East Village, Bentleigh East

Assessment of retail potential

January 2018

MacroPlanDimasi

MacroPlan Dimasi

MELBOURNE
Level 16
330 Collins Street
Melbourne VIC 3000
(03) 9600 0500

SYDNEY
Level 52
19 Martin Place
Sydney NSW 2000
(02) 9221 5211

BRISBANE
Level 15
111 Eagle Street
Brisbane QLD 4000
(07) 3221 8166

GOLD COAST
Level 2
89 – 91 Surf Parade
Broadbeach QLD 4218
(07) 3221 8166

PERTH
Level 1
89 St Georges Terrace
Perth WA 6000
(08) 9225 7200

Prepared for: Victorian Planning Authority

MacroPlan Dimasi staff responsible for this report:

Ellis Davies, Manager – Retail
Adam Zhong, Analyst

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Executive summary

Report purpose

The purpose of this report is to provide Victorian Planning Authority with an independent assessment of the potential for retail facilities at East Village, an urban renewal site situated in Bentleigh East.

Site context

East Village is a 24 hectare site, situated near the intersection of North Road and East Boundary Road in Bentleigh East, approximately 14 km south-east of the Melbourne CBD. The Victoria Planning Authority (VPA), in conjunction with the City of Glen Eira, is developing a plan that will facilitate the redevelopment of East Village for mixed-use development over the medium to long term.

Proposed development

East Village will be a mixed use precinct and is planned to accommodate 60,000 – 80,000 sq.m of commercial development with 3,000 new dwellings, supporting around 5,000 – 6,000 residents. The precinct will also accommodate a variety of retail uses and a potential new secondary school.

Trade area population

The main trade area population is estimated at 48,000 at mid-2017, including over 14,000 within the key primary sector. The residential component of East Village is expected to be the main driver of population growth over the forecast period, with the East Village main trade area population, including future residents at East Village, projected to reach over 59,000 at 2031, with almost 21,000 in the key primary sector. The annual population growth rate is estimated to average 1.5% over the forecast period.

Socio-demographic profile

The socio-demographic profile of the East Village main trade area population is typical for a middle-ring eastern area of Melbourne, which is characterised by above average incomes, solid home ownership rates, above average representation of Asian and European born residents, with households generally living as traditional families.

Retail expenditure

Retail spending per person within the main trade area is estimated at $14,538, which is 2.9% above the average per capita retail expenditure of metropolitan Melbourne. FLG expenditure (food, liquor and groceries), which is the main expenditure category for supermarkets, is estimated at $289 million in 2017 and is forecast to increase to $413 million by 2031, reflecting an average annual growth rate of 2.6%.

Worker population

In addition to serving residents, the future East Village development will also serve workers in the surrounding area. According the ABS Census of Population and Housing 2016, there are around 4,900 workers with a 1.5 km radius of East Village. There are two key employment clusters within this radii, namely the existing worker population within East Village and also at Moorabbin Hospital, which is situated around 1.5 km to the south.

Competitive retail environment

The main competitive centres to the future East Village are predominantly strip retail centres, namely at Bentleigh East (anchored by a Ritchie's Supa IGA), Bentleigh (anchored by small Target store and Woolworths, Coles and Aldi supermarkets), Ormond (anchored by IGA). In addition, a number of smaller convenience retail strips anchored by small foodstores are also situated in the surrounding locality. Overall, there is currently a low provision of supermarket floorspace in the local catchment.

Retail floorspace demand and retail potential

Based on the analysis presented in this report, we consider that a neighbourhood centre of around 9,000 sq.m (7,700 sq.m retail and 1,300 sq.m non-retail) is supportable at the subject site, anchored by a full scale supermarket. A neighbourhood centre of this scale would be able to effectively serve the food and convenience retail needs of local residents, while the majority of the non-food retail needs of surrounding residents would still be served by higher-order activity centres in the broader region.

Bulky goods competition and potential

The northern part of the East Village site is considered the most appropriate location for large format retail outlets at the subject site. The location would give large format retailers high visibility and the stores would be easily accessible. Given the catchment population and the site location, we do not consider that the East Village site is an appropriate location for anchor large format retailers (i.e. greater than 10,000 sq.m in size) but that several smaller scale (i.e. 1,000 – 2,000 sq.m in size) large format retailers are expected to be supportable at the subject site fronting North Road.

Economic impact considerations and net community benefit

The development of retail facilities at East Village is likely to result in a range of economic impacts, with the key positive impacts including the ability of the centre to serve the future residents of East Village; providing for the convenience retail needs of other local residents; creating a focal point for the community; and providing local employment opportunities.

The East Village retail centre, of the scale recommended, is expected to have some trading impacts on existing facilities. The estimated impacts are not considered to threaten the viability of any centre in the region. This conclusion reflects the broad range of facilities and services at the major activity centres in the area, and the top-up shopping role of the smaller centres. In addition, the proposed retail facilities at East Village will source a substantial proportion of sales from future residents on site, which will mitigate potential impacts on other centres in the surrounding area.

Introduction

This report presents an independent assessment of the potential for retail facilities at East Village, an urban renewal site situated in the established suburb of Bentleigh East, approximately 14 km south-east of the Melbourne CBD.

This report has been prepared in accordance with instructions from Victorian Planning Authority, and is presented in six sections as follows:

- **Section 1** provides an overview of the site context of East Village and summarises the proposed development of the subject site.
- **Section 2** examines the trade area available to the proposed East Village development, including current and projected population levels, the socio-demographic profile of the population, and the estimated current and future retail expenditure capacity of trade area residents. This section also reviews the local worker customer segment.
- **Section 3** reviews the competitive environment in which the East Village will operate, including existing and future competitive developments, and also provides a retail floorspace demand assessment.
- **Section 4** provides an assessment of the retail floorspace considered supportable at the subject site.
- **Section 5** outlines the potential economic impacts that can be anticipated from the proposed development.
- **Section 6** outlines the key findings and conclusions.

Section 1: Site and regional context

This section of the report provides an overview of the site context of East Village and summarises the proposed development of the subject site.

1.1 Site location and regional context

East Village is a 24 hectare site, situated near the intersection of North Road and East Boundary Road in Bentleigh East, approximately 14 km south-east of the Melbourne CBD (refer Map 1.1). The Victoria Planning Authority (VPA), in conjunction with the City of Glen Eira, is developing a plan that will facilitate the redevelopment of East Village for mixed-use development over the medium to long term. This report analyses the retail opportunities considered supportable at the site, and gives recommendations to the potential scale and offer.

A range of light industrial, commercial and non-retail uses currently occupy the East Village site, such as Repco (auto parts), Budget and Avis car rentals, as well as car repairers, all of which front North Road (a major east-west arterial in the region providing access to the M1 to the east and Brighton to the west). On the western boundary of East Village, a number of commercial and warehouse developments front East Boundary Road, including the corporate headquarters of office supplies retailer Officeworks. Map 1.2 illustrates the context of site.

In retailing terms, two super-regional shopping centre are located to the north and south of East Village (refer Map 1.1). Chadstone, situated approximately 5 km to the north, is the largest shopping centre in Australia and is anchored by a range of leading retailers. The centre also contains over 500 retail specialty stores, including the only enclosed luxury apparel precinct in Melbourne. A $660 million expansion of the centre was recently completed which introduced an additional food court, a new dining precinct, a Legoland Playcentre, a redevelopment of the Hoyts cinema complex, and the introduction of international fast retailers H&M and Uniqlo. According to SCN's Big Guns 2017 publication, Chadstone (in the midst of its redevelopment) achieved sales of more than $1.5 billion.

Situated approximately 7 km to the south of the subject site, Westfield Southland is anchored by Myer and David Jones department stores and all major discount department store operators – Kmart, Target and Big W. According to SCN's Big Guns 2017 publication, Westfield Southland achieved sales of $860 million.

A range of smaller activity centres are also located throughout this part of Melbourne, with relatively significant centres at Bentleigh to the south-west, Carnegie to the north-west and Oakleigh to the north-east. These centres are discussed in further detail in Section 3 of this report.

Map 1.1: East Village

Regional context

Map 1.2: East Village

Site location

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1.2 Proposed development

The proposed redevelopment of East Village is illustrated on Figure 1.1. The key facets of the redevelopment to note are summarised as follows:

- East Village is planned to accommodate up to 3,000 new dwellings, supporting around 5,000 – 6,000 residents. The redevelopment is planned to accommodate mid-rise towers of up to 8 storeys, as well as a small provision of townhouses.
- A number of commercial office towers, of up to 6 storeys, are planned on the northern and western boundary of the development, fronting North Road and East Boundary Road. One of the key visions of the subject redevelopment site is to maintain its use as an employment cluster, with East Village planned to accommodate approximately 60,000 – 80,000 sq.m of commercial development upon completion.
- A potential new secondary school is planned to be developed in the south-eastern corner of the East Village site.
- A town square and open space are planned to be centred around the residential components of East Village.
- Ground floor retail is planned beneath mid-rise residential towers which centre East Village, accessible from East Boundary Road and the future Cobar Street (a north-south traffic route to be developed as part of East Village, planned to connect to Crosbie Street, north of North Road). The scale and offer of the East Village retail component is the subject of this assessment.

Figure 1.1

DRAFT PLAN

The draft plan below shows how East Village will develop over future years. Subject to community feedback, this draft plan will form the basis of a comprehensive development plan and amendment to the *Glen Eira Planning Scheme.*

Section 2: Trade area analysis

This section of the report analyses the trade area available to the proposed East Village development, including current and projected population levels, the socio-demographic profile of the population, and the estimated current and future retail expenditure capacity of trade area residents. This section also reviews the worker customer segment available to the proposed East Village.

2.1 Trade area definition

The extent of the trade area or catchment that is served by any shopping centre or retail facility is shaped by the interplay of a number of critical factors. These factors include:

- The relative attraction of the centre, in comparison with alternative competitive retail facilities. The factors that determine the strength and attraction of any particular centre are primarily its scale and composition (in particular the major trader or traders that anchor the centre); its layout and ambience; and carparking, including access and ease of use.

- The proximity and attractiveness of competitive retail centres. The locations, compositions, quality and scale of competitive retail facilities all serve to define the extent of the trade area which a shopping centre is effectively able to serve.

- The available road network and public transport infrastructure, which determine the ease (or difficulty) with which customers are able to access a shopping centre.

