year horizon from 2021 – 2041. The modelling includes consideration of the following floorspace types and associated methods:

- Commercial: job forecasts for commercial offices converted to commercial floorspace at a ratio of 25m² per each forecast job (standard for most suburban and regional centres)
- Retail goods: expenditure of forecast resident and worker populations converted to retail floorspace across 6 categories: supermarket; other food; hospitality; specialty retail; department stores and bulky goods.
- Retail services: job forecasts for retail services, then converted into retail floorspace across 8 categories: fitness; services stations; beauty and personal services; health; automotive; entertainment; childcare and social services.

SGS Economics and Planning used a Gravity Model to reconcile demand and supply. The Gravity Model simulates the movement of trade flows via the LGA's current and future road network. Relevant economic interactions outside the LGA are also accounted for using Spendmapp data, to establish retail expenditure inflows and outflows. The demand generated by these flows is converted into floorspace and then reconciled against existing and planned floorspace across the LGA.

Results

Retail Goods and Services

The demand for retail goods and services floorspace across Wollongong in 2041 is largely consistent with forecast population growth and forecast job densities.

When compared with expected floorspace supply, we can identify gaps in provision,

indicating whether centres will be under or over supplied in relation to demand.

Figure 16 shows the relationship between retail floorspace supply and demand at present, and in the future (2041). The table in Appendix 2 shows this in more detail, including floorspace numbers for each Centre. Where known, the available additional feasible floorspace (2021) is also shown.

In both 2021 and 2041, the results show that our floorspace supply, and the spare capacity within our centres, is tracking well with forecast demand. Overall, our current planning settings will allow the market to continue to deliver our community's required access to goods and services into the future.

2021 results show that we have a very small undersupply of ~6,000m² of retail floorspace across the LGA. This represents just over 1% of current demand. Resident expenditure could support more supply in Thirroul and Wollongong. Dapto, Figtree, and Port Kembla all have more supply than is demanded by catchment population expenditure.

In 2041 the results show that we will need an additional ~136,000m² to meet forecast demand across the LGA. Planned floorspace, in the form of known retail development and the Centres in West Dapto, would supply ~110,000m² of this demand, leaving ~26,000 m² or just over 3.5% of projected demand. The planning settings are well placed to allow the market to meet this demand over the ensuing 20 years. This relationship is shown in Figure 16.

Floorspace undersupply is evident in the short term across the new planned centres of West Dapto. It is important to note that these planned Centres have the capacity within their planning controls to meet demand, and the temporary shortfall is expected to be met by surrounding established Centres.

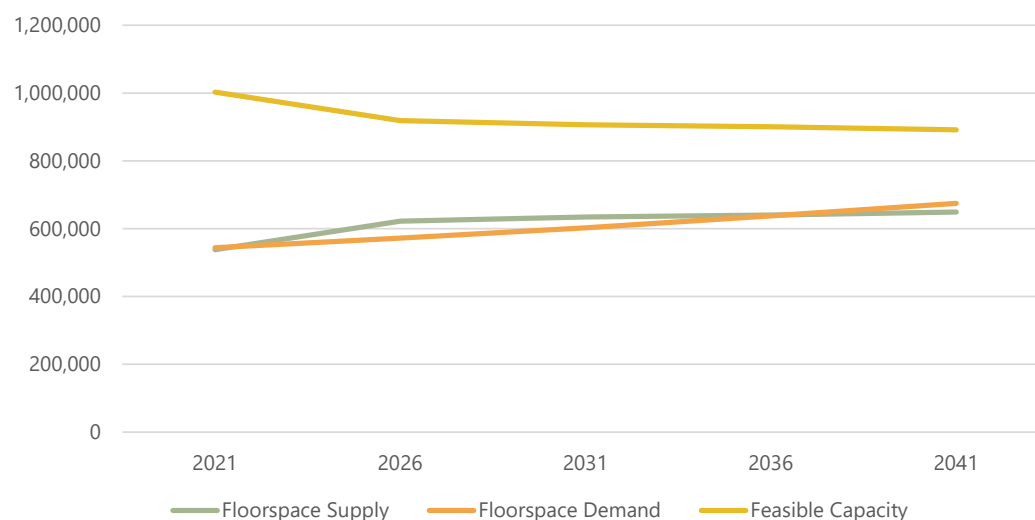


Figure 16 - Relationship between Retail Floorspace Supply, Demand and Feasible Capacity

Centre roles and relationships

The Centres Hierarchy uses floorspace thresholds as one criteria to guide the size of Centres in relationship to each other. These thresholds are shown in Table 13.

Table 13 - Centre size thresholds

Hierarchy Tier	Size (sqm)
Regional City	100,000sqm+
Major Regional Centre	40-80,000sqm
Major Town	20-40,000sqm
Town	5-20,000sqm
Village	2-5,000sqm
Small Village	100-2,000sqm

The floorspace audit and forecast growth modelling has allowed us to check in on the position of our Centres within the Centres Hierarchy.

In some cases, even if a Centre falls outside a specific size threshold, it may be appropriate to classify it within a different hierarchy tier due to its strategic location, or its current or future required function and land uses to serve the community.

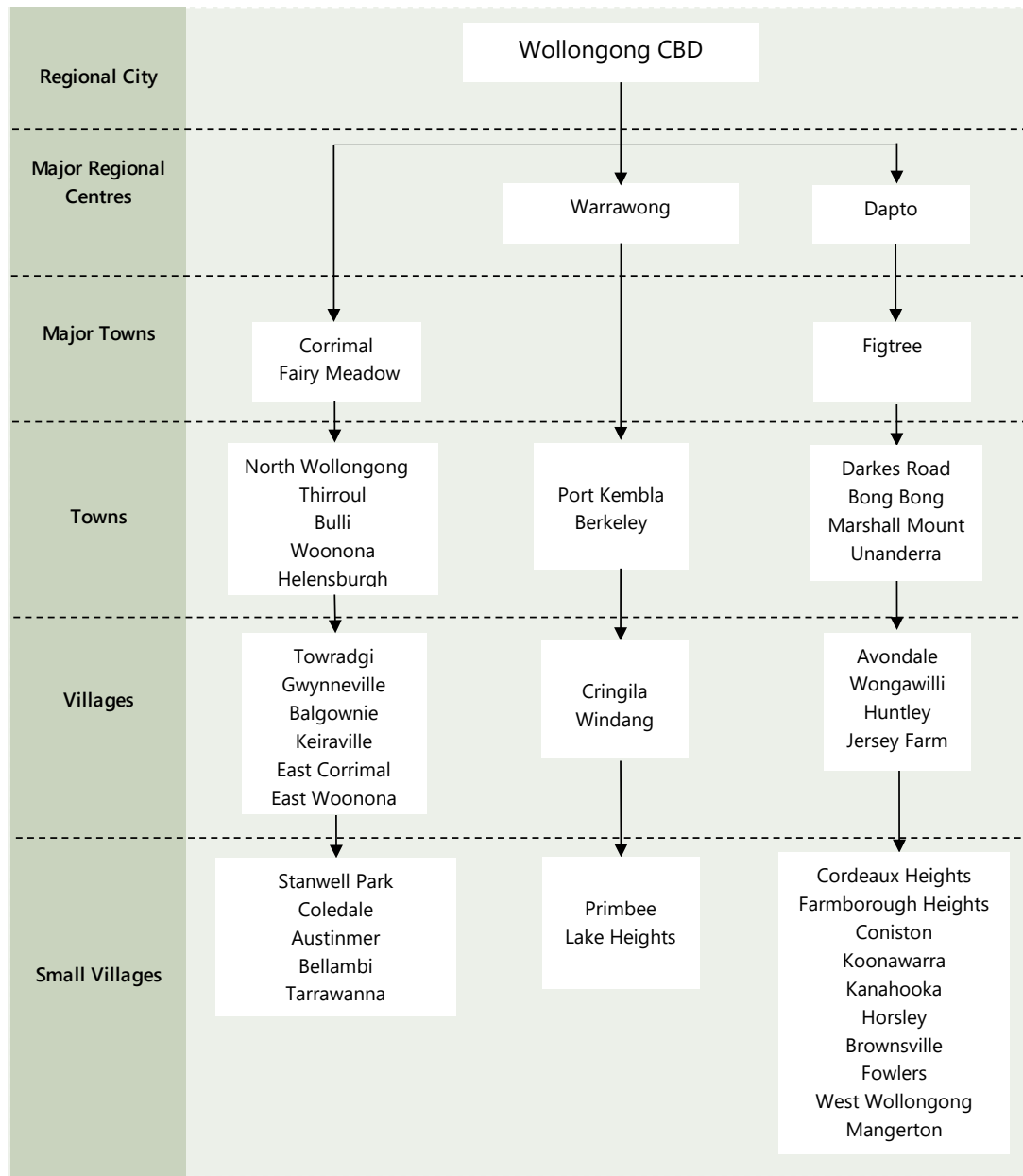
The proposed changes to the Centre hierarchy are detailed in Table 14. The proposed Centres Hierarchy is illustrated in Figure 17.

Table 14 –Proposed Centres Hierarchy

Hierarchy	Centre	Existing Retail Floorspace 2021	Demand by 2041	Proposed Change
Regional City (110,000sqm+)	Wollongong	122,450	213,625	-
Major Regional Centre (40-80,000sqm)	Dapto	40,076	50,484	-
	Warrawong	57,651	72,785	-
Major Town (20-40,000sqm)	Corrimal	27,646	25,296	-
	Fairy Meadow	21,927	16,104	-
	Figtree	24,069	19,440	-
Town (5-20,000sqm)	Bulli	9,438	11,757	-
	North Wollongong	15,674	12,624	-
	Helensburgh	9,557	11,277	-
	Woonona	14,040	17,490	-
	Port Kembla	10,599	9,276	-
	Thirroul	13,039	16,834	-
	Bong Bong	0	10,401	-
	Unanderra	17,392	15,155	Move from Major Town Centre to Town Centre
	Darkes Road	0	5,622	-
	Berkeley	5,342	3,137	Retain as Town Centre
	Marshall Mount	0	3,999	Retain as Town Centre
Village (2-5,000sqm)	Windang	2,782	2,724	Move from Town Centre to Village Centre
	Gwynneville	2,049	2,752	-
	Balgownie	3,384	4,281	Move from Town Centre to Village Centre
	Towradgi	3,024	2,664	Moved from Town Centre to Village Centre
	Avondale	0	2,038	-
	Cringila	1,913	1,853	Move from Town Centre to Village Centre. Do not shift to Small Village Centre
	Keiraville	1,797	1,786	Retain as Village Centre
	East Woonona	1,082	758	Retain as Village Centre
	East Corrimal	1,126	909	Retain as Village Centre

Hierarchy	Centre	Existing Retail Floorspace 2021	Demand by 2041	Proposed Change
Small Villages (<2,000sqm)	<i>Fowlers</i>	0	2,168	Move from Village to Small Village
	<i>Coniston</i>	1,583	1,419	Move from Village Centre to Small Village Centre
	<i>Brownsville</i>	1,415	1,174	Move from Village Centre to Small Village Centre
	<i>Austinmer</i>	1,371	1,340	Move from Village Centre to Small Village Centre
	<i>Tarrawanna</i>	1,303	1,262	Move from Village Centre to Small Village Centre
	<i>Stanwell Park</i>	1,108	847	Move from Village Centre to Small Village Centre
	<i>Koonawarra</i>	725	218	Move from Village Centre to Small Village Centre
	West Wollongong (Thames St)	688	605	-
	<i>Cordeaux Heights</i>	652	561	Move from Village Centre to Small Village Centre
	<i>Coledale</i>	556	443	Move from Village Centre to Small Village Centre
	Lake Heights	556	440	-
	<i>Horsley</i>	446	268	Move from Village Centre to Small Village Centre
	<i>Kanahooka</i>	433	375	Move from Village Centre to Small Village Centre
	Mangerton	351	321	-
	<i>Bellambi</i>	286	247	Move from Village Centre to Small Village Centre
	<i>Farmborough Heights</i>	251	180	Move from Village Centre to Small Village Centre
	<i>Primbee</i>	200	146	Move from Village Centre to Small Village Centre

Figure 17 – Proposed Centres Hierarchy diagram



Commercial Floorspace

Although Commercial Floorspace demand is not the focus of this study, it is important to acknowledge and plan for this floorspace type in our centres. Unlike retail demand, demand for commercial office space is not determined based on spatial catchments. Instead, it relates to the floorspace required by forecast employment types and numbers, multiplied by a sqm amount per job. Its spatial distribution should be generated through a strategic direction, established by the council through the planning controls.

Wollongong City Council has expressed a clear priority to focus employment generating office floorspace in the CBD of the Wollongong City Centre through the Economic Development Strategy 2019-2029. Our other business zones also have a role to play in delivering office floorspace, albeit significantly less and of a smaller scale. This intentional spatial distribution is critical to ensure that commercial office businesses have the benefit of agglomeration, through proximity to a critical mass of other firms. Consolidating commercial office precincts also has the benefit of focussing Council's efforts on public domain improvements and operational services relevant to this industry.

The Wollongong City Centre Urban Design Framework (2020) illustrated that whilst the

current planning controls are able to facilitate a range of commercial office outcomes across the CBD, the development of consolidated commercial precincts where agglomeration benefits could occur, is under threat from residential encroachment.

SGS modelled three scenarios for commercial office demand, all using the base assumption that demand would remain concentrated in Wollongong City Centre CBD. Moderate growth was forecast in Centres with good connections to Industrial Precincts, and which offer floorspace that the City Centre cannot – namely office buildings that can be combined with industrial building types. The three scenarios included:

1. Base Case employment forecasts based on Transport for NSW projections (TZP19 – released Sept 2020)
2. COVID impact forecast – building in a temporary recession over the next 5 years, and more permeant flexible working arrangements moving forward.
3. Aspirational – based on the 10,500 jobs target (2028) projected out to 2041 and factoring in additional jobs growth across the nominated industries (finance/insurance, IT/telecommunications, professional/scientific/technical services, public administration and clean energy)

Table 15- Commercial Office Forecast Floorspace Scenarios

Location	Total Floorspace Demand 2041 (sqm*)		
	Base Case	COVID impact	Aspirational
Wollongong City Centre	175,000	164,000	499,000
Coniston (B7)	58,000	58,000	102,000
Kembla Grange industrial	35,000	34,000	48,000
Port Kembla (B7 and industrial)	26,000	25,000	31,000
Dapto	24,000	23,000	38,000
Fairy Meadow	23,000	22,000	38,000
Montague Street Industrial	22,000	21,000	28,000
Coniston (B7 and industrial)	18,000	17,000	35,000

*Based on 25sqm per job (SGS) Note that this ratio relates to gross floor area (GFA) and is therefore more generous than a standard 8-15sqm per person allowance often quoted for office leasing purposes.

5 Strategy Recommendations

Strategic direction	Recommendation
<i>The role of our Centres is clear</i>	<ol style="list-style-type: none"> 1. Update the retail and business Centres Hierarchy and definitions to reflect the contemporary role and function of Wollongong's Centres and guide their growth 2. Review and update planning documents to ensure consistency with the updated hierarchy
<i>Our Centres are a good fit for our Community</i>	<ol style="list-style-type: none"> 3. Tighten Centre boundaries to create resilient and active Centres 4. Prevent the oversupply of retail floorspace 5. Protect existing required supply 6. Explore opportunities to increase residential density
<i>Our new Centres in West Dapto are well planned</i>	<ol style="list-style-type: none"> 7. Encourage the development of planned Centres in West Dapto 8. Limit oversupply of retail floorspace in Centres surrounding West Dapto 9. Communicate clear expectations for Centre development outcomes
<i>Our Centres are active and vibrant</i>	<ol style="list-style-type: none"> 10. Complement online trading with exceptional physical retail offerings 11. Facilitate an appropriate range of land use options to increase activity within, and patronage of, Centres 12. Update Active frontage planning controls to improve street presentation 13. Facilitate an evening economy in our Towns, Major Regional Centres and City Centre that is right for our community 14. Facilitate the activation of the road reserve for outdoor dining 15. Incorporate public art to create places which are distinctive, and which reflect local identity
<i>Our Centres are accessible and support transport mode shift</i>	<ol style="list-style-type: none"> 16. Provide clear direction on the role and function of streets in our Centres 17. Provide clear parking controls and public parking facilities that are in line with sustainable community needs 18. Plan for walkable Centres 19. Support cycling to Centres
<i>Our City Centre is a thriving commercial precinct</i>	<ol style="list-style-type: none"> 20. Deprioritise residential development in the Commercial Core 21. Tighten and focus the retail core 22. Facilitate diverse land use outcomes and leverage the City's assets

These recommendations are expanded on the following pages, and will be used to inform the scope, objectives and implementation of the following projects:

- Town Centre Built Form Review
- Wollongong Local Strategic Planning Statement (LSPS) Review
- Wollongong DCP 2009 Chapter B4 Development in Business Zones Review
- Wollongong DCP 2009 Chapter D1 Character Statements Review
- Amendments to the Wollongong LEP 2009
- Wollongong Housing Study
- Wollongong Industrial Land Planning Review
- Wollongong City Centre Planning Strategy
- Wollongong Integrated Transport Strategy
- West Dapto Town and Village Centre Development
- Outdoor Dining Guidelines
- Ongoing Planning Proposal review and Neighbourhood planning processes.

5.1 The role of our Centres is clear

The Centres Hierarchy is outlined in our Local Strategic Planning Statement and our Development Control Plan Chapter B4 – Development in Business Zones. The SGS Study, the Employment Zone Reforms and our community engagement all pointed to a need to retain and strengthen our centres hierarchy.

Recommendation 1: Update the retail and business centre hierarchy and definitions to reflect the contemporary role and function of Wollongong's centres and guide their growth

The proposed Centres Hierarchy is illustrated in Figure 17 in section 4.3 of this Strategy. Further to the proposed changes to selected Centre positions, updates are needed to our planning policies to ensure the hierarchy is clear and consistent. Proposed revisions will include:

- Revised hierarchy definitions
- Consistent guidance on retail and office floorspace targets, population catchments, urban structure (movement, open space networks), built form, hours of activity and land use composition
- An objective to focus large commercial office developments in the Wollongong CBD, made clear through the definitions of each tier in the hierarchy
- Small Villages as a tier in the hierarchy, and these villages be clearly listed
- Map of all centres showing their level in the hierarchy
- Review Planning controls to ensure development is alignment with the Centre's place within the hierarchy
- Glossary of key terms to ensure consistency

The revised hierarchy should be used to guide development and assessment processes to ensure developments are consistent with and contribute to the defined role and function of our centres.

Recommendation 2: Review and update the following planning documents to ensure consistency with the updated hierarchy:

- Wollongong DCP 2009 Chapter B4 *Development in Business Zones*
- Wollongong DCP 2009 Chapter D1 *Character Statements*
- Wollongong DCP 2009 Chapter D16 *West Dapto Urban Release Area*
- Wollongong DCP 2009 Appendix 4 *Definitions*
- Wollongong LEP 2009 Land Use Table and Local Provisions
- Wollongong Local Strategic Planning Statement

5.2 Our Centres are a good fit for our community

Recommendation 3: Tighten centre boundaries to create resilient and active centres

The SGS Study illustrated that the physical extent and feasible capacity of some centres was in excess of what was required to meet demand. SGS confirmed the findings of the City Centre Planning Strategy – that the City Centre’s retail core is spread out too far, which results in empty shops and reduced street activation. Town and Village Plans have also identified portions of business zoned land which is considered excess to the functional extent of the centre. These excess areas are often plagued by vacancies, or have been developed as strata residential and are unlikely to be redeveloped for business uses. Excessively large business zones also dilute retail activity, often leaving central areas less active than is optimal.

Where appropriate, the transition of some business land to a medium density residential outcome needs to be considered in order to provide housing diversity and increase pedestrian foot traffic to support our retail spaces. This is in line with the recommendations of the draft Housing Strategy to:

- *Review the opportunity to provide of additional housing in key Town Centres, to be undertaken following the completion of the Retail and Business Centres Strategy*
- *Review the zoning of town centres which could result in changes to both the Business and Residential zonings.*

For centres where ground floor capacity exceeds current and future demand, or where previous development has removed feasible development outcomes for commercial uses, consider reducing the extent of business zoning.

The following actions are recommendations from Council adopted Town and Village Plans:

- Undertake a planning proposal process to rezone 2 portions of land in Helensburgh Town Centre from B2 – Local Centre to R3 Medium Density Residential, in line with the adopted Helensburgh Town Centre Plan 2020-2045
 - 65-71 Walker Street, and
 - the block bound by Stuart St, Bush Pea Lane, Gibbons Lane and Lilyvale St
- Undertake a planning proposal process to rezone 3 portions of land in Warrawong Town Centre from B3 Commercial Core to R3 Medium Density Residential, in line with the adopted Warrawong Town Centre Masterplan and Implementation Strategy
 - 21-35 Greene Street
 - 282 Cowper Street
 - 7-17 Montgomery Ave
- Review the B4 Mixed Use land west of Warrawong Town Centre along Cowper St. As per the findings of the SGS Study, this land currently contributes no floorspace supply and is not required to meet future retail demand. Consider transition to a residential land use zoning.
- Review the B2 Local Centre land on Wentworth Street Port Kembla, between Church and Fitzwilliam Streets in line with the adopted Port Kembla 2505 Revitalisation Plan 2018 - 2045. Consider transitioning this zoning to B4 Mixed Use, and amending Wollongong LEP clause 7.13 to omit reference to B4 Mixed Use (see Recommendation 5)
- As part of the Industrial Lands Review:
 - review the B2 zoned land on Military Road Port Kembla between Darcy Rd and Allan St. Consider transition to IN2 Light Industrial, in line with the adopted Port Kembla 2505 Revitalisation Plan 2018 - 2045.
 - review the recommendation of the adopted Unanderra Masterplan 2013 to transition the B6 Enterprise Corridor

zoned land south-east of Unanderra Town Centre to a B2 – Local Centre zoning to improve street activation along the Princes Hwy corridor.

The following actions are recommendation of this Draft Strategy and will require further investigation:

- Review the B4 Mixed Use land on Railway St in Thirroul Town Centre. As per the findings of the SGS Study, the two northern lots contribute to the Town Centre with complimentary uses, however the remaining lots to the south provide no floorspace supply and are not required to meet future demand. Consider transition to a residential land use zoning.
- Review the B1 Neighbourhood Centre land on Moore Street Austinmer. Consider extent of retail goods and services businesses, and community uses. Consider established retail used on residential zoned land on southern side of Moore St.
- Review the lot at 9 Devon St Berkeley and consider transition from B2 Local Centre zoning to a residential zoning.
- Review the Flinders Street B6 – Enterprise Corridor zoned land (between Smith St and Ajax Ave Wollongong). Consider which areas need to be preserved as Enterprise Corridor/Productivity Support, and which areas should transition to other zoning, including Mixed Use and/or Residential. In line with the recommendations of the draft Housing Strategy
 - Rezone parts of B6 Enterprise Corridor Zone along Bourke Street, Edward Street and Gipps Street back to a residential zone (as existed prior to 2007)

Recommendation 4: Prevent the oversupply of retail floorspace

The SGS Study noted that the feasible capacity for employment generating floorspace in B4 zoned land made up a relatively small proportion of total feasible capacity in centres. Town and Villages Plans, and the Wollongong

City Centre Urban Design Framework have demonstrated the poor outcomes that occur when ground floor commercial/retail uses are mandated across a larger area than the market demand can sustain. Removing the requirement for non-residential ground floors in B4 zones will provide an impetus for older retail floorspace within B1, B2 and B3 zones to be refurbished for more competitive stores entering the market, helping to revitalise centre cores where foot traffic and activation is concentrated.

Consider removing requirements for commercial at ground in B4 Mixed Used zones surrounding centres.

- Review clause 7.13 of the Wollongong LEP 2009 and consider removing the reference to land in B4 Mixed Use zones.

Recommendation 5: Protect existing required supply

Many of our centres have components of active and productive business uses that are not on land zoned for business uses. This means the supply provided by the business, and the role it has in the structure and operation of the centre, is not assured, and could be lost to redevelopment for other uses.

For centres where the business zoning boundary does not reflect the functional extent of the commercial activity of the centre consider expanding business zoning to encompass adjacent properties with established business uses where appropriate.

The following actions are recommendations from Council endorsed Town and Village Plans:

- Undertake a planning proposal process to rezone 1 portion of land in Helensburgh Town Centre from R3 Medium Density Residential to B2 – Local Centre, in line with the adopted Helensburgh Town Centre Plan 2020-2045
 - 112 Parkes Street (Helensburgh Hotel)

- Review the following land portions which form part of functional town centres and consider the merits of rezoning them from residential to business zonings:
 - 749-759 Lawrence Hargrave Drive Coledale (established collection of shops and Fire Station)
 - 34-40 Moore St Austinmer (established collection of shops)
 - 236-278 Princes Hwy Bulli (established collection of shops and Bulli Heritage Hotel)
 - 231-233 Princes Hwy Bulli (established businesses in heritage listed Former Stockbank House and Former Post Office)
 - 424 – 440 & 493 – 507 Crown Street West Wollongong (Services Stations/convenience stores etc)

Some businesses have established or maintained functional neighbourhood centres on land that is currently zoned residential. Often maintaining or altering these premises can be difficult, requiring the need to establish existing use rights to continue operations. Given the active role some of these places have in our retail network, there is a need to consider whether a formal business zoning is required, or if there are other planning pathways available.

Review the following land portions which function as well-located commercial businesses and consider the merits of rezoning them from residential to business zonings, and/or establishing additional permitted uses for these sites. These actions are recommendations of this Draft Strategy and will require further investigation:

- Cordeaux Village Centre (26 Derribong Rd Cordeaux Heights)

- 4 lots at the corner of Bourke St and Cliff Rd North Wollongong (7-11 Bourke St and 16-18 Cliff Rd)
- 2 lots with 5 tenancies in traditional shop-top housing typology (41-43 Yellagong St West Wollongong)
- 5 lots with shop-top housing and parking (40 Point Street)
- 1 lot at 64 Mount Kiera Road, Mt Keira
- 1 lot at 196 Mt Kiera Rd. Mt Keira
- 2 lots at 99-101 Bellevue Rd Figtree
- 2 lots at 20-22 Walang Avenue Figtree

Recommendation 6: Explore opportunities to increase residential density

The SGS Study determined that there were some centres where there would be more retail supply than needed for future demand.

For centres with excess supply moving forward consider the opportunity to increase residential density when the centre has the urban structure and transport connectivity to support an increased population.

