Memorandum: Huntlee Town Centre Economic Impacts

To: Director, Strategic Planning Assessment, NSW Department of Planning and Infrastructure

From: James Turnbull, Anthony Dimasi

Date: Monday 30th July 2012

Subject: Huntlee Town Centre - Economic Impacts

This memorandum examines the potential economic impacts that may result from the development of the Huntlee town centre and provides relevant context in regards to the scale, timing and role of the Huntlee town centre and the potential impacts on Branxton and surrounding centres.

This memorandum has been prepared to addresses whether:

- The scale of the Huntlee town centre is appropriate for the proposed population of the release area and surrounds and will not adversely impact upon other centres of the Lower Hunter.

- The Huntlee town centre will serve a district or sub-regional role and function once fully developed, and is not considered to be a 'regional' centre.

- The floorspace within the Town Centre will be staged over time, in line with population growth and market demand.

1 Huntlee Town Centre

The Huntlee release area is a major greenfield residential area identified in the Lower Hunter Regional Strategy, situated at the northern extent of the new Hunter Expressway, which is presently under construction.

The Huntlee release area is planned to accommodate in the order of 7,500 new dwellings and about 20,000 persons once fully developed. At present, there is a limited population in this area, with the town of Branxton containing about 2,000 persons.

The Huntlee release area is expected to be developed gradually over the next few decades, and over time it will accommodate associated retail, commercial and employment uses supporting the new residential population.

As with any new release area of such size and scale, the provision of appropriate levels of local employment opportunities and amenities will be fundamental to its success and to the creation of a self-sustainable major residential development.

The Huntlee release area will include a town centre, which will be the focal point of the total development and will accommodate the majority of retail and commercial floorspace to be provided. Smaller neighbourhood nodes, local shops, educational and community facilities are also likely to be distributed across the release area.

2 Scale of Town Centre

A population of about 20,000 persons will support a significant range of facilities in and of itself. The town centre will also be able to service a broader region given its centralised location between the towns of Singleton, Cessnock and Maitland. However, these towns will also limit the scale and mix of uses that could be accommodated within Huntlee, since they each contain quite extensive town centres.

Across Australia, there is an estimated 2.2-2.3 sq.m of retail floorspace provided per person, across all types of retail formats. On these metrics, the capacity population within the Huntlee release area will generate retail demand in excess of 40,000 sq.m. However, not all of this demand will be directed to retail facilities within the Huntlee town centre.

Given the available population, the Huntlee town centre will not, for example, be able to accommodate a regional shopping centre such as that recently built at Rouse Hill in north-west Sydney, nor will it be likely to support a department store.

Preliminary investigations indicate that a population of such magnitude could support a retail core in the town centre in the order of 20,000 sq.m, in addition to commercial, community, entertainment and other uses typically found within sub-regionally sized town centres servicing a population of this size.

In terms of likely staging, our analysis indicates that the Huntlee town centre will be limited to a primarily convenience oriented role in the short to medium term, and a sub-regional role at capacity, due the following factors:

- The competitive offers already provided at Cessnock, Green Hills, Maitland and Singleton.
- Future retail developments and expansions that are likely/expected in the surrounding towns.
- The size of the retail expenditure market that the Huntlee town centre trade area population will generate.
- The types of anchor stores that will be likely to locate within such a centre.
- The rate of population growth and end capacity population expected within the Huntlee release area.

More precise sizings, staging and recommended mixes for each stage of the town centre are being further investigated by MacroPlan Dimasi, but a sub-regional town centre of the size suggested would be tailored, first and foremost, towards the convenience needs of the surrounding population. Thus the likely retail mix will include at least one and probably two or more supermarkets; supporting specialty and mini-major retailers; restaurants, cafes, take-away options as well as a possible discount department store over the longer term, as required population thresholds are reach. The Huntlee release area may also include some bulky goods retail which would be optimally located beyond the town centre core.

However, not all of these uses would be supportable in the short term. Even once developed completely, the Huntlee town centre will perform a sub-regional retail role and function.

Table 2.1 illustrates the size and scale of each centre within the surrounding competitive retail supply network. These centres will continue to service the needs of Branxton and Huntlee residents for certain higher order retail, business and other services, once the Huntlee town centre establishes.

Map 2.1 indicates the location of the existing competitive centres, and how they will limit the extent of the trade area for Huntlee, which is also defined on Map 2.1.

The extent of the trade area or catchment for any centre is shaped by a number of important factors, including the centre's relative attractiveness as compared to other competitive retail facilities on offer, in terms of their size, layout and composition; accessibility to and from the centre, as far as any available road and/or public transport networks which may exist; and any significant geographical or man-made barriers which are difficult to negotiate and/or take considerable time to cross.

