

# CAPE OTWAY ROAD AUSTRALIA

## ECONOMIC ASSESSMENT

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PREPARED FOR COESR PTY LTD

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# EXECUTIVE SUMMARY

## ENGAGEMENT

Urban Enterprise was engaged by COESR Pty Ltd to prepare an economic assessment of key components of the proposed Cape Otway Road Australia (CORAs) development. A previous economic assessment was prepared by Urban Enterprise in May 2018 and assessed a previous CORA concept.

The CORA development is proposed for a 220 hectare site on Cape Otway Road adjacent to the township of Modewarre in Surf Coast Shire (the **subject site**). Following rezoning, the subject site is proposed to be developed for a multi-purpose sports, tourism, and accommodation precinct.

## ECONOMIC IMPACT

The following is a summary based on analysis undertaken by Ernst and Young (EY) in the Business Case:

- Construction is expected to result in an average of 432 jobs per annum between 2018-19 and 2020-21;
- It is estimated that the total direct employment as a result of CORA will be approximately 117 jobs (in 2024-25) with further employment (74 jobs) resulting from flow-on economic impacts in the region;
- The expected direct economic impact of the facility to the region will be \$32.5 million per annum and indirect impact of \$22.2 million per annum in 2024-25.

Ongoing economic impacts assessed in the EY Business Case relate only to the impact of new visitor expenditure brought to the region and do not take into account benefits associated with other elements of the development proposal. The ongoing employment and economic impact estimates are therefore considered conservative.

## RETAIL IMPACT

For the purpose of this report the total 'as of right' floorspace allowed under the proposed planning controls was assessed, being 1,200sqm of shop floorspace and 2,000sqm of food and drink premises floorspace (the maximum floorspace without requiring a planning permit). The retail impact findings are as follows:

- The retail components of the proposal are primarily tourism related and do not include any large format retail space that would attract significant expenditure from residents of the region and compete with the established retail and activity centre hierarchy;
- The proposal would primarily meet the needs of the existing and new tourism market, currently estimated at \$360m per annum. The tourism retail market is expected to increase strongly over time and will require ongoing growth and diversification of retail offer in order to continue to capture tourism yield and related benefits in Surf Coast Shire;
- This facility would itself generate significant additional visitation to the region and additional expenditure which will support approximately 36% of the turnover required for the retail components of the development. Other benefits from the additional visitation would flow through to other retailers and businesses in the region;
- The existing retail hierarchy in the area is not expected to compete closely with the CORA retail components due to the lack of comparable offer;
- The retail components of the development proposal are expected to have negligible economic impacts on existing retailers. The greatest impacts are expected to occur in Torquay, however in percentage terms (2-3%) these impacts are not considered material;
- The proposal could generate a range of economic benefits to the area, including local employment and diversification of retail offer to visitors;
- The CORA facilities are expected generate an additional \$3m of tourism retail expenditure in the region that is not available today; and
- Overall, the retail and hospitality components of the development are assessed to provide a net economic benefit to the region.

# 1. INTRODUCTION

## 1.1. ENGAGEMENT

Urban Enterprise was engaged by COESR Pty Ltd to prepare an economic assessment of key components of the proposed Cape Otway Road Australia (**CORA**) development. A previous economic assessment was prepared by Urban Enterprise in May 2018 and assessed a previous CORA concept.

## 1.2. SCOPE OF WORK

This report responds to a request for the following analysis to be prepared:

- An economic impact assessment of the overall development proposal; and
- An economic impact assessment of the retail components of the development proposal.

The economic impact section relies on work previously prepared by Ernst and Young as part of a business case for the proposed development.

## 1.3. INFORMATION SOURCES

Information and data relied on in this report includes:

- Concept Masterplan – CORA Cape Otway Road, Australia, Tract, August 2019. (**Concept Masterplan**);
- Proposed Comprehensive Development Zone Schedule 3, Tract, August 2019 (**CDZ3**);
- Cape Otway Road Australia (CORA) Elite training facility, Accommodation and Retail Village in the Surf Coast, Victoria Business Case, Ernst & Young (EY), 31 January 2018. (**Business Case**);
- Traffic Engineering Assessment CORA – Cape Otway Road Assessment at Cape Otway Road and Connies Lane, Modewarre, TraffixGroup, August 2019. (**Traffic Report**);
- Australian Bureau of Statistics (**ABS**) data;
- Tourism Research Australia (**TRA**) data; and
- Victoria In Future, 2016.

## 2. DEVELOPMENT PROPOSAL

### 2.1. INTRODUCTION

This section provides an overview of the development proposal, including location, proposed land uses and other details.