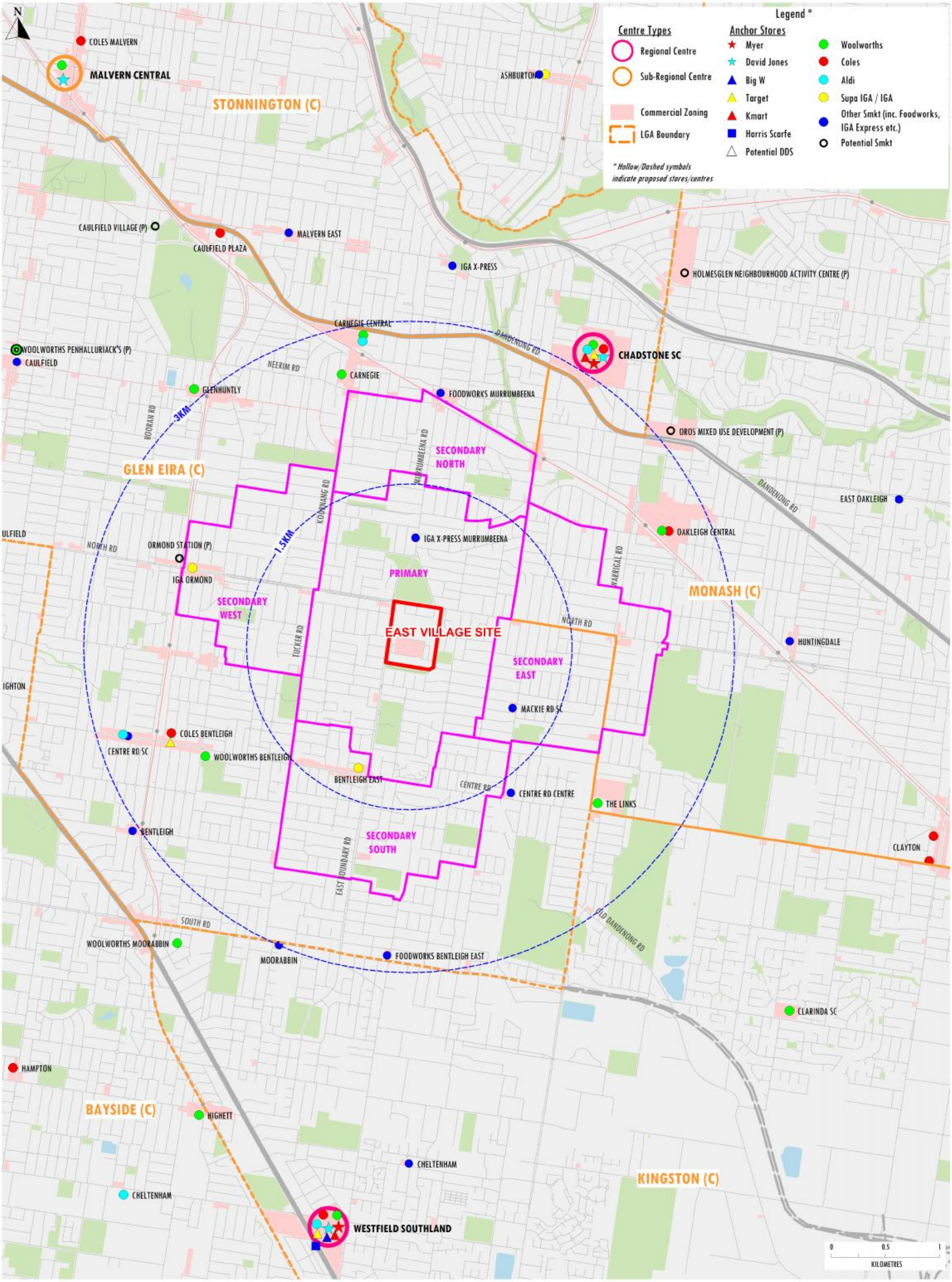
- Significant physical barriers which are difficult to negotiate, and can act as delineating boundaries to the trade area served by an individual shopping centre.

The trade area defined for the East Village retail centre reflects its location, which will be accessible from East Boundary Road; the potential role of the future centre, which is likely to primarily serve the food, grocery and convenience-oriented needs of the future East Village population and other local residents; and the network of competitive retail facilities in the region.

Map 2.1 illustrates the main trade area defined for the planned East Village development, which includes a primary sector and four secondary sectors, described as follows:

- The **primary sector** encompasses parts of Bentleigh East, Carnegie and Murrumbeena and is generally bounded by Poath Road and Tambet Street to the east, and Koornang Road and Tucker Road to the west;
- The **secondary north sector** contains parts of Carnegie and Murrumbeena, and is generally bound by the Pakenham Line railway track to the north, Poath Road to the east and Koornang Road to the west;
- The **secondary east sector** encompasses parts of Bentleigh East, Hughesdale, Oakleigh and Oakleigh South, and is generally bound by Kangaroo Road to the north, Golf Road to the east, Tudor Street to the south and Poath Road and Tambet Street to the west;
- The **secondary south sector** contains parts of Bentleigh East and is generally bound by Mawby Road to the south and Tucker Road to the west;
- The **secondary west sector** encompasses parts of Ormond, Carnegie and McKinnon, and is generally bound by Koornang Road and Tucker Road to the east and the Frankston Line railway tracks to the west.

In combination, the primary and secondary sectors form the main trade area for East Village.



Map 2.1: East Village

Main trade area and retail competitive context

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2.2 Trade area population

Table 2.1 details the estimated current and future population levels within the East Village main trade area. This information has been collected from a range of sources including the following:

- Australian Bureau of Statistics (ABS) Census of Population and Housing (2016);
- ABS Dwellings Approvals and Estimated Residential Population Data (2011 – 2016);
- Population projections prepared by forecast.id for the City of Glen Eira (updated in October 2017);
- Population projections prepared by forecast.id for the City of Monash (updated in September 2017);
- Victoria in Future (2016) population projections prepared by the Victorian Government; and
- Other investigations of future residential developments.

The main trade area population is estimated at 48,000 at mid-2017, including over 14,000 within the key primary sector. Over the most recent intercensal period (2011 to 2016), the main trade area population increased by 1.8% or 790 residents per annum.

The residential component of East Village is expected to be the main driver of population growth over the forecast period to 2031. The urban renewal site is projected to yield up to 3,000 medium and high density dwellings, accommodating 5,000 – 6,000 residents on completion. For the purposes of this assessment, is it assumed that East Village is completed and fully occupied by around 2026, though it is acknowledged that the development may not be fully completed by this time.

Population growth in the East Village main trade area will also be underpinned by a number of smaller urban infill developments, which will raise the density of housing in the area.

Taking the above in account, the East Village main trade area population is projected to reach over 59,000 at 2031 (including almost 21,000 in the key primary sector). This reflects an average annual growth rate of 1.5% over the forecast period.

Table 2.1
East Village trade area population, 2011-2031*

	Estimated population			**Forecast population**		
Trade area sector	2011	2016	2017	2021	2026	2031
Primary	12,800	13,870	14,070	14,870	19,870	20,870
Secondary sectors						
• North	6,670	7,440	7,590	8,190	8,690	9,190
• East	9,040	9,810	9,910	10,230	10,630	10,880
• South	7,050	7,760	7,860	8,260	8,660	8,960
• West	7,800	8,430	8,530	8,850	9,150	9,450
Total secondary	30,560	33,440	33,890	35,530	37,130	38,480
Main trade area	**43,360**	**47,310**	**47,960**	**50,400**	**57,000**	**59,350**

	Average annual growth (no.)				
Trade area sector	2011-16	2016-17	2017-21	2021-26	2026-31
Primary	214	200	200	1,000	200
Secondary sectors					
• North	154	150	150	100	100
• East	154	100	80	80	50
• South	142	100	100	80	60
• West	126	100	80	60	60
Total secondary	576	450	410	320	270
Main trade area	**790**	**650**	**610**	**1,320**	**470**

	Average annual growth (%)				
Trade area sector	2011-16	2016-17	2017-21	2021-26	2026-31
Primary	1.6%	1.4%	1.4%	6.0%	1.0%
Secondary sectors					
• North	2.2%	2.0%	1.9%	1.2%	1.1%
• East	1.6%	1.0%	0.8%	0.8%	0.5%
• South	1.9%	1.3%	1.2%	1.0%	0.7%
• West	1.6%	1.2%	0.9%	0.7%	0.6%
Total secondary	1.8%	1.3%	1.2%	0.9%	0.7%
Main trade area	**1.8%**	**1.4%**	**1.2%**	**2.5%**	**0.8%**

**As at June*
Source: ABS Census 2016; Victoria In Future 2016; MacroPlan Dimasi

2.3 Socio-demographic profile

Table 2.2 and Chart 2.1 detail the socio-demographic profile of the East Village trade area population, sourced from the 2016 ABS Census of Population and Housing. The profile is compared with benchmarks for metropolitan Melbourne and Australia. The key points to note include the following:

- Main trade area residents earn incomes which are almost 13% above the metropolitan Melbourne benchmark on both a per capita basis, with above average incomes evident for all trade area sectors. Over the intercensal period from 2011 to 2016, per capita incomes in the main trade area grew at around 3% faster than the Melbourne metropolitan average.

- The average age of the East Village main trade area population is generally in-line with the metropolitan Melbourne benchmark. However, there is an above average representation of children, teenagers and middle aged residents in the 40-59 age brackets, and an below average representation of young and middle aged adults in the 20-39 year brackets, all of which is particularly evident in the primary sector.

- The home ownership levels of households in the main trade area, at 67.1% (down from 69.6% in 2011), are below the metropolitan Melbourne average of 68.5%. This is underpinned by the low ownership rates in the secondary north and secondary west sectors, with both sectors also recording lower ownership levels in 2016 compared to 2011. The remaining sectors exhibit home ownership rates above 73%, driven by above benchmark outright ownership rates.

- Residents in the East Village main trade area are predominantly Australia born, representing 61.7% of residents (down from 63.5% in 2011), although this is below the metropolitan Melbourne benchmark. This is driven by an above average representation of European born residents in the primary, secondary east and secondary south sectors, and a significant above average representation of Asian born residents in the secondary north and secondary west sectors.

- The main trade area contains an above average proportion of traditional families (i.e. households comprising couples with dependent children) at 51.2% of all households (up from 48.8% in 2011), which is above the metropolitan Melbourne average of 47.8%.

- 77.1% of households in the trade area own 1 or 2 cars, which is above the metropolitan Melbourne benchmark of 73.4%.