The draft Housing Strategy makes the following recommendation in relation to our centres:

- *Review the opportunity to provide of additional housing in key Town Centres, to be undertaken following the completion of the Retail and Business Centres Strategy*
- *Review the FSR in town centres*
- *Review the building height in town centres*

In alignment with the draft Housing Strategy and from a retail and business centres perspective, review residential density controls in the direct catchments of the following centres

- Warrawong
- Corrimal
- Unanderra
- Fairy Meadow
- Berkeley

5.3 Our new Centres in West Dapto are well planned

The West Dapto Vision and Structure Plan identifies 3 future Town Centres and 5 Village Centres to service the growing community. At this stage none of the planned Centres have been delivered.

Recommendation 7: Encourage the development of planned Centres in West Dapto

The timely development of planned West Dapto Centres is important to ensure appropriate access to goods and services for our growing communities. Delaying the delivery of these centres in the long-term, including the full suite of their intended commodities and facilities, will establish and prolong the negative impacts of residents needing to travel further by car to access their closest centre. It may also force oversupply in existing centres, discouraging new centre development in West Dapto.

- Council to continue to work with land-owners to develop place-specific planning frameworks for planned centres and ensure Centres are developed in parallel with residential development.

Recommendation 8: Limit oversupply of retail floorspace in centres surrounding West Dapto

The SGS Study illustrated the impact that the delayed development of the planned West Dapto centres will have on the short-term performance of surrounding centres, which would need to supply the residual demand from population growth in urban release areas. Given this demand is likely to be spread fairly evenly, it can be managed in the short term without triggering overtrading or a need for additional supply through new development.

- In order to maintain local demand within appropriate catchments in West Dapto, the expansion of retail floorspace supply

surrounding adjacent centres should be discouraged.

Recommendation 9: Communicate clear expectations for centre development outcomes

New communities in West Dapto will need appropriate access to centre based goods and services. The *Wollongong DCP D16 West Dapto Urban Release Area* outlines the locations and proposed functions of the planned towns and villages. To avoid poor outcomes for the community, there is a need to strengthen the development controls, and the planning process prescribed for the realisation of these centres.

- Council to continue to improve and evaluate the neighbourhood planning process to provide strong planning guidance to applicants. Applicants to be required to provide detailed structure plans for planned village centres. Structure planning for town and village centres is to be informed by thorough site analysis and link with the surrounding context.
 - Structure plans for town centres are to include street structure, pedestrian links, open spaces, built form massing, active frontages, street walls and setbacks and be adopted as site specific DCP controls and amendments to the LEP where appropriate.
 - Structure plans for village centres are to include street structure, pedestrian links, open spaces, active frontages, street walls and setbacks and be adopted as site specific DCP controls.
- Ensure the LEP and DCP controls for new centres in West Dapto facilitate the outcomes described for towns and villages in the updated Centres Hierarchy.
- Ensure alignment between *Wollongong DCP Chapter D16 West Dapto Urban Release Area* and *B4 Development in Business Zones*.

5.4 Our Centres are active and vibrant

Recommendation 10: Complement online trading with exceptional physical retail offerings

The SGS Study highlighted the important role that centres play in offering consumers a physical context for the experience of goods and services. This compliments the role that online retailing plays in the wider retail framework.

In order to ensure that centres continue to compliment online trading, it is critical that they perform well across a range of physical criteria.

Visual presentation

- Ensure that planning controls facilitate an appropriate response to active shopfronts positive place characteristics including heritage and interfaces with natural amenity.

Physical access

- Ensure adequate traffic and pedestrian movement strategies are in place across the centres
- Develop local provisions to mitigate the impact of increased vehicle use for click-and-collect Local Distribution Premises etc in centres

Increased foot traffic

- Have strong anchors in strategic locations.
- Make use of major infrastructure such as new community facilities, transport facilities and natural assets such as parks and foreshores to improve the amenity and enjoyment of retail precincts.

Recommendation 11: Facilitate an appropriate range of land use options to increase activity within, and patronage of, centres

- Continue to discourage out-of-centre retail development by limiting the scale and/or permissibility of retail uses in other zones.

- Implement the proposed changes of the Employment Zone Reform to remove indoor recreation and Take-away food and drink premises from the Land Use Table in Heavy Industrial Zones.
- As part of the Industrial Lands Review, consider whether further limitations on retail premises are required in Industrial zoned land.
- Locate new, and revitalise existing community uses like libraries and community centres within Centres.
- Provide a mix of housing types and densities in and around centres
- Provide spaces for events and social gathering in centres. Revitalise and improve the amenity of existing open spaces. Require high quality public domain outcomes from large scale centre development.

Recommendation 12: Update Active frontage planning controls to improve street presentation

A high level of pedestrian interest and interaction at street level and a direct connection between the ground floor of buildings and the street is critical in Centres. This is known as an active 'frontage'.

- Update the Wollongong LEP 2009 Clause 7.13 to include additional requirements that ground floor premises in centres
 - will be used for the purposes of business premises or retail premises,
 - will enable direct visual and physical contact and interaction between the street and the interior of the building.
- Update Wollongong LEP 2009 Clause 7.13 to remove 'vehicular access' from part c.
- Undertake an analysis of key centres to map all active frontages, in conjunction with the Movement and Place planning for centres. Prioritise Centres based on their level in the Centres Hierarchy. Update the Wollongong

LEP Active Street Frontages Map to include these.

- Once mapping is complete and included in LEP clause 7.19, remove clause 7.13 from the LEP.

Recommendation 13: Facilitate an evening economy in our Towns, Major Regional Centres and City Centre that is right for our community

- Consider the expansion of the city centre evening economy policy throughout the LGA.
- Map areas that lend themselves to increased night-time activation.
- Develop comprehensive late night trading management DCP controls that deliver clear direction on expectations for land use and operations within the night-time economy for both assessment officers and the community.

Recommendation 14: Facilitate the activation of the road reserve for outdoor dining

- Produce clear guidelines for the safe and effective use of road reserves for outdoor dining
- Monitor and review licensing of road reserves within centres
- Conduct investigation into where road reserves can be further used for outdoor dining and encourage business owners to explore outdoor dining options.

Recommendation 15: Incorporate public art to create places which are distinctive, and which reflect local identity

- Investigate opportunities to integrate public art opportunities when undertaking projects within Centres in line with the Public Art Toolkit (Draft Public Art Strategy 2022).

5.5 Our Centres are accessible and support transport mode shift

- Encourage walkable and cycling friendly centres
- Support local living by providing mixed-use developments, compact neighbourhoods and local access to shops, public facilities and services.
- Design centres to be inclusive and diverse, fostering a sense of ownership, encouraging physical activity, and supporting social interaction.
- Use the Movement and Place framework to inform future streetscape master plans for various centres, if and when required.
- Work with Transport for NSW under the Movement and Place Framework to deliver the vision for streets in centres located along Classified Roads.
- Enhance pedestrian comfort in Centres through the delivery of street tree canopy in line with the Urban Greening Strategy

Recommendation 16: Provide clear direction on the role and function of streets in our centres

In order to effectively inform streetscape design, built form controls and operational guidelines for street-based activities, we need to understand the desired role of the streets in our centres. Whilst this is unclear, streets remain contested places. The Movement and Place Framework recognises the network of public spaces formed by roads and streets and the spaces they adjoin and impact. It offers a process by which we can classify the function of our streets to guide a range of movement-related projects at various phases, and scales.

- As part of the Integrated Transport Strategy, classify the movement and place function of centre streets
- Review LEP active frontage controls and align with street roles and functions
- Review DCP general and centre specific built form controls considering street roles and functions. Consider specifically street wall height, ground floor setback, active frontages, and vehicle access controls.
- Review and develop operational guidelines for street-based activities which illustrate how to deliver activities safely and effectively on streets with different Movement and Place functions.

Recommendation 17: Provide clear parking controls and public parking facilities that are in line with sustainable community needs

- Develop shared parking supply and management strategies for Town and Village Centres to reduce traffic impact on important these community places.
- Develop an integrated approach to parking for developments in centres to reduce the need for parking overall. Consider:
 - access to public transport
 - managed parking schemes for on-street parking to promote turnover of visitors and short-stay parking.
 - consolidated parking structures
 - micro-mobility or mobility-as-a-service (such as car share spaces) as a substitute for parking demand.
- Ensure car parking does not dominate the urban environment and its built form is permeable to the surrounding network.
- Where 'at-grade' parking is provided in centres:
 - provide adequate trees, landscaping and permeable surfaces
 - locate parking to the rear of the site to allow buildings to define the street edge and contribute to the streetscape.
- Consider the inclusion of end of trip facilities, e-charging stations and micro-mobility/car share and cycle parking when

assessing parking needs and designing parking provision in centres

- Continue to deliver accessible parking in priority locations.

Recommendation 18: Plan for walkable centres

- Support wayfinding by providing clear sightlines to place features such as key facilities, public open spaces, landmarks and civic built form.
- Ensure developments in centres provide through-site links, including opportunities to integrate new local traffic or walking and cycling connections through large-format blocks and uses.
- Where possible, adopt speed limits and intersection treatments that minimise the risk of fatality for vulnerable road users (e.g. 30 or 40 km/hour or less).
- Integrate alternative materials in low-speed streets to aid pedestrian legibility and reinforce pedestrian priority.
- Continue to increase the number of continuous accessible paths of travel that include parking, footpaths and kerb ramps in our town centres.

Recommendation 19: Support cycling to centres

- Connect key locations such as transport stops or interchanges, centres, local open spaces and schools to the cycle network.
- Provide supporting infrastructure in those key locations such as secure cycle parking and end-of-trip facilities.

5.6 Our City Centre is a thriving commercial precinct

SGS's work included an in-depth analysis of the City Centre's role in network of centres. The City Centre is our highest order centre, and its success as an employment generating precinct is important to the economies of our LGA, the Illawarra Shoalhaven City and the Greater Cities Region.

Recommendation 20: Deprioritise residential development in the Commercial Core

Council has committed to an aspirational jobs target of 10,500 net new jobs by 2028. Through the Invest Wollongong business attraction program, a number of industry sectors are being targeted, including those that will require sufficient supply of high-quality office space, much of which is expected to be accommodated within the Wollongong City Centre. To attract these jobs to Wollongong requires several preconditions:

1. A city centre that is competitive with other city centre options in the Greater Sydney-Hunter-Illawarra Region
 2. A work precinct which has a distinctly commercial flavour with a commercial sense of address, where businesses feel their needs will be prioritised
 3. Developers that possess the ability to attract major tenant businesses (even before completion of the construction project)
 4. Fully activated streets that employees will enjoy spending their workdays in
 5. Networking opportunities amongst allied businesses, with the appropriate conference/hospitality facilities to facilitate that outcome
 6. Commercial address with marketable frontages
 7. Competitive leasing prices for floorspace
- Points 2, 3, 6 and 7 would all be seriously compromised in a mixed-use precinct, whilst point 5 requires a strong critical mass of commercial activity to be maximised.

For these reasons, it is reasonable and appropriate for Council to be deprioritising residential development within the B3 Commercial Core.

- Prevent the loss of commercial floorspace in the commercial core
- Avoid vertical mixed use (apartments on top of office space) in the commercial core.
- Deprioritise residential development in the commercial core. Provide defined areas where medium and large-scale commercial outcomes are incentivised to provide a critical mass of commercial activity. Consider how conference and hospitality uses in proximity can complement this outcome.

Recommendation 21: Tighten and focus the retail core

The success of retail facilities is predicated on the concept of co-location and density that leads to activated streets with high volumes of pedestrian traffic. Such concentrated activity also leaves Council with a more focused task of improving the public realm of those targeted locations. The economic reality of the contemporary retail industry is that demand for retail goods and services is limited. An oversupply of floorspace can lead to a dispersal and dilution of retail activity.

The City Centre planning controls currently require non-residential uses on the ground floor of the B3 Commercial Core and the B4 Mixed Use Zone. Combined with the high feasibility of shop top housing development, this results in ground floor retail floorspace being spread across a larger area than is needed to supply current demand. This has led to the degradation of older tenancies in the centre of the city, and vacancies in many newer developments.

Removing the requirement for non-residential ground floors in the B4 Mixed Use zone may be an impetus for older retail floorspace to be refurbished for new stores that enter the local

market and allow retail businesses to be established in the city fringe where there is demand.

- Reduce the area where ground floor employment activity is mandated, to ensure ground floor activation is concentrated in strategic locations in the City Centre, and those core locations are frequently refreshed.

Recommendation 22: Facilitate diverse land use outcomes and leverage the City's assets

- Commit to the broadening of jobs growth to include non-office activities in and around the commercial core. Diversification of land use should be wider than just residential, retail and office space.
- Consider how large format showroom type floorspace developments which focus more on marketing brands and user experience will be accommodated in the retail core
- Consider how City Centre cultural facilities can integrate better with public open space, pedestrian networks and complementary retail food offerings.

6 Appendices

6.1 Review of Strategic Policies

Strategic Plan or Policy	Implications for Wollongong's Retail and Business Centres																								
NSW State Government																									
<i>Planning for the future of retail – discussion paper 2018 (DPE 2018)</i>	Highlights the need for an adaptable and flexible planning approach, allowing for innovative, contemporary retail solutions that match consumer need.																								
<i>Employment Zone Reforms (DPE 2021)</i>	<p>The Department of Planning and Environment is currently progressing the Employment Zone Reform. The Reform seeks to provide a more flexible planning framework for existing Business and Industrial zoned land by transitioning to fewer zones with broader objectives and permissible land uses.</p> <table border="1"> <thead> <tr> <th>Existing zones</th><th>New zone</th></tr> </thead> <tbody> <tr> <td>Business and Industrial Zones</td><td>Employment zones</td></tr> <tr> <td>B1 Neighbourhood Centre</td><td>E1 Local Centre</td></tr> <tr> <td>B2 Local Centre</td><td></td></tr> <tr> <td>B3 Commercial Core</td><td>E2 Commercial Centre</td></tr> <tr> <td>B5 Business Development; B6 Enterprise Corridor; B7 Business Park</td><td>E3 Productivity Support</td></tr> <tr> <td>IN1 General Industrial</td><td>E4 General Industrial</td></tr> <tr> <td>IN2 Light Industrial</td><td></td></tr> <tr> <td>IN3 Heavy Industrial</td><td>E5 Heavy Industrial</td></tr> <tr> <td>IN4 Working Waterfront</td><td>W4 Working Waterfront</td></tr> <tr> <td>B4 Mixed Use</td><td>MU1 Mixed Use</td></tr> <tr> <td>B8 Metropolitan Centre)</td><td>SP4 Enterprise</td></tr> </tbody> </table> <p>Key implications for Wollongong are the collapsing of the B1 Neighbourhood Centre and B2 Local Centre zones a new E1 Local Centre zone. This specifically impacts our existing B1 Neighbourhood Centres (generally our villages and small villages) which will now share the same land use objectives and permissible uses as our larger town centres.</p> <p>Wollongong Council is seeking to mitigate any negative impacts of these reforms through the introduction of several local provisions, intended to maintain the nuanced approach to centres in different tiers of the retail hierarchy.</p>	Existing zones	New zone	Business and Industrial Zones	Employment zones	B1 Neighbourhood Centre	E1 Local Centre	B2 Local Centre		B3 Commercial Core	E2 Commercial Centre	B5 Business Development; B6 Enterprise Corridor; B7 Business Park	E3 Productivity Support	IN1 General Industrial	E4 General Industrial	IN2 Light Industrial		IN3 Heavy Industrial	E5 Heavy Industrial	IN4 Working Waterfront	W4 Working Waterfront	B4 Mixed Use	MU1 Mixed Use	B8 Metropolitan Centre)	SP4 Enterprise
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B8 Metropolitan Centre)	SP4 Enterprise																								
<i>The Fun SEPP (2021)</i>	<p>The Fun SEPP Explanation of Intended Effects (EIE) informed of changes to the <i>State Environmental Planning Policy (Exempt and Complying Development Codes) 2008</i> including:</p> <ul style="list-style-type: none"> • Make permanent the trial that allows pubs and small bars to have outdoor dining on the footpath as exempt development • Increase the number of days that event can be held at major event sites • Make COVID-19 emergency measures for food trucks and dark kitchens permanent • Make a complying development pathway to allow a change of use of premises to artisan food and drink industry in certain circumstances, including development standards • Make a complying development pathway to allow a change of use of retail premises to small live music or arts venues, including developments standards and amendments to the Building Code of Australia • Clarify the exempt development standards for events • Extending the number of days for filming as exempt development. 																								
<i>Building Business Back Better (DPE 2021)</i>	The Building Business Back Better amendment to the <i>State Environmental Planning Policy (Exempt and Complying Development Codes) 2008</i> created a complying development pathway to allow:																								

Strategic Plan or Policy	Implications for Wollongong's Retail and Business Centres
	<ul style="list-style-type: none"> A wider range of land uses so businesses can quickly adapt their offerings to new market demands for things like entertainment facilities, indoor recreation facilities and creative industries. New and larger building allowances to attract more investment. Flexibility to carry out site and parking upgrades to accommodate new modes of delivery. Longer opening hours in certain areas to support night-time economies
<i>COVID-19 recovery measures (2020-2022)</i>	<p>In response to the COVID-19 pandemic, the NSW Government introduced the COVID-19 Legislation Amendment (Emergency Measures) Bill 2020, which made temporary changes to the Environmental Planning and Assessment Act 1979 (the EP&A Act) to support the state's economy and jobs. These measures lapsed in March 2022, however, some of these measures were made permanent in April 2022.⁹</p> <p>Relevant measures include:</p> <ul style="list-style-type: none"> Extended opening hours for businesses (in business areas) including supermarkets (6am – 10pm) 24 operations for delivery and non-trading activities within business areas Dark kitchens (24-hour non-trading) can operate in existing commercial kitchens (some limits in resi areas) Food trucks can operate 24 hours (some limits in resi areas)
<i>Greater Cities Commission (GCC)</i>	<p>In December 2021, the NSW Premier announced the formation of the Greater Cities Commission, which extends the jurisdiction of the Commission from the Greater Sydney area to include the Central Coast, Newcastle, and the Illawarra-Shoalhaven. As part of the Illawarra Shoalhaven City, it is understood that Wollongong will subscribe to the Greater Cities Commission's directions including achieving the following indicators relevant to centre development:</p> <ul style="list-style-type: none"> Increased 30-minute access to a metropolitan centre/cluster (Wollongong CBD) Increased use of public resources such as open space and community facilities Increased walkable access to local centres Increased access to open space Percentage of dwellings located within 30 minutes by public transport of a metropolitan centre/ cluster Percentage of dwellings located within 30 minutes by public transport of a strategic centre Increased jobs in metropolitan and strategic centres Increased urban tree canopy <p>*Note – The Illawarra Shoalhaven Regional Plan 2041 continues to have effect, as if it were a district strategic plan, until a district strategic plan is made for the Illawarra-Shoalhaven City.</p>
<i>Illawarra Shoalhaven Regional Plan 2041 (DPE 2021)</i>	<p>The Regional Plan highlights the importance of the retail economy in the region, and the need for retail businesses and destinations to evolve to meet changing consumer behaviours.</p> <p>The Plan takes a strong centres-based approach to jobs, housing and services and defines the importance of strategic centres as key places. The Strategic centres of the Wollongong LGA are Metro Wollongong, Dapto, Warrawong and Corrimal.</p> <p>The Plan encourages Council to:</p> <ul style="list-style-type: none"> Consider measures that diversify retail focused centres to provide a diverse mix of uses, Consider the impact of technological change on warehousing and distribution. Align city wide retail studies with town centre studies that promote public domain design measures to enhance centre activation and vibrant street life. Enhance the amenity, vibrancy and safety of centres and township precincts Support appropriate growth of the night-time economy Develop new centres in urban release areas to support new communities, including shopping services, community services and jobs. Integrate active and public transport connections to enhance accessibility to diverse employment opportunities, retail, health and education facilities. Protect distinctive local character and embrace heritage values even as places grow and change. Provide access to vibrant public open space and cultural facilities.

⁹ Department of Planning and Environment, Covid 19 Response and Recovery

Strategic Plan or Policy	Implications for Wollongong's Retail and Business Centres
<i>Illawarra Regional Transport Plan (TfNSW 2021)</i>	<p>The IRTP proposes a 'hub and spoke' approach to ensure improved multi-modal connectivity to, from and between the five regionally significant centres*, as well as with Greater Sydney. The plan nominates four objectives:</p> <ul style="list-style-type: none"> Increased population within a 30-minute public transport trip of a regionally significant centre* Connectivity between Metro Wollongong and Greater Sydney by public transport is efficient, reliable, comfortable and safe Future residents of regionally significant growth areas (ie West Lake Illawarra/West Dapto) are within a 30-minute public transport trip of a regionally significant centre Maintain reliable north-south, east-west transport spines <p>Further relevant initiatives raised in the plan include:</p> <ul style="list-style-type: none"> The use of the Movement and Place Framework to deliver improved amenity and liveability and to ensure the right balance is achieved between the need to facilitate the movement while supporting successful places. Investigate areas that could be suitable for a 30km/h speed zone trial to provide a safer environment in areas of high pedestrian and cycling activity Work collaboratively to increase the number of all trips – be they work, education, health, retail or recreation-related – made by walking, cycling or public transport across the Illawarra-Shoalhaven to one in every five (20%) trips <p><i>*Metro Wollongong, Shellharbour City Centre, Kiama, Nowra City Centre and Milton-Ulladulla</i></p>
Local Character and Place Guidelines (DPE 2019)	<p>The Local Character and Place Guideline is a response to community feedback and Government's direction to elevate the consideration of local character in NSW planning decision making. The guideline outlines how to prepare a character assessment in order to evaluate whether the character of areas should change, be enhanced or be maintained. The assessment can be utilised to illustrate a local character statement or to inform council plans or strategies.</p>
Wollongong City Council	
<i>Wollongong Community Strategic Plan – Our Wollongong 2032</i>	<p>The Community Strategic Plan identifies a number of strategies across all six goals that are relevant to the Retail and Business Centres Study.</p> <p><i>Goal 1 We value and protect our environment</i></p> <ul style="list-style-type: none"> 1.5 Maintain the unique character of the Wollongong Local Government Area, whilst balancing development, population growth and housing needs. 1.6 West Dapto urban growth is effectively managed with facilities and spaces to support the future community. 1.7 Develop and implement programs and projects that achieve proactive heritage management, education and promotion. <p><i>Goal 2 We have an innovative and sustainable economy</i></p> <ul style="list-style-type: none"> 2.3 Increase and attract new business investment and enterprise to Wollongong while supporting and growing existing local businesses 2.8 Continue to build Wollongong as a vibrant, modern city with a revitalised city centre and an active evening economy. <p><i>Goal 3 Wollongong is a creative, vibrant city</i></p> <ul style="list-style-type: none"> 3.5 Provide communities with access to quality local spaces and places to meet, share and celebrate. <p><i>Goal 4 We are a connected and engaged community</i></p> <ul style="list-style-type: none"> 4.12 Technology is used to enhance urban planning and service provision for our community <p><i>Goal 5 We have a healthy community in a liveable city</i></p> <ul style="list-style-type: none"> 5.2 Urban areas are created and maintained to provide a healthy and safe living environment for our community. 5.3 Work towards enabling all people in our community to have access to safe, nutritious, affordable and sustainably produced food. 5.12 Plan and deliver an accessible, safe, clean and inviting public domain <p><i>Goal 6 We have affordable and accessible transport</i></p> <ul style="list-style-type: none"> 6.4 Plan and provide sustainable infrastructure for safe and liveable places integrated with the environment and accessible to key transport routes.