### 2.2. SUBJECT SITE

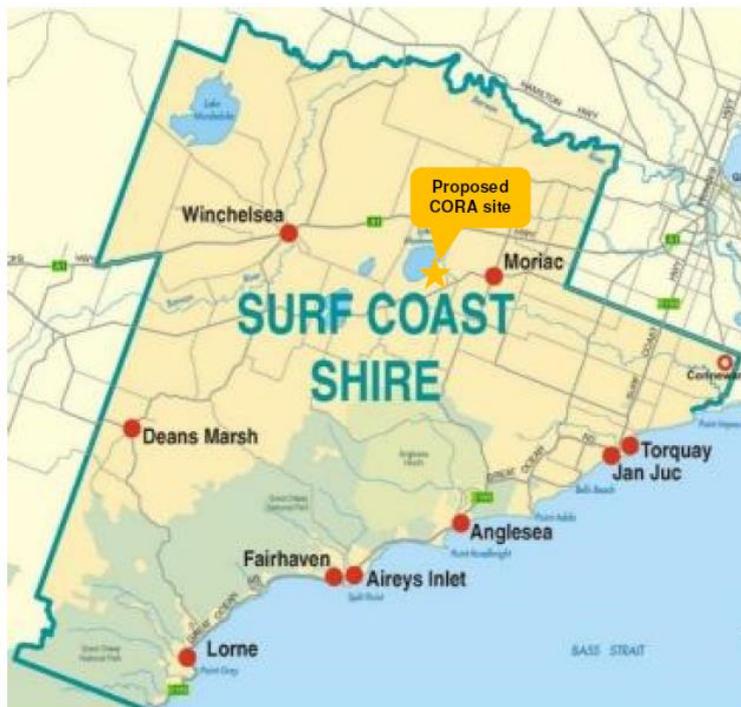
#### LOCATION

The CORA development proposal is to be located within a 220 hectare site on Cape Otway Road adjacent to the township of Modewarre in Surf Coast Shire (the **subject site**).

The subject site is located approximately 5km south-west of Moriac, 11km south-east of Winchelsea and 25 km south-west of Geelong. The subject site is also located in close proximity to the Great Ocean Road (GOR), with Torquay located 20km to the south-east and Lorne located approximately 33km south-west of the subject site (or 55km by road).

Figure 1 shows the location of the subject site relative to other towns within Surf Coast Shire.

FIGURE 1 LOCATION OF SITE



Source: Business Case, pp 17.

#### SURROUNDING LAND USES

The surrounding land is used for a combination of rural residential and farming purposes. Lakes Modewarre is located to the immediate north of the subject site.

## 2.3. PROPOSED DEVELOPMENT AND LAND USES

The subject site is proposed to be rezoned from the Farming Zone and Rural Conservation Zone to Comprehensive Development Zone (CDZ), with an accompanying schedule which will guide future land uses and their scale.

Following rezoning, the subject site is proposed to be developed for a multi-purpose sports, tourism and accommodation precinct.

The proposal includes the following components as outlined in the Concept Masterplan:

- Commercial uses, including a retail village; micro-brewery and restaurants;
- Tourism uses, including and 4 and 5-star visitor accommodation in a hotel and eco-lodges;
- Educational and health uses, including a childcare centre; wellness practitioners and a sports science hub; and
- Recreational facilities, including an elite sports training facility, gymnasium and art galleries.

The Concept Masterplan shows that the subject site will be divided into 17 areas as summarised in Table 1 (quantities obtained from Traffic Report). The location of each use and precinct is shown in Figure 2.

The development proposal will be accessed from Cape Otway Road.

**TABLE 1** PROPOSED CORA LAND USES AND QUANTITIES

AREA	USE	SIZE
1	Retail village	
1a	Design Studio	200sqm
1b	Art Gallery	150 patrons
1c	Shop	1,220sqm
1d	Food & Drink	610sqm
1e	Child care centre Distribution Centre	90 places 450sqm
1f	Micro-brewery	425sqm
2	Hotel	128 rooms
3	Wellness centre	12 practitioners
4	Media centre	200 patrons
5	Elite sports facilities Office	860sqm
6	Sports science hub	8745sqm
7	Gymnasium	975sqm
8	Manager's residence	1 dwelling
9	Farm	
10	Eco Lodges	61 Lodges
11	Main entry	
12	Secondary entry	
13	Sculpture garden	-
14	Staff accommodation	28 rooms
15	Bus parking and Car Parking	
16	Depot	
17	Waste Water	

Source: Tract Concept Masterplan, 2019, and TraffixGroup Traffic Report. Page 15.

FIGURE 2 CORA MASTERPLAN



Source: Concept Masterplan, Revision 15, Tract, 26/08/2019. Annotated and cropped by Urban Enterprise.

