

18 May 2018

**Re: Submission to Planning for the Future of Retail: Discussion Paper**

Stockland is pleased to submit this response to the NSW Department of Planning & Environment on the Discussion Paper, *Planning for the Future of Retail* (the Discussion Paper).

As one of the largest retail property owners, developers and managers in Australia, Stockland has a keen interest in contributing to the development of a Retail Strategy for NSW. Our retail portfolio comprises<sup>1</sup> 40 shopping centres nationally valued at approximately \$7.3 billion. In NSW alone, over 187,000 customers visits one of our 17 retail centres every day, and manage over half a million square metres of retail space with a value of \$4.3 billion.

We understand the Discussion Paper is the first step towards developing a new state-wide retail strategy for NSW, an action that was flagged in the *Greater Sydney Region Plan 2018*. A clear, robust and evidence-based NSW Retail Strategy is an important milestone for the retail sector. It is important this strategy provides clarity on the NSW Government's expectation of local councils and the retail sector in terms of appropriate scale and location of retail spaces across metropolitan and regional cities.

This clarity is essential to the creation of great places with sustainable and community-focused retail at their core. Emerging trends – both global and local – are changing the way communities interact with retail spaces, and the supporting infrastructure that is required to facilitate these trends. However, the continuing economic and social contribution of local and strategic centres to communities needs to be acknowledged.

Investment that has occurred in retail centres over time has led to and enables innovation to take place in retail in terms of design, tenancies, technology, and people and vehicle movement. Underpinning this investment has been the long-standing policy of centre-based planning, which reflects the benefits that come with bringing together a mix of uses around infrastructure nodes. Any new Retail Strategy for NSW should have at its core a focus on planning for retail in a way that will support, and not undermine, other important goals sought to be achieved through good strategic planning, including centres-based planning.

Strong collaboration with industry partners, such as Stockland, will be essential to helping deliver the aims of a future NSW Retail Strategy. In addition to owning, managing and developing retail, our property portfolio also includes logistics centres, business parks, office assets, residential communities and retirement living villages. We understand the drivers of the broader community, including but not limited to the retail sector, and therefore believe we are well placed to provide balanced views to inform the preparation of a NSW Retail Strategy.

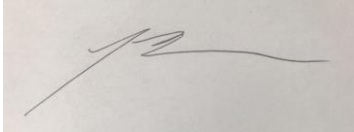
We have structured our feedback to align with the three potential directions for retail planning set out in Part 3 of the Discussion Paper, and also included some general commentary around the outcomes that will serve the needs of the contemporary retail sector outlined in Part 2 of the Discussion Paper.

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<sup>1</sup> As at 31 December 2017

We would be happy to provide further material or to meet with you to continue discussions through the preparation of the Retail Strategy. The contact for your office is our National Planning Manager, Samantha Czyz, to discuss aspects of this submission or for future consultations: [samantha.czyz@stockland.com.au](mailto:samantha.czyz@stockland.com.au) or 02 9035 3273.

Yours Sincerely,



**Tim Beattie**  
**General Manager, Retail**  
**Stockland**

## **Comments on Outcomes for Retail**

### ***“Clustering of retail will provide easy, multipurpose, frequent shopping”***

Stockland strongly supports the clustering of retail, particularly when focused in centres within walking distance to public transport and integrated with social infrastructure. Centre-focused development of retail is critical to the success of town centres and can foster greater retail investment and promote growth within local economies. The co-location of a mixture of businesses also directly benefits customers through local convenience and reduced need to travel outside of centres to complete their shopping trips.

Allowing emerging retail centres to develop in unplanned, out-of-centre locations has the potential to drive retail away from traditional centres and may result in a series of unintended impacts such as increased pressure on accessibility and road networks, the loss of a sense of community within the town centre and impacts on customer convenience.

Most critically, the vast benefits of centres-based development will be retained through a Retail Strategy that prioritises clustering of retail in centres. These benefits stretch beyond the retail sector alone, and are critical to the community more broadly. These include the creation of places for social interaction, leisure, recreation, entertainment and the sustainable use of land around transport hubs.

### ***“Orderly development of new retail formats”***

We recognise that customer trends are evolving, and that some customers prefer to shop at ‘experience-based’ stores. However, we believe allowing retail to occur in locations outside of town centres or on town centre fringes, such as in large-format corridors, does not constitute “orderly development”.

New retail formats are also occurring and evolving within existing centre contexts, encompassing a wide range of uses – such as social facilities and entertainment uses – that meets the customer need for “experience-based” shopping. To ensure that this is not diluted, consideration needs to be given to the facilitation of new retail formats within existing centre contexts.

### ***“Strategic planning for innovative retail formats”***

We acknowledge that some forms of retail are changing in the face of innovation, such as new retail formats, new ways of manufacturing and non-typical operating hours. We agree a degree of flexibility needs to be provided within the planning system to foster innovations in retail, however the way that this flexibility is implemented is key.