Strategic Plan or Policy	Implications for Wollongong's Retail and Business Centres
<i>Wollongong Local Strategic Planning Statement (2020)</i>	<p>The Statement re-affirms the importance of our local centres as a focus for local jobs, community facilities, social interactions as well as increased housing opportunities.</p> <p>The Retail and Business Centres Strategy is a key action of the Statement.</p>
<i>Wollongong Economic Development Strategy (2019-2029)</i>	<p>The Strategy sets an aspirational jobs target of 10,500 new jobs by 2028, with a focus on increasing office capacity in the Wollongong City Centre to attract and accommodate these new jobs.</p> <p>The Strategy recognises that jobs growth in population serving industries, including retail, will continue to grow with an increasing population.</p> <p>The Strategy recommends:</p> <ul style="list-style-type: none"> Developing local transport policies that ensure all residents can access employment opportunities in job centres such as Metro Wollongong Investigating options for reducing car parking rates to assist commercial building feasibility in the city Providing infrastructure to support activities and improve amenity and activation within the Wollongong city centre
<i>Integrated Transport Strategy (underway)</i>	<p>The Strategy will be Council's guiding supporting document for transport in Wollongong. It will bring together other strategies across all transport modes and use the Movement and Place Framework to develop a clear understanding of the role and function of our movement networks. This is of significance in our Centres, where the road reserve is often a contested space with multiple competing priorities placed upon it.</p>
<i>Draft Housing Strategy)</i>	<p>The draft Wollongong Housing Strategy was endorsed for Public Exhibition on 29 August 2022. The Strategy has been prepared to address a range of housing issues, including housing supply and demand, emergency housing, social housing, housing for disabled persons and affordable housing. The draft Housing Strategy is a result of a comprehensive review of housing issues in the LGA. It proposes a combination of continuing several existing strategies, modification of others and the introduction of new strategies to better address the housing needs of the LGA.</p> <p>The following recommendations of the Draft Strategy are particularly relevant to the consideration of our Centres:</p> <ul style="list-style-type: none"> Review the opportunity to provide of additional housing in key Town Centres, to be undertaken following the completion of the Retail and Business Centres Strategy Review the zoning of town centres which could result in changes to both the Business and Residential zonings. Review the FSR in town centres Review the building height in town centres
<i>Climate Friendly Planning Framework Discussion Paper</i>	<p>The Discussion Paper promotes enhancements to our planning framework to improve the environmental outcomes of development.</p> <p>The paper has 5 focus areas: Landscaping and Urban Greening; Solar and Energy Efficiency; Materials, Building Form and Waste; Transport and Car Parking; Policies and Incentives.</p> <p>Relevant to centres is the encouragement to:</p> <ul style="list-style-type: none"> Increase quantity and quality of canopy cover in the public domain Encourage walkable and cycling friendly centres, particularly in CBD's
<i>Urban Greening Strategy</i>	<p>The strategy seeks to increase the quality and quantity of all vegetation and open green space on all land types in an urban setting. Wollongong's average urban tree canopy cover is well below the national average of 39% (ISF Benchmarking report). Optimal urban canopy cover for amenity and wellbeing is estimated at 35- 40%. Some suburbs in Wollongong have canopy cover as low as 3%. New urban release areas will need to be planned to establish a tree canopy from scratch.</p> <p>Canopy cover is not evenly distributed across the LGA, and priority must be given in public tree programs to protecting the most vulnerable by increasing canopy cover where it is needed most. Council's investment will focus on providing high quality shade where people are most active by targeting town centres, streets and active transport routes, and parks.</p>
<i>Social Infrastructure Planning Framework (2018-2028)</i>	<p>Within the Social Infrastructure Planning (SIP) Framework, Wollongong City's Planning Areas and 'hard' social infrastructure assets are categorised according to scale, based on a hierarchy of provision that aligns with Wollongong Council's 'Centres' hierarchy. Facilities are categorised as local/neighbourhood, district, or regional facilities, based on size and the size of the community they serve, or will serve in the future. Strategically, this results in a larger number of small, local/neighbourhood facilities, distributed across the LGA and relatively few large, regional facilities, in key locations.</p>

Strategic Plan or Policy	Implications for Wollongong's Retail and Business Centres
<i>Wollongong City Centre Urban Design Framework (2021)</i>	<p>The location of social infrastructure facilities like libraries and community centres within our town and village centres acts as a key attractor and increase activity in these places.</p> <p>The Framework provides Council with strong recommendations to develop a suite of clear and consistent planning controls and guidelines that facilitate better design outcomes and economically feasible development in the City Centre.</p> <p>It identified the following selected findings:</p> <ul style="list-style-type: none"> • Current land use controls could result in a City filled with residential development, compromising long term employment growth • The retail core is spread out too far, which results in empty shopfronts and creates inactive streets • General development controls don't respond to the character and historic qualities of places in the City <p>And proposed the following selected directions:</p> <ul style="list-style-type: none"> • Prioritise jobs growth and establish a resilient commercial core • Develop active commercial streets that respond to character • Strengthen and simplify planning controls to promote built form diversity in response to people and place
<i>Town and Village Plans</i>	<p>The following centre-focused strategic plans and studies have been prepared, some of which were supported by additional economic analysis (noted by ^{EA}). The plans include actions relating to proposed changes to zoning and built form controls. Where relevant, these recommendations have been included as recommendations in this Strategy.</p> <ul style="list-style-type: none"> • Warrawong (2013) • Unanderra (2013) ^{EA} • Figtree (2013) ^{EA} • West Dapto (2009 updated 2018) ^{EA} • Corrimal (2015) • Dapto (2017) ^{EA} • South Wollongong (2017) ^{EA} • Port Kembla (2018) ^{EA} • Helensburgh (2020) • Wollongong City Centre (2016 + 2021) ^{EA} <p>A review of the current adopted Town and Village Plans revealed some common themes evident in the Implementation Actions:</p> <ul style="list-style-type: none"> • Undertake LGA-wide studies to inform planning controls changes • Undertake economic analysis to test proposed changes to planning controls aimed at improving feasibility. Consider all relevant factors, especially flood mitigation costs. • Redefine Town Centre boundaries (and associated zoning) where centres have excess floorspace for future needs. • Provide transition areas surrounding business zones to mitigate land use conflicts with surrounding residential or industrial precincts. • Consider where it may be appropriate to allow residential development at ground on the fringe of oversupplied centres. • Acknowledge through DCP controls the functional extent of the centre, including areas which may not be on land zoned for business. • Support the revitalisation of centres through public domain and streetscape improvements, and access to transport. • Undertake built form analysis and testing to encourage development that is appropriate to context and character and update relevant LEP and DCP controls. • Take an LGA wide perspective on housing provision. The centres have a role to play but must balance commercial outcomes and adverse impacts on traffic generation and character.
<i>West Dapto Vision (2018)</i>	<p>The Vision outlines that the town centres of West Dapto will fill diverse roles, functions and mixed uses. Configurations will reflect the town centre hierarchy with a focus on pedestrian priority. Supported with a decision process (zoning, neighbourhood planning, etc.), appropriate locations will promote the social and economic functions and outcomes sympathetic to character and 'place'.</p> <p>West Dapto Town Centres are to be planned to meet three objectives:</p>

Strategic Plan or Policy	Implications for Wollongong's Retail and Business Centres
<i>Urban Release area neighbourhood plans</i>	<p data-bbox="523 445 1299 871"> <ol style="list-style-type: none"> 1. <i>Hierarchy</i>: Hierarchy reinforces role and function, supports the Wollongong City Centre and higher order centres and provides certainty for investment decisions. Hierarchy reinforces character and identity as well as provides direction around appropriate residential density sympathetic to community facilities and service locations. 2. <i>Movement Sensitive</i>: The town centres of West Dapto are expected to facilitate social contact, employment and living needs in a sustainable manner. The town centres will be located to promote active transport and healthy lifestyle. Centres will provide activities, attractions and services within walking distance. Centres must also be supported and surrounded by a network of connected streets, paths and cycle ways, providing opportunities for active transport and convenient access to public transport. The network will link centres with open space and recreation areas. 3. <i>Diversity and Identity</i>: Centres will facilitate a diverse range of activities by prioritising spaces for people of all ages that become vital to the social fabric of a neighbourhood where people gather, meet friends and family and engage in social activities. Centres will be developed to capitalise on existing features of heritage, environment (vegetation, topography etc.) and contribute to a new theme expressing the centre's role in the urban residential landscape. </p> <p data-bbox="480 882 1262 927">The Neighbourhood Planning Process is outlined in the <i>Wollongong DCP 2009 D16 West Dapto Urban Release Area</i>.</p> <p data-bbox="480 938 1299 1005">Neighbourhood Planning is a progressive step between the West Dapto Structure Plan, the urban zoning process, and a development application for subdivision. It allows issues to be considered on a neighbourhood or catchment scale.</p> <p data-bbox="480 1016 1267 1084">Neighbourhood Planning is intended to set urban density targets at an appropriate scale that supports town and village centre development. DCP Chapter D16 includes a map of the defined neighbourhoods of West Dapto including the location of future centres.</p> <p data-bbox="480 1095 1131 1117">Adopted Neighbourhood plans including planned centre development include:</p> <ul data-bbox="523 1128 1123 1240" style="list-style-type: none"> • Bong Bong East and North (Bong Bong Town Centre) • Wongawilli North (Wongawilli Village Centre) • West Dapto Road/Sheaffes Road (south) (Darkes Road Town Centre) • Yallah/Marshall Mount (Marshall Mount Town Centre) <p data-bbox="480 1240 1299 1285">To date, the neighbourhood planning process has provided limited guidance to the development of town and village centres.</p>

6.2 Retail Floorspace Supply and Demand 2021- 2041 by Centres

(Source – SGS Study)

Unmet demand >500m ²	2021 Retail Floorspace m ²				2041 Retail Floorspace m ²		
Oversupplied >500m ²							
Centre or Area	Existing Supply	Existing Demand	Gap	Additional feasible capacity	Forecast Supply	Forecast Demand	Gap
Austinmer	1,265	1,265	0	386	1,265	1,340	-75
Goods	580						
Services	684						
Avondale	0			-	1,875	2,038	-163
Goods	0						
Balgownie	3,384	3,384	0	1,409	3,684	4,281	-597
Goods	1,773						
Services	1,611						
Bellambi (Bellambi Ln)	169	169	0		169	228	-58
Services	169						
Bellambi (Rothery St)	304	304	0	1,570	304	247	58
Goods	242						
Services	62						
Bellevue Road	406	406			406	396	10
Goods	156						
Services	250						
Berkeley	987	5,342	0	12,548	5,342	3,137	2,205
Goods	987						
Services	0						
Berkeley (Kelly St)	672	672	0		672	75	596
Goods	672						
Services	0						
Bong Bong	50	50	0	43,560	10,550	10,401	149
Goods	0						
Services	50						
Brownsville	1,189	1,189	0	1,197	1,189	1,174	15
Goods	696						
Services	493						
Bulli	9,438	9,438	0	8,003	9,438	11,757	-2,319
Goods	5,338						
Services	4100						
Bulli (Farrell Rd)	0	0	0	742	0	0	0
Services	0						

Unmet demand >500m ²	2021 Retail Floorspace m ²				2041 Retail Floorspace m ²		
Oversupplied >500m ²							
Centre or Area	Existing Supply	Existing Demand	Gap	Additional feasible capacity	Forecast Supply	Forecast Demand	Gap
Coledale	575	575	0	726	575	443	132
Goods	384						
Services	190						
Coniston	1,449	1,449	0	6,196	1,449	1,419	31
Goods	816						
Services	633						
Coniston (B7)	906	906	0		906	844	62
Goods	906						
Services	0						
Cordeaux Heights	653	653	0		653	561	93
Goods	432						
Services	222						
Corrimal	27,646	27,374	272	13,113	27,646	25,296	2,351
Goods	17,353						
Services	10,293						
Corrimal (B6)	3,977	3,977	0		3,977	4,331	-354
Goods	2,050						
Services	1,926						
Corrimal (Railway Street)	509	509	0	441	509	401	108
Goods	383						
Services	126						
Cringila	1,914	1,914	0	2,277	1,914	1,853	60
Goods	998						
Services	915						
Dapto	40,550	39,721	829	89,528	42,950	50,484	-7,534
Goods	28,043						
Services	12,506						
Dapto (Kent Rd)	1,577	1,577	0		1,577	2,396	-819
Services	1,577						
Dapto (Lakelands Dr)	406	406	0		406	130	275
Goods	406						
Services	0						
Darkes Road	0			11,074	5,625	5,622	3
Goods	0						
East Corrimal	1,107	1,107	0	504	1,107	909	198
Goods	687						
Services	420						
East Woonona	1,171	1,171	0	717	1,171	758	414
Goods	978						

Unmet demand >500m ²	2021 Retail Floorspace m ²				2041 Retail Floorspace m ²		
Oversupplied >500m ²							
Centre or Area	Existing Supply	Existing Demand	Gap	Additional feasible capacity	Forecast Supply	Forecast Demand	Gap
Services	194						
Fairy Meadow	21,927	22,167	-240	21,149	21,927	16,104	5,823
Goods	17,079						
Services	4,848						
Fairy Meadow (B6)	13,836	13,836	0		13,836	12,507	1,329
Goods	8,871						
Services	4,964						
Fairy Meadow (C Tree Ln)	180	180	0		180	106	74
Goods	168						
Services	12						
Fairy Meadow Industrial	0	0	0		0	0	0
Services	0						
Farmborough Heights	182	182	0	248	182	243	-61
Services	182						
Figtree	24,478	22,442	2,036	3,383	24,478	19,440	5,037
Goods	18,704						
Services	5,774						
Figtree Hotel (B6)	415	415	0	7,038	415	324	91
Goods	179						
Services	235						
Fowlers	0				1,875	2,168	-293
Goods	0						
Gwynneville	2,049	2,049	0	918	2,449	2,752	-303
Goods	1,044						
Services	1,005						
Haywards Bay	18,169	5,547	0	7,416	18,169	22,650	-4,481
Goods	5,547						
Services	12,623						
Helensburgh	9,556	9,556	0	32,985	9,856	11,277	-1,421
Goods	6,347						
Services	3,210						
Helensburgh (B6)	34	34	0		34	21	13
Goods	34						
Services	0						
Horsley	446	446	0		446	268	179
Goods	446						
Huntley	0				1,500	1,654	-154
Goods	0						
Jersey Farm	0			5,747	1,875	1,696	179

Unmet demand >500m ²	2021 Retail Floorspace m ²				2041 Retail Floorspace m ²		
Oversupplied >500m ²							
Centre or Area	Existing Supply	Existing Demand	Gap	Additional feasible capacity	Forecast Supply	Forecast Demand	Gap
Goods	0						
Kanahooka	427	427	0		427	375	53
Goods	412						
Services	16						
Keiraville	1,797	1,797	0	688	1,797	1,786	10
Goods	786						
Services	1,011						
Kembla Grange	1,733	1,733	0	31,317	1,733	2,084	-351
Goods	493						
Services	1,240						
Koonawarra	893	893	0		893	218	675
Goods	893						
Services	0						
Lake Heights (Weringa Av)	625	625	0	1,634	625	440	185
Goods	478						
Services	147						
Mangerton	274	274	0	337	274	321	-47
Goods	126						
Services	148						
Marshall Mount	0	0	0		3,675	3,999	-324
Goods	0						
Montague Street Industria	0				0	0	0
	0						
North Wollongong (B6)	15,674	15,674	0	208,063	15,674	12,624	3,050
Goods	8,416						
Services	7,258						
Port Kembla	10,600	9,909	690	2,971	10,600	9,276	1,324
Goods	6,822						
Services	3,777						
Primbee	201	201	0	210	201	146	55
Goods	201						
Services	0						
Russell Vale	808	808	0	1,585	808	601	206
Goods	609						
Services	199						
Stanwell Park	1,273	1,273	0	1,030	1,273	847	426
Goods	1,111						
Services	162						
Tallawarra	0			25,450	1,500	1,828	-328

Unmet demand >500m ²	2021 Retail Floorspace m ²				2041 Retail Floorspace m ²		
Oversupplied >500m ²							
Centre or Area	Existing Supply	Existing Demand	Gap	Additional feasible capacity	Forecast Supply	Forecast Demand	Gap
Goods	0						
Tarrawanna	1,221	1,221	0	674	1,221	1,262	-41
Goods	734						
Services	487						
Thirroul	13,039	13,627	-588	10,445	16,439	16,834	-395
Goods	9,051						
Services	3,988						
Towradgi	3,024	3,024	0	11,428	3,024	2,664	360
Goods	2,892						
Services	132						
Unanderra	17,110	17,110	0	32,928	17,110	15,155	1,955
Goods	11,785						
Services	5,326						
Unanderra (Farmborough Rd)	963	963	0		963	584	379
Goods	859						
Services	104						
Unanderra Industrial	0	0	0		0	0	0
Services	0						
University of Wollongong	9,920	9,920	0		9,920	14,218	-4,298
Services	9,920						
UoW Innovation Campus	2,482	2,482	0		2,482	3,452	-970
Goods	335						
Services	2,147						
Warrawong	57,652	58,120	-468	71,041	69,752	72,785	-3,034
Goods	45,861						
Services	11,790						
Warrawong (B6)	31,040	31,040	0		31,040	30,032	1,008
Goods	28,749						
Services	2,291						
Warrawong Industrial	0	0	0		0	0	0
Services	0						
West Wollongong (Thames)	540	540	0	292	540	621	-81
Goods	181						
Services	359						
Windang	2,782	2,782	0	3,366	2,782	2,724	58
Goods	1,803						
Services	979						
Wollongong	124,243	132,735	-8,492	232,938	186,243	213,625	-27,381
Goods	80,196						

Unmet demand >500m ²	2021 Retail Floorspace m ²				2041 Retail Floorspace m ²		
Oversupplied >500m ²							
Centre or Area	Existing Supply	Existing Demand	Gap	Additional feasible capacity	Forecast Supply	Forecast Demand	Gap
Services	44,048						
Wollongong (B6)	22,695	22,695	0		22,695	22,816	-120
Goods	10,526						
Services	12,170						
Wollongong West (Crown West)	771	771	0		771	602	169
Goods	771						
Services	0						
Wollongong West (Princes Hwy)	1,680	1,680	0	350	1,680	1,460	220
Goods	532						
Services	1,148						
Wongawilli	0	0	0	4,240	1,875	2,068	-193
Goods	0						
Woonona	14,040	14,040	0	11,906	14,040	17,490	-3,540
Goods	7940						
Services	6100						
Grand Total	537,847	543,808	-5,961		649,047	674,667	-25,620



Our Wollongong Our Future

From the mountains to the sea...

We value and protect our environment

We have an innovative and sustainable economy

Wollongong is a creative, vibrant city

We are a connected and engaged community

We have a healthy community in a liveable city

We have affordable and accessible transport



Paper 1 – Existing Centres Appraisal

City of Wollongong
July 2022

1. Existing Floorspace

This paper focuses on the existing situation for centres across the Wollongong LGA. It commences with an assessment of floorspace supply and capacity, before turning its attention to the quality of that floorspace and how it all functions within the centres hierarchy.

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1.1 Floorspace supply

This subsection describes the method and outcomes of a floorspace supply audit. The audit focuses on employment floorspace, which includes both retail and commercial office.

Floorspace Audit Method

BUILDING FOOTPRINTS

PSMA's Geoscape building data was used as a base to add centre names, travel zones and position within the broader centre hierarchy. Google Places data is also used here to locate concentrations of activity and attribute businesses to their respective buildings in Geoscape.

AUDITING SHOPPING MALLS

For the Geoscape audit, we used the building footprints to derive Gross Floor Area (GFA) and then to estimate the proportion of that GFA consumed by each category of use. However, this method only accounted for floorspace on the ground floor of buildings, and can't offer any detail on a building's internal layout. This is an issue for shopping malls which quite often have multiple floors and internal corridors, and will account for a significant portion of the retail floorspace in most Australian cities. To address this, we manually audited these shopping centres to replace their respective Geoscape buildings at the modelling stage.

For other multi-storey buildings that were not shopping malls, a calculation was applied based on building heights (eaves, not rooves), applying an average floor height assumption of 3.5m per floor and multiplying the residual numbers of floors by building footprint.

ON GROUND REVIEW

Subsequent to the above two steps, Council staff also undertook an 'on ground' review of centre floorspace to ensure that data from Google places was accurate. This was considered necessary as much of the Google data was collected during the midst of the COVID-19 pandemic where some businesses may have temporarily closed.

POTENTIAL FLOORSPACE (EXISTING CENTRES)

A Cordell Connect search was conducted under the following parameters:

- Wollongong LGA and Shellharbour LGA
- Retail, tourism, medical, commercial, public buildings, hospitality, education and social categories selected
- For all stages in the development pipeline
- Deferred and abandoned projects excluded

The resulting excel report was then refined by removing already completed projects, minor projects such as alterations and additions, etc (by cost of works), projects in Shellharbour LGA that are not in close proximity to the Wollongong LGA.

POTENTIAL FLOORSPACE (FUTURE CENTRES)

Council had already identified what the new centres are – all located within urban release areas -, where they will roughly be located, and the total GFA that will be provided in them (if known). This GFA is typically a centre total and includes residential GFA.

Once identified, a review of strategic documentation was conducted including Local Strategic Planning Statement, previous retail and centres studies, town and village plans, other strategic documents to determine what the recommended non-residential gross floor area. Often, this was further broken down into recommended retail types. All data is added to an excel spreadsheet in a similar format to the potential floorspace in existing centres component. Where the breakdown of retail types is not provided, an educated guess was applied (typically assuming supermarket/food retail will take up most of the total share).

COMMERCIAL FLOORSPACE

Current commercial floorspace is determined through allocation of GFA by employment numbers at a centre level based on the relevant ANZIC code.

Supply Results

All centres with over 1,000sqm of existing and planned floorspace is shown in the table below.

TABLE 1 EXISTING AND PLANNED FLOORSPEACE SUPPLY ACROSS WOLLONGONG (>1000 SQM) LGA & SELECTED EXTERNAL CENTRES

Centre	Existing GFA		Planned GFA	Total GFA
	Retail Goods	Retail Services	Retail	
Wollongong	80,196	42,254	62,000	184,450
Shellharbour Central*	83,501	15,954	0	99,455
Warrawong	45,861	11,790	12,100	69,751
Dapto	28,043	12,033	2,400	42,476
Warrawong (B6)	28,749	2,291	0	31,040
Corrimal	17,353	10,293	0	27,646
Kiama*	16,424	8,295	0	24,719
Figtree	18,704	5,365	0	24,069
Bulli	13,279	10,199	0	23,478
Wollongong (B6)	10,526	11,932	0	22,458
Fairy Meadow	17,079	4,848	0	21,927
Warilla*	13,943	5,311	0	19,254
Haywards Bay	5,547	12,623	0	18,170
Unanderra	11,785	5,326	0	17,111
Thirroul	9,051	3,988	3,400	16,439
North Wollongong	8,416	7,258	0	15,674
Calderwood Town Centre* ^	0	0	14,500	14,500
Fairy Meadow (B6)	8,871	4,732	0	13,603
Albion Park*	6,550	4,215	0	10,765
Port Kembla	6,822	3,777	0	10,599
Bong Bong ^	0	50	10,500	10,550
Helensburgh	6,347	3,210	300	9,857
Shellharbour	5,046	3,447	0	8,493
Oak Flats*	4,634	2,958	0	7,592
Calderwood Valley Village* ^	0	0	7,500	7,500
Warilla South*	2,338	3,299	0	5,637
Corrimal (B6)	2,050	0	0	8,785
Darkes Road ^	0	0	5,625	5,625
Berkeley	4,355	987	0	5,342
Balgownie	1,773	1,611	300	3,684
Marshall Mount ^	0	0	3,675	3,675
Towradgi	2,892	132	0	3,024
Windang	1,803	979	0	2,782
Barrack Heights*	2,304	473	0	2,777
Gwynneville	1,044	1,005	400	2,449
Cringila	998	915	0	1,913
Oaks Motel*	1,388	523	0	1,911
Avondale ^	0	0	1,875	1,875
Jersey Farm ^	0	0	1,875	1,875
Wongawilli ^	0	0	1,875	1,875
Fowlers ^	0	0	1,875	1,875
Albion Park Rail*	1,820	0	0	1,820
Keiraville	786	1,011	0	1,797
Kembla Grange	493	1,240	0	1,733
Wollongong West (Princes Hwy)	532	1,148	0	1,680
Tallawarra ^	0	0	1,500	1,500
Huntley ^	0	0	1,500	1,500
Coniston	816	633	0	1,449
Lake South*	352	1,088	0	1,440
Stanwell Park	1,111	162	0	1,273

Austinmer	580	684	0	1,264
Brownsville	696	493	0	1,189
East Woonona	978	194	0	1,172
East Corrimal	687	420	0	1,107
Total (Wollongong LGA)	343,268	167,030	111,200	628,234

* selected external centre (outside Wollongong LGA) ^ Planned Centre

Source: SGS Floorspace Audit 2021

1.2 Capacity assessment

This subsection focuses on the assessment of capacity (as opposed to existing supply from section 1.1). We commence by describing the capacity methods before displaying the results.

Capacity Method

A high-level assessment was undertaken on the employment capacity (including both retail and commercial office) which could be accommodated on each site under existing planning controls.

The base data for this analysis was comprised of:

- Properties within identified centres intersected with land use zones, with property data from Geoscape Australia
- Geoscape building footprints and heights intersected onto this layer to calculate approximate GFA per property
- The % coverage of each property/zone intersection by constraint layers under the LEP (e.g. heritage etc)
- Places of interest data from the NSW Government intersected onto properties

The following process was followed to identify the capacity:

- Available land:** Calculate which property/zone intersections would be excluded under a range of exclusion criteria which identify sites which either cannot be developed or would be relatively unlikely to be developed.
Any sites within relevant zones and not excluded are identified as available for development
- Yield calculation:** For each available site, calculate employment-generating floorspace likely to be yielded by development. Different assumptions regarding built form outcomes are used in different scenarios.
- Net yield calculation:** Subtract approximate existing employment generating GFA from calculated yield to provide the net change in floorspace which could be achieved through development on each available site.

Three scenarios were created:

- High scenario (theoretical maximum):** Only sites already at their maximum GFA, or large existing mixed-use developments are excluded, as these sites would be highly unlikely to undergo substantial further development. It is assumed that sites are developed to their maximum allowable GFA and 100% of floorspace delivered in commercial zones is for non-residential uses and therefore employment generating.

This scenario provides a theoretical maximum capacity under current controls, although it could never be reached in reality.

- **Medium scenario (feasible capacity):** Sites relatively unlikely to be redeveloped are excluded, including. Those that are strata subdivided, have more than two dwellings on them, are more than 40% covered by a heritage control or contain existing social or physical infrastructure or community facilities.

A feasibility filter is also applied. For a range of development types (e.g. single storey to double storey retail, bulky goods, mixed use retail/residential) high-level feasibility modelling was performed to determine a % of the maximum achievable GFA already developed above which redevelopment is likely to be unfeasible. Four different categories of property market in Wollongong LGA were profiled in each case (CBD, good markets, medium markets, poor markets).

This scenario assumes that in mixed use developments (B2 and B4 zones), 70% of the ground floor will be employment generating (with the rest services, entrances etc), and the ground floor will cover 80% of a site. The rest of all floorspace up to the maximum GFA will be residential. This scenario provides a high-level estimate of how much of the theoretical maximum capacity could realistically and feasibly be developed given existing land uses. Even then, some sites would be unlikely to be redeveloped due to site specific constraints or landowner intentions.

- **Low scenario (vacant sites):** this scenario assumes that only currently vacant sites can undergo development. It uses the same built form outcome assumptions as the medium scenario. This scenario provides a minimum value for the capacity if no redevelopment occurs.

MAXIMUM CAPACITY

Council had provided a spreadsheet of all the centres their existing total area, and relevant planning controls.

Three maximums are completed:

1. An 'absolute maximums': Each of the centres areas is multiplied by their respective FSR's- as permitted under the WLEP. The results are then aggregated by Centre name.
2. A 'maximum spare capacity': The results from the existing floorspace by centre are deducted from the absolute maximum capacity to determine what is left over or not yet realised.
3. An 'augmented maximum capacity': In the spreadsheet where the maximum capacity by site was determined, FSRs are adjusted to assume that only the ground floor will be developed for retail purposes. For example, if the max height is 9m (2 storeys) and the FSR is 0.5:1, assume that 0.25:1 will be used for retail purposes. The exception is B5/6 zones where 100% is used for retail and the B3 zone in the Wollongong CBD where the assumption was made that 2 storeys will be used for retail purposes.

FEASIBLE CAPACITY

The existing floor space dataset is utilised to determine what percentage of the total FSR is already built on this site.

A high-level feasibility exercise is completed that seeks to implement a threshold at which redevelopment is likely.

The feasibility is overlayed and all sites with an existing footprint/buildout lower than the threshold are aggregated by centre.

Capacity results

Capacity results are shown in the table below. Substantial differences between the medium and high scenarios are due to two different factors: the differing built form assumptions (100% commercial vs mixed use buildings), the feasibility thresholds and other exclusions applied under the medium (but not high) scenarios.