## **3. ECONOMIC IMPACT**

### **3.1. INTRODUCTION**

This section provides a summary of the economic impact of the proposed development based on analysis undertaken by Ernst and Young in the Business Case.

It is noted that this analysis has not been peer reviewed by Urban Enterprise, and that the business case was prepared on a previous concept which also included a wave pool and residential development which does not form part of the current concept. Revised estimates of economic impact excluding the wave pool and residential development have been prepared by Urban Enterprise based on the content of the Business Case.

### **3.2. CONSTRUCTION**

Construction of the various facilities is estimated to cost in the order of \$353 million (January 2018 values). Modelling by EY found that this is expected to result in an average of 472 jobs per annum between 2018-19 and 2020-21 with a high point of 1,095 jobs in 2018-19 and low point of 22 jobs in 2020-21.

When the wave pool and residential development are excluded, the construction cost is estimated at \$323m with an average impact of 423 jobs per annum during construction (direct and indirect).

### **3.3. CORA OPERATIONS**

EY note that on-site jobs will be required to operate the accommodation, retail and commercial offerings and food and beverage outlets. In addition, CORA itself will require a skilled management team to manage and operate parts of the facility.

EY estimated that total direct employment as a result of CORA will be approximately 171 jobs (in 2024-25) with further employment (109 jobs) resulting from flow-on economic impacts throughout the Region (based on input-output economic modelling).

When the wave pool and residential development elements of the proposal are excluded, the employment impact is estimated at 117 direct jobs and 74 indirect jobs (total of 191 jobs).

### **3.4. VISITATION**

The Business Case found that CORA will provide a range of four and five star accommodation options for tourists. These include 128 hotel rooms and 61 eco lodges. Based on assumed occupancy and guest density rates for the proposed accommodation (and as per the CORA financial model), this accommodation will provide capacity for approximately 87,200 additional visitor nights in the Region. CORA will also act as an attractor to the Region with its retail village (including wellness facility).

Visitor numbers were estimated at between approximately 200,000 to 340,000 visitors to CORA by 2024-25 (allowing for a ramp-up period). Excluding the wave pool, visitation would range from 132,000 to 183,000 unique visitors (p. 91).

Some of these visitors to CORA would have already visited the GORR and some others will also come from within the GORR. As a result, once these are taken into account, it is estimated that there will be 126,100 to 216,500 new visitors to the CORA economic impact zone (or 74,000 to 100,000 excluding the wave pool).

EY estimated the expected ongoing direct economic impact of the facility to the region will be \$47.6 million per annum and indirect impacts of \$32.6 million per annum in 2024-25 (p. 93). When the wave pool and residential development components of the development are excluded, it is estimated that the ongoing economic impact of the development will be in the order of \$32.5m per annum (direct) and \$22.2m per annum (indirect).

### 3.5. OTHER IMPACTS

The Business Case also identifies the following other economic impacts expected to result from the development proposal:

- The project is expected to deliver a competitive advantage for Victoria when it comes to bidding for major sporting events at both a national level and within the Asia-Pacific region. The gross economic contribution of the major events industry in Victoria based on a typical Major Events Calendar year totalled \$2.2 billion. The wider economic impact of large scale events is closer to \$2.7 billion.<sup>1</sup> Of the above benefits generated by Victoria's Major Events Calendar, EY estimates that approximately 70% can be attributed to major sporting events and
- Improved wellbeing within the Region including better health (mental & physical), community pride and reduced social and economic disadvantage.

### 3.6. FINDINGS

Table 2 provides a summary of the various economic impacts identified for the CORA development excluding the wave pool and residential development.

**TABLE 2** SUMMARY OF ECONOMIC IMPACTS

	DIRECT	INDIRECT	TOTAL
<b>Construction Phase</b>			
Output	\$322.6m	\$293.5m	\$616.1m
Value added	\$71.5m	\$120.1m	\$191.6m
Jobs	134	298	432
<b>Operation Phase</b>			
Output	\$32.5m	\$22.2m	\$54.7m
Value Added	\$13.6m	\$10.3m	\$23.9m
Jobs	117	74	191

Source: EY, 2017, revised by Urban Enterprise to exclude impact of wave pool and residential development.

It is noted that the ongoing economic impacts assessed in the EY Business Case relate only to the impact of new visitor expenditure brought to the region as a result of the development and do not take into account the additional benefits associated with other elements of the proposal such as the sports science centre, childcare, design studio, art gallery. The ongoing employment and economic impact estimates identified in this section are therefore considered conservative.

The economic impacts of the proposed retail village are considered in greater detail in the following section, including the expected impact on existing retail businesses in the region.

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<sup>1</sup> 30 EY, (2016) Victorian Major Events Company, Economic impact of the Victorian Major Events Calendar.