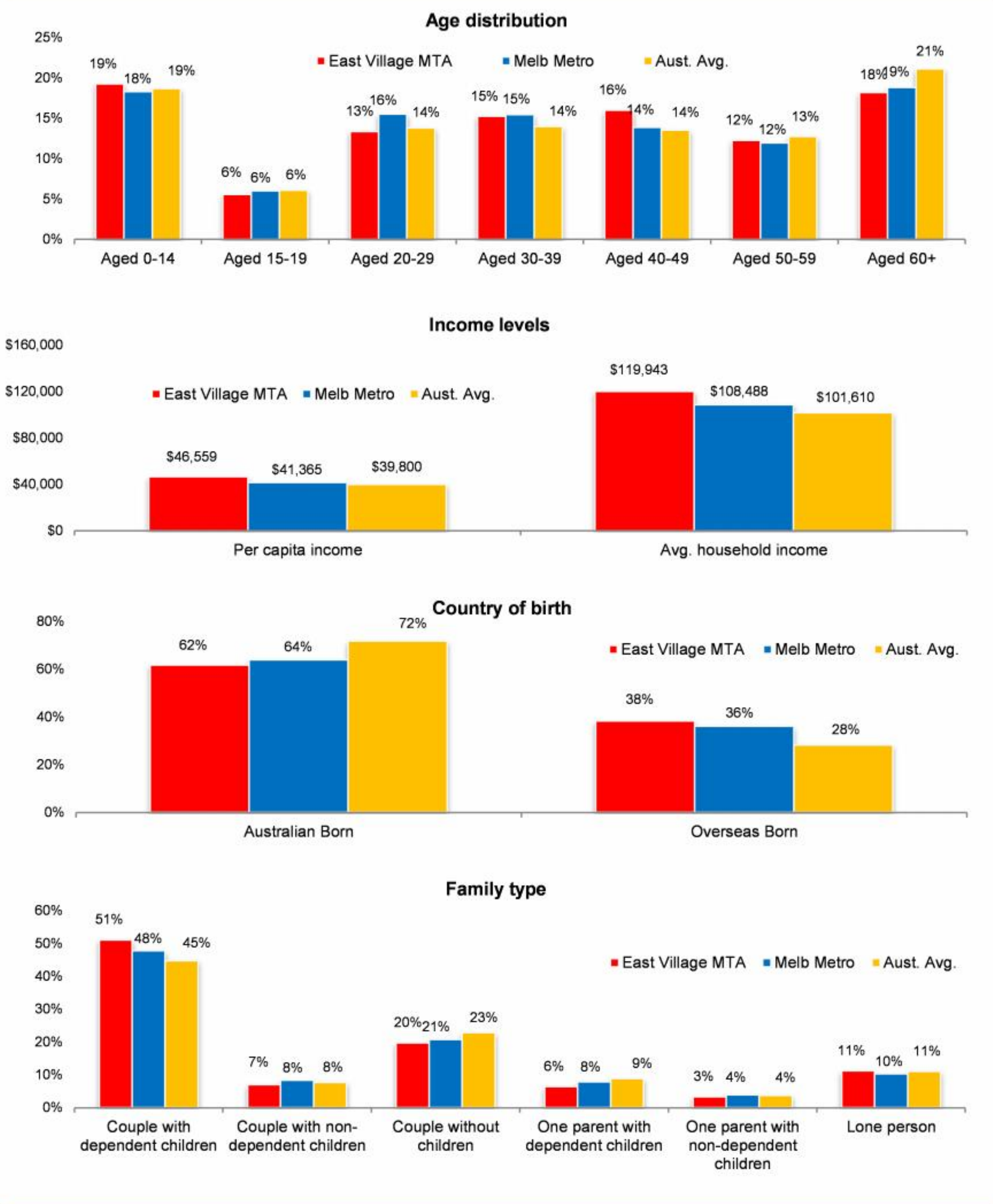
The socio-demographic profile of the East Village main trade area population is typical for a middle-ring eastern suburbs area of Melbourne, which is characterised by above average incomes, solid home ownership rates, above average representation of Asian and European born residents, with households generally living as traditional families.

Table 2.2
East Village main trade area - socio-demographic profile, 2016

Census item	Primary sector	Secondary sectors North	East	South	West	Main TA	Melb Metro avg.	Aust. avg.
Per capita income	$47,327	$47,239	$44,284	$44,452	$49,279	$46,559	$41,365	$39,800
Var. from Melb Metro bmark	*14.4%*	*14.2%*	*7.1%*	*7.5%*	*19.1%*	*12.6%*		
Avg. household income	$128,292	$107,728	$121,376	$115,987	$120,987	$119,943	$108,488	$101,610
Var. from Melb Metro bmark	*18.3%*	*-0.7%*	*11.9%*	*6.9%*	*11.5%*	*10.6%*		
Avg. household size	2.7	2.3	2.7	2.6	2.5	2.6	2.6	2.6
Age distribution (% of population)								
Aged 0-14	20.3%	15.0%	20.4%	20.6%	18.8%	19.3%	18.3%	18.7%
Aged 15-19	6.5%	3.6%	5.9%	5.4%	5.8%	5.6%	6.0%	6.1%
Aged 20-29	11.2%	20.1%	12.3%	10.1%	15.3%	13.4%	15.5%	13.8%
Aged 30-39	12.7%	21.6%	15.1%	13.1%	15.9%	15.2%	15.5%	14.0%
Aged 40-49	17.2%	12.3%	16.9%	16.8%	15.6%	16.0%	13.9%	13.5%
Aged 50-59	12.8%	10.5%	12.5%	12.2%	12.8%	12.3%	12.0%	12.7%
Aged 60+	19.4%	16.9%	16.8%	21.8%	15.8%	18.2%	18.8%	21.1%
Average age	38.5	37.3	37.1	39.4	36.7	37.8	37.6	38.6
Housing status (% of households)								
Owner (total)	74.0%	51.5%	73.5%	73.2%	59.6%	67.1%	68.5%	67.4%
• Owner (outright)	36.6%	24.7%	34.6%	37.3%	30.1%	33.0%	31.4%	31.9%
• Owner (with mortgage)	37.3%	26.8%	38.9%	35.9%	29.4%	34.1%	37.1%	35.5%
Renter	25.9%	48.2%	26.4%	26.2%	40.1%	32.7%	30.9%	31.8%
Birthplace (% of population)								
Australian born	63.7%	54.1%	65.4%	65.4%	57.6%	61.7%	63.9%	71.9%
Overseas born	36.3%	45.9%	34.6%	34.6%	42.4%	38.3%	36.1%	28.1%
• Asia	14.7%	27.9%	16.2%	11.2%	22.5%	17.9%	17.3%	11.2%
• Europe	13.1%	11.2%	12.2%	13.6%	11.5%	12.4%	11.0%	9.6%
• Other	8.6%	6.8%	6.3%	9.8%	8.3%	8.0%	7.8%	7.4%
Family type (% of households)								
Couple with dep't child.	54.9%	43.0%	53.7%	50.6%	51.3%	51.2%	47.8%	44.8%
Couple with non-dep't child.	7.8%	5.4%	8.3%	7.1%	6.0%	7.0%	8.3%	7.7%
Couple without child.	17.7%	25.8%	17.3%	19.8%	19.3%	19.7%	20.7%	22.8%
One parent with dep't child.	6.4%	4.5%	6.8%	7.7%	6.5%	6.4%	7.8%	8.8%
One parent w non-dep't child.	3.3%	2.3%	3.8%	4.1%	2.9%	3.3%	3.9%	3.7%
Lone person	9.1%	17.3%	8.4%	9.7%	12.7%	11.2%	10.2%	11.0%
Car ownership								
% 0 Cars	6.9%	8.5%	3.9%	5.5%	8.6%	6.7%	9.1%	7.7%
% 1 Car	35.4%	35.2%	32.2%	40.6%	38.2%	36.1%	36.0%	36.1%
% 2 Cars	40.8%	40.4%	44.2%	40.3%	39.3%	41.0%	37.4%	37.5%
% 3 Cars	11.7%	10.8%	13.6%	9.3%	9.4%	11.1%	11.4%	12.2%
% 4 plus Cars	5.2%	5.0%	6.0%	4.3%	4.6%	5.1%	6.1%	6.5%

Source: ABS Census of Population & Housing, 2016; MacroPlan Dimasi

Chart 2.1
East Village main trade area - socio-demographic profile, 2016



Source: ABS Census of Population & Housing, 2016; MacroPlan Dimasi

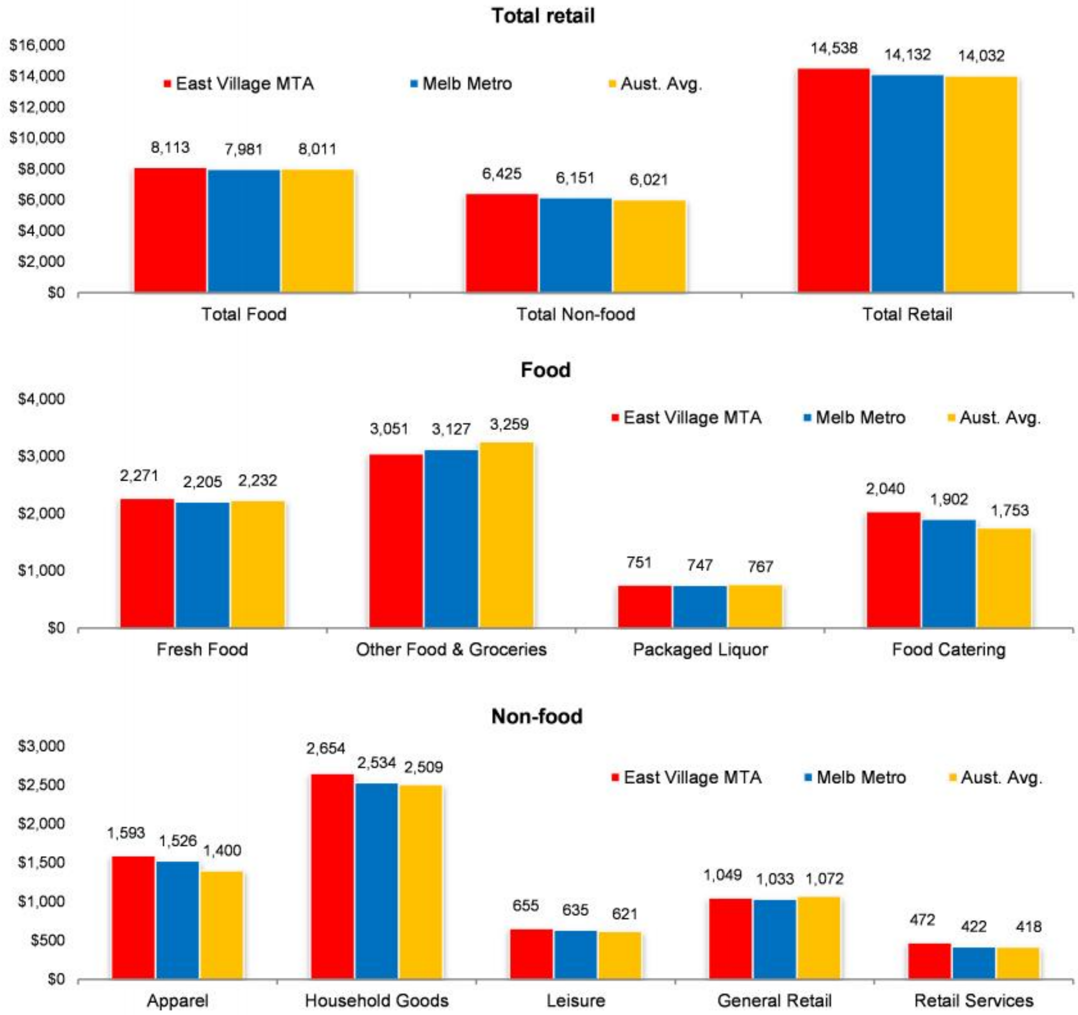
2.4 Trade area retail spending

The estimated retail expenditure capacity of the main trade area population is sourced from MarketInfo, which is developed by Market Data Systems (MDS) and utilises a detailed micro simulation model of household expenditure behaviour for all residents of Australia. The model takes into account information from a wide variety of sources including the regular ABS Household Expenditure Surveys, national accounts data, Census data and other information. The MarketInfo estimates for spending behaviour prepared independently by MDS are used by a majority of retail/property consultants. All spending figures presented in this report are expressed inclusive of GST and presented in constant 2016/17 dollars (i.e. excluding retail inflation).