TABLE 2 ADDITIONAL AVAILABLE FLOORSPEACE SUPPLY ACROSS WOLLONGONG LGA

Centre	Low	Medium	High
Wollongong	83,687	232,938	546,578
Dapto	10,462	89,528	316,675
North Wollongong	7,609	208,063	286,499
Warrawong	1,555	71,041	259,839
Bong Bong	0	0	155,679
Bulli	6,872	19,910	130,744
Marshall Mount	0	38,591	118,631
Unanderra	16,768	32,928	103,673
Fairy Meadow	1,974	21,149	101,032
Corrimal	6,703	13,113	91,826
Yallah	82,654	82,654	82,654
Figtree	1,051	3,383	81,069
Thirroul	1,142	10,445	69,474
Helensburgh	4,655	32,985	65,805
Port Kembla	2,479	2,971	64,251
Berkeley	5,819	12,548	46,742
Darkes Road	0	11,074	39,553
Tallawarra	25,450	25,450	34,085
Kembla Grange	6,347	31,317	32,177
Towradgi	0	11,428	31,741
Balgownie	210	1,409	12,586
Jersey Farm	5,747	5,747	7,697
Haywards Bay	4,919	7,416	7,416
Figtree Hotel	0	7,038	7,148
Windang	2,391	3,366	6,736
Wongawilli	4,240	4,240	5,678
Cringila	295	2,277	5,371
Russell Vale	0	1,585	3,856
Coniston	572	6,196	7,883
Austinmer	0	386	3,364
Stanwell Park	0	1,030	3,268
Lake Heights	0	1,634	3,087
Tarrawanna	0	674	3,041

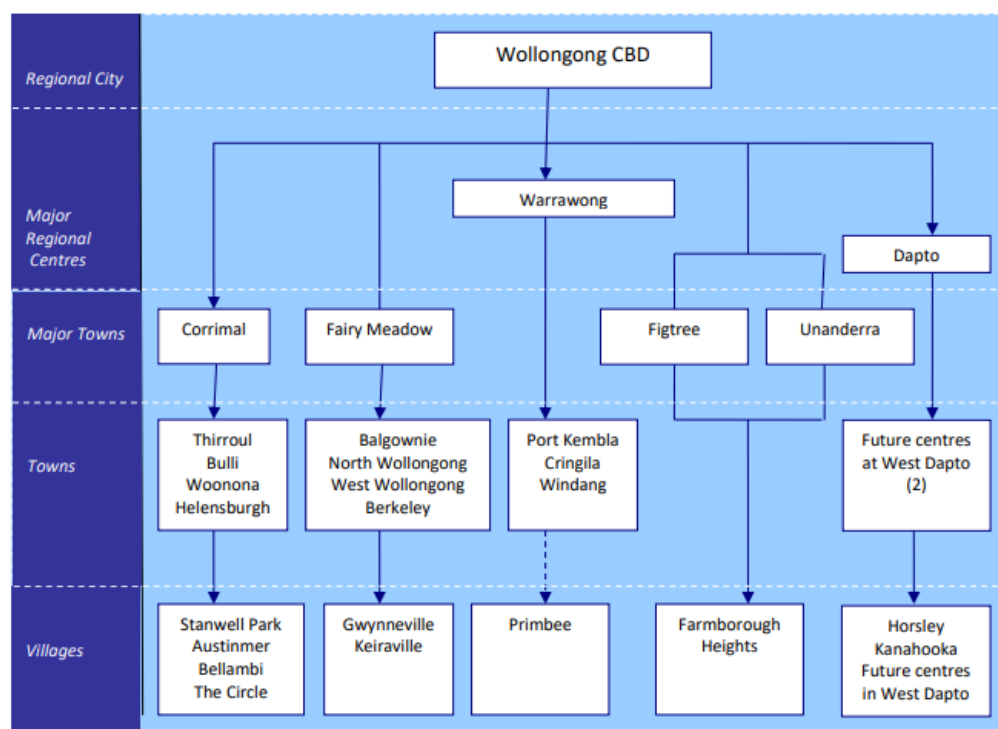
Bellambi	0	1,570	2,943
Horsley	0	0	2,727
Gwynneville	407	918	2,487
Brownsville	0	1,197	2,210
Keiraville	0	688	1,905
East Woonona	129	717	1,827
Railway Street, Corrimal	0	441	1,361
East Corrimal	0	504	1,311
Coledale	0	726	1,307
West Wollongong	0	292	1,028
Farmborough Heights	0	248	896
Wollongong West	0	350	838
Mangerton	0	337	568
Primbee	0	210	546
Total	284,137	1,002,712	2,599,406

Source: SGS Floorspace Audit 2021

1.3 Roles and Functions

A review of centre roles and functions was undertaken, particularly in relation to Centre hierarchies in the LGA. The chart below summarises the LGA's centres hierarchy, as defined in the Local Strategic Planning Statement (LSPS) and further expanded on within the Wollongong DCP Chapter B4 – Development in Business Zones.

FIGURE 1 WOLLONGONG LGA CENTRE HIERARCHY (LSPS 2020)



The table below shows the hierarchy alongside the actual volumes of retail floorspace in those centres. These numbers includes both population services and retail floorspace – which were modelled separately. The base case forecast floorspace demand to 2041 is also shown. Further detail on these calculations can be found in Paper 3.

TABLE 3 RETAIL FLOORSPACE NUMBERS (SQM) DEFINED BY CENTRE HIERARCHY

Hierarchy	Centre	Existing Retail Floorspace 2021	Demand by 2041
Regional City (110,000sqm+)	Wollongong	124,243	213,625
Major Regional Centre (40-80,000sqm)	Dapto	40,076	50,484
	Warrawong	57,651	72,785
Major Town (20-40,000sqm)	Corrimal	27,646	25,296
	Fairy Meadow	21,927	16,104
	Figtrees	24,069	19,440
Town (5-20,000sqm)	Bulli	9,438	11,757
	North Wollongong	15,674	12,624
	Helensburgh	9,557	11,277
	Woonona	14,040	17,490
	Port Kembla	10,599	9,276
	Thirroul	13,039	16,834
	Bong Bong	0	10,401
	Unanderra	17,392	15,155
	Darkes Road	0	5,622
Village (2-5,000sqm)	Windang	2,782	2,724
	Cringila	1,913	1,853
	Gwynneville	2,049	2,752
	Balgownie	3,384	4,281
	Berkeley	5,342	3,137
	Fowlers	0	2,168
	Marshall Mount	0	3,999
	Towradgi	3,024	2,664
	Avondale	0	2,038

Small Villages (100 – 2,000sqm) can be found in Appendix B.

In terms of floorspace calculations only, most Centres were found to be performing their role in the centre hierarchy. The clear exceptions have been identified and listed below:

1. Bulli and Woonona with a combined 31,000sqm, with further potential to grow – should be a combined Major Town Centre given proximity to each other.
2. Balgownie, Berkeley, Cringila, Windang could all be shifted down to Village status.
3. West Wollongong, Austinmer, Bellambi, East Woonona, Horsley, Kanahooka, Keiraville, Primbee and Stanwell Park could all be shifted down to Small Village status.

Quantitatively, the hierarchy criterion make sense. Some more specific thoughts for Council could include:

1. Regional City should have a stronger emphasis on activation, entertainment, dining and employment functions given the uncertain future of Department Stores and the trouble of the retail sector more generally.
2. Reconsider the requirement for a Major Regional Centre or Major Town Centre to possess at least one Discount Department Store (DDS). This is likely to become less relevant in the long run as this store type becomes increasingly outdated. In its place, the emphasis should be on these tiers of centre to play a stronger service role for their local community, and become focal points for community and social gathering.

Appendix A provides a more qualitative set of criterion for assessing a centres network/hierarchy.

2. Centre Performance & Multi Criteria Assessment

2.1 Specifying centre strengths

While the size of a centre (in terms of floorspace quantum, as defined in the previous section) for different commodities will exert an influence over people's propensity to visit, this is far from the only consideration in centre attractiveness. A spread of place-specific attributes will also affect the catchment of each centre. Built form and character, functionality, cultural traditions, affluence and historical legacies are all relevant considerations in this regard. How these factors interact with the background of contemporary economic trends and drivers are central to people's reasons for travelling to certain destinations over others.

Differentiating Wollongong's centres in this way provides a more valid representation of their role in the centre hierarchy and value to the community. In the absence of this type of consideration, the real dynamics of centre competition and specialisation are not given adequate attention. It may also emphasise the need for improvements other than changes to floorspace ratio controls to make places which are vital and enjoyable.

SGS has completed 'multi-criteria analysis' (MCA) to distil these quantitative variables into measurable criteria and then score each centre relative to others in the study area. This has produced a score and ranking for each centre, offering a measurable comparison of their place-based strengths. This score also provides an input to determining the 'gravity' of each centre at the modelling stage.

2.2 Developing the criteria

Prior to developing MCA criteria, the place-specific variables of relevance to centre performance must first be identified. Here, SGS has drawn on its past project work and experience to illustrate thematic success factors for centres and precincts. This is shown in Figure 2 below.

FIGURE 2: SUCCESS FACTORS FOR CENTRES AND PRECINCTS



Source: SGS Economics and Planning

These precinct 'success factors' have provided an input to the formation of 'criteria' by which the locational attributes of each centre are tested. Trends and drivers identified in an earlier section of this report have also informed the criteria development process, with the aim of determining which centres are most likely to succeed amid these structural changes to the economy of centres.

Some themes have been omitted to avoid double counting similar criteria and to reduce the focus on centre size, which is already accounted for at a separate stage in the modelling. Where possible, criteria have been linked to data sources gathered throughout the project. In other circumstances, qualitative assessment of relevant centre attributes has been used to determine scores. The logic of this criteria development and scoring process is shown in the table below.

TABLE 4: CRITERIA DEVELOPMENT MATRIX

Category	Criteria	Data
Place	1.1 Environmental quality and physical amenity	Assessment of sense of place, pedestrian permeability, presence of open space, presence of greenery.
	1.2 Built form quality	Assessment of character, quality, grain and distinctiveness of the centre's built form.
Activity	2.1 Presence of private sector business anchors	Identification of major business anchors through floorspace and supply audit.
	2.2 Presence of public sector and institutional anchors	Identification of institutional anchors through floorspace and supply audit. This includes universities, hospitals, government offices etc.
	2.3 Overall land use mix	Assessment of land use mix in floorspace supply audit.
	2.4 Presence of entertainment / recreation / community uses	Examination of land uses such as open space, community facilities, cinemas, pubs, entertainment venues etc.
Access	3.1 Major arterial road access	Examination of proximity to regionally significant road routes.
	3.2 Public transport accessibility	Desktop audit of rail infrastructure and regional bus routes.
	3.3 Active transport and walkability	Assessment of centre amenity towards active transport users. Factors including permeability, dedicated infrastructure for walking and cycling and proximity to major traffic routes have been considered.
	3.4 Car parking	Examination of spatial data on car parking locations provided by Council.
Retail composition	4.1 Presence of anchor supermarket	Desktop assessment of if a major, only minor or no supermarket is present
	4.2 Presence of anchor department/discount department store	Desktop assessment of whether two or more, one only or no department stores are present
	4.3 Overall retail mix	Evaluation based on % floorspace breakdown from floorspace audit results for each centre

Source: SGS Economics and Planning

2.3 Scoring

A score of 1-3 has been given to strategically significant centres throughout the LGA for each criteria. Selected centres external to the LGA have also been included for comparison. Scores have been awarded on a relative basis, with the aim of drawing out the differences between the characteristics of different centres.

Table 5 details the scores awarded to each centre and provides a composite score for each according to its overall performance across all criteria. Initially, an equal weighting has been placed on each criteria, providing a summative impression of the results. Weightings have then been adjusted in section 2.4 to place emphasis on certain locational attributes (see below).

TABLE 5: MCA SCORING AND RESULTS UNWEIGHTED

Category	Place		Activity				Access				Retail		
Criteria	1.1	1.2	2.1	2.2	2.3	2.4	3.1	3.2	3.3	3.4	4.1	4.2	4.3
Wollongong City Centre	3	3	3	3	3	3	2	3	3	3	3	3	1
Shellharbour Central	1	2	3	2	2	2	3	2	1	3	3	3	1
Corrimal	2	2	2	1	2	2	2	2	2	3	3	1	2
Dapto	1	1	2	2	2	3	3	3	1	3	3	2	2
Fairy Meadow	2	2	2	1	2	2	2	3	2	2	3	1	3
Figtree	1	1	3	1	1	1	3	2	1	3	2	2	2
Warilla	2	2	2	2	2	3	2	2	2	3	3	1	3
Warrawong	1	2	2	2	2	2	2	2	2	3	3	3	2
Thirroul	3	3	2	2	2	2	2	3	3	2	2	1	2
Port Kembla	3	3	1	1	2	3	1	2	3	2	1	1	1

Source: SGS Economics and Planning

2.4 Weighting

Following the initial scoring process, weightings (%) have been refined to place emphasis on certain locational attributes valued by the community.

A community survey was undertaken by Wollongong Council's engagement team. The purpose of this survey was to:

1. Gain a better understanding of the local community's perceptions of Centres,
2. Understand how the community utilise Centres
3. The relative strengths and weaknesses of the Centres
4. And suggestions for how these Centres could be improved from either a utility or experiential perspective.

Weightings reflecting the importance of each MCA criteria to the community have been determined based on the results of this community survey. The survey did not contain enough data points for each

centre to provide scores. Instead, respondents' ranking of the relative importance of different attributes of centres was used to determine weights.

For food and non-food retail, the centre characteristic the community felt to be most important (a mix of shops, cafes and services) was assigned 35% of the total MCA weighting. This 35% was distributed as weights between the relevant MCA criteria that matched that attribute so that they add up to 35% in total.

Following this, 20% of the overall MCA weighting score was assigned for the second most important centre characteristic according to the community and this 20% was assigned as weights to the relevant MCA criteria so they add to 20% in total. 15% was then assigned for the third most important characteristic and so on for each of the other characteristics so that their relative importance in the MCA weighting reflects their rank according to the community.

The weights assigned to each MCA criteria are shown in the table overleaf, along with how they relate to the survey options.

Weightings were modified for hospitality and bulky goods to reflect that centre success in hospitality is heavily influenced by the quality of the local environment and built form, while the success of bulky goods centres is generally dominated by their road accessibility and tenant mix.

The option in the survey for *'Has places for people to gather and socialise (e.g. a community centre, park, cinema and/or a pub)'* was not included as it was not measured as directly by the MCA criteria or any available data, and it overlaps slightly with the other options measuring land use mix.

TABLE 6: CATEGORY WEIGHTINGS

Survey option	Average rank by community (lower is better)	Corresponding MCA criteria	% of overall MCA score		
			Food & non-food retail	Hospitality	Bulky goods retail
1. Has a mix of shops, cafes, schools, doctors, libraries and/or government services	3.78	2.1	5%	3%	
		2.2	10%	7%	
		1.3	5%	3%	
		4.2	5%*	3%	15%
		4.3	10%	7%	
		<i>Subtotal</i>	35%	23%	15%
2. The comfort and amenity of the place (e.g. it's easy to get around; has shade and seating; and feels welcoming)	4.06	1.1	15%	30%	
		1.2 (shared with option 5)	10%	20%	
		<i>Subtotal</i>	20%**	40%**	
3. Has a major supermarket, like Coles, Woolworths, IGA or ALDI	4.17	4.1	15%*	10%	15%
4. Easy to park my car	4.97	3.4	10%	7%	30%
5. The quality and character of the buildings and public spaces	5.1	1.2 (shared with option 2)	10%	20%	
		<i>Subtotal</i>	5%**	10%**	
6. Easy to get to by car	5.34	3.1	5%	3%	40%
7. Easy to walk or cycle around	5.66	3.3	5%	3%	
8. Easy to get to by public transport	6.91	3.2	5%	3%	

* Note presence of anchor department store score not used for ranking centres by likely department store performance in centres, while presence of anchor supermarket score not used for ranking centres by likely supermarket performance.

** Note – as MCA criteria 1.2 is shared between option 5 and option 2, only 50% of the MCA criteria weighting is added to the subtotal for each survey option.

Following the application of these weightings, new composite scores have been produced to rank the relative strength of each centre, and these scores have been scaled to lie between 0 and 1 where 0 is poor and 1 is optimal.

These results are summarised in **Error! Reference source not found.** below. As shown, the place attributes of certain centres may be highly suited to specialisation in certain sectors, and less so in others. For example, centres which are suited to bulky goods retailing will typically be different from those most suited to specialty retail.

TABLE 7: MCA SUMMARY RESULTS

Centre	Food & non-food retail (apart from hospitality)	Hospitality	Bulky goods
Wollongong	0.92	0.94	0.9
Shellharbour Central	0.67	0.60	1.0
Corrimal	0.68	0.68	0.7
Dapto	0.68	0.56	0.9
Fairy Meadow	0.70	0.69	0.6
Figtree	0.55	0.48	0.9
Warilla	0.75	0.72	0.7
Warrawong	0.72	0.63	0.9
Thirroul	0.73	0.82	0.5
Port Kembla	0.53	0.69	0.3

Source: SGS Economics and Planning

These scores provide a useful frame through which to view place-based centre development policy. They also provide a link between the emerging characteristics of floorspace demand, as identified in the trends and drivers section, and the modelling of centre gravity.

Appendix A: Centre Hierarchy Definitions

Below is a set of centre hierarchy definitions. The definitions originate from an economic geography perspective in that they define how different tiers of the centre hierarchy should serve particular functions for the community in a given region.

These tiers exist because higher order functions benefit from critical mass and colocation of activities and patronage whilst many so called 'lower order' functions are not necessarily less important, but need to be accessed more readily and so therefore must disperse across the urban/regional landscape. They too benefit to some degree from colocation (hence still being in centres), but not to the extent of those activities found in the higher order centres.

The definitions have been adapted to the Wollongong Centres Hierarchy as defined under the Wollongong DCP 2009.

Regional Cities

Regional Cities possess large and diverse retail and entertainment facilities, often featuring some niche retail sub-precincts. Regional Cities are typically positioned in some of the most accessible locations in regional areas, with strong public transport and major road linkages. All Regional Cities serve a wide catchment that extends across whole regions.

Function and Form

The function of a City Centre is to provide the highest end retail, commercial office and mixed-use services to the regional economy. This multi-functional role is also complementary, as each function serves to enhance the potency of the other, synergistic uses.

Due to these functions, Regional Cities also become de-facto focal points for the regional community, as significant proportions of the regional population can be expected to visit, work, shop, and play in these nodes.

Regional Cities are often so large that they contain multiple built forms within the same centre. Most Regional Cities will typically include a mall (open, close or semi-enclosed) along with street-based retailing, plus a pedestrianised square or street. Laneways are also a design feature. This variety in built form encourages a greater diversity of opportunities for different types of retailers to find their most suitable floorplate, along with a broader and deeper offer of attractions for customers.

Land Uses

Regional Cities are usually anchored by one or more department stores, discount department store(s), supermarket(s), mini major(s) and speciality stores. These centres are often associated with a significant provision of bulky goods retailing adjacent to the core retail centre, and in pure planning principles are the best places to accommodate regionally significant bulky goods retail clusters. Regional Cities provide for a full range of retail needs including leisure and social facilities such as large cinemas and restaurants.

Whilst retail generally comes first, Regional Cities eventually also become great locations for commercial office development. If combined with strong road and rail access, these centres should attract significant demand for corporates looking to combine good amenity for their workforce, ability to interact and do business with collaborators in the economy as well as the branding benefits that are generally associated with a reputable centre.

Finally, civic functions such as government offices or social services may (although not always) locate in Regional Cities given the high volume of population captured in their trade areas.

Size

Regional Cities should possess approximately 100,000 sqm in retail floorspace, up to 500,000sqm or more of commercial office floorspace; serving a population of 200,000 people.

Major Regional Centres

Major Regional Centres are major retail nodes that serve wide catchments (but smaller than catchments for Regional Cities, and with less variety of non-retail uses). Up until the past decade, Major Regional Centres have traded well. However, the gradual decline of Department Stores has seen these centres become increasingly vulnerable to competition from lower tier centres.

Function and Form

Major Regional Centres aim to offer a nearly full range of goods and services to the local resident community. They will also provide some office space and community facilities for that local to sub-regional community.

Most Major Regional Centres will contain an enclosed or semi-enclosed mall or plaza, as the Department Store anchor generally prefers to operate out of those boxes. As on-street activity, alfresco dining and cultural features have becoming increasingly important to centre performance in the online era, centres anchored by malls are under increasing pressure to create a more open environment – both physically and socially. And whilst malls in Regional Cities can justify significant investment in those domains from shopping centre operators, many Major Regional Centres have been left to look somewhat more tired.

Land Uses

Major Regional Centres can be anchored by one or more department stores, supermarket(s), mini major(s) and specialty stores.

Given the challenges discussed above, Major Regional Centres of the future are less likely to rely on Department Stores as their major anchor. Whilst they are not entirely extinct (in the form of Discount Department Stores in areas with a lower socio-economic profile), the focus is expected to shift to food, health and wellness at a level that extends beyond what is seen in supermarkets.

Offices and community facilities are also expected to remain vital to the role that Major Regional Centres play in a community. Employment floorspace in Major Regional Centres tend to cater more to a suburban office market, so price is a consideration, with shop-top offices a good compromise as opposed to more expensive standalone office developments. Note that whilst some Major Regional

Centres may still play a predominantly retail function, there should be opportunities for office and community facilities if the landowners/developers are to pursue those options.

Size

Major Regional Centres generally range from 40,000 sqm to 80,000 sqm, with the typical centre at a size of approximately 35,000 sqm. The average Major Regional Centre's catchment area can be expected to encompass approximately 100,000 people.

Major Town Centres

Major Town Centres are relatively large centres with supermarkets and on occasion (mostly in the past) Discount Department Stores acting as anchors.

Function and Form

Major Town Centres are often strong in either:

- Non-supermarket food stores (including delis, cafes and restaurants), or
- Discount Department Stores, independent clothing, specialty boutiques, population services,

The latter is becoming less common.

In growing areas (particularly in growth areas) many Major Town Centres are also centres which are transitioning from Town Centres to Major Town Centres as a result of population growth, and a lack of competition in that sub-regional catchment.

A key difference between Major Town and Town Centres is that the former can often withstand competition from out of centre developments as they possess multiple supermarkets and/or a variety of goods and services which are difficult to replicate on stand-alone sites.

Most Major Town Centres take either a street-based or mall form.

Land Use and Size

A typical Sub Regional Centre should be around 20-40,000 sqm in retail floorspace, serving 50,000 people; although fewer centres are in the higher end of the range, with the exception of some niche examples in popular tourism or entertainment precincts or in areas of high affluence where there are thousands of sqm of independent/specialty boutiques.

Town Centres & Village Centres

Town Centres generally serve a contained catchment and are anchored by one or more supermarkets. Some of these centres may also contain mini major(s), but not Discount Department Stores.

Town Centres can vary significantly in terms of function, size and floorspace composition. Any centre ranging from 5,000 sqm to 20,000 sqm should be considered a Town Centre.

Centres with 2,000 to 5,000 sqm of floorspace can be described as Village Centres, whilst 5,000 sqm+ centres are considered Town Centres. Both serve similar purposes, but to different degrees – scaling

often with the size of their local/supportable population catchment that may grow (or in some remote locations decline) over time.

Many Town and Village Centres will generally do little more than serve the weekly shopping & grocery needs of its population catchment.

The typical population catchment for Town Centres is 10,000 - 25,000 people, noting that major supermarket operators traditionally seek a catchment of at least 8,000 people.

Town Centres - and their supermarket anchors in particular - tend to perform well in growth areas. This is because major supermarket chains located close to home offer a low cost (both in terms of time and money) means of shopping for weekly grocery needs.

Small Villages

Small Villages are smaller retail nodes which serve the day to day needs of residents who are within walking distance. These centres usually consist of small grocers, milk-bars, a takeaway restaurant and perhaps a café. They are generally no larger than 2,000 sqm of retail floorspace, serving 700 to 1,000 dwellings within a 4-500m radius.

These centres can help to create 800m walkable catchments across a metropolitan/suburban area.

Appendix B: Small Villages

Villages – below 2000sqm supply

Centre	Existing Retail Floorspace	Demand by 2041
Keiraville	1,797	1,786
Coniston	1,583	1,419
Brownsville	1,415	1,174
Austinmer	1,371	1,340
Tarrawanna	1,303	1,262
East Corrimal	1,126	909
Stanwell Park	1,108	847
East Woonona	1,082	758
Koonawarra	725	218
Russell Vale	721	601
West Wollongong (Thames St)	688	605
Cordeaux Heights	652	561
Coledale	556	443
Lake Heights	556	440
Horsley	446	268
Kanahooka	433	375
Figtree Hotel	421	324
Bellevue Road, Figtree	403	396
Mangerton	351	321
Bellambi	286	247
Farmborough Heights	251	180
Primbee	200	146



Paper 2 – Retail & Centres Trends Analysis

City of Wollongong
July 2022



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1. Trends and drivers for retail and commercial services

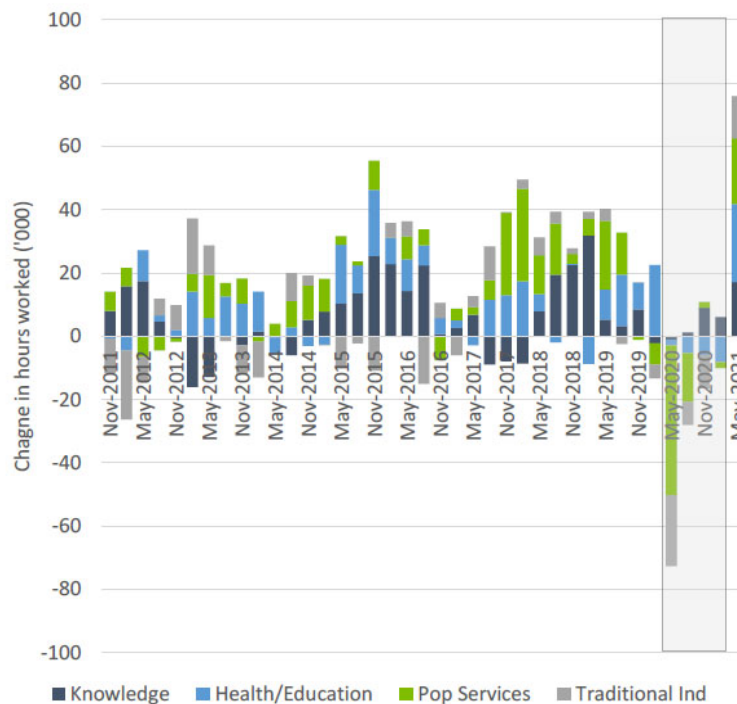
This paper explores the key trends that are affecting the business and retail economy both now and into the future. An assessment is also made on how these trends are affecting the Wollongong LGA's centres specifically.

1.1 Impact of COVID-19

The COVID-19 pandemic took hold globally in early 2020, with governments forced to send communities and economies into lockdowns in order to reduce the spread of the virus. During the course of this study (2021-22), NSW and other parts of Australia experienced further waves of COVID-19. Now in period of post-pandemic recovery, it is too early to say what the long-term impact of the pandemic on specific communities, economies and centres will be. However, we can discuss perhaps the most significant impacts from a centres planning perspective - such as population change and changes in work and retail preferences.

The chart below highlights just how seriously the COVID-19 pandemic highlighted working hours, particularly for the population serving industries. Growth was also stagnant (at best) for other industry sectors during much of 2020.