## 4. RETAIL IMPACT

### 4.1. INTRODUCTION

This section provides an assessment of the economic impact of the retail uses proposed at the subject site. The assessment considers the likely impact of the retail floorspace on nearby retail centres based on the role and catchment of the retail proposal.

### 4.2. DEVELOPMENT PROPOSAL

The proposal includes a 2,580sqm 'retail village' in the western part of the site, co-located with a micro-brewery and a child care centre. This area is proposed to accommodate the greatest concentration of retail floorspace within the development.

The proposed land uses within the retail village include shops, food and drink premises, art galleries and a design studio as summarised in Table 3.

The Business Case refers to the proposal including 15 retail tenancies in the retail village across a range of retail types (p.55), meaning that the average tenancy size is expected to be approximately 170sqm (similar to the size of many independent specialty shops and cafes in Torquay).

**TABLE 3** PROPOSED RETAIL VILLAGE USES

USE	FLOORSPACE (SQM)
Shop	1,220
Food and Drink	610
Design studio	200
Gallery and Indigenous Art	150 patrons
<b>Total</b>	<b>2,580</b>

Source: TraffixGroup Traffic Report, 2019, page 10.

Not all uses within the Retail Village are genuine 'retail' uses, and some food and drink premises are also proposed to be located elsewhere within the development, such as restaurants associated with the hotel accommodation.

Table 4 summarises the 'retail' floorspace within the development proposal. It is estimated that a total of 3,220sqm of retail floorspace is proposed as part of the development, 1,700sqm of which (62%) relates to food and drink premises. The balance of the floorspace (1,220sqm) is proposed to be general retail.

**TABLE 4** RETAIL USES

USE	RETAIL VILLAGE (SQM)	OTHER RETAIL (SQM)
Shop	1,220 (bakery, patisserie, deli, homewares, bookshop, crafts, clothing / surf)	-
Food and Drink	610 (café, pizzeria, food hall, gelateria)	500(micro-brewery) 590 (restaurants part of hotel area)
<b>Total</b>	<b>1,830</b>	<b>1,090</b>

Source: TraffixGroup Traffic Report. Page 30.

## PROPOSED PLANNING CONTROLS

Ultimately, the type and scale of retail uses that could be permitted at the subject site will be dictated by the proposed CDZ schedules. Table 5 summarises the implications of the proposed schedule in terms of the type and scale of retail uses that could be permitted on the subject site.

In summary, up to 1,200sqm of shop floorspace and 2,000sqm of food and drink premises can be developed without a permit for the use and any floorspace in excess of these amounts would require a permit.

In all cases, to be permitted shops and food and drink premises must be located within the Retail Village precinct or the Accommodation and Leisure Precinct of the subject site.

Importantly, some retail uses are prohibited altogether, including Supermarket, Restricted Retail Premises and Department Store.

For the purpose of this report the total 'as of right' floorspace is assessed, being 1,200sqm of shop floorspace and 2,000sqm of food and drink floorspace.

**TABLE 5** PROPOSED PLANNING CONTROLS FOR RETAIL USES

USE	SECTION 1 (NO PERMIT REQUIRED)	SECTION 2 (PERMIT REQUIRED)	SECTION 3 (PROHIBITED)
Shop	Up to 1,200 sqm total	In excess of 1,200 sqm	Supermarket Restricted Retail Department Store Service Station
Food and drink premises	Up to 2,000 sqm total	In excess of 2,000 sqm	-

Source: Draft CDZ Schedule, Tract.

## 4.3. RETAIL ROLE AND CATCHMENT

The role of the proposed centre is focused on the provision of retail goods and services that complement the other proposed uses on the site, particularly tourism (hotel and art gallery/sculpture trail) and recreation (elite sports facility). The types of retail floorspace proposed are not those which generally serve a residential population, such as supermarkets, convenience shops, department stores or bulky goods - these retail uses are prohibited.

The role of the proposed development in terms of retail is therefore as a specialised centre which primarily serves visitors to the site and to the broader Great Ocean Road region. Almost two-thirds of the proposed retail floorspace is hospitality focused, such as restaurants, cafes, a food hall and a micro-brewery.

The balance of retail floorspace could ultimately include a range of shop types, however the intention of the masterplan is to accommodate a range of retail uses which serve a tourism and recreational role, such as clothing shops (selling surf, athletic and swimwear) to complement the recreational facilities and tourism related shops such as homewares and art which is targeted to visitors to the area.

## RETAIL VISITOR PROFILE

The Business Case identifies that the retail tenancies will attract a variety of visitor types, including:

- Day visitors;
- Overnight guests; and
- Athletes.