Taking the above into account, the trade area which is likely to be served by the Huntlee town centre will comprise of a key primary sector and three secondary sectors.

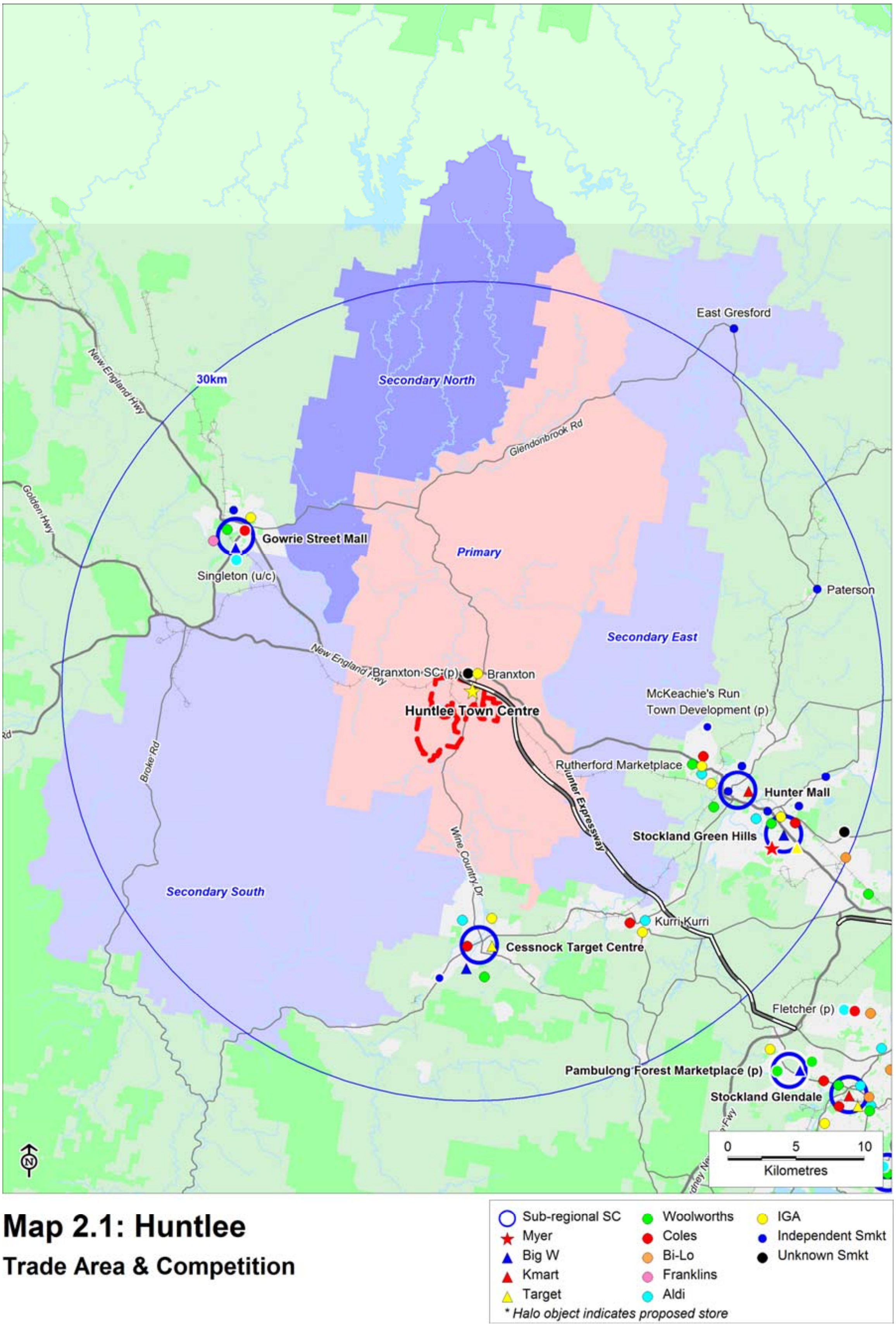
The primary sector will include the Huntlee release area, the town of Branxton and the immediate surrounds. The three secondary sectors will extend towards the surrounding towns of Singleton to the west, Rutherford to the east and Cessnock to the south. The expected market shares of retail expenditure from these secondary sectors to be much lower than the key primary sector. The combination of these trade area sectors forms the main trade area.