FIGURE 1: CHANGES IN HOURS WORKED 2011-2021



Source: NSW Labour Force Survey, ABS

Growth in online retail

One scenario that may occur as a result of the pandemic is a faster shift to online retail. Australia's online market penetration of 11.1% is around six years behind the global average, around half that of global markets (25%) and a quarter to the Asia-Pacific (40%)¹. Reasons for this include Australia's 'tyranny of distance', low population density and high labour rates, which add considerably to delivery costs and reduce online margins². Despite this, the gap between Australia and the world suggests there is capacity for accelerated online market penetration. Ultimately, the answer may well be found in the next 12-24 months, as the recovery gathers speed and online and offline are once again in competition. SGS experience around the country has found that online retail penetration has been strongest in locations that are either (a) devoid of activated, walkable centres or (b) distant from access to major centres³. Those centres are most commonly found in outer suburban locations. In those cases, So Council should work hard to ensure that its community has strong access to activated, walkable centres

¹ Mitchell, Sue 2020. 'Online spending surges but retailers warned against over reliance'. Australian Financial Review. <https://www.afr.com/companies/retail/online-spending-surges-but-retailers-warned-against-over-reliance-20200903-p55s1h>

² Ibid

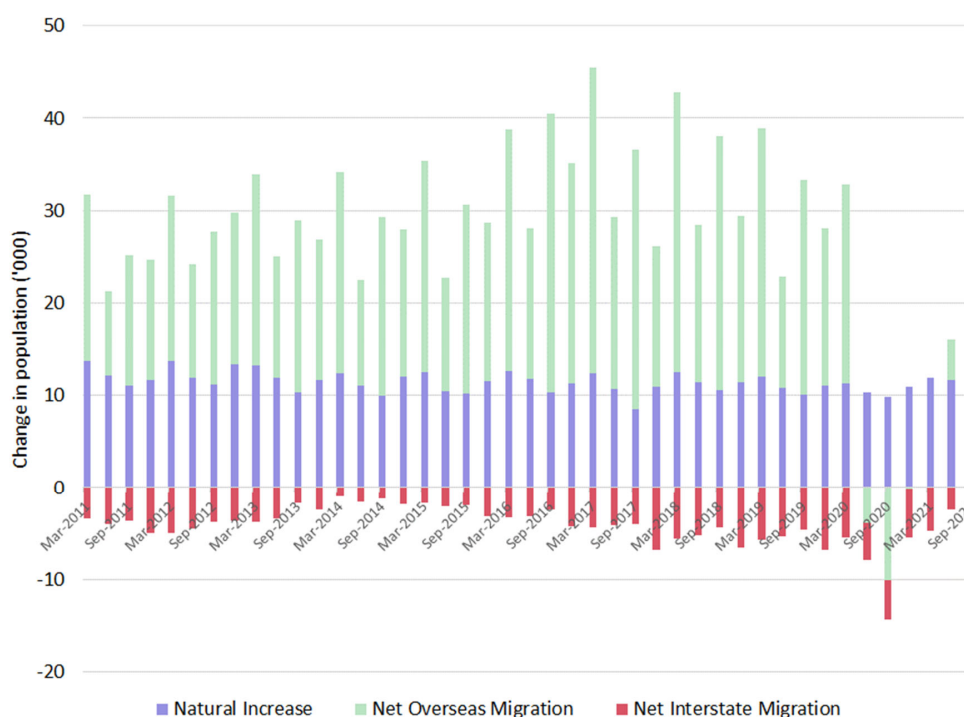
³ Our research on this is confirmed by recently released Australia Post data, which shows a similar pattern for online retail penetration: https://auspost.com.au/content/auspost_corp/business/marketing-and-communications/access-data-and-insights/ecommerce-trends/annual-report/#suburb

– which would in turn provide greater opportunity for local businesses to thrive and survive in the face of online competition.

Population growth

COVID-19, which resulted in restricted travel movements within, outside and into Countries has resulted in the slowest national population growth since 1942, with Net Overseas Migration (NOM) turning negative for the first time since WW2.⁴ With population growth strongly tied to retail expenditure (new residents need housing, furniture, groceries), any forecast declines will lead to declines in retail expenditure.

FIGURE 2: NSW POPULATION GROWTH 2011-2021



Source: NSW Estimated Resident Population, ABS

The impact of reduced population growth on Wollongong is likely to be mixed. Previous research has indicated that around 70% of all Australian migrants arrived on temporary visas, with a large majority classified as students or visitors.⁵ Given the overall reduction in overseas travel and university sector

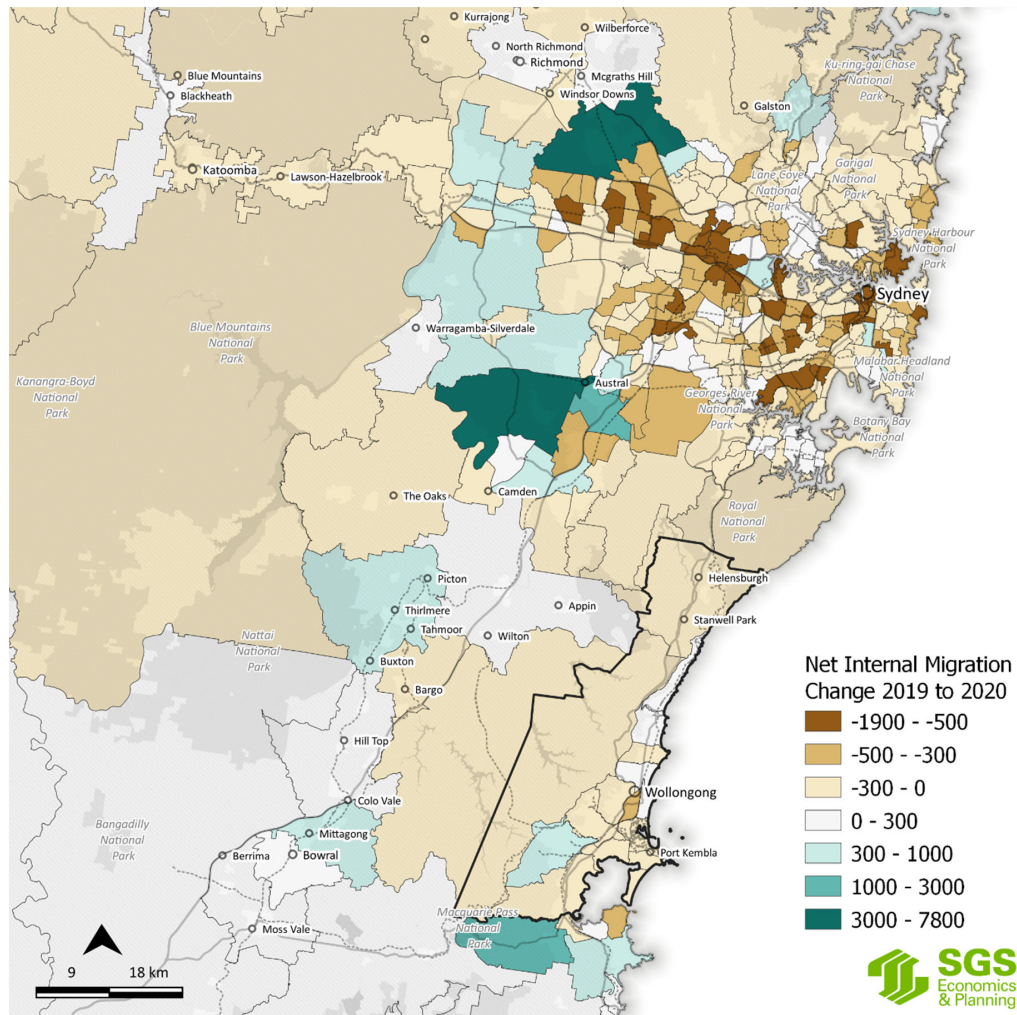
⁴ Van Onselen, Leith. 2020. 'Budget forecasts lowest population growth since WW2'. Macrobusiness. <https://www.macrobusiness.com.au/2020/10/budget-forecasts-lowest-population-growth-since-ww2/>
⁵ Lawless, Tim. 2020. 'How Will Stalled Net Overseas Migration Impact Housing Demand'. CoreLogic. <https://www.corelogic.com.au/news/how-will-stalled-net-overseas-migration-impact-housing-demand>

shutdowns, the largest impact on NOM is on temporary visas. Given that almost 90% of temporary migrants are renters, this has resulted in reduced rental demand. Markets that cater for most of this rental demand are found mostly in the inner city, such as the Sydney CBD. Therefore, the impact of reduced rental demand on an area such as Wollongong is likely to be much less. As Tim Lawless from Corelogic explains:

“Greenfield housing estates are also less impacted from reduced NOM, with early reports that the HomeBuilder grant, together with low interest rates and first home buyer incentives, are providing a solid boost to demand. Developers and builders may need to pivot towards these more active sectors, at least while NOM remains low.”

Shifts in internal migration following the outbreak of COVID-19 has had a relatively marginal impact for NSW as a whole. However, there has been a significant impact on regional centres. Despite a decrease in Net Overseas Migration, areas such as Wollongong have seen an increase in net *internal* migration following the COVID-19 outbreak (see Figure 3).

FIGURE 3: NET INTERNAL MIGRATION CHANGE 2019 TO 2020



Source: ABS

This pattern is driven by the fundamental change in value proposition for metropolitan versus ex-metropolitan living for the working population. With people required, and now more often *choosing* to work from home, the high prices and relatively poor amenity of inner-city or suburban commuter suburbs has become less appealing. In contrast, the value proposition of cheaper and high amenity areas outside of larger metropolitan areas, such as Wollongong, has increased.

Post pandemic

The long term impact of COVID-19 on cities is still uncertain. In the past, pandemics have caused havoc during the period of outbreak but haven't resulted in any long standing changes to the function of cities, economies and societies. Following the outbreak of COVID-19, there have been claims that 'this

time is different' (in terms of both during and post pandemic impacts) as this is the first time in history for a pandemic to occur when there is a widely available alternative/s to face-to-face interaction. Despite this, whether or not cities will shrink, die or evolve as a result of this pandemic, there will be changes at least in the short term. A paper by Florida (2020)⁶ identifies four main forces that have the potential to lead to the long-lasting transformation of cities and regions as we currently know them:

- **Social scarring:** This refers to the fear instilled by the pandemic which may pull citizens apart and cause people to avoid crowded spaces for a certain period. This will influence residence choice, travel and commute patterns, and the economic viability of certain kinds of businesses and social gathering spaces.
- **Forced experiment for employment, shopping, workplace and resident choice, commuting of the lockdown:** The restrictions enforced by health orders have provided conditions for a forced experiment. Workplaces and classrooms have transitioned to remote learning, shopping to online and delivery, and social interactions have been largely restricted to social media and other digital platforms. The lockdowns showed that there are radically different ways of living made possible by digital tools. However, the extent to which these alternatives will be complements or substitutes for traditional ways of interaction, as the immediate threat has passed, remains to be seen. While there are strong signs that, for many types of activity, distanced and digital interaction is not a full substitute and that there is hunger to return to face-to-face, it seems almost certain that post pandemic workplaces, particularly professional services, will have a much higher incidence of work from home.
- **Need to secure the urban built environment against this and future health and climate risks:** Public infrastructure, public facing businesses, and all spaces where lots of people gather have needed to make immediate changes to facilitate social distancing and hygiene standards. In the long term this pandemic will prompt architects, designers, and planners to more seriously consider permanent interventions that respond to future pandemics and climate risks.
- **Changes to urban built form, real estate, design, and streetscapes:** Social distancing creates the immediate need for different configurations of indoor and outdoor spaces, as well walkable access. Some of these changes will likely be maintained after the immediate threat passes, whether for public health benefits, or because people simply prefer them. The outcome of the forced experiment could also lead to more permanent changes in how and where people live and work, including how they use the space allocations for work and life.

1.2 Food/ Supermarket

This economy is comprised of food based retailing, including bakeries, bars, cafes, convenience stores, restaurants, liquor stores and grocery stores/ supermarkets. Table 1 demonstrates the total Gross Floor Area (GFA) of the food based economy across the Wollongong LGA.

TABLE 1: FOOD/SUPERMARKET FLOORSPEACE, WOLLONGONG

Store type	Count	Floorspace
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⁶ R. Florida, A. Rodriguez-Pose, M. Storper (2020) Cities in a Post COVID world

cafe	67	21,133
restaurant	84	19,626
bar	27	18,276
supermarket	14	16,277
meal_takeaway	45	11,918
liquor_store	25	9,672
grocery_or_supermarket	13	8,386
meal_delivery	18	3,379
bakery	21	2,996
food	15	2,114
convenience_store	3	361
Grand Total	332	114,138

Changing profile and role of supermarkets

High street retail strips and enclosed shopping centres are typically anchored by a supermarket, with smaller stores clustering around this anchor. Supermarkets play a significant role in the overall health of a shopping centre or district. Traditionally, Australia's groceries market has been dominated by Woolworths and Coles. Although in recent years there have been some new entrants into the groceries market, the duopoly still accounts for more than three-fifths of the total grocery market.⁷

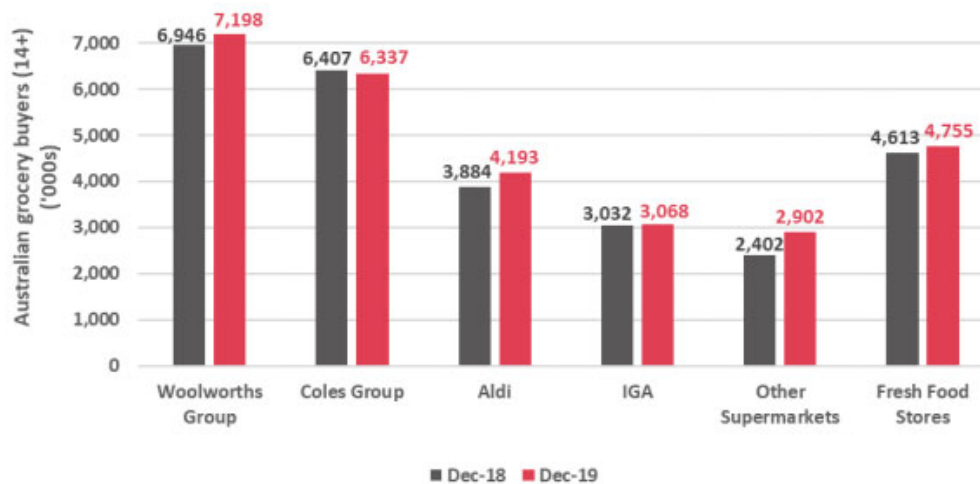
Two main competitors have risen over the past decade: IGA and Aldi. Combined, these two chains accounted for 19.7% of Australian grocery market share in December 2019. IGA has a focus on stocking goods that tailor to individual communities, identifying itself as an active commercial citizen in these places. Now that these two operators have demonstrated market potential for smaller, 'metro style' stores in often out of centre suburban locations, Woolworths and Coles are also exploring the possibility of contesting that market.

In December 2019, Aldi had increased its market share to 12.4%, according to Roy Morgan. Their focus on low-price 'home brand' items has attracted a number of shoppers who may not have traditionally shopped at discount supermarkets.

While supermarkets traditionally tend to service their surrounding population catchment, there is anecdotal evidence that Aldi bucks this trend, with many choosing to shop at Aldi even though it may not be their closest supermarket.

⁷ Roy Morgan 2020, 'Looking beyond the panic-buying, Australia's big supermarket story is Aldi's growing market share' – 24 March, [http://www.roymorgan.com/findings/7537-woolworths-increases-lead-in-\\$100b-plus-grocery-war-201803230113](http://www.roymorgan.com/findings/7537-woolworths-increases-lead-in-$100b-plus-grocery-war-201803230113)

FIGURE 4: SHARE OF TOTAL GROCERY MARKET, 2018 & 2019



Source: Roy Morgan 2020

It is worth noting that while supermarkets capture a significant proportion of food retailing, non-supermarket food stores play a significant role in meeting food retailing needs. These include bakeries, grocers, delicatessens etc. However, a recent trend has seen many supermarkets 'in-house' these speciality offerings within their stores. In recent years, major supermarket operators have become more specialised in their bakery and deli offerings in particular, placing further pressure on competing high street retailers. That said, these high street retailers are also reliant on these major supermarkets as anchor tenants, with visitation to smaller retail outlets driven in large part by people attracted first and foremost to centre supermarkets.

Supermarkets continue to evolve their business models and are looking to grow their share of the online market. According to KPMG's Australian Retail Outlook 2021, online grocery sales doubled their market share of overall grocery sales during 2020, with major investment from Woolworths and Coles into home delivery and 'click and collect' models.⁸

With 'click and collect' becoming increasingly normalised within the local context (including home delivery business models), Woolworths have announced plans to design 'drive-through' facilities into new stores, with customers having the option of purchasing online, and picking up from a purpose-built drive-through facility. In some older demographics, this click and collect business model has been reasonably popular.

Implications for Wollongong:

- The distribution of population growth will drive locational decisions of future food stores – particularly supermarket anchored clusters. Traditionally centre-based retailers are also

⁸ KPMG 2021, 'Australian Retail Outlook 2021', <https://assets.kpmg/content/dam/kpmg/au/pdf/2021/australian-retail-outlook-2021-report.pdf>

becoming more likely to locate in these out-of-centre locations, due to lower price and space constraints, and proximity to road infrastructure.

- **West Dapto is a strong candidate for new clusters**, given the expected rollout of new greenfield estates nearby resulting in a significant new residential population.
- Woolworths and Coles both have strategies in place for the rollout of **more 'metro' style stores** in both CBD as well as **suburban locations moving forward**.
- Due to the **shift in the Wollongong CBD's role from a traditional retail-based centre to one based on commercial and recreational or 'experience-based' uses**, it may be attractive to new 'metro' style supermarkets which focus more on convenience and specialty food retailing, particularly in locations with strong footfall, public transport access and dense residential populations (where there isn't already a supermarket). Consultation with local market players has suggested that Wollongong CBD **could benefit from amenity and public realm improvements** to remain a relevant and attractive destination for new forms of retailing.
- Because of the competition and potential efficiencies of new food business models, including online delivery and click and collect, **convenience and differentiation are now paramount** to the competition strategy of food retailers. Generally speaking, new entrants would need to compete on one of those two fronts.

1.3 Department Store/ Discount Department Store/ non food (retail)

The non food retail economy in the Wollongong LGA includes shopping malls, department stores and various types of retail stores. Table 2 shows the total GFA for the non food retail economy across the Wollongong LGA.

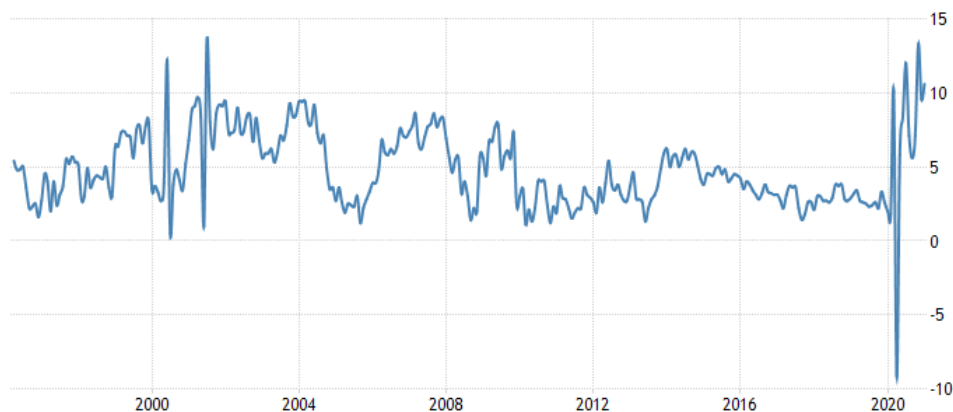
TABLE 2: NON-FOOD RETAIL FLOORSPEACE, WOLLONGONG

Store type	Count	Floorspace
Electronics store	28	11,931
Clothing store	12	4,118
pet_store	6	2,758
book_store	9	2,169
department_store	2	2,007
shopping_mall	6	1,783
jewelry_store	5	1,745
bicycle_store	4	1,263
shoe_store	7	912
store	4	506
Grand Total	83	29,192

Fluctuating retail expenditure growth

Over the past twenty years, the retail sector's growth has slowed across Australia, with annual growth trending downwards since the late 1990s.

FIGURE 5. QUARTERLY RETAIL EXPENDITURE GROWTH IN AUSTRALIA, 1996 TO JANUARY 2021



Source: Trading Economics 2021

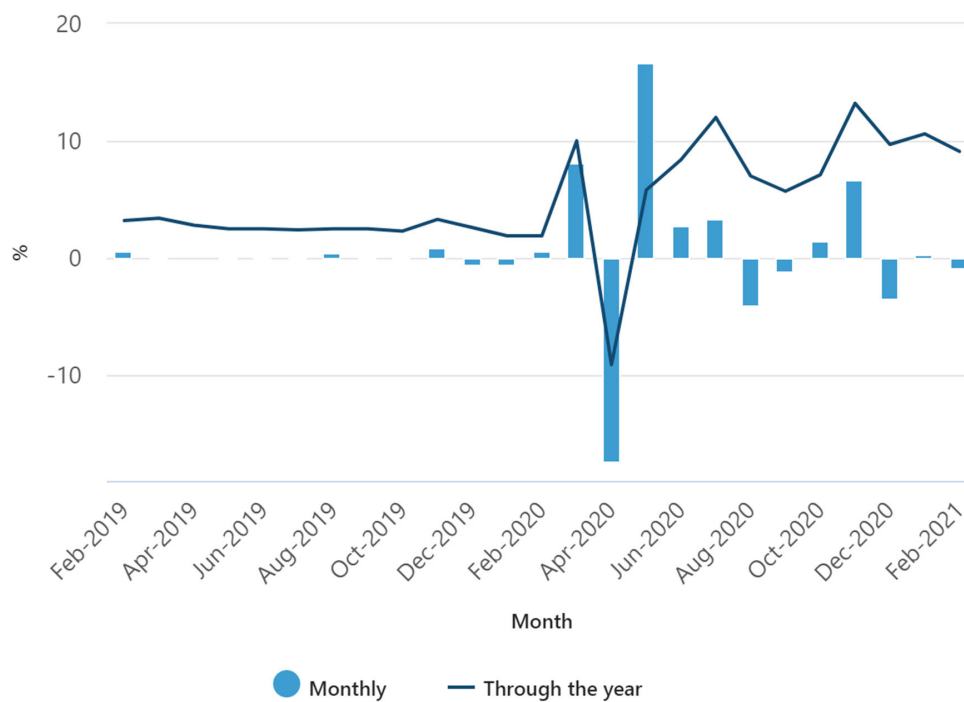
The post-GFC years (2010 to 2014) in particular represent something of a break from the trend for retail spending. During the decade prior to COVID-19, quarterly growth in retail expenditure has averaged 0.45 %, while growth prior to that averaged 1.04 %. There are a range of factors that have contributed to this decline, with these acting in combination to suppress growth in retail expenditure, particularly since the GFC. These include:

- Australians are saving a greater proportion of their incomes, reflected in relatively high savings rates since 2010, and resulting from lower levels of confidence in the global and national economies.
- A long-term trend of low real wage growth.
- Record high housing costs requiring households to devote a larger share of disposable income to mortgage payments or rent.
- Increased competition from other sectors (e.g. travel) which have become cheaper and attract an ever-increasing proportion of household expenditures.
- Changes in consumer preferences in regard to shopping experiences, which are rarely reflected in the layout of contemporary Australian retail centres from a supply-side response perspective

Figure 6 illustrates the change in retail expenditure growth during the recent pandemic and lockdown periods. Although COVID-19 has provided a significant distortion, this trend is seen as likely to resume its long-term trajectory. Although some sectors have recovered strongly, several industries continue to be in recession and are likely to remain subdued in the short-medium term, placing downward pressure on spending.

The post-COVID bounceback has been impressive, however at this stage, is still making up 'lost-ground' from the suppressed (or negative) growth during the COVID years. A longer term growth trajectory would need to be observed before declaring this bounceback to be part of a more significant revival.

FIGURE 6: MONTH-ON-MONTH NATIONAL RETAIL TURNOVER GROWTH, AUSTRALIA



Source: Australian Bureau of Statistics

Throughout the decline in per-capita spending, population growth (driven largely by immigration) has been the major demand-side driver behind the expansion of retail facilities nationally. Given that COVID-19 has been responsible for a cessation of immigration in the short term, projected population increases have been delayed considerably, and so overall – the retail economy has struggled to grow, placing less competitive businesses under financial pressure.

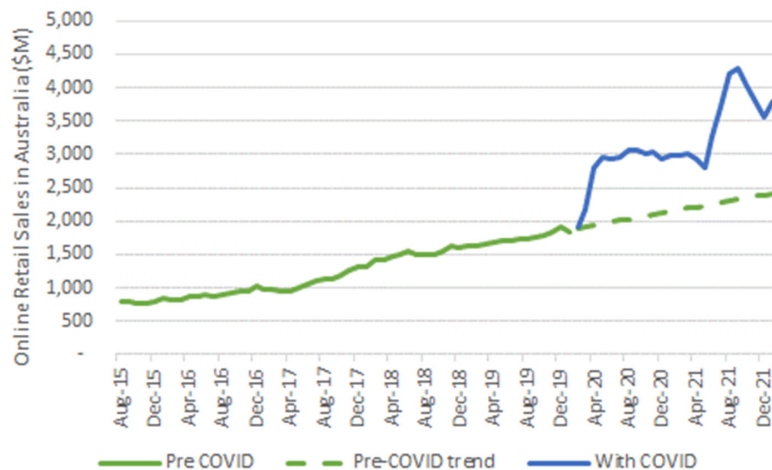
Rise of online retailing

The rise of online retailing is increasingly impacting on Australia's retail sector, with market share growing by around 0.75% per year. As of February 2020 (prior to COVID-19) the market share of all retail spending stood at 7.2%⁹. One month later and until November 2020, online retail had risen to be as high as 11.1%. As of December 2020, it has since fallen to 9.1%. A summary of this time-series is provided below. It illustrates that prior to COVID-19, online retail was growing steadily each year up

⁹ ABS, 2020. 8501.0 Retail Trade - Table 23 | Percentage Change of total Australian Retail.
<https://www.abs.gov.au/statistics/industry/retail-and-wholesale-trade/retail-trade-australia/latest-release>

until around March 2020, where it experienced a significant spike. Since then, it has not fallen back to pre-pandemic levels, suggesting the trend could well become permanent.

FIGURE 7: GROWTH OF ONLINE RETAIL, AUSTRALIA



Source: ABS 8501.0 Retail Trade - Table 23 | Percentage change of total Australian retail, December 2020

Key reasons for individuals choosing to shop online are:

- to reduce the amount of time taken to undertake purchases,
- to make it easier to find the cheapest price for a good, and
- to provide flexibility to shop at convenient times.