Chart 2.2 details the estimated retail spending levels of the main trade area population on a per capita basis in 2016/17. Retail spending per person within the main trade area is estimated at $14,538, which is 2.9% above the average per capita retail expenditure of metropolitan Melbourne.

‘Fresh food’ and ‘Other food & groceries’, which are the main expenditure categories for supermarkets, are estimated at $2,271 and $3,051 respectively, with the combined expenditure total of these two categories measuring in line with the metropolitan Melbourne average.

Chart 2.2
East Village main trade area - retail expenditure per person, 2016/17*



**Including GST*
Source: MarketInfo; MacroPlan Dimasi

Table 2.3 details the estimated retail spending capacity of the main trade area population over the forecast period of 2017 – 2031. The total retail expenditure capacity of the main trade area population is estimated at $693 million in 2017, including $204 million in the primary sector. The retail expenditure capacity of the main trade area population is projected to increase to $977 million by 2031, including $345 million in the primary sector. Over the forecast period, total retail expenditure by main trade area residents is projected to grow at 2.5% growth per annum.

The market growth rate in retail expenditure for the East Village main trade area over the forecast period is made up of the following components:

- Average population growth of 1.6% per annum; and
- Real per capita spending growth of 0.9% - 1.0% per annum.

Table 2.3
East Village main trade area - retail expenditure ($M), 2017-2031*

Year ending June	Primary sector	Secondary sectors North	East	South	West	Main TA
2017	204	112	139	112	125	693
2018	209	115	142	115	127	708
2019	214	118	144	117	130	723
2020	219	122	147	120	132	739
2021	224	125	149	122	135	755
2022	234	128	152	125	137	776
2023	251	131	154	127	139	802
2024	268	134	157	130	141	829
2025	287	136	159	132	144	858
2026	306	139	162	135	146	889
2027	320	142	165	137	148	912
2028	326	145	167	139	151	928
2029	332	148	169	141	153	944
2030	339	151	172	144	155	961
2031	345	154	174	146	158	977
Average annual growth ($M)						
2017-2031	10.1	3.1	2.5	2.4	2.3	20.3
Average annual growth (%)						
2017-2031	3.8%	2.3%	1.6%	1.9%	1.7%	2.5%

**Constant 2016/17 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

Table 2.4 presents the retail spending capacity of the main trade area population across key retail categories, as well as the category definitions. FLG expenditure (food, liquor and groceries), which is the main expenditure category for supermarkets, is estimated at $289 million in 2017 and is forecast to increase to $413 million by 2031, reflecting an average annual growth rate of 2.6%.

Table 2.4
East Village main trade area - retail expenditure by category ($M), 2017-2031*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	**Total retail**
2017	289	97	76	126	31	50	22	693
2018	296	100	77	129	32	51	23	708
2019	303	103	79	132	32	52	24	723
2020	310	106	80	134	33	53	24	739
2021	317	109	81	137	33	54	25	755
2022	326	112	83	141	34	55	25	776
2023	337	117	86	145	35	57	26	802
2024	349	121	88	150	36	58	27	829
2025	361	126	91	155	37	60	28	858
2026	374	131	94	160	39	62	29	889
2027	384	135	96	164	40	63	30	912
2028	391	138	97	167	40	64	30	928
2029	398	142	98	169	41	65	31	944
2030	406	145	100	172	41	66	32	961
2031	413	148	101	175	42	67	32	977
Average annual growth ($M)								
2017-2031	8.8	3.7	1.8	3.4	0.7	1.2	0.7	20.3
Average annual growth (%)								
2017-2031	2.6%	3.1%	2.1%	2.3%	2.1%	2.1%	2.6%	2.5%

**Constant 2016/17 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

2.5 Worker segment

In addition to serving residents, the East Village development will also serve workers in the surrounding area. The redeveloped East Village is planned to accommodate some 60,000 – 80,000 sq.m of commercial development which is likely to result in a substantial increase from the current worker population of the East Village site, which is approximately 1,500.

According to the ABS Census of Population and Housing 2016, there are around 4,900 workers with a 1.5 km radius of East Village. There are two key employment clusters within this radii, namely the existing worker population within East Village and also at Moorabbin Hospital, which is situated around 1.5 km to the south.

This market, in particular the immediate East Village workforce, will drive the food catering offer within the centre at lunchtime. The surrounding workforce may also utilise supermarket facilities at East Village for their top-up food and grocery needs.

The profile of workers within the defined trade area is detailed on Table 2.5 and is compared against the profile of the Melbourne metropolitan workforce, as at the 2016 ABS Census. Key points to note include the following:

- White collar workers (managers and professionals) account for 41.3% of the worker population, slightly above the average for metropolitan Melbourne of 39.8%. Clerical and service workers (27.4%) as well as tradespersons and technicians (14.7%) are the other main occupational categories.

- Average incomes of the worker population are estimated at $67,746 per annum, which is 3% below the average for metropolitan Melbourne. 36.3% of the trade area workforce earns greater than $65,000 per annum, which is below the benchmark of 38.4%.

- Travel by car accounts for 74.0% of mode of transport to work.

- The main industries of employment for the surrounding workforce are Healthcare and social assistance (at 23.7%, attributable to the nearby Moorabbin Hospital), Wholesale trade (12.3%), manufacturing (9.2%) and retail trade (9.2%).

Table 2.5 East Village worker trade area - Worker population profile, 2016		
Characteristics	**Worker TA**	**Melb Metro avg.**
Gender		
Male	47.4%	51.9%
Female	52.4%	48.1%
Age distribution		
Aged 15-19	4.7%	4.2%
Aged 20-29	19.8%	21.9%
Aged 30-49	46.0%	47.1%
Aged 50-64	25.5%	23.3%
Aged 65+	4.0%	3.6%
Average age	41.0	40.1
Occupation		
Managers	12.1%	13.8%
Professionals	29.2%	26.0%
Clerical and service workers	27.4%	25.0%
Sales workers	8.4%	10.1%
Tradespersons and technicians	14.7%	17.4%
Labourers & transport workers	8.2%	7.8%
Personal income		
Less than $20,799	14.6%	12.2%
$20,800 - $41,599	22.6%	22.8%
$41,600 - $64,999	26.5%	26.5%
$65,000 - $103,999	22.3%	24.1%
$104,000 to $130,000	8.2%	8.7%
$130,000 or more	5.8%	5.6%
Average income	67,746	69,526
Mode of transport		
Train	2.9%	11.8%
Tram (& light rail)	0.0%	2.6%
Bus	1.1%	1.4%
Car driver	70.2%	60.0%
Car passenger	3.8%	3.8%
Bicycle	1.1%	1.4%
Other	6.2%	6.0%
Non travel	14.7%	13.0%
Industry of employment		
Agriculture, forestry and fishing	0.0%	0.6%
Mining	0.0%	0.2%
Manufacturing	9.2%	8.4%
Electricity, gas, water and waste services	0.2%	1.1%
Construction	8.4%	7.1%
Wholesale trade	12.3%	3.8%
Retail trade	9.2%	10.9%
Accommodation and food services	3.0%	7.0%
Transport, postal and warehousing	2.4%	5.3%
Information media and telecommunications	0.7%	2.3%
Financial and insurance services	2.7%	4.9%
Rental, hiring and real estate services	0.8%	1.8%
Professional, scientific and technical services	5.8%	9.8%
Administrative and support services	2.4%	3.5%
Public administration and safety	2.4%	5.5%
Education and training	7.1%	9.3%
Health care and social assistance	23.7%	12.7%
Arts and recreation services	4.4%	2.2%
Other services	5.3%	3.8%

Source: ABS Worker Population Profile 2016, MacroPlan Dimasi

Section 3: Competition

This section reviews the competitive environment in which the East Village will operate, including existing and future competitive developments and also provides a retail floorspace demand assessment.

3.1 Existing retail facilities

To accurately assess the supply of retail facilities in the surrounding area, a retail audit of all strip and enclosed shopping centres was completed by MacroPlan in December 2017. Table 3.1 details the provision of retail facilities by category within the surrounding region, with the previous Map 2.1 illustrating its locations. The key points to note are as follows:

- Situated around 1.5 km south of East Village, the **Bentleigh East** strip centre is predominantly situated on Centre Road. The strip centre is anchored by a Ritchies Supa IGA of almost 2,000 sq.m and is supported by almost 70 retail specialties. There is a small provision of F&G retailers supporting the supermarket, which includes 4 fresh food operators, a bakery, as well as convenience oriented retail such as a pharmacy and a newsagency. The centre encompasses a solid food and beverage offer, containing 10 cafes (including the popular Merchant's Guild and Boosa), 6 take-away food operators, as well as a small restaurant offer (with an emphasis placed on Asian cuisines). The Bentleigh East strip centre also contains a strong retail services provision, accommodating a range of hairdressers and beauty salons, as well as an optometrist and 2 drycleaning operators.

- To the west of the Bentleigh East strip centre, the **Bentleigh** strip centre is also situated on Centre Road, and is concentrated around Bentleigh Station. The strip centre is sub-regional in nature, anchored by a small Target discount department store, as well as Woolworths, Coles and Aldi supermarkets. The centre encompasses a strong food and beverage provision, highlighted by the diverse offering of 15 restaurants, 18 cafes and 18 take-away food outlets. While parts of the offer is dated, the strip centre contains a number of boutique café and modern restaurant concepts which are popular and wellreviewed including Little Tommy Tucker, Mexico City, Noisette Bentleigh and Sumalee. The centre contains a strong non-food provision, which is atypical of strip centres, accommodating a range of predominantly independent womenswear retailers, convenience oriented retail (which includes 3 newsagents, 6 pharmacies and 4 discount variety stores), as well as retail services (which includes 5 hairdressers, 8 beauty salons and 3 optometrists).

- Situated approximately 3 km to the south-west of East Village, **McKinnon Village** is a small strip specialty centre. The offer of the centre is ad hoc and generally dated, and contains a small food-catering offer, a pharmacy, a newsagency, as well as 4 hairdressers and a beauty salon.