Table 2.1

Huntlee schedule of competing retail facilities

Centre	Retail GLA (sq.m)	**Major traders**	Dist. by road from Huntlee (km)
Within trade area			
Branxton SC (p)	5,080	Supermarket (p)	1.0
Branxton	1,500	IGA	1.1
Beyond trade area			
Cessnock	*27,810*		*19.0*
• Cessnock Target Centre	9,400	Target, Coles	
• Cessnock Plaza	5,390	Woolworths	
• Cessnock Marketplace	3,020	IGA	
• Other	10,000	Big W, Aldi	
Wollombi Road	3,600	Independent (p)	23.0
Rutherford	*16,530*		*21.0*
• Rutherford SC	6,830	Coles	
• Rutherford Marketplace	5,700	Woolworths	
• West Mall Plaza	4,000	Aldi, IGA	
McKeachie's Run	1,700	Supermarket (p)	22.0
Telarah	700	IGA	22.0
Singleton	*33,650*		*23.0*
• Gowrie Street Mall	11,000	Big W, Woolworths,	
• Gowrie Street Mall (proposed)	14,000	Coles (p)	
• Singleton Plaza	3,000	Franklins	
• Singleton Town Square	4,650	IGA	
• Other	15,000	Aldi (p)	
Maitland	*54,695*		*26.5*
• Hunter Mall	21,870	Kmart, Foodworks	
• Penderplace SC	4,825	Woolworths	
• Other	28,000		
East Maitland	1,300	Aldi	29.0
Stockland Green Hills	*29,300*		*30.0*
• Existing	29,300	Big W, Woolworths, Coles	
• Proposed	35,600	Myer (p), Target (p)	
Kurri Kurri	*8,700*		35.0
• Kingsway Plaza	2,700	IGA	
• Other	6,000	Coles, Aldi	

Source: Property Council of Australia; MacroPlan Dimasi



Map 2.1: Huntlee

Trade Area & Competition

Cessnock is considered a Major Regional Centre in the Lower Hunter Regional Strategy and is situated about 10-15 km south of Huntlee. This centre accommodates in excess of 27,000 sq.m of traditional retail floorspace including two DDS – Big W and Target, as well as three supermarkets – Woolworths, Coles and IGA. Cessnock is also a key administrative hub supporting commercial, community, health, administrative and entertainment uses.

Cessnock serves the broader region including Kurri Kurri and Branxton and serves an estimated main trade area population of about 55,000 persons and a primary sector population of about 30,000 persons. Cessnock will further entrench its role as a Major Regional Centre over time as nearby residential growth areas establish and additional retail and commercial floorspace is accommodated in the centre.

Maitland is also considered a major regional centre in the Lower Hunter Regional Strategy. The broader area around Maitland supports more than 100,000 sq.m of retail floorspace, including the Hunter Mall Shopping Centre (22,000 sq.m) and Stockland Green Hills (30,000 sq.m), servicing local residents as well as residents in a broader regional trade area.

Singleton, which is not part of the Lower Hunter Region, as defined by the NSW Department of Planning and Infrastructure, performs a sub-regional centre role and function servicing residents in this area of the Upper Hunter. Singleton accommodates in excess of 30,000 sq.m of retail floorspace including the 11,000 sq.m Gowrie Street Mall, which includes a Big W DDS and Woolworths supermarket.

The Huntlee town centre will not impact the current or future role and function of these larger surrounding centres, given the comparative scale and mix of uses in these centres. In fact, all of these centres have current DA approvals for increases in retail floorspace and this will further reinforce their competitive influence upon the future Huntlee town centre.

Cessnock has a DA approval for a large Bunnings Warehouse and additional convenience retail. There are approvals in Singleton for a new Aldi supermarket and an expansion to the Gowrie Street Mall and Stockland Green Hills has DA approval for an expanded centre up to 70,000 sq.m, including a department store.

Furthermore, development within Huntlee will be staged over time, in unison with population levels in the Huntlee release area and the recommended staging would rely upon the key population in the primary sector, and would not be expected to draw much trade from areas around Cessnock, Singleton or Maitland.

Smaller centres such as **Kurri Kurri,** will continue to serve more immediate, localised trade areas which will not be eroded by new growth within the Huntlee release area. In fact, Kurri Kurri provides about 9,000 sq.m of retail floorspace including three supermarkets – Coles, Aldi and IGA – which makes it quite a strong convenience based town centre.

Branxton town centre offers a small provision of retail floorspace including an IGA supermarket, servicing some of the convenience needs of this local community. However residents of Branxton would currently be travelling to the surrounding centres of Cessnock, Maitland and Singleton to access full-line supermarket and higher order retail shopping.