The risk of loss of expenditure to online retailers varies across retail categories. Some are highly vulnerable to loss of trade online, while others are a bit more insulated from these impacts. Retailers that are most vulnerable are those that trade in non-perishable goods (i.e. those that can be stored and transported without loss of quality) that have standard specifications. On the other hand, retailers that trade in the following categories of goods are relatively less vulnerable:

- those where the brand distributes the product,
- those that are perishable (i.e. food, although home delivery business models could potentially encroach on this as well),
- those that are liable to have variations in quality, and where customer review prior to purchase would typically be considered important (i.e. cars, fresh food, cosmetics), and
- those that need to be customisation (i.e. glasses, suits, cars).

As

Table 3 below indicates, both forms of retailing possess distinct advantages.

TABLE 3: HOW PLANNING CAN OPTIMISE THE ROLE OF PHYSICAL RETAIL FLOORSPEACE IN CENTRES

Key elements for physical stores	How planning can optimise centres on those indicators
Visual presentation	Encourage investment that refreshes shopfronts, prevent floorspace oversupply which can lead to vacancies. Where existing assets complement place character, planning should seek to enhance these features (e.g. heritage, natural amenity).
Physical access	Ensure adequate traffic and pedestrian movement strategies are in place across the centre
Encouraging footfall	Have strong anchors in strategic locations. Make use of major infrastructure such as new railway stations and natural assets such as parks, riverfront and foreshores.
Enticing vibe	Manage the aesthetic element of centres with a dedicated place manager who works across infrastructure, tenancies and design. Work with businesses on street presentation.

When online retailing first emerged, it was seen as a direct competitor to store based retailing. However, as online technologies have evolved, many 'bricks and mortar' retailers have adopted a new approach to business that involves having both physical and online presences that work in a single system (known as the omni-channel¹⁰).

An example this omni-channel form of retailing is where a customer finds the retailer online and decides to download the store app. The customer then visits the store, and reviews and purchases a product using a 10% discount coupon from the app. As part of the process, the retailer receives data about how the customer found the store, their preferences, etc. This data allows the retailer to develop and deliver a more targeted product and service offer.

Implications for Wollongong:

- There is a perception that **businesses are locating to the outer centres** of the Wollongong LGA due to **better rent affordability and accessibility** for residents by car. However SGS research in this project has found that this is not really the case, with the Wollongong CBD still having the lion's share of retail floorspace supply and demand in the LGA.
- Centres with a **higher level of natural amenity, distinctive built character and a presence of entertainment or recreational uses** are typically the best suited to those retailing models relying on 'lifestyle' or 'experience' as a component of their attraction. Outside the CBD, both Thirroul and Port Kembla ranked highly in this regard.
- The general shift away from malls in the broader retail economy may already be affecting mall operators in Wollongong, with a shift in the land uses in the CBD **moving from a traditional retail offering to one with a greater emphasis on recreation and lifestyle offerings**, catering to new residential growth in the CBD.
- As such, there has been **more growth in cafes and small bars** rather than just retail stores.
- There is also significantly more **growth in the tech and shared services sectors**, further shifting the focus of the Wollongong CBD **away from just retailing**.

¹⁰ As distinct from multi-channel retailing

- Dapto is another centre possessing a **prominent DDS operator** that may need to revisit its economic composition over the next decade towards more of an open and connected street mall that can attract and retain a broader group of businesses.

1.4 Bulky goods (retail)

The bulky goods retailing sector in Wollongong comprises primarily of hardware stores, home goods stores, furniture stores and car dealerships. The following table illustrates the total GFA of each of these retailers within this economy.

TABLE 4: BULKY GOODS FLOORSPEACE, WOLLONGONG

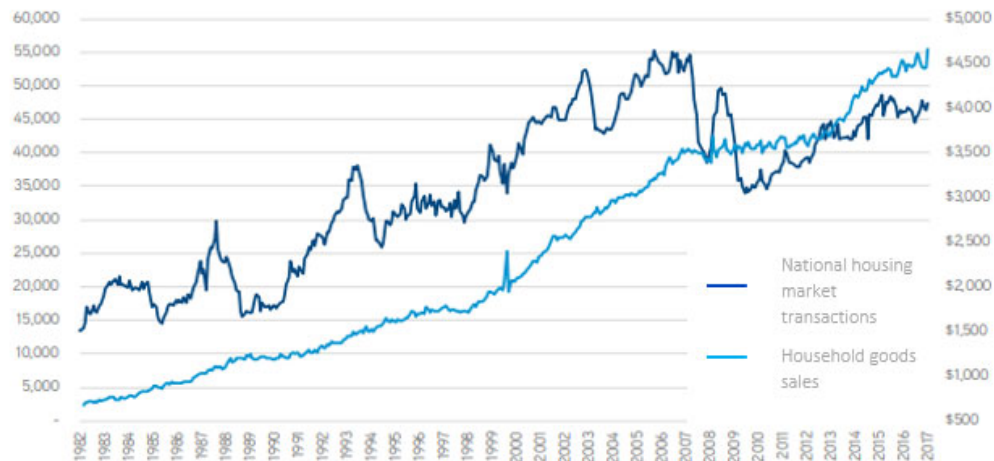
Store type	Count	Floorspace
home_goods_store	82	39,162
furniture_store	37	33,978
hardware_store	7	16,707
car_dealer	31	15,989
car_rental	4	4,517
Grand Total	161	110,353

Out-of-centre retailing (supermarkets, bulky goods and fuel retailing)

In recent years, the performance of household goods (which includes furniture, houseware, textile, electrical, electronics and hardware¹¹) has been strongly linked to housing construction, urban expansion and low interest rates. As a result, consistent increases in residential property prices and growth in new dwellings has tended to underpin strong performance in the bulky goods retail sector. Figure 8 shows this relationship to 2017, showing a clear association between a buoyant property market and an expanding household goods sector.

¹¹ Australian Bureau of Statistics, 2019. '8501.09 – Retail Trade, Australia, Jul 2019.
<https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8501.0Explanatory%20Notes1Jul%202019?OpenDocument>

FIGURE 8: NATIONAL HOUSING MARKET TRANSACTIONS (NO.) AND HOUSEHOLD GOODS SALES (\$M), 1982 TO 2017



Source: Colliers (2018)

In the year to June 2019, large format retailing was responsible for 23.5% of total retail sales in Australia – equivalent to \$81.8 billion in expenditure and accounted around 35% of total retail floorspace in Australia.

The successful entry of Aldi to the Australian market has occurred, in part, as a result of their smaller format, successfully differentiating them from Coles and Woolworths. This allows them in some cases to operate 'out-of-centre', in employment precincts. The transfer of expenditures away from centres has meant that foot-traffic and flow-on expenditure that would otherwise have found its way to smaller retailers in the centre network has been lost.

Fuel retailers have also played a role in the rise of out-of-centre retailing, diversifying their product offering to include convenience items and food retailing (e.g. snacks, bread, milk etc.). The alliance between fuel retailers and supermarkets in NSW has also contributed to this trend.

Bulky goods retailers – a derivation of household goods, though in a different shop format, are particularly well-suited to outer-metropolitan growth areas, where car-oriented lifestyle dominate, as well as finding opportunities in former industrial precincts in inner and middle ring areas of Australia cities. Traditional activity centres are unable to compete with these retailers across a range of retail categories and must therefore leverage their human scale, better urban amenity, and an increasing presence of food and hospitality providers, entertainment options and population services to attract visitors.

In recent years, out of centre retail clusters have made a comeback. Traditionally, they have been anchored by bulky goods clusters in employment precincts and fuel retailing on major highways. But because then because those two activities are forms of 'retail' they have in some cases, begun to create opportunities or reasons for supermarkets to gain a foothold in those same out of centre locations as part of the same cluster.

High and low density restricted retail

The expenditure category of 'Household Goods' can be delineated by high and low density offerings. Higher density household goods stores are often found in closer proximity to town centres and may even act as indirect competitors to discount department stores and specialty stores. Low density household goods stores on the other hand, are more likely to be found near major arterials. Assumptions regarding the apportionment of product types are shown below in Figure 8. Based on these assumptions, it has been calculated that 65% of total household goods expenditure can be captured in low density retail precincts and stores, whilst the other 35% of household goods expenditure should be allocated to high density precincts and stores.

FIGURE 8: APPORTIONMENT OF HIGH AND LOW DENSITY RETAIL BY PRODUCT TYPE

Product Category	Low Density	High Density
Furniture and floor coverings		
Bedroom furniture	100%	0%
Lounge/dining room furniture	100%	0%
Outdoor/garden furniture	100%	0%
Other furniture	100%	0%
Carpets	100%	0%
Floor rugs, mats and matting	100%	0%
Vinyl and other sheet floor coverings	100%	0%
Floor tiles	100%	0%
Other floor coverings	100%	0%
Blankets, household linen and household furnishings		
Bed linen	40%	60%
Blankets and travelling rugs	40%	60%
Bedspreads and continental quilts	40%	60%
Pillows and cushions	40%	60%
Towels and face washers	40%	60%
Table and kitchen linen	40%	60%
Curtains	60%	40%
Blinds	60%	40%
Other household textiles	40%	60%
Household linen and furnishings (excluding ornamental) nec	40%	60%
Paintings, carvings and sculptures	40%	60%
Ornamental furnishings nec	40%	60%
Household appliances		
Cooking stoves, ovens, microwaves, hot plates and ranges	50%	50%
Refrigerators and freezers	50%	50%
Washing machines	50%	50%
Air-conditioners	50%	50%
Dishwashers	50%	50%

Clothes dryers	50%	50%
Whitegoods and other electrical appliances nec	50%	50%
Non-electrical household appliances	50%	50%
Glassware, tableware, cutlery and household utensils		
Tableware	20%	80%
Glassware	20%	80%
Cutlery	20%	80%
Cooking utensils	20%	80%
Cleaning utensils	20%	80%
Glassware, tableware, cutlery and household utensils nec	20%	80%
Tools and other household durables		
Lawnmowers (including electric)	80%	20%
Gardening tools	80%	20%
Other hand and power tools	80%	20%
Mobile phones	5%	95%
Telephone handset (purchase)	5%	95%
Answering machines	5%	95%
Tools and other household durables nec	50%	50%

Source: ABS Household Expenditure Survey 09-10

Size of bulky goods tenancies

In our experience, a bulky goods precinct anchored by a large tenant (such as Bunnings or Mitre 10) usually trades better than a group of smaller bulky goods tenancies. This is because the anchor store is likely to draw retail traffic that result in spill-over visits to the smaller stores.

Without a larger tenant, it may also take longer for the proponent to lease out the floorspace to smaller tenants, which would affect the short-term viability of the bulky goods component. On the other hand, the poorer trading performance would reduce the impact on other bulky goods precincts.

Implications for Wollongong:

- Residents in the Wollongong LGA are heavily reliant on cars as their primary mode of transport.
- This has historically contributed to **the relocation of bulky goods retailers to the outer fringes and growth centres of Wollongong**, where the availability of **parking is more prevalent and large building floorplates can be afforded** to accommodate bulky goods retailers.
- Car-based suburban centres are generally the best suited to bulky goods retailing. Within the LGA, **centres like Figtree, Dapto, Warrawong and Kembla Grange have a comparative advantage** in this regard.
- Beyond those car based centres, bulky goods clusters can also develop in major highway locations with good exposure. All of this will likely result in a **dispersed growth the bulky goods economy** across the Wollongong LGA.

1.5 Population serving

The population services economy in the Wollongong LGA includes an extensive list of business types such as banks, doctors, beauty salons, pharmacies and dentists. Table 5 shows the GFA of all population servicing businesses across the Wollongong LGA.

TABLE 5: POPULATION SERVING FLOORSPEACE, WOLLONGONG

Store type	Count	Floorspace
gym	64	27,794
lodging	25	16,891
doctor	70	12,144
school	25	11,803
beauty_salon	50	11,280
church	21	10,529
accounting	38	9,355
gas_station	38	8,353
library	4	7,983
art_gallery	8	7,641
dentist	33	7,419
real_estate_agency	38	7,352
hair_care	42	7,036
moving_company	11	6,108
night_club	10	5,648
laundry	14	5,476
secondary_school	1	5,392

Emergence of café culture eat streets and food centres

Service-based cafes and restaurants have experienced strong growth over the past five years. For instance, the café and coffee shop sub-sector grew by an average annual rate of 2.5% between 2014 and 2019, contrasting to the stagnation of the broader retail sector.¹²

Cafés and restaurants currently account for approximately 14% of retail sales volume across Australia.¹³ This has coincided with the rise in alfresco dining and the 'eat street' culture.

The move towards outdoor dining and restaurant-defined retail strips requires a reconfiguration and generocityfootpaths and road alignment, a strong focus on urban amenity (including street trees,

¹² IBISWorld, 2019, Cafes and coffee shops in Australia – Market Research Report <https://www.ibisworld.com.au/industry-trends/market-research-reports/accommodation-food-services/cafes-coffee-shops.html>

¹³ Colliers, 2016, Research and Forecast Report: First Half 2016

provision of furniture and pedestrian/diner safety) as well as supportive policies that enable these to take place. Many high streets are increasingly focusing on the pedestrian and diner experience along local retail strips.

Privately owned malls have also evolved on their food offering, moving away from food courts to collections of cafés, restaurants and fresh food outlets, including green grocers, delis etc. Providing a healthier and more diverse food offering provide an opportunity to increase the attraction of standalone shopping centres and increase footfall.¹⁴ Shopping centre operators are increasingly recognising the importance of providing an amenable experience to shoppers in order to differentiate their centre and food retailing plays a significant role in creating a point of difference and positive experience.

Shopping hour deregulation and night-time economies (NTE)

For much of Australia's history, retail trading was heavily restricted, with night-time and weekend trading limited. In recent decades, as part of a broader push towards economic deregulation, retail trading hours have been increased, with retailers and service providers now able to generate activity outside of 'standard' business hours.

Night-time economies are becoming an increasingly important component of centre offers. A high functioning NTE is also a significant economic generator, with a 2020 estimate putting its value at \$128bn, or 6.5% of the Australian economy¹⁵ Longer centre operating hours support the growth of food & hospitality and entertainment uses that have an 'after hours' focus, including cinemas and restaurants.¹⁶ Growth of these types of businesses can in turn benefit centre retailers by attracting expenditure to retailers and traditional centre service providers. Centres that do better with their night-time economies are those with high quality public spaces, including public space activation and events programs, minimum activity densities and appropriate infrastructure (such as attractive street lighting, and well-designed, safe public spaces).

One example of this is the City of Parramatta's award-winning Night City Framework 2020-2024, which provides a vision for how the City can become more vibrant after 5pm.¹⁷ Policies include creating safe and vibrant centres, live entertainment and creative spaces and events and activations. This has flow on benefits to the local economy. Parramatta Council's own research estimates that the number of NTE establishments in Parramatta has increased by 27% since 2009, with employment increasing by 13%. The food and hospitality sector is the largest beneficiary of the night-time economy, having grown by 43% over the same period.

¹⁴ Colliers, 2016, Research and Forecast Report: First Half 2016

¹⁵ Measuring the Australian Night Time Economy 2019-20

¹⁶ Jones Lang Lasalle, 2013, 'The evolution of Brisbane Retailing', July 2013, <http://www.jll.com.au/australia/en-au/Research/JLL-AU-Advance-The-Evolution-Of-Brisbane-Retailing-July2013.pdf>

¹⁷ City of Parramatta, 2020. 'City of Parramatta backs NSW Government's 24-hour economy plan'. <https://www.cityofparramatta.nsw.gov.au/about-parramatta/news/media-release/city-of-parramatta-backs-nsw-governments-24-hour-economy-plan>

Implications for Wollongong:

- There has been approximately a **70% increase in A-grade offices within the Wollongong CBD** in recent years. Retailing in the CBD has shifted to meet the needs of new workers in the CBD. This has contributed to a change in the character of its population-serving retail uses.
- This **trend of diversification in the CBD economy** is perpetuated by population flows from Sydney.
- The implications of this trend align with work done by Wollongong Council to **support and foster the night time economy**. Council's Wollongong CBD Night Time Economy Policy¹⁸ seeks to provide greater clarity for operators in terms of hours of operation and the impact of those operations. This includes changes to s10.7 certificates (formerly 149 certificate) to inform residents of expectations for night time trading in the CBD. Council has also allowed 2am trading in the CBD to encourage growth of this sector.
- COVID-19 restrictions have been a major inhibitor on the growth of the population-serving retail economy.

1.6 Export oriented businesses

The export based economy in Wollongong consists of insurance, lawyers, engineering, storage facilities, and the university. The split of this GFA across the Wollongong LGA is shown in Table 6 below.

TABLE 6: EXPORT INDUSTRY FLOORSPEACE, WOLLONGONG

Store type	Count	Floorspace
university	9	22,693
storage	13	13,295
electrician	15	8,965
lawyer	29	7,137
finance	9	2,181
insurance_agency	10	1,820
Grand Total	85	56,091

Changes in freight logistics

The growth of online retailing has had implications for a number of industries. For freight and logistics, this has increased the expectations that customers have of the speed with which goods can be delivered. Previous research has identified that around a quarter of consumers are willing to pay a premium for same-day delivery.¹⁹ With the overall increase in popularity of online retailing and e-

¹⁸ <https://our.wollongong.nsw.gov.au/wollongong-cbd-night-time-economy-policy>

¹⁹ McKinsey & Company, 2016, 'How customer demands are reshaping last-mile delivery', <https://www.mckinsey.com/industries/travel-transport-and-logistics/our-insights/how-customer-demands-are-reshaping-last-mile-delivery>

commerce, 'last mile' logistics has become a priority. In terms of land, this places an even higher value on logistics, industrial services and dispatch lands in areas close to populations.

'Last mile' delivery is the final part of a product journey from warehouse to the customer doorstep. It is also often the most expensive and time-consuming part of the shipping process. This is due to factors such as traffic congestion, which is an issue particularly for urban areas. 'Last mile' delivery costs are estimated to account for around 53 per cent of the total cost of shipping. Customers have also become less willing to pay delivery fees with the presence of some 'free shipping' options.

Retailers and logistics companies are seeking new, technological solutions to improve the last leg of this process and overcome geographical challenges. Some of these solutions have included drones or crowdsourcing local delivery sources.²⁰ However, the value of industrial, logistics land and dispatch centres close to urban areas is still clear and remains highly valuable to the speed of delivery – particularly when land uses are highly contested and land prices are high.

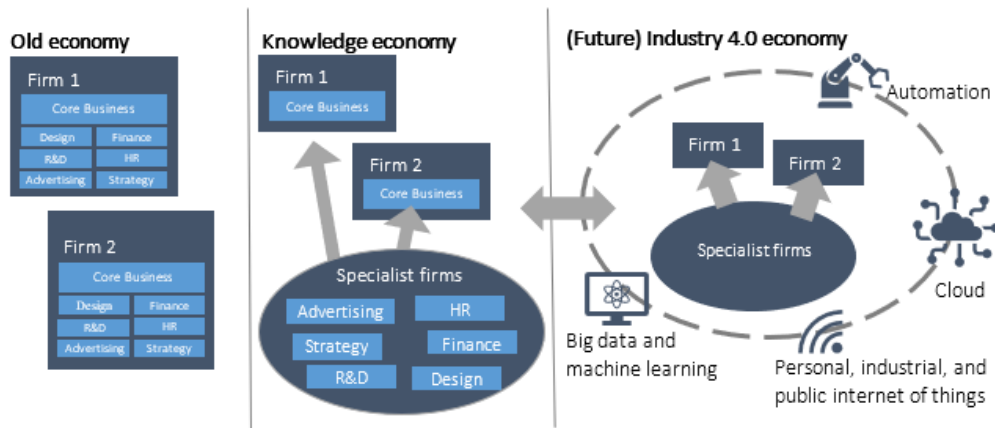
Corporates and Commercial Office

The Commercial Office sector has remained an important part of the economy. Whilst many professional service workers transitioned towards greater levels of work from home during the pandemic-lockdown years, businesses still require or at least encourage the majority of their workforce to spend some parts of their working week in the office. Office floorspace also represents an opportunity for workers to collaborate.

Collaboration also remains important beyond the confines of an office or a single organisation. The concept of supply chains has traditionally been associated with industrial sectors, but in recent times have become increasingly significant to the professional and technical services as well. The knowledge and information economy continues diversify rapidly, with technical specialisations generally being more productive in independent, smaller firms that focus on deepening their expertise and brand in a specific domain.

²⁰ Business Insider, 2018, 'The Challenges of Last Mile Logistics & Delivery Technology Solutions', <https://www.businessinsider.com/last-mile-delivery-shipping-explained/?r=AU&IR=T>; Strategy + Business, 2018, 'Convenience is key in last-mile delivery around the world', <https://www.strategy-business.com/article/Convenience-Is-Key-in-Last-Mile-Delivery-around-the-World?gko=bef84>

FIGURE 9 OLD VS NEW ECONOMY STRUCTURE



Source: SGS

Whilst there are large, conglomerate exceptions, the consistently high failure rate of corporate mergers and acquisitions²¹ to integrate and extract value from combining these specialisations speak to the fact that each service specialisation tends to require its own unique brand, culture and drive for innovation.

To that end, large employment precincts that 'house' a dense ecosystem of hundreds or even thousands of SMEs (Small and Medium sized Enterprises) all collaborating and building a precinct-based culture remains as relevant as ever in the knowledge economy. It also explains why these corporate precincts need a critical mass to be viable – smaller suburban nodes don't tend to thrive anywhere near as much and that is why centres tend to have either major hubs of employment or just have a scattering of small shop top offices.

Implications for Wollongong:

- The Wollongong LGA possesses a healthy and growing commercial office sector. As with many Regional LGAs, the majority of professional services are focused in and around the CBD
- The suburban centres tend to play a more localised role, with most of the office floorspace more geared towards serving consumers and/or local Wollongong clientele.
- The spatial and operational decentralisation of the corporate economy creates great opportunity for the Wollongong CBD because it offers a setting outside of Sydney that still has an agglomeration environment that smaller firms require.
- From a corporate business's perspective, conflict between residential and commercial land uses has become evident, particularly within the Wollongong CBD. Residential uses are a lower risk

²¹

<https://www.hbs.edu/faculty/Pages/item.aspx?num=39920#:~:text=Companies%20spend%20more%20than%20%242,and%20how%20to%20integrate%20them.>

asset stock compared to commercial office (build and sell versus build and hold), so mixed use developments tend to favour the former over the latter in most B4 zone precincts.

- Much of the new development in the Wollongong CBD has been mixed-use, which is not of preference to premium companies in the insurance and finance industries. Council needs a sustainable strategy to ensure the right floorspace is being delivered for those firms to then create high value jobs for the community.

These implications are fleshed out further in Paper Three, where modelling of employment forecast scenarios have been undertaken for post-COVID scenarios as well as for aspirational targets led by Council's Economic Development team.

- Instead of mixed use being residential with some commercial, Council should be thinking of 'mixed use' more in terms of a mix of activities (office, retail/dining/hospitality, art and culture, meeting/event spaces, entertainment, sport and recreation, etc.) that will generate an environment that attracts, retains and grows businesses of the future.

1.7 Key implications for Wollongong

The most important trends and drivers for the Wollongong LGA's centres can best be summarised as:

1. Population growth cannot be ignored as the greatest driver of organic business and centres growth. Increased migration towards the Wollongong LGA both before and (potentially) post-COVID will drive demand for new centres as well as grow existing centres.
2. The continued dominance of supermarkets and food retailing as the cornerstone of business sales and customer attraction in most suburban centres. Hence the appeal of those centres for those businesses' needs and success (e.g. the right floorspace, access, parking, amenity) are key determinants to their success and/or failure.
3. Department/Discount Department Stores have been waning in influence for some time now. The trend is expected to continue, along with general merchandise/ apparel sub-sectors that are just not competitive enough versus online platforms. The exception is in high footfall CBD locations, but even there the traditional mall is being disrupted by environments that favour showrooms and experiences.
4. Services are more experiential as well, and in a suburban context tend to offer important opportunities for interaction, community and connection. Services span from libraries and child care to hair salons and gyms. The urban environment should therefore also reflect those reasons for patronage.
5. Bulky goods retail remains an exception so long as these retailers still have access to low cost floorspace. On the periphery of centres or in dedicated highway/industrial locations. Not a major issue for a centres strategy, but where population growth/household formation is strong in Calderwood/West Dapto for example, they will be an important part of the retail economy.
6. High amenity office precincts with a strong critical mass of SMEs (anchored by some larger corporates) still have an important long term role to play because of the way the professional service economy is inherently structured.



Forecast Demand & Options Testing

City of Wollongong

July 2022

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1. Introduction & Structure

1.1 This Paper

The purpose of this paper is to (a) summarise the forecast demand and growth scenarios work completed for the Wollongong LGA and (b) centres strategy options testing.

A large number of scenarios and options have been tested and are presented here including:

1. The base case
2. COVID scenario for office floorspace
3. Aspirational growth targets for office floorspace
4. Potential areas for residential intensification
5. Accessibility gaps for a 20-minute neighbourhood (in terms of access to centres)
6. An increased presence of online retailing
7. An increased presence of retail services as opposed the sale of retail goods in the centres' economy
8. Potential gaps in the provision of supermarkets
9. Removal of ground floor B4 floorspace capacity (for employment/retail)
10. Delay in development of centres in West Dapto

1.2 Key data sources

The modelling work in this paper draws on all previous work in the study including:

1. Existing centres appraisal
2. Trends analysis
3. Stakeholder engagement (community survey)

2. Base Case

2.1 Overview & parameters

From the supply side, the base case includes all existing centres/floorspace in the Wollongong LGA. The base case also includes approved proposals for future developments in and around the LGA, such as Calderwood as well as those in West Dapto.

The demand side is accounted for differently for different activity types:

1. Commercial floorspace

- Demand units are generated through employment forecasts. Each job is then converted into floorspace demand at a ratio of 25sqm per job, which is the standard for most suburban/regional centres. For the base case, employment figures have been generated using the Transport for New South Wales (TZP19) forecasts for Wollongong at a small area (Travel Zone) level.

2. Retail goods floorspace

- Demand units are generated through the expenditure of resident and worker populations across the LGA. Population figures are generated via Profile Id's population forecasts for the Wollongong LGA. Expenditure forecasts use the industry standard Marketinfo dataset that is modelled off the latest ABS Household Expenditure Surveys. The expenditure categories include supermarket, other food, hospitality, specialty retail, department stores and bulky goods.

3. Retail services floorspace

- Demand units are generated through employment forecasts for retail services as there are no direct estimates for *services* (as distinct from retail *goods*). These jobs are then converted to retail floorspace. This retail service categories include fitness, service stations, beauty and personal services, health, automotive, entertainment, child care and social services.

Demand and supply are reconciled through the use of a Gravity Model. This is primarily a transport model that simulates the movement of trade flows via the LGA's road network. Future/proposed roads are also accounted for in future years (post-2026) in the West Dapto area.