Flexibility in land-use and permissibility of certain retail types should only be encouraged in areas where it is suitable to do so. An emphasis needs to be placed on how permissibility of certain retail types meets the broader objectives of retail planning within an area, and consider all of the aspects that contribute to good planning outcomes such as centres-based planning.

### ***“Strategic planning that revitalises regional centres”***

Regional centres play an equally important role within retail in Australia and support the revitalisation of regional centres and main streets. With several shopping centres located in regional areas, Stockland is committed to working with State and local Councils to continue to explore new ways of attracting investment into our regional communities.

A key way to do this is to embed retail into the strategic planning statement for regional centres, clarifying where retail should be concentrated for each locality.

## **Comments on the ‘Potential Directions’**

### ***1. Better local strategic planning for retail***

We agree greater emphasis needs to be placed on strategic planning and local place-based outcomes to guide retail land use objectives and decisions, in the context of an endorsed NSW Retail Strategy. Statutory planning controls should then align to the strategic narrative of a locality but also fit into the broader strategic context of the entire area and beyond.

Councils’ Local Strategic Planning Statements, informed by tailored local retail strategies, should establish the direction for retail in any given local area. It will be important for planning decisions to respect and align with the endorsed Local Strategic Planning Statements, especially with regard to retail proposals. This will maintain community confidence in planning decisions, and limit the potential for undesirable outcomes as it relates to retail planning and provision.

To ensure the benefits of strategic planning are maximised, it is recommended a consistent framework and methodology for developing retail strategies is set at the local level, and assessment of retail proposals established. This will ensure the process for implementation is consistent across the retail sector.

### ***2. A modern approach to retail development that reflects a range of retail formats in centres***

New retail clusters, including large-format retail clusters, will continue to emerge as cities densify and grow. This must be carefully managed to ensure that emerging clusters align with local and state strategic planning narratives.

The Discussion Paper states that “large-format retail sites have tended to grow and diversify their offerings over time” and therefore that planning should permit these sites to evolve into “emerging centres”. This assumes that only large-format retail is evolving and growing, and does not consider that this evolution, growth and diversification is also occurring in traditional shopping centres and centre environments.

The result of this is the introduction of retail stores that would otherwise concentrate in traditional town centres, and ultimately the dispersal of activity from centres where there is likely a higher level of transport and social infrastructure.

There are a number of potential unintended consequences that should be considered in the discussion about “emerging centres”. One example is the impact on the economic performance and long-term viability of an existing centre. This impacts the ability to reinvest in such a centre, and can potentially undermine the ability for the centre to innovate and adapt as it otherwise would, especially if it is competing at price points at the fringe of centres that are not comparable. The flow on impact is counter to good strategic planning, which prioritises investment in town centres.

We caution this approach to emerging centres and stress the importance of considering the broader strategic context of an area when planning for retail provision, especially in considering proposals for new or “emerging” retail. This includes the need for robust assessment of the impact that an emerging centre would have on existing centres, as well as the provision of appropriate social and transport infrastructure prior to any advancement of the cluster as an emerging centre.

The Discussion Paper also includes commentary on a Net Community Benefit Test, as being part of the assessment of “emerging centres”. Previous planning policies have included criteria around a Net Community Benefit Test. We are of the view that the criteria defining the Test should be established in consultation with industry, involve independent experts, and be contestable.

Finally, we recommend that a clear framework with set benchmarks is created to assess transitioning clusters and determine whether it is appropriate to plan for the establishment of new centres.

### ***3. Adaptability and certainty for retail***

The introduction of flexible, open zones and ‘innovation in retail’ provision in LEPs needs to be considered with caution. Flexible, open zones in the right locations are appropriate to encourage innovation and attract investment in a broader range of retail formats. This should be supported and encouraged in line with a centres-based approach to planning for retail, given all the benefits associated with centres-based planning.

The preparation of Local Strategic Planning Statements must be an important part of the assessment criteria to define where open zonings are most appropriate.

The application of these mechanisms needs to be planned carefully, given the implication that where a proposal is not consistent with the strategic planning narrative, it may still be approved. This would ultimately undermine the strategic planning narrative and threaten the benefits of good strategic planning.

Stockland recommends that the introduction of any sort of “open zone” control is coupled with a very clear set of criteria to ensure that new types of retail align with the strategic planning narrative.

Similarly, the interim measure of introducing an “innovation in retail” provision should be approached with caution. We recommend this control, if introduced, is initially implemented only in established centres. This would invigorate investment and innovation in existing strong town centres where the provision of infrastructure already supports “innovation in retail”.

Finally, it is proposed the Department pause any changes to the Standard Instrument until agreement is reached on a new state wide Retail Strategy. Changes to the Standard Instrument now would pre-empt the directions set in the Retail Strategy and run the risk of planning decisions being made now that ultimately undermine the intent of the Strategy, once introduced.