There is a DA approval for a retail development of 5,080 sq.m including a 3,200 sq.m supermarket and supporting specialty floorspace on the corner of Maitland Street and Cliff Street, about 150 metres from the existing IGA supermarket. This development may very well proceed in the near future and would allow local residents access to a full-line supermarket option thereby making the Branxton town centre more directly competitive with the future facilities to be provided at the Huntlee town centre.

Should the approved development at Branxton not occur, full-line supermarket facilities and supporting specialty retail provided as part of a first stage of the Huntlee town centre will meet this market gap and benefit Branxton residents, who would no longer be required to make 30-40km round trips in order to access a full-line supermarket for weekly food and grocery shopping.

3 Staging / Timing

Allowing and zoning sufficient land area for future uses does not imply development rights, nor does it mean that all development will occur immediately. The size, scale and timing of retail development, particularly in new greenfield growth areas, will all depend on the rate of population growth. Certain retail anchors such as full line supermarkets and discount department store tenancies will only be supportable once a trade area establishes particular critical mass thresholds.

Table 3.1 shows that the estimated trade area population at present is about 17,200, of which 10,500 are resident within are within the key primary sector.

We estimate that the development of the Huntlee release area may proceed at about 200 dwellings per year under a conservative growth scenario, factoring in surrounding residential supply, residential market growth and various economic factors.

Based on the expected dwelling typologies and household compositions, we expect such development to translate into population growth of about 540 persons per year. Therefore we expect the Huntlee release area to accommodate about 2,000 dwellings by 2026, with a population of about 6,000.

Clearly, the Huntlee release area will take several decades to be fully developed, and supporting retail development, as well as commercial and other employment oriented development will be delivered at various staging points over the life of the development project.

Table 3.1

Huntlee trade area population, 2006-2026*

Trade area	Estimated population 2006	2011	2012	Forecast population 2016	2021	2026
Huntlee Release Area				543	3,258	5,973
Primary sector	9,570	10,320	10,500	11,300	14,500	17,750
Total secondary	6,210	6,617	6,717	7,117	7,617	8,117
Main trade area	**15,780**	**16,937**	**17,217**	**18,417**	**22,117**	**25,867**

Trade area	Average annual growth (no.) 2006-11	2011-12	2012-16	2016-21	2021-26
Huntlee Release Area			109	543	543
Primary sector	150	180	200	640	650
Total secondary	81	100	100	100	100
Main trade area	**231**	**280**	**300**	**740**	**750**

Trade area	Average annual growth (%) 2006-11	2011-12	2012-16	2016-21	2021-26
Primary sector	1.5%	1.7%	1.9%	5.1%	4.1%
Total secondary	1.3%	1.5%	1.5%	1.4%	1.3%
Main trade area	**1.4%**	**1.7%**	**1.7%**	**3.7%**	**3.2%**

**As at June*

Source: ABS; MacroPlan Dimasi

4 Key Findings

The development of the Huntlee release area and town centre will not result in adverse outcomes for the broader Lower Hunter Region. In fact, the development of this area for additional housing, employment and associated amenities will be of net positive benefit for the region.

The development of the Huntlee town centre will not occur immediately, or all at once. As with the development of any greenfield area, the residential dwellings will be developed and populated gradually, and supporting amenities will be staged accordingly, at appropriate threshold points. Adopting such an approach will mean that the:

- The scale of the Huntlee town centre will be commensurate with the proposed population of the release area and surrounds.

- The Huntlee town centre will provide a localised convenience retail offer in the short to medium term and will not be a ‘regional centre’, even once completely developed.

- The floorspace within the town centre will be staged over time, in line with population growth and market demand.

The proposed Huntlee town centre retail core is not expected to be any larger than the provisions of retail facilities available in nearby Singleton, Cessnock and Maitland, and will in fact be limited by the extent of the competitive offers in each of these centres.

Development of the Huntlee town centre will be staged over time. We expect the early stages of the development to include a supermarket and some supporting specialty retail, likely to be developed within the first few years of the new estate’s life. With additional population growth, a second supermarket, supporting specialty retail will be supportable over the medium to longer term, around 5-10 years later, depending on the rate of dwelling growth, while a discount department store may be supportable over the longer term.

Appropriately staged retail development within the Huntlee Town Centre will also result in:

- Increased convenience and amenity for the existing and future population of the main trade area.
- Ensuring sufficient retail floorspace is made available to meet demand.
- A reduction in vehicle kilometres travelled as people are able to conveniently shop in closer proximity to their place of residence.
- A reduction in traffic in other centres and along main arterial roads.