Based on a review of the proposed retail floorspace and location of the development, Urban Enterprise expect that the retail components of the proposal would attract custom primarily from the following markets:

- Visitors to the Great Ocean Road, including international and domestic;
- Visitors to the Elite Sports Facility, including athletes, families, support staff and media;

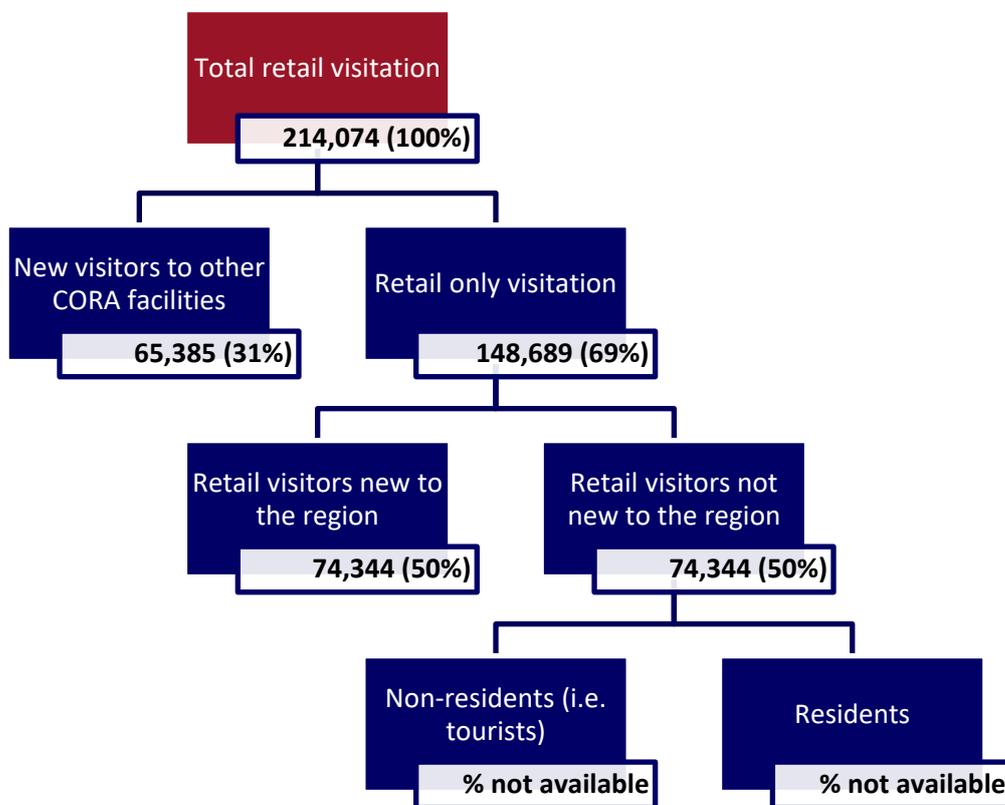
- Visitors drawn to the wellness facility (primarily from the Geelong and Surf Coast areas);
- Residents drawn to the retail floorspace from the Surf Coast area; and
- Residents drawn to the restaurants from the Geelong, Surf Coast and Colac Otway areas.

The Business Case provides a range of calculations and assumptions regarding the likely visitation profile of the development, including the extent to which visitation is likely to overlap between the various tourism and retail facilities.

The expected visitation to the retail facilities as estimated by EY has been summarised in Figure 3. It is estimated that approximately half of all retail visitors will also visit other facilities in the development, such as hotel guests, athletes, etc.

EY estimate that 50% of retail-only visitors would not be 'new' people drawn to the area by the restaurants, tourism and recreational facilities on the site (Table 33, p. 91). It is expected that this proportion would include both residents of the surrounding area and passing visitors to the Great Ocean Road.

**FIGURE 3** RETAIL VISITATION BREAKDOWN



Source: EY (p. 91); Urban Enterprise.

The traffic assessment confirms that the catchment for the facility will extend well beyond the local area. In terms of traffic generated by the development, the Traffic Report (p.32) estimates that:

- 70% of trips to/from the site will originate from Melbourne, Geelong or Torquay;
- 30% of trips are expected to/from Lorne or beyond (via Cape Otway Road and Winchelsea-Deans March Road); and
- 20% of site generated trips is direct "passing trade" already using Cape Otway Road.

The traffic report recommends that access to the site should be planned and signed along Cape Otway Road through Moriac for vehicles arriving from Melbourne and Geelong (p 35). This could potentially generate additional retail opportunities in Moriac, as discussed later in this report.

## 4.4. RETAIL IMPACT ASSESSMENT

### 4.4.1. ESTIMATED RETAIL TURNOVER

The starting point for an assessment of the potential impact of a retail proposal on other centres is to prepare an estimate of likely retail turnover for the development proposal.