- The **Ormond** retail strip centre is predominantly centred on North Road, around Ormond Station. The centre is anchored by a IGA supermarket, and in addition to the traditional convenience-oriented supporting retail (food retail, retail services, pharmacy, newsagency), the centre contains a solid food and beverage offer encompassing 5 cafes, 8 restaurants and 11 take-away food outlets. However, while the strip centre contains a solid volume of food catering retailers, the offer is generally aged, with a few notable exceptions providing unique concepts such as Babu Burger and Jimmy Grants.

- The **Carnegie** strip centre is primarily focussed around Koornang Road and also encompasses Carnegie Central, an enclosed shopping centre anchored by Woolworths and Aldi supermarkets, as well as a Spotlight outlet (and also contains a small provision of convenience-oriented specialty). The strip centre has a strong food catering focus and is a busy dinner time destination, accommodating a number of popular quick service restaurants such as Auntie's Dumpling Restaurant and Shyun Ramen Bar, as well as national franchises operators Grill'd and Nando's. Overall, the food and beverage offer at the Carnegie strip centre encompasses 11 cafes, 33 restaurants (serving predominantly Asian oriented cuisine) and 9 take-away food outlets.

- The **Murrumbeena (North)** retail strip is anchored by a Foodworks outlet and contains an ad hoc provision of specialty retailers. The food catering offer at the centre is generally dated and accommodates 4 cafes, 3 restaurants and 2 take-away food operators. In addition to a solid provision of convenience-oriented retail which includes 4 hairdressers, a beauty salon and a pharmacy, the centre contains an independent electrical appliances retailer.

- The **Murrumbeena (South)** retail strip is a small centre anchored by an IGA X-press and supported by 8 specialties, which includes a pharmacy, 3 take-away food outlets and a hairdresser.

- **Mackie Road SC** is a small strip centre, predominantly serving the food and grocery top-up and convenience oriented needs of surrounding local residents. The centre contains an independent foodstore, and is supported by key convenience-oriented components which include a bakery, 2 fresh food retailers, a café, 2 take-away food operators, a packaged liquor outlet, a pharmacy, newsagency and hairdresser.

- **Centre Road Bentleigh East** is also a small strip centre, which serves a similar top food and grocery and convenience-oriented function as Mackie Road SC. The centre is anchored by a small Foodworks foodstore, and is supported by 8 specialty retailers (a fresh food retailer, a bakery, a take-away food outlet, a pharmacy, a newsagency, a hairdresser and a drycleaners).

- **The Links SC** in Oakleigh South is a Woolworths anchored supermarket based centre, which was adjoined to a Master Home Improvement centre (currently vacant). The centre encompasses a small food catering provision, limited to a café, a Chinese restaurant and 2 take-away food outlets, with the volume of food catering retailers generally typical of a small supermarket based centre. In addition, McDonald's, Red Rooster and La Porchetta Italian restaurants are situated in close proximity, reinforcing the food catering offer of the centre. A number of core convenience-oriented specialties support the supermarket, including a pharmacy, a newsagency, a discount variety store and a hairdresser.

- Situated 4.2 km north-east of East Village, **Oakleigh Central** is an enclosed double supermarket based centre, anchored by Woolworths and Coles supermarkets. The centre contains around 12,000 sq.m of retail floorspace and provides a range of convenience-oriented specialties and a small provision of both apparel and food catering retailers. There is a range of additional strip retail situated to the immediate north of Oakleigh

Central, situated on Portman Street, Chester Street, Atherton Road, Station Street and the popular café/dining strip – Eaton Mall. The offer of the strip retailers encompasses a diverse food catering and dining rang and also reinforces the convenience-oriented offer of Oakleigh Central.

Beyond the main trade area, two super-regional shopping centres are located to the north and south the East Village site. Chadstone, which is situated approximately 5 km to the north, is the largest shopping centre in Australia, while Westfield Southland is situated 7 km to the south. Both centres serve broad trade areas, and cater to the higher-order shopping needs of surrounding residents.

3.2 Proposed competitive developments

In addition to the current state of play of existing retail facilities surrounding East Village, proposed competitive developments include:

- **Ormond Sky Tower,** which is a mixed-use high density project, planned to be developed above Ormond Station. Planning Minister Richard Wynne had approved the 13-storey tower encompassing 233 apartments and a full-line supermarket (approximately 4,100 sq.m in size) despite a long-running campaign against it by local residents and Glen Eira Council, which pushed for eight storeys to match the low-rise area. This approval was later blocked in the Victorian Upper House backed by the state opposition, Greens and Australian Conservatives. The development may proceed in some diminished residential form over the medium term, potentially including the proposed retail component.

- **Oros Mixed Use Development,** which is situated near the intersection of Dandenong Road and Warrigal Road. The project has been granted planning approval for the development of 348 apartments and 106 serviced apartments, as well as a 1,400 sq.m supermarket. Construction is likely to proceed in late 2018, with completion scheduled for 2021.

Table 3.1
East Village - schedule of competing retail facilities

	Bentleigh	Bentleigh East	McKinnon Village	Ormond	Carnegie
Anchors					
• Discount department store	Target Country				
• Supermarket	Woolworths	Ritchies Supa IGA		IGA	Woolworths X2
	Coles				Aldi
	Aldi				
• Foodstore	CK Foodstore				
• Others					Spotlight
Food					
• Café	18	10	3	5	11
• Restaurant	15	9	3	8	33
- Chinese	3	5	1		12
- Korean					6
- Thai	2	1		1	3
- Japanese	3				2
- Indian	1	2		1	1
- Italian		1	1		1
- Mexican	2				
- Other	4		1	6	8
• Takeaway food	18	6	2	11	9
• Fresh food	12	4		1	6
• Bakery	4	1	1	2	2
• Convenience	7		1		3
• Other	6		1	1	2
• Tobacconist	2	1		2	
• Liquor	3	1		2	1
Total food	85	32	11	32	67
Non-food					
• Womenswear	13	1	1	2	1
• Footwear	3	1			1
• Jewellery	1	2			
• Other apparel	1	1		1	
• Giftware	2		1	1	
• Homewares/Furniture	3				
• Newsagent/ stationery	3	1	1	1	1
• Electronics/Mobile phones	1				
• Music/video rentals/ books				2	
• Pharmacy	6	1	1	1	
• Discount variety store	4				
• Florist/toys	3	2		1	
• Pet supplies/grooming	1	2		1	
• Other					
Total non-food	41	11	4	10	3
Retail services					
• Hairdresser	5	6	3	6	1
• Beauty salon	8	8	1	3	
• Optometrist	3	1		1	1
• Alterations/shoe repairs/Key cuttin	2	2			
• Drycleaners	1	2			
Total retail services	19	19	4	10	2
Total retail	150	63	19	53	76

Source: MacroPlan Dimasi

Table 3.1 (cont.)
East Village - schedule of competing retail facilities

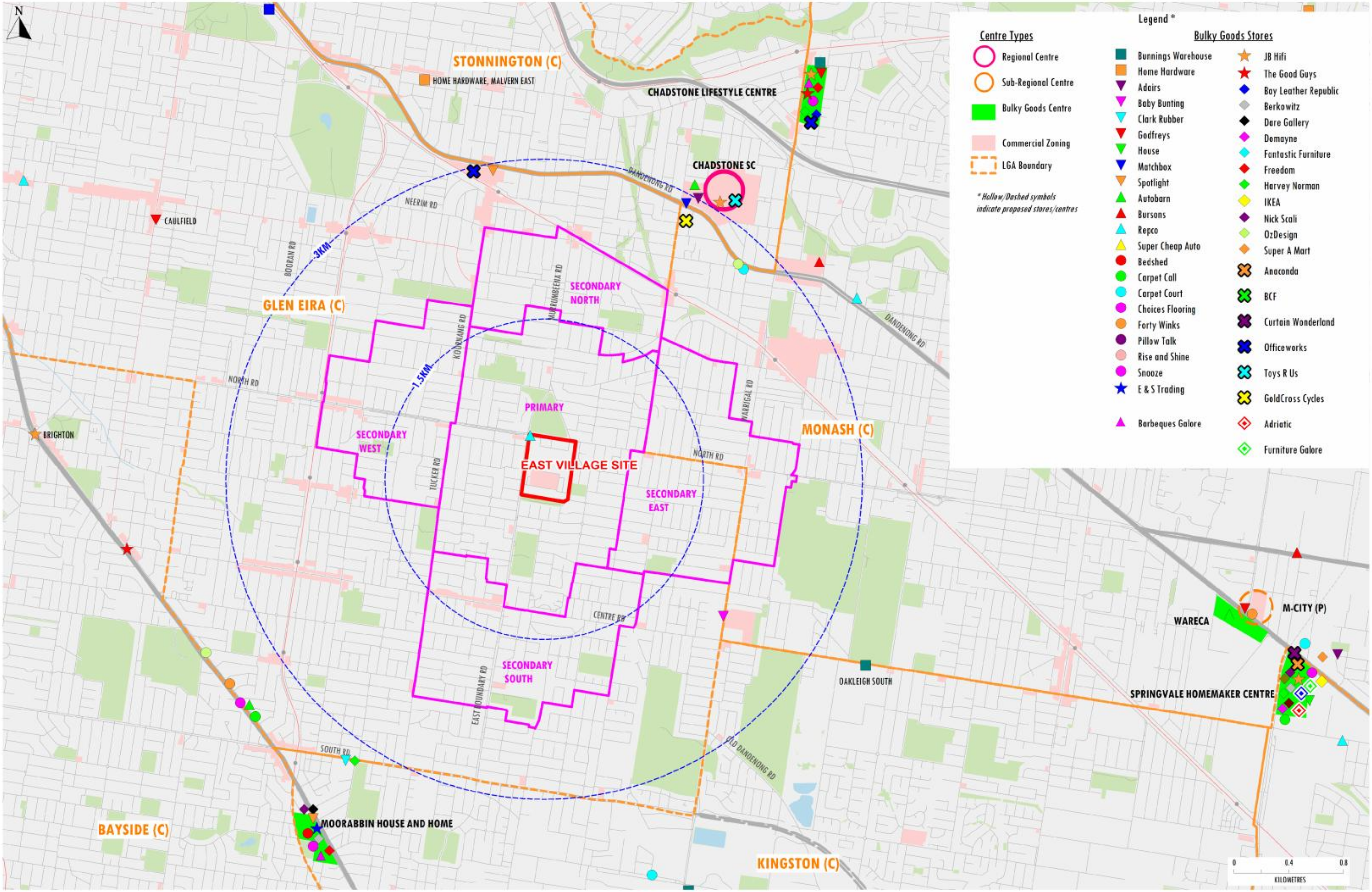
	Murrumbeena North	Murrumbeena South	Mackie Road SC	Centre Road Bentleigh East	The Links SC and surrounds
Anchors					
• Discount department store					
• Supermarket					
• Foodstore	Foodworks	IGA X-Press	Independent	Foodworks	Woolworths
• Others					
Food					
• Café	4		1		1
• Restaurant	3	0	0	0	1
- Chinese	1				1
- Korean					
- Thai	1				
- Japanese					
- Indian					
- Italian					
- Mexican					
- Other	1				
• Takeaway food	2	3	2	1	2
• Fresh food	1		2	1	1
• Bakery	1		1	1	
• Convenience	1	1			
• Other					
• Tobacconist					
• Liquor	1		1		
Total food	13	4	7	3	5
Non-food					
• Womenswear					
• Footwear					
• Jewellery					
• Other apparel					
• Giftware	1				
• Homewares/Furniture					
• Newsagent/ stationery	1		1	1	1
• Electronics/Mobile phones					1
• Electrical/computers	1				
• Music/video rentals/ books					
• Pharmacy	1	1	1	1	1
• Discount variety store					1
• Florist/toys	1				
• Pet supplies/grooming					
• Other					
Total non-food	5	1	2	2	4
Retail services					
• Hairdresser	4	1	1	1	1
• Beauty salon	1				
• Optometrist					
• Alterations/shoe repairs/Key cutting					
• Drycleaners/Other		1		1	
Total retail services	5	2	1	2	1
Total retail	24	8	11	8	11