Economic interactions beyond the boundary of the Wollongong LGA are also accounted for where appropriate. That includes retail expenditure inflows and outflows, the patterns of which have been sourced through Council's Spendmap data which is based on credit card transactions occurring in and out of the LGA. Due to COVID interruptions and lockdowns, the data sourced is from the pre-COVID period of May 2019 to January 2020.

The modelling work is for a 20-year horizon from 2021 to 2041.

The focus of the modelling work is on Council's business and retail centres (including Wollongong CBD), defined by business zonings, and so excludes jobs in industrial and residential parts of the LGA.

2.2 Results

Retail

In an open market (without supply constraints), retail floorspace demand largely tracks and follows population growth across the LGA. This is emphasised by the strong demand in the Wollongong CBD and West Dapto growth areas where population growth is expected to be highest.

FIGURE 1 CENTRE GROWTH FORECAST ACROSS WOLLONGONG LGA 2021-41

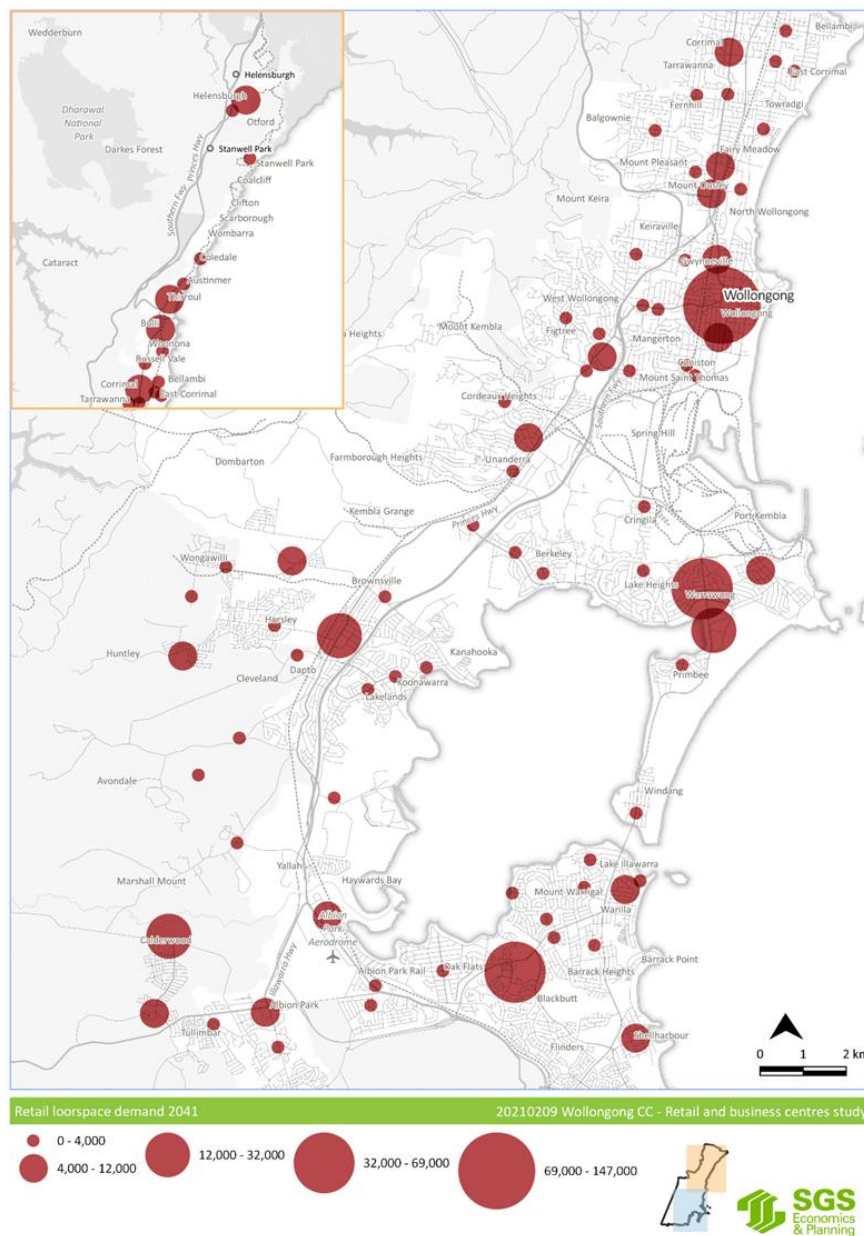


TABLE 1 RETAIL DEMAND – TOP 20 CENTRES(2041)

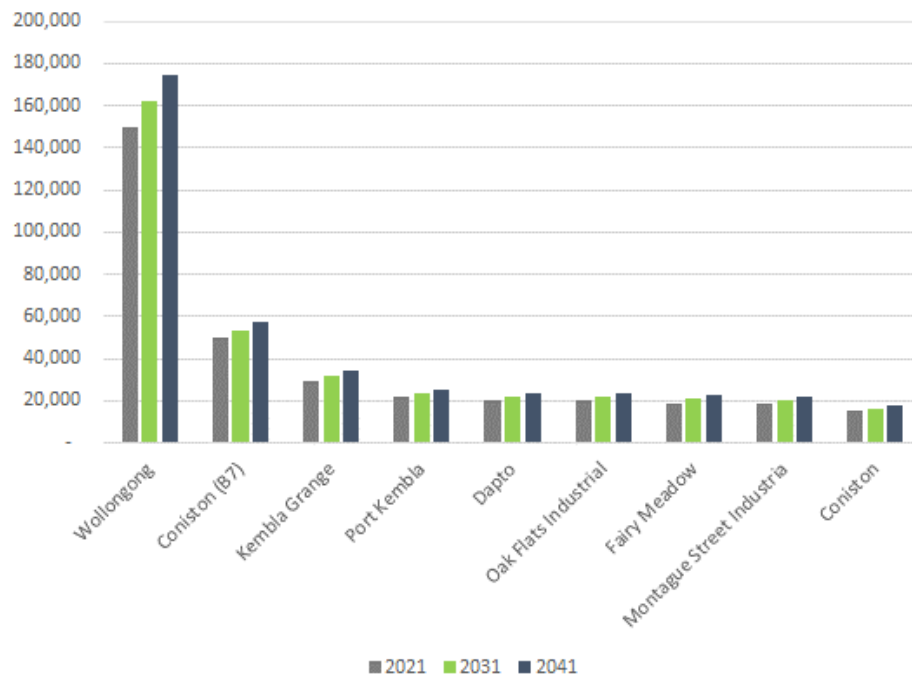
Centre Name	Demand(sqm)
Wollongong	147,463
Shellharbour Central	68,778
Warrawong	56,296
Dapto	32,015
Warrawong (B6)	26,057
Calderwood Town Centre	15,423
Kiama	14,950
Thirroul	11,823
Warilla	11,211
Corrimal	11,201
Figtree	11,184
Bong Bong	10,305
Fairy Meadow	9,540
Bulli	8,228
Unanderra	8,003
Fairy Meadow (B6)	6,990
Wollongong (B6)	6,688
Helensburgh	6,646
Calderwood Valley Village	6,628
Haywards Bay	5,747

Commercial Office

For commercial office floorspace, the Wollongong City Centre is expected to continue growing as the dominant market for commercial office floorspace in the LGA, whilst Coniston, Kembla Grange and Port Kembla are also expected to accommodate significant levels of office floorspace (but of a more industrial flavour). Dapto is an important location for commercial office floorspace in suburban centres.

It is important to note there is a difference between the CBD office and the suburban office market. The City Centre office market has the greatest scope for growth as it caters to a broader regional and state-wide market, whereas the suburban office market typically draws more of its demand from local residents that have a desire to work close to home whilst still having office floorspace to operate their small to medium sized enterprises (SMEs) from.

FIGURE 2 COMMERCIAL FLOORSPACE GROWTH 2021-2041



Note that the numbers above reflect the statistical geographies (ABS SA1 categorisation) that the centres are located within. This provides a general understanding of the level of office demand that is prevalent in each area. That demand may well be satisfied by home offices (particularly post-COVID) and other office/work premises that are located outside centre boundaries but are still within those statistical areas.

3. Employment Scenarios for Office Floorspace

3.1 Overview & parameters

In this scenario, we focus on the demand for and provision of office floorspace in the Wollongong LGA. Given the current climate, three scenarios relating to office space provision have been tested:

1. Business as Usual – using Transport for NSW projections. This reflects steady growth trajectories from a pre-COVID pattern of development.
2. COVID impact – Bundling of qualitative research in this area to drive some assumptions – noting that some of it is speculative at this stage. A temporary recession is assumed over the next five years, whilst a more permanent flexible working arrangement is also built in.
3. Aspirational – 10,500 additional jobs in the Wollongong LGA from 2019 to 2029, with much of it concentrated in the Wollongong City Centre. This aspiration is articulated in Council's Economic Development Strategy, and focusses on five sectors in particular: finance/insurance, IT/telecommunications, professional/scientific/technical services, public administration and clean energy. The first four will have a strong bearing on jobs in centres, which the clean energy sector is likely to be more heavily focused around the LGA's industrial precincts.

3.2 Results

Error! Reference source not found. below shows the level of office floorspace demand that is expected across the major employment centres¹ in the Wollongong LGA.

Under the COVID impact scenario, growth is tempered in the short term (2021 to 2031), but then reverts back to base case growth from 2031 to 2041. However, a more permanent flexible working arrangement sees a more dispersed worker pattern, with some workers working more from home whilst others establish in suburban offices/hubs. The net result is that the Wollongong CBD loses some of the growth otherwise expected under the base case. Meanwhile most other centres see lost growth (under recession) being offset by the dispersal effect.

Under the aspirational scenario, Council's economic development team is successful in attracting significant employment from a range of key industries outlined in Section 3.1. Many of these industries will bring a combination of decentralised headquarters from Major Capital Cities like Sydney and some smaller businesses that find it attractive to work from a Regional City location, particularly given the increased prevalence of remote working and related technologies. The Wollongong CBD will be the focal point for this activity, whilst other centres around the LGA can also be expected to accommodate floorspace. Given the focus will be on the CBD, the other locations that will receive the greatest boost

¹ Includes all centres that already possess over 10,000sqm of commercial office floorspace as of 2021.

would be the ones that offer floorspace the CBD cannot – namely office buildings that can be combined with industrial warehouses/factories, which would be suitable for businesses in the clean energy sector in particular. The B7 Coniston precinct is an example of such a precinct. Land around Port Kembla also provides unique opportunities for those firms that have links to port activities.

TABLE 2 OFFICE FLOORSPACE ACROSS THREE SCENARIOS, WOLLONGONG LGA (2041)

Centre	Total Floorspace Demand (sqm)			
	Current Demand	Base Case	COVID	Aspirational
Wollongong City Centre	150,000	175,000	164,000	499,000
Coniston (B7)	50,000	58,000	58,000	102,000
Kembla Grange	29,000	35,000	34,000	48,000
Port Kembla	22,000	26,000	25,000	31,000
Kiama	21,000	24,000	24,000	41,000
Dapto	20,000	24,000	23,000	38,000
Oak Flats Industrial	20,000	23,000	23,000	40,000
Fairy Meadow	19,000	23,000	22,000	38,000
Montague Street Industrial	19,000	22,000	21,000	28,000
Coniston	15,000	18,000	17,000	35,000

4. Potential Areas for Residential Intensification

4.1 Overview & parameters

Strategic city planning requires understanding of potential areas that are appropriate for residential intensification. Whilst housing market analysis and development potential is beyond the scope of this study, the location of centres, retailing and services forms a crucial part of decision making around where best to focus efforts of targeted residential development. Areas which have capacity to service that growth are generally well placed to accommodate population growth.

Given the modelling work, a number of centres have been identified as having a significant 'gap' between their forecast level of demand relative to the volume of floorspace supply in the long run (by 2041). For those centres, larger population growth in their direct catchments would help facilitate greater levels of spending and land use in the respective centre.

4.2 Results

Six centres in the LGA were forecast to have a potential oversupply (gap) of over 1,000sqm of by 2041. In these locations, residential intensification would generate demand for economic activity in the respective centres.

Centre Name	Total floorspace gap/oversupply in 2021 (sqm)	Total floorspace gap/oversupply by 2041 (sqm)
Warrawong	-468 ²	6,083
Figtree	2,036	2,675
Fairy Meadow	-240	2,335
Thirroul	-588	1,468
Berkeley	0	1,451
North Wollongong	0	1,386

² A negative number means undersupply

5. Accessibility Gaps

5.1 Overview & parameters

Access to services and facilities is a core tenet of centres policy. From the earliest centres strategies to the more recent 20-minute neighbourhood concepts, a network of centres aims to provide coverage and access to services for all residential areas across an LGA.

This scenario explores the adequacy of centres coverage across the LGA from a walkability perspective. In a suburban context, 800metres is considered the aspirational distance that a resident/pedestrian shopper should be expected to walk to their nearest grocery location. In regional/rural areas, this may be stretched to up to 1.6km (which is the general 20-minute walkable threshold), with cars being the dominant mode of transport. The analysis on this page assumes Wollongong LGA to be aspiring to the 800metre principle, with 1.6km being the absolute maximum distance that any resident should have to traverse to their local supermarket or grocer.

5.2 Results

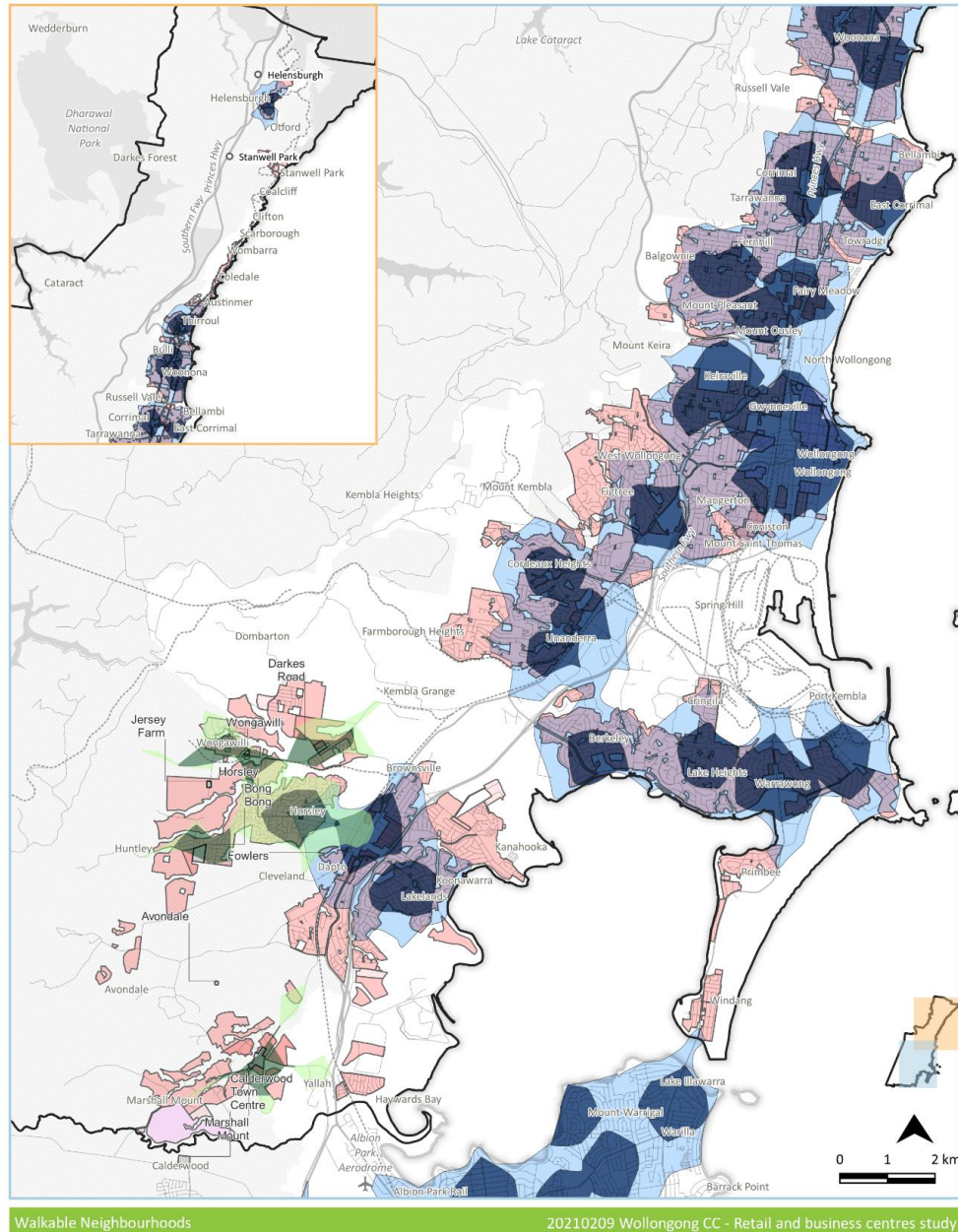
Overall, the Wollongong LGA has a strong network of centres that provides coverage for most residential areas of the LGA despite its relatively large geographic size. Most of the LGA is within 20minutes walk of their local centre's supermarket or grocer, with many also within 800metres.

The exceptions are:

1. The western outskirts of Figtree
2. The western outskirts of West Wollongong
3. Farmborough Heights
4. Primbee – there is an underutilised B1 zoned precinct here. The trouble with this location is that it is surrounded by water and so its local catchment is quite limited.
5. Kanahooka
6. Avondale
7. West Dapto – although the area will likely see new stores/centres in the future.

In most cases, these locations sit on the edge of urban catchment areas, up against natural barriers such as water bodies or large hills. That means their economic potential for growth is constrained. This sometimes explains why there is no centre/supermarket/grocer servicing the area. Nonetheless from a 20 minute neighbourhood perspective, it is important to identify the existence of these gaps.

FIGURE 3 ACCESS TO SUPERMARKETS FOR THE LGA'S RESIDENTIAL AREAS



Walkable Neighbourhoods

20210209 Wollongong CC - Retail and business centres study

Supermarket walking catchments
10 minute
20 minute

West Dapto supermarket (current/proposed)
centres walking catchment
10 min
20 min

Residential land
General Residential
Low Density Residential
Medium Density Residential
High Density Residential



6. Impact of Online Retailing for Retail Businesses in Centres

6.1 Overview & parameters

Online retailing is now recognised as a major player in retail sales, marketing and distribution. Over time, it has gradually shifted from being the mere domain of enthusiasts and early adopters to the point where it has disrupted all categories of retailing. As discussed in the trends analysis paper, different store categories have been impacted differently. In particular, merchandise, specialty stores, apparel and department stores have seen a significant shift away from in store purchases.

This trend is expected to continue, and in this scenario, we explore how a potential acceleration of that trend would impact on centres in the Wollongong LGA.

Note that a greater degree of online sales is also likely to be accompanied by an increased level of demand for warehouse, distribution and logistics facilities in industrial precincts in the region as businesses move to fulfill online orders.

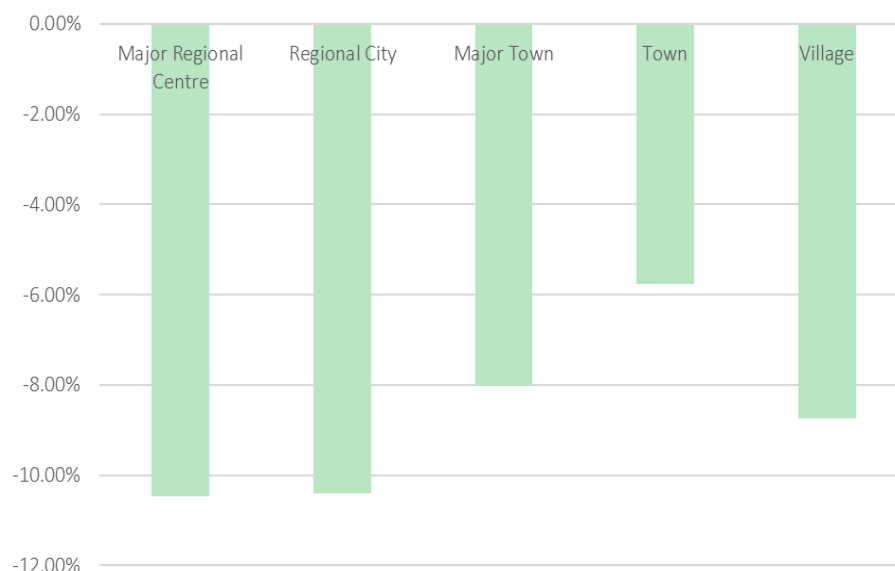
6.2 Results

An increase in online retailing impacts on speciality retailing considerably and large sub-regional centres face the largest total impact to demand.

In the first figure below, the impact is categorised across the centre hierarchies, focusing on retail product stores only, as product sales are generally under the greatest threat from online platforms.

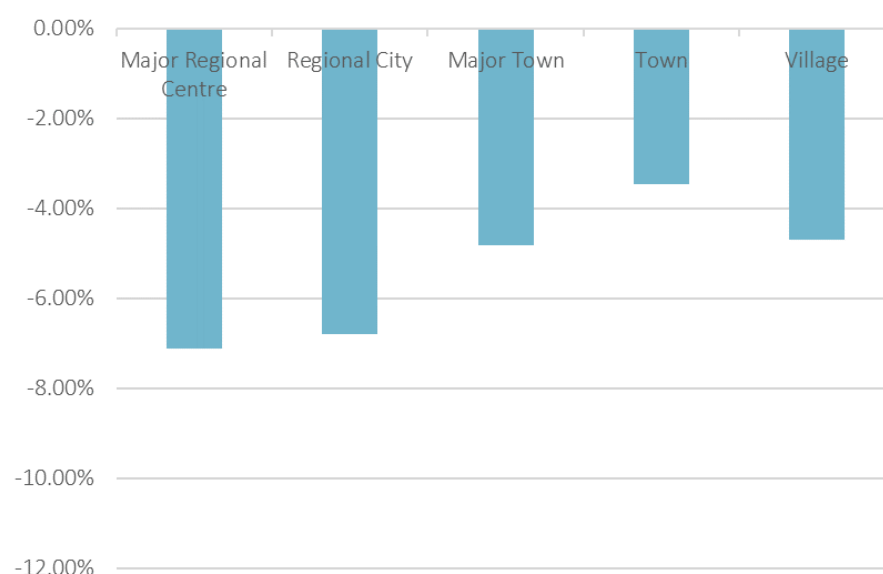
It shows that Major Regional Centres (Wollongong CBD) and Regional Cities (Dapto, Warrawong, Figtree) are under the greatest threat. This is to be expected, given they contain the majority of department/discount department stores in the LGA. Conversely, Town Centres are least affected, as they possess many local food stores that typically service customers that enjoy a walk to the local shop/deli/butcher.

FIGURE 4 IMPACT TO RETAIL FLOORSPACE DEMAND BY CENTRE HIERARCHY (RETAIL PRODUCT STORES ONLY)



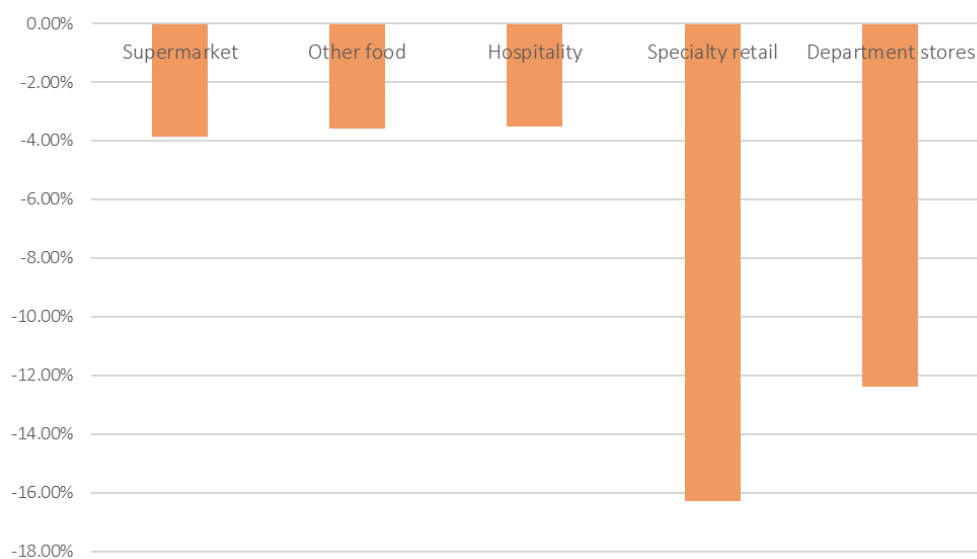
The next chart then expands the analysis to cover all retail floorspace in centres. It does so by adding retail services (such as gyms, health care, child care etc.) are not expected to be significantly disrupted by online platforms. That shows in these charts, with a resultant reduced impact to all centres (in terms of floorspace demand) of up to 7%.

FIGURE 5 IMPACT TO TOTAL FLOORSPACE DEMAND BY CENTRE HIERARCHY (ALL RETAIL FLOORSPACE)



The final chart recuts the impact in terms of store type. Whilst all retail product sales are impacted by online platforms, our research suggests that most of the impact is heavily focused around specialty stores and department stores. Note it is theoretically possible for many of those brands to recover sales through their own online platforms, but in reality, the online marketplace is more competitive than in local bricks and mortar sales, and so loss of floorspace is generally associated with some loss of market share/revenue.

FIGURE 6 IMPACT TO FLOORSPACE DEMAND BY RETAIL TYPE



7. The Rise of Retail Services

7.1 Overview & parameters

One aspect of retailing which is not as likely to be impacted by online retailing is retail services. Services such as fitness, beauty, health, child care and social services require some of the highest levels of personal, face to face interaction in the economy, and so will always require a shop/retail frontage.

Many of those industries are also forecast to be some of the highest growth industries across NSW and Wollongong. In concert with a gradual reduction of retail goods floorspace as a result of online retailing, it is expected that many of the LGA's centres will experience a gradual shift towards a higher ratio retail services.

7.2 Results

In the base case, it is expected that by 2041, the LGA will experience an overall vacancy of 10.9% across all its retail goods centres. On the other hand, the LGA will also experience a 6.2% undersupply of retail service floorspace. This is based on an existing ratio of 64% goods, 36% services in the LGA's centres where a mix of these activities can be found.

It is entirely possible given the numbers that by 2041, 60% of centre floorspace across the LGA will sell goods whilst 40% of centre floorspace will sell services.

Of course the floorspace for these two types of activities are highly substitutable, and so it is entirely reasonable to expect that the market will find a balance between the two in the long run (i.e. stores that previously sold goods may be repurposed to sell services instead). Nonetheless, it is something that Council should be aware of and plan for when it comes to issues such as public realm, urban design and centres hierarchies.

For the Wollongong LGA, Major Regional Centres and Major Towns are most likely to see this shift given the uncertain future of the Discount Department Store and Department Store sectors. For these centres, the amenity and experience dimensions of the centres' "offer" to their local community will be important levers for success when it comes to encouraging a stronger presence of service businesses.