Using industry benchmarks for retail turnover (and verified against estimates in the Business Case), it is estimated that the retail floorspace permitted as of right within the development proposal will have an annual turnover in the order of \$17m once fully operational (in 2018 values) as shown in Table 6.

**TABLE 6** ESTIMATED RETAIL TURNOVER (PER ANNUM, 2018 VALUES)

USE	INDICATIVE TURNOVER DENSITY	MAXIMUM AS OF RIGHT FLOORSPACE	ESTIMATED ANNUAL TURNOVER
Shop	\$6,000/sqm	1,200 sqm	\$7.2m
Food and Drink premises	\$5,000/sqm	2,000 sqm	\$10.0m
<b>TOTAL</b>			<b>\$17.2m</b>

Source: Urban Enterprise.

The extent to which this turnover is diverted from existing retailers is the primary focus of the retail impact assessment, along with other considerations such as the employment generated within the proposal and the extent to which the proposal improves the quality and diversity of retail offerings to residents and visitors in the region.

### 4.4.2. ORIGIN OF CORA RETAIL TURNOVER

The primary retail role will be to serve tourists to the region and to the CORA facility. CORA's location near the gateway to the Great Ocean Road region from Geelong and Melbourne means that the retail offer is likely to attract visitation from existing visitors to the region.

The Great Ocean Road region currently receives an average of 2.92m day visitors and 3.02m overnight visitors each year. These visitors spend in the order of \$1.2bn during their trips. The total expenditure in the Great Ocean Road region from overnight and day visitors per annum is outlined in Table 7.

A review of tourism expenditure items across Victoria prepared by Urban Enterprise showed that approximately 30% of total expenditure from visitors is spent on retail goods and services. On this basis, the total available retail expenditure pool of current visitors to the Great Ocean Road region estimated at \$361m per annum.

**TABLE 7** TOTAL EXPENDITURE PER VISITOR TO GREAT OCEAN ROAD REGION

VISITOR TYPE	NUMBER OF VISITORS	EXPENDITURE	EXPENDITURE PER VISITOR PER DAY/NIGHT
Day trip	2.92m	\$284m	\$97
Overnight Domestic	1.97m	\$816m	\$148
Overnight international	1.05m	\$103m	\$98
<b>Total</b>	<b>5.94m</b>	<b>\$1,203m</b>	
<b>Retail %</b>		<b>30%</b>	
<b>Total Retail</b>		<b>\$361m</b>	

Source: Great Ocean Road Regional Tourism Limited, April 2016 to March 2017.

The Business Case estimates that CORA will attract 100,000 new visitors to the facilities in addition to the current visitation to the region. These visitors are projected to generate expenditure of approximately \$30.5m.

Assuming that 30% of this expenditure is on retail goods and services, this would result in an additional available retail expenditure pool in the region of \$9.15m. Some of this expenditure would be expected to take place at CORA.

If it is assumed that 67% takes place at CORA (with the balance to other retailers in the region such as Surf Coast townships), \$6.13m of the CORA retail turnover would be supported by new visitors to the CORA facilities. This is expenditure that is not currently available to the region. In other words, it is estimated that:

- The CORA development proposal would generate approximately \$3m of additional retail expenditure in the region compared to current circumstances; and
- Approximately \$6.13m of the retail turnover required to support retail tenancies in the CORA retail village will be generated by visitors to the other CORA facilities.

The balance of the turnover of the CORA retail facilities would be supported by visitors to the region (i.e. passing trade) and residents of the local area and surrounding region.

Table 8 provides a summary of the expected breakdown of CORA retail turnover into each market, along with an estimate of the available market expenditure and the resulting market share.

**TABLE 8 EXPECTED CORA TURNOVER BY MARKET**

MARKET	NEW VISITORS TO CORA	EXISTING REGIONAL VISITORS	RESIDENTS	TOTAL
Estimated Percentage of CORA turnover	36%	54%	10%	100%
Estimated Retail Turnover at CORA	\$6.13m	\$9.35m	\$1.72m	\$17.2m
Market Retail Expenditure	\$9.15m	\$361m	\$82.2m	
Market Share	67%	2.6%	2%	
Impact	Additional trade to existing tourism retailers in region (+\$3.0m)	Potential trading impact on existing tourism retailers in region (-\$9.35m)	Potential trading impact on existing non-tourism retailers in the region (-\$1.72m)	

Source: Urban Enterprise.

Overall, the net impacts on existing retailers in the region is estimated at:

- \$6.35m for existing tourism retailers; and
- \$1.72m for existing non-tourism retailers.