Source: MacroPlan Dimasi

3.3 Bulky goods

Map 3.1 illustrates the bulky goods facilities surrounding East Village, with the main points to note, summarised as follows:

- The nearest critical mass of bulky goods facilities are situated 5 km to the north at Chadstone SC. The bulky goods offer situated within the enclosed centre is spatially ad hoc and is generally scattered throughout. However, bulky goods retailers at the centre such as Toys' R Us, JB Hi-Fi and Matchbox generally have some crossover with traditional retail. Situated in close proximity on Warrigal Road, the Chadstone Lifestyle Centre is dedicated bulky goods precinct, accommodating a number of anchor large format retailers such as Bunnings, Harvey Norman, Good Guys, Anaconda, Barbecues Galore, Freedom and Snooze.
- Situated approximately 7 km to the south-east, the Springvale Homemaker Centre is one of the biggest large format retail centres in Melbourne, after Watergardens Town Centre. The centre is anchored by the largest IKEA in the Southern Hemisphere when it opened in 2011, and also comprises a range of anchor large format tenants such as Anaconda, Amart Furniture and Harvey Norman.
- Moorabbin House and Home Centre is situated approximately 6 km south-west of East Village and is a small bulky goods precinct with a general focus on bedding and furniture. Some key retailers trading in these markets at the precinct include Bedshed, Freedom, Snooze, Berkowitz, Nick Scali and Adriatic, while the centre also contains a Barbecues Galore outlet.



Map 3.1: East Village

Bulky goods competition

MacroPlanDimasi

3.4 Retail floorspace demand analysis

This section of the report outlines the expected demand for retail floorspace at the East Village site. Modelling retail demand for a given area or centre is imprecise and depends on a range of factors. Therefore, the floorspace demand analysis presented in this sub-section should be viewed as indicative.

Table 3.2 details the total estimated amount of retail floorspace demand by residents in the defined main trade area. This retail floorspace demand would be served by existing and future retail facilities located within the trade area, as well as by major centres situated beyond the trade area such as Bentleigh, Chadstone and Westfield Southland, amongst many others.

The retail floorspace demand figures are calculated by applying an average Retail Turnover Density (RTD) to the estimated available retail sales volume by category. The RTD is simply the level of sales per sq.m which retailers in each category typically achieve. Adopted RTD levels are the highest for food, liquor & groceries (FLG) retailers, including supermarkets, at $9,000 per sq.m, and average around $6,500 per sq.m.

The figures illustrate that the retail floorspace demand of trade area residents will increase by just over **20,000 sq.m** over the forecast period to 2026. A proportion of this increase will come from new residents within the East Village development, and future retail facilities at East Village will be well placed to serve some of the increasing demand for retail floorspace by trade area residents.

Table 3.2
East Village main trade area - Estimated retail floorspace demand (sq.m), 2017-2026

Year ending June	FLG	Food catering	**Total food**	Apparel	H'hold goods	Leisure	General retail	Retail services	**Total non-food**	**Total retail**
2017	32,142	14,950	**47,090**	15,179	28,098	5,676	7,142	4,090	**60,190**	**107,280**
2018	32,628	15,254	**47,880**	15,333	28,454	5,734	7,213	4,152	**60,890**	**108,770**
2019	33,101	15,554	**48,650**	15,478	28,796	5,789	7,281	4,212	**61,560**	**110,210**
2020	33,581	15,860	**49,440**	15,625	29,143	5,844	7,350	4,274	**62,240**	**111,680**
2021	34,069	16,172	**50,240**	15,774	29,495	5,899	7,420	4,336	**62,920**	**113,160**
2022	34,756	16,576	**51,330**	16,012	30,020	5,989	7,533	4,424	**63,980**	**115,310**
2023	35,668	17,086	**52,750**	16,351	30,740	6,117	7,695	4,540	**65,440**	**118,190**
2024	36,623	17,621	**54,240**	16,706	31,494	6,251	7,864	4,661	**66,980**	**121,220**
2025	37,624	18,182	**55,810**	17,077	32,284	6,392	8,042	4,788	**68,580**	**124,390**
2026	38,672	18,771	**57,440**	17,466	33,112	6,539	8,228	4,922	**70,270**	**127,710**
RTD*	9,000	6,500	**8,200**	5,000	4,500	5,500	7,000	5,500	**5,100**	**6,500**

**Retail Turnover Density - Turnover ($) per sq.m in 2017, growth assumed at 0.8% p.a*
Source: MarketInfo; MacroPlan Dimasi

A retail centre at the subject site will mostly serve the food and convenience needs of the local residents, with the demand for retail floorspace driven primarily by the level of retail sales which a future centre can reasonably expect to retain from the pool of expenditure generated by the primary sector, and to a lesser extent, the secondary sectors.

Table 3.3 outlines the indicative amount of retail floorspace estimated to be supportable at the East Village site over the forecast period (excluding large format retail). A neighbourhood type centre at the subject site would serve mainly the food and convenience retail needs of local residents and has the potential to retain a moderate proportion of the fresh food, take-home liquor and grocery (FLG) spending of local residents, while it would retain lower proportions of the other retail categories. The majority of non-food expenditure of trade area residents is expected to continue to be directed to higher-order facilities in the surrounding area.

The expected retention rates by retail category in the primary sector are estimated to range from 27.5% of FLG expenditure to around 1 - 2% of apparel and household goods spend. These retention rates take into account the proposed development at East Village as well as the provision of retail facilities in the surrounding area. In other words, primary sector residents are estimated to direct 27.5% of their FLG spend to future retail facilities at East Village, with 72.5% of their FLG spend expected to be directed to other retail facilities in the area. These retention rates will be lower in the secondary sectors, reflecting the additional shopping options available to these residents.

As an example, in 2022 the total FLG floorspace demand by all trade area residents is estimated at 34,756 sq.m (refer Table 3.2). We expect that a neighbourhood centre at East Village can retain some 15.3% of the FLG expenditure of trade area residents (refer Table 3.3), and allowing for around 10% of sales to come from beyond the trade area, the resultant indicative supportable amount of FLG floorspace at a future retail centre at East Village is estimated at 5,845 sq.m in 2022. This level of retention is based on the typical retention rates of shopping centres and is considered reasonable to ensure that future retail facilities at the subject site would not have an undue impact on surrounding activity centres.

Across the total retail spectrum, the proportion of available retail expenditure expected to be retained by a retail centre at the subject site is estimated at around 11.2% for the primary sector and approximately 4% across the secondary sectors (with an average of some 6.2% for the main trade area). This analysis indicated that around 7,500 sq.m to 9,000 sq.m of retail floorspace is potentially supportable at the subject site in the medium term. I.e. in 2022 total retail floorspace demand by main trade area residents is estimated at 115,300 sq.m as detailed in Table 3.2, of which around 6% is expected to be able to be retained by a retail centre at East Village, or approximately 7,880 sq.m after allowing around 10% of sales to be captured from beyond the trade area.

Table 3.3
East Village - Indicative supportable floorspace by category (sq.m), 2017-2026

Year ending June	FLG	Food catering	**Total food**	Apparel	H'hold goods	Leisure	General retail	Retail services	**Total non-food**	**Total retail**
% retail expenditure retained										
Primary	27.5%	7.5%	**21.2%**	2.0%	1.0%	7.5%	10.0%	8.0%	**3.4%**	**11.2%**
Secondary	10.0%	1.5%	**7.2%**	1.0%	0.5%	1.5%	5.0%	3.5%	**1.5%**	**4.0%**
Main TA	**15.3%**	**3.2%**	11.4%	**1.3%**	**0.7%**	**3.3%**	**6.5%**	**4.9%**	2.1%	6.2%
2017	5,362	527	**5,890**	216	201	206	511	217	**1,350**	**7,240**
2018	5,445	538	**5,980**	219	204	208	516	220	**1,370**	**7,350**
2019	5,527	549	**6,080**	221	206	210	521	224	**1,380**	**7,460**
2020	5,610	560	**6,170**	223	209	212	527	227	**1,400**	**7,570**
2021	5,694	571	**6,270**	225	211	215	532	230	**1,410**	**7,680**
2022	5,845	591	**6,440**	229	216	220	542	236	**1,440**	**7,880**
2023	6,070	621	**6,690**	236	223	229	558	245	**1,490**	**8,180**
2024	6,308	652	**6,960**	243	230	238	575	254	**1,540**	**8,500**
2025	6,559	686	**7,240**	251	238	248	593	263	**1,590**	**8,830**
2026	6,823	722	**7,540**	258	246	259	612	273	**1,650**	**9,190**

**Retail Turnover Density - Turnover ($) per sq.m in 2017, growth assumed at 0.8% p.a*
Source: MarketInfo; MacroPlan Dimasi

Section 4: Assessment of retail potential

This section of the report provides an assessment of the amount and type of retail floorspace considered suitable for the subject site.

The East Village site is well located at the intersection of North Road and East Boundary Road, and is generally easily accessible from the surrounding region. The site is proposed to accommodate a range of uses, and some 5,000 to 6,000 residents are planned to eventually live at the planned apartments and townhouses on the subject site. The retail component at East Village has the potential to serve the food and convenience retail needs of residents on site, as well as other surrounding local residents. The subject site is also well suited to provide a range of other uses such as non-retail and commercial facilities.

Some of the key considerations taking in account when assessing the potential for retail facilities on the subject site include the following:

- The location of the subject site on North Road, a key east-west traffic thoroughfare in the surrounding area. The site is well located, ensuring that a future retail centre at East Village will be easily accessible by local residents.

- The available population within the main trade area defined for the East Village retail centre, which is estimated to reach 50,000 residents by 2021, with close to 15,000 residents within the primary sector at that time.