8. Potential Gaps in Supermarket Provision

8.1 Overview & parameters

Gaps in supermarket provision can emerge not just due to accessibility, but also due to inadequate levels of floorspace provision in a given trade area. This can result in crowding and overtrading in centres and stores or just a lack of product availability when stock becomes limited (such as during a pandemic), raising concerns around food security.

Such gaps can then also become the subject of much debate around whether alternative supermarket options should be made available – often by landowners or proponents in out of centre locations if Council has not prepared appropriate in centre options ahead of time.

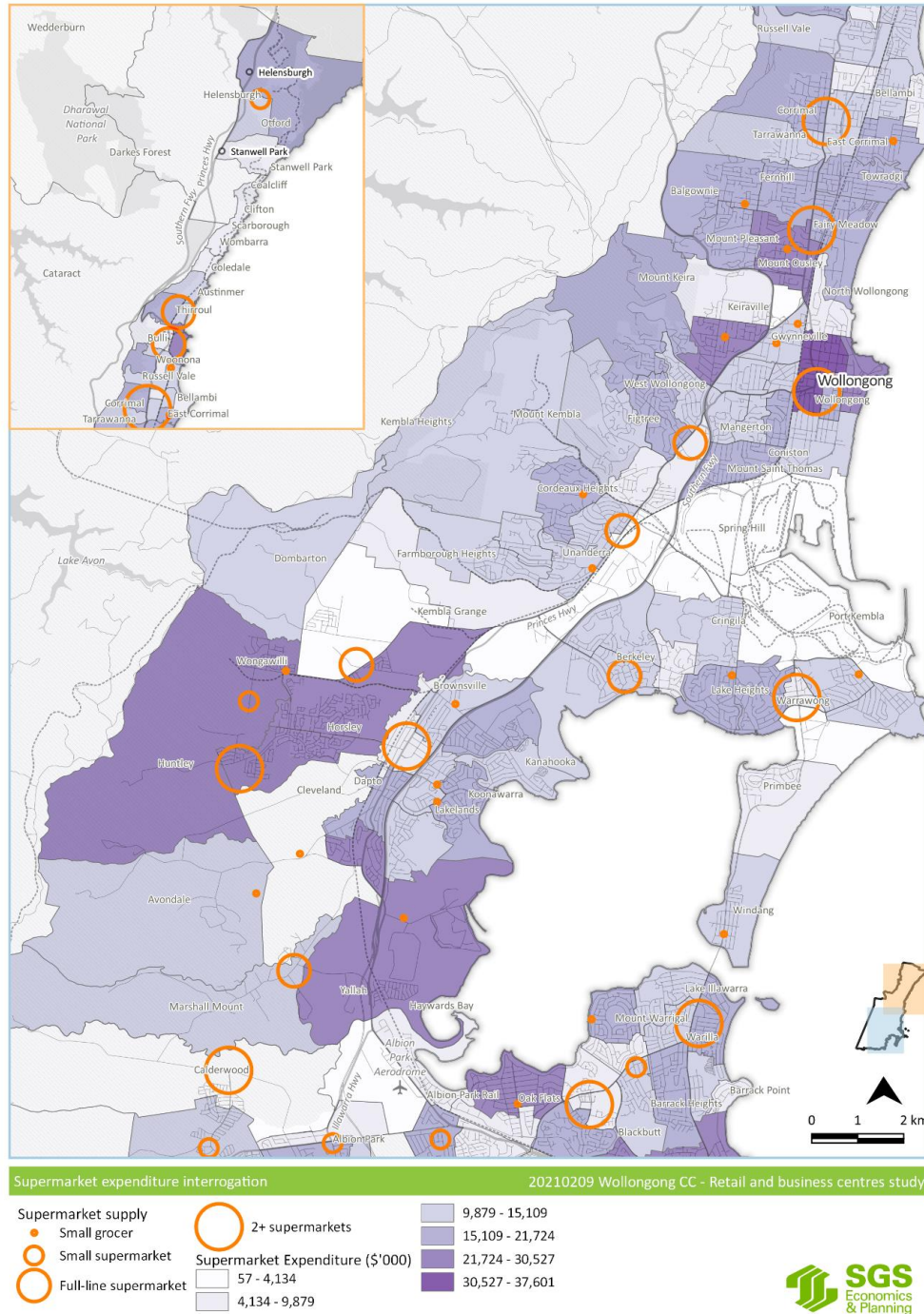
This scenario aims to identify locations/submarkets/centres where Council should be planning for extra capacity/sites for groceries before the market makes an approach.

8.2 Results

The map below provides a spatial representation of expenditure source (demand) against supermarket floorspace (supply). The darker the shading, the greater the pressure for more supermarket provision

It shows that with the exception of West Dapto (which is still developing and subject to various potential development options), most of the LGA has a strong provision of supermarket floorspace. The major area of concern would be in the Keiraville area, where close proximity to the Wollongong City Centre and the presence of a small local grocer on the University Campus appears to (currently) be sufficient. It is likely that as the population in the area grows in the future, that some interest in a new/larger grocer will emerge. This may also be the case for the University of Wollongong campus, where residential population growth could generate demand for local grocery retailing.

FIGURE 7 SUPERMARKET SUPPLY VS EXPENDITURE



9. Removal of B4 Ground Floor Capacity

9.1 Overview & parameters

Net floorspace capacity results (i.e. the amount of *additional* floorspace that can be accommodated on each site) can be broken down by existing land use zones. This provides a picture of what proportion of each centre's total capacity lies within the B4 zone.

B4 zoned land is the focus here because Council are interested in understanding how the removal of mandatory ground floor employment uses would impact supply³.

The scenarios make the following assumptions around built form outcome in the B4 zone:

- The medium capacity scenario (feasible capacity) assumes that the ground floor of developments in the B4 zone will be employment generating, with the rest of the development residential (residential generally yields higher profits and so developers will maximise the amount of residential space).
It also excludes sites which are unlikely to be feasible for redevelopment or available for redevelopment.
- The high scenario (maximum theoretical capacity) assumes that 100% of floorspace will be employment generating. Note that current planning controls do not in any way enforce or ensure this outcome (but the controls do ensure the medium scenario above).

9.2 Results

The results for centres containing B4 zones (apart from the greenfield centre at Marshall Mount) are shown below. These results show that the B4 zone makes up a relatively small proportion of feasible capacity in any centre. Note that Warrawong and Thirroul have already been noted as having more supply than what is needed to meet demand.

TABLE 3 CAPACITY IN B4 AND OTHER ZONES

Zone	Medium (feasible capacity)			High (maximum theoretical capacity)			
	B3	B4	Total (inc. other zones)	B3	B4 – ground floor	B4 – upper floors	Total (inc. other zones)
Wollongong	188,726	34,311	232,938	279,493	56,922	165,601	546,578
Dapto	33,118	12,430	89,528	105,594	19,552	73,136	316,675
Warrawong	65,764	4,639	71,041	245,989	6,300	2,249	259,839
Thirroul	0	3,078	10,445	0	3,356	1,492	69,474

³ The floorspace provided is often lower in quality, diluting the presence of retailing across the CBD overall.

The following table shows capacity results for the Wollongong City Centre currently, and under Council's proposed changes to zone boundaries, which increase the amount of B4 zones land and decrease the amount of B3 zoned land.

These changes decrease the overall capacity for employment floorspace in the centre by around 79,200 sqm in medium (feasible) scenario, mainly because this scenario assumes that only a part of the floorspace delivered in the B4 zone will be employment generating. This reduces the capacity by around 34%.

TABLE 4 IMPACT OF PROPOSED ZONE CHANGE IN WOLLONGONG CITY CENTRE ON CAPACITY

Zone	Medium (feasible capacity)			High (maximum theoretical capacity)			
	B3	B4	Total (inc. other zones)	B3	B4 – ground floor	B4 – upper floors	Total (inc. other zones)
Current	188,726	34,311	232,938	279,493	56,922	106,597	546,578
Proposed zones	78,998	65,468	153,716	154,110	165,601	262,240	546,578
Change	-109,728	31,157	-79,222	-125,383	108,679	155,643	0

If minimal employment generating floorspace was delivered in the B4 zone, for example if it was not required on the ground floor of development (noting that the ground floor makes up essentially the entire assumed floorspace provided in the medium scenario), feasible capacity in the City Centre would drop to around 79,000sqm. Maximum theoretical capacity in the B3 zone would be somewhat higher, at around 154,100 sqm.

10. West Dapto – Delayed Development

10.1 Overview & parameters

The West Dapto area constitutes the largest growth area in the Wollongong LGA. Significant residential development and population growth is expected over the next 20 years (55,000 new residents by 2041).

Council has planned for a number of centres in the area to service future populations from community, retail and employment perspectives.

However, there is always some uncertainty surrounding the development of these estates and centres from a timing perspective. This scenario therefore explores the impact of delayed development in the West Dapto centres.

The table below includes the centres which are expected to be delayed, with the right hand column showing a possible alternative date for development. Some centres planned floorspace were allocated over the 5-year scenario time points.

Affected Centre	Base Year Start	Base Year Finish	Scenario Start	Scenario Finish
Avondale	-	2036	-	2041
Bong Bong	2036	2041	-	2041
Darkes Road	2026	2036	2031	2041
Fowlers	-	2031	-	2041
Jersey Farm	-	2036	-	2041
Marshall Mount	2026	2031	2031	2036
Tallawarra	-	2031	-	2041
Wongawilli	-	2026	-	2036

Note that this has been done to simulate a possible outcome, and is not based on any consultation with land owners/developers in these locations.

10.2 Results

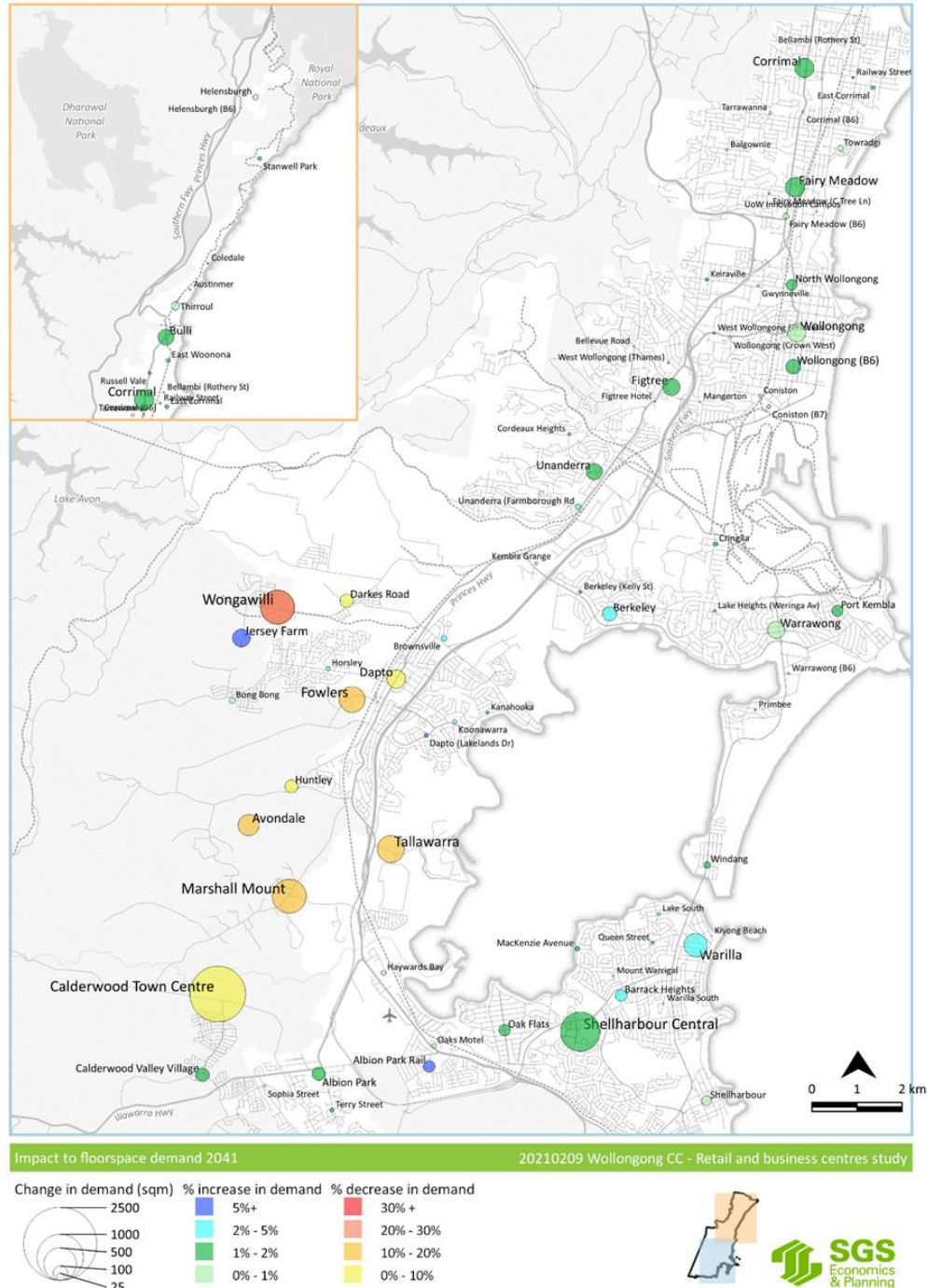
Pushing back the timeline of the development of these West Dapto centres, can have a significant impact on the long term performance of surrounding centres as they would need to pick up the residual demand that is emerging from the population growth in West Dapto. The map below shows that spatial impact with orange circles denoting the centres that are delayed and the green circles showing the extent to which each (surrounding centre) gains floorspace demand as a result. Overall the impact is spread across the centres network from Dapto through to the Wollongong CBD. This spread is actually a good outcome because it provides a boost to all the centres, without overloading any centre

with so much demand that results in overtrading/impetus for new development. Such development interest (if it comes to pass) should be discouraged in centres like Dapto if the West Dapto centres are still showing signs of eventually absorbing local demand – otherwise there would be oversupply problem in the long run.

Jersey farm can be identified as an outlier amongst the west Dapto centres – it's difficult to clearly identify why Jersey farm has an increase in demand from the base scenario. Potentially due to a number of factors including the location of the centre and it may be directly competing with Wongawilli due to their similar size and close location.

Table 3 lists those centres which have been most impacted under the delayed scenario, specifically using a threshold of +/-2% change from base scenario demand with a minimum of 50sqm change. All of the centres in the delayed scenario experience some minor shift from the base scenario, but only a handful where there is clear impact.

FIGURE 8 SPATIAL IMPACT OF DELAYED DEVELOPMENT IN WEST DAPTO BY 2041



**TABLE 5 CENTRES EFFECTED GREATER THAN 2% BY DELAYED DEVELOPMENT OF CENTRES IN WEST DAPTO
(FLOORSPACE DEMAND SQM)**

Centre	2041		Difference (sqm)	Percent change
Wongawilli	2,068	1,528	-540	-26%
Tallawarra	1,828	1,484	-344	-19%
Fowlers	2,168	1,856	-313	-14%
Marshall Mount	3,999	3,459	-539	-13%
Avondale	2,038	1,831	-207	-10%
Jersey Farm	1,696	1,844	148	9%
Huntley	1,654	1,575	79	-5%
Berkeley	1,994	2,087	93	5%

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Paper 4 – Planning Strategy Review

City of Wollongong

July 2022

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1. Introduction

This paper forms a written review of planning directions that have been set out by Council's proposed Wollongong City Centre Planning Strategy and Draft City Centre Planning Proposal.

Some of the logic and rationale that supports those documents were initially generated through SGS's CBD Planning Review work in 2018-19. Whilst that work remains relevant today, since the completion of that work, there has been some shifts in the operating environment including COVID, the nature of work, population growth momentum towards regional NSW and the Greater Cities Commission's greater focus on Newcastle and the Illawarra Region as part of their expanded remit.

The 2021-22 Wollongong LGA-wide Centres Strategy has been a broader piece of work, focused on modelling the economic data, and specifically retail floorspace demand, across the LGA. Within that context, we now review the City Centre Planning Strategy and Draft City Centre Planning Proposal, utilising the understanding that has been gained from the analysis of key economic issues and trends in the Wollongong LGA.

2. Review of Draft City Centre Planning Strategy Directions

The City Centre Planning Strategy is set out as a series of key directions with specific visions for different City precincts. The most relevant to the Centres Study are discussed sequentially below.

Directions

Key directions of relevance to the Wollongong Centre Strategy are identified and analysed below. More detailed analysis follows the table.

1. Prioritising jobs and establishing a resilient commercial core

Preserving the existing supply of commercial floor space, as a minimum, while encouraging additional floorspace.

This principle has been applied in a number of commercial precincts in Sydney and Melbourne under threat from residential encroachment. The idea is logical in the sense that if each precinct can onto its commercial floorspace, then net growth will emerge wherever a major office expansion or redevelopment occurs. If any site/precinct is allowed to 'lose' floorspace, there is no guarantee that sufficient 'gains' will be made elsewhere for a net growth outcome.

Allowing mixed-use development in parts of the Commercial Core with a limitation on the proportion of residential floorspace

This should be applied on the key condition that vertical mixed use (where apartments are 'stacked' on top of office floorspace) is avoided as much as possible in the B3 commercial core, with the housing/mixed use to be predominantly provided in separate B4 zoned areas. SGS engagement with industry has suggested that the potential to generate long term office yields using 'vertical' mixed use may be overstated and that in reality, those buildings are potentially ineffective at sustaining long term commercial tenancies.

Defining commercial only areas for larger office buildings and aligning height and floor space controls to promote tall buildings with generous floorplates

This initiative helps to maximise commercial yields from what is a finite number of B3 commercial core sites in the City Centre. In reality can be difficult to legislate for, however, sometimes it is possible to engineer development scenarios whereby it is unfeasible to develop "less" floorspace than "more". Care would then need to be taken to ensure that such a development floorspace threshold is not too high so as to block moderately sized developments that would still provide great employment outcomes.

2. Develop active commercial streets that respond to character

Only requiring non-residential uses on the ground floor on key commercial streets where there is good pedestrian traffic access to public transport.

Reducing the number of locations where ground floor employment activity will ensure that ground floor activation is concentrated in more strategic locations in the City Centre. The opposite would be a dispersal of economic activity along all City Centre streets, resulting in the seemingly positive outcome of new businesses being established at many

mandated locations; but with that occurring at the expense of refreshing more strategically important retail shopfronts in the CBD core.

3. Planning for a variety of housing to support a lively and inclusive city

Allowing limited residential throughout the Commercial Core to activate the City and lever commercial outcomes.

Some degree of residential development around City Centres has proven in the past to be one means of encouraging revitalisation of core business districts. This diversification of activity should be occurring alongside other efforts including improvements to offer of dining, entertainment, the arts, sport and recreation.

2.2 Prioritising jobs and establishing a resilient commercial core

More clarity and focus on the Commercial role for the B3 core in the CBD is a positive, and should ensure that established commercial floorspace is never displaced by residential development.

A common 'claim' is that mixed use or residential development in/around city centre cores provides diversity, refreshing the range of uses beyond the ground floor retail and commercial offices that form part of the traditional 'core' offering of a city centre. This becomes more pronounced if there is a lull in the commercial floorspace market – which can happen in the real estate cycle.

If and when the commercial floorspace market is weaker than that of residential, to avoid a long term loss in commercial activity, Council can still look to prioritise other forms of job generating activity in the core, including community facilities, cultural facilities, sport and entertainment etc. That in turn creates a greater diversity of uses to generate a more vibrant city centre – without turning over strategically important commercial land to residential. Recommendation: commit to the broadening of jobs growth to include non-office activities in and around the commercial core as well.

2.3 Develop active commercial streets that respond to character

Active streets with unique character will help attract commercial tenants as well as workers back into offices.

Preventing floorspace oversupply should be a core part of that strategy. Council will need to ensure the volume of retail floorspace being made available in the long run matches the demand forecasts for the CBD that have been undertaken in this study.

Alongside preventing oversupply, Council will also need to ensure that the floorspace is regularly refreshed. Achieving both can be a challenge when new floorspace usually occurs through new developments that then leave another sub-precinct behind. Without compromising legitimate commercial office growth targets (25,000sqm under a base case; up to 350,000sqm aspirationally), managing a tighter commercial core will mean that in many cases new floorspace will be replacing older floorspace, rather than extending or adding to the size of the commercial core itself.

City Precincts

2.4 Rail Arrival and Southern District Precinct

It is good for the Planning Strategy Review to highlight the importance of the precinct as an entrance point for both commercial and retail uses.

Many office tenants (particularly those that might be relocating from Sydney) prefer strong, high amenity access to public transport, and this has been a feature of other recent centres' success in attracting new commercial development (e.g. Parramatta CBD).

Noting here that the precinct would essentially need to double as a commercial precinct AND major transport hub – which will generate challenges for Council in terms of how pedestrian traffic, parking, car movement, office buildings, amenity, retail/food and drink premises are all managed in the one Crown Street Mall Precinct

The precinct as the retail core of the CBD has a focus on capitalising on existing character of the Mall (the western end is larger format stores, the eastern end is more fine grain). That is an important direction to ensure the Council's vision for the mall is realised. The only caveat to that is for Council to also look out for any potential interest in larger format showroom type floorspace developments which some major brands (such as Nike, Telstra, Microsoft, Apple etc.) have been developing in the Melbourne and Sydney CBDs as well as more recognised global shopping strips such as in Shanghai or New York City. Those spaces are less focused on selling products, but utilised to help market brands/sub-brands as well as provide for user experience (UX) interaction opportunities as a means of testing and marketing new products and services.

Such uses may not be suited to Crown StreetMall, but Council should be prepared for a potential location in another sub-precinct or on the edge of the mall where that concept can be adopted because it does generate high volumes of foot traffic and creates good exposure and publicity.

2.5 Eastern Crown Street & Arts Precinct

SGS's recent engagements with Arts facilities in NSW and other states have highlighted a growing trend where cultural organisations and facilities have a desire to 'open up' their facility more to the public realm of their surrounding precinct/urban environment.

So over time, it would be good for Council to plan/design for a precinct where many of these facilities will be increasingly integrated into the streetscape/laneways that they operate off. The facilities will also benefit from an urban environment that encourages pedestrians to slow their walk and interact with the facilities.

Commercially, many of these facilities also benefit from any successful café/shop operations that are being run off the street, so foot traffic that is funnelled towards these uses would also benefit the cultural institutions in the long run.

3. Wollongong City Centre - Draft Planning Proposal (Review)

This section of the planning proposal (A2 Amendment provisions relating to the B3 commercial core zone) has three components:

- 2(a) - Amend the B3 Commercial Core zone objectives
- 2(b) - Amend the boundary of the B3 Commercial Core and B4 Mixed Use zones
- 2(c) - Prioritise commercial development in the B3 Commercial Core zone by prohibiting and limiting shop-top housing and other residential uses as permissible uses certain areas.

The amendments to the B3 zone are discussed collectively in Section 3.1 (as they are part of the same strategic initiative. Section 3.2 then goes on to discuss the implications of the A4 amendment 'Activation of Ground Floor Uses on Active Commercial Streets' to the B4 zoned areas.

3.1 Amendments to the boundary of the B3 Commercial Core

The intent here is to reduce the size of the B3 Commercial Core area in the City Centre, whilst increasing the emphasis of and protecting the commercial core function of that area.

Overall the strategic justification is logical in that genuine mixed-use developments are rare. Most developers (and subsequent development projects) lean in one direction or the other based on their expertise, industry contacts and marketing abilities. The act of attracting major commercial tenants that are suitable for a City Centre precinct requires a number of preconditions for success including:

1. A city centre that is competitive with other city centre options in the Greater Sydney-Hunter-Illawarra Region
2. A work precinct which has a distinctly commercial flavour with a commercial sense of address, where businesses feel their needs will be prioritised
3. Developers that possess the ability to attract major tenant businesses (even before completion of the construction project)
4. Fully activated streets that employees will enjoy spending workdays in
5. Networking opportunities amongst allied businesses, with the appropriate conference/hospitality facilities to facilitate that outcome
6. Commercial address with marketable frontages
7. Competitive leasing prices for floorspace

Points 2, 3, 6 and 7 would all be seriously compromised in a mixed-use precinct that allows for any form of mixed-use development or interest from developers whose expertise swings more in favour of residential rather than commercial development, whilst point 5 requires a strong critical mass of commercial activity to be maximised.

The issue here is not merely one of volume of commercial vs residential floorspace, but rather a strategic approach where all stakeholders (Council, landowners, developers and tenants) work towards a strong competitive commercial city centre offering, meeting all seven of the criteria above.

For these reasons, it is reasonable and appropriate for Council to be deprioritising residential development within the B3 Commercial Core.

3.2 Reduction of need for ground floor retailing in the B4 Mixed Use areas

This section discusses part A4 of the Planning Proposal titled 'Activation of Ground Floor Uses on Active Commercial Streets'.

Here the idea is to only mandate for ground floor retail activity in the core parts of the City Centre.

The objective of this amendment is to focus active uses only on key commercial streets within the City Centre to protect the retail and commercial character of these streets. This change will ensure that non-residential uses are appropriately located and support commercial streets in the City Centre, rather than being dispersed across the City.

Whilst having high volumes of high-quality retail would be the optimal outcome, the economic reality of the contemporary retail industry is that demand for retail goods and services is limited, and in some commodities even shrinking in relative terms to other sources of transaction such as online platforms. Furthermore, an oversupply of floorspace can actually lead to a dispersal of retail activity when the success of retail facilities is predicated on the concept of co-location and density that leads to activated streets with high volumes of pedestrian traffic. Such concentrated activity also leaves Council with a more focused task of improving the public realm of those targeted locations further.

So long as Council leaves sufficient floorspace capacity for the 20 year level of forecast retail floorspace demand in the City Centre, there is no reason for concern.

As shown in the table below, the current B4 portion of the Wollongong CBD only constitutes 34,000sqm out of 233,000sqm of potential retail floorspace (15%) when it comes to feasible capacity. Removing that 34,000sqm would still leave nearly 200,000sqm of potentially feasible development capacity in the CBD, whilst only 9,000sqm of net new floorspace (gap) is required by 2041 (see section 9 of Paper 3 for a complete discussion of B4 Ground Floor capacity).

Zone	Medium (feasible capacity)		Demand vs supply (by 2041)		
	B4	Total (inc. other zones)	Demand	Supply	Gap
Wollongong CBD	34,311	232,938	192,995	184,450	-9,000 (undersupply)

The direct flow on effect of the decision to remove the requirement for non-residential ground floors in the B4 zone would be an impetus for older retail floorspace to be refurbished for new stores that enter the local market – which should help to revitalise some older/outdated retail shopfronts in the centre of the City (B3 zone).