These are considered to be 'maximum potential impact' estimates, given that:

- The impact is only likely to exist where comparable or substitute retail items are available elsewhere within the local economy. An analysis of existing retailers in the region (section 4.4.3) shows that the majority of existing retailers are not comparable to the CORA proposal, meaning that the impact on existing retailers would be likely to be less than the estimates shown in Table 8;
- Tourism visitation and expenditure in Victoria is projected to increase over time, providing the opportunity for additional turnover for tourism-focused retailers in the region. For example, international visitor expenditure in Victoria is projected to more than double over the next 10 years<sup>2</sup>;
- A relatively localised catchment has been used for resident expenditure – residents from a broader catchment would be attracted to the restaurants and food and drink establishments, for example from Geelong and Torquay; and
- Any changes to the movement of vehicles to and within the Surf Coast region as a result of the proposed development would result in additional benefits to existing retailers in the local area, particularly in Moriac. The current average number of trips through Moriac on Cape Otway Road is 3,101 per day. This is expected to increase to 4,351 per day post development, a 40% increase (Traffic Report, p.32). This will increase passing

<sup>2</sup> Source: Tourism Research Australia Tourism Forecasts 2017 Issue.

traffic and exposure to existing businesses along the route. These businesses are discussed further in the following section.

Based on the expected profile of the retail floorspace within CORA, the primary retail impacts are expected to relate to the following retail types:

- Restaurants and cafes;
- Tourism goods, such as surf wear, souvenirs and homewares; and to a lesser degree
- Specialty food retailers such as bakeries and produce stores.

The next section provides an assessment of the existing retailers in the vicinity of the development proposal and the extent to which and location that these impacts may be experienced.

#### 4.4.3. EXISTING RETAIL CENTRES

Table 9 shows a summary of the location and retail role of nearby retail centres to CORA based on a desktop assessment.

The only comparable retail floorspace identified, based on the tourism and hospitality role of some retailers, is Torquay (particularly Surf City and cafes) and small sections of the Winchelsea town centre serving passing trade from visitors (eg. cafes).

The retail offer in the towns surrounding the subject site is very limited, including a general store, pub and farm produce store in Moriac.

Overall, the role and types of retailers in nearby centres are not highly comparable to the proposed retail offer at CORA. The nearby retail centres primarily provide convenience and weekly shopping goods and services to local residents in Torquay, Winchelsea, Moriac and surrounding areas.

**TABLE 9** SURROUNDING RETAIL CENTRES

NAME	CLASSIFICATION	FLOORSPACE (SQM)	MAJOR RETAILERS	OTHER RETAIL	DISTANCE TO CORA (KM)	COMPETITION WITH CORA
Moriac	Local town centre		None	Convenience store, plant nursery, Moriac Hotel, Raven Creek farm.	7	Low
Winchelsea	Small neighbourhood centre	6,355	IGA supermarket	Retail services (pharmacy) and food retailers (cafes and Winchelsea Hotel)	13.5	Low
Waurm Ponds Shopping Centre	Sub regional centre	42,800 + 32,000 bulky goods	Coles, Woolworths, Kmart, Bunnings, Harvey Norman	Retail services, food retailers,	20.8	(Negligible)
Belmont	Sub regional centre	44,000	Coles, Aldi	Retail services including pharmacy, food retailers	24.8	(Negligible)
Surf City Torquay	Specialised	7980	Rip Curl, Billabong, Quicksilver		25	Low
Torquay Town Centre	Major centre	18,380	Coles, Woolworths, IGA	Retail and food and drink	25.5	Low
Bell Street Torquay	Local retail centre	2780		Food retailers	26.3	(Negligible)
Central Geelong	Regional retail centre	226,900	Coles, Myer, Target	Retail and food and drink	29.4	(Negligible)

Source: City of Great Geelong Draft Retail Strategy 2017, Torquay Retail Strategy 2011 and Urban Enterprise.

## LIKELY RETAIL IMPACT

Based on the analysis of the scale and type of the retail proposal at CORA and the profile and location of existing retailers in the area, the following retail impacts are considered likely.

### Torquay

Low retail impact on Torquay expected, primarily related to tourism retail such as surf wear, homewares and hospitality.

The scale of tourism retail in Torquay is significant, however, and the trading impact is therefore expected to be minor in percentage terms. The Torquay Retail Strategy (2011, p.12) estimates that Torquay retailers received approximately \$100m - \$120m in retail turnover from visitors. If 75% of tourism retail trading impacts were directed to Torquay and the turnover is indexed to current values (\$118.9m - \$142.6m)<sup>3</sup>, the average impact on tourism retailers would be between 3.3% and 4% (\$2.7m divided by \$118.9 - \$142.6m).