- The surrounding competition context, which includes a number of retail strip centres of greatly varied sizes. It is worth noting that there are no supermarkets/foodstores over 500 sq.m in size within the primary sector, and no full scale supermarkets of at least 3,000 sq.m in size in the main trade area.

Discount department store

There are no discount department stores (dds), i.e. Big W, Kmart and Target, located in the trade area. The closest dds to the subject site are located at Chadstone to north (Kmart and Target) and at Westfield Southland to the south, with includes all three major dds chains.

Throughout Greater Melbourne, as a rule of thumb, there is approximately one dds for every 40,000 – 45,000 residents. The population of the catchment is estimated to exceed 50,000 residents by 2021 and approach 60,000 by 2031. This level of population would typically indicate that a dds would be supportable at the subject site.

However, while dds have been a popular retail format in the past, they have experienced a tough trading environment over recent years and is one of the sectors most likely to be vulnerable to digital disruption. The discretionary spending market has generally been in decline over the past decade, particularly when compared to the food retail market. In addition, growth in online retailing and the introduction of a range of international entrants in the Australian market has put increasing pressure on the sales and profit performance of dds. For example, the recent introduction of Amazon in Australia, whose offer and pricing points was described as 'patchy' in its opening, contained many similar dds product lines at a cheaper cost.

As a result, comparable store sales (sales minus incremental increases as a result of new store openings) have been flat or in decline for a number of years. In FY17, sales for Big W (-5.7%) and Target (-14.9%) fell, though Kmart is performing better and has recorded more solid sales growth over recent years (4.2% growth in comparable sales for FY17). Big W and Target are now only opening very few new stores, and it is considered highly unlikely that Big W or Target would consider opening a store at East Village. Kmart is the only plausible dds operator that would consider the site, though Kmart stores are already located at Chadstone and Westfield Southland in the surrounding region.

Based on the general performance of dds, the competitive context, and that the socio-demographic profile of the catchment is not ideally suited for dds (dds typically serve areas that have below average incomes and a high proportion of young families), we do not consider that there is likely to be sufficient demand for a dds at the subject site over the forecast period.

Supermarket

The population of the East Village primary sector is estimated at 14,000 residents, and is projected to increase to exceed 20,000 residents by 2031 (including future residents at East Village). The only supermarket/foodstore within the primary catchment is a small IGA Xpress foodstore at Murrumbeena of approximately 250 sq.m. In the main trade area, which has a population approaching 50,000 residents, there are only two IGA supermarkets (Bentleigh East and Ormond), and no full scale supermarkets (i.e. of at least 3,000 sq.m in size). Typically for major metropolitan areas there is a full scale supermarket for every 8,000 – 10,000 residents, which is a generally accepted average adopted by most retail economists.

Across the four supermarkets/foodstores in the main trade area (Bentleigh East, Ormond, Murrumbeena and Mackie Road) there is an estimated 3,300 sq.m of supermarket/foodstore floorspace, or some 70 sq.m of floorspace per 1,000 residents (for the 48,000 residents in the main trade area at 2017). For metropolitan Melbourne there is an average of some 320 sq.m of supermarket floorspace per 1,000 people, which is calculated by taking the total amount of supermarket floorspace in Melbourne divided by the total population. Therefore, based on this metric, there is a substantial underprovision of supermarket floorspace within the main trade area.

Given the analysis presented in this report and particularly the accessibility of the site; the size of the catchment; the planned inclusion of up to 5,000 – 6,000 residents on site; and the very low provision of supermarkets floorspace in the trade area, there is considered scope for a full range supermarket of around 4,000 sq.m and a second smaller supermarket of around 1,500 sq.m at East Village. The inclusion of this amount of supermarket floorspace in the trade area would increase the provision to around 175 sq.m per 1,000 residents by 2021.

This is still below the average for Melbourne and demonstrates the capacity for the trade area population to support this potential additional supermarket floorspace.

Based on only the metric of the provision of supermarket floorspace per person, the East Village site could potentially support two full scale supermarkets as well as a smaller supermarket. However, the development of three supermarkets at the East Village site in the medium term is likely to result in a significantly impact on other surrounding supermarkets in the area. Therefore, the initial retail development at East Village is recommended to consist of a full line supermarket and a smaller supermarket, which will limit the potential impacts on existing supermarkets in the surrounding region.

The new supermarkets would be well placed to serve future residents of East Village as well as other residents in the local area, and the total of 5,500 sq.m of supermarket floorspace is within the range of expected FLG (food, liquor and groceries) floorspace demand as detailed in the previous Table 3.2. The analysis indicated that around 5,500 – 6,500 sq.m of FLG floorspace would be supportable at the East Village site in the medium term.

Retail mini-major and specialty floorspace

In the majority of shopping centres, one or several major retailers anchor the facility, with a range of smaller shops and services then supported by the anchor tenant(s). In this case, a full scale supermarket would act as the anchor at East Village, which is expected to be able to sustain a range of retail mini-majors and specialties stores. The centre is considered able to serve the food and convenience retail needs of local residents, with the types of retail shops considered to be sustainable including the following:

- Mini-major – Mini-majors are large specialty stores generally over 400 sq.m in size. There considered sufficient demand for a mini-major tenancy of around 500 sq.m at East Village. The types of mini-majors which may be interested in locating at the subject site include retailers such as The Reject Shop and Best & Less.
- Fresh food – This category includes tenants such as bakery, butcher, fresh produce store and delicatessen, and these types of tenants are typically provided in neighbourhood

shopping centres. Consumers in Australia are increasingly becoming more health conscious and interested in fresh food, and are increasing seeking quality fresh food products. In our view, three to four fresh food tenants are considered supportable at East Village, and given the socio-demographic profile of the catchment, a health food store may also be supportable.

- Liquor – We consider that one liquor store is sustainable at the site, either attached to the major supermarket or as a separate outlet.

- Food catering – This category includes take-away food stores, cafes and restaurants. Spending on catered food has been growing strongly in Australia, and has substantially outpaced growth in spending on non-food items. We consider that five to six food catering tenants are supportable at the centre, which could include three cafés/casual restaurants as well as three take-away food outlets.

- Convenience retail – We expect that convenience stores such as a pharmacy, a newsagency/Tattersalls outlet, a florist and a discount variety store are supportable at the subject site.

- Retail services – This category includes retailers such as hairdressers, beauty salons, optometrists and dry cleaners. The immediate resident population is likely to associate strongly with these types of tenants. Two retail services tenants are considered to be supportable at the proposed centre including a hairdresser and a beauty salon.

Non-retail specialty floorspace

In addition to the proposed retail facilities at East Village, a range of non-retail shopfront facilities are likely to be supportable. Given the site aspects, the proposed mixed-use development at East Village, the catchment population and the range of non-retail shopfront uses at other activity centres in the region, the following are considered supportable at the subject site:

- A medical centre as well as some allied health facilities;
- A bank branch or another financial service;
- A gymnasium;

- A small travel agency or real estate agent; and
- A post office.

Table 4.1 outlines the potential retail and non-retail shopfront uses expected to be supportable at the East Village site, without having onerous impacts on surrounding activity centres. Overall, a neighbourhood centre of around **9,000 sq.m** (7,700 sq.m retail and some 1,300 sq.m non-retail) is considered supportable at the subject site, anchored by a full scale supermarket and a smaller supermarket. A neighbourhood centre of this scale would be able to effectively serve the food and convenience retail needs of local residents, without excessively impacting on surrounding retail centres. The majority of the non-food retail needs of surrounding residents would still be served by the large higher-order activity centres in the broader region.

Table 3.2 previously outlined that the indicative amount of retail floorspace estimated to be supportable at the East Village site in the medium term ranged from around 7,500 sq.m to 9,000 sq.m of retail floorspace. This estimated amount of supportable floorspace is based on the size of the retail market and the expected retention rates considered achievable. Table 4.1 details the amount of floorspace considered supportable at East Village based on the retailers expected to be sustainable at the subject site, allowing for the analysis presented in this report. The figure of 7,700 sq.m of retail floorspace detailed in Table 4.1 is within the range of supportable retail floorspace outlined in Table 3.3, and is an amount of floorspace which is unlikely to impact surrounding retail centres to a high degree, which is considered in more detail in the final section of this report.

Table 4.1 East Village - Recommended floorspace composition			
Category	GLA (sq.m)	% of Retail	% of Total centre
Major tenants			
Full scale supermarket	4,000	51.9%	44.2%
Smaller supermarket	1,500	19.5%	16.6%
Total supermarket	5,500	71.4%	60.8%
Mini-major	500	6.5%	5.5%
Retail specialties			
Fresh food & liquor	400	5.2%	4.4%
Food catering	600	7.8%	6.6%
Newsagency/Tattersalls outlet	100	1.3%	1.1%
General (incl. pharmacy & variety store)	450	5.8%	5.0%
Retail services (hairdresser/beauty)	150	1.9%	1.7%
Total retail spec.	1,700	22.1%	18.8%
Total centre - retail	**7,700**	**100.0%**	**85.1%**
Non-retail			
Medical centre/allied health	500		5.5%
Bank	250		2.8%
Gymnasium	400		4.4%
Travel agent	80		0.9%
Post office	120		1.3%
Total non-retail	1,350		14.9%
Total centre	**9,050**		**100.0%**

Source: MacroPlan Dimasi

Large format retail

The potential inclusion and most appropriate location for large format retail stores at the subject site have been considered.

Large format retail outlets sell items such as whitegoods, furniture, camping goods and large sporting items, and are typically located on sites with high exposure to passing traffic and that are easily accessible. The East Village site fronts North Road, which is a substantial east-west traffic route in the area. A range of commercial uses are located at the northern part of the subject site and front North Road including Repco, Wilson Storage, a car rental outlet, smash repairs, a service station and a car dealership.

The northern part of the site is considered the most appropriate location for large format retail outlets at the subject site. The location would give large format retailers high visibility and the stores would be easily accessible. Large format retailers typically require 1,000 – 2,000 sq.m of floorspace, while the largest outlets (such as Bunnings and Harvey Norman) can be up to 15,000 sq.m (gross leasable area) in size.

Given the catchment population and the site location, we do not consider that the East Village site is an appropriate location for anchor large format retailers (i.e. greater than 10,000 sq.m in size) but that several smaller scale (i.e. 1,000 – 2,000 sq.m in size) large format retailers are expected to be supportable at the subject site fronting North Road.

Large format retailers would complement the existing uses on North Road, noting that the existing Repco store is considered a large format retailer. The types of stores which could be supportable at the site include a bicycle superstore, furniture stores, bathroom/kitchen showrooms and automotive retailers.

Section 5: Economic impact considerations

This section outlines the potential economic implications that can be anticipated following the development of a retail centre at the subject site.

5.1 Economic and social benefits

A retail centre at the East Village site is likely to result in a range of economic implications. From a trading point of view, impacts may be experienced by some competitive facilities located in the surrounding region, and the likely extent of these trading impacts is considered further later in the report. On the other side of the equation, the proposed development will result in a range of economic benefits, particularly for local residents. The key positive impacts will include the following:

1. <u>Serving future residents of the East Village mixed-use development</u>

   East Village is planned to have capacity for approximately 3,000 dwellings housing some 5,000 – 6,000 residents. This is a sizable number of residents, and it is important to provide for their convenience retail needs locally.