In practice, the impact is likely to be somewhat less than this, given that:

- The types of tourism retail proposed within the CORA development are not all available in Torquay; and
- No allowance for growth in overall visitation to the region has been made. Tourism Victoria projects overnight visitation to increase at 6.5% per annum (internationals) and 2.4% per annum (Australians) over the next 10 years.<sup>4</sup> If the Great Ocean Road region maintains its current market share over the period, this will result in a significant increase to the retail expenditure available to existing and new retailers.

Overall, a retail impact range of 2-3% on tourism related retailers in Torquay is considered likely. This is not considered to be a significant economic impact.

It is likely that the tourism retail in CORA will ultimately provide a different type of retail and hospitality offer to what is available in Torquay, and therefore is more likely to complement than compete with existing retailers, although the types of retail that occupy floorspace in CORA is not yet known.

### Winchelsea

Low retail impact on Winchelsea, primarily related to passing trade tourism retail (eg. cafes and hotels).

The retail offer in Winchelsea is observed to primarily serve a local residential role, with some retailers serving passing trade from visitors to the Great Ocean Road region.

CORA is located approximately 13km from Winchelsea, meaning that although local residents may use retail facilities at CORA it is unlikely that any regular trips would be made, especially given the proposed nature of the retailers at CORA (tourism related, higher price point) compared with the more residential, convenience and take away focus of floorspace in Winchelsea.

Winchelsea retailers may benefit from additional through traffic from the Great Ocean Road region if the CORA development is successful in its intention to divert more traffic through the surf coast hinterland.

### Moriac

Moriac is the closest town with retail floorspace to CORA, however the existing offer is very limited. Although some residents of Moriac and surrounds may undertake retail trips to CORA (such as cafes and restaurants and bakery, etc), this is likely to be offset by the positive impact of more visitors being drawn to the Moriac area by CORA.

Ravens Creek Farm in Moriac currently sells fresh farm produce in Moriac and a cafe. The farm also supplies produce to other retailers within the region. Although the retail floorspace in CORA may to some extent compete with this retailer, it is expected that the net impact would be negligible or positive given the likelihood that the overall demand for fresh produce for cafes and restaurants will increase as a result of the new food businesses as part of the CORA development.

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<sup>3</sup> Using CPI from March 2011 to March 2018 (2% p.a.) and an allowance for improvement in trading conditions through increased turnover density (0.5% p.a.).

<sup>4</sup> Tourism Research Australia Tourism Forecasts 2017 Issue, Fact sheet produced by the TEVE Research Unit, August 2017.

#### 4.4.4. RETAIL BENEFITS

The development proposal is also expected to have a range of benefits to the local area and broader tourism region as follows:

- The retail component of the development proposal would support approximately 80 retail jobs (based on an estimated employment density of 40sqm per job), as part of the overall 280 jobs expected to be created ongoing within the development;
- The development proposal is intended to encourage more trips to the Great Ocean Road region to pass through the surf coast hinterland, thereby supporting a range of existing food-based businesses through the creation of a linear trail to benefit wineries (Mount Duneed, Brown Magpie Wines), restaurants (eg. Brae) and farm produce (eg. Ravens Creek);
- The development proposal would expand the type and quality of retail and hospitality offer available in the region for tourists. The current visitor offer is limited in the hinterland of Surf Coast; and
- As identified in the previous section, the new visitation to the region generated by the CORA facilities (such as the elite sports facility) is expected to generate an additional \$3m of tourism retail expenditure in the region that is not available today.

#### 4.5. FINDINGS

The findings of this section are as follows:

- The retail components of the proposal are primarily tourism related and do not include any large format retail space that would attract significant expenditure from residents of the region and compete with the established retail and activity centre hierarchy;
- The proposal would primarily meet the needs of the existing and new tourism market, currently estimated at \$360m per annum. The tourism retail market is expected to increase strongly over time and will require ongoing growth and diversification of retail offer in order to continue to capture tourism yield and related benefits in Surf Coast Shire;
- This facility would itself generate significant additional visitation to the region and additional expenditure which will support approximately 36% of the turnover required for the retail components of the development. Other benefits from the additional visitation would flow through to other retailers and businesses in the region;
- The existing retail hierarchy in the area is not expected to compete closely with the CORA retail components due to the lack of comparable offer;
- The retail components of the development proposal are expected to have negligible economic impacts on existing retailers. The greatest impacts are expected to occur in Torquay, however in percentage terms (2-3%) these impacts are not considered material;
- The proposal could generate a range of economic benefits to the area, including local employment and diversification of retail offer to visitors;
- The CORA facilities are expected generate an additional \$3m of tourism retail expenditure in the region that is not available today; and
- Overall, the retail and hospitality components of the development are assessed to provide a net economic benefit to the region.



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