2. <u>Providing for the food and convenience retail needs of other local residents</u>

   East Village has capacity to include a supermarket and a range of specialty stores. It will be able to serve the food and convenience retail shopping needs of surrounding residents, allowing local residents to be able to undertake their food and grocery shopping in an easily accessible shopping centre. There is current no supermarket in the primary catchment and no full scale supermarket over 3,000 sq.m in the main trade area catchment.

3. <u>Creating a focal point for the community</u>

   In additional to potentially providing a supermarket and other retail outlets, East Village has capacity to provide a range of non-retail facilities and services. The future centre at East Village will likely become a focal point for community activity and interaction in the area, for both existing and future residents, greatly improving convenience and amenity for the local population.

4. Providing ongoing local employment opportunities

   A retail centre at East Village would create a number of jobs, both for the construction and related industries during the construction phase, and ongoing jobs when the centre is completed. A centre with some 7,700 sq.m of retail floorspace is estimated to create approximately 310 ongoing retail jobs (based on 40 jobs per 1,000 sq.m of floorspace*). The non-retail component of the centre (e.g. medical centre, bank and gymnasium) will also create employment opportunities. Some 40 ongoing jobs are estimated to be created from the potential non-retail facilities (based on an average of 30 jobs per 1,000 sq.m of floorspace*).

   *Employment density varies for different retail uses from around 10 - 15 jobs per 1,000 sq.m of floorspace for large hardware stores, up to around 60 jobs per 1,000 sq.m of floorspace for small specialty stores. The average of 40 jobs per 1,000 sq.m of floorspace adopted above is based on the types of retail uses expected to be provided at East Village. Employment density is typically lower for non-retail uses, and in the above calculation a figure of 30 jobs per 1,000 sq.m of floorspace has been adopted for the non-retail space to illustrate the potential number of jobs created by the proposed uses.

5.2 Consideration of trading impacts

In order to be able to consider the question of potential economic impacts that might arise from a retail centre at East Village the first step is to quantify the level of sales which the centre can reasonably expect to achieve.

The sales performance of any particular retail facility, be it an individual store or a collection of stores provided in a shopping centre or precinct, is determined by a combination of the following factors:

- The quality of the facility, with particular regard to the major trader/traders which anchor the centre; the strength of the tenancy mix relative to the needs of the catchment which it seeks to serve; the physical layout and ease of use; the level of accessibility and ease of parking; and the atmosphere/ambience of the centre.
- The size of the available catchment which the centre seeks to serve. This factor sets the upper limit of the sales potential able to be achieved by the centre or store.
- The location and strengths of competitive retail facilities and the degree to which those alternative facilities are able to effectively serve the needs of the population within the relevant trade area.

Taking in the account the above, and particularly the location of the site; the size of the catchment population; the recommended tenancy mix; and the surrounding competitive context, Table 5.1 provides the total retail sales potential estimated for a retail centre at East Village at around 2022. The sales potential assumes the recommend scale and composition of the centre as detailed in Section 4 of this report.

Table 5.1
East Village - Retail sales potential by category, 2022*

Category	East Village GLA (sq.m)	Est. sales ($'000)	Est. sales ($/sq.m)
Major tenants			
Supermarkets	5,500	50,000	9,091
Mini-majors	500	1,500	3,000
Retail specialties			
Food & liquor	400	3,550	8,875
Food catering	600	3,915	6,525
Newsagency/Tattersalls outlet	100	600	6,000
General (incl. pharmacy & variety store)	450	2,450	5,444
Retail services	150	900	6,000
Total retail spec.	1,700	11,415	6,715
Total centre - retail	**7,700**	**62,915**	**8,171**

**Constant 2016/17 dollars & including GST*
Source: MacroPlan Dimasi

The purpose of the impact assessment in this report is to provide guidance as to whether or not the planned development is likely to impact existing facilities to such a degree that they may be lost to the community. In order to understand whether any particular centre may be impacted to the extent that its continued viability may be in question, we have estimated specific retail impacts that we expect across the surrounding competitive network once a retail centre at East Village is developed.

These estimates provide indications as to whether the scale of the proposed retail development is reasonable and whether any surrounding centres are likely to be at risk to the extent that the community would suffer a net disbenefit, attributable to the proposed retail development. In considering likely trading impacts on any individual centre or individual retailer, it must first be acknowledged that such estimation can only realistically expect to provide a broad indication of likely outcomes, since there are many factors which can change in response to any new retail development, and which will have a bearing on the consequent outcomes. The competitive response of each relevant centre or trader is one such factor, as are further redevelopments/improvements which one or more of the competitive network of centres might implement.

A number of factors need to be taken into account in determining the likely broad trading impacts and subsequent consequences arising from the proposed centre on other retail facilities in the surrounding region. The following analysis presents an indicative projection of the anticipated impacts on other activity centres in the surrounding area. Such projections can be considered indicative only for the simple reason that it is very difficult to predict with certainty the precise impact on any one retailer or any other centre that will result from the change of retail structure serving a particular region.

The impacted centre or retailer has a number of possible actions which it may be able to take that may mitigate the extent of the impact or may eliminate it all together. Expansions and improvements may be undertaken at other centres throughout the region, and all of those factors can change the nature of the impact of the new centre being developed.

Table 5.2 details the estimated trading impacts on retail centres in the surrounding area that can be anticipated following the development of a retail centre at East Village. The table outlines the estimated sales and potential impacts for each shopping centre located in the surrounding area. Each shopping centre/precinct in the surrounding area was physically inspected by MacroPlan as part of the study, and the current sales for each centre have been estimated based on the retail floorspace of each centre multiplied by an appropriate turnover per sq.m.

Table 5.2

East Village - estimated impact on specific centres, 2022 ($M)*

Centre	Est. sales 2016/17	Est. sales 2022 No dev't	Est. sales 2022 With dev't	Est. impact 2022 $M	Est. impact 2022 %	Change 2017-22 (%) No dev't	Change 2017-22 (%) With dev't
Activity centres							
Bentleigh East	70.4	78.9	70.5	-8.4	-10.7%	12.0%	0.1%
• Food	53.0	59.4	52.2	-7.2	-12.1%	12.0%	-1.6%
• Non-food	17.4	19.5	18.3	-1.2	-6.2%	12.0%	5.1%
Bentleigh	228.5	255.9	232.4	-23.5	-9.2%	12.0%	1.7%
• Food	183.0	205.0	184.2	-20.8	-10.1%	12.0%	0.6%
• Non-food	45.5	50.9	48.2	-2.7	-5.3%	12.0%	6.1%
Ormond	46.5	52.1	48.0	-4.1	-7.8%	12.0%	3.2%
• Food	30.4	34.0	30.8	-3.2	-9.4%	12.0%	1.5%
• Non-food	16.1	18.1	17.2	-0.9	-4.8%	12.0%	6.6%
Murrumbeena	24.5	27.4	25.8	-1.6	-5.8%	12.0%	5.5%
• Food	15.3	17.1	15.9	-1.2	-7.0%	12.0%	4.2%
• Non-food	9.2	10.3	9.9	-0.4	-3.9%	12.0%	7.6%
Carnegie	176.3	197.5	186.3	-11.2	-5.7%	12.0%	5.6%
• Food	150.6	168.7	158.7	-10.0	-5.9%	12.0%	5.4%
• Non-food	25.7	28.8	27.6	-1.2	-4.2%	12.0%	7.3%
Other local centres**	90.3	101.1	95.4	-5.7	-5.6%	12.0%	5.7%
• Food	74.9	83.9	78.9	-5.0	-6.0%	12.0%	5.3%
• Non-food	15.3	17.2	16.5	-0.7	-3.9%	12.0%	7.6%
Other facilities in the broader region				-8.5			
Total				**-62.9**			

**Constant 2016/17 dollars & including GST*
*** Other local centres include The Links, McKinnon Village, Mackie Road, Centre Road*
Source: MacroPlan Dimasi

The analysis in the Table 5.2 shows that some retail facilities in the surrounding region are likely to experience an impact following the opening of a retail centre at East Village, however, the estimated impacts are not considered to threaten the viability of any centre in the region. Generally, if a centre is impacted by more than 15 - 20% the viability of the centre may be at risk. The potential impacts from a retail centre at East Village of the scale proposed is assessed to not impact any retail centre by more than 11%, and therefore the viability of existing retail centres are not considered to be at risk.

The analysis reflects the broad range of facilities and services at the major activity centres in the area, and the top-up shopping role of the smaller centres. In addition, the proposed retail facilities at East Village will capture a substantial proportion of sales from future residents on site, which will mitigate potential impacts on other centres in the surrounding area. If the retail centre at East Village is significantly larger than the scale detailed in this report, the impacts on existing shopping centres would likely be higher than as detailed in Table 5.2.

Section 6: Key findings and conclusions

This section outlines the key findings and conclusions, as follows:

- The East Village site is situated near the intersection of North Road and East Boundary Road in Bentleigh East, approximately 14 km south-east of the Melbourne CBD. A plan is being developed that will facilitate the redevelopment of the East Village site for mixed-use development over the medium to long term.

- A retail centre at the subject site has the potential to serve a catchment population which is relatively large and is growing, particularly as East Village itself is planned to accommodate up to 3,000 new dwellings, supporting around 5,000 – 6,000 residents.

- There is currently a very low provision of supermarket floorspace in the area, and only an estimated 3,300 sq.m of supermarket/foodstore floorspace across four supermarkets/foodstores in the main trade area. This corresponds to around 70 sq.m of supermarket floorspace per 1,000 residents (for the 48,000 residents in the main trade area at 2017). For metropolitan Melbourne there is an average of some 320 sq.m of supermarket floorspace per 1,000 people.

- It is considered that a neighbourhood centre of around 9,000 sq.m (7,700 sq.m retail and 1,300 sq.m non-retail) is supportable at the subject site, anchored by a full scale supermarket. A neighbourhood centre of this scale would be able to effectively serve the food and convenience retail needs of local residents, without having onerous impacts on surrounding retail centres.

- The development of retail facilities at East Village is likely to result in a range of economic impacts, with the key positive impacts including the ability of the centre to serve the future residents of East Village; providing for the convenience retail needs of other local residents; creating a focal point for the community; and providing local employment opportunities.

- A retail centre at East Village, of the scale recommended, is expected to have some trading impacts on existing facilities. The estimated impacts are not considered to threaten the viability of any centre in the region. This conclusion reflects the broad range of facilities and services at the major activity centres in the area, and the top-up shopping role of the smaller centres. In addition, the proposed retail facilities at East Village will source a substantial proportion of sales from future residents on site, which will mitigate potential impacts on other centres in the surrounding area.